

**Independent Auditors' Report and
Audited Consolidated Financial Statements
of
INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED
For the year ended December 31, 2019**

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES

Consolidated Balance Sheet

as on December 31, 2019

(Figures in BDT)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
PROPERTY AND ASSETS			
Cash	3(a)	7,916,128	7,897,936
In hand (including foreign currencies)		116,687	88,396
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		7,799,441	7,809,540
Balance with banks and other financial institutions	4(a)	4,016,104,827	5,455,234,738
In Bangladesh		4,016,104,827	5,455,234,738
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investments	5(a)	681,484,500	1,162,148,123
Government		300,000	485,400,000
Others		681,184,500	676,748,123
Leases, loans and advances	6(a)	39,586,198,815	37,822,725,755
Leases		1,712,238,151	1,843,582,965
Loans, cash credits, overdrafts, etc.		37,873,960,664	35,979,142,790
Fixed assets including premises, furniture and fixtures	7(a)	62,529,983	54,865,954
Intangible Asset	7.1 (a)	1	910,929
Other assets	8(a)	1,019,752,631	1,080,095,327
Non - financial institutional assets		-	-
Total assets		45,373,986,885	45,583,878,762
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from banks, other financial institutions and agents	9(a)	11,375,799,932	11,197,078,788
Deposits and other accounts		27,058,094,939	28,139,343,546
Term deposits	10.1(a)	26,437,637,715	27,514,163,426
Other deposits	10.2	620,457,224	625,180,120
Other liabilities	11(a)	32,145,262,557	3,425,782,573
Total liabilities		70,579,157,428	42,762,204,907
Capital / Shareholders' equity		(25,205,190,074)	2,821,654,482
Paid-up capital	12.2	2,218,102,460	2,112,478,540
Statutory reserve	13	456,184,825	456,184,825
Retained earnings/surplus	14(a)	(27,879,477,359)	252,991,117
Non-controlling / minority interest	15	19,531	19,373
Total liabilities and Shareholders' equity		45,373,986,885	45,583,878,762
Net asset value per share	16(a)	(113.63)	12.72

(Figures in BDT)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
CONSOLIDATED OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17	500,000,000	750,000,000
Acceptances and endorsements		-	-
Letters of guarantee	17.1	500,000,000	750,000,000
Other commitments		-	-
Total Off-Balance Sheet items including contingent liabilities		500,000,000	750,000,000

The annexed notes form an integral part of these financial statements.

Chairman

Director

Managing Director

Company Secretary

Signed in terms of our separate report of even date

Dhaka
November 5, 2020

S. H. Talukder, FCA
Partner
MABS & J Partners
Chartered Accountants

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES
Consolidated Profit and Loss Account
For the year ended December 31, 2019

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
OPERATING INCOME			
Interest income	19(a)	(2,564,264,619)	5,005,588,279
Interest expense on deposits and borrowings etc.	20(a)	(4,859,697,468)	(4,236,852,821)
Net interest income		(7,423,962,087)	768,735,458
Investment income	21(a)	9,742,572	(63,571,514)
Commission, fees, exchange and brokerage	22(a)	98,676,471	108,147,854
Other operating income	23(a)	2,853,371	1,191,970
Total operating income (A)		(7,312,689,673)	814,503,768
OPERATING EXPENSES			
Salaries and allowances	24(a)	156,288,362	180,188,167
Rent, taxes, insurance & electricity	25a)	17,784,208	45,222,605
Legal expenses	26(a)	13,903,314	5,208,212
Postage, stamp & telecommunication	27(a)	3,240,252	3,702,824
Stationery, printing & advertisements	28(a)	3,089,405	6,327,233
Managing Director's salary and benefits	29	5,612,334	6,432,333
Directors' fees & meeting expenses	30(a)	1,242,700	1,535,700
Auditors' fees	31(a)	497,375	738,875
Depreciation, amortization & repair of assets	32(a)	50,830,179	26,868,633
Other expenses	33(a)	26,665,565	47,754,616
Total operating expenses (B)		279,153,694	323,979,198
Profit before provision & tax (C=A-B)		(7,591,843,367)	490,524,570
Provision against leases, loans and advances	34(a)	20,351,698,841	150,084,235
Provision for diminution in value of investments	35(a)	8,205,560	(22,974,248)
Total provision (D)		20,359,904,401	127,109,987
Total profit before tax (C-D)		(27,951,747,768)	363,414,583
Provision for tax	36(a)	75,096,630	251,127,033
Net profit after tax		(28,026,844,398)	112,287,550
Non-controlling / minority interest		158	(2,248)
Net profit attributable to shareholders of the Company		(28,026,844,556)	112,289,798
Appropriations			
Statutory reserve		-	27,271,952
General reserve		-	-
		-	27,271,952
Retained surplus		(28,026,844,556)	85,017,846
Earnings per share (EPS)	37(a)	(126.36)	0.51

The annexed notes form an integral part of these financial statements.

<p>Chairman</p> <p>Signed in terms of our separate report of even date</p> <p>Dhaka November 5, 2020</p>	<p>Director</p>	<p>Managing Director</p>	<p>Company Secretary</p> <p>S. H. Talukder, FCA Partner MABS & J Partners Chartered Accountants</p>
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INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES
Consolidated Cash Flow Statement
For the year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
A) Cash flows from operating activities		
Interest receipts in cash	2,559,744,504	4,500,986,517
Interest payments	(4,859,697,468)	(4,625,571,326)
Dividend receipts	6,871,255	24,372,058
Fees, commission & brokerage receipts in cash	98,676,471	108,147,853
Recoveries of loans previously written off	19,169,173	194,000
Cash payments to employees	(161,900,696)	(186,620,501)
Income taxes paid	(25,078,426)	(49,831,180)
Receipts from other operating activities	2,853,366	1,191,970
Payments for other operating activities	(69,523,321)	(113,886,942)
Cash generated from/(used in) operating activities before changes in operating assets and liabilities	<u>(2,428,885,142)</u>	<u>(341,017,551)</u>
Increase / (decrease) in operating assets and liabilities		
Leases, loans and advances to banks and other FIs	-	-
Leases, loans and advances to customers	686,683,779	(948,384,142)
Other assets	85,421,122	(87,650,543)
Deposits from other banks / borrowings	(1,201,357,262)	117,546,132
Deposits from customers	124,831,551	(772,681,809)
Other liabilities account of customers	(4,722,897)	(171,429,381)
Other liabilities	691,143,823	875,758,904
Net Increase / (decrease) in operating assets and liabilities	<u>382,000,116</u>	<u>(986,840,839)</u>
Net cash from/(used in) operating activities	<u>(2,046,885,026)</u>	<u>(1,327,858,390)</u>
B) Cash flows from investing activities		
Proceeds from sale of securities	502,003,244	233,749,881
Payments for purchases of securities	(18,468,304)	163,673,154
Net change against purchase/sale of fixed assets	(54,482,777)	(5,929,263)
Receipts/(Payments) against lease obligation	-	-
Net cash from/(used in) investing activities	<u>429,052,163</u>	<u>391,493,772</u>
C) Cash flows from financing activities		
Receipts of long term loan	(2,362,624,561)	191,776,515
Repayment of long term loan	2,318,561,652	(167,743,133)
Net draw down/(payment) of short term loan	222,784,053	503,600,000
Dividend paid	-	-
Net Cash from/(used in) financing activities	<u>178,721,144</u>	<u>527,633,382</u>
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	<u>(1,439,111,719)</u>	<u>(408,731,236)</u>
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the period	<u>5,463,132,674</u>	<u>5,871,863,910</u>
G) Cash and cash equivalents at end of the period (D+E+F)	<u>4,024,020,955</u>	<u>5,463,132,674</u>
Cash and cash equivalents at end of the period represents		
Cash in hand (including foreign currencies)	116,687	88,396
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	7,799,441	7,809,540
Balance with banks and other financial institutions {notes 4 (a)}	4,016,104,827	5,455,234,738
Total Cash and cash equivalents as of December 31	<u>4,024,020,955</u>	<u>5,463,132,674</u>
Net Operating Cash Flows Per Share (NOCFPS)	(9.23)	(5.99)

Chairman Director
Signed in terms of our separate report of even date

Managing Director

Company Secretary

Dhaka
November 5, 2020

S. H. Talukder, FCA
Partner
MABS & J Partners
Chartered Accountants

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Changes in Shareholders' Equity
For the year ended December 31, 2019

(Figures in BDT)

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total	Non-controlling / minority interest	Total
Balance as at January 01, 2019	2,112,478,540	456,184,825	252,991,117	2,821,654,482	19,373	2,821,673,855
Stock dividend for the year 2018	105,623,920	-	(105,623,920)	-	-	-
Profit transferred to reserve	-	-	-	-	-	-
Retained surplus for the period from Jan to Dec - 2019	-	-	(28,026,844,556)	(28,026,844,556)	158	(28,026,844,398)
Balance as at December 31, 2019	2,218,102,460	456,184,825	(27,879,477,359)	(25,205,190,074)	19,531	(25,205,170,543)
Balance as at January 01, 2018	1,886,141,560	428,912,873	394,310,251	2,709,364,684	21,621	2,709,386,305
Stock dividend for the year 2017	226,336,980	-	(226,336,980)	-	-	-
Profit transferred to reserve	-	27,271,952	-	27,271,952	-	27,271,952
Retained surplus for the period from Jan to Dec -2018	-	-	85,017,846	85,017,846	(2,248)	85,015,598
Balance as at December 31, 2018	2,112,478,540	456,184,825	252,991,117	2,821,654,482	19,373	2,821,673,855

Chairman

Director

Managing Director

Company Secretary

Signed in terms of our separate report of even date

Dhaka
November 5, 2020

S. H. Talukder, FCA
Partner
MABS & J Partners
Chartered Accountants

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

Balance Sheet
as on December 31, 2019

(Figures in BDT)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
PROPERTY AND ASSETS			
Cash	3	7,900,562	7,854,874
In hand (including foreign currencies)	3.1	101,121	45,334
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	3.2	7,799,441	7,809,540
Balance with banks and other financial institutions	4	3,828,968,333	5,145,513,660
In Bangladesh	4.1	3,828,968,333	5,145,513,660
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investments	5	18,269,557	503,766,182
Government	5(i)	300,000	485,400,000
Others	5(ii)	17,969,557	18,366,182
Leases, loans and advances	6	38,768,512,831	36,901,104,462
Leases	6.1.1	1,712,238,151	1,843,582,965
Loans, cash credits, overdrafts, etc.	6.1.2	37,056,274,680	35,057,521,497
Fixed assets including premises, furniture and fixtures	7	54,568,132	41,546,309
Intangible Asset	7.1	1	910,929
Other assets	8	2,195,720,013	2,170,541,573
Non - financial institutional assets		-	-
Total assets		44,873,939,429	44,771,237,989
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from banks, other financial institutions and agents	9	10,594,313,845	10,218,340,989
Deposits and other accounts	10	27,514,420,090	28,783,911,435
Term deposits	10.1	26,893,962,866	28,158,731,315
Other deposits	10.2	620,457,224	625,180,120
Other liabilities	11	32,076,086,582	3,046,507,222
Total liabilities		70,184,820,517	42,048,759,646
Capital / Shareholders' equity		(25,310,881,088)	2,722,478,343
Paid-up capital	12.2	2,218,102,460	2,112,478,540
Statutory reserve	13	456,184,825	456,184,825
Retained earnings/surplus	14	(27,985,168,373)	153,814,978
Total liabilities and Shareholders' equity		44,873,939,429	44,771,237,989
Net asset value per share	16	(114.11)	12.27

		(Figures in BDT)	
	<u>Notes</u>	<u>2019</u>	<u>2018</u>
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17	500,000,000	750,000,000
Acceptances and endorsements		-	-
Letters of guarantee	17.1	500,000,000	750,000,000
Other commitments		-	-
Total Off-Balance Sheet items including contingent liabilities		500,000,000	750,000,000

The annexed notes form an integral part of these financial statements.

Chairman	Director	Managing Director	Company Secretary
Signed in terms of our separate report of even date			

Dhaka
November 5, 2020

S. H. Talukder, FCA
Partner
MABS & J Partners
Chartered Accountants

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED
Profit and Loss Account
For the year ended December 31, 2019

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
OPERATING INCOME			
Interest income	19	(2,707,421,122)	4,893,287,667
Interest expense on deposits and borrowings etc.	20	(4,737,233,219)	(4,114,914,812)
Net interest income		(7,444,654,341)	778,372,855
Investment income	21	(3,996,979)	(86,507,654)
Commission, fees, exchange and brokerage	22	632,784	603,514
Other operating income	23	1,612,516	66,092
Total operating income (A)		(7,446,406,020)	692,534,807
OPERATING EXPENSES			
Salaries and allowances	24	97,137,252	111,884,171
Rent, taxes, insurance & electricity	25	3,214,403	30,792,818
Legal expenses	26	12,567,564	2,190,357
Postage, stamp & telecommunication	27	2,098,480	2,386,737
Stationery, printing & advertisements	28	2,657,399	5,720,837
Managing Director's salary and benefits	29	5,612,334	6,432,333
Directors' fees & meeting expenses	30	987,200	1,143,200
Auditors' fees	31	345,000	345,000
Depreciation, amortization & repair of assets	32	46,951,832	20,336,323
Other expenses	33	17,059,742	34,696,681
Total operating expenses (B)		188,631,206	215,928,457
Profit before provision & tax (C=A-B)		(7,635,037,226)	476,606,350
Provision against leases, loans and advances	34	20,351,698,841	150,084,235
Provision for diminution in value of investments	35	(482,223)	(22,808,082)
Total provision (D)		20,351,216,618	127,276,153
Total profit before tax (C-D)		(27,986,253,844)	349,330,197
Provision for tax	36	47,105,587	212,970,439
Net profit after tax		(28,033,359,431)	136,359,758
Appropriations			
Statutory reserve		-	27,271,952
General reserve		-	-
		-	27,271,952
Retained surplus		(28,033,359,431)	109,087,806
Earnings per share (EPS)	37	(126.38)	0.61

The annexed notes form an integral part of these financial statements.

Chairman

Director

Managing Director

Company Secretary

Signed in terms of our separate report of even date

Dhaka
November 5, 2020

S. H. Talukder, FCA
Partner
MABS & J Partners
Chartered Accountants

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

Cash Flow Statement

For the year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
A) Cash flows from operating activities		
Interest receipts in cash	2,457,053,376	4,201,625,928
Interest payments	(3,734,739,177)	(3,725,413,202)
Dividend receipts	337,276	6,323,378
Fees and commission receipts in cash	632,784	603,514
Recoveries of loans previously written off	19,169,172	194,000
Cash payments to employees	(102,749,586)	(118,316,504)
Income taxes paid	(22,289,345)	(53,057,552)
Receipts from other operating activities	1,612,516	66,092
Payments for other operating activities	(41,635,554)	(80,398,836)
Cash generated from/(used in) operating activities before changes in operating assets and liabilities	<u>(1,422,608,538)</u>	<u>231,626,818</u>
Increase / (decrease) in operating assets and liabilities		
Leases, loans and advances to banks and other FIs	-	-
Leases, loans and advances to customers	542,283,096	(1,109,554,921)
Other assets	(2,889,095)	(19,777,666)
Deposits from other banks / borrowings	(1,389,600,000)	750,000,000
Deposits from customers	124,831,551	(772,681,809)
Other liabilities account of customers	(4,722,897)	(171,429,381)
Other liabilities	35,427,976	(35,742,385)
Net Increase / (decrease) in operating assets and liabilities	<u>(694,669,369)</u>	<u>(1,359,186,162)</u>
Net cash from/(used in) operating activities	<u>(2,117,277,907)</u>	<u>(1,127,559,344)</u>
B) Cash flows from investing activities		
Proceeds from sale of securities	499,131,927	321,693,453
Payments for purchases of securities	(17,969,557)	(18,366,182)
Net change against purchase/sale of fixed assets	(56,356,960)	(2,472,373)
Receipts against lease obligation	-	-
Net cash from/(used in) investing activities	<u>424,805,410</u>	<u>300,854,898</u>
C) Cash flows from financing activities		
Receipts of long term loan	(2,165,372,847)	71,358,306
Repayment of long term loan	2,318,561,652	(167,743,132)
Net draw down/(payment) of short term loan	222,784,053	503,600,000
Dividend paid	-	-
Net Cash from/(used in) financing activities	<u>375,972,858</u>	<u>407,215,174</u>
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	<u>(1,316,499,639)</u>	<u>(419,489,272)</u>
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the period	<u>5,153,368,534</u>	<u>5,572,857,806</u>
G) Cash and cash equivalents at end of the period (D+E+F)	<u>3,836,868,895</u>	<u>5,153,368,534</u>
Cash and cash equivalents at end of the period represents		
Cash in hand (including foreign currencies)	101,121	45,334
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	7,799,441	7,809,540
Balance with banks and other financial institutions {notes 4 (1)}	3,828,968,333	5,145,513,660
Total Cash and cash equivalents as of December 31	<u>3,836,868,895</u>	<u>5,153,368,534</u>
Net Operating Cash Flows Per Share (NOCFPS)	(9.55)	(5.08)

Chairman

Director

Managing Director

Company Secretary

Signed in terms of our separate report of even date

Dhaka
November 5, 2020

S. H. Talukder, FCA
Partner
MABS & J Partners
Chartered Accountants

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED
Statement of Changes in Shareholders' Equity
For the year ended December 31, 2019

(Figures in BDT)

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total
Balance as at January 01, 2019	2,112,478,540	456,184,825	153,814,978	2,722,478,343
Stock dividend for the year 2018	105,623,920	-	(105,623,920)	-
Profit transferred to reserve	-	-	-	-
Retained surplus for the period from Jan to Dec - 2019	-	-	(28,033,359,431)	(28,033,359,431)
Balance as at December 31, 2019	2,218,102,460	456,184,825	(27,985,168,373)	(25,310,881,088)
Balance as at January 01, 2018	1,886,141,560	428,912,873	271,064,152	2,586,118,585
Stock dividend for the year 2017	226,336,980	-	(226,336,980)	-
Profit transferred to reserve	-	27,271,952	-	27,271,952
Retained surplus for the period from Jan to Dec - 2018	-	-	109,087,806	109,087,806
Balance as at December 31, 2018	2,112,478,540	456,184,825	153,814,978	2,722,478,343

Chairman

Director

Managing Director

Company Secretary

Signed in terms of our separate report of even date

Dhaka
November 5, 2020

S. H. Talukder, FCA
Partner
MABS & J Partners
Chartered Accountants

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

As at and for the year ended December 31, 2019

Company and its activities

1.1 Corporate information

International Leasing and Financial Service Limited (ILFSL/ the Company), a non-banking financial institution having its registered office at DR Tower (13th floor) 65, Bir Protik Gazi Golam Dostogir Road, Purana Paltan, Dhaka-1000 was incorporated in Bangladesh on 15 January 1996 as a public limited company under the Companies Act 1994. The company obtained license from Bangladesh Bank on 19 February 1996 as a Non-Banking Financial Institution under the Financial Institutions Act 1993 and commenced business on 24 March 1996. The company also obtained licence from Bangladesh Bank as a primary dealer to buy and sell government treasury bonds and bills on 11 December 2003 which was surrendered by the company with effect from 27 July 2014. The company went for initial public offering (IPO) in July 2007 and its shares are listed in both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 16 September 2007.

1.2 Principal activities

The company provides lease finance, term finance, work order finance, project finance, real estate finance, factoring of accounts receivables, syndication finance, stock brokerage, primary dealership of government treasury bonds/bills and term deposit schemes.

1.3 Subsidiary companies

International Leasing Securities Limited (ILSL)

ILSL, a wholly owned subsidiary company of ILFSL, was incorporated on 09 April 2008 as a private limited company bearing registration no. C-70738 (3247)/08 under the Companies Act 1994 with an authorised share capital of Tk. 1,000 million. ILFSL holds 99.99% shares of this company (9,999,994 nos. of shares of Tk. 100 each). The company started its operation from 31 August 2008. The main business of the Company is to carry on the business as a broker and dealer of stocks and securities, commercial papers, bonds, debentures, debenture stocks, foreign currencies, treasury bills/bonds and/or any other financial instruments.

IL Capital Limited

ILFSL is the owner of 99.979% shares (2,499,799 nos. of shares of Taka. 100 each) of IL Capital Limited. IL Capital Limited is a private limited company and incorporated under the Companies Act 1994 on 07 March 2011 bearing registration no C-88312 with an authorised share capital of Taka 2,000 million. The registered office of the company is located at Printers Building (14th Floor), 5 Rajuk Avenue, Dhaka 1000. The main business of the company is to carry on the business of a full fledged merchant bank and engage in all kinds of merchant banking activities such as providing services as issue manager, underwriting of securities, portfolio management, margin loan facilitator, portfolio investment, investment advisory services, etc.

1.4 Chittagong branch

The company opened its branch in Chittagong on 24 June 2008. The approval of opening of this branch was obtained from Bangladesh Bank on 11 November 2007 vide approval letter no. DFIM (L)/1053/38(1)/2007.

1.5 Uttara branch

The company opened its branch in Uttara, Dhaka on 16 February 2017. The approval of opening of this branch was obtained from Bangladesh Bank on 25 January 2017 vide approval letter no. DFIM (L)/1053/38/2017-198.

1.6 Sylhet branch

The company opened its branch in Sylhet on 26 February 2017. The approval of opening of this branch was obtained from Bangladesh Bank on 25 January 2017 vide approval letter no. DFIM (L)/1053/38/2017-198.

1.7 Dhanmondi branch

The company opened its branch in Dhanmondi on 03 August, 2017. The approval of opening of this branch was obtained from Bangladesh Bank on 15 June, 2017 vide approval letter no. DFIM (L)/1053/38/2017-1454.

Basis of preparation and significant accounting policies

2.1 Statement of compliance

The consolidated financial statements of the group and the separate financial statement of the company have been prepared on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business following accrual basis of accounting except for cash flow statement. In preparation of these, the company followed respective provisions of the Companies Act 1994, the Financial Institutions Act 1993, the Financial Institutions regulation 1994, the Securities and Exchange Rules 1987, the listing rules of Dhaka and Chittagong Stock Exchanges, Guidelines from Bangladesh Bank and International Accounting Standards (IAS) and/or International Financial Reporting Standards (IFRS) and other applicable laws and regulations. In cases the requirement of provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and accounting standards, the provisions and circulars issued by Bangladesh Bank shall prevail. Therefore, the parent as well as its subsidiaries have deviated from those requirements of IFRSs in order to comply with the requirements of Bangladesh Bank.

The presentation of these financial statements of the company has been made as per requirement of DFIM Circular No. 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. The activities and accounting heads mentioned in prescribed formats which are not related to the institutions have been excluded in preparation of these financial statements.

2.2 Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance of Bangladesh Bank's requirements

Bangladesh Bank is the prime regulatory body for Financial Institutions (FIs) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of IAS and IFRS. As such the company has departed from those contradictory requirements of IAS / IFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below.

2.2.1 Investment in shares and securities

IFRS: As per requirements of IAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per FID circular no. 08 dated August 3, 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

2.2.2 Provision on leases/loans and advances

IFRS: As per IAS 39 an entity should undertake the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per FID circular no. 08, dated August 3, 2002, and FID circular no. 03, dated May 3, 2006, a general provision @ 0.25% to 5% under different categories of unclassified leases/loans and advances (standard & SMA) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard, doubtful and bad-loss leases/loans and advances has to be provided @ 20%, 50% and 100% respectively on outstanding amount net of eligible securities and suspended interest on the basis of time equivalent of amount in arrears. However, such provision policies are not specifically in line with those prescribed by IAS 39 "Financial Instruments: Recognition and Measurement".

2.2.3 Other comprehensive income

IFRS: As per IAS 1 "Presentation of Financial Statements", Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates through DFIM circular no. 11, dated 23 December 2009 for financial statements which will strictly be followed by all NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

2.2.4 Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per IAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per FID circular no. 03 dated 03 May 2006 lease income earned and income from loans and advance, overdue for three months (or equivalent, i.e. 90 days) or more for leases/loans and advances up to 5 years tenure and for six months (or equivalent, i.e. 180 days) or more for leases/loans and advances of more than 5 years tenure is not recognised as revenue, rather the corresponding amount needs to be credited to an interest suspense account, which is presented as liability in the balance sheet. Suspended interests are recognised as revenue and credited to profit and loss account on realization basis.

2.2.5 Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IAS 39. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

2.2.6 Financial guarantees

IFRS: As per IAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per requirement of DFIM circular no. 11, dated 23 December 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank, financial guarantees will be treated as off-balance sheet items. No liability is recognised in balance sheet for financial guarantees within other liabilities.

2.2.7 Cash and cash equivalent

IFRS: Cash and cash equivalent should be reported as cash item as per IAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

2.2.8 Non-Financial institution Assets

IFRS: No indication of Non-Financial institution Assets is found in any IFRS.

Bangladesh Bank: As per requirement of DFIM Circular No. 11, dated 23 December 2009, there must exist a face item named non-financial institution asset.

2.2.9 Cash flow statement

IFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: Cash flow statement is presented as per requirement of DFIM Circular No. 11, dated 23 December 2009.

2.2.10 Balance with Bangladesh Bank: (Cash Reserve Requirement)

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

Bangladesh Bank: As per Financial Institutions Act 1993 Section 19 and FID Circular No. 06 dated 06 November 2003 balance with Bangladesh Bank is treated as cash and cash equivalents.

2.2.11 Off-balance sheet items

IFRS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per requirement of DFIM Circular No. 11, dated December 23, 2009, off balance sheet items (e.g. Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

2.2.12 Leases/loans and advances/Investments net of provision

IFRS: Loans and advances/Investments should be presented net of provision.

Bangladesh Bank: As per requirement of DFIM Circular No. 11, dated 23 December 2009, provision on leases/loans and advances/investments are presented separately as liability and cannot be netted off against leases/loans and advances.

2.2.13 Appropriations of profit

IFRS: There is no requirement to show appropriations of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per requirement of DFIM Circular No. 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account.

2.3 Basis of preparation and presentation of the financial statements

The financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standard (IFRS) as practised in Bangladesh. No adjustment has been made for inflationary factor affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently being applied by the company and are consistent with those of the previous year.

2.3.1 Changes in significant accounting policies - IFRS 16 Leases

2.3.1.1 Nature and impact of changes

(a) Definition of a lease

Under IFRS 16, ILFSL assesses whether a contract is or contains a lease based on the definition of a lease. On transition to IFRS 16, ILFSL evaluated all types of contracts to assess whether a contract is or contains, a lease at the date of initial application

As a Lessee

As a lessee, ILFSL previously classified leases as operating or finance leases based on its assessment of incidental to ownership of the underlying asset to ILFSL. Under IFRS 16, ILFSL recognises right of use assets and lease liabilities for all leases.

(i) Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at ILFSL's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments (if any).

(ii) Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17 (if any), the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17.

As a lessor

ILFSL is not required to make any adjustments on transitions to IFRS 16 for leases in which it acts as a lessor.

Impacts on financial statements

ILFSL has lease contracts related to the rental agreement of various branches. The table below show the impacts arising from IFRS 16 in the beginning of 2019:

ILFSL Finance	A	B	C=(A+B)
Leases	Liabilities	Advance for rent	Right-of-use Asset
Office Rent	41,419,627	14,468,697	55,888,324

As at 1 January 2019:

Right-of-use assets:

Right-of-use assets of BDT 55,888,324 was recognised and presented separately in Annexure A and also included in fixed assets in ILFSL's balance sheet
This includes the lease liabilities & advance for office rent.

Leases Liabilities:

Lease liabilities derived from present value of all rental payments for various branches amounted to BDT 41,419,627 has been incorporated in ILFSL's balance sheet (under other liabilities head).

Advance for rent:

As at January 01, 2019 advance for rent was BDT 14,468,697 and it has been incorporated in ILFSL's balance sheet (under other assets head).
When measuring lease liabilities, ILFSL discounted lease payments using its incremental borrowing rate (12.03%) at 1 January 2019.

- (b) The following summarises the impacts of adopting IFRS 16 on the ILFSL's solo balance sheet, profit & loss account and statement of cash flows for the period then ended 31 December 2019, for each of the line items affected. Derivation of amounts without adoption of IFRS 16 = As reported + Adjustments.

Impact on the Balance Sheet
As at 31 December 2019

Particulars	As reported BDT	Adjustment BDT	Amounts without adoption of IFRS 16 BDT
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	101,121	-	101,121
Balance with Bangladesh Bank and its agent (including foreign currencies)	7,799,441	-	7,799,441
	-	-	-
	7,900,562	-	7,900,562
Balance with other banks and financial institutions			
Inside Bangladesh	3,828,968,333	-	3,828,968,333
Outside Bangladesh	-	-	-
	3,828,968,333	-	3,828,968,333
Money at call and short notice	-	-	-
Investments			
Government	300,000	-	300,000
Others	17,969,557	-	17,969,557
	18,269,557	-	18,269,557
Loans and advances			
Leases	1,712,238,151	-	1,712,238,151
Loans, cash credits, overdrafts, etc.	37,056,274,680	-	37,056,274,680
	38,768,512,831	-	38,768,512,831
Fixed assets including land, building, furniture and fixtures	54,568,133	28,057,974	26,510,159
Other assets	2,195,720,013	(16,841,555)	2,212,561,568
Non-banking assets	-	-	-
Total Assets	44,873,939,429	11,216,419	44,862,723,010
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10,594,313,845	-	10,594,313,845
Deposits and other accounts			
Term deposits	26,893,962,866	-	26,893,962,866
Other deposits	620,457,224	-	620,457,224
	27,514,420,090	-	27,514,420,090
Other liabilities	32,076,086,582	21,726,034	32,054,360,548
Total Liabilities	70,184,820,517	21,726,034	70,163,094,483
Capital/Shareholders' equity			
Paid-up capital	2,218,102,460	-	2,218,102,460
Statutory reserves	456,184,825	-	456,184,825
Retained earnings	(27,985,168,373)	(10,509,615)	(27,974,658,758)
Total Equity attributable to equity holders of the company	(25,310,881,088)	(10,509,615)	(25,300,371,473)
Total Liabilities and Shareholders' equity	44,873,939,429	11,216,419	44,862,723,010
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements	-	-	-
Corporate guarantee	500,000,000	-	500,000,000
	500,000,000	-	500,000,000
Other commitments	-	-	-
Total Off-Balance Sheet items including contingent liabilities	500,000,000	-	500,000,000
Net Assets Value (NAV) per share	(114.11)		(114.06)

**Impact on the Profit and Loss Account
As at 31 December 2019**

Particulars	As reported BDT	Adjustment BDT	Amounts without adoption of IFRS 16 BDT
Interest income	(2,707,421,123)	-	(2,707,421,123)
Interest on deposits and borrowings etc	(4,737,233,219)	(3,684,863)	(4,733,548,356)
Net interest income	(7,444,654,342)	(3,684,863)	(7,440,969,479)
Investment income	(3,996,979)	-	(3,996,979)
Commission, exchange and brokerage	632,784	-	632,784
Other operating income	1,612,516	-	1,612,516
Total operating income	(7,446,406,021)	(3,684,863)	(7,442,721,158)
Salaries and allowances	97,137,252	-	97,137,252
Rent, taxes, insurance & electricity	3,214,403	(30,660,685)	33,875,088
Legal expenses	12,567,564	-	12,567,564
Postage, stamp & telecommunication	2,098,480	-	2,098,480
Stationery, printing & advertisements	2,657,399	-	2,657,399
Managing Director's salary and benefits	5,612,334	-	5,612,334
Directors' fees & meeting expenses	987,200	-	987,200
Auditors' fees	345,000	-	345,000
Depreciation, amortization & repair of assets	46,951,832	27,830,351	19,121,481
Other expenses	17,059,742	-	17,059,742
Total operating expenses	188,631,206	(2,830,334)	191,461,540
Profit before provision	(7,635,037,227)	(854,529)	(7,634,182,698)
Provision for loans and investments			
Provision for loans and leases	20,351,698,841	-	20,351,698,841
Provision for diminution in value of investments	(482,223)	-	(482,223)
Other provisions	-	-	-
Total provision	20,351,216,618	-	20,351,216,618
Total profit before taxation	(27,986,253,845)	(854,529)	(27,985,399,316)
Provision for taxation			
Current tax expense	40,000,000	-	40,000,000
Deferred tax income	7,105,587	9,650,621	(2,545,034)
	47,105,587	9,650,621	37,454,966
Net profit after taxation	(28,033,359,432)	(10,505,150)	(28,022,854,282)
Appropriations to:			
Statutory reserves	-	-	-
General reserves	-	-	-
	-	-	-
Retained surplus	(28,033,359,432)	(10,505,150)	(28,022,854,282)
Earnings Per Share (EPS)	(126.38)		(126.34)

Impact on the Cash Flows Statement
As at 31 December 2019

Particulars	As reported	Adjustment	Amounts without adoption of IFRS 16
	BDT	BDT	BDT
A) Cash flows from operating activities			
Interest receipts in cash	2,457,053,376	-	2,457,053,376
Interest payments	(3,734,739,177)	(3,684,863)	(3,731,054,314)
Dividend receipts	337,276	-	337,276
Fees and commission receipts in cash	632,784	-	632,784
Recoveries of loans previously written off	19,169,172	-	19,169,172
Cash payments to employees	(102,749,586)	-	(102,749,586)
Income taxes paid	(22,289,345)	-	(22,289,345)
Receipts from other operating activities	1,612,516	-	1,612,516
Payments for other operating activities	(41,635,554)	30,660,685	(72,296,239)
Cash generated from operating activities before changes in operating assets and liabilities	(1,422,608,538)	26,975,822	(1,449,584,360)
Increase/(decrease) in operating assets and liabilities			
Leases, loans and advances to banks and other FIs	-	-	-
Leases, loans and advances to customers	542,283,096	-	542,283,096
Other assets	(2,889,095)	16,841,555	(19,730,650)
Deposits from other banks / borrowings	(1,389,600,000)	-	(1,389,600,000)
Deposits from customers	124,831,551	-	124,831,551
Other liabilities account of customers	(4,722,897)	-	(4,722,897)
Other liabilities	35,427,976	12,070,947	23,357,029
	(694,669,369)	28,912,502	(723,581,871)
Net cash flows from/(used in) operating activities	(2,117,277,907)	55,888,324	(2,173,166,231)
B) Cash flows from investing activities			
Proceeds from sale of securities	499,131,927	-	499,131,927
Payments for purchases of securities	(17,969,557)	-	(17,969,557)
Net change against purchase/sale of fixed assets	(56,356,960)	(55,888,324)	(468,636)
Receipts against lease obligation	-	-	-
Net cash flows from/(used in) investing activities	424,805,410	(55,888,324)	480,693,734
C) Cash flows from financing activities			
Receipts of long term loan	(2,165,372,847)	-	(2,165,372,847)
Repayment of long term loan	2,318,561,652	-	2,318,561,652
Net draw down/(payment) of short term loan	222,784,053	-	222,784,053
Dividend paid	-	-	-
Net cash flows from/(used in) financing activities	375,972,858	-	375,972,858
D) Net increase/(decrease) in cash and cash equivalents (A+ B + C)	(1,316,499,639)	-	(1,316,499,639)
E) Effects of exchange rate changes on cash and cash equivalents	-	-	-
F) Cash and cash equivalents at beginning of the year	5,153,368,534	-	5,153,368,534
G) Cash and cash equivalents at end of the year (D+E+F)	3,836,868,895	-	3,836,868,895
Net operating cash flow per share			

2.4 Going Concern

The Company has adequate resources to continue in operation for foreseeable future. The going concern basis is used in preparing the financial statements.

2.5 Use of estimates and judgement

Preparation of the financial statements in conformity with IAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies that affect the reported amounts of revenue and expenses, assets and liabilities. Due to involvement of inherent uncertainty in making estimates, actual results could be different from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised in any future period affected.

Provision for leases/loans and advances, deferred tax assets/liabilities, provision for gratuity and rate of depreciation of fixed assets are the major elements that require estimates and judgements.

2.6 Consolidation of operations of subsidiaries

The financial statements of the company and its subsidiaries, as mentioned in note no. 1.3 have been consolidated in accordance with International Accounting Standard no. 27 "Consolidated and Separate Financial Statements". The consolidation of the financial statements has been made after eliminating all material inter-company transactions.

The total profits of the company and its subsidiaries are shown in the consolidated profit and loss account, with the proportion of profit after tax pertaining to minority shareholders being deducted as "Non-controlling Interest".

All assets and liabilities of the company and its subsidiaries are shown in the consolidated balance sheet. The interest of minority shareholders of the subsidiaries are shown in the consolidated balance sheet under the heading "Non-controlling Interest".

2.7 Branch accounting

The company has 5 branches including Head Office at Dhaka and Chittagong and no overseas branch as on December 31, 2018. Accounts of the branch are maintained at head office from which these accounts are drawn up.

2.8 Statement of cash flows

The cash flow statement is prepared in accordance with International Accounting Standard (IAS) 7 "Cash Flow Statements" under the guideline of DFIM Circular No. 11, dated 23 December 2009. Cash and cash equivalents for cash flow statement comprises mainly of cash in hand and balances at banks.

2.9 Foreign currency transactions

Transactions denominated in foreign currencies are converted into taka at rate prevailing at the respective date. Assets and liabilities denominated in foreign currencies are converted into taka at the rate of exchange prevailing at the date of the balance sheet. Profit or loss arising on conversion is credited or debited to profit and loss statement. However, there was no foreign currency transaction during the year 2018.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand; balance with Bangladesh Bank and with other Banks and Financial Institutions. Cash equivalents are short term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of change in value.

2.11 Investments

Investments represent investment in Government Securities (Bills & Bonds) and investment in shares. Investment in Government Treasury Bills and Bonds are accounted for at their present value. Premiums are amortised and discount accredited, using the effective or historical yield method.

Investment in quoted shares has been shown at cost or market price whichever is lower, on an aggregate portfolio basis. Full provision for diminution in value of shares as of December 31, 2018 on an aggregate portfolio basis has been made in the financial statements as required by DFIM Circular No. 02, dated 31 January, 2012. Investment in non-quoted shares is valued at cost.

2.12 Leases

As per IAS 17 "Leases", leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership, other than legal title, to the lessees. All other leases are classified as operating leases.

As per IAS 17 "Leases", in case of finance lease, the aggregate lease rental receivables including unguaranteed residual value throughout the lease term are recorded as gross rental receivables while the excess of gross rental receivables over the total acquisition cost including interest during the period of acquiring the lease equipment constitutes the unearned lease income. The unearned lease income is amortized to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Rental due from the clients but not received as well as interest accrued (IDCP) but not due are shown as accounts receivable.

2.13 Loans and advances

Loans and advances represent time loan, work order loan, home loan, short-term loan and staff loan. Books of account for these loans and advances are maintained based on the accrual basis of accounting. Un-amortised principal amount, along with the accrued interest (where capitalised) thereon are accounted for as principal outstanding of loans and advances. Installments due from the clients but not received as well as interest accrued but not due are shown as accounts receivable.

2.14 Recognition of fixed assets and depreciation (IAS 16 'Property, Plant & Equipment')

Recognition

An item of fixed assets is recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the enterprise and the cost of the asset to the enterprise can be measured reliably. The cost of an item of fixed assets is its purchase price (net of discounts and rebates), including import duties and taxes, and any directly attributable cost of bringing the asset to working condition for its intended use.

Measurement

Fixed assets for own use are stated initially at cost and subsequently at cost less accumulated depreciation and any accumulated impairment losses or at a re-valued amount less any accumulated depreciation and subsequent accumulated impairment losses.

Subsequent expenditure

Subsequent expenditures relating to any item of fixed assets are added to the carrying amount of the asset when it is probable that future economic benefits, exceeding its present standard of performance, will flow to the company and the cost of the item can be measured reliably. All other costs are recognised in profit and loss account as expense.

Depreciation

Components of an asset with differing patterns of benefits are depreciated separately.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful life of an item of fixed assets, commencing from the time, the asset is held ready for use and ceases from the time of disposal.

The rate of depreciation of fixed assets under different category stated as follows:

<u>Assets category</u>	<u>Depreciation rate</u>
Motor vehicles	20%
Office decoration	15%
Office equipment	20%
Furniture and fixtures	20%
Computer Accessories	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Disposal or retirement

The gain or loss arising out of disposal or retirement of fixed assets is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit and loss account.

Assets acquired under finance lease

Assets acquired under finance lease is recognized as fixed asset of the Company at the fair value of the asset at the inception of the lease or, the present value of the minimum lease payments whichever is lower. The related obligation under the lease is recognized as liability.

Lease payments consist of finance charge and redemption of payments where finance charge is recognized as interest expenses and the redemption of payment as adjustment of liability.

2.15 Intangible assets (IAS- 38)

Costs incurred to procure softwares represent as intangible assets (note- 8.4.1), once fully operational, will be amortised on a systematic basis over the best estimate of its useful life as per decision of the Board of Directors.

2.16 Revenue recognition (IFRS 15, "Revenue from Contracts with Customers")

As per IFRS 15; Revenue from Contracts with Customers, revenue is recognized when a contract with a customer that is within the scope of this standard only when all of the criteria are met: (a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations; (b) rights of the each party regarding the goods or services to be transferred; (c) the payment terms for the goods or services to be transferred; (d) the contract has commercial substance (i.e. the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and (e) it is probable that the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

2.16.1 Income from lease (IAS 17, “Leases”)

The excess of gross lease rental receivables over the cost of the leased assets constitutes the total un-earned lease income at the commencement of the lease. This income from leases is recognized based on a pattern reflecting a constant periodic rate of return on the net investment in the leases. The pattern of the periodic return however, differs in case of structured lease finance depending on the structure of the particular lease contract.

Unrealised income is suspended where necessary in accordance with the requirements of circular no. 03 dated 03 May, 2006 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. Incomes suspended are taken into account on realisation basis.

Interest on advance against leases is recognized on an accrual basis, which is calculated on advances from the date of respective disbursement to the date of execution of lease. On execution of lease, advance including capitalized portion of accrued interest is transferred to gross lease receivables.

2.16.2 Income from time loan

Income from time loan finance is recognized on a time proportion basis that takes into account the effective yield on the asset. Unrealised income is suspended where necessary in accordance with the requirements of circular no. 03 dated 03 May, 2006 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. Such suspended income is taken into profit and loss account on realization basis.

2.16.3 Income from home loan

Interest income from home loan is recognized on an accrual basis. Instalment comprises both interest and principal. Interest portion of instalments that become receivable is recognized as income in the financial statements. Interest on such finance ceases to be taken into account as income and kept in interest suspense account where necessary in accordance with the requirements of circular no. 03 dated 03 May, 2006 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. Interest suspended is taken into profit and loss account on realization basis.

2.16.4 Income from short-term loan

Income from short-term loan is recognized on accrual basis. Such interest income is calculated on daily loan balance of the respective accounts.

2.16.5 Income from investment in shares

Dividends (IFRS 15, “Revenue from Contracts with Customers”)

Dividend income is recognized when the legal rights to receive the payments have been established

Gain/loss on sale

Gain or loss on sale of shares listed in stock exchanges is recognized when those are sold in the market. Un-realized capital gains are not accounted for in the profit and loss account.

2.16.6 Income from PD and treasury operations

Coupon income

Coupon income from Government treasury bonds is recognized on an accrual basis at a constant rate determined in respective auction, which is realized from Bangladesh Bank on half yearly basis.

Discount income

Discount income (excess of face value over purchase price) from government treasury bonds and bills are recognized periodically on an accrual basis.

Capital gain/loss

Gain or loss on sale of Government treasury bonds and bills determined as the difference between the sale proceeds and aggregate of present value and accrued coupon income of respective bonds and bills are recognized when those are sold.

2.16.7 Fee based income

Fee based income are recognized at the stage of completion of the transaction when the amount of revenue can be reliably measured and economic benefits associated with the transaction will flow to the company.

2.17 Interest suspense account

Lease income earned and income from direct finance, overdue for three months (or equivalent, i.e. 90 days) or more for lease/term finance up to 5 years tenure and for six months (or equivalent, i.e. 180 days) or more for lease/term finance of more than 5 years tenure is not recognized as revenue and credited to interest suspense account as per FID Circular No. 03 dated May 03, 2006. Suspended interests are recognized as revenue and credited to profit and loss account on realization basis.

2.18 Borrowing cost

All borrowing costs are recognized as expenses in the period in which they incurred in accordance with benchmark treatment of International Accounting Statnderd-23. There was no cost of borrowing eligible for capitalization during the reporting period.

2.19 Accrued expenses, provisions and other payables

As per IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognized only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably. Amount recognized as provision is the best estimate of settlement amount at balance sheet date.

2.20 Provision for future losses

Provision has been made on outstanding exposures, based on aging and quarterly review of the receivables, as per guidelines of Bangladesh Bank as practiced by the Company. The methodology of measuring appropriate level of provision relies on several key elements, which include both quantitative and qualitative factors as set forth in FID circular no. 08 dated August 03, 2002 and amended from time to time by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

The provision increases by the amount charged in Profit and loss account and decreases by the amount written off and provisions no longer required. As per Bangladesh Bank Circulars required provision for leases/loans and advances are calculated on base for provision at rates shown in following table:

Product category	General provision on			Specific provision on			classified
	Standard		SMA	Sub - standard	Doubtful		Bad & loss
	General	SME					
Lease Finance	1%	0.25%	5%	20%	50%		100%
Term Loans	1%	0.25%	5%	20%	50%		100%
Housing Finance	1%	-	5%	20%	50%		100%

2.21 Write off

Write off refers to de-recognition of an asset to a reduced or zero value. This is applied for an asset from which return is impossible or unlikely in compliance with the requirements of Bangladesh Bank FID circular no. 03, dated 15 March 2007. Any recovery from asset written off is recognized as income.

2.22 Employees' benefits obligations

Defined contribution plan

The company operates a recognised contributory provident fund scheme for its permanent employees. Provident fund is administered by a Board of Trustees and is funded by contributions partly from the employees and partly from company at a predetermined rate of 10% of basic salary. The contributions are kept and invested separately from the Company's asset.

Defined benefit plan-Gratuity

The Company operates an unfunded gratuity scheme. Provision has been made in the financial statements as per approved gratuities scheme. Employees are entitled to gratuity benefit after completion of minimum five years of continued service in the company.

Gratuity is calculated on the last basic pay and is payable as per following rates:

5 years of continued service	50% of last basic times 5
6 years of continued service	60% of last basic times 6
7 years of continued service	70% of last basic times 7
8 years of continued service	100% of last basic times number of years of services

Since the liability amount under the head is not substantial, the actuarial valuation was not felt required.

2.23 Other employees' benefit obligation

The company has several types of loans and advances scheme like specific purpose loan, provident fund loan, house building loan and loan for buying motor vehicle guided by the employees' service rules. In addition the Company operates a group life and hospitalization scheme for its employees.

2.24 Tax provision

Current tax

Provision for current tax is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of income tax laws and amendments thereto.

Deferred tax

The company accounts for deferred tax as per DFIM Circular no. 07 dated 31 July 2011 and International Accounting Standard 12 "Deferred tax". This is provided using the liability method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

In calculating deferred tax, temporary difference arising from depreciation of fixed assets and provision for gratuity is considered.

2.25 Impairment of assets

The company reviewed long-lived assets for impairment whenever events of changes in circumstances indicate that the book value of the assets may not be recovered. Accordingly, the Company estimates the recoverable amount of the assets and the impairment losses if any is recognised in the profit and loss account when the estimated recoverable amount of an asset is less than its carrying amount.

2.26 Earnings Per Share (EPS)

The company calculates earnings per share (EPS) in accordance with Bangladesh Accounting Standards-33 "Earnings per Share", which is shown in the face of the profit and loss statement, and the computation is stated in Note- 37 & 37 (a). No diluted earnings per share is required to be calculated for the period as there was no scope for dilution during the period under review.

2.27 Statutory reserve

As per Financial Institutions Regulations 1994 every Financial Institution has to transfer 20% of its current year's profit to reserve fund until such reserve equals to its paid-up capital. The company transfers 20% of net profit to statutory reserve before declaration of dividend.

2.28 Related party disclosure (IAS- 24)

As per International Accounting Standard, parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties. Related party disclosure is given in Note -39.

2.29 Events after the reporting period

All material events occurring after the reporting period are considered and where necessary, adjusted for or disclosed in Note-40.

2.30 Payment of dividend

Interim dividends are recognized when they are paid to the shareholders upon approval of the Board of Directors. Final dividend is recognized when it is approved by the shareholders along with interim dividend.

Proposed dividend is not recognized as liability and shown separately under the shareholders' equity in accordance with the International Accounting Standards (IAS)-10, "events after the reporting period".

2.31 Reconciliation of inter-company account

Accounts with regard to inter-Company are reconciled regularly and there are no material differences which may affect the financial statements significantly.

2.32 Segment reporting

The Company has only one reportable business segment and operation of the Company is within the geographical territory of Bangladesh. Hence segment reporting in accordance with IFRS-8 "Operating Segment" is not applicable.

2.33 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. There was no item for offsetting during the reporting period.

2.34 Reporting currency

The financial statements are presented in Bangladeshi Taka which is the Company's functional currency except as indicated.

2.35 Reporting period

The financial statements of the company and its subsidiaries cover one calendar year from 01 January 2019 to 31 December 2019.

2.36 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements

2.37 Re-classification

Previous year's figures, wherever considered necessary, have been rearranged /restated /reclassified, for the purpose of comparison with current year's presentation without any impact on the profit and value of assets and liabilities as reported in the financial statements.

2.38 Uniform accounting policies

The financial statements of International Leasing and Financial Services Limited and its subsidiaries have been prepared in accordance with uniform policies of accounting.

2.39 Liquidity statement

The liquidity statement shows the maturity of company's total assets and liabilities under different maturity bucket as at the close of the reporting period. This statement is prepared as per format prescribed in DFIM circular no. 11 dated December 23, 2009 considering the remaining maturity of assets and liabilities as noted below:

- Balance with other banks and financial institutions on the basis of their maturity term.
- Investments are on the basis of their residual maturity term.
- Leases, loans and advances are on the basis of their repayment/maturity schedule.
- Fixed assets are on the basis of their useful lives.
- Other assets are on the basis of their adjustment term.
- Borrowing from Banks and other Financial Institutions are on the basis of their maturity/payment term.
- Deposit and other accounts are on the basis of their maturity term and behavioral past trends.

- Other liabilities are on the basis of their maturity/settlement term.

2.40 BASEL II and its implementation

To cope with the international best practice and to make the capital more risk sensitive as well as shock resilient, guidelines on 'BASEL Accord for Financial Institutions (BAFI)' have been introduced from 01 January 2011 on test basis by Bangladesh Bank. At the end of the test run period, BASEL Accord regime has started and the guidelines namely "Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD)" have come fully into force from 01 January 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and disclosure requirement as stated in these guidelines have to be followed by all Financial Institutions for the purpose of statutory compliance.

As per CAMD guidelines, Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10% which is complied by the company. Detail of CAR of the company is shown in note - 12.3

2.41 Financial risk management

Risk is an integral part of financing business and thus every financial institution is exposed to risk of different type and magnitude. So, the prime responsibility of every financial institution is to manage its risk such that its return from business can be maximised. As a prudent and responsible financial institution, the company attaches top priority to ensuring safety and security of the finances that are being extended.

2.41.1 Credit risk

Credit Risk is the risk of loss that may occur the failure of any counterparty to make required payments in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Credit risk is managed through a framework set by policies and procedures established by the Board. The responsibility is clearly segregated between origination and approval of business transaction.

Board of Directors is the apex body for credit approval process of the ILFSL. However, they delegate the authority to Executive Committee and Managing Director/CEO. The Board also sets credit policies to the management for setting procedures, which together has structured the credit risk management framework of the ILFSL. The company has segregated the duties of the officers/executives involved in credit activities. The functions of the credit are handled at different levels by four department / division namely: (1) Business Department (2) Credit Risk Management (3) Credit Administration and (4) Special Asset Management and Legal Affairs. The credit approval team (Credit Risk Management) is independent from the Sales Team (Business Department). Credit Administration Department checks and ensures the documentation and disbursement facilities.

The responsibility for preparing credit application is rest with RM within the business Development Department. Credit Application is to be recommended for approval by RM, Head of Business Development and Business Head which is to be forwarded to CRM for their review, assessment and observation/recommendation. After endorsement of CRM, credit memorandum is placed before the approval authority MD/EC/Board as per level of approval authority.

ILFSL credit risk management encompasses identification, measurement, matching, mitigation, monitoring and control of the credit exposures. The executed credit is monitored by Business Department upto risk grade 5 and Special Asset Management and Legal Affairs Department (SAMLAD) monitor credit from risk grade 6 and above.

2.41.2 Market risk

Market Risk refers to the risk of fluctuation of various market variables like interest rate, exchange rate, availability of liquidity with the lenders/depositors, prices of securities in the stock exchanges. The exposure of market risk of the company is restricted to interest rate risk and equity price risk.

2.41.3 Interest rate risk

Interest rate risk is the potential losses of net interest margin. Interest rate risk resulted from the changes in the market interest rates of lending and borrowing. To mitigate interest rate risks, necessary measures are taken to diversify financing sources and also laid strong emphasis on mobilizing retail and institutional deposits. Lending rates are also adjusted to cope with market interest rate condition. Treasury Department continually monitors market interest rate regime and liquidity position and provides feedback to the Management. A separate ALCO committee remains watchful on the adverse movement of the different market variables. The committee updates and prepares liquidity profiles regularly and submits a copy of the same to Bangladesh Bank on a monthly basis.

2.41.4 Equity price risk

Equity price risk is the risk of losses caused by the changes in the equity prices. These losses could arise because of changes in the value of the listed share held by ILFSL. The Company is managing the equity price risk by keeping this exposure within the regulatory limit. As on December 31, 2018, total exposure to capital market was below the regulatory threshold of 25% of capital.

2.41.5 Liquidity risk

Liquidity Risk arises out of the company's inability to meet short term obligation to its lenders/creditors. It arises from the adverse mismatch of maturities between assets and liabilities

Liquidity requirements are managed on day-to-day basis by the Treasury Department. It is responsible for ensuring that sufficient funds are available to meet short term obligations, even in crisis situations and for maintaining diverse funding sources. The Treasury Department also oversees the asset liability maturity position, recommend and implement appropriate measures to encounter liquidity risk. There is a Asset Liability Management Committee (ALCO) to continuously keep tab on the liquidity position of the company.

2.41.6 Operational risk

Operational Risk is the potential loss that may arise due to ineffective Internal Control which may result in errors, fraud and other lapses in operational activities and thereby ignoring the compliance requirements of the regulators or non-compliance of corporate governance.

To address the operational risk, an appropriate internal control system is in place within the Organization. A separate Internal Control and Compliance Department oversees the compliance of approved operational guidelines and procedures in all activities. The Department has direct access to the Board Audit Committee. Chief Executive Officer acts as the supervisor of the Department. Compliance section ensures the compliance of rules regulations and inspection report internal auditors. Principle work of internal audit section is to reinforce the control system if deviated.

2.41.7 Money Laundering and Terrorist Financing Risk

In ILFSL, money laundering and terrorist financing risk takes two broad dimensions:

- a) Business risk i.e. the risk that ILFSL may be used for money laundering or terrorism financing and
- b) Regulatory risk i.e. the risk that ILFSL fails to meet regulatory obligations under the Money Laundering Prevention Act 2012 and Anti-Terrorism Act 2009 (amended in 2013)

To mitigate the risk, ILFSL, while adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU), put in a place a strict compliance program consisting of the following components:

- a) Development and implementation of internal policies, procedures and controls to identify and report instances of money laundering and terrorism financing;
- b) Creation of structure and sub-structure within the organization, headed by a Central Compliance Unit (CCU), for AML and CFT compliance;
- c) Appointment of an AML/CFT Compliance officer, known as the Chief Anti Money Laundering Officer (CAMLCO), to lead the CCU;
- d) Independent audit function including internal and external audit function to test the programs;
- e) Ongoing employee training programs.

2.42 Status of Compliance of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs):

IAS Title	IAS No.	Status
Presentation of Financial Statements	1	Applied (*)
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant & Equipment	16	Applied
Employee Benefits	19	Applied
Accounting of Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	N/A
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Consolidated and Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Financial Reporting in Hyperinflationary Economics	29	N/A
Financial Instruments: Disclosure and Presentation	32	Applied
Earnings per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied (*)
Investment Property	40	N/A
Agriculture	41	N/A
IFRS Title	IFRS No.	Status
First-time adoption of International Financial Reporting Standards	1	N/A
Share Based Payment	2	N/A
Business Combination	3	Applied
Insurance Contracts	4	N/A
Non-Current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	Applied (*)
Operating Segments	8	Applied
Financial Instruments	9	Applied (*)
Consolidated Financial Statements	10	Applied
Joint Arrangements	11	N/A
Disclosure of Interests in other Entities	12	N/A
Fair Value Measurement	13	N/A
Regulatory Deferral Accounts	14	N/A
Revenue from Contracts with Customers	15	Applied
Leases	16	Applied

N/A = Not Applicable

(*) As the regulatory requirements differ with the standards, relevant disclosures and presentations are made in accordance with Bangladesh Bank's requirements (please see note -2.2)

		<u>2019</u>	<u>2018</u>
3	Cash		
3.1	Cash in hand		
	In local currency	101,121	45,334
	In foreign currency	-	-
		<u>101,121</u>	<u>45,334</u>
3.2	Balance with Bangladesh Bank and its agent bank(s)		
	With Bangladesh Bank		
	In local currency	7,799,441	7,809,540
	In foreign currency	-	-
		<u>7,799,441</u>	<u>7,809,540</u>
	With Sonali Bank Ltd. as agent of Bangladesh Bank	-	-
		<u>7,799,441</u>	<u>7,809,540</u>
	Total (3.1+3.2)	<u>7,900,562</u>	<u>7,854,874</u>
3.3	Statutory deposits		
	Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)		
	Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with section 19 of the Financial Institutions Act 1993, rule 5 of the Financial Institutions Rules 1994 and FID circular no.6 dated November 06, 2003.		
	The Cash Reserve Requirement on the Company's term deposits received from public @ 2.5% has been calculated and maintained with Bangladesh Bank in current account and 5% Statutory Liquidity Reserve, including CRR, on the total liabilities has been maintained in the form of balance with banks. However, the Company could not maintain Cash Reserve Requirement whole year due to liquidity crisis but Statutory Liquidity Reserve maintained by the Company is in excess of the statutory requirements, as shown below:		
	a) Cash Reserve Requirement		
	Required reserve (2.5% of average total term deposit of November)	304,598,139	314,459,152
	Cash reserve in average maintained with Bangladesh bank	2,073,140	6,349,453
	Surplus / (deficit)	<u>(302,524,999)</u>	<u>(308,109,699)</u>
	b) Statutory Liquidity Reserve		
	Required reserve (5% of average total liabilities of November)	858,475,887	776,262,578
	Liquidity reserve in maintained including CRR	4,294,571,697	4,910,192,311
	Surplus / (deficit)	<u>3,436,095,809</u>	<u>4,133,929,733</u>
	The surplus mostly comprises of deposits maintained with banks kept under lien against various facilities.		
3(a)	Consolidated Cash		
	Cash in hand		
	International Leasing and Financial Services Limited	101,121	45,334
	International Leasing Securities Limited	14,649	39,002
	IL Capital Limited	917	4,060
		<u>116,687</u>	<u>88,396</u>
	Balance with Bangladesh Bank and its agent bank(s)		
	International Leasing and Financial Services Limited	7,799,441	7,809,540
		<u>7,799,441</u>	<u>7,809,540</u>
		<u>7,916,128</u>	<u>7,897,936</u>
4	Balance with banks and other financial institutions		
	In Bangladesh (note-4.1)	3,828,968,333	5,145,513,660
	Outside Bangladesh	-	-
		<u>3,828,968,333</u>	<u>5,145,513,660</u>

	<u>2019</u>	<u>2018</u>
4.1 In Bangladesh		
a) Current deposits		
Al-Arafah Islami Bank Ltd.	11,502	25,782
Basic Bank Ltd.	999,660	1,550
Bank Asia	56,253	265,542
One Bank	1,883,155	2,360,575
Dutch Bangla Bank Ltd.	6,309,544	(8,412)
Eastern Bank Ltd.	60,997	61,917
Jamuna Bank Ltd.	5,000,634	2,455,776
Mercantile Bank Ltd.	(30,427,541)	6,633
Mutual Trust Bank Ltd.	(52,239,027)	260,623
Shahjalal Islami Bank Ltd.	7,774,446	101,330
South East Bank Ltd.	103,007	103,007
Standard Bank Limited	67,734	67,734
NCC Bank Ltd	7,287	7,920
Woori Bank Ltd.	121,173	121,748
The City Bank Limited	(396,245)	-
Dhaka Bank Limited	153,693	-
United Commercial Bank Limited	(3,763)	-
	(60,517,491)	5,831,725
b) Short-term deposit		
AB Bank Ltd.	756,781	748,999
Bank Alfalah Ltd.	1,514,705	2,786,207
Bank Asia Ltd.	(166,200,572)	3,594,681
BRAC Bank Ltd.	535,545	535,245
Dhaka Bank Ltd.	4,350,148	4,251,839
Midland Bank Ltd.	10,027	27,565
Eastern Bank Ltd.	4,811,561	4,778,718
The Premier Bank Ltd.	87,279	97,604
South East Bank Ltd.	319,458	312,685
Uttara Bank Ltd.	906,372	7,309
Jamuna Bank Ltd.	1,096,239	1,086,104
SBAC Bank Limited	98,895	-
	(151,713,562)	18,226,956
c) Fixed deposits		
FAS Finance and Investment Ltd.	1,151,816,609	604,092,500
ONE Bank Limited	-	21,734,220
Peoples Leasing & Finance Ltd.	1,405,552,500	2,225,725,000
Reliance Finance Ltd.	-	812,584,375
Premier Leasing Ltd.	436,285,587	411,087,500
Union Bank Limited	1,046,231,385	1,046,231,384
Mutual Trust Bank Limited	1,313,305	-
	4,041,199,386	5,121,454,979
Total (a+b+c)	3,828,968,333	5,145,513,660
4.2 Maturity grouping of balance with banks and other financial institutions		
On demand	(60,517,491)	5,831,725
Up to 1 month	894,517,823	520,831,935
Over 1 month but not more than 3 months	436,285,587	2,400,000,000
Over 3 months but not more than 6 months	1,151,816,609	477,350,000
Over 6 months but not more than 1 year	1,405,552,500	1,741,500,000
Over 1 year but not more than 5 years	1,313,305	-
Over 5 years	-	-
	3,828,968,333	5,145,513,660

		<u>2019</u>	<u>2018</u>
4(a)	Consolidated balance with banks and other financial institutions		
	Inside Bangladesh		
	International Leasing and Financial Services Limited	3,828,968,333	5,145,513,660
	International Leasing Securities Limited	179,970,372	305,813,744
	<i>Balance with banks and other financial institutions</i>	<u>459,230,067</u>	<u>792,164,019</u>
	<i>Adjustment for consolidation</i>	<u>(279,259,695)</u>	<u>(486,350,275)</u>
	IL Capital Limited	7,166,122	3,907,334
	<i>Balance with banks and other financial institutions</i>	<u>184,231,578</u>	<u>162,124,948</u>
	<i>Adjustment for consolidation</i>	<u>(177,065,456)</u>	<u>(158,217,614)</u>
		4,016,104,827	5,455,234,738
	Outside Bangladesh	<u>-</u>	<u>-</u>
		4,016,104,827	5,455,234,738
5	Investments		
	Investment classified as per nature:		
	(i) Government securities		
	Bangladesh Govt. Treasury Bonds (note-5.1)	300,000	485,400,000
		<u>300,000</u>	<u>485,400,000</u>
	(ii) Other investment		
	Shares (note-5.2)	17,969,557	18,366,182
		<u>17,969,557</u>	<u>18,366,182</u>
	Total (i+ii)	<u>18,269,557</u>	<u>503,766,182</u>
5.1	Bangladesh Govt. Treasury Bonds		
	15 years Bangladesh Govt. Treasury Bonds	-	252,400,000
	20 years Bangladesh Govt. Treasury Bonds	300,000	233,000,000
		<u>300,000</u>	<u>485,400,000</u>
5.2	Investment in shares		
	a) Quoted		
	ACI Formulation	362,080	-
	ACI Limited	1,358,296	
	Aman Cotton Mills	466,170	313,840
	Bashundhara Paper Mills Limited	-	864,560
	BBS Cables	796,031	
	City General Insurance	117,234	
	Continental Insurance	105,699	
	Coppertech	1,206,292	
	Dorren Power	501,251	
	Esquire Knit	864,483	
	GENEXIL	3,409	104,670
	JMI	629,988	
	Meghna Life	-	1,347,879
	National Tube	1,214,445	
	Northern Jute Mills Limited	790,843	-
	Peninsula	359,192	
	Pharma Aid	-	624,196
	Provati Insurance	210,009	
	Quasem Drycell	89,178	
	Runner Auto	40,798	
	Rupali Life Insurance	1,129,560	
	Sea Pearl Resort	37,300	
	SHASHA Denim	279,157	
	Silco Pharma	39,793	
	Simtex Industries Limited	1,918,657	9,978,095
	SS Steel Limited	-	134,920
	Standard Ceramic	131,205	
	VFS TDL Limited	320,465	
		<u>12,971,535</u>	<u>13,368,160</u>
	b) Un-quoted		
	LR Global BD	4,998,022	4,998,022
	Total (a+b)	<u>17,969,557</u>	<u>18,366,182</u>

	<u>2019</u>	<u>2018</u>
5.3 Maturity grouping of investments		
On demand	-	-
Up to 1 month	17,969,557	18,366,182
Over 1 month but not more than 3 months	-	-
Over 3 months but not more than 6 months	-	-
Over 6 months but not more than 1 year	-	-
Over 1 year but not more than 5 years	-	-
Over 5 years	300,000	485,400,000
	<u>18,269,557</u>	<u>503,766,182</u>
5(a) Consolidated investments		
a) Government securities		
International Leasing and Financial Services Limited	300,000	485,400,000
International Leasing Securities Limited	-	-
IL Capital Limited	-	-
	<u>300,000</u>	<u>485,400,000</u>
b) Other investment		
International Leasing and Financial Services Limited	17,969,557	18,366,182
International Leasing Securities Limited	601,177,347	594,269,081
IL Capital Limited	62,037,596	64,112,860
	<u>681,184,500</u>	<u>676,748,123</u>
Total (a+b)	<u>681,484,500</u>	<u>1,162,148,123</u>
6 Leases, loans and advances		
6.1 Broad category-wise break up		
Inside Bangladesh		
Leases (note-6.1.1)	1,712,238,151	1,843,582,965
Loans, cash credits, overdrafts, etc. (note-6.1.2)	37,056,274,680	35,057,521,497
	<u>38,768,512,831</u>	<u>36,901,104,462</u>
Outside Bangladesh	<u>-</u>	<u>-</u>
	<u>38,768,512,831</u>	<u>36,901,104,462</u>
6.1.1 Leases		
Net investment in leases (note - 6.1.1.1)	1,165,063,257	1,566,089,042
Advances for leases (note -6.1.1.2)	-	-
Accounts receivables	605,943,251	339,032,952
Principal	404,608,319	226,383,498
Interest	201,334,932	112,649,454
Other payables	(58,768,357)	(61,539,029)
	<u>1,712,238,151</u>	<u>1,843,582,965</u>
6.1.1.1 Net investment in leases		
Gross lease receivable	1,237,388,134	1,663,308,825
Less: Unearned lease income	72,324,877	97,219,783
Net lease receivable	<u>1,165,063,257</u>	<u>1,566,089,042</u>
Net investment in leases represents gross lease rental receivables from the lessee minus unearned lease income against investment in leases. Investment in leases represents assets leased to the lessees and accounted for under finance method. The company is the legal owner of the leased assets. Unearned lease income is the excess of gross lease rental receivables over the cost of the leased assets. Lease term of the above leases vary from 24 months to 84 months.		
6.1.1.2 Advance for leases		
This represents disbursement for procurement of leased assets at the end of the reporting period. On execution of leases, advances will be transferred to investment in leases. Advance against leases carry interest as per terms of the agreement until the advances are executed. The outstanding amount of advance against leases as of December 31 are shown under following two categories:		
Imported equipment	-	-
Local equipment	-	-
	<u>-</u>	<u>-</u>

	<u>2019</u>	<u>2018</u>
6.1.1.3 Maturity grouping of leases		
On demand	6,173,251	227,340,518
Up to 1 month	13,037,095	18,189,435
Over 1 month but not more than 3 months	40,095,478	120,353,618
Over 3 months but not more than 1 year	168,552,256	211,841,332
Over 1 year but not more than 5 years	472,147,348	1,087,383,390
Over 5 years	1,012,232,723	178,474,672
	<u>1,712,238,151</u>	<u>1,843,582,965</u>
6.1.2 Loans, cash credits, overdrafts, etc		
Time loan (note-6.1.2.1)	33,947,497,064	31,159,507,251
Work order & factoring (note-6.1.2.2)	213,055,569	362,708,502
Home loan (note-6.1.2.3)	64,334,127	120,585,528
Other loans (note-6.1.2.4)	2,826,593,091	3,406,053,109
Staff loan (note-6.1.2.5)	4,794,829	8,667,107
	<u>37,056,274,680</u>	<u>35,057,521,497</u>
6.1.2.1 Time loan		
Principal outstanding	24,867,827,954	26,833,219,937
Accounts receivables	9,955,882,199	4,796,109,473
<i>Principal</i>	6,069,859,139	2,924,071,251
<i>Interest</i>	3,886,023,060	1,872,038,222
Other payables	(876,213,089)	(469,822,159)
	<u>33,947,497,064</u>	<u>31,159,507,251</u>
This represents amounts outstanding against time loan advanced to loanee with a specific repayment schedule for an agreed period of 3 months to 84 months.		
6.1.2.2 Work order & factoring		
Principal outstanding	169,741,530	331,834,448
Accounts receivables	43,864,040	30,924,054
<i>Principal</i>	-	-
<i>Interest</i>	43,864,040	30,924,054
Other payables	(550,001)	(50,000)
	<u>213,055,569</u>	<u>362,708,502</u>
6.1.2.3 Home loan		
Principal outstanding	49,410,001	87,908,968
Accounts receivables	16,593,781	35,306,229
<i>Principal</i>	8,782,762	18,686,893
<i>Interest</i>	7,811,019	16,619,336
Other payables	(1,669,655)	(2,629,669)
	<u>64,334,127</u>	<u>120,585,528</u>
This represents amounts outstanding against home loan advanced to individuals, corporate bodies, real estate developers for purchase and/or construction of real estate (land, building, apartment, office space) in urban areas with a specific repayment schedule for an agreed period of 24 months to 240 months.		
6.1.2.4 Other loans		
Loan to subsidiary	2,464,762,400	2,283,999,659
<i>Principal outstanding</i>	1,740,469,011	1,862,595,751
<i>Interest receivables</i>	724,293,389	421,403,908
Treasury line	361,830,691	1,122,053,450
<i>Principal outstanding</i>	361,438,970	1,117,000,000
<i>Interest receivables</i>	391,721	5,053,450
	<u>2,826,593,091</u>	<u>3,406,053,109</u>

	2019	2018	
6.1.2.4.1	Loan to subsidiary represents amount receivable from International Leasing Securities Limited (ILSL), a wholly owned subsidiary company of International Leasing and Financial Services Limited (ILFSL). As of December 31, 2019 exposure to ILSL represents 92.17% of the total of capital and general reserve of ILFSL. By taking into consideration of the total amount of loan outstanding, business forecast of ILSL and forecasted equity growth of ILFSL it expected to bring down the exposure within 30% of capital of ILFSL within shortest possible time. ILFSL has submitted its plan to the regulator regarding the issue.		
6.1.2.5	Staff loan		
	Principal outstanding	4,794,829	8,667,107
	Accounts receivables	-	-
	Principal	-	-
	Interest	-	-
	4,794,829	8,667,107	
6.1.2.6	Maturity grouping of loans, cash credits, overdrafts, etc.		
	On demand	12,873,400	1,871,476,414
	Up to 1 month	171,063,291	474,513,926
	Over 1 month but not more than 3 months	508,155,527	1,037,035,648
	Over 3 months but not more than 1 year	2,320,123,766	6,103,153,956
	Over 1 year but not more than 5 years	8,054,123,847	20,011,717,062
	Over 5 years	25,989,934,849	5,559,624,491
	37,056,274,680	35,057,521,497	
6.2	Leases, loans and advances on the basis of significant concentration		
a)	Leases, loans and advances to companies or firms in which the Directors of the Company have interests	-	397,945
b)	Leases, loans and advances to Chief Executive and other Senior Executives	6,726,845	1,562,827
c)	Number of clients with outstanding amount and classified leases, loans and advances exceeding 15% of total capital of the the Company is as follows :		
	Number of clients	37	18
	Amount of outstanding advances	27,219,574,167	12,177,787,425
	Amount of classified advances	22,009,275,295	-
	Measures taken for recovery	-	-
d)	Industry-wise leases, loans and advances		
	Agriculture	1,762,701,769	1,611,848,429
	Textile & Garments	6,475,051,331	6,190,730,673
	Transport & Communication	1,711,347,354	1,584,885,387
	Food production/processing industry	1,856,011,793	1,948,060,938
	Iron, Steel & Engineering industry	1,078,435,533	1,091,945,612
	Chemical & Pharmaceuticals	2,219,876,074	2,166,239,224
	Service Industry	2,718,315,106	2,673,024,115
	Plastic Industry	850,002,802	1,083,285,048
	Paper, Printing packaging	314,649,239	255,118,498
	Telecommunication/information technology	553,214,243	700,506,009
	Real Estate & Housing	1,434,755,968	1,255,571,388
	Ship and Ship making industry	637,418,023	607,587,263
	Education	355,903,438	291,755,131
	Hospital and medical equipment	-	-
	Trade & Commerce	7,438,951,056	6,792,937,817
	Power & Energy	1,902,435,972	1,775,043,215
	Others	7,459,444,025	6,872,565,715
	38,768,513,726	36,901,104,462	
e)	Sector-wise leases, loans and advances		
	Inside Bangladesh		
	Government & autonomous bodies	-	-
	Financial institutions (private)	361,830,691	1,122,053,450
	Other public sector		
	Private sector	38,406,682,140	35,779,051,012
	38,768,512,831	36,901,104,462	
	Outside Bangladesh	-	-
	38,768,512,831	36,901,104,462	

		<u>2019</u>	<u>2018</u>
f)	Geographical location-wise leases, loans and advances		
	Inside Bangladesh		
	Urban		
	Dhaka region	37,284,599,892	35,507,976,252
	Chittagong region	1,344,702,044	1,253,817,315
	Khulna region		
	Rajshahi region	139,210,895	139,310,895
	Rangpur region	-	-
	Sylhet Region	-	-
		38,768,512,831	36,901,104,462
	Rural	-	-
		38,768,512,831	36,901,104,462
	Outside Bangladesh	-	-
		38,768,512,831	36,901,104,462
6.3	Classification of leases, loans and advances		
	a) Unclassified		
	Standard	1,739,412,377	33,350,077,469
	Special mention account (SMA)	2,017,743,024	1,869,381,444
		3,757,155,402	35,219,458,913
	b) Classified		
	Sub-standard	1,685,928,957	263,724,043
	Doubtful	5,363,730,616	9,303,805
	Bad / Loss	27,961,697,856	1,408,617,701
		35,011,357,429	1,681,645,549
	Total (a+b)	38,768,512,831	36,901,104,462
6.4	Particulars of leases, loans and advances		
	(i) Leases and loans considered good in respect of which the Company is fully secured	15,470,368,178	30,769,278,037
	(ii) Loans considered good against which the Company holds no security other than the debtors' personal guarantee	4,060,564,492	6,131,826,425
	(iii) Loans considered good and secured by the personal undertaking of one or more parties in addition to the to the personal guarantee of the debtors	-	321,381,545
	(iv) Loans adversely classified; provision not maintained there against	-	-
	(v) Loans due from Directors either separately or jointly with any other persons	-	397,945
	(vi) Loans due from Officers either separately or jointly with any other persons	4,794,829	8,667,107
	(vii) Loans due from companies or firms in which the Directors have interest as directors, partners or managing agents or in case of private companies, as members	-	-
	(viii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers either separately or jointly with any other person.	100,000	3,317,500
	(ix) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors have interest as directors, partners or managing agents or in the case of private companies, as members	-	-
	(x) Due from banking companies and other financial institutions	361,830,691	1,122,053,450

		<u>2019</u>	<u>2018</u>
(xi)	Classified leases, loans and advances on which interest has not been charged	35,011,357,429	1,681,645,549
	A. Increase/decrease of provision (specific)	20,742,596,438	(45,904,231)
	Amount of debts written-off	973,787,963	973,787,963
	Amount realized against the debts previously written-off	(37,369,142)	(18,199,969)
	B. Provision kept against the debt classified as bad/loss at the end of the reporting period	18,619,909,856	9,051,097
	C. Amount of interest creditable to the interest suspense account	7,836,974,979	243,639,843
(xii)	Cumulative amount of the written-off leases/loans		
	Openning Balance	973,787,963	932,558,563
	Amount written-off during the year	-	41,229,400
	Cumulative to date	973,787,963	973,787,963
	Written-off leases/loans for which law suit filed	973,787,963	973,787,963
6(a)	Consolidated leases, loans and advances		
	Inside Bangladesh		
	Leases		
	International Leasing and Financial Services Limited	1,712,238,151	1,843,582,965
	Loans, cash credits, overdrafts, etc.		
	International Leasing and Financial Services Limited	34,591,512,280	32,773,521,838
	<i>Loans</i>	37,056,274,680	35,057,521,497
	<i>Adjustment for consolidation</i>	(2,464,762,400)	(2,283,999,659)
	International Leasing Securities Limited	3,279,269,430	3,199,188,242
	IL Capital Limited	3,178,954	6,432,710
		39,586,198,815	37,822,725,755
	Outside Bangladesh	-	-
		39,586,198,815	37,822,725,755
7	Fixed assets including premises, furniture & fixtures		
	Right of use assets	55,888,324	-
	Motor vehicles	37,688,698	40,367,177
	Office decoration	24,447,313	24,447,313
	Office equipment	15,361,995	15,361,995
	Furniture & fixtures	31,140,088	31,140,088
	Computer accessories	13,629,384	12,619,590
		178,155,802	123,936,163
	Less: Accumulated depreciation	123,587,670	82,389,854
	Net book value at the end of the year	54,568,132	41,546,309
7.1	Intangible Assets - Computer software		
	Cost	3,281,250	3,281,250
	Less: Accumulated amortisation	3,281,249	2,370,321
		1	910,929
7(a)	Consolidated Fixed assets including premises furniture & fixtures		
	Right of use assets	55,888,324	-
	Motor vehicles	45,872,698	51,373,677
	Office decoration	56,571,241	56,571,241
	Office equipment	23,879,645	23,763,302
	Furniture & fixtures	33,282,656	33,231,730
	Computers & accessories	27,567,309	26,404,161
		243,061,873	191,344,111
	Less: Accumulated depreciation	180,531,890	136,478,157
	Net book value at the end of the year	62,529,983	54,865,954

		<u>2019</u>	<u>2018</u>
7.1(a)	Consolidated Intangible Assets - Computer software		
	Intangible Assets - Computer software		
	Cost	3,281,250	3,281,250
	Less: Accumulated amortisation	3,281,249	2,370,321
		<u>1</u>	<u>910,929</u>
8	Other assets		
	Inside Bangladesh		
	<i>Income generating:</i>		
	Investment in Subsidiary (note-8.1)	1,249,979,300	1,249,979,300
	Income receivable on FDR & investments (note-8.2)	173,972,537	148,940,338
		<u>1,423,951,837</u>	<u>1,398,919,638</u>
	<i>Non-income generating:</i>		
	Receivable from/(payable to) Subsidiary (note 8.3)	(4)	(4)
	Advance, deposit and Prepaid expenses (note-8.4)	22,185,343	40,222,002
	Advance corporate tax (note -8.5)	743,652,833	721,363,488
	Deferred tax assets (note- 8.6)	2,545,032	9,650,619
	Other receivables	3,384,972	385,830
		<u>771,768,176</u>	<u>771,621,935</u>
		<u>2,195,720,013</u>	<u>2,170,541,573</u>
	Outside Bangladesh		
		-	-
		<u>2,195,720,013</u>	<u>2,170,541,573</u>
8.1	Investment in subsidiary		
	Share capital-ILSL (note- 8.1.1)	999,999,400	999,999,400
	Share capital-ILCL (note- 8.1.2)	249,979,900	249,979,900
		<u>1,249,979,300</u>	<u>1,249,979,300</u>
8.1.1	This represents 9,999,994 nos. of ordinary shares of International Leasing Securities Limited subscribed by International Leasing And Financial Services Limited out of their 10,000,000 nos. of shares of Tk. 100 each.		
8.1.2	This represents 2,499,799 nos. of ordinary shares of IL Capital Limited subscribed by International Leasing And Financial Services Limited out of their 2,500,000 nos. of shares of Tk. 100 each.		
8.2	Income receivable on FDR & investments		
	a) Interest receivables		
	Interest receivables - FDR	173,964,593	138,198,636
	Coupon receivables - treasury bond	7,944	10,741,702
		<u>173,972,537</u>	<u>148,940,338</u>
	b) Fees, commission and brokerage receivables		
		-	-
	Total (a+b)	<u>173,972,537</u>	<u>148,940,338</u>
8.3	Receivable from/(payable to) Subsidiary		
	Receivable from/(payable to) ILCL	(4)	(4)
	Receivable from/(payable to) ILSL	-	-
		<u>(4)</u>	<u>(4)</u>

	<u>2019</u>	<u>2018</u>
8.4 Advance, deposit and Prepaid expenses		
Advances for software , fixed assets & others	14,124,334	17,759,119
Deposit to Central Depository Bangladesh Limited (CDBL) for telephone	364,000	364,000
Advance to ILFSLPF	(2,000)	(2,000)
Advance for investment in share	4,593,410	4,178,107
Advance office rent (note- 8.4.1)	3,105,599	17,922,776
Advance for legal expenses	-	-
	<u>22,185,343</u>	<u>40,222,002</u>

8.4.1 The amount represents advance against office rent of Head Office, Chittagong, Uttara, Sylhet & Dhanmondi Branch which will be adjusted with each month's rent as per agreement with the land lord.

8.5 Advance corporate tax

Balance as on January 01	721,363,488	668,305,936
Paid during the year	22,289,345	53,057,552
Less: settlement of previous years' tax liabilities	-	-
Balance as on Dec31	<u>743,652,833</u>	<u>721,363,488</u>

8.6 Deferred tax assets

Deferred tax asset/(liability) is recorded under liability method as required by IAS- 12; "Income Tax" in order to allocate the charge of tax to each year relating to that year, taking into account the taxable temporary differences and deductible temporary differences arising out of carrying amount of assets and liabilities and their tax base. Deferred tax assets is arrived at as follows:

Particulars	Tax base	Carrying value of assets /(liabilities) at Dec. 31, 2019	(Taxable)/deductable temporary difference	
			2019	2018
Fixed assets including premises, furniture & fixtures (note-7)	53,638,288	26,318,662	27,319,626	19,848,242
Right of use assets	-	28,057,973	(28,057,973)	
Gratuity (note-11.1)	-	(7,525,099)	7,525,099	5,886,743
			<u>6,786,752</u>	<u>25,734,985</u>
Applicable tax rate			37.50%	37.50%
Deferred tax assets during the year			<u>2,545,032</u>	<u>9,650,619</u>

The change in deferred tax assets is shown below:

Balance as at 1st January	9,650,619	7,621,059
Addition/(Adjustment) during the year	(7,105,587)	2,029,560
Balance as on December 31	<u>2,545,032</u>	<u>9,650,619</u>

8.7 Maturity grouping of other assets

On demand	-	-
Up to 1 month	4,593,406	4,178,103
Over 1 month but not more than 3 months	14,122,334	17,757,119
Over 3 months but not more than 1 year	177,357,509	149,326,168
Over 1 year but not more than 5 years	743,652,833	721,363,488
Over 5 years	1,255,993,931	1,277,916,695
	<u>2,195,720,013</u>	<u>2,170,541,573</u>

		<u>2019</u>	<u>2018</u>
8(a)	Consolidated Other assets		
	Inside Bangladesh		
	<i>Income generating:</i>		
	International Leasing and Financial Services Limited	173,972,537	148,940,338
	Other assets - incom generating	1,423,951,837	1,398,919,638
	Adjustment for consolidation	(1,249,979,300)	(1,249,979,300)
	International Leasing Securities Limited	-	-
	IL Capital Limited	-	-
		173,972,537	148,940,338
	<i>Non-income generating:</i>		
	International Leasing and Financial Services Limited	771,768,180	771,621,939
	Other assets - non-income generating	771,768,176	771,621,935
	Adjustment for consolidation	4	4
	International Leasing Securities Limited	59,446,917	144,147,371
	Other assets - non-income generating	71,214,829	169,301,939
	Adjustment for consolidation	(11,767,912)	(25,154,568)
	IL Capital Limited	14,564,997	15,385,679
	Other assets - non-income generating	19,982,777	20,076,024
	Adjustment for consolidation	(5,417,780)	(4,690,345)
		845,780,094	931,154,989
		1,019,752,631	1,080,095,327
	Outside Bangladesh	-	-
		1,019,752,631	1,080,095,327
9	Borrowing from banks, other financial institutions and agents		
9.1	Inside Bangladesh		
	Bank overdraft (note- 9.1.1)	1,223,503,456	2,991,405,365
	Call borrowing (note- 9.1.2)	302,300,000	339,400,000
	REPO liability (note- 9.1.3)	5,001	550,664,744
	Short term borrowing (note-9.1.4)	1,654,084,053	1,394,200,000
	Borrowing under refinancing scheme (note-9.1.5)	36,615,610	63,747,279
	Long term borrowing (note-9.1.6)	7,377,805,725	4,878,923,601
		10,594,313,845	10,218,340,989
	Outside Bangladesh	-	-
		10,594,313,845	10,218,340,989
	Inside Bangladesh		
9.1.1	Bank overdraft		
	AL- Arafah Islami Bank Ltd.	494,200,000	500,000,000
	BRAC Bank Ltd.	(21)	(1,193,618)
	Mercantile Bank Limited	(90)	1,809,512,631
	Mutual Trust Bank Ltd.	225,302,993	214,469,847
	ONE Bank Ltd.	106,353,723	82,093,127
	Pubali Bank Ltd.	110,561,391	103,076,832
	Shahjalal Bank Ltd.	49,631,500	44,790,000
	The Premier Bank Ltd.	107,453,960	108,656,546
	Woori Bank Ltd.	130,000,000	130,000,000
		1,223,503,456	2,991,405,365
9.1.2	Call borrowing		
	Janata Bank Ltd.	153,700,000	169,400,000
	Mutual Trust Bank Ltd.	-	-
	Sonali Bank Ltd.	148,600,000	170,000,000
		302,300,000	339,400,000

	<u>2019</u>	<u>2018</u>
9.1.3 REPO liability		
Sonali Bank Ltd.	-	-
Janata Bank Ltd.	5,001	550,664,744
The City Bank Ltd.	-	-
	5,001	550,664,744
9.1.4 Short term borrowing		
Bangladesh Development Bank Limited	11,800,000	23,500,000
IPDC of Bangladesh Limited	12,900,000	16,500,000
Meridian Finance Ltd	299,500,000	305,000,000
Union capital	277,143,619	250,000,000
GSP Finance Company (Bangladesh) Limited	-	-
South Bangla Agricultural Bank Limited	309,900,000	276,000,000
Fas Finance & Investment Limited	65,175,101	50,000,000
IIDFC	-	2,500,000
Rupali Bank Limited	67,000,000	67,000,000
NRB Bank Limited	151,300,000	48,000,000
Mercantile Bank Limited	110,000,000	130,000,000
Peoples Leasing	-	40,000,000
NRB Commercial Bank Limited	40,400,000	15,000,000
United Commercial Bank Limited	-	20,000,000
National Housing	152,085,333	147,500,000
National Finance	-	3,200,000
Premier Leasing	11,980,000	-
Bangladesh Commerce Bank Limited	144,900,000	-
	1,654,084,053	1,394,200,000
9.1.5 Borrowing under refinancing scheme		
Fund from Bangladesh Bank for SME financing	18,487,041	43,164,103
Fund from Bangladesh Bank for housing financing	18,128,567	20,583,174
Fund from RPGCL for DCFP financing	2	2
	36,615,610	63,747,279
9.1.5.1	The above fund has been received from Rupantarita Praktitik Gas Company Limited (RPGCL) under Dhaka Clean Fuel Project for financing of environment friendly projects like CNG Filling Station, CNG driven buses etc. The interest @ 5.5% of the fund are paid quarterly and the principal repayment was started from 2009 for a period of 10 years ending in 2017. The maximum relending rate is 9% p.a.	
9.1.6 Long term borrowing		
UAE Bd Ltd	77,463,424	76,187,229
Al Arafah Bank Ltd.	1,268,728,462	1,153,003,774
Bank Asia Ltd.	60,702,382	92,052,546
Basic Bank Ltd.	145,338,605	139,467,800
Dutch Bangla Bank Ltd.	357,744,230	325,086,691
Jamuna Bank Ltd.	194,444,061	176,148,593
Mercantile Bank Ltd.	4,079,475,996	1,871,259,361
Modhumoti Bank Ltd.	102,747,883	93,240,557
Premier Bank Ltd.	723,858,390	614,086,005
Prime Bank Ltd.	73,522,623	65,572,505
Pubali Bank Ltd.	40,186,071	37,489,958
Shahjalal Islami Bank Ltd.	23,464,085	24,557,668
Midland Bank Ltd	84,269,157	78,042,899
Standard Bank Ltd.	-	-
Uttara Bank Ltd.	145,860,356	132,728,015
	7,377,805,725	4,878,923,601

	<u>2019</u>	<u>2018</u>
9.2 Security wise grouping of borrowing from banks, other financial institutions and agents		
Secured	8,601,314,182	8,420,993,710
Unsecured	1,992,999,663	1,797,347,279
	<u>10,594,313,845</u>	<u>10,218,340,989</u>
The company avail a large amount of it's required fund from various banks and financial institutions. The loans are secured by first fixed and floating charges on all present and future movable and immovable properties of the company registered with RJSC ranking pari-passu among the lenders.		
9.3 Maturity grouping of borrowing from banks, other financial institutions and agents		
On demand	302,300,000	339,400,000
Up to 1 month	5,001	550,664,744
Over 1 month but within 3 months	1,654,084,053	1,394,200,000
Over 3 months but within 1 year	1,223,503,456	2,991,405,365
Over 1 year but within 5 years	7,414,421,335	4,942,670,880
Over 5 years	-	-
	<u>10,594,313,845</u>	<u>10,218,340,989</u>
9(a) Consolidated borrowing from banks, other financial institutions and agents		
Inside Bangladesh		
International Leasing and Financial Services Limited	10,594,313,845	10,218,340,989
International Leasing Securities Limited	781,486,087	978,737,799
<i>Borrowing from banks, other financial institutions and agents</i>	<u>2,521,955,098</u>	<u>2,841,333,549</u>
<i>Adjustment for consolidation</i>	<u>(1,740,469,011)</u>	<u>(1,862,595,750)</u>
IL Capital Limited	-	-
<i>Borrowing from banks, other financial institutions and agents</i>	<u>-</u>	<u>-</u>
<i>Adjustment for consolidation</i>	<u>-</u>	<u>-</u>
	<u>11,375,799,932</u>	<u>11,197,078,788</u>
Outside Bangladesh	<u>-</u>	<u>-</u>
	<u>11,375,799,932</u>	<u>11,197,078,788</u>
10 Deposits and other accounts		
Term deposits (note - 10.1)	26,893,962,866	28,158,731,315
Other deposits (note- 10.2)	620,457,224	625,180,120
	<u>27,514,420,090</u>	<u>28,783,911,435</u>
10.1 Term deposits		
These represent deposits from individuals and institutions under the Company's term deposit schemes for a period of not less than three months both from institutions and individuals. Break up of term deposit according to their sources is given below:		
Deposits from banks and financial institutions	12,785,769,971	13,070,852,593
Deposits from other than banks and financial institutions	14,108,192,895	15,087,878,722
	<u>26,893,962,866</u>	<u>28,158,731,315</u>
10.1.1 Maturity analysis of term deposits		
a) Deposits from banks and financial institutions		
Payable on demand	5,888,640,388	-
Up to 1 month	982,964,019	1,357,500,000
Over 1 month but within 3 months	4,465,672,228	2,633,352,593
Over 3 months but within 1 year	1,448,493,336	9,080,000,000
Over 1 year but within 5 years	-	-
Over 5 years but within 10 years	-	-
Over 10 years	-	-
	<u>12,785,769,971</u>	<u>13,070,852,593</u>

	<u>2019</u>	<u>2018</u>
b) Deposits from other than banks and financial institutions		
Payable on demand	7,592,503,771	-
Up to 1 month	114,769,558	728,792,581
Over 1 month but within 3 months	680,843,027	2,664,800,168
Over 3 months but within 1 year	2,489,474,591	3,183,808,640
Over 1 year but within 5 years	2,974,335,865	6,468,476,235
Over 5 years but within 10 years	256,266,083	2,042,001,098
Over 10 years	-	-
	<u>14,108,192,895</u>	<u>15,087,878,722</u>
Total (a+b)	<u>26,893,962,866</u>	<u>28,158,731,315</u>
10.1(a) Consolidated term deposits		
International Leasing and Financial Services Limited	26,437,637,715	27,514,163,426
Term deposits	26,893,962,866	28,158,731,315
Adjustment for consolidation	(456,325,151)	(644,567,889)
	<u>26,437,637,715</u>	<u>27,514,163,426</u>
10.2 Other deposits		
This represents deposits received against lease and direct finance on signing of the agreement which are subject to repayment or adjustment on expiry of the agreement. The company receives security deposits under two categories of non-interest bearing and interest bearing security deposit. Details are shown below:		
Non-interest bearing security deposits		
Leases	30,168,194	34,244,243
Time loans	32,178,925	37,024,665
Home loans	1,522,231	1,584,338
Work order loans	441,127	441,127
	<u>64,310,477</u>	<u>73,294,373</u>
Interest bearing security deposits	<u>556,146,747</u>	<u>551,885,747</u>
	<u>620,457,224</u>	<u>625,180,120</u>
10.2.1 Maturity analysis of other deposits		
Payable on demand	-	-
Up to 1 month	764,297	9,838,623
Over 1 month but within 3 months	5,072,527	5,111,139
Over 3 months but within 1 year	27,725,318	128,697,558
Over 1 year but within 5 years	400,988,235	293,203,226
Over 5 years but within 10 years	185,906,847	188,329,574
Over 10 years	-	-
	<u>620,457,224</u>	<u>625,180,120</u>
11 Other liabilities		
Deferred liability-employees' gratuity (note- 11.1)	7,525,099	5,886,743
Training fund (note-11.2)	354,771	354,771
Un-claimed refund warrant/dividend (note- 11.3)	5,164,761	5,164,760
Interest suspense account (note-11.4)	7,836,974,979	243,639,843
Payables & accrued expenses (note-11.5)	2,324,136,701	1,321,642,659
Liability for right of use assets	21,726,034	-
Provision for leases, loans and advances (note - 11.6)	20,910,868,014	540,000,000
Provision for diminution in value of investments	1,501,185	1,983,408
Provision for income tax (note- 11.7)	967,835,038	927,835,038
	<u>32,076,086,582</u>	<u>3,046,507,222</u>

	<u>2019</u>	<u>2018</u>
11.1 Deferred liability-employees' gratuity		
Balance as at 1st January	5,886,743	6,365,943
Add: provision made during the year	2,166,356	997,265
Less: payment made during the year	528,000	1,476,465
Balance as at Dec31	7,525,099	5,886,743
11.2		
Training Fund represents administration cost received from Royal Danish Embassy for operation of private sector development project funded by DANIDA. As per agreement, such cost incurred by ILFSL & received from DANIDA can only be spent for the purpose of employees' training.		
11.3 Un-claimed refund warrant/dividend		
Un-claimed refund warrant	716,194	716,194
Un-claimed dividend	4,448,567	4,448,566
	5,164,761	5,164,760
The amount represents refund warrants issued to the unsuccessful investors and dividend warrant issued to the shareholders which were not presented to the bank within December 31, 2019. It is anticipated that it will take some more time to liquidate this liability fully.		
11.4 Interest suspense account		
Balance as at 1st January	243,639,843	106,364,933
Add: suspended during the year	7,651,429,914	407,959,715
Less: realized during the year	58,094,778	266,942,151
Less: written off during the year	-	3,742,654
Balance as at December 31	7,836,974,979	243,639,843
Lease income earned and income from loans, overdue for three months (or equivalent, i.e. 90 days) or more for leases/loans up to 5 years tenure and for six months (or equivalent, i.e. 180 days) or more for leases/loans of more than 5 years tenure is not recognized as revenue and credited to interest suspense account. Suspended interests are recognized as revenue and credited in the statement of comprehensive income on realization basis. Product wise amount of suspended interest as on December 31, 2019 are given below:		
Leases	130,664,936	70,882,845
Loans	7,706,310,043	172,756,998
	7,836,974,979	243,639,843
11.5 Payables & accrued expenses		
a) Interest payables		
Interest payable on bank overdraft	113,243,777	43,110,643
Interest payable on call borrowing	-	235,695
Interest payable on REPO liability	5,603,250	54,699,640
Interest payable on short-term borrowing	34,397,316	11,980,831
Interest payable on long-term borrowing	-	-
Interest payable on borrowing under refinancing scheme (note-11.5.1)	59,201	59,201
Interest payable on deposits from banks and FIs	936,113,148	421,104,954
Interest payable on deposits from other than banks and FIs	366,983,730	527,923,661
	1,456,400,422	1,059,114,625

	<u>2019</u>	<u>2018</u>
b) Other payables		
Payable for fractional bonus & right share	1,719,798	1,719,880
Payable for Tax/VAT deducted at source	535,720,089	213,660,072
Payable for bank guarantee & commission	-	-
Liability for expenses & other payables	320,913,693	37,765,383
Payable for Private Sector Development (PSD) program (note- 11.5.2)	9,382,699	9,382,699
	<u>867,736,279</u>	<u>262,528,034</u>
Total (a+b)	<u>2,324,136,701</u>	<u>1,321,642,659</u>
11.5.1 Interest payable on borrowing under refinancing scheme		
Fund from Bangladesh Bank for SME financing	53,057	53,057
Fund from Bangladesh Bank for housing financing	-	-
Fund from RPGCL for DCFP financing	6,144	6,144
	<u>59,201</u>	<u>59,201</u>
11.5.2 This represents rental received on monthly basis from the clients financed under PSD program funded by DANIDA which is refundable to the Royal Danish Embassy on quarterly basis.		
11.6 Provision for leases, loans and advances		
Movements of provision for leases, loans and advances:		
a) Specific provision on classified leases, loans and advances		
Balance at January 01	59,584,853	270,053,436
Fully provided debts written off during the year (note- 11.6.1)	-	(334,193,267)
Recovery of amounts previously written off	19,169,173	194,000
Net charge to Profit and Loss Account	20,723,427,265	(55,036,356)
Provision made for the year	20,723,427,265	(55,036,356)
Recoveries and provision no longer required	-	-
	<u>20,802,181,291</u>	<u>59,584,853</u>
b) General provision on unclassified leases, loans and advances		
Balance at January 01	480,415,147	275,294,557
Provision made/(no longer required) for the year	(371,728,424)	205,120,590
	<u>108,686,723</u>	<u>480,415,147</u>
Total (a+b)	<u>20,910,868,014</u>	<u>540,000,000</u>
Break up of provision for leases, loans and advances :		
a) Specific provision on classified leases, loans and advances		
Sub-standard	240,081,874	20,072,682
Doubtful	1,942,189,561	30,461,074
Bad and loss	18,619,909,856	9,051,097
	<u>20,802,181,291</u>	<u>59,584,853</u>
b) General provision on unclassified lease, loans and advances		
Standard	17,565,717	478,717,515
SMA	91,121,006	1,697,632
	<u>108,686,723</u>	<u>480,415,147</u>
Total (a+b)	<u>20,910,868,014</u>	<u>540,000,000</u>

2019**2018**

Provision for classified and un-classified leases, loans and advances has been made on the basis of analysis of portfolio made by the Management of the Company as per FID Circular # 08 of 2002 as amended from time to time by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. As per FICL submitted to Bangladesh Bank the required provision as per calculation made under FID Circular was Tk. 20,910.87 million and actual provision in the books of accounts under this head has been kept at Tk. 20,910.87 million.

11.6.1 Leases/loans written-off

As per FID Circular No. 03 dated March 15, 2007 of Bangladesh Bank a Financial Institution should write-off its leases/loans to clean-up its financial statements subject to fulfillment of four conditions; (1) leases/loans classified as bad and losses against which 100% provision has been made (2) Approval from the Board of Directors has to be obtained (3) Best endeavor shall be made to recovery of the write-off leases/loans (4) Legal process should be initiated if not started before.

As per said circular the Company has written-off some of its leases/loans as stated below:

	<u>Current</u>	<u>Cummulative</u>	<u>Cummulative</u>
Balance at January 01		955,587,994	914,552,594
No. of account written-off	-	50	50
No. of lessee/loanee written-off	-	34	34
Total leases/loans written-off	-	973,787,963	973,787,963
Interest suspense against lessee/loanee written-off	-	108,142,884	108,142,884
Provision adjusted against lessee/loanee written-off	-	865,645,079	865,645,079
Recovery against lessee/loanee written-off	(19,169,173)	(37,369,142)	(18,199,969)
Balance as at December 31	(19,169,173)	936,418,821	955,587,994

11.7 Provision for income tax			
Balance as on January 01		927,835,038	712,835,038
Add: provision made during the year		40,000,000	215,000,000
Less: settlement of previous years tax liability		-	-
Balance as at Dec 31		967,835,038	927,835,038

11.8 Maturity analysis of other liabilities			
Payable on demand		5,519,532	144,787,392
Up to 1 month		193,852,792	130,309,785
Over 1 month but within 3 months		690,217,865	463,971,351
Over 3 months but within 1 year		947,591,143	973,085,242
Over 1 year but within 5 years		1,489,561,072	1,124,594,019
Over 5 years but within 10 years		28,749,344,178	176,880,953
		32,076,086,582	3,013,628,742

11(a) Consolidated other liabilities			
International Leasing and Financial Services Limited		32,058,900,890	3,016,662,308
<i>Other liabilities</i>	32,076,086,582		3,046,507,222
<i>Adjustment for consolidation</i>	(17,185,692)		(29,844,914)
International Leasing Securities Limited		51,529,617	386,317,093
<i>Other liabilities</i>	775,823,002		807,720,998
<i>Adjustment for consolidation</i>	(724,293,385)		(421,403,905)
IL Capital Limited		34,832,050	22,803,172
<i>Other liabilities</i>	34,832,050		22,803,172
<i>Adjustment for consolidation</i>	-		-
	32,145,262,557		3,425,782,573

		<u>2019</u>	<u>2018</u>
12	Share capital		
12.1	Authorized		
	300,000,000 nos. of ordinary shares of taka 10 each	<u><u>3,000,000,000</u></u>	<u><u>3,000,000,000</u></u>
12.2	Issued, subscribed & paid up		
	11,000,000 Ordinary Shares of Tk. 10 each issued for cash (opening capital & IPO)	110,000,000	110,000,000
	81,466,000 Ordinary Shares of Tk. 10 each issued as right share	814,660,000	814,660,000
	78,612,600 Ordinary Shares of Tk. 10 each issued as bonus share	786,126,000	786,126,000
	8,553,930 Ordinary Shares of Tk. 10 each issued as bonus share	85,539,300	85,539,300
	89,81,626 Ordinary Shares of Tk. 10 each issued as bonus share	89,816,260	89,816,260
	2,26,33,698 Ordinary Shares of Tk. 10 each issued as bonus share	226,336,980	226,336,980
	1,05,62,392 Ordinary Shares of Tk. 10 each issued as bonus share	105,623,920	-
		<u><u>2,218,102,460</u></u>	<u><u>2,112,478,540</u></u>

The detail history of raising of share capital of the company is given below:

Date	Particulars	Addition in		Cumulative	
		No. of shares	Amount of paid-up capital	No. of shares	No. of shares
15-Jan-96	As per MOA & AOA	7	700	7	700
17-Mar-96	Allotted for cash	10,000	1,000,000	10,007	1,000,700
24-Nov-96	Allotted for cash	589,993	58,999,300	600,000	60,000,000
22-Sep-98	Bonus Shares	90,000	9,000,000	690,000	69,000,000
22-Jun-99	Bonus Shares	138,000	13,800,000	828,000	82,800,000
29-May-03	Bonus Shares	107,640	10,764,000	835,640	93,564,000
16-Jun-04	Bonus Shares	327,474	32,747,400	1,263,114	126,311,400
12-Jun-05	Bonus Shares	315,778	31,577,800	1,578,892	157,889,200
05-Jul-06	Bonus Shares	221,108	22,110,800	1,800,000	180,000,000
02-Sep-07	IPO shares	500,000	50,000,000	2,300,000	230,000,000
25-May-08	Bonus Shares	230,000	23,000,000	2,530,000	253,000,000
31-May-09	Bonus Shares	379,500	37,950,000	2,909,500	290,950,000
27-Jun-10	Bonus Shares	2,182,125	218,212,500	5,091,625	509,162,500
30-Mar-11	Bonus Shares	3,054,975	305,497,500	8,146,600	814,660,000
20-Oct-11	Rights Share	8,146,600	814,660,000	16,293,200	1,629,320,000
30-Nov-11	Share Split	162,932,000	-	162,932,000	1,629,320,000
10-May-12	Bonus Shares	8,146,600	81,466,000	171,078,600	1,710,786,000
26-May-16	Bonus Shares	8,553,930	85,539,300	179,632,530	1,796,325,300
15-Jun-17	Bonus Shares	8,981,626	89,816,260	188,614,156	1,886,141,560
05-Jul-18	Bonus Shares	22,633,698	226,336,980	211,247,854	2,112,478,540
22-Aug-19	Bonus Shares	10,562,392	105,623,920	221,810,246	2,218,102,460
Total		221,810,246	2,218,102,460		

The face value of share has been changed to Tk. 10 from Tk. 100 each effective from November 20, 2011

20192018**Composition of shareholdings as of December 31, 2019**

Particulars	No. of shares	% of holding	Amount
a) Corporate	92,155,649	42%	921,556,490
Shaw Wallace Bangladesh Limited	38,515,754	17%	385,157,540
Nature Enterprise Limited	18,151,560	8%	181,515,600
BR International Limited	18,086,733	8%	180,867,330
New Tech Enterprise Limited	17,401,602	8%	174,016,020
b) General shareholders	129,654,597	58%	1,296,545,970
Institutions/corporate	59,400,784	27%	594,007,840
Individual	70,098,546	32%	700,985,460
Non-resident Bangladeshi	155,267	0%	1,552,670
Total (a+b)	221,810,246	100%	2,218,102,460

12.3 Capital adequacy ratio (CAR)

In terms of section 6 of Financial Institutions Act 1993 with subsequent revisions and section 4 (Gha) of Financial Institutions Regulations 1994, the company as a financial institution is subject to minimum paid up capital requirement of Tk. 1,000 million as stipulated in DFIM Circular no. 05, dated July 24, 2011. As per the requirement, the company has to have a minimum paid up capital of Tk. 1,000 million which is fulfilled by the company as shown below:

Paid up capital (note-12.2)	2,218,102,460	2,112,478,540
	2,218,102,460	2,112,478,540
Minimum required paid up capital	1,000,000,000	1,000,000,000
Excess in paid up capital	1,218,102,460	1,112,478,540

As per DFIM Circular No. 08 dated August 02, 2010 and Prudential Guidelines on Capital Adequacy and Market Discipline (CAMD) for Financial Institutions issued by Bangladesh Bank, the company as a financial institution should maintain a Capital Adequacy ratio (CAR) of minimum 10% of its Risk weighted Assets (RWA) where Tier-I Capital is not less than 5% of the Risk Weighted Assets (RWA). Required capital of the company at the close of the business on December 31, 2019 was Taka 233.37 crore. However, eligible capital of the company was -2,520.22 crore thereby showing a deficit capital of Taka 2,753.59 crore at that date. Details are shown below:

a) Core capital (Tier-I)

Paid-up capital (note-12.2)	2,218,102,460	2,112,478,540
Statutory reserve (note-13)	456,184,825	456,184,825
Retained earnings/surplus (note-14)	(27,985,168,373)	153,814,978
Total eligible/actual tier-I capital	(25,310,881,088)	2,722,478,343

b) Supplementary capital (Tier-II)

General Provision (Unclassified loans up to specified limit+SMA+ off balance sheet exposure)	108,686,723	480,415,147
Total eligible/actual tier-II capital	108,686,723	480,415,147

A) Total eligible/actual capital maintained (a+b)

(25,202,194,365)	3,202,893,490
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B) Total risk weighted assets

23,336,585,679	40,494,645,638
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C) Required capital based on risk weighted assets (10% on B)

2,333,658,568	4,049,464,564
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Total capital surplus/(Deficit) (A-C)

(27,535,852,933)	(846,571,074)
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Capital adequacy ratio (CAR) based on Basel II framework

-107.99%	7.91%
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		<u>2019</u>	<u>2018</u>
13	Statutory reserve		
	Balance as at January 01	456,184,825	428,912,873
	Addition during the year	-	27,271,952
	Balance as at December 31	456,184,825	456,184,825
	As per section 9 of the Financial Institutions Act, 1993 and regulation 6 of the Financial Institutions Regulations 1994, statutory reserve has to keep at least 20% of profit for the year and to be continued to build up at this rate, till the reserve equates the paid up capital of the company unless otherwise advised. Since there is no profit during this year, the company has not transferred any amount to the Statutory Reserve Fund for this year.		
14	Retained earnings/surplus		
	Balance as at January 01	153,814,978	271,064,152
	Less: cash dividend for last year	-	-
	Less: stock dividend for last year	105,623,920	226,336,980
		48,191,058	44,727,172
	Retained surplus for the year	(28,033,359,431)	109,087,806
	Balance as at December 31	(27,985,168,373)	153,814,978
14(a)	Consolidated retained earnings/surplus		
	Balance as at January 01	252,991,117	394,310,251
	Less: cash dividend for last year	-	-
	Less: stock dividend for last year	105,623,920	226,336,980
		147,367,197	167,973,271
	Retained surplus for the year	(28,026,844,556)	85,017,846
	Retained surplus transferred from minority for new issuance of shares by subsidiary	-	-
	Balance as at December 31	(27,879,477,359)	252,991,117
15	Non-controlling / minority interest		
	a) Share capital		
	International Leasing Securities Limited	600	600
	IL Capital Limited	20,100	20,100
		20,700	20,700
	b) Retained earnings/surplus as at January 01		
	International Leasing Securities Limited	68	66
	IL Capital Limited	(1,395)	855
		(1,327)	921
	c) Retained surplus for the year		
	International Leasing Securities Limited	3	2
	IL Capital Limited	155	(2,250)
		158	(2,248)
	d) Retained surplus transferred to parent Co. for new issuance of shares by subsidiary	-	-
	e) Cash dividend paid by ILCL	-	-
	Balance as at Decmber 31 (a+b+c)	19,531	19,373
16	Net asset value per share		
	Total assets	44,873,939,429	44,771,237,989
	Total liabilities	70,184,820,517	42,048,759,646
	Net asset	(25,310,881,088)	2,722,478,343
	Number of share outstanding	221,810,246	221,810,246
	Net asset value per share	(114.11)	12.27

		<u>2019</u>	<u>2018</u>
16(a)	Consolidated net asset value per share		
	Total assets	45,373,986,885	45,583,878,762
	Total liabilities	70,579,176,959	42,762,224,280
	Net asset	(25,205,190,074)	2,821,654,482
	Number of share outstanding	221,810,246	221,810,246
	Net asset value per share	(113.63)	12.72
17	Contingent liabilities		
17.1	Letters of guarantee		
	Letters of guarantee (local)	-	-
	Counter guarantees	500,000,000	750,000,000
		500,000,000	750,000,000
	Money for which the Company is contingently liable in respect of guarantees given favoring:		
	Banks and other financial institutions	-	-
	Others - Dhaka Stock Exchange	500,000,000	750,000,000
		500,000,000	750,000,000
18	Statement of comprehensive income		
	a) Income:		
	Interest, discount and similar income (note-18.1)	(2,711,755,378)	4,800,456,636
	Dividend income (note-21.1)	337,276	6,323,378
	Fees, commission and brokerage (note- 22)	632,784	603,514
	Gains /less losses arising from dealing in securities	-	-
	Gains /less losses arising from investment securities	-	-
	Gains /less losses arising from dealing in foreign currencies	-	-
	Income from non-Company assets	-	-
	Other operating income (note- 23)	1,612,516	66,092
	Profit /less losses on interest rate changes	-	-
		(2,709,172,802)	4,807,449,620
	b) Expenses:		
	Interest, fee and commission, etc. (note- 20)	4,737,233,219	4,114,914,812
	Losses on loans and advances	-	-
	Administrative expenses (note-18.2)	126,414,470	162,935,849
	Other operating expenses (note-33)	17,059,742	34,696,681
	Depreciation/amortization on assets (note-32)	45,156,994	18,295,927
		4,925,864,425	4,330,843,269
	Profit before provisions (a-b)	(7,635,037,227)	476,606,351
18.1	Interest, discount and similar income		
	Interest income - Lease	9,031,309	92,492,707
	Interest income - time loan	(3,305,795,009)	3,777,610,299
	Interest income - work order loan	(8,793,991)	52,527,796
	Interest income - home loan	7,684,523	16,036,414
	Interest income- short term loan	281,926,219	370,158,881
	Interest income - staff loan	643,636	1,219,079
	Interest income - deposit with banks/FIs	257,131,669	538,716,242
	Coupon income - government treasury bonds	50,750,521	44,526,250
	Gain/(loss) on sale of shares	(4,334,255)	(92,831,032)
		(2,711,755,378)	4,800,456,636

		<u>2019</u>	<u>2018</u>
18.2	Administrative expenses		
	Salary and allowances	97,137,252	111,884,171
	Rent, taxes, insurance & electricity	3,214,403	30,792,818
	Legal expenses	12,567,564	2,190,357
	Postage, stamp & telecommunication	2,098,480	2,386,737
	Stationery, printing & advertisement	2,657,399	5,720,837
	Managing Director's salary & benefits	5,612,334	6,432,333
	Directors' fees	987,200	1,143,200
	Auditors' fees	345,000	345,000
	Repair of the Company's assets	1,794,838	2,040,396
		126,414,470	162,935,849
19	Interest income		
	Interest income - lease	9,031,310	92,492,707
	Interest income - time loan	(3,305,795,009)	3,777,610,299
	Interest income - work order & Factoring loan	(8,793,991)	52,527,796
	Interest income - home loan	7,684,523	16,036,414
	Interest income - short term loan	281,926,219	370,158,881
	Interest income - staff loan	643,636	1,219,079
	Coupon income - government treasury bonds	50,750,521	44,526,250
	Interest income - fixed deposit with banks	256,778,819	538,353,324
	Interest income - balance with banks	352,850	362,917
		(2,707,421,122)	4,893,287,667
19(a)	Consolidated interest income		
	International Leasing and Financial Services Limited	(2,844,142,654)	4,703,070,791
	<i>Interest income</i>	(2,707,421,122)	4,893,287,667
	<i>Adjustment for consolidation</i>	(136,721,532)	(190,216,876)
	International Leasing Securities Limited	278,892,054	288,309,021
	<i>Interest income</i>	278,892,054	288,309,021
	<i>Adjustment for consolidation</i>	-	-
	IL Capital Limited	985,981	14,208,467
	<i>Interest income</i>	22,856,018	14,208,467
	<i>Adjustment for consolidation</i>	(21,870,037)	-
		(2,564,264,619)	5,005,588,279
20	Interest expense on deposits and borrowings etc.		
	a) Interest expense on deposits		
	Interest on term deposits, bank and financial institutions	1,613,784,857	1,116,503,110
	Interest on term deposits, other than bank and financial institutions	1,769,484,132	1,710,941,150
	Direct deposit expenses	6,684,863	13,338,883
	Interest expense on security deposits (interest bearing)	67,916,775	92,577,627
		3,457,870,627	2,933,360,770
	b) Interest expense on borrowings		
	Interest on call borrowing	16,698,310	21,070,628
	Interest on short-term borrowing	216,111,496	168,780,768
	Interest on long-term borrowing	638,952,764	623,466,449
	Interest on borrowing under refinancing scheme	2,607,118	4,523,749
	Interest on bank overdraft	388,160,062	328,937,866
	Interest expense on REPO liability	16,832,842	34,774,582
	Finance charge for obligation under finance lease	-	-
		1,279,362,592	1,181,554,042
	Total (a+b)	4,737,233,219	4,114,914,812

		<u>2019</u>	<u>2018</u>
20(a)	Consolidated Interest expense on deposits and borrowings etc.		
	a) Interest expense on deposits		
	International Leasing and Financial Services Limited	3,436,000,590	2,933,360,770
	<i>Interest expense on deposits</i>	3,457,870,627	2,933,360,770
	<i>Adjustment for consolidation</i>	(21,870,037)	-
		3,436,000,590	2,933,360,770
	b) Interest expense on borrowings		
	International Leasing and Financial Services Limited	1,279,362,592	1,181,554,042
	International Leasing Securities Limited	144,334,286	121,938,009
	<i>Interest expense on borrowings</i>	281,055,818	312,154,885
	<i>Adjustment for consolidation</i>	(136,721,532)	(190,216,876)
	IL Capital Limited	-	-
	<i>Interest expense on borrowings</i>	-	-
	<i>Adjustment for consolidation</i>	-	-
		1,423,696,878	1,303,492,051
		4,859,697,468	4,236,852,821
21	Investment income		
	Dividend income (note- 21.1)	337,276	6,323,378
	Gain/(loss) on bonds & shares	(4,334,255)	(92,831,032)
		(3,996,979)	(86,507,654)
21.1	Dividend income		
	Dividend income from investment in subsidiary Co.	-	-
	Dividend income from investment in quoted shares	337,276	6,323,378
		337,276	6,323,378
21(a)	Consolidated investment income		
	International Leasing and Financial Services Limited	(3,996,979)	(86,507,654)
	<i>Investment income</i>	(3,996,979)	(86,507,654)
	<i>Adjustment for consolidation</i>	-	-
	International Leasing Securities Limited	10,248,215	47,590,045
	IL Capital Limited	3,491,336	(24,653,905)
		9,742,572	(63,571,514)
22	Commission, fees, exchange and brokerage		
	Processing fees - leases	40,200	60,000
	Processing fees - time loan	268,262	439,264
	Processing fees - work order	52,609	100,000
	Processing fees - home loan	-	4,250
	Guarantee commission	271,713	-
		632,784	603,514

		<u>2019</u>	<u>2018</u>
22(a)	Consolidated commission, fees, exchange and brokerage		
	International Leasing and Financial Services Limited	632,784	603,514
	International Leasing Securities Limited	97,386,709	106,610,433
	<i>Commission, fees, exchange and brokerage</i>	97,386,709	106,610,433
	<i>Adjustment for consolidation</i>	-	-
	IL Capital Limited Limited	656,978	933,907
		<u>98,676,471</u>	<u>108,147,854</u>
	Consolidated fees, commission and brokerage from International Leasing Securities Limited represents net brokerage income.		
23	Other operating income		
	Transfer Price	-	2,300
	Gain on sale of fixed assets	1,570,716	33,888
	Income from written-off accounts	-	-
	Miscellaneous income	41,800	29,904
		<u>1,612,516</u>	<u>66,092</u>
23(a)	Consolidated other operating income		
	International Leasing and Financial Services Limited	1,612,516	66,092
	International Leasing Securities Limited	1,240,855	1,125,878
	IL Capital Limited	-	-
		<u>2,853,371</u>	<u>1,191,970</u>
24	Salary and allowances		
	Basic salary and other allowances	91,274,830	106,646,432
	Company's contribution to provident fund	3,696,066	4,240,474
	Gratuity	2,166,356	997,265
		<u>97,137,252</u>	<u>111,884,171</u>
24(a)	Consolidated salary and allowances		
	International Leasing and Financial Services Limited	97,137,252	111,884,171
	International Leasing Securities Limited	54,609,536	61,627,573
	IL Capital Limited	4,541,574	6,676,423
		<u>156,288,362</u>	<u>180,188,167</u>
25	Rent, taxes, insurance & electricity		
	Rent, rate and taxes	254,817	27,826,857
	Insurance	-	-
	Electricity, gas and water	2,959,586	2,965,961
		<u>3,214,403</u>	<u>30,792,818</u>
25a)	Consolidated rent, taxes, insurance & electricity		
	International Leasing and Financial Services Limited	3,214,403	30,792,818
	International Leasing Securities Limited	10,107,799	9,849,057
	IL Capital Limited	4,462,006	4,580,730
		<u>17,784,208</u>	<u>45,222,605</u>
26	Legal expenses		
	Legal expenses	12,567,564	2,190,357
	Other professional charges	-	-
		<u>12,567,564</u>	<u>2,190,357</u>

		<u>2019</u>	<u>2018</u>
26(a)	Consolidated legal expenses		
	International Leasing and Financial Services Limited	12,567,564	2,190,357
	International Leasing Securities Limited	1,335,750	3,017,855
	IL Capital Limited	-	-
		<u>13,903,314</u>	<u>5,208,212</u>
27	Postage, stamp & telecommunication		
	Postage, stamp, internet	918,933	1,172,709
	Telephone	1,179,547	1,214,028
		<u>2,098,480</u>	<u>2,386,737</u>
27(a)	Consolidated postage, stamp & telecommunication		
	International Leasing and Financial Services Limited	2,098,480	2,386,737
	International Leasing Securities Limited	974,354	1,111,335
	IL Capital Limited	167,418	204,752
		<u>3,240,252</u>	<u>3,702,824</u>
28	Stationery, printing and advertisements		
	Printing and stationery	2,379,870	4,292,879
	Publicity and advertisement	277,529	1,427,958
		<u>2,657,399</u>	<u>5,720,837</u>
28(a)	Consolidated stationery, printing and advertisements		
	International Leasing and Financial Services Limited	2,657,399	5,720,837
	International Leasing Securities Limited	403,340	529,234
	IL Capital Limited	28,666	77,162
		<u>3,089,405</u>	<u>6,327,233</u>
29	Managing Director's salary and benefits		
	Remuneration	4,072,334	4,512,333
	Other benefits	1,540,000	1,920,000
		<u>5,612,334</u>	<u>6,432,333</u>
30	Directors' fees & meeting expenses		
	Directors' fee for attending board meeting	861,200	876,400
	Executive Committee members' fee for attending EC meeting	-	-
	Audit Committee members' fee for attending AC meeting	126,000	266,800
		<u>987,200</u>	<u>1,143,200</u>
	No director has been paid any remuneration for any special service rendered other than fees paid for attending meeting of the directors.		
30(a)	Consolidated directors' fees & meeting expenses		
	International Leasing and Financial Services Limited	987,200	1,143,200
	International Leasing Securities Limited	152,000	231,500
	IL Capital Limited	103,500	161,000
		<u>1,242,700</u>	<u>1,535,700</u>

		<u>2019</u>	<u>2018</u>
31	Auditors' fees		
	Statutory audit fee	345,000	345,000
		<u>345,000</u>	<u>345,000</u>
31(a)	Consolidated auditors' fees		
	International Leasing and Financial Services Limited	345,000	345,000
	International Leasing Securities Limited	100,625	227,125
	IL Capital Limited	51,750	166,750
		<u>497,375</u>	<u>738,875</u>
32	Depreciation, amortization and repair of assets		
	a) Depreciation		
	Right of use assets	27,830,351	-
	Motor vehicles	6,904,862	7,721,193
	Office decoration	663,145	1,119,708
	Office equipment	1,119,396	1,165,310
	Furniture & fixtures	5,229,897	5,275,658
	Computer accessories	2,498,415	1,931,248
		<u>44,246,066</u>	<u>17,213,117</u>
	b) Amortization		
	Computer Software	910,928	1,082,810
		<u>910,928</u>	<u>1,082,810</u>
	c) Repairs		
	Office equipment	86,211	144,632
	Vehicles	1,708,627	1,895,764
		<u>1,794,838</u>	<u>2,040,396</u>
	Total (a+b+c)	<u>46,951,832</u>	<u>20,336,323</u>
32(a)	Consolidated depreciation, amortization and repair of assets		
	a) Depreciation		
	International Leasing and Financial Services Limited	44,246,066	17,213,117
	International Leasing Securities Limited	2,936,120	3,431,323
	IL Capital Limited	547,491	2,827,316
		<u>47,729,677</u>	<u>23,471,756</u>
	b) Amortization		
	International Leasing and Financial Services Limited	910,928	1,089,883
		<u>910,928</u>	<u>1,089,883</u>
	c) Repairs		
	International Leasing and Financial Services Limited	1,794,838	2,040,396
	International Leasing Securities Limited	387,261	178,121
	IL Capital Limited	7,475	88,477
		<u>2,189,574</u>	<u>2,306,994</u>
	Total (a+b+c)	<u>50,830,179</u>	<u>26,868,633</u>

	<u>2019</u>	<u>2018</u>
33 Other expenses		
Fuel expenses for vehicles	1,391,336	1,830,647
Office maintenance	6,622,164	8,487,708
Training expenses	66,250	104,996
Books, magazines and newspapers	6,848	10,389
Fees and subscription	1,818,728	6,071,827
Bank charges	2,471,078	2,222,108
Entertainment	1,584,087	2,331,146
Other charges	-	-
CIB service charge	16,205	20,400
AGM Expenses	218,065	-
Business development expenses	103,066	3,018,879
Hospitalization expense	369,359	436,982
Traveling and conveyance expenses	2,392,556	10,161,599
	<u>17,059,742</u>	<u>34,696,681</u>

All expenses other than those specifically categorized by Bangladesh Bank through DFIM Circular No. 11 dated December 23, 2009 are shown under the heading of other expenses.

33(a) Consolidated other expenses

International Leasing and Financial Services Limited	17,059,742	34,696,681
<i>Other expenses</i>	<u>17,059,742</u>	<u>34,696,681</u>
<i>Adjustment for consolidation</i>	<u>-</u>	<u>-</u>
International Leasing Securities Limited	8,393,923	11,739,302
IL Capital Limited	1,211,900	1,318,633
	<u>26,665,565</u>	<u>47,754,616</u>

34 Provision against leases, loans and advances

On classified leases, loans and advances	20,742,596,438	(55,036,356)
On un-classified leases, loans and advances	<u>(390,897,597)</u>	<u>205,120,591</u>
	<u>20,351,698,841</u>	<u>150,084,235</u>

Provision for classified and unclassified leases, loans and advances has been made on the basis of analysis of portfolio made by the Management of the Company as per FID Circular No. 08 of 2002 and amended from time to time by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. A provision of Tk. 20,351,698,841 has been made for the year 2019 as per requirement of the Financial Institution Inspection Department of Bangladesh Bank which is considered to be adequate by the Management of the Company.

34(a) Consolidated Provision against leases, loans and advances

International Leasing and Financial Services Limited	20,351,698,841	150,084,235
International Leasing Securities Limited	-	-
IL Capital Limited	<u>-</u>	<u>-</u>
	<u>20,351,698,841</u>	<u>150,084,235</u>

35 Provision for diminution in value of investments

Shares

Provision for quoted shares	(482,223)	(22,808,082)
Provision for un-quoted shares	<u>-</u>	<u>-</u>
	<u>(482,223)</u>	<u>(22,808,082)</u>

35(a) Consolidated Provision for diminution in value of investments

Shares

International Leasing and Financial Services Limited	(482,223)	(22,808,082)
International Leasing Securities Limited	-	-
IL Capital Limited	8,687,783	(166,166)
	<u>8,205,560</u>	<u>(22,974,248)</u>

		<u>2019</u>	<u>2018</u>
36	Provision for tax		
	Current tax	40,000,000	215,000,000
	Deferred tax	7,105,587	(2,029,561)
		<u>47,105,587</u>	<u>212,970,439</u>
36(a)	Consolidated Provision for tax		
	International Leasing and Financial Services Limited	47,105,588	212,970,439
	International Leasing Securities Limited	22,729,121	35,617,161
	IL Capital Limited	5,261,921	2,539,433
		<u>75,096,630</u>	<u>251,127,033</u>
37	Earning Per Share (EPS)		
	Basic earnings per share have been calculated as under:		
	Earning attributable to ordinary shareholders (profit after tax)	(28,033,359,431)	136,359,758
	Weighted average number of ordinary shares outstanding during the year	221,810,246	221,810,246
	Earning per share (EPS)	<u>(126.38)</u>	<u>0.61</u>
	No diluted earnings per share is required to be calculated for the period as there was no convertible securities for dilution during the year.		
37(a)	Consolidated Earnings Per Share (EPS)		
	Basic earnings per share have been calculated as under:		
	Earning attributable to ordinary shareholders (profit after tax)	(28,026,844,398)	112,287,550
	Weighted average number of ordinary shares outstanding during the year	221,810,246	221,810,246
	Earning per share (EPS)	<u>(126.36)</u>	<u>0.51</u>
38	Net Operating Cash Flows Per Share (NOCFPS)		
	Net cash flows from operating activities	(2,117,277,907)	(1,127,559,344)
	Weighted average number of ordinary shares outstanding during the year	221,810,246	221,810,246
	Net Operating Cash Flows Per Share (NOCFPS)	<u>(9.55)</u>	<u>(5.08)</u>
38(a)	Consolidated Net Operating Cash Flows Per Share (NOCFPS)		
	Net cash flows from operating activities	(2,046,885,026)	(1,327,858,390)
	Weighted average number of ordinary shares outstanding during the year	221,810,246	221,810,246
	Net Operating Cash Flows Per Share (NOCFPS)	<u>(9.23)</u>	<u>(5.99)</u>
39	Reconciliation of Cash Flows from Operating Activities		
	Interest receipts in cash	2,457,053,376	4,201,625,928
	Interest payments	(3,734,739,177)	(3,725,413,202)
	Dividend receipts	337,276	6,323,378
	Fees, commission & brokerage receipts in cash	632,784	603,514
	Recoveries of loans previously written off	19,169,172	194,000
	Cash payments to employees	(102,749,586)	(118,316,504)
	Receipts from other operating activities	1,612,516	66,092
	Payments for other operating activities	(41,635,554)	(80,398,836)
	Increase in lease and loans	542,283,096	(1,109,554,921)
	Income tax paid	(22,289,345)	(53,057,552)
	Increase in deposit and other accounts	(1,264,768,449)	(22,681,809)
	Increase in other liabilities	30,705,079	(207,171,766)
	Increase in other assets	(2,889,095)	(19,777,666)
	Cash flows from operating activities	<u>(2,117,277,907)</u>	<u>(1,127,559,344)</u>

40 Disclosure relating to Going Concern

There is no material uncertainty relating to going concern basis but the following matters exist at the time of preparation of the financial statements that may cast doubt to going concern basis.

- Operating cash flow of the company is negative as on December 31, 2019.
- Due to short term Liquidity crisis, the company is in problem to make payment to some of its' depositors and creditors
- The company had excessive reliance on short term borrowings to finance long term assets.
- Classified invested assets (Loans, leases and advances) has been increased.
- Decreasing trend in key ratios of the financial statements.
- Borrowing from various Banks and Financial Institutions has constantly been increasing over the years.

Moreover, the High Court Division of Bangladesh Supreme Court issued a show-cause notice, Ref # Company Matter No. 299 of 2019 to ILFSL regarding winding up the application by 8 depositors as the company failed to honor the demands of the depositors. However, the Court has appointed an Independent Director as chairman of the company to run the business and regain the faith of the depositors.

41 Disclosure on Audit committee

The Audit Committee comprises of the following

Name	Status with the Company	Status with the Committee	Educational Qualification
Mr. Md. Zahirul Alam, FCA	Independent Director	Chairman	Fellow of the Institute of Chartered Accountants of Bangladesh.
Mr. M. Nurul Alam	Director	Member	MBA from Institute of Business Administration(DU).
Mr. Nasim Anwar, FCA	Director	Member	Fellow of the Institute of Chartered Accountants of Bangladesh.
Mr. Md. Nowsherul Islam	Director	Member	M. A from University of Dhaka
Mr.M Abul Hashem	Director	Member	M.com from University of Chittagong
Mr. Rahat Mahmud	Company Secretary	Secretary of the Committee	MBM from Bangladesh Institute of Bank Management (BIBM).

During the year 2019, Audit Committee Meeting hold 5 nos. of meeting and transacted the business as stated below:

SL. No.	Meeting No.	Date	Business transacted
1	63rd	29/Jun/19	Review and recommendation of the Auditor's Report and Audited Financial Statement of the company for the period ended December 31, 2018 and company's First Quarter (Q1) un-audited financial statement.
2	64th	31/Jul/19	Review and recommendation on company's Second Quarter (Q2) un-audited financial statement.
3	65th	29/Oct/19	Review and recommendation on company's Third Quarter (Q3) un-audited financial statement.
4	66th	28/Dec/19	Review of "Internal Audit Plan 2020"

42 Related party disclosures

42.01 Particulars of directors of the Company as of December 31, 2019

Sl. No.	Name of Directors	Designation	Shareholding Status
1	Mr. M. A. Hashem	Chairman	Independent Director
2	Mr. Nasim Anwar, FCA	Director	Nominated by Newtech Enterprise Ltd. holds 7.85 % shares
3	Mrs. Papia Banerjee	Director	
4	Mr. M. Abul Hashem	Director	
5	Mr. M. Nurul Alam	Director	Nominated by Shaw Wallace Bangladesh Limited holds 17.36% shares
6	Mr. Bashudeb Banerjee	Director	Nominated by BR International Ltd. holds 8.15% shares
7	Mr. Md. Anwarul Kabir	Director	
8	Mr. Md. Nowsherul Islam	Director	Nominated by Nature Enterprise Ltd. holds 8.18% shares
9	Mrs. Momtaz Begum	Director	
10	Mr. Md. Zahirul Alam FCA	Independent Director	Not Applicable
11	Mr. Md. Nuruzzaman	Independent Director	Not Applicable
12	Mr. Rashedul Haque	Managing Director	Not applicable, Ex-officio

42.2 Name of Directors and their interest in different entities as on December 31, 2018

Sl. No.	Name of Directors	Status with the Company	Entities where they are Interested
1	Mr. M. A. Hashem	Chairman	Chairman: 1) Transvent International Ltd 2) Greenland Equities Ltd 3) Support for Society of Rural Development 4) IL Capital Limited
2	Mr. Muhammed Abul Hashem	Director	Director: IL Capital Limited
3	Mr. M. Nurul Alam	Director	Chairman: International Leasing Securities Limited Managing Director : 1) Shaw Wallace Bangladesh Limited 2) SW Shipping Limited Director: 1) National Housing Finance & Investment Ltd 2) SW Multimedia Limited
4	Mr. Nasim Anwar, FCA	Director	Chairman: Taniya Trading House (Pvt.) Limited Managing Director: Far East Shares & Securities Limited Nominated Director: Banco Energy Generation Ltd Partner: Hussain Farhad & Co.
5	Mr. Bashudeb Banerjee	Director	Managing Director: Deya Oil Limited MST Marine Services & Traders Limited Sponsor Director: MTB Marine Ltd Eeta & Tiles Limited Zed Shipping Lines Ltd MST Pharma And Healthcare Limited Rainforest Properties Ltd Proprietor: Newtech Enterprise
6	Mrs. Papia Banerjee	Director	Director: Deya Shipping Ltd Teekmarks Shipping Ltd Amader Marine Co. Limited Deya Oil Limited
7	Mrs. Momtaz Begum	Director	Director: MST Marine Services & Traders Limited Teekmarks Shipping Ltd Deya Shipping Ltd HC Marine Ltd
8	Mr. Md. Nowsherul Islam	Director	Director: MST Marine Services & Traders Limited Eeta & Tiles Limited Deya Oil Limited
9	Mr. Md. Anwarul Kabir	Director	n/a

Sl. No.	Name of Directors	Status with the Company	Entities where they are Interested
10	Mr. Md. Zahirul Alam, FCA	Independent Director	Director: International Leasing Securities Ltd Independent Director: Dulla Mia Cotton & Spinning Mills Ltd Kay & Que (Bangladesh) Ltd Member of the Trustees: The COAST
11	Mr. Md. Nuruzzaman	Independent Director	Barrister at Law Member: Honourable Society of Lincoln's Inn, London, UK. Bangladesh Bar Council, Dhaka. Institution of Engineers of Bangladesh Supreme Court of Bangladesh. Dhaka Bar Association, Dhaka. Director: IL Capital Limited
12	Mr. Rashedul Haque	Managing Director	Director: International Leasing Securities Ltd IL Capital Limited

42.3 Transactions with directors and their related entities

Name of the party	Name of the director	Relationship	Nature of transaction	2,019	2018
Mr. Nasim Anwar, FCA	Mr. Nasim Anwar, FCA	Self	Term Deposit	(3,106,613)	(2,949,951)
Mr. Muhammed Abul Hashem	Mr. Muhammed Abul Hashem	Self	Term Deposit	(12,531,311)	(12,756,943)
S.W. Shipping Ltd.	Mr. M. Nurul Alam	Director	Term Deposit	(180,474,089)	(183,202,017)
S W Multimedia Limited	Mr. M. Nurul Alam	Director	Term Deposit	(5,814,822)	(5,312,766)
Shaw Wallace Bangladesh & Associated Cos' Trust	Mr. M. Nurul Alam	Trustee	Term Deposit	-	(6,804,111)
A F Mujibur Rahman Foundation	Mr. M. Nurul Alam	Trustee	Term Deposit	(254,922,447)	(227,423,843)
Shaw Wallace Bangladesh Limited	Mr. M. Nurul Alam Mr. Muhammed Abul Hashem	Director	Lease Finance	-	397,945

		<u>2019</u>	<u>2018</u>
43	Events after the reporting period		
43.1	Dividend for the year - 2019		
	The Board of Directors at their 245 th meeting held on November 04 , 2020 recommended no dividend to the shareholders.		
	Proposed dividend consists of:		
	Cash	-	-
	Bonus share	-	105,623,920
		<u>-</u>	<u>105,623,920</u>
	Proposed dividend will be distributed from:		
	Retained surplus for the year	-	109,087,806
	Past accumulated retained earnings/surplus	-	44,727,172
		<u>-</u>	<u>153,814,978</u>

There is no event which may require adjustment or disclosure other than those disclosed.

44 Capital expenditure commitments

There was no capital expenditure commitment contracted as at December 31, 2019

45 Claim against Company not acknowledged as debt

There was no such claims against the Company which require to be acknowledged as debt as at December 31, 2019

46 Number of employees engaged for the whole year and drawing remuneration of Tk. 35,000 and above per annum was 52.

47 Interim financial statements

The Company publishes its interim financial statements quarterly as required by the Securities and Exchange Commission.

48 Restriction on payment of cash dividend

As per DFIM circular no. 5 dated July 24, 2011 of Bangladesh Bank, a non-banking financial institution cannot declare cash dividend if its capital is below the required level of 1,000 million. The Company has not met the requirement of Bangladesh Bank and has such restriction.

49 Approval of the financial statements

These financial statements were authorized for issue by the Board of Directors of the Company on November 4, 2020

Chairman

Director

Managing Director

Companr Secretary

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

LIQUIDITY STATEMENT

(Analysis of maturity of assets and liabilities)
as at December 31, 2019

(Figures in BDT)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	101,121	-	-	-	-	101,121
Balance with Bangladesh Bank and its agent	7,799,441	-	-	-	-	7,799,441
Balance with banks and other financial institutions	834,000,332	436,285,587	1,151,816,609	1,405,552,500	1,313,305	3,828,968,333
Money at call and short notice	-	-	-	-	-	-
Investments	17,969,557	-	-	-	300,000	18,269,557
Leases, loans and advances	203,147,037	548,251,005	2,488,676,022	8,526,271,195	27,002,167,572	38,768,512,831
Fixed assets including premises, furniture and fixtures	-	-	-	-	54,568,133	54,568,133
Other assets	4,593,406	14,122,334	177,357,509	743,652,833	1,255,993,931	2,195,720,013
Non banking assets	-	-	-	-	-	-
Total assets (A)	1,067,610,894	998,658,926	3,817,850,140	9,269,924,028	28,313,029,636	44,873,939,429
Liabilities:						
Borrowings from banks, other financial institutions and agents	302,305,001	1,654,084,053	1,223,503,456	7,414,421,335	-	10,594,313,845
Term deposits	14,578,877,735	5,146,515,255	3,937,967,927	2,974,335,865	256,266,083	26,893,962,866
Other deposits	764,297	5,072,527	27,725,318	400,988,235	185,906,847	620,457,224
Provision and other liabilities	199,372,324	690,217,865	947,591,143	1,489,561,072	28,749,344,178	32,076,086,582
Total liabilities (B)	15,081,319,357	7,495,889,700	6,136,787,845	12,279,306,507	29,191,517,108	70,184,820,517
Net liquidity gap (A - B)	(14,013,708,463)	(6,497,230,774)	(2,318,937,705)	(3,009,382,479)	(878,487,472)	(25,310,881,088)

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED
Schedule of fixed assets

(Figures in BDT)

Particulars	C O S T				DEPRECIATION					Written down value as at December 31, 2019
	Balance as at January 01, 2019	Addition during the Year	Disposal during the Year	Balance as at December 31, 2019	Rate (%)	Balance as at January 01, 2019	Charged during the Year	Adjustment during the Year	Balance as at December 31, 2019	
Right of Use Assets	-	55,888,324	-	55,888,324	20%	-	27,830,351	-	27,830,351	28,057,973
Motor vehicles	40,367,177	-	2,678,479	37,688,698	20%	23,985,247	6,904,862	2,678,478	28,211,631	9,477,067
Office decoration	24,447,313	-	-	24,447,313	15%	22,113,278	663,145	-	22,776,423	1,670,890
Office equipment	15,361,995	-	-	15,361,995	20%	11,826,823	1,119,396	-	12,946,219	2,415,776
Furniture & fixtures	31,140,088	-	-	31,140,088	20%	16,158,119	5,229,897	-	21,388,016	9,752,072
Computer Accessories	12,619,590	1,379,569	369,775	13,629,384	33%	8,306,387	2,498,415	369,772	10,435,030	3,194,354
Total as at December 31, 2019	123,936,163	57,267,893	3,048,254	178,155,802		82,389,854	44,246,066	3,048,250	123,587,670	54,568,132
Total as at December 31, 2018	120,671,527	3,555,195	290,559	123,936,163		65,467,285	17,213,117	290,548	82,389,854	41,546,309

Schedule of intangible assets

Particulars	C O S T				AMORTIZATION					Written down value as at December 31, 2019
	Balance as at January 01, 2019	Addition during the Year	Disposal during the Year	Balance as at December 31, 2019	Rate (%)	Balance as at January 01, 2019	Charged during the Year	Adjustment during the Year	Balance as at December 31, 2019	
Computer Software	3,281,250	-	-	3,281,250	33%	2,370,321	910,928	-	3,281,249	1
Total as at December 31, 2019	3,281,250	-	-	3,281,250		2,370,321	910,928	-	3,281,249	1
Total as at December 31, 2018	3,281,250	-	-	3,281,250		1,287,511	1,082,810	-	2,370,321	910,929

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES
Schedule of consolidated fixed assets

(Figures in BDT)

Particulars	C O S T				DEPRECIATION					Written down value as at December 31, 2019
	Balance as at January 01, 2019	Addition during the Year	Disposal during the Year	Balance as at December 31, 2019	Rate (%)	Balance as at January 01, 2019	Charged during the Year	Adjustment during the Year	Balance as at December 31, 2019	
Right of Use Assets		55,888,324		55,888,324			27,830,351		27,830,351	28,057,973
Motor vehicles	51,373,677	-	5,500,979	45,872,698	20%	31,425,143	7,691,665	3,242,978	35,873,830	9,998,868
Office decoration	56,571,241	-	-	56,571,241	15%	47,756,991	2,051,758	-	49,808,749	6,762,492
Office equipment	23,763,302	116,343	-	23,879,645	20%	17,994,240	1,852,383	-	19,846,623	4,033,022
Furniture & fixtures	33,231,730	50,926	-	33,282,656	20%	17,921,374	5,314,751	-	23,236,125	10,046,531
Computers & accessories	26,404,161	1,596,123	432,975	27,567,309	33%	21,380,409	2,988,770	432,966	23,936,213	3,631,096
Total as at December 31, 2019	191,344,111	57,651,716	5,933,954	243,061,873		136,478,157	47,729,677	3,675,944	180,531,890	62,529,983
Total as at December 31, 2018	197,543,087	7,112,188	13,311,164	191,344,111		126,217,448	23,471,757	13,211,048	136,478,157	54,865,954

Schedule of consolidated intangible assets

Particulars	C O S T				AMORTIZATION					Written down value as at December 31, 2019
	Balance as at January 01, 2019	Addition during the Year	Disposal during the Year	Balance as at December 31, 2019	Rate (%)	Balance as at January 01, 2019	Charged during the Year	Adjustment during the Year	Balance as at December 31, 2019	
Computer Software	3,281,250	-	-	3,281,250	33%	2,370,321	910,928	-	3,281,249	1
Total as at December 31, 2019	3,281,250	-	-	3,281,250		2,370,321	910,928	-	3,281,249	1
Total as at December 31, 2018	3,281,250	-	-	3,281,250		1,287,511	1,082,810	-	2,370,321	910,929

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

Financial Highlights

Annexure - B

SL. No.	Particulars	2019	2018	2017	2016	2015	2014	2013
1	Paid-up capital	2,218,102,460	2,112,478,540	1,886,141,560	1,796,325,300	1,710,786,000	1,710,786,000	1,710,786,000
2	Paid-up Capital surplus/(deficit)	1,218,102,460	1,112,478,540	886,141,560	796,325,300	710,786,000	710,786,000	710,786,000
3	Total capital	(25,310,881,088)	2,722,478,343	2,586,118,585	2,261,824,267	2,373,642,248	2,125,214,635	2,084,262,214
4	Total assets	44,873,939,429	44,771,237,989	43,590,493,519	35,493,852,813	23,231,183,679	17,516,706,624	17,542,215,470
5	Total Deposits	27,514,420,090	28,783,911,435	28,978,022,624	21,910,615,384	13,166,933,885	10,392,660,500	9,982,201,215
6	Total leases, loans and advances	38,768,512,831	36,901,104,462	34,962,806,891	29,730,237,726	20,283,566,651	14,478,187,971	15,483,925,851
7	Total contingent liabilities and commitments	500,000,000	750,000,000	899,718,630	572,720,063	586,484,773	774,675,664	813,577,041
8	Leases, loans and advances to deposits ratio	1.02	0.95	0.90	0.91	1.03	0.97	1.11
9	% of classified leases, loans and advances to total leases, loans and advances	90.31%	4.56%	4.71%	4.69%	6.89%	9.97%	7.74%
10	Profit after tax and provisions	(28,033,359,431)	136,359,758	324,294,318	114,255,046	122,548,259	110,722,314	(54,779,944)
11	Classified leases, loans and advances	35,011,357,429	1,681,645,548	1,646,933,504	1,394,190,022	1,397,052,918	1,443,988,891	1,199,116,376
12	Provision kept against classified leases, loans and advances	20,910,868,014	540,000,000	427,208,511	545,347,993	321,010,662	442,316,700	307,388,000
13	Provision surplus/(deficit)	-	49,192,688	718,797	12,255,318	(41,976,000)	(55,234,300)	362,120
14	Cost of fund	12.29%	12.03%	9.58%	9.73%	10.80%	12.85%	13.43%
15	Interest earning assets	44,094,371,812	43,991,806,514	43,887,804,055	35,522,584,973	22,354,996,847	17,904,530,986	16,964,031,504
16	Non-interest earning assets	779,567,617	779,431,475	1,018,224,518	1,315,060,699	878,077,910	856,877,249	578,183,966
17	Return on investment	-65.83%	0.33%	1.46%	1.26%	1.89%	2.15%	1.82%
18	Return on assets	-62.54%	0.31%	1.65%	1.31%	1.31%	1.61%	-0.23%
19	income from investment	9,742,572	(63,571,514)	189,033,577	133,356,621	(28,733,330)	45,927,733	2,030,042
20	Operating profit per share*	(34.42)	2.26	3.18	2.32	2.24	1.97	1.60
21	Earning per share*	(126.38)	0.65	2.06	0.70	0.69	0.74	(0.32)
22	Price earning ratio*	(0.05)	21.22	10.74	18.13	12.70	18.33	(49.34)

* Operating profit per share, Earning per share and Price earning ratio are not re-stated.