ANNUAL REPORT 2017

AMAR STOCK

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

A Financial Institution that Cares



INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

A Financial Institution that Cares

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

A Financial Institution that Cares

International Leasing And Financial Services Limited (ILFSL), one of the oldest financial institution in Bangladesh has successfully passed its 22 years with glory.

Starting from humble beginnings in 1996, ILFSL has strived over a period of 22 years to strike a perfect balance and harmony between the interests of the multiple stakeholder groups that it represents. With a genuine concern for the well-being of our depositors, hirers, employees and shareholders, we have strived to meet the differing needs and aspirations of each and every one of them.

Achieving this balance over a sustained period of time has made the journey of 22 years a most fulfilling and gratifying one.

As we embody our core values of trust and innovation in an integrated People, Planet, Profit business philosophy, we look forward to maintaining this balance and continuing our journey steadfastly into the future, whilst embracing the exciting challenges and opportunities that await us.



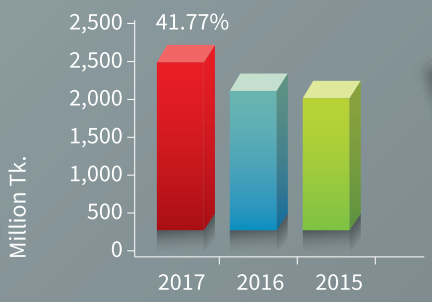
The year under review was an excellent one for your company, as we achieved an outstanding growth rate in the industry in profitability and assets, even as we are trying to innovate new financial products and services that serve the needs of the country.

Read this report and find out just how distinctive our offering is, as we continue to expand our portfolio and our presence, serving our many stakeholders with excellence.



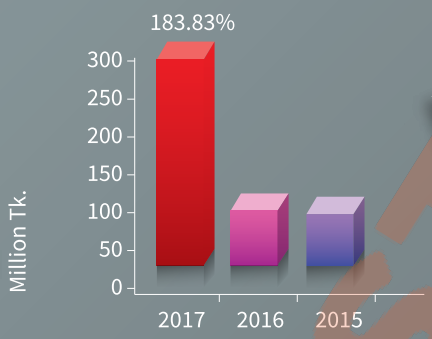
KEY HIGHLIGHTS

Operating Revenue



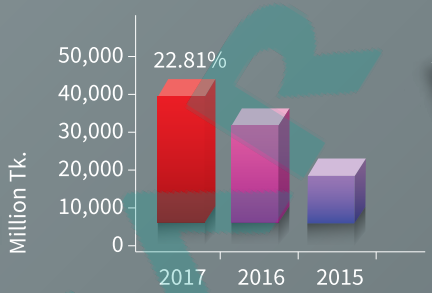
2017
41.77%
Growth in Operating Revenue

Net Profit



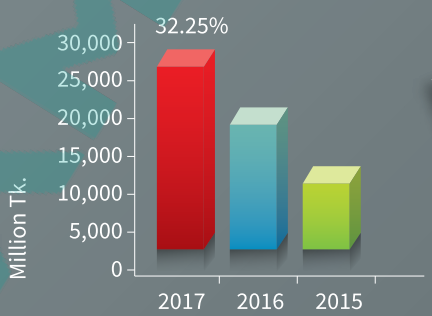
2017
183.83%
Growth in Net Profit

Total Assets



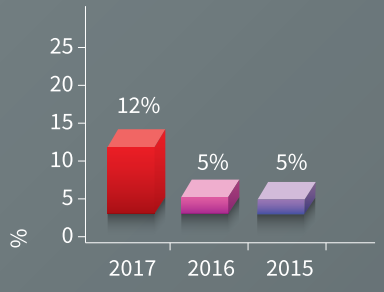
2017
22.81%
Growth in Total Assets

Total Deposit



2017
32.25%
Growth in Total Deposit

Dividend



NON FINANCIAL HIGHLIGHTS

TOTAL WORKFORCE



Permanent
87

Contractual
117

INVESTMENT IN TRAINING & DEVELOPMENT



BDT
0.746 Million

NUMBER OF TRAINING



21

CSR



BDT
0.945 Million

New Point of Presence



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About This Report

Presenting the twenty second integrated Annual Report, International Leasing And Financial Services Limited (ILFSL) seeks to provide an overview of the integrated nature of the Company's business strategy and operations combining economic, environment and social facets during the financial year 2017. As a leading non-bank financial institution in Bangladesh, the Company fully recognizes its responsibility towards society. Long term sustainability of the Company depends on the successful ties and engagement with shareholders, customers, employees, community, environment and other stakeholders. This forms the basis for integrated thinking and integrated reporting of the Company.

The integrated approach seeks to enable stakeholders to make informed assessments and decision on ILFSL, inter alia, its strategy, operational and financial performance, social and environment responsibility, corporate stewardship and future prospects. Towards this end, the Company has progressively moved towards transparency and cohesiveness in its reporting efforts, combining financial reporting including statutory reporting requirements with management commentary and sustainability reporting.

Report Scope

This integrated Annual Report of ILFSL presents both financial and non- financial information of the Company for the financial year ended 31st December 2017 which was derived from the economic, social and environmental performance of the Company. It has been prepared in line with the Integrated Reporting Framework issued by the International Integrated Reporting Council.

Financial Statements that appear in this report have been prepared in accordance with the Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards (BASs & BFRSs) issued by the Institute of Chartered Accountants of Bangladesh (ICAB). Where applicable, the Company has followed the following rules and regulations of the country:

- The Companies Act, 1994
- The Financial Institutions Act, 1993
- The Financial Institutions Regulations, 1994
- Securities and Exchange Rules, 1987
- The Listing Regulations, 2015
- Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards (BASs & BFRSs)
- The Income Tax Ordinance, 1984
- Relevant Rules, Regulations and Circular of Bangladesh Bank
- Any other applicable laws and regulations of the land

The Code of Best Practice on Corporate Governance is in line with the (Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) vide their notification no. SEC/CMRRCD/2006-58/134/Admin/44, dated 07 August 2012.

Reporting Boundary and Materiality

The Annual Report this year comprises reports covering the Company's operations spanning the head office and the branch network for the financial year ended 31st December 2017. Wherever relevant, the preceding years' performance and indicators have been reflected for comparative analysis. In addition, the report also provides summary reviews on the performance of ILFSL's two subsidiaries: International Leasing Securities Limited and IL Capital Limited for the year ended 31st December 2017.

External Assurance and Test of Compliance

The Financial Statements together with related notes are audited by M/s. Rahman Mostofa Alam & Co. Chartered Accountants, Bangladesh and their assurance is given on page 101 of this Report. External assurance is also obtained from M/s. Poddar & Associates, Cost and Management Accountants on Corporate Governance Compliance.

Sl	Description of Report	External Assurer
1	Consolidated and Separate Financial Statements of International Leasing And Financial Services Limited	Rahman Mostofa Alam & Co. Chartered Accountants
2	Consolidated and Separate Financial Statements of International Leasing Securities Limited	Rahman Mostofa Alam & Co. Chartered Accountants
3	Financial Statements of IL Capital Limited	Zoha Zaman Kabir Rashid & Co. Chartered Accountants
4	Corporate Governance	Poddar & Associates Cost and Management Accountants
5	Provident Fund	Ahmed Zaker & Co. Chartered Accountants
6	Gratuity Fund	

Forward- looking statements

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements–written and oral–that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Presentation

Printed copies of this report will be posted to shareholders and regulatory bodies is in line with ILFSL's commitment towards Green banking for reducing the corporate's carbon footprint. However, this report will be made available on the official website at www.ilfsl.com in PDF formats.

Contact

Questions and inquiries on this Integrated Annual Report 2017 and information presented therein are to be directed to:

The Chief Financial Officer &
The Company Secretary
International Leasing And Financial Services Limited
65/2/2, Bir Protik Gazi Golam Dostogir Road
Purana Paltan, Dhaka – 1000, Bangladesh
Tel: +880 -2- 9559639, 9586671-75
Fax: +880 -2- 9559640

Group Profile

International Leasing And Financial Services Limited (ILFSL), a public limited company and an innovative customer driven Financial Institution guided under the Financial Institutions Act 1993 started its business in 1996. From the inception, ILFSL sprint its operation in a professional manner under the guidance and leadership of its Board of Directors. Starting from single product lease financing services, the company is now established a diversified product oriented lease and loan finance institute with high repute in its feather.

ILFSL's product consists of corporate and structured finance solutions, project finance, term finance, real estate finance, SME finance, work order finance and personal finance including home loan, car loan, personal loan etc. It has also various attractive deposit scheme including double money scheme, triple money scheme, term deposit, monthly income scheme etc.

ILFSL floated its shares through Initial Public Offering in July 2007 and its shares were listed with both the Dhaka and Chittagong Stock Exchange on September 16, 2007. The Company operates its stock market and merchant banking operation through its wholly owned two subsidiary companies namely International Leasing Securities Limited and IL Capital Limited.

International Leasing Securities Limited (ILSL) is a fully fledged stock brokerage company started its operation in August 2008. ILSL is a full serviced Depository Participant (DP) of CDBL and it offers margin loan for share trading. It has been providing the brokerage services under the membership of two bourses of Bangladesh namely Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

IL Capital Limited (ILCL) incorporated on November 24, 2010 and got its license as full-fledge merchant banking unit on April 04, 2012. As a full-fledged Merchant Bank IL Capital actively participates in underwriting of Initial Public Offering (IPOs), Repeat Public Offering (RPO) and Rights Issue of several companies. One of the important functions of Merchant Bank is to provide portfolio management services to our clients. The company provides portfolio management services with high standard, excellent customer services and professionalism. IL Capital Limited is an important member of Bangladesh Merchant Bankers Association (BMBA) from its very inception.

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Vision

ILFSL aims to maximize shareholders' value by drawing on its extensive array o specialized capabilities to continuously provide our customers with value added financial solutions.

Mission

Striving to serve the largest number of common people through quality non-banking financial services with a wide variety of innovative products.

ILFSL makes every effort to enhance superior professional competencies by creating a culture that fosters openness and innovation, promotes individual growth and rewards performance.

ILFSL contributes to society through participation in poverty alleviation programs, provision of financial assistance at a grassroots level and assistance to charitable causes.



Strategic Objectives



To make ILFSL an iconic brand with strong brand loyalty and maintain its position as an industry leader

To take on challenges and create opportunities that contributes to society and meets expectations of shareholders

To provide maximum security to retail depositors

To establish and adopt best practices in risk management, control and monitoring

To ensure proper and stringent compliance to all external and internal rules and regulations

To bring maximum transparency in all spheres of business by introducing well defined Corporate Governance policies

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Core Values & Responsibility

Customer partnership:
Intense customer engagement, affection and understanding facilitate us to create a mutually profitable partnership.

Respect for people:
We treat our employees like family, providing them with an inspiring work environment that encourages initiative and recognizes excellence.

Integrity:
All our actions are guided by strong morals and we are committed to ethical practices.

Stakeholder value enhancement:
We enhance value for our stakeholders by focusing on growth and profitability, managing risks and contributing to the society.

Passion for excellence:
Our passion for excellence is instrumental in driving us to be innovative, solution - focused and impactful.

Professional entrepreneurship:
With over two decades of experience, our spirit of entrepreneurship enables us to overcome obstacles and complexities with professional expertise.



Code of Conduct & Ethics

ILFSL has been running its business in accordance with the approved Code of Conduct. Employees of the Company deliver professional services as per policies and relevant technical and professional standards with integrity, competence, dignity and in an ethical manner. For professionally behave and to improve ability, all the employee exercise independent professional judgment and take reasonable care. Employees of the Company perform their professional obligations with knowledge about all applicable laws, rules, regulations and relevant standards and maintain the confidentiality and privacy.

Company Information

REGISTERED NAME
International Leasing And Financial Services Limited

LEGAL FORM
A public limited company incorporated in Bangladesh on January 15, 1996 under the Companies Act 1994 and licensed as Financial Institution on February 19, 1996 under Financial Institutions Act 1993 and listed in Dhaka & Chittagong Stock Exchange on September 16, 2007.

REGISTRATION NO.
C – 30121(1347)/96

BANGLADESH BANK LICENSE NO.
আঃ প্রঃ (অ-ব্যাংকিং) বিভাগ / ঢাকা / ৯ / ৯৬

REGISTERED &
CORPORATE HEAD OFFICE
DR Tower (13th Floor),
65/2/2, Bir Protik Gazi Golam Dostogir Road,
Purana Paltan, Dhaka-1000, Bangladesh.
Phone: +880-2-9559639, 9586671-75
Fax: +880-2-9559640

COMPANY E-MAIL
info@ilfsl.com

COMPANY WEBSITE
www.ilfsl.com

CHAIRMAN
M. A. Hashem

MANAGING DIRECTOR
Rashedul Haque

CHIEF FINANCIAL OFFICER
Syed Abed Hasan

HEAD OF INTERNAL CONTROL & COMPLIANCE
S.A.N. Moyeenuddowlah

COMPANY SECRETARY
Md. Rafiqul Islam Khan, ACS

AUDITOR
M/s. Rahman Mostafa Alam & Co.
Chartered Accountants

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Branch and Subsidiaries of ILFSL

ILFSL

Head Office Extension
Hossain Tower (3rd Floor),
116, Bir Protik Gazi Golam Dostogir Road, (Box Culvert Road)
Naya Paltan, Dhaka-1000.
Phone: 58315384-86

Agrabad Branch, Chittagong
Ayub Trade Center (7th Floor),
1269/B, Agrabad C/A, Chittagong – 4100, Bangladesh
Phone : +88 – 031 – 2514621-3,
Fax : +88 – 031 – 2514620

Dhanmondi Branch
Bikalpa Dental Clinic and Commercial Complex,
Plot # 74 (3rd Floor), Road # 5/A,
Satmashjid Road, Dhanmondi, Dhaka
Phone: +88-02-9634975, 963514

Sylhet Branch
Firoze Centre, (5th Floor), Chouhatta
Sylhet-3100.
Phone: +880-821-710034

Uttara Branch
House No-21, 3rd Floor
Sonargaon Janapath Road, Sector-13
Uttara Dahka-1230
Tel: +88-02-48954423-24

Subsidiaries of ILFSL

International Leasing Securities Limited
Corporate Head Office
Hossain Tower (1st Floor),
116, Bir Protik Gazi Golam Dastogir Road
(Culvert Road) Naya Paltan, Dhaka-1000.
Phone: +880-2-9344093
Fax: +880-2-9343841
Email: securities@ilslbd.com
Website: www.ilslbd.com

Agrabad Branch, Chittagong
Ayub Trade Centre (8th Floor),
1269/B, Sk.Mujib Road, Agrabad C/A,
Chittagong-4100.
Phone: +880-31-2514621-6
Fax: +880-31-2514628

Khatungonj Branch, Chittagong
BSM Centre (2nd Floor),
119/122, Amir Market, Khatungonj,
Chittagong-4000.
Phone: +880-31-2866971-74
Fax: +880-31-2866975

Sylhet Branch
Firoz Centre (5th Floor),
Chouhatta, Sylhet Sadar
Sylhet-3100.
Phone: +0821-7100340821-710034
Fax: +880-821-710266

IL Capital Limited
Corporate Head Office
Hossain Tower (2nd Floor),
116, Bir Protik Gazi Golam Dastogir Road
(Culvert Road) Naya Paltan, Dhaka-1000.
Phone: +880-2-58315389
Fax: +880-2-58315387
Email: info@il-capital.com
Website: www.il-capital.com

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Group Structure

The Group consists of a total of three companies including the Parent International Leasing And Financial Services Limited (ILFSL). ILFSL has direct holding on two companies International Leasing Securities Limited (ILSL) and IL Capital Limited (ILCL).



Group shareholding structure of ILFSL

Sl	Name of Subsidiary	Business Location	Ownership Interest
1	International Leasing Securities Limited	Bangladesh	99.99994%
2	IL Capital Limited	Bangladesh	99.99196%

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Products and Services

Financing and Investment Products

Lease Finance
Term Finance
SME Finance
Project Finance
Corporate Finance
Syndication Finance
Bridge Finance
Real Estate Finance
Women Entrepreneur Finance

Deposit Products

Fixed Term Deposit
Monthly Income Deposit
Double Money Deposit
Deposit Pension Scheme (DPS)

Brokerage & Merchant Banking Service

Underwriting
Margin Loan
Share Trading
Equity Investment
Portfolio Management
Pre-IPO Placement
Investment Management
Corporate Advisory
Fund Raising

Membership



Bangladesh Leasing & Finance Companies Association (BLFCA)
Asian Leasing & Finance Companies Association (ALFCA)
Bangladesh Association of Public Listed Companies (BAPLC)
International Chamber of Commerce - Bangladesh (ICC)
Metropolitan Chamber of Commerce & Industry (MCCI)
Institute of Bankers of Bangladesh (IBB)

Bankers



Bank Al Falah Limited
Premier Bank Limited
BRAC Bank Limited
Bank Asia Limited
Eastern Bank Limited
One Bank Limited
Al Arafah Islami Bank Limited
BASIC Bank Limited
Dutch Bangla Bank Limited
Jamuna Bank Limited
Mercantile Bank Limited
Modhumoti Bank Limited
Mutual Trust Bank Limited
Prime Bank Limited
Pubali Bank Limited
Shahajalal Islami Bank Limied
South East Bank Limited
Uttara Bank Limited

An Eventful year for ILFSL



21st Annual General Meeting in Progress



Mr. M.A. Hashem, Chairman delivering his speech



Training Program on Anti Money Laundering



Pahela Boishakh celebration at Head Office



ILFSL handed over blankets to ACSR

An Eventful year for ILFSL



Women's day celebration at Head Office



Mr. M.A. Hashem, Chairman inaugurating ILFSL's Dhanmondi Branch Office



ILFSL donates essentials to Orphans



ILFSL donates educational materials to autistic children



Half yearly business conference of ILSL held at Sylhet

Award and Recognitions

Participating in awards and indices is a good way for us to benchmark our performance and gain valuable feedback from third parties so that we can continue to improve. We're very proud that last year we've received 4th ICSB National Award for Corporate Governance Excellence under financial institutions category. It is a reflection of our ethical practices, true compliance and a great team work.







Management Discussion & Analysis



- ILFSL Sustainability approach
- Stakeholder Engagement approach
- Review of Economic environment
- Human Capital
- Managing Director's Review
- Operational and Financial Highlights
- Financial Highlights
- Graphical Presentation of Performance
- Historical Record on Dividend payment

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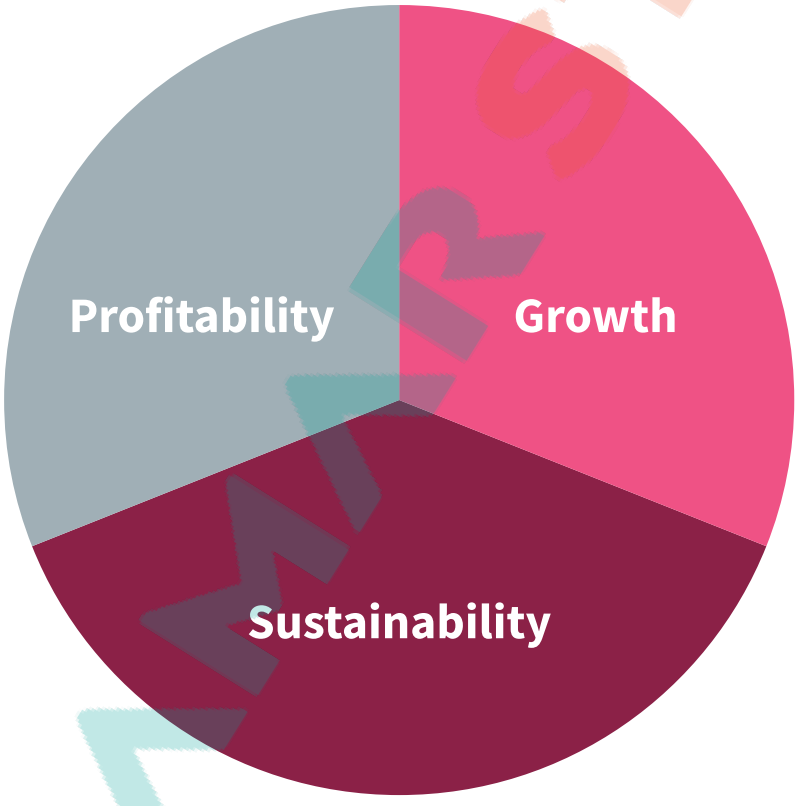
ILFSL Sustainability Approach

ILFSL operates with continuous and significant emphasis on economic, social and environmental sustainability on which the sustainability of the Company depends on. The core values of ILFSL is about managing and contributing towards the sustainability of these components mainly via creating and distributing economic value, serving our people and conserving nature. The entire business structure and the strategy is developed in line with the well accepted philosophy, so that the core values are preserved and the role of the Company on ensuring economic, environmental and social sustainability continues.



ILFSL Strategy

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Stakeholder Engagement approach
Our major stakeholders



Stakeholder assessment is an ongoing process in the Company, where the findings are being incorporated into the regular decision making and to plan the long-term approaches that will be aligned to the Company's Strategic Plan. In addition to the regular assessments, regular stakeholder feedback surveys also will be conducted to re-affirm the policy changes and course of action taken to address the issues in a systematic manner. The engagement actions also will be carried out with continuous refinement to obtain precise feedback, maintaining highest level of transparency and quality of information to ensure the process of engagement to be fortified further.

Stakeholder Engagement Process

Stakeholder Communication ⇄ **Stakeholder Feedback**

- Meetings
- Direct dialogue
- CRM system
- Annual report
- Quarterly financial statement
- Field audits
- Newsletters
- Company website
- Press releases
- Social media
- Company hotline
- E-mail and other correspondence

Analysis of the feedback received

↓

Identify suggestions, issues/ concern

↓

Prioritize issues/ concerns, needs, responses

↓

Inform the Board and the Management on the priorities

↓

Take actions to rectify/ address/ adopt the issues/concern/ suggestions

- Meetings
- Direct dialogue
- CRM system
- Field audits
- Social media
- Company hotline
- E-mail and other correspondence

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Review of Economic Environment

The global economy improved but there were plenty of unsettling and upsetting events and trends. Catastrophic storms and flooding wrecked homes and livelihoods from South Asia to the Caribbean. Education quality in many countries fell short even as much of the world raced into the digital age. Yet extreme poverty continues to decline. Innovation and technology are enhancing the quality of life. And human capital is now the biggest driver of wealth in the world today.

The pickup in global activity that started in 2016 gathered steam in the first half of 2017, reflecting firmer domestic demand growth in advanced economies and China and improved performance in other large emerging market economies. The continued recovery in global investment spurred stronger manufacturing activity (Figures 1.1 and 1.2). World trade growth moderated in the second quarter after expanding very briskly in the first. Global purchasing manager indices and other high-frequency indicators for July and August suggest that global growth momentum continued into the third quarter of 2017. Among advanced economies, domestic demand and output grew faster in the first half of 2017 than in the second half of 2016. In the United States, weakness in consumption in the first quarter turned out to be temporary, while business investment continued to strengthen, partly reflecting a recovery in the energy sector. In the euro area and Japan, stronger private consumption, investment, and external demand bolstered overall growth momentum in the first half of the year. Growth in most of the other advanced economies, with the notable exception of the United Kingdom, picked up in the first half of 2017 from its pace in the second half of 2016, with both domestic and external demand contributing.

Among emerging market and developing economies, higher domestic demand in China and continued recovery in key emerging market economies supported growth in the first half of 2017. In India, growth momentum slowed, reflecting the lingering impact of the authorities' currency exchange initiative as well as uncertainty related to the midyear introduction of the country-wide Goods and Services Tax. Higher external demand boosted growth in other emerging market economies in East Asia. In Brazil, strong export performance and a diminished pace of contraction in domestic demand allowed the economy to return to positive growth in the first quarter of 2017, after eight quarters of decline. Mexico maintained growth momentum, despite uncertainty related to the renegotiation of the North American Free Trade Agreement and significant Investment began to pick up in the third quarter of 2016. Global trade accelerated as well, before moderating more recently.

Market sentiment has remained strong and volatility low since the publication of the most recent (April 2017) WEO, even as expectations of US fiscal easing have dimmed. On the monetary policy front, the US Federal Reserve raised short-term interest rates in June to 1–1.25 percent, as expected. Following the Federal Open Market Committee announcement of September 20, markets priced in a 70 percent probability of one additional rate increase by the end of 2017. In most other advanced economies, the monetary policy stance remained broadly unchanged, except for Canada, which raised its policy rate by ¼ of a percentage point in July and September.

Bangladesh Context

The economy of Bangladesh has been able to maintain sustained economic growth even in the face of global financial crisis. According to the final estimate of Bangladesh Bureau of Statistics (BBS), the GDP growth of FY2016- 17 stood at 7.28 percent, 0.17 percentage point higher from 7.11 percent of the previous fiscal year. In FY2015-16 per capita GDP was US$1,385 which rose to US$1,544 in FY2016-17. Likewise, per capita national income increased to US$1,610 in FY2016-17, US$145 higher than a year earlier. Gross investment increased to 30.51 percent of GDP, 0.86 percentage point higher than the preceding fiscal year. In FY2016-17 satisfactory growth has been achieved in revenue receipts. During this period, revised target for revenue receipts was set at Tk.2,18,500 crore (11.06 percent of GDP), of which tax revenue from NBR sources was marked at Tk.1,85,000 crore (9.37 percent of GDP), tax revenue from non NBR sources at Tk.7,261 crore (0.37 percent of GDP) and non-tax revenue at Tk.26,239 crore (1.33 percent of GDP). Against these targets as per the provisional estimates of Integrated Budget and Accounting System (iBAS++), tax revenues received during the concerned year amounted to Tk.1,77,824 crore, up by 17.08 percent from the previous year. Non-tax revenues grew by 9.00 percent to Tk.22,961 crore from Tk.21,065 crore during the same period. Attaining 91.89 percent of the revised target, total revenue receipt in FY2016-17 increased by 16.09 percent to Tk.2,00,785 crore over the previous year outturn. Total revenue receipts reached 10.16 percent of GDP, up by 0.27 percentage point compared to the preceding fiscal year.

NBFI sector

Non-Bank Financial Institutions are playing crucial role by providing additional services that cannot be usually provided by banks. The NBFIs, the more multifaceted products and services have taken their place in the competitive financial market to satisfy the changing demands of the customers. NBFIs also play an important role in the capital market as well as real estate sector of Bangladesh.

The asset of NBFIs increased substantially by 16.83 percent to 713.87 billion in December 2016 from BDT 611.04 billion in 2015. At the end of June 2017, assets of NBFIs increased to BDT 755.33 billion.

NBFIs are investing in different sectors of the economy, but their investments are mostly concentrated in industrial sector. Sector wise composition of NBFIs' investment at the end of June 2017 was as follows: Industry 44.21 percent, Real estate 17.53 percent, Margin loan 2.25 percent, Trade and commerce 16.68 percent, Merchant banking 4.17 percent, Agriculture 2.67 percent and others 12.49 percent.

NBFIs are allowed to invest in the capital market up to 25 percent of paid up capital and reserve as per section 16 of Financial Institution Act, 1993. In December 2016, all NBFIs' total investment in capital market was BDT 20.55 billion. Investment in capital market accounted for 2.88 percent of the total assets of all NBFIs. As of 30 June 2017, NBFIs total investment in capital market stood at BDT 19.90 billion.

Total deposits of the NBFIs in December 2016 went up to BDT 382.43 billion (63.05 percent of total liabilities) from BDT 318.06 billion (62.48 percent of total liabilities) in 2015 showing an overall increase of 20.24 percent. At the end of June 2017, total deposit of NBFIs increased to BDT 418.85 billion.

Human Capital

A strong and dedicated workforce is the heart of ILFSL without which the Company would not have succeeded for 22 years. We give utmost importance to have an enthusiastic and vibrant work teams at all levels. Accordingly, ILFSL has set aside a significant allocation of time and effort to create the HR policies and practices that enable the Company to attract and hire the best talent whilst developing and retaining them in the organization.

The Company recognizes that implementing HR best practices increases its probability of achieving these objectives. As a result, the Company has compiled a comprehensive set of policies which is used to handle all HR related matters. These policies outline procedures to be followed in relation to recruitment, training, professional and career development, professional conduct, promotion, succession and performance evaluation, amongst many others. The HR policies are regularly reviewed so that ILFSL is able to provide an above-industry-standard offering to all employees, thereby increasing its chances of attracting and retaining the best talent.

All employees are given a set of well-defined Key Performance Indicators that are aligned to the Company's strategic, corporate and operational objectives. This guarantees that when each employee achieves his/her KPIs, the Company as a whole is able to reap the benefits, together with the employees.

Employee Engagement

ILFSL is of the strong belief that consistent, meaningful engagement with the employees is of paramount importance to the well-being of the Company. It ensures that the employees carry out their responsibilities in an efficient, professional manner whilst maintaining a consistently high quality. As a result, the Company engages with employees as follows:

Engagement method	Frequency
Management meetings and target evaluation meetings	Monthly
Open door policy	All the time
Performance appraisals	Annually
Corporate Planning	Annually
E-mails and memos	Regularly
Internal training and development sessions	Periodically
Branch/division level short meetings	Periodically
Individual/ small group feedback sessions	Regularly
Employee satisfaction survey	Annually
Employee exit interviews	As required

Employee Management

At ILFSL, managing employees primarily focuses on creating a healthy work environment where employees:

- can perform at their optimum level
- can continuously develop their knowledge
- are presented with challenging tasks and projects
- are rewarded and recognized for their achievements
- are able to envision a clear career path

Employee Composition of ILFSL

At the end of the reporting period, 204 employees contributed to the Company's growth, out of which 87 are of the permanent category. Within the permanent cadre, 79% of the staff are male and 21% are female. Similarly, when comparing age composition, ILFSL has a good balance as the youth segment below 30 years is 61% of the total strength. Another 35% is represented by employees who are below 40 years. This means that the Company has a strong combination of junior and senior employees who are in a position to grow with the Company in the years to come.

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Recruitment and Retention

ILFSL is an equal opportunity employer and therefore demonstrates no bias whatsoever towards any gender, ethnic group or religion in relation to recruitment. The Company's HR policy clearly states that all new recruits to the organization would be evaluated on their qualifications, experience, competencies and value creation ability for the job role in question. This is followed strictly giving all candidates equal opportunity for selection for a given job role as long as they meet the criteria for it. The Company follows the same approach in terms of employee retention. As the Company continues to expand operations, the year has shown a steady rise in the number of employees. Total number of employees as at 31st December 2017 stood at 231, up from the 196 at the end of the 2016 financial year. There were 35 new recruits, out of which the majority were males, to suit the business segment they are to be deployed in.

Recruitment Policy

Diversity in employees brings with it different strengths to the organization and helps make the workforce a stronger collective unit. ILFSL is always willing to employ individuals from different geographical locations, religions, ethnic groups as it enables the employees better relate to the customers they service.

Remuneration Policy

Remuneration of all employees is strictly linked to the individual's performance during a given period based on Key Performance Indicators (KPIs) communicated to the employee at the beginning of the said period. To spearhead ILFSL's future growth ambitions, it is imperative that the Company attracts the best talent available in the market and also has in place relevant HR-related policies, systems and processes that is able to clearly identify and retain the best talent. As a policy, the Company offers a salary which is well above the regulatory requirements at the entry level. Additionally, the Company also offers the following benefits.

Employment Benefits:

- Enhanced 10% contribution to PF by Employer
- Incentives as entitled
- Performance-based bonuses
- Annual increments
- Travelling/Fuel allowances
- Mobile allowances as entitled
- Gratuity
- Medical scheme
- Festival advances
- Educational expenses reimbursement
- Staff Loans
- Marriage Gifts

Employee Promotion

ILFSL's recruitment policy gives preference to internal recruitment in the event of a vacancy that needs to be filled. This is in line with the Company's employee retention strategy where regular promotions have been identified as a key criterion in sustaining employee motivational levels.

Training and Development

Training and development is a key component of ILFSL's HR Policy. The Company's HR Division spearheads all training aspects on a regularly based on the Company's expectations as well as the requirements from the management and relevant divisions. A comprehensive, systematic training and development plan that addresses all the skills gaps that have been identified is collated at the beginning of each year. This plan helps fulfil all the training needs of the employee and will provide them with all the necessary knowledge and skills to carry out their duties and responsibilities in a proper manner and contribute to the Company's value creation process.

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Managing Director's Review



Dear Shareholders,

The success we've built over two decades is proof of our fundamental business agility. In volatile economic conditions, through dramatic shifts in technology and regulatory changes, our insight forged by experience enabled us to manage change and to help our stakeholders do the same.

In the last two years, Bangladesh's economic expansion has been quite impressive from the perspective of GDP growth rate, which was seven-plus percent both years, according to figures from government and other sources. Yet, as data has revealed, and as experts have overwhelmingly concurred, the growth rates could have been significantly higher.

This is no less down to the fact that Bangladeshis are innovative people; as evident from the success that they are achieving in every type of scientific field all over the world, even in the most competitive environments. Additionally, the number of working age people currently in the country is the highest it has ever been, and also the highest it will be for some time, creating for Bangladesh, that window of opportunity—demographic dividend—to rapidly increase its overall production capacity through the efficient incorporation of these people into the economy—as the free market in theory, at least, is supposed to help achieve.

Our Performance

We are proud that our efforts to build a great firm have been recognized: International Leasing garnered the Runner up Award under 'Non-Banking Financial Institution Category' at the Corporate Governance Excellence Awards 2016 organized by the Institute of Chartered Secretaries of Bangladesh (ICSB). Whilst moving up to a medium sized company by crossing the Tk. 44.96 billion mark in total assets. Interest income grew by 25.84% YoY, to Tk. 4,215 million whilst interest expense increased at a higher pace of 23.86% to Tk. 3,573 million. Consequently, Net Interest Income amounted to Tk. 642 million for Financial Year 2017 reflecting an increase of 38.17% YoY. On account of new recruitments, business expansion and the restructuring process of the Company, overheads grew by 35.93% to Tk. 332 million. Profit before Tax of Tk.723 million for the year under review was significantly above previous year's PBT of Tk. 466 million. However, Net Profit After Tax increased by 208.4% to Tk. 388 million. The 18.45% YoY growth in the Lending Portfolio was achieved as a result of business expansion as per our strategic plan. We have diversified into new businesses by growing the loan portfolio – both secured and unsecured and business and personal loans, to ensure the creation of shareholder value. By adopting a stringent monitoring and efficient collection process, a high portfolio quality was maintained as evident by the slightly slipes in the NPL ratio to 4.71% at the end of the year.

Building a Greater and Sustainable Company

During the year, our main focus was achieving operational efficiency, business growth and human resource development in line with our strategic plan. A 'change' mindset was embedded in our business model to achieve new financial goals and objectives as a part of the ILFSL Group. We developed our human resources who have constantly worked with dedication to achieve excellent results over the years. Our staff was augmented up to more than 200 employees to strengthen our lending teams and branches. We also created an environment that supports the professional development of our staff members. Customer service remained at the core of all our activities. Changes were effected to our lending policy and procedures to improve customer satisfaction through enhanced convenience, speed and simplicity of service. Accordingly, the Uttara, Dhanmondi and Sylhet branches were opened to cater the service door to door.

We strongly believe that building an even better institution for the long-term is the best way for us to enhance shareholder value. In that context, we took every effort to improve profitability and strengthen market capitalization which increased to Tk.4.17 billion as at the year of the Financial Year 2017.

Focusing on talent

Talent management, including senior management succession planning, is a key board responsibility, essential to supporting ILFSL's strategic objectives. We take a comprehensive approach to pipeline development that includes early identification of key candidates and in-depth evaluations of the skills and expertise required for both the near and medium term. As the NBFI industry continues to evolve, a diversity of experiences, perspectives and backgrounds represented at all levels of management becomes a critical advantage and key to successfully executing on the organization's strategy.

Future Outlook

We are proud of our unique Company culture, expressed by our vision, mission and values, which creates a clear framework for how we operate our business responsibly. Our overarching objective is to deepen customer loyalty. Hence, we are shifting to a much more customer-centric model, through increased investments in technology, product innovation and improved access. Our geographic footprint will be expanded in strategically important locations to serve a wider customer base. Simultaneously, we will contribute towards country's overall economic growth by supporting the development of every social segment through our financial products and services.

We also aim to improve our profitability and strengthen our balance sheet by growing our asset portfolio, maintaining an optimal balance between loans and leases. To support business expansion and growth, we will attract retail deposit base in the ensuing year. Through advertising and promotional campaigns and using alternative platforms we will aggressively build our brand image and strengthen our presence in the market as well. Since exceptional performance is achieved through exceptional people, we will attract and hire the best whilst developing our human resources. As a responsible corporate citizen, we will continue to engage with the community to ensure their well-being and also minimize the impact of our operations on the environment demonstrating sustainability leadership.

Our Gratitude

Our excellent past performance and strong reputation in the financial services industry was possible through our highly engaged and passionate team. We thank the Management Team and the staff members for their dedication and commitment over the years. We are grateful to the Chairman and the Board of Directors for their visionary leadership and guidance. Our appreciation is extended to our shareholders, customers and depositors for their unwavering loyalty and confidence in us. We are grateful to the regulators for their advice and continued guidance.

In concluding, I would like to extend my sincere gratitude to each and every stakeholder who has been a pillar of strength to us within our twenty two years journey. I would also like to thank the Board of our two subsidiaries for their guidance and collaborative support. I pay my heartfelt tribute to our outstanding team at ILFSL and at the subsidiaries. A job-well-done in the year and I hope to see the same level of liveliness and hard-work, but more so, professionalism in our way forward. I wish to thank our regulators for their direction to strengthen the level-playing-field in the industry. My gratitude is with our customers, investors and strategic partners for their loyalty and patronage. I am confident that all our stakeholders will join our future path, be beside us, support our goals and reach out to the pinnacle of success.

Thank you very much.



Rashedul Haque
Managing Director

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OPERATIONAL AND FINANCIAL HIGHLIGHTS

Figures in Million Tk.

	2017	2016	2015	2014	2013	2012
A. Business Performance						
Contract	9,093.45	12,937.89	10,075.43	4,453.05	2,351.75	2,565.94
Growth(%)	-29.71%	28.41%	126.26%	89.35%	-8.35%	-22.52%
Disbursement	9,097.15	10,874.00	9,427.00	3,494.86	3,317.26	2,230.65
Growth(%)	-16.34%	15.35%	169.70%	5.40%	48.70%	-18.30%
B.Financial Performance						
Total Revenue	4,628.76	3,596.05	2,455.18	2,359.29	2,488.39	2,240.72
Total Expenses	3,905.78	3,129.64	2,017.63	1,998.92	2,179.97	2,175.94
Operating Profit	1,055.43	710.99	437.54	360.38	308.42	64.78
Financial Expenses	3,573.33	2,885.06	1,800.89	1,789.54	1,996.42	2,005.52
Profit Before Tax	498.66	240.11	274.38	292.54	257.40	115.46
Provision/Deferral of Tax	218.71	216.39	151.83	166.56	140.65	56.17
Net Profit After Tax	388.12	125.85	122.55	125.98	116.75	59.28
Portfolio	38,018.23	32,478.24	21,602.31	17,225.95	15,134.40	15,029.17
Long Term Debt	39,635.35	31,728.38	13,918.50	9,335.03	8,109.12	6,754.86
Paid Up Capital	1,886.14	1,796.33	1,710.79	1,710.79	1,710.79	1,710.79
Shareholders' Equity	2,709.36	2,321.25	2,193.51	2,156.50	2,116.06	2,084.85
Dividend	12% Stock	5% Stock	5% Stock	5% Cash	5% Cash	5% Cash
C. Financial Ratios						
Return on Equity	17.19%	6.06%	5.59%	5.84%	5.52%	2.84%
Earning Per Share	2.06	0.67	0.72	0.74	0.68	0.35
Debt Equity Ratio	10.69	9.43	6.35	4.33	3.83	3.24
Fin. Expense Coverage Ratio	1.21	1.21	1.24	1.2	1.15	1.03
Net Asset Value	14.36	12.31	12.82	12.61	12.37	12.19
Dividend Payout Ratio	0.83	0.89	0.70	0.68	0.73	1.44
Dividend	12%	5%	5%	5%	5%	5%

FINANCIAL HIGHLIGHTS

Sl. No.	Particulars	2017	2016
1	Paid-up capital	1,886,141,560	1,796,325,300
2	Paid-up Capital surplus/(deficit)	886,141,560	796,325,300
3	Total capital	2,586,118,585	2,261,824,267
4	Total assets	43,590,493,519	35,493,852,813
5	Total Deposits	28,978,022,624	21,910,615,384
6	Total leases, loans and advances	34,962,806,891	29,730,237,726
7	Total contingent liabilities and commitments	899,718,630	572,720,063
8	Leases, loans and advances to deposits ratio	0.90	0.91
9	% of classified leases, loans and advances to total leases, loans and advances	4.71%	4.69%
10	Profit after tax and provisions	324,294,318	114,255,046
11	Classified leases, loans and advances	1,646,933,504	1,394,190,022
12	Provision kept against classified leases, loans and advances	427,208,511	545,347,993
13	Provision surplus/(deficit)	718,797	12,255,318
14	Cost of fund	9.58%	9.73%
15	Interest earning assets	43,887,804,055	35,522,584,973
16	Non-interest earning assets	1,018,224,518	1,315,060,699
17	Return on investment	1.46%	1.26%
18	Return on assets	1.65%	1.31%
19	income from investment	189,033,577	133,356,621
20	Operating profit per share*	3.18	2.32
21	Earning per share*	2.06	0.70
22	Price earning ratio*	10.74	18.13

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

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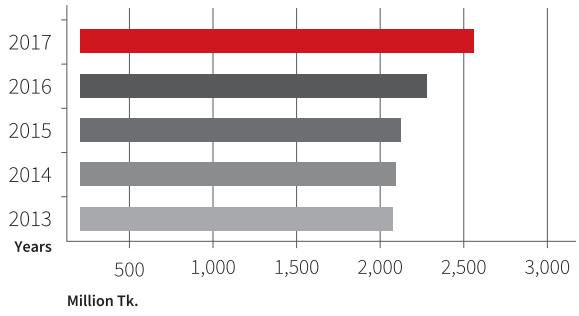
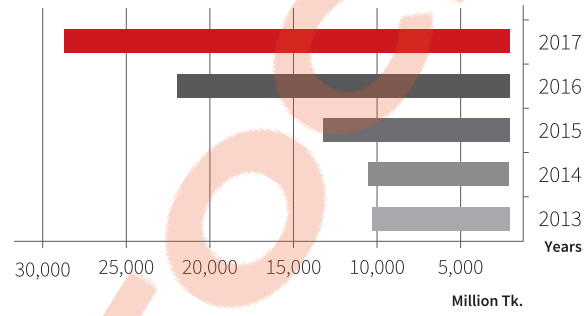
GRAPHICAL PRESENTATION OF PERFORMANCE

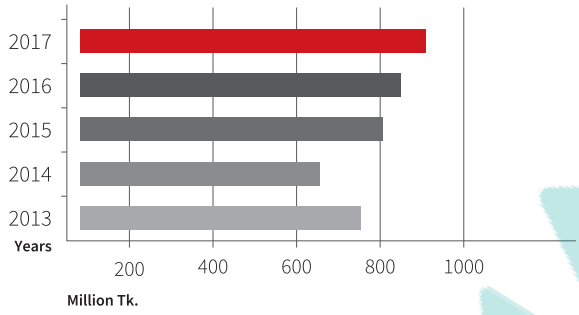
Shareholders' Fund



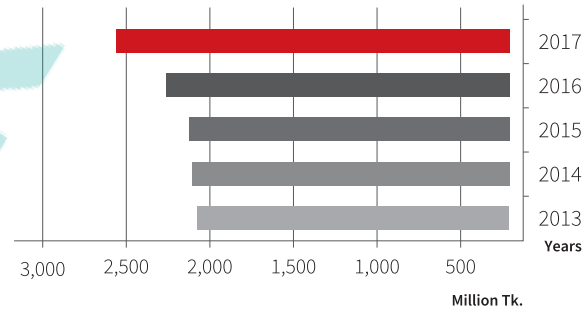
Deposit Growth



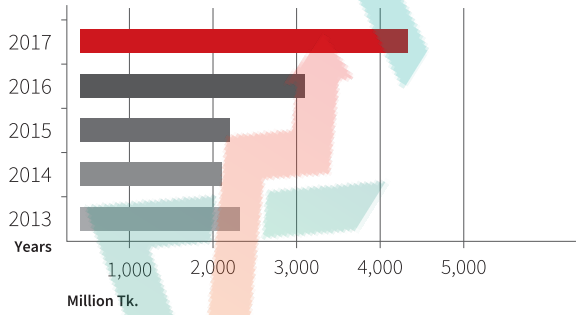
Investment



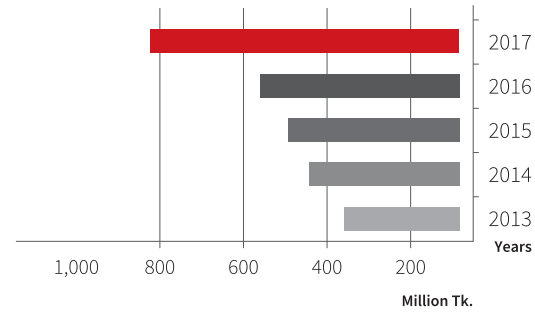
Net Asset



Operating Revenue



Operating Income



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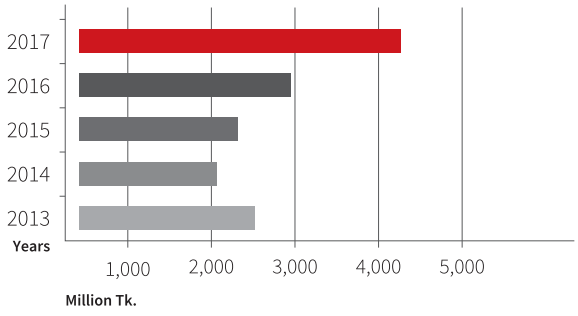
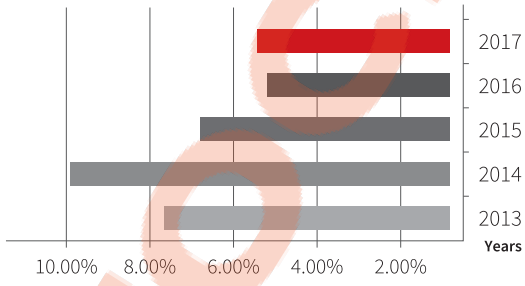
GRAPHICAL PRESENTATION OF PERFORMANCE

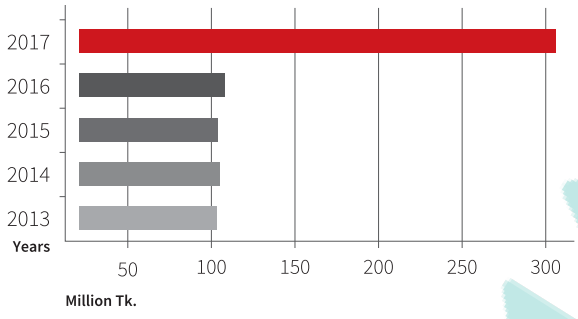
Interest Income



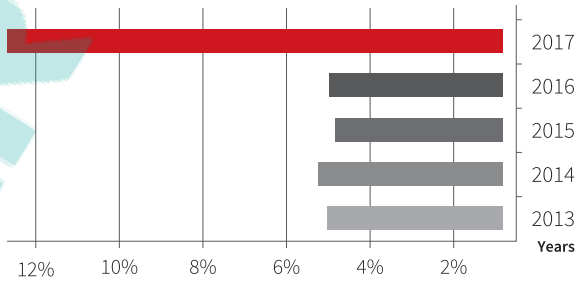
Rate of NPL



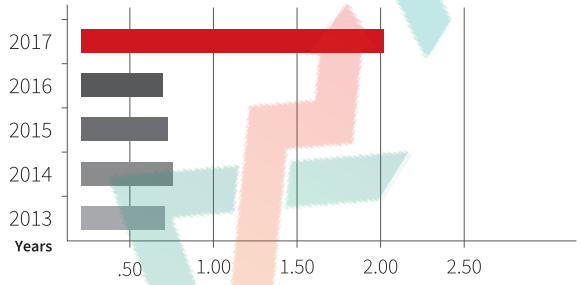
Net Profit



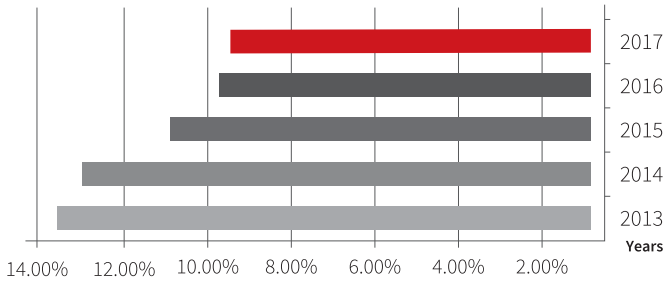
Return on shareholders' fund



Earnings per share



Cost of Fund



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HISTORICAL RECORD ON DIVIDEND PAYMENT

Year	Paid-up Capital (Tk.)	Dividend		
		Stock	Cash	Total
1997	60,000,000	15%		15%
1998	69,000,000	20%		20%
1999	82,800,000		15%	15%
2000	82,800,000		20%	20%
2001	82,800,000		22%	22%
2002	82,800,000	13%	17%	30%
2003	93,564,000	35%		35%
2004	126,311,400	25%	15%	40%
2005	157,889,200	14%	26%	40%
2006	180,000,000		25%	25%
2007	230,000,000	10%	20%	30%
2008	253,000,000	15%	15%	30%
2009	290,950,000	75%		75%
2010	509,162,500	60%		60%
2011	1,629,320,000	5%		5%
2012	1,710,786,000		5%	5%
2013	1,710,786,000		5%	5%
2014	1,710,786,000		5%	5%
2015	1,710,786,000	5%		5%
2016	1,886,141,560	5%		5%

Governance and Risk Management



- Capital and Shareholding Structures
- Profile of Directors
- Audit Committees
- Executive Committees
- Key Management
- Our Officials
- Our Branches
- Statement of Risk Management
- Disclosure Under piller-3 ILFSL
- Chairman‘s Remarks
- Directors’ Responsibility Statement
- Directors’ Report
- Report on Corporate Governance
- Certificate on Corporate Governance
- Compliance Report on Bangladesh Bank’s Guidelines on CG
- Report on Internal Control
- Audit Committee Report
- Certification on Financial Statements by CEO and CFO

Capital and Shareholding Structures

Capital	Taka
Authorized 200,000,000 ordinary shares of Tk.10 each	2,000,000,000
Issued, subscribed and paid up 188,614,156 ordinary shares of Tk. 10 each	1,886,141,560

Composition of Shareholdings

Particulars	No. of shares	% of holding	Amount
a) Directors' Shareholding	78,363,649	41.54%	783,636,490
Shaw Wallace Bangladesh Limited	32,751,492	17.36%	327,514,920
Nature Enterprise Limited	15,435,000	8.18%	154,350,000
BR International Limited	15,379,875	8.15%	153,798,750
New Tech Enterprise Limited	14,797,282	7.85%	147,972,820
b) General Shareholders	110,250,507	58.46%	1,102,505,070
Institutions/corporate	55,728,875	29.54%	557,288,750
Individual	54,241,986	28.77%	54,241,986
Non-resident Bangladeshi/Foreign	279,646	0.15%	279,646
Total (a+b)	188,614,156	100%	1,886,141,560



Mr. M. A. Hashem
Chairman

Mr. M. A. Hashem joined the Board of International Leasing on February 9, 2015 as Nominated Director and elected as Chairman of the company on May 07, 2015. Later Mr. Hashem appointed as Independent Director and continues as Chairman of the Company.

Mr. M. A. Hashem is a well-known senior banker of the country with over 35 years of career in the leading state owned commercial banks. In his long illustrious career, he held various important positions of different banks including Managing Director of Janata Bank Limited, Deputy Managing Director of Sonali Bank Limited, General Manager of Bangladesh Shilpa Bank (presently Bangladesh Development Bank Limited) and Rupali Bank Limited. He also sat in the Board of Eastern Bank Limited in 1998 representing Janata Bank. He also served in the Board of Meghna Insurance Company Limited from 2000 to 2001. Currently, he is the Chairman of Greenland Equities Limited, Transvent International Limited and the founder Chairman of Farida Hashem International School and College at his village home.

He obtained his Masters in Economics with Honors from University of Dhaka in 1962. He started his banking career with Standard Bank Limited of Karachi in 1964. He also served as a part-time professor of Banking at Jahangir Nagar University. He was a Fellow of Economic Development Institute of World Bank and took active role in banking reforms commission sponsored by World Bank.

He is a permanent member of Dhaka Club Limited, Life Member of Economic Association of Bangladesh, Life Member of Dhaka University Alumni Association and Permanent Member of Kurmitola Golf Club. He also served as Past President of Rotary Club of Ramna. He is a Pioneer of Rotary movement in Bangladesh and become Deputy Governor and Lt. Governor of Rotary International Dist.3281 Bangladesh. Currently brand Ambassador of Rotary International Dist.3281 Bangladesh.

Profile of Directors



Mr. M. Nurul Alam
Director

Mr. M Nurul Alam is the Managing Director of Shaw Wallace Bangladesh Limited and is its nominated Director in the Board of International Leasing and Financial Services Limited. He is also the Managing Director of SW Shipping Ltd. He sits on the Board of International leasing Securities Limited, a wholly owned subsidiary of ILFSL, as its Chairman.

Mr. Alam had previously served various foreign and multinational companies including James Finlay PLC, P&O Nedlloyd Bangladesh Limited and Maersk Bangladesh Limited before joining Shaw Wallace in February 2008.

Mr. Alam took his Honours and Masters degrees in Economics from Chittagong University and later did MBA (major in Finance) from Institute of Business Administration, Dhaka University. He is formerly Honorary Consul of Greece, Chittagong.

Mr. Md. Zahirul Alam, FCA joined the Board of International Leasing as Independent Director on May 13, 2015.

Mr. Alam is a Fellow Member of The Institute of Chartered Accountants of Bangladesh (ICAB) and The Institute of Incorporated Financial Accountants of U.K. He has experience of more than twenty-five years and in-depth exposure in public and private sector in the area of designing and implementation of auditing system, preparing feasibility studies, corporate strategy and planning, investment strategy and planning and international procurement. He has worked for World Bank, as Project Financial Consultants and other donors along with different public entity like Janata Bank, Titas Gas Transmission and Distribution Company Limited, Bangladesh Power Development Board, Bangladesh Shipping Corporation, Bangladesh Gas Field Companies Limited and Road and Highways Department. He has also played vital role for different private organizations and Non-Government Organizations like Multimode Group and The Coast.



Mr. Md. Zahirul Alam, FCA
Director

Profile of Directors



Mr. Nasim Anwar, FCA
Director

Mr. Nasim Anwar, FCA joined the Board of International Leasing And Financial Services Limited as Nominated Director of New Tech Enterprise Limited on April 16, 2015.

Mr. Anwar qualified himself as a Chartered Accountant from the Institute of Chartered Accountants of Bangladesh (ICAB) in 1993. Mr. Anwar has expertise in auditing particularly in various multinational corporations with additional specialization in corporate affairs, internal auditing, accounting services, project evaluation, appraisal and arranging of corporate finance for large projects.

Mr. Anwar worked as Financial Consultant of Agip Gas BV a joint venture project of Libian Oil Corporation and Agip oil, Italy. He was the Finance Manager of Padma Oil Company Limited, largest petroleum oil marketing company in Bangladesh. He also worked as Finance Director of T.K Group of Industries, one of the largest business group in Bangladesh.

Mr. Anwar is a dedicated professional who has been actively participating in the development of accountancy profession for the last 25 years. He served as the Vice President of the Institute of Chartered Accountants of Bangladesh (ICAB) and a council member of ICAB for nine years.

Presently he is a partner of Hussain Farhad & Co., Chartered Accountants a leading audit firm in Bangladesh.

Mr. Bashudeb Banerjee joined the Board of International Leasing And Financial Services Limited on April 16, 2015 as Nominated Director of BR International Limited.

Mr. Banerjee possesses vast experience in cargo transportation business. He is one of the core persons of MST Marine Services and Traders Limited, the flagship company of MST Group, which has continuously retained its leading position in the Cargo Transportation Sector in Bangladesh since long.

Apart from MST Marine Services & Traders Ltd, Mr. Banerjee is the Director and major shareholder of eight sister concerns of the Group involved in transportation business. He is also the Director and Shareholder of three Associate Companies–a state-of-the-art pharmaceuticals product manufacturing industry, an automatic brick manufacturing plant and a Joint Venture Company with Shalimar Chemical Works Limited for producing, bottling and marketing natural coconut oil in Bangladesh.



Mr. Bashudeb Banerjee
Director

Profile of Directors



Mrs. Papia Banerjee
Director

Mrs. Papia Banerjee joined the Board of International Leasing And Financial Services Limited on June 28, 2015 as nominated Director of New Tech Enterprise Limited.

Mrs. Banerjee is also the sponsor of Deya Shipping Ltd, Teekmarks Shipping Ltd, Amader Marine Co. Ltd, Deya Oil Ltd and other concern of Marine Group. She is the wife of Mr. Bashudeb Banerjee who is one of the main sponsor of Marine Group. Mrs. Banerjee is involved in Group activities for around seven years.

Mrs. Momtaz Begum joined the Board of International Leasing And Financial Services Limited on June 28, 2015 as nominated Director of Nature Enterprise Limited.

Mrs. Momtaz engaged in cargo transportation business in riverine routes throughout Bangladesh since 1989. She is the Director of MST Marine Services & Traders Ltd, Teekmarks Shipping Ltd, Deya Shipping Ltd & HC Marine Ltd. Mrs. Momtaz Begum is the wife of Mr. Nowsherul Islam who is one of the main sponsor of Marine Group.



Mrs. Momtaz Begum
Director

ANWAR STOCK



Mr. Md. Nowsherul Islam
Director

Mr. Md. Nowsherul Islam joined the Board of International Leasing on May 07, 2015 as Nominated Director of Nature Enterprise Limited.

Mr. Islam completed his MA from Dhaka University. Then he started his career as Class-1 officer of Bangladesh Bank. After 13 years of service, he finally left Bangladesh Bank in 1995 as a Joint Director in Foreign Exchange Policy Division. He is one of the main initiator and key promoter of MST Group which is engaged in Cargo transportation business in riverine routes throughout Bangladesh since 1989 and presently market leader in this sector having ownership of 21 number of cargo vessels, Pharmaceutical Product Manufacturing, environmental friendly Auto Bricks Manufacturing and Coconut Oil manufacturing, bottling and marketing in Bangladesh under a Joint Venture Company co-shared with renowned "Shalimar" Brand owner of India.

Mr. Md. Anwarul Kabir joined the Board of International Leasing on May 07, 2015 as Nominated Director of BR International Limited.

Mr. Kabir started his career with First Security Islami Bank Limited in 2002 and left his banking career in 2010. Later, he involved with different business and social organizations in different capacities. Mr. Kabir completed his Masters of Banking Management (MBM) from International Islamic University.



Mr. Md. Anwarul Kabir
Director

ANWAR STOCK

Profile of Directors



Engr. Md. Nuruzzaman
Director

Mr. Nuruzzaman joined the Board of International Leasing And Financial Services Limited as Independent Director on July 28, 2015.

Mr. Nuruzzaman is a 'Barrister at Law' of Lincoln's Inn of London, UK and an Advocate of Supreme Court of Bangladesh. He holds a Bachelor of Laws Degree (LLB) from the University of London, UK. Prior to attainments of his legal education, Mr. Nuruzzaman graduated in Civil Engineering from BUET in the year of 1995 and completed MBA from the University of Dhaka in 2006. He joined the Bangladesh Civil Service (Admin Cadre) as a Magistrate in early 1998. During his 10 years of service with the Government, Mr. Nuruzzaman had worked in different capacities such as Assistant Commissioner, Magistrate, Assistant Secretary, DGM of Teletalk and lastly Senior Assistant Secretary. With such diversified and high profile educational achievements and work experience, Mr. Nuruzzaman is a phenomenal addition in the legal world of Bangladesh. He is the sole Barrister in Bangladesh who is in turn an Engineer and a former bureaucrat.

Mr. Nuruzzaman is a partner and head of Capital Law Chamber whose principal areas of practice are laws relating to construction, telecommunication, banking, civil and commercial litigation and dispute resolution.

Mr. Muhammed Abul Hashem joined the Board of International Leasing on February 19, 2016 as Nominated Director of Shaw Wallace Bangladesh Limited.

Mr. Hashem started his career with Shaw Wallace Bangladesh Limited in July 1982 as a Covenanted Staff and was posted in the Department of Corporate Accounts. He is currently holding the position of General Manager – Finance and Company Secretary of Shaw Wallace Mr. Hashem has long years of experience in Corporate Accounting, Finance and Taxes matters. He obtained his Honours and Masters degrees in Accounting from University of Chittagong.



Mr. Muhammed Abul Hashem
Director

ANNUAL STORY

Profile of Directors



Mr. Rashedul Haque
Managing Director

Mr. Rashedul Haque joined International Leasing And Financial Services Limited (ILFSL) as the Managing Director on June 4, 2015.

Prior to this appointment, he was working as Deputy Managing Director of Reliance Finance Limited. He started his career with ILFSL and also worked with Standard Chartered Bank, IIDFC and LankaBangla Finance. Mr. Haque has extensive expertise in Corporate Finance, Risk Management, SME banking, Business development and Capital Market operations. Mr. Haque is the Member of the Executive Committee of Bangladesh Leasing and Finance Companies Association (BLFCA). He sits on the Board of International Leasing Securities Limited and IL Capital Limited as a Director of the company. He is a Business Graduate from International Islamic University, Kuala Lumpur, Malaysia and an MBA in Finance.

AMAR STOCK

Audit Committee



Mr. Md. Zahirul Alam, FCA
Chairman



Mr. M. Nurul Alam



Mr. Nasim Anwar, FCA



Mr. Md. Nowsherul Islam



Mr. Muhammed Abul Hasem

WARISTOCK

Executive Committee



Mr. Nasim Anwar, FCA
Chairman



Mr. M. A. Hashem



Mr. M. Nurul Alam



Mr. Bashudeb Banerjee



Mr. Md. Nowsherul Islam

SMARTSTOCK

Key Management

Standing from Left

Mr. Kazi Ahsan Maruf, CFA, Cheif Executive Officer, ILCL
Mr. Imam Rasul Mohammed Imtiaz, Head of Capital Market Operation
Mr. Md. Rafiqul Islam Khan, ACS, Company Secretary
Mr. Rezaul Islam, Head of CRM

Mr. Avik Sinha, Treasury in Charge
Mr. A.S.M. Ahasan Habib Chowdhury, Chief Operating Officer, ILSL
Mr. Al Mamun Shohag, Head of Corporate Finance
Mr. Md. Mubasher Chowdhury, Head of Information Technology



Sitting from Left

Mr. Md. Wajahat Anwar, Head of SAM
Mr. Mostofa Muidur Rahman, Head of SME
Ms. Nahida Runai, Head of HR
Mr. Rashedul Haque, Managing Director

Mr. Syed Abed Hasan, Chief Financial Officer
Ms. Mithila Yesmin Hoque, Head of Liability Operations
Mr. S. A. N. Moyeenuddowlah, Head of ICC



FIRST LOOK

Our Officials



Accounts & Finance

Liability Operations





Treasury
&
Capital Market
Operation

N STOCK

SME





ICC, CRM &
Company Secretariat

Corporate
Finance





Liability
Marketing

Special Asset Management
&
Credit Administration





HR & IT

Our Branches



Chattogram Branch

Dhanmondi Branch





Uttara Branch

Sylhet Branch



STATEMENT OF RISK MANAGEMENT

The future is uncertain, and none has ever been successful in consistently forecasting the events with foremost financial implications. However, the financial risk that arises from uncertainty can be managed. In fact, Risk Management augments the ability to identify risk, to measure it, to appreciate its consequences, and then to take action accordingly, such as transferring or mitigating the risk. One of the most important aspects of modern risk management is the ability, in many instances, to price risks and ensures that risks undertaken in business activities are properly rewarded. Risk management is really about how financial institutions actively select the type and level of risk which is appropriate to assume. Most business decisions are about sacrificing current resources for future uncertain returns.

ILFSL is always exposed to a certain amount of risk. Managing such risks has always been a primary concern of the Company. In today's challenging financial and economic environment, effective risk management is must for sustainable growth in shareholder's value. ILFSL's risk management approach is emphasizing not only for regulatory purpose but also to improve the value of the Company. ILFSL's Risk Management Departments are headed by well skilled human resources who are justifying the above mentioned risks.

The prime objective of the risk management is that the Company takes well calculated business risks while protecting ILFSL's assets, its profitability from various risks. ILFSL considers "Guidelines for Managing Core Risks of Financial Institutions" issued by the Bangladesh Bank vide FID Circular No. 10 dated September 18, 2005 as well as "Integrated Risk Management Guidelines for Financial Institutions" issued by Bangladesh Bank vide DFIM Circular No. 03 dated January 24, 2016. Strong inter-departmental communication link on risk factors and a culture of cooperation in decision-making among the intra departments, committees and the senior management help the organization in effective enterprise risk management. Effective risk management tied with the adoption of BASELII recommendations benefit ILFSL by expanding capitalization and optimizing costs to risk and funding.

RISK MANAGEMENT ASPECTS:

The Risk Management Aspects are in correspondence with Bangladesh Bank Guidelines.



1. CREDIT RISK

Credit risk as the potential that a borrower, or counter party, will fail to meet its payment obligations regarding the terms agreed with the NBFI. It includes both uncertainty involved in repayment of the NBFI's dues and repayment of dues on time.

MEASURES TAKEN FOR THE ASPECT:

- Expert opinion for choosing core business area.
- Strong credit analysis to ensure quality.
- Price determination on the basis of risk.
- Adequacy of collateral and proper security coverage.
- Diversification of portfolio and transaction.
- Using credit risk rating and scoring system.
- Monitoring of risk and credit administration.
- Mitigating through preventive controls.
- Maintain of single borrower exposure limit.

2. MARKET RISK

Market risk is the risk of loss arising from changes in market variables such as interest rates, security prices, equity index levels, exchange rates, commodity prices and general credit spreads.

MEASURES TAKEN FOR THE ASPECT:

- Find out more business sectors for introduction (like cost of fund, rate of interest) of new products for future. Long term business plan.
- Monitoring cost of fund and market rate in regular basis.
- Taking steps to avoid undue and unfair competition with other institutions.
- Risk base pricing.
- Taking into consideration of government policy and political situation.

3. LIQUIDITY RISK

Liquidity risk occurs when a financial institution cannot meet short-term debt obligations. The NBFI may be unable to convert an asset into cash without giving up capital and/or income due to a lack of buyers or an inefficient market.

MEASURES TAKEN FOR THE ASPECT:

- Arranging long term loan to avoid the mismatch of asset with cost effective manner to short term borrowing.
- Different source of funding including own source.
- Effective cash flow planning.
- Maximum effort for collection within the legal framework.
- Searching low cost but long term loan financing from local and foreign sources.
- Efficient and effective Asset Liability Management Committee.

4. OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

MEASURES TAKEN FOR THE ASPECT:

- Strong HR policy.
- Training and development of staff.
- Choose right person in the right place with competitive remuneration package.
- Green Office Guidelines.
- Strong supervisory controls.
- Effort to ensure integrity.
- Effective Security Systems.

5. REPUTATIONAL RISK

Reputational risk is a risk of loss resulting from damages to a NBFI's reputation such as - in lost revenue; increased operating, capital or regulatory costs; or destruction of shareholder value, consequent to an adverse or potentially criminal event even if the NBFI is not found guilty. Adverse events typically associated with reputation risk include ethics, safety, security, sustainability, quality, and innovation. Reputational risk can be a matter of corporate trust.

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MEASURES TAKEN FOR THE ASPECT:

- Satisfactory improved ratings by Regulatory Bodies as well as External Credit Rating Agency.
- Effective Operations of Customer Services And Complaint Management.

6. STRATEGIC RISK

Strategic risk is the risk of losses of the NBFI as a result of imperfections in taking decisions defining the strategy of the NBFI's activity and development and resulting non-consideration or insufficient consideration of possible threats to the NBFI's activity, inadequate or insufficiently substantiated definition of prospective business lines where NBFI could gain advantage over its competitors, absence or incomplete provision of necessary resources (financial, material and technical, human) and managerial decisions that must provide the achievement of strategic objectives of the NBFI.

MEASURES TAKEN FOR THE ASPECT:

- Budget preparation carefully.
- Selection of client carefully.
- Effort to achieve profit targets.
- Establishment of Enterprise Resources Management Systems to achieve targets.

7. COMPLIANCE RISK

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or nonconformance with, laws, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards.

MEASURES TAKEN FOR THE ASPECT:

- Establishment of Central Compliance Unit (CCU).
- Practicing of compliance culture.
- Assign sound compliance structure.
- Ensure the compliance of regulators.

8. MONEY LAUNDERING RISK

In recent years, financial institutions operating in Bangladesh have faced unprecedented scrutiny from regulators for purportedly failing to meet their legal obligations to detect and report criminal activity taking place through their accounts. This scrutiny has direct and potentially far-reaching consequences—not only for financial institutions, but for their customers who are commonly seeing the risks and burdens of anti-money laundering (AML) compliance passed on to them.

MEASURES TAKEN FOR THE ASPECT:

- Establishment and execution of internal policies, procedures and controls to identify and report instances of money laundering and terrorism financing.
- Appointment of the Chief Anti Money Laundering Officer (CAMLCO), Deputy Chief Anti Money Laundering Officer (DCAMLCO), Branch Anti Money Laundering Officer (BAMLCO) with defined responsibilities.
- Continuous employee development & awareness training programs.
- Regular Regulatory Reporting to BFIU.

9. ENVIRONMENTAL & SOCIAL RISK MANAGEMENT

Risks arising from financing relating to the degrading environmental scenario and climate change. Failure to consider these environmental & social risks as a part of financing decisions will lead to an increase in non performing loans for FIs. Environmental & social risks are the facilitating elements of credit risk arising from environmental & social issues. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financial transaction.

MEASURES TAKEN FOR THE ASPECT:

- Focusing on Green Banking rather than traditional Banking.
- Incorporation of Environment Risk Management Guideline-2011 provided by Bangladesh Bank for Financing Decision.
- Execution of Green Banking Policy.
- Formulation of Sustainable Finance Committee.
- Formulation of Sustainable Finance Unit.

10. CAPITAL MANAGEMENT

Capital management in FIs usually refers to implementing measures aimed at maintaining adequate capital, assessing internal capital adequacy and calculating its capital adequacy ratio. It is getting important around the world, as reflected from taking several reform initiatives and changes in the prudential requirements in different countries and also in Bangladesh in line with the reform measures proposed by the Basel Committee on Banking Supervision.

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MEASURES TAKEN FOR THE ASPECT:

- Improvement in the performance of the Capital Adequacy Ratio.
- Issuance of Non-convertible Unsecured Coupon Bearing Subordinated Bond to strength the capital base.

11. MANAGEMENT INFORMATION SYSTEM

ILFSL's Management Information System provides required information for effective & efficient decisions. It helps ILFSL to manage information in an effective and efficient manner. The system is largely capable of handling the data from collection stage to processing. MIS has been kept under a constant review and modification to meet the corporate needs of the information. It supports the management of ILFSL in every phase by giving the information which is crucial in that phase. It provides more information on the critical success factors for decision making.

MEASURES TAKEN FOR THE ASPECT:

- Ensure sound MIS.
- Ensure proper security.
- Regular backup as per BB guidelines.
- Assign IT expert.
- Migration of Financial Software from Fintelligent to BankUltimus.

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Disclosure Under Piller-3 ILFSL

A) Scope of application

Qualitative Disclosures:

The name of the top corporate entity in the group to which this guidelines applies.

International Leasing & Financial Services Limited

An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).

The ILFSL Group has two wholly owned subsidiaries: International Leasing Securities Limited and IL Capital Limited, which are fully consolidated.

Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.

Not applicable.

Quantitative Disclosures:

The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.

Not applicable.

B) Capital structure

Qualitative Disclosures

Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.

Tier 2 capital includes:

i) General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk;

ii) Revaluation reserves:

50% Revaluation reserve for fixed assets; 45% Revaluation reserve for securities;

iii) All other preference shares.

Conditions for maintaining regulatory capital:

The calculation of Tier 1 capital, and Tier 2 capital, shall be subject to the following conditions:

i) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.

50% of revaluation reserves for fixed assets and 45% of revaluation reserves for securities are eligible for Tier 2 capital.

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Quantitative Disclosures:

The amount of Tier 1 capital, with separate disclosure of:

Particulars	figures in BDT CRORE
Paid up capital	188.61
Non-repayable share premium account	-
Statutory reserve	42.89
General reserve	-
Retained earnings	39.43
Minority interest in subsidiaries	-
Non-cumulative irredeemable	-
preference shares	
Dividend equalization account	-
Total Tier 1 capital	**270.94**
(c) **The total amount of Tier 2 capital**	**36.82**
(d) Other deductions from capital	-
(e) **Total eligible capital**	**307.76**

C) Capital Adequacy

Qualitative Disclosures

A summary discussion of the FI's approach to assessing the adequacy of its capital to support current and future activities.

Risk Weighted Assets (RWA) and Capital Adequacy Ratio (CAR)

ILFSL has adopted Standardized Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio i.e. 10% and adding the resulting figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Regulatory Capital as on numerator to derive Capital Adequacy Ratio

Strategy to achieve the required Capital Adequacy

Operational level:

Immediate measures:

- Asking unrated Corporate clients to have credit rating from External Credit Assessment Institutions (ECAIs) recognized by Bangladesh Bank;
- Rigorous monitoring of overdue contracts to bring those under 90 days overdue;

Continuous measures:

- Concentrating on SME clients having exposure up to BDT 1 crore as this will carry 75% fixed risk weight (for regular contracts only);
- Financing clients having good credit rating;
- Using benefit of credit risk mitigation by taking eligible financial collaterals against transactions;
- Focusing more on booking high spread earning assets and thus increasing retained earnings.

Strategic level:

- Injecting fresh capital by issuing subordinated bond.

Quantitative Disclosures:

Sl. No.	Particulars	*figures in BDT CRORE*
b)	Capital requirement for Credit Risk	4,384.16
c)	Capital requirement for Market Risk	189.46
d)	Capital requirement for Operational Risk	98.35

(e) Total and Tier 1 Capital ratio:

Particulars	Consolidated	Stand Alone
CAR on Total capital basis (%)	6.59	6.48
CAR on Tier 1 capital basis (%)	5.75	5.71

D) Credit Risk

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to credit risk, including:

Definitions of past due and impaired (for accounting purposes)
As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions, the unsecured portion of any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions (including partial write-off) will be risk weighted as per risk weights of respective balance sheet exposures. For the purpose of defining the net exposure of the past due loan, eligible financial collateral (if any) may be considered for Credit Risk Mitigation.

Description of approaches followed for specific and general allowances and statistical methods;
Specific and General provisions are maintained according to the relevant Bangladesh Bank guideline. For Example, 0.25% provision is maintained against SME-Standard loan/ lease, 1% provision is maintained against good loans (other than SME-Standard loan/ lease, 5% against SMA loan/ lease, 20% against sub-standard loan/ lease, 50% against doubtful loan/ lease and 100% against bad/loss loan/ lease after deducting the amount of interest expenses and value of eligible securities from the outstanding balance of classified accounts.

Discussion of the FI's credit risk management policy. Implementation of various strategies to minimize risk:
To encounter and mitigate credit risk the following control measures are taken place at ILFSL:
Visiting the client's business premises, conducting all other necessary due diligence required for extending credit facility;
Assessing the repayment capacity and the past payment performance of customer before financing;
Analyzing and verifying the provided financial statement & related information as well as financial condition in case of unstructured accounts to identify the risk;
Annual review of clients;
Adequate insurance coverage for funded assets;
Vigorous monitoring and follow up by Special Assets Management and collection Team;
Strong follow up of compliance of credit policies by Credit Administration Department;
Taking collateral and performing valuation and legal vetting on the proposed collateral;
Seeking legal opinion from internal and external lawyer for any legal issues;
Maintaining neutrality in politics and following arm's length approach in related party transactions;
Regular review of market situation and industry exposure;
Sector-wise portfolio is maintained within specific limits to ensure diversification of loan assets;
Coordination of all pre and post sanction activities of all necessary loan documents.

In addition to the industry best practices for assessing, identifying and measuring risks, ILFSL also considers Guidelines for Managing Core Risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank; vide FID Circular No. 10 dated September 18, 2005 for management of risks.

Approved Credit Policy by the Board of Directors

The Board of Directors has approved the Credit Policy for the company where major policy guidelines, growth strategy, exposure limits (for particular sector, product, individual company and group) and risk management strategies have been described/stated in detail.

Separate Credit Risk Management (CRM) Department

An independent Credit Risk Management (CRM) Department is in place, at ILFSL, to scrutinize projects from a risk-weighted point of view and assist the management in creating a high quality credit portfolio and maximize returns from risk assets. Research team of CRM regularly reviews market situation and exposure of ILFSL in various industrial sub-sectors. CRM has been segregated from Credit Administration Department in line with Central Bank's Guidelines. CRM assess credit risks and suggest mitigations before recommendation of every credit proposal while Credit Administration confirms that adequate security documents are in place before disbursement.

Special Assets Management and Collection Team

A strong Law and Recovery Team monitors the performance of the loans & advances, identify early signs of delinquencies in portfolio, and take corrective measures to mitigate risks, improve loan quality and to ensure recovery of loans in a timely manner including legal actions.

Independent Internal Control and Compliances Department (ICC)

Appropriate internal control measures are in place at ILFSL. ILFSL has also established Internal Control and Compliances Department (ICC) to ensures, compliance with approved lending guidelines, Bangladesh Bank guidelines, operational procedures, adequacy of internal control and documentation procedures. ICC frames and implements policies to encounter such risks.

Credit Approval Process

To ensure quick service and mitigation of credit risk, the approval process is maintained a standard operating procedure (SOP) developed by the Management of ILSFL.

Credit Quality and Portfolio Diversification

ILFSL believes in diversification in terms of products as well as sectors. To mitigate the Credit Risk, the company diversifies its loan exposure to different sectors confirming the Central Bank's requirements. Threshold limit is set for any sector so that any adverse impact on any industry has minimum effect on ILFSL's total return. Central Bank's instructions are strictly followed in determining Single Borrower/Large Loan limit. Significant concentration of credit in terms of groups or geographical location is carefully avoided to minimize risk.

Early Warning System

Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It enables the company to grow its credit portfolio with ultimate objective to protect the interest of stakeholders.

NPL Management

ILFSL measures its loan portfolio in terms of payment arrears. The impairment levels on the loans and advances are monitored regularly.

As per FID Circular No.3 dated March 15, 2007:

1.Loan/Lease, classified as bad/loss and with 100% provision, can only be written-off.

2.Approval from the Board of Directors has to be taken before write-off.

3.The financial institutions should constantly try to recover the loan/lease written-off amount. If legal action has not been taken against the client, legal charges should be placed before the write off.

4.To expedite the legal settlement or collection of the due amount, third party agents can be appointed by the financial institutions.

5.A separate ledger should be maintained for the written off loans/leases and the accumulated written off value should be disclosed separately under the heading of "notes to the account" in the annual report/balance sheet of the financial institutions.

6.Even if the loan/lease has been written off, the client should be classified as defaulter and reported to CIB accordingly.

Detail records for all such write off accounts are meticulously maintained and followed up.

Counterparty Credit Rating

ILFSL is taking initiatives to rate the Corporate Clients of the company immediately by the External Credit Assessment Institutions (ECAIs)/Rating Agencies duly recognized by the Central Bank.

Methods used to measure Credit Risk

As per the directives of Bangladesh Bank, 'The Standardized approach' is applied by the company to measure its Credit Risk.

Quantitative Disclosures:

(b) Total gross credit risk exposures broken down by major types of credit exposure.

Particulars	figures in BDT CRORE
Leasing	220.07
Term loan	3101.04
Real estate finance	19.04
Work order finance	40.71
Short term loan	114.24
Staff loan	1.17

(c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

Particulars	figures in BDT CRORE
Dhaka Division	3347.46
Chittagong Division	134.89
Rajshahi Division	13.93

(c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

Particulars	figures in BDT CRORE
Agriculture	145.55
Textile & Garments	586.84
Transport & Communication	148.87
Food production/processing industry	207.98
Iron, Steel & Engineering industry	95.10
Chemical & Pharmaceuticals	238.60
Service Industry	380.83
Plastic Industry	130.48
Paper, Printing packaging	24.04
Telecommunication/information technology	80.67
Real Estate & Housing	111.48
Ship and Ship making industry	57.02
Education	31.43
Hospital and medical equipment	-
Trade & Commerce	551.58
Power & Energy	190.49
Others	515.31

Beside these, ILFSL group portfolio includes total margin loan to clients by our capital market subsidiaries (International Leasing Securities limited and IL Capital Limited) of amount Tk. 354.94 but does not include Loan to subsidiaries paid by International Leasing and Financial Services Limited of amount BDT 214.15 crore, which should be deducted from the portfolio Therefore, the total industry exposure amount to 3,637.07.

(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.

Particulars	figures in BDT CRORE
Repayable on demand	319.16
Over 1 month but not more than 3 months	538.28
Over 3 months but not more than 1 year	1,128.93
Over 1 year but not more than 5 years	1,445.49
Over 5 year	205.21
Total	**3,637.07**

(f) Gross Non Performing Assets (NPAs)

Non Performing Assets (NPAs) to Outstanding Loans & advances

Movement of Non Performing Assets (NPAs)

Particulars	*figures in BDT CRORE*
Opening balance	139.42
Additions	71.87
Reductions	46.60
Closing balance	164.69

Movement of specific provisions for NPAs

Particulars	*figures in BDT CRORE*
Opening balance	27.01
Provisions made during the period	52.42
Write-off	33.42
Write-back of excess provisions	3.29
Closing balance	42.72

E) Equities: banking book positions

Qualitative Disclosures

The general qualitative disclosure requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and

Total equity shares holdings are for capital gain purpose.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and condition of regulatory authority. On the other hand, unquoted share is valued at cost price or book value as per latest audited accounts.

Quantitative Disclosures

Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.

Particulars	Cost Price	Market Price
Quoted shares	99.14	94.73
Unquoted shares	.50	.50

The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.

- Nil

Particulars	Cost Price
Total unrealized gains (losses)	(4.41)
Total latent revaluation gains (losses)	-
Any amounts of the above included in Tier 2 capital	4.41

Capital requirements broken down by appropriate equity groupings, consistent with the FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

Specific Risk- Market value of investment in equities is BDT 94.73crore. Capital Requirement is 10% of the said value which stand to BDT 9.47 crore.

General Risk- Market value of investment in equities is BDT 94.73crore. Capital Requirement is 10% of the said value which stand to BDT 9.47 crore.

F) Interest rate in the banking book

Qualitative Disclosures

The general qualitative disclosure requirement including the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits.

Interest rate risk in the banking book arises from mismatches between the future yield of an assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis. ILFSL measure the Interest Rate Risk by calculation Duration Gap i.e. a positive Duration Gap affect company's profitability adversely with the increment of interest rate and a negative Duration Gap increase the company's profitability with the reduction of interest rate.

Quantitative Disclosures

The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring interest rate risk broken down by currency (as relevant).

Maturity wise Distribution of Assets-Liabilities

Particulars	1 to 30/31 day (1 month)	Over 1 month to 2 Months	Over 2 months to 3 Months	Over 1 month to 6 Months	Over 6 months to 1 Year
1	2	3	4	5	6
A. Total Rate sensitive Liabilities (A)	399.37	413.23	436.94	726.48	735.11
B. Total Rate sensitive Assets (B)	404.03	416.72	442.41	732.86	744.79
C. Mismatch	4.65	3.49	5.47	6.38	9.68
D. Cumulative Mismatch	4.65	8.15	13.61	19.99	29.67
E. Mismatch (%)	1.17	0.84	1.25	0.88	1.32

Interest Rate Risk - Increase in Interest Rate

Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the value of Bond Portfolio	-7.58	-15.17	-22.75
Net Interest Income	4.70	9.39	14.09
Revised Regulatory Capital	304.87	301.98	299.09
Risk Weighted Assets	4671.97	4671.97	4671.97
Revised CAR (%)	6.53%	6.46%	6.40%

G) Market risk

Qualitative Disclosures

Views of BOD on trading/investment activities

All the Market Risk related policies/guidelines are duly approved by BOD. The BOD sets limit and review and updates the compliance on regular basis aiming to mitigate the Market risk.

Methods used to measure Market risk

Market Risk is the probability of losing assets in balance sheet and off- balance sheet position arising out of volatility in market variables i.e. interest rate, exchange rate and prices of securities. In order to calculate the market risk for trading book purposes the company uses Standardized (rule based) Approach where capital charge for interest rate risk, price and foreign exchange risk is determined separately.

Market Risk Management system

Policies and processes for mitigating market risk

Market Risk has been managed as per instruction of the Board of Directors of the company where a clear instruction has been given on Loan Deposit Ratio, Liquidity Contingency Plan, Local Regulatory Compliance, Recommendation / Action Plan etc. Treasury manages the Market Risk with the help of Asset Liability Management Committee (ALCO) and Asset Liability Management (ALM) Desk in the following fashion:

Interest Risk Management

Treasury Division reviews the risks of changes in income of the Company as a result of movements in market interest rates. In the normal course of business, ILFSL tries to minimize the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done as under:

Market analysis
Market analysis over interest rate movements are reviewed by the Treasury of the company. The type and level of mismatch interest rate risk of the company is managed and monitored from two perspectives, being an economic value perspective and an earning perspective.

GAP analysis
ALCO has established guidelines in line with central Bank's policy for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. ALCO in its regular monthly meeting analyzes Interest Rate Sensitivity by computing GAP i.e. the difference between Rate Sensitive Assets and Rate Sensitive Liability and take decision of enhancing or reducing the GAP according to prevailing market situation aiming to mitigate interest rate risk.

Continuous Monitoring
Company's treasury manages and controls day-to-day trading activities under the supervision of ALCO that ensures continuous monitoring of the level of assumed risks.

Equity Risk Management
Equity Risk is the risk of loss due to adverse change in market price of equities held by the Company. Equity Risk is managed by the following fashion:

ILFSL minimizes the Equity Risks by Portfolio diversification as per investment policy of the company.

Quantitative Disclosures

The capital requirements for Market Risk:

Particulars	*figures in BDT CRORE*
Interest rate risk	
Equity position risk	18.95
Foreign Exchange Position and Commodity risk (if any)	

H) Operational Risk:

Qualitative disclosure:

(a) Views of Board on system to reduce Operational Risk:
All the policies and guidelines of internal control and compliances are duly approved by the Board. The Board delegates its authority to Executive Committee and to ManCom members as per company policy of delegation of authority. Audit Committee of the Board directly oversees the activities of internal control and compliance as per good governance guideline issued by Securities and Exchange Commission.

Performance gap of executives and staffs
ILFSL's recruitment strategy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach of recruitment and selection. The approach is based on the requirements of the job (both now and in the near future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. We are proud to state that favorable job responsibilities are increasingly attracting greater participation from different level of employees in the ILFSL family. We aim to foster a sense of pride in working for ILFSL and to be the employer of choice. As such there exists no performance gap in ILFSL.

Potential external events
No such potential external event exists to raise operational risk of ILFSL at the time of reporting.

Policies and procedures for mitigating operational risk:
ILFSL has also established Internal Control and Compliances Department (ICC) to address operational risk and to frame and implement policies to encounter such risks. ICC assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and mange operational risk in line with the approved policies.

Approach for calculating capital charge for operational risk:
Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. ILFSL uses basic indicator approach for calculation capital charge against operational risk i.e. 15% of average positive annual gross income of the company over last three years.

Quantitative Disclosures:

(b) Capital requirement for operational risk:

Particulars	*figures in BDT CRORE*
Capital requirement for operational risk:	9.84

Chairman's Remarks



Bismillahir Rahmanir Rahim

Dear fellow shareholders, distinguished members of the Board of Directors, ladies and gentlemen, Assalamu Alaikum.

On behalf of my colleagues, I am honored to share the story of 2017 and our ongoing journey with relentless effort to achieve desired results for ILFSL in future.

International Leasing has a clear purpose to help clients thrive and communities prosper. This simple statement unites your board of directors, the management team and dedicated employees as we focus on delivering long-term shareholder value by ensuring positive outcomes for all stakeholders. Change has become a hallmark of our times and in 2017 ILFSL successfully executed on its key strategies, moved forward on its transformation priorities and welcomed new talent in the organization.

Overseeing our strategy

One of the board's most critical roles is to provide stewardship of ILFSL's strategic direction. We provide guidance to management as it builds a Digitally Enabled company and focuses on markets and segments where ILFSL is positioned to succeed. In order to anticipate and respond to a dynamic, marketplace, we advise management on its strategic plans, challenge assumptions, and assist in identifying and building pathways to sustainable growth within the company's risk appetite.

Robust risk management

The board assesses management's plans to ensure business opportunities are balanced against sound risk management priorities and an effective enterprise-wide framework. We actively engage with management to assure that a strong risk culture is supported at all levels of ILFSL and that the Company's risk management function is independent from the businesses. We also provide guidance on, and approve the Company's risk appetite, and maintain open communications with regulators.

Good governance

Your board champions ILFSL's culture of 'doing what's right' and our core values of integrity and accountability. We help establish and promote ethical standards and behavior across all levels of the organization, working to foster business that considers impacts to society, the economy and the environment. Diversity of gender, thought and experience is critical to successful board oversight, and our board culture encourages transparency, active engagement and productive debate.

Once again in 2017, we were recognized for our approach, winning Best Overall Governance at the Excellence in Governance Awards from Institute of Chartered Secretaries of Bangladesh. We also continue to refine the skills and experience needed to provide orderly board succession and strengthen our ranks to support ILFSL's future strategic goals.

Last year performance

During the year under review, we reached a milestone of disbursed during the year and finally showed a post tax profit of Tk 32.42 crore. This milestone was achieved with hard work, dedication of all the employees and considerable support and guidance of the members of the esteemed Board of Directors. We wish to assure you all that your Company will continue to look for opportunities to diversity and bring new products in to the market for further development and progress and that we will make every effort to give you higher profits on your investments.

In the next year, our aim is to source diversified avenues of economical funding, continue to broaden our customer base and to deepen the relationship we have with our customers, harnessing the growing strength of the ILFSL brand and our core competency.

Shareholder engagement

Working with our stakeholders is an important component of our governance process. Committed to the creation of long-term value, we will continue to look for new and effective ways to meaningfully engage with investors, clients and the communities we serve.

On behalf of the board, I would like to thank Mr. Rashedul Haque, Managing Director and his leadership team for their commitment and dedication to helping realize ILFSL's vision of being recognized as one of the most trusted and successful financial institutions. We would also like to express the board's deep appreciation to ILFSL employees who deliver the very best to our clients and communities every day.

Finally, our profound thanks and immense gratitude's to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Register of joint Stock Companies and Firms, National Board of Revenue and all other regulatory authorities for their valuable guidance, support and cooperation. Further we stay committed to serve all of our stakeholders. On behalf of the Board of directors, it's our pledge that we will continue to add value for the shareholders thorough execution of prudent business strategies whilst focusing on the achievement of national priorities.
Thank you very much.



M.A. Hashem
Chairman

Directors' Responsibility Statement

RESPONSIBILITY

The Board of Directors ("the Board") is responsible for the adequacy and effectiveness of the internal control mechanism in place at the International Leasing And Financial Services Limited. ("the Company").

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Company and this process includes the system of Internal Control over Financial Reporting. The process is regularly reviewed by the Board.

The Board is of the view that the system of Internal Control over Financial Reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of Financial Reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The management assists the Board in the implementation of the Board's policies and procedures pertaining to Internal Control over Financial Reporting. In assessing the Internal Control System over Financial Reporting, identified officers of the Company collated all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Company & continue to review & update every year. These in turn are being observed and checked by the Internal Audit Department of the Company for suitability of design and effectiveness on an on-going basis.

The Board views the governance and oversight of our distinctive business model and prudent strategy as key to the ongoing creation and delivery of value to our stakeholders, particularly in an economic environment that remains both uncertain and challenging.

At ILFSL, the Board's primary role is to provide leadership, ensure that it is appropriately managed and deliver long-term shareholder value. It also sets the Group's strategic objectives and provides direction as a whole. A number of key decisions are reserved for and may only be made by the Board, which enables it and the executive management to operate within a clear governance framework.

CONFIRMATION

Based on the above processes, The Board of Directors confirm that the International Financial Reporting Standard (IFRS) and International Accounting Standards, as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh have been adhered to, subject to any material departure being disclosed and explained in the notes to the accounts.
The Board also confirms that the Company keeps accounting records, which disclose with reasonable accuracy, the financial position of the Company, and which enables it to ensure that the financial statements comply with the requirements of the Companies Act, 1994, Securities and Exchange Rules, 1987, Financial Institutions Act, 1993, and Listing Regulations of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and amendments thereto.

EXTERNAL AUDITOR'S CERTIFICATION

The External Auditors, Rahman Mostafa Alam & Company, Chartered Accountants, have carried out annual audit to review the system of internal controls, as they consider appropriate and necessary, for expressing their opinion on the financial statements. They have also examined the financial statements made available by the management together with all the financial records, related data, minutes of shareholders meetings, relevant policies and expressed their opinion.

In compliance with the Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) vide their notification no. SEC/CMRRCD/2006-58/134/Admin/44, dated 07 August 2012, Joyonta Poddar & Associates, examined the compliance with the said conditions of Corporate Governance and certified that International Leasing And Financial Services Limited has complied with the conditions of the said guidelines.

Dear Shareholders,

The Board of Directors of International Leasing And Financial Services Limited have the pleasure in presenting the Directors' Report in regard to the Companies Act, 1994 and guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC), the Bangladesh Bank and the Bangladesh Accounting and Financial Reporting Standards.

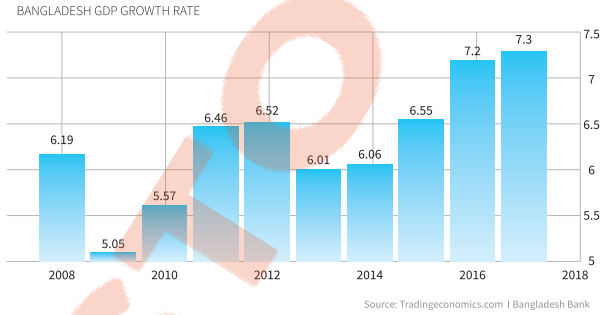
This Directors' Report has been prepared in compliance with the Section 184 of the Companies Act 1994, the Listing Regulations of Stock Exchanges, Financial Institutions Act 1993, Bangladesh Bank guidelines and other applicable rules and regulations. Relevant disclosures and explanations relating to company's matter that have been given by the Directors, which they consider relevant and important to ensure compliance, transparency and good governance practices.

Economic Performance of Bangladesh

The economy continues to show resilience this fiscal year, despite lingering obstacles such as the effects of country-wide flooding in August and the ongoing accommodation of Rohingya refugees in the east. Exports increased 7.4% year-on-year in the July-to-February period. In the same period, annual remittance inflows rose 16.6% compared to the same period in the previous fiscal year. Meanwhile, on 1 March, the governments of Bangladesh, India and Russia signed an agreement to work closely together on the ongoing construction of Bangladesh's first nuclear power plant. The plant's completion, expected by the mid-2020s, would give an important boost to electricity production in Bangladesh. On 7 March, the IMF called for continued government efforts to increase revenue collection and implement delayed Value Added Tax reform.

Bangladesh economy grew by 7.28 percent in FY17, up from 7.1 percent in FY16. This growth was mainly supported by industry and services sectors. Based on the sectoral developments and econometric estimates, BB staff projects FY18 real GDP growth in the range of 7.1-7.4 percent. Annual average CPI inflation continued to decline and stood at 5.4 percent in June 2017, well below the 5.8 percent target ceiling for FY17. The declining trend in average CPI inflation is mainly driven by non-food inflation, while food inflation witnessed a sharp increase due to flash flood-related crop losses in the Northeastern haor regions in H2FY17. Based on the BB's analytical models and the recent economic developments, average inflation is projected to be within 5.3-5.6 percent in June 2017. Bangladesh Bank's projection also shows average inflation for H1FY18 to be around 5.5-5.9 percent. Looking ahead, given the domestic inflation dynamics, food price developments and tapering base effects, some price pressures may emerge during FY18 and will need to be monitored and contained carefully.

The year 2017 saw Bangladesh achieve its highest ever GDP growth in recent years, with revised GDP growth hitting 7.28% as against the target of 7.2%. This was the highest growth achieved in South Asia for 2017, and one of the highest GDP growth rates among major economies in the world. The average GDP growth now stands at 6.26% over the past 10 years, and at 6.6% over the last 5 years, showing an increasing trend in GDP growth. The political situation also remains stable, with the internal security situation greatly improving after the 2016 Dhaka terrorist attack as a result of sustained police operations dismantling terrorist cells throughout the country. The government has set a GDP growth target of 7.40% for the 2018 fiscal year, which is achievable given the stable political climate, investments in power and transport infrastructure and the high private sector credit growth rates.

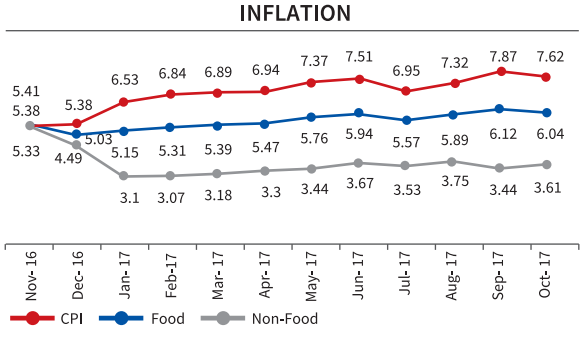


Fiscal Management

Budget for FY'18 has been marked high ambition with a vision of attaining the middle income goal. The country's biggest ever budget size is BDT 4002.66 billion which is 17.52% higher compared to FY'17's budget. It has revenue target of BDT 2879.91 billion which is 18.66% higher than that of the FY17's budget. Gross Domestic Product (GDP) has been estimated to grow at a rate of 7.4% in FY'18, a slight increase from the previous year's target of 7.2%. Budget deficit is projected to be BDT 1,122.76 billion which is 5% of the GDP. Of this deficit, BDT 603.52 billion will be collected from savings certificates and other non-banking sources and remaining BDT 519.24 billion will be raised from external sources. The new budget also emphasized on power and energy sector, ICT sector, education, and industrialization in the country.

Inflation

Inflation was kept largely under control until the end of 2016, reaching a low of 5.04% in December 2016, before massive floods caused a loss of the import Boro rice crop in the fertile northern regions. This caused food inflation to spike up sharply from the start of 2017, which was countered by the government repealing import duties on rice and undertaking efforts to import rice from abroad. These steps managed to stem the spike in inflation, stabilizing it around the 6% level. Inflation stood at 5.83% in December 2017 on a point-to-point basis. Oil prices have increased in the international market due to strong global economic growth, and this could lead to higher non-food inflation.



Foreign Exchange Reserve

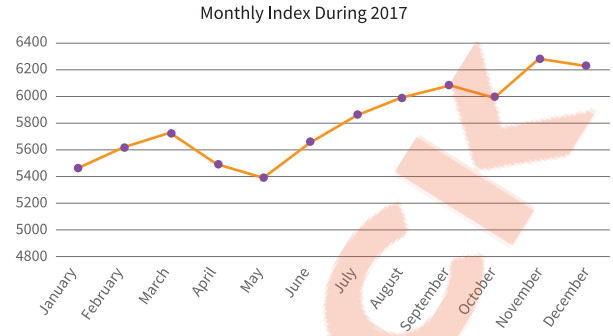
Foreign exchange reserves reached a new record high of USD 33.5 billion in FY17, buoyed by strong financial account surplus to overcome a growing current account deficit. The foreign exchange reserves are set to decrease in the future as Bangladesh Bank intervenes in the currency exchange market to stem the slide of the BDT. Until the current account deficit stabilizes, the foreign exchange reserves are expected to decrease.

Money Market

The money market comprising banks and financial institutions demonstrated steadiness in FY17. Overall interest rates received significant fall. Interest rate in call money market rate ranging from 3.68 percent to 3.93 percent during this year. The average volume of money transaction in the call money market decreased to BDT 1152.75 billion in the year 2017 which was 4.67 percent lower than the year 2016. Repo rate and Reverse Repo rate remained unchanged from the year 2016 for achieving broad objective of monetary policy. Whereas Private sector credit growth hit 18.1 percent at the end of December, up from the central bank's target of 16.2 percent for the July-December period. Business confidence is improving and the stable exchange rate has led to higher import of machineries. The falling interest rates will boost private credit growth next year.

Capital Market Review

Country's capital market witnessed a good year in 2017, showing signs of bouncing back from a sluggish trend that continued for more than six years since a debacle seven years ago. The downside of the outgoing year was, however, less-than-required listings of new issues, which experts thought would be a must for maintaining the growth momentum in the years ahead. The benchmark index of the Dhaka Stock Exchange (DSE) registered 24 per cent growth to more than 6,200 points in 2017, showing a sign that the market reached a state of overcoming the setback suffered for a long period of six years since the debacle in 2010-11. It was the highest growth in terms of index, DSEX, since then. Another major indicator, the turnover, also hit seven-year high backed by active participation of the local and foreign investors. The daily average turnover stood at Tk 8.75 billion, up 77 per cent year-on-year, which was the highest since 2010-11. A consistent rally, almost throughout the year, enabled the DSEX to stay above the 6,200-point level and closed the trading of the year on Thursday at 6,244 points, up from 5,036 points on the first trading day of the year. The market remained afloat almost round the year, but got momentum since the middle of the year, when the benchmark index crossed the 'psychological' barrier of 6,000-point mark. The DSEX hit record high at 6,336 points on November 26 last, following the market capitalization hitting its all-time high of Tk 4,262 billion on November 23 last. The DSE market cap registered 24 per cent growth from the previous year. Meanwhile, the CSE All Share Price Index (CAPSI) also showed more than 24 per cent growth year-on-year to finish the year at 19,268 points. Only six companies and one mutual fund floated primary shares and mobilized a capital worth Tk 2.19 billion only from the capital market in 2017. It was the lowest amount of capital mobilized through lowest number IPOs (Initial Public Offerings) in 2017 since 2009. The DSE market capitalization to GDP (gross domestic product) ratio stood at 21.62 while the overall price earnings (P/E) ratio rose to 16.78 at the end of 2017.



The foreign investors have higher exposure now than ever before, contributing to the overall high turnover. The data and trading patterns revealed that most of the participants in the market were in buying mood rather than selling. The overseas investors bought shares worth Tk 65.76 billion and sold shares worth Tk 48.71 billion to take their net investment to Tk 17.05 billion in 2017, which was 27 per cent higher than that of the previous year.

NBFIs Performance in 2017

Non-Bank Financial Institutions (NBFIs) are playing crucial role by providing additional financial service that cannot be usually provided by banks. The NBFIs, with more multifaceted products and services have taken their place in the competitive financial market to satisfy the changing demands of the customers. NBFIs also play an important role in the capital market as well as in real estate sector of Bangladesh. Like the banks, most of the NBFIs have separate subsidiaries to operate merchant banking activities. NBFIs are supervised by Bangladesh Bank following as risk based supervisory system. NBFIs showed strong performance in terms of growth in assets and deposits in FY 17. NBFIs have been given license and regulated under the Financial Institution Act, 1993. At present, the minimum paid up capital for NBFIs in BDT 1.00 billion as per the Financial Institution Regulation, 1994. NBFIs business line is narrow in comparison with Banks in Bangladesh. NBFIs are allowed to take term deposit for three months and above. Presently, out of 34 NBFIs, 3 are Government – owned, 12 are joint venture and the rest 19 are locally private owned. The branch network of NBFIs increased to 246 as on June 30, 2017.

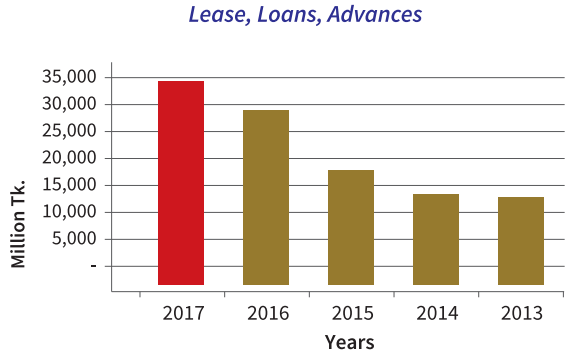
Trends Of Structure of NBFIs

	2011	2012	2013	2014	2015	2016	2017
No. Of NBFIs	31	31	31	31	32	33	34
Government- owned	2	3	3	3	3	3	3
Joint- Venture	8	10	10	10	10	11	12
Private	20	18	18	18	19	19	19
New branches	53	8	7	20	15	14	21
Total branches	161	169	176	196	211	225	246

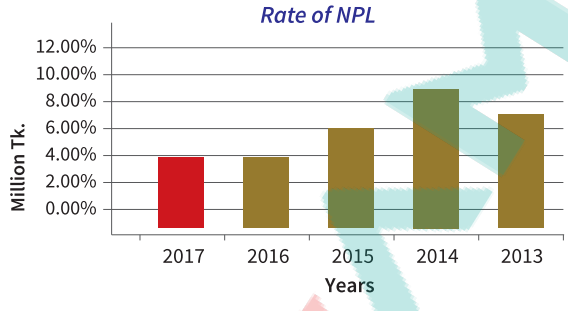
The asset of NBFIs increased substantially by 16.83 percent to Tk. 713.87 billion in December 2016 from Tk. 611.04 billion in 2015. At the end of June 2017, assets of NBFIs increased to Tk. 755.33 billion. NBFIs are investing in different sectors of the economy, but their investments are mostly concentrated in industrial sector. Sector wise composition of NBFIs investment at the end of June 2017 was as follows: industry 44.21 percent, real estate 17.53 percent, margin loan 2.25 percent, merchant banking 4.17 percent, agriculture 2.67 percent and other 12.49 percent.

ILFSL's Operational Review of 2017

Riding on relative political stability, few financial scams and severe liquidity crisis in the later part of 2017, the financial sector was almost slump. In such a situation, ILFSL also exhibited a substantial progress in many of the business lines during 2017. Total asset of the group grew by 21.90 % from BDT 36.8 billion in 2016 to BDT 44.9 billion in 2017. Significant amount of disbursements were made in Corporate and SME business. Furthermore cautious investment in capital market and correct on time decisions have led to an overall success for the company. Cost of borrowing was decreased from 9.73 % in 2016 to 9.58 % in 2017. Total disbursement of ILFSL decreased by 11.68 % compared to 2016, due to cautious position was taken by the management in selecting new clients. The total disbursed amount in 2017 was BDT 9,097 million compared to BDT 10,870 million in 2016



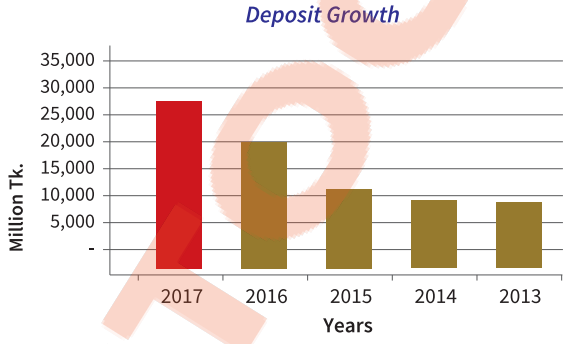
In line with our long term strategy, we penetrated the liability market strongly with the focus on increasing our retail customer base by offering attractive rates and ensuring quality customer services. On the deposit side, our total deposits grew by 32.29 % from BDT 21,896.5 million in 2016 to BDT 28,965.9 million in 2017, largely driven by our strong liability sales team who has provided uncompromising service. The company's Leases, loans and advances portfolio reached BDT 36,370.7 million in 2017 compared to BDT 30,706.7 million in 2016. NPL showed a positive picture as the percentage of classified loans for the company slightly increased to 4.71 % in 2017 compared to 4.69 % in 2016.



Consolidated operating revenue stands at BDT 4,628.8 million while operating expenses of BDT 3,905.8 million were incurred. Consolidated net profit after tax is reported at BDT 388.1 million. Return on average equity was 15.43 % during 2017 for the group and Consolidated Earnings per Share (EPS) stood at BDT 2.06. The ILFSL Group's consolidated performance in 2017:

Particulars	2017	2016	Growth
Total Disbursement	9,097	10,870	-11.68%
Net interest income	642	464	38.17%
Other operating income	413	246	67.81%
Total operating income	1,055	710	48.44%
Total operating expenses	332	244	35.93%

2017 started with steady political environments that boost up the confidence of the business community throughout the year. However, liquidity crisis in late 2017 poses a new challenge for most of the Treasurer in the Banking and Non-Banking sector. The inter-bank call money market remained liquid and stable in 2017. Deposit was our key sources of fund especially public deposit. You will be happy to know that we expanded our Liability Management Division in the later part of 2016 and this division did an excellent job to mobilize deposit and as of December 31, 2017 our Term Deposit portfolio stood at BDT 28,169 million.



During the year deposit portfolio has been increased by BDT 7,069 million and posted a 32.29 % year on- year growth, 49.78 % of total deposit as on 31 December 2017 was Public deposit (Corporate and Retail).We continued our drive to reduce the dependency on high cost long term bank borrowing.

Capital Market Operations

Despite of huge down turn in the capital market, we successfully consolidate our positions in capital market investment in 2017. We have made some major rebalancing in the portfolio and have taken a few strategic investments. We are quite optimistic in reaping impressive returns from our positions in coming years.

Human Capital

Human capital policy at ILFSL is based on the recognition that its people are its most valuable asset. Prudent development, deployment and management of its human resources have been a key contributor to the company's Success records. We have found that sensitivity to the needs and aspirations of individual employees is as conducive to successful human resources management as an accurate assessment of employee capabilities, potentials and attitudes. We thus value the contributions an employee exerts in the organization and adopted policy to reward efforts accordingly.

Our recruitment system has been designed to ensure that the employees recruited for the service in the company match with the job requirements relevant to the position being hired for.

All recruitment policies within the company are in line with the statutory employment laws of Bangladesh and in accordance with the approval of the company's Board of Directors.

ILFSL decides the scales of the employees belonging to different grades from time to time. The salary structure of the company is reviewed in every three years to allow adjustments to update with the change in the cost of living indices.

The company's recruitment and career development policies provide equal opportunities for all citizens in the country. It is our policy that the best qualified applicants be hired without regard to race, color, age, religion, gender, national origin, physical or mental disability, veteran status, sexual preference, marital status and any other characteristic protected by law. The Company is committed to developing and maintaining a diverse workforce and to treating all individuals with dignity and respect.

Information Technology

Information Technology (IT) division is responsible for creating establishing and maintaining IT infrastructure for the whole organization. They are involved with development of software, database integration and migration, hardware procurement, installation and maintenance, network infrastructure development to ensure trouble free links, troubleshooting of different network, pc devices etc. Besides IT department is also responsible for backup of data, backup power, antivirus, terminal server, branch connectivity and internet connections.

Internal Control

The Board acknowledges its responsibilities for ILFSL's system of internal control and for reviewing its adequacy and effectiveness. The system of internal control covers, inter alia, financial, operational, management information systems, organizational and compliance controls. These controls include financial controls that assist the Board in meeting its responsibilities for the integrity and accuracy of the company's accounting records. The Company's financial statements, prepared from these records, comply with the required laws and standards. A separate report on Internal Control is given on page 88 of this Annual Report.

Subsidiary Operations

International Leasing Securities Limited (ILSL) is a subsidiary of International Leasing And Financial Services Limited, a leading equity brokerage house in the country with a diverse clientele of institutions, high net worth individuals, foreign funds and retail investors. ILSL has achieved much recognition for its professionalism in its trade execution capability and settlement procedures & cutting edge sell side research base. ILSL posted after tax net profit of BDT 388 million which was BDT 126 million in the year 2016. In terms of turnover in December 2017, it achieved 9th position in the DSE. ILSL's operating performance is outlined below:

In Tk.

Particulars	2017	2016
Turnover in DSE	2,169,597.13	1,191,541.32
Total Turnover of ILSL (Both Stock Exchanges)	85,886.87	40,010.77
Total Turnover of ILSL in DSE	3,893.46	36,925.73
Market share in DSE	3.78%	3.10%
Market position as per DSE	9th	12th

Another subsidiary of ILFSL namely IL Capital Limited (ILCL) has already been successful in establishing itself as one of the well-known merchant banks. ILCL offers a wide range of investment management services i.e. corporate advisory and consulting for business development, portfolio management and so forth. During the year 2017 ILCL has incurred net profit of BDT 3.9 million as against net profit after tax amounting to BDT 10.4 million in 2016.

Financial result and appropriation of profit

The Company posted profit before tax for the year end 2017 amounting to BDT 499 million, indicating increase in growth of 107.68 % from BDT 240 million in 2016 while net profit after tax also increase by 208.40 % at BDT 388 million in 2017 from BDT 126 million in 2016.

2017 was a challenging year towards the growth & prosperity. Considering the overall environment of financial market, current financial strength of the Company and future investment prospect the Board is recommending stock dividend at the rate of 12% for the year 2017. The Directors are pleased to report the financial results for the year 2017 and recommend the following appropriations:

Operating Revenue	Tk.	4,298,366,759
Operating Expenses	Tk.	3,698,231,912
Operational Profit before provisions & Tax	Tk.	600,134,847
Provision for doubtful accounts	Tk.	218,707,728
Profit before taxes	Tk.	381,427,119
Tax Expense	Tk.	57,132,801
Profit after Tax	Tk.	324,294,318
Transferred to Statutory Reserve	Tk.	64,858,864
Net surplus in Profit and Loss Account	Tk.	259,435,454
Retained Earnings Brought forward	Tk.	11,628,698
Profit Available for Distribution	Tk.	271,064,152
Dividend–Stock @ 12% percent	Tk.	226,336,980
Retained Earnings Carried Forward	Tk.	44,727,172

Key Operating and Financial Data

Key operating and financial data for last five years as per Notification No. SEC/CMRRCD/2006-158/129/Admin/44dated 07 August 2012 is shown in page 30.

Declaration of Dividend

The Board of Directors in its 217th meeting held on April 30, 2018 recommended 12% Stock Dividend for the year ended on 31 December 2017 subject to approval the shareholders at 22nd Annual General Meeting scheduled to be held on June 28, 2018. Details of the dividend declared during the financial year are disclosed in Note 12.2 of the Notes to the Financial Statements on page 143 of this annual report.

Plan for Utilization of Undistributed Profits

The Company requires substantial funds every year to carry out its regular business operation. The undistributed profits will be utilized to disburse fund for its new investments and will be used to meet contingencies in future as authorized under Article 100 of the Schedule I of the Companies Act 1994. Additionally with this retention a reasonable debt equity ratio would be maintained & the borrowing power of the Company would be enhanced.

Related Party Disclosure

The directors have also disclosed the transactions, if any, that could be classified as related party transactions in terms of Bangladesh Accounting Standard – 24: "Related party disclosures" which is adopted in the preparation of financial statements. Those transactions disclosed by the directors are given in the note 39 to the financial statements.

Going Concern

The Board of Directors has reviewed the Company's overall business plans, strategies and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements of the company are prepared based on the going concern concept.

Risk and concern

The Board of Directors are responsible for formulating risk policies, determining methods to measure and manage risk, setting commensurate risk limits and monitoring their performances. The company beliefs in managing risk in a forward looking manner and steering credit, interest rate, liquidity, market and operational risks through establishing strategies, models and parameters.

Credit Rating

A credit rating is an assessment of the solvency or credit-worthiness of a company according to established credit rating procedures. These ratings help investors to analyze the risks associated with the company by providing detailed information of the ability of a company to meet their obligations. A rating is being continuously monitored. It enables investors to measure their investment risk. The company is rated by one of the leading independent rating agencies named National Credit Ratings Limited (NCR). ILFSL has been rated by the NCR and adjudged "A+" in the long term and ST -2 in the Short term. The validity of the rating will expire on 10 September 2018.

Directors' remuneration

Details of directors' emoluments paid during the year are given in notes- 30 to the financial statements.

Contribution to National Exchequer

With a view to assist the Government in building up revenues and thus contribute to the economic development of the Country, ILFSL deposits taxes regularly to the National Exchequer by way of collection of income taxes and VAT at sources from various payments and also deposits of income taxes of the Company on its income. In 2017, ILFSL deposited BDT123.36 million to the Government exchequer as corporate income tax. Moreover, BDT 40.62 million was collected and deposited to the Government exchequer as withholding tax, VAT and excise duty.

Material changes after Balance Sheet date

There have been no material changes and commitments between the end of 2017 and the date of this report, affecting the financial position of the Company.

Code of Conduct

The Board has laid down a code of conduct for the Board members. All the Board members have certified that they have received, read, understood and affirmed compliance with the code for the year ended 31 December 2017.

Directors to retire, re-appointment and biographies of the Directors

As per the Articles of Association of the Company and the Companies Act 1994, one-third of the Directors of the Company are required to retire by rotation at each Annual General Meeting (AGM). The retiring Directors are eligible to stand for re-election. In this connection the following Directors will retire in the Twenty second Annual General Meeting and being eligible offered themselves for re-election as per Articles of Association of the Company:

1. Mr. M. Nurul Alam
2. Mr. Bashudeb Banerjee
3. Mr. Md. Nowsherul Islam

Biographies of the Directors (including retiring directors) and the names of the Companies where they have interest are presented on page 37 of this Annual Report.

Appointment of Independent Director

The appointment of Mr. Zahirul Alam, FCA as Independent Director will expire on May 13, 2018. Renewal of Mr. Zahirul Alam, FCA as Independent Director might take place in the upcoming meeting and subsequently be placed in the 22nd Annual General Meeting for approval as per Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission.

Shareholding Pattern

The shareholding pattern as per Clause 2(k)of SEC Notification No. SEC No. SEC/CMRRCD/2006-158/134/Admin/44: dated August 07, 2012 is shown in page 73.

Board Meeting & Attendance

During the year 2017, 13 (thirteen) nos. of Meetings of the Board of Directors were held. Attendance of the Directors is shown in the page 74.

Auditors

Rahman Mostafa Alam & Co. Chartered Accountants have completed their third and last year as statutory auditor of the Company. Therefore, we have to appoint another Chartered Accountants firm to conduct audit for the year 2018. We received few applications from different audit firm among them Audit Committee scrutinized and reviewed the proposals and recommended the Board to appoint M/s. MABS & J Partners, Chartered Accountants, as external Auditor of the Company for the year 2018 with an audit fee of BDT 300,000 plus VAT at the applicable rate.

The Board in its meeting held on April 30, 2018 recommended the shareholders to appoint M/s. MABS & J Partners,Chartered Accountants at a remuneration of BDT 300,000 plus VAT. We have also taken the prior approval from Bangladesh Bank to appoint M/s. MABS & J Partners, Chartered Accountants, until conclusion of 23rd AGM.

Reporting on Corporate Governance Compliance

Pursuant to Clause 5.00 of SEC Notification No.SEC/CMRRCD /200658/129/Admin/44 dated 07 August 2012 the Company's compliance status is shown in Annexure-i page 78.

Corporate and Financial Reporting Framework

The Directors, in accordance with SEC Notification No. SEC/CMRRCD/200658/129/Admin/44 dated 07 August 2012; confirm compliance with the financial reporting framework for the following:

- The financial statements prepared by the management present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity
- Proper books of accounts of the Company have been maintained. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment
- International Accounting Standards and International Financial Reporting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements. The system of internal control is sound in design and has been effectively implemented and monitored
- There is no significant doubt upon the Company's ability to continue as a going concern
- There is no extraordinary gain or loss during the year.
- After issuance of right shares, financial results of the company had not been deteriorated
- No significant difference occurs between quarterly financial performance and annual financial statements
- There are no significant changes in the Company or its subsidiaries' fixed assets and the market value
- The company had not enabled any of its directors to acquire benefits by means of acquisition of share or debentures of the company or anybody corporate

Branch Operation

You will be happy to know that ILFSL opened its three new branches at Uttara, Sylhet and Dhanmondi in 2017. However this initiative was taken in the middle of 2016. ILFSL is also planning to open few more branches at Gulshan and Mirpur area.

Acknowledgement

The Board of Directors takes this opportunity of expressing its heart-felt appreciation and gratitude to the valued clients, depositors, lenders, bankers, patrons and business partners for their continued support and cooperation. The Board also expresses its deepest gratitude to Bangladesh Bank, Bangladesh Securities & Exchange Commission (SEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Registrar of Joint Stock Companies and Firms, National Board of Revenue (NBR) and other regulatory bodies for their help, assistance, valuable guidance and advice being extended to the Company from time to time. The Board also acknowledges the hard work, dedication and commitment of the employees. Their enthusiasm and unstinting efforts have enabled the company to grow better than before. We hope similar support from all of you that will underpin our continuous growth.

On behalf of the Board of Directors



M. A. Hashem
Chairman

AMARSTOCK

Annexure- 1

SHAREHOLDING BY COMPANY'S PARENTS/SUBSIDIARY/ASSOCIATE COMPANIES/RELATED PARTIES

Name	Related party relationship	No. of shares owned	%
N/A			

PATTERN OF SHAREHOLDING BY DIRECTORS, CEO, CS, CFO, HIA AND THEIR SPOUSES AND MINOR CHILDREN

Name	Designation	No. of shares owned	%
Mr. M. A. Hashem	Independent Director & Chairman of the Board	0	0%
Mr. M. Nurul Alam Mr. Muhammed Abul Hashem	Representative Director of Shaw Wallace Bangladesh Limited	32,751,492	17.36%
Mr. Md. Nowsherul Islam Mrs. Momtaz Begum	Representative Director of Nature Enterprise Ltd	15,435,000	8.18%
Mr. Bashudeb Banerjee Mr. Md. Anwarul Kabir	Representative Director of BR International Ltd.	15,379,875	8.15%
Mr. Nasim Anwar, FCA Mrs. Papia Banerjee	Representative Director of Newtech Enterprise Limited	14,797,282	7.85%
Mr. Md. Zahirul Alam, FCA	Independent Director	0	0%
Mr. Md. Nuruzzaman	Independent Director	0	0%
Mr. Jamal Uddin Ahmad	Sponsor	5,865,639	3.11
Mr. Rashedul Haque	Managing Director	0	0%
Mr. Syed Abed Hasan	Chief Financial Officer	0	0%
Mr. S.A.N Moyeenuddowlah	Head of Internal Audit	0	0%
Mr. Rafiqul Islam Khan, ACS	Company Secretary	0	0%

PATTERN OF SHAREHOLDING BY TOP 5 EXECUTIVES (OTHER THAN CEO, CFO, CS AND HIA)

Name	Designation	No. of shares owned	%
Ms. Nahida Runai	Senior Vice President	0	0%
Mr. Mohammed Ibrahim	Senior Vice President	0	0%
Ms. Mostofa Muidur Rahman	Vice President	0	0%
Mr. Md. Wajahat Anwar	Vice President	0	0%
Mr. Al Mamun Shohag	Assistant Vice President	0	0%

SHAREHOLDERS HOLDING 10% OR MORE VOTING RIGHTS

Name	Designation	No. of shares owned	%
Shaw Wallace Bangladesh Ltd.	Shareholder	32,751,492	17.36%

ATTENDANCE OF BOARD OF DIRECTORS

ANNEXURE-2

Meeting Attended by the Directors of ILFSL During 2017

Name of Directors	Board of Directors meeting				Executive Committee meeting				Audit Committee meeting				Total Remuneration paid for the year 2017
	Total BOD meeting held during the director's tenure	Meeting attended	Attendance as % of total meeting held	Remuneration paid for attending the meeting	Total EC meeting held during the director's tenure	Meeting attended	Attendance as % of total meeting held	Remuneration paid for attending the meeting	Total AC meeting held during the director's tenure	Meeting attended	Attendance as % of total meeting held	Remuneration paid for attending the meeting	
Mr. M. A. Hashem	13	13	100	119,600	4	4	100	36,800					220,800
Mr. M. Nurul Alam	13	13	100	119,600	4	4	100	36,800	6	6	100	55,200	276,000
Mr. Zahirul Alam, FCA	13	13	100	119,600					6	6	100	55,200	211,600
Mr. Nasim Anwar, FCA	13	11	84.61	101,200	4	4	100	36,800	6	6	100	55,200	276,000
Mr. Bashudeb Banerjee	13	11	84.61	101,200	4	4	100	36,800					128,800
Mr. Papia Banerjee	13	11	84.61	101,200									73,600
Mr. Momtaz Begum	13	11	84.61	101,200									73,600
Mr. Muhammed Abul Hashem	13	13	100	119,600					6	6	100	55,200	174,800
Mr. Md. Nowsherul Islam	13	13	100	119,600	4	4	100	36,800	6	6	100	55,200	248,400
Mr. Md. Anwarul Kabir	13	10	76.92	92,000									119,600
Mr. Md. Nuruzzaman	13	13	100	119,600									138,000
Mr. Rashedul Haque	13	13	100	N/A	4	4	100	N/A	6	6	100	N/A	--
				1,214,400				184,000				276,000	1,674,400

Report on Corporate Governance

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the Organization. Good Corporate Governance leads to long term shareholder value and enhances interest of other stakeholders. ILFSL is committed to the adoption of and adherence to the best Corporate Governance practices at all times and continuously benchmarks itself against each such practice in the industry. ILFSL understands and respects its fiduciary and trusteeship role and responsibility to its stakeholders and strives hard to meet their expectations. ILFSL believes that Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. Over the years, the governance processes and systems have therefore been strengthened at ILFSL. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalized.

Board of Directors

The Board of Directors of the Company plays a key role, as they oversee the functioning of the organization and ensures that it continues to operate in the best interest of all the stakeholders. Thus, the Company strives to keep its Board well informed; independent and actively involved in the important decision making process pertaining to the Company.

The Board while performing its fiduciary duties recognizes its responsibilities towards its members and other stakeholders to uphold the highest standards in all matters concerning the Company and for the purpose empowers responsible officials to implement its board policies and guidelines. The Company's business conducted by its employees under the directions of the Managing Director and overall supervision of the Board.

The Board of ILFSL comprises of 11 (eleven) members of which eight are Nominated Directors and 3 (three) are Independent Directors.

Policy on appointment of Directors

The Directors are appointed as per the rules and regulations set forth in the Companies Act, 1994, the Financial Institutions Act, 1993 and Bangladesh Securities and Exchange Commission's (BSEC) guidelines on Corporate Governance. To be a member of the Board of a listed company, a Director other than nominated and alternate Director must hold at least 2 percent of the outstanding shares of the company. The Independent Directors are also exempted from such requirement. As per the Companies Act, 1994, the office of nonexecutive Directors is subject to retirement. At least one third of the non-executive Directors shall retire by rotation in every Annual General Meeting. The Managing Director is appointed for a minimum period of three years subject to approval of the Central Bank. The office of the Managing Director being an ex-officio Director is not subject to retirement. The tenure of an Independent Director is three years and may be extended by another three years.

Board Meetings

The Company holds at least four Board Meetings in a year, one in each quarter inter-alia to review the financial results of the Company. The gap between the two Board Meetings does not exceed three months. Apart from the four scheduled Board Meetings, additional Board Meetings are also convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by passing Resolution through circulation.

Board Committees

There are two committees constituted by the Board Members to assist the Board in discharging its responsibilities – the Audit Committee and the Executive Committee. The Board at the time of constitution of each committees fixes the terms of reference for each committee and also delegates power from time to time. The minutes of the meetings of both the committees are circulated to the Board for its review.

Audit Committee

The primary role of the Audit Committee is overseeing the financial reporting process disclosure of financial information, reviewing the financial statements before submission to the Board, reviewing adequacy of internal control systems and reviewing findings of internal investigations besides recommending appointment/removal of statutory auditors and fixing their remuneration. The Audit Committee was last reconstituted on February 19, 2016 which is comprised of Mr. Md. Zahirul Alam, FCA as the Chairman, Mr. Nasim Anwar, FCA, Mr. M. Nurul Alam, Mr. Muhammed Abul Hashem and Mr. Md. Nowsherul Islam as its members.

Executive Committee

The Executive Committee is authorized to review the proposals of lease and loan above authority delegated to the Managing Director. The Executive was last reconstituted on February 19, 2016 and the members are Mr. Nasim Anwar FCA as its Chairman, Mr. M. A .Hashem, Mr. M. Nurul Alam, Mr. Bashudeb Banerjee, Mr. Md. Nowsherul Islam as its members.

Remuneration Committee

As per the guideline of the central bank the Board can have the following committees:

- Audit Committee;
- Executive Committee;

Therefore, ILFSL have no remuneration committee comprised of the Board Members. However, there is a HR and Compensation Committee for employees of the Company.

Policy with regard to Remuneration of Directors

Except the Managing Director & CEO, none of the Director holds any position of profit and does not receive any remuneration other than the fees for attending the Board/Committee meetings. As per the central bank's guideline, as amended vide DFIM Circular no. 13 dated 30 November 2015, maximum amount of Tk. 8,000 can be paid to each Director for attending each Board/Committee meeting subject to certain limit.

Policy with regard to remuneration of the CEO

The Board will appoint the CEO of the company. As per guidelines of the central bank, approval of the central bank to be obtained for the appointment of the CEO along with the remuneration and other benefits.

Remuneration policy of the CEO and senior management

The Board reserves the right to recruit and decide the remuneration benefit of the higher officials to the rank of General Manager, DMD and above. The Managing Director & CEO has been given with the authority to recruit and decide remuneration benefit of all employees to rank up to mentioned above in line with the industry best practice.

Role of Independent Directors

The Independent Directors play a key role in the decision making process of the Board as they involve in the overall strategy of the Company and oversee the performance of management. The Independent Directors are committed to act in what they believe is in the best interest of the Company and its stakeholders. The Independent Directors bring a wide range of experience, knowledge and judgment as they draw on their varied proficiencies in economics, finance, management, law and public policy. The wide knowledge of both their field of expertise and boardroom practices helps to foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

Role of the Chairman

The Chairman serves as the primary link between the Board and Management and works with the Managing Director and Company Secretary to set the agenda of the Board Meetings. He provides leadership to the Board and ensures that the Board works effectively and discharges its responsibilities efficiently.

Role of the Managing Director

The Managing Director is the key person and is responsible for running the business of the Company. He is also responsible for formulating as well as implementing Board strategy and policy. The Managing Director is responsible for establishing and executing the Company's operating plans that are necessary to achieve the Company's objectives. He has the overall control on the Company's day to day affairs and is accountable to the Board for the financial and operational performance of the Company.

Chairman & Managing Director of the Company is different persons

Chairman of the Board and Managing Director of the Company are different persons with different role and responsibilities, defined by the Board and thereby preventing unregulated powers of decision making on a single hand.

Delegation of Authority

There is clearly spelled out delegation of authority in sanctioning loan as well as the operational and capital expenditure with specific task authority relationship. The Board has empowered responsible persons to implement its board policies and guidelines and has set up adequate review processes.

Role of the Company Secretary

Company Secretary is responsible for advising the Board through the Chairman on all governance matters. He is also responsible for ensuring proper information flow with the Board and its Committees and between the management and the Directors. He is also acting as bridge between the regulators/stakeholders and the Company. He/she must possess the required qualification mentioned in the corporate governance guidelines issued by BSEC.

Internal Control and Compliance

The Company's internal control system was commensurate with its size and business nature. The system minimized operational risks through effective control, systemic review and on-going audit. The internal auditors undertook a comprehensive audit of all functional areas and operations, their findings referred to the Audit Committee of the Board.

The Board has ultimate responsibility for establishing an effective system of internal control. The internal control system holds all business risks, including financial, operational and strategic risks. To mitigate all the risk as well as to establish control environment, the board holds its meeting regularly with comprehensive agenda dealing with all major aspects of business. There is an internal control and compliance department directly reporting to the Board Audit Committee which looks after compliance with the organizational policies by different departments.

Role of the Head of internal Control & Compliance

The Head of internal Control and compliance is responsible for reporting to the Board Audit Committee regarding Deviations from accounting and internal audit team of the Company.

Risk Management

The Company always concerning on delivering high value to its stakeholders through appropriate tradeoff between risk and

return. A well-structured and proactive risk management system is in place within the Company to address the risks relating to credit, market, liquidity and operations.

Accounting Standards

The company has complied with the applicable Accounting Standards. The Financial Statements present fairly in all material respects and comply with the financial Institution Act 1993, the Companies Act 1994, the securities and exchange the Rules 1987 & other applicable laws and regulations.

Related Party Transaction

Transactions with related parties are made on arm's length basis and are in the ordinary courses of business. Detailed transactions with related parties are described at notes-39 of the Financial Statements in the page no. 153 of this annual report.

Auditors Certificate on Corporate Governance

The Company has complied with all mandatory requirements of Corporate Governance Guidelines as enumerated in the Notification No. SEC/CMRRD/2006-158/134/Admin/44 dated 7 August 2012 and its subsequent amendments by Bangladesh Securities and Exchange Commission. M/s Jayonto Poddar & Associates have certified that the Company has complied with the conditions of Corporate Governance as stipulated under the corporate Governance Guidelines which is annexed in the page no. 78.

Statement of CEO and CFO regarding Financial Statements

A separate statement as to the fairness and presentation of the financial Statements of the Company is given in page no. 91 of this report.

Annual General Meeting (AGM)

ILFSL holds Annual General Meeting of shareholders once a year and the Company ensures effective interaction with the shareholders at the Annual General Meeting. The Directors pay special attention in answering the various quires raised by the shareholders at the Annual General Meeting.

General Information for the Shareholders

The Company reports including quarterly, half-yearly and annual reports and accounts were sent to shareholders in a timely and accurate manner, and meet with shareholders in the AGM where they are encouraged to ask questions about the performance, strategy and future prospect of the Company. The Stakeholders have access to company information through the company's website and postal correspondence. ILFSL complied with the requirements for reporting and disclosure of information to the Shareholders and Stakeholders during the year under review. The Board reports included the nature and extent of its social, ethical, safety, health and environmental policies and practices. The outcome of every general meeting is announced to Shareholders and adopted by the Board of Directors.

Whistleblower system

Employees are usually the first to notice if Company's procedures are not followed. All our employees have an obligation to report any suspicion or knowledge of breaches of the Company's policies to the head of Internal Control & Compliance. The reports are then passed on to the Audit Committee and the Board of Directors. ILFSL values a free flow of information. To ensure that critical information is not withheld, all reports and questions received through the whistleblower system are treated confidentially.

ILFSL recognizes that the decision to report a concern about suspected fraud or fraudulent behavior could be a difficult. Employees are often the first to realize that there is something seriously wrong within the Company. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Company. They may also fear revenges, harassment or victimization. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion. ILFSL encourages and enables employees, staff and external parties to raise serious concerns within the Company rather than overlooking a problem or blowing the whistle to the authorities including the Central Bank.

ILFSL will protect employees and ensure that they are treated with respect, and we do not accept reprisals against such employees. Individuals are encouraged to put their names to allegations. Concerns expressed anonymously are much less powerful, but they will be considered and investigated at the discretion of ILFSL.

Going Concern

The Board is satisfied that the company has adequate resources to continue its business for the foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing the financial statements.

PODDER & ASSOCIATES
Cost and Management Accountants

As per BSEC rules (letter SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August, 2012), all the companies listed with any stock exchange in Bangladesh shall comply with some conditions in accordance with condition no. 7. The condition requires that the directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions and prerequisite set by BSEC in their letter.

Compliance Certificate

On

CORPORATE GOVERNANCE

To the Shareholders of

International Leasing And Financial Services Limited

We have examined the compliance to the BSEC guidelines on Corporate Governance by **International Leasing And Financial Services Limited** for the financial year ended on 31st December 2017, these guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012, as amended vide notification dated 21 July 2013 and 18 August 2013 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the company. Our examination for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Company for ensuring the compliance on the attached statement on the basis of evidence gathered and representation received.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that, subject to the remarks and observations as reported in the attached Compliance Statement. The Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC. We also state that such compliance is neither an assurance with which the Management has conducted the affairs of the Company.

For Podder & Associates

Jayanta Kumer Podder
Cost and Management Accountant

Date: 06 MAY 2018

Place: Dhaka, Bangladesh

6/A/1 (Ground Floor), Segun Bagicha, Dhaka-1000. Phone : 02-57160360, 02-57160425, E-mail: info@thepodders.com, Web: www.thepodders.com

International Leasing And Financial Services Limited

Status of Compliance with the Corporate Gevernance Guideline (CGC)

For the period ended 31st December 2017

Status of compliance with the condition imposed by the Commission's Notification No. letter SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969

(Report under Condition No. 7.00)

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
1	Board of Directors			
1.1	Boards size			
	The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty).	√		The Board is comprised of 12 Directors including Managing Director.
1.2	Independent Directors			
(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		There are Three Independent Directors in the ILFSL Board.
(ii)	*For the purpose of this clause 'Independent directors' means a director-*			
a)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		The Independent Directors have declared their compliances.
b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company :	√		
c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associated companies;	√		
d)	Who is not a member, director. or officer of any stock exchange;	√		
e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	√		
f)	Who is not a partner or an executive or was not a Partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	√		
g)	Who shall not be an independent director in more than 3 (three) listed companies;	√		
h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	√		
i)	Who has not been convicted for a criminal offence involving moral turpitude.	√		

PODDER & ASSOCIATES DHAKA

ii)	Who has not been convicted for a criminal offence involving moral turpitude.	√		
(iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
(iv)	The post of independent director(s) can not remain vacant for more than 90(ninety) days.	√		No vacancy occurred
(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
(vi)	The tenure of office of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) term only.	√		
1.3	*Qualification of Independent Director (ID)*			
(i)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
(ii)	The person should be a Business Leader/ Corporate Leader/ Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have a least 12(twelve) years of corporate management /professional experiences.	√		
(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			Not Applicable
1.4	*Chairman of the Board and Chief Executive Officer*			
(i)	The position of the chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the chairman and the chief executive officer.	√		Different Persons hold the positions with specific responsibilites set by the Board.
1.5	*Directors Report to the Shareholders*			
(i)	Industry outlook and possible future developments in the industry.	√		
(ii)	Segment-wise or product-wise performance.	√		
(iii)	Risks and concerns.	√		
(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
(v)	Discussion on continuity of any Extra-Ordinary gain or loss.			Not Applicable
(vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report.	√		
(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.			Not Applicable

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(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IP0), Repeat Public Offering (RPO). Rights Offer, Direct Listing, etc.			No such matter to explain
(ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			No such matter to explain
(x)	Remuneration to directors including independent directors.	√		
(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		
(xii)	Proper books of account of the issuer company have been maintained.	√		
(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		
(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standard (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considerer to be a going concern, the fact along with reasons thereof should be disclosed.	√		
(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		No such matter to explain
(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
(xix)	if the issuer company has not declared dividend(cash or stock) for the year, the reasons thereof shall be given.	√		
(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
(xxi)	The Pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:	√		
(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
(xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		

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(xxi) c)	Executives;			Not applicable
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).			Not applicable
(xxii)	*In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:*			
(xxii) a)	a brief resume of the director	√		
(xxii) b)	nature of his/her expertise in specific functional areas;	√		
(xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2.0	*Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)*			
2.1 Appointment	The company shall Appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles,responsibilites and duties of the CFO, the Head of internal Audit and the CS.	√		The company has appointed CFO, CS and Head of Internal Audit. There are clearly defined roles, responsibilites and duties which have been approved by Board as per requirement of BSEC notification.
2.2 Requirement to attend the Board Meetings	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		In Practice
3.0	*Audit Committee*			
(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		Already in place
(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		In Practice
(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall he clearly set forth in writing	√		In Practice
3.1	Constitution of the Audit Committee			
(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
(ii)	The Board of Directors shall appoint members of the audit committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
(iii)	All members of the audit committee should be "financially literate" and at least I (one) member shall have accounting or related financial management experience,	√		All the existing members of the Audit Committee are ' Financially literate' and they have 'related financial management experience' as per BSEC notification.

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(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	√		No such Incidence arose
(v)	The company secretary shall act as the secretary of the Committee.	√		In practice
(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		In practice
3.2	Chairman of the Audit Committee			
(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√		
(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	Role of Audit Committee			
(i)	Oversee the financial reporting process.	√		
(ii)	Monitor choice of accounting policies and principles.	√		
(iii)	Monitor Internal Control Risk management process.	√		
(iv)	Oversee hiring and performance of external auditors.	√		
(v)	Review along with the management, the annual financial, statements before submission to the board for approval.	√		
(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
(vii)	Review the adequacy of internal audit function.	√		
(viii)	Review statement of significant 'related party transactions submitted by the management.	√		
(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.			There was no IPO/RPO/Rights Issue in 2017.

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3.4	**Reporting of Audit Committee**			
(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	√		
3.4.1 (ii) a)	Report on conflicts of interests;			No such Incidence arose
b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;			No such Incidence arose
c)	Suspected infringement of laws, including securities related laws, rules and regulations;:			No such Incidence arose
d)	Any other matter which shall be disclosed to the Board of Directors immediately.			No such Incidence arose
3.4.2 Reporting to the Authorities	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation andhas discussed with the Board of Directors and the management that anyrectification is necessary and if the Audit Committee finds that such rectificationhas been unreasonably ignored, the Audit Committee shall report such finding tothe Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			No such reportable incidence arose
3.5	**Reporting to the Shareholders and General Investors**			
	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	√		
4	**External/ Statutory Auditors**			
The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-				
(i)	Appraisal or valuation services or fairness opinions.	√		
(ii)	Financial information system design and implementation	√		
(iii)	Book-keeping or other services related to the accounting records or financial statement	√		
(iv)	Broker –dealer services	√		
(v)	Actuarial services	√		
(vi)	Internal audit services	√		
(vii)	Any other services that the audit committee determines.	√		
(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
(ix)	Audit/ Certifiaction services on compliance of corporate governance as required under clause (i) of condition No. 7	√		

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5	Subsidiary Company			
(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	√		
(ii)	At least 1 (one) independent director of the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	√		
(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	√		
(v)	The Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the subsidiary company.	√		
6.0	*Duties of Chief Executive Officer (CEO) and Chief Financial Officer(CFO)*			
The CEO and CFO shall certify to the Board that:-				
(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		In practice
(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company diving the year which are fraudulent illegal or violation of the company's code of conduct.	√		In practice
7.0	*Reporting and Compliance of Corporate Governance*			
(i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		Required certification has been obtained from ''PODDER & ASSOCIATES" Cost & Management Accountants for the year ended 31st December 2017.
(ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

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Compliance Report on Bangladesh Bank's Guidelines on CG

COMPLIANCE REPORT ON THE GOOD GOVERNANCE GUIDELINE ISSUED BY THE BANGLADESH BANK

By the DFIM Circular No.7 dated 25 September 2007, Bangladesh Bank issued a policy on responsibility & accountability of Board of Directors, Chairman & Chief Executive of the financial institution. The Board of Directors of the Company has taken appropriate steps to comply with the guidelines and implemented the same.

Status report on compliance with those guidelines is given below:

SL No.	Particulars	Compliance Status
1.	(a) Work-planning and strategic management:	
	(i) The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goal and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies.	Complied
	(iii) The Board will set the Key Performance Indicator (KPI)s for the Managing Director / CEO and other senior executives and will evaluate half yearly / yearly basis.	Complied
	(b) Formation of sub-committee:	
	Executive Committee may be formed in combination with directors (excluding any alternate Directors) and management of the Company only for rapid settlement of emergency matters (approval of loan/lease application, write-off, rescheduling etc.) arisen from the regular business activities.	Complied
	(c) Financial Management:	
	(i) Annual Budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	(ii) Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recovery of overdue loan/lease.	Complied
	(iii) Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget to the maximum extend.	Complied
	(iv) The Board shall adopt the operation of bank accounts. Groups may be formed among the management to operate bank accounts under joint signatures.	Complied
	(d) Management of loan/lease/investments:	
	(i) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied

SL No.	Particulars	Compliance Status
	(ii) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
	(iii) Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied
	(e) Risk Management:	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
	(g) Human resource management:	
	Board shall approve the policy on Human Resources Management and Service Rule. Chairman and Director of the Board shall not interfere on the administrative job in line with the approved Service Rule.	Complied
	Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/General Manager and other equivalent position shall lie with the Board incompliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
	(h) Appointment of Managing Director / CEO:	
	The Board shall appoint a competent Managing Director / CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	Complied
	(i) Benefits offer to the Chairman:	
	Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the Company subject to the approval of the Board.	Complied
2.	Responsibilities of the Chairman of the Board of Directors:	
	(a) Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
	(b) The minutes of the Board Meetings shall be signed by the Chairman;	
	(c) Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
3.	Responsibilities of Managing Director:	
	(a) Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied
	(b) Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities;	Complied
	(c) All recruitment/promotion/training, except recruitment/promotion/training of DMD / GM, shall be vested upon the Managing Director. He shall act such in accordance the approved HR Policy of the Company;	Complied
	(d) Managing Director may re-schedule job responsibilities of employees;	Complied
	(e) Managing Director may take disciplinary actions against the employees except DMD;	Complied
	(f) Managing Director shall sign all the letters/statements relating to compliance of policies and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no.2 dated 06 January 2009 if so authorized by MD.	Complied

Report on Internal Control

The aim of internal control is to provide reasonable assurance, by means of processes and procedures implemented by ILFSL, that the following objectives may be achieved.

- To determine the reliability and integrity of information; (i.e. evaluating the internal control systems and the integrity of financial and operating information produced by those systems)
- To determine whether the compliance were within the policies, procedures, law and regulations.
- To determine if the assets are safeguarded and ensure the existence of those assets.
- To review the operations or programs' for consistency with established management goals and objectives.
- To assist members of our organization in the effective and successful performance of their responsibilities by providing them with analyses, recommendations and other pertinent information concerning the activities being reviewed.

As in the case with any control systems, the company's internal system cannot guarantee that all risk of error or fraud is fully eliminated or controlled and safeguarded.
The control system works across the ILFSL group to all division and departments of its operations. Whether they are adhering to the policies, procedures, laws and regulations.
The internal control system of the company consists the following related components:

- The control environment.
- Risk Assessment.
- Control Activities under the purview of the policies and rules.
- Information and communication.
- Effective Monitoring.
- To remain complaint in all respect.
- Ensuring gradual up gradation of IT sector – for obtaining/generation of correct, definite and true financial data and other reports in line with regulators requirement.

Internal Control Procedure:
ILFSL believes on the principle of decentralization of authority and responsibility. Consequently responsibility for the implementation of appropriate internal control procedures governing risk management, financial control and complies with legislation is delegated to the managers of each department of the Company. To ensure the consistency of Company's procedures with each department, senior management relies on the functional department to draw up the procedures necessary for the proper operation of controls issue instructions regarding their implementation and ensure compliance with the said instructions.

The key operations and the internal control procedures applicable to them are described below:
With a View to ensure correct, safe, secure, stable & effective transaction processing, Finance and Accounts Department of ILFSL is working with utmost efficiency & Professionalism. Financial and accounting information is prepared centrally on the basis of financial statements generated from the software application that is used by different departments and in compliance with the IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) as adopted by the ICAB (Institute of Chartered Accountants of Bangladesh) from time to time.

Reports are produced monthly and prepared in the following month to which they relate whereas full accounting consolidations are produced quarterly and prepared within the following month to which they relate. The preparation of the annual financial statements is the responsibility of the management under the supervision of the Audit Committee and Company's Auditor. The quarterly & half- yearly Financial Statements are prepared by the Management under the supervision of audit committee.

External Financial information:
Financial communication to external parties consists of financial statements prepared by the Management, submitted to the Board and reviewed and audited by the Auditors.

Procedures and inspections:
With the objectives of producing high quality financial and accounting information, ILFSL has introduced procedures and instructions tailored to every section. These procedures are grouped by topic and deal mainly with accounting, treasury, regulatory and reporting issues.
The internal control and compliance department is independent from management. It audits the activities and systems of different departments in accordance with the audit plan, particularly in order to assess and improve the accuracy and reliability of the accounting and financial information.
The internal control and compliance department closely coordinates with the external auditors.

Customer relation:
With the aims of specifying and formalizing certain practices regarding contractual relations with its clients, ILFSL has developed procedures for managing client risk. This includes limits in respect of credit delegation of authority, security, insurance and documentations through the legal counsel.
The legal department analyzes the legal provisions applicable to financing agreement executed between ILFSL and the clients. We have standard documents defining the conditions with which the agreement should comply in order to reduce the level of risk. These standard documents are regularly reviewed by the concerned departments.

Information technology:
The Information Technology Department is responsible for integrity and ensuring the consistency of the hardware and software used. In ILFSL most data processing is carried out by means of integrated software packages. Back up of the database is stored in a safe custody on daily, weekly and monthly basis within the business premises.

Audit Committee Report

The Audit Committee of the Company on behalf of the Board strives to ensure effective implementation of the processes set out in the business plans and policies. Its aim is to ensure that high standards of corporate reporting, control and compliance are achieved through its strong vigilance and monitoring of the following areas:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible and prepared as per the requirement of SEC & Bangladesh Bank requirements before publication;
- Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- Review with the management, the annual financial statements before submission to the Board for approval.

Composition of the Committee

The Audit Committee of ILFSL has been formed pursuant to the Bangladesh Bank's guideline on Internal Control and Compliance (ICC) framework vide their DFIM Circular No.-13, dated October 26, 2011 and Bangladesh Securities and Exchange Commission's Corporate Governance Guidelines dated August 7, 2012.

The Audit Committee at ILFSL was last reconstituted on February 19, 2016 and the present members of the Committee are:

1. Mr. Md. Zahirul Alam, FCA	- Chairman
2. Mr. Nasim Anwar, FCA	- Member
3. Mr. M. Nurul Alam	- Member
4. Mr. Muhammed Abul Hashem	- Member
5. Mr. Md. Nowsherul Islam	- Member

The Committee is responsible and reports to the Board of Directors. The Managing Director and the Chief Financial Officer attend committee meeting by invitation. Mr. Md. Rafiqul Islam Khan, ACS, Company Secretary is also the Secretary of the Audit Committee. The Head of Internal Audit concurrently reports to the Managing Director as well as to the Audit Committee.

Meeting of the Audit Committee

The Committee held six (6) meetings during the year under review. The attendance of Committee members at meetings is stated in the table on page 153. Members of the senior management of the company were invited to participate at meetings as and when required. The proceedings of the Audit Committee meetings are regularly reported to the Board of Directors.

The Audit Committee reviewed the annual financial statements for the year 2017 and placed it to the Board of Directors along with its recommendations. Based on the review the Audit Committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of the activities and financial status of the Company and to ensure that its assets are safeguarded properly.

Roles and Responsibilities of the Committee

As set out by Bangladesh Bank and Bangladesh Securities & Exchange Commission, in addition to any other responsibility, which may be assigned from time to time by the Board the audit committee is responsible for the following matters:

Activities:

The Committee carried out the following activities during the year 2017:

(a) Internal Control

1. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have understanding of their roles and responsibilities;
2. Review the arrangements made by the management for building a suitable Management Information System (MIS) including computerization system and its applications;
3. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;
4. Review the existing risk management procedures for ensuring an effective internal check and control system;
5. Review the corrective measures taken by the management as regards the reports relating to fraud – forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and inform the Board on a regular basis.

(b) Financial Reporting

The committee supports the Board of Directors to discharge their responsibility for the preparation of Financial Statements that reflect a true and fair view of the financial performance and financial position based on the company's accounting records and in terms of the Bangladesh Accounting Standard.

1. Review the annual financial statements and determine whether they are complete and consistent with the accounting standards set by the regulatory authority;
2. Meet management and the external auditors to review the financial statements before their finalization.
3. The chairman of the audit committee shall be present and answerable to reply the accounting and audit related query in the general meeting.

(c) Internal Audit

1. Review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made;
2. Review the efficiency and effectiveness of internal audit function;
3. Review that findings and recommendations made by the internal auditors for removing the irregularities detected and also running the affairs of the Institution which are duly considered by the management.
4. Recommended to the Board in case of change of the accounting policies.

(d) External Audit

1. Review the auditing performance of the external auditors and their audit reports;
2. Review that findings and recommendations made by the external auditors for removing the irregularities detected and also running the affairs of the institution which are duly considered by the management;
3. Make recommendations to the Board regarding the appointment of the external auditors incompliance of SEC circular stipulations.

(e) Compliance with existing Laws and Regulations

Review whether the laws and regulations framed by the regulatory authorities (Bangladesh Bank and other bodies) and internal regulations approved by the Board have been complied with.

(f) Other Responsibilities

1. Place reports before the Board on periodic basis regarding findings, recommendations, regularization of the errors & omissions, fraud and forgeries and other irregularities as detected by the internal and external auditors and inspectors of the regulatory authorities;
2. Perform other oversight functions as requested by the Board and evaluate the Committee's own performance on a regular basis.
3. Receive and review the report of the internal audit which normally prepares for the higher management.

Reporting to the Board and the Shareholders

The Committee reports to the Board following each meeting. In addition, the Committee also provides:

- Copies of the minutes of the Meeting to the Board
- A report annually to the Board/Shareholder

Acknowledgement

The Board's Audit Committee expressed its sincere thanks to the members of the Board, Management and the Auditors for their support in carrying out its duties and responsibilities effectively.

Md. Zahirul Alam, FCA
Chairman
Audit Committee

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Certification on Financial Statements by CEO and CFO

The Financial Statements of the International Leasing And Financial Services Limited are prepared in compliance with International Accounting Standard (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standard (IFRS)/Bangladesh Financial Reporting Standard (BFRS), as applicable in the country and any departure there-form has been adequately disclosed.

The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view. The form and substance of transactions and the Company's state of affairs reasonably presented. To ensure this, the Company has taken proper and adequate care in installing a system of internal control accounting records. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

In this regard, we also certify to the Board that:

1. We have reviewed financial statements for the year and that to the best of our knowledge and belief.

2. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.

3. There are, to the best of knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.



Rashedul Haque
Managing Director



Syed Abed Hasan
Chief Financial Officer

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Sustainable Development Report

- Corporate Social Responsibility
- Report on Going Concern
- Green Banking Activities
- Value Added Statement
- Report on Human Resources
- Contribution to National Economy

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CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a long term approach which provides frameworks for successful enterprises that are harmonious with their surroundings. We believe that CSR must be sustainable part of our business regardless of changing fortunes. ILFSL as a responsible Financial Institution is fully aware of its responsibility about how its operational activities impact its stakeholders, the economy, the society, its staff and the environment.

We have put in place very strong and sensible CSR initiatives. CSR is an integral part of corporate culture and ethics of ILFSL recognizes and always upholds the rights of various groups of stakeholders and treats them fairly.

ILFSL is determined to serve its customers needs by offering useful financial products and services, while maintaining good relationships with them. We have taken several measures to raise the bar of our service excellence to ensure that customers receive the best possible service. ILFSL ensures confidentiality of customer's information and attaches highest importance in complaint management. The company strives to listen and learn from its stakeholders and to take the appropriate action where it applies, since responsible behavior towards its clients, shareholders and employees is an essential element of company's daily business.

Our financing activities include loans, lease, project financing etc. Our goal is to make balanced, informed and transparent financing decisions. We work with our clients and stakeholders to proactively mitigate environmental and related social risks in our financing activities.

ILFSL Group is an investment bank and a nominal percentage of total investment involves clients operating in environmentally and socially sensitive industries such as power generation, automotive and chemicals.

We do not lend money for transactions that are directly related to the trade in or manufacturing of material for chemical or biological weapons or cluster bombs, tobacco etc.

We applies anti-corruption and anti-fraud controls to activities that are known to be susceptible to criminal activity or have been designated as being at high risk for money laundering or terrorist financing.

ILFSL promotes energy diversity as a means of meeting the growing energy demand and supply gap. Financing of renewable projects is in the priority list of our investment.

Gender Equality and Women's Empowerment

ILFSL has established a competitive and enabling working environment to help employees perform their best. ILFSL is working with a vision of converting human resources into human capital through appropriate knowledge, skills, abilities and personal attribution. Creating a culture of healthy competition driven by knowledge is what we believe is the best way to prepare our employees to take up challenges of the contemporary business world. ILFSL ensures equal opportunities for all its employees in terms of both their personal and professional development. ILFSL ensures health and safety in the workplace while keeping it modern by providing all amenities for its employees.

ILFSL considers the responsibility for protection of human rights, gender equality and women's empowerment. ILFSL is successfully developing in bringing diversity in workforce in context of age, gender, ethnicity and locality. ILFSL strives to strike the balance between male and female employees in the workforce.

As an environment responsive Institution we initiated Go Green campaign in our Company. ILFSL ensures borrower has the due environmental clearance certificate from the concerned authorities while granting or renewing credit facilities. ILFSL has assessed environment and social issues related to the projects at the time of granting credit facilities which reflects ILFSL's strong commitment in ensuring environmental and social safeguard of the projects, while creating a sense of accountability for the borrowers. ILFSL conducted various CSR activities during the financial year 2017.

This year ILFSL did some excellent works towards different parts of the society. Among these our company spend a significant amount for higher education scholarship program through Grameen Shikkha. Besides, we gave educational instruments and some necessary items to Autism Welfare Foundation, Prothom Surjo Foundation. ILFSL also contributed for Child welfare through few social welfare foundation. In light of the cold wave sweeping over the country, particularly the northern areas of Bangladesh, ILFSL has extended a helping hand to the needy. ILFSL distributed blankets in different parts of the country through its officials. Meanwhile, ILFSL handed over few blankets and warm cloths to Association for Correction and Social Reclamation (ACSR) and few other organization. It also contributed in the Prothom Alo Tohbil for landslide affected people in Rangamati, Chittagong.

REPORT ON GOING CONCERN

Financial Statements of a Company are required to be prepared on the basis of going concern concept as per Bangladesh Accounting Standards (BAS)-1. Under this concept it is assumed that the Company will continue its business indefinitely and will not cease trading or liquidate and therefore the Company must be able to generate enough resources to stay operational.

The Company has a very good track record and reputation in settlement of its obligation with its lenders/depositors. So, we enjoy easy and fair access to the funding sources to meet our increasing need for growth. In 2017 our deposit portfolio has increased significantly, which reflect the growing confidence of depositors/lenders on ILFSL.

The Company has very positive financial ratios as evident from financial summary given in this Annual Report. Such positive financial ratios indicate Company's sound financial strength and good prospects.

The Company has been paying dividend consistently to its shareholders which reflect Company's long term viability in operational existence over many years. Historical dividend payment record is given in this Annual Report.

The Company has strong sincerity in terms of payment of its obligations to the lenders. The Company is very particular in fulfilling the terms of loan agreement and never defaulted to meet its obligations.

Though the overall financial sectors suffer during the year, ILFSL has maintained growth in its operating performance. All those indicators support Company's continuance in foreseeable periods.

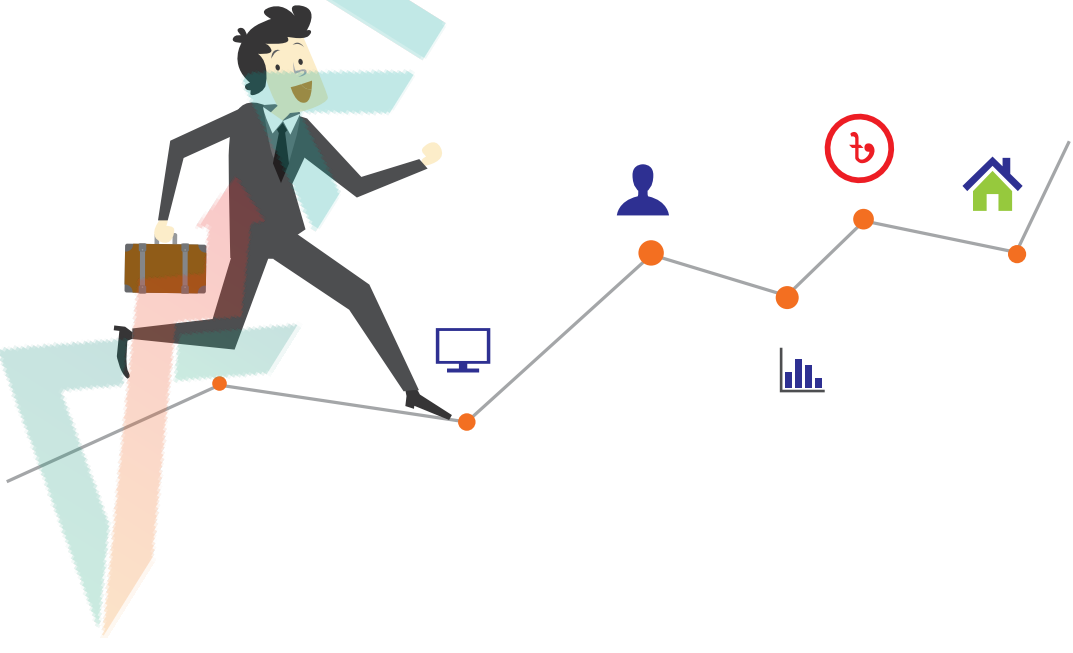
There exists a very good corporate environment in the Company. ILFSL is an excellent working place with friendly environment. Communication among the employees is very excellent. The Company endeavors to be honest and practices fair treatment to all employees which ensures good corporate environment. The Company pays a very competitive compensation package and there exists a good number of employee benefits like transport benefit, maternity benefit, performance bonus, gratuity, provident fund etc. which considered to be instrumental for employee satisfaction.

ILFSL has assigned the rating of A+ and short term rating of ST-2 in 2017 which indicates the consistent upholding of good capital base, quality of assets, good franchise value and management excellence supported by a sound corporate structure.

As on December 31, 2017 the Company's total paid up capital stands at Taka 188.61 crore, while the minimum paid up capital as required by Bangladesh Bank is Taka 100.00 crore.

Management anticipates no significant change in legislation or government policy, which may materially affect the business of the Company.

Based on the above indication, Directors feel it is appropriate to adopt going concern assumption and there is no material uncertainty in preparing the financial statements. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing financial statements.



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GREEN BANKING ACTIVITIES

Green banking considers all the environmental factors along with financial priorities with an aim to protect the environment as well as to foster the economic development in a more environment friendly way. This concept of 'Green Banking' will be mutually beneficial to the banks, financial institutions and the economy.

ILFSL has outlined policy guidelines for implementing Green banking activities in a structured manner in line with standard norms so as to protect environmental degradation and ensure sustainable business practices.

We have incorporated sustainability principles into day to day activities of the company. Our aim is to do best to ensure that the credits we extend to our customers are utilized for environmentally sound and sustainable purposes. ILFSL complies with environmental standard while financing. Projects with likely adverse impact on environment are strongly discouraged by ILFSL. As an environment responsive financial institution, ILFSL ensures that the borrower has the due environmental clearance certificate from the concerned authorities while granting or renewing credit facilities. ILFSL has assessed environmental and social issues related to the projects at the time of granting credit facilities which reflects ILFSLs strong commitment in ensuring environmental and social safeguard of the projects, while creating a sense of accountability for the borrowers.

ILFSL also encourage its borrowers to have solar panel in their project at the time of appeasing and granting housing loan facilities. In future the company aims to enhance the effort on preserving ecosystem, land, air and water, in line with broad corporate mission of the company.

The company has been maintaining a balanced initiative and supporting activity to contain things that may adversely affect the environment. ILFSL encourages rational use of energy in the office and promotes the spirit of environment friendly action plans. Reduced utilization of electricity and minimum uses of water paper has become mandatory for the officials.

ILFSL maintains Environmental Due Diligence at the time of processing proposal before placing the same to management.



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VALUE ADDED STATEMENT

(Figures in BDT)

Value Added	2017		2016	
	Amount	Percentage	Amount	Percentage
Value added				
Operating revenue	4,627,008,566		3,593,012,104	
Cost of borrowing	(3,573,325,326)		(2,885,055,269)	
	1,053,683,240		**707,956,835**	
Other income	1,747,087		3,035,339	
	1,055,430,327		**710,992,174**	
Provision for future losses	(224,317,128)		(226,305,854)	
Operating expenses (excluding staff cost & depreciation)	(127,295,888)		(93,661,195)	
	703,817,311	100%	**391,025,125**	100%
Distribution of value addition				
Shareholders as dividend	226,336,987	32.16%	89,816,265	22.97%
Employees as salaries and other benefits	178,715,480	25.39%	132,705,085	33.94%
Government as income tax	110,543,919	15.71%	114,255,420	29.22%
	515,596,387	**73.26%**	**336,776,770**	**86.13%**
Retained for reinvestment				
Depreciation & amortisation	26,439,862	3.76%	18,214,015	4.66%
Retained earnings and other reserves	161,781,062	22.99%	36,034,340	9.22%
	188,220,924	**26.74%**	**54,248,355**	**13.87%**
	703,817,311	**100.00%**	**391,025,125**	**100.00%**
Employees' statistics				
Number of employees at year end	204		165	
Operational income per employee	22,681,415		21,775,831	
Value added per employee	3,450,085		2,369,849	

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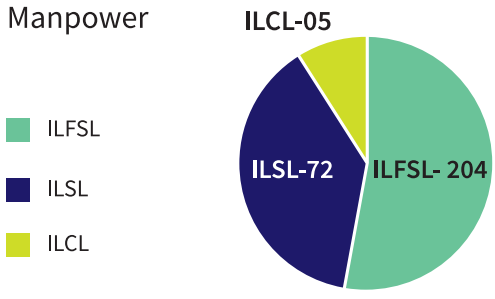
REPORT ON HUMAN RESOURCES

International Leasing and Financial Services Limited (ILFSL) consider quality and skilled Human Resources as one of the most valued assets for the Company to attain organizational objectives and goals. ILFSL is focused on recruiting the best resources and implementing programs to develop and retain high quality human resources.

Currently, ILFSL group has more than 200 employees in various positions. ILFSL believes that its human resources are critical in building and running the Company. Each and every employee is considered, developed and motivated to contribute optimally towards the achievement of corporate achievements.



Recruitment and Selection

Appointments in all grades, except those which require the approval from the Board of Directors as per the guideline of Bangladesh Bank, might be made by direct recruitment, promotion or by transfer as and when required at the discretion of the Management. Existing employee of the organization may apply for suitable vacant position circulated internally.

ILFSL provides equal employment opportunities to all applicants without bias to race, religion, gender, age, disability or any other criteria permissible by the statutory laws of the country. The recruitment and selection process is consistently applied and promotes fairness, diversity and transparency. The process complies with all state laws, regulations and policies.

Types of Employment

Permanent Employment:
Company may appoint competent employee for different Departments/Divisions for longer period of time with or without probation period as per organizational needs that will be considered as Permanent Employment.

Contractual Employment:
Company may deploy employee on contract for 3 (three) months to 1 (one) year especially for Marketing & Sales. Such contract can be renewed based on employee's performances and organizational needs. ILFSL HR manual will not be applicable for contractual employees. Employment of such employees will be governed by the term of contract only.

Casual Employment:
Company may deploy staff like Office Assistant, Security Guard, Driver, Cleaner etc. on daily/weekly/Monthly basis as per Organizational needs that will be considered as Casual Employee.

Compensation

The salary structure (pay scale and allowances) and other financial benefits of the employees shall be determined by the Board from time to time based on the performance. The Board shall have the right to revise and incorporate pay scale, allowances and other financial benefits for betterment of the employees based on the inflation, competitor's salary structures, current market trend, cost of living etc.

Equal Opportunity

ILFSL believes in equal employment opportunities to attract, retain, develop and promote the most qualified employees regardless of race, color, origin, gender, age, disability, veteran status or any other characteristics. This policy applies to recruitment and placement, promotion, training, transfer, retention, rate of pay and other benefits, layoff, recalls from layoffs, financial assistance as well as details and conditions of employment.

Equal opportunity employment prohibits gender biasness and leads to the creation of a diverse workforce. Employment, transfer and promotion decisions will be based on merit and the principle of furthering equal opportunity. The recruitments for a job shall be validity related to the job performance required for the position.

Health and Safety

Employees must observe the safety rules that have been designed for everyone's benefit. For office areas, employees are required to do their part to keep work areas and walkways clear of clutter or obstructions. Awareness of any potential health or safety hazards must be reported immediately to supervisor as well as Human Resources, Administration and IT department.

Contribution to National Economy

Sustainable development, economic growth and a healthy environment is inter-linked to the long-term performance of the Company. In this backdrop, International Leasing plays a contributory role in terms of creating employment opportunity, paying taxes and providing financial services amongst the non-banking financial institutions in Bangladesh. Our role in the economy is extensive in terms of employment generation, tax payment, contribution to the underprivileged people, protection of environment and serving the society. Our everyday business activities touch the lives of millions of people and businesses. We recognize that ILFSL has the corporate responsibilities to the development of the community and the country as a whole. We aspire to be known as an institution that builds enduring relationship with and delivers value for our customers, shareholders, employees, government and the community where we do businesses.

The organization both large and small can help shape the economies of a community and country in which they do business, simply through their day-to-day business decisions and actions. Our ongoing objective is to make sure that ILFSL businesses are taking on only risks they understand and that are manageable within an acceptable level. Our most direct contribution comes through maintaining a strong business with solid earnings and profits. This allows us to pay to our employees and lenders and depositors, contribute taxes and revenues to government and provide dividends to our shareholders.

As a financial services provider, ILFSL contributes to the economic prosperity by providing financial products and services to the industrial undertakings including SMEs which have become keys to economic growth of the country and without opening up of the financial sector to semi urban and rural areas, the projected growth of the economy will not be achievable. Through its subsidiary companies, ILFSL group also manages capital market operations. This is how ILFSL contributes to the industrialization and capital market development of Bangladesh and thus helping employment generation.

ILFSL contributes to the national economy by paying out fair share of taxes to Government exchequer in collection of revenues. The Company deducts withholding taxes, VAT and excise duty at source from payment of interest on term deposits, cash security, products and services, salary & allowances to employees and deposits the same to the government exchequer within prescribed time. Besides this the Company pays tax on its various earnings i.e. income tax on its income as well as VAT on its fee based income. During the year 2017 the Company collected, withheld and deposited tax, VAT and excise duty at source and paid advance tax to government exchequer at volume of Tk.123.36 million.

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Financial Statements of ILFSL & The Group

- Auditors' Report to the Shareholders
- Consolidated Statement of Financial Position
- Consolidated Statement of Profit and Loss Account
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Shareholders' Equity
- Statement of Financial Position
- Statement of Profit and Loss Account
- Statement of Cash Flows
- Statement of Changes in Shareholders' Equity
- Liquidity Statement
- Notes to the Consolidated Financial Statements
- Schedule of Investment in Shares
- Schedule of Fixed Assets
- Schedule of Consolidated Fixed Assets
- Financial Highlights



INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED
and it's Subsidiaries

AUDITORS' REPORT
&
AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Auditors' Report To The Shareholders' of International Leasing And Financial Services Limited

We have audited the accompanying Consolidated Financial Statements of International Leasing And Financial Services Limited and its subsidiaries as well as the separate financial statements of International Leasing & Financial Services Limited ("the Company") which comprise the Consolidated and separate Statement of Financial Position as at December 31, 2017 and the related Statement of profit and loss account, Statement of Cash Flows, Statement of Changes in Equity for the year then ended, the Liquidity Statement as at December 31, 2017 and a summary of significant accounting policies and other explanatory notes- 1 to 46 and Annexure-A, B & C. The subsidiaries Separate financial statements of IL Capital Limited were audited by us & International Securities Limited audited by other auditors.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these Consolidated and separate Financial Statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), Financial Institutions Act 1993, Bangladesh Securities and Exchange Commission rules 1987, Companies Act 1994 along with rules & Regulation Issued by Bangladesh bank and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of Financial Statement that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Consolidated and separate Financial Statements of the Company based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated and separate Financial Statements of the Company. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated and separate Financial Statements of the Company, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated and separate Financial Statements of the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Opinion

In our opinion, Consolidated and Separate financial statements present fairly, in all material respects, the financial position of International Leasing & Financial Services Limited as at December 31, 2017 and its financial performance and the statement of cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the requirements of the Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Rules 1987, the rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations where applicable.

Emphasis of matter

Without qualifying our opinion, we draw attention to the following matters:

i) Capital Adequacy Ratio (CAR) of the company is 6.48% against required minimum CAR 10% which is disclosed in note no. 12.3.

ii) The company given loan to its subsidiary International Leasing Securities Limited an amount of Tk. 2,141,533,173 (82.80% of equity) which crossed the single party exposure limit and disclosed in note no. 6.1.2.4.1.

We also report that

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by the law have been kept by the Company so far as it appeared from our examination of these books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

c) the Company's Consolidated and separate Statement of Financial Position and the Statement of Profit and Loss account dealt with by the report are in agreement with the books of account and returns;

d) the expenditure incurred was for the purposes of the Company's business;

e) the Consolidated Statement of financial position of the company as at December 31, 2017 and the profit of the year then ended have been properly reflected in the Consolidated financial statements, and these financial statements have been prepared in accordance with the Financial Institution Act 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank.

f) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

g) the information and explanations required by us have been received and found satisfactory.

h) the company has complied with relevant laws pertaining to capital and reserves and found satisfactory except as mention above;

i) the consolidate and separate financial statements of the company conform to the prescribed standards set in the accounting regulations issued by Bangladesh bank after consultation with the professional accounting bodies of Bangladesh;

j) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention

k) the internal control and the compliance of the company is satisfactory, and effective measures have been taken;

l) nothing has come to our attention that the company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;

m) the internal control and compliance of the company is satisfactory and effective measures have been taken to prevent possible fraud forgery;

n) 80 percent of the risk-weighted assets have been reviewed spending over 1280 person hours.

Dated: Dhaka
April 30, 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

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INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position

as on December 31, 2017

(Figures in BDT)

		2017	2016
PROPERTY AND ASSETS			
Cash	3(a)	108,766,099	255,491,982
In hand (including foreign currencies)		103,949	48,872
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		108,662,150	255,443,110
Balance with banks and other financial institutions	4(a)	5,763,097,811	2,993,496,428
In Bangladesh		5,763,097,811	2,993,496,428
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investments	5(a)	1,647,514,730	1,771,568,833
Government		485,400,000	485,400,000
Others		1,162,114,730	1,286,168,833
Leases, loans and advances	6(a)	36,370,716,954	30,706,672,713
Leases		2,200,740,860	2,443,956,143
Loans, cash credits, overdrafts, etc.		34,169,976,094	28,262,716,570
Fixed assets including premises, furniture and fixtures	7(a)	71,325,635	65,329,840
Intangible Asset	7.1 (a)	1,993,741	3,076,554
Other assets	8(a)	942,613,604	1,042,009,322
Non - financial institutional assets		-	-
Total assets		44,906,028,574	36,837,645,672
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from banks, other financial institutions and agents	9(a)	10,669,445,404	9,832,359,305
Deposits and other accounts		28,965,908,604	21,896,522,149
Term deposits	10.1(a)	28,169,299,104	20,952,354,918
Other deposits	10.2	796,609,500	944,167,232
Other liabilities	11(a)	2,561,288,261	2,787,494,956
Total liabilities		42,196,642,269	34,516,376,411
Capital / Shareholders' equity		2,709,364,684	2,321,246,990
Paid-up capital	12.2	1,886,141,560	1,796,325,300
Statutory reserve	13	428,912,873	364,054,009
Retained earnings/surplus	14(a)	394,310,251	160,867,680
Non-controlling / minority interest	15	21,621	22,272
Total liabilities and Shareholders' equity		44,906,028,574	36,837,645,672
Net asset value per share	16(a)	14.36	12.31

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INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position

For the year ended December 31, 2017

(Figures in BDT)

	Notes	2017	2016
CONSOLIDATED OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17	899,718,630	572,720,063
Acceptances and endorsements		-	-
Letters of guarantee	17.1	899,718,630	572,720,063
Other commitments		-	-
Total Off-Balance Sheet items including contingent liabilities		899,718,630	572,720,063

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

Dated: Dhaka
April 30, 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

AMARSTOCK

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Profit and Loss Account

For the year ended December 31, 2017

(Figures in BDT)

	Notes	2017	2016
OPERATING INCOME			
Interest income	19(a)	4,215,190,112	3,349,601,594
Interest expense on deposits and borrowings etc.	20(a)	(3,573,325,326)	(2,885,055,269)
Net interest income		**641,864,786**	**464,546,325**
Investment income	21(a)	189,033,577	133,356,621
Commission, fees, exchange and brokerage	22(a)	222,784,877	110,053,890
Other operating income	23(a)	1,747,087	3,035,339
Total operating income (A)		**1,055,430,327**	**710,992,174**
OPERATING EXPENSES			
Salaries and allowances	24(a)	169,795,480	124,435,085
Rent, taxes, insurance & electricity	25a)	43,643,455	49,622,300
Legal expenses	26(a)	6,219,224	2,463,336
Postage, stamp & telecommunication	27(a)	3,705,229	3,022,395
Stationery, printing & advertisements	28(a)	10,843,560	6,933,611
Managing Director's salary and benefits	29	8,920,000	8,270,000
Directors' fees & meeting expenses	30(a)	1,933,900	2,229,150
Auditors' fees	31(a)	505,891	405,378
Depreciation, amortization & repair of assets	32(a)	29,065,157	20,508,714
Other expenses	33(a)	57,819,334	26,690,326
Total operating expenses (B)		**332,451,230**	**244,580,295**
Profit before provision & tax (C=A-B)		**722,979,097**	**466,411,879**
Provision against leases, loans and advances	34(a)	215,700,530	229,060,695
Provision for diminution in value of investments	35(a)	8,616,598	(2,754,841)
Total provision (D)		**224,317,128**	**226,305,854**
Total profit before tax (C-D)		**498,661,968**	**240,106,025**
Provision for tax	36(a)	110,543,919	114,255,420
Net profit after tax		**388,118,049**	**125,850,605**
Non-controlling / minority interest		**354**	**839**
Net profit attributable to shareholders of the Company		**388,117,695**	**125,849,766**
Appropriations			
Statutory reserve		64,858,864	22,851,009
General reserve		-	-
		64,858,864	**22,851,009**
Retained surplus		**323,258,831**	**102,998,757**
Earnings per share (EPS)	37(a)	**2.06**	**0.67**

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

Chairman | Director | Managing Director | Company Secretary

Dated: Dhaka
April 30, 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows

For the year ended December 31, 2017

(Figures in BDT)

		2017	2016
A)	**Cash flows from operating activities**		
	Interest receipts in cash	3,859,531,310	2,884,911,058
	Interest payments	(3,634,137,355)	(3,275,705,608)
	Dividend receipts	26,593,115	34,132,854
	Fees, commission & brokerage receipts in cash	222,784,877	110,053,890
	Recoveries of loans previously written off	353,255	2,545,453
	Cash payments to employees	(178,715,480)	(132,705,085)
	Income taxes paid	(127,240,115)	(132,813,088)
	Receipts from other operating activities	1,747,087	3,035,339
	Payments for other operating activities	(128,378,701)	(93,865,891)
	Cash generated from/(used in) operating activities before changes in operating assets and liabilities	42,537,993	(600,411,079)
	Increase / (decrease) in operating assets and liabilities		
	Leases, loans and advances to banks and other FIs	-	-
	Leases, loans and advances to customers	(5,308,738,694)	(9,960,960,979)
	Other assets	226,635,833	(275,868,156)
	Deposits from other banks / borrowings	3,001,979,215	3,228,424,405
	Deposits from customers	4,214,964,972	5,477,896,769
	Other liabilities account of customers	(147,557,733)	23,267,089
	Other liabilities	(496,754,951)	862,650,715
	Net Increase / (decrease) in operating assets and liabilities	1,490,528,643	(644,590,155)
	Net cash from/(used in) operating activities	1,533,066,636	(1,245,001,234)
B)	**Cash flows from investing activities**		
	Proceeds from sale of securities	581,468,326	446,423,953
	Payments for purchases of securities	(294,974,766)	(800,028,543)
	Net change against purchase/sale of fixed assets	(30,270,032)	(40,328,234)
	Receipts/(Payments) against lease obligation	(3,500,761)	(1,491,407)
	Net cash from/(used in) investing activities	252,722,767	(395,424,231)
C)	**Cash flows from financing activities**		
	Receipts of long term loan	2,669,683,008	4,502,539,705
	Repayment of long term loan	(1,462,596,911)	(1,174,477,904)
	Net draw down/(payment) of short term loan	(370,000,000)	610,000,000
	Dividend paid	-	-
	Net Cash from/(used in) financing activities	837,086,097	3,938,061,802
D)	**Net increase / (decrease) in cash and cash equivalents (A+ B + C)**	2,622,875,501	2,297,636,337
E)	Effects of exchange rate changes on cash and cash equivalents	-	-
F)	Cash and cash equivalents at beginning of the period	3,248,988,410	951,352,073
G)	**Cash and cash equivalents at end of the period (D+E+F)**	5,871,863,910	3,248,988,410
	Cash and cash equivalents at end of the period represents		
	Cash in hand (including foreign currencies)	103,949	48,872
	Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	108,662,150	255,443,110
	Balance with banks and other financial institutions {notes 4 (a)}	5,763,097,811	2,993,496,428
	Total Cash and cash equivalents as of Dec 31	5,871,863,910	3,248,988,410
	Net Operating Cash Flows Per Share (NOCFPS)	8.13	(6.60)

Chairman | Director | Managing Director | Company Secretary

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

Dated: Dhaka
April 30, 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2017

(Figures in BDT)

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total	Non-controlling / minority interest	Total
Balance as at January 01, 2017	**1,796,325,300**	**364,054,009**	**160,867,680**	**2,321,246,990**	**22,272**	**2,321,269,262**
Stock dividend for the year 2016	89,816,260	-	(89,816,260)	-	-	-
Interim Dividend for the year 2017	-	-	-	-	(1,005)	(1,005)
Profit transferred to reserve	-	64,858,864	-	64,858,864		64,858,864
Retained surplus for the period from Jan to Dec - 2017	-	-	323,258,831	323,258,831	354	323,259,185
Balance as at Dec 31, 2017	**1,886,141,560**	**428,912,873**	**394,310,251**	**2,709,364,684**	**21,621**	**2,709,386,305**
Balance as at January 01, 2016	**1,710,786,000**	**341,203,000**	**143,408,224**	**2,195,397,224**	**21,433**	**2,195,418,657**
Stock dividend for the year 2015	85,539,300	-	(85,539,300)	-	-	-
Profit transferred to reserve	-	22,851,009	-	22,851,009	-	22,851,009
Retained surplus for the period from Jan to Dec - 2016	-	-	102,998,757	102,998,757	839	102,999,596
Balance as at Dec 31, 2016	**1,796,325,300**	**364,054,009**	**160,867,680**	**2,321,246,990**	**22,272**	**2,321,269,262**

Chairman | Director | Managing Director | Company Secretary

Signed in terms of our separate report of even date

Dated: Dhaka
April 30, 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

Statement of Financial Position

as on December 31, 2017

(Figures in BDT)

	Notes	2017	2016
PROPERTY AND ASSETS			
Cash	3	**108,704,490**	**255,445,111**
In hand (including foreign currencies)	3.1	42,340	2,001
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	3.2	108,662,150	255,443,110
Balance with banks and other financial institutions	4	**5,464,153,316**	**2,608,850,876**
In Bangladesh	4.1	5,464,153,316	2,608,850,876
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investments	5	**899,924,485**	**831,902,579**
Government	5(i)	485,400,000	485,400,000
Others	5(ii)	414,524,485	346,502,579
Leases, loans and advances	6	**34,962,806,891**	**29,730,237,726**
Leases	6.1.1	2,200,740,860	2,443,956,143
Loans, cash credits, overdrafts, etc.	6.1.2	32,762,066,031	27,286,281,583
Fixed assets including premises, furniture and fixtures	7	**55,204,241**	**54,323,393**
Intangible Asset	7.1	**1,993,741**	**3,076,554**
Other assets	8	**2,097,706,355**	**2,010,016,574**
Non - financial institutional assets		-	-
Total assets		**43,590,493,519**	**35,493,852,813**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from banks, other financial institutions and agents	9	**9,811,125,815**	**9,103,904,930**
Deposits and other accounts	10	**28,978,022,624**	**21,910,615,384**
Term deposits	10.1	28,181,413,124	20,966,448,152
Other deposits	10.2	796,609,500	944,167,232
Other liabilities	11	**2,215,226,495**	**2,217,508,231**
Total liabilities		**41,004,374,934**	**33,232,028,545**
Capital / Shareholders' equity		**2,586,118,585**	**2,261,824,267**
Paid-up capital	12.2	1,886,141,560	1,796,325,300
Statutory reserve	13	428,912,873	364,054,009
Retained earnings/surplus	14	271,064,152	101,444,958
Total liabilities and Shareholders' equity		**43,590,493,519**	**35,493,852,813**
Net asset value per share	16	**13.71**	**11.99**

AMARSTOCK

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

Statement of Financial Position

as on December 31, 2017

(Figures in BDT)

	Notes	2017	2016
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17	899,718,630	572,720,063
Acceptances and endorsements		-	-
Letters of guarantee	17.1	899,718,630	572,720,063
Other commitments		-	-
Total Off-Balance Sheet items including contingent liabilities		899,718,630	572,720,063

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

Dated : Dhaka
April 30, 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

AMAR STOCK

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

Statement of Profit and Loss Account

For the year ended December 31, 2017

(Figures in BDT)

	Notes	2017	2016
OPERATING INCOME			
Interest income	19	4,198,161,112	2,980,776,374
Interest expense on deposits and borrowings etc.	20	(3,463,424,582)	(2,456,497,603)
Net interest income		**734,736,530**	**524,278,771**
Investment income	21	94,491,157	45,503,707
Commission, fees, exchange and brokerage	22	5,142,434	4,009,123
Other operating income	23	572,056	1,601,998
Total operating income (A)		**834,942,177**	**575,393,598**
OPERATING EXPENSES			
Salaries and allowances	24	112,964,189	77,652,154
Rent, taxes, insurance & electricity	25	30,157,202	31,072,794
Legal expenses	26	2,727,529	1,913,174
Postage, stamp & telecommunication	27	2,499,311	1,875,843
Stationery, printing & advertisements	28	9,987,696	6,275,589
Managing Director's salary and benefits	29	8,920,000	8,270,000
Directors' fees & meeting expenses	30	1,674,400	1,940,400
Auditors' fees	31	365,020	287,500
Depreciation, amortization & repair of assets	32	20,099,525	11,402,462
Other expenses	33	45,412,458	17,796,490
Total operating expenses (B)		**234,807,330**	**158,486,406**
Profit before provision & tax (C=A-B)		**600,134,847**	**416,907,192**
Provision against leases, loans and advances	34	215,700,530	229,060,695
Provision for diminution in value of investments	35	3,007,198	(12,668,945)
Total provision (D)		**218,707,728**	**216,391,750**
Total profit before tax (C-D)		**381,427,119**	**200,515,442**
Provision for tax	36	57,132,801	86,260,396
Net profit after tax		**324,294,318**	**114,255,046**
Appropriations			
Statutory reserve		64,858,864	22,851,009
General reserve		-	-
		64,858,864	**22,851,009**
Retained surplus		**259,435,454**	**91,404,037**
Earnings per share (EPS)	37	**1.72**	**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

Dated : Dhaka
April 30, 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

AMARSTOCK

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

Statement of Cash Flows

For the year ended December 31, 2017

(Figures in BDT)

		2017	2016
A)	**Cash flows from operating activities**		
	Interest receipts in cash	3,784,796,298	2,499,685,396
	Interest payments	(3,402,612,553)	(2,065,847,264)
	Dividend receipts	21,964,867	17,004,606
	Fees and commission receipts in cash	5,142,434	4,009,123
	Recoveries of loans previously written off	353,255	2,545,453
	Cash payments to employees	(121,884,189)	(85,922,154)
	Income taxes paid	(123,361,499)	(128,934,472)
	Receipts from other operating activities	572,057	1,601,998
	Payments for other operating activities	(95,881,196)	(63,252,152)
	Cash generated from/(used in) operating activities before changes in operating assets and liabilities	69,089,472	180,890,533
	Increase / (decrease) in operating assets and liabilities		
	Leases, loans and advances to banks and other FIs	-	-
	Leases, loans and advances to customers	(4,825,453,795)	(10,207,707,784)
	Other assets	35,671,718	(158,467,032)
	Deposits from other banks / borrowings	3,000,000,000	3,000,000,000
	Deposits from customers	4,214,964,972	5,477,896,769
	Other liabilities account of customers	(147,557,733)	23,267,089
	Other liabilities	(329,537,344)	(191,974,698)
	Net Increase / (decrease) in operating assets and liabilities	1,948,087,819	(2,056,985,656)
	Net cash from/(used in) operating activities	2,017,177,291	(1,876,095,123)
B)	**Cash flows from investing activities**		
	Proceeds from sale of securities	1,782,899,106	770,294,306
	Payments for purchases of securities	(1,778,394,723)	(769,596,700)
	Net change against purchase/sale of fixed assets	(16,839,979)	(39,917,150)
	Receipts against lease obligation	(3,500,761)	(1,491,407)
	Net cash from/(used in) investing activities	(15,836,357)	(40,710,950)
C)	**Cash flows from financing activities**		
	Receipts of long term loan	2,539,817,796	4,703,332,713
	Repayment of long term loan	(1,462,596,911)	(1,174,477,904)
	Net draw down/(payment) of short term loan	(370,000,000)	610,000,000
	Dividend paid	-	-
	Net Cash from/(used in) financing activities	707,220,885	4,138,854,810
D)	**Net increase / (decrease) in cash and cash equivalents (A+ B + C)**	2,708,561,819	2,222,048,736
E)	Effects of exchange rate changes on cash and cash equivalents	-	-
F)	Cash and cash equivalents at beginning of the period	2,864,295,987	642,247,250
G)	**Cash and cash equivalents at end of the period (D+E+F)**	5,572,857,806	2,864,295,987
	Cash and cash equivalents at end of the period represents		
	Cash in hand (including foreign currencies)	42,340	2,001
	Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	108,662,150	255,443,110
	Balance with banks and other financial institutions {notes 4 (1)}	5,464,153,316	2,608,850,876
	Total Cash and cash equivalents as of Dec 31	5,572,857,806	2,864,295,987
	Net Operating Cash Flows Per Share (NOCFPS)	10.69	(9.95)

Chairman | Director | Managing Director | Company Secretary

Dated : Dhaka
April 30, 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

Statement of Changes in Shareholders' Equity

For the year ended December 31, 2017

(Figures in BDT)

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total
Balance as at January 01, 2017	**1,796,325,300**	**364,054,009**	**101,444,959**	**2,261,824,269**
Stock dividend for the year 2016	89,816,260	-	(89,816,260)	-
Profit transferred to reserve	-	64,858,864	-	64,858,864
Retained surplus for the period from Jan to Dec - 2017	-	-	259,435,454	259,435,454
Balance as at Dec 31, 2017	**1,886,141,560**	**428,912,873**	**271,064,152**	**2,586,118,585**
Balance as at January 01, 2016	**1,710,786,000**	**341,203,000**	**95,580,223**	**2,147,569,223**
Stock dividend for the year 2015	85,539,300	-	(85,539,300)	-
Profit transferred to reserve	-	22,851,009	-	22,851,009
Retained surplus for the period from Jan to Dec - 2016	-	-	91,404,037	91,404,037
Balance as at Dec 31, 2016	**1,796,325,300**	**364,054,009**	**101,444,959**	**2,261,824,269**

Chairman | Director | Managing Director | Company Secretary

Signed in terms of our separate report of even date

Dated: Dhaka
April 30, 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

LIQUIDITY STATEMENT (Analysis of maturity of assets and liabilities)

as on December 31, 2017

(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	42,340	-	-	-	-	42,340
Balance with Bangladesh Bank and its agent	108,662,150	-	-	-	-	108,662,150
Balance with banks and other financial institutions	464,153,316	2,550,000,000	2,450,000,000	-	-	5,464,153,316
Money at call and short notice	-	-	-	-	-	-
Investments	414,524,485	-	-	-	485,400,000	899,924,485
Leases, loans and advances	3,191,557,528	5,382,793,346	11,289,310,764	13,047,049,552	2,052,095,700	34,962,806,891
Fixed assets including premises, furniture and fixtures	-	-	-	-	57,197,982	57,197,982
Other assets	4,218,325	2,526,370	3,301,000	728,375,761	1,359,284,900	2,097,706,355
Non banking assets	-	-	-	-	-	-
Total assets (A)	**4,183,158,144**	**7,935,319,716**	**13,742,611,764**	**13,775,425,313**	**3,953,978,582**	**43,590,493,519**
Liabilities:						
Borrowings from banks, other financial institutions and agents	1,277,891,764	733,236,395	2,559,306,764	5,240,690,892	-	9,811,125,815
Term deposits	2,426,069,320	6,770,339,085	10,045,034,324	7,041,491,553	1,898,478,842	28,181,413,124
Other deposits	12,536,452	6,512,654	163,987,456	373,601,892	239,971,046	796,609,500
Provision and other liabilities	202,215,538	341,051,177	715,285,257	826,654,735	130,019,789	2,215,226,495
Total liabilities (B)	**3,918,713,073**	**7,851,139,311**	**13,483,613,802**	**13,482,439,072**	**2,268,469,677**	**41,004,374,934**
Net liquidity gap (A - B)	**264,445,071**	**84,180,405**	**258,997,963**	**292,986,241**	**1,685,508,905**	**2,586,118,584**

Chairman | Director | Managing Director | Company Secretary

Signed in terms of our separate report of even date

Dated : Dhaka
April 30, 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

Notes to the consolidated financial statements
for the year ended December 31, 2017

1 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 license 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 authorized 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 authorized 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 fledge 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.

2. 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 realization 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 Bangladesh Accounting Standards (BAS) and/or Bangladesh Financial Reporting Standards (BFRS) 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 BFRSs 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 BAS/BFRS 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 BAS and BFRS. As such the company has departed from those contradictory requirements of BAS / BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below.

2.2.1 Investment in shares and securities

BFRS: As per requirements of BAS 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 BFRS 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 recognized at cost.

2.2.2 Provision on leases/loans and advances

BFRS: As per BAS 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 BAS 39 "Financial Instruments: Recognition and Measurement".

2.2.3 Other comprehensive income

BFRS: As per BAS 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

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized 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 recognized 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 recognized 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 categories, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

2.2.6 Financial guarantees

"BFRS: As per BAS 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 amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized 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

BFRS: Cash and cash equivalent should be reported as cash item as per BAS 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

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

"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

BFRS: 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)

"BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 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

"BFRS: There is no concept of off-balance sheet items in any BFRS; 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

BFRS: 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

BFRS: 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 Bangladesh Financial Reporting Standard (BFRS) as practiced 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.

2.4 Use of estimates and judgment

Preparation of the financial statements in conformity with BAS 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 judgments.

2.5 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 Bangladesh 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".

2.6 Branch accounting

The company has 5 branches situated at Dhaka ,Chittagong and Sylhet and no overseas branch as on December 31, 2017. Accounts of the branch are maintained at head office from which these accounts are drawn up.

2.7 Statement of cash flows

The cash flow statement is prepared in accordance with Bangladesh Accounting Standard (BAS) 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.

2.8 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 2017.

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2.9 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.

2.10 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 amortized 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, 2017 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.

2.11 Leases

As per BAS 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 BAS 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.

2.12 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-amortized 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.

2.13 Recognition of fixed assets and depreciation (BAS 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:

Assets category	Depreciation rate
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 payments where finance charge is recognized as interest expenses and the redemption payment as adjustment of liability.

2.14 Intangible assets (BAS- 38)

Costs incurred to procure softwares represent as intangible assets (note- 7.1), once fully operational, will be amortized on a systematic basis over the best estimate of its useful life as per decision of the Board of Directors.

2.15 Revenue recognition (BAS 18, “Revenue”)

BAS 18 is a general revenue recognition standard, which states that revenue should be measured at the fair value of the consideration received or receivable. This is usually the amount of cash or cash equivalents received or receivable and recognized when it is probable that economic benefits will flow to the entity.

2.15.1 Income from lease (BAS 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.

2.15.2 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.

2.15.3 Income from home loan

Interest income from home loan is recognized on an accrual basis. Installment comprises both interest and principal. Interest portion of installments 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.

2.15.4 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.

2.15.5 Income from investment in shares

- *Dividends (BAS 18, "Revenue")*
  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.

2.15.6 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.

2.15.7 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.

2.16 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.

2.17 Borrowing cost

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

2.18 Accrued expenses, provisions and other payables

As per BAS 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 a provision is the best estimate of settlement amount at balance sheet date.

2.19 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		
	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%

2.20 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.

2.21 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	80% of last basic times 8
9 years of continued service	90% of last basic times 9
10 and above years of continued service	100% of last basic times no. of years of service

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

2.22 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.

2.23 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 Bangladesh 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.

2.24 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.

2.25 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.

2.26 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.

2.27 Related party disclosure (BAS- 24)

As per Bangladesh 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.

2.28 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.

2.29 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 Bangladesh Accounting Standards BAS-10, "events after the reporting period".

2.30 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.

2.31 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 BFRS-8 "Operating Segment" is not applicable.

2.32 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.

2.33 Reporting currency

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

2.34 Reporting period

The financial statements of the company and its subsidiaries cover one calendar year from January 01, 2017 to 31 December 2017.

2.35 Directors' responsibility statement

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

2.36 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.

2.37 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.

2.38 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.

2.39 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 not complied by the company. Detail of CAR of the company is shown in note - 12.3

2.40 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 maximized. As a prudent and responsible financial institution, the company attaches top priority to ensuring safety and security of the finances that are being extended.

2.40.1 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.

2.40.2 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.

2.40.3 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.

2.40.4 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, 2017, total exposure to capital market was below the regulatory threshold of 25% of capital.

2.40.5 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.

2.40.6 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 of external & internal auditors. Principle work of internal audit section is to reinforce the control system if deviated.

2.41 Status of Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) vis-à-vis IASs / IFRSs

BAS Title	BAS 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
Leases	17	Applied
Revenue	18	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
BFRS Title	**BFRS 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	N/A

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)

(Figures in BDT)

		2017	2016
3	**Cash**		
3.1	**Cash in hand**		
	In local currency	42,340	2,001
	In foreign currency	-	-
		42,340	2,001
3.2	**Balance with Bangladesh Bank and its agent bank(s)**		
	With Bangladesh Bank		
	In local currency	108,662,150	255,443,110
	In foreign currency	-	-
		108,662,150	255,443,110
	With Sonali Bank Ltd. as agent of Bangladesh Bank	-	-
		108,662,150	255,443,110
	Total (3.1+3.2)	108,704,490	255,445,111

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. 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)	336,084,332	281,947,000
Cash reserve in average maintained with Bangladesh bank	184,230,781	285,370,000
Surplus / (deficit)	(151,853,551)	3,423,000
b) Statutory Liquidity Reserve		
Required reserve (5% of average total liabilities of November)	859,921,917	736,467,290
Liquidity reserve in average maintained including CRR	4,509,253,036	1,572,245,150
Surplus / (deficit)	3,649,331,118	835,777,860

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	42,340	2,001
	International Leasing Securities Limited	49,163	41,392
	IL Capital Limited	12,446	5,479
		103,949	48,872
	Balance with Bangladesh Bank and its agent bank(s)		
	International Leasing and Financial Services Limited	108,662,150	255,443,110
		108,662,150	255,443,110
		108,766,099	255,491,982
4	**Balance with banks and other financial institutions**		
	In Bangladesh (note-4.1)	5,464,153,316	2,608,850,876
	Outside Bangladesh	-	-
		5,464,153,316	2,608,850,876

(Figures in BDT)

		2017	2016
4.1	In Bangladesh		
	a) Current deposits		
	Al-Arafah Islami Bank Ltd.	561,245	158,834
	Basic Bank Ltd.	2,815	4,426
	Bank Asia	8,013	-
	One Bank	2,466,696	-
	Dutch Bangla Bank Ltd.	1,154,797	1,102,423
	Eastern Bank Ltd.	63,067	77,427
	Jamuna Bank Ltd.	10,000	-
	Mercantile Bank Ltd.	8,013	9,393
	Mutual Trust Bank Ltd.	125	6,924
	Prime Bank Limited	223,015	6,124,185
	Shahjalal Islami Bank Ltd.	141,240	42,521
	Southeast Bank Ltd.	103,007	103,007
	Standard Bank Limited	69,827	71,604
	NCC Bank Ltd	9,070	9,070
	Woori Bank Ltd.	3,850	-
		4,824,780	7,709,814
	b) Short-term deposit		
	AB Bank Ltd.	733,558	720,858
	Bank Alfalah Ltd.	43,877	4,125,819
	Bank Asia Ltd.	4,971,496	14,665,097
	BRAC Bank Ltd.	535,245	535,245
	Dhaka Bank Ltd.	4,143,607	4,039,519
	Midland Bank Ltd.	19,098	-
	Eastern Bank Ltd.	4,746,170	4,722,508
	Modhumoti Bank Ltd.	662	2,653
	ONE Bank Ltd.	1	602
	The Premier Bank Ltd.	2,198,385	2,152,654
	South East Bank Ltd.	306,055	299,236
	Uttara Bank Ltd.	8,204	9,071
	Jamuna Bank Ltd.	1,079,152	1,074,942
		18,785,510	32,348,204
	c) Fixed deposits		
	FAS Finance and Investment Ltd.	400,000,000	200,000,000
	ONE Bank Limited	20,543,026	18,792,859
	Peoples Leasing & Finance Ltd.	2,270,000,000	2,200,000,000
	Reliance Finance Ltd.	750,000,000	-
	Jamuna Bank Limited	600,000,000	-
	South Bangla Agri. & Com. Bank Ltd.	-	150,000,000
	Premier Leasing Ltd.	400,000,000	-
	Union Bank Limited	1,000,000,000	-
		5,440,543,026	2,568,792,859
	Total (a+b+c)	5,464,153,316	2,608,850,876

4.2 Maturity grouping of balance with banks and other financial institutions

On demand	4,824,780	7,709,814
Up to 1 month	459,328,536	201,141,063
Over 1 month but not more than 3 months	2,550,000,000	200,000,000
Over 3 months but not more than 6 months	2,450,000,000	2,200,000,000
Over 6 months but not more than 1 year	-	-
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	5,464,153,316	2,608,850,876

(Figures in BDT)

		2017	2016
4(a)	**Consolidated balance with banks and other financial institutions**		
	Inside Bangladesh		
	International Leasing and Financial Services Limited	5,464,153,316	2,608,850,876
	International Leasing Securities Limited	262,054,580	363,576,276
	Balance with banks and other financial institutions	*262,054,580*	*363,576,276*
	Adjustment for consolidation	-	-
	IL Capital Limited	36,889,915	21,069,276
	Balance with banks and other financial institutions	*49,003,935*	*35,162,515*
	Adjustment for consolidation	*(12,114,020)*	*(14,093,239)*
		5,763,097,811	**2,993,496,428**
	Outside Bangladesh	-	-
		5,763,097,811	**2,993,496,428**
5	**Investments**		
	Investment classified as per nature:		
	(i) Government securities		
	Bangladesh Govt. Treasury Bonds (note-5.1)	485,400,000	485,400,000
		485,400,000	**485,400,000**
	(ii) Other investment		
	Shares (note-5.2)	414,524,485	346,502,579
		414,524,485	**346,502,579**
	Total (i+ii)	**899,924,485**	**831,902,579**
5.1	**Bangladesh Govt. Treasury Bonds**		
	15 years Bangladesh Govt. Treasury Bonds	252,400,000	252,400,000
	20 years Bangladesh Govt. Treasury Bonds	233,000,000	233,000,000
		485,400,000	**485,400,000**
5.2	**Investment in shares**		
	a) Quoted		
	ACI Formulation	15,021,363	-
	ACI Limited	-	17,506,368
	ACME Laboratories Ltd	-	5,399,936
	AIBL Mutual Fund	-	5,333,321
	Lafarg Surma	-	4,184,985
	Beximco Pharma	-	26,014,800
	Brac Bank Ltd	-	4,366,721
	Mercantile Bank	12,694,785	-
	Al-Arafah Bank	59,614,800	-
	Premier Bank	34,859,400	-
	Confidence Cement Ltd.	2,397,100	-
	The City Bank Limited	5,356,690	1,065,116
	IFIC Bank	20,571,300	-
	Prime Bank	34,986,869	-
	Far East Knitting & Dyeing Industries Ltd.	16,514,078	-
	First Security Bank Ltd	15,510,150	6,900,650
	Heidelberg Cement Bd. Ltd.	-	27,813,440
	GSP Finance	-	2,247,970
	Ifad Autos Ltd.	23,078,358	498,992
	Khulna Power Company Ltd.	-	40,314,560
	MIDASFIN	1,269,239	-
	Lanka Bangla Finance	66,290,400	-
	Afteb automobile	-	3,045,695
	Delta life Insurance Ltd	-	1,010,757
	Olympic Accessories Limited	-	761,241
	Premier Cement Limited	-	11,634,895
	Prograssive Life Insurance Co. Ltd.	-	4,733,907

(Figures in BDT)

	2017	2016
RAK Ceramics Ltd.	26,460,735	33,557,600
SAPORT	-	2,665,975
Shahjibazar Power Co. Ltd.	53,171,803	24,768,816
Simtex Industries Limited	-	26,135,868
UPGDCL	-	39,664,500
BBS Bangladesh	-	2,708,100
Summit Power Ltd.	-	16,481,423
OIMEX	64,800	-
Qasem drycell	-	2,344,512
Singer BD	-	2,100,654
Union Capital	12,632,536	-
Nahee Aluminium	62,246	-
Northern Jute Mills Limited	4,278,991	-
Fuwang Ceramics	-	9,066,769
ICB	4,355,699	-
PTL	335,123	-
YPL Yaekin Polymer	-	11,315
RD food	-	5,728,554
LINDEBD	-	13,437,117
	409,526,463	341,504,557
b) Un-quoted		
LR Global BD	4,998,022	4,998,022
Total (a+b)	414,524,485	346,502,579

5.3 Maturity grouping of investments

On demand	-	-
Up to 1 month	414,524,485	341,504,557
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	-	4,998,022
Over 1 year but not more than 5 years	-	-
Over 5 years	485,400,000	485,400,000
	899,924,485	831,902,579

5(a) Consolidated investments

a) Government securities		
International Leasing and Financial Services Limited	485,400,000	485,400,000
International Leasing Securities Limited	-	-
IL Capital Limited	-	-
	485,400,000	485,400,000
b) Other investment		
International Leasing and Financial Services Limited	414,524,485	346,502,579
International Leasing Securities Limited	563,000,303	723,420,825
IL Capital Limited	184,589,941	216,245,429
	1,162,114,730	1,286,168,833
Total (a+b)	1,647,514,730	1,771,568,833

6 Leases, loans and advances

6.1 Broad category-wise break up

Inside Bangladesh		
Leases (note-6.1.1)	2,200,740,860	2,443,956,143
Loans, cash credits, overdrafts, etc. (note-6.1.2)	32,762,066,031	27,286,281,583
	34,962,806,891	29,730,237,726
Outside Bangladesh	-	-
	34,962,806,891	29,730,237,726

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(Figures in BDT)

		2017	2016
6.1.1	**Leases**		
	Net investment in leases (note - 6.1.1.1)	1,999,100,488	2,190,230,110
	Advances for leases (note -6.1.1.2)	-	29,522
	Accounts receivables	223,901,306	277,891,653
	Principal	*149,506,296*	*185,557,434*
	Interest	*74,395,010*	*92,334,219*
	Other payables	(22,260,934)	(24,195,142)
		2,200,740,860	**2,443,956,143**
6.1.1.1	**Net investment in leases**		
	Gross lease receivable	2,123,200,785	2,815,185,215
	Less: Unearned lease income	124,100,297	624,955,105
	Net lease receivable	**1,999,100,488**	**2,190,230,110**

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 **Advane 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	-	29,522
Local equipment	-	-
	-	29,522

6.1.1.3 **Maturity grouping of leases**

On demand	201,640,372	104,240,103
Up to 1 month	24,996,112	115,060,766
Over 1 month but not more than 3 months	57,704,353	254,539,344
Over 3 months but not more than 1 year	377,019,669	982,458,952
Over 1 year but not more than 5 years	1,539,380,354	791,654,710
Over 5 years	-	196,002,267
	2,200,740,860	**2,443,956,143**

6.1.2 **Loans, cash credits, overdrafts, etc**

Time loan (note-6.1.2.1)	28,868,841,931	23,305,036,367
Work order & factoring (note-6.1.2.2)	407,142,384	377,630,856
Home loan (note-6.1.2.3)	190,389,239	266,524,034
Other loans (note-6.1.2.4)	3,283,968,213	3,330,119,331
Staff loan (note-6.1.2.5)	11,724,264	6,970,995
	32,762,066,031	**27,286,281,583**

6.1.2.1 **Time loan**

Principal outstanding	26,204,021,596	21,347,396,030
Accounts receivables	3,269,330,362	2,185,333,473
Principal	*1,993,231,175*	*1,332,344,647*
Interest	*1,276,099,187*	*852,988,826*
Other payables	(604,510,027)	(227,693,136)
	28,868,841,931	**23,305,036,367**

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.

(Figures in BDT)

	2017	2016
6.1.2.2 Work order & factoring		
Principal outstanding	382,860,142	376,182,501
Accounts receivables	24,498,637	6,585,128
Principal	-	-
Interest	*24,498,637*	*6,585,128*
Other payables	(216,396)	(5,136,773)
	407,142,384	377,630,856
6.1.2.3 Home loan		
Principal outstanding	153,275,014	238,414,477
Accounts receivables	39,017,260	35,747,707
Principal	*20,651,069*	*18,920,559*
Interest	*18,366,191*	*16,827,148*
Other payables	(1,903,035)	(7,638,150)
	190,389,239	266,524,034

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	2,141,533,179	2,159,041,512
Principal outstanding	*1,909,999,880*	*1,909,999,880*
Interest receivables	*231,533,299*	*249,041,632*
Treasury line	1,142,435,035	1,171,077,819
Principal outstanding	*1,139,000,000*	*1,169,000,000*
Interest receivables	*3,435,035*	*2,077,819*
	3,283,968,213	3,330,119,331

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). ILSL has been paying installment against this loan as per specified schedule. As of December 31, 2017 exposure to ILSL represents 82.80% of the capital of ILFSL. By taking into consideration for reduction of single party exposure limit of 30% of capital, ILFSL has already submitted on dated March 27, 2018 time bound action plan regarding reduction of loan outstanding below 30% of capital within 2025 against the letter issued by DFIM of Bangladesh Bank to Bangladesh Leasing and Finance Companies Association on dated March 08, 2018.

6.1.2.5 Staff loan		
Principal outstanding	11,724,264	6,970,995
Accounts receivables	-	-
Principal	-	-
Interest	-	-
	11,724,264	6,970,995

6.1.2.6 Maturity grouping of loans, cash credits, overdrafts, etc.		
On demand	1,478,119,837	711,384,128
Up to 1 month	1,486,801,207	1,758,856,045
Over 1 month but not more than 3 months	5,325,088,994	2,277,383,745
Over 3 months but not more than 1 year	10,912,291,095	5,958,173,016
Over 1 year but not more than 5 years	11,507,669,198	10,518,444,205
Over 5 years	2,052,095,700	6,062,040,444
	32,762,066,031	27,286,281,583

(Figures in BDT)

		2017	2016
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	1,245,134	-
b)	Leases, loans and advances to Chief Executive and other Senior Executives	2,329,762	1,086,402
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	35	27
	Amount of outstanding advances	22,207,364,319	16,218,000,000
	Amount of classified advances	-	-
	Measures taken for recovery	-	-
d)	**Industry-wise leases, loans and advances**		
	Agriculture	1,455,518,196	640,927,271
	Textile & Garments	5,868,404,330	4,638,498,093
	Transport & Communication	1,488,677,589	733,670,052
	Food production/processing industry	2,079,796,083	2,343,490,576
	Iron, Steel & Engineering industry	950,967,620	823,619,159
	Chemical & Pharmaceuticals	2,386,048,253	1,725,592,977
	Service Industry	3,808,270,477	4,048,502,305
	Plastic Industry	1,304,792,039	1,020,954,323
	Paper, Printing packaging	240,433,533	678,056,569
	Telecommunication/information technology	806,734,127	707,223,759
	Real Estate & Housing	1,114,849,560	380,529,908
	Ship and Ship making industry	570,238,425	465,002,157
	Education	314,275,131	44,625,550
	Hospital and medical equipment	-	198,201,645
	Trade & Commerce	5,515,761,495	4,666,534,540
	Power & Energy	1,904,916,320	2,478,057,199
	Others	5,153,123,713	4,136,751,644
		34,962,806,891	29,730,237,726
e)	**Sector-wise leases, loans and advances**		
	Inside Bangladesh		
	Government & autonomous bodies	-	-
	Financial institutions (private)	1,142,435,035	1,171,077,819
	Other public sector	-	-
	Private sector	33,820,371,856	28,559,159,907
		34,962,806,891	29,730,237,726
	Outside Bangladesh	-	-
		34,962,806,891	29,730,237,726
f)	**Geographical location-wise leases, loans and advances**		
	Inside Bangladesh		
	Urban		
	Dhaka region	33,474,642,921	27,878,909,987
	Chittagong region	1,348,853,075	1,712,039,844
	Khulna region	-	-
	Rajshahi region	139,310,895	139,287,895
	Rangpur region	-	-
	Sylhet Region	-	-
		34,962,806,891	29,730,237,726
	Rural	-	-
		34,962,806,891	29,730,237,726
	Outside Bangladesh	-	-
		34,962,806,891	29,730,237,726

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(Figures in BDT)

		2017	2016
6.3	**Classification of leases, loans and advances**		
	a) Unclassified		
	Standard	33,280,884,537	28,309,864,688
	Special mention account (SMA)	34,988,849	26,183,016
		33,315,873,386	28,336,047,704
	b) Classified		
	Sub-standard	405,625,891	366,368,299
	Doubtful	263,085,724	21,036,184
	Bad / Loss	978,221,890	1,006,785,538
		1,646,933,504	1,394,190,022
	Total (a+b)	34,962,806,891	29,730,237,726
6.4	**Particulars of leases, loans and advances**		
(i)	Leases and loans considered good in respect of which the Company is fully secured	28,981,183,910	17,789,331,731
(ii)	Loans considered good against which the Company holds no security other than the debtors' personal guarantee	5,981,622,981	6,989,775,392
(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	382,115,213	2,378,891,767
(iv)	Loans adversely classified; provision not maintained there against	-	-
(v)	Loans due from Directors either separately or jointly with any other persons	1,245,134	-
(vi)	Loans due from Officers either separately or jointly with any other persons	11,724,264	6,970,995
(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.	8,370,500	-
(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	1,142,435,035	1,171,077,819
(xi)	Classified leases, loans and advances on which interest has not been charged	1,646,933,504	1,394,190,022
	A. Increase/decrease of provision (specific)	(164,564,352)	(50,957,226)
	Amount of debts written-off	932,558,563	526,652,200
	Amount realized against the debts previously written-off	(18,005,969)	(17,652,714)
	B. Provision kept against the debt classified as bad/loss at the end of the reporting period	16,305,327	227,274,609
	C. Amount of interest creditable to the interest suspense account	106,364,933	112,261,123
(xii)	Cumulative amount of the written-off leases/loans		
	Openning Balance	526,652,200	360,040,206
	Amount written-off during the year	405,906,363	166,611,994
	Cumulative to date	932,558,563	526,652,200
	Written-off leases/loans for which law suit filed	932,558,563	526,652,200

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(Figures in BDT)

		2017	2016
6(a)	**Consolidated leases, loans and advances**		
	Inside Bangladesh		
	Leases		
	International Leasing and Financial Services Limited	2,200,740,860	2,443,956,143
	Loans, cash credits, overdrafts, etc.		
	International Leasing and Financial Services Limited	30,620,532,852	25,127,240,071
	Loans	*32,762,066,031*	*27,286,281,583*
	Adjustment for consolidation	*(2,141,533,179)*	*(2,159,041,512)*
	International Leasing Securities Limited	3,509,635,181	3,120,041,603
	IL Capital Limited	39,808,061	15,434,896
		36,370,716,954	**30,706,672,713**
	Outside Bangladesh	-	-
		36,370,716,954	**30,706,672,713**
7	**Fixed assets including premises, furniture & fixtures**		
	Motor vehicles	40,367,177	37,578,490
	Office decoration	24,447,313	22,162,301
	Office equipment	15,638,080	10,785,215
	Furniture & fixtures	31,140,088	25,079,737
	Computer accessories	9,078,869	7,383,225
		120,671,527	**102,988,968**
	Less: Accumulated depreciation	65,467,286	48,665,575
	Net book value at the end of the year	**55,204,241**	**54,323,393**
7.1	**Intangible Assets - Computer software**		
	Cost	3,281,250	3,281,250
	Less: Accumulated amortisation	1,287,509	204,696
		1,993,741	**3,076,554**
7(a)	**Consolidated Fixed assets including premises furniture & fixtures**		
	Motor vehicles	48,551,177	45,762,490
	Office decoration	60,172,514	49,202,339
	Office equipment	24,753,083	16,840,160
	Furniture & fixtures	33,898,604	27,467,603
	Computers & accessories	30,167,709	27,632,340
		197,543,087	**166,904,932**
	Less: Accumulated depreciation	126,217,452	101,575,092
	Net book value at the end of the year	**71,325,635**	**65,329,840**
7.1(a)	**Consolidated Intangible Assets - Computer software**		
	Intangible Assets - Computer software		
	Cost	3,281,250	3,281,250
	Less: Accumulated amortisation	1,287,509	204,696
		1,993,741	**3,076,554**

(Figures in BDT)

		2017	2016
8	**Other assets**		
	Inside Bangladesh		
	Income generating:		
	Investment in Subsidiary (note-8.1)	1,249,979,300	1,249,979,300
	Income receivable on FDR & investments (note-8.2)	109,305,600	55,480,259
		1,359,284,900	**1,305,459,559**
	Non-income generating:		
	Receivable from/(payable to) Subsidiary (note 8.3)	-	1,077
	Advance, deposit and Prepaid expenses (note-8.4)	59,193,460	154,857,641
	Advance corporate tax (note -8.5)	668,305,936	544,944,437
	Deferred tax assets (note- 8.6)	7,621,059	4,753,860
	Other receivables	3,301,000	-
		738,421,455	**704,557,015**
		2,097,706,355	**2,010,016,574**
	Outside Bangladesh	-	-
		2,097,706,355	**2,010,016,574**
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
		1,249,979,300	**1,249,979,300**

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	98,563,898	45,327,113
	Coupon receivables - treasury bond	10,741,702	10,153,146
		109,305,600	**55,480,259**
	b) Fees, commission and brokerage receivables	-	-
	Total (a+b)	**109,305,600**	**55,480,259**
8.3	**Receivable from/(payable to) Subsidiary**		
	Receivable from/(payable to) ILCL	-	1,077
	Receivable from/(payable to) ILSL	-	-
		-	**1,077**
8.4	**Advance, deposit and Prepaid expenses**		
	Advances for software, fixed assets & others	21,033,390	17,922,946
	Deposit to Central Depository Bangladesh Limited (CDBL) for telephone	364,000	364,000
	Advance to ILFSLPF	2,005,000	
	Advance for investment in share	10,279,920	101,085,495
	Advance office rent (note- 8.4.1)	25,511,151	35,485,200
	Advance for legal expenses	-	-
		59,193,460	**154,857,641**

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	544,944,436	416,009,964
	Paid during the year	123,361,499	128,934,473
	Less: settlement of previous years' tax liabilities	-	-
	Balance as on December 31	**668,305,936**	**544,944,437**

(Figures in BDT)

8.6 Deferred tax assets

Particulars	Tax base	Carrying value of assets / (liabilities) at Dec. 31, 2017	(Taxable)/deductable temporary difference	
			2017	2016
Fixed assets including premises, furniture & fixtures (note-7)	69,884,687	57,197,983	12,686,704	6,962,783
Gratuity (note-11.1)	-	(6,365,943)	6,365,943	4,921,859
			19,052,647	11,884,642
Applicable tax rate			40.00%	40.00%
Deferred tax assets during the year			**7,621,059**	**4,753,857**

	2017	2016
The change in deferred tax assets is shown below:		
Balance as at 1st January	4,753,860	7,400,561
Addition/(Adjustment) during the year	2,867,199	(2,646,701)
Balance as on Dec 31	**7,621,059**	**4,753,860**

8.7 Maturity grouping of other assets

On demand	-	-
Up to 1 month	4,218,325	-
Over 1 month but not more than 3 months	2,526,370	18,460,140
Over 3 months but not more than 1 year	3,301,000	122,138,124
Over 1 year but not more than 5 years	728,375,761	28,884,123
Over 5 years	1,359,284,900	1,840,534,187
	2,097,706,355	**2,010,016,574**

8(a) Consolidated Other assets

Inside Bangladesh		
Income generating:		
International Leasing and Financial Services Limited	109,305,600	55,480,259
Other assets - income generating	*1,359,284,900*	*1,305,459,559*
Adjustment for consolidation	*(1,249,979,300)*	*(1,249,979,300)*
International Leasing Securities Limited	-	-
IL Capital Limited	-	-
	109,305,600	**55,480,259**
Non-income generating:		
International Leasing and Financial Services Limited	738,421,455	704,555,938
Other assets - non-income generating	*738,421,455*	*704,557,015*
Adjustment for consolidation	-	*(1,077)*
International Leasing Securities Limited	82,783,343	263,025,728
Other assets - non-income generating	*82,783,343*	*263,025,728*
Adjustment for consolidation	-	-
IL Capital Limited	12,103,206	18,947,398
Other assets - non-income generating	*12,270,537*	*18,976,586*
Adjustment for consolidation	*(167,331)*	*(29,188)*
	833,308,004	**986,529,064**
	942,613,604	**1,042,009,323**
Outside Bangladesh	-	-
	942,613,604	**1,042,009,323**

(Figures in BDT)

		2017	2016
9	**Borrowing from banks, other financial institutions and agents**		
9.1	**Inside Bangladesh**		
	Bank overdraft (note- 9.1.1)	2,826,435,213	1,359,960,978
	Call borrowing (note- 9.1.2)	550,000,000	530,000,000
	REPO liability (note- 9.1.3)	547,891,764	551,769,088
	Short term borrowing (note-9.1.4)	680,000,000	1,070,000,000
	Borrowing under refinancing scheme (note-9.1.5)	95,985,591	116,408,742
	Long term borrowing (note-9.1.6)	5,110,813,247	5,475,766,122
		9,811,125,815	9,103,904,930
	Outside Bangladesh	-	-
		9,811,125,815	9,103,904,930
9.1.1	**Bank overdraft**		
	AL- Arafah Islami Bank Ltd.	500,000,000	500,000,000
	BRAC Bank Ltd.	(2,557,636)	(2,469,735)
	Mercantile Bank Limited	1,649,373,391	278,840,130
	Mutual Trust Bank Ltd.	46,610,766	195,031,987
	EBL	-	-
	ONE Bank Ltd.	207,217,168	(11,398,212)
	Prime Bank Ltd.	-	102,100,962
	Pubali Bank Ltd.	102,327,504	101,582,125
	Shahjalal Bank Ltd.	50,000,000	50,000,000
	The Premier Bank Ltd.	120,585,000	146,273,721
	Woori Bank Ltd.	152,879,021	-
		2,826,435,213	1,359,960,978
9.1.2	**Call borrowing**		
	Agrani Bank Ltd.	-	50,000,000
	Dhaka Bank Ltd	-	90,000,000
	Basic Bank Ltd.	-	90,000,000
	Janata Bank Ltd.	190,000,000	
	Mutual Trust Bank Ltd.	200,000,000	120,000,000
	Sonali Bank Ltd.	160,000,000	180,000,000
		550,000,000	530,000,000
9.1.3	**REPO liability**		
	Sonali Bank Ltd.	547,891,764	-
	BRAC Bank Ltd.	-	551,769,088
		547,891,764	551,769,088
9.1.4	**Short term borrowing**		
	Bangladesh Development Bank	100,000,000	100,000,000
	IPDC of Bangladesh Limited	200,000,000	100,000,000
	Meridian Finance Ltd	30,000,000	300,000,000
	GSP Finance Company (Bangladesh) Limited	150,000,000	-
	Farmers Bank ltd	-	50,000,000
	Reliance Finance Limited	-	520,000,000
	South Bangla Agricultural Bank Limited	200,000,000	-
		680,000,000	1,070,000,000
9.1.5	**Borrowing under refinancing scheme**		
	Fund from Bangladesh Bank for SME financing	72,908,150	88,015,208
	Fund from Bangladesh Bank for housing financing	23,077,439	25,530,783
	Fund from RPGCL for DCFP financing	2	2,862,751
		95,985,591	116,408,742

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(Figures in BDT)

	2017	2016

9.1.5.1 The above fund has been received from Rupantarita Prakritik 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	92,026,280	-
Al Arafah Bank Ltd.	1,174,276,685	1,104,509,982
Bank Asia Ltd.	117,767,956	155,791,211
Basic Bank Ltd.	177,627,963	235,454,509
Dutch Bangla Bank Ltd.	455,349,262	563,607,279
Jamuna Bank Ltd.	212,810,186	214,705,349
Mercantile Bank Ltd.	1,549,699,507	1,364,829,204
Modhumoti Bank Ltd.	118,118,877	156,168,851
Premier Bank Ltd.	640,437,940	798,480,150
Prime Bank Ltd.	96,310,435	135,917,610
Pubali Bank Ltd.	42,952,714	63,964,573
Shahjalal Islami Bank Ltd.	50,658,905	82,327,989
Midland Bank Ltd	88,656,697	-
Standard Bank Ltd.	42,608,388	115,216,364
Uttara Bank Ltd.	251,511,451	484,793,051
	5,110,813,247	5,475,766,122

9.2 Security wise grouping of borrowing from banks, other financial institutions and agents

Secured	8,485,140,226	7,390,358,939
Unsecured	1,325,985,589	1,713,545,991
	9,811,125,815	9,103,904,930

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	550,000,000	530,000,000
Up to 1 month	727,891,764	257,421,847
Over 1 month but within 3 months	733,236,395	708,416,930
Over 3 months but within 1 year	2,559,306,764	1,239,701,015
Over 1 year but within 5 years	5,240,690,892	2,285,144,410
Over 5 years	-	4,083,220,728
	9,811,125,815	9,103,904,930

9(a) Consolidated borrowing from banks, other financial institutions and agents

Inside Bangladesh		
International Leasing and Financial Services Limited	9,811,125,815	9,103,904,930
International Leasing Securities Limited	858,319,589	728,454,375
Borrowing from banks, other financial institutions and agents	*2,768,319,469*	*2,638,454,255*
Adjustment for consolidation	*(1,909,999,880)*	*(1,909,999,880)*
IL Capital Limited	-	-
Borrowing from banks, other financial institutions and agents	-	-
Adjustment for consolidation	-	-
	10,669,445,404	9,832,359,305
Outside Bangladesh	-	-
	10,669,445,404	9,832,359,305

(Figures in BDT)

		2017	2016
10	**Deposits and other accounts**		
	Term deposits (note - 10.1)	28,181,413,124	20,966,448,152
	Other deposits (note- 10.2)	796,609,500	944,167,232
		28,978,022,624	**21,910,615,384**
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	14,153,987,500	9,910,000,000
	Deposits from other than banks and financial institutions	14,027,425,624	11,056,448,152
		28,181,413,124	**20,966,448,152**
10.1.1	**Maturity analysis of term deposits**		
	a) Deposits from banks and financial institutions		
	Payable on demand	-	-
	Up to 1 month	1,748,500,000	880,000,000
	Over 1 month but within 3 months	4,292,834,669	450,000,000
	Over 3 months but within 1 year	7,085,000,000	3,751,153,856
	Over 1 year but within 5 years	1,027,652,831	4,828,846,144
	Over 5 years but within 10 years	-	-
	Over 10 years	-	-
		14,153,987,500	**9,910,000,000**
	b) Deposits from other than banks and financial institutions		
	Payable on demand	-	-
	Up to 1 month	677,569,320	865,361,102
	Over 1 month but within 3 months	2,477,504,416	602,017,716
	Over 3 months but within 1 year	2,960,034,324	953,652,468
	Over 1 year but within 5 years	6,013,838,722	2,668,070,176
	Over 5 years but within 10 years	1,895,478,842	5,964,346,690
	Over 10 years	3,000,000	3,000,000
		14,027,425,624	**11,056,448,152**
	Total (a+b)	**28,181,413,124**	**20,966,448,152**
10.1(a)	**Consolidated term deposits**		
	International Leasing and Financial Services Limited	28,169,299,104	20,952,354,913
	Term deposits	*28,181,413,124*	*20,966,448,152*
	Adjustment for consolidation	*(12,114,020)*	*(14,093,239)*
		28,169,299,104	**20,952,354,913**
10.2	**Other deposits**		
	This represents deposits received against lease and direct finance on signing of the agreement which are subject to repayment/-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	39,133,720	40,422,920
	Time loans	36,910,362	54,130,921
	Home loans	1,584,338	1,906,409
	Work order loans	441,127	441,127
		78,069,546	**96,901,377**
	Interest bearing security deposits	**718,539,954**	**847,265,856**
		796,609,500	**944,167,232**

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(Figures in BDT)

	2017	2016
10.2.1 Maturity analysis of other deposits		
Payable on demand	-	21,236,586
Up to 1 month	12,536,452	500,500
Over 1 month but within 3 months	6,512,654	3,512,654
Over 3 months but within 1 year	163,987,456	23,456,987
Over 1 year but within 5 years	373,601,892	678,923,601
Over 5 years but within 10 years	239,971,046	215,724,539
Over 10 years	-	812,365
	796,609,500	944,167,232
11 Other liabilities		
Deferred liability-employees' gratuity (note- 11.1)	6,365,943	4,921,859
Training fund (note-11.2)	354,771	354,771
Un-claimed refund warrant/dividend (note- 11.3)	5,164,760	5,173,375
Interest suspense account (note-11.4)	106,364,933	112,261,123
Payables & accrued expenses (note-11.5)	932,141,050	871,329,021
Liability under finance lease	-	3,500,761
Provision for leases, loans and advances (note - 11.6)	427,208,511	545,347,993
Provision for diminution in value of investments	24,791,489	21,784,291
Provision for income tax (note- 11.7)	712,835,038	652,835,038
	2,215,226,495	2,217,508,231
11.1 Deferred liability-employees' gratuity		
Balance as at 1st January	4,921,859	9,378,235
Add: provision made during the year	3,210,336	3,210,330
Less: payment made during the year	1,766,252	7,666,706
Balance as at Dec 31	6,365,943	4,921,859

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	4,457,181
	5,164,760	5,173,375

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, 2017. 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	112,261,123	76,851,742
Add: suspended during the year	501,117,237	318,349,621
Less: realized during the year	435,300,330	282,940,240
Less: written off during the year	71,713,096	-
Balance as at Dec 31	106,364,933	112,261,123

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, 2017 are given below:

Leases	16,335,677	31,056,614
Loans	90,029,256	81,204,509
	106,364,933	112,261,123

(Figures in BDT)

	2017	2016
11.5 Payables & accrued expenses		
a) Interest payables		
Interest payable on bank overdraft	37,806,533	6,558,323
Interest payable on call borrowing	275,000	188,542
Interest payable on REPO liability	1,475,190	-
Interest payable on short-term borrowing	1,101,806	6,800,861
Interest payable on long-term borrowing	-	-
Interest payable on borrowing under refinancing scheme (note-11.5.1)	59,201	281,941
Interest payable on deposits from banks and FIs	303,680,887	270,269,861
Interest payable on deposits from other than banks and FIs	535,970,963	475,027,088
	880,369,578	759,126,616
b) Other payables		
Payable for fractional bonus & right share	1,741,964	1,736,899
Payable for Tax/VAT deducted at source	6,205,269	1,545,004
Liability for expenses & other payables	34,441,540	99,537,803
Payable for Private Sector Development (PSD) program (note- 11.5.2)	9,382,699	9,382,699
	51,771,471	112,202,405
Total (a+b)	932,141,050	871,329,021
11.5.1 Interest payable on borrowing under refinancing scheme		
Fund from Bangladesh Bank for SME financing	53,057	187,487
Fund from Bangladesh Bank for housing financing	-	83,990
Fund from RPGCL for DCFP financing	6,144	10,464
	59,201	281,941

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	270,053,436	321,010,662
Fully provided debts written off during the year (note- 11.6.1)	(334,193,267)	(165,441,713)
Recovery of amounts previously written off	353,255	2,545,453
Net charge to Profit and Loss Account	**169,275,660**	**111,939,034**
Provision made for the year	202,145,117	133,902,240
Recoveries and provision no longer required	(32,869,457)	(21,963,206)
	105,489,084	270,053,436
b) General provision on unclassified leases, loans and advances		
Balance at January 01	275,294,557	180,136,102
Provision made/(no longer required) for the year	46,424,870	95,158,455
	321,719,427	275,294,557
Total (a+b)	427,208,511	545,347,993
Break up of provision for leases, loans and advances :		
a) Specific provision on classified leases, loans and advances		
Sub-standard	59,109,633	38,345,342
Doubtful	30,074,124	4,433,485
Bad and loss	16,305,327	227,274,609
	105,489,084	270,053,436
b) General provision on unclassified lease, loans and advances		
Standard	320,021,795	274,001,769
SMA	1,697,632	1,292,788
	321,719,427	275,294,557
Total (a+b)	427,208,511	545,347,993

(Figures in BDT)

	2017	2016

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. 427.01 million and actual provision in the books of accounts under this head has been kept at Tk. 427.21 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:

	Current	*Cumulative*	*Cumulative*
Balance at January 01		508,999,486	344,932,945
No. of account written-off	7	43	36
No. of lessee/loanee written-off	4	28	24
Total leases/loans written-off	**405,906,363**	**932,558,563**	**526,652,200**
Interest suspense against lessee/loanee written-off	71,713,096	104,400,230	32,687,134
Provision adjusted against lessee/loanee written-off	334,193,267	828,158,333	493,965,066
Recovery against lessee/loanee written-off	(353,255)	(18,005,969)	(17,652,714)
Balance as at December 31	**405,553,108**	**914,552,594**	**508,999,486**

11.7 Provision for income tax

Balance as on January 01	652,835,038	569,221,343
Add: provision made during the year	60,000,000	83,613,695
Less: settlement of previous years tax liability	-	-
Balance as at Dec 31	**712,835,038**	**652,835,038**

11.8 Maturity analysis of other liabilities

Payable on demand	106,428,793	14,961,167
Up to 1 month	95,786,745	34,373,650
Over 1 month but within 3 months	341,051,177	46,443,597
Over 3 months but within 1 year	715,285,257	1,132,687,904
Over 1 year but within 5 years	826,654,735	874,249,323
Over 5 years but within 10 years	130,019,789	114,792,591
Over 10 years	-	-
	2,215,226,495	**2,217,508,231**

11(a) Consolidated other liabilities

International Leasing and Financial Services Limited	2,215,059,164	2,217,479,043
Other liabilities	*2,215,226,495*	*2,217,508,231*
Adjustment for consolidation	*(167,331)*	*(29,188)*
International Leasing Securities Limited	318,472,834	550,078,018
Other liabilities	*550,006,133*	*799,119,650*
Adjustment for consolidation	*(231,533,299)*	*(249,041,632)*
IL Capital Limited	27,756,263	19,937,894
Other liabilities	*27,756,263*	*19,938,973*
Adjustment for consolidation	-	*(1,079)*
	2,561,288,261	**2,787,494,956**

(Figures in BDT)

		2017	2016
12	**Share capital**		
12.1	**Authorized**		
	200,000,000 nos. of ordinary shares of taka 10 each	2,000,000,000	2,000,000,000
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	-
		1,886,141,560	1,796,325,300

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
Total		188,614,156	1,886,141,560		

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

Composition of shareholdings as of December 31, 2017

Particulars	No. of shares	% of holding	Amount
a) Corporate	78,363,649	41.55%	783,636,490
Shaw Wallace Bangladesh Limited	32,751,492	17.36%	327,514,920
Nature Enterprise Limited	15,435,000	8.18%	154,350,000
BR International Limited	15,379,875	8.15%	153,798,750
New Tech Enterprise Limited	14,797,282	7.85%	147,972,820
b) General shareholders	110,250,507	58.45%	1,102,505,070
Institutions/corporate	55,728,875	29.55%	557,288,750
Individual	54,241,986	28.76%	542,419,860
Non-resident Bangladeshi	279,646	0.15%	2,796,460
Total (a+b)	188,614,156	100%	1,886,141,560

(Figures in BDT)

	2017	2016
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)	1,886,141,560	1,796,325,300
	1,886,141,560	**1,796,325,300**
Minimum required paid up capital	1,000,000,000	1,000,000,000
Excess in paid up capital	**886,141,560**	**796,325,300**

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, 2017 was Taka 4,526,263,762 as against available core capital of Taka 2,586,118,585 and supplementary capital of Taka 346,510,916 making a total eligible capital of Taka 2,932,629,501 thereby showing a deficit capital of Taka 1,593,634,261 at that date. Details are shown below:

a) Core capital (Tier-I)		
Paid-up capital (note-12.2)	1,886,141,560	1,796,325,300
Statutory reserve (note-13)	428,912,873	364,054,009
Retained earnings/surplus (note-14)	271,064,152	101,444,958
Total eligible/actual tier-I capital	**2,586,118,585**	**2,261,824,267**
b) Supplementary capital (Tier-II)		
General Provision (Unclassified loans up to specified limit+SMA+ off balance sheet exposure)	346,510,916	275,294,557
Total eligible/actual tier-II capital	**346,510,916**	**275,294,557**
A) Total eligible/actual capital maintained (a+b)	**2,932,629,501**	**2,537,118,824**
Total assets including off-balance sheet exposures		
B) Total risk weighted assets	45,262,637,620	24,852,441,636
C) Required capital based on risk weighted assets (10% on B)	**4,526,263,762**	**2,485,244,164**
Total capital surplus/(Deficit) (A-C)	**(1,593,634,261)**	**51,874,661**
Capital adequacy ratio (CAR) based on Basel II framework	**6.48%**	**10.21%**

13 Statutory reserve		
Balance as at January 01	364,054,009	341,203,000
Addition during the year	64,858,864	22,851,009
Balance as at December 31	**428,912,873**	**364,054,009**

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. As per this regulatory requirement the company has to transfer Tk.64,858,864 to Statutory Reserve Fund for the year 2017. During the year the Company has transferred Tk. 64,858,864 to the Statutory Reserve Fund from current year's profit.

14 Retained earnings/surplus		
Balance as at 1st January	101,444,958	95,580,221
Less: cash dividend for last year	-	-
Less: stock dividend for last year	89,816,260	85,539,300
	11,628,698	**10,040,921**
Retained surplus for the year	259,435,454	91,404,037
	271,064,152	**101,444,958**

(Figures in BDT)

		2017	2016
14(a)	**Consolidated retained earnings/surplus**		
	Balance as at 1st January	160,867,680	143,408,224
	Less: cash dividend for last year	-	-
	Less: stock dividend for last year	89,816,260	85,539,300
		71,051,420	57,868,924
	Retained surplus for the year	323,258,831	102,998,757
	Retained surplus transferred from minority for new issuance of shares by subsidiary	-	-
		394,310,251	160,867,680
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 1st January		
	International Leasing Securities Limited	23	22
	IL Capital Limited	1,549	711
		1,572	733
	c) Retained surplus for the year		
	International Leasing Securities Limited	43	1
	IL Capital Limited	311	838
		354	839
	d) Retained surplus transferred to parent Co. for new issuance of shares by subsidiary	-	
	e) Cash dividend paid by ILCL	(1,005)	
	Balance as at Dec. 31 (a+b+c)	21,621	22,272
16	**Net asset value per share**		
	Total assets	43,590,493,519	35,493,852,813
	Total liabilities	41,004,374,934	33,232,028,545
	Net asset	2,586,118,585	2,261,824,267
	Number of share outstanding	188,614,156	188,614,156
	Net asset value per share	13.71	11.99
16(a)	**Consolidated net asset value per share**		
	Total assets	44,906,028,574	36,837,645,672
	Total liabilities	42,196,663,890	34,516,398,683
	Net asset	2,709,364,684	2,321,246,990
	Number of share outstanding	188,614,156	188,614,156
	Net asset value per share	14.36	12.31
17	**Contingent liabilities**		
17.1	**Letters of guarantee**		
	Letters of guarantee (local)	149,718,630	72,720,063
	Counter guarantees	750,000,000	500,000,000
		899,718,630	572,720,063
	Money for which the Company is contingently liable in respect of guarantees given favoring:		
	Banks and other financial institutions	149,718,630	72,720,063
	Others - Dhaka Stock Exchange	750,000,000	500,000,000
		899,718,630	572,720,063

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(Figures in BDT)

		2017	2016
18	**Statement of comprehensive income**		
	a) Income:		
	Interest, discount and similar income (note-18.1)	4,270,687,402	3,009,275,475
	Dividend income (note-21.1)	21,964,867	17,004,606
	Fees, commission and brokerage (note- 22)	5,142,434	4,009,123
	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)	572,056	1,601,998
	Profit less losses on interest rate changes	-	-
		4,298,366,759	3,031,891,201
	b) Expenses:		
	Interest, fee and commission, etc. (note- 20)	3,463,424,582	2,456,497,603
	Losses on loans and advances	-	-
	Administrative expenses (note-18.2)	171,270,115	131,173,120
	Other operating expenses (note-33)	45,412,458	17,796,490
	Depreciation/amortization on assets (note-32)	18,124,757	9,312,100
		3,698,231,912	2,614,779,313
	Profit before provisions (a-b)	600,134,847	417,111,888
18.1	**Interest, discount and similar income**		
	Interest income - Lease	138,977,540	225,955,613
	Interest income - time loan	3,257,986,215	2,159,394,253
	Interest income - work order loan	51,282,331	26,661,899
	Interest income - home loan	29,889,528	43,277,258
	Interest income- short term loan	356,175,779	409,187,801
	Interest income - staff loan	893,298	1,262,932
	Interest income - deposit with banks/FIs	318,430,172	70,484,910
	Coupon income - government treasury bonds	44,526,250	44,551,708
	Gain/(loss) on sale of shares	72,526,290	28,499,101
		4,270,687,402	3,009,275,475
18.2	**Administrative expenses**		
	Salary and allowances	112,964,189	77,652,154
	Rent, taxes, insurance & electricity	30,157,202	31,072,794
	Legal expenses	2,727,529	1,913,174
	Postage, stamp & telecommunication	2,499,311	1,875,843
	Stationery, printing & advertisement	9,987,696	6,275,589
	Managing Director's salary & benefits	8,920,000	8,270,000
	Directors' fees	1,674,400	1,940,400
	Auditors' fees	365,020	287,500
	Repair of the Company's assets	1,974,768	1,885,666
		171,270,115	131,173,120
19	**Interest income**		
	Interest income - lease	138,977,540	225,955,613
	Interest income - time loan	3,257,986,215	2,159,394,253
	Interest income - work order & Factoring loan	51,282,331	26,661,899
	Interest income - home loan	29,889,528	43,277,258
	Interest income - short term loan	356,175,779	409,187,801
	Interest income - staff loan	893,298	1,262,932
	Coupon income - government treasury bonds	44,526,250	44,551,708
	Interest income - fixed deposit with banks	317,934,549	69,865,531
	Interest income - balance with banks	495,624	619,379
		4,198,161,112	2,980,776,374

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(Figures in BDT)

		2017	2016
19(a)	**Consolidated interest income**		
	International Leasing and Financial Services Limited	4,007,161,132	2,980,776,374
	Interest income	*4,198,161,112*	*2,980,776,374*
	Adjustment for consolidation	*(190,999,980)*	
	International Leasing Securities Limited	201,007,207	362,194,745
	Interest income	*201,007,207*	*362,194,745*
	Adjustment for consolidation	-	-
	IL Capital Limited	7,021,773	6,630,475
	Interest income	*7,021,773*	*6,630,475*
	Adjustment for consolidation	-	-
		4,215,190,112	**3,349,601,594**
20	**Interest expense on deposits and borrowings etc.**		
	a) Interest expense on deposits		
	Interest on term deposits, bank and financial institutions	969,808,058	678,903,908
	Interest on term deposits, other than bank and financial institutions	1,394,301,102	923,278,680
	Direct deposit expenses	5,773,359	46,624,415
	Interest expense on security deposits (interest bearing)	108,044,632	96,684,411
		2,477,927,152	**1,745,491,414**
	b) Interest expense on borrowings		
	Interest on call borrowing	23,259,361	38,592,208
	Interest on short-term borrowing	124,867,958	46,175,944
	Interest on long-term borrowing	615,327,565	540,984,668
	Interest on borrowing under refinancing scheme	5,107,449	4,989,279
	Interest on bank overdraft	188,126,117	60,080,890
	Interest expense on REPO liability	28,379,132	19,461,327
	Finance charge for obligation under finance lease	429,850	721,873
		985,497,431	**711,006,189**
	Total (a+b)	**3,463,424,582**	**2,456,497,603**
20(a)	**Consolidated Interest expense on deposits and borrowings etc.**		
	a) Interest expense on deposits		
	International Leasing and Financial Services Limited	2,477,927,152	1,745,491,414
	Interest expense on deposits	*2,477,927,152*	*1,745,491,414*
	Adjustment for consolidation	-	-
		2,477,927,152	**1,745,491,414**
	b) Interest expense on borrowings		
	International Leasing and Financial Services Limited	985,497,431	711,006,189
	International Leasing Securities Limited	109,900,744	428,557,666
	Interest expense on borrowings	*300,900,724*	*428,557,666*
	Adjustment for consolidation	*(190,999,980)*	-
	IL Capital Limited	-	-
	Interest expense on borrowings	-	-
	Adjustment for consolidation	-	-
		1,095,398,175	**1,139,563,855**
		3,573,325,326	**2,885,055,269**
21	**Investment income**		
	Dividend income (note- 21.1)	21,964,867	17,004,606
	Gain/(loss) on bonds & shares	72,526,290	28,499,101
		94,491,157	**45,503,707**
21.1	**Dividend income**		
	Dividend income from investment in subsidiary Co.	12,498,995	-
	Dividend income from investment in quoted shares	9,465,872	17,004,606
		21,964,867	**17,004,606**

(Figures in BDT)

	2017	2016
21(a) Consolidated investment income		
International Leasing and Financial Services Limited	81,992,162	45,503,707
Investment income	*94,491,157*	*45,503,707*
Adjustment for consolidation	*(12,498,995)*	-
International Leasing Securities Limited	92,929,583	64,908,293
IL Capital Limited	14,111,832	22,944,621
	189,033,577	133,356,621
22 Commission, fees, exchange and brokerage		
Processing fees - leases	435,357	498,479
Processing fees - time loan	4,472,103	3,015,945
Processing fees - work order	130,735	465,351
Processing fees - home loan	104,239	29,348
Guarantee commission	-	-
	5,142,434	4,009,123
22(a) Consolidated commission, fees, exchange and brokerage		
International Leasing and Financial Services Limited	5,142,434	4,009,123
International Leasing Securities Limited	213,766,226	101,825,942
Commission, fees, exchange and brokerage	213,766,226	101,825,942
Adjustment for consolidation	-	-
IL Capital Limited	3,876,217	4,218,825
	222,784,877	110,053,890

Consolidated fees, commission and brokerage from International Leasing Securities Limited represents net brokerage income.

23 Other operating income		
Transfer Price	530,429	1,036,054
Gain on sale of fixed assets	11,492	479,988
Income from written-off accounts	-	-
Miscellaneous income	30,135	85,956
	572,056	1,601,998
23(a) Consolidated other operating income		
International Leasing and Financial Services Limited	572,056	1,601,998
International Leasing Securities Limited	1,175,031	1,006,315
IL Capital Limited	-	427,026
	1,747,087	3,035,339
24 Salary and allowances		
Basic salary and other allowances	106,371,757	72,519,529
Company's contribution to provident fund	3,732,097	1,922,295
Gratuity	2,860,336	3,210,330
	112,964,189	77,652,154
24(a) Consolidated salary and allowances		
International Leasing and Financial Services Limited	112,964,189	77,652,154
International Leasing Securities Limited	53,157,109	40,996,870
IL Capital Limited	3,674,182	5,786,061
	169,795,480	124,435,085

(Figures in BDT)

		2017	2016
25	**Rent, taxes, insurance & electricity**		
	Rent, rate and taxes	26,770,734	27,851,741
	Insurance	-	-
	Electricity, gas and water	3,386,468	3,221,053
		30,157,202	31,072,794
25a)	**Consolidated rent, taxes, insurance & electricity**		
	International Leasing and Financial Services Limited	30,157,202	31,072,794
	International Leasing Securities Limited	8,967,144	16,124,884
	IL Capital Limited	4,519,109	2,424,622
		43,643,455	49,622,300
26	**Legal expenses**		
	Legal expenses	2,727,529	1,562,374
	Other professional charges	-	350,800
		2,727,529	1,913,174
26(a)	**Consolidated legal expenses**		
	International Leasing and Financial Services Limited	2,727,529	1,913,174
	International Leasing Securities Limited	3,491,695	550,162
	IL Capital Limited	-	-
		6,219,224	2,463,336
27	**Postage, stamp & telecommunication**		
	Postage, stamp, internet	1,048,137	1,073,768
	Telephone	1,451,175	802,075
		2,499,311	1,875,843
27(a)	**Consolidated postage, stamp & telecommunication**		
	International Leasing and Financial Services Limited	2,499,311	1,875,843
	International Leasing Securities Limited	1,038,536	925,775
	IL Capital Limited	167,382	220,777
		3,705,229	3,022,395
28	**Stationery, printing and advertisements**		
	Printing and stationery	7,661,254	4,492,891
	Publicity and advertisement	2,326,442	1,782,698
		9,987,696	6,275,589
28(a)	**Consolidated stationery, printing and advertisements**		
	International Leasing and Financial Services Limited	9,987,696	6,275,589
	International Leasing Securities Limited	774,619	573,764
	IL Capital Limited	81,245	84,258
		10,843,560	6,933,611
29	**Managing Director's salary and benefits**		
	Remuneration	4,620,000	4,620,000
	Other benefits	4,300,000	3,650,000
		8,920,000	8,270,000

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(Figures in BDT)

		2017	2016
30	**Directors' fees & meeting expenses**		
	Directors' fee for attending board meeting	1,214,400	1,297,200
	Executive Committee members' fee for attending EC meeting	184,000	312,000
	Audit Committee members' fee for attending AC meeting	276,000	331,200
		1,674,400	1,940,400
	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	1,674,400	1,940,400
	International Leasing Securities Limited	121,500	191,000
	IL Capital Limited	138,000	97,750
		1,933,900	2,229,150
31	**Auditors' fees**		
	Statutory audit fee	365,020	287,500
		365,020	287,500
31(a)	**Consolidated auditors' fees**		
	International Leasing and Financial Services Limited	365,020	287,500
	International Leasing Securities Limited	100,621	77,628
	IL Capital Limited	40,250	40,250
		505,891	405,378
32	**Depreciation, amortization and repair of assets**		
	a) Depreciation		
	Motor vehicles	7,673,088	4,969,989
	Office decoration	1,799,347	1,691,040
	Office equipment	877,694	614,529
	Furniture & fixtures	5,153,994	1,091,721
	Computer accessories	1,537,821	944,821
		17,041,944	9,312,100
	b) Amortization		
	Computer Software	1,082,813	204,696
		1,082,813	204,696
	c) Repairs		
	Office equipment	89,902	282,899
	Vehicles	1,884,866	1,602,767
		1,974,768	1,885,666
	Total (a+b+C)	20,099,525	11,402,462
32(a)	**Consolidated depreciation, amortization and repair of assets**		
	a) Depreciation		
	International Leasing and Financial Services Limited	17,041,944	9,312,100
	International Leasing Securities Limited	4,303,168	4,542,653
	IL Capital Limited	4,011,937	4,154,566
		25,357,049	18,009,319
	b) Amortization		
	International Leasing and Financial Services Limited	1,082,813	204,696
		1,082,813	204,696
	b) Repairs		
	International Leasing and Financial Services Limited	1,974,768	1,885,666
	International Leasing Securities Limited	650,527	369,768
	IL Capital Limited	-	39,265
		2,625,295	2,294,699
	Total (a+b+c)	29,065,157	20,508,714

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(Figures in BDT)

		2017	2016
33	**Other expenses**		
	Fuel expenses for vehicles	1,977,702	1,591,585
	Office maintenance	7,428,205	2,853,716
	Training expenses	746,144	629,184
	Books, magazines and newspapers	12,135	35,659
	Fees and subscription	7,504,216	2,530,201
	Bank charges	3,539,672	1,331,298
	Entertainment	2,697,720	4,019,392
	Other charges	5,072,706	-
	CIB service charge	50,260	35,860
	Business development expenses	5,502,004	1,372,334
	Hospitalization expense	328,173	175,864
	Traveling and conveyance expenses	10,553,521	3,221,397
		45,412,458	**17,796,490**

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	45,412,458	17,796,490
	Other expenses	*45,412,458*	*17,796,490*
	Adjustment for consolidation	-	-
	International Leasing Securities Limited	10,356,089	7,416,828
	IL Capital Limited	2,050,787	1,477,008
		57,819,334	**26,690,326**
34	**Provision against leases, loans and advances**		
	On classified leases, loans and advances	169,275,660	133,902,240
	On un-classified leases, loans and advances	46,424,870	95,158,455
		215,700,530	**229,060,695**

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. 215,700,530 has been made for the year 2017 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	215,700,530	229,060,695
	International Leasing Securities Limited	-	-
	IL Capital Limited	-	-
		215,700,530	**229,060,695**
35	**Provision for diminution in value of investments**		
	Shares		
	Provision for quoted shares	3,007,198	(12,668,945)
	Provision for un-quoted shares	-	-
		3,007,198	**(12,668,945)**
35(a)	**Consolidated Provision for diminution in value of investments**		
	Shares		
	International Leasing and Financial Services Limited	3,007,198	(12,668,945)
	International Leasing Securities Limited	-	2,720,000
	IL Capital Limited	5,609,400	7,194,104
		8,616,598	**(2,754,841)**
36	**Provision for tax**		
	Current tax	60,000,000	83,613,695
	Deferred tax	(2,867,199)	2,646,701
		57,132,801	**86,260,396**

(Figures in BDT)

	2017	2016
36.1 Average effective tax rate		
The average effective tax rate is calculated below as per Bangladesh Accounting Standard 12 "Income Tax"		
Accounting profit before provision & tax	600,134,847	416,907,192
Tax expense	57,132,801	86,260,396
Average effective tax rate	**9.52%**	**20.69%**
36(a) Consolidated Provision for tax		
International Leasing and Financial Services Limited	57,132,801	86,260,396
International Leasing Securities Limited	52,558,910	25,715,689
IL Capital Limited	852,208	2,279,335
	110,543,919	114,255,420
36(a).1 Consolidated average effective tax rate		
The average effective tax rate is calculated below as per Bangladesh Accounting Standard 12 "Income Tax"		
Accounting profit before provision & tax	722,979,097	466,411,879
Tax expense	110,543,919	114,255,420
Average effective tax rate	**15.29%**	**24.50%**
37 Earning Per Share (EPS)		
Basic earnings per share have been calculated as under:		
Earning attributable to ordinary shareholders (profit after tax)	324,294,318	114,255,046
Weighted average number of ordinary shares outstanding during the year	188,614,156	188,614,156
Earning per share (EPS)	**1.72**	**0.61**

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)	388,117,695	125,849,766
Weighted average number of ordinary shares outstanding during the year	188,614,156	188,614,156
Earning per share (EPS)	**2.06**	**0.67**

38 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. Md. Rafiqul Islam Khan, ACS	Company Secretary	Secretary of the Committee	Associate of the Institute of Chartered Secretaries of Bangladesh.

During the year 2017 Audit Committee Meeting hold 6 nos. of meeting and transacted the business as stated below:

SL. No.	Meeting		Business transacted
	No.	Date	
1	50th	22/Apr/17	Review of the report on the activities of the Audit Committee for the year 2016 and Review of Audited Financial Statements of the company for the year ended December 31, 2016 & Recommendation for appointment of the statutory auditor for the year 2017 & fixation of remuneration
2	51st	13/May/17	Review and recommendation on company's of First Quarter (Q1) un-audited financial statements
3	52nd	27/Jul/17	Review of ToR of Head of Internal Control & Compliance Review of Policy on Authorization and approval level covering Managing Director's financial authority Review of Half Yearly Internal Audit Report Review and recommendation on company's of First Quarter (Q1) un-audited financial statements
4	53rd	23/Sep/17	Review of the comprehensive inspection report of the Bangladesh bank for the year ended December 31, 2016 and reply of the management thereon
5	54th	22/Oct/17	Review and recommendation on company's of Third Quarter (Q3) un-audited financial statements
6	55th	06/Dec/17	Procurement of Server and Storage for BankUltimus software

39 Related party disclosures

39.1 Particulars of directors of the Company as of December 31, 2017

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	Nominated by Shaw Wallace Bangladesh Limited holds 17.36% shares
5	Mr. M. Nurul Alam	Director	
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

39.2 Name of Directors and their interest in different entities as on December 31, 2017

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

39.3 Transactions with directors and their related entities

Name of the party	Name of the director	Relationship	Nature of transaction	2017	2016
Mr. Nasim Anwar, FCA	Mr. Nasim Anwar, FCA	Self	Term Deposit	(6,156,215)	(3,344,106)
Mr. Muhammed Abul Hashem	Mr. Muhammed Abul Hashem	Self	Term Deposit	(12,696,528)	(11,631,516)
S.W. Shipping Ltd.	Mr. M. Nurul Alam	Director	Term Deposit	(184,260,000)	(31,780,000)
S W Multimedia Limited	Mr. M. Nurul Alam	Director	Term Deposit	(4,896,606)	(4,914,332)
Shaw Wallace Bangladesh Limited	Mr. M. Nurul Alam Mr. Muhammed Abul Hashem	Director	Term Deposit	(5,095,473)	-
Shaw Wallace Bangladesh & Associated Cos'	Mr. M. Nurul Alam	Trustee	Term Deposit	(6,159,292)	(5,679,071)
A F Mujibur Rahman Foundation	Mr. M. Nurul Alam	Trustee	Term Deposit	(191,451,222)	(152,480,730)
Shaw Wallace Bangladesh Limited	Mr. M. Nurul Alam Mr. Muhammed Abul Hashem	Director	Term Deposit	1,245,134	-

(Figures in BDT)

	2017	2016

40 Events after the reporting period

40.1 Dividend for the year - 2017

The Board of Directors at their 217th meeting held on April 30, 2018 recommended to the shareholders stock dividend (bonus share) @ 12% amounting to Tk. 226,336,980 (i.e. 12 bonus share for every 100 fully paid shares held at the record date) subject to the approval of the shareholders at the 22nd Annual General Meeting (AGM) scheduled to be held on June 28,2018

Proposed dividend consists of:

Cash	-	-
Bonus share	226,336,980	89,816,265
	226,336,980	**89,816,265**

Proposed dividend will be distributed from:

Retained surplus for the year	226,336,980	89,816,265
Past accumulated retained earnings/surplus	-	-
	226,336,980	**89,816,265**

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

41 Capital expenditure commitments

There was no capital expenditure commitment contracted as at December 31, 2017

42 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, 2017

43 Number of employees engaged for the whole year and drawing remuneration of Tk. 35,000 and above per annum was 59.

44 Interim financial statements

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

45 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 met the requirement of Bangladesh Bank and has no such restriction.

46 Approval of the financial statements

These financial statements were authorized for issue by the Board of Directors of the Company on April 30, 2018

Chairman | Director | Managing Director | Company Secretary

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

Schedule of investment in shares (Quoted)

(Figures in BDT)

Name of the company	Category of share	Face Value	Nos. of Share	Cost as off 31-Dec-17	Average cost	Quoted rate per share as off 31-Dec-17	Total Market Value as of 31-Dec-17	Unrealized Gain/ (Loss) as of 31-Dec-17	Provision for Loss
ALARABANK	A	10	2,400,000	59,614,800	24.84	24.10	57,840,000	(1,774,800)	(1,774,800)
CITYBANK	A	10	100,000	5,356,690	53.57	53.20	5,320,000	(36,690)	(36,690)
FEKDIL	A	10	583,980	16,514,078	28.28	19.50	11,387,610	(5,126,468)	(5,126,468)
FIRSTSBANK	A	10	900,000	15,510,150	17.23	15.30	13,770,000	(1,740,150)	(1,740,150)
ICB	A	10	24,827	4,355,699	175.44	160.00	3,972,320	(383,379)	(383,379)
IFADAUTOS	A	10	210,150	23,078,358	109.82	126.00	26,478,900	3,400,542	3,400,542
IFIC	A	10	1,000,000	20,571,300	20.57	18.00	18,000,000	(2,571,300)	(2,571,300)
LANKABAFIN	A	10	1,395,000	66,290,400	47.52	47.80	66,681,000	390,600	390,600
MERCANBANK	A	10	454,432	12,694,785	27.94	26.40	11,997,005	(697,780)	(697,780)
PREMIERBAN	A	10	2,000,000	34,859,400	17.43	15.70	31,400,000	(3,459,400)	(3,459,400)
PRIMEBANK	A	10	1,200,800	34,986,869	29.14	27.40	32,901,920	(2,084,949)	(2,084,949)
PTL	A	10	10,000	335,123	33.51	43.90	439,000	103,877	103,877
RAKCERAMIC	A	10	411,068	26,460,735	64.37	59.90	24,622,973	(1,837,762)	(1,837,762)
SPCL	A	10	402,456	53,171,803	132.12	116.10	46,725,142	(6,446,661)	(6,446,661)
ACIFORMULA	A	10	70,000	15,021,363	214.59	173.60	12,152,000	(2,869,363)	(2,869,363)
CONFIDCEM	A	10	18,000	2,397,100	133.17	152.50	2,745,000	347,900	347,900
MIDASFIN	Z	10	45,000	1,269,239	28.21	44.70	2,011,500	742,262	742,262
NAHEEACP	N	10	6,847	62,246	9.09	73.40	502,570	440,324	440,324
NORTHERN	A	10	9,500	4,278,991	450.42	553.60	5,259,200	980,209	980,209
OIMEX	N	10	7,128	64,800	9.09	65.20	464,746	399,946	399,946
UNIONCAP	A	10	500,701	12,632,536	25.23	20.10	10,064,090	(2,568,446)	(2,568,446)
Total				409,526,463			384,734,975	(24,791,488)	(24,791,488)

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

Schedule of fixed assets

Annexure - B

(Figures in BDT)

Particulars	COST				DEPRECIATION					Written down value as at December 31, 2017
	Balance as at January 01, 2017	Addition during the Year	Disposal during the Year	Balance as at December 31, 2017	Rate (%)	Balance as at January 01, 2017	Charged during the Year	Adjustment during the Year	Balance as at December 31, 2017	
Motor vehicles	37,578,490	2,788,687	-	40,367,177	20%	8,590,966	7,673,088	-	16,264,054	24,103,123
Office decoration	22,162,301	2,285,011	-	24,447,313	15%	19,194,223	1,799,347	-	20,993,570	3,453,743
Office equipment	10,785,215	5,093,106	240,241	15,638,080	20%	10,314,600	877,694	240,233	10,952,061	4,686,019
Furniture & fixtures	25,079,737	6,060,351	-	31,140,088	20%	5,728,467	5,153,994	-	10,882,461	20,257,627
Computer Accessories	7,383,226	1,695,644	-	9,078,869	33%	4,837,319	1,537,820	-	6,375,139	2,703,730
Total as at December 31, 2017	102,988,969	17,922,799	240,241	120,671,527		48,665,575	17,041,943	240,233	65,467,285	55,204,242
Total as at December 31, 2016	72,289,239	44,401,416	13,701,687	102,988,968		45,494,342	9,312,100	6,140,867	48,665,575	54,323,393

Schedule of intangible assets

Particulars	COST				AMORTIZATION					Written down value as at December 31, 2017
	Balance as at January 01, 2017	Addition during the Year	Disposal during the Year	Balance as at December 31, 2017	Rate (%)	Balance as at January 01, 2017	Charged during the Year	Adjustment during the Year	Balance as at December 31, 2017	
Computer Software	3,281,250	-	-	3,281,250	33%	204,696	1,082,813	-	1,287,509	1,993,741
Total as at December 31, 2017	3,281,250	-	-	3,281,250		204,696	1,082,813	-	1,287,509	1,993,741
Total as at December 31, 2016	-	3,281,250	-	3,281,250		-	204,696	-	204,696	3,076,554

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

Schedule of consolidated fixed assets

Annexure - B(a)

(Figures in BDT)

Particulars	COST				DEPRECIATION					Written down value as at December 31, 2017
	Balance as at January 01, 2017	Addition during the Year	Disposal during the Year	Balance as at December 31, 2017	Rate (%)	Balance as at January 01, 2017	Charged during the Year	Adjustment during the Year	Balance as at December 31, 2017	
Motor vehicles	45,762,490	2,788,687	-	48,551,177	20%	12,744,508	9,308,145	-	22,052,653	26,498,524
Office decoration	49,202,339	11,542,444	572,270	60,172,514	15%	41,515,499	5,717,162	135,915	47,096,747	13,075,767
Office equipment	16,840,160	8,433,932	521,009	24,753,083	20%	16,257,090	1,645,515	578,777	17,323,828	7,429,255
Furniture & fixtures	27,467,603	6,431,001	-	33,898,604	20%	7,785,324	5,361,108	-	13,146,432	20,752,172
Computers & accessories	27,632,341	2,535,369	-	30,167,709	33%	23,272,673	3,325,118	-	26,597,791	3,569,918
Total as at December 31, 2017	166,904,933	31,731,433	1,093,279	197,543,087		101,575,094	25,357,048	714,692	126,217,451	71,325,636
Total as at December 31, 2016	156,899,568	49,046,313	39,040,949	166,904,932		110,812,088	18,009,319	27,246,315	101,575,092	65,329,840

Schedule of intangible assets

Particulars	COST				AMORTIZATION					Written down value as at December 31, 2017
	Balance as at January 01, 2017	Addition during the Year	Disposal during the Year	Balance as at December 31, 2017	Rate (%)	Balance as at January 01, 2017	Charged during the Year	Adjustment during the Year	Balance as at December 31, 2017	
Computer Software	3,281,250	-	-	3,281,250	33%	204,696	1,082,813	-	1,287,509	1,993,741
Total as at December 31, 2017	3,281,250	-	-	3,281,250		204,696	1,082,813	-	1,287,509	1,993,741
Total as at December 31, 2016	-	3,281,250	-	3,281,250		-	204,696	-	204,696	3,076,554

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

Financial Highlights

Annexure - C

(Figures in BDT)

Sl. No.	Particulars	2017	2016	2015	2014	2013	2012	2011
1	Paid-up capital	1,886,141,560	1,796,325,300	1,710,786,000	1,710,786,000	1,710,786,000	1,710,786,000	1,629,320,000
2	Paid-up Capital surplus/(deficit)	886,141,560	796,325,300	710,786,000	710,786,000	710,786,000	710,786,000	710,786,000
3	Total capital	2,586,118,585	2,261,824,267	2,373,642,248	2,125,214,635	2,084,262,214	2,215,625,126	2,108,609,749
4	Total assets	43,590,493,519	35,493,852,813	23,231,183,679	17,516,706,624	17,542,215,470	16,590,839,058	16,288,124,334
5	Total Deposits	28,978,022,624	21,910,615,384	13,166,933,885	10,392,660,500	9,982,201,215	9,128,539,313	8,425,124,666
6	Total leases, loans and advances	34,962,806,891	29,730,237,726	20,283,566,651	14,478,187,971	15,483,925,851	14,041,637,394	13,870,984,147
7	Total contingent liabilities and commitments	899,718,630	572,720,063	586,484,773	774,675,664	813,577,041	611,577,041	564,046,821
8	Leases, loans and advances to deposits ratio	0.90	0.91	1.03	0.97	1.11	1.06	1.05
9	% of classified leases, loans and advances to total leases, loans and advances	4.71%	4.69%	6.89%	9.97%	7.74%	8.16%	9.27%
10	Profit after tax and provisions	324,294,318	114,255,046	122,548,259	110,722,314	(54,779,944)	59,282,935	(56,576,683)
11	Classified leases, loans and advances	1,646,933,504	1,394,190,022	1,397,052,918	1,443,988,891	1,199,116,376	1,145,254,455	1,286,405,225
12	Provision kept against classified leases, loans and advances	427,208,511	545,347,993	321,010,662	442,316,700	307,388,000	274,337,789	403,768,600
13	Provision surplus/(deficit)	718,797	12,255,318	(41,976,000)	(55,234,300)	362,120	35,101	1,521,000
14	Cost of fund	9.58%	9.73%	10.80%	12.85%	13.43%	15.88%	13.79%
15	Interest earning assets	43,887,804,055	35,522,584,973	22,354,996,847	17,904,530,986	16,964,031,504	16,000,171,472	15,724,622,400
16	Non-interest earning assets	1,018,224,518	1,315,060,699	878,077,910	856,877,249	578,183,966	590,667,586	563,501,934
17	Return on investment	1.46%	1.26%	1.89%	2.15%	1.82%	0.47%	1.65%
18	Return on assets	1.65%	1.31%	1.31%	1.61%	-0.23%	0.70%	0.40%
19	income from investment	189,033,577	133,356,621	(28,733,330)	45,927,733	2,030,042	(34,987,841)	(42,691,436)
20	Operating profit per share*	3.18	2.32	2.24	1.97	1.60	0.39	1.43
21	Earning per share*	2.06	0.70	0.69	0.74	0.68	0.35	(0.56)
22	Price earning ratio*	10.74	18.13	12.70	18.33	(49.34)	58.29	(84.24)

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

International Leasing Securities Limited

- Overview of the company
- Directors of the company
- Management Team
- Independent Auditors' Report to the Shareholders
- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Cash Flows
- Statement of Changes in Shareholder's Equity
- Notes to the Financial Statements
- Schedule of Fixed Assets

Overview of the company

International Leasing Securities Limited (ILSL) is a fully fledged stock brokerage company in Bangladesh which started its operation in August 2008 as a fully owned subsidiary of International Leasing and Financial Services Ltd. It is a full serviced Depository participant (DP) of CDBL and offer margin loan for share trading. It is providing the brokerage services under the membership of two bourses of Bangladesh namely Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

ILSL has been established to contribute to the development of a sound capital market for achieving accelerated economic growth of the country. With a view to ensure greater participation of the investors, this company is offering Brokerage, Custodial & Depository Participants services along with specialized value added services to meet the requirements of retail and institutional investors both local and foreign.

Brokerage Services

With an efficient trade management process and smart pool of traders, ILSL helps to minimize hidden transaction costs which range from market impact to delay costs to missed trade opportunity cost. ILSL provides "Trade Execution Service" for its clients in Dhaka and Chittagong Stock Exchange. ILSL is not merely an agent of a client's order. Apart from representing order to the market, the company always takes care of every valuable transaction. This is reflected in the belief "Brokerage is more than Commission." ILSL actively assists in block trade whereby the opposite side of the trade is actively sought.

CDBL Services

ILSL operates as a Full Service DP at both DSE and CSE. Apart from their BO Account Opening and Maintenance services, they provide their clientele with De-materialization and Re-materialization services. They offer safe transfers and transmission through CDBL as well as they provide their customers with customized services related to Pledging, Unpledging and Confiscation of Securities.

Research Services

ILSL firmly believes in the knowledge based investment in the capital market to keep pace with the advanced market and sophisticated clients. Apart from efficient and effective brokerage services, ILSL is backed by the strength of a comprehensive Research Unit, which provides a range of services from company, industry and country research to corporate valuation. One of the important functions of ILSL is to carry out capital market research for themselves and their valued customers. Their Research & Analysis Department is one of the most important departments solely dedicated to these functions. The team puts its effort to analyze the capital market along with the fundamental and technical indicators of listed securities of DSE and CSE. The approach is to understand the psychology and trend history of the market, and most importantly the actions of investors.

ILSL has aimed to provide higher, better and diversified services to a wide range of investors. ILSL is dedicated to provide high level of professional and personalized services to its domestic and international investors.

Directors of the company



Mr. M. Nurul Alam
Chairman



Mr. Md. Zahirul Alam, FCA
Director



Mr. Rashedul Haque
Director



Mr. Syed Abed Hassan
Director



Ms. Nahida Runai
Director



Mr. Mostofa Muidur Rahman
Director

Management Team

Standing From Left

Mr. Mohammad Noore Rabbi, Head of Finance & Accounts
Mr. Md. Mohin Uddin, Head of IT
Mr. Nazmus Sakib, Head of Compliance & HR
Mr. Kazi Muhammad Rashedul Huque, Head of Office Administration
Mr. Md. Emdadul Karim, Head of Settlement

Sitting From Left

Mr. Md. Zakir Hossain, Head of Trade
Mr. A.S.M. Ahasan Habib Chowdhury, Chief Operating Officer
Ms. Rezwana Nasreen, Head of Research



ILSL Team





INTERNATIONAL LEASING SECURITIES LIMITED

AUDITORS' REPORT
&
AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Independent Auditors' Report To The Shareholders Of International Leasing Securities Limited

We have audited the accompanying Financial Statements of International Leasing Securities Limited which comprises Statement of Financial Position as at 31 December, 2017 and the related Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes and all related Financial Statements of International Leasing Securities Limited.

Respective Responsibilities of Management and Auditors

The company's Management is responsible for preparing the Financial Statements, which give true and fair view, in accordance with the Bangladesh Financial Reporting Standards (BFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

Basis of Audit Opinion

We conducted our audit in accordance with the Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the Financial Statements prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view Statement of the company's affairs as of December 31, 2017, and the results of its financial performance and its cash flows for the year then ended and comply with the Companies Act, 1994; Securities & Exchange Rules, 1987, Dhaka Stock Exchange Rules 1954, Chittagong Stock Exchange Rules 1995 and other applicable laws and regulations.

We also report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branch offices not visited by us;

(c) the company's Statement of Financial Position and Statement of Comprehensive Income together with the annexed notes thereto dealt with by this report are in agreement with the books of account and returns;

(d) the financial position of the company as of December 31, 2017 and the profit for the period have been properly reflected in the Financial Statements and the Financial Statements have been prepared in accordance with Bangladesh Financial Reporting Standard (BFRS) ;

(e) the expenditure incurred and payments made were for the purpose of the Company's business;

(f) the information and explanation required by us have been received and found satisfactory;

g) the records and statements submitted by the branches properly maintained in the Financial Statements.

Dated: Dhaka
April 25, 2018

Zoha Zaman Kabir Rashid & Co.
Chartered Accountants

INTERNATIONAL LEASING SECURITIES LIMITED

Statement of Financial Position

as at December 31, 2017

(Figures in BDT)

	Notes	2017	2016
ASSETS			
Cash and cash equivalents	3	262,103,743	363,617,666
Investments	4	563,000,303	723,420,825
Property, Plant and Equipments	5	11,533,849	5,741,497
Receivable from customers	6	3,509,635,181	3,120,041,603
Receivable from DSE and CSE	7	52,397,729	160,776,351
Other assets	8	30,385,614	102,249,377
Total assets		4,429,056,419	4,475,847,318
LIABILITIES AND CAPITAL			
Liabilities			
Loans	9	2,768,319,469	2,638,454,255
Payable to customers	10	223,684,972	181,923,395
Payable to DSE and CSE	11	6,603,749	7,174,846
Other liabilities	12	319,717,412	610,021,412
Total liabilities		3,318,325,602	3,437,573,907
Capital / Shareholders' equity			
Paid- up capital	13.1	1,000,000,000	1,000,000,000
Retained earnings	14	110,730,817	38,273,412
Total Shareholders' equity		1,110,730,817	1,038,273,412
Total liabilities and Shareholders' equity		4,429,056,419	4,475,847,318
Net asset value (NAV) per share	15	111.07	103.83

These financial statements should be read in conjuction with the annexed notes.

Chairman | Director | Company Secretary

Dated: Dhaka
April 25, 2018

Zoha Zaman Kabir Rashid & Co.
Chartered Accountants

INTERNATIONAL LEASING SECURITIES LIMITED

Statement of Comprehensive Income

For the year ended December 31, 2017

(Figures in BDT)

	Notes	2017	2016
Turnover			
DSE		81,993,409,694	36,925,731,427
CSE		3,893,459,089	3,085,037,397
		85,886,868,783	40,010,768,824
OPERATING INCOME			
Brokerage income	16	236,268,878	112,209,476
Direct charges	17	(22,502,652)	(10,383,535)
Net brokerage income		213,766,226	101,825,941
Interest income	18	201,007,207	362,194,746
Interest expense	19	(300,900,724)	(428,557,666)
Net interest income		(99,893,517)	(66,362,920)
Other operating income	20	1,175,031	1,006,315
Income from investment	21	92,929,583	64,908,293
Total operating income (A)		207,977,323	101,377,629
OPERATING EXPENSES			
Salaries and allowances	22	53,157,109	40,996,870
Rent, taxes, insurance, electricity, etc.	23	8,967,144	16,124,884
Legal expenses	24	3,491,695	550,162
Postage, stamp, telecommunication, etc.	25	1,038,536	925,775
Stationery, printing, advertisements, etc.	26	774,619	573,764
Directors' fees & meeting expenses	27	121,500	191,000
Auditors' fees	28	100,621	77,628
Depreciation and repair of assets	29	4,953,695	4,912,421
Other expenses	30	10,356,089	7,416,828
Total operating expenses (B)		82,961,007	71,769,331
Profit before provision (C=A-B)		125,016,316	29,608,297
Provision for unrealized loss in dealer account		-	-
Provision for contingency		-	2,720,000
Total Provision (D)	31	-	2,720,000
Profit before tax E=(C-D)		125,016,316	26,888,297
Tax expenses	32	52,558,910	25,715,689
Profit after tax		72,457,405	1,172,608
Earnings per share (EPS)	33	7.25	0.12

These financial statements should be read in conjunction with the annexed notes.

Chairman | Director | Company Secretary

Dated: Dhaka
April 25, 2018

Zoha Zaman Kabir Rashid & Co.
Chartered Accountants

AMAR STOCK

INTERNATIONAL LEASING SECURITIES LIMITED

Statement of Cash Flows

For the year ended December 31, 2017

(Figures in BDT)

		2017	2016
A)	**Cash flows from operating activities**		
	Brokerage income received	213,766,226	101,825,941
	Interest receipts	201,007,207	362,194,746
	Interest payments	(300,900,724)	(428,557,666)
	Payments to employees	(53,157,109)	(40,996,870)
	Income taxes paid	(58,267,292)	(34,080,860)
	Income received from investment	37,808,794	9,787,504
	Receipts from other operating activities	1,175,031	940,930
	Payments for other operating activities	(11,191,676)	(30,772,461)
	Cash generated from operating activities before changes in operating assets and liabilities	**30,240,458**	**(59,658,736)**
	Increase/ decrease in operating assets and liabilities		
	Net changes in receivable from customers	(389,593,578)	191,604,544
	Net changes in receivable from DSE and CSE	108,378,622	(152,780,152)
	Other assets	-	43,546,317
	Net changes in payable to customers	41,761,577	56,955,353
	Net changes in payable to DSE and CSE	(571,097)	(826,803)
	Net changes in other liabilities	(200,358,075)	105,928,178
		(440,382,550)	**244,427,437**
	Net cash from operating activities	**(410,142,092)**	**184,768,701**
B)	**Cash flows from investing activities**		
	Proceeds from sale of securities	13,960,234	(253,153,771)
	Net change of investment	146,460,288	101,563,602
	Net change against purchase/sale of property, plant and equipment	(5,792,353)	2,266,677
	Net cash used in investing activities	**154,628,169**	**(149,323,492)**
C)	**Cash flows from financing activities**		
	Receipts of long term loan	154,000,000	340,000,000
	Repayment of long term loan	-	(200,793,006)
	Increase in equity	-	-
	Net Cash from financing activities	**154,000,000**	**139,206,994**
D)	Net increase / (decrease) in cash and cash equivalents (A+ B + C)	(101,513,923)	174,652,202
E)	Cash and cash equivalents at beginning of the year	363,617,666	188,965,463
F)	**Cash and cash equivalents at end of the year (D+E)**	**262,103,743**	**363,617,666**
	Cash and cash equivalents at end of the year		
	Cash in hand	49,163	41,392
	Balance with banks and other financial institutions	262,054,580	363,576,274
		262,103,743	**363,617,666**

These financial statements should be read in conjuction with the annexed notes.

Chairman

Director

Company Secretary

Dated: Dhaka
April 25, 2018

Zoha Zaman Kabir Rashid & Co.
Chartered Accountants

INTERNATIONAL LEASING SECURITIES LIMITED

Statement of Changes in Shareholder's Equity

For the year ended December 31, 2017

(Figures in BDT)

Particulars	Share Capital	Retained Earnings	Total
Balance as at January 01, 2016	1,000,000,000	37,100,803	1,037,100,803
Changes during the year			
Profit after tax and provision for the year	-	1,172,608	1,172,608
Increase in share capital	-	-	-
Net Changes in 2016	-	1,172,608	1,172,608
Balance as at December 31, 2016	1,000,000,000	38,273,412	1,038,273,412
Changes during the year			
Profit after tax and provision for the year	-	72,457,405	72,457,405
Net Changes in 2017	-	72,457,405	72,457,405
Balance as at December 31, 2017	1,000,000,000	110,730,817	1,110,730,817

Chairman

Director

Company Secretary

Dated: Dhaka
April 25, 2018

Zoha Zaman Kabir Rashid & Co.
Chartered Accountants

AMARSTOCK

Notes to the financial statements
For the year ended December 31, 2017

1 Company and its activities

1.1 Corporate information

International Leasing Securities Limited (ILSL) is a Public Limited Company incorporated under the Companies Act 1994 on April 09, 2008 bearing Registration Number C-70738 (3247)/08. The registered office of the Company is at Hossain Tower, 1st Floor 116, Bir Pratick Gazi Golam Dostogir Road, Naya Paltan,Dhaka- 1000. It is a 99.99% subsidiary of International Leasing and Financial Services Ltd. The Company started its operation on August 31, 2008.

1.2 Principal activities

The main business of the Company is to carry on the business as a broker, dealer in stocks and securities, commercial papers, bonds, debentures, debenture stocks, treasury bills/bonds and/or any financial instruments.

1.3 Branch office

The company opened its branch office in Agrabad, Chittagong on July 07, 2009. The approval of opening of this branch was given by Securities and Exchange Commission on March 19, 2009 vide approval letter no. SEC/Reg/DSE/2009/123. During the year 2010, the company has also opened another 2 branches in Khatungonj, Chittagong and Sylhet on September 14, 2010 and October 25, 2010 vide SEC letter no. SEC/Reg/DSE/2010/347 and SEC/Reg/DSE/2010/419 respectively.

2 Significant accounting policies

2.1 Basis of preparation and presentation of the financial statements

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in Bangladesh under the historical cost convention.

2.2 Statement of compliance

The financial statements have been prepared on a going concern basis following the accrual basis of accounting except for statement of cash flows. In preparation of these financial statements, the Company followed respective provisions of The Companies Act, 1994, Securities and Exchange Rules, 1987, Dhaka Stock Exchange Rules, 1954 and Bangladesh Accounting Standards (BAS) and/or Bangladesh Financial Reporting Standards (BFRS).

2.3 Use of estimates and judgement

Preparation of the financial statements in conformity with BFRS 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.

2.4 Branch accounting

The company has operating three branches in Agrabad – Chittagong, Khatungonj-Chittagong and Sylhet. Accounts of the branches are maintained at head office from which these accounts are drawn up.

2.5 Statement of cash flows

The statement of cash flow is prepared using the direct method as stipulated in Bangladesh Financial Reporting Standard (BFRS) 7 – "Cash Flow Statements". Cash and cash equivalents for cash flow statement comprises mainly of cash in hand and balances at banks.

2.6 Revenue recognition (BAS 18, "Revenue")

BAS 18 is a general revenue recognition standard, which states that revenue should be measured at the fair value of the consideration received or receivable. This is usually the amount of cash or cash equivalents received or receivable and recognized when it is probable that economic benefits will flow to the entity.

2.6.1 Brokerage commission

Brokerage commission is recognized as income when the order of selling or buying shares is executed.

2.6.2 Interest on margin loan

Interest on margin loans extended to customers is charged to their accounts calculated on the daily product basis.

2.6.3 Interest on bank deposits

Interest on deposits with banks is recognized as income when the banks credit the amounts into the Company's bank accounts.

2.7 Recognition of fixed assets and depreciation (BAS 16 "Property, Plant & Equipment")

Recognition

An item of fixed assets is recognized 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 on own fixed assets is charged systematically over the asset's useful life. Full year depreciation is charged on additions irrespective of date when the related assets are put into use. On the other hand, no depreciation has been charged on the month of disposal.

The company follows the straight-line method of depreciation applying annual rates stated as follows:

- Furniture and fixtures 15%
- Office equipment 20%
- Office decoration 15%
- Motor vehicles 20%
- Computer and accessories 33%

Disposal or retirement

The gain or loss arising on the 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.

2.8 Intangible assets (BAS- 38)

Costs incurred to procure softwares represent as intangible assets. Intangible assets are to be amortised as per decision of the Board of Directors.

2.9 Borrowing cost

All borrowing costs are recognized as expenses in the period in which they incurred in accordance with benchmark treatment of Bangladesh Accounting Statnderd-23.

2.10 Accrued expenses, provisions and other payables

As per BAS 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 a provision is the best estimate of settlement amount at balance sheet date.

2.11 Tax provision

The Company's brokerage income is subject to deduction of tax at source.

Provision for tax on income other than brokerage commission has been made after necessary adjustment for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments thereto.

2.12 Cash and cash equivalents

Cash comprises cash in hand and cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to a known amount of cash which are subject to an insignificant risk of change in value.

2.13 Earnings per Share (EPS)

The Company calculates Earnings per Share (EPS) in accordance with Bangladesh Accounting Standards-33, which is shown in the face of the Profit and Loss Account, and the computation is stated in Note- 32. No diluted earning per share is required to be calculated for the period, as there was no scope for diluting during the period under review.

2.14 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.

2.15 Reporting period

The financial statements have been prepared for the period from January 01, 2017 to December 31, 2017.

2.16 Reporting currency

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

2.17 General

a) Figures in the financial statements and notes have been rounded off to the nearest taka.

b) Previous year's figures have been rearranged whenever necessary to conform to current year's presentation.

(Figures in BDT)

		2017	2016
3	**Cash and cash equivalents**		
	Cash in hand	49,163	41,392
	Cash at bank (note- 3.1)	262,054,580	363,576,274
		262,103,743	**363,617,666**
3.1	**Cash at bank**		
	Bank Alfalah Ltd.	1,953,401	2,254,446
	Eastern Bank Limited	3,207	193,953
	Standard Chartered Bank	-	(4,810,126)
	One Bank Ltd	6,384,981	104,212,760
	One Bank Ltd. (PIAP)	230,163	261,706,938
	The City bank Limited	253,477,751	-
	The City bank Limited (PIAP)	4,352	-
	The Farmers Bank Ltd.	-	1,164
	Modhumoti Bank Ltd.	-	16,416
	Jamuna Bank Ltd.	725	725
		262,054,580	**363,576,274**
4	**Investments**		
	Investment in shares of DSE (note-4.1)	56,300,000	56,300,000
	Investment in shares of CSE (note 4.2)	103,944,686	103,944,686
	Investment in FDR (note-4.3)	-	146,460,288
	Investment in dealer account (note-4.4)	402,755,617	416,715,851
		563,000,303	**723,420,825**

4.1 This includes cost of purchasing of Membership License from Dhaka Stock Exchange Limited (DSE) under open bid for sale of Membership License and other related costs for transfer of the license in the name of the Company from International Leasing And Financial Services Limited. After demutualization, as per allotment letter ref. DSE/BA/Allotment/2013/13740-009 dated November 02 2013 & Allotment no. 13009 , the total ordinary shares are 7,215,106 nos @ Tk. 10 each where 40% shares are credited under BO Account no. 1204220030590007 of International Leasing Securities Limited and 60% of total shares are preserved in the blocked account maintained by DSE as per The Exchanges Demutualization Act 2013.In addition to these, the company obtained TREC certificate from DSE to carryout brokerage business in Bangladesh.

4.2 This represents cost of purchasing Membership License of Chittagong Stock Exchange Limited (CSE) and other related costs for transfer of the license in the name of the company from Hong Kong Bangladesh Securities Limited (HBSL).After demutualization, as per allotment letter no. CSE/Dem/LOA/080 dated October 31 2013 & Allotment no. 080, the total ordinary shares are 4,287,330 nos @ Tk. 10 each where 40% shares are credited under BO Account no. 1204220030590007 of International Leasing Securities Limited and 60% shares are preserved in the blocked account maintained by CSE as per The Exchanges Demutualization Act 2013. In addition to these, the company obtained TREC certificate from CSE to carryout brokerage business in Bangladesh.

4.3 Investment in FDR

International Leasing And Financial Services Ltd.	-	146,460,288
	-	146,460,288

4.4 Detail of Investment in shares through Dealer Account as of December 31, 2017 are given below:

Name of Securities	Number of shares	Cost Value	Market Value	Unrealized Gain/(Loss)
Prime Bank	1,349,483	38,900,982	36,975,834	(1,925,148)
Apex Foods	75,750	10,940,760	10,695,900	(244,860)
GPH Ispat	105,000	4,627,350	4,074,000	(553,350)
IbnSina	23,513	5,713,029	5,746,577	33,548
Aramit	7,928	2,695,931	2,651,123	(44,807)
Lankabangla 1st	2,000,000	20,000,000	20,000,000	-
Cofidence Cement	30,000	4,562,850	4,575,000	12,150
Delta life	100,000	10,700,000	10,760,000	60,000
Ifad Autos	281,250	37,689,214	35,437,500	(2,251,714)
Quasem Drycelles Ld.	137,075	11,580,096	10,623,313	(956,784)
Lankabangla	956,433	62,292,481	45,717,497	(16,574,984)
Navana CNG	143,398	10,071,172	9,622,006	(449,166)
Mercantile Bank	2,302,910	63,895,401	60,796,824	(3,098,577)
IDLC	50,000	4,393,740	4,265,000	(128,740)
One Bank	1,260,247	33,032,422	30,245,928	(2,786,494)
Northern	30,965	14,476,994	17,142,224	2,665,230
Pharmaid	30,000	11,975,480	12,549,000	573,520
Premier Cement	100,000	9,300,830	8,770,000	(530,830)
Salvo Chemical	50,000	1,080,000	1,080,000	-
Sino Bangla	25,000	1,357,800	1,315,000	(42,800)
IPDC	170,000	8,044,137	8,517,000	472,863
Pioneer Ins	10,000	329,468	305,000	(24,468)
Simtex	358,674	10,193,019	10,545,016	351,997
Takaful	25,000	660,000	620,000	(40,000)
SPCL	150,400	18,536,302	17,461,440	(1,074,862)
Aamranet	3,503	292,430	342,243	49,813
Nahi Aluminum	13,532	441,684	993,249	551,564
Oimex	7,129	64,810	464,811	400,001
Transit IPO- Bashundhara Paper	43,226	3,458,080	3,458,080	-
Transit IPO- Aman Cotton	31,385	1,255,400	1,255,400	-
Cash at Bank	-	193,754	-	-
		402,755,617	377,004,965	(25,556,899)

(Figures in BDT)

5 Property, plant and equipments	2017	2016
Motor vehicles	8,184,000	8,184,000
Office decoration	16,576,732	11,173,543
Office equipment	8,640,624	5,580,566
Furniture & fixtures	1,943,495	1,572,845
Computers & accessories	16,579,653	15,792,488
	51,924,504	42,303,442
Less: accumulated depreciation	40,390,655	36,561,946
Net book value at the end of the year (See annexure-1 for details)	11,533,849	5,741,497

(Figures in BDT)

	2017	2016

6 Receivable from customers

Receivable from customer represents margin loan extended to them against purchase of shares. This also includes accrued interest capitalized on monthly basis. Considering recoverability of the receivables the amount has been classified under the following two categories:

Interest earning receivable	486,366,274	1,484,513,141
Non-interest earning receivable	3,023,268,907	1,635,528,462
	3,509,635,181	**3,120,041,603**

7 Receivable from DSE and CSE

Receivable from DSE (note-7.1)	52,148,581	160,123,323
Receivable from CSE (note-7.2)	249,148	653,028
	52,397,729	**160,776,351**

The above amounts represent receivable from Dhaka Stock Exchane and Chittagong Stock Exchange against sale of shares by customers through the Exchanges. Detail break-up of the amounts are given in the following notes:

7.1 Receivable from DSE

Grouping of Shares	Date of Transaction	Amount	Amount
Z	17-Dec-17	6,753,425	-
Z	18-Dec-17	3,760,021	-
Z	19-Dec-17	880,007	-
Z	20-Dec-17	183,654	-
Z	21-Dec-17	337,267	-
Z	24-Dec-17	330,866	-
Z	26-Dec-17	303,446	-
ABGN	27-Dec-17	16,413,267	-
Z	27-Dec-17	1,537,764	-
ABGN	28-Dec-17	20,982,070	-
Z	28-Dec-17	666,795	-
Z	18-Dec-16	-	1,027,569
Z	19-Dec-16	-	585,540
Z	20-Dec-16	-	891,592
Z	21-Dec-16	-	2,024,158
Z	22-Dec-16	-	253,477
Z	26-Dec-16	-	591,222
Z	27-Dec-16	-	1,219,975
ABGN	28-Dec-16	-	30,647,138
Z	28-Dec-16	-	201,563
ABGN	29-Dec-16	-	112,454,945
Z	29-Dec-16	-	10,226,144
Total		**52,148,581**	**160,123,323**

7.2 Receivable from CSE

Grouping of Shares	Date of Transaction	Amount	Amount
Z	18-Dec-17	20,830	-
Z	19-Dec-17	62,152	-
Z	21-Dec-17	17,184	-
Z	24-Dec-17	41,314	-
Z	26-Dec-17	107,668	-
Z	19-Dec-16	-	86,589
Z	19-Dec-16	-	94,921
Z	19-Dec-16	-	7,433
Z	19-Dec-16	-	15,585
Z	19-Dec-16	-	41,462
Z	19-Dec-16	-	407,037
Total		**249,148**	**653,028**

(Figures in BDT)

	2017	2016
8 Other assets		
Accrued Interest on FDR	-	12,294,942
Successful Application Account - IPO	-	1,559,770
Loan to Employees	4,856,450	4,760,593
Receivable- Other	500,000	57,505,441
Advance Office Rent (note - 8.1)	11,105,023	12,467,750
Advance Corporate Tax (note - 8.2)	12,281,842	12,708,381
Advance for office space in DSE building at Nikunja	850,000	850,000
Security Deposit BTTB & CDBL	-	102,500
Advance for Expenses	792,300	-
	30,385,614	102,249,377
8.1 Advance Office Rent		
Advance rent for Head Office	3,250,800	4,158,000
Advance rent for Agrabad Branch	3,071,223	3,226,750
Advance rent for Khatungonj Branch	1,675,000	1,975,000
Advance rent for Narayangonj Branch	3,108,000	3,108,000
	11,105,023	12,467,750

8.2 Advance Corporate Tax represents amount deducted by bank/FI from interest on deposits and tax deducted from dividend income.

9 Loans		
Loan - ILFSL (note-9.1)	1,909,999,880	1,909,999,880
Loan - Other Financiers (note- 9.2)	858,319,589	728,454,375
	2,768,319,469	2,638,454,255

9.1 The loan was availed from International Leasing and Financial Services Limited (parent company of ILSL). The company has been paying interest on this loan as per specified payment schedule. Principal repayment will start from August 25,2017 as per the said schedule.

9.2 Loan - Other Financiers		
LankaBangla -Term Loan	-	28,454,375
Premier Leasing - Time Loan	100,000,000	100,000,000
FAS Finance- Term Loan	450,000,000	450,000,000
Midas- Time Loan	150,000,000	150,000,000
PLFSL - Term Loan	154,000,000	-
Other Loan - ILFSL	4,319,589	-
	858,319,589	728,454,375
10 Payable to customers	223,684,972	181,923,395

This represents amount payable to customers against sale of shares and/or receipts for purchasing of shares.

11 Payable to DSE and CSE		
Payable to DSE (note-11.1)	1,073,493	3,325,275
Payable to CSE (note- 11.2)	5,530,256	3,849,570
	6,603,749	7,174,846

(Figures in BDT)

	2017	2016

This represents amount payable to Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) against purchase of shares through the stock exchanges. Detail break-up of this amount is as follows:

11.1 Payble to DSE

Grouping of Shares	Date of Transaction	Amount	Amount
ABGN	28-Dec-17	139,013	-
Z	28-Dec-17	934,480	-
ABGN	29-Dec-16	-	354,221
Z	29-Dec-16	-	2,971,054
Total		1,073,493	3,325,275

11.2 Payble to CSE

Grouping of Shares	Date of Transaction	Amount	Amount
Z	26-Dec-17	193,620	
ABGN	28-Dec-17	5,256,564	
Z	28-Dec-17	80,072	
Z	28-Dec-16	-	233,920
ABGN	29-Dec-16	-	3,422,893
Z	29-Dec-16	-	192,758
Total		5,530,256	3,849,570

12 Other liabilities

Payable and accrued expenses (Note- 12.1)	287,085,668	578,318,793
Provision for unrealized loss in dealer account (note - 12.2)	6,842,649	6,842,649
Provision for income tax (note- 12.3)	12,189,095	11,259,970
Provision for contingency (note- 12.4)	13,600,000	13,600,000
	319,717,412	610,021,412

12.1 Payable and accrued expenses

a) Interest payables		
Interest payable - ILFSL	234,716,632	253,975,799
Interest payable - Midas Finance	2,795,833	2,875,000
Interest payable - Premier Leasing	397,222	1,444,444
Interest payable - FAS Finance	10,075,000	10,512,500
	247,984,687	268,807,743
b) Other payables		
CDBL & BO account maintence fee payable to CDBL	1,005,186	3,314,008
Office maintenance	130,660	124,405
Audit fee	89,125	77,629
Accrued repair & maintenance	1,550	-
Utilities	4,200	4,200
Telephone	78,941	74,681
Payable for others	5,370,892	137,272
Printing and stationery	29,278	42,898
Entertainment	16,804	13,393
Accrued-electricity bill	91,425	91,638
Provision for gratuity	5,774,274	4,657,854
Fund Block A/c- IPO	-	261,791,565
Internet payable	-	90,000
InterCompany - Current A/C	-	8,640,138
Interest suspense account	26,508,647	30,418,247
Suspense A/c	-	33,122
	39,100,981	309,511,050
Total (a+b)	287,085,668	578,318,793

(Figures in BDT)

	2017	2016
12.2 Provision for Unrealized loss in dealer account		
Balance as at 1st January	6,842,649	6,842,649
Add: provision/adjustment made during the year	-	-
	6,842,649	6,842,649
12.3 Provision for income tax		
Balance as at 1st January	11,259,970	6,916,759
Add: Provision made during the year	7,000,000	4,343,210
Less: settlement of previous year tax liability	(6,070,875)	-
	12,189,095	11,259,970
12.4 Provision for contingency		
Balance as at 1st January	13,600,000	10,880,000
Add: provision/adjustment made during the year	-	2,720,000
	13,600,000	13,600,000
13 Share capital		
Authorised		
10,000,000 nos. of ordinary shares of Taka 100 each	1,000,000,000	1,000,000,000
13.1 Issued, subscribed & paid up		
10,000,000 nos. of ordinary shares of Taka 100 each.	1,000,000,000	1,000,000,000

Composition of shareholdings

Particulars	No of shares	% of holdings	Amount
a) Corporate	9,999,994	1.00	999,999,400
International Leasing & Financial Services Ltd.	9,999,994	1.00	999,999,400
b) Individual	6	0.00	600
Mr. Jamal Uddin Ahmad	1	0.00	100
Mr. Mizanur Rahman	1	0.00	100
Mr. Bashudeb Banerjee	1	0.00	100
Mr. Rashedul Haque	1	0.00	100
Ms. Nahida Runai	1	0.00	100
Mr. Md. Saiful Islam Akhand	1	0.00	100
Total (a+b)	10,000,000	1.00	1,000,000,000

14 Retained earnings		
Retained earnings as at 1st January	38,273,412	37,100,803
Add: profit/loss after tax for the year	72,457,405	1,172,608
Closing Balance	110,730,817	38,273,412
15 Net asset value (NAV) per share	111.07	103.83
16 Brokerage income		
DSE	222,677,456	102,486,663
CSE	13,591,422	9,722,814
	236,268,878	112,209,476

This represents brokerage commission earned from selling and buying of securities on behalf of the clients.

17 Direct charges		
Hawla charges	216,460	185,510
Laga charges	22,286,192	10,198,025
	22,502,652	10,383,535

(Figures in BDT)

		2017	2016
18	**Interest income**		
	Interest on margin loan	185,238,844	327,388,645
	Interest on FDR	-	24,976,943
	Interest on bank account	15,768,363	9,447,296
	Other interest income	-	381,861
		201,007,207	362,194,746
19	**Interest expense**		
	Interest Expenses- ILFSL	190,792,636	295,461,233
	Interest expense-other Financiers-Midas Financing	17,410,783	10,729,955
	Interest expense-other Financiers-Fareast Finance	-	755,555
	Interest expenses-Other	-	10,435,317
	Interest Expenses - ICB Small Investors	-	5,839,618
	Interest expenses-LankaBangla	1,552,023	8,235,355
	Interest expenses-Fareast Motor Lease	-	103,275
	Interest expenses-Prime Finance	-	11,373,440
	Interest expenses-Modhumoti Bank Ltd.	-	8,616,974
	Interest expenses-Premier Leasing	13,036,113	14,027,777
	Interest expenses-People Leasing	18,909,169	-
	Interest expenses-FAS Finance	59,200,000	62,979,167
		300,900,724	428,557,666

This represents interest on term loan taken from ILFSL and other financiers.

20	**Other operating income**		
	CDBL charges & BO maintenance fee recovered	603,360	-
	Service charge from PIAP	316,310	378,040
	Gain on sale of fixed assets	(230,361)	436,064
	Other Income	485,722	192,211
		1,175,031	1,006,315
21	**Income from Investment**		
	Realized gain/(loss) from Investment in dealer A/C	80,217,581	43,772,105
	Dividend income	5,496,896	11,348,684
	Dividend income from DSE	7,215,106	9,787,504
		92,929,583	64,908,293

The shareholders of Dhaka Stock Exchange Limited (DSE) in their 55th AGM held on March 23, 2017 approved 10% Cash Dividend (i.e. Tk. 1.00 per share of Tk. 10.00 each) for the year ended June 2016 where ILSL's Gross Dividend amount of Tk. 7,215,106/- was as income against 7,215,106 shares.

22	**Salary and allowances**		
	Salary & allowances	46,280,668	37,654,111
	Other benefits	6,876,441	3,342,759
		53,157,109	40,996,870
23	**Rent, taxes, insurance, electricity, etc.**		
	Rent, rate and taxes	7,544,338	13,890,359
	Insurance Premium	-	44,195
	Electricity, gas and water	1,422,806	2,190,330
		8,967,144	16,124,884
24	**Legal expenses**		
	Legal expenses	3,491,695	550,162
		3,491,695	550,162

(Figures in BDT)

		2017	2016
25	**Postage, stamp , telephone etc.**		
	Postage, stamp	60,542	58,356
	Telephone	977,994	867,419
		1,038,536	925,775
26	**Stationery, printing and advertisements, etc.**		
	Printing and stationery	742,489	432,875
	Publicity and advertisement	32,130	140,889
		774,619	573,764
27	**Directors' fees and meeting expenses**		
	Directors' fees and meeting expenses	121,500	191,000
	No director has been paid any remuneration for any special service rendered.		
28	**Auditors' fees**		
	Statutory audit fee	100,621	77,628
29	**Depreciation, amortization and repair of assets**		
	a) Depreciation		
	Motor Vehicles	1,635,057	1,420,969
	Office Decoration	1,045,545	1,420,333
	Office Equipment	767,304	272,900
	Furniture & Fixtures	84,861	259,415
	Computers & Accessories	770,401	1,169,036
		4,303,168	4,542,653
	b) Repairs		
	Repair & Maintenance	650,527	369,768
		650,527	369,768
	Total (a+b)	4,953,695	4,912,421
30	**Other expenses**		
	Fuel & Repair expenses for vehicles	647,190	633,688
	Fuel and Power for generator	205,183	145,969
	Office Maintenance	2,172,374	2,035,808
	Fees and subscription	162,061	128,900
	License and renewal	865,178	547,531
	Loan processing fee	41,150	40,000
	Bank charges	296,210	293,352
	Entertainment	1,050,807	847,401
	Business development expenses	2,768,061	236,214
	Hospitalization Expenses	288,976	110,075
	Training expenses	58,210	21,000
	Travelling and conveyance	186,566	225,293
	Internet and connectivity	1,614,123	2,151,597
		10,356,089	7,416,828
31	**Provision for loss in dealer account & contingency**		
	Provision for unrealized loss in dealer account	-	-
	Loss for contingency	-	2,720,000
		-	2,720,000

The provisions have been created for unrealized loss in dealer account and for two fraud cases as per decision of the Board of Directors.

(Figures in BDT)

		2017	2016
32	**Tax expenses**		
	Current tax (note-32.1)	7,000,000	4,343,210
	Tax paid on brokerage income (note- 32.2)	45,558,910	21,372,479
		52,558,910	**25,715,689**

32.1 Current tax provision represents provision made for net interest income and other operating income @ 35% rounded off to nearest Taka.

32.2 Tax paid on brokerage income represents tax deducted at source by DSE and CSE on the turnover as per section 53BBB & u/s 82 ('C) of Income Tax Ordinance 1984.

33	**Earnings per share (EPS)**		
	Basic earnings per share have been calculated as under:		
	Earning attributable to ordinary shareholders (profit after tax)	72,457,405	1,172,608
	Number of ordinary shares outstanding during the year	10,000,000	10,000,000
	Earning per share (EPS)	**7.25**	**0.12**

34 **Related party disclosure**

The company has entered into various transactions with its parent company International Leasing and Financial Services Limited (ILFSL) during the year. The balance of transactions with ILFSL as of December 31, 2017 stands at Tk. 2,149.04 million (including accrued interest & other loan) as Payable against Term Loan.

35 **Number of employees**

Company has 72 number of employees as on December 31, 2017.

36 **Events after balance sheet date**

There is no significant event after the balance sheet date.

37 **Approval of financial statements**

These financial statements were approved by the Board of Directors in their meeting held on April 25, 2018 for placement in the AGM of the Company.

Chairman | Director | Company Secretary

AMAR STOCK

INTERNATIONAL LEASING SECURITIES LIMITED

Schedule of fixed assets
as at December 31, 2017

Annexure - 1

(Figures in BDT)

Particulars	COST				DEPRECIATION					Written down value as at December 31, 2017
	Balance as at January 01, 2017	Addition during the period	Adjustment/ Disposal during the period	Balance as at December 31, 2017	Rate (%)	Balance as at January 01, 2017	Charged during the period	Adjustment/ Disposal during the period	Balance as at December 31, 2017	
Motor vehicles	8,184,000	-	-	8,184,000	20%	4,153,542	1,635,057	-	5,788,599	2,395,401
Office decoration	11,173,543	5,975,459	(572,270)	16,576,732	15%	10,422,731	1,045,545	(135,915)	11,332,361	5,244,371
Office equipment	5,580,566	3,340,826	(280,768)	8,640,624	20%	5,468,646	767,304	(338,544)	5,897,406	2,743,218
Furniture & fixtures	1,572,845	370,650	-	1,943,495	15%	1,456,132	84,861	-	1,540,993	402,503
Computers & accessories	15,792,488	787,165	-	16,579,653	33%	15,060,895	770,401	-	15,831,296	748,357
Total as at December 31, 2017	42,303,442	10,474,100	(853,038)	51,924,504		36,561,946	4,303,168	(474,459)	40,390,655	11,533,849
Total as at December 31, 2016	59,445,510	4,401,963	(21,544,031)	42,303,442		51,437,336	4,542,653	(19,418,043)	36,561,946	5,741,497

IL Capital Limited



- Overview of the company
- Directors of the company
- Management Team
- Auditors' Report to the Shareholders
- Statement of Financial Position
- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Cash Flows
- Statement of Changes in Equity
- Notes to the Financial Statements

TMR STOCK

Overview of the company

IL Capital Limited (ILCL) is a private limited company incorporated in Bangladesh under the Companies Act, 1994 on 24th November, 2010 bearing registration no. C-88312. It was awarded with a full-fledged merchant banker license on 4th April, 2012 by Bangladesh Securities And Exchange Commission (BSEC).The company is wholly owned by International Leasing and Financial Services Limited (ILFSL). The registered office address of the company is at Hossain Tower (2nd Floor), 116, Bir Protik Gazi Golam Dostogir Road, Naya Paltan, Dhaka 1000.

IL Capital Limited offers all kinds of investment banking services such as issue management, corporate advisory, IPO advisory and underwriting of securities; and wealth management services like portfolio advisory, portfolio management and providing of margin loan to the clients and investors with attractive features and at low cost.

It offers some very attractive discretionary portfolio management products like Secured Plan, Extra Income Plan, Income Sharing Plan, Shariah Plan, and Portfolio Advisory Services through which investors can build their wealth. The short descriptions of the products are mentioned below:

Secured Plan:

With this plan, our experienced portfolio managers help investors to make investment decision on behalf of the clients. They try to maximize investors' wealth by building a good portfolio which is expected to provide consistent return.

Extra Income Plan:

With this plan, the portfolio manager will construct your portfolio in a much disciplined way and with very small deposit of money at monthly basis or on a regular basis. It is a capital market DPS plan with specific maturity period. Anybody with very small amount of money can start this plan.

Income Sharing Plan:

"Income Sharing Plan" refers to 70:30 incentive plan with a hurdle rate of 10 percent p.a. We will try to maximize your wealth by trying to provide double digit return over the hurdle rate. The main theme of this plan is - "Clients earn first, then us. We will earn if our customer earns."

Shariah Plan:

With this plan, your portfolio will be governed under Shariah Principles approved by renowned Islamic Scholars of the world. We will invest your money in the companies of CSE (Chittagong Stock Exchange) All Shariah Index which is based on Shariah Guidelines of TASIS (Taqwaa Advisory & Shariah Investment Solutions Pvt Limited).

Portfolio Advisory Services:

This is a discretionary portfolio management service which is focused on reconstruction of existing portfolio by the portfolio managers of IL Capital Limited.

AMAR STOCK

Directors of the company



Mr. M.A. Hashem
Chairman



Mr. Muhammed Abul Hashem
Director



Mr. Md. Nuruzzaman
Director



Mr. Rashedul Haque
Director



Mr. Syed Abed Hassan
Director



Ms. Nahida Runai
Director

Management Team

Standing From Left

Mr. Arjun Kumar Sarker, Sr. Officer-Client Communications
Ms. Sharmin Akter, Jr. Officer-Accounts & Finance
Mr. Md. Mominul Hoque, Sr. Executive- Information Technology

Sitting From Left

Ms. Nadia Ferdous Noor, Deputy Manager- Portfolio Management
Mr. Kazi Ahsan Maruf, CFA-Chief Executive Officer
Mr. Md. Maruf Sikder
Head of Accounts & Finance and Chief Anti-Money Laundering Compliance Officer (CAMLCO)



STOCK



IL CAPITAL LIMITED

AUDITORS' REPORT
&
AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Auditors' Report
To
The shareholders of IL Capital Limited

We have audited the accompanying financial statements of IL Capital Limited (The Company) which comprises the Statements of Financial Position as at December 31, 2017 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information disclosed in Notes 1 to 28 and Annexure A & B.

Management's responsibility for the financial statements

Management of the company is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Securities and Exchange Rules, 1987 and the Company Act, 1994 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements of the Company based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements of the Company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of IL Capital Limited as at December 31, 2017 and its financial performance and cash flows for the year then ended prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), and comply with the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We also report that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;

iii) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and

iv) the expenditure incurred was for the purposes of the company's business.

Dated: Dhaka
April 25, 2018

Rahman Mostofa Alam & Co.
Chartered Accountants

IL CAPITAL LIMITED

Statement of Financial Position

as at December 31, 2017

(Figures in BDT)

	Notes	2017	2016
PROPERTY AND ASSETS			
Cash and cash equivalents	3	36,902,361	21,074,754
Investment	4	196,703,961	230,338,668
Fixed assets including premises, furniture and fixtures	5	4,587,545	5,264,949
Receivable from customers	6	39,808,061	15,434,896
Other assets	7	12,270,537	18,976,586
Total assets		290,272,465	291,089,853
EQUITY AND LIABILITIES			
Liabilities			
Payable to customers	8	8,815,873	3,496,256
Other liabilities	9	18,940,390	16,442,717
Total liabilities		27,756,263	19,938,973
Capital / Shareholders' equity			
Paid- up capital	10	250,000,000	250,000,000
Retained Earnings	11	12,516,202	21,150,880
Total Shareholders' equity		262,516,202	271,150,880
Total liabilities and Shareholders' equity		290,272,465	291,089,853
Net asset value per share	12	105.01	108.46

The accompanying notes from 1 to 28 & annexure-A & B form an integral part of these Financial Statements.

Chairman | Director | Company Secretary

Dated: Dhaka
April 25, 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

AMARSTOCK

IL CAPITAL LIMITED

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2017

(Figures in BDT)

	Notes	2017	2016
OPERATING INCOME			
Interest income	13	7,021,773	6,630,475
Net interest income		**7,021,773**	**6,630,475**
Commission, fees and charges	14	3,876,217	4,218,825
Income from own investment	15	14,111,832	22,944,621
Other Income	16	-	427,026
		17,988,049	**27,590,472**
Total operating income (A)		**25,009,822**	**34,220,947**
OPERATING EXPENSES			
Salary and allowances	17	3,674,182	5,786,061
Rent, taxes, insurance, electricity etc.	18	4,519,109	2,424,622
Postage, stamp & telecommunication	20	167,382	239,677
Stationery, printing & advertisements	21	81,245	84,258
Directors' fees & meeting expenses	22	138,000	97,750
Auditors' fees	23	40,250	40,250
Depreciation, amortization and repair of assets	24	4,011,937	4,193,833
Other expenses	25	2,050,787	1,458,108
Total operating expenses (B)		**14,682,892**	**14,324,559**
Profit before provision and tax (C=A-B)		**10,326,930**	**19,896,388**
Provision for unrealized loss in own portfolio (D)	26	5,609,400	7,194,104
Profit/(loss) before tax (C-D)		**4,717,530**	**12,702,284**
Tax expense	19	852,208	2,279,335
Profit after tax		**3,865,322**	**10,422,948**
Earnings per share	27	**1.55**	**4.17**

The accompanying notes from 1 to 28 & annexure-A & B form an integral part of these Financial Statements.

Chairman | Director | Company Secretary

Dated: Dhaka
April 25, 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

IL CAPITAL LIMITED

Statement of Cash Flows

For the year ended December 31, 2017

(Figures in BDT)

	Notes	2017	2016
Cash flow from operating activities			
Interest receipts in cash		6,883,630	6,601,287
Dividend receipts in cash		6,171,434	5,779,564
Commission, fees and charges		3,876,217	4,218,825
Cash payments to employees		(3,674,182)	(5,786,061)
Advance income tax		(5,295,582)	(1,700,050)
Income receipt from investment		7,940,398	17,165,057
Payments for other operating expenses		(6,996,773)	(4,383,928)
Other assets		(16,358,628)	6,409,280
Other liabilities		5,480,919	(84,648,202)
Net cash inflow/(outflow) from operating activities		(1,972,566)	(56,344,229)
Cash flow from investing activities			
Investment in TDR		1,979,219	(14,093,239)
Investment in Share		31,655,488	(30,919,055)
Net change against purchase/sale of property, plant and equipment		(3,334,534)	2,291,918
Net cash inflow/ (outflow) from investing activities		30,300,173	(42,720,376)
Cash flow from financing activities			
Paid-up Capital		-	-
Term Loan		-	-
Interim Dividend paid		(12,500,000)	-
Net cash inflow/(outflow) from financing activities		(12,500,000)	-
Net cash inflow/(outflow) for the year		15,827,607	(99,064,605)
Opening balance of cash and cash equivalents		21,074,754	120,139,359
Closing balance of cash and cash equivalents		36,902,361	21,074,754

Chairman | Director | Company Secretary

AMARSTOCK

IL CAPITAL LIMITED

Statement of Changes in Equity

For the year ended December 31, 2017

Particulars	Amount in Taka		
	Share Capital	Retained Earnings	Total
Balance as at December 31, 2015	250,000,000	10,727,932	260,727,932
Issuance of Ordinary Share	-	-	-
			-
Profit after tax during the year 2016	-	10,422,948	10,422,948
			-
Interim Dividend	-	-	-
Balance as at December 31, 2016	250,000,000	21,150,880	271,150,880
Issuance of Ordinary Share	-	-	-
Profit after tax during the year 2017	-	3,865,322	3,865,322
Interim Dividend	-	(12,500,000)	(12,500,000.00)
Balance as at December 31, 2017	250,000,000	12,516,202	262,516,202

Chairman

Director

Company Secretary

AMARSTOCK

Notes to the financial statements
For the year ended December 31, 2017

1 Company and its' activities

1.1 Corporate information

IL Capital Limited (ILCL) is a private limited company incorporated in Bangladesh under the Companies Act, 1994 on 24th November, 2010 bearing registration no. C-88312. It was awarded with a full-fledged merchant banking license on 4th April, 2012 by Bangladesh Securities And Exchange Commission (BSEC).The Company is wholly owned by the International Leasing and Financial Services Limited (ILFSL). The registered office address of the company is at Hossain Tower (2nd Floor), 116, Bir Protik Gazi Golam Dostogir Road, Naya Paltan, Dhaka 1000.

1.2 The main business of the company is to carry out all kinds of investment banking and wealth management services; such as issue management, corporate advisory, IPO advisory, underwriting of securities, portfolio advisory, portfolio management and providing of margin loan to the clients and investors.

2 Basis of preparation and significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business followed accrual basis of accounting except for cash flow statement. In preparation of these financial statements the company followed respective provisions of The Companies Act 1994, The Securities and Exchange Rules, 1987 and Bangladesh Accounting Standards (BASs) and/or Bangladesh Financial Reporting Standards (BFRSs) and other applicable laws and regulations.

2.2 Basis of preparation and presentation of the financial statements

The financial statements have been prepared under the historical cost convention in accordance with Bangladesh Financial Reporting Standards (BFRSs) as practiced in Bangladesh. No adjustment has been made for inflationary factor affecting the financial statements. As per merchant bank rules and regulation the company has to mentioned provision for unrealized loss on mark to market basis, hence *IAS 39 Financial Instruments: Recognition and Measurement* could not be followed.

2.3 Use of estimates and judgment

Preparation of the financial statements in conformity with BASs 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 the revenue and expenses, assets and liabilities. Due to involvement of inherent uncertainty in making estimates, actual results could be different from those estimates.

2.4 Cash flow statements

The cash flow statement is prepared using the direct method as stipulated in *BAS 7 Statement of Cash Flows*. Cash and cash equivalents for cash flow statement comprises mainly of cash in hand and balances at banks.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank.

2.6 Recognition of fixed assets and depreciation *(BAS 16 Property, Plant and Equipment)*

Recognition
An item of fixed assets is recognized as an asset when it is probable that future economic benefit associated with the asset will flow to the enterprise and the cost of the assets 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 expenditure 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 recognized in profit and loss account as expense.

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

Depreciation on own fixed assets is charged systematically over the assets useful life. Full year depreciation is charged on additions irrespective of date when the related assets are put into use. On the other hand, no depreciation has been charged on the month of disposal.

The company follows the straight-line method of depreciation applying annual rates stated as follows:

- Motor vehicles 20%
- Office decoration 15%
- Office equipment 20%
- Furniture and fixtures 15%
- Computers & Accessories 33%

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 assets and is recognized in profit and loss account.

2.7 Revenue Recognition

BAS 18 Revenue is a general revenue recognition standard, which states that revenue should be measured at the fair value of the consideration received or receivable. This is usually the amount of cash or cash equivalents received or receivable and recognized when it is probable that economic benefits will flow to the entity.

2.8 Borrowing cost

All borrowing costs are recognized expenses in the period in which they incurred in accordance with benchmark treatment of *BAS 23 Borrowing Costs.*

2.9 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 Ordinance, 1984 and amendments thereto.

Deferred tax
The company accounts for deferred tax as per *BAS 12 Income Taxes.* This is provided using the liability method for all temporary timing differences arising between the tax base of the assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the statement of financial position date is used to determine deferred tax asset or liability.

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

2.10 Earning Per Share (EPS)

The Company calculates Earnings per share (EPS) in accordance with *BAS 33 Earning Per Share,* which is shown in the face of the Statement of Profit or Loss and Other Comprehensive Income. 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.

2.11 Events after the Reporting Period

BAS 10 Events after the Reporting Period contains requirements for when events after the end of the reporting period should be adjusted in the financial statements. Adjusting events are those providing evidence of conditions existing at the end of the reporting period, whereas non-adjusting events are indicative of conditions arising after the reporting period (the latter being disclosed where material).

There were no materials events have occurred after the reporting period which could affect the values stated in the financial statements.

2.12 Offsetting

Financial assets and 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.

(Figures in BDT)

	2017	2016

2.13 Re-arrangements of figure

Previous figures have been re-arranged whenever necessary to confirm current period presentation.

2.14 Reporting currency

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

2.15 Uniform accounting policies

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

3.0	**Cash and cash equivalents**		
	Cash in hand	12,446	5,479
	Cash at bank (note- 3.1)	36,889,915	21,069,275
		36,902,361	21,074,754
3.1	**Cash at bank**		
	One Bank Limited	36,261,685	20,241,283
	Bank Al Falah	2,520	343,092
	Bank Asia Limited	625,710	484,900
		36,889,915	21,069,275
4.0	**Investment**		
	Investment in share	182,089,941	183,745,429
	Investment in pre IPO share	2,500,000	32,500,000
	Investment in TDR with ILFSL (note- 4.1)	12,114,020	14,093,239
		196,703,961	230,338,668
4.1	**Investment in TDR with ILFSL**		
	Opening balance	14,093,239	-
	Add: investment made during the year	10,520,781	34,093,239
	Less: encashment during the year	(12,500,000)	(20,000,000)
		12,114,020	14,093,239
5.0	**Fixed assets including premises, furniture & fixtures**		
	Office Decoration	19,148,469	15,866,495
	Office equipment	474,379	474,379
	Furniture & Fixtures	815,021	815,021
	Computer & accessories	4,509,187	4,456,627
		24,947,056	21,612,522
	Less: Accumulated depreciation	(20,359,511)	(16,347,573)
	Net book value at the end of the year (Annexure-1)	4,587,545	5,264,949
6.0	**Receivable from customers**	39,808,061	15,434,896

(This represents amount receivable from customer against share purchased.)

AMARSTOCK

(Figures in BDT)

		2017	2016
7.0	**Other assets**		
	A. Income generating:		
	Interest receivable on TDR	167,331	29,188
		167,331	29,188
	B. Non-income generating:		
	Advance, deposit and prepaid expenses (note- 7.1)	200,000	200,000
	Advance corporate tax	1,401,604	1,201,604
	Tax deducted at source	1,497,923	3,463,971
	Deferred tax asset/(liability)(note-7.2)	5,420,553	2,484,160
	Advance office rent-Hossain Tower	3,170,747	4,055,615
	Receivable from broker	412,341	7,542,048
	Management fee receivable from client	38	-
		12,103,206	18,947,398
	Total other Assets (A+B)	12,270,537	18,976,586
7.1	**Advance, deposit and prepaid expenses**		
	Security deposit CDBL	200,000	200,000
		200,000	200,000
7.2	**Deferred tax asset/(liability)**		
	Tax base of fixed assetes	19,042,353	11,889,376
	Carrying values of fixed assets as per accounts	4,587,545	5,264,948
	(Taxable)/ deductible temporary difference	14,454,808	6,624,428
	Applicable tax rate	37.5%	37.5%
	Deffered tax during the year	5,420,553	2,484,160
	The company adopted deferred tax accounting policy during the year of 2016.		
8.0	**Payable to customers**	8,815,873	3,496,256
	(This represents amount payable to customer against sale of share and/or receipts for purchase of shares.)		
9.0	**Other Liabilities**		
	Provision for income tax (Note-9.1)	2,690,150	5,963,179
	Provision for unrealized loss on own portfolio	12,495,767	9,560,011
	Provision for margin loan	2,827,994	154,349
	Unpaid dividend	7	7
	Liability for expenses (Note-9.2)	926,472	755,171
	Fund block account- IPO	-	10,000
		18,940,390	16,442,717
9.1	**Provision for income tax**		
	Opening balance	5,963,179	8,164,214
	Add: Tax provision during the year(Note-19)	3,788,600	2,872,418
	Less: Adjustment during the year	(7,061,629)	(5,073,453)
		2,690,150	5,963,179

AMARSTOCK

(Figures in BDT)

		2017	2016
9.2	**Liability for expenses & other payables**		
	Audit fee	40,250	34,500
	BO account maintenance fee payable to CDBL	-	27,257
	Software license fee	509,437	101,887
	Payable to broker	80,203	580,663
	Other payable	1,204	1,204
	Withholding Tax and VAT	295,378	8,583
	Intercompany Payable	-	1,077
		926,472	755,171
10.0	**Share capital**		
	Authorized capital		
	20,000,000 nos. of ordinary shares of taka 100 each	2,000,000,000	2,000,000,000
10.1	**Issued, subscribed & paid up**		
	2,500,000 nos. of ordinary shares of taka 100 each fully paid.	250,000,000	250,000,000
		250,000,000	250,000,000

Composition of shareholdings

Particulars	No. of shares	Amount	Amount
a) Corporate	2,499,799	100	249,979,900
International Leasing And Financial Services Ltd.	2,499,799	100	249,979,900
b) Individual	201	100	20,100
Mr. Jamal Uddin Ahmad	1	100	100
Mr. Rashedul Haque	100	100	10,000
Mr. Syed Abed Hasan	50	100	5,000
Ms. Nahida Runai	50	100	5,000
Total	2,500,000	100	250,000,000

11.0	**Retained Earnings**		
	Opening balance	21,150,880	10,727,932
	Add. Profit after tax for the year	3,865,322	10,422,948
	Less: Interim Dividend paid for the year	12,500,000	-
	Closing balance	12,516,202	21,150,880
12.0	**Net asset value per share**		
	Total assets	290,272,465	291,089,853
	Total liabilities	27,756,263	19,938,973
	Net asset	262,516,202	271,150,879
	Number of share outstanding	2,500,000	2,500,000
	Net asset value per share	105.01	108.46
13.0	**Interest income**		
	Interest income from TDR	732,871	1,099,482
	Interest income from savings account	1,357,395	1,320,022
	Interest income margin loan	4,931,507	4,210,971
		7,021,773	6,630,475

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(Figures in BDT)

	2017	2016
14.0 Commission, fees and charges		
BO account maintenance fee	48,098	2,000
Management fee	120,324	253,580
Commission	3,471,226	2,938,072
CDBL Charge - income	185,454	116,543
Cheque dishonour charge	500	7,500
Cheque clearing charge	60	-
Underwriting fees	50,000	901,120
PIA processing charge	10	10
Miscellaneous income	545	-
	3,876,217	4,218,825
15.0 Income from own investment		
Realized gain from investment	7,940,398	17,165,057
Dividend income	6,171,434	5,779,564
	14,111,832	22,944,621
16.0 Other Income		
Gain on sale of fixed assets	-	427,026
	-	427,026
17.0 Salary and allowances		
Basic salary and other allowances	3,518,646	5,515,683
Staff provident fund	155,536	270,378
	3,674,182	5,786,061
18.0 Rent, taxes, insurance, electricity etc.		
Office rent	3,391,971	2,133,185
Electricity and utility	1,127,138	291,437
	4,519,109	2,424,622
19.0 Tax Expenses		
Total tax provision during the year	3,788,600	2,872,418
Less: Adjustment for deferred tax (income)/expense	(2,936,392)	(593,083)
Tax Expenses	852,208	2,279,335
20.0 Postage, stamp & telecommunication		
Telephone	55,247	82,761
Internet	101,400	147,100
Web design	9,424	9,424
Courier	1,311	392
	167,382	239,677
21.0 Stationery, printing and advertisements		
Printing and stationery	28,460	84,258
Monthly publication	52,785	-
	81,245	84,258
22.0 Directors' fees & meeting expenses		
Directors' fee for attending board meeting	138,000	97,750
	138,000	97,750

AMARSTOCK

(Figures in BDT)

	2017	2016
23.0 Auditors' fees		
Statutory audit fee	40,250	40,250
	40,250	40,250
24.0 Depreciation, amortization and repair of assets		
a) Depreciation - (Annexure-1)		
Motor Vehicles	-	580,654
Office Decoration	2,872,270	2,379,974
Office equipment	517	94,860
Furniture & Fixtures	122,253	126,592
Computer & accessories	1,016,897	972,488
	4,011,937	4,154,568
b) Repairs		
Vehicles	-	17,095
Computer, office equipments etc.	-	300
Generator	-	21,870
	-	39,265
Total (a+b)	4,011,937	4,193,833
25.0 Other expenses		
Fuel expenses	34,710	104,557
Office maintenance	16,310	47,765
Books, magazines and newspapers	-	5,015
Fees and subscription	1,842,903	1,123,371
Bank charges	63,808	46,325
Entertainment	4,031	12,515
Traveling and conveyance expenses	58,025	31,110
Training expenses	-	15,000
Hospitalization expenses	-	35,000
CDBL charges	31,000	37,450
	2,050,787	1,458,108
26.0 Provision for loss on investment and loan		
Provision for unrealized loss on own portfolio investment	2,935,755	7,323,958
Provision for margin loan	2,673,645	(129,854)
	5,609,400	7,194,104
27.0 Earnings Per Share (EPS)		
Basic earnings per share		
Earning attributable to ordinary shareholders (profit after tax)	3,865,322	10,422,948
Number of ordinary shares outstanding during the year	2,500,000	2,500,000
Earnings per share	1.55	4.17

28.0 Events after statement of financial position date:

There is no significant event after the statement of financial position date.

IL CAPITAL LIMITED

Schedule of fixed assets

as at December, 2017

Annexure - A

Fixed assets including premises, furniture & fixtures

(Figures in BDT)

Particulars	COST				DEPRECIATION					Written down value as at December 31, 2017
	As at January 01, 2017	Addition during the Year	Adjustment during the Year	As at December 31, 2017	Rate (%)	As at January 01, 2017	Charged during the Year	Adjustment during the Year	As at December 31, 2017	
Office Decoration	15,866,495	3,281,974	-	19,148,469	15%	11,898,545	2,872,270	-	14,770,816	4,377,653
Office equipment	474,379	-	-	474,379	20%	473,844	517	-	474,361	18
Furniture & Fixtures	815,021	-	-	815,021	15%	600,725	122,253	-	722,978	92,043
Computer & accessories	4,456,627	52,560	-	4,509,187	33%	3,374,459	1,016,897	-	4,391,356	117,831
Total as at December 31, 2017	21,612,522	3,334,534	-	24,947,056		16,347,573	4,011,937	-	20,359,511	4,587,545
Total as at December 31, 2016	25,164,819	242,934	3,795,231	21,612,522		13,880,410	4,154,568	1,687,405	16,347,573	5,264,949

IL CAPITAL LIMITED

Schedule of Investment (Own Portfolio)

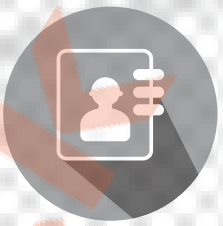
As at December 31, 2017

Annexure - B

(Figures in BDT)

Instrument Name	Total Quantity	Average Cost	Total Cost	Market Price	Market Value	Unrealized Gain/(Loss)
ACI	12,000	519	6,227,947	460	5,517,600	(710,347)
BPML	43,226	80	3,458,080	80	3,458,080	-
FEKDIL	24,000	25	611,484	20	468,000	(143,484)
FIRSTSBANK	906,500	18	16,466,754	15	13,869,450	(2,597,304)
LAFSURCEML	100,058	83	8,271,345	70	6,994,054	(1,277,290)
MERCANBANK	3,006,500	28	85,469,684	26	79,371,600	(6,098,084)
ONEBANKLTD	1,482,540	26	38,502,453	24	35,580,960	(2,921,493)
PRIMEBANK	441,098	28	12,331,064	27	12,086,085	(244,979)
UCB	350,356	25	8,782,549	24	8,268,402	(514,147)
NAHEEACP	12,553	9	114,120	73	921,405	807,285
Aman Cotton Fibrous Limited	31,385	40	1,255,400	40	1,255,400	-
AAMRANET	13,699	39	534,261	98	1,338,392	804,131
OIMEX	7,128	9	64,800	65	464,746	399,946
			182,089,941		169,594,174	(12,495,767)

Shareholders' Additional Information



- Company Chronicles
- Letter of Transmittal
- Notice of AGM
- Proxy Form & Attendance Slip

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INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

A Financial Institution that Cares

January 15, 1996:	Promoters Agreement signed
January 15, 1996:	Incorporation of the company
February 19, 1996:	Licensed by Bangladesh Bank
March 24, 1996:	Commencement of Business
May 19, 1996:	First Lease Agreement signed
December 19, 1996:	First Credit Line Agreement signed
July 7, 1997:	First Dividend declared
August 22, 2001:	First Syndication Lease Agreement signed
October 30, 2001:	First Term Loan Agreement signed
March 10, 2002:	First Work Order Finance Agreement signed
December 11, 2003:	Licensed by Bangladesh Bank as Primary Dealer.
September 19, 2004:	Capital Market Operation commenced
May 29, 2005:	First Factoring Agreement signed
December 20, 2005:	Management Agreement signed with First Capital Ltd. of Sri Lanka for Primary Dealership Operations
April 13, 2006:	Agreement signed with Equity Partners Ltd. (now, BRAC EPL Investments Ltd.) to act as Issue Manager
July 02 to July 16, 2007:	Subscription for Initial Public Offering (IPO) of shares of the Company held for issuance of 0.5 million shares for Tk. 112.50 million.
September 16, 2007:	Enlisted with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.
October 6, 2007:	Purchased Membership of Dhaka Stock Exchange Ltd. from public auction offered by DSE.
April 07, 2008:	First Real Estate Loan Agreement signed
June 24, 2008:	Inauguration of Chittagong Branch
August 31, 2008:	Inauguration of International Leasing Securities Ltd., a fully owned subsidiary Company of ILFSL.
October 25, 2009:	Acquisition of 100% shares of Hongkong Bangladesh Securities Ltd., a member Brokerage House of Chittagong Stock Exchange Ltd. by International Leasing Securities Ltd.
September 28, 2010:	Commencement of stock dealership and brokerage operation under membership of Chittagong Stock Exchange
November 7, 2010:	Commencement of Stock Brokerage Operation at Khatunganj Branch
December 12, 2010:	Commencement of Stock Brokerage Operation at Sylhet Branch
April 4, 2012:	License to operate as a Merchant Banker in favor of IL Capital Limited (ILCL)
May 04, 2016	Relocation of Registered and Corporate Head office at DR Tower
February 16, 2017	Inauguration of Uttara Branch
February 26, 2017	Inauguration of Sylhet Branch
August 03, 2017	Inauguration of Dhanmondi Branch

INVAR STOCK

Letter of Transmittal

All Shareholders,
Bangladesh Bank,
Registrar of Joint Stock Companies and Firms,
Bangladesh Securities and Exchange Commission,
Dhaka Stock Exchange Limited, and
Chittagong Stock Exchange Limited.

Dear Sir(s):

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements including Consolidated and Separate Balance Sheet as at December 31, 2017 and Income Statements, Cash Flow Statements and Changes in Equity Statements for the year ended December 31, 2017 along with notes thereon of International Leasing And Financial Services Limited and its subsidiaries (International Leasing Securities Limited and IL Capital Limited) for your kind perusal and record.

Thank you.

Yours sincerely,

Md. Rafiqul Islam Khan, ACS
Company Secretary

AMARSTOCK

NOTICE OF THE 22nd ANNUAL GENERAL MEETING

Notice is hereby given to all the members of International Leasing And Financial Services Limited that the 22nd Annual General Meeting (AGM) of the Company will be held on Thursday, June 28, 2018 at 11.00 a.m. at the "FARS Hotel & Resorts" 212, Shahid Syed Nazrul Islam Sharani , Purana Paltan, Dhaka - 1000, to transact the following businesses:

Special Business:

SB 2018-22-01: To consider amendment of Clause no. V of the Memorandum of Association and Article no. 8 (a) of the Articles of Association of the Company to increase the Authorized Capital of the Company to Tk. 300 crore from existing Tk. 200 crore.

Proposed Special Resolution:

"**RESOLVED that** the Clause no. V of the Memorandum of Association of the Company be and is hereby amended as proposed below:

Existing	Proposed
The Authorized Capital of the Company is Tk. 200,00,00,000 (Two Hundred Crore) divided into 20,00,00,000 (Twenty Crore) shares of Tk. 10 each, with the rights and privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being with powers to increase and reduce the capital of the company in accordance with Articles of Association of the Company and law for the time being in force.	The Authorized Capital of the Company is Tk. 300,00,00,000 (Three Hundred Crore) divided into 30,00,00,000 (Thirty Crore) shares of Tk. 10 each, with the rights and privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being with powers to increase and reduce the capital of the company in accordance with Articles of Association of the Company and law for the time being in force.

"**RESOLVED further that** the Article no. 8 (a) of the Articles of Association of the Company be and is hereby amended as proposed below:

Existing	Proposed
The authorized capital of the Company shall be Tk. 200,00,00,000 (Two Hundred Crore) divided into 20,00,00,000 (Twenty Crore) ordinary shares of Tk. 10 (ten) each.	The authorized capital of the Company shall be Tk. 300,00,00,000 (Three Hundred Crore) divided into 30,00,00,000 (Thirty Crore) ordinary shares of Tk. 10 (ten) each.

Ordinary Business:

A 2018-22-01	: To receive, consider and adopt the Financial Statements of the Company for the year ended December 31, 2017 and the Reports of the Directors and the Auditors thereon.
A 2018-22-02	: To approve dividend for the year ended December 31, 2017;
A 2018-22-03	: To elect/re-elect Directors;
A 2018-22-04	: To appoint the Auditors for the year 2018 and fixation of their remuneration;

By order of the Board



Md. Rafiqul Islam Khan, ACS
Company Secretary

Notes:

i) The Shareholders, whose name will appear in the Share Register of the company on the Record Date i.e. May 23, 2018 will be eligible to attend the 22nd AGM and entitled to get dividend.

ii) A member eligible to attend and vote in the AGM may appoint a proxy to attend and vote in his/her behalf. The Proxy Form duly completed and stamped with a revenue stamp of Tk.20.00 must be deposited at the registered office of the Company not later than 48 hours before the meeting.

iii) Admission into the Meeting room will be allowed on production of the Attendance Slip attached with the Proxy Form.

iv) As per Listing Regulations, no food or gift will be provided at the AGM.

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Note

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INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

PROXY FORM

Tk. 20/-
Revenue
Stamp

I/We .....

of .....

being a Member of International Leasing And Financial Services Limited, hereby appoint Mr./Ms .....

of .....

as my proxy in my absence to attend and vote for me and on my behalf at the 22nd **Annual General Meeting** of the Company to be held on June 28, 2018 at 11:00 am at "FARS Hotel & Resorts", 212, Shahid Syed Nazrul Islam Sharani , Purana Paltan, Dhaka - 1000 and at any adjournment thereof.

As witness my hand this ..... Day of June 2018

Signature of Proxy .....

Signature of Member .....

Register folio no./BO ID of Member ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

ATTENDANCE SLIP

Mr./Ms .....

Register folio no./BO ID of Member ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

I hereby record my presence at the 22nd **Annual General Meeting** of the Company to be held on "FARS Hotel & Resorts", 212, Shahid Syed Nazrul Islam Sharani , Purana Paltan, Dhaka - 1000.

Signature

N.B. The Member attending the meeting is kindly requested to mention the registered name and folio no./BO ID on this slip and present the same at the registration counter on the day of the meeting.

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

A Financial Institution that Cares

DR Tower (13th Floor),
65/2/2, Bir Protik Gazi Golam Dostogir Road,
Purana Paltan, Dhaka- 1000, Bangladesh.
Tel: +880-2-9559639, 9586671-75
Fax: +880-2-9559640
www.ilfsl.com

INTERNATIONAL LEASING SECURITIES LIMITED

YOUR MONEY MANAGER

Hossain Tower (1st Floor)
116, Bir Protik Gazi Golam Dostogir Road
(Culvert Road), Naya Paltan, Dhaka-1000
Tel : +88-02-9344093, 02-58315391-5, Fax : +88-02-934384
www.ilslbd.com

IL CAPITAL LIMITED

YOUR INVESTMENT MANAGER

Hossain Tower (2nd Floor)
116, Bir Protik Gazi Golam Dostogir Road
(Culvert Road), Naya Paltan, Dhaka-1000
Tel : +88-02-58315389, Fax : +88-02-58315387
www.il-capital.com

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