

Disclosures on Capital Adequacy and Market Discipline (CAMD)

1. SCOPE OF APPLICATION:

Qualitative Disclosures	
a) The name of the entity to which this guidelines applies	Infrastructure Development Company Limited (IDCOL)
b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group: (i) that are fully consolidated (ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted (e.g. where the investment is risk - weighted)	IDCOL has no subsidiary companies.
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not applicable for IDCOL
d) 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 for IDCOL

2. CAPITAL STRUCTURE:

Qualitative Disclosures	
<p>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 Tier 2.</p>	<p>Tier 1 capital consists of Paid up capital, Non-repayable share premium account, Statutory reserve, General reserve, Retained earnings, Minority interest in subsidiaries, Non-cumulative irredeemable preference shares, Dividend equalization account.</p> <p>Tier 2 capital consists of General Provision up to a limit of 1.25%” of Risk Weighted Asset (RWA) for Credit Risk, 50% Revaluation Reserve for Fixed Assets, 45% Revaluation Reserve for Securities and All Other Preference Shares.</p> <p>The calculation of Tier 1 capital, and Tier 2 capital, shall be subject to the following conditions:</p> <p>a) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.</p> <p>b) 50% of revaluation reserves for fixed assets and 45% of revaluation reserves for securities eligible for Tier 2 capital.</p>

Quantitative Disclosures:	
Particulars	Amount in Crore (BDT) Consolidated
1. Tier-1 (Core Capital)	
Paid-up Capital	550.00
Statutory Reserve	0.00
Non-repayable Share premium account	0.00
General Reserve	0.00
Retained Earnings	79.84
Minority interest in Subsidiaries	0.00
Non-cumulative irredeemable preference shares	0.00
Dividend Equalization Account	0.00
Total Eligible Tier-1 Capital	629.84
2 .Tier-2 (Supplementary Capital)	
General Provision (Unclassified loans up to specified limit + SMA+off Balance Sheet exposure)	52.74
Assets Revaluation Reserves up to 50%	0.00
Revaluation Reserves for Securities up to 45%	0.00
Revaluation reserve for Equity Instruments up to 10%	0.00
All other preference shares	0.00
Total Eligible Tier-2 Capital	52.74
3. Other Applicable Deductions from Capital	0.00
4. Total Eligible Capital	682.58

3. CAPITAL ADEQUACY:

Qualitative Disclosures	
<p>A summary discussion of the FI's approach to assessing the adequacy of its capital</p>	<p>Minimum capital requirements</p> <p>Under the section 6 of FI Act 1993 Bangladesh Bank shall prescribe the minimum capital of every financial institution. And as per the Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (DFIM Circular No. 14/2011) that has come into force from January 01, 2012; FIs are required to maintain a CAR of minimum 10%.</p> <p>To be noted that IDCOL being a state-owned development financial organization has a goal to ensure economic prosperity through sustainable and environment friendly investments in the infrastructure and renewable energy sectors of Bangladesh. And to achieve the development objective of the Government, IDCOL is exempted from several sections of FI Act 1993; i.e. minimum capital requirement for FIs (section 6). Nevertheless IDCOL currently maintains the minimum capital prescribed under section 6 sub-section (1) and DFIM Circular No. 14/2011.</p> <hr/> <p>Capital calculation approach</p> <p>With regard to regulatory capital computation approaches (Minimum Capital Requirement) the FI is following the prescribed approach of Bangladesh Bank. Below are risk wise capital computation approaches</p>

that IDCOL is currently applying:

1. Credit Risk - Standardized Approach (SA)
2. Market Risk - Standardized Approach (SA)
3. Operational Risk - Basic Indicator Approach (BIA)

Capital of the FI

Nevertheless IDCOL is exempted from the minimum capital requirement of Bangladesh Bank, in parallel to business growth, IDCOL has so far managed to maintain its capital more than the prescribed minimum capital requirement of Bangladesh Bank.

Below are few highlights:

- Currently Bangladesh Bank prescribed Minimum Capital Adequacy Ratio (MCR) is 10%, whereas as on December 2017 the CAR of the FI was 11.18%.
- During the same period Minimum Capital Requirement (MCR) of the bank was BDT 584.61 crore and eligible capital was BDT 653.45 crore; i.e. the FI hold BDT 68.84 crore surplus capital

Quantitative Disclosures:	
Risk Category	Consolidated
<i>Amount in Crore (BDT)</i>	
Details of Risk Weighted Assets (RWA)	
Credit Risk	
On- Balance sheet	3923.69
Off-Balance sheet	0.00
Total Credit Risk	3923.69
Market Risk	1298.60
Operational Risk	623.79
Total RWA	5846.08
Detail of Risk Wise Minimum Capital Requirement (MCR)	
Credit Risk	
On- Balance sheet	392.37
Off-Balance sheet	0.00
Total Credit Risk	392.37
Market Risk	129.86
Operational Risk	62.38
Total Minimum Capital Requirement	584.61
Total Maintained Capital	682.58
Total Capital Surplus	97.97
Detail of Tier wise Capital of the FI	
Tier-1 Capital	629.84
Tier-2 Capital	52.74
Total Capital	682.58
CAR on Total Capital basis (%) [Total capital/RWA]	11.68%
CAR on Tier 1 Capital basis (%) [Tier 1 capital/ RWA]	10.77%