The Fastest Growing Financial Institution in the Country

Annual Report 2021

THE INDOMITABLE JOURNEY TOWARDS MAKING A DIFFERENCE

40th Anniversary Edition

Volume: 40 | Issue: 01 | March 2022

Awarded

Bangladesh Fintech Award 2021

Bangladesh Innovation Award 2021

Intellectual Property Protection Award 2021

& more...

In 2021

14,932 mn
Disbursed to CMSMEs through Collateral Free Supply Chain Finance

2,772
Active CMSME Customers

42,345
Jobs created through SME Financing

7,710
Families fulfilled their dream of a home

3,868
Women clients served

881 mn
Highest ever profit

Inspiring Women Award 2021

The Most Progressive Organisation for Ensuring Women Empowerment

IPDC Finance Limited

"I have always believed that change is human-made. The inequalities that create divisions of rich and poor, powerful and powerless are made by humans . So change is also possible through human acts of compassion, courage and conviction."

-Sir Fazle Hasan Abed KCMG

LETTER OF TRANSMITTAL

To
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

Annual Report for the year ended 31 December 2021

Dear Sirs:

Please find enclosed, a copy of the Annual Report along with the Audited Financial Statements including Balance Sheet as at 31 December 2021 and Income Statements, Cash Flow Statement and Statement of Changes in Equity for the year ended 31 December 2021 along with the notes thereon of IPDC Finance Limited for your kind perusal and record.

Thank you.

Yours Sincerely,

Samiul Hashim
Company Secretary

NOTICE OF THE 40TH ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting (AGM) of the shareholders of IPDC Finance Limited will be held virtually by using digital platform through the following link https://ipdc.bdvirtualagm.com (In pursuance with BSEC Directive No. BSEC/CMRR/2009/08 dated 10 March 2021) on Sunday 17 April 2022 at 11:00 a.m. to transact the following proceedings:

AGENDA

01. To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements of the Company for the year ended 31 December 2021;
02. To declare dividend for the year ended 31 December 2021;
03. To elect/re-elected Directors;
04. To appoint the Auditors and to fix their remuneration;
05. To appoint the Corporate Governance Auditors and to fix their remuneration;
06. To confirm the appointment of (a) Mr. Kazi Mahmood Sattar, as nominee Director of BRAC, (b) Mr. Md. Nurul Alam and Mr. Mohammad Manzarul Mannan, as nominee Director of GoB;
07. To transact any others business (if any) with the permission of the chair.

By order of the Board

Samiul Hashim
Company Secretary

Dated: 24 March 2022

Notes:

1. Shareholder's name appeared in the Members/Depository Register as on "Record Date" i.e. 22 March 2022 are eligible to attend and vote in the Annual General Meeting (AGM) and to receive the dividend as declared in the AGM.

2. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018, the soft copy of the Annual Report 2021, Proxy Form and Notice of 40th AGM of IPDC are being sent to the email addresses of the shareholders available in their Beneficial Owner (BO) Accounts maintained with the CDBL on Record date. The soft copy of the Annual Report 2021 and Proxy Form will also be available on the Investor Relations section of the Company's website at: www.ipdcbd.com. The "Proxy Form", duly filled, signed and stamped at BDT 20/- must be sent through email to mokbul.hossain@ipdcbd.com not later than 48 hours before commencement of the 40th AGM.

3. The login process to participate in the virtual meeting along with link are also available in Company's website www.ipdcbd.com. Details of the login process has also been sent through email/SMS to respective shareholder's email ID/mobile number available in their BO Account maintained with their depository.

4. The shareholders will be able to submit their questions/comments and vote electronically 24 (Twenty-four) hours before commencement of the AGM and during the Annual General Meeting. For logging in to the system, the shareholders need to put their 16 Digit Beneficial Owner (BO) ID Number/ Folio No., Name of shareholders and No. of shares and mobile no/email number and others credential as proof to their identity by visiting the link https://ipdc.bdvirtualagm.com.

5. Shareholders are requested to log into the system prior to the starting time of the meeting at 11:00 am on 17 April 2022. The webcast will start at 10:45 am of 17 April 2022. For any IT related guidance in this regard Members may contact cell number +880 01713-076765, +880 01711-166131.

MAKING A DIFFERENCE

Net Profit

881 Million

24.9%
Growth vs. 2020

3.7x
Growth since 2015

Total Deposit

60,405 Million

15.2%
Growth vs. 2020

12.7x
Growth since 2015

Credit Portfolio

65,327 Million

21.9%
Growth vs. 2020

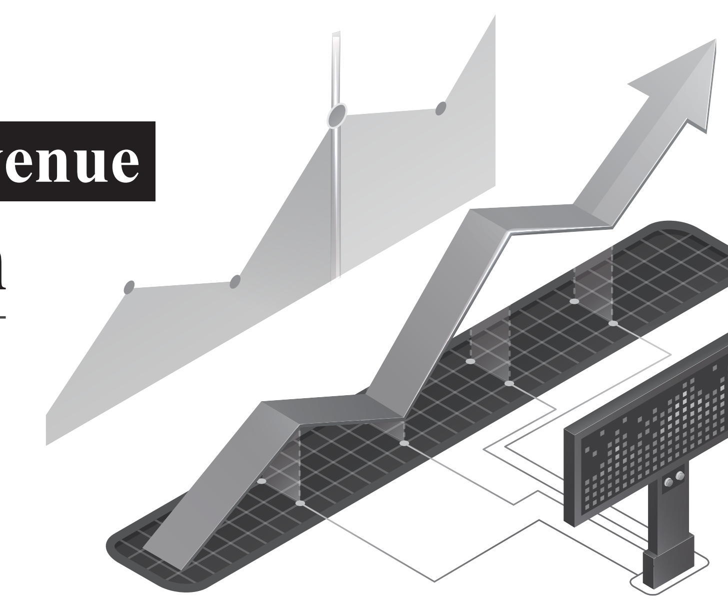
10.2x
Growth since 2015

Operational Revenue

3,445 Million

21.7%
Growth vs. 2020

5.4 Times
Growth since 2015



Number of families

7,710 Families fulfilled their dream of own home

Number of jobs

42,345 Job created through our SME financing

Number of Women Clients

3,868 Female clients have been onboarded

Annual Report 2021
IPDC Finance Limited

TABLE OF CONTENTS

THIS IS IPDC

> We want to become the most passionate financial brand in the country with special focus on youth, women and underserved areas.

Who We Are

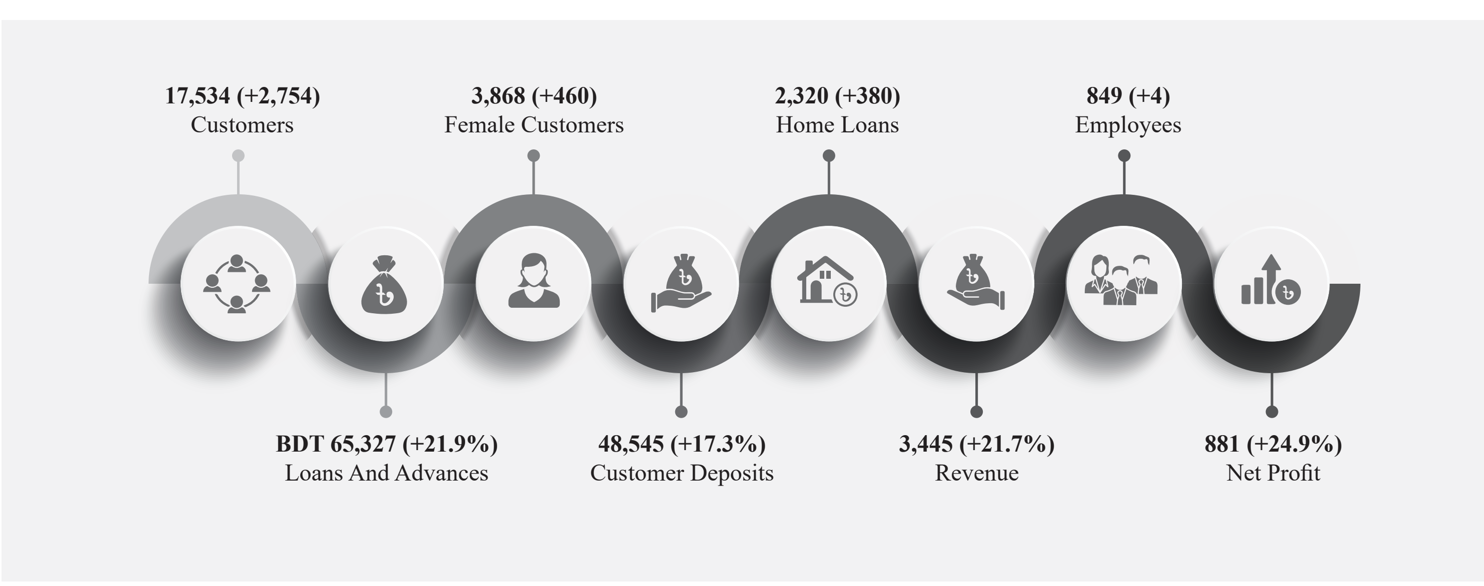
With an unprecedent journey of 40 years, IPDC has created meaningful stories in different walks of its treasured clienteles' life. After a long and hard-fought war in 1971, Bangladesh liberated herself to stand out as a valiant nation in the sub-continent. Considering freedom to be not a destination but a journey, when the post war devastation struck the country, a lot of assistance was needed to realize the visions of this nation and to cater to the necessity of those visions, Industrial Promotion and Development Company of Bangladesh Limited (IPDC of Bangladesh Limited) was formed. Since its inception, IPDC Finance has played a pivotal role in developing the country's industrial landscape. We are now the fastest growing financial institution of the country. Our priority for the future, however, is to go beyond the numbers to create a positive impact in the society and touch the lives of more people by providing affordable home loan, going beyond megacities, supporting women entrepreneurs and SMEs, and bringing convenience at home.

What We Do

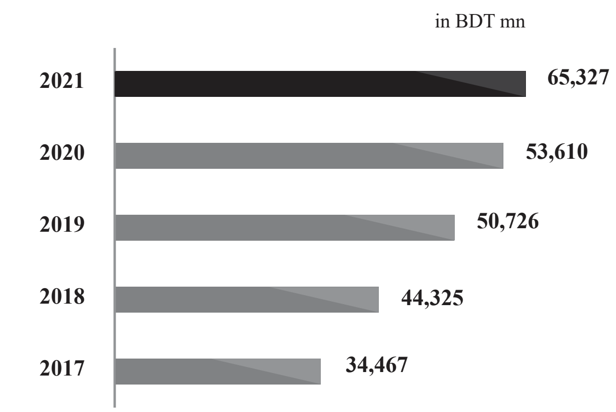
IPDC places a special focus on youth, women, and underserved areas with a mission to enable customers and communities to rise unbound and to live their fullest potential. We plan to realize this ambition by extending innovative financial solutions in a friendly, timely, transparent and cost-effective mannerthrough our growing branch of network across the country. Our product ranges from retail, corporate, SME, women entrepreneurship, factoring, etc., securitization of receivables, preference share investments, leasing, venture capital investment, digitally automated supply chain financing platform backed by blockchain technology under Project Orjon, consumer goods financing under IPDC EZ and retailer financing under Dana.

Where We Operate

We have 15 branches including our Head Office situated in Gulshan, Motijheel, Dhanmondi, Uttara, Chattogram, Bogura, Gazipur, Narayanganj, Sylhet, Mymensingh, Jashore, Cumilla, Rangpur, Faridpur and Khulna.



PERFORMANCE HIGHLIGHTS

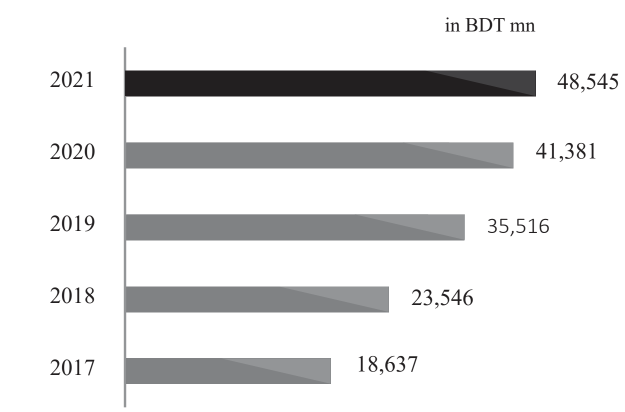


Loans and Advances

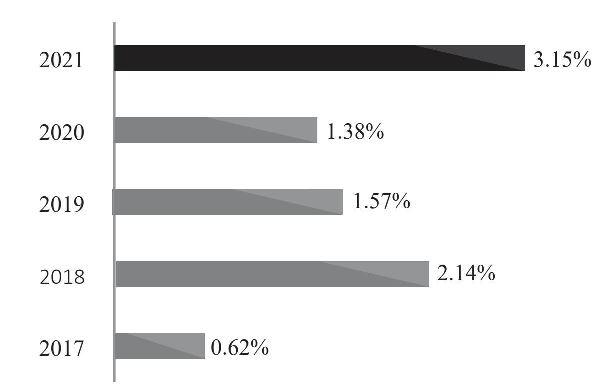
Credit portfolio stood at **BDT 65,327mn** at the end of 2021 registering a **growth of 21.9% year-over-year (YoY)** whereas all the other major peers experienced slight growth in portfolio.

Customer Deposits

Customer deposits **grew by a staggering 17.3% YoY to BDT 48,545mn.**



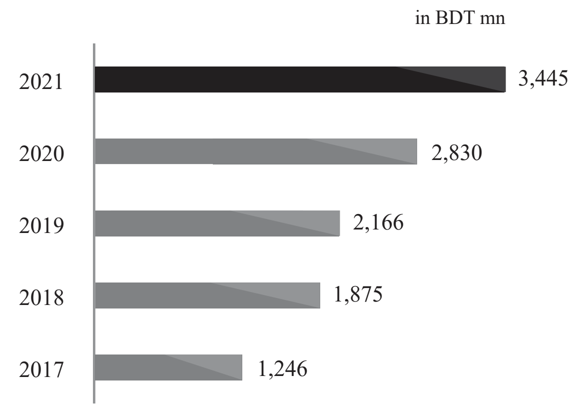
Customer Deposit does not include deposits from banks and FIs



Classified Loan Ratio

Classified loan ratio remains one of the lowest in the industry at **3.15%** despite an increase in 2021 due to follow-on effect of COVID-19 in the economy

PERFORMANCE HIGHLIGHTS

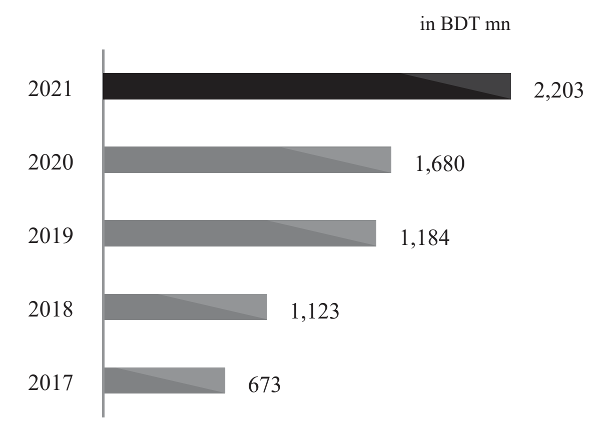


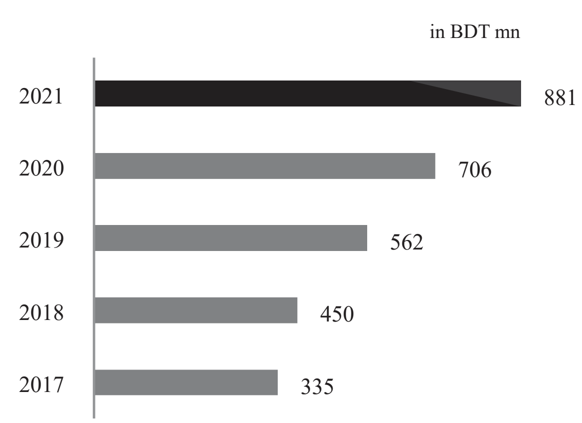
Revenue

The company posted strong revenue growth of **21.7% YoY to BDT 3,445mn** riding on a healthy spread, portfolio growth, as well as a strong growth in fees income stemming from higher disbursements.

Operating Profit

Controlled growth (+7.9% YoY) in operating expenses contributed to a **staggering 31.2% YoY growth in operating profit.**



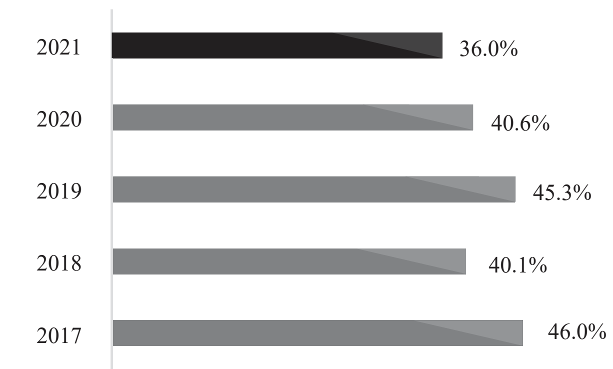


Profit After Tax

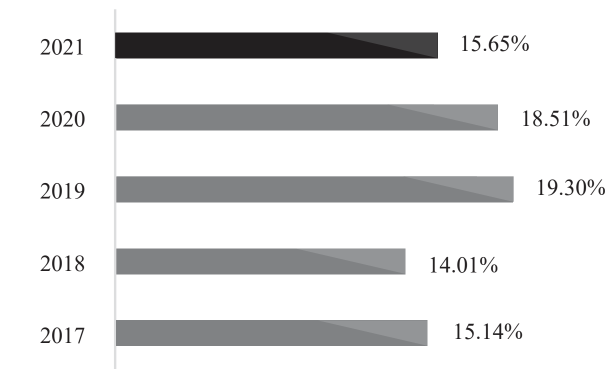
After keeping surplus provisioning to counter any adverse situation in the future, net profit after tax stood at **BDT 881mn in 2021** from BDT 706mn in 2020, **a growth of 24.9%.**

PERFORMANCE HIGHLIGHTS

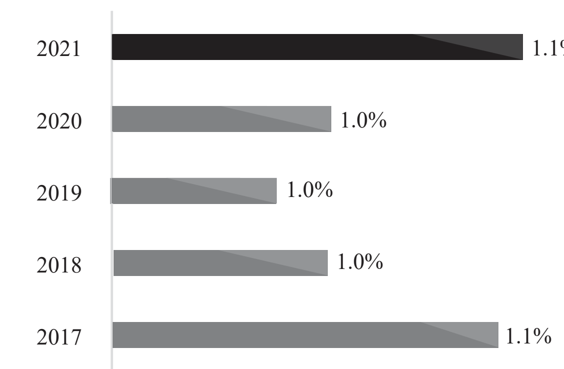
Cost to Income



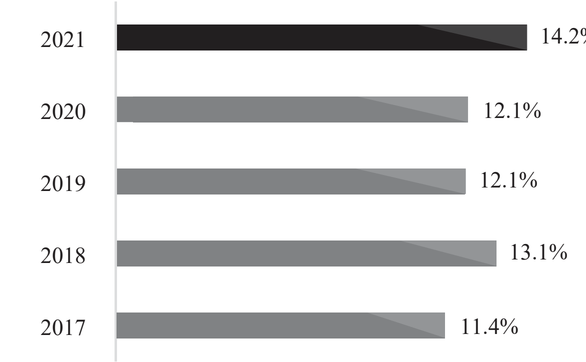
Capital Adequacy Ratio



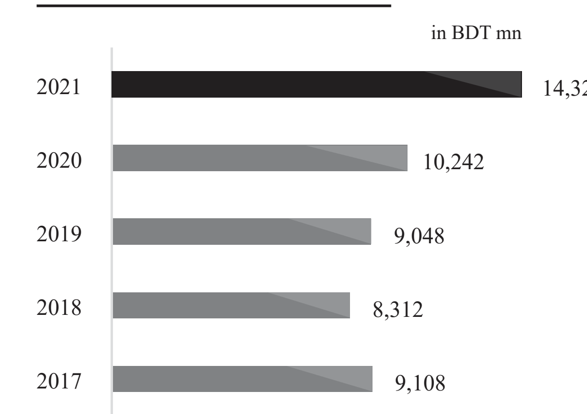
Return on Asset (ROA)



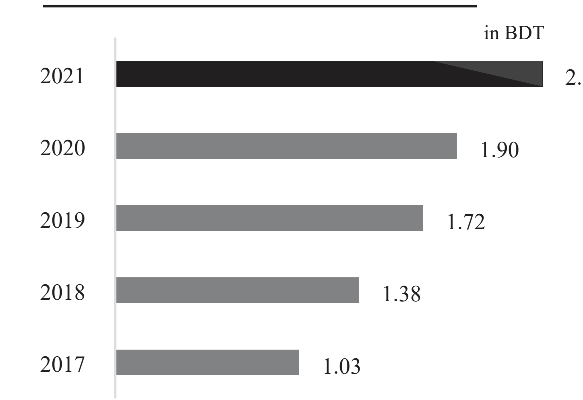
Return on Equity (ROE)



Market Capitalization



Earnings Per Share (EPS)



ABOUT THIS REPORT

Integrated Reporting

IPDC as a financial institution is increasingly fulfilling a fundamental role in the socio-economic progress and development of our country We believe that the success of our customers and clients along with the trust and support of all our stakeholders underpin our commercial sustainability. As an accountable business organization, we consider it to be our responsibility to conduct our business ethically to create value in the long-term interests of the society. In this context, though our report is aimed principally at capital providers, it is also considered to be of interest to a diverse range of other stakeholders. We believe that through this report, both our major groups of shareholders and stakeholders will be able to appraise our Company, our operations and our growth prospects better, thereby helping nurture a better understanding of our Company.

Integrated Reporting <IR> is the management and communication tool for understanding and measuring how an organization creates value over time. The goal of Integrated Reporting is providing relevant information that is not traditionally covered in statutory financial statements to diverse stakeholders rather than just providing information.; Essentially, Integrated Reporting should demonstrate linkages among organization's strategy, governance, and financial performance in social, economic, environmental and regulatory context within which it operates. Central to the integrated reporting framework are the challenges an organization faces and the opportunities it could seize. The information provided in Integrated Reporting should be historic, futuristic, precise, relevant, consistent, and comparable. It supports and provides a more cohesive and holistic approach to corporate reporting that draws on different reporting standards and communicates the full range of factors, both internal and external, that materially affects an organization's ability to create value in the short, medium, and long term. In a nutshell, Integrated Reporting depicts and narrates the comprehensive value creation journey of the organization. For Integrated Reporting, IPDC has adopted the framework outlined by the International Integrated Reporting Council (IIRC).

Reporting Framework

This integrated report corresponds to the 'capitals model' of value creation, adopted by the International Integrated Reporting Council (IIRC) in the International Framework. Based on our understanding of IIRC's guidelines, our report explains our dependence and impact on the forms of capital that are fundamental to our ability to create value over the long run. Overall, we have structured this report using the capitals but have embedded them within each section to enable us to plot the inter-relationships and trade-offs between them in relation to our company and business unit strategies.

Scope and Boundary

Our 2021 Integrated Report covers the period from 1 January 2021 to 31 December 2021. All data pertains to the Company and its business units.

In explaining the Company's operations and financial performance, we have extracted the financial information from the Audited Financial Statements for the financial year ended 2021 with relevant comparative information.

The financial statements consistently comply with the requirements of:

- International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS)
- Companies Act 1994
- Financial Institutions Act 1993
- Securities and Exchange Rules 1987
- Relevant rules and regulations of Bangladesh Bank
- And other applicable laws and regulations of the land.

Reporting Principles

We have referred to the guidelines of Integrated Report, issued by the Institute of Chartered Accountants of Bangladesh (ICAB) in the form of 'Integrated Reporting Checklist', which is in congruence with the Integrated Reporting framework issued by the International Integrated Reporting Council (IIRC). The following reporting principles were considered while preparing the Annual Report 2021.

Strategic Focus and Future Orientation

For more details, please refer to ''Our Integrated Value Creation Process.''

Connectivity of Information

This report has been designed according to stakeholders' needs. Please refer to the "Table of Contents" presented according to IIRC guidelines.

Stakeholder Relationships

For more details, please refer to ''Our Integrated Value Creation Process.''

Materiality

For more details, please refer to "Materiality Determination."

Conciseness

Information in this report has been summarized where applicable to ensure effective communication.

Comparability

All the information presented in this report is on the same basis as the 2021 report. The information provided covers everything related to business strategy, risk and areas of high importance to our stakeholders. The structure of the report has been further developed as part of our continuous focus on improving communication with our stakeholders.

Materiality Assessment

The materiality assessment of the report content appears on the following sections of this report.

Availability of the Annual Report

Copies of the Annual Report is sent to all the shareholders, prior to the Annual General Meeting, giving due period of notice. Our report has also been made available in the web address: *www.ipdcbd.com/aboutus/investmentrelation*

Reliability and Completeness

For more details, please refer to "Governance and Risk Management."

Consistency and Comparability

For more details, please refer to Page 332.

External Assurance

Report Type	External Assurance
Audited Financial Statements	Rahman Rahman Huq Chartered Accountants
Corporate Governance Certification	Hoda Vasi Chowdhury & Co Chartered accountants
Provident Fund Audit	Snehasish Mahmud & Co Chartered Accountant
Gratuity Fund Audit	Snehasish Mahmud & Co Chartered Accountants
Gratuity Fund Valuation	Z. Halim & Associates Actuarial & Pension Consultants
Credit Rating	Emerging Credit Rating Ltd (ECRL)

Declaration of Integrity of the Integrated Report

I acknowledge that

- *reasonable care has been taken in ensuring the integrity of this Integrated Annual Report*
- *preparation and presentation of the integrated report has been done through collaborative and collective efforts of the stewardship*
- *the stewardship ensured transparency and accountability and played its part in identification and prioritization of material matters*
- *the report has been prepared in accordance with the Integrated Reporting Council's International Integrated Reporting Framework, and it addresses the material matter relating to the long-term sustainability of the company*
- *the report fairly presents the integrated performance of IPDC Finance Limited and the impacts there of*

Mominul Islam
Managing Director and Chief Executive Officer

INTEGRATED THINKING

Our commercial sustainability depends on our effectiveness in assisting the country's citizens, businesses, and institutions to fulfill their economic potentials. The nature of our business is such that we intermediate between providers of capital, on one hand, and employers of capital on the other, thus serving as a crucial link between these two large groups of suppliers and end-users / consumers.

For our suppliers of funds and capital (banks and other financial institutions), we provide a fair and competitive rate of return as well as exposure to the real economy of Bangladesh. Specifically, for funds originating out of our depositors, we provide medium to long-term financial security by helping them earn competitive returns on their investments as well to diversify their investments across a different asset class. As an overarching strategy, through diversifying our sources of funds origination, we focus on keeping our cost of capital at comfortable levels.

For end-users and consumers of capital, we provide them access to the liquidity and capital that they need to realize their objectives and ambitions. They invest these funds to grow their businesses or deploy them for meeting a wide range of lifestyle choices, including acquiring homes or for mobility through purchase of cars. We ensure that our lending rates are competitive and accessible while still enabling us to generate a respectable return for the underwritten credit and risk, which, overall, comprises the basis of our shareholder value creation philosophy. The net spread that we earn from this cycle is our net interest margin.

Importantly, these functions of our core business are closely integrated and interwoven with our social and environmental development agenda – whether at the local, regional, or national level. Specifically, for a developing country like ours, that is climbing up the ranks and making a transition from a low income to a middle-income nation, strong institutions are essential to ensure outcomes that are commercially and socially beneficial in the short, medium, and long-term. In this context, as a non-banking financial services brand that is closely integrated with the contextual relevance of Bangladesh, we consider ourselves to play a constructive role in participating in the economic transformation of our communities, societies, and the nation at large. With the ongoing pandemic, we also believe that a community-minded view is integral to our legitimacy as it represents a consistent and high level of integrated thinking, which we continue to deepen within our organization.

We welcome you to our Integrated Report – and our integrated way of thinking and reporting. Having invested years of reorganizing our business, reinforcing our foundations, and reorienting our operational model, the year 2021 represents a culmination of our efforts in realizing the potential of our company that we undoubtedly believe in.

Forward Looking Statements

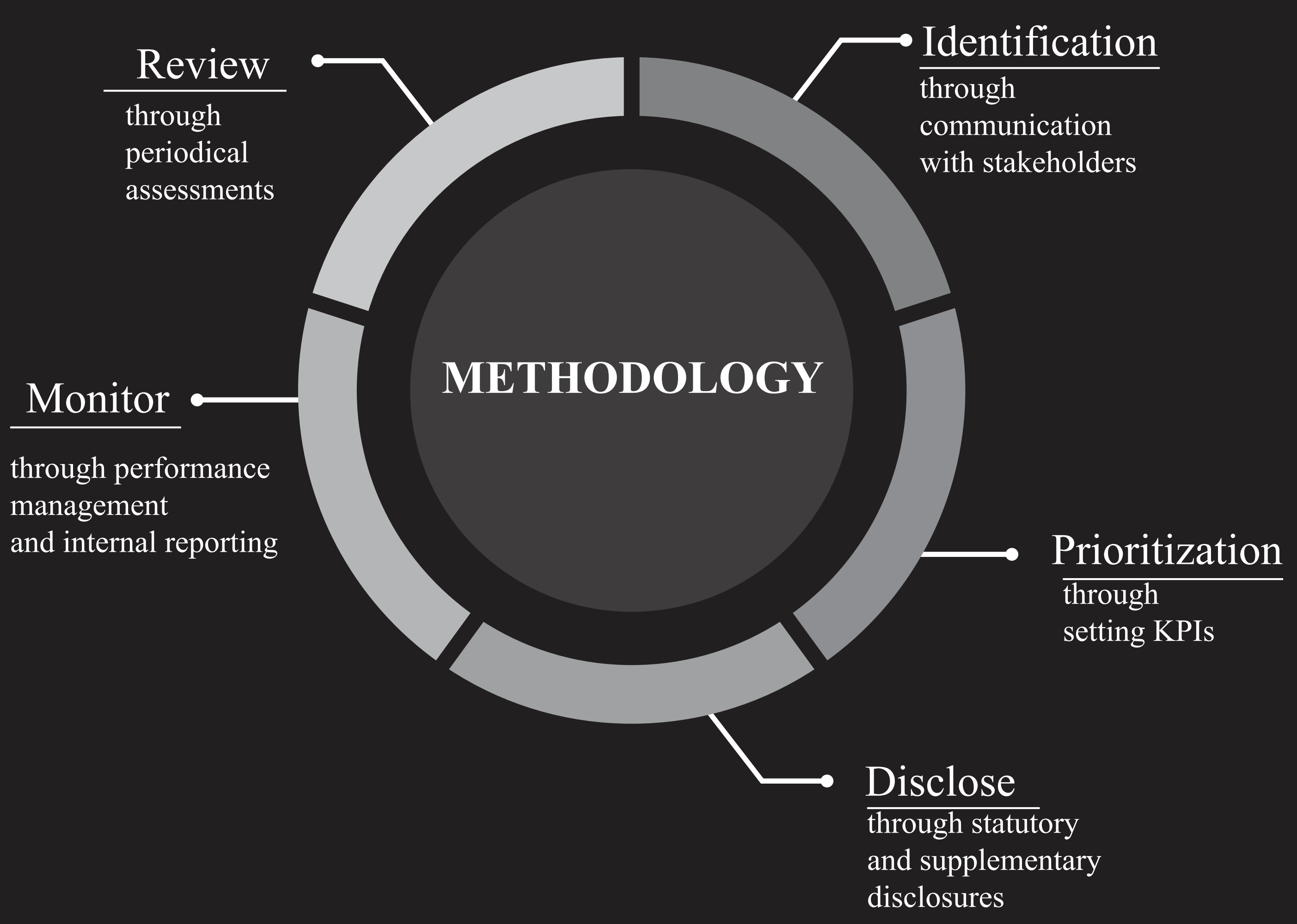
The Annual Integrated Report of IPDC for the year 2021 contains some forward-looking statements in different sections. These forward-looking statements are based on future events and outcomes which may or may not occur and may have impact on the financial and business performance. The assumptions are made based on trends, experience, expectation, and judgements. The forward-looking statements will contain words such as expect, hope, may, will, hope, believe etc. A forward-looking statement is mainly made in relation to income, expense, business growth, business expansion, cost structure, capital structure etc. Some factors which may impact the overall financial sectors are as follows:

- Change in fiscal and monetary policy
- Change in regulatory and legal frameworks
- Change in Government policy and regulations
- Change in capital market
- Change in financial and money market
- Change in technology
- Change in consumer behavior

As there are uncertainties about the occurrence of future events, these statements should be treated from that viewpoint in decision making by the users of the Annual Integrated Report.

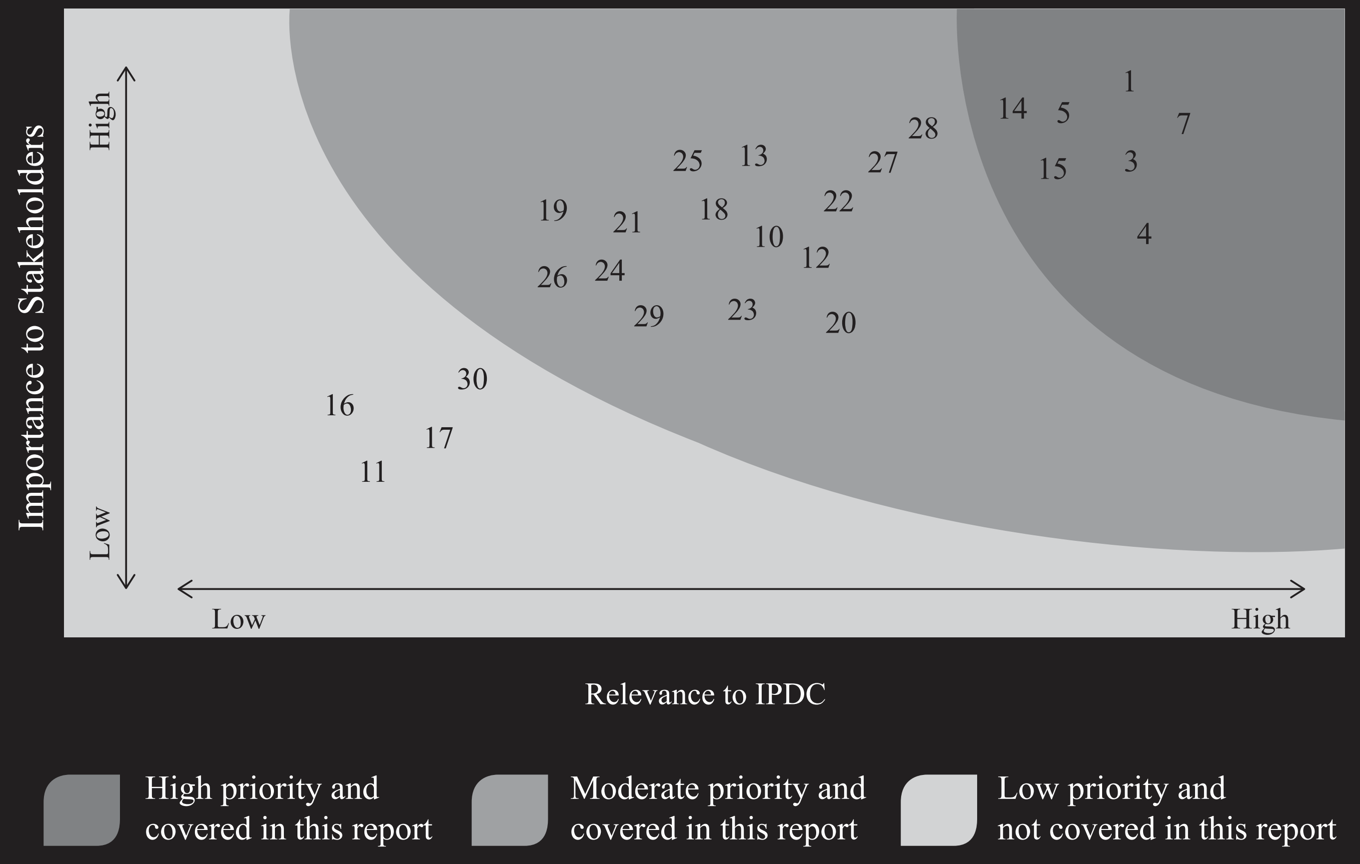
MATERIALITY DETERMINATION

Responsible and sustainable business involves engaging with our stakeholders to refine our strategy. An issue is considered material when it influences the decision, the action and the performance of an organization and its stakeholders. Our materiality assessment is based on an ongoing trend analysis, media search, and stakeholder input. We identify the environmental, social and governance topics which have the greatest impact on our business and the greatest level of concern to stakeholders along our value chain. Assessing these topics enables us to prioritize and focus upon the most material topics and effectively address these in our policies and programs



Materiality Matrix

To define the content for this annual report we assessed our interests and those of our stakeholders and analyzed them based on the significant impact they had:



1. Compliance with Rules and Regulations
2. Career Progression for Employees
3. Financial Position
4. Recruiting and Retaining Talents
5. Knowledge and Skill Enhancement
6. Corporate Social Responsibility
7. Sustainability of Business
8. Service Quality
9. Work-Life Balance
10. Employee Diversity and Inclusion
11. Carbon Emission
12. Timely Loan Disbursement
13. Effective Communication of Business Strategy
14. Strong Corporate Governance
15. Efficient Risk Management
16. Employee Charity
17. Waste Management
18. Energy Efficiency
19. On time Payment Processing
20. Transparent Procurement Process
21. Environmental Resource Protection
22. On-time Regulatory Reporting
23. Safe and Conducive Workplace
24. Simple Documentation Process
25. Compliance with supplier contractual terms
26. Environmental Stewardship
27. Societal Impact
28. Safety of Deposits
29. Community Engagement
30. Local Hiring

Our Top Priorities

An issue is material to IPDC if it meets any of the two conditions. Firstly, if it impacts our business in terms of growth, cost, and risk and secondly, if it is important to our stakeholders. Through our analysis, we have identified some key issues which are material to both our company and our stakeholders. These key issues are illustrated below:

Stakeholders	Impact	For more details, please refer to:
Customers	Safety of deposits Timely loan disbursement Simple documentation process Quality customer service	"What We Do" under "Overview" "Operational Efficiency" under "Manufactured Capital" "Brand Perception" under "Intellectual Capital" "Service Orientation" under "Intellectual Capital"
Employees	Career progression opportunities and retaining talent Knowledge and skill enhancement Diversity and inclusion Work-life balance with safe and conducive workplace	"Human Capital"
Investors	Financial position Sustainability of business Effective communication of business strategy Effective Corporate Governance with Efficient Risk Management	"Our Approach to Sustainability" "Governance and Risk Management"
Suppliers	Compliance with contractual terms On-time payment processing Transparent procurement process	"Our Approach to Stakeholder Engagement" under "Social and Relationship Capital"
Communities & Society	Social responsibility and impact to society Environmental stewardship Resource protection and energy efficiency Community engagement	"Impact (CSR)"under "Overview" "CSR Statement" under "Social and Relationship Capital"
Regulators	Compliance with rules and regulations On-time regulatory reporting Effective corporate governance	"Government and Risk Management"

COMPANY PROFILE

Founded in 1981, IPDC Finance Limited (previously named as Industrial Promotion and Development Company of Bangladesh Limited) has played a pivotal role in fulfilling its core objective of ushering in the wave of industrialization in Bangladesh. With such an illustrious purpose and intent, the Company introduced innovative financial products and services that together enabled us in building the foundations of leading corporates of Bangladesh.

General Information

Name of the Company	IPDC Finance Limited Formerly registered as Industrial Promotion and Development Company of Bangladesh Limited.
Legal Form	Public Limited Company
Date of Incorporation	28 November 1981
Company Registration Number	(C-9566)/392 of 1981-1982 dated 28 November 1981
Bangladesh Bank License Number	BCD (Non-Banking)/Dhaka/3/'95 dated 02 February 1995
Listing Date	03 December 2006 (Dhaka Stock Exchange and Chittagong Stock Exchange)
Taxpayer Identification No	111505336736
VAT Registration No.	001103993-0101
Authorized Share Capital	BDT 8,000,000,000
Paid up capital	BDT 3,710,915,470
Branches	15
Chairman*	Md. Kazi Mahmood Sattar
Managing Director	Mominul Islam
Chief Financial Officer	Fahmida Khan
Company Secretary	Samiul Hashim
Head of Internal Audit & Compliance	Md. Ezazul Islam
Stock Exchange Trading Code	IPDC
Registered Office	Hosna Centre (4th floor) 106 Gulshan Avenue, Dhaka 1212 PABX: 55068929,55068931-37, 029891758 FAX: 55068928, 55068930 Email: email@ipdcbd.com Website: www.ipdcbd.com
Investors' Enquiry	Investors Relation Department Phone: +(88) 09612885533, +(88-02) 55068931-6 Fax: +(88-02) 5506893128 Email: email@ipdcbd.com

**Mr. Md. Abdul Karim was the Chairman till the end of 2021, he was replaced by Mr. Kazi Mahmood Sattar on 2nd February, 2022*

Auditor, Consultants and Memberships

Auditor	Rahman Rahman Huq, Chartered Accountants
Corporate Governance Auditors	Hoda Vasi Choudhury & Co, Chartered Accountants
Provident Fund Auditor	Snehasish Mahmud & Co, Chartered Accountants
Gratuity Fund Auditor	Snehasish Mahmud & Co, Chartered Accountants
Actuary for Gratuity Valuation	Z. Halim & Associates, Actuarial & Pension Consultants
Tax Consultants	Snehasish Mahmud & Co, Chartered Accountants Amin Uddin and Associates
Credit Rating Agency	Emerging Credit Rating Limited (ECRL)
Legal Advisors	A Rahman & Associates Law & Remedy Mamun Chowdhury & Associates Sarder Jinnat Ali Voyance Legal Emadullah Shahidul Islam (Sylhet)
Principal Bankers	Standard Chartered Bank Dhaka Bank Limited Prime Bank Limited Mercantile Bank Limited Eastern Bank Limited ONE Bank Limited WOORI Bank Bank Alfalah Limited Dutch Bangla Bank Limited United Commercial Bank Limited BRAC Bank Limited Mutual Trust Bank Limited AB Bank Limited NRB Bank Limited NRB Commercial Bank Limited Meghna Bank Limited Community Bank Bangladesh Limited
Membership with Associations	Bangladesh Leasing & Finance Companies Association (BLFCA) International Chamber of Commerce (ICC) Foreign Investors' Chamber of Commerce & Industry (FICCI) Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Metropolitan Chamber of Commerce and Industry (MCCI) Bangladesh Association of Publicly Listed Companies (BAPLC) Dhaka Stock Exchange Limited (DSE) Chittagong Stock Exchange Limited (CSE) Central Depository Bangladesh Limited (CDBL)

OUR PHILOSOPHY

Our Vision

To become the most passionate financial brand in the country with a special focus on youth, women and under-served areas.

Our Mission

To enable our customers and communities to live unbound and to live to their fullest potential by extending innovative financial solutions in a friendly, timely, transparent and cost-effective manner.

Our Core Values

We will create extraordinary customer experiences by:

• Serving our customers with passion and honesty
• Going beyond the normal call of duty
• Relentlessly pursuing innovation

Our Core Strengths

• Strong and diverse Board of Directors
• Experienced management
• Strong governance and regulatory compliance
• Quality asset base
• Strong capital base
• Extraordinary customer service and experience
• Unique corporate culture

Our Guiding Principles

• Conducting our business with the highest levels of integrity
• Demonstrating a strong will to win in the marketplace
• Promoting diversity in the workplace
• Encouraging under-served and under-penetrated communities with tailor-made products and services
• Supporting the spirit of teamwork and collaboration
• Harnessing the power of technology to deliver better customer experience and outcomes
• Setting the standards of corporate citizenship through extensively engaging in community development initiatives

IPDC'S EVOLUTION

2021
- Onboarded Tamim Iqbal as Ucchasher Ogrodut (Brand Ambassador)

2020
- Digitalized and transformed all initiatives and operations to adapt to the new normal brought upon by the pandemic
- Launched Manobota deposit scheme to help the underprivileged community and implemented many other humanitarian initiatives

2019
- Launch of Orjon, South East Asia's First Blockchain Based Digital Supply Chain Finance Platform
- Became the Best Financial Institution of the Year at the 18th Bangladesh Business Awards

2018
- Commencement of development of Project Orjon, the first-ever digital supply chain financing solutions using Block Chain Technology in Bangladesh

2017
- Inaugurated branches in Jashore, Mymensingh and Cumilla

2016
- Formulated the five-year strategic paper by realigning focus on youth, women and undeserved areas
- Revamped and rebranded to IPDC Finance Limited from Industrial Promotion and Development Company of Bangladesh Limited
- Inaugurated branches in Gazipur, Narayan-gonj and Bogra

2015
- Major changes in shareholding structure with BRAC taking 25%, Ayesha Abed Foundation 10%, and RSA Capital Limited 5% from AKFED

2012
- Introduced factoring finance and mortgage finance

2008
- Introduced auto loan and Club Royal, privileged lifestyle products for high net-worth individuals, the first of its kind in the NBFI sector

2006
- Got Public Listing

2004
- Introduced zero-coupon bond through securitization of receivables with technical assistance from World Bank
- AKFED acquired a majority share of the Company through buying stakes from IFC, DEG and CDC

2000
- Invested in preferred stock of Delta BRAC Housing
- Introduced preference share investment in the country by investing in Hyundai Cement, Bangladesh

1999
- Launched short-term working capital and bridge loan finance

1997
- Commenced lease financing

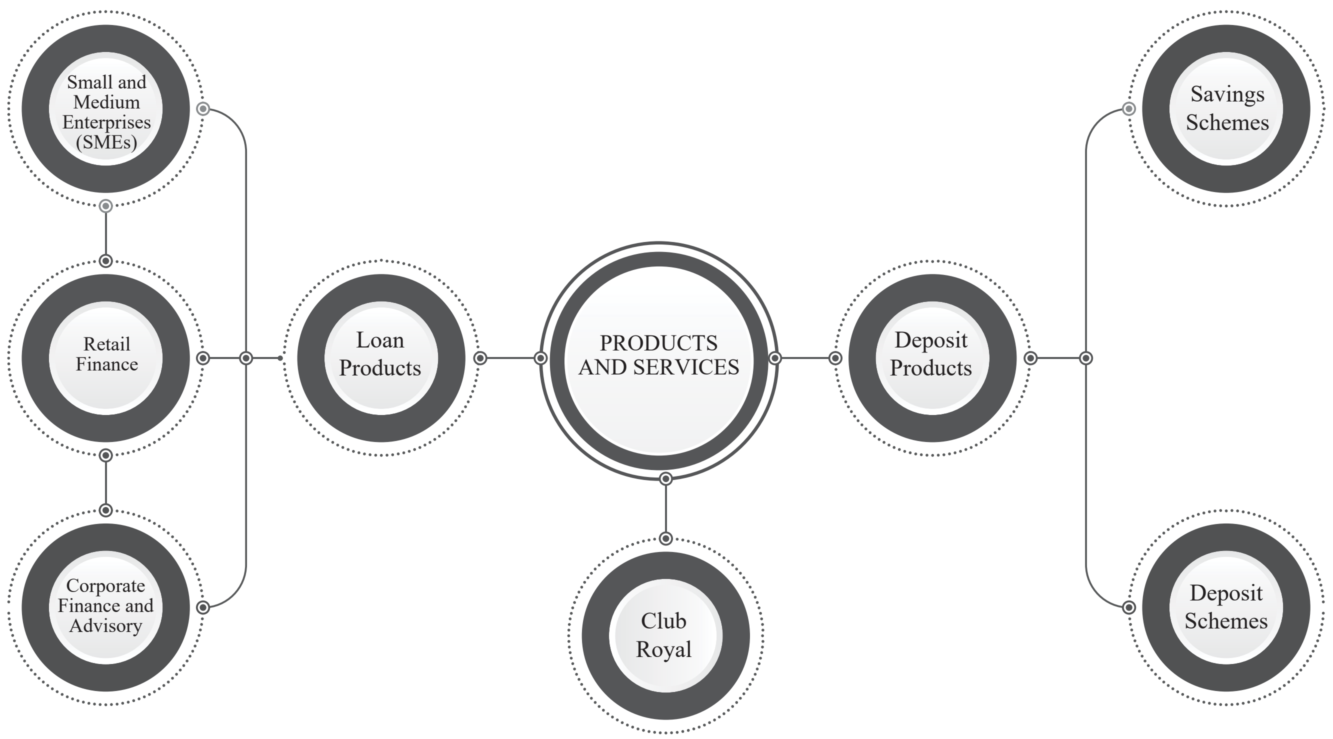
1995
- Received license for operating as a financial institution from Bangladesh Bank

1985
- Co-founded IDLC

1983
- Commenced commercial operations

1981
- 1st private sector Financial Institution (DFI) in Bangladesh

PRODUCTS AND SERVICES



As a strategic orientation of our business, we have organized our business activities into three broad strategic business units: Corporate, SME and Retail. Details of Products and services offered by our business units are given below:

Loan Products

To fulfill the long-cherished dreams and to meet the essentials of life, IPDC Finance is offering several loan products at your doorsteps.

Retail Finance

Our retail finance division offers a substantive and thoughtful variety of personal financial services to fulfill the needs of individuals.

- Home Loans: With a wide choice of home loan options, our home and mortgage division aims to meet the need that is on top of every individual aspiration: creating own home.
- Auto Loans: Our auto loan division specializes in providing car financing products and solutions for both individuals and institutions.
- Personal Loans: Our personal loan unit offers loans for fulfilling a wide range of personal needs and requirements.
- Bhalo Basha Home Loan: Bhalo Basha home loan offers housing finance to the growing middle-income base outside metropolitan areas.
- IPDC EZ: IPDC EZ is a consumer financing service. With IPDC EZ, customers can make their desired purchase from renowned shops/ platforms, plan and enjoy trips abroad and pay later in affordable monthly installments spread up to 18 months.

Small and Medium Enterprises (SMEs)

IPDC offers loan products to Small and Medium Enterprises (SMEs) with a competitive interest rate and flexible repayment options. IPDC has also tailored designed SME loan products for women entrepreneurs to support them:

- Term Loans: Small and medium enterprises requiring financing for capital and operating expenditures such as balancing of production lines, modernization of manufacturing processes and expansion of production capacity or space, etc.
- Short-term Financing: IPDC offers working capital finance to enable companies to meet their day-to-day running of business operations, helping them meet short-term cash requirements.
- Work Order Finance: To execute a work order in a timely manner and to overcome the liquidity shortage, IPDC offers work order financing.
- Factoring: IPDC offers businesses factoring finance to receive cash quickly on their receivables for relieving the first party of a debt for less than the total amount providing them with working capital to continue trading.
- Joyee: Loan for female entrepreneurs at 8% interest rate throughout the year.
- Lease Finance: IPDC provides lease financing to small and medium enterprises against large industrial engines, industrial machineries and equipment, commercial equipment, generators, vehicles, and vessels among others.

Corporate Finance and Advisory

IPDC's corporate finance and advisory division provides the full spectrum of corporate financial services. Products under corporate finance include the following:

- Lease Finance: We provide lease financing against industrial machineries and equipment, commercial equipment, generators, vehicles, vessels and large industrial engines, among others.
- Term Loans: Term loans are specially crafted for meeting long-term business purposes. These are normally provided to meet capital and operating expenditures requirements of our customers such as balancing of production lines, modernization of manufacturing processes and expansion of production capacity or space, etc.
- Project and Syndication Financing: For projects requiring large-scale investments, IPDC provides syndication services under which it forms consortiums with banks / financial institutions to raise funds. Under this arrangement, IPDC acts as the lead financing arranger. Project financing can be applicable to both greenfield as well as brownfield expansions.
- Short-term Financing: IPDC offers working capital finance to enable companies to meet their day-to-day running of business operations, helping them meet short-term cash requirements. Investments in Preference and Common Shares: IPDC subscribes to client preference shares or acquires common stock if clients are raising funds, thereby helping them meet their funds requirements.

Deposit Products

Under our liability schemes, we offer our depositors the flexibility to either invest in our deposit schemes or our savings schemes. A brief narration of our various products under retail deposit finance is given below:

Savings Schemes

IPDC offers you the most secured and profitable investment that you are looking for through the savings schemes.

- Deposit Premium Scheme: A fixed amount is deposited every month which is capitalized annually. Total amount can be withdrawn after then end of the term.
- Millionaire Deposit Scheme: A monthly scheme with flexible long-term tenure that gives maturity value of BDT 1 million.
- Ultiflex Deposit Scheme: The most flexible deposit scheme in the market in which customers can deposit any amount of money anytime they wish with a fixed rate. The minimum tenure is 2 years.

Deposit Schemes

The hard-earned small savings of the customers are given the best value through the deposit schemes of IPDC Finance.

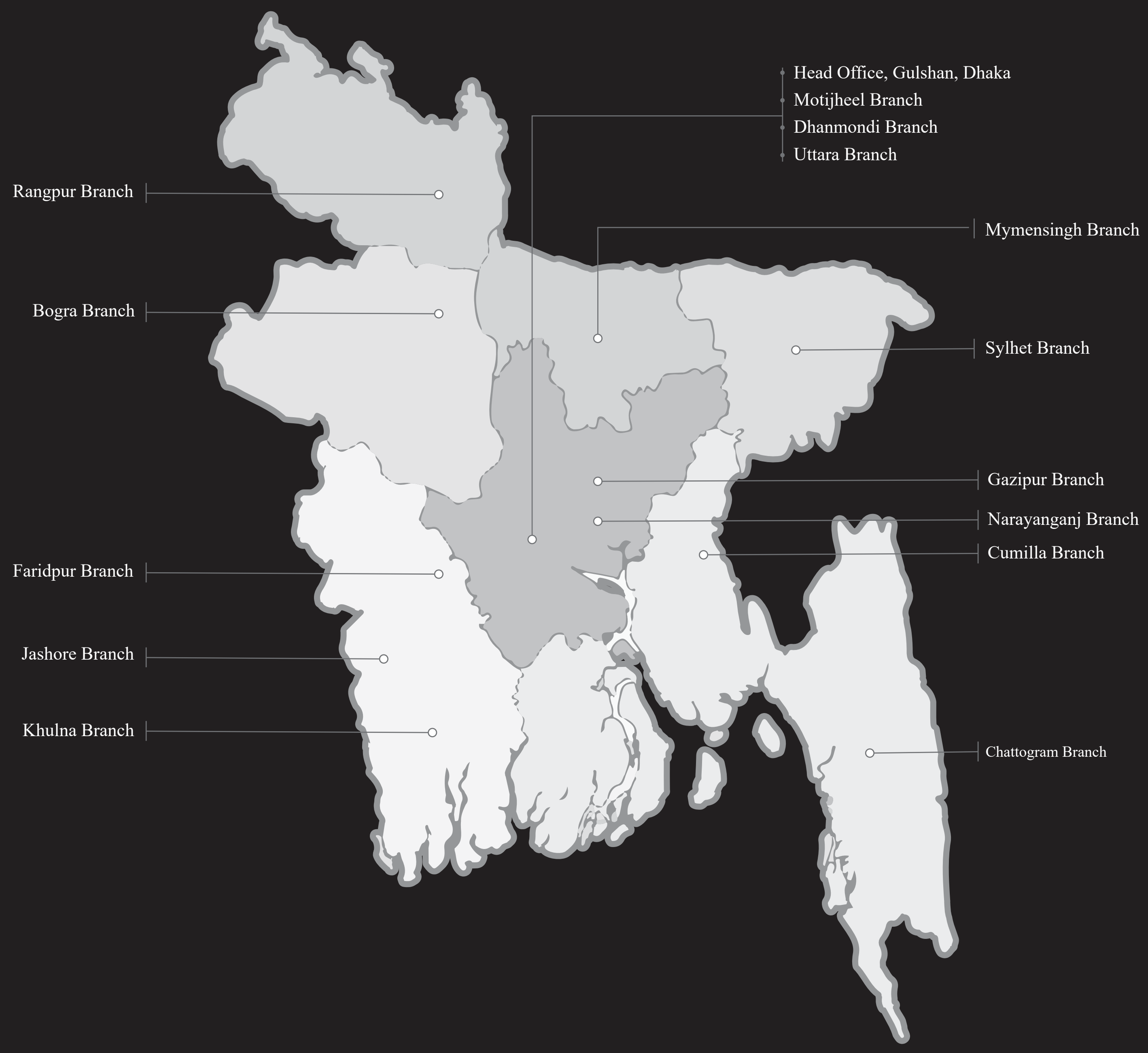
- Annual Profit Scheme: A fixed amount no less than BDT 10,000 must be deposited in which mode of interest payment is annual.
- Cumulative Profit Scheme: A fixed amount no less than BDT 10,000 must be deposited in which interest is paid at maturity.
- Fixed Deposit General: A fixed amount no less than BDT 10,000 must be deposited in which minimum tenure is 3 months and interest is paid at maturity.
- Monthly Profit Scheme: A fixed amount no less than BDT 50,000 must be deposited in which minimum tenure is 3 months and interest is paid on monthly basis.
- Double Money Deposit Scheme: A fixed amount no less than BDT 50,000 must be deposited in which the deposited amount is doubled after a certain period.
- Quarterly Profit Schemes: A fixed amount no less than BDT 50,000 must be deposited in which minimum tenure is 1 year and interest is paid on quarterly basis.

Club Royal

Through Club Royal we provide privileged and priority services, including personal financial advice to our high-value customers. We are among the few in the country's non-banking financial services industry to provide this exclusive convenience and engagement platform to our top customers.

Tamim Iqbal, ODI Captain of Bangladesh National Cricket Team is the proud brand ambassador of IPDC Finance

OUR FOOTPRINT



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Hosna Centre (4th Floor)
106 Gulshan Avenue, Dhaka-1212,
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Telephone: (88-02) 55068929,55068931-6,
2222-90371,2222-90752,2222-91758
Fax: (88-02) 55068930
Email: email@ipdcbd.com

Motijheel Branch
Surma Tower (4th Floor)
59/2, Purana Paltan, Dhaka-1000
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Tel: +(88-02) 9551704, 9570666
Email: email.mjl@ipdcbd.com

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Email: email.dhn@ipdcbd.com

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Mohashin Super Market (1ST Floor)
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Jashore Pouroshova, Jashore
Tel:(0421) 64171-72
Fax: (0421) 64173
Email: email.jsr@ipdcbd.com

Cumilla Branch
Alahi Tower (2nd Floor)
Holding no-139, Kaporiea Potti
Cumilla
Tel:(081) 74196-97
Fax: (081) 74214
Email: email.comilla@ipdcbd.com

Mymensingh Branch
Momen Tower (3rd Floor)
65, Muktijuddha Sharani Sharak
(Chuto Bazar), Mymensingh
Tel:(091) 51438-39
Fax: (091) 51440
Email: email.myn@ipdcbd.com

Khulna Branch
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Tel: +8802477727518-19
Email: email.khulna@ipdcbd.com

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Faridpur Sadar, Faridpur
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Tel: +8802-478801768-70
Email: email.faridpur@ipdcbd.com

Rangpur Branch
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Fax:+(88-02) 7646437
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Fa: +(88-02)49262258
Email: email.gzi@ipdcbd.com

Bogra Branch
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Bogra Sadar, Bogra
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Fax-05161479
Email: email.bogra@ipdcbd.com

Chattogram Branch
Aziz Court
Holding No. 88-90
Agrabad Commercial Area,
Agrabad, Chattogram.
Fax: +(88-031) 726329
Tel: +(88-031) 726325-8
Email: email.ctg@ipdcbd.com

Uttara Branch
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Sonargaon Janapath,
Uttara Model Town, Dhaka-1230
Fax: +(88-02) 8932630
Tel: +(88-02) 8932152, 8932154
Email: email.uttara@ipdcbd.com

IPDC'S MANY FIRSTS

1

1st to introduce Asset Securitization product in Bangladesh.

1st to introduce the concept of investment in preferential share in Bangladesh.

One of the founding sponsors of IDLC, the first leasing company.

1st to introduce a comprehensive customer loyalty program in the industry, which offers a package of priority services to its high-value customers.

Invested in Preference Share of Delta BRAC Housing (DBH), which is the pioneer and the leader in the private sector specialized mortgage industry.

IPDC took the risk to finance many new ventures in their early stages and some of these institutions are now the leaders in their respective sectors. Some of the examples are:

- 1st Private sector TV channel in Bangladesh ETV
- 1st Theme Park in Bangladesh Fantasy Kingdom
- 1st Mineral Water Project Alpinefresh
- 1st Private Sector 5 Star Hotel Westin
- 1st Institutional Finance in Educational Institute Scholastica School
- 1st International Hospital Chain Operating in Bangladesh Apollo Hospital, Dhaka

IMPACT (CSR)

Monthly Stipend to Birangana

Bangladesh owes due honor and dignity to the women oppressed by the Pakistani army, whom we call war-heroine or Birangana. IPDC with its focus on underserved women tries to acknowledge the root-level women change-makers under various platforms. Monthly donations to enhance their life is a part of this initiative.

Donation to Bangladesh Medical Teachers' Welfare Trust

While the country stayed at home to curb the spread of the pandemic, the medical community has been working tirelessly round the clock amid mounting pressure, fear of being infected, and harassment coming their way. IPDC forwarded respect and honorarium to these indomitable souls.

Donation to BANCAT Cancer Patient

BANCAT - Bangladesh Cancer Aid Trust is an organization that tries to help those brave hearts who fought or are fighting their war against this terminal disease. IPDC made an effort to further encourage and create awareness for the disease and connect present patients with survivors to promote a positive mindset.

Donation to NGOs under Project Manobota as COVID relief

IPDC launched IPDC Manobota, a deposit scheme to help people save money and provide food for underprivileged people during the COVID-19 pandemic for each Tk 1 lakh deposited in an 'IPDC Manobota' account, an impoverished family was provided with food for an entire month through the joint contribution of both the depositor and IPDC.

IMPACT (CSR)

Donation to Fareea Lara Foundation for Education and Training

Fareea Lara Foundation works on several aspects of Child Development, Scholarship and computers. IPDC proactively supports causes related to education for the underprivileged.

Monthly stipend to Jaago Foundation for 50 Children's Education

On account of the 50th year after the Independence of Bangladesh, IPDC took the responsibility to change the lives of 50 underprivileged children under the Jaago Foundation by supporting their education.

Back to school gifts for children

With the long-awaited reopening of school, IPDC gifted "Back to school gift packs" to Jaago Foundation and Ucchash School – a school established by IPDC in a remote char of Son Pocha.

Honorarium to School Teachers

IPDC realizes the need to bring stronger societal honor to primary and secondary level school teachers whose contribution to society is no less than that of a nation-builder. A handsome amount of money has been rewarded as a meager part of this gesture.

Establishment of Gymnasium

IPDC committed to extending its support to Narail Express Foundation founded by Mashrafe Bin Mortaza, Former Captain, Bangladesh International Cricket Team, and politician. A school gym has been set up on the premises where all aspiring players practice football, cricket, and volleyball. Besides, IPDC also looks after the monthly expenses of running the sports academy.

Eid Upohar to underprivileged families

To work on the well-being of families, who suffered economic repercussions during COVID-19, IPDC partnered with Mission Save to provide everyday necessities at a regular interval for them.

Monthly Stipend to Talented Bangladeshi Female Table Tennis Player Sadia Mou

To support the career and education of Sadia Mou, No. 1 Female Table Tennis Player of Bangladesh, we provide a monthly stipend to her. Sadia Mou has previously won three gold medals in singles, doubles, and team table tennis matches in the 9th Bangabandhu Bangladesh Games. She was also rewarded with bronze medals in 2016 and 2019 during the South Asian Games. Moreover, she was the champion in women's doubles and team games in the National Table Tennis competition back in 2017.

Winner and Beneficiary of Unsung Women Nation Builders Award

Several unsung women are working in various parts of Bangladesh, from the root level against all odds. IPDC, the first private sector non-banking financial institution along with The Daily Star, the leading English daily of the country, is searching for the indomitable women who have been working for the development of the country since the beginning. Since 2017, every year, the change makers are presented with the "Unsung Women Nation Builders Awards," and their remarkable journey in building the nation is shared to inspire the world.

SIGNATURE PLATFORMS

Bangabandhu Grandmaster App

The first quiz app on the life and legacy of Father of the Nation Bangabandhu Sheikh Mujibur Rahman was launched by IPDC Finance Limited. Following Bangabandhu's vision, IPDC has taken a unique approach to exhibit his fascinating life and legacy and designed the Bangabandhu Grandmaster App, which promises to be an important guide for the younger generation. The app is available on the web and in both android and iOS platforms.

OGROJ

The online show titled 'অগ্রজ' celebrates the journeys of successful individuals who have made a mark in their respective fields through their perseverance and a strong sense of purpose. In each episode, distinctive icons from diverse sectors such as Finance, Business, Art, Culture, Education, Sports, and Media are seen flipping through the pages of their lives.

Amader Gaan

IPDC Amader Gaan, a contemporary take on popular Bangladeshi folk music, begins its journey on the 50th year of the country's independence. Through this platform, IPDC aspires to celebrate the diversity of Bangladeshi culture while bringing unsung music genres, like folk music, into the global limelight.

Unsung Women Nation Builders Awards

The indomitable women who have contributed significantly to the development of Bangladesh surviving all odds of disparity and discrimination are largely ignored. IPDC Finance Limited in association with The Daily Star initiated a platform to acknowledge root level women change makers.

Priyo Shikkhok Shommanona

IPDC Finance Limited and the Daily Prothom Alo jointly organized 'Priyo Shikkhok Shommanona' programme to recognise the extraordinary contribution of school-level teachers across the country.

Bangladesh Supply Chain Excellence Awards

IPDC Finance proudly held the Bangladesh Supply Chain Excellence Award (BSCEA) in collaboration with the largest community in the area of supply chain, Bangladesh Supply Chain Management Society(BSCMS). The Bangladesh Supply Chain Excellence Awards recognizes outstanding individuals and organisations for their exceptional contributions in advancing supply chain knowledge and practices across the industries.

SUBODH

IPDC Finance has introduced the first ever interest-free digital book loan titled Subodh, at Amar Ekushey Book Fair 2020. The initiative aimed to mitigate the hindrance that booklovers might face financially while being indulged in the ocean of books at the fair. Under the theme, Notun Boi-er Ghran-e, Subodh Jaguk Pran-e, IPDC launched the product at Bangla Academy premises. Under the scheme, one could avail a loan of up to BDT 3,000 and pay back via three installments during the fair. Subodh won Bronze for its excellence in communication in the 10th edition of COMMWARD 2021.

IPDC Orjon

ORJON is South Asia's first blockchain-based digital supply chain finance platform developed by IPDC Finance in partnership with IBM. The platform aims for the financial inclusion of MSMEs by providing easy access to collateral-free, low-cost credit in the form of Supply Chain Finance in collaboration with corporate bodies through creating an ecosystem for the end-to-end supply chain management. The project has been awarded the Best Innovation - Finance - NBFIs in the Bangladesh Innovation Awards 2021, hosted by Bangladesh Innovation Conclave.

IPDC Dana

Dana is an innovative pilot project involving microentrepreneurs. It has already been rolled out in its pilot phase with one of the largest FMCG manufacturers of the nation. The project aims to improve the livelihood of the microentrepreneurs by providing them with quick access to finance.

AWARDS

IPDC Wins Superbrand Award

IPDC Finance won the "Superbrands-Bangladesh under the category of Non-Banking Financial Services Sector for 4 consecutive years. Superbrands is a global arbiter for brands operating in 90 countries around the world. Launched in 1994, Superbrands is now recognized as the most prominent success symbol for brands.

IPDC wins Bangladesh Innovation Awards 2021 for Best Innovation Finance

IPDC Finance won the Bangladesh Innovation Awards 2021, hosted by Bangladesh Innovation Conclave for ORJON, Southeast Asia's First Blockchain-Based Supply Chain Finance Platform is a Digital Supply Chain Platform developed by IPDC in technological partnership with IBM by using blockchain technology. It is designed and implemented by IPDC for the promotion of financial inclusion of MSMEs by providing easy access and low-cost credit in the form of Supply Chain Finance in collaboration with corporate bodies and creating the first ever ecosystem in Bangladesh for end-to-end supply chain management.

IPDC wins Bangladesh Fintech Award 2021 for the Most Innovative Uses of Technology

IPDC Finance won Fintech Innovation of The Year (NBFI) in the Bangladesh Fintech Award 2021 for Project "Dana". This category represents the most innovative uses of technology that have a significant impact on product and service dimensions of Non-Banking Financial Institutions. "Dana" is the sole retailer financing platform in Bangladesh providing accessible, transaction-based working capital for retailers. This automation of credit processes is a much-needed initiative to help the vast network of micro and small retailers across the country

IPDC wins Inspiring Women Award 2021 for Most Progressive Organization

IPDC Finance has been awarded under the category of Most Progressive Organisation at the 5th Women Leadership Summit and the 6th Inspiring Women Award 2021 ceremony.Women in Leadership (WIL) organised the third Women in Leadership Fest 2021 this year in light of International Women's Day. IPDC's focus on women empowerment through 'Shushoma', a platform created for female employees only, where they can reach out the female leaders of the organization for all kinds of issues, ranging from personal to career mentorship and even general guidance or advice.

IPDC wins Intellectual Property Protection Award 2021

IPDC Finance has been awarded Intellectual Property Protection Award 2021 for its contribution to protect and present Bangla Folk music to the youth through "Amader Gaan". The award has been announced in an online seminar on the importance of copyright on protecting intellectual property to celebrate International Copyright Day organized by the Bangladesh Copyright Office.

IPDC's Subodh, Amader Gaan, and Bornoshilpi wins Commward 2021

IPDC Finance's Subodh- the first ever interest-free book loan, Amader Gaan- a platform to revive folk music, and Bornoshilpi- an innovative campaign to celebrate calligraphy artists from around the country, have been awarded the Commward for its innovative products. COMMWARD is an initiative by the Bangladesh Brand Forum (BBF) to recognize the excellence and effectiveness of the creative communication that takes place in different media to reach out to consumers and more importantly achieve the desired result.

IPDC's Bangabandhu Grandmaster App wins Digital Marketing Award 2021

On the account of 100 years of Bangabandhu, IPDC Finance took a unique approach to seed the life and legacy of Bangabandhu Sheikh Mujibur Rahman among the youth in the form of a quiz app. With each level of the Bangabandhu Grandmaster App, players got the chance to peek into the different chapters of his unshakable pursuit that created history. This different initiative of IPDC won the Digital Marketing Award 2021 organized by Bangladesh Brand Forum.

Annual Report 2021
IPDC Finance Limited

THE PASSION

Communication Secrets

A two-day training called ``Communication Secrets" is delivered to IPDC employees. The key contents of the training are team communication, corporate etiquette and grooming, effective meeting communication, successful selling communication, and mastering presentation skills by an outsourced Subject Matter Expert (SME).

Pohela Falgun

The first day of falgun was welcomed at IPDC with vibrant colors followed by a cultural program and bengali treats to employees. Decoration included a flower stage and colorful lightning for giving employees the platform to feel festive and take snapshots. Employees wore traditional attires to welcome the arrival of spring, had a feast with bengali snacks and treats which was later followed by a cultural program upholding the heritage of ‘falgun’

First-Time Line Manager Development Program (FLM)

First-Time Line Manager Development Program at IPDC, aims to develop and retain IPDC’s best-qualified managers. FLM training helps in enhancing leadership and managerial skills with the learning outcomes such as- personal excellence, leadership excellence and team leadership excellence. It teaches the managers the art of coaching.

Lead to Grow

Training on “Lead to Grow” was focused towards Retail Asset Team Leaders and Territory Sales Managers. It focused on injecting the leadership traits and developing a sense of accountability among participants with various sessions, group works, case solutions and role play sessions.

International Men's Day Celebration

To celebrate the contributions and achievements of male employees, International Men's Day is observed every year. This year IPDC celebrated International Men's Day to create awareness about men's mental health and to look into the important aspects of their life such as social, emotional, physical and spiritual.

International Women's Day Celebration

IPDC’s women centric platform "Shushoma" gives all the female employees an opportunity to share their views and bring them together under one umbrella. IPDC celebrated Women's Day by arranging a session to create awareness about women's mental health on the topics: Breast Cancer, Cervical Cancer and Deficiency of Vitamin D via LabAid. A pre-session was conducted to take pictures of employees. Other branches celebrated the day by offering female employees with chocolates and flowers as well as by making them join the session via teams. At the end of the day, Mancom members gave their heartfelt speeches about empowering women in IPDC which was followed up by a cake cutting ceremony.

New Year Celebration

IPDC celebrated the first day of the year with great enthusiasm and festivity to embrace the prosperous year ahead with all the members of the organization. The premises were decorated with balloons for a festive kick of a color combination of white and purple; colors inspired from the theme of IPDC. A photo booth was decorated for a picture taking session with ‘happy new year’ placards. Each employee was given a flower and chocolate as a token of gift. Employees kept the environment festive and celebratory as they took pictures and spread the joy around. Mancom members gave speeches as a series of inspiration for all employees. Branches also celebrated the day as festive as the head office.

PROFILE OF SHAREHOLDERS

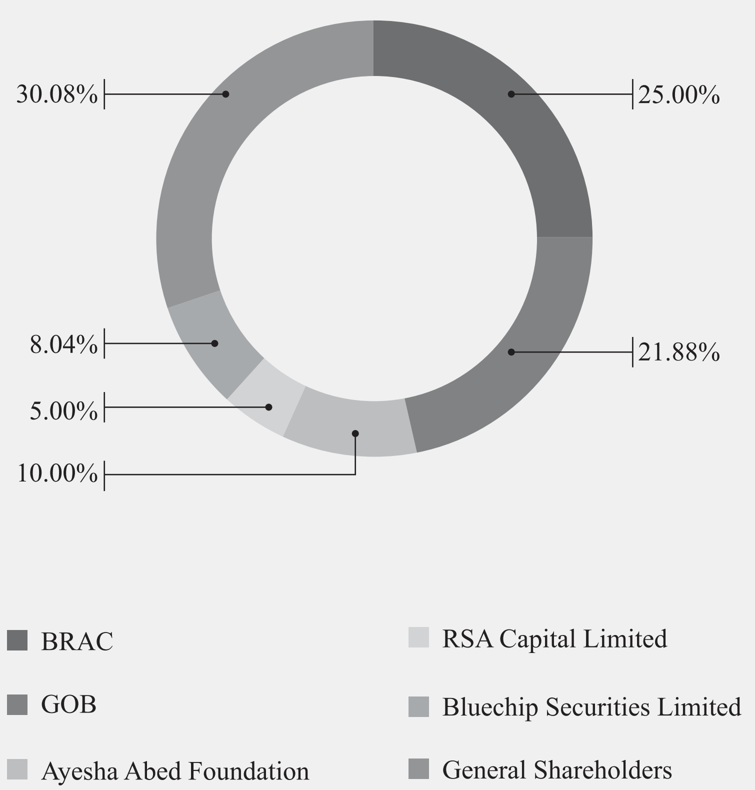
IPDC Finance Limited is the first private sector financial institution of the country established in 1981 by a distinguished group of shareholders namely International Finance Corporation (IFC), USA, German Investment and Development Company (DEG), Germany, the Aga Khan Fund for Economic Development (AKFED), Switzer-land, Commonwealth Development Corporation (CDC), UK and the Government of the People's Republic of Bangladesh (GOB).

In early 2004 AKFED acquired 70% stake in IPDC by purchasing the shares from IFC, CDC and DEG. In 2006, the shareholding structure was changed by issuance of public shares with AKFED maintaining the management control of the company holding 51% of the shares.

In 2015, BRAC (25.00%), Ayesha Abed Foundation (10.00%), RSA Capital Limited (5.00%) acquired 40% shares from AKFED with AKFED retaining 11.05% of the shares. In 2019, Bluechip Securities Limited acquired 8.0388% shares from AKFED. Government of People's Republic of Bangladesh (21.88%) and General Public (30.08%) owns the remaining shares.

As of 31 December 2021, IPDC has an authorized capital of BDT 8,000,000,000; issued, subscribed and paid-up capital of BDT 3,710,915,470 which has increased from last year due to bonus shares. Ordinary shares have a face value of BDT 10 each.

Shareholding Structure



BRIEF DESCRIPTION OF THE SPONSOR SHAREHOLDERS

BRAC:

BRAC, an international development organization based in Bangladesh, is the #1 non-governmental development organization in the world, measured by innovation, impact and governance in 2017. Established by the Late Sir Fazle Hasan Abed in 1972 after the independence of Bangladesh, BRAC has presence in all 64 districts of Bangladesh as well as 11 other countries in Asia, Africa, and the Americas. BRAC formed a strategic partnership with UK's Department for International Development and Australia's Department of Foreign Affairs and Trade where they are working together to bring positive changes in the lives of people.

BRAC employs over 90,000 people, roughly 70 percent of whom are women, reaching more than 110 million people. This organization is 70-80% self-funded through several social enterprises that include a dairy and food project, a chain of retail handicraft stores called Aarong, Seed and Agro, Chicken etc. BRAC has operations in 11 countries of the world.

Government of the People's Republic of Bangladesh (GOB):

The Government of Bangladesh aims at diversifying the economic base of the country by facilitating investments in an identified series of priority areas. Ministry of Industries and Ministry of Finance was responsible for the inception and initial investment during the inception of IPDC with the target of facilitating and promoting industrial financing in Bangladesh.

Ayesha Abed Foundation (AAF):

Ayesha Abed Foundation was founded to empower women from every partof Bangladesh; especially women in devastated states who have endured a lot of pain and suffering.

AAF acts as a facilitator in gathering and organizing both skilled and untrained artisans from various village organizations across the country to train and employ them in its numerous centers which serve as Aarong's production hubs. Even Aarong was born out of need, initially acting as the only buyer for AAF products. Aarong is a social enterprise creating livelihood and opportunities for over 65,000 rural
artisans, 95% of whom are poor women. AAF currently has 13 centers and 637 sub-centers across Bangladesh.

AAF's work can be completely synonymous to women empower-ment. AAF does not just generate income for women but works towards enabling women with courage, independence and dreams waiting to be realized.

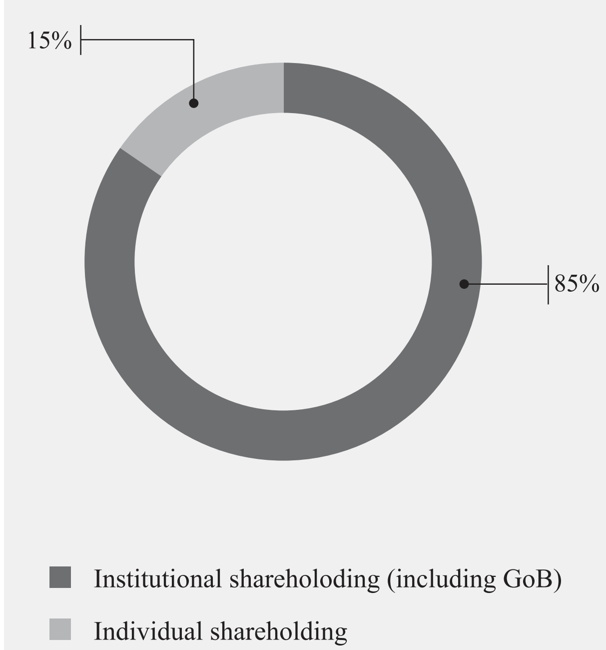
RSA Capital:

RSA Capital is a private equity firm from Bangladesh. RSA established its name through a milestone transaction – the world's first microcredit securitization for BRAC (the world's largest NGO). The firm primarily provides Structured Finance, Equity and Merger and Acquisition advisory services to financial institutions. They also make domestic and international proprietary and strategic investments.

Bluechip Securities Limited (BSL):

Bluechip Securities Ltd. (BSL) (DSE TREC No.47) was established on January 24 2017, by a renowned businessperson Mr. Mujibur Rahman who is the Deputy Managing Director of Uttara Group of Companies which is one of the biggest business conglomerates in Bangladesh. It has excellent business operation under the leadership of Ms. Nahreen Rahman who represents the Directorship of Bluechip Securities Ltd. She also provides her footprint by holding the Directorship of IPDC Finance Limited, a renowned NBFI in Bangladesh.

Shareholding Structure



Date of Issue	# of Shares Issued		Face Value/Share	Share Capital
	Subscription	Bonus		
1981	50	-	10	500
1982	8,999,950	-	10	89,999,500
1999	-	36,000,000	10	360,000,000
2004	2,801,400	-	10	28,014,000
2006	13,900,000	-	10	139,000,000
2007	-	3,085,070	10	30,850,700
2008	-	6,478,640	10	64,786,400
2009	-	7,126,510	10	71,265,100
2010	-	7,839,160	10	78,391,600
2011	-	8,623,070	10	86,230,700
2012	-	9,485,385	10	94,853,850
2014	-	10,433,923	10	104,339,230
2015	-	11,477,315	10	114,773,150
2016	-	25,250,094	10	252,500,940
2017	-	30,300,113	10	303,001,130
2018	-	36,360,136	10	363,601,360
2019	-	17,452,865	10	174,528,650
2019	117,806,840	-	10	1,178,068,400
2020		17,671,026	10	176,710,260
Total	143,508,240	209,912,281		3,710,915,470

Share Capital Formation

PROFILE OF

THE BOARD

OF DIRECTORS

Annual Report 2021
IPDC Finance Limited

Kazi Mahmood Sattar

Chairman, Nominated by BRAC

Mr. Sattar is a renowned banking professional. Mr. K Mahmood Sattar is the Chairman of the Board of Directors of IPDC Finance Limited. Over almost 40 years of his prolific career, Mahmood Sattar has successfully worked in leading positions of multiple prominent banks and financial institutions in Bangladesh and even abroad. With visionary leadership, he has demonstrated brilliant organizational transformation during his stint with different firms.

Mr. Mahmood started his career with ANZ Grindlays Bank in 1981. Later he got the opportunity to work for the bank overseas, with postings in Mumbai and Melbourne. After returning from Australia, he successfully established country's first ever Investment Banking Arm/Corporate Finance Unit and started working for the Corporate Banking Division of ANZ Grindlays Bank. In 1995, he rose to the position of Head of Corporate and Investment Banking.

His tenures as the Managing Director and CEO of two of the leading private commercial banks of the country- Eastern Bank Limited and The City Bank Limited brought him huge appreciation from the banking fraternity. With his leadership, farsightedness, knowledge and experience, Mr. Mahmood Sattar revolutionized the organizational culture, developed technological capability, and ensured business growth of both the banks to enable them to compete with the international banks in country.

Until recently he was an Independent Director and Chairman of the Board Executive Committee of BRAC Bank Limited. Alongside his new responsibility as the Chairman of IPDC, he is currently the Chairman of RSA Advisory Limited a boutique Investment Bank and Blue Wealth Assets Limited an asset management company. He is a member of the Board of Directors of bKash Limited as well.

Qualifications:
BBA: Finance with Honours, University of Dhaka, Bangladesh, 1981.

Mr. Kazi Mahmood Sattar
other than IPDC is also involved with other entities in the following manner

Director since 02 February 2022

Other Interests

Chairman	Director	Independent Director
RSA Advisory Limited Blue Wealth Assets Limited Brac Saajan Exchange Limited (UK)	bKash Limited RSA Solution Limited RSA Aviation Limited	Unique Meghnaghat Power Limited

Md. Nurul Alam
Director, Nominated by GoB

Mr. Md. Nurul Alam is an Additional Secretary as presently working in the Ministry of Industries. He has also been appointed as the member of the Board Audit Committee of IPDC Finance Limited. Previously he has worked as an Additional Secretary, Bangladesh Inland Water Transport Authority (BIWTA).

Director since 23 December 2021

Qualifications:

- M. Sc (Physics) University of Dhaka

Mohammad Manzarul Mannan
Director, Nominated by GoB

Mr. Mohammad Manzarul Mannan is the Government nominated Director of the Board of IPDC Finance Limited and also member of Board Executive Committee of IPDC Finance Limited. He is working as Joint Secretary at the Finance Division, Ministry of Finance. Mr. Mohammad Manzarul Mannan joined Bangladesh Civil Service in 1995 (BCS 15th batch) as Assistant Commissioner. He worked in wide range of government positions in his long career. He served in as many as nine Districts in different positions. He performed as 1st Class Magistrate for long 12 years and adjudicated Speedy Trial Court for 5 years in Narayanganj District. In his long career he served in Chandpur Sadar upazila as AC (Land) and as Upazila Nirbahi Officer in Rangamati Hill District, Noakhali and in Mymensingh District. He worked as Additional Deputy Commissioner in Kurigram District. He was appointed as Deputy Commissioner and District Magistrate in Rangamati Hill District. He served in every position in field Administration with notable success and dignity.

He joined in Finance Division in 2013 and engaged with National Budget formulation and implementation process upto 2016. In 2016 he has been transferred to Rangamati hill district as Deputy Commissioner. Again, he came back to Finance division in 2018 for his keen interest in financial sector.

Director since 26 December 2021

Other Interests:

- Bangabandhu Sheikh Mujib Medical University (BSMMU) – Member of Finance Committee.
- Chittagong Medical University (CMU) - Syndicate Member.
- Institute of Chartered Secretaries of Bangladesh (ICSB) Member of Research and Development Committee.

Qualifications:

- M.Sc. in Financial Economics from University of Bradford, United Kingdom.
- M.S.S. in Economics from University of Chittagong.
- B.S.S. (Honours) in Economics from University of Chittagong.

Sonia Bashir Kabir
Independent Director

Ms. Sonia Bashir Kabir is an Independent Director of IPDC Finance Limited and also Chairman of Board Audit Committee. Ms. Kabir has been educated/ trained in Silicon Valley. After completing her Bachelor of Science and Master of Business of Administration (MBA) degrees, she worked in Silicon Valley for Sun Microsystems/Oracle, Venture Capitalists and startups. Ms. Kabir worked as the Country Director for Dell Bangladesh, Director Business Development for South-East Asia, Managing Director for Microsoft Bangladesh, Myanmar, Nepal, Bhutan and Laos and Chief Operating Officer for Aamra Technologies.

Ms. Kabir is also working as Vice Chairperson of United Nations Technology Bank for Least Developed Countries, Co- Founder & Vice Chairman of both D Money (Fin Tech) and Syntec (Health Tech). Sonia is also a member of the Governing Board of the Mahatma Gandhi Institute of Education for Peace and Sustainable Development (MGIEP) in New Delhi, India. MGIEP is the youngest of UNESCO’s category 1 institutes, and the only one in Asia Pacific.

In 2016, Ms. Kabir was 1 of the 5 recipients of Microsoft's Prestigious Founders Award given by Bill Gates. Every year 5 employees out of the 100,000 employees in Microsoft gets this award. In 2017, Ms. Kabir was recognized as 1 of the 10 Sustainable Development Goals (SDG) pioneers by the United Nations Global Compact and in 2016, Ms. Kabir was 1 of the 10 recipients of Microsoft's Prestigious Founders Award given by Bill Gates. In 2019, Ms. Kabir became the 1st woman to receive the ICT Businessperson of the Year Award from The Daily Star ICT Awards (biggest award platform in the country from the highest Selling English Daily).

Director since 31 March 2019

Other Interests:

Founder:

- SBK Foundation
- SBK Tech Ventures

Board Member/Trustee:

- CXO Advisory of Dell Asia Pacific & Japan, Dell Technologies
- UNESCO's Mahatma Gandhi Institute for Education and Peace
- International Network for Government Science Advice (INGSA)
- BRAC University Bangladesh
- Shakti Foundation for disadvantaged women

Qualifications:

- Master of Business Administration (MBA) from Santa Clara University, USA
- Bachelor of Science (B.Sc.) from California State University, USA

Dr. Shah Md. Ahsan Habib
Independent Directort

Dr. Shah Md. Ahsan Habib is a Professor Selection Grade of Bangladesh Institute of Bank Management (BIBM). Having over 25 years of professional experience, his key research areas include banking operation, SME financing, trade financing, inclusive finance, green banking and financial crime and malpractices. He has teaching experience with Institute of Business Administration (IBA) and Department of International Business of the University of Dhaka; East West University; Brac University and University of Professionals. He has working experience with organizations like the World Bank, UNDP, etc. and has over 180 research papers. He is also a columnist and published over 200 newspaper features.

Director since 09 February 2021

Other Interests:

- Member of the Governing Body and Chairman of the Executive Committee of Dnet
- Member of ICC, Bangladesh Banking Commission
- Member of the Global Editorial Board of the Asia-Pacific Risk Professional Association (ARPA)
- Trustee, Valor of Bangladesh
- Member, Greentech Foundation

Qualifications:

- Ph. D from Banaras Hindu University, India under BHU Research Scholarship
- Post-Doctoral Fellowship on Green Banking from Syracuse University, USA under Senior Fulbright Scholarship

Tamara Hasan Abed
Director, Nominated by BRAC

Ms. Tamara Hasan Abed is a member of Board Audit Committee of IPDC. She is also Senior Director, BRAC Enterprises and heads BRAC's 16 social enterprises including Aarong, BRAC Dairy and BRAC Seed & Agro Enterprise. Ms. Abed is part of BRAC's Executive Management Committee.

Ms. Abed is a member of the Board of Trustees of BRAC University, the BRAC University Syndicate and the Chairperson of the Finance Committee of BRAC University. She is the Executive Trustee of Ayesha Abed Foundation. She also served on the Board of BRAC Bank Limited for eight years until June 2016. Ms. Abed started her career in 1995 as an investment banker in Corporate Finance at Peregrine Capital Ltd., Dhaka and worked in Goldman Sachs in New York in Mergers and Strategic Advisory. She also worked in BRAC's Urban Development Programme and managed a small business of her own in the hospitality industry. She has 20 years of experience in multiple sectors including retail, finance, social enterprise, development, dairy and hospitality both locally and internationally. Ms. Abed is an Asia 21 Young Leader and was honoured by the World Economic Forum as a Young Global Leader in 2010. She received the Outstanding Women Leadership Award from the World Women Leadership Congress in 2014.

Director since 02 May 2017

Other Interests:

Chairperson:
- BRAC University
- BRAC Services Ltd.
- Bangladesh Netting Factory Ltd.
- BRAC Industries Ltd.
- Ayesha Abed Foundation
- Education Trust Fund
- Aminul Alam Trust Fund
- Sufia Khatun Foundation
- BRAC Kaiyacherra Tea Company Limited

Managing Director:
- BRAC Enterprises

Director:
- BRAC EPL Investments Limited
- BRAC EPL Stock Brokerage Ltd.
- edotco (BD) Co. Ltd.
- Mayalogy Limited

Trustee:
- Shilu Abed Memorial Trust

Qualifications:
- MBA in Finance from Columbia Business School, Columbia University, NY, USA.
- B.Sc. (Economics) from the London School of Economics and Political Science, London, UK.

Sameer Ahmad
Director
Nominated by RSA Capital Limited

Mr. Sameer Ahmad is a Director of IPDC Finance Limited and the Chairman of the Board Executive Committee.

Mr. Ahmad is an investment banker with 26 years of experience in Europe, the Middle East, Emerging Africa, and Southeast Asia. He started his career in Kidder Peabody, subsequently UBS, in the EM team in London and then moved to Global Emerging Markets, a boutique investment bank specializing in EM out of London. Mr. Ahmad then moved to Bangladesh and set up the structured finance unit of Industrial and Infrastructure Development Finance Company Limited (IIDFC). He was a treasury consultant with the PricewaterhouseCoopers team restructuring Agrani Bank before establishing RSA Capital.

Mr. Ahmad has established himself as one of the leading investment bankers in Bangladesh by launching the first-ever zero-coupon bond, the first step down syndicated loan facility, the first-ever unsecured international term loan facility for a microfinance institution, and the world's first micro-credit securitization, the first-ever variable rate subordinated domestic convertible bond as Tier 2 Capital with international participation in the Bangladesh market.

Mr. Ahmad has significant ownership in Guardian Life Insurance Company. Mr. Ahmad currently is the Chairman and the Chief Executive of RSA Capital (DIFC), a DIFC company duly regulated by DFSA to operate similar activities as RSA Capital Bangladesh. Using the DIFC office, RSA expands its footprint in the MENA and other regions.

Director since 29 October 2015

Other Interests:

Chairman:
- RSA Aviation Ltd.
- RSA Solution Ltd.
- RSA Capital (DIFC) Ltd.

Managing Director:
- RSA Capital Ltd.

Director:
- Equinox Ltd.

Tushar Bhowmik
Director, Nominated by BRAC

Mr. Tushar Bhowmik is a member of Board Executive Committee of IPDC. He is also the Finance Director of BRAC Bangladesh. He also serves on the boards of edotco (BD) Co. Limited., BRAC Services Limited and BRAC Industries Limited. Tushar Bhowmik, an accomplished finance professional with over 20 years of progressive experience in Strategic Leadership, Financial Administration, Corporate Governance, Risk Management, and Internal Control in the corporate arena of Bangladesh and UK.

Prior to joining BRAC, Mr. Bhowmik worked as the Regional Finance Director of Avery Dennison, South Asia. He served Functional Head role in reputed local and multinational companies, like Zuellig Pharma Bangladesh and Rahimafrooz Storage Power Division and worked with Reckitt Benckiser, UK, and Bangladesh.

Director since 19 November 2018

Other Interests:

Managing Director:

- BRAC Services Limited
- BRAC Industries Limited

Director:

- edotco (BD) Co. Ltd
- BRAC Kaiyacherra Tea Company Limited

Qualifications:

- M.Com (Accounting), University of Dhaka.
- FCA, Institute of Chartered Accountants of Bangladesh (ICAB)

Syed Abdul Muntakim
Director
Nominated by Ayesha Abed Foundation

Mr. Muntakim is a Chartered Management Accountant with over 20 years of experience in the FMCG financial management. His area of expertise includes Commercial Finance, Corporate Finance, Risk Management, Operational Investments, Treasury and SAP Implementation in multinational organizations.

Prior to joining BRAC, he was a Commercial Finance Controller in the Global Operations function at British American Tobacco (BAT) plc based in the UK. His previous roles include Senior Commercial Audit Manager, Regional Finance Manager, Europe Region and Management Accountant for BAT plc. He also worked as the Corporate Analysis Manager and Leaf Finance Manager for BAT in Bangladesh. Mr. Muntakim is a member (ACMA) of the Chartered Institute of Management Accountants (CIMA), UK and Chartered Global Management Accountant (CGMA) of the Association of International Certified Public Accountants, a joint accounting association of AICPA, USA, and CIMA in the UK.

Director since 23 February 2020

Other Interests:

Director:

- BRAC International Finance B.V
- BRAC Tanzania Finance Ltd.
- BRAC Myanmar Microfinance Company Ltd.
- BRAC Liberia Microfinance Company Ltd.
- BRAC Microfinance Sierra Leone Ltd.
- BRAC Rwanda Microfinance Company plc
- Brac Enterprises Tanzania Limited
- Brac Social Business Enterprises Uganda Limited
- Brac Afghanistan
- Brac Myanmar
- Brac Maendeleo Tanzania
- Brac Uganda
- Brac South Sudan
- Brac Sierra Leone
- Brac Liberia

Qualifications:

- Certified Public Accountants (a joint accounting associa tion of AICPA, USA and CIMA, UK)
- Chartered Global Management Accountant (CGMA) of the Association of International
- Associate Chartered Management Accountant (ACMA) of the Chartered Institute of Management Accountants (CIMA) UK
- B. Com from National University

Nahreen Rahman
Director
Nominated by Bluechip Securities Limited

Ms. Nahreen Rahman is a member of the Board of Directors of IPDC. Ms. Rahman is also a Director of Bluechip Securities Ltd (BSL) and looks after the entire business operation of BSL. Under her leadership and supervision, the company entered various partnerships with other capital market-based ventures. Ms. Rahman started her career with True Tex Ltd, an RMG based buying house, as an Assistant Merchandiser for a brief span of time. Later, she shifted to the financial sector by joining Uttara Finance and Investments Ltd, a concern of Uttara Group of Companies and one of the leading NBFIs of the country. Ms. Nahreen is a graduate in Economics from North South University.

Director since 09 January 2020

Other Interests:

Director:

- Bluechip Securities Limited

Qualifications:

- Master of Science in Economics from North South University, Dhaka, Bangladesh.
- Bachelor of Science in Economics from North South University, Dhaka, Bangladesh.

Mominul Islam
Managing Director, Ex Officio

Mr. Mominul Islam is holding the position of Managing Director & CEO since January 2012. Prior to that he was the Deputy Managing Director of the Company from July 2008 to December 2011. Mr. Islam joined IPDC in the year 2006 as Head of Operations. During his tenure at IPDC, he has played pivotal role in reshaping the organization through strategic planning, rebranding, organizational restructuring, automation, process reengineering, control and compliance, service quality etc.

Prior to joining IPDC he worked in American Express Bank (AEB) and Standard Chartered Bank (SCB) for more than 7 (seven) years with an enriching career in different areas of the Banks e.g., General Banking, Reengineering, Service Quality, Risk Management, Project Management, Business Contingency Planning etc. During his tenure at AEB he went through the Six Sigma Black Belt training at Brighton, UK and managed several Six Sigma projects for AEB Bangladesh, Singapore, UK, Hong Kong, India, and USA.

Managing Director since 04 January 2012

Qualifications:

- MS in Economics from North South University, Dhaka, Bangladesh.
- BBA from IBA, University of Dhaka.

PROFILE OF

THE MANAGEMENT

COMMITTEE

Mominul Islam

Managing Director & CEO

Expertise:

- Strategic Planning
- Business Transformation,
- Operational Excellence,
- Customer Experience Management,
- Innovation and Sustainability Management and Fintech.

Educational Background

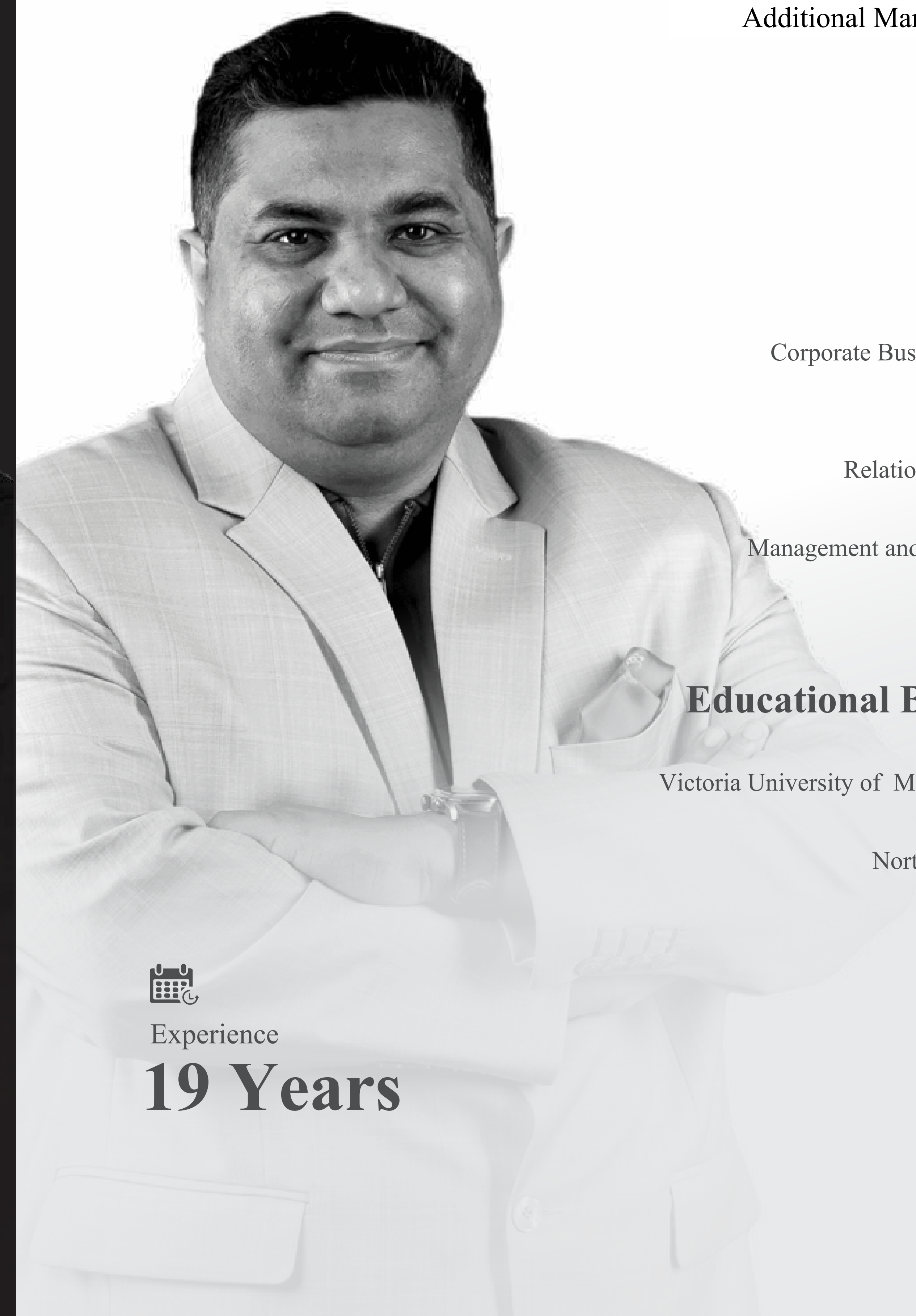
- MS in Economics, North South University;
- BBA IBA,University of Dhaka

Experience

23 Years

Rizwan D. Shams

Additional Managing Director



Expertise:

- Corporate Business Development
- Strategic Business
- Planning
- Relationship Management
- Special Asset
- Management and Risk management

Educational Background

- MBA Victoria University of Melbourne, Australia
- BBA North South University

Experience

19 Years

Fahmida Khan, FCA

Chief Financial Officer

Expertise:

- Financial Planning and Controlling
- Budgeting
- Corporate Reporting
- Financial Reporting
- Tax and External Audit

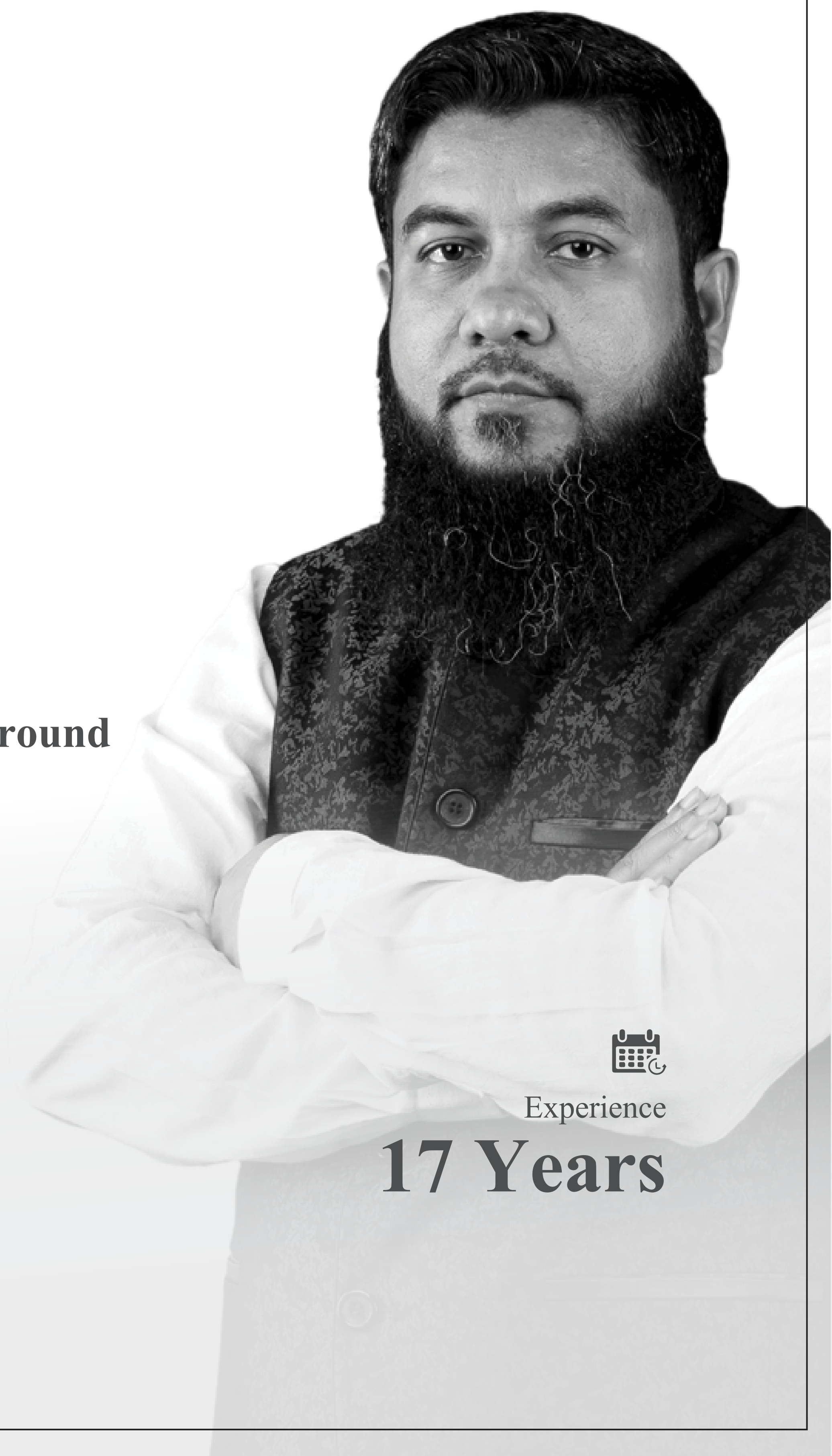
Educational Background

- BBA
  University of Dhaka

Experience:
11 Years

Md. Zakir Hossen, CFA

Head of Operations



Expertise

- Credit Administration
- Operations
- Process Automation
- MIS
- Financial Analysis

Educational Background

- CFA Charter, 2014
- MBA (Finance)
  IBA, Dhaka University
- BSS and MSS in Economics
  University of Dhaka

Experience
17 Years

Ashique Hossain

Head of Credit Risk Management

Expertise

- Risk Management
- Credit Analysis
- Credit Management
- Financial Management & Strategic Planning
- Market Trends
- Deal Mechanics and Structured

Educational Background

- MBA
  North South University
- BSC in Civil Engineering
  BUET

Experience:

18 Years

Savrina Arifin

Head of Retail Business (Acting)

Expertise

- Retail Business Development
- Sales & Marketing
- Strategic Business Planning
- Relationship Management
- Risk Management

Educational Background

- MBA
  North South University
- BBA
  North South University

Experience:

16 Years

Aleya Rafique Ikbal

Head of Information Technology & Business Transformation

Expertise

- Technology Innovation
- Business Transformation
- Program and Project Management
- Software Development
- Operational Management
- Business Intelligence
- Customer Service and Communication.

Educational Background

- Executive Certificates
  Harvard University and University of Washington
- BBA, Management Information System
  California State University

Experience:

22 Years

Samiul Hashim

Barrister at Law & Advocate (Supreme Court)
Accredited Commercial Mediator
Company Secretary & Head of Legal Affairs

Expertise

- Company and Commercial Matters, Customs & Tax
  Securities Law, Property Law,
  Intellectual Property Laws
  Banking and Finance Laws,
  Foreign Exchange Transactions
  Cross-Border Transactions, Board Secretarial
  Corporate Matters, Arbitration,
  Mediation and Negotiation.

Educational Background

- Bar Professional Training Course (BPTC)
- LL.M in International Commercial Law
  Northumbria University
- LLB(Hons)
  University of London

Experience

14 Years

Md. Ezazul Islam, FCA

Head of Internal Audit & Compliance

Expertise

- Financial Planning and Controlling
- Risk Based Internal Audit
- Financial Accounting, Heat Map
- External Audit, Tax and Vat

Educational Background

- MBA
  University of Dhaka
- BBA
  University of Dhaka

Experience

13 Years

Tareq Islam Shuvo

Head of Strategy, Brand and Corporate Communication

Expertise

- Product, Business Development
- Route to Market, B2B sales
- Corporate Communications

Educational Background

- MBA
  IBA,University of Dhaka
- BBA
  Khulna University

Experience:

13 Years

Md. Sayeed Iqbal

Chief Human Resource Officer (Acting)

Expertise

- Human Resources Planning
- Talent Acquisition
- Compensation Management
- HR Operations, HR Compliance
- Learning & Development
- Policy and Process Development
- Digitization of HR
- Employee Engagement, Employee Relations
- Performance Management
- Talent Management

Educational Background

- MBA

East West University and PGDHRM

Experience:

23 Years

MESSAGE
FROM THE TOP

Statement from the Chairman

Dear Stakeholders,

I welcome you all to the 40th Annual general Meeting of IPDC Finance Limited. The year 2021 was a year of recovery as the world started to adapt to the changes brought upon by the pandemic as vaccines were introduced. IPDC, as always, has evolved according to the circumstances and has delivered yet another successful year.

Post Pandemic World

The post pandemic world calls for continuing our business with new thoughts while also prioritizing safety. Adapting to the changed environment has been difficult for many but has also created new opportunities for the business sector and industries.

Due to Bangladesh's pursuit of becoming digitally alert, most of the economic activities were successfully performed throughout the year via various online platforms. The demand for technology-based businesses, especially in digital transformation, communication and the internet has significantly increased in the past years. The COVID-19 pandemic has been a lesson to the people of the world and businesses on how to deal with a crisis.

Businesses which could rethink their processes were well-equipped to rise to the challenges and could therefore successfully hold their position post COVID-19 as well.

Economy and Industry Review

The global economy is projected to grow 4.9 percent in 2022, a bit lower than 2021 as the threat of new variants have increased uncertainty.

Bangladesh remained much less affected than others and reported an impressive 6.94% GDP growth in FY2020-21. Inflation decreased slightly to 5.56% in FY2020-21 as the COVID-19 pandemic eased up a little due to nationwide vaccinations. High remittance inflow and higher imports and exports resulted in higher foreign exchange reserves which stood at USD 46 billion as of 31 December 2021. Disbursements picked up at the end of the last quarter and is expected to pick up further next year. The performance of the capital market was also better this year compared to 2020 with index reaching at 6,757 points in 2021.

> The all-round success we have achieved so far is because we are a purpose-driven organization, and this purpose is firmly anchored on doing good for the society of the country.

22%
Credit Portfolio
65,327mn

17%
Customer Deposits
48,545mn

22%
Revenue
3,445mn

25%
Net Profit
881mn

Kazi Mahmood Sattar
Chairman

2021 Flashback

2021 was a year where we showed patience and built on the progress made in the recent years cautiously. The sudden onset of the pandemic in 2020 had put our growth ambition on hold however, we have given our continuous effort in 2021 to recover from it all.

In 2021 we focused on growth while supporting our clients, staff, suppliers, and partners despite the pandemic.

Our 2021 financial results reflect our discipline with respect to cost control, risk management and adaptation of our business. Despite the difficult environment, the company continued to deliver sustainable growth and returns.

Looking Forward

With the probable onset of new variants, which may have consequences in the future, IPDC will build on its many achievements in 2021. In the short- term, we will focus on calibrating distribution points, optimizing resource allocation and improving efficiency and productivity among existing resources.

Our long-term strategy revolves around fulfilling the financing needs of the youth, women, and underserved people of the country. We aim to help realize our customers' aspirations of owning a decent home by providing affordable housing finance (Bhalo Basha Home Loan) and by extending low-cost finance to middle and low-income families across the country, creating new entrepreneurs and promoting women entrepreneurs and SMEs. Aligned with our strategic intent, we have been purposefully investing in brand, system, people, process, technology, and distribution to build our capabilities to secure the sustainable growth of the company.

Technology

Technology is an essential part of running a company. Investing in technology means investing in the company's future growth and success. It is not enough to only adapt to new trends but also to stay ahead of them so that we can stay relevant in the market. As a result of technology investments, we could continue business operations during the pandemic. We have already launched Orjon, South Asia's first block chain based digital supply chain finance platform in 2019 and in 2022, our priority will be to launch a consumer financing platform, IPDC EZ and a retailer finance system, Dana. IPDC EZ will be the first ever card-less digital consumer financing solution of the country. Additionally, retailer financing platform, Dana, is also in the making to connect merchants with an easy financing solution. Our long-term goal is to use advanced technologies like big data and machine learning for customer needs, making credit decisions and building a stronger network which can make transactions simpler for our customers.

Our People

IPDC has always considered its employees as an important part of the organization. In this respect IPDC conducted several motivation, mental well-being, and training campaigns. We can see the results of the initiatives via the extraordinary performance of IPDC during the year. Our young and vibrant workforce is the key to driving innovation, entrepreneurialism, and collaborative spirit across the company. The company will continue to invest in them to ensure a diverse, equal, and inclusive work environment; take necessary health and safety provisions and allow rewards for good performance.

Driving Sustainable Business Practices

IPDC has the capability to face any uncertainty in the future to ensure a society that is in harmony with the environment.

The main pillars of the company remain strong with industry leading portfolio quality, optimum funding mix and latest IT infrastructure. IPDC kept introducing innovative campaigns along with monetary contribution to support many families affected by the pandemic. We will continue to increase our investment in technology to complement our green initiatives, resulting in a meaningful impact in environmental sustainability.

Leading with Sincerity

The Board is appropriately balanced and contains the skills required to lead with sincerity and ensure that IPDC remains a well-governed institution, and that the interests of our shareholders, other stakeholders, and the societies are well-served. The Board of Directors will continue to work in close cooperation with the Management to ensure that IPDC continues to maintain a very high compliance standard. We continue to strengthen our risk management framework, audit procedures, and implement strong control system in the business, process, and operation.

Proposed Dividend

The required amount from Profit after Tax has been set aside for Statutory Reserve. Considering the high growth potential of the company, the Board recommends 12% cash dividend for the year ended 31 December 2021 subject to approval of the shareholders.

Conclusion

The all-round success we have achieved so far is because we are a purpose-driven organization, and this purpose is firmly anchored on doing good for the society of the country. Carrying our legacy of being an institution-builder of the country, we will strive to help thousands of lives in realizing their dreams and crafting tales of joy. The board has every confidence that the company will continue to provide innovative financial services throughout the pandemic.

Acknowledgements

We are thankful to our customers for the continued trust they have placed in our products and services. We would also like to express our appreciation to the management and employees for their loyalty, commitment, and hard work, enabling us to reach where we are today. As always, we are thankful to the shareholders who have invested their faith in us. Moreover, we want to show our gratitude towards our management team and employees for displaying outstanding leadership during this period to cope up with the changed environment. We would also like to show our warmest gratitude towards regulators and valued business partners for their ongoing support and faith in us.

Sincerely,

Kazi Mahmood Sattar
Chairman

Statement from
the MD & CEO

Our customers, shareholders, regulators, communities, and other stakeholders continue to be our source of inspiration to do better every day and as we move into 2022, we feel more confident and positive about our future, and we continue to hope for the world to recover soon.

22%
Credit Portfolio
65,327mn

35%
Refinancing Schemes Fund
4,151mn

17%
Customer Deposits
48,545mn

22%
Revenue
3,445mn

31%
Operating Profit
2,203mn

25%
Net Profit
881mn

Mominul Islam
Managing Director & CEO

Dear Stakeholders,

2021 was a year when we recovered from the aftereffects of the pandemic. The hard work we put in over the past several years towards our goal of being the most passionate financial brand of the country placed us in a strong position to face the unprecedented crisis, enabling us to thrive even during a global pandemic.

State of the Economy & Industry

Bangladesh's economy is turning around in the context of tackling the pandemic. The GDP growth in FY 2020-21 stood at 6.9%. Thanks to the relentless contribution of the migrant workers, remittance inflow was at an all-time high which played a major role in keeping the economy intact. Additionally, the Government announced further stimulus packages in 2021 which were effective in reducing the impact of the pandemic on the economy and the society. The initial anxiety in the industry stemming from the shutdown of businesses due to countrywide lockdowns were addressed swiftly thanks to prompt steps taken by the Bangladesh Bank allowing FIs to hold loan classification for due installments. However, the upcoming year will be challenging as stricter classification rules are implemented and banking operations return to business-as-usual.

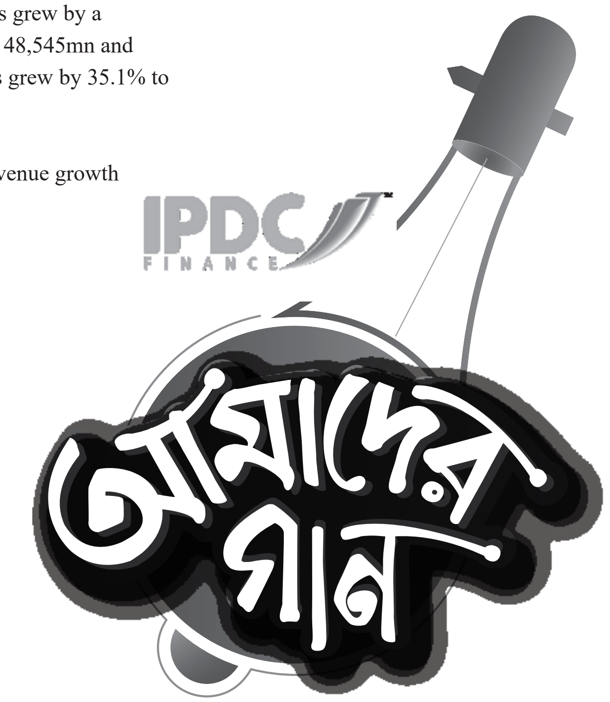
In 2022, it is expected that the economy will receive further momentum with the COVID-19 outbreak easing out due to booster vaccinations. However, to keep the edging up inflationary pressure at bay, the government needs to focus on expediting the implementation of large public sector projects and keeping enough reserve of food stocks as there are risks of new variants.

Private sector investment is likely to receive momentum next year, so will it's growth. With the restrictions relaxed along with vaccination boosters, there will be a surge in international travel both for vacation and medical purposes . This coupled with higher import payments will see a slight depletion of foreign reserve next year.

IPDC in 2021

IPDC had a phenomenal year. Credit portfolio stood at BDT 65,327mn at the end of 2021 registering a growth of 21.9% year-over-year (YoY) whereas all the other major peers experienced slight growth in portfolio. On the funding side, customer deposits grew by a staggering 17.3% YoY to BDT 48,545mn and fund from refinancing schemes grew by 35.1% to BDT 4,151mn in 2021.

The company posted strong revenue growth of 21.7% YoY to BDT 3,445 mn riding on a healthy spread, portfolio growth, as well as a strong growth in fees income stemming from higher disbursements. Controlled growth (+7.9% YoY) in operating expenses contributed to a staggering 31.2% YoY growth in operating profit. After keeping surplus provisioning to counter any adverse situation in the future, net profit after tax stood at BDT 881mn in 2021 from BDT 706mn in 2020, a growth of 24.9%.



Achievements
During the Year

In 2021, IPDC retained its AAA Credit Rating status symbolizing its resiliency. We have also maintained our superior brand equity, evident by IPDC being recognized as the only Superbrand Non-Bank Financial Institution (NBFI) of the country. We strengthened our brand equity further by continuing IPDC Amader Gaan, a platform to celebrate the diversity of our culture while bringing unsung music genres, like folk music, into the global limelight. IPDC also won the award for 'Best Innovation' for Orjon, Southeast Asia's first blockchain-based supply chain platform, at the Bangladesh Innovation Awards 2021. IPDC also won the 'Inspiring Women' award for being the most progressive organization in 2021.

অর্জন ঋণ
সহজ । দ্রুত । জামানতবিহীন

A Sustainable Approach

Staying true to our promise of looking after the society we announced measures for assistance for customers to help them during the ongoing pandemic.

To support cottage, micro, small and medium enterprises (CMSMEs) sustain their businesses during the COVID-19 pandemic, IPDC provided Stimulus Loans to CMSMEs. We also continued with our campaigns such as IPDC Manobota whereby for every lakh taka deposited, IPDC delivered a month's worth of groceries to distressed families.

As a leading and responsible Financial Institution, it is our fundamental belief that we must play our role in society and do business in a way that creates a positive social impact.

Adapting to the New Normal

Our workforce continues to adopt and transform, and a bright side of COVID-19 has been an acceleration of greater flexibility in our working arrangement across the country. IPDC has also supported its employees through free COVID testing and digitally transforming the company internally, enabling most of its employees to work from home, to ensure their health and safety.
The pandemic has fundamentally changed the perception of how a modern office works. Our aim is to balance the changing needs of the customers with our changing work patterns through smart digital solutions. Customer centricity is at the core of our business operation and one of our priorities in the coming years will be to improve customer experience by leveraging technology and investing in frontline training and tools.

Driven By Technology

The crisis has accelerated the shift to digital engagement that was already transforming our industry. Our investments in technology are serving us well in the face of a severe economic downturn and market volatility.

Orjon, our state-of-the-art blockchain based Supply Chain Finance platform ensured that small businesses get easy, collateral and hasslefree financing during the pandemic. Along with upcoming Consumer Financing (IPDC EZ) and Retailer Financing Platform (Dana), technology-based solutions will form the core of our business model and customer experience in the future, enabling us to penetrate the largely untapped markets usually characterized by higher operating costs.

A Purpose-led Strategy

Our business strategy goes beyond profit growth to create new markets and serving broader stakeholder needs. It is based on technology enabled and socially responsible business models focusing on cottage, micro, small and medium enterprises (CMSMEs), women and young entrepreneurs, and lower middle-income households outside Dhaka and Chattogram.

As our nation graduates to a middle income country , the key priority for Bangladesh will be to ensure affordable housing for the emerging middle class, low-cost financing for the budding entrepreneurs, efficient supply chain logistics for corporate expansion, and inclusion of youth and women in economic growth. IPDC has designed its products and services around these needs and introduced Bhalobasha Home Loan- an affordable home loan product for customers beyond Dhaka and Chattogram; a digital supply chain finance platfrom called Orjon; customized products and service for women called Joyee and Priti, along with upcoming Consumer Financing, IPDC EZ and Retailer Financing Platform, Dana.

2022 and Beyond

The next chapter of IPDC's story will be to build on the solid foundation that we have created over the last few years and move ahead with renewed passion.

Our focus in the short term will be to calibrate distribution points, optimize resource allocation and improve efficiency & productivity of existing resources. We plan to launch IPDC EZ, our consumer finance platform to mainstream customers by 2022 and the positive response we received during the pilot has us excited about its prospects. We will also launch Dana Platform, a retailer financing solution to cater to the needs of the largely unbanked segment of the CMSMEs. We also plan to increase our investment in the Capital market and issue subordinated bond as we feel encouraged by the positive changes in this segment.

In the medium-long term, our plan is to scale these technology platforms and increase our investment in SMEs and Retail segment in a cost-effective manner. On the funding side, we will continue to increase our share of customer deposits by incentivizing long-term small ticket deposits. This is an approach much different from the other FIs as small ticket size customer deposits tend to be stickier during constricting liquidity conditions.

Acknowledgements

I would like to thank our Employees for rising to the challenge amid many adversities during the year and delivering yet another outstanding performance. This resilience is important to inspire confidence in our stakeholders. Our customers, shareholders, regulators, communities, and other stakeholders continue to be our source of inspiration to do better every day. Our hearts go out to any of our stakeholders who have been affected by this pandemic, be it through loss, illness, or jobs being impacted. As we move into 2022, we feel more confident and positive about our future, and we continue to hope for the world to recover soon.

Mominul Islam
Managing Director and CEO

PERFORMANCE ANALYSIS BY THE CFO

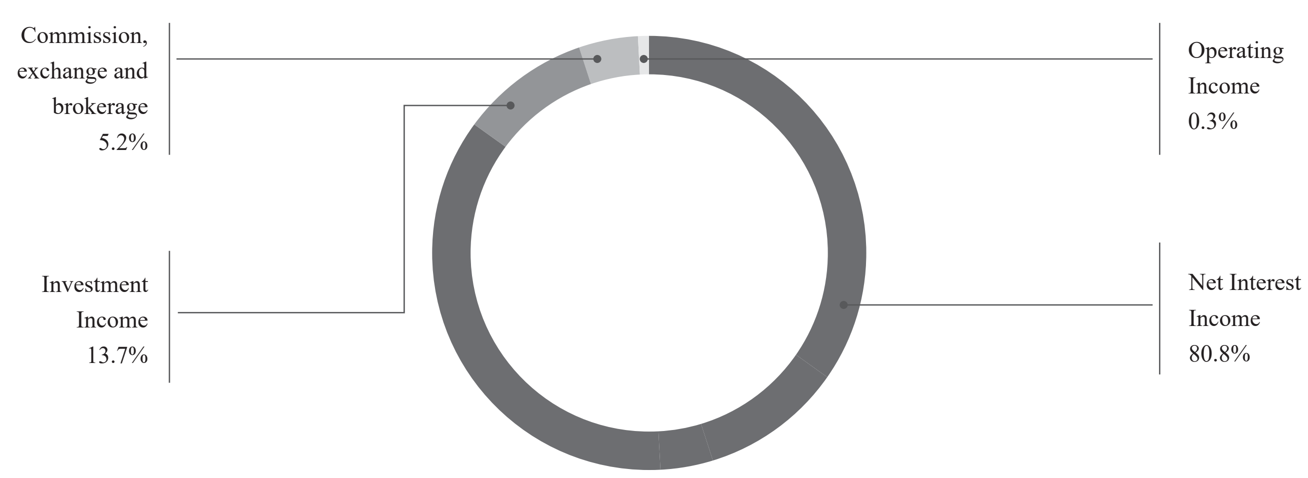
Dear Stakeholders,

You will be delighted to know that IPDC has achieved another year of financial success. Despite a challenging macroeconomic scenario, IPDC continued to deliver solid earnings and achieved an organic growth in profit of 24.9%. On the non-financial side of things, IPDC will continue to focus on product innovation and technological development to ensure efficiency in operations and provide unparallel services to customers.

Income

in BDT mn/%

Particulars	2017	2018	2019	2020	2021	Growth YoY
Net interest income	1,073	1,698	1,943	2,017	2,783	38.0%
Investment income	65	63	115	639	471	-26.2%
Commission, exchange and brokerage	82	89	78	108	180	66.4%
Other operating income	25	24	30	66	10	-84.8%
Total Revenue	1,246	1,875	2,166	2,830	3,445	21.7%



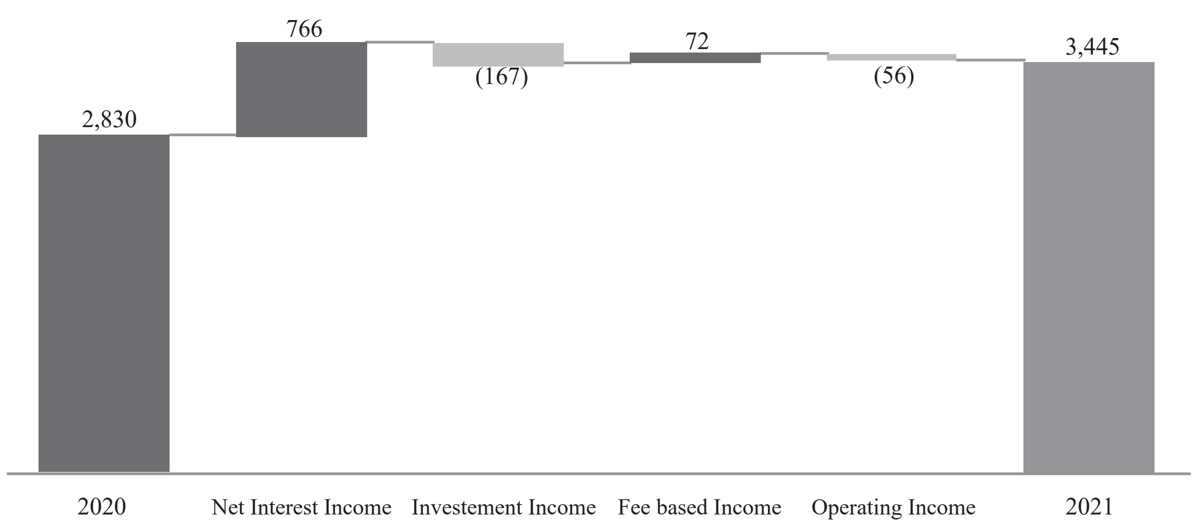
Revenue during the year 2021 amounted to BDT 3,445 million against BDT 2,830 million in the previous year, representing a strong growth of 21.7%. The major portion of the revenue came from Net Interest Income (NII) which amounted to BDT 2,783 million and grew by 38.0% and represents 80.8% of the total revenue in 2021. The Financial Industry's NII was mostly protected against adverse suspense movement due to the circular related to change in classification rules issued by Bangladesh bank. Given that IPDC maintained additional suspense balance against unrealized income from stressed clients, the growth in NII is impressive and is attributed to improved spread.

Investment income decreased by 26.2% in 2021 ending with BDT 471 million in 2021 against BDT 639 million in the previous year. Decrease in investment income is attributed to decreased investment portfolio which stood at BDT 2,740 million in 2021 against BDT 5,144 million in the previous year resulting in a degrowth of 46.7%. Investment income took up 13.7% of the total revenue share against 22.6% share of 2020.

Commission, exchange and brokerage income (fees based income) increased by 66.4% and stood at BDT 180 million from BDT 108 million in the previous year and represented 5.2% of revenue in 2021. Increase in commission, exchange and brokerage income was mainly due to higher disbursements during the year 2021.

Other operating income reduced by 84.8% because of lower recovery, generating BDT 3 million in recovery income in 2021 against BDT 63 million in 2020.

Revenue Waterfall

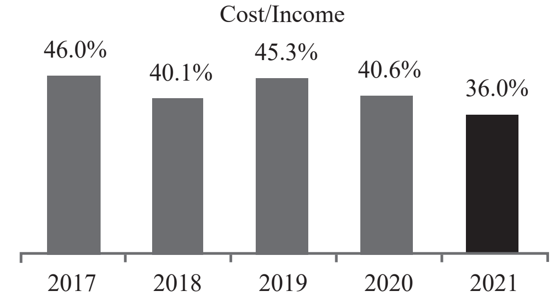


Operating Expenses

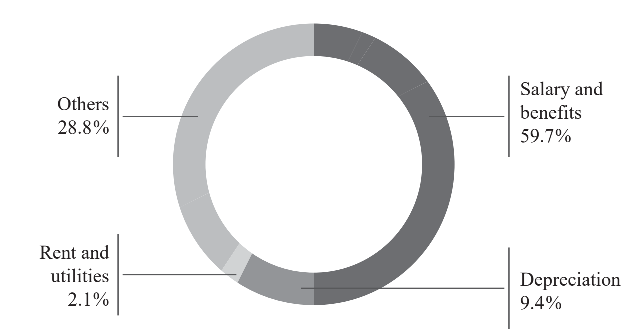
in BDT mn/%

Particulars	2017	2018	2019	2020	2021	Growth YoY
Salary and benefits	296	396	566	693	741	6.9%
Rent and utilities	33	43	24	26	26	2.1%
Depreciation	31	41	85	116	117	0.8%
Other operating expense	213	271	306	316	357	13.3%
Operating Expense	573	752	981	1,150	1,241	7.9%

Cost/Income



Expense Composition



Operating expense for the year 2021 amounted to BDT 1,241 million against BDT 1,150 million in the previous year, representing a growth of 7.9%.

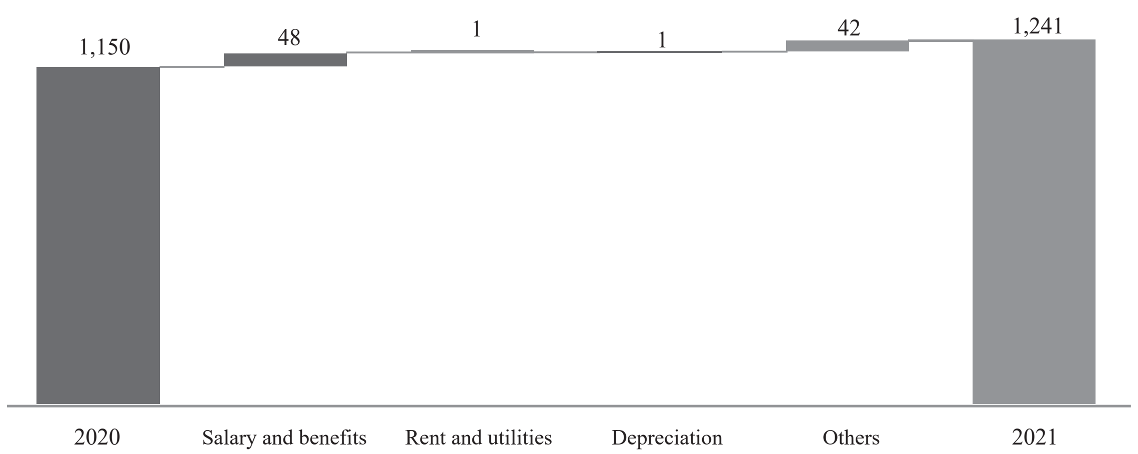
The majority portion of the increase in operating expense is attributed to salary and benefit expense, which at the end of 2021 amounted to BDT 741 million; a growth of 6.9% accounting for 59.7% of the total expense during the year. Increase in salary and benefits mainly came off from promotion and increments, COLA (Cost of Living Adjustment) as well as follow on effect of recruitment in 2021. In 2021, number of employees increased to 849 from 845 employees in the previous year. The recruitment was part of company strategy for capacity development and is expected to bear fruit as IPDC continues its rapid growth strategy in 2022.

Rent and utilities remained flat at BDT 26 million in 2021 representing an increase by 2.1%. Depreciation expense increased by 0.8% in 2021 to BDT 117 million from BDT 116 million in the previous year. Depreciation expense remained flat as capitalization of a few assets occurred at the end of the year.

Other operating expense accounted for 28.8% of the remaining operating expense and stood at BDT 357 million in 2021 against 316 million in 2020, an increase of 13.3%. Increase in other operating expense is mainly attributed to increase in IPDC's publicity, advertisement and promotional expenses along with increase in professional fees.

As a result of stringent cost control measures and partial office closure due to the announcement of lockdown during the year, IPDC was able to restrict the growth of operating expense significantly. This is evident in declining Cost to Income Ratio in 2021 compared to 2020.

Operating Expense Waterfall



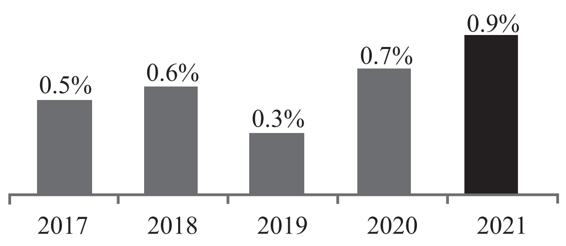
Provision for Loans, Advance and Investments

in BDT mn/%

Particulars	2017	2018	2019	2020	2021	% of Total
General provision for loans	140	103	118	492	26	3.9%
Specific provision for loans	19	161	34	(13)	647	94.1%
Provision for investments	1	(1)	10	0	14	2.0%
Other provisions	-	-	29	-	-	0.0%
Provision for Loans, Investments, and others	**159**	**262**	**191**	**478**	**687**	**100.0%**

Total provision for loans, leases, advances, and investments stood at BDT 687 million in 2021 against BDT 478 million in the previous year, an increase by 43.7%. Provision as % of average assets stood at 0.9% in 2021 against 0.7% in 2020.

Provisions as % of Average Assets



Bangladesh Bank issued a circular introducing loan deferral facility for clients in response to the pandemic. 2% additional provision has been reserved against accounts availing deferral facility as per Bangladesh Bank regulations. Given that the pandemic had a severe impact on the economy, clients may find it difficult to continue making regular installment payments after the deferral facility is withdrawn. As such, the company prudently kept additional provision against the stressed accounts amounting to BDT 350 million. General provision charge during 2021 decreased to BDT 26 million from BDT 492 million in the prior year. BDT 647 million of specific provision was kept in 2021 due to increase in amount of classified loans.

Taxation

in BDT mn/%

Particulars	2017	2018	2019	2020	2021	Growth YoY
Current tax expense	177	406	431	500	622	24.3%
Accounting profit before tax	514	861	994	1,201	1,503	25.1%
Effective tax rate	34.4%	47.2%	43.4%	41.6%	41.4%	-0.6%
Tax as % of operating profit	**26.3%**	**36.2%**	**36.4%**	**29.8%**	**28.2%**	**-5.2%**

Current tax charged during 2021 amounted to BDT 622 million against BDT 500 million in 2020. Effective tax rate in 2021 stood at 41.4% against 41.6% in the previous year. Tax as % of operating is profit is also much lower at 28.2% in 2021 compared to 29.8% in 2020 as capital gain from government treasury bond is tax exempted.

The reconciliation of effective tax rate for the year 2021 is as follows:

in BDT mn/%

Particulars	%	Amount
Profit before income tax as per profit and loss account		1,503
Income tax as per applicable tax rate	37.5%	564
Factors affecting the tax charged in current year		
On non-deductible expenses	18.0%	271
Tax exempted income (on govt. treasury securities)	-4.3%	(64)
Tax savings from reduced tax rates (on dividend income)	-1.6%	(25)
Tax savings from reduced tax rates (on capital gain from listed equity)	-1.1%	(17)
Prior year's tax adjustment for completed assessments	-7.1%	(107)
Total income tax expenses	41.4%	622

Profitability

in BDT mn/%

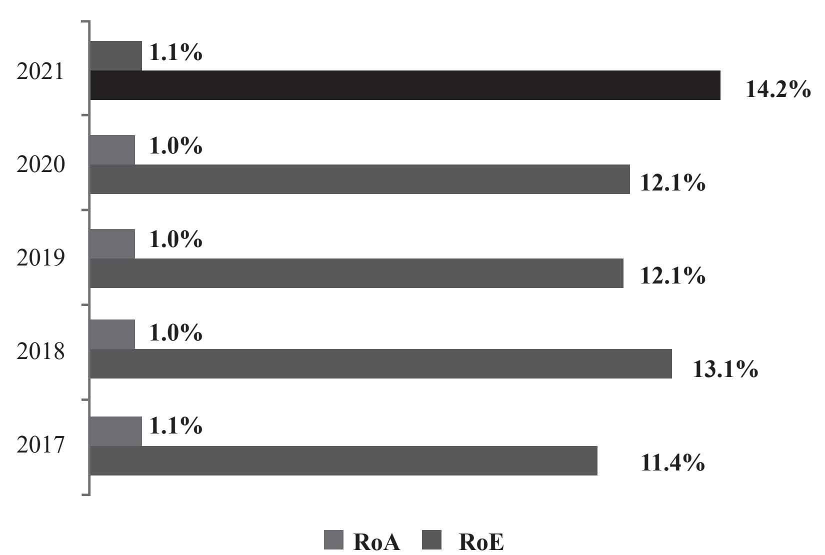
Particulars	2017	2018	2019	2020	2021	Growth
Operating Profit	673	1,123	1,184	1,680	2,203	31.2%
Profit before Tax	514	861	994	1,201	1,503	25.1%
Net Profit after Tax	335	450	562	706	881	24.9%

Riding on 21.7% increase in Revenue and only 7.9% increase in operating expenses, operating profit in 2021 stood at a record BDT 2,203 million, an increase of 31.2% from the previous year. Controlled expenses and higher portfolio also contributed to register a strong growth in operating profit against both budget and 2020. Growth in Profit Before Tax was lower than growth in Operating Profit as a result of surplus provisioning of BDT 350 during 2021. Profit before tax increased by 25.1% and stood at BDT 1,503 million.

Net profit during the year 2021 stood a healthy level of BDT 881 million against BDT 706 million in the previous year, an increase by 24.9%. What makes the net profit growth in 2021 an incredible achievement is the fact that the country was suffering from a pandemic. Despite the setback, IPDC was able to achieve a healthy growth in profitability. From the base year of 2017, IPDC has achieved a net profit growth of 2.6 times.

Return on equity has consistently remained above 11.4% since 2017 and ended with 14.2% in 2021. Return on equity took a temporary hit due to inflow of funds from right share in 2019. The inflow of funds from right share raised the capital base of the company and will allow for the next phase of growth in the coming years.

Return on assets has remained relatively flat and ended with 1.1% in 2021. Looking back, the return on asset is showing a downward trend as asset base of IPDC has grown significantly over the last few years. As the portfolio matures and growth rate stabilizes, and new retail products gains traction, return on assets is expected to increase in the future.



Balance Sheet Summary

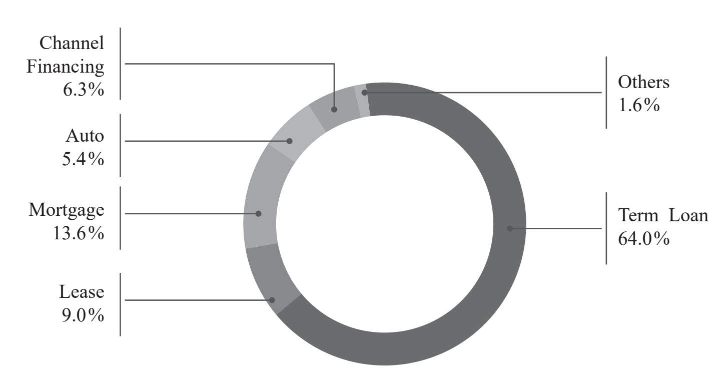
in BDT mn/%

Particulars	2017	2018	2019	2020	2021	Growth YoY	% of Total
Assets							
Cash and cash equivalent	3,280	3,759	9,777	14,674	14,224	-3.1%	16.7%
Investment	663	869	1,571	5,144	2,740	-46.7%	3.2%
Loans, advances and leases	34,467	44,325	50,726	53,610	65,327	21.9%	76.9%
Fixed Assets	267	545	788	777	765	-1.5%	0.9%
Others	612	1,013	1,541	1,766	1,916	8.5%	2.3%
Total Asset	**39,289**	**50,511**	**64,402**	**75,969**	**84,973**	**11.9%**	**100.0%**
Liabilities							
Borrowing	4,214	5,917	7,038	10,946	10,496	-4.1%	12.4%
Deposit	29,747	37,066	46,361	52,456	60,405	15.2%	71.1%
Other Liabilities	2,217	3,776	5,427	6,503	7,718	18.7%	9.1%
Equity	3,111	3,752	5,576	6,063	6,353	4.8%	7.5%
Total liabilities and shareholders' equity	**39,289**	**50,511**	**64,402**	**75,969**	**84,973**	**11.9%**	**100.0%**

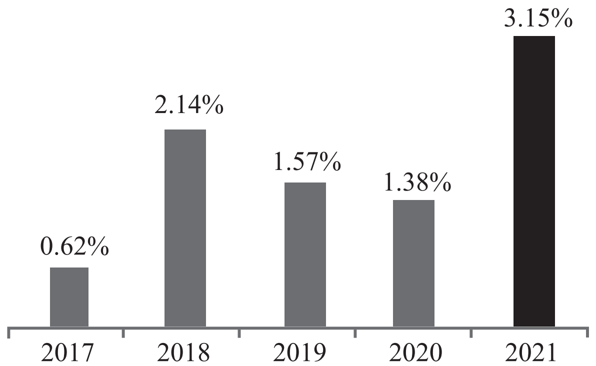
Loans, Advances and Leases

IPDC's lending portfolio grew by 21.9% reaching BDT 65,327 million in 2021 from BDT 53,610 million in 2020. Loan disbursement increased during the year which led to a higher loan portfolio growth compared to the preceding years and the net growth mainly came from Retail and SME. Of the total asset composition, Loans and advances represented 76.9% of the total assets in 2021.

Credit Portfolio by Product



Classified Loan Ratio



Term loans accounted for 64% of the total loan portfolio pie and stood at BDT 41,812 million in 2020 and accounted for the majority portion of the loan portfolio followed by mortgage finance which accounted for 14% of the pie followed by lease finance taking 9% of the pie at BDT 5,862 million. Auto loan, factoring finance and other loan accounted for the remaining 13.4% of the pie at BDT 8,759 million.

Volume of classified loan went up to BDT 2,056 million in 2021 against BDT 742 million in 2020, registering an increase by 177%. Classified loan ratio increased to 3.15% in 2021 against 1.38% in the previous year. IPDC remains committed to maintain its industry leading portfolio quality and follow a sustainable portfolio growth approach via reducing classified loan ratio in the coming year.

Investments

in BDT mn/%

Particulars	2017	2018	2019	2020	2021	Growth	% of Total
Quoted shares	7	7	7	106	332	213.3%	12.1%
Unquoted shares	5	5	5	5	5	0.0%	0.2%
Preference shares	353	510	1,257	1,275	1,351	6.0%	49.3%
Corporate bonds	298	348	302	287	821	186.1%	30.0%
Government securities	-	-	-	3,471	232	-93.3%	8.5%
Total Investments	**663**	**869**	**1,571**	**5,143**	**2,740**	**-46.7%**	**100.0%**

Investment portfolio decreased significantly by 46.7% YoY to BDT 2,740 million in 2021 from BDT 5,143 million in 2020. The net decrease in investment portfolio mainly came off from reducing investment in government securities which amounted to BDT 232 million and accounted for 8.5% of the total investment. Investment in quoted share increased to BDT 332 million in 2021 from BDT 106 million in 2020. Investment in preference shares increased and stood at BDT 1,351 million and accounted for 49.3% of the total investment. Investment in corporate bond stood at BDT 821 million an increase by 186.1% and represents 30.0% of the total pie.

in BDT mn/%

Particulars	2017	2018	2019	2020	2021	Growth	% of Total
Land	129	279	279	279	279	0.0%	36.5%
Building	17	90	88	85	82	-3.1%	10.8%
Motor vehicles	33	48	51	43	48	11.5%	6.3%
Furniture and fixture	32	36	38	38	44	15.9%	5.7%
Equipment and appliances	47	59	106	94	96	1.3%	12.5%
Software	9	8	145	113	107	-5.9%	13.9%
Capital work in progress - Software	-	24	-	29	17	-40.1%	2.2%
ROU - Assets for lease rent	-	-	80	95	93	-2.7%	12.1%
Total WDV of Fixed Assets	**267**	**545**	788	**777**	**765**	**-1.5%**	**100.0%**

Fixed Assets

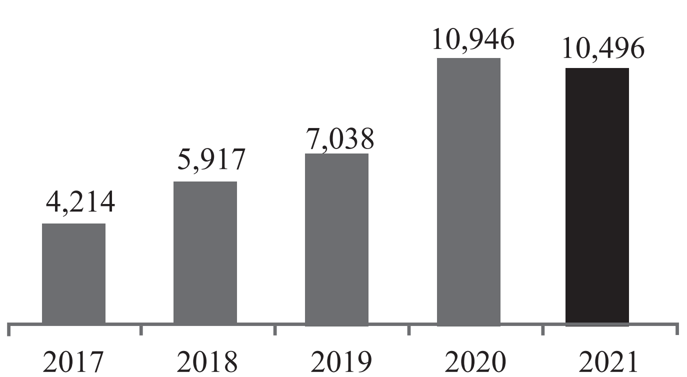
The value of fixed assets stood at BDT 765 million in 2021 against BDT 777 million in the previous year. Fixed assets decreased by 1.5% as no major capitalization took place during 2021 due to depreciation charges over the year.

Borrowings

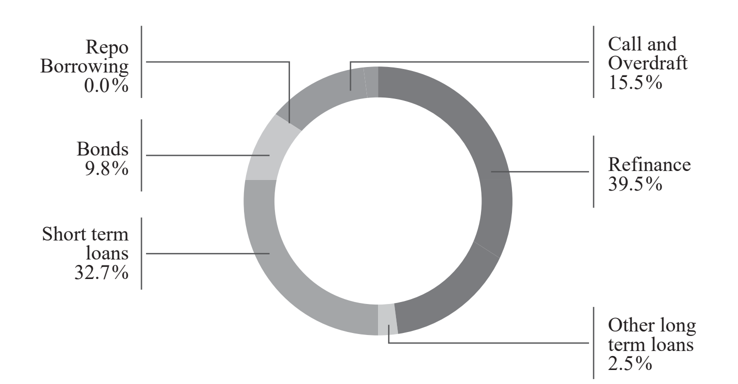
in BDT mn/%

Particulars	2017	2018	2019	2020	2021	Growth	% of Total
Long term loan	710	1,792	2,472	3,295	4,410	33.9%	42.0%
Short term loan	1,450	1,840	1,580	2,979	3,430	15.1%	32.7%
Zero coupon bond	472	807	640	460	265	-42.4%	2.5%
Subordinated bond	-	200	1,000	960	760	-20.8%	7.2%
Bank overdraft	1,072	858	1,095	933	951	1.8%	9.1%
Money at call and short notice	510	420	250	1,820	680	-62.6%	6.5%
Repo borrowing	-	-	-	500	-	-100.0%	0.0%
Total Borrowings	**4,214**	**5,917**	**7,038**	**10,946**	**10,496**	**-4.1%**	**100.0%**

Borrowings increased to BDT 10,496 million in 2021 against BDT 10,946 million in the previous year resulting in a decrease by 4.1%. Decrease in borrowing was mainly due to decrease in zero coupon bond. Refinancing portfolio grew by 35.1% compared to 2020 and as a result, long term loans took up 42.0% of the total borrowings. Additionally, short-term borrowing increased by 15.1% to BDT 3,430 million which comprised of 32.7% of the total borrowing. Money at call and short notice decreased by 62.6% to BDT 680 million in 2021 from BDT 1,820 million in the previous year to take advantage of the low cost of fund in the market.



Borrowings Breakup



Deposits

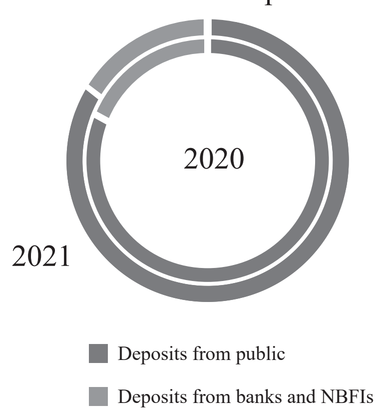
in BDT mn/%

Particulars	2017	2018	2019	2020	2021	Growth	% of Total
Annual profit scheme	7,673	11,295	16,537	13,109	9,207	-29.8%	15.2%
Quarterly profit scheme	169	285	725	901	1,045	16.1%	1.7%
Monthly profit scheme	188	691	2,024	2,848	3,562	25.1%	5.9%
Half yearly profit scheme	-	-	5	5	-	-100.0%	0.0%
Cumulative profit scheme	481	455	339	453	685	51.4%	1.1%
Fixed deposit from public	9,887	10,553	15,547	23,486	33,358	42.0%	55.2%
FDR from banks & NBFIs	11,110	13,520	10,846	11,076	11,860	7.1%	19.6%
Other deposits	239	267	338	579	687	18.7%	1.1%
Total Deposits	**29,747**	**37,066**	**46,361**	**52,456**	**60,405**	**15.2%**	**100.0%**

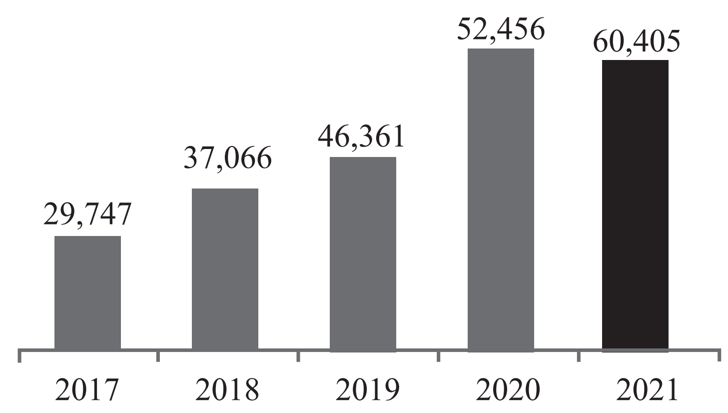
Deposits ended at BDT 60,405 million in 2021 against BDT 52,456 million in 2020 and an increase of 15.2% and accounting for 71.1% of the total liabilities and shareholders' equity. From the base year of 2017, IPDC has increased its deposits by 2.0 times. IPDC introduced various innovative deposit campaigns such as IPDC Battle of Uchash to enhance its deposit position and ensure that it has sufficient liquidity to meet its day to day needs and ensure that there is sufficient fund to repay its depositors on demand.

Fixed Deposit from other than Banks & NBFIs accounted for 55.2% of the total deposit pie and saw an increase of 42.0% and ended the year 2021 with a balance of BDT 33,358 million against BDT 23,486 million in the previous year. Annual Profit Scheme accounted for the 15.2% of the deposits and had a degrowth of 29.8%, standing at BDT 9,207 million in 2021 against BDT 13,109 million in the prior year. FDR from Banks & NBFIs amounted to BDT 11,860 million against BDT 11,076 million in the previous year with a growth of 7.1% and represents 19.6% of the deposit pie. Other schemes also logged in good growth, although these make up a small portion of the deposits.

Sources of Deposits



Total Deposits

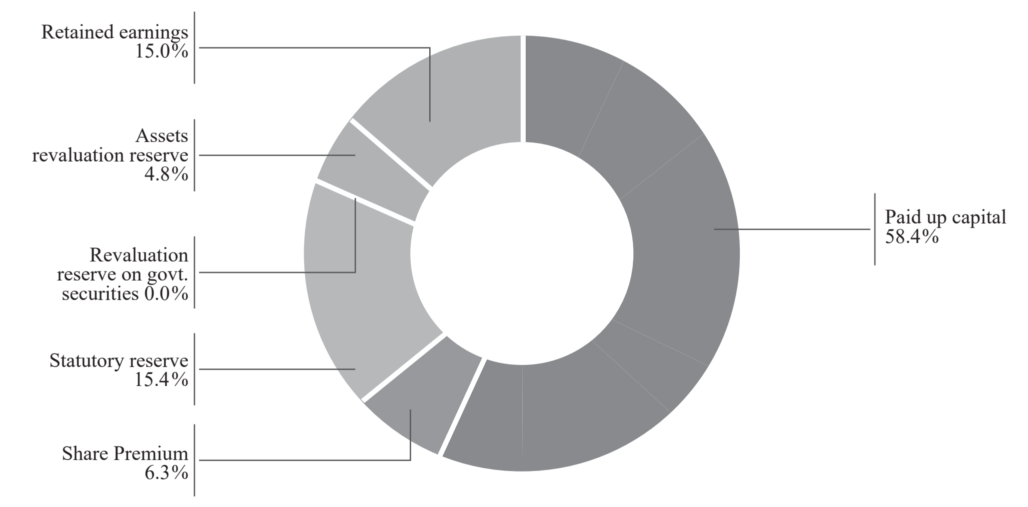


Equity

in BDT mn/%

Particulars	2017	2018	2019	2020	2021	% of Total
Paid up capital	1,818	2,182	3,534	3,711	3,711	58.4%
Share premium	167	167	403	403	403	6.3%
Statutory reserve	460	550	663	804	980	15.4%
Assets revaluation reserve	-	-	-	135	-	0.0%
Revaluation reserve on government securities	120	311	309	307	306	4.8%
Retained earnings	545	542	667	704	953	15.0%
Total Equity	**3,111**	**3,752**	**5,576**	**6,063**	**6,353**	**100.0%**

Equity increased to BDT 6,353 million in 2021 from BDT 6,063 million in 2020, an increase by 4.8%. Increase in equity was mainly due to the combined impact of increase in statutory reserve and retained earnings. Increase in statutory reserve was due to necessary transfer to statutory reserve (20% of net profit). Decrease in revaluation of government securities was because of revaluation of the securities using mark to market. Details of the movement in equity component can be found in the statement of changes in equity section of the financial statement.



Cash Flow

in BDT mn

Particulars	2017	2018	2019	2020	2021
Net cash from operating activities	410	(838)	4,359	7,637	(2,412)
Net cash (used in)/ from investing activities	(164)	(300)	(917)	(3,489)	2,190
Net cash (used in)/ from financing activities	1,176	1,617	2,575	748	(228)
Net increase / (decrease) in cash	**1,421**	**479**	**6,018**	**4,896**	**(450)**

Net cash flow from operating activities ended with a negative cash inflow balance of BDT 2,412 million in 2021 against a balance of BDT 7,637 million in 2020. Net cash used in investing activity stood at a positive balance of BDT 2,190 million in 2021 against a negative balance of BDT 3,489 million the previous year mainly due to selling of government securities. Net cash from financing activity stood at negative BDT 228 million in 2021 against BDT 748 million in the prior year. The decrease in financing activity was higher in 2021 mainly due to payment of cash dividend and payment for loan and debt securities. Overall IPDC saw a net decrease in cash by BDT 450 million in 2021 compared to BDT 4,896 million in the previous year. The Net Operating Cashflow per Share (NOCFPS) stood at BDT (6.50) in 2021 against a BDT 20.58 in the previous year.

A negative net cash balance does not necessarily indicate any liquidity concern and a more relevant indicator of liquidity position is the liquidity statement (assets and liabilities maturity analysis). As per the liquidity statement there are no liquidity deficit in zero to one-year bucket and one to five-year bucket.

in BDT mn

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	5+ years
Assets	11,128	14,692	15,943	29,264	13,946
Liabilities	10,744	14,225	15,413	16,139	22,099
Liquidity Gap	**384**	**467**	**530**	**13,125**	**(8,153)**

As per the liquidity statement there is no liquidity gap in any of the buckets covering till the 5-year bucket.

Du-Pont Summary

in times/%

Particulars	Description	2017	2018	2019	2020	2021
Net Interest Income	% of Avg Assets	3.5%	3.8%	3.4%	2.9%	3.5%
Non-Interest Income	% of Avg Assets	0.6%	0.4%	0.4%	1.2%	0.8%
Operating Income	% of Avg Assets	4.0%	4.2%	3.8%	4.0%	4.3%
Operating Expenses	% of Avg Assets	1.9%	1.7%	1.7%	1.6%	1.5%
Cost/Income	% of Operating Income	46.0%	40.1%	45.3%	40.6%	36.0%
Operating Profit	% of Avg Assets	2.2%	2.5%	2.1%	2.4%	2.7%
Provisions	% of Avg Assets	0.5%	0.6%	0.3%	0.7%	0.9%
Profit before Tax	% of Avg Assets	1.7%	1.9%	1.7%	1.7%	1.9%
Tax Rate	% of PBT	34.7%	47.7%	43.4%	41.3%	41.4%
Return on Assets	Return on Avg. Assets	1.1%	1.0%	1.0%	1.0%	1.1%
Return on Equity	Return on Avg. Equity	11.4%	13.1%	12.1%	12.1%	14.2%
Assets/Equity	Avg. Assets/Avg. Equity	10.5	13.1	12.3	12.1	13.0

Du-Pont Analysis of 2021

To summarize IPDC's Du-Pont analysis, although Net Profit After Tax of IPDC increased by 24.9% in 2021, Net Profit Margin of IPDC increased by 1% in 2021 compared Net Profit Margin of 2020. Investment Income, mainly capital gain from Government Securities, contributed to increase of Asset Turnover from 4.0% to 4.3% in 2021. Cost to income ratio also decreased to 36.0% from 40.6% over the year. Equity Multiplier increased to 13.0 times in 2021 from 12.1 times in 2020, and the main reason behind that was the increase in average assets due to increase in loan portfolio.

Acknowledgements

I would like to take the opportunity to thank Bangladesh Bank, National Board of Revenue (NBR), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Bangladesh Securities and Exchange Commission (BSEC) amongst the various other regulatory authorities for providing their continued support of the financial sector through various policies and regulation to drive the financial sector forward. Finally, I would like to thank our shareholders and customers for their faith and trust in IPDC.

Sincerely

Fahmida Khan, FCA
Chief Financial Officer

MANAGEMENT'S TAKE ON IPDC'S PERFORMANCE

This section is designed to provide a narrative explanation through the eyes of our management on IPDC's performance in contrast to the industry, and information about our financial condition and prospects.

Financial Highlights

Key financial indicators of IPDC remain solid amid COVID-19 as it had lower than expected impact on our financial performance due to efficient fund management, stringent cost control, surplus provisioning, pragmatic investments of fund, and favorable regulatory policies. Management expects the trend to continue in 2022 through improved efficiency and productivity, launch of tech-based platforms and quality growth in balance sheet

Response to COVID-19

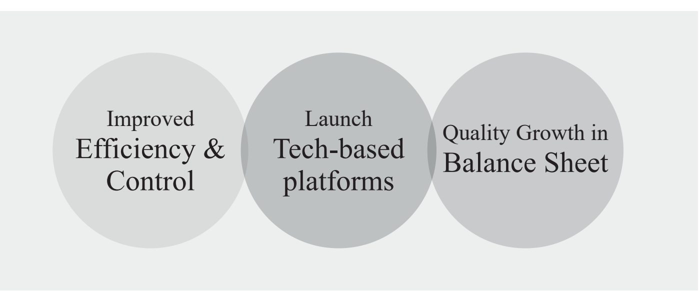
Since the World Health Organization characterized COVID-19 as a pandemic,, concerns regarding the spread of COVID-19 andthe containment measures to lessen its impact along with the introduction of new variants created substantial disruption to the global and local economy.

As part of our response to the pandemic, we implemented our business continuity plan and held regular meetings at management committee level to centrally coordinate the efforts and ensure a consistent approach across the company. The Management Committee has also been in regular contact with the Board of Directors for guidance in handling the pandemic.

Key Financial Highlights

Credit Portfolio	**65,327**mn	+21.9%
Customer Deposit	**48,545**mn	+17.3%
Operating Profit	**2,203**mn	+31.2%
Net Profit	**881**mn	+24.9%

Outlook



Employees	Customers	Investors	Suppliers	Communities & Societies	Regulators
Introduced work from home facility	Paid advance interest on deposits	Online Annual General Meeting	Supplier bills cleared on time	Donated to families affected by the pandemic	All regulatory reports sent on time
Free COVID-19 Tests provided	Loan installment deferral	Redesigned quarterly Investors Meet	Scaled up electronic fund transfer	Continued IPDC Manobota to aid families in hardship	Complied with all regulations from central bank
Campaigns to boost mental and physical wellbeing	All deposit encashment requests duly honored	Solid company performance amid a pandemic	Payment to suppliers increased by 2.6%	Partnered with several agencies to support distressed families	Complied with all new regulations regarding Covid-19

Comparative Analysis – NBFI Sector and IPDC

in BDT mn/%

Particulars	Industry - Sep'20	Industry – Sep'21	IPDC - Sep'20	IPDC - Sep'21	IPDC's Share in 2020	IPDC's Share in 2021	Industry Growth	IPDC Growth
Earning Assets	689,760	698,350	55,437	64,422	8.0%	9.2%	1.2%	16.2%
Deposits	452,090	459,680	50,991	57,683	11.3%	12.5%	1.7%	13.1%
Classified Loans	102,450	117,570	814	1,006	0.8%	0.9%	14.8%	23.6%
Classified Loan Ratio	15.47%	17.62%	1.59%	1.64%	-	-	2.15%	0.05%
Return on Asset	0.22%	-1.13%	1.00%	1.11%	-	-	-1.4%	0.1%
Return on Equity	2.08%	-11.38%	11.75%	14.04%	-	-	-13.5%	2.3%
Capital Adequacy Ratio	14.33%	13.30%	17.56%	15.54%	-	-	-1.03%	-2.02%

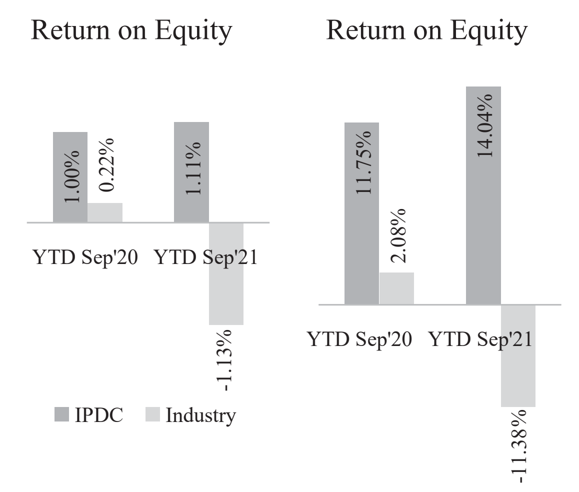
Earning Assets of the NBFI sector remained mostly flat with a year over year (YoY) growth of 1.2% on September 2021 basis and stood at BDT 698,350 million. In contrast Earning Assets of IPDC grew by 16.2% YoY to BDT 64,422 million at the end of September 2021 against BDT 55,437 million at the end of September 2020. As a result, IPDC was able to increase its market share from 8.0% to 9.2% in terms of Earning Assets. IPDC managed to increase deposits from BDT 50,991 million in September 2020 to BDT 57,683 million in September 2021, registering a YoY growth of 13.1% compared to the industry's growth of 1.7% during the same period. IPDC's share of deposits also increased to 12.5% in September 2021 compared to 11.3% in September 2020.

The classified loan ratio in the NBFI sector increased to 17.62% in September 2021 from 15.47% in September 2020, whereas IPDC's classified loan increased to 1.64% over the same period. Classified loan volume of IPDC is higher at 0.9%, increasing from 0.8% in September 2020.

The annualized ROA and ROE in the industry decreased to -1.13% and -11.38% respectively in YTD September 2021 from 0.22% and 2.08% in YTD September 2020. On the other hand, IPDC's ROA and ROE increased over the same period.

The Capital Adequacy Ratio (CAR) of IPDC stood at 15.54% in September 2021 against the minimum requirement of 10.0% thanks to portfolio growth in YTD September 2021. In comparison, industry CAR (%) stood at 13.30% in September 2021 against 14.33% in September 2020. IPDC's CAR in December 2021 stood at 15.65%.

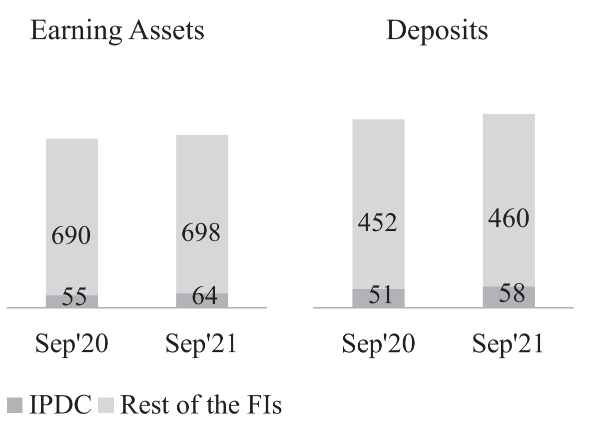
Return on Assets and Return on Equity



IPDC's RoA and RoE increased due to increase in loan portfolio. On the other hand, RoA and RoE of the industry decreased.

Loans and Deposits

in BDT bn



IPDC managed to increase its market share in Earning Assets and Deposits from 8.0% and 11.3% respectively in September 2020 to 9.2% and 12.5% in September 2021.

COMPARATIVE ANALYSIS - MAJOR INDUSTRY PEERS AND IPDC

In compliance with BSEC notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 20th June 2018, a comparison of financial performance, financial position and cash flows with peer industry scenario is furnished in this section. A sample of NBFIs has been selected based on balance sheet size, profitability, similarity of business operation and business context for comparison.

in BDT mn/%

Particulars	IPDC	IDLC	LankaBangla	DBH	United
Loans and Advances	61,366	88,452	55,413	43,223	17,179
Growth (YTD)	14.5%	-3.7%	1.3%	1.1%	13.5%
Deposit	57,683	75,197	47,206	46,381	13,201
Growth (YTD)	10.0%	-6.7%	-0.8%	5.8%	7.3%
Revenue	2,329	4,262	2,026	1,897	680
Growth (YoY)	17.2%	21.2%	11.1%	24.5%	4.3%
Operating Profit	1,437	2,621	883	1,472	200
Growth (YoY)	24.2%	28.3%	38.3%	29.4%	-0.8%
Net Profit	630	1,144v	272	811	134
Growth (YoY)	25.3%	-24.5%	-41.0%	48.6%	41.7%
Net Cash Inflow	(516)	6,318	199	4,768	1,503

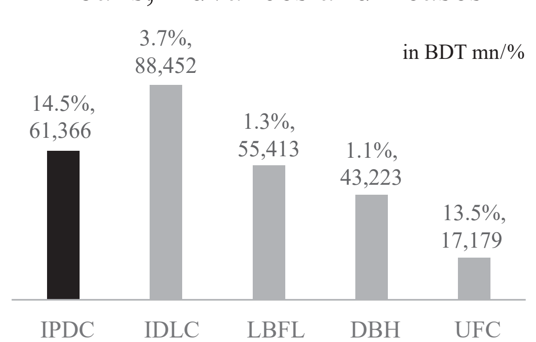
** Data: Year to date September 2021 (Solo data considered for peers)*

IDLC: IDLC Finance Limited, LankaBangla: LankaBangla Finance Limited, DBH: Delta Brac Housing Finance Limited, United: United Finance Limited

IPDC ranked as the second largest NBFI in-terms of credit portfolio size as of 30 September 2021. Credit portfolio of IPDC stood at BDT 61,366 million during the period ended 30 September 2021 while IDLC and LankaBangla portfolio stood at BDT 88,452 million and BDT 55,413 million respectively. IPDC managed to achieve the highest growth in its portfolio compared to other industry peers in 2021.

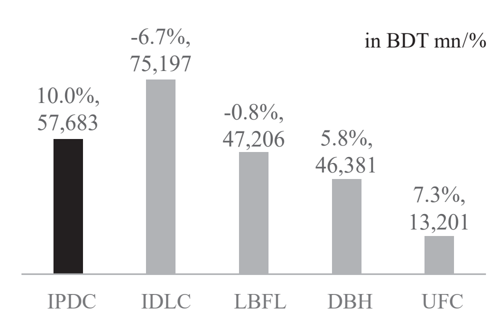
IPDC's deposit balance stood at BDT 57,683 million, falling behind that of IDLC (BDT 75,197 million) but exceeding that of LankaBangla (BDT 47,206 million), DBH (BDT 46,381 million) and United Finance (BDT 13,201 million). In terms of growth IPDC witnessed a double-digit deposit growth of 10.0% which is significantly higher than the other peers. Additionally, it is to be noted that most of IPDC's Deposit growth came from retail customers. This reduced our bank dependency significantly and is a positive indicator for the company.

Loans, Advances and Leases



IPDC managed to log in 14.5% growth in credit portfolio at the end of September 2021, higher than other major peers placing it as the second largest NBFI in-terms of Loan portfolio size

Deposits

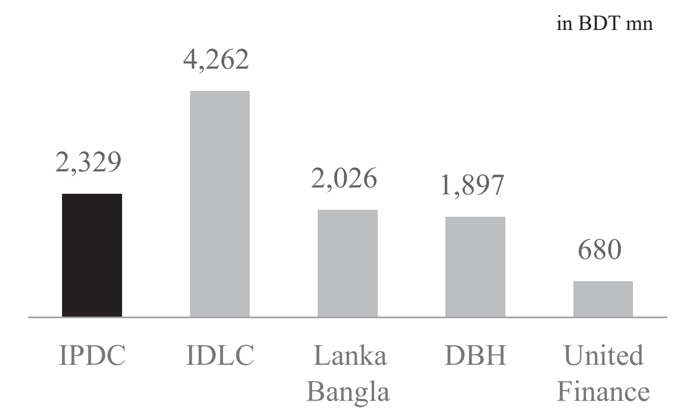


While other major players in the market witnessed marginal growth or degrowth in deposits, IPDC secured 10.0% growth at the end of September 2021 on YTD basis

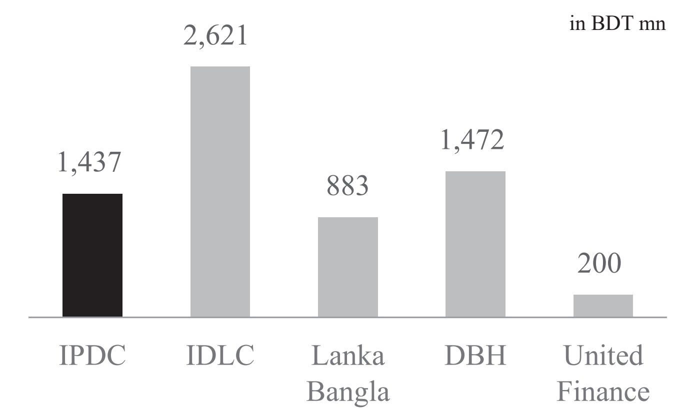
In terms of revenue, IPDC was in second place on YTD September 2021 basis. IPDC's revenue for the period ended September 2021 stood at BDT 2,329 million with a YoY growth of 17.2%. In contrast, DBH and IDLC had growth of 24.5% and 21.2% respectively while LankaBangla and United Finance had a growth of 11.1% and 4.3%. Companies with heavy investments in capital market may fare better in the last quarter as both indexes saw significant gains in the latter part of the year.

Similarly, operating profit of IPDC for the same period was BDT 1,437 million, lower than IDLC (BDT 2,621 million and DBH (BDT 1,472 million) but higher than the rest. Operating profit growth for IPDC was higher than revenue growth as operating expense was controlled stringently during the period.

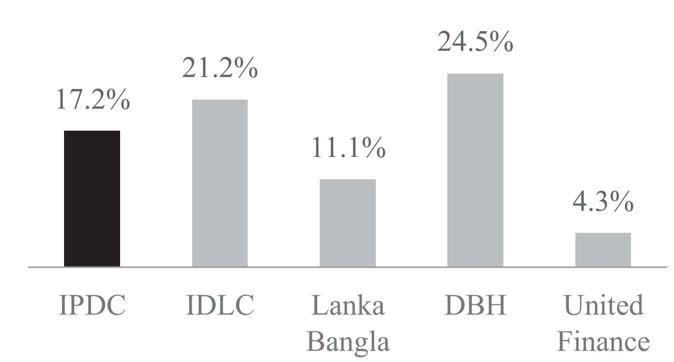
Revenue



Operating Profit

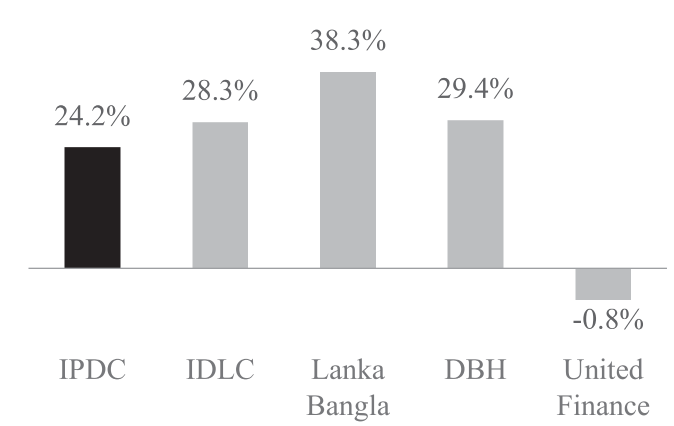


Revenue Growth



IPDC managed to register high revenue growth due to strong portfolio growth as well as better spread management

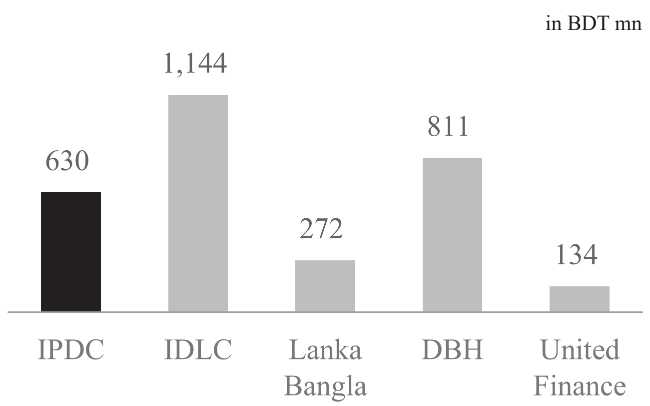
Operating Profit Growth



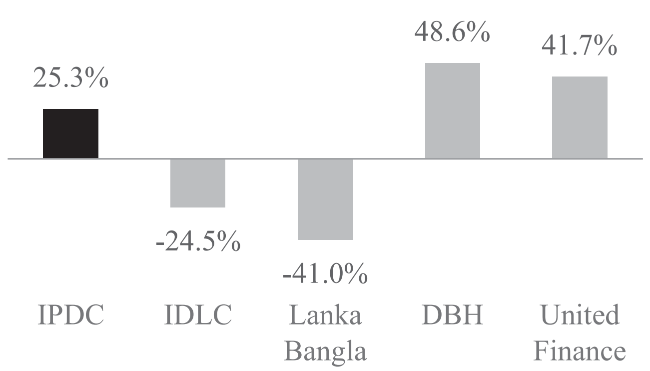
IPDC posted an impressive growth in operating profit on YoY YTD September 2021 basis amid a challenging market scenario.

Overall, the Net Profit after Tax of IPDC reached BDT 630 million on YTD Sep'21 basis representing a YoY growth of 25.3% while DBH achieved the highest YoY growth of 48.6%.

Net Profit after Tax



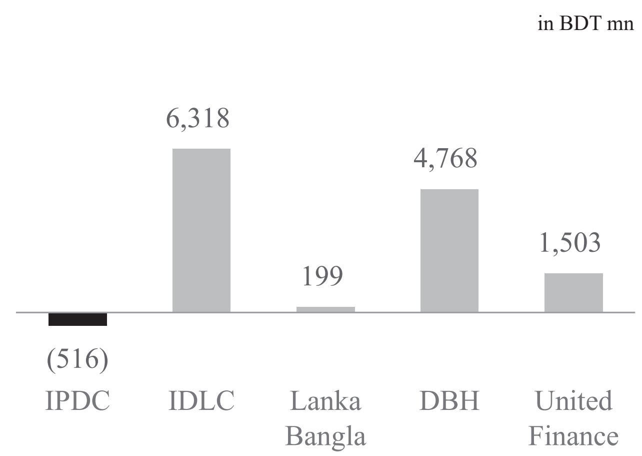
Net Profit after Tax Growth



Net Profit after Tax grew by a whopping 25.3% on YoY YTD September 2021 basis.

During the period from January 2021 to September 2021, IPDC generated BDT 516 million cash outflow whereas IDLC generated BDT 6,318 million cash inflow.

Net Cash Inflow/(Outflow)



IPDC generated BDT 516 million cash outflow during YTD September 2021 due to decrease in cash generated from operating and financing activities

PERFORMANCE REVIEW

in BDT mn/%

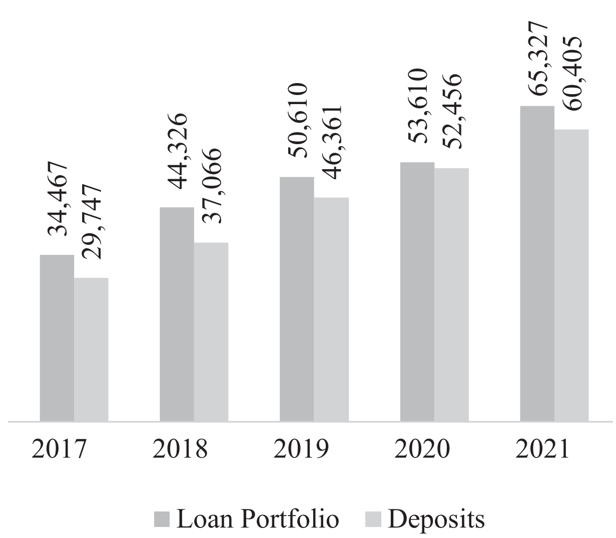
Particulars	2017	2018	2019	2020	2021	YoY Change
Loans, Advances and Leases	34,467	44,325	50,726	53,610	65,327	21.9%
Deposits	29,747	37,066	46,361	52,456	60,405	15.2%
Classified Loan Ratio	0.62%	2.14%	1.57%	1.38%	3.15%	1.8%
Net Interest Income	1,073	1,698	1,943	2,017	2,783	38.0%
Non-Interest Income	173	176	223	813	662	-18.6%
Operating Revenue	1,246	1,875	2,166	2,830	3,445	21.7%
Operating Profit	673	1,123	1,184	1,680	2,203	31.2%
Profit After Tax	335	450	562	706	881	24.9%
Net Operating Cashflow per Share	1.1	(2.3)	11.7	20.6	(6.5)	-131.6%
Net Increase in Cash	1,421	479	6,018	4,896	(450)	-109.2%
Current Ratio	1.0	1.0	1.0	1.0	1.0	0.1%
Cost to Income Ratio	46.0%	40.1%	45.3%	40.6%	36.0%	-4.6%
Return on Asset	1.1%	1.0%	1.0%	1.0%	1.1%	0.1%
Return on Equity	11.4%	13.1%	12.1%	12.1%	14.2%	2.1%
Spread	3.20%	3.60%	2.94%	3.45%	3.35%	-0.1%
Capital Adequacy Ratio	15.14%	14.01%	19.30%	18.51%	15.65%	-2.9%
Market Price per Share (BDT)	50.10	38.10	25.60	27.60	38.60	39.9%

IPDC achieved both Balance Sheet and Profitability growth in the year 2021, in contrast to majority of the industry peers. Loans, Advances and Leases has grown to BDT 65,327 million, up by 21.9% from 2020 and placing IPDC as the second largest NBFI among the listed companies in terms of portfolio size. Total Deposits has grown by 15.2% to BDT 60,405 in 2021 out of which 80% is customer/public deposit.

Our classified loan ratio stood at 3.15% at the end of year 2021, one of the lowest in the industry. Although the number does not fully represent the actual status of portfolio quality considering that downgrading of loans is prohibited by the regulator upto a certain amount, volume of classified loans increased by 177%. Containing classified loans in 2022 will be challenging as loan moratorium facility is unlikely to continue. However, we remain committed to keeping classified loans at a minimum.

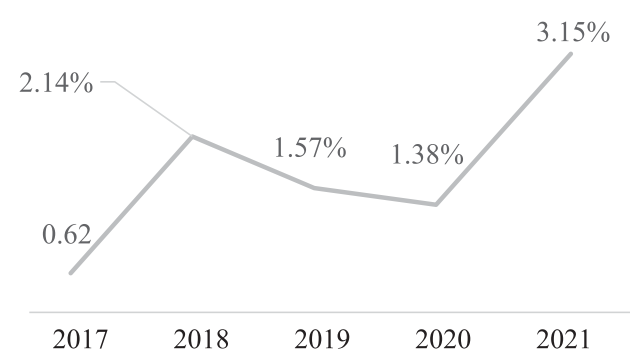
in BDT mn

Loan Portfolio and Deposits



Loans, Leases and Advances grew with a CAGR of 17.3% while deposit grew at an even faster pace with a CAGR of 19.4% from 2017 to 2021.

Classified Loan Ratio

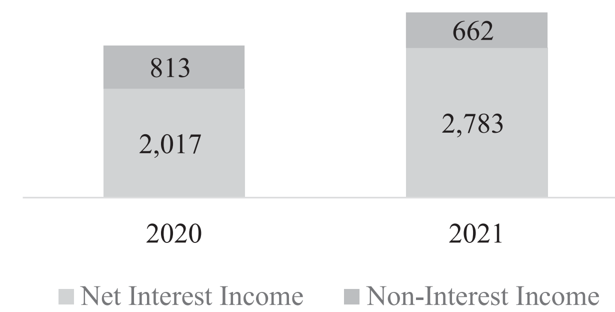


Classified loan ratio increased in 2021 for increase in loan portfolio size. IPDC remains vigilant to maintain one of the lowest classified loan ratios in the industry

Net interest income increased by 38.0% in 2021 to BDT 2,783 million in 2021 from BDT 2,017 million in 2020. From 2017-21, net interest income grew by 2.6 times. Non-interest income decreased by 18.6% in 2021 and stood at BDT 662 million against BDT 813 million in the previous year. The decrease in non-interest income came off from lower investment income which decreased by 26.2%. Fees income increased by 66.4%, while other operating income decreased by 84.8% mainly stemming from lower loan loss recovery income. As a result, overall operating revenue increased by a staggering 21.7% in 2021 to BDT 3,445 million from BDT 2,830 million in 2020.

Revenue

in BDT mn



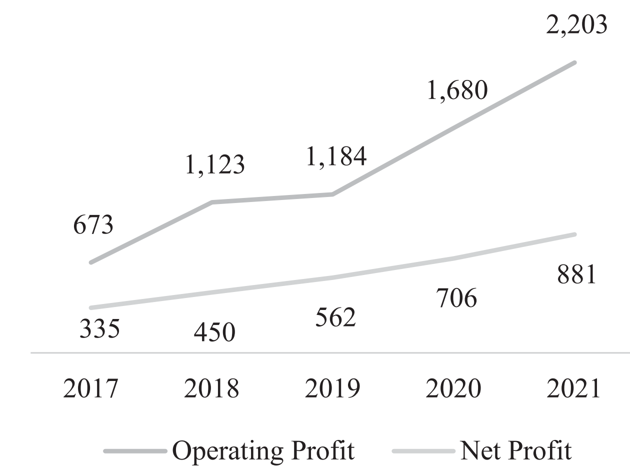
Interest income grew by 38.0% while non-interest income decreased by 18.6% due to lower investment income and other operating income.

Operating profit registered a stunning YoY growth of 31.2% bringing the figure to BDT 2,203 million in 2021 against BDT 1,680 million in the previous year. Cost-to-Income Ratio (CIR) has been restricted at 36.0% through stringent control of discretionary costs. Besides, the company naturally incurred less operating cost as offices were partially closed for a period and staff travel was limited due to the pandemic. However, CIR may increase marginally in 2022 as business operations return to normal.

Overall, net profit after tax increased to BDT 881 million in 2021 from BDT 706 million in 2020, up by 24.9%. Growth in net profit after tax is lower than growth in operating profit as the company maintained surplus provisioning considering that some clients may find it difficult to pay regular installments after the loan moratorium facility is lifted. The company will gradually release the surplus provisioning as a better picture of the overall situation unfolds after the lifting of the deferral facility.

in BDT mn

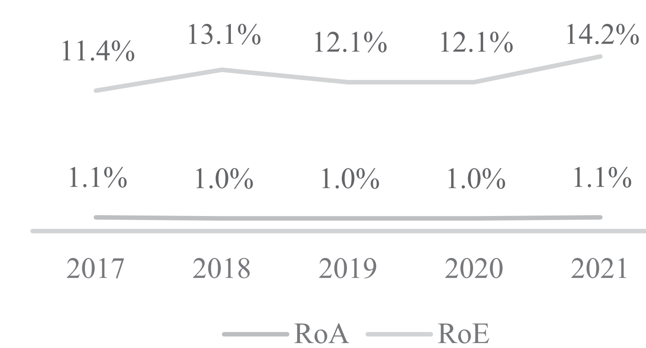
Operating Profit and Net Profit



Operating profit grew significantly in 2021. Net Profit after Tax grew by 24.9% in 2021 driven by increased loan portfolio, controlled operating expense and higher spread.

Return on Asset (RoA) stood at 1.1% in 2021 against 1.0% in the previous year and 1.1% in 2017. RoA is stable for a few years as IPDCs asset base is increasing significantly over the years as a result of its planned business expansion. Total assets of IPDC grew to BDT 84,973 million in 2021 from BDT 39,289 million in 2017 which is a growth of 2.2 times. ROE is on an upward trend with a temporary downturn in 2019 due to higher equity base for fund from right share.

Return on Asset and Return on Equity

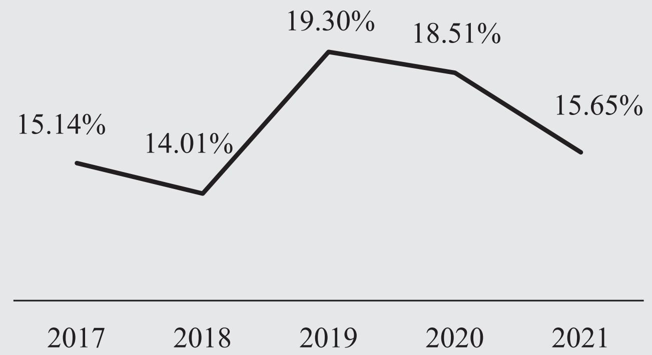


Return on Equity increased in 2021 as the company increased its portfolio significantly. Return on Asset remained flat at 1.1% in 2021.

We, as always, stick to the core fundamentals of managing liquidity through matching maturity profiling of assets and liability. As a result, our ability to pay-off liability obligations remain solid. The current ratio of IPDC has consistently remained at 1.0 and above since 2016.

Capital Adequacy Ratio (CAR) stood at 15.65% in 2021 from 18.51% in 2020, against a minimum requirement of 10.00% as set by Central Bank of Bangladesh. The current capital status is satisfactory and enables IPDC to explore further growth opportunities in its strategic products.

Capital Adequacy Ratio

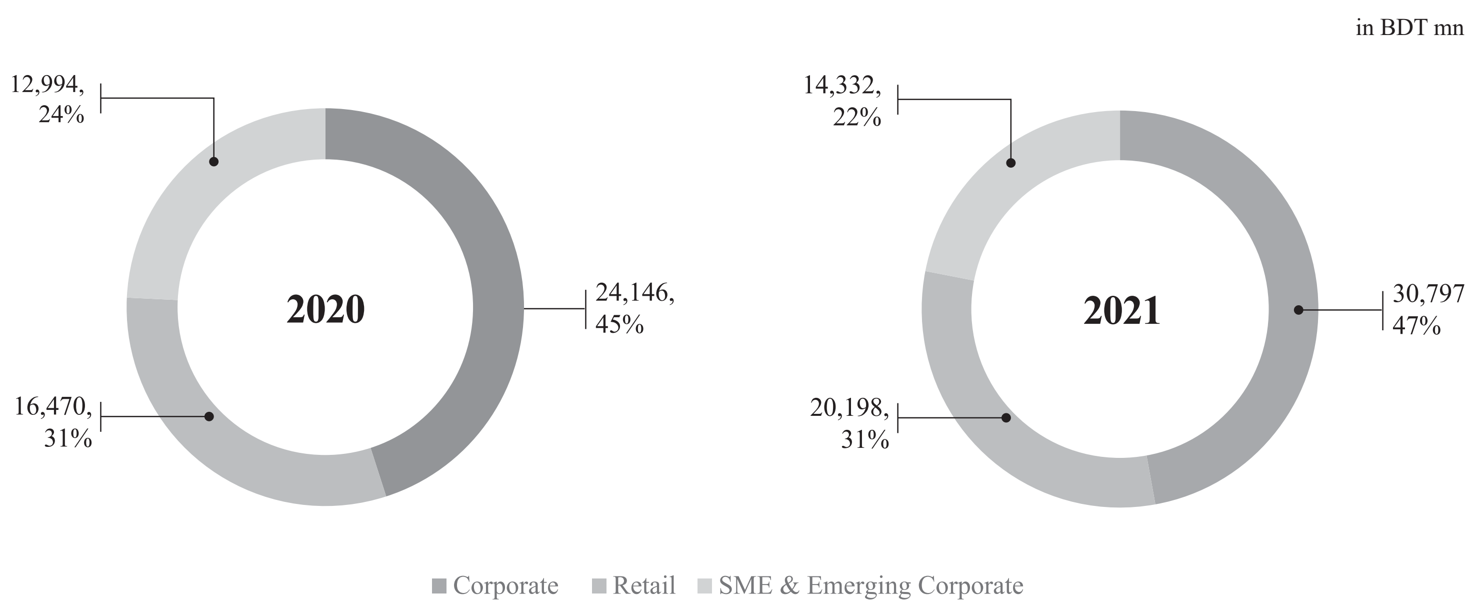


Capital Adequacy Ratio is comfortably above the regulatory threshold of 10.00%, allowing the company to explore new avenues of growth

Segment-wise Loans, Leases and Advances

Our Corporate credit portfolio remained mostly flat at BDT 30,797 million in 2021, registering an increase of 27.5%. SME & Emerging Corporate and Retail Portfolio has grown to BDT 14,332 million and BDT 20,198 million in 2021, an increase by 22.6% and 10.3% respectively.

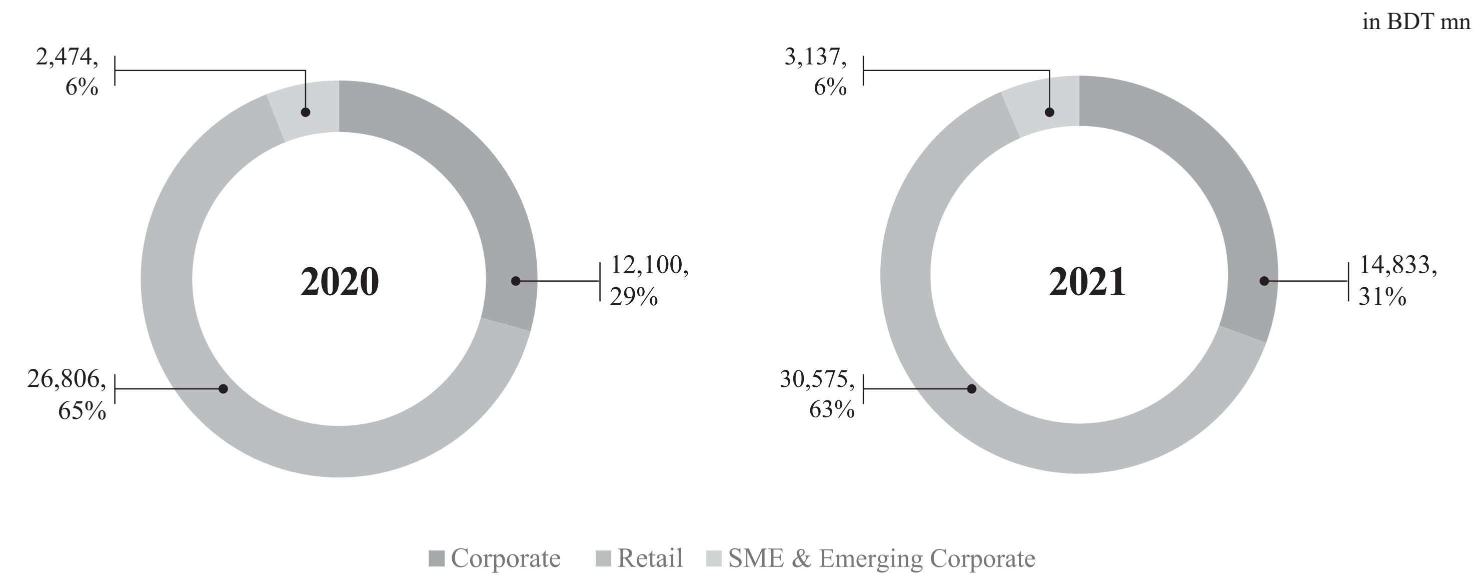
Retail portfolio increased and stood at 31% while SME & Emerging Corporate portfolio took 22%. Corporate portfolio increased to 47%. Share of Retail and SME & Emerging Corporate is expected to grow further as we scale up our strategic products



Segment-wise Customer Deposits

Corporate Deposits increased to BDT 14,833 million in 2021, up by 22.6% from 2020. Retail deposits also grew by 14.1% and stood at BDT 30,575 million in 2021 against BDT 26,806 million in 2020. The increase in retail deposits is a result of IPDC's focus on smaller ticket sized retail deposits to reduce reliance on bank borrowings and reduce cost of deposits. SME & Emerging Corporate deposits amounted to BDT 3,137 million in 2021 against BDT 2,474 million in the previous year, representing a growth of 26.8%.

All the operating segments managed to register high growth in customer deposits. Corporate and SME & Emerging Corporate deposits grew the highest taking their share of the pie to 31% and 6% of the total customer deposit portfolio



Activities Beyond The Numbers

Beyond the financial figures, IPDC remained steadfast in implementing strategic projects and laying the groundwork for future expansion in 2022.

The focus of the year was to strengthen the core and ensure stability in business. Amid a volatile market and significant uncertainties, IPDC had sufficient liquidity to honor all encashment requests from the depositors. In fact, the company paid advance interest to depositors to support them during the crisis.

IPDC enhanced its IT infrastructure, expanded its Head Office to cater to increasing internal and external requirements along with new branches. We are continuously improving our Customer Relationship Management and Loan Origination System (CRM-LOS) to increase operational efficiency. In our pursuit to emerge as the most passionate brand in financial industry, we maintained strong visible presence in social, print, and electronic media through various campaigns, sponsorships, promotions and other events through-out the year.

In retail, consumer white goods finance remains one of our core focus areas. Initiatives are ongoing to launch IPDC EZ, our first consumer finance platform. In SME, for supply chain finance, we are launching Dana. Our first retailer finance platform. These initiatives are aimed at creating a revolution by developing an eco-system which will not only will ensure financial inclusion but also create a secure, transparent, reliable marketplace and collaboration of all the value chains.

Enabling women to acquire financial and non-financial assets through financial inclusion is one of our key strategic agenda. In this context, IPDC Finance Limited introduced 'Priti' in 2019, a package affluent with various services including economic prosperity, financial security, lifestyle, medical care aimed to improve the quality of life of the country's most victorious women. We also launched targeted deposit campaign on various occasions which encouraged savings through preferential rates.

Inflation Adjusted Financials

in BDT mn/%

Particulars	2016 Base	2017	2018	2019	2020	2021	CAGR 5 Year	Times Growth
Financial Performance								
Revenue	794	1,115	1,587	1,738	2,149	2,479	25.6%	3.1
Operating Profit	474	602	951	950	1,276	1,585	27.3%	3.3
Net Profit	286	300	381	451	536	634	17.2%	2.2
Financial Position								
Loans, Advances and Leases	18,392	30,862	37,520	40,707	40,721	47,008	20.6%	2.6
Total Deposits	16,219	26,635	31,375	37,205	39,845	43,466	21.8%	2.7
Paid-up Capital	1,430	1,628	1,847	2,836	2,819	2,670	13.3%	1.9
Shareholders' Equity	2,620	2,785	3,176	4,475	4,606	4,571	11.8%	1.7
Total Assets	21,315	35,179	42,756	51,682	57,705	61,144	23.5%	2.9
Total Liabilities	18,695	32,394	39,580	47,208	53,099	56,572	24.8%	3.0
Cash Flows								
Net cash from operating activities	1,070	367	(710)	3,498	5,800	(1,736)		
Net cash (used in)/ from investing activities	(396)	(147)	(254)	(736)	(2,650)	1,576		
Net cash (used in)/ from financing activities	(0)	1,053	1,369	2,067	568	(164)		
Inflation Rate	**5.92%**	**5.44%**	**5.78%**	**5.48%**	**5.65%**	**5.56%**		

After adjusting for inflation (Base year 2016) Loans, Advances and Leases registered a CAGR of 20.6% over the last five years. Total Deposits grew at a higher rate (CAGR of 21.8%) allowing the company to reduce dependency on borrowing. Although Equity did not grow as fast as portfolio, it can be noted that Capital Adequacy Ratio (CAR) remains comfortably above the regulatory requirement (10.00%) at 15.65%. This is due to additional capital being generated in subsequent years in the form of issuance of right share and due to lower non-performing loans along with efficient spread management. Total assets and liabilities grew in line with loan portfolio and deposit growth.

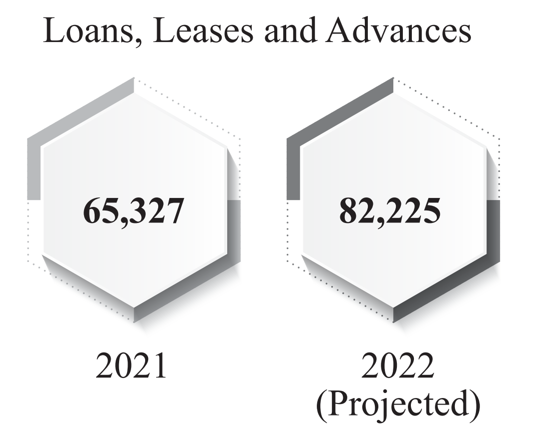
Financial performance of the company remains solid, and the company managed to register strong growth in revenue year after year with a CAGR of 25.5% over the last five years. Growth in net profit after tax was lower compared to growth in operating profit due to higher provisioning requirement because of significant portfolio expansion. However, even with adjustment of inflation, the company registered a strong growth in the bottom line with 17.2% CAGR in net profit after tax.

Net cash from operating activities remains positive in all years except 2018 and 2021. In 2018, a significant portion of funds was generated through issuance of bonds in that particular year which is reported as a financing activity. Significant cash outflow from operating activities was generated in 2021 because of higher disbursements in contrast to lower deposit inflow. Significant cash outflow from financing activities in 2021 was due to no repo borrowing, and no issuance of sub-bonds or zero-coupon bonds. Most of the fund was liquidated in government treasury bonds due to which inflation adjusted net cash inflow from investing activities was BDT 1,576 million.

Plan and Projection

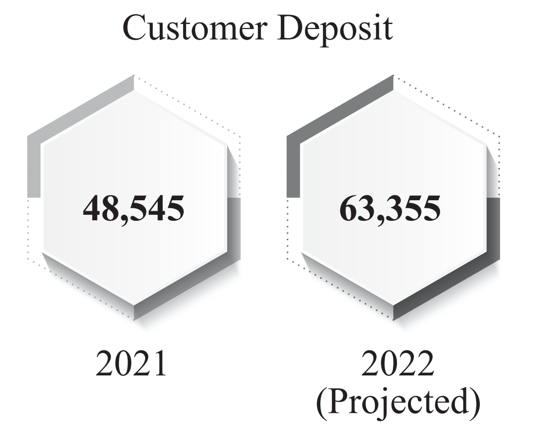
In 2021, the loans and advances of IPDC stood at BDT 65,327 million and by the end of 2022 we expect our loan portfolio to reach BDT 82,225 million, registering a growth of 25.9%. Majority of the growth is expected to come from retail, followed by SME. Corporate portfolio growth is expected to register only marginal growth to rebalance the overall portfolio and increase share of retail and SME.

in BDT mn



To support our loan portfolio growth, we expect to increase our customer deposit portfolio by 30.5% to BDT 63,355 million in 2022 from BDT 48,545 million at the end of 2021. This will take the share of customer deposits to 88.4% within the total fund basket from the existing 80.4%.

in BDT mn



Although the market remains tough, we are more committed than ever to ensure that quality of our loan portfolio maintain our classified loan level by the end of 2021.

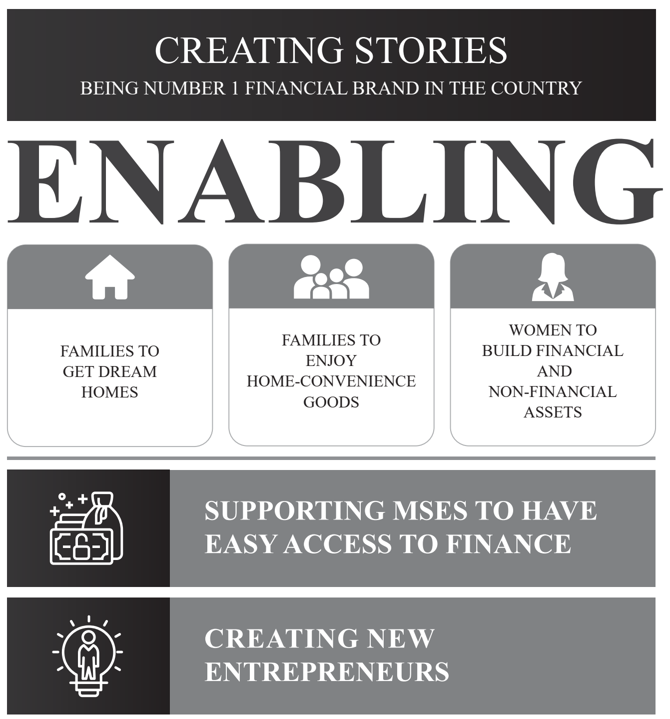
Budgeted revenue growth for the year 2022 is expected to exceed the previous years budgeted revenue by 32.0%. As no significant capital gain income is expected in 2022 considering the treasury yield curve, efficient spread and cost management will remain a key area of focus for next year which will allow us to achieve sustainable bottom-line growth. We are hopeful that we will not only meet but also exceed our targets for the year 2022 given that there are no major adverse volatilities in the economy, money market, financial sector etc.

We also intend to solidify our balance sheet and diversify our funding basket further. In this regard, we are actively considering foreign borrowing as an option. Additionally, we also plan to increase our refinancing portfolio which will contribute to keep the cost of fund in check.

By the year 2022 we expect our total workforce to remain flat, generating additional business by increasing productivity, and operational efficiency. To expand our reach, digital channels will be focused instead of physical channels owing to the increasing demand of digital services.

Our Strategic Objectives

At our company, we like to do things differently and this represents our differentiation in a crowded marketplace. Inspired by our vision and mission, we sketched a clear five-year strategic roadmap, and our targets are:



Affordable Home Loan

Housing has come up to be a major problem in a rapidly growing city like Dhaka as development of housing and related infrastructure is facing difficulty in coping with the population growth. Thus, the gap between housing demand and supply becomes wider. As a result, most of the market participants are targeting middle and upper middleclass customers in the top two cities in Bangladesh, creating an opportunity for providing affordable housing loan beyond the megacities. Providing low-cost housing solutions to people to overcome the housing shortage is also a key development agenda of the Government. Under the current market price of housing, over 78% of the lower middle-income group and 70% of the middle-income group families cannot afford housing in the city. Therefore, we strongly believe there is unmet demand for housing finance for the low and middle-income group beyond the megacities and this market can drive our growth for the years to come.

Women Entrepreneurship Development

Women's presence in the formal job sector is only 14 percent whereas 33 percent of the university students are female. IPDC has been working towards empowering women and resolving their financial challenges. To encourage women to comprehend their dreams to become an empowered woman, IPDC has bundles of products exclusively for women. A distinctive product exclusively for women entrepreneur named Joyee allows financing at a concessional rate throughout the year.

Creating New Entrepreneurs

One of our key brand promises is creating new entrepreneurs across the country. We observe that there is a surge in interest for new entrepreneurship among the new generation. However, these young entrepreneurs do not have enough access to finance for the lack of business history and skills or knowledge required for commercializing their ideas. Therefore, IPDC can work as a catalyst for new entrepreneurship by collaborating with appropriate market players who can then be catered to later with appropriate financing like supply chain finance and venture capital.

Consumer White Goods Finance – IPDC EZ

Our future workforce is expected to be dominated by young generation, who will be the big customers for consumer durables. However, current consumer finance penetration in Bangladesh remains very low at 4.5%. Therefore, there is significant market potential for the consumer convenience goods. We aim to cater to this segment by providing financing solution through the digital platform.

Supply Chain Finance - Orjon

We envision to go beyond the megacities, breaking the geographical barrier and accommodating many CMSMEs under our facility with better process efficiency. Hence, for the very first time in Bangladesh, a comprehensive supply chain financing solution which will enable collaboration among corporations, micro and small enterprises

(MSEs) and financial organizations within one single chain. At this point in time, undoubtedly, collaboration is the biggest innovation.

Our Digital Supply Chain Finance platform called Orjon enables easy financing through Factoring Finance, Work Order Finance, and Distributor Finance. The platform will enable us to bind all the stakeholders-corporates, suppliers, distributors, and IPDC in one platform, ensuring real-time processing, transparency, data security, and consensus among all the parties.

Retailer Finance – Dana

We are creating a retailer financing platform, Dana, to cater to our retailers with innovation which will provide easy financing solution to the thousands of retailers across the country and include them in the financial sector.

IT Infrastructure and Projects

In 2019, we completed our exercise for replacing our ageing Core Banking Systems (CBS) BankUltimus with Temenos T24 as well as launch Orjon. In 2021, we have laid the groundwork for mass launch of Consumer Financing Platform called IPDC EZ in 2022 which will allow customers to avail goods conveniently without using a credit card. In addition to this, we plan to launch a Retailer Financing platform called Dana in 2022 which will provide easy financing solution to the thousands of retailers across the country and include them in the financial sector.

Customer-Centricity at IPDC

Superlative customer service and customer benefit drives our financial performance and outcome. Therefore, we try to instill the essence of customer centricity in every employee through continuous reinforcement and training.

We strive to delight our customers every day and try to make every customer the Brand Ambassador of the company. Besides, it is common for our staff to see off our customers and guests right to the door. These small things add up to create an image about us and we are very particular about actions and gestures that make our customers feel at home. We try to do things in a unique way and believe we can always find means to delight our customers. Our reputation hinges on creating an extraordinary experience for our customers and we will do everything possible for driving superlative customer service – today and well into tomorrow.

Distribution Network

With a more developed perspective on future market trends, we are expanding geographically and diversifying the possibilities. We intend to achieve this through a network of rural and semi-urban branches supported by organizational reinforcement. As such, we plan to open few more branches (subject to Bangladesh Bank's approval) and continue to leverage our distribution channel through tie ups with strategic partners. Going forward, we will continue to reposition our Company in relation to the market forces that are increasingly reshaping our industry. We are remolding the enterprise to transform the company into an integrate non-banking financial service provider that remains competent and responsive to the ever-changing environment. Therefore, we are purposefully making significant investments to create an organization that will be competitive and effective in the future.

Focused on Creating a Positive Impact

Since its inception, IPDC has played a pivotal role in reshaping private sector industrial landscape of this country. We have established many landmark projects through financing, advising and bridging the relationship between local entrepreneurs and international technical-know-how partners. Now, IPDC has reoriented its focus on building up a positive momentum through financing in housing sector and supporting young and women entrepreneurs to drive the next phase of the growth.

The re-articulated strategy of IPDC reflects our belief that the long-term profitability of our Company depends on the stability and well-being of our nation and that our pursuit of profit in a competitive market will lead, to socially beneficial outcomes. Undeniably, we want to become the No. 1 financial institution in the country both in terms of profit and balance sheet size; but at the same time, we want to make sure that every action and product of IPDC creates a positive impact on the socio-economic environment of the country.

Corporate Social Responsibility

Maintaining strong social commitment in the communities is a key priority for IPDC. The year 2021 was a testament to this commitment as IPDC geared up its efforts to provide support to the families ravaged by the pandemic via the innovative IPDC Manobota campaign.

For instance, we recognized nationwide unheard women change-makers across the country through an event titled as 'Unsung Women Nation Builders Award 2021', an initiative taken by IPDC in association with The Daily Star. We also recognized the architects of the nation, our unsung schoolteachers through a program called "Priyo Shikkhok Shommanona".

Accolades in 2021

During the year 2021, IPDC was honored with the following awards:

- Recognized as a Superbrand within NBFI sector by Superbrand Bangladesh
- Bangladesh Innovation Award 2021 – Best Innovation,
  Finance & NBFIs - Winner
- Inspiring Women Award 2021 – Most Progressive Organization – Winner
- ICSB National Award for Corporate Governance Excellence – Bronze Award

Stakeholder Engagement

The sustainability of our company depends on the sustainability of our stakeholder relationships. Sustainable business can only be achieved by interacting and understanding the impact that our business has on the stakeholders. Thus, IPDC always considers the impact a business decision has on its stakeholder and takes necessary steps to mitigate any negative impact which it may have on them. Further details of our stakeholder engagement can be found in the subsequent section.

Credit Rating

IPDC has obtained the prestigious credit rating of "AAA" (Long Term) and ST-1 (Short Term) based on the audited financial statements for the year 2020. The credit rating was performed by Emerging Credit Rating Limited on 26 September 2021. Credit rating of AAA indicates that IPDC has an exceptionally strong capacity to meet its financial commitments and exhibits a high degree of resilience to adverse development in the economy and in business and other external conditions and IPDC possess a strong balance sheet and superior earning records.

Accounting Policies and Estimation

The financial statements are prepared in conformity with International Financial Reporting Standards (IFRSs) which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect are included in the notes to the financial statements.

Changes in Accounting Policies and Estimation

During the year ended 31 December 2021, there were no significant change in accounting policies and estimates which impacted the financial performance, result or position of the company.

Risks and Concerns Issues Related to The Financial Statements

To ensure that financial statements are free from material misstatement and have been prepared in accordance with applicable accounting standards and regulatory requirements, the financial statements are reviewed by the Chief Financial Officer (CFO) after which it is reviewed by Internal Audit and Compliance Department before being placed to the Audit Committee for review, finally after which the financial statement is placed to the Board of Directors for Approval. Some of the risk and concerns associated with the financial statements include the following:

Application of Accounting Policy

There is a risk that accounting policy may not have been applied consistently in the preparation of the financial statement. In order to mitigate such risk, the accounting policies are reviewed on an ongoing basis to ensure compliance.

Use of Judgments, Estimates and Assumptions

IFRSs requires the use of judgments, estimates and assumptions. There is a risk that the judgments, estimates and assumptions may not be appropriate. To ensure that the judgements, estimates and assumptions are accurate, they are reviewed on an ongoing basis.

Adoption of new International Financial Reporting Standards (IFRS)

There is a risk that that a new IFRS standard is not adopted during the preparation of the financial statement. To ensure compliance, the requirements of the IFRSs are communicated to all the concerned employees and the financial statements are reviewed by qualified accountants of the Finance and Accounts department and another level of screening is done by the Internal Control and Compliance department.

Inadequate Disclosure

There is a risk that there may not be adequate disclosures in the financial statement as required by IFRS / IAS, regulatory bodies such as Bangladesh Bank, Bangladesh Securities and Exchange Commission etc. To ensure that the financial statement meets the required disclosure requirement, new circulars, guidelines and letters issued by the regulatory authorities are reviewed on an ongoing basis.

Operational Risk

Operational risk addresses the risk associated with fraud, forgery, unauthorized activities, error, omission, system failure and external events among others. The Company is managing these risks through written procedures, regular training, awareness programs and monitoring of the implementation of these procedures, to ensure that the financial statements are free from material misstatements.

Thank you.

Mominul Islam
Managing Director and Chief Executive Officer

GOVERNANCE
AND RISK MANAGEMENT

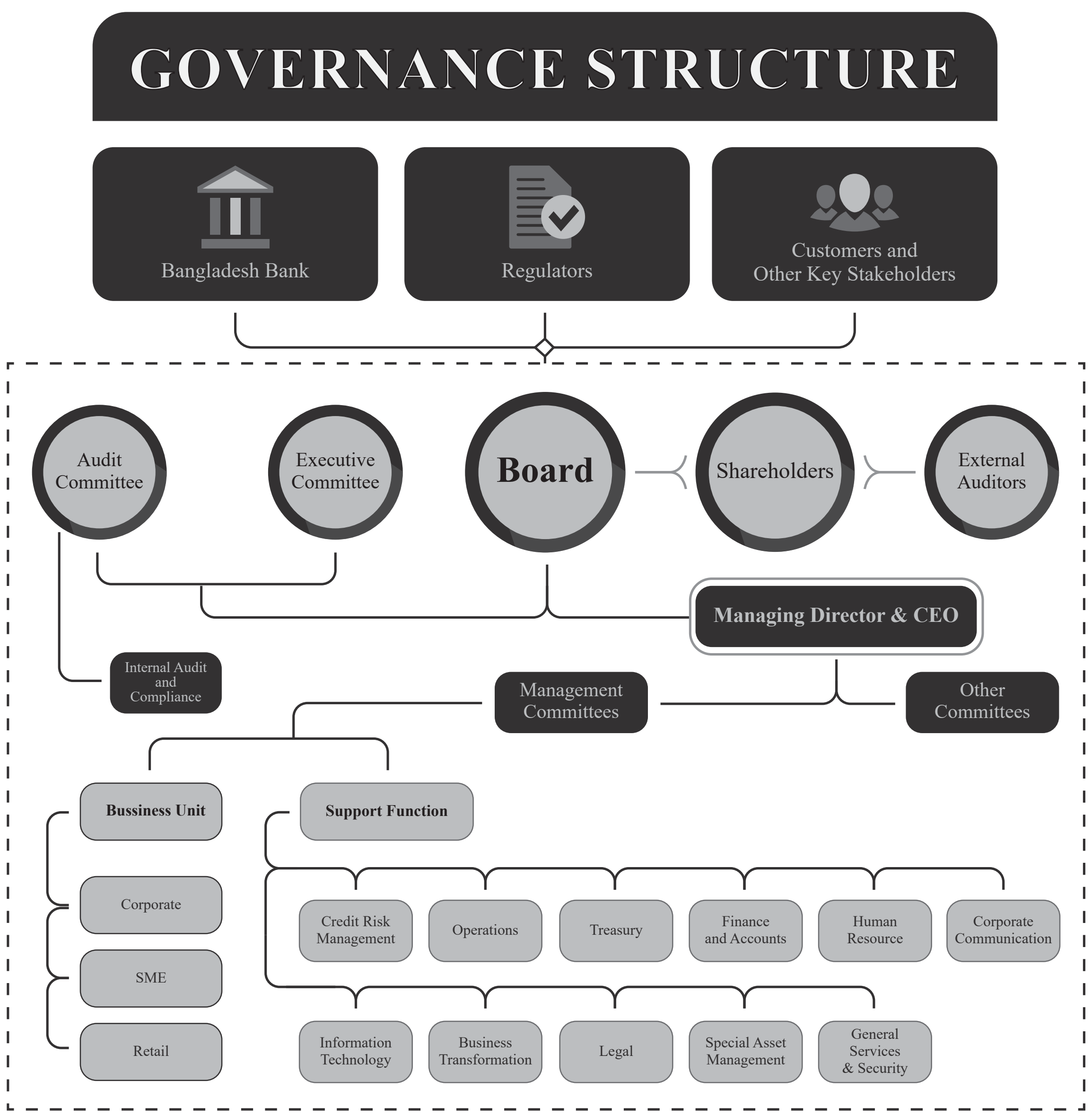
GUIDING PRINCIPLES OF GOVERNANCE

Corporate Governance Statement

Corporate governance is the system by which companies are directed and controlled. The Boards of Directors are responsible for ensuring sound corporate governance in an institution. IPDC believes compliance to be one of its key priorities and is continuously working to strengthen and improve its corporate governance with the aim to have sustainable growth, transparency, accountability, development of corporate values and to meet the expectation of shareholders, customers, regulators, and other key stakeholders.

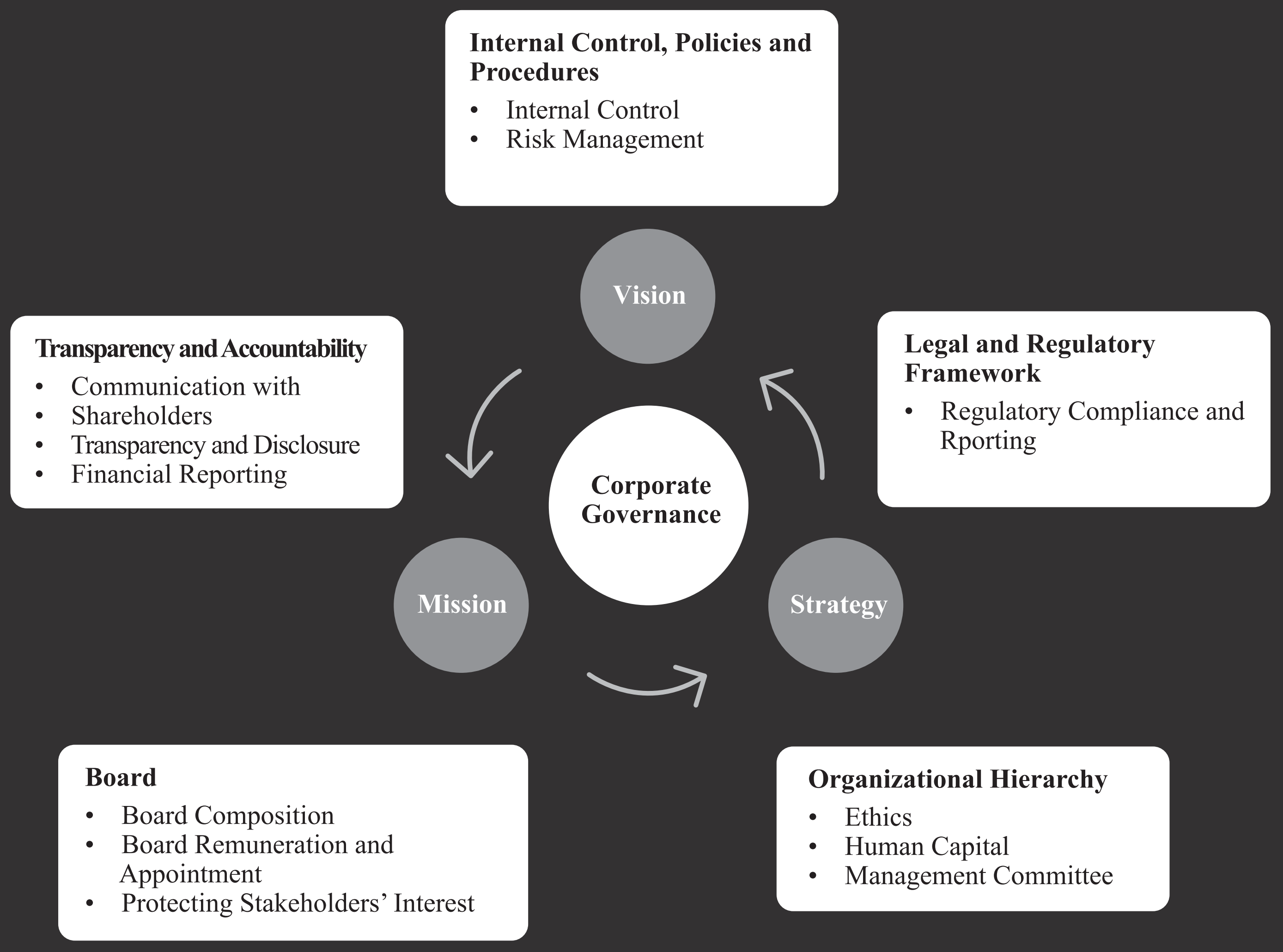
IPDC follows the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) and other instructions, circulars, policies, and guidelines issued by Bangladesh Bank, Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and other regulatory authorities. Our compliance with the corporate governance code has been certified by an external auditor.

The purpose of the Corporate Governance Report is to provide an overview of the various activities relating to corporate governance.



CORPORATE GOVERNANCE FRAMEWORK

IPDC's corporate governance framework is based on the principles of accountability, transparency, ethical management, and fairness. A philosophy of sound governance is entrenched across the business. The directors recognize that good governance, achieved through an ethical culture, competitive performance, effective control, and legitimacy, can create sustainable value and enhance long-term equity performance.



The Board

The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for IPDC and supervises executive management. It also ensures that good corporate governance policies and practices are implemented within the company. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the company and its shareholders. The Board of Director of IPDC comprises of members from diverse professional and educational background having knowledge and experience in Finance, Accounting, Economics, Medical, Law, Business Studies, Business Administration amongst others. A short biography of all the members of the board of directors is set out in the Profile of the Board of Directors section of this annual report.

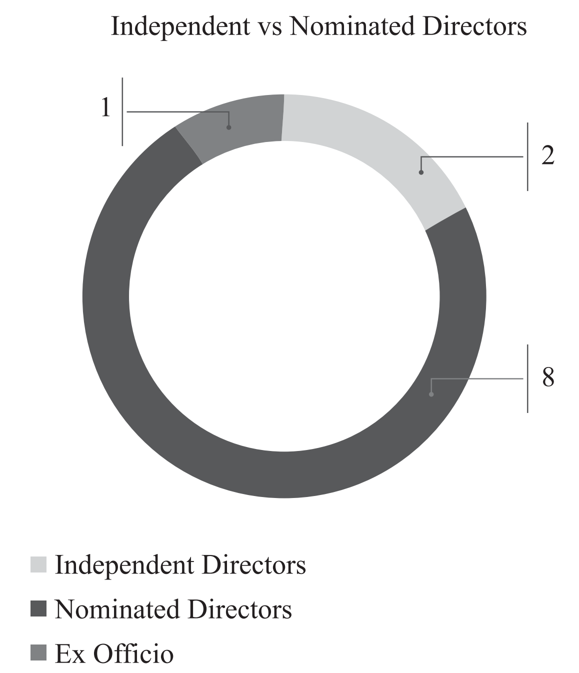
Board Composition

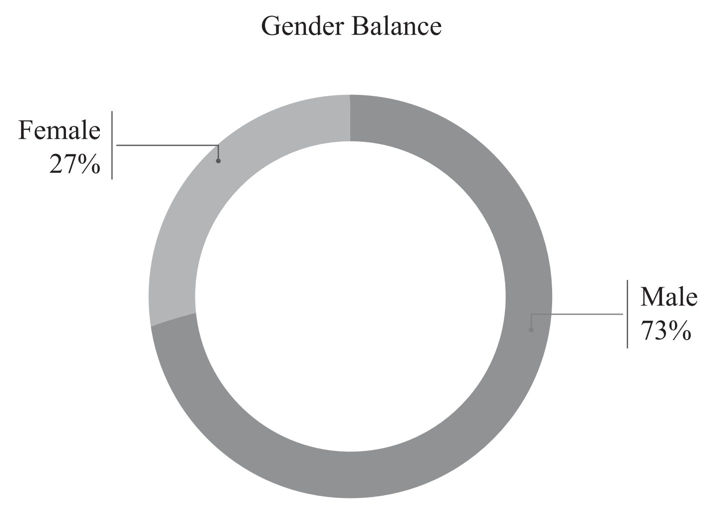
The Board is accountable for ensuring that, as a collective body, it has the appropriate skills, knowledge, and experience to perform its role effectively. It provides leadership through oversight, review and by providing guidance whilst setting the strategic direction of the company. The Board members collectively brings a wide range of industry expertise and depth of experiences to the table, representing diversity of age, nationality, skills, and knowledge. It includes experiences in the areas of strategic planning, accounting and finance, sales and marketing, and business management in the industries that are relevant to IPDC.

Name of Director	Board of Directors	Executive Committee	Audit Committee
Mr. Md. Abdul Karim*	Chairman, Nominated by BRAC	-	-
Mr. Md. Nurul Alam	Director, Nominated by GoB	-	Membert
Mr.Mohammad Manzarul Mannan	Director, Nominated by GoB	Member	-
Ms. Nahreen Rahman	Director, Nominated by Bluechip Securities Ltd.	-	Member
Mr. Syed Abdul Muntakim	Director, Nominated by Ayesha Abed Foundation	-	Member
Ms. Sonia Bashir Kabir	Independent Director	-	Chairman
Ms.Tamara Hasan Abed	Director, Nominated by BRAC	Member	-
Mr. Tushar Bhowmik	Director, Nominated by BRAC	Member	-
Dr. Shah Md. Ahsan Habib	Independent Director	-	Member
Mr. Sameer Ahmad	Director, Nominated by RSA Capital Ltd.	Chairman	-
Mr. Mominul Islam	Managing Director & CEO, Ex Officio	Member	-

**Mr. Md. Abdul Karim was the Chairman till the end of 2021, he was replaced by Mr. Kazi Mahmood Sattar on 2nd February, 2022*

Board Balance





Responsibilities of the Board

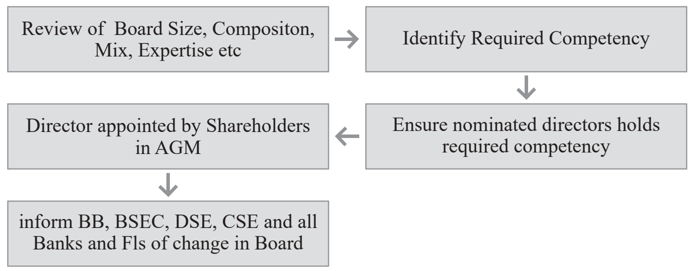
The board has overall responsibility for the organization. The responsibilities of the board of Directors include:

- Setting overall strategic direction of the company
- Review and approval of business strategy
- Review and approval of budget
- Review of performance against financial and strategic objectives
- Approval of internal policies and guidelines
- Approval of financial statements
- Understanding risk and setting risk appetite
- Ensuring good governance
- Appointment of Managing Director & CEO and fixation of benefits

Appointment of Directors

In relation to the selection and appointment of new Directors, the existing Board of Directors possesses the following duties and responsibilities:

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions;
- Identify any competencies not adequately represented and agree to the process to be assured that a candidate nominated by the shareholders with those competencies is selected;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with the stipulations of the Companies Act, 1994, and the Articles of Association of IPDC;



Any change in the members of the Board requires intimation to the Bangladesh Bank, all scheduled Banks and Financial Institutions (FIs), Bangladesh Securities and Exchange Commission (BSEC) and the stock exchanges.

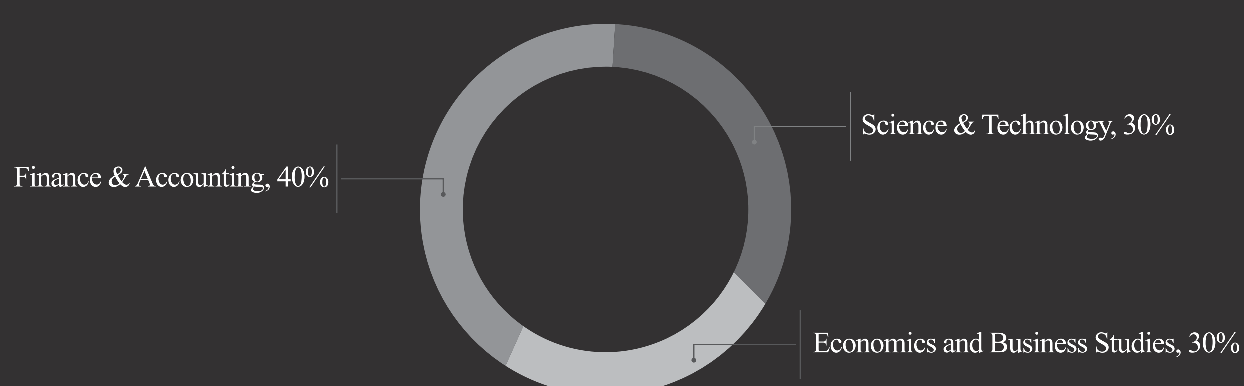
Knowledge and Expertise of Directors

- Finance
- Information
- Economics
- Social Science
- Management
- Business Administration
- Development Administration
- Natural Science
- Accounting

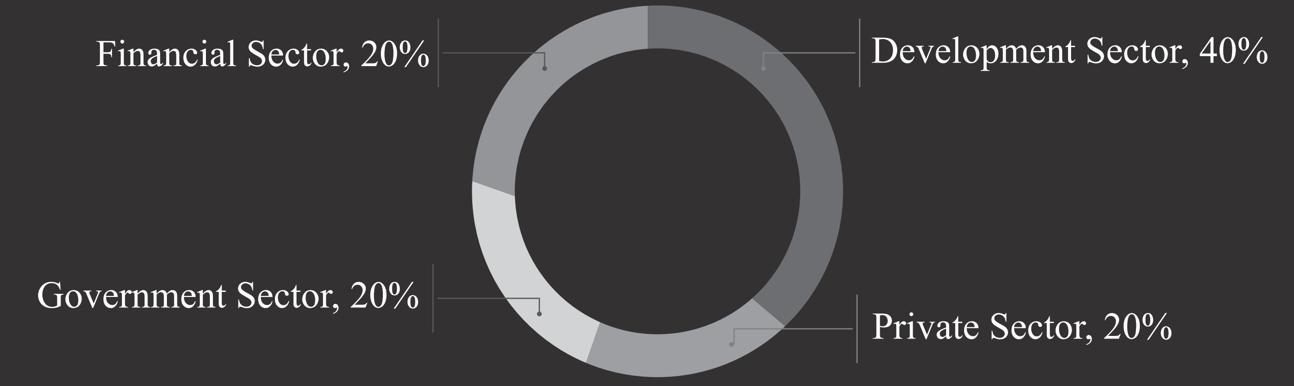
The Board of Directors have a wide variety of knowledge and experience in various sectors. This ensures that together, they formulate the right policy for the development of the business while having the specialized skills and the ability to foresee developments across a larger perspective and with enough independence to audit the management in a balanced manner.

Name of Director	Field of Study
Mr. Md. Abdul Karim	Chemistry and Development Administration
Mr. Md. Nurul Alam	Physics
Mr.Mohammad Manzarul Mannan	Economics and Finance
Ms. Nahreen Rahman	Economics
Mr. Syed Abdul Muntakim	Accounting
Ms. Sonia Bashir Kabir	Science and Business Administration
Ms.Tamara Hasan Abed	Finance and Economics
Mr. Tushar Bhowmik	Accounting
Mr. Sameer Ahmad	Arts, Economics & Political Science
Prof. Shah Md. Ahsan Habib	Finance and Accounting
Mr. Mominul Islam	Economics and Business Administration

Education Background of Directors



Industry Sector Experience of Directors



Board Meeting Frequency and Members' Participation

In compliance with Bangladesh Bank's directive, the meeting of the Board of Directors is normally held at the registered Corporate Head Office of the Company. The meetings are held frequently and at least quarterly to help the Board discharge its responsibilities and functions. The meetings are scheduled in advance and the notice of each Board meeting is given in writing to each Director by the Company Secretary.

Director Name	Board Meeting		Audit Committee Meeting		Executive Committee Meeting	
	Maximum Possible	Number Attended	Maximum Possible	Number Attended	Maximum Possible	Number Attended
Mr. Md. Abdul Karim	7	7	-	-	-	-
Mr. Md. Mominur Rahman*	7	7	6	6	-	-
Mr. Md. Nurul Alam	-	-	-	-	-	-
Mr. Biswajit Bhattacharya Khokon ndc**	7	7	-	-	6	5
Mr. Mohammad Manzarul Mannan	-	-	-	-	-	-
Dr. Shah Md. Ahsan Habib	5	5	4	4	-	-
Ms. Sonia Bashir Kabir	7	6	6	4	-	-
Ms. Tamara Hasan Abed	7	5	-	-	6	4
Mr. Tushar Bhowmik	7	7	-	-	6	6
Mr. Syed Abdul Muntakim	7	7	6	6	-	-
Mr. Sameer Ahmad	7	4	-	-	6	6
Ms. Nahreen Rahman	7	6	6	6	-	-

-Leave of absence was granted in all cases of non-attendance

**Mr. Md. Mominur Rahman was a Nominee Director of GOB, he was replaced by Mr. Md. Nurul Alam on 23 December 2021.*

***Mr. Biswajit Bhattacharya Khokon ndc was a Nominee Director of GOB, he was replaced by Mr. Mohammad Manzarul Mannan on 26 December 2021.*

Adequate Representation of Non-Executive Directors

Number of Non-Executive Directors: 10

IPDC's Board comprises ten (10) Non-Executive Directors (NEDs) including two (2) Independent Directors. All the Non-Executive Directors are nominated by their respective institution's shareholders except for the Independent Directors. All the Directors bring forth independent judgment and considerable knowledge to perform their roles effectively.

Adequate Representation of Independent Directors

Number of Independent Directors: 2

Bangladesh Securities and Exchange Commission (BSEC), Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018, at least one-fifth of the total directors of the Board shall be Independent Directors. The composition of the Board of Directors of IPDC consists of ten (10) Directors including two (2) Independent Directors. Independence of the respective Independent Directors is confirmed during selection and appointment of the Directors, and they remain committed to continue with such independence throughout their tenure.

Independence of Independent Directors and their adequate representation

IPDC appoints Independent Directors who do not hold any shares in the Bank and do not have any family or other relationship with its Board of Directors and its executive management. IPDC also ensures compliance with Bangladesh Bank's guidelines and Bangladesh Securities and Exchange Commission's notification relating to the appointment of Independent Directors and seeks approval from Bangladesh Securities and Exchange Commission and Bangladesh Bank for appointing a person as an Independent Director which ensures the independence of the Independent Director. IPDC has one independent director out of nine directors (excluding Ex-officio member).

Board's Committees and their Responsibilities

Board sub-committees include Audit Committee and Executive Committee. Board Committees and their responsibilities are outlined in the Integrated Risk Management Framework section.

Related Party Transaction

Transactions with related parties were executed on the same terms, including interest rates as those prevailing at the time for comparable transactions with normal business transactions with others and do not involve more than a normal risk. A detailed disclosure on related party transaction is provided with the notes to the financial statements. The NEDs do not have executive responsibility of running day-to-day affairs of the company; neither they put undue influence in taking operating decision of the company.

ACTIVITIES OF THE BOARD DURING 2021

The Board of Directors of IPDC Finance Limited discussed matters related to company performance, policy formulation, resource allocation and risk management. A summary of the key agendas is given below:

Key agendas considered by the Board of Directors during 2021		
Q1 2021	1	Review of Budget 2021 along with year 2020 estimates
	2	Approval of Procurement Policy
	3	Management Response on Bangladesh Bank Inspection Report
	4	Adoption of Directors' Report, Auditors' Report and Audited Financial Statements for year ended 31 December 2020 and recommendation for appropriation of profit for the year 2020
	5	Approval of Dividend Distribution Policy
	6	Auditor's Report on Corporate Governance Certificate by Auditor
Q2 2021	1	Review of 1st Quarter 2021 Management Report on Business and Operations vis-a-vis Budget and corresponding period of last year
	2	Approval of Un-Audited Financial Statements for the 1st quarter 2021 ending 31 March 2021
	3	Report on the rectification of issues as per Bangladesh Bank Inspection Report
	4	Report on Strategic Progression and plan of IPDC to become the market leader
	5	Approval of Long-Term Loan in Foreign Currency Proposals
Q3 2021	1	Management Report on Half Yearly (H1) Business and Operations as of 30 June 2021 vis-à-vis Budget
	2	Approval of Un-Audited Half Yearly Financial Statements as of 30 June 2021
	3	Approval of the Audited Financial Statements of IPDC Finance Limited for the five month period ended 31st May 2021
	4	Approval of Business Continuity Plan (BCP), Disaster Recovery Plan (DRP) and Crisis Management Program
	5	Approval of Changes in Gratuity and Provident Fund Rules
Q4 2021	1	Review of Management Report on year-to-date (YTD), quarterly (Q3) business and operations as of 30 September 2021 vis-à-vis budget
	2	Approval of Un-Audited Financial Statements for the 3rd Quarter ending 30 September 2021
	3	Proposal for vendor selection for Dana Digital Platform
	4	Audit Report on Post implementation of Core Banking System (CBS)
	5	Approval of Budget for 2022 along with Year 2021 estimates

TRAINING OF THE BOARD OF DIRECTORS

To aid the Board of Directors in performing their role and responsibilities, it is essential that they get sufficient and appropriate training. IPDC organizes training for the members of the Board as and when required. These trainings are approved by the Board or Sub-Committees of the Board as applicable.

BOARD MEETING MINUTES

IPDC as per requirement of BSEC conduct Board Meetings and record the minutes of the meetings as well as keep the required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB).

Appraisal of Performance of the Board

An evaluation of the Board is performed through self-assessment and by the shareholders at the Annual General Meeting (AGM). The management reports, quarterly financial statements and implementation status of boards' directives provides a basis against which the Board can assess its own performance. The directors are elected by the shareholders in the AGM and the shareholders at the AGM can comment on the performance of the Board against which the Board can take steps to enhance its performance.

Chairman
Role Of The Chairman

The Chairman runs the Board. The Chairman serves as the primary link between the Board and the management and works with the Managing Director and CEO and the Company Secretary to set the agenda for Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as Directors of the Company.

The role and responsibilities of the Chairman of the Board is defined and set by the Board. The Chairman's primary role is to ensure that the Board is effective in its task of setting and implementing the Company's direction and strategy. The Chairman is selected by the Board.

The principal features of the role of the Chairman comprise the followings:

- Providing leadership to the Board
- Taking responsibility for the Board's composition and development
- Ensuring sufficient provision of information available to the Board
- Planning and conducting Board meetings effectively
- Getting all the Directors involved in the Board's work
- Ensuring the Board's focus on key tasks
- Engaging the Board in assessing and improving its performance
- Overseeing the induction and development of Directors
- Supporting the Managing Director and CEO.

Responsibilities of the Chairman

The Chairman of the Board shall be responsible for the management, development and effective performance of the Board of Directors and provides leadership to the Board for all aspects of the Board's functions. He will:

- ensure effective operations of the Board and its committees in conformance with the highest standards of corporate governance
- ensure effective communication with shareholders, host Governments and other relevant constituencies and ensure that the views of these groups are understood by the Board
- set the agenda, style, and tone of Board discussions to promote constructive debate and effective decision making
- ensure that all Board Committees are properly established, composed, and operated
- support the Managing Director and CEO in strategy formulation and, more broadly, provide support and give advice
- ensure an effective relationship among Directors, acting as the principal conduit for communication and issues relating to business strategy, planned acquisitions and corporate governance
- establish a harmonious and open relationship with the Managing Director and CEO;
- ensure that Board Committees are properly structured and all corporate governance matters are fully addressed
- encourage active engagement by all members of the Board.

Separation Of Duties Between Ceo And Chairman

The Chairman of the Board is not the Chief Executive of the Company and are independent of each other, and their roles are autonomous and separate, in accordance with the DFIM Circular No. 07, dated 25.09.2007.

Managing Director

The main duties and responsibilities and authorities of the Managing Directors are as follows:

- Perform duty as delegated by the board.
- Business planning and achieving targets set by the board through execution of business plan
- Ensure compliance with Financial Institutions Act, 1993 and related guidelines and circulars
- Appointment and appraisal of the employees

Appointment of Managing Director

The Managing Director & CEO is appointed by the Board subject to the consent of the shareholders in the Annual General Meeting (AGM) and approval of Bangladesh Bank.

Annual Evaluation of the CEO by the Board

Assessing the performance of the CEO is one of the responsibilities of the board. The Board does the performance assessment of CEO annually based on the specific targets as set forth in Annual Budget and long-term strategic goals. Additionally, The Board also evaluates the performance of the CEO in each quarter when the month-end financial performance of the Bank is placed before the Board for review. The process begins before the new financial year commences so that performance objectives which reflect the organization's strategic objectives and priorities are agreed upon. The Board considers both financial and non-financial goals in both short term and long term while setting targets and doing the performance assessment.

Appointment of Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC)

The Board appointed a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) as per the policy of the company and related rules and regulations. The positions of Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) are held by different individuals, and they are proficient in the field of regulatory, financial and corporate laws to carry out their assigned roles, responsibilities and duties.

Company Secretary

The Company Secretary of the Company, who is also the Head of Legal Affairs, has day-to-day knowledge of the Company's affairs. Company Secretary reports to the Board of Directors and is responsible for providing advice on governance matters.
The Company Secretary's biography is set out in the Profile of the Management Committee section of this annual report.

Role of Company Secretary

In compliance with the Corporate Governance guidelines, the Company Secretary has defined roles and responsibilities approved by the Board. The Company Secretary acts as a mediator between the Company, its Board of Directors, stakeholders, the government, and regulatory authorities. He has expertise in corporate laws, capital markets, security laws and corporate governance. He also keeps close review of all legislative, regulatory and corporate governance developments that might affect the Company's operations and ensure that the Board is fully briefed on these and that it has regard to them when taking decisions.
The Company Secretary ensures that the best management practices and work ethics are embraced to create value for the Company. He ensures that the concept of stakeholders is in the Board's mind when important and business decisions are being taken co-ordinates the policies of the Company, fulfills the management function and provides guidance on strategic decisions for the improvement and growth of the Company.

ICSB Standards

IPDC follows the relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (IC`

Chief Financial Officer (CFO)

The Chief Financial Officer reports to the CEO and is responsible for providing advice on financial matters. A biography of the Chief Financial Officer is set out in the Profile of the Management Committee section of this annual report.

Role of Chief Financial Officer

A chief financial officer (CFO) is the senior executive responsible for managing financial operations of the organization, including accounting, financial reporting, tax, and business control. The CFO assists the senior management in formulating strategic plans, financial goals, and objectives of the company. Major roles of the Chief Financial Officer include:

- Oversee preparation annual budget, financial and business plans.
- Help maintain optimum capital structure
- Forecast and control operating costs
- Oversee preparation of monthly financials with analysis
- Oversee preparation of quarterly, half yearly and annual financial statements
- Liaise with the External Auditor and oversee the audit procedure
- Ensure compliance with all reporting, accounting and audit requirements imposed by the regulators
- Ensure proper tax management and compliance system

Overall financial analysis of the company is separately disclosed in Performance Analysis by the CFO section.

Head of Internal Audit and Compliance (HIAC)

Head of Internal Audit and Compliance reports directly to the Audit Committee of IPDC's Board of Directors and is responsible for assessing and mitigation of various control risks. A biography of the Head of Internal Audit and Compliance is set out in the Profile of the Management Committee section of this annual report.

Role of Head of Internal Credit and Compliance

The Head of Internal Audit and Compliance (HIAC) is responsible for IPDC's strategic risk-based internal audit plan. Responsibilities include providing reasonable assurance on the effectiveness of the organization's risk management and the strength of internal controls

Access of Head of Internal Audit and Compliance to the Audit Committee

The Head of Internal Audit and Compliance has the direct access to the Audit Committee.

Compliance with Corporate Governance Regulation by Bangladesh Bank and Bangladesh Security and Exchange Commission

In compliance with the conditions of the Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) vide their notification no. BSEC/2006-158/207/Admin/80 dated June 3, 2018, S. F. Ahmed & Co. examined the compliance with the said conditions of Corporate Governance and certified that IPDC Finance Limited has complied with the conditions of Corporate Governance stipulated in the above mentioned BSEC's notification. The company also provides the compliance checklist as required by Bangladesh Bank. The details can be found in the Annexure to the Directors' Report.

Establishing Effective Anti-Fraud Programs and Controls

In recent times, the Company has come to identify the risk of fraud as one of the emerging issues in the overall risk management framework. Planned anti-fraud initiative include the introduction of a whistleblower mechanism. A whistleblower policy has already been formulated and placed before the senior management for review and approval. Additionally, emphasis is placed on strengthening existing processes or activity levels and anti-fraud controls are embedded within the overall system of internal controls. Committee.

Communications to Shareholders and Stakeholders

It is the company's policy that all external communication by the Company will:

- be factual and subject to internal vetting and authorization
- not omit material information
- share information in a timely, clear, and objective manner

IPDC strongly believes that all stakeholders should have access to complete information on its activities, performance, and product initiatives.

Communication through AGM

All shareholders have the right to attend the Annual General Meeting (AGM) where they can meet and communicate with the Directors and express their views regarding the Company's business, prospects, and other matters of interest. The shareholders are always encouraged to attend the meetings or, if they are unable to attend, to appoint proxies.

Process of Communicating the Schedule

All notices of the Annual General Meeting (AGM)/ Extraordinary General Meeting (EGM) are sent to the Exchange and simultaneously to the shareholders at least 14 days prior to AGM and 21 days prior to EGM. Copies of the Annual Report are also sent at least 14 days before the Annual General Meeting to the shareholders. Notice of the AGM is sent to the Dhaka Stock Exchange (DSE), Bangladesh Securities and Exchange Commission (BSEC), online newspaper and print media. The notice of the AGM is also made available on the company website.

Communication through Quarterly Investors Meet

IPDC conducts quarterly investors meet session where quarterly financial results are discussed. It is an open forum where investors get an update on the recent performance and progress against strategic priorities of the company. The event is also live streamed so that investors who are unable to attend the event physically can share their thoughts and ask questions through virtual presence.

Communication through Website

The Company's website (www.ipdcbd.com) displays, the annual reports, half-yearly reports, quarterly reports, product offerings, recent announcements, presentations, and event updates. Price Sensitive Information (PSI) are made publicly available as required by the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE) and the Chittagong Stock Exchange Limited (CSE) and the Bangladesh Bank. In addition to ensuring timely compliance, this also enables dissemination of information to all stakeholders and the public through print and online media.

Communication through Quarterly Financial Statements

The quarterly performance of IPDC is communicated through the quarterly financial statements and in addition to being issued on the website it is also issued in two widely circulated national dailies one in English and another in Bangla.

Remuneration Committee Nomination Committee and Risk Management Committee

As per the Corporate Governance Code issued by BSEC, a company needs to form a Nomination and Remuneration Committee (NRC). However, as per the Central Bank's regulation, no NBFI can form any Board Subcommittee other than Executive Committee and Audit Committee. Additionally, IPDC has obtained a clarification from Bangladesh Bank and confirmed that IPDC does not need to form a Nomination and Remuneration Committee (NRC). However, IPDC has a risk management forum. Detail regarding the member composition of the risk management forum as well as key responsibilities are provided in the Integrated Risk Management Framework section.

Remuneration of Directors and Senior Managers

Directors are not entitled to any remuneration other than attending the meeting of the Board and its committees. Bangladesh Bank vide its DFIM Circular No.13 dated November 30, 2015, fixed the maximum remuneration limit to BDT 8,000 per attendance, the Board of IPDC complies with the regulation. A summary of the remuneration paid to the Directors is available in the annexure to Directors' Report.

Managing Director's remuneration is recommended by the Board of Directors and approved by the Central Bank. Remuneration of the Managing Director is disclosed in the Profit and Loss section of the Annual Report and detail breakdown is available in the Notes to the Financial Statements.

Remuneration for senior executives is competitive and based on market to attract, motivate, and retain skilled and competent employees. The total remuneration package of senior executives comprises basic pay, car benefits, allowances, performance bonus, retirement benefits (Gratuity and Provident Fund) and other benefits as per company's policies.

DIRECTOR'S REPORT

Dear Stakeholders,

The Board of Directors of IPDC Finance Limited takes great pleasure to welcome you to the 40th Annual General Meeting of the Company. On behalf of the Board of Directors, I am presenting the Directors' Report on the operational and financial activities of your Company together with the Audited Financial Statements for the year ended 31 December 2021 which also includes reports on business and strategy review, risk management, corporate governance, internal control system, financial and operational highlights for your valued consideration, approval, and adoption. This report has been prepared in compliance with Section 184 of the Companies Act 1994, Financial Institutions Act 1993 and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank and other regulatory authorities.

The COVID-19 pandemic made the past two years far more challenging. The pandemic caused tremendous loss of human life, social disruptions, health crisis and adversely impacted the global economy as the entire world entered in another lockdown during the middle of the year due to a new variant. However, the vaccine rollout has reduced the overall impact of the pandemic.

Even though COVID-19 continues to spread; most economies came out of lockdown and loosened up various containment measures as it is economically unfeasible to continue the lockdown indefinitely.

Like all sectors of economy, the financial sector started healing but continued to face difficulties in paying loan installment due to the pandemic. To tackle the crisis, the government of Bangladesh allowing FIs to hold loan classification for due installments up to June. As the lockdown was lifted, Bangladesh Bank introduced a new rate for Stock Dealers (2.00% of base for provision) along with stricter rules for loan classification.

However, despite the all the negativity due to the pandemic, IPDC still continues to grow and delivered an impressive bottom-line growth considering the current world affairs.

Loans and advances of IPDC grew marginally by 21.9% and stood at BDT 65,327 million in 2021 against BDT 53,610 million in the previous year. The growth in loans and advances was due to higher disbursements at the end of the year.

A key focus during the year was to ensure sufficient liquidity to meet short-term needs of the organization and more importantly the needs of the customers of IPDC. Despite the pandemic, IPDC was able to increase its customer deposit size to BDT 48,545 million in 2021 from BDT 41,381 million in the previous year, an impressive growth of 17.3%. IPDC managed to increase its customer deposit thanks to innovative deposit campaigns.

Overall, the balance sheet size of IPDC increased by 11.9% and ended at BDT 84,973 million. The classified loan ratio stood at 3.15% at the end of 2021 against 1.38% in 2020. The classified loan ratio of IPDC continues to be one of the lowest in the industry. The capital adequacy ratio came down to 15.65% in 2021 from 18.51% in the previous year.

Revenue of IPDC increased significantly to BDT 3,445 million from BDT 2,830 million in the previous year, a growth of 21.7%. Operating profit increased to BDT 2,203 million with a growth of 31.2% and Net Profit after Tax increased to BDT 881 million in 2021 against BDT 706 million in the previous year representing a growth of 24.9%.

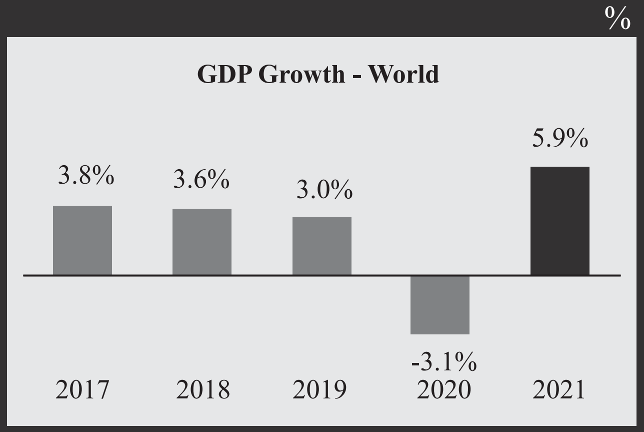
Key Performance Highlights

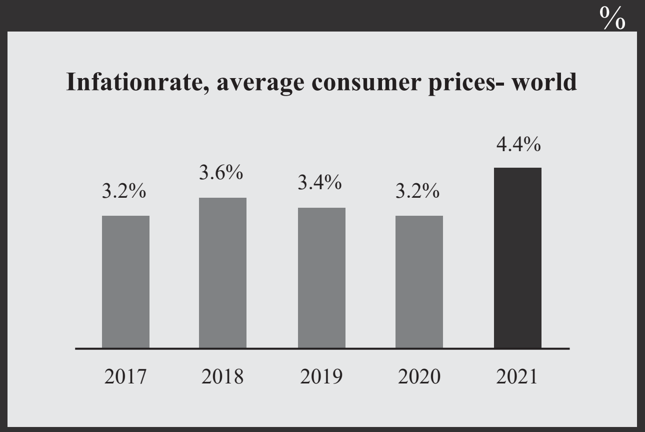
in BDT mn / %

LOANS & ADVANCES	21.9% ▲	65,327	OPERATING PROFIT	31.2% ▲	2,203
CUSTOMER DEPOSITS	17.3% ▲	48,545	NET PROFIT	24.9% ▲	881
TOTAL ASSETS	11.9% ▲	84,973	CLASSIFIED LOAN RATIO	176 bps ▲	3.15%
REVENUE	21.7% ▲	3,445	CAPITAL ADEQUACY RATIO	286 bps ▼	15.65%

Economy and Industry Review

Global Economic Review





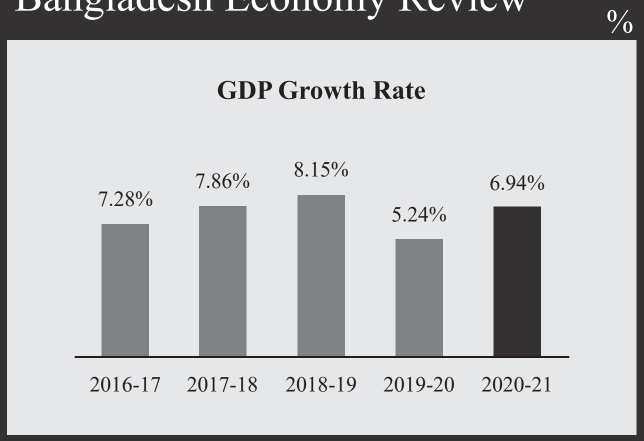
Global GDP increased by 5.9% in 2021 compared to decline of 3.1% in the year 2020. The COVID-19 vaccine rollout led to increase in global growth. The global economy growth is projected to be 4.4% and 3.8% in the year 2022 and 2023 respectively as per the latest projection by IMF.

The global inflation rate increased to 4.4% in 2021 in line with the global increase in GDP growth. However, it is estimated that the inflation rate will decrease to 3.8% in 2022 as the global economy recovers.

Regional Economy Review

Regional growth is set to increase by 7.1 percent in 2021 and 2022, as the economic recovery in South Asia continues. Despite devastating COVID-19 waves in the second quarter of 2021, countries were able to minimize economic impacts, thanks to more targeted and localized containment measures and a rebound in global demand. India's economy, South Asia's largest, is expected to grow by 8.3 percent in the fiscal year 2021-22, supported by increase in public investment to boost domestic demand and incentives schemes to boost manufacturing. On the other hand, China is projected to grow by 8.5 percent in 2021, while the rest of the region is projected to grow by 2.5 percent. Vaccine rollouts have accelerated but most countries still have some way to go to vaccinating majority of the population, as constraints on the supply of vaccines remain.

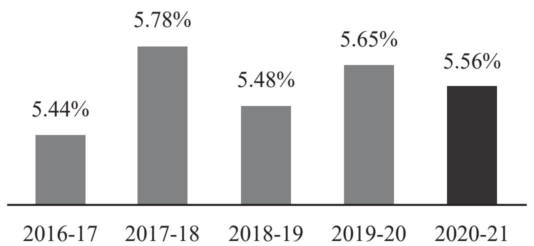
Bangladesh Economy Review



GDP growth in Bangladesh is accelerating gradually. Like all other economies, Bangladesh experienced disruption in economic activities during the pandemic. However, Bangladesh remained much less affected than others and reported an impressive 6.94% GDP growth in FY2020-21. Given the performance of the regional peers, it can be considered as an achievement. Strong remittance inflow during the latter part of the fiscal year and increase in manufacturing as the pandemic eased up were key in achieving this impressive figure.

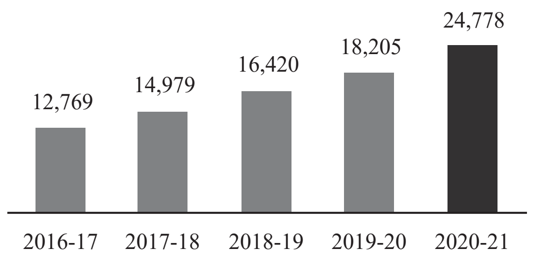
%

Inflation Rate (Consumer Price Index)



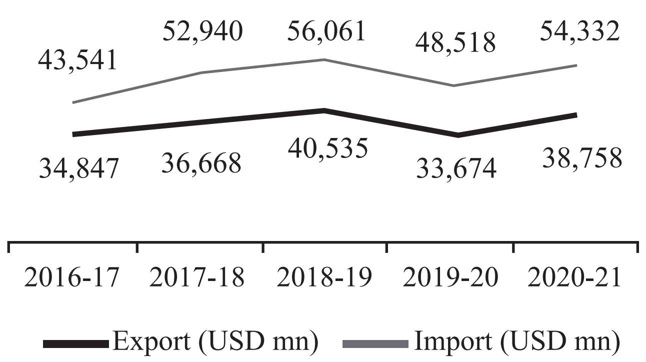
Inflation decreased slightly to 5.56% in FY2020-21 as the COVID-19 pandemic eased up a little due to nationwide vaccinations. Inflation is likely to remain at this level because of uninterrupted food production and supply chains.

Inward Remittance (USD mn)



Inward remittance grew by 36.1% to USD 24,778 million in FY2020-21. The major portion of remittance has been received from Middle East countries. In FY 2020-21 the highest share of remittance came from KSA which was 23.6% of total remittances followed by UAE (10.2%), Kuwait (7.5%) and Oman (6.4%).

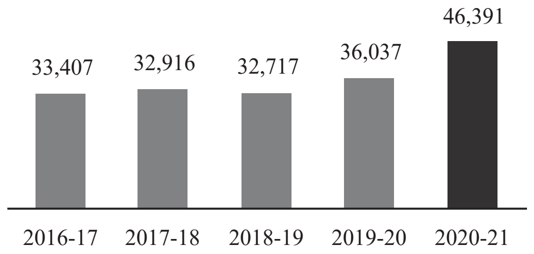
in BDT mn



Exports saw a growth of 15.1% and stood at USD 38,758 million in FY2020-21 and import also witnessed a growth of 12.0% and stood at USD 54,332 million. The rise in import and export came off from the economy starting to recover due to the reduced effects of the pandemic.

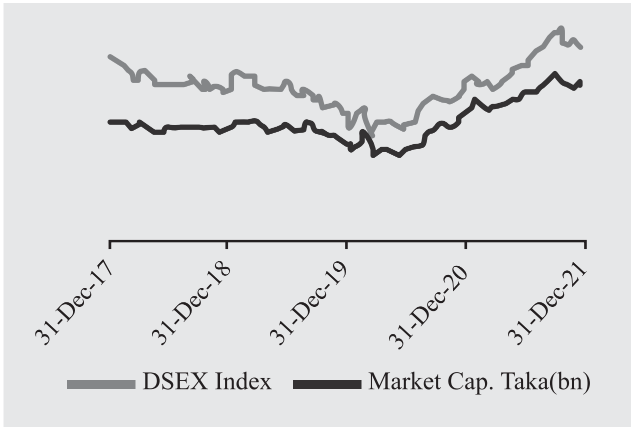
in BDT mn

Foreign Exchange Reserve



Foreign exchange reserve increased significantly by 28.7% and stood at USD 46,391 million in FY2020-21. Inward remittance played a key role in boosting foreign exchange reserves.

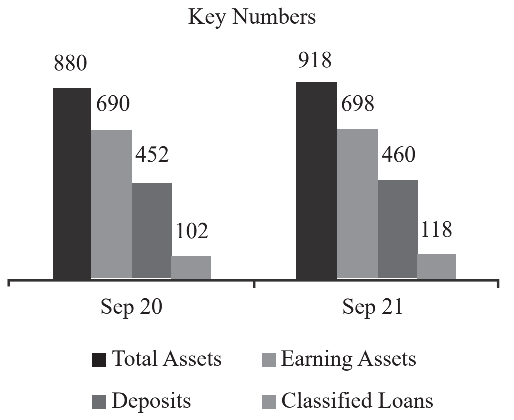
Capital Market Review



DSE Index (DSEX) closed the year at 6,757 points in 2021 against 5,402 points at the end of 2020, a growth of 25.1%. Similarly, market capitalization increased by 21.0% to BDT 5,422 billion at the end of 2021 from BDT 4,482 billion in 2020.

Non-Banking Financial Sector Review

in BDT bn



Key Industry Numbers

Particulars	Amount
Total Assets	918 (+4.3%)
Earning Assets	698 (+1.2%)
Total Deposits	460 (+1.7%)
Classified Loan Ratio	17.6% (+2.2%)
Spread	3.1%

Note: Data as on 30 September 2021 used as subsequent data is not publicly available.

The total assets of the non-banking financial institution sector stood at BDT 918 billion in September 2021, an increase by 4.3%, from BDT 880 billion in September 2020.

Earning assets stood at BDT 698 billion, an increase by 1.2% on year-on-year (YoY) basis. Industry Loans and advances constituted 76.1% of total assets in September 2021.

Total classified loan stood at BDT 118 billion as of September 2021 representing an increase by 14.8% on year over year basis. Classified loan ratio increased to 17.6% in September 2021 from 15.5% in September 2020.

Deposits in September 2021 and stood at BDT 460 billion, an increase by 1.7% on YoY basis. Deposits formed 50.1% of the total liabilities and equity of the industry as of September 2021.

Spread stood relatively flat at 3.1% at the end of September 2021.

Capital Adequacy Ratio (CAR) of the industry stood at 13.3% in September 2021 against 14.3% in September 2020. CAR continues to remain above the minimum requirement of 10.0%. The decrease in CAR is mainly due to an increase in Risk Weighted Assets (RWA) which increased to BDT 716 billion in September 2021 from BDT 703 billion in September 2020 and at the same time Eligible Capital decreased to 95 billion in September 2021 from BDT 101 billion in September 2020.

Economy and Industry Outlook

The nation has once again shown its indomitable nature during Covid-19 registering GDP growth over 6% in 2021. In 2022 it is expected that the economy will receive further momentum with the Covid outbreak easing out.

Bangladesh's economic development has been remarkable from the perspective of GDP growth rate. However, the economy has the potential to grow even at a faster pace in the coming years to emerge as a major player in the world economy in next 10-15 years. The coming years are expected to be a turning point for Bangladesh in many ways as the country prepares to graduate from the least-developed nation to a middle-income country. This transformation will be aided by the significant infrastructure investment, including but not limited to, Padma bridge and railway, Hazrat Shahjalal International Airport Dhaka Terminal-3, Dhaka mass rapid - transit development projects and so on.

Private sector investment is likely to receive momentum in the second half of the year, so is private sector growth. With the restrictions relaxed, there will be a surge in international travel both for vacation and medical reason. This coupled with higher import payments will see a slight depletion of foreign reserve in the second half of the year.

In line with the economy, private sector credit is expected to grow in second half of the year. The classified loan in Banks and FIs is still the number one challenge as classified loans increased in 2021. The real picture of the defaulted loans would become clear after the end of suspending loan classification.

On the funding side, Banks and FIs will ramp up disbursements further to grow their portfolio as the pandemic eases out.

STRATEGY

IPDC's core focus remains in leveraging the opportunities in the market through identifying challenges in our society and providing innovative solutions to overcome them.

Macroeconomic and Industry Trends	Our Strategic Response	Actions Taken in 2021
Emergence of Middle and Affluent Consumers (MAC) and improving lifestyle	Bringing technology-led innovative solutions to facilitate consumer white goods financing business	Expanded pilot project for consumer goods financing and retailer financing. Significant progress has been made to launch dedicated platform IPDC EZ and Dana by 2022.
Increasing literacy rate and participation of women in the economy	Developing products and building entrepreneurial capacity of women	Expanded IPDC Priti platform in 2021, integrating all the retail products of IPDC. Priti brings special benefits to women such as health insurance coverage, discounts for health-related services and lifestyle products as well as financial services at a concessional rate.
Intense competition in big cities	Expanding business beyond Dhaka and Chattogram	As 3 new branches were opened in 2021, IPDC continued to increase its presence in non-metro cities through campaigns. As a result, loans and advance witnessed growth of 21.9% in 2021.
Increasing internet and smartphone penetration	Providing fintech solution to the customers	Onboarded bKash, a Mobile Financial Service, as an alternative channel for collection of EMI digitally. Additionally, initiated efforts to introduce a digital wallet for IPDC EZ (Consumer Finance Platform).
Increasing young labor force	Promoting SME and women entrepreneurs and bringing state-of-art technology solution in supply chain finance	Our digital Supply Chain Finance Platform called Orjon is designed for promotion of financial inclusion of MSMEs by providing easy access to collateral free, low-cost credit in the form of Supply Chain Finance.
Gap between demand and supply for mortgage finance	Scaling up mortgage finance targeting low- and middle-income households	Achieved 4.7% growth in Mortgage Finance with a massive 32.1% growth in affordable home loan product through increased presence in regions beyond Dhaka and Chattogram.

Based on the global and Bangladesh economic conjecture, IPDC decided to grow in five strategic fronts. The Company will be taking on the following major strategic initiatives in response to socio-economic trend in the upcoming years.

Area	Execution Plan	Actions Taken in 2021
Brand	Building vibrant brand across the country	IPDC continued to utilize digital and electronic media to cater to the youth. Signature programs such as IPDC Amader Gaan, Unsung Women Nation-builders Awards, Priyo Shikkhok Shommanona are expected to increase brand presence and solidified its place in the industry as a Superbrand.
Human Resource	Attracting and retaining talents, employer branding and providing rigorous training to our people	Employee wellbeing and safety was a key priority for IPDC during the year and the company continued to provide training to its workforce by utilizing technology. Additionally, the company did not consider downsizing as an option while looking for cost control initiatives and ensured payment of salary on time during the lockdown period.
Technology	Implement and scale-up technology-based solutions to keep operating costs low and penetrate new markets	Pilot program is ongoing for Consumer Goods Finance and Retailer Finance platform. Efforts are underway to scale up Orjon Platform and establish it as a marketplace for other FIs.
Distribution	Increasing our geographic coverage though branch expansion and strategic tie-ups with various stakeholders	3 new branches were opened in 2021 to extend our customer reach. The company also utilized digital channels to increase reach in the current year.
Customer Experience	Simplifying process to reduce Turn Around Time (TAT) and providing technology-led solutions	Loan and deposit application has been simplified with implementation of single page application forms. The company also introduced EMI payment through Bkash for ease of customers.

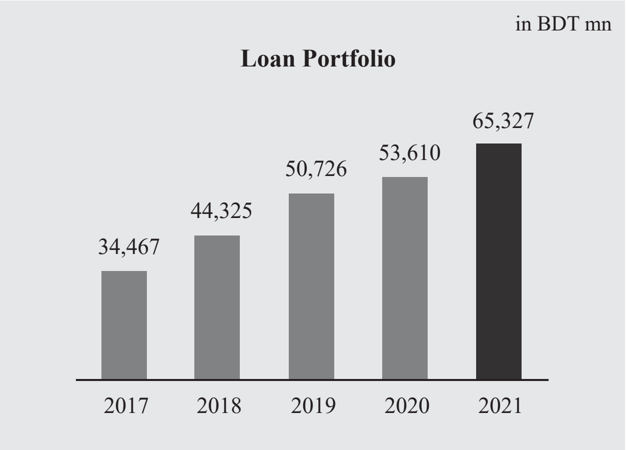
PERFORMANCE REVIEW

Key Investors' Ratio

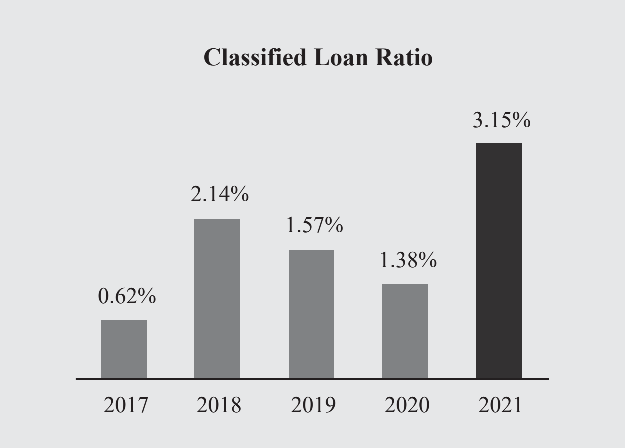
BDT 14,324mn (+39.9%) Market Capitalization	BDT 2.37 (+24.9%) Earnings per Share	14.2% Return on Equity	16.3 times (+12.0%) Price Earnings Ratio
BDT 38.6 (+39.9%) Market Price per Share	BDT 17.1 (+4.8%) NAV per Share	1.1% Return on Asset	12% Cash Dividend

Market capitalization stood at BDT 14,324 million as of the closing day of December 2021 vis-à-vis BDT 10,242 million in December 2020 registering an increase by 39.9%. Market Value per Share stood at BDT 38.6 as of the closing day of December 2021 (DSE) compared to BDT 27.6 in 2020. EPS at the end of 2021 stood at BDT 2.37 against BDT 1.90 in 2020. Net asset value (NAV) per share stood at BDT 17.1 against BDT 16.3 in the previous year. Return on Equity (ROE) stood at 14.2% against 12.1% in the previous year. Price earnings ratio increased to 16.3 times from 14.6 times in the previous year.

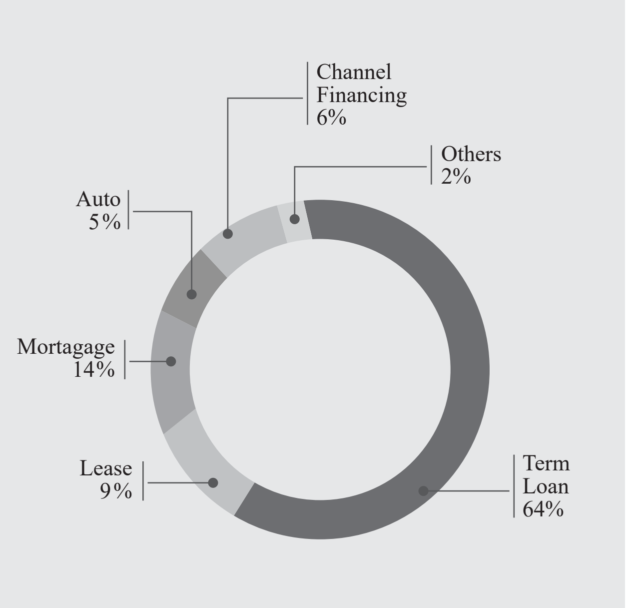
LOAN PORTFOLIO ANALYSIS



During the year 2021, loans and advances of IPDC grew by 21.9% and stood at BDT 65,327 against BDT 53,610 million in the previous year. The growth in loans and advances was due to disbursements picking up at the end of the year. As a result, portfolio growth was higher compared to the preceding years. The company plans to continue its high growth trajectory once business operations are normalized.



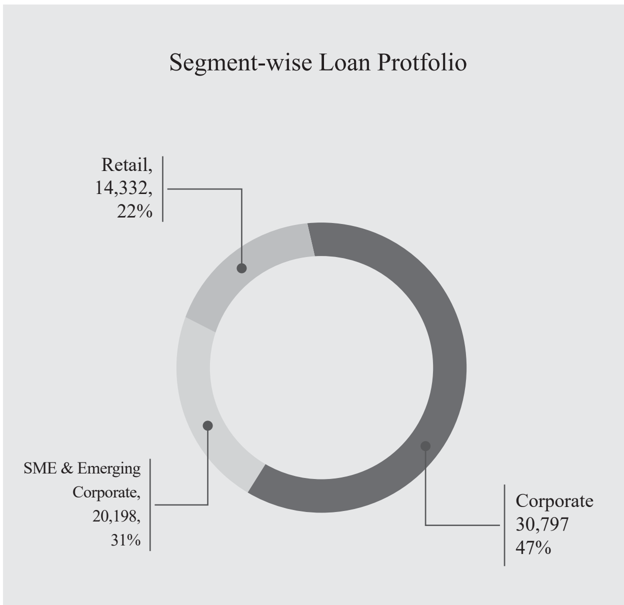
Classified loan ratio came up to 3.15% in 2021 from 1.38% in the previous year. The classified loan ratio of IPDC continues to remain one of lowest in the industry and is significantly lower than the industry average of 17.6% in September 2021. It is to be noted that loans were prevented from being further classified/downgraded due to the rules provided by Bangladesh Bank.



Product-wise Loan Portfolio

The well diversified portfolio of IPDC includes term loan financing that represents 64% of total loans, followed by mortgage financing 14%, lease financing 9%, auto loan 5%, channel financing 6% and other forms of financing 2%. IPDC ended the year with fresh credit disbursement of BDT 49,931 million in 2021 vis-à-vis BDT 27,597 million in 2020.

in BDT mn/%

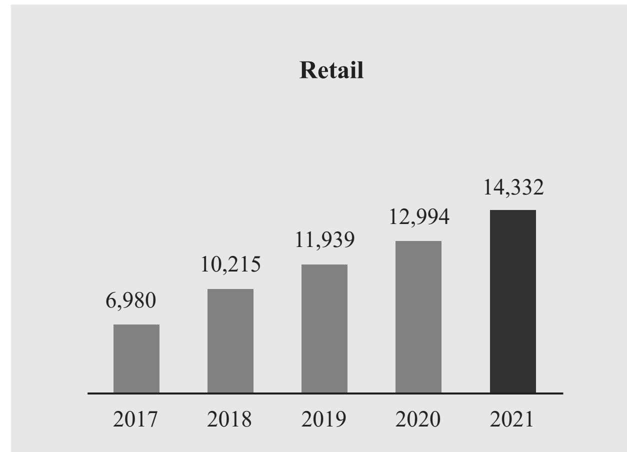


IPDC operates through three major segments: Corporate, Retail and SME & Emerging Corporate.

in BDT mn

Corporate portfolio stands at BDT 30,797 million at the end of December 2021 representing 47.1% of the total portfolio with a large growth of 27.5% from the previous year. From the base year of 2017, corporate loan portfolio grew by 1.6 times from BDT 19,079 million in 2017 to BDT 30,797 million in 2021.

in BDT mn

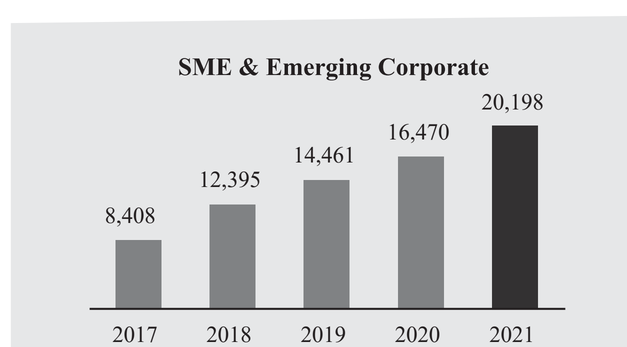


Retail portfolio stood at BDT 14,332 million at the end of December 2021 representing 21.9% of the total portfolio and posting a year-on-year (YoY) growth of 10.3%. From the base year of 2017, retail loan portfolio increased from BDT 6,980 million in 2017 to BDT 14,332 million in 2021 representing a growth of 2.1 times. Growth in retail business will continue to be a key area of focus and it is expected that retail portfolio will continue to take up a greater portion of the total loan portfolio.

Housing finance provides another opportunity to grow in the Retail segment specially beyond the established markets in urban areas. With that in mind, IPDC has aligned its Retail strategy, processes, and operations. Mortgage Finance (including Affordable Home Loan) stood at BDT 8,895 million at the end of 2021 against BDT 8,497 million in the previous year, representing a growth of 4.7%. Affordable Home Loan is one of the flagship products of IPDC and is continuing to gain market traction. Affordable Home Loan portfolio stood at BDT 2,155 million in 2021 against BDT 1,631 million in the previous year which represents a growth of 32.1%.

Further discussion of Retail strategy and outlook can be found in the SBU Strategy Section.

in BDT mn

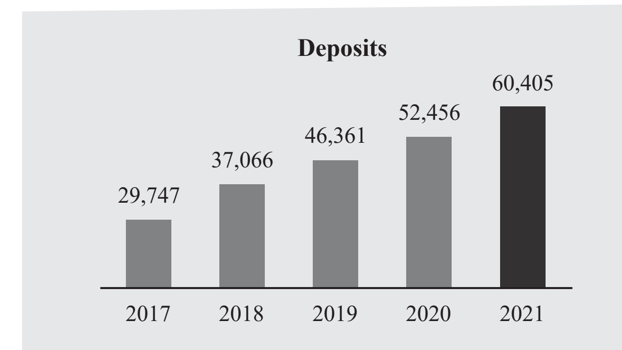


SME & Emerging Corporate portfolio stood at BDT 20,198 million at the end of December 2021 representing 30.9% of the total portfolio and posting a year-on-year (YoY) growth of 22.6%. From the base year of 2017, SME & Emerging Corporate loan portfolio increased from BDT 8,408 million in 2017 to BDT 20,198 million in 2021 representing a growth of 2.4 times.

In addition to the product-wise portfolio diversification, the credit portfolio of IPDC is also well spread across different sectors. Product-wise further detail can be found in Business Review and Risk Management section of the Annual Report.

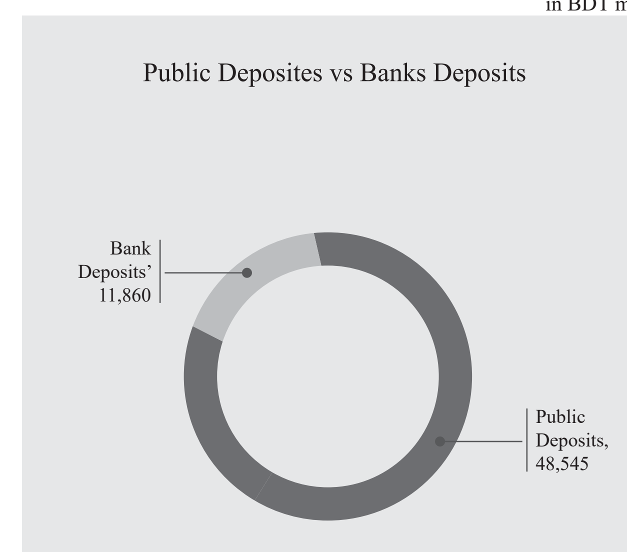
Deposit Portfolio Analysis

in BDT mn



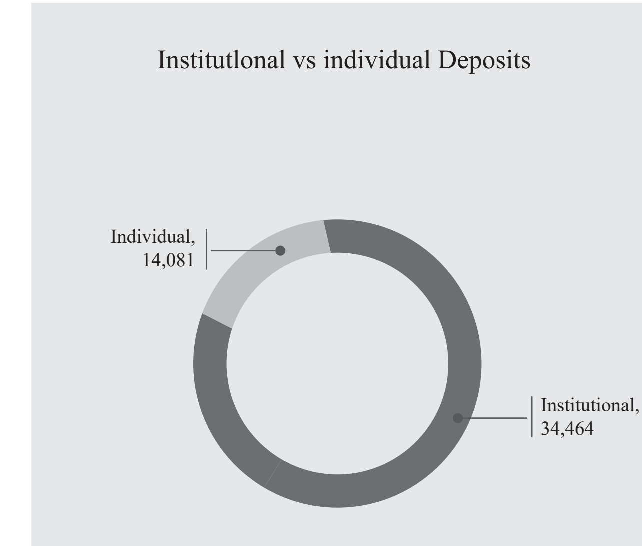
Total Deposits increased by 15.2% during 2021 and stood at BDT 60,405 million, a growth of 2.0 times from the base year of 2017. This was made possible by strong efforts of the liability team as well as innovative deposit campaigns. Number of public deposit accounts stood at 11,270 in 2021 from 10,153 number of accounts in the previous year, up by 1,117 (+11.0%) from last year. Average ticket size of customer deposits remained constant at BDT 4 million in 2021.

in BDT mn



Public deposits (deposits excluding FDR from Banks & NBFIs) grew by a whopping 17.3% and took 80.4% of the total share of deposits, amounting to BDT 48,545 million whereas deposits from Banks and NBFIs accounted for 19.6% of the pie and amounted to BDT 11,860 million at the end of 2021.

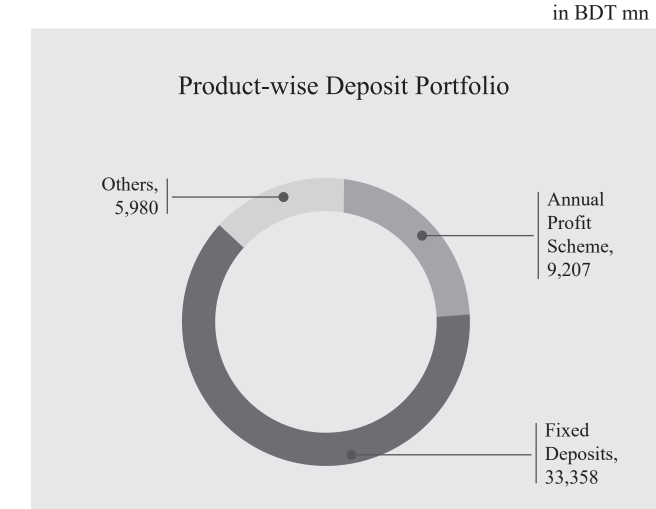
in BDT mn



Deposits from individuals accounted for 29.0% of the total deposits and amounted to BDT 14,081 million in 2021 against BDT 12,588 million in the previous year representing a growth of 11.9%.

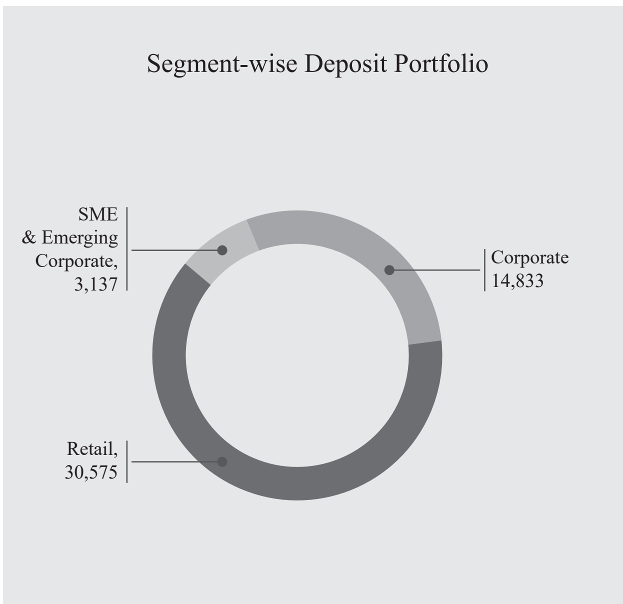
Deposits from institutions accounted for the remaining 71.0% and stood at BDT 34,464 million at the end of 2021 against BDT 28,793 million in the previous year with a growth of 19.7%.

in BDT mn



The company launched innovative campaigns focusing on deposit mobilization during the year to shield the company against potential liquidity crisis due to the COVID-19 pandemic. Fixed deposits (BDT 33,358 million) accounted for 68.7% of the total public deposits whereas Annual Profit Scheme (BDT 9,207 million) accounted for 19.0% and other deposits (BDT 5,980 million) accounted for remaining 12.3%.

in BDT mn



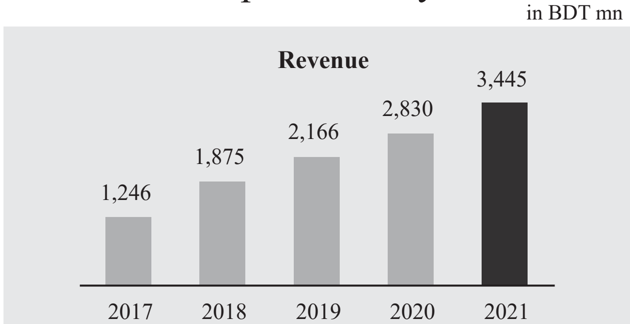
Corporate, SME & Emerging Corporate and Retail deposits accounted for 30.6%, 6.5% and 63.0% of the total public deposits respectively. IPDC will continue to focus more on Retail deposits in the future to reduce concentration risks of high-ticket size deposits of Business Finance. Overall Retail deposits increased by 14.1% and stood at BDT 30,575 million in 2021 taking up 63.0% of the total pie. Although new deposits continued to flow in, however, attrition rate remains a concern. IPDC will continue to focus on small ticket size long term retail deposits as these tend to be stickier.

Treasury Operations

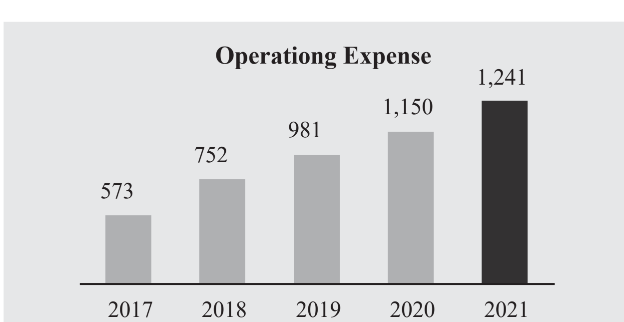
Our treasury operations played a key role in managing fund and liquidity. Treasury supported IPDC's growth momentum while keeping cost of funds at a tolerable level and fortified the company on liquidity front. The growth in borrowings from banks and NBFIs mainly came in form of funds from refinance project of Bangladesh Bank which stood at BDT 4,151 million increasing by 35.1% in the year. The company also increased its share of short-term loans by BDT 451 million, taking advantage of low-cost funds available in the market. IPDC will continue to focus more on raising funds through long-term borrowing and issuing debt and equity instruments to further strengthen maturity profile of the balance sheet.

Income and Expense Analysis

in BDT mn

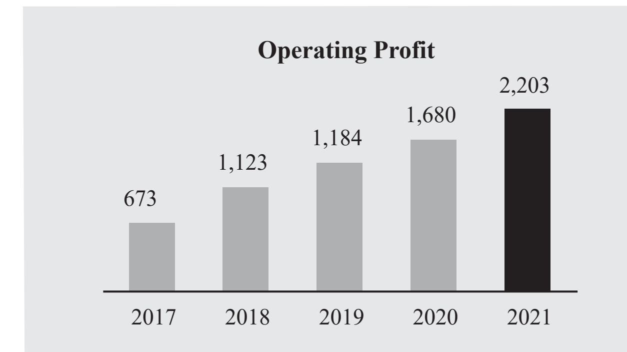


Revenue earned in 2021 amounted to BDT 3,445 million against BDT 2,830 million in the previous year, a staggering increase by 21.7%. It is worth noting that capital gains from government securities and increase in loan portfolio played a major role in significant increase in revenue. Additionally, there were no adverse suspense movement during the year due to the loan moratorium facility provided by the central bank. However, the company has sufficient provisions against risky income and lifting of the loan moratorium will have less of an impact due to the provision.



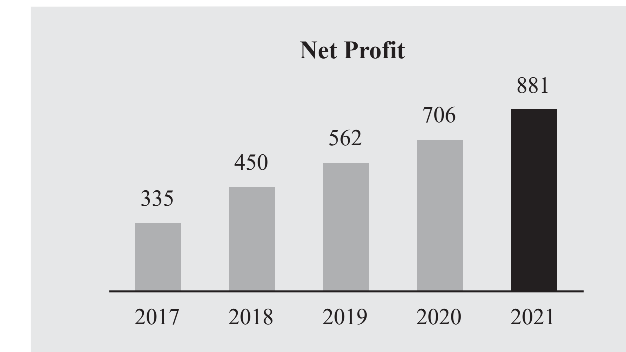
Operating expense increased by 7.9% and amounted to BDT 1,241 million in 2021 against BDT 1,150 million in the previous year. Advertisement expenses increased by 20.1% and stood at BDT 123 million in 2021 against BDT 103 million in 2020. Salary expense for high officials also increased from BDT 14 million in 2020 to BDT 16 million in 2021. The increased advertisement cost is mainly due to branding and events such as "Amader Gaan".

in BDT mn



Combined with high growth in revenue and controlled growth in operating expense, operating profit increased to a record BDT 2,203 million in 2021 against BDT 1,680 million in the previous year, registering a growth of 31.2%.

in BDT mn



Riding on the back of portfolio growth, higher spread and significant capital gains from investment, net profit after tax of IPDC grew by an impressive 24.9% and stood at BDT 881 million in 2021 compared to BDT 706 million in 2020.

Capital Expenditure

Major capital expenditures were incurred during the year and in 2021 the company's total capital expenditure amounted to BDT 101 million, higher than the preceding years. Among the incurred expenditures, major portion was due to opening of 3 new branches, purchase of vehicles and purchase of equipment and appliances for maintenance of new branches and infrastructure. The details of capital expenditure are reflected in the Fixed Assets Schedule in the Notes to the Financial Statements.

Quarterly Operating Results

IPDC's credit portfolio grew for the first two quarters and logged in 6.5% QoQ growth during the last quarter. This is due to improving credit market and normalizing business operations in the country. Deposit growth picked up in Q3'21 and Q4'21 with the majority portion of the growth coming from customer/public deposits.

Revenue decreased during Q3'21 mainly due to Bangladesh Bank's regulation to not count interest suspense income from loans. Significant revenue growth of 75.1% during Q4'21 is attributed to revised regulations from Bangladesh bank stating that loan classification shall be held for due installments considering the client pays 15% of the due amount which was 50% before. The revised regulations also stated that interest suspense income can be counted in total revenue. BDT 231 million capital gain from investment also contributed to revenue. However, As the loan moratorium facility is unlikely to continue, it is prudent to reserve unrealized income to ensure sustainability. Hence, risky income from clients under stress has been transferred to suspense which has offset some of the income.

Quarterly operating profit growth was higher compared to revenue growth as containing cost and conserving cash was a priority for the company because of which operating expense growth was lower than revenue growth. This resulted in cost-to-income ratio to decline from 34.33% in Q1'21 to only 31.31% in Q4'21.

Quarterly net profit after tax witnessed strong YoY growth in all quarters. Q1'21 net profit after tax grew significantly by 36.7% on YoY basis but fell behind by 1.0% compared to the last quarter. Subsequent quarters registered steady growth in net profit after tax with the highest growth coming in the last quarter.

Classified loan ratio increased to 3.15% in Q4'21 from 0.95% in Q1'21.

in BDT mn/%

Particulars	Q1'21	Q2'21	Q3'21	Q4'21
Loans, Advances & Leases	**57,619**	**62,023**	**61,366**	**65,327**
QoQ (%)	*7.5%*	*7.6%*	*-1.1%*	*6.5%*
YoY (%)	*9.8%*	*21.3%*	*20.2%*	*21.9%*
Deposits and Other Accounts	**50,377**	**51,757**	**57,683**	**60,405**
QoQ (%)	*-4.0%*	*2.7%*	*11.4%*	*4.7%*
YoY (%)	*5.4%*	*7.3%*	*13.1%*	*15.2%*
Revenue	**871**	**821**	**637**	**1,116**
QoQ (%)	*3.4%*	*-5.7%*	*-22.4%*	*75.1%*
YoY (%)	*35.4%*	*24.8%*	*-7.1%*	*32.4%*
Operating Profit	**572**	**529**	**336**	**766**
QoQ (%)	*9.4%*	*-7.5%*	*-36.5%*	*128.1%*
YoY (%)	*58.1%*	*41.8%*	*-20.3%*	*46.5%*
Net Profit After Tax	**205**	**205**	**220**	**251**
QoQ (%)	*1.0%*	*0.0%*	*7.3%*	*14.1%*
YoY (%)	*36.7%*	*23.2%*	*18.2%*	*23.7%*
Cost to Income Ratio	**34.33%**	**35.57%**	**47.25%**	**31.31%**
QoQ (%)	*-3.6%*	*1.2%*	*11.7%*	*-15.9%*
YoY (%)	*-9.4%*	*-7.7%*	*8.8%*	*-6.6%*
Classified Loan Ratio (%)	**0.95%**	**1.12%**	**1.64%**	**3.15%**
QoQ (%)	*-0.43%*	*0.17%*	*0.52%*	*1.51%*
YoY (%)	*-0.58%*	*-0.47%*	*0.05%*	*1.77%*

Overall Financial Results

Interest income decreased to BDT 6,545 million from BDT 6,902 million, a decrease by 5.2%. Interest income decreased due to lower lending rate. Interest expense decreased by 23% and reached BDT 3,761 million in 2021 from BDT 4,885 million from the previous year. The decrease in interest expense mainly came from encashments during the year.

Overall net interest income increased to BDT 2,783 million from BDT 2,017 million, an increase by 38.0%. The net interest margin of IPDC increased to 3.8% in 2021 from 3.2% in 2020 mainly due to higher earnings from interest earning asset as well as booking unrealized income from stressed clients.

Non-interest income decreased by 18.6% to BDT 662 million in 2021 against BDT 813 million in the previous year, a major portion of the non-interest income came from commission income which increased by 66.4% in 2021 and represented 27.3% of the total non-interest income. The degrowth in investment income is mainly due to decrease in investment in government securities. Total investment income amounted to BDT 471 million out of which capital gain on government securities and listed shares amounted to BDT 171 million and BDT 60 million.

Operational expense increased to BDT 1,241 million in 2021 from BDT 1,150 in the previous year, a growth of 7.9%. The increase in operational expense was mainly due to increase in advertisement cost and salaries for high officials. Increase in salary cost came from the increase in number of high officials and increase in advertisement was mainly due to events and branding. New capital expenditure mainly from opening of 3 new branches.

Operating profit stood at BDT 2,203 million in 2021 against BDT 1,680 million in the previous year, representing an increase by 31.2%. Operating profit margin increased to 33.7% from 24.3% due to operating profit growing a faster pace than interest income during the year 2021.

Despite the global pandemic, IPDC managed to register a growth of 24.9% in net profit which stood at BDT 881 million in 2021 from BDT 706 million in 2020.

in BDT mn/%

Particulars	2020	2021	Growth %
Interest income	6,902	6,545	-5.2%
Interest expense	4,885	3,761	-23.0%
Net interest income	**2,017**	**2,783**	**38.0%**
Non-interest income	813	662	-18.6%
Total income	**2,830**	**3,445**	**21.7%**
Operating Expense	1,150	1,241	7.9%
Operating Profit	**1,680**	**2,203**	**31.2%**
Provision for Loans	478	700	46.4%
Profit before tax	**1,201**	**1,503**	**25.1%**
Provision for tax	496	622	25.5%
Profit after tax	**706**	**881**	**24.9%**
Net Interest Margin	3.2%	3.8%	19.9%
Operating Profit Margin	24.3%	33.7%	38.4%

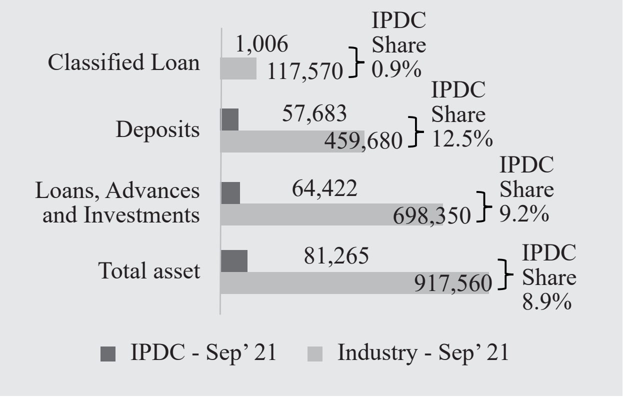
Extra-ordinary gain/loss

During the year 2021, IPDC registered Capital Gain on Government Treasury Bonds amounting to BDT 171 million. There were no other incidence or events which lead to any extra ordinary gain or loss.

NBFI Industry and IPDC Market Share

During the year 2021, IPDC registered Capital Gain on Government Treasury Bonds amounting to BDT 171 million. There were no other incidence or events which lead to any extra ordinary gain or loss.

in BDT mn

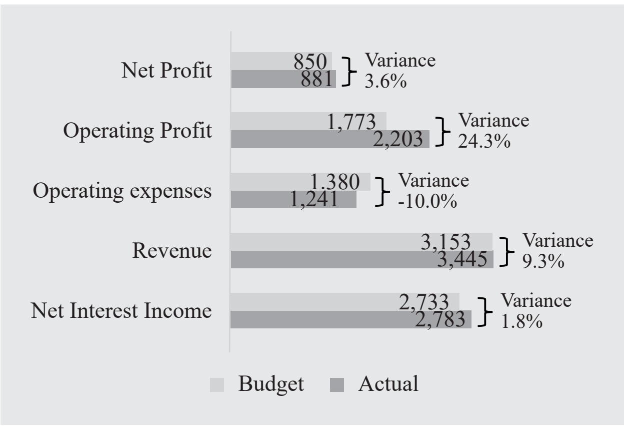


Non-banking Financial Institutions (NBFI) forms an important component of the financial sector of Bangladesh, the combined asset of the sector stood at BDT 917,560 million in September 2021, out of which IPDC's market share stood at 8.9%. Total outstanding loans, advances and investments amounted to BDT 698,350 million at the end of September 2021 wherein IPDC's market share is 9.2% and amounted to BDT 64,422 million. While industry classified loan stood at BDT 117,570 million, IPDC's classified loan stood at BDT 1,006 million as of September 2021 which is 0.9% of the industry total. Deposits in the industry stood at BDT 459,680 million out of which IPDCs deposits stood at BDT 57,683 million and constituted 12.5% of the total.

* Note: Industry data are provided as on 30 September 2021 as subsequent data are not publicly available.

COMPARISON OF ACTUAL AND BUDGETED PERFORMANCE OF IPDC FINANCE LIMITED

in BDT mn



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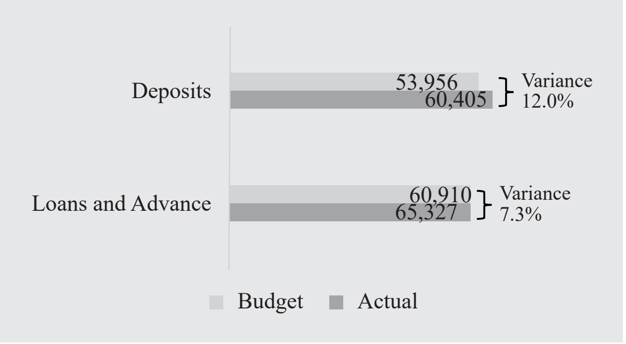


Net interest income stood at BDT 2,783 million against the budgetary target of BDT 2,733 million which is 1.8% above the target of 2021. Net interest income was slightly above budget due to higher than planned portfolio growth.

Revenue stood at BDT 3,445 million in 2021 against a budgetary target of BDT 3,153 million which is 9.3% above the budget. The capital gain from investment along with higher loan portfolio contributed to higher revenue.

Operating expense in 2021 amounted to BDT 1,241 million against the budgetary target of BDT 1,380 million which is 10.0% below the target. The lower cost was due to tighter cost control.

Operating profit stood at BDT 2,203 million and exceeded the budgetary target of BDT 1,773 million by 24.3%.

Net profit in 2021 stood at BDT 881 million against the budgetary target of BDT 850 million which is 3.6% ahead of the target. Net profit exceeded the target mainly due to capital gain from investment along with higher loan portfolio and lower adverse suspense movement impacting the income due to the various circulars issued by the central bank relating to loan moratorium.

Loans and advances ended with BDT 65,327 million in 2021 against the budgetary target of BDT 60,910 million which is above the budget by 7.3%. Deposits was ahead of the budgetary target of BDT 53,956 million an ended with BDT 60,405 million in 2021 which is 12.0% ahead of the budget. The increase in deposit was thanks to some innovative deposit campaigns which attracted new depositors. A key focus during the year was to build up the deposit base to ensure sufficiently liquidity.

PLAN FOR 2022

Business

Asset growth in 2022 will be focused more on Retail and SME segment rather than corporate. This is a purposeful move-away from its current balance sheet composition with an aim to diversify portfolio and minimize concentration risk. Growth in Retail will come from Home loan with Affordable Home Loan (AHL) being one of the strategic priorities of the company along with consumer white goods finance, mainly driven by IPDC EZ. IPDC EZ is expected to be launched to mainstream customers by Quarter 2 of 2022 and necessary promotional activities will be carried out within this timeframe. DANA, our retailer finance platform is expected to be launched by the end of the year 2022. Increasing brand visibility to boost Retail products will be one of the key priorities. As the company continues to grow, containing the Classified Loan Ratio will remain as another key focus area for ensuring sustainable growth in balance sheet and profitability.

On the liability side, IPDC intends to continue to increase its share of core customer deposits within overall deposit portfolio to further solidify its liquidity position and shield itself from market volatility. Additionally, to diversify its sources of fund, long-term borrowing from foreign sources is being considered as well as additional borrowing from the bond market as we are going to issue a subordinate bond. The current Capital Adequacy Ratio of 15.65% is well above the regulatory requirement of 10.00% and is currently at optimum level to satisfy the growth ambition of 2022.

People

IPDC opened 3 new branches at the end of 2021 and plans to increase its employee headcount in 2022. The company plans to focus on training the new recruits along with capacity development of existing resources. Moreover, the company is continuously trying to improve its processes to make it more development focused, and performance orientated.

Process

Process improvements will continue to be a priority for IPDC amid reducing spread in the industry and high competition in the industry. We are in the process of planning to calibrate our distribution points to improve efficiency. Focus of 2022 will be to optimize resource allocation, enhance efficiency and increase brand visibility.

Technology

Information and communication technologies are quickly becoming the heart of financial services sector. IPDC's priority in 2022 will be to launch and implement a new Consumer Goods Finance Platform, IPDC EZ, to provide an easy solution of Consumer Goods Financing for the rising MAC population of the country. We are also planning to develop and launch a dedicated platform called Dana for financing retailers. These platforms will expand opportunity to grow and diversify our business further.

Distribution Network

IPDC offers multiple business services through its 15 branches including head office. The branches cover the geographical areas of Dhaka, Chattogram, Khulna, Sylhet, Rajshahi, Rangpur, Faridpur and Mymensingh and those are located at Motijheel, Dhanmondi, Gulshan, Uttara, Chattogram, Sylhet, Gazipur, Narayangonj, Bogura, Jashore, Cumilla, Mymensingh, Rangpur, Khulna and Faridpur.

Key Operating and Financial Information

Key operating and financial data of the preceding five years and significant deviation as per requirement of BSEC Notification No. BSEC/CMRRCD/2006-158/ 207/Admin/80 dated June 03, 2018 are presented in subsequent section of Directors' Report as Key Operating and Financial Data.

Principal Activities

The principal businesses of the Company are related to finance and finance associated activities. These areas include deposits collection, credit to Corporate, SME and Retail customers. On product front, our areas of financing include factoring finance, work order finance, bill discounting, term loan, project finance, syndicated finance, hire purchase, lease finance, mortgage finance, auto and personal loans equity and quasi-equity investments and other associated services. During 2021, IPDC continued to penetrate the Retail market, and continue its focus on SME segment and collecting of small-ticket size Retail deposit to support long term financing need of the company and widening distribution coverage.

Proposed Dividends and Appropriation of Profit

While taking dividend decision, the Company focuses on creating shareholder value by striking a balance between paying out dividend and retaining the surplus to plough back into the business. Given the Company's strong performance in 2021 and growth potential, while maintaining minimum regulatory capital requirement, the Directors recommend xx% dividend (to be decided), for the year ended 31 December 2021 for the approval of Shareholders in 40th Annual General Meeting scheduled to be held on 17th April 2022.

in BDT mn

Particulars	2020	2021
Retained Earnings bought forward	136.9	258.4
Net Profit after Tax	705.6	880.4
Profit Available for Appropriation	842.5	1,138.8
Transfer to Statutory Reserve	(141.1)	(176.1)
Transfer from Revaluation Reserve	2.3	2.3
Remeasurements of defined benefits liability (assets)	0	(12.4)
Proposed Dividend	(445.3)	(445.3)
Retained Earnings	**258.4**	**2,091.4**

Interim Dividend

No bonus share or stock dividend has been or has been declared as interim dividend.

Capital Management

IPDC recognizes the impact of shareholders' returns on the level of equity and seeks to maintain a prudent balance between Tier-I and Tier-II capital. As per the directives of Bangladesh Bank, the financial institutions are required to maintain capital at 10.00% of risk-weighted assets under Basel-II.

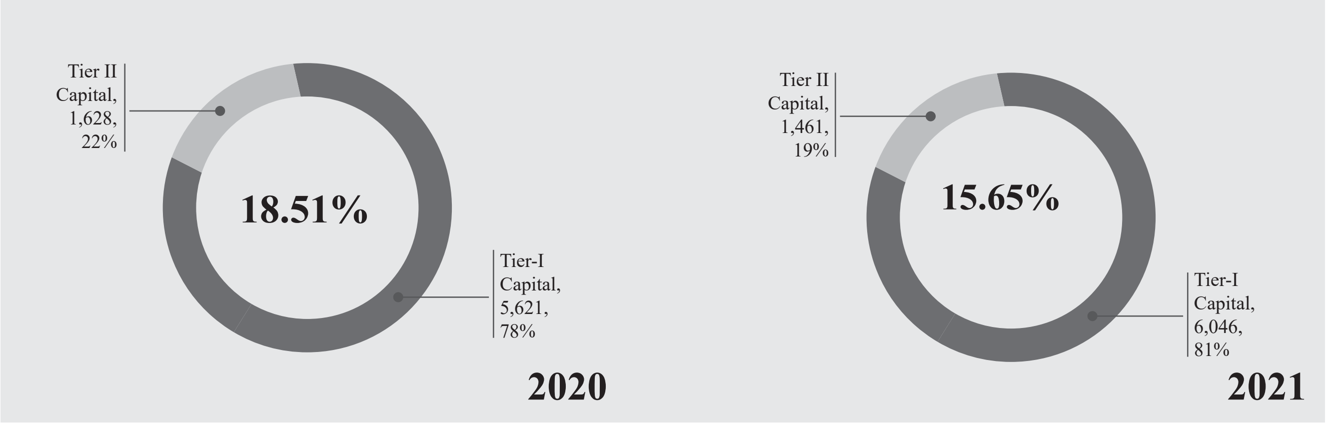
The total shareholders equity stood at BDT 6,353 million and paid-up capital stood at BDT 3,711 million as of December 31, 2021. Total Capital and Reserves (Tier-1 Capital and Tier-II Capital) stood at BDT 7,508 million against BDT 7,249 million in previous year, an increase by 3.6%. Capital Adequacy Ratio as of December 31, 2021 stood at 15.65% against 18.51% in the previous year.

in BDT mn/%

Particulars	2021	Growth
Total Equity	6,353	4.8%
Paid-up Capital	3,711	0.0%
Tier-I Capital	6,046	7.6%
Tier-II Capital	1,461	-10.3%
CAR %	15.65%	-2.9%

Details of our Capital Adequacy Ratio (CAR) is given below:

in BDT mn



Shareholders' Equity and Shareholders' Value

IPDC remains fully committed to delivering higher shareholder value. The steady growth in company's asset size and continuous improvement in asset quality and smooth growth in profitability underpins the value the shareholders derived from investing in the shares of the Company. In 2021 the Company exceeded the expectations in delivering profits, growing Balance Sheet and meeting other KPIs and is, therefore, well poised to produce even better results in future. Exceptional operating performance, backed by solid business fundamental, has resulted in appreciation in shareholders' wealth in form of growing market capitalization, growth in EPS and stable dividend.

Impact

Contribution to National Economy

Since its inception IPDC has played a pivotal role over the last three decades in developing the private sector industry in Bangladesh through various landmark projects in partnership with renowned corporate houses and financial institutions. As a direct contribution to national economy, IPDC has deposited a total amount of BDT 924 million in 2021 in form of corporate tax, withholding tax, excise duty and VAT to the national exchequer. This is 3.6% higher compared to last year's figure of BDT 892 million. Detail in this regard can be found in the Social and Relationship Capital Section.

Apart from this, IPDC is indirectly creating jobs in the economy through financing SMEs which is considered as one of the lifelines of the economy. The company also has contribution in assisting women to build financial and non-financial assets which also contributes directly to growth of the national economy.

Summary of Contribution to Government Exchequer

in BDT mn

Particulars	2020	2021
Corporate Tax	308	373
Withholding Tax	496	424
VAT	34	51
Excise Duty	54	76
Total	**892**	**924**

Contribution Towards Society and Environment

IPDC believes in giving back to the society in a way that will contribute towards the betterment of people in the society as well as ensuring the wellbeing and sustainability of the environment. IPDC continues to make contribution to society through sponsoring and organizing various events and making charitable donations. CSR expense at the end of 2021 stood at BDT 12.7 million. Details of the activities and events can be found in the Social and Natural Capital section.

Contribution Towards Employees

Human Resource (permanent) strength of IPDC stood at 590 as of December 2021 against 581 as of December 2020. Employees go through a well-articulated training and development program so that they remain competent, skillful, and relevant to the current and future needs of the Company. We give our best effort to ensure the wellbeing and workplace safety of our employees.

Corporate and Financial Reporting Framework

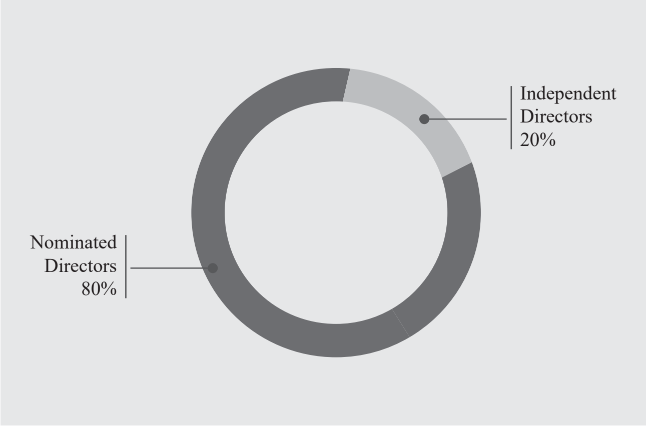
The Board of Directors, in accordance with BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018, confirms compliance with the financial reporting framework for the following:

- The financial statements prepared by the management of IPDC fairly presents the state of affairs, the results 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 the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- The company has designed sound internal control system and it is being effectively implemented and monitored.
- Minority shareholders have been protected from abusive actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress.
- There are no significant doubts upon the Company's ability to continue as a going concern.

The Board

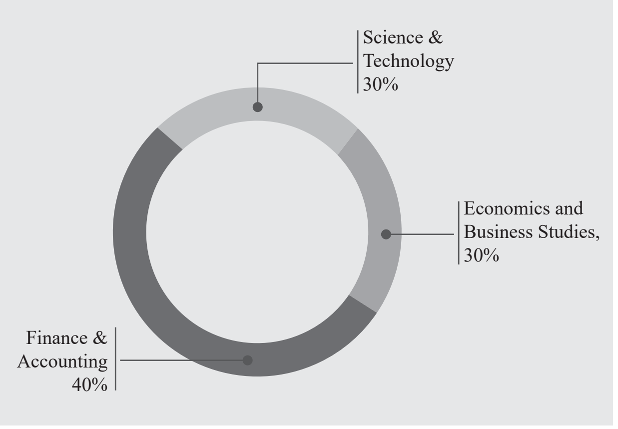
Board Diversity

Balance between independent and nominated director as per composition.

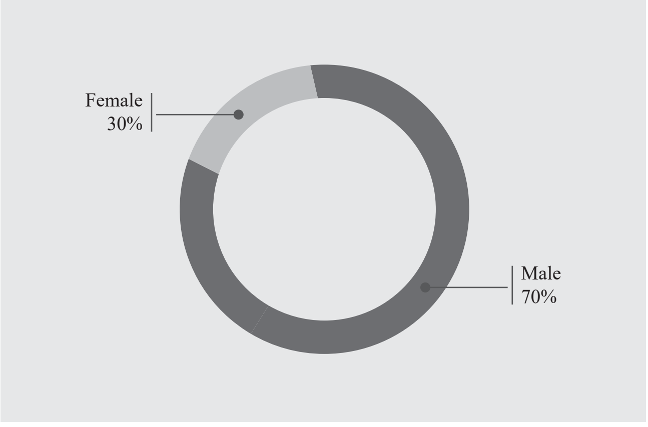


* Composition of the Board of Directors of is 8 nominated Directors and 2 independent directors.

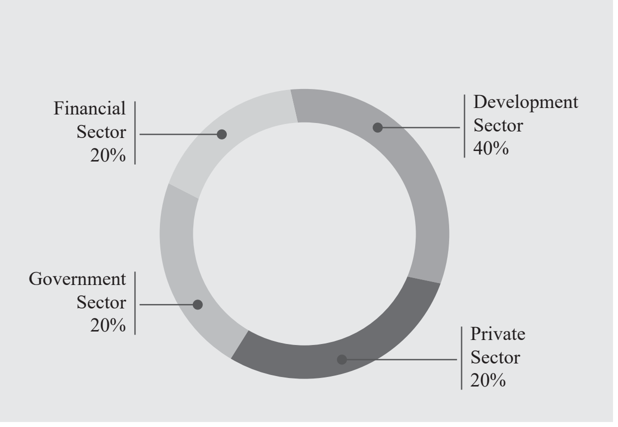
Education Background



Gender Balance



Sector Experience

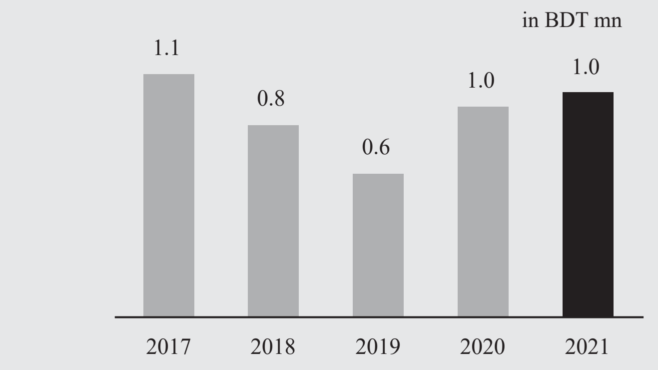


Board Committees

The board has two sub-committees. The Audit Committee on behalf of the Board of Directors attempts to ensure effective implementation of the processes set out in the business plan and policies while the executive committee have oversight roles including approving the credit risk-taking activities of the company.

Committee Name	Member	Meetings Held in 2021
Audit Committee	5	6
Executive Committee	5	6

Directors' Remuneration



IPDC pays remuneration to its directors based on the guidelines issued by Bangladesh Bank and other applicable laws.

Director's Meeting, Attendance and Remuneration

During the year ended 31 December 2021 a total 7 (Seven) Board Meetings were held. The details of attendance by the Directors along with remuneration paid to them are disclosed in the relevant section of the Directors' Report.

Appointment, Re-appointment, and Retirement of Director(s)

As per Article 100 and 101 of the Articles of Association of the Company, the following 3 (three) Directors will retire from the office of the Company in the 40th Annual General Meeting and 3 (three) being eligible to offer themselves for re-election, as per Article 105 of the Articles of Association of the Company. Brief resumes of the directors are furnished in the 'About IPDC' section of this Annual Report.

Mr. Sameer Ahmad	Nominated by RSA Capital Limited
Ms. Nahreen Rahman	Nominated by Bluechip Securities Limited
Mr. Tushar Bhowmik	Nominated by BRAC

Appointment of Members of The Management Committee Team

IPDC recruits top level executives who have proven track record and possess right set of skills and competences to achieve the growth ambition of the company. The Board, therefore, finally selects the incumbent through an interview process after the initial screening by the CEO.

Internal Control System

Board of Directors have the responsibility for reviewing and approving the overall business strategies and significant policies of the Company, understanding the major risks the Company is exposed to, setting acceptable levels for these risks and ensuring that senior management takes necessary steps to identify, measure, monitor and control these risks. Senior management has the responsibility for implementing strategies and policies approved by the Board, developing processes that identify, measure, monitor and control risks incurred by the Company, maintaining an organizational structure that clearly assigns responsibility, authority and porting relationships, ensuring that delegated responsibilities are effectively carried out, setting appropriate internal control policies and monitoring the adequacy and effectiveness of the internal control system.

An effective internal control system also requires that an appropriate control structure is set up, with control activities defined at every business level. These include top level reviews; appropriate activity controls for different departments or divisions; physical controls; checking for compliance with exposure limits and follow-up on non-compliance; a system of approvals and authorizations; and a system of verification and reconciliation.

Control Environment

Control activities are the policies and procedures which help to ensure that management directives are carried out, and the necessary actions are taken to minimize the risks of failure to meet stated objectives. Policies and procedures are effectively established within the Company and are continuously reviewed for compliance, adequacy and improvement opportunities. The Board of Directors sets the tone for an effective control environment through regular reviews of the processes for identifying, evaluating, and managing significant risks. An effective Control environment is set by top management and cascades down across all business functions. Every year the top team conducts a self-assessment of key controls that affects the business and develops action plans to make the internal control environment aligned with our business philosophies, strategic objectives of the company and risk appetite of the shareholders.

Statement on Utilization of Proceeds from Debt Instruments and Capital

Statement on Utilization of Proceeds from Debt Instrument

IPDC obtained approval for Bangladesh Securities and Exchange Commission and Bangladesh Bank for raising capital through the issuance of fully redeemable subordinated bond amounting to BDT 1,000 million. During the year 2019, BDT 800 million was raised through the issuance of the subordinated bond bringing the total amount of the bond to BDT 1,000 million (BDT 200 million was raised in 2018).

The proceeds from the issuance of the subordinated bond were used to pay off high-cost short-term borrowing and finance business growth. Furthermore, the subordinated bond acted as Tier-II capital which helped us to further strengthen our capital based and enhance our Capital Adequacy Ratio.

Statement on Utilization of Proceeds from Rights Share

As mentioned in the Rights Share Offer Document (ROD), the purpose of issuance of Rights shares is to cope with the business growth and strengthen the capital base of the Company and maintain a healthy Capital Adequacy Ratio (CAR).

Capital Raised Through Right Issue	BDT 1,414 million
Date of Close of Subscription	31 July 2019
Proceeds Receiving Date	10 July 2019
Last Date of Full Utilization of Fund as per ROD	Within 6 (six) months after receiving total fund of right share

Disbursement	Timeline	Amount (BDT)	Status of Utilization				
			Total Utilized Amount	Utilized (%)	Commission and Bank Charges	Total Unutilized Amount	Unutilized %
Retail	6 Months	400,000,000	399,720,000	99.93%	1,388,332	-	0%
SME	6 Months	400,000,000	399,700,578	99.93%		-	0%
Corporate	6 Months	613,682,080	612,873,170	99.87%		-	0%
Total	**6 Months**	**1,413,682,080**	**1,412,293,748**	**99.90%**	**1,388,332**	**-**	**0%**

RISK MANAGEMENT

Risk management is embedded in the organizational structure, culture, operations, systems and process. Business risks across the Company are addressed in a structured and systematic way through a predefined risk management framework. The Board continuously assess the risks faced by the company and updates policies to strike a balance between risk and growth. While the Board sets the policies, management is responsible for executing those polices across the organization. A summary of Risk Management approach is given below:

Credit Risk

Risk of loss from failure of clients or customers to honor their obligations including the whole and timely payment of principal, interest, collateral and other receivables.

- Selecting good borrowers
- Robust credit assessment
- Diversifying credit portfolio
- Strong monitoring
- Dedicated recovery team
- Reducing large borrower concentration.

Liquidity Risk

Risk that the organization fails to meet its contractual obligations, or it does not have adequate funding and liquidity to support its assets.

- Matching tenor wise asset and liability
- Maintaining strong line of credit with banks and financial institutions
- Maintaining good relationship with banks and Financial Institutions
- Reducing concentration on volatile deposits
- Making short term callable investments
- Increasing focus on deposit customer retention.
- Observing and predicting state of market liquidity and taking position upfront
- Setting trading limit and trigger points on treasury borrowing or lending.

Interest Rate Risk

Risk of loss and negative impact on cash flow due to adverse changes in the interest rates.

- Tenor wise matching of interest-bearing asset and liabilities to maintain desired spread
- Offering floating rate for long term loans to protect against adverse interest rate movement
- Embedding callability feature when necessary while borrowing or lending
- Reviewing interest rate frequently
- Repricing assets or liabilities when necessary
- Offering higher interest rate on the long-term loans to safeguard against volatility in market interest rates.

Compliance Risk

Risk of penalties, damages or fines due to failure to meet its legal and compliance obligations.

- Promoting ethical and compliance culture throughout the organization
- Maintaining strict compliance with relevant laws and regulations
- Ensuring that sufficient internal policies and control mechanism are in place and monitoring effective implementation of those.

Reputational Risk

Risk of loss due to damage in reputation of the organization leading to a loss of current or future business of the company.

- Managing good relationship with the stakeholders
- Serving customers with greatest integrity and sincerity
- Treating suppliers with respect
- Treating employees fairly
- Promoting transparency and ensuring proper communication with the stakeholders
- Not engaging in any activates which has a negative environmental and social consequences.

Technology Risk Risk of business loss due to failure of IT system.	• Creating IT security awareness and training among all employees • Implementing proper business continuity plan and disaster recovery plan • Assessing security threat on regular basis • Testing and monitoring system sanity on a regular interval • Building IT capacity in pace with the business volume and objectives.
Operational Risk The risk of loss due to inadequate or failure of system, processes, human or external factors.	• Conducting employee training and raising awareness about policies, procedures and controls • Assessing control system and policies on regular intervals to deal with the changing business and environmental needs • Ensuring adequate supervision, delegation of authority and segregation of duties • Ensuring proper record keeping and documentation and archiving

Further details on risk management can be found in "Risk Management" section of this annual report.

GOING CONCERN

The company displays no symptoms (as indicated below) of possible problems of going concern, thus the financial statements have been on a going concern basis:

Particulars	Indication of Going Concern
Deteriorating liquidity position of the company not backed by sufficient financing Arrangements	No
High financial risk arising from increased gearing level rendering the company vulnerable to delays in payment of interest and loan principal	No
Inability of making debt payments when falling due	No
Over trading, that is, growing beyond financial capacity of the company	No
Significant trading losses being incurred for several years	No
Profitability of the company is essential for its survival in the long term	No
Aggressive growth strategy not backed by sufficient finance	No
Increasing level of short-term borrowing and overdraft not supported by increase in business	No
Inability of the company to maintain liquidity ratios as defined in the loan covenants	No
Serious litigations faced by the company or high off-balance sheet liability for which the company does not have the financial strength to pay the possible settlement	No
Inability of the company to develop a new range of commercially successful products	No
Refusal by finance providers to renew existing facility or make new loans	No
Operating in an industry which is no more profitable	No
Failure to innovate and respond to the changes in the external environment	No
Failure to adjust high operating gearing (fixed cost to total cost) while industry or company revenue is falling	No
Falling margin with no sign or possibility of increase in sales volume in future	No

A detailed report on the going concern has been furnished in the subsequent section titled "Annexure to the Directors' Report".

STATUS OF COMPLIANCE ON CORPORATE GOVERNANCE

Corporate Governance status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 issued under Section 2CC of the Securities and Exchange Commission Ordinance 1969 and DFIM Circular No. 07, dated September 25, 2007, issued by Bangladesh Bank is enclosed in the subsequent section of the Directors' Report. Statement of Compliance with Good Governance Guideline Issued by Bangladesh Bank is included in Annexure VI.

Statutory Auditors

Rahman Rahman Huq (KPMG in Bangladesh), Chartered Accountants were appointed as the statutory Auditors of the Company in the 39th Annual General Meeting held on 4th April 2021 for the year 2021 until conclusion of 40th Annual General Meeting at a remuneration of BDT 632,500 including VAT.

Based on the proposal of the Board Audit Committee, the Board recommends appointing Rahman Rahman Huq (KPMG in Bangladesh), Chartered Accountants as the Auditors of the Company for the year 2022 at a remuneration of BDT 600,000 (Six Hundred Thousand only) plus VAT until completion of the next Annual General Meeting.

Insider Trading

The members of the board of IPDC, or its subcommittee, or its senior management and their family members did not involve in any insider trading and did not violate the provision with regard to insider trading.

The Preparation of Financial Statements

We hereby confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- adequate internal control system is in place to ensure integrity of financial report.
- adequate disclosure has been provided for the users of financial statement to understand the impact of financial information, other events and conditions on the entity's financial position and financial performance.
- reasonable efforts have been made to safeguard company assets and detect and prevent any fraud or other irregularities.

Statutory Payment

The Directors are satisfied that to the best of their knowledge and belief all statutory payments to all authorities have been made on a regular basis.

Related Party Transaction

In the normal course of business, IPDC has entered into few transactions with related parties during the year 2021. IPDC makes sure that all transactions with the related parties are made on arm's length basis. A party is deemed to be related if it can control or exercise significant influence over the other party in making financial or operating decisions. These transactions have taken place on an arm's length basis and include rendering or receiving of services. The details of related party transactions are disclosed in the "Notes to the Financial Statements."

Shareholding Pattern as of 31 December 2021

Shareholding patterns of the Company as at December 31, 2021 is shown in the subsequent section of the Directors' Report.

Acknowledgement

The Board of Directors would like to take the time to express its heartfelt gratitude to our valued shareholders, clients, business partners and other stakeholders for their immense support and faith in IPDC. A special thanks to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Registrar of Joint Stock Companies and Firms, the National Board of Revenue, the Ministry of Industries, the Ministry of Finance and other Government Agencies for their support, collaboration and initiatives to drive both the financial industry and country forward. A well-deserved thanks to my fellow Board Members for their continued guidance and support in driving forward the vision of the company. Last but not the least, the Board has a special note of thanks for the management and employees of IPDC for their tireless efforts and achievements.

For and on behalf of the Board of Directors.

Kazi Mahmood Sattar
Chairman

Annexure I

Annexure to Directors' Report

Key Operating and Financial Data of Preceding Five Years

in BDT mn/%

Particulars	2017	2018	2019	2020	2021	Growth (Y0Y)	CAGR3
Operating Results							
Net Interest Income	1,073	1,698	1,943	2,017	2,783	38.0%	26.9%
Operating Income	1,246	1,875	2,166	2,830	3,445	21.7%	29.0%
Operational Expenses	573	752	981	1,150	1,241	7.9%	21.3%
Operating Profit	673	1,123	1,184	1,680	2,203	31.2%	34.5%
Profit Before Tax	514	861	994	1,201	1,503	25.1%	30.8%
Net Profit After Tax	335	450	562	706	881	24.9%	27.3%
Financial Performance							
Disbursements	34,681	37,972	43,870	27,597	49,931	80.9%	9.5%
Outstanding Credit Portfolio	34,467	44,325	50,726	53,610	65,327	21.9%	17.3%
Fixed Assets	267	545	788	777	765	-1.5%	30.1%
Total Assets	39,289	50,511	64,402	75,969	84,973	11.9%	21.3%
Term Deposits	29,747	37,066	46,361	52,456	60,405	15.2%	19.4%
Borrowings	4,214	5,917	7,038	10,946	10,496	-4.1%	25.6%
Total Liabilities and Equity	39,289	50,511	64,402	75,969	84,973	11.9%	21.3%
Equity Information							
Shareholders' Equity	3,111	3,752	5,576	6,063	6,353	4.8%	19.5%
Paid up Capital	1,818	2,182	3,534	3,711	3,711	0.0%	19.5%
Number of Ordinary Shares	181,800,680	218,160,816	353,420,521	371,091,547	371,091,547	0.0%	19.5%
Net Asset Value Per Share (NAV)	8.4	10.1	15.0	16.3	17.1	4.8%	19.5%
Earnings per Share (EPS)1	1.03	1.38	1.72	1.90	2.37	24.9%	23.3%
Year-end Market Price per Share2	50.1	38.1	25.6	27.6	38.6	39.9%	-6.3%
Market Capitalization	9,108	8,312	9,048	10,242	14,324	39.9%	12.0%
Rate of Dividend	20%	15%	15%	12%	12%	0.0%	-12.0%
Financial Ratios							
Current Ratio (Times)	1.0	1.0	1.0	1.0	1.0	0.1%	-
Debt Equity Ratio (Times)	1.4	1.6	1.3	1.8	1.7	-8.5%	-
Interest Coverage Ratio (Times)	4.4	3.8	3.2	4.0	5.2	31.5%	-
Return on Asset	1.1%	1.0%	1.0%	1.0%	1.1%	8.9%	-
Price Earnings Ratio (Times)	48.7	27.6	14.8	14.5	16.3	12.0%	-
Rate of NPL	0.62%	2.14%	1.57%	1.38%	3.15%	127.4%	-
Rate of net NPL	-0.59%	0.38%	-0.37%	-1.92%	-0.83%	-57.0%	-

1 EPS has been restated for the year 2017 – 2019 due to issuance of bonus shares and rights issue.
2 Year end Market Price per Share reflects closing DSE share price on the last trading day of the respective year.
3 Compound Annual Growth Rate from base year 2017.

Annexure II

ASSESSMENT REPORT ON THE GOING CONCERN

Going concern is one of the fundamental assumptions in the preparation of financial statements. As per the requirements of International Accounting Standards, Companies Act, Listing Rules and Bangladesh Securities & Exchange Commission Guidelines, management and directors should satisfy themselves about the appropriateness of using going concern assumption in the preparation of the financial statements. The management of an entity therefore has a responsibility to assess the entity's ability to continue as a going concern in the foreseeable future. Under the going concern assumption, an entity is normally viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. The management and directors of the Company has made annual assessment for the year ended December 31, 2021, of whether the Company is a going concern involves making appropriate inquiries including review of budget and future outcome of inherent risk associated in the business. The management and directors of the Company are satisfied from the following factors that the preparation of financial statement for the year ended December 31, 2021, on the basis of going concern assumption is appropriate.

The following indicators underline the company's ability to continue as a going concern:

High Interest Coverage Ratio	During the year 2021, interest coverage ratio stood at 5.2 times, which means the company has strong debt servicing capacity.
Less Dependency on Bank Borrowings	As at December 31, 2021 total bank borrowing of the Company was BDT 10,496 million which is 13.4% of the total liabilities. This indicates that Company has no significant dependency on bank borrowings.
Continuous Support from the Depositors	The Company has a very good relationship with the depositors and a good track record and reputation in settling its obligation to its depositors. As at December 31, 2021 total deposits stood at BDT 60,405 million. The depositors continued to keep strong confidence on us which is reflected in higher acquisition rate and renewal rates of deposits. This trend is expected to continue in coming days.
Favorable Key Financial Ratios	The Company's financial ratios (Please see the Key Financial and Operating Performance) revealed the sound financial strength and prospect of the Company.
Consistent Payment of Dividend	IPDC Finance Limited has been paying dividend consistently on a regular basis to the shareholders since 2006 which reflect Company's long-term viability in operational existence.
Strong Capability in Settling of Obligation	The Company has strong credibility in terms of settlement of obligation to the lenders. Company has no default payment history for settlement of its obligation.
Growth in Operating Profit	In the year 2021, IPDC Finance achieved 31.2% growth of operating profit compared to year 2020 which reflects the growth in profitability from regular operation.
Solid Growth in Quality Lending Portfolio	In the year 2021 the loans, leases and advances increased by 21.9% compared to year 2020, whereas classified loan ratio stands at 3.15% which is much below the industry average. This represents the positive indication of sustainable business of the Company.
Expansion of Business	Apart from growth in quality lending portfolio, IPDC is piloting Consumer Goods financing and Retailer Financing and dedicated platforms for these products are in development and is expected to be launched soon.
Employee Satisfaction and Working Environment	IPDC Finance is an employee friendly organization. There is a very good corporate environment in the organization. The Company pays a competitive compensation package with fringe benefits like car facilities, provident fund, performance bonus, gratuity, group insurance, hospitalization insurance, reward and recognition program etc.

Maintenance of Capital Adequacy Ratio (CAR)	As per DFIM circular number 14, dated December 28, 2011 of Bangladesh Bank regarding Capital Adequacy and Market Discipline for Financial Institutions, each Financial Institutions are required to maintain Capital Adequacy Ratio (CAR) of at least 10.00% of the total risk weighted assets. As at December 31, 2021 CAR of IPDC is 15.65% vis-à-vis requirement of 10.00% i.e., Company maintains 5.65% surplus capital.
Strong Equity Base	IPDC is one of the highest equity-based companies among the Financial Institutions. As at December 31, 2021 total equity of the Company is BDT 6,353 million including paid up capital of BDT 3,711 million.
Ability to Pay Day-to-day Operational Expenses	The company has not faced any difficulties in meeting its day-to-day operational expenses and has continued its reputation of paying vendors on time. The company generates sufficient operating cash flow to meet operational expenses.
Renew of Borrowing Facilities and Obtaining New Loans	The solidity of financial position and the reputation allows the company to negotiate or renew borrowing facilities at a favorable rates and flexible terms and conditions.
Off-balance Sheet Obligations	The company keeps very low exposure in off-balance sheet liabilities and the company has sufficient financial strength to pay the obligations should these materialize.
Changes in Government's Policy	Management and Board anticipate no significant changes in legislation or government policy which may materially affect the business of the Company.

Based on the review of the major indicators, the management and Directors of the Company is of the view that the preparation of the financial statements of the Company for the year ended 31 December 2021 on the basis of "going concern assumption" is appropriate.

Annexure III

PATTERN OF SHAREHOLDING AS AT 31 DECEMBER 2021

Names	Position	Number of shares
Parent/Subsidiary/Directors		
Parent/subsidiary/associates and other related parties	Not Applicable	Nil
Mr. Md. Abdul Karim, his spouse and minor child	Chairman	Nil
Mr. Md. Nurul Alam, his spouse and minor child	Director	Nil
Mr. Mohammad Manzarul Mannan, his spouse and minor child	Director	Nil
Ms. Sonia Bashir Kabir, her spouse and minor child	Independent Director	Nil
Dr. Shah Md. Ahsan Habib, his spouse and minor child	Independent Director	Nil
Ms. Tamara Hasan Abed, her spouse and minor child	Director	Nil
Mr. Sameer Ahmad, his spouse and minor child	Director	Nil
Mr. Tushar Bhowmik, his spouse and minor child	Director	Nil
Mr. Syed Abdul Muntakim, his spouse and minor child	Director	Nil
Ms. Nahreen Rahman, her spouse and minor child	Director	Nil
Top Executives		
Mr. Mominul Islam	Managing Director & CEO	Nil
Ms. Fahmida Khan	Chief Financial Officer (CFO)	Nil
Mr. Samiul Hashim	Company Secretary (CS)	Nil
Mr. Md. Ezazul Islam	Head of Internal Audit & Compliance	Nil
Top Five Executives other than CEO, CFO CS and HIA		
Mr. Rizwan Dawood Shams	Additional Managing Director	Nil
Ms. Aleya R. Ikbal	General Manager	Nil
Mr. Md. Zakir Hossen	General Manager	Nil
Mr. Ashique Hossain	General Manager	Nil
Ms. Savrina Arifin	Deputy General Manager	Nil

Shareholders holding 10% or more voting right:

Name of shareholders	Number of shares	%
Government of the People's Republic of Bangladesh (GOB)	81,193,210	21.8796
BRAC	92,772,883	25.0000
Ayesha Abed Foundation	37,109,152	10.0000

Annexure IV

Meetings Attended and Remuneration of the Directors during the year 2021

BDT, #

Name of Director	Board of Directors Meeting				Executive Committee Meeting				Audit Committee Meeting				Total Remuneration paid in 2021
	Total Meeting held during Director's Tenure	Meeting Attended	Attendance as % of otal meeting held	Remuneration paid	Total Meeting held during Director's Tenure	Meeting Attended	Attendance as % of otal meeting held	Remuneration paid	Total Meeting held during Director's Tenure	Meeting Attended	Attendance as % of otal meeting held	Remuneration paid	
Mr. Md. Abdul Karim	7	7	100%	56,000	0	0	0%	-	0	0	0%	-	56,000
Mr. Md. Mominur Rahman*	7	7	100%	56,000	0	0	0%	-	6	6	100%	48,000	104,000
Mr. Md. Nurul Alam	0	0	0%	-	0	0	0%	-	0	0	0%	-	-
Mr. Biswajit Bhattacharya Khokon ndc**	7	7	100%	56,000	6	5	83%	40,000	0	0	0%	-	96,000
Mr. Mohammad Manzarul Mannan	0	0	0%	-	0	0	0%	-	0	0	0%	-	-
Dr. Shah Md. Ahsan Habib*	5	5	100%	40,000	0	0	0%	-	4	4	100%	32,000	72,000
Ms. Sonia Bashir Kabir	7	6	86%	48,000	0	0	0%	-	6	4	67%	32,000	80,000
Ms. Tamara Hasan Abed	7	5	71%	40,000	6	4	67%	32,000	0	0	0%	-	72,000
Mr. Tushar Bhowmik	7	7	100%	56,000	6	6	100%	48,000	0	0	0%	-	104,000
Mr. Syed Abdul Muntakim	7	7	100%	56,000	0	0	0%	-	6	6	100%	48,000	104,000
Mr. Sameer Ahmad	7	4	57%	32,000	6	6	100%	48,000	0	0	0%	-	80,000
Ms. Nahreen Rahman	7	6	86%	48,000	0	0	0%	-	6	6	100%	48,000	96,000
Total Remuneration	**68**	**61**	**90%**	**488,000**	**24**	**21**	**88%**	**168,000**	**28**	**26**	**93%**	**208,000**	**864,000**

Note:

- *Leave of absence was granted in all cases of non-attendance*
- *Mr. Md. Mominur Rahman was a Nominee Director of GOB, he was replaced by Mr. Md. Nurul Alam on 23 December 2021.*
- *Mr. Biswajit Bhattacharya Khokon ndc was a Nominee Director of GOB, he was replaced by Mr. Mohammad Manzarul Mannan on 26 December 2021.*

Annexure V

Statement of Compliance with Corporate Governance Guideline

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1	**Board of Directors**			
1(1)	**Size of the Board of Directors:** The total number of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty);	√		
1(2)	**Independent Directors**			
1(2)(a)	At least one fifth (l/5) of the total number of directors in the company's Board shall be Independent Directors; any fraction shall be considered to the next integer or whole number for calculating number of independent directors;	√		
1(2)(b)	**Criteria of "Independent Director"**			
1(2)(b) (i)	Who either does not hold share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		The IDs provide declarations about their compliances
1(2)(b) (ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		Do
1(2)(b) (iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		Do
1(2)(b) (iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	√		Do
1(2)(b) (v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		Do
1(2)(b) (vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		Do

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(2)(b) (vii)	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 or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance	√		Do
1(2)(b) (viii)	Who is not independent director in more than 5 (five) listed companies;	√		Do
1(2)(b) (ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or any advance to a bank or a Non-Bank Financial Institution (NBFI);	√		Do

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(2)(b) (x)	Who has not been convicted for a criminal offence involving moral turpitude;	√		Do
1(2)(c)	Independent Director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		The appointment of IDs is approved by AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.	√		
1(3)	**Qualification of Independent Director (ID)**			
1(3)(a)	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.	√		The qualification of IDs justify their skills
1(3)(b)(i)	Business Leader who is/was a promoter or director of an unlisted company having minimum paid-up capital of One Hundred million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1(3)(b)(ii)	Corporate Leader who is or was a top-level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	Not Applicable		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor's degree in economics or commerce or business or law; or	Not Applicable		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	√		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	Not Applicable		
1(3)(c)	The independent director must have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(4)	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer**			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		The Chairman and MD or CEO are different individual
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	Not Applicable		The Chairman was present in all Board Meeting

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(5)	**The Directors Report to shareholders**			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	√		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	√		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.;	Not Applicable		No such event occurred in the year
1(5)(ix)	An explanation of any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	√		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that 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;	√		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(5)(xiii)	A statement that 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;	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	Not Applicable		It has declared cash dividend
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name wise details were stated below) held by:	√		
1(5)(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details,	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer Company Secretary, Chief Report. Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
1(5)(xxiii)(c)	Executives;	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1(5)(xxiv)	**In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders: -**			

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(5)(xxiv) (a)	A brief resume of the director;	√		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas;	√		
Condition No.	**Title**	**Status**		**Remarks**
		Complied	**Not Complied**	
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5)(xxv)	**A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements**			
1(5)(xxv) (a)	Accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediately preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv) (e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1(6)	**Meetings of the Board of Directors**			
	The company shall conduct Board meetings and record the minutes of the meetings as well as required books and records in line with the provision of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	**Code of Conduct for the Chairperson, other Board members and Chief Executive Officer**			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	Not Applicable		Complied as per the prudential guideline given by Bangladesh Bank

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company	Not Applicable		Do
2	**Governance of Board of Directors of Subsidiary Company**			
2(a)	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;	Not Applicable		IPDC has no subsidiary
2(b)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company';	Not Applicable		Do
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	Not Applicable		Do
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	Not Applicable		Do
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Not Applicable		Do

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(5)(xxv)	**Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)**			
3(1)	**Appointment**			
3(1)(a)	The Board shall appoint a MD or CEO, CS, CFO and HIAC;	√		
3(1)(b)	The positions of the MD or CEO, CS, CFO and HIAC shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)	Not Applicable		No such event occurred in the year
3(2)	**Requirement to attend Board of Directors' Meetings:**			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters	√		
3(3)	**Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)**			
3(3)(a)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
3(3)(a)(i)	These statements do not contain any materially untrue Annual Report statement or omit any material fact or contain statements that might be misleading;	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
3(3)(a)(ii)	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.	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in this Annual Report;	√		
4	**Board of Directors' Committee for ensuring good governance in the company, the Board shall have at least following subcommittees:**			
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee.	Not Applicable		Complied as per the prudential guidelines given by Bangladesh Bank
5	**AUDIT COMMITTEE:**			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board of Directors.	√		
5(1)(b)	Future plan and projection or forecast for company's operation performance and financial position, with justification thereof, actual position shall be explained to the shareholders in the next AGM.	√		
5(1)(c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	**Constitution of the Audit Committee:**			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members.	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) Independent Director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before 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 shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	Not Applicable		No such event occurred in the year
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without Independent Director.	√		
5(3)	**Chairman of the Audit Committee**			
5(3)(a)	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;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√		
5(3)(c)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
5(4)	**Meeting of the Audit Committee**			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	**Role of Audit Committee:**			
5(5)(a)	Monitor choice of accounting policies and principles;	√		
5(5)(b)	Monitor Internal Control Risk management process;	√		
5(5)(c)	Oversee hiring and performance of external auditors;	√		
5(5)(d)		√		
5(5)(e)	Hold the meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	√		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	√		
5(5)(h)	Review the adequacy of internal audit function;	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in this Annual Report;	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
5(5)(j)	Review statement of significant related party transactions submitted by the management;	√		
5(5)(k)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed, and time required for effective audit and evaluate the performance of external auditors;	√		
Condition No.	Title	Status		Remarks
		Complied	Not Complied	
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	√		
5(6)	**Reporting of the Audit Committee:**			
5(5)(a)(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
5(6)(a)(ii)	**The Audit Committee shall immediately report to the Board of Directors on the following findings, if any: -**			
5(6)(a)(ii)(a)	Report on conflicts of interests;	Not Applicable		No such event occurred in the year
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defecting the internal control system;	Not Applicable		No such event occurred in the year
5(6)(a)(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations;	Not Applicable		No such event occurred in the year
5(6)(a)(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately;	√		
5(6)(b)	If the audit committee has reported to the board about anything which is material impact on the financial condition and results of operation and has discussed with the board and the management that any rectification is necessary and if the audit committee finds that such rectification has been unreasonably ignored, the audit committee shall report such finding to commission, upon reporting of such matters to the board for three times or completion of a period of 6 months from the date of first reporting to the board, whichever is earlier.	Not Applicable		No such event occurred in the year

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
5(7)	**Reporting to the shareholders and general investors**			
	Report on activities carried out by the audit committee, including any report made to the board under condition no. 5(6)(a)(ii) above during the year, shall be signed by the chairperson on the Audit committee and disclosed in the annual report of the issuer company.	√		
6	**Nomination and Remuneration Committee (NRC)**			
6(1)	**Responsibility to the Board of Directors**			
6(1)(a)	Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	Not Applicable		Complied as per the prudential guidelines given by the Bangladesh Bank
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	Not Applicable		Do
6(1)(c)	ToR of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b);	Not Applicable		Do
Condition No.	Title	Status		Remarks
		Complied	Not Complied	
6(2)	**Constitution of the NRC**			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	Not Applicable		Do
6(2)(b)	All members of the Committee shall be non-executive directors	Not Applicable		Do
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	Not Applicable		Do
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	Not Applicable		Do
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	Not Applicable		Do

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	Not Applicable		Do
6(2)(g)	The company secretary shall act as the secretary of the Committee;	Not Applicable		Do
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	Not Applicable		Do
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	Not Applicable		Do
6(3)	**Chairperson of the NRC**			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	Not Applicable		Do
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	Not Applicable		Do
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	Not Applicable		Do
6(4)	**Meeting of the NRC**			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	Not Applicable		Do
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	Not Applicable		Do
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	Not Applicable		Do

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC;	Not Applicable		Do
6(5)	**Role of the NRC**			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	Not Applicable		Do
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	Not Applicable		Do
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	Not Applicable		Do
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	Not Applicable		Do
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	Not Applicable		Do
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	Not Applicable		Do
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	Not Applicable		Do
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	Not Applicable		Do
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	Not Applicable		Do
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	Not Applicable		Do
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	Not Applicable		Do
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	Not Applicable		Do

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
7	External or Statutory Auditors			
7(1)	The issuer Company shall not engage its external or statutory auditors to perform the following services of the company, namely: -	√		
7(1)(i)	appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	financial information systems design and implementation	√		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	Broker-dealer services;	√		
7(1)(v)	Actuarial services;	√		
7(1)(vi)	Internal audit services or special audit services	√		
Condition No.	Title	Status		Remarks
		Complied	Not Complied	
7(1)(vii)	Any service that the Audit Committee determines;	√		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	Any other service that creates conflict of interest.	√		
7(2)	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; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8	Maintaining a website by the Company			
8(1)	The company shall have an official website linked with the website of the stock exchange;	√		
8(2)	The company shall keep the website functional from the date of listing;	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s);	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in this Annual Report.	√		IPDC obtained the certificate from Hoda Vasi Chowdhury & Co. Chartered Accountants
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		Annexure-C is presented in this report

Hoda Vasi Chowdhury & Co
Chartered Accountants
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Hoda Vasi Chowdhury & Co

22 February 2022

The Board of Directors
IPDC Finance Limited
Hosna Center (L-4)
106, Gulshan Avenue
Dhaka- 1206, Bangladesh.

Attention:
Samiul Hashim
Company Secretary & Head of Legal Affairs

Dear Sirs,

Audit on Compliance of the Corporate Governance Code

We confirm having completed our audit on Compliance of the Corporate Governance Code of IPDC Finance Limited (the Company) for the year ended 31 December 2021, and issued report thereon. Our audit has been conducted in accordance with the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) as so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

As agreed, the primary objective of the audit is to review the compliance to ascertain whether it has been complied correctly to show the actual compliances of the Company. Further, we have tried to identify the non-compliance issues as well as to pin point the scope of development in these processes with a view to improving the efficiencies of the job performed by each and every division of the Company.

Finally, we have the pleasure to place on record our sincere appreciation for the courtesy and co-operation extended to us by the management staff of your Company.

Yours faithfully

Sk Md Tarikul Islam, FCA
Partner
Hoda Vasi Chowdhury & Co
Chartered Accountants

Hoda Vasi Chowdhury & Co
Chartered Accountants

Report to the Shareholders of IPDC Finance Limited on Compliance of the Corporate Governance Code

(Issued under Condition No. 9.00 of Corporate Governance Guidelines of "BSES" vide notification on SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018)

We have examined the compliance status to the Corporate Governance Code by IPDC Finance Limited (the Company) for the year ended on 31st December 2021. This code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969; of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the Condition of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- IPDC Finance Limited has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- IPDC Finance Limited has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by IPDC Finance Limited as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of IPDC Finance Limited is satisfactory.

Sk Md Tarikul Islam, FCA
Partner
Enrolment no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka,
22 February 2022

DVC:

Annexure VI

STATEMENT OF COMPLIANCE WITH GOOD GOVERNANCE GUIDELINE ISSUED BY BANGLADESH BANK

In terms of DFIM Circular No. 07, dated September 25, 2007 of Bangladesh Bank, Financial Institutions are required to comply with the policy on role and responsibility of the Board of Director and Chief Executive Officer. The Company has implemented those guidelines as per the directives of Bangladesh Bank. Status report on compliance with those guidelines is given below:

Sl No.	Particulars	Compliance Status
01.	**Responsibilities and authorities of Board of Directors**	
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 CEO and other senior executives and will evaluate half yearly / yearly basis.	Complied
B	**Formation of sub-committee**	
	To expedite the process of decision making, (e.g., approval of loan/lease, write off, rescheduling etc.) Board may form Executive Committee with the Director (excluding any alternate director)	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 procurement policy and shall accordingly the delegation of power for making such expenditure. The maximum delegation of power shall rest on the CEO and to management. However, decision relating to purchase of land, building and vehicles shall remain with the Board.	Complied
Iv	The Board shall adopt the operation of bank accounts. Groups maybe 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.Work Planning and Strategic Management	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
F	**Internal Control and Compliance**	
	A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team	Complied
G	**Human Resource Management**	
I	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
Ii	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 CEO**	
	The Board shall appoint a competent CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.\	Complied
I	**Benefit 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
J	**Responsibilities and Duties of the Chairman**	
I	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
Ii	The minutes of the Board meetings shall be signed by the Chairman;	Complied
Iii	Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
K	**Responsibilities of Managing Director & CEO**	
I	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
Ii	Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities;	Complied

Sl No.	Particulars	Compliance Status
Iii	All recruitment/promotion/training, except recruitment/promotion/training of DMD, shall be vested upon the Managing Director. He shall act such in accordance with the approved HR Policy of the Company;	Complied
Iv	Managing Director may re-schedule job responsibilities of employees;	Complied
V	Managing Director may take disciplinary actions against the employees except DMD and General Manager;	Complied
Vi	Managing Director shall sign all the letters/statements relating to compliance of polices 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 the Managing Director.	Complied

Annexure VII

IPDC DIVIDEND DISTRIBUTION POLICY

A. Dividend Distribution Policy

As per Directive of the Bangladesh Securities and Exchange Commission bearing No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021, this Dividend Distribution Policy is formulated and shall be disclosed in the annual report and official websites.

B. Approval Time

The annual or final Dividend shall be paid off to the entitled shareholder within **30 (Thirty) days** of approval. Provided that interim dividend shall be paid off to the entitled shareholder, within **30 (Thirty) days** of record date.

C. Cash Dividend distribution process

Cash Dividend shall be distributed in the following manner and procedures, namely:-

(i) Within **10 (ten)** days of declaration of cash dividend by the board of directors, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of the IPDC Finance Limited, dedicated for this purpose only;

(ii) The IPDC Finance Limited shall pay off cash dividend directly to the bank account of the entitled shareholder or unit holder as available in the BO account maintained with the Depository Participant (DP), or the bank account as provided by the shareholder or unit holder in paper form, through **Bangladesh Electronic Funds Transfer Network (BEFTN);**

Provided that the IPDC Finance Limited may pay off such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through **BEFTN;**

(iii) The IPDC Finance Limited, upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or portfolio manager, shall pay off such cash dividend to the **Consolidated Customers' Bank Account (CCBA)** of the stock broker or the separate Bank Account of the Merchant Banker or the Portfolio Manager through **BEFTN;**

Provided that upon receiving the cash dividend, the stock broker of merchant banker or portfolio manager shall immediately account for such dividend in the individual client's portfolio account;

Provided further that the stock broker or merchant banker or portfolio manager shall provide detailed information (e.g., BO Account number, code number, Bank account number, intention, etc. of the client or customer including CCBA of stock broker or separate bank account of merchant banker or portfolio manager) to the IPDC Finance Limited for such claim.

(iv) The IPDC Finance Limited, in case of non-availability of bank account information or not possible to distribute cash dividend through **BEFTN** or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the shareholder or unit holder;

(v) The IPDC Finance Limited shall pay off cash dividend to non-resident sponsor, director, shareholder, unit holder or foreign portfolio investors (FPI) through the security custodian in compliance with the rules or regulations in this regard;

(vi) The IPDC Finance Limited immediately after disbursement of the cash dividend and issuance of certificate of tax deducted at source, if applicable, shall intimate to the shareholder or unit holder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder or unit holder;

(vii) The IPDC Finance Limited shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof; as per BO account number-wise or name-wise or folio number-wise of the shareholder or unit holder; and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (Quarterly/Annually) as a separate line item **'Unclaimed Dividend Account';**

Provided that the IPDC Finance Limited shall publish the year-wise summary of its unpaid or unclaimed dividend in the websites;

Provided further that any unpaid or unclaimed cash dividend including accrued interest (after adjustment of Bank Charge, if any) thereon, if remains, shall be transferred to a separate bank account of the IPDC Finance Limited as maintained for this purpose, within **1 (one) year** from the date of declaration or approval or record date, as the case may be.

D. Stock Dividend or Bonus Share Distribution Policy

The IPDC Finance Limited, shall credit stock dividend directly to the BO account or issued the bonus share certificate of the entitled shareholder, as applicable, within **30 (Thirty) days** of declaration or approval or record date, as the case may be, subject to clearance of the exchange(s) and the **Central Depository Bangladesh Limited (CDBL);**

E. Issuance of Stock Dividend or Bonus Share process

The IPDC Finance Limited, the CDBL and the Exchange(s) shall follow the provisions of cÖweavb 46 of the wWcwRUwi (e¨envwiK) cÖweavbgvjv, 2003 for issuance of bonus Shares;

Provided that the IPDC Finance Limited shall maintain a suspense BO account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the under mentioned procedures for ensuring the rightful ownership:

(i) The IPDC Finance Limited shall send at least **3 (Three) reminders** to the entitled shareholder;

(ii) The Suspense BO Account shall be held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus shares as and when the allottee approaches to the IPDC Finance Limited;

Provided that any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus share shall be credited to the Suspense BO Account.

(iii) The IPDC Finance Limited shall, upon receiving application from the allottee and after proper verification of identity and his entitlement, credit the bonus shares lying with the Suspense BO Account to the BO Account of the allottee, or issue bonus shares to the allottee, as applicable, within **15 (Fifteen) days** of receiving application with an intimation to the commission and the Exchange(s);

(iv) Any voting rights on such undistributed or unclaimed stock dividend or Bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established.

F. Compliance Report regarding Dividend Distribution

The IPDC Finance Limited shall submit a compliance report to the Commission and the Exchange(s) in a specific format at **Annexure-A** [sample given by the BSEC] in respect of the Clause (B), (C), (D) and (E) above, within **7 (Seven) working days** of completion of dividend distribution;

Provided that the IPDC Finance Limited shall publish the compliance report in its website.

G. Forfeiture of unclaimed cash dividend or stock dividend

The IPDC Finance Limited shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of the land in force.

H. Transferred to the Fund of the Commission for unpaid or unclaimed or unsettled cash dividend

If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge, if any) thereon for a period of 3 (Three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by the IPDC Finance Limited to the fund as directed or prescribed by the commission;

Provided that the IPDC Finance Limited shall provide detailed information to the manager of the fund during transfer of cash dividend as directed or prescribed by the Commission;

Provided further that if any shareholder or unit holder claims his cash dividend after transfer of such dividend to the Fund, within 15 (Fifteen) days of receiving such claim, the IPDC Finance Limited shall, after proper verification of the claim, recommend to the manager of the fund to pay off such dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the commission.

I. Transferred to the Fund of the Commission for unclaimed or unsettled stock dividend or bonus shares

If any stock dividend or bonus shares remain unclaimed or unsettled including corporate benefits in terms of bonus shares thereon for a period of **3 (Three) years** from the date of declaration or approval or record date, as the case may be, shall be transferred in dematerialized form to the BO Account of the fund as mentioned at ***Clause No. H;***

Provided that the IPDC Finance Limited shall provide detailed information to the manager of the fund during transfer of stock dividend or bonus shares as directed or prescribed by the Commission;

Provided further that if any shareholder claims his stock dividend or bonus shares after transfer of such dividend or bonus share to the BO Account of the Fund, within 15 (Fifteen) days of receiving such claim, the IPDC Finance Limited shall, after proper verification of the claim, recommend to the manager of the fund to pay off such dividend or bonus share to the claimant's BO Account in accordance with the provisions and procedures as directed or prescribed by the commission.

J. Maintaining Detail Information of the shareholder or unit holder for the purpose of proper distribution of cash dividend or stock dividend

The IPDC Finance Limited, by itself or by appointing an Agent, shall maintain detailed information of BO Account, Bank Account, Mobile Phone Number, E-mail address and address of the shareholder or unit holder for the purpose of proper distribution of cash dividend or stock dividend;

Provided that the IPDC Finance Limited or its agent or the CDBL or its DP shall keep confidentiality of information.

Provided further that the IPDC Finance Limited shall collect such detailed updated information from the CDBL or its DP from time to time when needed for the purpose of proper distribution of cash dividend or stock dividend and other compliances. In case of holding paper shares, the IPDC Finance Limited shall update the information **at least once a year.**

K. Binding clause

In the event of any confusion or difference of opinion on any matter whatsoever, the IPDC Finance Limited shall be bound to follow the decision of the Commission and shall consider the decision of the commission is final on all concerned.

STATEMENT OF ETHICS AND COMPLIANCE

Establishing Ethics and Values

IPDC Finance Limited remains committed to upholding the highest standards of ethics and compliance by its employees. This commitment is reflected in its Code of Conduct that covers, among other issues, the following areas:

- Their relationship and responsibilities to IPDC
- Their relationship with and responsibilities to customers
- Compliance with laws and regulations
- Acting in a professional and ethical manner
- Protection of business assets
- Disclosure of conflicts of interests
- Prohibition of any conduct involving dishonesty, fraud, deceit, or misrepresentation including insider trading.

Our Approach to Ethics

IPDC pays highest priority to the moral concerns to make the right ethical decisions on a day-to-day basis and above all observing the law, which is one of the standard professional requirements for the NBFIs. Our Code of Conduct was last reviewed in October 2019, based on related guidelines from Bangladesh Bank. This policy requires that all IPDC employees carry out their responsibilities, decisions, and actions to the best of their abilities and judgments while maintaining their professional decorum, complying with the laws and regulations for good governance. They must assure the highest standards of integrity in business dealings with their stakeholders and with one another. The highest ethical values, which involves honesty, integrity, fairness, responsible citizenship, and accountability for employees are also focused in this policy. IPDC encourages a positive and productive corporate culture that places high value on quality service, merit-based performance, accountability, responsiveness, teamwork, diversity, and equal employment opportunity.

IPDC has strict practices for streamlining employee conduct inside the workplace in relation to other employees, customers, vendors or any other stakeholders or groups associated with the company to ensure that the guidelines for integrity and ethics are complied with. All employees are expected to carry out their duties honestly, conscientiously and serve the company according to the best of his/her ability and actively promote the business interests of the company. As such, employees of IPDC must not misbehave with colleagues and/or superiors, get involved with any kind of monetary transaction with colleagues and/or superiors, falsify, tamper, damage, or cause loss of IPDC's official records and neglect any government law or office rule/regulations. Such behavior is considered as breach of the Code of Conduct and may result in disciplinary action. IPDC has an active National Integrity Strategy (NIS) Committee that works under the directive of the Integrity Strategy Implementation Cell under the central bank. It focuses on creating awareness on improved customer service, data security, transparency, and integrity.

CODE OF ETHICS AND CONDUCT AT IPDC

The key areas of our endeavors are-

- **Fair treatment of customers:**

  At IPDC, it is mandatory to treat customers fairly and without any prejudice. This fosters support and helps to build long-term sustainable business relationships.

- **Privacy and Security of Client Information:**

  As per the Code of Conduct of IPDC, all information gathered from customers/clients while providing service during an individual's employment is to be considered confidential unless it is clearly stated otherwise.

- **Transparency and Accuracy of Financial, Tax and Other Reporting:**

  Concerned employees related to mentioned job must make sure that information/reporting is transparent, accurate and readily available.

- **Interaction in Print, Electronic and Social Media:**

  At IPDC, all media (print, electronic and social) inquiries should be forwarded to authorized personnel only to represent IPDC on behalf of the organization.

- **Ethics against Discriminatory Harassment:**

  Our management ensures strict compliance with Anti-Discrimination and Harassment policy whereby the wrongdoer may be subjected to the full range of disciplinary actions up to and including termination of his/her employment as well as may be tried as per the prevailing laws of the country.

- **Kickback and Secret Commission:**

  At IPDC, it is strictly maintained that employees must not receive payment or compensation of any kind, except as authorized under the organization's business. In particular, IPDC strictly prohibits the acceptance of secret commission from suppliers and clients.

- **Personal Investment and Insider Trading:**

  It is also prohibited for IPDC Employees to take part in trading of publicly traded securities and investments for personal gain if they possess material of non-public information about the security or the issuer.

- **Conduct towards Female Colleagues:**

  Any harassment or discriminatory behavior directed at female employees in the form of derogatory or provocative comments, physical violence, horseplay / inappropriate jokes, unwanted physical contact, use of epithet, comments, or innuendo, obscene or harassing telephone calls, e-mails, letters, notes or other forms of communication and any other conduct that may create a hostile working environment is strictly prohibited. In some cases, this can lead to termination of employment.

- **Workplace Security & Safety:**

  One of the primary concerns of IPDC is to maintain a healthy and productive work environment by ensuring the safety and security of office premises.

Monitoring Compliance

At IPDC, compliance with our Code of Conduct and Ethics is embedded in our employment contracts, recruitment, and performance management activities. All new employees joining IPDC as well as existing employees are required to read the Code of Conduct and duly sign a statement of compliance attesting that they have read and understood the document. They must also provide their personal commitment to comply with the applicable laws, regulations and corporate ethics and be held accountable for carrying out the compliance responsibilities and acknowledge that ignorance of the rules and regulations outlined in the Code cannot be an excuse for Non-compliance. We also arrange a session on Code of Conduct during the orientation program for the new joiners.

All the employees of IPDC are required to comply with the Code of Conduct; any breach of this code may lead to disciplinary action. Moreover, a Reward and Recognition program is practiced by IPDC which is designed to reward employees who demonstrate strong ethical principles and uphold the core values of integrity and morality in the Code of Conduct. This type of recognition serves to validate the ethical actions of the concerned employee, encourages repeat behavior and thus helps sustain a culture of transparency, accountability and integrity.

Communication of the Statement of Ethics and Business Practices

At the time of joining, all IPDC employees are required to sign an annual declaration confirming that they have read and understood the Code of Conduct. It is the responsibility of the Human Resource Department to circulate the required declaration and ensure the sign of the employee. The Internal Audit and Compliance (IA&C) Department ensures whether any employee have breached the Code of Conduct.

Board’s Commitment

The IPDC Board acknowledges its responsibility for ensuring that the Company’s business activities are conducted in accordance with the highest standards of ethics and compliance.

The Board views adherence to ethical standards and compliance as an integral part of the broader corporate governance framework and seeks to adopt a holistic approach in ensuring its implementation. As part of this, it has instituted several approaches to underline its commitment to high standards of ethical behavior:

- Setting down standards of expected behavior through the formulation and communication of a Code of Conduct.
- Installing a system of internal controls, which is reviewed, evaluated, and updated on an ongoing basis.
- Positioning Company policies and procedures on ethical foundations to ensure that ethical considerations are integrated in the day-to-day decision-making, activities, and processes.
- Establishing a clearly defined organizational structure that assigns responsibility and authority for the conduct of organizational functions while at the same tie ensuring accountability for individual actions.
- Establishing a variety of monitoring mechanisms including the creation and empowerment of an operationally independent internal audit team with reporting responsibilities to the audit committee.

INTERNAL CONTROL SYSTEM

IPDC's internal control system has been engineered to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws and regulations, IFRS and other requirements for listed companies. IPDC uses the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Framework to assess the effectiveness of the system of internal control. IPDC adopts COSO's definition of internal control, which is defined as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Internal control system is one of the principal means by which risk is managed and is applied to all aspects of operations across all departments.

Objective of Internal Control

IPDC's internal control system is designed to assist the organization to perform better and achieve its objectives. It allows IPDC to identify its weaknesses and take steps to overcome those weaknesses. The primary objectives of internal control are:

Operations Objective: Efficiency and effectiveness of activities

Reporting Objective: Reliability, completeness, and timelines of financial and management information

Compliance Objective: Compliance with applicable laws and regulations

COMPONENTS OF INTERNAL CONTROL

Control Environment

The foundation of IPDC's Internal Control System is the control environment. It is defined by policies and directives, manuals, and codes, and enforced by the organizational structure of IPDC with clear responsibility and authority based on collective values. The board of directors and senior management establish the tone at the top regarding the importance of internal control and expected standards of conduct. Additionally, the Audit Committee (established by the Board) assists in overseeing relevant policies and important accounting principles applied by the company.

The limits of responsibilities and authorities are given in directives for delegation of authority, manuals, policies and procedures, and codes, including the Code of Conduct, the Workplace Policy, and the Anti-Corruption Policy, as well as in policies for information, finance, and in the accounting manual. Together with laws and external regulations, these internal guidelines form the control environment and all IPDC employees are held accountable for compliance.

Control Environment	• Demonstrates commitment to integrity and ethical values • Exercises oversight esponsibility • Establishes structure, authority and responsibility • Demonstrates commitment to competence • Enforces accountability

Risk Assessment	• Specifies suitable objectives • Identifies and analyzes risk • Assesses fraud risk • Identifies and analyzes significant change

Risk assessment involves a dynamic and iterative process for identifying and analyzing risks to achieving the entity's objectives, forming a basis for determining how risks should be managed. Management considers possible changes in the external environment and within its own business model that may impede its ability to achieve its objectives

Control Activities	• Selects and develops control activities • Selects and develops general controls over technology • Deploys through policies and procedures

Control activities involves the establishment of control policies and procedures and verification of compliance with those policies and procedures. IPDC develops and reviews policies and procedures on a continuous basis and make amendments to them as and when required. To ensure effectiveness of internal control, IPDC has setup appropriate control structure and control activity through the organization at each business level and employees have been provided with clear job description and necessary authority. Some control activities in place includes the following:

- Top level review.
- Physical controls.
- Segregation of duties.
- Follow-up on non-compliance.
- Approvals and authorizations system.
- Verification and reconciliation.

Information and Communication	• Uses relevant information • Communicates internally • Communicates externally

Information is necessary for the entity to carry out internal control responsibilities in support of achievement of its objectives. Communication occurs both internally and externally and provides the organization with the information needed to carry out day-to-day internal control activities. Communication enables personnel to understand internal control responsibilities and their importance to the achievement of objectives.

Monitoring Activities	• Conducts ongoing and/or separate evaluations • Evaluates and communicates deficiencies

Ongoing evaluations, separate evaluations, or some combination of the two are used to ascertain whether each of the five components of internal control, including controls to affect the principles within each component, are present and functioning. Findings are evaluated and deficiencies are communicated in a timely manner, with serious matters reported to senior management and to the board.

REPORT OF THE AUDIT COMMITTEE

Role of Audit Committee

The Audit Committee on behalf of the Board of Directors attempts to ensure effective implementation of the processes set out in the business plan and policies. Major role of the Audit Committee is to monitor and review the effectiveness of internal control system. The Audit Committee is also responsible to ensure the integrity of the Financial Statements so that it provides a true and fair view of the states of affairs of the Company. In addition, the Audit Committee reviews and, when appropriate, makes recommendations to the Board on business risks, internal control, and compliance. The Committee satisfies itself, by means of suitable steps and appropriate information that proper and satisfactory internal controls systems are in place to identify the risks so that Company's business is conducted in a sound manner.

Purpose of the Audit Committee

The Audit Committee is a sub-committee formed by the Board of Directors of the Company. The Committee will consider the internal control and effectiveness within the organization. Terms of reference of the Audit Committee are fixed by the Board. The main purpose of the Audit Committee is to assist the Board of Directors on the following matters:

a) Evaluates performance of the Company's internal control functions;

b) Ensures compliance of the Company with legal and regulatory requirements;

c) Makes recommendations on the reporting, control and compliance aspects of the Company;

d) Provides independent monitoring, guidance and if necessary, to challenge executive management;

e) Performs independent review to ensure control over financial reporting and all other operational matters; and

f) Evaluates whether the Financial Statements reflect true and fair view of the affairs of the Company and have been prepared as per the regulatory guidelines;

Structure of Audit Committee

The Audit Committee of the Company has been formed pursuant to the Bangladesh Bank guideline on Internal Control and Compliance framework vide DFIM circular no 13, dated October 26, 2011, and the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC), dated June 3, 2018.

With the induction of Dr. Shah Md. Ahsan Habib as Independent Director on 191st meeting of the Board of Directors, dated 17 February 2021 and induction of Mr. Md. Nurul Alam as replacement of Mr. Md. Mominur Rahman through Circular Resolution No: 09/2021, dated: 23 December 2021 (confirmed and adopted on 197th meeting of the Board of Directors, dated 2 February 2022); the Audit Committee of the Company comprises of the following members:

Name	Status with the Committee	Status with the Board
Ms. Sonia Bashir Kabir	Chairman	Independent Director
Dr. Shah Md. Ahsan Habib	Member	Independent Director
Mr. Md. Nurul Alam	Member	Director
Mr. Syed Abdul Muntakim	Member	Director
Ms. Nahreen Rahman	Member	Director

The Company Secretary acts as the secretary of the Audit Committee.

Terms of Reference

The Terms of Reference of the Audit Committee clearly defines the roles and responsibilities of the Audit Committee. The Terms of Reference is reviewed and revised with the concurrence of the Board of Directors. The Audit Committee is responsible to and reports to the Board of Directors. Role and functions of the Committee are further regulated by the rules governing the Audit Committee as specified by the 'Conditions on Corporate Governance' issued by the Bangladesh Securities and Exchange Commission and the relevant guidelines issued by Bangladesh Bank.

Scope of work

The Committee is authorized to monitor and review the effectiveness of the Company's internal audit and compliance function in the context of the Company's overall risk management system. The Committee performs its activities within the Terms of Reference of the Committee and is empowered to seek information from any Director or employee of the Company from time to time as it thinks fit. The Committee presents a summary of its activities to shareholders and other interested parties by means of this report.

Duties and responsibilities

The duties and responsibilities of the Audit Committee are:

Review of Financial Statements

The Audit Committee has reviewed the quarterly, half-yearly and annual Financial Statements of the Company, focusing particularly on any significant changes to accounting policies and practices, significant adjustments arising from the audits, the going concern assumptions and compliance with applicable Financial Reporting standards and other legal and regulatory requirements.

Internal Audit & Compliance

The Audit Committee reviews the Internal Audit & Compliance plans to satisfy itself about the consistency and coverage of the risk management framework of the Company. The Committee reviews the following activities:

• Review and satisfy itself that the Internal Audit & Compliance Department has the competency and qualifications to maintain its mandates;

• Review the status report from the Internal Audit & Compliance Department and ensure that appropriate actions have been taken to implement its recommendations;

• Recommend any broader review deemed necessary as a consequence of any issues that may have been identified.

• Request and review any special audit when deemed necessary;

External Auditor

Rahman Rahman Huq (RRH/ KPMG in Bangladesh), a Bangladeshi partnership, and a Member Firm of KPMG International, were appointed as statutory external auditors of the Company at the 40th Annual General Meeting held on April 17, 2022. As a part of ensuring highest level of corporate governance, the Committee prohibits the external auditors from performing any work that they may subsequently need to audit, or which might otherwise create a conflict of interest. The Committee has ascertained that the external auditors of the Company have not been engaged in any one of the following material non-audit services:

• Appraisal or valuation services or fairness opinions;

• Financial information system design and implementation;

• Book-Keeping or other services related to the accounting records or Financial Statements;

• Broker-dealer services;

• Actuarial services; and

• Internal Audit Services.

The Committee has also ascertained the following:

- None of the partners or employees of the external audit firm possesses any share of IPDC at least during the tenure of their audit assignment.
- The external audit firm is not receiving any fee which is contingent upon such factors like achieving targeted non-performing loan ratio by the Company, loan disbursement target etc.

The Audit Committee evaluated the expertise, resources, independence and objectivity of the external auditors and reviewed their effectiveness as external auditor before recommending their appointment to the Board.

The Committee also reviewed the auditing performance of the external auditors and their audit reports, reviewed the findings and recommendations made by the external auditor for removing the irregularities detected and made recommendations to the Management regarding removing those irregularities.

Major activities of the Audit Committee:

The Committee met 6 (six) times during the year 2021 to carry out the following major activities:

- Reviewed and recommended to the Board on approval of the Annual Financial Statements for the year ended December 31, 2020;
- Reviewed the Management Letter from external auditors for the year 2020 together with Management's responses to the findings;
- The Committee held meeting with the statutory auditors for review of the annual financial statements of 2020 before submission to the Board for approval;
- Reviewed the Auditors' Certificate on Corporate Governance compliance under sec 2CC of the Securities and Exchange Ordinance 1969 for the year ended December 31, 2020;
- Reviewed Management's response on Bangladesh Bank's comprehensive inspection report on the Financial Statements as of December 31, 2019;
- Reviewed the external auditor's Report on Post Implementation review of CBS;
- Reviewed and approved the Risk Based Internal Audit & Compliance Plan for the year 2022;
- Reviewed internal policies of the Company and recommended to the Board for approval;
- Reviewed the development and installation of Heat Map and Risk Register of the Company for 2021;
- Reviewed and ascertained that the internal control system including financial and operational controls, accounting system, and reporting structure are adequate and effective;
- Reviewed the periodical inspection reports of the Company conducted and submitted by the Internal Auditors and recommended necessary instructions to the Management for proper and prompt resolution of the irregularities/objections stated therein;
- Reviewed the actions taken by the Management for implementation of audit committee observations on issues deliberated in audit committee reports;
- The Committee placed its reports regularly to the Board of the Company for review and monitoring the activities with recommendations on internal control system, compliance with rules and regulation of the regulatory bodies;
- Reviewed first quarter, half-year and third quarter ended Financial Statements for the year 2021 and recommended to the Board for its approval;
- Reviewed statement of significant related party transactions submitted by the Management and as presented in the Financial Statements of the year 2020;

- Reviewed the Management's Discussion and Analysis before disclosing in the Annual Report of 2020;
- Reviewed issues within the following areas. However, no such instances were identified for report to the Board of Directors;
    - Report on conflicts of interests.
    - Suspected or presumed fraud or irregularity or material defects in the internal control systems.
    - Suspected infringement of laws, including securities related laws, rules and regulations.

Based on the above review and discussions, 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.

Sonia B. Kabir

Sonia Bashir Kabir
Chairman, Audit Committee

ROLE OF THE EXECUTIVE COMMITTEE

Executive Committee is the Subcommittee of the Board of Directors which needs to be formed and operated as per Bangladesh Bank's regulation. Executive Committee members have many oversight roles. The main activities of the Executive Committee include approving the credit-risk taking activities of the company based on the regulations of established approving authority and reviewing and endorsing credit granting activities. Additionally, they are responsible for the facilitating the board in establishing and maintaining good governance practices. Oversight duties also include overseeing ad-hoc committees that work on policy development by making sure that they complete their objectives. Discussions of the Executive Committee should be encapsulated in their minutes, which they should present to the full board in a timely manner.

Purpose of the Executive Committee

The Executive Committee is the decision-making body of the company, established to collectively decide upon priority topics, facilitate information sharing among senior management and the Board and support strong team spirit. The Executive Committee is a sub-committee formed by the Board of Directors of the Company. The primary responsibility of committee is to provide advice and support the Board on strategic and business decision making within the guideline of the Board and regulatory authorities. Scope of work of the Executive Committee is fixed by the Board which includes the following matters:

- Review and approve credit facilities recommended by the management within the discretionary authority delegated by The Board from time to time.
- Review the status of recovery under classified loans, status of portfolio direction and progress under litigation
- Review the status of credit facilities approved by the management.
- Review strategies and the company's structural risk management framework
- Review adequacy of loan provisioning
- Review coherence of the commercial policies and principles with budget objectives
- Optimization of market risk strategies within the guidelines set by the Board of Directors

Structure of Executive Committee

The Executive Committee of the company comprises of the following members:

Name	Status in the Committee	Status in the Board
Mr. Sameer Ahmad	Chairman	Director
Ms. Tamara Hasan Abed	Member	Director
Mr. Tushar Bhowmik	Member	Director
Mr. Mohammad Manzarul Mannan	Member	Director
Mr. Mominul Islam	Member	Managing Director & CEO

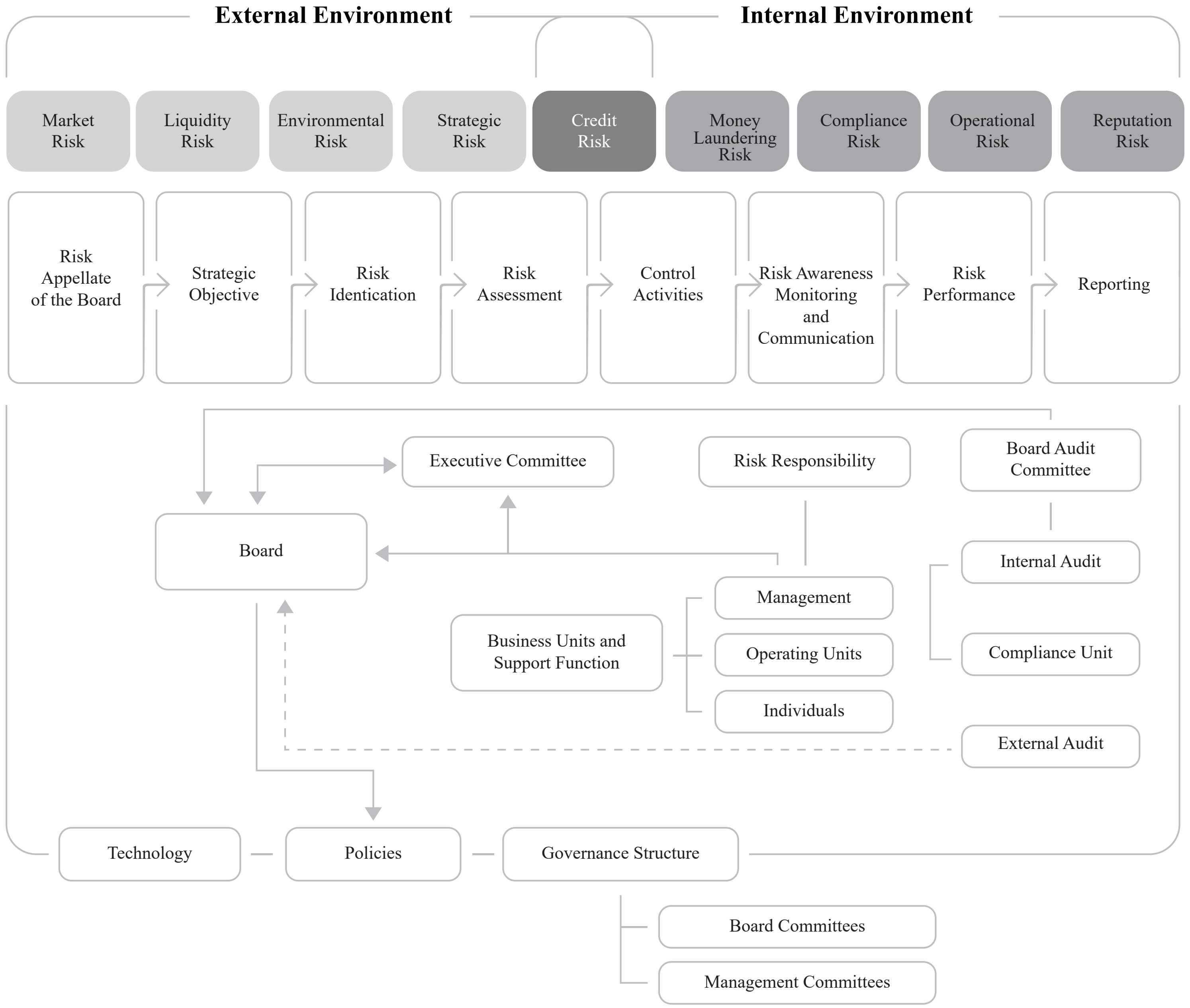
Major Activities of the Executive Committee

The Committee met 6 times during the year 2021 through video conferencing to carry out the following major activities:

- A total number of 30 proposals with an aggregate value of BDT 5,800 million (including renewals of BDT 1,240 million) were considered for approval in EC meeting dated February 13, 2021, of which 7 credit proposals aggregating 1,660 million were recommended to Board for approval.
- A total number of 24 proposals with an aggregate value of BDT 4,410 million (including renewals of BDT 150 million) were considered for approval in EC meeting dated March 23, 2021, of which 4 credit proposals aggregating 850 million were recommended to Board for approval.
- A total number of 24 proposals with an aggregate value of BDT 6,125 million (including renewals of BDT 2,930 million) were considered for approval in EC meeting dated May 24, 2021, of which 6 credit proposals aggregating 1,980 million were recommended to Board for approval.
- A total number of 22 proposals with an aggregate value of BDT 5,007.50 million (including renewals of BDT 2,800 million) were considered for approval in EC meeting dated July 06, 2021, of which 5 credit proposals aggregating 1,850 million were recommended to Board for approval.
- A total number of 43 proposals with an aggregate value of BDT 8,312 million (including renewals of BDT 4,300 million) were considered for approval in EC meeting dated October 13, 2021, of which 7 credit proposals aggregating 2,550 million were recommended to Board for approval.
- A total number of 35 proposals with an aggregate value of BDT 6,894.20 million (including renewals of BDT 4,370 million) were considered for approval in EC meeting dated December 06, 2021, of which 4 credit proposals aggregating 1,060 million were recommended to Board for approval.
- Executive Committee is of the view that the procedures are adequate to present a true and fair view of the activities and financial status of the Company.

INTEGRATED RISK MANAGEMENT FRAMEWORK

To achieve a sound system of risk management and internal control, the Board and the Management ensure that the risk management and control framework are embedded into the overall business processes, culture and structures of the company. In addition to the best industry practices, the Company follows the Integrated Risk Management guideline for Financial Institutions issued by Bangladesh Bank. The Risk Management Framework is given below:



Risk Management Principles

Our business model requires us to identify, assess, measure, aggregate and manage our risks, and to allocate our capital among our businesses. We actively take risks in connection with our business and as such the following principles underpin our risk management framework:

- Risk is taken within a defined risk appetite.
- Every risk taken needs to be approved within the risk management framework.
- Risk taken needs to be adequately compensated.
- Risk should be continuously monitored and managed.

Risk Appetite of the Board

Risk appetite is the aggregate level and type of risks the company is willing and able to accept within its overall risk capacity and is captured by several qualitative principles and quantitative measures. The company takes strategic initiatives and sets its goals within the limit of overall risk appetite of the Board and the shareholders. While the Board sets the risk tone, management executes the operations. Organizational philosophy, values, mission, cultures and the external environment also shape the way the company operates given the risk limit set by the Board.

Control Activities

To improve financial and operating performance, IPDC ensures that adequate and appropriate risk mitigating controls are in place against the risks the organization is facing. Organization sometimes weighs the cost of control against the benefit of exercising such controls and thus it optimizes its control activities through-out the organization.

Policies and Guidelines

Policies and procedures are reviewed on regular intervals and necessary modifications are made to the policies based on the market practices, the changes in the regulatory environment and business strategies. The Policy owner will initiate the process of review by identifying the respective policy that requires review, prepare an initial draft along with all the references for the changes made, share the draft policy with the members of Policy Review task force (PRTF) for comments and feedback on the same. Upon receiving feedbacks from the members of the PRTF, Policy owner puts forward the changes in the policies to the sub-committee of the Board (Executive Committee/ Audit Committee) for review. Subject to the recommendations of the sub-committee, the Board approves the policies.

Risk Reporting

IPDC identifies many metrics within its risk measurement systems which support regulatory reporting and external disclosures, as well as internal management reporting across risks and for material risk types. These risk metrics are given in the subsequent sections of Risk Management.

Monitoring and Review

Monitoring and review together are an integral part of the risk management process, that ties all elements together to create value for the organization. A strong monitoring and review process serve following purposes:

- Ensuring that controls are adequate and effective
- Feeding wide range of information into risk assessment process
- Analyzing and learning lessons from risk events, including success and failure
- Detecting the changes in the external and internal context which may require revision in risk treatments and priorities
- Identifying the emerging risks

Stress Testing

Stress testing and scenario analysis are used to assess the financial and management capability of IPDC to continue operating effectively under extreme but plausible conditions. Such conditions may arise from economic, regulatory, legal, political, environmental and social factors. IPDC has a strong commitment to stress testing performed on a regular basis in order to assess the impact of a severe economic downturn on its risk profile and financial position.

IPDCs stress testing framework is designed to:

- Identify where the risk concentrations are
- Understand impact on the institution if biggest customers default
- Impact on the institution if historical worst-case scenarios recur
- Impact on the institution if it is hit by a similar severe credit loss event that affected competitors in the past

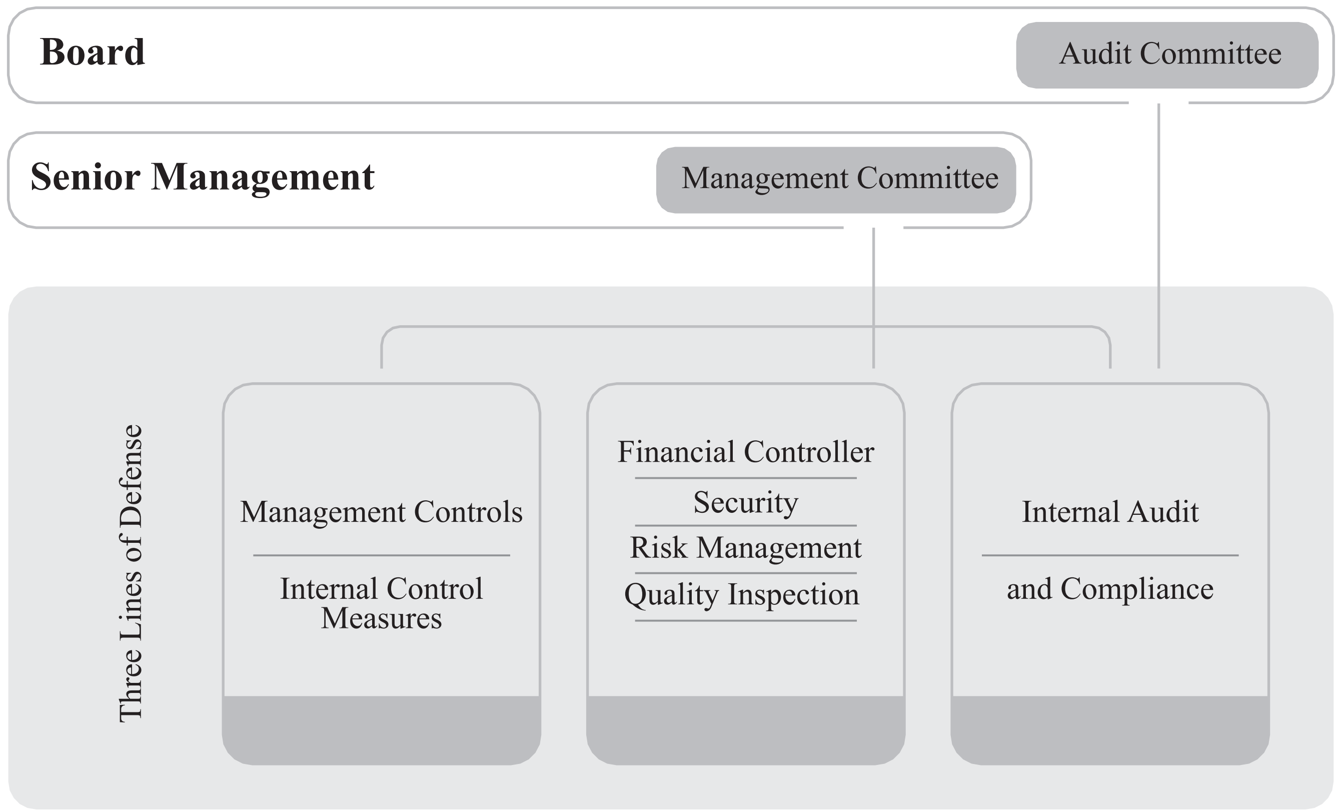
RISK MANAGEMENT GOVERNANCE STRUCTURE

Risk Management Organogram

IPDC has identified relevant risks associated with the financial institution and has come up with a governance framework comprising different committees which have different sets of risk management responsibilities. A summary of the committees and the relationships are given below.

Three lines of Defense

Roles and responsibilities for risk management are defined under a 'three lines of defense' model. Each line of defense describes a specific set of responsibilities for risk management and control. Three Lines of Defense model can enhance clarity regarding risks and controls and help improve the effectiveness of risk management systems'



First Line	Second Line	Third Line
Responsible for:	Responsible for:	Responsible for:
• Identifying all the risks in the activities in which they are engaged, and developing appropriate policies, standards and controls to govern their activities • Operating within limits established in connection with the Risk Appetite of the firm • Escalating risk events to senior managers and the Internal Audit & Compliance.	• Establishing limits, rules and constraints under which first line activities shall be performed • Monitoring the performance of the First Line • Formulating product program guidelines, document checklists, manuals and guidelines are established and maintained as a second line of defense against the potential risks.	• Providing independent assurance to the Board and Audit Committee relating to the effectiveness of corporate governance, risk management and control.

BOARD SUB-COMMITTEES

Member Composition

Name of the Committee	Number of Members	Independent Directors	Nominated Directors	MD & CEO	Number of Meetings Held
Executive Committee	5	-	4	1	6
Board Audit Committee	5	2	3	-	6

Key Responsibilities of Executive Committee

Credit	• Take credit decisions within its authority • Review status of loans/ facilities approved by the Management • Review status of achievement of targets under the Annual Business Plan. • To review the adequacy and provisioning of to ensure that IPDC is meeting the laid down requirements • To review and monitor the recovery process on continuous basis of good and classified portfolio
Treasury	• Approve Bank and FI borrowings within its authority • Review fund position and liquidity statements • Review Cost of Fund and Return on Funds
Other	• Review monthly financials of the company • Review budget and recommend to the board for approval • Approve expenses within its authority • Initiation of Artha Rin process against default clients

Key Responsibilities of Executive Committee

Review	• Assessing the capacity and effectiveness of the Internal Control and Compliance function • Evaluating reports of Credit Inspections, review implementation of suggestions contained in the reports. • Assessing inspection reports issued by Bangladesh Bank and external auditors; review rectification of irregularities or compliance of recommendations suggested by such external bodies • Assessing the credit risk management system of the company
Others	• Submit meeting minutes to the immediate next meeting of the BOD and to the Bangladesh Bank • Request both internal and external auditors for submission of assessment reports on any credit related issue under review by Audit Committee

MEMBER COMPOSITION OF COMMITTEES AT MANAGEMENT LEVEL

Committee Names	Members
Management Committee (MANCOM)	• Mr. Mominul Islam, Managing Director & CEO • Mr. Rizwan D. Shams, AMD & Head of Business Finance • Ms. Savrina Arifin, Head of Retail Business • Mr. Md. Sayeed Iqbal, Acting Chief Human Resources Officer • Mr. Md. Zakir Hossen, Head of Operations • Mr. Ashique Hossain, Head of Credit Risk Management • Ms. Aleya R Ikbal, Head of Information Technology & Business Transformation • Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance • Ms. Fahmida Khan, Chief Financial Officer • Mr. Tareq Islam Shuvo, Head of Strategy, Brand & Corporate Communication • Mr. Samiul Hashim, Company Secretary & Head of Legal Affairs
Risk Management Forum	• Mr. Rizwan D. Shams, Chief Risk Officer • Ms. Savrina Arifin, Member • Mr. Md. Zakir Hossen, Member • Mr. Ashique Hossain, Member • Ms. Aleya R Ikbal, Member • Mr. Md. Ezazul Islam, Member • Ms. Fahmida Khan, Member • Mr. Samiul Hashim, Member • Ms. Jumaratul Banna, Member • Mr. Sikder Fazle Rabbi, Member
IT Steering Committee	• Mr. Mominul Islam, Managing Director & CEO • Mr. Rizwan D. Shams, AMD & Head of Business Finance • Ms. Savrina Arifin, Head of Retail Business • Mr. Md. Sayeed Iqbal, Acting Chief Human Resources Officer • Mr. Md. Zakir Hossen, Head of Operations • Mr. Ashique Hossain, Head of Credit Risk Management • Ms. Aleya R Ikbal, Head of Information Technology & Business Transformation • Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance • Ms. Fahmida Khan, Chief Financial Officer • Mr. Tareq Islam Shuvo, Head of Strategy, Brand & Corporate Communication • Mr. Samiul Hashim, Company Secretary & Head of Legal Affairs
Sustainable Finance Committee	• Mr. Rizwan Dawood Shams, AMD & Head of Business Finance • Ms. Savrina Arifin, Head of Retail Business • Mr. Md. Sayeed Iqbal, AGM & Acting Chief Human Resources Officer • Mr. Md. Zakir Hossen, GM & Head of Operations • Mr. Ashique Hossain, GM & Head of Credit Risk Management • Ms. Aleya R Ikbal, GM & Head of Information Technology • Mr. Md. Ezazul Islam, DGM & Head of Internal Audit & Compliance • Ms. Fahmida Khan, DGM &Chief Financial Officer • Ms. Jumaratul Banna, DGM & Head of Local Corporate • Mr. Sikder Fazle Rabbi, AGM & Head of Treasury • Mr. Md. Barkat Ullah, Head of General Service & Security • Mr. Imran Khan, AGM & Head of Sustainable Finance Unit (Secretary)

Committee Names	Members
Asset-Liability Committee (ALCO)	• Mr. Mominul Islam, Managing Director & CEO • Mr. Rizwan D. Shams, AMD & Head of Business Finance • Ms. Savrina Arifin, Head of Retail Business • Mr. Md. Ashique Hossain, Head of Credit Risk Management • Ms. Fahmida Khan, Chief Financial Officer • Mr. Sikder Fazle Rabbi, Head of Treasury
National Integrity Strategy Committee	• Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance • Mr. H. M. Ferdous Kabir Tusher, FAGM, Human Resources • Mr. Md. Fazlay Azim, Manager, Internal Audit & Compliance • Ms. Tasneem Tazakka Amin, Assistant Manager, Business Finance • Mr. Najam Hossain, Assistant Manager, Human Resources
Management Credit Committee (MCC)	• Mr. Mominul Islam, Managing Director and CEO • Mr. Rizwan Dawood Shams, AMD & Head of Business Finance • Mr. Md. Ashique Hossain, Head of Credit Risk Management • Mr. Md. Zakir Hossen, Head of Operations • Ms. Fahmida Khan, Chief Financial Officer • Mr. Sikder Fazle Rabbi, Head of Treasury
Policy Review Task Force (PRTF)	• Mr. Mominul Islam, Managing Director and CEO • Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance • Ms. Fahmida Khan, Chief Financial Officer • Mr. Samiul Hashim, Company Secretary & Head of Legal Affairs

Responsibilities of Committees at Management Level

Committee Names	Members
Management Committee (MANCOM)	• Reviewing of the business plan • Ensuring compliance with regulatory bodies and other statutory guidelines • Discussing operational activities and resolving inter-departmental issues • Recommending and seeking approval to the Board
Risk Management Forum	• Designing overall risk management strategy • Communicating views of the board and senior management regarding the Risk Management Culture and Risk Appetite all over the FI • Preparing risk management policies and procedures • Reviewing the market conditions, identifying the external threats and providing recommendations for precautionary measures accordingly • Monitoring the prescribed/threshold limits of Risk Appetite set by the regulator and/or by the FI itself
IT Steering Committee	• Formulating IT strategy • Approving IT projects • IT project prioritization • Ensuring Information security
Sustainable Finance Committee	• Providing necessary approval, supervision and evaluation of the responsibilities of the Sustainable Finance Unit. • Ensuring the coordination and assistance among all the departments associated with the activities of the Sustainable Finance Unit

Committee Names	Members
Asset-Liability Committee (ALCO)	• Assessing the macro-economic situation • Assessing and managing the Balance Sheet related risks • Predict the market rate and significant changes in the market • Taking necessary strategies to mitigate the overall risk • Determining the financial health of the company through ratio analysis • Assessing competitors and pricing in line with the market conditions
National Integrity Strategy Committee	• Promoting awareness regarding integrity, transparency and accessibility to information • Identifying the hurdles regarding the implementation of integrity strategy and providing direction to mitigate the hurdles
Management Credit Committee (MCC)	• Provide credit approval within management limit • Analyzes the merit of every credit proposal and assesses all the relevant risks that can affect Credit Portfolio of the company
Policy Review Task Force	• Review Policies in partnership with Policy Owner and provide feedback. • Review the policy based on risk perspective, assess risk, provide risk grade (High, Medium & Low) and determine frequency of policy review. • Circulate approved Policy to the respective stakeholders for implementation.

RISK MANAGEMENT STRATEGY

Credit Risk

It is the risk of potential loss that may arise because of the client, its counter parties and the related party's' unwillingness or inability to meet the commitments in relation to lending, trading, settlements and other financial transactions. Credit Risk can be broadly classified into three sections:

1. Default Risk

2. Recovery Risk

3. Concentration Risk

Monitoring Credit Performance

Our Credit Manual properly defines the criteria for identifying and reporting potential problem in credits and other transactions to ensure that they are subject to more frequent monitoring as well as possible corrective actions, classifications and provisioning.

Measurement of Risk

The outcome of the evaluation process is generally a rating/ grade/scores that depicts the degree of credit risk associated with the borrower. The assessment is done both in presanction and post-sanction stages. We use Credit Risk Grading system and Internal Risk Rating systems as presanction assessment tool. In the post-sanction stage, we perform several analyses both in micro and macro level.

Highlights in 2021

Default Risk

Our classified loan has increased to 3.15% in 2021 against 1.38% in the previous year. The increase in classified loan was due to an increase in loan portfolio. The classified loan account of IPDC is one of the lowest in the industry, with the industry average classified loan ratio at 17.62% as of September 2021.

Recovery Risk

We have adequate coverage against our loans. Out of the classified loan volume of BDT 2,056 million, IPDC holds BDT 1,836 million coverage against classified loans, covering 89.3% of the value.

Concentration Risk

Loan sanctioned to any individual or enterprise or any organization of a group, amounting to 15% or more of the Company's total capital is considered as a large loan. Large loan as percentage of portfolio stood at 4.7% in 2021 against 3.5% in the previous year. Lower equity base contributed towards the increase in large loans portfolio.

IPDC operates throughout various division in Bangladesh with the majority of the loan portfolio being situated in Dhaka Division. Loan portfolio of Dhaka division stood at 77.2% of the total portfolio with the second highest being in Chattogram Division. IPDC continues to diversify its geographical portfolio concentration with focus beyond mega cities. The concentration in Dhaka Division remained stable at 77.2% in 2021 from 77.1% in 2020 while concentration in Chattogram Division decreased to 13.4% from 14.1% in the previous year. Khulna Division and Mymensingh Division also saw an increase in portfolio concentration to 2.5% and 1.3% respectively in 2021.

Classified status of Loans and Advances

in BDT mn / %

Particulars	2017	2018	2019	2020	2021
Unclassified	34,171	43,042	49,279	52,636	62,484
Special Mention Account	82	337	651	232	787
Total Performing Loan	**34,253**	**43,379**	**49,930**	**52,868**	**63,271**
Sub Standard	125	710	173	118	656
Doubtful	3	37	433	421	568
Bad Loss	85	200	191	203	833
Total Classified Loan	**214**	**947**	**796**	**742**	**2,056**
Total Loans & Advance	**34,467**	**44,325**	**50,726**	**53,610**	**65,327**
Classified Loan Ratio	**0.62%**	**2.14%**	**1.57%**	**1.38%**	**3.15%**

Large Loan

in BDT mn / %

Particulars	2017	2018	2019	2020	2021
Large Loan Portfolio	6,834	4,976	2,960	1,868	3,045
Total Loan Portfolio	34,467	44,325	50,726	53,610	65,327
Large Loan as a % of Total Loan Portfolio	**19.8%**	**11.2%**	**5.8%**	**3.5%**	**4.7%**

Geographic Credit Concentration

in BDT mn / %

Particulars	2017	2018	2019	2020	2021	2021 (% of total)
Dhaka Division	31,087	36,153	40,009	41,338	50,438	77.2%
Chattogram Division	2,478	5,391	6,851	7,561	8,772	13.4%
Khulna Division	115	708	989	1,249	1,634	2.5%
Rangpur Division	-	703	1,207	1,065	1,379	2.1%
Rajshahi Division	420	873	867	1,220	1,452	2.2%
Sylhet Division	294	269	373	478	588	0.9%
Barisal Division	-	6	20	104	234	0.4%
Mymensingh Division	73	222	410	596	832	1.3%
Total Loan Portfolio	**34,467**	**44,325**	**50,726**	**53,610**	**65,327**	**100.0%**

RISK MITIGATION STRATEGY

The Board of Directors periodically reviews and approves the credit risk strategy and credit risk policy considering the risk appetite and the level of profitability it expects to achieve over the periods and define and review the delegation of credit approvals.

Another way IPDC manages credit risk is through provisioning. IPDC maintains surplus amount of provisioning than required. This surplus provision provides a cushion during any unexpected degradation of quality in credit portfolio.

Additionally, IPDC obtains collateral security in the form of land, building, cash, financial instruments, marketable shares. In case of default and inability or unwillingness of the client to repay the loan, the security may be liquidated to recover the loan. The collateral security provides a level of protection against credit risk.

IPDC designs its organizational structure for Credit Risk Management (CRM) by considering the size, complexity and diversification of its credit activities. To facilitate effective management oversight and proper execution of CRM control process IPDC has the following committees and departments:

Department / Committee	Responsibilities
Credit Risk Management Committee	• Overall credit risk activities and overall credit risk management function • Implementation of the credit risk strategy approved by the Board • Monitoring the credit risk throughout the Company and ensure compliance
Credit Risk Management Department	• Formulating the credit policy, setting credit limits and monitoring the credit exceptions, exposures and reviewing and monitoring the required documentations • Ensuring that the business lines comply with the risk parameters and limits established by the Board
Credit Administration Department	• Ensuring the completeness of the documentation in accordance with the approved terms and conditions • Monitoring the borrower's compliance with covenants and agreed terms and conditions and monitor the performance of the client
Special Asset Management Department	• Managing accounts with sustained deterioration • Determining the specific strategy for bad loan recovery • Pursuing all options to maximize the recovery, including placing customers into receivership or liquidation as appropriate.

OUTLOOK

Default Risk

Although we monitor the current status of our portfolio through regular overdue status review, we are working for development of an Early Warning System so that all the key stakeholders are well aware of the regular movements in portfolio quality as it happens. This will improve the overall reporting standard and steps can be taken to secure our financing accordingly.

Recovery Risk

Some forms of financing are unsecured by nature. As such, we will continue to maintain and possibly improve the share of collaterals against our loans and leases. We are also strengthening our recovery team through the deployment of new resources for increasing recovery from bad loans.

Concentration Risk

As we continue our focus on home loans and other retail loans beyond megacities, we hope to significantly reduce our geography risks and product concentration risks within the coming years. Through further scaling up our supply chain platform, our portfolio will also be diversified against sector exposure.

Liquidity Risk

Liquidity risk arises when liquid assets are not enough to meet maturing obligations or organization's inability to defray its liability. The objective of IPDC's liquidity risk management framework is to ensure that IPDC can always fulfill its payment obligations and can manage liquidity and funding risks within its risk appetite. Liquidity risk management is the main responsibility of the ALCO. The ALCO consists of treasury, business units, finance, credit risk departments. At IPDC, a top-down and bottom-up approach for liquidity risk management is used.

Highlights in 2021

Liquidity Gap

IPDC has been able to overcome the liquidity crunch in the market through prudent liquidity management. Currently, our liquidity gap is mostly concentrated in the longer-term horizon which we are addressing through concentrating our focus on long term public deposits.

Liquidity Gap – Maturity Analysis

in BDT mn / %

Particulars	2017	2018	2019	2020	2021
up to 1 month	364	267	139	401	384
1-3 Months	367	89	391	430	467
3-12 Months	(581)	490	568	469	530
1-5 Years	6,284	9,761	6,727	11,628	13,125
5 Years +	(3,322)	(6,855)	(2,250)	(6,867)	(8,153)

Liquidity Gap as a % of Liability

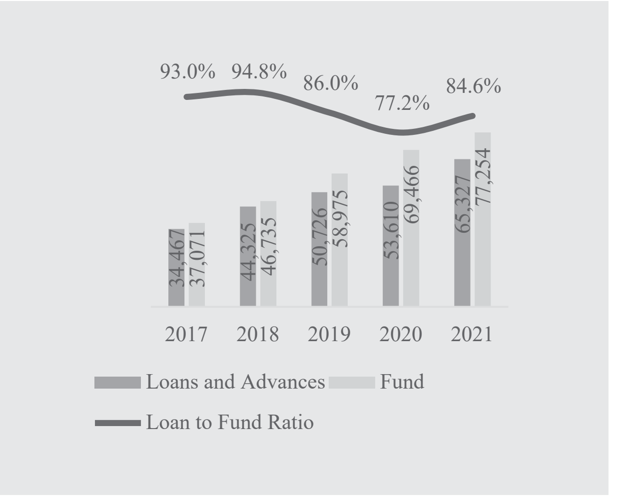
Particulars	2017	2018	2019	2020	2021
up to 1 month	6.2%	4.3%	3.1%	3.3%	3.6%
1-3 Months	5.9%	1.1%	3.6%	3.3%	3.3%
3-12 Months	-7.1%	5.6%	3.4%	3.3%	3.4%
1-5 Years	82.0%	105.6%	44.5%	104.5%	81.3%
5 Years +	-40.8%	-47.7%	-19.3%	-34.9%	-36.9%

Current Ratio

We have continued to maintain a current ratio of 1.0 since 2017. This indicates that IPDC has enough liquidity in the short term to meet its short-term obligation. We are confident that we will continue to maintain this standard going forward.

in BDT mn / times

in BDT mn / %



Loan to Fund Ratio

From the base year of 2017, the loan to fund ratio steadily increased over till 2018 reaching 94.8% against the maximum suggested value of 95.0% for Non-Banking Financial Institutions. The loan to fund ratio came down to 86.0% in 2019 due to the combined impact of issue of rights share amounting to BDT 1,414 million, issue of additional BDT 800 million subordinated bond and increase in deposits by 25.1% during the year 2019. Moreover, portfolio growth in 2020 was low which resulted in further decline in Loan to Fund Ratio. However, loan portfolio grew by 21.9% in 2021. The company also registered strong growth in funding through Bangladesh Bank refinancing schemes which now stand at BDT 4,151 million in 2021 against BDT 3,073 million in the previous year, an increase of 35.1% and representing 39.5% of the total borrowing from banks and FIs compared to 28.1% in the previous year. As a result loan to fund ratio now stands at 84.6% in 2021.

in BDT mn

CRR and SLR

We have adequately maintained Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) with a surplus which indicates our strong liquidity position.

in BDT mn

RISK MITIGATION STRATEGY

Liquidity risk is managed in accordance with the Management Board-approved risk appetite across a range of relevant metrics, and implements several techniques to ensure compliance

- Minimizing maturity gap between assets and liability
- Monitoring funding position daily
- Maintaining strong line of credit with banks
- Sourcing less volatile small ticket size deposits
- Making short term investments with high rated Banks and FIs
- Monitoring and forecasting short term and long-term liquidity situation of the company
- Doing predictive analytics about the market liquidity situation and taking position upfront before the market reacts
- Delegating authority and setting limits on the type and volume of transactions
- Setting trigger points for escalating any situation through vertical lines
- Continue to reduce bank dependency for funding need
- Keeping adequate Tier-I and Tier-II capital beyond the regulatory requirement
- Making contingency funding plan (CFP) for addressing liquidity shortfalls in emergency situations

OUTLOOK

Diversification of our funding profile in terms of investor types products and instruments is an important element of our liquidity risk management strategy for the future. Key areas of focus are:

- Increased focus on retail deposits
- Increased focus on small ticket size sticky deposits
- Diversified funding basket through instruments like zero coupon and subordinated bonds.
- Increased proportion of treasury borrowing coming from long-term borrowing
- Explore opportunities of borrowing through foreign currency
- Increase fund from refinancing schemes of Bangladesh Bank

Operational Risk

Operational risk is the risk of financial losses related to breakdown in internal control and corporate governance processes. Such breakdown can be the result of human error, inadequate or failed internal processes and technical systems, fraud, or any other adverse internal events. Operational Risk has the most devastating impact on the organization and is difficult to anticipate.

Operational Risk Types

Operational risk includes the following Sub-categories:

1. Legal Risk
2. IT Risk
3. Internal Fraud Risk
4. Cyber Risk
5. Process Risk

Highlights in 2021

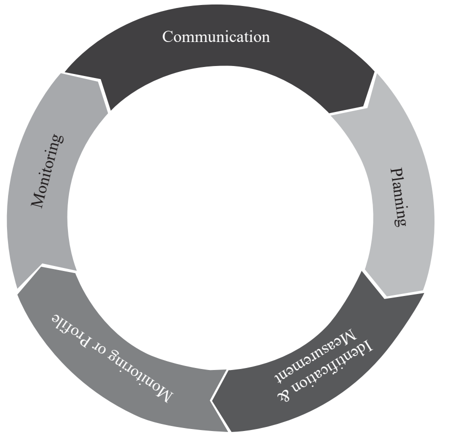
• Our Supply Chain Platform – Orjon is backed by block chain technology which provides an unparallel level of data security.

• Continued use of E-Doc system for protection against any possible data loss

• Pilot process of IPDC EZ & Dana

Operational Risk Management Framework

IPDC follows below operational risk management framework:



Risk Indicator

Particulars	2017	2018	2019	2020	2021
Major External Fraud	None	None	None	None	None
Major System Failure	None	None	None	None	None
Major Security Failure	None	None	None	None	None

Risk Mitigation Strategy

Several techniques are followed to manage operational risks:

• Ensuring effective and integrated operational risk management procedures

• Training, supervision and developments

• Proactive communication between the cross functional departments

• Independent control and support functions that monitor operational risk on daily basis

• Segregated dual control mechanism (maker and checker concept) to minimize the error and prevent the fraud

• Building a network of systems throughout the company to facilitate the collection of data for analyzing and assessing our operational risk exposure

• Assessing the state of compliance with applicable laws and regulations, code and guidelines, internal procedures and policies

Outlook

In order to further improve the management of operational risk, we will be working on identifying new tools and measures toa effectively measure the operational risk across the organization.

MARKET RISK

Market risk can be defined as the risk of losses in balance sheet positions arising from adverse movements in market rates or prices such as interest rates, equity prices, foreign exchange rates, commodity prices and general spreads.

Market Risk Types

Market risk may arise, broadly, in any of the following form:

1. Interest Rate Risk
2. Equity Price Risk
3. Credit Spread Risk

Measurement of Market Risk

Market fluctuations may occasionally exceed predicted levels. To ensure IPDC's ability to manage and respond to these fluctuations, the company regularly conducts simulations of radical market movements (stress tests). Such stress tests ensure that the company is prepared to respond should similar situations occur in future. IPDC also monitors interest rate movements in its portfolio on a daily basis as well as monthly basis through management reports.

Highlights in 2021

• All key performance ratios remained within the satisfactory range in 2021

• Reduction in spread due to liquidity crunch leading to higher cost of fund.

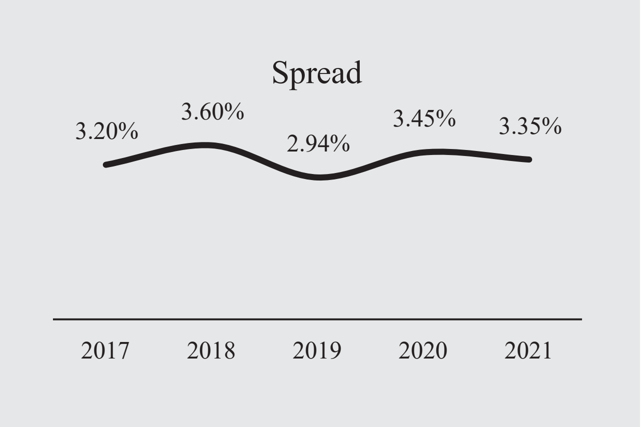
• Stable Return on Asset and slight reduction in Return on Equity due to higher equity base as result of issue of rights share.

Return on Asset (ROA) and Return on Equity (ROE)

Particulars	2017	2018	2019	2020	2021
ROA	1.1%	1.0%	1.0%	1.0%	1.1%
ROE	11.4%	13.1%	12.1%	12.1%	14.2%

Interest Rate Risk under Simple Sensitivity Analysis

Particulars	2017	2018	2019	2020	2021
upto 1 month	2,470	473	257	4,798	2,429
1-2 months	237	330	572	562	1,466
2-3 months	273	441	808	1,077	254
3-6 months	79	1,395	1,700	583	591
6 months - 1 Year	**(791)**	**470**	**268**	**547**	**1,011**



Risk Mitigation Strategy

• Matching maturity profile of interest-bearing assets and liabilities

• Sensitivity and GAP analysis and stress testing using financial models

• Lending in longer term on floating rate basis

• Adding prepayment penalty clause for early encashment of deposits and early repayment of loans and advances

• To consolidate and manage risk, IPDC conducts stress testing, which calculates the largest estimated loss that could occur with a specific probability

Outlook

• Further improvement in interest rate risk measurement techniques

• Improvement in Return on Asset (RoA) as the portfolio starts to mature

• Maintenance of Return on Equity (RoE) in the event of additional capital inflow

REPUTATION RISK

We define reputational risk as the risk of possible damage to our brand and reputation, and the associated risk to earnings, capital or liquidity, arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with IPDC's values and beliefs.

Highlights in 2021

Particulars	2017	2018	2019	2020	2021
Negative Media Coverage	None	None	None	None	None
Dishonored Cheque	None	None	None	None	None

Measurement Techniques

While it's widely accepted that damage to a financial institution's reputation is financially harmful, there are no proven measures to monitor reputational risk that has a measurable impact on financial stability. However, IPDC takes a proactive approach in this regard and ensures that its policies are strictly maintained in its operations which in turn helps to ensure that the company is not subject to any reputational risks.

Highlights in 2021

No major events occurred in 2021 that resulted in negative media coverage. Moreover, there were also no cases of dishonored cheques in as the last five years. So, there were no issues of loss in customer trust regarding financial stability due to being unable to settle customer claims. Information centers and sales centers have been set up which are more accessible for customers and will provide a greater opportunity for deposit souring.

Risk Mitigation Strategy

IPDC gives best efforts to make sure that business is conducted in a professional, ethical, compliant and prudent manner.

Effective Board Oversight

Our reputation risk management starts at the top. Strong board oversight on matters of strategy, policy, execution and transparent reporting is vital to effective corporate governance, a powerful contributor to sustaining reputation.

Effective Communications and Brand Building

We are investing to build our brand recognition which is vital to our market success.

Customer Feedback

Customer feedback are constructively taken to improve customer experience and complaints are seriously taken and acted upon to prevent any further negative consequences.

Quality Public Reporting

We have strong vigilance in maintaining internal control over financial reporting and in deploying effective disclosure controls and procedures to ensure reliable public reports.

Outlook

We plan to improve our reputational risk management in three fronts:

Build Goodwill

Building goodwill requires communication with customers on a regular basis. We plan to do that by ensuring that our customers get an extraordinary experience. Initiatives will be taken to better handle customer grievances/issues.

Engage with Customers

Touch points with customers will be increased to better understand customer needs and wants. Social media is also one of the big reasons for the increased focus on reputational risk. With over 380,000 followers in our Facebook page, we regularly maintain contact with a large set of our customers and plan to increase our interaction in this front as our followers increases.

Issue Management

Every crisis is different and requires a different response. Our customer service team and investor relation teams are fully equipped to deal with any issues our customers or stakeholders may have. We try to resolve the issues at the earliest in order to ensure that our customer satisfaction level is not negatively impacted.

STRATEGIC RISK

It is the possible losses that might arise from adverse business decisions, substandard execution of business strategies and failure to respond properly to changes in the external environment.

Strategic risks can arise from:

- Inadequate assessment of strategic plans
- Ineffective implementation of strategic plans
- Unexpected changes to assumptions underlying strategic plans

Measurement Techniques

IPDC measures its strategic risks on three broad sections:

1. Positioning Risks

Measuring financial performance against strategic plan

2.Execution Risks

Monitor key strategic positions as well as the pipeline of resources to fill up those positions. Review of IT systems and processes to ensure sufficient capacity to grow the business.

3. Consequence Risks

Conducting market research to gauge the performance of IPDC relative to the market.

Highlights in 2021

- Strategy meeting was held in 2021 amongst the Top-Level Management regarding the development of a new five strategic plan.
- Performance against the market as well as major competitors were regularly monitored to identify any performance gap.
- Conducted a review of the skills required for each job role with mapping of the skills from existing employees.
- Some key employees were promoted to take on additional responsibilities and to drive key strategic priorities.

Positioning Risks

Performance against strategic plan, competitors and industry is monitored on a periodic basis to ensure that the company is going in the right direction. While making plans for the future, consumer needs are heavily focused to make sure that the company is well positioned to create value and the strategic objectives makes sense.

Execution Risks

We have succession planning for key strategic positions to make sure that business is not impacted through employee turnover.

Consequence Risks

Strategic initiatives are taken based on market opportunities and financial projections are made by taking into account all the factors that may affect the company so that there are no unintended consequences for the strategic choices.

Outlook

Our efforts going forward will be towards ensuring protection against any adverse market developments as well as taking action so that the company is in a favorable position to utilize any market opportunities.

Risk Mitigation Strategy

Regular Management Committee meetings, IT Steering Committee meetings, Business Transformation Governance meetings take place where the members review business performance and progress towards strategic plans and revisits plans when necessary in response to the changing environment.

COMPLIANCE RISK

Compliance Risk is defined as the current or prospective risk of legal sanction and material financial loss due to the company's failure to comply with laws, its own regulations, code of conduct, and standards.

Risk Mitigation Strategy

IPDC fosters a compliance-oriented culture throughout the organization. This has been armored through strong communications, proper training, signing and declaration of the IPDC's code of conduct, repeated communication from senior management and continuous monitoring. In general, compliance culture is embedded in the day to day business processes and practices of the Company

Penalty Imposed by the Regulators

Particulars	2017	2018	2019	2020	2021
Bangladesh Bank	None	None	None	None	None
NBR	None	None	None	None	None
Other Regulators	None	None	None	None	None

Money Laundering Risk

The risk is associated with the money laundering and terrorist financing and the failure to meet the regulatory obligations.

Risk Mitigation Strategy

- Follow robust KYC procedures
- Organize training sessions for all employees on Anti Money Laundering (AML) to create awareness about the risks and mitigation practices

Key Numbers Related to Money Laundering Risk

Particulars	2017	2018	2019	2020	2021
STR Raised	4	25	18	7	29
Number of Accounts Involved	34	42	18	7	29
Suspicious Transaction Amount (BDT mn)	208	335	107	27	456

SOCIAL AND ENVIRONMENTAL RISK

Environmental risk is a facilitating element of credit risk arising from environmental issues. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financial transaction.

Social and Environmental Risk Rating

Particulars	2019	2020	2021
High Risk	None	None	None

Risk Mitigation Strategy

Environmental and Social Risk Management Guidelines have been incorporated in IPDC's credit manual in line with the ESRM Guidelines issued by Bangladesh Bank. IPDC always considers the environmental issues while financing.

Through its effective environmental risk management, IPDC tries to:

• Examine the environmental and social issues and concerns associated with potential business activities proposed for financing.

• Identify, evaluate and manage the environmental and social risks and the associated financial implications arising from these issues and concerns.

• Address the environmental and social issues more effectively in credit risk appraisal process.

OVERVIEW OF TOP AND EMERGING RISKS FOR 2021

Risk	Description	Impact and Mitigation Plan
Macro-Economic Environment		
Global Economic Outlook	Slowdown of growth in fast developing markets can reduce global demand resulting in lower investment requirement	As the local economy gets increasingly connected to global economy, global market forces will also increasingly impact the local business. To mitigate this, we will continue to monitor economic developments in key markets with appropriate planning and action
Local Economic Outlook	Delay in the implementation of mega infrastructure projects can slowdown the economy. Additionally, increasing debt burden of the government can crowd out private investment	Reduce dependency on bank and FI deposits and focus more on small ticket size customer deposits
Regulatory Risk		
Regulatory Developments	The regulatory landscape requires IPDC to deal with several regulatory requirements. New developments in the industry might introduce additional disclosures and stricter compliance in areas relating to treating customers fairly, protection of personal information, tax compliance and asset control sanctions.	Increasing regulatory requirements may reduce the ease of doing business. Significant investments in people, systems and processes are being made to manage the risks emanating from the large number of regulatory requirements.
Financial Crime	The evolving trend for terrorist financing, anti-money laundering, regulations and correspondent banking relationships shaped focus by regulators across the region	
Legal Risk	Legal proceedings arising from business operations could give rise to potential financial loss and reputational damage.	
Risks Relating to Operations		
Cybercrime and Fraud	The increasing trend for cybercrime remains a key focus area	Threats are continuously assessed, and controls adapted to address possible control weaknesses and improve system security.
Skills Shortages	Highly competitive industry compared with a dearth in skilled labor force may cause shortage of skill in the future	Management formulated plans for retention, development and attraction of top talent.
Data Management	Data management is becoming more important from a strategic perspective and new regulatory requirements for frequent, consistent, accurate and timely data submissions.	Project for improved data management, aggregation and reporting are underway through implementation of Business Intelligence tool

OUR INTEGRATED

VALUE CREATION

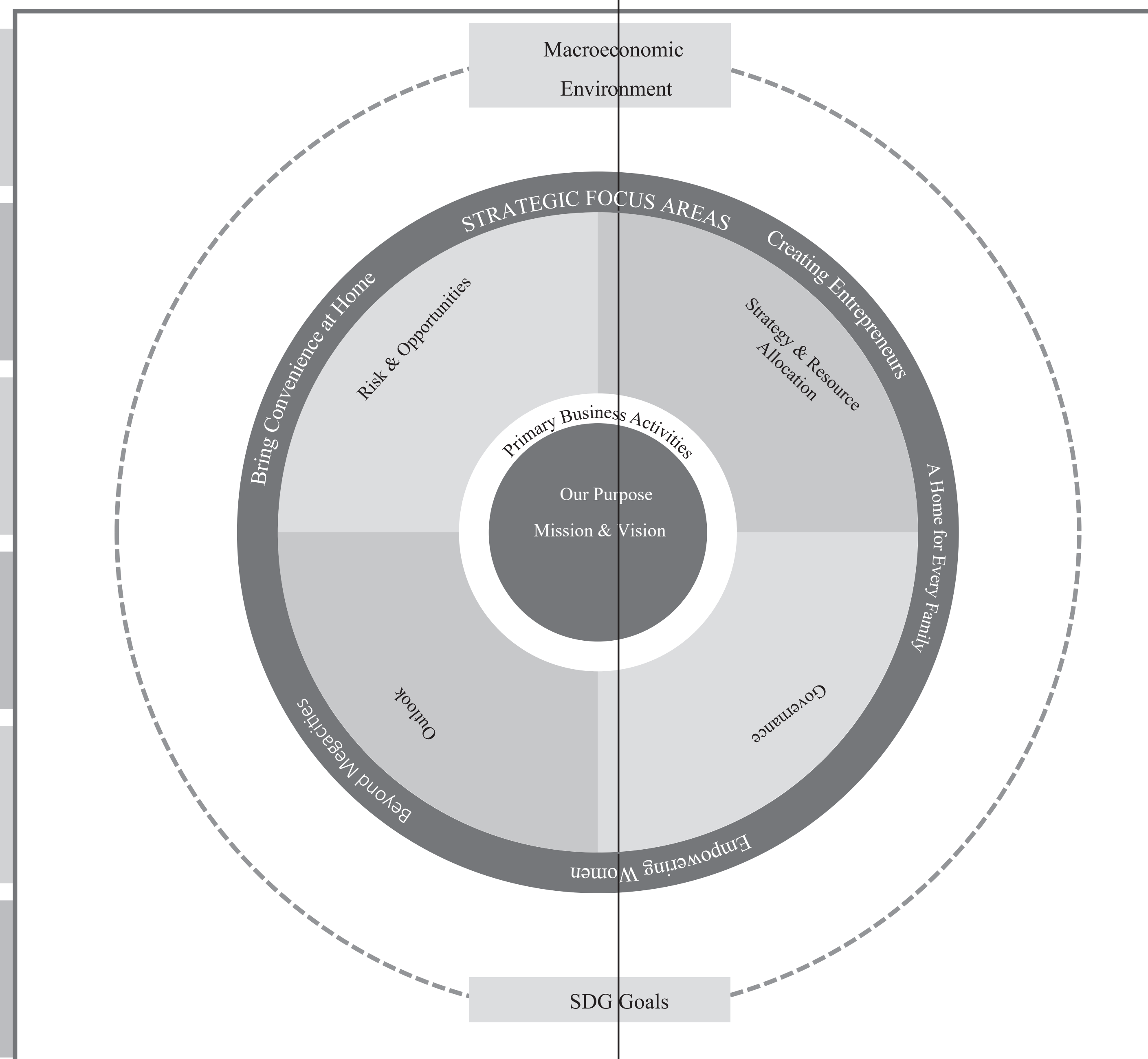
PROCESS

VALUE CREATION PROCESS FLOW

OUR CAPITALS | VALUE-ADDING ACTIVITIES | VALUE FOR STAKEHOLDERS

Capital	INPUTS	OUTCOMES
FINANCIAL	- BDT 6,353 mn equity - 15.65% capital adequacy ratio - BDT 65,327 mn credit portfolio - BDT 48,545 mn customer deposits	- 14.2% return on equity - 1.1% return on asset - BDT 3,445 mn revenue - BDT 881 mn net profit
MANUFACTURED	- 15 Branches including head office - BDT 765mn in fixed assets - BDT 101 mn capital expenditure - Revamped operational procedures	- Strong IT and physical infrastructure - Presence in all major locations - Quicker disbursements - Faster file processing
INTELLECTUAL	- Customer centricity - Culture of innovation - Robust technology infrastructure - BDT 105 mn spent in Publicity and Advertising	- IPDC Shubodh , IPDC Manobota - Robust Core Banking System - IPDC EZ Platform - Dana Platform - Orjon Platform
HUMAN	- 849 employees - Young and vibrant Workforce - BDT 2.2mn invested in employee training - Experienced and diverse management team	- Lower attrition - Engaged workforce - Improving gender balance - Stay home, stay fit campaign
SOCIAL AND RELATIONSHIP	- 17,534 active customers - BDT 13mn spent in CSR - Regular stakeholder engagements - Solid relationship with all stakeholders	- Supported 7,710 families - Fast increasing female customers - IPDC Shushoma - Priti & Joyee - Impactful sponsorships
NATURAL	- Green training - Green financing - Paperless initiatives - Investment in digital transformation	- Tree plantation - Green solutions - Power conservation - Electronic document management system

OPERATING CONTEXT



INVOLVED STAKEHOLDERS

Customers | Employees | Investors | Suppliers | Communities and Society | Regulators

OUR BUSINESS MODEL

Partners	Resources	Activities	Delivering Value	Customer Segments
Customers	Strong Balance Sheet	Fund Purchases and Business Expansion	Extraordinary Customer Experience	Corporates
Employees	Young and Vibrant Human Resource	Providing a Safe Place to Invest Funds	Affordable Products and Services	SMEs
Shareholders/ Investors	Strong Relationship with Stakeholders	Selling Financial Products	Bringing Convenience to Home	Retail Borrowers
Suppliers	Growing Brand Recognition	Creating Brand Awareness	Service beyond Megacities	Depositors
Regulators	IT Systems	Carry-out Social Responsibilities	Creating Entrepreneurs	Investors

Cost Structure:
Interest Expense
Infrastructure
Employees
Overheads

Revenue Streams:
Interest Income
Commission and Fees
Investment Income

Customer Relationships:
Personalized Service
Long-term and Recurring
Communities

Channels:
Branch
Outreach Operations
Direct Sales
Social Networks

Partners

Taking part in strategic and proactive discussion with key stakeholders helps IPDC deepen its insights into the drivers of its business and the needs of society across the country, and therefore adjust to changing demands of the stakeholders. IPDC maintains continuous dialogue with its partners through a variety of channels; details of which has been discussed in Our Approach to Stakeholder Engagement section.

Resources

Resources are the most important assets that generate long-term value propositions, reach markets, maintain relationships with customer segments, and earn revenue. These can be broadly classified into Physical, Intellectual, Human and Financial. Detail discussion regarding these resources can be found in the capitals section.

Activities

Activities are key tasks that we do to deliver value to our customers. IPDC strives to create unique intangible assets which can deliver future streams of financial and non-financial benefits to the shareholders and wider communities of the society.

Sourcing Deposits

Deposit is the prime source of fund which are used to support our lending activities. IPDC's sales force collects term and savings deposits from business enterprises, individuals, banks, and other financial institutions. This incurs funding cost which is charged against interest income from loans and advances.

Lending to Borrowers

Through its lending and associated services activities, IPDC grows its asset base which generates interest income, fees, and other income.

Operating Activities

IPDC pays salary and benefits to its employees for their services and pays to the service providers for operating activities. IPDC incurs depreciation cost which sets aside money for the usage of its assets. In addition, impairment charges are made to its loan and investment portfolio for unrecoverable money from customers. Finally, after paying taxes to the Government Exchequer, the company arrives at Net Profit, which is distributed to its shareholders as dividend or retained as the company's reserve for future growth.

Delivering Value

An organization creates value not only for the shareholders but also for the society by developing sustainable strategy. Delivering value is the reason why customers turn to IPDC over another. Our value proposition is designed to solve customer problems or satisfy our customer needs. We create value for our customer segments through a distinct mix of elements ranging from affordability, accessibility, and convenience. Detailed discussion regarding how we have delivered on our promise to create sustainable value has been discussed in Capitals section.

Customer Segments

Customer segments represent the different groups of individuals and institutions targeted by IPDC. We segment our customers to learn about their distinguished needs and identify ways to address them. It also allows us to define specific customer relationships and design our channel of communication around them.

MACROECONOMIC AND INDUSTRY ANALYSIS

Macroeconomic Analysis

Macroeconomic analysis through PESTLE helps us to understand how the external factors are affecting IPDC. Each element of PESTLE influences our company differently and we have identified several elements which significantly influence our business along with response to the changes in these elements.

Political

Political factors are all about the degree to which the government intervenes in the economy or in the financial industry. This can include government policy, political stability or instability, corruption, foreign trade policy, tax policy, labor law, environmental law, and trade restrictions.

Material Issues	Impact on Industry	Implications on IPDC	Strategic Response
Political stability	Post-election period has previously seen downward growth in the financial institutions of Bangladesh due to traditional political instability. However, as observed after recent elections, the financial industry has been enjoying a relatively stable growth	Financing needs might reach a plateau if the political climate becomes unstable. However, the growth rate is likely to pick up later.	The company is planning to disburse more long-term loans such as home loan to tackle the short-term political risk. The widespread market penetration of affordable home loan and blockchain based digital supply chain finance platforms are expected to fuel future growth
Public investment	Increased public spending boosts the economy towards holistic developments. As a result, the industry flourishes	Growing demand for financing beyond the metropolitan cities	Expand reach through alternative and cost-effective channels to cover the unbanked population
Annual budget	Tax implications and interest rate waivers	Investment friendly tax model spurs business growth, and increases both retail and business demand for financing	Fast and agile response through innovative products and services to minimize negative implications and maximize gains from opportunities

Economic

Economic factors are determinants of a certain economy's performance and have a direct or indirect long-term impact on IPDC since it affects the purchasing power of consumers. Factors may include economic growth, exchange rates, inflation rates, interest rates, disposable income of consumers and overall business environment.

Material Issues	Impact on Industry	Implications on IPDC	Strategic Response
GDP growth	Increasing GDP growth rate indicates increasing demand for private sector lending	Opportunity to capitalize on the increased economic activity driven by a vibrant economy	Capitalize the fast pace economic growth through purposeful investments and emerge as a major player in the industry
Monetary policy	Significant impact on market liquidity and cost of funds	Interest rate fluctuations caused by volatility in market liquidity means deposit collection has to be done more strategically	Increasing reliance on long-term customer deposits and FDR
Business environment	Culture of nonpayment causes default loans to increase significantly	Higher provisioning requirement from rising NPL can cause significant dip in profitability	Diversification of portfolio, establishing a stronger credit appraisal process and recovery team

Social

Social factors are aspects, attitudes, and trends that influence the market and community socially. This dimension of the general environment represents the demographic characteristics, norms, customs, and values of the population within which IPDC operates.

Material Issues	Impact on Industry	Implications on IPDC	Strategic Response
Improving standard of living	Financing opportunity for consumer spending on luxury goods because of rising MAC population of Bangladesh	Changing customer behavior pattern requires new products and services	IPDC plans to reach 100,000 families through Consumer White Goods Financing. Efforts are underway to launch a dedicated consumer goods finance platform in 2022
Access to financial services	Untapped geographical market for FIs. Client needs are different from traditional customers	Opportunity for IPDC to acquire new client base through product innovation	IPDC plans to expand its reach to remote areas through Affordable Housing Finance with low ticket size
Population demography	The median age of 26.7 years keeps wages under control and spur investments	SME financing opportunity for startups and budding entrepreneurs	Ensuring easy access to finance MSEs and create new entrepreneurs through increased SME financing. IPDC launched Orjon , the first digital supply chain platform powered by blockchain technology, to cater to working capital needs of MSMEs. A retailer financing platform is also underway to solve the financing needs of the thousands of retailers in the country

Technological

Technological factors refer to innovations in technology that may favorably or unfavorably affect the operations of IPDC and the industry. . This refers to technology incentivest, the level of innovation, automation, research, and development (R&D) activity, technological change, and the amount of technological awareness that the financial industry possesses.

Material Issues	Impact on Industry	Implications on IPDC	Strategic Response
Global shift towards fintech	Traditional service delivery and products are being revolutionized	Shifting market and changing financial landscape would require constant innovation from IPDC's front	IPDC launched Orjon , the first digital supply chain platform powered by blockchain technology. Also, IPDC is planning to grab the untapped market of app-based financing
Secured digital transactions	With digital transactions gaining popularity around the industry, interlaced security and risk issues are coming forth	Growing demand for secured transaction requires stronger technological infrastructure	Orjon platform allows secured transaction for supply chain financing as it is backed by blockchain technology. Efforts are underway to provide consumer goods financing and retailer financing through secured digital transactions
Rising popularity for on-demand online service	Increased customer preference for smart service that is instantaneous and available on the go	Attention towards expediting service process through online platforms	Consumer white goods financing was piloted to upgrade lifestyle through real-time credit scoring and financing

Legal

Legal factors include specific laws such as discrimination laws, antitrust laws, employment laws, consumer protection laws etc. as well as the legal and regulatory environment.

Material Issues	Impact on Industry	Implications on IPDC	Strategic Response
Regulatory environment	Regulations placed in this industry remains stringent, with more focus towards ensuring compliant environment	Vigilance and greater monitoring of our business conduction is needed	Besides ensuring department-wise compliance, IPDC took the initiative to ensure all employees were thoroughly informed and equipped to observe and report suspicious actions. IPDC conducts Anti Money Laundering Training to all employees
Legal landscape	Defaulters may take advantage of potential lapse in legal environment causing a rise in non-performing loans	Default loans may rise if the culture of non-payment is not addressed	IPDC ensures that all legal and application documents are strictly verified before disbursement
Increasing Compliance Requirements	As the requirements for compliance and reporting increases, operational efficiency may reduce	IPDC may have to deploy additional resources to maintain strict compliance and additional reporting requirements	Develop strong MIS system for easy monitoring of business activity as well as deploy additional resources to address additional reporting and compliance requirements. Implementation of a business intelligence tool is underway for further improvement in this area

Environmental

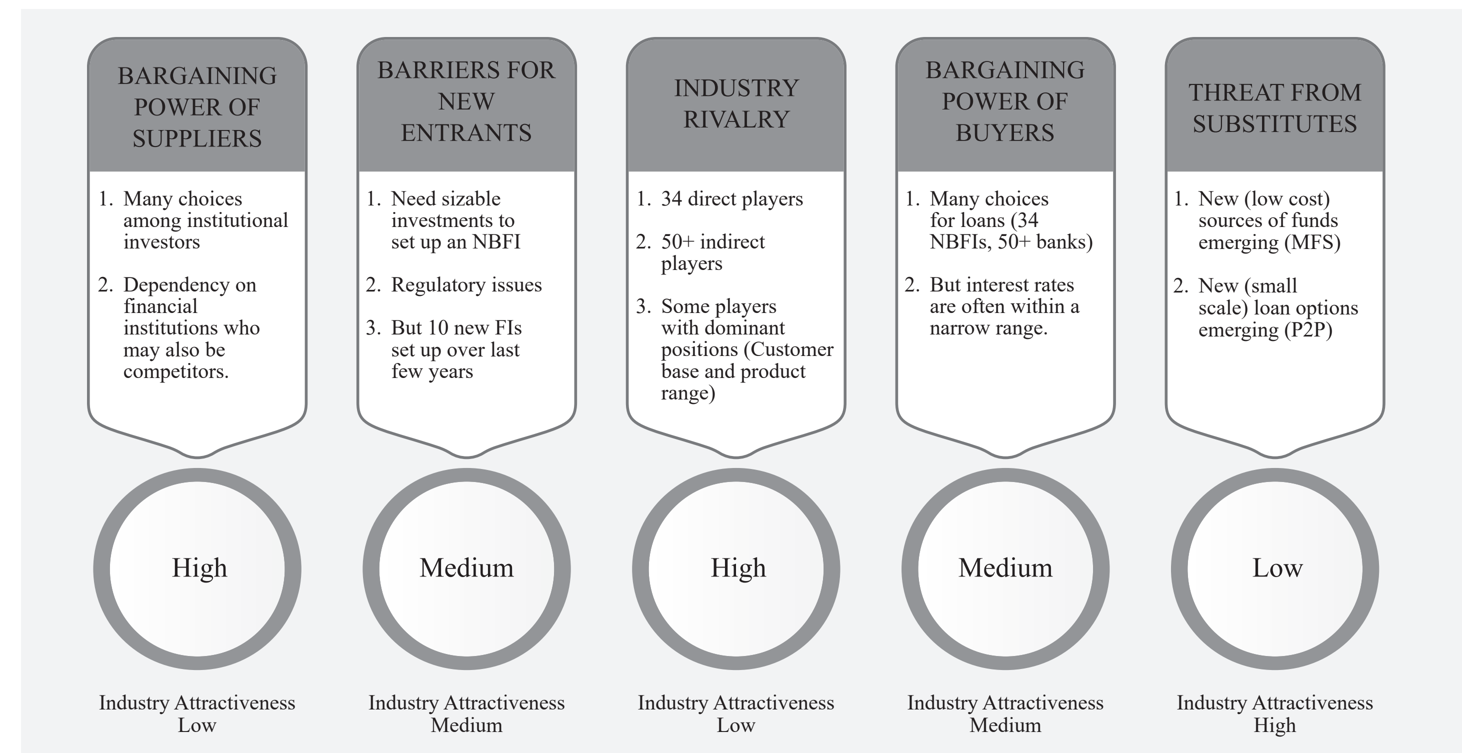
Environmental factors have come to the forefront only relatively recently due to the increasing scarcity of raw materials, pollution targets, carbon footprint targets set by governments and most importantly the COVID-19 pandemic. Although the direct exposure of financial industry to this factor is not as significant, implications are huge as additional financing will be required to shift to greener practices.

Material Issues	Impact on Industry	Implications on IPDC	Strategic Response
Integrating green habits within office culture	The industry might have to invest in establishing green offices with short term negative impact but long-term gains	Integrating green habits is not only good for the environment, but also has a positive impact on the financials of the company through reduced energy costs. However, initial investment requirement is high	Establishing green practices through paperless approvals and transmission of documents digitally to our E-doc system
Legal landscape	More inclined to adopt green practices with higher investment on environmental compliance	IPDC must be steered towards catering to green financing and environmental concerns	A separate unit for sustainable financing has been formed to drive green financing opportunities
COVID-19 Pandemic	Difficulties in loan repayment by clients due to business slowdown because of the pandemic has led to an increase in loan default and reduction in profitability.	Despite the pandemic IPDC has had a healthy growth in profitability but the growth potential would have been much higher had there been no pandemic both in terms of balance sheet growth and profitability.	Implementation of proper health precautions and enhancing business continuity plan. In response to the pandemic IPDC has built up surplus provision and interest suspense for future contingencies.

Industry Analysis

The financial sector is highly fragmented with 59 scheduled banks and 34 non-banking financial institutions (NBFI) which have witnessed considerable growth in the last two and a half decades after liberalization of the sector. The financial sector, however, is currently passing through a sluggish period marred with increasing classified loan ratio of over 10%.

Porter's Five Forces Model



The financial industry is very competitive and is mostly dominated by banks. The market is centered towards the metro areas of Dhaka and Chattogram. While Banks have an edge over NBFIs due to scale of operation, access to finance and client perception, NBFIs have clear opportunities of operating through a lean business model and providing faster, customized and personalized services to customers. NBFIs are also helping to bridge the credit gaps in several sectors which traditional institutions such as banks are unable to fulfill. These institutions are characterized by their ability to provide niche financial services and due to their relative organizational flexibility, they can often provide tailor-made services relatively faster than banks and financial institutions. Besides, there are market opportunities beyond metropolitan cities specially amongst youth, women, middle and low-income customer segments.

Challenges

The NBFI sector comprises mostly of small institutions having collectively only around 6% - 7% market share of the credit portfolio and 4% - 5% share of the deposit portfolio of the overall financial sector. The highest competitive pressure felt by NBFIs is in the deposit mobilization at competitive prices. Moreover, NBFIs cannot take transactional deposits. Therefore, cost of fund remains very high. On the other hand, NBFIs have to offer above the market interest rates to the customers while lending. Therefore, overall spread of NBFIs remain under pressure and is always lower than that of Banks.

Another challenge for NBFIs is managing maturity profile of assets and liabilities. NBFIs have so far not been able to diversify its sources of funds by issuing debt instruments in the market. Therefore, it is imperative that NBFIs remain operationally lean and efficient to stay competitive while being profitable. In addition, due to lack of brand visibility and limited distribution network, NBFIs cannot scale-up their operation beyond big cities.

THE KEY CHALLENGES

Key Challenges	Our Response
High Cost of Fund	• Diversify Funding base • Focus on small ticket size deposit • Introduce new products
Limited Geographical Coverage	• Increase branches • Leverage distribution channel through strategic alliances • Look for alternative mode of distribution • Introduce app-based services
Brand Perception	• Build strong brand identity • Utilize low-cost, highreach channels of promotion
Highly Fragmented Market	• Differentiate ourselves through unique customer service • Introduce non-price factors what would be appealing to customers
Fund Matching	• Issue long term capital • Issue bond • Explore opportunities for foreign borrowing • Reduce deposit customer attrition rate
Low Spread	• Adopt lean operation model • Keep NPL under check • Focus on retail portfolio with high margin products

OPPORTUNITIES

The Bangladesh economy has grown steadily over 6.5% in real terms over the last one decade with extraordinary resilience. With the economic emancipation, the middle-income population of the country is now growing and reaching to a critical mass bringing in new opportunities for the financial sector. It is projected that the middle and affluent population of the country will grow at 10%+ per annum for the next five years. Reports suggest that there are about 37.3 million registered mobile banking accounts at large (as of December 2018). Besides, mobile phone and smart phone penetration rate is also increasing.

Proper education, awareness and trust in technology can induce more consumers to use Fintech solutions. Currently, Bangladesh has one of the lowest Mortgage Loan to GDP ratio amongst emerging economies. Bangladesh has the ratio at 3.2% while India and Thailand have the ratio at 10% and 19%, respectively. Therefore, there is a large gap in demand and supply in mortgage sector, especially in low and middle-income households.

The female segment of the society remains largely untapped by the banks and financial institutions of the country. While female penetration in the tertiary education is around 28% and female penetration in the formal job market is between 15% to 20%, and financing women by the financial sector remains at an insignificant level. Women Entrepreneurs comprise of only 3.8% of the commercial banks SME finance portfolio. We observe that there is a surge in interest towards entrepreneurship in the new generation. However, these young entrepreneurs are constrained by the insufficient access to finance due to the lack of understanding of the formal financial sector and thus are unable to commercialize their business ideas.

IPDC can work as a catalyst for the new entrepreneurship development by collaborating with appropriate market players who can then later be catered to with appropriate financing like factoring and venture capital finance. Currently, retail lending is mainly concentrated in megacities, Dhaka, and Chittagong. Specialized financial institutions like IPDC can spread the retail lending, especially the home loan and vehicle loans beyond the megacities to Tier II and Tier III cities as the larger number of middle-income class is emerging from these cities.

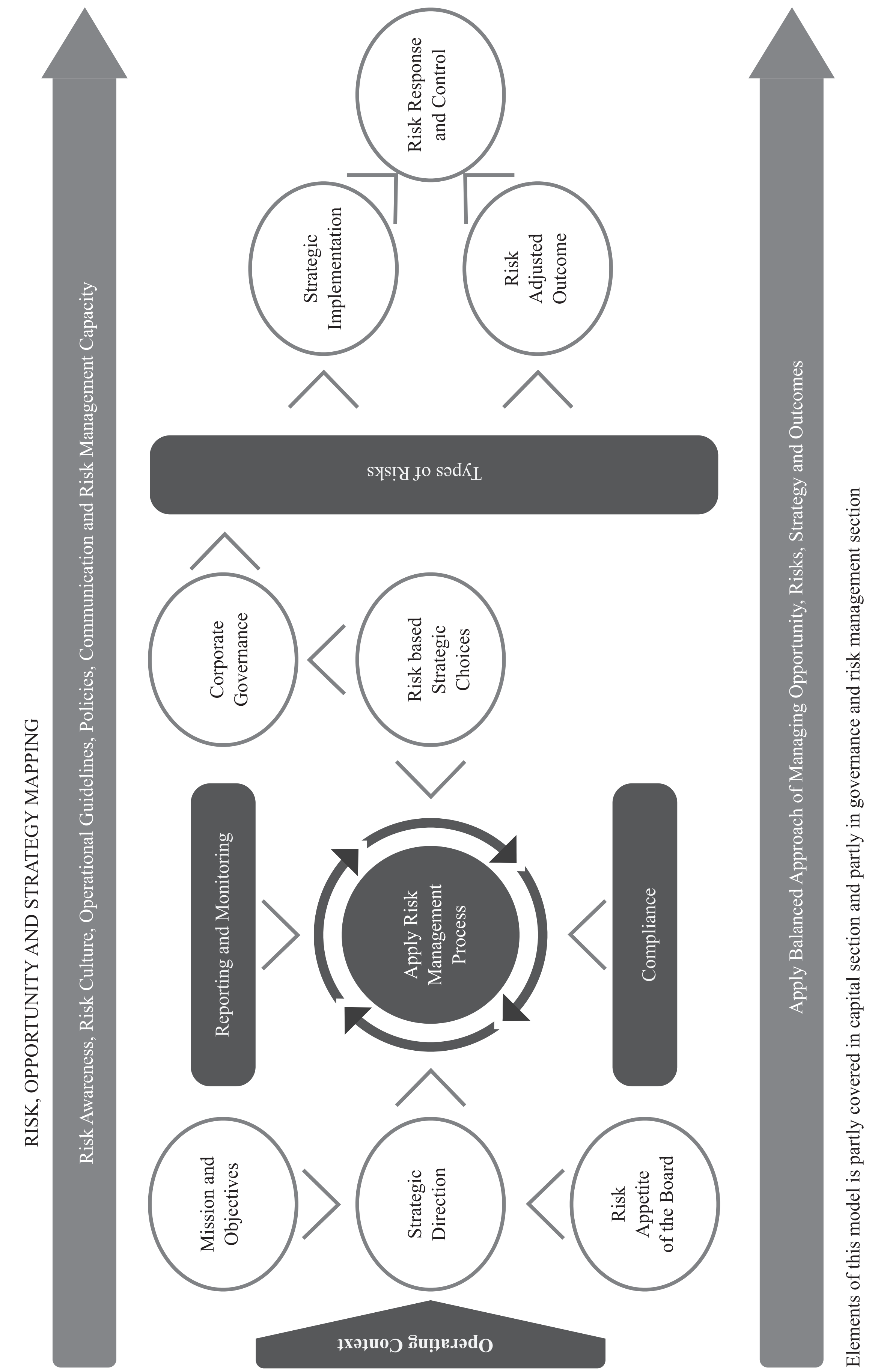
Consumer finance penetration in Bangladesh is still very low at 4.5%. The commercial banks are far more regulated when it comes to consumer finance. The return on these types of financing in considerably higher and specialized financial institutions with strong collaboration with manufacturers and vendors of consumer goods and strong IT support are better equipped to do such business.

COMPANY ANALYSIS

SWOT analysis helps to develop an awareness of all the factors that might affect the strategic planning and decision-making of the company and reveals opportunities and potential problems that should be addressed. It also helps to establish an understanding of the various consumer touchpoints and their impact on brand perceptions. SWOT analysis of IPDC is illustrated below:

		STRENGTH	**WEAKNESS**
		1. Unique shareholding structure 2. Relationship with corporate houses 3. Risk management framework	1. Scope for improvement in brand recognition In retail & SME 2. Limited distribution network 3. Scope for improvement in Internal capacity of retail & SME
OPPORTUNITIES	1. Regulatory advantage in retail lending 2. Emergence of middle income class 3. Growing women entrepreneurs 4. Collaboration with BRAC 5. Growing services sector 6. Young people coming into workforce 7. Increasing mobile and internet penetration	1. Leverage corporate relationship for retail lending and supply chain finance 2. Launched female focused products and services 3. Use shareholder strengths for low cost multisource funds	1. Build HR and IT capacity for retail and supply chain finance 2. Build strategic alliance with stakeholders for incubation of sales and distribution points 3. Build brand in retail segment
THREATS	1. Competition from banks in corporate lending 2. Regulatory restriction on low cost deposit 3. Portfolio infection 4. Limited product	1. Customize risk management framework for retail and factoring finance 2. Bring in IT enabled products and services	1. Build strong collection management system for retail lending 2. Optimize ticket size of SME finance

STRATEGIC RESPONSE



STRATEGY FORMULATION AND RESOURCE ALLOCATION

Corporate Strategy

Based on the macro-economic development of the country and the risks and opportunities it has created, we formulated a clear growth-led strategic plan towards 2022 which will not only bring sustainable and profitable growth of the company, but also contribute towards creating an impact on the society and achieving sustainable development goals of the country. Against the backdrop, our broader strategic goals revolve around five key pillars.

A Home for Every Family

IPDC aims to scale up Affordable Home Loan across the country for low and middle-income families.

Empowering Women

IPDC aims to support women to build their financial and non-financial assets and promote entrepreneurial development.

Creating Entrepreneurs

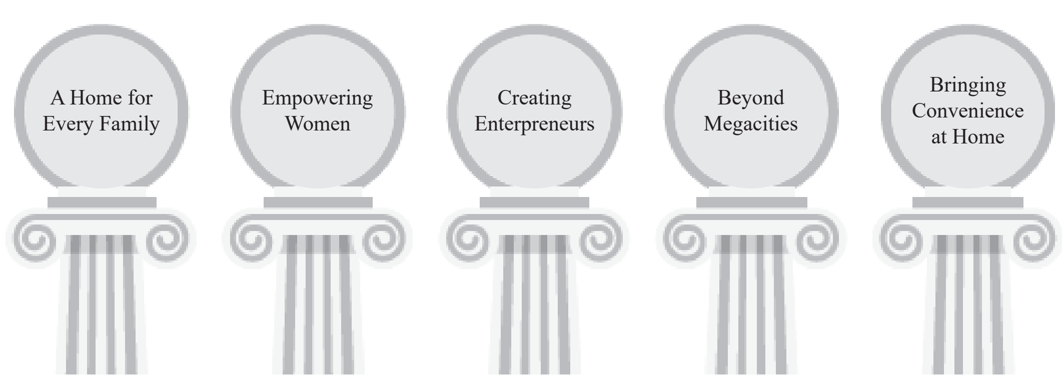
IPDC wants to harness the power of youth and support their entrepreneurial spirit by providing them with innovative financial solutions.

Beyond Megacities

IPDC envisages to reach mass people in Tier-II and Tier-III cities to find strong niche market where competition is yet to intensify.

Bringing Convenience at Home

IPDC wants to penetrate into consumer white goods financing business through innovative financial services and state of the art technology platform.



STRATEGIC BUSINESS UNIT (SBU) STRATEGY

Corporate Business

Our corporate business unit is structured towards catering to the sophisticated financial needs of some of the large corporate houses of Bangladesh. With a strong customer centric service orientation, we offer a wide range of products under this sector.

Growth Strategy

Corporate division is focused on leveraging our decades long relationships with some of the large and notable corporates of the country to seamlessly serve their financing needs with speed, sensitivity, and certainty. Going forward, we intend to pursue selected business opportunities with a tight control on credit assessment and timely collection.

Key Strengths

• Strong relationships with many customers engaged in the steel, pharmaceutical, textiles, FMCG, cement, logistics, ceramics, and food processing industries and so on

• Robust service orientation with a very competitive TAT (Turn Around Time).

• Proactive approach in meeting customer requirements.

• Offering personalized financial advisory services which are anchored on taking our customers' business ahead.Way forward

• Pursue strategic opportunities to grow the loan portfolio.

• Focus on enhancing interest spreads by pursuing larger and more sophisticated deals.

• Bring down classified loans

SME Business

SME customers are located across Bangladesh and are operating in many market segments and industries like agro-processing, pharmaceuticals, manufacturing, steel, cement, and ship-scrapping among others.

Under our mid-market segment, we are increasingly focusing on supply chain finance, including work order finance and bill discounting. We are one of the leading market players in channel finance with an outstanding loan book of BDT 4,485 million.

Growth Strategy

Our mid-market customer growth strategy comprises going deeper into M/SME operating clusters and deepen existing relationships. Over the past year, we have been able to tap into such newer customer segments engaged in rice and food processing, automobile spare parts and small-scale textile manufacturers, among others.

Key Strengths

• Proactive customer service, enabling us to strengthen customer relationships

• Leveraging the strong branch network for sourcing business

• Robust CRM (customer relationship management) team with strong documentation practices

• Strong collection bureau that enables us to keep a strong check on classified loan

Women Entrepreneurs

At IPDC, we are aware of the significance of mobilizing the women entrepreneurs with financial products, specifically designed for them . As such, we are increasingly focusing on women entrepreneurship development by providing easy access to finance. We have clear strategies to cater to this segment. For instance, we are offering preferential rates to female customers and bundling products, providing free driving lessons who have taken car loans from us.

Way Forward

• Sourcing fund from Bangladesh Bank under refinancing scheme to minimize borrowing cost.

• Focus on growing the business with protected spreads and controlled classified loan.

• Widen the footprint to cover a larger group of the major SME customers of the country.

• Focus on fulfilling the supply chain finance needs of a larger segment of our existing client group while looking at enlisting new accounts.

Retail Business

IPDC Retail Business provides financial services to individuals. Along with commonly known financial products such as deposit schemes, home loan, auto loan and personal loan facilities, IPDC retail also has customized loan facilities such as affordable home loan for the middle income segment living outside metros, consumer white goods financing for quick access to small loans for shopping and doctor's loan targeted towards doctors.

Growth Strategy

Our Retail Loan Strategy is to serve the full value chain of individual customers – from the most basic to the most sophisticated financial service needs – and to maintain high standards of customer experience and cost-effective delivery channels. The modus operandi of retail is in delivering excellent customer experience so that we can make a difference in the lives of our customers by supporting their personal aspirations.

Key Strengths

- Industry-leading loan Turn Around Time (TAT)
- Robust customer service
- Extensive presence in the key metropolitan areas of Dhaka and Chattogram
- Well-diversified customer base in home and auto loans
- Nationwide service network
- Fast and flexible intrapreneurship approach to innovate service delivery and improve process efficiency.

• Bhalo Basha Home Loan

IPDC's Bhalo Basha Home Loan, has managed to reach over 1000 families spread across 54 districts. In the years to come, with a growing base of rising middle income earners across both Tier II and Tier III, Bhalo Basha Home Loan is expected to reach a family of 50,000. This will be done not only through IPDC service centers but also through cross-industry collaboration with market leaders in the construction material manufacturing sector.

To ensure that, the entire process has been streamlined to deal with the massive inflow of applications, and to allow the loans to be disbursed within 15 days of application at present. Furthermore, loan processing is constantly innovated to remove crinkles which may lengthen TAT. In the days ahead, Bhalo Basha Home Loan, which is a pioneering concept, being the first home loan for the middle-income segment of the country residing outside Dhaka and Chattogram, we expect to see exponential growth in this product.

• IPDC Auto Loan

Enhancing relationships with and covering a wide number of car dealers across the country along with providing financing options to auto customers has been a prime focus of IPDC retail. At present, IPDC auto loan has the speediest processing with the loans being sanctioned within 72 hours. Not only the luxury brands of sedans and SUVs, but staying in line with the growing demand for low emission vehicles and green autos such as PHEVs, we plan to prevail as an industry leading auto loan service provider, in 2022 as well.

• IPDC Personal Loan

Financing of personal aspirations through IPDC personal loan is quick and easy. Since the loan is entirely free of hypothecation, it is limited to high end customers, with stable cash flow.

• IPDC EZ

IPDC's trailblazing financing solution for consumer white goods- called IPDC EZ will be officially launched in 2022.

• Dana

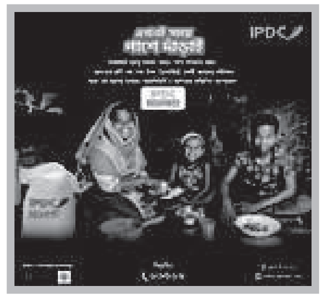
IPDC's financing solution for retailer financing called Dana will be officially launched in 2022.

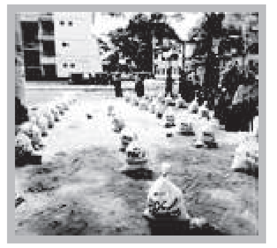
• IPDC Deposit Schemes

To level up to the various needs and styles of saving among customers, IPDC has multiple deposit schemes and products, along with dedicated relationship managers for smooth service. From time deposits with profit extraction at monthly, quarterly, annually, or cumulative intervals, to regular deposit schemes, IPDC offers a wide and varied range, open to customization. Furthermore, with schemes such as Millennium Deposit Scheme or Double Money Deposit Schemes, we ensure that customers can save and stay on track with the ultimate purpose in mind. Apart from these, IPDC also offers customized deposit campaigns on special occasions, that assist in garnering both funds and brand visibility.

IPDC মানবতা

- During the unprecedented COVID-19 pandemic, IPDC has showed exemplary commitment towards the society by launching a unique deposit scheme named IPDC মানবতা which created an opportunity for both IPDC and depositors to join a humanitarian cause during this time of need. This distinct deposit scheme raised around BDT 374 million through which close to 2,000 poverty-stricken families received food and emergency supplies. Total aid worth of BDT 2.7 million was distributed around the country through voluntary organization like Narail Express, Jaago Foundation, Sajida Foundation, Amal Foundation and Bidyanondo Foundation.



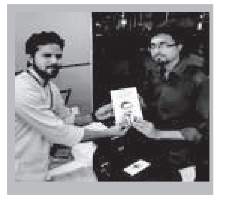



IPDC সুবোধ

- In an effort to encourage people to read more and eliminate any financial barriers to reading, "Subodh" is the first ever initiative in the country to offer loan facility to purchase books at 0% interest from 'Ekushey Boimela'. With this facility book lovers enjoyed an instant loan up to BDT 3,000 with 3 months EMI facility. A 360-degree campaign was launched where several opinion leaders were engaged, a digital billboard was placed, media coverage obtained in 53 platforms and 27.6 million audience were reached through digital. Subodh enabled 650+ customers to purchase 6,000+ books from 220 publishers. The innovative campaign not only generated a positive response from our stakeholders, but also helped IPDC to connect with the youth.





FUNCTIONAL STRATEGY

Portfolio Development Strategy

Our restructuring and transformation efforts are on progress in alignment with our strategic objectives. We intend to continue growing our portfolio at a higher pace in the initial years due to a lower base and higher capital adequacy ratio (CAR), followed by stabilization in the later years. In each of the phases we will continue to keep a watchful eye on credit quality and classified loan. Going ahead, IPDC will provide a balanced focus on corporate business with a higher emphasis on SME and Retail lending.

Funds Sourcing Strategy

Effective fund mobilization is critical to sustainable Balance Sheet growth and hence, the profitability of the company. We intend to focus on mobilizing short-term funds through short term bank deposits, borrowings, and commercial paper. On the other hand, we expect to support long-term financing through long-term sources of funds such as retail deposits, long-term borrowings from banks and issuance of bonds and equity. In addition, we plan to diversify our funding basket further through foreign borrowing.

Capital Management Strategy

At the end of 2021, our CAR (Capital Adequacy Ratio) stood at 15.65% against 18.51% in 2020, whereas the regulatory requirement is 10.00%. Our current CAR is enough for enabling us to meet our organic growth aspirations. However, given the high growth trajectory, the company might need additional capital. The company may raise additional capital if there are growth opportunities.

IT Infrastructure Development Strategy

At IPDC, we intend to continue investing significantly in Information Technology (IT) to augment operational efficiencies, support central and branch operations, improve the quality of Management Information Systems (MIS), deliver superlative customer experience, improve sales management system, and enhance the capacity of our technology infrastructure to handle bigger volume of customers and transactions. We have already implemented our project of an integrated digital platform for consumer white goods finance (IPDC EZ) and currently developing the digital platform for retailer financing (Dana).

Distribution Strategy

Aligned with our strategy of having an expansive presence in Bangladesh, IPDC has established 15 branches including the Head Office as of 31 December 2021. Going forward, we plan to open new branches (subject to regulatory approvals) for enhancing brand visibility, increasing our footprint, and enabling us to manage our sales force better.

Human Resources Management Strategy

At our company, we will continue focusing on Retail and SME loans and hence will require a large workforce to build a portfolio base in these segments. We plan on continuing the recruitment of outsourced and permanent employees to strengthen our sales force and build solid organizational capabilities for the long-term. Every employee goes through a well-articulated, progressive training and development program so that they remain competent, skilled and relevant to meet the current and future needs of the company.

Brand and Communication Strategy

In 2016, IPDC changed its name to align its brand positioning with the long-term purpose of the Company. IPDC plans to ensure its active presence on social, print, and electronic media. In addition, IPDC sponsors events and supports CSR and environmental initiatives as a commitment to the society. During the year 2021, IPDC once again honored grassroot women achievers of Bangladesh through a grand ceremony and intends to sustain this initiative as a platform to recognize triumph and success in the face of adversity and hardship. In addition to recognizing previously unrecognized women changemakers.

Social Responsibility

As a company, we also pledge to support the national agenda of women empowerment through providing innovative privileged financial services to female customers. We are also extensively engaged in green financing that seeks to provide loans to projects that are environment friendly. Going into the future, we expect our loan book in this segment to appreciate considerably as entrepreneurs (our customers) come forward to build green assets in the country. IPDC can work as a catalyst for new entrepreneurship development by collaborating with appropriate market players who can then be catered to with appropriate financing like factoring and venture capital finance.

Calibrate Distribution Points

Our branches in different parts of the country have been a key factor in expanding our business and ensuring brand recognition. In 2022, we hope to introduce new branches to our branch network and make decisions on closing branches which have not performed or provided any impact on overall business performance.

Optimize Resource Allocation

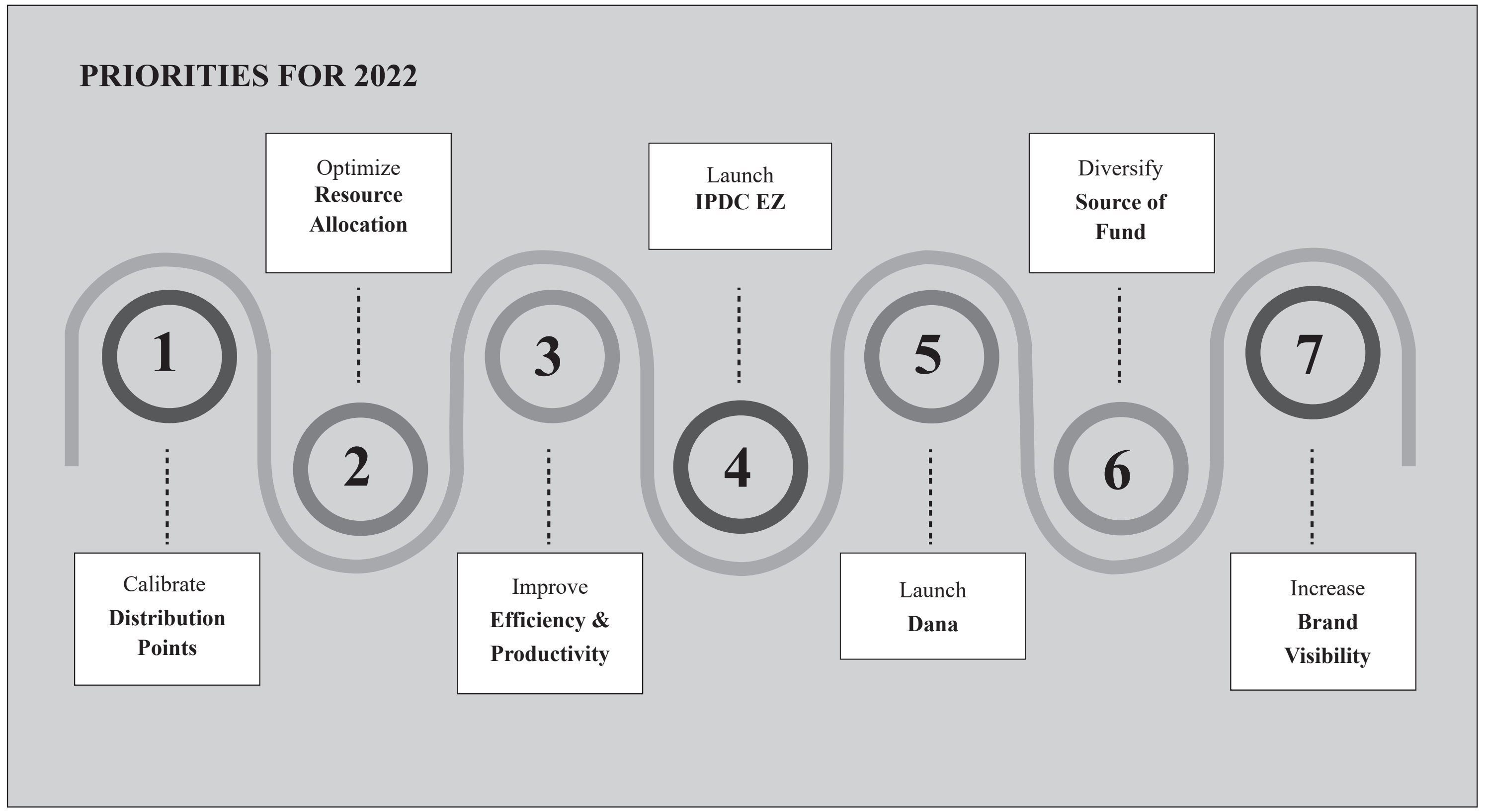
Since 2016, IPDC went through significant changes in operational process to cater to the increased business volume and simultaneously ensured strong operational control. In 2022, we plan to review and place necessary controls in place for the next phase of growth for IPDC.

Launch Dana

Dana, a retailer financing platform is a key part in our mission to support CMSMEs. The Ppilot phase has already been completed and in. In 2022, we plan to start building the core infrastructure and then launch the product to the mass market.

Diversify Funding Basket

To diversify our sources of fund, we plan to issue subordinate bond and borrow funds from reputed foreign multilateral agencies in 2022. This will also increase long term funding and enable IPDC to reduce maturity gap in long term asset exposure.



Improve Efficiency and Productivity

IPDC has been making significant investment over the past few years in developing IT infrastructure, recruiting new resources and training these new recruits. In 2022, we plan to extract visible benefits of these investments in the form of improved efficiencies.

Launch IPDC EZ

IPDC introduced consumer financing, IPDC EZ, through a pilot project in 2019. Upon successful completion of the pilot project with positive response from merchants and retail consumers, we are gearing up for a mass market launch during the first half of 2022.

Increase Brand Visibility

In line with the launch of IPDC EZ, a mass market communication is needed to introduce the service to consumers. Additionally, as IPDC is focusing on retail products, we plan to increase brand visibility through higher investment in brand building.

FINANCIAL CAPITAL

Financial capital is the pool of funds that is used to fund our core business activities. This may include deposits, borrowing and equity generated through share capital and retained profits generated from our operations.

Dashboard

Material Issues	2021 Highlights	Challenges	Long-term Strategy
Sustainable business	Generated value for all stakeholders through effective and powerful governance even during the pandemic	Stakeholders have different levels of expectations	Satisfying all types of stakeholders without compromising financial integrity
Access to fund	17.3% growth in customer deposits and reduced bank dependency significantly	Exposure to money market volatility	Foreign borrowing, long term borrowing, small ticket size deposits
Portfolio quality	Classified loan ratio increased to 3.15%	Keeping classified loan ratio in check.	Strengthen credit appraisal and recovery process

Creating Value through Financial Capital

Financial capital is used to fund our business operation and invest in our future, enabling us to repay our investors with dividend payments, and ensure long term sustainability of the business. For financial institutions, efficient management of financial capital has significant implications on the bottom-line, thereby making it one of the core aspects of the business.

Tradeoffs in Using Financial Capital

By applying financial capital, we sustain and grow our business, with positive impacts on manufactured, human, intellectual, and social and relationship capital, and possible negative impacts on natural capital

Approaches to Optimizing Financial Capital

Outcomes

- Diversifying revenue sources to manage risk
- Optimizing fund structure through reduction of the cost of fund.

Attracting funding from varied sources with focus on long-term borrowing and funding from foreign source.
Maintaining credit ratings of AAA

Outcome and Performance Review

The Financial Sector passed a difficult time once again during the year 2021 due to the pandemic. Nevertheless, IPDC managed to end the year with a strong bottom-line growth along with reasonable balance sheet growth. An in-depth analysis of our financial performance can be found in Performance Analysis by the CFO section and a summary of the outcomes can be found in subsequent sections of the annual report.

Outlook

Our financial strategy is designed to create capacity and maintain financial stability over the long term. During the year 2021, we increased our customer deposit base as part of our plan to reduce reliance on bank borrowings in order to diversify our risk to market liquidity volatility. We expect to strengthen our funding base through increased focus on customer deposits, refinancing and further lower our reliance on bank borrowings.

We expect to maintain our loan and deposit growth momentum in the year 2021. We plan to diversify our loan portfolio with enhanced focus on Retail and SME loan portfolio thereby reducing our large loan exposure risk. Even though loan provisioning is expected to increase as the loan portfolio grows; the impact on the profitability of the company will be temporary, and the long-term benefit will outweigh the short-term cost. Operating expense is expected to grow at a slower rate as the focus for next year will be improving efficiency and productivity.

KEY PERFORMANCE INDICATORS

in BDT mn /%

Particulars	2017	2018	2019	2020	2021
Balance Sheet					
Loans and Advance	34,467	44,325	50,726	53,610	65,327
Loans and Advance Growth	76.9%	28.6%	14.4%	5.7%	21.9%
Term Deposit	29,747	37,066	46,361	52,456	60,405
Term Deposit Growth	73.2%	24.6%	25.1%	13.1%	15.2%
Customer Deposit	18,637	23,546	35,516	41,381	48,545
Customer Deposit Growth	86.2%	26.3%	50.8%	16.5%	17.3%
Disbursement	34,681	37,972	43,870	27,597	49,931
Disbursement Growth	38.6%	9.5%	15.5%	-37.1%	80.9%
Total Investment to Total Assets	1.7%	1.7%	2.4%	6.8%	3.2%
Profitability					
Revenue Growth	48.0%	50.5%	15.5%	30.7%	21.7%
Operating Profit Growth	34.1%	66.9%	5.5%	41.8%	31.2%
Profit After Tax (PAT) Growth (%)	10.7%	34.2%	25.0%	25.4%	24.9%
Net Interest Margin Ratio[1]	3.7%	4.0%	3.6%	3.2%	3.8%
Operating Profit Margin Ratio[2]	22.5%	22.1%	17.6%	24.3%	33.7%
Cost of Fund (COF)	7.2%	9.1%	10.1%	8.8%	6.0%
Return on Asset (ROA)	1.1%	1.0%	1.0%	1.0%	1.1%
Return on Equity (ROE)	11.4%	13.1%	12.1%	12.1%	14.2%
Return on Average Risk Weighted Assets[3]	1.9%	1.7%	1.7%	1.9%	2.0%
Write-off to Total Loan and Advances	1.4%	1.0%	0.8%	0.6%	0.4%
Cost to Income Ratio	46.0%	40.1%	45.3%	40.6%	36.0%
Earning Asset (% of total assets)	96.8%	96.0%	95.0%	95.8%	96.0%
Revenue per Employee	3.1	3.3	3.0	3.3	4.1
Operating Profit per Employee	1.7	2.0	1.6	2.0	2.6
Revenue per Branch	103.8	156.2	180.5	235.8	229.6
Operating Profit per Branch	56.1	93.6	98.7	140.0	146.9
Solvency					
Current Ratio	1.0	1.0	1.0	1.0	1.0
Credit Deposit Ratio	1.16:1	1.2:1	1.09:1	1.02:1	1.08:1
CAR (%)	15.14%	14.01%	19.30%	18.51%	15.65%
Debt Equity Ratio	1.4	1.6	1.3	1.8	1.7
Loan to Fund Ratio	93.0%	94.8%	86.0%	77.2%	84.6%
Leverage Ratio[4]	7.6%	6.8%	8.2%	7.4%	7.1%
Liquid Asset to Total Deposit[5]	11.0%	10.1%	21.1%	28.0%	23.5%
Liquid Asset to Short Term Liability[5]	16.1%	16.3%	30.5%	37.5%	35.2%
Total Advance to Total Asset	87.7%	87.8%	78.8%	70.6%	76.9%
Govt. Securities to Total Investment				67.5%	8.5%
Asset Quality					
Rate of NPL	0.62%	2.14%	1.57%	1.38%	3.15%
Rate of Net NPL	-0.59%	0.38%	-0.37%	-1.92%	-0.83%
Large Loan Concentration	19.8%	11.2%	5.8%	3.5%	4.7%
Provision Required	344.8	594.3	699.6	750.2	1,601.5
Provision Kept	384.8	648.2	800.3	1,278.5	1,951.6
Provision Surplus / (Deficit)	40.0	53.9	100.7	528.2	350.1

Particulars	2017	2018	2016	2020	2021
Investors Ratio					
Market Price Per Share (Closing)	50.1	38.1	42.7	27.6	38.6
Earnings per Share (EPS) (Restated)	1.18	1.59	1.07	1.90	2.37
Market Capitalization	9,108	8,312	6,469	10,242	14,324
Price Earnings Ratio (Times) (Restated)	42.3	24.0	39.9	14.5	16.3
Rate of Dividend	20.0%	15.0%	20.0%	12.0%	12.0%
Dividend Per Share (DPS)	2.0	1.5	2.0	1.2	1.2
Dividend Yield (%)	4.0%	3.9%	4.7%	4.3%	3.1%
Dividend Coverage (EPS/DPS)	0.6	1.1	0.5	1.6	2.0
NAV per Share (BDT)	8.8	10.6	7.9	16.3	17.1

1 Net Interest Margin = Net Interest Income/Average Interest Earning Assets excluding Investments
2 Operating Profit Margin = Operating Profit / Interest Income
3 Return on Average Risk Weighted Assets = Net Profit After Tax / Risk Weighted Assets
4 Leverage Ratio = Tier - 1 Capital / Total Asset
5 Liquid Asset = Cash + Balance with Bangladesh Bank + Balance with Other Banks and Financial Institutions

OPERATING SEGMENT PERFORMANCE

For the year ended December 31, 2021

in BDT mn

Particulars	Corporate	SME & Emerging Corporate	Retail	Treasury	Total
Net Interest Income	911	558	749	565	2,783
Fees and Other Income	336	65	63	197	662
Net Operating Revenue	**1,247**	**624**	**812**	**762**	**3,445**
Operating Expenses	319	256	576	91	1,241
Operating Profit	**928**	**368**	**237**	**671**	**2,203**
Segment Asset	33,306	20,156	14,370	17,140	84,973
Segment Liability	14,833	3,137	30,575	30,074	78,620
Net Segment Asset	**18,473**	**17,019**	**(16,205)**	**(12,934)**	**6,353**

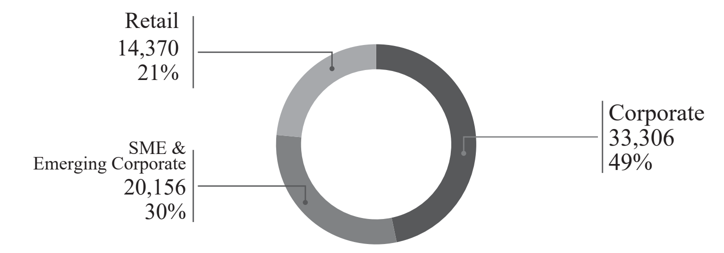
Net operating revenue for the year ended 31 December 2021 amounted to BDT 3,445 million and operating profit amounted to BDT 2,203 million. Corporate division generated the highest amount of operating revenue of BDT 1,247 million in 2021, followed by Retail division at BDT 812 million, Treasury division at BDT 762 million and SME and Emerging Corporates division at BDT 624 million.

Similarly, Corporate division generated the greatest operating profit amounting to BDT 928 million, followed by Treasury division at BDT 671 million, SME and Emerging Corporates division at BDT 368 million and Retail at BDT 237 million.

Compared to the previous year the operating profit of corporate increased by 30.7%, SME & Emerging Corporate division by 47.7%, Retail by 70.3% and Treasury by 15.5% in 2021.

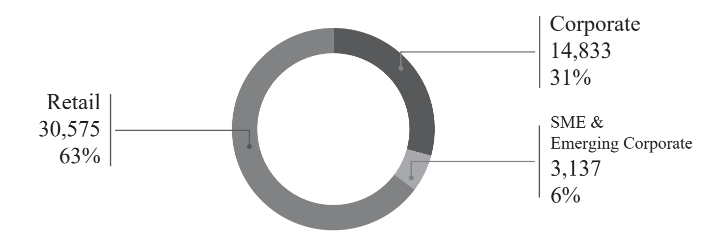
in BDT mn

Segment Asset



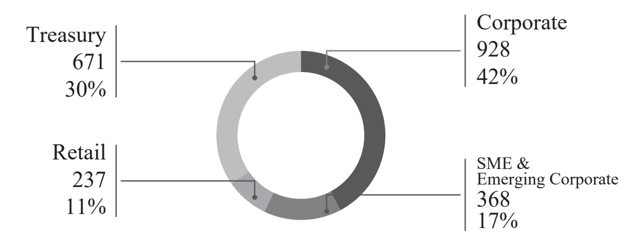
Segment Liability

in BDT mn



Operating Profit

in BDT mn



For the year ended December 31, 2020

in BDT mn

Particulars	Corporate	SME & Emerging Corporate	Retail	Treasury	Total
Net Interest Income	835	362	609	213	2,018
Fees and Other Income	221	52	46	494	813
Net Operating Revenue	**1,056**	**414**	**654**	**707**	**2,831**
Operating Expenses	346	164	515	126	1,151
Operating Profit	**710**	**249**	**139**	**581**	**1,680**
Segment Asset	25,818	16,470	12,994	20,688	75,969
Segment Liability	12,100	2,474	26,806	28,525	69,906
Net Segment Asset	**13,717**	**13,996**	**(13,813)**	**(7,838)**	**6,063**

For the year ended December 31, 2019

in BDT mn

Particulars	Corporate	SME & Emerging Corporate	Retail	Treasury	Total
Net Interest Income	674	318	494	459	1,944
Fees and Other Income	165	26	31	-	223
Net Operating Revenue	**839**	**344**	**525**	**459**	**2,167**
Operating Expenses	281	168	434	100	982
Operating Profit	**559**	**176**	**91**	**359**	**1,184**
Segment Asset	25,858	14,499	11,939	12,105	64,402
Segment Liability	9,659	1,562	24,295	23,310	58,826
Net Segment Asset	**16,200**	**12,938**	**(12,356)**	**(11,205)**	**5,576**

For the year ended December 31, 2018

in BDT mn

Particulars	Corporate	SME & Emerging Corporate	Retail	Treasury	Total
Net Interest Income	644	217	373	466	1,699
Fees and Other Income	102	32	40	2	176
Net Operating Revenue	**746**	**249**	**413**	**468**	**1,876**
Operating Expenses	220	107	344	82	753
Operating Profit	**526**	**142**	**69**	**386**	**1,123**
Segment Asset	22,584	12,395	10,215	5,317	50,511
Segment Liability	5,251	649	17,646	23,214	46,759
Net Segment Asset	**17,333**	**11,746**	**(7,431)**	**(17,897)**	**3,752**

For the year ended December 31, 2017

in BDT mn

Particulars	Corporate	SME & Emerging Corporate	Retail	Treasury	Total
Net Interest Income	358	130	273	313	1,073
Fees and Other Income	102	30	41	1	173
Net Operating Revenue	**460**	**159**	**313**	**314**	**1,246**
Operating Expenses	173	67	273	61	573
Operating Profit	**287**	**93**	**41**	**253**	**673**
Segment Asset	19,742	8,408	6,980	4,159	39,289
Segment Liability	4,935	267	13,436	17,542	36,178
Net Segment Asset	**14,807**	**8,141**	**(6,456)**	**(13,382)**	**3,111**

VERTICAL ANALYSIS

Balance Sheet

in BDT mn/%

Particulars	2017	%	2018	%	2019	%	2020	%	2021	%
Cash	376.8	1.0%	487.5	1.0%	902.4	1.4%	615.6	0.8%	716.0	0.8%
Balance with other banks and financial institutions	2,903.3	7.4%	3,271.9	6.5%	8,875.0	13.8%	14,058.0	18.5%	13,507.5	15.9%
Money at call and short notice	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Investments	662.7	1.7%	868.8	1.7%	1,570.8	2.4%	5,143.6	6.8%	2,740.4	3.2%
Loans, advances and leases	34,467.0	87.7%	44,325.3	87.8%	50,725.8	78.8%	53,609.7	70.6%	65,327.2	76.9%
Fixed assets including land, building, furniture and fixture	267.0	0.7%	545.1	1.1%	787.6	1.2%	776.6	1.0%	765.2	0.9%
Other assets	608.3	1.5%	1,008.9	2.0%	1,536.8	2.4%	1,762.3	2.3%	1,912.5	2.3%
Non-financial institutional assets	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8	0.0%
Total assets	**39,288.9**	**100.0%**	**50,511.2**	**100.0%**	**64,402.1**	**100.0%**	**75,969.4**	**100.0%**	**84,972.6**	**100.0%**
Borrowings from other banks, financial institutions and agents	4,214.1	10.7%	5,916.9	11.7%	7,038.0	10.9%	10,946.5	14.4%	10,495.8	12.4%
Deposits and other accounts	29,746.9	75.7%	37,066.1	73.4%	46,361.4	72.0%	52,456.3	69.0%	60,405.3	71.1%
Other liabilities	2,217.5	5.6%	3,776.3	7.5%	5,426.8	8.4%	6,503.2	8.6%	7,718.5	9.1%
Total liabilities	36,178.4	92.1%	46,759.3	92.6%	58,826.1	91.3%	69,906.0	92.0%	78,619.6	92.5%
Shareholders' equity	3,110.5	7.9%	3,751.9	7.4%	5,576.0	8.7%	6,063.4	8.0%	6,353.0	7.5%
Total liabilities and shareholders' equity	**39,288.9**	**100.0%**	**50,511.2**	**100.0%**	**64,402.1**	**100.0%**	**75,969.4**	**100.0%**	**84,972.6**	**100.0%**

** Vertical Analysis of Balance Sheet refers to the components of Balance Sheet items as a % of total Assets over the periods which would be termed as common sizing of Balance Sheet.*

Profit and Loss Account

in BDT mn/%

Particulars	2017	%	2018	%	2019	%	2020	%	2021	%
Interest income	2,991.1	240.2%	5,080.0	271.0%	6,715.9	310.1%	6,902.3	243.9%	6,544.5	190.1%
Interest expenses	1,918.5	154.0%	3,381.7	180.4%	4,773.2	220.4%	4,885.3	172.6%	3,761.4	109.2%
Net interest income	**1,072.6**	**86.1%**	**1,698.3**	**90.6%**	**1,942.8**	**89.7%**	**2,017.0**	**71.3%**	**2,783.1**	**80.8%**
Investment income	65.5	5.3%	63.3	3.4%	115.2	5.3%	638.7	22.6%	471.3	13.7%
Commission, exchange and brokerage	82.2	6.6%	89.2	4.8%	78.2	3.6%	108.4	3.8%	180.3	5.2%
Other operating income	25.3	2.0%	23.6	1.3%	29.6	1.4%	65.7	2.3%	10.0	0.3%
Operating income	**1,245.5**	**100.0%**	**1,874.5**	**100.0%**	**2,165.7**	**100.0%**	**2,829.8**	**100.0%**	**3,444.7**	**100.0%**
Operating expenses	572.8	46.0%	751.6	40.1%	981.3	45.3%	1,150.2	40.6%	1,241.3	36.0%
Operating profit	**672.7**	**54.0%**	**1,122.9**	**59.9%**	**1,184.4**	**54.7%**	**1,679.6**	**59.4%**	**2,203.4**	**64.0%**
Provision for loans and advances	158.3	12.7%	263.4	14.1%	152.1	7.0%	478.1	16.9%	673.1	19.5%
Provision/(reversal) for diminution in value of investments	0.7	0.1%	(1.0)	-0.1%	10.1	0.5%	0.0	0.0%	14.0	0.4%
Other provision	-	0.0%	-	0.0%	28.5	1.3%	-	0.0%	12.9	0.4%
Total provisions	159.0	12.8%	262.3	14.0%	190.8	8.8%	478.2	16.9%	700.0	20.3%
Profit before tax	**513.7**	**41.2%**	**860.6**	**45.9%**	**993.6**	**45.9%**	**1,201.4**	**42.5%**	**1,503.3**	**43.6%**
Provision for taxation	178.3	14.3%	410.6	21.9%	431.1	19.9%	495.9	17.5%	622.3	18.1%
Net Profit after tax	**335.4**	**26.9%**	**450.0**	**24.0%**	**562.5**	**26.0%**	**705.6**	**24.9%**	**881.1**	**25.6%**

** Vertical Analysis of Profit & Loss Account refers to the components of Profit & Loss Account as a % of Operational Income (Interest income + Investment Income) over the periods which would be termed as common sizing of Profit & Loss Account.*

HORIZONTAL ANALYSIS

Balance Sheet

in BDT mn/%

Particulars	2017	%	2018	%	2019	%	2020	%	2021	%
Cash	376.8	66.5%	487.5	29.4%	902.4	85.1%	615.6	-31.8%	716.0	16.3%
Balance with other banks and financial institutions	2,903.3	77.9%	3,271.9	12.7%	8,875.0	171.2%	14,058.0	58.4%	13,507.5	-3.9%
Money at call and short notice	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Investments	662.7	17.1%	868.8	31.1%	1,570.8	80.8%	5,143.6	227.4%	2,740.4	-46.7%
Loans, advances and leases	34,467.0	76.9%	44,325.3	28.6%	50,725.8	14.4%	53,609.7	5.7%	65,327.2	21.9%
Fixed assets including land, building, furniture and fixture	267.0	14.3%	545.1	104.1%	787.6	44.5%	776.6	-1.4%	765.2	-1.5%
Other assets	608.3	40.0%	1,008.9	65.9%	1,536.8	52.3%	1,762.3	14.7%	1,912.5	8.5%
Non-financial institutional assets	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8	0.0%
Total assets	**39,288.9**	**74.0%**	**50,511.2**	**28.6%**	**64,402.1**	**27.5%**	**75,969.4**	**18.0%**	**84,972.6**	**11.9%**
Borrowings from other banks, financial institutions and agents	4,214.1	269.2%	5,916.9	40.4%	7,038.0	18.9%	10,946.5	55.5%	10,495.8	-4.1%
Deposits and other accounts	29,746.9	73.2%	37,066.1	24.6%	46,361.4	25.1%	52,456.3	13.1%	60,405.3	15.2%
Other liabilities	2,217.5	49.7%	3,776.3	70.3%	5,426.8	43.7%	6,503.2	19.8%	7,718.5	18.7%
Total liabilities	36,178.4	82.7%	46,759.3	29.2%	58,826.1	25.8%	69,906.0	18.8%	78,619.6	12.5%
Shareholders' equity	3,110.5	12.1%	3,751.9	20.6%	5,576.0	48.6%	6,063.4	8.7%	6,353.0	4.8%
Total liabilities and shareholders' equity	**39,288.9**	**74.0%**	**50,511.2**	**28.6%**	**64,402.1**	**27.5%**	**75,969.4**	**18.0%**	**84,972.6**	**11.9%**

Particulars	2017	%	2018	%	2019	%	2020	%	2021	%
Long Term Assets	18,772.0	70.8%	26,532.9	41.3%	31,251.1	17.8%	35,562.6	13.8%	43,209.8	21.5%
Current Assets	20,516.9	77.0%	23,978.3	16.9%	33,150.9	38.3%	40,403.4	21.9%	41,762.8	3.4%
Total Assets	**39,288.9**	**74.0%**	**50,511.2**	**28.6%**	**64,402.1**	**27.5%**	**75,966.0**	**18.0%**	**84,972.6**	**11.9%**
Long Term Liabilities	15,810.6	91.3%	23,627.0	49.4%	26,773.6	13.3%	30,801.8	15.0%	38,237.6	24.1%
Current Liabilities	20,367.8	76.5%	23,132.2	13.6%	32,052.5	38.6%	39,102.9	22.0%	40,382.0	3.3%
Total Liabilities	**36,178.4**	**82.7%**	**46,759.3**	**29.2%**	**58,826.1**	**25.8%**	**69,904.7**	**18.8%**	**78,619.6**	**12.5%**
Net Current Assets	**149.1**	**198.2%**	**846.0**	**467.4%**	**1,098.5**	**29.8%**	**1,300.5**	**18.4%**	**1,380.8**	**6.2%**

Profit and Loss Account

in BDT mn /%

Particulars	2017	%	2018	%	2019	%	2020	%	2021	%
Interest income	2,991.1	101.8%	5,080.0	69.8%	6,715.9	32.2%	6,902.3	2.8%	6,544.5	-5.2%
Interest expenses	1,918.5	127.2%	3,381.7	76.3%	4,773.2	41.1%	4,885.3	2.3%	3,761.4	-23.0%
Net interest income	1,072.6	68.1%	1,698.3	58.3%	1,942.8	14.4%	2,017.0	3.8%	2,783.1	38.0%
Investment income	65.5	38.6%	63.3	-3.2%	115.2	81.8%	638.7	454.6%	471.3	-26.2%
Commission, exchange and brokerage	82.2	127.1%	89.2	8.6%	78.2	-12.3%	108.4	38.5%	180.3	66.4%
Other operating income	25.3	-78.9%	23.6	-6.6%	29.6	25.0%	65.7	122.3%	10.0	-84.8%
Operating income	1,245.5	48.0%	1,874.5	50.5%	2,165.7	15.5%	2,829.8	30.7%	3,444.7	21.7%
Operating expenses	572.8	68.6%	751.6	31.2%	981.3	30.6%	1,150.2	17.2%	1,241.3	7.9%
Operating profit	672.7	34.1%	1,122.9	66.9%	1,184.4	5.5%	1,679.6	41.8%	2,203.4	31.2%
Provision for loans and advances	158.3	435.3%	263.4	66.4%	152.1	-42.2%	478.1	214.3%	673.1	40.8%
Provision/(reversal) for diminution in value of investments	0.7	-83.5%	(1.0)	-257.2%	10.1	-1068.3%	0.0	-99.8%	14.0	59696.2%
Other provision	-	0.0%	-	0.0%	28.5	100.0%	-	-100.0%	12.9	0.0%
Total provisions	159.0	372.9%	262.3	65.0%	190.8	-27.3%	478.2	150.7%	700.0	46.4%
Profit before tax	513.7	9.8%	860.6	67.5%	993.6	15.5%	1,201.4	20.9%	1,503.3	25.1%
Provision for taxation	178.3	8.1%	410.6	130.2%	431.1	5.0%	495.9	15.0%	622.3	25.5%
Net Profit after tax	**335.4**	**10.7%**	**450.0**	**34.2%**	**562.5**	**25.0%**	**705.6**	**25.4%**	**881.1**	**24.9%**
EPS	1.03	10.7%	1.38	34.2%	1.72	25.0%	1.90	10.3%	2.37	24.9%

** Horizontal Analysis of Profit & Loss Account refers to the analysis of growth of each component of Profit & Loss Account from the previous period*

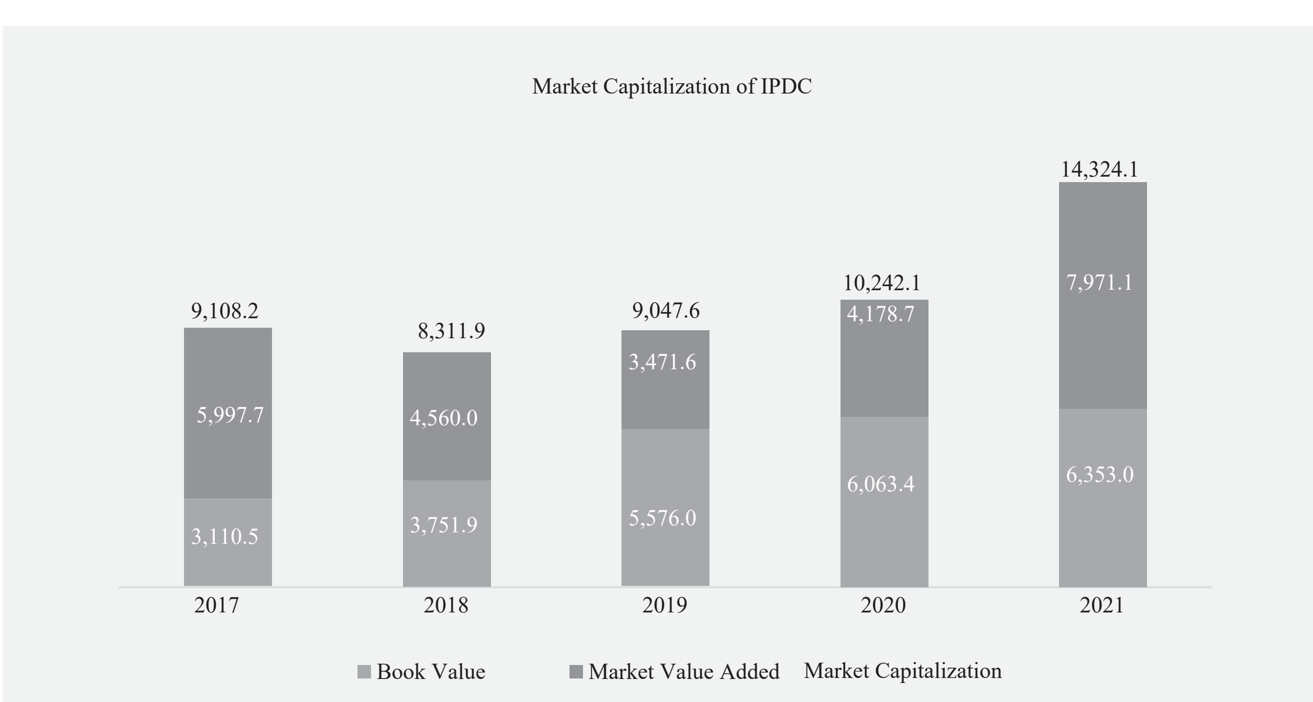
MARKET VALUE ADDED

MVA statement for the year ended 31 December

Market Value Added (MVA) measures how the market has evaluated the Company's performance in terms of market value of shares. MVA is the difference between the market value of equity and the book value of equity invested in the Company.

in BDT mn

Particulars	2017	2018	2019	2020	2021
Market Value per Share (BDT)	50.10	38.10	25.60	27.60	38.60
Number of Share Outstanding (#)	181,800,680	218,160,816	353,420,521	371,091,547	371,091,547
Total Market Capitalization	9,108.2	8,311.9	9,047.6	10,242.1	14,324.1
Book Value of Outstanding Shares	3,110.5	3,751.9	5,576.0	6,063.4	6,353.0
Market Value Added	**5,997.7**	**4,560.0**	**3,471.6**	**4,178.7**	**7,971.1**



ECONOMIC VALUE ADDED

EVA statement for the year ended 31 December

Economic Value Added (EVA) measures the company's economic success (or failure) over a period of time. EVA is calculated by taking the company's NOPAT (Net Operating Profit After Tax) and deducting capital charges from NOPAT to get the real economic performance of the company.

Net Operating Profit After Tax (NOPAT)

in BDT mn

Particulars	2017	2018	2019	2020	2021
Operating Profit	672.7	1,122.9	1,184.4	1,679.6	2,203.4
Tax	(178.3)	(410.6)	(431.1)	(495.9)	(622.3)
One-off Adjustments	(0.0)	(2.0)	(0.0)	(2.4)	(0.0)
Net Operating Profit after Tax (NOPAT)	**494.4**	**710.4**	**753.2**	**1,186.1**	**1,581.1**

Average Equity

in BDT mn

Particulars	2017	2018	2019	2020	2021
Shareholders' equity at year end	3,110.5	3,751.9	5,576.0	6,063.4	6,353.0
Accumulated provision for doubtful losses	402.3	664.6	826.9	1,305.1	1,992.1
Equity	3,512.8	4,416.6	6,402.9	7,368.5	8,345.2
Average Equity	**3,265.6**	**3,964.7**	**5,409.7**	**6,885.7**	**7,8568**

Cost of Equity (%)

%

Particulars	2017	2018	2019	2020	2021
Interest rate on 5 Years Government Treasury Bond as on 31 December	6.00%	5.45%	8.97%	4.48%	6.55%
Standard Risk premium	2.00%	2.00%	2.00%	2.00%	2.00%
Cost of equity(%)	**8.00%**	**7.45%**	**10.97%**	**6.48%**	**8.55%**

Economic Value Added

in BDT mn

Particulars	2017	2018	2019	2020	2021
NOPAT	494.4	710.4	753.2	1,186.1	1,581.1
Cost of equity (Average Equity x Cost of Equity %)	261.3	295.4	593.4	446.2	671.8
Economic Value Added	**233.1**	**415.0**	**159.8**	**739.9**	**9093**

MATURITY ANALYSIS OF ASSETS AND LIABILITIES

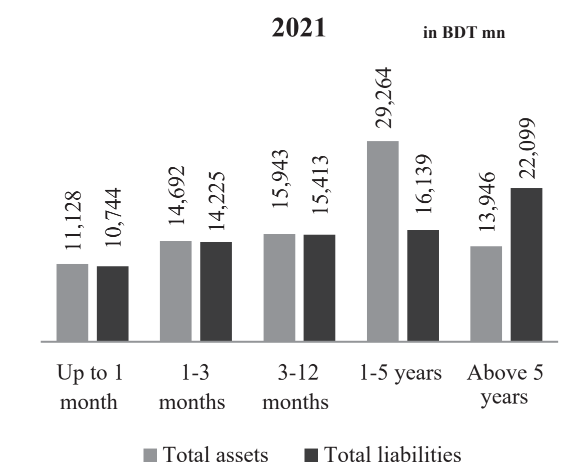
In financial institutions, asset and liability management is the practice of managing liquidity and interest rate risks arising from maturity mismatch between asset and liability. The company should ideally match tenor-wise asset and liability to make sure that the company has enough cash inflow to meet its outflow. Interest rate structure varies with respect to different maturity buckets; therefore, a match between asset and liability is also required which allows the company to adjust its spread due to the movement in market interest rates. Managing maturity schedules of deposits and credit lines in parallel to the demand for loans while ensuring the adequate liquidity of the fund is one of the most crucial aspect of the company. IPDC has established guidelines for the management of assets and liabilities which is in line with Central Bank's policy. Interest Rate Sensitivity is analyzed monthly in regular ALCO meetings.

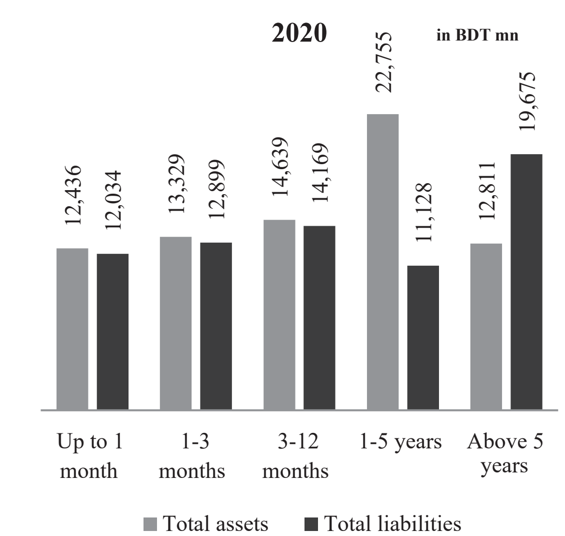
Asset Liability Management Committee

Asset Liability Management Committee (ALCO) is responsible for reviewing the liquidity position of the Company, regulatory compliances, and setting the risk appetite threshold to mitigate the Asset and Liability associated risk of the Company. Asset Liability Management (ALM) deals with the structure of the Company's Balance Sheet and main objective of ALM is to maximize the sustainable return through effective monitoring and management of interest rate risk and maturity risk of assets and liabilities and maintain liquidity at acceptable level. The formation of the ALCO is as follows:

- Managing Director & CEO
- Deputy Managing Director & Head of Business Finance
- Deputy Managing Director & Head of Retail Business
- Chief Financial Officer
- Head of Credit Risk Management
- Head of Treasury

Maturity analysis of assets and liabilities (details of which can be found in financial statement) in 2021 is depicted in the graphs below:





CAPITAL ADEQUACY AND MARKET DISCIPLINE

In accordance with Bangladesh Bank's DFIM Circular no. 14 dated 28 December 2011, the disclosures on capital adequacy and market discipline have been made in line with the same circular, which consists of the following three mutually reinforcing pillars:

Pillar I: This prescribes the minimum capital requirements for Credit Risk, Market Risk and Operational Risk.

Pillar II: This prescribes the Supervisory Review Process which is based on the principle that the Company assesses the overall adequacy of its capital and sets targets for capital that commensurate with the Company's specific risk profile and control environment.

Pillar III: This depicts Market Discipline and comprises as set of disclosures on the capital adequacy and risk management framework on the Company to ensure that market participants can better understand the Company's risk profile and the adequacy of its capital.

Scope of Application

Qualitative Disclosures

The name of the top corporate entity in the group to which this guideline applies: IPDC Finance Limited.

An outline of differences in the basis of consolidated for accounting and regulatory purpose 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):

Not Applicable since the Company does not have any subsidiary

Any restrictions, or other major impediments, on transfer of fund 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 since the Company does not have any subsidiary

Capital Structure

Qualitative Disclosures

Summary information on the terms and conditions of the main features of all capital instruments, specially in the case of capital instruments eligible for inclusion in Tier I or in Tier II.

As per the guidelines of Bangladesh Bank, Tier - I and Tier – II Capital of the Company consists of as per following:

Tier I	Tier II
Fully Paid-up Capital	General Provision
Share Premium Account	Revaluation Reserves
Statutory Reserve	50% of Revaluation Reserve of Fixed Assets
Retained Earnings	45% of Revaluation Reserve on Securities
	All other Preference Shares

Quantitative Disclosures

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

in BDT mn

Particulars	Amount
Paid-up capital	3,710.9
Share Premium Account	402.6
Statutory Reserve	980.3
General Reserve	
Retained Earnings	953.2
Total Tier - I Capital	**6,047.1**
Total amount of Tier - II Capital	1,461.1
Other deductions from capital	-
Total Eligible Capital	**7,508.1**

Capital Adequacy

Qualitative Disclosures

A summary discussion of the Company's approach to assessing the adequacy of its capital to support current and future activities. IPDC has adopted Standardized Approach for computing Capital Charge for Credit and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) is determined by multiplying the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio which is currently 10% and adding the resulted figure to the sum of the RWA for credit risk. Capital Adequacy Ratio (CAR) is then determined by dividing total RWA by total Eligible Regulatory Capital:

in BDT mn

Particulars	Amount
Capital requirement for Credit Risk	43,872.1
Capital requirement for Market Risk	662.9
Capital requirement for Operational Risk	3,435.0

Total and Tier I capital ratio - For stand alone	%
CAR on Total Capital basis	15.65
CAR on Tier - I Capital basis	12.61

Credit Risk

Qualitative Disclosures

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

Definition of Past Due and Impaired (for Accounting Purposes)

With a view to strengthening credit discipline, the Company classifies loans, leases, advances and maintains provision in line with Bangladesh Bank's FID Circular no. 08 dated 03 October 2002 and FID Circular no. 03 dated 03 May 2006 as follows:

Fixed term loan (repayable within maximum 5 years of time) is classified as:

Substandard - if defaulted installment is equal to or more than the amount of installment(s) due within 6 (six) months, the entire loans are classified as 'Sub-standard'.

Doubtful - if defaulted installment is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loans are classified as 'Doubtful'.

Bad/Loss - if defaulted installment is equal to or more than the amount of installment(s) due within 18 (eighteen) months, the entire loans are classified as 'Bad/Loss'.

Fixed term loan (repayable more than 5 years of time) is classified as:

Substandard - if defaulted installment is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loans are classified as 'Sub-standard'.

Doubtful - if defaulted installment is equal to or more than the amount of installment(s) due within 18 (eighteen) months, the entire loans are classified as 'Doubtful'.

Bad/Loss - if defaulted installment is equal to or more than the amount of installment(s) due within 24 (twenty-four) months, the entire loans are classified as 'Bad/Loss'. Special Mention Account (SMA) - A term loan which will remain overdue for a period of 90 days or more, are treated as 'SMA'.

Description of Approaches Followed for Specific and General Allowances and Statistical Methods

The Company is following the general and specific provision for loans and advances/investments based on Bangladesh Bank guidelines issued from time to time.

Particulars	Rate
General provision on unclassified loan, leases	1%
General provision on unclassified SME loan, leases	0.25%
General provision on special mention account	5%
Specific provision on substandard loan, leases	20%
Specific provision on doubtful loan, leases	50%
Specific provision on bad/loss loan, leases	100%

Discussion of the Company's Credit Risk Management Policy

Definition of Credit Risk: Credit risk is the risk of loss that occur from the failure of any counterparty to make required payments in accordance with agreed terms and conditions and/or deterioration of credit worthiness. Credit risk is managed through a framework set by policies and procedures established by the Board. The responsibility is clearly segregated between originator of business transaction and approver in the risk function.

Credit policies and procedures: The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the Company. These policies are established by the Board of Directors which are designed to meet the organizational requirements. These policies represent the minimum standards for credit extension by the Company and these are not a substitute for the experience and prudent judgment. The policy covers corporate, small, and medium enterprise. There is a comprehensive credit appraisal procedure that covers business risk, management risk, financial risk, security risk, environmental risk, reputational risk, and account performance risk. Credit risk management function is independent of business originating functions to establish better internal control systems and conflict of interest. The Head of Credit Risk Management (HoCRM) has clear responsibility for management of credit risk of the Company.

Credit Rating and Measurement: Risk management plays a central role along with prudential judgment and experience in informed risk-taking decisions and portfolio management. For risk management purpose, the Company uses a numeric grading system associated with a borrower. Though this rating system, 'Credit Risk Grading Matrix (CRGM)' is not a lending decision making tool, but it is used as general indicator to compare one set of customers with others. CRGM analyses a borrower against a range of quantitative and qualitative measures. No rating model for retail and channel financing are currently in practice rather borrowers are assessed against some pre-approved criteria outlined in Product Program Guidelines (PPG), which are approved by the Board of Directors.

Credit Monitoring: The Company, at least quarterly, monitors credit exposures and portfolio performance. Corporate and medium enterprise accounts are continuously monitored under a clearly set out credit policy. Early alerts are raised for financial deterioration, management weakness, irregular repayments, breach of covenants, eroding position in the industry etc. If early alerts are raised, remedial actions are agreed and monitored.

Credit Risk Mitigation: Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreement and other guarantees. The reliance that can be placed on these mitigates is carefully assessed in light with issues such as legal certainty and enforceability, market valuation, and counterparty risk of the guarantor. Collateral is valued by independent third-party surveyor in accordance with the Company's credit policy and procedures.

Credit Approval: Board of Directors of the Company has the sole authority to approve any credit exposure and to sub delegate to such authority the 'Executive Committee', a subcommittee of the Board, with no approval authority to the Managing Director & CEO and other Departmental Heads.

Problem Credit Management: The Company has a separate 'Special Asset Management (SAM)' department, dedicated for management, settlement, and recovery of problem credits. Major responsibility of this department is to formulate strategy and action plans for minimizing risk, prevention of loss, maximization of recoveries and restructuring, direct recovery and/or legal actions.

Quantitative Disclosures

Product-wise Credit Exposure

in BDT mn

Particulars	Amount
Lease finance	5,861.9
Term loans and advances	41,811.6
Mortgage finance	8,895.1
Channel finance	4,143.9
Retail loan	4,266.1
Personal Loan	348.6
Total	**65,327.2**

INDUSTRY OR COUNTERPARTY-WISE CREDIT EXPOSURE

in BDT mn

Particulars	Amount
Agro-based industries	5,121.2
Banks and non-banking financial institutions	1,053.0
Chemicals, pharmaceuticals and allied products	3,918.9
Engineering and building materials	5,315.1
Food and allied products	3,836.5
Glass, ceramic and other non-metallic products	1,109.0
Hotel, tourism and leisure	109.2
Information and communication technologies	1,115.1
Paper converting and packaging, printing and publishing	2,196.0
Ready-made garments and knitwear	6,328.3
Social sector	415.0
Tannery, leather and rubber products	381.7
Textile	3,579.7
Transport and aviation	2,072.9
Others	28,775.8
Total	**65,327.2**

Geographical Distribution of Exposures

in BDT mn

Particulars	Amount
Dhaka Division	50,437.8
Chittagong Division	8,771.5
Khulna Division	1,633.6
Rangpur Division	1,378.8
Rajshahi Division	1,452.0
Sylhet Division	588.3
Barisal Division	233.6
Mymensingh Division	831.5
Total	**65,327.2**

Residual Contractual Maturity-wise Credit Exposure

in BDT mn

Particulars	Amount
On demand	-
Upto one month	3,896.3
More than one month but less than three months	9,667.3
More than three months but less one year	13,975.7
More than one year but less than five years	27,968.0
More than five years	9,820.0
Total	**65,327.2**

Amount of impaired loans and if available, past due loans, provided separately

in BDT mn

Particulars	Amount
Gross non-performing assets (NPAs)	2,056.2
NPAs to gross loans and advances (in %)	3.15%

Specific and General Provisions

in BDT mn

Particulars	Amount
Provision for unclassified loans and advances	1,090.3
Provision for classified loans and advances	861.3
Provision for off-balance sheet exposures	-
Total	**1,951.6**

Charges for Specific Allowances and Charge-offs during the Period

None Movement of Non-Performing Assets (NPAs)

in BDT mn

Particulars	Amount
Opening Balance	742.0
Additions	1,591.9
Reductions	277.7
Closing Balance	**2,056.2**

Movement of Specific Provisions for NPAs

in BDT mn

Particulars	Amount
Opening Balance	**214.6**
Provisions made during the period	646.7
Write-off	-
Write-back of excess provisions	-
Closing Balance	**861.3**

Equities: Banking Book Position

Qualitative Disclosures

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

i. Differentiation between holding on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons.

Investment in equity securities is broadly categorized into two parts:

Quoted Securities that are traded in the secondary markets (Trading Book Assets).

Unquoted Securities that are valued at cost price.

ii. 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. Both quoted and unquoted securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price.

Quantitative Disclosures

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

in BDT mn

Particulars	Cost Value	Market Value
Quoted Shares	332.3	331.4
Unquoted Shares	4.5	4.5

in BDT mn

Particulars	Amount
Total unrealized gains (losses) for quoted and unquoted shares	0.9
Revaluation gains (losses) on fixed assets	306.1
Revaluation gains (losses) on government securities	(0.1)
Amounts of the above included in Tier II capital.*	153.0

** 50% of asset revaluation reserve and 45% of revaluation reserve on govt. securities*

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

Specific Market Risk: Market value of the investment in equity is BDT 331.4 million against which capital requirement @ 10% is BDT 3.31 million. General Market Risk: Market value of the investment in equity is BDT 331.4 million against which capital requirement @ 10% is BDT 3.31 million.

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 or non-maturity deposits.

Interest rate risk is the risk where changes in market interest rates might adversely affect the Company's financial condition. Changes in interest rates affect both the current earnings as well as the net worth of the Company. The short-term impact of changes in interest rates is on the Company's Net Interest Income. In long term, changes in interest rates impact the cash flows on the assets and liabilities giving rise to a risk to the net worth of the Company arising out of all re-pricing mismatches and other interest rate sensitive position. The Assets Liability Committee (ALCO) of the Company monitors the interest rate movement on a continuous basis.

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).

MISMATCH BETWEEN RATE SENSITIVE LIABILITIES & ASSETS

in BDT mn/%

Particulars	Within 1 Month	1-2 Month	2-3 Month	3-6 Month	6 Months -1 Year	Above 1 Year
RSL*	728	643	646	745	665	3,253
RSA*	971	789	671	804	766	3,829
Mismatch	243	147	25	59	101	577
Cumulative Mismatch	243	390	415	474	575	1,152
Mismatch	33.3%	22.8%	3.9%	7.9%	15.2%	17.7%

** RSL: Rate Sensitive Liabilities, RSA: Rate Sensitive Assets*

Interest Rate Risk - Increase in Interest Rate

in BDT mn/%

Particulars	Minor 2%	Moderate 4%	Major 6%
Change in the Value of Bond	(27)	(54)	(82)
Net Interest Income	115	230	345
Revised Regulatory Capital	7,615	7,703	7,791
Risk Weighted Assets	48,402	48,402	48,402
Revised CAR (in %)	15.73%	15.91%	16.10%

Market Risk

Qualitative Disclosures

Views of Board of Directors on Trading and Investment Activities

Market risk is the possibility of losses of assets in balance sheet and off-balance sheet positions arising out of volatility in market variables i.e., interest rate, exchange rate and price. Allocation of capital is required in respect of the exposure to risks deriving from changes in interest rates and market prices.

Methods used to Measure the Market Risk

Bangladesh Bank suggested the FIs for using Standardized Approach (rule based) to calculate the market risk for banking book where the 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

To mitigate the several market risks, the Company formed Asset Liability Management Committee (ALCO) that monitors the Treasury Division's activities to minimize the market risk. ALCO is primarily responsible for establishing the market risk management and asset liability management of the Company, procedures thereof, implementing core risk management framework issued by the regulator, best risk management practices followed globally and ensuring that internal parameters, procedures, practices/policies and risk management prudential limits are adhered to.

The ALCO reviews the risk of changes in income of the Company because of movement in the market interest rates. The Company always tries to follow Bangladesh Bank's guidelines to minimize mismatches between the duration of interest rate sensitive assets and liabilities.

In addition, ALCO holds monthly meetings on a regular basis for controlling day-to-day trading activities, to perform market analysis over interest rate and manage & monitor the level of mismatch for assessing the market risk.

Quantitative Disclosures

Capital requirements for Market Risk

Operational Risk

in BDT mn

Particulars	Amount
Interest rate risk	-
Equity position risk	662.9
Foreign Exchange Position and Commodity risk	-

Qualitative Disclosures

Views of Board of Directors (BoD) on System to Reduce Operational Risk

The operational risk is defined as the risk of loss resulting from inadequacy or failure of internal processes, people, and systems or from external events. The Board of Directors (BoD) of the Company and its Management firmly believe that this risk through a control based environment in which processes are documented, authorized as independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit. All the operational policies and guidelines are duly approved by the BoD and reviewed on a regular basis.

Performance Gap of Executives and Staffs

The Company always strives to ensure a great place to work by hiring and retaining the most suitable people at all levels of the business. The Company affirms that there exists no performance gap of the executives and staffs.

Potential External Events

External events like general business and political situation, change in credit quality of the borrowers, change in market conditions etc., can affect the business of the Company. IPDC is proceeding with its strategic plan and its successful implementation for its future performance.

Policies and Procedures for Mitigating Operational Risk

IPDC mitigates operational risk by virtue of designing the organizational structure by clearly defining roles and responsibilities of individuals involved in risk taking as well as managing it, formulating overall risk assessment and management policies, methodologies, guidelines and procedures for risk identification, risk measurement, risk monitoring, defining an acceptable level of risk, mitigating all the core risks in line with their respective guidelines provided by Bangladesh Bank.

Approach for Calculating Capital Charge for Operation Risk

As suggested by the guideline, the Company has computed the capital requirements for operational risk under the 'Basic Indicator Approach (BIA)'. Under BIA, the capital charge for operational risk is a fixed percentage, currently 15% of average positive annual gross income of the Company over the past three years.

Quantitative Disclosures

Capital Requirements for Operational Risk

in BDT mn

Particulars	Amount
Capital requirements for operational risk	3,435.0

CLASSIFIED LOAN AND WRITTEN OFF PORTFOLIO

Written-off Portfolio

Detailed records for all written off accounts are methodically maintained and followed up and the accumulated written off value is disclosed separately under the heading of "notes to the account". No new accounts were written off in 2021. Although no major recoveries were made in 2021, our strong recovery efforts have resulted in steady flow of recoveries over the year.

Movement in Written-off Portfolio

in BDT mn

Particulars	Amount
Opening Balance as on January 1, 2021	**344**
Add.: Amount written off during the year	-
Less: Adjustment/recovered during the year	74
Closing Balance as on December 31, 2021	**269**

Classified Loan

The year 2021 saw an increase in classified loan ratio to 3.15% (BDT 2,056 million) in 2021 from 1.38% (BDT 742 million) in 2020. The increase in classified loan during the year was mainly due to the increase in loan portfolio.

Movement in Classified Loan

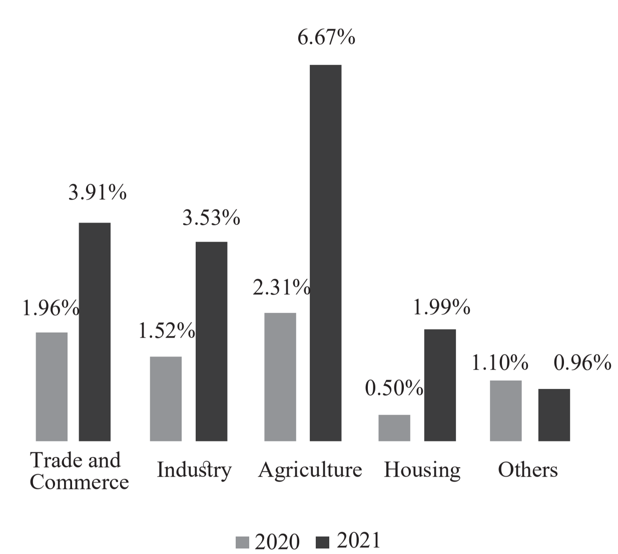
in BDT mn

Particulars	Amount
Opening Balance as on January 1, 2021	**742**
Add.: Addition during the year	1,592
Less: Recovery*	185
Less: Write offs	-
Less: Rescheduled*	93
Closing Balance as on December 31, 2021	**2,056**

* Recovery / Reschedule from clients which were classified as on 1 January 2021.

The reduction mainly came from industry segment, housing segment and others segment. There were no write offs being made in 2021, classified loan portfolio stood at BDT 2,056.2 million as of 31 December 2021.

Classified Loan Ratio



SECTOR-WISE CLASSIFIED LOAN RATIO

in BDT mn/%

Particulars	2017		2018		2019		2020		2021	
	Classified Portfolio	Classified %	Classified Portfolio	Classified %	Classified Portfolio	Classified %	Classified Portfolio	Classified %	Classified Portfolio	Classified %
Trade and Commerce	16	0.67%	25	0.76%	85.5	1.96%	92.1	1.96%	259.5	3.91%
Industry										
A) Garments and Knitwear	10	0.27%	10	0.23%	20.5	0.41%	21.4	0.44%	24.6	0.37%
B)Textile	-	0.00%	-	0.00%	101.3	4.13%	104.0	3.69%	163.5	4.63%
C) Jute and Jute-Products	-	0.00%	30	7.78%	33.4	8.31%	34.0	8.11%	34.0	8.33%
D) Food Production and Processing Industry	-	0.00%	81	2.67%	0.1	0.00%	0.0	0.00%	164.7	4.56%
E) Plastic Industry	-	0.00%	-	0.00%	89.7	4.64%	33.2	1.75%	164.7	7.76%
F) Leather and Leather-Goods	-	0.00%	-	0.00%	146.6	30.41%	148.7	33.37%	186.3	48.28%
G) Iron, Steel and Engineering	6	0.22%	25	0.70%	16.9	0.45%	16.9	0.52%	71.8	1.58%
H) Pharmaceuticals & Chemicals	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
I) Cement and Allied Industry	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
J) Telecommunication and Information Technology	3	0.31%	1	0.09%	0.5	0.05%	-	0.00%	0.0	0.00%
K) Paper, Printing and Packaging	-	0.00%	14	0.93%	15.1	0.74%	15.1	0.76%	22.2	1.01%
L) Glass, Glassware and Ceramic Industry	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
M) Ship Manufacturing Industry	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
N) Electronics and Electrical Goods	32	3.52%	46	3.90%	52.0	3.42%	50.6	3.73%	4.0	0.64%
O) Power, Gas, Water and Sanitary Service	-	0.00%	537	31.72%	-	0.00%	-	0.00%	-	0.00%
P) Transport and Aviation	-	0.00%	-	0.00%	10.1	0.56%	-	0.00%	351.1	17.73%
Industry Total	52	0.26%	744	2.94%	486.4	1.73%	424.0	1.52%	1,186.9	3.53%
Agricultural	69	2.35%	79	2.44%	90.4	2.55%	97.5	2.31%	311.1	6.67%
Housing	4	0.09%	4	0.06%	42.3	0.52%	47.0	0.50%	199.1	1.99%
Others	74	1.51%	95	1.70%	91.2	1.38%	81.5	1.10%	99.7	0.96%
Grand Total	**214**	**0.62%**	**948**	**2.14%**	**795.8**	**1.57%**	**742.0**	**1.38%**	**2,056.2**	**3.15%**

CREDIT RATING REPORT

IPDC has been rated as AAA (Pronounced as Triple A) long term credit rating and ST-1 short term credit rating by Emerging Credit Rating Limited (ECRL) based on financials and other available information up to the date of rating declaration. The outlook on the rating is "Stable" in last five consecutive years.

Date of Issue	Long-Term Rating	Short Term Rating	Outlook	Date of Validity	Credit Rating Agency
26-Sep-2021	AAA	ST-1	Stable	25-Sep-2022	ECRL
26-Sep-2020	AAA	ST-1	Stable	25-Sep-2021	ECRL
26-Sep-2019	AAA	ST-1	Stable	25-Sep-2020	ECRL
19-Jul-2018	AA1	ST-1	Stable	30-Jun-2019	CRAB
27-Jul-2017	AA1	ST-1	Stable	30-Jun-2018	CRAB
23-Aug-2016	AA2	ST-2	Stable	30-Jun-2017	CRAB
04-Jun-2015	AA2	ST-2	Stable	30-Jun-2016	CRAB

Emerging Credit Rating Limited (ECRL) rating scales for Financial Institutions:

Long Term: AAA

An institution rated AAA has an exceptionally strong capacity to meet its financial commitments and exhibits a high degree of resilience to adverse development in the economy, and in business and other external conditions. These institutions typically possess a strong balance sheet and superior earning record.

Short Term: ST-1

Short term rating reflects the institutions capacity to meet its financial commitments due within one year. An institution rated as ST-1 has a superior capacity to meet its financial commitments in a timely manner. Adverse development in the economy and in business and other external conditions are likely to have a negligible impact on the institution's capacity to meet its financial obligations.

Outlook: Stable

Indicates that a rating is likely to remain unchanged.

Normally the rating company considers financial performance, capital base, asset quality, liquidity position, management experience, prospect of the industry and other parameters while assigning the rating. The assigned rating reflects the strengths of the company which is backed by a strong team of management, growth in the noninterest income, deposits and investments, adequate capital coverage with high Tier-1 capital, improved asset quality and well controlled liquidity position.

MANUFACTURED CAPITAL

Manufactured capital is our tangible and intangible infrastructure that we use to conduct our business activities. As a services-driven Company, this capital is represented by our IT infrastructure and systems that provide us with robust competitive advantages in driving our business forward. In this sense, we leverage our manufactured capital for rigorous credit assessment on one hand and ensuring industry-leading TAT (loan disbursal turnaround times) on the other. Specifically, at IPDC, manufactured capital includes all physical assets like land, building, information technology, call center, fixed assets and distribution network (represented by branches).

Dashboard

Material Issues	2021 Highlights	Challenges	Long-term Strategy
Green Infrastructure	Finalized design for setting up green branches	To overcome regulatory Hurdles	Gradually spread green practice across all the branches
Operational Efficiency	Ongoing implementation of suggested changes in People, Process and Technology by KPMG India to increase operational efficiency and synergy	Ensuring that business risk does not increase due to process simplification	To reduce turn-around-time through elimination of unnecessary process and documentation
Branch Network	Opened 3 new branches in Faridpur, Rangpur and Khulna	Ensuring business profitability in branches in different regions	Setting branch level targets based on regional business potential and measuring employee productivity at branch level

Creating Value Through Manufactured Capital

As we scale-up our business, manufactured capital will play a key role in supporting our growth ambition. Realizing our dreams of going Beyond Megacities will be largely driven by our physical and IT assets. Efficient management of these assets can reduce the use of resources and augment operational efficiency.

Approaches to Optimizing Manufactured Capital Outcomes

- Enhancing our presence in key strategic areas of the country
- Process optimization through strong IT infrastructure
- Allocating IPDC's limited resources to projects that are in alignment with strategic objectives.
- Decentralized processing to reduce Turn-around -Time

Tradeoffs in using Manufactured Capital

Investing in manufactured capital draws significant amount of financial capital in the long term in the form of depreciation, maintenance and other adhoc charges. As the sector is continuously moving towards mobile and app-based services, we will try to balance our presence in physical and electronic form and try to minimize the tradeoffs ata minimum level.

Outcome and Performance Review

In the year 2021 we have tactically invested in our capacity development and focused on our IT infrastructure for upcoming strategic products. In terms of geographic presence, IPDC did not open any new branches owing to the restriction on public movement during the year. However, the company continues to look for opportunities to expand geographic presence wherever it makes financial sense. Performance in this area has been discussed in the subsequent sections.

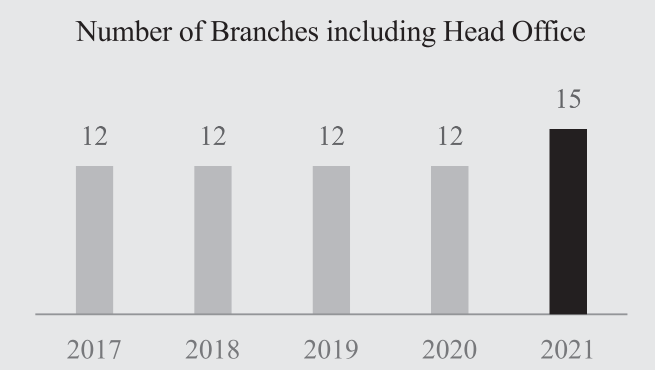
Outlook

We remain firm in our goal to go Beyond Megacities and reach the unbanked population of our county. To do this, we plan to strategically increase our footprint. As the market beyond megacities are generally more price sensitive, low-cost channels of distribution through partnership (outreach centers) is the preferred method as it will enable us to enhance our reach at a micro level and provide our services at a much more affordable rate. In addition, we plan to create zonal hubs and empower our branches to reduce our Turn Around Time (TAT) further. We intend to establish more branches and outreach centers by the end of the year 2022.

INFRASTRUCTURE

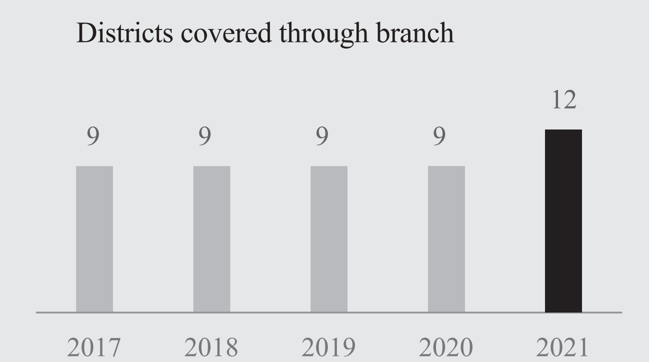
Distribution Network

IPDC currently operates through fifteen branches including head office branch. Three new branches were opened in 2021. The fourteen branches and head office covers twelve districts in Bangladesh. IPDC plans to open additional branches in 2022 subjected to obtaining approval from Bangladesh Bank.



3 new branches were opened in 2021. IPDC plans to increase branch network further in 2022.

Currently IPDC has presences in twelve districts through its various branches. As three new branches were opened in 2021, the district presence through branch coverage increased. IPDC is increasing its presence in district level through opening outreach offices. These are designed to be low-cost sales centers. IPDC plans to cover additional districts soon through new branches.

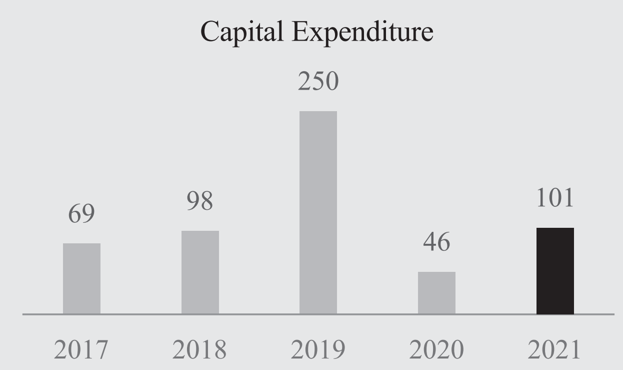


District covered through branches increased as 3 new branches were opened in 2021

Capital Expenditure

Total capital expenditure of BDT 101 million was incurred in 2021 against BDT 46 million in 2020. Capitalization of assets were high in 2021 due to further development of IT infrastructure capacity such as IPDC EZ and Dana. In 2021, 3 new branches were opened and as a result the capital expenditure was higher.

in BDT mn



Increase in capital expenditure mainly came about as 3 new branches were opened compared to last year

Fixed Assets

Fixed assets (written down value) of IPDC increased to BDT 656 million (without considering rights of use assets) in 2021 from BDT 653 million in 2020. Increase in fixed assets was mainly due to increase in branch network. From the base year of 2017 the total value of fixed assets increased by 2.5 times.

in BDT mn

Fixed assets increased to BDT 656 million (excluding rights of use assets) due to increase in branch network

IT Infrastructure

Efficiency, productivity, performance, and security are key to running a successful business and to achieve these goals IT infrastructure plays a vital role. Keeping this in mind IPDC has worked towards making its IT infrastructure robust and agile so that it can easily adapt to market trends and technology changes at lower costs.

IPDC has a DC (Data Center) and a DR (Disaster Recovery) located in Dhaka. Head office in Gulshan, Dhaka is the primary data center which hosts all the applications. There is dual lease line connectivity between DC and DR having bandwidth of 30 Mbps and dual connectivity between DC and Branch offices having bandwidth between 7 Mbps to 20 Mbps depending on branch size & requirements. Disaster Recovery drill conducted once a year for all the applications hosted in DR. There are high configuration 30 servers at our data center and another 8 at our DR site. There are two storage at the Head Office and one at DR site. The Head Office data center is equipped with CISCO backbone with latest Firepower, Sophos Next Generation Firewall, Fortinet WAF and Wi-Fi-based controller, IP PBX & Contact Center Server. The data center equipped with 5 next generation Unified Threat Management (UTM) systems. We have implemented latest VMware enterprise solution to cater and ensure enhanced system support. IPDC has already shifted the DR site to Jashore in 2021.

We have a robust IT and Business Transformation team to support the infrastructure, applications and our business transformation projects. IPDC currently has several applications supporting its Business Finance, Operations, Retail, and other supporting departments. IPDC currently using Temenos T24 for its core banking system and Shiri for loan origination system. IPDC also has a robust HRIS system along with document management system EDMS and fixed asset management system called FAR.

Productivity was key during 2021 pandemic as we had to transform our workspaces and locations to ensure business continuity. IPDC uses the most updated operating system and latest Microsoft office package O365 for its daily operation. Ensuring proper security in place we were able to support all our users and ensured excellent customer support.

We have worked with third party consulting firms and renowned audit firms to validate our infrastructure and application roadmap for next five years to ensure our IT infrastructure is aligned with our current operational need as well as all our strategic business initiatives for next five years.

OPERATIONAL EFFICIENCY

At IPDC, we have consistently focused on enhancing operational efficiencies to ensure superior customer service. The year 2021 was challenging considering the COVID-19 pandemic and we foresee 2022 to be better for us to ensure our commitment towards excellence with outstanding operational efficiency.

However, adhering to our principals and processes, we believe we can come out only stronger, set model examples for others to follow and create positive differences. In this context, sustainability alignment to business growth, dynamic and talented human resource pool with a strong emphasis on values and stronger risk management controls will represents certain key strengths for our Company as we take a bold leap into the future.

A wide and vibrant product basket with a balanced focus on the corporate, retail and SME sector and high level of operational efficiency has enabled the company to emerge as a point of reference in the country's financial services sector. As one of the most trusted financial brands in the market, IPDC's operational efficiency is encompassed in its customer centricity, and we recognize that our customers place their faith in us and we uphold that confidence every day.

Going forward, our strategy is centered on assisting our clients operate their businesses successfully and make IPDC their choice for their business even as we serve their personal financial needs. To fulfill this promise, we draw on a wide range of financial products and resources to structure creative and innovative solutions that maximize operational efficiency. We always focus on upgrading our interface and functions by using the latest technology, systems and tools.

One of the other key strengths of IPDC is our centralized operations, where product processing is migrated from various points to one or specific centralized destination under supervision of entities independent of business functionalities. The decision-making, risk management and control functions are retained centrally. This overarching framework helps to implement a uniform set of policies, apply best practices and procedures and enforce control functions across the board to carry out the day-to-day functions smoothly and seamlessly.

We are also investing more on technology to increase the operational efficiency. IPDC is one of the Financial Institutions in the industry investing profoundly on the latest and state of the earth technology e.g. Block Chain to improve the operational capacity as well as the efficiency.

BRANCH HIGHLIGHTS

Branch	Fund Under Management (BDT)	Disbursement (BDT)	Number of Customers	Number of Full Time Employees
Head Office	**77,516** mn	**37,607** mn	**7,776**	**384**
Dhanmondi	**6,890** mn	**1,417** mn	**1,349**	**20**
Chattogram	**8,899** mn	**4,256** mn	**1,253**	**37**
Motijheel	**9,497** mn	**1,060**mn	**989**	**13**
Sylhet	**836** mn	**277** mn	**515**	**11**
Uttara	**3,822** mn	**1,079** mn	**998**	**20**
Narayangonj	**920** mn	**385** mn	**471**	**8**
Bogura	**1,875** mn	**963** mn	**1,094**	**28**
Gazipur	**1,714** mn	**603** mn	**997**	**22**
Jashore	**2,110** mn	**1,137** mn	**1,072**	**24**
Mymensingh	**1,171** mn	**672** mn	**645**	**11**
Cumilla	**883** mn	**475** mn	**375**	**9**

**3 new branches were opened in Faridpur, Rangpur and Khulna during the last quarter of 2021.*

INTELLECTUAL CAPITAL

Intellectual capital includes the knowledge of our human resources, our intellectual property, technological advantages and brand, reputation and goodwill. It is closely related to financial, human and manufactured capital, given the nature of our business as a non-banking financial services company. Specifically, at IPDC, intellectual capital encompasses intangible assets that are not reflected in the Balance Sheet such as brand, reputation and customer loyalty, among others.

Dashboard

Material Issues	2021 Highlights	Challenges	Long-term Strategy
Brand Perception	Increased online presence as well as created Online Video Commercial (OVC) for IPDC	Changing customer preferences	Market research to identify changing trends in customer preferences
Technology Infrastructure	Laid the groundwork for developing Retailer Finance. Introduced bkash as an option for loan installment payment	Data security and providing cost effective solutions for IT infrastructure installment	Increasing dependency on cloud services and creating a master backup for both IT infrastructure and data.
Innovation in Products and Services	Continued Shubodh, for book lovers and IPDC Manobota to support distressed families	Ensuring employee adaptability with innovative mindset	Take first mover advantage with new digital products

Creating Value Through Intellectual Capital

Our intellectual capital represents the core strength at our Company, enabling us to navigate our growth prospects in a competitive industry environment, while also allows us to increase the market penetration and market share of our products. Our intellectual capital is also differentiated in the sense that it empowers us to customize the way in which we serve our customers.

Approaches to Optimizing Intellectual Capital Outcomes

- Focusing on low cost-high yield channels of market communication
- Organizing flagship events to promote strategic products such as Affordable Home Loan and Supply Chain Finance, Consumer White Good Finance.
- Attracting and retaining people with skills that add value through innovation and creativity
- Enhancing customer relationship management and business intelligence to create customer-centric business solutions.

Tradeoffs in Using Intellectual Capital

By investing in intellectual capital, we reduce the stocks of financial capital in the short term. However, in the longer-term, financial capital as well as manufactured, natural, human, and social and relationship capital, are likely to be enhanced by our commitments.

Outcome and Performance Review

As a financial service provider, IPDC plans to grow, invest and modernize at unprecedented rates through product innovation and providing extraordinary customer experience. Innovation in market communication helps to build up strong customer loyalty which crowned us as *Superbrand.* IPDC, like prior years, managed to maintain its leadership in utilizing high yield channels along with innovative modes of market communication. In technology, IPDC is investing heavily to reap the benefits of shifting consumer behavior patterns. Detailed performance review and status is discussed in the subsequent sections of Intellectual Capital.

Outlook

Ensuring our brand promise of providing an extraordinary customer experience is key to increase our customer loyalty and brand perception. We are passionate to retain the reputation and success story in the financial industry in the long term. We are looking at alternative channels of communication to reach more people. On the technology front, we are relentlessly working towards introducing a state-of-the-art digital platform 'Dana', a retailer financing platform to cater to the needs of thousands of retailers across the country. We are also working to introduce IPDC EZ, a consumer goods financing solution that will provide fast and easy financing for consumer goods without a credit card.

BRAND PERCEPTION

Inception of the Brand

In 1981, when Bangladesh was a newly independent nation that lacked footing on almost every aspect, a financial institution that would play a pivotal role in developing the country's industrial landscape was needed. To address the gap, the Industrial Promotion and Development Company of Bangladesh Limited was formed as the country's first private non-bank financial institution.

Rebranding

By the end of 2016, IPDC chalked out a renewed business focus that left more room for innovation and exploration of the areas that would address Bangladesh's socio-economic and sustainability priorities. IPDC stunned the nation by becoming the first ever financial institution in the history to have the most extravagant rebranding event and embracing its new name, IPDC Finance Limited. To remain relevant to the changing customer demands and making impactful contributions in the progressing economy, IPDC realigned its focus on youth, women, and underserved areas, setting its road map with 5-year strategic initiatives - A Home for Every Family, Automated Supply Chain Finance, Empowering Women, Creating Entrepreneurs, Going Beyond Megacities and Bringing Convenience Home.

Brand Values

At IPDC, we believe the greatest accomplishment of any an individual is to be able to celebrate every single day. IPDC strives to ease people's challenges by giving them financial assistance and allowing them to live unbound. A brand like IPDC has the potential to create stories in each stage of a life cycle, from an infant to an elderly, thus, aspiring to craft tales by allowing its clients to achieve their dreams and feeling unbound joy, from the excitement of purchasing of a new car, the contentment of owning a home, the pride of higher studies, the spirit of unlocking a new start up or simply relaxing in a beach after retirement.

Brand Performance

IPDC Finance, is now the country's most reliable and fastest-growing financial institution. This financial brand gracefully laid out the path, as a leader, of how financial institutions should work for the people and with the people. IPDC managed to attain an astounding transformation by growing its business tenfold and reducing the NPL from one of the highest in the country to one of the lowest, along with an exceptional profit growth, thus, allowing IPDC to win the "Best Financial Institution of the Year. Over time, IPDC has been awarded globally and locally for Best Retail Finance, Corporate Social Responsibilities. But above all, IPDC has been recognized as the only Superbrand NBFI of the country twice in a row for its gold standard branding initiatives one after the other. Many of its brand initiatives have won Commward and Digital Marketing Awards from Brand Forum Bangladesh.

Promotion

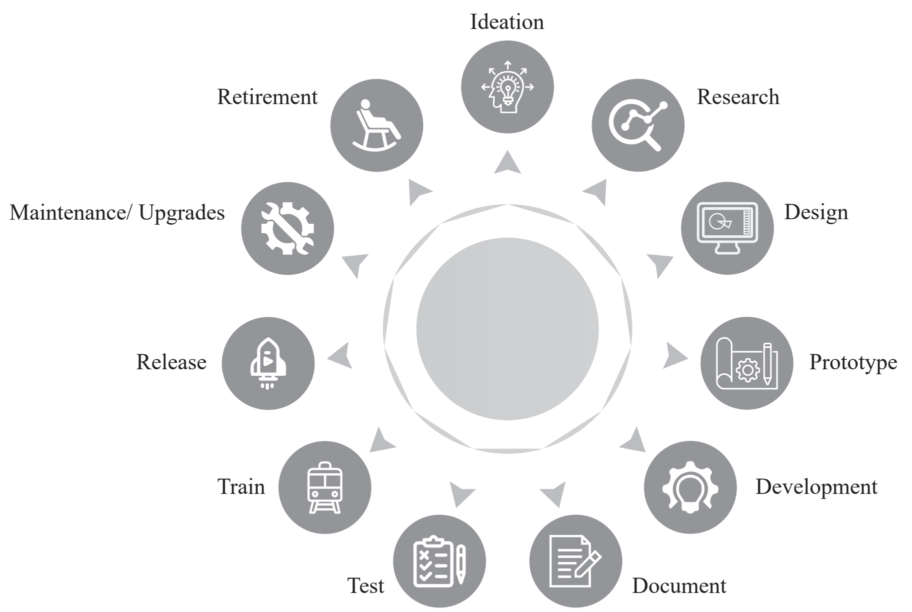
IPDC has been shattering paradigms and pioneering watershed changes in communications. For an instance, this 40-year NBFI placed exciting catchphrases in several restaurants of Mawa Ferry Ghat, one of the most popular getaways of youth here. The successful penetration of the Bangabandhu Grandmaster App, the country's first quiz app on the life and legacy of Bangabandhu Sheikh Mujibur Rahman, was a loud and clear message from IPDC Finance to make a difference. Likewise, other yearly signature programs, like Unsung Women Nation Builders Awards or Prio-shikkhok Shommanona takes the people back to the change-makers of the country. IPDC also launched IPDC-Orgoj, a webinar series where icons from diverse sectors such as finance, business, art, culture, education, and media are seen flipping through the pages of their lives on the show. IPDC is very passionate towards our heritage, language, and culture and Bornoshilpi is a testament to that passion. Bornoshilpi, a bangla calligraphy competition, acknowledges the beauty of Bangladesh with the aesthetics of calligraphy. The most recent being, the very successful folk-based musical platform called Amader Gaan. In its attempt to revive and promote Bangladeshi folk music among youth, everyone associated with it was dumbfounded at how the songs on verges of extinctions are now at the tip of the tongue from preschoolers to listeners across the globe. The platform exclusively features the diverse musical influences and studio-recorded performances by promising singers of the country.

PRODUCT FORMULATION AND INNOVATION

When leaders of the nation turned their attention to developing new industrial capacity and rehabilitating its economy post-independence, IPDC pioneered in several landmark ventures. Over the years, IPDC facilitated new businesses in their initial capital investment, modernizing production facilities, leasing facilities for procuring fixed assets, and others forms of financing. With time and growing demand of diverse financial needs, IPDC added several other financial services to provide a complete financial solution for different areas and purposes. With the ever changing and advancing needs of people at individual level, IPDC developed a wide network of fully interconnected retail branches, extension counters and a contact center to cater with utmost compassion. The retail strategy of IPDC Finance is based on network expansion, building product differentiators, customer segmentation, sales effectiveness, and providing quality customer service. Besides, the regular offerings, IPDC brings a no strings attached deposit called Ultiflex, letting you enjoy the deposit whenever possible. IPDC also introduced a handcrafted product called Priti, which is designed to liberate women with its unconventional offers, a gateway to financial independence, health and lifestyle privileges. Understanding the fact that financial freedom is the key to truly empowering women, IPDC introduced the exclusive SME Women Entrepreneur loan called Joyee at the lowest possible interest rate. Similarly, for a greater interest for the families in tier 2 and tier 3 across megacities, IPDC offers an affordable home loan called "Bhalo Basha" Home Loan. In addition, IPDC aims to create 2000 new entrepreneurs, enable 25000 medium and small enterprises and allowing 10,000 families to enjoy convenience goods. In 2020, after the pandemic hit the country, IPDC launched Manobota deposit scheme to help people save money and provide food for underprivileged people during the COVID-19.

IPDC also launched South East Asia's First Blockchain Based Digital Supply Chain Finance Platform, ORJON, in partnership with IBM. It is designed and implemented by IPDC for promotion of financial inclusion of MSMEs by providing easy access to collateral free, low-cost credit in the form of Supply Chain Finance in collaboration with corporate bodies through creating an ecosystem for end-to-end supply chain management.

To formulate we emphasize on how materials behave and interact to provide enhanced properties, improved processing and delivery of an active ingredient in a convenient and useable form.



Things you didn't know about the brand

- IPDC has AAA credit rating, the highest credit rating possible for a financial institution
- IPDC Finance won the Bangladesh Fintech Award 2021 for "The Most Innovative Uses of Technology
- Ultiflex allows to deposit any amount at any time at the same interest rate
- IPDC is the first NBFI in Bangladesh to be recognized as a Superbrand
- IPDC initiated South East Asia's First Blockchain Based Digital Supply Chain Finance Platform 'Orjon', for which they won the Bangladesh Innovation Awards 2021

SERVICE ORIENTATION

Every customer has an ideal expectation of the service they want to receive when they come into a Financial Institution. Service quality measures how well a service is delivered vis-à-vis customer expectations. Since its inception, IPDC is anchored on the foundations of superior service quality, strong corporate governance and culture and commitment to excellence. Today, the Company is one of the most recognized financial brands in the country.

Over the past few years, IPDC focused more on increasing the Retail business where service quality is the main criteria for enhancing the business. High quality of the services is influenced by customer satisfaction and customer satisfaction directly influences customer loyalty. The customer satisfaction and service quality, resulting in customer loyalty is the main area of our concentration.

We have ushered in significant changes that have enabled us to proactively meet customer demands and requirements. We are perhaps one of the few in the country's non-banking financial services industry to have a dedicated complain cell within the organization, chaired by a high official to monitor each customer complaint and ensure speedy and satisfactory resolution. At our Company, we consider customer feedback to be a vital component for us to effect changes and become better every day. We are always enthusiastic to introduce diverse mechanisms to manage customer expectations and ensure that our products and services meet their demanding requirements.

As part of our ongoing customer-facing initiatives, we have also introduced separate customer loyalty programs that provide priority services to a selected group of customers. Moreover, we are also committed to provide the highest customer satisfaction through leveraging technology. With a view to stay ahead of times, IPDC also aims to implement a digital supply chain technology in the coming year to provide the first-ever digital supply chain financing solutions in Bangladesh. In addition, IPDC also aims to introduce retailer financing and Consumer White Good Financing (CWGF) at a large scale in the coming years with the collaboration of large manufacturers.

At our Company, we believe that innovation and introduction to new products and processes is driven by meeting customer expectations. Keeping this in mind, we have conducted extensive market research to understand and fulfill evolving customer needs. Motivated employees can ensure customer delight. We firmly believe that our people are our brand ambassadors and the way they treat our customers is unique in the market. Apart from embracing suitable initiatives to keep our people motivated and engaged, effective initiatives have also been taken up to motivate employees through different engagement programs and proper assessment processes.

Creating an Extraordinary Customer Experience

IPDC believes that competing in the market is not possible only with the price factor alone, customer satisfaction is the most important factor to become the business leader. The ability of the company to remain in the business is necessary to win customers over competition. Creating Superior and extra ordinary customer experiences is the key success factor for us.

IPDC is constantly looking for areas of innovation and ways to meet the demands of a 21st-century customer. We are looking for ways to improve our customer service, which creates benefits in our company. Such as;

- **Empowering our employees:** Our customer service employees are our frontline. As such, we ensure that we have the right resources to provide exceptional customer service. Empowering employees with fast access to information and streamlined processes is the first step to improving employee productivity and employee satisfaction.
- **Staying Consistent Across All Touch Points:** Providing consistent and accurate information across channels is a priority at IPDC. Providing consistent information is becoming more and more crucial for institutions hoping to provide the best in banking customer service.
- **Embracing Financial Technology:** Staying in compliance with strict regulations and meeting customer demand for immediate, on-the-go service are issues banks and credit unions are constantly struggling. Exploring advances in mobile payment options, to increase security, integrating systems and converting old data to new formats etc.

IT CAPABILITIES AND DIGITAL TRANSFORMATION

Business Transformation Initiative

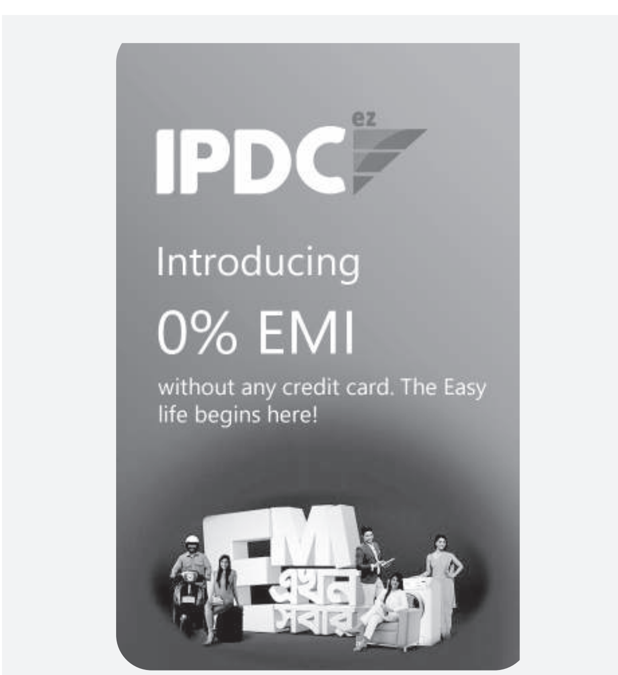
In this digital era, organization's IT initiatives are fundamental to their business strategies. Whatever a company's vision for the future is, it must include digital transformation in order to grow and compete effectively. The need for IT to support the aspiration of the business is paramount. IPDC is at the forefront of digital transformation with its several projects such as updating its core banking system (CBS) with a state-of-the-art solution like T24 by Temenos, implementation of Supply Chain Finance system – 'Orjon', Consumer White Goods Financing system - 'IPDC EZ' and Retailer Financing platform – 'Dana' etc.

Core Banking System

With renewed strategic focus, IPDC implemented a robust CBS, TEMENOS T24 in 2019. After implementation of this system we are constantly enhancing and exploring the functionality and customization facility of this core banking platform to meet our business functionality needs. This system is at core of our every other enterprise system.

ORJON – Digital Supply Chain Platform

Moving from the traditional and manual process, for the first time in Bangladesh, IPDC has developed an integrated digital platform for Supply Chain Financing named 'Orjon'. Orjon is a comprehensive Supply Chain Financing solution comprising Factoring, Reverse Factoring, Work Order and Distributor Financing for MSMEs and Corporations as well. Being the first of its kind, Orjon aims to create a holistic supply chain financing eco-system in Bangladesh using Blockchain technology by IBM. This platform went live on December 2019 and is binding corporations, MSMEs and IPDC in one single chain of transaction which is facilitating the MSMEs with easy and collateral free financing service and Corporations with better supply chain management to ensure better security, transparency and process efficiency.



IPDC EZ - Consumer White Goods Platform:

Keeping innovation in mind IPDC has launched a new product – 'IPDC EZ' – to finance the purchase of consumer white goods using innovative digital payment options.

IPDC envisions to provide a smartphone application based one-stop solution for easy EMI without credit card which will also have E-commerce and E-wallet features in-built to facilitate the easy purchase and payment for the customers. In this regard, IPDC plans to build a platform that will have the main three actors in the system:

1. IPDC, as financier of the purchase of products and goods
2. Merchant, as the supplier of products and goods
3. Customer, as the purchaser of products and good

The mobile application will have multiple components facilitating one another to provide a comprehensive financing solution.

CRM-LOS Platform:

To be customer centric and to have an end-to-end seamless loan origination system IPDC has taken a comprehensive initiation to automate the loan origination process and Customer relationship management. To avail the best automation form of loan origination, IPDC has developed its own process for loan origination to be implemented in software system. This system was part of business transformation journey that IPDC had taken and now fully functional with its diverse capability to integrate other systems as well.

Dana - Retailer Financing Platform

As part of Transformational journey, IPDC has taken initiative to implement first ever ecosystem in Bangladesh to facilitate access to finance for the retailers in an easy, lower cost, collateral free and structured manner.

This will foster faster growth of the retailers and hence generation of the employment in the country. The initiative will provide special emphasis to the retailers who do not have easy access to finance or cannot grow his business due to the shortage of the core or working capital.

The project will bind the IPDC, distributors of large corporates and the retailers together in a unique platform and will ultimately respond on access to finance for retailers/MSEs, reducing the operational expenses for all parties and also fast track the transactions in a secured environment.

For governance of these projects, existing infrastructure and applications, IPDC has a strong IT Steering Committee with all its MANCOM members, IT team and other subject matter experts.

IT Steering Committee

IPDC's IT steering committee is an administrative body that reviews, monitors and prioritizes major IT projects from a cross-functional point of view. The committee helps ensure the alignment of IT strategy with the strategic goals of the Company. The top activities of the committee include:

- IT project prioritization
- Approval of IT projects
- Advise on IT operations

The committee also assesses the effectiveness of IT investments and services and a meeting among its members is held once every month. As IPDC is elevating technological advancement, many milestones have been achieved by the IT department under the direct supervision of the IT steering committee.

Role of the IT Steering Committee

The roles and responsibilities of the IT steering committee includes the following:

- Monitor management methods to determine and achieve strategic goals of the IT departments
- Provide guidance on ICT risks and controls
- Provide guidance related to funding or sourcing of IT software and hardware
- Assess feasibility of ICT proposals and approve project priorities
- Ensure that all critical projects address associated risks with proper risk management and mitigation measures
- Advise on the selection of technology within the standards of IPDC guidelines
- Provide direction to regulatory and statutory requirements as per Bangladesh Bank guidelines

CURRENT IPDC Application Systems

Temenos T24

for its core banking system

Globally used by Top Banks and Financial institutions

Globally Used by 600+

IPDC FINANCE

Loan origination system

ROBUST HRIS system

ROBUST EDMS

FIXED ASSET MANAGEMENT

STRENGTH

- VMware Certified Professional
- ITIL Certified Professional
- Microsoft certified solutions expert
- Cisco Certified Network Admin
- Red Hat Certified Network Admin

Cisco Backbone

Firepower SOPHOS Security

Best in Class Partners

Technology used

Our Partners:

Certified Resources

Project Management Professional PMP CERTIFICATION

Microsoft CERTIFIED Professional

Microsoft CERTIFIED Trainer

ORACLE Certified Professional

Special Achievements

- Business continuity and operations during pandemic has been ensured with robust VPN solution and office 365 facilities, especially Microsoft Teams for all kinds of online meetings and official events.
- Enhancements to ensure smooth operation World's no. 1 Banking Application (Temenos T24).
- First digital blockchain based supply chain finance platform (ORJON) implementation.
- Configured the production environment for the project delivery of IPDC EZ.
- Completed final vendor selection and contracting for DANA, Retailer Financing implementation project.
- Achieved ISO 27001 certification for Information security and management system.

HUMAN CAPITAL

This capital refers to our people and how we recruit and retain them while managing their expectations and providing them with robust career progression opportunities. This encompasses people's competencies, capabilities and experience, and their motivations to innovate. IPDC constantly monitors the impact of Human Capital through measuring employee turnover, occupational health and safety, training and education, diversity and equal opportunity etc.

Dashboard

Material Issues	2021 Highlights	Challenges	Long-term Strategy
Participative and Pluralistic Workplace	Organized online campaigns during the pandemic for employee mental and physical wellbeing	Limitation on holding face-to-face gatherings considering employee safety	Mix of online and face-to-face interactions with employees to balance safety and participation needs
Equal Opportunity	IPDC has always practiced equal opportunity in its hiring program	Cultural stigma	To catapult leadership from different spheres of society
Talent Management	Only 12% employee attrition in 2021	Constantly changing needs of the employees	Design performance appraisal based on productivity and incentivize achievers for motivation
Job Security	Focused on decreasing discretionary operational costs rather than downsizing	Inability to significantly reduce operating cost in critical situations	Keeping cost to income ratio at low levels to reduce stress on company financials during critical situation
Employee Health and Safety	Work from home opportunities, sufficient safety provisions in office, and free covid-19 testing	Balancing business requirements	Investment in IT infrastructure to ensure business continuity

Creating Value Through Human Capital

Focus on Human Capital enables our human resource to utilize their skills, capabilities, insights, knowledge and experiences to improve and develop our products and services that continually meet the evolving needs of our customers and clients across the diverse regions of the country in which we operate. As such, the competencies, motivation and ethical work practices of our employees and service providers enable us to create commercial and sustainable developmental value in the short, medium and long term.

Approaches to Optimizing Human Capital Outcomes

- Improving employee diversity to foster innovation and creativity
- Nurture a culture of continuous learning through job rotation and training
- Instill organizational values through teambuilding
- Focus on talent sourcing and succession planning to ensure sustainability

Tradeoffs in using Human Capital

By making better use of our own human capital through effective training, we can enhance our in-house skills, supporting intellectual capital. However, maintaining excess human capital draws down financial capital as compensation benefits take up large portion of the operational expenses.

Outcome and Performance Review

IPDC adheres to rigorous recruitment processes to select the right resources for the Company and offers competitive packages to attract the best talent. Besides, the Company also runs multiple need-based training programs with a view to rejuvenate its human capital. In addition, the Company offers merit and performance-based rewards and recognition programs to keep employees motivated, loyal and engaged. On the backdrop of the Covid-19 pandemic, the company quickly adapted to this situation, changed its way of doing business, ensured business growth, managed its human resources effectively and continued to keep employee morale high. A detail discussion regarding performance in 2021 can be found at *Statement of Human Capital section.*

Outlook

We will continue to implement all best HR practices to keep our employees engaged. We will ensure the following people initiatives in the coming years:

- Put more focus on Talent Management by implementing talent review process and succession planning
- Learning and development will continue to be a priority through implementation of individual development plan
- Keep strengthening our Performance Management System to ensure performance culture in the organization
- Continue to reward our employees with a market competitive remuneration and compensation standards
- Ensure a highly collaborative atmosphere under which team achievement is always encouraged than individual achievement
- Continue to inculcate and reinforce company values and code of conduct among employees to maintain an ethical environment
- Continue current engagement & collaboration initiatives and introduce new programs to ensure a highly engaged workforce

STATEMENT OF HUMAN CAPITAL

Year 2021 was heavily defined by the COVID-19 pandemic like previous year 2020, due to the emergence of multiple COVID-19 variants. We continued to face similar challenges in the year 2021. But our lessons of previous year, helped us to continue business growth while ensuring high employee motivation. Hybrid work environment prevailed throughout the year 2021. Employees had been working from home during most of the time of the year and gradually started working physically at the end of the year as the COVID-19 situation improved. At IPDC, we emphasized more into safety and health of employees and brought changes into our business modalities. Our employees had been highly motivated and spirited due to highly engaged work environment. Our business targets and profitability in the year 2021 were exceeded. We ensured timely promotion, increment and disbursed performance bonuses and incentives like a normal year. Employee learning and development continued virtually and physically considering varied situations. We accustomed ourselves in a way that employees continued to perform to the best of their ability during amidst fear of pandemic as if a normal situation was prevailing in 2021.

HR continued to add meaning values to employee value propositions considering different phases of life because of COVID -19 pandemic. Our efforts had always been to create human centric employee value propositions. Our key employee value propositions during post CVOID- 19 pandemic are:

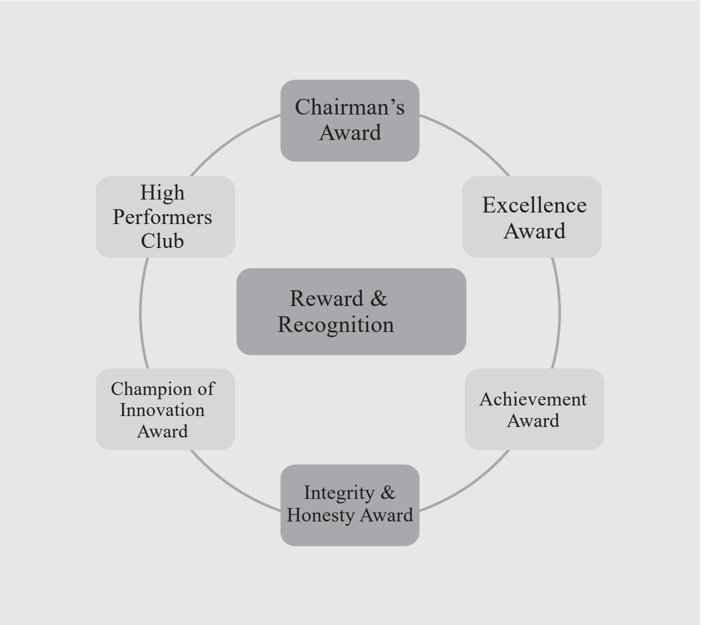
Employee Value Proposition					
Flexible Work Culture	Engaged Work Environment	Employee Wellbeing	Personal Touch to Employees	Growth of Employees	Shared Purpose

Flexible Work Culture

We believe that flexibility leads to performance. We used to practice flexible working hour even before COVID-19 pandemic. COVID-19 taught us how to work from home while ensuring productivity. We continued to follow the hybrid model that allowed employees to work from office, at home, or a combination of both. Moreover, open door communication mechanism facilitated employees to convey their opinion, feedbacks and resentment to Management, that resulted in creating a conductive work environment to perform to the best of their ability.

Engaged Work Environment

We continuously strive to maintain an engaged working environment where employees exert their best efforts to achieve objectives but always feels energized and engaged. The pandemic had limited many of our physical activities, however it couldn't stop the virtual engagements from connecting and engaging our employees. Due to hybrid work environment, there had been combination of both virtual and physical events. Quarterly virtual townhall meetings were conducted to keep employees informed and energized. Few traditionally held events were; New Year Celebration, Pohela Falgun, Valentine's Day, Women's Day, Men's Day etc. One of the most exciting and unique events held was 'Make a Difference' campaign. All of our employees voluntarily participated and made a significant monetary contribution for a social cause. Additionally, following rewards are distributed among eligible employees based on certain criteria.



Employee Wellbeing

2021 had been a year of fear and hope. Many of our employees had been affected by COVID-19 and morale was low. Throughout the year of 2021, all members of HR Department had been in constant touch with all the employees during lockdown to know about their wellbeing and their family members, preserved data of sicknesses and provided administrative support, if needed. As the situation improved, we celebrated 'World Diabetes Day' at our premises and organized a Medical Campaign and Awareness Seminar in association with Labaid Bangladesh. Physicians, Dieticians, Medical professionals such as Endocrinologists were present to advice our employees about healthy lifestyle. We also arranged women health and nutrition program for our female colleagues. All these initiatives were taken during pandemic only to make sure well being of our employees.

Personal Touch to Employees

Personal attention to employees gets an utmost priority at IPDC. During COVID-19 pandemic, it played a pivotal role to keep our employees morale high. Few of our activities concerning directly to an employee personal life are mentioned below:

Employee Birthdays	Congratulating New Parents	Calebrating Newly Married Couple	Shushoma
• Birthdays of employees are celebrated in IPDC inhouse FB page. • Gifts with personal touch are handed over to every employees	• Celebrated in IPDC inhouse FB page. •Gifts are handed over to newly parents.	• All newly married employees are recognized during townhall.	• A platform for Women. • Dedicated to listen to concerns and worries of women and resolve issues accordingly.

Growth of Employees

We maintain a performance driven culture. Performance Management System at IPDC is a cycle of continuous performance improvement consisting of three major phases i.e., Objective Setting, Mid-Year Review and Year-End Review; each of which includes various steps to be carried out during the annual

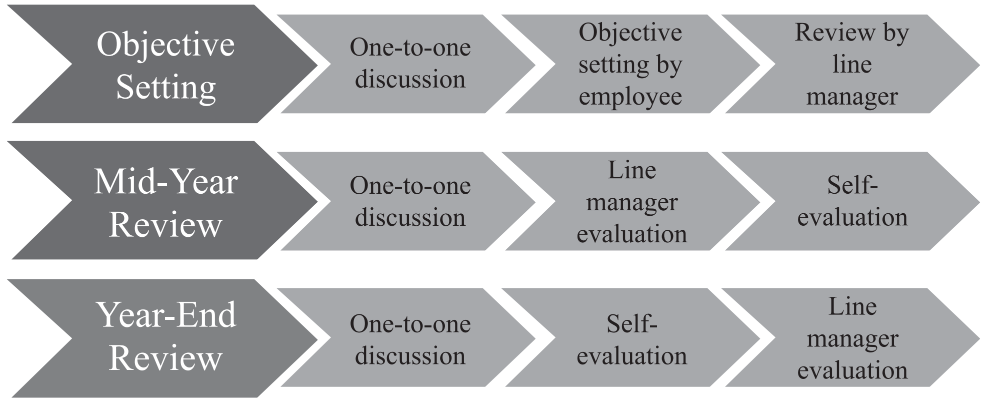


Figure: Performance Management System

performance cycle. One key inherent feature of our performance management process is two-way communication between employees and line managers in every step.

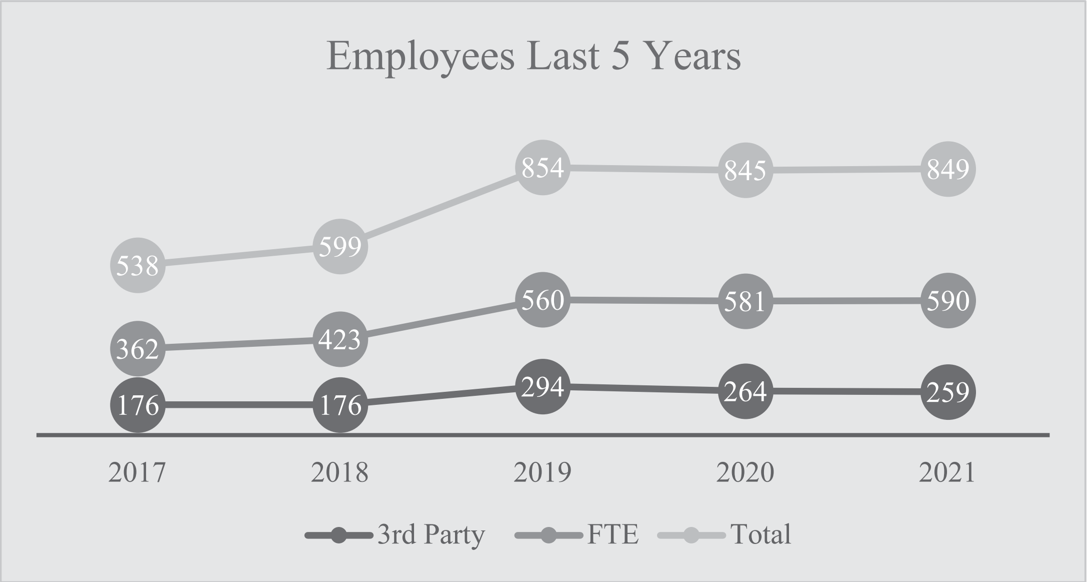
Despite COVID-19 pandemic, unlike majority organizations, IPDC continued to provide employee promotions and increment, because we emphasis on performance more than business constraints. Employees who performed as per their target objectives were given performance bonuses as promised. This has increased the morale of our employees during this challenging context. For developing employees with performance issues, we have a special three-month development initiative i.e. “Performance Improvement plan”. In 2021, total 54 performance feedback review sessions were held. It has been evident that 70% employee’s performance had improved gradually over time in this process.

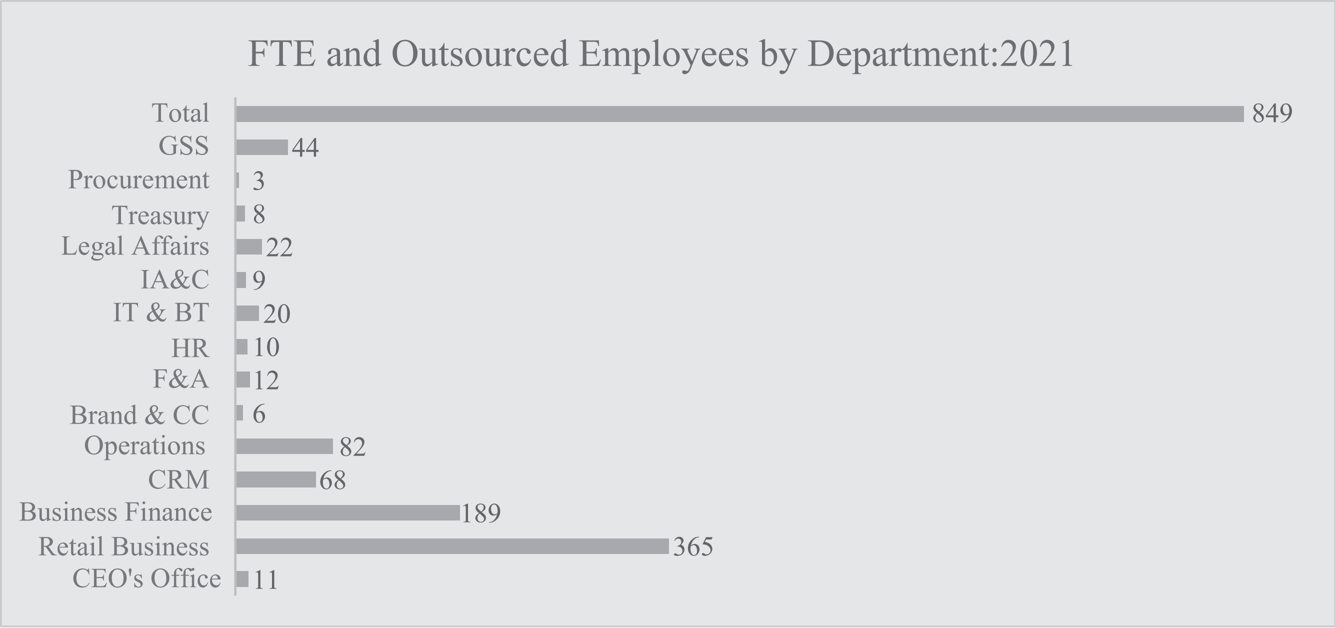
Shared Purpose

Our all steps are targeted at employee motivation and engagement. This is because of the continuous efforts from the leadership team to create a culture of shared purpose within the organization. Ownership of our employees towards their work with little physical supervision during this hybrid work model is reflected through the high business performance of the organization in 2021. It’s the reason employees of IPDC are on a constant quest to make things better and broke all industry records in terms of performance.

Growth & Distribution of Human Resources

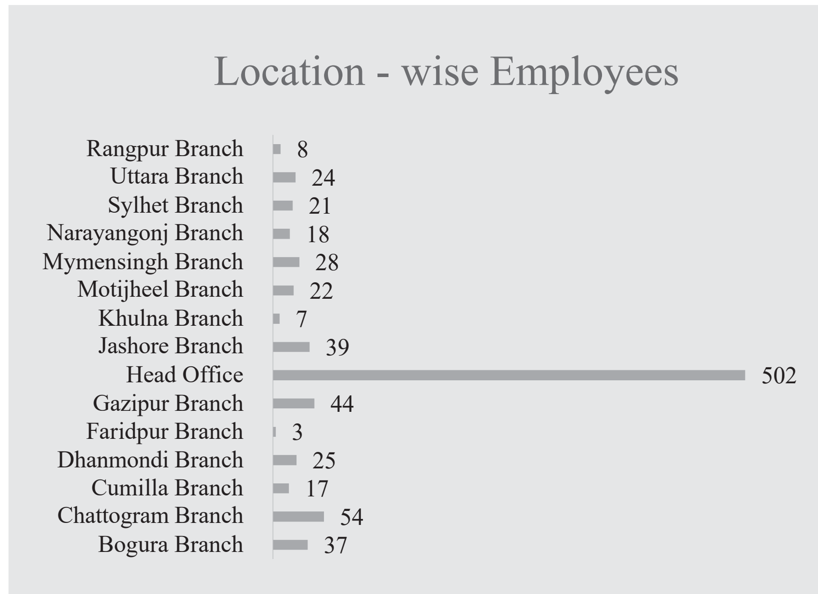
IPDC has grown exponentially over the past 5 years as demonstrated in the figure with the total number of employees reaching to 849 in the year 2021. Expansion of human resources, through effective recruitment and training of employees on the basis of business needs, have taken place among all the departments with Retail Business and Business Finance being the two departments with the highest number of employees.





At present, we have 15 branches all over Bangladesh. In the year 2021, we have successfully opened 3 new branches of IPDC located at Khulna, Faridpur and Rangpur. We hope to increase our branches more in the near future for extending financial service and support to reach underserved areas in the country.

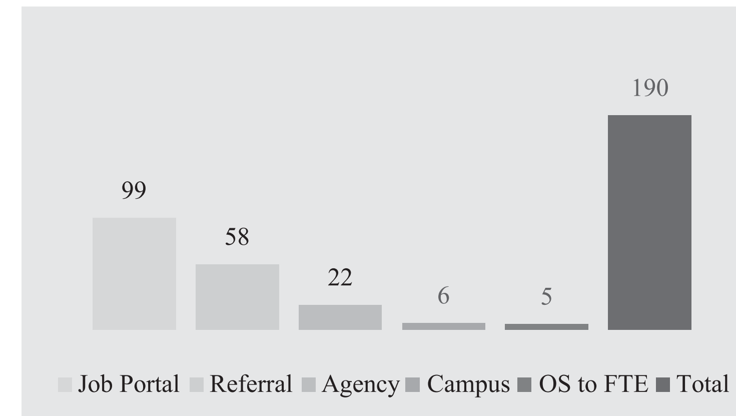
A summary of headcount comparison of 2020 vs 2021 in different categories of employees are given below:

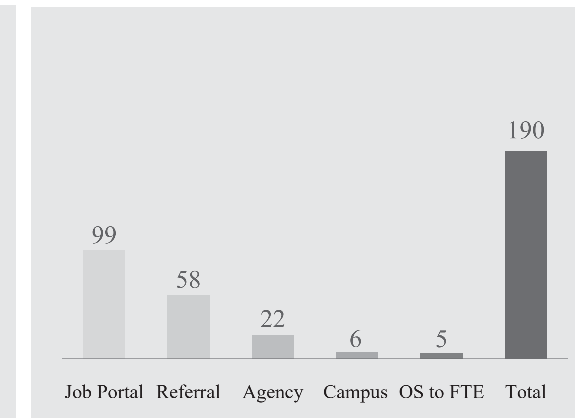


Employment Type	Number of Employees			Composition in %	
	2021	2020	Growth	2021	2020
Permanent Employee					
Male	466	460	1.30%	78.98%	79.10%
Female	124	121	2.48%	21.02%	20.90%
Total Permanent Employees	**590**	**581**	**1.55%**	**100.00%**	**100.00%**
Third-party Employees					
Male	215	216	-0.46%	83.01%	81.80%
Female	44	48	-8.33%	16.99%	18.20%
Total Third-party Employees	**259**	**264**	**-1.89%**	**100.00%**	**100.00%**
Permanent & Third-party					
Male	681	676	0.74%	80.21%	80.00%
Female	168	169	-0.59%	19.79%	20%
Grand Total	**849**	**845**	**0.47%**	**100.00%**	**100.00%**

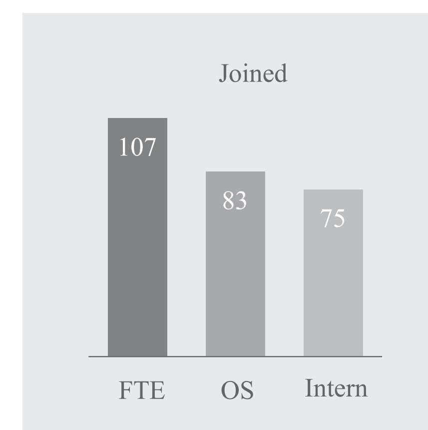
Equal Employment Opportunity

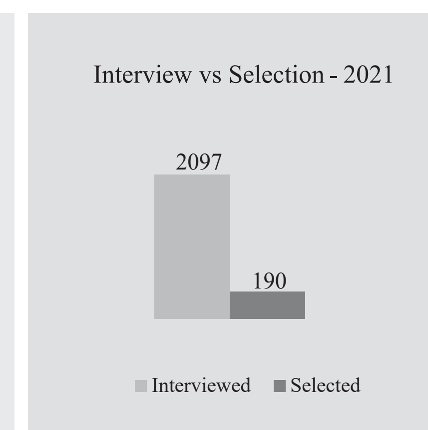
IPDC maintains a free, fair and equal employment opportunity. All our job advertisements are circulated in all available job sites prevailing in the country. A summary view of our recruitment in 2021 is given below to have clear understanding of our neutral and fair recruitment policy.

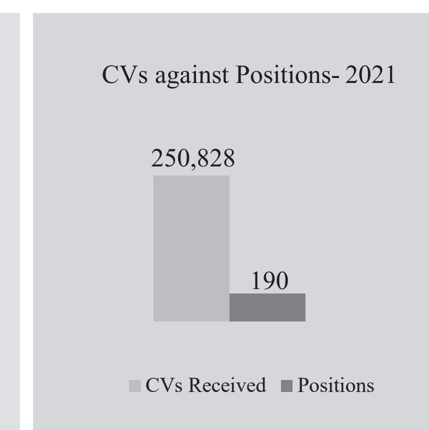




We have recruited 8 new Management Trainess during the year 2021 and also provided a significant number of fresh graduates to do internship at IPDC (75). Considering our positive employer branding, responses against our job advertisements are huge and that provide us the opportunity to find the best among many.

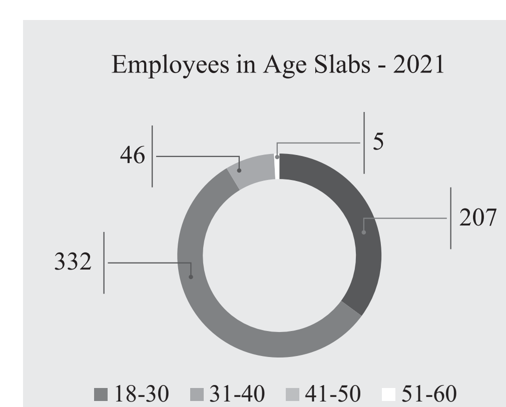


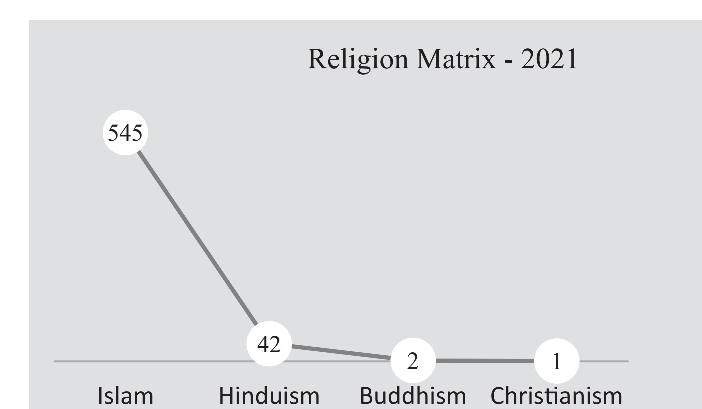




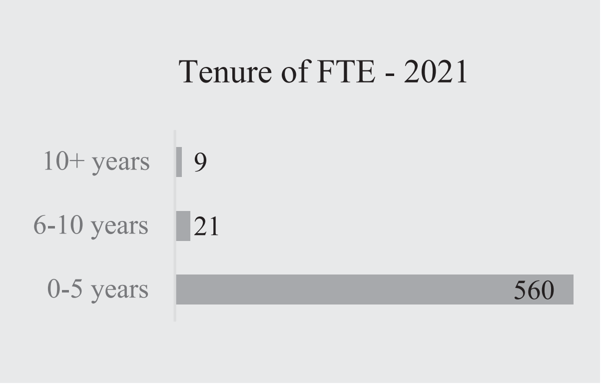
Diversified & Vibrant Workforce

IPDC encourages diverse and vibrant work environment which has been clearly visible through the induction and existence of employees at variable age slabs, demography, religion, race, and culture. It facilitates us to innovative ideas, build synergy and foster the growth of the workforce.





Being a youth-centric organization, the average age of employees at IPDC is 33 years, that contributes to a vibrant workforce. Growth of the human resources have been significant from 2017 onwards with a major portion being the fresh bloods, having a tenure of less than 5 years. Alongside, the presence of older and experienced, as well as seasoned employees gives a complete blend towards organizational learning and growth.

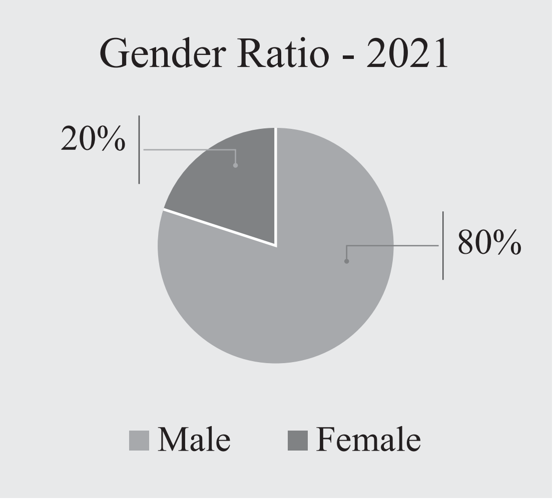


Attrition Rate

We consistently endeavour to keep our employee retention low. The attrition rate at IPDC is 12% for the year 2021 which is mostly due to employees leaving for better opportunities elsewhere. However, the attrition rate is well within the stated industry standard.

Gender Ratio

We focus on both embracing and promoting gender diversity. In 2021, the overall male to female ratio stood at 80:20. In the top Management, 3 out 10 employees are female. We always promote gender diversity, ensures free and fair judgment in all areas of employment terms and conditions.



Learning & Development

We concentrate heavily on putting out the best financial services in the most efficient way, hence learning and development has been one of the greatest priorities at IPDC. With a combination of full-time and outsourced employees, IPDC has provided a total of 97 total training sessions in 2021. Total training person days were 1561 days. Both virtual and physical training sessions were conducted considering COVID-19 situations in the country.

Few important trainings conducted during the year 2021 were; Sales Excellence for Dazzling Future, Unlocking Legal Barriers, FLM (First Line Managers training), NLP (Neuro-Linguistic Programming), Lead to Grow for Asset Team Leaders and AML & CFT (Anti-Money Laundering and Combating Financing of Terrorism). A comparison of 2020 vs 2021 training are mentioned below:

	2021		2020	
Type of Trainings	**No. of Trainings**	**Total Hours**	**No. of Trainings**	**Total Hours**
Local Inhouse	64	7,534.5	100	14,622
Local Outsourced	23	2715	6	204
International	1	365	4	117
E-Learning	9	1,873.5	13	1,489.5

Figure: Comparison of different training types

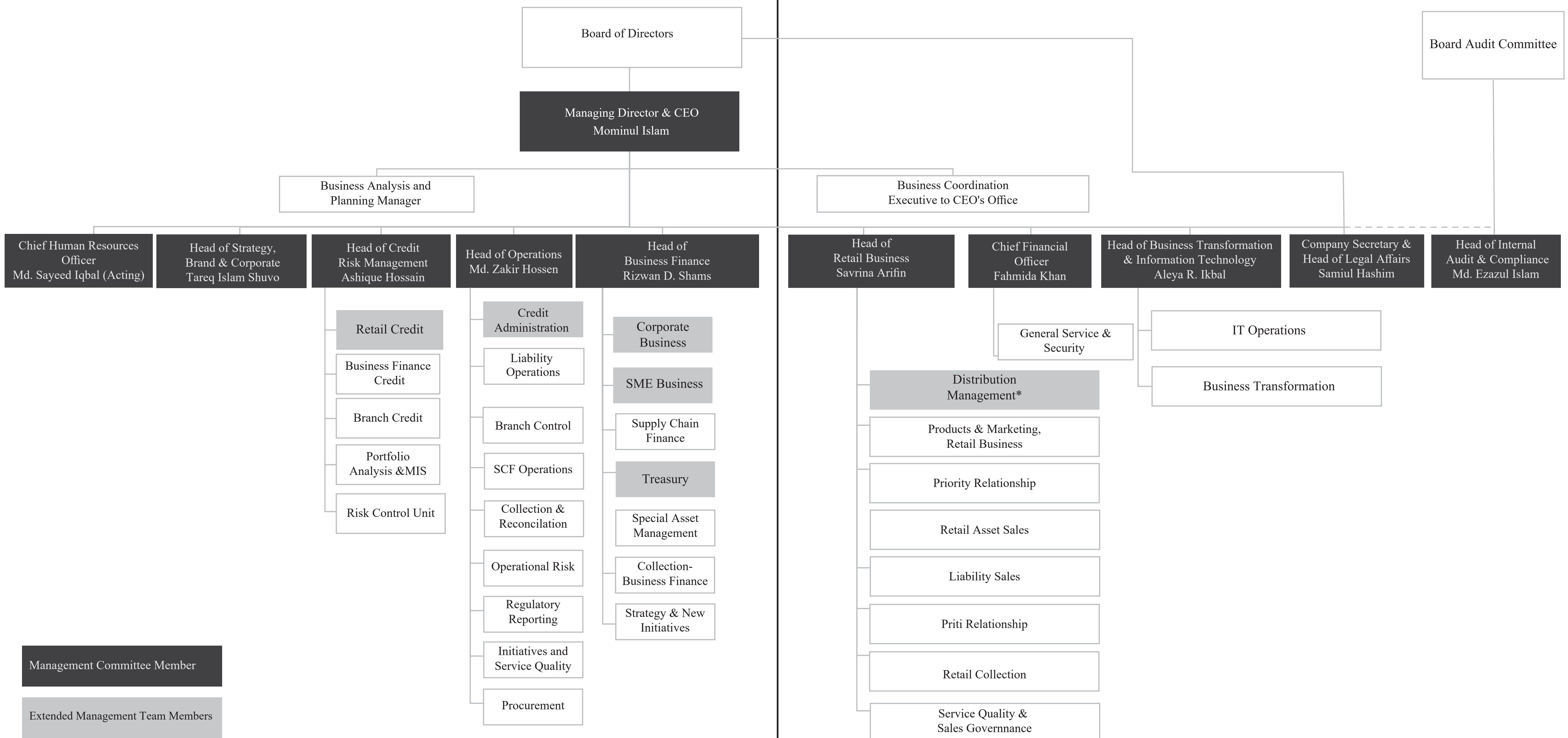
Our Future Priorities

Few of our topmost priorities for the coming years are:

- Ensure a conductive work environment for employees during and after COVID-19, so as to make sure that employees perform to the best of their abilities with full of enthusiasm and energy but without discomfort.
- Instill organizational values among employees and in all areas of HR functions
- Make HR more business driven. Understand more details what business does, what do they want and ensure timely support.
- Capacity development of employees
- Ensure a culture of continuous learning opportunities for all

IPDC FINANCE LIMITED ORGANOGRAM

Last updated 31 December 2021



*Dual reporting to Head of Retail Business and head of Business Finance

HUMAN RESOURCE ACCOUNTING

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Particulars	2017	2018	2019	2020	2021
Number of Employees	541	599	854	845	849
Average Number of Employees	402	570	727	850	847
Loan Portfolio per Employee	85.8	77.8	69.8	63.1	77.1
Customer Deposit per Employee	46.4	41.3	48.9	48.7	57.3
Revenue per Employee	3.1	3.3	3.0	3.3	4.1
Operating Cost per Employee	1.4	1.3	1.4	1.4	1.5
Operating Profit per Employee	1.7	2.0	1.6	2.0	2.6
Net Profit per Employee	0.8	0.8	0.8	0.8	1.0
Staff Benefit Cost per Employee	0.7	0.7	0.8	0.8	0.9
Staff Cost as a % of Operating Expense	51.74%	52.74%	57.73%	60.23%	59.66%

Human Resource Accounting is an attempt to identify, quantify and report investment made in Human resources of an organization that is not presently accounted for under conventional accounting practice. It involves the tracking of all costs related to employees in a separate report such as:

- Compensation
- Payroll Taxes
- Benefits
- Training

Rather than looking at employees as costs, the system is redirected toward viewing them as assets. This can involve the assignment of values to employees based on their experience, education, innovativeness, leadership, and so forth. This is a difficult area to achieve a verifiable level of quantification.

Purpose

Human Resource Accounting helps to determine how much investment the company has made on its employees and how much return it can expect from this investment. This allows human resource professionals and senior managers to use human resources of an organization efficiently and effectively.

Implications for IPDC

Given that no HR specific accounting standards exists, IPDC does not capitalize any Human Resource related cost and follows conventional method of accounting. However, IPDC utilizes the concept of HR accounting to measure employee productivity and considers these findings in management decision making.

Performance in 2021

Loan portfolio per employee increased to BDT 77.1 million in 2021 from BDT 63.1 million in 2020. Customer deposit per employee increased due to various campaigns over the year. IPDC achieved 17.3% growth in customer deposits in 2021. Staff cost as a percentage of operating expense decreased from 60.23% in 2020 to 59.66% in 2021. This is mainly since recruitment was low like last year. Operating profit per employee rose to BDT 2.6 million in 2021 compared to BDT 2.0 million in 2020 and Net profit per employee increased due to higher loan portfolio growth.

Outlook

Even though employee base of IPDC increased from 845 to 849 in 2021, average number of employees decreased from 850 in 2020 to 847 in 2021.

Revenue per employee increased by 22.1% while operating cost increased marginally, resulting in operating profit per employee to increase by 31.6%. As the company maintained surplus provision-ing, net profit per employee stood at BDT 1.0 million in 2021. Most of the new recruitment of 2021 is deployed in Retail and SME segment and we expect the productivity to increase significantly once new platforms such as consumer goods finance and retailer finance system go live in 2022.

SOCIAL AND RELATIONSHIP CAPITAL

Social and relationship capital is the cooperative and supportive relationships we share with our customers, clients, capital providers, industry associations, regulators, strategic partners and other stakeholders in our ecosystem. We create, develop, maintain and nurture these relationships to stay socially relevant and operate as a responsible corporate. It is important for IPDC to be responsive to the needs and interests of all stakeholders and to build social trust through authentic corporate citizenship.

Dashboard

Material Issues	2021 Highlights	Challenges	Long-term Strategy
Stakeholder Management	Introduced revamped format of Investors Meet to better reach stakeholders	Understanding stakeholder needs and wants is a continuous process	Deploy additional resources to monitor shift in stakeholder sentiment and address stakeholder issues promptly
Financial Literacy	IPDC partnered with 10-minute school and introduced IPDC Shubodh to foster knowledge development	Ensuring penetration of the activities in rural areas.	Developing a platform, preferably web-based, to spread financial knowledge
Employee Volunteerism	Provided support for platforms to utilize the employee skills towards solving social issues.	Extending employee volunteerism in remote areas	Opening a specific wing under the human resource department for effective leadership in this area
Social Investments	Invested in education, sports, culture, and arts	Managing financial capital for such investment	Collaborating with international bodies to finance such initiatives

Creating Value Through Social and Relationship Capital

Our social and relationship capital enables us to create new business opportunities and contribute to the development of other forms of capital. Collaborative work practices, customer-centricity and the trust built-up with our customers, employees, suppliers and communities in and around our operations over many years will go a long way to ensure mutual sustainability in the medium to long term.

Approaches to Optimizing Social and Relationship Capital Outcomes

- Focus our CSR efforts on health, socioeconomic infrastructure and education in rural communities
- Effective and frequent engagement with stakeholders to address material issues
- Continuing to forge and strengthen partnerships with our supplier
- Build reputational value and market visibility to attract vital competencies

Tradeoffs in using Social and Relationship Capital

We invest in the communities in which we operate through social investment programs that reduce our financial capital, but in the longer term enable growth in this capital stock. Through our CSR campaigns, we can improve both natural and social and relationship capital.

Outcome and Performance Review

Being a value driven company with a deep-rooted purpose of doing good for the society, IPDC continues to create value for the society in various ways. Our contribution of value in terms of numbers as well as overall impact went up significantly in the year 2021. We continued products and services such as IPDC Manobota and Shubodh, the primary purpose of which is to have a positive impact on the society rather than profitability. Detail Discussion is available in the subsequent sections of Social and Relationship Capital.

Outlook

One of our primary focus areas in business is Small & Medium Enterprises (SME). To grow further, developing products and building entrepreneurial capacity of women is a must. We also plan to work as a catalyst for the young entrepreneurship development by collaborating with appropriate market players.
As our business grows, our contribution to Government Exchequer is also expected to increase. Overall tax contribution will increase as the company will reinvest the savings from lower tax rate back into the economy.

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

The sustainability of our company depends on the sustainability of our stakeholder relationships. As such, we consider and engage not only shareholders, employees and clients, but also suppliers, public authorities, local community and civil society in general, financial partners etc. The sustainability of our stakeholder relationships is the guiding principle for the managerial decision-making process and the pillar of a more comprehensive corporate strategy.

We derive significant value from our diverse stakeholders across all our activities and engage with, listen to and learn from them. Working in partnerships is crucial in delivering on our vision to make the world healthier and more sustainable through innovation.

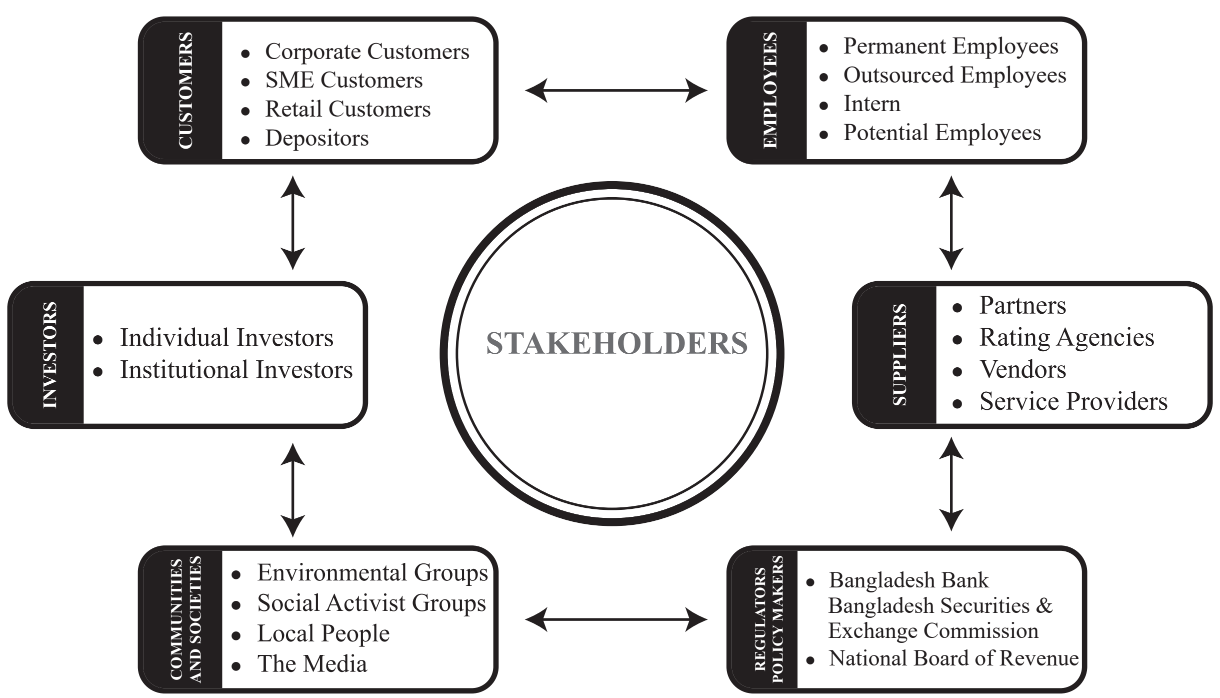
We realize that engaging with our stakeholders is an important source of information to assist in defining risks and opportunities as well as setting our strategic objectives within the value chain. We incorporate their feedback on specific areas of our business into our planning and actions.

Identifying Our Stakeholders

IPDC is fully aware that sustainable business can only be achieved by interacting with its stakeholders and understanding the impact the business has on its environment. We identify our stakeholders based on the following criteria:

Criteria for Identification of Stakeholders

- **Dynamic relationship**
- **Cannot be easily replaced**
- **Has fundamental impact on our performance**
- **Can clearly identify our requirements from the stakeholder**
- **Cannot be identified through another relationship**



Customers

IPDC puts its customers at the heart of its strategy and the company is becoming increasingly customer centric. We go beyond knowing only names, ages and incomes and try to understand the customer specific needs and wants. This approach allows us to identify opportunities for growth and develop innovative solutions precisely tailored to the present and future demands of our customers.

Forms of Engagement

Engagement Method	Frequency of Engagement
Customer Relationship Teams	Regular
Micro Marketing Events	As Necessary
Print Media	As Necessary
Social Networks	Regular
Website	As Necessary
Call Center	Regular

17,534

Number of Customers

Ways We Create Value for Our Customers

Material Issues	Status as of 2021	Long-term Initiatives/Commitments
Safety of deposits	With a credit rating of AAA, IPDC stands as a trustworthy organization. Our strong management team and board ensures that the organization’s financial health remain steady. We have honoured encashment requests and paid interest in advance during the pandemic.	Diversifying the portfolio with more focus on Retail and SME to reduce concentration risk and better maturity matching with deposits will reduce liquidity risk further
Timely loan disbursement	Our loan operation process is being reengineered to reduce loan disbursement time. Decentralization by introducing branch wise credit risk management and forming dedicated teams for loan disbursement of strategic products such as affordable home loan allowed IPDC to reduce disbursement time significantly in 2021.	We plan to reduce the Turn-Out-Time (TAT) to half of current processing, particularly for customers availing loans from branches outside of Dhaka
Affordable services	During the pandemic, we have made disbursements to SMEs at lower rates unlike the industry. We have also given importance to small depositors. IPDC has introduced Priti and Joyee for women clients. Both are targeted to provide low cost and affordable services to women.	Our strategy revolves around the people beyond megacities. We are currently exploring ways to reduce our distribution cost through cost effective distribution channels which will translate into affordable products for consumers
Quality service	Customer forms has been overhauled in 2021 to simplify customer onboarding process. We have also welcomed payments via bkash and increased customer care work hours. E-KYC is being introduced to further simplify costumer acquisition process.	To ensure all communication to customers regarding loan processing is as simplified as possible, along with process made smooth, simple and efficient

Employees

IPDC's employees are the key to its success and the company's steady growth requires an evolving approach to fulfil the potential of the people who work in the organization. We foster a spirit of innovation, shared engagement, and personal responsibility. We employed 849 people as of 31 December 2021 and we invested significant resources in ensuring our status as an employer of choice.

Forms of Engagement

Engagement Method	Frequency of Engagement
Training Programs	Regular
Events	As Necessary
Townhall	Quarterly
Employee Recreation Club (ERC)	Annually
Orientation	Quarterly
Celebrations	As Necessary

849

Number of Employees

12%

Employee Attrition

Why it is Important to Engage Employees

Interactions with our employees are the main ways that customers experience the brand of the Company. Hence, our employees are crucial to the achievement of our customer experience ambitions and are the foundation of our service proposition.

Ways We Create Value for Our Customers

Material Issues	Status as of 2021	Long-term Initiatives/Commitments
Career progression opportunities and talent retention	Ensured best performing individuals have unbiased access to career ladder. Despite the pandemic and the uncertain lockdown situation, no downsizing was done and salary and benefits remained the same. IPDC managed to recruit more employees instead.	We will encourage effective career practices for motivated and skilled human resources.
Knowledge and skill Enhancement	We introduced online training sessions during lockdown. Our training expense for the year 2021 is BDT 2.2mn with 1,561-person days of training provided to employees	We will undertake management development programs and sales skill enhancement. We also plan to strengthen training evaluation to measure training effectiveness
Diversity and inclusion	IPDC constantly fosters, nurtures and encourages an inclusive office culture. We are an equal opportunity employer and we look for people who relentlessly pursues for innovation	We will continue to facilitate and enable a safe and harmonious office ecosystem and improve participation of female as well as minority groups in the workforce which ultimately fosters innovation and brings in new ideas
Work-life balance with safe and conducive workplace	IPDC acknowledges that employees have responsibilities outside of work. We have programs like flexible working hours that facilitate work-life balance and help individuals better manage these multiple demands	Efforts are underway to help employees improve work-life balance to improve morale, increase overall job satisfaction. Feedbacks are being taken on regular basis through engagement activities like HR Hour and we plan to address these feedbacks through specific programs

Further details on employee related initiatives can be found in the Human Capital Section of this report

Investors

As a major source of capital, Investors require sustainable growth and information on a continuous basis to track IPDC's performance and achievements in enhancing shareholder wealth.

Forms of Engagement

Engagement Method	Frequency of Engagement
Website	Regular
Print Media	As Necessary
Email	As Necessary
Investors Meet	Quarterly
Postal Service	As Necessary
Annual Report	Annually
Extraordinary General Meeting	As Necessary
Annual General Meeting	Annual

14.2%

Return on Equity

12% Cash

Dividend

Ways We Create Value for Our Investors

Material Issues	Status as of 2021	Long-term Initiatives/Commitments
Financial position and Performance	IPDC delivered solid performance with net profit growing above industry average while keeping non-performing loans one of the lowest in the industry. Detail discussion in this regard can be found in the Message from the Top section	We remain committed to maintain strong growth in portfolio and keep the non-performing loans in check. Being able to do so will further increase return on asset and equity as the portfolio matures
Sustainability of business	With solid business performance and impactful social initiatives, IPDC Finance has advanced towards making the business as well as the community more sustainable by achieving growth in business despite the pandemic unlike the industry. Details in this regard can be found in Our Approach to Sustainability section of this report	Undertaking more sector specific activities and innovating technology-based solutions to utilize disruptive developments in the market as well as create greater acceptance
Effective communication of business strategy	Our communication efforts include disclosures of all mandatory as well as supplementary information through websites. Additionally, we have organized Investors Meet online on quarterly basis to communicate strategy updates to our investors due to the pandemic.	Continue looking for additional ways to increase governance and financial disclosures so that investors and stakeholders remain well informed about shift in company strategy
Effective corporate governance with efficient risk management	IPDC understands the general expectations of its shareholders regarding Governance. The company was awarded bronze award in ICSB Corporate Governance Excellence in an event held in 2021.	Risk management processes will feature real-time integration and enterprise-wide sharing of internal data. Employees will have ready access to information on existing and emerging risks. Governance model will be upgraded as an ongoing process

Suppliers

With increasing footprints, suppliers of goods and services to the institution is gradually becoming a key business partner. Our suppliers are integral to how we fulfil our customers' needs and we work closely with them to manage risks and drive continuous developments in the standards of performance through the procurement of goods and services.

Forms of Engagement

Engagement Method	Frequency of Engagement
Meetings	As Necessary
One-on-one Discussions	As Necessary
Written Communication	As Necessary
Verbal Communication	As Necessary
Tender for Proposals	As Necessary
Annual Report	Annual

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Ways We Create Value for Our Suppliers

Material Issues	Status as of 2021	Long-term Initiatives/Commitments
Compliance with contractual terms	We engage in mutually beneficial and sustainable relationships with our suppliers in an environment of equity, mutual respect and honesty. There have been no incidents in 2021 where IPDC failed to meet the contractual terms agreed with a supplier	We remain committed to ensure that our payment process is compliant with the best practices in the industry. In this regard, we will continually review and update our policies periodically
On-time payment processing	As our business is growing, we are continually strengthening our procurement team and removing bottlenecks to make the payment process faster while maintaining all the compliance standards.	Yearly review of the payment process to make sure that we have the best practices in the industry in this area
Transparent procurement process	Our policies require us to go for competitive procurement activities and bidding processes that foster equal opportunity so that qualified suppliers can provide products and services that meet our requirements.	We will continue to update our policy and practices to maintain high compliance standards in procurement which will ensure a transparent procurement process

Communities and Societies

IPDC interacts with many other people and groups who are not directly involved with the business activities of the company but have significant influence on it. These includes local residents, community development groups, environmental and development organizations, citizen associations, and non-governmental organizations (NGOs).

Forms of Engagement

Engagement Method	Frequency of Engagement
Website	Regular
CSR Initiatives	As Necessary
Social Media	Regular
Marketing Events	Regular
Press Releases	As necessary
Annual Report	Annual

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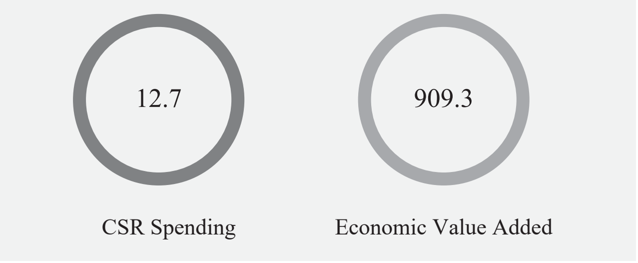


Ways We Create Value for Our Communities and Societies

Material Issues	Status as of 2021	Long-term Initiatives/Commitments
Social responsibility and impact to society	IPDC took several initiatives to fulfil its social responsibilities in a manner that reflects the company's mission, vision and values. Further details regarding this can be found in Corporate Social Responsibility and Value-Added Statement Section	We intend to follow a "Shared Value" approach and undertake socially useful programs for welfare & sustainable development of the community at large
Environmental stewardship	IPDC planted trees in the adjacent areas of branch offices and extensively using E-Documentation system for supporting paperless initiative. Further details regarding this has been discussed in the Environmental Initiatives section	Drive paperless initiative at branch level through utilizing the E-documentation platform
Resource protection and energy efficiency	We have replaced old and inefficient motor vehicles and equipment for efficient use of energy. We have also taken fuel conservation efforts like video conferencing to reduce travel between offices	Reducing energy demands through optimizing work hours and reducing overtime work
Community engagement	We have sponsored several social events which provided us a chance to directly interact with the local communities. Details in this regard can be found in Events and Sponsorship section as well as the Signature Events section	Continue to sponsor value adding and sustainable methods of community engagement

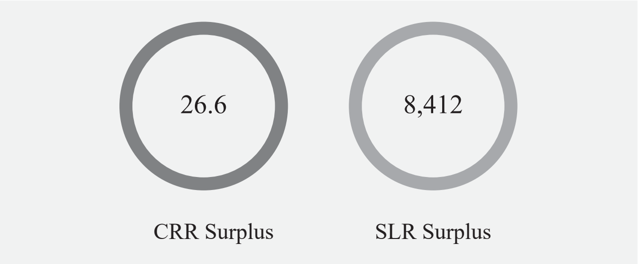
Regulators/Policy Makers

Regulators/Policy Makers is a body, department or organization that supervises, monitors and controls an industry or business activity and have significant influence on the core operations of the business.

Forms of Engagement

Engagement Method	Frequency of Engagement
Meetings	As Necessary
One-on-one Discussions	As Necessary
Written Communication	As Necessary
Verbal Communication	As Necessary
Annual Report	Annual

BDT mn



Why it is Important to Engage Regulators/Policy Makers

Changes in policy and regulatory environment may provide opportunities or pose risk to our operations. Working closely with the regulators/policy makers ensures that our company evolves through a compliant and effective way.

Ways We Create Value for Our Regulators/Policy Makers

Material Issues	Status as of 2021	Long-term Initiatives/Commitments
Compliance with rules and Regulations	IPDC continues to be a highly compliant company meeting and exceeding all regulatory requirement	We will continue to proactively look for any loopholes and opportunities for exploitation and ensure that sufficient safeguards are in place so that we remain one of the most highly compliant companies of the country
On-time regulatory reporting	No issues occurred for failure to meet deadline in reporting during the year	With increasing requirement of reporting, we will ensure that sufficient and capable resources are available
Effective corporate Governance	IPDC has complied all regulatory requirements for ensuring effective corporate governance. Further details regarding this can be found in the Governance and Risk Management section of the Annual Report.	We will look for opportunities to further strengthen our governance while keeping company operations agile

VALUE ADDED STATEMENT

"Value added" is the wealth which the Company has able to create by providing clients with a quality, value added service. This statement shows how the value so added has been distributed.

Value Added by the Company

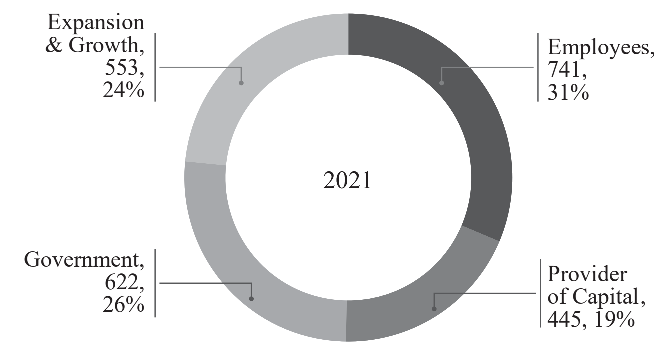
in BDT mn/%

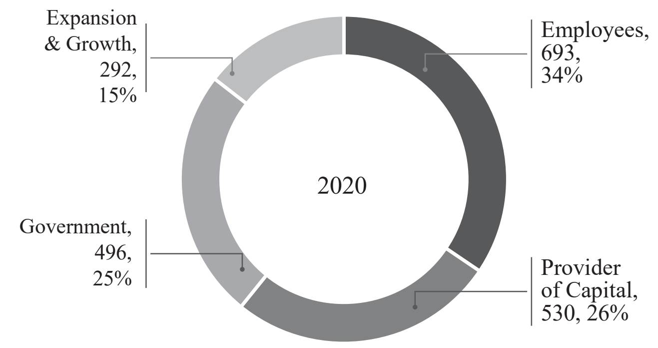
Value Added	2017	%	2018	%	2019	%	2020	%	2021	%
Net Interest Income	1,072.6	127.5%	1,698.3	130.8%	1,942.8	118.1%	2,017.0	100.3%	2,783.1	117.9%
Commission, Exchange & Brokerage	82.2	9.8%	89.2	6.9%	78.2	4.8%	108.4	5.4%	180.3	7.6%
Investment Income	65.5	7.8%	63.3	4.9%	115.2	7.0%	638.7	31.8%	471.3	20.0%
Other Income	25.3	3.0%	23.6	1.8%	29.6	1.8%	65.7	3.3%	10.0	0.4%
Management expenses excluding salaries & allowances, depreciation	(245.3)	-29.2%	(314.2)	-24.2%	(330.3)	-20.1%	(341.1)	-17.0%	(383.5)	-16.2%
Provision for doubtful losses	(159.0)	-18.9%	(262.3)	-20.2%	(190.8)	-11.6%	(478.2)	-23.8%	(700.0)	-29.6%
Total Value Added by The Company	**841.2**	**100.0%**	**1,298.0**	**100.0%**	**1,644.6**	**100.0%**	**2,010.5**	**100.0%**	**2,361.2**	**100.0%**

Distribution of Value

in BDT mn/%

Value Added	2017	%	2018	%	2019	%	2020	%	2021	%
Employees										
As salaries & allowance	296.4	35.2%	396.4	30.5%	566.5	34.4%	692.8	34.5%	740.6	31.4%
Provider of Capital										
Dividends to shareholders	303.0	36.0%	363.6	28.0%	327.2	19.9%	530.1	26.4%	445.3	18.9%
Government										
As taxes	178.3	21.2%	410.6	31.6%	431.1	26.2%	495.9	24.7%	622.3	26.4%
Expansion & Growth										
Retained as capital and reserve	32.4	3.9%	86.4	6.7%	235.2	14.3%	175.4	8.7%	435.7	18.5%
Depreciation	31.1	3.7%	41.0	3.2%	84.5	5.1%	116.3	5.8%	117.2	5.0%
Total Expansion & Growth	63.5	7.6%	127.4	9.8%	319.8	19.4%	291.7	14.5%	553.0	23.4%
Total Distribution of Value Addition	**841.2**	**100.0%**	**1,298.0**	**100.0%**	**1,644.6**	**100.0%**	**2,010.5**	**100.0%**	**2,361.2**	**100.0%**





CONTRIBUTION TO GOVERNMENT EXCHEQUER

Contribution to government exchequer is the amount IPDC pays to the government in form of Withholding Tax, Corporate Tax, Value Added Tax (VAT) and Excise duty. IPDC is among the large contributors to government exchequer of the country and as such creates a significant impact to the development of the country.

Particulars	2017	2018	2019	2020	2021
Withholding Tax					
Salary	12,217,971	15,657,755	23,146,650	24,623,687	32,164,871
Interest on savings deposit	126,922,185	233,384,657	349,449,706	422,820,132	311,350,282
Payment of Supplier	3,037,770	3,021,168	4,738,528	1,892,688	4,660,801
House Rent	568,844	802,266	1,155,978	1,072,143	1,058,749
Dividend Payment	-	-	15,000,000	36,947,074	45,020,223
Payment for Professional & Technical Services	2,247,562	2,256,081	4,326,115	1,587,483	2,314,463
Others	2,573,147	4,869,229	18,729,582	7,334,202	27,235,207
Total Withholding Tax	**147,567,479**	**259,991,156**	**416,546,559**	**496,277,409**	**423,804,596**
VAT					
House Rent	2,708,935	3,349,095	4,391,499	5,087,170	5,706,564
Processing, Documentation Fee etc.	11,853,636	13,193,414	12,323,267	11,731,558	21,462,148
Procurement of goods and services	4,326,735	4,291,885	6,736,513	4,983,283	7,333,892
Legal, Professional & Technical Fees	2,039,121	2,417,629	6,436,705	2,305,302	6,230,295
Director Fees	184,800	122,400	68,400	93,600	86,400
Promotion	9,017,581	7,362,233	4,170,241	1,967,511	2,896,853
Others	2,684,555	5,137,532	8,169,290	7,355,198	6,996,912
Total VAT	**32,815,363**	**35,874,188**	**42,295,915**	**33,523,622**	**50,713,064**
Corporate Tax	**135,257,010**	**281,745,290**	**392,364,068**	**307,549,101**	**373,194,584**
Excise Duty	**8,675,900**	**26,730,250**	**39,289,100**	**54,432,150**	**76,084,550**
Total Paid to Government Exchequer	**324,315,752**	**604,340,885**	**890,495,642**	**891,782,282**	**923,796,794**

The collective contribution to the National Exchequer for the last five years was BDT 3,635 million, of which, BDT 923.8 million (25.4%) was made in 2021 alone. Out of total BDT 923.8 million, BDT 373.2 million was made on account of corporate tax. With the payment of taxes and the investment for expansion, IPDC is making a significant contribution to the country's development and growth.

CSR STATEMENT

CSR has been a long-standing commitment at IPDC and forms an integral part of the Company's activities. IPDC's contribution to social sector development includes several pioneering interventions to pro-actively support meaningful socio-economic development in Bangladesh and enable a larger number of people to participate in and benefit from the country's economic progress. IPDC's CSR policy is aligned with its vision to serve the Women, Youth and Underserved. It maintains a board resolution that makes sure the required amount has been reserved for spending in relevant fields as per the focus areas. IPDC Finance Limited is committed to comply with environmental regulation for maintaining ecological as well as social balance and retaining the globe safe habitable for all living beings and their future generation. Sustainability is the key aspect in driving the strategy making process of the business fraternity. Holding this ideology in high regard, IPDC goes all-out to preserve a habitable globe for generations to come. IPDC is not only the pioneer financial institution in the country to implement Bangladesh Bank's Green Banking Guidelines in phases but has also embraced new opportunities for financing and investment policies as well as portfolio management that work towards the creation of a strong and successful yet low carbon economy.

With this target, IPDC has constructed schools, libraries, public washrooms and extended its support to other educational institutions, libraries, sports academies, and non-governmental organizations by providing books, jerseys and disaster reliefs. IPDC with its sustainable products like Affordable Home Loan and SME loans for the areas beyond megacities ensured the development of surrounding areas of its projects site by the company.

IPDC also believes collaboration with its clients is the key for the overall development of the society. So, a Corrective Action Plan is included in its Environmental & Social Risk Management Policy for mitigating potential Environmental and Social Risks posed by the client's business activities by working together with the client within an agreed upon timeframe.

IPDC ensures the planting of trees every year in the surrounding areas. Besides, plantation within the office premises is given heavy importance.

As per the Environmental & Social Risk Management Policy of IPDC, a Corrective Action Plan is developed by IPDC staff specifically tailored for each client if a client has certain Environmental and Social Risk associated with its activities. It aims to mitigate these risks posed by clients within an agreed upon time frame. The corrective measures in the action plan include plantation of trees by the clients if any concern related to loss of trees arises as a result of the activities taken by the clients.

As per the Environmental & Social Risk Management Policy of IPDC, it is strictly prohibited to work or engage in project that involves child labor in company's plants.
In 2017, employees of IPDC themselves created the first ever in-house social service club. With this, IPDC Finance became the first organization ever to provide volunteer hours for every new employee in its job description. The club's sole purpose is to inculcate empathy and benevolence among the organization's employees as well as cover broader scopes of charitable programs that have been unable to fit within the company's corporate social responsibility budget. Each benevolent activity was measured in terms of volunteer hours, which were further categorized in both the individual and the organization. Under this initiative, employees observed Public Transport Day, Clean Workstation Day, Share a Meal Day, Low Electricity Consumption Day and so on. Many employees voluntarily participate in the CSR activities like distribution of blankets or water purifiers as well.

IPDC has fellowship programs for youth and monthly operational expenses borne for sports enthusiasts. IPDC maintains an entirely Green Banking Unit solely dedicated to establishing, designing, evaluating, and administrating activities related to green banking issues.

NATURAL CAPITAL

Banks and financial institutions draw resources from nature, leaving behind a carbon emission trail through jet air travel, running the day-to-day office and consuming paper and stationary, among others that could have a damaging impact on the environment. Moreover, financing environmentally hazardous projects also leave behind a negative impact on the planet. In short, at IPDC, this capital relates to the natural resources on which we depend to create value. Besides, as a non-banking financial services Company, we focus on deploying our financial capital in such a way that promotes the preservation and sustenance or minimizes the destruction of natural capital.

Dashboard

Material Issues	2021 Highlights	Challenges	Long-term Strategy
Responsible use of resource	Subsided the uses of plastic, paper, glass and metal whenever applicable	Lack of proper alternatives	Using of e-bills and mobile banking channels to reduce paper waste
Climate-oriented product	Created awareness on the responsibility IPDC has assumed towards transition to a low carbon economy	Habituating people towards accepting such philosophy	Increasing green financing with focus on financing hybrid and electric vehicles
Fight against climate change	Strengthened green financing initiatives to tackle issues caused by climate change	Keep up with the costs associated with making climate-first decisions	Measuring and evaluating activities to reduce the climate change effects

Creating Value Through Natural Capital

For a country with limited resources like Bangladesh, natural forces play an important role in shaping macroeconomic outcomes. Floods and droughts frequently cause volatility in food supply resulting in rising inflation and affecting interest rates. Preservation of nature and utilizing our natural capital creates long term sustainability of the business.

Approaches to Optimizing Natural Capital Outcomes

- Enhanced IT infrastructure to reduce travel
- Build employee awareness to reduce waste
- Setting green financing targets
- Inculcate green banking at branch level.

Tradeoffs in using Social and Relationship Capital

We impact negatively on natural capital by using non-renewable resources, and through our emissions and wastes. We work to minimize these. In some instances, we also impact adversely on human and social and relationship capital

Outcome and Performance Review

IPDC acknowledges that preserving ecosystems is the only way to sustainably maintain economic development. The Company focuses on reducing the environmental impact of its operations by using renewable energy and recyclable material, wherever possible, and by focusing on financing environment-friendly projects and encouraging paperless communication. Outcome and performance review is discussed in the subsequent sections.

Outlook

IPDC is committed to play its part in preserving nature and reducing its carbon footprint. As such, we plan to continue looking for new ways of financing more environment-friendly projects. We envisage to move towards green banking supplementing our traditional approach. Work is underway to significantly reduce our paper usage and move all our documents to an electronic system called E-Doc. Apart from these, we will continue to create awareness internally and externally through organizing green events, introducing green marketing and rigorous program to educate our clients.

GREEN BANKING

"Making money is simple. Making sustainable money is the real earner."
-Mominul Islam, Managing Director and CEO

Overview

More people are aware today of the impacts their actions leave on the environment, and financial services are no exception. The concept of green banking refers to banking activities while giving special attention to the environment. It considers environment along with financial priorities with an aim to not only benefit the customers, but also the society at large. IPDC is one of the pioneer Financial Institutions in the country in implementing Bangladesh Bank's Green Banking Guidelines in phases. With the formulation of a Green Banking Unit (GBU), IPDC is dedicated to take into consideration of the environmental impacts while also contributing to the economic growth of the nation.

Incorporation of Environmental and Social Risks in Investment Decisions

Environmental and Social risks refer to the uncertainty in adverse results that can come from any negative changes in the environment and society. IPDC has incorporated an Environmental and Social Risk Policy with its regular Credit Manual in line with Credit Risk Management (CRM) guideline. Environmental risk, an innate element of credit risk, needs to be accounted for and managed properly. Financing evaluations are made after Environmental and Social Risk Due Diligence is undertaken. Precise identification of risks related to the environment and society is paramount for proper risk management to address and incidents related to this in the future.

After integrating ESRM Policy directed by Bangladesh Bank, IPDC has started to work on developing and integrating its proprietary Environmental & Social Management System (ESMS) and Environmental & Social Due Diligence System (ESDD) with the help of Japan International Cooperation Agency (JICA), German Investment Corporation (DEG), and other market specialists.

The ESRM policy will help IPDC to:

- Identify environmental and social risk associated with its clients and understand the potential impact on the portfolio
- Systematically assess and manage environmental and social risks
- Implement the necessary steps within its risk management system including documentation and recordkeeping
- Monitor compliance with national environmental and social regulations and international best practices and standards
- Identify new social and environmental business opportunities, and
- Develop a good reputation among clients, investors and other stakeholders in the financial market.

Green Solutions

IPDC offers all the green financing solutions as defined by Bangladesh Bank. To address the needs of the diverse segments in the economy, a total of 52 solutions, encompassing eight categories, are provided under green financing. The eight categories are renewable energy, energy efficiency, solid waste management, liquid waste management, alternative energy, eco-friendly brick production, recycling and recyclable product, green industry/building, and miscellaneous like workplace safety.

Green Marketing

Green Marketing covers a wide range of marketing activities to educate and encourage potential customers for implementation of environment-friendly initiatives. In the status quo, awareness is needed to be built up among borrowers, who may not realize the cost savings generated through going green and thus reluctant to invest upfront in sustainable technology. By actively creating awareness of the long-term benefits of green projects, IPDC has successfully built a sizeable green portfolio.

Green Training

IPDC regularly conducts employee trainings and knowledge-sharing sessions to keep everyone updated with the topics of green banking across the nation. All 15 branches are involved when it comes to training employees regarding green banking.

Initiatives inside IPDC

The idea is not only to improve business prospects in green financing, but also to develop in-house attitudes towards the environment and society. For instance, paperwork is reduced through optimizing memo-management module and electronic credit proposal systems. Another recent in-house initiative was to 'greenify' the workstation of each employee throughout the organization, where each employee at IPDC made their own individual contribution to improve their workplace environment. Energy-efficient lights are installed in organization premises across the country. On top of that, electrical appliances are turned off when not in use even during office hours.

Ingraining environment-friendly practices within its organizational culture is a priority of IPDC. Moreover, where possible, video conferencing is used to conduct meetings among different branch employees to avoid commuting, which subsequently lead to less usage of fuel.

Outlook

Within the next five years, IPDC aims to disburse a significant amount in green financing projects, across diverse sectors. Sustainable green housing projects, renewable energy plants, energy-efficiency projects, ETP/WTP, waste management, waterbody management, recycling, organic agri-business, etc. are considered where IPDC will focus for green financing. Customized green products for both individual and institutional customers are planned.

With the guidance of Bangladesh Bank, green financing is poised to develop at a rapid pace across the country. IPDC intends to play an integral role in green financing within the financial industry in the days ahead.

ENVIRONMENTAL INITIATIVES

Environmental sustainability is a key part of IPDC's social responsibility efforts. IPDC have established environmental policies, goals and practices that help guide their activities inside and out. IPDC is staunchly committed to the environment and combating climate change and reduce both its direct impact, through the use of natural resources by its internal operations, and its indirect impact through its financial activity. IPDC's activities range from participation in conservation initiatives in communities across the country, to commitments to well-recognized domestic and international standards and reporting agreements.

Environmental Sustainability Initiatives

Plantation

It would not be stretching things if one were to say that without trees, we humans would not be able to exist on this beautiful planet. To give back to the creation which has facilitated life from the inception of life is what can be claimed humane now. IPDC planted trees in the adjacent areas to insist the compelling issue of safeguarding the earth.

Paperless Initiatives

IPDC committed to a paperless office to create a work environment in which the use of paper is eliminated or greatly reduced. This is done by converting documents and other papers into digital form. IPDC believes "going paperless" not only works well for the environment but can only save money, boost productivity, save space, make documentation and information sharing easier, keep personal information more secure and help the environment. The concept is extended to communications outside the office as well.

Fuel Conservation Video Conference

Expanding every day, IPDC is very known for its collaborations with valuable partners for the better good of all the parties. Such collaborations call for several meetings which in turn brings a lot of fuel emission for travelling back and forth to office premises. Hence, that bring video conferencing in the picture to be used instead of face to face meetings with partners.

Public Transport Day

Last Thursday of every month in IPDC is observed as "Public Transport Day". On this day, from the staffs to the CEO himself abandon the use of the private transport and takes public transport to commute to office and back home. Around 599 employees across all the branches around the country make sure they do not use private cars for the day. Such small initiative when held at larger scale in future will create example for other corporate as well.

Power Conservation

IPDC aims to save electricity in their building to help reduce Carbon-di-oxide emissions and conserve fuel reserves, as well as save penny. IPDC believes in taking simple yet imperative steps for saving electricity at personal level. A few pointers are asked to be embedded in the work habits of all employees as follows:

- Dressing for the season to reduce air conditioning usage.
- Keeping the thermostat between 20-23°c.
- Checking the building's airtightness.
- Using sleep/hibernation and energy-saving modes for PCs.
- Replacing old, inefficient equipment with those that have a high energy rating.
- Keeping lights free of dust and using LEDs.
- Turning off switches when not in use.
- Save Water.

Green Branch

To have a concentrated focus on green initiatives, IPDC anticipates opening a completely green and eco-friendly branch to pave ways to follow by other financial institution as well in the near future. IPDC will make sure all the possible steps are been followed in the fulfilment of a green branch.

Further detail and disclosures regarding our environmental initiatives can be found on *Our Approach to Sustainability* Section.

OUR APPROACH TO SUSTAINABILITY

With over 40 years of history, we understand the importance of value that stands the test of time. We are very much aware that sustainability initiatives without strong profits is not actually sustainable, while strong profits to the detriment of sustainability weaken the endurance of a business.

IPDC is focused on product innovation, performance and outcome-based solutions. Our renewed strategy also includes a commitment to go for deepen our sustainable impact, because we recognize the breadth of the role businesses hold in creating a sustainable future.

This report highlights the impacts IPDC had on a wide range of sustainability matters and allows transparency regarding the related risks and opportunities that lie ahead. The year 2021 has been a remarkable year in terms of the impacts IPDC had made in the economy. In the ever-changing industry, a crystalline strategy has been implemented with focus on creating value, innovation, and sustainability.

The sustainability report covers all the activities undertaken by IPDC which have a significant impact on the business of organization, as well as its stakeholders. The report covers all the activities carried out from January 01, 2021 to December 31, 2021. As an entity which aspires to be a role model for industry, IPDC is dedicated to upholding the highest standards of accountability and transparency.

Celebrating the Unsung Women Nation Builders, IPDC Manobota Campaign and Priyo Shikkhok Shommanona are among many of the colorful initiatives undertaken by IPDC in 2021.

Approach Towards Sustainability and Reporting

The company considers the following reporting principles for determining contents of the sustainability report.

STAKEHOLDER INCLUSIVENESS
SUSTAINABILITY CONTEXT
MATERIALITY
COMPLETENESS

Furthermore, the following issues were considered in determining the quality of the report:

Accuracy	Comparability	Balanced Stability
Reliability	Clarity	Timeliness
Consistency	Transparency	

IPDC approaches sustainability related initiative with the vision to stand the test of time. Thus, IPDC aspires to embed sustainability in the business initiatives and reports. This certainly cannot be achieved without stakeholders' involvement in realistic and comprehensive business as well as operational plans.

IPDC has gained enough expertise and experience over the years to understand both the global and local business outlook and market conditions as well as business sustainability issues. Therefore, in every business and operational decision, IPDC adheres to the 3Ps of sustainability which are People, Planet, and Profit.

The governance of sustainability-related initiatives has been put into a structural shape that ensures continued follow-up and progress. We continue to exert effort to achieve long-term business success by improving our operational efficiency and embedding sustainability approaches into our business practices. This section is a comprehensive overview of our ambition, strategy and roadmap in the field of sustainability and focus in on our results.

Sustainable Finance Committee

The Sustainable Finance Committee is responsible for making policy, directing, advising, approving and evaluating Green Finance, CSR, Climate Risk Fund and Green Marketing activities performed by IPDC.

The members of the committee are as follows:

NAME	DESIGNATION
Mr. Rizwan Dawood Shams	*AMD & Head of Business Finance*
Ms. Savrina Arifin	*GM & Head of Retail Business*
Mr. Md. Sayeed Iqbal	*AGM & Acting Chief Human Resources Officer*
Mr. Md. Zakir Hossen	*GM & Head of Operations*
Mr. Ashique Hossain	*GM & Head of Credit Risk Management*
Mr. Md. Ezazul Islam	*DGM & Head of Internal Audit & Compliance*
Ms. Aleya R Ikbal	*DGM & Head of Information Technology*
Ms. Jumaratul Banna	*DGM & Head of Local Corporate*
Ms. Fahmida Khan	*DGM & Chief Financial Officer (CFO)*
Mr. Sikder Fazle Rabbi	*AGM & Head of Treasury*
Mr. Md. Barkat Ullah	*SM & Head of General Service & Security*
Mr. Imran Khan	*AGM & Head of Sustainable Finance Unit (Secretary)*

SUSTAINABILITY STRATEGY

IPDC's strategic approach has 3 core areas to impact – Business, Environment and People & Community. For each of the areas, a clear strategic objective along with action plans has been established and sustainable efforts have been initiated accordingly. The strategic objective statements are mentioned below.

In 2021, IPDC reviewed and refined the previous strategy to add value to its business growth. More focus was put on people and community aspect to play an active role in developing local communities and underserved people across the country.

Business

Without achieving profitable growth no business project would ultimately sustain. Therefore, IPDC firmly believes that being a successful, profitable and growing business helps sustainability. Achieving profitable growth is thus a part of being a long-term sustainable company, providing employment for local communities and contributing to a green, resilient economy.

Environment

Climate change, depleting natural resources, ever growing population – all are posing significant social, environmental, and economic risks. To ensure a steady supply of natural resources for the future generation, we require innovative solutions and adequate financing. People expect financial institutions to play a leading role in confronting these challenges and fostering sustainable growth. IPDC pledges to engage in resolving these environmental issues to facilitate the journey towards a green economy.

People & Communities

With the growing population and increased demand, IPDC takes up the responsibility to play an active role in safeguarding people's wellbeing by setting ethical business standards in both our internal and external engagements. IPDC continuously pursues innovative solutions, often aimed at solving wicked problems in order to penetrate and serve the excluded and marginalized segments. This will be discussed in details in later sections. As a responsible corporate citizen, IPDC will be more focused on the wellbeing of the entire society, community, its employees, customers, shareholders, partners – everyone.

Business

Highlights (2017 – 2021 CAGR)

+17% Loans and Advances	+19% Deposits
+29% Revenue	+27% Net Profit

We strongly believe that growing our company goes hand in hand with the growth of our business, helping our people and the communities around us thrive, while safeguarding our environment. As a result, we are giving sustainability a central role in our organization and in our strategy. IPDCs' sustainability strategy is based on 3 key focus areas. For each of the sustainability focus areas, a clear strategic objective is established to drive our sustainability effort in the respective area, thus optimizing economic, environmental and social impacts and aligning the business conduct with IPDC's sustainability strategic approach and its sustainability vision and mission.

Performance in 2021

IPDC once again outperformed the market in 2021 in terms of both balance sheet growth and profitability. Our CAGR (2017-2021) of 27% in net profit is a demonstration of our ability to generate sustainable profit for our investors.

Balance Sheet Growth

Our CAGR (2017-2021) for loan portfolio and deposit was 17% and 19% respectively. Our growth ambition is consistent with the economic outlook of the country with Bangladesh economy being projected to continue to be one of the key drivers of regional economic growth despite seeing a minor setback during lockdown avid the pandemic. We plan to continue this growth momentum. Our Retail and SME strategy is built around the idea of a rising middle-income population as well as increasing business activity.

Profitability

IPDC continues to perform well on the profitability front with the CAGR of net profit standing at 27%. Despite the pandemic IPDC was still able to maintain a healthy profit growth as the spread increased due to more liquidity in the market. This is a strong indication of our ability to generate returns in adverse conditions. Unless there are significant changes in market and external forces, growth in profitability is expected to maintain its momentum.

Strength

We have a clear purpose: to become the most passionate financial brand in the country. To fulfil that purpose, we have a clear aim: create an extraordinary experience by serving our customers with passion and commitment, going beyond the normal call of duty and relentlessly pursuing innovation. Our core strengths come from our people who make it possible to create this extraordinary customer experience. Moreover, to meet the challenge of the digital revolution, we are working to capture new opportunities in an agile, innovative way using sophisticated technology platform. Our portfolio quality remains one of the best in the industry with Classified Loan Ratio of 3.15% in 2021.

Strengthening Corporate Governance and Risk Management Framework

At IPDC, corporate governance is embedded in the underlying principles of fairness, transparency, responsibility and accountability. It adheres to and emphasizes the compliance of all the rules, regulations and guidelines of the Securities and Exchange Commission, Bangladesh Bank and other regulatory bodies.

The Board of Directors, comprised of ten members including two independent Directors and an ex-officio member, ensures that the activities of IPDC are conducted with highest ethical standards and in the best interest of all its stakeholders. These objectives are achieved through various committees including Board Audit Committee, Board Executive Committee, Management Committee, ALCO etc. The internal auditor is independent of management and reports directly to the Audit Committee.

To safeguard the interests of stakeholders, IPDC has adopted the following core values:

- Addressing client needs promptly, impartially and with utmost importance.
- Continuing to develop the employees' potential and skills at all levels within organization by rewarding outstanding performance and promoting from within to develop a climate of high expectation and achievement.
- Remaining quality-minded and devoted to upholding our corporate culture.
- Continuing its personal and corporate involvement in activities benefiting the society and nation.
- Upholding the values of the communities.
- Pledging to remain alert to economic changes which affect our businesses, and to respond to ever-changing market demands.
- Continuing to confront all challenges through planning, balanced diversification and orderly growth.
- Taking responsibility towards the shareholders very seriously and is committed to be a model for others to follow.

Financial Empowerment through our Products and Services

Given the vital economic role that SMEs play in reducing unemployment rates and alleviating poverty in the community, we have continued our support to the SMEs sector. We are one of the leading players in supply chain finance and have a focus on building a platform for our SMEs to optimize their financial performance through Supply Chain Financing. In 2021, IPDC successfully developed the first consumer white goods finance platform – IPDC EZ. The new platform will assist in the development and growth of the consumer goods finance market size. Development of retailer finance platform - Dana is also being done

Our growth in SME segment with a CAGR of 24.5% is proof of our continued commitment in creating entrepreneurs.

Outlook

Planned initiatives to increase the sustainability of our business includes:

- Increasingly focus our efforts on retail business which will reduce corporate exposure concentration risk.
- Attract small-ticket size deposits to reduce our overall deposit attrition rate as well as enhance our shock absorption capacity.
- Product, IT and Resource development to take advantage of future market developments.
- Increasing operational efficiency and synergies to further enhance turn out time.

Environment Highlights

BDT 228 (+2%)	BDT 72.8k (-3.4%)
Utility Expense per SFT	Fuel Cost per Vehicle

As one of the largest financial institutions, IPDC is aware of the footprints its operations leave on the environment. It is continuously working to minimize the ecological footprint of its operations and products. IPDC is progressively moving away from pen and paper-based approach of conducting operations.

Tree Plantation Initiatives

IPDC planted trees in the adjacent areas of its branches to highlight the compelling issue of safeguarding the earth. Planting trees is not only good for the environment but an effective way of providing a green endorsement for the IPDC brand while complementing its existing CSR plan. Initiatives of training children regarding tree plantation, rooftop farming, indoor plants, aquaculture, rooftop gardening, etc. are also planned with an aim to inspire a generation connected with earth and conscious about the future of the planet.

Going Paperless

IPDC is committed to a paperless office to create a work environment in which the use of paper is eliminated or greatly reduced. This not only contributes to building a sustainable environment, but also creates the path of building a sustainable financial ecosystem by aspiring towards end-to-end digitization. Keeping this in mind, IPDC implemented Electronic Document System (eDoC) in 2017 and ever since it has been maintained to reduce paper-based business culture gradually. This is an organization-wide virtual document archiving and file sharing system which will remove the need for preserving many paper-based documents and customer files. IPDC is also set to launch E-nothi and Shiri for internal operational functions that will further reduce paper usage and allow better record keeping and transparency. IPDC believes "going paperless" not only works well for the environment but can also save money, increase productivity, save space, make documents and information sharing easier and keep personal information more secure.

IPDC has also taken initiatives to reduce the consumption of paper by the following activities.

- Set printer default settings to double sided print and use both sides of the paper for photocopying.
- Always use print preview to check documents before printing to avoid errors and re-printing.
- Use smaller fonts while printing to reduce number of pages when possible.
- Before trainings or meetings circulate handouts or minutes via email if possible so that printed handouts are not required for each participant.
- Keep a "recycled paper" box near every printer (or desks) to encourage employees to use as draft paper for unofficial purposes.
- Reuse mail envelopes for internal and/or unofficial purposes.
- Use electronic notepads in laptops or smartphones for personal note instead of paper notebooks.

Optimizing our Operations to Reduce Footprint

As one of the largest Non-Banking Financial Institution, we are aware of the impact our operations have on our environment. We are therefore working hard to minimize the ecological footprint of our operations and our products IPDC is progressively moving away from pen and paper-based approach of doing banking transactions. We also encourage video conferencing instead of face-to-face meetings with partners and we organize our townhalls through video conferencing with the branches outside the Capital.

Resource Conservation

IPDC aims to save electricity in its office buildings to help reduce carbon dioxide emissions and conserve fuel reserves. It encourages such energy-efficient attitudes at the personal level, and advocates the following:

- Dressing for the season to reduce air conditioning usage.
- Keeping the thermostat between 20°C - 23°C
- Checking the airtightness of the premises
- Using energy-saving modes for electrical equipment
- Replacing old, inefficient equipment with those that have a high energy rating.
- Turning off switches when not in use
- Saving water

Green Branch

Opening a green branch has been in the pipeline of plans of IPDC for a while. Growing market activities and increased global attention to environmental issues have highlighted the importance of reducing our ecological footprint as well as contributing to the environmental initiatives. The benefit of going green goes well beyond feeling good about helping the environment. These also directly impact our business, both in terms of reducing our operational costs, as well as streamlining our processes by making them more efficient.

Green Financing

Bangladesh Bank is encouraging green financing through separate refinancing fund. This presents a good opportunity to strengthen our green financing activities. However, awareness is needed to be built up among borrowers, who may not realize the cost savings generated through going green and thus reluctant to invest upfront in sustainable technology.

Community for Promoting Green Ideas

Formed in 2017, IPDC Ucchash Social Club is responsible for several social and environmental initiatives which were taken up such as Public transport day, Clean Workstation Day and so on. To amass all the moral ingenuities that could not be catered within the scopes of the organization, IPDC family takes it upon themselves in bringing changes and creating stories rather. IPDC is also the first ever organization to include voluntary hours in its job scope as well.

Outlook

Planned initiatives to increase the sustainability of our environment includes:

- Greater participation in community effort to bring down waste and promote green initiatives.
- Initiating the idea of green branches
- Reduced paper usage through investing in IT infrastructure.
- Green financing through refinancing scheme

People and Communities Highlights

BDT 13mn	3,868 (+14%)
CSR Expense	# of Female Clients

As a responsible corporate citizen, IPDC is focused on nurturing for its entire community - employees, customers and business partners; investors, analysts and shareholders; authorities and the media; and, of course, the local communities in which it operates.

Inclusion & Diversity

For IPDC, diversity and inclusion are priorities in all their aspects and on all levels. For our employee base, we strive towards a healthy gender balance. We are and equal opportunity employer and in 2021, our team expanded and diversified from different angles:

- Age: average age at 33 years.
- Size: 849 members.
- Gender: 20% female employees (of total employee base)

Education

With the AMAL Foundation, IPDC operates the Ucchash School. Moreover, IPDC has also sponsored HSC candidates for a whole year so that they could continue their education without any gap. On the vocational side, in collaboration with Protibha Foundation, IPDC facilitated the vocational training for underprivileged women. In recognition of the exceptional contributions that teachers have made in the remote areas of the nation to nurture the future generation, IPDC has provided a grant to the teachers of the remote areas who are retired now to improve their livelihood. Moreover, in association with Madaripur Social Service Club, school bags for children were provided.

IPDC also continued IPDC Shubodh, the first ever interest-free loan for books during the month of February 2021. The initiative aims to mitigate the hindrance that book-lovers might have financially.

IPDC সুবোধ

Social Equality

Within the organization, IPDC has launched a platform for women, Shushoma. With the vision to address all sorts of gender issues and maintain equality, Shushoma is headed by an exceptional team of women leaders.

IPDC has emerged as an exceptionally resilient financial institutions during the times of COVID 19 pandemic. We launched IPDC Manobota, a deposit scheme to help people save money and provide food for underprivileged people during the COVID-19 pandemic. The pandemic pushed a lot of people into deeper poverty and compelled them to live on an insignificant amount of food during the holy month of Ramadan that started amid the outbreak. As such, this scheme encouraged the affluent to stand next the needy during this time. For each Tk 1 lakh deposited in an 'IPDC Manobota' account, an impoverished family was provided with food for an entire month through the joint contribution of both the depositor and IPDC.

Creating Entrepreneurs

IPDC encourages prevailing & potential SME entrepreneurs by offering tailored & affordable products with a vision to boost SME enterprises.

Orjon

IPDC has pioneered the first-ever Blockchain-based solution for SME credit, in collaboration with IBM. Titled as Orjon, IPDC aims to cut a significant portion of paperwork involved in supply chain financing, while also speeding up the turnaround time for approval and disbursement.

Dana

Dana is an innovative pilot project involving microentrepreneurs. It has already been rolled out in its pilot phase with one of the largest FMCG manufacturers of the nation. The project aims to improve the livelihood of the microentrepreneurs by providing them with quick access to finance.

Making Life Easy

IPDC EZ is an innovative project designed for Retail customers who want to buy consumer electronics and other goods in an easy and convenient way. Currently, it is in pilot stage, partnering with one of the largest organizations of the nation. The project aims to provide quick and easy financing solution to the Retail consumers.

Refinancing Scheme

IPDC was the first in the industry to have successfully disbursed BDT 700 million of stimulus package for businesses, entrepreneurs and CMSMEs and surfaced as one of the most reliable financial institute during the daunting times of ongoing COVID-19 pandemic. To execute this initiative with high efficiency, IPDC coordinated with Bangladesh Bank to identify a solicited list of potential customers based on their portfolio and perspective during the Covid-19 situation. IPDC distributed a whopping 63.89% of this package among the CMSMEs.

Sports

As something which connects people regardless of race or religion, the unifying power of sports is appreciated by IPDC. As such, IPDC is delighted to play its role in the development of the future generation which will bear the torch of our sports-loving nation. Considering that, IPDC is already in agreement with Narail Express Foundation to promote sports training in the district of Narail. We have also onboarded Bangladesh cricket national team captain, Tamim Iqbal as our brand ambassador in 2021.

Health & Safety

For a sustainable community, the contribution towards health and safety initiatives is paramount. To promote community hygiene, IPDC has funded the building of a washroom facility at the Airport Railway Station. Moreover, IPDC has also established a cancer awareness camp at the University of Dhaka. IPDC has contributed to the healthcare costs of three hardworking individuals, including a student at a public university, who were terminally ill and needed assistance. In association with Terre Des Hommes Foundation, IPDC has equipped around hundreds of families affected by Cyclone Fani with water purifier system. We have also continued donations for COVID-19 healthcare.

Sponsorships

A dynamic sponsorship strategy allows IPDC to stay deeply connected with the society while leaving lasting, positive marks. In alignment with its long-term business strategy, IPDC undertook numerous, impactful sponsorship initiatives throughout the year. The Bangladesh Supply Chain Excellence Awards was one such initiative, where all relevant stakeholders of the supply chain were united and recognized. In the spirit of promoting cultural welfare, IPDC has sponsored underprivileged children on handcraft penholder making. IPDC has also sponsored a firefighters' program with the support of BRAC. For promoting equality, IPDC has contributed to the CSR Trust of Prothom Alo for a women enlightening session. A fellowship program of HERSTORY Foundation was sponsored by IPDC to promote gender equality. To promote economic development, IPDC has sponsored ICC and its event.

Outlook

Planned initiatives in this focus area includes:

- Partnership with local and international organizations with known expertise in implementing social projects.
- Increasing participation of women in our workforce
- Greater share of female clients attracted through preferential rates and superior service.

SUSTAINABILITY SCORECARD

Performance Indicators	2019	2020	2021
Customers Access to Finance			
Number of customers	12,232	14,780	17,534
Number of branches	12	12	15
Refinancing Portfolio (BDT mn)	2,119	3,073	4,151
Loans to corporate (BDT mn)	24,288	24,146	30,797
Loans to SME (BDT mn)	14,499	16,470	20,198
Loans to individuals (BDT mn)	11,939	12,994	14,332
No. of Priti Accounts	437	616	1,560
Investment in Employees			
Permanent	560	581	590
Outsourced/Contractual	294	264	259
New recruitments	428	128	190
Attrition rate of permanent employee (%)	13%	8%	12%
% of Female permanent employees (%)	20%	21%	20%
Average training hours per headcount	21	20	44
Training expenditure per headcount (BDT)	12,831	10,293	3,013
Employee salary and benefits (BDT mn)	566	693	741
Return to Investors			
Revenue (BDT mn)	2,166	2,830	3,445
Operating profit (BDT mn)	1,184	1,680	2,203
Profit after tax (BDT mn)	562	706	881
Economic value added (BDT mn)	320	635	909
Market value added (BDT mn)	3,472	4,179	7,971
Dividends distributed (BDT mn)	327	530	445
Dividends declared (%)	15%	12%	12%
Business to Suppliers			
Payment to Suppliers (BDT mn)	314	381	391
Total capital expenditure (BDT mn)	250	46	101
Responsibility towards Communities and Society			
CSR contribution (BDT mn)	9	29	13
Utility expense per square feet (BDT)	214	223	228
Printing & stationery expense per employee (BDT)	6,834	9,656	6,652
Travelling expense per employee (BDT)	35,316	16,195	20,106
Contribution to Regulators and Policy Makers			
Penalty for breach in compliance	-	-	-
Corporate tax to government (BDT mn)	890	892	924

COMMITMENT TO SDG GOALS

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. These 17 Goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice among other priorities. For the goals to be reached, governments, the private sector, and civil society need to do their part. IPDC acknowledges its responsibility in contributing to these sustainable development goals (SDGs).

At IPDC, we believe that significant progress can be made in meeting many development challenges. Therefore, being in line with SDGs will in turn make sure a sustainable business growth of IPDC as well as have a positive impact on the overall socio-economic.

BUSINESS

- Our Activities:
  - Affordable home loan
  - Capacity development
  - Creating entrepreneurs
  - Sustainable business growth
- SDG Goals:
  - No Proverty
  - Zero Hunger
  - Decent Work and Economic Growth
  - Indrustry, Innovation and Infrastructure
  - Place, Justis and Strong Institutions

ENVIRONMENT

- Our Activities:
  - Green financing
  - Environmental initiatives
  - Green branch
  - Going paperless
- SDG Goals:
  - Clean Water and Sanitaion
  - Responsible Consumption and Production
  - Climate Action

PEOPLE & COMMUNITIES

- Our Activities:
  - Special products for women
  - Improving gender parity in workplace
  - CSR Initiatives
  - Partnering with development agencies
- SDG Goals:
  - Good Health and Well-Being
  - Quality Education
  - Gender Equality
  - Reduced Inequality
  - Sustainable Cities and Communities

SUSTAINABLE DEVELOPMENT GOALS

CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS

IPDC is aware of the impact of its activities at every stage of its operations and conducts regular dialogue with its stakeholders. The company enhanced its non-financial reporting disclosures to include sustainability reporting for the first time in our Annual Report 2016 and we continued to build on our efforts; so that stakeholders can gain insight into our approach for sustainability.

Stakeholder	How we engage our stakeholders	How we create value in long term
Customers	• Customer relationship teams • Micro marketing events • Print media • Social network	• Ensuring safety of their deposits • Providing financial services fast and efficiently
Employees	• Team building events • Townhalls • Employee recreation club • Training programs	• Ensuring a good work life balance • Career progression opportunities
Investors	• Annual general meeting • Postal service • Website • Print media • Investors meet	• Higher returns on investment • Efficient risk management to optimize return • Transparent communication
Suppliers	• One-on-one meeting • Email • Verbal communication	• Transparent procurement policy • Fast payment for services
Communities and Society	• Social media • Website • CSR initiatives	• Optimizing resource usage in branches • Partnering with agencies for community development
Regulators and Policy Makers	• Meetings • Letters • Verbal communication • Email	• On time regulatory reporting • Effective corporate governance

IPDC FINANCE LIMITED
DECLARATION BY CEO AND CFO

Date: 23 February 2022

The Board of Directors

IPDC Finance Limited

Hosna Centre (4th Floor),

106 Gulshan Avenue, Dhaka 1212

Subject: Declaration on Financial Statements for the year ended 31 December 2021

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/80 Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

(1) The Financial Statements of IPDC Finance Limited for the year ended 31 December 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;

(2) 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;

(3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;

(4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;

(5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and

(6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

(i) We have reviewed the financial statements for the year ended on 31 December 2021 and that to the best of our 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 collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Mominul Islam
Managing Director & CEO

Fahmida Khan
Chief Financial Officer

FINANCIAL STATEMENTS

KPMG

Rahman Rahman Huq
Chartered Accountants
9 & 5Mohakhal C/A
Dhaka 1212
Bangladesh

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of IPDC Finance Limited
Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of IPDC Finance Limited (the "Company"), which comprise the balance sheet as at 31 December 2021 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company give a true and fair view of the financial position of the company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in Note2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Measurement of provision for loans, advances and leases

See Notes 3.11, 8.9 and 14.1 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The process for estimating the provision for loans, advances and leases associated with credit risk is judgmental and complex. For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation. At year end the Company reported total gross loans, advances and leases of BDT 65,327,246,605 (2020: BDT 53,609,693,044) and provision for loans, advances and leases of BDT 1,951,585,349 (2020: BDT 1,278,452,535). We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias: - Completeness and timing of recognition of loss events in accordance with criteria set out in Bangladesh Bank's guidelines issued time to time. - For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; - Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.	We tested the design and operating effectiveness of key controls focusing on the following: - Credit monitoring and provisioning process; - Identification of loss events, including early warning and default warning indicators; - Review quarterly Classification of Loans (CL); Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following: - Reviewed the adequacy of the company's general and specific provisions; - Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and - Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

2. Loans and Advances

See Note 8 to the financial statements.

The key audit matter	How the matter was addressed in our audit
A high volume of loan origination and payment activity results in the risk of inaccurate recording, processing errors or fraudulent transactions, which requires special audit consideration because of the likelihood and potential magnitude of misstatements to the completeness, existence and accuracy of loans and advances.	We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement and documentation process of loans and advances. We have performed procedure to check whether the Company has ensured appropriate documentation as per Bangladesh Bank regulations and the Company's policy before disbursement of loans and advances. In addition, we have performed procedure to check whether the loans and advances are recorded completely and accurately and that are existed at the reporting date. Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the Company.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in Note 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 2020, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, 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 purpose 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 those books;

(iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

(iv) the expenditures incurred were for the purpose of the Company’s business for the year;

(v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;

(vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank’s instructions in this regard have been followed properly;

(vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;

(viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;

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

(x) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;

(xi) 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;

(xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;

(xiii) based on our work as mentioned above under the auditor’s responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;

(xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;

(xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 850 person hours for the audit of the books and accounts of the Company;

(xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;

(xvii) the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and

(xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

The engagement partner on the audit resulting in this independent auditor's report is Ali Ashfaq.

Ali Ashfaq, Partner, Enrolment Number: 509
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: [N/A]
Dhaka,

Dhaka, 02 March 2022
DVC: 2203030509AS461086

BALANCE SHEET

As at 31 December 2021

Particulars	Note	2021 Taka	2020 Taka
Property and assets			
Cash	5		
In hand (including foreign currencies)		420,000	420,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		715,616,272	615,138,625
		716,036,272	**615,558,625**
Balance with other banks and financial institutions	6		
Inside Bangladesh		13,507,488,246	14,057,966,405
Outside Bangladesh		-	-
		13,507,488,246	**14,057,966,405**
Money at call and short notice		-	-
Investments	7		
Government securities		231,898,119	3,471,349,057
Other investments		2,508,463,823	1,672,220,523
		2,740,361,942	**5,143,569,580**
Loans, advances and leases	8		
Loans, cash credits, overdrafts etc.		65,327,246,605	53,609,693,044
Bills purchased and discounted		-	-
		65,327,246,605	**53,609,693,044**
Fixed assets including land, building, furniture and fixture	9	765,243,141	776,576,142
Other assets	10	1,912,465,384	1,762,316,958
Non banking assets	11	3,752,405	3,752,405
Total assets		**84,972,593,995**	**75,969,433,159**
Liabilities and capital			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	10,495,832,829	10,946,478,220
Deposits and other accounts	13		
Current accounts and other accounts		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		60,405,264,987	52,456,341,963
Bearer certificate of deposits		-	-
Other deposits		-	-
		60,405,264,987	52,456,341,963
Other liabilities	14	7,718,467,536	6,503,180,913
Total liabilities		**78,619,565,352**	**69,906,001,096**
Shareholders' equity			
Paid up capital	15	3,710,915,470	3,710,915,470
Share premium	16	402,627,680	402,627,680
Statutory reserve	17	980,280,489	804,068,582
Assets revaluation reserve	18	305,973,574	442,086,996
Retained earnings	19	953,231,430	703,733,335
Total shareholders' equity		**6,353,028,643**	**6,063,432,063**
Total liabilities and shareholders' equity		**84,972,593,995**	**75,969,433,159**

BALANCE SHEET

As at 31 December 2021

	Note	2021 Taka	2020 Taka
Off-balance sheet items			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee	20	35,897,774	49,404,949
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		**35,897,774**	**49,404,949**
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total off-balance sheet items including contingent liabilities		**35,897,774**	**49,404,949**
Net Asset Value (NAV) per Share	43	**17.12**	**16.34**

The annexed notes from 1 to 48 and Annexure A, B and C are an integral part of these financial statements.

Chairman	Director	Managing Director & CEO	Chief Financial Officer	Company Secretary

As per our report of same date.

Auditor

Dhaka, 02 March 2022

Ali Ashfaq, Partner,
Enrolment Number: 509
Rahman Rahman Huq,
Chartered Accountants
Firm Registration Number: [N/A]
Dhaka,
DVC: 2203030509AS461086

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2021

Particulars	Note	2021 Taka	2020 Taka
Interest income	22	6,544,505,719	6,902,297,687
Less: Interest paid on deposits and borrowings, etc.	23	3,761,443,369	4,885,297,253
Net interest income		**2,783,062,350**	**2,017,000,434**
Investment income	24	471,256,755	638,727,866
Commission, exchange and brokerage	25	180,341,314	108,377,072
Other operating income	26	10,007,827	65,689,929
Total operating income		**3,444,668,246**	**2,829,795,301**
Salary and allowances	28	724,155,169	679,085,443
Rent, taxes, insurance, electricity, etc.	29	26,141,595	25,607,916
Legal expenses	30	53,091,369	36,685,799
Postage, stamp, telecommunications, etc.	31	12,695,159	11,554,138
Stationery, printing, advertisements, etc.	32	123,374,537	102,726,750
Managing Director's salary and allowances	33	16,430,807	13,695,000
Directors' fees	34	1,400,361	1,689,326
Auditors' fees	35	1,624,950	805,000
Charges on loan loss		-	-
Depreciation and repair of assets	36	176,042,631	165,593,369
Other expenses	37	106,342,464	112,768,275
Total operating expenses		**1,241,299,042**	**1,150,211,016**
Profit before provision		**2,203,369,204**	**1,679,584,285**
Provision for loans and advances	38	673,132,814	478,139,603
Provision/(reversal) for diminution in value of investments	39	13,988,712	23,394
Other provisions		12,919,634	-
Total provision		**700,041,160**	**478,162,997**
Profit before tax		**1,503,328,044**	**1,201,421,288**
Provision for taxation			
Current tax expense	14.4	621,982,872	500,253,085
Deferred tax expense/ (income)	40	285,636	(4,396,408)
		622,268,508	**495,856,677**
Net profit after tax		**881,059,536**	**705,564,611**
Appropriations			
Statutory reserve		176,211,907	141,112,922
General reserve		-	
Proposed dividend		-	
		176,211,907	141,112,922
Retained surplus		**704,847,629**	**564,451,689**
Earnings per share (EPS)	41	**2.37**	**1.90**

The annexed notes from 1 to 48 and Annexure A, B and C are an integral part of these financial statements.

Chairman | Director | Managing Director & CEO | Chief Financial Officer | Company Secretary

As per our report of same date.

Dhaka, 02 March 2022

Auditor

Ali Ashfaq, Partner,
Enrolment Number: 509
Rahman Rahman Huq,
Chartered Accountants
Firm Registration Number: [N/A]
Dhaka,
DVC: 2203030509AS461086

CASH FLOW STATEMENT

For the year ended 31 December 2021

For the period	Note	2021 Taka	2020 Taka
A) Cash flows from operating activities			
Interest received		6,789,835,005	7,460,027,339
Interest paid		(3,836,266,672)	(5,140,619,965)
Dividend received		145,233,587	127,566,865
Fee and commission received		180,341,314	108,377,072
Recoveries of loan previously written off		3,003,787	63,128,215
Payment to employees		(749,028,255)	(682,159,086)
Payment to suppliers		(391,337,632)	(381,317,769)
Income taxes paid		(373,234,574)	(307,549,111)
Receipt from other operating activities		238,264,765	331,906,466
Payment for other operating activities		-	-
Cash generated from/(used in) operating activities before changes in operating assets and liabilities		**2,006,811,325**	**1,579,360,026**
Changes in operating assets and liabilities			
Statutory deposits		-	-
Sale of trading securities		-	-
Loans and advances to other banks		(374,744,907)	(15,360,299)
Loans and advances to customers		(11,342,808,654)	(2,868,553,999)
Other assets		(42,993,361)	30,271,729
Deposits from other banks and financial institutions		784,481,239	230,000,000
Deposits from customers		7,164,441,785	5,864,984,663
Other liability accounts of customers		-	-
Trading liabilities		(671,760,497)	2,807,296,815
Other liabilities		64,303,431	8,653,543
Cash received/(paid) from operating assets and liabilities		**(4,419,080,964)**	**6,057,292,451**
Net cash (used in)/generated from operating activities		**(2,412,269,639)**	**7,636,652,477**
B) Cash flows from investing activities			
Net proceeds of investment in securities		2,268,436,400	(3,438,092,652)
Purchase of property, plant and equipment		(85,279,296)	(61,545,777)
Sale proceeds of property, plant and equipment		6,791,444	10,963,049
Net cash generated from/(used in) investing activities		**2,189,948,548**	**(3,488,675,380)**
C) Cash flows from financing activities			
Receipts from issue of loan and debt securities		-	279,073,890
Payments for redemption of loan and debt securities		(894,667,542)	-
Receipts from issue of ordinary share		-	-
Receipts/(payments) of long term loan		1,115,782,647	822,125,035
Dividends returned/(paid) in cash		(448,794,529)	(353,018,927)
Net cash (used in)/generated from financing activities		**(227,679,424)**	**748,179,998**
D) Net increase in cash (A+B+C)		**(450,000,515)**	**4,896,157,095**
E) Effect of changes in exchange rate over cash and cash equivalents		-	-
F) Cash and cash equivalents at 1 January		**14,673,525,030**	**9,777,367,935**
G) Cash and cash equivalents at the end of the year (D+E+F)		**14,223,524,515**	**14,673,525,030**
Break down of cash and cash equivalents:			
Cash in hand		420,000	420,000
Balance with Bangladesh Bank and its agent bank(s)		715,616,272	615,138,625
Balance with other banks and financial institutions		13,507,488,246	14,057,966,405
		14,223,524,518	**14,673,525,030**
Net Operating Cashflow per Share (NOCFPS)	44	**(6.50)**	**20.58**

The annexed notes from 1 to 48 and Annexure A, B and C are an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2021

Particulars	Paid up capital	Share premium	Statutory reserve	Assets revaluation reserve	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2021	3,710,915,470	402,627,680	804,068,582	442,086,996	703,733,335	6,063,432,063
Surplus/(deficit) on account of revaluation of assets	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	(134,771,239)	-	(134,771,239)
Transfer of revaluation reserve due to excess depreciation on building	-	-	-	(2,348,317)	2,348,317	-
Remeasurements of defined benefits liability (assets)	-	-	-	-	(12,387,996)	(12,387,996)
Deferred tax liability	-	-	-	1,006,134	-	1,006,134
Currency translation differences	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	-
Net profit for the period ended 31 December 2021	-	-	-	-	881,059,536	881,059,536
Dividend	-	-	-	-	(445,309,856)	(445,309,856)
Issuance of bonus share	-	-	-	-	-	-
Issuance of share capital	-	-	-	-	-	-
Appropriation during the period	-	-	176,211,907	-	(176,211,907)	-
Balance as at 31 December 2021	**3,710,915,470**	**402,627,680**	**980,280,489**	**305,973,574**	**953,231,430**	**6,353,028,643**

Particulars	Paid up capital	Share premium	Statutory reserve	Assets revaluation reserve	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2020	3,534,205,210	402,627,680	662,955,660	309,129,013	667,064,110	5,575,981,673
Surplus/(deficit) on account of revaluation of assets	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	134,654,817	-	134,654,817
Transfer of revaluation reserve due to excess depreciation on building	-	-	-	(2,348,317)	2,348,317	-
Deferred tax liability	-	-	-	651,483	-	651,483
Currency translation differences	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	-
Net profit for the period ended 31 December 2020	-	-	-	-	705,564,611	705,564,611
Dividend	-	-	-	-	(353,420,521)	(353,420,521)
Issuance of bonus share	176,710,260	-	-	-	(176,710,260)	-
Issuance of share capital	-	-	-	-	-	-
Appropriation during the period	-	-	141,112,922	-	(141,112,922)	-
Balance as at 31 December 2020	**3,710,915,470**	**402,627,680**	**804,068,582**	**442,086,996**	**703,733,335**	**6,063,432,063**

The annexed notes from 1 to 48 and Annexure A, B and C are an integral part of these financial statements.

LIQUIDITY STATEMENT

(Assets and liabilities maturity analysis) as at 31 December 2021

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand (including balance with Bangladesh Bank)	716,036,272	-	-	-	-	716,036,272
Balance with other banks and financial institutions	6,515,736,873	5,024,436,450	1,967,314,923	-	-	13,507,488,246
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	44,000	1,296,069,678	1,444,248,264	2,740,361,942
Loans and advances	3,896,273,980	9,667,288,374	13,975,686,463	27,968,003,793	9,819,993,994	65,327,246,605
Fixed assets including land, building, furniture and fixture	-	-	-	-	765,243,141	765,243,141
Other assets	-	-	-	-	1,912,465,384	1,912,465,384
Non banking assets	-	-	-	-	3,752,405	3,752,405
Total assets	**11,128,047,125**	**14,691,724,824**	**15,943,045,386**	**29,264,073,471**	**13,945,703,188**	**84,972,593,995**
Liabilities						
Borrowings from Bangladesh Bank, other banks financial institutions and agents	2,711,873,627	1,085,300,881	2,300,467,693	4,017,190,628	381,000,000	10,495,832,829
Deposits	7,181,403,051	12,797,868,324	12,295,096,258	11,659,753,963	16,471,143,392	60,405,264,987
Other accounts	-	-	-	-	-	-
Provision and other liabilities	850,541,361	341,619,326	817,824,450	461,774,010	5,246,708,389	7,718,467,536
Total liabilities	**10,743,818,039**	**14,224,788,531**	**15,413,388,400**	**16,138,718,600**	**22,098,851,781**	**78,619,565,352**
Net liquidity gap	**384,229,085**	**466,936,293**	**529,656,986**	**13,125,354,871**	**(8,153,148,593)**	**6,353,028,643**

Notes to the Financial Statements

As at and for the year ended 31 December 2021

1. Reporting entity

1.1. Company profile

IPDC Finance Limited (hereinafter referred as "IPDC" or the "Company") was incorporated as a public limited company in 1981 under the Companies Act, 1913 as the premier private sector long term lending institution in Bangladesh with a mandate to promote economic growth in the country in its earlier name 'Industrial Promotion and Development Company of Bangladesh Limited'. The Company is registered as a financial institution under the Financial Institutions Act, 1993 on 7 February 1995. The registered office of the Company is situated at Hosna Center (4th Floor), 106 Gulshan Avenue, Dhaka, Bangladesh. The Company has listed its share with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) in Bangladesh on 3 December 2006. Currently the Company has fifteen branch offices (including head office) located at Gulshan, Dhanmondi, Motijheel, Uttara, Chattogram, Narayanganj, Bogura, Gazipur, Sylhet, Cumilla, Mymensingh, Jashore, Rangpur, Faridpur and Khulna.

1.2. Nature of business of the Company

The Company has diversified its product portfolio and evolved as multiproduct financial institution that is specialized in providing long term and short term finance, project finance, lease finance, supply chain finance, home loan, equity financing, syndication finance, retail finance, Small & Medium Enterprises (SME) finance, asset backed securitisation and related consultancies.

2. Basis of preparation

2.1 Statement of compliance

The Financial Reporting Council (FRC) was formed as per the Financial Reporting Act, 2015. FRC adopted the lnternational Financial Reporting Standards (lFRSs) issued by lnternational Accounting Standard Board (IASB) which shall be followed by public interest entities in preparing their financial statements. The Financial lnstitutions Act, 1993 as amended is required to comply for the preparation of financial statements under such financial reporting standards.

Accordingly, the financial statements of the Company continue to be prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Financial Institutions Act, 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act, 1994, the Securities and Exchange Rules 2020. If any requirement of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank, contradicts with that of IFRSs, the requirements of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank shall prevail. The financial statements have been prepared on historical cost basis except for land and building which are presented/stated at revalued amount. The Board of Directors of the Company has authorised these financial statements on 28 February 2022.

2.2 Disclosure of departure from few requirements of IASs/IFRSs due to mandatory compliance of Bangladesh Bank's requirements:

Bangladesh Bank is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations differ with the requirements of IASs/IFRSs. As such the Company has departed from those contradictory requirements of IASs/IFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below; along with financial impact where applicable.

S.L	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
1.	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 "Presentation of Financial Statements"	Other Comprehensive Income (OCI)' is a component of financial statements or the elements of OCI are to be included in the Statement of Other Comprehensive Income.	Bangladesh Bank has issued templates of financial statements vide DFIM Circular # 11 dated December 23, 2009 which would strictly be followed by NBFIs. The templates of financial statements issued by Bangladesh Bank do not permit to include Statements of Other Comprehensive Income (OCI) nor the elements of Other Comprehensive Income in the statements of Comprehensive Income.	Presentation of financial statements is not fully aligned with all requirements of IAS 1.
2.	Current/ Non-current distinction	IAS-1 "Presentation of Financial Statement"	As per Para 60 of IAS-1 Presentation of Financial statement, an entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.	Bangladesh Bank has issued templates of financial statements vide DFIM Circular # 11 dated December 23, 2009 which would be followed by NBFIs. In Bangladesh Bank provided templates, there is no current and non current segregation of assets and liabilities.	Presentation of financial statements is not fully aligned with all requirements of the IAS. Moreover, the liquidity statement shows the current/non-current portion of assets and liabilities in this regards.
3.	Off-balance sheet items	IAS 1 "Presentation of Financial Statements"	IFRSs/IASs provide no requirement to disclose items of off-balance sheet on the face of balance sheet.	DFIM Circular-11 dated December 23, 2009 provides the requirement of disclosures of off balance sheet items (e.g. letter of credit, letter of guarantee etc.) separately on the face of the balance sheet.	Presentation of financial statements is not aligned with requirements of IAS 1 "Presentation of Financial Statements" resulting in no financial impact for this departure in the financial statements.
4.	Non banking assets	IAS 1 "Presentation of Financial Statements"	IFRSs/IASs provide no requirement to disclose non-financial institutional assets separately under non-banking assets head on the face of the balance sheet.	DFIM Circular-11 dated December 23, 2009 provides the requirement to disclose non-banking assets separately on the face of the balance sheet.	Presentation of financial statements is not aligned with requirements of IAS 1 "Presentation of Financial Statements" resulting in no financial impact for this departure in the financial statements.
5.	Complete set of financial statements	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" a complete set of financial statements comprises i) a statement of financial position, ii) a statement of profit or loss and other comprehensive income, iii) a statement of changes in equity, iv) a statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement.	As per DFIM Circular-11 dated December 23, 2009, complete set of financial statements comprises i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Presentation of financial statements is not aligned with requirements of IAS 1 "Presentation of Financial Statements" resulting in no financial impact for this departure in the financial statements.
6.	Intangible asset	IAS 1 "Presentation of Financial Statements"	Para 54 of IAS 1 "Presentation of Financial Statements" requires separate line item for intangible assets in the statement of financial position.	DFIM Circular-11 dated December 23, 2009 has no separate line to disclose intangible assets separately on the face of balance sheet. Intangible assets are presented in the balance sheet as part of fixed assets and in annexure- A as separate line item.	Presentation of financial statements is not aligned with requirements of IAS 1 "Presentation of Financial Statements" results no financial impact for this departure in the financial statements.
7.	Presentation of cash and cash equivalent	IAS 7 "Statement of Cash Flows"	Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like 3 months or less period. In the light of above, balance with Bangladesh Bank and fixed term deposits shall be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular - 11 dated December 23, 2009 which will strictly be followed by all NBFIs. The templates of financial statements provided detail of presentation of cash flow statement.	Presentation of financial statements is not aligned with requirements of IAS 1 "Presentation of Financial Statements". Thus Balance with Bangladesh Bank (BB) is presented as "investment activities which is shown as cash & cash equivalent as per IAS.
8.	Measurement of deferred tax asset	IAS 12 "Income Tax"	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized	As per DFIM circular No. 7 dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	During this year net provision charged for loan and advances was BDT 700.04 million and deferred tax assets of BDT 262.52 not recognised on this temporary difference as per BB circular.
9.	Preparation of "Statement of Cash Flows"	IAS 7 "Statement of Cash Flows"	Statement of Cash Flows can be prepared using either direct method or 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.	Cash flow statement would be prepared following a mixture of direct and indirect method prescribed in DFIM Circular-11, dated December 23, 2009.	Presentation of financial statements is not fully aligned with all requirements of the IAS 7.

S.L	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
10.	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IFRS 9 "Financial Instruments"	As per IFRS 9 "Financial Instruments", an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses.	As per DFIM Master Circular no. 04 dated 26 July 2021, a general provision at 0.25% to 5% under different categories of unclassified loan (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. Loan classification status during the year ended 31 December 2021 has been determined as per DFIM Letter: 1052/27/2022-21 dated 2 January 2022, DFIM Circular Letter No 33 dated 19 December 2021 and DFIM Master Circular no. 04 dated 26 July 2021. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.	In Financial Statements, provision has been kept for 31 December 2021 equivalent to BDT 673.13 million as per Bangladesh Bank guidelines among which BDT 26.47 million is general provision on good loan. Also, as at 31 December 2021, accumulated provision for lease, loan and advances stand at BDT 1,951.59 million.
11.	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	As per requirements of IFRS 9 "Financial Instruments" classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the period-end is taken to profit and loss account or other comprehensive income respectively.	As per FID circular No. 08 dated 03 August 2002, investments in quoted shares and unquoted shares are revalued at the year or period 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; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost.	During this year there is no impact in the financial statements due to this departure as the net assts value is higher than cost for all unlisted equity investment and full provision was kept for the listed equity investment.
12.	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	Loans and advances to customers are generally classified at amortised cost as per IFRS 9 "Financial Instruments" and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.	As per DFIM Master Circular no. 04 dated 26 July 2021, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	At year end, interest suspense account has increased to BDT 647.57 from BDT 506.92 million, resulting in an increase of BDT 140.65 million of interest suspense. This amount has been shown as other liabilities in note 14.2.
13.	Presentation and disclosure of Financial Statements and Financial Instruments	IFRS-7 “Financial instruments: Disclosures"	IFRS 7 require specific presentation and disclosure relating to all financial instruments.	As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 7. As such some disclosure and presentation requirements of IFRS 7 have not been made in the accounts.	Presentation of financial statements is not fully aligned with all requirements of IAS 7.

2.3 Functional and presentation currency

The financial statements are presented in Bangladeshi (BDT/Taka/Tk.) currency which is the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of these financial statements in conformity with International Financial Reporting Standards (IFRSs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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 and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies having the most significant effect in the year ending 31 December 2021 is included in the following notes:

a) Note 10.1.2 Deferred tax assets
b) Note 14.1 Cumulative provision for loans, advances and investments
c) Note 14.3 Measurement of defined benefit obligation (provision for gratuity)
d) Note 14.4 Provision for corporate tax
e) Note 14.9 Deferred tax liabilities
f) Note 36.1 Depreciation and amortisation

2.5 Going concern

The Company has adequate resources to continue its operation for foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.6 Materiality and aggregation

Each material item considered by management as significant has been presented separately in the financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards and regulations.

2.7 Branch accounting

The Company has fifteen branches, having no overseas branch as at 31 December 2021. Accounts of the branches are maintained at the head office from which these financial statements are drawn up.

2.8 Reporting period

The financial period of the Company was determined from 1 January to 31 December each year and is followed consistently.

2.9 Directors' responsibility statement

The Board of Directors is responsible for the presentation of the financial statements under section 183 of the Companies Act, 1994 and as per the provision of 'The Framework for the Preparation and Presentation of Financial Statements.

2.10 Consistency

In accordance with the IFRS framework for the presentation of the financial statements together with IAS 1: Presentation of Financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, the Company applies the disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed in accordance with the requirement of IAS 8. The Company has applied the same accounting and valuation principles for the year ended 31 December 2021 as in financial statements for 2020.

3. Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Lease of premises

In January 2016 the Board issued IFRS 16: Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases effective from annual reporting periods beginning on or after 1 January 2019. IPDC Finance Limited adopted IFRS 16: Leases since January 1, 2019 to account for its eighteen lease contract.

Particulars	2021	2020
	Taka	Taka
Depreciation charge for right-of-use assets by class of underlying asset	28,351,349	31,181,626
Interest* expense on lease liabilities	7,770,977	6,085,786
Total cash outflow for leases	36,980,248	34,819,987
Additions to right-of-use assets	34,057,562	51,042,893
Carrying amount of right-of-use assets at the end of the period	92,523,573	95,132,309
* Interest expense on lease liabilities	8,151,314	9,023,459
Less: Concession	(380,337)	(2,937,673)
	7,770,977	**6,085,786**

3.2 Direct finance

Direct finance operation consists of short-term finance and long-term finance, accounts for which are maintained based on accrual method of accounting. Outstanding loans for short-term finance and unrealised principal for long-term finance, auto loan, home loan and other finances are accounted for as direct finance assets of the Company. Interest earnings are recognised as operational revenue periodically.

3.3 Investments

Investment comprises of investment in equity, corporate bond and government securities.

3.3.1 Investment in equity

Investment in equity is classified broadly in following categories.

3.3.1.1 Unlisted shares

Equity finance consists of equity participation in the form of unlisted ordinary shares recognised at cost. Adequate provision is maintained, if required, for diminution in value of shares as per the latest available audited financial statements as on the closing of the period on an individual investment basis.

3.3.1.2 Listed shares

Investments in cumulative marketable ordinary shares held for trading or held for dividend income are shown under other assets. These are reported at cost and adequate provision is made for excess of cost over market value of the shares. Unrealised gains are not recognised in the profit and loss account.

3.3.1.3 Preference shares

Investment in cumulative preference shares has been reported at cost and dividend income is recognised in the profit and loss account on accrual basis and considered as operational revenue.

3.3.2 Investment in Government securities

Investment in Government securities shall be classified as financial asset measured at amortized cost, fair value through other comprehensive income and fair value through profit and loss on the basis of both:

a) the entity's business model for managing the financial assets; and

b) the contractual cash flow characteristics of the financial assets.

3.3.2.1 Amortized cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.3.2.2 Fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.3.2.3 Fair value through profit and loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

3.4 Revenue recognition

3.4.1 General

As per IFRS 15: Revenue from Contracts with Customers, an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

3.4.2 Lease income

The excess of aggregate rentals receivable over the cost of the leased asset constitutes the total unearned lease income. The unearned lease income is recognised as revenue on accrual basis over the terms of the lease. However, lease income against classified and Special Mention Account (SMA) is not recognised as revenue but transferred to interest suspense account as per Bangladesh Bank circulars and directives.

3.4.3 Dividend income

3.4.3.1 Listed and unlisted shares

Dividend income against listed and unlisted equity investment is recognised when the shareholders' legal right to receive payments has been established i.e. during the period in which dividend is declared in the Annual General Meeting.

3.4.3.2 Preference shares

Dividend income on cumulative preference shares is recognised on accrual basis.

3.4.3.3 Gain on sale of shares

Capital gain on sale of shares listed in the stock exchanges is recognised only when such gain is realised through the shares selling in the market.

3.4.4 Interest on long term finance and short term finance

Interest on long term finance and short term finance is recognised as revenue on accrual basis. However, interest income on Special Mention Account (SMA) and classified finance is not recognised as income but credited to interest suspense account as per Bangladesh Bank circulars and directives.

3.4.5 Interest on secured lending

Interest on secured lending is recognised as revenue on accrual basis.

3.4.6 Fee based revenue

Fee based revenue is recognised as income on cash basis.

3.4.7 Grant income

As per IAS 20: Accounting for Government Grants and Disclosure of Government Assistance, grant is recognised only when there is reasonable assurance that (a) the company will comply with any conditions attached to the grant and (b) the grant will be received. A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, is recognised as income in the period in which it is receivable. Any grant received against any capital expense is recognised as deferred income and is subsequently adjusted with depreciation expense over the period of the assets.

3.5 Interest suspense

Lease income as well as interest income on long term finance, short term finance, lease finance, channel finance, auto loan and all other loans and advances under category of classified and Special Mention Account (SMA) are not recognised as revenue but credited to interest suspense account.

3.6 Fixed assets including land, building, furniture and fixture

3.6.1 Own assets

Fixed assets except land and building are stated at cost less accumulated depreciation and accumulated impairment losses, if any. On the other hand, land and building are stated under revaluation model. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes as per IAS 16: Property, plant and equipment.

3.6.2 Subsequent expenditure on fixed assets including land, building, furniture and fixture

Subsequent expenditure is capitalised when it increases the future economic benefit from the assets and fulfills asset capitalization criteria. All other expenditures are recognised as expense as and when they are incurred.

3.6.3 Depreciation/amortisation on fixed assets including land, building, furniture and fixture

Depreciation is provided to allocate the cost of the assets after commissioning over the period of their expected useful life, in accordance with the provisions of IAS 16: Property, plant and equipment. Full month's depreciation is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged on the month of disposal. Depreciation is calculated on the cost of assets in order to write off such cost over the estimated useful life of such asset. Depreciation/amortisation has been provided at the following rates on straight line basis for current and comparative period:

Particulars	Useful life (years)
Building	34*
Motor vehicles	5
Furniture and fixture	8
Equipment and appliances	5
Software	5

*The remaining useful life of building after revaluation.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3.6.4 Impairment

TThe review of impairment for financial and non-financial assets including intangible assets is performed at each reporting date to assess whether there is any indication that an asset may be impaired (i.e. its carrying amount may be higher than its recoverable amount). If any such indication exists, the asset's recoverable amount is reviewed and determined. If the written down value or carrying amount of an asset exceeds recoverable amount, the difference is recognized as impairment loss.

3.6.5 Disposal of fixed assets including land, building, furniture and fixture

On disposal of item of fixed assets including land, building, furniture and fixture, gain or loss on such disposal is reflected in the profit and loss account as non-operating income or loss.

3.6.6 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Such assets are measured at the lower of their carrying amount and fair value less cost to sell, as per IFRS: 5 Non-current Assets Held for Sale and Discontinued Operations.

3.7 Intangible assets

The intangible assets comprise the value of accounting software licensed for the Company, other than software applied to the operating systems of computers. An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company over a period of time and the cost of the asset can be measured reliably as per IAS 38: Intangible Assets. Intangible assets acquired separately are recorded on initial recognition at costs and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

3.7.1 Subsequent expenditure on intangible assets

Subsequent expenditure on intangible asset is capitalised only when it increases the future economic benefit from the assets and fulfills asset capitalization criteria. All other expenditures are recognised as expense as and when they are incurred.

3.7.2 Amortisation of intangible assets

Intangible assets are amortised on straight line basis to the profit and loss account from the date when the asset is available for use over its estimated useful life. Intangible assets i.e. acquisition cost of software's are amortised within five years of acquisition.

3.8 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset from part of the cost of that asset, are capitalized as per IAS 23: Borrowing Costs. All other borrowing costs are recognised as expense in the period in which they are incurred in accordance with the IAS 23: Borrowing Costs.

3.9 Foreign currency translation

Transactions in foreign currencies are translated to BDT at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the end of the period. Resulting exchange differences are recognised in the profit and loss account.

3.10 Income tax expenses

Income tax expense comprise current and deferred tax.

3.10.1 Current tax

Provision for current tax has been made on the basis of the profit of the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto from time to time. The Company's current tax liability is calculated using tax rate (current tax rate is 37.5%) that is applicable on the reporting date, and any adjustments to tax payable in respect of previous years.

3.10.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

b) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and

c) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

3.11 Provision for loans, advances and investments

Provision for loans, advances and investments is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on two principles (1) IAS 37: Provision, Contingent Liabilities and Contingent Assets and (2) Bangladesh Bank guidelines. The methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. DFIM Master Circular no. 04 dated 26 July 2021 is the basis for calculating the provision for loans, advances and investments.

Loan classification status during the year ended 31 December 2021 has been determined as per DFIM Letter: 1052/27/2022-21 dated 2 January 2022, DFIM Circular Letter No 33 dated 19 December 2021 and DFIM Master Circular no. 04 dated 26 July 2021.

Provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.

3.11.1 Write off of loans, advances and investments

In compliance with Bangladesh Bank DFIM circular no. 2 dated 1 April 2019, loans, advances and investment can be written off to the extent that (i) 100% provision is maintained (ii) against which legal cases are pending (iii) prior approval of board and (iv) classified as Bad Loss for at least 3 years. However, small loan up to tk. 200,000 where cases under Artha-Rin Adalat Ain, 2003 is not mandatory, can be written off without filing case subject to fulfillment of other conditions mentioned in the circulars. The item's potential return is thus cancelled and removed ("written off") from the Company's balance sheet. However, these write off will not undermine or affect the claim amount against the borrower. Recovery against the written off is credited to other operational income. Income is recognised where amounts are either recovered and/or adjusted against securities/properties or advances there against or are considered recoverable.

3.12 Employee benefits

3.12.1 Defined contribution plan

The Company operates a contributory provident fund scheme for its permanent employees. Provident Fund is administered by a Board of Trustees and is funded by contributions equally from the permanent employees and from the Company @ 10% of basic salary of the employees. The contributions are invested to ensure optimum return to the employees.

3.12.2 Defined benefit plan

The Company operates a funded gratuity scheme for its permanent employees. Employees are entitled to gratuity benefit after completion of five years continuous service with the Company from the date of joining. The gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service less than ten years and one & half month basic pay for ten years and above.

3.12.3 Short-term benefit

Short-term employee benefit (salary, bonus etc.) obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.12.4 Other employee benefit obligation

The Company operates a group life insurance and hospitalisation insurance schemes for its permanent employees.

3.13 Accrued expenses, provisions and payables

Liabilities are recognised for goods and services received, whether paid or not, for those goods and services. Payables are not interest bearing and are stated at their actual value.

Provisions and accrued expenses are recognised in the financial statements when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be probable to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.14 Cash and cash equivalents

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

3.15 Cash flow statement

Cash flow statement has been prepared in accordance with the IAS 7: Statement of Cash Flows under direct method as recommended in the DFIM circular no. 11 dated 23 December 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

3.16 Earnings per share (EPS)

The Company presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4. General

4.1 Related party disclosure

As per IAS 24: Related Party Disclosures, 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.

4.2 Litigation

The Company is not a party to any material law suits except those arising in the normal course of business. The Company has filed necessary law suits against some of the default clients for non-performance in loans and advances repayment. The Company, however, has made adequate provision against such doubtful finances.

4.3 Guarantees, commitments and contingencies

Financial guarantees are contracts that require the Company to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

4.4 Statutory reserve

As per Financial Institution Regulations, 1994, Non-Bank Financial Institutions (NBFIs) are required to transfer 20% of its post tax profit to statutory reserve before declaration of dividend. This requirement has been properly complied with Bangladesh Bank regulations.

4.5 Borrowings from other banks, financial institutions and agents

Borrowings include short term and long term borrowings from banks and non-bank financial institutions. These are stated at amounts outstanding on the reporting date. Interest expense on these borrowings is charged to the profit and loss account on accrual basis.

4.6 Dividend payments

Proposed dividends are not recognised as a liability in the balance sheet in accordance with IAS 10: Events After the Reporting Period.

4.7 Risk management

Risk is defined as uncertainties resulting in adverse variation of profitability or in losses, financial or otherwise. The risk management of the Company covers core risk areas of credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity risk, operational risk and reputation risk. The objective of the risk management is that the Company evaluates and takes well calculative business risks and thereby safeguarding the Company's capital, its financial resources and profitability from various risks.

4.7.1 Credit risk

Credit risk is the risk of loss that may occur from the default of any counterparty to repay in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Board of Directors is the apex body for credit approval of the company. However, they delegate authority to the Managing Director & CEO or other officers. The Board also sets credit policies to the management for setting procedures, which together has structured the CRM framework in the company. The Credit Manual contains the core principles for identifying, measuring, approving and managing credit risk in the company. The policy covers corporate, retail, Small and Medium Enterprise (SME) exposures. Policies and procedures together have structured and standardised CRM process both in obligor and portfolio level. There is a comprehensive credit appraisal procedure that covers industry/business risk, management risk, financial risk, facility structure risk, security risk, environmental risk, reputational risk, and account performance risk.

4.7.2 Operational risk

Operational risk addresses the risk associated with fraud, forgery, unauthorised activities, error, omission, system failure and external events among others. The Company is managing these risks through written procedures, regular training, awareness programs and monitoring of the implementation of these procedures.

Operational risks are analyzed through review of various control tools like Departmental Control Function Check List (DCFCL), Quarterly Operations Report (QOR), Loan Documentation Check List (LDCL), and Self Assessment Anti Fraud Internal Control Check list. This is a self-assessment process for detecting high risk areas and finding mitigates of those risks. The effectiveness of the company's Internal control are monitored on an ongoing basis, Key/high risk items are identified and monitored as part of daily activities.

4.7.3 Interest rate risk

Interest rate risk is the risk to earnings or capital of the company arising from movement of interest rates. The movement of interest rates affects companies' reported earnings and capital by changing:

- Net interest income

- The market value of trading accounts (and other instruments accounted for by market value), and

- Other interest sensitive income and expenses.

To manage interest rate risk, ALCO regularly monitors various ratios and parameters. The company deploys several analysis techniques (e.g. rate sensitive gap analysis, duration gap analysis) to measure interest rate risk, its impact on net interest income and takes insight about course of actions.

4.7.4 Liquidity risk

The objective of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Company is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance.

Responsibility of managing and controlling liquidity of the company lies with Asset Liability Committee (ALCO) that meets at least once in a month. Asset Liability Management (ALM) desk being primarily responsible for management of liquidity risk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities. A monthly projection of fund flows is reviewed in ALCO meeting regularly. On monthly basis, ALCO monitors liquidity management by examining key ratios, maximum cumulative outflow, upcoming funding requirement from all business units, asset-liability mismatch etc.

ALCO also monitors concentration of deposits on large institutional depositors which is volatile in nature. In addition to these ratios, the company prepares structural liquidity profile, maturity profile of term deposit, cash flow modelling and contingency funding plan on monthly basis, which are analysed in ALCO meeting to ensure liquidity at the level acceptable to the company and regulators.

4.7.5 Market risk

Risk Management Unit (RMU) is responsible for overall monitoring, control and reporting of market risk while treasury mid office is an integral part of market risk management which independently evaluates and monitors treasury department's transaction from risk perspective. Overall risk parameters and exposures of the company are monitored by RMU and periodically reported to company's Risk Management Committee (RMC). Market risk can be subdivided into three categories depending on risk factors: interest rate risk, foreign exchange risk, and equity price risk.

4.7.6 Equity price risk

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the company; changes in the value of listed shares used as collateral for loans whether the loan was made for the purpose of buying the shares; and changes in the value of unlisted shares. Mark to Market is the tool the company applies for making full provision against losses arisen from changes in market price of securities.

As of 31 December 2021, the company set aside Tk. 17.14 million charging its profit and loss account over the periods to cover unrealised loss against quoted securities.

4.7.7 Information and communication technology risk

IPDC adheres to the IT Security policies and procedures in line with ICT Security guideline of Bangladesh Bank. To prevent attack from Cyber criminals/fraudsters, IPDC IT has established standard physical and logical security measures for all sensitive IT infrastructures (e.g. Data Centre, Disaster Recovery Site, etc.). Besides, IPDC has standard logical IT security measures like access control system, intrusion detection, access log and periodic security assessment for all systems. Vulnerability assessment exercises, both internally and externally, are conducted regularly to identify security weakness and implementing control for mitigation.

IPDC has Business Continuity Committee (BCC) to manage any manmade or natural incident/disaster. IT Security team has also taken initiatives to create awareness about cybersecurity among all IPDC employees and customers through retail and corporate channels. We have separate information system audit to identify control gaps and improve continually.

4.8 Contingent liabilities and contingent assets

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

Any present obligation that arises from past events but is not recognised because:

a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b) the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits can reliably be estimated.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income which may never be realised.

4.9 Liquidity statement

The Liquidity Statement of assets and liabilities as on the reporting date has been prepared on residual maturity term in accordance with DFIM Circular no. 06 dated 26 July 2011, as per following bases:

a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.
b) Investments are on the basis of their residual maturity term.
c) Loans and advances are on the basis of their repayment/maturity schedule.
d) Fixed assets are on the basis of Bangladesh Bank regulation.
e) Other assets are on the basis of Bangladesh Bank regulation.
f) Borrowings from other banks and financial institutions as per their maturity/repayment term.
g) Deposits and other accounts are on the basis of their residual maturity period.
h) Other long term liability on the basis of their maturity term.
i) Provisions and other liabilities are on the basis of their payment/adjustments schedule.

4.10 Events after the balance sheet date

All material events occurring after the balance sheet date have been considered and where necessary, adjusted for or disclosed in note no. 45 of these financial statements.

4.11 Comparatives and reclassification

Comparative information have been disclosed in respect of 2020 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

To facilitate comparison, certain relevant balances pertaining to the comparatives have been rearranged/restated/reclassified whenever considered necessary to conform to current period's presentation.

4.12 Integral components of financial statements

The financial statements of the Company include the following components:

i) Balance sheet as at 31 December 2021
i) Profit and loss account for the year ended 31 December 2021
iii) Cash flow statement for the year ended 31 December 2021
iv) Statement of changes in equity for the year ended 31 December 2021
v) Notes to the financial statements as at and for the year ended 31 December 2021

4.13 BASEL II and its implementation

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' have been introduced from January 01, 2011 on test basis by the Bangladesh Bank. At the end of test run period, Basel Accord regime will be started and the guidelines on BAFI will have come fully into force from January 01, 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. In line with Bangladesh Bank requirement, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

4.14 Impact of inflation and changing prices

Financial Institutions are affected differently by inflation than those of industrial ventures. While industrial and manufacturing companies generally have significant investments in inventories and fixed assets, financial institutions ordinarily do not have such investment. As a result, financial institutions are generally in a better position than industrial ventures to respond to inflationary trends by monitoring the spread between interest cost and interest income yields through adjustments of maturities and interest rates of assets and liabilities.

Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs. However, in some cases, particular IAS/IFRS specifically suggests to measure some assets/liabilities at fair value. Such as, IAS 39 suggests to measure investment in tradable securities at its fair value by crediting shareholders' equity.

4.15 Others

(a) The Company publishes its quarterly accounts as per IAS 34 "Interim Financial Reporting" and the Bangladesh Securities and Exchange Commission (BSEC) Notification No.SEC/CMRRCD/2008-183/Admin/03-34 dated 27 September 2009.
(b) Figures in these notes and the accompanying financial statements have been rounded off to the nearest Taka.
(c) Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.
(d) Company Balances shown in the accounts are duly reconciled.

4.16 Compliance of International Financial Reporting Standard (IFRS)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	IFRS-1	Not applicable
Share Based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied with some departures (note 2.2)
Operating Segments	IFRS-8	Applied if any
Financial instruments	IFRS-9	Applied with some departures (note 2.2)
Consolidated Financial Statements	IFRS-10	Not applicable
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interests in Other Entities	IFRS-12	Not applicable
Fair Value Measurement	IFRS-13	Applied with some departures (note 2.2)
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue form Contracts with Customers	IFRS-15	Applied
Leases	IFRS-16	Applied
Insurance Contracts	IFRS-17	Not applicable
Presentation of Financial Statements	IAS-1	Applied with some departures (note 2.2)
Inventories	IAS-2	Not applicable
Statement of Cash Flows	IAS-7	Applied with some departures (note 2.2)
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events After the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Not applicable
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Applied
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Cost	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not applicable
Separate Financial Statements	IAS-27	Not applicable
Investments in Associates	IAS-28	Not applicable
Financial Reporting in Hyperinflationary Economies	IAS-29	Not applicable
Financial Instruments: Presentation	IAS-32	Applied with some departures (note 2.2)
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairments of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Financial Instruments: Recognition and Measurement	IAS-39	Applied with some departures (note 2.2)
Investment Property	IAS-40	Not applicable
Agriculture	IAS-41	Not applicable

The Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2021 have been considered. However, these amendments have no material impact on the financial statements of the Company.

	Note	2021 Taka	2020 Taka
5. Cash			
Cash in hand (including foreign currencies)	5.1	420,000	420,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	5.2	715,616,272	615,138,625
		716,036,272	**615,558,625**
5.1 Cash in hand			
In local currency		420,000	420,000
In foreign currency		-	-
		420,000	**420,000**
5.2 Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)			
Bangladesh Bank			
In local currency		715,616,272	615,138,625
In foreign currency		-	-
		715,616,272	615,138,625
Sonali Bank Limited (as an agent of Bangladesh Bank)		-	-
		715,616,272	**615,138,625**

5.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)

Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with the section 19 of the Financial Institutions Act, 1993 and of instructions contained in DFIM circular no. 01 dated 12 January 2017, FID circular no. 02 dated 10 November 2004, FID circular no. 06 dated 06 November 2003 and DFIM Circular No. 03 dated 21 June 2020 issued by Bangladesh Bank.

Cash Reserve Requirement (CRR) required on the term deposits at the rate of 1.5% has been calculated and maintained with Bangladesh Bank in the form of current account and 5% Statutory Liquidity Reserve (SLR) including Cash Reserve Requirement has been maintained against total liabilities excluding shareholders' equity, borrowings from Bangladesh Bank and other Banks and NBFIs in the form of cash in hand (notes and coin in BDT), balance with Bangladesh Bank and other banks and financial institution, investment at call, unencumbered treasury bills, prize bond, saving certificate and any other assets approved by Bangladesh Bank. Both the reserves as maintained by the Company are shown below:

Cash Reserve Requirement (CRR)

The Company requires to maintain cash with Bangladesh Bank current account equivalent to 1.50% of Term Deposits other than deposit taken from banks and financial institutions. than deposit taken from banks and financial institutions.

	Note	2021 Taka	2020 Taka
Required reserve 1.50%		712,290,130	632,942,540
Actual reserve maintained (Dec'21: 1.56%, Dec'20: 1.52%)		738,865,486	642,053,266
Surplus		26,575,356	9,110,726

Statutory Liquidity Reserve (SLR)

The Company requires to maintain SLR equivalent to 5% of total liability including 1.50% of CRR and excluding loans and deposits taken from banks and financial institutions.

	Note	2021 Taka	2020 Taka
Required reserve (5%)		2,615,262,230	2,344,570,595
Actual reserve maintained (Dec'21: 21.08%, Dec'20: 27.55%)	5.3.1	11,027,092,400	12,916,727,071
Surplus		8,411,830,170	10,572,156,476
Total surplus		**8,438,405,526**	**10,581,267,202**

	Note	2021 Taka	2020 Taka
5.3.1 Actual reserve maintained - including CRR			
Cash in hand		420,000	395,000
AB Bank Limited		28,451,615	176,827,063
Prime Bank Limited		9,730,043	584,137,050
BRAC Bank Limited		4,287,597	6,345,369
Mercantile Bank Limited		8,598,275	241,671,342
Eastern Bank Limited		1,682,359	5,081,433
Dutch Bangla Bank Limited		25,404,072	15,481,013
Dhaka Bank Limited		3,225,111,743	2,717,396,202
United Commercial Bank Limited		201,254,815	1,988,476
Standard Chartered Bank		-	29,764
NRB Global Bank Limited		-	719,735,283
EXIM Bank Limited		417,844,000	620,357,512
Southeast Bank Limited		510,193,639	-
NRB Bank Limited		1,712,539,220	-
Janata Bank Limited		910,794,284	-
BASIC Bank Limited		103,037,500	-
Standard Bank Limited		400,000,000	790,000,000
Jamuna Bank Limited		400,000,000	100,000,000
Modhumoti Bank Limited		-	100,797,052
One Bank Limited		722,592,278	589,626,145
Social Islami Bank Limited		140,000,000	1,000,000,000
Meghna Bank Limited		400,099,410	400,000,000
NRB Commercial Bank Limited		399,000,000	450,000,000
Uttara Bank Limited		-	500,000,000
Uttara Finance Limited		100,000,000	250,000,000
Bangladesh Finance Limited		50,000,000	50,000,000
IFIC Bank Limited		410,129,375	500,000,000
Community Bank Bangladesh Limited		894,940	99,595
Balance with Bangladesh Bank		590,627,235	892,358,772
Unencumbered Bangladesh Treasury Bond		254,400,000	2,204,400,000
		11,027,092,400	**12,916,727,071**
6. Balance with other banks and financial institutions			
Inside Bangladesh	6.1	13,507,488,246	14,057,966,405
Outside Bangladesh		-	-
		13,507,488,246	**14,057,966,405**

	Note	2021 Taka	2020 Taka
6.1 Inside Bangladesh			
In current deposit accounts with			
United Commercial Bank Limited		3,690,390	2,575,203
AB Bank Limited		717,668	77,002
Standard Chartered Bank		18,984,397	262
Prime Bank Limited		5,933,193	63,495,985
Eastern Bank Limited		2,130,773	659,038
Mutual Trust Bank Limited		38,310	-
Basic Bank Limited		16,583	20,001
One Bank Limited		3,949,580	96,636
BRAC Bank Limited		96,273	110,111
Dhaka Bank Limited		883,219	-
Woori Bank Limited		-	58,339
Meghna Bank Limited		261,835	-
		36,702,221	67,092,578
Short term deposit accounts with			
Dutch Bangla Bank Limited		12,823,930	25,130,288
Prime Bank Limited		61,828,272	3,913,729
AB Bank Limited		1,670,539	1,827,063
Standard Chartered Bank		29,418	29,764
Mercantile Bank Limited		30,734,638	10,771,180
BRAC Bank Limited		9,868,690	1,397,141
Dhaka Bank Limited		14,937,916	11,465,005
United Commercial Bank Limited		4,201,160	894,466
Eastern Bank Limited		230,781	9,999,776
One Bank Limited		1,981,551,385	897,294,253
NRB Bank Limited		1,033,138,816	517,281,882
Community Bank Bangladesh Limited		862,420	300,058,991
Meghna Bank Limited		1,431,755	-
Southeast Bank Limited		312,899,878	-
NRB Commercial Bank Limited		1,275,838	-
		3,467,485,436	1,780,063,538
Short term placement			
Peoples Leasing and Financial Service Limited		28,500,000	28,500,000
BRAC Bank Limited		-	200,000,000
International Leasing and Financial Service Limited		10,644,907	11,686,414
		39,144,907	240,186,414
Short term deposit accounts (in foreign currency) with			
AB Bank Limited		1,367	1,367
		1,367	1,367
Fixed deposit accounts with			
Prime Bank Limited		7,754,466	7,394,008
BASIC Bank Ltd.		103,037,500	-
Dhaka Bank Limited		4,626,073,237	6,466,073,237
AB Bank Limited		26,785,000	175,000,000
NRB Commercial Bank Limited		399,000,000	450,000,000
NRB Bank Limited		-	200,000,000
EXIM Bank Limited		617,844,001	620,262,764
Social Islami Bank Limited		490,000,000	1,000,000,000

	Note	2021 Taka	2020 Taka
Southeast Bank Ltd		200,000,000	-
Standard Bank Ltd.		790,000,000	-
Jamuna Bank Limited		500,000,000	400,000,000
Janata Bank Ltd.		913,530,734	-
One Bank Limited		250,000,000	250,000,000
Standard Bank Limited		-	790,630,000
Meghna Bank Limited		500,000,000	400,000,000
Uttara Bank Limited		-	500,000,000
Uttara Finance Limited		80,000,000	150,000,000
Mercantile Bank Limited		-	9,800,000
IFIC Bank Limited		410,129,377	501,462,500
Bangladesh Finance Limited		50,000,000	50,000,000
		9,964,154,315	11,970,622,509
Total		**13,507,488,246**	**14,057,966,405**

6.2 Maturity grouping of balance with other banks and financial institutions

	2021 Taka	2020 Taka
Repayable:		
On demand	-	-
Within one month	6,515,736,873	8,650,314,083
Within one to three months	5,024,436,450	3,442,092,500
Within three months to one year	1,967,314,923	1,965,559,822
Within one to five years	-	-
More than five years	-	-
	13,507,488,246	**14,057,966,405**

7. Investments

	Note	2021 Taka	2020 Taka
Government securities	7.1	231,898,119	3,471,349,057
Other investments	7.2	2,508,463,823	1,672,220,523
		2,740,361,942	**5,143,569,580**

7.1 Government securities

	2021 Taka	2020 Taka
Treasury Bond	231,898,119	3,471,349,057
National investment bond	-	-
Bangladesh bank bill	-	-
Government notes/bond	-	-
Others	-	-
	231,898,119	**3,471,349,057**

7.2 Other investments

	2021 Taka	2020 Taka
In ordinary shares:		
Quoted	332,327,185	106,059,047
Unquoted	4,500,000	4,500,000
	336,827,185	110,559,047
Redeemable preference shares	1,350,666,667	1,274,666,667
	1,687,493,852	1,385,225,714
Investment in corporate bonds	820,969,971	286,994,809
	2,508,463,823	**1,672,220,523**

	2021 Cost Taka	2021 Market value Taka	2020 Cost Taka	2020 Market value Taka
In ordinary shares - quoted				
Bangladesh Electricity Meter Co. Ltd.	7,000,000	4,305,000	7,000,000	4,305,000
BRAC Bank Ltd.	81,637,042	80,730,756	46,536,751	47,622,500
Square Pharmaceuticals Ltd.	45,149,236	45,967,350	19,368,306	20,742,750
British American Tobacco Bangladesh	-	-	16,514,964	17,712,000
Grameenphone	41,497,856	40,647,549	16,639,027	17,355,000
Bangladesh Submarine Cable Company Ltd.	33,395,000	42,020,000	-	-
United Power Generation & Distribution Company Ltd.	54,742,990	48,840,000	-	-
Marico Bangladesh Ltd.	21,179,293	23,010,000	-	-
Renata Ltd.	4,835,906	5,248,000	-	-
Heidelberg Cement Bangladesh Ltd.	11,140,746	9,212,296	-	-
The City Bank Ltd.	19,319,626	19,507,051	-	-
Eastern Bank Ltd.	2,635,563	2,695,000	-	-
LafargeHolcim Bangladesh Ltd.	9,793,927	9,243,000	-	-
	332,327,185	**331,426,001**	**106,059,047**	**107,737,250**
In ordinary shares - unquoted				
Quality Feeds Ltd.	1,500,000	1,500,000	1,500,000	1,500,000
Alliance Bags Ltd.	3,000,000	3,000,000	3,000,000	3,000,000
	4,500,000	**4,500,000**	**4,500,000**	**4,500,000**
In redeemable preference shares				
Premium Seed Limited	4,000,000	4,000,000	4,000,000	4,000,000
Summit Barisal Power Limited	68,000,000	68,000,000	88,000,000	88,000,000
Summit Narayanganj Power Unit II Limited	72,000,000	72,000,000	96,000,000	96,000,000
Ace Alliance Power Limited	133,333,333	133,333,333	166,666,667	166,666,667
Confidence Power Rangpur Limited	160,000,000	160,000,000	200,000,000	200,000,000
Confidence Power Bogra Unit-2 Limited	60,000,000	60,000,000	75,000,000	75,000,000
Summit LNG Terminal Co. (Pvt.) Ltd.	166,666,667	166,666,667	200,000,000	200,000,000
Summit Gazipur II Power Limited	291,666,667	291,666,667	350,000,000	350,000,000
City Sugar Industries Limited	300,000,000	300,000,000	-	-
Confidence Power Bogra Limited	95,000,000	95,000,000	95,000,000	95,000,000
	1,350,666,667	**1,350,666,667**	**1,274,666,667**	**1,274,666,667**
In corporate bonds				
Impress Newtex Composite Textiles Limited	-	-	140,000,000	140,000,000
Golden Harvest Agro Industries Limited	99,587,500	99,587,500	99,587,500	99,587,500
Paramount Textile Limited	21,382,471	21,382,471	47,407,309	47,407,309
The City Bank Limited	150,000,000	150,000,000	-	-
Jamuna Bank Limited	100,000,000	100,000,000	-	-
United Commercial Bank Ltd	200,000,000	200,000,000	-	-
Trust Bank Limited	250,000,000	250,000,000	-	-
	820,969,971	**820,969,971**	**286,994,809**	**286,994,809**
	2,508,463,823	**2,507,562,639**	**1,672,220,523**	**1,673,898,726**

Unquoted shares are primarily recognised at cost. Adequate provision has been maintained against the unquoted shares whose recoverable value is lower than the cost.

	Note	2021 Taka	2020 Taka
7.3 Maturity grouping of investments			
Repayable:			
On demand		-	-
Within one month		-	-
Within one to three months		-	-
Within three months to one year		44,000	-
Within one to five years		1,296,069,678	1,283,442,655
More than five years		1,444,248,264	3,860,126,925
		2,740,361,942	5,143,569,580
8 Loans, advances and leases			
Loans, cash credits, overdrafts, etc.	8.1	65,327,246,605	53,609,693,044
Bills purchased and discounted		-	-
		65,327,246,605	**53,609,693,044**
8.1 Loans, cash credits, overdrafts, etc.			
In Bangladesh:			
Long term loan		25,597,384,955	18,618,296,936
Lease finance	8.1.1	5,861,948,377	5,896,315,851
Short term loan		16,214,228,236	13,910,113,885
Channel finance		4,143,939,684	2,899,620,650
Mortgage finance		8,895,053,386	8,497,424,057
Auto loan		3,560,241,806	2,942,087,989
Secured retail loan		475,017,213	427,613,371
Personal loan		348,630,435	254,334,181
Staff loan		196,553,163	124,318,984
Consumer White Goods Finance		34,249,350	39,567,140
		65,327,246,605	**53,609,693,044**
Outside Bangladesh		-	-
		65,327,246,605	**53,609,693,044**
8.1.1 Gross lease receivables		6,026,403,757	6,503,077,147
Less: Unearned lease interest income		875,429,556	1,112,579,513
Net lease receivables		5,150,974,201	5,390,497,634
Add: Overdue lease rentals		710,974,176	505,818,217
		5,861,948,377	**5,896,315,851**
8.2 a) Net loans and advances including bills purchased and discounted			
Total loans and advances receivables	8	65,327,246,605	53,609,693,044
Less: Provision against loans and advances (specific and general)	8.9(b)	1,951,585,349	1,278,452,535
Less: Cumulative balance of interest suspense	14.2	644,459,492	492,772,792
		62,731,201,764	**51,838,467,717**

	Note	2021 Taka	2020 Taka
b) Rate of net classified loans and advances			
Gross loans and advances		65,327,246,605	53,609,693,044
Unclassified loans and advances		63,271,065,460	52,867,695,845
Classified loans and advances		2,056,181,145	741,997,199
Total provision		1,951,585,349	1,278,452,535
Interest suspense		644,459,492	492,772,792
Total provision and interest suspense		2,596,044,841	1,771,225,327
Net classified loans and advances		(539,863,696)	(1,029,228,128)
Rate of classified loans and advances		3.15%	1.38%
Rate of net classified loans and advances		-0.83%	-1.92%
8.3 Residual maturity grouping of loans and advances including bills purchased and discounted			
Repayable:			
On demand		-	-
Up to one month		3,896,273,980	3,170,008,724
More than one month but less than three months		9,667,288,374	9,886,735,878
More than three months but less than one year		13,975,686,464	12,673,135,650
More than one year but less than five years		27,968,003,794	21,471,744,380
More than five years		9,819,993,993	6,408,068,413
		65,327,246,605	**53,609,693,044**
8.4 Loans and advances including bills purchased and discounted are classified into the following broad categories			
Loans and advances			
Inside Bangladesh			
Loans and advances		65,327,246,605	53,609,693,044
Cash credit		-	-
Secured overdraft		-	-
		65,327,246,605	53,609,693,044
Outside Bangladesh		-	-
		65,327,246,605	53,609,693,044
Bills purchased and discounted			
Payable in Bangladesh		-	-
Payable outside Bangladesh		-	-
		-	-
		65,327,246,605	**53,609,693,044**
8.5 Loans and advances including bills purchased and discounted on the basis of significant concentration			
Loans and advances to the allied concerns of the directors		-	-
Advances to Chief Executive and other Senior Executives			
Managing Director & CEO		4,186,716	5,101,223
Senior Executives (Senior Manager & above)		102,835,347	18,929,668
Other staffs		89,531,099	100,288,093
		196,553,162	124,318,984

	Note	2021 Taka	2020 Taka
Advances to customers' group			
Agricultural		8,282,144,842	7,624,526,670
Large corporate		34,665,784,759	26,733,313,254
Small and medium enterprise		9,045,815,989	7,146,336,831
Retail		13,136,947,853	11,981,197,305
Others		-	-
		65,130,693,443	53,485,374,060
		65,327,246,605	**53,609,693,044**

8.5.1 Disclosure on large loan

Loan sanctioned to any individual or enterprise or any organisation of a group, amounting to 15% or more of the Company's total capital and classified amount therein and measures taken for recovery of such loan have been furnished below. Total capital of the Company as at 31 December 2021 was Taka 6,353.03 million against that of Taka 6,063.43 million as at 31 December 2020.

	2021 Taka	2020 Taka
Number of client to whom loans and advances sanctioned with more than 15% of the Company's total capital each	3	2
Amount of outstanding loans and advances [to the client as mentioned above]	**3,045,289,886**	**1,867,842,032**
Amount of classified loans and advances [out of the amount as mentioned above]	-	-
Measures taken for recovery [for the amount as mentioned above]	-	-

8.6 Industry-wise loans and advances including bills purchased and discounted

	2021 Taka	2020 Taka
Agro-based industries	5,121,211,202	4,631,740,168
Banks and non-banking financial institutions	1,052,951,604	678,206,697
Chemicals, pharmaceuticals and allied products	3,918,904,153	2,539,003,533
Engineering and building materials	5,315,089,867	3,745,232,899
Food and allied products	3,836,482,587	3,151,505,392
Glass, ceramic and other non-metallic products	1,108,969,006	683,304,449
Hotel, tourism and leisure	109,174,848	71,137,612
Information and communication technologies	1,115,072,581	1,171,326,656
Paper converting and packaging, printing and publishing	2,196,035,839	1,977,813,700
Ready made garments and knitwear	6,328,320,268	4,913,882,886
Social sector	415,014,800	1,411,913,555
Tannery, leather and rubber products	381,692,104	438,589,320
Textile	3,579,676,348	2,818,426,170
Transport and aviation	2,072,893,074	1,850,826,275
Others	28,775,758,324	23,526,783,733
	65,327,246,605	**53,609,693,044**

8.7 Geographical location-wise loans and advances including bills purchased and discounted

	2021 Taka	2020 Taka
Dhaka Division	50,437,841,145	41,338,077,291
Chittagong Division	8,771,539,309	7,560,833,439
Khulna Division	1,633,646,925	1,248,983,327
Rangpur Division	1,378,793,394	1,064,644,282
Rajshahi Division	1,452,028,742	1,219,524,026
Sylhet Division	588,318,522	477,778,749
Barisal Division	233,568,169	103,512,373
Mymensingh Division	831,510,399	596,339,557
	65,327,246,605	**53,609,693,044**

	Note	2021 Taka	2020 Taka
8.8 Broad economic sector-wise segregation of loans and advances including bills purchased and discounted			
Government and autonomous bodies		-	-
Bank and non-banking financial institutions		1,052,951,603	678,206,697
Other public sector		-	-
Private sector		64,274,295,002	52,931,486,348
		65,327,246,605	**53,609,693,044**
8.9 a) Classification of loans and advances including bills purchased and discounted			
Unclassified loans and advances			
Standard-Non CMSME (including staff loans)		50,961,880,766	43,909,507,648
Standard-CMSME		10,483,667,436	8,726,547,363
Standard-Brokerage House/Merchant Banks/Stock Dealers		1,038,606,564	-
Special mention account		786,910,694	231,640,834
Total unclassified loans and advances		63,271,065,460	52,867,695,845
Classified loans and advances			
Substandard		655,711,930	118,117,824
Doubtful		567,868,504	420,581,462
Bad/loss		832,600,711	203,297,913
Total classified loans and advances		2,056,181,145	741,997,199
Total loans and advances		**65,327,246,605**	**53,609,693,044**

b) Classification and provisioning of loans and advances including bills purchased and discounted

Classification / status of loans and advances	Amount of outstanding loans and advances as at 31 December 2021	Base for provision	Percentage (%) of provision required as per Bangladesh Bank's directives	31 December 2021	31 December 2020
	Taka	Taka		Taka	Taka
Unclassified loans and advances					
General provision					
Standard-Non CMSME (including staff loans)	50,961,880,766	50,961,880,766	1.00%	509,618,808	439,095,076
Standard-CMSME	10,483,667,436	10,483,667,436	0.25%	26,209,169	21,816,368
Standard-Brokerage House/Merchant Banks/Stock Dealers	1,038,606,564	1,038,606,564	2.00%	20,772,131	-
Special mentioned account	786,910,694	693,778,004	5.00%	34,688,900	9,383,019
	63,271,065,460	**63,177,932,770**		**591,289,008**	**470,294,463**
Classified loans and advances					
Specific provision					
Sub-standard	655,711,930	431,414,316	20.00%	86,282,863	9,883,261
Doubtful	567,868,504	387,974,280	50.00%	193,987,140	110,765,441
Bad/loss	832,600,711	547,569,707	100.00%	547,569,707	93,952,284
	2,056,181,145	**1,366,958,303**		**827,839,710**	**214,600,986**
Provision required				**1,419,128,718**	**684,895,449**
Special provision *				**95,948,339**	-
Additional provision as per regulator requirement **				**86,421,273**	**65,319,929**
Total provision required				**1,601,498,330**	**750,215,379**
Total provision maintained				**1,951,585,349**	**1,278,452,535**
Total provision surplus				**350,087,019**	**528,237,156**

* As per DFIM circular letter no. 33 dated 19 December 2021, 2% additional provision has been reserved against accounts availing deferral facility.

** In reference to the letter issued by Bangladesh Bank the provision associated with some loans and advances is not to be released after reschedule. Accordingly provision amounting to BDT 86,421,273 has been kept as additional provision as per regulator requirement.

	Note	2021 Taka	2020 Taka
8.10 Particulars of loans and advances including bills purchased and discounted			
Loans considered good in respect of which the Company is fully secured		16,595,240,480	18,123,412,042
Loans considered good for which the Company holds no other security other than the debtor's personal guarantee		22,484,669,899	14,416,659,289
Loans considered good and secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors		26,247,336,226	21,069,621,713
Loans adversely classified; provision not maintained there against		-	-
		65,327,246,605	**53,609,693,044**
Loans due by directors or officers of the Company or any of them either separately or jointly with any other persons *		**196,553,163**	**124,318,984**
Loans due from companies or firms in which the directors of the Company have interests as directors, partners or managing agents or in case of private companies as members		-	-
Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Company or any of them either separately or jointly with any other persons*		**120,199,602**	**40,815,910**
Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Company have interests as directors, partners or managing agents or in the case of private companies as members		-	-
Due from other Non-Banking Financial Institutions (NBFIs)		**909,713,475**	**674,923,939**
Amount of classified loans and advances on which interest has not been charged to profit & loss account		**1,831,423,738**	**741,997,200**
(Decrease)/increase in specific provision		**646,658,094**	**(13,381,898)**
Amount of loan and advances written off during the year		-	-
Amount realised against loans and advances previously written off		**3,003,787**	**63,128,215**
Amount of provision kept against loans and advances classified as bad/loss on the date of preparing the balance sheet		**547,569,707**	**93,952,284**
Interest creditable to the interest suspense account during the year		**647,566,026**	**506,916,132**
** Amount represents loans to employees of the Company only.*			
8.11 a) Cumulative amount of written off loan			
Opening balance		343,527,989	406,656,204
Add: Amount written off during the year		-	-
		343,527,989	406,656,204
Less: Adjustment/recovered during the year		74,471,961	63,128,215
		269,056,028	**343,527,989**
b) Amount of written off loan for which lawsuit has been filed for its recovery		**269,056,028**	**343,527,989**

8.12 As per DFIM Circular no-08 dated 17 August 2021 and FRC letter (Ref. no-178/FRC/APR/2021/28(17)) dated 21 December 2021, IPDC Finance Limited is required to obtain and preserve audited financial statements for loans and advances sanctioned/renewed to public interest entity. IPDC Finance Limited obtained and preserved audited financial statements in its loan files for 57.14% loans and advances sanctioned/renewed to public interest entity from 17 August 2021 to 31 December 2021.

	Note	2021 Taka	2020 Taka
9. Fixed assets including land, building, furniture and fixture			
Land		279,435,033	279,435,033
Building		90,474,767	90,474,767
Motor vehicles		90,013,115	79,748,357
Furniture and fixture		96,624,232	83,019,423
Equipment and appliances		257,557,124	223,391,101
Software		199,512,975	173,871,850
ROU-Assets for lease rent		172,016,598	149,361,198
		1,185,633,844	1,079,301,728
Less: Accumulated depreciation and amortisation		437,593,822	331,449,711
		748,040,022	747,852,017
Capital work in progress		17,203,119	28,724,125
		765,243,141	**776,576,142**
Details are shown in Annexure - A			
10. Other assets			
Non-income generating other assets		2,087,962	687,639
Stationery, stamps, printing materials in stock		5,528,063	311,343
Advance rent and advertisement		165,201,799	175,108,820
Accrued interest, commission, brokerage, and other income receivables		10,747,499	9,842,276
Security deposits		1,107,384	992,793
Prepaid expenses	10.1	1,727,792,677	1,575,374,086
Others		**1,912,465,384**	**1,762,316,958**
10.1 Others			
Advance tax	10.1.1	1,542,297,143	1,464,059,068
Deferred tax assets	10.1.2	43,630,323	3,983,009
Sundry assets	10.1.3	141,865,211	107,332,009
		1,727,792,677	**1,575,374,086**
10.1.1 Advance tax			
Opening balance		1,464,059,068	1,156,509,957
Payment made during the year		373,234,574	307,549,111
		1,837,293,642	1,464,059,068
Adjustment made during the year		(294,996,499)	-
		1,542,297,143	**1,464,059,068**

Advance payment of tax represents corporate income tax paid to the Government Exchequer by way of advance tax under section 64 and tax deducted at sources from different heads of income deducted by the third parties and tax paid under section 74 and other sections of the Income Tax Ordinance,1984, which would be adjusted with the corporate tax liability of the Company.

10.1.2 Deferred tax assets

Deferred tax assets have been recognised in accordance with the provision of IAS 12: Income Taxes based on temporary difference arising due to difference in the carrying amount of the assets and liabilities in the financial statements and its tax base. Calculation of deferred tax assets is as follows:

	Note	2021 Taka	2020 Taka
Deductible temporary differences			
i) Deferred tax asset on gratuity provision			
Carrying amount at balance sheet date		21,999,872	10,621,357
Tax base		-	-
Net taxable temporary differences		21,999,872	10,621,357
Tax rate		37.50%	37.50%
Deferred tax assets on gratuity provision		**8,249,952**	**3,983,009**
ii) Deferred tax asset on lease rental			
Carrying amount at balance sheet date		94,347,655	-
Tax base		-	-
Net taxable temporary differences		94,347,655	-
Tax rate		37.50%	37.50%
Deferred tax assets on lease rental		**35,380,371**	**-**
Total deferred tax assets (i+ii)		**43,630,323**	**3,983,009**
Movement of deferred tax assets is as follows:			
Opening balance		3,983,009	-
Income/(expense) during the year charged to retained earnings		7,432,798	-
Income/(expense) during the year charged to profit and loss		32,214,516	3,983,009
Closing balance		**43,630,323**	**3,983,00**
10.1.3 Sundry assets			
City corporation tax		124,740	124,740
Hosna Centre Owners' Society		677,067	677,067
Advance and other receivables		141,063,404	106,530,202
		141,865,211	**107,332,009**
11. Non banking assets		**3,752,405**	**3,752,405**

This represents the mortgaged property (land) acquired from a default client by virtue of verdict given by the competent court and ownership has been transferred in favor of the Company. The land is mutated in the name of the Company.

12. Borrowings from other banks, financial institutions and agents

	Note	2021 Taka	2020 Taka
In Bangladesh	12.1	10,495,832,829	10,946,478,220
Outside Bangladesh		-	-
		10,495,832,829	**10,946,478,220**
12.1 In Bangladesh			
Long term loan			
Unsecured long term loan			
Borrowing under Refinance Project		4,150,807,684	3,072,771,051
SABINCO		-	70,903,980
		4,150,807,684	3,143,675,031
Secured long term loan			
UBICO		-	19,770,293
Meghna Bank Limited		183,351,626	-
BASIC Bank Limited		76,229,186	131,160,525
		259,580,812	150,930,818
Total long term loan		**4,410,388,496**	**3,294,605,849**

	Note	2021 Taka	2020 Taka
Short term loan			
Unsecured short term loan			
Lankan Alliance Finance Limited		-	50,000,000
Dhaka Bank Limited		150,000,000	-
Community Bank Bangladesh Limited		-	300,000,000
NRB Bank Limited		-	400,000,000
Agrani Bank Limited		-	500,000,000
SBAC Bank Limited		-	500,000,000
NCC Bank Limited		1,000,000,000	-
Pubali Bank Limited		200,000,000	-
		1,350,000,000	1,750,000,000
Secured short term loan			
Standard Chartered Bank		1,000,000,000	600,000,000
Eastern Bank Limited		1,080,000,000	450,000,000
Bank Alfalah Limited		-	179,000,000
		2,080,000,000	1,229,000,000
Total short term loan		**3,430,000,000**	**2,979,000,000**
Zero Coupon Bond			
Unsecured			
Zero Coupon Bond		264,791,820	459,915,662
		264,791,820	459,915,662
Subordinated Bonds			
Unsecured			
Subordinated Bonds		760,000,000	960,000,000
		760,000,000	960,000,000
Bank overdraft			
Secured			
Prime Bank Limited		-	-
Dhaka Bank Limited		414,282,410	332,348,280
Standard Chartered Bank		-	307,445
Dutch Bangla Bank Limited		-	-
Woori Bank Limited		163,536,029	-
Bank Alfalah Limited		180,049,485	184,806
One Bank Limited		-	-
Mutual Trust Bank Limited		192,784,587	200,053,950
Mercantile Bank Limited		-	18,311
BRAC Bank Limited		-	-
Uttara Bank Limited		2	400,466,892
Modhumoti Bank Limited		-	33,325
Eastern Bank Limited		-	-
AB Bank Limited		-	-
		950,652,513	933,413,009

	Note	2021 Taka	2020 Taka
Money at call and short notice			
Unsecured			
Sonali Bank Limited		190,000,000	150,000,000
United Commercial Bank Limited		290,000,000	290,000,000
Trust Bank Limited		-	90,000,000
United Finance Limited		-	220,000,000
Agrani Bank Limited		-	250,000,000
Janata Bank Limited		200,000,000	50,000,000
Mutual Trust Bank Limited		-	200,000,000
Pubali Bank Limited		-	190,000,000
Bengal Commercial Bank Ltd		-	-
National Credit and Commerce Bank Limited		-	380,000,000
		680,000,000	1,820,000,000
Repo borrowing			
Agrani Bank Limited		-	499,543,700
Bangladesh Bank		-	-
		-	499,543,700
		10,495,832,829	**10,946,478,220**

12.2 Security against borrowings from other banks and financial institutions

	2021 Taka	2020 Taka
Secured	3,290,233,325	2,362,887,527
Unsecured	7,205,599,504	8,583,590,693
	10,495,832,829	**10,946,478,220**

Secured loans are covered by first equitable mortgage of all present and future immovable properties and by floating charges on movable assets of the Company ranking pari-passu among the lenders and lien against Fixed Deposit Receipt.

12.3 Residual maturity grouping of borrowings from other banks, financial institutions and agents

	2021 Taka	2020 Taka
Repayable:		
On demand	680,000,000	2,319,543,700
Within one month	2,031,873,627	2,245,106,570
Over one month but within three months	1,085,300,881	856,638,188
Over three months but within one year	2,300,467,693	1,888,183,823
Over one year but within five years	4,017,190,628	3,637,005,939
Over five years	381,000,000	-
	10,495,832,829	**10,946,478,220**

13. Deposits and other accounts

	Note	2021 Taka	2020 Taka
Term Deposits	13.1	47,857,545,135	40,801,510,241
Deposits from Banks & NBFIs		11,860,000,000	11,075,518,761
Other deposits		687,719,852	579,312,960
		60,405,264,987	**52,456,341,963**

		Note	2021 Taka	2020 Taka
13.1	**Term deposits**			
	Product wise break-up of term deposit			
	Annual Profit Scheme		9,206,791,036	13,109,067,112
	Half Yearly Profit Scheme		-	5,000,000
	Quarterly Profit Scheme		1,045,175,122	900,533,625
	Monthly Profit Scheme		3,562,361,127	2,847,918,72
	Cumulative Profit Scheme		684,975,888	452,561,800
	Fixed Deposit Receipts		33,358,241,962	23,486,428,962
			47,857,545,135	**40,801,510,241**
13.2	**Residual maturity grouping of deposits and other accounts**			
	Repayable:			
	On demand		-	-
	Within one month		7,181,403,051	6,638,244,367
	Over one month but within six months		12,797,868,324	11,569,026,413
	Over six months but within one year		12,295,096,258	11,470,056,422
	Over one year but within five years		11,659,753,963	7,127,922,796
	Over five years but within ten years		16,471,143,392	15,651,091,966
			60,405,264,987	**52,456,341,963**

There was no unclaimed deposits for ten (10) years and more held by the Company at the reporting date.

14. Other liabilities

	Note	2021 Taka	2020 Taka
Cumulative provision for loans, advances, investments	14.1	1,992,195,677	1,305,074,151
Cumulative provision for off-balance sheet items		358,978	-
Cumulative provision for other assets		12,560,656	-
Other provisions		28,500,000	28,500,000
Cumulative interest and dividend suspense	14.2	647,566,026	506,916,132
Net defined benefit obligation - employees' gratuity fund	14.3	21,999,872	9,978,237
Provision for corporate tax	14.4	2,419,525,072	2,092,538,699
Deposit against lease	14.5	436,447,537	388,814,279
Interest expenses payable for finance charge	14.6	1,510,967,203	1,570,036,334
Withholding tax and VAT		112,750,430	122,137,114
Liabilities for special accounts	14.7	203,699,897	177,643,040
Payable for expenses	14.8	111,384,384	93,288,622
Deferred tax liabilities	14.9	77,271,614	45,777,596
Account payable for purchase of fixed asset		22,038,106	20,354,181
Accrued Interest on Subordinated Bonds		17,666,667	28,036,950
Accrued Interest on Zero Coupon Bond		7,564,453	12,948,342
Liability for lease rental	14.10	94,347,655	96,029,254
Dividend payable	14.11	1,623,309	5,107,982
		7,718,467,536	**6,503,180,913**

14.1 Cumulative provision for loans, advances, investments

	Note	2021 Taka	2020 Taka
Specific provision for classified loans, advances	14.1.1	861,259,080	214,600,986
General provision against unclassified loans and advances	14.1.2	1,090,326,269	1,063,851,549
Provision for investments	14.1.3	40,610,328	26,621,616
		1,992,195,677	**1,305,074,151**

	Note	2021 Taka	2020 Taka
14.1.1 Specific provision for classified loans, advances			
Opening balance		214,600,986	227,982,884
Specific provision made/(release) for the period	38	646,658,094	(13,381,898)
Fully provided debt written-off during the period		-	-
Closing balance (i)		**861,259,080**	**214,600,986**
14.1.2 General provision against unclassified loans and advances			
Opening balance		1,063,851,549	572,330,048
Provision made during the period / year	38	26,474,720	491,521,501
		1,090,326,269	1,063,851,549
Adjustment during the period / year		-	-
Closing balance (ii)		**1,090,326,269**	**1,063,851,549**
Total specific and general provision of loans and advances (i+ii)		**1,951,585,349**	**1,278,452,535**
14.1.3 Provision for investments			
Opening balance		26,621,616	26,598,222
Provision made for investments during the year		17,888,960	1,088,739
Provision released from investments during the year		(3,900,248)	(1,065,345)
Provision made/(released) during the year	39	13,988,712	23,394
Closing balance		**40,610,328**	**26,621,616**
Total specific and general provision of loans, advances and investments		**1,992,195,677**	**1,305,074,151**
Breakdown of cumulative provision for loans, advances and investment:			
Provision for loans, advances and leases		1,951,585,349	1,278,452,535
Provision for other investments		40,610,328	26,621,616
		1,992,195,677	**1,305,074,151**
14.2 Cumulative interest and dividend suspense			
Opening balance		506,916,132	188,741,628
Amount transferred to suspense account during the year		308,214,641	345,164,894
		815,130,773	533,906,522
Amount recovered from suspense account during the year		(167,564,747)	(26,990,390)
		647,566,026	506,916,132
Amount written-off/waiver during the year		-	-
Closing balance		**647,566,026**	**506,916,132**
Breakdown of cumulative interest and dividend suspense:			
Interest suspense against loans and advances		644,459,492	492,772,792
Dividend suspense against investment in redeemable preference shares		3,106,534	14,143,340
		647,566,026	**506,916,132**

Amount transferred and recovered from suspense account has been calculated considering movement between end of period balance and amount for 2020 has been updated accordingly.

	Note	2021 Taka	2020 Taka
14.3 Net defined benefit obligation - employees' gratuity fund			
Net defined benefit obligation - employees' gratuity fund			
Defined benefit obligation		132,746,456	95,265,518
Less: Fair value of plan assets		110,746,584	85,287,281
		21,999,872	**9,978,237**
Defined benefit obligation - gratuity fund			
Defined benefit obligation as on 1 January		95,265,518	74,112,948
Current service cost		27,335,271	22,070,702
Interest Cost		7,240,179	6,670,165
Actual net benefits payments		(8,281,733)	(4,362,734)
Remeasurement (gain)/loss		11,187,221	(3,225,563)
Defined benefit obligation as on 31 December		132,746,456	95,265,518
Fair value of plan assets - gratuity fund			
Fair value of plan assets as on 1 January		85,287,281	73,678,505
Interest income on plan assets		6,481,833	6,631,065
Actual employer contributions		24,299,251	24,159,533
Actual net benefits payments		(8,281,733)	(4,362,734)
Remeasurement gain/(losses) on plan assets		2,959,952	(14,819,088)
Fair value of plan assets as on 31 December		110,746,584	85,287,281
Remeasurements gain/(loss) of defined benefits liability/assets			
Remeasurement gain/(losses) on plan assets		2,959,952	(14,819,088)
Remeasurement gain/(losses) on defined benefit obligation		(11,187,221)	3,225,563
		(8,227,269)	(11,593,525)
Less: Deferred tax (expense)/income		3,085,226	4,347,572
		(5,142,043)	**(7,245,953)**

Some immaterial components of 2020 are adjusted with current year figures to conform with 2021's actuarial valuation report of defined benefit obligation.

14.3.1 Plan assets

	2021 Taka	2020 Taka
Cash at bank	54,996,427	70,287,281
Investments	55,000,000	15,000,000
Accrued Interest	750,157	-
	110,746,584	**85,287,281**

14.3.2 Principal actuarial assumptions

	2021	2020
Discount rate and expected rate of return on plan assets	7.60%	9.00%
Expected rate of withdrawal of service	9.00%	9.00%

14.3.3 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	31 December 2021	
Discount rate (approximate 1% movement)	at 8.50%	at 6.50%
Effect in taka	(21,087,189)	25,962,262

	Note	2021 Taka	2020 Taka

14.4 Provision for corporate tax

Provision for current tax has been made on the basis of the profit for the period as adjusted for taxation purposes in accordance with Income Tax Ordinance, 1984 and amendments thereto. Current tax rate for the Company is 37.5% on its business income.

	2021 Taka	2020 Taka
Opening balance	2,092,538,699	1,592,285,614
Provision made during the period	621,982,872	500,253,085
	2,714,521,571	2,092,538,699
Adjustment made during the period for completed assessments	(294,996,499)	-
Closing balance	**2,419,525,072**	**2,092,538,699**

	2021 Taka	2020 Taka
14.4.1 Current tax expense	729,394,352	500,253,085
Prior years tax adjustment for completed assessments	(107,411,480)	-
Provision made during the period	**621,982,872**	**500,253,085**

Assessment against year 2012 is pending at the honorable High court, assessment against year 2016 is pending at Appellate Tribunal and assessment against year 2017 is pending at Commissioner (Appeal) of Taxes under the Income Tax Ordinance, 1984. If the tax authority prevails on their grounds, then additional tax expenses for the mentioned pending assessment years may be BDT 95.4 million. This amount has not been recognized in these financial statements because the Company believes that IPDC was compliant with the applicable laws and regulations in the past years and, if revoked, the Company believes that it is probable that it would successfully defend the Company's tax treatment in court. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

14.4.2 Reconciliation of effective tax rate

2021		
Profit before income tax as per profit and loss account		1,503,328,044
Income tax as per applicable tax rate	37.50%	563,748,017
Factors affecting the tax charged in current year		
On non deductible expenses	18.02%	270,877,683
Tax exempted income (on govt. treasury securities)	-4.27%	(64,161,588)
Tax savings from reduced tax rates (on dividend income)	-1.63%	(24,527,622)
Tax savings from reduced tax rates (on capital gain from listed equity)	-1.10%	(16,542,138)
Prior years tax adjustment for completed assessments	-7.14%	(107,411,480)
Total income tax expenses	**41.37%**	**621,982,872**

2020		
Profit before income tax as per profit and loss account	-	1,201,421,288
Income tax as per applicable tax rate	37.50%	450,532,983
Factors affecting the tax charged in current year		
On non deductible expenses	16.35%	196,375,263
Tax exempted income (on govt. treasury securities)	-10.33%	(124,134,546)
Tax savings from reduced tax rates (on dividend income)	-1.87%	(22,520,615)
Tax savings from reduced tax rates (on capital gain from listed equity)	-	-
Prior years tax adjustment for completed assessments	-	-
Total income tax expenses	**41.64%**	**500,253,085**

	Note	2021 Taka	2020 Taka

14.5 Deposit against lease

	2021 Taka	2020 Taka
Opening balance	388,814,279	383,103,259
Receipts during the period	200,594,344	95,926,655
	589,408,623	479,029,914
Adjusted during the period	(152,961,086)	(90,215,635)
Closing balance	**436,447,537**	**388,814,279**

Deposit against lease represent lease deposits received from lessees against finance on the stipulation that the amount will be adjusted with the outstanding rentals/instalments. Purpose of taking lease deposits is to secure the finance provided to the clients.

14.6 Interest expenses payable for finance charge

	2021 Taka	2020 Taka
Accrued interest expenses on term deposits	1,480,527,379	1,551,598,203
Accrued interest expenses on secured overdraft	-	3,057,312
Accrued interest expenses on long term borrowings	22,242	899,238
Accrued interest expenses on short term borrowings	5,140,472	-
Accrued interest expenses on Repo from Inter Bank	-	82,117
Accrued interest expenses on call borrowings	160,278	352,292
Accrued interest expense on refinance project	25,116,832	14,047,172
	1,510,967,203	**1,570,036,334**

14.7 Liabilities for special accounts

	2021 Taka	2020 Taka
Account payable special account - IPO	1,118,356	1,118,356
Account payable special account - DEG	10,793,455	10,505,955
Account payable special account - other	191,788,086	166,018,729
	203,699,897	**177,643,040**

14.8 Payable for expenses

	2021 Taka	2020 Taka
Legal expenses	19,776,679	12,496,474
Office services	39,657,088	39,802,903
Promotion and publicity	47,364,933	35,765,022
Professional fees	3,363,229	4,074,219
Audit fees	1,222,455	1,150,005
	111,384,384	**93,288,622**

14.9 Deferred tax liabilities

	2021 Taka	2020 Taka
i) Deferred tax liability on furniture, fixture, equipment and software		
Carrying amount at balance sheet date	293,586,522	279,760,960
Tax base	289,497,157	264,344,592
Net taxable temporary differences	4,089,365	15,416,369
Tax rate	37.50%	37.50%
Deferred tax liability on furniture, fixture, equipment and software	**1,533,512**	**5,781,138**
ii) Deferred tax liability on building		
Carrying amount at balance sheet date	82,494,893	85,154,851
Tax base	8,327,099	8,304,032
Taxable temporary differences on building	74,167,794	76,850,819
Tax rate	37.50%	37.50%
Deferred tax liability on building	**27,812,923**	**28,819,057**

	Note	2021 Taka	2020 Taka
Revaluation reserve on land		279,435,033	279,435,033
Tax rate		4.00%	4.00%
Deferred tax liability on land revaluation		11,177,401	11,177,401
Total deferred tax liabilities on building and land revaluation		**38,990,324**	**39,996,458**
iii) Deferred tax liability on dividend receivables			
Carrying amount at balance sheet date		5,470,500	-
Tax base		-	-
Net taxable temporary differences		5,470,500	-
Tax rate		37.50%	37.50%
Deferred tax liability on dividend receivables		**2,051,438**	-
iv) Deferred tax liability on rights of use assets			
Carrying amount at balance sheet date		92,523,573	-
Tax base		-	-
Net taxable temporary differences		92,523,573	-
Tax rate		37.50%	37.50%
Deferred tax liability on rights of use assets		**34,696,340**	-
Total deferred tax liability (i+ii+iii+iv)		**77,271,614**	**45,777,596**
Movement of deferred tax liabilities is as follows:			
Opening balance		45,777,596	46,842,478
Less: Credited to asset revaluation reserve		1,006,134	651,483
Expense/(income) during the year		32,500,152	(413,399)
Closing balance		**77,271,614**	**45,777,596**

14.10 Liability for lease rental

Not later than one month	2,471,718	2,522,418
Later than one month and not later than three months	5,000,058	4,706,599
Later than three months and not later than one year	18,600,230	17,887,396
Later than one year and not later than five years	50,441,247	70,912,841
More than five years	17,834,402	-
	94,347,655	**96,029,254**

14.11 Dividend Payable

Aging Analysis of Dividend Payable		
Upto 3 years	1,623,309	635,682
Over 3 years but less than 5 years	-	-
5 years and above	-	4,472,300
	1,623,309	**5,107,982**

As a NBFI, IPDC Finance Limited prepares and presents its financial statements as per DFIM Circular (Ref. No: DFIM Circular no-11) dated December 23, 2009, where dividend payable are shown in other liabilities.

	Note	2021 Taka	2020 Taka

15. Share capital

Authorised		
800,000,000 ordinary shares of Taka 10 each	**8,000,000,000**	**8,000,000,000**
Issued, subscribed and fully paid up		
371,091,547 (2020: 371,091,547) ordinary shares of Tk 10 each	**3,710,915,470**	**3,710,915,470**

15.1 Given below the history of raising of share capital of IPDC Finance Limited

Year of allotment	Particulars of allotment	Number of Shares		Paid up Shares (Cumulative)	Amount of Shares Capital (BDT)	Amount of Shares Capital (BDT) (Cumulative)
		Bonus	Cash			
1981	First (Subscription to the memorandum & Articles of association) at the time of incorporation *	-	50	50	500	500
1982	Subscription	-	8,999,950	9,000,000	89,999,500	90,000,000
1999	400% Stock Dividend	36,000,000	-	45,000,000	360,000,000	450,000,000
2004	Subscription	-	2,801,400	47,801,400	28,014,000	478,014,000
2006	IPO	-	13,900,000	61,701,400	139,000,000	617,014,000
2007	10% Stock Dividend	3,085,070	-	64,786,470	30,850,700	647,864,700
2008	10% Stock Dividend	6,478,640	-	71,265,110	64,786,400	712,651,100
2009	10% Stock Dividend	7,126,510	-	78,391,620	71,265,100	783,916,200
2010	10% Stock Dividend	7,839,160	-	86,230,780	78,391,600	862,307,800
2011	10% Stock Dividend	8,623,070	-	94,853,850	86,230,700	948,538,500
2012	10% Stock Dividend	9,485,385	-	104,339,235	94,853,850	1,043,392,350
2014	10% Stock Dividend	10,433,923	-	114,773,158	104,339,230	1,147,731,580
2015	20% Stock Dividend	11,477,315	-	126,250,473	114,773,150	1,262,504,730
2016	20% Stock Dividend	25,250,094	-	151,500,567	252,500,940	1,515,005,670
2017	20% Stock Dividend	30,300,113	-	181,800,680	303,001,130	1,818,006,800
2018	20% Stock Dividend	36,360,136	-	218,160,816	363,601,360	2,181,608,160
2019	8% Stock Dividend	17,452,865	-	235,613,681	174,528,650	2,356,136,810
2019	1:2(R) Right Share	-	117,806,840	353,420,521	1,178,068,400	3,534,205,210
2020	5% Stock Dividend	17,671,026	-	371,091,547	176,710,260	3,710,915,470

Paid up capital as at December 31, 2021 is made up of 143,508,240 ordinary shares paid up in cash and 227,583,307 ordinary shares through issuance of bonus shares.

15.2 Paid up capital of the company is held as follows

Government of the People's Republic of Bangladesh (GoB)	811,932,100	811,932,100
BRAC	927,728,830	927,728,830
Ayesha Abed Foundation	371,091,520	371,091,520
RSA Capital Limited	185,545,740	185,545,740
Bluechip Securities Limited	298,311,930	298,311,930
General Shareholders	1,116,305,350	1,116,305,350
	3,710,915,470	**3,710,915,470**

15.3 Number of ordinary shares and percentage of holding are as follows:

Sponsor shareholders

	2021		2020	
	Number	**% of holding**	**Number**	**% of holding**
BRAC	92,772,883	25.00%	92,772,883	25.00%
GoB	81,193,210	21.88%	81,193,210	21.88%
Ayesha Abed Foundation	37,109,152	10.00%	37,109,152	10.00%
RSA Capital Limited	18,554,574	5.00%	18,554,574	5.00%
Bluechip Securities Limited	29,831,193	8.04%	29,831,193	8.04%
	259,461,012	69.92%	259,461,012	69.92%
General Shareholders	111,630,535	30.08%	111,630,535	30.08%
	111,630,535	30.08%	111,630,535	30.08%
	371,091,547	**100.00%**	**371,091,547**	**100.00%**

15.4 Composition of shareholding is as follows:

	2021		2020	
	Number	**% of holding**	**Number**	**% of holding**
Institutional shareholding (including GoB)	314,602,727	84.78%	326,115,384	87.88%
Individual shareholding	56,488,820	15.22%	44,976,163	12.12%
	371,091,547	**100.00%**	**371,091,547**	**100.00%**

15.5 Classification of shareholders by holding

Number of shares	No. of shareholders	No. of shares	% of holdings
1 to 500 shares	3,182	599,338	0.16%
501 to 5,000 shares	3,391	6,941,255	1.87%
5,001 to 10,000 shares	676	5,235,750	1.41%
10,001 to 20,000 shares	379	5,730,386	1.54%
20,001 to 30,000 shares	135	3,351,432	0.90%
30,001 to 40,000 shares	77	2,731,333	0.74%
40,001 to 50,000 shares	65	3,041,585	0.82%
50,001 to 1,00,000 shares	93	6,560,142	1.77%
1,00,001 to 1,000,000 shares	82	24,634,332	6.64%
over 1,000,000	20	312,265,994	84.15%
Total	**8,100**	**371,091,547**	**100.00%**

The shares are listed in both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. since 03 December 2006 and traded at Tk. 38.60 and Tk. 38.20 at the close of 31 December 2021 at Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. respectively.

15.6 Capital adequacy ratio

In accordance with the Financial Institution Regulations, 1994 and Bangladesh Bank's DFIM circular no. 05 dated 24 July 2011, every Non-Banking Financial Institution which is registered in Bangladesh had to increase its paid up capital to Tk. 1,000 million within 30 June 2012. The Company fulfilled this condition within the stipulated time and as at 31 December 2021, total capital of the Company was Tk. 6,353.03 million out of which paid up capital is Tk. 3,710.92 million.

In accordance with Bangladesh Bank's DFIM Circular no. 14 dated 28 December 2011, financial institutions are required to maintain at least 10% Capital Adequacy Ratio (CAR) in line with the guidelines on Capital Adequacy and Market Discipline (CAMD) for financial institutions, which has come fully into force from 1 January 2012. As of 31 December 2021, the CAR of the Company is 15.65% against the required CAR of 10%. Details are as follows:

	Note	2021 Taka	2020 Taka
Tier -1 capital (A)		6,047,055,069	5,621,345,070
Tier -2 capital (B)		1,461,051,542	1,628,106,439
Eligible capital (C=A+B)		7,508,106,611	7,249,451,509
Total risk weighted assets		**47,969,969,422**	**39,161,998,909**
Minimum capital requirement		4,796,996,942	3,916,199,891
Capital surplus		**2,711,109,669**	**3,333,251,618**
Capital adequacy ratio		**15.65%**	**18.51%**

16. Share premium

		2021	2020
Share premium		**402,627,680**	**402,627,680**

Share premium against 280,140 number of ordinary shares issued in 2004 and 1,390,000 number of ordinary shares issued in 2006 @ Tk. 100 per share i.e. at year ended December 31, 2018 total number of shares would be 16,701,400 @ Tk. 10 per share as the Company changed the denomination of shares from Tk. 100 to Tk. 10 each in 2011 in compliance with the Bangladesh Securities and Exchange Commission's order number SEC/CMRRCD/2009-193/109 dated 15 September 2011. Additional share premium of BDT 235,613,680 received against issue of 117,806,840 number of ordinary share at a premium of BDT 2.00 during the period ended 31 December 2019.

17. Statutory reserve

This comprises of the cumulative balance of statutory reserve as required by section 9 of the Financial Institutions Act, 1993 and regulations 4(d) and 6 of the Financial Institution Regulations, 1994. Transfer to statutory reserve is executed before declaration of dividend.

		2021	2020
Opening balance		804,068,582	662,955,660
Transferred from profit during the period / year		176,211,907	141,112,922
Closing balance		**980,280,489**	**804,068,582**

18. Assets revaluation reserve

	Note	2021	2020
Revaluation reserve on land and building	18.1	306,089,996	307,432,179
Revaluation reserve on govt. securities	18.2	(116,422)	134,654,817
		305,973,574	**442,086,996**

18.1 Revaluation reserve on land and building

	2021	2020
Opening balance	307,432,179	309,129,013
Revaluation during the year		
Land	-	-
Building	-	-
Adjustment of excess depreciation	(2,348,317)	(2,348,317)
Deferred tax liability on revaluation	1,006,134	651,483
	306,089,996	**307,432,179**

IPDC Finance Limited owns real estate property (commercial space including car parking) for its own use as office premises situated at Hosna Center (4th floor), 106 Gulshan Avenue, Dhaka. This property was revalued at fair value in accordance with IAS 16: Property, Plant and Equipment which requires regular valuation of property to ensure that the value reflects current market condition.

The property was first revalued in 2005 and subsequently in 2014, since then significant changes took place in local real estate market, as a result with the consent of the Board of Directors of IPDC Finance Limited, ACNABIN Chartered Accountant as professionally qualified valuer had conducted valuation to determine the fair value of the property, which has subsequently conveyed to management for incorporating in the financial statement of 2018 and onward after being adopted in the Board. The revaluation was done in accordance with the guideline of Bangladesh Securities and Exchange Commission (BSEC) circular no SEC/CMRRCD/2009-193/150/Admin.

		Note	2021 Taka	2020 Taka
18.2	**Revaluation reserve on govt. securities**			
	Opening balance		134,654,817	-
	Revaluation during the year		(134,771,239)	134,654,817
	Closing balance		**(116,422)**	**134,654,817**
19.	**Retained earnings**			
	Opening balance		703,733,335	667,064,110
	Net profit after tax for the period / year		881,059,536	705,564,611
	Transfer to statutory reserve		(176,211,907)	(141,112,922)
	Dividend		(445,309,856)	(353,420,521)
	Remeasurements of defined benefits liability (assets)		(12,387,996)	-
	Transfer from revaluation reserve		2,348,317	2,348,317
	Issuance of bonus shares		-	(176,710,260)
	Closing balance		**953,231,430**	**703,733,335**
20.	**Contingent liabilities**			
	Acceptances and endorsements		-	-
	Letters of guarantee	20.1	35,897,774	49,404,949
	Irrevocable letters of credit		-	-
	Bills for collection		-	-
	Other contingent liabilities		-	-
			35,897,774	**49,404,949**
20.1	**Letters of guarantee**			
	Director		-	-
	Government		-	-
	Bank and financial institutions		-	49,404,949
	Others		35,897,774	-
			35,897,774	**49,404,949**

In the normal course of business, the Company incurs certain contingent liabilities (letters of guarantee). No material losses are anticipated as a result of these transactions.

		Note	2021 Taka	2020 Taka
21.	**Particulars of profit and loss account**			
	Income			
	Interest, discount and other similar income	22	6,544,505,719	6,902,297,687
	Dividend income	24	145,628,338	128,689,226
	Fees, commission and brokerage	25	180,341,314	108,377,072
	Gains less losses arising from dealing securities	24	325,628,417	510,038,640
	Gains less losses arising from investment securities		-	-
	Gains less losses arising from dealing in foreign currencies		-	-
	Income from non financial institutional assets		-	-
	Other operating income	26	10,007,827	65,689,929
	Profit less losses on interest rate changes		-	-
			7,206,111,615	7,715,092,554
	Expenses			
	Expenses related to deposits, fee, commission etc.	23	3,761,443,369	4,885,297,253
	Charges on loan loss		-	-
	Administrative expenses	27	1,124,061,579	1,033,903,417
	Other operating expenses		-	-
	Depreciation and amortisation	36.1	117,237,463	116,307,599
			5,002,742,411	6,035,508,269
	Profit before provision		**2,203,369,204**	**1,679,584,285**
22.	**Interest income**			
	Interest income on loans and advances			
	Interest on lease finance		572,799,556	759,236,454
	Interest on long term loan		2,232,906,302	1,928,223,229
	Interest on short term loan		1,475,501,122	1,667,438,953
	Interest on channel finance		409,808,815	425,256,818
	Interest on mortgage finance		897,554,810	992,848,266
	Interest on secured retail loan		32,062,027	37,892,100
	Interest on auto loan		337,453,885	355,189,162
	Interest on staff loan		6,009,739	6,912,138
	Interest on personal loan		30,667,922	30,538,147
	Interest on consumer Finance		4,520,277	5,698,164
			5,999,284,455	6,209,233,431
	Interest income on balance with other banks and financial institutions			
	Interest on fixed deposits		421,506,111	556,060,014
	Interest on overnight and treasury placements		839,956	7,375,962
	Interest on STD accounts		122,875,197	129,628,280
			545,221,264	693,064,256
			6,544,505,719	**6,902,297,687**
23.	**Interest expense on deposits and borrowings etc.**			
	Interest expenses on term deposits		3,375,609,317	4,439,345,923
	Interest expenses on borrowings	23.1	385,834,052	445,951,330
			3,761,443,369	**4,885,297,253**

	Note	2021 Taka	2020 Taka
23.1 Interest expenses on borrowings			
Local banks and financial institutions			
Interest expenses on short term loan		91,615,003	105,896,254
Interest expenses on long term loan		140,530,259	151,499,015
Interest expenses on call borrowings		47,244,472	26,437,223
Interest expenses on bank overdrafts		11,173,333	16,926,428
Interest expenses on zero coupon bond		27,492,268	42,554,127
Interest expenses on Subordinated Bonds		67,778,717	102,638,283
		385,834,052	445,951,330
Foreign banks and financial institutions			
Interest expenses on long term lines of credit		-	-
		385,834,052	**445,951,330**
24. Investment income			
Dividend income			
Dividend income on cumulative preference shares		130,189,417	127,509,361
Dividend income on listed shares		15,318,921	429,865
Dividend income on un-listed shares		120,000	750,000
		145,628,338	128,689,226
Interest on treasury bills, bonds and debentures			
Interest income on Govt. treasury bonds		25,466,739	161,598,358
Interest income on corporate bonds		68,910,882	17,414,825
		94,377,621	179,013,183
Capital gain on sale of listed shares		60,153,228	-
Capital gain on Govt. treasury bonds		171,097,568	331,025,457
		325,628,417	510,038,640
		471,256,755	**638,727,866**
25. Commission, exchange and brokerage			
Application fee		453,839	197,185
Documentation fee		-	-
Processing fee		179,887,475	108,179,887
		180,341,314	**108,377,072**
26. Other operating income			
Transfer price/sale of leased assets		94,617	28,820
Other earnings		3,919,352	1,433,752
Recovery from written off loans		3,003,787	63,128,215
Gain/(loss) on sale of fixed assets	26.1	(9,929)	(2,375,753)
Income on forfeiture from provident fund *		3,000,000	3,474,895
		10,007,827	**65,689,929**

* We have recognized BDT 3,000,000 in 2021 and BDT 3,474,895 in 2020 as income on forfeiture from provident fund and kept tax provision at corporate tax rate amounting to BDT 1,125,000 in 2021 and BDT 1,303,085 in 2020 respectively thereon.

26.1 Gain/(loss) on sale of fixed assets

Some items of fixed assets which were impaired, sold or adjusted during the period as under:

	Note	2021 Taka	2020 Taka
Sale proceeds		6,791,444	10,963,049
Cost price of the sold/adjusted items		17,172,892	27,317,579
Accumulated depreciation		10,371,519	13,978,777
Written down value		6,801,373	13,338,802
Gain/(loss) on sale of fixed assets		**(9,929)**	**(2,375,753)**
27. Administrative expenses			
Salary and allowances	28	724,155,169	679,085,443
Rent, taxes, insurance, electricity, etc.	29	26,141,595	25,607,916
Legal expenses	30	53,091,369	36,685,799
Postage, stamp, telecommunications, etc.	31	12,695,159	11,554,138
Stationery, printing, advertisements, etc.	32	123,374,537	102,726,750
Managing Director's salary and allowances	33	16,430,807	13,695,000
Directors' fees	34	1,400,361	1,689,326
Auditors' fees	35	1,624,950	805,000
Repair and Maintenance	36.2	58,805,168	49,285,770
Other expenses	37	106,342,464	112,768,275
		1,124,061,579	**1,033,903,417**
28. Salary and allowances		**724,155,169**	**679,085,443**

28.1 Number of employees and remuneration thereof

As per the Schedule XI of the Companies Act, 1994, the number of employees (including contractual employees) engaged for the whole year or part thereof who received a total remuneration of Taka 36,000 per annum or Taka 3,000 per month were 1,032 at the end of 31 December 2021 as against 936 in 2020.

29. Rent, taxes, insurance, electricity, etc.

	2021 Taka	2020 Taka
Office rent*	3,509,797	4,181,492
Rates and taxes	249,480	249,480
Insurance	11,369,041	11,013,401
Utilities - electricity, gas, water, etc.	11,013,277	10,163,543
	26,141,595	**25,607,916**

* Actual office rent payment during the period ended 31 December 2021 was BDT 40,240,349 (excluding VAT). Due to the adoption of IFRS 16, rental expenses is charged as depreciation of Right of Use (ROU) Assets of BDT 28,351,349 and interest expenses of BDT 7,770,977. The reported office rent expenses only include VAT payment on rent.

30. Legal expenses

	2021 Taka	2020 Taka
Professional fees	45,488,800	26,582,356
Legal document, court fees, etc.	7,397,777	9,412,168
Legal Notice Publication	204,792	691,275
	53,091,369	**36,685,799**

	Note	2021 Taka	2020 Taka
31. Postage, stamp, telecommunications, etc.			
Postage, stamps etc.		2,019,032	1,703,790
Telephone		4,022,381	4,361,239
Internet expenses		6,653,746	5,489,109
		12,695,159	**11,554,138**
32. Stationery, printing, advertisements etc.			
Printing expenses		10,145,069	6,100,177
Stationery Expenses		2,225,034	2,102,736
Publicity and advertisement		104,932,768	91,190,689
Promotional expense		6,071,666	3,333,148
		123,374,537	**102,726,750**
33. Managing Director's salary and allowances			
Basic salary		8,987,903	7,500,000
House rent allowance		1,198,065	960,000
Medical allowance		598,065	360,000
Festival bonus		1,500,000	1,250,000
Performance bonus		1,000,000	1,000,000
Leave fare assistance		1,497,984	1,250,000
Company's contribution to provident fund		898,790	750,000
Gratuity		750,000	625,000
		16,430,807	**13,695,000**
34. Directors' fees			
Honorarium for attending meeting		950,400	985,600
Incidental expenses for attending meeting		449,961	703,726
		1,400,361	**1,689,326**

Directors' fees include fees for attending the meetings of the Board, Executive Committee and Audit Committee. Each director was remunerated Tk. 8,000 per meeting in accordance with Bangladesh Bank's DFIM circulars number 13 and 03 dated 30 November 2015. In addition, as per policy the Company also bears travelling, accommodation and other related costs of directors who attend Board Meeting from overseas.

	Note	2021 Taka	2020 Taka
35. Auditors' fees			
Auditors' remuneration for interim audit		575,000	-
Auditors' remuneration for annual audit		632,500	598,000
Auditors' remuneration for involvement in interim audit of information risk management		172,500	-
Auditors' remuneration for involvement in annual audit of information risk management		244,950	207,000
		1,624,950	**805,000**
36. Depreciation and repair of assets			
Depreciation and amortisation	36.1	117,237,463	116,307,599
Repair and maintenance	36.2	58,805,168	49,285,770
		176,042,631	**165,593,369**

	Note	2021 Taka	2020 Taka
36.1 Depreciation and amortisation			
Building		2,659,958	2,659,958
Motor vehicles		15,672,818	15,691,435
Furniture and fixture		7,644,693	6,996,912
Equipment and appliances		33,012,903	30,648,428
Software		29,895,742	29,129,240
Depreciation on lease rental *		28,351,349	31,181,626
		117,237,463	**116,307,599**

Details are shown in Annexure - A

* In accordance with IFRS 16, lease rental are now capitalized and related depreciation is shown above.

	Note	2021 Taka	2020 Taka
36.2 Repair and maintenance			
Office premises		31,915	10,597
Vehicles - fuel		11,880,030	10,710,136
Vehicles - repair and maintenance		8,875,075	6,870,595
Office furniture, fixture and equipment		38,018,148	31,694,442
		58,805,168	**49,285,770**
37. Other expenses			
Staff training		4,325,284	8,697,454
Membership fees, subscription and donations		15,399,145	31,662,728
News papers, periodicals, learning materials etc.		41,923	216,675
Recruitment expenses		1,701,055	719,951
Traveling, conveyance and hotel expenses		17,069,949	9,072,864
Entertainment and public relation		8,040,187	5,127,469
Annual General Meeting expenses		6,788,073	7,894,619
Security and cleaning services		10,883,118	11,473,495
Sundry office maintenance		26,242,157	25,097,699
Bank charges		7,972,557	6,599,175
Finance charge on lease rental		7,770,977	6,085,786
Other operational expenses		108,039	120,360
		106,342,464	**112,768,275**
38. Provision for loans, advances and leases			
Provision for classified loans, advances and leases		646,658,094	(13,381,898)
Provision for unclassified loans, advances and leases		26,474,720	491,521,501
		673,132,814	**478,139,603**
39. Provision for diminution in value of investment			
Quoted shares		10,138,960	-
Unquoted shares		-	-
Redeemable preferance shares		(1,490,000)	176,667
Corporate bonds		5,339,752	(153,273)
Total provision made for investments		13,988,712	23,394
		13,988,712	**23,394**

	Note	2021 Taka	2020 Taka
40. Provision for deferred tax expense/ (income)		-	-
Expense on deductible temporary differences		285,636	(4,396,408)
Expense/(income) on taxable temporary differences		-	-
Revaluation adjustment of previous year through deferred tax		**285,636**	**(4,396,408)**

41. Earnings per share (EPS)

Basic earnings per share has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year ended December 31, 2021 as per IAS 33: Earnings per share.

	2021 Taka	2020 Taka
Net profit after tax	881,059,536	705,564,611
Weighted average number of outstanding shares	371,091,547	371,091,547
Basic earning per share	**2.37**	**1.90**

Diluted Earnings Per Share (DEPS)

No DEPS is required to be calculated since there was no scope for dilution of share during the period under review.

42. Board meetings

During the year ended 31 December 2021 a total of 7 (seven) Board Meetings were held against 7 (seven) in the year 2020.

43. Net asset value (NAV) per share

	2021 Taka	2020 Taka
Net asset	6,353,028,643	6,063,432,063
Number of outstanding shares	371,091,547	371,091,547
Net asset value (NAV) per share	**17.12**	**16.34**

44. Net operating cash flows per share (NOCFPS)

	2021 Taka	2020 Taka
Net operating cash flows	(2,412,269,639)	7,636,652,477
Number of outstanding shares	371,091,547	371,091,547
Net operating cash flows per share (NOCFPS)	**(6.50)**	**20.58**

45. Events after the balance sheet date

The Board of Directors of the Company in its 198th meeting held on 28 February 2022 recommended 12% (twelve percent) cash dividend.

46. Disclosure on Audit Committee of the Board

The Audit Committee of the Board was duly constituted by the Board of Directors of the Company in accordance with DFIM Circular No. 13 dated 26 October 2011 of Bangladesh Bank as well as Bangladesh Securities and Exchange Commission Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018. The Audit Committee of the Board of Directors as on 31 December 2021 consisted of the following members of the Board:

Sl. no.	Name	Status with the company	Status with the committee	Educational qualification
i)	Ms. Sonia Bashir Kabir	Independent Director	Chairman	Masters of Business of Administration (MBA) from Santa Clara University, USA Bachelor of Science from California State University, USA
ii)	Professor Shah Md. Ahsan Habib, Ph.D	Independent Director	Member	Ph.D. from Banaras Hindu University, India under BHU Research Scholarship Post-Doctoral Fellowship on Green Banking from Syracuse University, USA under Senior Fulbright Scholarship
iii)	Mr. Md. Nurul Alam	Director	Member	Master of Science in Physics from University of Dhaka, Bangladesh.
iv)	Mr. Syed Abdul Muntakim	Director	Member	Member (ACMA) of the Chartered Institute of Management Accountants (CIMA), UK Chartered Global Management Accountant (CGMA) of the Association of International Certified Public Accountants, a joint accounting association of AICPA, USA, and CIMA in the UK B.Com from National University
v)	Ms. Nahreen Rahman	Director	Member	Master of Science in Economics from North South University, Dhaka, Bangladesh Bachelor of Science in Economics from North South University, Dhaka, Bangladesh

The Company Secretary acts as Secretary of Audit Committee.

The Audit Committee of the Board conducted 6 (Six) meetings from 1 January 2021 to 31 December 2021 in which among others, the following salient issues were discussed:

a) The Committee reviewed periodical inspection reports on credit assessment, operational, financial procedure and branch operations of the Company conducted and submitted by the Internal Auditors and gave necessary instructions to the Management for proper and prompt resolution of the irregularities/objections stated therein;

b) The Committee reviewed the Risk Based Internal Audit & Compliance Plan for the year 2022;

c) The Committee reviewed the audited financial statements for the year ended 2020 and after discussion with the external auditors, recommended it to the Board of Directors for its approval;

d) The Committee reviewed the management letter issued by the external auditors for the year ended 2020 and management's responses thereto;

e) The Committee also reviewed the first quarter, half-year and third quarter ended financial statements for the year 2021 and recommended them to the Board of Directors for their approvals;

f) The Committee reviewed and ascertained whether the internal control system including financial and operational controls, accounting system, and reporting structure are adequate and effective or not;

g) The Committee reviewed the actions taken by the Management for implementation of Audit Committee observations on issues deliberated in Audit Committee meetings;

h) The Committee recommended regarding appointment of external auditors and corporate governance auditors of the Company for the year 2021;

i) The Committee reviewed Management's response on Bangladesh Bank's comprehensive inspection report on the financials as of December 31, 2019;

j) The Committee reviewed Auditor's Certificate on Compliance of Corporate Governance Code for the year 2020;

k) The Committee placed its report regularly to the Board of the Company for review and monitoring the activities with recommendations on internal control system, compliance of rules and regulation of the regulatory bodies; and

l) The Committee reviewed Management's Discussion and Analysis before disclosing it in Annual Report 2020.

47. Related party/(ies) disclosure

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decision and include associated companies with or without common directors and key management personnel. The Company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per IAS 24: Related Party Disclosures. Transactions with related parties were executed on the same terms, including interest rates as those prevailing at the time for comparable transactions with normal business transactions with others and do not involve more than a normal risk.

Details of related party/(ies) transactions are as follows:

Figures in Taka

Related party	Relationship	Nature of transaction	31 Dec 2020	Inflow/ Repayment	Outflow/ Disbursement/ Encashment	Accrued	31 Dec 2021
BRAC	Sponsor shareholder of IPDC	Term Deposit	729,855,403	1,348,000,000	775,681,781	45,826,378	1,348,000,000
Brac University	Related concern of BRAC	Term Deposit	342,694,201	6,559,145	356,326,013	13,631,812	6,559,145
JPGSPH, Brac University	Related concern of BRAC	Term Deposit	208,258,500	7,388,464	-	-	215,646,964
BIGD, Brac University	Related concern of BRAC	Term Deposit	32,910,750	-	17,286,617	2,166,715	17,790,848
BFSF (Brac-Ford Scholarship Fund), Brac University	Related concern of BRAC	Term Deposit	139,556,250	-	148,896,297	9,340,047	-
Sufia Khatun Foundation	Related concern of BRAC	Term Deposit	22,005,490	27,950,000	17,619,442	1,507,832	33,843,879
BRACNet Limited	Related concern of BRAC	Term Deposit	277,384,939	20,000,000	-	18,301,310	315,686,249
BRACNet Limited Employees Gratuity Fund	Related concern of BRAC	Term Deposit	20,092,609	1,509,038	-	-	21,601,647
BRACNet Limited Employees Provident Fund	Related concern of BRAC	Term Deposit	18,540,818	-	-	1,517,804	20,058,623
BRAC IT Services Employees Gratuity Fund	Related concern of BRAC	Term Deposit	11,358,223	-	-	664,321	12,022,544
BRAC Provident Fund	Related concern of BRAC	Term Deposit	1,140,290,378	610,000,000	1,140,290,378	-	610,000,000
Education Trust Fund	Related concern of BRAC	Term Deposit	1,570,130,836	1,860,117,500	453,751,807	116,067,735	3,092,564,264
Guardian Life Insurance Limited	Mr. Shameran Abed and Mr. Sameer Ahmad being Director and BRAC being	Term Deposit	30,000,000	26,740,000	-	-	56,740,000
		Group life insurance premium	327,846	-	327,846	-	-
BRAC Bank Limited	Related concern of BRAC	Term Deposit	700,000,000	2,300,000,000	-	-	3,000,000,000
		Short Term Lending	200,013,889	-	200,013,889	-	-
BRAC EPL Stock Brokerage Employee Provident Fund	Related concern of BRAC Bank Limited	Term Deposit	12,235,125	-	4,103,448	441,465	8,573,142
BRAC EPL Stock Brokerage Employee Gratuity Fund	Related concern of BRAC Bank Limited	Term Deposit	-	4,078,375	14,034	220,675	4,285,016
RSA Capital Employees Provident Fund	Related concern of RSA Capital	Term Deposit	6,028,983	-	-	146,819	6,175,802
Lady Syeda Sarwat Abed	Founder and director of the BRAC Institute of Languages (BIL), Brac University, Spouse of Sir Fazle Hasan Abed	Term Deposit	12,998,073	11,709,104	9,383,500	635,846	15,959,523
Shameran Bahar Abed	Director of BRAC	Term Deposit	20,000,000	-	20,000,000	-	-
Asif Saleh	Executive Director of BRAC	Term Deposit	2,000,000	-	-	-	2,000,000
Tamara Hasan Abed	Member of the Board of Directors of IPDC	Term Deposit	88,000,000	-	73,564,000	3,564,000	18,000,000
Sk. Jenefa Khanom Jabbar	Director of BRAC	Term Deposit	-	38,000,000	4,100,500	100,500	34,000,000
Md. Abdul Karim	Chairman of IPDC	Term Deposit	3,300,000	500,000	-	-	3,800,000
Tania Sharmin	Daughter of Chairman Md. Abdul Karim	Term Deposit	201,045	242,508	-	-	443,553
Shaheda Karim Chowdhury	Spouse of Chairman Md. Abdul Karim	Term Deposit	120,209	242,508	-	-	362,717
Nahreen Rahman	Member of the Board of Directors of IPDC	Term Deposit	-	11,500,000	-	-	11,500,000
Shahnaz Rahman	Mother of Director Nahreen Rahman	Term Deposit	8,000,000	-	-	-	8,000,000
Najmul Hasan Zahed	Related concern of BRAC	Term Deposit	10,000,000	9,245,813	-	970,750	20,216,563
Mr. Mominul Islam	Managing Director & CEO of IPDC	Term Deposit	520,000	60,000	-	-	580,000
		Home Loan	5,101,223	1,104,000	-	189,493	4,186,716
Benazir Huq	Spouse of Managing Director & CEO	Term Deposit	8,084,089	-	7,680,923	311,306	714,472
		Term Deposit	7,412,187	8,908,308	-	1,496,120	-
Fauzia Binte Ahmed	Mother-in-law of Managing Director & CEO	Term Deposit	5,460,974	850,000	-	188,334	6,499,308

48. Directors information

48.1 Name of the Directors and the entities in which they have interested as at 31 December 2021

Sl. no.	Name	Status with the IPDC		Firms/companies in which they have interest	
		Position	Nominated by	Name	Position
i)	Mr. Md. Abdul Karim	Director	BRAC	Bangladesh Chemical Society	President
				Chittagong University Alumni Association	President
				Bangladesh Scouts Foundation	President
				Bangladesh Deaf Sports Federation	President
				Asian University for Women, Chottogram	Member, Advisory Board
				UCEP Bangladesh	Executive Director
				Allama Rumi Society	President
ii)	Mr. Md. Nurul Alam	Director	GoB	Nil	Nil
iii)	Mr.Mohammad Manzarul Mannan	Director	GoB	Bangabandhu Sheikh Mujib Medical University (BSMMU)	Member, Finance Committee
				Institute of Chartered Secretaries of Bangladesh (ICSB)	Member, Research & Development Committee
				Chittagong Medical University (CMU)	Syndicate Member
iv)	Ms. Nahreen Rahman	Director	Bluechip Securities Limited	Bluechip Securities Limited	Director
v)	Mr. Syed Abdul Muntakim	Director	Ayesha Abed Foundation	BRAC International Finance B.V	Director
				BRAC Tanzania Finance Ltd.	Director
				BRAC Myanmar Microfinance Company Ltd.	Director
				BRAC Liberia Microfinance Company Ltd.	Director
				BRAC Microfinance Sierra Leone Ltd.	Director
				BRAC Rwanda Microfinance Company plc	Director
				Brac Enterprises Tanzania Limited	Director
				Brac Social Business Enterprises Uganda Limited	Director
				Brac Afghanistan	Director
				Brac Myanmar	Director
				Brac Maendeleo Tanzania	Director
				Brac Uganda	Director
				Brac South Sudan	Director
				Brac Sierra Leone	Director
				Brac Liberia	Director
vi)	Ms. Sonia Bashir Kabir	Independent Director	N/A	SBK Tech Ventures	Managing Director
				SBK Foundation	Vice Chairman
vii)	Ms.Tamara Hasan Abed	Director	BRAC	BRAC Enterprises	Managing Director
				BRAC University	Chairperson
				BRAC Services Ltd.	Chairman
				Bangladesh Netting Factory Ltd.	Chairman
				BARC Kaiyacherra Tea Company Limited	Chairman
				BRAC Industries Ltd.	Chairman
				Ayesha Abed Foundation	Chairman
				Education Trust Fund	Chairman
				Aminul Alam Trust Fund	Chairman
				Sufia Khatun Foundation	Chairman
				Shilu Abed Memorial Trust	Trustee
				BRAC EPL Investments Limited	Director
				BRAC EPL Stock Brokerage Ltd.	Director
				edotco (BD) Co. Ltd	Director
				Mayalogy Ltd	Director
viii)	Mr. Tushar Bhowmik	Director	BRAC	BRAC Services Limited	Managing Director
				BRAC Industries Limited	Managing Director
				edotco (BD) Co. Ltd	Director
				BARC Kaiyacherra Tea Company Limited	Director
ix)	Dr. Shah Md. Ahsan Habib	Independent Director	N/A	Dnet	Member
				ICC, Bangladesh Banking Commission	Member
				Asia-Pacific Risk professional Association (ARPA)	Member
				Greentech Foundation	Member
				Valor of Bangladesh	Trustee
				Equinox Ltd.	Director
x)	Mr. Sameer Ahmad	Director	RSA Capital Ltd.	RSA Capital Ltd.	Managing Director
				RSA Avation Ltd	Chairman
				RSA Advisory Ltd.	Chairman
xi)	Mr. Mominul Islam	Managing Director & CEO	Ex-officio	None	N/A

48.2	Significant contracts in which the Company, its subsidiary or any fellow subsidiary company was a party and wherein the Directors have interest that subsisted at any time during the year or at the end of the year.	None
48.3	Shares issued to Directors and Executives without consideration or exercisable at discount	None
48.4	Nature, type and elements of transactions with the related party	Note: 47
48.5	Lending policies in respect of related party:	
	a) Amount of transactions regarding loans & advances, deposits, guarantees and commitment	Note: 47
	b) Amount of provision against loans and advances given to related party (general provision)	BDT 41,867
	c) Amount of guarantees and commitments arising out of the statement of affairs	None
48.6	Investments in securities of the Directors and their related concerns	None

Annexure - A

Fixed assets including land, building, furniture and fixture

Figures in Taka

Category of asset	Cost/Valuation						Depreciation/Amortisation				
	Balance as at 1 January 2021	Revaluation reserve	Addition during the period	Adjustment during the period	Disposal during the period	Balance as at 31 December 2021	Balance as at 1 January 2021	Charged during the period	Adjustment during the period	Balance as at 31 December 2021	Carrying amount as at 31 December 2021
Land	279,435,033	-	-	-	-	279,435,033	-	-	-	-	279,435,033
Building	90,474,767	-	-	-	-	90,474,767	5,319,916	2,659,958	-	7,979,874	82,494,893
Motor vehicles	79,748,357	-	27,305,650	-	17,040,892	90,013,115	36,785,802	15,672,818	(10,328,252)	42,130,368	47,882,747
Furniture and fixture	83,019,423	-	13,604,809	0	-	96,624,232	45,437,927	7,644,693	-	53,082,620	43,541,612
Equipment and appliances	223,391,101	-	34,298,017	5	132,000	257,557,124	128,966,097	33,012,903	(43,267)	161,935,734	95,621,390
Software	173,871,850	-	25,641,125	-	-	199,512,975	60,711,079	29,895,742	2,365,380	92,972,201	106,540,774
Capital work in progress - Software	28,724,125	-	27,367,444	(38,888,450)	-	17,203,119	-	-	-	-	17,203,119
ROU-Assets for lease rent	149,361,198	-	34,057,562	(1,175,947)	10,226,214	172,016,598	54,228,889	28,351,349	(3,087,213)	79,493,025	92,523,573
Balance as at 31 December 2021	**1,108,025,854**	**-**	**162,274,607**	**(40,064,392)**	**27,399,106**	**1,202,836,963**	**331,449,711**	**117,237,463**	**(11,093,352)**	**437,593,822**	**765,243,141**

Category of asset	Cost/Valuation						Depreciation/Amortisation				
	Balance as at 1 January 2020	Revaluation reserve	Addition during the period	Adjustment during the period	Disposal during the period	Balance as at 31 December 2020	Balance as at 1 January 2020	Charged during the period	Adjustment during the period	Balance as at 31 December 2020	Carrying amount as at 31 December 2020
Land	279,435,033	-	-	-	-	279,435,033	-	-	-	-	279,435,033
Building	90,474,767	-	-	-	-	90,474,767	2,659,958	2,659,958	-	5,319,916	85,154,851
Motor vehicles	85,289,215	-	18,459,142	-	24,000,000	79,748,357	34,144,366	15,691,435	(13,049,999)	36,785,802	42,962,555
Furniture and fixture	77,676,494	-	8,311,020	-	2,968,091	83,019,423	39,217,752	6,996,912	(776,737)	45,437,927	37,581,495
Equipment and appliances	204,159,323	-	19,581,266	-	349,488	223,391,101	98,469,710	30,648,428	(152,041)	128,966,097	94,425,003
Software	173,871,850	-	-	-	-	173,871,850	29,216,459	29,129,240	2,365,380	60,711,079	113,160,771
Capital work in progress - Software	-	-	28,724,125	-	-	28,724,125	-	-	-	-	28,724,125
ROU-Assets for lease rent	106,001,933	-	51,042,893	(7,683,628)	-	149,361,198	25,625,712	31,181,626	(2,578,449)	54,228,889	95,132,309
Balance as at 31 December 2020	**1,016,908,615**	**-**	**126,118,446**	**(7,683,628)**	**27,317,579**	**1,108,025,854**	**229,333,957**	**116,307,599**	**(14,191,846)**	**331,449,711**	**776,576,142**

Annexure - B

Reconciliation of Net Profit with Cash Flows from Operating Activities

	2021	2020
	Taka	Taka
Net profit after tax	**881,059,536**	**705,564,611**
Adjustments for non-cash items:		
Add: Depreciation expenses	117,237,463	116,307,599
Add: Adjustment for ROU Lease Rent	(26,600,911)	(25,796,528)
Add: Provision for loans, advances and investments	700,041,160	478,162,997
Less: Income on forfeiture of provident fund	3,000,000	(3,474,895)
Add: Loss on sale of fixed assets	9,929	1,794,190
Add/(Less): Accrued expenses	(74,823,303)	(255,322,712)
Add/(Less): Accrued income	9,907,021	59,419,603
Add/(Less): Provision for Current Tax	621,982,872	500,253,085
Add/(Less): Deferred Tax	285,636	(4,396,408)
	2,232,099,403	**1,572,511,542**
Changes in operating assets and liabilities		
(Increase)/Decrease in Loans and advances to other banks	(374,744,907)	(15,360,299)
(Increase)/Decrease in Loans and advances to customers	(11,342,808,654)	(2,868,553,999)
(Increase)/Decrease in Other assets	(45,993,361)	27,334,056
Increase/(Decrease) in Deposits from other banks and financial institutions	784,481,239	230,000,000
Increase/(Decrease) in Deposits from customers	7,164,441,785	5,864,984,663
Increase/(Decrease) in Trading liabilities	(671,760,497)	2,807,296,815
Increase/(Decrease) in Payable and accrued expenses	(1,081,913)	(11,460,594)
Increase/(Decrease) in Interest suspense	140,649,894	318,174,504
Increase/(Decrease) in Other liabilities	75,681,946	19,274,900
Payment of Corporate tax	(373,234,574)	(307,549,111)
Cash received/(paid) from operating assets and liabilities	**(4,644,369,042)**	**6,064,140,935**
Net cash from operating activities	**(2,412,269,639)**	**7,636,652,477**

Annexure - C

Highlights on the overall activities of the Company as at and for the period ended 31 December 2021 and 31 December 2020

Sl. no.	Particulars	2021	2020
1	Paid up capital (Taka)	3,710,915,470	3,710,915,470
2	Total capital (Taka)	6,353,028,643	6,063,432,063
3	Capital surplus (Taka)	2,711,109,669	3,333,251,618
4	Total assets (Taka)	84,972,593,995	75,969,433,159
5	Total deposits (Taka)	60,405,264,987	52,456,341,963
6	Total loans and advances (Taka)	65,327,246,605	53,609,693,044
7	Total contingent liabilities and commitments (Taka)	35,897,774	49,404,949
8	Credit to deposit ratio	1.1:1	1:1
9	Percentage of classified loans against total loans, advances	3.15%	1.38%
10	Net profit after tax and provision (Taka)	881,059,536	705,564,611
11	Amount of classified loans and advances at the end of the period/year (Taka)	2,056,181,145	741,997,199
12	Provisions kept against classified loan (Taka)	861,259,080	214,600,986
13	Provisions surplus against classified loan (Taka)	350,087,019	528,237,156
14	Cost of fund	6.00%	8.85%
15	Interest earning assets (Taka)	81,575,096,792	72,811,229,029
16	Non-interest earning assets (Taka)	3,397,497,203	3,158,204,130
17	Return on investment (ROI)	14.20%	12.12%
18	Return on asset (ROA)	1.10%	1.01%
19	Income from investment (Taka)	471,256,755	638,727,866
20	Earning per share (Taka)	2.37	1.90
21	Net income per share (Taka)	2.37	1.90
22	Price earning ratio (Times)	16.23	14.52

Notes

IPDC FINANCE LIMITED

PROXY FORM

I .... of .... being member of IPDC Finance Limited, hereby appoint Mr./Ms. .... of .... as my proxy to attend and vote for me and on my behalf at the 40th Annual General Meeting of the Company to be held virtually by using digital platform on Sunday, 17 April 2022 at 11:00 a.m. or at any adjustment thereof.

Signed this ....

Signature of Proxy ....

Day of ...., 2022

Revenue Stamp
Tk 20.00

Signature of Shareholder

BO ID

No. of Shares ....

N.B. Important
1. This Proxy Form, duly completed, must be deposited at least 48 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as explained above.
2. Signature of the shareholders should agree with the specimen signature registered with the Company.

IPDC FINANCE LIMITED

ATTENDANCE SLIP

I hereby record my attendance at the 40th Annual General Meeting of the Company being to be held virtually by using digital platform on Sunday, 17 April 2022 at 11:00 a.m.

Name of Member/Proxy ....

BO ID

Signature ....

Date ....

N.B. Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and deposit the same at the registration counter on the day of the meeting.

IPDC FINANCE
জাগো উচ্ছ্বাসে

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