

OVERCOMING THE DARK MAKING THE MARK



Annual Report 2020
IPDC Finance Limited

*An unprecedented year, myriad inevitable challenges
Bestowed with the responsibility of our nation and its people
Our roles became evident, our strengths became stark
Consistently rising with the strength of our roots,
Through which we overcame the dark and made the mark.*

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 2020.

Dear Sirs:

Please find enclosed, a copy of the Annual Report along with the Audited Financial Statements including Balance Sheet as of 31 December 2020 and Income Statements, Cash Flow Statement and Statement of Changes in Equity for the year ended 31 December 2020 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 39TH ANNUAL GENERAL MEETING OF IPDC

Notice is hereby given that the 39th Annual General Meeting (AGM) of the shareholders of IPDC Finance Limited will be held virtually by using digital platform through the following link <https://ipdcagm2021.bdvirtual.com> (in pursuant to BSEC Directive No. BSEC/CMRRCD/2009-193/08 dated 10 March 2021) on Sunday 04 April 2021 at 9:30 a.m. (AGM venue will be notified later on) 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 2020;
02. To declare dividend for the year ended 31 December 2020;
03. To elect/re-elect Directors;
04. To appoint the Auditor and to fix their remuneration;
05. To appoint the Corporate Governance Auditor and to fix their remuneration;
06. To confirm the re-appointment of Mr. Mominul Islam as Managing Director & CEO of IPDC;
07. To confirm the appointment of (a) Mr. Mominur Rahman as Nominee Director of GoB, (b) Mr. Syed Abdul Muntakim as Nominee Director of Ayesha Abed Foundation (c) Dr. Shah Md. Ahsan Habib as Independent Director replacing Mr. Mohammad Mamdudur Rashid;
08. To transact any others business (if any) with the permission of the chair.

By order of the Board



Samiul Hashim
Company Secretary

Dated: 12 March 2021

Notes:

1. Shareholders whose names appeared in the Members/Depository Register as on "Record Date" i.e. 11 March 2021 are eligible to attend and vote in the Annual General Meeting (AGM) and to receive the dividend as declared in the AGM.
2. The Company Secretary and IT Support will be situated at Company's Head Office, Hosna Centre (4th Floor), 106 Gulshan Avenue, Dhaka-1212 during meeting for overall coordination.
3. 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 2020, Proxy Form and Notice of 39th 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 2020 and Proxy Form will also be available on the Investor Relations section of the Company's website at: www.ipdcdbd.com.
4. The entire log in process to participate in the virtual meeting along with link are also available in Company's website www.ipdcdbd.com. Detail log in process has been sent through email/SMS to respective shareholder's email ID/mobile number available in their BO Account Maintained with the depository.
5. The shareholders will be able to submit their questions/comments and attendance 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 input their 16 Digit Beneficial Owner (BO) ID Number/ Folio No., Name of shareholders and No. of shares and others credential as proof to their identity by visiting the link <https://ipdcagm2021.bdvirtual.com>.
6. Shareholders are requested to log the system prior to the meeting start time of 9:30 a.m. on 04 April 2021. The webcast will start at 9:15 a.m. of 04 April 2021. For any IT related guidance in this regard Members may contact at cell numbers: +880 01713-076765 & +880 01711-166131.
7. Shareholders entitled to attend and vote at the AGM may appoint a proxy to attend and vote in his/her stead. The "Proxy Form", duly filled, signed and stamped at BDT 20/- must be sent through email to cs@ipdcdbd.com atleast 48 hours before commencement of the 39th AGM.



MAKING
THE MARK |

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Overview

This section is designed to help you understand IPDC and its values. It elaborates on how the company came to be, where it stands today, its successes and milestones along the way and the people who made it happen

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Manufactured Capital

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THIS IS IPDC



WHO WE ARE

"We strive to be the most passionate financial brand in the country that goes beyond the pursuit of financial inclusion of its customers and enable them to live unbound."

With an unprecedented journey of 39 years, IPDC 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 heart of the earth. Considering freedom to be not a destination but a journey, when the post war dire straits struck the country, much assistance was needed to realize the visions of the 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 many 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 special focus on youth, women and underserved areas with a mission to enable customers and communities to rise unbound and to live to their fullest potential. We expect to realize this ambition by extending innovative financial solutions in a friendly, timely, transparent and cost-effective manner. Product and services are offered by IPDC through its growing branch 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 and consumer white goods financing under Project EZ.

WHERE WE OPERATE



WHERE WE OPERATE

We have 12 branches including Head Office Branch situated in Gulshan, Motijheel, Dhanmondi, Uttara, Chattogram, Bogura, Gazipur, Narayanganj, Sylhet, Mymensingh, Jashore and Cumilla.

+2,548
14,780
CUSTOMERS



+732
3,408
FEMALE CUSTOMERS



+292
1,940
HOME LOANS



-9
845
EMPLOYEES



+5.7%
53,610
LOANS AND ADVANCES



+16.5%
41,381
DEPOSITS



+30.7%
2,830
REVENUE



+25.4%
706
NET PROFIT

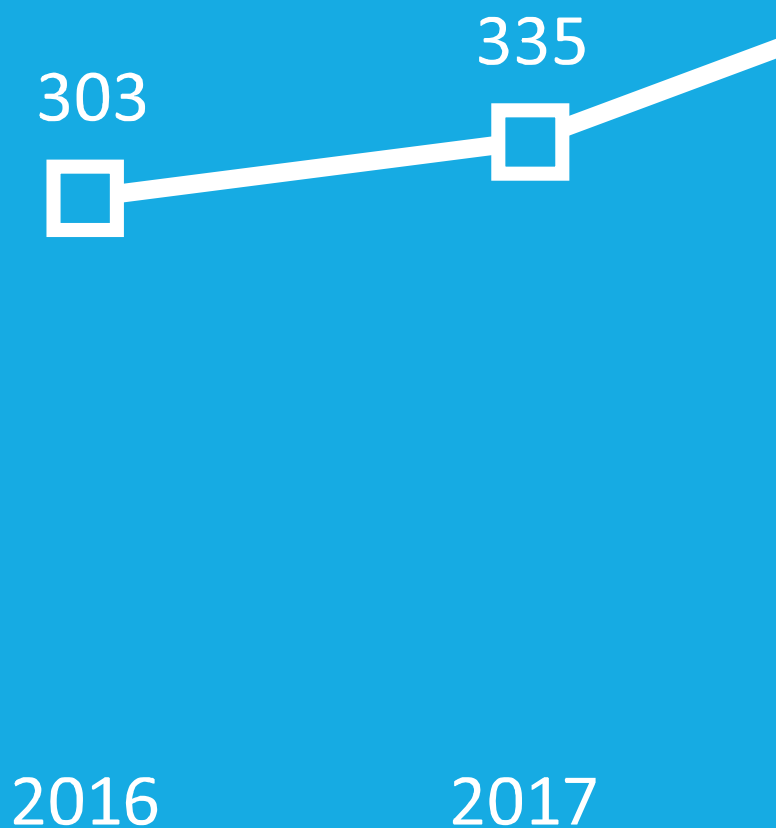


BDT mn, %

#

0% NET P GROW

Despite the economic challenges due to the Covid-19 pandemic, IPDC achieved an impressive net profit growth of 25.4%. Since 2016, IPDC has achieved a net profit growth of 2.3 times.



ROFIT TH

450

562

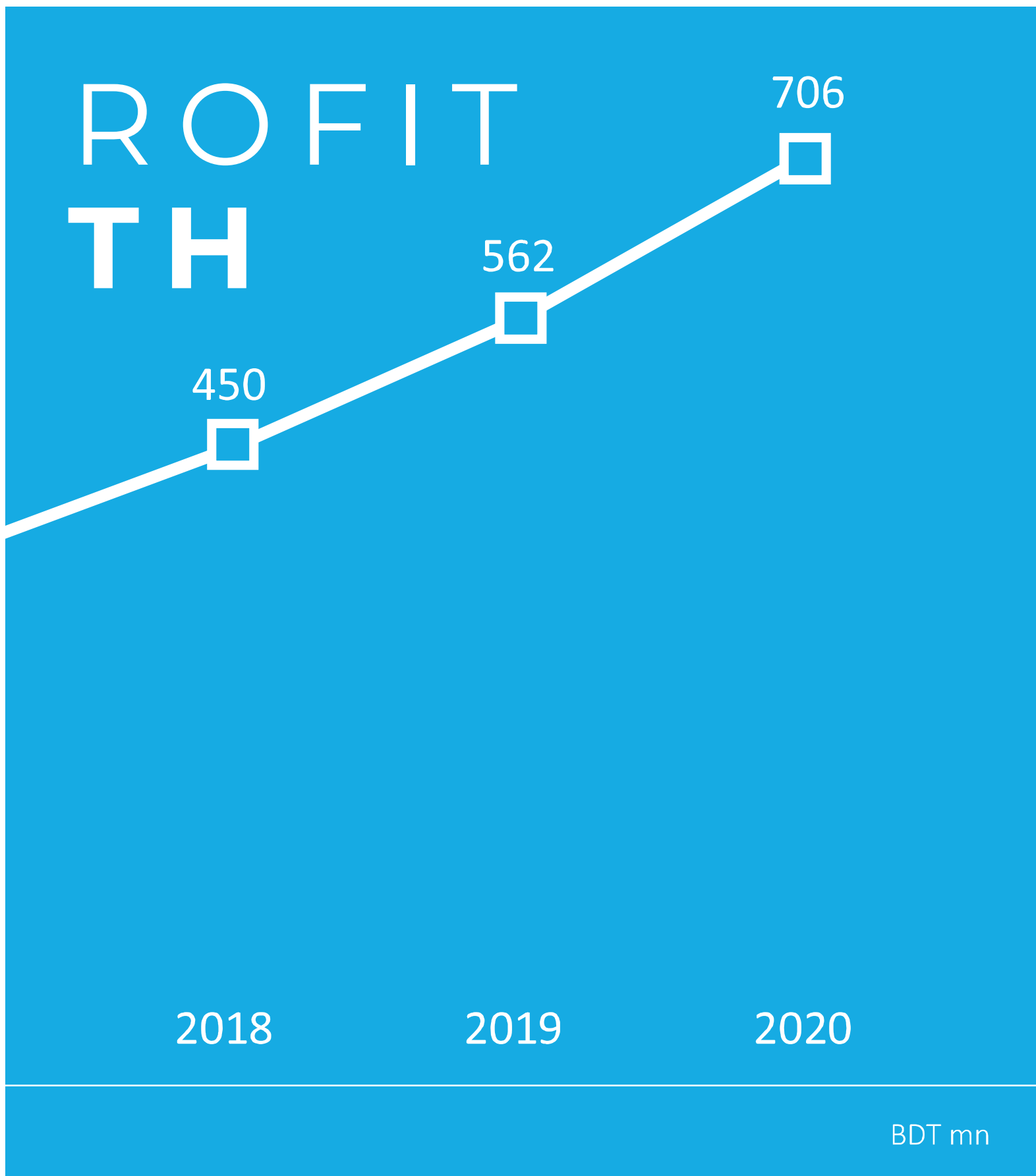
706

2018

2019

2020

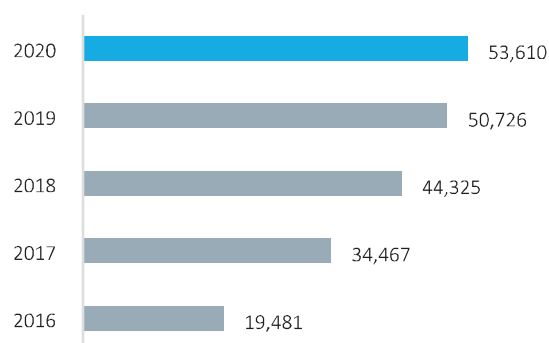
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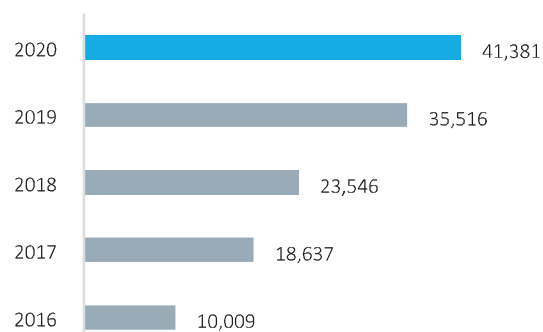
PERFORMANCE AT A GLANCE

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Loans and Advances

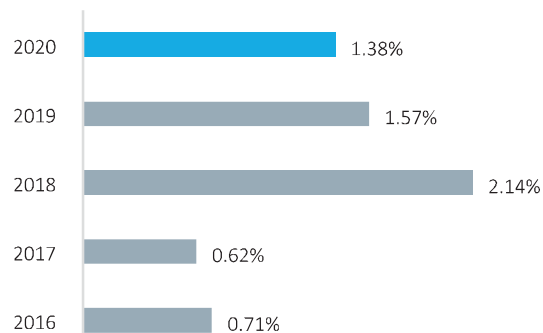


Customer Deposits

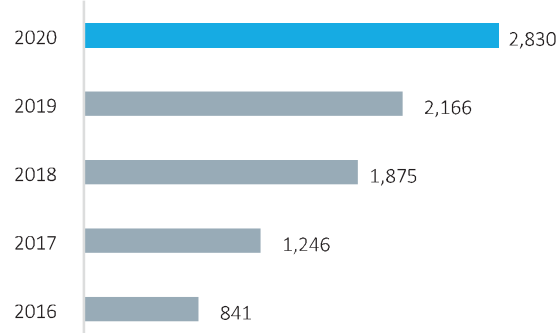


*Customer Deposit does not include deposits from banks and FIs

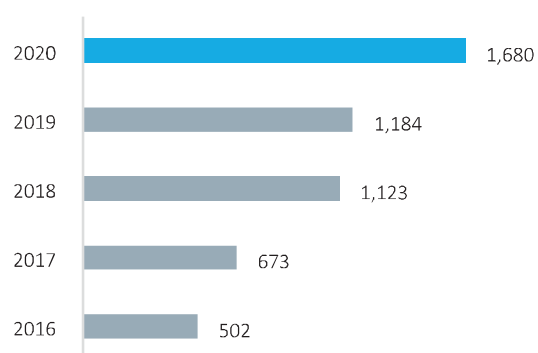
Classified Loan Ratio



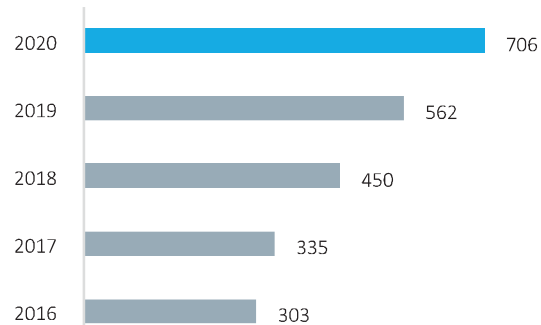
Revenue



Operating Profit

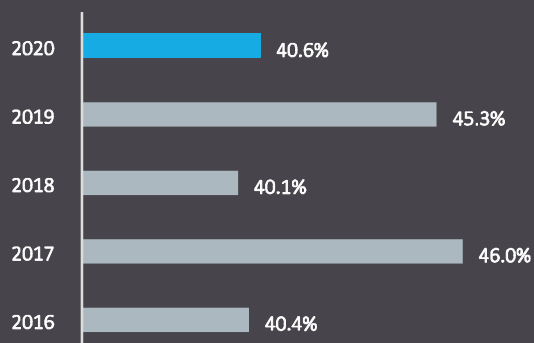


Profit After Tax

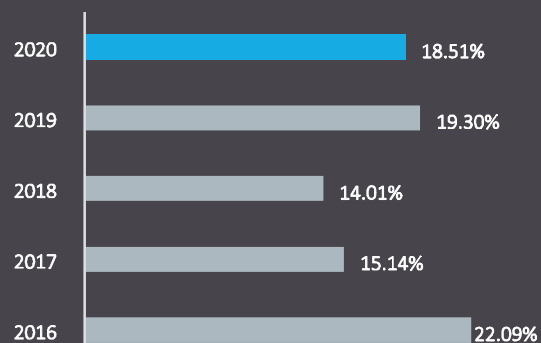


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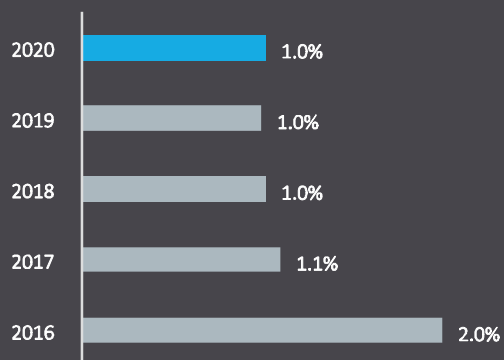
Cost to Income



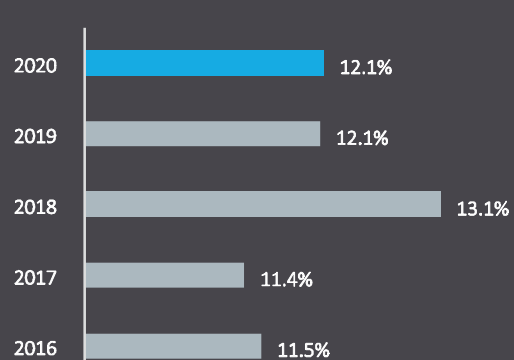
Capital Adequacy Ratio



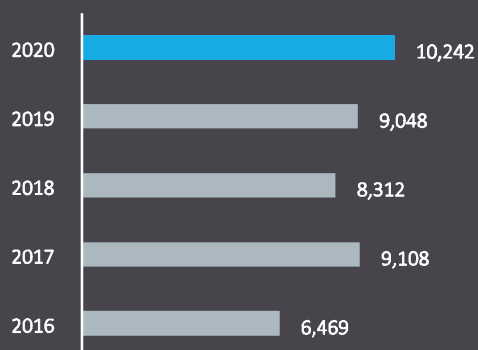
Return on Asset (ROA)



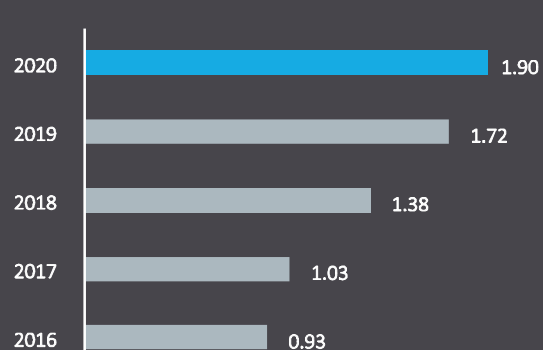
Return on Equity (ROE)



Market Capitalization



Earnings Per Share (EPS)



ABOUT THIS REPORT

Integrated Reporting

As a financial services brand focusing on our home country of Bangladesh, we are increasingly fulfilling a fundamental role in the socio-economic progress and development of the country we serve. We believe that the success of our customers and our 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 not as much about providing more information, as it is about providing relevant information to diverse stakeholder groups; it is about providing information that is not traditionally covered in statutory financial statements. 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 is 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 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 term. 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 2020 Integrated Report covers the period from 1 January 2020 to 31 December 2020. 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 2020 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 integrate reporting framework issued by the International Integrated Reporting Council (IIRC). The following reporting principles were considered while preparing the Annual Report 2020.



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 "Social and Relationship Capital."

Materiality



For more details, please refer to Page 19-20



Conciseness

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

Reliability and Completeness



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



Consistency and Comparability

For more details, please refer to Page 301

Comparability

All the information presented in this report is on the same basis as the 2019 report. The information provided covers all material matters relating 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 to 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 holding the Annual General Meeting, giving due period of notice. Our report has also been made available in the web address: <https://www.ipdcbd.com/aboutus/investmentrelation>

External Assurance

Report Type	External Assurance
Audited Financial Statements	Rahman Rahman Huq, Chartered Accountants
Corporate Governance Certification	Snehasish Mahmud & Co, Chartered Accountants
Provident Fund Audit	Snehasish Mahmud & Co, Chartered Accountant
Gratuity Fund Audit	Snehasish Mahmud & Co, Chartered Accountants
Gratuity Fund Valuation	Air Consulting, an actuarial firm
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 thereof



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 rising 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 as well as 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 and represents a consistent and considered 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 2020 represents a culmination of our efforts in realizing the potential of our Company that we undoubtedly believed in.

FORWARD LOOKING STATEMENTS

The Annual Integrated Report of IPDC for the year 2020 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.

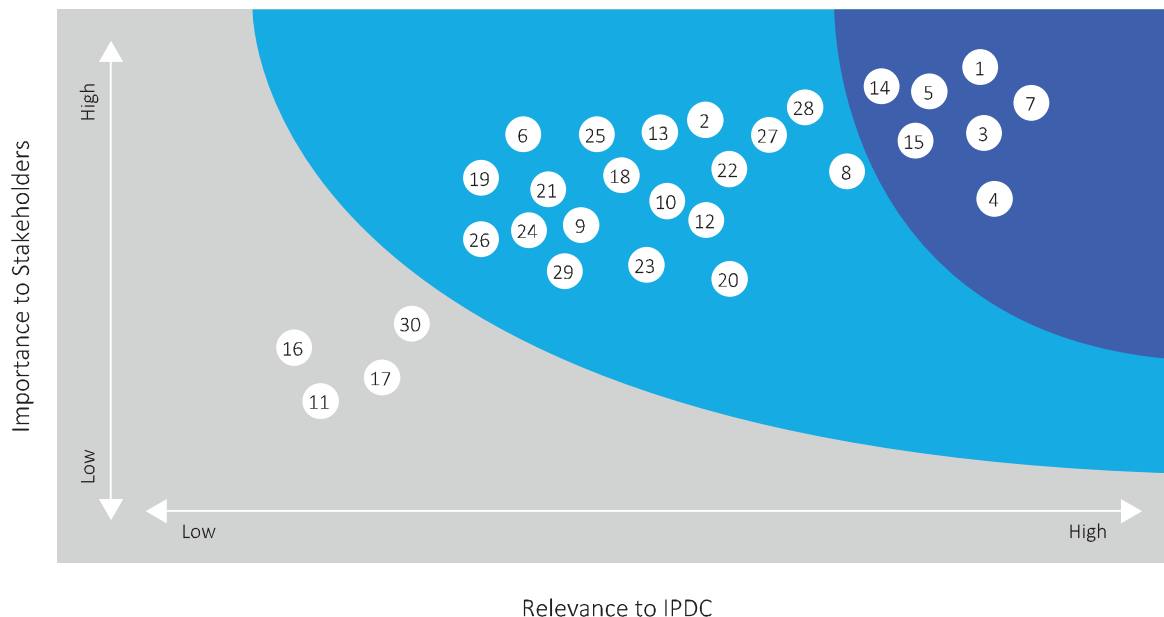
MATERIALITY DETERMINATION

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

OUR TOP PRIORITIES

An issue is material to IPDC if it meets any of two conditions. Firstly, it impacts our business in terms of growth, cost and risk. And secondly, it is important to our stakeholders. Through our analysis, we have identified some key issues that are material to both our company as well as 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 talents • 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	11505336736
VAT Registration No.	001103993
Authorized Share Capital	BDT 8,000,000,000
Paid up capital	BDT 3,710,915,470
Branches	12
Chairman	Md. Abdul Karim
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@ipdcdbd.com Website: www.ipdcdbd.com
Investors' Enquiry	Investors Relation Department Phone: +(88) 09612885533, +(88-02) 55068931-6 Fax: +(88-02) 5506893128 Email: email@ipdcdbd.com

Auditor, Consultants and Memberships

Auditor	Rahman Rahman Huq, Chartered Accountants
Corporate Governance Auditors	Snehasish Mahmud & Co, Chartered Accountants
Provident Fund Auditor	Snehasish Mahmud & Co, Chartered Accountants
Gratuity Fund Auditor	Snehasish Mahmud & Co, Chartered Accountants
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
Membership with Associations	Bangladesh Leasing & Finance Companies Association (BLFCA) International Chamber of Commerce 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 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



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

THE INCREDIBLE EVOLUTION

- 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

- Inaugurated branches in Jashore, Mymensingh and Cumilla

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

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

- 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

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

2018

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

2017

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, Narayanganj and Bogra

2015

2012

- Introduced factoring finance and mortgage finance

2008

2006

- Got Public Listing

2004

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

2000

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

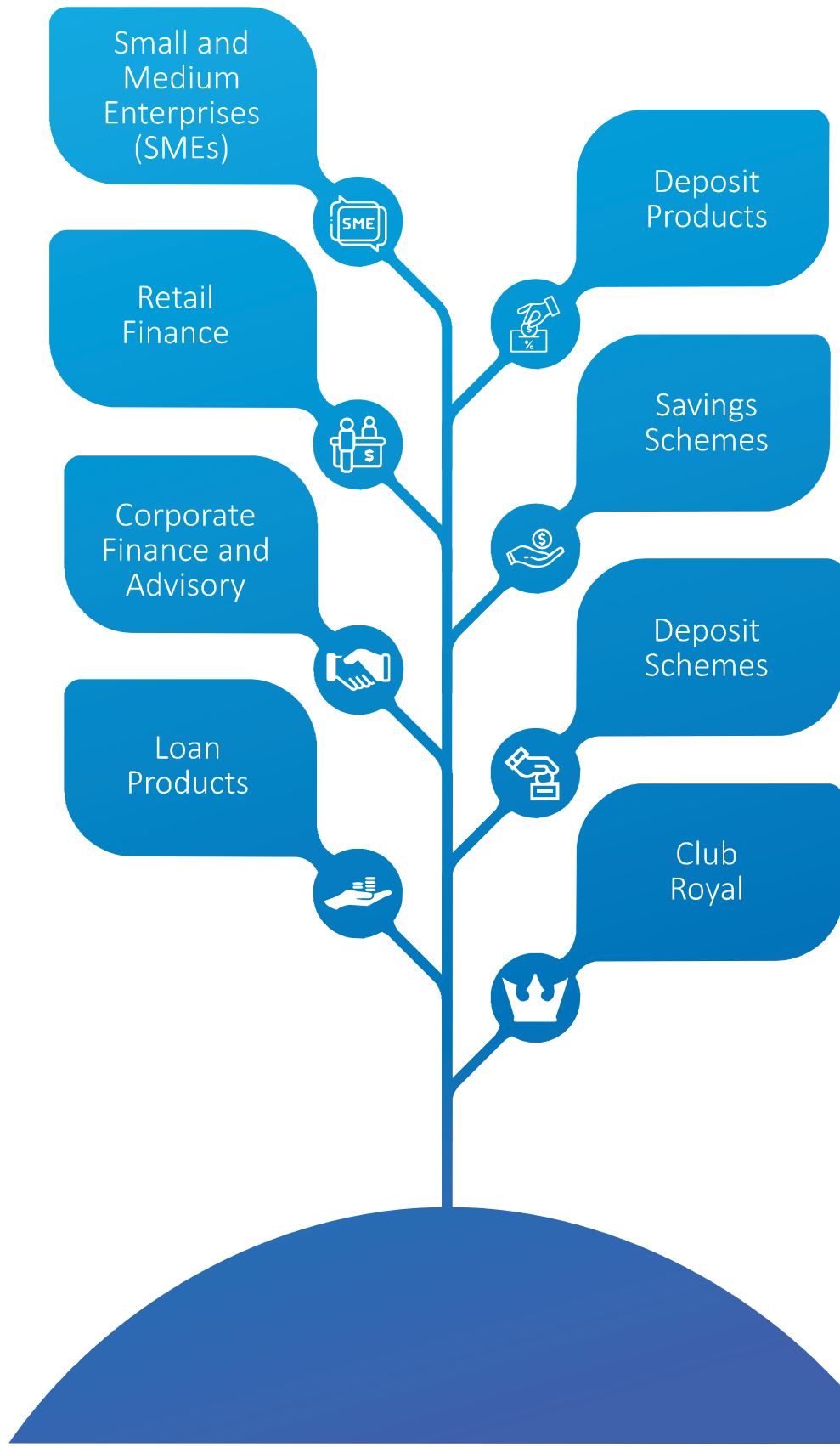
- Co-founded IDLC

1983

- Commenced commercial operations

1981

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

WHAT
WE DO

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 or 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.



Personal Loans: Our personal loan unit offers loans for fulfilling a wide range of personal needs and requirements.



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.



Work Order Finance: To execute a work order in a timely manner and to overcome the liquidity shortage, IPDC offers work order financing.



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.



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.



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.



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.



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

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.



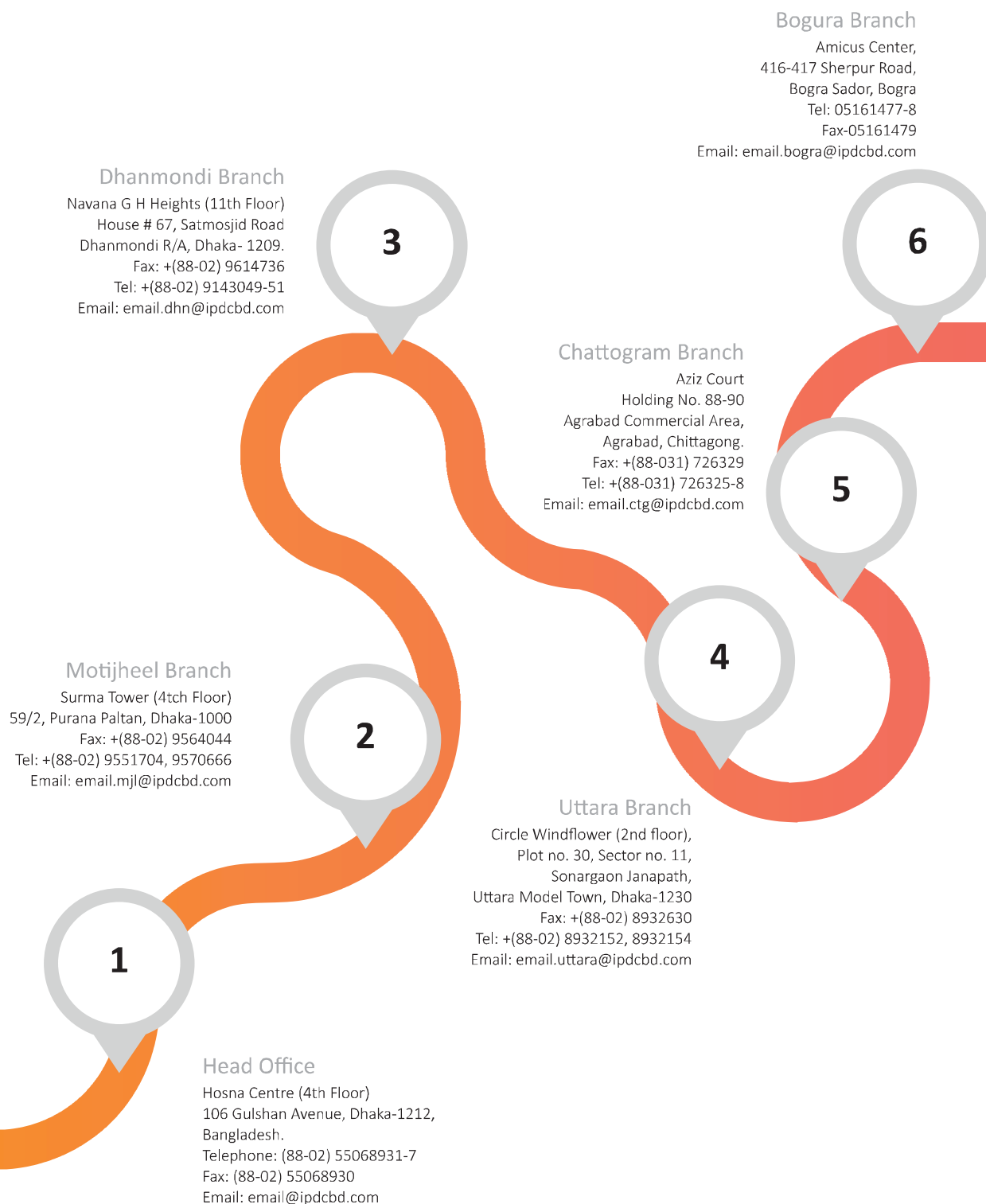
Quarterly Profit Schemes: A fixed amount no less than BDT 50,000 must be deposited in which minimum tenure is 1 year and interest is paid on quarterly basis.



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.

TRACES OF IPDC



Gazipur Branch

Shah Jilani Tower
Outpara, Tangail Road,
Gazipur Choerasta, Gazipur-1702
Tel: +(88-02) 49262256-7
Fax: +(88-02) 49262258
Email: email.gzi@ipdcbd.com

7

Sylhet Branch

Khalil Trade Center (3rd Floor)
House # 01, Block # D,
Main Road Shahjalal Upo-Shahar,
Sylhet 3100
Fax: +(88-0821) 711177
Tel: +(88-0821) 711128
Email: email.syl@ipdcbd.com

9

Mymensingh Branch

Brojoraz Niketon (2nd Floor)
62, Muktiyuddha Sharani Sharak
(Chuto Bazar), Mymensingh
Tel: (091) 51438-39
Fax: (091) 51440
Email: email.myn@ipdcbd.com

10

8

Narayanganj Branch

Sattar Tower 50(old), 48(new)
S.M. Maleh Road,
Tanbazar, Narayanganj
Tel: +(88-02) 7646435-6
Fax: +(88-02) 7646437
Email: email.nyr@ipdcbd.com

11

Cumilla Branch

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

12

Jashore Branch

Mohashin Super Market (1st Floor)
10 R N Road, Ambika Bashu Lane
Jessore Pourashova, Jessore
Tel: (0421) 64171-72
Fax: (0421) 64173
Email: email.jsr@ipdcbd.com

IPDC'S MANY FIRSTS



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

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

1st to introduce Asset Securitization product in Bangladesh.

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

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



Collaboration



Bangabandhu Grandmaster

On account of 100 years of Bangabandhu, IPDC took a unique approach to seed the life and legacy of Sheikh Mujibur Rahman among the youth in the form of a quiz app. Freedom for his people was the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman's lifelong work. With each level of Grandmaster Bangabandhu App, players peek into the chapters of his unshakable pursuit that created history. This app is a humble effort by IPDC for the young generation to relive the momentous life events led by Bangabandhu Sheikh Mujibur Rahman, which changed the history of Bangladesh.



Ogroj Webinar Series

Through Ogroj, IPDC intends to initiate a digital memoir on the narratives of the protagonists from post-independent Bangladesh. IPDC takes immense pride in creating a dialogue about their accounts and inspiring the audience. The webinar series celebrated 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, and media were seen flipping through the pages of their lives. Hosted by renowned senior banker (retired), Anis A. Khan, Ogroj was broadcasted live on IPDC's Facebook page and YouTube channel.



Amader Gaan

IPDC Finance Limited launched Amader Gaan, a contemporary take on popular Bangladeshi folk music marking the 50th year of independence. The launching program was held virtually on the IPDC Amader Gaan Facebook page. IPDC Amader Gaan combines a myriad of musical influences and offers studio-recorded performances. The platform was conceptualized by IPDC Finance under the music direction of renowned musician, Partho Barua. CREATO, a modern-day advertising agency, engaged in the overall management and supervision of this musical platform.



Bangladesh Supply Chain Excellence Award (BSCEA) 2020

For the third time, IPDC proudly hosted the Bangladesh Supply Chain Excellence Award (BSCEA) 2020 in collaboration with the largest community in the area of Supply Chain that is Bangladesh Supply Chain Management Society (BSCMS). The award acknowledged nine organisations and three individuals in eleven categories for their excellence in supply chain management. As a reflection of innovation and improvement in crucial areas of supply chain management in production and service industries in 2019, the individuals and organizations were honored with the BSCEA award. The event was able to create public engagement in the industry to develop the holistic supply chain ecosystem across the country which will aid the business process of micro-small enterprises and other similar organizations.



Unsung Women Nation Builders Awards 2020

Women have always played a pivotal role in the development of the country but women from the underprivileged class especially have not always been featured strongly in the country's success narratives. IPDC Finance, in association with The Daily Star, has taken an initiative to honor these unsung heroes of the nation and to provide them with a platform where their inspirational stories get shared and celebrated. In the fourth year of the "Unsung Women Nation Builders Awards", nine women were honored. An independent jury panel comprising of Mr. Anisul Hoque, Associate Editor, Prothomalo; Ms. Rasheda K. Choudhury, Executive Director, Campaign for Popular Education (CAMPE); Rokeya Afzal Rahman, Businesswomen and Former Advisor, Bangladesh Caretaker Government; Dr. Maleka Banu, General Secretary, Bangladesh Mahila Parishad; and Anna Minj, Director, Community Empowerment, BRAC, selected the awardees.



Accolades



ADFIAP for "Outstanding Development Project" Award

The Philippines-based Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) presented an "Outstanding Development Project Award" to IPDC Finance Ltd for its supply chain finance project. IPDC received the award in category 5 (technology development) during the 43rd ADFIAP Virtual Annual Meeting held online on October 29, 2020.

ICAB & SAFA for Annual Report 2019

Bangladeshi entities have performed exceptionally well at the ICAB & SAFA Best Published Annual Reports Award competition 2019, including IPDC, which made it on the list as a financial service sector. This is a distinctly glorious annual event of SAFA to promote transparency and accountability through the financial and non-financial disclosures in the published annual reports in SAARC countries.



ICSB for Corporate Governance Excellence

IPDC was recognized at the 7th ICSB National Award for Corporate Governance Excellence, organized by Institute of Chartered Secretaries of Bangladesh (ICSB), on Saturday, January 23, 2021 at Grand Ball Room, Radisson Blu Dhaka Water Garden where 35 Companies were recognized for good Corporate Governance based on the evaluation criteria set by the Institute along with promoting corporate fairness, transparency and accountability in the overall management of the company during the year 2019.

Superbrands

Superbrands Bangladesh has honoured 40 companies as the most valuable and prestigious brands from amongst the diverse industries of the country, among which was IPDC Finance Limited, the only Superbrand Financial Institution in the country. Superbrands is a global arbiter for brands which operates in 90 countries around the world.





The Passion



Communication Secrets

In March 2020 before the nationwide lockdown was implemented, 37 IPDC employees attended a 2-day training named "Communication Secrets". The key contents of the training were 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 and a cultural program. The entire office was decorated with colorful flowers and employees wore traditional attires to welcome the arrival of spring.



First-Time Line Manager Development Program (FLM)

First-Time Line Manager Development Program at IPDC was initiated in 2019 and was completed in 2020, aimed to develop and retain our best-qualified managers. FLM training helped in enhancing leadership and managerial skills with the learning outcomes such as- personal excellence, leadership excellence and team leadership excellence. It taught the managers the art of coaching, guidance and providing feedback to their team members on their performance.

IPDC Talk

Every year IPDC organizes IPDC Talk, a session with industry experts on various issues such as- women's mental health, employee personal tax return etc.





International Men's Day Celebration

To celebrate the contributions and achievements of male employees, International Men's Day is observed every year on 19 November. 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

Our women's platform "Shushoma" gave all the female employees an opportunity to share their views and brought them together under one umbrella. This year IPDC celebrated Women's Day by arranging a session to create awareness about women's mental health.



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.

ERC – Annual Team Building

Spending time together, sharing an experience or working towards a common goal allows bonding to happen more organically and far more effectively. Therefore, IPDC hosted its Annual Team Building, ERC, at Sarah Resort where over 800 employees partook in games and activities designed to increase employee spirit and team bonding.



Stay Home – Stay Fit Campaign

During pandemic, IPDC came up with "Stay Home - Stay Fit", a two-month campaign, where all employees were formed into teams and asked to compete against one another. The campaign was divided into 3 challenges: Healthy Diet, Mental Fitness & Physical Fitness. This campaign allowed high level of employee engagement as everyone was constantly connected with one another virtually. It also made sure that employees take care of their physical and mental health.



Impact (CSR)



Donation for Prime Minister's Relief and Welfare Fund

The Government of Bangladesh has been observing the COVID-19 situation round the clock and taking necessary steps to protect the people against the virus. To support the cause, IPDC contributed Tk 2 crore to the Prime Minister's Relief and Welfare Fund.

Manobota Campaign for the Community

IPDC launched Manobota, a deposit scheme to help people save money and provide food for underprivileged people during the COVID-19 pandemic. Due to the lack of affordability of food and other necessities, thousands of people were compelled to live on an insignificant amount of food during the holy month of Ramadan that started amid the outbreak. This new deposit product encouraged the affluent to stand next to 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.



Donation to Biva Rani's Special Child

With Unsung Women Nation Builders Award, IPDC has done a spectacular job recognizing its change-makers from the grassroots. This year, on account of Mujib Borsho, IPDC and The Daily Star recognized two freedom fighters. One of the freedom fighters has been fighting the shackles of misfortune and poverty with her 30-year-old unique child and seeks financial support from IPDC. As a compassionate financial institution, IPDC ensured sustainable support by donating Tk. 7000 per month.

Donation in Chittagong Field Hospital by Connect the Dots

Amid the ongoing battle against the country's coronavirus outbreak, Chittagong Field hospital has offered a ray of hope among its people. IPDC, with its efforts to make a difference in the lives of people fighting the pandemic, found it vital to contribute towards the cause. The donation amount was utilized to purchase necessary equipment and fulfil requirements for the treatment of its patients.





Donation to COVID-19 affected artist by CREATO

Entertainment industry being neglected, actors, entertainers and musicians being out of work and everyone trapped in their homes during COVID, IPDC arranged "Jaago Ucchashe Eid Anonde", an exclusive Eid program streamed live from the IPDC Facebook page to uphold the spirit of Eid.

Donation through Captain Mashrafe's Bracelet

Bangladesh's former captain Mashrafe Bin Mortaza's bracelet, one that he has worn for nearly 18 years, was sold for a whopping Tk 42 lakh during an auction organized by Auction 4 Action to raise funds for people affected by the Covid-19 outbreak. IPDC contributed a partial amount to be a part of this noble cause.



Donation through Jaago Foundation

The pandemic has left most workers in the informal sector unemployed. Jaago Foundation did a tremendous job of securing the future of many underprivileged students. However, due to the parents' unemployment, these students' survival became questionable. All efforts were laid to prevent students from quitting education by IPDC, who donated to these affected families.

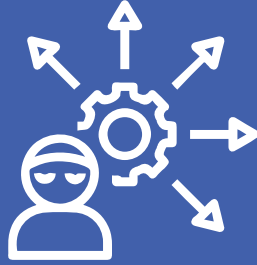
Donation for food and supplies for Covid-19 affected by Mission Save Bangladesh

With the help of Mission Save Bangladesh, IPDC helped provide most of the everyday necessities regularly for the COVID affected families by donating to their cause.



Unsung Women Nation Builders Awards 2020

Several unsung women are relentless working from the grassroots, beyond their capacity, surviving all odds of disparity. IPDC, the first private sector non-banking NBFI of the country and the leading English daily, The Daily Star, is searching for these indomitable women who have contributed significantly to the development of Bangladesh. 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.



Outcome



Hello Rent A Car Limited

Hello Rent A Car Limited (HRACL), a private limited company, started its journey as an exclusive and luxury passenger carrying service provider in 2009. Initially, HRACL started as a partnership concern with 3 partners of owned vehicles and later got incorporated as a private limited company in 2014. At present, they are operating around 140 vehicles out of which 58 are owned. 144 vehicles are rented to different companies and organizations on long-term basis whereas 618 vehicles are rented on short-term basis to these companies. HRACL offers car rental services in four ways: airport service, daily basis service, monthly car rental and private tour.

Metro Furniture

Metro Furniture (MF) started its journey in 2013 as a proprietorship concern. Entity is operating for the last 05 (five) years at furniture industry. The concern is engaged in the production of wooden furniture specially Sofa set, Dining Table, Chair, Bed etc. This wooden furniture is sold to different furniture suppliers located at Mirpur, Badda, Bashundhara etc.



Crystal Flexipack Ltd.

Crystal Flexipack Ltd. is a private Ltd. company incorporated on September 11, 2013 as a private Ltd. company under the Companies Act 1994. Crystal Flexipack Limited is involved in manufacturing of all types of pharma foil, Luster foil, Flexo Printing and Packaging Roto, Gravure printing and packaging, all types of poly film, poly packaging, paper converting, multicolor flexo printing fabric label printing laminating paper, paper bag making, gummed tape making flexo paper conversion printing, flexo printing etc. Most of the raw materials are imported from various countries like India, Thailand, Indonesia, Malaysia and also from local suppliers.

BANGLADESH SUPPLY CHAIN EXCELLENCE AWARDS 2020

IPDC Finance Limited, in collaboration with Bangladesh Supply Chain Management Society (BSCMS), is Bangladesh Supply Chain Excellence Awards 2020 (BSCEA) since 2018. This award recognizes the best practices of Supply Chain in Bangladesh. In 2020, 15 organisations and individuals were recognized.





Aus Bangla Jutex Limited

Aus Bangla Jutex Limited a private limited concern, is a manufacturer and trader of jute-based and cotton-based shopping bag and handbag. The company started its commercial operation in 2011 in a rented premise in Araihaaz, Narayanganj. Concern is fully export oriented company and export its products to Japan, Australia, USA, Germany, France, and other European countries. For manufacturing jute handbags entity procures jute fiber from Faridpur, Rajbari and its adjoining areas. For cotton handbags entity procure yarn from Simco spinning and textiles ltd. which produces yarn from cotton scraps. Their main concentration is in manufacturing shopping bags, handbags, food grade bags, sacking bags etc. as per the requirement of the client. Factory premise of the company is established on around 20,000 sft on a 39.00 decimal of land in Araihaaz, Narayanganj, which is 40km from Dhaka. Entity currently has 06 lines of machine and total 45 machines for production. Monthly production capacity of the concern is around 132,005 pcs of different types of jute Bags.

The Car Hub

The Car Hub works as a proprietorship concern, engaged in providing car repair, wash, dent/paint service for all. They are also engaged in new or old car parts, engines/engine component sales and repair service. It's a complete solution for all type of four wheeler vehicles. Proprietor runs the business through Sheba.XYZ platform from the year 2018 but it was established on 2016. Proprietor provides service from their workshop located at mirpur, Dhaka. Workshop is owned by the proprietor. The Car Hub has been awarded as best expert in car service at IPDC-Sheba.XYZ service awards in Silver category.



Nine Teachers Honoured as 'Priyo Shikhhok'

IPDC Finance Limited and The Daily Prothom Alo jointly organized the second edition of Priyo Shikhhok Shommanona to recognize the extra-ordinary contribution of teachers from school level across the country. Nine teachers have been honoured as 'Priyo Shikhhok' in 'IPDC-Prothom Alo Priyo Shikhhok Shommanona 2020'. The award giving event was held on February 27, 2021. During the event, teachers were awarded with crest, honorarium and uttorio.



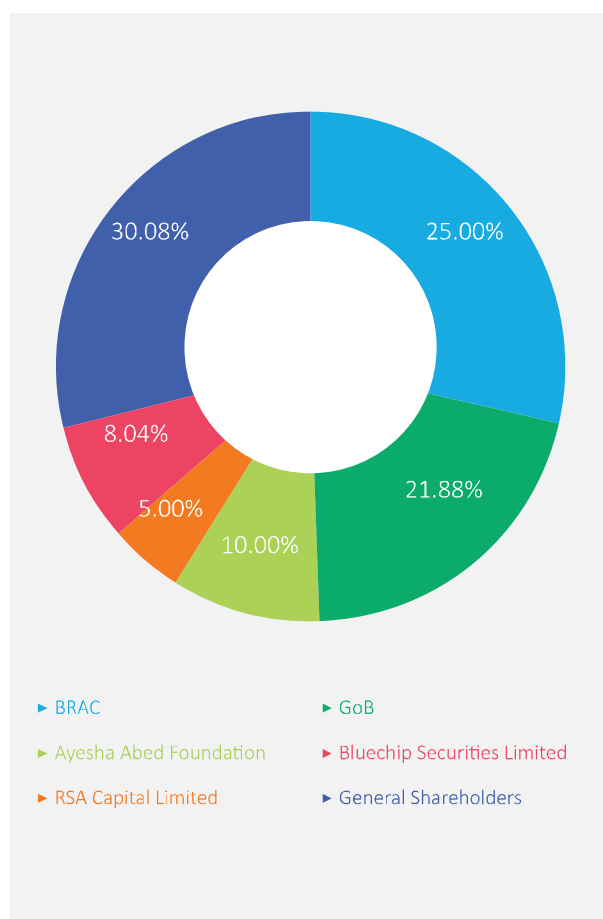
PROFILE OF SHAREHOLDERS

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), Switzerland, 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 on 31 December 2020, 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.



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 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 nook and cranny of Bangladesh; especially women in devastating states who had 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 and providing them with training and employment 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.

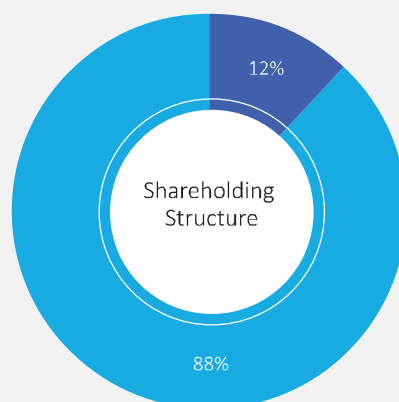
AAF's work can be completely synonymous to women empowerment. AAF does not just generate income for women but works towards enabling women with courage, independence and dreams waiting to be realized.

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.



► Institutional shareholding (including GoB) ► Individual shareholding

Share Capital Formation

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	0	3,710,915,470





PROFILE OF THE BOARD OF DIRECTORS

Md. Abdul Karim

Chairman of IPDC, Nominated by BRAC

Mr. Md. Abdul Karim is the Nominated Director of BRAC and the Chairman of the Board of Directors of IPDC. Mr. Karim also worked as a Senior Adviser of BRAC. He is now also working as Managing Director of UCEP Bangladesh. Earlier he worked as former Principal Secretary to the Government of Bangladesh. He worked as Secretary in the Ministries of Home Affairs, Commerce, Fisheries and Livestock, Communications (Bridge Division) and Finance (Internal Resource Division). He also served as the Economic and Commercial Counsellor of Bangladesh Embassy in Belgium. He worked as the Chairman of Green Delta Insurance Co. Ltd and former Chairman of Eastern Refinery Limited. Born and raised in Chattogram, Mr. Karim is the Secretary General of the South East Asian Cooperation (SEACO) Foundation, which is working at the civil society level for trade and investment promotion among five countries of the South and South East Asian region. He is a Paul Harris Fellow (PHF) Rotarian. Mr. Karim is a member of the Honorary Advisory Board for developing the Country Programme Document (CPD) of UNDP Bangladesh.

Director since 09 January 2020

Other Interests:

President:

Bangladesh Chemical Society
Chittagong University Alumni Association
Bangladesh Scouts Foundation
Bangladesh Deaf Sports Federation
Asian University for Women, Chattogram
SED, UCEP Bangladesh
Allama Rumi Society

Member: Asian University for Women, Chattogram
Managing Director: SED, UCEP Bangladesh

Qualifications

Bachelor of Science (Hons) in Chemistry
University of Chittagong, Bangladesh

Master of Science in Chemistry
University of Chittagong, Bangladesh

Postgraduate Diploma in
Development Administration
University of Birmingham, UK

Master of Social Science
Development Administration
University of Birmingham

Biswajit Bhattacharya Khokon ndc

Director, Nominated by GoB

Mr. Biswajit Bhattacharya Khokon ndc is the member of Board Audit Committee and Member of Board Executive Committee. He is an Additional Secretary at the Finance Division, Ministry of Finance, and a Government Nominated Director of IPDC. He served in various administrative positions in field administration for the Government of Bangladesh.

Director since 21 July 2019

Other Interests:

Member of BIAM Foundations

Member of BRTA

Member of Bangladesh Seed Council

Qualifications:

M.Com (Management) from Jagannath University, Bangladesh.



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 Karnafuli Tea Company Limited
BRAC Kaiyacherra Tea Company Limited
BRAC Kodala Tea Estate
BRAC Industries Ltd.
Ayesha Abed Foundation
Education Trust Fund
Aminul Alam Trust Fund
Sufia Khatun Foundation
Managing Director:
BRAC Enterprises
Director:
BRAC EPL Investments Limited
BRAC EPL Stock Brokerage Ltd.
edotco (BD) Co. Ltd
Executive Trustee:
Shilu Abed Memorial Trust

Qualifications:

B.Sc. (Economics) from the London School of Economics and Political Science, London, UK.

MBA in Finance from Columbia Business School, Columbia University, NY, USA.



Sameer Ahmad

Director, Nominated by RSA Capital Limited

Mr. Sameer Ahmad is the Chairman of Board Executive Committee of IPDC. Mr. Ahmad is a versatile investment banker with 21 years of experience encompassing the geographic areas of Europe, Middle East, Emerging Africa, and South East Asia. Mr. Ahmad was responsible for establishing the structured finance unit of Industrial and Infrastructure Development Finance Company Limited (IIDFC). Prior to establishing RSA Capital, he was the treasury consultant with Price water house Coopers for restructuring Agrani Bank.

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 of course the world's first microcredit securitization, the first ever variable rate subordinated domestic convertible bond as Tier 2 Capital with international participation in the Bangladesh market.

He is a partner in Mekong Brahmaputra Clean Development Fund involved in investing in clean energy project in Cambodia, Vietnam, Laos, Sri Lanka, Nepal, Thailand, and Myanmar. He is also a Director of Apex Investments Limited.

Director since 29 October 2015

Other Interests:

Director:

Equinox Ltd.

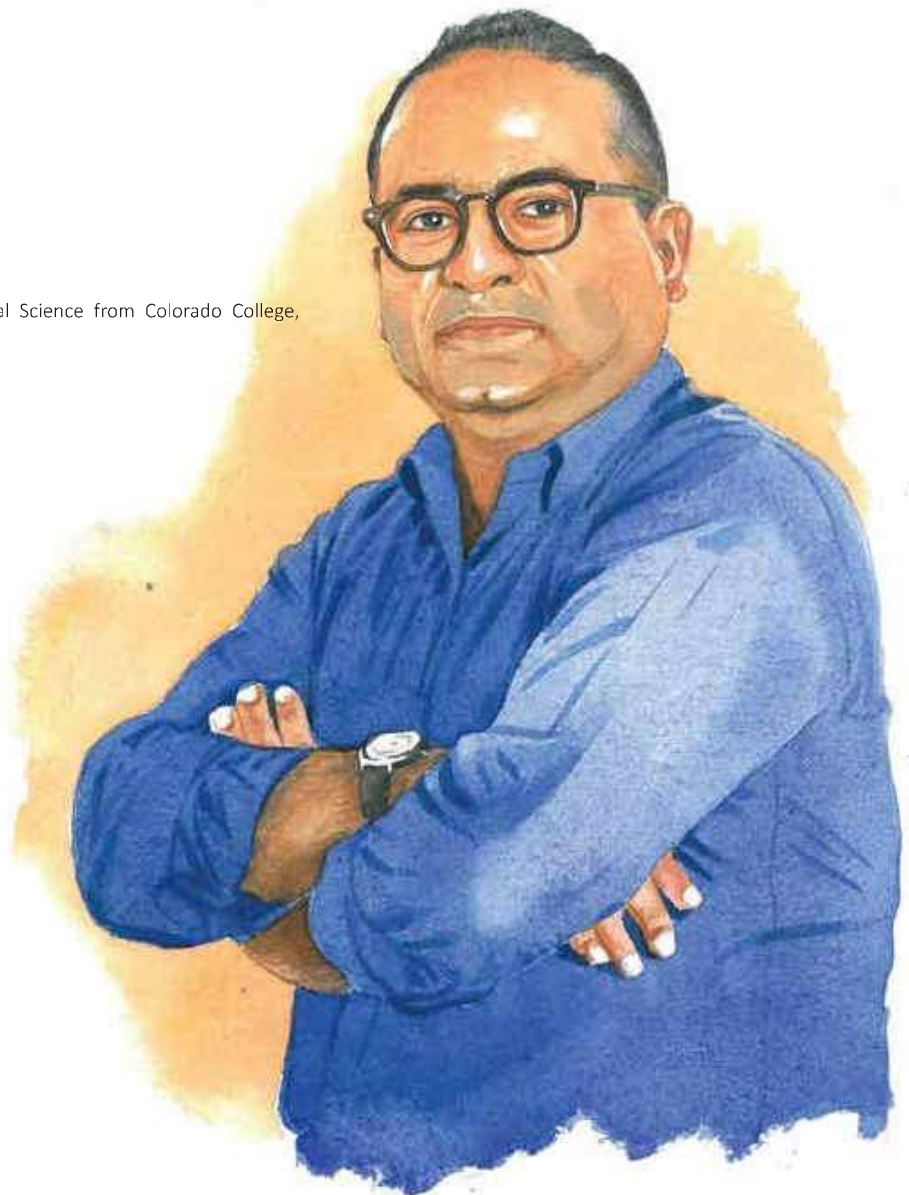
RSA Capital Ltd.

RSA Aviation Ltd.

RSA Advisory Ltd.

Qualifications:

Bachelor of Arts, Economics & Political Science from Colorado College, Colorado Springs, Colorado, USA.



Md. Mominur Rahman

Nominated Director, GOB

Md. Mominur Rahman is an additional Secretary and 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 a director (Admin and Finance) at Jatyo Protibondhi Unnayan Foundation. He was also Director at EPB, Rajshahi and Divisional Commissioner Office, Rangpur.

Director since 26 January 2021

Other Interests:

Director:
SME Foundation

Qualifications:

B. Sc. A. H. (Hons)
M.S.S. (GP)

**Mr. Salahuddin Mahmud was a nominee director of GoB, he was replaced by Mr. Md. Mominur Rahman on 26 January 2021.*



Sonia Bashir Kabir

Independent Director

Ms. Sonia Bashir Kabir is an Independent Director of IPDC Finance Limited and member of Board Audit Committee. Ms. Kabir has been educated/trained in Silicon Valley. After completing her Bachelor of Science and Master of Business 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 for Business Development for South East Asia, Managing Director for Microsoft Bangladesh, Myanmar, Nepal, Bhutan & 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 2017, Sonia was recognized as one of the 10 Sustainable Development Goals (SDG) pioneers by the United Nations Global Compact and in 2016, Sonia was one of the 10 recipients of Microsoft's Prestigious Founders Award given by Bill Gates.

Director since 31 March 2019

Other Interests:

Chairman:
SBK Tech Ventures
SBK Foundation

Qualifications:

Bachelor of Science (BS) from California State University, USA
Master of Business of Administration (MBA) from Santa Clara University, USA



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 Karnafuli Tea Company Limited
BRAC Kaiyacherra Tea Company Limited
BRAC Kodala Tea Estate 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.

Other Interests:

Director:

BRAC International 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.

Qualifications:

B.Comm from National University

Associate Chartered Management Accountant (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, UK)



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:

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

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



Professor Shah Md. Ahsan Habib

Independent Director

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

Qualifications:

PhD from Banaras Hindu University, India under BHU Research Scholarship

Post-Doctoral Fellowship on Green Banking from Syracuse University, USA under Senior Fullbright Scholarship



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 a 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 :

BBA from IBA, University of Dhaka,

MS in Economics from North South University, Dhaka, Bangladesh.



PROFILE OF MANAGEMENT COMMITTEE



Mominul Islam

Managing Director & CEO

Expertise:



Strategic Planning



Business Transformation



Operational Excellence



Customer Experience
Management



Innovation and Sustainability
Management and Fintech

22

Years of Experience:

MS in Economics
North South University

BBA
Institute of Business Administration, University of Dhaka

Rizwan D. Shams

DMD & Head of Business Finance

Expertise:

Corporate Business
DevelopmentStrategic Business
PlanningRelationship
Management

Special Asset Management



Risk Management

18

Years of Experience:

MBA

Victoria University of Melbourne, Australia

BBA

North South University

**Savrina Arifin**

Head of Retail Business (Acting)

Expertise:

Retail Business
Development

Sales & Marketing

Strategic Business
Planning

Relationship Management



Risk Management

15

Years of Experience:

MBA

North South University

BBA

North South University





Fahmida Khan, FCA

Chief Financial Officer

Expertise:



Financial Planning
and Controlling



Budgeting



Corporate Reporting



Financial Reporting



Tax and External Audit

10

Years of Experience:

BBA

University of Dhaka

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



Negotiation

13

Years of Experience:

BPTC

Bar Professional Training Course

LL.M

International Commercial Law, Northumbria University

LLB(Hons),

University of London



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

12

Years of Experience:

MBA | BBA
University of Dhaka | University of Dhaka



Sharmeen F. Annie
Chief Human Resources Officer

Expertise:


HR Planning &
Strategy


Change Management


Staffing & Talent
Management


Reward Management


Organizational
Development


Organizational
Culture

21

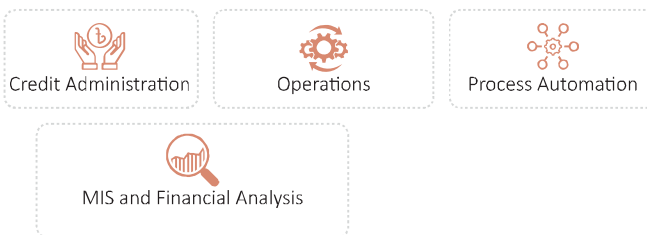
Years of Experience:

BBA | MSS | BSS
St. Cloud State University, USA | University of Dhaka | University of Dhaka



Md. Zakir Hossen, CFA
Head of Operations

Expertise:



16
Years of Experience:

BSS and MSS in Economics
University of Dhaka

MBA (Finance)
Institute of Business Administration, Dhaka University

CFA
Charter, 2014

Ashique Hossain
Head of Credit Risk Management

Expertise:



17
Years of Experience:

MBA
North South University

BSC
Civil Engineering, BUET



Aleya Rafique Ikbal

Head of Information Technology & Business Transformation

Expertise:



21

Years of Experience:

BBA | Executive Certificates

Management Information System, California State University | Harvard University and University of Washington

**Tareq Islam Shuvo**

Head of Strategy, Brand and Corporate Communication

Expertise:



12.5

Years of Experience:

BBA
Khulna University





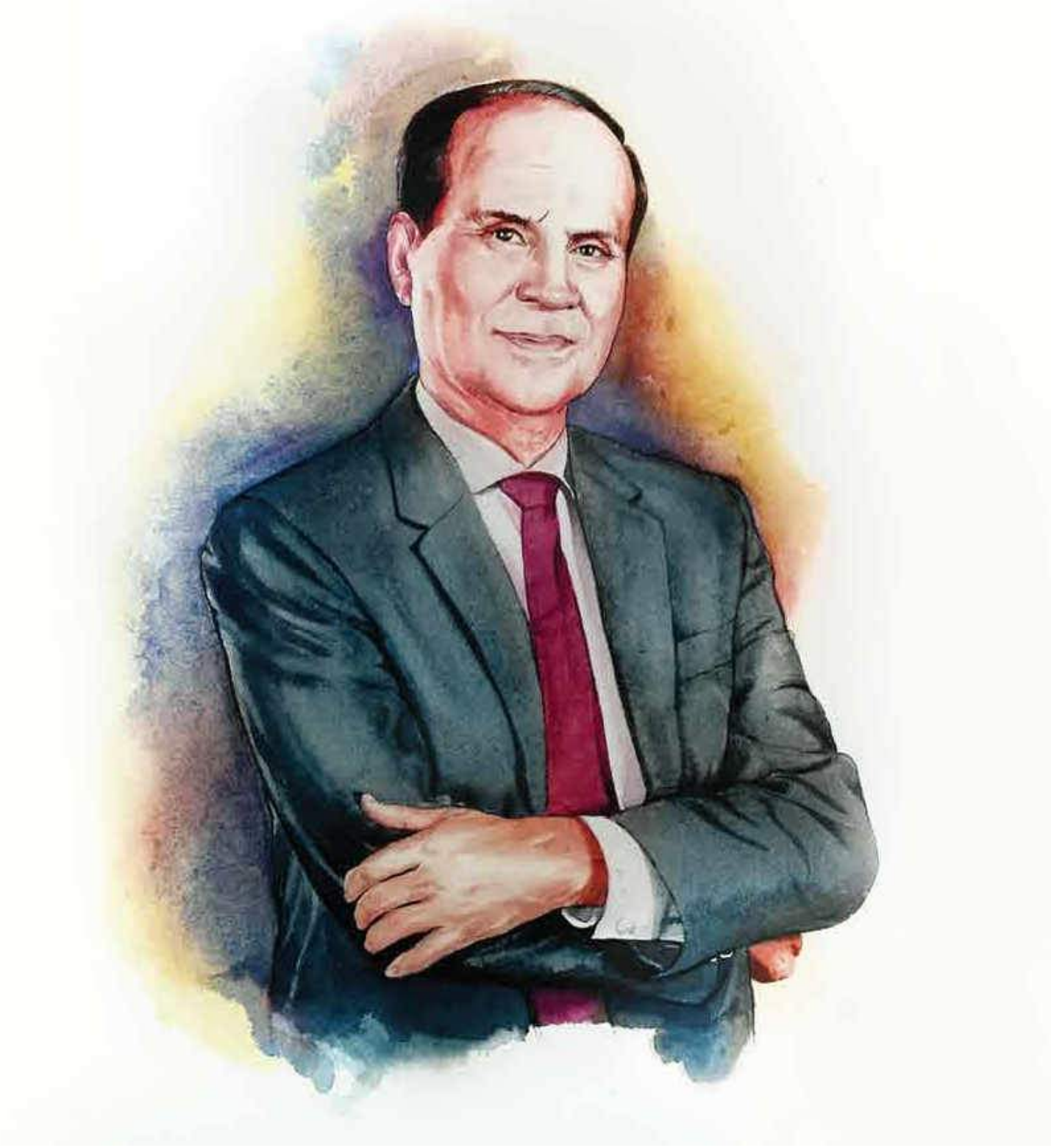
| MAKING **THE MARK**



STATEMENT FROM THE CHAIRMAN

“Taking inspiration from the confidence provided by our customer and shareholders, we have not only survived this difficult period but have thrived in multiple dimensions”

MD. ABDUL KARIM



Dear Shareholders,

I welcome you all to the 39th Annual general Meeting of IPDC Finance Limited. The year 2020 was the most challenging one in recent memory as the world encountered a health and economic crisis like no other. IPDC, as always, has risen to the challenge and delivered yet another successful year.



A New Normal

Post pandemic world warrants a new way of thinking and living with the aim of continuing our business along with maintaining the safety of our own. This change will surely bring some challenges for us but simultaneously it opens new opportunities for business sector and industries.

Bangladesh has been adapting itself with the digitization process for the last few years which ultimately turned out to be a blessing for the nation during this global pandemic. By endorsing diverse online platforms, most of the economic activities were successfully performed throughout the year. As a result, the demand for technology-based business, especially in digital transformation, communication and the internet had significant boost. This crisis, like the ones before, demands from the people of the world and businesses to reflect, re-imagine, recalibrate, and reinvent. Businesses which will follow those surely will be well-equipped to rise up to the challenges and can successfully hold their position in the post Covid-19 era.

State of the Economy and Industry

The world economy went through a great pause during the middle of the year. Global economic growth is expected to expand 4% in 2021 after a 4.3% contraction in 2020, assuming an initial COVID-19 vaccine rollout becomes widespread throughout the year.

Bangladesh economy has displayed strong resilience and posted strong GDP growth compared to regional and global peers. High remittance inflow and lower imports contributed to offset the lower exports, resulting in rising foreign exchange reserves which stood at a record high USD 43 billion as of 31 December 2020.

The initial panic in the economy was dealt with in form of Stimulus package announced by the government as well as support from the Central Bank through payment deferral to borrowers, relaxed classification policy and liquidity assistance. Banks and FIs adopted cautious approach in disbursements due to uncertain environment coupled with implementation of a ceiling in lending and deposit rate, resulting in private sector lending growth at below 9.0% for FY20. However, with a record-high surplus liquidity, disbursements are expected to pick up next year. The performance of the capital market is a silver lining for the year otherwise characterized as gloomy economic climate with index reaching at an all-time high.

Reflecting on 2020

2020 should have been built on the progress made in recent years, but the sudden onset of the pandemic changed the situation and has led us to put our growth ambition and investments for the year on hold in this very uncertain environment.

Our actions in 2020 were guided by three objectives: helping to contain the spread of the pandemic by implementing safety measures across our offices and activities, ensuring business continuity, and supporting

our clients, staff, suppliers, and partners during this difficult time.

Nonetheless, IPDC continued to overcome the challenges by focusing on strengthening its fundamentals. Our 2020 financial results also reflect our discipline with respect to cost control, risk management and adaptation of our business. Despite the difficult macroeconomic and operating environment, the company continued to deliver sustainable growth and returns.

Looking Ahead

To face this unprecedented situation, which will have profound consequences in the short, medium, and long term, IPDC will build on its many achievements in 2020. In the short-medium term, we will focus on simplification of operational process, strengthening operational control and improve 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.

Digital Transformation

Technology is key to survive and thrive in the post pandemic world and we are reaping the benefits of our continued investments in digital transformation which enabled us to continue our business operation seamlessly. We have already launched Orjon, South Asia's first block chain based digital supply chain finance platform in 2019, and in 2021 our priority will be to launch a consumer financing platform, IPDC EZ. It will be the first ever card-less digital consumer financing solution of the country. Additionally, retailer financing platform is also in the works to connect merchants with an easy financing solution. Our long-term goal is to use upcoming technologies like big data and machine learning for learning customer needs, making credit decisions and building a stronger ecosystem which can make banking simpler for our customers.

Our People

IPDC has always considered its employees as an asset for the organization and this year was a chance to prove it. In this respect IPDC stood by its employees during this difficult year and conducted several motivation and mental well-being campaigns. The results of the initiatives are evident by industry leading performance of IPDC during the year. The growth ambition of the company is dependent on the contribution of its young, talented, and experienced workforce and 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.

Towards a more Sustainable Future

The year 2020 reaffirmed the importance of looking beyond the short-term bottom line growth and emphasize on boosting up the capability of the company to face any uncertainty in the future along with taking responsible actions to ensure an equitable society that is in harmony with the environment.

On the business side, the fundamentals of IPDC remain strong with industry leading portfolio quality, optimum funding mix and state-of-the-art IT infrastructure. Our commitment to build an equitable society was tested during the pandemic and IPDC responded with innovative campaigns such as IPDC Manobota along with direct monetary contribution to support many families affected by the economic fallout. We will continue to invest in technology-based solutions to complement our green initiatives, resulting in a meaningful impact in environmental sustainability.

Leading with Integrity

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 embed sound control system in the business, process and operation. The Board is appropriately balanced and contains the skills required to lead with integrity and ensure that IPDC remains a well-governed institution, and that the interests of our shareholders, other stakeholders, and the societies are well-served.

Proposed Dividend

The required amount from Profit after Tax has been set aside for Statutory Reserve. Considering the high growth trajectory and strong potential of the company, the Board recommends 12% cash dividend for the year ended 31 December 2020 subject to approval of the shareholders.

In Conclusion

IPDC is a resilient and resourceful organization, and the board has every confidence that the company will continue to provide innovative financial services throughout the pandemic and that it will remain sound, profitable and sustainable throughout this difficult period.

Acknowledgements

We would like to convey our gratefulness to our shareholders and our customers who did not lose their confidence over us in this vulnerable time. Taking inspiration from this confidence we have not only survived this difficult period but have thrived in multiple dimensions. 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 changing environment and show even more sincerity and provide even more effort while working from home. We would also like to show our warmest gratitude towards regulators and valued business partners for their ongoing support and faith in us.

Sincerely,



Md. Abdul Karim
Chairman



STATEMENT FROM MD & CEO

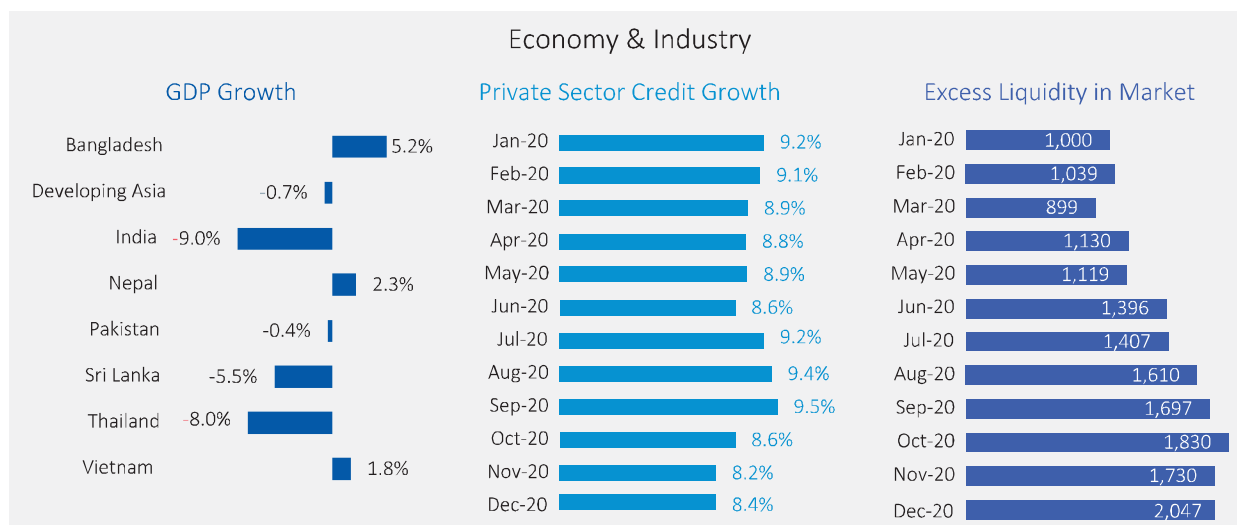
“As a leading financial intermediary, it is our core responsibility to mobilize resources to bring in positive change in the lives of the people of the country, specially the segments of the society which are currently underserved.”

MOMINUL ISLAM
Managing Director and CEO



Dear Stakeholders,

2020 was a year when our resilience was tested. The hard work we put in over the past several years toward our goal of being the most passionate financial brand of the country put us in a strong position to face the unprecedented crisis, enabling us to thrive even during a global pandemic.



A Volatile Year for the Economy & Industry

Despite the COVID-19 pandemic, the nation has once again shown its indomitable nature registering GDP growth over 5% in 2020, the highest among major economies.

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 stimulus packages were effective to reduce the impact of the pandemic on the economy and society.

The initial anxiety in the industry stemming from the shutdown of business due to countrywide general holiday was addressed swiftly thanks to prompt steps by the Bangladesh Bank in form of liquidity support for the FIs and loan moratorium facility. However, the

upcoming year will be challenging as the loan moratorium facility will end and banking operations return to business-as-usual.

In 2021, it is expected that the economy will receive further momentum with the Covid-19 outbreak easing out. 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.

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 reasons. This coupled with higher import payments will see a slight depletion of foreign reserve in the second half of the year.



IPDC in 2020

In contrast to the industry, IPDC had a phenomenal year. Credit portfolio stood at BDT 53,610mn at the end of 2020 registering a growth of 5.7% year-over-year (YoY), whereas all the other major peers experienced degrowth in portfolio. On the funding side, customer deposits grew by a staggering 16.5% YoY to BDT 41,381mn and fund from refinancing schemes grew by 45.0% to BDT 3,073mn in 2020.

IPDC posted a strong Revenue growth of 30.7% YoY to BDT 2,830mn riding on a healthy spread, marginal portfolio growth, as well as a strong growth in investment income stemming from capital gains from government securities. Controlled growth (+17.2% YoY) in operating expenses contributed to a staggering 41.8% YoY growth in operating profit. After keeping prudent provisioning to counter any adverse situation in the future, net profit after tax stood at BDT 706mn in 2020 from BDT 562mn in 2019, a growth of 25.4%.

Achievements During the Year

In a year characterized by unprecedented economic turmoil, 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 launching IPDC Amader Gaan, a platform to celebrate the diversity of our culture while bringing unsung music genres, like folk music, into the global limelight. On the business side, IPDC was the only Financial Institution to disburse the targeted amount of loans from the stimulus package even before the deadline set by the Bangladesh Bank.

A Sustainable, Responsible & Humane Approach

Staying true to our promise of looking after the society we announced assistance measures for customers at the onset of the pandemic by offering advance interest on deposits.

To support cottage, micro, small and medium enterprises (CMSMEs) sustain their businesses during the Covid-19 pandemic, IPDC provided Stimulus Loans to CMSMEs and was the first Financial Institution to disburse the targeted amount of stimulus loans before the deadline. We also introduced innovative campaigns such as IPDC Manobota whereby for every lakh taka deposited, IPDC delivered a month's worth of groceries to distressed families. Over the year, we have supported more than 2,169 families through the program.

We have also donated funds to Prime Minister's Welfare Fund as well as partnered with Auction 4 Action for direct monetary support 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.

Reshaping How We Work and Serve Our Customers

Our workforce continues to adopt and transform, and a bright side of COVID-19 has been an acceleration across the country of greater flexibility in our working arrangements. IPDC supported its employees through free COVID testing and digitally transforming the company internally, enabling most of its employees to work from home, ensuring their health and safety. IPDC launched Stay Home Stay Fit campaign to increase employee engagement and motivation despite the social distancing.

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 digital and smarter 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.

Technology driven Business Model

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-free and hassle-free 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 the country graduates to a middle income one, 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, 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 platform called Orjon; customized products and service for women called Joyee and Priti, and a pipeline of exciting products for CMSMEs and Retail Customers.

2021 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 simplify operational processes, strengthen operational control and improve efficiency & productivity of existing resources. We plan to launch IPDC EZ, our consumer finance platform to mainstream customer by 2021 and encouraging response we got from the customers in our initial piloting makes us excited about its prospects. We will also start building 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 as we feel encouraged by the positive changes in policy 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 up to the challenge amid many adversities during the year and deliver 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 2021, we feel more confident and positive about our future, having a very difficult year behind which was a testament for extraordinary resilience of the company in the face of extreme adversity.



Mominul Islam
Managing Director and CEO



Review of Corporate and SME Business by DMD and Head of Business Finance



“IPDC envisions to stand at the top of the financial industry in Bangladesh. This vision is not even bit compromised during challenging time. IPDC’s performance is certainly a reflection of this commitment.”

Rizwan Dawood Shams
DMD & Head of Business Finance

It is not an exaggeration to mark 2020 as one of the more challenging years that not only Bangladesh, but the whole world has come across. The COVID 19 pandemic disrupted our lives in more ways than often perceivable. Faced with these stumbling blocks, the financial industry of Bangladesh is truly confronted with a time of chaos, mistrust and economic reformation. Amidst all these uncertainties, IPDC, with its commendable performance and values, emerges as a resilient knight in a shining armor.

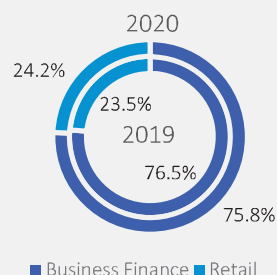
The strength and credibility of the financial sector was challenged in the year 2020. Faced with surging non-performing loans, issues with interest rates, low demands for funds and the ongoing COVID-19 pandemic, the financial sector witnessed only 1.0% growth in its credit portfolio up to June 2020 and many NBFIs registered a degrowth. Even under such strenuous circumstances, Business Finance department of IPDC delivered a remarkable performance due to its well-laid out compliance control, long-held reputation, service, and differentiative strategies.

With a view to expediting the growth of Bangladesh economy, Business Finance of IPDC offers an array of highly specialized products addressing both the needs of large corporations and, micro, small and medium enterprises (MSMEs). This department encapsulates its decades-old experience in designing and delivering financing solutions that help businesses, both small and large, propel a thriving future.

Performance Overview

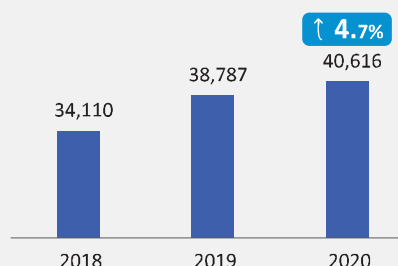
Business Finance Department (BFD) has been a forerunner of the IPDC brand since its inception. Its substantial share of contribution to the

Share of Business Finance Portfolio



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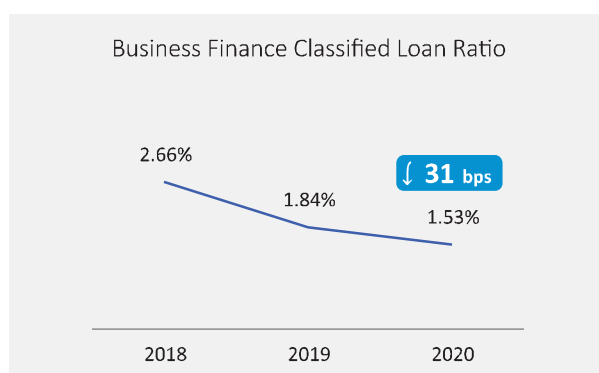
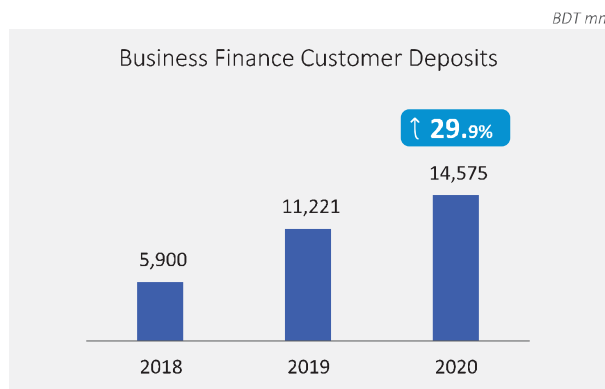
Business Finance Asset Portfolio



company's portfolio and revenue pie is certainly laudable. Amidst a very challenging year for the financial industry in Bangladesh, BFD has continued to show remarkable growth in portfolio and other performance parameters.

Whilst majority of the competitors within the FI sector grieved to increase its performing portfolio and put significant effort into recovering Non-Performing Assets (NPA), BFD of IPDC, on the contrary, thrived. This would not have been possible without the decisive steps taken at all levels on the departmental structure at the right times.

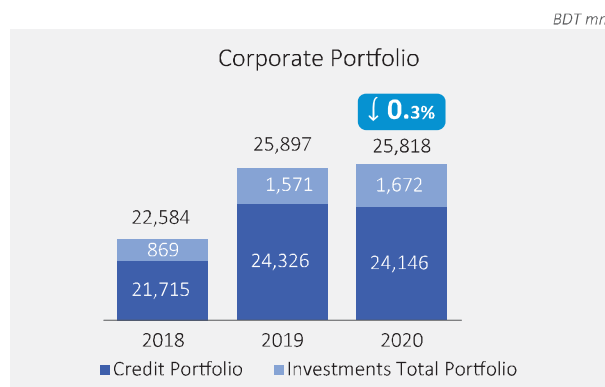
In order to cater to the various needs of clients and provide a consistent and service, business functions are managed largely under two separate umbrellas, namely Corporate Business (CB) and Small & Medium Enterprise (SME).



Corporate Business

Corporate Business (CB) upholds its commitment to excellence through its multifaceted products and service with growing emphasis on providing financial guidance, tailored and innovative solutions and best-in-class execution. In order to stay one step ahead, Corporate Business remains vigilant to help the corporations harness the opportunities and transform those into success stories.

The year of 2020 ended with a corporate business total portfolio (loan, leases & investments) of BDT 25,818 million, registering a marginal degrowth of 0.7% in comparison to the prior year. Both deposit and asset portfolio witnessed compelling growths owing to satisfactory interest rate spreads and increasing efficiency. On top of that, accounts that went under risk has been effectively controlled, and will be stringently monitored.



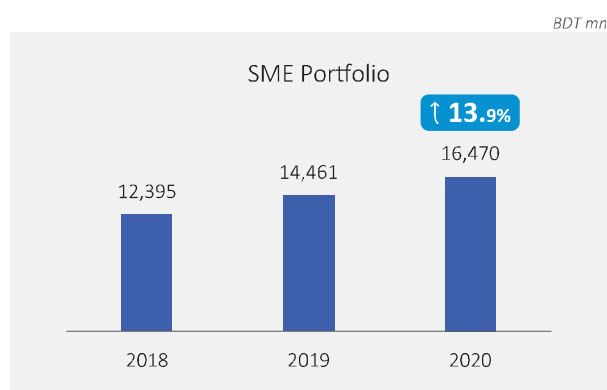
Small and Medium Market Enterprise

“Tap opportunities that others have not conceived yet, for there lies the secret to gain before all.”

Micro, small, and medium enterprises are considered the backbone of the economy of Bangladesh as these enterprises have contributed immensely to its socio-economic development. At IPDC, we have marked the scaling up of MSME offerings as one of the strategic priorities in 2020. IPDC is continuously striving to provide financial strength to its existing and potential entrepreneurs through its tailored & affordable products and thereby help the MSM entrepreneurs flourish, with a particular focus on women entrepreneurs.

IPDC started SME financing from 2009. By 2015 SME portfolio stood at BDT 718 million. However, activities were scaled up after 2015 and SME portfolio stood at BDT 16,470 million at the end of 2020. Though challenging, SME outperformed itself and proved what true dedication may result into. The year 2020 has been a tremendous year for SME department.

SME dept. provides not only traditional financing such as a Term Financing, Short-Term Financing, and Leases but also offers innovative financial solution in the form of Supply Chain Financing such as factoring, distributor financing and work order financing.



For boosting MSME financing, several collaborations with online marketplaces and similar organizations have been initiated. Some of the notable partnerships that IPDC had successfully established in the year 2020 are with :

- Aarong
- Sheba.xyz
- General Electric etc.

IPDC also extends its MSME financing solutions beyond Dhaka and Chattogram by establishing branches throughout Bangladesh.

The collaborations and branch network helped to grow the number of clients and number of accounts significantly in the year 2020.

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 institution during the daunting times of ongoing COVID-19 pandemic. In order 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 the stimulus package, to the CMSMEs.

Cognizant of the more vulnerable segments of the COVID 19 pandemic, IPDC has rightly prioritized the women and rural entrepreneurs while disbursing the package. The initial targets to be disbursed among the two groups were 5% and 15%, respectively, of the total amount. However, IPDC later exceeded their targets and distributed 8.09% and 23.56% of the total amount to the respective sectors.

IPDC has also been one of the pioneers to initiate a scheme for new entrepreneurs facilitated by the refinancing fund of Bangladesh Bank. Such an initiative is expected to stimulate entrepreneurial activities across the country and scale up economic growth. IPDC SME refinancing portfolio growth jumped to 45.0% in the year 2020.

To bring MSMEs under financial benefits, the key bottleneck is identified as the high interest rate which has been set by the market dynamics. To eliminate this challenge, Bangladesh Bank introduced several "Refinancing Schemes". Here, the banks and FIs must meet the set eligibility benchmarks in terms of financial performance, non-performing loan ratio, corporate governance and many more, to be the participatory financial institution for the refinancing schemes.

As a participatory financing institution with refinance schemes with Bangladesh Bank, IPDC enrolled in 10 projects of different concerned authority under refinance schemes. These are as follows:

1. FSPD-JICA
2. SMESPD-2
3. Agro Based Fund
4. Women Entrepreneurship Fund
5. New Entrepreneurship Fund
6. FDIPP-JICA
7. UBSP-JICA
8. SFD
9. SREUP-AFD
10. IPFF

From the perspective of IPDC, the impact of refinance scheme is monumental, due to getting the opportunity to borrow money in much lower rate than usual channels. Refinance scheme is significant for IPDC to facilitate more and more entrepreneurs from different segments and beyond megacities. Even these low interest loans have been tremendously helping the entrepreneurs to grow unbound, and most importantly, the growth remains sustainable.

Women Entrepreneurship

Empowering Women through financing women entrepreneurs is one of the most important strategic goals of IPDC. From 2017 onwards, particular attention towards women entrepreneurs was intended. Products were designed focusing on flexible repayment terms and lower interest rates.

A financing solution dedicated to women entrepreneurs, "Joyee", was launched. "Joyee" is designed to empower women towards achieving success by promoting gender parity, financial emancipation as well as economic development. This unique product offers all these with exclusive pricing. "Joyee", gives financing support to women entrepreneurs at a low interest rate (as low as 8.00% p.a.) The product is exclusively tailored for the women in business to give them that extra edge and success. Small & Medium industries involved in manufacturing/trading/service-oriented businesses of which are owned by women entrepreneurs are the main recipients of this facility. A dedicated desk for women entrepreneurs was also stationed at the Head Office as well as in all major branches.

Supply Chain Finance (SCF)



SCF started its operation in late 2012. Owing to IPDC's commitment to conquering this less explored market of Bangladesh, it now holds majority of the market share. SCF market size in Bangladesh is approximately BDT 8,690 million (as per BIMB in 2012) and IPDC is already the market leader in SCF financing holding a significant portion of the market.

ক্ষুদ্র উদ্যোক্তা থাকবে বেশ ঘুরে দাঁড়াবে বাংলাদেশ

8% ইন্টারেস্ট লোন

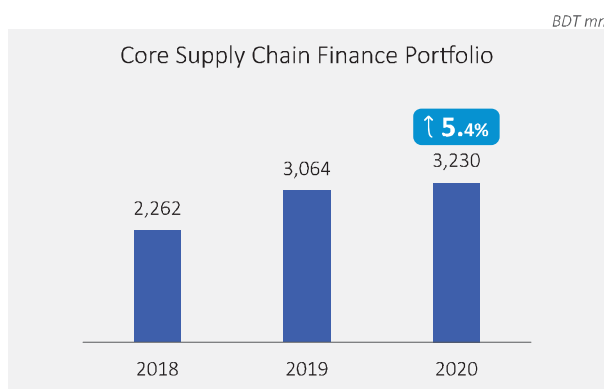
আইপিডিসি ফাইন্যান্স লিমিটেড বাংলাদেশ সরকারের প্রণয়িত পাবলিক বেসব্যানার সংস্থা

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www.ipdcbl.com

Products offered through SCF:

Factoring/Bill Discounting:	This source of finance effectively let MSME to raise finance against their outstanding receivables. As MSME grows, their outstanding receivables grows and the amount they can borrow from discounting invoices also grow. Hence, factoring limit grows automatically as the business grows.
Work Order Financing:	MSMEs who supply goods and/or services to large corporate entities on a recurring basis, often find their working capital trapped, limiting the volume of new work orders. Under the circumstances, MSMEs can avail financing against multiple work orders from multiple buyers simultaneously.
Distributor Financing:	Distributor Finance is the provision of financing for a distributor of a large manufacturer to cover the holding of goods for re-sale and to bridge the liquidity gap until the receipt of funds from receivables following the sale of goods to a retailer or end-customer.



IPDC's SCF portfolio grew by 5.4%

Route to Innovation

Supply Chain Financing (SCF) execution involves a lot of manual processes that include collection of bills/invoices, lifting orders, work orders, etc. verification and authentication of the same and ensuring collection of repayments. These often end up in driving the cost of SCF so high that it becomes financially infeasible to adequately support the growth aspirations of MSMEs. As such, this requires significant operational resources of the financing Banks/FIs in order to effectively mitigate the operational risks involved in the process, resulting in slow penetration in Bangladesh's market due to an absence of a digital ecosystem.

As such, IPDC took the initiative to digitalize the processes which eliminates the physical movement of the documents required for SCF execution and collection of repayments. The process involves



development of a secured system which involves the borrower, its debtors and the financier be in the same digital platform. This system is coined as the Digital Supply Chain Finance Platform, and for it to be secured, IPDC built the platform on blockchain technology with technological assistance from IBM, the first-ever in South East Asia.

ORJON:

The use of the blockchain technology enables all parties in a supply chain to act on a single shared ledger. A supplier (MSME) and buyer (Anchor), along with every other participant will solely update their parts of the transaction, enabling efficiency and an unprecedented level of trust and transparency on a ledger record that is immutable. The ecosystem ensures MSMEs get direct access to Corporates for their product/service delivery eliminating the mid-tier(s). This will foster faster growth for MSMEs and hence generate employment.

ORJON is on the verge of creating a revolution by the development of an ecosystem that not only will ensure financial inclusion, but will also ensure a secure, transparent, reliable marketplace and will facilitate collaboration of all the value chains by connecting all the dots required for efficient, optimized and sustainable economic growth.



ORJON has been recognized by various multilateral local and foreign agencies and earned respectable awards from UKAID & IBM.

Distinctive Proficiency of Business Finance

Vast Understanding of the Market

IPDC Business Finance Department (BFD) has been in the market for nearly forty years. The decades-long industry expertise helps us to foresee the economy and take the necessary initiatives. Whether the outlook is positive or negative, we find opportunities to progress in any circumstances.

Custom Tailored Optimization

Rather than following a “one-size-fits-all” strategy IPDC BFD recognizes the complex and often distinctive nature of our client needs. This customer centric approach enables the department to customize and optimize the financial solution as deemed suitable for those needs. Personalized financial services catered towards the specific needs of clients make sure that clients always come first and ensure exponential growth.

Agility

IPDC BFD team is always agile to cater to the specific needs of our clients. Execution of financial needs, disbursement processing time and post-disbursement client services are initiated and executed almost immediately upon request.

Credit Risk Management

The essence of proper risk management is underpinned amidst our team members. Quality due diligence, rigorous monitoring and effective prospect selection are among the many traits that the BFD team possesses.

Robust Recovery Mechanism

Assisting our partners in every step of the way, we explore all avenues for a mutually beneficial redemption of our lending products. This is done in collaboration of both the Collection and Special Asset Management (SAM) members as well as relationship managers.

Market Penetration Strategies

Strong market penetration strategies coupled with dedicated specialized relationship managers act as the mainstay of our success stories.

Sector Diversification

Core strength of the department relies on diversification into various industries rather than focusing on a few. IPDC BFD portfolio has a dominant presence in steel, pharmaceuticals, textile, FMCG, cement, logistics, ceramics, food-processing industries and so on.

Extraordinary Customer Service

We believe in providing extraordinary customer service. Our robust service orientation ensures a very competitive Turn Around Time (TAT), ensuring client loyalty.

Success Strategies for Excellence

Balancing Credit Risk Weight

a. Putting Eggs in Different Baskets

IPDC BF focuses on extending credit risk to numerous clients rather than lending heavily to a few. The internal policies and strategies

are made in a way that focuses on investing in corporate houses based on their revenue, asset size, market reputation, credit worthiness and fund utilization requirements. Internal lending ceilings are prudently set so that no single entity is overfinanced and poses a threat to the total performing portfolio.

Fund utilization is ensured through a robust mechanism preventing misuse of funds, thus providing a solid base for sustainable growth..

b. Sector Diversification

IPDC BFD strategizes funding catered to the needs and characteristics of individual industries. Credit score is analyzed for each industry to justify reasons for financing. The scores are reviewed/updated on annual basis to accommodate the changing nature of the industries and better serve our interests.

Internal strategies provide an early alert highlighting discouraged sectors, booming sectors and sectors to keep an eye on.

Extending Reach Beyond Megacities

Majority of the Banks/FIs have heavy investment on the two megacities i.e. Dhaka & Chattogram. However, a lot of untapped opportunities lie beyond these megacities. BF has launched several products targeting the micro, small & medium enterprises, and businesses in those areas. IPDC BF has a vision to reach every business with potential in all regions within Bangladesh, regardless of the transaction volume, to achieve a sustainable and well diversified portfolio.

With that vision, IPDC launched the product “DANA”. Dana is a structured retailer financing solution that can be a well-devised solution for small retailers and micro merchants allows them to access collateral free, fast and easy financing irrespective of their size.



Though the initial capital investment for these retailers seems smaller compared to the other categories, without any financial support, it is difficult for the small retailers/micro merchants to expand their businesses and meet the actual market demand. In most of the cases, retailers order and buy a limited number of products from the distributors as per their financial capacity. However, according to the major FMCG industry players, the actual demand is more than the cumulative lifting of retailers. Financial assistance to these MSME retailers can play a major role in expanding their businesses, whereas manufacturing enterprises can meet the growing demand of the consumers.

IPDC, through development of innovative financial solutions, takes the initiative to cater to this complex yet much needed business need and facilitates access to financing opportunities for retailers in an easy, low-cost, collateral free and structured manner.

IPDC has branches established in strategic locations all over Bangladesh and is planning to expand even further. Hence, financing is not limited to only Dhaka & Chattogram, but available for every credible entrepreneur nationwide.

Pathway to Financial Inclusion

Business Finance department has been developing strategies with special focus on creating entrepreneurship, encouraging women involvement in the economy and inspiring micro and small income business entities to grow and succeed. Through process optimization, simplifications and automation, Business Finance department has opted for achieving Sustainable Developmental Goals.

Innovation is the New Competitive Advantage

Innovation is the art of competing with one's self. The importance of innovations and necessary knowledge is generally identical for all organizations, regardless of their size and economic sector. Most large and small organizations place emphasis on innovations and establishing a suitable innovative culture. Innovations are a key source of a competitive advantage that determines the economic success of each organization. If organizations wish to survive and grow in today's turbulent environment, they must make every effort to introduce an innovative approach and creativity. In the process of innovation, knowledge is an essential element and in the present competitive environment, innovations help gain advantages over other organizations.

"IPDC aims to create a holistic and inclusive ecosystem in the financial market that will create entrepreneurs, diversify credit risks, encourage financial inclusion and shift the traditional financing model to a transaction-based financing model."

– Rizwan Dawood Shams, DMD & Head of Business Finance

Collaboration is the Biggest Innovation

No organization operates in a vacuum as they all require some form of collaboration depending on timeframe, degree of commitment and level of interdependence. Collaborations yield results by fostering innovation. In fact, true innovation is virtually impossible without collaboration.

Innovation starts with creativity, which is about generating novel ideas. Innovation is the process of converting workable novel ideas into processes, products and systems of value to an organization. Innovation leads to value addition for clients, enhanced client satisfaction, cost benefits, addition of new features and several other advantages. Innovation happens when previously unconnected bodies of knowledge connect. Continuing to collaborate the with same people from the same context, in the same way is not going to achieve growth. Thus, innovation comes only when collaboration occurs across communities.

IPDC BFD has collaborated with various industry leaders to create an ecosystem that serves all our interests. Currently IPDC BFD has strategic collaborative alignments with the following business entities:

- Ajkerdeal.com
- BSRM Limited
- PRAN-RFL Group
- bKash Limited
- Aarong

- Sheba.xyz
- APEX Group

Sustainable Financing: Future is in our Hands

Sustainable financing refers to providing financial solutions keeping into consideration of environmental, social and governance (ESG) criteria. It also encompasses financing solutions which targets to achieve the Sustainable Development Goals (SDGs) as directed by the United Nations. With formulation of Sustainable Finance Committee as well as a Sustainable Finance Unit, IPDC is committed to contribute towards the inclusive growth of Bangladesh in conjunction with the SDGs.

In 2019, IPDC strengthened its sustainable policies and strategic framework. It also restructured the total environmental management system and processes to play a major role in financing sustainable projects in different sectors of the country.

Industry Outlook

Increase in household consumptions, intensive investment in public sector and revival of ready-made garments (RMG) sector are identified as the main propellers of economic growth. Moreover, corporations are exploring Non-RMG products for exporting and many are already successful. IPDC is already partnered with various businesses spanning several export-earning industries and is poised for further development.

The government has taken laudable initiatives to promote entrepreneurship and industrialization. With the development of public sector, numerous business opportunities will rise for the private sector to boom. Thus, providing the financial sector to flourish serving the financing needs to support growth aspirations.

Drivers for 2021

Bangladesh is marching towards becoming a developing economy and achieving Sustainable Development Goals (SDGs). A healthy banking sector promotes economic growth and boosts sustainability of the private sector. Over the last three decades or so the country has seen spectacular expansion of the banking industry.

The banking industry in Bangladesh has even gone a step further by promoting financial inclusion of the impoverished in rural areas by using microfinance and microcredit as the policy instruments to achieve that objective. This has helped to expand the monetization of the rural economy, and consequently become more market oriented. Such market orientation of the rural economy also facilitated continuous transfer of resources from rural areas to urban areas.

BFD VISION 2021

In 2021, Business Finance Department (BFD) grew 4.7% year-over-year credit in portfolio. BFD launched major collaborative arrangements with various strategic partners and conducted piloting in moderate scale.

While 2020 has been a feat on its own, this by no means is a reason to slow down the pace. To enable Bangladesh to become a middle-income country in alignment to SDGs; IPDC Business Finance Department has formulated short-term and long-term strategies.

Short Term Strategies

Mass Deployment of Collaborative Partnerships

In 2021, IPDC will launch the strategic products and utilize its collaborative partnership on a massive scale which in turn is expected to help us own one of the highest performing, well diversified, sustainable business portfolio within Bangladesh.

The pilot project for microentrepreneurs is also planned to be commercialized. In its pilot phase, the project is already seeing resounding success. The demand in the status quo is far beyond the scope of the pilot phase, with a healthy rate of return. If fully rolled out, these projects will be a major revenue generating sector for IPDC. Micro & small entrepreneurs, a vulnerable and sub-optimally unbanked segment, is set to have unprecedented access to finance in an unconventional and innovative manner.

Capacity Expansion & Relationship Management

Given the prevailing market conditions, the focus is on capacity expansion and effective relationship management. We aim to concentrate on development of skills of our team members through training and mentorship.

Strengthening Collection Mechanism

Investing on robust collection mechanism and predictive algorithm-based credit assessment to ensure control over portfolio quality and classified loans will be continued to be imposed. With the growth of prospective businesses, the capacity building of collection/recovery department will be ensured for smooth operation of regular collection. By formulating and adhering to a comprehensive and prudent recovery strategy, Business Finance aims to outperform its NPL target which at current stage is also the market best.

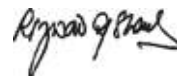
Long Term Strategies

In the long-term, our goal is to continue thriving towards excellence through innovating well thought and designed creative solutions in the ever-changing financial landscape. Our tight-knit relationship with the industries as well as awareness with what is happening around the world, backed by our insights & vision, allow us to foresee what solutions will be necessary to lead the financial industry.

Scaling up our portfolio as well as onboarding new clients is among our key priorities. Further spreading across various industries within Bangladesh, while excelling our turnaround time. Corporate and SME teams are ready to deliver unique financial solutions.

By the end of 2020, Business Finance looks much more promising than it was forty years ago when IPDC first started its journey. Being in an industry which can be cyclical, we have the formula for not only how to survive, but to thrive. This will only be possible if our clients feel that we are enabling them to succeed in extraordinary ways. As we look forward to the exciting days to come, we are building new products, ideas and poised to act on the opportunities. With a strong risk management framework, along with the talent to deliver, we are financing across the nation to serve both existing and new businesses and deliver extraordinary customer experiences. IPDC Business Finance has been helping Bangladesh grow since its early days and is here to stay.

Sincerely,



Rizwan Dawood Shams
DMD and Head of Business Finance

Area of Transformation

Transaction Process

Manual → Automation

Market Condition

Scattered → Eco-System

Geographical Reach

Limited → Wider

Operational Cost

Higher → Lower

MSE Financing

Inadequate → Unlimited

Review of Retail Business by the Head of Retail (Acting)

2020 has been the year of tests, defiance and resilience. Yet, among the onslaught of changes that we had to adapt to, IPDC has managed to not only stand firm but also thrive and progress.

While the financial industry saw a decrease in the speed of growth due to the COVID crisis, IPDC Finance garnered positive growth in business while also contributing to the segment of the society which were most harmed during the pandemic. This was possible solely due to tireless efforts and unwavering passion that drives each and every employee of IPDC. Moreover, the flexible culture that encourages quick innovation and implementation at retail, enabled a ready shift to the virtual work mode which resulted in upward growth in business.

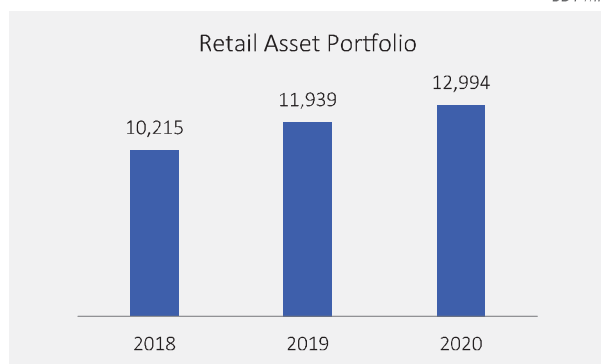
Business Overview

A formidable year for the financial industry of this country, 2020 forced businesses to adapt fast to the challenging business environment, in order to survive. Retail financial sector of the country faced multifarious obstacles- from lower demand of loans, to lower recovery of installments and to lower propensity to save among people.

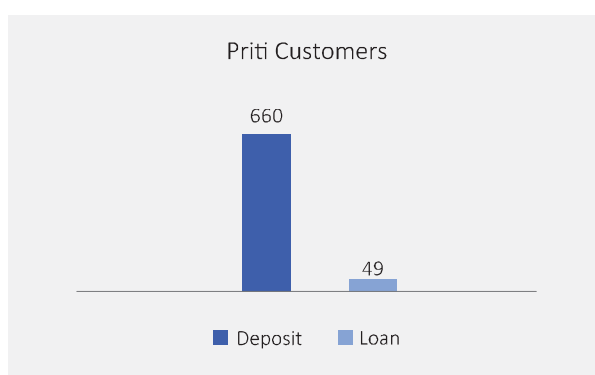
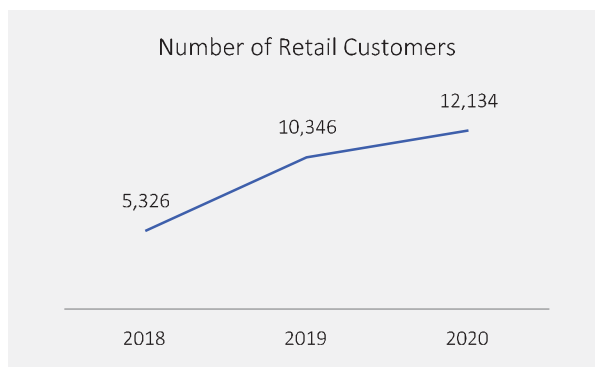
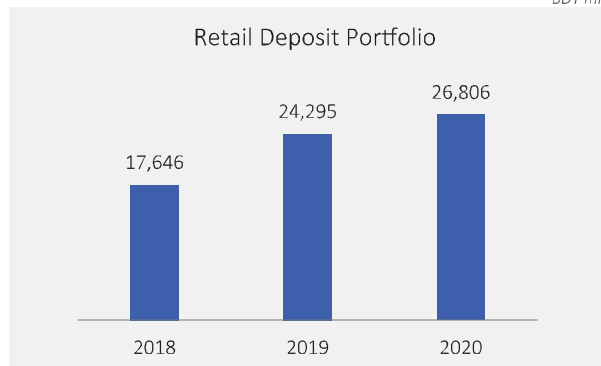
Rising amidst the impediments however, retail business of IPDC addressed and adapted to the new normal. This was reflected in both performing loan portfolio and the deposit portfolio. IPDC's retail deposit portfolio rose by 10.3% in 2020 compared to the previous, and the retail loan portfolio also saw 9.4% rise.

Under the prudent guidance and decisions of the Board of Directors and the Management, IPDC's Retail business has ensured NPA is kept at bay. IPDC's innovative campaigns to drive liability helped ensure sufficient liquidity to bolster the bounce back of asset drives in the 3rd and 4th quarter of the year. Amidst this, spread has increased to 4.06% in 2020, compared to 2.16% last year. Customer base grew by 30%, bringing the retail family to a total family of 12,134.

BDT mn



BDT mn



2020 Milestones

IPDC's ongoing progress in executing strategic priorities stayed on its course in 2020 as well. Launched in 2019, product segment "Priti" dedicated for women, grew by nearly 75% in its second year. Over the years, efforts to streamline process through innovations geared towards efficiency, began to show remarkable results this year, by reducing the Turn Around Time for asset files. Digitization of applications helped ensure quick service to willing depositors even during lockdown.

Key Strengths/Advantages

- Customized product: IPDC aims to provide not just financial service, but tailor made holistic financial solution catering to the varying needs of different customers.
- Digital platform: IPDC EZ brings instant access to finance to ensure utmost flexibility and convenience in shopping.
- Faster Customer Responsiveness: Our dedication to serve every customer within 48 hours of their query, allows us to live up to every customer's expectation of priority service.
- Product for every segment of customers: At IPDC, the aim is to remain a lifelong financial friend to each of our customers. Our customers' journey starts from IPDC EZ, a platform where people of every age, especially young adults can enjoy modern day commodities to Home Loan, which fulfils the dream of an own shelter.
- Strong relationship and collaboration with market leaders in diversified industries: Providing services through the vast

distribution network of BRAC, BSRM and Gana Unnayan Kendra (GUK), allows us to serve to over 54 districts across the country.

- Extra-ordinary customer experience: Extra-ordinary customer experience is always a priority of IPDC and an area of strength of Retail Business. It has been one of the biggest reasons behind the robust growth of deposit portfolio and stickiness of deposits. To ensure ease for customers at every step, opportunities to deploy fintech solutions have been a key focus of retail strategy.

Market Potential

Bangladesh is the youngest nation among the South Asian countries where 65% of the population is under 30 years old, much of which has already entered the workforce. These large number of people will generate higher demand for retail financing solution.

Business Strategy

IPDC's vision to serve the youth, women and underserved segment, drives the objective for every strategy that is sketched and implemented. In 2020, the necessity to stand beside the community was more than ever before, and as a result, IPDC's business strategy included ensuring

Value Creation

Going beyond megacities:

Owning homes become affordable for the middle-income earners only when the monthly installments are 30-35 percent of their incomes. In our country, the price of flat is very high; almost 120 times the disposable income. Bhalo Basha home loan offers housing finance to the growing middle-income base outside metropolitan areas, aligned with SDG goals. This year, we crossed the 1000 families mark for Bhalo Basha Home Loan.

IPDC Manobota:

Rising to the duty of standing beside the community during crisis, IPDC launched the deposit Campaign IPDC Manobota. Through this campaign, around 2000 underprivileged families struck hard due to COVID lockdown, received relief aid. Apart from garnering massive social approbation, the campaign also generated BDT 374 Million to combat liquidity shortage.

IPDC Priti:

A product feature encompassing financial needs women segment, tagged with safeguarding health & lifestyle benefits.

IPDC EZ:

IPDC EZ is a digital consumer goods financing platform for the purchase of lifestyle upgrading products and services. The product is made available from 14 merchants and 230 outlets in more than 30 districts of the country through which customers can purchase consumer goods and services in easy EMLs without credit card.

IPDC E-paath:

In terms of achieving business goals and employee satisfaction, staff training provides an efficient and rewarding workplace culture. For a growing retail employee base of over 400 spread across 24 districts, digital learning is the most efficient method of training. In lieu of that, E-paath an online training platform was launched in 2020, with currently 447 active users.

IPDC Subodh

To revamp reading habit among the youths, IPDC ventured with a

path-breaking innovative marketing project called IPDC Subodh. Under this campaign, minute sized loans to buy books could be availed at the Ekushey Boi Mela 2020. This facility was open to all, and received massive reach in media coverage, with over 6000 books sold.

Innovation

Alternate repayment channel:

To ensure easy and timely repayments of loans and installments of DPS, alternate repayment channels are being deployed in collaboration with established mobile financial service providers.

Digital lead generation campaign:

To reach straight to target customers, one-click call campaign was introduced in social media.

Introduction of IPDC Shiri:

To automate process, provide faster service and have trackable and measurable employee performance, CRM-LOS has been revamped for a more robust version named IPDC Shiri. Shiri allows all applications to be digitally processed from lead generation to disbursement, reducing documentation hassle and monitoring TAT (Turn-Around-Time) at each phase of file processing.

Priorities for 2021

Balancing lending and deposit rate

In terms of interest rate stability, retail market in Bangladesh always poses a challenge. One of the major challenges of 2021 will be to keep a steady balance between lending and deposit rates, while ensuring competitiveness in the market.

Product innovation

To bridge the gap between the unmet financial needs of the customers and current market offerings, IPDC is constantly innovating and shifting their products to meet the customer needs. With the help of big data analytics, we can generate meaningful insights from huge customer data and design products according to different segment's needs.

Development of IPDC EZ System

With an objective of bringing convenience at home, IPDC is planning to enter the consumer goods finance market with a smartphone based digital financing platform in 2021. The lending ecosystem will ensure fast credit decisioning, wide merchant network management through an E-commerce platform and facilitation of the payment of the customers. The solution envisions to reach the growing middle and affluent class households of the country with a full-fledged digital financial service in the fingertips of the customers.

Capacity building

To increase productivity by amplifying efficiency, IPDC plans to take its' digital learning and training portal E-paath to the next phase. With data-based monitoring of employee performance, customized training (both online and in-field) for skill enhancement will be introduced in 2021.

Collaboration with partners

In an increasingly connected world, success relies in effective collaboration. To reach out to customers at various touchpoints, IPDC plans to collaborate with industry players across the nation through strategic initiatives. Platforms such as Bproperty will be used to connect to potential clients. Moreover, institutions with wide spread network such as Gana Unnayan Kendra- GUK, BRAC and BSRM will be partnered with for lead generation from distant regions and districts.

Outlook

2020 witnessed a crashing onslaught of changes caused by a global problem that halted progress everywhere. Yet, the strength of IPDC retail truly reflected itself this year in not only surviving but also progressing forward. Our passionate and adaptive approach to business, along with inclination towards absorption of fintech helped propel augmented numbers in business even when the entire financial industry struggled this year.

2021 will see us spreading further across through collaboration while ensuring healthy portfolio. With businesses steering towards more virtual and efficient delivery of service, IPDC will also continue to incorporate fintech to improve operational efficacy. Launching IPDC EZ, increasing scope of IPDC Priti, spreading Bhalo Basha Home Loan nationwide, catering to luxury home financing and speeding up with green automobiles, will be the prime focus of retail business. Apart from that, operational enhancements will be continued to ensure service excellency for customers. 2021 will see us not only soar to newer heights, but also challenge the imagination of the horizon of retail business in the nation.

Sincerely,



Savrina Arifin

Head of Retail Business (acting)

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 25.1%. 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 unparalleled services to customers.

Income

Particulars	2016	2017	2018	2019	2020	Growth YoY
Net interest income	638	1,073	1,698	1,943	2,017	3.8%
Investment income	47	65	63	115	639	454.6%
Commission, exchange and brokerage	36	82	89	78	108	38.5%
Other operating income	120	25	24	30	66	122.3%
Total Revenue	841	1,246	1,875	2,166	2,830	30.7%

BDT mn

Revenue during the year 2020 amounted to BDT 2,830 million against BDT 2,166 million in the previous year, representing a strong growth of 30.7%. The major portion of the revenue came from Net Interest Income (NII) which amounted to BDT 2,017 million and grew by 3.8% and represents 71.3% of the total revenue in 2020. The growth in net interest income is impressive and is attributed to improved spread, despite IPDC maintaining additional suspense balance against unrealized income.

Investment income increased sharply by 454.6% in 2020 ending with BDT 639 million in 2020 against BDT 115 million in the previous year. Increase in investment income is attributed to increased investment portfolio which stood at BDT 5,144 million in 2020 against BDT 1,571 million in the previous year resulting in a growth of 227.4%. In addition to growth in investment portfolio, significant amount of capital gain from government securities was realized resulting in investment income taking up 22.6% of the total revenue share against 5.3% in 2019.

Commission, exchange and brokerage income (fees-based income) increased by 38.5% and stood at BDT 108 million from BDT 78 million in the previous year and represented 3.8% of revenue in 2020. Increase in commission, exchange and brokerage income was mainly due to early settlement fees from some major clients during the year 2020.

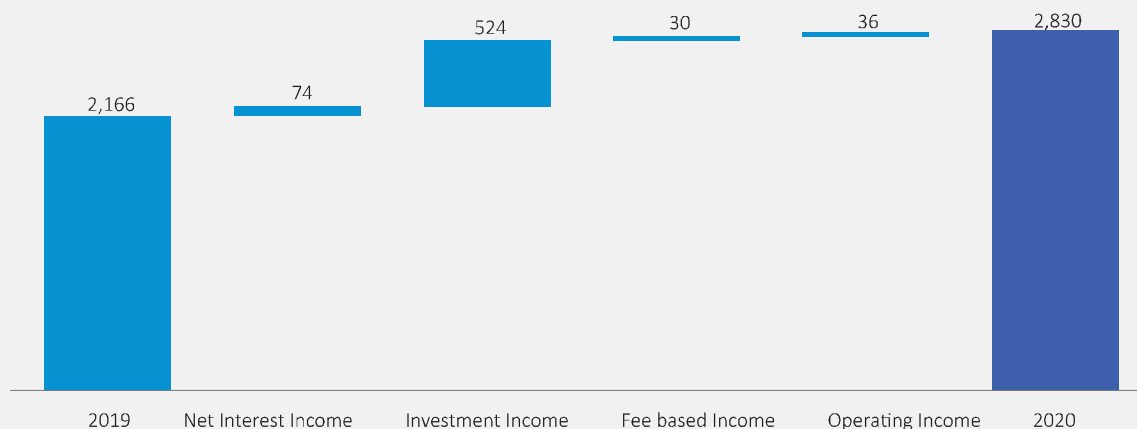
Revenue Composition



Other operating income grew by 122.3% because of strengthened recovery efforts, generating BDT 63 million in recovery income in 2020 against BDT 29 million in 2019.

BDT mn

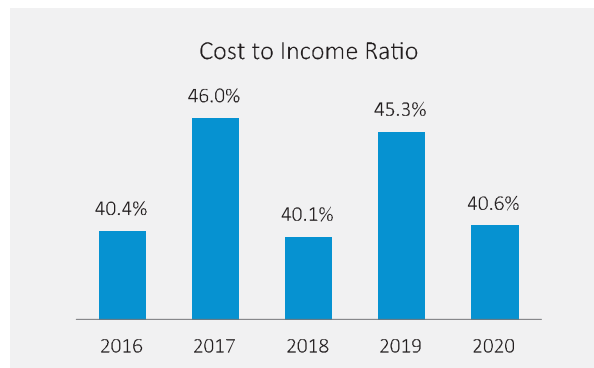
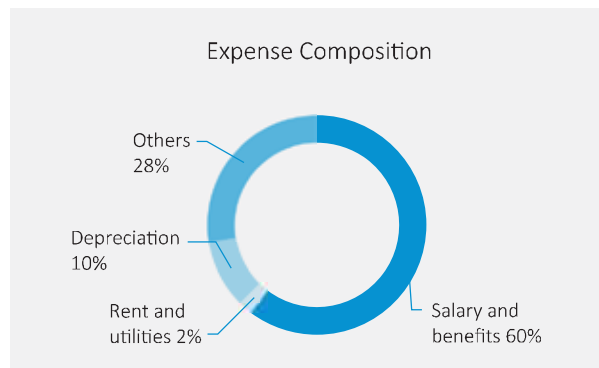
Revenue Waterfall



Operating Expenses

BDT mn

Particulars	2016	2017	2018	2019	2020	Growth YoY
Salary and benefits	149	296	396	566	693	22.3%
Rent and utilities	22	33	43	24	26	5.4%
Depreciation	22	31	41	85	116	37.6%
Other operating expense	147	213	271	306	316	3.1%
Operating Expense	340	573	752	981	1,150	17.2%



Operating expense for the year 2020 amounted to BDT 1,150 million against BDT 981 million in the previous year, representing a growth of 17.2%.

The majority portion of the increase in operating expense is attributed to Salary and benefit expense, which at the end of 2020 amounted to BDT 693 million; a growth of 22.3% accounting for 60.2% 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 of previous year. In 2019, as number of employees increased significantly to 854 from 599 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 2021.

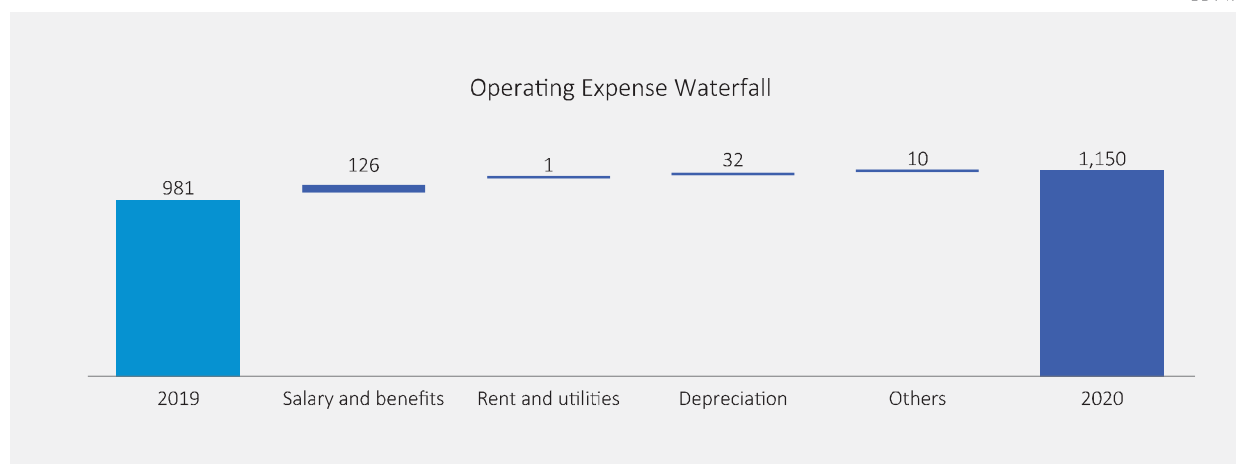
Rent and utilities amounted to BDT 26 million in 2020 against BDT 24 million in the previous year representing an increase by 5.4%. Depreciation expense increased by 37.6% in 2020 to BDT 116 million from BDT 85 million in the previous year. IPDC's new core banking system as well as Orjon, a block chain based digital supply chain finance platform was capitalized during the fourth quarter of 2019 and

incurred full year depreciation expense during the year 2020. Additionally, out of BDT 116 million depreciation charge, BDT 31 million is related the depreciation of Right of Use Asset for lease rent due the recognition of lease rental under IFRS 16: Lease.

Other operating expense accounted for 27.4% of the remaining operating expense and stood at BDT 316 million in 2020 against 306 million in 2019, a marginal increase of 3.1%. Increase in other operating expense is mainly attributed to IPDC's donation and social assistance program during the pandemic. Mentionable among these donations include BDT 20 million donation to Prime Ministers Welfare Fund.

As a result of stringent cost control measures and partial office closure due to the announcement of general holidays during the pandemic, IPDC was able to restrict the growth of operating expense significantly. This is evident in declining Cost to Income Ratio in 2020 compared to 2019.

BDT mn



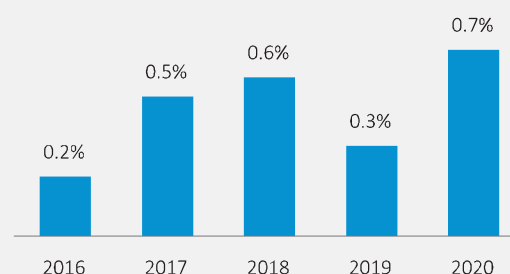
Provision for Loans, Advance and Investments

Particulars	2016	2017	2018	2019	2020	Growth YoY	% of Total
General provision for loans	88	140	103	118	496	319.1%	102.8%
Specific provision for loans	(58)	19	161	34	(13)	-139.7%	-2.8%
Provision for investments	4	1	(1)	10	0	-99.8%	0.0%
Other provisions	-	-	-	29	-	-100.0%	0.0%
Provision for Loans, Investments, and others	34	159	262	191	483	153.1%	100.0%

Total provision for loans, leases, advances and investments stood at BDT 483 million in 2020 against BDT 191 million in the previous year, an increase by 153.1%. Provision as % of average assets stood at 0.7% in 2020 after a dip in 2019.

In March 2020, Bangladesh Bank issued a circular restricting any downgrade of loan accounts below 1 January 2020 and introducing loan deferral facility for clients in response to the pandemic. As downgrading of accounts was not allowed, actual provisioning requirement was much lower. However, 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 1% additional provision against the unclassified accounts amounting to BDT 528 million. As a result, general provision charge during 2020 increased to BDT 496 million from BDT 118 million in the prior year. BDT 13 million of specific provision was released in 2020 as no downgrading of accounts were permitted and recoveries were made from some classified accounts.

Provision as % of Average Assets



Taxation

Particulars	2016	2017	2018	2019	2020	Growth
Current tax expense	158	177	406	431	500	16.0%
Accounting profit before tax	468	514	861	994	1,201	20.9%
Effective tax rate	33.8%	34.4%	47.2%	43.4%	41.6%	-1.8%
Tax as % of operating profit	31.5%	26.3%	36.2%	36.4%	29.8%	-6.6%

Current tax charged during 2020 amounted to BDT 500 million against BDT 431 million in 2019. Effective tax rate in 2020 stood at 41.6% against 43.4% in the previous year. Tax as % of operating is profit is also much lower at 29.8% in 2020 compared to 36.4% in 2019 as capital gain from government treasury bond is tax exempted.

The reconciliation of effective tax rate for the year 2020 is as follows:

Particulars	%	Amount
Profit before income tax as per profit and loss account		1,201
Income tax as per applicable tax rate	37.50%	451
<i>Factors affecting the tax charged in current year</i>		
On non-deductible expenses	16.35%	196
Tax exempted income (on govt. treasury securities)	(10.33%)	(124)
Tax savings from reduced tax rates (on dividend income)	(1.87%)	(23)
Tax savings from reduced tax rates (for gain on sale of quoted securities)	16.35%	-
Total income tax expenses	41.64%	500

Profitability

Particulars	2016	2017	2018	2019	2020	Growth
Operating Profit	502	673	1,123	1,184	1,680	41.8%
Profit before Tax	468	514	861	994	1,201	20.9%
Net Profit after Tax	303	335	450	562	706	25.4%

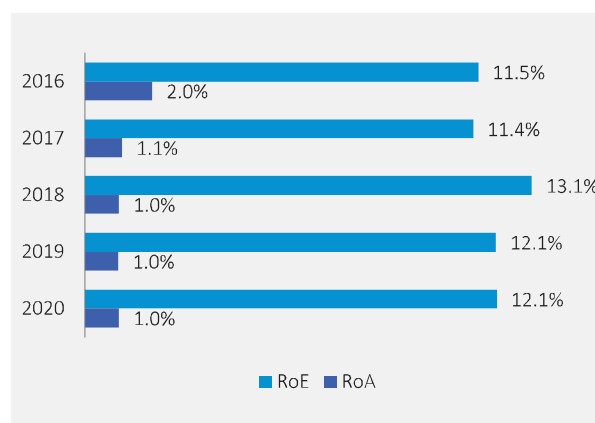
BDT mn

Riding on 30.7% increase in Revenue and only 17.2% increase in operating expenses, operating profit in 2020 stood at a record BDT 1,680 million, an increase of 41.8% from the previous year. Controlled expenses and higher one-off recovery also contributed to register a strong growth in operating profit against both budget and 2019. Growth in Profit Before Tax was lower than growth in Operating Profit as a result of prudent provisioning of BDT 496 during 2020. Profit before tax increased by 20.9% and stood at BDT 1,201 million.

Net profit during the year 2020 stood a healthy level of BDT 706 million against BDT 562 million in the previous year, an increase by 25.4%. What makes the net profit growth in 2020 an incredible achievement is the fact that the financial market was suffering from a liquidity crisis leading to shortage of fund, increase in cost of fund and ultimately a decrease in spread. Despite the market setback, IPDC was able to achieve a healthy growth in profitability. From the base year of 2016, IPDC has achieved a net profit growth of 2.3 times.

Return on equity has consistently remained above 11.5% since 2016 and ended with 12.1% in 2020. 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 1.0% in 2020. 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, growth rate stabilizes, and new retail products gain traction, return on assets is expected to increase in the future.



Balance Sheet Summary

Particulars	2016	2017	2018	2019	2020	Growth YoY	% of total
Assets							
Cash and cash equivalent	1,859	3,280	3,759	9,777	14,674	50.1%	19.3%
Investment	566	663	869	1,571	5,144	227.4%	6.8%
Loans, advances and leases	19,481	34,467	44,325	50,726	53,610	5.7%	70.6%
Fixed Assets	234	267	545	788	777	-1.4%	1.0%
Others	438	612	1,013	1,541	1,766	14.6%	2.3%
Total Asset	22,577	39,289	50,511	64,402	75,969	18.0%	100.0%
Liabilities							
Borrowing	1,141	4,214	5,917	7,038	10,946	55.5%	14.4%
Deposit	17,179	29,747	37,066	46,361	52,456	13.1%	69.0%
Other Liabilities	1,481	2,217	3,776	5,427	6,503	19.8%	8.6%
Equity	2,775	3,111	3,752	5,576	6,063	8.7%	8.0%
Total liabilities and shareholders' equity	22,577	39,289	50,511	64,402	75,969	18.0%	100.0%

BDT mn

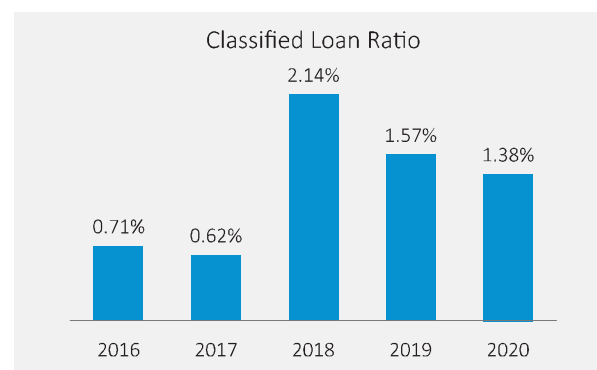
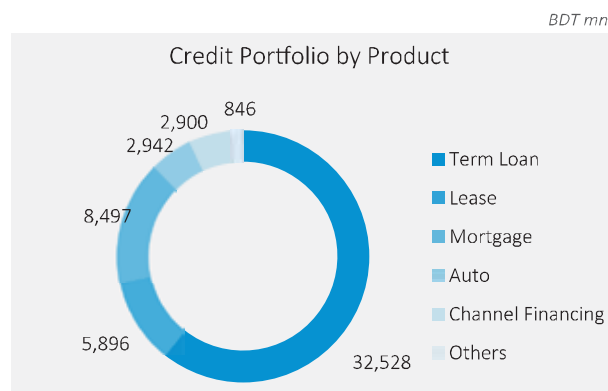
Loans, Advances and Leases

IPDC's lending portfolio grew by 5.7% reaching BDT 53,610 million in 2020 from BDT 50,726 million in 2019. Since the market was uncertain in 2020, management took a cautious approach in loan disbursement which led to a lower loan portfolio growth compared to the preceding years and the net growth mainly came off from Retail and SME. Of the total asset composition, Loans and advances represented 70.6% of the total assets in 2020.

Term loans accounted for 60.7% of the total loan portfolio pie and stood at BDT 32,528 million in 2020 and accounted for the majority

portion of the loan portfolio followed by mortgage finance which accounted for 15.9% of the pie followed by lease finance taking 11% of the pie at BDT 5,896 million. Auto loan, factoring finance and other loan accounted for the remaining 12.4% of the pie at BDT 6,688 million.

Volume of classified loan came down to BDT 742 million in 2020 against BDT 796 million in 2019, registering a decrease by 6.8%. Classified loan ratio decreased to 1.38% in 2020 against 1.57% in the previous year. Although the decline is mostly attributable to Bangladesh banks policy on classified loans, IPDC remains committed to maintain its industry leading portfolio quality and follow a sustainable portfolio growth approach.



Investments

BDT mn

Particulars	2016	2017	2018	2019	2020	Growth YoY	% of total
Quoted shares	7	7	7	7	106	1415.1%	2.1%
Unquoted shares	5	5	5	5	5	0.0%	0.1%
Preference shares	281	353	510	1,257	1,275	1.4%	24.8%
Corporate bonds	273	298	348	302	287	-5.1%	5.6%
Government securities	-	-	-	-	3,471	0.0%	67.5%
Total Investments	566	663	869	1,571	5,144	227.4%	100.0%

Investment portfolio increased significantly by 227.4% YoY to BDT 5,143 million in 2020 from BDT 1,571 million in 2019. The net increase in investment portfolio mainly came off from investment in government securities which amounted to BDT 3,471 million after revaluation and accounted for 67.5% of the total investment.

Investment in quoted share increased to BDT 106 million in 2020 from BDT 7 million in 2019. Investment in preference shares remained mostly flat at BDT 1,275 million and accounted for 24.8% of the total investment. Investment in corporate bond stood at BDT 287 million a decrease by 5.1% and represents 5.6% of the total pie.

Fixed Assets

BDT mn

Particulars	2016	2017	2018	2019	2020	Growth YoY	% of total
Land	129	129	279	279	279	0.0%	36.0%
Building	18	17	90	88	85	-3.0%	11.0%
Motor vehicles	17	33	48	51	43	-16.0%	5.5%
Furniture and fixture	28	32	36	38	38	-2.3%	4.8%
Equipment and appliances	34	47	59	106	94	-10.7%	12.2%
Software	7	9	8	145	113	-21.8%	14.6%
Capital work in progress - Software	-	-	24	-	29	0.0%	3.7%
ROU- Assets for lease rent	-	-	-	80	95	18.4%	12.3%
Total WDV of Fixed Assets	234	267	545	788	777	-1.4%	100.0%

The value of fixed assets stood at BDT 777 million in 2020 against BDT 788 million in the previous year. Fixed assets decreased by 1.4% as no major capitalization took place during 2020 due to the conscious decision by the management to observe the market amid economic slowdown.

Impairment of Fixed Assets and Investments

According to the IAS 36 impairment of assets seeks to ensure that fixed assets of an organization are not carried at more than their recoverable amount. As per IAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis. As per FID

circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances.

The carrying amount of the entity's non-financial assets, other than deferred tax assets, are reviewed at year end reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. However, no such conditions that might be suggestive of a heightened risk of impairment existed at the reporting date.

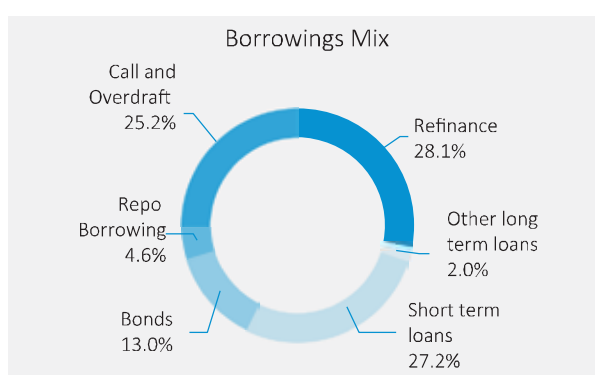
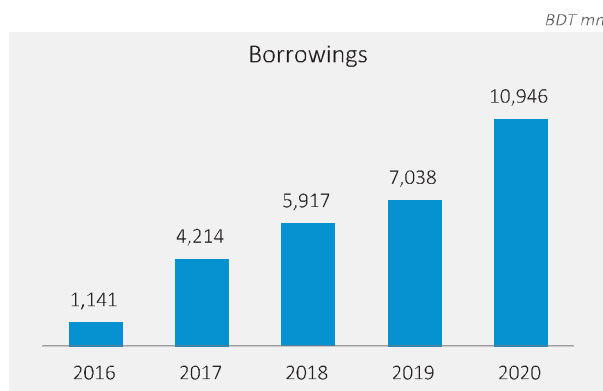
At the end of December 2020, an impairment exercise was carried out for fixed asset and investment in both quoted and unquoted shares. We found no significant indication of impairment in our books.

Borrowings

Particulars	2016	2017	2018	2019	2020	Growth YoY	% of total
Long term loan	6	710	1,792	2,472	3,295	33.3%	30.1%
Short term loan	-	1,450	1,840	1,580	2,979	88.5%	27.2%
Zero coupon bond	-	472	807	640	460	-28.2%	4.2%
Subordinated bond	-	-	200	1,000	960	-4.0%	8.8%
Bank overdraft	845	1,072	858	1,095	933	-14.8%	8.5%
Money at call and short notice	290	510	420	250	1,820	628.0%	16.6%
Repo borrowing	-	-	-	-	500	0.0%	4.6%
Total Borrowings	1,141	4,214	5,917	7,038	10,946	55.5%	100.0%

Borrowings increased to BDT 10,946 million in 2020 against BDT 7,038 million in the previous year resulting in an increase by 55.5%. Increase in borrowing was mainly due to increase in refinancing portfolio which is a component of long-term borrowing. Refinancing portfolio grew by 45.0% compared to 2019 and as a result, long term loans took up

30.1% of the total borrowings. Additionally, short-term borrowing increased by 88.5% to BDT 2,979 million which comprised of 27.2% of the total borrowing. Money at call and short notice increased by 628.0% to BDT 1,820 million in 2020 from BDT 250 million in the previous year to take advantage of the low cost of fund in the market.

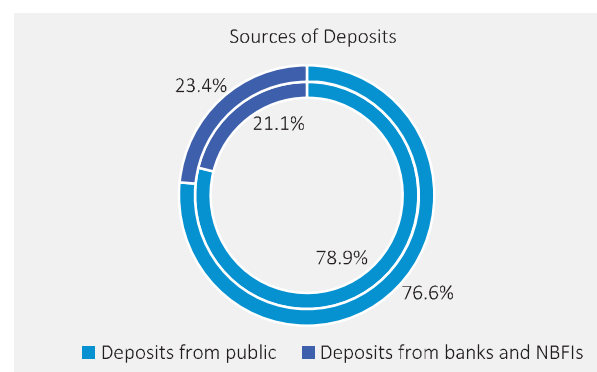
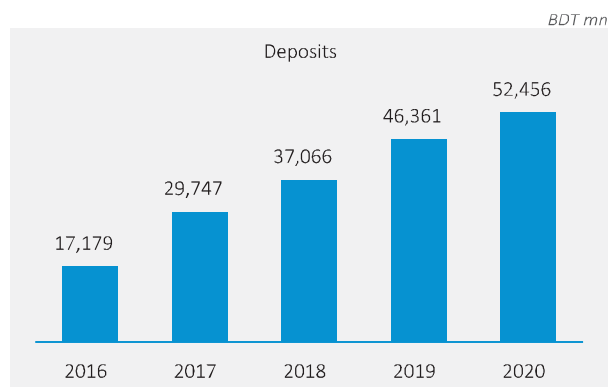


Deposits

Particulars	2016	2017	2018	2019	2020	Growth YoY	% of total
Annual profit scheme	4,696	7,673	11,295	16,537	13,109	-20.7%	25.0%
Quarterly profit scheme	134	169	285	725	901	24.2%	1.7%
Monthly profit scheme	142	188	691	2,024	2,848	40.7%	5.4%
Half yearly profit scheme	-	-	-	5	5	0.0%	0.0%
Cumulative profit scheme	475	481	455	339	453	33.5%	0.9%
Fixed deposit from public	4,418	9,887	10,553	15,547	23,486	51.1%	44.8%
FDR from banks & NBFIs	7,170	11,110	13,520	10,846	11,076	2.1%	21.1%
Other deposits	144	239	267	338	579	71.3%	1.1%
Total Deposits	17,179	29,747	37,066	46,361	52,456	13.1%	100.0%

Deposits ended at BDT 52,456 million in 2020 against BDT 46,361 million in 2019 and an increase of 13.1% and accounting for 69.1% of the total liabilities and shareholders' equity. From the base year of 2016, IPDC has increased its deposits by 3.1 times. Deposit growth stood at 13.1% in 2020. IPDC introduced various innovative deposit campaigns such as IPDC Manobota 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 44.8% of the total deposit pie and saw an increase of 51.1% and ended the year 2020 with a balance of BDT 23,486 million against BDT 15,547 million in the previous year. Annual Profit Scheme accounted for the 25.0% of the deposits and had a degrowth of 20.7%, standing at BDT 13,109 million in 2020 against BDT 16,537 million in the prior year. FDR from Banks & NBFIs amounted to BDT 11,076 million against BDT 10,846 million in the previous year with a growth of 2.1% and represents 21.1% of the deposit pie. Other schemes also logged in good growth, although these make up a small portion of the deposits.

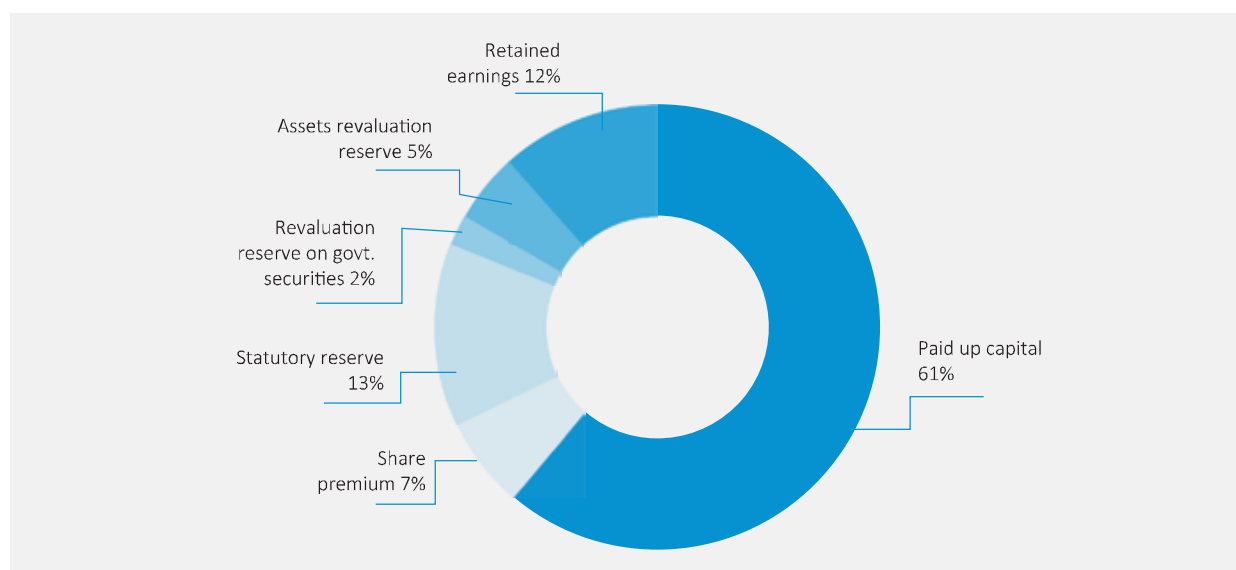


Equity

Particulars	2016	2017	2018	2019	2020	Growth YoY	BDT mn % of total
Paid up capital	1,515	1,818	2,182	3,534	3,711	5.0%	61.2%
Share premium	167	167	167	403	403	0.0%	6.6%
Statutory reserve	393	460	550	663	804	21.3%	13.3%
Assets revaluation reserve	125	120	311	309	135	0.0%	2.2%
Revaluation reserve on government securities	-	-	-	-	307	-0.5%	5.1%
Retained earnings	575	545	542	667	704	5.5%	11.6%
Total Equity	2,775	3,111	3,752	5,576	6,063	8.7%	100.0%

Equity increased to BDT 6,063 million in 2020 from BDT 5,576 million in 2019, an increase of 8.7%. Increase in equity was mainly due to the combined impact of increase in paid up capital, statutory reserve, retained earnings and revaluation reserve on government securities. Increase in paid up capital was due to issuance of 5% bonus share and increase in statutory reserve was due to necessary transfer to statutory reserve (20% of net profit). Decrease in asset revaluation reserve

during the year is due to the annual transfer of excess depreciation from revaluation reserve to retained earnings in accordance with International Account Standard (IAS 16: Property, Plant and Equipment). Increase 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

Particulars	2016	2017	2018	2019	2020
Net cash from operating activities	1,133	410	(838)	4,359	7,637
Net cash (used in)/ from investing activities	(420)	(164)	(300)	(917)	(3,489)
Net cash (used in)/ from financing activities	(0)	1,176	1,617	2,575	748
Net increase / (decrease) in cash	714	1,421	479	6,018	4,896

Net cash flow from operating activities ended with a positive cash inflow balance of BDT 7,637 million in 2020 against a balance of BDT 4,359 million in 2019. Net cash used in investing activity stood at a negative balance of BDT 3,489 million in 2020 against a negative balance of BDT 917 million the previous year mainly due to purchase of government securities. Net cash from financing activity stood at BDT 748 million in 2020 against BDT 2,575 million in the prior year. The decrease in financing activity was higher in 2019 mainly due to payment of cash dividend and lower amount of loan and debt securities taken in 2020 as the company had satisfactory liquidity

position throughout the year. Overall IPDC saw a net increase in cash by BDT 4,896 million in 2020 compared to BDT 6,018 million in the previous year. The Net Operating Cashflow per Share (NOCFPS) stood at BDT 20.58 in 2020 against a BDT 11.75 in the previous year.

A negative net cash from operating activity 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.

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Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	5+ years
Assets	12,436	13,329	14,639	22,755	12,811
Liabilities	12,034	12,899	14,169	11,128	19,675
Liquidity Gap	401	430	469	11,627	(6,865)

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

Du-Pont Summary

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Particulars	Description	2016	2017	2018	2019	2020
Net Interest Income	% of Avg Assets	4.1%	3.5%	3.8%	3.4%	2.9%
Non-Interest Income	% of Avg Assets	1.3%	0.6%	0.4%	0.4%	1.2%
Operating Income	% of Avg Assets	5.5%	4.0%	4.2%	3.8%	4.0%
Operating Expenses	% of Avg Assets	2.2%	1.9%	1.7%	1.7%	1.6%
Cost/Income	% of Operating Income	40.4%	46.0%	40.1%	45.3%	40.6%
Operating Profit	% of Avg Assets	3.3%	2.2%	2.5%	2.1%	2.4%
Provisions	% of Avg Assets	0.2%	0.5%	0.6%	0.3%	0.7%
Profit before Tax	% of Avg Assets	3.0%	1.7%	1.9%	1.7%	1.7%
Tax Rate	% of PBT	35.2%	34.7%	47.7%	43.4%	41.3%
Return on Assets	Return on Avg. Assets	2.0%	1.1%	1.0%	1.0%	1.0%
Return on Equity	Return on Avg. Equity	11.5%	11.4%	13.1%	12.1%	12.1%
Assets/Equity	Avg. Assets/Avg. Equity	5.9	10.5	13.1	12.3	12.1

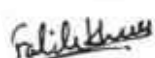
Du-Pont Analysis of 2020

To summarize IPDC's Du-Pont analysis, although Net Profit After Tax of IPDC increased by 25.4% in 2020, Net Profit Margin of IPDC reduced slightly by 1% in 2020 compared Net Profit Margin of 2019 mainly due to additional general provision of 1% which was prudently kept. Investment Income, mainly capital gain from Government Securities, contributed to increase of Asset Turnover from 3.8% to 4.0% in 2020. Equity Multiplier reduced marginally to 12.1 times in 2020 from 12.3 times in 2019, and the main reason behind that was the increase in average equity due to Rights Share issue at the end of 2019.

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 of how IPDC performed in contrast to the industry, as well as information about our financial condition and prospects.

Financial Highlights

Key financial indicators of IPDC remain solid amid COVID-19 had lower than expected impact on our financial performance due to efficient fund management, stringent cost control, prudent provisioning, pragmatic investments of funds, and favorable regulatory policies. Management expects the trend to continue in 2021 through improved efficiency and control, launch and scale-up of tech-based platform and quality growth in balance sheet.

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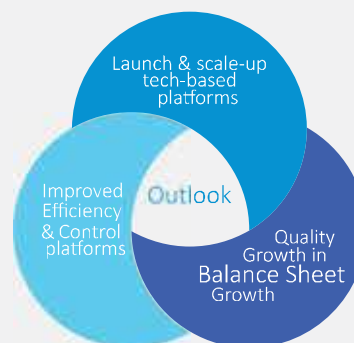
Key Financial Highlights

Credit Portfolio	53,610m	+5.7%
Customer Deposit	41,381m	+16.5%
Operating Profit	1,680m	+41.8%
Net Profit	706m	+25.4%

Response to Covid-19

The World Health Organization characterized COVID-19 as a pandemic in March 2020. Concerns related to the spread of COVID-19 and the related containment measures to lessen its impact 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. Management Committee has also been in regular contact with the Board of Directors for guidance in handling the pandemic.



Our Response to the Pandemic

Employees	Customers	Investors	Suppliers	Communities & Societies	Regulators
Work from home facility	Advance Interest on Deposits	Online Annual General Meeting	Supplier bills cleared on time	Donated BDT 2.0 crore to PMs Welfare Fund	All regulatory reports sent on time
Free Covid-19 Test	Loan installment deferral	Redesigned quarterly Investors Meet	Scaled up electronic fund transfer	Introduced IPDC Manobota to aid families in hardship	First FI to disburse funds from stimulus package before timeline
Campaigns to boost mental and physical wellbeing	All deposit encashment requests duly honored	Solid company performance amid a pandemic	Payment to suppliers increased by 21.5%	Partnered with several agencies to support distressed families	Complied with all new regulations regarding Covid-19

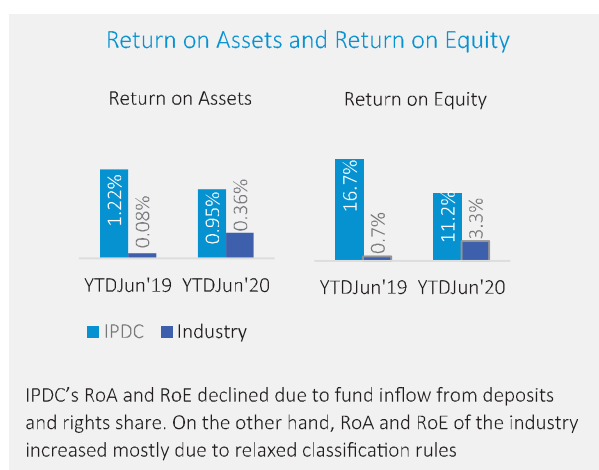
Comparative Analysis – NBFI Sector and IPDC

Particulars	Industry Jun'19	Industry Jun'20	IPDC Jun'19	IPDC Jun'20	IPDC's Share Jun'19	IPDC's Share Jun'20	Industry Growth	IPDC Growth
Earning Assets	688,930	696,140	52,297	54,707	7.6%	7.9%	1.0%	4.6%
Deposits	457,000	440,680	46,361	48,226	10.1%	10.9%	-3.6%	4.0%
Classified Loans	73,200	89,060	757	814	1.0%	0.9%	21.7%	7.6%
Classified Loan Ratio	11.00%	13.29%	1.64%	1.59%	-	-	2.29%	-0.05%
Return on Asset	0.08%	0.36%	1.22%	0.95%	-	-	0.3%	-0.3%
Return on Equity	0.65%	3.30%	16.71%	11.15%	-	-	2.6%	-5.6%
Capital Adequacy Ratio	16.80%	16.40%	14.65%	17.40%	-	-	-0.40%	2.75%

Earning Assets of the NBFI sector remained mostly flat with a year over year (YoY) growth of 1.0% on June 2020 basis and stood at BDT 696,140 million. In contrast Earning Assets of IPDC grew by 4.6% YoY to BDT 54,707 million at the end of June 2020 against BDT 52,297 million at the end of June 2019. As a result, IPDC was able to increase its market share from 7.6% to 7.9% in terms of Earning Assets. Despite the pandemic, IPDC managed to increase deposits from BDT 46,361 million in June 2019 to BDT 48,226 million in June 2020, registering a YoY growth of 4.0% compared to the industry's degrowth of 3.6% during the same period. IPDC's share of deposits also increased to 10.9% in June 2020 compared to 10.1% in June 2019.

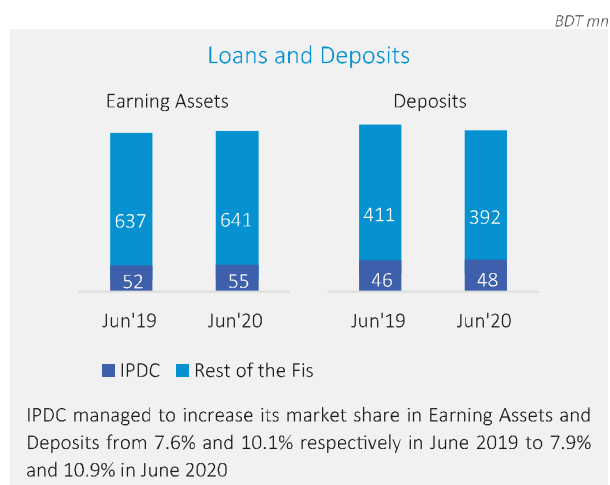
2019. On the other hand, IPDC's ROA and ROE declined over the same period mainly because of inflow of funds in form of deposits and right share.

The Capital Adequacy Ratio (CAR) of IPDC stood at 17.40% in June 2020 against the minimum requirement of 10.0% thanks to the fund from right share in 2019 as well as marginal portfolio growth in YTD June 2020. In comparison, industry CAR (%) stood at 16.40% in June 2020 against 16.80% in June 2019. IPDC's CAR in December 2020 stood at 18.51%.



The classified loan ratio in the NBFI sector increased to 13.29% in June 2020 from 11.0% in June 2019, whereas IPDC's classified loan decreased to 1.59% over the same period. It is to be noted however, that classified loan volume of IPDC is much lower at 0.9%, decreasing from 1.0% in June 2019.

The annualized ROA and ROE in the industry decreased to 0.36% and 3.30% respectively in YTD June 2020 from 0.08% and 0.65% in YTD June



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.

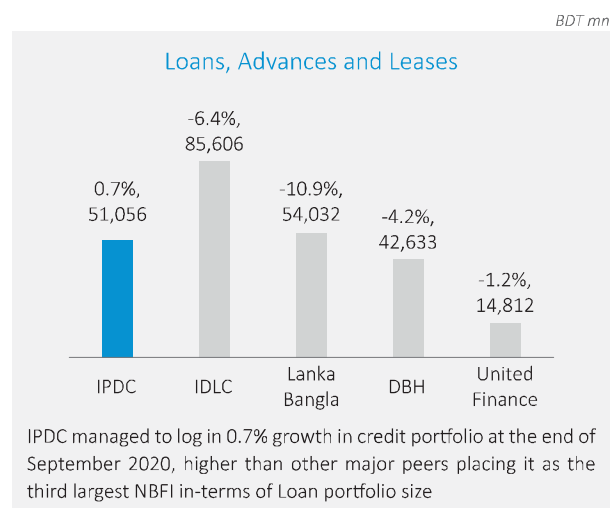
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Particulars	IPDC	IDLC	Lanka Bangla	DBH	United Finance
Loans and Advances	51,056	85,606	54,032	42,633	14,812
Growth (YTD)	0.7%	-6.4%	-10.9%	-4.2%	-1.2%
Deposit	50,991	81,479	44,381	45,646	12,538
Growth (YTD)	10.0%	2.5%	-5.4%	5.1%	1.6%
Revenue	1,987	3,517	1,823	1,528	652
Growth (YoY)	29.1%	3.0%	-26.7%	4.6%	-19.9%
Operating Profit	1,157	2,043	638	1,139	202
Growth (YoY)	37.5%	5.4%	-44.1%	7.6%	-43.4%
Net Profit	503	1,515	460	548	94
Growth (YoY)	13.4%	27.9%	1.8%	-33.2%	-45.7%
Net Cash Inflow	1,615	9,303	1,066	1,404	(886)

* Data: Year to date September 2020 (Solo data considered for peers)

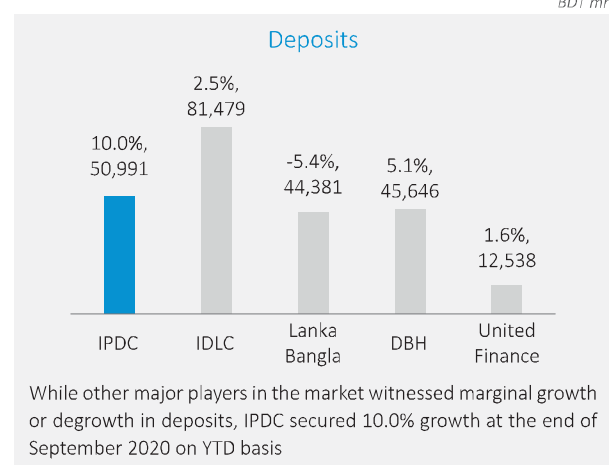
IDLC: IDLC Finance Limited, LankaBangla: Lanka Bangla Finance Limited, DBH: Delta Brac Housing Finance Limited, United: United Finance Limited

IPDC remained the third largest NBFI in-terms of credit portfolio size as of 30 September 2020. Credit portfolio of IPDC stood at BDT 51,056 million during the period ended 30 September 2020 while IDLC and LankaBangla portfolio stood at BDT 85,606 million and BDT 54,032 million respectively. However, IPDC managed to grow its portfolio marginally in 2020 whereas all the other major peers experienced degrowth.

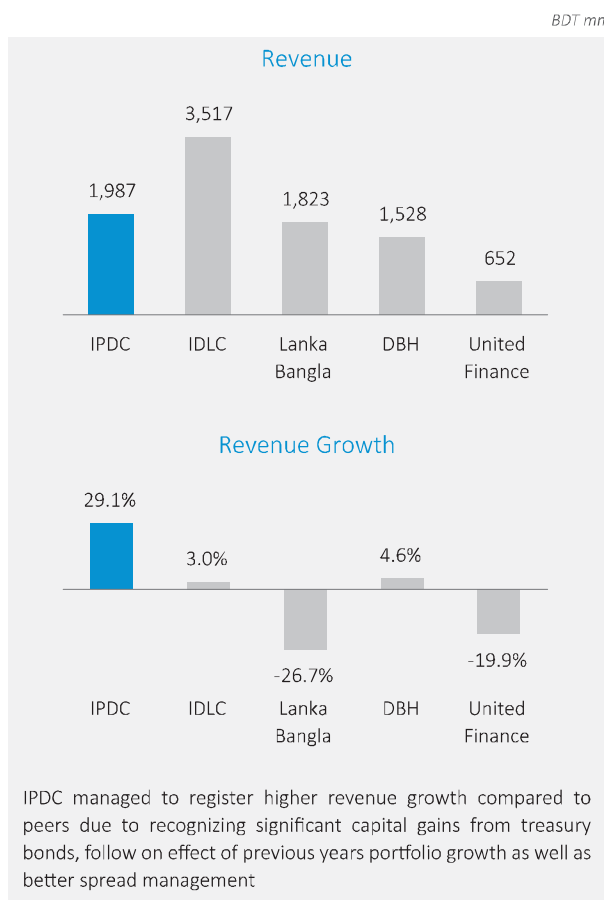


IPDC's deposit balance stood at BDT 50,991 million, falling behind that of IDLC (BDT 81,479 million) but exceeding that of LankaBangla (BDT 44,381 million) and DBH (BDT 45,646 million) United Finance (BDT 12,538 million). In terms of growth IPDC witnessed a double-digit deposit growth of 10.0% which 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.

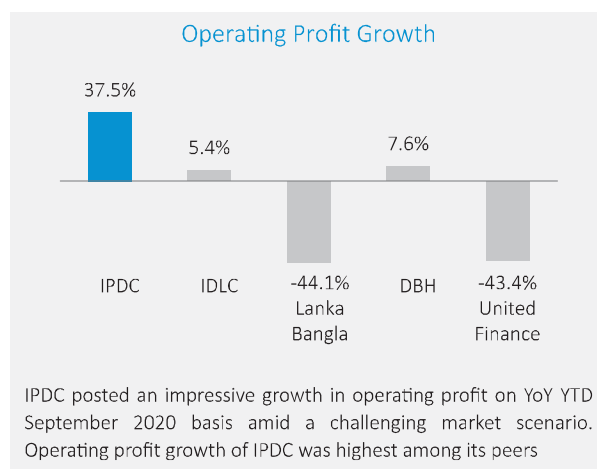
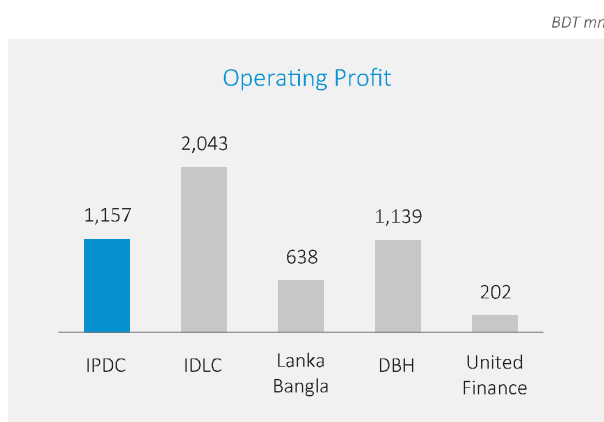
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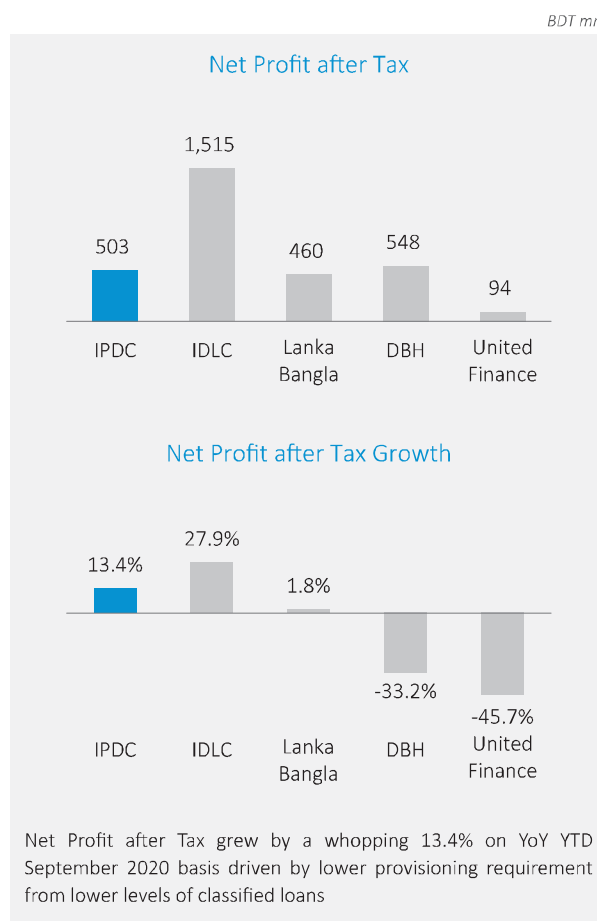
In terms of revenue, IPDC was in second place on YTD September 2020 basis, an upgrade from fourth place in the same period last year. IPDC's revenue for the period ended September 2020 stood at BDT 1,987 million with a YoY growth of 29.1%. In contrast, DBH and IDLC had growth of 4.6% and 3.0% respectively while LankaBangla and United Finance had a degrowth of 26.7% and 19.9%. 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 1,157 million, lower than IDLC (BDT 2,043 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. However, operating profit is marginally higher than DBH whereas the difference in revenue is more pronounced. As IPDC's products and services are much more diversified and the company is currently in growing phase, Cost-to-Income (CIR) is higher compared to DBH. As the portfolio matures, CIR is expected to moderate.

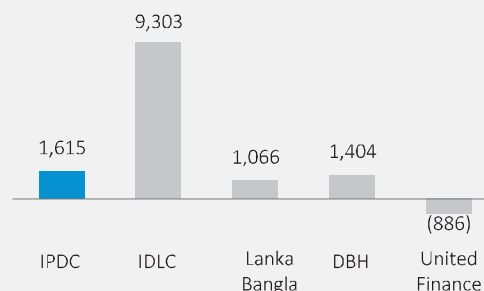


Overall, the Net Profit after Tax of IPDC reached BDT 503 million on YTD Sep'20 basis representing a YoY growth of 13.4% while IDLC achieved the highest YoY growth of 27.9%. It is to be noted that IPDC maintained BDT 362 million surplus provision balance as of 30 September 2020 out of which BDT 273 million was charged in 2020 as a preventive measure. In contrast, provisioning for most of the other peers was lower compared to the previous year.



During the period from January 2020 to September 2020, IPDC generated BDT 1,615 million cash inflow whereas IDLC generated BDT 9,303 million cash inflow. On YTD September 2020 basis, IDLC's loan portfolio declined by BDT 5,842 million and deposits increased by BDT 1,981 million which contributed to the high net cash inflow. Although IPDC's deposits increased by BDT 4,629 million, IPDC invested BDT 2,733 million on Government securities and credit portfolio was mostly flat. As a result, Net cash inflow was lower compared to deposit inflow.

Net Cash Inflow/(Outflow)



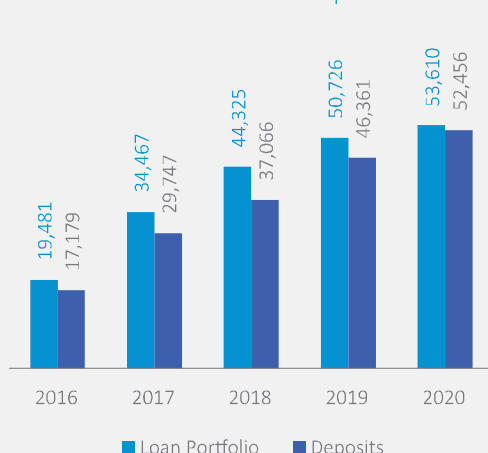
Higher deposit mobilization and lower loan disbursement has resulted in net cash inflow of BDT 1,615 on YTD September 2020 basis amid tightening money market

Performance Review

Particulars	2016	2017	2018	2019	2020	YoY Change
Loans, Advances and Leases	19,481	34,467	44,325	50,726	53,610	5.7%
Deposits	17,179	29,747	37,066	46,361	52,456	13.1%
Classified Loan Ratio	0.71%	0.62%	2.14%	1.57%	1.38%	-11.8%
Net Interest Income	638	1,073	1,698	1,943	2,017	3.8%
Non-Interest Income	203	173	176	223	813	264.6%
Operating Revenue	841	1,246	1,875	2,166	2,830	30.7%
Operating Profit	502	673	1,123	1,184	1,680	41.8%
Profit After Tax	303	335	450	562	706	25.4%
Net Operating Cashflow per Share	3.1	1.1	(2.3)	11.7	20.6	75.2%
Net Increase in Cash	714	1,421	479	6,018	4,896	-18.6%
Cost to Income Ratio	40.4%	46.0%	40.1%	45.3%	40.6%	-4.7%
Return on Asset	2.0%	1.1%	1.0%	1.0%	1.0%	0.0%
Return on Equity	11.5%	11.4%	13.1%	12.1%	12.1%	0.1%
Spread	3.80%	3.20%	3.60%	2.94%	3.45%	0.5%
Capital Adequacy Ratio	22.09%	15.14%	14.01%	19.30%	18.51%	-0.8%
Market Price per Share	42.70	50.10	38.10	25.60	27.60	7.8%

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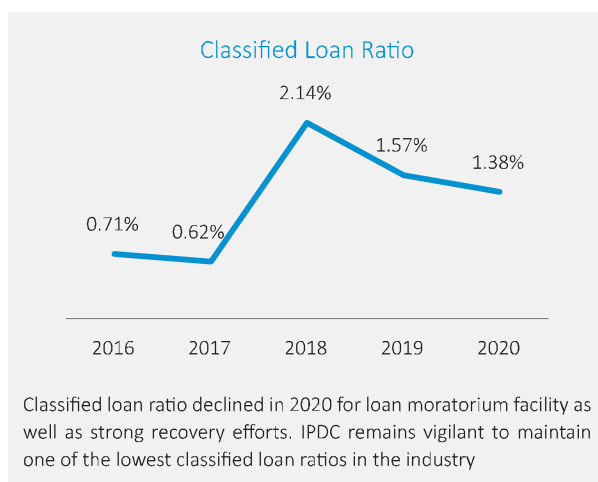
Loan Portfolio and Deposits



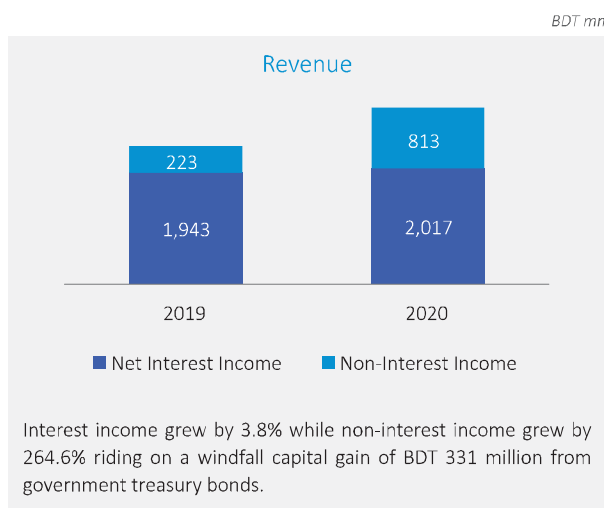
Loans, Leases and Advances grew almost 3-fold with a CAGR of 28.5% while deposit grew at an even faster pace with a CAGR of 32.2% from 2016 to 2020.

IPDC achieved both Balance Sheet and Profitability growth in the year 2020, in contrast to majority of the industry peers. Loans, Advances and Leases has grown to BDT 53,610 million, up by 5.7% from 2019 and placing IPDC as the third largest NBFI among the listed companies in terms of portfolio size. Total Deposits has grown by 13.1% to BDT 52,456 in 2020 out of which 78.9% is customer/public deposit.

Our classified loan ratio stood at 1.38% at the end of year 2020, 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, volume of classified loans declined by 6.8%. Containing classified loans in 2021 will be challenging as loan moratorium facility is unlikely to continue. However, we remain committed to keep classified loans at a minimum.



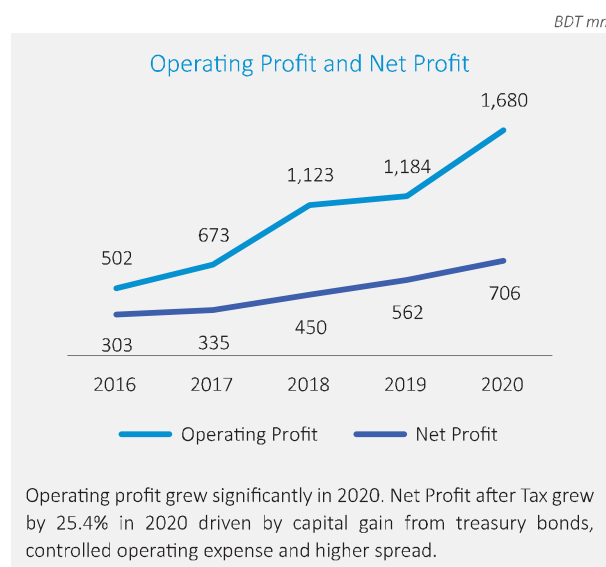
Net Interest Income increased by 3.8% in 2020 to BDT 2,017 million in 2020 from BDT 1,943 million in 2019. From 2016-20, net interest income grew by 3.2 times. Non-Interest Income increased by 264.6% in 2020 and stood at BDT 813 million against BDT 223 million in the previous year. The increase in non-interest income came off from higher investment income which grew by 454.6%. Apart from the windfall capital gain of BDT 331 million from government treasury bonds, interest from governments bonds also contributed to the increase. Fees income declined by 38.5% while other operating income increased by 122.3% mainly stemming from higher loan loss recovery income. As a result, overall operating revenue increased by a staggering 30.7% in 2020 to BDT 2,830 million from BDT 2,166 million in 2019.



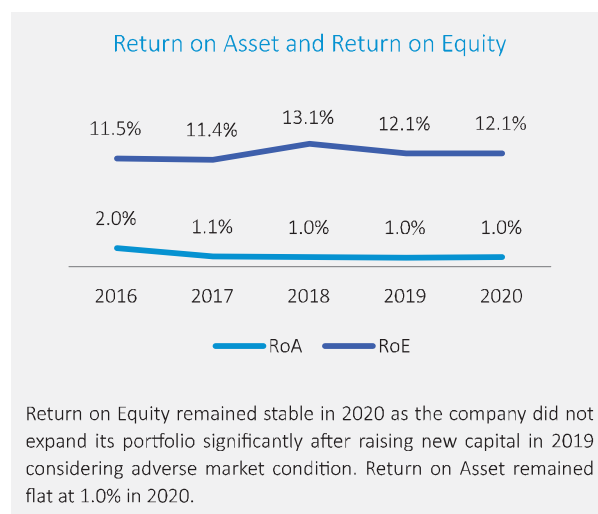
Operating Profit registered a stunning YoY growth of 41.5% bringing the figure to BDT 1,680 million in 2020 against BDT 1,184 million in the previous year. Cost-to-Income Ratio (CIR) has been restricted at 40.7% through stringent control of discretionary costs. Besides, the company naturally incurred 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 2021 as business operations return to normal.

Overall, Net Profit After Tax increased to BDT 706 million in 2020 from BDT 562 million in 2019, up by 25.4%. 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.



Return on Asset (RoA) stood at 1.0% in 2020 against 1.0% in the previous year and 1.0% in 2018. RoA is stable for a few years as IPDC's asset base is increasing significantly over the years as a result of its planned business expansion. Total assets of IPDC grew to BDT 75,969 million in 2020 from BDT 22,577

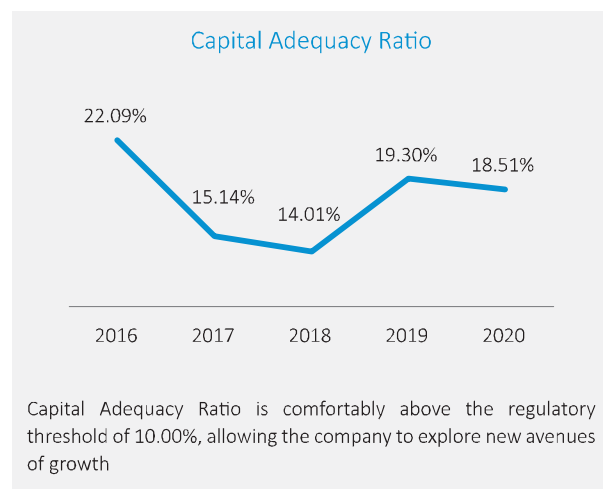


million in 2016 which is a growth of 3.4 times. ROE is on an upward trend with a temporary downturn in 2019 due to higher equity base for fund from right share.

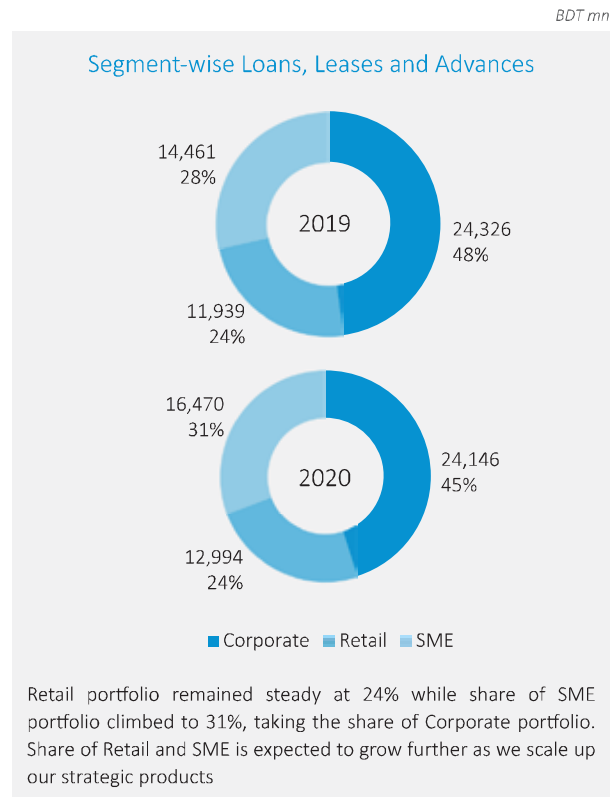
IPDC generated net operating cashflow per share (NOCFPS) of BDT 20.6 in 2020 from BDT 11.7 in 2019. This is mainly the result of influx of customer deposits that we have received over the period. We, as always, stick to the core fundamentals of managing liquidity through matching maturity profiling of 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 18.51% in 2020 from 19.30% in 2019, against a minimum requirement of 10.00% as set by Central Bank of Bangladesh. Fund from issuance of right share during 2019 contributed to the solid figure. The current capital status is satisfactory and enables IPDC to explore further growth opportunities in its strategic products.

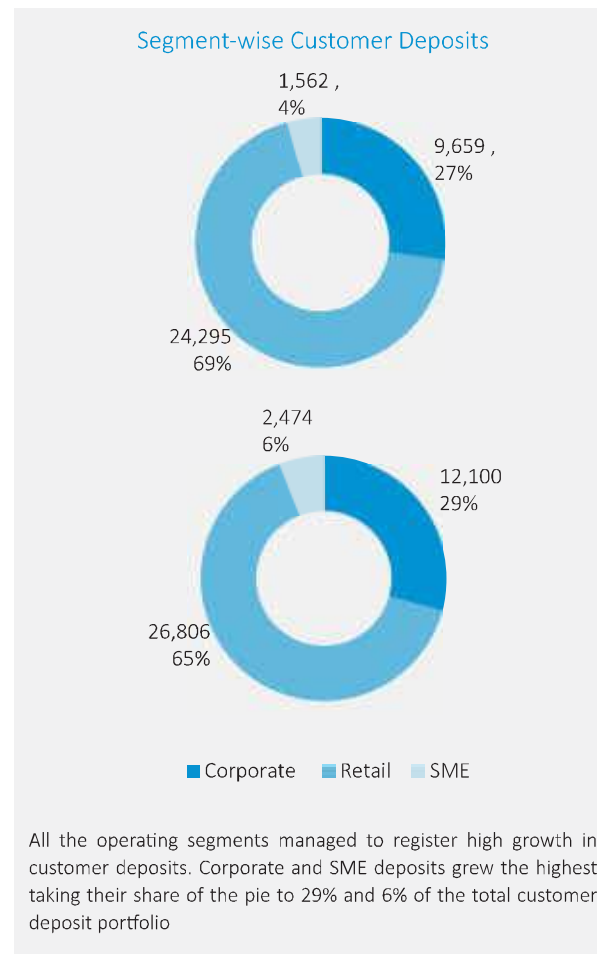


Our Corporate credit portfolio remained mostly flat at BDT 24,146 million in 2020, registering a marginal fall of 0.70%. SME and Retail Portfolio has grown to BDT 16,470 million and BDT 12,994 million in 2020, an increase by 13.9% and 8.8% respectively.



Corporate Deposits increased to BDT 12,100 million in 2020, up by 25.3% from 2019. Retail deposits also grew by 10.3% and stood at BDT 26,806 million in 2020 against BDT 24,295 million in 2019. The increase in Retail deposits is a result of IPDCs focus on smaller ticket sized Retail deposits in order to reduce reliance on bank borrowings and reduce cost of deposits. SME deposits amounted to BDT 2,474 million in 2020 against BDT 1,562 million in the previous year, representing a growth of 58.4%.

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Activities Beyond the Numbers

Beyond the financial figures, IPDC remained steadfast in implementing strategic projects and laying the groundwork for future expansion in 2020.

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. 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

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Particulars	2015	2016	2017	2018	2019	2020	CAGR	Times
	Base						5 Year	Growth
Financial Performance								
Revenue	640	794	1,115	1,587	1,738	2,149	27.4%	3.4
Operating Profit	446	474	602	951	950	1,276	23.4%	2.9
Net Profit	240	286	300	381	451	536	17.4%	2.2
Financial Position								
Loans, Advances and Leases	6,416	18,392	30,862	37,520	40,707	40,721	44.7%	6.3
Total Deposits	4,745	16,219	26,635	31,375	37,205	39,845	53.0%	8.4
Paid-up Capital	1,263	1,430	1,628	1,847	2,836	2,819	17.4%	2.2
Shareholders' Equity	2,475	2,620	2,785	3,176	4,475	4,606	13.2%	1.9
Total Assets	8,202	21,315	35,179	42,756	51,682	57,705	47.7%	7.0
Total Liabilities	5,728	18,695	32,394	39,580	47,208	53,099	56.1%	9.3
Cash Flows								
Net cash from operating activities	322	1,070	367	(710)	3,498	5,800		
Net cash (used in)/ from investing activities	91	(396)	(147)	(254)	(736)	(2,650)		
Net cash (used in)/ from financing activities	(89)	(0)	1,053	1,369	2,067	568		
Inflation Rate								
		5.92%	5.44%	5.78%	5.48%	5.65%		

sponsorships, promotions and other events through-out the year.

In SME, supply chain finance remains one of our core focus areas. Initiatives are ongoing to scale up Orjon, the first blockchain based digital supply chain finance platform in Bangladesh aimed at creating a revolution by development of an eco-system which will not only will ensure financial inclusion but also will make a secured, transparent, reliable marketplace and create 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. In the year 2020, we scaled up the platform to increase the reach of Priti significantly. We also launched targeted deposit campaign on occasions such as Mother's Day which encouraged savings from mothers through preferential rates.

Inflation Adjusted Financials

After adjusting for inflation (Base year 2015) Loans, Advances and Leases registered a CAGR of 44.7% over the last five years. Total Deposits grew at a higher rate (CAGR of 53.0%) 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 18.51%. This is due to surplus capital being available at the beginning of the expansion in 2014 (CAR: 26.39%) as well as additional capital being generated in subsequent years in form of stock dividend and issuance of right share. Total assets and liabilities grew in line with loan portfolio

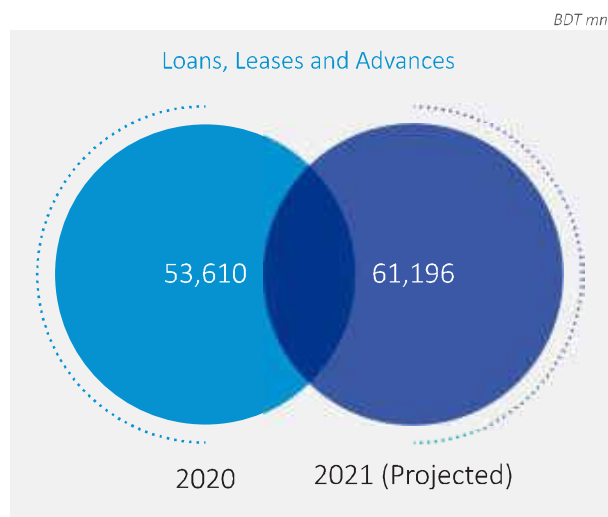
and deposit growth.

Financial performance of the company remains solid and the company managed to register strong growth in revenue year after year with a CAGR of 27.4% over the last five years. Growth in net profit after tax was lower compared to growth in operating profit due to higher provisioning requirement as a result of significant portfolio expansion. However, even with adjustment of inflation, the company registered strong growth in the bottom line with 17.4% CAGR in net profit after tax.

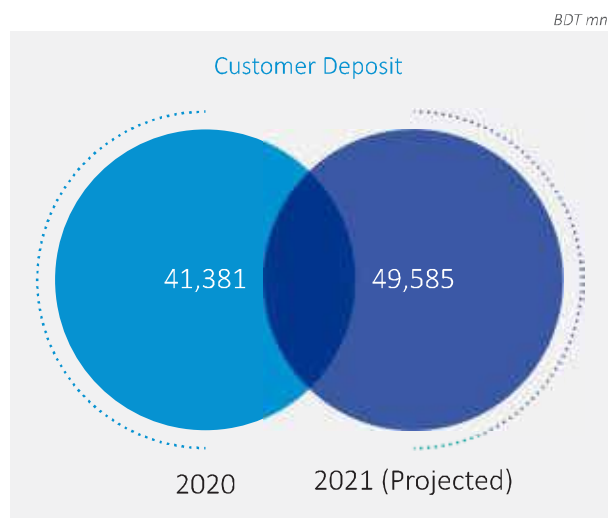
Net cash from operating activities remains positive in all years except 2018 as a significant portion of funds was generated through issuance of bonds in that particular year which is reported as a financing activity. Significant cash inflow from operating activities was generated in 2020 because of slow disbursements amid the pandemic in contrast to high deposit inflow. However, most of the fund was reinvested in Government treasury bonds due to which inflation adjusted net cash outflow from investing activities was BDT 2,650 million.

Plan and Projection

In 2020, the loans and advances of IPDC stood at BDT 53,610 million and by the end of 2021 we expect our loan portfolio to reach BDT 61,196 million, registering a growth of 14.2%. 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.



To support our loan portfolio growth, we expect to increase our customer deposit portfolio by 19.8% to BDT 49,585 million in 2021 from BDT 41,381 million at the end of 2020. This will take the share of customer deposits to 63.4% within the total fund basket from the existing 54.4%.



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 2021 is expected to exceed the previous years budgeted revenue by 12.8%. As no significant capital gain income is expected in 2021 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 2020 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 cost of fund in check.

By the year 2021 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. Although no new distribution channels are planned for the next year, we will continue to opportunities to increase branch network if it makes business sense.

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 towards 2020 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 difficult 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 top two cities in Bangladesh, thus 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 resolve 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 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 later with appropriate financing like supply chain finance and venture capital.

Consumer White Goods Finance

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 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.

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 2020, we have laid the groundwork for mass launch of Consumer Financing Platform called IPDC EZ which will allow customers to avail goods conveniently without using a credit card. In addition to this, we plan to establish a Retailer Financing platform 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. Customer is the very reason why we exist, and we understand this by our heart and soul. In this connection, 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 2020 was a testament to this commitment as IPDC geared up its efforts to provide support to the thousands of families ravaged by the pandemic. Apart from the innovative IPDC Manobota campaign, we have directly contributed BDT 20 million to Prime Minister's Welfare Fund and also partnered with Auction 4 Action to support the affected families.

For instance, we recognized nationwide unheard women change-makers across the country through an event titled as 'Unsung Women Nation Builders Award 2020', 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 Shikhhok Shommanona".

Accolades in 2020

During the year 2020, IPDC was honored with the following awards:

- Recognized as a Superbrand within NBFI sector by Superbrand Bangladesh
- ICAB Best Presented Annual Report 2019 – First Runner-up
- SAFA Best Presented Annual Report 2019 – Second Runner-up
- 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 2019. The credit rating was performed by Emerging Credit Rating Limited on 26 September 2020. 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 2020, 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.

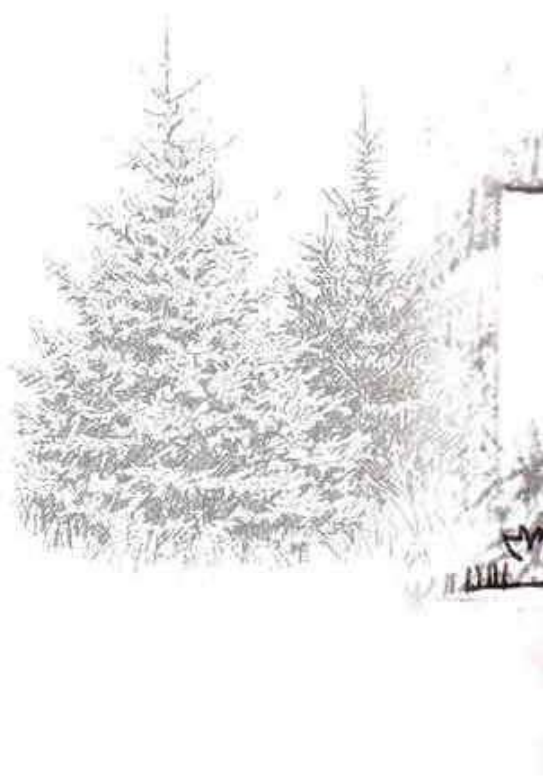
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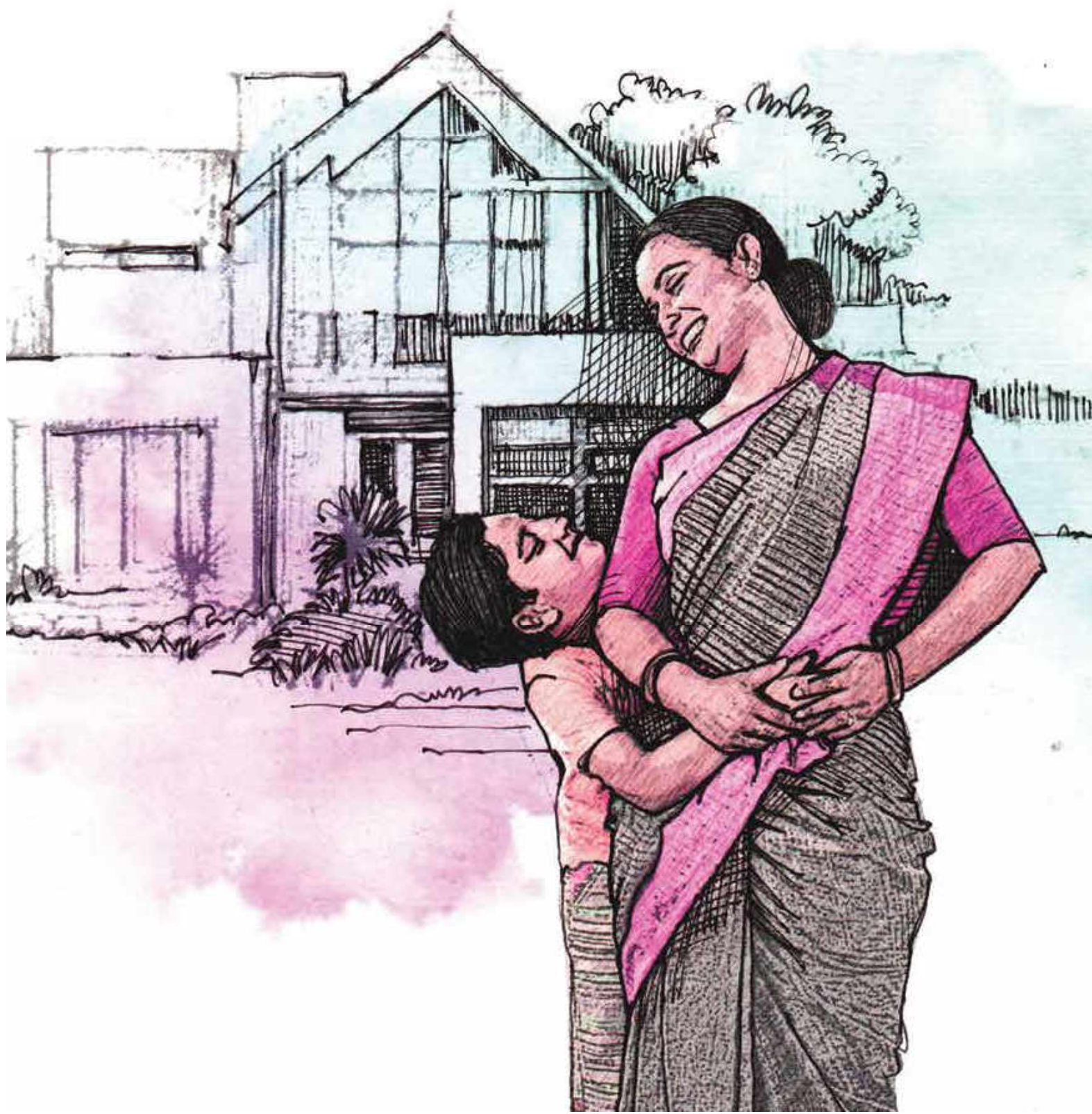


Mominul Islam
Managing Director and Chief Executive Officer



MAKING **THE MARK**





GOVERNANCE AND RISK MANAGEMENT

Guiding Principles of Governance

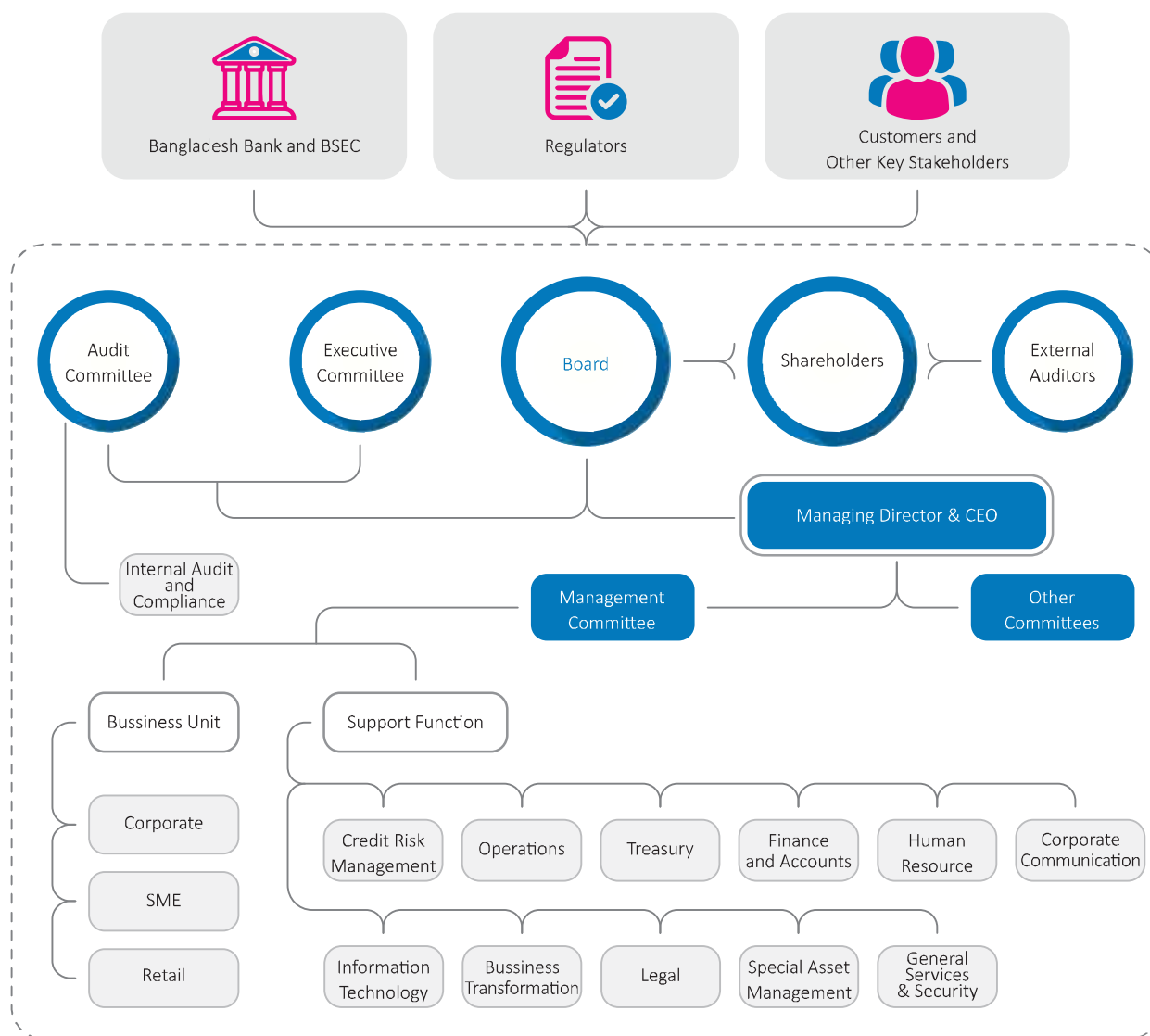
Corporate Governance Statement

Corporate governance is the system by which companies are directed and controlled. The Board 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 improvement of 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.

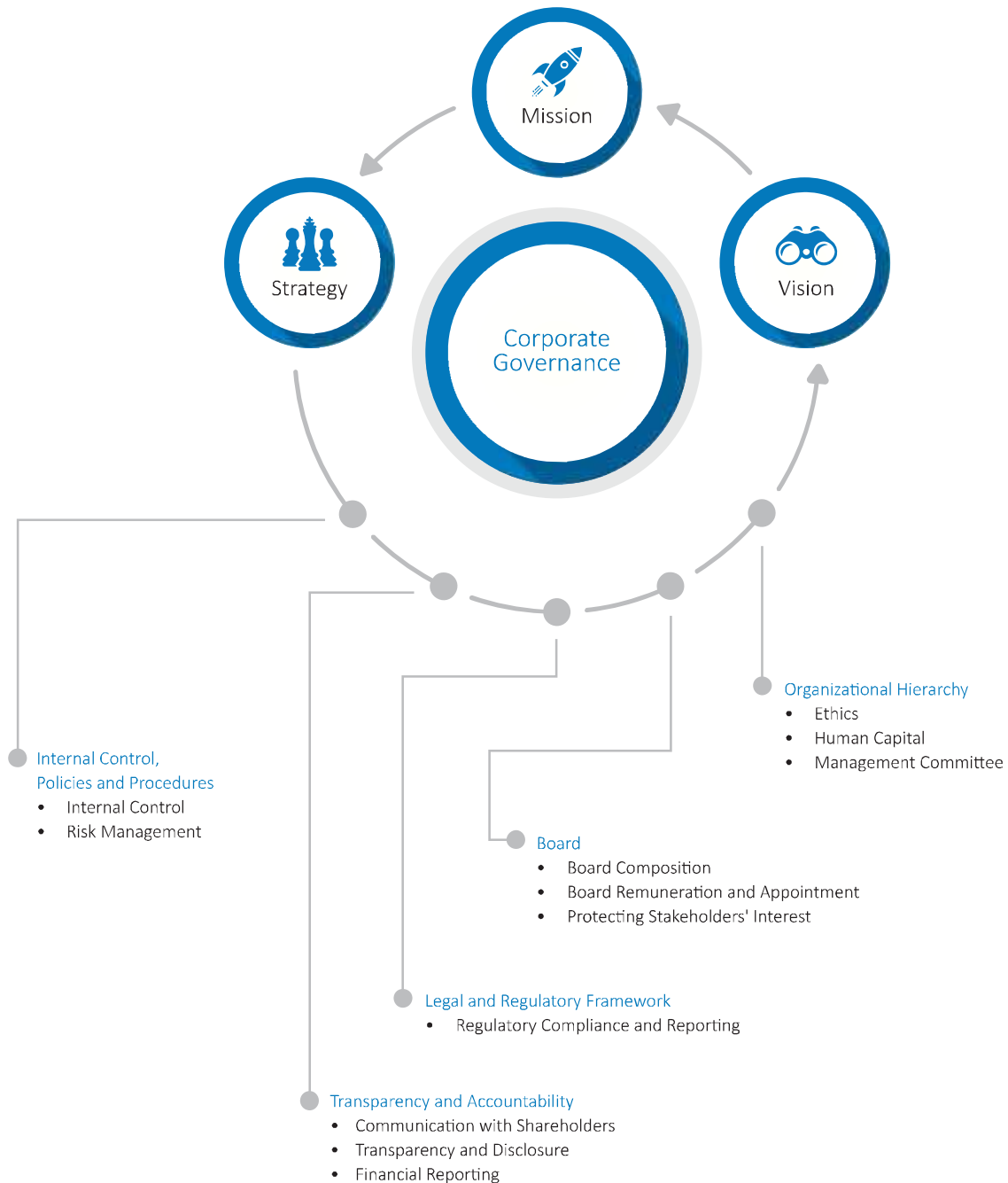
The purpose of the Corporate Governance Report is to provide an overview of the various activities relating to corporate governance.

Governance Structure



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 is 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, Business Studies, Business Administration amongst others. A short biography of all the member of the board of directors is set out in the profile of the Board of Directors section of this annual report.

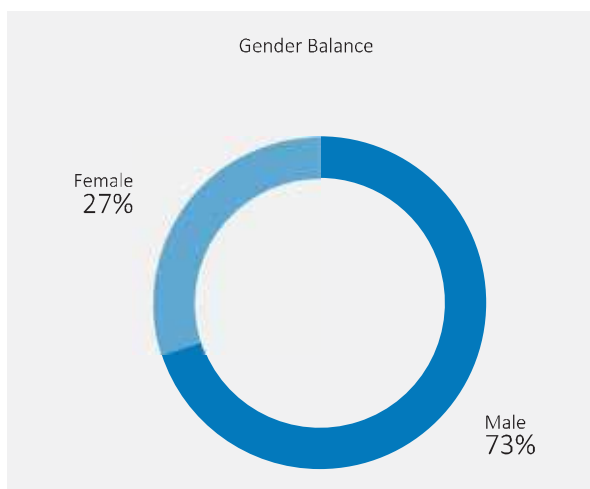
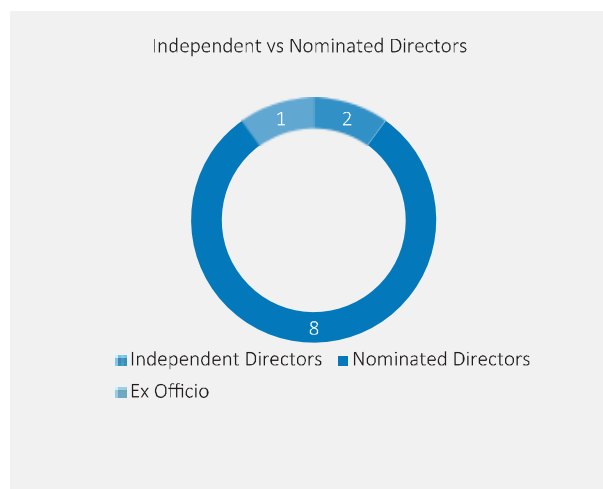
Board Composition

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	Position	Executive Committee	Audit Committee
Mr. Md. Abdul Karim	Chairman, Nominated by BRAC	-	-
Mr. Salahuddin Mahmud	Director, Nominated by GoB	Member	Member
Mr. Biswajit Bhattacharya Khokon ndc	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	-
Mr. Sameer Ahmad	Director, Nominated by RSA Capital	Chairman	-
Professor Shah Md. Ahsan Habib*	Independent Director	-	-
Mr. Mominul Islam	Managing Director & CEO, Ex Officio	Member	-

*Professor Shah Md. Ahsan Habib joined as an independent director on 09 February 2021 after resignation of Mr. Salahdin Irshad Imam

Board Balance



Responsibilities of the Board

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

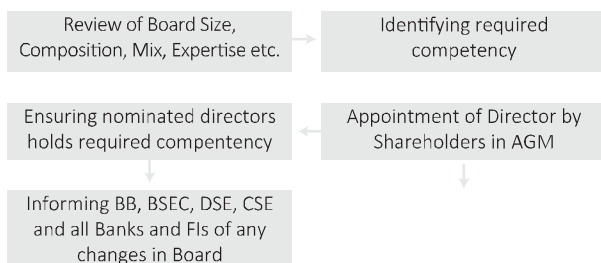
- Setting overall strategic direction of the company
- Review and approval of business strategy
- Review and approval of budget
- Review of performance against financial and strategic objectives
- Approval of internal policies and guidelines

- 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

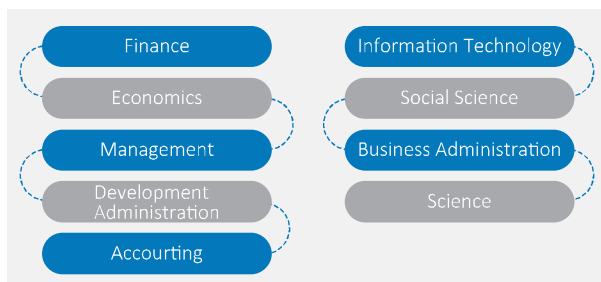
In relation to the selection and appointment of new Directors, the existing Board of Directors possesses the following duties and responsibilities:

- 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.

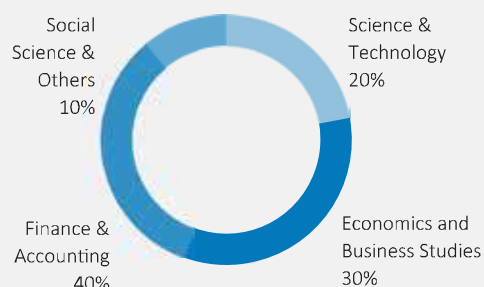
Knowledge and Expertise of Directors



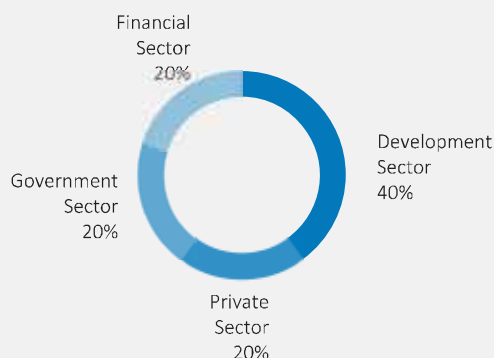
The Board of Directors have a wide variety of knowledge and experience in various sectors. This ensures that together, they formulate the right policy for the development of the business while having the specialized skills and the ability to foresee developments across a larger perspective and with enough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

Name of Director	Field of Study
Mr. Md. Abdul Karim	Chemistry and Development Administration
Mr. Salahuddin Mahmud	Science and International Relations
Mr. Biswajit Bhattacharya Khokon ndc	Management
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**	8	8	-	-	-	-
Mr. Salahuddin Mahmud	8	8	5	5	4	4
Mr. Biswajit Bhattacharya Khokon ndc	8	8	3	3	4	4
Mr. Salahdin Irshad Imam	5	5	4	4	-	-
Ms. Sonia Bashir Kabir	8	6	5	4	-	-
Ms. Tamara Hasan Abed	8	6	1	1	4	2
Mr. Tushar Bhowmik	8	7	-	-	4	4
Mr. Syed Abdul Muntakim*	7	7	2	2	-	-
Mr. Sameer Ahmad	8	4	-	-	4	3
Ms. Nahreen Rahman***	8	8	2	2	-	-
Mr. Mohammad Mamdudur Rashid****	2	2	1	1	-	-

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

*Mr. Shameran Abed was a nominee director of Ayesha Abed Foundation, he was replaced by Mr. Syed Abdul Muntakim on 23 February 2020.

**Dr. Muhammad Musa was a nominee director of BRAC, he was replaced by Mr. Md. Abdul Karim on 09 January 2020.

***Ms. Nahreen Rahman was newly appointed as nominee Director of Bluechip Securities Limited on 09 January 2020.

****Mr. Salahdin Irshad Imam was a Independent Director, he was replaced by Mr. Mohammad Mamdudur Rashid on 22 July 2020.

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. However, one of the Independent Directors resigned at the end of November 2020 and was replaced by Professor Shah Md. Ahsan Habib. 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 Non-Executive Directors

The NEDs neither have executive responsibility of running day-to-day affairs of the company; nor put undue influence in taking operating decision of the company.

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 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.

Activities of the Board during 2020

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 2020		
Q1 2020	1	Review of Budget 2020 along with year 2019 estimates
	2	Approval for relocation of Branches and Head Office
	3	Selection of vendor regarding post implementation & maintenance of Core Banking System
	4	Adoption of Directors' Report, Auditors' Report and audited financial statements for year ended 31 December 2019 and recommendation for appropriation of profit for the year 2019
	5	Review of Report on the diagnostic review of process, people and IT by KPMG
	6	Review of Management letter issued by external audit 2019
	7	Strategy for deposit mobilization
	8	Discuss and consider the Business Contingency Planning and Emergency Crisis Management in view of the pandemic of Coronavirus (Covid-19)
Q2 2020	1	Review of 1st quarter 2020 management report on business and operations vis-à-vis budget
	2	Approval of un-audited financial statements for the 1st quarter 2020 ending 31 March 2020
	3	Comprehensive support measures to clients due to COVID-19 pandemic
	4	Review of Contingency plan for the year 2020 and 2021
Q3 2020	1	Review of Management Report on half yearly (H1) business and operations as of 30 June 2020 vis-à-vis Budget
	2	Approval of un-audited half yearly financial statements as of 30 June 2020
	3	Adoption of changes in PPG for automation of deposit operations and implementation of eKYC
	4	Appointment of new independent director
	5	Approval of revised business plan of IPDC EZ with hardware and software requirement
	6	Approval for investment in secondary stock market
Q4 2020	1	Review of Management Report on year-to-date (YTD), quarterly (Q3) business and operations as of 30 September 2020 vis-à-vis budget
	2	Approval of un-audited financial statements for the 3rd Quarter ending 30 September 2020
	3	Approval for cost and selection of vendor for (i) Interior fit out work and (ii) for supply and installation of VRF System air-conditioner in extended Head Office at Hosna Center Level-3 (East Side)
	4	Approval for cost and selection of vendor for software and implementation solution and database solution for the IPDC EZ Platform

Training of the Board of Directors

To aid the Board of Directors in performing its 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 & CEO

Role and Responsibilities of the Managing Director & CEO

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 & CEO

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 Managing Director & CEO by the Board

Assessing the performance of the Managing Director & CEO is one of the responsibilities of the board. The Board does the performance assessment of Managing Director & 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 Managing Director & CEO in each quarter when the month-end financial performance of the company 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 regulatory and secretarial 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 best management practices and work ethics 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 (ICSB).

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, budgeting, 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 of annual budget, financials and business plans.
- Ensure 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
- Ensure regulatory reporting and compliance

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, Snehasish Mahmud & Co, Chartered Accountants 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 includes 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.

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 21 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.ipdcdbd.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 NBFIs 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 Management

Directors are not entitled to any remuneration other than fees for 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 financial statement 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 Shareholders

The Board of Directors of IPDC Finance Limited takes great pleasure to welcome you to the 39th 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 2020 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.

Global outbreak of Covid-19 made the year 2020 a far more challenging year compared to the previous one. The pandemic caused tremendous loss of human life, social disruptions, health crisis and adversely impacted the global economy as the entire world entered in lockdown during the early months of the outbreak.

The national shutdown due to Covid-19 impacted industries such as Ready-made Garments and Textiles, Steel, Cement, Plastic, Transport and Aviation etc. These industries were the hardest hit by the disruption in the supply chain and reduced consumer demand.

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 was adversely hit as businesses started facing difficulties in paying loan installment due to the slowdown. To tackle the crisis, the government of Bangladesh declared various stimulus package which are available for all Banks and NBFIs to support manufacturing and service businesses under CMSME category and trading businesses under micro and small category who have been affected by Covid-19. Additionally, Bangladesh Bank issued loan moratorium policies through the year which prevented loan accounts from being downgraded in 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.

Key Performance Highlights

BDT mn, %



Loans and advances of IPDC grew marginally by 5.7% and stood at BDT 53,610 million in 2020 against BDT 50,726 million in the previous year. The marginal growth in loans and advances was due to the conscious decision by the Board and the Management to slow down disbursements considering the business impact of Covid-19.

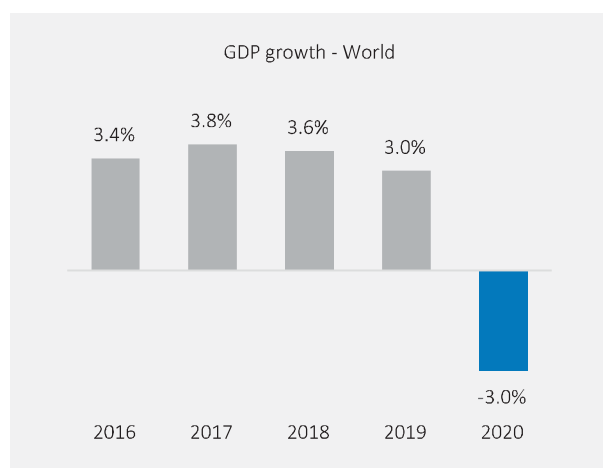
A key focus during the year was to ensure sufficient liquidity to meet short-term needs of the organization and more importantly the needs of the customers of IPDC. Despite the pandemic, IPDC was able to increase its customer deposit size to BDT 41,381 million in 2020 from BDT 35,516 million in the previous year, an impressive growth of 16.5%. IPDC managed to increase its customer deposit significantly thanks to innovative deposit campaigns.

Overall, the balance sheet size of IPDC increased by 18.0% and ended at BDT 75,969 million. The classified loan ratio stood at 1.38% at the end of 2020 against 1.57% in 2019. The classified loan ratio of IPDC continues to be one of the lowest in the industry. It is worth noting that downgrading of classification was prohibited as per Bangladesh Bank policy. The capital adequacy ratio came down marginally to 18.51% in 2020 from 19.30% in the previous year.

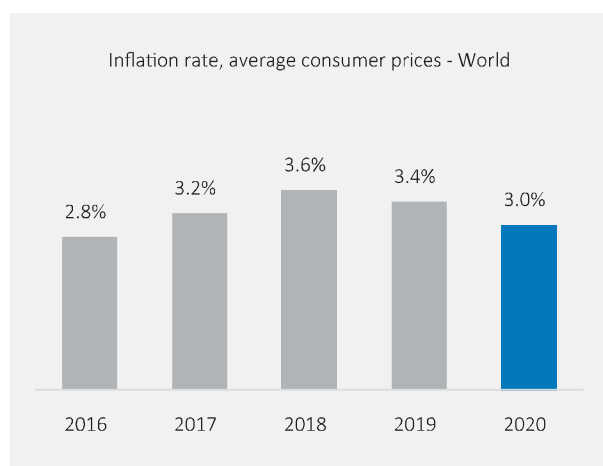
Revenue of IPDC increased significantly to BDT 2,830 million from BDT 2,166 million in the previous year, a growth of 30.7%. Operating profit increased to BDT 1,680 million with a growth of 41.8% and Net Profit after Tax increased to BDT 706 million in 2020 against BDT 562 million in the previous year representing a growth of 25.4%.

Economy and Industry Review

Global Economic Review



Global GDP shrank by 3.0% in 2020 compared to growth of 3.0% in the year 2019. The Covid-19 pandemic combined with geopolitical tensions between some major economic powers led to decline in global growth. The global economy growth is projected to recover and increase to 5.5% and 4.2% in the year 2021 and 2022 respectively as per the latest projection by IMF.

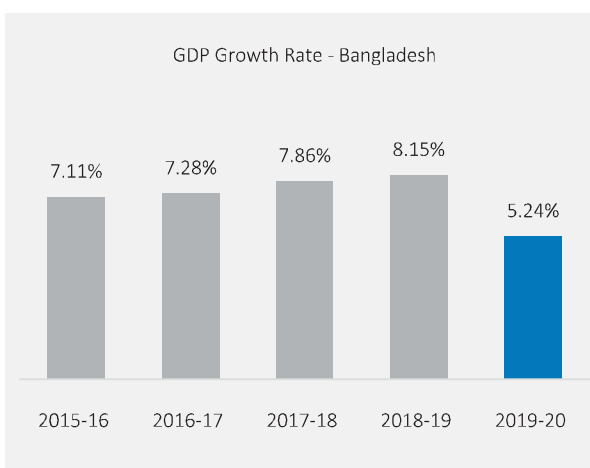


The global inflation rate decreased to 3.0% in 2020 in line with the global decline in GDP growth. However, it is estimated that the inflation rate will increase to 3.6% in 2021 as the global economy recovers.

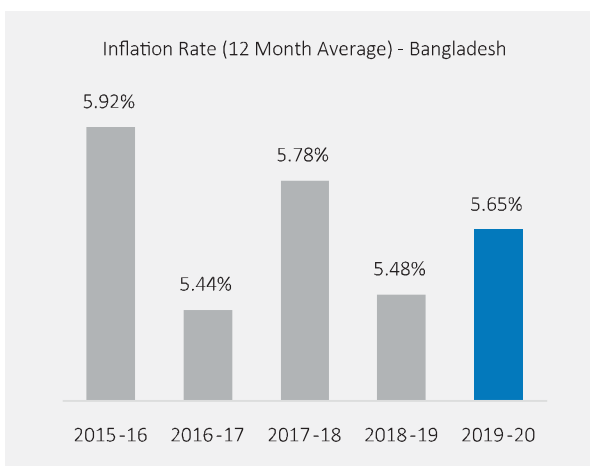
Regional Economy Review

South Asian economy is estimated to contract by 6.1% in 2020 with Indian economy estimated to contract by 8.0% during the year. The contraction is much more severe compared to overall developing Asian economies which contracted by 1.6% and is the most significant contraction for the region in many decades. In contrast, east Asian economies grew by 1.6% led by China because of better management of the pandemic. On a positive note, the contraction is expected to be a temporary one and South Asian economy is estimated to rebound by 7.2% in 2021 helped by successful vaccination rollout.

Bangladesh Economy Review



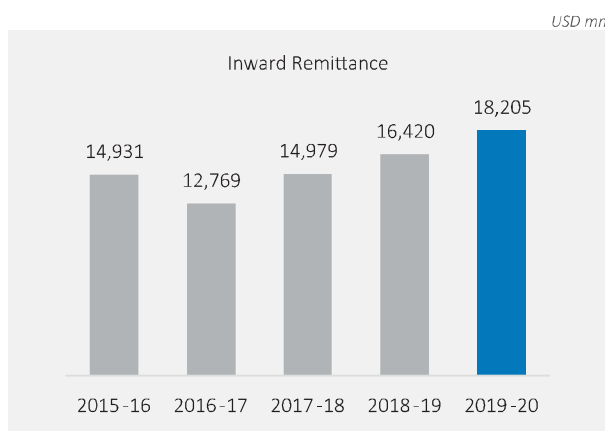
In fiscal year 2020, prior to the outbreak of the pandemic, the Bangladesh economy was under stress due to the weak performance of a few economic indicators such as exports, imports, private investment, foreign direct investment, and revenue mobilization. Like all other economies, Bangladesh experienced disruption in economic activities during the pandemic. However, Bangladesh remained much less affected than others and reported an impressive 5.24% GDP growth in FY19-20. 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 agricultural production were key in achieving this impressive figure.



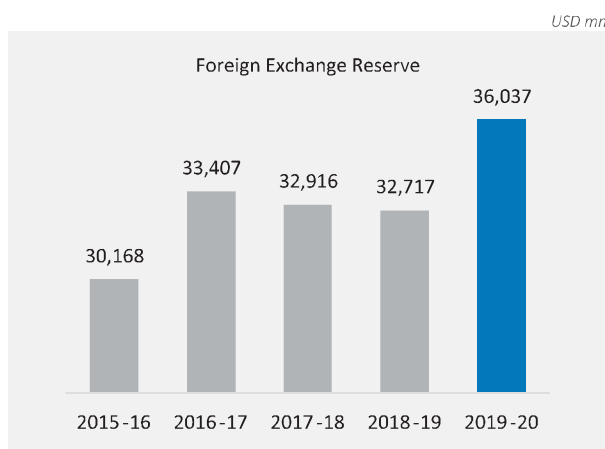
Inflation increased to 5.65% in FY2019-20 as a result of the COVID-19 pandemic, increased gas prices and surplus liquidity in the market. Inflation is expected to remain at this level owing to the expansionary and growth accommodating monetary policy by Bangladesh Bank.



Exports saw a degrowth of 16.9% and stood at USD 33,674 million in FY2019-21 and import also witnessed a degrowth of 8.6% and stood at USD 54,785 million. The decline in import and export came off from the global economic slowdown due to Covid-19 outbreak.



Inward remittance grew by 10.9% to USD 18,205 million in FY2019-20 with majority of the remittance still coming from Gulf Cooperation Council (GCC) countries. Remittance from Saudi Arabia accounted for 22.1% of the total remittance and grew by 29.1% during the financial year.



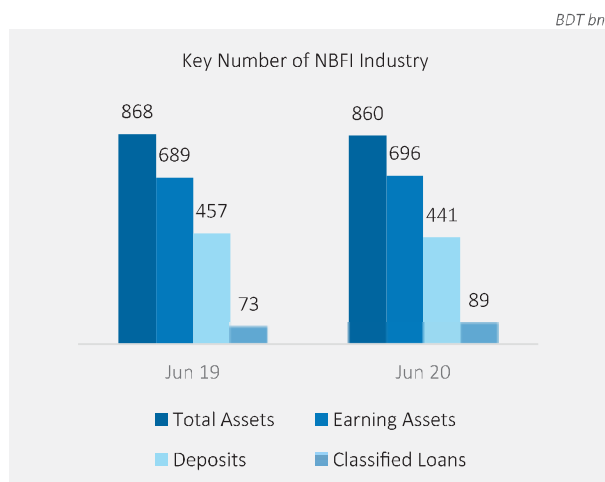
Foreign exchange reserve increased significantly by 10.1% and stood at USD 36,037 million at the end of FY2019-20 and reaching a record breaking USD 43 billion. Inward remittance played a key role in boosting foreign exchange reserves.

Capital Market Review



DSE Index (DSEX) closed the year at 5,402 points in 2020 against 4,452 points at the end of 2019, a growth of 21.3%. Similarly, market capitalization increased by 32.0% to BDT 4,482 billion at the end of 2020 from BDT 3,396 billion in 2019.

Non-Banking Financial Sector Review



Key Industry Number

BDT bn

Particulars	Amount
Total Assets	860 (-0.9%)
Earning Assets	696 (+1.0%)
Total Deposits	441 (-3.6%)
Classified Loan Ratio	13.3% (+2.3%)
Spread	2.6%

Note: Data as on 30 June 2020 used as subsequent data is not publicly available.

The total assets of the non-banking financial institution sector stood at BDT 860 billion in June 2020, a decrease by 0.9%, from BDT 868 billion in June 2019.

Earning assets stood at BDT 696 billion, an increase by 1.0% on year-on-year (YoY) basis. Industry Loans and advances constituted 81.0% of total assets in June 2020.

Total classified loan stood at BDT 89 billion as of June 2020 representing an increase by 21.7% on year over year basis. Classified loan ratio increased to 13.29% in June 2020 from 11.00% in June 2019.

Deposits came down in June 2020 and stood at BDT 441 billion, a decrease by 3.6% on YoY basis. Deposits formed 51.2% of the total liabilities and equity of the industry as of June 2020.

Spread stood relatively flat at 2.6% at the end of June 2020.

Capital Adequacy Ratio (CAR) of the industry stood at 16.4% in June 2020 against 16.8% in June 2019. 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 743 billion in June 2020 from BDT 730 billion in June 2019 and at the same time Eligible Capital decreased to 122 billion in June 2020 from BDT 123 billion in June 2019.

Economy and Industry Outlook

Bangladesh is going to celebrate the golden jubilee of its independence in 2021. The nation has once again shown its indomitable nature during Covid-19 registering GDP growth over 5% in 2020. In 2021 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, Dhaka-Chattogram highway, construction of deep-sea port, Dhaka power grid, Padma bridge and railway, Akhaura Sylhet railway, 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. Classified loans registered a drop in 2020 as the central bank suspended the routine exercise of classification to help businesses cushion the Covid blow. The real picture of the defaulted loans would become clear after the end of suspending loan classification.

On the funding side, surplus liquidity may persist during the first half of the year and the decline in the second half of the year as the Banks and FIs ramp up disbursements. Since the ceiling for deposit rates are fixed, Banks and FIs may find it difficult to mobilize deposits. As a result, NBFIs with heavy dependence on Banks may face liquidity issues.

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 2020
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 with 13 new merchants reaching 1,397 new customers and BDT 60 million disbursements in 2020. Significant progress has been made to launch dedicated platform for Consumer Goods Finance by 2021.
Increasing literacy rate and participation of women in the economy	Developing products and building entrepreneurial capacity of women	Expanded IPDC Priti platform in 2020, 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	Although no new branches were opened in 2020, IPDC continued to increase its presence in non-metro cities through campaigns. As a result, loans and advances beyond Dhaka and Chattogram witnessed growth of 21.8% in 2020 which is much higher than the overall loan portfolio growth of 5.7%.
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. Additionally, IPDC was the first FI to fulfil the disbursement target of stimulus package before the deadline.

Macroeconomic and Industry Trends	Our Strategic Response	Actions Taken in 2020
Gap between demand and supply for mortgage finance	Scaling up mortgage finance targeting low- and middle-income households	Achieved 9.0% growth in Mortgage Finance with a massive 49.7% 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 2020
Brand	Building vibrant brand across the country	IPDC continued to utilize digital and electronic media to cater to the youth. IPDC aired OVC (Online Video Commercial) in the outgoing year, a first for the company. Signature programs such as IPDC Amader Gaan, Unsung Women Nation-builders Awards, Priyo Shikhhok 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 market place for other FIs.
Distribution	Increasing our geographic coverage through branch expansion and strategic tie-ups with various stakeholders	No new branches were opened in 2020 considering adverse market condition. However, the company 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

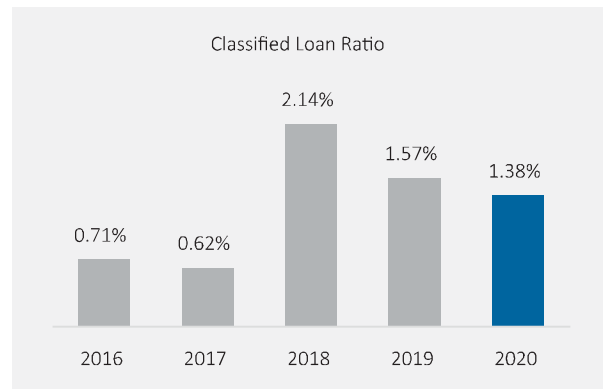
 +13.2% BDT 10,242mn MARKET CAPITALIZATION	 +7.8% BDT 27.6 MARKET PRICE PER SHARE *
 +10.3% BDT 1.90 EARNINGS PER SHARE	 +8.7% BDT 16.34 NAV PER SHARE
 +0.06% 12.12% RETURN ON EQUITY	 1.0% RETURN ON ASSET
 -2.2% 14.5 Times PRICE EARNINGS RATIO	 12% Cash DIVIDEND

Market capitalization stood at BDT 10,242 million as of the closing day of December 2020 vis-à-vis BDT 9,048 million in December 2019 registering an increase by 13.2%. Market Value per Share stood at BDT 27.6 as of the closing day of December 2020 (DSE) compared to BDT 25.6 in 2019. EPS at the end of 2020 stood at BDT 1.90 against BDT 1.72 (restated) in 2019. Net asset value (NAV) per share stood at BDT 16.34 against BDT 15.03 in the previous year. Return on Equity (ROE) stood at 12.12% against 12.06% in the previous year. Price earnings ratio decreased to 14.5 times from 14.8 times in the previous year.

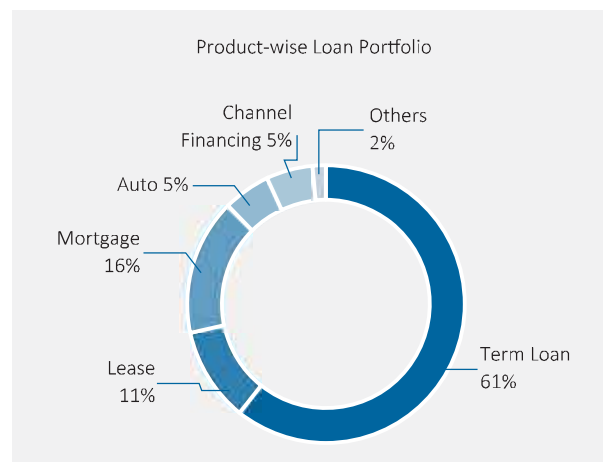
Loan Portfolio Analysis



During the year 2020, loans and advances of IPDC grew by 5.7% and stood at BDT 53,610 against BDT 50,726 million in the previous year. Due to the pandemic the Board and the Management took a conscious decision to grow cautiously to ensure quality balance sheet growth. As a result, portfolio growth was slower compared to the preceding years. However, the company plans to continue its high growth trajectory once business operations are normalized.

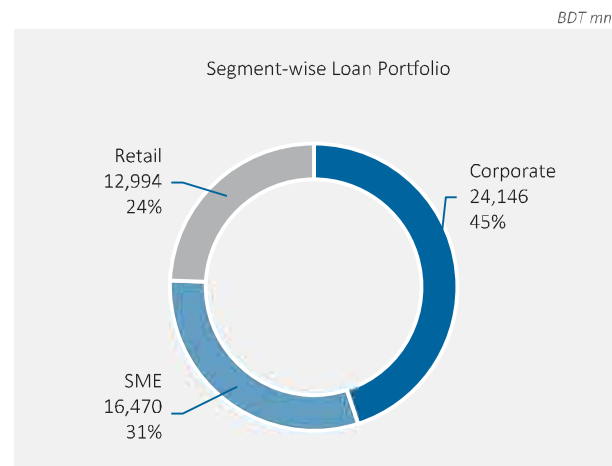


Classified loan ratio came down to 1.38% in 2020 from 1.67% in the previous year. The classified loan ratio of IPDC continues to remain one of lowest in the industry and is significantly lower than the industry average of 12.3% in June 2020. It is to be noted that loans were prevented from being further classified / downgraded due to the loan moratorium facility provided by Bangladesh Bank.



The well diversified portfolio of IPDC includes term loan financing that represents 61% of total loans, followed by mortgage financing 16%, lease financing 11%, auto loan 5%, channel financing 5% and other forms of financing 2%. Despite a weaker investment climate, IPDC ended the year with fresh credit disbursement of BDT 27,705 million in 2020 vis-à-vis BDT 43,870 million in 2019

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



Corporate portfolio stands at BDT 24,146 million at the end of December 2020 representing 45.0% of the total portfolio and stayed relatively flat with a minor degrowth of 0.7% from the previous year. From the base year of 2016, corporate loan portfolio grew by 1.8 times from BDT 13,727 million in 2016 to BDT 24,146 million in 2020.



Retail portfolio stood at BDT 12,944 million at the end of December 2020 representing 24.2% of the total portfolio and posting a year-on-year (YoY) growth of 8.8%. From the base year of 2016, retail loan portfolio increased from BDT 2,918 million in 2016 to BDT 12,944 million in 2020 representing a growth of 4.5 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 8,497 million at the end of 2020 against BDT 7,793 million in the previous year, representing a growth of 9.0%. 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 1,631 million in 2020 against BDT 1,090 million in the previous year which represents a growth of 49.7%.

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



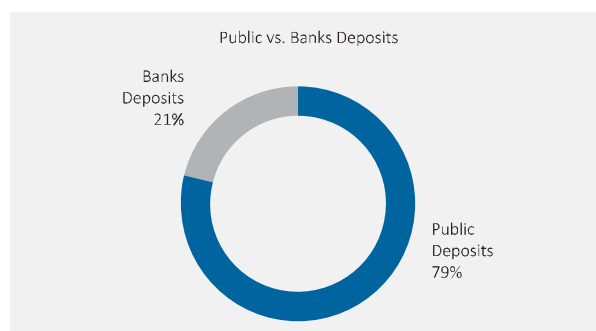
SME portfolio stood at BDT 16,470 million at the end of December 2020 representing 30.7% of the total portfolio and posting a year-on-year (YoY) growth of 13.9%. From the base year of 2016, SME loan portfolio increased from BDT 2,835 million in 2016 to BDT 16,464 million in 2020 representing a growth of 5.8 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.

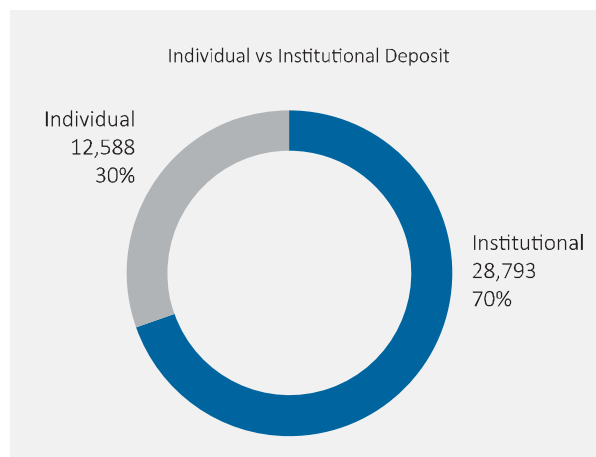
Deposit Portfolio Analysis



Total Deposits increased by 13.1% during 2020 and stood at BDT 52,456 million, a growth of 3.1 times from the base year of 2016. This was made possible by strong efforts of the liability team as well as innovative deposit campaigns. Number of public deposit accounts stood at 10,153 in 2020 from 7,554 number of accounts in the previous year, up by 2,599 (+34.4%) from the last year. Average ticket size of customer deposits declined to BDT 4 million in 2020 from at BDT 5 million in 2019.

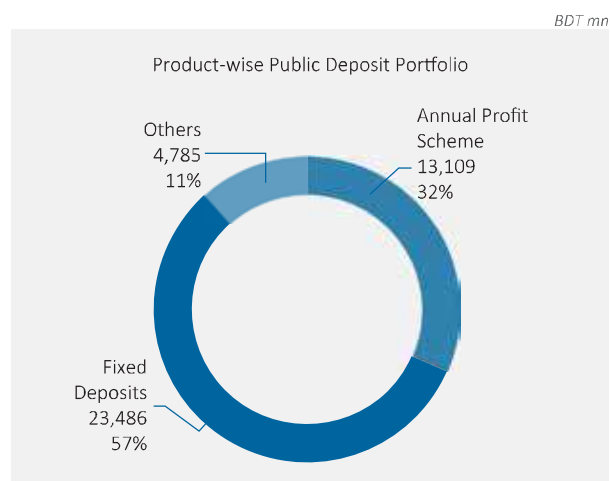


Public deposits (deposits excluding FDR from Banks & NBFIs) grew by a whopping 16.5% and took 78.9% of the total share of deposits, amounting to BDT 41,381 million whereas deposits from Banks and NBFIs accounted for 21.1% of the pie and amounted to BDT 11,076 million at the end of 2020.

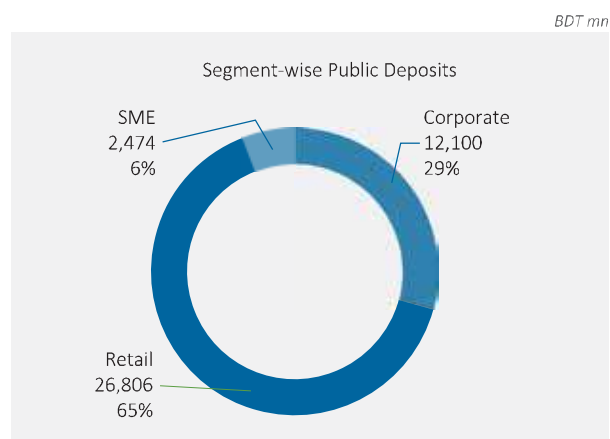


Deposits from individuals accounted for 30.4% of the total deposits and amounted to BDT 12,588 million in 2020 against BDT 9,151 million in the previous year representing a growth of 37.5%.

Deposits from institutions accounted for the remaining 69.6% and stood at BDT 28,793 million at the end of 2020 against BDT 26,365 million in the previous year with a growth of 9.2%.



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 outbreak. Fixed deposits (BDT 23,486 million) accounted for 51.1% of the total public deposits whereas Annual Profit Scheme (BDT 13,109 million) accounted for 31.7% and other deposits (BDT 4,785 million) accounted for remaining 11.6%.



Corporate, SME and Retail deposits accounted for 29.2%, 6.0% and 64.8% 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 10.3% and stood at BDT 26,806 million in 2020 taking up 64.8% 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

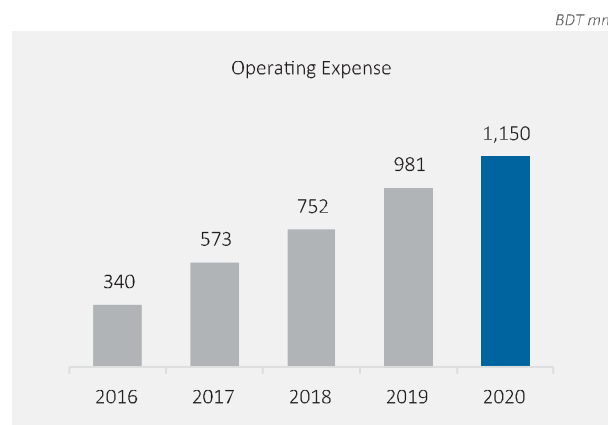
Our treasury operations played a key role in managing fund and

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 3,073 million increasing by 45.0% in the year. In addition, IPDC had repo borrowing amounting to BDT 500 million at the end of 2020. The company also increased its share of short-term loans by BDT 1,399 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

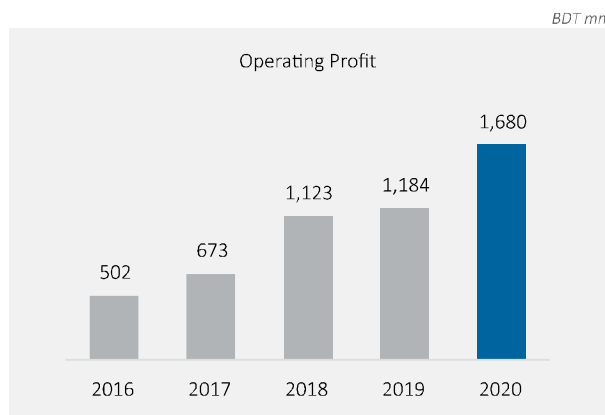


Revenue earned in 2020 amounted to BDT 2,830 million against BDT 2,166 million in the previous year, a staggering increase by 30.7%. It is worth noting that capital gains from government securities played a major role in significant increase in revenue. Additionally, there were no adverse suspense movement during the year due to the loan moratorium facility provided 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.



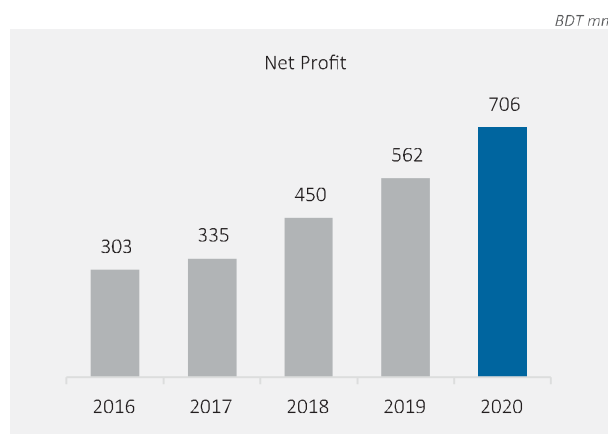
Operating expense increased by 17.2% and amounted to BDT 1,150 million in 2020 against BDT 981 million in the previous year. The increase in operating expense mainly came from increased salary expense due to increase in headcount during 2019 as well as regular yearly increment. Salary expense increased by 22.8% and stood at BDT 679 million in 2020 against BDT 553 million in 2019. Depreciation cost also increased from BDT 120 million in 2019 to BDT 166 million in 2020. The increased depreciation cost is mainly due to incurring full year

depreciation cost for major IT projects such as implementation of Core Banking System and Digital Platform for Supply Chain Finance platform (Orjon) during 2019. All other cost marginally decreased by 0.9% YoY.



Combined with high growth in revenue and controlled growth in operating expense, operating profit increased to a record BDT 1,680 million in 2020 against BDT 1,184 million in the previous year, registering a growth of 41.8%.

Riding on the back of portfolio growth, higher spread and significant capital gains from government securities, net profit after tax of IPDC grew by an impressive 25.4% and stood at BDT 706 million in 2020 compared to BDT 562 million in 2019.



Capital Expenditure

No major capital expenditures were incurred during the year and in 2020 the company total capital expenditure amounted to BDT 46 million, Much lower than the preceding years. Among the incurred expenditures, major portion was due to head office extension, purchase of vehicles and purchase of equipment and appliances for maintenance of infrastructure. The details of capital expenditure are reflected in the Fixed Assets Schedule in the Notes to the Financial Statements.

Quarterly Operating Results

Particulars	Q1'20	Q2'20	Q3'20	Q4'20
Loans, Advances & Leases	52,456	51,129	51,056	53,610
QoQ (%)	3.4%	-2.5%	-0.1%	5.0%
YoY (%)	12.8%	11.1%	6.6%	5.7%
Deposits and Other Accounts	47,781	48,226	50,991	52,456
QoQ (%)	3.1%	0.9%	5.7%	2.9%
YoY (%)	29.2%	20.0%	19.8%	13.1%
Revenue	643	658	686	843
QoQ (%)	2.7%	2.3%	4.2%	22.9%
YoY (%)	14.5%	37.1%	37.9%	34.5%
Operating Profit	362	373	422	523
QoQ (%)	7.0%	3.1%	13.0%	24.0%
YoY (%)	6.9%	44.4%	68.9%	54.7%
Net Profit After Tax	150	166	186	203
QoQ (%)	29.3%	10.9%	11.9%	9.1%
YoY (%)	-5.5%	2.9%	47.7%	75.0%
Cost to Income Ratio	43.76%	43.31%	38.49%	37.95%
QoQ (%)	-2.3%	-0.5%	-4.8%	-0.5%
YoY (%)	4.0%	-2.9%	-11.3%	-8.1%
Classified Loan Ratio (%)	1.53%	1.59%	1.59%	1.38%
QoQ (%)	-0.04%	0.06%	0.00%	-0.21%
YoY (%)	0.33%	-0.05%	-0.23%	-0.18%

IPDC maintained its credit portfolio for the first three quarters and logged in 5.0% QoQ growth during the last quarter. This is due to improving credit market and normalizing business operations in the

country. Deposit growth dipped in Q2'20 as operations were mostly closed during the quarter. However, deposit growth picked up in Q3'20 and Q4'20 with the majority portion of the growth coming from

customer/public deposits.

Revenue grew modestly from Q1'20 to Q3'20 averaging 2.7%-4.2% mainly riding on higher spread. Significant revenue growth of 24.0% during Q4'20 is attributed to BDT 331 million capital gain government treasury bond. 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 as a result of which operating expense growth was lower

than revenue growth. This resulted in cost-to-income ratio to decline from 43.76% in Q1'20 to only 37.95% in Q4'20.

Even with much higher provision expense, quarterly net profit after tax witnessed strong YoY growth in all quarters except Q1'20. Q1'20 net profit after tax grew significantly by 29.3% on QoQ basis but fell behind by 5.5% compared to the same period in the previous year. This was caused by lower net profit after tax in Q4'19. Subsequent quarters registered steady growth in net profit after tax.

Classified loan ratio came down to 1.38% in Q4'20 from 1.53% in Q1'20. As per guidance by Bangladesh Bank, loans were not downgraded from the status as on 31 December 2019 and recoveries from existing bad loans resulted in the decline

Overall Financial Results

Particulars	2019	2020	Growth %
Interest income	6,716	6,902	2.8%
Interest expense	4,773	4,885	2.3%
Net interest income	1,943	2,017	3.8%
Non-interest income	223	813	264.6%
Total income	2,166	2,830	30.7%
Operating Expense	981	1,150	17.2%
Operating Profit	1,184	1,680	41.8%
Provision for Loans	191	478	150.7%
Profit before tax	994	1,201	20.9%
Provision for tax	431	496	15.0%
Profit after tax	562	706	25.4%
Net Interest Margin	3.6%	3.2%	-0.5%
Operating Profit Margin	17.6%	24.3%	6.7%

BDT mn

Interest income increased to BDT 6,902 million from BDT 6,716 million, an increase by 2.8%. Interest income stayed relatively flat as loan portfolio also grew at a relatively modest amount. Interest expense increased by 2.3% and reached BDT 4,885 million in 2020 from BDT 4,773 million from the previous year. The increase in interest expense mainly came from increase in deposits (increased by 13.1%) and borrowing (increased by 55.5%), the increase in interest expense was largely offset by the decrease in cost of fund which stood at 8.8% in 2020 against 10.1% in the previous year.

Overall net interest income increased to BDT 2,017 million from BDT 1,943 million, an increase by 3.8%. The net interest margin of IPDC decreased to 3.2% in 2020 from 3.6% in 2019 mainly due to lower earnings from interest earning asset for maintaining surplus liquidity as well as not booking unrealized income from stressed clients.

Non-interest income grew modestly by 264.6% to BDT 813 million in 2020 against BDT 223 million in the previous year, a major portion of the non-interest income came from investment income which increased by 454.6% in 2020 and represented 78.6% of the total non-interest income. The growth in investment income is mainly due to increase in investment which grew by 227.4% with new investments in government securities standing at BDT 3,471 million (after revaluation). Total investment income amounted to BDT 639 million out of which capital gain on government securities amounted to BDT 331 million.

Operational expense increased to BDT 1,150 million in 2020 from BDT 981 in the previous year, a growth of 17.2%. The increase in operational expense was mainly due to increase in salary and allowances and

depreciation. Increase in salary cost came from the increase in number of employees and increase in depreciation was mainly due to new capital expenditure mainly from head office extension.

Operating profit stood at BDT 1,680 million in 2020 against BDT 1,184 million in the previous year, representing an increase by 41.8%. Operating profit margin increased to 24.3% from 17.6% due to operating profit growing a faster pace than interest income during the year 2020.

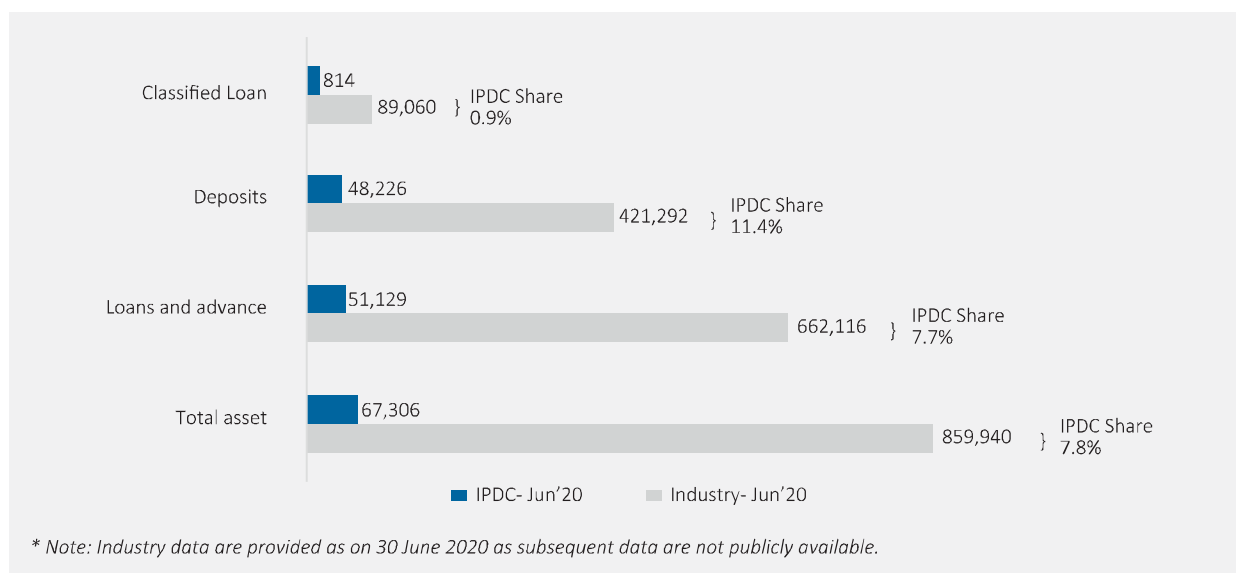
Despite the global pandemic and slowdown in the economy, IPDC managed to register a growth of 25.4% in net profit which stood at BDT 706 million in 2020 from BDT 562 million in 2019.

Extra-ordinary gain/loss

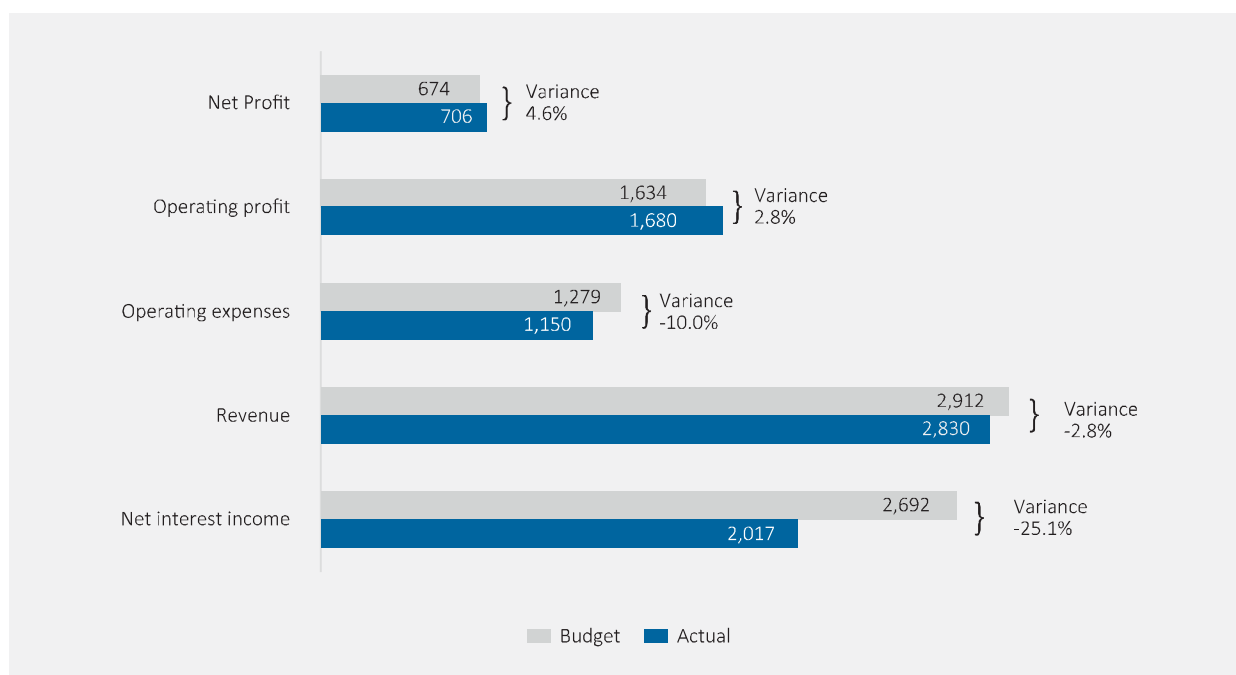
During the year 2020, IPDC registered Capital Gain on Government Treasury Bonds amounting to BDT 331 million. There were no other incidence or events which lead to any extra ordinary gain or loss.

NBFI Industry and IPDC Market Share

Non-banking Financial Institutions (NBFI) forms an important component of the financial sector of Bangladesh, the combined asset of the sector stood at BDT 859,940 million in June 2020, out of which IPDC's market share stood at 7.8%. Total outstanding loans and advances amounted to BDT 662,116 million at the end of June 2020 wherein IPDC's market share is 7.7% and amounted to BDT 51,129 million. While industry classified loan stood at BDT 89,060 million, IPDC's classified loan stood at BDT 814 million as of June 2020 which is 0.9% of the industry total. Deposits in the industry stood at BDT 421,292 million out of which IPDC's deposits stood at BDT 48,226 million and constituted 11.4% of the total.



Comparison of actual and budgeted performance of IPDC Finance Limited



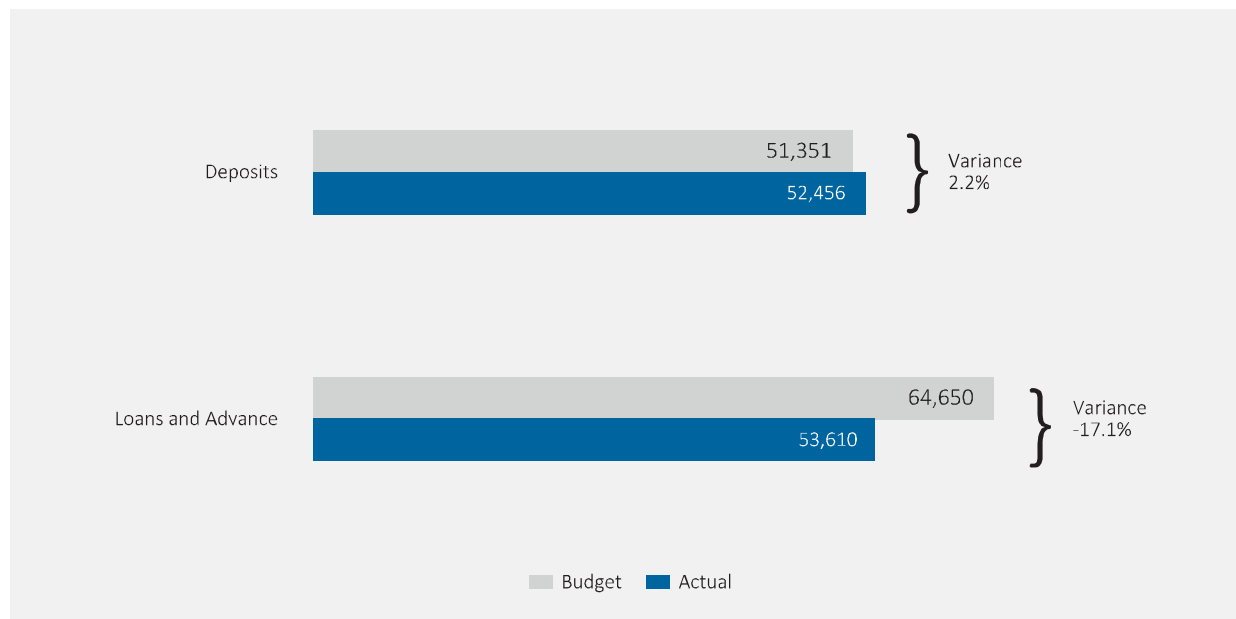
Net interest income stood at BDT 2,017 million against the budgetary target of BDT 2,692 million which is 25.1% behind the target of 2020. Net interest income was behind budget due to the conscious decision to lower than planned portfolio growth due to the Covid-19 outbreak as well as not registering income from stressed clients.

Revenue stood at BDT 2,830 million in 2020 against a budgetary target of BDT 2,912 million which is 2.8% behind the budget. The capital gain from treasury bond and higher loan loss recovery income contributed to offset the variance in Net interest income.

Operating expense in 2020 amounted to BDT 1,150 million against the budgetary target of BDT 1,279 which is 10.0% below the target. The lower cost was due to tighter cost control and putting business expansion on hold due to the pandemic.

Operating profit stood at BDT 1,680 million and exceeded the budgetary target of BDT 1,634 million by 2.8%.

Net profit in 2020 stood at BDT 706 million against the budgetary target of BDT 674 million which is 4.6% ahead of the target. Net profit exceeded the target mainly due to large capital gains from treasury bond 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 53,610 million in 2020 against the budgetary target of BDT 64,650 million which is behind the budget by 17.1%. In contrast deposits was ahead of the budgetary target of BDT 51,351 million and ended with BDT 52,456 million in 2020 which is 2.2% ahead of the budget. The increase in deposit was thanks to some innovative deposit campaigns which attracted new depositors. A key focus during the initial months of the pandemic was to build up the deposit base to ensure sufficiently liquidity.

Plan for 2021

Business

Asset growth in 2021 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 while SME will remain as another growth agenda, mainly driven by Supply Chain Finance (SCF) as we scale-up our digital supply chain platform, Orjon, and develop a marketplace with other NBFIs or Banks. IPDC EZ is expected to be launched to mainstream customers by Quarter 3 of 2021 and necessary promotional activities will be carried out within this timeframe. 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 zero-coupon bond. The current Capital Adequacy Ratio of 18.51% is well above the regulatory requirement of 10.00% and is currently at optimum level to satisfy the growth ambition of 2021.

People

IPDC plans to scale-up its Consumer Goods Finance Platform in 2021 which will require additional IT infrastructure 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 have significantly enhanced our CRM-Los system. We are in the process of planning to launch our app, e-Nothi to automate and create a backup for our documents. Focus of 2021 will be to simplify operational processes strengthen operational control and enhance efficiency.

Technology

Information and communication technologies are quickly becoming the heart of financial services sector. IPDC's priority in 2021 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 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 12 branches including head office. The branches cover the geographical areas of Dhaka, Chittagong, Khulna, Sylhet, Rajshahi and Mymensingh and those are located at Motijheel, Dhanmondi, Gulshan, Uttara, Chattogram, Sylhet, Gazipur, Narayanganj, Bogura, Jashore, Cumilla, and Mymensingh.

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 2020, 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 2020 and growth potential, while maintaining minimum regulatory capital requirement, the Directors recommend 12% cash dividend, for the year ended 31 December 2020 for the approval of Shareholders in 39th Annual General Meeting scheduled to be held on 4 April 2021.

Particulars	2019	2020
Retained Earnings brought forward	214.7	136.9
Net Profit after Tax	562.5	705.6
Profit Available for Appropriation	777.2	842.5
Transfer to Statutory Reserve	(112.5)	(141.1)
Transfer from Revaluation Reserve	2.3	2.3
Proposed Dividend	(530.1)	(445.3)
Retained Earnings	136.9	258.4

* Dividend for the respective financial year has been retrospectively reflected in the aforesaid statement and approved dividend of 2019 was 15% (5% Stock and 10% Cash) which is BDT 530.1mn.

Interim Dividend

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

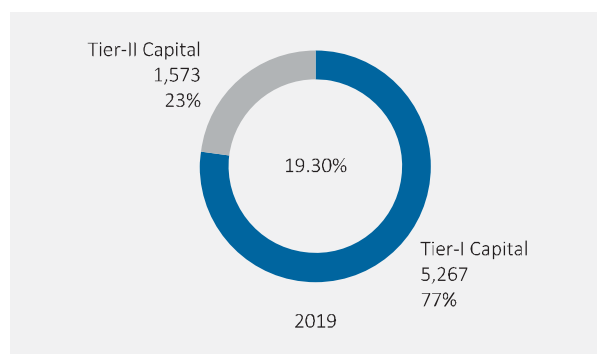
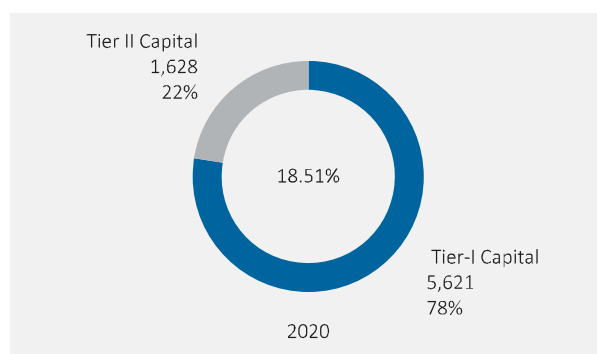
Capital Management

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.

Particulars	2020	Growth
Total Equity	6,063	8.7%
Paid-up Capital	3,711	5.0%
Tier-I Capital	5,621	6.7%
Tier-II Capital	1,628	3.5%
CAR %	18.51%	-0.8%

The total shareholders equity stood at BDT 6,063 million and paid-up capital stood at BDT 3,711 million as of December 31, 2020. Total Capital and Reserves (Tier-I Capital and Tier-II Capital) stood at BDT 7,249 million against BDT 6,839.4 million in previous year, an increase by 6.0%. Capital Adequacy Ratio as of December 31, 2020 stood at 18.51% against 19.30% in the previous year.

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



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 2020 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 892 million in 2020 in form of corporate tax, withholding tax, excise duty and VAT to the national exchequer. 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

Particulars	2019	2020
Corporate Tax	392	308
Withholding Tax	417	496
VAT	42	34
Excise Duty	39	54
Total	890	892

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 2020 stood at BDT 28.7 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 581 as of December 2020 against 560 as of December 2019. 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

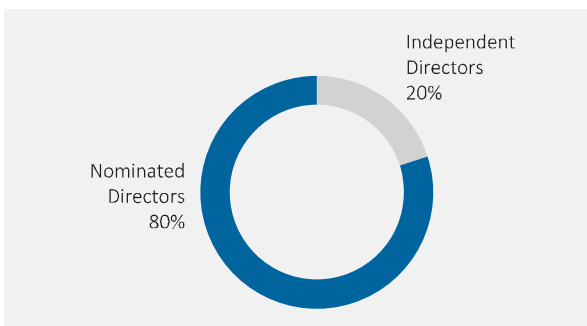
The Board of Directors, in accordance with BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 confirms compliance with the financial reporting framework for the following:

- 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

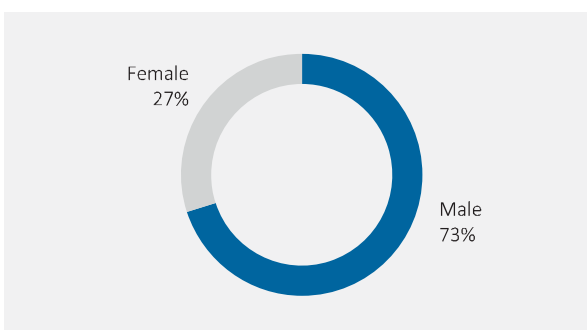
Board Diversity

Balance between independent and nominated director as per composition.

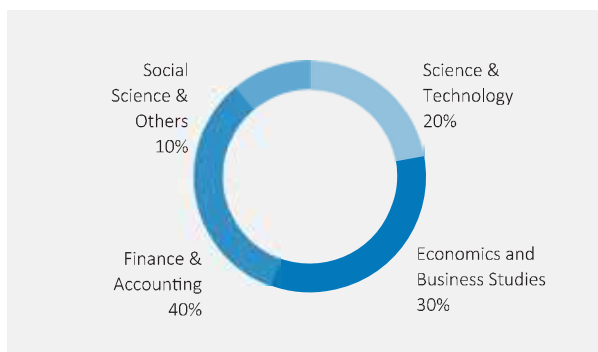


* Composition of the Board of Directors of is 8 nominated Directors and 2 independent directors. Mr. Salahdin Irshad Imam, Independent Director resigned on 15th November 2020 and was replaced by Prof. Shah Md. Ahsan Habib

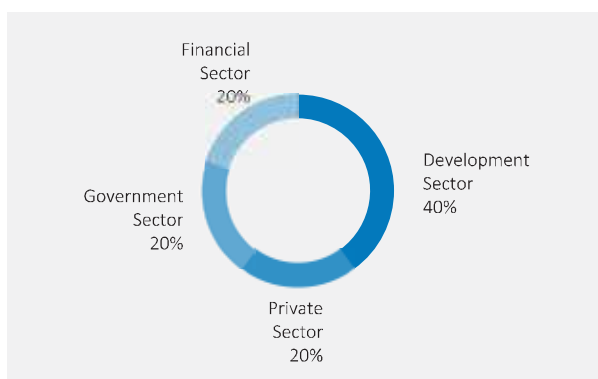
Gender Balance



Education Background



Sector Experience



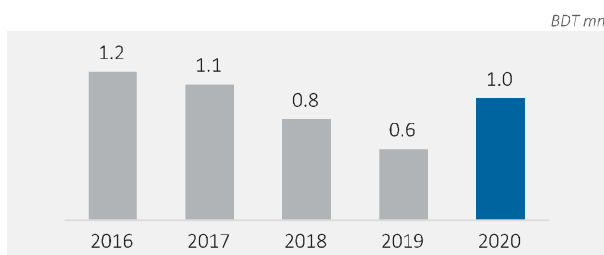
Board Committees

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 2020
Audit Committee	4	5
Executive Committee	6	4

Directors' Remuneration

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.



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 2020 a total 8 (Eight) 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 39th 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.

Ms. Tamara Hasan Abed	Nominated by BRAC
Mr. Syed Abdul Muntakim	Nominated by Ayesha Abed Foundation
Mr. Md. Abdul Karim	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 Managing Director & 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 reporting 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

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

Going Concern

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 policies across the organization. A summary of Risk Management approach is given below:

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 38th Annual General Meeting held on 11 May 2020 for the year 2020 until conclusion of 39th Annual General Meeting at a remuneration of BDT 520,000 plus 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 2021 at a remuneration of BDT 550,000 (Five Hundred Fifty 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 are 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 2020. 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 2020

Shareholding patterns of the Company as at December 31, 2020 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.



Md. Abdul Karim
Chairman

Annexure to Directors' Report

Key Operating and Financial Data of Preceding Five Years

Particulars	2016	2017	2018	2019	2020	Growth (YOY)	<i>BDT mn</i> CAGR3
Operating Results							
Net Interest Income	638	1,073	1,698	1,943	2,017	3.8%	33.3%
Operating Income	841	1,246	1,875	2,166	2,830	30.7%	35.4%
Operational Expenses	340	573	752	981	1,150	17.2%	35.6%
Operating Profit	502	673	1,123	1,184	1,680	41.8%	35.3%
Profit Before Tax	468	514	861	994	1,201	20.9%	26.6%
Net Profit After Tax	303	335	450	562	706	25.4%	23.5%
Financial Performance							
Disbursements	25,030	34,681	37,972	43,870	27,705	-36.8%	2.6%
Outstanding Credit Portfolio	19,481	34,467	44,325	50,726	53,610	5.7%	28.8%
Fixed Assets	234	267	545	788	777	-1.4%	35.0%
Total Assets	22,577	39,289	50,511	64,402	75,969	18.0%	35.4%
Term Deposits	17,179	29,747	37,066	46,361	52,456	13.1%	32.2%
Borrowings	1,141	4,214	5,917	7,038	10,946	55.5%	76.0%
Total Liabilities and Equity	22,577	39,289	50,511	64,402	75,969	18.0%	35.4%
Equity Information							
Shareholders' Equity	2,775	3,111	3,752	5,576	6,063	8.7%	21.6%
Paid up Capital	1,515	1,818	2,182	3,534	3,711	5.0%	25.1%
Number of Ordinary Shares	151,500,567	181,800,680	218,160,816	353,420,521	371,091,547	5.0%	25.1%
Net Asset Value Per Share (NAV)	7.5	8.4	10.1	15.0	16.3	8.7%	21.6%
Earnings per Share (EPS) ¹	0.93	1.03	1.38	1.72	1.90	10.3%	19.6%
Year end Market Price per Share ²	42.7	50.1	38.1	25.6	27.6	7.8%	-10.3%
Market Capitalization	6,469	9,108	8,312	9,048	10,242	13.2%	12.2%
Rate of Dividend	20%	20%	15%	15%	12%	-20.0%	-
Financial Ratios							
Current Ratio (Times)	1.0	1.0	1.0	1.0	1.0	0.1%	-
Debt Equity Ratio (Times)	0.4	1.4	1.6	1.3	1.8	43.0%	-
Interest Coverage Ratio (Times)	14.9	4.4	3.8	3.2	4.0	24.2%	-
Return on Asset	2.0%	1.1%	1.0%	1.0%	1.0%	2.7%	-
Price Earnings Ratio (Times)	46.0	48.7	27.6	14.8	14.5	-2.2%	-
NPL Ratio	0.71%	0.62%	2.14%	1.57%	1.38%	-11.8%	-
Net NPL Ratio	-0.62%	-0.59%	0.38%	-0.37%	-1.92%	412.1%	-

¹ EPS has been restated for the year 2016 – 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 2016.

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 Financial Reporting Standards, Companies Act 1994, 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, 2020 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, 2020 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 2020, interest coverage ratio stood at 4.0 times, which means the company has strong debt servicing capacity.
Less Dependency on Bank Borrowings	As at December 31, 2020 total bank borrowing of the Company was BDT 10,946 million which is 15.7% 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, 2020 total deposits stood at BDT 52,456 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 2020, IPDC Finance achieved 41.8% growth of operating profit compared to year 2019 which reflects the growth in profitability from regular operation.
Solid Growth in Quality Lending Portfolio	In the year 2020 the loans, leases and advances increased by 5.7% compared to year 2019, whereas classified loan ratio stands at 1.38% 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, 2020 CAR of IPDC is 18.51% vis-à-vis requirement of 10.00% i.e., Company maintains 8.49% surplus capital.
Strong Equity Base	IPDC is one of the highest equity-based companies among the Financial Institutions. As at December 31, 2020 total equity of the Company is BDT 6,063 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 2020 on the basis of "going concern assumption" is appropriate.

Pattern of Shareholding as at 31 December 2020

Annexure-III

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
Ms. Sonia Bashir Kabir, her spouse and minor child	Independent Director	Nil
Mr. Biswajit Bhattacharya Khokon ndc, his spouse and minor child	Director	Nil
Mr. Salahuddin Mahmud, his 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. Tamara Hasan Abed, 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	Deputy Managing Director	Nil
Ms. Sharmeen Fatema Annie	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 2020

Name of Director	Board of Directors Meeting				Executive Committee Meeting				Audit Committee Meeting			
	Total Meeting held during Director's Tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration on paid	Total Meeting held during Director's tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration on paid	Total Meeting held during Director's tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration on paid
Mr. Md. Abdul Karim**	8	8	100%	64,000	-	-	-	-	-	-	-	-
Mr. Salehuddin Mahmud	8	8	100%	64,000	4	4	100%	32,000	5	5	100%	40,000
Mr. Biswajit Bhattacharya Khokon ndc	8	8	100%	64,000	4	4	100%	32,000	3	3	100%	24,000
Mr. Salahdin Irshad Imam	5	5	100%	40,000	-	-	-	-	4	4	100%	32,000
Mr. Mohammad Mamdudur Rashid****	2	2	100%	16,000	-	-	-	-	1	1	100%	8,000
Ms. Sonia Bashir Kabir	8	6	75%	48,000	-	-	-	-	5	4	80%	32,000
Ms. Tamara Hasan Abed	8	6	75%	48,000	4	2	50%	16,000	1	1	100%	8,000
Mr. Tushar Bhowmik	8	7	88%	56,000	4	4	100%	32,000	-	-	-	-
Mr. Syed Abdul Muntakim*	7	7	100%	56,000	-	-	-	-	2	2	100%	16,000
Mr. Sameer Ahmad	8	4	50%	32,000	4	3	75%	24,000	-	-	-	-
Ms. Nahreen Rahman***	8	8	100%	64,000	-	-	-	-	2	2	100%	16,000
Total Remuneration	70	69	99%	552,000	20	17	85%	136,000	23	22	96%	176,000
												864,000

Note:

- Leave of absence was granted in all cases of non-attendance
- * Mr. Shameran Abed was a nominee director of Ayesha Abed Foundation, he was replaced by Mr. Syed Abdul Muntakim on 23 February 2020.
- ** Dr. Muhammad Musa was a nominee director of BRAC, he was replaced by Mr. Md. Abdul Karim on 09 January 2020.
- *** Ms. Nahreen Rahman was newly appointed as nominee Director of Bluechip Securities Limited on 09 January 2020.
- **** Mr. Salahdin Irshad Imam was a Independent Director, he was replaced by Mr. Mohammad Mamdudur Rashid on 22 July 2020.

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 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	Board of Directors			
1(1)	Size of the Board of Directors			
	The total number of members 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 (1/5) 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 director(s);	✓		
1(2)(b)(i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		The IDs provided 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
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 of this Code;	✓		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 or any advance to a bank or a Non-Bank Financial Institution (NBFI);	✓		Do
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		Do

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		The appointment of ID who is in existing board has been duly approved at past 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			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		The qualification and educational background of IDs justify their skills
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 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	✓		
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		Not Applicable	
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 shall 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.		Not Applicable	
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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 nonexecutive 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 nonexecutive 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
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);	Not Applicable		
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 Share Offer, Direct Listing, etc.;	Not Applicable		No such event occurred in the year
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances 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;	✓		
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;	✓		
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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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		
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;			
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance 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 or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	A brief resume of the director;	✓		
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas;	✓		
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 present operations along with a brief discussion of changes in the financial state:			
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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 immediate 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	✓		
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 its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions 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 guidelines given by Bangladesh Bank
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 the holding company shall be made applicable to the composition of the Board of the subsidiary company;	Not Applicable		IPDC has no subsidiary
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board 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

Condition No.	Title	Compliance Status (Put V in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Compliance (HIAC) and Company Secretary (CS)			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (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
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:	√		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that 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 statement or omit any material fact or contain statements that might be misleading;	√		
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;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the 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	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
4(ii)	Nomination and Remuneration Committee	Not Applicable		Complied as per the prudential guidelines given by Bangladesh Bank
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board	✓		
5(1)(b)	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;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; 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 nonexecutive directors of the company excepting Chairperson of the Board 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
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)	Chairperson of the audit committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson 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.	None		No such event occurred
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	✓		Chairperson of Audit Committee was present in 38th AGM

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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;	✓		The audit committee conducted 5 meetings in the year
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)	The Audit Committee shall			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	Monitor choice of accounting policies and principles;	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	Oversee hiring and performance of external auditors;	✓		
5(5)(e)	Hold 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 the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or 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;	✓		
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(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any			
5(6)(a)(ii)(a)	Report on conflicts of interests;	Not applicable		No such event occurred
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; control system	Not applicable		No such event occurred
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	Not applicable		No such event occurred
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	✓		
5(6)(b)	Reporting to the Authorities			
	If the Audit Committee has reported to the Board about anything which has 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 the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	Not applicable		No such event occurred
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 of 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)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	Not Applicable	Complied as per the prudential guidelines given by 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)	The Terms of Reference (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	
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)	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	

Condition No.	Title	Compliance Status (Put V in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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
6(2)(f)	The Chairperson of the Committee may appoint or coopt any external expert and/or member(s) of staff to the Committee as advisor who shall be nonvoting 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
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:			
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

Condition No.	Title	Compliance Status (Put v in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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; and	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)(b)(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
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;	v		
7(1)(ii)	Financial information systems design and implementation;	v		
7(1)(iii)	Bookkeeping or other services related to the accounting records or financial statements;	v		
7(1)(iv)	Broker dealer services;	v		
7(1)(v)	Actuarial services;	v		
7(1)(vi)	Internal audit services or special audit services;	v		
7(1)(vii)	Any service that the Audit Committee determines;	v		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	v		
7(1)(ix)	Any other service that creates conflict of interest.	v		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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:	✓		
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).	✓		
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 such certificate shall be disclosed in the Annual Report.	✓		IPDC obtained the certificate from Snehish Mahmud & 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

Annexure VI



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Chartered Accountants
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info@smac-bd.com
www.smac-bd.com

Annexure-B
[Certificate as per condition No. 1(5) (xxvii)]

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

(Issued under Condition No. 900 of Corporate Governance Guidelines of "ISFC" vide notification no. SEC/CMRRCD/2006-158/2017/Admin/80, dated 3 June 2018)

We have examined the compliance status to the Corporate Governance Code by **IPDC Finance Limited** for the year ended on 31st December 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/2017/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969; of the Bangladesh Securities and Exchange Commission.

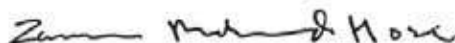
Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

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.

Dated, Dhaka:
10th February, 2021


Zareen Mahmud Hossain
Partner
Snehasish Mahmud & Co.,
Chartered Accountants
Enrolment no.: 1152
DVC: 2103041152CC373910

Annexure VII

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
ii	No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
iii	Any syndicated and large 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	

Sl No.	Particulars	Compliance Status
	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 in compliance 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
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 policies and guidelines. However, Departmental/Unit Heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so, authorized by the Managing Director.	Complied

Annexure VIII

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 [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 on October 2019, based on recent 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 a number of 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 time 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 responsibility
- Establishes structure, authority and responsibility
- Demonstrates commitment to competence
- Enforces accountability

- Specifies suitable objectives
- Identifies and analyzes risk
- Assesses fraud risk
- Identifies and analyzes significant change

Risk Assessment

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.

- Uses relevant information
- Communicates internally
- Communicates externally

Information and Communication

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:

- Evaluates performance of the Company's internal control functions;
- Ensures compliance of the Company with legal and regulatory requirements;

- Makes recommendations on the reporting, control and compliance aspects of the Company;
- Provides independent monitoring, guidance and if necessary, to challenge executive management;
- Performs independent review to ensure control over financial reporting and all other operational matters; and
- 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 Mr. Syed Abdul Muntakim and Ms. Nahreen Rahman as replacement of Mr. Biswajit Bhattacharya Khokon, ndc and Ms. Tamara Hasan Abed respectively on 186th meeting of the Board of Directors, dated 21 July 2019 and Mr. Mohammad Mamdudur Rashid inducted as Independent Director replacing Mr. Salahdin Irshad Imam, Independent Director on 186th meeting of the Board of Directors who resigned on 15 November 2020; 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
Mr. Salahuddin Mahmud	Member	Director
Mr. Syed Abdul Muntakim	Member	Director
Ms. Nahreen Rahman	Member	Director

*1 (one) position of the Audit Committee has been vacant since 15 November 2020 and the position shall be fill-up in compliance with Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) dated June 3, 2018.

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 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 38th Annual General Meeting held on May 11, 2020. 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.

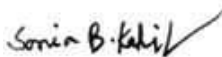
Major activities of the Audit Committee:

The Committee met 5 (five) times during the year 2020 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, 2019;
- Reviewed the Management Letter from external auditors for the year 2019 together with Management's responses to the findings;

- The Committee held meeting with the statutory auditors for review of the annual financial statements of 2019 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, 2019;
- Reviewed the development and installation of Heat Map and Risk Register of the Company for 2020;
- 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;
- The Committee reviewed first quarter, half-year and third quarter ended Financial Statements for the year 2020 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 Statement of the year 2019;
- 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 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 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 the 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. Bishwajit Bhattacharya Khokon ndc	Member	Director
Mr. Salahuddin Mahmud	Member	Director
Mr. Mominul Islam	Member	Managing Director & CEO

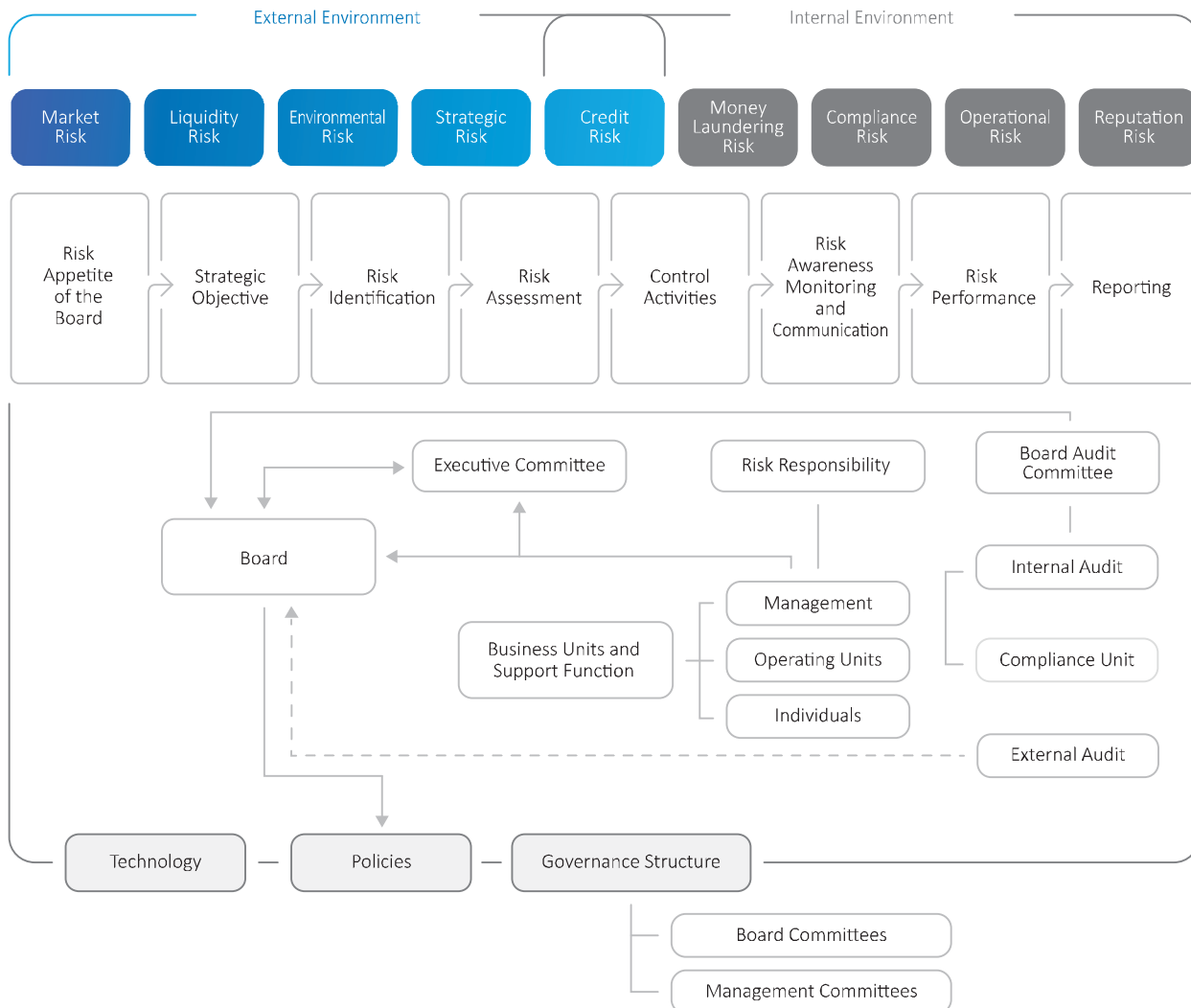
Major Activities of the Executive Committee

The Committee met 4 times during the year 2020 through video conferencing to carry out the following major activities:

- A total number of 8 proposals with an aggregate value of BDT 1,920 million (including renewals of BDT 750 million) were considered for approval in EC meeting dated July 15, 2020, of which 4 credit proposals aggregating 1,300 million were recommended to Board for approval.
- A total number of 15 proposals with an aggregate value of BDT 4,745 million (including renewals of BDT 1,730 million) were considered for approval in EC meeting dated September 06, 2020, of which 4 credit proposals aggregating 1,730 million were recommended to Board for approval.
- A total number of 13 proposals with an aggregate value of BDT 2,100 million were considered for approval in EC meeting dated October 15, 2020, of which 2 credit proposals aggregating 560 million were recommended to Board for approval.
- A total number of 11 proposals with an aggregate value of BDT 2,447.50 million were considered for approval in EC meeting dated December 27, 2020, of which 1 credit proposal aggregating 500 million were recommended to Board for approval.
- Executive Committee makes sure 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.

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.

IPDC's stress testing framework is designed to:

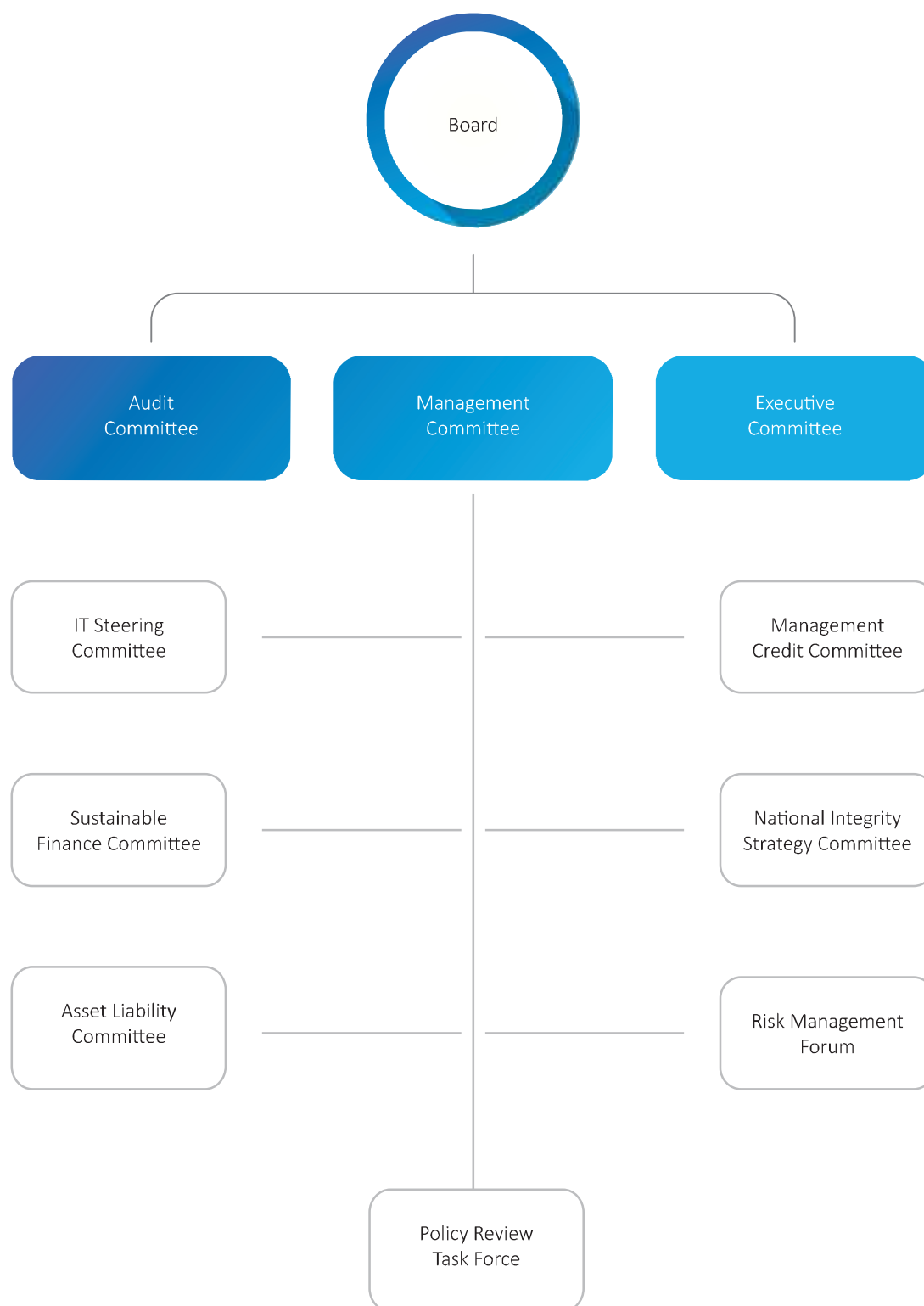
- Identify where the risk concentrations are
- Understand impact on the institution if biggest customers default
- Impact on the institution if historical worst-case scenarios recur
- Impact on the institution if it is hit by a similar severe credit loss event that affected competitors in the past

Risk 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.

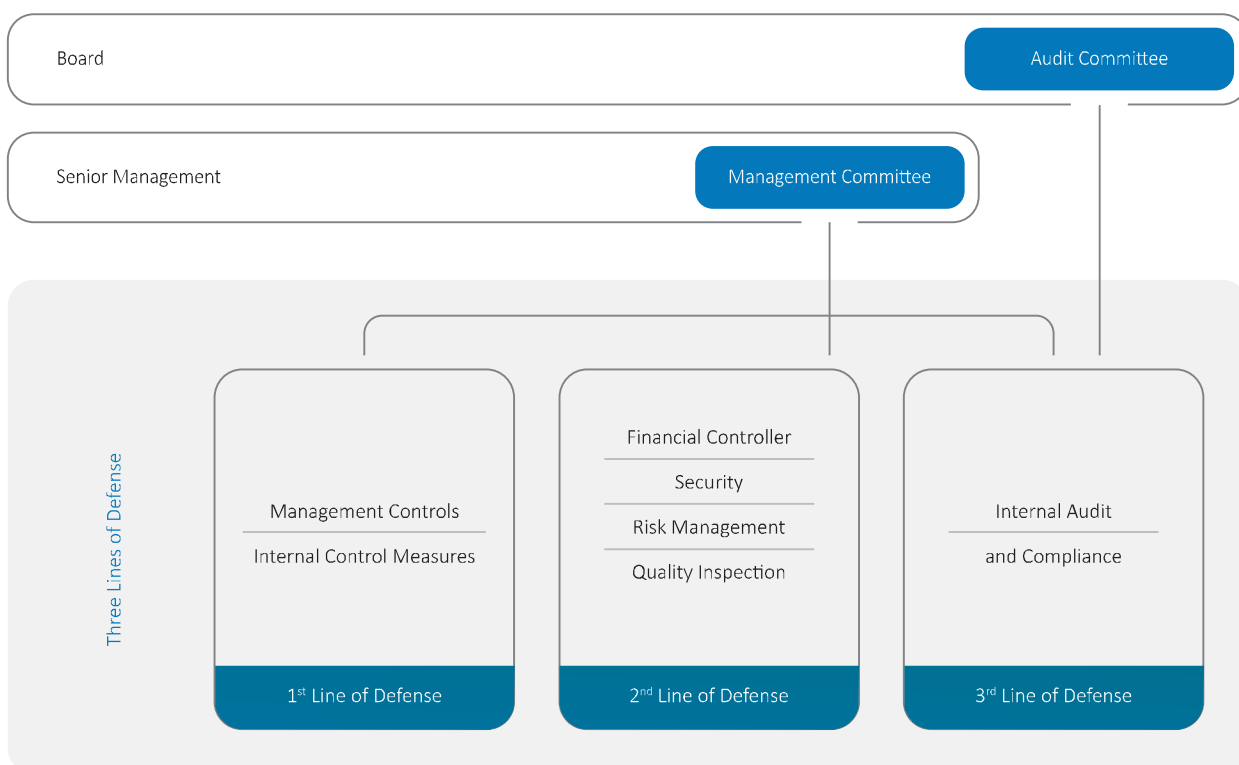
Risk Management Governance Structure

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

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.

Second Line

Responsible for:

- 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.

Third Line

Responsible for:

- 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	6	-	5	1	4
Board Audit Committee	4	1	3	-	5

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

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, DMD & Head of Business Finance - Ms. Savrina Arifin, Acting Head of Retail Business - Ms. Sharmeen F. Annie, Chief Human Resources Officer - Mr. Md. Zakir Hossen, Head of Operations - Mr. Ashique Hossain, Head of Credit Risk Management - Ms. Aleya R Ikbai, Head of Information Technology - 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 Ikbai, Member - Mr. Md. Ezazul Islam, Member - Ms. Fahmida Khan, Member - Mr. Samiul Hashim, Member - Ms. Jumaratul Banna, Member - Mr. Sikder Fazle Rabbi, Member

Member Composition of Committees at Management Level

Committee Names	Members
IT Steering Committee	- Mr. Mominul Islam, Managing Director & CEO - Mr. Rizwan D. Shams, DMD & Head of Business Finance - Ms. Savrina Arifin, Acting Head of Retail Business - Ms. Sharmeen F. Annie, Chief Human Resources Officer - Mr. Md. Zakir Hossen, Head of Operations - Mr. Ashique Hossain, Head of Credit Risk Management - Ms. Aleya R Ikbai, Head of Information Technology - 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, DMD & Head of Business Finance - Ms. Savrina Arifin, Acting Head of Retail Business - Ms. Sharmeen F. Annie, GM & Chief Human Resources Officer - Mr. Md. Zakir Hossen, GM & Head of Operations - Mr. Ashique Hossain, GM & Head of Credit Risk Management - Ms. Aleya R Ikbai, DGM & 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, FAGM & Head of Treasury - Mr. Md. Barkat Ullah, Head of General Service & Security - Mr. Imran Khan, AGM & Head of Sustainable Finance Unit (Secretary)
Asset-Liability Committee (ALCO)	- Mr. Mominul Islam, Managing Director & CEO - Mr. Rizwan D. Shams, DMD & Head of Business Finance - Ms. Savrina Arifin, Acting 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. Sirajus Salekin, Senior Manager, Retail Business - 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, DMD & 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	Responsibilities
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
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 2020

Default Risk

Our classified loan has decreased to 1.38% in 2020 against 1.57% in the previous year. The decline in classified loan was due to an enhanced focus on recovery from classified loan accounts. The classified loan

Classified status of Loans and Advances

Particulars	2016	2017	2018	2019	2020
Unclassified	19,328	34,171	43,042	49,279	52,636
Special Mention Account	15	82	337	651	232
Total Performing Loan	19,343	34,253	43,379	49,930	52,868
Sub Standard	53	125	710	173	118
Doubtful	4	3	37	433	421
Bad Loss	80	85	200	191	203
Total Classified Loan	138	214	947	796	742
Total Loans & Advance	19,481	34,467	44,325	50,726	53,610
Classified Loan Ratio	0.71%	0.62%	2.14%	1.57%	1.38%

BDT mn

Large Loan

Particulars	2016	2017	2018	2019	2020
Large Loan Portfolio	5,470	6,834	4,976	2,960	1,868
Total Loan Portfolio	19,481	34,467	44,325	50,726	53,610
Large Loan as a % of Total Loan Portfolio	28.1%	19.8%	11.2%	5.8%	3.5%

BDT mn

account of IPDC is one of the lowest in the industry, with the industry average classified loan ratio at 13.29% as of June 2020.

Recovery Risk

We have adequate eligible securities against our loans. Out of the classified loan volume of BDT 742 million, IPDC hold eligible securities of BDT 403 million, covering 54.3% 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 is steadily declining and stood at 3.5% in 2020 against 5.8% in the previous year. Higher equity base as a result of fund from rights issue contributed towards the reduction 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 77.1% 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 fell to 77.1% in 2020 from 78.9% in 2019 while concentration in Chattogram Division increased to 14.1% from 13.5% in the previous year. Khulna Division and Rajshahi Division also saw an increase in portfolio concentration to 2.3% and 2.3% respectively in 2020.

Geographic Credit Concentration

Particulars	2016	2017	2018	2019	2020	2020 % of total
Dhaka Division	17,595	31,087	36,153	40,009	41,338	77.1%
Chattogram Division	1,617	2,478	5,391	6,851	7,561	14.1%
Khulna Division	3	115	708	989	1,249	2.3%
Rangpur Division	-	-	703	1,207	1,065	2.0%
Rajshahi Division	20	420	873	867	1,220	2.3%
Sylhet Division	130	294	269	373	478	0.9%
Barisal Division	-	-	6	20	104	0.2%
Mymensingh Division	117	73	222	410	596	1.1%
Total Loan Portfolio	19,481	34,467	44,325	50,726	53,610	100.0%

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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
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 2020

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

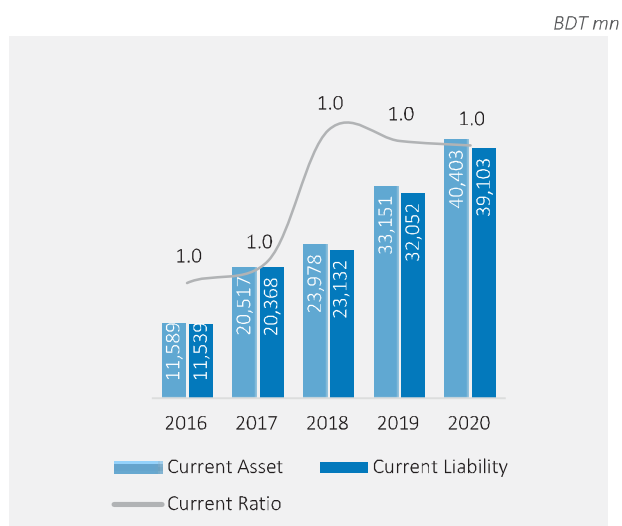
Particulars	2016	2017	2018	2019	2020
up to 1 month	(185)	364	267	139	401
1-3 Months	(144)	367	89	391	430
3-12 Months	379	(581)	490	568	469
1-5 Years	3,909	6,284	9,761	6,727	11,628
5 Years +	(1,184)	(3,322)	(6,855)	(2,250)	(6,867)

Liquidity Gap as a % of Liability

Particulars	2016	2017	2018	2019	2020
up to 1 month	-6.5%	6.2%	4.3%	3.1%	3.3%
1-3 Months	-2.2%	5.9%	1.1%	3.6%	3.3%
3-12 Months	18.1%	-7.1%	5.6%	3.4%	3.3%
1-5 Years	77.6%	82.0%	105.6%	44.5%	104.5%
5 Years +	-36.7%	-40.8%	-47.7%	-19.3%	-34.9%

Current Ratio

We have continued to maintain a current ratio of 1.0 since 2016. 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.



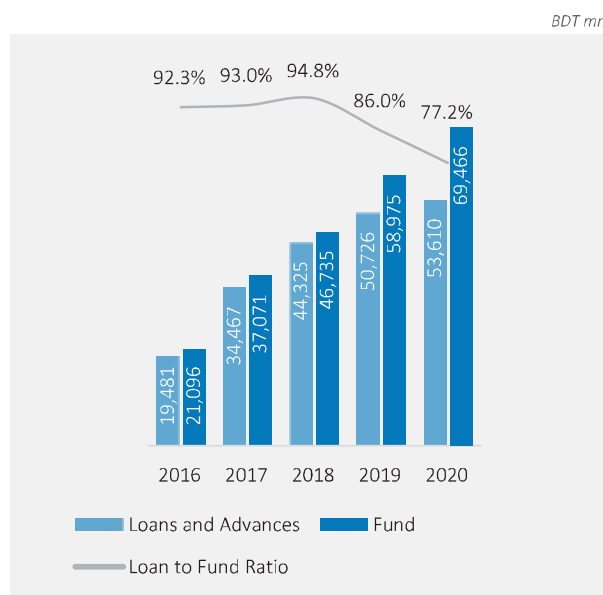
CRR and SLR

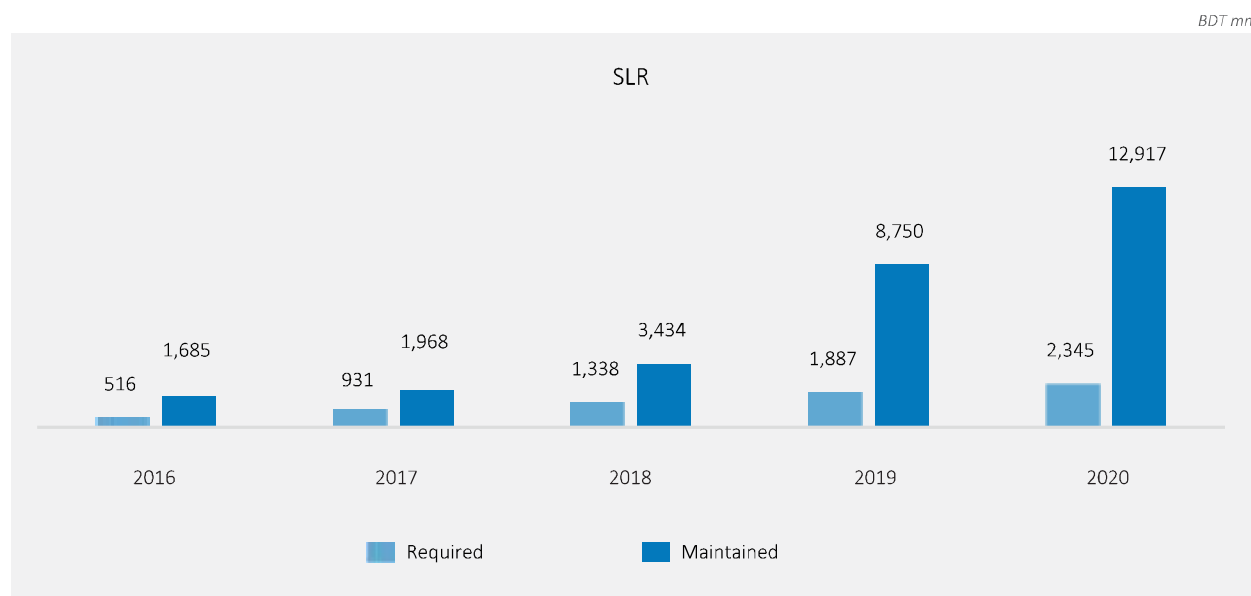
We have adequately maintained Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) with a surplus which indicates our strong liquidity position.



Loan to Fund Ratio

From the base year of 2016, 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 and 77.2% in 2020 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 13.1% during the year 2020. Moreover, portfolio growth in 2020 was low which resulted in further decline in Loan to Fund Ratio. The company also registered strong growth in funding through Bangladesh Bank refinancing schemes which now stood at BDT 3,073 million in 2020 against BDT 2,119 million in the previous year, an increase of 45.0% and representing 28.1% of the total borrowing from banks and FIs compared to 30.1% in the previous year.





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 2020

- Implementation of new Core Banking System which provides a greater level of data security.
- Our Supply Chain Platform – Orjon is backed by block chain technology which provides an unparalleled level of data security.
- Continued use of E-Doc system for protection against any possible data loss

Operational Risk Management Framework

IPDC follows below operational risk management framework:



Risk Indicator

Particulars	2016	2017	2018	2019	2020
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

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 2020

- All key performance ratios remained within the satisfactory range in 2020
- 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	2016	2017	2018	2019	2020
ROA	2.0%	1.1%	1.0%	1.0%	1.0%
ROE	11.5%	11.4%	13.1%	12.1%	12.1%

Interest Rate Risk under Simple Sensitivity Analysis

Particulars	2016	2017	2018	2019	2020
upto 1 month	1,471	2,470	473	257	4,796
1-2 months	2,209	237	330	572	621
2-3 months	2,915	273	441	808	1,077
3-6 months	628	79	1,395	1,700	583
6 months - 1 Year	(472)	(791)	470	268	547



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.

Particulars	2016	2017	2018	2019	2020
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 2020

No major events occurred in 2020 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 sourcing.

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 300,000 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 2020

- Strategy meeting was held in 2020 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.

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.

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.

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	2016	2017	2018	2019	2020
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
STR Raised	4	25	18	7
Number of Accounts Involved	34	42	18	7
Suspicious Transaction Amount (BDT mn)	208	335	107	27

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	2018	2019	2020
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 2020

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

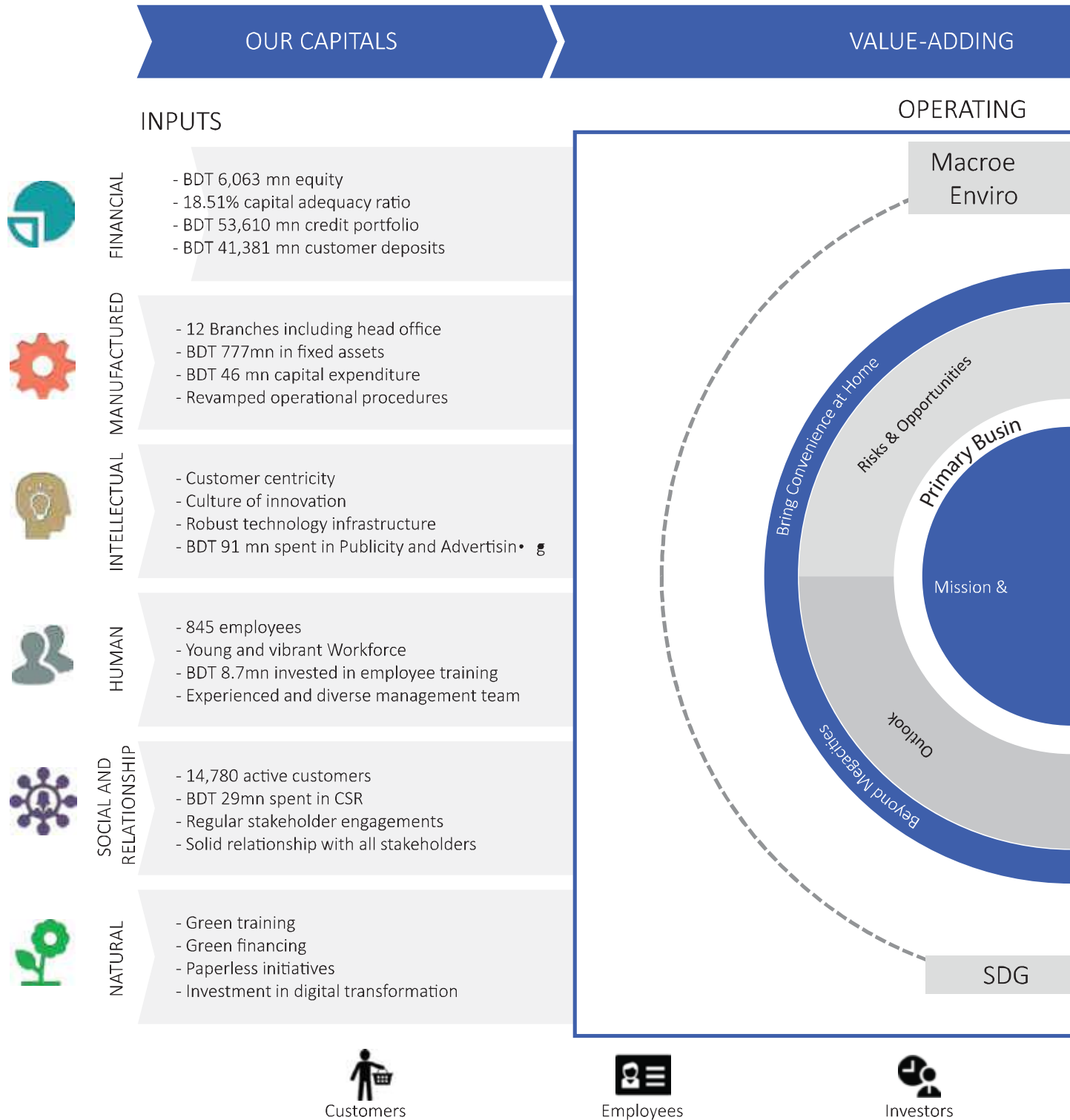






MAKING |
THE MARK |

Value Creation Process Flow



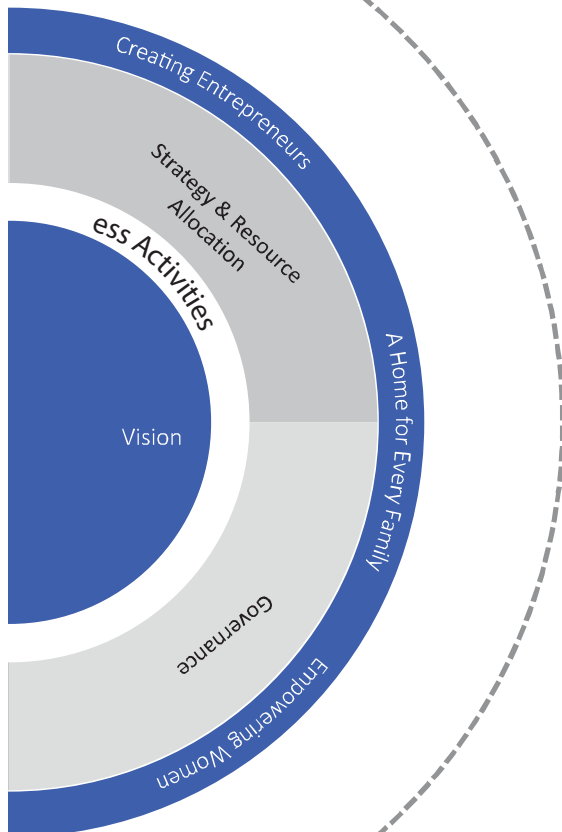
ACTIVITIES

VALUE FOR STAKEHOLDERS

CONTEXT

OUTCOMES

economic
environment



Goals

- 12.1% return on equity
- 1.0% return on asset
- BDT 2,830 mn revenue
- BDT 706 mn net profit

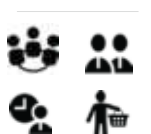
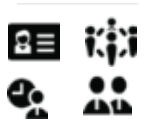
- Strong IT and physical infrastructure
- Presence in all major locations
- Quicker disbursements
- Faster file processing

- IPDC Shubodh, IPDC Manobota
- Robust Core Banking System
- Signature Platforms
- Orjon Platform

- Lower attrition
- Engaged workforce
- Improving gender balance
- Stay home, stay fit campaign

- Supported 2,169 families
- Fast increasing female customers
- IPDC Shushoma
- Impactful sponsorships

- Tree plantation
- Green solutions
- Power conservation
- Electronic document management system



INVOLVED STAKEHOLDERS



Suppliers



Communities and Society



Regulators

Our Business Model



Partners

Taking part in strategic and proactive discussion with key stakeholders helps IPDC to 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 has continuous dialogue with its partners through a variety of channels. Detail discussion regarding stakeholder engagement has been discussed in Our Approach to Stakeholder Engagement section.

Resources

Resources are the are the most important assets that generate long-term value propositions, reach markets, maintain relationships with customer segments, and earn revenues. 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 in order to deliver value to our customers. IPDC strives to create unique intangible assets which can deliver future stream 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 its lending activities. IPDC sales force collects term and savings deposits form 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

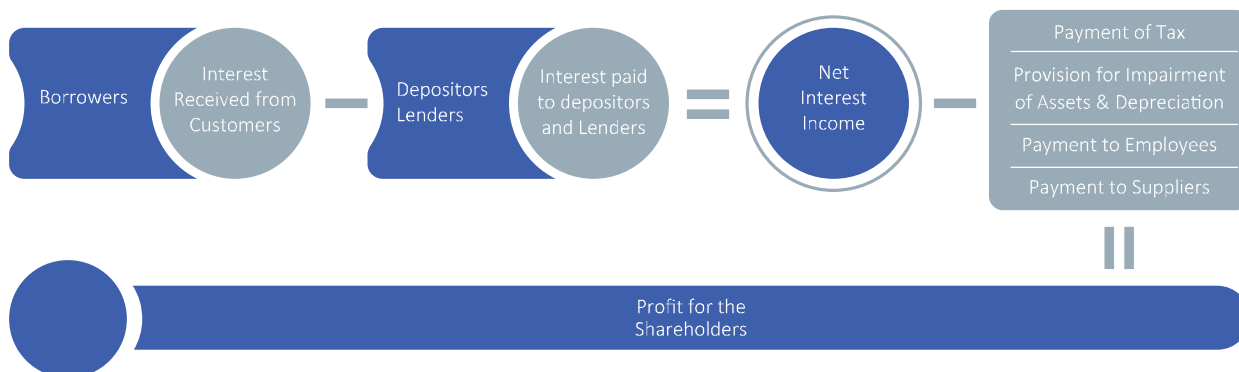
IPDC pays salary and benefits to its employees for their services and pays to the service providers for operating activities. IPDC incurs depreciation cost which sets aside money for the usage of its assets. In addition, impairment charges are made to its loan and investment portfolio for unrecoverable money form 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. Detail 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 the distinguished needs that they might have and identify ways to address those specific needs. It also allows us to define specific customer relationships and design our channel of communication around them.



A Glance Into The Business Ecosystem

Macroeconomic Analysis

Macroeconomic analysis helps us to understand how the external factors are affecting IPDC. We are using PESTLE analysis to identify the external factors that may affect the company. Each element of PESTLE influences our company differently. We have identified several elements which significantly influences 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 financial institutions in Bangladesh due to traditional political instability. However, as observed after recent elections, financial industry enjoyed a relatively stable growth	Financing needs might reach a plateau in the first quarter if the political climate become instable. However, the growth rate is likely to pick up from the second quarter	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 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 of 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 have 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 as a result 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 2020
Access to financial service	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

Material Issues	Impact on Industry	Implications on IPDC	Strategic Response
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 2,000 new entrepreneurs though increasing SME financing. IPDC launched Orjon platform, the first digital supply chain platform powered by blockchain technology, to cater to working capital needs of MSMEs. Retailer financing platform is also underway to solve financing needs of thousands of retailers of the country

Technological

Technological factors refer to innovations in technology that may affect the operations of the industry and IPDC favorably or unfavorably. This refers to technology incentives, 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 platform, 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 transaction 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

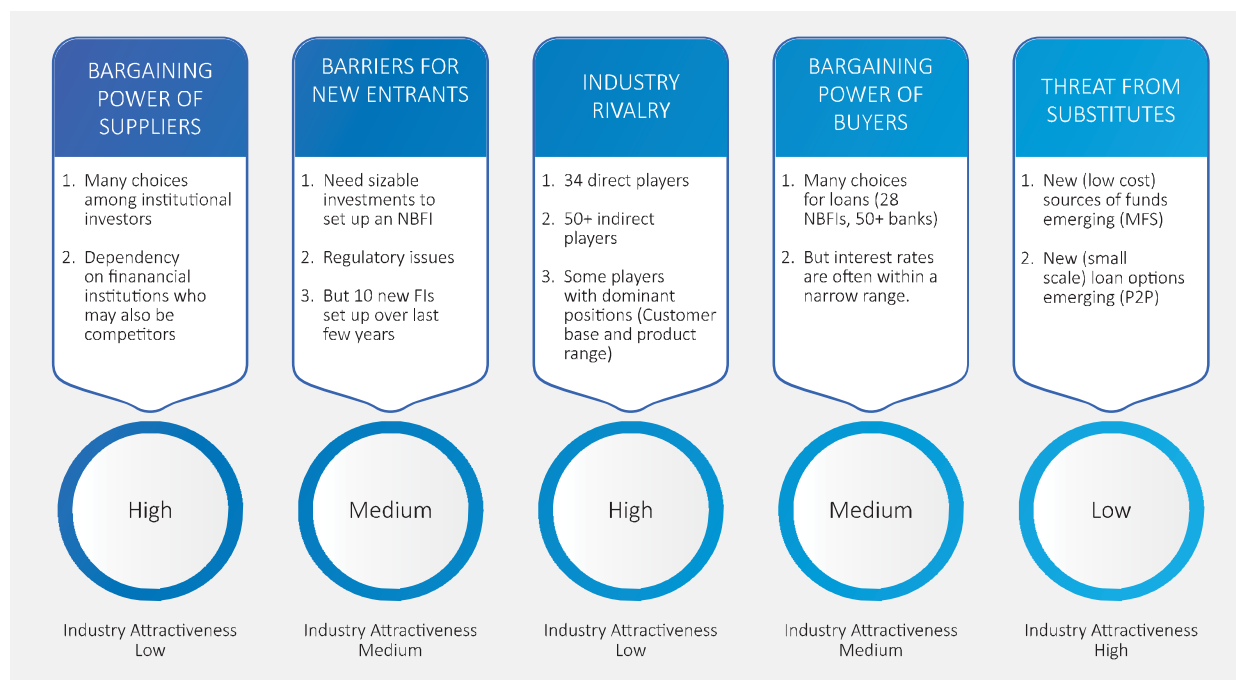
Environmental factors have come to the forefront only relatively recently due to the increasing scarcity of raw materials, pollution targets, carbon footprint targets set by governments and most importantly the COVID-19 pandemic last year. Although the direct exposure of financial industry to this factor 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 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 to cater 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 as a result of the pandemic has led to increased in loan default and reduction in profitability.	Despite the pandemic IPDC has made 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

Financial sector is highly fragmented with 59 scheduled banks and 34 non-banking financial institutions (NBFI) which have witnessed considerable growth in last two and 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



Financial industry is very competitive and is mostly dominated by banks. The market is centered towards the metro areas of Dhaka and Chattagram. While Banks have the edge over NBFIs due to scale of operation, access to finance and client perception, NBFI has the clear opportunities of operating through 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 in youth, women, middle and low-income customer segments.

Challenges

The NBFI sector comprises of mostly 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 deposit mobilization at competitive price. Moreover, NBFIs cannot take transactional deposits. Therefore, cost of fund remains very high. On the other hand, NBFI has to offer above the market interest rates to the customers while lending. Therefore, overall spread of NBFI remains under pressure and is always lower than that of Banks.

Key challenges can be summarized as:

Key Challenges

High Cost of Fund

Limited Geographical Coverage

Brand Perception

Highly Fragmented Market

Fund Matching

Low Spread

Volatile Capital Market Condition

Our Response

- Diversify Funding base
- Focus on small ticket size deposit
- Introduce new products
- Increase branches
- Leverage distribution channel through strategic alliances
- Look for alternative mode of distribution
- Introduce app-based services
- Build strong brand coverage
- Utilize low cost high reach channels of promotion
- Differentiate ourselves through unique customer service
- Introduce non-price factors which would be appealing to customers
- Issue long term capital
- Issue bond
- Explore opportunities for foreign borrowing
- Reduce deposit customer attrition rate
- Adopt lean operation model
- Keep NPL under check
- Focus on retail portfolio with high margin products
- Diversify business with reduced exposure on capital market

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 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.

Women segment of the society remains largely untapped by the banks and financial institutions of the country. While female penetration in tertiary education is around 28% and female penetration in the formal job market is between 15% to 20%, financing women by the financial sector remains at 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 for entrepreneurship in 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 be catered later 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, specially 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.

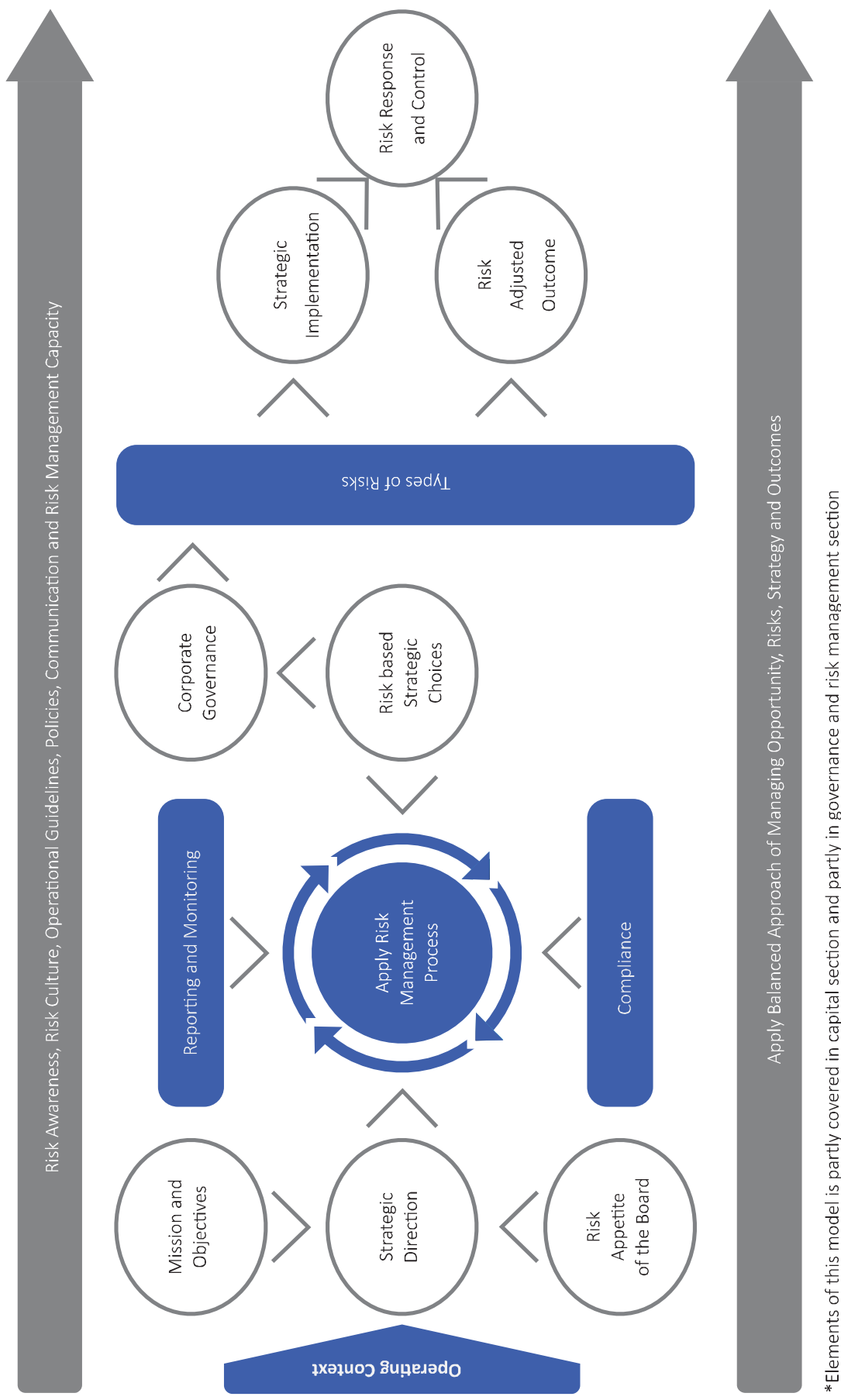
Consumer finance penetration in Bangladesh is still very low at 4.5%. The commercial banks are far more regulated when it comes to consumer finance. The return on these types of financing is considerably higher and specialized financial institutions with strong collaboration with manufacturers and vendors 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 strategic planning and decision-making for the company and to reveal opportunities and potential problems that should be addressed. It also helps establish an understanding of the various consumer touchpoints and their impact on brand perceptions. SWOT analysis of IPDC is illustrated below:

		STRENGTH	WEAKNESS
SWOT ANALYSIS		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 women focused products and services 3. Use shareholder strengths for low cost multisource funds	6. Build HR and IT capacity for retail and supply chain finance 7. Build strategic alliance with stakeholders for incubation of sales and distribution points 8. 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	4. Customize risk management framework for retail and factoring finance 5. Bring in IT enabled products and services	9. Build strong collection management system for retail lending 10. Optimize ticket size of SME finance
		Strategic Response	

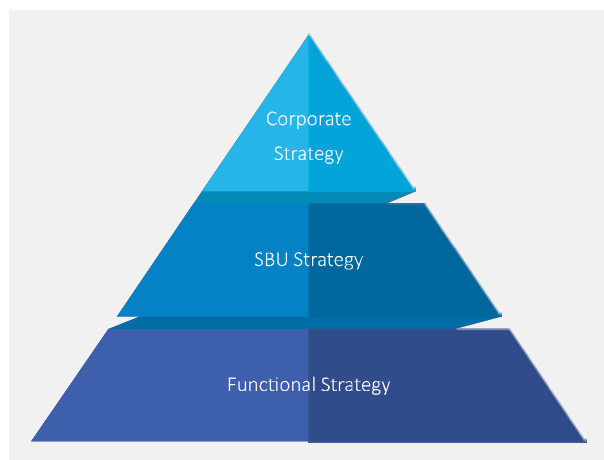
Risk, Opportunity & Strategy Mapping



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 2021 which will not only bring sustainable and profitable growth of the company, but also contribute to creating impact on the societies 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 entrepreneurship development.

Creating Entrepreneurs

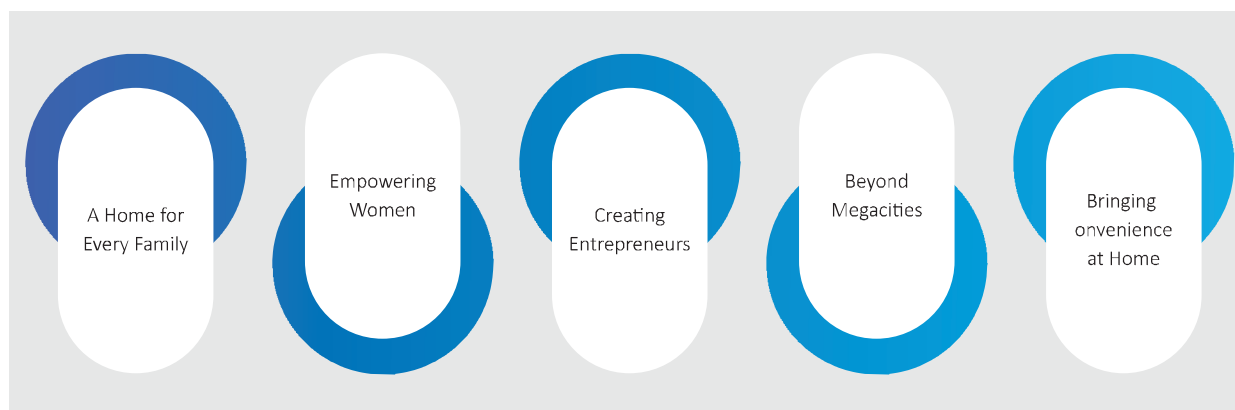
IPDC wants to harness the power of youth and support their entrepreneurial spirit by providing them with innovative financial solutions.

Beyond Megacities

IPDC envisages to reach mass people in Tier-II and Tier-III cities in order to find strong niche market where competition is yet to intensify.

Bringing Convenience at Home

IPDC wants to penetrate strongly 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 business.

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 that are anchored on taking our customers' business ahead.

Way forward

- Pursue strategic opportunities to grow the loan portfolio.
- Focus on enhancing interest spreads through pursuing larger and more sophisticated deals.
- Bring down classified loans SME Business

SME Business

SME customers are located across Bangladesh and are operating in a large number of market segments and industries like agroprocessing, pharmaceuticals, manufacturing, steel, cement and ship-scraping 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 3,230 million and a base of about 586 customers.

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 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 that are specifically designed for women. As such, we are increasingly focusing on women entrepreneurship development through providing them with easy access to finance. We have clear strategies to cater to this segment. For instance, we are offering preferential rates to women customers and bundling products, providing free driving lessons who have taken car loans from us.

Way Forward

- Sourcing funds from the 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 targets to provide financial services of 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 middle income segment 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 we can make a real 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 a family of 1000 spread across 54 districts. In years to come, with the 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 construction material manufacturing sector. To ensure that, process has been streamlined to deal with massive inflow of applications, to allow loan 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 pioneering concept, as it's the first home loan for the middle-income segment of the country

residing outside the bigger metropolitan of Dhaka and Chattogram, we expect to see exponential growth.

IPDC Auto Loan

Enhancing relationships with and cover a wider number of car dealers across the country and provide financing options to auto customers has been a prime focus of IPDC retail. IPDC auto loan has the speediest processing at present with loans being sanctioned within 72 hours. Not only among luxury brands of sedans and SUVs, but also staying in line with growing demand for low emission vehicles and green autos such as PHEVs, we plan to continue making the mark as an industry leading auto loan service provider in 2021.

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 2021. So far, piloting of these easy

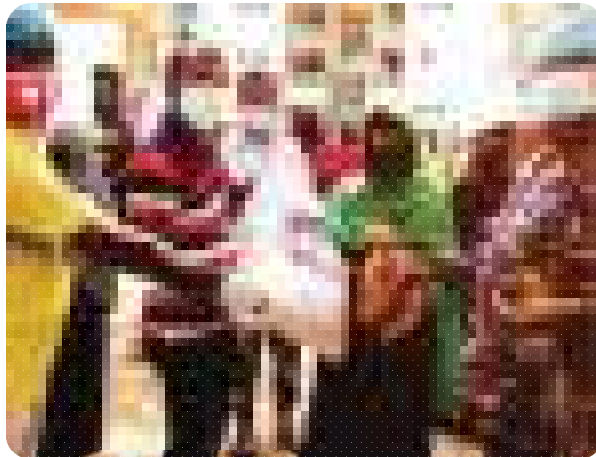
access to ticket sized loans have enabled 2905 customers to buy furniture, electronics etc from 213 merchant outlets.

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.

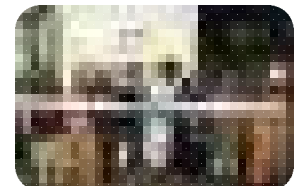
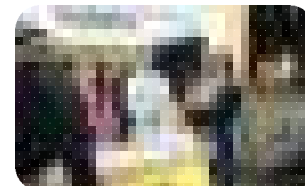
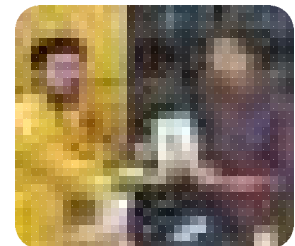
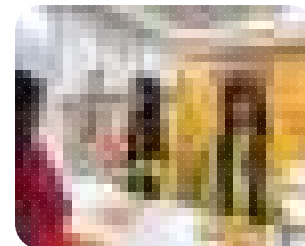
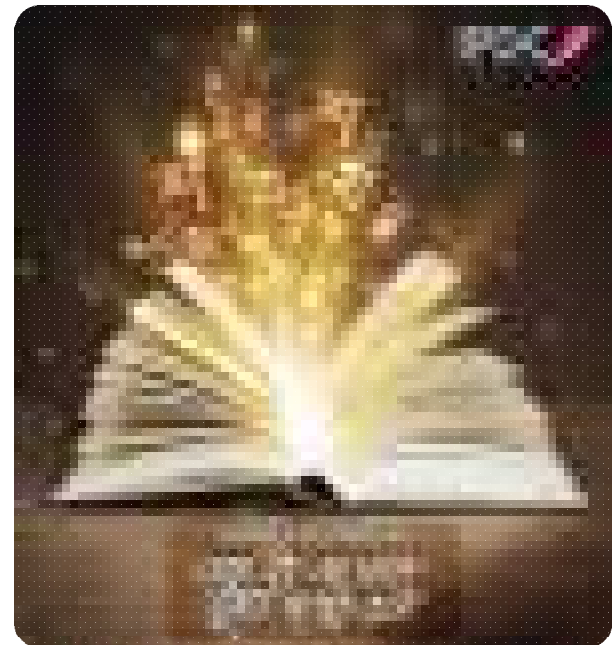
IPDC মানবতা

During the unprecedented time of COVID-19 pandemic, IPDC has showed exemplary commitment towards 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 the time of need. This distinct deposit product raised around BDT 374 million through which around 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

To encourage people to fall back in love with books 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 instant loan upto BDT 3,000 with 3 months EMI facility. A 360-degree campaign was launched where several opinion leaders were engaged, 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 to grow 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 by short term bank deposits, borrowings and commercial paper. On the other hand, we expect to support long-term financing by long-term sources of funds like 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 2020, our CAR (Capital Adequacy Ratio) stood at 18.51% against 19.30% in 2019, 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. Although no major capital raising needs are forecasted in 2020, the company may raise additional capital if there are growth opportunities.

IT Infrastructure Development Strategy

At IPDC, we intend to continue to invest 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 are developing the digital platform for retailer financing (Dana).

Distribution Strategy

Aligned with our strategy of having an expansive presence in Bangladesh, IPDC established 12 branches including Head Office as on 31 December 2020. 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 to focus on Retail and SME loans and hence will require large workforce to build portfolio base in these segments. We will continue to recruit 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 and progressive training and development program so that they remain competent, skilled and relevant to meet the current and future needs of the Company.

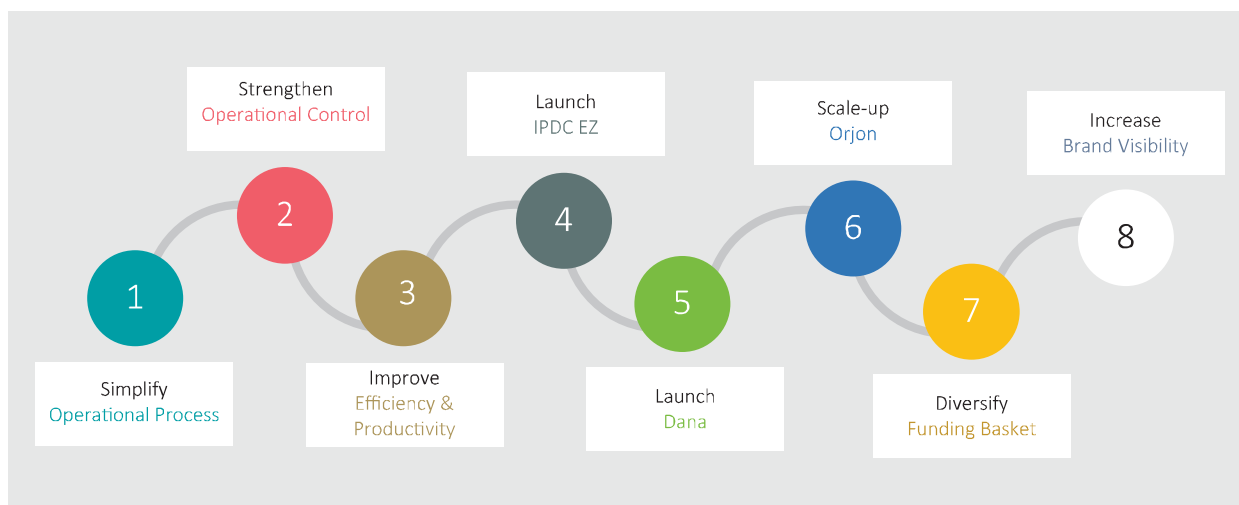
Brand and Communication Strategy

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 2020, the IPDC once again honored grassroot women achievers of Bangladesh through a grand ceremony and intends to sustain this initiative as platform to recognize triumph and success in the face of adversity and hardship. In addition to recognizing previously unrecognized women changemakers. IPDC also honored schoolteachers who had profound impact in the lives of their students and thereby played a key role in building the next generation.

Social Responsibility

As a Company, we also pledge to support the national agenda of women empowerment through providing innovative privileged financial services to women 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 the new entrepreneurship development by collaborating with appropriate market players who can then be catered later with appropriate financing like factoring and venture capital finance.

Strategic Priorities for 2021



Simplify Operational Process

Fast and quality service is the key for ensuring extraordinary customer service. Over the years, IPDC has significantly morphed its operational processes over the years we plan to simplify it further next year by utilizing new IT capabilities and making customer acquisition and service smoother.

Strengthen Operational Control

Since 2016, IPDC went through significant changes in operational process to cater to the increased business volume and simultaneously ensured strong operational control. In 2021, we plan to review and place necessary controls in place for the next phase of growth for IPDC.

Improve Efficiency

IPDC has been making significant investment over the past few years in developing IT infrastructure, recruiting new resources and training these new recruits. In 2021, we plan to extract visible benefits of these investments in form of improved efficiencies.

Launch IPDC EZ

IPDC introduced consumer financing, IPDC EZ, through a pilot project in 2019. Upon successful completion of pilot project with positive response from merchants and retail consumers, we are gearing up for a mass market launch during the second half of 2021.

Start Building Dana Platform

Dana, a retailer financing platform is a key part in our mission to support CMSMEs. Currently, groundwork is currently being laid for the solution. In 2021, we plan to start building the core infrastructure and then launch the product to mass market.

Scaleup Orjon

Orjon, South Asia's first block chain based digital supply chain finance platform was launched in 2019. Efforts are underway to scaleup and turn Orjon platform into a marketplace so that other Banks and Financial institutions can use the platform to provide service.

Diversify Funding Basket

To diversify our sources of fund, we plan to issue zero coupon bond and borrow funds from reputed foreign multilateral agencies in 2021. This will also increase long term funding and enable IPDC to reduce maturity gap in long term asset exposure.

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.



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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	2020 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	16.5% 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	Reduction in classified loan ratio to 1.38% in 2020 from 1.57% in 2019.	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 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 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 2020 due to the pandemic and implementation of single digit interest rate. This caused downward pressure on spread for Banks. 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 2020, 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 2020. 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

Particulars	2016	2017	2018	2019	2020
Balance Sheet					
Loans and Advance	19,481	34,467	44,325	50,726	53,610
Loans and Advance Growth	203.6%	76.9%	28.6%	14.4%	5.7%
Term Deposit	17,179	29,747	37,066	46,361	52,456
Term Deposit Growth	262.1%	73.2%	24.6%	25.1%	13.1%
Customer Deposit	10,009	18,637	23,546	35,516	41,381
Customer Deposit Growth	120.2%	86.2%	26.3%	50.8%	16.5%
Disbursement - Loans, Leases, Advances etc.	25,030	34,681	37,972	43,870	27,597
Disbursement - Loans, Leases, Advances etc. Growth	353.1%	38.6%	9.5%	15.5%	-37.1%
Total Investment to Total Assets	2.5%	1.7%	1.7%	2.4%	6.8%
Profitability					
Revenue Growth	31.5%	48.0%	50.5%	15.5%	30.7%
Operating Profit Growth	12.5%	34.1%	66.9%	5.5%	41.8%
Profit After Tax (PAT) Growth (%)	26.2%	10.7%	34.2%	25.0%	25.4%
Net Interest Margin Ratio ¹	4.5%	3.7%	4.0%	3.6%	3.2%
Operating Profit Margin Ratio ²	33.8%	22.5%	22.1%	17.6%	24.3%
Cost of Fund (CoF)	7.3%	7.2%	9.1%	10.1%	8.8%
Return on Asset (ROA)	2.0%	1.1%	1.0%	1.0%	1.0%
Return on Average Risk Weighted Assets ³	3.3%	1.9%	1.7%	1.7%	1.9%
Write-off to Total Loan and Advances	2.5%	1.4%	1.0%	0.8%	0.6%
Cost to Income Ratio	40.4%	46.0%	40.1%	45.3%	40.6%
Earning Asset (% of total assets)	96.0%	96.8%	96.0%	95.0%	95.8%
Revenue per Employee	4.6	3.1	3.3	3.0	3.3
Operating Profit per Employee	2.8	1.7	2.0	1.6	2.0
Revenue per Branch	93.5	103.8	156.2	180.5	235.8
Operating Profit per Branch	55.7	56.1	93.6	98.7	140.0
Solvency					
Current Ratio	1.0	1.0	1.0	1.0	1.0
Credit Deposit Ratio	1.13:1	1.16:1	1.2:1	1.09:1	1.02:1
CAR (%)	22.09%	15.14%	14.01%	19.30%	18.51%
Debt Equity Ratio	0.4	1.4	1.6	1.3	1.8
Loan to Fund Ratio	92.3%	93.0%	94.8%	86.0%	77.2%
Leverage Ratio ⁴	11.7%	7.6%	6.8%	8.2%	7.4%
Liquid Asset to Total Deposit ⁵	10.8%	11.0%	10.1%	21.1%	28.0%
Liquid Asset to Short Term Liability ⁵	16.1%	16.1%	16.3%	30.5%	37.5%
Total Advance to Total Asset	86.3%	87.7%	87.8%	78.8%	70.6%
Govt. Securities to Total Investment	-	-	-	-	67.5%
Asset Quality					
Rate of NPL	0.71%	0.62%	2.14%	1.57%	1.38%
Rate of Net NPL	-0.62%	-0.59%	0.38%	-0.37%	-1.92%
Large Loan Concentration	28.1%	19.8%	11.2%	5.8%	3.5%
Provision Required	205.0	344.8	594.3	699.6	750.2
Provision Kept	226.5	384.8	648.2	800.3	1,278.5
Provision Surplus / (Deficit)	21.5	40.0	53.9	100.7	528.2

Particulars	2016	2017	2018	2019	2020
Investors Ratio					
Market Price Per Share (Closing)	42.7	50.1	38.1	25.6	27.6
Earnings per Share (EPS) (Restated)	1.07	1.18	1.59	1.72	1.90
Market Capitalization	6,469	9,108	8,312	9,048	10,242
Price Earnings Ratio (Times) (Restated)	39.9	42.3	24.0	14.8	14.5
Rate of Dividend	20.0%	20.0%	15.0%	15.0%	12.0%
Dividend Per Share (DPS)	2.0	2.0	1.5	1.5	1.2
Dividend yield (%)	4.7%	4.0%	3.9%	5.9%	4.3%
Dividend Cover (EPS/DPS)	0.5	0.6	1.1	1.1	1.6
Return on Equity (ROE)	11.5%	11.4%	13.1%	12.1%	12.1%
NAV per Share (BDT)	7.9	8.8	10.6	15.0	16.3

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, 2020

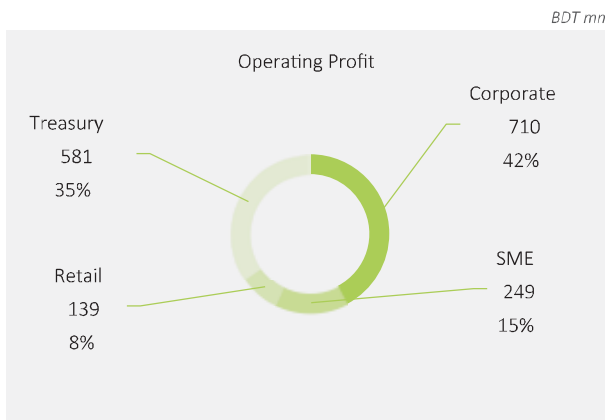
Particulars	Corporate	SME	Retail	Treasury	Total
Net Interest Income	835	362	609	213	2,018
Fees and Other Income	221	52	46	494	813
Net Operating Revenue	1,056	414	654	707	2,831
Operating Expenses	346	164	515	126	1,151
Operating Profit	710	249	139	581	1,680
Segment Asset	25,818	16,470	12,994	20,688	75,969
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

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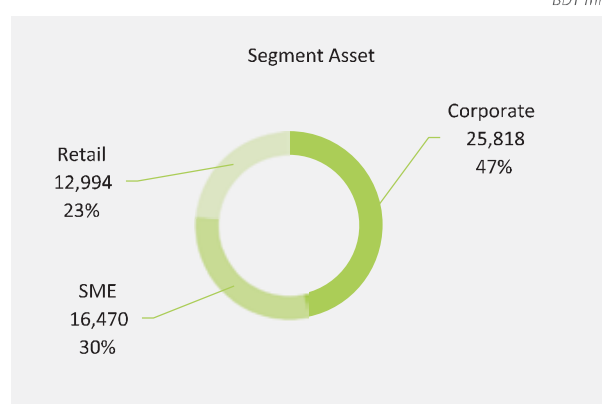
Total net operating revenue for the year ended 31 December 2020 amounted to BDT 2,831 million and total operating profit amounted to BDT 1,680 million in the same period. Corporate division generated the highest amount of net operating revenue of BDT 1,056 million in 2020, followed by treasury division at BDT 707 million, retail division at BDT 654 million and SME division at BDT 414 million.

Similarly, corporate division generated the greatest operating profit amounting to BDT 710, followed by treasury division at BDT 581 million, SME division at BDT 249 million and retail at BDT 139 million.

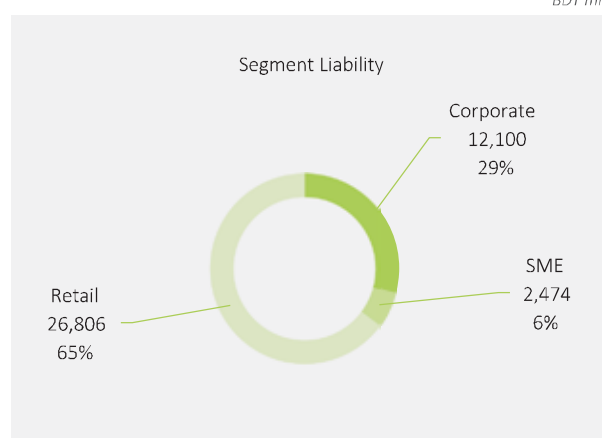
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For the year ended December 31, 2019

Particulars	Corporate	SME	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

Particulars	Corporate	SME	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

Particulars	Corporate	SME	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

For the year ended December 31, 2016

Particulars	Corporate	SME	Retail	Treasury	Total
Net Interest Income	218	60	100	261	638
Fees and Other Income	174	10	18	1	203
Net Operating Revenue	392	70	119	261	841
Operating Expenses	122	33	145	40	340
Operating Profit	270	37	(26)	222	502
Segment Asset	14,293	2,835	2,918	2,531	22,577
Segment Liability	2,690	102	7,218	9,793	19,802
Net Segment Asset	11,603	2,733	(4,300)	(7,262)	2,775

Vertical Analysis

Balance Sheet

Particulars	2016		2017		2018		2019		2020		BDT mn
		%		%		%		%		%	
Cash	226.4	1.0%	376.8	1.0%	487.5	1.0%	902.4	1.4%	615.6	0.8%	
Balance with other banks and financial institutions	1,632.4	7.2%	2,903.3	7.4%	3,271.9	6.5%	8,875.0	13.8%	14,058.0	18.5%	
Money at call and short notice	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
Investments	565.7	2.5%	662.7	1.7%	868.8	1.7%	1,570.8	2.4%	5,143.6	6.8%	
Loans, advances and leases	19,480.6	86.3%	34,467.0	87.7%	44,325.3	87.8%	50,725.8	78.8%	53,609.7	70.6%	
Fixed assets including land, building, furniture and fixture	233.6	1.0%	267.0	0.7%	545.1	1.1%	787.6	1.2%	776.6	1.0%	
Other assets	434.5	1.9%	608.3	1.5%	1,008.9	2.0%	1,536.8	2.4%	1,762.3	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	22,576.9	100.0%	39,288.9	100.0%	50,511.2	100.0%	64,402.1	100.0%	75,969.4	100.0%	
Borrowings from other banks, financial institutions and agents	1,141.4	5.1%	4,214.1	10.7%	5,916.9	11.7%	7,038.0	10.9%	10,946.5	14.4%	
Deposits and other accounts	17,179.2	76.1%	29,746.9	75.7%	37,066.1	73.4%	46,361.4	72.0%	52,456.3	69.0%	
Other liabilities	1,481.2	6.6%	2,217.5	5.6%	3,776.3	7.5%	5,426.8	8.4%	6,503.2	8.6%	
Total liabilities	19,801.8	87.7%	36,178.4	92.1%	46,759.3	92.6%	58,826.1	91.3%	69,906.0	92.0%	
Shareholders' equity	2,775.1	12.3%	3,110.5	7.9%	3,751.9	7.4%	5,576.0	8.7%	6,063.4	8.0%	
Total liabilities and shareholders' equity	22,576.9	100.0%	39,288.9	100.0%	50,511.2	100.0%	64,402.1	100.0%	75,969.4	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

Particulars	2016	%	2017	%	2018	%	2019	%	2020	%
Interest income	1,482.4	176.2%	2,991.1	240.2%	5,080.0	271.0%	6,715.9	310.1%	6,902.3	243.9%
Interest expenses	844.2	100.3%	1,918.5	154.0%	3,381.7	180.4%	4,773.2	220.4%	4,885.3	172.6%
Net interest income	638.1	75.8%	1,072.6	86.1%	1,698.3	90.6%	1,942.8	89.7%	2,017.0	71.3%
Investment income	47.2	5.6%	65.5	5.3%	63.3	3.4%	115.2	5.3%	638.7	22.6%
Commission, exchange and brokerage	36.2	4.3%	82.2	6.6%	89.2	4.8%	78.2	3.6%	108.4	3.8%
Other operating income	119.8	14.2%	25.3	2.0%	23.6	1.3%	29.6	1.4%	65.7	2.3%
Operating income	841.4	100.0%	1,245.5	100.0%	1,874.5	100.0%	2,165.7	100.0%	2,829.8	100.0%
Operating expenses	339.8	40.4%	572.8	46.0%	751.6	40.1%	981.3	45.3%	1,150.2	40.6%
Operating profit	501.6	59.6%	672.7	54.0%	1,122.9	59.9%	1,184.4	54.7%	1,679.6	59.4%
Provision for loans and advances	29.6	3.5%	158.3	12.7%	263.4	14.1%	152.1	7.0%	478.1	16.9%
Provision/(reversal) for diminution in value of investments	4.0	0.5%	0.7	0.1%	(1.0)	-0.1%	10.1	0.5%	0.0	0.0%
Other provision	-	0.0%	-	0.0%	-	0.0%	28.5	1.3%	-	0.0%
Total provisions	33.6	4.0%	159.0	12.8%	262.3	14.0%	190.8	8.8%	478.2	16.9%
Profit before tax	468.0	55.6%	513.7	41.2%	860.6	45.9%	993.6	45.9%	1,201.4	42.5%
Provision for taxation	164.9	19.6%	178.3	14.3%	410.6	21.9%	431.1	19.9%	495.9	17.5%
Net Profit after tax	303.1	36.0%	335.4	26.9%	450.0	24.0%	562.5	26.0%	705.6	24.9%

* 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

BDT mn

Particulars	2016	%	2017	%	2018	%	2019	%	2020	%
Cash	226.4	175.4%	376.8	66.5%	487.5	29.4%	902.4	85.1%	615.6	-31.8%
Balance with other banks and financial institutions	1,632.4	53.6%	2,903.3	77.9%	3,271.9	12.7%	8,875.0	171.2%	14,058.0	58.4%
Money at call and short notice	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Investments	565.7	202.5%	662.7	17.1%	868.8	31.1%	1,570.8	80.8%	5,143.6	227.4%
Loans, advances and leases	19,480.6	203.6%	34,467.0	76.9%	44,325.3	28.6%	50,725.8	14.4%	53,609.7	5.7%
Fixed assets including land, building, furniture and fixture	233.6	12.8%	267.0	14.3%	545.1	104.1%	787.6	44.5%	776.6	-1.4%
Other assets	434.5	78.5%	608.3	40.0%	1,008.9	65.9%	1,536.8	52.3%	1,762.3	14.7%
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	22,576.9	175.3%	39,288.9	74.0%	50,511.2	28.6%	64,402.1	27.5%	75,969.4	18.0%
Borrowings from other banks, financial institutions and agents	1,141.4	4117.5%	4,214.1	269.2%	5,916.9	40.4%	7,038.0	18.9%	10,946.5	55.5%
Deposits and other accounts	17,179.2	262.1%	29,746.9	73.2%	37,066.1	24.6%	46,361.4	25.1%	52,456.3	13.1%
Other liabilities	1,481.2	55.0%	2,217.5	49.7%	3,776.3	70.3%	5,426.8	43.7%	6,503.2	19.8%
Total liabilities	19,801.8	245.7%	36,178.4	82.7%	46,759.3	29.2%	58,826.1	25.8%	69,906.0	18.8%
Shareholders' equity	2,775.1	12.1%	3,110.5	12.1%	3,751.9	20.6%	5,576.0	48.6%	6,063.4	8.7%
Total liabilities and shareholders' equity	22,576.9	175.3%	39,288.9	74.0%	50,511.2	28.6%	64,402.1	27.5%	75,969.4	18.0%

Particulars	2016	%	2017	%	2018	%	2019	%	2020	%
Long Term Assets	10,987.8	158.0%	18,772.0	70.8%	26,532.9	41.3%	31,251.1	17.8%	35,562.6	13.8%
Current Assets	11,589.2	193.9%	20,516.9	77.0%	23,978.3	16.9%	33,150.9	38.3%	40,403.4	21.9%
Total Assets	22,577.0	175.3%	39,288.9	74.0%	50,511.2	28.6%	64,402.1	27.5%	75,966.0	18.0%
Long Term Liabilities	8,262.7	234.7%	15,810.6	91.3%	23,627.0	49.4%	26,773.6	13.3%	30,801.8	15.0%
Current Liabilities	11,539.2	254.1%	20,367.8	76.5%	23,132.2	13.6%	32,052.5	38.6%	39,102.9	22.0%
Total Liabilities	19,801.9	245.7%	36,178.4	82.7%	46,759.3	29.2%	58,826.1	25.8%	69,904.7	18.8%
Net Current Assets	50.0	-92.7%	149.1	198.2%	846.0	467.4%	1,098.5	29.8%	1,300.5	18.4%

* Horizontal Analysis of Balance Sheet refers to the analysis of growth of each component of Balance Sheet items from the previous period.

Profit and Loss Account

BDT mn

Particulars	2016	%	2017	%	2018	%	2019	%	2020	%
Interest income	1,482.4	84.2%	2,991.1	101.8%	5,080.0	69.8%	6,715.9	32.2%	6,902.3	2.8%
Interest expenses	844.2	126.1%	1,918.5	127.2%	3,381.7	76.3%	4,773.2	41.1%	4,885.3	2.3%
Net interest income	638.1	47.9%	1,072.6	68.1%	1,698.3	58.3%	1,942.8	14.4%	2,017.0	3.8%
Investment income	47.2	-14.8%	65.5	38.6%	63.3	-3.2%	115.2	81.8%	638.7	454.6%
Commission, exchange and brokerage	36.2	377.5%	82.2	127.1%	89.2	8.6%	78.2	-12.3%	108.4	38.5%
Other operating income	119.8	-17.6%	25.3	-78.9%	23.6	-6.6%	29.6	25.0%	65.7	122.3%
Operating income	841.4	31.5%	1,245.5	48.0%	1,874.5	50.5%	2,165.7	15.5%	2,829.8	30.7%
Operating expenses	339.8	75.0%	572.8	68.6%	751.6	31.2%	981.3	30.6%	1,150.2	17.2%
Operating profit	501.6	12.5%	672.7	34.1%	1,122.9	66.9%	1,184.4	5.5%	1,679.6	41.8%
Provision for loans and advances	29.6	-82.0%	158.3	435.3%	263.4	66.4%	152.1	-42.2%	478.1	214.3%
Provision/(reversal) for diminution in value of investments	4.0	-106.4%	0.7	-83.5%	(1.0)	-257.2%	10.1	-1068.3%	0.0	-99.8%
Other provision	-	0.0%	-	0.0%	-	0.0%	28.5	100.0%	-	-100.0%
Total provisions	33.6	-66.9%	159.0	372.9%	262.3	65.0%	190.8	-27.3%	478.2	150.7%
Profit before tax	468.0	36.0%	513.7	9.8%	860.6	67.5%	993.6	15.5%	1,201.4	20.9%
Provision for taxation	164.9	58.6%	178.3	8.1%	410.6	130.2%	431.1	5.0%	495.9	15.0%
Net Profit after tax	303.1	26.2%	335.4	10.7%	450.0	34.2%	562.5	25.0%	705.6	25.4%
EPS	0.93	26.2%	1.03	10.7%	1.38	34.2%	1.72	25.0%	1.90	10.3%

* Horizontal Analysis of Profit & Loss Account refers to the analysis of growth of each component of Profit & Loss Account from the previous period

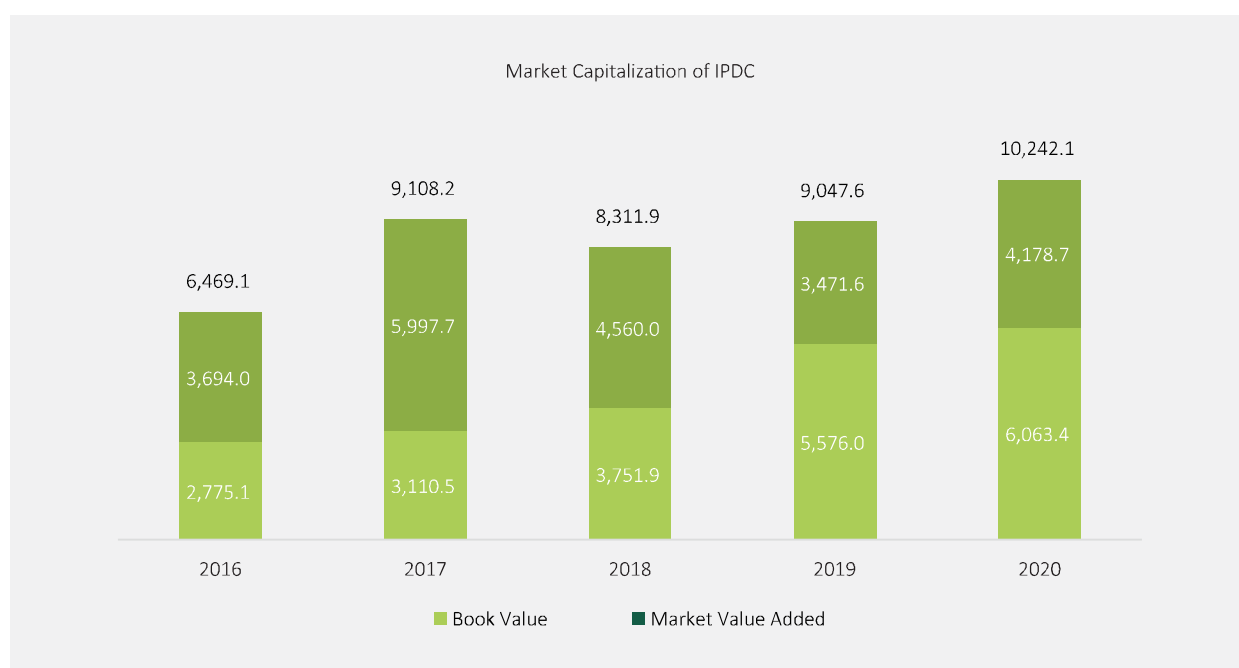
Market Value Added

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 unless otherwise stated

Particulars	2016	2017	2018	2019	2020
Market Value per Share (BDT)	42.70	50.10	38.10	25.60	27.60
Number of Share Outstanding (#)	151,500,567	181,800,680	218,160,816	353,420,521	371,091,547
Total Market Capitalization	6,469.1	9,108.2	8,311.9	9,047.6	10,242.1
Book Value of Outstanding Shares	2,775.1	3,110.5	3,751.9	5,576.0	6,063.4
Market Value Added	3,694.0	5,997.7	4,560.0	3,471.6	4,178.7



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)

BDT mn

Particulars	2016	2017	2018	2019	2020
Operating Profit	501.6	672.7	1,122.9	1,184.4	1,679.6
Tax	(164.9)	(178.3)	(410.6)	(431.1)	(495.9)
One-off Adjustments	31.1	(0.0)	(2.0)	(0.0)	2.4
Net Operating Profit after Tax (NOPAT)	367.8	494.4	710.4	753.2	1,186.1

Average Equity

BDT mn

Particulars	2016	2017	2018	2019	2020
Shareholders' equity at year end	2,775.1	3,110.5	3,751.9	5,576.0	6,063.4
Accumulated provision for doubtful losses	243.3	402.3	664.6	826.9	1,305.1
Equity	3,018.5	3,512.8	4,416.6	6,402.9	7,368.5
Average Equity	2,852.5	3,265.6	3,964.7	5,409.7	6,885.7

Cost of Equity (%)

Particulars	2016	2017	2018	2019	2020
Interest rate on 5 Years Government Treasury Bond as on 31 December	6.00%	6.00%	5.45%	8.97%	4.48%
Standard Risk premium	2.00%	2.00%	2.00%	2.00%	2.00%
Cost of equity (%)	8.00%	8.00%	7.45%	10.97%	6.48%

Economic Value Added

BDT mn

Particulars	2016	2017	2018	2019	2020
NOPAT	367.8	494.4	710.4	753.2	1,186.1
Cost of equity (Average Equity x Cost of Equity %)	228.2	261.3	295.4	593.4	446.2
Economic Value Added	139.6	233.1	415.0	159.8	739.9

Maturity Analysis Of Assets And Liabilities

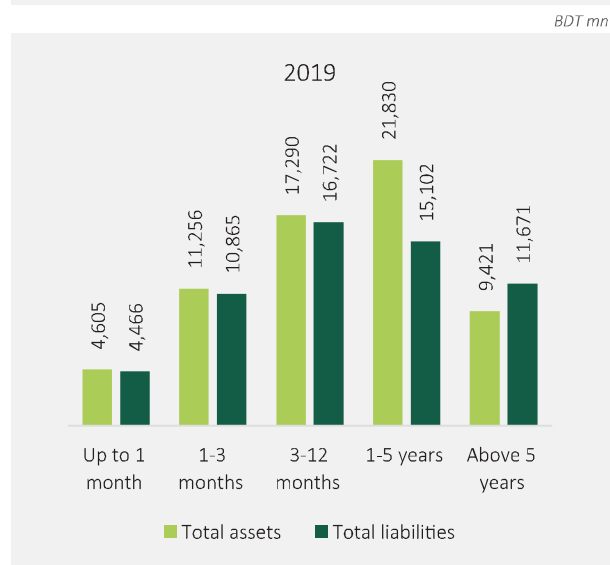
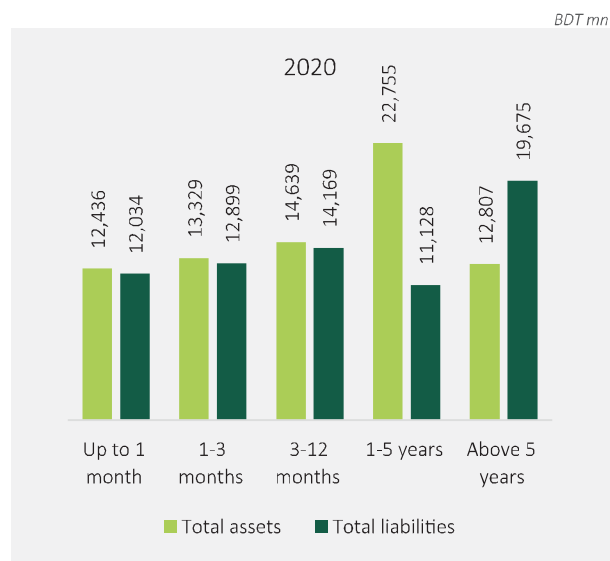
In financial institutions, asset and liability management is the practice of managing liquidity and interest rate risks arising out from maturity mismatch between asset and liability. The company should ideally match tenor-wise asset and liability to make sure that the company has enough cash inflow 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 funds 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 2020 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 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 set 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 apply: 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

Quantitative Disclosures

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

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

Not Applicable

Quantitative Disclosures

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

Not Applicable 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

BDT mn

Particulars	Amount
Paid-up capital	3,710.9
Share premium account	402.6
Statutory Reserve	804.1
General Reserve	
Retained Earnings	703.7
Total Tier - I Capital	5,621.3
Total amount of Tier - II Capital	1,628.1
Other deductions from capital	-
Total eligible capital	7,249.5

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:

BDT mn

Particulars	Amount
Capital requirement for Credit Risk	36,303.7
Capital requirement for Market Risk	215.5
Capital requirement for Operational Risk	2,642.9

Total and Tier I capital ratio - For stand alone	%
CAR on Total Capital basis	18.51
CAR on Tier - I Capital basis	14.35

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 loan, leases and 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) are 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) are 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 the purpose of risk management, 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, monitor 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

BDT mn

Particulars	Amount
Lease finance	5,896.3
Term loans and advances	32,528.4
Mortgage finance	8,497.4
Channel finance	2,899.6
Retail loan	3,533.6
Personal Loan	254.3
Total	53,609.7

Industry or Counterparty-wise Credit Exposure

BDT mn

Particulars	Amount
Agro-based industries	4,631.7
Banks and non-banking financial institutions	678.2
Chemicals, pharmaceuticals and allied products	2,539.0
Engineering and building materials	3,745.2
Food and allied products	3,151.5
Glass, ceramic and other non-metallic products	683.3
Hotel, tourism and leisure	71.1
Information and communication technologies	1,171.3
Paper converting and packaging, printing and publishing	1,977.8
Ready-made garments and knitwear	4,913.9
Social sector	1,411.9
Tannery, leather and rubber products	438.6
Textile	2,818.4
Transport and aviation	1,850.8
Others	23,526.8
Total	53,609.7

Geographical Distribution of Exposures

Particulars	Amount
Dhaka Division	41,338.1
Chittagong Division	7,560.8
Khulna Division	1,249.0
Rangpur Division	1,064.6
Rajshahi Division	1,219.5
Sylhet Division	477.8
Barisal Division	103.5
Mymensingh Division	596.3
Total	53,609.7

Residual Contractual Maturity-wise Credit Exposure

BDT mn

Particulars	Amount
On demand	-
Upto one month	3,170.0
More than one month but less than three months	9,886.7
More than three months but less one year	12,673.1
More than one year but less than five years	21,471.7
More than five years	6,408.1
Total	53,609.7

Amount of impaired loans and if available, past due loans, provided separately

Particulars	BDT mn Amount
Gross non-performing assets (NPAs)	742.0
NPAs to gross loans and advances (in %)	1.38%

Specific and General Provisions

Particulars	BDT mn Amount
Provision for unclassified loans and advances	1,063.9
Provision for classified loans and advances	214.6
Provision for off-balance sheet exposures	-
Total	1,278.5

Charges for Specific Allowances and Charge-offs during the Period

None

Movement of Non-Performing Assets (NPAs)

Particulars	BDT mn Amount
Opening Balance	795.8
Additions	28.8
Reductions	(82.6)
Closing Balance	742.0

Movement of Specific Provisions for NPAs

Particulars	BDT mn Amount
Opening Balance	228.0
Provisions made during the period	(13.4)
Write-off	-
Write-back of excess provisions	-
Closing Balance	214.6

Equities: Banking Book Position
Qualitative Disclosures

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

- 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 are 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.

- 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.

Particulars	Cost Value	Market Value
Quoted Shares	107.7	106.1
Unquoted Shares	4.5	4.5

Particulars	BDT mn Amount
Total unrealized gains (losses) for quoted and unquoted shares	(1.7)
Revaluation gains (losses) on fixed assets	307.4
Revaluation gains (losses) on government securities	134.7
Amounts of the above included in Tier II capital.*	-

* 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 107.7 million against which capital requirement @ 10% is BDT 10.8 million.

General Market Risk: Market value of the investment in equity is BDT 107.7 million against which capital requirement @ 10% is BDT 10.8 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

BDT mn

Particulars	Within 1 Month	1 - 2 Months	2 - 3 Months	3 - 6 Months	6 months - 1 Year	Above 1 Year
RSL*	6,683	6,675	4,972	6,829	6,529	26,416
RSA*	11,482	7,237	6,049	7,412	7,076	31,363
Mismatch	4,798	562	1,077	583	547	4,947
Cumulative	4,798	5,360	6,437	7,019	7,566	46,508
Mismatch	71.8%	8.4%	21.7%	8.5%	8.4%	18.7%

* RSL: Rate Sensitive Liabilities, RSA: Rate Sensitive Assets

Interest Rate Risk - Increase in Interest Rate

BDT mn

Magnitude of Shock	Minor 2%	Moderate 4%	Major 6%
Change in the Value of Bond Portfolio (BDT in Crore)	(438)	(876)	(1,314)
Net Interest Income (BDT in Crore)	151	303	454
Revised Regulatory Capital (BDT in Crore)	6,963	6,676	6,389
Risk Weighted Assets (BDT in Crore)	39,162	39,162	39,162
Revised CAR (%)	17.78%	17.05%	16.32%

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) in order 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 by globally and ensuring that internal parameters, procedures, practices/policies and

risk management prudential limits are adhere to.

The ALCO reviews the risk of changes in income of the Company as a result of movement in the market interest rates. The Company always try 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

BDT mn

Particulars	Amount
Interest rate risk	-
Equity position risk	215.5
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

BDT mn	
Particulars	Amount
Capital requirements for operational risk	2,642.9

Classified Loan and Written off Portfolio

Written-off Portfolio

Detail 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 2020. Although no major recoveries were made in 2020, our strong recovery efforts have resulted in steady flow of recoveries over the year.

Movement in Written-off Portfolio

Particulars	Amount
Opening Balance as on January 1, 2019	407
Add.: Addition during the year	-
Less: Collection during the year	63
Closing Balance as on December 31, 2019	344

Classified Loan

The year 2020 saw a decrease in classified loan ratio to 1.38% (BDT 742 million) in 2020 from 1.57% (BDT 796 million) in 2019. The decrease in classified loan during the year was mainly due to the loan moratorium issued by Bangladesh Bank in repose to the Covid-19 outbreak.

Movement in Classified Loan

Particulars	Amount
Opening Balance as on January 1, 2020	796
Add.: Addition during the year	29
Less: Recovery*	78
Less: Write offs	-
Less: Rescheduled*	5
Closing Balance as on December 31, 2020	742

* Recovery / Reschedule from clients which were classified as on 31 December 2019

The reduction mainly came from industry segment, agricultural segment and others segment. There were no write offs being made in 2020, classified loan portfolio stood at BDT 742.0 million as of 31 December 2020.

Sectorwise Classified Loan Ratio



Sectorwise Classified Loan Ratio

Particulars	2016		2017		2018		2019		2020	
	Classified Portfolio	Classified %	Classified Portfolio	Classified %	Classified Portfolio	Classified %	Classified Portfolio	Classified %	Classified Portfolio	Classified %
Trade and Commerce	5	0.40%	16	0.67%	25	0.76%	85.5	1.96%	92.1	1.96%
Industry										
A) Garments and Knitwear	16	0.77%	10	0.27%	10	0.23%	20.5	0.41%	21.4	0.44%
B) Textile	-	0.00%	-	0.00%	-	0.00%	101.3	4.13%	104.0	3.69%
C) Jute and Jute-Products	34	12.15%	-	0.00%	30	7.78%	33.4	8.31%	34.0	8.11%
D) Food Production and Processing Industry	-	0.00%	-	0.00%	81	2.67%	0.1	0.00%	0.0	0.00%
E) Plastic Industry	-	0.00%	-	0.00%	-	0.00%	89.7	4.64%	33.2	1.75%
F) Leather and Leather-Goods	-	0.00%	-	0.00%	-	0.00%	146.6	30.41%	148.7	33.37%
G) Iron, Steel and Engineering	6	0.29%	6	0.22%	25	0.70%	16.9	0.45%	16.9	0.52%
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	5	1.87%	3	0.31%	1	0.09%	0.5	0.05%	-	0.00%
K) Paper, Printing and Packaging	1	0.19%	-	0.00%	14	0.93%	15.1	0.74%	15.1	0.76%
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	-	0.00%	32	3.52%	46	3.90%	52.0	3.42%	50.6	3.73%
O) Power, Gas, Water and Sanitary Service	-	0.00%	-	0.00%	537	31.72%	-	0.00%	-	0.00%
P) Transport and Aviation	-	0.00%	-	0.00%	-	0.00%	10.1	0.56%	-	0.00%
Industry Total	62	0.52%	52	0.26%	744	2.94%	486.4	1.73%	424.0	1.52%
Agricultural	-	0.00%	69	2.35%	79	2.44%	90.4	2.55%	97.5	2.31%
Housing	6	0.38%	4	0.09%	4	0.06%	42.3	0.52%	47.0	0.50%
Others	64	2.04%	74	1.51%	95	1.70%	91.2	1.38%	81.5	1.10%
Grand Total	138	0.71%	214	0.62%	948	2.14%	795.8	1.57%	742.0	1.38%

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.

Normally 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.

Date of Issue	Long-Term Rating	Short Term Rating	Outlook	Date of Validity	Credit Rating Agency
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.



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	2020 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	Optimized head office floor space	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 at a minimum level.

Outcome and Performance Review

The year 2020 was characterized by a volatile money market and the financial sector registered low balance sheet growth. In line with these developments, 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.

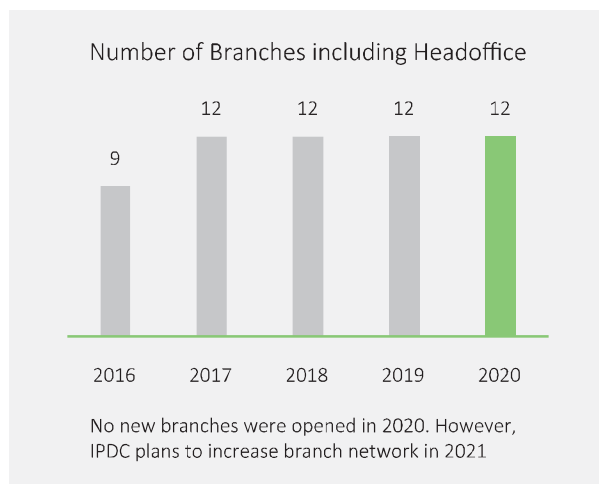
Outlook

We remain firm in our goal to go Beyond Megacities and reach the unbanked population of our country. 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 new branches and outreach centers by the end of the year 2021.

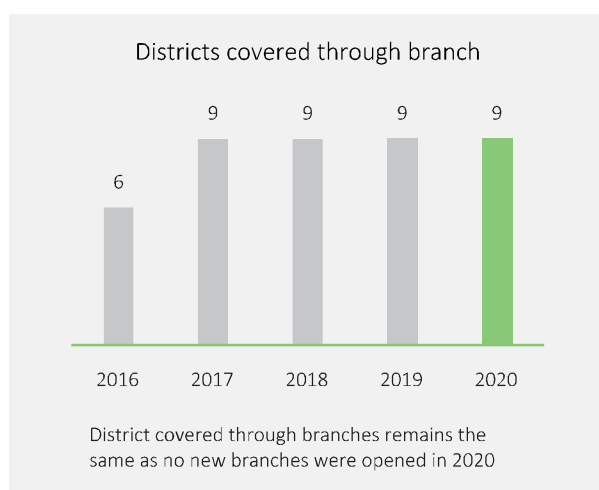
Infrastructure

Distribution Network

IPDC currently operates through twelve branches including head office branch. No new branches were opened in 2020. The eleven branches and head office covers nine districts in Bangladesh. IPDC plans to open additional branches in 2021 subjected to obtaining approval from Bangladesh Bank.

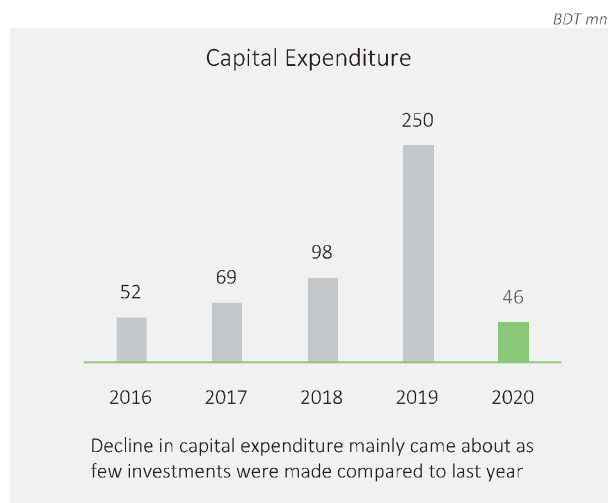


Currently IPDC has presences in nine districts through its various branches. As no new branches were opened in 2020, the district presence through branch coverage remained unchanged. However, IPDC is increasing its presence in district level. These are designed to be low cost sales centers. IPDC plans to cover additional districts in the near future through new branches.



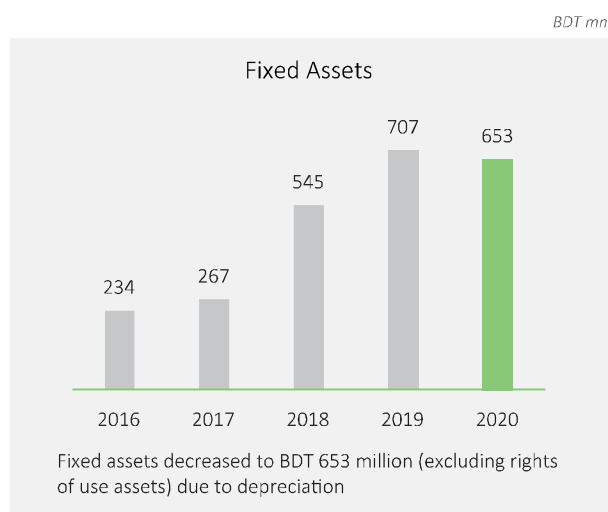
Capital Expenditure

Total capital expenditure of BDT 46 million was incurred in 2020 against BDT 250 million in 2019. Capitalization of assets were high in 2019 due to further enhancement of IT infrastructure capacity such as Core Banking System and digital supply chain platform and development of new software. In 2020, no major investments were made and as a result the capital expenditure decreased.



Fixed Assets

Fixed assets (written down value) of IPDC increased to BDT 653 million (without considering rights of use assets) in 2020 from BDT 707 million in 2019. Decrease in fixed assets was mainly due to no major investments being made and depreciation of assets compared to the amount last year which was due to capitalization of the new Core Banking System (CBS). From the base year of 2016 the total value of fixed assets increased by 2.8 times, indicating the higher amount of investments made by IPDC.



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 is planning to shift the DR site to Jashore within next year.

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 2020 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 2020 was challenging considering the COVID-19 pandemic and the uncertain market situation and we foresee 2021 to be more challenging 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

Head Office

Fund Under Management: BDT 65,987 million
Disbursement: BDT 20,778 million
Number of Customers: 5,850
Number of Full Time Employees: 370

Cumilla Branch

Fund Under Management: BDT 580 million
Disbursement: BDT 214 million
Number of Customers: 231
Number of Full Time Employees: 8

Mymensingh Branch

Fund Under Management: BDT 991 million
Disbursement: BDT 480 million
Number of Customers: 558
Number of Full Time Employees: 13

Dhanmondi Branch

Fund Under Management: BDT 5,884 million
Disbursement: BDT 769 million
Number of Customers: 1,323
Number of Full Time Employees: 20

Jashore Branch

Fund Under Management: BDT 1,356 million
Disbursement: BDT 524 million
Number of Customers: 938
Number of Full Time Employees: 25

Chattogram Branch

Fund Under Management: BDT 7,076 million
Disbursement: BDT 2,564 million
Number of Customers: 1,179
Number of Full Time Employees: 35

Gazipur Branch

Fund Under Management: BDT 1,381 million
Disbursement: BDT 353 million
Number of Customers: 877
Number of Full Time Employees: 23

Motijheel Branch

Fund Under Management: BDT 7,492 million
Disbursement: BDT 555 million
Number of Customers: 1,041
Number of Full Time Employees: 15

Bogura Branch

Fund Under Management: BDT 1,623 million
Disbursement: BDT 541 million
Number of Customers: 1,008
Number of Full Time Employees: 29

Sylhet Branch

Fund Under Management: BDT 740 million
Disbursement: BDT 120 million
Number of Customers: 444
Number of Full Time Employees: 13

Uttara Branch

Fund Under Management: BDT 2,781 million
Disbursement: BDT 595 million
Number of Customers: 885
Number of Full Time Employees: 19

Narayangonj Branch

Fund Under Management: BDT 727 million
Disbursement: BDT 210 million
Number of Customers: 446
Number of Full Time Employees: 11

IPDC
FINANCE

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	2020 Highlights	Challenges	Long-term Strategy
Brand Perception	Increased online presence as well as introduced first ever 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	Introduced 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



The Market

After having made significant impacts by spreading the industrial wings of the country, IPDC expanded its capacity to evolve as a financial comrade for all. IPDC took the responsibility of changing the perception of its clients toward financial institution from being just mere service providers to influencers making substantial positive changes in their lives. IPDC offers relentless efforts towards serving not only the seekers of financial support but also aspiring a common man to pursue his dreams. Considering the abundance of competitive offerings from banks and other NBFI's, IPDC takes the leverage of accentuating the mere spirit of living unbound through financial inclusion. Over 57 banks and 34 NBFI are currently jockeying for a position in the same field but IPDC has managed to make space in the hearts of its clients.



Achievements

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" at the 18th edition of the Bangladesh Business Awards at Radisson Blu Dhaka Water Garden, jointly organized by DHL Express, the largest global logistics company, and The Daily Star, the leading English-language newspaper of Bangladesh.

Despite being the strongest and the fastest growing financial institution in the country, it made sure there was no compromise in its efficiency and attention to details. Hence, IPDC maintained the lowest NPL ratio in the industry. Following which, Emerging Credit Rating Limited bestowed IPDC with a credit rating of AAA, which is the highest possible rating, for their current capacity to meet their debt obligations and for having an extremely low solvency risk from changes in business, financial and economic conditions. The assigned rating represents the strength of the company, which is backed by experienced Board of Directors, good asset quality with normal amount of non-performing loan (NPL), good capital base with high tier-1 capital and CRAR, well-organized management team, specialization and competence in industrial investment.



Recent Development

By the end of 2016, 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.



Promotion

Amongst the existing popular banks and financial institutions that took on primary shades for their brand color, IPDC decided to pick a very quirky magenta hue with an eccentric payoff line, "Jaago Uchhashe". Unlike its competitors, IPDC spread the notion of living unbound, beyond the confinements of life. After three decades of conventional modus operandi in the field of finance, one of the most magnificent rebranding in the history of the financial industry took place in the end of 2016, taking the nation by wonder.

Through a flamboyant mode of communication in social media targeting millennials, who are self-expressive, liberal and receptive to new ideas and ways of living, IPDC incorporated into its communication their expectations from a brand in order to make it a more favourable choice. A full-fledged digital plot with the right mix of GDN, GNR and YouTube goes hand in hand with other mediums.

IPDC believes collaboration is key for innovation, therefore, it associates itself with promising educational institutes, media houses and independent associations to have a bigger and louder reach across the country. Apart from engaging in sponsorships, IPDC has undertaken ground-breaking initiatives, such as Unsung Women Nation Builders Awards, in association with The Daily Star, to accredit

the female change makers from the grassroots. Also, for the second time, IPDC hosted Bangladesh Supply Chain Excellence Awards (BSCEA) to award the holistic supply chain financing eco-system in Bangladesh by partnering with Bangladesh Supply Chain Management Society (BSCMS). IPDC along with Prothom Alo jointly organised a prestigious event to pay tribute to teachers for their contribution to the society called IPDC-Prothom Alo Priyo Shikkhok Shommanona. Also in this list is IPDC Amader Gaan, a contemporary take on popular Bangladeshi folk music, which was launched in collaboration with an advertising agency, Creato, and renowned musician, Partho Barua. Every year, IPDC hosts the BASIS National ICT Awards along with its partner BASIS, to recognize hidden gems and exceptional performers in the ICT sector. Other notable initiatives include Bangabandhu Grandmaster, a unique approach to seed the life and legacy of Sheikh Mujibur Rahman among the youth in the form of a quiz app. IPDC also launched a 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.

Public Presence in 2020

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Particulars	Number
Press Release	42
Feature Articles	5
Interview	1
Press Conference Arrangements	2
Media Visits	3
Events	7 Signature events
PR Value	274,616,000
Interview	129,180,878

Digital Presence in 2020

#

Particulars	Number
Official Page Followers	356,540
Engagement	35,161,897
Reach	29,272,806
Impression	129,180,878

Brand Values

At IPDC, we believe the greatest accomplishment of any 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.



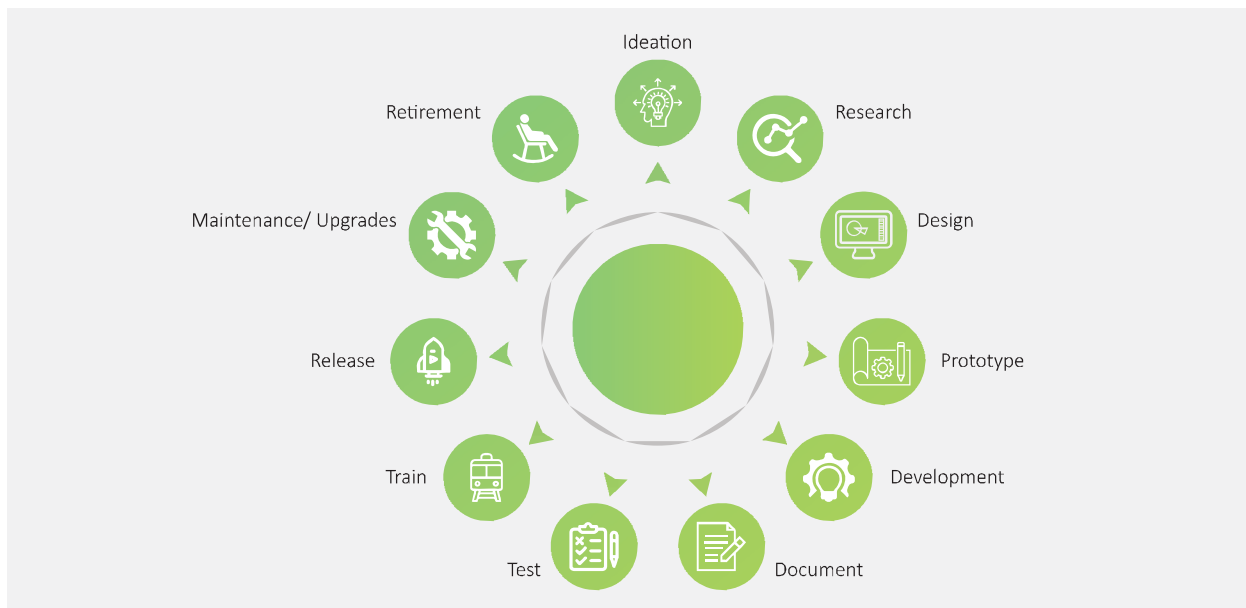


Product Formulation And Innovation

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 is rate AAA rating, the highest credit rating possible for a financial institution

IPDC won the award for the Best Financial Institution at the Bangladesh Business Awards 2019

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 ADFIAP Award in 2020



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

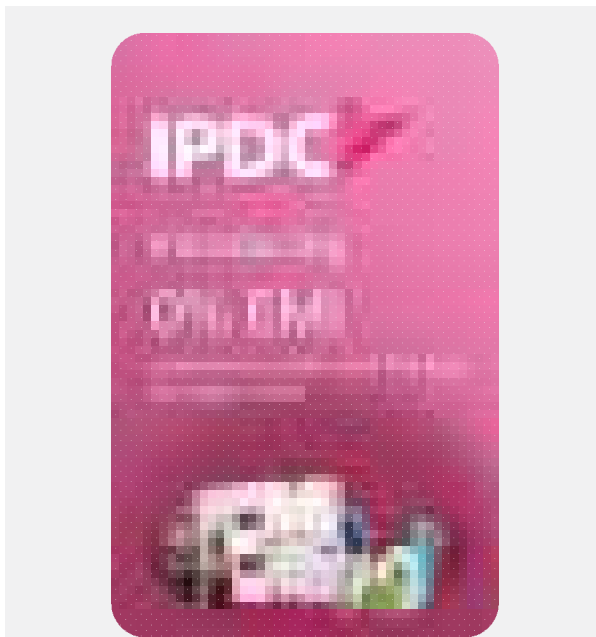
In this digital era, organization's IT initiatives are fundamental to their business strategies. Whatever a company's vision for the future is, it must include digital transformation in order to grow and compete effectively. The need for IT to support the aspiration of the business is paramount. IPDC 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.

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



Temenos T24
for its core banking system
Globally used by Top Banks and
Financial institutions



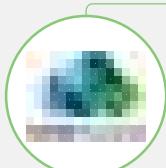
Globally Used by
600+
Companies



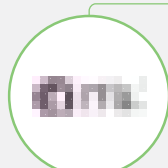
Loan origination system



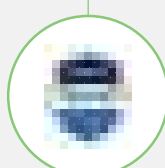
STRENGTH



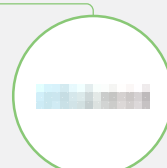
VMware Certified
Professional



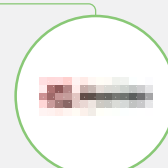
ITIL Certified
Professional



Microsoft certified
solutions expert



Cisco Certified Network
Admin



Cisco Certified Network
Admin



Technology used



Our Partners:



Certified Resources



Special Achievements

1

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.

2

Enhancements to ensure smooth operation World's no. 1 Banking Application (Temenos T24)

3

First digital blockchain based supply chain finance platform (ORJON) implementation.

4

Robust loan origination application development and implementation with in-house developers.

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	2020 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 Only 8% employee attrition in 2020	Cultural stigma Constantly changing needs of the employees	To catapult leadership from different spheres of society Design performance appraisal based on productivity and incentivize achievers for motivation
Talent Management			
Job Security	Focused on decreasing discretionary operational costs rather than downsizing Work from home opportunities, sufficient	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	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 2020 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

The world has experienced unprecedented challenges in multiple dimensions in the year 2020 due to the outbreak of COVID-19 pandemic. People were striving hard to save their lives from the effects of Coronavirus and taking safety precautions, at the same time, the country faced major business challenges and employment uncertainties throughout the year. Reduction in pay and even retrenchment of jobs were very common phenomena in different sectors of the corporate arena. Therefore, managing human resources during this time was very challenging, and employee motivation had to be kept high despite the critical business situation. IPDC, being a dynamic and pragmatic organization, quickly adapted to this situation, changed its way of doing business, ensured business growth, managed its human resources to the best of its ability and continued to keep employee morale high. Our key notable human resource management initiatives, which stands out from others, in the year 2020 were as follows:

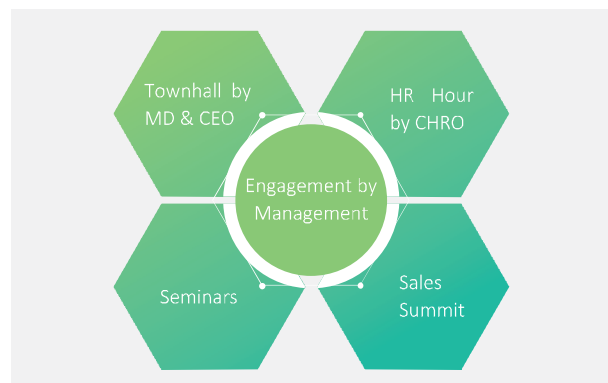
- There was no pay reduction in 2020 due to COVID-19 pandemic. Rather, we ensured annual salary increment, performance bonus and promotions like every year, based on performance of the employees in the month of April 2020.
- There was also no downsizing because of the pandemic. Rather, we arranged virtual joining for employees, who were recruited before lockdown due to COVID-19.
- After lockdown was over, our hiring of new employees continued to support business growth. We even allowed a good number of fresh graduates to do internship at IPDC last year during pandemic.
- We continued to pay monthly incentives to achievers in sales and ensured structured process for managing under performers.
- Employee Learning & Development continued virtually even during pandemic, combining both internal and external resource persons, which was even higher than previous years.
- A remarkable number of innovative virtual employee engagement initiatives were implemented through-out the year to boost employee morale and to minimize their mental health implications due to pandemic.
- Safety of our employees was given the highest priority. Only 10% of our employees attended office by rotation during initial days of COVID-19 and still IPDC achieved outstanding growth & profit in 2020.
- HR team was in constant touch with all employees during the whole period to know about the wellbeing of the employees and their family members and provided administrative support, if and when required.

We always bring positive changes and add meaningful aspects to our employee value proposition to attract and retain talents, since our journey in 1981. Core elements of our employee value proposition are:



Engaged Workplace

We offer an engaged workplace by maintaining an open-door communication policy, participation of employees in cross-functional initiatives, sharing company strategies among employees at regular intervals and implementing different engagement initiatives throughout the year. The social isolation imposed by the pandemic resulted in reduced morale and productivity of employees. In order to prevent the employees from feeling isolated, we digitized all the employee engagement events we used to have in the pre-covid world. Participation in numerous annual events, celebration of different festivals and special occasions of employees are considered as foundation of our engaged culture. Some of our engagement initiatives were:



Outdoor Events	ERC (Employee Recreation Club): Team building event outside Dhaka for 3 days	
1st Challenge- Healthy Diet 2nd Challenge- Mental Fitness 3rd Challenge- Physical Fitness		Stay Home-Stay Fit
Celebrating Festivals	New Year Pohela Falgun Valentine's Day Women's Day Pohela Boishakh Eid Reunion Men's Day	
Daily employee calls Sessions on Mental Health Sessions on Parenting during pandemic Corporate Agreements with prominent hospitals IPDC subsidised COVID test		Employee Wellbeing

Employee Engagement and Employee Wellbeing

During this pandemic while there was a fear of job/salary cuts everywhere, IPDC roared with virtual celebrations and employee engagement activities. We continued our Town hall meetings online, where our CEO and other members of the Management Committee communicated the business updates, strategies and priorities and assured employees that IPDC is keeping its head up and racing with even more momentum to combat the pandemic.

In addition to physical engagement programs before lockdown such as celebrating new year, pohela falgun, valentine's day and women's day, we also organized some virtual celebrations such as Pohela Boishakh celebration, Eid Reunion Program etc. during lockdown. These virtual celebrations were conducted in our Facebook group, where approximately 900 employees were actively present, watching our programs from their homes with families.

We also came up with "Stay Home - Stay Fit", a two-month campaign, where all employees were formed into teams and asked to compete against one another. The Campaign was divided into 3 challenges: Healthy Diet, Mental Fitness & Physical Fitness. This campaign allowed high level of employee engagement as everyone was constantly connected with one another through online. It also made sure that employees take care of their physical and mental health.

We realized during this situation that communication and creating awareness were the key. Thus, we started off by making it a point to stay connected with everyone, keeping track of their mental and physical state in real-time. All employees started getting calls from the HR Team on a regular basis to check up on their health and their families, generating a daily report submitted to management on the present conditions of all employees, which helped management to stay updated on the employees and support them, when necessary.

Besides, we also ensured safety of all the employees coming to office on a rotational basis by conducting COVID test. This test was subsidized by IPDC and all employees were covered in this COVID test. This was done to ensure the safety of the employees and their families. In order to ensure easy access to the hospital facilities during the pandemic, IPDC made corporate agreement with a number of prominent hospitals to provide healthcare services in a discounted rate with customized service.

Apart from the physical ailments that the Coronavirus carried, there seemed to be a mental health fallout for the mass. Thus, we continued our "Mental Health sessions" to prepare employees for the mental health implications that this virus carried, where renowned psychologist talked about stress management, self-care, etc. IPDC also conducted sessions on "Parenting During the Pandemic" where employees with children were given guidance by a professional through online sessions on how to keep up with balancing their work and their children while working from home or battling the virus itself.

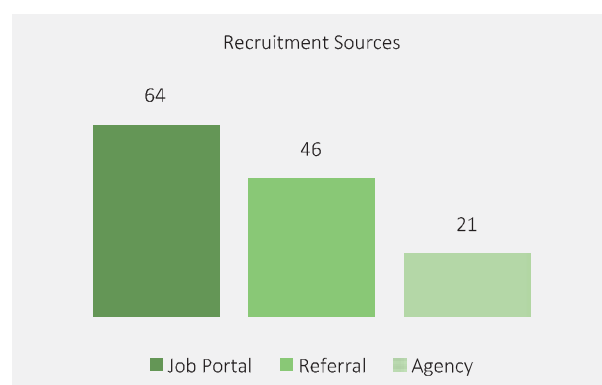
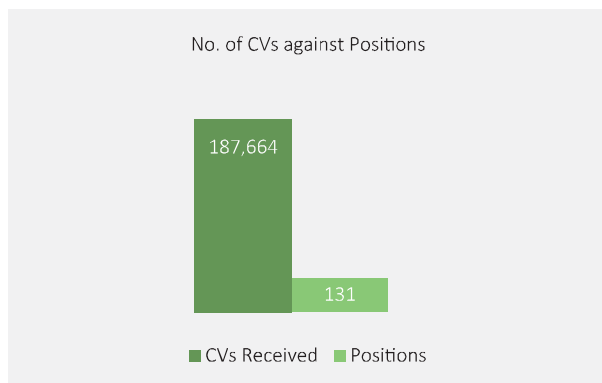
The HR Team continued their "HR Hour" online, an initiative where, all employees are welcome to reach out to the CHRO about absolutely all kinds of issues. Allowing all employees access to the top management increases transparency and gives a sense of assurance and safety for those in need. Multiple online sessions were conducted on COVID to raise awareness on safety measures both at work and home.

Equal Employment Opportunity

We ensure equal opportunity for all employees starting from selection to all terms & conditions of employment. Meritocracy and performance remain at the forefront of our talent management process. We recruit candidates based on competencies for a particular job role. We do not discriminate candidates based on religion, race, gender, color, demography, or any other distinguishing factors while recruiting. To attract potential talents, our job vacancies are advertised in all available recruiting sources such as job portal (bdjobs.com), social

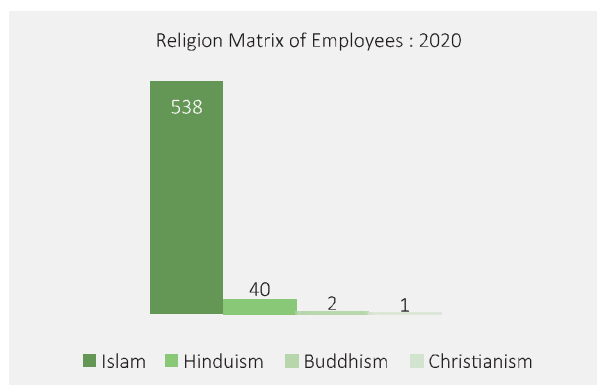
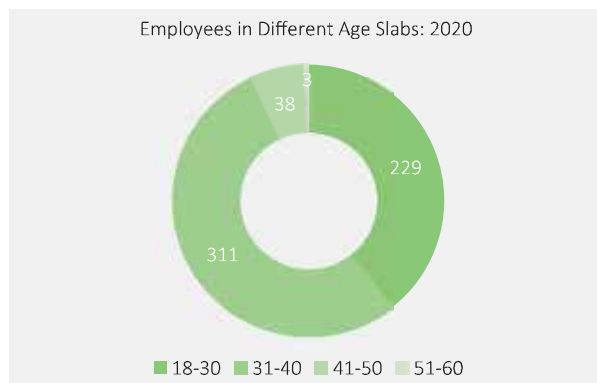
media (Facebook & LinkedIn), Career and Placement Centers of Universities and our own website.

Due to our strong employer branding and efforts to reach out all potential candidates, we received notable response from potential candidates. During the year of 2020, we have received 187,664 CVs against the vacant positions. Among all applicants, 1,382 shortlisted candidates were interviewed, and 131 candidates were selected. It is to be mentioned that during pandemic, 34 university fresh graduates were given opportunities to pursue their internship at IPDC and a significant number was done virtually. A summary of recruitment through different sources in 2020 is shown below:



Diversified & Vibrant Workforce

IPDC encourages diverse and vibrant work environment. People from different demography, religion, race, and culture are working at IPDC. We conduct rigorous induction training for all functions and incorporate the culture & values of IPDC with the objective of bringing all new joiners under one umbrella and build synergy as much as possible. Apart from these, various team-building events were conducted throughout the year to align all employees under the same footing.



IPDC is a youth-centric organization where the average age of employees is 32 years, making our working environment more vibrant. Such diversified and youth centric employees allow us to keep the workplace vibrant while organizational learning aligns them to achieve the set objectives. To achieve our new vision and strategy, our human resources started growing significantly since 2016 onwards. Therefore, we have more of fresh bloods at IPDC than that of older employees. Our current workforce has an appropriate combination of new and seasoned employees.

Following figures will show the number of employees joined over the last 5 years and tenure of present employees at IPDC:

Technology Driven Setup

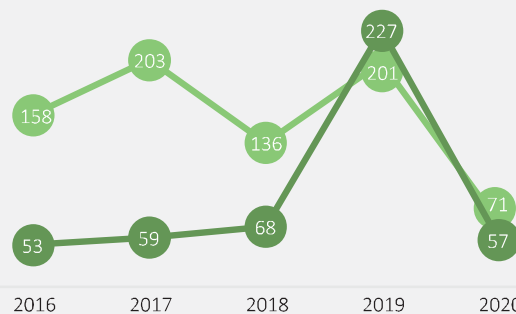
IPDC aspires to be a tech-savvy financial institution. Over the past few years, we have incorporated many new software and system to increase business efficiency and ease our workflow. During the period of lockdown due to pandemic, we made maximum utilization of existing technological setup and ensured a steady business growth while working from home.

The way our business activities continued virtually without any flaws during lockdown, all HR activities were also performed virtually from home seamlessly. Our meetings, candidate interview, training and even performance appraisal process of 2020 were also conducted virtually from home. New joiners were also on boarded and had their orientation online during that period. Employees had access to HRIS from home, through which they could perform their day-to-day HR Operational activities. We have made maximum utilization of our established technological setup and performed our work from home without much of hindrance during the pandemic. We are always on pursuit of adapting to new technological changes and incorporate that in our day-to-day activities to be a fully tech-savvy financial institution in near future.

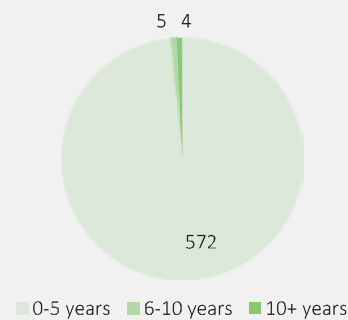
Unbound Learning Opportunities

At IPDC, we promote a culture of continuous learning and development. Capacity building of our employees is one of our key priorities; hence we encourage and support our employees to develop their required skills through both conventional and online training, which enables them to unleash their fullest potential to become successful in their career. In 2020, we fully utilized the opportunity of the lockdown period to heavily focus on employee learning and development by using virtual training platforms. This led us to increase our training Man Hours by 10% in 2020 from 2019.

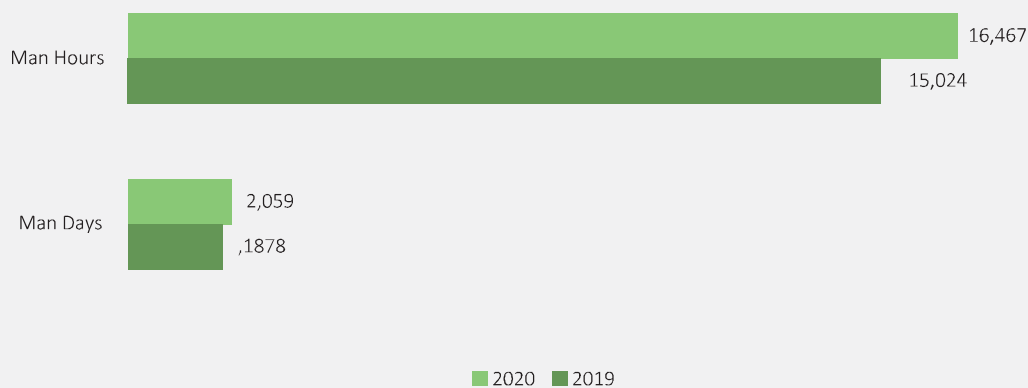
New Employee Joining in last 5 Years



Tenure of Permanent Employees by Year



2019 vs 2020



Performance-based Career Growth

IPDC Finance Limited is a performance driven organization. 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 performance cycle. One key inherent feature of our performance management process is two-way communication between employees and line managers in every step.

Objective Setting

- One-to-one discussion
- Objective setting by employee
- Review by line manager

Mid-Year Review

- One-to-one discussion
- Line manager evaluation
- Self-evaluation

Year-End Review

- One-to-one discussion
- Self-evaluation
- Line manager evaluation

Our performance appraisal process also emphasizes on the growth of our employees through setting individual development plan. Every year employee performance bonus, increment and promotion are linked with our performance management system. Talent identification and succession planning are also integral parts of our performance management process.

Competitive Compensation and Reward System

IPDC not only attracts fresh new talents with unique compensation package but also diligently works on retaining existing employees through annual review of their salary structure and market adjustment. Being a performance driven organization, IPDC continuously assesses individual performance and emphasizes on pay

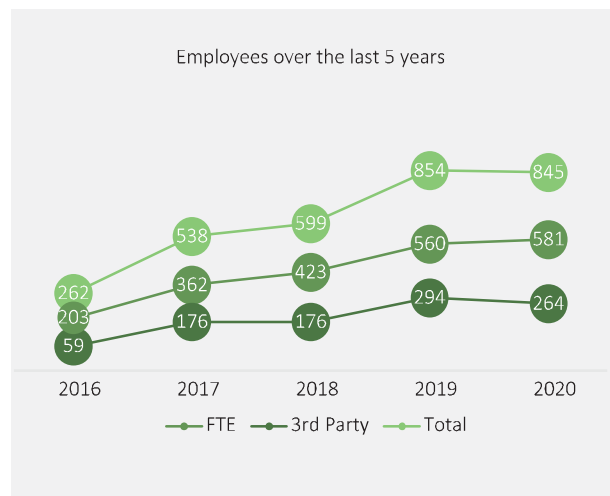


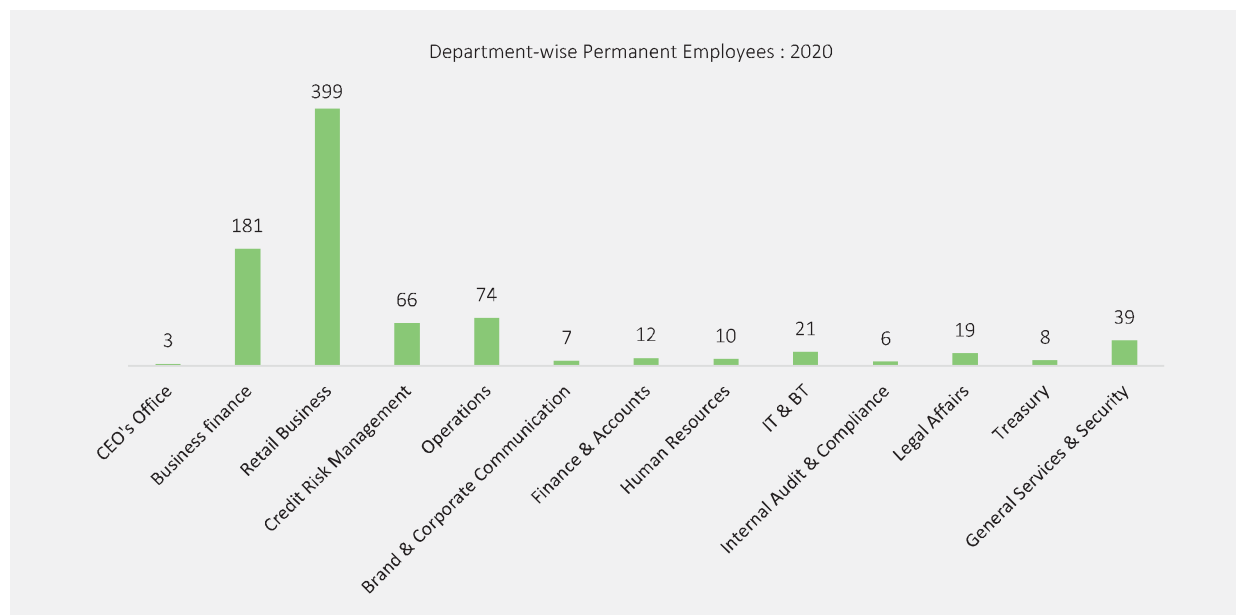
for performance. Those who exceed company expectations and achieve remarkably are rewarded through several monetary, non-monetary awards and recognition programs throughout the year to keep them motivated. Additionally, we have Long-Term Incentive Award (LTIA) to retain high performers, which is unique from any other institutions. Some of our major reward programs are illustrated below:



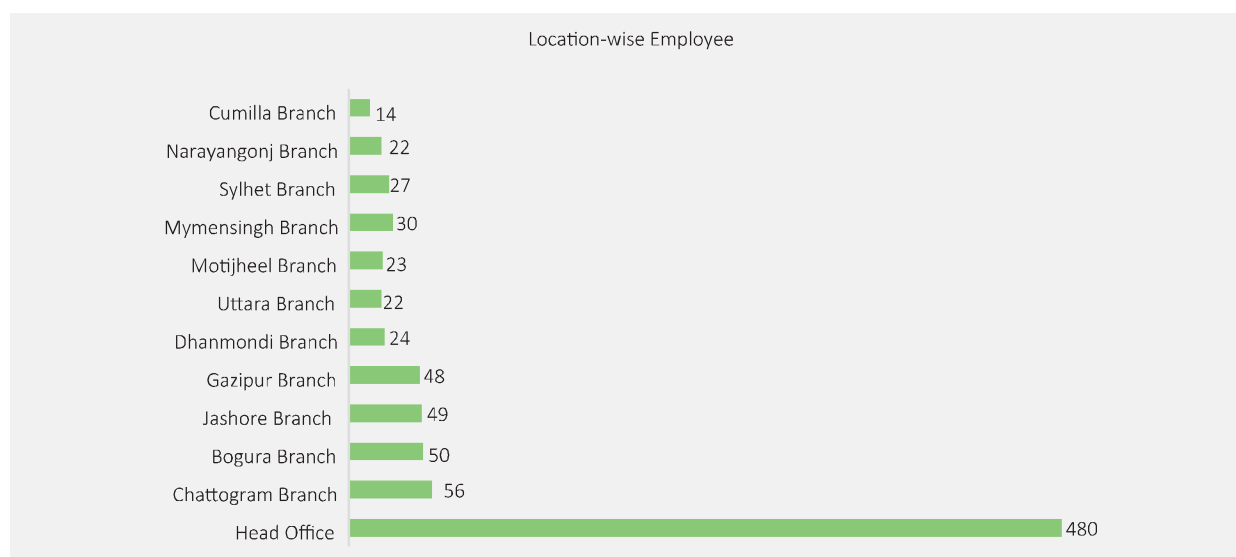
Growth of Human Resources & Accountability

IPDC has grown exponentially over the past 5 years and to foster this growth of business, human resources has also been strategically increased. Due to the outbreak of COVID-19, our overall human resources growth has slowed down in the year 2020 but we made the best utilization of our existing resources. Over the past few years, IPDC has not only expanded in different parameters of business but human resources have also increased to augment business objectives. All resources are recruited and trained keeping in mind of business needs. This change has been predominantly apparent since 2016, due to our strategic shift in business plan. A significant number of employees have been recruited in Retail Business Department in the last 5 years, which is almost 50% of our total headcount to focus more on retail products. Similarly, there is good amount of increase in headcount in Business Finance Department to ensure that we contribute to increase new entrepreneurs. Headcount of all other supporting functions has also increased accordingly to support business functions. The following figures will demonstrate headcounts of different departments, which has contributed to the exponential business growth of IPDC over the last 5 years or so:



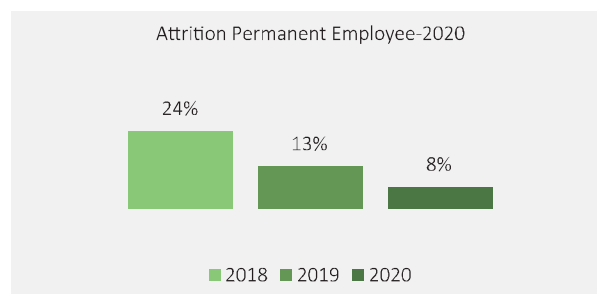


At present, we have branches in 12 different locations in the country. But, due to our strategic alliance with BRAC for promotion and sales of our Affordable Home Loan product, our employees are also dispersed in total 54 districts of Bangladesh. Employees in those locations, report to adjacent branches of IPDC. Majority of our employees work in Head Office, since many of our business processes are still centralised but we have already started decentralization, which will come into effect shortly. In 2020, we were supposed to open 3 more branches but we had to postpone that due to the outbreak of COVID-19 pandemic. We will increase our number of branches as soon as the world is free from Coronavirus.



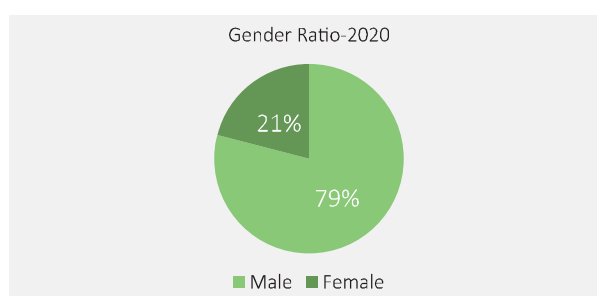
Attrition Rate

Employee retention had been one of the biggest challenges over the past few years. But, due to our continued efforts towards employee engagement and retention, attrition rate started going down since 2019. It has further reduced to 8% in 2020 due to our continued retention efforts and also some effects of pandemic. However, none of the employees were asked to resign because of the effects of Coronavirus. We always strive to retain employees by offering competitive compensation, rewarding high performers, indulging in engagement, and providing growth and development opportunities.



Gender Ratio

At IPDC, we intend to create an inclusive and collaborative culture which promotes gender diversity. We understand the importance of a gender-balanced workforce and hence, we ponder to increase the female ratio to ensure a balanced work environment. With the changing demographics of more and more women joining the workforce, we are hopeful to have a more gender diverse workforce in near future. During the year 2020, overall male to female ratio stood at 79:21. Female presence in the Management Committee is now 40%, which is notably high.

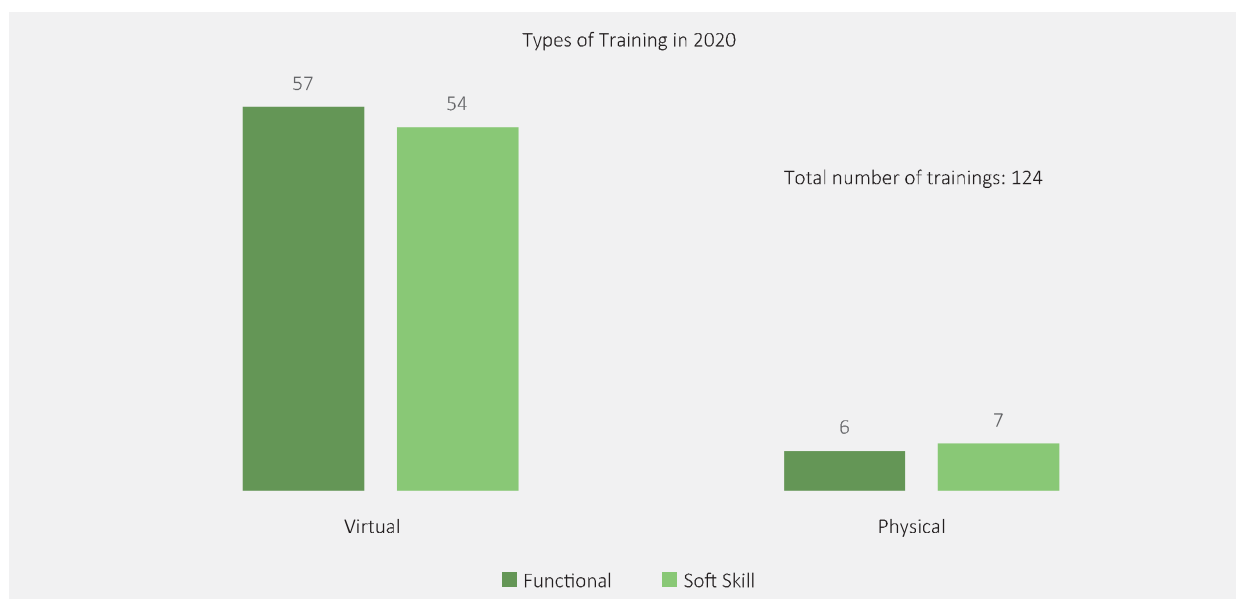


Employment Type	Number of Employees			Composition in %	
	2020	2019	Growth	2020	2019
Permanent Employee					
Male	460	448	2.67%	79.1%	80.0%
Female	121	112	8.03%	20.9%	20.0%
Total Permanent Employees	581	560	3.75%	100.0%	100.0%
Third-party Employees					
Male	216	237	-8.86%	81.8%	80.6%
Female	48	57	-15.78%	18.2%	19.4%
Total Third-party Employees	264	294	-10.2%	100.0%	100.0%
Permanent & Third-party					
Male	676	685	-1.31%	80.0%	80.2%
Female	169	169	0%	20%	19.8%
Grand Total	845	854	-1.05%	100.0%	100.0%

Learning & Development

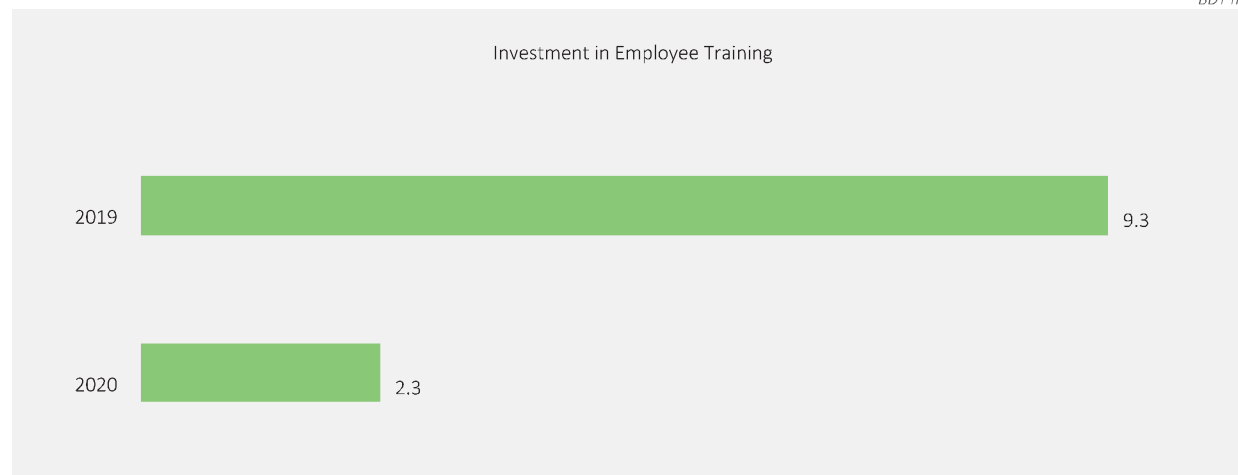
Competency Development

At IPDC, we understand the importance of continuous improvement, as well as sharing knowledge and ideas freely with others. The competency level of our workforce has a direct and measurable impact on the efficiency and profitability of our organization. Our employee skills and competencies development initiatives serve to refine the capabilities of our employees to help them match the future business requirements. Development of long-term skills is one of the key methods of retaining and motivating our employees. Our training programs are designed through training gap and needs analysis. This provides us the opportunity to cater the specific needs of each employee. In 2020, total 124 training programs were conducted. Since March 2020, employees were given 111 virtual trainings covering the areas of both functional and soft skills.



IPDC has invested BDT 2.27 million for people development in 2020. Focus on virtual trainings during the covid-19 outbreak enabled significant decrease in training cost by 75.27% from 2019, which was BDT 9.3 million.

BDT mn



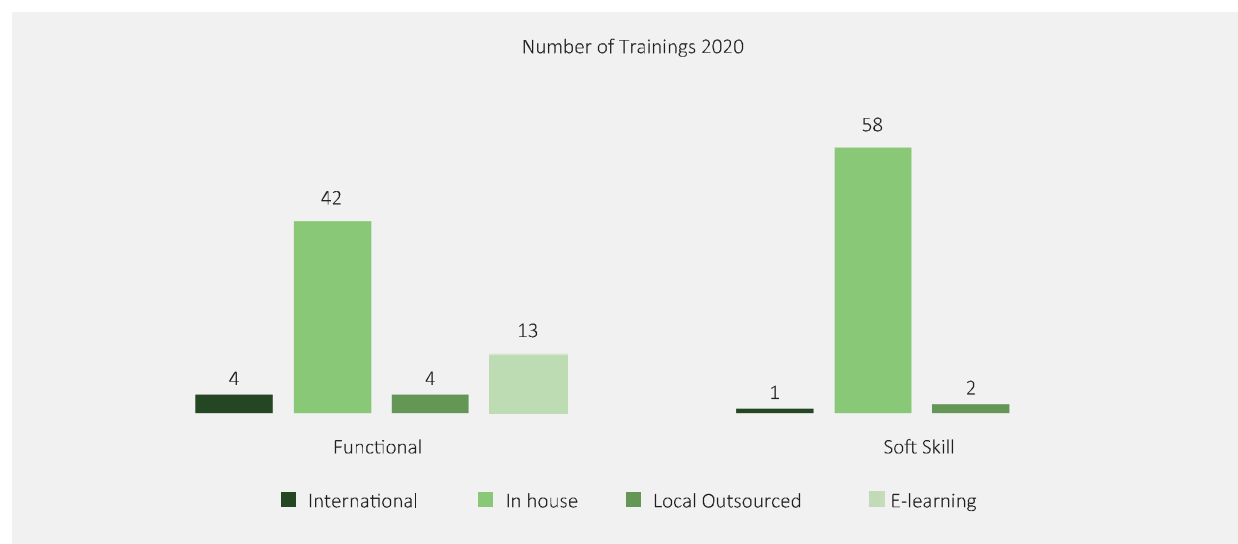
E-learning

Being a technology driven organization, we continued our focus on learning through digital platform. We initiated e-learning on anti-money laundering and combating financing of terrorism and educated employees through a comprehensive e-learning module. In 2020, Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) course covered almost 100% of FTEs.



New Skill Development

The Human Resources Department enables and empowers employees in acquiring new skills related to business needs and requirements. The complex environment during 2020, demanded employees to gain new skills to cope up with the technological advancement in conducting daily business. Even during the pandemic, we continued to conduct training sessions for our employees by our in-house Subject Matter Experts (SMEs), outside industry renowned trainers and through E-Learning. Total training number in 2020 was 124. We also provided virtual international trainings to our employees.



First-Time Line Manager Development Program (FLM)

First-Time Line Manager Development Program at IPDC was initiated in 2019 and was completed in 2020, which enabled us to develop and retain our best-qualified managers. FLM training helped in enhancing leadership and managerial skills. The 3 main learning outcomes of FLM were personal excellence, leadership excellence and team leadership excellence. It facilitated the line managers to provide clear and engaging direction towards their team members. It also helped the managers to coach and guide their team members to work more efficiently. Line managers were also trained how to provide feedback to their team members on their performance.

Future Initiatives

At IPDC, Human Resources is considered as a priority and we will continue to incorporate the best HR practices to keep our employees engaged. We will ensure the following initiatives in the coming years:

Performance and Talent Management

- Emphasize more on talent management by strengthening talent review process and succession planning
- Strengthen the performance management system by creating a feedback and coaching culture where employees get regular feedback from their manager

Learning & Development

- Learning and development will continue to be a priority via implementation of individual development plan
- Focus on competency building by conducting training need gap analysis and initiating individual need-based training module

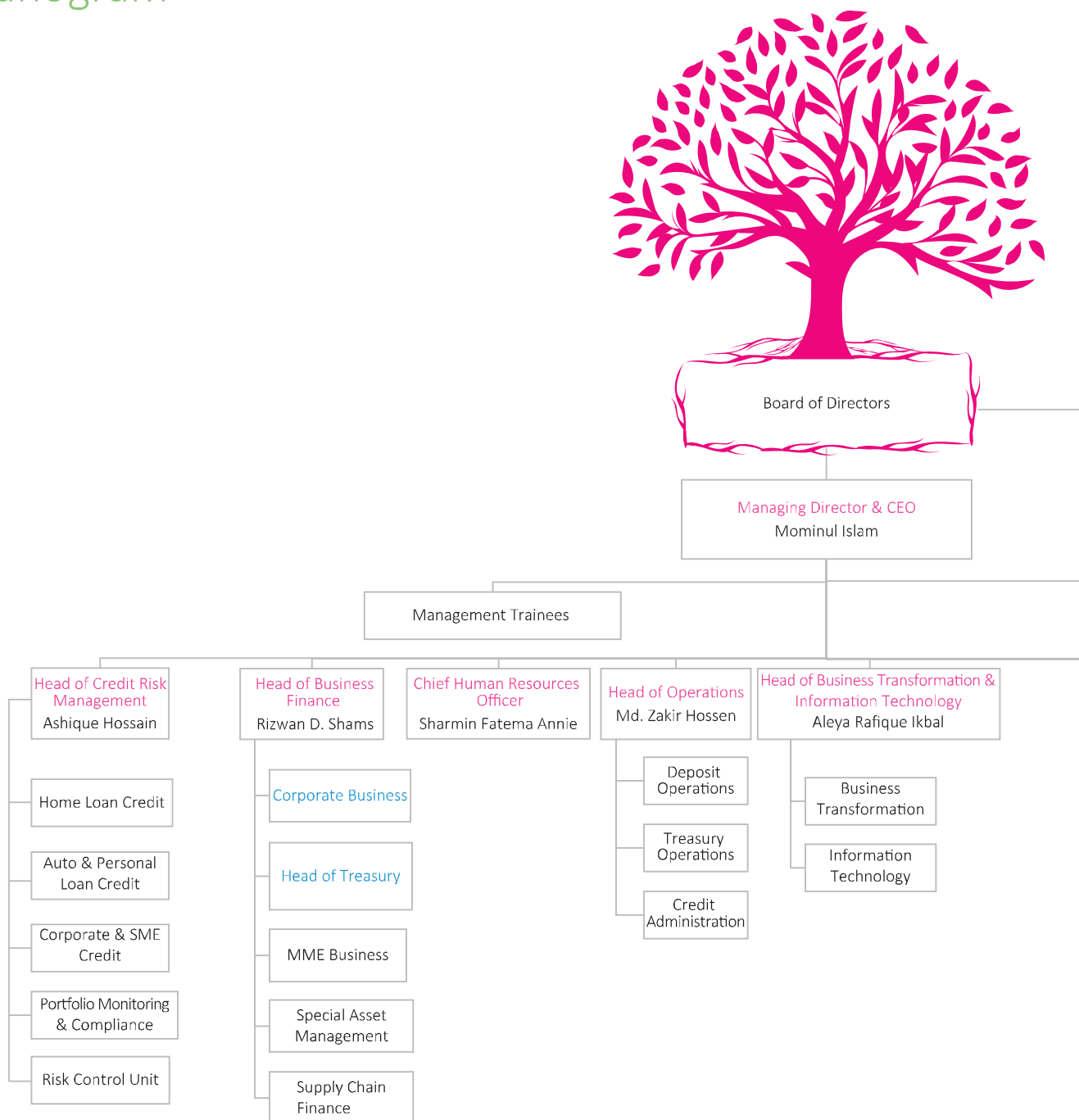
Talent Acquisition and Reward

- Establish a more robust recruitment process to achieve our future talent requirements.
- Continue to reward our employees with market competitive remuneration and compensation standards

IPDC Values and Engagement

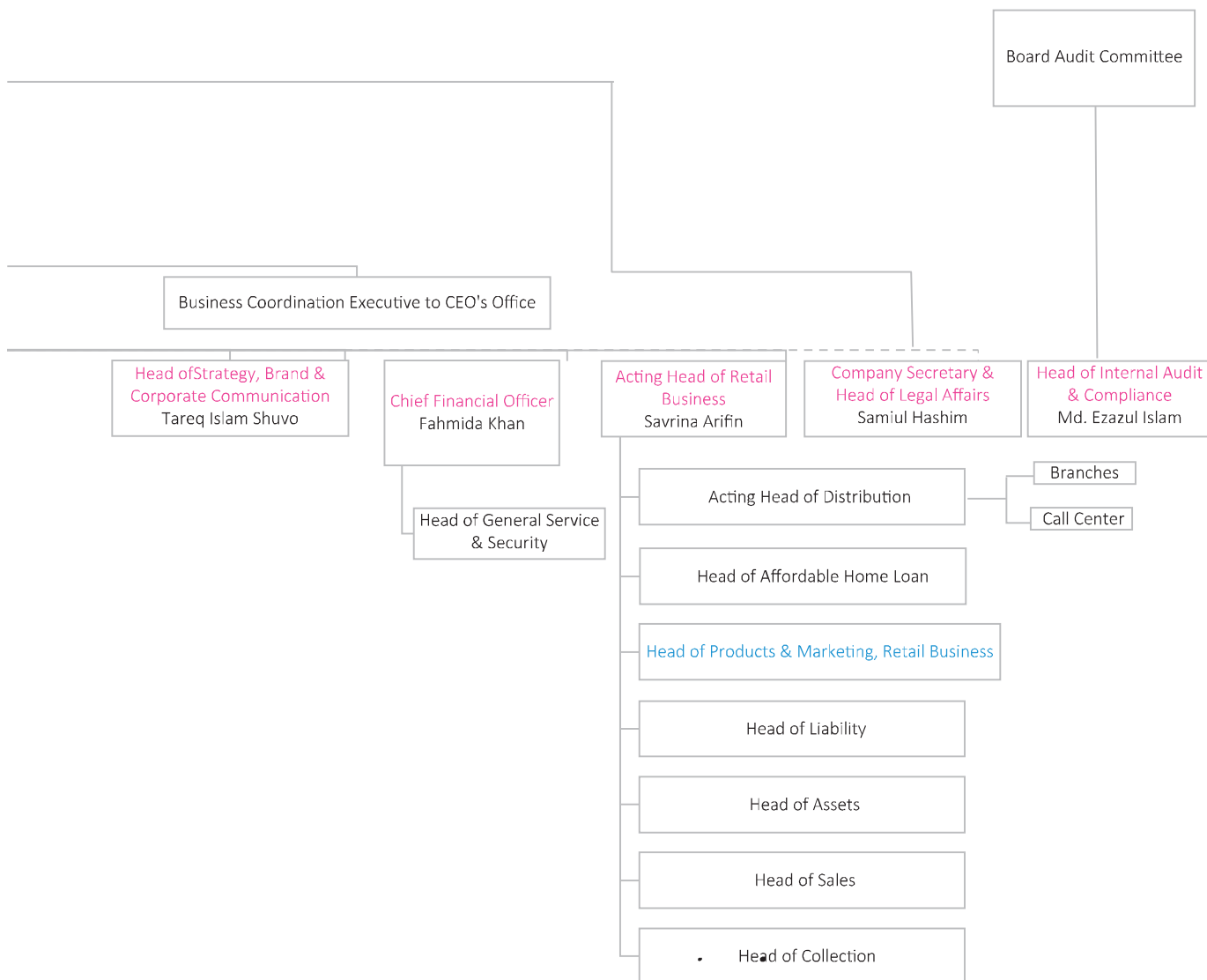
- Continue to inculcate and reinforce company values and code of conduct among employees to maintain an ethical environment
- Continue current engagement & collaboration initiatives as well as introduce new programs to ensure a highly engaged workforce
- Ensure a highly collaborative atmosphere under which team achievement is always encouraged than individual achievement

Organogram



Management Committee Member
(in magenta font)

Extended Management Team Members
(in blue font)



Human Resource Accounting

Particulars	2016	2017	2018	2019	2020
Number of Employees	262	541	599	854	845
Average Number of Employees	181	402	570	727	850
Loan Portfolio per Employee	107.6	85.8	77.8	69.8	63.1
Customer Deposit per Employee	55.3	46.4	41.3	48.9	48.7
Revenue per Employee	4.6	3.1	3.3	3.0	3.3
Operating Cost per Employee	1.9	1.4	1.3	1.4	1.4
Operating Profit per Employee	2.8	1.7	2.0	1.6	2.0
Net Profit per Employee	1.7	0.8	0.8	0.8	0.8
Staff Benefit Cost per Employee	0.8	0.7	0.7	0.8	0.8
Staff Cost as a % of Operating Expense	43.82%	51.74%	52.74%	57.73%	60.23%

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 2020

Loan portfolio per employee remained consistent with current industry standard in 2020. Customer deposit per employee decreased due to the pandemic, even though IPDC achieved 16.5% growth in customer deposits in 2020. Staff cost as a percentage of operating profit increased from 57.73% in 2019 to 60.23% in 2020. This is mainly since other infrastructural changes such as new branch offices were minimal. Operating profit per employee rose to BDT 2.0 million in 2020 compared to BDT 1.6 million in 2019 and Net profit per employee remained consistent driven by lower provisioning requirement from classified loans.

Outlook

Even though employee base of IPDC decreased from 854 to 845 in 2020, average number of employees increased from 727 in 2019 to 850 in 2020.

Revenue per employee increased by 11.7% while operating cost remained flat, resulting in operating profit per employee to increase by 21.3%. As the company maintained surplus provisioning, net profit per employee remained stable at BDT 0.8 million in 2020. Most of the new recruitment of 2019 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 2020.



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	2020 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 2020. Additionally, we introduced new 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). We intend to create 2,000 entrepreneurs in the country by the year 2020. To realize this target, 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

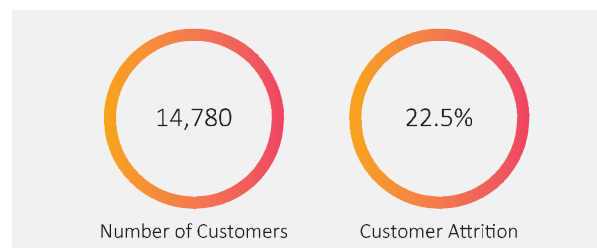


Customers

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



Ways We Create Value for Our Customers

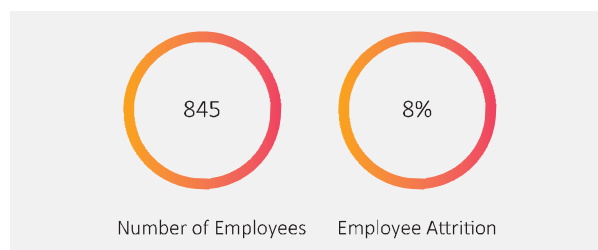
Material Issues	Status as of 2020	Long-term Initiatives/Commitments
Safety of deposits	With a credit rating of AAA, IPDC stands as a trustworthy organization. Our strong management team and board ensures that the organization's financial health remain steady. We have honoured encashment requests and 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 2020.	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 2020 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 customer 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 845 people as of 31 December 2020 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



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

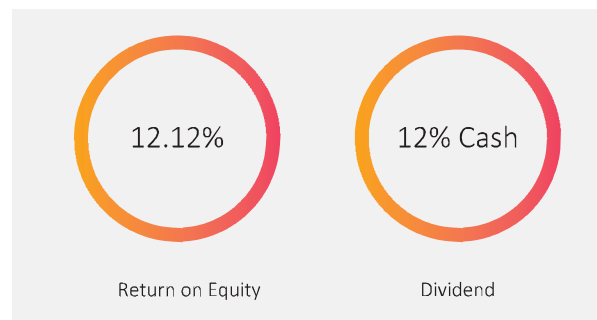
Material Issues	Status as of 2020	Long-term Initiatives/Commitments
Career progression opportunities and talent retention	Ensured best performing individuals have unbiased access to career ladder. Despite the pandemic and the uncertain lockdown situation, no downsizing was done and salary and benefits 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 2020 is BDT 8.7 mn with 16,467-person hours 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

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



Ways We Create Value for Our Investors

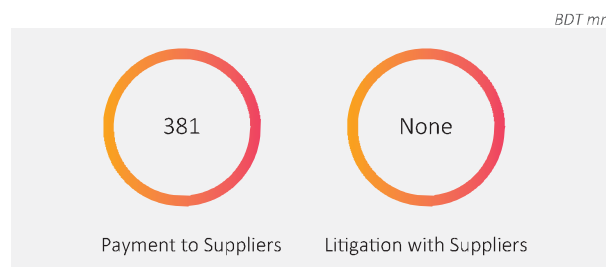
Material Issues	Status as of 2020	Long-term Initiatives/Commitments
Financial position and Performance	IPDC delivered solid performance with net profit growing above industry average while keeping non-performing loans one of the lowest in the industry. Detail discussion in this regard can be found in 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. We have done online AGM/EGM. Additionally, we have organized Investors Meet online on quarterly basis to communicate strategy updates to our investors due to the pandemic. Our Annual Report 2019 was also recognized as one of the best presented Annual Reports in the industry	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



Ways We Create Value for Our Suppliers

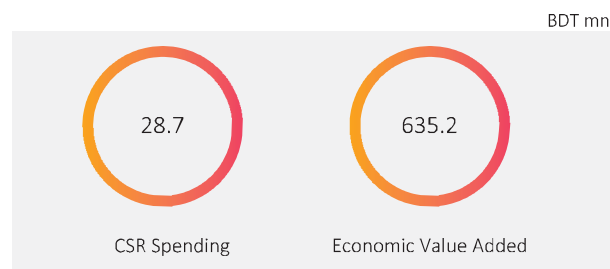
Material Issues	Status as of 2020	Long-term Initiatives/Commitments
Compliance with contractual terms	We engage in mutually beneficial and sustainable relationships with our suppliers in an environment of equity, mutual respect and honesty. There have been no incidents in 2020 where IPDC failed to meet 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 include 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



Ways We Create Value for Our Communities and Societies

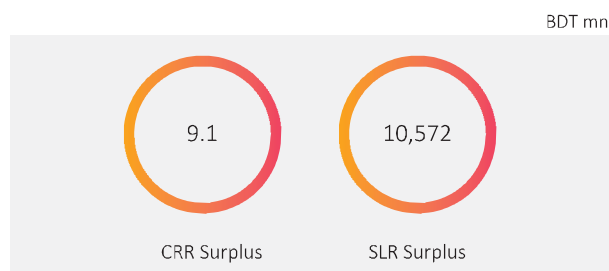
Material Issues	Status as of 2020	Long-term Initiatives/Commitments
Social responsibility and impact to society	IPDC took several initiatives to fulfil its social responsibilities in a manner that reflects the company's mission, vision and values. Further details regarding this can be found in Corporate 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



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 2020	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

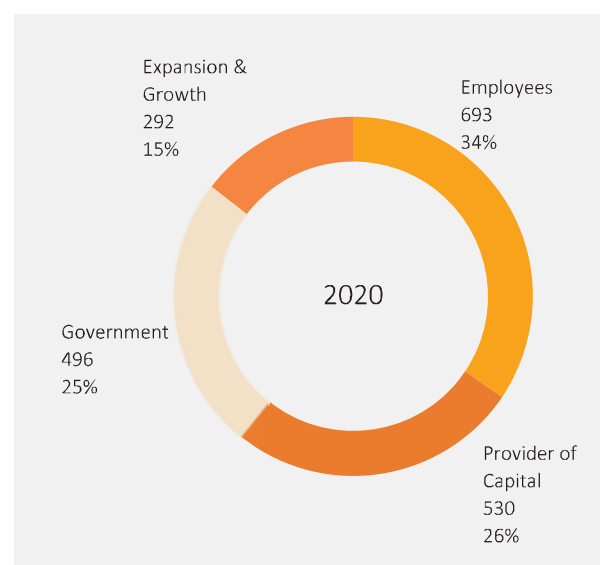
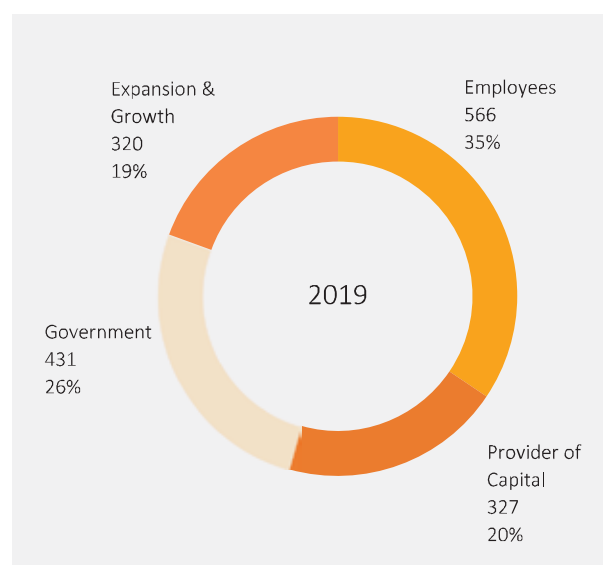
“Value added” is the wealth which the Company has able to create by providing clients with a quality, value added service. This statement shows how the value so added has been distributed.

Value Added by the Company

Value Added	2016	%	2017	%	2018	%	2019	%	2020	%
Net Interest Income	638.1	100.0%	1,072.6	127.5%	1,698.3	130.8%	1,942.8	118.1%	2,017.0	100.3%
Commission, Exchange & Brokerage	36.2	5.7%	82.2	9.8%	89.2	6.9%	78.2	4.8%	108.4	5.4%
Investment Income	47.2	7.4%	65.5	7.8%	63.3	4.9%	115.2	7.0%	638.7	31.8%
Other Income	119.8	18.8%	25.3	3.0%	23.6	1.8%	29.6	1.8%	65.7	3.3%
Management expenses excluding salaries & allowances, depreciation	(169.4)	-26.5%	(245.3)	-29.2%	(314.2)	-24.2%	(330.3)	-20.1%	(341.1)	-17.0%
Provision for doubtful losses	(33.6)	-5.3%	(159.0)	-18.9%	(262.3)	-20.2%	(190.8)	-11.6%	(478.2)	-23.8%
Total Value Added by The Company	638.4	100.0%	841.2	100.0%	1,298.0	100.0%	1,644.6	100.0%	2,010.5	100.0%

Distribution of Value

Value Added	2016	%	2017	%	2018	%	2019	%	2020	%
Employees										
As salaries & allowance	148.9	23.3%	296.4	35.2%	396.4	30.5%	566.5	34.4%	692.8	34.5%
Provider of Capital										
Dividends to shareholders	252.5	39.6%	303.0	36.0%	363.6	28.0%	327.2	19.9%	530.1	26.4%
Government										
As taxes	164.9	25.8%	178.3	21.2%	410.6	31.6%	431.1	26.2%	495.9	24.7%
Expansion & Growth										
Retained as capital and reserve	50.6	7.9%	32.4	3.9%	86.4	6.7%	235.2	14.3%	175.4	8.7%
Depreciation	21.5	3.4%	31.1	3.7%	41.0	3.2%	84.5	5.1%	116.3	5.8%
	72.1	11.3%	63.5	7.6%	127.4	9.8%	319.8	19.4%	291.7	14.5%
Total Distribution of Value Addition	638.4	100.0%	841.2	100.0%	1,298.0	100.0%	1,644.6	100.0%	2,010.5	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	2016	2017	2018	2019	2020
Withholding Tax					
Salary	6,702,916	12,217,971	15,657,755	23,146,650	24,623,687
Interest on savings deposit	53,479,479	126,922,185	233,384,657	349,449,706	422,820,132
Payment of Supplier	711,630	3,037,770	3,021,168	4,738,528	1,892,688
House Rent	472,614	568,844	802,266	1,155,978	1,072,143
Dividend Payment	-	-	-	15,000,000	36,947,074
Payment for Professional & Technical Services	850,858	2,247,562	2,256,081	4,326,115	1,587,483
Others	463,676	2,573,147	4,869,229	18,729,582	7,334,202
Total Withholding Tax	62,681,173	147,567,479	259,991,156	416,546,559	496,277,409
VAT					
House Rent	1,424,666	2,708,935	3,349,095	4,391,499	5,087,170
Processing, Documentation Fee etc.	4,184,046	11,853,636	13,193,414	12,323,267	11,731,558
Procurement of goods and services	1,045,469	4,326,735	4,291,885	6,736,513	4,983,283
Legal, Professional & Technical Fees	1,005,546	2,039,121	2,417,629	6,436,705	2,305,302
Director Fees	183,600	184,800	122,400	68,400	93,600
Promotion	406,731	9,017,581	7,362,233	4,170,241	1,967,511
Others	517,891	2,684,555	5,137,532	8,169,290	7,355,198
Total VAT	8,767,949	32,815,363	35,874,188	42,295,915	33,523,622
Corporate Tax	141,525,976	135,257,010	281,745,290	392,364,068	307,549,101
Excise Duty	5,014,740	8,675,900	26,730,250	39,289,100	54,432,150
Total Paid to Government Exchequer	217,989,838	324,315,752	604,340,885	890,495,642	891,782,282

The collective contribution to the National Exchequer for the last five years was BDT 3,047 million, of which, BDT 891.8 million (29.3%) was made in 2020 alone. Out of total BDT 891.8 million, BDT 307.5 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 institutions 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 the low carbon economy.

With this target, IPDC has constructed schools, libraries, public washroom 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 newly introduced 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 plantation 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 becomes 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 enthusiast. IPDC maintains an entirely Green Banking Unit solely dedicated in establishing, designing, evaluating, and administering activities related to green banking issues.

Details of CSR events are available in the Newer Heights, Changing Lives section of the annual report.





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	2020 Highlights	Challenges	Long-term Strategy
Responsible use of resource	Subsidized 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 12 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

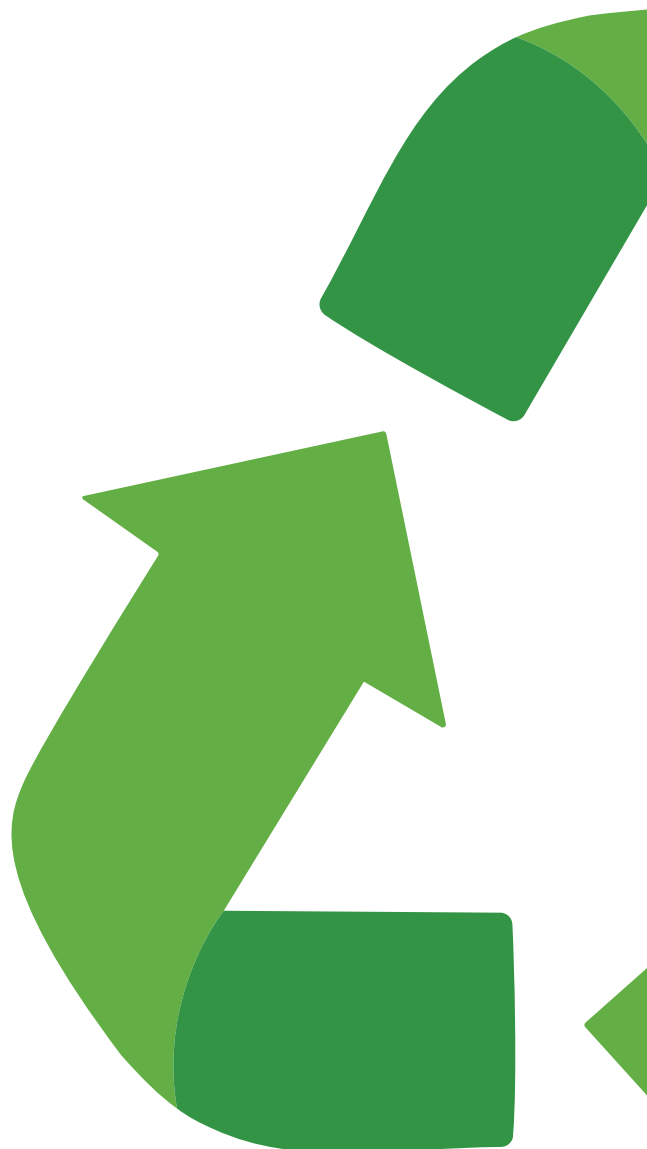
It would not be stretching things if one were to say that without trees, we humans would not be able to exist on this beautiful planet. To give back to the creation which has facilitated life from the inception of life is what can be claimed humane now. IPDC planted trees in the adjacent areas to insist 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:

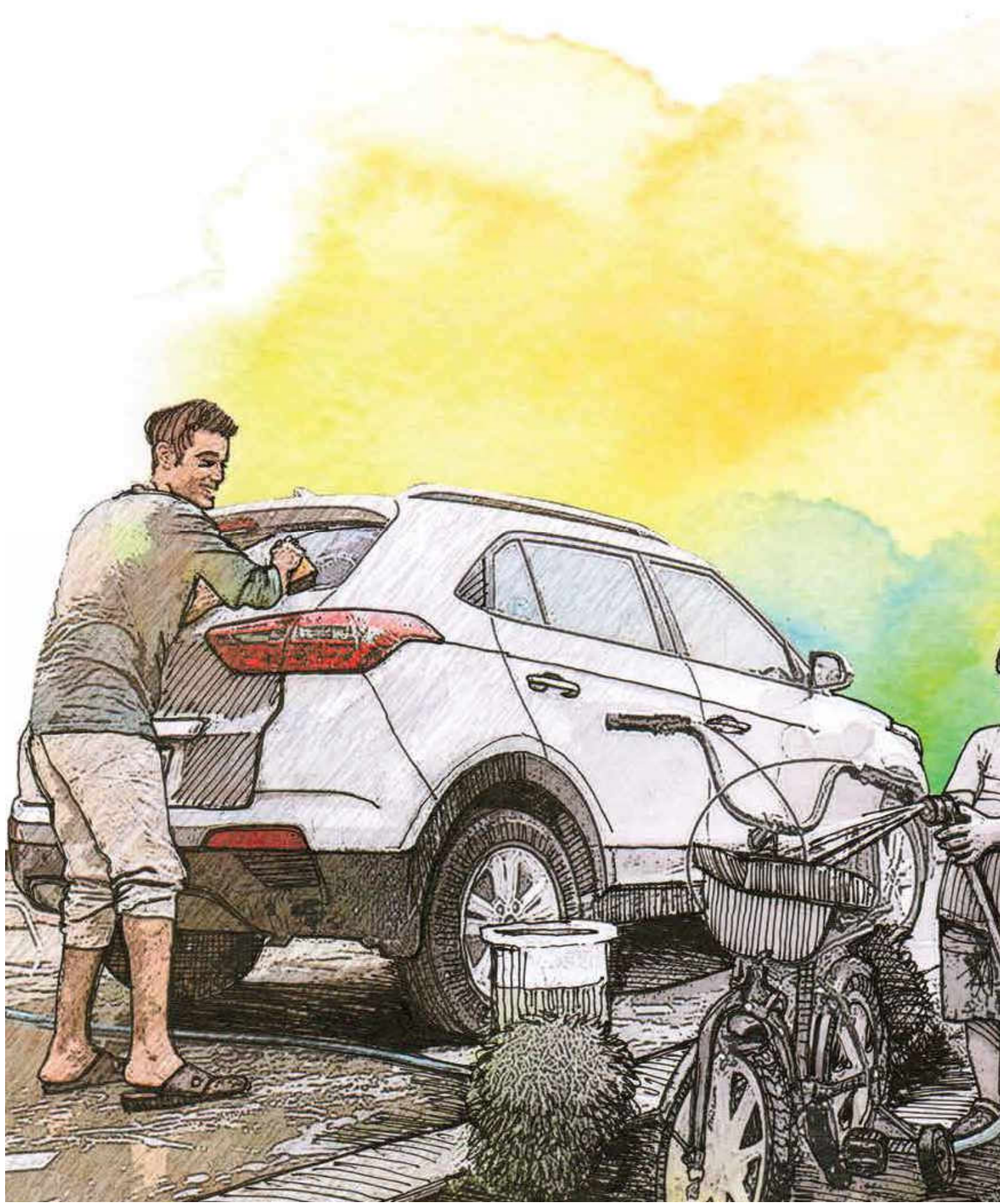
- Dressing for the season to reduce air conditioning usage.
- Keeping the thermostat between 20-23°C.
- Checking the building's airtightness.
- Using sleep/hibernation and energy-saving modes for PCs.
- Replacing old, inefficient equipment with those that have a high energy rating.
- Keeping lights free of dust and using LEDs.
- Turning off switches when not in use.
- Save Water.

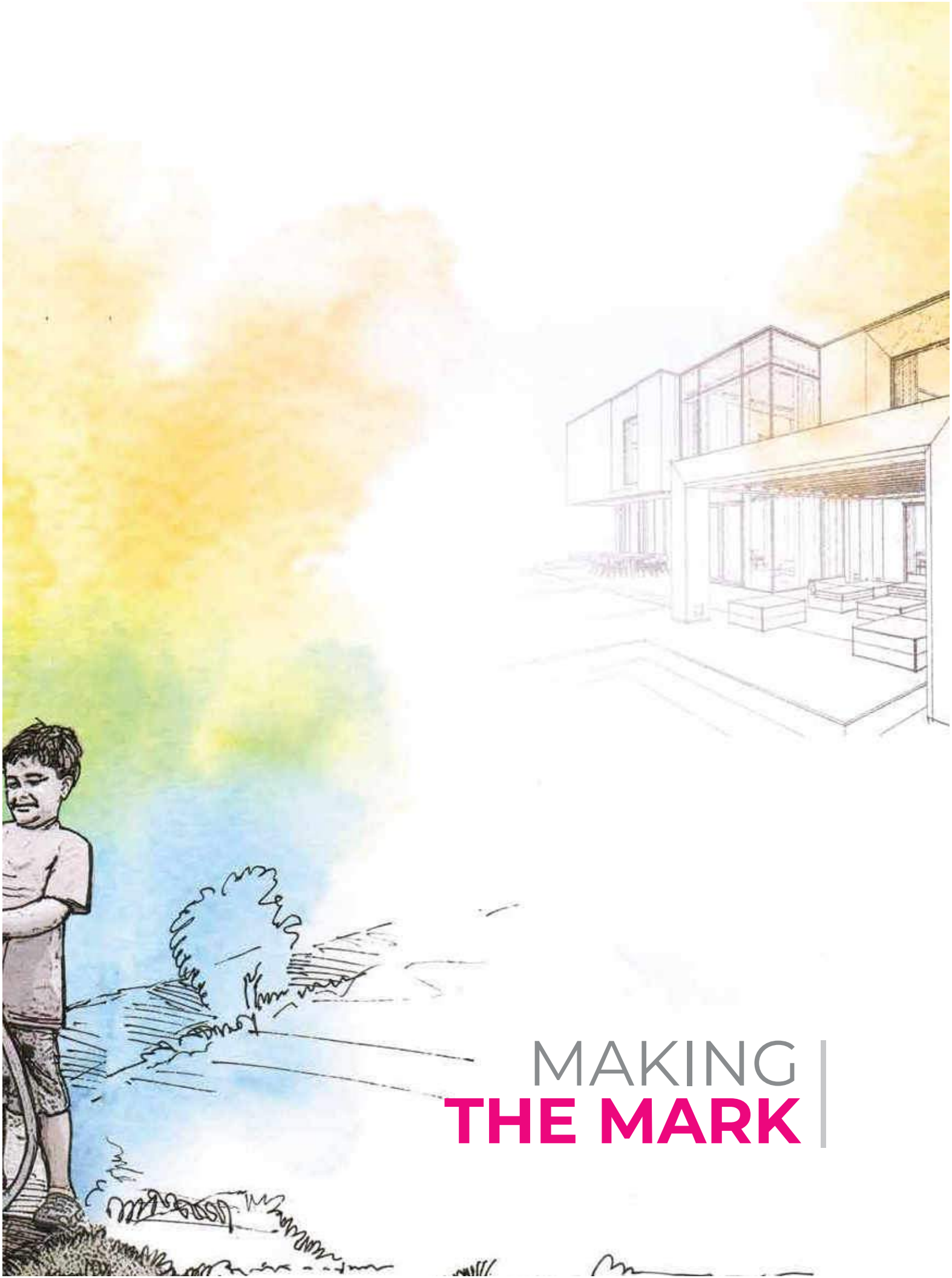


Green Branch

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





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Our Approach To Sustainability

With over 39 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 2020 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, 2020 to December 31, 2020. 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 2020.

Approach Towards Sustainability and Reporting

IPDC has used the Global Reporting Initiative (GRI) framework to guide the reporting of the sustainability statement.

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	DMD & Head of Business Finance
Ms. Savrina Arifin	Head of Retail Business (Acting)
Ms. Sharmeen F. Annie	GM & Chief Human Resource 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	FAGM & Head of Treasury
Mr. Md. Barkat Ullah	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 2020, 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

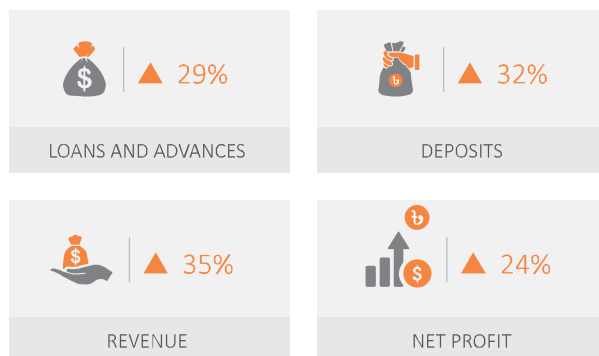
Climate change, depleting natural resources, ever growing population – all are posing significant social, environmental, and economic risks. To ensure a steady supply of natural resources for the future generation, we require innovative solutions and adequate financing. People expect financial institutions 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 (2016 – 2020 CAGR)



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 2020

IPDC once again outperformed the market in 2020 in terms of both balance sheet growth and profitability. Our CAGR (2016-2020) of 24% in net profit is a demonstration of our ability to generate sustainable profit for our investors.

Balance Sheet Growth

Our CAGR (2016-2020) for loan portfolio and deposit was 29% and 32% 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 amid 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 24%. 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 1.38% in 2020 against 1.57% in the previous year.

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 one independent Director 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 2020, 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.

Our growth in SME segment with a CAGR of 55.3% is proof of our continued commitment in creating entrepreneurs.

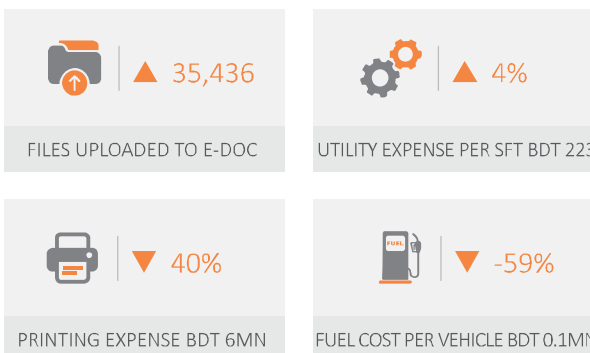
Outlook

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



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 benefits 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

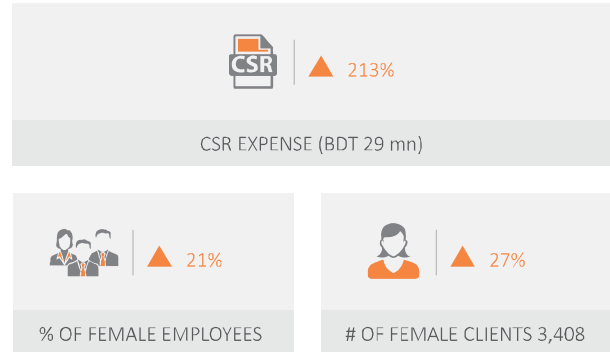
Formed in 2017, IPDC Ucchash Social Club is responsible for several social and environmental initiatives which were taken up such as Public transport day, Clean Workstation Day and so on. To amass all the moral ingenuities that could not be catered within the scopes of the organization, IPDC family takes 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



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 an equal opportunity employer and in 2020, our team expanded and diversified from different angles:

- Age: average age at 33 years.
- Size: 845 members.
- Gender: 21% 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 introduced 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.

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.

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.

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	2018	2019	2020
Customers Access to Finance			
Number of customers	6,385	12,232	14,780
Number of branches	12	12	12
Refinancing Portfolio (BDT mn)	1,371	2,119	3,073
Loans to corporate (BDT mn)	21,715	24,288	24,146
Loans to SME (BDT mn)	12,395	14,499	16,470
Loans to individuals (BDT mn)	10,215	11,939	12,994
No. of Priti Accounts	-	437	616
Investment in Employees			
Permanent	423	560	581
Outsourced/Contractual	176	294	264
New recruitments	254	428	128
Attrition rate of permanent employee (%)	24%	13%	8%
% of Female permanent employees (%)	20%	20%	21%
Average training hours per headcount	19	21	20
Training expenditure per headcount (BDT)	15,446	12,831	10,293
Employee salary and benefits (BDT mn)	396	566	693
Return to Investors			
Revenue (BDT mn)	1,875	2,166	2,830
Operating profit (BDT mn)	1,123	1,184	1,680
Profit after tax (BDT mn)	450	562	706
Economic value added (BDT mn)	393	320	635
Market value added (BDT mn)	4,560	3,472	4,179
Dividends distributed (BDT mn)	363	327	530
Dividends declared (%)	15%	15%	12%
Business to Suppliers			
Payment to Suppliers (BDT mn)	275	314	381
Total capital expenditure (BDT mn)	74	250	46
Responsibility towards Communities and Society			
CSR contribution (BDT mn)	4	9	29
Utility expense per square feet (BDT)	199	214	223
Printing & stationery expense per employee (BDT)	8,163	6,834	9,656
Travelling expense per employee (BDT)	31,410	35,316	16,195
Contribution to Regulators and Policy Makers			
Penalty for breach in compliance	-	-	-
Corporate tax to government (BDT mn)	604	890	892

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 Poverty



Zero Hunger



Decent Work and Economic Growth



Industry, Innovation and Infrastructure



Peace, Justice and Strong Institutions



ENVIRONMENT

Our Activities:

Green financing
Environmental initiatives
Green branch
Going paperless

SDG Goals:



Clean Water and Sanitation



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

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

GRI Standard Index

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.

GRI standards	Disclosure	Location/ explanation	Page number
GRI 101: Foundation 2016 (does not include any disclosures)			
GRI 102: GENERAL DISCLOSURES			
ORGANISATIONAL PROFILE			
102-1	Name of the organization		21
102-2	Activities, brands, products, and services		11
102-3	Location of headquarters		22
102-4	Location of operations		22, 32
102-5	Ownership and legal form		22
102-6	Markets served		28-31
102-7	Scale of the organization		11,14-15,22-23,86
102-8	Information on employees and other workers		237-248
102-9	Supply chain		182-183
102-10	Significant changes to the organization and its supply chain		43-44
102-11	Precautionary principle or approach		N/A
102-12	External initiatives		35-42
102-13	Membership of associations		23
STRATEGY			
102-14	A statement from the most senior decision-maker of the organization		68-104
102-15	Key impacts, risks, and opportunities		171-178,190
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior		24-25
102-17	Mechanisms for advice and concerns about ethics		24-25
GOVERNANCE			
102-18	Governance structure		108
102-19	Delegating authority		108
102-20	Executive-level responsibility for economic, environmental, and social and societal topics		-
102-21	Consulting stakeholders on economic, environmental, and social and societal topics		-
102-22	Composition of the highest governance body and its committees		-
102-23	Chair of the highest governance body		-
102-24	Nominating and selecting the highest governance body		-
102-25	Conflicts of interest		-
102-26	Role of highest governance body in setting purpose, values, and strategy		-
102-27	Collective knowledge of highest governance body		-
102-28	Evaluating the highest governance body's performance		-
102-29	Identifying and managing economic, environmental, and social and societal impacts		-
102-30	Effectiveness of risk management processes		-
102-31	Review of economic, environmental, and Social and societal topics		-
102-32	Highest governance body's role in sustainability reporting		-
102-33	Communicating critical concerns		-

Gri standards	Disclosure	Location/ explanation	Page number
102-34	Nature and total number of critical concerns		-
102-35	Remuneration policies		-
102-36	Process for determining remuneration		-
102-37	Stakeholders’ involvement in remuneration		-
102-38	Annual total compensation ratio		-
102-39	Percentage increase in annual total compensation ratio		-
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups		251
102-41	Collective bargaining agreements		N/A
102-42	Identifying and selecting stakeholders		20
102-43	Approach to stakeholder engagement		251
102-44	Key topics and concerns raised		251
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements		N/A
102-46	Defining report content and topic boundaries		20, 281
102-47	List of material topics		20, 281
102-48	Restatements of information		N/A
102-49	Changes in reporting		N/A
102-50	Reporting period		301
102-51	Date of most recent report	Annual report 2019	
102-52	Reporting cycle		301
102-53	Contact point for questions regarding the report		22
102-54	Claims of reporting in accordance with the GRI Standards		-
102-55	GRI content index		276-280
102-56	External assurance		23
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary		251
103-2	The management approach and its components		251
103-3	Evaluation of the management approach		-
GRI 201: ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed		258-
201-2	Financial implications and other risks and opportunities due to climate change		-
201-3	Defined benefit plan obligations and other retirement plans		-
201-4	Financial assistance received from government		-
GRI 202: MARKET PRESENCE			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		
202-2	Proportion of senior management hired from the local community		
GRI 203: INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported		41
203-2	Significant indirect economic impacts		
GRI 204: PROCUREMENT PRACTICES			
204-1	Proportion of spending on local suppliers		-
GRI 205: ANTI-CORRUPTION			
205-1	Operations assessed for risks related to corruption		-
205-2	Communication and training about anti-corruption policies and procedures		-
205-3	Confirmed incidents of corruption and actions taken		-

Gri standards	Disclosure	Location/ explanation	Page number
GRI 206: ANTI-COMPETITIVE BEHAVIOR			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		None
GRI 207: TAX			
207-1	Approach to tax		None
207-2	Tax governance, control, and risk management		-
207-3	Stakeholder engagement and management of concerns related to tax		-
207-4	Country-by-country reporting		-
GRI 301: MATERIALS			
301-1	Materials used by weight or volume		-
301-2	Recycled input materials used		-
301-3	Reclaimed products and their packaging materials		-
GRI 302: ENERGY			
302-1	Energy consumption within the organisation		270
302-2	Energy consumption outside of the organization		270
302-3	Energy intensity		-
302-4	Reduction of energy consumption		270
302-5	Reductions in energy requirements of products and services		-
GRI 303: WATER AND EFFLUENTS			
303-1	Interactions with water as a shared resource		-
303-2	Management of water discharge-related impacts		-
303-3	Water withdrawal		-
303-4	Water discharge		-
303-5	Water consumption		-
GRI 304: BIODIVERSITY			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		N/A
304-2	Significant impacts of activities, products, and services on biodiversity		N/A
304-3	Habitats protected or restored		N/A
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		N/A
GRI 305: EMISSIONS			
305-1	Direct (Scope 1) GHG emissions		-
305-2	Energy indirect (Scope 2) GHG emissions		-
305-3	Other indirect (Scope 3) GHG emissions		N/A
305-4	GHG emissions intensity		N/A
305-5	Reduction of GHG emissions		N/A
305-6	Emissions of ozone-depleting substances (ODS)		N/A
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions		-
GRI 306: EFFLUENTS AND WASTE			
306-1	Water discharge by quality and destination		N/A
306-2	Waste by type and disposal method		N/A
306-3	Significant spills		N/A
306-4	Transport of hazardous waste		N/A
306-5	Water bodies affected by water discharges and/or runoff		N/A
GRI 307: ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	No Non-Compliance	

Gri standards	Disclosure	Location/ explanation	Page number
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criteria		-
308-2	Negative environmental impacts in the supply chain and actions taken		-
GRI 401: EMPLOYMENT			
401-1	New employee hires and employee turnover		237-248
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		237-248
401-3	Parental leave		237-248
GRI 402: LABOR/MANAGEMENT RELATIONS			
402-1	Minimum notice periods regarding operational changes		-
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
403-1	Occupational health and safety management system		-
403-2	Hazard identification, risk assessment, and incident investigation		-
403-3	Occupational health services		
403-4	Worker participation, consultation, and communication on occupational health and safety		N/A
403-5	Worker training on occupational health and safety		237-248
403-6	Promotion of worker health		237-248
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	None	
403-8	Workers covered by an occupational health and safety management system	None	
403-9	Work-related injuries		
403-10	Work-related ill health		
GRI 404: TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee		240
404-2	Programmes for upgrading employee skills and transition assistance programmes		-
404-3	Percentage of employees receiving regular performance and career development reviews		-
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees		
405-2	Ratio of basic salary and remuneration of women to men		
GRI 406: NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken		
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		
GRI 408: CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labour		
GRI 409: FORCED OR COMPULSORY LABOR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour		
GRI 410: SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures		
GRI 411: RIGHTS OF INDIGENOUS PEOPLES			
411-1	Incidents of violations involving rights of indigenous peoples		

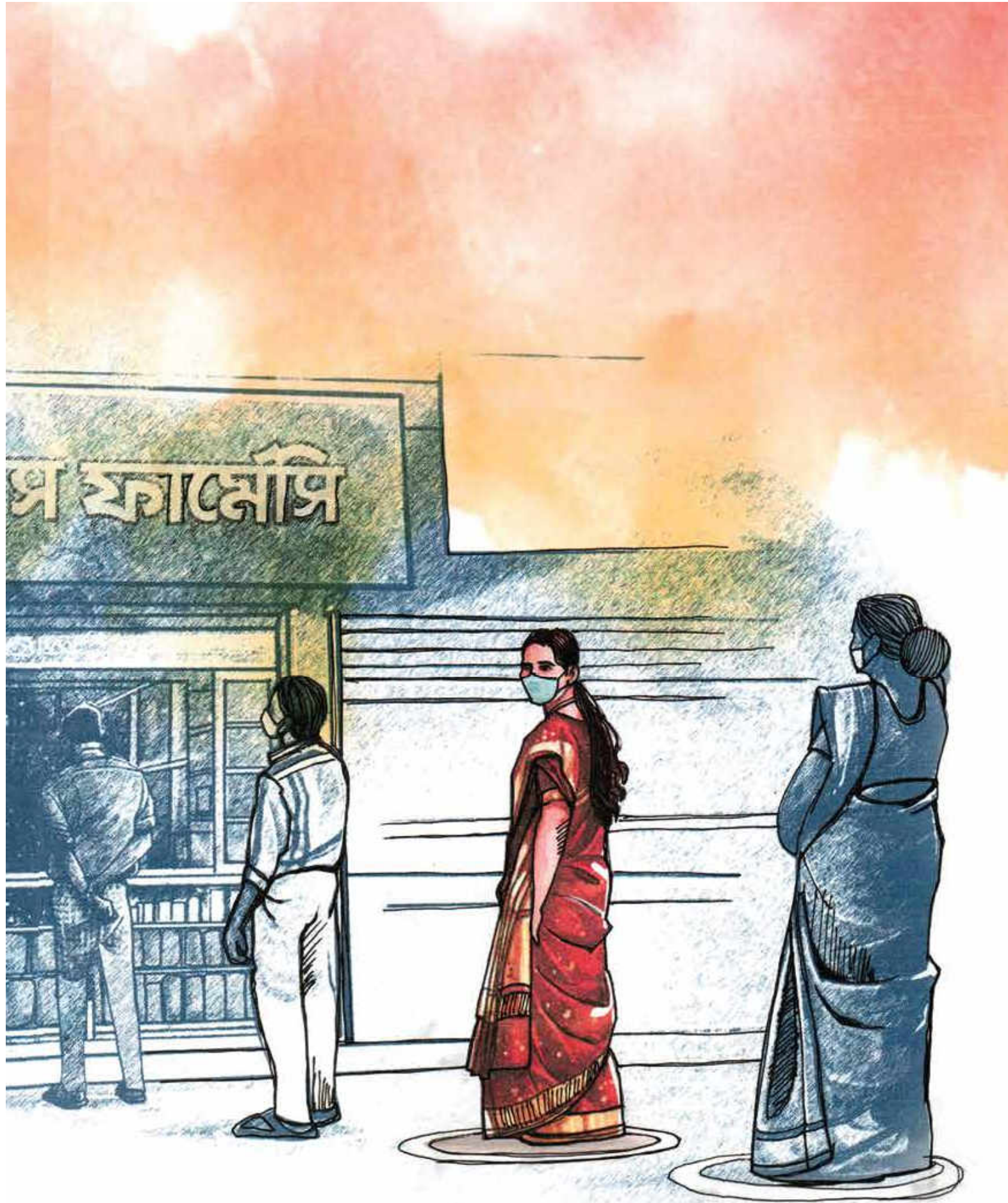
Gri standards	Disclosure	Location/ explanation	Page number
GRI 412: HUMAN RIGHTS ASSESSMENT			
412-1	Operations that have been subject to human rights reviews or impact assessments		-
412-2	Employee training on human rights policies or procedures		-
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		-
GRI 413: LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments, and development programs		-
413-2	Operations with significant actual and potential negative impacts on local communities		-
GRI 414: SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria		-
414-2	Negative Social and societal impacts in the supply chain and actions taken		-
GRI 415: PUBLIC POLICY			
415-1	Political contributions		-
GRI 416: CUSTOMER HEALTH AND SAFETY			
416-1	Assessment of the health and safety impacts of product and service categories		-
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		-
GRI 417: MARKETING AND LABELING			
417-1	Requirements for product and service information and labelling		-
417-2	Incidents of non-compliance concerning product and service information and labeling		-
417-3	Incidents of non-compliance concerning marketing communications		-
GRI 418: CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		-
GRI 419: SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area		-

MATERIALITY MAPPING

Topic	Relevancy					Materiality	
	Customer	Employees	Suppliers	Investors	Communities	Regulators	IPDC Stakeholders
GRI 200: Economic							
201 Economic performance				✓			High
202 Market presence	✓						High
203 Indirect economic impacts					✓	✓	Medium
204 Procurement practices			✓				Medium
205 Anti-corruption							High
206 Anti-competitive behavior	✓						High
207 Tax							High
GRI 300: Environmental							
301 Materials					✓		Low
302 Energy					✓		Medium
303 Water					✓		Medium
304 Biodiversity					✓		Low
305 Emissions					✓		Medium
306 Effluents and waste					✓		Low
307 Environmental compliance					✓	✓	Medium
308 Supplier environmental assessment			✓		✓		Medium
GRI 400: Social							
401 Employment		✓					High
402 Labour/management relations		✓				✓	Medium
403 Occupational health and safety		✓				✓	Medium
404 Training and education		✓					High
405 Diversity and equal opportunity		✓					High
406 Non-discrimination		✓					High
407 Freedom of association and collective bargaining							Medium
408 Child labour					✓	✓	Medium
409 Forced or compulsory labour	✓				✓	✓	Medium
410 Security practices				✓		✓	Low
411 Rights of indigenous people					✓		Low
412 Human rights assessment	✓				✓	✓	Medium
413 Local communities					✓		Medium
414 Supplier social assessment					✓	✓	Low
415 Public policy			✓				Medium
416 Customer health and safety	✓			✓			Low
417 Marketing and labelling	✓					✓	Low
418 Customer privacy	✓					✓	High
419 Socio-economic compliance				✓	✓	✓	High

MAKING **THE MARK**





Declaration by CEO and CFO

Date: 14 February 2021

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 on 31 December 2020

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 on 31 December 2020 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.

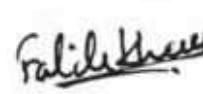
In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31 December 2020 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



Rahman Rahman Huq
Chartered Accountants

9 & 5 Mohakhal C/A
Dhaka 1212
Bangladesh

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Internet : www.kpmg.com/bd

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 2020 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 2020, 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 Note 2.

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 53,609,693,044 (2019: BDT 50,725,778,746) and provision for loans, advances and leases of BDT 1,278,452,535 (2019: BDT 800,312,932).	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 companies general and specific provisions;

Independent auditor's report (continued)**1. Measurement of provision for loans, advances and leases (continued)**

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
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.	- 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.

3. Interest income on loans and advances

See Notes 3.4, 3.5 and 22 to the financial statements.

The key audit matter	How the matter was addressed in our audit
Recognition of interest income has significant and wide influence on financial statements. Recognition and measurement of interest income has involvement of complex IT environment. We have identified recognition of interest income from loans and advances as a key audit matter because this is one of the key performance indicators of the Company and therefore there is an inherent risk of fraud and error in recognition of interest by management to meet specific targets or expectations.	We tested the design and operating effectiveness of key controls over recognition and measurement of interest on loans and advances. We performed test of operating effectiveness on automated control in place to measure and recognise interest income. We have also performed substantive procedure to check whether interest income is recognised completely and accurately. We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.

Independent auditor's report (continued)

Other Matter

The financial statements of IPDC Finance Limited for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on these financial statements on 23 February 2020.

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.

Independent auditor's report (continued)

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 1987, 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;

Independent auditor's report (continued)

- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1,425 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, 17 February 2021

DVC: 2102170509AS620010



Balance Sheet

As At 31 December 2020

Property and assets

Cash

In hand (including foreign currencies)
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)

Balance with other banks and financial institutions

Inside Bangladesh
Outside Bangladesh

Money at call and short notice

Investments

Government securities
Other investments

Loans, advances and leases

Loans, cash credits, overdrafts etc.
Bills purchased and discounted

Fixed assets including land, building, furniture and fixture

Other assets

Non banking assets

Total assets

Liabilities and capital

Liabilities

Borrowings from other banks, financial institutions and agents

Deposits and other accounts

Current accounts and other accounts
Bills payable
Savings deposits
Term deposits
Bearer certificate of deposits
Other deposits

Other liabilities

Total liabilities

Shareholders' equity

Paid up capital
Share premium
Statutory reserve
Revaluation reserve on govt. securities
Assets revaluation reserve
Retained earnings

Total shareholders' equity

Total liabilities and shareholders' equity

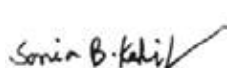
Note	2020	2019
	Taka	Taka
5	420,000	395,000
	615,138,625	901,983,717
	615,558,625	902,378,717
6	14,057,966,405	8,874,989,218
	-	-
	14,057,966,405	8,874,989,218
	-	-
7	3,471,349,057	-
	1,672,220,523	1,570,822,111
	5,143,569,580	1,570,822,111
8	53,609,693,044	50,725,778,746
	-	-
	53,609,693,044	50,725,778,746
9	776,576,142	787,574,658
10	1,762,316,958	1,536,803,435
11	3,752,405	3,752,405
	75,969,433,159	64,402,099,290
12	10,946,478,220	7,037,982,481
13	-	-
	-	-
	-	-
	52,456,341,963	46,361,357,299
	-	-
	-	-
	52,456,341,963	46,361,357,299
14	6,503,180,913	5,426,777,837
	69,906,001,096	58,826,117,617
15	3,710,915,470	3,534,205,210
16	402,627,680	402,627,680
17	804,068,582	662,955,660
	134,654,817	-
18	307,432,179	309,129,013
19	703,733,335	667,064,110
	6,063,432,063	5,575,981,673
	75,969,433,159	64,402,099,290

		2020	2019
Note	Taka	Taka	
Off-balance sheet items			
Contingent liabilities			
		-	-
Acceptances and endorsements		-	-
Letters of guarantee	20	49,404,949	81,148,614
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		49,404,949	81,148,614
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		49,404,949	81,148,614
Net Asset Value (NAV) per Share	43	16.34	15.03

The annexed notes from 1 to 48 and Annexure A, Annexure B and Annexure C are an integral part of these financial statements.



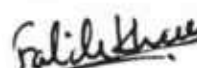
Chairman



Director



Managing Director & CEO



Chief Financial Officer



Company Secretary

As per our report of same date.



Auditor

Dhaka, 17 February 2021



Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC: 2102170509AS620010

Profit and Loss Account

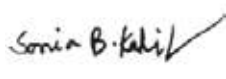
For the year ended 31 December 2020

Particulars	Note	2020	2019
		Taka	Taka
Interest income	22	6,902,297,687	6,715,949,423
Less: Interest paid on deposits and borrowings, etc.	23	4,885,297,253	4,773,189,684
Net interest income		2,017,000,434	1,942,759,739
Investment income	24	638,727,866	115,160,975
Commission, exchange and brokerage	25	108,377,072	78,227,182
Other operating income	26	65,689,929	29,550,807
Total operating income		2,829,795,301	2,165,698,703
Salary and allowances	28	679,085,443	552,779,741
Rent, taxes, insurance, electricity, etc.	29	25,607,916	24,291,154
Legal expenses	30	36,685,799	49,552,789
Postage, stamp, telecommunications, etc.	31	11,554,138	9,558,394
Stationery, printing, advertisements, etc.	32	102,726,750	120,504,963
Managing director's salary and allowances	33	13,695,000	13,695,000
Directors' fees	34	1,689,326	996,884
Auditors' fees	35	805,000	923,340
Charges on loan loss		-	-
Depreciation and repair of assets	36	165,593,369	120,189,972
Other expenses	37	112,768,275	88,822,928
Total operating expenses		1,150,211,016	981,315,165
Profit before provision		1,679,584,285	1,184,383,538
Provision for loans and advances	38	478,139,603	152,138,776
Provision/(reversal) for diminution in value of investments	39	23,394	10,126,672
Other provisions		-	28,500,000
Total provision		478,162,997	190,765,448
Profit before tax		1,201,421,288	993,618,090
Provision for taxation			
Current tax expense	14.4	500,253,085	431,255,239
Deferred tax expense/ (income)	40	(4,396,408)	(108,904)
		495,856,677	431,146,335
Net profit after tax		705,564,611	562,471,755
Appropriations			
Statutory reserve	17	141,112,922	112,494,351
General reserve		-	-
Proposed dividend		-	-
		141,112,922	112,494,351
Retained surplus		564,451,689	449,977,404
Earnings per share (EPS)	41	1.90	1.72

The annexed notes from 1 to 48 and Annexure A, Annexure B and Annexure 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, 17 February 2021




Auditor

Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC: 2102170509AS620010

Cash Flow Statement

For the year ended 31 December 2020

		2020	2019
	Note	Taka	Taka
A) Cash flows from operating activities			
Interest received		7,460,027,339	6,767,726,941
Interest paid		(5,140,619,965)	(4,115,460,182)
Dividend received		127,566,865	49,633,484
Fee and commission received		108,377,072	78,227,182
Recoveries of loan previously written off		63,128,215	28,562,370
Payment to employees		(682,159,086)	(566,474,741)
Payment to suppliers		(381,317,769)	(313,922,837)
Income taxes paid		(307,549,111)	(392,364,068)
Receipt from other operating activities		331,906,466	954,670
Payment for other operating activities		-	-
Cash generated from/(used in) operating activities before changes in operating assets and liabilities		1,579,360,026	1,536,882,820
Changes in operating assets and liabilities			
Statutory deposits		-	-
Sale of trading securities		-	-
Loans and advances to other banks		(15,360,299)	(602,801,254)
Loans and advances to customers		(2,868,553,999)	(5,797,704,489)
Other assets		30,271,729	(76,094,817)
Deposits from other banks and financial institutions		230,000,000	(2,674,868,739)
Deposits from customers		5,864,984,663	11,970,147,732
Other liability accounts of customers		-	-
Trading liabilities		2,807,296,815	(192,427,874)
Other liabilities		8,653,543	196,202,212
Cash received/(paid) from operating assets and liabilities		6,057,292,451	2,822,452,772
Net cash from operating activities		7,636,652,477	4,359,335,591
B) Cash flows from investing activities			
Proceeds from sale of securities		-	-
Payments for purchase of securities		(3,438,092,652)	(702,013,744)
Purchase of property, plant and equipment		(61,545,777)	(218,023,402)
Sale proceeds of property, plant and equipment		10,963,049	3,360,327
Net cash (used in)/ from investing activities		(3,488,675,380)	(916,676,819)
C) Cash flows from financing activities			
Receipts from issue of loan and debt securities		279,073,890	633,083,465
Payments for redemption of loan and debt securities		-	-
Receipts from issue of ordinary share		-	1,413,682,080
Receipts/(payments) of long term loan		822,125,035	680,436,103
Dividends paid in cash		(353,018,927)	(151,893,740)
Net cash (used in)/ from financing activities		748,179,998	2,575,307,908
D) Net increase in cash (A+B+C)		4,896,157,095	6,017,966,680
E) Effect of changes in exchange rate over cash and cash equivalents		-	-
F) Cash and cash equivalents at 1 January		9,777,367,935	3,759,401,255
G) Cash and cash equivalents at the end of the year (D+E+F)		14,673,525,030	9,777,367,935
Break down of cash and cash equivalents:			
Cash in hand		420,000	395,000
Balance with Bangladesh Bank and its agent bank(s)		615,138,625	901,983,717
Balance with other banks and financial institutions		14,057,966,405	8,874,989,218
		14,673,525,030	9,777,367,935
Net Operating Cashflow per Share (NOCFPS)	44	20.58	11.75

The annexed notes from 1 to 48 and Annexure A, Annexure B and Annexure C are an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2020

Particulars	Paid up capital	Share premium	Statutory reserve	Revaluation reserve on govt. securities	Assets revaluation reserve	Retained earnings	Total
	Taka	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 year 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 year	-	-	141,112,922	-	-	(141,112,922)	-
Balance as at 31 December 2020	3,710,915,470	402,627,680	804,068,582	134,654,817	307,432,179	703,733,335	6,063,432,063

Particulars	Paid up capital	Share premium	Statutory reserve	Revaluation reserve on govt. securities	Assets revaluation reserve	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2019	2,181,608,160	167,014,000	550,461,309	-	310,864,292	541,979,610	3,751,927,371
Surplus/(deficit) on account of revaluation of assets	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-
Transfer of revaluation reserve due to excess depreciation on building	-	-	-	-	(2,348,317)	2,348,317	-
Deferred tax liability	-	-	-	-	613,038	-	613,038
Currency translation differences	-	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	-	-
Net profit for the year ended 31 December 2019	-	-	-	-	-	562,471,755	562,471,755
Dividend	-	-	-	-	-	(152,712,571)	(152,712,571)
Issuance of bonus share	174,528,650	-	-	-	-	(174,528,650)	-
Issuance of share capital	1,178,068,400	235,613,680	-	-	-	-	-
Appropriation during the year	-	-	112,494,351	-	-	(112,494,351)	-
Balance as at 31 December 2019	3,534,205,210	402,627,680	662,955,660	-	309,129,013	667,064,110	5,575,981,673

The annexed notes from 1 to 48 and Annexure A, Annexure B and Annexure C are an integral part of these financial statements.

Liquidity Statement

(Assets and liabilities maturity analysis)
as at 31 December 2020

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)	615,558,625	-	-	-	-	615,558,625
Balance with other banks and financial institutions	8,650,314,083	3,442,092,500	1,965,559,822	-	-	14,057,966,405
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	-	1,283,442,655	3,860,126,925	5,143,569,580
Loans and advances	3,170,008,724	9,886,735,878	12,673,135,650	21,471,744,380	6,408,068,413	53,609,693,044
Fixed assets including land, building, furniture and fixture	-	-	-	-	776,576,142	776,576,142
Other assets	-	-	-	-	1,762,316,958	1,762,316,958
Non banking assets	-	-	-	-	3,752,405	3,752,405
Total assets	12,435,881,432	13,328,828,378	14,638,695,472	22,755,187,035	12,810,840,843	75,969,433,159
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	4,564,650,270	856,638,188	1,888,183,823	3,637,005,939	-	10,946,478,220
Deposits	6,638,244,367	11,569,026,413	11,470,056,422	7,127,922,796	15,651,091,966	52,456,341,963
Other accounts	-	-	-	-	-	-
Provision and other liabilities	831,597,550	473,508,333	811,037,910	362,728,285	4,024,308,834	6,503,180,913
Total liabilities	12,034,492,186	12,899,172,934	14,169,278,155	11,127,657,020	19,675,400,800	69,906,001,096
Net liquidity gap	401,389,246	429,655,443	469,417,316	11,627,530,015	(6,864,559,957)	6,063,432,063

Notes to the financial statements

As at and for the year ended 31 December 2020

1 Reporting entity

1.1 Company profile

With a mandate to promote economic growth in the country, IPDC Finance Limited (Formerly known as Industrial Promotion and Development Company of Bangladesh Limited) hereinafter also referred as "IPDC" or the "Company" was incorporated in Bangladesh in 1981 as the premier private sector long term lending institution with the Registrar of Joint Stock Companies and Firms, Dhaka. The Company also registered itself 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 became a listed company on 3 December 2006 with both the Dhaka Stock Exchange and the Chittagong Stock Exchange in Bangladesh. The Company has twelve branch offices located at Gulshan, Dhanmondi, Motijheel, Uttara, Chattogram, Narayanganj, Bogura, Gazipur, Sylhet, Cumilla, Mymensingh and Jashore.

1.2 Nature of business of the Company

The Company specialises in providing long term and short term financing, project financing, lease financing, supply chain finance, work order finance, mortgage finance, equity financing, syndication finance and Small & Medium Enterprises (SME), asset backed securitisation and related consultancies. The Company also started retail business to increase its activities in retail segment including consumer white goods financing.

2 Basis of preparation

2.1 Statement of compliance

The Financial Reporting Council (FRC) was formed as per Financial Reporting Act, 2015. FRC adopted the International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board (IASB) which need to be followed by public interest entities in preparing their financial statements. The Financial Institutions Act, 1993 has been amended as required to comply for the preparation of their 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 1987. In case of any requirement of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank, which differ with those 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 has authorised these financial statements on 17 February 2021.

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 a single Other Comprehensive Income statement.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which has been followed by all NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement.	Presentation of financial statements is not fully aligned with all requirements of IAS.
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.	As per DFIM Circular-11, Date-23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non current segmentation 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"	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular-11, Date-23 December 2009, off balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
4.	Non banking assets	IAS 1 "Presentation of Financial Statements"	There is no concept of non financial institutional assets items in any IFRS; hence there is no requirement for disclosure of non banking assets items on the face of the balance sheet.	As per DFIM Circular-11, Date-23 December 2009, non banking assets must be disclosed separately on the face of the balance sheet.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.

S.L	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
5.	Complete set of financial statements	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) 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, Date-23 December 2009, complete set of financial statements are 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 the IAS 1. There is no financial impact for this departure in the financial statements.
6.	Intangible asset	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" para 54 the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular-11, Date-23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure- A as separate line item.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
7.	Presentation of cash and cash equivalent	IAS 7 "Statement of Cash Flows"	Cash equivalent 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 should 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 has been followed by NBFIs. The templates of financial statements provided detail of presentation of statement cash flows.	Presentation of financial statements is not fully aligned with the requirements of IAS. Thus items which should be presented as "investment activities-Balance with Bangladesh Bank (BB)" as per IAS is shown as cash & cash equivalent.
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 478.16 million and deferred tax assets of BDT 179.31 not recognised on this temporary difference as per BB circular.
9.	Preparation of "Statement of Cash Flows"	IAS 7 "Statement of Cash Flows"	The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per DFIM Circular-11, Date-23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Presentation of financial statements is not fully aligned with all requirements of the IAS.

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"	IFRS: As per IFRS 9 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 FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013, 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 2020 has been determined as per DFIM Circular No. 01: Regarding Loan/Lease/Advance Classification for Financial Institutions Dated 24 March 2020" which came into effect in response to Covid-19 outbreak. The circular prevents any loan account from being downgraded from its classification status on 1 January 2020. Subsequently Bangladesh Bank issued related circulars which extended the loan moratorium period upto 31 December 2020. 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 the year 2020 equivalent to BDT 478.14 million as per Bangladesh Bank guidelines. Also, as at 31 December 2020, accumulated provision for lease, loan and advances stand at BDT 1,278.45 million.
11.	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	As per requirements of IFRS 9: 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 year-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 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 only.	During this year there is no impact in the financial statements due to this departure as the net assets value is higher than cost for all unlisted equity investment and full provision was kept as required for the listed equity investment.

S.L	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
12.	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 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 FID circular No. 03, dated 03 May 2006, 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 506.92 million from BDT 188.74 million resulting in increase of BDT 318.17 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 IFRS.

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (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 that have the most significant effects on the amounts recognised in the financial statements 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 Provision for gratuity
- d) Note 14.4 Provision for corporate tax
- e) Note 14.8 Payable for expenses
- f) Note 14.9 Deferred tax liabilities
- g) Note 18 Assets revaluation reserve
- h) Note 20 Contingent liabilities
- i) 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.

2.7 Branch accounting

The Company has twelve branches, having no overseas branch as at 31 December 2020. 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 2020 as in financial statements for 2019.

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 replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Requirement of IFRS 16 lease is effective from annual reporting periods beginning on or after 1 January 2019. IPDC Finance Limited has sixteen contract (as of December 31, 2020) for renting premises which were classified as operating lease under IAS 17 Leases. As per para C5(b) of IFRS 16: Lease, the Company has taken the decision to apply IFRS 16 retrospectively with the cumulative effect of initially applying the standards recognised at the date of initial application (1 January 2019).

Particulars	2020	2019
	Taka	Taka
Depreciation charge for right-of-use assets by class of underlying asset	31,181,626	25,625,712
Interest expense on lease liabilities *	6,085,786	7,992,299
Total cash outflow for leases	34,819,987	26,809,442
Additions to right-of-use assets	51,042,893	106,968,949
Carrying amount of right-of-use assets at the end of the period	95,132,309	80,376,221
* Interest expense on lease liabilities	9,023,459	7,992,299
Less: Concession	(2,937,673)	-
	6,085,786	7,992,299

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. Investment in equity is classified broadly in three categories and investment in government securities is classified into held for trading and held to maturity.

3.3.1 Investment in equity

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

3.3.2.1 Held to maturity

Investments classified as 'held to maturity' are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the intention and ability to hold to maturity. Where the Company want to sell other than an insignificant amount of such assets, the entire category would be reclassified as held for trading.

3.3.2.2 Held for trading

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short term trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any changes in fair value is recognised in the profit and loss account for the period in which it arises.

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. Penal interest is recognised on cash basis as and when it is realised from the client.

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 etc. 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 only when it increases the future economic benefit from the assets. 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

The carrying amount of the entity's non financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. However, no such conditions that might be suggestive of a heightened risk of impairment existed at the reporting date.

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. 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 softwares are amortised within five years of acquisition.

3.8 Borrowing costs

All 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. FID circular no. 08 dated 3 August 2002 and FID circular no. 03 dated 3 May 2006 as the bases for calculating the provision for loans, advances and investments.

3.11.1 Write off of loans, advances and investments

In compliance with Bangladesh Bank DFIM circular no. 3 dated 8 April 2015, loans, advances and investment are written off to the extent that (i) there is 100% provision is maintained (ii) against which legal cases are pending and (iii) prior approval of board is required for write off. 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 an funded gratuity scheme for its permanent employees. Employees are entitled to gratuity benefit after completion of six month 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 up to ten year and one & half month basic pay for more than ten years. The Company has provided for the same in the financial statements accordingly.

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.

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 risk 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 2020, the company sets aside Tk. 7.00 million charging its profit and loss account over the periods to cover unrealised loss against quoted securities relating to Bangladesh Electricity Meter Co. Ltd.

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 with sufficient reliability.

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 instruction
- e) Other assets are on the basis of Bangladesh Bank instruction
- 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 and expected attrition rate which is based on the past behavioral analysis of the customers.
- 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 to these financial statements.

4.11 Comparatives and reclassification

Comparative information have been disclosed in respect of 2019 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 component of financial statements

The financial statements of the Company include the following components:

- i) Balance sheet as at 31 December 2020
- ii) Profit and loss account for the year ended 31 December 2020
- iii) Cash flow statement for the year ended 31 December 2020
- iv) Statement of changes in equity for the year ended 31 December 2020
- v) Notes to the financial statements as at and for the year ended 31 December 2020

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.

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	Not applicable
Financial instruments	IFRS-8	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
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue from Contracts with Customers	IFRS-15	Applied with some departures
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 2020 have been considered. However, these amendments have no material impact on the financial statements of the Company.

		2020	2019
	Note	Taka	Taka
5. Cash			
Cash in hand (including foreign currencies)	5.1	420,000	395,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	5.2	615,138,625	901,983,717
		615,558,625	902,378,717
5.1 Cash in hand			
In local currency		420,000	395,000
In foreign currency		-	-
		420,000	395,000
5.2 Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)			
Bangladesh Bank			
In local currency		615,138,625	901,983,717
In foreign currency		-	-
		615,138,625	901,983,717
Sonali Bank Limited (as an agent of Bangladesh Bank)		-	-
		615,138,625	901,983,717

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% (2.5% in 2019) 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% (in 2019 2.50%) of Term Deposits other than deposit taken from banks and financial institutions.

Required reserve 1.5 % (in 2019 2.5%)	632,942,540	838,559,310
Actual reserve maintained (Dec'20: 1.52%, Dec'19: 2.69%)	642,053,266	901,163,065
Surplus/(deficit)	9,110,726	62,603,755

Statutory Liquidity Reserve (SLR)

The Company requires to maintain SLR equivalent to 5% of total liability including 1.50% (2.50% in 2019) of CRR and excluding loans and deposits taken from banks and financial institutions.

Required reserve (5%)		2,344,570,595	1,886,935,179
Actual reserve maintained (Dec'20: 27.55%, Dec'19: 23.19%)	5.3.1	12,916,727,071	8,749,736,298
Surplus		10,572,156,476	6,862,801,119
Total surplus		10,581,267,202	6,925,404,874

5.3.1 Actual reserve maintained- including CRR

		2020	2019
	Note	Taka	Taka
Cash in hand		395,000	395,000
AB Bank Limited		176,827,063	476,788,894
Prime Bank Limited		584,137,050	106,618,686
BRAC Bank Limited		6,345,369	13,831,942
Mercantile Bank Limited		241,671,342	21,223,888
Eastern Bank Limited		5,081,433	382,718
Dutch Bangla Bank Limited		15,481,013	7,255,834
Dhaka Bank Limited		2,717,396,202	2,473,322,839
United Commercial Bank Limited		1,988,476	3,887,797
Standard Chartered Bank		29,764	30,454
NRB Bank Limited		719,735,283	279,999,820
EXIM Bank Limited		620,357,512	495,000,000
National Bank of Pakistan		-	14,500,000
Standard Bank Limited		790,000,000	490,000,000
Jamuna Bank Limited		100,000,000	1,000,000,000
Modhumoti Bank Limited		100,797,052	94,490
One Bank Limited		589,626,145	911,694,622
Social Islami Bank Limited		1,000,000,000	750,000,000
Meghna Bank Limited		400,000,000	200,000,000
NRB Commercial Bank Limited		450,000,000	150,000,000
SBAC Bank Limited		-	250,000,000
Uttara Bank Limited		500,000,000	-
Uttara Finance Limited		250,000,000	250,000,000
BD Finance limited		50,000,000	-
IFIC Bank Limited		500,000,000	-
Balance with Bangladesh Bank		892,358,772	854,709,314
Community Bank Bangladesh limited		99,595	-
Unencumbered Bangladesh Treasury Bond		2,204,400,000	-
		12,916,727,071	8,749,736,298

6. Balance with other banks and financial institutions

Inside Bangladesh	6.1	14,057,966,405	8,874,989,218
Outside Bangladesh		-	-
		14,057,966,405	8,874,989,218

6.1 Inside Bangladesh

In current deposit accounts with

United Commercial Bank Limited
AB Bank Limited
Standard Chartered Bank Limited
Prime Bank Limited
Eastern Bank Limited
Mutual Trust Bank Limited
Basic Bank Limited
One Bank Limited
BRAC Bank Limited
Dhaka Bank Limited
Woori Bank Limited

2020	2019
Taka	Taka
2,575,203	762,559
77,002	5,485,136
262	-
63,495,985	100,445,343
659,038	7,694,741
-	10,180,043
20,001	10,001
96,636	278,260
110,111	34,834,892
-	167,280,409
58,339	-

67,092,578	326,971,384
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Short term deposit accounts with

Dutch Bangla Bank Limited
Prime Bank Limited
AB Bank Limited
Standard Chartered Bank Limited
Mercantile Bank Limited
BRAC Bank Limited
Dhaka Bank Limited
United Commercial Bank Limited
Eastern Bank Limited
One Bank Limited
NRB Bank Limited
Community Bank Bangladesh Limited

25,130,288
3,913,729
1,827,063
29,764
10,771,180
1,397,141
11,465,005
894,466
9,999,776
897,294,253
517,281,882
300,058,991

1,780,063,538	1,063,240,637
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Short term placement

Peoples Leasing and Financial Service Limited
Brac Bank Limited
International Leasing and Financial Service Limited

28,500,000
200,000,000
11,686,414

240,186,414	41,400,000
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Short term deposit accounts (in foreign currency) with

AB Bank Limited

1,367

1,367	1,367
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Fixed deposit accounts with

Prime Bank Limited
Dhaka Bank Limited
AB Bank Limited
NRB Commercial Bank Limited
NRB Bank Limited
EXIM Bank Limited
Social Islami Bank Limited

7,394,008
6,466,073,237
175,000,000
450,000,000
200,000,000
620,262,764
1,000,000,000

102,802,593
2,466,073,237
475,000,000
150,000,000
-
495,000,000
750,000,000

		2020	2019
	Note	Taka	Taka
Jamuna Bank Limited		400,000,000	1,250,000,000
South Bangla Agriculture and Commerce Bank Limited		-	250,000,000
National Bank of Pakistan Limited		-	14,500,000
One Bank Limited		250,000,000	250,000,000
Standard Bank Limited		790,630,000	490,000,000
Meghna Bank Limited		400,000,000	400,000,000
Uttara Bank Limited		500,000,000	-
Uttara Finance Limited		150,000,000	350,000,000
Mercantile Bank Limited		9,800,000	-
IFIC Bank Limited		501,462,500	-
BD Finance Limited		50,000,000	-
		11,970,622,509	7,443,375,830
Total		14,057,966,405	8,874,989,218
6.2 Maturity grouping of balance with other banks and financial institutions			
<u>Repayable:</u>			
On demand		-	-
Within one month		8,650,314,083	1,854,642,005
Within one to three months		3,442,092,500	3,339,500,000
Within three months to one year		1,965,559,822	3,680,847,214
Within one to five years		-	-
More than five years		-	-
		14,057,966,405	8,874,989,218
7. Investments			
Government securities	7.1	3,471,349,057	-
Other investments	7.2	1,672,220,523	1,570,822,111
		5,143,569,580	1,570,822,111
7.1 Government securities			
Treasury Bond		3,471,349,057	-
National investment bond		-	-
Bangladesh bank bill		-	-
Government notes/bond		-	-
Others		-	-
		3,471,349,057	-
7.2 Other investments			
In ordinary shares:			
Quoted		106,059,047	7,000,000
Unquoted		4,500,000	4,500,000
		110,559,047	11,500,000
Redeemable preference shares		1,274,666,667	1,257,000,000
Investment in shares		1,385,225,714	1,268,500,000
Investment in corporate bond		286,994,809	302,322,111
		1,672,220,523	1,570,822,111

	2020		2019	
	Cost	Market value	Cost	Market value
	Taka	Taka	Taka	Taka
In ordinary shares - quoted				
Bangladesh Electricity Meter Co. Ltd.	7,000,000	4,305,000	7,000,000	4,305,000
BRAC Bank Limited	46,536,751	47,622,500	-	-
Square Pharmaceuticals Limited	19,368,306	20,742,750	-	-
British American Tobacco Bangladesh	16,514,964	17,712,000	-	-
Grameenphone	16,639,027	17,355,000	-	-
	106,059,047	107,737,250	7,000,000	4,305,000
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	88,000,000	88,000,000	108,000,000	108,000,000
Summit Narayanganj Power Unit II Limited	96,000,000	96,000,000	120,000,000	120,000,000
Ace Alliance Power Limited	166,666,667	166,666,667	200,000,000	200,000,000
Confidence Power Rangpur Limited	200,000,000	200,000,000	200,000,000	200,000,000
Confidence Power Bogra Unit-2 Limited	75,000,000	75,000,000	75,000,000	75,000,000
Summit LNG Terminal Co. (Pvt.) Ltd.	200,000,000	200,000,000	200,000,000	200,000,000
Summit Gazipur II Power Limited	350,000,000	350,000,000	350,000,000	350,000,000
Confidence Power Bogra Limited	95,000,000	95,000,000	-	-
	1,274,666,667	1,274,666,667	1,257,000,000	1,257,000,000
In corporate bonds				
Impress Newtex Composite Textiles Limited	140,000,000	140,000,000	126,126,126	126,126,126
Golden Harvest Agro Industries Limited	99,587,500	99,587,500	105,337,500	105,337,500
Paramount Textile Limited	47,407,309	47,407,309	70,858,485	70,858,485
	286,994,809	286,994,809	302,322,111	302,322,111
	1,672,220,523	1,673,898,726	1,570,822,111	1,568,127,111

Unquoted shares are primarily recognised at cost. Adequate provision has been maintained against the unquoted shares whose book value is lower than the cost.

7.3 Maturity grouping of investments

Repayable:

On demand

Within one month

Within one to three months

Within three months to one year

Within one to five years

More than five years

Note	2020	2019
	Taka	Taka
	-	-
	-	-
	-	-
	-	4,375,000
	1,283,442,655	1,339,705,528
	3,860,126,925	226,741,583
	5,143,569,580	1,570,822,111

		2020	2019
	Note	Taka	Taka
8. Loans, advances and leases			
Loans, cash credits, overdrafts, etc.	8.1	53,609,693,044	50,725,778,746
Bills purchased and discounted		-	-
		53,609,693,044	50,725,778,746
8.1 Loans, cash credits, overdrafts, etc.			
In Bangladesh:			
Long term loan		18,618,296,936	18,121,196,528
Lease finance		5,896,315,851	5,945,086,453
Short term loan		13,910,113,885	12,603,658,841
Channel finance		2,899,620,650	2,700,498,076
Mortgage finance		8,497,424,057	7,792,685,576
Auto loan		2,942,087,989	2,806,361,487
Secured retail loan		427,613,371	360,778,387
Personal loan		254,334,181	220,548,741
Staff loan		124,318,984	131,347,470
Consumer White Goods Finance		39,567,140	43,617,187
		53,609,693,044	50,725,778,746
Outside Bangladesh		-	-
		53,609,693,044	50,725,778,746
Gross lease receivables		6,503,077,147	6,900,427,315
Less: Unearned lease interest income		1,112,579,513	1,299,409,495
Net lease receivables		5,390,497,634	5,601,017,819
Add: Overdue lease rentals		505,818,217	344,068,634
		5,896,315,851	5,945,086,453
8.2 a) Net loans and advances including bills purchased and discounted			
Total loans and advances receivables	8	53,609,693,044	50,725,778,746
Less: Provision against loans and advances (specific and general)	8.9(b)	1,278,452,535	800,312,932
Less: Cumulative balance of interest suspense	14.2	492,772,792	185,635,094
		51,838,467,717	49,739,830,720
b) Rate of net classified loans and advances			
Gross loans and advances		53,609,693,044	50,725,778,746
Classified loans and advances		741,997,199	795,761,575
Unclassified loans and advances		52,867,695,845	49,930,017,170
Total provision		1,278,452,535	800,312,932
Interest suspense		492,772,792	185,635,094
Total provision and interest suspense		1,771,225,327	985,948,026
Net classified loans and advances		(1,029,228,128)	(190,186,451)
Rate of classified loans and advances		1.38%	1.57%
Rate of net classified loans and advances		-1.92%	-0.37%

		2020	2019
	Note	Taka	Taka
8.3 Residual maturity grouping of loans and advances including bills purchased and discounted			
Repayable:			
On demand		-	-
Up to one month		3,170,008,724	1,848,045,539
More than one month but less than three months		9,886,735,878	7,916,375,261
More than three months but less than one year		12,673,135,650	13,604,785,776
More than one year but less than five years		21,471,744,380	20,490,075,101
More than five years		6,408,068,413	6,866,497,069
		53,609,693,044	50,725,778,746
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		53,609,693,044	50,725,778,746
Cash credit		-	-
Secured overdraft		-	-
		53,609,693,044	50,725,778,746
Outside Bangladesh		-	-
		53,609,693,044	50,725,778,746
Bills purchased and discounted			
Payable in Bangladesh		-	-
Payable outside Bangladesh		-	-
		-	-
		53,609,693,044	50,725,778,746
8.5 Loans and advances including bills purchased discounted on the basis of significant concentration			
Loans and advances to the allied concerns of the directors			
<u>Advances to Chief Executive and other Senior Executives</u>			
Managing Director & CEO		5,101,223	12,335,416
Senior Executives (Senior Manager & above)		18,929,668	86,367,479
Other staffs		100,288,093	39,029,397
		124,318,984	137,732,292
<u>Advances to customers' group</u>			
Agricultural		7,624,526,670	6,943,618,137
Large corporate		26,733,313,254	26,572,037,042
Small and medium enterprise		7,146,336,831	5,898,271,379
Retail		11,981,197,305	11,174,119,896
Others		-	-
		53,485,374,060	50,588,046,454
		53,609,693,044	50,725,778,746

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 2020 was Taka 6,063.43 million against that of Taka 5,575.98 as at 31 December 2019.

	2020	2019
Note	Taka	Taka
Number of client to whom loans and advances sanctioned with more than 15% of the Company's total capital each	2	3
Amount of outstanding loans and advances [to the client as mentioned above]	1,867,842,032	2,960,355,201
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		
Agro-based industries	4,631,740,168	3,942,949,577
Banks and non-banking financial institutions	678,206,697	662,846,397
Chemicals, pharmaceuticals and allied products	2,539,003,533	2,679,653,138
Engineering and building materials	3,745,232,899	4,006,263,373
Food and allied products	3,151,505,392	3,000,668,560
Glass, ceramic and other non-metallic products	683,304,449	183,111,979
Hotel, tourism and leisure	71,137,612	79,897,982
Information and communication technologies	1,171,326,656	1,033,687,840
Paper converting and packaging, printing and publishing	1,977,813,700	2,045,053,667
Ready made garments and knitwear	4,913,882,886	4,957,940,369
Social sector	1,411,913,555	1,200,763,202
Tannery, leather and rubber products	438,589,320	482,242,892
Textile	2,818,426,170	2,454,960,131
Transport and aviation	1,850,826,275	1,813,374,908
Others	23,526,783,733	22,182,364,730
	53,609,693,044	50,725,778,746

8.7 Geographical location-wise loans and advances including bills purchased and discounted

Dhaka Division
Chittagong Division
Khulna Division
Rangpur Division
Rajshahi Division
Sylhet Division
Barisal Division
Mymensingh Division

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
Other public sector
Private sector

8.9 a) Classification of loans and advances including bills purchased and discounted

Unclassified loans and advances

Standard-Non SME (including staff loan)
Standard-SME
Special mention account

Total unclassified loans and advances**Classified loans and advances**

Substandard
Doubtful
Bad/loss

Total classified loans and advances**Total loans and advances**

	2020	2019
Note	Taka	Taka
	41,338,077,291	40,008,791,471
	7,560,833,439	6,850,865,587
	1,248,983,327	988,843,331
	1,064,644,282	1,207,209,496
	1,219,524,026	867,020,372
	477,778,749	372,978,725
	103,512,373	20,228,505
	596,339,557	409,841,259
	53,609,693,044	50,725,778,746
	-	-
	678,206,697	635,488,397
	-	-
	52,931,486,348	50,090,290,349
	53,609,693,044	50,725,778,746
	43,909,507,648	42,451,597,346
	8,726,547,363	6,827,583,924
	231,640,834	650,835,901
	52,867,695,845	49,930,017,170
	118,117,824	172,555,661
	420,581,462	432,682,098
	203,297,913	190,523,816
	741,997,199	795,761,575
	53,609,693,044	50,725,778,746

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 2020	Base for provision	Percentage (%) of provision required as per Bangladesh Bank's directives	31 December 2020	31 December 2019
	Taka	Taka		Taka	Taka
Unclassified loans and advances					
General provision					
Standard-Non SME (including staff loans)	43,909,507,648	43,909,507,648	1.0%	439,095,076	424,515,973
Standard- SME	8,726,547,363	8,726,547,363	0.25%	21,816,368	17,068,960
Special mentioned account	231,640,834	187,660,385	5.0%	9,383,019	30,075,313
	52,867,695,845	52,823,715,396		470,294,463	471,660,246
Specific provision					
Sub-standard	118,117,824	49,416,306	20%	9,883,261	19,754,851
Doubtful	420,581,462	221,530,882	50%	110,765,441	122,230,058
Bad/loss	203,297,913	93,952,284	100%	93,952,284	85,997,975
	741,997,199	364,899,471		214,600,986	227,982,884
Total provision required				684,895,449	699,643,130
Additional provision required as per regulator requirement *				65,319,929	-
Total provision maintained				1,278,452,535	800,312,932
Total provision surplus				528,237,156	100,669,802

* In reference to the letters issues by Bangladesh Bank with reference number DFIM(C) 1054/21/2020-76 Dated 7 January 2020, DFIM(C) 1054/21/2020/1488 Dated 3 September 2020 and DFIM(C) 1054/21/2020/1570 Dated 10 September 2020 regarding reschedule of a loan accounts, the provision associated with the loan accounts is not to be released after rescheduling of the account. Accordingly, additional provision as per regulatory requirement amounting to BDT 65,319,929 has been kept.

8.10 Particulars of loans and advances including purchased and discounted

Loans considered good in respect of which the Company is fully secured

Loans considered good for which the Company holds no other security other than the debtor's personal guarantee

Loans considered good and secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors

Loans adversely classified; provision not maintained there against

Loans due by directors or officers of the Company or any of them either separately or jointly with any other persons *

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*

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 (NBFI)s

Amount of classified loans and advances on which interest has not been charged to profit & loss account

(Decrease)/increase in specific provision

Amount of loan and advances written off during the year

Amount realised against loans and advances previously written off

Amount of provision kept against loans and advances classified as bad/loss on the date of preparing the balance sheet

Interest creditable to the interest suspense account during the year

Note	2020	2019
	Taka	Taka
	18,123,412,042	12,594,365,371
	14,416,659,289	17,458,596,750
	21,069,621,713	20,672,816,624
	-	-
	53,609,693,044	50,725,778,746
	124,318,984	131,347,470
	-	-
	40,815,910	131,347,470
	-	-
	674,923,939	662,171,513
	741,997,200	795,761,575
	(13,381,898)	33,742,286
	-	-
	63,128,215	40,653,150
	93,952,284	85,997,975
	506,916,132	185,437,877

* Amount represents loans to employees of the Company only.

		2020	2019
	Note	Taka	Taka
8.11 a) Cumulative amount of written off loan			
Opening balance		406,656,204	447,309,354
Add: Amount written off during the year		-	-
		406,656,204	447,309,354
Less: Adjustment/recovered during the year		63,128,215	40,653,150
Closing balance		343,527,989	406,656,204
b) Amount of written off loan for which lawsuit has been filed for its recovery		343,527,989	406,656,204
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		79,748,357	85,289,215
Furniture and fixture		83,019,423	77,676,494
Equipment and appliances		223,391,101	204,159,323
Software		173,871,850	173,871,850
ROU-Assets for lease rent		149,361,198	106,001,933
		1,079,301,728	1,016,908,615
Less: Accumulated depreciation and amortisation		331,449,711	229,333,957
		747,852,017	787,574,658
Capital work in progress		28,724,125	-
		776,576,142	787,574,658
Details are shown in Annexure - A			
10. Other assets			
<u>Non-income generating other assets</u>			
Stationery, stamps, printing materials in stock		687,639	1,021,005
Advance rent and advertisement		311,343	2,466,883
Accrued interest, commission, brokerage, and other income receivables		175,108,820	234,528,423
Security deposits		9,842,276	7,174,477
Prepaid expenses		992,793	1,144,514
Others	10.1	1,575,374,086	1,290,468,133
		1,762,316,958	1,536,803,435
10.1 Others			
Advance tax	10.1.1	1,464,059,068	1,156,509,957
Deferred tax assets	10.1.2	3,983,009	-
Sundry assets	10.1.3	107,332,009	133,958,176
		1,575,374,086	1,290,468,133

	2020	2019
Note	Taka	Taka
10.1.1 Advance tax		
Opening balance	1,156,509,957	764,145,889
Payment made during the year	307,549,111	392,364,068
	1,464,059,068	1,156,509,957
Adjustment made during the year	-	-
	1,464,059,068	1,156,509,957

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 by the third parties and tax paid under section 74 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:

Deductible temporary differences

Carrying amount of gratuity provision	10,621,357	-
Tax base	-	-
	10,621,357	-
Tax rate	37.50%	37.50%
Deferred tax assets	3,983,009	-

Movement of deferred tax assets is as follows:

Opening balance	-	-
Credited/ (debited) to profit and loss account during the period	3,983,009	-
Closing balance	3,983,009	-

10.1.3 Sundry assets

City corporation tax	124,740	124,740
Hosna Centre Owners' Society	677,067	677,067
Advances and other receivable	106,530,202	133,156,369
	107,332,009	133,958,176
	3,752,405	3,752,405

11. Non banking assets

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

In Bangladesh	10,946,478,220	7,037,982,481
Outside Bangladesh	-	-
	10,946,478,220	7,037,982,481

12.1

Long term loan

Borrowing under Refinance Project
SABINCO

UBICO
BASIC Bank Limited

Total long term loan

Lankan Alliance Finance Limited
Eastern Bank Limited
Community Bank Bangladesh Limited
NRB Bank Limited
Agrani Bank Limited
SBAC Bank Limited

Eastern Bank Limited
Standard Chartered Bank
Bank Alfalah Limited

Total short term loan

Zero Coupon Bond

Subordinated Bonds

Prime Bank Limited
Dhaka Bank Limited
Standard Chartered Bank Limited
Dutch Bangla Bank Limited
Woori Bank Limited
Bank Alfalah Limited
One Bank Limited
Mutual Trust Bank Limited

	2020	2019
Note	Taka	Taka
	3,072,771,051	2,118,766,957
	70,903,980	135,322,813
	3,143,675,031	2,254,089,770
	19,770,293	37,681,206
	131,160,525	180,709,838
	150,930,818	218,391,044
	3,294,605,849	2,472,480,814
	50,000,000	50,000,000
	450,000,000	-
	300,000,000	50,000,000
	400,000,000	-
	500,000,000	-
	500,000,000	-
	2,200,000,000	100,000,000
	-	490,000,000
	600,000,000	990,000,000
	179,000,000	-
	779,000,000	1,480,000,000
	2,979,000,000	1,580,000,000
	459,915,662	640,385,472
	459,915,662	640,385,472
	960,000,000	1,000,000,000
	960,000,000	1,000,000,000
	-	146,464,236
	332,348,280	203,455,775
	307,445	74,709,077
	-	-
	-	162,805,164
	184,806	180,158,826
	-	-
	200,053,950	210,208,917

	2020	2019
Note	Taka	Taka
Mercantile Bank Limited	18,311	12,981,789
BRAC Bank Limited	-	3,473,550
Modhumoti Bank Limited	33,325	97,955,302
United Commercial Bank Limited	-	2,903,559
Uttara Bank Limited	400,466,892	-
	933,413,009	1,095,116,195
Money at call and short notice		
<u>Unsecured</u>		
Sonali Bank Limited	150,000,000	190,000,000
United Commercial Bank Limited	290,000,000	60,000,000
Trust Bank Limited	90,000,000	-
United Finance Limited	220,000,000	-
Agrani Bank Limited	250,000,000	-
Janata Bank Limited	50,000,000	-
Mutual Trust Bank Limited	200,000,000	-
Pubali Bank Limited	190,000,000	-
National Credit and Commerce Bank Limited	380,000,000	-
	1,820,000,000	250,000,000
Repo borrowing		
Agrani Bank Limited	499,543,700	-
Bangladesh Bank	-	-
	499,543,700	-
	10,946,478,220	7,037,982,481
12.2 Security against borrowings from other banks and financial institutions		
Secured	2,362,887,527	2,793,507,239
Unsecured	8,583,590,693	4,244,475,242
	10,946,478,220	7,037,982,481

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 in against Fixed Deposit Receipt.

12.3 Residual maturity grouping of borrowings from other banks, financial institutions and agents

Repayable:

On demand	2,319,543,700	250,000,000
Within one month	2,245,106,570	199,645,665
Over one month but within three months	856,638,188	874,968,847
Over three months but within one year	1,888,183,823	2,846,537,614
Over one year but within five years	3,637,005,939	2,536,830,355
Over five years	-	330,000,000
	10,946,478,220	7,037,982,481

		2020	2019
	Note	Taka	Taka
13. Deposits and other accounts			
Term deposits	13.1	40,801,510,241	35,177,683,076
FDR from Banks & NBFIs		11,075,518,761	10,845,518,761
Other deposits		579,312,960	338,155,463
		52,456,341,963	46,361,357,299
13.1 Term deposits			
Product wise break-up of term deposit			
Annual Profit Scheme		13,109,067,112	16,537,032,587
Half Yearly Profit Scheme		5,000,000	5,000,000
Quarterly Profit Scheme		900,533,625	725,107,444
Monthly Profit Scheme		2,847,918,742	2,024,178,718
Cumulative Profit Scheme		452,561,800	339,038,238
Fixed Deposit FDR GEN		23,486,428,962	15,547,326,089
		40,801,510,241	35,177,683,076
13.2 Residual maturity grouping of deposits and other accounts			
Repayable:			
On demand		-	-
Within one month		6,638,244,367	3,079,476,440
Over one month but within six months		11,569,026,413	9,621,749,088
Over six months but within one year		11,470,056,422	12,910,853,326
Over one year but within five years		7,127,922,796	12,135,328,753
Over five years but within ten years		15,651,091,966	8,613,949,692
		52,456,341,963	46,361,357,299
There was no unclaimed deposits for ten (10) years and more held by the Company at the reporting date.			
14. Other liabilities			
Cumulative provision for loans, advances and investments	14.1	1,305,074,151	826,911,154
Cumulative interest and dividend suspense	14.2	506,916,132	188,741,628
Net defined benefit obligation - Employees' Gratuity Fund	14.3	10,621,357	-
Provision for corporate tax	14.4	2,092,538,699	1,592,285,614
Deposit against lease	14.5	388,814,279	383,103,259
Payable interest expenses for finance charge	14.6	1,576,407,138	1,822,462,070
Withholding tax and VAT		122,137,114	94,256,156
Liabilities for special accounts	14.7	171,272,236	196,210,671
Payable for expenses	14.8	92,645,502	104,106,096
Deferred tax liabilities	14.9	45,777,596	46,842,478
Account payable for purchase of fixed asset		20,354,181	9,189,785
Accrued Interest on Subordinated Bonds		28,036,950	32,328,667
Accrued Interest on Zero Coupon Bond		12,948,342	17,924,405
Liability for lease rental	14.10	96,029,254	79,209,466
Other Provisions		28,500,000	28,500,000
Dividend payable	14.11	5,107,982	4,706,388
		6,503,180,913	5,426,777,837
14.1 Cumulative provision for loans, advances and investments			
Specific provision for classified loans and advances	14.1.1	214,600,986	227,982,884
General provision against unclassified loans and advances	14.1.2	1,063,851,549	572,330,048
Provision for investments	14.1.3	26,621,616	26,598,222
		1,305,074,151	826,911,154

		2020	2019
	Note	Taka	Taka
14.1.1 Specific provision for classified loans and advances			
Opening balance		227,982,884	194,240,598
Specific provision made/(release) for the period	38	(13,381,898)	33,742,286
Fully provided debt written-off during the period		-	-
Closing balance (i)		214,600,986	227,982,884
14.1.2 General provision against unclassified loans and advances			
Opening balance		572,330,048	453,933,558
Provision made during the period / year	38	491,521,501	118,396,490
		1,063,851,549	572,330,048
Adjustment during the period / year		-	-
Closing balance (ii)		1,063,851,549	572,330,048
Total specific and general provision of loans and advances (i+ii)		1,278,452,535	800,312,932
14.1.3 Provision for investments			
Opening balance		26,598,222	16,471,550
Provision made/(released) for investment in share	39	23,394	10,126,672
Provision made/(released) for investment in Govt. securities		-	-
Total provision made/(released) during the period / year		23,394	10,126,672
Closing balance		26,621,616	26,598,222
Total specific and general provision of loans, advances and investments		1,305,074,151	826,911,154
Breakdown of cumulative provision for loans, advances and investment:			
Provision for loans and advances		1,278,452,535	800,312,932
Provision for investments in equity		26,621,616	26,598,222
Provision for marking to market of Govt. securities		-	-
		1,305,074,151	826,911,154
14.2 Cumulative interest and dividend suspense			
Opening balance		188,741,628	135,064,389
Amount transferred to suspense account during the year		14,847,209,042	1,439,978,824
		15,035,950,670	1,575,043,213
Amount recovered from suspense account during the year		(14,529,034,538)	(1,386,301,585)
		506,916,132	188,741,628
Amount written-off/waiver during the year		-	-
Closing balance		506,916,132	188,741,628
Breakdown of cumulative interest and dividend suspense:			
Interest suspense against loans and advances		492,772,792	185,635,094
Dividend suspense against investment in redeemable preference shares		14,143,340	3,106,534
		506,916,132	188,741,628
14.3 Net defined benefit obligation- Employees' Gratuity Fund			
Fair value of plan assets		85,287,281	73,678,505
Less: Defined benefits obligation		95,908,638	73,678,505
		(10,621,357)	-

	Note	Defined benefits obligation Taka	Fair value of plan assets Taka
14.3.1 Movement in net defined benefits (assets) liability			
2020			
Balance at 1 January 2020		73,678,505	73,678,505
Interest cost/ income		6,670,165	6,631,065
Current service cost		22,070,702	-
Past service cost		1,077,563	-
Remeasurement loss/ gain		(3,225,563)	(14,819,088)
Contribution paid by the employer		-	24,159,533
Benefits paid		(4,362,734)	(4,362,734)
Balance at 31 December 2020		95,908,638	85,287,281
14.3.2 Plan assets			
Plan assets comprise cash at bank and investment in fixed deposit receipts amounting to BDT 70,287,281 and BDT 15,000,000 respectively.			
14.3.3 Principal actuarial assumptions			2020
Discount rate and expected rate of return on plan assets			9%
Expected rate of withdrawal from service			10%
14.3.4 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 2020	
Effect in taka		At 10%	At 8%
Discount rate (1% movement)		(15,313,583)	18,895,543
		2020	2019
14.4 Provision for corporate tax	Note	Taka	Taka
Provision for current tax has been made on the basis of the profit for the period as adjusted for taxation purposes in accordance with the provision of Income Tax Ordinance, 1984 and amendments thereto. Current tax rate for the Company is 37.5% on its business income.			
Opening balance		1,592,285,614	1,161,030,375
Provision made during the period		500,253,085	431,255,239
		2,092,538,699	1,592,285,614
Adjustment made during the period for completed assessments		-	-
Closing balance		2,092,538,699	1,592,285,614
Assessment against year 2012 is pending at the honorable High court, assessment against year 2014 is pending at Appellate Tribunal, assessment against year 2016 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 11million. 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.			
14.4.1 Reconciliation of effective tax rate		2020	
		%	Taka
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)
Total income tax expenses		41.64%	500,253,085

2019		
	%	Taka
Profit before income tax as per profit and loss account	-	993,618,090
Income tax as per applicable tax rate	37.50%	372,606,784
Factors affecting the tax charged in current year		
On non deductible expenses	7.16%	71,115,823
Tax exempted income (on govt. treasury securities)	-	
Tax savings from reduced tax rates (on dividend income)	-1.25%	(12,467,368)
Total income tax expenses	43.40%	431,255,239

14.5 Deposit against lease

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. Lease deposits are made up as under:

		2020	2019
		Taka	Taka
Opening balance	383,103,259	330,830,830	
Receipts during the period	95,926,655	141,713,963	
	479,029,914	472,544,793	
Adjusted during the period	(90,215,635)	(89,441,534)	
Closing balance	388,814,279	383,103,259	

Purpose of taking lease deposits is to secure the finance provided to the clients. No interest is payable on lease deposits.

14.6 Payable interest expenses for finance charge

Accrued interest expenses on term deposits	1,557,969,007	1,785,778,503
Accrued interest expenses on secured overdraft	3,057,312	2,982,871
Accrued interest expenses on long term borrowings	899,238	4,016,821
Accrued interest expenses on short term borrowings	-	-
Accrued interest expenses on Repo from Inter Bank	82,117	-
Accrued interest expenses on call borrowings	352,292	38,194
Accrued interest expense on refinance project	14,047,172	29,645,681
	1,576,407,138	1,822,462,070

14.7 Liabilities for special accounts

Account payable special account- IPO	1,118,356	1,118,356
Account payable special account- DEG	10,505,955	15,238,575
Account payable special account- other	159,647,925	179,853,740
	171,272,236	196,210,671

14.8 Payable for expenses

Legal expenses	12,496,474	8,760,113
Office services	39,159,783	45,329,661
Promotion and publicity	35,765,022	46,222,811
Professional fees	4,074,219	2,870,172
Audit fees	1,150,005	923,340
	92,645,502	104,106,096

		2020	2019
	Note	Taka	Taka
14.9 Deferred tax liabilities			
i) Deferred tax liability on furniture, fixture, equipment and software			
Carrying amount at balance sheet date		279,760,960	329,798,123
Tax base		264,344,592	313,279,359
Net taxable temporary differences		15,416,369	16,518,765
Tax rate		37.50%	37.50%
Deferred tax liability furniture, fixture, equipment and software		5,781,138	6,194,537
ii) Deferred tax liability on building			
Carrying amount at balance sheet date		85,154,851	87,814,809
Tax base		8,304,032	9,226,702
Taxable temporary differences on building		76,850,819	78,588,107
Tax rate		37.50%	37.50%
Deferred tax liability on building		28,819,057	29,470,540
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		39,996,458	40,647,941
Total deferred tax liability (i+ii)		45,777,596	46,842,478
Movement of deferred tax liabilities is as follows:			
Opening balance		46,842,478	47,564,420
Less: Credited to asset revaluation reserve		651,483	613,038
Expense/(income) during the period / year		(413,399)	(108,904)
Closing balance		45,777,596	46,842,478
14.10 Liability for lease rental			
Not later than one month		2,522,418	2,045,602
Later than one month and not later than three months		4,706,599	3,742,045
Later than three months and not later than one year		17,887,396	16,321,846
Later than one year and not later than five years		70,912,841	57,099,974
		96,029,254	79,209,466
14.11 Dividend payable			
Aging analysis of dividend payable			
Upto 3 years		635,682	234,088
Over 3 years but less than 5 years		-	-
5 years and above		4,472,300	4,472,300
		5,107,982	4,706,388

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.

15. Share capital

Authorised

800,000,000 ordinary shares of Taka 10 each

Issued, subscribed and fully paid up

371,091,547 (2019: 353,420,521) ordinary shares of Tk 10 each

Note	2020	2019
	Taka	Taka
	8,000,000,000	8,000,000,000
	3,710,915,470	3,534,205,210

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, 2020 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

Domestic

Government of the People's Republic of Bangladesh (GoB)
BRAC
Ayesha Abed Foundation
RSA Capital Limited
Bluechip Securities Limited
General shareholders

Note	2020 Taka	2019 Taka
	811,932,100	773,268,670
	927,728,830	883,551,270
	371,091,520	353,420,500
	185,545,740	176,710,230
	298,311,930	284,106,600
	1,116,305,350	1,063,147,940
	3,710,915,470	3,534,205,210

15.3 Number of ordinary shares and percentage of holding are as follows:

Sponsor shareholders

	2020		2019	
	Number	% of holding	Number	% of holding
Local sponsors				
BRAC	92,772,883	25.00%	88,355,127	25.00%
GoB	81,193,210	21.88%	77,326,867	21.88%
Ayesha Abed Foundation	37,109,152	10.00%	35,342,050	10.00%
RSA Capital Limited	18,554,574	5.00%	17,671,023	5.00%
Bluechip Securities Limited	29,831,193	8.04%	28,410,660	8.04%
	259,461,012	69.92%	247,105,727	69.92%
General Shareholders	111,630,535	30.08%	106,314,794	30.08%
	111,630,535	30.08%	106,314,794	30.08%
	371,091,547	100.00%	353,420,521	100.00%

15.4 Composition of shareholding is as follows:

	2020		2019	
	Number	% of holding	Number	% of holding
Institutional shareholding (including GoB)	326,115,384	88%	312,733,826	88%
Individual shareholding	44,976,163	12%	40,686,695	12%
	371,091,547	100%	353,420,521	100%

15.5 Classification of shareholders by holding

Number of shares	No. of shareholders	No. of shares	% of holdings
1 to 500 shares	2,559	405,727	0.11%
501 to 5,000 shares	2,190	4,390,380	1.18%
5,001 to 10,000 shares	325	2,383,898	0.64%
10,001 to 20,000 shares	210	3,032,320	0.82%
20,001 to 30,000 shares	72	1,825,954	0.49%
30,001 to 40,000 shares	46	1,581,134	0.43%
40,001 to 50,000 shares	29	1,325,930	0.36%
50,001 to 1,00,000 shares	40	2,862,070	0.77%
1,00,001 to 1,000,000 shares	56	13,182,110	3.55%
over 1,000,000	23	340,102,024	91.65%
Total	5,550	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. 27.60 and Tk. 27.70 at the close of 31 December 2020 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 2020, total capital of the Company was Tk. 6,063.43 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 2020, the CAR of the Company is 18.51% against the required CAR of 10%. Details are as follows:

	2020	2019
Note	Taka	Taka
Tier-1 capital (A)	5,621,345,070	5,266,852,668
Tier-2 capital (B)	1,628,106,439	1,572,576,116
Eligible capital (C=A+B)	7,249,451,509	6,839,428,784
Total risk weighted assets	39,161,998,909	35,430,258,498
Minimum capital requirement	3,916,199,891	3,543,025,850
Capital surplus	3,333,251,618	3,296,402,934
Capital adequacy ratio	18.51%	19.30%
	402,627,680	402,627,680

16. Share premium

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.

Opening balance	662,955,660	550,461,309
Transferred from profit during the period / year	141,112,922	112,494,351
Closing balance	804,068,582	662,955,660

		2020	2019
	Note	Taka	Taka
18. Assets revaluation reserve			
Opening balance		309,129,013	310,864,292
Revaluation during the period / year			
Land		-	-
Building		-	-
Adjustment of excess depreciation on building		(2,348,317)	(2,348,317)
Deferred tax liability on land revaluation		651,483	613,038
		307,432,179	309,129,013

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 and 2018, 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 the assignment of valuation for determining the fair value of the property, which has subsequently conveyed to management for incorporating in the financials of 2018 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.

19. Retained earnings			
Opening balance		667,064,110	541,979,610
Net profit after tax for the period / year		705,564,611	562,471,755
Transfer to statutory reserve		(141,112,922)	(112,494,351)
Dividend		(353,420,521)	(152,712,571)
Transfer from revaluation reserve		2,348,317	2,348,317
Issuance of bonus shares		(176,710,260)	(174,528,650)
Closing balance		703,733,335	667,064,110
20. Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee	20.1	49,404,949	81,148,614
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		49,404,949	81,148,614

20.1 Letters of guarantee

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. These contingent liabilities are quantified below:

Director	-	-
Government	-	-
Bank and financial institutions	49,404,949	81,148,614
Others	-	-
	49,404,949	81,148,614

21. Particulars of profit and loss account

Income

	Note	2020 Taka	2019 Taka
Interest, discount and other similar income	22	6,902,297,687	6,715,949,423
Dividend income	24	128,689,226	71,242,101
Fees, commission and brokerage	25	108,377,072	78,227,182
Gains less losses arising from dealing securities	24	510,038,640	43,918,874
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	65,689,929	29,550,807
Profit less losses on interest rate changes		-	-
		7,715,092,554	6,938,888,387

Expenses

Expenses related to deposits, fee, commission etc.	23	4,885,297,253	4,773,189,684
Charges on loan loss		-	-
Administrative expenses	27	1,033,903,417	896,774,068
Other operating expenses		-	-
Depreciation and amortisation	36.1	116,307,599	84,541,097
		6,035,508,269	5,754,504,849

Profit before provision**1,679,584,285** **1,184,383,538**

22. Interest income

Interest income on loans and advances

Interest on lease finance		759,236,454	737,485,537
Interest on long term loan		1,928,223,229	2,209,633,712
Interest on short term loan		1,667,438,953	1,655,377,542
Interest on channel finance		425,256,818	364,504,272
Interest on mortgage finance		992,848,266	868,984,461
Interest on secured retail loan		37,892,100	39,077,883
Interest on auto loan		355,189,162	349,497,084
Interest on staff loan		6,912,138	4,868,920
Interest on personal loan		30,538,147	27,592,322
Interest on Consumer Finance		5,698,164	1,855,709
		6,209,233,431	6,258,877,442

Interest income on balance with other banks and financial institutions

Interest on fixed deposits		556,060,014	371,898,199
Interest on overnight and treasury placements		7,375,962	15,428,205
Interest on STD accounts		129,628,280	69,745,577
		693,064,256	457,071,981
		6,902,297,687	6,715,949,423

23. Interest expense on deposits and borrowings etc.

Interest expenses on term deposits		4,439,345,923	4,279,590,062
Interest expenses on borrowings	23.1	445,951,330	493,599,622
		4,885,297,253	4,773,189,684

		2020	2019
	Note	Taka	Taka
23.1 Interest expenses on borrowings			
<u>Local banks and financial institutions</u>			
Interest expenses on short term loan		105,896,254	201,278,897
Interest expenses on long term loan		151,499,015	124,329,415
Interest expenses on call borrowings		26,437,223	14,307,417
Interest expenses on bank overdrafts		16,926,428	31,988,007
Interest expenses on zero coupon bond		42,554,127	56,472,775
Interest expenses on Subordinated Bonds		102,638,283	65,223,111
		445,951,330	493,599,622
<u>Foreign banks and financial institutions</u>			
Interest expenses on long term lines of credit		-	-
		445,951,330	493,599,622
24. Investment income			
<u>Dividend income</u>			
Dividend income on cumulative preference shares		127,509,361	70,778,357
Dividend income on listed shares		429,865	13,744
Dividend income on un-listed shares		750,000	450,000
		128,689,226	71,242,101
<u>Interest on treasury bills, bonds and debentures</u>			
Interest income on Govt. treasury bonds		161,598,358	-
Interest income on corporate bonds		17,414,825	43,918,873
		179,013,183	43,918,873
Capital gain on sale of listed shares		-	1
Capital Gain on Govt. Treasury Bonds		331,025,457	-
		510,038,640	43,918,874
		638,727,866	115,160,975
25. Commission, exchange and brokerage			
Application Fee		197,185	298,160
Documentation Fee		-	-
Processing Fee		108,179,887	77,929,022
		108,377,072	78,227,182
26. Other operating income			
Transfer price/sale of leased assets		28,820	125,467
Miscellaneous Income		1,433,752	829,203
Loan loss recovery		63,128,215	28,562,370
Gain/(loss) on sale of fixed assets	26.1	(2,375,753)	33,767
Income on forfeiture from provident fund *		3,474,895	-
		65,689,929	29,550,807

* Total forfeiture made in IPDC employees' provident from 2015 to 2020 is BDT 12,215,535, out of which BDT 8,740,641 has been distributed to employees. Management of IPDC Finance Limited communicated with the trustee but could not recover the amount from Trustee Board of Provident Fund as on 31 December 2020. However, as the Financials of IPDC Employees' Provident Fund for the year ended 31 December 2020 has not yet been audited and the amount of BDT 3,474,895 forfeited during the year is not distributed. We have recognized same amount of BDT 3,474,895 as income in the year 2020 and kept tax provision at corporate tax rate amounting to BDT 1,303,085 on the forfeited amount.

		2020	2019
	Note	Taka	Taka
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:			
Sale proceeds		10,963,049	3,360,327
Cost price of the sold/adjusted items		27,317,579	6,840,988
Accumulated depreciation		13,978,777	3,514,428
Written down value		13,338,802	3,326,560
Gain on sale of fixed assets		(2,375,753)	33,767
27. Administrative expenses			
Salary and allowances	28	679,085,443	552,779,741
Rent, taxes, insurance, electricity, etc.	29	25,607,916	24,291,154
Legal expenses	30	36,685,799	49,552,789
Postage, stamp, telecommunications, etc.	31	11,554,138	9,558,394
Stationery, printing, advertisements, etc.	32	102,726,750	120,504,963
Managing Director's salary and allowances	33	13,695,000	13,695,000
Directors' fees	34	1,689,326	996,884
Auditors' fees	35	805,000	923,340
Repair and Maintenance	36.2	49,285,770	35,648,875
Other expenses	37	112,768,275	88,822,928
		1,033,903,417	896,774,068
28. Salary and allowances		679,085,443	552,779,741
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 936 at the end of 31 December 2020 as against 1,018 in 2019.			
29. Rent, taxes, insurance, electricity, etc.			
Office rent		4,181,492	5,942,821
Rates and taxes		249,480	274,070
Insurance		11,013,401	8,311,941
Utilities- electricity, gas, water, etc.		10,163,543	9,762,322
		25,607,916	24,291,154
* Actual rent payment during the year ended 31 December 2020 was BDT 39,001,479. Due to the adoption of IFRS 16, rental expenses is charged as depreciation of Right of Use (ROU) Assets of BDT 31,181,626 and interest expenses of BDT 6,085,786. In current year rent expenses only include VAT payment on rent.			
30. Legal expenses			
Professional fees		26,582,356	33,464,985
Legal document, court fees, etc.		9,412,168	14,724,558
Legal Notice Publication		691,275	1,363,246
		36,685,799	49,552,789
31. Postage, stamp, telecommunications, etc.			
Postage, stamps etc.		1,703,790	2,183,468
Telephone		4,361,239	3,300,905
Internet expenses		5,489,109	4,074,021
		11,554,138	9,558,394

		2020	2019
	Note	Taka	Taka
32.	.Stationery, printing, advertisements etc.		
	Printing expenses	6,100,177	4,988,185
	Stationery Expenses	2,102,736	2,513,325
	Publicity and advertisement	91,190,689	112,963,453
	Promotional expense	3,333,148	40,000
		102,726,750	120,504,963
	Prior year figures of printing, publicity & advertisement and promotional expenses are rearranged as per current period expenses mapping for better presentation.		
33.	Managing Director's salary and allowances		
	Basic salary	7,500,000	7,500,000
	House rent allowance	960,000	960,000
	Medical allowance	360,000	360,000
	Festival bonus	1,250,000	1,250,000
	Performance bonus	1,000,000	1,000,000
	Leave fare assistance	1,250,000	1,250,000
	Company's contribution to provident fund	750,000	750,000
	Gratuity	625,000	625,000
		13,695,000	13,695,000
34.	Directors' fees		
	Honorarium for attending meeting	985,600	612,400
	Incidental expenses for attending meeting	703,726	384,484
		1,689,326	996,884
	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.		
35.	Auditors' fees		
	Auditors' remuneration for interim audit	-	345,000
	Auditors' remuneration for annual audit	805,000	578,340
		805,000	923,340
36.	Depreciation and repair of assets		
	Depreciation and amortisation	36.1 116,307,599	84,541,097
	Repair and maintenance	36.2 49,285,770	35,648,875
		165,593,369	120,189,972
36.1	Depreciation and amortisation		
	Building	2,659,958	2,659,958
	Motor vehicles	15,691,435	15,255,852
	Furniture and fixture	6,996,912	6,841,026
	Equipment and appliances	30,648,428	22,811,369
	Software	29,129,240	11,347,180
	Depreciation on lease rental *	31,181,626	25,625,712
		116,307,599	84,541,097
	Details are shown in Annexure- A		

* In accordance with IFRS 16, lease rental are now capitalized and related depreciation is shown above

		2020	2019
	Note	Taka	Taka
36.2	Repair and maintenance		
	Office premises	10,597	95,731
	Vehicles- fuel	10,710,136	8,833,308
	Vehicles- repair and maintenance	6,870,595	6,409,793
	Office furniture, fixture and equipment	31,694,442	20,310,043
		49,285,770	35,648,875
37.	Other expenses		
	Staff training	8,697,454	9,321,480
	Membership fees, subscription and donations	31,662,728	14,533,272
	News papers, periodicals, learning materials etc.	216,675	202,462
	Recruitment expenses	719,951	2,805,288
	Traveling, conveyance and hotel expenses	9,072,864	25,657,415
	Entertainment and public relation	5,127,469	4,923,712
	Annual General Meeting expenses	7,894,619	8,792,153
	Security and cleaning services	11,473,495	9,268,765
	Sundry office maintenance	25,097,699	(937,705)
	Bank charges	6,599,175	5,985,237
	Finance charge on lease rental	6,085,786	7,992,299
	Other operational expenses	120,360	278,550
		112,768,275	88,822,928
38.	Provision for loans and advances		
	Provision for classified loans and advances	(13,381,898)	33,742,286
	Provision for unclassified loans and advances	491,521,501	118,396,490
		478,139,603	152,138,776
39.	Provision for diminution in value of investment		
	Provision made for investment in share	23,394	10,126,672
	Provision made for marking to market on Govt. securities	-	-
		23,394	10,126,672
40.	Deferred tax expense/ (income)		
	Expense on deductible temporary differences	-	-
	Expense/(income) on taxable temporary differences	(4,396,408)	(108,904)
	Revaluation adjustment of previous year through deferred tax	-	-
		(4,396,408)	(108,904)
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, 2020 as per IAS 33: Earnings per share. The weighted average number of shares for the comparative EPS calculation has been adjusted for TERP due to issuance of rights share during the year 2019.		
	Net profit after tax	705,564,611	562,471,755
	Weighted average number of outstanding shares	371,091,547	326,194,400
	Basic earning per share	1.90	1.72

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.

		2020	2019
	Note	Taka	Taka
42.	Board meetings		
	During the year ended 31 December 2020 a total of 8 (eight) Board Meetings were held against 9 (nine) in the year 2019.		
43.	Net asset value (NAV) per share		
	Net asset	6,063,432,063	5,575,981,673
	Number of outstanding shares	371,091,547	371,091,547
	Net asset value (NAV) per share (Restated-2019)	16.34	15.03
44.	Net operating cash flows per share (NOCFPS)		
	Net operating cash flows	7,636,652,477	4,359,335,591
	Number of outstanding shares	371,091,547	371,091,547
	Net operating cash flows per share (NOCFPS) (Restated-2019)	20.58	11.75
45.	Events after the balance sheet date		
	The Board of Directors of the Company in its 191st meeting held on 17 February 2021 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 2020 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)	Mr. Salahuddin Mahmud	Director	Member	Masters of Social Science (IR) from University of Dhaka Bachelor of Science (Hons) from University of Dhaka
iii)	Mr. Syed Abdul Muntakim	Director	Member	B.Com from National University
iv)	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

*One of the members of audit committee was resigned on 15th November 2020 and appointment of the vacant position shall be fill-up in compliance with Bangladesh Securities and Exchange Commission Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018.

The Company Secretary acts as secretary of Audit Committee.

The Audit Committee of the Board conducted 5 (five) meetings from 1 January 2020 to 31 December 2020 in which among others, the following salient issues were discussed:

- The Committee reviewed of the 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;
- The Committee reviewed the Risk Based Internal Audit & Compliance Plan for the year 2021
- The Committee reviewed the audited financial statements for the year ended 2019 and after discussion with the external auditors, recommended it to the Board of Directors for its approval;
- The Committee reviewed the management letter issued by the external auditors for the year ended 2019 and management's responses thereto;
- The Committee also reviewed the first quarter, half-year and third quarter ended financial statements for the year 2020 and recommended them to the Board of Directors for their approvals;
- 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;
- The Committee reviewed the actions taken by the management for implementation of Audit Committee observations on issues deliberated in Audit Committee meetings;
- The Committee recommended regarding appointment of external auditors and corporate governance auditors of the Company for the year 2020; and
- 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.

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 2019	Inflow/ Repayment	Outflow/Disbursement/Encashment	Accrued	31 Dec 2020
Guardian Life Insurance Limited	Mr. Shameran Abed and Mr. Sameer Ahmad are also Director of Guardian Life Insurance Limited and the employees	Term deposit receipt	474,550,207	30,000,000	529,478,673	54,928,467	30,000,000
BRAC	Sponsor shareholder of IPDC	Term deposit receipt	663,963,742	-	7,349,073	-	327,846
BRAC University	Related concern of BRAC	Term deposit receipt	184,861,648	135,000,000	2,564,728	73,240,734	729,855,403
JPGSPH Brac University	Related concern of BRAC	Term deposit receipt	198,000,000	-	11,496,500	25,397,281	342,694,201
BIGD, Brac University	Related concern of BRAC	Term deposit receipt	30,000,000	-	1,707,000	21,755,000	208,258,500
Sufia Khatun Foundation	Related concern of BRAC	Term deposit receipt	20,000,000	-	370,969	4,617,750	32,910,750
BRAC Net Limited	Related concern of BRAC	Term deposit receipt	239,476,268	60,482,561	39,636,574	2,376,458	22,005,490
BRACNet Limited	Related concern of BRAC	Term deposit receipt	18,362,656	-	1,661,044	17,062,684	277,384,939
BRACNet Limited	Related concern of BRAC	Term deposit receipt	13,758,378	3,500,000	72,760	3,390,997	20,092,609
Employees Provident Fund	Related concern of BRAC	Term deposit receipt	10,451,250	-	52,999	1,355,200	18,540,818
BRAC IT Services	Related concern of BRAC	Term deposit receipt	2,262,400,000	661,500,000	2,035,478,393	959,972	11,358,223
BRAC Provident Fund	Related concern of BRAC	Term deposit receipt	1,355,215,038	-	11,456,621	251,868,771	1,140,290,378
Education Trust Fund	Related concern of BRAC	Term deposit receipt	-	700,000,000	74,657,639	226,372,419	1,570,130,836
BRAC Bank Ltd.	Related concern of BRAC	Short Term Lending to Bank	-	200,000,000	-	74,657,639	700,000,000
RSA Capital Employees Provident Fund	Shareholder of IPDC	Term deposit receipt	4,050,552	1,500,000	30,444	13,889	200,013,889
Lady Syeda Sarwat Abed	Founder and director of the BRAC Institute of Languages (BIL), BRAC University, Spouse of Sir Fazle Hasan Abed	Term deposit receipt	3,649,450	9,000,000	42,069	508,875	6,028,983
Md. Abdul Karim	Chairman of IPDC	Term deposit receipt	-	3,300,000	12,525	390,692	12,998,073
Tania Sharmin	Daughter of IPDC Chairman Md. Abdul Karim	Term deposit receipt	-	201,045	-	12,525	3,300,000
Shaheda Karim Chowdhury	Souse of IPDC Chairman Md. Abdul Karim	Term deposit receipt	-	120,209	-	-	201,045
Salahudin Irshad Imam	Independent Director of IPDC	Term deposit receipt	6,000,000	4,000,000	737,500	-	120,209
Shameran Bahar Abed	Director of BRAC	Term deposit receipt	-	50,000,000	31,505,578	737,500	10,000,000
Asif Saleh	Executive Director of BRAC	Term deposit receipt	-	2,000,000	-	1,505,578	20,000,000
Tamara Hasan Abed	Nominated Director of IPDC	Term deposit receipt	-	88,000,000	-	-	2,000,000
Shahnaz Rahman	Mother of IPDC Nominated Director Nahreen Rahman	Term deposit receipt	-	8,000,000	-	-	88,000,000
Najmul Hasan Zahed Academy	Related concern of BRAC	Term deposit receipt	-	10,000,000	-	-	8,000,000
Fauzia Binte Ahmed	Mother in law of Managing Director & CEO	Term deposit receipt	3,110,114	2,100,000	104,740	-	10,000,000
Benazir Huq	Spouse of Managing Director & CEO	Term deposit receipt	7,607,234	60,000	66,256	355,600	5,460,974
Mr. Mominul Islam	Managing Director & CEO of IPDC	Term deposit receipt	535,380	1,000,000	7,512,165	483,111	8,084,089
		Home loan	637,801	60,000	177,801	364,642	7,412,187
		Loan against deposit	5,950,594	1,114,000	-	-	520,000
		Loan against deposit	6,374,229	7,009,165	-	264,629	5,101,223
						634,936	-

48. Directors information

48.1 Name of the Directors and the entities in which they have interested as at 31 December 2020

Sl. no.	Name	Status with the IPDC		Firms/companies in which they have interest	
		Position	Nominated by	Name	Position
i)	Mr. Md. Abdul Karim	Chairman	BRAC	Bangladesh Chemical Society	President
				Chittagong University Alumni Association	President
				Bangladesh Scouts Foundation	President
				Bangladesh Deaf Sports Federation	President
				Asian University for Women, Chittogram	Member
				SED, UCEP Bangladesh	Managing Director
				Allama Rumi Society	Managing Director
ii)	Mr. Salahuddin Mahmud	Director	GoB	SME Foundation	Director
				Reckitt Benckiser Bangladesh Limited	Director
iii)	Mr. Biswajit Bhattacharya Khokon ndc	Director	GoB	BIAM Foundations	Member
				BRTA	Member
				Bangladesh Seed Council	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
vi)	Ms. Sonia Bashir Kabir	Independent Director	N/A	SBK Tech Ventures	Chairman
				SBK Foundation	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 Karnafuli Tea Company Limited	Chairman
				BARC Kaiyacherra Tea Company Limited	Chairman
				BRAC Kodala Tea Estate	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
viii)	Mr. Tushar Bhowmik	Director	BRAC	BRAC Services Limited	Managing Director
				BRAC Industries Limited	Managing Director
				edotco (BD) Co. Ltd.	Director
				BARC Karnafuli Tea Company Limited	Director
				BARC Kaiyacherra Tea Company Limited	Director
				BRAC Kodala Tea Estate Limited	Director
ix)	Mr. Sameer Ahmad	Director	RSA Capital Ltd.	Equinox Ltd.	Director
				RSA Capital Ltd.	Director
				RSA Aviation Ltd	Director
				RSA Advisory Ltd.	Director
x)	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	None
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

Fixed assets including land, building, furniture and fixture

Figures in Taka

Category of asset	Cost/valuation				Depreciation/amortisation			
	Balance as at 1 January 2020	Revaluation reserve	Addition during the year	Adjustment during the year	Disposal during the year	Balance as at 31 December 2020	Charged during the year	Adjustment during the year
Land	279,435,033	-	-	-	-	279,435,033	-	-
Building	90,474,767	-	-	-	-	90,474,767	2,659,958	-
Motor vehicles	85,289,215	-	18,459,142	-	24,000,000	79,748,357	15,691,435	13,049,999
Furniture and fixture	77,676,494	-	8,311,020	-	2,968,091	83,019,423	6,996,912	776,737
Equipment and appliances	204,159,323	-	19,581,266	-	349,488	223,391,101	30,648,428	152,041
Software	173,871,850	-	-	-	-	173,871,850	29,129,240	(2,365,380)
Capital work in progress- Software	-	-	28,724,125	-	-	28,724,125	-	-
ROU-Assets for lease rent	106,001,933	-	51,042,893	7,683,628	-	149,361,198	31,181,626	2,578,449
Balance as at 31 December 2020	1,016,908,615	-	126,118,446	7,683,628	27,317,579	1,108,025,854	116,307,599	14,191,846
						229,333,957		
							331,449,711	
								776,576,142

Category of asset	Cost/valuation				Depreciation/amortisation			
	Balance as at 1 January 2019	Revaluation reserve	Addition during the year	Adjustment during the year	Disposal during the year	Balance as at 31 December 2019	Charged during the year	Adjustment during the year
Land	279,435,033	-	-	-	-	279,435,033	-	-
Building	90,474,767	-	-	-	-	90,474,767	2,659,958	-
Motor vehicles	70,563,509	-	21,327,766	-	6,602,060	85,289,215	15,255,852	3,302,059
Furniture and fixture	68,409,397	-	9,275,497	-	8,400	77,676,494	6,841,026	8,225
Equipment and appliances	134,521,666	-	69,868,184	-	230,527	204,159,323	22,811,369	204,144
Software	24,289,127	-	149,582,723	-	-	173,871,850	11,347,180	(1,379,805)
Capital work in progress- Software	24,287,196	-	156,205,055	180,492,251	-	-	-	-
ROU-Assets for lease rent	-	-	106,968,949	967,016	-	106,001,933	25,625,712	-
Balance as at 31 December 2019	691,980,695	-	513,228,174	181,459,266	6,840,988	1,016,908,615	84,541,097	2,134,623
						146,927,483		
							229,333,957	
								787,574,658

Details of disposals for the year 2020

Category of asset	Cost	Accumulated depreciation	Book value	Sale price/adjustment	Profit/(loss) on disposal	Mode of disposal	Buyer
Motor vehicles	24,000,000	13,049,999	10,950,001	10,951,003	1,002	As per policy of the Company	Employees/Outside
Furniture and fixture	2,968,091	776,737	2,191,354	-	(2,191,354)	As per policy of the Company	Employees/Outside
Equipment and appliances	349,488	152,041	197,447	12,046	(185,401)	As per policy of the Company	Outsider
Total	27,317,579	13,978,777	13,338,802	10,963,049	(2,375,753)		

Annexure- B

Reconciliation of Net Profit with Cash Flows from Operating Activities

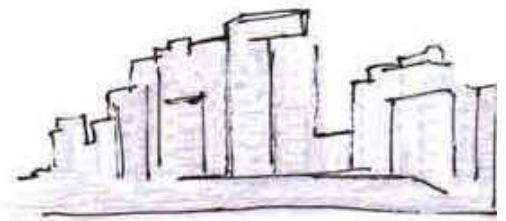
	2020	2019
	Taka	Taka
Net profit after tax	705,564,611	562,471,755
Adjustments for non-cash items:		
Add: Depreciation expenses	116,307,599	84,541,097
Add: Adjustment for ROU Lease Rent	(25,796,528)	(18,817,143)
Add: Provision for loans, advances and investments	478,162,997	190,765,448
Less: Income on forfeiture of provident fund	(3,474,895)	-
Add: Loss on sale of fixed assets	1,794,190	(33,767)
Add/(Less): Accrued expenses	(255,322,712)	657,729,502
Add/(Less): Accrued income	59,419,603	(67,427,211)
Add/(Less): Provision for Current Tax	500,253,085	431,255,239
Add/(Less): Deferred Tax	(4,396,408)	(108,904)
	1,572,511,542	1,840,376,016
Changes in operating assets and liabilities		
(Increase)/Decrease in Loans and advances to other banks	(15,360,299)	(602,801,254)
(Increase)/Decrease in Loans and advances to customers	(2,868,553,999)	(5,797,704,489)
(Increase)/Decrease in Other assets	27,334,056	(76,094,817)
Increase/(Decrease) in Deposits from other banks and financial institutions	230,000,000	(2,674,868,739)
Increase/(Decrease) in Deposits from customers	5,864,984,663	11,970,147,732
Increase/(Decrease) in Trading liabilities	2,807,296,815	(192,427,874)
Increase/(Decrease) in Payable and accrued expenses	(11,460,594)	35,193,633
Increase/(Decrease) in Interest suspense	318,174,504	53,677,239
Increase/(Decrease) in Other liabilities	19,274,900	196,202,212
Payment of Corporate tax	(307,549,111)	(392,364,068)
Cash received/(paid) from operating assets and liabilities	6,064,140,935	2,518,959,575
Net cash from operating activities	7,636,652,477	4,359,335,591

Annexure- C

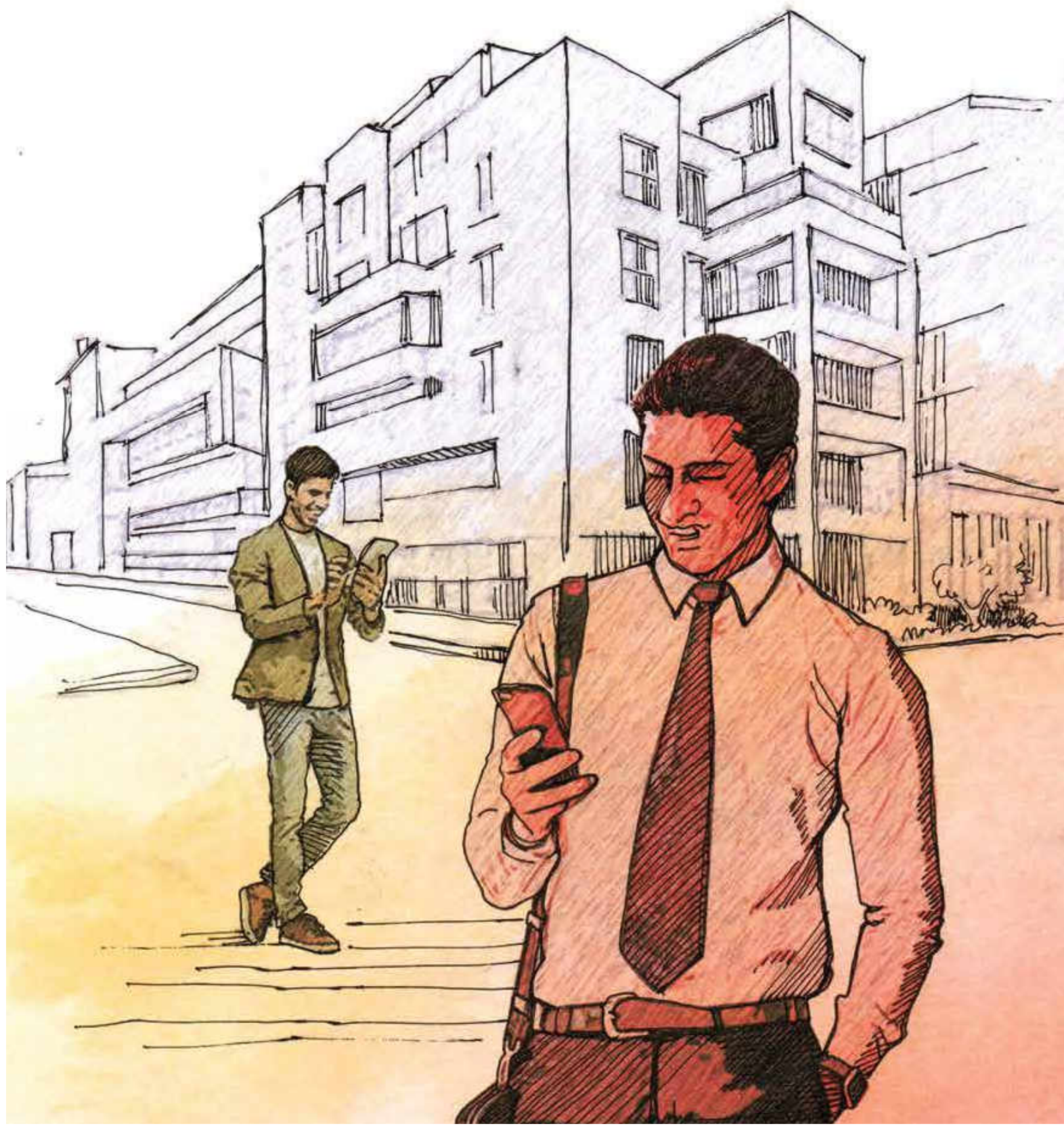
Highlights on the overall activities of the Company as at and for the period ended 31 December 2020 and 31 December 2019

Sl. no.	Particulars	2020	2019
		Taka	Taka
1	Paid up capital (Taka)	3,710,915,470	3,534,205,210
2	Total capital (Taka)	6,063,432,063	5,575,981,673
3	Capital surplus (Taka)	3,333,251,618	3,296,402,934
4	Total assets (Taka)	75,969,433,159	64,402,099,290
5	Total deposits (Taka)	52,456,341,963	46,361,357,299
6	Total loans and advances (Taka)	53,609,693,044	50,725,778,746
7	Total contingent liabilities and commitments (Taka)	49,404,949	81,148,614
8	Credit to deposit ratio	1:1	1.1:1
9	Percentage of classified loans against total loans, advances	1.38%	1.57%
10	Net profit after tax and provision (Taka)	705,564,611	562,471,755
11	Amount of classified loans and advances at the end of the period/year (Taka)	741,997,199	795,761,575
12	Provisions kept against classified loan (Taka)	214,600,986	227,982,884
13	Provisions surplus against classified loan (Taka)	528,237,156	100,669,802
14	Cost of fund	8.85%	10.09%
15	Interest earning assets (Taka)	72,811,229,029	61,171,590,075
16	Non-interest earning assets (Taka)	3,158,204,130	3,230,509,215
17	Return on investment (ROI)	12.12%	12.06%
18	Return on asset (ROA)	1.01%	0.98%
19	Income from investment (Taka)	638,727,866	115,160,975
20	Earning per share (Taka) (Restated- 2019)	1.90	1.72
21	Net income per share (Taka)	1.90	1.72
22	Price earning ratio (Times)	14.52	14.88



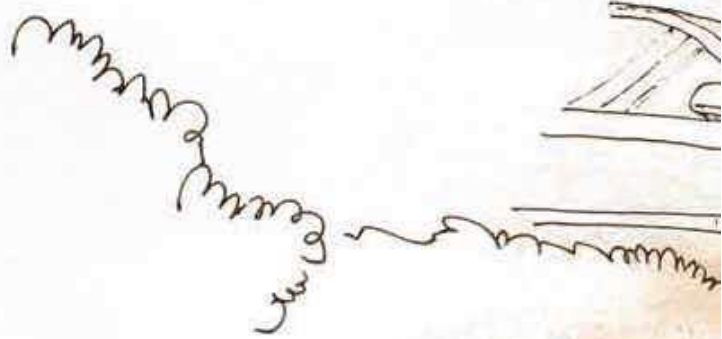
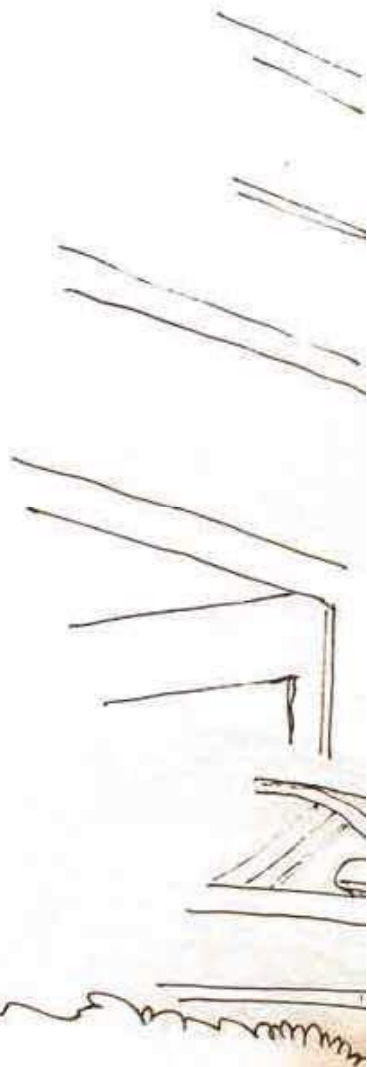


| MAKING **THE MARK**

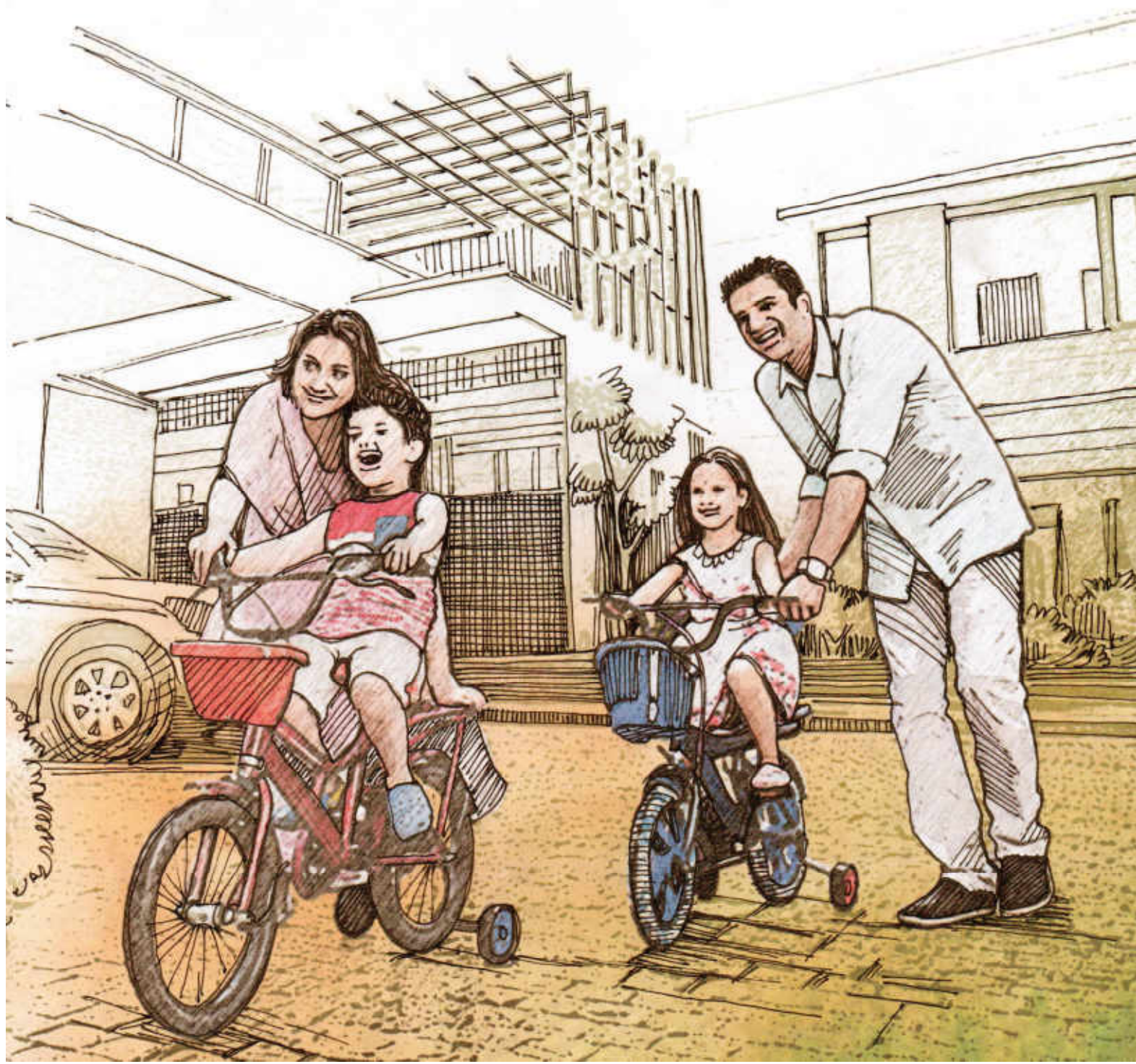


Glossary

Particulars	Meaning
Accrual Basis	Recognizing the effects of transactions and events when they occur, without waiting for receipt or payment of cash or cash equivalent
Amortization	Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life.
Cash Basis	Recognizing the effects of transactions and events when receipt or payment of cash or cash equivalent occurs.
Cash Equivalents	Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk in change in value.
Depreciation	Depreciation is the allocation of the depreciable amount of an asset over its estimated useful life. Depreciation for the accounting period is charged to net profit or loss for the period either directly or indirectly.
Executions	Advances granted to clients under leasing, hire purchase, installment sales and loan facilities.
Fair Value	Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.
Finance Lease	A lease that transfers substantially all the risk and rewards incident to ownership of the asset to the lessee. Title may or may not eventually be transferred.
Gross Dividend	The proportion of profit distributed to shareholders inclusive of tax withheld.
Gross Portfolio	Total rental receivable of the advances granted to clients under leasing, hire purchase, installment sales and loan facilities.
Intangible Asset	An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.
Interest Cost	The sum of monies accrued and payable to the sources of borrowed working capital.
Interest in Suspense	Interest income of non-performing portfolio; these interests are accrued but not considered as part of income.
Investment Property	Investment property is property (land or a building - or part of a building - or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business.
Lease	A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.
Net Portfolio	Total rental receivable excluding interest of the advances granted to clients under leasing, hire purchase, installment sales and loan facilities.
Non-Performing Portfolio	Facilities granted to clients which are in default for more than the period recommended by Bangladesh Bank.
Paid up Capital	All amounts received by the Company or due and payable to the Company (a) in respect of the issue of shares (b) in respect of calls on shares.
Provision	Amounts set aside against possible losses on net receivable of facilities granted to clients, as a result of them becoming partly or wholly uncollectible.
Related Parties	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 or operating decisions. A transfer of resources or obligations between related parties, regardless of whether a price is charged.
Related Party Transactions	Analysis of information by segments of an enterprise, specifically the different industries and the different geographical areas in which it operates.
Segmental Analysis	Total of issued and fully paid ordinary share capital and reserves.
Value Addition	Value of wealth created by providing leasing and other related services considering the cost of providing such services.



MAKING **THE MARK** |



This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



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 39th Annual
General Meeting of the Company to be held virtually by using digital platform on Sunday, 04 April 2021 at 9:30 a.m. or at any
adjustment thereof.

Signed this

Signature of Proxy

Day of, 2021

Revenue Stamp
Tk 20.00

Signature of Shareholder

BO ID

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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 39th Annual General Meeting of the Company being to be held virtually by using digital platform on
Sunday, 04 April 2021 at 9:30 a.m.

Name of Member/Proxy

BO ID

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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 Limited

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