

NEWER HEIGHTS CHANGING LIVES

Annual Report 2019



Newer Heights, Changing Lives

Evolving with unprecedented speed
As we serve the nation with passion
We walk a path of unbound excellence
As we aim for newer heights,
On our never-ending quest of changing lives

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 2019.

Dear Sirs:

Please find enclosed, a copy of the Annual Report along with the Audited Financial Statements including Balance Sheet as at 31 December 2019 and Income Statements, Cash Flow Statement and Statement of Changes in Equity for the year ended 31 December 2019 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 38th Annual General Meeting _____

Notice is hereby given that the 38th Annual General Meeting (AGM) of the shareholders of IPDC Finance Limited will be held at Celebrity Convention Hall, Otobi Centre, Level-6, Plot # 12, Block-CWS(C) Gulshan South Avenue, Gulshan-1, Dhaka-1212 on Tuesday, 31 March 2020 at 9:30 a.m. to transact the following proceedings:

AGENDA

01. To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements of the Company for the year ended December 31, 2019;
02. To declare dividend for the year ended December 31, 2019;
03. To elect/re-elected Directors;
04. To appoint the Auditors and to fix their remuneration;
05. To appoint the Corporate Governance Auditors and to fix their remuneration;
06. To confirm the appointment of (a) Mr. Salahuddin Mahmud, Mr. Biswajit Chattacharya Khokon ndc as nominee Directors of Government of Bangladesh, (b) Ms. Sonia Bashir Kabir as Independent Director, (c) Mr. Md. Abdul Karim nominee Director of BRAC and (d) Ms. Nahreen Rahman as nominee Director of Bluechip Securities Limited;
07. To transact any others business (if any) with the permission of the chair.

By order of the Board



Samiul Hashim

Company Secretary

Dated: 11 March 2020

Notes:

1. 15 March 2020 shall be considered as the Record Date for entitlement of the Dividend for the year ended December 31, 2019
2. Admission into the venue of the AGM will be allowed on submission of the attendance slip.
3. Only the shareholders or their appointment proxies will be allowed to attend the meeting.
4. A shareholder, intending to appoint a Proxy, must deposit the duly stamped Proxy Form at the company's registered office no later than 48 hours before the day of the AGM.
5. Except the shareholders or valid proxies, no one will be authorized to complete registration process.

Table of Contents

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

Message from the Top

Discussion by the top leadership of the company regarding IPDC's performance, strategic priorities and an outlook of where the company is headed

Governance and Risk Management

This section covers how IPDC is governed, disclosures relating to governance, identification and measurement of risks as well as how the company is managing these risks to balance stakeholder needs and maximize shareholder wealth

Our Integrated Value Creation Process

This section reflects on how IPDC leverages market opportunities and company strengths to source, allocate and use resources efficiently and generate long term value

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Financial Capital

This section elaborates on how IPDC is using its pool of funds to generate sustainable results for its stakeholders

Manufactured Capital

This section highlights the tangible and intangible infrastructure that enables us to conduct our business activities.

Intellectual Capital

This section features our intellectual property, technological advantages, brand, company reputation and goodwill

Human Capital

This section reflects on the people behind our success and how we recruit and nurture them while managing their expectations

Social and Relationship Capital

This section expands on the cooperative and supportive relationships we share with our customers, clients, capital providers, industry associations, regulators, strategic partners and other stakeholders in our ecosystem

Natural Capital

This section elaborates on the environmental initiatives by IPDC and how IPDC deploys resources for the preservation of the environment

Our Approach to Sustainability

This section explains how we stay true to our commitment for sustainable development by expanding on our sustainability initiatives and its economic, environmental and social impact

Financial Statements

This section provides details of current financial position of the company

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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."

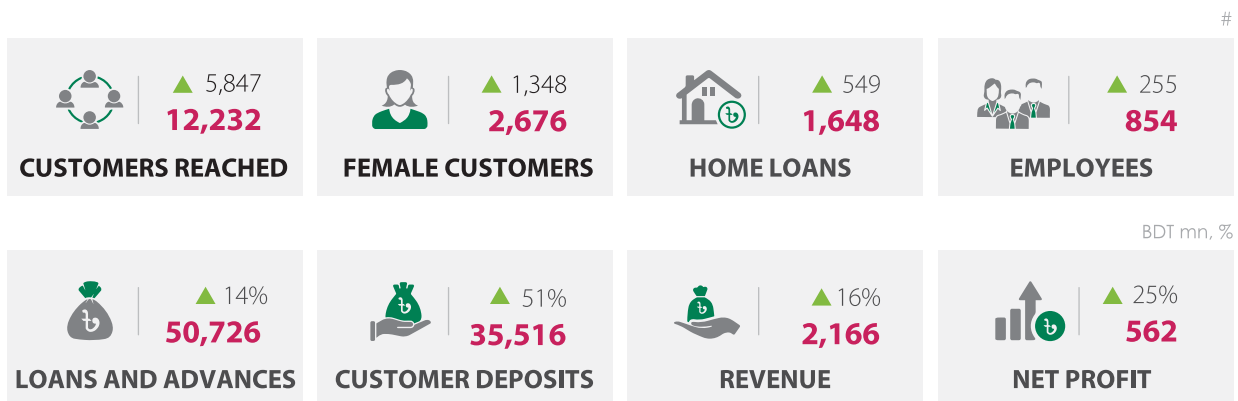
With an unprecedented journey of 38 years, IPDC created meaningful stories in different walks of its treasured clientes' life. After a long and hard-fought war in 1971, Bangladesh liberated herself to stand out as a valiant nation in the heart of the earth. Considering freedom to be not a destination but a journey, when the post war dire straits struck the country, much assistance was needed to realize the visions of the nation. 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 portfolio caters to retail, corporate and SME clients and ranges from women entrepreneurship, factoring. Securitization of receivables, preference share investments, leasing to digitally automated supply chain financing platform backed by blockchain technology under Project Orjon. Consumer white goods financing under Project EZ and retailer financing under project Dana is also in the works.

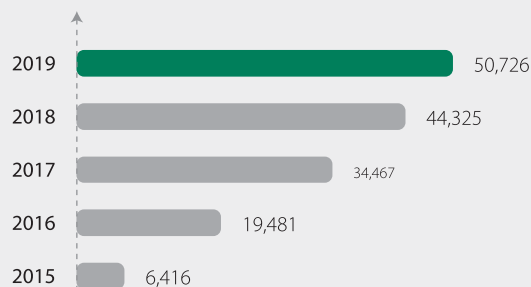
WHERE WE OPERATE

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



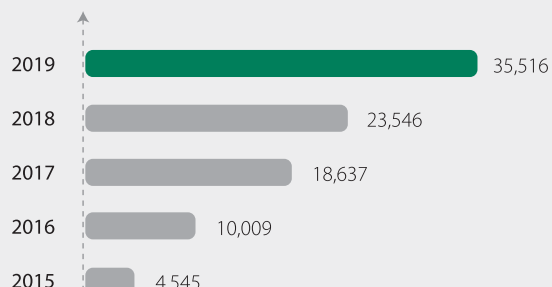
Performance at a Glance

Loans and Advances



BDT million

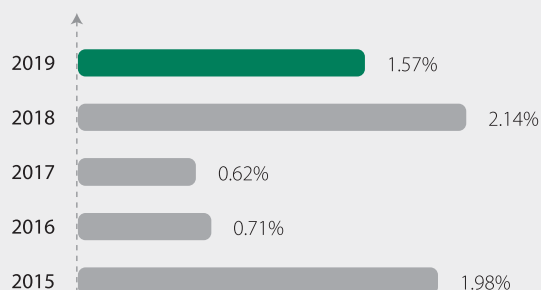
Customer Deposits



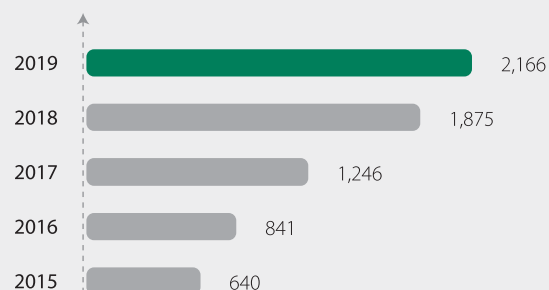
* Customer Deposit includes Public deposits and Other deposits

BDT million

Classified Loan Ratio

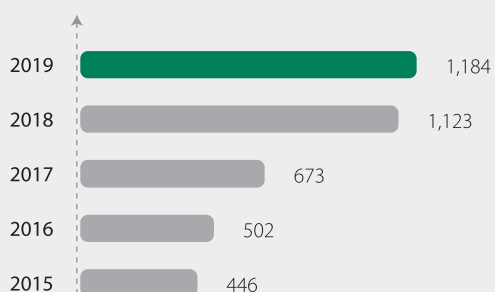


Revenue



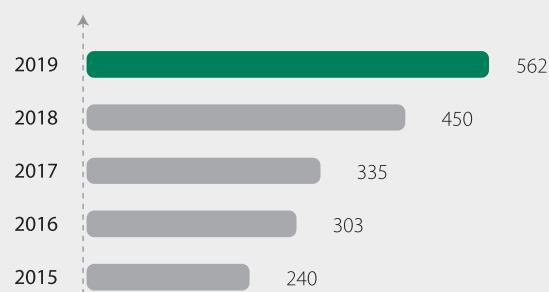
BDT million

Operating Profit



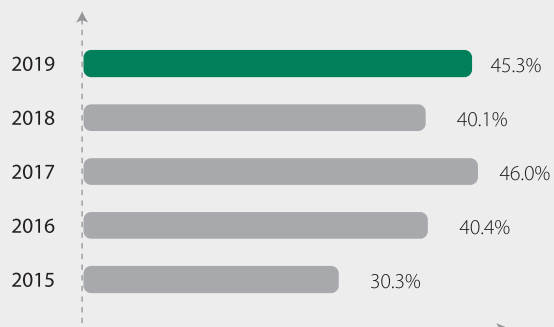
BDT million

Profit After Tax

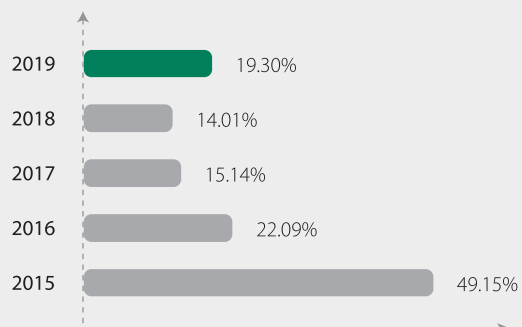


BDT million

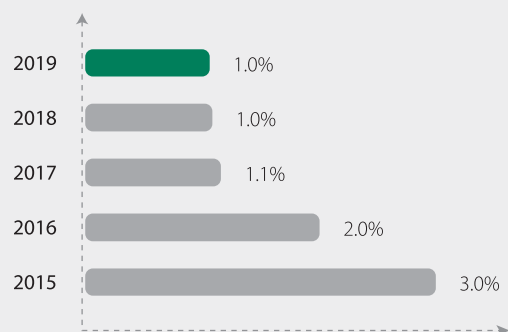
Cost to Income



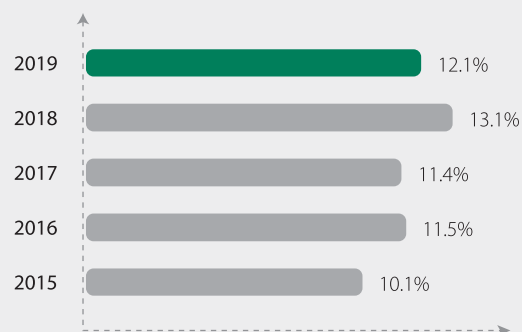
Capital Adequacy Ratio



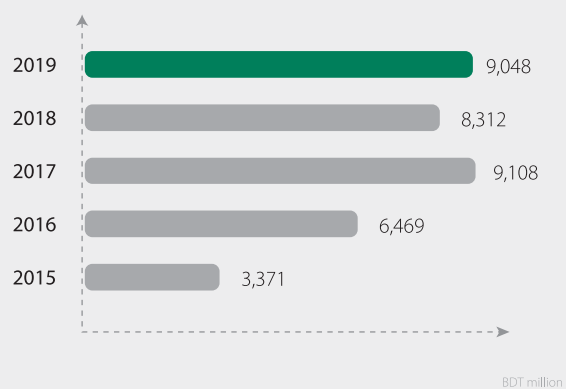
Return on Asset (ROA)



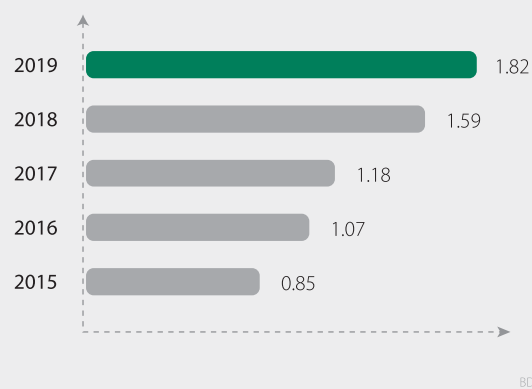
Return on Equity (ROE)



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 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 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 2019 Integrated Report covers the period from 1 January 2019 to 31 December 2019. 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 2019 with relevant comparative information.

The financial statements consistently comply with the requirements of:

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

Reporting Principles

We have referred to the guidelines of Integrated Report, issued by the Institute of Chartered Accountants of Bangladesh (ICAB) in the form of 'Integrated Reporting Checklist', which is in congruence with the integrated reporting framework issued by the International Integrated Reporting Council (IIRC). The following reporting principles were considered while preparing the Annual Report 2019.



Strategic Focus and Future Orientation



Connectivity of Information



Stakeholder Relationships



Materiality



Conciseness



Reliability and Completeness



Consistency and Comparability

Comparability

All the information presented in this report is on the same basis as the 2018 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	Hoda Vasi Chowdhury & Co, Chartered Accountants
Corporate Governance Certification	S. F. Ahmed & Co. (SFACO), 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 as 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 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. 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 2019 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 2019 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:

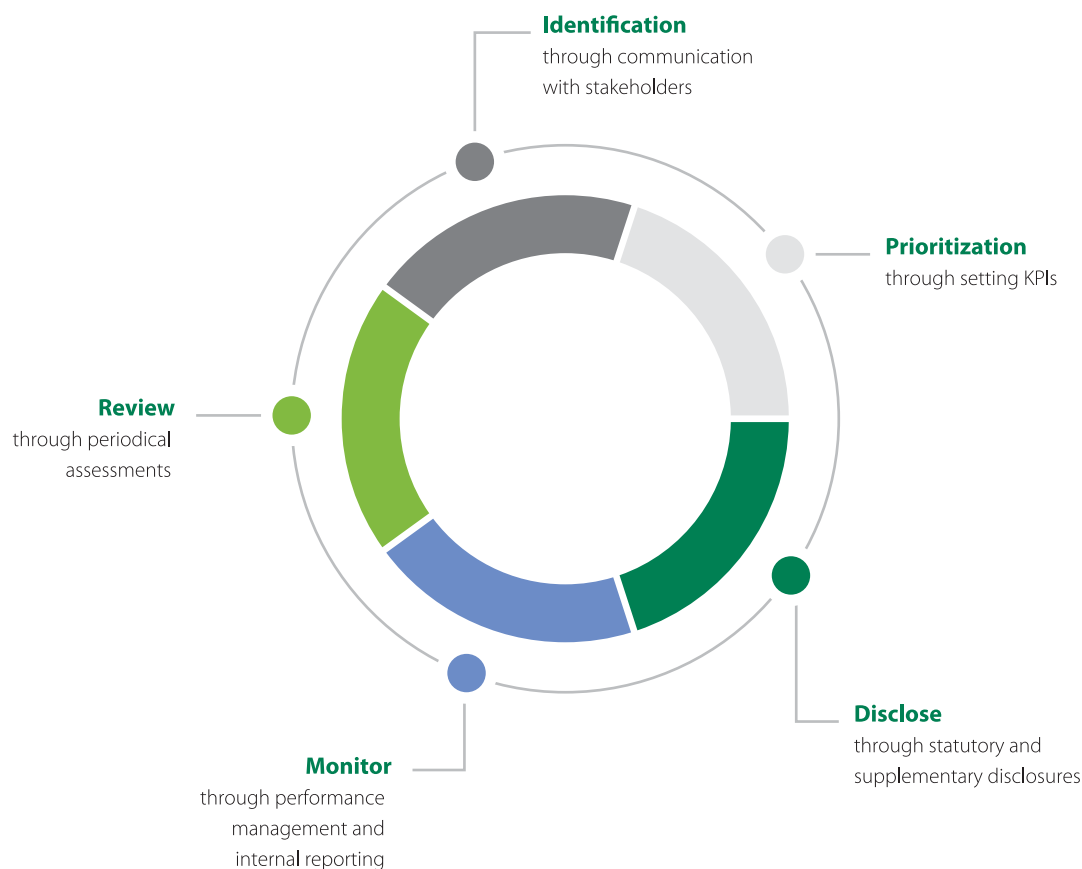
- Change in fiscal and monetary policy
- Change in regulatory and legal frameworks
- Change in Government policy and regulations
- Change in capital market
- Change in financial and money market
- Change in technology
- Change in consumer behavior

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

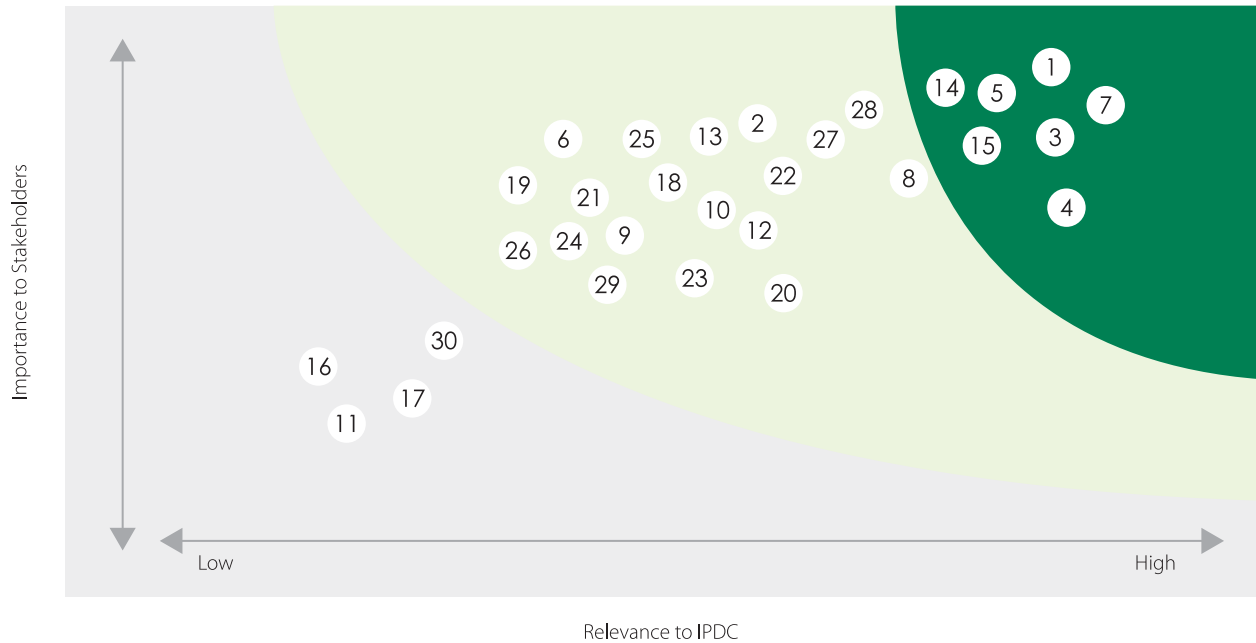
Responsible and sustainable business involves engaging with our stakeholders to refine our strategy. An issue is considered material when it influences the decision, the action and the performance of an organization and its stakeholders. Our materiality assessment is based on an ongoing trend analysis, 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.

Methodology



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:



High priority and covered in this report



Moderate priority and covered in this report



Low priority and not covered in this report

1. Compliance with Rules and Regulations
2. Career Progression for Employees
3. Financial Position
4. Recruiting and Retaining Talents
5. Knowledge and Skill Enhancement
6. Corporate Social Responsibility
7. Sustainability of Business
8. Service Quality
9. Work-Life Balance
10. Employee Diversity and Inclusion

11. Carbon Emission
12. Timely Loan Disbursement
13. Effective Communication of Business Strategy
14. Strong Corporate Governance
15. Efficient Risk Management
16. Employee Charity
17. Waste Management
18. Energy Efficiency
19. On time Payment Processing
20. Transparent Procurement Process

21. Environmental Resource Protection
22. On-time Regulatory Reporting
23. Safe and Conducive Workplace
24. Simple Documentation Process
25. Compliance with supplier contractual terms
26. Environmental Stewardship
27. Societal Impact
28. Safety of Deposits
29. Community Engagement
30. Local Hiring

Our Top Priorities

An issue is material to IPDC if it meets any of 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:



Customers

- Safety of deposits
- Timely loan disbursement
- Simple documentation process
- Quality customer service



Employees

- Career progression opportunities and retaining talents
- Knowledge and skill enhancement
- Diversity and inclusion
- Work-life balance with safe and conducive workplace



Investors

- Financial position
- Sustainability of business
- Effective communication of business strategy
- Effective Corporate Governance with Efficient Risk Management



Suppliers

- Compliance with contractual terms
- On-time payment processing
- Transparent procurement process



Communities and Society

- Social responsibility and impact to society
- Environmental stewardship
- Resource protection and energy efficiency
- Community engagement



Regulators

- Compliance with rules and regulations
- On-time regulatory reporting
- Effective corporate governance

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)
Tax Payer Identification No	111505336736
VAT Registration No.	001103993-0101
Authorized Share Capital	BDT 8,000,000,000
Paid up capital	BDT 3,534,205,210
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	Investor Relations Department Phone: +(88) 09612885533, +(88-02) 55068931-6 Fax: +(88-02) 5506893128 Email: email@ipdcdbd.com

Auditor, Consultants and Memberships

Auditor	Hoda Vasi Chowdhury & Co, Chartered Accountants
Corporate Governance Auditors	S.F. Ahmed & Co. (SFACO), 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)



Vision

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



Mission

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



Our Core Values

We will create extraordinary customer experiences by:

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



Our Core Strengths

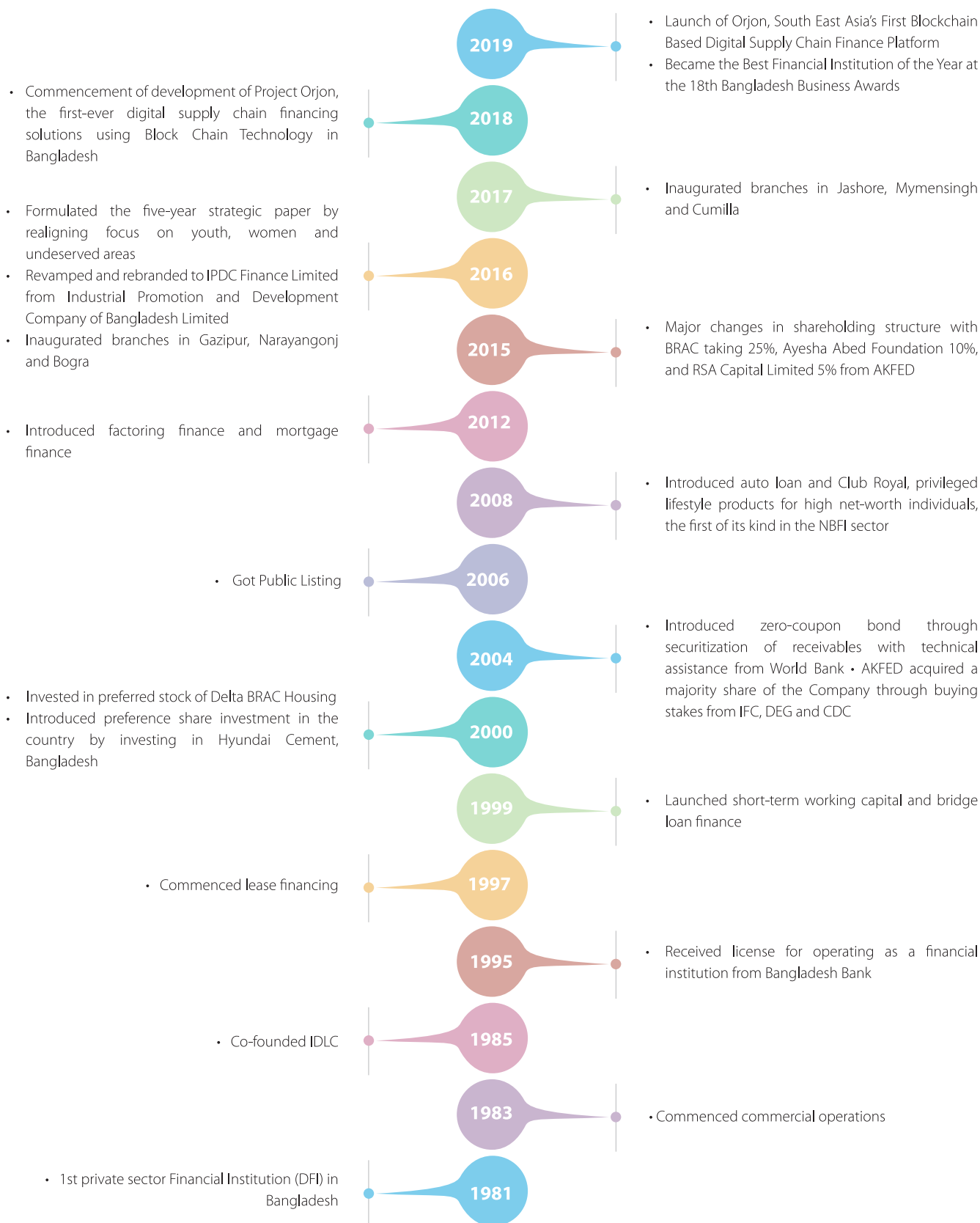
- Strong and diverse Board of Directors
- Experienced management
- Strong governance and regulatory compliance
- Quality asset base
- Strong capital base
- Extraordinary customer service and experience
- Unique corporate culture



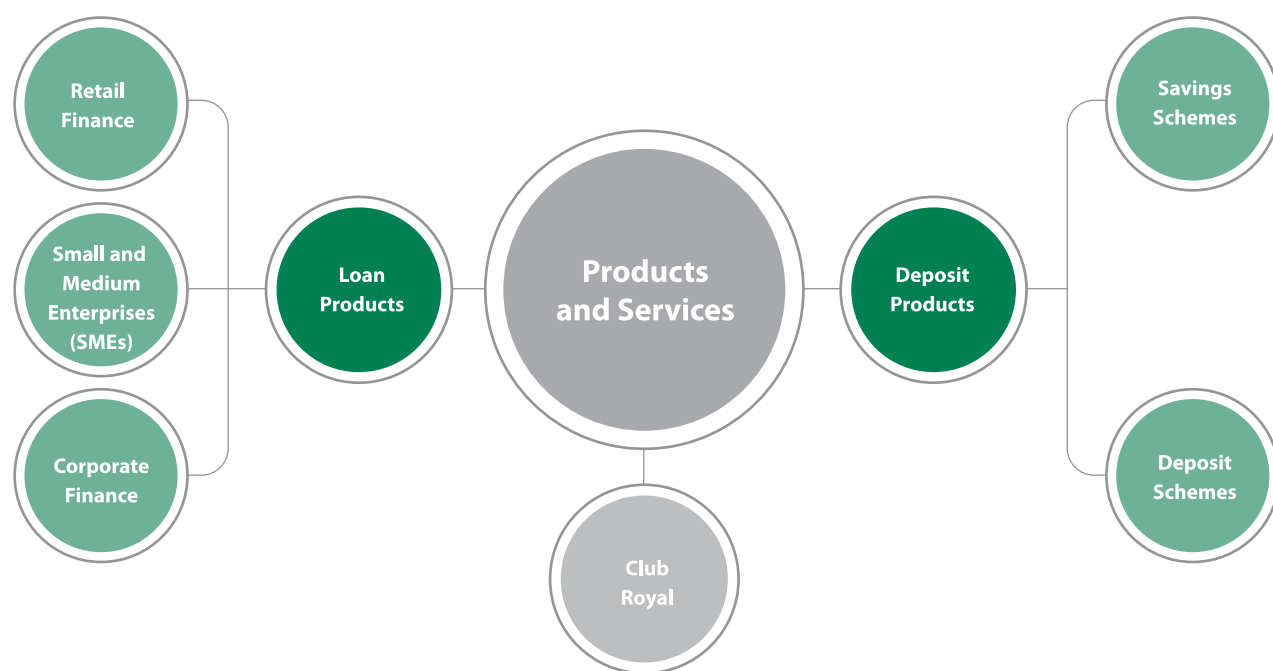
Our Guiding Principles

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

The Incredible Evolution



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 for both individuals and institutions.
- **Personal Loans:** Our personal loan unit offers loans for fulfilling a wide range of personal needs and requirements.
- **Bhalo Basha Home Loan:** BhaloBasha home loan offers housing finance to the growing middle-income base outside metropolitan areas.
- **IPDC EZ:** IPDC EZ is a consumer financing service. With IPDC EZ, customers can make their desired purchase from renowned shops/ platforms, plan and enjoy trips abroad and pay later in affordable monthly installments spread up to 18 months.

Small and Medium Enterprises (SMEs)

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

- **Term Loans:** Small and medium enterprises requiring financing for capital and operating expenditures such as balancing of production lines, modernization of manufacturing processes and expansion of production capacity or space, etc.
- **Short-term Financing:** IPDC offers working capital finance to enable companies to meet their day-to-day running of business operations, helping them meet short-term cash requirements.
- **Work Order Finance:** To execute a work order in a timely manner and to overcome the liquidity shortage, IPDC offers work order financing.
- **Factoring:** IPDC offers businesses factoring finance to receive cash quickly on their receivables for relieving the first party of a debt for less than the total amount providing them with working capital to continue trading.
- **Joyee:** Loan for female entrepreneurs at concessionary 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

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

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

Deposit Products

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

Savings Schemes

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

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

Deposit Schemes

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

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

Club Royal

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

Traces of IPDC

Head Office

Hosna Centre (4th Floor)
106 Gulshan Avenue, Dhaka-1212,
Bangladesh.
Telephone: (88-02) 55068931-6
Fax: (88-02) 55068930
Email: email@ipdcibd.com

Motijheel Branch

Surma Tower (4th Floor)
59/2, Purana Paltan, Dhaka-1000
Fax: +(88-02) 9564044
Tel: +(88-02) 9551704, 9570666
Email: email.mj@ipdcibd.com

Dhanmondi Branch

Navana G H Heights (11th Floor)
House # 67, Satmosjid Road
Dhanmondi R/A, Dhaka - 1209.
Fax: +(88-02) 9614736
Tel: +(88-02) 9143049-51
Email: email.dhn@ipdcibd.com

Uttara Branch

Circle Windflower (2nd floor),
Plot no. 30, Sector no. 11,
Sonargaon Janapath,
Uttara Model Town, Dhaka-1230
Fax: +(88-02) 8932630
Tel: +(88-02) 8932152, 8932154
Email: email.uttara@ipdcibd.com

Jashore Branch

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

Chattogram Branch

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

Cumilla Branch

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

Bogura Branch

Amicus Center, 416-417 Sherpur Road,
Bogra Sador, Bogra
Tel: 05161477-8
Fax: 05161479
Email: email.bogra@ipdcibd.com

Mymensingh Branch

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

Gazipur Branch

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

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@ipdcibd.com

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@ipdcibd.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 TC 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

1 PRIYO SHIKHOK SHOMMANONA



Commenced with the tolling of school bells, followed by singing of the national anthem by middle-school students, IPDC along with Prothom Alo, organized a prestigious event to pay tribute to the teachers who have been actively supporting to produce better human beings called 'IPDC-Prothom AloPriyoShikkhokShomma nona 2019'.

2 ORJON: SOUTH EAST ASIA'S FIRST BLOCKCHAIN BASED DIGITAL SUPPLY CHAIN FINANCE PLATFORM



IPDC aims to promote 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, thus, IPDC, in partnership with IBM, introduced Orjon, South East Asia's First Blockchain Based Digital Supply Chain Finance Platform



3 BANGLADESH SUPPLY CHAIN EXCELLENCE AWARD (BSCEA) 2019

In order to create public engagement in the industry to develop a holistic supply chain ecosystem across the country which will aid the business process of micro-small enterprises and other similar organizations, IPDC proudly hosted the Bangladesh Supply Chain Excellence Award (BSCEA) 2019 in collaboration with Bangladesh Supply Chain Management Society (BSCMS).

COLLABORATION

UNsung WOMEN NATION BUILDERS AWARDS



5 IPDC PRITI LAUNCH



Inspired from Pritilata Waddadar, the embodiment of bravery, IPDC introduced, Priti, designed to liberate women with its unconventional offers, creating a gateway to financial independence, health and lifestyle privileges. Through Priti, IPDC reciprocates to these courageous women who have been conquering every field with their passion, bravery and intelligence. The launch was inaugurated by inspirational women who embody the characteristics of Priti.

Women have always played a pivotal role in the development of the country but those from the underprivileged class have not always been featured in the country's success narratives. IPDC, in association with The Daily Star, has taken the initiative to honor these unsung heroes to provide them with a platform where their inspirational stories get shared and celebrated through "Unsung Women Nation Builders Awards".



6 BASIS NATIONAL ICT AWARDS 2019 POWERED BY IPDC

To provide recognition to outstanding achievements of individuals, students, entrepreneurs, SMEs and organizations for contributing to the development of the Digital Bangladesh initiatives and IT-related applications and services for the benefit of the country, IPDC along with BASIS brought about the "BASIS National ICT Awards 2019".

COLLABORATION

ASIA-PACIFIC CONFERENCE ON FINANCING FOR EXCLUSIVE AND SUSTAINABLE DEVELOPMENT



IPDC-SHEBA.XYZ SERVICE AWARD



IPDC sponsored a conference, which was created to discuss how to scale up investment and international development cooperation and adequately finance the 2030 Agenda for sustainable development in Asia and the Pacific. The 3-day "Asia-Pacific Conference on Financing for Inclusive and Sustainable Development" was organized by the International Chamber of Commerce-Bangladesh (ICC Bangladesh).



This year, IPDC-Sheba.xyz Service Award 2019 was launched as a neo-banking platform specially designed for the Micro, Small and Medium Enterprises (MSMEs) of Bangladesh. IPDC-Sheba.xyz Service Award was organized in collaboration with Sheba Platform Limited (SPL) in order to recognize and inspire the efforts and dedication of its service providers.

IPDC IMPLEMENTATION OF TEMENOS T24 CBS

Recognizing the importance of business automation in a fast-changing world and as part of recent organizational transformation, IPDC Finance Limited has implemented the state-of-the-art software. IPDC became the first compliant among the non-banking financial institution of the country to install the world's leading core banking software, R18 version of Temenos T24 Core Banking Software.

COLLABORATION

10 IPDC – THE FINANCIAL EXPRESS ROUND- TABLE ON “USE OF



11 MICROENTERPRISE SUMMIT



IPDC Finance Limited, EMK Center, ICCO Cooperation, University of Liberal Arts Bangladesh (ULAB) and Dhaka Tribune have come together to initiate the Microenterprise Summit Dhaka, which was to address the prospects and challenges of microenterprise in Bangladesh in general and on the thematic areas of innovation, financing, inclusivity and dynamics of microenterprise in particular.



12 SUPPLY CHAIN FINANCE AGREEMENT WITH BKASH

In order to enhance and smooth out supply chain operations of bKash so that they can empower their customers, IPDC, the market leader of supply chain financing, signed an agreement with bKash Limited, under which IPDC will finance suppliers of bKash to enhance the working capital capacity of the suppliers and ensure a smooth supply chain stream for bKash.

IPDC along with The Financial Express hosted a roundtable discussion on the “Use of Blockchain Technology in Supply Chain Financing”, where they have called on the government to adopt blockchain technology in every sector in collaboration with all stakeholders in order to ensure transparent and efficient services.

COLLABORATION

**BEST FINANCIAL
INSTITUTION OF
THE YEAR – 18th
BANGLADESH
BUSINESS
AWARDS**



IPDC proved its diligence and excellence by attaining 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. IPDC was awarded 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.

AAA CREDIT 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, Emerging Credit Rating Limited bestowed IPDC with a credit rating of AAA, which is the highest possible rating.



**IPDC FINANCE WINS
ICAB & SAFA BPA
AWARD 2018**

For maintaining transparency and accountability in the organization’s annual report, IPDC was rewarded as the First Runner-Up of South Asian Federation of Accountants (SAFA) and The Institute of Chartered Accountants of Bangladesh (ICAB) for Best Presented Annual Report (BPA) Award 2019 under the category of Financial Services.

ACCOLADES

1 ERC – Annual Team Building



2 Pohela Boishakh



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 Proshika HRDC Trust where over 400 employees partook in games and activities designed to increase employee spirit and team bonding.



Pohela Boishakh 1426 celebration at IPDC created a unique experience for all members through engaging and fun activities. The members participated with high spirit in welcoming the Bangla New Year with beautiful décor and cultural event performed by the members.

3 IPDC Talk

To enrich the knowledge of employees, IPDC organized small sessions named "IPDC Talk" with industry experts on various issues like ergonomics, e-learning, healthy lifestyle, group insurance, tax return etc.

THE PASSION

Town Hall

4



First-Time Line Manger Development Program

5



IPDC always focuses on continuous development of the employees. First-Time Line Manager Development Program (FLM), a six months development program, is one of the initiatives taken by IPDC to develop the Mid-Level Managers who will become the line managers in near future. The main objective of FLM is to enhance leadership and managerial skills. This program enables participants to provide clear and engaging direction to their team members, helps them to guide the workforce efficiently and finally enables the participants to provide feedback to team members on their performance. FLM is such a program where these Mid-Level Managers learn the art of coaching team members to motivate and enhance performance. The total number of participants selected for this program is 35 (thirty-five) and already 682.5 training hours have been covered by this program.

Women's Leadership Training

6

In line with the vision of IPDC, this year the company had arranged "Women's Leadership Skills Development" training in order to promote women empowerment and equal employment opportunity. The training was conducted by Ms. Nasreen Sattar, Chairman of Consumark and former Director of IPDC.

Town Hall meetings act as a perfect platform since different team members from different parts of the organization come across to reinforce organization's culture and values. Branches outside of Dhaka join through skype conferences, these town hall meetings act as catalysts towards achieving the strategic goals. The meetings also contain sections for award giving, fun quizzes, and lotteries.

THE PASSION

Operational Expenses to Narail sports academy-Narail Express Foundation



Standing beside the ones who bring glory and goodness for the nation, IPDC signed a three-year partnership agreement with Narail Express Foundation (NEF). The captain and chairman, Mashrafe Bin Mortaza's foundation envisions to provide all kind of support to ensure the state-of-the-art sports training facility in the Narail district. The NEF will begin with cricket and football academy in its initial stage with a total of 60 students who will be trained between ages 16 to 18 years. IPDC Finance is committed to be a mutually exclusive partner in NEF's venture.

2 Donation to Unsung Retired Teachers



Great teachers tend to inspire hope, ignite imagination, and instill a love of learning. Teaching is a very noble profession that shapes the character, caliber, and future of an individual. IPDC donated to remote retired teachers who are winners of Prothom Alo Prio Shikkhok Shommanona for improving their lives.



3 Blanket for winter affected area

IPDC distributed blankets in Kurigram and other parts of North Bengal through Terres De Homes because the temperature in those areas are the chilliest. IPDC also donated to NGO's like AMAL Foundation and Obhizatrik Foundation.

IMPACT (CSR)

Donation to
Protibha
Foundation

4



School Bag Donation

5



Vocational training provides education only in the type of trade a person wants to pursue, forgoing traditional academics. Vocational training can also give applicants an edge in job searches, since they already have the certifiable knowledge that they need to enter the field. IPDC Donated to Protibha Foundation encouraging vocational training for underprivileged women.



Carrying a heavy bag that doesn't fit may cause increased muscle tension and may lead to backpain and long-term development of bad postural habits. IPDC donated school bags for children associated with Madaripur Social Service Club.

Cancer Awareness
Camp

6

Annual awareness events may help remind the target population about their community tasks. IPDC tries to associate with organizations that promote and develop awareness in the society at large about the methods of early detection, which play a major role in the advancement of cancer treatment. A free blood test and awareness of cancer symptoms and early detection was conducted in Dhaka University.

IMPACT (CSR)

Donation of Water Purifier



Donation to Firefighters



The benefits of clean water influence the daily lives of children and adults and impact the quality of life in communities for generations to come. IPDC donated water purifier systems to cyclone Fani victims in the North area in support of Terre Des Hommes Foundation as water became scarce in those areas.



Donation to firefighter's program arranged by BRAC Firefighters of Banani fire were handed a humble contribution. Firefighters rely on our donation to honor the men and women who made sacrifices in service for their communities.

Sports Kits and Jersey for Narail Express Players

The most fundamental feature of a team uniform is to visually distinguish between competing teams and identify players during the game. A uniform fosters team unity, which in turn can keep players motivated to succeed. It also creates solidarity between players and fans. Hence, IPDC went beyond monthly expense and donated Sports Kits and Jersey for Narail Express Players.

IMPACT (CSR)

Women Enlightening Session



11

Donation to HERSTORY Foundation



Training for gender equality is a transformative process that aims to provide knowledge, techniques and tools to develop skills and changes in attitudes and behaviors. It is a continuous and long-term process that requires will and commitment of all parties in order to create inclusive societies that recognize the need to promote gender equality.



Young students were made to read and explore the brave hearted women in history to encourage them to also break barriers and reach excellence. A residential 2-day workshop on Classroom Management and Performative Storytelling was conducted by an experienced educator and an acting coach.

12

Boishakh Clothes to Ucchash School students

The joy of any festival comes from sharing it with as many people around. But the genuine essence of giving is to spread happiness and joy of the festival itself to the underprivileged segment. IPDC donated new clothes to the children of Ucchash School to help them celebrate Boishakh this year.

IMPACT (CSR)

Bangla Trac
Limited



Confidence Power Bogra
Unit II Limited (CPBUILL)



As the exclusive dealer of CAT® Products in Bangladesh, having a client base consisting of all the leading industries in Bangladesh. It is one of the largest providers of independent power generation solutions in Bangladesh and one of the largest Gas Engine dealers globally.



Confidence Power Bogra Unit II Limited (CPBUILL), a heavy fuel oil (HFO) based power plant of 113 MW established on 12 acres of land at Birgram, Bogra. CPBUILL builds, owns and operates the power plant project & shall generate power 113 MW each under a contract period of 15 years.

Summit LNG Terminal
Co. (Pvt.) Ltd.

Summit LNG Terminal Co. (Pvt.) Ltd. a venture of Summit Corporation Limited and Japan based, Mitsubishi Corporation, operates as a LNG (Liquid Natural Gas) Terminal services located at Maheshkhali Island, Cox's Bazar, Bangladesh having fuel oil capacity 3,000 (mt/min)].

OUTCOME

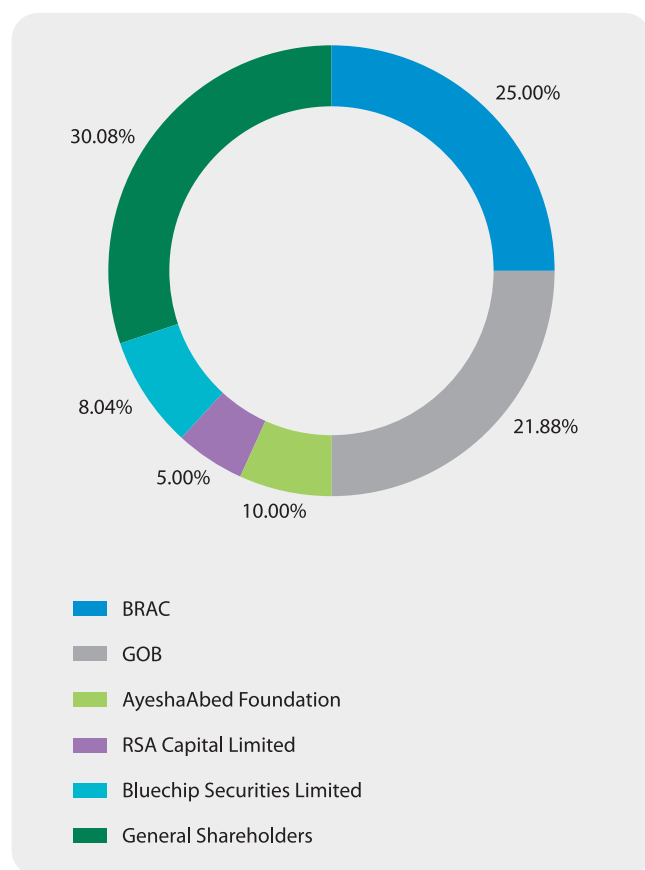
Profile of Shareholders

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 2019, IPDC has an authorized capital of BDT 8,000,000,000; issued, subscribed and paidup capital of BDT 3,534,205,210 which has increased from last year due to Rights Issue of Shares as well as bonus shares. Ordinary shares have a face value of BDT 10 each.



Brief Description of the Major Owners

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 a number of 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 all across Bangladesh.

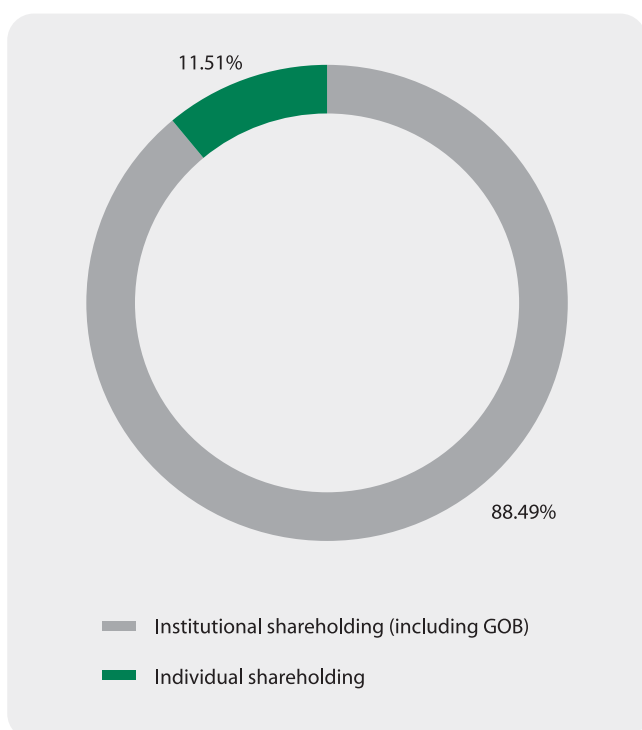
AAF's work can be considered to be completely synonymous to women empowerment. AAF doesn't just generate income for women but works towards enabling women with courage, independence and dreams waiting to be realized.

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 in January 24, 2017. It was established by a renowned business person Mr. Mujibur Rahman who is the Deputy Managing Director of Uttara Group of Companies, one of the biggest business conglomerates in Bangladesh. The company has excellent business operation under the leadership of Ms. Nahreen Rahman who represent the Directorship of Bluechip Securities Ltd. She also provides her footprint by holding the Directorship of IPDC Finance Limited, a renowned NBF in Bangladesh.



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
Total	143,508,240	209,912,281		3,534,205,210

The Board



Left to right
Syed Abdul Muntakim | Biswajit Bhattacharya Khokon ndc | Nahreen Rahman | Md. Abdul Karim | Salahuddin Mahmud



Tamara Hasan Abed | Sameer Ahmad | Salahdin Irshad Imam | Mominul Islam | Sonia Bashir Kabir | Tushar Bhowmik



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 is also working as a Senior Adviser of BRAC. 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.

Other Interests:

President: Bangladesh Chemical Society
Chittagong University Alumni Association
Bangladesh Scouts Foundation
Bangladesh Deaf Sports Federation
Member: Asian University for Women, Chattogram
Senior Adviser: BRAC

Qualifications:

Bachelor of Science (Hons) in Chemistry from University of Chittagong, Bangladesh.
Master of Science in Chemistry from University of Chittagong, Bangladesh.
Postgraduate Diploma in Development Administration from University of Birmingham, UK.
Master of Social Science (Development Administration) from University of Birmingham, UK.

Age: 67 years



Salahdin Irshad Imam

Independent Director

Mr. Salahdin Irshad Imam is the Chairman of Board Audit Committee of IPDC. Educated at Harvard and MIT, Mr. Imam has had an extensive career as an International Banker with assignments in the Middle East and Europe. Currently an independent Financial Consultant/Corporate Advisor in Dhaka providing project finance and investment services to leading multinationals, corporate houses and HNWI.

Other Interests:

Independent Financial Consultant
Chairman: Panigram Resort Ltd.
Proprietor: Radius Enterprises
Member: Brotee (NGO)
Luxembourg Bangladesh Business Council
Shareholder: Tiger Tours Ltd.

Qualifications:

BA (Hons) in Social Studies from Harvard University, Cambridge, MA, USA
SPURS Fellow (Business Studies) Massachusetts Institute of Technology (MIT), Cambridge, MA, USA.

Age: 71 years



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 Pricewaterhouse 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.

Other Interests:

Director: Equinox Ltd.
RSA Capital Ltd.
RSA Advisory Ltd.

Qualifications:

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

Age: 49 years



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.

Other Interests:

None

Qualifications:

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

Age: 55 years



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.

Other Interests:

Chairperson:

BRAC University
BRAC Services Limited
Bangladesh Netting Factory Limited and
BRAC Industries Limited

Managing Director:

BRAC Enterprises

Director:

BRAC EPL Stock Brokerage Limited.
BRAC EPL Investments Limited
BRAC Karnafuli Tea Company Limited
BRAC Kaiyacherra Tea Company Limited
BRAC Kodala Tea Estate
edotco (BD) Co. Ltd
Executive Trustee:
Ayesha Abed Foundation

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.

Age: 45 years



Salahuddin Mahmud

Director, Nominated by GoB

Mr. Salahuddin Mahmud has been appointed as Director in the Board of IPDC representing the Government of Bangladesh. He is also a member of the Board Audit Committee. Mr. Mahmud joined Bangladesh Civil Service (BCS) Administrative Cadre in 1986. Since his appointment, he has served in various capacities in different Ministries and Constitutional Offices. Currently, he is also the Director of SME Foundation and Reckitt and Benckiser Bangladesh Ltd. He served as Director General of Export Promotion Bureau, BARD Comilla, Department of Narcotics Control. Presently he is working as Additional Secretary of Ministry of Industries. He holds B.Sc. (Hons) from University of Dhaka and M.S.S. (IR) from University of Dhaka.

Other Interests:

Director:

SME Foundation
Reckitt Benckiser Bangladesh Ltd.

Qualifications:

B.Sc (Hons) from University of Dhaka.
M.S.S. (IR) from University of Dhaka.

Age: 58 years



Sonia Bashir Kabir

Independent Director

Ms. Sonia Bashir Kabir is an Independent Director of IPDC Finance Limited and also 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.

Other Interests:

Chairman: SBK Tech Ventures
SBK Foundation

Qualifications:

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

Age: 54 years



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.

Other Interests:

Director:
BRAC Services Ltd.
edotco (BD) Co. Ltd.
BRAC Industries

Qualifications:

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

Age: 45 years



* Mr. Syed Abdul Muntakim joined the board on 23 February 2020

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

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)

Age: 44 years



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 on, 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.

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.

Age: 29 years

**Mominul Islam**

Managing Director, Ex Officio

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

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

Other Interests: None

Qualifications:

BBA from IBA, University of Dhaka.

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

Age: 43 years

The Management Committee



Left to right

Back: Kyser Hamid | Md. Zakir Hossen, CFA | Sharmeen F. Annie | Rizwan D. Shams | Ashique Hossain

Front: Mahzabin Ferdous | Md. Ezazul Islam, ACA



Samiul Hashim,

Mominul Islam

Fahmida Khan, FCA

Aleya Rafique Ikbāl



Mominul Islam

Managing Director & CEO

Expertise:

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

Years of Experience: 21

Educational Background:

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 Development, Strategic Business Planning, Relationship Management, Special Asset Management and Risk management.

Years of Experience: 17

Educational Background:

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



Kyser Hamid

DMD & Head of Retail Business

Expertise:

Retail Management, Sales Management, Risk Management and Strategic planning

Years of Experience: 14

Educational Background:

MBA, North South University; BBA, University of Dhaka



Sharmeen F. Annie

Chief Human Resources Officer

Expertise:

HR Planning & Strategy, Change Management, Staffing & Talent Management, Reward Management, Organizational Development and Organizational Culture.

Years of Experience: 20

Educational Background:

MBA, St. Cloud State University, USA; MSS, University of Dhaka; BSS, University of Dhaka

Ashique Hossain

Head of Credit Risk Management

Expertise:

Risk Management, Credit Analysis, Credit Management, Financial Management & Strategic Planning, Market Trends, Deal Mechanics and Structured Finance.

Years of Experience: 16

Educational Background:

MBA, North South University; BSC in Civil Engineering, BUET



Samiul Hashim,

Barrister at Law & Advocate (Supreme Court)

Accredited Commercial Mediator

Company Secretary & Head of Legal Affairs

Expertise:

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

Years of Experience: 12

Educational Background: Bar Professional Training Course (BPTC); LL.M in International Commercial Law, Northumbria University; LLB(Hons), University of London



Mahzabin Ferdous

Head of Corporate Communication

Expertise:

Go-to-market Management, Brand Marketing Innovation, Result Oriented Integrated Marketing Communications Planning and Execution, Digital Marketing Specialist, Sustainability and CSR.

Years of Experience: 12

Educational Background:

BBA, North South University

Md. Ezazul Islam, ACA

Head of Internal Audit a & Compliance

Expertise:

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

Years of Experience: 11

Educational Background:

MBA, University of Dhaka; BBA, University of Dhaka



Md. Zakir Hossen, CFA

Head of Operations

Expertise:

Credit Administration, Operations, Process Automation, MIS and Financial Analysis

Years of Experience: 15

Educational Background:

BSS and MSS in Economics, University of Dhaka; MBA (Finance), Institute of Business Administration, Dhaka University; CFA Charter, 2014





Aleya Rafique Ikbal

Head of Information Technology & Business Transformation

Expertise:

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

Years of Experience: 20

Educational Background:

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

Fahmida Khan, FCA

Chief Financial Officer (Acting)

Expertise:

Financial Planning and Controlling, Budgeting, Corporate Reporting, Financial Reporting and Tax.

Years of Experience:9

Educational Background:

BBA, University of Dhaka



Founding Shareholders



Current Shareholders

(as of 31 December 2019)



**General
Shareholder**

TAKING THE LEAD



Statement from the Chairman

"IPDC is ready to take the advantage of the opportunities ahead by investing in technology to bring smarter solutions and innovative services to the customers"

Md. Abdul Karim
Chairman



Dear Shareholders,

I welcome you to the 38th Annual General Meeting of IPDC Finance Limited. It gives me immense pleasure and a sense of pride to let you know that IPDC has performed well despite formidable challenges arising from market and is preparing for the future by focusing on strengthening fundamentals and establishing a platform of growth.

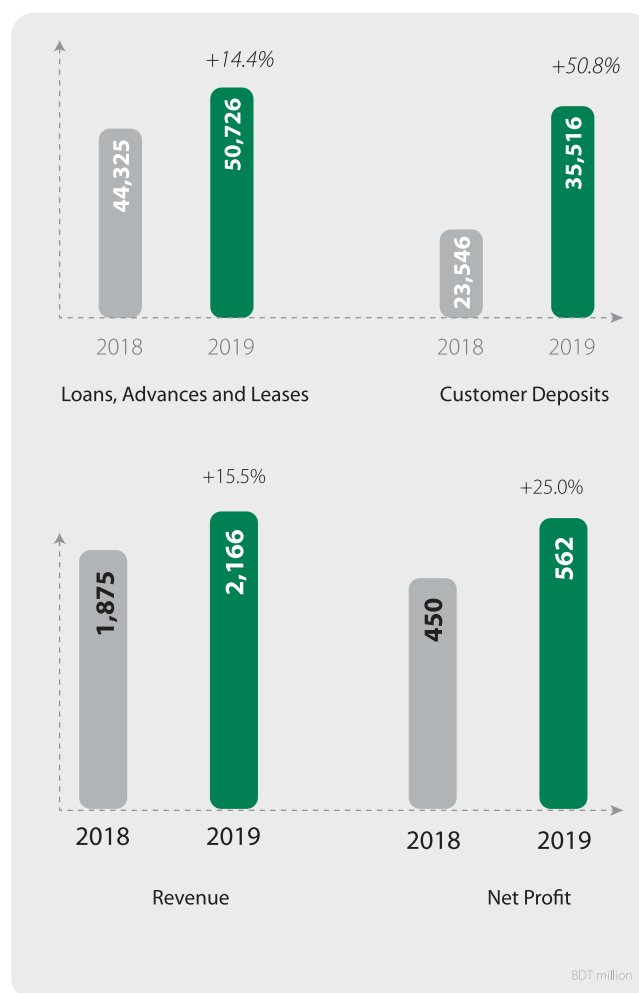
Review of IPDC's Performance in 2019

IPDC has delivered solid performance in an operating landscape that has changed dramatically. Our focus on innovation, client-centric business model and efficient risk management framework have allowed the company to provide impressive results in the changing economic conditions. Beyond the numbers, the company successfully completed key strategic projects and continued its transformational journey as we move towards achieving the long-term vision of the company.

The company achieved yet another outstanding performance in 2019 with a year-on-year net profit growth of 25.0%. The stronger profitability reflects the extensive infrastructural and process improvements that the company has made in the last 5 years. Credit Portfolio growth of 14.4% and effective liquidity management allowed the company to register a revenue growth of 15.5% in a market where the spread kept decreasing due to tightening liquidity situation. Although NBFI deposits witnessed a degrowth of 7.2% in Sep'19 on year-over-year basis, IPDC delivered an exceptional performance and managed to achieve a massive 50.8% growth in public deposits which makes up 76.6% of the total deposits of BDT 46,361 million (+25.1%) in 2019. Efficient credit decision process coupled with stronger recovery efforts resulted in a reduction of classified loan ratio to one of the lowest in the industry at 1.57% in 2019 from 2.14% in 2018. Market capitalization at the end of 2019 stood at BDT 9,048 million. The CAGR of market capitalization (34.1%) over the last 5 years reflects the capacity of the company to create value consistently and sustainably.

Review of the Economy

The growth of the economy has maintained its upward trend clocking 8.15% in FY 2018-19, which puts Bangladesh among the top ten fastest growing countries globally. Investment to GDP ratio marginally increased to 31.6% in FY 2018-19 from 31.2% in the previous fiscal year. Majority of the growth came from increased public investments in infrastructure mainly driven by seven mega development projects by the government. These public projects are expected to have significant positive impact on future economic activities. Strong growth in remittance has offset the worrying export growth resulting in a stable foreign exchange reserve of USD 33 billion at the end of June 2019. With Bangladesh climbing up a spot (135 among 189 countries) in the 2019 human development index, the country kept on making impressive progress in the social aspects of development as well.



As the country embarks into 2020, the country stands at a critical stage on its growth trajectory. Some of its key economic indicators are showing signs of slowdown in the latter half of 2019, despite high growth numbers and projections. However, there is considerable scope for accelerating economic growth through an integrated development approach by increasing the utilization of demographic dividend and engaging with the youth, ensuring female labor force participation in the economy and focusing on the rural economy.

Industry Updates

The financial sector passed a difficult time in the year 2019 with liquidity issues, increasing classified loans and decreasing spread. Lending portfolio of NBFIs saw marginal growth, partially resulting from the scarcity of fund. The financial institutions suffered from lack of confidence of the depositors and lenders following some adverse developments in the sector. However, institutions with sound corporate governance managed to log in healthy deposit growth. Higher provisioning requirements stemming from rising classified loans have eroded the profitability of the sector to some extent. However, there is still room to grow by leveraging the opportunities presented by a flourishing economy.

Board, Governance and Ethics

IPDC's governance framework is based on competent leadership, effective internal controls, a strong risk management culture and accountability to different stakeholders. The Board plays a key role in setting the governance standards to meet our stakeholders' expectations. Due to some adverse developments in the sector during 2019, integrity and ethical conduct are now more essential than ever before for inspiring long-term confidence in IPDC. In this respect, our ethical corporate dealings and acting with integrity in the conduct of our business have been important elements of our success. We will continue to stay vigilant in ensuring highest governance standards and place appropriate controls so that IPDC remains a well governed institution.

Our People

Attracting new talent while developing and retaining internal talent is one of the top priorities and vital to the rapid growth strategy of the company. Our ability to grow and contribute to society depends on our ability to enable our employees to develop, both personally and professionally. So, we are investing heavily to build a future-ready workforce and enable employees to take ownership of their career development. As we enhance our digital capabilities to bring in new services to our clients, we are also ensuring that our employees have the right tools and training to utilize these enhanced capabilities. We will continue to ensure a fair, diverse and inclusive environment, offer equal terms of employment, ensure health and safety provisions and reward good performance, allowing us to remain as one of the admired employers of the country.

Investments in Technology

IPDC has made huge strides during 2019 in its digital transformation journey with the implementation of a new Core Banking System (CBS) – Temenos T24 and South Asia's first blockchain enabled digital supply chain finance platform - Orjon. Fintech trends in the coming years include big data, artificial intelligence, machine learning and blockchain. Our long-term goal is to leverage these frontier technologies and forge strong ecosystem collaborations so that we can make banking simpler and effortless for the mass people and small businesses.

Strategic Plan Going Forward

The fundamentals of IPDC's strategy remain consistent. Our core focus will remain in leveraging the opportunities in the market through identifying challenges in our society and providing innovative solutions to overcome them. In this context, the changing demographics and societal structure of the country has opened up new possibilities in financing budding entrepreneurs, offering low cost financial solutions to women entrepreneurs and SMEs and providing affordable housing finance to the people beyond the traditional markets. Additionally, rising MAC population and increasing consumption will provide scope for consumer financing while financing micro enterprises such as small retailers remains an untapped market. IPDC is working to implement dedicated technology platforms to cater to these market segments. The digital revolution in the financial sector is likely to completely transform our industry in the next decade. As the economy grows and the industry undergoes structural

changes, IPDC is ready to take the advantage of the opportunities ahead by investing in technology to bring smarter solutions and innovative services to the customers.

Sustainability Initiatives

Sustainability is fully embedded in our values and it is demonstrated through our purpose-driven activities and Corporate Social Responsibility (CSR) initiatives. We intend to promote economic growth and social progress on a national scale. Our multifacet approach to CSR covers national and social issues ranging from education, health, diversity, inclusion and sports to charitable donations. Through our innovative signature platforms such as Unsung Women Nation Builders and Priyo Shikkhok Shommanona we plan to bring about meaningful change in our society by promoting social changemakers who had significant contribution in the socio-economic development of the country. We also intend to continue our investments in technology as a critical partner to the government's Digital Bangladesh vision.

Outlook for 2020

We are delighted that in spite of the challenging market environment, we continued to receive strong support of our clients. This unequivocal support gives us reason to be confident as we deal with upcoming challenges in the industry in 2020 and beyond. Our priorities for 2020 will be to launch dedicated digital platforms for retailer financing and consumer financing, diversify funding basket, increase presence in the newer market through expansion of distribution and communication channels and maintaining our industry leading portfolio quality.

The company is built on strong fundamentals and has the capabilities that position itself well for unhindered growth in the future. With the strength of our people and our solid foundation, we intend to have a positive impact on the lives of our clients and ensure sustainable growth of the company, so that we can be a force for positive change in the society.

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 10% cash dividend and 5% stock dividend for the year ended 31 December 2019 subject to approval of the shareholders.

Concluding Remarks

The year 2019 showcases IPDC's successes as a changemaker. Industry recognition from third parties is definitely a key measure for success and it proves that our business model is resonating with our customers, and that we are true to our approach of providing innovative financial solution to the mass people ensuring transparency and high governance standards.

Acknowledgements

I would like to send my warmest gratitude to our shareholders for believing in our strategy and for the continued trust and support. I would also like to thank the management and the employees of IPDC for delivering another exceptional year through their dedication and hard work. I am grateful to the Bangladesh Bank, Bangladesh Security and Exchange Commission, Chittagong Stock Exchange, Dhaka Stock Exchange, National Board of Revenue and other regulators and valued business partners for their support. Most importantly, I would like to express my heartfelt gratitude to our customers for having their unwavering trust in us.

Sincerely,



Md. Abdul Karim

Chairman

Statement from MD and CEO

At IPDC, the joy of our customers at every moment of truth comes above anything else.

Mominul Islam
Managing Director & CEO



IPDC was named Best Financial Institution by DHL – The Daily Star business awards as well as Best Retail Finance by the International Finance Magazine. This is on the backdrop of being recognized as a Superbrand in the previous year. It shows how far we have come from our roots as an organization for industrial promotion and development to a leader in financial services sector through passion, innovation and collaboration. IPDC at its core is a purpose-driven organization with a desire to create social impact by changing the lives of people who remains beyond the reach of traditional banking, enabling them to live unbound and reach newer heights.

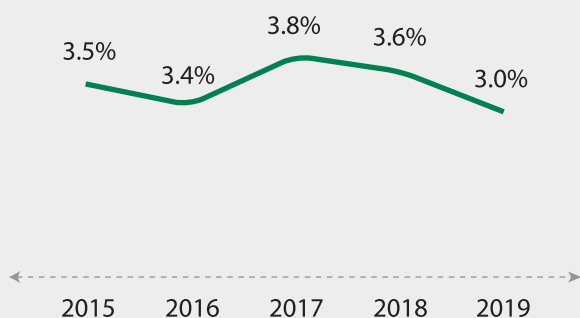
The year under review was an eventful one for the industry. With the backdrop of an intensifying liquidity crunch, rising non-performing loans and increasing competition, IPDC delivered strong performance in 2019. The company achieved sustainable growth both in terms of balance sheet size and profitability while maintaining one of the lowest classified loan ratios in the industry. In addition to delivering impressive financial numbers, we are continuing to invest in infrastructure development in order to enhance our capabilities and secure long-term growth of the company.

Economy and Industry Review

Global Economy

GDP growth in 2019 stood at 3.0% down from 3.6% in the previous year. Global growth this year recorded its weakest pace since the last global financial crisis. The decline in global GDP is a result of continuous weakening in global investment and trade, partially stemming from US-China Trade tensions. The slowdown in global investment impacted both advanced economies as well as emerging market and developing economies. However, global growth is expected to pick up in the coming years and is expected stand at 3.4% in 2020, 3.6% in 2021 and 2022 as per IMF.

Global GDP Growth



Global economy continued its downturn amid US-China trade tension, impacting both advanced economies and emerging markets

Creating Sustainable Value

Business Growth in Last Five Years

8.9X Times | **55.0%** CAGR

Loans, Advances and Leases

8.9X Times | **54.8%** CAGR

Customer Deposits

3.7X Times | **30.1%** CAGR

Revenue

3.4X Times | **27.7%** CAGR

Net Profit

4.3X Times | **34.1%** CAGR

Market Capitalization

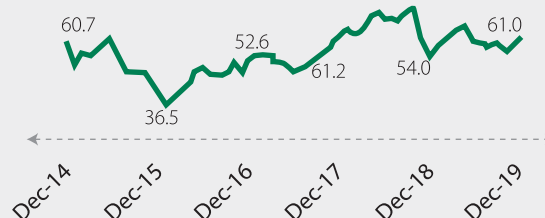
2.4X Times | **19.5%** CAGR

Net Asset Value per Share

Global financial conditions improved substantially during 2019. Many of the Central Banks around the world took steps to ease monetary policy in light of the diminishing global economic prospects and low inflation. In many countries corporate debt is on the rise despite the weaker global investments. On average, emerging market and developing economies (EMDE) saw a decline in borrowing cost while issuance of debt increased. Due to the global policy uncertainty, Foreign Direct Investment (FDI) continues its downward trend with FDI falling in all of the EMDE regions.

Oil prices averaged USD 61 per barrel which is a 10% fall from the year 2018. However, oil price is expected to pick up in 2020 triggered by global economic recovery.

Global Oil Price Movement

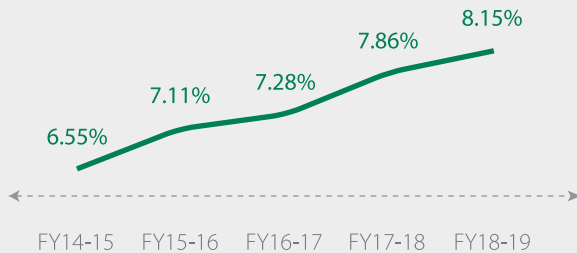


Although oil price witnessed an uptick in price during the latter part of 2019, average oil price in the year 2019 stood at USD 61 per barrel, down 10% from the average price of 2018.

In USD per barrel

Bangladesh Economy

GDP growth of Bangladesh

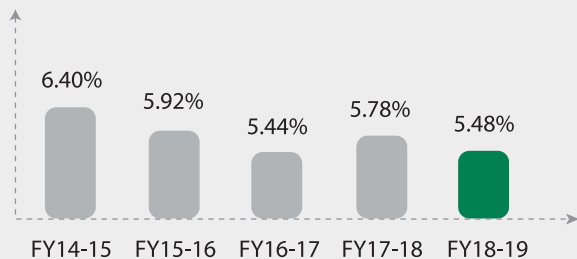


Bangladesh continued to defy global economic trends with rising GDP growth. GDP growth in FY 18-19 stood at 8.15%, a record for the country.

Despite slowing global economy, Bangladesh was able to clock in record 8.15% GDP growth in FY 2018-19. This may be attributed to limited degree of globalization effected by Bangladesh economy till now.

Inflation rate has been seeing a downward trend over the last five years, coming down from 6.40% in FY 2014-15 to 5.44% in FY 2016-17 with a hike to 5.78% in FY 2017-18 due to rising food inflation. However, in FY 2018-19 inflation came down to 5.48% which is within the 5.50% target set for the financial year. The decline in the inflation was mainly driven by lower food prices. Food inflation came down to 5.5% in FY 2018-19 from 7.1% in the previous financial year due to greater rice yields. On the flip side, non-food inflation increased to 5.4% from 3.7% due to increasing price of clothes and footwear. Targeted inflation for FY19-20 of 5.5% will be challenging to maintain considering the rise in food prices in the latter part of the year.

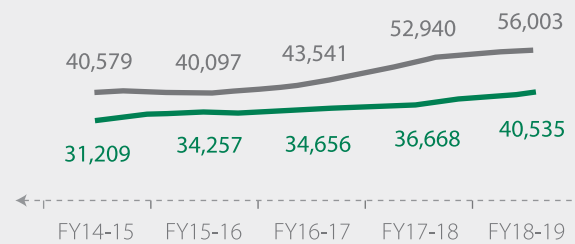
Inflation in Bangladesh



Although inflation (12-month average) kept declining driven by declining food inflation, non-food inflation stood at 5.4% in FY 18-19 compared to 3.7% in FY 17-18

Export increased by 10.5% to USD 40,535 million in FY 2018-19 from USD 36,668 million in the previous fiscal year. However, export growth slumped in the latter part of the year owing to stronger value of taka against the dollar as well as strengthening competitors. In the long term, export is expected to continue to grow as production within China are shifting out to other countries. Import increased by 5.8% to USD 56,003 million in FY 2018-19 from USD 52,940 in the previous year. However, import also experienced a fall offsetting the negative impact on balance of payment due to declining exports.

Export-Import



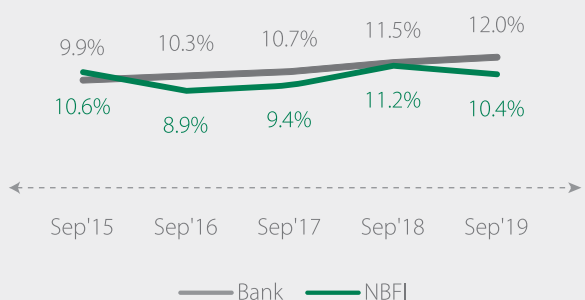
— Export (USD mn) — Import (USD mn)

New export destinations for readymade garments resulted in higher export growth in FY18-19. However, forecasts for export growth in FY19-20 remains grim, blaming on slowing global demand.

Financial Sector Updates

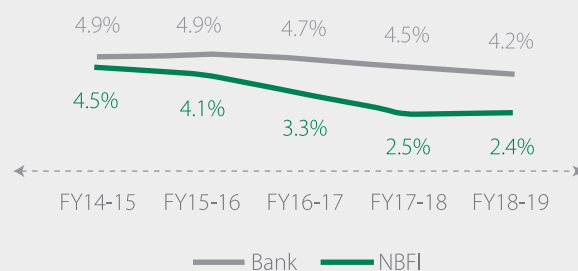
The past year has experienced a host of adverse developments in the financial sector with mounting non-performing loans, slowdown in deposit growth and liquidity constraints resulting in lackluster growth of 11.3% in private credit for FY 18-19 for banks. Banking sector classified loans is at an all-time high of 12.0% while classified loans in NBFIs stood at 10.4% as of September 2019, putting pressure on the bottom line of the FIs due to increasing provisioning requirements. Although cyclical effects cause classified loans to be higher in quarter 3 compared to the end of the year, the trend remains the same. Growth in deposits slowed to 9.9% in the latest fiscal year, putting pressure on Asset to Deposit Ratio.

Classified Loans



Overall classified loans continued to spiral upwards led by banks

Spread



Both NBFI and Bank Spread continued its downward trend in FY18-19 hitting 2.4% for NBFI and 4.2% for banks

NBFI spread came down to 2.4% in FY18-19 against 2.5% in FY17-18 and 3.3% in FY16-17 mainly due to rising cost of fund as a direct consequence of the liquidity crisis. Spread of banks also continued to decline for the same reason.

NBFIs are currently suffering from a dent in customer confidence to poor performance of some institutions. However, institutions with sound corporate governance continued to perform admirably in an adverse money market.

"IPDC at its core is a purpose-driven organization with a desire to create social impact by changing the lives of people who remains beyond the reach of traditional banking, enabling them to live unbound and reach newer heights"

Comparative Analysis – NBFI Sector and IPDC

BDT Billion, %

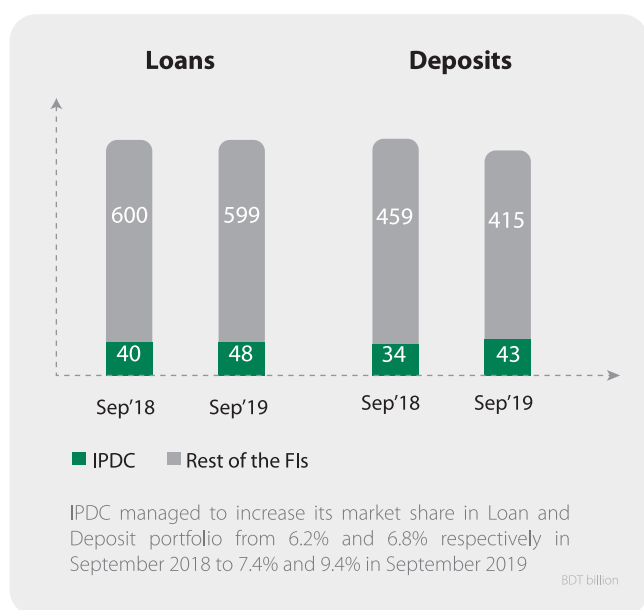
Particulars	Industry Sep'18	Industry Sep'19	IPDC Sep'18	IPDC Sep'19	IPDC Share	Industry Growth	IPDC Growth
Loans, Advances and Leases	640	647	40	48	7.4%	1.0%	20.5%
Deposits	493	458	34	43	9.4%	-7.2%	26.3%
Classified Loan Ratio	11.20%	10.40%	0.74%	1.82%		-0.80%	1.08%
Return on Asset (ROA)	0.6%	0.5%	0.9%	1.1%		-0.1%	0.2%
Return on Equity (ROE)	4.4%	3.9%	11.7%	14.2%		-0.5%	2.4%
CAR (%)	12.40%	17.30%	14.5%	19.70%		4.9%	5.16%

Loans, Advances and Leases of the NBFI sector remained mostly flat with a year over year (YoY) basis growth of 1.0% on September 2019 and stood at BDT 647 billion. In contrast loans, advances and leases of IPDC grew by 20.5% to BDT 48 billion in September 2019 against BDT 40 billion in September 2018. As a result, IPDC was able to increase its market share from 6.2% to 7.4% in this category. Despite the liquidity crunch IPDC managed to increase deposits from BDT 34 billion in September 2018 to BDT 43 billion in September 2019, registering a stunning YoY growth of 26.3% compared to the industry's degrowth of 7.2% during the same period. IPDC's share of deposits also increased to 9.4% in September 2019 compared to 6.8% in September 2018.

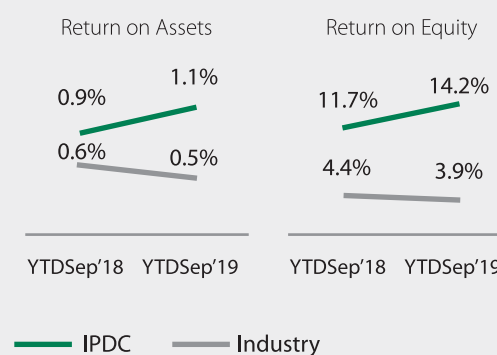
The classified loan ratio in the NBFI sector decreased to 10.4% in September 2019 from 11.2% in September 2018, whereas IPDC's classified loan increased to 1.82% in September 2019 from 0.74% in September 2018. It is to be noted however, that classified loan ratio of IPDC stood at 1.57% in December 2019 compared to 2.14% in December 2018.

The annualized ROA and ROE in the industry decreased to 0.5% and 3.9% respectively in September 2019 from 0.6% and 4.4% in September 2018. On the other hand, IPDC was able to increase ROA and ROE from 0.9% and 11.7% in September 2018 to 1.1% and 14.2% respectively in September 2019.

The Capital Adequacy Ratio (CAR) of IPDC stood at 19.70% in September 2019 against the minimum requirement of 10.0% thanks to the fund from right share as well as issuance of subordinated bond in 2019. In comparison, industry CAR (%) stood at 17.30% in September 2019 against 12.40% in September 2018. CAR in December 2019 stood at 19.30%.



Return on Assets and Return on Equity



IPDC managed to increase both RoA and RoE in Year-to-Date September 2019 on YoY basis, bucking industry trend

Comparative Analysis – Major Industry Peers and IPDC

BDT million

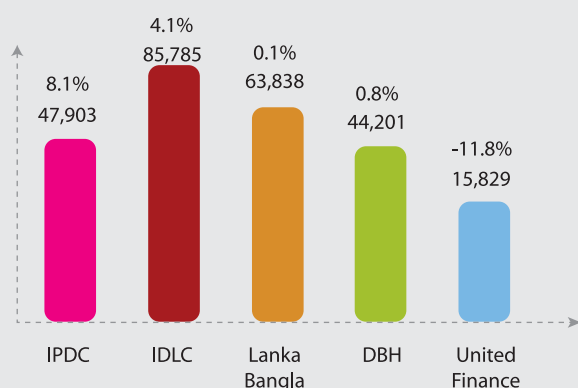
Particulars	IPDC	IDLC	Lanka Bangla	DBH	United Finance
Loans and Advances	47,903	85,785	63,838	44,201	15,829
Growth (YTD)	8.1%	4.1%	0.1%	0.8%	-11.8%
Deposit	42,563	78,811	49,534	45,309	13,773
Growth (YTD)	14.8%	6.8%	-7.3%	4.6%	-9.2%
Revenue	1,539	3,448	2,523	1,460	824
Growth (YoY)	23.0%	-1.1%	16.2%	4.2%	4.3%
Operating Profit	846	1,959	1,153	1,059	364
Growth (YoY)	18.8%	-7.6%	23.6%	2.9%	-7.1%
Net Profit	446	1,223	464	820	178
Growth (YoY)	55.9%	0.8%	45.6%	1.2%	-15.6%
Net Cash Inflow	3,607	4,926	(766)	2,576	(250)

* Data: Year to date September 2019

Loan portfolio of IPDC stood at BDT 47,903 million during the period ended 30 September 2019 while IDLC and LankaBangla portfolio stood at BDT 85,785 million and BDT 63,838 million respectively. However, in terms of loan portfolio growth IPDC has achieved a growth of 8.1% whereas IDLC, LankaBangla and Delta Brac Housing Finance (DBH) has achieved a growth of 4.1%, 0.1% and 0.8% respectively and United Finance witnessing a degrowth of 11.8%. This places IPDC as the third largest NBFi in-terms of loan portfolio size.

IPDC's deposit balance stood at BDT 42,563 million falling behind that of IDLC (BDT 78,811 million), LankaBangla (BDT 49,534 million) and DBH (BDT 45,309 million) but exceeding that of United Finance (BDT 13,773 million). In terms of growth IPDC witnessed a double-digit deposit growth of 14.8% which is significantly higher than the other competitors. Despite the tight liquidity condition of in the financial market which existed during the year 2019, IPDC was able to source deposits through various targeted deposit campaigns which yielded positive results and went on to show that customers have great confidence in IPDC.

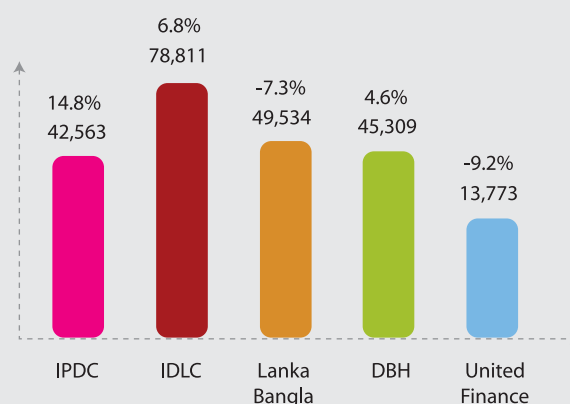
Loans, Advances and Leases



IPDC managed to log in YTD 8.1% growth at the end of September 2019 in Loans, Advances and Leases, higher than other major peers placing it as the third largest NBFi in-terms of Loan portfolio size

BDT million

Deposits



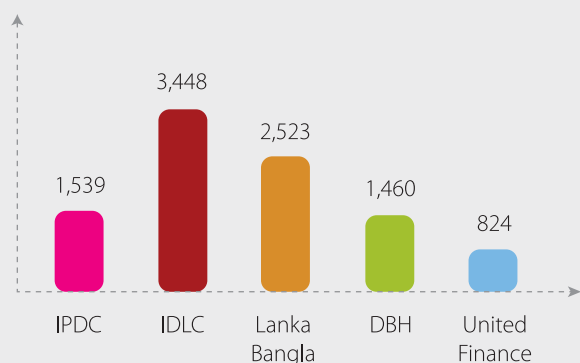
While other major players in the market witnessed marginal growth or degrowth in deposits, IPDC secured 14.8% growth at the end of September 2019 on YTD basis

BDT million

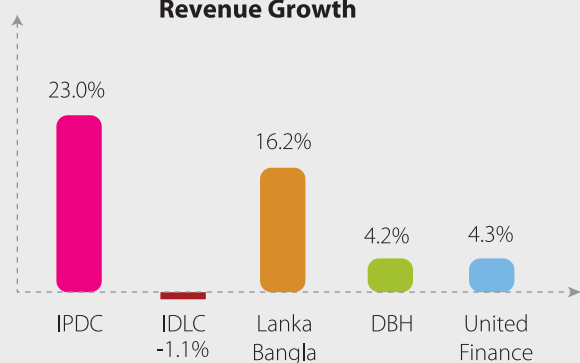
IPDC's revenue for the period from January 2019 to September 2019 stood at BDT 1,539 million and was behind that of IDLC and LankaBangla by BDT 1,909 million and BDT 984 million respectively but ahead of DBH and United Finance by BDT 79 million and BDT 715 million respectively. However, IPDC registered the highest revenue growth (YoY) of 23.0% among the major peers, followed by LankaBangla with a growth of 16.2%, DBH at 4.2%, United Finance at 4.3% and IDLC with a degrowth of 1.1%.

Similarly, operating profit of IPDC for the same period was BDT 846 million whereas operating profit of IDLC, LankaBangla, DBH and United Finance were BDT 1,959 million, BDT 1,153 million, BDT 1,059 million and BDT 364 million respectively. In terms of growth LankaBangla has the highest operating profit growth of 23.6% followed by IPDC at 18.8% and DBH at 2.9%. IDLC and United Finance saw degrowth of 7.6% and 7.1% respectively. Operating profit growth of IPDC was second only to LankaBangla Finance, which recovered from a slump in operating profit in the preceding period.

Revenue



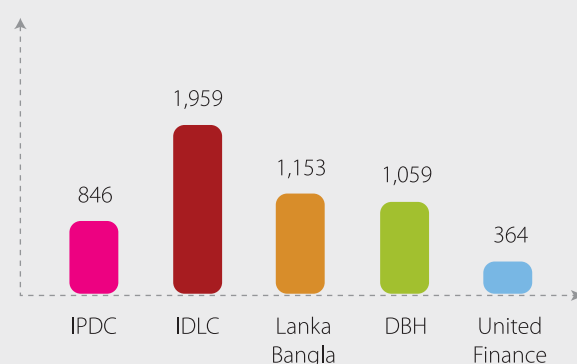
Revenue Growth



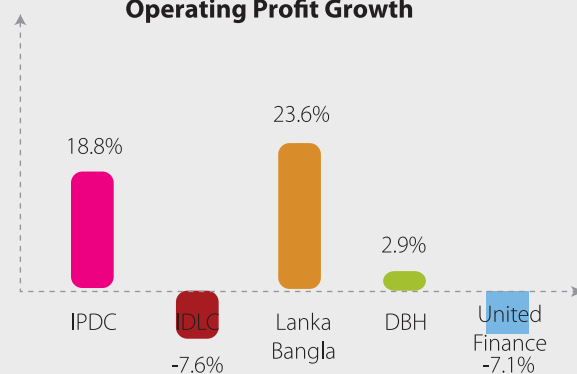
IPDC managed to register higher revenue growth compared to peers partially due to higher portfolio growth as well as better spread management

BDT million

Operating Profit



Operating Profit Growth



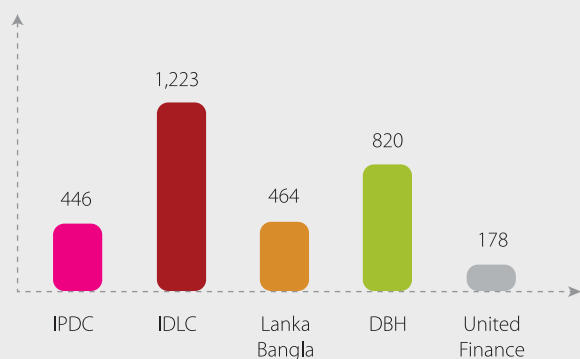
IPDC posted an impressive growth in operating profit on YoY YTD September 2019 basis amid a challenging market scenario. Operating profit growth of IPDC was second only to Lanka Bangla Finance, which recovered from a slump in operating profit in the year before

BDT million

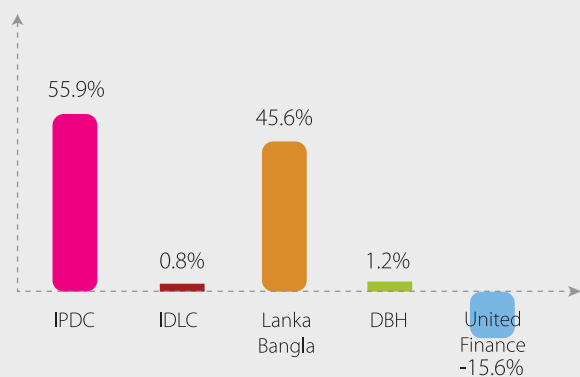
Overall the Net Profit of IPDC reached BDT 446 million on YTD Sep'19 basis representing a YoY growth of 55.9% while LankaBangla Finance, DBH and IDLC achieved a growth of 45.6%, 1.2% and 0.8% respectively. United Finance experienced a decline in Net Profit by 15.6% respectively.

During the period from January 2019 to September 2019, IPDC generated BDT 3,607 million cash inflow where as IDLC generated BDT 4,926 million cash inflow and DBH generated BDT 2,576 million. However, LankaBangla and United Finance had a net cash outflow of BDT 766 million and BDT 250 million respectively.

Net Profit after Tax



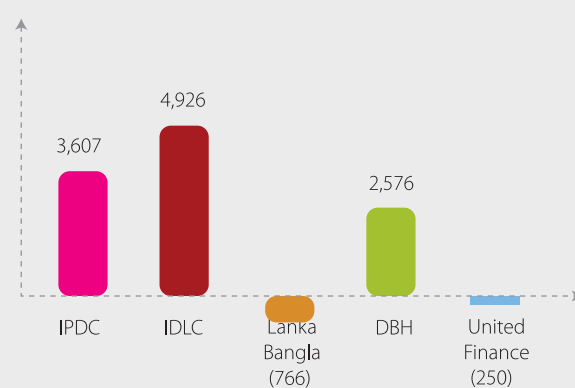
Net Profit after Tax Growth



Net Profit after Tax grew by a whopping 55.9% on YoY YTD September 2019 basis driven by lower provisioning requirement from lower levels of classified loans

BDT million

Net Cash Inflow/(Outflow)



Receipts from rights issue proceeds as well as higher deposit mobilization helped to generate net cash inflow of BDT 3,607 on YTD September 2019 basis amid tightening money market

BDT million

Performance Review

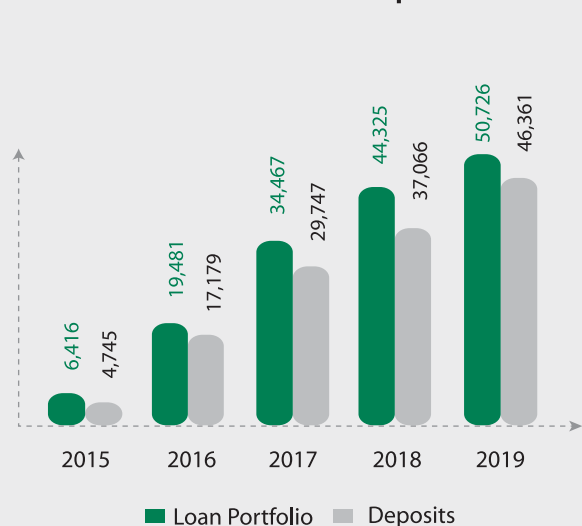
BDT million

Particulars	2015	2016	2017	2018	2019	Growth
Loans and Advances	6,416	19,481	34,467	44,325	50,726	14.4%
Deposits	4,745	17,179	29,747	37,066	46,361	25.1%
Classified Loan Ratio	1.98%	0.71%	0.62%	2.14%	1.57%	-0.6%
Net Interest Income	431	638	1,073	1,698	1,943	14.4%
Non-Interest Income	208	203	173	176	223	26.5%
Operating Revenue	640	841	1,246	1,875	2,166	15.5%
Operating Profit	446	502	673	1,123	1,184	5.5%
Profit After Tax	240	303	335	450	562	25.0%
Net Operating Cashflow per Share	0.3	3.2	1.2	(2.4)	12.3	-620.1%
Net Increase In Cash	324	714	1,421	479	6,018	1155.7%
Current Ratio	1.2	1.0	1.0	1.0	1.0	-
Cost to Income Ratio	30.3%	40.4%	46.0%	40.1%	45.3%	5.2%
ROA	3.0%	2.0%	1.1%	1.0%	1.0%	0.0%
ROE	10.1%	11.5%	11.4%	13.1%	12.1%	-1.1%
Spread	4.52%	3.77%	3.19%	3.55%	2.92%	-0.6%
Capital Adequacy Ratio (CAR)	49.15%	22.09%	15.14%	14.01%	19.30%	5.3%
Market Price per Share (BDT)	26.7	42.7	50.1	38.1	25.6	-32.8%

IPDC achieved strong Balance Sheet and Profitability growth in the year 2019. Loans, Advances and Leases has grown to BDT 50,726 million, up by 14.4% from 2018 and placing IPDC as the third largest NBFIs among the listed companies in terms of portfolio size. Deposits has grown by 25.1% to BDT 46,361 in 2019 from BDT 37,066 million in 2018.

Our classified loan ratio stood at 1.57% at the end of year 2019, one of the lowest in the industry. We remain committed to bringing it further down by strengthening recovery efforts.

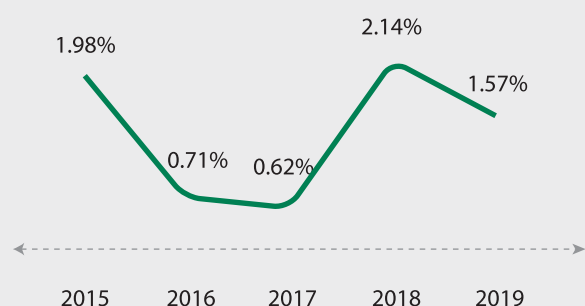
Loan Portfolio and Deposits



Loans, Leases and Advances grew almost 9-fold with a CAGR of 55.0% while deposit grew at an even faster pace with a CAGR of 63.3% over the last five years.

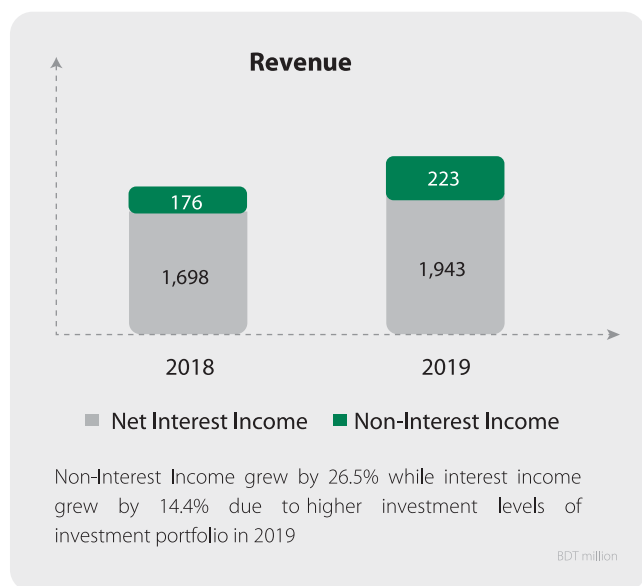
BDT million

Classified Loan Ratio



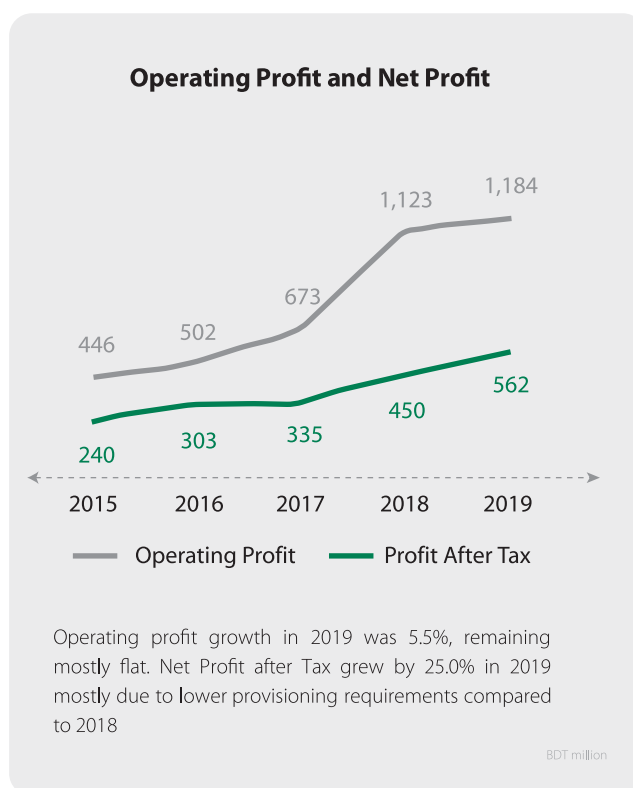
Classified loan ratio has been brought down with stronger recovery efforts. IPDC remains vigilant to maintain one of the lowest classified loan ratios in the industry

Net Interest Income increased by 14.4% in 2019 to BDT 1,943 million from BDT 1,698 million in 2018. In the last five years, net interest income grew by 4.7 times. Non-Interest Income increased by 26.5% in 2019 and stood at BDT 223 million against BDT 176 million in the previous year. The increase in non-interest income came off from higher investment income which grew by 80.8%. Fees income declined by 12.3% while other operating income increased by 25.0% mainly stemming from loan loss recovery income. As a result, overall operating revenue increased by 15.5% in 2019 to BDT 2,166 from BDT 1,875 million in 2018.

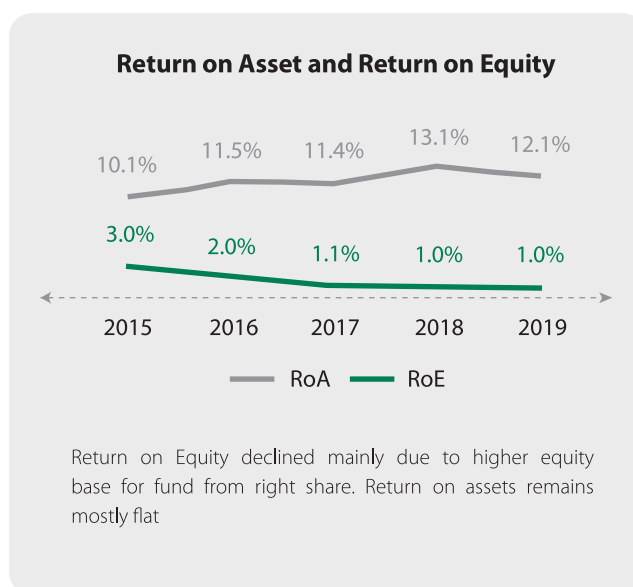


Operating Profit recorded a YoY growth of 5.5% bringing the figure to BDT 1,184 in 2019 against BDT 1,123 in the previous year. Overall, Profit After Tax increased to BDT 562 million in 2019 from BDT 450 million in 2018, up by 25.0%. Increase in profit over the past years was largely driven by balance sheet growth.

As the company is currently in investment phase, Cost to Income Ratio (CIR) has increased over the years. However, operating expense is expected to moderate in the future as new products and services get market traction in addition with cost efficiencies coming from IT investments. It is to be noted that CIR for financing companies focusing on Retail and SME is higher compared to companies focusing on Corporate segment and IPDCs' CIR of 45.3% is in line with market standard.



Return on Asset (RoA) stood at 1.0% in 2019 against 1.0% in the previous year and 1.1% in 2014. RoA is on a declining trend as IPDCs asset base is increasing significantly over the years as a result of its planned business expansion. Total assets of IPDC grew to BDT 64,402 million in 2019 from BDT 7,744 million in 2014 which is a growth of 8.3 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 12.33 per share in 2019 from negative BDT 2.37 per share in 2018. This is mainly the result of influx of deposits that we have received over the period as well as fund from right share amounting to BDT 1,414 million in 2019. 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 above 1.0 since 2014. At the end of 2019 the current ratio remained flat.

Capital Adequacy Ratio (CAR) spiked to 19.30% in 2019 from 14.01% in 2018, against a minimum requirement of 10.00% as set by Central Bank of Bangladesh. Fund from right share as well as issuance of subordinated bond amounting to BDT 800 million (eligible for Tier II capital) contributed to the rise in CAR. This enables IPDC to explore further growth opportunities in its strategic products.

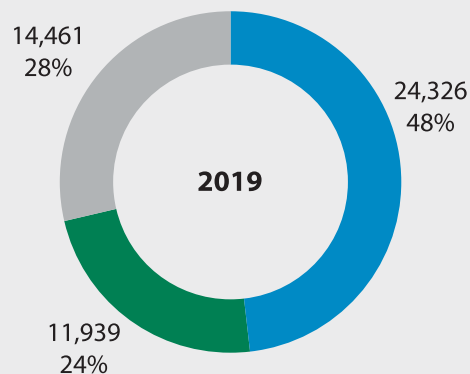
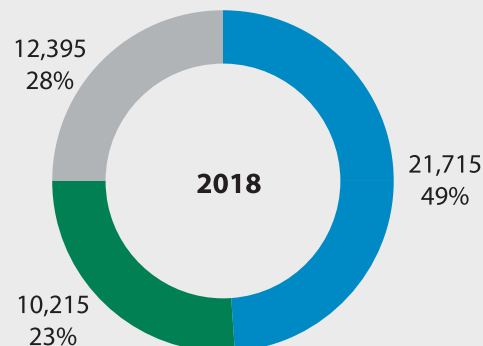
Capital Adequacy Ratio



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

Our Corporate Portfolio has increased to BDT 24,326 million in 2019, up by 12.0%, from BDT 21,715 million in 2018. SME and Retail Portfolio has grown to BDT 14,461 million and BDT 11,939 million in 2019, an increase by 16.7% and 16.9% respectively.

Segment-wise Loans, Leases and Advances



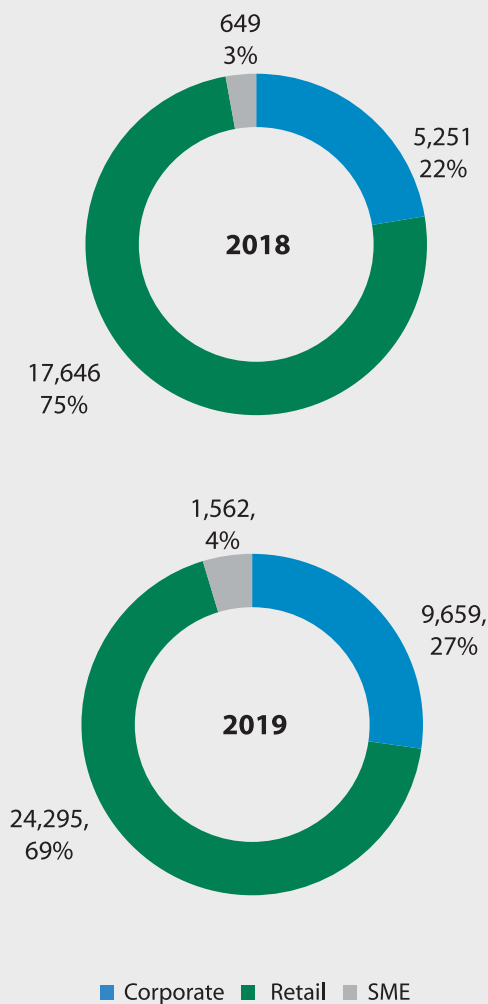
■ Corporate ■ Retail ■ SME

Retail managed to marginally increase its share of the portfolio to 23.5% while SME remained flat. Share of Retail and SME is expected to grow further as we scale up our strategic products

BDT million

Corporate Deposits has increased to BDT 9,659 million in 2019, up by 83.9% from 2018. Retail deposits has also grown significantly by 37.7% and stood at BDT 24,295 million in 2019 against BDT 17,646 million in 2018. 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 1,562 million in 2019 against BDT 649 million in the previous year and representing a growth of 140.6%.

Segment-wise Customer Deposits



All the operating segments managed to register high growth in customer deposits. Corporate and SME deposits grew the highest taking their share of the pie to 27% and 4% of the total customer deposit portfolio

BDT million

Beyond the Numbers

Beyond the financial figures, IPDC remained steadfast in implementing strategic projects. In SME, supply chain finance remains one of our core focus areas. We have finally launched one of our anticipated and promising platforms, Orjon. Orjon is the first blockchain based digital supply chain finance platform in Bangladesh aimed at creating a revolution by development of an eco-system that not only will ensure financial inclusion but also will make a secured, transparent, reliable marketplace and create collaboration of all the value chains connecting all the dots required for efficient, optimized, sustainable economic growth.

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 has introduced 'Priti', a package affluent with various services including economic prosperity, financial security, lifestyle, medical care aimed to improve the quality of life of the country's most victorious women. We also launched targeted deposit campaign on occasions such as Mother's Day which encouraged savings from mothers through preferential rates.

IPDC enhanced its IT infrastructure, expanded its Head Office to cater to increasing internal and external requirements. We have successfully implemented the 2nd phase of Sales, Customer Relationship Management and Loan Origination System (CRM-LOS) help to increase operational efficiency as well as enable us to serve our customers better. In our pursuit to emerge as the most passionate brand in financial industry, we maintained strong visible presence in social, print and electronic media through various campaigns, sponsorships, promotions and other events through-out the year.

IPDC nurtures a very open and vibrant working environment where people remain engaged and connected and work together towards achieving the common goal. For the long-term success of the company, we have taken a holistic and integrated approach of doing business. Therefore, we have embedded good governance, effective internal control system, strict compliance and ethical culture into our business, process, systems and culture. We maintain zero tolerance on integrity and ethical issues. We make sure that our business complies with regulatory requirements and is aligned with the long-term interest and risk appetite of the shareholders. While growing our loan book we remain firmly focused on maintaining asset quality as well as strengthening balance sheet through diversification and optimizing the liquidity profile of the company.

Inflation Adjusted Financials

BDT million

Particulars	2014 Base	2015	2016	2017	2018	2019	CAGR 5 Year	Times Growth
Financial Performance								
Revenue	580	601	747	1,048	1,491	1,633	23.0%	2.8x
Operating Profit	395	419	445	566	893	893	17.7%	2.3x
Net Profit	166	226	269	282	358	424	20.7%	2.6x
Financial Position								
Loans, Advances and Leases	5,677	6,030	17,286	29,005	35,263	38,259	46.5%	6.7x
Total Deposits	3,997	4,459	15,243	25,033	29,488	34,967	54.3%	8.7x
Paid-up Capital	1,148	1,187	1,344	1,530	1,736	2,666	18.4%	2.3x
Shareholders' Equity	2,292	2,326	2,462	2,618	2,985	4,205	12.9%	1.8x
Total Assets	7,744	7,709	20,033	33,063	40,185	48,574	44.4%	6.3x
Total Liabilities	5,452	5,383	17,571	30,446	37,200	44,368	52.1%	8.1x
Cash Flows								
Net cash from operating activities	16	115	1,006	345	(667)	3,302		
Net cash (used in)/ from investing activities	165	85	(372)	(142)	(238)	(705)		
Net cash (used in)/ from financing activities	29	104	(0)	990	1,286	1,942		
Inflation Rate								
		6.40%	5.92%	5.44%	5.78%	5.48%		

After adjusting for inflation (Base year 2014) Loans, Advances and Leases witnessed a CAGR of 46.5% over the last five years. Total Deposits grew at a higher rate (CAGR of 54.3%) 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 19.30%. This is due to surplus capital being available in 2014 (CAR: 26.39%). Total assets and liabilities grew in line with loan portfolio and deposit growth.

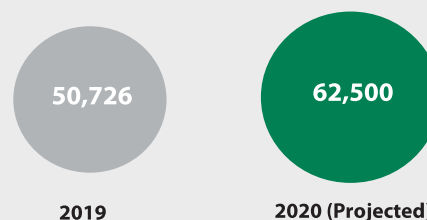
Financial performance of the company remains solid and the company managed to register growth in revenue and profit at a higher rate compared to the industry even after adjusting for inflation. The growth in net profit is higher than the growth in operating profit due to lower provisioning requirement as the company managed to bring down its classified loan ratio over the year.

Net cash flow from operating activities remains positive except for the year 2018 as a higher share of the fund was generated from bond and borrowing in that year which is reported under cash flow from financing activities. Net cash generated from financing activities saw another spike in 2019 due to receipts from issue of ordinary share amounting to BDT 1,414 million.

Plan and Projection

In 2020, the loans and advances of IPDC stood at BDT 50,726 million and by the end of 2020 we expect our loan portfolio to reach BDT 62,500 million which is a growth of 23.2%.

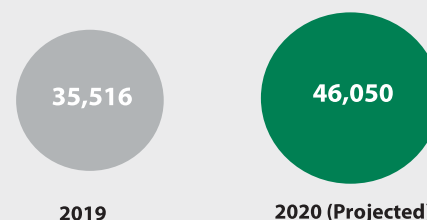
Loans, Leases and Advances



BDT million

To support our loan portfolio growth, we expect to increase our customer deposit portfolio by 29.7% to BDT 46,050 million in 2020 from BDT 35,516 million at the end of 2019. This will take the share of customer deposits to 62.7% within the total fund basket from the existing 54.8%.

Customer Deposit



BDT million

Although the market remains tough, we are more committed than ever to ensuring quality of our loan portfolio by further reducing our classified loan level by the end of 2020.

Budgeted revenue growth for the year 2020 is expected to exceed the previous years budgeted revenue by 34.5%. Efficient spread and cost management will remain a key area of focus for us during 2020 which will allow us to achieve sustainable bottom line growth. Budgeted profit after tax for 2019 is expected to increase by 20.0% from the 2019. 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 2020 we expect our total human resource to exceed 1,120 and our distribution coverage to increase through opening new branches and bringing the total number of branches to around 17 subjected to obtaining necessary approval from Bangladesh Bank.

Customer-centricity at IPDC

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. In every year I myself conduct a two-day workshop for the leadership team on Creating Extraordinary Customer Experience.

We strive to delight our customers every day and try to make every customer the Brand Ambassador of the company. We try to do things in a unique way and believe we can always find means to delight our customers. 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. Superlative customer service and customer benefit drives our financial performance and outcome. At IPDC, the joy of our customers at every moment of truth comes above anything else. If one speaks to our customers, one finds that they regard us highly and have deep respect for our team. 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.

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 % 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 a large number of MSEs 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

We have completed our exercise for replacing our ageing Core Banking Systems (CBS) BankUltimus with Temenos T24. T24 is a flexible solution that will ensure smooth banking operation in secured environment.

In the near future, we expect to establish a platform for consumer goods financing 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.

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

IPDC is focusing not only on outstanding business performance but also maintaining strong social commitment in the communities it operates. For instance, we recognized nationwide unheard women change-makers across the country through an event titled as 'Unsung Women Nation Builders Award 2019', initiative taken by IPDC in association with The Daily Star. We also recognized the architects of the nation, our unsung school teachers.

Accolades in 2019

During the year 2019, IPDC was honored with the following awards:

- Best Financial Institution by DHL-The Daily Star Business Awards
- ICAB Best Presented Annual Report 2019 – First Runner-up
- SAFA Best Presented Annual Report 2019 – First Runner-up
- ICMA Best Corporate Award 2019 – Second Place
- 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 2018. The credit rating was performed by Emerging Credit Rating Limited on 26 September 2019. 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 2019, 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 are 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.

Concluding Remarks

Our customers, client, employees, shareholders, regulators, communities and other stakeholders continue to be our source of inspiration to do better every day. While we have made remarkable progress over a short span of time in terms of business growth and digital transformation, from here on end we can only reach newer heights and help change lives. This inspires us to build a better business, lead with purpose, and position our business for the future.

Thank you.



Mominul Islam

Managing Director and Chief Executive Officer

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

"IPDC envisioned being the top FI in Bangladesh and even during a very challenging time, IPDC is well on its way to reach the top. This year's performance is a reflection of the same"

- Rizwan Dawood Shams
DMD & Head of Business Finance

During a time of chaos, mistrust and economic reformation in the financial industry, IPDC is still a shining knight upholding the true values of financing. The strength and credibility of the financial sector was challenged in the year 2019. The liquidation of one of the FIs made it more difficult for others to regain trust. The liquidity crisis, coupled with overall uncertainty in the market, forced all the financial institutions to contain business activities. However, even under such strenuous circumstances, Business Finance department of IPDC performed excellently due to its well-laid out compliance control, long-held reputation, service, and differentiative strategies.

To enable the economy of Bangladesh to take a giant leap, Business Finance offers an array of highly specialized products addressing both the need of large corporations as well as micro, small and medium enterprises (MSMEs), the Business Finance department leverages its decades-old experience for strategizing financing solutions. The year of 2019 saw remarkable progress, strategic innovation and exciting promises for the future.

Performance Overview

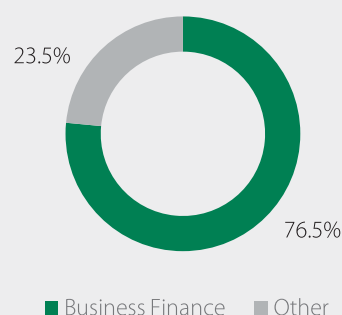
Business Finance Department (BFD) has been a forerunner of the IPDC brand since its inception and contributing largely to the company's portfolio and revenue pie. Amidst a very challenging year for the financial industry in Bangladesh, BFD has shown remarkable growth in portfolio and other performance 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, excelled. 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 serve them better, business functions are managed largely under two separate umbrellas, namely Corporate Business (CB) and Small & Medium Enterprise (SME).

Key Numbers in Business Finance

IPDC Lending Portfolio



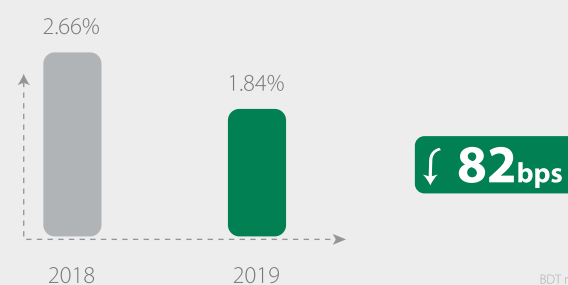
Asset Portfolio



Customer Deposits



Classified Loans



BDT million

Corporate Business

Corporate Business (CB) performs as a service provider with a focused model to cater client needs, with emphasis on providing advice, tailored ideas, innovative solutions and best-in-class execution. In order to stay one step ahead, Corporate Business remains vigilant and tackle the most complex challenges on regular basis. The broad expertise of the CB team to leverage business opportunities can be considered as one of the best in Bangladesh.

Being the first-ever private sector financial institution in Bangladesh, IPDC has the unique advantage of unmatched experience. Be it economic booms or meltdowns, we have witnessed it all for nearly forty years.

IPDC Corporate Business delivers customized financing solutions to help corporations operate smoothly, grow sustainably and succeed greatly. An all-inclusive robust strategy enabled CB to not only retain the existing clients but also initiated several new business relationships.

CB team offers large corporations with traditional financing solutions such as leases, term financing, short-term financing, project financing, structured financing, equity investments etc. as well as innovative financing arrangements catered to their specific needs. Understanding that each corporation is unique, CB tailors its offerings designed to help its clients grow.

2019 has been an excellent year for Corporate Business, breaking every record and achieving success that no one else in the market has experienced, that too, during a formidable time.



The year of 2019 ended with a corporate business total portfolio (loan, leases & investments) of BDT 25,897 million, signifying a jump of 14.7% from the prior year. Moreover, 2019 has been a remarkable year. Strong, positive growths in both deposit and asset portfolio not only happened with satisfactory interest rate spreads but also with 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 lie the secret to gain before all." - Rizwan Dawood Shams, DMD & Head of Business Finance

Micro, small, and medium enterprises are the backbone of an economy. Scaling up our offerings to MSMEs had been a strategic priority in 2019. IPDC encourages existing & potential entrepreneurs by offering tailored & affordable products with a vision to boost up SME sector and empowering women nationwide. Our experts design products in a way which enables one to achieve a quantum leap of growth. SME flourished as we consider client requirements our main priority.

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 14,461 million at the end of 2019. Though challenging, SME outperformed itself and proved what true dedication may result into. The year 2019 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. SME portfolio grew to BDT 14,461 million at the end of 2019 signifying a jump of 16.7% from the prior year.



For boosting MSME financing, several collaborations with online marketplaces and similar organizations have been initiated. Some of the mentionable partnerships that IPDC had successfully established in the year 2019 are with

- Aarong
- Sheba.xyz
- General Electric etc.

By establishing branches throughout Bangladesh, IPDC has been paying particular attention to development of economies beyond the cities of Dhaka and Chattogram. By delivering financing solutions all across the nations to talented and hardworking entrepreneurs, IPDC has been careful in regard to equal access to finance across geographical boundaries.

The collaborations and branch network have helped to grow the number of clients and number of accounts significantly in the year 2019.

Refinancing Scheme

For the first time among all banks and FIs, IPDC has initiated a scheme for new entrepreneurs facilitated by the refinancing fund of Bangladesh Bank. With the use of this refinancing scheme, IPDC aims to make new entrepreneurs more financeable. Such an initiative is expected to stimulate entrepreneurial activities across the country and scale up economic growth. IPDC SME refinancing portfolio growth jumped to 54.6% in the year 2019.

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 has introduced several "Refinance 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 has enrolled in 10 projects of different concerned authority under refinance scheme. 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

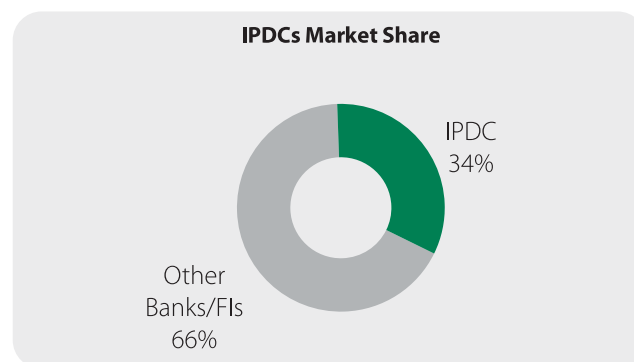
Empowering Women through financing women entrepreneurs is one of the most important strategic goals of IPDC. From 2017 onwards, particular attention towards women entrepreneurs was intended. Products were designed focusing on flexible repayment terms and lower interest rates.

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.



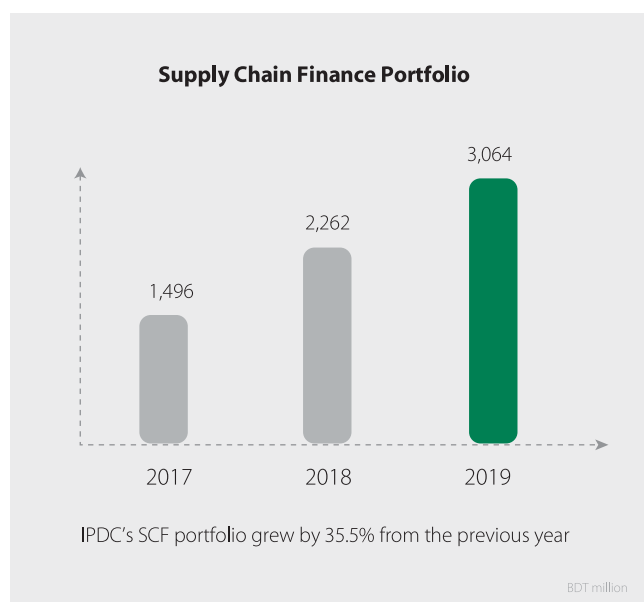
Supply Chain Finance (SCF)

SCF started its operation in late 2012 and due to constant effort, agility, client focus and innovation holds majority of the market share. SCF market size in Bangladesh is approximately BDT 9,000 million (as per BIBM) and IPDC is already the market leader in SCF financing holding a significant portion of the market.



Factoring/Bill Discounting:	This source of finance effectively let MSME to raise finance against the security of their outstanding receivables. As MSME grows, their outstanding receivables grows and the amount they can borrow from invoice discounting also grows. 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 through the platform.
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.

Products offered through SCF:



ORJON:

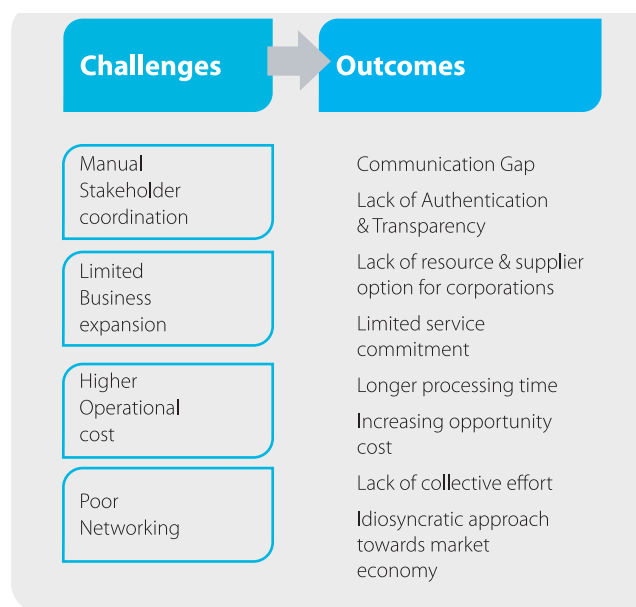
Integrated digital platform developed by using blockchain technology for supply chain management including financing module, made available to the MSMEs and Corporates/Anchors, thus, building an ecosystem.



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. Often SCF projects are high in cost, inappropriately structured, complex in process and do not adequately support the growth aspiration on MSMEs. They require 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 Platform, and for it to be secured, IPDC introduced blockchain technology, the first-ever in South East Asia.



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 eco-system that not only will ensure financial inclusion, but also make a secure, transparent, reliable marketplace and create 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 CB 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 CB look into the requirements of each client and address those to customize pricing and product structure. Personalized financial services catered towards the specific needs of clients make sure that clients always come first and ensure exponential growth.

Agility

IPDC CB 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 CB 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 CB 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 and 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 BF 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 an 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 great tool for small retailers and micro merchants allowing 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, 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, is facilitating 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 will not be 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 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 with the 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 BF has collaborated with various industry leaders to create an ecosystem that serves all our interests. Currently IPDC BF has strategic collaborative alignments with the following business entities:

- UNILEVER Bangladesh Limited
- 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 2020

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 2020:

In 2019, Business Finance Department (BFD) grew about 15.4% in portfolio. BFD launched major collaborative arrangements with various strategic partners and also conducted piloting in moderate scale.

While 2019 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 2020, 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.

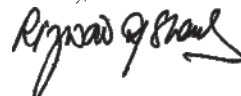
Long Term Strategies

In the long-term, our goal is to keep on innovating 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 2019, 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

Review of Retail Business by DMD and Head of Retail Business

"Retail Business of IPDC promises to be the first entrance to financial experience for the soaring youth & women, partnering our customers through digital innovation and utmost convenience"

- Kyser Hamid
DMD & Head of Retail Business

As we look back at the last year of the last decade, punctuated by our innovative approaches to financial service, we resolutely gear up for exponential progress in the transforming decade ahead.

Through transcending traditional boundaries, Retail business continues to fearlessly stride forward towards inclusion of the burgeoning middle and affluent class. By building a sustainable and convenient digital platform, we have built a solid foundation that bolsters IPDC's fast growth.

With the aim to create meaningful impact for the youth, women and the aspirational emerging middle-income earners across the country, Retail business of IPDC finance is deploying its two-pronged strategy: innovation and simplification. Through digital innovation, accessibility of Retail finance to customers is expected to increase many-fold as the country's social and financial fabric sees digital shift in this transition phase. With process simplification, the cumbersome financial services are being transformed to ensure utmost convenience to customers, even in the remote regions.

Business Overview

2019 was a very challenging year for Financial Institutions especially in case of efficient fund management and maintaining asset quality (classified loan ratio). During the first quarter of 2019, the industry saw severe liquidity challenges particularly for Non-Banking Financial Institutions (NBFI) and resulting in the overall industry facing a negative growth. Under the prudent guidance and decisions of the Board of Directors and the Management, IPDC's Retail business has outperformed in liability growth and achieved asset growth as per our projected target. From the very beginning of 2019, we have heavily focused on liability business, particularly on resource deployment, product innovation, lead generation campaigns, product awareness and increasing distribution coverage. In 2019, new Junior Relationship Managers, Management Associates and Management Trainees were recruited with the aim of strengthening the deposit team.

To increase the number of customers, deposit campaigns (Such as Choto Shonchoy Boro Munafa, Maayer Jonno Shonchoy - Mother's Day deposit campaign, Babar Jonno Shonchoy - Father's Day deposit campaign, Ramadan Special Offer for Deposit, Priti segment launch) were introduced, resulting in customer deposit portfolio growth of 37.7% in 2019. Deposit growth in the industry has been low and even negative in some cases.

The asset products, Home Loan and Auto Loan campaigns were also augmented in 2019, with campaigns like special offer for Bhalo Basha Home Loan in tier 2 and tier 3 cities, joint campaign with BSRM, GUK, Landmark, Volvo, Hyundai etc. By increasing presence outside megacities, IPDC is helping people outside metro cities to construct their own home. Affordable

Home Loan (Bhalo Basha Home Loan) has reached 52 districts with a target of fulfilling the dream of these people of owning a home of their own.

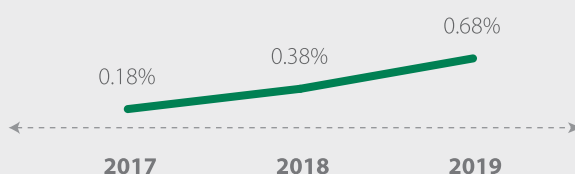
Despite the expansion and challenging environment, classified loan has been kept under tight control, due to strong monitoring system and better relationship with the customer.

Key Numbers of Retail

Loans, Leases and Advances



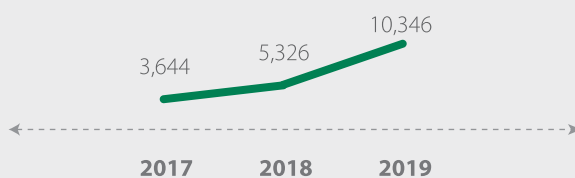
Classified Loans



Customer Deposits

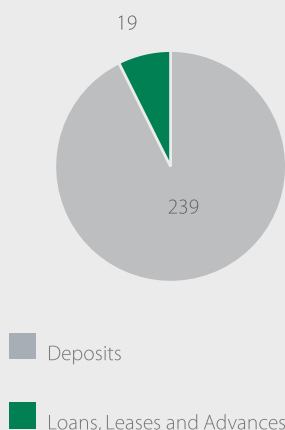


Number of Customers



BDT million

Priti Customers



Performance in 2019

IPDC's ongoing progress in executing strategic priorities is reflected in the result of 2019. IPDC's Retail business department saw 37.7% growth in deposit portfolio in 2019. Retail Loans, Advances and Leases also grew by 16.9% over the year. In 2019, IPDC's Retail department met financial needs of 10,346 customers, more than double that of last year. Newly launched product segment "Priti" registered 239 Deposit and 19 Asset product customers. Classified loans have been kept under control in 2019 and will be strongly monitored in 2020.

Key Strengths/Advantages

- Customized product: Our customer centric products, policies and approaches enable us to provide tailored services to our diversified customer segments.
- Digital platform: IPDC EZ brings instant access to finance to ensure utmost flexibility and convenience in shopping.
- Faster Customer Responsiveness: Our faster customer responsiveness allows us to meet the needs of customers in the shortest possible time.
- Product for every segment of customers: IPDC caters to the needs of the people of every segment. 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 meets the basic need of accommodation.
- Strong relationship and collaboration with market leaders in diversified industries: Providing services through the vast distribution network of BRAC, BSRM and GanaUnnayan Kendra (GUK).
- 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 a huge factor behind the robust growth of deposit portfolio and stickiness of deposits.

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.

Most of the Middle and Affluent Class (MAC) population growth will occur in Megacities and will begin to take off in smaller cities of Bangladesh. This development will have significant implications for business. Major density of buying power will emerge in other places across the country beside megacities. The Middle and Affluent Class population will be more than double in megacities over the next decade. Projection says that by 2025, 61 cities of Bangladesh will have MAC populations with over 100,000. Mobile density and internet penetration in Bangladesh are exemplary. This opportunity will bring forth a huge market on the radar.

The demand for housing solution and consumer goods will burgeon. The current mortgage to GDP is below 4%, while the ratio is around 10% in the neighboring country. This indicates much scope for market expansion.

Business Strategy

Short-term

- Product Innovation
- Capacity Building
- Green Channel
- Collaboration with partners
- Geographical Coverage

Mid-term

- Going Digital
- Higher Product per Customer
- Digital Customer Acquisition
- Customer Graduation Journey

Long-term

- A Home for Every Family
- Beyond Megaci ties
- Bring Convenience to Home

Short-term

IPDC retail business aims to meet customers dynamic requirement through tailored and innovative products. We have been expanding our sales force. Along with the recruitment process we are offering training programs to our sales force. To improve training for employees across the country, e-learning mobile application for capacity building have been introduced. In keeping with our mission to reach the underserved segments we are planning to strengthen partner collaboration with diversified industries with access to people in the distant areas.

Mid term

In Bangladesh, the readiness of Digital Financial Services is far ahead than in many other developing countries. Hence, IPDC Finance is currently providing digital financial access and solution to the customers. IPDC had piloted EZ Loan through a digital platform last year. At present, IPDC Finance is currently drafting alternative repayment channel for our customer. In lieu of the motto of extra-ordinary customer service, simplifying the complete process for the customer is of prime target. In order to increase customer convenience, IPDC has pioneered the most simplified application through single-page form. Rather than traditional customer acquisition process which includes relationship managers and vendors, by mid-2020, a full-fledged EZ app will be launched through which we will be able to acquire new customers through digital channels.

IPDC hopes to be a customer's life-long financial partner. As a result, IPDC is targeting people of all ages and all socio-economic class to provide a range of financial services catered to their unique needs. Through EZ, we will be serving millennials and young adults by providing consumer financing services. A customer's financial needs vary and increase with his age. Through EZ, a customer joins the IPDC ecosystem early on his life, and as his financial needs graduate to car loan and home loan, IPDC becomes his point of contact early on. This will thus, enable IPDC to cross-sell different financial services throughout a customer's life journey.

Long Term

IPDC aims to scale up Bhalo Basha Home Loan across the country for low and middle-income families, who have not had the access to housing finance.

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

Regarding consumer goods financing business (IPDC EZ), IPDC plans to expand through innovative financial service and state of the art technology platform.

Value Creation

Going beyond megacities:

Owning homes become affordable for the middle-income earners only when the monthly instalments 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.

IPDC Priti:

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

IPDC EZ:

Brings convenience to the doorstep of every customer, enhancing the lifestyle of customers.

Staff training:

In terms of achieving business goals and employee satisfaction, staff training provides an efficient and rewarding workplace culture. In 2019, Retail department's employees have spent 4630 hours in training, averaging 22 hours a year.

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.

Online platform for IPDC EZ:

To bring distributors, IPDC Finance and customers in the same platform, digital portal was introduced in IPDC EZ.

Revamped CRM-LOS:

To automate process, fasted service and have trackable and measurable employee performance, CRM-LOS is currently being revamped.

Achievements

In recognition of its innovative and inclusive approach in retail financing, IPDC finance has been awarded as the 'Best Retail Finance Company' by International Finance Awards (IFA) in 2019. This award is given to the institutions around the world which are creating significant contribution in innovation and performance in solutions, products, and services.

Priorities for 2020

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 2020 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.

Digital platform preparation for IPDC EZ

With a view to bringing convenience at home, IPDC plans to create an end to end digital lending platform in 2020. 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. In this regard, IPDC will launch a full-fledged system to initiate the journey of consumer finance to reach growing middle and affluent households of the country.

CRM LOS

To serve the customer better in a more convenient and timely manner we are introducing a fully digital Customer Relationship Management & Loan Origination System (CRM-LOS) Portal by mid-2020. This portal will allow ensure efficient task execution and lower Turn Around Time (TAT) in our services.

Capacity building

To keep the business growth momentum going, retail business department is planning to recruit 50% additional salesforce. To increase productivity by amplifying efficiency, IPDC and 10 Minute School, in a collaboration, is planning to launch a web-based e-learning app for IPDC employees.

Collaboration with partners

2020 is expected to witness more collaboration across key players in the construction industry of the country, including cement manufacturers, paint producers and distributors. Moreover, local collaboration with engineers and dealers of construction materials who are the first touchpoints will have of key importance to establish IPDC as the sole home solution provider of the nation. Partnerships will also be strengthened at the root level through NGOs working successfully with the lower middle and middle-income earning households.

Outlook

2019 witnessed IPDC retail business piloting new processes, launching new campaigns and building sustainable platform for growth and expansion. With the platforms firmly established, in 2020, the theme of innovation and simplification will continue with expansion of business numbers at its' prime focus. Fintech for greater inclusion of the population in the country will be the key guiding factor in business. New collaboration across industries and new digital platforms to augment availability of financial solutions will ensure access of finance to the youth, women and under-served. Bolstered capacity through improved CRM-LOS to automate the process will ensure smooth service to clients, and higher efficiency in processing, ultimately reflecting in higher business growth. Profitability will be ensured through a check on interest spread, while value creation will define IPDC's major campaigns and offers. 2020 is expected to witness retail finance soar to newer and greater heights, the likes of which the industry is yet to witness.

Sincerely,



Kyser Hamid

DMD and Head of Retail Business

Performance Analysis by the CFO

You will be delighted to know that IPDC has achieved another year of financial success. Despite immense competition and challenges in market, IPDC continues to deliver solid earnings and has achieved an organic growth in profit of 25.0%. 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.

Particulars	2015	2016	2017	2018	2019	Growth YoY	% of Total
Net Interest Income	431	638	1,073	1,698	1,943	14.4%	89.7%
Investment Income	55	47	65	63	115	81.8%	5.3%
Commission, exchange and brokerage	8	36	82	89	78	-12.3%	3.6%
Other Operating Income	145	120	25	24	30	25.0%	1.4%
Revenue	640	841	1,246	1,875	2,166	15.5%	100.0%

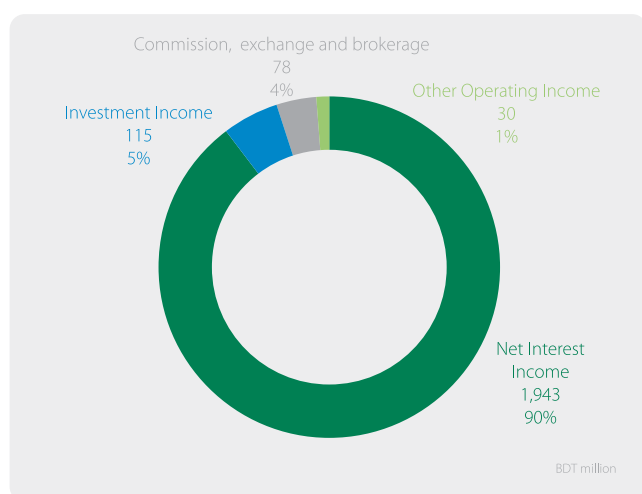
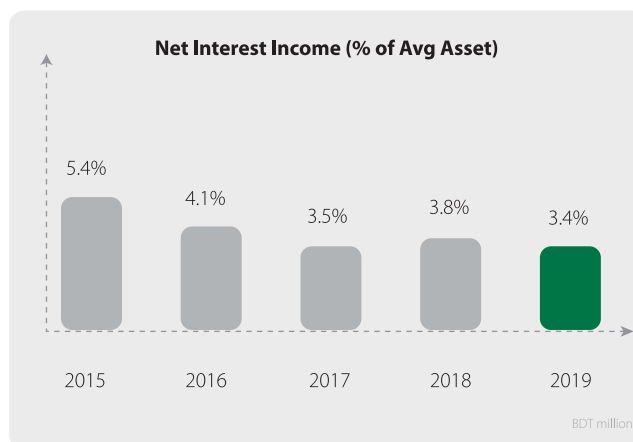
Incomes

Revenue during the year 2019 amounted to BDT 2,166 million against BDT 1,875 million in the previous year, representing a mention worthy growth of 15.5%. The major portion of the revenue came from net interest income which amounted to BDT 1,943 million and grew by 14.4% and represents 89.7% of the total revenue in 2019. Commission, exchange and brokerage income decreased by 12.3% and stood at BDT 78 million from BDT 89 million in the previous year and represented 3.6% of revenue in 2019. Decrease in commission, exchange and brokerage income was mainly due to lower disbursements during the year 2019 due the management's plan to grow the loan portfolio at a lower rate during the year 2019 compared to previous year due to the liquidity crunch in the financial market and to ensure the quality of balance sheet.

Investment income increased sharply by 81.8% in 2019 ending with BDT 115 million against BDT 63 million in the previous year. Increase in investment income is a direct result of increased investment portfolio which stood at BDT 1,571 million in 2019 against BDT 869 million in the previous year resulting in a growth of 80.8% which is in line with the growth in investment income.

Other operating income increased by 25.0% to BDT 30 million against BDT 24 million in the previous year. Investment income and other operating income represented 5.3% and 1.4% of the total revenue in 2019.

Net interest income as a percentage of average assets decreased to 3.4% in 2019 from 3.8% in the previous year. From the base year of 2015, NII as a percentage of average asset is showing a downward trend as the total assets of IPDC expanded rapidly over the years. Total assets at the end of 2015 amounted to BDT 8,202 million and increased to BDT 64,402 million at the end of 2019 representing a growth of 685.2%.



BDT million

Particulars	2015	2016	2017	2018	2019	Growth YoY	% of Total
Salary and benefits	101	149	296	396	566	42.9%	57.7%
Rent and utilities	14	22	33	43	24	-44.1%	2.5%
Depreciation	21	22	31	41	85	106.3%	8.6%
Others	57	147	213	271	306	13.0%	31.2%
Operating Expense	194	340	573	752	981	30.6%	100.0%

Expenses

Operating expense for the year 2019 amounted to BDT 981 million against BDT 752 million in the previous year, representing a growth of 30.6%.

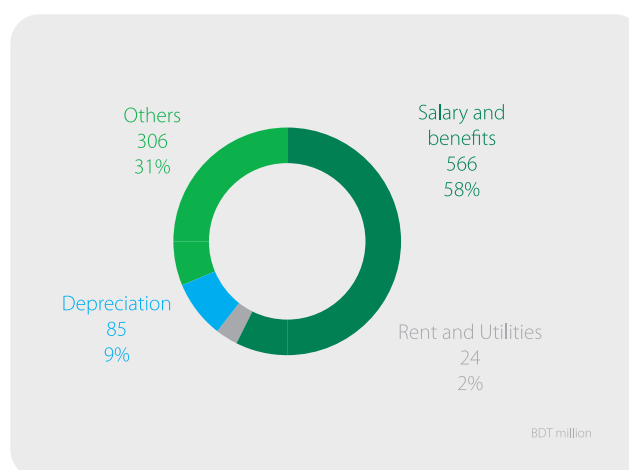
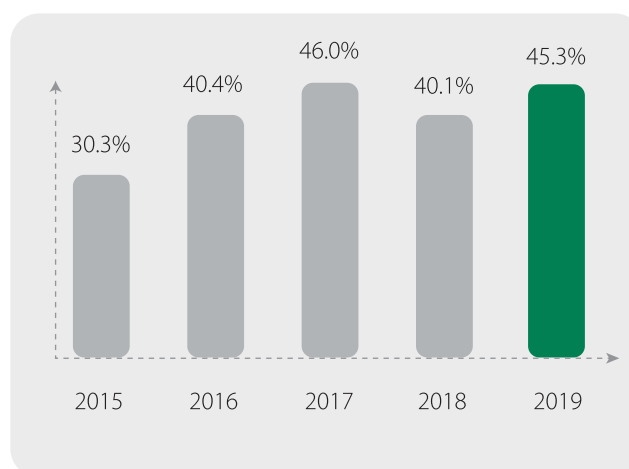
Salary and benefit expense at the end of 2019 amounted to BDT 566 million against BDT 396 million in the previous year, which is a growth of 42.9% and accounted for 57.7% of the total expense during the year. Increase in salary and benefits mainly came off from increase in number of employees to 854 in 2019 from 599 employees in the previous year which is an increase by 42.6% and in line with the increase in salary expense.

Rent and utilities amounted to BDT 24 million in 2019 against BDT 43 million in the previous year representing a decrease by 44.1%. The reason for the decrease in rent is due to the impact of IFRS 16: Lease which requires the Right of Use asset and liability to be recognized for rent agreement which are subsequently depreciated over the life of the lease. The associated expense related to lease rental are charged as depreciation under the head of Depreciation on lease rental in note 36.1 of the notes to the Financial Statement. In real terms Rent and utilities (if IFRS 16 is not considered) amounted to BDT 32.7mn in 2019 which is an increase by 22.3%, the increase in due to Head Office Extension and Branch relocation.

Depreciation increased 106.3% in 2018 to BDT 85 million from BDT 41 million in the previous year. Depreciation increased due to additional capital expenditure during the year amounting to BDT 250 million out of which BDT 150 million is associated with the implementation of the new Core Banking System (CBS) – Temenos T24 and implementation of the first ever digital supply chain platform backed by blockchain technology (Orjon). Additionally, out of BDT 85 million depreciation charge, BDT 26 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 31.2% of the remaining operating expense and stood at BDT 306million in 2019 against 271 million in 2018, an increase by 13.0%. Other operating expense increased mainly due to promotional expense associated with promoting various key strategic products of IPDC such as Orjon Platform and some major events such as Unsung women national builders award amongst various other events.

Cost to income ratio at the end 2019 stood at 45.3% against 40.1% in the previous year.



BDT million

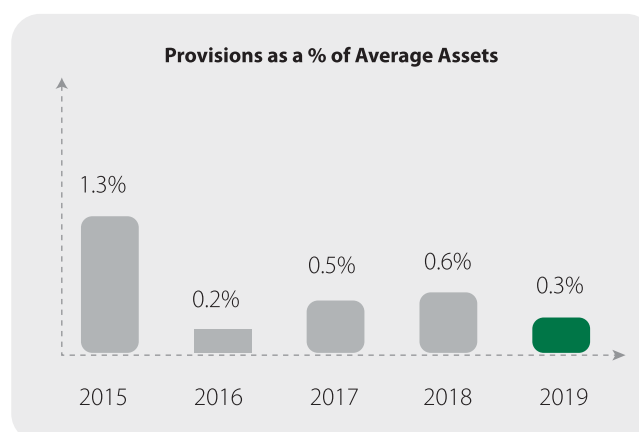
Provision for Loans, Advance and Investments

BDT million

Particulars	2015	2016	2017	2018	2019	Growth YoY	% of Total
General Provision for loans	17	88	140	103	118	15.1%	62.1%
Specific Provision for loans	148	(58)	19	161	34	-79.0%	17.7%
Provision for Investments	(63)	4	1	(1)	10	-1068.3%	5.3%
Other Provisions	-	-	-	-	29	0.0%	14.9%
Provision for Loans, Investments and others	102	34	159	262	191	-27.3%	100.0%

Total provision for loans, advances, investments and others stood at BDT 191 million in 2019 against BDT 262 million in the previous year, a decrease by 27.3%. General provision charge during 2018 increased to BDT 118 million from BDT 103 million in the prior mainly due to increase in portfolio size. Specific provision declined by 79.0% to BDT 34 million in 2019 against BDT 161 million in the previous year due to decline in classified loan leading to a decline in classified loan ratio from 2.14% in 2018 to 1.57% in 2019. Other provision amounting to BDT 29 million is was kept in 2019 in relation to short term placement maintained with Peoples Leasing and Financial Service Limited.

Provision as a percentage of average assets continue to hover below 1.0% with an exception in 2015 when the ratio stood at 1.3%.



Tax

BDT million

Particulars	2015	2016	2017	2018	2019	Growth YoY
Tax Expense	104	165	178	411	431	5.0%
Accounting Profit before Tax	344	468	514	861	994	15.5%
Effective tax rate	30.2%	35.2%	34.7%	47.7%	43.4%	-4.3%

Tax charged during 2019 amounted to BDT 431 million in 2019 against BDT 411 million in 2018. Effective tax rate in 2019 stood at 43.4% against 47.7% in the previous year.

The reconciliation of effective tax rate for the year 2019 is as follows:

BDT million

Particulars	%	Amount
Profit before income tax as per profit and loss account		994
Income tax as per applicable tax rate	37.5%	373
Factors affecting the tax charged in current year		
On non-deductible expenses	7.2%	71
Tax exempted income (on govt. treasury securities)	0.0%	-
Tax savings from reduced tax rates (on dividend income)	-1.3%	(12)
Tax savings from reduced tax rates (for gain on sale of quoted securities)	0.0%	-
Total income tax expenses	43.4%	431

Profitability

BDT million

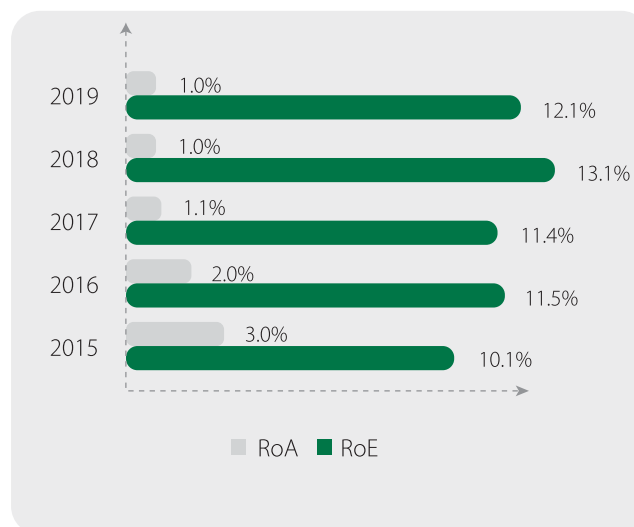
Particulars	2015	2016	2017	2018	2019	Growth YoY
Operating Profit	446	502	673	1,123	1,184	5.5%
Profit before Tax	344	468	514	861	994	15.5%
Net Profit after Tax	240	303	335	450	562	25.0%

Operating profit ended with BDT 1,184 million in 2019, an increase by 5.5% from the previous year. Although revenue growth is in line with portfolio growth, growth in operating profit was lower than growth in loan portfolio as the Cost to Income Ratio increased compared to the last year. Profit before tax increased by 15.5% and stood at BDT 994 million.

Net profit during the year 2019 stood a healthy level of BDT 562 million against BDT 450 million in the previous year, an increase by 25.0%. What makes the net profit growth in 2019 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 2015, IPDC has achieved a net profit growth of 2.3 times.

Return on equity has consistently remained above 10.0% since 2015 and ended with 12.1% in 2019 against 13.1% in the previous year. Return on equity took a temporary hit due to inflow of funds from right share. This 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 2019. Looking back, the return on asset is showing a downward trend as asset base of IPDC has grown significantly over the last few years. As the portfolio matures and growth rate stabilizes, and new retail products gains traction, return on assets is expected to increase in the future.



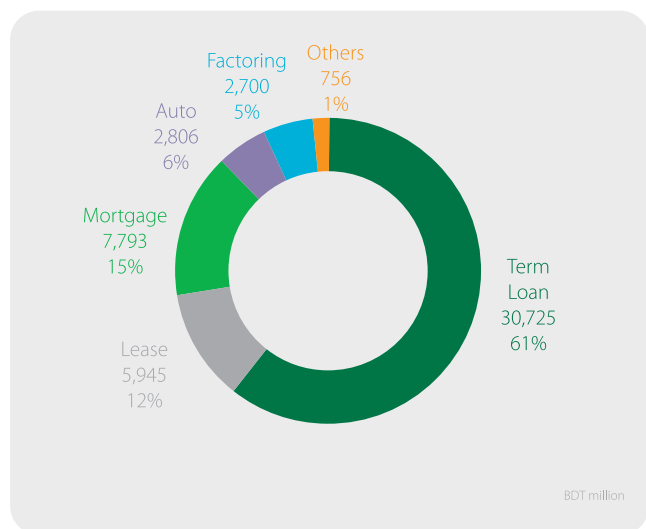
Balance Sheet Summary

BDT million

Particulars	2015	2016	2017	2018	2019	Growth YoY	% of total
Assets							
Cash and cash equivalent	1,145	1,859	3,280	3,759	9,777	160.1%	15.2%
Investment	187	566	663	869	1,571	80.8%	2.4%
Loans, advances and leases	6,416	19,481	34,467	44,325	50,726	14.4%	78.8%
Fixed Assets	207	234	267	545	788	44.5%	1.2%
Others	247	438	612	1,013	1,541	52.1%	2.4%
Total Asset	8,202	22,577	39,289	50,511	64,402	27.5%	100.0%
Liabilities							
Borrowing	27	1,141	4,214	5,917	7,038	18.9%	10.9%
Deposit	4,745	17,179	29,747	37,066	46,361	25.1%	72.0%
Other Liabilities	956	1,481	2,217	3,776	5,427	43.7%	8.4%
Equity	2,475	2,775	3,111	3,752	5,576	48.6%	8.7%
Total liabilities and shareholders' equity	8,202	22,577	39,289	50,511	64,402	27.5%	100.0%

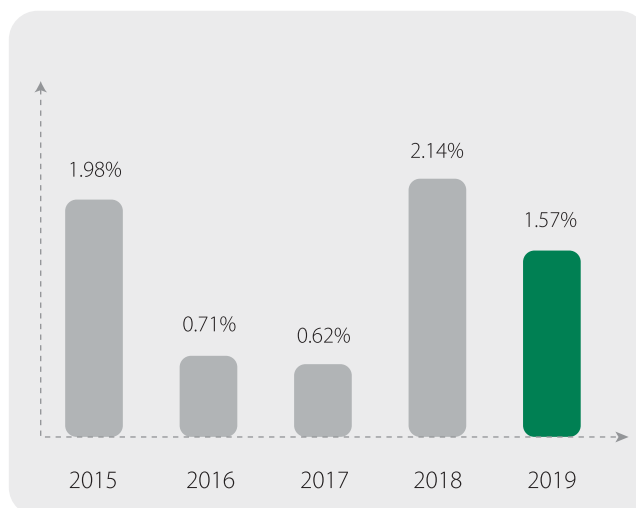
Loans, Advances and Leases

IPDC's lending portfolio grew by 14.4% reaching BDT 50,726 million in 2019 from BDT 44,325 million in 2018. IPDC continues to maintain a sustainable loan portfolio growth with the portfolio size increasing by 7.9 times from the base year of 2015. Loans and advance represented 78.8% of the total assets in 2019.



Term loans accounted for 60.6% of the total loan portfolio pie and stood at BDT 30,725 million in 2019 and accounted for the majority portion of the loan portfolio followed by mortgage finance at BDT 7,793 million which accounted for 15.4% of the pie followed by lease finance taking 11.7% of the pie at BDT 5,945 million. Auto loan, factoring finance and other loan accounted for the remaining 12.3% of the pie at BDT 6,263 million.

Classified Loan



Classified loan came down to BDT 796 million in 2019 against BDT 948 million in 2018 representing a decrease by 16.0%. Classified loan ratio decreased to 1.57% in 2019 against 2.14% in the previous year. The low classified loan ratio is also significantly lower than the industry average. The low classified loan ratio is further indication of IPDC's commitment to maintaining quality and sustainable portfolio growth.

Investments

BDT million

Particulars	2015	2016	2017	2018	2019	Growth YoY	% of total
Investment in quoted shares	7	7	7	7	7	0.0%	0.4%
Investment in unquoted shares	5	5	5	5	5	0.0%	0.3%
Investment in preference shares	63	281	353	510	1,257	146.6%	80.0%
Investment in corporate bonds	113	273	298	348	302	-13.0%	19.2%
Total Investments	187	566	663	869	1,571	80.8%	100.0%

Investments increased by 80.8% to BDT 1,571 million in 2019 from BDT 869 million in 2018. Increase in investment came-off from additional investments in preference share increased by 146.6%. Preference share ended with BDT 1,257 million in 2019 against BDT 510 million in the previous year and accounted for 80.0% of the total investments.

Fixed Assets

BDT million

Particulars	2015	2016	2017	2018	2019	Growth YoY	% of total
Land	129	129	129	279	279	0.0%	35.5%
Building	20	18	17	90	88	-2.9%	11.2%
Motor vehicles	14	17	33	48	51	5.7%	6.5%
Furniture and fixture	8	28	32	36	38	6.8%	4.9%
Equipment and appliances	27	34	47	59	106	80.2%	13.4%
Software	10	7	9	8	145	1754.6%	18.4%
Capital work in progress - Software	-	-	-	24	-	-100.0%	0.0%
ROU - Assets for lease rent	-	-	-	-	80	0.0%	10.2%
Total WDV of Fixed Assets	207	234	267	545	788	44.5%	100.0%

The value of fixed assets jumped to BDT 788million in 2019 from BDT 545 million in the previous year, an increase by 44.5% which is mainly due to capitalization so some major IT software relating to new Core Banking System and Orjon Platform along with the recognition of ROU lease rental under IFRS 16: Lease.

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.

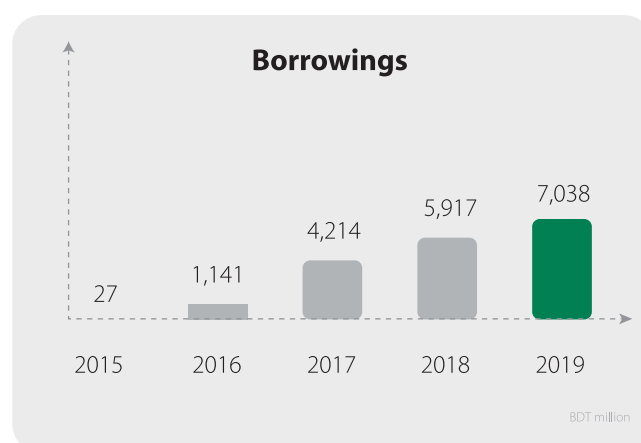
At the end of December 2019, an impairment exercise was carried out for fixed asset and investment in both quoted and unquoted shares. We found no significant indication of impairment in our books.

Borrowings

BDT million

Particulars	2015	2016	2017	2018	2019	Growth YoY	% of total
Long term loan	6	6	710	1,792	2,472	38.0%	35.1%
Short term loan	-	-	1,450	1,840	1,580	-14.1%	22.4%
Zero coupon bond	-	-	472	807	640	-20.7%	9.1%
Subordinated bond	-	-	-	200	1,000	400.0%	14.2%
Bank overdraft	21	845	1,072	858	1,095	27.7%	15.6%
Money at call and short notice	-	290	510	420	250	-40.5%	3.6%
Total Borrowings	27	1,141	4,214	5,917	7,038	18.9%	100.0%

Borrowings increase to BDT 7,038 million in 2019 against BDT 5,917 million in the previous year resulting in an increase by 18.9%. Increase in borrowing resulted from issue of additional subordinated bond amounting to BDT 800 million during the year bringing the balance of the subordinated bond to BDT 1,000 million, additionally long-term loan increased by 38.0% and stood at BDT 2,472 million in 2019 against 1,792 million in the previous year. More focus in being placed on the issue of bonds and long term borrowing to reduce cost of fund. A key focus in the coming years will be to reduce reliance on bank borrowing and fund business growth through deposits growth.



Deposits

BDT million

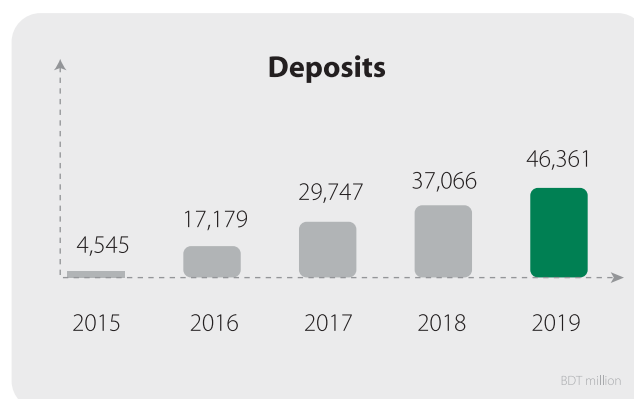
Particulars	2015	2016	2017	2018	2019	Growth YoY	% of total
Annual Profit Scheme	2,115	4,696	7,673	11,295	16,537	46.4%	35.7%
Quarterly Profit Scheme	122	134	169	285	725	154.7%	1.6%
Monthly Profit Scheme	127	142	188	691	2,024	192.9%	4.4%
Half Yearly Profit Scheme	-	-	-	-	5	0.0%	0.0%
Cumulative Profit Scheme	389	475	481	455	339	-25.4%	0.7%
Fixed Deposit from other than Banks & NBFIs	1,641	4,418	9,887	10,553	15,547	47.3%	33.5%
FDR from Banks & NBFIs	-	7,170	11,110	13,520	10,846	-19.8%	23.4%
Other deposits	151	144	239	267	338	26.5%	0.7%
Total Deposits	4,545	17,179	29,747	37,066	46,361	25.1%	100.0%

Deposits ended with BDT 46,361 million in 2019 against BDT 37,066 million in 2018 and an increase of 25.1% and accounting for 72.0% of the total liabilities and shareholders' equity. From the base year of 2015, IPDC has increased its deposits by 10.2 times. The deposit growth of 25.1% in an incredible sight considering the market situation where the NBFi sector witnessed a deposit degrowth of 7.2% on YoY (Sep'19) basis.

Annual Profit Scheme accounted for the majority portion of the majority portion of the deposit 35.7% and increased by 46.4% and stood at BDT 16,537 million in 2019 against BDT 11,295 million in the prior year. Fixed Deposit from other than Banks & NBFIs accounted for 33.5% of the total deposit pie and saw an increase of 47.4% and ended the year 2019 with a balance of BDT 15,547 million against BDT 10,553 million in the previous year. FDR from Banks & NBFIs amounted to BDT 10,846 million against BDT 13,520 million in the previous year with a degrowth of 19.8%.

Monthly profit scheme saw the largest growth of 192.9% and stood at BDT 2,024 million in 2019 and accounted for 4.4% of the total pie.

Quarterly Profit Scheme saw the second largest growth of 154.7% and the balance stood at BDT 725 million in 2019 against BDT 285 in 2018 and accounted for 1.6% of the total asset. Other deposits ended with BDT 338 million in 2019 against BDT 267 million in 2018 an increase by 26.5% and represents 0.7% of the total deposit pie. Cumulative profit scheme saw a degrowth of 25.4% at stood at BDT 339 million in 2019 and accounted for 0.7% of the total pie.

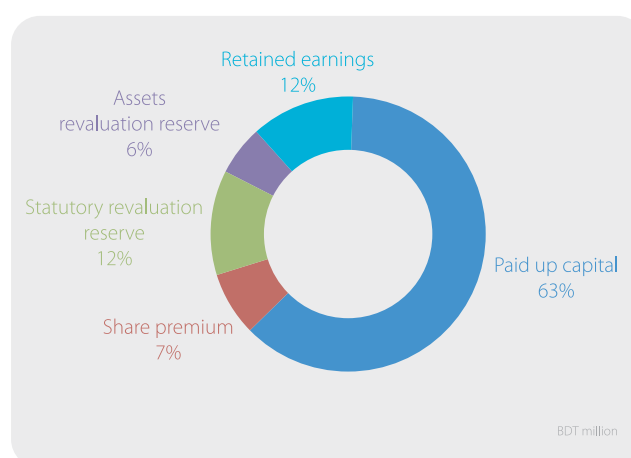


Equity

BDT million

Particulars	2015	2016	2017	2018	2019	Growth YoY	% of total
Paid up capital	1,263	1,515	1,818	2,182	3,534	62.0%	63.4%
Share premium	167	167	167	167	403	141.1%	7.2%
Statutory reserve	333	393	460	550	663	20.4%	11.9%
Assets revaluation reserve	127	125	120	311	309	-0.6%	5.5%
Retained earnings	585	575	545	542	667	23.1%	12.0%
Total Equity	2,475	2,775	3,111	3,752	5,576	48.6%	100.0%

Equity increased to BDT 5,576 million in 2019 from BDT 3,752 million in 2018, an increase by 48.6%. Increase in equity was mainly due increase in paid-up capital from BDT 2,182 million to BDT 3,534 million in 2019 mainly due to the issuance of rights issue amounting to BDT 1,414 million and increase in retained earnings due to the profit generated during the year and reduced by the necessary transfer to statutory reserve (20% of net profit). Share premium increased by BDT 236 million due the issuance of rights issue at a premium. 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). Details of the movement in equity component can be found in the statement of changes in equity section of the financial statement.



Cash Flow

BDT million

Particulars	2015	2016	2017	2018	2019
Net cash from operating activities	322	1,133	410	(838)	4,359
Net cash (used in)/ from investing activities	91	(420)	(164)	(300)	(917)
Net cash (used in)/ from financing activities	(89)	(0)	1,176	1,617	2,575
Net increase / (decrease) in cash	324	714	1,421	479	6,018

Net cash flow from operating activities ended with a positive cash inflow balance of BDT 4,359 million in 2019 against a negative balance of BDT 838 million in the prior year. Net cash used in investing activity stood at a negative balance of BDT 917 million in 2019 against BDT 300 million the previous year mainly due to payment for purchase of securities and payment for acquisition of property, plant and equipment. Net cash from financing activity also increased to BDT 2,575 million in 2019 from BDT 1,176 million in the prior year primarily due to issuance of ordinary share through rights issue.

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 gap in zero to one-year bucket and one to five-year bucket.

Overall IPDC saw a net increase in cash by BDT 6,018 million in 2019 compared to BDT 479 million in the previous year.

The Net Operating Cashflow per Share (NOCFPS) stood at BDT 12.33 in 2019 against a negative balance of BDT 2.37 in the previous year. However, a negative NOCFPS does not necessarily indicate a liquidity concern and a more relevant indicator of liquidity position is the liquidity statement (assets and liabilities maturity analysis).

BDT million

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years
Assets	4,605	11,256	17,290	21,830
Liabilities	4,466	10,865	16,722	15,102
Liquidity Gap	139	391	568	6,727

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

Du-Pont Summary

Particulars	Description	2015	2016	2017	2018	2019
Net Interest Income	% of Avg Assets	5.4%	4.1%	3.5%	3.8%	3.4%
Non-Interest Income	% of Avg Assets	2.6%	1.3%	0.6%	0.4%	0.4%
Operating Income	% of Avg Assets	8.0%	5.5%	4.0%	4.2%	3.8%
Operating Expenses	% of Avg Assets	2.4%	2.2%	1.9%	1.7%	1.7%
Cost/Income	% of Operating Income	30.3%	40.4%	46.0%	40.1%	45.3%
Operating Profit	% of Avg Assets	5.6%	3.3%	2.2%	2.5%	2.1%
Provisions	% of Avg Assets	1.3%	0.2%	0.5%	0.6%	0.3%
Profit before Tax	% of Avg Assets	4.3%	3.0%	1.7%	1.9%	1.7%
Tax Rate	% of PBT	30.2%	35.2%	34.7%	47.7%	43.4%
Return on Assets	Return on Avg. Assets	3.0%	2.0%	1.1%	1.0%	1.0%
Return on Equity	Return on Avg. Equity	10.1%	11.5%	11.4%	13.1%	12.1%
Assets/Equity	Avg. Assets/Avg. Equity	3.3	5.9	10.5	13.1	12.3

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 issuance 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.

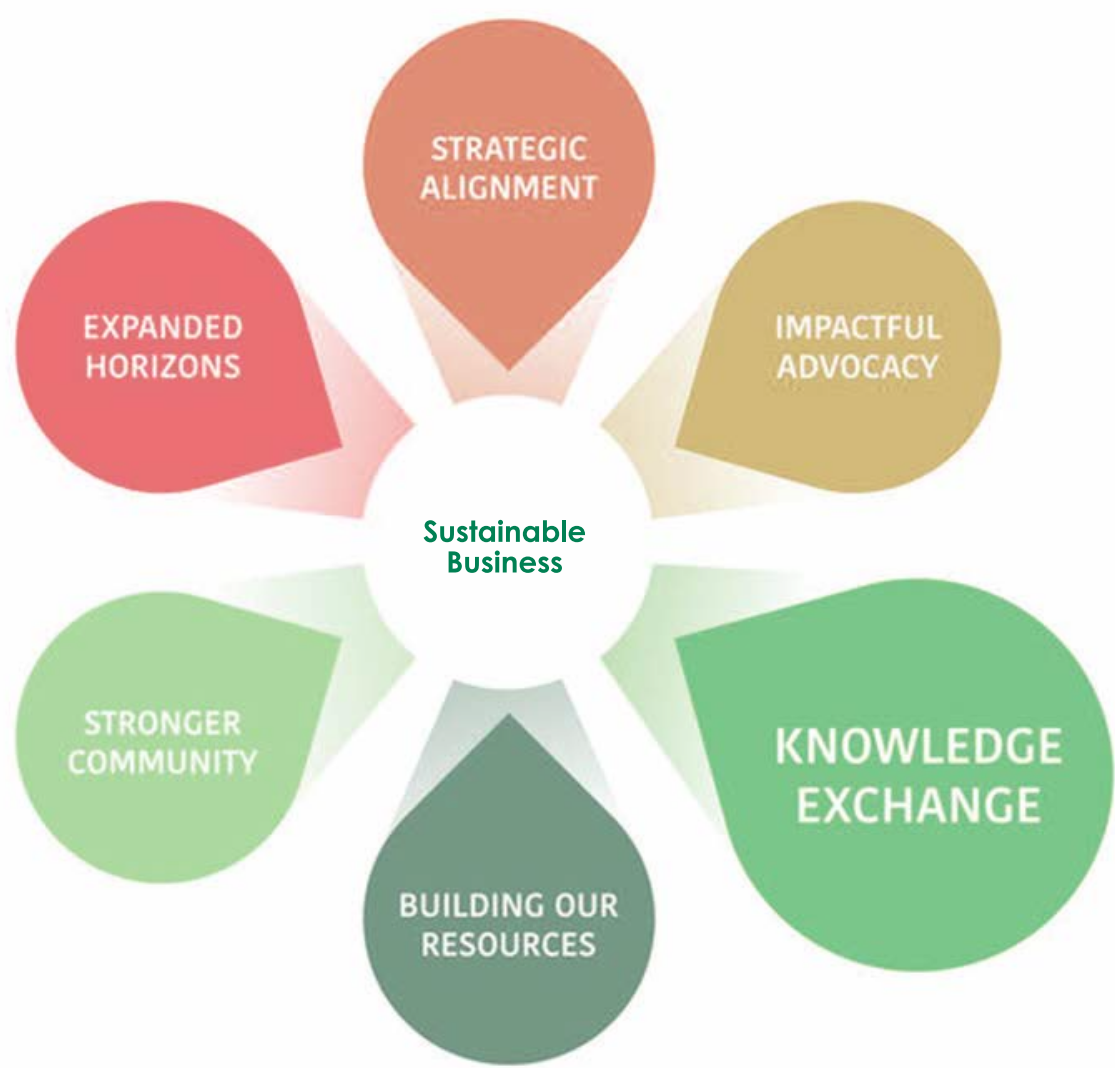
Sincerely,



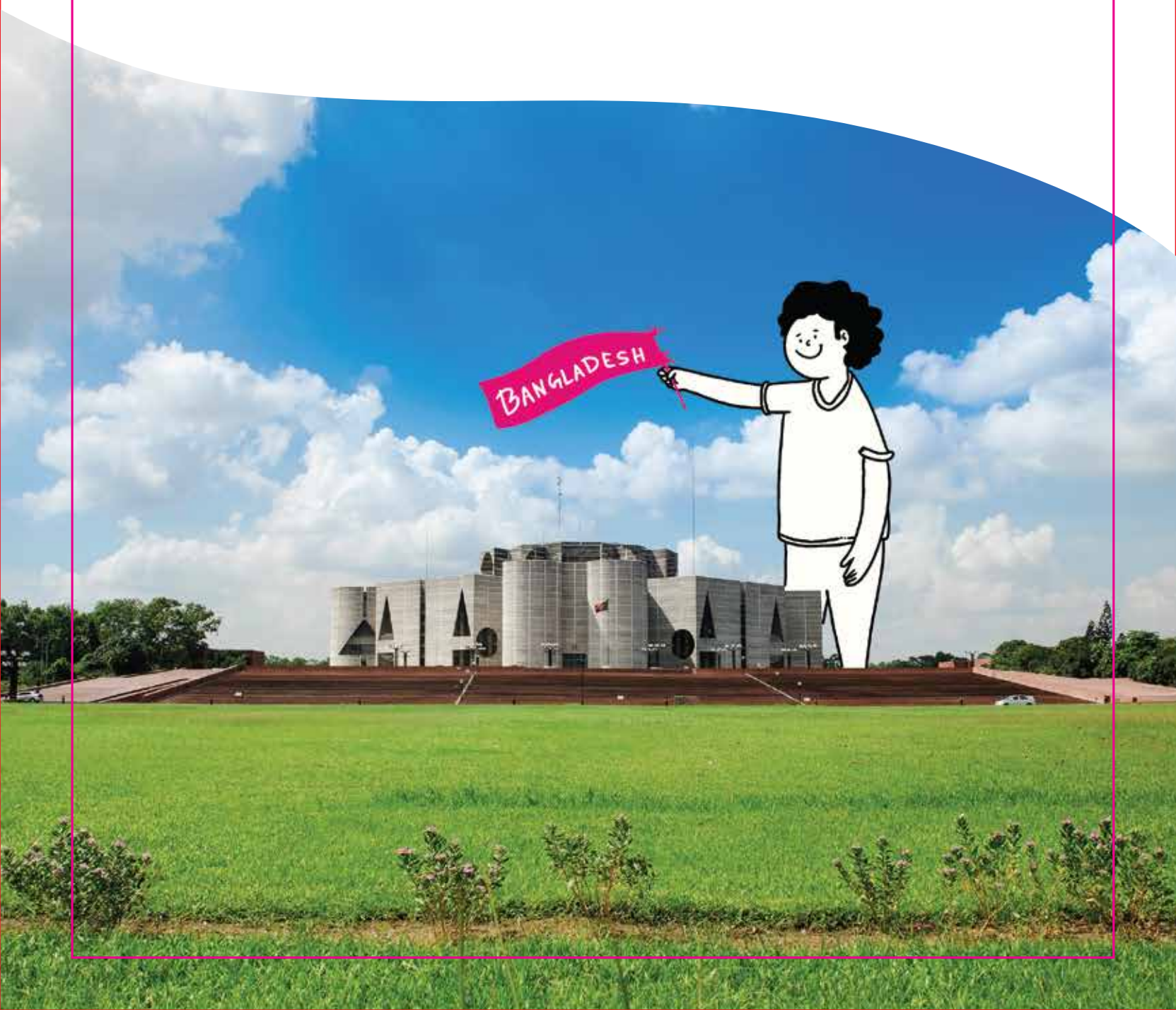
Fahmida Khan, FCA

Chief Financial Officer (Acting)

Sustainable Business



SETTING THE STANDARD



Guiding Principles of Governance

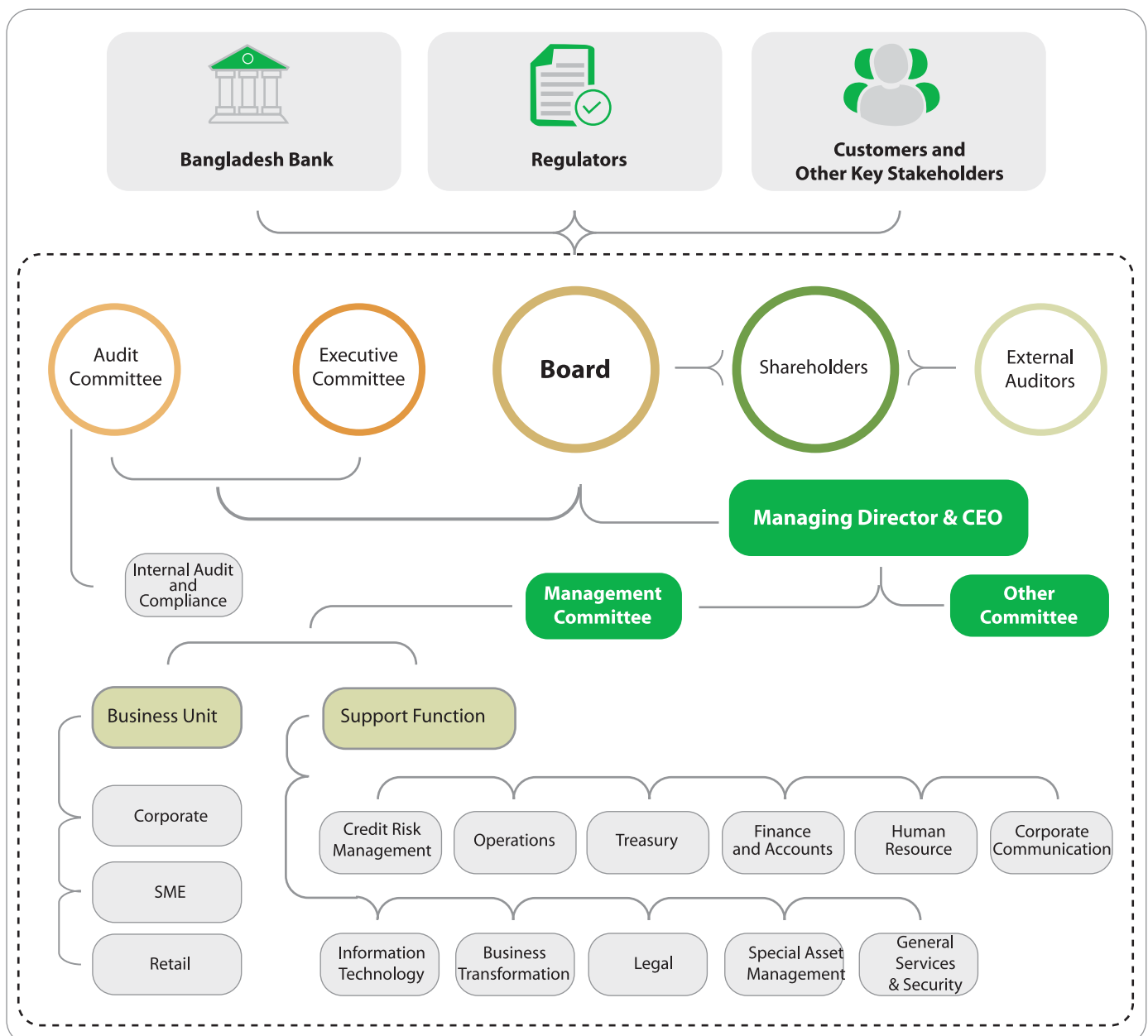
Corporate Governance Statement

Corporate governance is the system by which companies are directed and controlled. The Boards of Directors are responsible for ensuring sound corporate governance in an institution. IPDC believes compliance to be one of its key priorities and is continuously working to strengthen and 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.

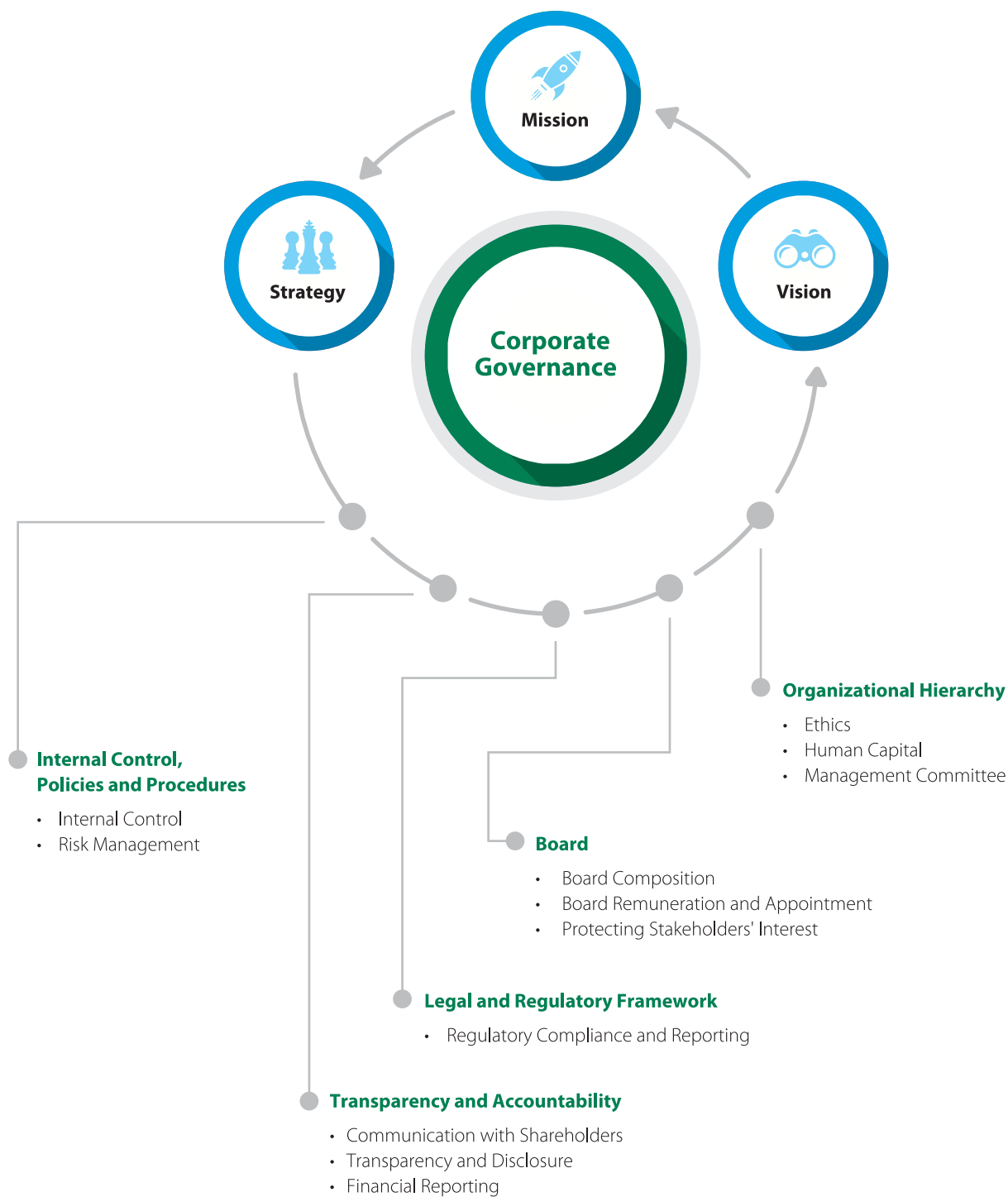
The purpose of the Corporate Governance Report is to provide an overview of the various activities relating to corporate governance.

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, achieved through an ethical culture, competitive performance, effective control and legitimacy, can create sustainable value and enhance long-term equity performance.



The Board

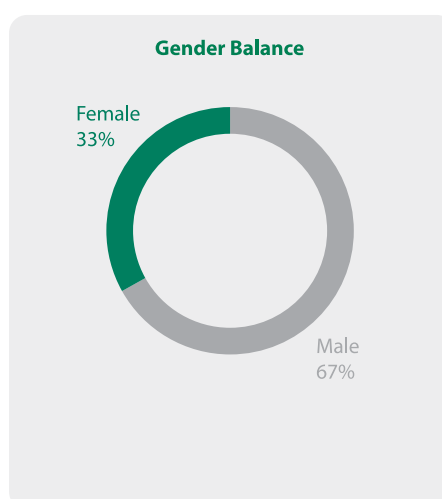
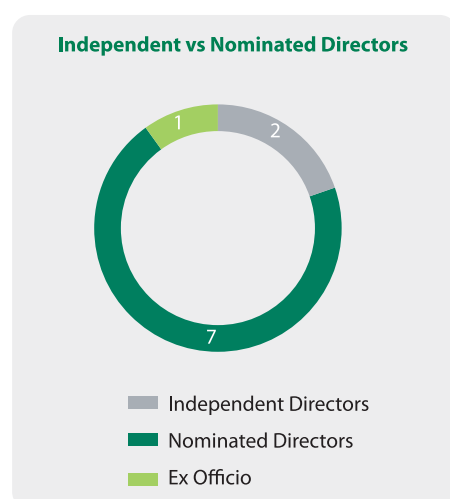
The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for IPDC and supervises executive management. It also ensures that good corporate governance policies and practices are implemented within the company. In the course of discharging its duties, 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, Medicine, Law, 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	Board of Directors	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	Member
Ms. Nahreen Rahman	Director, Nominated by Bluechip Securities Ltd.	-	-
Mr. Salahdin Irshad Imam	Independent Director	-	Chairman
Ms. Sonia Bashir Kabir	Independent Director	-	Member
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	-
Mr. Mominul Islam	Managing Director & CEO, Ex Officio	Member	-

Board Balance



Responsibilities of the Board

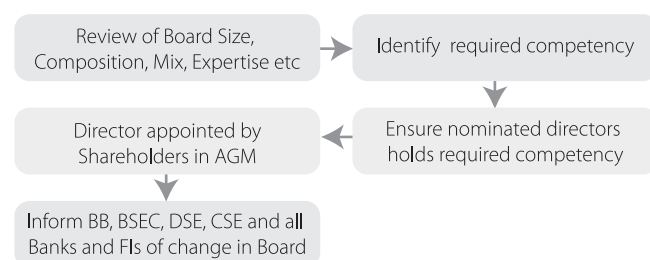
The board has overall responsibility for the Organization. The responsibilities of the Board of Directors include:

- 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;



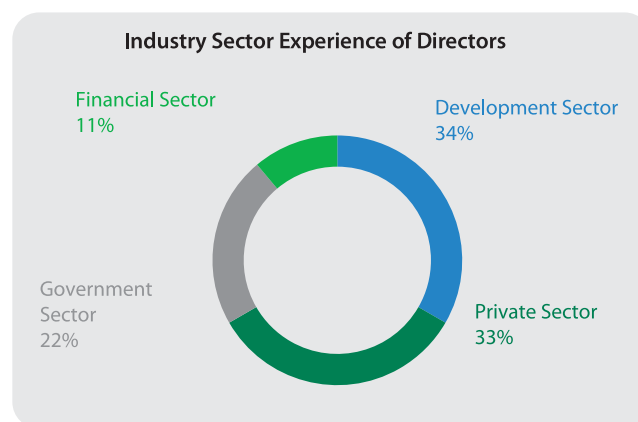
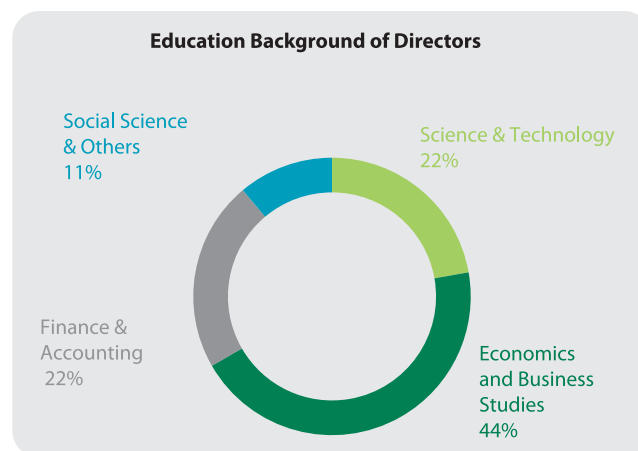
Any change in the members of the Board requires intimation to the Bangladesh Bank, all scheduled Banks and Financial Institutions (FIs), Bangladesh Securities and Exchange Commission (BSEC) and the stock exchanges.

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. Salahdin Irshad Imam	Social and Business Studies
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
Mr. Mominul Islam	Economics and Business Administration



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
Dr. Muhammad Musa	5	4	-	-	-	-
Mr. Amin H. Manekia	1	1	-	-	-	-
Mr. Salahuddin Mahmud	5	5	1	1	4	4
Mr. A. Gaffar Khan*	3	3	2	2	-	-
Mr. Biswajit Bhattacharya Khokon ndc	2	1	4	3	2	1
Mr. Salahdin Irshad Imam	5	5	-	-	4	4
Ms. Sonia Bashir Kabir**	4	1	-	-	2	1
Ms. Tamara Hasan Abed	5	4	-	-	4	3
Mr. Tushar Bhowmik	5	5	6	6	1	1
Mr. Shameran Abed	5	5	5	3	-	-
Mr. Sameer Ahmad	5	3	6	5	-	-

*Mr. A. Gaffar Khan was a nominee director of GoB, he was replaced by Mr. Biswajit Bhattacharya Khokon ndc on 21 July 2019.

**Ms. Sonia Bashir Kabir was newly appointed as Independent Director on 31 March 2019.

Adequate Representation of Non-Executive Directors

Number of Non-Executive Directors:

9

IPDC's Board comprises nine (9) 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. Thus, in compliance with the guideline, two (2) Directors out of the total nine (9) Directors are independent, having no share or interest in IPDC. 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 do not have executive responsibility of running day-to-day affairs of the company; neither they put undue influence in taking operating decision of the company.

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 two independent directors out of nine directors (excluding Ex-officio member) which constitutes a representation of more than 20% of the total members of the board.

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 in the notes to the financial statements.

Activities of the Board during 2019

Key agendas considered by the Board during 2019

Q1 2019	1	Review of annual financials for the year 2018 vis-à-vis Budget
	2	Review of monthly financials for the month of January and February 2019 vis-à-vis budget
	3	Review of proposal for revision of terms of rights issue of shares
	4	Appointment of Auditors for the year 2019 and to fix their remuneration
	5	Adoption of Directors' Report, Auditors' Reports and Audited Financial Statements for the year ended 31 December 2018 and recommendation for appropriation of the profit for the year 2018
	6	Retirement & re-election of Directors by rotation
	7	Fix a date and venue for the Annual General Meeting
Q2 2019	1	Review of 1st quarter 2019 management report on business and operations vis-à-vis budget
	2	Approval of un-audited financial statements for the 1st quarter 2019 ending 31 March 2019
	3	Approval of HR policy
	4	Approval of employee performance review and incentive for the year 2018
Q3 2019	1	Management Report on half yearly (H1) business and operations as of 30 June 2019 vis-à-vis Budget
	2	Approval of un-audited half yearly financial statements as of 30 June 2019
	3	Approval on revised procurement and expense policy and treasury manual
	4	Review of CSR activities
Q4 2019	1	Review of Management Report on year-to-date (YTD), quarterly (Q3) business and operations as of 30 September 2019 vis-à-vis budget
	2	Approval of un-audited financial statements for the 3rd Quarter ending 30 September 2019
	3	Review of self-assessment and independent testing procedures on AML & CFT
	4	Approval of record retention policy, HR code of conduct branch operation manual and business conduct guideline, credit manual etc.

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.

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.

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).

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

Role and Responsibilities of the Managing Director

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

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

Appointment of Managing Director

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

Annual Evaluation of the CEO by the Board

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

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

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

Company Secretary

The Company Secretary of the Company, who is also the Head of Legal Affairs, has day-to-day knowledge of the Company's affairs. Company Secretary reports to the Board of Directors and is responsible for providing advice on governance matters

. The Company Secretary's biography is set out in the Profile of the Management Committee section of this annual report.

Role of Company Secretary

In compliance with the Corporate Governance guidelines, the Company Secretary has defined roles and responsibilities approved by the Board. The Company Secretary acts as a mediator between the Company, its Board of Directors, stakeholders, the government and regulatory authorities. He has expertise in corporate laws, capital markets, security laws and corporate governance. He also keeps close review of all legislative, regulatory and corporate governance developments that might affect the Company's operations and ensure that the Board is fully briefed on these and that it has regard to them when taking decisions.

The Company Secretary ensures that the best management practices and work ethics are embraced to create value for the Company. He ensures that the concept of stakeholders is in the Board's mind when important and business decisions are being taken co-ordinates the policies of the Company, fulfills the management function and provides guidance on strategic decisions for the improvement and growth of the Company.

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 (Acting) is set out in the Profile of the Management Committee section of this annual report.

Role of Chief Financial Officer

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

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

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

ICSB Standards

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

Head of Internal Audit and Compliance (HIAC)

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

Role of Head of Internal Credit and Compliance

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

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

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

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

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

Establishing Effective Anti-Fraud Programs and Controls

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

Communications to Shareholders and Stakeholders

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

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

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

Communication through AGM

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

Process of Communicating the Schedule

All notices of the Annual General Meeting (AGM)/ Extraordinary General Meeting (EGM) are sent to the Exchange and simultaneously to the

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

Communication through Quarterly Investors Meet

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

Communication through Website

The Company's website (www.ipdcibd.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 as well as key responsibilities are provided in the Integrated Risk Management Framework section.

Remuneration of Directors and Senior Managers

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

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

Remuneration for senior executives is competitive and based on the 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.

Directors' Report

Dear Shareholders,

The Board of Directors of IPDC Finance Limited takes great pleasure to welcome you to the 38th 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 2019 which also includes reports on business and strategy review, risk management, corporate governance, internal control system, financial and operational highlights for your valued consideration, approval and adoption. This report has been prepared in compliance with Section 184 of the Companies Act 1994, Financial Institutions Act 1993 and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank and other regulatory authorities.

The year 2019 continued to be a challenging year for the financial sectors of Bangladesh as increasing classified loan continues to plague the sector, the year 2019 also saw the reemergence of a tight liquidity crunch in the financial market. Despite the difficulties and challenges in the market, IPDC continued to maintain its extraordinary performance in terms growth in both balance sheet and profitability as well as improvement in asset quality.

The Board of IPDC is committed to its continuous focus on good corporate governance, enhancement of compliance standards and risk management framework and ensuring adequate internal control systems are in place to ensure sustainable business growth.

Key Performance Highlights

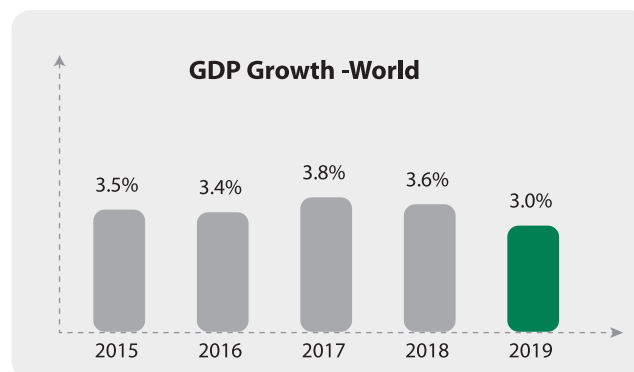
Loans and advances of IPDC grew by 14.4% and stood at BDT 50,726 million in 2019 against BDT 44,325 million in the previous year. Despite the liquidity crunch in the financial sector, IPDC was able to increase its customer deposits size by a remarkable 50.8% and the customer deposit balance stood at BDT 35,516 million in 2019 against BDT 23,546 million in the previous year. Overall the balance sheet size of IPDC increased by 27.5% and ended at BDT 64,402 million. IPDC did not just increase its balance sheet size but also continues to ensure the quality of its balance sheet growth which is evident by the classified loan ratio decreasing to 1.57% in 2019 against 2.14% in the previous year. Capital adequacy ratio increased to 19.30% in 2019 from 14.01% in the previous year providing a strong capital base for future growth.

Revenue of IPDC increased to BDT 2,166 million representing a growth of 15.5%, operating profit increased to BDT 1,184 million with an increase by 5.5% and net profit increased to BDT 562 million in 2019 against BDT 450 million in the previous year representing a growth of 25.0%.

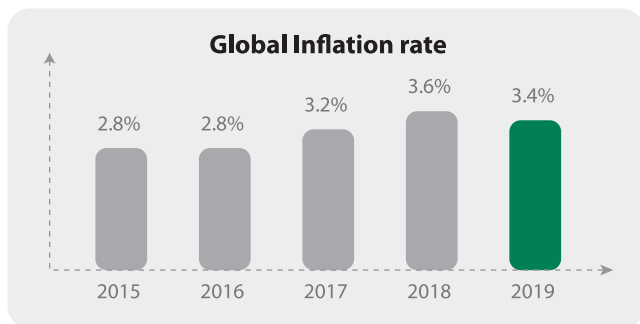
BDT mn, %



Global Economic Review



Despite the global economy making strong recovery in the past few years, the global GDP growth came down to 3.0% in 2019 compared to 3.6% in the year 2018. Geopolitical tensions, uncertainty regarding trade policies, social unrest and natural disasters in several countries continued to put pressure on the global economic activities in 2019, thereby leading to decline in global growth. Growth in export and import came down in all regions during the first half of 2019. However, the global GDP is expected to pick up momentum and reach around 3.3% in 2020 and 3.4% in 2021 due to continued easing of monetary policy in various economies and reduction in trade tension between US and China. GDP growth in advanced economies is expected to stand at 1.6% in both 2020 and 2021 against 1.7% in 2019. GDP growth in the emerging market and developing economy growth is expected to increase to 4.4% in 2020 and 4.6% in 2021 from 3.7% in 2019.

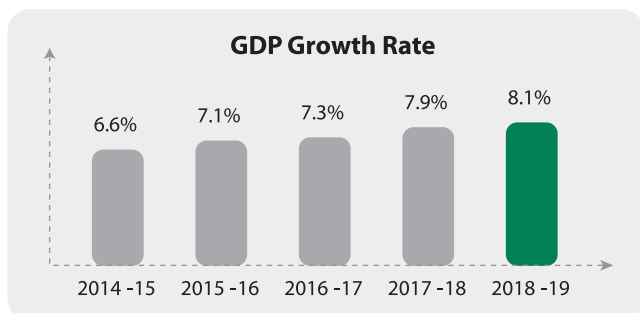


The global inflation rate continued to increase over the years and reached 3.6% in 2018 but came down to 3.4% in 2019. The decline in inflation rate is in line with the global decline in GDP growth. It is estimated the inflation rate will increase to 3.6% in 2020.

Regional Economy Review

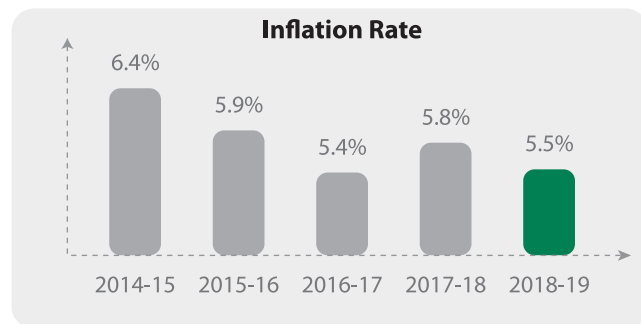
Growth in South Asia's region has come down to 4.9% in 2019 against 7.1% in the previous year. This decrease in the region was mainly due to economic slowdown in India and Pakistan. India has suffered from liquidity crisis in the financial sector, whereas Pakistan has suffered decline in fixed investment and in private consumption. Bangladesh being the third largest economy in the region performed significantly better than both India and Pakistan. Growth of Sri Lanka decreased to 2.7% in 2019 mainly due to a major hit on tourism because of terror attacks in Sri Lanka during the year. Inflation in the region has remained fairly stable in the face of declining domestic demand. Growth in the region is forecasted to increase gradually to 6.0% by the year 2020.

Bangladesh Economy Review

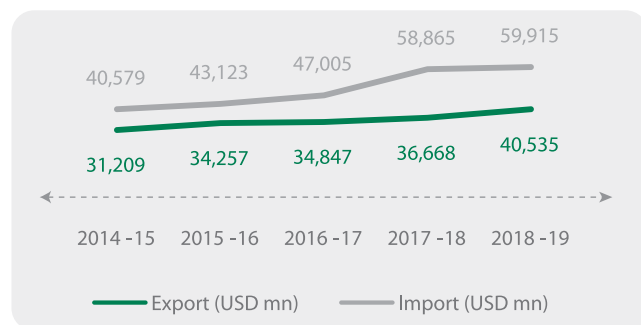


Bangladesh continues to maintain a strong GDP growth rate, rising to an impressive 8.1% in FY2019 against 7.9% in the previous financial year. Greater exports, and private consumption along with strong remittances in flow contributed towards the GDP growth. Private consumption made up 69.7% of the GDP and was a major driver of this growth. The increase in private consumption was driven by higher remittance inflows and increased wages among government employees. Net export represented 1.3% of GDP due to boost in RMG export as a result of exports shifting away from China.

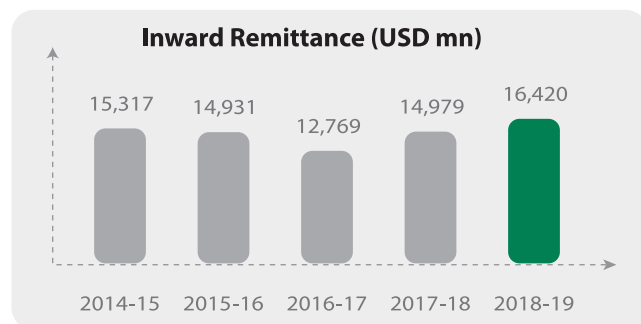
The average GDP growth rate of 7.0% over the last few years remains higher than most of the countries in the South Asian region. Growth is likely to continue to be above 7.0% and is expected to be driven by manufacturing growth.



Over the past few years inflation has been showing a downward trend till FY2016-17 and inflation picked up to 5.8% in FY2017-18 mainly due to increase in food inflation. However, in FY2018-19 inflation rate came down to 5.5% due to decrease in food inflation from 7.1% in the previous financial year. Inflation is expected to increase slightly as a result of increased gas prices and loss in agricultural production due to natural disasters such as flood.

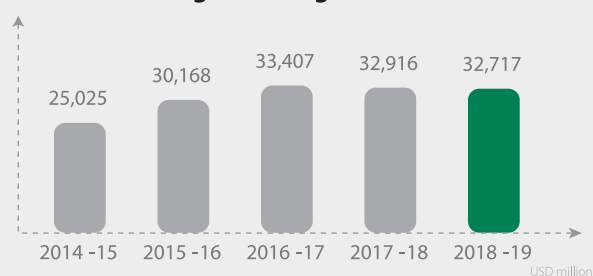


Exports saw an impressive growth of 10.5% and stands at USD 40,535 million in FY2018-19. Import growth slowed down to 1.8% in FY2018-19 from 25.2% in the previous financial year relieving the pressure on foreign exchange reserve.



Inward remittance grew by 9.6% to USD 16,420 million in FY2018-19 with majority of the remittance coming from Gulf Cooperation Council (GCC) countries. Remittance from Saudi Arabia accounted for 18.9% of the total remittance and grew by 20.0% during the financial year. The total number of Bangladeshis working abroad increased by 5.6% contributing towards the increase in remittance.

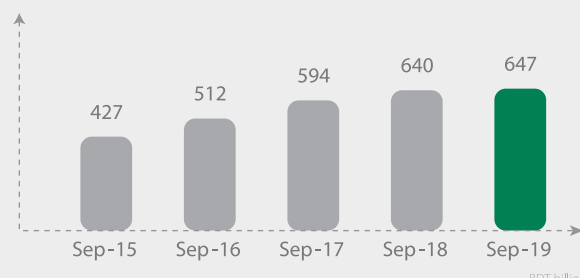
Foreign Exchange Reserve



Foreign exchange reserve declined slightly by 0.6% and stood at USD 32,717 million in FY2018-19. Decline in foreign exchange reserve was due to foreign exchange interventions in order to stabilize BDT/USD exchange rate.

Although the significant increase in current account deficit has put a strain on the foreign exchange rate and reserves, increasing inward remittance as well as stable FDI inflow helped to keep the foreign exchange reserves at a healthy level of USD 32,717 million.

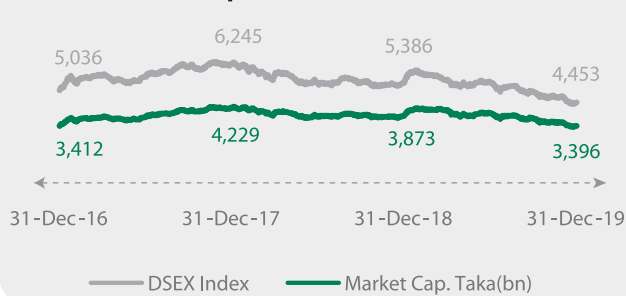
Loans and Advances



Loans and advances stood at BDT 647 billion, an increase by 1.0% on year-on-year (YoY) basis whereas YoY growth in previous period was 7.9%. Industry Loans and advances constituted 74.7% of total assets in September 2019. Loans and advances increased from BDT 427 in September 2015 to BDT 647 in September 2019 representing a growth of 51.6%.

Total classified loan stood at BDT 68 billion leading to a decreased classified loan ratio of 10.4% as of September 2019. The classified loan ratio during September 2018 was 11.2%.

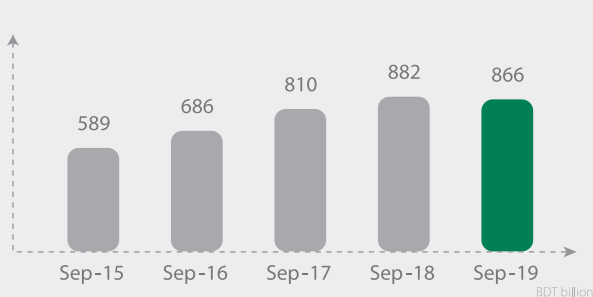
Capital Market Review



DSE Index (DSEX) went through significant downward spiral during the year 2019 and closed the year at 4,453 points in 2019 against 5,386 points at the end of 2018, a degrowth of 17.3%. Similarly, market capitalization decreased by 12.3% to BDT 3,396 billion at the end of 2019 from BDT 3,873 billion in 2018.

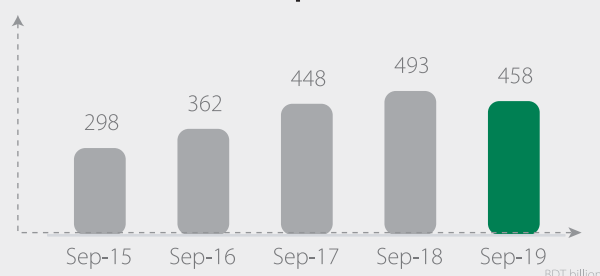
Non-Banking Financial Sector Review

Total Assets



The total assets of the non-banking financial institution sector stood at BDT 866 billion in September 2019, a decrease by 1.8%, from BDT 882 billion in September 2018. Total assets increased from BDT 589 in September 2015 to BDT 866 in September 2019 representing a growth of 47.0%.

Total Deposits

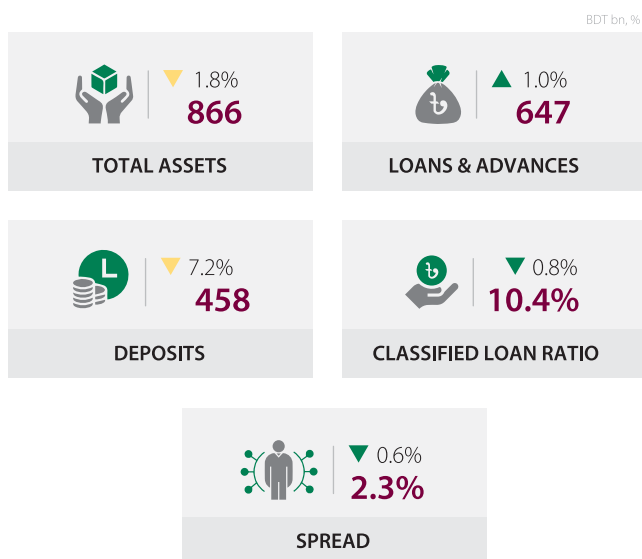


Deposits stood at BDT 458 billion, a decrease by 7.2% on YoY basis while growth in the previous year was 10.0%. Deposits formed 52.8% of the total liabilities and equity of the industry as of September 2019. Deposits grew by 53.7% from the base year of September 2015.

The negative growth in loans and deposits during the year was mainly due to the tight liquidity condition which prevailed during the year 2019. Consequently, spread dropped to 2.3% at the end of September 2019 from 2.9% in September 2018. Continued pressure on banks and financial institutions may result in further reduction in spread.

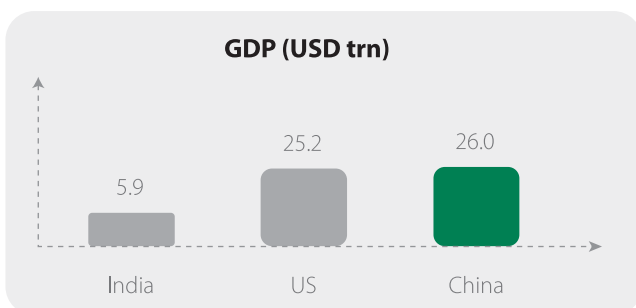
Capital Adequacy Ratio (CAR) of the industry stood at 17.3% in September 2019 against 12.4% in September 2018. CAR continues to remain above the minimum requirement of 10.0%. The Increase in CAR is mainly due to a reduction in Risk Weighted Assets (RWA) which came down to BDT 736 billion in September 2019 from BDT 770 billion in September 2018 and at the same time Eligible Capital increased to 127 billion in September 2019 from BDT 95 billion in September 2018.

Key Industry Numbers



Note: Data as on 30 Sep 2019 used as subsequent data are not publicly available.

Economy and Industry Outlook



Global GDP growth rate of around 3.0% per annum is likely to sustain till 2030. It is estimated that the global GDP would increase by 40% in 2030 from the base year 2017 with 70% of the growth coming from current emerging countries, according to HSBC. China is expected to continue to be the largest contributor to this growth with annual gross GDP reaching USD 26.0 trillion, followed by the United State (USD 25.2 trillion) in second position and India (USD 5.9 trillion) in the third position.

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.

In the long term, Bangladesh is projected to maintain its high growth level up to 2030 making it as one of the biggest movers in terms of GDP growth, according to a global research conducted by HSBC. It is expected that Bangladesh will move up in rank by 16 steps from now to mark itself as the 26th largest economy surpassing Philippines, Pakistan, Vietnam and Malaysia by the end of 2030.

Moody's Investor Service issued a Stable Ba3 rating for Bangladesh. The rating of Ba3 reflects Bangladesh's moderate economic strength, which balances robust growth prospects against very low per capita income and economic competitiveness, macroeconomic policies and stability. The fiscal strength balances the government's low debt burden against weak debt affordability due to its very narrow revenue base. The banking sector risk remains elevated given persistent weakness in the state-owned banks.

Degrowth in loans & advances, slow deposit mobilization and huge fall in operating earnings in the first nine months of 2019, accelerated the stress of the overall performance of NBFIs. Credit risk remains one of the major concerns in the financial sector.

On funding side, deposit mobilization could be a major challenge as the industry suffered a dent in image causing customer confidence to go down. With expectations of government borrowing to increase, liquidity issues might extend, and profitability may also remain under pressure by rising credit costs, while capital is set to decline as internal capital generation weakens.

Strategy

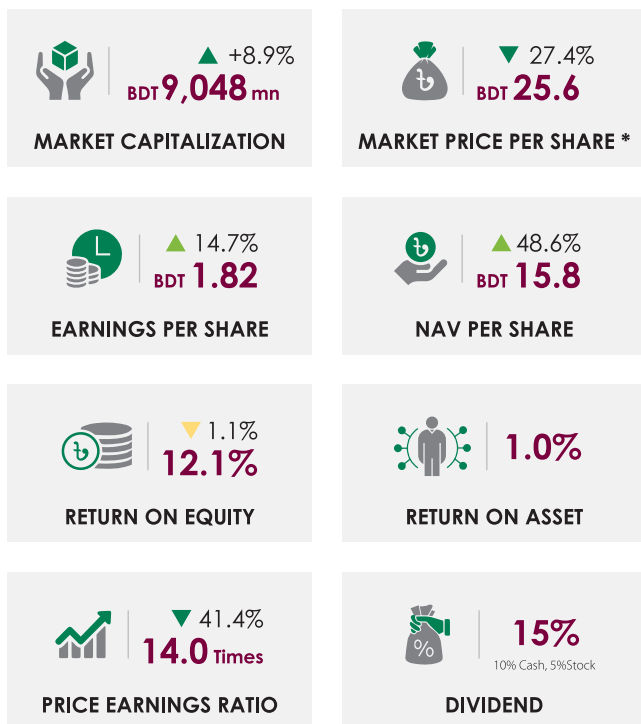
IPDC's core focus remains in leveraging the opportunities in the market through identifying challenges in our society and providing innovative solutions to overcome them.

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.

Macroeconomic and Industry Trends	Our Strategic Response	Actions Taken in 2019
Emergence of Middle and Affluent Consumers (MAC) and improving lifestyle	Bringing technology-led innovative solutions to facilitate consumer white goods financing business	Initiated pilot project for consumer goods financing with 9 partners reaching 573 customers with BDT 25 million outstanding loans as of December 2019. Significant progress has been made to launch dedicated platform for Consumer Goods Finance in 2020.
Increasing literacy rate and participation of women in the economy	Developing products and building entrepreneurial capacity of women	Launched Priti platform in 2019, 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 2019, IPDC continued to increase distribution points through outreach programs. As a result, loans and advances beyond Dhaka and Chattogram witnessed growth of 39.1% in 2019.
Increasing internet and smartphone penetration	Providing fintech solution to the customers	Partnered with bKash and integrated Application Program Interface (API) with several online merchants for better customer experience in consumer financing. Additionally, launched the first digital supply chain finance platform (called Orjon) backed by blockchain technology, bringing the whole supply chain ecosystem under one umbrella.
Increasing young labor force	Promoting SME and women entrepreneurs and bringing state-of-art technology solution in supply chain finance	Rolled out Orjon, a digital Supply Chain Finance Platform developed by IPDC using blockchain technology in partnership with IBM. It is designed and implemented 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.
Gap between demand and supply for mortgage finance	Scaling up mortgage finance targeting low- and middleincome households	Achieved 20.7% growth in Mortgage Finance with a massive 166.8% growth in affordable home loan product through increased presence in regions beyond Dhaka and Chattogram.

Areas of Building Organizational Capabilities	Execution Plan	Actions Taken in 2019
Brand	Building vibrant brand across the country	IPDC continued to utilize digital and electronic media to cater to the youth. The company has been recognized as the Best Financial Institution by the prestigious DHL-The Daily Star Business Awards in 2019, solidifying its place in the industry after being recognized as a Superbrand.
Human Resource	Attracting and retaining talents, employer branding and providing rigorous training to our people	All critical positions for Retail and Strategy has been recruited and are in place. 8 Management Trainees and 40 Management Associates were recruited in 2019. Training expense increased by 5.7% with 14,825 manhours of trainings conducted in 2019 covering 620 employees.
Technology	Implement new Core Banking System (CBS), Supply Chain Finance Platform and Consumer Goods Finance platform	Implemented new Core Banking System (Temenos T24) and rolled out South East Asia's first block chain based digital supply chain platform in 2019. Pilot program ongoing for Consumer Goods Finance and Retailer Finance platform.
Distribution	Increasing our geographic coverage through branch expansion and strategic tieups with various stakeholders	Branch expansion is awaiting Bangladesh Bank approval. However, IPDC continued to increase geographic presence through its outreach programs, most of which is in partnership with BRAC.
Extraordinary Customer Experience	Simplifying process to reduce Turn Around Time (TAT) and providing technology-led solutions	New Core Banking System (Temenos T24) allows for faster file processing. As a result, Turn-Around-Time has been reduced significantly from 2018. As IPDC continues to utilize additional capabilities of the new CBS and implement new technology platforms, real time processing of data can be achieved in the near future.

Key Investors' Ratio

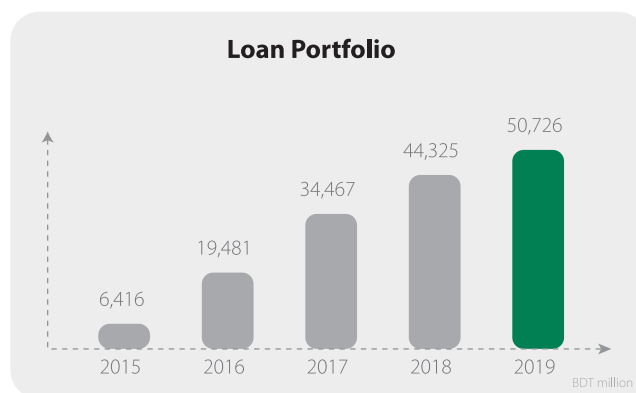


* Market value per share as of closing day of December 2018 has been adjusted for stock dividend

Market capitalization stood at BDT 9,048 million as of the closing day of December 2019 vis-à-vis BDT 8,312 million in December 2018 representing an increase by 8.9%. Market Value per Share stood at BDT 25.6 as of the closing day of December 2019 (DSE) compared to BDT 35.3 in 2018 (closing price adjusted for stock dividend). EPS at the end of 2019 stood at BDT 1.82 against BDT 1.59 (restated) in 2018. Net asset value (NAV) per share stood at BDT 15.8 against BDT 10.6 in the previous year. Return on Equity (ROE) stood at 12.1% against 13.1% in the previous year. Price earnings ratio decreased to 14.0 times from 24.0 times in the previous year.

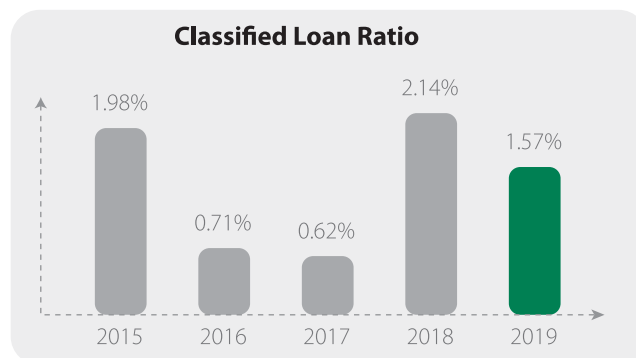
Given the proven high growth potential of the company and the minimum regulatory capital requirement, the Board thinks it is prudent to conserve capital, yet deliver higher returns to our shareholders in form of cash and stock. Therefore, the Board recommends 15% dividend (10% cash and 5% Stock), for the year ended 31 December 2019 for the approval of the shareholders.

Loan Portfolio Analysis



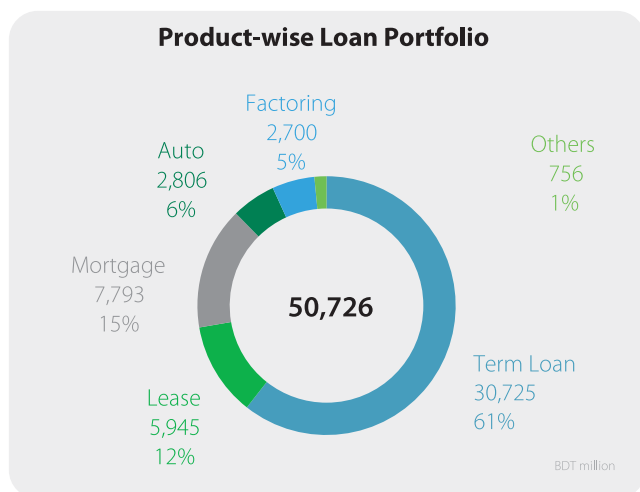
During the year 2019, loans and advances of IPDC grew by 14.6% and stood at BDT 50,726 million against a growth of 28.6% in the previous year. Despite the growth not being as high as the previous year, it is still solid growth considering the liquidity crisis in the market during the year 2019 and conscious decision by the Board and the Management to grow cautiously during the year in order to ensure quality balance sheet growth.

Classified Loan Ratio Analysis



The quality of IPDC's balance sheet is apparent by the reduction of classified loan ratio which decreased to 1.57% in 2019 from 2.14% 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 10.4% in September 2019.

Product-wise Loan Portfolio Analysis



The well diversified portfolio of IPDC includes term loan financing that represents 61% of total loans, followed by mortgage financing 15%, lease financing 12%, auto loan 6%, channel financing 5% and other forms offinancing 1%. Despite a weaker investment climate, IPDC ended the year with fresh credit disbursement of BDT43,870 million in 2019 vis-à-vis BDT 37,972 million in 2018.

Segment-wise Loan Portfolio Analysis

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



Corporate portfolio stands at BDT 24,326 million at the end of December 2019 representing 48.0% of the total portfolio and posting a year-on-year (YoY) growth of 12.0%. This is a not able achievement considering the market situation with intense competition in the corporate business segment. IPDC will continue to ensure cautious approach regarding portfolio growth in the corporate business segment. From the base year of 2015, corporate loan portfolio grew by 4.8 times from BDT 5,053 million in 2015 to BDT 24,326 million in 2019.

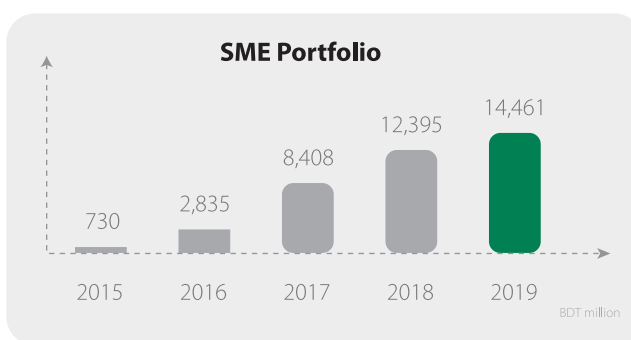


Retail portfolio stood at BDT 11,939 million at the end of December 2019 representing 23.5% of the total portfolio and posting a year-on-year (YoY) growth of 16.9%. From the base year of 2015, retail loan portfolio increased from BDT 632 million in 2015 to BDT 11,939 million in 2019 representing a growth of 18.9 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 7,793 million at the end of 2019 against BDT 6,458 million in the previous year, representing a growth of 20.7%. Affordable Home Loan is one of the flagship products of IPDC and is continuing to gain market traction. Affordable Home Loan portfolio stood at BDT 1,090 million in 2019 against BDT 409 million in the previous year which represents an incredible growth of 166.5%.

Further discussion of Retail strategy and outlook can be found in the Business Review Section.

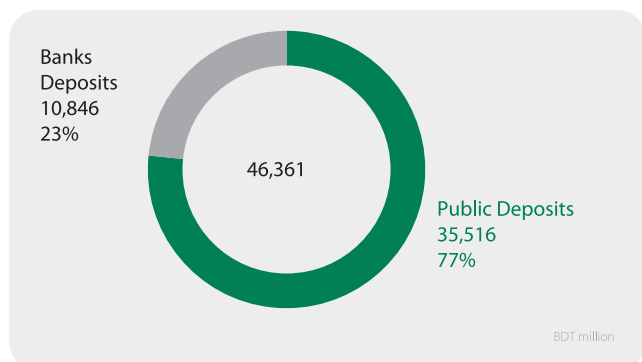


SME portfolio stood at BDT 14,461 million at the end of December 2019 representing 28.5% of the total portfolio and posting a year-on-year (YoY) growth of 16.7%. From the base year of 2015, SME loan portfolio increased from BDT 730 million in 2015 to BDT 14,470 million in 2019 representing a growth of 19.8 times.

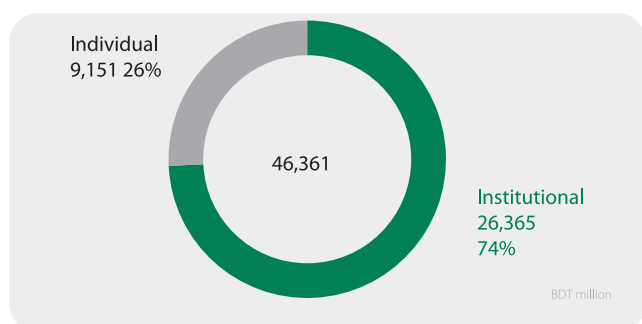
In addition to the product-wise portfolio diversification, the credit portfolio of IPDC is also well spread across different sectors. Product-wise further detail can be found in Business Review and Risk Management section of the Annual Report.



Deposits increased by 25.1% during 2019 and stood at BDT 46,361 million, a growth of 9.8 times from the base year of 2015. This was made possible by strong efforts of the liability team as well as strong market campaigns. Number of public deposit accounts stood at 7,554 in 2019 from 4,748 number of accounts in the previous year, up by 2,806 (+59.1%) from the last year. Average ticket size of customer deposits stayed flat at BDT 5 million in 2019.

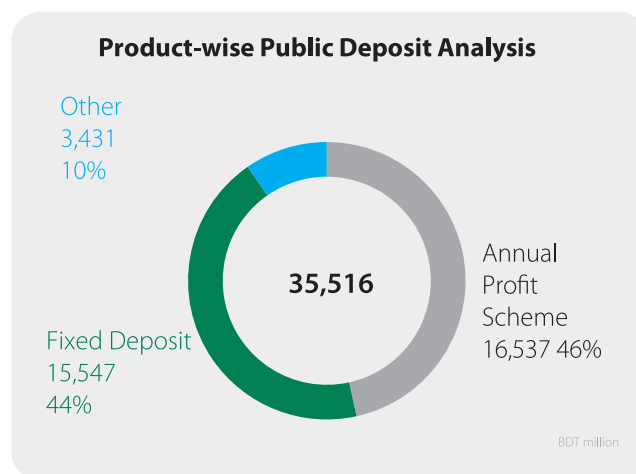


Public deposits (deposits excluding FDR from Banks & NBFIs) grew by a whopping 50.8% and took 76.6% of the total share of deposits, amounting to BDT 35,516 million where as deposits from Banks and NBFIs accounted for 23.4% of the pie and amounted to BDT 10,846 million at the end of 2019.

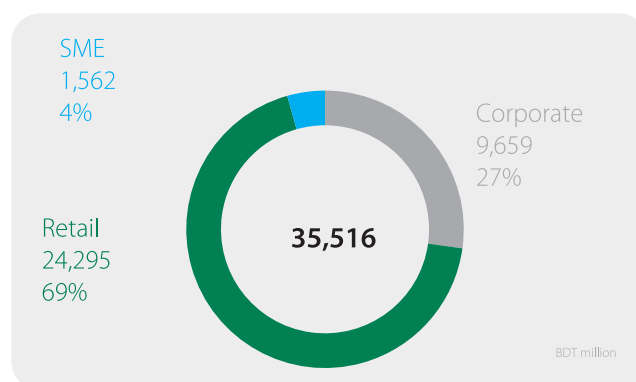


Deposits from individuals accounted for 25.8% of the total deposits and amounted to BDT 9,151 million in 2019 against BDT 5,192 million in the previous year representing an impressive growth of 76.3%.

Deposits from institutions accounted for the remaining 74.2% and stood at BDT 26,365 million at the end of 2019 against BDT 18,354 million in the previous year with a healthy growth of 43.6%.



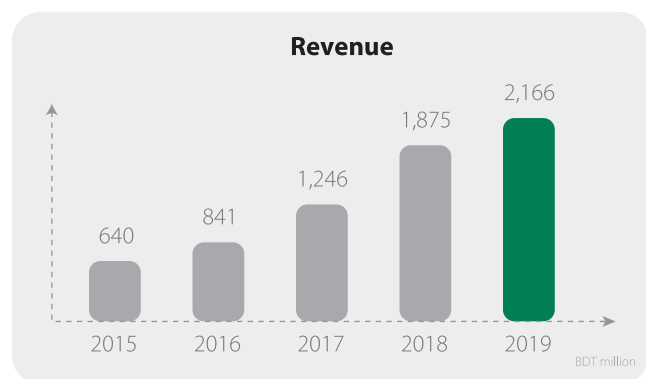
The company launched innovative campaigns focusing on deposit mobilization during national events and festivals which helped to shield the company against the adverse liquidity situation that prevailed in the market during 2019. Fixed deposits (BDT 15,547 million) accounted for 43.8% of the total public deposits where as Annual Profit Scheme (BDT 16,537 million) accounted for 46.6% and other deposits (BDT 3,431 million) accounted for remaining 9.7%.



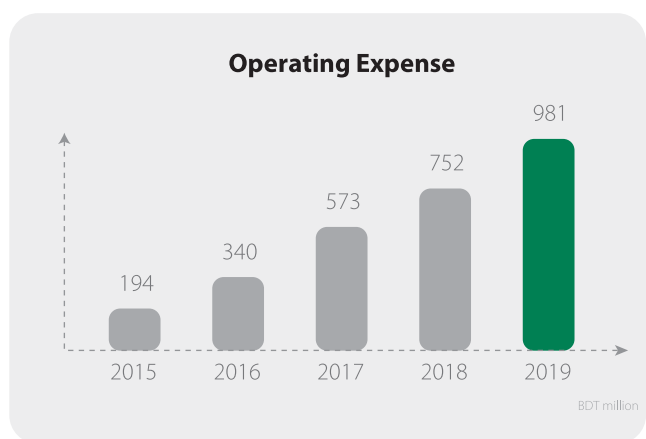
Corporate, SME and Retail deposits accounted for 27.2%, 4.4% and 68.4% of the total public deposits respectively. IPDC will continue to focus more on Retail deposits in the future to reduce concentration risks of high-ticket size deposits of Business Finance. Overall Retail deposits increased by 37.7% and stood at BDT 24,295 in 2019 and the public deposit is dominated by Retail deposits taking up 68.4% of the total pie. Total number of public deposit accounts stood at 7,554 taking the average ticket size to BDT 5 million. Although new deposits continued to flow in, however, attrition rate remains a concern and IPDC will continue to focus on small ticket size long term retail deposits.

Treasury Operations

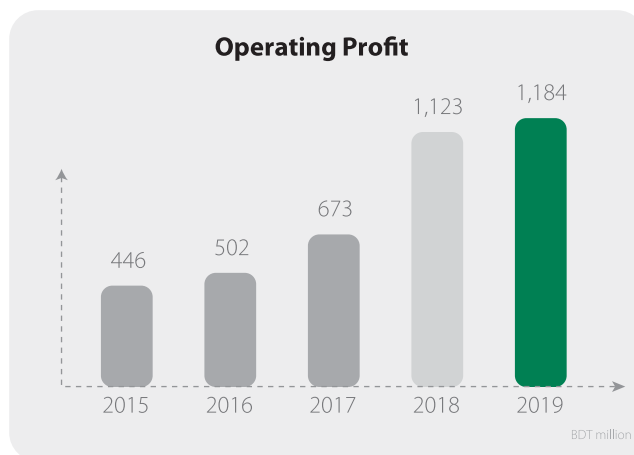
Our treasury operations played a key role in managing fund and liquidity. In tight liquidity condition that persisted during the year 2019, Treasury supported IPDC's growth momentum while keeping cost of funds at a tolerable level and fortifying the company on liquidity front. The growth in borrowings from banks and NBFIs mainly came from refinance project of Bangladesh Bank which stood at BDT 2,119 million and represented an increase by 54.6%. In addition, IPDC issued subordinated bond amounting to BDT 800 million which contributed to increasing capital adequacy ratio. 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.



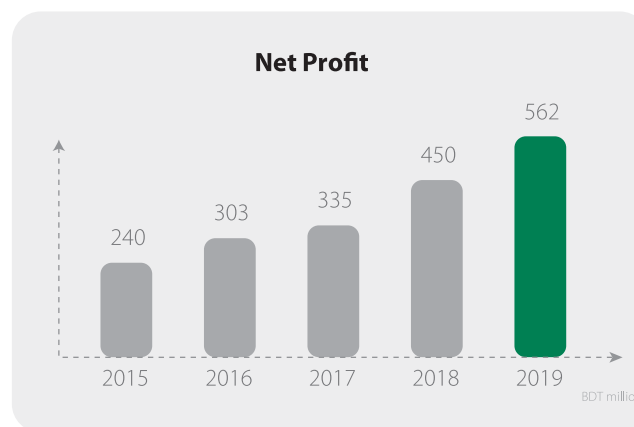
Revenue earned in 2019 amounted to BDT 2,166 million against BDT 1,875 million in the previous year an increase by 15.5%. The increase in the revenue came from growth in portfolio which increased by 14.6%, the relatively low classified loan ratio further contributed towards the increased revenue during the year.



Operating expense increased by 30.6% and amounted to BDT 981 million in 2019 against BDT 752 million in the previous year. The increase in operating expense mainly came from increased salary expense due to increase in head count from 599 to 854. Salary expense increased by 42.9% and stood at BDT 566 million in 2019 against BDT 396 million in 2018. Depreciation cost also increased from BDT 41 million in 2018 to BDT 59 million in 2019, the increased depreciation cost is mainly due to additional investments in IT projects such as Temenos T24 and Digital Platform for Supply Chain Finance platform (Orjon).



Operating profit increased to BDT 1,185 million in 2019 against BDT 1,123 in the previous year and representing a growth of 5.5%. The lower growth in operating profit is due to the lower spread in 2019 as a direct consequence of the liquidity crunch which caused the Cost of Fund to increase significantly thereby eroding the spread.



Riding on the back of portfolio growth and lower provisioning requirements due to lower classified loans, the net profit of IPDC grew by an impressive 25.0% and stood at BDT 562 million in 2019 compared to BDT 450 million in 2018.

Capital Expenditure

In 2019 the company incurred capital expenditure of BDT 250 million. The bulk of the amount was for new Core Banking System (CBS) Temenos T24 and digital Supply Chain Finance Platform called Orjon. Other major capital expenditures included head office extension, branch relocation, purchase of vehicles and acquisition/development of various software. The details of capital expenditure are reflected in the Property, Plant and Equipment Schedule in the Notes to the Financial Statements.

Quarterly Operating Results

BDT bn, %

Particulars	Q1'19	Q2'19	Q3'19	Q4'19
Loans, Advances & Leases	46,501	46,039	47,903	50,726
Growth (%) - QoQ	4.9%	-1.0%	4.0%	5.9%
Growth (%) - YoY	34.4%	24.5%	20.5%	14.4%
Deposits and Other Accounts	36,980	40,196	42,563	46,361
Growth (%) - QoQ	-0.2%	8.7%	5.9%	8.9%
Growth (%) - YoY	26.5%	25.8%	26.3%	25.1%
Revenue	562	480	497	627
Growth (%) - QoQ	-9.9%	-14.5%	3.6%	26.0%
Growth (%) - YoY	66.2%	15.7%	-0.1%	0.5%
Operating Profit	338	258	250	338
Growth (%) - QoQ	-17.7%	-23.7%	-3.4%	35.4%
Growth (%) - YoY	121.2%	8.5%	-22.2%	-17.7%
Profit After Tax	159	162	126	116
Growth (%) - QoQ	-3.2%	1.9%	-22.1%	-8.0%
Growth (%) - YoY	120.4%	65.0%	8.7%	-29.3%
Cost to Income Ratio	39.76%	46.18%	49.80%	46.06%
Change - QoQ	5.7%	6.4%	3.6%	-3.7%
Change - YoY	-14.8%	3.6%	14.3%	12.0%
Classified Loan Ratio (%)	1.20%	1.64%	1.82%	1.57%
Change - QoQ	-0.94%	0.44%	0.18%	-0.26%
Change - YoY	0.58%	0.95%	1.08%	-0.58%

IPDC logged a steady loans, advances and leases growth on both Quarter over Quarter (QoQ) and Year over Year (YoY) basis with a marginal dip in Q2'19. Deposits growth was held back in Q1'19 due to difficult market condition followed by a strong recovery in the last three quarters driven by innovative market campaigns. Overall, the liability team managed to score an outstanding 25.1% YoY growth on deposits despite tight money market.

Revenue fell in QoQ basis during Q1'19 and Q2'19 mostly due to industry cyclical factors as well as rising cost of fund in the market. However, subsequent quarters saw strong growth as Yield on Assets were adjusted gradually and cost of fund was held in check, leading to improvement in net interest margin. Revenue in Q4'19 witnessed a significant jump driven by stronger recovery efforts. Operating profit declined on QoQ basis during the first three quarters of the year as operating expense growth outpaced revenue growth during the period. Cost to Income ratio increased due to the same reason.

Provision expense is lower in 2019 as portfolio growth was lower compared to the previous year resulting in lower general provisioning requirement. The company also managed to bring down the classified loan ratio to an industry leading 1.57% in 2019 compared to 2.14% in 2018 resulting in lower specific provision requirement as well. The company managed to log in strong YoY Profit After Tax growth with moderation in the second half of the year.

BDT bn, %

Particulars	2018	2019	Growth %
Interest income	5,080	6,716	32.2%
Interest expense	3,382	4,773	41.1%
Net interest income	1,698	1,943	14.4%
Non-interest income	176	223	26.5%
Total income	1,875	2,166	15.5%
Operating Expense	752	981	30.6%
Operating Profit	1,123	1,184	5.5%
Provision for Loans	262	191	-27.3%
Profit before tax	861	994	15.5%
Provision for tax	411	431	5.0%
Profit after tax	450	562	25.0%
Net Interest Margin	4.0%	3.6%	-0.4%
Operating Profit Margin	22.1%	17.6%	-4.5%

Interest income increased to BDT 6,716 million from BDT 5,080 million, an increase by 32.2%. The increase in interest income was driven by growth in loan portfolio which increased by 14.6%. Additional interest income was realized from loans which has become unclassified during the year 2019. Interest expense increased by 41.1% and reached BDT 4,773 million in 2019 from BDT 3,382 million from the previous year. The increase in interest expense mainly came from increase in deposits (increased by 25.1%) and borrowing (increased by 18.9%) coupled with increasing cost of fund.

Overall net interest income increased to BDT 1,943 million from BDT 1,698 million, an increase by 14.4%. The net interest margin of IPDC decreased to 3.6% in 2019 from 4.0% in 2018 mainly due to lower earnings from interest earning asset for maintaining surplus liquidity as well as reducing spread.

Non-interest income grew modestly by 26.5% to BDT 223 million in 2019 against BDT 176 million in the previous year, a major portion of the non-interest income came from investment income which increased by 81.8% in 2019 and represented 51.7% of the total non-interest income. The growth in investment income is in line with the growth in investment which increased by 82.9% in 2019 and stood at BDT 1,589 million.

Operational expense increased to BDT 981 million in 2019 from BDT 752 in the previous year, a growth of 30.6%. The increase in operational expense was mainly due to increase in salary and allowances, training, rent and depreciation. Increase in salary and training cost came from the increase in number of employees, increase in rent was due to the Head Office Extension during the year and increase in depreciation was due to the capitalization of new assets mainly out Digital Supply Chain Platform - Orjon and new Core Banking System - Temenos T24.

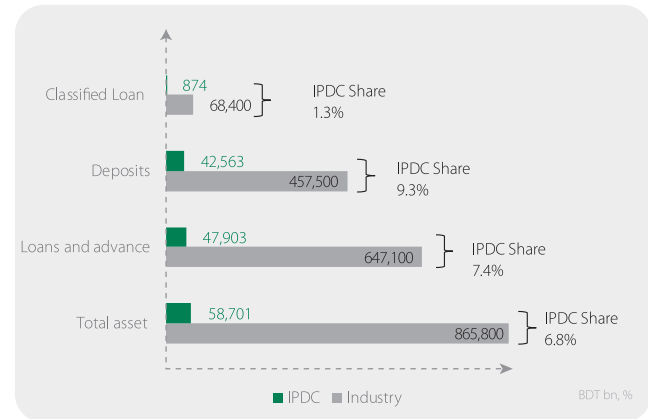
Operating profit stood at BDT 1,185 million in 2019 against BDT 1,123 million in the previous year, representing an increase by 5.5%. Operating profit margin decreased to 17.6% from 22.1% due to operating profit growing a slower pace than interest income during the year 2019.

Despite the adverse condition in the financial market, IPDC managed to register a growth of 25.0% in net profit which stood at BDT 562 million in 2019 from BDT 450 million in 2018.

Extra-ordinary gain/loss

During the year 2019 there were no incidence or events which lead to any extra ordinary gain or loss.

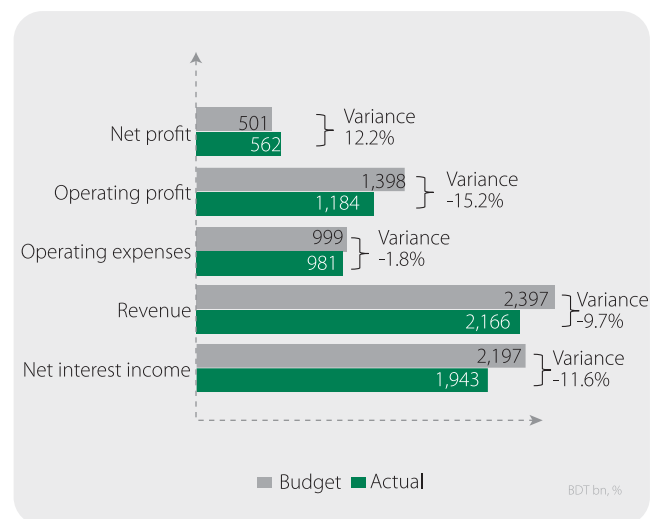
NBFI Industry and IPDC Market Share



Non-banking Financial Institutions (NBFI) forms an important component of the financial sector of Bangladesh, the combined asset of the sector stood at BDT 865,800 million in September 2019, out of which IPDC's market share stood at 6.8%. Total outstanding loans and advances amounted to BDT 647,100 million at the end of September 2019 wherein IPDC's market share is 7.4% and amounted to BDT 47,903 million. While industry classified loan stood at BDT 68,400 million, IPDC's classified loan stood at BDT 873 million as of September 2019 which is 1.3% of the industry pie. Deposits in the industry stood at BDT 457,500 million out of which IPDC's deposits stood at BDT 42,563 million and constituted 9.3% of the total.

* Note: Industry data are provided as on 30 September 2019 as subsequent data are not publicly available.

Comparison of actual and budgeted performance of IPDC Finance Limited

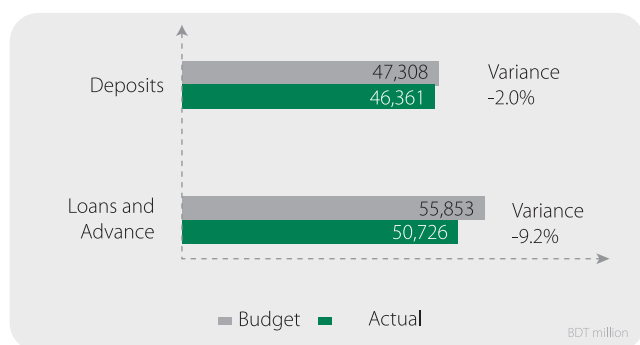


Net interest income stood at BDT 1,943 million against the budgetary target of BDT 2,197 million which is 11.6% behind the target of 2019. Net interest income was behind budget due to lower than planned portfolio growth combined with the impact of reduced spread due to increased cost of fund.

Revenue stood at BDT 2,166 million in 2019 against a budgetary target of BDT 2,397 million which is 9.7% behind the budget.

Operating expense in 2019 amounted to BDT 981 million against the budgetary target of BDT 999 which is 1.8% below the target. The lower cost was due to tighter cost control.

Net profit in 2019 stood at BDT 562 million against the budgetary target of BDT 501 million which is 12.2% ahead of the target. Net profit exceeded the target mainly due to lower provision requirement due to a reduction in classified loan ratio.



Loans and advances ended with BDT 50,726 million in 2019 against the budgetary target of BDT 55,853 million which is behind the budget by 9.2%. In contrast deposits fell slightly behind budgetary target of BDT 47,308 million and ended with BDT 46,361 million in 2019 which is 2.0% below the budget. However, it is to be mentioned that the public deposit (deposits excluding deposits from Banks and NBFIs) stood at BDT 35,516 million against a target of BDT 32,549 million, which is 9.1% above the target.

Plan for 2020

Business

Asset growth in 2020 will be focused more towards 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 leverage our new digital supply chain platform, Orjon. 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 is also in consideration. The current Capital Adequacy Ratio of 19.30% is well above the regulatory requirement of 10.00% and is currently at optimum level to satisfy the growth ambition of 2020.

People

IPDC plans to scale-up Affordable Home Loan and Consumer Goods Finance in 2020 which will require additional resources along with capacity development of existing resources. Moreover, the company is currently going through realignment of organization structure to realize synergy and increased collaboration among various teams. Performance Management System has already been redesigned and new method and tools will be introduced to make the process more development focused, and performance orientated.

Process

Process improvements will continue to be a priority for IPDC amid reducing spread and high competition in the industry. The new Core Banking System (Temenos T24) is a very flexible and scalable solution which allows faster file processing, smooth banking operations in a secured environment. Focus of 2020 will be to utilize the scope of automation provided by the new system to improve customer experience.

Technology

Information and communication technologies are quickly becoming the heart of financial services sector. IPDC's priority in 2020 will be to implement a new Consumer Goods Finance Platform to provide an easy solution of Consumer Goods Financing for the rising MAC population of the country. Additionally, IPDC also intends to launch a dedicated platform for financing Retailers, an untapped and potential market for financing. These platforms will expand opportunity to grow and diversify our business further.

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.

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 2019 and growth potential, while maintaining minimum regulatory capital requirement, the Directors recommend 15% dividend out of which 5% will be in stock and 10% in cash, for the year ended 31 December 2019 for the approval of Shareholders in 38th Annual General Meeting scheduled to be held on 31 March 2019.

BDT million

Particulars	2018	2019
Retained Earnings brought forward	181.0	214.7
Net Profit after Tax	450.0	562.5
Profit Available for Appropriation	631.0	777.2
Transfer to Statutory Reserve	(90.0)	(112.5)
Transfer from Revaluation Reserve	1.0	2.3
Proposed Dividend	(327.2)	(530.1)
Retained Earnings	214.7	136.9

* Dividend for the respective financial year has been retrospectively reflected in the aforesaid statement and approved dividend of 2018 was 15% (8% Stock and 7% Cash) which is BDT 327.2mn.

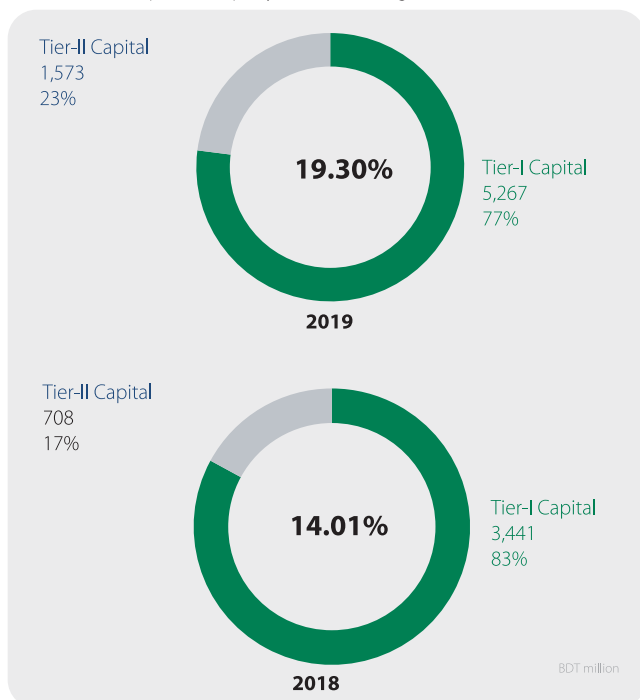
Capital Management

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.

BDT mn, %			
 48.6% 5,576	 62.0% 3,534	 53.1% 5,267	 122.0% 1,573
Total Equity	Paid-up Capital	Tier-I Capital	Tier-II Capital

The total shareholders equity stood at BDT 5,576 million and paid-up capital stood at BDT 3,534 million as of December 31, 2019. Total Capital and Reserves (Tier-I Capital and Tier-II Capital) stood at BDT 6,839 million against BDT 4,150 million in previous year, an increase by 64.8%, on YoY basis. Capital Adequacy Ratio as of December 31, 2019 stood at 19.30% against 14.01% 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 2019 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.

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 890 million in 2019 in form of corporate tax, withholding tax, excise duty and VAT to the national exchequer. This is 47.3% higher compared to last year's figure of BDT 604 million. Detail in this regard can be found in the Social and Relationship Capital Section. Apart from this, IPDC is indirectly creating jobs in the economy through financing SMEs which is considered as one of the lifelines of the economy. The company also has contribution in assisting women to build financial and non-financial assets which also contributes directly to growth of the national economy.

Summary of Contribution to Government Exchequer

in BDT million	
Particulars	Amount
Corporate Tax	392
Withholding Tax	417
VAT	42
Excise Duty	39
Total	890

*BDT 604 million in 2018

Contribution to 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 2019 stood at BDT 9 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 increased to 560 as of December 2019 against 423 as of December 2018. IPDC aims to strengthen its focus on Retail and SME loans and hence the company will require additional workforce to build a quality portfolio in this segment. Hence, we will continue to recruit permanent and outsourced employees to strengthen our direct sales work force and build solid organizational capacity for the long-term. After recruitment, 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 frame work 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 Preparation of Financial Statements

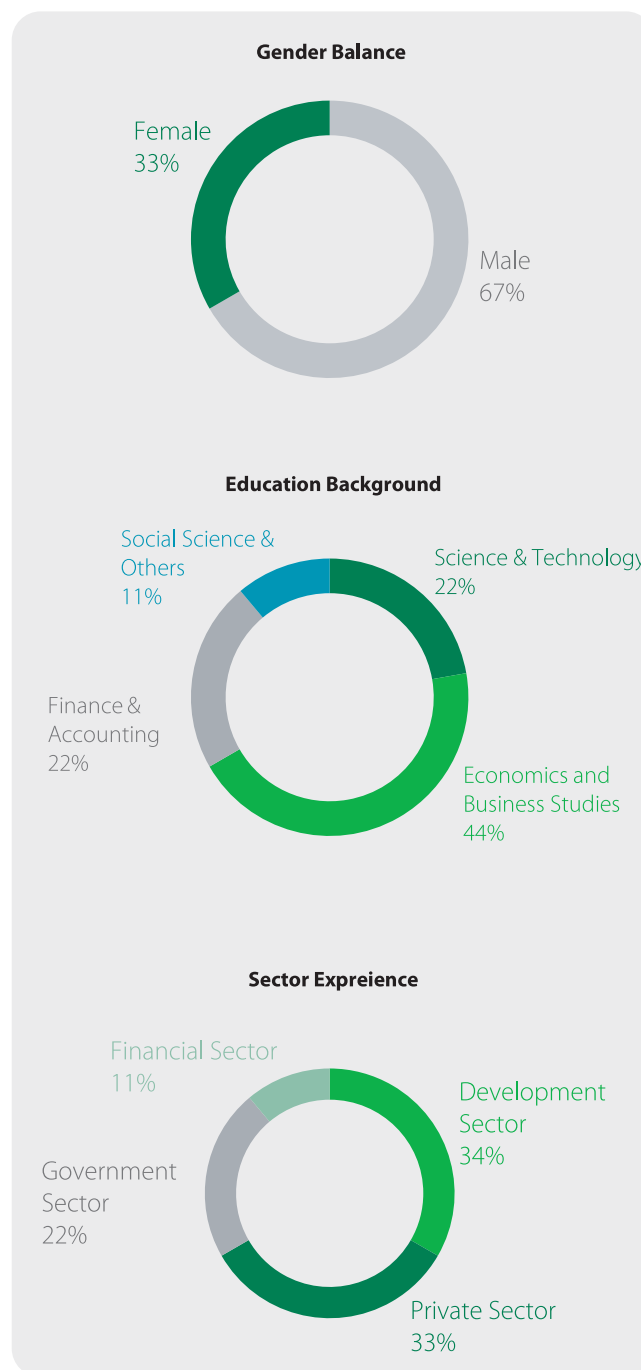
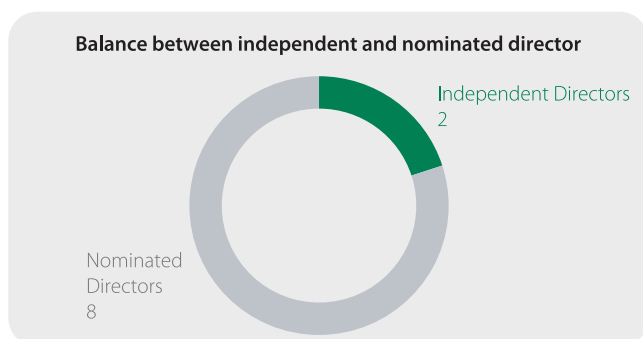
We hereby confirm that to the best of our knowledge:

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

Interim Dividend

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

Board Diversity

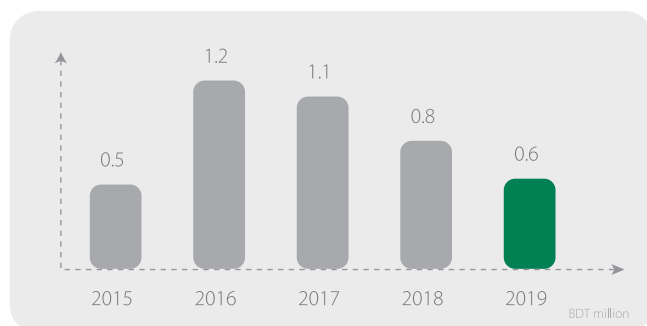


Board Committees

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 2019
Audit Committee	5	4
Executive Committee	5	6

Directors' Remuneration



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

Director's Meeting, Attendance and Remuneration

During the year ended 31 December 2019 a total 5 (five) 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 38th Annual General Meeting and 3 (three) being eligible to offer themselves for re-election as per Article 105 of the Articles of Association of the Company. Brief resumes of the directors are furnished in the 'About IPDC' section of this Annual Report.

Mr. Tushar Bhowmik	Nominated by BRAC
Mr. Biswajit Bhattacharya Khokon, ndc	Nominated by Government of the People's Republic of Bangladesh (GoB)
Mr. Salahuddin Mahmud	Nominated by Government of the People's Republic of Bangladesh (GoB)

Appointment of Members of The Management Committee Team

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

Shareholding Pattern as at 31 December 2019

Shareholding patterns of the Company as at December 31, 2019 is shown in the subsequent section of the Directors' Report.

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.

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.

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.

Related Party Transaction

In the normal course of business, IPDC has entered into few transactions with related parties during the year 2019. 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."

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

BDT

Disbursement	Timeline	Amount (BDT)	Status of Utilization			
			Total Utilized Amount	Utilized (%)	Total Unutilized Amount	Unutilized (%)
Retail	6 Months	400,000,000	399,720,000	99.93%	280,000	0.07%
SME	6 Months	400,000,000	399,700,578	99.93%	299,422	0.07%
Corporate	6 Months	613,682,080	600,000,000	97.77%	13,682,080	2.23%
Total	6 Months	1,413,682,080	1,399,420,578	98.99%	14,261,502	1.01%

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

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

Going Concern

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

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

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

Status of Compliance on Corporate Governance

Corporate Governance status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No.BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 issued under Section 2CC of the Securities and Exchange Commission Ordinance 1969 and DFIM CircularNo. 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

Hoda Vasi Chowdhury & Co, Chartered Accountants were reappointed as the statutory Auditors of the Company in the 37th Annual General Meeting held on March 31, 2019 for the year 2019 until conclusion of 38th Annual General Meeting at a remuneration of BDT 502,900 excluding VAT. The auditors will retire in the 38th Annual General Meeting. They are not eligible for re-appointment as they are the Auditors of the Company for last consecutive three years.

Based on the proposal of the Board Audit Committee, the Board recommends appointing Rahman Rahman Huq as the Auditors of the Company for the year 2020 at a remuneration of BDT 520,000 (Five Hundred Twenty Thousand only) plus VAT until completion of the next Annual General Meeting.

Principal Activities

The principal businesses of the Company are related to finance and finance associated activities. These are as 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 2019, 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.

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.

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

Key Operating and Financial Data of Preceding Five Years

BDT million

Particulars	2014	2015	2016	2017	2018	2019	Growth (YoY)	CAGR3
Operating Results								
Net Interest Income	416	431	638	1,073	1,698	1,943	14.4%	45.7%
Operating Income	580	640	841	1,246	1,875	2,166	15.5%	35.6%
Operational Expenses	185	194	340	573	752	981	30.6%	49.9%
Operating Profit	395	446	502	673	1,123	1,184	5.5%	27.7%
Profit Before Tax	345	344	468	514	861	994	15.5%	30.3%
Net Profit After Tax	166	240	303	335	450	562	25.0%	23.7%
Financial Performance								
Loan Disbursement	3,524	5,525	25,030	34,681	37,972	43,870	15.5%	67.9%
Outstanding Loans	5,677	6,416	19,481	34,467	44,325	50,726	14.4%	67.7%
Fixed Assets	224	207	234	267	545	788	44.5%	39.7%
Total Assets	7,744	8,202	22,577	39,289	50,511	64,402	27.5%	67.4%
Term Deposits	3,997	4,745	17,179	29,747	37,066	46,361	25.1%	76.8%
Borrowings	398	27	1,141	4,214	5,917	7,038	18.9%	301.6%
Total Liabilities and Equity	7,744	8,202	22,577	39,289	50,511	64,402	27.5%	67.4%
Equity Information								
Shareholders' Equity	2,292	2,475	2,775	3,111	3,752	5,576	48.6%	22.5%
Paid up Capital	1,148	1,263	1,515	1,818	2,182	3,534	62.0%	29.3%
Number of Ordinary Shares	114,773,158	126,250,473	151,500,567	181,800,680	218,160,816	353,420,521	62.0%	29.3%
Net Asset Value Per Share	6.5	7.0	7.9	8.8	10.6	15.8	48.6%	22.5%
Earnings per Share (BDT) ¹	0.58	0.85	1.07	1.18	1.59	1.82	14.7%	21.1%
Yearend Market Price per Share (BDT) ²	18.2	26.7	42.7	50.1	38.1	25.6	-32.8%	-1.0%
Market Capitalization	2,089	3,371	6,469	9,108	8,312	9,048	8.9%	28.0%
Rate of Dividend	15%	20%	20%	20%	15%	15%	0.0%	-
Financial Ratios								
Current Ratio (Times)	1.3	1.2	1.0	1.0	1.0	1.0	-0.7%	-
Debt Equity Ratio (Times)	0.2	0.0	0.4	1.4	1.6	1.3	-20.0%	-
Interest Coverage Ratio (Times)	28.5	17.3	14.9	4.4	3.8	3.2	-16.3%	-
Return on Asset	2.1%	3.0%	2.0%	1.1%	1.0%	1.0%	0.0%	-
Price Earnings Ratio (Times)	31.1	31.5	39.9	42.3	24.0	14.0	-41.4%	-
Rate of NPL	3.39%	1.98%	0.71%	0.62%	2.14%	1.57%	-0.6%	-
Rate of net NPL	0.05%	-1.64%	-0.62%	-0.59%	0.38%	-0.38%	-0.8%	-

¹ EPS has been restated for the year 2015 – 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 2015.

Assessment Report on the Going Concern

Going concern is one of the fundamental assumptions in the preparation of financial statements. As per the requirements of International Accounting Standards, Companies Act, Listing Rules and Bangladesh Securities & Exchange Commission Guidelines, management and directors should satisfy themselves about the appropriateness of using going concern assumption in the preparation of the financial statements. The management of an entity therefore has a responsibility to assess the entity's ability to continue as a going concern in the foreseeable future. Under the going concern assumption, an entity is normally viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. The management and directors of the Company has made annual assessment for the year ended December 31, 2019 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, 2019 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 2019, interest coverage ratio stood at 3.2 times, which means the company has strong debt servicing capacity.
Less Dependency on Bank Borrowings	As at December 31, 2019 total bank borrowing of the Company was BDT 7,038 million which is 12.0% 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, 2019 total deposits stood at BDT 46,361 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 2019, IPDC Finance achieved 5.5% growth of operating profit compared to year 2018 which reflects the growth in profitability from regular operation.
Solid Growth in Quality Lending Portfolio	In the year 2019 the loans, leases and advances increased by 14.4% compared to year 2018, whereas classified loan ratio stands at 1.57% which is much below the industry average. This represents the positive indication of sustainable business of the Company.
Expansion of Business	IPDC has carried out various IT development projects such as a new core banking system and the first ever Digital Supply Chain Finance platform called Orjon, as well as expansion of head office and relocation of branches which will help drive future growth.
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, 2019 CAR of IPDC is 19.30% vis-à-vis requirement of 10.00% i.e. Company maintains 9.30% surplus capital.

Strong Equity Base	IPDC is one of the highest equity-based companies among the Financial Institutions. Asat December 31, 2019 total equity of the Company is BDT 5,576 million including paid up capital of BDT 3,534 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 2019 on the basis of "going concern assumption" is appropriate.

Annexure III

Pattern of Shareholding as at 31 December 2019

Names	Position	Number of shares
Parent/Subsidiary/Directors		
Parent/subsidiary/associates and other related parties	Not Applicable	Nil
Mr. Md. Abdul Karim, his spouse and minor child	Chairman	Nil
Mr. Salahdin Irshad Imam, his spouse and minor child	Independent Director	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
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 (Acting)	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
Mr. Kyser Hamid	Deputy Managing Director	Nil
Ms. Sharmeen Fatema Annie	General Manager	Nil
Mr. Md. Zakir Hossen	General Manager	Nil
Mr. Ashique Hossain	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)	77,326,867	21.8796
BRAC	88,355,127	25.0000
Ayesha Abed Foundation	35,342,050	10.0000

Meetings Attended and Remuneration of the Directors during the year 2019

Name of Director	Board of Directors Meeting				Executive Committee Meeting				Audit Committee Meeting				Total Remuneration paid in 2019
	Total Meeting held during Director's Tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration paid	Total Meeting held during Director's tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration paid	Total Meeting held during Director's tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration paid	
Dr. Muhammad Musa	5	4	80%	32,000	-	-	-	-	-	-	-	-	32,000
Mr. Amin H. Manekia	1	1	100%	8,000	-	-	-	-	-	-	-	-	8,000
Mr. Salahuddin Mahmud	5	5	100%	40,000	1	1	100%	8,000	4	4	100%	32,000	80,000
Mr. A. Gaffar Khan*	3	3	100%	24,000	2	2	100%	16,000	-	-	-	-	40,000
Mr. Biswajit Bhattacharya Khokon, ndc	2	1	50%	8,000	4	3	75%	24,000	2	1	50%	8,000	40,000
Mr. Salahdin Irshad Imam	5	5	100%	40,000	-	-	-	-	4	4	100%	32,000	72,000
Ms. Sonia Bashir Kabir**	4	1	25%	8,000	-	-	-	-	2	1	50%	8,000	16,000
Ms. Tamara Hasan Abed	5	4	80%	32,000	-	-	-	-	4	3	75%	24,000	56,000
Mr. Tushar Bhowmik	5	5	100%	40,000	6	6	100%	48,000	1	1	100%	8,000	96,000
Mr. Shameran Abed	5	5	100%	40,000	5	3	60%	24,000	-	-	-	-	64,000
Mr. Sameer Ahmad	5	3	60%	24,000	6	5	83%	48,000	-	-	-	-	72,000
Total Remuneration	45	37	82%	296,000	24	20	83%	168,000	17	14	82%	112,000	576,000

Note:

- Leave of absence was granted in all cases of non-attendance
- Mr. Sameer Ahmad has attended 143rd EC meeting held on 11 December 2018 through teleconference and his honorarium was not paid at that time. Later on, we paid that honorarium 144th EC Meeting on 07 February 2019.
- Honorarium (Tk. 8,000.00 only) of 143rd EC meeting (11 December 2018) was paid along with honorarium of 144th EC meeting as 07 February 2019.

* Mr. A. Gaffar Khan was a nominee director of GoB, he was replaced by Mr. Biswajit Bhattacharya Khokon ndc on 21 July 2019.

**Ms. Sonia Bashir Kabir was newly appointed as Independent Director on 31 March 2019.

Statement of Compliance with Corporate Governance Guideline by BSEC

Status on Compliance of the Corporate Governance Guideline (CGG), 2019

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:

(Report under condition no. 9.00)

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 (here in after 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;	✓		
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;	✓		
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	✓		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	✓		
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 NonBank Financial Institution (NBFI);	✓		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (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;	✓		
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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor 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.	No such event occurred		
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;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from 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.	✓		
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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	No such event occurred		
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.;	No such event occurred		
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;	✓		
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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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;	Dividend Declared		
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 presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with 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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company	Not Applicable		
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;	The company does not have any 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;	The company does not have any subsidiary		
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;	The company does not have any subsidiary		

Condition No.	Title	Compliance Status (Put ✓ 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;	The company does not have any subsidiary		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	The company does not have any subsidiary		
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)(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).	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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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	✓		
4(ii)	Nomination and Remuneration Committee	Not Applicable		
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)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
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;	✓		
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.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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.	No such event occurred		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	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;	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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.	✓		
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;	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	No such event occurred		
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	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.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson 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		
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		
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		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	Not Applicable		
6(2)(b)	All members of the Committee shall be nonexecutive directors;	Not Applicable		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	Not Applicable		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	Not Applicable		
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		
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		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	Not Applicable		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	Not Applicable		
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		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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		
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		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	Not Applicable		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	Not Applicable		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	Not Applicable		
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		
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		
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		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	Not Applicable		
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		
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		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	Not Applicable		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and longterm performance objectives appropriate to the working of the company and its goals;	Not Applicable		
6(5)(b)(ii)	Devising a policy on Board’s diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	Not Applicable		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	Not Applicable		
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		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	Not Applicable		
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		
7	External or Statutory Auditors			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:	✓		
7(1)(i)	Appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	Financial information systems design and implementation;	✓		
7(1)(iii)	Bookkeeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	Broker dealer services;	✓		
7(1)(v)	Actuarial services;	✓		
7(1)(vi)	Internal audit services or special audit services;	✓		
7(1)(vii)	Any service that the Audit Committee determines;	✓		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	Any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	✓		
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.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 shall such certificate shall be disclosed in the Annual Report.	✓		
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.	✓		

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)	
C	Financial Management	Complied
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 may be formed among the management to operate bank accounts under joint signatures.	Complied
D	Management of loan/lease/investments	
i	Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
ii	No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
iii	Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied
E	Risk Management Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
F	Internal Control and Compliance A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team	
G	Human Resource Management	Complied
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.	

Sl No.	Particulars	Compliance Status
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.	
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	Complied
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;	
ii	The minutes of the Board meetings shall be signed by the Chairman;	
iii	Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	
	Complied	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

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

We have examined the compliance status to the Corporate Governance Code by IPDC Finance Limited for the year ended on 31 December 2019. This Code relates to the Notification No. BSEC/ CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 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:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except those mentioned in the Statement of Compliance Status;
- (b) The Company 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;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

Dated, Dhaka.
18 February 2020

For S. F. Ahmed & Co.
Chartered Accountants



Md. Enamul H. Choudhury
Senior Partner

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 Control 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 frame work 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 on going 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

Risk Assessment

- Specifies suitable objectives
- Identifies and analyzes risk

- Assesses fraud risk
- Identifies and analyzes significant change

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

Control Activities

- Selects and develops control activities
- Selects and develops general controls over technology
- Deploys through policies and procedures

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

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

Information and Communication

- Uses relevant information
- Communicates internally
- Communicates externally

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

Monitoring Activities

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

Report of the Audit Committee

Role of Audit Committee

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

Purpose of the Audit Committee

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

- 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. Salahuddin Mahmud and Mr. Biswajit Bhattacharya Khokon, ndc as replacement of Mr. Md. Enamul Hoque on 177th BoD meeting dated 10 Jan 2019 and Mr. A. Gaffar Khan on 180th BoD meeting dated 21 July 2019 respectively. Also, with the induction of Ms. Sonia Bashir Kabir on 178th BoD meeting dated 31 Mar 2019 and resignation of Mr. Amin H. Manekia and Ms. Nasreen Sattar on 178th BoD meeting dated 31 Mar 2019; the Audit Committee of the Company comprises of the following members:

Name	Status with the Committee	Status with the Board
Mr. Salahdin Irshad Imam	Chairman	Independent Director
Ms. Tamara Hasan Abed	Member	Director
Mr. Salahuddin Mahmud	Member	Director
Ms. Sonia Bashir Kabir	Member	Independent Director
Mr. Biswajit Bhattacharya Khokon ndc	Member	Director

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

Terms of Reference

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

Scope of work

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

Duties and responsibilities

The duties and responsibilities of the Audit Committee are:

Review of Financial Statements

The Audit Committee has reviewed the quarterly 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

The Audit Committee reviews the internal audit 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 department has the competency and qualifications to maintain its mandates;
- Review the status report from the Internal Audit 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

Hoda Vasi Chowdhury & Co. ("HVC"), a Bangladeshi partnership, were appointed as statutory external auditors of the Company at the 37th Annual General Meeting held on March 31, 2019. 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 also made recommendations to the Management regarding removing those irregularities.

Major activities of the Audit Committee:

The Committee met Four (04) times during the year 2019 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, 2018;
- Reviewed the Management Letter from external auditors for the year 2018 together with Management's responses to the findings;
- The Committee held meeting with the statutory auditors for review of the annual financial statements of 2018 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, 2018;
- Reviewed the development and installation of Heat Map and Risk Register of the Company for 2019;
- 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 the Core Risk Inspection Report – 2018 issued by Bangladesh Bank for the year ended December 31, 2018;
- Reviewed report on utilization of funds raised through rights issue as per Condition No. 5(5)(m) of Corporate Governance Code issued by Bangladesh Securities and Exchange Commission, dated 03 June 2018;
- The Committee reviewed first quarter, half-year and third quarter ended Financial Statements for the year 2019 and recommended to the Board for its approval;
- Reviewed statement of significant related party transactions submitted by the Management;
- 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.



Salahdin Irshad Imam
Chairman, Audit Committee

Role of the Executive Committee

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

Purpose of the Executive Committee

The Executive Committee is the decision-making body of the company, established to collectively decide upon priority topics, facilitate information sharing among senior management and the Board and support strong team spirit. The Executive Committee is a sub-committee formed by the Board of Directors of the Company. The primary responsibility of committee is to provide advice and support the Board on strategic and business

decision making within the guideline of the Board and regulatory authorities. Scope of work of the Executive Committee is fixed by the Board which includes the following matters:

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

Structure of Executive Committee

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

Name	Status in the committee	Status in the board
Mr. Sameer Ahmad	Chairman	Director
Mr. Tushar Bhowmik	Member	Director
Mr. Bishwajit Bhattacharya Khokon ndc	Member	Director
Mr. Salahuddin Mahmud	Member	Director
Mr. Mominul Islam	Member	Managing Director & CEO

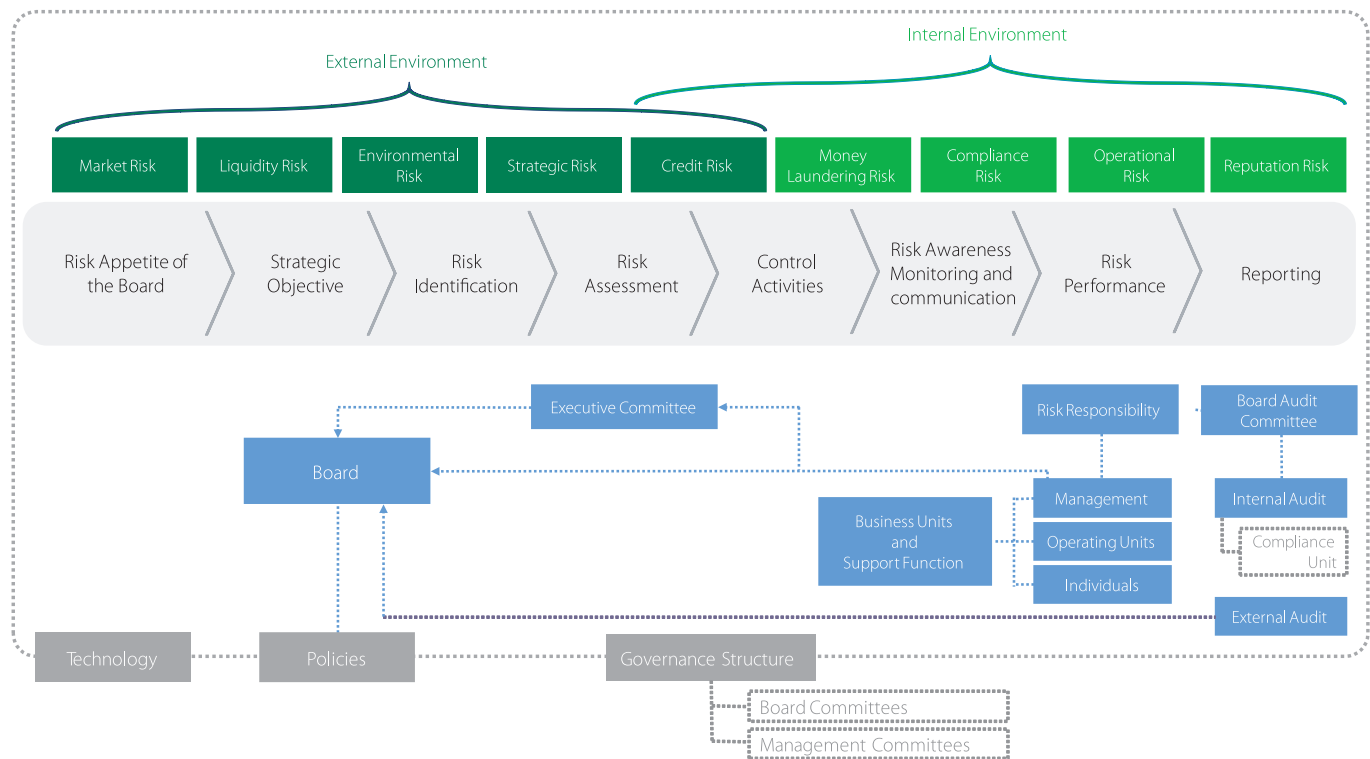
Major Activities of the Executive Committee

The Committee met 6 times during the year 2019 to carry out the following major activities:

- A total number of 30 proposals with an aggregate value of BDT 4,328 million (including renewals of BDT 2,366 million) were considered for approval in EC meeting dated December 23, 2019, of which 5 credit proposals aggregating 715 million were recommended to Board for approval.
- A total number of 14 proposals with an aggregate value of BDT 2,620 million (including renewals of BDT 1,950 million) were considered for approval in EC meeting dated October 15, 2019, of which 4 credit proposals aggregating 1,230 million were recommended to Board for approval.
- A total number of 27 proposals with an aggregate value of BDT 5,174 million (including renewals of BDT 2,780 million) were considered for approval in EC meeting dated September 9, 2019, of which 11 credit proposals aggregating 3,260 million were recommended to Board for approval.
- A total number of 29 proposals with an aggregate value of BDT 6,407 million (including renewals of BDT 3,150 million) were considered for approval in EC meeting dated July 18, 2019, of which 10 credit proposals aggregating 3,100 million were recommended to Board for approval.
- A total number of 28 proposals with an aggregate value of BDT 3,454 million (including renewals of BDT 2,227 million) were considered for approval in EC meeting dated April 17, 2019, of which 7 credit proposals aggregating 1,350 million were recommended to Board for approval.
- A total number of 27 proposals with an aggregate value of BDT 3,978 million (including renewals of BDT 1,890 million) were considered for approval in EC meeting dated February 7, 2019, of which 9 credit proposals aggregating 2,480 million were recommended to Board for approval.
- Executive Committee is of the view that the procedures are adequate to present a true and fair view of the activities and financial status of the Company.

Integrated Risk Management Framework

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



Risk Management Principles

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

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

Risk Appetite of the Board

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

Control Activities

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

Policies and Guidelines

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

Monitoring and Review

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

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

Stress Testing

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

IPDCs stress testing framework is designed to:

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

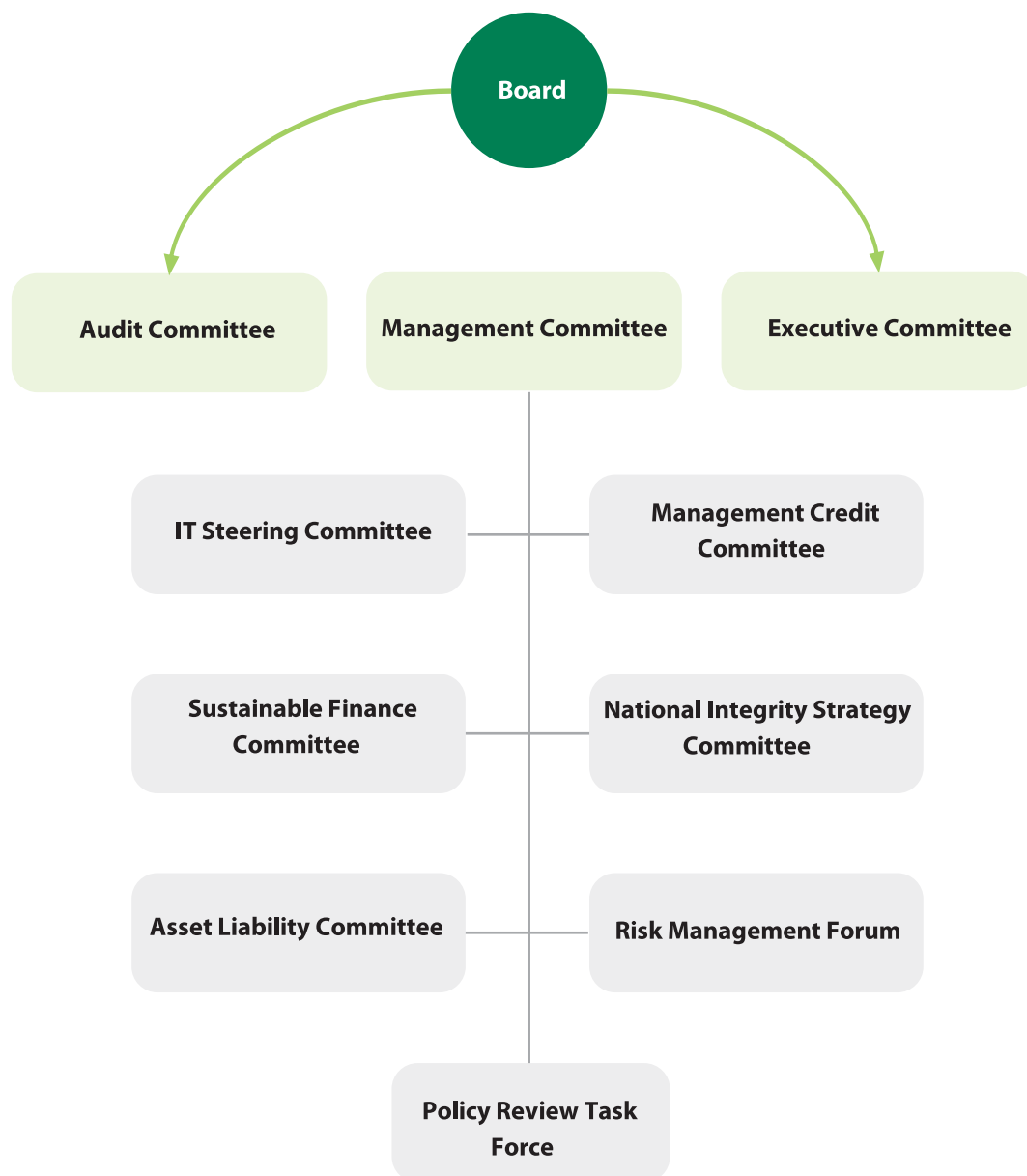
Risk Reporting

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

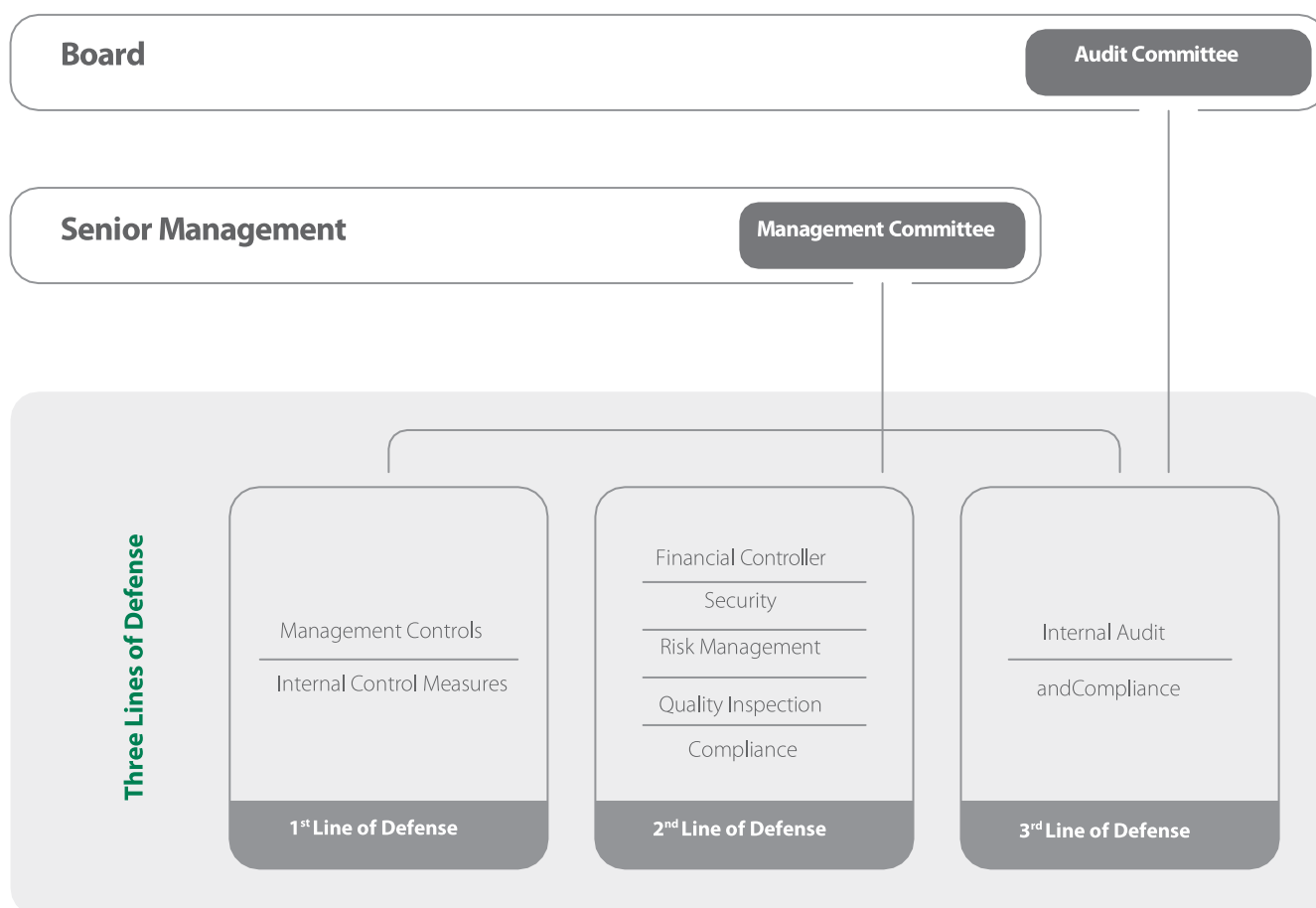
Risk Management Organogram

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



Three lines of Defense

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



First Line	Second Line	Third Line
Responsible for: - 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.	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.	Responsible for: Providing independent assurance to the Board and Audit Committee relating to the effectiveness of corporate governance, risk management and control.

Board Subcommittees

Member Composition

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

Key Responsibilities of Executive Committee

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

Key Responsibilities of Board Audit Committee

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

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 - Mr. Kyser Hamid, DMD & Head of Retail Business - Mr. Md. Zakir Hossen, Head of Central Operations - Ms. Sharmeen F. Annie, Chief Human Resources Officer - Mr. Ashique Hossain, Head of Credit Risk Management - Ms. Mahzabin Ferdous, Head of Corporate Communication - Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance - Ms. Aleya R Ikbai, Head of Information Technology - Mr. Samiul Hashim, Company Secretary & Head of Legal Affairs - Ms. Fahmida Khan, Chief Financial Officer (Acting)

Risk Management Forum	• Mr. Rizwan D. Shams, DMD & Head of Business Finance • Mr. Md. Zakir Hossen, Head of Central Operations • Mr. Ashique Hossain, Head of Credit Risk Management • Ms. Mahzabin Ferdous, Head of Corporate Communication • Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance • Ms. Aleya R Ikbal, Head of Information Technology • Ms. Jumaratul Banna, Head of Local Corporate • Ms. Savrina Arifin, Head of Distribution & Retail Business • Mr. Samiul Hashim, Company Secretary & Head of Legal Affairs • Ms. Fahmida Khan, Acting Chief Financial Officer • Mr. Sikder Fazle Rabbi, Head of Treasury
IT Steering Committee	• Mr. Mominul Islam, Managing Director & CEO • Mr. Rizwan D. Shams, DMD & Head of Business Finance • Mr. Kyser Hamid, DMD & Head of Retail Business • Mr. Md. Zakir Hossen, Head of Central Operations • Ms. Sharmeen F. Annie, Chief Human Resources Officer • Mr. Ashique Hossain, Head of Credit Risk Management • Ms. Mahzabin Ferdous, Head of Corporate Communication • Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance • Ms. Aleya R Ikbal, Head of Information Technology • Mr. Samiul Hashim, Company Secretary & Head of Legal Affairs • Ms. Fahmida Khan, Acting Chief Financial Officer • Mr. Sikder Fazle Rabbi, Head of Treasury
Sustainable Finance Committee	• Mr. Rizwan D. Shams, DMD & Head of Business Finance • Mr. Kyser Hamid, DMD & Head of Retail Business • Mr. Md. Zakir Hossen, Head of Central Operations • Ms. Sharmeen F. Annie, Chief Human Resources Officer • Mr. Ashique Hossain, Head of Credit Risk Management • Ms. Mahzabin Ferdous, Head of Corporate Communication • Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance • Ms. Aleya R Ikbal, Head of Information Technology • Ms. Jumaratul Banna, Head of Local Corporate • Ms. Savrina Arifin, Head of Distribution & Retail Business • Ms. Fahmida Khan, Acting Chief Financial Officer • Imran Khan, AGM, & Member of Sustainable Finance Unit • Mr. Sikder Fazle Rabbi, Head of Treasury • Md. Barkat Ullah, Head of General Service & Security
Asset-Liability Committee (ALCO)	• Mr. Mominul Islam, Managing Director & CEO • Mr. Rizwan D. Shams, DMD & Head of Business Finance • Mr. Kyser Hamid, DMD & Head of Retail Business • Mr. Md. Ashique Hossain, Head of Credit Risk Management • Ms. Fahmida Khan, Chief Financial Officer (Acting) • Mr. Sikder Fazle Rabbi, Head of Treasury
National Integrity Strategy Committee	• Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance • Mr. Sirajus Salekin, Senior Manager, Retail Business • Mr. Md. Fazlay Azim, Senior Executive, Internal Audit & Compliance • Ms. Tasneem Tazakka Amin, Assistant Manager, Business Finance
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 Central Operations • Ms. Fahmida Khan, Acting 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, Acting 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.

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:

- Default Risk
- Recovery Risk
- 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 2019

Default Risk

Our classified loan has decreased to 1.57% in 2019 against 2.14% in the previous year. The decline in classified loan was due to an enhanced focus on recovery from classified loan accounts. The classified loan account of IPDC is one of the lowest in the industry, with the industry average classified loan ratio at 10.5% in September 2019.

Recovery Risk

We have adequate amount of eligible securities against our loans. Value of eligible securities as a percentage of portfolio increased from 24.5% in 2018 to 29.2% in 2019.

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 5.8% in 2019 against 11.2% 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 78.9% 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 78.9% in 2019 from 81.6% in 2018 while concentration in Chattogram Division increased to 13.5% from 12.2% in the previous year. Khulna Division and Rangpur Division also saw an increase in portfolio concentration to 1.9% and 2.4% respectively in 2019.

Classified status of Loans and Advances

Particulars	2015	2016	2017	2018	2019
Unclassified	6,254	19,328	34,171	43,042	49,279
Special Mention Account	35	15	82	337	651
Total Performing Loan	6,289	19,343	34,253	43,379	49,930
Sub Standard	35	53	125	710	173
Doubtful	1	4	3	37	433
Bad Loss	91	80	85	200	191
Total Classified Loan	127	138	214	947	796
Total Loans & Advance	6,416	19,481	34,467	44,325	50,726
Classified Loan Ratio	1.98%	0.71%	0.62%	2.14%	1.57%

Large Loan

Particulars	2015	2016	2017	2018	2019
Large Loan Portfolio	1,005	5,470	6,834	4,976	2,960
Total Loan Portfolio	6,416	19,481	34,467	44,325	50,726
Large Loan as a % of Total Loan Portfolio	15.7%	28.1%	19.8%	11.2%	5.8%

Geographic Credit Concentration

Particulars	2015	2016	2017	2018	2019	% of total 2019
Dhaka Division	5,684	17,595	31,087	36,153	40,009	78.9%
Chattogram Division	704	1,617	2,478	5,391	6,851	13.5%
Khulna Division	-	3	115	708	989	1.9%
Rangpur Division	-	-	-	703	1,207	2.4%
Rajshahi Division	704	20	420	873	867	1.7%
Sylhet Division	17	130	294	269	373	0.7%
Barisal Division	-	-	-	6	20	0.0%
Mymensingh Division	-	117	73	222	410	0.8%
Total Loan Portfolio	6,416	19,481	34,467	44,325	50,726	100.0%

Risk Mitigation Strategy

The Board of Directors periodically reviews and approves the credit risk strategy and credit risk policy considering the risk appetite and the level of profitability it expects to achieve over the periods and define and review the delegation of credit approvals.

Another way IPDC manages credit risk is through provisioning. IPDC maintains surplus amount of provisioning than required. This surplus provision provides a cushion during any unexpected degradation of quality in credit portfolio.

Additionally, IPDC obtains collateral security in the form of land, building, cash, financial instruments, marketable shares. In case of default and inability or unwillingness of the client to repay the loan, the security may be liquidated to recover the loan. The collateral security provides a level of protection against credit risk.

IPDC designs its organizational structure for Credit Risk Management (CRM) by considering the size, complexity and diversification of its credit activities. To facilitate effective management oversight and proper execution of CRM control process IPDC has the following committees and departments:

Department / Committee	Responsibilities
Credit Risk Management Committee	- Overall credit risk activities and overall credit risk management function - Implementation of the credit risk strategy approved by the Board - Monitoring the credit risk throughout the Company and ensure compliance
Credit Risk Management Department	- Formulating the credit policy, setting credit limits and monitoring the credit exceptions, exposures and reviewing and monitoring the required documentations - Ensuring that the business lines comply with the risk parameters and limits established by the Board
Credit Administration Department	- Ensuring the completeness of the documentation in accordance with the approved terms and conditions - Monitoring the borrower's compliance with covenants and agreed terms and conditions and monitor the performance of the client
Special Asset Management Department	- Managing accounts with sustained deterioration - Determining the specific strategy for bad loan recovery - Pursuing all options to maximize the recovery, including placing customers into receivership or liquidation as appropriate.

Outlook

Default Risk

Although we monitor the current status of our portfolio through regular overdue status review, we are working for development of an Early Warning System so that all the keys take holders are well aware of the regular movements in portfolio quality as it happens. This will improve the over all 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 supplychain 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 2019

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	2015	2016	2017	2018	2019
up to 1 month	147	(185)	364	267	139
1-3 Months	628	(144)	367	89	391
3-12 Months	(90)	379	(581)	490	568
1-5 Years	1,453	3,909	6,284	9,761	6,727
5 Years +	337	(1,184)	(3,322)	(6,855)	(2,250)

Liquidity Gap as a % of Liability

Particulars	2015	2016	2017	2018	2019
up to 1 month	31.5%	-6.5%	6.2%	4.3%	3.1%
1-3 Months	69.5%	-2.2%	5.9%	1.1%	3.6%
3-12 Months	-4.8%	18.1%	-7.1%	5.6%	3.4%
1-5 Years	83.7%	77.6%	82.0%	105.6%	44.5%
5 Years +	46.0%	-36.7%	-40.8%	-47.7%	-19.3%

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.

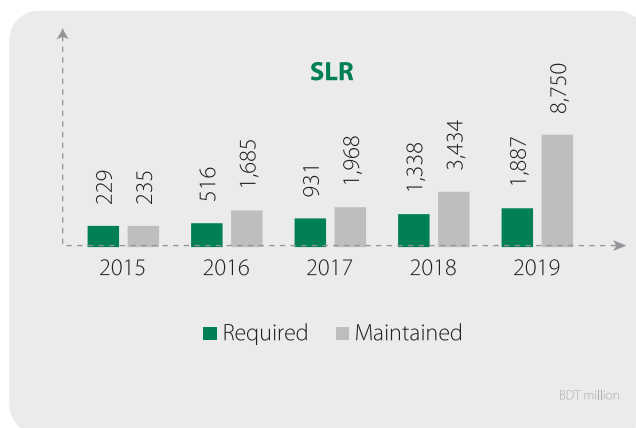
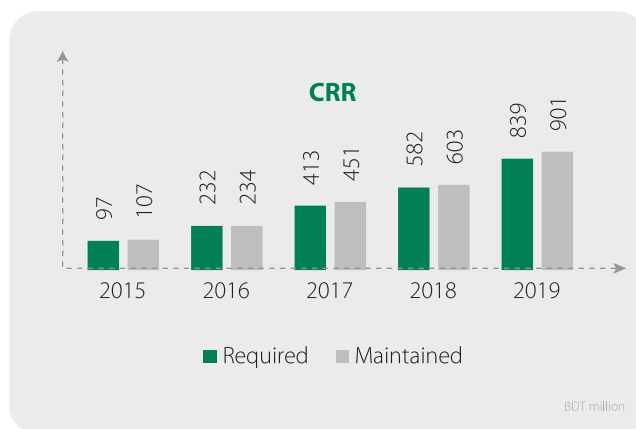
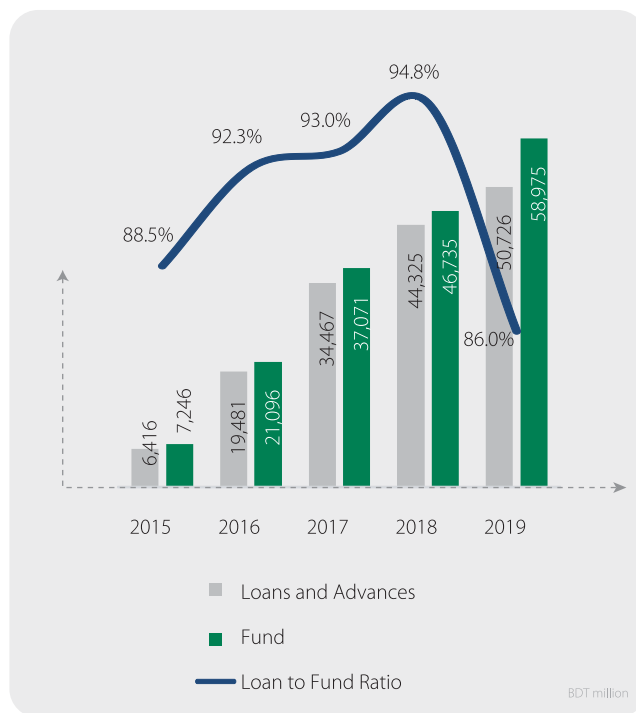


Loan to Fund Ratio

From the base year of 2015, the loan to fund ratio steadily increased over till 2018 reaching 94.8% against the maximum suggested value of 95.0% for Non-Banking Financial Institutions. The loan to fund ratio came down to 86.0% in 2019 due to a significant increase in fund by 26.2% due to the combined impact of issue of rights share amounting to BDT 1,414 million, issue of additional BDT 800 million subordinated bond and increase in deposits by 25.1% during the year 2019. We have also shown strong growth in funding through Bangladesh Bank refinancing schemes which now stood at BDT 2,119 million in 2019 against BDT 1,371 million in the previous year, an increase by 54.6% and representing 30.1% of the total borrowing from banks and FIs compared to 23.2% in the previous year.

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.



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:

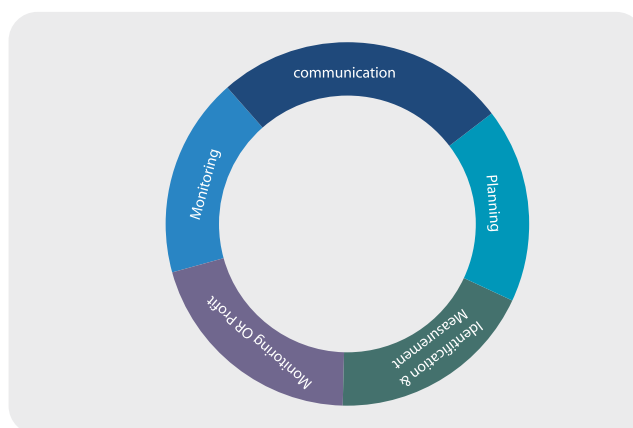
- Legal Risk
- IT Risk
- Internal Fraud Risk
- Cyber Risk
- Process Risk

Highlights in 2019

- 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	2015	2016	2017	2018	2019
Major External Fraud	None	None	None	None	None
Major System Failure	None	None	None	None	None
Major Security Failure	None	None	None	None	None

Risk Mitigation Strategy

Several techniques are followed to manage operational risks:

- Ensuring effective and integrated operational risk management procedures
- Training, supervision and developments
- Proactive communication between the cross functional departments
- Independent control and support functions that monitor operational risk on daily basis
- Segregated dual control mechanism (maker and checker concept) to minimize the error and prevent the fraud
- Building a network of systems throughout the company to facilitate the collection of data for analyzing and assessing our operational risk exposure
- Assessing the state of compliance with applicable laws and regulations, code and guidelines, internal procedures and policies

Outlook

In order to further improve the management of operational risk, we will be working on identifying new tools and measures to effectively measure the operational risk across the organization.

Market Risk

Market risk can be defined as the risk of losses in balance sheet positions arising from adverse movements in market rates or prices such as interest rates, equity prices, foreign exchange rates, commodity prices and general spreads.

Market Risk Types

Market risk may arise, broadly, in any of the following form:

- Interest Rate Risk
- Equity Price Risk
- 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 2019

- All key performance ratios remained within the satisfactory range in 2019
- Reduction in spread due to liquidity crunch leading to higher cost of fund.
- Net Gap between risk sensitive assets and liabilities declined in the shorter term and increased in the longer term.
- 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	2015	2016	2017	2018	2019
ROA	3.0%	2.0%	1.1%	1.0%	1.0%
ROE	10.1%	11.5%	11.4%	13.1%	12.1%

Interest Rate Risk under Simple Sensitivity Analysis

Particulars	2015	2016	2017	2018	2019
upto 1 month	276	1,471	2,470	473	257
1-2 months	113	2,209	237	330	572
2-3 months	123	2,915	273	441	808
3-6 months	186	628	79	1,395	1,700
6 months - 1 Year	(88)	(472)	(791)	470	268



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.

Key Numbers related to Reputation Risk

Particulars	2015	2016	2017	2018	2019
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 2019

No major events occurred in 2019 that resulted in negative media coverage. Moreover, there were also no cases of dishonored cheques in as the last five years. So, there were no issues of loss in customer trust regarding financial stability due to being unable to settle customer claims. Information centers and sales centers have been set up which are more accessible for customers and will provide a greater opportunity for deposit souring.

Risk Mitigation Strategy

IPDC gives best efforts to make sure that business is conducted in a professional, ethical, compliant and prudent manner.

Effective Board Oversight: Our reputation risk management starts at the top. Strong board oversight on matters of strategy, policy, execution and transparent reporting is vital to effective corporate governance, a powerful contributor to sustaining reputation.

Effective Communications and Brand Building: We are investing to build our brand recognition which is vital to our market success.

Customer Feedback: Customer feedback are constructively taken to improve customer experience and complaints are seriously taken and acted upon to prevent any further negative consequences.

Quality Public Reporting: We have strong vigilance in maintaining internal control over financial reporting and in deploying effective disclosure controls and procedures to ensure reliable public reports.

Outlook

We plan to improve our reputational risk management in three fronts:

Build Goodwill

Building goodwill requires communication with customers on a regular basis. We plan to do that by ensuring that our customers get an extraordinary experience. Initiatives will be taken to better handle customer grievances/issues.

Engage with Customers

Touch points with customers will be increased to better understand customer needs and wants. Social media is also one of the big reasons for the increased focus on reputational risk. With over 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:

Positioning Risks: Measuring financial performance against strategic plan

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.

Consequence Risks: Conducting market research to gauge the performance of IPDC relative to the market.

Highlights in 2019

- Strategy meeting was held in 2019 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	2015	2016	2017	2018	2019
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
STR Raised	4	25	18
Number of Accounts Involved	34	42	18
Suspicious Transaction Amount (BDT mn)	208	335	107

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	2017	2018	2019
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

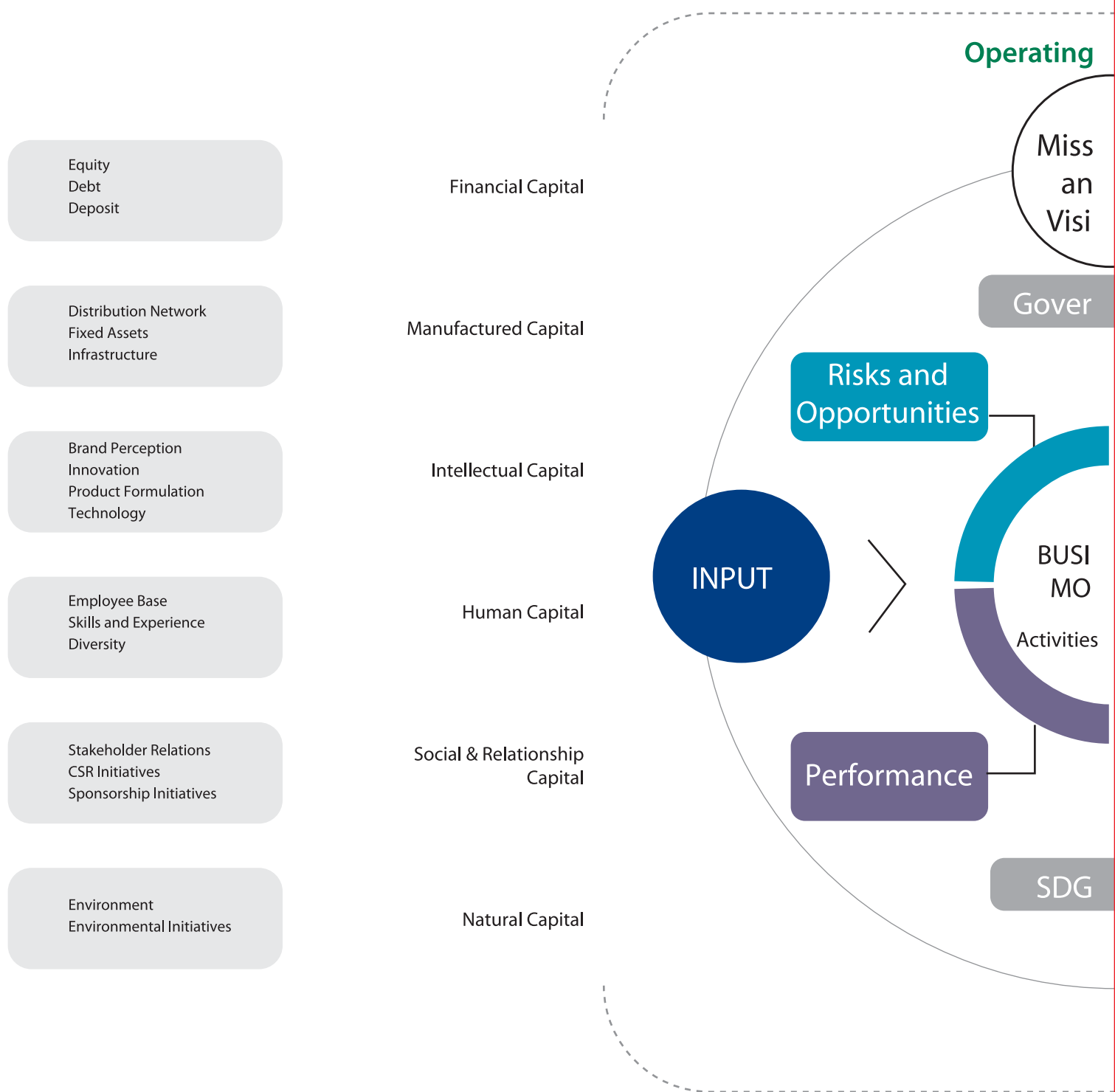
Risk	Description	Impact and Mitigation Plan
Macro-Economic Environment		
Global Economic Outlook	Slowdown of growth in fast developing markets like China driven by trade tensions with US and Coronavirus effect can reduce global demand resulting in lower investment requirement	As the local economy gets 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 project 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

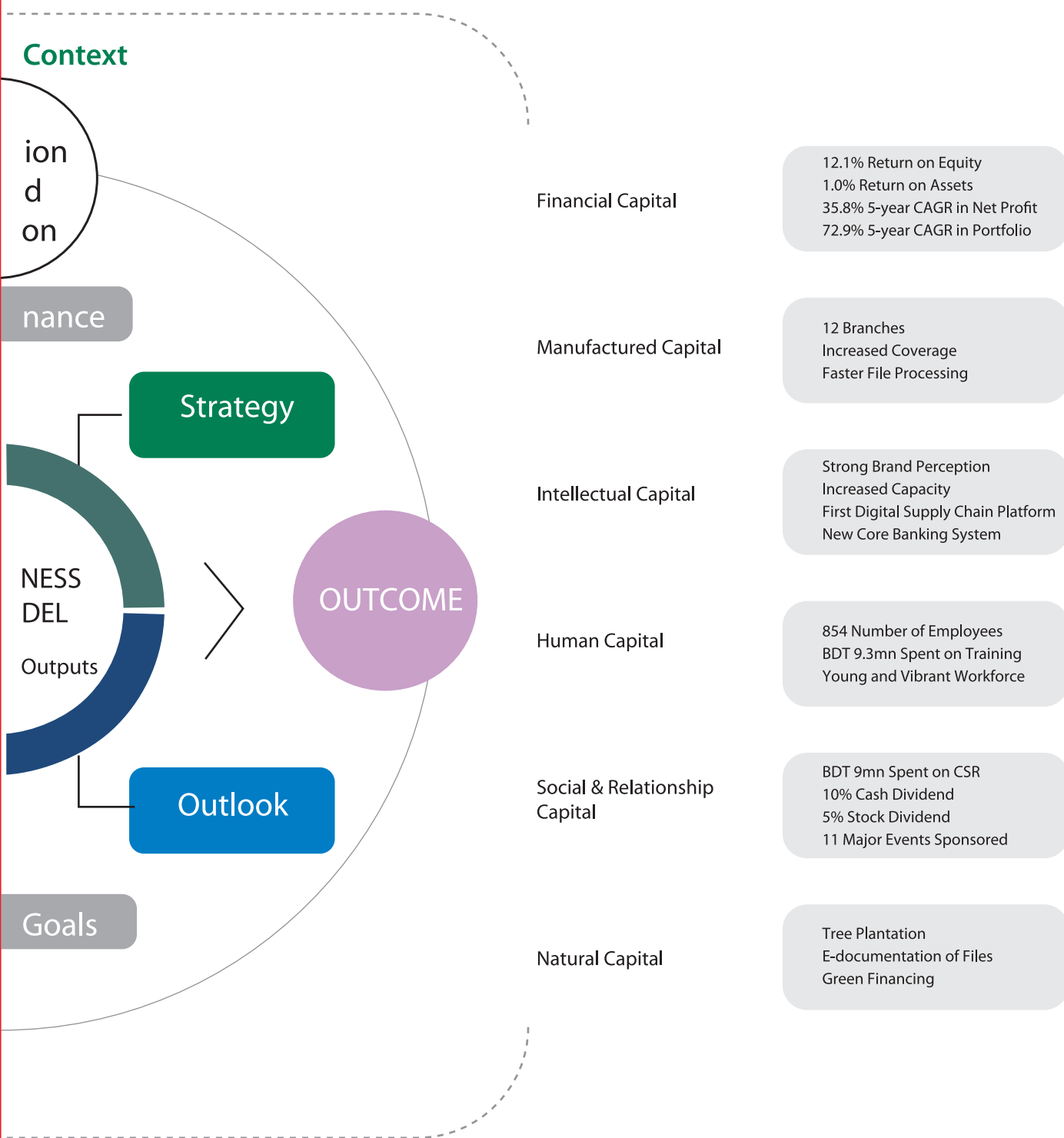


UNSTOPPABLE PROGRESS

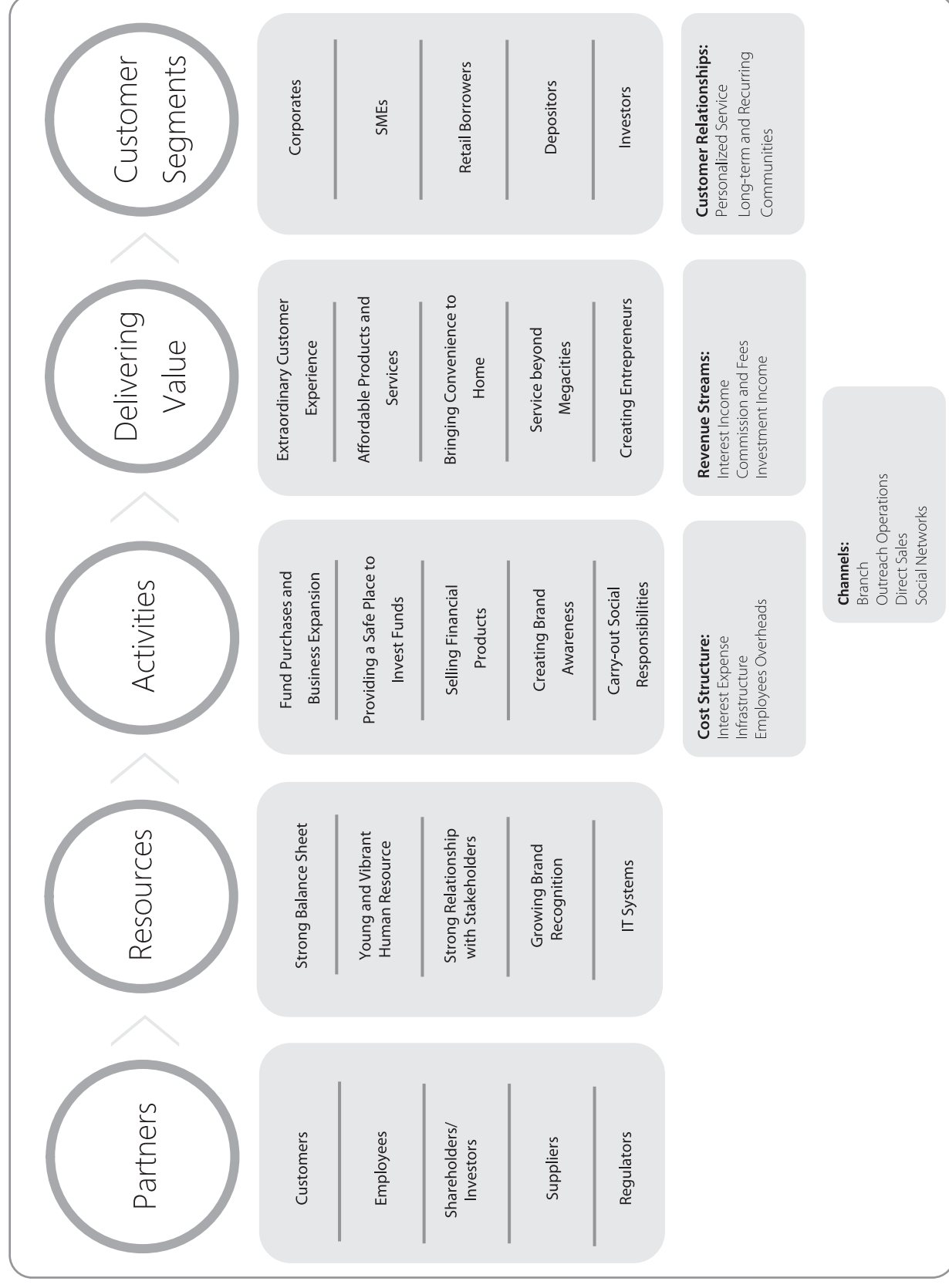


Value Creation Process Flow





Our Business Model



A Glance into the Business Ecosystem

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 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 from business enterprises, individuals, banks and other financial institutions. This incurs funding cost which is charged against interest income from loans and advances.

Lending to Borrowers

Through its lending and associated services activities, IPDC grows its asset base which generates interest income, fees and other income.

Operating Activities

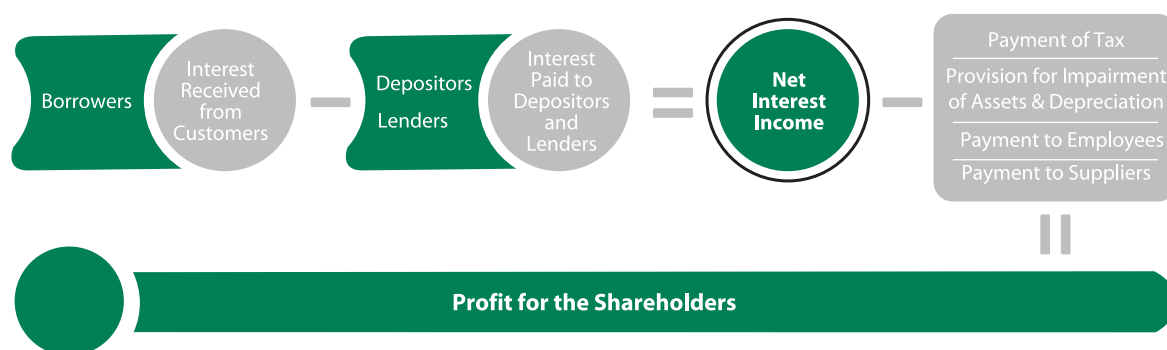
IPDC pays salary and benefits to its employees for their services and pays to the service providers for operating activities. IPDC incurs depreciation cost which sets aside money for the use of its assets. In addition, impairment charges are made to its loan and investment portfolio for unrecoverable money from customers. Finally, after paying taxes to the Government Exchequer, the company arrives at Net Profit, which is distributed to its shareholders as dividend or retained as the company's reserve for future growth.

Delivering Value

An organization creates value not only for the shareholders but also for the society by developing sustainable strategy. Delivering value is the reason why customers turn to IPDC over another. Our value proposition is designed to solve customer problems or satisfy our customer needs. We create value for our customer segments through a distinct mix of elements ranging from affordability, accessibility and convenience. 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.



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
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 through 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

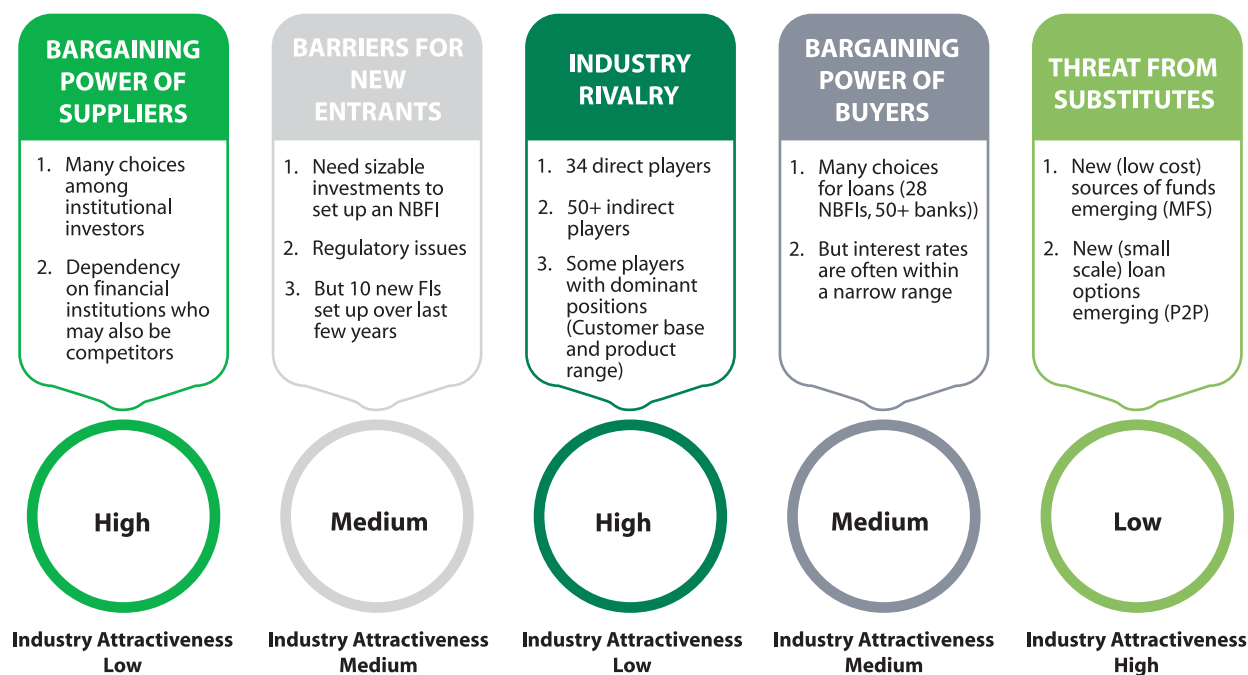
Environmental factors have come to the forefront only relatively recently due to the increasing scarcity of raw materials, pollution targets and carbon footprint targets set by governments. Although the direct exposure of financial industry to this factor is not as significant, implications are huge 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 in 209 to drive green financing opportunities

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.

Another challenge in NBFI is managing maturity profile of assets and liabilities. NBFIs have so far not been able to diversify its sources of funds by issuing debt instruments in the market. Therefore, it is imperative that NBFIs remain operationally lean and efficient to stay competitive while being profitable. In addition, due to lack of brand visibility and limited distribution network, NBFIs cannot scale-up their operation beyond big cities. Key challenges can be summarized as:

Key Challenges	Our Response
High Cost of Fund	• Diversify Funding base • Focus on small ticket size deposit • Introduce new products
Limited Geographical Coverage	• Increase branches • Leverage distribution channel through strategic alliances • Look for alternative mode of distribution • Introduce app -based services
Brand Perception	• Build strong brand coverage • Utilize low cost high reach channels of promotion
Highly Fragmented Market	• Differentiate ourselves through unique customer service • Introduce non -price factors what would be appealing to customers
Fund Matching	• Issue long term capital • Issue bond • Explore opportunities for foreign borrowing • Reduce deposit customer attrition rate
Low Spread	• Adopt lean operation model • Keep NPL under check • Focus on retail portfolio with high margin products
Volatile Capital Market Condition	• 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.

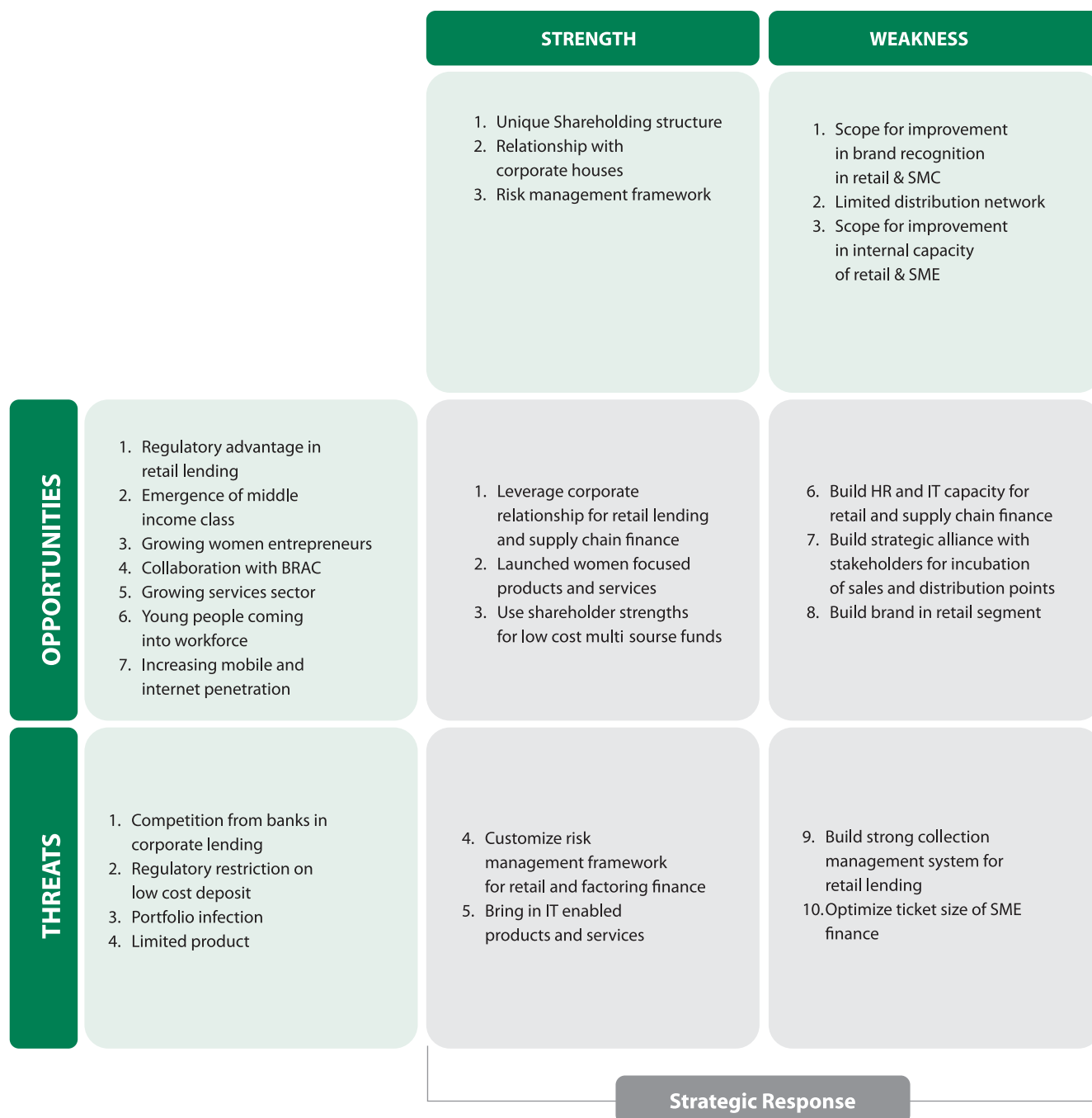
Women segment of the society remains largely untapped by the banks and financial institutions of the country. While female penetration in tertiary education is around 28% and female penetration in the formal job market is between 15% to 20%, financing women by the financial sector remains at insignificant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

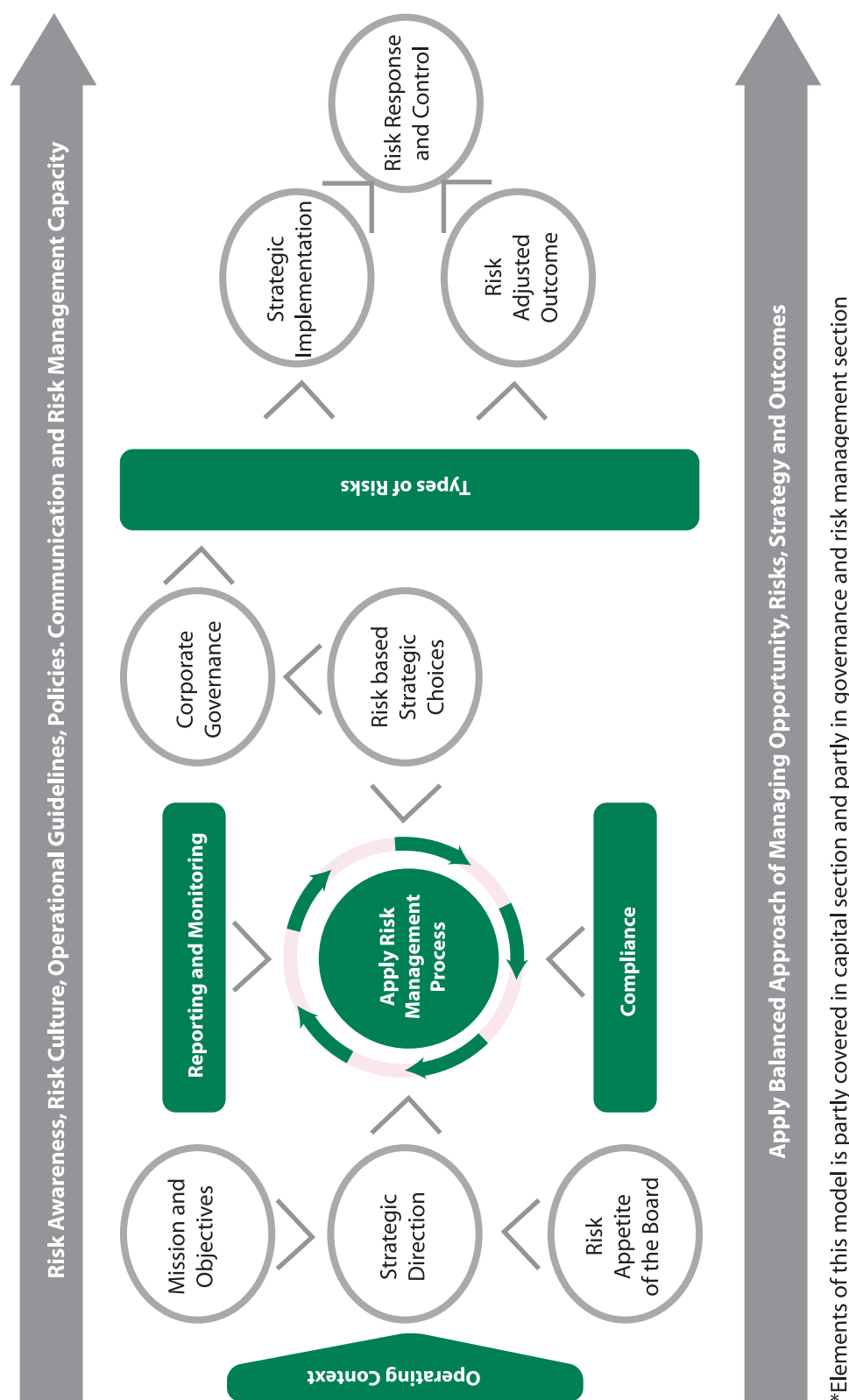
Consumer finance penetration in Bangladesh is still very low at 4.5%. The commercial banks are far more regulated when it comes to consumer finance. The return on these types of financing is considerably higher and specialized financial institutions with strong collaboration with manufacturers and vendors 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:



Risk, Opportunity and Strategy Mapping



*Elements of this model is partly covered in capital section and partly in governance and risk management section

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 2020 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

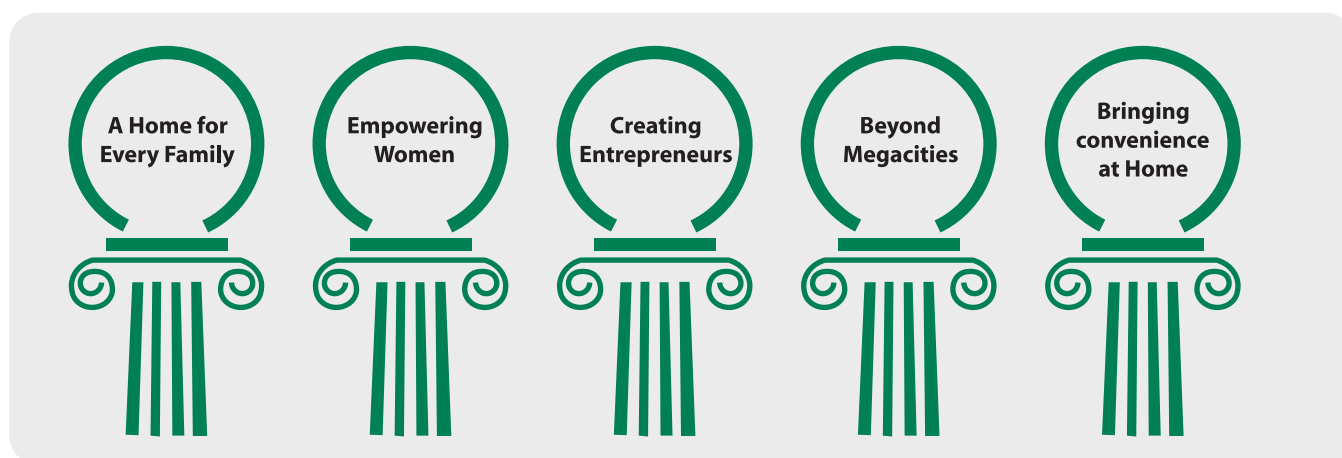
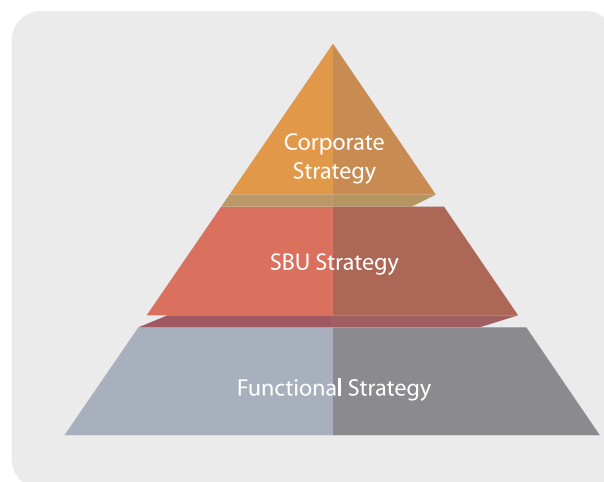
IPDC wants to harness the power of youth and support their entrepreneurial spirit by providing them with innovative financial solutions.

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 service orientation, we offer a wide range of products under this business.

Growth Strategy

Corporate division is focused on leveraging our multi-decade relationships with some of the large corporates of the country to serve their financing needs with speed, sensitivity and surety. 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 customers are located across Bangladesh and are operating in a large number of market segments and industries like agro processing, pharmaceuticals, manufacturing, steel, cement and ship-scrapping among others.

Under our mid-market segment, we are increasingly focusing on supply chain finance, including work order finance and bill discounting. We are one of the leading market players in channel finance with an outstanding loan book of BDT 2,262 million and a base of about 189 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

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

Our retail business segment provides loans to individual customers across Bangladesh. Such loans broadly include home loans, auto loans and personal loans.

Growth Strategy

Our Retail loan strategy is to serve the full value chain of individual customers – from the most basic to the most sophisticated of financial service needs – and to maintain high standards of customer experience and cost-effective delivery channels. We believe that by delivering an 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

Way Forward

- Encourage the MIG (mid-income group) segment of home buyers which has typical average loan size of BDT 3.0 million.
- Scale-up the affordable home financing considering the immense potential in the affordable housing segment.
- Go beyond the markets of Dhaka and Chattogram
- Focus on the affordable home loan market, especially in Tier II and III cities and towns of Bangladesh.
- Enhance relationships with and cover a wider number of car dealers across the country and provide financing options to auto customers.

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 ending.

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 bond and equity. In addition, we plan to diversify our funding basket further through foreign borrowing.

Capital Management Strategy

At the end of 2019, our CAR (Capital Adequacy Ratio) stood at 19.30% against 14.01% in 2018, whereas the regulatory requirement is 10.00%. Our current CAR ratio is enough for enabling us to meet our organic growth aspirations. However, given the high growth trajectory, the company might need additional capital. We issued Subordinated Bond amounting to BDT 800 million and we also issued right share in 2019. 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 two of our projects (Supply Chain Finance Platform and new Core Banking System) and we are in the process of creating two more digital integrated digital platforms for consumer white goods finance (IPDC EZ) and 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 2019. 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 2019, 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 12 school teachers 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 2020



Platform Development

Build upon the progress made in 2019 and launch a dedicated platform for IPDC EZ (Consumer Goods Finance) and Dana (Retailer Finance). Estimated completion of the platforms are during the second half of the year. Both platforms are expected to provide IPDC with a key advantage in its next stage of growth in Retail and SME segment.

Affordable Home Loan

IPDC has made significant progress in capacity building for scaling up for Affordable Home Loan during 2019 in the form of fresh recruitments and new outreach offices. In 2020, we plan to utilize the additional capacity to scaling up affordable home loan business mostly in remote areas of the country.

Fund Management

As the money market has been volatile for the last few years, diversification of the funding basket is essential for business sustainability. Foreign borrowing is a possible source of low-cost funding given that exchange rate risk remains low. Bond market is also being explored.

Portfolio Quality

IPDC is committed to maintain the lowest classified loan ratio in the industry among diversified Financial Institutions. Collection and recovery team will be strengthened further to ensure new addition to default loans are minimal. Additionally, monitoring will be strengthened by tracking Portfolio at Risk in real time through Business Intelligence (BI) tool.

Distribution

Expanding distribution channel is key to realize one of our strategic priorities of going beyond traditional markets in Dhaka and Chattagram. New branch offices (Subject to Bangladesh Bank Approval) is expected to increase geographical coverage in 2020. These branch offices will also act as hub for outreach offices in the future.

Brand

As IPDC increases its focus on Retail and SME, the company will continually explore new channels of communication reaching people beyond the traditional markets. With the launch of IPDC EZ, Dana and Orjon, IPDC will explore new channels for mass communication to reach new markets.

AIMING HIGHER

MADE IN BANGLADESH



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	2019 Highlights	Challenges	Long-term Strategy
Sustainable business	Created positive value for all stakeholders through effective and powerful governance	Stakeholders have different levels of expectations	Satisfying all types of stakeholders without compromising financial integrity
Access to fund	Issued subordinated bond of BDT 800 million and rights share of BDT 1,414 million	Exposure to money market volatility	Foreign borrowing, long term borrowing, small ticket size deposits
Portfolio quality	Reduction in classified loan ratio to 1.57% in 2019 from 2.14% in 2018.	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, there by 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 source 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 2019 due to tight liquidity market condition leading to a pressure on spread management for Banks and NBFIs. 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. We expect to strengthen our funding base through increased focus on customer deposits, refinancing and less reliance on bank borrowings in order to reduce the cost of fund will continue to remain a key priority during the coming year. During the

year 2019, we increased our customer deposit basis as part of our plan to reduce reliance on bank borrowings in order to diversify our risk to market liquidity volatility. 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 increase as a result of opening new distribution channels and increased headcount, but the increase revenue will assist in generation of future revenue and is necessary for business growth.

Key Performance Indicators

BDT million

Particulars	2015	2016	2017	2018	2019
Balance Sheet					
Loans and Advance	6,416	19,481	34,467	44,325	50,726
Loans and Advance Growth	13.0%	203.6%	76.9%	28.6%	14.4%
Term Deposit	4,745	17,179	29,747	37,066	46,361
Term Deposit Growth	18.7%	262.1%	73.2%	24.6%	25.1%
Customer Deposit	4,545	10,009	18,637	23,546	35,516
Customer Deposit Growth	13.7%	120.2%	86.2%	26.3%	50.8%
Disbursement - Loans, Leases, Advances etc.	5,525	25,030	34,681	37,972	43,870
Disbursement - Loans, Leases, Advances etc. Growth	56.8%	353.1%	38.6%	9.5%	15.5%
Total Investment to Total Assets	2.3%	2.5%	1.7%	1.7%	2.4%
Profitability					
Revenue Growth	10.3%	31.5%	48.0%	50.5%	15.5%
Operating Profit Growth	12.8%	12.5%	34.1%	66.9%	5.5%
Profit After Tax (PAT) Growth (%)	45.1%	26.2%	10.7%	34.2%	25.0%
Net Interest Margin Ratio	6.2%	4.5%	3.7%	4.0%	3.6%
Operating Profit Margin Ratio	55.4%	33.8%	22.5%	22.1%	17.6%
Cost of Fund (CoF)	9.2%	7.3%	7.2%	9.1%	10.1%
Return on Asset (ROA)	3.0%	2.0%	1.1%	1.0%	1.0%
Return on Average Risk Weighted Assets	3.5%	3.3%	1.9%	1.7%	1.7%
Write-off to Total Loan and Advances	9.5%	2.5%	1.4%	1.0%	0.8%
Cost to Income Ratio	30.3%	40.4%	46.0%	40.1%	45.3%
Earning Asset (% of total assets)	93.5%	96.0%	96.8%	96.0%	95.0%
Revenue per Employee	6.5	4.6	3.1	3.3	3.0
Operating Profit per Employee	4.5	2.8	1.7	2.0	1.6
Revenue per Branch	106.7	93.5	103.8	156.2	180.5
Operating Profit per Branch	74.3	55.7	56.1	93.6	98.7
Solvency					
Current Ratio	1.2	1.0	1.0	1.0	1.0
Credit Deposit Ratio	1.35:1	1.13:1	1.16:1	1.2:1	1.09:1
CAR (%)	49.15%	22.09%	15.14%	14.01%	19.30%
Debt Equity Ratio	0.0	0.4	1.4	1.6	1.3
Loan to Fund Ratio	88.5%	92.3%	93.0%	94.8%	86.0%
Leverage Ratio	28.6%	11.7%	7.6%	6.8%	8.2%
Liquid Asset to Total Deposit	24.1%	10.8%	11.0%	10.1%	21.1%
Liquid Asset to Short Term Liability	35.1%	16.1%	16.1%	16.3%	30.5%
Govt. Securities to Total Investment	78.2%	86.3%	87.7%	87.8%	78.8%
Asset Quality					
Rate of NPL	1.98%	0.71%	0.62%	2.14%	1.57%
Rate of Net NPL	-1.64%	-0.62%	-0.59%	0.38%	-0.37%
Large Loan Concentration	15.7%	28.1%	19.8%	11.2%	5.8%
Provision Required	135.4	205.0	344.8	594.3	699.6
Provision Kept	199.1	226.5	384.8	648.2	800.3
Provision Surplus / (Deficit)	63.7	21.5	40.0	53.9	100.7
Investors Ratio					
Market Price Per Share (BDT)	26.7	42.7	50.1	38.1	25.6
Earnings per Share (BDT) (Restated)	0.85	1.07	1.18	1.59	1.82
Market Capitalization	3,371	6,469	9,108	8,312	9,048
Price Earnings Ratio (Times) (Restated)	31.5	39.9	42.3	24.0	14.0
Rate of Dividend	20.0%	20.0%	20.0%	15.0%	15.0%
Dividend Per Share (BDT)	2.0	2.0	2.0	1.5	1.5
Dividend yield (%)	7.5%	4.7%	4.0%	3.9%	5.9%
Dividend Cover (EPS/DPS)	0.4	0.5	0.6	1.1	1.2
Return on Equity (ROE)	10.1%	11.5%	11.4%	13.1%	12.1%
NAV per Share (BDT)	7.0	7.9	8.8	10.6	15.8

Operating Segment Performance

For the year ended December 31, 2019

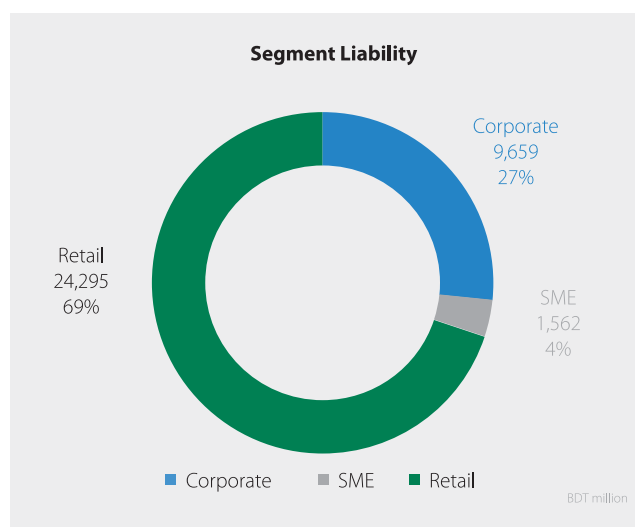
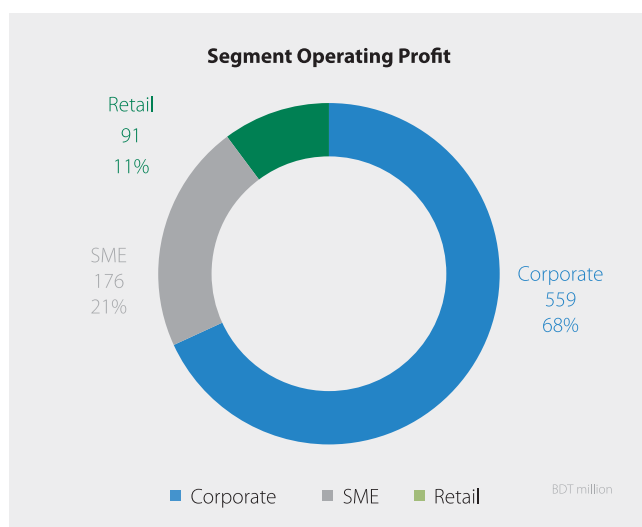
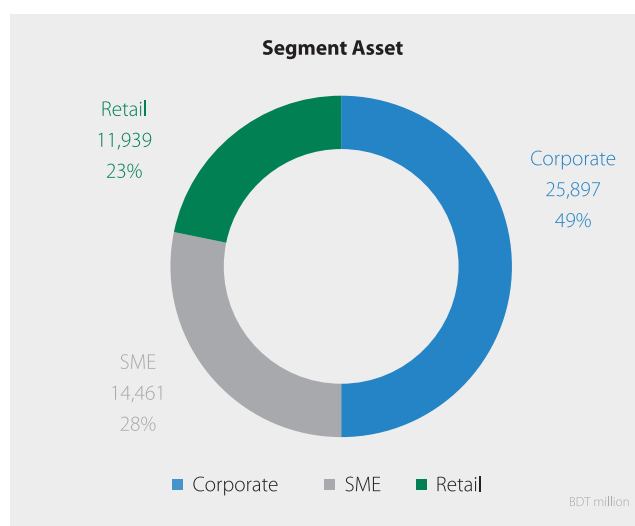
Particulars	Corporate	SME	Retail	Treasury	Total
Net Interest Income	674	318	494	459	1,944
Fees and Other Income	165	26	31	-	223
Net Operating Revenue	839	344	525	459	2,167
Operating Expenses	281	168	434	100	982
Operating Profit	559	176	91	359	1,184
Segment Asset	25,897	14,461	11,939	12,105	64,402
Segment Liability	9,659	1,562	24,295	23,310	58,826
Net Segment Asset	16,200	12,938	(12,356)	(11,205)	5,576

BDT million

Net operating revenue for the year ended 31 December 2019 amounted to BDT 2,167 million and operating profit amounted to BDT 1,184 million in the same period. Corporate division generated the highest amount of operating revenue of BDT 839 million in 2019, followed by treasury division at BDT 459 million, Retail division at BDT 525 million and SME division at BDT 344 million.

Similarly, corporate division generated the greatest operating profit amounting to BDT 559, followed by Treasury division at BDT 359 million, SME division at BDT 176 million and Retail at BDT 91 million.

Compared to the previous year the operating profit of corporate increased by 6.3%, SME division by 24.3%, Retail by 31.1% and Treasury declined by 7.1% in 2019.



For the year ended December 31, 2018

BDT million

Particulars	Corporate	SME	Retail	Treasury	Total
Net Interest Income	643.7	217.2	372.6	465.9	1,699.3
Fees and Other Income	102.0	31.8	40.4	2.0	176.2
Net Operating Revenue	745.7	249.0	413.0	467.9	1,875.5
Operating Expenses	220.0	107.3	343.8	81.5	752.6
Operating Profit	525.7	141.7	69.2	386.4	1,122.9
Segment Asset	22,584.1	12,395.2	10,214.8	5,317.1	50,511.2
Segment Liability	5,250.9	649.2	17,645.5	23,213.6	46,759.3
Net Segment Asset	17,333.2	11,745.9	(7,430.7)	(17,896.5)	3,751.9

For the year ended December 31, 2017

BDT million

Particulars	Corporate	SME	Retail	Treasury	Total
Net Interest Income	357.7	129.8	272.5	312.7	1,072.6
Fees and Other Income	101.8	29.6	40.5	1.1	172.9
Net Operating Revenue	459.5	159.3	312.9	313.8	1,245.5
Operating Expenses	172.9	66.5	272.5	60.9	572.8
Operating Profit	286.5	92.8	40.5	252.9	672.7
Segment Asset	19,741.8	8,408.1	6,979.8	4,159.3	39,288.9
Segment Liability	4,934.5	266.9	13,435.5	17,541.5	36,178.4
Net Segment Asset	14,807.3	8,141.3	(6,455.8)	(13,382.3)	3,110.5

For the year ended December 31, 2016

BDT million

Particulars	Corporate	SME	Retail	Treasury	Total
Net Interest Income	217.5	59.6	100.3	260.7	638.1
Fees and Other Income	174.2	10.1	18.2	0.8	203.3
Net Operating Revenue	391.7	69.7	118.5	261.4	841.4
Operating Expenses	121.9	33.1	144.8	39.9	339.8
Operating Profit	269.9	36.6	(26.3)	221.5	501.6
Segment Asset	14,292.7	2,835.3	2,918.3	2,530.6	22,576.9
Segment Liability	2,689.5	101.9	7,217.8	9,792.6	19,801.8
Net Segment Asset	11,603.3	2,733.4	(4,299.5)	(7,262.0)	2,775.1

For the year ended December 31, 2015

BDT million

Particulars	Corporate	SME	Retail	Treasury	Total
Net Interest Income	102.5	56.7	51.8	220.3	431.4
Fees and Other Income	202.4	3.3	2.8	0.0	208.5
Net Operating Revenue	304.9	60.0	54.6	220.4	639.9
Operating Expenses	75.4	33.3	65.2	20.2	194.1
Operating Profit	229.5	26.8	(10.6)	200.2	445.8
Segment Asset	5,257.6	718.2	635.1	1,591.4	8,202.2
Segment Liability	973.8	74.4	3,496.5	1,182.9	5,727.6
Net Segment Asset	4,283.8	643.8	(2,861.4)	408.4	2,474.6

Vertical Analysis

Balance Sheet

BDT million

Particulars	2015	%	2016	%	2017	%	2018	%	2019	%
Cash	82.2	1.0%	226.4	1.0%	376.8	1.0%	487	1.0%	902	1.4%
Balance with other banks and financial institutions	1,063.0	13.0%	1,632.4	7.2%	2,903.3	7.4%	3,272	6.5%	8,875	13.8%
Money at call and short notice	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Investments	187.0	2.3%	565.7	2.5%	662.7	1.7%	869	1.7%	1,571	2.4%
Loans, advances and leases	6,415.8	78.2%	19,480.6	86.3%	34,467.0	87.7%	44,325	87.8%	50,726	78.8%
Fixed assets including land, building, furniture and fixture	207.0	2.5%	233.6	1.0%	267.0	0.7%	545	1.1%	788	1.2%
Other assets	243.4	3.0%	434.5	1.9%	608.3	1.5%	1,009	2.0%	1,537	2.4%
Non-financial institutional assets	3.8	0.0%	3.8	0.0%	3.8	0.0%	4	0.0%	4	0.0%
Total assets	8,202.2	100.0%	22,576.9	100.0%	39,288.9	100.0%	50,511	100.0%	64,402	100.0%
Borrowings from other banks, financial institutions and agents	27.1	0.3%	1,141.4	5.1%	4,214.1	10.7%	5,917	11.7%	7,038	10.9%
Deposits and other accounts	4,744.7	57.8%	17,179.2	76.1%	29,746.9	75.7%	37,066	73.4%	46,361	72.0%
Other liabilities	955.9	11.7%	1,481.2	6.6%	2,217.5	5.6%	3,776	7.5%	5,427	8.4%
Total liabilities	5,727.6	69.8%	19,801.8	87.7%	36,178.4	92.1%	46,759	92.6%	58,826	91.3%
Shareholders' equity	2,474.6	30.2%	2,775.1	12.3%	3,110.5	7.9%	3,752	7.4%	5,576	8.7%
Total liabilities and shareholders' equity	8,202.2	100.0%	22,576.9	100.0%	39,288.9	100.0%	50,511	100.0%	64,402	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

BDT million

Particulars	2015	%	2016	%	2017	%	2018	%	2019	%
Interest income	804.9	125.8%	1,482.4	176.2%	2,991.1	240.2%	5,080	271.0%	6,716	310.1%
Interest expenses	373.4	58.4%	844.2	100.3%	1,918.5	154.0%	3,382	180.4%	4,773	220.4%
Net interest income	431.4	67.4%	638.1	75.8%	1,072.6	86.1%	1,698	90.6%	1,943	89.7%
Investment income	55.4	8.7%	47.2	5.6%	65.5	5.3%	63	3.4%	115	5.3%
Commission, exchange and brokerage	7.6	1.2%	36.2	4.3%	82.2	6.6%	89	4.8%	78	3.6%
Other operating income	145.5	22.7%	119.8	14.2%	25.3	2.0%	24	1.3%	30	1.4%
Operating income	639.9	100.0%	841.4	100.0%	1,245.5	100.0%	1,875	100.0%	2,166	100.0%
Operating expenses	194.1	30.3%	339.8	40.4%	572.8	46.0%	752	40.1%	981	45.3%
Operating profit	445.8	69.7%	501.6	59.6%	672.7	54.0%	1,123	59.9%	1,184	54.7%
Provision for loans and advances	164.5	25.7%	29.6	3.5%	158.3	12.7%	263	14.1%	152	7.0%
Provision/(reversal) for diminution in value of investments	(62.9)	-9.8%	4.0	0.5%	0.7	0.1%	(1)	-0.1%	10	0.5%
Other provision	-	0.0%	-	0.0%	-	0.0%	-	0.0%	29	1.3%
Total provisions	101.6	15.9%	33.6	4.0%	159.0	12.8%	262	14.0%	191	8.8%
Profit before tax	344.2	53.8%	468.0	55.6%	513.7	41.2%	861	45.9%	994	45.9%
Provision for taxation	04.0	16.3%	164.9	19.6%	178.3	14.3%	411	21.9%	431	19.9%
Net Profit after tax	240.2	37.5%	303.1	36.0%	335.4	26.9%	450	24.0%	562	26.0%

* 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 million

Particulars	2015	%	2016	%	2017	%	2018	%	2019	%
Cash	82.2	-3.0%	226.4	175.4%	376.8	66.5%	487.5	29.4%	902	85.1%
Balance with other banks and financial institutions	1,063.0	44.3%	1,632.4	53.6%	2,903.3	77.9%	3,271.9	12.7%	8,875	171.2%
Money at call and short notice	-	-	-	-	-	-	-	-	-	-
Investments	187.0	-73.8%	565.7	202.5%	662.7	17.1%	868.8	31.1%	1,571	80.8%
Loans, advances and leases	6,415.8	13.0%	19,480.6	203.6%	34,467.0	76.9%	44,325.3	28.6%	50,726	14.4%
Fixed assets including land, building, furniture and fixture	207.0	-7.6%	233.6	12.8%	267.0	14.3%	545.1	104.1%	788	44.5%
Other assets	243.4	-19.6%	434.5	78.5%	608.3	40.0%	1,008.9	65.9%	1,537	52.3%
Non-financial institutional assets	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8	0.0%	4	0.0%
Total assets	8,202.2	5.9%	22,576.9	175.3%	39,288.9	74.0%	50,511.2	28.6%	64,402	27.5%
Borrowings from other banks, financial institutions and agents	27.1	-93.2%	1,141.4	4117.5%	4,214.1	269.2%	5,916.9	40.4%	7,038	18.9%
Deposits and other accounts	4,744.7	18.7%	17,179.2	262.1%	29,746.9	73.2%	37,066.1	24.6%	46,361	25.1%
Other liabilities	955.9	-9.5%	1,481.2	55.0%	2,217.5	49.7%	3,776.3	70.3%	5,427	43.7%
Total liabilities	5,727.6	5.1%	19,801.8	245.7%	36,178.4	82.7%	46,759.3	29.2%	58,826	25.8%
Shareholders' equity	2,474.6	8.0%	2,775.1	12.1%	3,110.5	12.1%	3,751.9	20.6%	5,576	48.6%
Total liabilities and shareholders' equity	8,202.2	5.9%	22,576.9	175.3%	39,288.9	74.0%	50,511.2	28.6%	64,402	27.5%

Particulars	2015	%	2016	%	2017	%	2018	%	2019	%
Long Term Assets	4,258.7	-5.7%	10,987.8	158.0%	18,777.0	70.8%	26,532.9	41.3%	31,251	17.8%
Current Assets	3,943.3	22.2%	11,589.2	193.9%	20,516.9	77.0%	23,978.3	16.9%	33,151	38.3%
Total Assets	8,202.0	5.9%	22,577.0	175.3%	39,288.9	74.0%	50,511.2	28.6%	64,402	27.5%
Long Term Liabilities	2,468.9	-14.3%	8,262.7	234.7%	15,810.6	91.3%	23,627.0	49.4%	26,774	13.3%
Current Liabilities	3,258.7	26.7%	11,539.2	254.1%	20,367.8	76.5%	23,132.2	13.6%	32,052	38.6%
Total Liabilities	5,727.6	5.1%	19,801.9	245.7%	36,178.4	82.7%	46,759.3	29.2%	58,826	25.8%
Net Current Assets	684.6	4.7%	50.0	-92.7%	149.1	198.2%	846.0	467.4%	1,098	29.8%

* 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 million

Particulars	2015	%	2016	%	2017	%	2018	%	2019	%
Interest income	804.9	-13.4%	1,482.4	84.2%	2,991.1	101.8%	5,080	69.8%	6,716	32.2%
Interest expenses	373.4	-27.2%	844.2	126.1%	1,918.5	127.2%	3,382	76.3%	4,773	41.1%
Net interest income	431.4	3.7%	638.1	47.9%	1,072.6	68.1%	1,698	58.3%	1,943	14.4%
Investment income	55.4	-36.2%	47.2	-14.8%	65.5	38.6%	63	-3.2%	115	81.8%
Commission, exchange and brokerage	7.6	34.4%	36.2	377.5%	82.2	127.1%	89	8.6%	78	-12.3%
Other operating income	145.5	103.8%	119.8	-17.6%	25.3	-78.9%	24	-6.6%	30	25.0%
Operating income	639.9	10.3%	841.4	31.5%	1,245.5	48.0%	1,875	50.5%	2,166	15.5%
Operating expenses	194.1	5.0%	339.8	75.0%	572.8	68.6%	752	31.2%	981	30.6%
Operating profit	445.8	12.8%	501.6	12.5%	672.7	34.1%	1,123	66.9%	1,184	5.5%
Provision for loans and advances	164.5	344.9%	29.6	-82.0%	158.3	435.3%	263	66.4%	152	-42.2%
Provision/(reversal) for diminution in value of investments	(62.9)	-571.1%	4.0	-106.4%	0.7	-83.5%	(1)	-257.2%	10	-1068.3%
Other provision	-	0.0%	-	0.0%	-	0.0%	-	0.0%	29	0.0%
Total provisions	101.6	101.9%	33.6	-66.9%	159.0	372.9%	262	65.0%	191	-27.3%
Profit before tax	344.2	-0.2%	468.0	36.0%	513.7	9.8%	861	67.5%	994	15.5%
Provision for taxation	104.0	-42.0%	164.9	58.6%	178.3	8.1%	411	130.2%	431	5.0%
Net Profit after tax	240.2	45.1%	303.1	26.2%	335.4	10.7%	450	34.2%	562	25.0%
EPS	0.85	45.1%	1.07	26.2%	1.18	10.7%	1.59	34.2%	1.82	14.7%

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.

BDT million

Particulars	2015	2016	2017	2018	2019
Market Value per share (BDT)	26.70	42.70	50.10	38.10	25.60
Number of Share Outstanding					
Total market capitalization (BDT mn)	126,250,473	151,500,567	181,800,680	218,160,816	353,420,521
Book value of outstanding shares (BDT mn)	3,370.9	6,469.1	9,108.2	8,311.9	9,047.6
Market value added (BDT mn)	2,474.6	2,775.1	3,110.5	3,751.9	5,576.0
	896.3	3,694.0	5,997.7	4,560.0	3,471.6

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.

BDT million

Particulars	2015	2016	2017	2018	2019
Operating Profit	445.8	501.6	672.7	1,122.9	1,184.4
Tax	(104.0)	(164.9)	(178.3)	(410.6)	(431.1)
Adjustments	(0.9)	31.1	(0.03)	(1.99)	(0.03)
NOPAT	340.8	367.8	494.4	710.4	753.2
Cost of Equity	208.2	228.2	261.3	317.2	432.8
Economic Value Added	132.6	139.6	233.1	393.2	320.4

Maturity Analysis of Assets and Liabilities

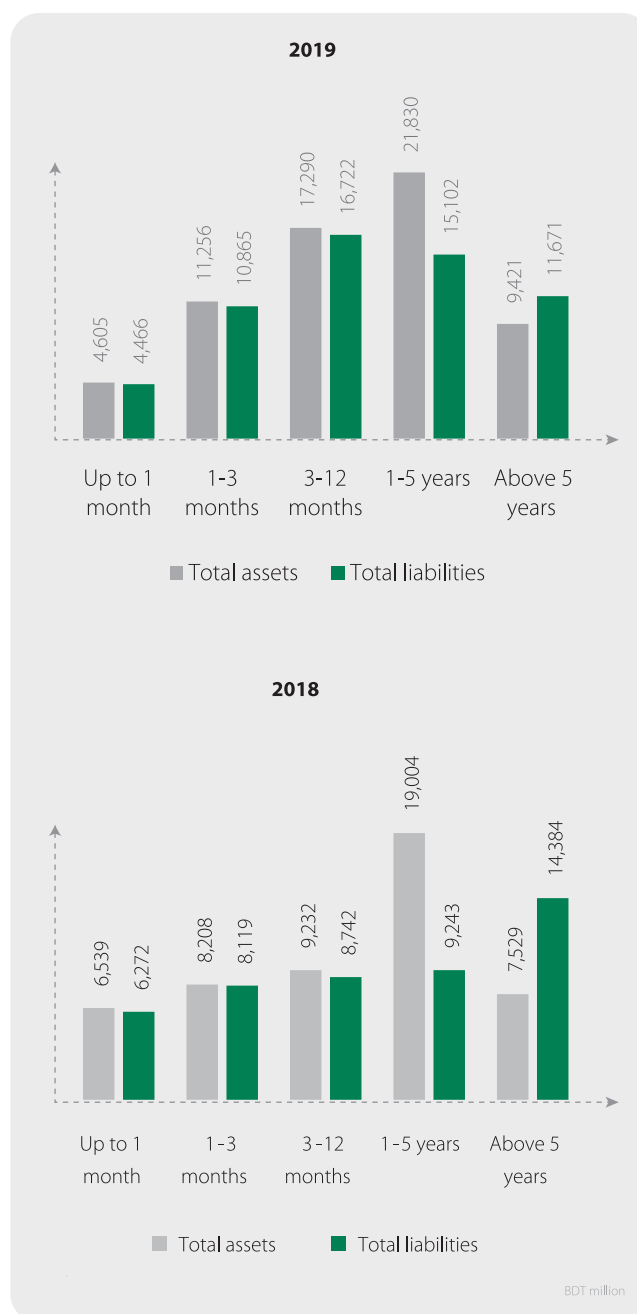
In financial institutions, asset and liability management is the practice of managing liquidity and interest rate risks arising out from maturity mismatch between asset and liability. The company should ideally match tenor-wise asset and liability to make sure that the company has enough cash inflow 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 guide lines 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 2019 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
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

Quantitative Disclosures

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

Particulars	Amount (BDT Mn)
Paid-up capital	3,534.2
Share premium account	402.6
Statutory Reserve	663.0
General Reserve	
Retained Earnings	667.1
Total Tier - I Capital	5,266.9
Total amount of Tier - II Capital	1,572.6
Other deductions from capital	-
Total eligible capital	6,839.4

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:

Particulars	Amount (BDT Mn)
Capital requirement for Credit Risk	33,440.9
Capital requirement for Market Risk	8.6
Capital requirement for Operational Risk	1,980.7

Total and Tier I Capital ratio - For stand alone	%
CAR on Total Capital basis (%)	19.30
CAR on Tier - I Capital basis (%)	14.87

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

Particulars	Amount
Lease finance	5,945.1
Term loans and advances	30,724.9
Mortgage finance	7,792.7
Channel finance	2,700.5
Retail loan	3,342.1
Personal Loan	220.5
Total	50,725.8

Industry or Counterparty-wise Credit Exposure

Particulars	Amount (BDT Mn)
Agro-based industries	3,942.9
Banks and non-banking financial institutions	662.8
Chemicals, pharmaceuticals and allied products	2,679.7
Engineering and building materials	4,006.3
Food and allied products	3,000.7
Glass, ceramic and other non-metallic products	183.1
Hotel, tourism and leisure	79.9
Information and communication technologies	1,033.7
Paper converting and packaging, printing and publishing	2,045.1
Ready-made garments and knitwear	4,957.9
Social sector	1,200.8
Tannery, leather and rubber products	482.2
Textile	2,455.0
Transport and aviation	1,813.4
Others	22,182.4
Total	50,725.8

Geographical Distribution of Exposures

Particulars	Amount (BDT Mn)
Dhaka Division	40,008.8
Chittagong Division	6,850.9
Khulna Division	988.8
Rangpur Division	1,207.2
Rajshahi Division	867.0
Sylhet Division	373.0
Barisal Division	20.2
Mymensingh Division	409.8
Total	50,725.8

Residual Contractual Maturity-wise Credit Exposure

Particulars	Amount (BDT Mn)
On demand	-
Upto one month	1,848.0
More than one month but less than three months	7,916.4
More than three months but less one year	13,604.8
More than one year but less than five years	20,490.1
More than five years	6,866.5
Total	50,725.8

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

Particulars	Amount (BDT Mn)
Gross non-performing assets (NPAs)	795.8
NPAs to gross loans and advances (in %)	1.57%

Specific and General Provisions

Particulars	Amount (BDT Mn)
Provision for unclassified loans and advances	572.3
Provision for classified loans and advances	228.0
Provision for off-balance sheet exposures	-
Total	800.3

Charges for Specific Allowances and Charge-offs during the Period
None

Movement of Non-Performing Assets (NPAs)

Particulars	Amount (BDT Mn)
Opening Balance	947.6
Additions	569.7
Reductions	721.6
Closing Balance	795.8

Movement of Specific Provisions for NPAs

Particulars	Amount (BDT Mn)
Opening Balance	194.2
Provisions made during the period	33.7
Write-off	-
Write-back of excess provisions	-
Closing Balance	228.0

Equities: Banking Book Position

Qualitative Disclosures

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

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

Investment in equity securities 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.

- ii. Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices. Both quoted and unquoted securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price.

Quantitative Disclosures

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

Particulars	Amount (BDT Mn)
Quoted Shares	7.0
Unquoted Shares	4.5
Total unrealized gains (losses)	-
Total latent revaluation gains (losses)	-
Any amounts of the above included in Tier II capital.	-

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 4.3 million against which capital requirement @ 10% is BDT 0.43 million.

General Market Risk: Market value of the investment in equity is BDT 4.3 million against which capital requirement @ 10% is BDT 0.43 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 million						
Particulars	Within 1 Month	1-2 Month	2-3 Month	3-6 Month	6 months to 1 Year	Above 1 Year
RSL*	3,179	4,214	5,643	7,209	7,708	23,616
RSA*	3,436	4,786	6,451	8,909	7,976	27,222
Mismatch	257	572	808	1,700	268	3,606
Cumulative Mismatch	257	829	1,637	3,337	3,605	7,211
Mismatch	8.1%	13.6%	14.3%	23.6%	3.5%	15.3%

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

Interest Rate Risk - Increase in Interest Rate

BDT million			
Particulars	Minor 2%	Moderate 4%	Major 6%
Change in the Value of Bond	-	-	-
Net Interest Income	72	144	216
Revised Regulatory Capital	6912	6984	7056
Risk Weighted Assets	35430	35430	35430
Revised CAR (in %)	19.51	19.71	19.91

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

Particulars	Amount (BDT Mn)
Interest rate risk	-
Equity position risk	8.6
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

Particulars	Amount (BDT Mn)
Capital requirements for operational risk	1,980.7

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 2019. Although no major recoveries were made in 2019, 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	447
Add.: Addition during the year	-
Less: Collection during the year	41
Closing Balance as on December 31, 2019	407

BDT million

Classified Loan

The year 2019 saw a noticeable decrease in classified loan ratio 2.14% (BDT 947 million) in 2018 to 1.57% (BDT 796 million) in 2019. The overall decrease in classified loan during the year was mainly due to enhanced focus on recovery from classified accounts. The classified loan ratio continues to remain significantly below the industry average of 10.4% as on September 2019 and 7.9% in December 2018.

Movement in Classified Loan

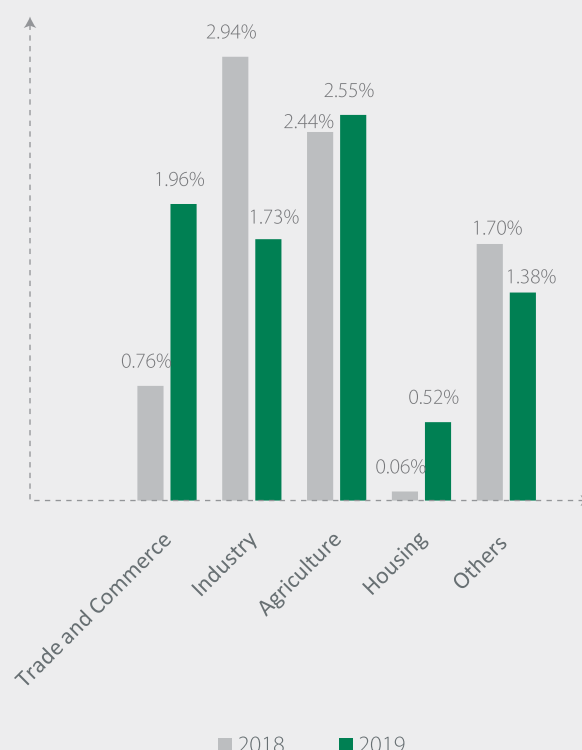
Particulars	Amount
Opening Balance as on January 1, 2019	948
Add.: Addition during the year	570
Less: Recovery*	119
Less: Write offs	-
Less: Rescheduled*	602
Closing Balance as on December 31, 2019	796

BDT million

* Recovery / Reschedule from clients which were classified as on 1 January 2019.

The reduction mainly came from industry segment and others segment. There were no writeoffs being made in 2019, classified loan portfolio stood at BDT 795.8 million as of 31 December 2019.

Sector-wise Classified Loan Ratio



BDT million

Sector-wise Classified Loan Ratio

BDT million

Particulars	2016		2017		2018		2019	
	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%
Industry								
A) Garments and Knitwear	16	0.77%	10	0.27%	10	0.23%	20.5	0.41%
B) Textile	-	0.00%	-	0.00%	-	0.00%	101.3	4.13%
C) Jute and Jute-Products	34	12.15%	-	0.00%	30	7.78%	33.4	8.31%
D) Food Production and Processing Industry	-	0.00%	-	0.00%	81	2.67%	0.1	0.00%
E) Plastic Industry	-	0.00%	-	0.00%	-	0.00%	89.7	4.64%
F) Leather and Leather-Goods	-	0.00%	-	0.00%	-	0.00%	146.6	30.41%
G) Iron, Steel and Engineering	6	0.29%	6	0.22%	25	0.70%	16.9	0.45%
H) Pharmaceuticals & Chemicals	-	0.00%	-	0.00%	-	0.00%	-	0.00%
I) Cement and Allied Industry	-	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%
K) Paper, Printing and Packaging	1	0.19%	-	0.00%	14	0.93%	15.1	0.74%
L) Glass, Glassware and Ceramic Industry	-	0.00%	-	0.00%	-	0.00%	-	0.00%
M) Ship Manufacturing Industry	-	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%
O) Power, Gas, Water and Sanitary Service	-	0.00%	-	0.00%	537	31.72%	-	0.00%
P) Transport and Aviation	-	0.00%	-	0.00%	-	0.00%	10.1	0.56%
Industry Total	62	0.52%	52	0.26%	744	2.94%	486.4	1.73%
Agricultural	-	0.00%	69	2.35%	79	2.44%	90.4	2.55%
Housing	6	0.38%	4	0.09%	4	0.06%	42.3	0.52%
Others	64	2.04%	74	1.51%	95	1.70%	91.2	1.38%
Grand Total	138	0.71%	214	0.62%	948	2.14%	795.8	1.57%

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 CreditRating 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 four 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

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



TOWARDS BRIGHTER HORIZONS



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 disbursement turn around 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	2019 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 achieve operational efficiency	To reduce turn-around-time through elimination of unnecessary process and documentation
Branch network	Renovated Jashore branch and inaugurated sales offices as well as outreach offices	Ensuring business profit ability in branches in different regions	To go beyond megacities and spread financial services among unbanked population

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 2019 was characterized by a volatile money market and the financial sector saw modest 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 addition to this, we have continued to increase our geographic presence through outreach offices. Performance in this area has been discussed in the subsequent sections.

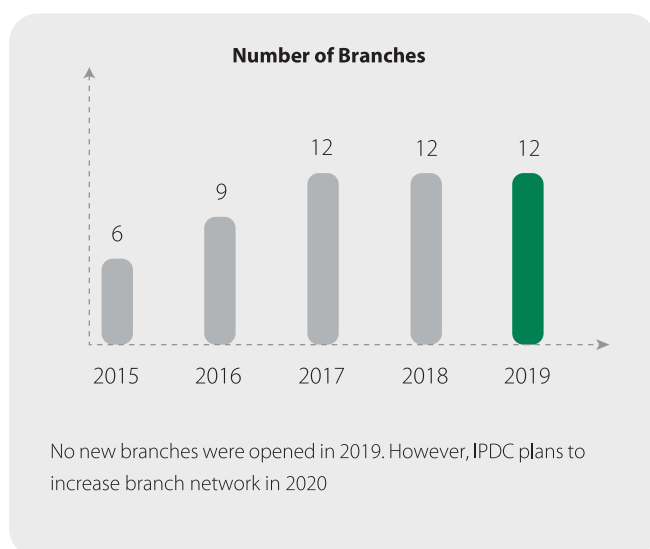
Outlook

We remain firm in our goal to go Beyond Megacities and reach the unbanked population of our county. To do this, we plan to strategically increase our footprint. As the market beyond megacities are generally more price sensitive, low cost channels of distribution through partnership (outreach centers) is the preferred method as it will enable us to enhance our reach at a micro level and provide our services at a much more affordable rate. In addition, we plan to create zonal hubs and empower our branches to reduce our Turn Around Time (TAT) further. We intend to establish new branches and outreach centers by the end of the year 2020.

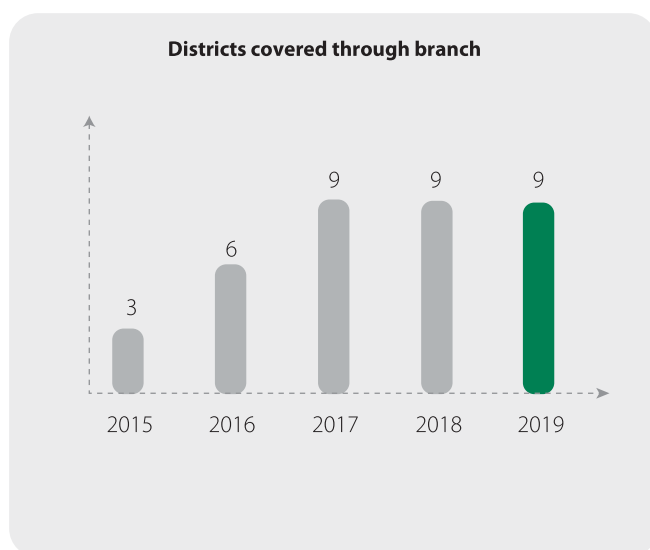
Infrastructure

Distribution Network

IPDC currently operates through twelve branches including head office branch. No new branches were opened in 2019. The eleven branches along with head office covers nine districts in Bangladesh. IPDC plans to open additional branches in 2020 subjected to obtaining approval from Bangladesh Bank.

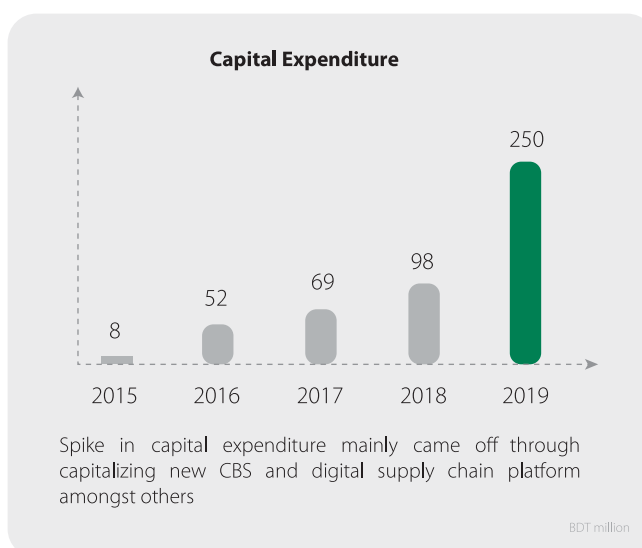


Currently IPDC has presences in nine districts through its various branches. As no new branches were opened in 2019, the district presence through branch coverage remained unchanged. However, IPDC is increasing its presence in district level through opening outreach offices. These are designed to be low cost sales centers. IPDC plans to cover additional districts in the near future through new branches.



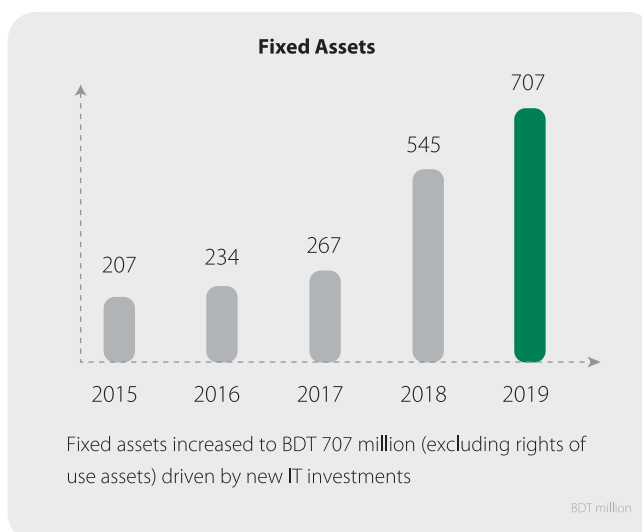
Capital Expenditure

Total capital expenditure of BDT 250 million was incurred in 2019 against BDT 98 million in 2018. Increased capitalization of assets in 2019 came off from additional asset requirement for accommodating additional human resources, planned expansion of physical infrastructure through head office expansion and branch reallocation and further enhancement of IT infrastructure capacity such as Core Banking System and digital supply chain platform and development of new software which will provide a strong foundation for future growth.



Fixed Assets

Fixed assets (written down value) of IPDC increased to BDT 707 million (without considering rights of use assets) in 2019 from BDT 545 million in 2018. Increase in fixed assets was mainly due to capitalization of the new Core Banking System (CBS) and digital supply chain finance platform Orjon as well as additional assets for business expansion. From the base year of 2014 the total value of fixed assets increased by 3.2 times, indicating the higher amount of investments made by IPDC.



IT Infrastructure

IPDC has two facilities DC (Data Center) and DR (Disaster Recovery). Currently both sites located at 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 & requirement. Disaster Recovery drill conducted once in a year for all the applications hosted in DR.

IPDC is planning to shift DR site to Jashore branch within couple of years. There are high configuration twenty servers at our data center and another five 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.

We have 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 CRM LoS for loan origination system. IPDC also has a robust HRIS system along with document management system EDMS and fixed asset management system called FAR. IPDC uses the most updated operating system and latest Microsoft office package O365 for its daily operation.

We've 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 2019 was challenging considering the exponential business growth and we foresee 2020 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 60,468 million
Disbursement: BDT 35,242 million
Number of Customers: 4,745
Number of Full Time Employees: 353

Motijheel Branch

Fund Under Management: BDT 5,934 million
Disbursement: BDT 526 million
Number of Customers: 946
Number of Full Time Employees: 16

Dhanmondi Branch

Fund Under Management: BDT 4,967 million
Disbursement: BDT 788 million
Number of Customers: 1,240
Number of Full Time Employees: 20

Uttara Branch

Fund Under Management: BDT 3,260 million
Disbursement: BDT 426 million
Number of Customers: 880
Number of Full Time Employees: 15

Jashore Branch

Fund Under Management: BDT 904 million
Disbursement: BDT 562 million
Number of Customers: 595
Number of Full Time Employees: 22

Chattogram Branch

Fund Under Management: BDT 5,903 million
Disbursement: BDT 3,606 million
Number of Customers: 1,086
Number of Full Time Employees: 33

Cumilla Branch

Fund Under Management: BDT 407 million
Disbursement: BDT 221 million
Number of Customers: 201
Number of Full Time Employees: 11

Bogura Branch

Fund Under Management: BDT 1,418 million
Disbursement: BDT 1,147 million
Number of Customers: 799
Number of Full Time Employees: 29

Mymensingh Branch

Fund Under Management: BDT 663 million
Disbursement: BDT 497 million
Number of Customers: 403
Number of Full Time Employees: 15

Gazipur Branch

Fund Under Management: BDT 1,182 million
Disbursement: BDT 429 million
Number of Customers: 647
Number of Full Time Employees: 22

Narayanganj Branch

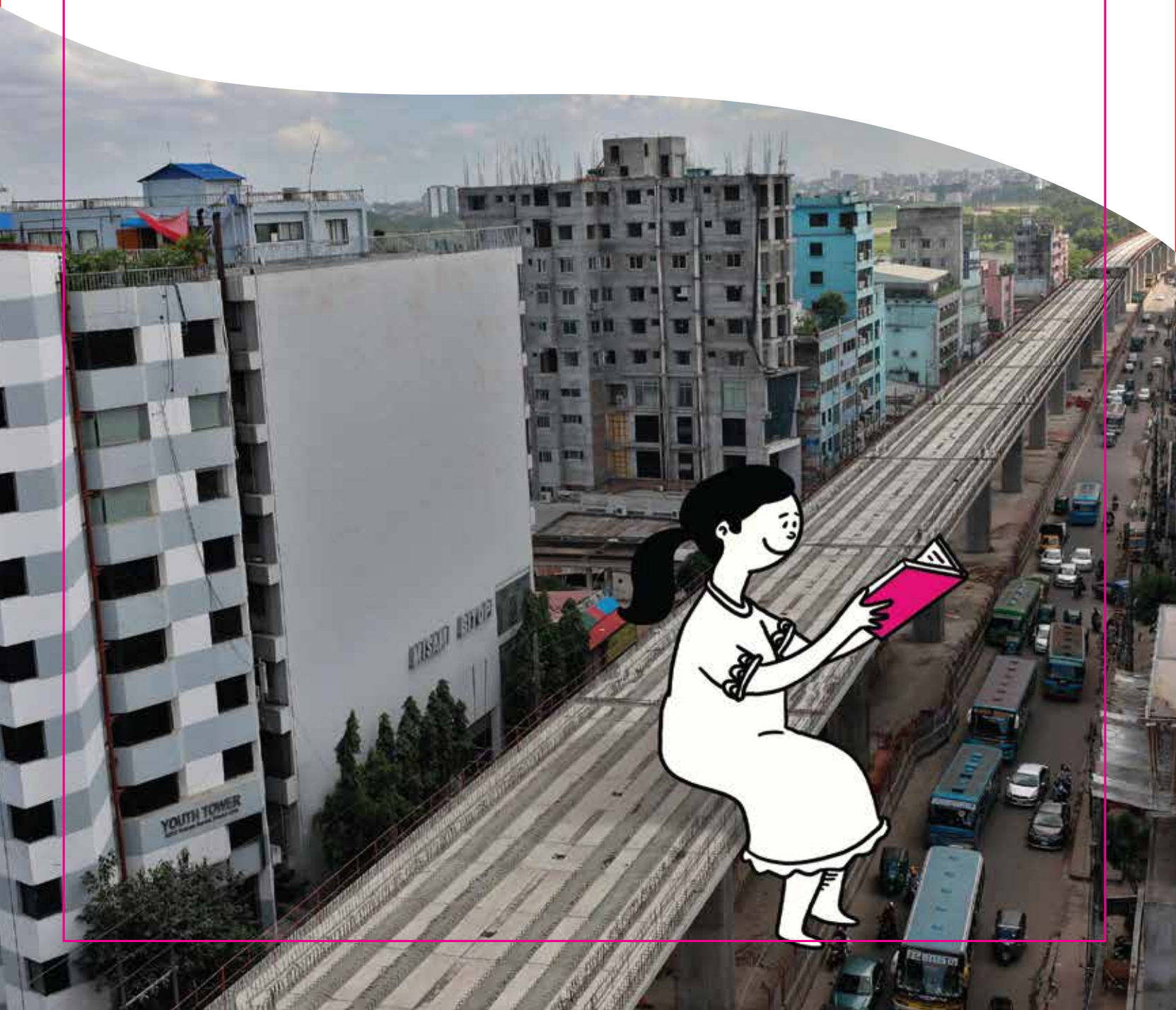
Fund Under Management: BDT 523 million
Disbursement: BDT 201 million
Number of Customers: 348
Number of Full Time Employees: 11

Sylhet Branch

Fund Under Management: BDT 613 million
Disbursement: BDT 225 million
Number of Customers: 342
Number of Full Time Employees: 13



SURGING FORWARD



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	2019 Highlights	Challenges	Long-term Strategy
Brand perception	Increased investment in brand building and customer experience	Changing customer preferences	Market research to identify changing trends in customer preferences
Technology infrastructure	New core banking system and Orjon platform (backed by blockchain technology) provides secure environment for preserving customer information	Data and IT infrastructure loss due to natural disasters 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	Integrated a culture of innovation and its valuechain	Ensuring employee adaptability with innovative mindset	Take first mover advantage with some 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. Both of which resulted in IPDC being the 'Best Financial Institution of the Year' for financial services in the country recognized by The Daily Star. In addition to these graceful presence in industry IPDC launched South East Asia's First Blockchain Based Digital Supply Chain Finance Platform 'Orjon' using block chain technology in partnership with IBM. Detailed performance review and status is discussed in the subsequent sections of Intellectual Capital.

Outlook

Ensuring our brand promise of providing an extra ordinary 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 NBFIs, IPDC takes the leverage of accentuating the mere spirit of living unbound through financial inclusion. Over 57 banks and 34 NBFIs 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.

IPDC is led by its Managing Director and CEO, Mominul Islam, who brought the company out from a period of crisis and becoming one of the strongest NBFIs in Bangladesh, thus, winning him the 'Outstanding CEO Award' by the Association of Development Financing Institution in Asia and the Pacific (ADFIAP) at an award ceremony held in Muscat, Oman.

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 shades of red, blue, green and yellow for their brand colors, IPDC decided to pick a very quirky magenta hue with an eccentric payoff line, "Jaago Ucchashe". 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 Shikhhok Shommanona.

Digital Presence in 2019

Particulars	Number
Official Page Followers	326,744
Engagement	7,815,616
Reach	9,084,773
Impression	49,436,830

Public Presence in 2019

Particulars	Number
Press Release	34
Feature Articles	6
Interview	10
Press Conference Arrangements	5
Media Visits	5
Events	6 Signature events and 12 Regular events 17 Activations
PR Value	312,330,000

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.

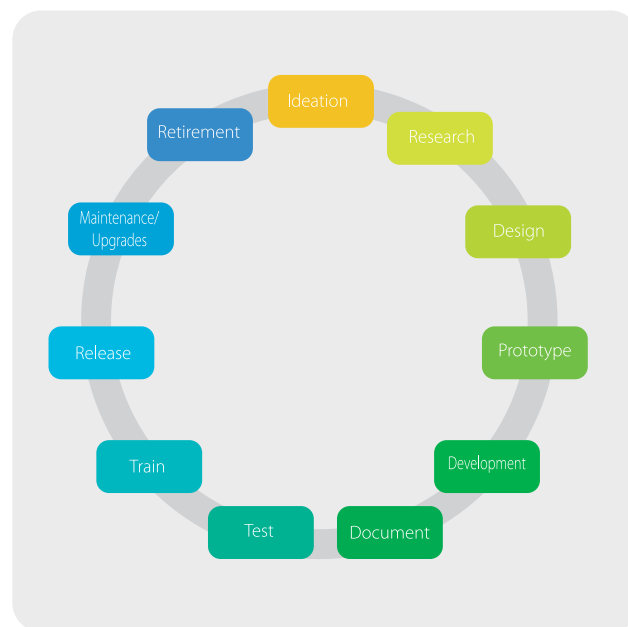
Product Formulation and Innovation

Product Formulation

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 centre 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 an 8% 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 25,000 medium and small enterprises and allowing 10,000 families to enjoy convenience goods by the end of 2020.

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 funded the first private five-star hotel, Westin
- IPDC funded the first International standard private hospital, Apollo Hospital Dhaka
- IPDC funded the first leasing company, IDLC Finance Limited
- IPDC funded the first theme park, Fantasy Kingdom
- Ultiflex allows to deposit any amount at any time at the same interest rate
- First NBF in Bangladesh recognized as SUPERBRAND
- Initiated South East Asia's First Blockchain Based Digital Supply Chain Finance Platform 'Orjon'

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.

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' and Consumer White Goods Financing system – 'IPDC EZ'.

Core Banking System

IPDC implemented its first Core Banking System (CBS) in April 2014. The CBS namely, Bank Ultimus was implemented by LEADS Corporation Limited. However, with renewed strategic focus, IPDC realized the needs to have a more robust CBS for the strategic business growth. Given this backdrop, IPDC began its search for a suitable CBS from the second half of 2016. IPDC team completed a thorough assessment and evaluation of several vendors through floating Request For Proposal (RFP) to several software vendors. This assessment report was submitted to the CBS committee formed by the Board. Board in its 171st meeting discussed on the 'Report on review of Process, People and IT'. The Board decided that decision on procurement of core banking software (CBS) will be taken upon receipt of the recommendation of external consulting firm. Experts from the consulting firm along with in-house resources assessed current business processes of IPDC and the proposals from three CB Svendors namely Temenos, TCS and Infosys. From their analysis, the recommendation was for implementation of Temenos T24. IPDC continued further negotiation with Temenos and made contract with them to implement a brand-new core banking system by the year 2019.

IPDC management formed a Core Team of 12 employees of IT & Business Transformation, Operations and other business departments. Fortress Data Services (FDS) Bangladesh was selected as implementation partner for this project. The project started from February 2019. IPDC Core team and FDS team put relentless effort in implementation of the system in record 8 months. Temenos T24 went live in 6 October 2019 in IPDC.

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 the 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. Currently, IPDC IT & Business Transformation team has developed an in-house system to support this product and working towards a digital wallet type solution to ease of the transactions. The core product is financing the purchase of consumer white good products such as electronics, furniture etc. through providing an EMI facility at 0% interest rate. The purpose of the product is to provide credit to the customers to purchase products that will upgrade the living standard or comfort of the households. The product interest rate will be 0% for the customers; the actual interest will be paid by the manufacturer and IPDC will deduct the interest amount at the time of repayment to merchants. The interest earning will happen at the time of actual sales. IPDC has teamed up with Price water house Coopers (PwC) Bangladesh for preparation of the Business Requirement Document (BRD) and Product Program Guideline (PPG) for IPDC EZ. IPDC plans to build the digital platform of this product within 2020 after finalizing the BRD and PPG.

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 across-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.

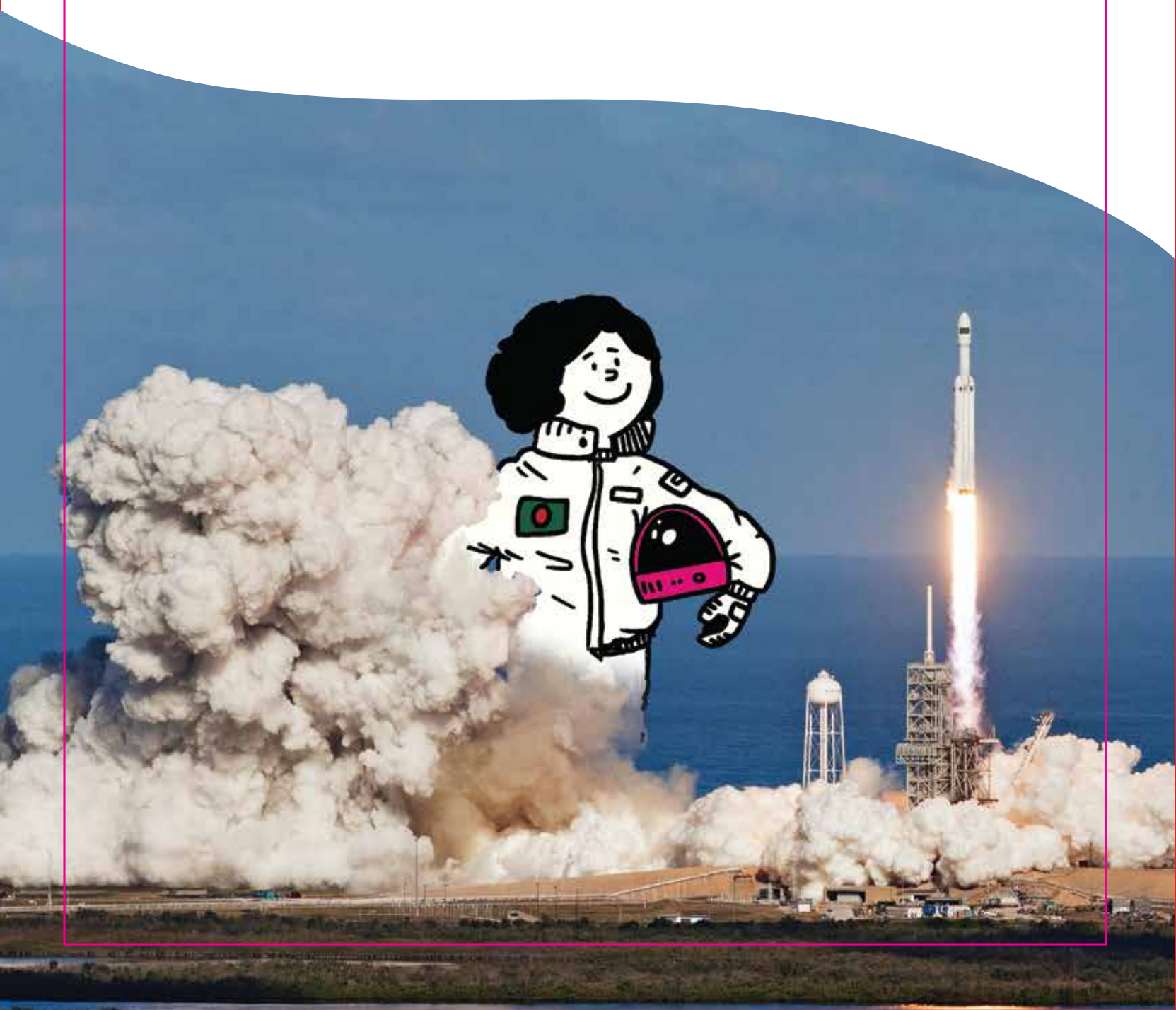
Role of the IT Steering Committee

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



A NEW FRONTIER



Statement of 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	2019 Highlights	Challenges	Long-term Strategy
Participative and pluralistic Workplace	Established effective communication channels for employee requests, expectations	Biasness of employees while providing feedback	Designing a model based on employee feedback for ensuring a participative and pluralistic workplace
Equal opportunity	IPDC has always practiced equal opportunity in its hiring program	Cultural stigma	To catapult leadership from different spheres of society
Talent management	Conducted carefully designed trainings and workshops for personal and professional development of employees	Ever - changing needs and preferences of employees	Opening a specific wing under the human resource department for effective leadership in this area

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 a 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. Moreover, the Company nurtures a culture of employee engagement through various formal and informal events.

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
- Have more focus on attracting and retaining talents
- A robust recruitment process to achieve our future people requirement
- 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

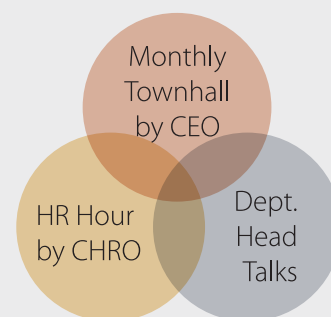
Since its inception in 1981, IPDC was pioneered as the first financial institution to instill the best human resource practices in managing their employees. Over the years, IPDC has not only adapted its business strategy to become the most passionate financial brand but also transformed its approach towards managing its human resources to become the best employer. Our strength lies in providing open and friendly work environment, where employees contribute to the best of their ability without much supervision. We ensure equal opportunities for all, while maintaining a diverse workforce with special emphasis on women empowerment. IPDC has developed a strong Employee Value Proposition (EVP) which distinguishes us from the rest.



Engaged Workforce

We offer an engaged workplace by maintaining 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. We greatly encourage employees to pitch new ideas, bring in insights and instill them in cross-functional projects. We value their good work and recognize that in different platforms and also celebrate their success through engaging their family members. Participation in numerous annual events, celebration of different festivals and special occasions of employees are considered as foundation of our engaged culture. Our different engagement initiatives are graphically presented below:

Engagement by Management



Employee Engagement Initiatives/ Teamwork

Outdoor Events

- ERC (Employee Recreation Club): Team building event outside Dhaka for 2/3 days.
- Team Outing: For 2/3 days inside/ outside country

Arranging Games & Sports

- Table Tennis
- Badminton
- Chess
- Cricket
- Football

Celebrating Festivals

- New Year
- Pohela Falgun
- Valentine's Day
- Women's Day
- Pohela Boishakh
- Eid Reunion

Celebration of Special Occasions of Employees

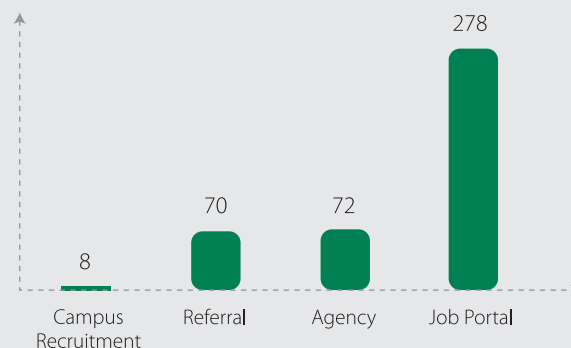


Equal Employment Opportunity

IPDC firmly believes in keeping job vacancies open to all potential candidates and recruit them based on skills and competencies. Our job vacancies are posted in newspapers, job portal (bdjobs.com), Social Media i.e. Facebook & LinkedIn, Career and Placement Centers of Universities and Internal Job

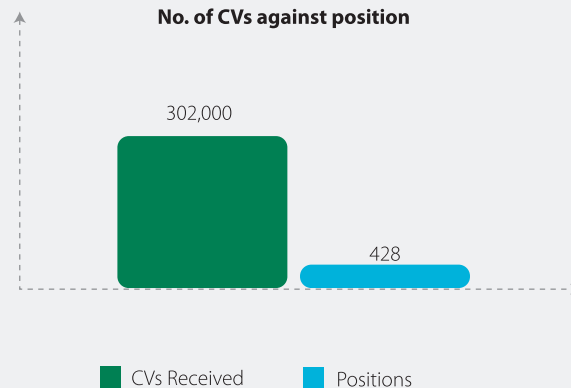
Posting. We do not discriminate candidates based on religion, race, gender, color, demography or any other distinguishing factors while recruiting. Rather, we focus on the right competencies and never compromise on quality. A glimpse of recruitment through different sources in 2019 is shown here.

Recruitment Sources

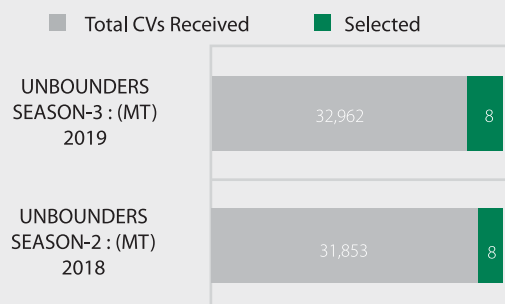


IPDC always strives to keep employer branding strong and aspires to reach out to all available potential candidates. Due to the carefully crafted Employee Value Propositions (EVP), we receive a substantial amount of responses from potential candidates, which is visible in the quality and quantity of the CVs received annually. "Unbounders", our recruitment program for future leaders (i.e. Management Trainee) was revamped 3 years ago, which gives limitless learning opportunities and fast-track career growth to the management trainees during their tenure at IPDC. Till now, three seasons of "Unbounders" have taken place. With the hope to attract talents, IPDC organized road shows at renowned universities of Bangladesh for recruitment of Management Trainees. The following charts represent the engagement of IPDC with potential candidates to source CVs from different sources:

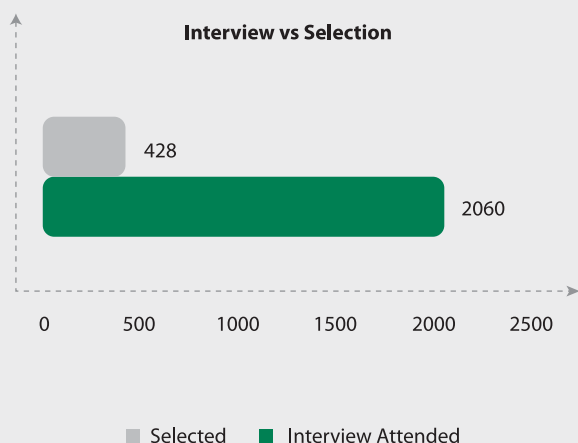
No. of CVs against position



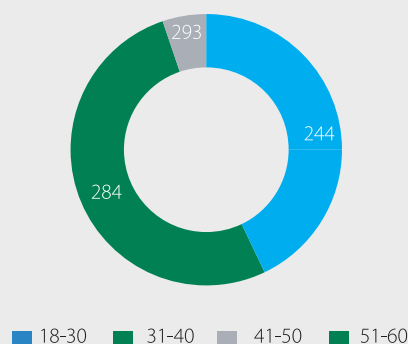
Unbounders Selection (MT)



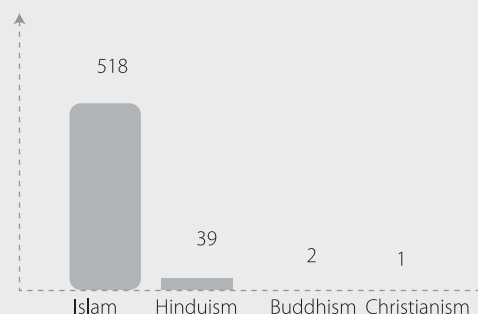
Interview vs Selection



Employees in different age slabs -2019



Religion Matrix of Employees - 2019



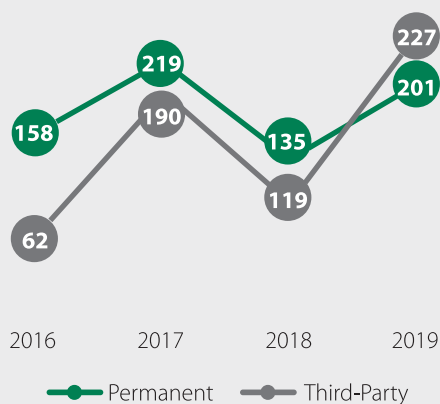
It is noteworthy that we not only practice equal employment opportunity during recruitment but also in other areas of employment terms & conditions i.e. promotion, bonus, increment etc. We value meritocracy and avoid biasness, nepotism and discrimination of any sort.

Diversified & Vibrant Workforce

IPDC encourages diverse and vibrant work environment. People from different demography, religion, race and culture are working with IPDC. We conduct rigorous induction training for specific 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 are 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 33 years. Such diversified and youth centric employees allow us to keep the workplace vibrant while organizational learning aligns them to achieve the set objectives. Our human resources started to grow significantly from 2016 onwards because of the new vision to be achieved by 2020. Therefore, we have more 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 4 years and tenure of present employees at IPDC:

New employees in last four years



Tenure of permanent employees by year



It is worth mentioning that in 2019, we have recruited 5 physically disabled persons through 'Adanya Foundation'. We want to be a partner in the overall development of the society and empower those who might be considered disabled physically for some particular role but might have the capability to perform other roles like desk based or services over phone. We will create more opportunities for such physically disabled persons in future.

Technology driven setup

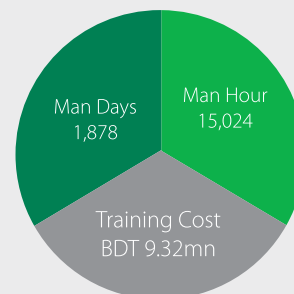
The life cycle of IPDC employees is completely digitalized and it is managed through software. Joining to separation of an employee is managed through human resources information system. Employees have the option to view their personal information in the system, update and take necessary actions accordingly. This enables

accurate information to be easily accessible and allow management to take quick decisions.

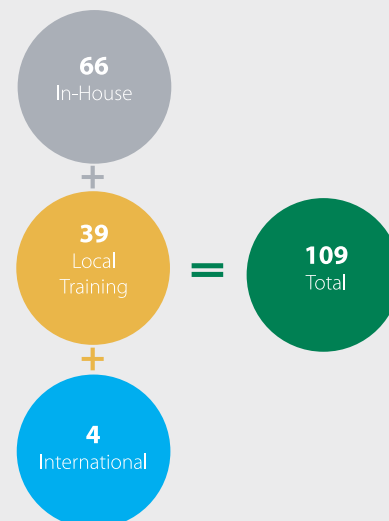
Unbound Learning Opportunities

At IPDC, we foster learning as a way of life. We greatly encourage creativity and actively stimulate as well as invest in the skill and knowledge development of every employee. Throughout the year, we arrange in-house and external training programs, seminars and workshops for the development of our employees. To extend the learning opportunities, we also send our employees for foreign training programs and arrange e-learning.

Training Duration and Expense

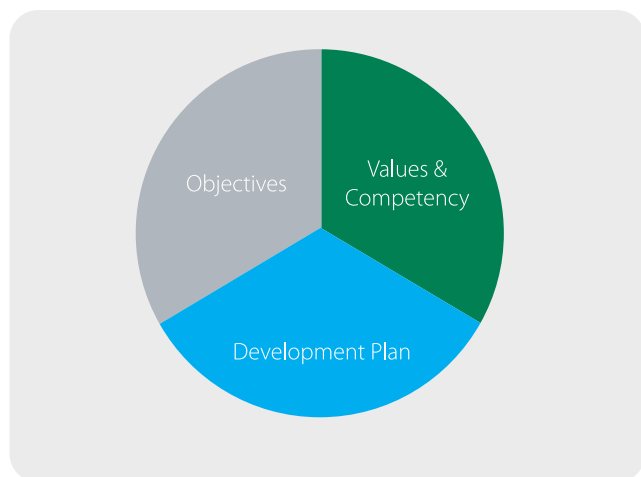


Number of Trainings

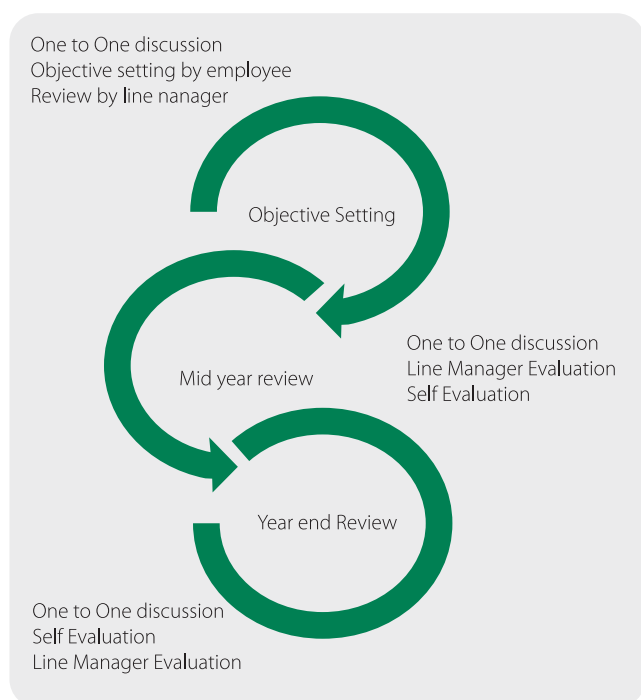


Performance based Career Growth

IPDC promotes a performance-driven culture. In 2018, major transformation in performance management was done by measuring performance through Human Resources Information System (HRIS) which was further enhanced in 2019. Our performance management system (PMS) is based on three dimensions i.e. objective setting, measurement on set values of IPDC & competencies against each position and individual development plan.



The automated Performance Management System made the whole process more feedback-oriented and self-explanatory. One key inherent feature is the inclusion of two-way communication between employees and line managers in every step. At IPDC, the new PMS system enabled employees to have performance feedback in three stages of PMS process.



Competitive Compensation and Reward System

IPDC endeavors in offering competitive salary and benefits package. The salary structure of the employees of IPDC are reviewed annually and adjusted accordingly based on market surveys. IPDC continually values and recognizes high performers. There are several monetary, non-monetary awards and recognition programs that are awarded throughout the year to keep employees 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:

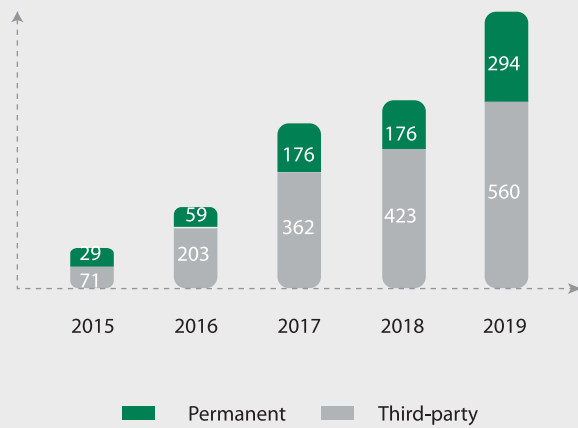


Growth of Human Resources & Accountability

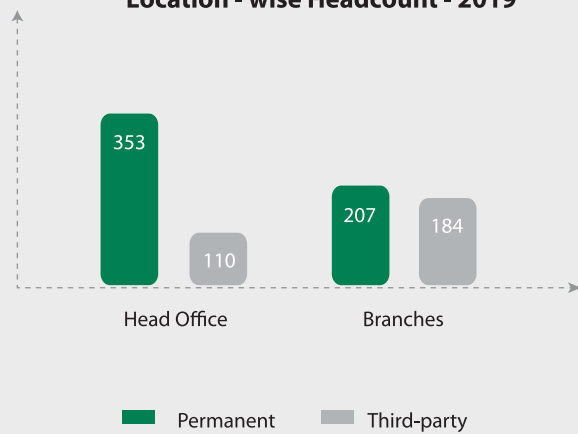
Presently, IPDC is at a stage of exponential growth in business with a clearly defined vision to be achieved by 2020. To foster the growth of business, human resources has also been strategically increased especially from 2016 to 2019. All resources are recruited and trained keeping in mind the business needs. The following figures will demonstrate the different dimensions of HRA, which has contributed in the exponential business growth of IPDC over the last four years or so:

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. This change has been predominantly apparent since 2015, due to our strategic shift in business plan. Female employees have increased with respect to male employees, to ensure diversity and balance in the working environment. A significant number of employees have been recruited in Retail Business in last 3 years, which is almost 50% of our total headcount to ensure that retail products, especially affordable home loan is within easy reach of normal people in tier II and tier III cities. Similarly, there is good amount of increase in headcount in Supply Chain Finance and MME businesses to ensure that we contribute in enabling new entrepreneurs. Headcount of all other supporting functions has also increased accordingly to support business functions. Below mentioned figures will clearly narrate how significantly employees of IPDC has been increased over the years and will also show different dimensions of its human resources:

Headcount in last five years



Location - wise Headcount - 2019



Headcount by Department



Attrition Rate

Employee retention had been one of the biggest challenges over the past few years. IPDC makes every effort to retain employees by offering competitive compensation, recognizing and rewarding high performers, indulging in engagement and providing growth and development opportunities. Despite every effort, employee leaves organization for various reasons. However, due to our continuous efforts, the attrition rate has dropped down to 13.0% in 2019, which was 24.0% in 2018.

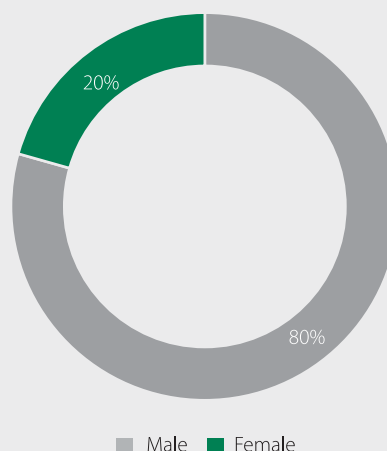
Attrition of Permanent Employees



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 strive 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.

Gender Ratio



Employment Type	Number of Employees			Composition in %	
	2018	2019	Growth	2018	2019
Permanent Employee					
Male	340	448	31.8%	80.4%	80.0%
Female	83	112	34.9%	19.6%	20.0%
Total Permanent Employees	423	560	32.4%	100.0%	100.0%
Third-party Employees					
Male	144	237	64.6%	81.8%	80.6%
Female	32	57	78.1%	18.2%	19.4%
Total Third-party Employees	176	294	67.0%	100.0%	100.0%
Permanent&Third-party					
Male	484	685	41.5%	80.8%	80.2%
Female	115	169	47.0%	19.2%	19.8%
Grand Total	599	854	42.6%	100.0%	100.0%

Learning & Development

Skills Development

IPDC is one of those organizations that recognizes the value of investing in employee skill development and takes great pride in doing so. We perceive our employees to be our most important asset. Our commitment in attracting and retaining the most talented people in the industry and beyond is of vital importance to the organization and the perennial foundation of our success. We believe all employees pose skills that are unparalleled. IPDC acknowledges and supports the need for employees to balance work, personal interests and encourage flexibility, wherever possible. Effectively designed training programs targeting the right group of employees are conducted on a regular basis. We also provide a comprehensive orientation program for the new joiners so that they get an overall idea about the company and the industry. IPDC has invested tk. 9.3 million for people development in 2019.



E-learning

Being a technology driven organization, we have adopted learning process in a digital platform. We initiated e-learning on anti-money laundering and educate employees through a comprehensive e-learning module. E-learning on Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) started in June 2018 and so far, 467 employees already earned their certification.

We are looking forward to strengthening e-learning process focusing on more subject matters.

New Skill Development

We believe in providing opportunities for continuous learning and keep employees updated with recent changes in business, technology and process. Our employees are continuously trained by our in-house Subject Matter Experts (SMEs), outside industry renowned trainers and through E-Learning. We also provide international training to high performers. Summary of training conducted in 2019 is given below:



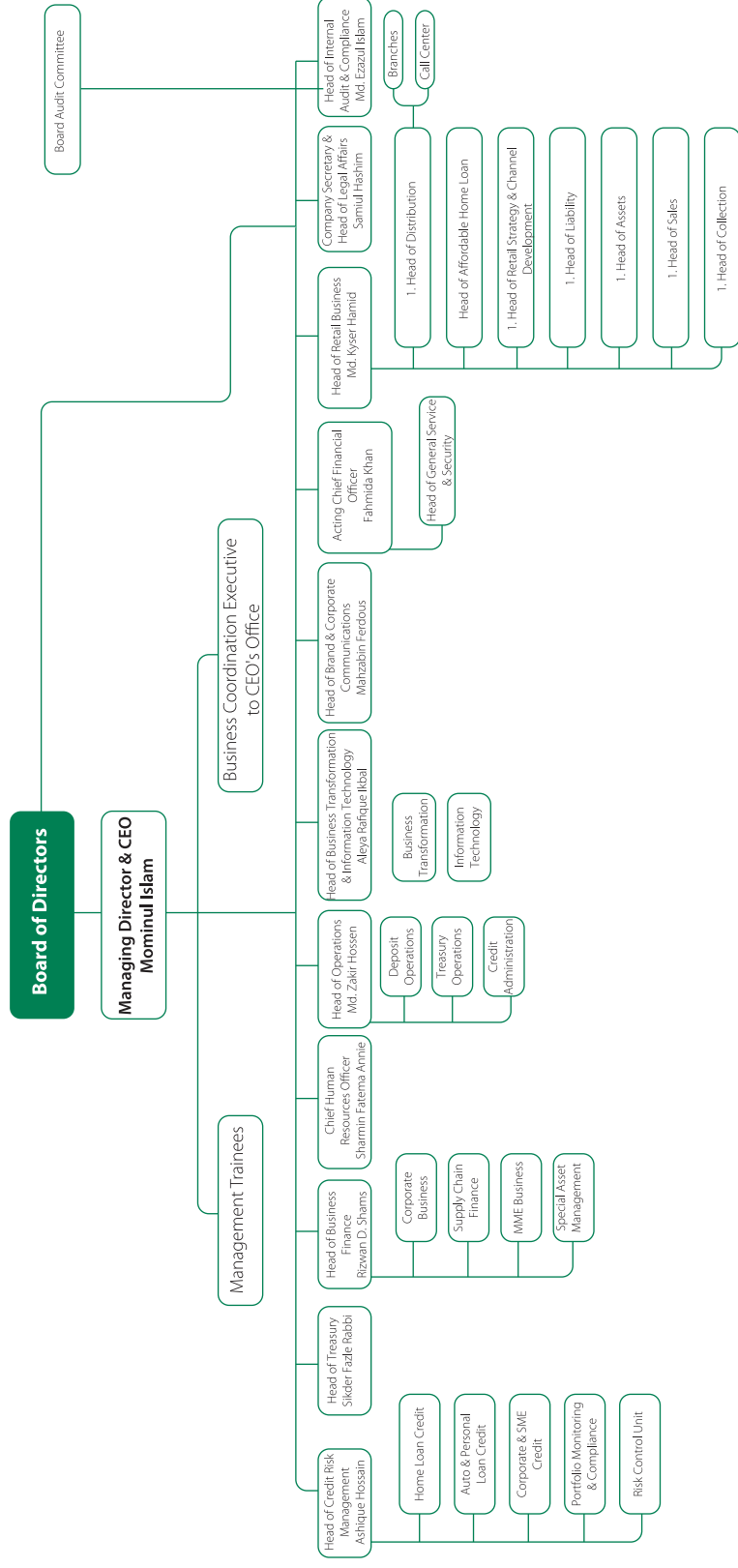
First-Time Line Manager Development Program (FLM)

IPDC focuses on developing future leaders who will be able to lead team and department in future. Keeping this point in mind, we initiated a training of six months duration with the involvement of foreign trainers for the development of our first-time managers in the organization. A total 35 (thirty-five) employees are selected for this program and already completed 682.5 training hours. The main objective of FLM is to enhance leadership and managerial skills. This program will enable participants to provide clear and engaging direction to their team members, help them to guide the workforce efficiently and finally enables the participants to provide feedback to 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:
- Emphasize more on Talent Management by implementing talent review process and succession planning
- Learning and development will continue to be a priority via implementation of individual development plan
- Establish a more robust recruitment process to achieve our future people requirement
- Continue to reward our employees with 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 as well as introduce new programs to ensure a highly engaged workforce

Company Organogram



Human Resource Accounting

BDT million

Particulars	2015	2016	2017	2018	2019
Number of Employees	100	262	541	599	854
Loan Portfolio per Employee	64.8	107.6	85.8	77.8	69.8
Customer Deposit per Employee	45.9	55.3	46.4	41.3	48.9
Revenue per Employee	6.5	4.6	3.1	3.3	3.0
Operating Cost per Employee	2.0	1.9	1.4	1.3	1.4
Operating Profit per Employee	4.5	2.8	1.7	2.0	1.6
Net Profit per Employee	2.4	1.7	0.8	0.8	0.8
Staff Benefit Cost per Employee	1.0	0.8	0.7	0.7	0.8
Staff Cost as a % of Operating Expense	52.23%	43.82%	51.74%	52.74%	57.73%

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.

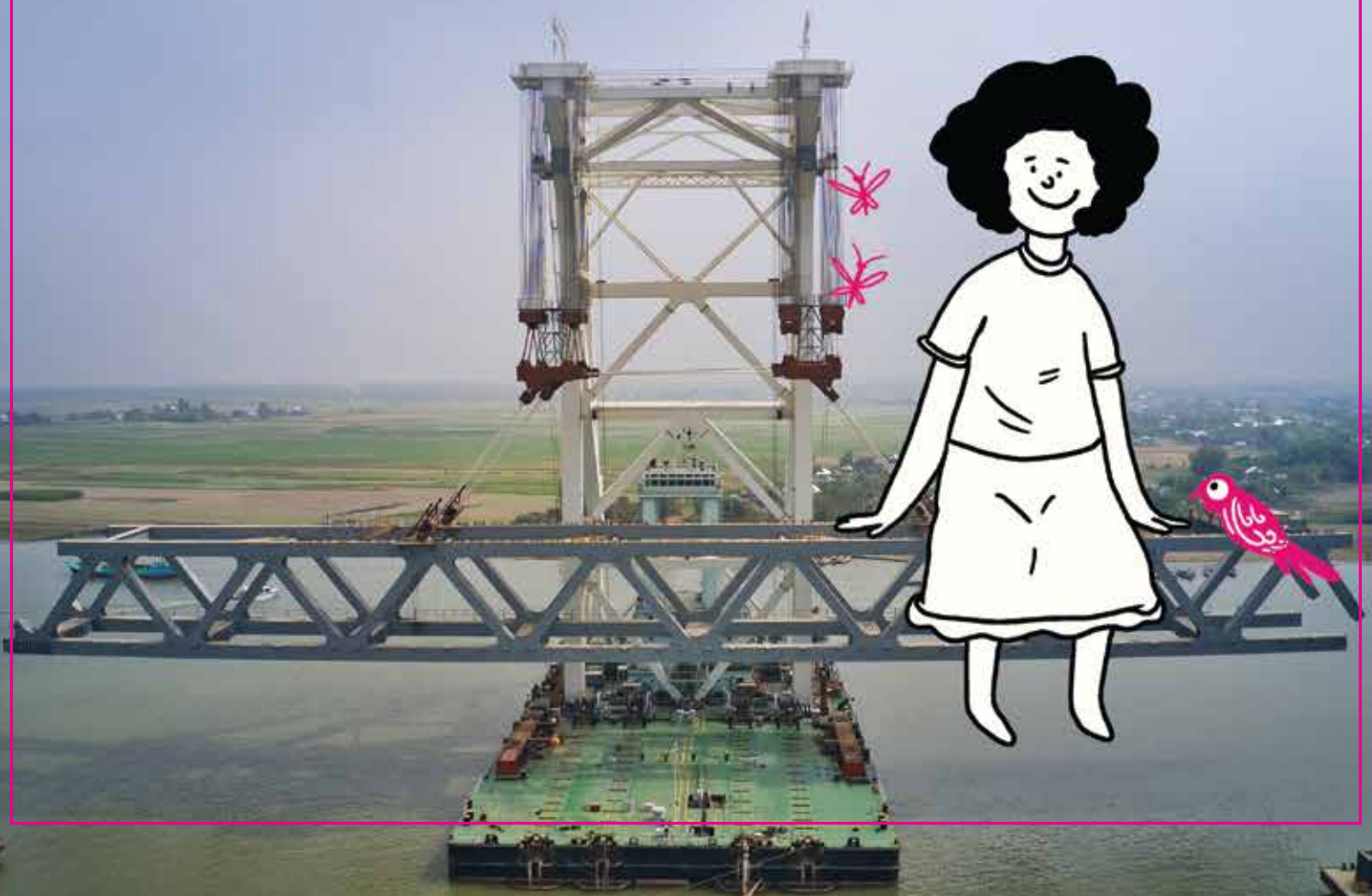
Performance in 2019

Loan portfolio per employee remained consistent with current industry standard in 2019. Customer deposit per employee increased given that IPDC achieved 50.8% growth in customer deposits in 2019. Staff cost as a percentage of operating profit increase from 52.74% in 2018 to 57.73% in 2019. This is mainly since other infrastructural changes such as new branch offices were minimal compared to the growth in human resource. Although operating profit per employee dipped to BDT 1.6 million in 2019 compared to BDT 2.0 million in 2018, Net profit per employee remained consistent driven by lower provisioning requirement from classified loans.

Outlook

As employee base of IPDC grew significantly from 599 to 854 in 2019, productivity decreased in 2019 considering that gestation period for new employees in the financial sector is generally higher than other industries. Most of the new recruitment 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 goes live.

BUILDING THE FUTURE



Social and Relationship Capital

Dashboard

Material Issues	2019 Highlights	Challenges	Long-term Strategy
Stakeholder management	Introduced integrated annual report to address material issues raised by all the 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	Supported projects to improve the level of financial literacy by raising awareness through training activities.	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 2018. 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. Although the tax rate for financial institutions was revised down to 37.5% from 40.0%, 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

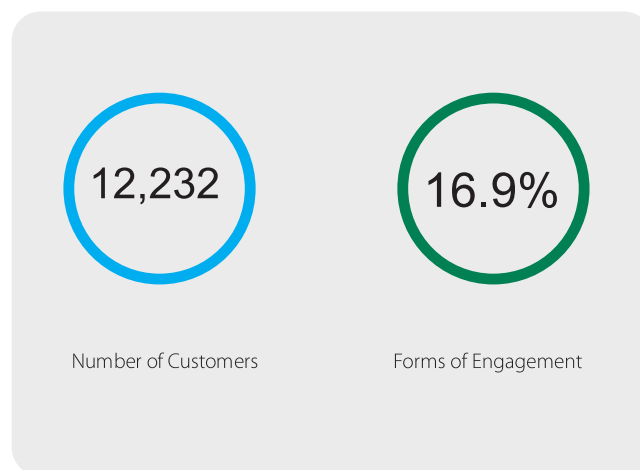


Customers

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

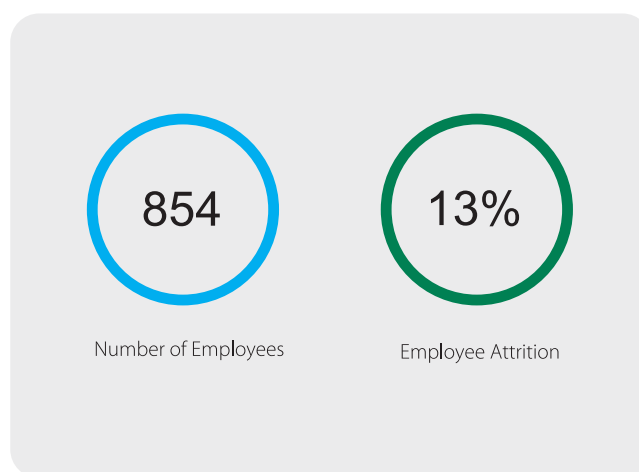
Material Issues	Status as of 2019	Long-term Initiatives/Commitments
Safety of deposits	With a credit rating of AAA, IPDC stands as a trustworthy organization. Our strong management team and board ensures that the organization's financial health remain steady	Diversifying the portfolio with more focus 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 and forming dedicated teams for loan disbursement of strategic products such as affordable home loan allowed IPDC to reduce disbursement time significantly in 2019.	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	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 2019 to simplify customer on boarding process. 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 employ 854 people as of 31 December 2019 and we invest significant resources in ensuring our status as an employer of choice.

Customer Attrition

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 2019	Long-term Initiatives/Commitments
Career progression opportunities and talent retention	Ensured best performing individuals have unbiased access to career ladder. To improve skill and knowledge set of employees, access to corporate trainings, e-learning module for all was also bought forth	We will encourage effective career practices for motivated and skilled human resources.
Knowledge and skill Enhancement	Our training expense for the year 2019 is BDT 9.3mn with 15,024-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

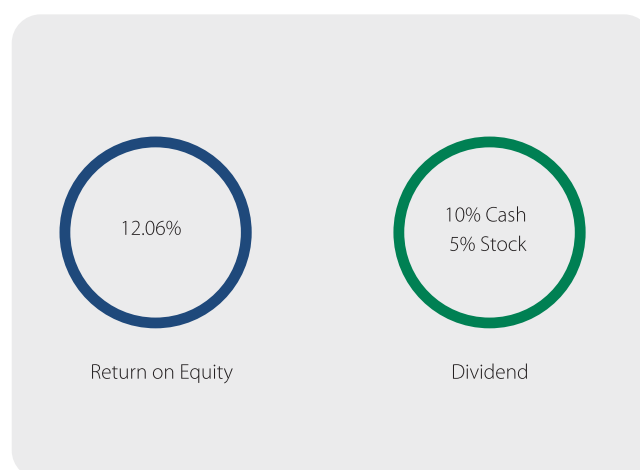
Further details on employee related initiatives can be found in the Human Capital Section of this report

Investors

As a major source of capital, Investors require sustainable growth and information on a continuous basis to track IPDC's performance and achievements in enhancing shareholder wealth.

Forms of Engagement

Engagement Method	Frequency of Engagement
Website	Regular
Print Media	As Necessary
Email	As Necessary
Investors Meet	Quarterly
Postal Service	As Necessary
Annual Report	Annually
Extraordinary General Meeting	As Necessary
Annual General Meeting	Annual



Ways We Create Value for Our investors

Material Issues	Status as of 2019	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. 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 included is closures of all mandatory as well as supplementary information through websites as well as AGM/EGM. Additionally, we have been organizing Investors Meet on quarterly basis to communicate strategy updates to our investors. Our Annual Report 2018 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 2019.	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

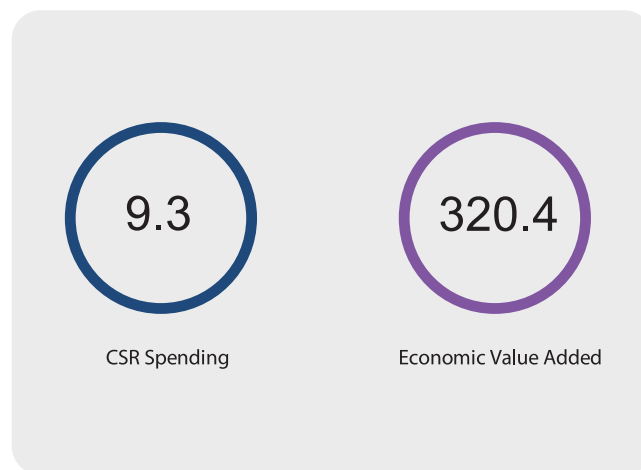
Material Issues	Status as of 2019	Long-term Initiatives/Commitments
Compliance with contractual terms	We engage in mutually beneficial and sustainable relationships with our suppliers in an environment of equity, mutual respect and honesty. There have been no incidents in 2019 where IPDC failed to meet 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 bottle necks to make the payment process faster while maintaining all the compliance standards. In this regard, we have introduced electronic fund transfer in 2019 to make the payment process to suppliers fast and seamless	Yearly review of the payment process to make sure that we have the best practices in the industry in this area
Transparent procurement process	Our policies require us to go for competitive procurement activities and bidding processes that foster equal opportunity so that qualified suppliers can provide products and services that meet our requirements.	We will continue to update our policy and practices to maintain high compliance standards in procurement which will ensure a transparent procurement process

Communities and Societies

IPDC interacts with many other people and groups who are not directly involved with the business activities of the company but have significant influence on it. These includes local residents, community development groups, environmental and development organizations, citizen associations, and non-governmental organizations (NGOs).

Forms of Engagement

Engagement Method	Frequency of Engagement
Website	Regular
CSR Initiatives	As Necessary
Social Media	Regular
Marketing Events	Regular
Press Releases	As necessary
Annual Report	Annual



Ways We Create Value for Our Communities and Societies

Material Issues	Status as of 2019	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 Suppliers

Material Issues	Status as of 2019	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 been 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

BDT million

Value Added	2015	%	2016	%	2017	%	2018	%	2019	%
Net Interest Income	431.4	92.4%	638.1	100.0%	1,072.6	127.5%	1,698.3	130.8%	1,942.8	118.1%
Commission, Exchange & Brokerage	7.6	1.6%	36.2	5.7%	82.2	9.8%	89.2	6.9%	78.2	4.8%
Investment Income	55.4	11.9%	47.2	7.4%	65.5	7.8%	63.3	4.9%	115.2	7.0%
Other Income	145.5	31.2%	119.8	18.8%	25.3	3.0%	23.6	1.8%	29.6	1.8%
Management expenses excluding salaries & allowances, depreciation	(71.4)	-15.3%	(169.4)	-26.5%	(245.3)	-29.2%	(314.2)	-24.2%	(330.3)	-20.1%
Provision for doubtful losses	(101.6)	-21.8%	(33.6)	-5.3%	(159.0)	-18.9%	(262.3)	-20.2%	(190.8)	-11.6%
Total Value Added by The Company	466.9	100.0%	638.4	100.0%	841.2	100.0%	1,298.0	100.0%	1,644.6	100.0%

Distribution of Value

BDT million

Value Added	2015	%	2016	%	2017	%	2018	%	2019	%
Employees										
As salaries & allowance	101.4	21.7%	148.9	23.3%	296.4	35.2%	396.4	30.5%	566.5	34.4%
Provider of Capital										
Dividends to shareholders	114.8	24.6%	252.5	39.6%	303.0	36.0%	363.6	28.0%	327.2	19.9%
Government										
As taxes	104.0	22.3%	164.9	25.8%	178.3	21.2%	410.6	31.6%	431.1	26.2%
Expansion & Growth										
Retained as capital and reserve	125.4	26.9%	50.6	7.9%	32.4	3.9%	86.4	6.7%	235.2	14.3%
Depreciation	21.3	4.6%	21.5	3.4%	31.1	3.7%	41.0	3.2%	84.5	5.1%
Total Distribution of Value Addition	466.9	100.0%	638.4	100.0%	841.2	100.0%	1,298.0	100.0%	1,644.6	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.

BDT

Particulars	2015	2016	2017	2018	2019
Withholding Tax					
Salary	5,394,367	6,702,916	12,217,971	15,657,755	23,146,650
Interest on savings deposit	44,715,300	53,479,479	126,922,185	233,384,657	349,449,706
Payment of Supplier	457,371	711,630	3,037,770	3,021,168	4,738,528
House Rent	339,093	472,614	568,844	802,266	1,155,978
Dividend Payment	7,393,084	-	-	-	15,000,000
Payment for Professional & Technical Services	1,387,330	850,858	2,247,562	2,256,081	4,326,115
Others	139,423	463,676	2,573,147	4,869,229	18,729,582
Total Withholding Tax	59,825,968	62,681,173	147,567,479	259,991,156	416,546,559
VAT					
House Rent	601,464	1,424,666	2,708,935	3,349,095	4,391,499
Processing, Documentation Fee etc.	644,033	4,184,046	11,853,636	13,193,414	12,323,267
Procurement of goods and services	946,769	1,045,469	4,326,735	4,291,885	6,736,513
Legal, Professional & Technical Fees	1,941,461	1,005,546	2,039,121	2,417,629	6,436,705
Director Fees	67,500	183,600	184,800	122,400	68,400
Promotion	186,144	406,731	9,017,581	7,362,233	4,170,241
Others	135,519	517,891	2,684,555	5,137,532	8,169,290
Total VAT	4,522,890	8,767,949	32,815,363	35,874,188	42,295,915
Corporate Tax	47,506,104	141,525,976	135,257,010	281,745,290	392,364,068
Excise Duty	6,635,370	5,014,740	8,675,900	26,730,250	39,289,100
Total Paid to Government Exchequer	118,490,332	217,989,838	324,315,752	604,340,885	890,495,642

The collective contribution to the National Exchequer for the last five years was BDT 2,156 million, of which, BDT 890.5 million (41.3%) was made in 2019 alone. Out of total BDT 890.5 million, BDT 392.4 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 go 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 risk 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 administrating activities related to green banking issues.

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

THE BIGGER PICTURE



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	2019 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 financing of renewable energy resources and promoting efficient use of energy
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.

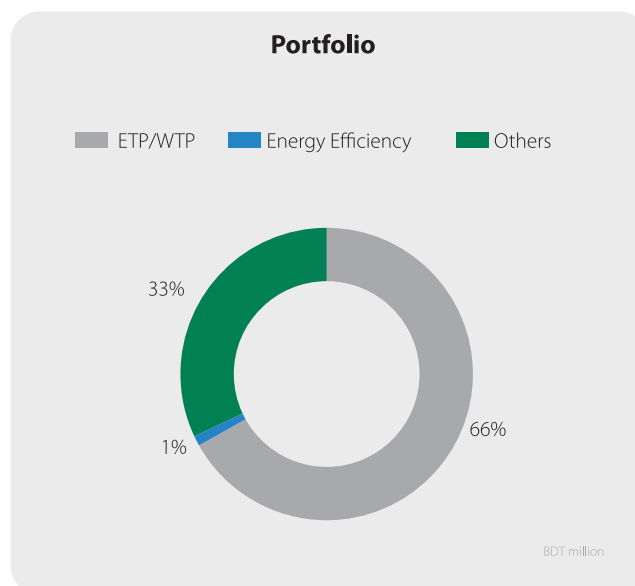
After integrating ESRM Policy directed by Bangladesh Bank, IPDC has started to work on developing and integrating its proprietary Environmental & Social Management System (ESMS) and Environmental & Social Due Diligence System (ESDD) with the help of Japan International Cooperation Agency (JICA), German 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 in regard to 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 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 donot 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 airconditioning 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



BRINGING THE LIGHT



Our Approach to Sustainability

With over 38 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 sustainable impact, because we believe that sustainable business is smart business.

The focus of this report is to highlight the impacts IPDC had on a wide range of sustainability matters and allow transparency regarding the related risks and opportunities that lie ahead. The year 2019 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, 2019 to December 31, 2019. 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, Uchchash School, PriyoShikkhokShommanona, and Priti are among many of the colorful initiatives undertaken by IPDC in 2019.

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

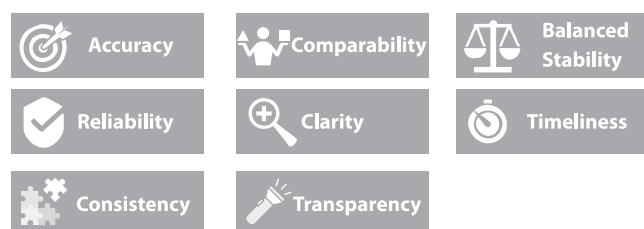
Stakeholder Inclusiveness

Sustainability Context

Materiality

Completeness

Furthermore, the following issues were considered in determining the quality of the report:



The approach towards sustainability related initiatives has been shaped with the understanding of importance of value that stands the test of time. Thus, sustainability context is the most important aspect of IPDC's business initiatives and reporting. And it 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 it focuses 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
Mr. Kyser Hamid	DMD & Head of Retail Finance
Ms. Sharmeen F Annie	GM & Chief Human Resource Officer
Mr. Zakir Hossen	GM & Head of Central Operation
Mr. Md. Ashique Hossain	GM & Head of Credit Risk Management
Mr. 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	AGM & Chief Financial Officer (CFO)
Ms. Mahzabin Ferdous	AGM & Head of Brand and Corporate Communication
Ms. Savrina Arifin	DGM & Head of Distribution & Retail Business
Mr. Sikder Fazle Rabbi	FAGM & Head of Treasury
Mr. Md. Barkat Ullah	Manager & Head of General Service & Security
Mr. Imran Khan	AGM, & Member of Sustainable Finance Unit

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 2019, 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

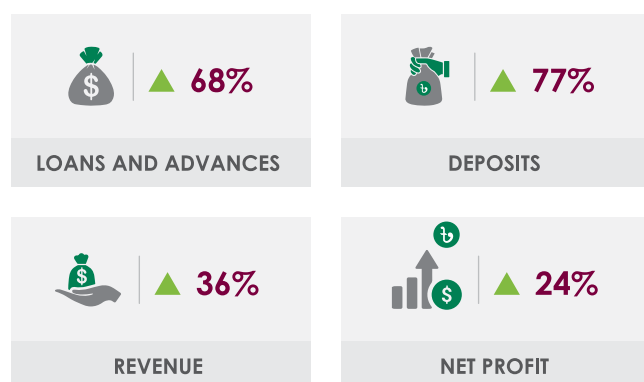
Climate change, depleting natural resources, excess growth in population – all are posing significant social, environmental and economic risks. To replenish the resources to meet the growing needs and demand of the future generation, we require innovative solutions and adequate finance. People expect 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 both inside IPDC and in the relationships with stakeholders. IPDC engaged more with the local communities by providing services and facilitating underserved people across the country through knowledge and resources which we will discuss in later sections in details. 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 (2015 – 2019 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. IPDC's 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 2019

IPDC once again outperformed the market in 2019 in terms of both balance sheet growth and profitability. Our CAGR (2015-2019) of 24% in net profit is a demonstration of our ability to generate sustainable profit for our investors.

Balance Sheet Growth

Our CAGR (2015-2019) for loan portfolio and deposit was 68% and 77% 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. We plan to continue this growth momentum. With per capita income of the people increasing at a rapid rate, expenditure will increase manifold. 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 declining spread in 2019 due to the significant market swings, IPDC was still able to maintain a healthy profit growth. 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 customer experience by serving our customers with passion and honesty, 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 1.57% in 2019 against 2.14% 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 two independent Directors and an ex-officio member, ensures that the activities of IPDC are conducted with highest ethical standards and in the best interest of all its stakeholders. These objectives are achieved through various committees including Board Audit Committee, Board Executive Committee, Management Committee, ALCO etc. The internal auditor is independent of management and reports directly to the Audit Committee.

To safeguard the interests of stakeholders, IPDC has adopted the following core values:

- Addressing client needs promptly, impartially and with utmost importance.
- Continuing to develop the employees' potential and skills at all levels within organization by rewarding outstanding performance and promoting from within to develop a climate of high expectation and achievement.
- Remaining quality-minded and devoted to upholding our corporate culture.
- Continuing its personal and corporate involvement in activities benefiting the society and nation.
- Upholding the values of the communities.
- Pledging to remain alert to economic changes which affect our businesses, and to respond to ever-changing market demands.
- Continuing to confront all challenges through planning, balanced diversification and orderly growth.
- Taking responsibility towards the shareholders very seriously and is committed to be a model for others to follow.

Financial Empowerment through our Products and Services

Given the vital economic role that SMEs play in reducing unemployment rates and alleviating poverty in the community, we have continued our support to the SMEs sector. We are one of the leading players in supply chain finance and have a focus on building a platform for our SMEs to optimize their financial performance through Supply Chain Financing. In 2019, IPDC successfully implement the first every supply chain platform backed by Block Chain Technology – Orjon. The new platform will assist in the development and growth of the supply chain finance market size.

Our growth in SME segment with a CAGR of 110.9% is proof of our continued commitment in creating entrepreneurs.

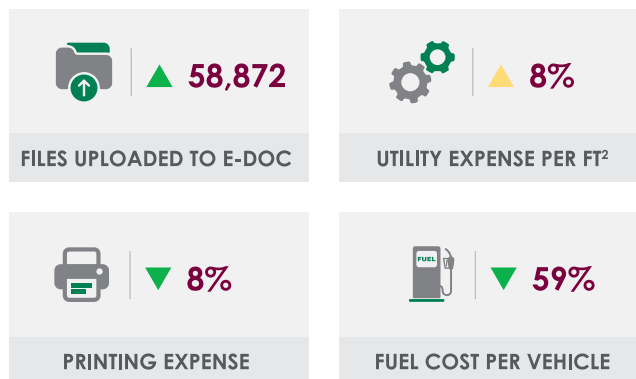
Outlook

Planned initiatives to increase the sustainability of our business includes:

- Increasingly focus our efforts in 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 impact its operations have 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. 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 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 videoconferencing 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 Uchchash Social Club is responsible for several social and environmental initiatives which were taken up such as Public transport day, Clean Workstation Day and so on. To amass all the moral ingenuities that could not be catered within the scopes of the organization, IPDC family takes it upon themselves in bringing changes and creating stories rather. IPDC is also the first ever organization to include voluntary hours in its job scope as well.

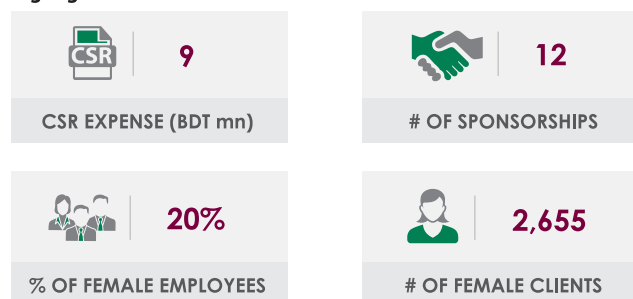
Outlook

Planned initiatives to increase the sustainability of our environment includes:

- Greater participation in community effort to bring down waste and promote green initiatives
- Initiating the idea of green branches
- Reduced paper usage through investing in IT infrastructure.
- Green financing through refinancing scheme

People and Communities

Highlights



As a responsible corporate citizen, IPDC is focused on caring 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 2018, our team expanded and diversified from different angles:

- Age: average age at 33 years.
- Size: expanded from 599 to 854 members.
- Gender: 20% female employees (of total employee base)

Education

With the AMAL Foundation, IPDC operates the Uchchash 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.

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, Shushomais headed by an exceptional team of women leaders.

Unsung Women Nation Builders Awards was held for the third time in 2019. Recognizing that women have always played a pivotal role in the development of Bangladesh, but the same from the underprivileged class have not always been featured strongly in the country's success narratives, The Daily Star, in association with IPDC, took the initiative to honor these unsung heroes of the nation and provide them with a platform where their inspirational stories could be celebrated.

2019 saw the launching of two specialized financial products focusing solely on empowering women – Priti and Joyee. Priti is a package offering an array of features such as economic prosperity, financial security, and medical care aimed to improve the quality of life of the Bangladeshi women and offering a gateway to financial independence. On the other hand, Joyee focuses on women entrepreneurs. With a lending rate below the market, Joyee aims to improve access to capital to women, paving the way to financial independence.

IPDC has also launched the Bhalo Basha home loan scheme in 2019 – an affordable solution to attaining home ownership. It aims to address the underserved geographical regions beyond Dhaka and Chattogram.

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

At the end of 2019, IPDC's outstanding portfolio through refinancing schemes stood at BDT 2,119 million. These refinancing schemes are aimed at promoting development across various segments throughout the economy.

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. In light of 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

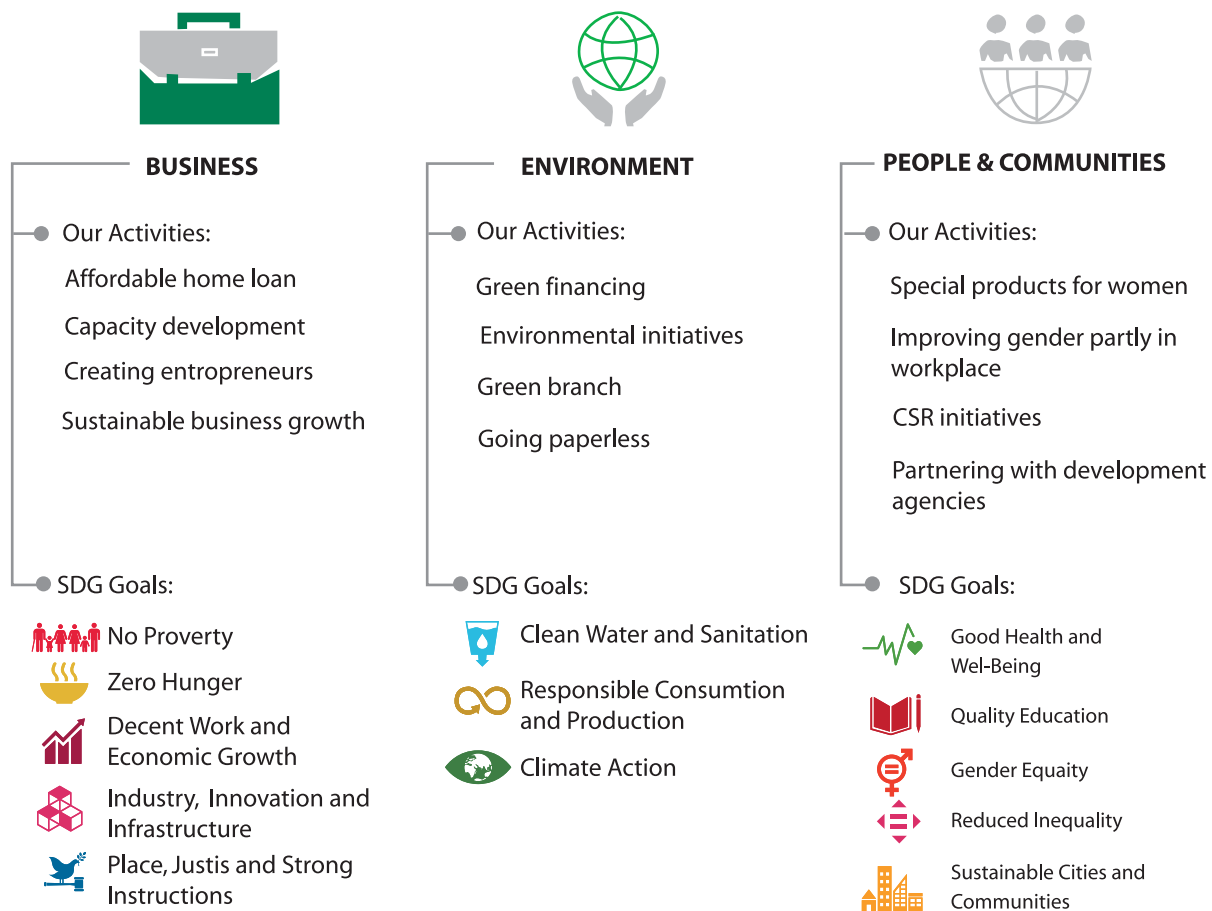
Sustainability Scorecard

Performance Indicators	2017	2018	2019
Customers Access to Finance			
Number of customers	4,204	6,385	12,232
Number of branches	12	12	12
Refinancing Portfolio (BDT mn)	460	1,371	2,119
Loans to corporate (BTD mn)	19,079	21,715	24,288
Loans to SME (BTD mn)	8,408	12,395	14,499
Loans to individuals (BTD mn)	6,980	10,215	11,939
No. of Priti Accounts	-	-	437
Investment in Employees			
Permanent	362	423	560
Outsourced/Contractual	181	176	294
New recruitments	409	254	428
Attrition rate of permanent employee (%)	22%	24%	13%
% of Female permanent employees (%)	18%	20%	20%
Average training hours per headcount	38	19	21
Training expenditure per headcount(BDT)	19,481	15,446	12,831
Employee salary and benefits (BTD mn)	296	396	566
Return to Investors			
Revenue (BTD mn)	1,246	1,875	2,166
Operating profit (BTD mn)	673	1,123	1,184
Profit after tax (BTD mn)	335	450	562
Economic value added (BDT mn)	233	393	320
Market value added (BDT mn)	5,998	4,560	3,472
Dividends distributed (BTD mn)	303	363	327
Dividends declared (%)	20%	15%	15%
Business to Suppliers			
Payment to Suppliers (BTD mn)	269	275	314
Total capital expenditure (BDT mn)	69	74	250
Responsibility towards Communities and Society			
CSR contribution (BTD mn)	5	4	9
Utility expense per square feet (BTD)	190	199	214
Printing & stationery expense per employee (BTD)	15,164	8,163	6,834
Fuel cost per employee (BDT)	22,370	20,258	12,159
Travelling expense per employee (BTD)	26,610	31,410	35,316
Contribution to Regulators and Policy Makers			
Penalty for breach in compliance	-	-	-
Corporate tax to government (BTD mn)	324	604	890

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.



**SUSTAINABLE
DEVELOPMENT**

GOALS

Creating Sustainable Value for Our Stakeholders _____

IPDC is aware of the impact of its activities at every stage of its operations and conducts regular dialogue with its stakeholders. The company enhanced its non-financial reporting disclosures to include sustainability reporting for the first time in our Annual Report 2016 and we continued to build on our efforts; so that stakeholders can gain insight into our approach for sustainability.

Stakeholder	How we engage our stakeholders	How we create value in long term
Customers	• Customer relationship teams • Micro marketing events • Print media • Social network	• Ensuring safety of their deposits • Providing financial services fast and Efficiently
Employees	• Team building events • Townhalls • Employee recreation club • Training programs	• Ensuring a good work life balance • Career progression opportunities
Investors	• Annual general meeting • Postal service • Website • Print media • Investors meet	• Higher returns on investment • Efficient risk management to optimize return • Transparent communication
Suppliers	• One-on-one meeting • Email • Verbal communication	• Transparent procurement policy • Fast payment for services
Communities and Society	• Social media • Website • CSR initiatives	• Optimizing resource usage in branches • Partnering with agencies for community Development
Regulators and Policy Makers	• Meetings • Letters • Verbal communication • Email	• On time regulatory reporting • Effective corporate governance

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		16
102-2	Activities, brands, products, and services		7
102-3	Location of headquarters		16
102-4	Location of operations		16, 22
102-5	Ownership and legal form		16
102-6	Markets served		20-21
102-7	Scale of the organization		7, 8-9, 16-17, 85
102-8	Information on employees and other workers		220-231
102-9	Supply chain		1170-172
102-10	Significant changes to the organization and its supply chain		36-37
102-11	Precautionary principle or approach		N/A
102-12	External initiatives		24-35
102-13	Membership of associations		17
STRATEGY			
102-14	A statement from the most senior decision-maker of the organization		54, 58, 74, 81, 85
102-15	Key impacts, risks, and opportunities		159, 179
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior		18
102-17	Mechanisms for advice and concerns about ethics		18
GOVERNANCE			
102-18	Governance structure		96
102-19	Delegating authority		229
102-20	Executive-level responsibility for economic, environmental, and social and societal topics		38
102-21	Consulting stakeholders on economic, environmental, and social and societal topics		14-15, 232
102-22	Composition of the highest governance body and its committees		38
102-23	Chair of the highest governance body		101
102-24	Nominating and selecting the highest governance body		99
102-25	Conflicts of interest		-
102-26	Role of highest governance body in setting purpose, values, and strategy		101
102-27	Collective knowledge of highest governance body		98-103
102-28	Evaluating the highest governance body's performance		101
102-29	Identifying and managing economic, environmental, and social and societal impacts		177
102-30	Effectiveness of risk management processes		96
102-31	Review of economic, environmental, and Social and societal topics		54
102-32	Highest governance body's role in sustainability reporting		-
102-33	Communicating critical concerns		-
102-34	Nature and total number of critical concerns		14
102-35	Remuneration policies		119, 128
102-36	Process for determining remuneration		119, 128
102-37	Stakeholders' involvement in remuneration		119, 128
102-38	Annual total compensation ratio		-

GRI Standards Disclosure		Location/ explanation	Page number
102-39	Percentage increase in annual total compensation ratio		-
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups		233
102-41	Collective bargaining agreements		N/A
102-42	Identifying and selecting stakeholders		14
102-43	Approach to stakeholder engagement		233
102-44	Key topics and concerns raised		233
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements		N/A
102-46	Defining report content and topic boundaries		14, 264
102-47	List of material topics		14, 264
102-48	Restatements of information		N/A
102-49	Changes in reporting		N/A
102-50	Reporting period		282
102-51	Date of most recent report	Annual Report 2018	
102-52	Reporting cycle		282
102-53	Contact point for questions regarding the report		16
102-54	Claims of reporting in accordance with the GRI Standards		-
102-55	GRI content index		259
102-56	External assurance		17
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary		233
103-2	The management approach and its components		233
103-3	Evaluation of the management approach		-
GRI 201: ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed		240
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		35
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 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		-
207-2	Tax governance, control, and risk management		-
207-3	Stakeholder engagement and management of concerns related to tax		-

GRI Standards Disclosure		Location/ explanation	Page number
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		253
302-2	Energy consumption outside of the organization		253
302-3	Energy intensity		-
302-4	Reduction of energy consumption		253
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		
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		-
305-4	GHG emissions intensity		-
305-5	Reduction of GHG emissions		-
305-6	Emissions of ozone-depleting substances (ODS)		-
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		-
306-2	Waste by type and disposal method		-
306-3	Significant spills		-
306-4	Transport of hazardous waste		-
306-5	Water bodies affected by water discharges and/or runoff		-
GRI 307: ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	No Non-Compliance	
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		220-231
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		220-231
401-3	Parental leave		220-231

GRI Standards Disclosure		Location/ explanation	Page number
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		-
403-5	Worker training on occupational health and safety		-
403-6	Promotion of worker health		-
403-7	Prevention and mitigation of occupational health and safety		-
	impacts directly linked by business relationships		-
403-8	Workers covered by an occupational health and safety management system		-
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		-
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 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 Standards Disclosure		Location/ explanation	Page number
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		-

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

SHAPING TOMORROW



Declaration by CEO and CFO

Date: 17 February 2020

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 2019

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 2019 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 2019 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 (Acting)

FINANCIAL STATEMENTS



Independent Auditor's Report to the Shareholders of IPDC Finance Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IPDC Finance Limited (the "Company"), which comprise the balance sheet as at 31 December 2019 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 and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and its financial performance and its cash flows for the year 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 Auditors' 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), 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
Measurement of provision for loans, advances and leases	
The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex. For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates. At year end the Company reported total gross loans, advances and leases of BDT 50,725,778,746 (2018: BDT 44,325,273,003) and provision for loans and advances of BDT 800,312,932 (2018: BDT 648,174,156).	We tested the design and operating effectiveness of key controls focusing on the following: • Credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed 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 general and specific provisions in line with related Bangladesh Bank guidelines; • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
See note no 8 and 14 to the financial statements	

Impairment assessment of unquoted investments	
In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment.	We have assessed the processes and controls put in place by the Company to ensure all major investment decisions are undertaken through a proper due diligence process. We tested a sample of investments valuation as at 31 December 2019 and compared our results to the recorded value. Finally we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
See note no 7 to the financial statements	
IT systems and controls	
Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.	We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Company's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.
Implementation of IFRS 16 Leases	
IFRS 16 modifies the accounting treatment of operating leases at inception, with the recognition of a right of use (ROU) on the leased asset and of a liability for the lease payments over the lease contract term. With respect to operating leases of premises used by the Company, at inception of the lease, the lessor receives a right of using the premises, in exchange of a lease debt, using an implicit discount rate. Our key audit matter was focused on all leasing arrangements within the scope of IFRS 16 are identified and appropriately included in the calculation of the transitional impact and specific assumptions applied to determine the discount rates for lease are inappropriate.	In responding to the identified key audit matter, we completed the following audit procedures: Assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 Leases impact on the financial statements of the Company; Assessed the appropriateness of the discount rates applied in determining lease liabilities; Verified the accuracy of the underlying lease data by agreeing to original contract and checked the accuracy of the IFRS 16 calculations through recalculation of the expected IFRS 16 adjustment; Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS.
See notes no 3.1, 9, 14, 29, 36.1 to the financial statements	

Reporting on 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 auditors' 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.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the consolidated balance sheet and consolidated 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 to be and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 950 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.



Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 23 February 2020

Balance Sheet

As at 31 December 2019

		2019	2018
Property and assets	Note	Taka	Taka
Cash	5		
In hand (including foreign currencies)		395,000	395,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		901,983,717	487,078,154
		902,378,717	487,473,154
Balance with other banks and financial institutions	6		
Inside Bangladesh		8,874,989,218	3,271,928,101
Outside Bangladesh		-	-
		8,874,989,218	3,271,928,101
Money at call and short notice		-	-
Investments	7		
Government securities		-	-
Other investments		1,570,822,111	868,808,367
		1,570,822,111	868,808,367
Loans, advances and leases	8		
Loans, cash credits, overdrafts etc.		50,725,778,746	44,325,273,003
Bills purchased and discounted		-	-
		50,725,778,746	44,325,273,003
Fixed assets including land, building, furniture and fixture	9	787,574,658	545,053,212
Other assets	10	1,536,803,435	1,008,892,664
Non banking assets	11	3,752,405	3,752,405
Total assets		64,402,099,290	50,511,180,906
Liabilities and capital			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	7,037,982,481	5,916,890,787
Deposits and other accounts	13		
Current accounts and other accounts		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		46,361,357,299	37,066,078,306
Bearer certificate of deposits		-	-
Other deposits		-	-
		46,361,357,299	37,066,078,306
Other liabilities	14	5,426,777,837	3,776,284,442
Total liabilities		58,826,117,617	46,759,253,535
Shareholders' equity			
Paid up capital	15	3,534,205,210	2,181,608,160
Share premium	16	402,627,680	167,014,000
Statutory reserve	17	662,955,660	550,461,309
Assets revaluation reserve	18	309,129,013	310,864,292
Retained earnings	19	667,064,110	541,979,610
Total shareholders' equity		5,575,981,673	3,751,927,371
Total liabilities and shareholders' equity		64,402,099,290	50,511,180,906

		2019	2018
	Note	Taka	Taka
Off-balance sheet items			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee	20	81,148,614	105,148,614
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		81,148,614	105,148,614
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		81,148,614	105,148,614
Net Asset Value (NAV) per Share	43	15.78	10.62

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



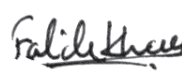
Chairman



Director



Managing Director & CEO



Chief Financial Officer
(Acting)



Company Secretary

As per our report of same date.

Dhaka, 23 February 2020


Hoda Vasi Chowdhury & Co
Chartered Accountants
HVC

Profit and Loss Account

For the year ended 31 December 2019

Particulars	Note	2019	2018
		Taka	Taka
Interest income	22	6,715,949,423	5,080,019,093
Less: Interest paid on deposits and borrowings, etc.	23	4,773,189,684	3,381,689,412
Net interest income		1,942,759,739	1,698,329,681
Investment income	24	115,160,975	63,347,080
Commission, exchange and brokerage	25	78,227,182	89,224,663
Other operating income	26	29,550,807	23,632,007
Total operating income		2,165,698,703	1,874,533,431
Salary and allowances	28	552,779,741	382,732,193
Rent, taxes, insurance, electricity, etc.	29	24,291,154	43,444,674
Legal expenses	30	49,552,789	41,936,136
Postage, stamp, telecommunications, etc.	31	9,558,394	9,160,192
Stationery, printing, advertisements, etc.	32	126,181,783	101,248,787
Managing Director's salary and allowances	33	13,695,000	13,679,676
Directors' fees	34	996,884	2,409,361
Auditors' fees	35	923,340	540,500
Charges on loan loss		-	-
Depreciation and repair of assets	36	120,189,972	68,212,215
Other expenses	37	83,146,108	88,252,460
Total operating expenses		981,315,165	751,616,194
Profit before provision		1,184,383,538	1,122,917,237
Provision for loans and advances	38	152,138,776	263,393,225
Provision/(reversal) for diminution in value of investments	39	10,126,672	(1,045,775)
Other Provisions		28,500,000	-
Total provision		190,765,448	262,347,450
Profit before tax		993,618,090	860,569,787
Provision for taxation			
Current tax expense	14.4	431,255,239	406,187,365
Deferred tax expense/ (income)	40	(108,904)	4,379,185
		431,146,335	410,566,550
Net profit after tax		562,471,755	450,003,237
Appropriations			
Statutory reserve	17	112,494,351	90,000,647
General reserve		-	-
Proposed dividend		-	-
		112,494,351	90,000,647
Retained surplus		449,977,404	360,002,590
Earnings per share (EPS)	41	1.82	1.59

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
(Acting)



Company Secretary

As per our report of same date.

Dhaka, 23 February 2020


Hoda Vasi Chowdhury & Co
Chartered Accountants
HVC

Cash Flow Statement

For the year ended 31 December 2019

	Note	2019 Taka	2018 Taka
A) Cash flows from operating activities			
Interest received		6,767,726,941	5,126,780,043
Interest paid		(4,115,460,182)	(2,825,424,863)
Dividend received		49,633,484	35,914,111
Fee and commission received		78,227,182	89,224,663
Recoveries of loan previously written off		28,562,370	20,689,836
Payment to employees		(566,474,741)	(400,177,834)
Payment to suppliers		(313,922,837)	(275,395,890)
Income taxes paid		(392,364,068)	(281,745,290)
Receipt from other operating activities		954,670	954,511
Payment for other operating activities		-	-
Cash generated from/(used in) operating activities before changes in operating assets and liabilities		1,536,882,820	1,490,819,287
Changes in operating assets and liabilities			
Statutory deposits		-	-
Sale of trading securities		-	-
Loans and advances to other banks		(602,801,254)	17,997,600
Loans and advances to customers		(5,797,704,489)	(9,876,315,228)
Other assets		(76,094,817)	(41,868,860)
Deposits from other banks and financial institutions		(2,674,868,739)	2,410,387,500
Deposits from customers		11,970,147,732	4,908,828,798
Other liability accounts of customers		-	-
Trading liabilities		(192,427,874)	85,774,406
Other liabilities		196,202,212	166,178,999
Cash received/(paid) from operating assets and liabilities		2,822,452,772	(2,329,016,785)
Net cash from operating activities		4,359,335,591	(838,197,498)
B) Cash flows from investing activities			
Proceeds from sale of securities		-	-
Payments for purchase of securities		(702,013,744)	(206,075,787)
Purchase of property, plant and equipment		(218,023,402)	(100,220,972)
Sale proceeds of property, plant and equipment		3,360,327	6,706,067
Net cash (used in)/ from investing activities		(916,676,819)	(299,590,692)
C) Cash flows from financing activities			
Receipts from issue of loan and debt securities		633,083,465	535,062,759
Payments for redemption of loan and debt securities		-	-
Receipts from issue of ordinary share		1,413,682,080	-
Receipts/(payments) of long term loan		680,436,103	1,081,971,476
Dividends returned/(paid) in cash		(151,893,740)	10,991
Net cash (used in)/ from financing activities		2,575,307,908	1,617,045,226
D) Net increase in cash (A+B+C)		6,017,966,680	479,257,036
E) Effect of changes in exchange rate over cash and cash equivalents		-	-
F) Cash and cash equivalents at 1 January		3,759,401,255	3,280,144,219
G) Cash and cash equivalents at the end of the year (D+E+F)		9,777,367,935	3,759,401,255
Net Operating Cashflow per Share (NOCFPS)	44	12.33	(2.37)

Statement of Changes in Equity

For the year ended 31 December 2019

Particulars	Paid up capital	Share premium	Statutory reserve	Assets revaluation reserve	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 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	-	-	-	1,413,682,080
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
Balance as at 31 December 2018	2,181,608,160	167,014,000	550,461,309	310,864,292	541,979,610	3,751,927,371

Liquidity Statement

(Assets and liabilities maturity analysis)

As at 31 December 2019

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)	902,378,717	-	-	-	-	902,378,717
Balance with other banks and financial institutions	1,854,642,005	3,339,500,000	3,680,847,213	-	-	8,874,989,218
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	4,375,000	1,339,705,528	226,741,583	1,570,822,111
Loans and advances	1,848,045,539	7,916,375,261	13,604,785,776	20,490,075,101	6,866,497,069	50,725,778,746
Fixed assets including land, building, furniture and fixture	-	-	-	-	787,574,658	787,574,658
Other assets	-	-	-	-	1,536,803,435	1,536,803,435
Non banking assets	-	-	-	-	3,752,405	3,752,405
Total assets	4,605,066,261	11,255,875,261	17,290,007,989	21,829,780,629	9,421,369,151	64,402,099,290
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	449,645,665	874,968,847	2,846,537,614	2,536,830,355	330,000,000	7,037,982,481
Deposits	3,079,476,440	9,621,749,088	12,910,853,326	12,135,328,753	8,613,949,692	46,361,357,299
Other accounts	-	-	-	-	-	-
Provision and other liabilities	937,115,304	367,797,323	964,334,685	430,233,782	2,727,296,743	5,426,777,837
Total liabilities	4,466,237,408	10,864,515,258	16,721,725,626	15,102,392,890	11,671,246,435	58,826,117,617
Net liquidity gap	138,828,853	391,360,003	568,282,363	6,727,387,738	(2,249,877,284)	5,575,981,673

Notes to the financial statements

As at and for the year ended 31 December 2019

1. Reporting entity

1.1. Company profile

With a mandate to promote economic growth in the country, IPDC Finance Limited (Formerly named as Industrial Promotion and Development Company of Bangladesh Limited) herein after 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 including head office located at Gulshan, Dhanmondi, Motijheel, Uttara, Chattagram, 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 Act, 2015 (FRA) has been enacted during the year 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is empowered to issue financial reporting standards for public interest entities such as Financial Institutions (FIs). The Financial Institutions Act, 1993 has been amended as required to comply for the preparation of their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as adopted in Bangladesh are still applicable.

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 23 February 2020.

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 will strictly be 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 these templates there are 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.	Off-balance sheet items	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.
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.

S.L	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
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 will strictly be followed by all banks and 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 190.77 million and deferred tax assets of BDT 71.54 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.
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. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.	In Financial Statements, provision has been kept for 31 December 2019 equivalent to BDT 152.14 million as per Bangladesh Bank guidelines among which BDT 118.40 million is general provision on good loan. Also, as at 31 December 2019, accumulated provision for lease, loan and advances stand at BDT 800.31 million.

S.L	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
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 asset value is higher than cost for all unlisted equity investment and full provision was kept for the listed equity investment.
12.	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	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 188.74 million from BDT 135.06 million resulting increase of BDT 53.68 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-9 "Financial Instruments"	IFRS 9 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 9. As such some disclosure and presentation requirements of IFRS 9 have not been made in the accounts.	Presentation of financial statements is not fully aligned with all requirements of IAS.

2.3 Functional and presentation currency

The 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 effect in the year ending 31 December 2019 is included in the following notes:

- a) Note 10.1.2 Deferred tax assets
- b) Note 14.1 Cumulative provision for loans, advances and investments
- c) Note 14.3 Measurement of defined benefit obligation (provision for gratuity)
- d) Note 14.4 Provision for corporate tax
- e) Note 14.8 Provision for expenses
- f) Note 14.9 Deferred tax liabilities
- g) Note 18 Assets revaluation reserve
- h) Note 20 Letters of guarantee (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 including head office, having no overseas branch as at 31 December 2019. 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 preparation and 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 2019 as in financial statements for 2018.

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 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	Amount
Depreciation charge for right-of-use assets by class of underlying asset;	25,625,712
Interest expense on lease liabilities;	7,992,299
Total cash outflow for leases;	26,809,442
Additions to right-of-use assets;	106,968,949
Carrying amount of right-of-use assets at the end of the period	25,625,712

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:

	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 a 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 (NBFI) 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 2019, the company sets aside Tk. 7.00 million charging its profit and loss account over the periods to cover unrealised loss against quoted securities.

4.7.7 Information and communication technology risk

IPDC adheres to the IT Security policies and procedures in line with ICT Security guideline of Bangladesh Bank. To prevent attack from Cyber criminals/fraudsters, IPDC IT has established standard physical and logical security measures for all sensitive IT infrastructures (e.g. Data Centre, Disaster Recovery Site, etc.). Besides, IPDC has standard logical IT security measures like access control system, intrusion detection, access log and periodic security assessment for all systems. Vulnerability assessment exercises, both internally and externally, are conducted regularly to identify security weakness and implementing control for mitigation.

IPDC has Business Continuity Committee (BCC) to manage any manmade or natural incident/disaster. IT Security team has also taken initiatives to create awareness about cybersecurity among all IPDC employees and customers through retail and corporate channels. We have separate information system audit to identify control gaps and improve continually.

4.8 Contingent liabilities and contingent assets

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company is 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
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their payment/adjustments schedule.

4.10 Events after the balance sheet date

All material events occurring after the balance sheet date have been considered and where necessary, adjusted for or disclosed in note no. 45 of these financial statements.

4.11 Comparatives and reclassification

Comparative information have been disclosed in respect of 2018 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 2019
- ii) Profit and loss account for the period ended 31 December 2019
- iii) Cash flow statement for the period ended 31 December 2019
- iv) Statement of changes in equity for the year ended 31 December 2019
- v) Notes to the financial statements as at and for the year ended 31 December 2019

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. BSEC/CMRRCD/ 2006-158/ 208/Admin/81 dated 20 June 2018.
- (b) Figures in these notes and the accompanying financial statements have been rounded off to the nearest Taka.
- (c) Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.
- (d) Company Balances shown in the accounts are duly reconciled.

4.16 Compliance of International Financial Reporting Standard (IFRS)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	IFRS-1	Not applicable
Share Based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied with some departures (note 2.1)
Operating Segments	IFRS-8	Applied with some departures (note 2.1)
Consolidated Financial Statements	IFRS-10	Not applicable
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interests in Other Entities	IFRS-12	Not applicable
Fair Value Measurement	IFRS-13	Applied with some departures (note 2.1)
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue from Contracts with Customers	IFRS-15	Applied with some departures (note 2.1)
Leases	IFRS-16	Applied *
Insurance Contracts	IFRS-17	Not applicable
Presentation of Financial Statements	IAS-1	Applied with some departures (note 2.1)
Inventories	IAS-2	Not applicable
Statement of Cash Flows	IAS-7	Applied with some departures (note 2.1)
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 2.1)
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 2.1)
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.

* IFRS 16: Lease was published on 13 January 2016 and is effective for annual periods beginning on or after 1 January 2019. IFRS 16: Lease has been adopted during the preparation of the financial statement for the year ended 31 December 2019. However, there has not been any clear instruction from regulatory authorities as to whether IFRS 16: Lease needs to be implemented or not as there are various regulatory implications associated with the implementation of IFRS 16: Lease. If there is any subsequent decision by the regulators regarding the adoption of IFRS 16: Lease, necessary changes will be made to ensure compliance.

		2019	2018
	Note	Taka	Taka
5. Cash			
Cash in hand (including foreign currencies)	5.1	395,000	395,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	5.2	901,983,717	487,078,154
		902,378,717	487,473,154
5.1 Cash in hand			
In local currency		395,000	395,000
In foreign currency		-	-
		395,000	395,000
5.2 Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)			
Bangladesh Bank			
In local currency		901,983,717	487,078,154
In foreign currency		-	-
		901,983,717	487,078,154
Sonali Bank Limited (as an agent of Bangladesh Bank)		-	-
		901,983,717	487,078,154

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 and FID circular no. 06 dated 06 November 2003 issued by Bangladesh Bank.

Cash Reserve Requirement (CRR) required on the term deposits at the rate of 2.5% has been calculated and maintained with Bangladesh Bank in the form of current account and 5% Statutory Liquidity Reserve (SLR) including Cash Reserve Requirement has been maintained against total liabilities excluding shareholders' equity, borrowings from Bangladesh Bank and other Banks and NBFIs in the form of cash in hand (notes and coin in BDT), balance with Bangladesh Bank and other banks and financial institution, investment at call, unencumbered treasury bills, prize bond, saving certificate and any other assets approved by Bangladesh Bank. Both the reserves as maintained by the Company are shown below:

Cash Reserve Requirement (CRR)

The Company requires to maintain cash with Bangladesh Bank current account equivalent to 2.50% of Term Deposits other than deposit taken from banks and financial institutions.

Required reserve (2.5%)	838,559,310	581,945,357
Actual reserve maintained (Dec'19: 2.69%, Dec'18: 2.59%)	901,163,065	602,538,790
Surplus/(deficit)	62,603,755	20,593,433

Statutory Liquidity Reserve (SLR)

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

Required reserve (5%)	1,886,935,179	1,338,295,804
Actual reserve maintained (Dec'19: 23.19%, Dec'18: 12.83%)	8,749,736,298	3,433,806,838
Surplus	6,862,801,119	2,095,511,034
Total surplus	6,925,404,874	2,116,104,466

5.3.1 Actual reserve maintained - including CRR

Cash in hand
AB Bank Limited
Prime Bank Limited
BRAC Bank Limited
Mercantile Bank Limited
Eastern Bank Limited
Dutch Bangla Bank Limited
Dhaka Bank Limited
United Commercial Bank Limited
Standard Chartered Bank
NRB Global Bank Limited
EXIM Bank Limited
National Bank of Pakistan
Standard Bank Limited
Jamuna Bank Limited
Modhumoti Bank Limited
One Bank Limited
Social Islami Bank Limited
Meghna Bank Limited
NRB Commercial Bank Limited
SBAC Bank Limited
Uttara Finance Limited
Balance with Bangladesh Bank

Note

2019

Taka

2018

Taka

395,000	395,000
476,788,894	428,549,204
106,618,686	104,253,730
13,831,942	5,642
21,223,888	4,093,493
382,718	376,636
7,255,834	7,069,695
2,473,322,839	469,111,001
3,887,797	1,690,546
30,454	30,454
279,999,820	-
495,000,000	235,000,000
14,500,000	14,500,000
490,000,000	391,020,000
1,000,000,000	500,000,000
94,490	110,500,000
911,694,622	350,000,000
750,000,000	350,000,000
200,000,000	-
150,000,000	-
250,000,000	-
250,000,000	-
854,709,314	467,211,436
8,749,736,298	3,433,806,838

6. Balance with other banks and financial institutions

Inside Bangladesh
Outside Bangladesh

6.1

8,874,989,218	3,271,928,101
-	-
8,874,989,218	3,271,928,101

6.1 Inside Bangladesh

In current deposit accounts with

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

762,559	762,559
5,485,136	12,855
-	962
100,445,343	184
-	-
7,694,741	14,682
10,180,043	-
10,001	11,448
278,260	-
34,834,892	-
167,280,409	-
326,971,384	802,690

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
Modhumoti Bank Limited
NRB Bank Limited

57,302,205	20,022,255
51,093,743	3,141,109
1,788,454	1,769,929
4,760,876	30,876
3,792,048	6,649,974
-	4,913,183
6,215,397	37,230,944
-	6,373,371
551,084	670,901
653,864,763	-
-	-
283,872,068	-
1,063,240,637	80,802,542

Short term placement

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

-	200,000,000
28,500,000	28,500,000
12,900,000	16,500,000
41,400,000	245,000,000

		2019	2018
	Note	Taka	Taka
Short term deposit accounts (in foreign currency) with			
AB Bank Limited		1,367	1,367
		1,367	1,367
Fixed deposit accounts with			
Prime Bank Limited		102,802,593	101,430,636
Dhaka Bank Limited		2,466,073,237	466,073,238
AB Bank Limited		475,000,000	426,797,628
NRB Commercial Bank Limited		150,000,000	-
EXIM Bank Limited		495,000,000	235,000,000
Social Islami Bank Limited		750,000,000	350,000,000
Jamuna Bank Limited		1,250,000,000	500,000,000
South Bangla Agriculture and Commerce Bank Limited		250,000,000	-
National Bank of Pakistan Limited		14,500,000	14,500,000
Modhumoti Bank Limited		-	110,500,000
One Bank Limited		250,000,000	350,000,000
Standard Bank Limited		490,000,000	391,020,000
MEGHNA Bank Limited		400,000,000	-
Uttara Finance Limited		350,000,000	-
		7,443,375,830	2,945,321,502
Total		8,874,989,218	3,271,928,101
6.2 Maturity grouping of balance with other banks and financial institutions			
<i>Repayable:</i>			
On demand		-	-
Within one month		1,854,642,005	1,279,326,431
Within one to three months		3,339,500,000	979,520,000
Within three months to one year		3,680,847,214	1,013,081,670
Within one to five years		-	-
More than five years		-	-
		8,874,989,218	3,271,928,101
7. Investments			
Government securities	7.1	-	-
Other investments	7.2	1,570,822,111	868,808,367
		1,570,822,111	868,808,367
7.1 Government securities			
Treasury bill		-	-
National investment bond		-	-
Bangladesh bank bill		-	-
Government notes/bond		-	-
Others		-	-
		-	-
7.2 Other investments			
In ordinary shares:			
Quoted		7,000,000	7,000,000
Unquoted		4,500,000	4,500,000
		11,500,000	11,500,000
Redeemable preference shares		1,257,000,000	509,762,500
Investment in shares		1,268,500,000	521,262,500
Investment in corporate bonds		302,322,111	347,545,867
		1,570,822,111	868,808,367

Details of other investments are as follows:

	2019		2018	
	Cost Taka	Market value Taka	Cost Taka	Market value Taka
In ordinary shares - quoted				
Bangladesh Electricity Meter Co. Ltd.	7,000,000	4,305,000	7,000,000	4,305,000
	7,000,000	4,305,000	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	108,000,000	108,000,000	128,000,000	128,000,000
Summit Narayanganj Power Unit II Limited	120,000,000	120,000,000	144,000,000	144,000,000
Star Ceramics Limited	-	-	33,762,500	33,762,500
Ace Alliance Power Limited	200,000,000	200,000,000	200,000,000	200,000,000
Confidence Power Rangpur Limited	200,000,000	200,000,000	-	-
Confidence Power Bogra Unit-2 Limited	75,000,000	75,000,000	-	-
Summit LNG Terminal Co. (Pvt.) Ltd.	200,000,000	200,000,000	-	-
Summit Gazipur II Power Limited	350,000,000	350,000,000	-	-
	1,257,000,000	1,257,000,000	509,762,500	509,762,500
In corporate bonds				
Impress Newtux Composite Textiles Limited	126,126,126	126,126,126	163,879,092	163,879,092
Golden Harvest Agro Industries Limited	105,337,500	105,337,500	94,200,000	94,200,000
Paramount Textile Limited	70,858,485	70,858,485	89,466,775	89,466,775
	302,322,111	302,322,111	347,545,867	347,545,867
	1,570,822,111	1,568,127,111	868,808,367	866,113,367

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

	Note	2019 Taka	2018 Taka
7.3 Maturity grouping of investments			
<i>Repayable:</i>			
On demand		-	-
Within one month		-	-
Within one to three months		-	-
Within three months to one year		4,375,000	125,631,250
Within one to five years		1,339,705,528	478,517,717
More than five years		226,741,583	264,659,400
		1,570,822,111	868,808,367
8. Loans, advances and leases			
Loans, cash credits, overdrafts, etc.	8.1	50,725,778,746	44,325,273,003
Bills purchased and discounted		-	-
		50,725,778,746	44,325,273,003

		2019	2018
	Note	Taka	Taka
8.1 Loans, cash credits, overdrafts, etc.			
In Bangladesh:			
Long term loan		18,121,196,528	15,090,512,048
Lease finance		5,945,086,453	5,876,561,033
Short term loan		12,603,658,841	11,685,397,424
Channel finance		2,700,498,076	2,262,239,107
Mortgage finance		7,792,685,576	6,458,022,927
Auto loan		2,806,361,487	2,419,381,624
Secured retail loan		360,778,387	249,979,685
Personal loan		220,548,741	210,860,735
Staff loan		131,347,470	71,999,919
Consumer White Goods Finance		43,617,187	318,501
		50,725,778,746	44,325,273,003
Outside Bangladesh		-	-
		50,725,778,746	44,325,273,003
8.1.1 Lease finance			
Gross lease receivables		6,900,427,315	7,258,963,874
Less: Unearned lease interest income		1,299,409,495	1,517,013,970
Net lease receivables		5,601,017,819	5,741,949,904
Add: Overdue lease rentals		344,068,634	134,611,129
		5,945,086,453	5,876,561,033
8.2 a) Net loans and advances including bills purchased and discounted			
Total loans and advances receivables	8	50,725,778,746	44,325,273,003
Less: Provision against loans and advances (specific and general)	8.9(b)	800,312,932	648,174,156
Less: Cumulative balance of interest suspense	14.2	185,635,094	131,957,855
		49,739,830,720	43,545,140,992
b) Rate of net classified loans and advances			
Gross loans and advances		50,725,778,746	44,325,273,003
Classified loans and advances		795,761,575	947,649,323
Unclassified loans and advances		49,930,017,170	43,377,623,680
Total provision		800,312,932	648,174,156
Interest suspense		185,635,094	131,957,855
Total provision and interest suspense		985,948,026	780,132,011
Net classified loans and advances		(190,186,451)	167,517,312
Rate of classified loans and advances		1.57%	2.14%
Rate of net classified loans and advances		-0.37%	0.38%
8.3 Residual maturity grouping of loans and advances including bills purchased and discounted			
Repayable:			
On demand		-	-
Up to one month		1,848,045,539	4,771,858,184
More than one month but less than three months		7,916,375,261	7,228,368,699
More than three months but less than one year		13,604,785,776	8,089,257,054
More than one year but less than five years		20,490,075,101	18,525,513,952
More than five years		6,866,497,069	5,710,275,114
		50,725,778,746	44,325,273,003

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

Cash credit

Secured overdraft

Outside Bangladesh

Bills purchased and discounted

Payable in Bangladesh

Payable outside Bangladesh

Note

2019

Taka

2018

Taka

50,725,778,746

44,325,273,003

-

-

-

-

50,725,778,746

44,325,273,003

-

-

50,725,778,746

44,325,273,003

-

-

-

-

-

-

50,725,778,746

44,325,273,003

8.5 Loans and advances including bills purchased and discounted on the basis of significant concentration

Loans and advances to the allied concerns of the directors

Advances to Chief Executive and other Senior Executives

Managing Director & CEO

Senior Executives (Senior Manager & above)

Other staffs

12,335,416

6,732,577

86,367,479

39,745,516

39,029,397

25,521,826

137,732,292

71,999,919

Advances to customers' group

Agricultural loan

Large corporate

Small and medium enterprise

Retail loan

Others

6,943,618,137

6,651,283,703

26,572,037,042

23,621,603,641

5,898,271,379

4,801,202,013

11,174,119,896

9,179,183,727

-

-

50,588,046,454

44,253,273,084

50,725,778,746

44,325,273,003

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 2019 was Taka 5,575.37 million against that of Taka 3,751.92 as at 31 December 2018.

Number of client to whom loans and advances sanctioned with more than 15% of the Company's total capital each

3

7

Amount of outstanding loans and advances [to the client as mentioned above]

2,960,355,201

4,976,145,346

Amount of classified loans and advances [out of the amount as mentioned above]

-

-

Measures taken for recovery [for the amount as mentioned above]

-

-

	Note	2019	2018
		Taka	Taka
8.6 Industry-wise loans and advances including bills purchased and discounted			
Agro-based industries		3,942,949,577	3,612,172,181
Banks and non-banking financial institutions		662,846,397	623,211,091
Chemicals, pharmaceuticals and allied products		2,679,653,138	2,034,758,520
Engineering and building materials		4,006,263,373	3,921,226,427
Food and allied products		3,000,668,560	3,039,111,523
Glass, ceramic and other non-metallic products		183,111,979	191,747,042
Hotel, tourism and leisure		79,897,982	77,031,859
Information and communication technologies		1,033,687,840	1,181,048,530
Paper converting and packaging, printing and publishing		2,045,053,667	1,472,059,592
Ready made garments and knitwear		4,957,940,369	4,529,404,853
Social sector		1,200,763,202	994,117,188
Tannery, leather and rubber products		482,242,892	322,608,799
Textile		2,454,960,131	2,034,997,108
Transport and aviation		1,813,374,908	1,860,486,832
Others		22,182,364,730	18,431,291,458
		50,725,778,746	44,325,273,003
8.7 Geographical location-wise loans and advances including bills purchased and discounted			
Dhaka Division		40,008,791,471	36,153,020,977
Chittagong Division		6,850,865,587	5,391,485,817
Khulna Division		988,843,331	708,118,399
Rangpur Division		1,207,209,496	703,279,601
Rajshahi Division		867,020,372	873,081,609
Sylhet Division		372,978,725	269,034,537
Barisal Division		20,228,505	5,508,854
Mymensingh Division		409,841,259	221,743,209
		50,725,778,746	44,325,273,003
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		635,488,397	623,211,091
Other public sector		-	-
Private sector		50,090,290,349	43,702,061,912
		50,725,778,746	44,325,273,003

8.9 a) Classification of loans and advances including bills purchased and discounted

Unclassified loans and advances

Standard-Non SME (including staff loans)

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

Note

2019

Taka

2018

Taka

42,451,597,346

36,937,814,679

6,827,583,924

6,104,183,203

650,835,901

335,625,798

49,930,017,170

43,377,623,680

172,555,661

710,984,700

432,682,098

36,797,595

190,523,816

199,867,028

795,761,575

947,649,323

50,725,778,746

44,325,273,003

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
2019

Base for
provision

Percentage (%)
of provision
required as per
Bangladesh
Bank's
directives

31 December
2019

31 December
2018

Taka

Taka

Taka

Taka

Taka

Unclassified loans and advances

General provision

Standard-Non SME (including staff loans)

Standard - SME

Special mentioned account

42,451,597,346

42,451,597,346

1.0%

424,515,973

369,378,147

6,827,583,924

6,827,583,924

0.25%

17,068,960

15,260,458

650,835,901

601,506,268

5.0%

30,075,313

15,428,722

49,930,017,170

49,880,687,537

471,660,246

400,067,327

Specific provision

Sub-standard

Doubtful

Bad/loss

172,555,661

98,774,256

20%

19,754,851

106,199,651

432,682,098

244,460,115

50%

122,230,058

7,688,240

190,523,816

85,997,975

100%

85,997,975

80,352,708

795,761,575

429,232,346

227,982,884

194,240,599

Total provision required

Total provision maintained

Total provision surplus

699,643,130

594,307,926

800,312,932

648,174,156

100,669,802

53,866,230

8.10 Particulars of loans and advances including bills purchased and discounted

Loans considered good in respect of which the Company is fully secured	12,594,365,371	9,308,307,331
Loans considered good for which the Company holds no other security other than the debtor's personal guarantee	17,458,596,750	15,957,098,281
Loans considered good and secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors	20,672,816,624	19,059,867,391
Loans adversely classified; provision not maintained there against	-	-
	50,725,778,746	44,325,273,003
Loans due by directors or officers of the Company or any of them either separately or jointly with any other persons *	131,347,470	71,999,919
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*	131,347,470	71,999,919
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	662,171,513	600,302,597
Amount of classified loans and advances on which interest has not been charged to profit & loss account	795,761,575	947,649,323
(Decrease)/increase in specific provision	33,742,286	160,535,513
Amount of loan and advances written off during the year	-	-
Amount realised against loans and advances previously written off	40,653,150	20,689,836
Amount of provision kept against loans and advances classified as bad/loss on the date of preparing the balance sheet	85,997,975	80,352,708
Interest creditable to the interest suspense account during the year	185,437,877	135,064,389

* Amount represents loans to employees of the Company only.

	Note	2019 Taka	2018 Taka
8.11 a) Cumulative amount of written off loan			
Opening balance		447,309,354	467,999,190
Add: Amount written off during the year		-	-
		447,309,354	467,999,190
Less: Adjustment/recovered during the year		40,653,150	20,689,836
Closing balance		406,656,204	447,309,354
b) Amount of written off loan for which lawsuit has been filed for its recovery		406,656,204	447,309,354

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		85,289,215	70,563,509
Furniture and fixture		77,676,494	68,409,397
Equipment and appliances		204,159,323	134,521,666
Software		173,871,850	24,289,127
ROU-Assets for lease rent		106,001,933	-
		1,016,908,615	667,693,499
Less: Accumulated depreciation and amortisation		229,333,957	146,927,483
		787,574,658	520,766,016
Capital work in progress - software		-	24,287,196
		787,574,658	545,053,212

Details are shown in Annexure - A

During the year ended 31 December 2018, the company has undertaken revaluation of its land and building. As a result of this revaluation exercise, the fair value of land and building have been increased by Tk. 150,195,033 and Tk. 75,145,543 respectively. Referred to note 18 for further details.

10. Other assets

Non-income generating other assets

Stationery, stamps, printing materials in stock		1,021,005	1,178,831
Advance rent and advertisement		2,466,883	9,710,289
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures and other income receivable		234,528,423	167,101,212
Security deposits		7,174,477	10,464,580
Preliminary expenses, formation and organisation expenses, renovation/development expenses and prepaid expenses		1,144,514	950,784
Others	10.1	1,290,468,133	819,486,968
		1,536,803,435	1,008,892,664

10.1 Others

Advance tax	10.1.1	1,156,509,957	764,145,889
Deferred tax assets	10.1.2	-	-
Sundry assets	10.1.3	133,958,176	55,341,079
		1,290,468,133	819,486,968

10.1.1 Advance tax

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:

	Note	2019 Taka	2018 Taka
Deductible temporary difference			
Gratuity provision		-	-
Fixed assets excluding land and building		-	-
		-	-
Tax		37.50%	37.50%
Deferred tax assets		-	-
Movement of deferred tax assets is as follows:			
Opening balance		-	1,506,386
Credited/ (debited) to profit and loss account during the period		-	(1,506,386)
Closing balance		-	-
10.1.3 Sundry assets			
City corporation tax		124,740	145,530
Hosna Centre Owners' Society		677,067	677,067
Advance - others		133,156,369	54,518,482
		133,958,176	55,341,079
11. Non banking assets		3,752,405	3,752,405

This represents the mortgaged property (land) acquired from a default client by virtue of verdict given by the competent court and ownership has been transferred in favor of the Company. The land is mutated in the name of the Company.

12. Borrowings from other banks, financial institutions and agents

In Bangladesh	12.1	7,037,982,481	5,916,890,787
Outside Bangladesh		-	-
		7,037,982,481	5,916,890,787

12.1 In Bangladesh

Long term loan

Unsecured long term loan

Borrowing under Refinance Project
SABINCO

Secured long term loan

UBICO
BASIC Bank Limited

Total long term loan

Short term loan

Unsecured short term loan

Uttara Bank Limited
Meghna Bank Limited
Lankan Alliance Finance Limited

Secured short term loan

Eastern Bank Limited
Standard Chartered Bank
Community Bank Bangladesh Limited

Total short term loan

Zero Coupon Bond

Unsecured

Zero Coupon Bond

Subordinated Bonds

Unsecured

Subordinated Bonds

Bank overdraft

Secured

Prime Bank Limited
Dhaka Bank Limited
Standard Chartered Bank Limited
AB Bank Limited
Woori Bank Limited
Bank Alfalah Limited
Eastern Bank Limited
One Bank Limited
Mutual Trust Bank Limited
Mercantile Bank Limited
BRAC Bank Limited
Dutch Bangla Bank Limited
Modhumoti Bank Limited
United Commercial Bank Limited

Money at call and short notice

Unsecured

Sonali Bank Limited
Meghna Bank Limited
National Credit and Commerce Bank Limited
Southeast Bank Limited
Janata Bank Limited
United Commercial Bank Limited

Note

2019

Taka

2018

Taka

2,118,766,957
135,322,813
2,254,089,770

37,681,206
180,709,838
218,391,044

2,472,480,814

-
-
50,000,000
50,000,000

490,000,000
990,000,000
50,000,000
1,530,000,000

1,580,000,000

640,385,472
640,385,472

1,000,000,000
1,000,000,000

146,464,236
203,455,775
74,709,077
-
162,805,164
180,158,826
-
-
210,208,917
12,981,789
3,473,550
-
97,955,302
2,903,559
1,095,116,195

1,095,116,195

190,000,000
-
-
-
-
60,000,000
250,000,000
7,037,982,481

250,000,000
7,037,982,481

1,370,828,032
194,524,909
1,565,352,941

50,000,000
176,691,770
226,691,770

1,792,044,711

300,000,000
200,000,000
50,000,000
550,000,000

300,000,000
990,000,000
-
1,290,000,000

1,840,000,000

807,302,007
807,302,007

200,000,000
200,000,000

26,928,931
124,223,974
92,975,565
42,373,534
164,577,358
180,833,638
192,503,904
778,168
32,348,997
-
-
-
-
-
857,544,069

857,544,069

190,000,000
40,000,000
30,000,000
50,000,000
110,000,000
-
420,000,000
5,916,890,787

420,000,000
5,916,890,787

	Note	2019 Taka	2018 Taka
12.2 Security against borrowings from other banks and financial institutions			
Secured		2,843,507,239	2,374,235,839
Unsecured		4,194,475,242	3,542,654,948
		7,037,982,481	5,916,890,787

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	250,000,000	420,000,000
Within one month	199,645,665	602,970,194
Over one month but within three months	874,968,847	535,756,523
Over three months but within one year	2,846,537,614	2,208,634,030
Over one year but within five years	2,536,830,355	2,109,530,040
Over five years	330,000,000	40,000,000
	7,037,982,481	5,916,890,787

13. Deposits and other accounts

Term deposits	13.1	35,177,683,076	23,278,311,204
FDR from Banks & NBFIs		10,845,518,761	13,520,387,500
Other deposits		338,155,463	267,379,602
		46,361,357,299	37,066,078,306

13.1 Term deposits

Product wise break-up of term deposit

Annual Profit Scheme	16,537,032,587	11,295,079,587
Half Yearly Profit Scheme	5,000,000	-
Quarterly Profit Scheme	725,107,444	284,692,466
Monthly Profit Scheme	2,024,178,718	691,141,494
Cumulative Profit Scheme	339,038,238	454,674,111
Fixed Deposit FDR GEN	15,547,326,089	10,552,723,546
	35,177,683,076	23,278,311,204

13.2 Residual maturity grouping of deposits and other accounts

Repayable:

On demand	-	-
Within one month	3,079,476,440	4,729,710,310
Over one month but within six months	9,621,749,088	11,075,842,672
Over six months but within one year	12,910,853,326	2,109,731,866
Over one year but within five years	12,135,328,753	6,828,699,635
Over five years but within ten years	8,613,949,692	12,322,093,823
	46,361,357,299	37,066,078,306

There was no unclaimed deposits for ten (10) years and more held by the Company at the reporting date.

		2019	2018
	Note	Taka	Taka
14. Other liabilities			
Cumulative provision for loans, advances and investments	14.1	826,911,154	664,645,706
Cumulative interest and dividend suspense	14.2	188,741,628	135,064,389
Provision for gratuity	14.3	-	-
Dividend payable		14,104,043	13,285,212
Provision for corporate tax	14.4	1,592,285,614	1,161,030,375
Deposit against lease	14.5	383,103,259	330,830,830
Provision for finance charge	14.6	1,822,462,070	1,192,177,496
Withholding tax and VAT		94,256,156	80,786,374
Liabilities for special accounts	14.7	186,813,016	56,353,015
Provision for expenses	14.8	104,106,096	68,912,463
Deferred tax liabilities	14.9	46,842,478	47,564,420
Account payable for purchase of fixed asset		9,189,785	2,826,018
Accrued Interest on Subordinated Bonds		32,328,667	273,052
Accrued Interest on Zero Coupon Bond		17,924,405	22,535,092
Liability for lease rent		79,209,466	-
Other Provisions		28,500,000	-
		5,426,777,837	3,776,284,442
14.1 Cumulative provision for loans, advances and investments			
Specific provision for classified loans and advances	14.1.1	227,982,884	194,240,598
General provision against unclassified loans and advances	14.1.2	572,330,048	453,933,558
Provision for investments	14.1.3	26,598,222	16,471,550
		826,911,154	664,645,706
14.1.1 Specific provision for classified loans and advances			
Opening balance		194,240,598	33,705,085
Specific provision made/(release) for the period	38	33,742,286	160,535,513
Fully provided debt written-off during the period		-	-
Closing balance (i)		227,982,884	194,240,598
14.1.2 General provision against unclassified loans and advances			
Opening balance		453,933,558	351,075,846
Provision made during the period / year	38	118,396,490	102,857,712
		572,330,048	453,933,558
Adjustment during the period / year		-	-
Closing balance (ii)		572,330,048	453,933,558
Total specific and general provision of loans and advances (i+ii)		800,312,932	648,174,156
14.1.3 Provision for investments			
Opening balance		16,471,550	17,517,325
Provision made/(released) for investment in share	39	10,126,672	(1,045,775)
Provision made/(released) for investment in Govt. securities		-	-
Total provision made/(released) during the period / year		10,126,672	(1,045,775)
Closing balance		26,598,222	16,471,550
Total specific and general provision of loans, advances and investments		826,911,154	664,645,706
Breakdown of cumulative provision for loans, advances and investment:			
Provision for loans and advances		800,312,932	648,174,156
Provision for investments in equity		26,598,222	16,471,550
Provision for marking to market of Govt. securities		-	-
		826,911,154	664,645,706

	Note	2019 Taka	2018 Taka
14.2 Cumulative interest and dividend suspense			
Opening balance		135,064,389	37,261,082
Amount transferred to suspense account during the year		1,436,908,112	336,726,216
		1,571,972,501	373,987,298
Amount recovered from suspense account during the year		(1,386,534,624)	(238,922,909)
		185,437,877	135,064,389
Amount written-off/waiver during the year		-	-
Closing balance		185,437,877	135,064,389
Breakdown of cumulative interest and dividend suspense:			
Interest suspense against loans and advances		185,635,094	131,957,855
Dividend suspense against investment in redeemable preference shares		3,106,534	3,106,534
		188,741,628	135,064,389
14.3 Provision for gratuity			
Opening balance		-	3,765,965
Provision made during the period		-	13,403,905
		-	17,169,870
Payment made during the period		-	(14,803,906)
Adjustment of excess provision		-	(2,365,964)
Closing balance		-	-

14.4 Provision for corporate tax

Provision for current tax has been made on the basis of the profit for the period as adjusted for taxation purposes in accordance with 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	1,161,030,375	754,843,010
Provision made during the period	431,255,239	406,187,365
	1,592,285,614	1,161,030,375
Adjustment made during the period for completed assessments	-	-
Closing balance	1,592,285,614	1,161,030,375

Income tax return for the year 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 have been duly submitted under section 82BB (Universal Self Assessment) of Income Tax Ordinance 1984. Out of which, assessment against year 2012 is pending at the honorable High court, assessment against year 2014 is pending at Appellate Tribunal and assessment against year 2015 is pending Deputy Commissioner of Taxes (Appeal) of Income Tax Ordinance. The additional demand of income tax for those pending years are disputed by the Company and there are reasonable grounds to believe that on ultimate settlement of these pending tax assessments, there shall be no additional provision requirement.

14.4.1 Reconciliation of effective tax rate

	2019 %	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
<i>Factors affecting the tax charged in current year</i>	-	-
On non deductible expenses	7.16%	71,115,823
Tax exempted income (on govt. treasury securities)	0.00%	-
Tax savings from reduced tax rates (on dividend income)	-1.25%	(12,467,368)
Tax savings from reduced tax rates (for gain on sale of quoted securities)	0.00%	-
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/installments. Lease deposits are made up as under:

Opening balance	330,830,830	205,071,036
Receipts during the period	141,713,963	162,530,394
	472,544,793	367,601,430
Adjusted during the period	(89,441,534)	(36,770,600)
Closing balance	383,103,259	330,830,830

Purpose of taking lease deposits is to secure the finance provided to the clients. No interest is payable on lease deposits.

	Note	2019 Taka	2018 Taka
14.6 Provision for finance charge			
Accrued interest expenses on term deposits		1,785,778,503	1,181,794,135
Accrued interest expenses on secured overdraft		2,982,871	500,780
Accrued interest expenses on long term borrowings		4,016,821	1,981,011
Accrued interest expenses on short term borrowings		-	-
Accrued interest expenses on call borrowings		38,194	291,667
Accrued interest expense on refinance project		29,645,681	7,609,903
		1,822,462,070	1,192,177,496
14.7 Liabilities for special accounts			
Account payable special account - IPO		1,118,356	1,118,356
Account payable special account - DEG		15,238,575	14,171,390
Account payable special account - other		170,456,085	41,063,269
		186,813,016	56,353,015
14.8 Provision for expenses			
Legal expenses		8,760,113	4,627,718
Office services		45,329,661	38,047,265
Promotion and publicity		46,222,811	13,976,799
Office rent		-	910,800
Professional fees		2,870,172	10,809,381
Audit fees		923,340	540,500
		104,106,096	68,912,463
14.9 Deferred tax liabilities			
i) Deferred tax liability on furniture, fixture, equipments and software			
Carrying amount at balance sheet date		329,798,123	150,856,216
Tax base		313,279,359	134,047,043
Net taxable temporary differences		16,518,765	16,809,173
Tax rate		37.50%	37.50%
Deferred tax liability furniture, fixture, equipments and software		6,194,537	6,303,440
ii) Deferred tax liability on building			
Carrying amount at balance sheet date		87,814,809	90,474,767
Tax base		9,226,702	10,251,891
Taxable temporary differences on building		78,588,107	80,222,876
Tax rate		37.50%	37.50%
Deferred tax liability on building		29,470,540	30,083,579
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		40,647,941	41,260,980
Total deferred tax liability (i+ii)		46,842,478	47,564,420
Movement of deferred tax liabilities is as follows:			
Opening balance		47,564,420	10,736,257
Add: Debited to asset revaluation reserve		-	33,955,364
Less: Credited to asset revaluation reserve		613,038	-
Add: Expense/(income) during the period / year		(108,904)	2,872,799
Closing balance		46,842,478	47,564,420

15. Share capital

Authorised

800,000,000 ordinary shares of Taka 10 each

Issued, subscribed and fully paid up

353,420,521 (2018: 218,160,816) ordinary shares of Tk 10 each

Note	2019	2018
	Taka	Taka
	8,000,000,000	8,000,000,000
	3,534,205,210	2,181,608,160

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 (Taka)	Amount of Shares Capital (Taka) (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(R):2 Right Share	-	117,806,840	353,420,521	1,178,068,400	3,534,205,210

Paid up capital as at December 31, 2019 is made up of 143,508,240 ordinary shares paid up in cash and 209,912,281 ordinary shares through issuance of bonus shares.

Note	2019	2018
	Taka	Taka

15.2 Paid up capital of the company is held as follows

Foreign

Aga Khan Fund for Economic Development (AKFED)

Domestic

Government of the People's Republic of Bangladesh (GoB)

BRAC

Ayesha Abed Foundation

RSA Capital Limited

Bluechip Securities Limited

General shareholders

-	241,115,490
-	241,115,490
773,268,670	477,326,350
883,551,270	545,402,020
353,420,500	218,160,810
176,710,230	109,080,390
284,106,600	-
1,063,147,940	590,523,100
3,534,205,210	1,940,492,670
3,534,205,210	2,181,608,160

15.3 Number of ordinary shares and percentage of holding are as follows:

Sponsor shareholders

a. Foreign sponsors

Foreign

AKFED

b. Local sponsors

Domestic

BRAC

GoB

Ayesha Abed Foundation

RSA Capital Limited

Bluechip Securities Limited

General Shareholders

2019		2018	
Number	% of holding	Number	% of holding
-	-	24,111,549	11.05%
-	-	24,111,549	11.05%
88,355,127	25.00%	54,540,202	25.00%
77,326,867	21.88%	47,732,635	21.88%
35,342,050	10.00%	21,816,081	10.00%
17,671,023	5.00%	10,908,039	5.00%
28,410,660	8.04%	-	0.00%
247,105,727	69.92%	134,996,957	61.88%
106,314,794	30.08%	59,052,310	27.07%
106,314,794	30.08%	59,052,310	27.07%
353,420,521	100.00%	218,160,816	100.00%
312,733,826	88%	191,241,002	88%
40,686,695	12%	26,919,814	12%
353,420,521	100%	218,160,816	100%

15.4 Composition of shareholding is as follows:

Institutional shareholding (including GoB)

Individual shareholding

15.5 Classification of shareholders by holding

Number of shares

1 to 500 shares

501 to 5,000 shares

5,001 to 10,000 shares

10,001 to 20,000 shares

20,001 to 30,000 shares

30,001 to 40,000 shares

40,001 to 50,000 shares

50,001 to 1,00,000 shares

1,00,001 to 1,000,000 shares

over 1,000,000

Total

No. of shareholders	No. of shares	% of holdings
2,697	430,758	0.12%
2,219	4,328,688	1.22%
344	2,496,070	0.71%
208	3,029,578	0.86%
66	1,664,861	0.47%
42	1,453,064	0.41%
30	1,356,597	0.38%
47	3,368,201	0.95%
76	19,073,481	5.40%
20	316,219,223	89.47%
5,749	353,420,521	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. 25.60 and Tk. 25.50 at the close of 31 December 2019 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 2019, total capital of the Company was Tk. 5,575.98 million out of which paid up capital is Tk. 3,534.21 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 2019, the CAR of the Company is 19.30% against the required CAR of 10%. Details are as follows:

	2019	2018
	Taka	Taka
Tier -1 capital (A)	5,266,852,668	3,441,063,079
Tier -2 capital (B)	1,572,576,116	708,473,268
Eligible capital (C=A+B)	6,839,428,784	4,149,536,347
Total risk weighted assets	35,430,258,498	29,615,056,540
Minimum capital requirement	3,543,025,850	2,961,505,654
Capital surplus	3,296,402,934	1,188,030,693
Capital adequacy ratio	19.30%	14.01%
	402,627,680	167,014,000

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	550,461,309	460,460,662
Transferred from profit during the period / year	112,494,351	90,000,647
Closing balance	662,955,660	550,461,309

18. Assets revaluation reserve

Opening balance	310,864,292	120,483,652
Revaluation during the period / year		
Land	-	150,195,033
Building	-	75,145,543
Adjustment of excess depreciation on building	(2,348,317)	(1,004,572)
Deferred tax liability on land and building revaluation	613,038	(33,955,364)
	309,129,013	310,864,292

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.

		2019	2018
	Note	Taka	Taka
19. Retained earnings			
Opening balance		541,979,610	544,573,808
Net profit after tax for the period / year		562,471,755	450,003,237
Transfer to statutory reserve		(112,494,351)	(90,000,647)
Dividend		(152,712,571)	-
Transfer from revaluation reserve		2,348,317	1,004,572
Issuance of bonus shares		(174,528,650)	(363,601,360)
Closing balance		667,064,110	541,979,610
20. Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee	20.1	81,148,614	105,148,614
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		81,148,614	105,148,614
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		81,148,614	105,148,614
Others		-	-
		81,148,614	105,148,614
21. Particulars of profit and loss account			
Income			
Interest, discount and other similar income	22	6,715,949,423	5,080,019,093
Dividend income	24	71,242,101	28,728,723
Fees, commission and brokerage	25	78,227,182	89,224,663
Gains less losses arising from dealing securities	24	43,918,874	34,618,357
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	29,550,807	23,632,007
Profit less losses on interest rate changes		-	-
		6,938,888,387	5,256,222,843
Expenses			
Expenses related to deposits, fee, commission etc.	23	4,773,189,684	3,381,689,412
Charges on loan loss		-	-
Administrative expenses	27	896,774,068	710,642,067
Other operating expenses		-	-
Depreciation and amortisation	36.1	84,541,097	40,974,127
		5,754,504,849	4,133,305,606
Profit before provision		1,184,383,538	1,122,917,237

		2019	2018
	Note	Taka	Taka
22. Interest income			
Interest income on loans and advances			
Interest on lease finance		737,485,537	687,239,749
Interest on long term loan		2,209,633,712	1,579,776,765
Interest on short term loan		1,655,377,542	1,389,858,487
Interest on channel finance		364,504,272	202,614,777
Interest on mortgage finance		868,984,461	623,206,565
Interest on secured retail loan		39,077,883	27,637,153
Interest on auto loan		349,497,084	274,219,008
Interest on staff loan		4,868,920	2,993,426
Interest on personal loan		27,592,322	30,486,158
Interest on Consumer Finance		1,855,709	3,267
		6,258,877,442	4,818,035,355
Interest income on balance with other banks and financial institutions			
Interest on fixed deposits		371,898,199	230,297,819
Interest on overnight and treasury placements		15,428,205	27,853,556
Interest on STD accounts		69,745,577	3,832,363
		457,071,981	261,983,738
		6,715,949,423	5,080,019,093
23. Interest expense on deposits and borrowings etc.			
Interest expenses on term deposits		4,279,590,062	3,060,385,896
Interest expenses on borrowings	23.1	493,599,622	321,303,516
		4,773,189,684	3,381,689,412
23.1 Interest expenses on borrowings			
Local banks and financial institutions			
Interest expenses on short term loan		201,278,897	117,964,254
Interest expenses on long term loan		124,329,415	69,871,672
Interest expenses on call borrowings		14,307,417	29,453,611
Interest expenses on bank overdrafts		31,988,007	38,372,978
Interest expenses on zero coupon bond		56,472,775	65,367,945
Interest expenses on Subordinated Bonds		65,223,111	273,056
		493,599,622	321,303,516
Foreign banks and financial institutions			
Interest expenses on long term lines of credit		-	-
		493,599,622	321,303,516
24. Investment income			
Dividend income			
Dividend income on cumulative preference shares		70,778,357	28,274,973
Dividend income on listed shares		13,744	3,750
Dividend income on un-listed shares		450,000	450,000
		71,242,101	28,728,723
Interest on treasury bills, bonds and debentures			
Interest income on Govt. treasury bonds		-	-
Interest income on corporate bonds		43,918,873	34,618,336
		43,918,873	34,618,336
Capital gain on sale of listed shares		1	21
		43,918,874	34,618,357
		115,160,975	63,347,080

	Note	2019 Taka	2018 Taka
25. Commission, exchange and brokerage			
Application Fee		298,160	340,268
Documentation Fee		-	35,936,401
Processing Fee		77,929,022	52,947,994
		78,227,182	89,224,663
26. Other operating income			
Transfer price/sale of leased assets		125,467	145,400
Other earnings		829,203	809,111
Loan loss recovery		28,562,370	20,689,836
Gain/(loss) sale of fixed assets	26.1	33,767	1,987,660
		29,550,807	23,632,007
26.1 Gain/(loss) sale of fixed assets			
Some items of fixed assets which were impaired, sold or adjusted during the period as under:			
Sale proceeds		3,360,327	6,706,067
Cost price of the sold/adjusted items		6,840,988	17,598,953
Accumulated depreciation		3,514,428	12,880,546
Written down value		3,326,560	4,718,407
Gain on sale of fixed assets		33,767	1,987,660
27. Administrative expenses			
Salary and allowances	28	552,779,741	382,732,193
Rent, taxes, insurance, electricity, etc.	29	24,291,154	43,444,674
Legal expenses	30	49,552,789	41,936,136
Postage, stamp, telecommunications, etc.	31	9,558,394	9,160,192
Stationery, printing, advertisements, etc.	32	126,181,783	101,248,787
Managing Director's salary and allowances	33	13,695,000	13,679,676
Directors' fees	34	996,884	2,409,361
Auditors' fees	35	923,340	540,500
Repair and Maintenance	36.2	35,648,875	27,238,088
Other expenses	37	83,146,108	88,252,460
		896,774,068	710,642,067
28. Salary and allowances		552,779,741	382,732,193

28.1 Number of employees and remuneration there of

As per the Schedule XI of the Companies Act, 1994, the number of employees (including contractual employees) engaged for the whole year or part thereof who received a total remuneration of Taka 36,000 per annum or Taka 3,000 per month were 1,018 at the end of 31 December 2019 as against 740 in 2018.

29. Rent, taxes, insurance, electricity, etc.

Office rent *	5,942,821	26,789,968
Rates and taxes	274,070	270,274
Insurance	8,311,941	7,423,128
Utilities - electricity, gas, water, etc.	9,762,322	8,961,304
	24,291,154	43,444,674

* Actual rent payment during year was Tk. 32,752,262. Due to the first time adoption of IFRS 16, rental expenses is now divided into depreciation of ROU Tk. 26,625,712 and interest expenses Tk. 7,992,299. In current year rent only include VAT payment on rent.

		2019	2018
	Note	Taka	Taka
30. Legal expenses			
Professional fees		33,464,985	31,617,549
Legal documents		14,724,558	9,619,729
Legal Notice Publication		1,363,246	698,858
		49,552,789	41,936,136
31. Postage, stamp, telecommunications, etc.			
Postage, stamps etc.		2,183,468	2,090,329
Telephone		3,300,905	2,960,879
Internet expenses		4,074,021	4,108,984
		9,558,394	9,160,192
32. Stationery, printing, advertisements etc.			
Printing expenses		2,451,306	2,687,106
Stationery expenses		2,513,325	1,974,125
Publicity and advertisement		121,217,152	96,587,556
		126,181,783	101,248,787
33. Managing Director's salary and allowances			
Basic salary		7,500,000	7,490,311
House rent allowance		960,000	958,176
Medical allowance		360,000	358,773
Festival bonus		1,250,000	1,250,000
Performance bonus		1,000,000	1,000,000
Leave fare assistance		1,250,000	1,248,385
Company's contribution to provident fund		750,000	749,031
Gratuity		625,000	625,000
		13,695,000	13,679,676
34. Directors' fees			
Honorarium for attending meeting		612,400	938,400
Incidental expenses for attending meeting		384,484	1,470,961
		996,884	2,409,361

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		578,340	540,500
		923,340	540,500
36. Depreciation and repair of assets			
Depreciation and amortisation	36.1	84,541,097	40,974,127
Repair and maintenance	36.2	35,648,875	27,238,088
		120,189,972	68,212,215

	Note	2019 Taka	2018 Taka
36.1 Depreciation and amortisation			
Building		2,659,958	1,401,807
Motor vehicles		15,255,852	12,003,590
Furniture and fixture		6,841,026	4,628,006
Equipment and appliances		22,811,369	19,048,590
Software		11,347,180	3,892,134
Depreciation on lease rental *		25,625,712	-
		84,541,097	40,974,127
* As stated in note 29, in accordance with IFRS 16, lease rental are now capitalized and related depreciation is shown above. Details are shown in Annexure - A			
36.2 Repair and maintenance			
Office premises		95,731	5,734
Vehicles - fuel		8,833,308	5,438,178
Vehicles - repair and maintenance		6,409,793	6,129,219
Office furniture, fixture and equipment		20,310,043	15,664,957
		35,648,875	27,238,088
37. Other expenses			
Staff training		9,321,480	8,819,491
Membership fees, subscription and donations		14,533,272	5,809,007
News papers, periodicals, learning materials etc.		202,462	210,691
Recruitment expenses		2,805,288	2,296,707
Traveling, conveyance and hotel expenses		25,657,415	17,935,156
Entertainment and public relation		4,923,712	5,229,707
Annual General Meeting expenses		8,792,153	10,404,091
Security and cleaning services		9,268,765	7,521,978
Sundry office maintenance		(6,614,525)	26,413,237
Bank charges		5,985,237	3,443,525
Finance charge on lease rental *		7,992,299	-
Other operational expenses		278,550	168,870
		83,146,108	88,252,460
* Finance charge on lease rental represent unwinding of discount on lease liability.			
38. Provision for loans and advances			
Provision for classified loans and advances		33,742,286	160,535,513
Provision for unclassified loans and advances		118,396,490	102,857,712
		152,138,776	263,393,225
39. Provision for diminution in value of investment			
Provision made for investment in share		10,126,672	(1,045,775)
Provision made for marking to market on Govt. securities		-	-
		10,126,672	(1,045,775)
40. Provision for deferred tax expense/ (income)			
Expense on deductible temporary differences		-	-
Expense/(income) on taxable temporary differences		(108,904)	4,379,185
Revaluation adjustment of previous year through deferred tax		-	-
		(108,904)	4,379,185

		2019	2018
	Note	Taka	Taka

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 period ended December 31, 2019 as per IAS 33: *Earnings per share*.

Net profit after tax	562,471,755	450,003,237
Weighted average number of outstanding shares *	308,523,374	283,088,080
Basic earning per share	1.82	1.59

* IPDC Finance Limited has issued right share in the year 2019, required adjustments has been made to the weighted average number of shares to reflect Theoretical Ex Right Share Price (TERP) as per IAS 33: *Earnings per share*.

Diluted Earnings Per Share (DEPS)

No DEPS is required to be calculated since there was no scope for dilution of share during the period under review.

42. Board meetings

During the year ended 31 December 2019 a total of 5 (five) Board Meetings were held against 9 (nine) in the year 2018.

43. Net asset value (NAV) per share

Net asset	5,575,981,673	3,751,927,371
Number of outstanding shares	353,420,521	353,420,521
Net asset value (NAV) per share (Restated-2018)	15.78	10.62

44. Net operating cash flows per share (NOCFPS)

Net operating cash flows	4,359,335,591	(838,197,498)
Number of outstanding shares	353,420,521	353,420,521
Net operating cash flows per share (NOCFPS) (Restated-2018)	12.33	(2.37)

45. Events after the balance sheet date

The Board of Directors of the Company in its 183rd meeting held on 23 February 2019 recommended 5% (percent) stock dividend and 10% (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 the FID Circular No. 10 dated 18 September 2005 and DFIM Circular No. 13 dated 26 October 2011 of Bangladesh Bank as well as Bangladesh Securities and Exchange Commission Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012. The committee was formed comprising 5 (five) members of the Board.

Sl. no.	Name	Status with the company	Status with the committee	Educational qualification
i)	Mr. Salahdin Irshad Imam	Independent Director	Chairman	"SPURS Fellow (Business Studies) from MIT, USA BA (Hons) in Social Studies from Harvard University, USA"
ii)	Mr. Salahuddin Mahmud	Director	Member	M.S.S. (IR) from University of Dhaka B.Sc (Hons) from University of Dhaka
iii)	Ms. Tamara Hasan Abed	Director	Member	MBA in Finance from Columbia Business School, Columbia University, USA BSc in Economics & Political Science from London School of Economics, UK"
iv)	Ms. Sonia Bashir Kabir	Independent Director	Member	Masters of Business of Administration (MBA) from Santa Clara University, USA Bachelor of Science from California State University, USA"
v)	Mr. Biswajit Bhattacharya Khokon ndc	Director	Member	Masters in Commerce (Management) from Jagannath University, Dhaka

The Company Secretary acts as secretary to Audit Committee.

The Audit Committee of the Board conducted 4 (Four) meetings from 1 January 2019 to 31 December 2019 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 has reviewed the Risk Based Internal Audit & Compliance Plan for the year 2020;
- The Committee reviewed the audited financial statements for the year 2018 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 2018 and management's responses thereto;
- The Committee also reviewed the first quarter, half-year and third quarter ended financial statements for the year 2019 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 reviewed the inspection report of Bangladesh Bank with responses from the management for the year ended 31 December 2018;
- The Committee recommended regarding re-appointment of external auditors and corporate governance auditors of the Company for the year 2019; 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 BAS 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:

Related party	Relationship	Nature of transaction	Figures in Taka	
			Outstanding balance	
			31 Dec 2019	31 Dec 2018
Aga Khan Education Bangladesh Services, Bangladesh	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	513,383,357	467,606,733
Aga Khan Education Service Bangladesh Employees Provident Fund	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	2,746,875	2,500,000
Aga Khan Foundation, Bangladesh	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	422,498,145	298,385,491
AKF-DJ Nazrana	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	69,229,241	17,167,374
AKF Land Acquisition	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	330,739,552	-
Ismailia Co-Operative Society Ltd	This is a part of Aga Khan Development Network - AKDN	Scheme deposit receipt Loan against deposit	16,000,000 528	56,861,545
Industrial Promotion Services (Bangladesh) Limited	This is a part of Aga Khan Fund for Economic Development - AKFED	Term deposit receipt	29,178,988	26,998,833
Guardian Life Insurance Limited	Mr. Shameran Abed and Mr. Sameer Ahmad are also Director of Guardian Life Insurance Limited and BRAC is the sponsor shareholder of the company	Term deposit receipt Group life insurance premium of the employees	474,550,207 286,540	377,556,193 3,886,571
BRAC	Sponsor shareholder of IPDC	Term deposit receipt	663,963,742	569,710,425
BRAC University	Related concern of BRAC	Term deposit receipt	184,861,648	533,759,850
JPGSPH Brac University	Related concern of BRAC	Term deposit receipt	198,000,000	-
BIGD, Brac University	Related concern of BRAC	Term deposit receipt	30,000,000	-
Sufia Khatun Foundation	Related concern of BRAC	Term deposit receipt	20,000,000	27,993,475
BRAC Net Limited	Related concern of BRAC	Term deposit receipt	239,476,268	232,677,404
BRACNet Limited Employees Gratuity Fund	Related concern of BRAC	Term deposit receipt	18,362,656	16,755,013
BRACNet Limited Employees Provident Fund	Related concern of BRAC	Term deposit receipt	13,758,378	12,553,837
BRAC Provident Fund	Related concern of BRAC	Term deposit receipt	2,262,400,000	-
Education Trust Fund	Related concern of BRAC	Term deposit receipt	1,355,215,038	1,048,381,803
RSA Capital Employees Provident Fund	Shareholder of IPDC	Term deposit receipt	4,050,552	3,728,000
Morseda Chowdhury	Associate Director, BRAC	Auto Loan	-	2,941,913
Sir Fazle Hasan Abed	Founder and chairman of BRAC	Term deposit receipt	3,800,000	1,200,000
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	600,000
Nasreen Sattar	Independent Director of IPDC	Term deposit receipt	14,500,000	8,500,000
Sonia Bashir Kabir	Independent Director of IPDC	Home Loan	29,831,468	-

Related party	Relationship	Nature of transaction	Outstanding balance	
			31 Dec 2019	31 Dec 2018
Salahdin Irshad Imam	Independent Director of IPDC	Term deposit receipt	6,000,000	-
Masud Mushfiq Zaman	Associate Director, BRAC Concern	Home Loan	43,446,123	-
Fauzia Binte Ahmed	Mother in law of Managing Director & CEO	Term deposit receipt	3,110,114	2,468,636
Benazir Huq	Spouse of Managing Director & CEO	Term deposit receipt	7,607,234	6,946,883
Mr. Mominul Islam	Managing Director & CEO of IPDC	Loan against deposit	535,380	-
		Term deposit receipt	637,801	577,801
		Home loan	5,950,594	6,732,577
		Loan against deposit	6,374,229	-
		Consumer White Goods Finance	10,593	-
		Personal Loan	-	1,349,221

Aga Khan Fund for Economic Development (AKFED) disposed of its shareholding in IPDC in 2019 and is no longer fall within the definition of related party as per IAS 24. AKFED's still maintains some term deposits with IPDC in 2019 which has been disclosed in note 47 for better presentation. Similarly, Ms. Nasreen Sattar retired as an independent director of IPDC in 2019 but still maintains a term deposit with IPDC.

48. Directors information

48.1 Name of the Directors and the entities in which they have interested as at 31 December 2019

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 Chittagong University Alumni Association Bangladesh Scouts Foundation Bangladesh Deaf Sports Federation Asian University for Women, Chottogram BRAC	President President President President Member Senior Adviser
ii)	Mr. Salahuddin Mahmud	Director	GoB	SME Foundation Reckitt Benckiser Bangladesh Limited	Director Director
iii)	Mr. Biswajit Bhattacharya Khokon ndc	Director	GoB	N/A	N/A
iv)	Ms. Nahreen Rahman	Director	Bluechip Securities Limited	Bluechip Securities Limited	Director
v)	Mr. Salahdin Irshad Imam	Independent Director	N/A	Panigram Resort Ltd. Radius Enterprises Tiger Tours Ltd. Luxembourg Bangladesh Business Council Brotee (NGO)	Chairman Proprietor Shareholder Member Member of the Executive Committee
vi)	Ms. Sonia Bashir Kabir	Independent Director	N/A	SBK Tech Ventures SBK Foundation	Chairman Chairman
vii)	Ms. Tamara Hasan Abed	Director	BRAC	BRAC Enterprises BRAC University BRAC EPL Stock Brokerage Ltd. BRAC Services Ltd. Bangladesh Netting Factory Ltd. BARC Karnafuli Tea Company Limited BARC Kaiyacherra Tea Company Limited BRAC Kodala Tea Estate BRAC Industries Ltd. BRAC EPL Investments Limited Ayesha Abed Foundation edotco (BD) Co. Ltd	Managing Director Chairperson Director Chairperson Chairperson Director Director Director Chairperson Director Executive Trustee Director
viii)	Mr. Tushar Bhowmik	Director	BRAC	BRAC Services Ltd. edotco (BD) Co. Ltd BRAC Industries	Director Director Director
ix)	Mr. Sameer Ahmad	Director	RSA Capital Ltd.	Equinox Ltd. RSA Capital Ltd. RSA Advisory Ltd.	Director Director 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

Annexure - A

Category of asset	Cost/valuation			Depreciation/amortisation		Carrying amount as at 31 December 2019
	Balance as at 1 January 2019	Revaluation reserve	Addition during the period	Adjustment during the period	Disposal during the period	Balance as at 31 December 2019
Land	279,435,033	-	-	-	-	279,435,033
Building	90,474,767	-	-	-	-	87,814,809
Motor vehicles	70,563,509	-	-	-	-	51,144,849
Furniture and fixture	68,409,397	-	21,327,766	-	6,602,060	38,458,742
Equipment and appliances	134,521,666	-	9,275,497	-	8,400	105,689,613
Software	24,289,127	-	69,868,184	-	230,527	144,655,391
Capital work in progress - Software	24,287,196	-	149,582,723	-	-	-
ROU-Assets for lease rent	-	-	156,205,055	180,492,251	-	-
			106,968,949	967,016		80,376,221
Balance as at 31 December 2019	691,980,695	-	513,228,174	181,459,266	6,840,988	787,574,658

Category of asset	Cost/valuation			Depreciation/amortisation		Carrying amount as at 31 December 2018
	Balance as at 1 January 2018	Revaluation reserve	Addition during the period	Adjustment during the period	Disposal during the period	Balance as at 31 December 2018
Land	129,240,000	150,195,033	-	-	-	279,435,033
Building	20,922,500	75,145,543	-	5,593,276	-	90,474,767
Motor vehicles	50,806,187	-	32,131,875	-	12,374,553	48,372,936
Furniture and fixture	62,704,654	-	12,727,189	4,092,911	2,929,535	36,024,446
Equipment and appliances	106,305,477	-	26,418,118	(4,092,911)	2,294,840	58,659,181
Software	21,496,542	-	2,792,585	-	-	7,799,653
Capital work in progress - Software	-	-	24,287,196	-	-	24,287,196
Balance as at 31 December 2018	391,475,360	225,340,576	98,356,963	5,593,276	17,598,928	545,053,212

Details of disposals for the year 2019

Cost	Accumulated depreciation	Book value	Sale price/adjustment	Profit/(loss) on disposal	Mode of disposal	Buyer
6,602,060	3,302,059	3,300,001	3,305,420	5,419	As per policy of the Company	Employees/Outsider
8,402	8,138	265	22,549	22,285	As per policy of the Company	Outsider
230,526	204,232	26,295	32,357	6,063	As per policy of the Company	Outsider
6,840,988	3,514,428	3,326,560	3,360,327	33,767		

Reconciliation of Net Profit with Cash Flows from Operating Activities

	Note	2019 Taka	2018 Taka
Net profit after tax		562,471,755	450,003,237
Adjustments for non-cash items:			
Add: Depreciation expenses		84,541,097	40,974,127
Add: Adjustment for ROU Lease Rent		(18,817,143)	-
Add: Provision for loans, advances and investments		190,765,448	262,347,450
Less: Gain on sale of fixed assets		(33,767)	(1,987,660)
Add/(Less): Accrued expenses		657,729,502	556,264,549
Add/(Less): Accrued income		(67,427,211)	(78,475,305)
Add/(Less): Provision for Current Tax		431,255,239	406,187,365
Add/(Less): Deferred Tax		(108,904)	4,379,185
		1,840,376,016	1,639,692,948
Changes in operating assets and liabilities			
(Increase)/Decrease in Loans and advances to other banks		(602,801,254)	17,997,600
(Increase)/Decrease in Loans and advances to customers		(5,797,704,489)	(9,876,315,228)
(Increase)/Decrease in Other assets		(76,094,817)	(41,868,860)
Increase/(Decrease) in Deposits from other banks and financial institutions		(2,674,868,739)	2,410,387,500
Increase/(Decrease) in Deposits from customers		11,970,147,732	4,908,828,798
Increase/(Decrease) in Trading liabilities		(192,427,874)	85,774,410
Increase/(Decrease) in Payable and accrued expenses		35,193,633	38,834,308
Increase/(Decrease) in Interest suspense		53,677,239	97,803,307
Increase/(Decrease) in Other liabilities		196,202,212	162,413,033
Payment of Corporate tax		(392,364,068)	(281,745,314)
Cash received/(paid) from operating assets and liabilities		2,518,959,575	(2,477,890,446)
Net cash from operating activities		4,359,335,591	(838,197,498)

Highlights on the overall activities of the _____ Company as at and for the periods 2019 and 2018

Sl. no.	Particulars	2019	2018
1	Paid up capital (Taka)	3,534,205,210	2,181,608,160
2	Total capital (Taka)	5,575,981,673	3,751,927,371
3	Capital surplus (Taka)	3,296,402,934	1,188,030,693
4	Total assets (Taka)	64,402,099,290	50,511,180,906
5	Total deposits (Taka)	46,361,357,299	37,066,078,306
6	Total loans and advances (Taka)	50,725,778,746	44,325,273,003
7	Total contingent liabilities and commitments (Taka)	81,148,614	105,148,614
8	Credit to deposit ratio	1.1:1	1.2:1
9	Percentage of classified loans against total loans, advances	1.57%	2.14%
10	Net profit after tax and provision (Taka)	562,471,755	450,003,237
11	Amount of classified loans and advances at the end of the period/year (Taka)	795,761,575	947,649,323
12	Provisions kept against classified loan (Taka)	227,982,884	194,240,598
13	Provisions surplus against classified loan (Taka)	100,669,802	53,866,230
14	Cost of fund	10.09%	9.14%
15	Interest earning assets (Taka)	61,171,590,075	48,466,009,471
16	Non-interest earning assets (Taka)	3,230,509,216	2,045,171,435
17	Return on investment (ROI)	12.06%	13.11%
18	Return on asset (ROA)	0.98%	1.00%
19	Income from investment (Taka)	115,160,975	63,347,080
20	Earning per share (Taka) (Restated - 2018)	1.82	1.59
21	Net income per share (Taka)	1.82	1.59
22	Price earning ratio (Times)	14.07	23.96



ENDLESS GROWTH



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.



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 38th Annual General Meeting of the Company to be held at Celebrity Convention Hall, Otobi Centre, Level-6, Plot # 12, Block-CWS(C) Gulshan South Avenue, Gulshan-1, Dhaka-1212 on Tuesday, 31 March 2020 at 9:30 a.m. or at any adjustment thereof.

Signed this

Signature of Proxy

Day of 2020

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 38th Annual General Meeting of the Company being held at Celebrity Convention Hall, Otobi Centre, Level-6, Plot # 12, Block-CWS(C) Gulshan South Avenue, Gulshan-1, Dhaka-1212 on Tuesday, 31 March 2020 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.



Hosna Center (4th Floor), 106 Gulshan Avenue, Dhaka 1212
Phone: 16519, +88 09612 88 5533, Fax: +8802 988 5532
E-mail: email@ipdcbd.com, Facebook: [ipdcfinance](#)
Website: www.ipdcfinance.com