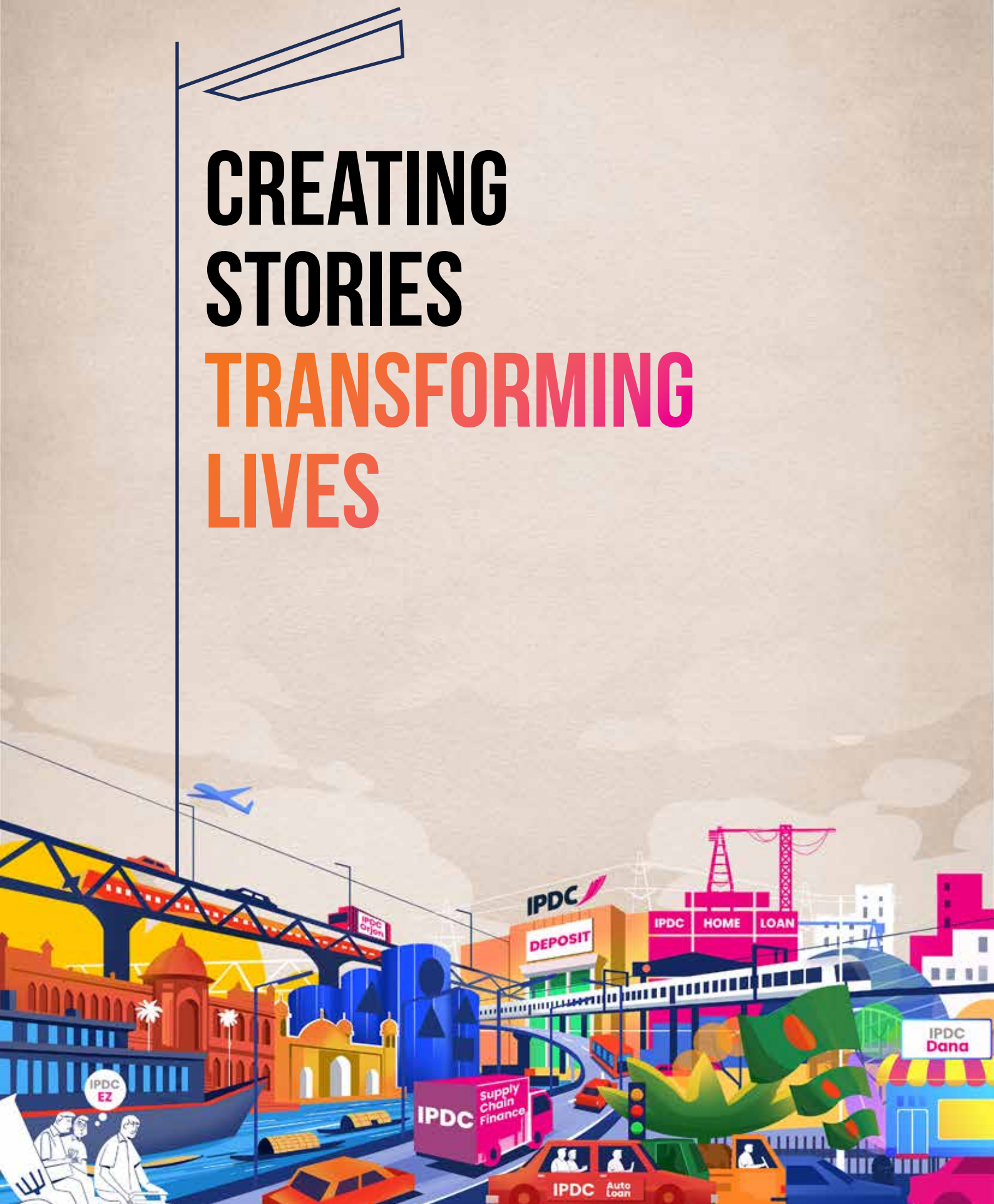


ANNUAL REPORT
2022



CREATING STORIES TRANSFORMING LIVES



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

-Sir Fazle Hasan Abed KCMG

LETTER OF TRANSMITTAL

To
All Shareholders,
Bangladesh Bank,
Registrar of Joint Stock Companies and Firms,
Bangladesh Securities and Exchange Commission,
Dhaka Stock Exchange Limited, and
Chittagong Stock Exchange Limited

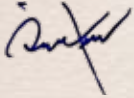
Annual Report for the year ended 31 December 2022.

Dear Sirs:

Please find enclosed, a copy of the Annual Report along with the Audited Financial Statements including Balance Sheet as at 31 December 2022 and Income Statements, Cash Flow Statement and Statement of Changes in Equity for the year ended 31 December 2022 along with the notes thereon of IPDC Finance Limited for your kind perusal and record.

Thank you.

Yours Sincerely,



Samiul Hashim
Company Secretary

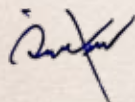
NOTICE OF THE 41ST ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting (AGM) of the shareholders of IPDC Finance Limited will be held virtually by using digital platform through the following link <https://ipdc.bdvirtualagm.com> (In pursuance with BSEC Order No. SEC/SRMIC/94-231/91 dated 31 March 2021) on Sunday 27 April 2023 at 11:00 a.m. to transact the following proceedings:

AGENDA

01. To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements of the Company for the year ended 31 December 2022;
02. To declare dividend for the year ended 31 December 2022;
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) Ms. Sonia Bashir Kabir as Independent Director, (b) Mr. Ariful Islam as nominee Director of Ayesha Abed Foundation,
07. To transact any others business (if any) with the permission of the chair.

By order of the Board



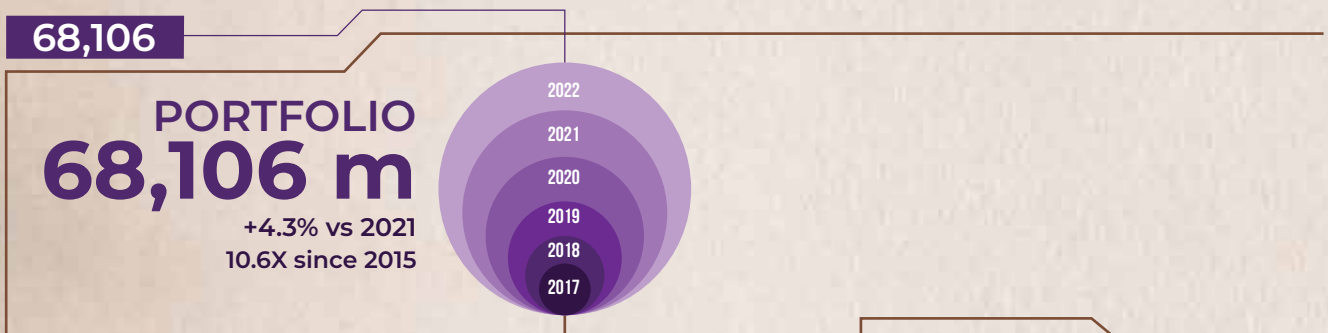
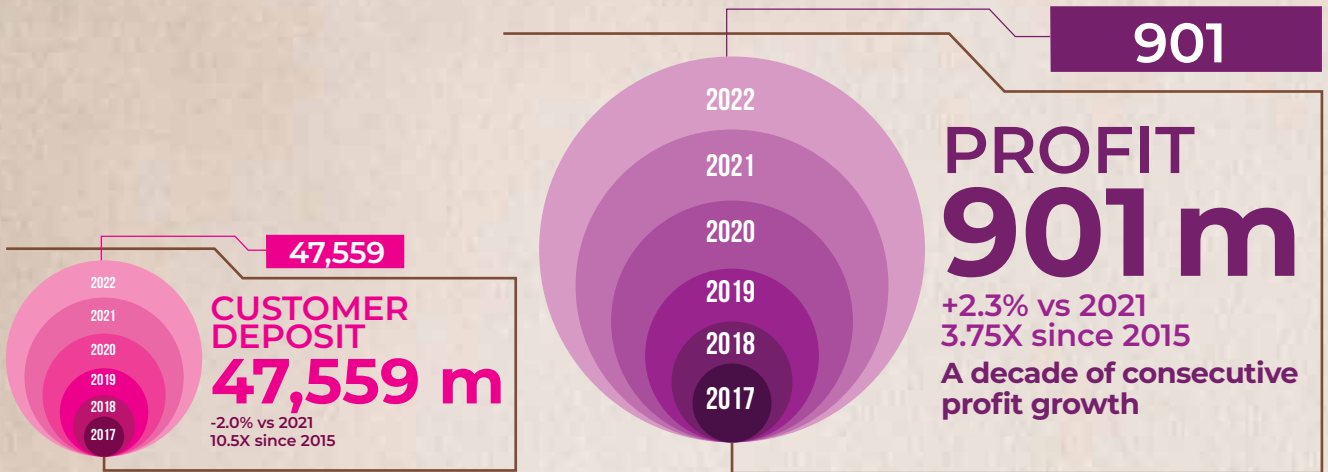
Samiul Hashim
Company Secretary

Dated: 23 March 2023

Notes:

1. Shareholder's appeared in the Members/Depository Register as on "Record Date" i.e. 21 March 2023 are eligible to attend and vote in the Annual General Meeting (AGM) and to receive the dividend as declared in the AGM.
2. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018, the soft copy of the Annual Report 2022, Proxy Form and Notice of 41st AGM of IPDC are being sent to the email addresses of the shareholders available in their Beneficial Owner (BO) Accounts maintained with the CDBL on Record date. The soft copy of the Annual Report 2022 and Proxy Form will also be available on the Investor Relations section of the Company's website at: <https://www.ipdcdbd.com>. The "Proxy Form" duly filled signed and stamp at BDT 100/- (As per Finance Act, 2022 and Bangladesh Gazette, Additional Edition, published on 9 June 2022) must be sent before 48 hours of commencement of the 41st AGM of IPDC at Head Office, IPDC Finance Limited, Hosna Centre (4th Floor), 106, Gulshan Avenue, Dhaka-1212.
3. The login process to participate in the virtual meeting along with link are also available in Company's website <https://www.ipdcdbd.com>. Details of the login process has also been sent through email/SMS to respective shareholder's email ID/mobile number available in their BO Account maintained with their depository.
4. The shareholders will be able to submit their questions/comments and vote electronically 24 (Twenty-four) hours before commencement of the AGM and during the Annual General Meeting. For logging in to the system, the shareholders need to put their 16 Digit Beneficial Owner (BO) ID Number/ Folio No. and others credential as proof to their identity by visiting the link <https://ipdc.bdvirtualagm.com>.
5. Shareholders are requested to log the system prior to the starting time of the meeting at 11:00 am on 27 April 2023. The webcast will start at 10:45 am of 27 April 2023. For any IT related guidance in this regard Members may contact cell number +880 01713-076765, +880 01711-166131.

CREATING STORIES TRANSFORMING LIVES



AAA CREDIT RATING

RETURN
ON EQUITY
13.7%

RETURN
ON ASSET
1.0%

CLASSIFIED
LOAN RATIO
4.14%



PROVIDING
AFFORDABLE
HOME LOAN
ACROSS THE
COUNTRY

RECOGNIZED BY
BANGLADESH BANK FOR
**SUSTAINABILITY
RATING**



180m+ Views
950k+ Subscribers

ENABLING
VALUE CHAIN
FINANCING THROUGH



100,000+ RETAILERS & **350+** SUPPLIERS

896
EMPLOYEES



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

1. This is IPDC	9
2. Performance Highlights	10
3. About this Report	12
4. Materiality Determination	14
5. Company Profile	17
6. Business Philosophy	19
7. IPDC's Evolution	20
8. Products and Services	22
9. Our Footprint	26
10. IPDC's Many Firsts	28
11. CSR	29
12. Signature Platforms	33
13. Awards	35
14. Highlights of 2022	37
15. Initiative Videos of 2022	39
16. Profile of Shareholders	41
17. The Board	44
18. Profile of the Management Committee	56

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

1. Statement from the Chairman	65
2. Statement from MD & CEO	67
3. Performance Analysis by the CFO	69
4. Management's Take on IPDC's Performance	71

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

1. Guiding Principles of Governance	81
2. Directors' Report	90

i. Key Operating and Financial Data of Preceding Five Years	97
ii. Pattern of Shareholding	98
iii. Meetings Attended and Remuneration of the Directors	99
iv. Corporate Governance Certificate	100
v. Statement of Compliance with Corporate Governance Guideline by BSEC	101
vi. Statement of Compliance with Good Governance Guideline Issued by BB	112
vii. Assessment Report on the Going Concern	114
viii. IPDC Dividend Distribution Policy	116
3. Statement of Ethics and compliance	118
4. Internal Control System	120
5. Report of the Audit Committee	122
6. Role of the Executive Committee	124
7. Integrated Risk Management Framework	126
8. Risk Management Strategy	128

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

1. Value Creation Process Flow	142
2. Our Business Model	144
3. A Glance into the Business Ecosystem	145
4. Risk, Opportunity and Strategy Mapping	150
5. Strategy Formulation and Resource Allocation	151
6. Strategic Business Unit (SBU) Strategy	152
7. Strategic Priorities for 2023	159

FINANCIAL CAPITAL

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

1. Key Performance Indicators	162
2. Operating Segment Performance	164
3. Vertical and Horizontal Analysis	165
4. Market and Economic Value Added	167

5. Maturity Analysis of Assets and Liabilities	168
6. Capital Adequacy and Market Discipline	169
7. Written-off Portfolio and Classified Loans	175
8. Credit Rating Report	177

7. Commitment to Sustainable Development Goals	220
8. Success Story	222
9. Value Added Statement	223
10. Contribution to Government Exchequer	227
11. Sustainability Score Card	228

MANUFACTURED CAPITAL

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

1. Manufactured Capital	179
2. Infrastructure	180
3. Operational Efficiency	181
4. Branch Highlights	182

INTELLECTUAL CAPITAL

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

1. Intellectual Capital	184
2. Brand Perception	185
3. Digital Presence in 2022	186
4. Product Formulation and Innovation	188
5. Service Orientation	189
4. IT Capabilities and Digital Transformation	190

HUMAN CAPITAL

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

1. Human Capital	194
2. Statement of Human Capital	195
3. Company Organogram	201
4. Human Resource Accounting	202

SUSTAINABILITY REPORT

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

1. Approach Towards Sustainability	204
2. Enabling Sustainable Business	206
3. Fostering Sustainable Business Initiatives	208
4. IPDC's Engagement with Stakeholders to Create Value in Long Term	209
5. Identifying Our Stakeholders	210
6. Sustainable Initiatives	217

FINANCIAL STATEMENTS

This section provides details of current financial position of the company

1. Declaration by CEO and CFO	230
2. Independent Auditors' Report	232
3. Balance Sheet	236
4. Profit and Loss Account	238
5. Cash Flow Statement	239
6. Statement of Changes in Equity	240
7. Liquidity Statement	241
8. Notes to the Financial Statement	242

OTHER INFORMATION

1. Proxy and Attendance Slip	285
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A large magnifying glass icon is centered on the page. The lens of the magnifying glass is a large circle containing the word "OVERVIEW" in a bold, sans-serif font. The handle of the magnifying glass is a thick black shape extending from the bottom left of the lens. The word "OVERVIEW" is written in a gradient color, starting with orange on the left and transitioning to pink on the right. The background of the entire page is a light beige or cream color with a subtle, fine-grained texture.

OVERVIEW

THIS IS IPDC



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 enables them to live unbound.”

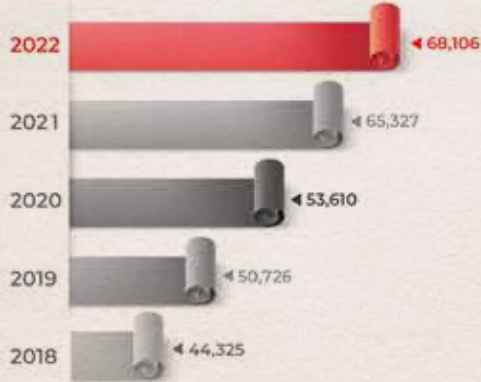
With an unprecedented journey of 41 years, IPDC has created meaningful stories in different walks of its treasured clientele's life. After a long and hard-fought war in 1971, Bangladesh liberated itself to stand out as a valiant nation in the sub-continent. Considering freedom to not to be a destination but a journey, when the post-war devastation struck the country, a lot of assistance was needed to realize the visions of this nation and to cater to the necessity of those visions, Industrial Promotion and Development Company of Bangladesh Limited (IPDC of Bangladesh Limited) was formed. Since its inception, IPDC Finance has played a pivotal role in developing the country's industrial landscape and 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 society and touch the lives of more people by providing affordable home loans, going beyond megacities, supporting women entrepreneurs and SMEs, and bringing convenience at home.

WHAT WE DO

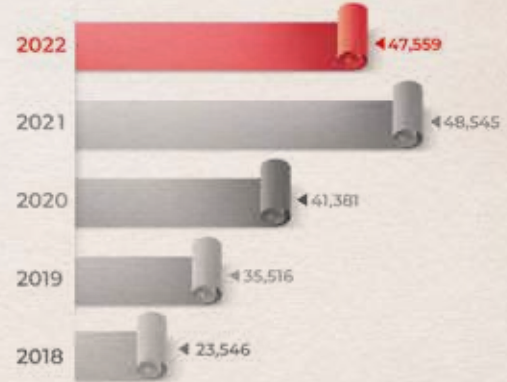
IPDC places a special focus on youth, women, and underserved areas with a mission to enable customers and communities to rise unbound and live to their full potential. We plan to realize this ambition by extending innovative financial solutions in a friendly, timely, transparent, and cost-effective manner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

PERFORMANCE HIGHLIGHTS

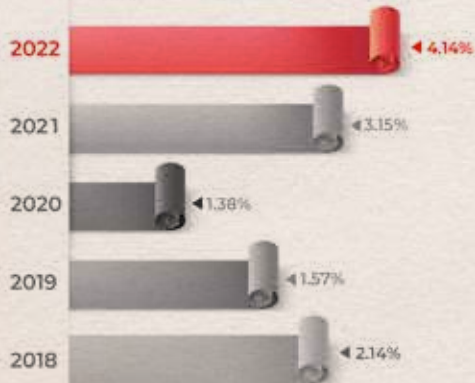
LOANS AND ADVANCES in BDT mn



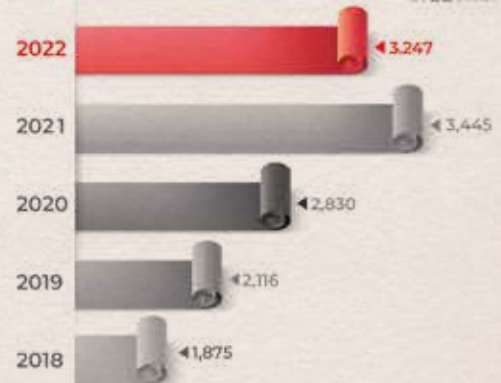
CUSTOMER DEPOSITS in BDT mn



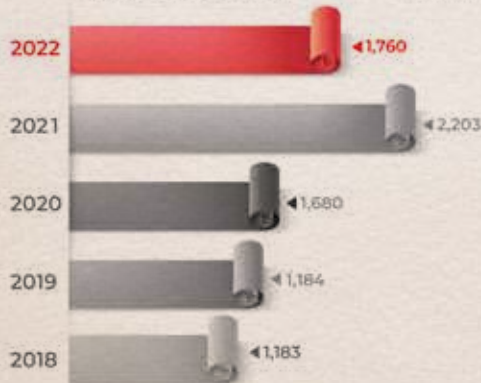
CLASSIFIED LOAN RATIO



REVENUE in BDT mn



OPERATING PROFIT in BDT mn



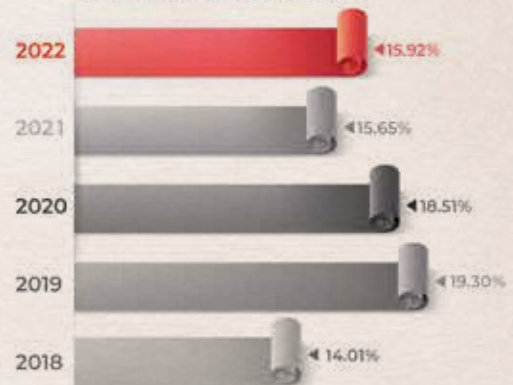
PROFIT AFTER TAX in BDT mn



COST TO INCOME



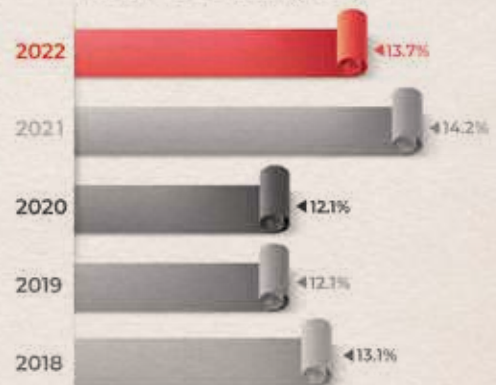
CAPITAL ADEQUACY RATIO



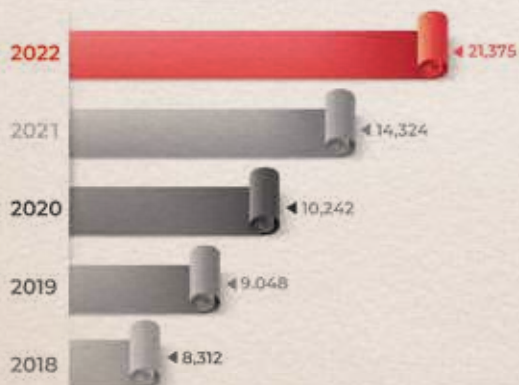
RETURN ON ASSET (ROA)



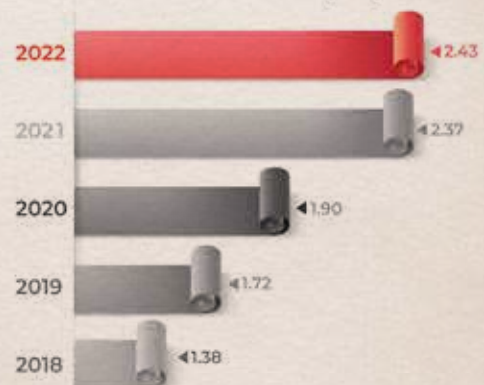
RETURN ON EQUITY (ROE)



MARKET CAPITALIZATION in BDT mn



EARNINGS PER SHARE (EPS)



ABOUT THIS REPORT

INTEGRATED REPORTING

Stakeholders now value information on forward-looking sustainability of a company as much as they value its historical financial information. With this view in mind IPDC each year prepare its annual reports that incorporate both the financial and non-financial information about the company in a structured manner. As an accountable business organization, we consider it to be our responsibility to conduct our business ethically to create value in the long-term interests of the society. In this context, though our report is aimed principally at capital providers, it is also considered to be of interest to a diverse range of other stakeholders. We believe that through this report, both our major groups of shareholders

and stakeholders will be able to appraise our Company, our operations and our growth prospects better, thereby helping nurture a better understanding of our Company. Integrated Reporting brings together material information about an organization's strategy, governance, performance, and prospects in a way that reflects the commercial, social and environmental context within which it operates. The information provided in our Integrated Reporting are 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. 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 2022 Integrated Report covers the period from 1 January 2022 to 31 December 2022. 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 2022 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
- Financial Reporting Act ,2015
- Relevant rules and regulations of Bangladesh Bank
- And other applicable laws and regulations of the land.

REPORTING PRINCIPLES

The Institute of Chartered Accountants of Bangladesh (ICAB) have issued a guide for Integrated Report. It has been specified under the name 'Integrated Report Checklist', in compliance with the Integrated Reporting principles published by the International Integrated Reporting Council (IIRC). The Annual Report 2022 has been prepared according to the reporting standards mentioned above.

1



STRATEGIC FOCUS AND FUTURE ORIENTATION

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

CONNECTIVITY OF INFORMATION

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



2

3



STAKEHOLDER RELATIONSHIPS

For more details, please refer to "Social and Relationship Capital."

CONCISENESS

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



4

5



MATERIALITY

For more details, please refer to Page 14.

RELIABILITY AND COMPLETENESS

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



6

7



CONSISTENCY AND COMPARABILITY

For more details, please refer to Page 13.

COMPARABILITY

All the information presented in this report is on the same basis as the 2021 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.

FORWARD LOOKING STATEMENTS

The Annual Integrated Report of IPDC for the year 2022 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.

AVAILABILITY OF THE ANNUAL

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:

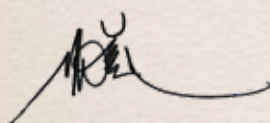
<https://www.ipdcdb.com/aboutus/investmentrelation>

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 2022 represents a culmination of our efforts in realizing the potential of our Company that we undoubtedly believed in.

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.

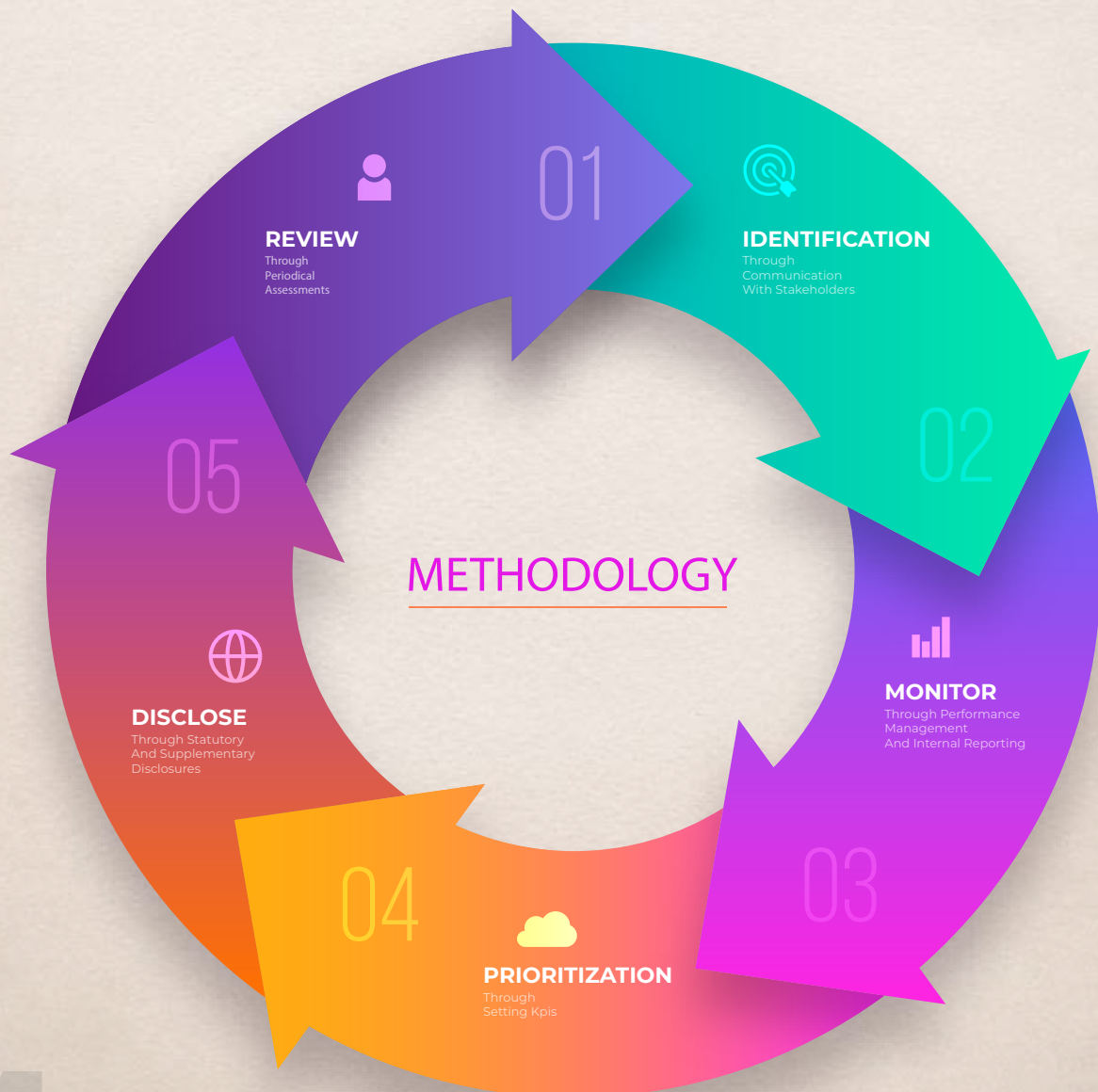


Mominul Islam

Managing Director and Chief Executive Officer

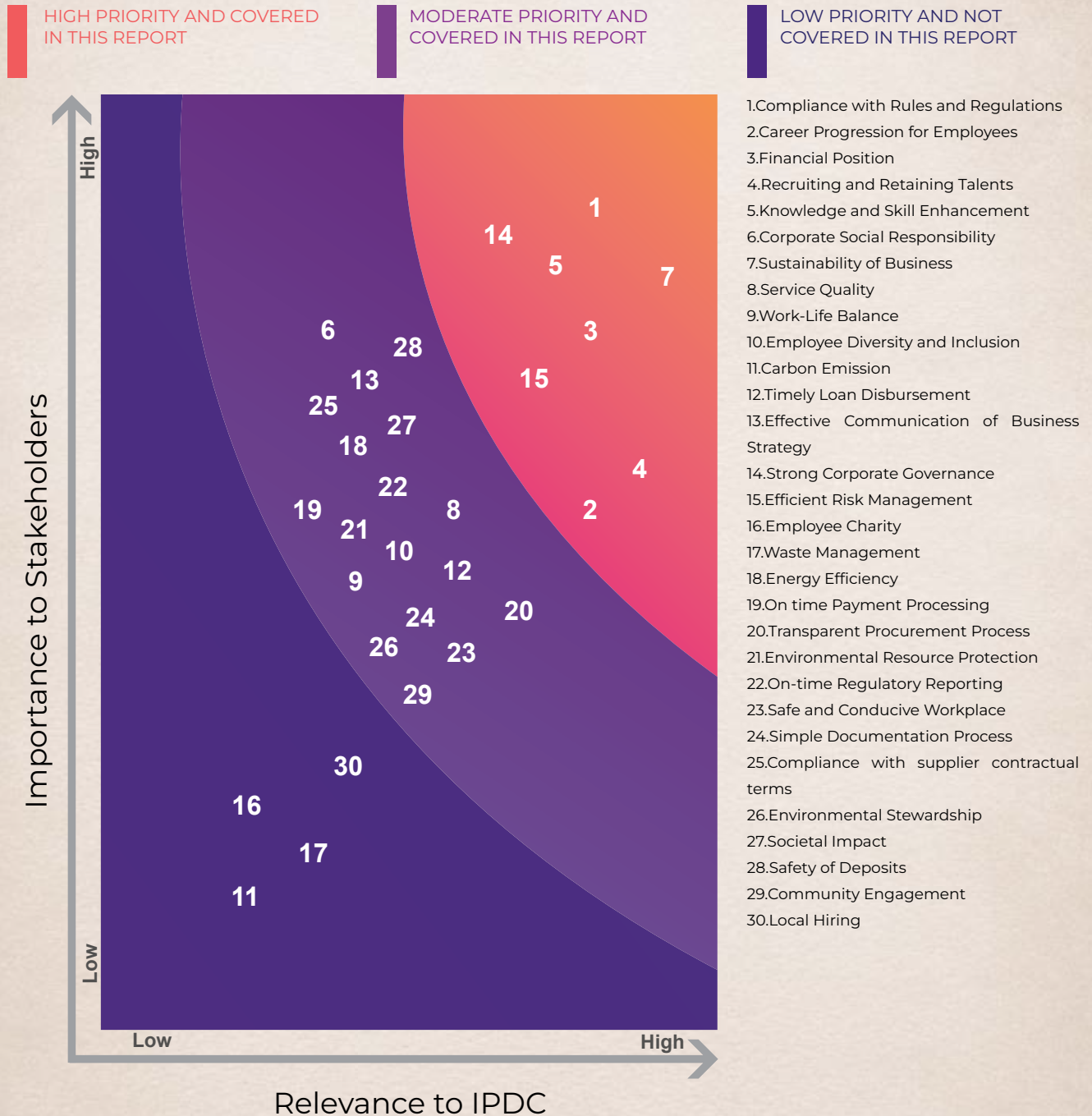
MATERIALITY DETERMINATION

A business must be in continuous engagement with its stakeholders for strategy improvement, in order to be responsible and sustainable in the long run. A problem that affects the stakeholders, business decisions, operations, and performance, is considered material. Materiality determination is a continuous process that includes ongoing trend analysis, market research and stakeholders' review. Recognizing the environmental, social and governance aspects that influence the company the most and is of grave concern for our stakeholders is essential. Hence, constantly evaluating these elements help us prioritize and focus on tackling the concerning issues effectively via our policies.



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



OUR TOP PRIORITIES

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

STAKEHOLDERS	IMPACT	FOR MORE DETAILS, PLEASE REFER
Customers	<ul style="list-style-type: none"> » Safety of deposits » Timely loan disbursement » Simple documentation process » Quality customer service 	<ul style="list-style-type: none"> • “What We Do” under “Overview” (Page 9) • “Operational Efficiency” under “Manufactured Capital” (Page 181) • “Brand Perception” under “Intellectual Capital” (Page 185) • “Service orientation” under “Intellectual Capital” (Page 189)
Employees	<ul style="list-style-type: none"> » Career progression opportunities and retaining talents » Knowledge and skill enhancement » Diversity and inclusion » Work-life balance with safe and conducive workplace 	<ul style="list-style-type: none"> • “Human Capital” (Page 194 to 202)
Investors	<ul style="list-style-type: none"> » Financial position » Sustainability of business » Effective communication of business strategy » Effective Corporate Governance with Efficient Risk Management 	<ul style="list-style-type: none"> • “Sustainability Report” (Page 204 to 228) • “Governance and Risk Management” (Page 81 to 139)
Suppliers	<ul style="list-style-type: none"> » Compliance with contractual terms » On-time payment processing » Transparent procurement process 	<ul style="list-style-type: none"> • “Sustainability Report” (Page 204 to 228)
Communities & Society	<ul style="list-style-type: none"> » Social responsibility and impact to society » Environmental stewardship » Resource protection and energy efficiency » Community engagement 	<ul style="list-style-type: none"> • “Impact (CSR)” under “Overview” (Page 29) • “CSR Statement” under “Sustainability Report” (Page 219)
Regulators	<ul style="list-style-type: none"> » Compliance with rules and regulations » On-time regulatory reporting » Effective corporate governance 	<ul style="list-style-type: none"> • “Government and Risk Management” (Page 81 to 139)

COMPANY

PROFILE Founded in 1981, IPDC Finance 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 07 February 1995
Listing Date	03 December 2006 (Dhaka Stock Exchange and Chittagong Stock Exchange)
Taxpayer Identification No	111505336736
VAT Registration No.	001103993-0101
Authorized Share Capital	BDT 8,000,000,000
Paid up capital	BDT 3,710,915,470
Branches	15
Chairman	Kazi Mahmood Sattar
Managing Director	Mominul Islam
Chief Financial Officer	Fahmida Khan
Company Secretary	Samiul Hashim
Head of Internal Audit & Compliance	Md. Ezazul Islam
Stock Exchange Trading Code	IPDC
Registered Office	Hosna Centre (4th floor) 106, Gulshan Avenue, Dhaka 1212 PABX: +(88-02) 55068931-6, +(88) 09612885533, +(88) 09612316519 FAX: +(88-02) 55068930 Email: email@ipdcdbd.com Website: www.ipdcdbd.com
Investors' Enquiry	Investors Relation Department Phone: +(88) 09612885533, +(88-02) 55068931-6 Fax: +(88-02) 55068930 Email: email@ipdcdbd.com

AUDITOR, CONSULTANTS AND MEMBERSHIPS

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

PHILOSOPHY BUSINESS

OUR VISION

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



OUR MISSION

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



OUR GUIDING PRINCIPLES

- Displaying the highest level of Integrity in the way we conduct our business
- Demonstrating a strong Will to Win in the marketplace
- Promoting Diversity in the workplace and community
- Always encouraging Teamwork
- Harnessing the power of Technology to deliver the best customer experience
- Setting the standard for the best Corporate Citizenship in the communities we work



OUR CORE VALUES

We will create extraordinary customer experiences by:

- Embracing Customer's Passion
- Accepting No Limits
- Relentless Pursuit For Innovations

IPDC'S EVOLUTION

IPDC AMADER GAAN 2022

Awarded the Intellectual Property Protection Award 2021 for its contribution in protecting and presenting Bangla Folk music to the youth through "IPDC Amader Gaan".

ICMAB AWARD

IPDC Finance won GOLD at the ICMAB Best Corporate Award under the Non-Bank Financial Institution (NBF) category.

MANOBOTA DEPOSIT 2020

Digitalized and transformed all initiatives and operations to adapt to the new normal brought upon by the pandemic

Launched the Manobota deposit scheme to help the underprivileged community and

DEVELOPMENT OF PROJECT ORJON SCHEME 2018

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

REBRANDING 2016

Formulated the five-year strategic paper by realigning focus on youth, women, and underserved areas

Revamped and rebranded to IPDC Finance Limited from Industrial Promotion and Development Company of Bangladesh Limited

Inaugurated branches in Gazipur, Narayangonj, and Bogra

INTRODUCED FACTORING AND MORTGAGE FINANCE 2012

CHILD MARRIAGE PREVENTION LOAN

Launched Child Marriage Prevention Loan, the first of its kind, an innovative interest-free loan aimed at preventing child marriages in underprivileged families.

ONBOARDED TAMIM IQBAL 2021

Onboarded Tamim Iqbal as Uchasher Ogrodut (Brand Ambassador)

BEST FI 2019

Launch of Orjon, Southeast Asia's First Blockchain-based Digital Supply Chain Finance Platform

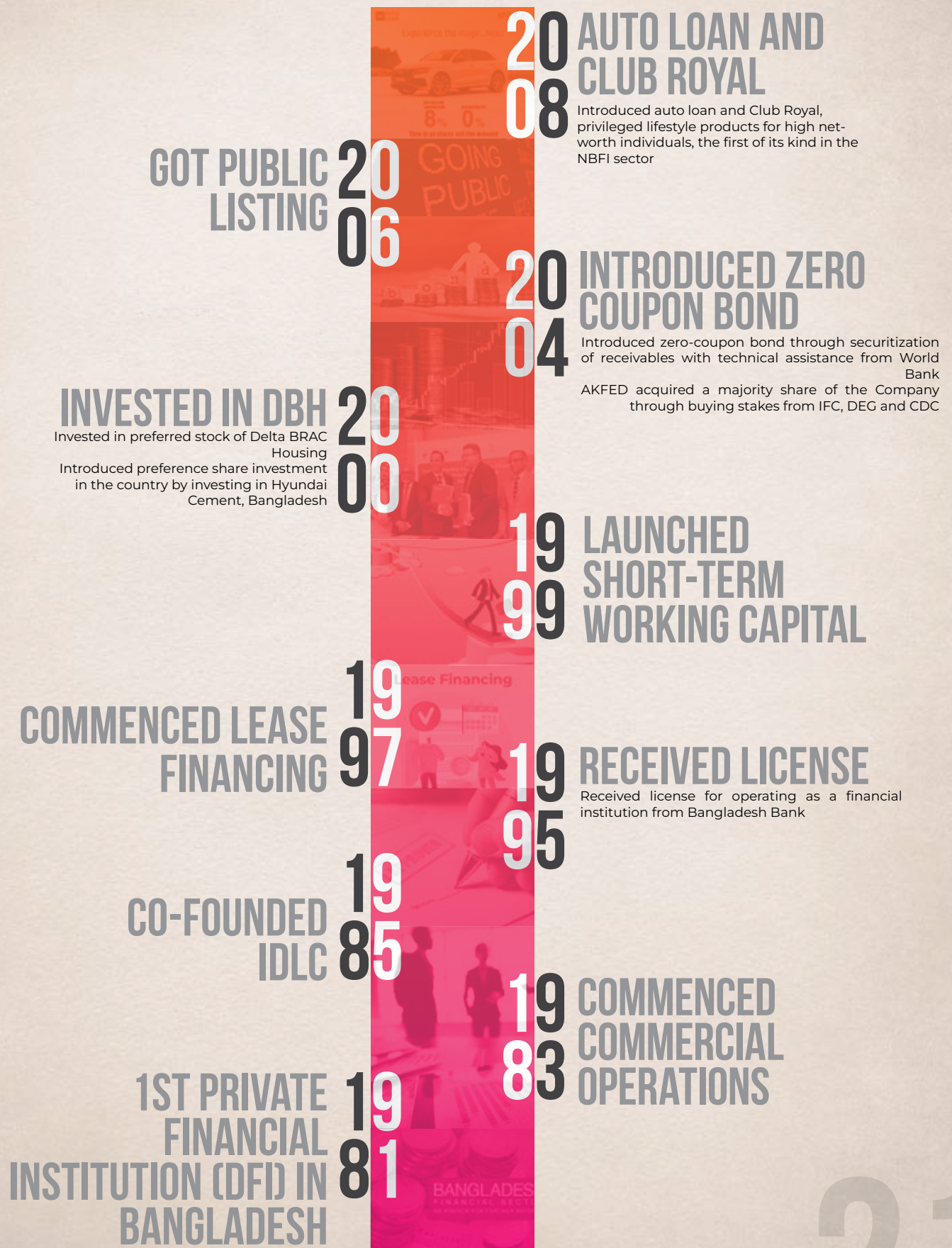
Became the Best Financial Institution of the Year at the 18th Bangladesh Business Awards

INAUGURATED BRANCHES 2017

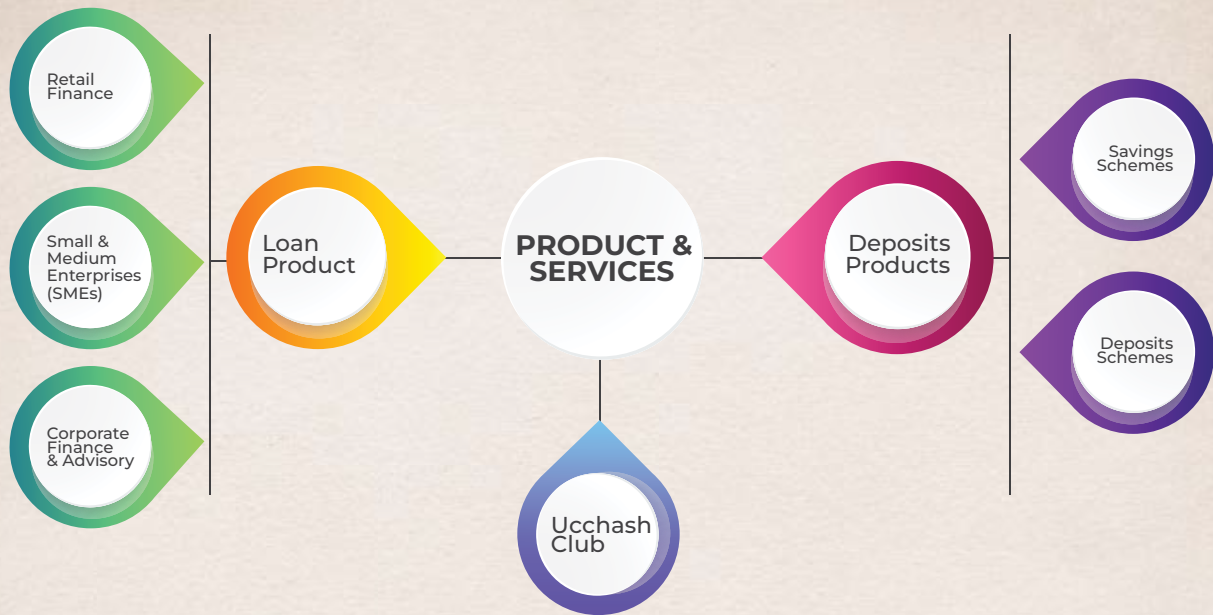
Inaugurated branches in Jashore, Mymensingh and Cumilla

MAJOR CHANGES IN SHAREHOLDING STRUCTURE 2015

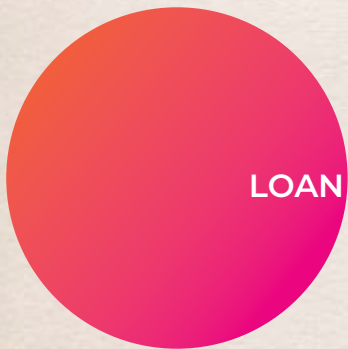
Major changes in shareholding structure with BRAC taking 25%, Ayesha Abed Foundation 10%, and RSA Capital Limited 5% from AKFED



PRODUCTS AND SERVICES



As a strategic orientation of our business, we have organized our business activities into three broad strategic business units: Corporate, SME, and Retail.



LOAN PRODUCTS

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

RETAIL FINANCE



Home Loans With a wide choice of home loan options, our home and mortgage division aims to meet the need that is every individual's aspiration: having their own home.



Auto Loans Our auto loan division specializes in providing car financing products and solutions for both individuals and institutions. having their own home.



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



Bhalo Basha Home Loan: Bhalo Basha home loan offers housing finance to the growing middle-income base outside metropolitan areas.



IPDC EZ: IPDC EZ is a consumer financing platform where customers can make their desired purchase from renowned shops/platforms, plan and enjoy trips abroad and pay later in affordable monthly installments.



SMALL AND MEDIUM ENTERPRISES (SMES)



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 low interest rates throughout the year.

Lease Finance: IPDC provides lease financing to small and medium enterprises against large industrial engines, industrial machinery and equipment, commercial equipment, generators, vehicles, and vessels among others.



CORPORATE FINANCE AND ADVISORY



Lease Finance: IPDC provides lease financing against industrial machinery 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 expenditure requirements of customers such as balancing production lines, modernization of manufacturing processes, 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 fund requirements.



DEPOSIT PRODUCTS

Deposit Schemes

Deposit Premium Scheme: A fixed amount is deposited every month which is capitalized annually. The total amount can be withdrawn after the end of the term.

Millionaire Deposit Scheme: A monthly scheme with flexible long-term tenure that gives a 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.

Annual Profit Scheme: A fixed amount of no less than BDT 10,000 must be deposited in which mode of interest payment is annual.

Cumulative Profit Scheme: A fixed amount of no less than BDT 10,000 must be deposited in which interest is paid at maturity.

Fixed Deposit General: A fixed amount of 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 of 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 of 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 of no less than BDT 50,000 must be deposited in which minimum tenure is 1 year and interest is paid on a quarterly basis.

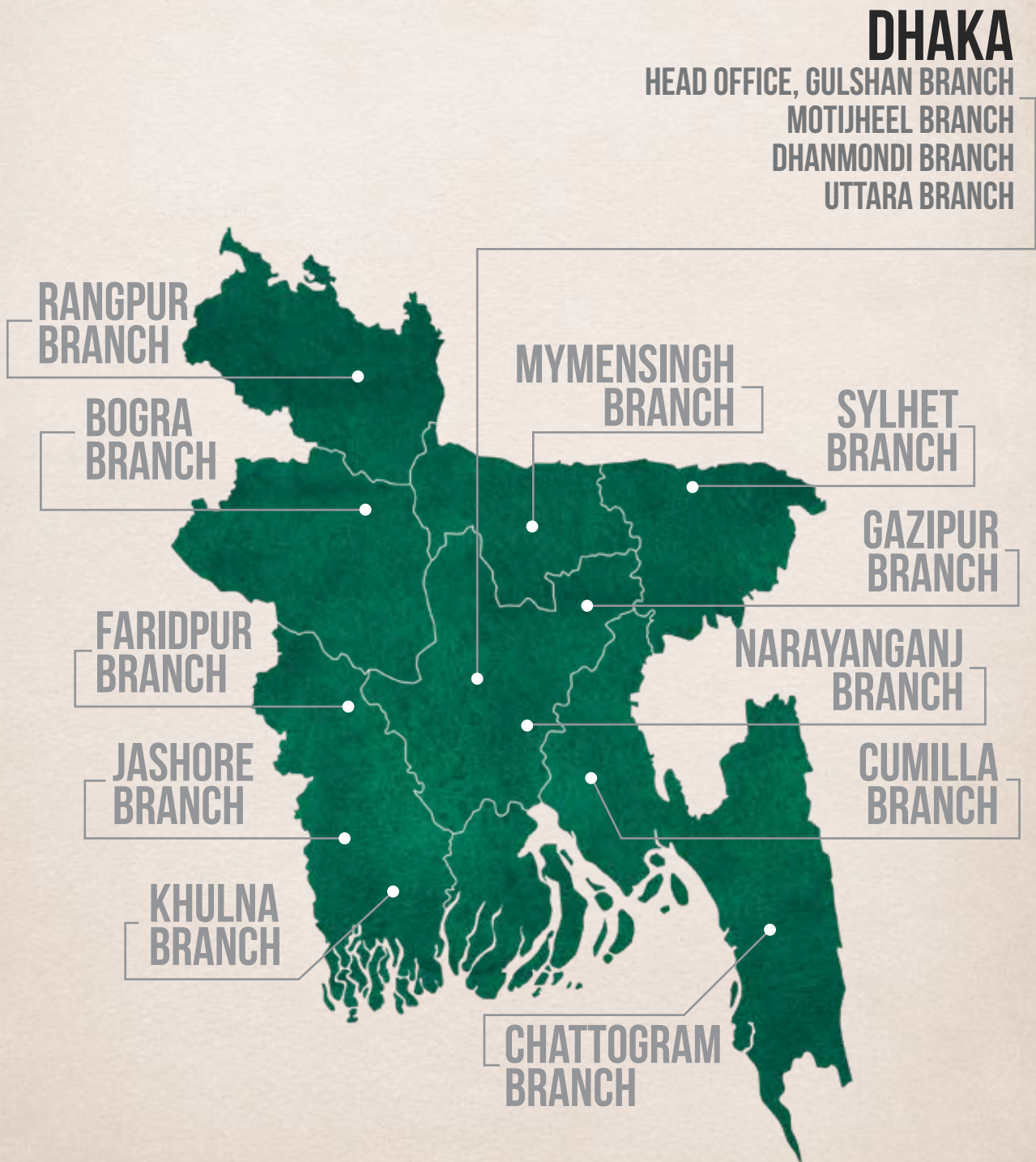
Priti: An exclusive platform for the female clients of IPDC where they can receive various privileged services and special discounts through partners.



UCHASH CLUB

Through our Uchash Club, 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.

OUR FOOTPRINT



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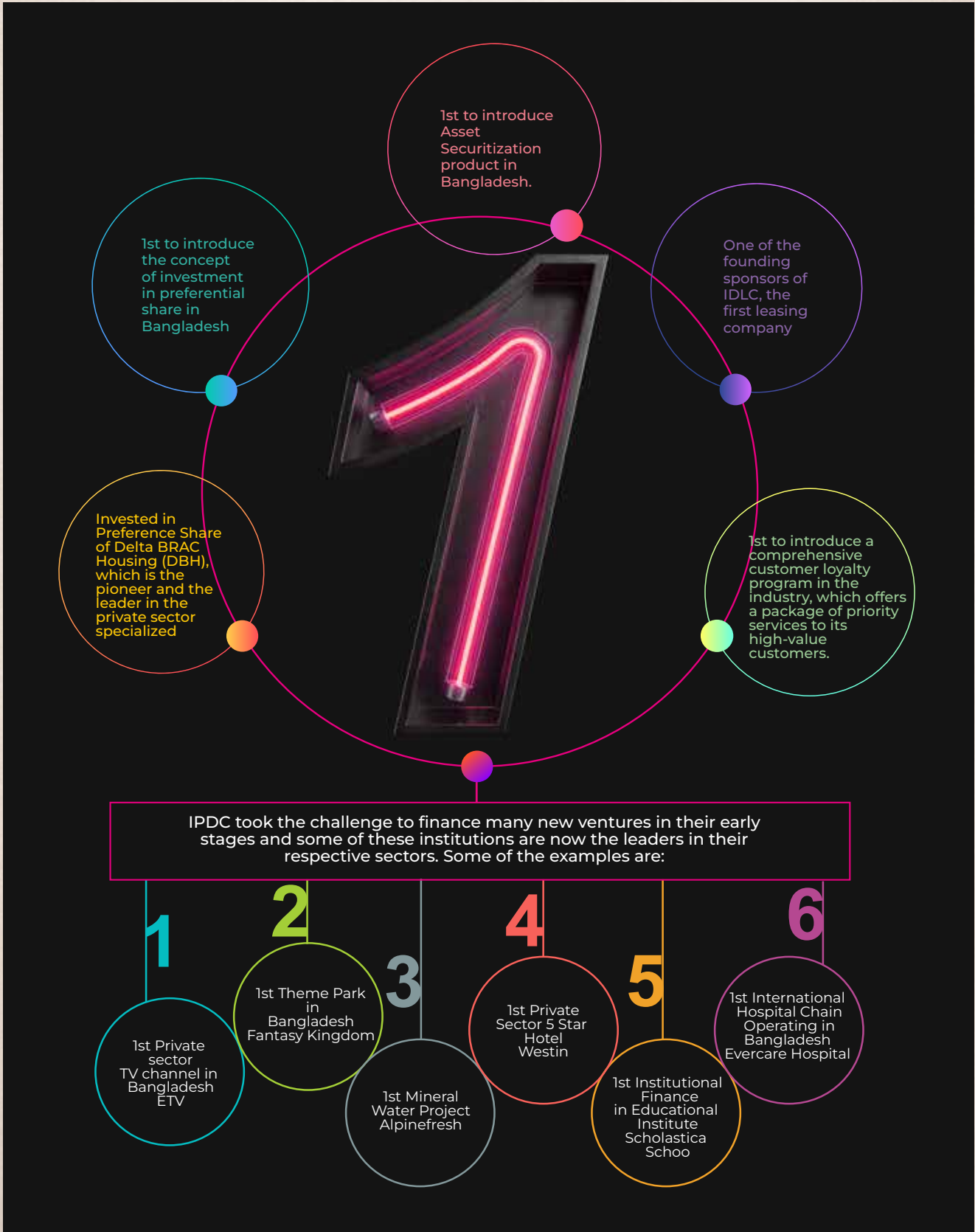
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IPDC'S FIRSTS



CSR

EDUCATION

Sadia Mou

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



Prime Minister's Education Assistance Trust

Prime Minister's Education Assistance Trust is a Bangladesh government trust fund under the Ministry of Education responsible for providing scholarships to underprivileged students based on merit. It is managed by an advisory council headed by the Prime Minister of Bangladesh. IPDC Finance donates to the Prime Minister's Education Assistance Trust to support the education of underprivileged students.

Kabil Miah

A talented trumpet player, Kabil Miah has two children. IPDC Finance supports the education of both his children through monthly donations.



Jaago Foundation

On account of the 50th year after the Independence of Bangladesh in 2021, IPDC Finance took the responsibility to change the lives of 50 underprivileged children under the Jaago Foundation by supporting their education.

Ucchash School

With the long-awaited reopening of school, IPDC gifted "Back to school gift packs" to Ucchash School – a school established by IPDC in a remote char of Son Pocha along with shoes for all the students.



Narail Express Foundation

To support the talented players of Narail and its surrounding areas, IPDC Finance donates to ensure proper sports education of 180 players at the Narail Express Foundation

Obhizatrik School

A school set up to support the education of slum kids, Obhizatrik school has been operating for the last 12 years. To provide those children with a space to play, IPDC Finance has set up a playground at the Mirpur branch of Obhizatrik School.

Rawyan Shayema

A talented Bangladesh-based cinematographer, Rawyan Shayema has been struggling as a cinematographer in our male-dominated film industry. She applied and got accepted at AFI / American Film Institute, which is one of the top film school in the world, and it has a less than 1% acceptance rate. Therefore, IPDC Finance has donated to support her education.

SI Girls High School

SI Chowdhury Girls' High School is situated in Lohagara, Chittagong as the only girls' school with over 800 students. The school at the moment doesn't have any computer lab. Therefore, to ensure that the girls get proper ICT education, IPDC Finance has donated to set up an ICT lab for the students.

HEALTH

Proyash

Proyash provides various services and support to all types of children with special needs. To support their activity, IPDC Finance has donated to ensure an inclusive world for all.

BANCAT Alok Nibash

Bangladesh Cancer Aid Trust (BANCAT) is an organization that tries to help those brave hearts who fought or are fighting their war against this terminal disease. To further support their activities, IPDC Finance has donated to develop their infrastructure.

Fareea Lara Foundation

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



Narail Express Foundation (Gym Construction)

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

Riazul Karim's Chronic Kidney Treatment

Suffering from chronic kidney issues, Riazul Karim received a donation from IPDC Finance as support for his treatment.

Alamgir Hossain's Heart Treatment

Mr. MD. Alamgir Hossain, had a heart attack in September 2021. He had 3 blocks in his main artery and 5 blocks overall. Having a family including 3 children, where he is the sole provider. To support his family and his treatment IPDC Finance has donated so that he can recover peacefully and get back to his previous life

Jexca Healthcare Complex

The JEXCA Healthcare Complex is run by the Jhenaidah Ex-Cadets Association (JEXCA) to provide treatment to underprivileged patients free of cost. IPDC Finance has donated to develop its infrastructure to further support its activities.

Bangladesh Eye Trust Hospital

To support the eye cataract surgery of 100 underprivileged patients, IPDC Finance has donated to the Bangladesh Eye Trust Hospital. Bangladesh Eye Trust Hospital is a non-profit eye hospital established and managed by Bangladesh Eye Hospital. The hospital started its journey in 2014 with the aim of providing eye care services at affordable costs, or if necessary, free of cost, to the country's underprivileged patients.

ENVIRONMENT & CLIMATE CHANGE MITIGATION

Greentech Foundation

Green Inclusive Business Champions is a pioneering initiative and innovative platform for promoting green innovation and entrepreneurship in Bangladesh that also contributes to economic inclusion. IPDC Finance supported this initiative of the Greentech Foundation.

Greencube Green Business Incubator

The Green Inclusive Business incubator provides focused support to entrepreneurs through a supportive environment that helps them establish their business ideas and develop their concepts into market-ready products, supports the acquisition of business knowledge, facilitates the raising of necessary finance, introduces the entrepreneurs to business networks, all of which should substantially reduce the level of failure.

Tree Plantation at OBHIZATRIK School

As part of the environmental and climate change mitigation agenda, IPDC Finance planted 400 plants in the Mirpur campus of Obhizatrik school. This has not only beautified the campus but also helps environmental and climate change mitigation.



SPORTS & CULTURE

Prachyanat

Prachyanat, meaning 'Theater of the East', is a non-profit theater group based in Dhaka, Bangladesh. The group was founded in 1997 with a passion to break out from the traditional theater practice of that time and make a change and currently it is one of the most prominent and well-acclaimed theater groups in the country. To support their work, IPDC Finance has donated to assist them to develop their infrastructure further.

Sabyasachi Hazra

Sabyasachi Hazra is an inspiration for many young artists in the country. His unique strokes have a magnetic effect on the audience of his work. Having graduated from the Faculty of Fine Art, University of Dhaka, his work gained momentum in 2005 and today, Sabyasachi Hazra is a mainstay during the Ekushey Boi Mela. IPDC Finance has therefore, donated to support his research on the 'Bangla Bornomala' which explores its origins.



SOCIAL WELFARE

Biva Rani

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

Child Marriage Prevention Loan

The Child Marriage Prevention Loan, an innovative loan to prevent child marriages among the underprivileged people of Bangladesh in association with Amal Foundation, IPDC Finance donated to support the activities of the project.

Blanket Donation

To help the underprivileged people of the country, IPDC Finance has donated over 1700 blankets through various partner NGOs during the winter.



Umbrella Donation

The students of Obhizatrik school often have to walk long distances to come to school. To ensure their uninterrupted attendance of school, IPDC Finance donated umbrellas for all the students.



Support for UWNBA 2022

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



Amal Foundation

On the occasion of the National Mourning Day, IPDC Finance provided a month-long supply of food for the 50 students and their families at Ucchash School of the remote char of Son Pocha.



Honorarium to School Teachers

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



Sadia Mou

To support the career of Sadia Mou, the No. 1 Female Table Tennis Player in Bangladesh, IPDC Finance has donated various sports accessories to help her train and perform better as a player.

DISASTER MANAGEMENT

Assistance for Flood-Affected People

To help the people of Sylhet during the devastating floods, IPDC Finance donated to Green Disabled Foundation to assist with a daily supply of food items to the affected people along with the support staff of IPDC Finance.



SIGNATURE PLATFORMS



IPDC AMADER GAAN

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



UNsung WOMEN NATION BUILDERS AWARDS

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



PRIYO SHIKKHOK SHOMMANONA

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



BANGABANDHU GRANDMASTER APP

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



OGROJ

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



BANLADESH SUPPLY CHAIN EXCELLENCE AWARDS

Bangladesh Supply Chain Excellence Awards recognizes outstanding individuals and organisations for their exceptional contributions in advancing supply chain knowledge and practices across the industries.

SIGNATURE PROJECTS



IPDC ORJON

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



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.



CHILD MARRIAGE PREVENTION LOAN

Child Marriage Prevention Loan, the first of its kind, is an innovative interest-free loan aimed at preventing child marriages in underprivileged families initiated by IPDC Finance. The loan is given to the parents of the girls under the condition that the girls can't be married off before the age of 18 and they must be allowed to continue their education while IPDC Finance assists the parents with their means of livelihood.



SUBODH

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

AWARDS



The Child Marriage Prevention Loan (CMPL) by IPDC Finance is a conditional zero interest microfinance loan that helps poor parents start sustainable businesses if they meet the following three criteria.

- The loan applicants must be parents of 12 to 18-year-old girl children.
- The girls cannot be married before the legal age.
- They must be educated until the end of high school.



Silver Lion
Brand Experience and Activation category

Bronze Lion
Sustainable Development Goals category

Shortlist-Glass
The Lion for Change

Shortlist
Sustainable Development Goals



Grand Prix
Rural Marketing
Grand Prix
Campaign for Women
Gold
Social Campaign
Gold
Brand Experience & Promotion



Merit Award
Category 10-Corporate Social Responsibility for "Child Marriage Prevention Loan (CMPL)"



Bornoshilpi, a campaign by IPDC Finance is dedicated to finding the many calligraphy artists working with Bangla Bornomala. Every year a different theme is chosen, based on which the artists submit their artwork in 2 different categories and 3 sub-categories.



Bronze



Bronze



NBFI- Gold

IPDC Finance won GOLD at the ICMAB Best Corporate Award under the Non-Bank Financial Institution (NBFI) category.



FINANCIAL SERVICES SECTOR- THIRD POSITION FOR BEST ANNUAL REPORT

The Annual Report 2021 of IPDC Finance won the 22nd ICAB National Award for Best Presented Annual Reports 2021 .



MERIT AWARD CATEGORY 3-SME DEVELOPMENT FOR IPDC DANA

Dana, an innovative project providing quick access to finance to microentrepreneurs won the ADFIAP Merit Award for SME Development.



SAFA-BRONZE

IPDC Finance Limited received a joint bronze award in the SAFA financial services sector for the 'Best Presented Annual Reports 2021'.



SUSTAINABILITY RATING

IPDC Finance has been appreciated at the 9th Annual Banking Conference for receiving sustainability recognition from Bangladesh Bank in 2020 and 2021 for its extraordinary effort in sustainable banking.

CMSME STIMULUS LOAN DISBURSEMENT

IPDC Finance has received official recognition from Bangladesh Bank (BB) for meeting the Covid-19 stimulus loan disbursement of BDT 10 crore in the first phase of FY 2020-21 for the cottage, micro, small, and medium enterprises (CMSMEs).

HIGHLIGHTS OF 2022

JAN



IPDC celebrates the New Year with a warm embrace and lots of excitement.

FEB



A day filled with festivity and colors to welcome the first day of spring, Pohela Boshonto.

MAR



Jury meeting of Bornoshilpi, a signature initiative to celebrate the calligraphy artists of Bangladesh.



The first town hall of IPDC after the pandemic was celebrated in the style with the Retro theme.



The award-giving ceremony of Priyo Shikhhok Shommanona of 2021 was held with much fervor.



IPDC celebrated Women's Day with a lot of engaging events for both women and men in line with the theme "Break the Bias".

APR



Keeping in mind the health of employees during Ramadan, IPDC organized a session in collaboration with United Hospital where the employees learnt about the diet and workouts for Ramadan.

MAY



The heart-touching award-giving ceremony of the Unsung Women Nation Builders Award 2022 was held with 7 winners receiving the honor.



To create more awareness about the NBF sector and make its services more accessible, IPDC participated in the NBF Fair, Dhaka both as a sponsor and participant.



The annual meeting of the Sales Team Leader was held to further develop the team and motivate them for a more vibrant performance.

JUNE



To engage and create awareness for IPDC Auto Loan, IPDC participated in the 15th Dhaka Motor Show with an exuberant



The annual employee recreation program was held after 2 years with the most excitement and vibrance ever!



The 4th Season of IPDC Amader Gaan was launched with 6 songs.



The 14th branch of IPDC was launched in Khulna with an exciting concert by Kumar Bishwajit and other notable performers



Acknowledging the health concerns of employees, a free eye check-up was held where over 190 employees participated.



The ODI Captain of Bangladesh, Tamim Iqbal was welcomed to the IPDC office with much warmth and excitement by all employees.

JULY



IPDC Finance signed an agreement with the SME Foundation to disburse loans to Cottage, Micro, Small, and Medium Enterprises (CMSMEs) in rural and marginal areas.

AUG



Mr. Mominul Islam, attended the IBA orientation ceremony as a Special Guest to encourage the new generation while sharing anecdotes of his own experience at IBA.



A special movie night was organized for the customers of IPDC to show one of the most talked about recent movies, Hawa.



To engage with the various female travelers of Bangladesh, IPDC teamed up with Wander Woman to host a unique Brunch.



To support women entrepreneurs with digital and financial skills, IPDC held a workshop for the female entrepreneurs of the Delivery Tiger platform where these women learned about digital marketing and accessing finance for sme.

SEP



The 15th branch of IPDC was launched in Faridpur with a small but exciting event at the premises.

OCT



A Strategic Meeting of the Retail Business was held to discuss the upcoming retail strategy.



The launching of the Priyo Shikkhok Shommanona 2022 was held at the Pan Pacific Sonargaon with much zeal.



To create awareness regarding Breast Cancer, a workshop was conducted along with Labaid for IPDC Priti clients..

NOV



A Strategy meeting was held to discuss the company objectives and plans till 2030 with a lot of exciting new plans and initiatives.



IPDC participated in the National SME Fair as a sponsor to encourage the various small, medium and also micro, cottage entrepreneurs and make finance more accessible for them.



Men's Day was celebrated across all offices of IPDC with much enthusiasm in line with the theme 'Men Leading by Example'.



To encourage women entrepreneurs, IPDC sponsored the Jolrong Fair where many female entrepreneurs participated to showcase their



IPDC regularly organizes cricket matches with its various retail business partners to encourage better collaboration and teamwork.

DEC



The annual Rehab Fair was held with a lot of promising new real estate companies to further develop the housing market and make the housing market more accessible to buyers.



A movie night featuring Avatar: The Way of Water was held for the customers of IPDC to celebrate the year's end.



The final match of the World Cup 2022 was celebrated with a lot of excitement where employees of IPDC gathered on the rooftop to watch and memorialize an epic match.



To encourage small and medium entrepreneurs, IPDC sponsored the Uddokta Shommanona where 20 initiatives of young entrepreneurs received the award.

INITIATIVE VIDEOS OF 2022



PRIYO SHIKKHOK
SHOMMANONA



CLIENT
TESTIMONIALS



UNSUNG WOMEN NATION
BUILDERS AWARDS



UCCHASHER
MOMENT



*Scan to see the Videos



REMEMBERING SIR
FAZLE HASAN ABED



JOLRONG MELA



JOURNEY OF
JOYEE



CHILD MARRIAGE
PREVENTION LOAN



BORNOSHILPI



JAAGO UCCHASHE THEME SONG



*Scan to see the videos

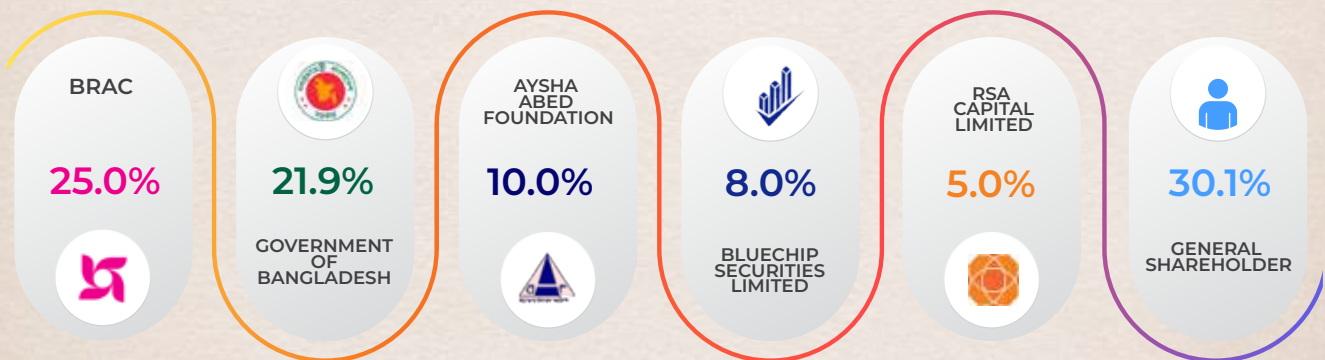
PROFILE OF SHAREHOLDERS

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, Ayesha Abed Foundation and RSA Capital Limited acquired 40% shares from AKFED at a percentage of 25, 10 and 5 respectively. While AKFED retain 11.05% of the shares. In 2019, Bluechip Securities Limited acquired 8.0388% shares from AKFED. Whereas, Government of People's Republic of Bangladesh and General Public owns the remaining shares of 21.88% and 30.08% separately

As on 31 December 2022, IPDC has an authorized capital of BDT 8,000,000,000; issued, subscribed and paid-up capital of BDT 3,710,915,470 which is same as 2021. Ordinary shares have a face value of BDT 10 each.

SHAREHOLDING STRUCTURE



BRIEF

DESCRIPTION OF THE SPONSOR

SHAREHOLDERS

BRAC:

BRAC, an international development organization based in Bangladesh, is the #1 non-governmental development organization in the world, measured by innovation, impact and governance in 2017. Established by Late Sir Fazle Hasan Abed in 1972 after the independence of Bangladesh, BRAC has presence in all 64 districts of Bangladesh as well as 11 other countries in Asia, Africa, and the Americas. BRAC formed a strategic partnership with UK's Department for International Development and Australia's Department of Foreign Affairs and Trade where they are working together to bring positive changes in the lives of people. BRAC employs over 90,000 people, roughly 70 percent of whom are women, reaching more than 110 million people. This organization is 70-80% self-funded through several social enterprises that include a dairy and food project, a chain of retail handicraft stores called Aarong, Seed and Agro, Chicken etc.

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 foundation and initial investment during the inception of IPDC with the target of accelerating and promoting industrial financing in Bangladesh.

AYESHA ABED FOUNDATION (AAF):

Ayesha Abed Foundation was established to empower women from every nook and cranny of Bangladesh by 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 that creates livelihood and opportunities for over 65,000 rural artisans, 95% of whom are poor women. AAF currently has 13 centers and 637 sub-centers across Bangladesh.

RSA CAPITAL:

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

BLUECHIP SECURITIES LIMITED (BSL):

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



**BOARD
OF DIRECTORS**



A professional portrait of Kazi Mahmood Sattar, a middle-aged man with glasses, wearing a dark suit, a white shirt, and a patterned tie. He is standing with his arms crossed against a dark background.

KAZI MAHMOOD SATTAR

CHAIRMAN, NOMINATED BY BRAC

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

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

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

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

Director since 02 February 2022

Mr. Sattar other than IPDC Finance is also involved with other entities in the following manner:

Chairman:

1. RSA Advisory Limited
2. Blue Wealth Assets Limited
3. Brac Saajan Exchange Limited (UK)

Director:

1. RSA Solution Limited
2. RSA Aviation Limited
3. Data Science Technology Limited

A portrait of MD. Nurul Alam, a middle-aged man with glasses, wearing a dark suit, white shirt, and patterned tie. He is standing with his arms crossed against a dark background.

MD. NURUL ALAM

DIRECTOR, NOMINATED BY GoB

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

Director since 23 December 2021

OTHER INTERESTS:

Director:

Bangladesh Sugar and Food Industries Corporation

QUALIFICATIONS:

M. Sc. in Physics from University of Dhaka



MOHAMMAD MANZARUL MANNAN

DIRECTOR, NOMINATED BY GoB

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

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

Director since 26 December 2021

OTHER INTERESTS:

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

QUALIFICATIONS:

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

A professional portrait of Sonia Bashir Kabir, a woman with long, wavy brown hair, wearing a dark blazer over a dark top. She is looking slightly to the right of the camera with a neutral expression. The background is a dark, solid color.

SONIA BASHIR KABIR

INDEPENDENT DIRECTOR

Ms. Sonia Bashir Kabir is an Independent Director of IPDC Finance Limited and Chairman 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). Ms. 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, Ms. Sonia was recognized as one of the 10 Sustainable Development Goals (SDG) pioneers by the United Nations Global Compact and in 2016, Ms. Sonia was one of the 10 recipients of Microsoft's Prestigious Founders Award given by Bill Gates.

Director since 31 March 2019

Other Interests:

Managing Director:

SBK Tech Ventures

Vice Chairman:

SBK Foundation

QUALIFICATIONS:

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

A portrait of Professor Shah Md. Ahsan Habib, a man with glasses wearing a dark suit and tie, standing with his arms crossed. The image is semi-transparent and serves as a background for the text.

PROFESSOR SHAH MD. AHSAN HABIB

INDEPENDENT DIRECTOR

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

Director since 09 February 2021

Other Interests:

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

QUALIFICATIONS:

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



TAMARA HASAN ABED

DIRECTOR, NOMINATED BY BRAC

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

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

Director since 02 May 2017

OTHER INTERESTS:

Chairperson:

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

Managing Director:

BRAC Enterprises

Director:

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

Trustee:

Shilu Abed Memorial Trust

QUALIFICATIONS:

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



SAMEER AHMAD

DIRECTOR, NOMINATED BY RSA CAPITAL

Mr. Sameer Ahmad is the Chairman of Board Executive Committee of IPDC Finance Limited. 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 PricewaterhouseCoopers 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 was also a Director of Apex Investments Limited.

Director since 29 October 2015

OTHER INTERESTS:

Chairman:

RSA Aviation Ltd.
RSA Solution Ltd.
Equinox Ltd.

Managing Director:

RSA Capital Ltd.

QUALIFICATIONS:

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



TUSHAR BHOWMIK

DIRECTOR, NOMINATED BY BRAC

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

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

Director since 19 November 2018

Other Interests:

Managing Director:

BRAC Services Limited
BRAC Industries Limited

Director:

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

QUALIFICATIONS:

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



ARIFUL ISLAM

NOMINATED DIRECTOR, AYESHA ABED FOUNDATION

Mr. Ariful Islam is a member of Board Audit Committee and nominated director in IPDC Finance Limited by Ayesha Abed Foundation. He is also working as Chief Financial Officer (CFO) of BRAC University since December 2020, leading finance, IT, procurement, international & scholarship functions; strengthening governance and collaboration across functions with enterprising spirit; spearheading sustainable financing for new campus project, international endowment and scholarship grant initiatives as well as modernization of opening systems and IT infrastructure.

Mr. Islam has more than 25 years of experience as business leader and top executive at different institutions and geographical locations across Asia Pacific. He has led British American Tobacco (BAT) in Korea, Taiwan, Japan, Fiji, Vietnam, Sri Lanka & Bangladesh since 1997 with the new strategic direction and business transformation in priority market.

Director since 24 November 2022

Other Interests:

Independent Director:

Toshrafa Industries Limited

QUALIFICATIONS:

B. Sc. (Honors) in Economics from Scottish Church College, Calcutta University, India
MBA in Finance from Institute of Business Administration (IBA), University of Dhaka
Advance Diploma in Management Accounting from the Chartered Institute of Management Accountants (CIMA) of UK



NAHREEN RAHMAN

DIRECTOR, NOMINATED BY BLUECHIP SECURITIES LIMITED

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

Director since 09 January 2020

Other Interests:

Director:

Bluechip Securities Ltd

QUALIFICATIONS:

B. Sc. in Economics from North South University, Dhaka, Bangladesh

M. Sc. in Economics from North South University, Dhaka, Bangladesh



MOMINUL ISLAM

MANAGING DIRECTOR, EX OFFICIO

Mr. Mominul Islam is holding the position of Managing Director & CEO since January 2012. Prior to that he was the Deputy Managing Director of the Company from July 2008 to December 2011. Mr. Islam joined IPDC in the year 2006 as the Head of Operations. Since the beginning of his tenure at IPDC Finance, he has played a pivotal role in reshaping the organization through Strategic Planning, Rebranding, Organizational Restructuring, Automation, Process Reengineering, Control and Compliance, Service Quality, etc.

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

Managing Director since 04 January, 2012

QUALIFICATIONS:

MS in Economics, North South University
Bachelor of Business Administration, IBA, University of Dhaka



PROFILE OF THE
**THE MANAGEMENT
COMMITTEE**



MOMINUL ISLAM



EXPERTISE

Strategic Planning, Business Transformation, Operational Excellence, Customer Experience Management, Project Management, Process Reengineering, Innovation & Sustainability Management & Fintech.

DESIGNATION

Managing Director and CEO

EDUCATIONAL BACKGROUND

MS in Economics, North South University
Bachelor of Business Administration, IBA, University of Dhaka

YEARS OF EXPERIENCE

24



RIZWAN DAWOOD SHAMS

Expertise:

Leadership in Strategic Business Planning, Corporate & CMSME Sector Development, Product Development, Sophisticated Treasury Management, Financial Inclusion Expansion, High-Value Relationship Management, Sustainable Finance, Special Asset Management & Risk Management.

Designation:

Additional Managing Director

Educational Background:

Master of Business Administration, Victoria University of Melbourne
Bachelor of Business Administration, North South University

Years of Experience:

20

SAVRINA ARIFIN



Expertise:

Retail Business Development, Sales & Marketing, Strategic Business Planning, Relationship Management, Risk Management
Team Development, Product Development & Retail Collection Management

Designation:

Head of Retail Business

Educational Background:

Master of Business Administration, North South University
Bachelor of Business Administration, North South University

Years of Experience:

17



FAHMIDA KHAN, FCA

Expertise:

Financial Planning & Controlling, Budgeting, Corporate Reporting, Financial Reporting, Tax & External Audit

Designation:

Chief Financial Officer

Educational Background:

Bachelor of Business Administration, University of Dhaka

Years of Experience:

12

ASHIQUE HOSSAIN

Expertise:

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

Designation:

Head of Credit Risk Management

Educational Background:

Master of Business Administration, North South University
Bachelor of Science in Civil Engineering, BUET

Years of Experience:

19





MD. AFZALUR RASHID

Expertise:

Enterprise Solution Development, Outlining Technological Vision, Technological Strategic Planning & Development, Robust, Secure & Scalable Software Architecture Development, Specialization in FinTech and Customized Large-Scale Solution Development, Outlining Technological Vision, Implementing Technology Strategies

Designation:

Chief Technology Officer

Educational Background:

Bachelor & Master of Computer Science and Engineering, Bangalore University
Sun Certified Java Professional Since 2003 from Sun Microsystems, USA
Certified Appraisal Team member for CMMI from Software Engineering Institute, USA
Certified PCI DSS Implementation & Certification Expert from QRC, Mumbai, India

Years of Experience:

24

MD. EZAZUL ISLAM, FCA

Expertise:

Financial Planning & Controlling, Risk Based Internal Audit, Financial Accounting, Heat Map, External Audit, Tax & VAT

Designation:

Head of Internal Audit & Compliance

Educational Background:

Master of Business Administration, University of Dhaka
Bachelor of Business Administration, University of Dhaka

Years of Experience:

14





MD. SAYEED IQBAL

Expertise:

Using Data and Analytics About Talents to Advise Top Management on Business Strategy, HR Business Partnering and Change Management, Transdisciplinary Thinking and Knowledge in Full Spectrum of Talent Management i.e. Talent Planning & Budgeting, Talent Attraction, Talent Acquisition and On-boarding, Control & Compliance, Talent Development, Employee Engagement, Performance Management, Succession Planning and Attrition Management

Designation:

Chief Human Resources Officer

Educational Background:

MBA
PGDHRM
PGD in Supply Chain Management

Years of Experience:

24

SAMIUL HASHIM

Expertise:

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

Designation:

Company Secretary and Head of Legal Affairs

Professional Qualifications:

Barrister at Law (Lincoln's Inn)
Advocate, Supreme Court of Bangladesh
ACI Arb, UK
Accredited Commercial Mediator, UK

Educational Background:

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

Years of Experience:

15





FARZANA SHARMEEN

Expertise:

Product Development, Project Management, Specialization in Strategy & Planning for New Business Development & Growth

Designation:

Head of IPDC EZ

Educational Background:

Bachelor of Business Administration, IBA, University of Dhaka

Years of Experience:

18

TAREQ ISLAM SHUVO

Expertise:

Product Development, Business Development, Route to Market, B2B Sales, Corporate Communication Strategy

Designation:

Head of Strategy, Brand and Corporate Communication

Educational Background:

Master of Business Administration, IBA, University of Dhaka
Bachelor of Business Administration, Khulna University

Years of Experience:

14





RAHAT JAMIL

Expertise:

Credit Administration, MIS management, Operational Management, Branch Management, Credit Risk Management & Customer Service Management

Designation:

Head of Operations (Currently in Charge)

Educational Background:

Master of Social Science in Economics, University of Dhaka
Bachelor of Social Science in Economics, University of Dhaka

Years of Experience:

15

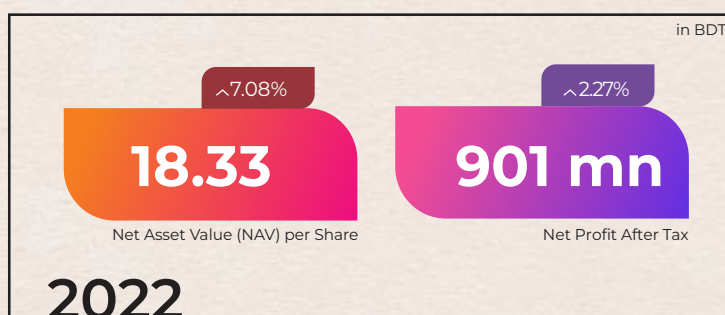
MESSAGE FROM THE TOP



STATEMENT FROM THE CHAIRMAN



“As a prominent financial institution, it is our fundamental duty to facilitate constructive transformations in the people of the country, particularly those who are currently underserved.”



Dear Shareholders,

Global growth is forecasted to slow from 3.2% in 2022 and 2.7% in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Nevertheless, Bangladesh managed to maintain an estimated GDP growth rate of 7.2% in the FY2022. Additionally, inflation increased to 8.71% in keeping with the global inflationary pressure. Furthermore, the country's strong foreign exchange reserves, took a hit which stood at USD 33bn as of 31 December 2022, due to low remittance inflow and increased imports. The performance of the capital market also took a downturn this year compared to 2021 with index reaching at 6,206.8 points as on 31 December 2022. Despite these challenges, our company has been able to navigate the economic environment and deliver strong financial results.

Economy and Industry Review

Global growth is forecasted to slow from 3.2% in 2022 and 2.7% in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Nevertheless, Bangladesh managed to maintain an estimated GDP growth rate of 7.2% in the FY2022. Additionally, inflation increased to 8.71% in keeping with the global inflationary pressure. Furthermore, the country's strong foreign exchange reserves, took a hit which stood at USD 33 bn as of 31 December 2022, due to low remittance inflow and increased imports. The performance of the capital market also took a downturn this year compared to 2021 with index reaching at 6,206.8 points as on 31 December 2022. Despite these challenges, our company has been able to navigate the economic environment and deliver strong financial results.

2022 Flashback

In 2022, we exercised patience and carefully built upon the progress made in recent years, due to the myriad challenges we faced. Despite the obstacles presented, we worked diligently to support our clients, staff, suppliers, and partners while also focusing on growth. Our financial results, while did fall short of last year's stellar performances, showcase our dedication to effective cost management, risk reduction, and successfully navigating the challenging economic conditions. Despite the difficulties, the company was able to achieve sustainable growth and returns.

Looking Forward

Given the possibility of world recession in 2023 and its implications in our economy, IPDC will build upon its already taken counteractive measures in 2022. In the immediate future, we will concentrate on adjusting distribution centers, enhancing the utilization of resources, and increasing efficiency and output with current resources. We are also working on capacity development within our workforce to stay competitive in the market and to adapt to the fast-paced, ever-changing needs of the industry.

IPDC marks 2023 as a foundational year towards its transformational journey of becoming a digitally advanced and customer-centric organization in the retail space. It aims to do so to increase the financial transparency and cost effectiveness of its operations and reach its customers on an expansive scale that caters to changing socioeconomic paradigm of our country.

Technology

The utilization of technology is vital for a business to prosper. Putting resources into technology implies investing in the organization's future growth and prosperity. Merely conforming to new trends is not sufficient; it is important to stay ahead of the curve to remain relevant in the industry. Thanks to our technological investments, we were able to continue our operations during the pandemic. In the past, we have already launched Orjon, first ever block chain based digital supply chain finance platform in South Asia and IPDC EZ, the first cardless digital consumer durables financing solution in the country. In the coming year, our main priority is to achieve complete end-to-end digital loan disbursement through IPDC EZ to end consumers and Dana, a retailer financing system that connects merchants with accessible financing options. In the long run, our objective is to employ advanced technologies such as big data and machine learning to cater to the needs of our customers, make credit decisions and establish a more robust network for simpler transactions.

Our People

At IPDC, the workforce is highly regarded as a vital component of the organization. To that end, various initiatives were initiated to uplift employee morale, enhance mental well-being and provide training opportunities. The impact of these efforts can be observed through the impressive performance of IPDC over the course of the year. The youthful and dynamic workforce is instrumental in fostering innovation, entrepreneurship and a collaborative culture across the company. IPDC is committed to investing in its workforce, creating an equitable, diverse and inclusive environment, implementing necessary health and safety measures, and recognizing and rewarding outstanding performance.

Driving Sustainable Business Practices

IPDC is ready to tackle any future obstacles and aims to achieve a society that lives in harmony with nature. The company's backbone remains robust, with a portfolio of exceptional quality, an optimal funding strategy, and cutting-edge IT systems. IPDC has innovatively launched campaigns and provided financial assistance to support many families impacted by the pandemic. The company plans to continue to enhance its investment in technology, in order to augment its environmentally friendly endeavors, with the ultimate goal of making a substantial and positive impact on environmental preservation

Leading with Sincerity

The composition of the Board of Directors is suitably diverse and possesses the expertise required to lead with integrity and ensure that IPDC remains a well-governed entity, and that the interests of our shareholders, all other stakeholders, and society are well-served. The Board will continue to work in close collaboration with management to ensure that IPDC continues to uphold a very high standard of compliance. The company is dedicated to enhancing its risk management framework, revising its audit procedures, and implementing stringent control systems in business processes, and operations.

Proposed Dividend

A necessary amount from the net profit after taxes has been reserved for the Statutory reserve. Given the company's substantial growth prospects, the Board recommends a 10% cash dividend distribution for the fiscal year ended 31 December, 2022, subject to approval of Shareholders in Annual General Meeting

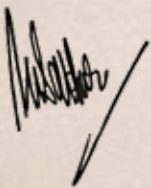
Conclusion

We attribute our achievement so far to our focus on serving a greater purpose and making a positive impact on the society of our country. Building on our tradition of being an instrumental institution in the country's development, we aim to assist many in fulfilling their aspirations and creating joyful experiences. The board is confident that the company will continue to innovate and provide financial services despite the various challenges faced in the last year.

Acknowledgement

We are thankful for the continued support from our customers in our products and services. We also want to express our appreciation to our management and employees for their unwavering commitment, loyalty and hard work, which has led us to where we are today. We are also grateful to our shareholders for their trust in us. Furthermore, we would like to extend our warmest gratitude to our management team and employees for their outstanding leadership during this challenging time, as well as to our valued regulators and business partners for their ongoing support and faith in us.

Sincerely,

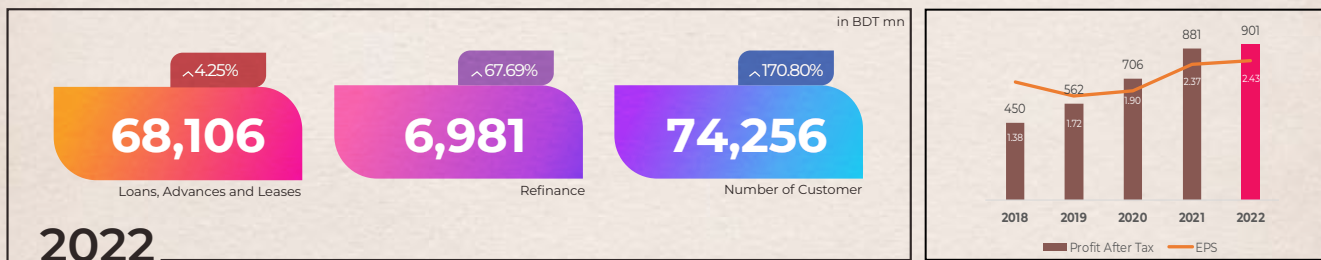


Kazi Mahmood Sattar
Chairman

STATEMENT FROM THE MD & CEO



“We have been encouraged by the assurance and support we have received from both our clients and investors, which has allowed us not only to endure this challenging period but also to prosper in various ways.”



Dear Stakeholders,

The past year has been one of unprecedented economic uncertainty as the effects of the pandemic continued to be felt, with many businesses and individuals still struggling, oil prices and inflationary pressures surging due to the geopolitical tensions between Ukraine and Russia. The dedication and efforts in the past years towards becoming a leading and passionate financial brand in the country have helped us to be well-prepared to face these unprecedented crises and allow us to remain successful.

State of the Economy & Industry

The national economy of Bangladesh has been severely impacted by the overall global economic downturn in 2022. As estimated by the World Bank, The GDP growth rate for the FY2022 declined and stood at 7.2%. A large contributor to this was the reduced inflow of remittances from migrant workers. Additionally, the import volume has risen manifold during this time which has caused the foreign exchange reserve to dwindle to USD 33.74 bn last year compared to USD 41.82 bn in year previous to that.

On 1 July, 2022, a cap on lending and deposit rates has been implemented for non-banking financial institutions (NBFI) at 11% and 7% respectively. In 2023, it is expected that the economy will recoil from this less-than-ideal state to its more stable state. We have already seen indications of this in the second half of the year as the inflow of remittance increased to USD 10.5 bn in July-December compared with that of USD 10.23 bn in the same period in the past year. To navigate this unfavorable climate the opening of letters of credit are needed to accelerate economic growth. Because if the reserves continue to decline and the price of the dollar keeps increasing, businesses, except for exporters, will fall into trouble.

IPDC in 2022

Despite the challenging economic climate, IPDC credit portfolio grew to BDT 68,106mn. Of which, IPDC's SME loans disbursement jumped by 10% on a YoY basis, while its retail loans disbursement surged by 11%. However, customer deposits experienced a decline and stood at BDT 48,370mn in 2022 compared to BDT 49,575mn in 2021. The decrease in customer deposits can be linked to the cap on deposit rates and the rising expenses resulting from inflation. However, our number of retail depositors increased in comparison to 2021, which is indicative of a much stable deposit portfolio in the long run. All these aspects led to our revenue shrinking to BDT 3,246mn and a decrease in operating profit to BDT 1,760 mn due to controlled growth in operating expenses. Our funding from refinancing schemes grew to BDT 6,961mn. The company's net asset value (NAV) per share stood at Tk 18.33 for 2022, against Tk 17.12 with revaluation for 2021. After keeping surplus provisioning as per new directive of Bangladesh Bank and to counter any adverse situation in the future, net profit after tax stood at its highest of BDT 901mn in 2022. This continued growth in profit of 2.3% is demonstrative of our healthy portfolio, strong liquidity status of IPDC in 2022.

Achievements During the Year

In 2022, IPDC continued to demonstrate its financial stability by retaining its **AAA** Credit Rating and cemented its reputation as a strong brand by being recognized as the only **Superbrand** among non-bank financial institutions in the country. The company also continued to promote cultural diversity and innovation, by highlighting lesser-known music genres through its platform "IPDC Amader Gaan". Additionally, IPDC was recognized for its progressive attitude towards women by receiving the "**ADFIAP Merit Award**" – Category 10 CSR for Child Marriage

Prevention Loan.

A Sustainable, Responsible & Humane Approach

As a reputable financial company that values social responsibility, we have taken various actions to assist our clients in the current post pandemic economic climate. We have offered stimulus loans to help safeguard cottage, micro, small, and medium businesses during pandemic crisis. In addition, we have persisted in our CSR efforts, such as the IPDC Shubodh campaign, where we provided collateral free loans to book lovers to purchase books from rokomari.com. We firmly believe that businesses have a responsibility to have a beneficial effect on society.

Technology driven Business Model

Our investments in technology have been beneficial during this time of economic difficulty and market instability. Our blockchain-based Supply Chain Finance platform, Orjon, has helped small businesses acquire collateral free financing easily during the pandemic. In the future, we are scaling our technology-based solutions such as our Consumer Financing (IPDC EZ) and Retailer Financing Platform (Dana) to be the backbone of our business model and provide completely end-to-end digital financing solutions. These platforms will not only allow us to expand into markets that were previously inaccessible due to high operating costs but it will also ensure the maximum customer satisfaction.

A Purpose-led Strategy

Our approach to business is not only centered around increasing profits, but also developing new markets and addressing the needs of all stakeholders. We focus on utilizing technology to establish socially responsible business models that support cottage, micro, small and medium enterprises (CMSMEs), women and young entrepreneurs, and lower-income households outside of the major cities of Dhaka and Chattogram.

As Bangladesh progresses towards a middle-income status with its strong macroeconomic fundamentals, infrastructure improvements and enhanced, providing affordable housing, accessible financing, efficient logistics and promoting inclusion of marginalized groups are key priorities. IPDC has aligned its products and services to cater to these needs, by introducing Bhalobasha Home Loan for affordable housing, Orjon for digital supply chain finance, Joyee and Priti for women-centric financing and plans to launch IPDC EZ and Dana for Consumer and Retailer Financing respectively.

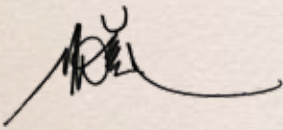
2023 and Beyond

Our short goals in 2023 remain working on adjusting distribution locations, maximizing the use of current resources, achieving the stability of our portfolio and increasing their effectiveness and output. IPDC EZ, which has already been launched in 2022, has garnered favorable initial round of feedbacks from the customers. We are now looking forward to a full commercial rollout and scaling of this platform for the wide scale consumers in 2023. Additionally, we will be launching Dana Platform, a financing option for small and medium-sized businesses, specifically targeting those without access to traditional banking services.

Acknowledgements

I would like to express my gratitude to our Employees for overcoming the obstacles during the year. This determination is crucial in instilling trust in our stakeholders. Our customers, shareholders, regulators, communities, and other stakeholders remain our motivation to improve continuously. We extend our sincere condolences to any of our stakeholders who have been impacted by the pandemic, whether through loss, illness or job loss. As we move forward to 2023, we feel optimistic about our future and continue to wish for a speedy recovery of the world.

Sincerely,



Mominul Islam
Managing Director & CEO

PERFORMANCE ANALYSIS BY THE CFO

Dear stakeholders,

In 2022, while gradually recovering from the pandemic, the world faced a significant crisis and uncertainty due to Ukraine-Russian war. Being one of the largest contributors of essential commodities like fuel, gas, foods, fertilizers etc in the world economy, war in this region has impacted a global shortage and supply crisis for energy and commodities leading to price increase and higher inflation. In response to this turmoil, many advanced economies raised their interest rates to control inflation, leading to the appreciation of major currencies such as the US dollar and British pound. Unfortunately, price hikes and supply issues have slowed down the recovery of the world economy with a recession looming at the horizon and has caused food and energy shortages in emerging and developing economies, leading to deteriorating living standards, and exacerbating poverty.

Economy in roller coaster ride in post pandemic era

Bangladesh's economy experienced high inflation 7.6% in Jun'22, 9.1% in Sep'22 and 8.9% in Oct'22 and country's external debt to GDP ratio is currently at 27%, far below the IMF's limit of 70%. Due to the extreme volatility in the global currency market, the rising import bill has put tremendous pressure on Bangladesh's forex reserves. Though a spike in reserves in FY 2020-21 was registered due to record inward remittances, the record USD 46.4bn foreign reserve dwindled to USD 42.2bn at the end of FY 2021-2022 and further reduced to USD 32.3bn in October 2022.

NBFI sector on thriving through challenges

In FY 2021-22, the NBFI sector has sustained a very tough time with multi-facet challenges due to the negative impact of the Russia-Ukraine war after the COVID-19 pandemic. Despite this, the NBFI sector experienced growth of asset size by 6.9% to BDT 948bn, credit portfolio by 2% to BDT 719bn. Both profitability and asset quality of the NBFI sector have been suffering. The Classified Loan (CL) ratio increased substantially from 15.4% to 23.0%. Additionally, both Return on Equity (ROE) and Return on Assets (ROA) remained negative at 7.6% and 0.6%, respectively. Although the Core Capital Ratio is at 7.7%, well above the requirement of 5%, the Capital Adequacy Ratio (CAR) is at 9.5%, below the required 10%.

IPDC finance: financial overview of 2022

Despite a challenging macroeconomic scenario, IPDC has completed another year with financial success. IPDC continued to deliver solid earnings over the decade with constant focus on product innovation and technological development to ensure efficiency in operations and to provide unparalleled services to customers.

Growth in loans, advances and leases

IPDC's lending portfolio grew by 4.3% reaching BDT 68,106mn in 2022 from BDT 65,327mn in 2021. Loan disbursement has increased at a slow pace during the year and loan portfolio has increased marginally compared to the preceding years and the net growth mainly came from retail and SME. For risk diversification and in line with sectoral lending cap policy approved by the board, IPDC is concentrating on having marginal growth in corporate business while accelerating in retail and SME.

Classified loans

Volume of classified loan went up to BDT 2,818mn in 2022 against BDT 2,056mn in 2021. Classified loan ratio increased to 4.14% in 2022 against 3.15% in the previous year which is far below to industry CL ratio 24.6%.

Deposit mix

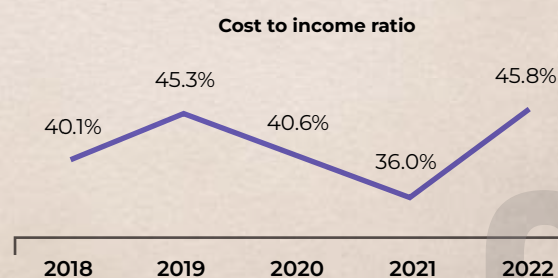
Deposits ended at BDT 59,139mn in 2022 against BDT 60,405mn in 2021 with a marginal degrowth of 2.1% and is accounting for 68.2% of the total liabilities and shareholders' equity. IPDC has registered tremendous growth in bringing customer deposits over the years and has doubled its deposit portfolio in last 5 years.

Investments portfolio and income

Investment portfolio decreased marginally by 8.8% to BDT 2,499mn in 2022 from BDT 2,740mn in 2021. The net decrease in investment portfolio came off from disposing of investment in government securities in full. Investment in quoted shares saw a growth of 46.8% and increased to BDT 488mn in 2022 from BDT 332mn in 2021. Investment in preference shares and corporate bonds has registered marginal degrowth. Meanwhile, investment income decreased by 57.1% in 2022 ending with BDT 202mn in 2022 against BDT 471mn in the previous year.

Profitability

IPDC has experienced a shrink in its operating revenue by 5.7% in 2022 to BDT 3,247mn resulted from decrease in investment income by 57.1% although its net interest income remains the same. Operating expenses grew by 19.8% to BDT 1,487mn mainly due to enhancement in work forces, branding expenses and increased distribution channels on achieving the targeted growth in business and having strong presence in wide demographic areas. Thus, operating profit in this year has reduced to BDT 1,760mn compared to BDT 2,203mn last year. Also, as a result of this unwanted situation, Cost to Income Ratio saw a spike and stands at 45.8% in 2022 due to high staff cost, branding costs and distributions cost. Profit Before Tax has experienced degrowth in line with operating profit and stands at BDT 1,264mn decreased by 15.9%.



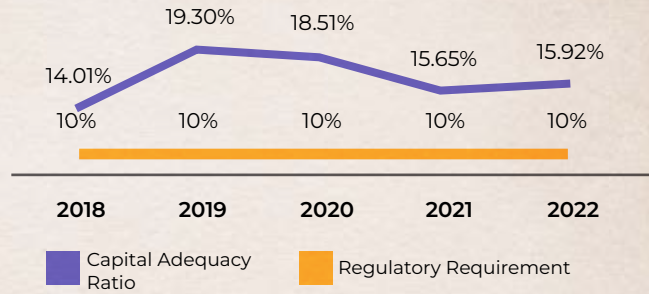
Net profit of 2022 stands at BDT 901mn against BDT 881mn last year, marginal increase by 2.3% due to achieving an effective tax rate of 29.1% in this year compared to 41.4% in the previous year. From the base year of 2017, IPDC has achieved a net profit growth of 2.7 times. Return on Equity (ROE) has consistently remained above 12.1% since 2018 and ended with 13.7% in 2022. Return on Assets (RoA) has remained relatively flat and ended with 1.05% in 2022.

Liquidity

In 2022, Cash outflow for loans disbursements was higher against negative cash flow from deposits resulting in negative cash flow from operating activities. Loans/leases and advances grown in 2022 by Tk. 2,778 million (4.25%) as well as deposit experienced degrowth by Tk. 1,266 million (-2.10%). At the end of 2021, loan to fund ratio was 85.22% (against 95% limit) resulting in surplus liquidity which was utilized in 2022 for disbursement of loans and advances. This negative net cash balance does not necessarily indicate any liquidity concern. However, overall cash position in 2022 is positive to Tk. 12,675 million (2021: Tk. 14,224 million).

Capital Management

Capital is the main component for securing the financial institutions against the risks being taken on ongoing basis and for continuing its operations against the odds to protect the customer deposits. The financial institution continuously assesses the risks it is exposed to and the losses they may incur in complying with Bangladesh Bank guidelines. The Capital Adequacy Ratio (CAR) of IPDC over last 5 years is as follows:



Du-Pont Summary

Particulars	Description	2018	2019	2020	2021	2022
Net Interest Income	% of Avg Assets	3.8%	3.4%	2.9%	3.5%	3.2%
Non-Interest Income	% of Avg Assets	0.4%	0.4%	1.2%	0.8%	0.6%
Operating Income	% of Avg Assets	4.2%	3.8%	4.0%	4.3%	3.8%
Operating Expenses	% of Avg Assets	1.7%	1.7%	1.6%	1.5%	1.7%
Cost/Income	% of Operating Income	40.1%	45.3%	40.6%	36.0%	45.8%
Operating Profit	% of Avg Assets	2.5%	2.1%	2.4%	2.7%	2.1%
Provisions	% of Avg Assets	0.6%	0.3%	0.7%	0.9%	0.6%
Profit before Tax	% of Avg Assets	1.9%	1.7%	1.7%	1.9%	1.5%
Tax Rate	% of PBT	47.7%	43.4%	41.3%	41.4%	28.7%
Return on Assets	Return on Avg. Assets	1.0%	1.0%	1.0%	1.1%	1.0%
Return on Equity	Return on Avg. Equity	13.1%	12.1%	12.1%	14.2%	13.7%
Assets/Equity	Avg. Assets/Avg. Equity	13.1	12.3	12.1	13.0	13.1

Du-Pont Analysis of 2022

To summarize IPDC's Du-Pont analysis, although net profit for the year increased by only 2.3%, net profit margin of IPDC increased by 1% in 2022 compared to last year. Asset Turnover took a hit and plunged to 3.8% from 4.3% in 2021 due to decrease in the investment income this year. Effective tax rate has shown a favorable position with 28.7% against 41.4% last year. Equity Multiplier increased to 13.1 times in 2022 from 13.0 times in 2021 resulted from increase in average assets due to increase in loan portfolio.

Acknowledgements

I want to express my sincere gratitude to all our regulatory authorities specially Bangladesh Bank, National Board of Revenue (NBR), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Bangladesh Securities and Exchange Commission (BSEC) for their consistent support in advancing the financial sector through their policies and guidance. Additionally, I extend my heartfelt thanks to our shareholders and customers for their confidence and trust in IPDC.

Sincerely

Fahmida Khan, FCA
Chief Financial Officer

MANAGEMENT'S TAKE ON IPDC'S PERFORMANCE

FINANCIAL HIGHLIGHTS

IPDC continues to deliver superior and balanced financial performance to establish itself as the most valuable non-banking financial institution in Bangladesh. At the end of 2022, IPDC market capitalization was BDT 21.3bn, with asset size of BDT 86.7bn and shareholders' equity of BDT 6.8bn.

Key financial indicators of IPDC remain solid amid setbacks of post-pandemic era which had lower than expected impact on our financial performance due to efficient fund management, stringent cost control, surplus provisioning, pragmatic investments of funds, and favorable regulatory policies. Management expects the trend to continue in 2023 through improved efficiency and productivity, launch of tech-based platform and quality growth in balance sheet.

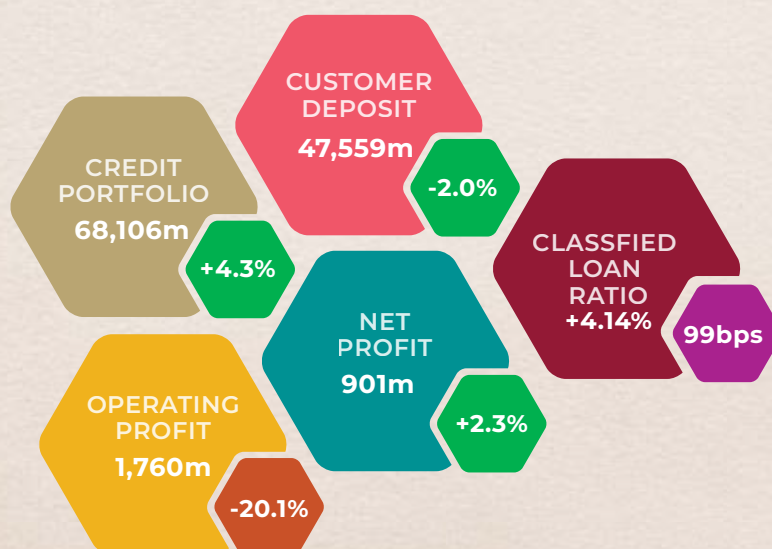
During last few years, the economy also faced numerous challenges characterized by weak governance, higher NPL, relaxed repayment policy, regulatory restriction on fees and charges, downward pressure on loan rate and upward pressure on deposit rate. Despite facing numerous challenges, IPDC has grown sustainably year on year navigating through difficult times and delivered consistent financial performance.

IPDC achieved both Balance Sheet and Profitability growth in the year 2022, in contrast to majority of the industry peers. Loans, Advances and Leases has grown to BDT 68,091mn, up by 4.23% from 2021 and placing IPDC as the second largest NBF1 among the listed companies in terms of portfolio size. Total Deposits has reduced marginally by 2.1% to BDT 59,139 in 2022 out of which 82% is customer/public deposit.

Our classified loan ratio stood at 4.14% at the end of year 2022, one of the lowest in the industry. Maintaining the asset quality with keep classified loans at par in 2023 will be challenging as a world wide recession is looming due to dollar crisis, Russia-Ukraine war, fuel shortages. However, we remain committed to keep classified loans at a minimum level during year 2023 as well.

Net Interest Income remain flat to BDT 2,770mn in 2022 from BDT 2,783mn in 2021. Non-Interest Income decreased by 28.0% in 2022 and stood at BDT 477mn against BDT 662mn in the previous year.

The decrease in non-interest income came off from lower investment income. As a result, overall operating revenue decreased by 5.8% in 2022 to BDT 3,246mn from BDT 3,445mn in 2021. Operating Profit registered a YoY degrowth of 20.1% bringing the figure to BDT 1,760mn in 2022 against BDT 2,203mn in the previous year.



KEY FINANCIAL HIGHLIGHTS

*in BDTmn or % as mentioned

Key Performance Indicators	2018	2019	2020	2021	2022	YoY Change
Loans, Advances and Leases	44,325	50,726	53,610	65,327	68,106	4.25%
Deposits	37,066	46,361	52,456	60,405	59,139	-2.10%
Classified Loan Ratio	2.14%	1.57%	1.38%	3.15%	4.14%	31.43%
Net Interest Income	1,698	1,943	2,017	2,783	2,770	-0.48%
Non-Interest Income	176	223	813	662	477	-27.95%
Operating Revenue	1,875	2,166	2,830	3,445	3,246	-5.76%
Operating Profit	1,123	1,184	1,680	2,203	1,760	-20.10%
Profit After Tax	450	562	706	881	901	2.27%
Net Operating Cashflow per Share	-2.3	11.7	20.6	-6.5	-11.26	73.20%
Net Increase in Cash	479	6,018	4,896	-450	-1,549	244.17%
Current Ratio	1.00	1.00	1.00	1.00	1.00	0.00%
Cost to Income Ratio	40.1%	45.3%	40.6%	36.0%	45.8%	27.1%
Return on Asset	1.00%	1.00%	1.00%	1.10%	1.05%	-4.59%
Return on Equity	13.10%	12.10%	12.10%	14.20%	13.70%	-3.54%
Spread	3.60%	2.94%	3.45%	3.35%	3.11%	-7.09%
Capital Adequacy Ratio	14.01%	19.30%	18.51%	15.65%	15.92%	1.73%
Market Price per Share	38.1	25.6	27.6	38.6	57.60	49.22%

Overall net Profit After Tax increased to BDT 901mn in 2022 from BDT 881mn in 2021, up by 2.3%. Growth in net profit after tax is mainly due to favorable tax assessments received from the tax authority by the company for various tax years.

Return on Asset (RoA) stood at 1.05% in 2022 against 1.1% in the previous year. RoA is stable for a few years as IPDCs asset base is increasing significantly over the years because of its planned business expansion. ROE has a downward trend and stands at 13.7% from 14.2% last year due to higher equity base.

IPDC generated net operating cashflow per share (NOCFPS) of BDT -11.3 in 2022 from BDT -6.5 in 2021. We, as always, stick to the core fundamentals of managing liquidity through matching maturity profiling of assets and liability. As a result, our ability to pay-off liability obligations remain solid. The current ratio of IPDC has consistently remained at 1.0 and above since 2016.

Capital Adequacy Ratio (CAR) stood at 15.92% in 2022 from 15.65% in 2021, against a minimum requirement of 10.00% as set by Central Bank of Bangladesh. The current capital status is satisfactory and enables IPDC to explore further growth opportunities in its strategic products.

In last five years, IPDC excelled in many areas especially in business growth, profitability, compliance, innovation, reaching customer digitally and delivering consistent financial performance. We expect to exceed our track record in coming days through better services. A review of the last five year financial progression is presented in the 'Financial Capital' of the report where comparative analysis of financial performance is presented with different ratios and graphs.

COMPARATIVE ANALYSIS – NBFi SECTOR AND IPDC

in BDT mn

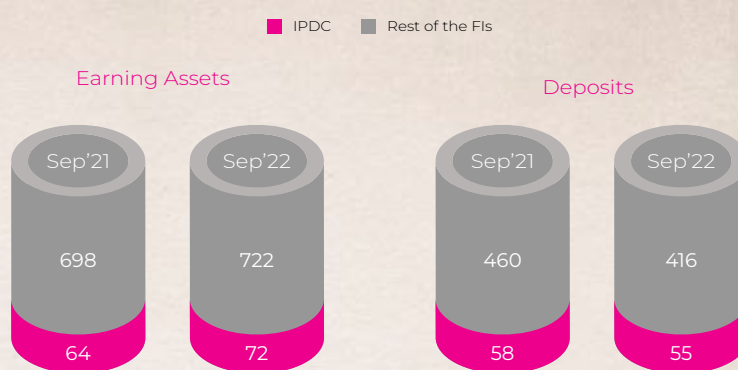
Particulars	Industry – Sep'21	Industry – Sep'22	IPDC – Sep'21	IPDC – Sep'22	IPDC's Share in 2021	IPDC's Share in 2022	Industry Growth	IPDC Growth
Earning Assets	698,350	722,860	64,422	72,471	9.22%	10.03%	3.51%	12.49%
Deposits	459,680	415,855	57,683	55,154	13.48%	13.26%	-2.82%	-4.38%
Classified Loans	117,570	173,270	1,006	3,070	0.86%	1.77%	47.38%	205.18%
Classified Loan Ratio	17.62%	24.61%	1.64%	4.36%	-	-	6.99%	2.72%
Return on Asset	-1.13%	-0.40%	1.11%	0.97%	-	-	0.22%	-0.14%
Return on Equity	-11.38%	-5.95%	14.04%	12.97%	-	-	0.61%	-1.07%
Capital Adequacy Ratio	13.30%	10.16%	15.54%	15.48%	-	-	-3.14%	-0.06%

Comparative Analysis – NBFi Sector and IPDC

Earning Assets of the NBFi sector increased and stood at BDT 722,860mn on September 2022 with a year over year (YoY) growth of 3.5%. In contrast Earning Assets of IPDC grew by 12.5% YoY to BDT 72,471mn at the end of September 2022 against BDT 64,422mn at the end of September 2021. As a result, IPDC was able to increase its market share from 9.2% to 10.03% in terms of Earning Assets.

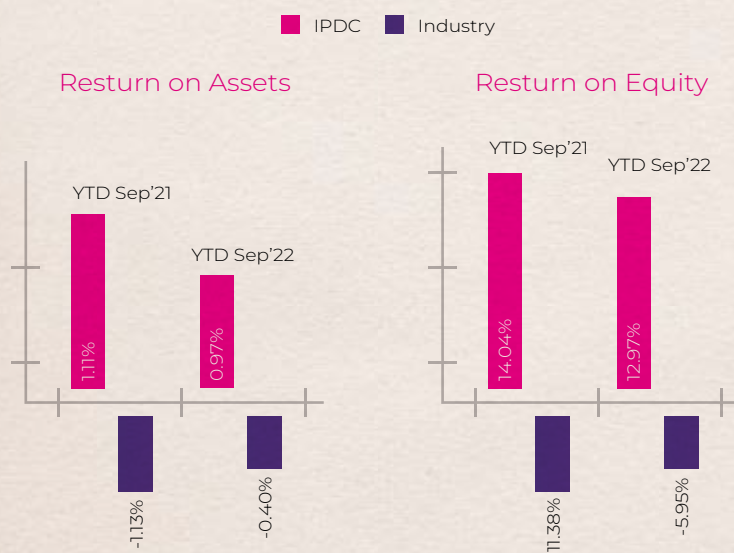
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Loans and Deposits



IPDC managed to increase its market share in Earning Assets and Deposits from 10.3% and 13.3% respectively in September 2022 to 9.2% and 13.5% in September 2021.

Return on Assets and Return on Equity



The classified loan ratio in the NBFi sector increased to 24.61% in September 2022 from 17.62% in September 2021, whereas IPDC's classified loan increased two times over the same period. Classified loan volume share of IPDC has reached to 1.77% in increasing from 0.86% in September 2022. Mostly, Due to pandemic IPDC faced this upward growth in classified loan as customers were unable to repay the installments on time.

The annualized ROA and ROE in the industry decreased to -0.40% and -5.95% respectively in YTD September 2022 from -1.13% and -11.38% in YTD September 2021. Same for IPDC, ROA and ROE decreased from the year 2021. The Capital Adequacy Ratio (CAR) of IPDC stood at 15.48% in September 2022 against the minimum requirement of 10.0%. In comparison, industry CAR (%) stood at 10.16% in September 2022 against 13.30% in September 2021. IPDC's CAR in December 2022 stood at 15.92%.

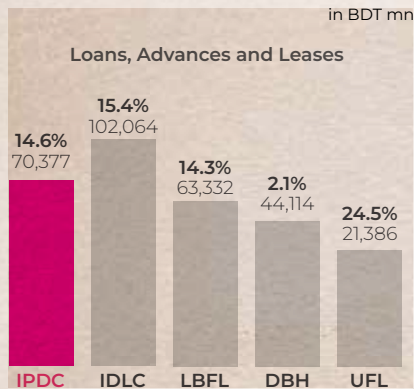
COMPARATIVE ANALYSIS - MAJOR INDUSTRY PEERS AND IPDC

* Data: Year to date September 2022 (Solo data considered for peers)
IDLC: IDLC Finance Limited, LankaBangla: Lanka Bangla Finance Limited, DBH: Delta Brac Housing Finance Limited, UFL: United Finance Limited

Particulars	IPDC	IDLC	LankaBangla	DBH	UFL
Loans and Advances	70,337	102,064	63,332	44,114	21,386
Growth (YTD)	14.62%	15.39%	14.29%	2.06%	24.49%
Deposit	55,154	82,517	45,936	38,053	15,557
Growth (YTD)	-4.38%	9.73%	-2.69%	-17.96%	17.85%
Revenue	2,515	4,213	2,032	1,609	831
Growth (YoY)	7.99%	-1.15%	0.30%	-15.18%	22.21%
Operating Cost	1,106	1,762	1,211	457	586
Growth (YoY)	23.99%	7.31%	5.95%	7.53%	22.08%
Operating Profit	1,409	2,451	821	1,152	245
Growth (YoY)	-1.95%	-6.49%	-7.02%	-21.74%	22.50%
Net Profit	620	1,055	72	787	47
Growth (YoY)	-1.59%	-7.78%	-73.53%	-2.96%	-64.93%
Cashflow	(5,764)	(23,102)	(1,735)	(2,136)	(1,898)

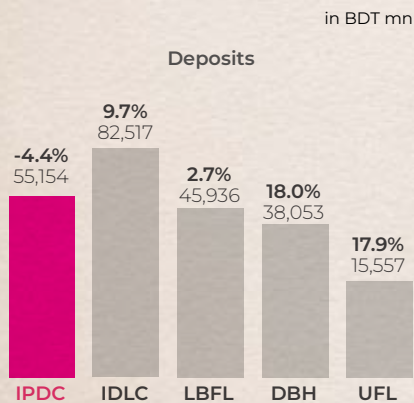


IPDC ranked as the second largest NBFI in-terms of credit portfolio size as of 30 September 2022. Credit portfolio of IPDC stood at BDT 70,377mn during the period ended 30 September 2022 while IDLC and LankaBangla portfolio stood at BDT 102,064mn and BDT 63,332mn respectively. IPDC managed to achieve highest growth in its portfolio compared to other industry peers in 2022.

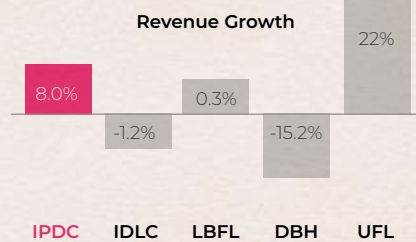
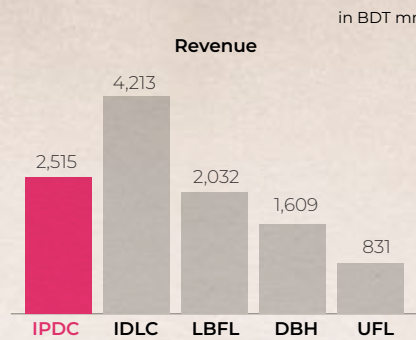


IPDC's deposit balance stood at BDT 55,154mn, falling behind that of IDLC (BDT 82,517mn) but exceeding that of LankaBangla (BDT 45,936mn), DBH (BDT 38,053mn) and United Finance (BDT 15,557mn). In terms of growth IPDC witnessed marginal deposit degrowth of 4.4%.

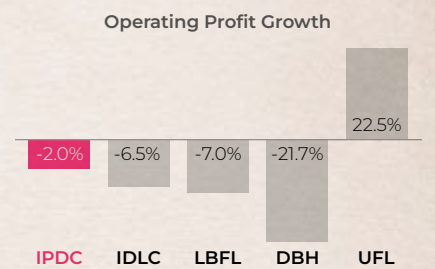
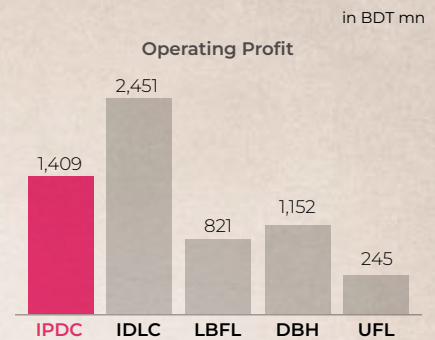
It is to be noted that most of IPDC's Deposit growth came from retail customers. This reduced our bank dependency significantly and is a positive indicator for the company.



In terms of revenue, IPDC was in second place on YTD September 2022 basis. IPDC's revenue for the period ended September 2022 stood at BDT 2,515mn with a YoY growth of 8.0%. In contrast, DBH and IDLC had growth of 15.2% and 1.2% respectively while LankaBangla and United Finance had a growth of 0.3% and 22.2%. Companies with heavy investments in capital market may fare better in the last quarter as both indexes saw significant gains in the latter part of the year.



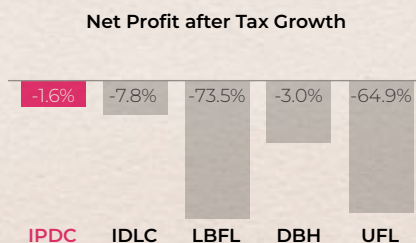
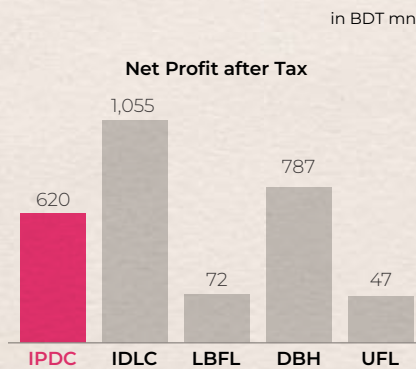
IPDC managed to register high revenue growth due to recognizing follow on effect of portfolio growth as well



IPDC posted an impressive growth in operating profit on YoY YTD September 2022 basis amid a challenging market scenario.

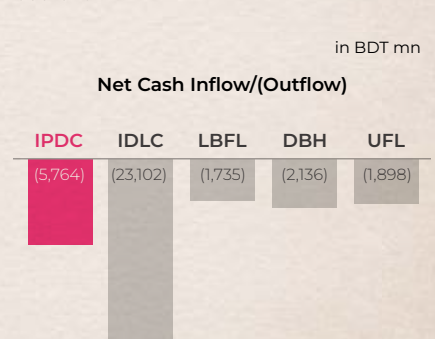
Similarly, operating profit of IPDC for the same period was BDT 1,106mn, lower than IDLC (BDT 1,762mn and DBH (BDT 1,211mn) but higher than the rest. Operating profit growth for IPDC was higher than revenue growth as operating expense was controlled stringently during the period.

IPDC remain confident that in the near future, our financial performance will exceed that of our Peers both in terms of balance sheet size and profitability. During the period from January 2022 to September 2022, IPDC generated BDT 5,764mn cash outflow whereas IDLC generated BDT 23,102mn cash outflow.



Net Profit after Tax reduced marginally by 1.6% on YoY YTD September 2022 basis lower than other peers.

Overall, the Net Profit after Tax of IPDC reached BDT 620mn on YTD Sep'22 basis representing a YoY degrowth of -1.6% while all other peers have seen degrowth varying from 3.0% to 73.5% in the same period.



Overall industry is facing liquidity crunch which is reflected in the cash flow statement as cash outflow.

ACTIVITIES BEYOND THE NUMBERS

Beyond the financial figures, IPDC remained steadfast in implementing strategic projects and laying the groundwork for future expansion in 2022. The focus of the year was to strengthen the core and ensure stability in business. Amid a volatile market and significant uncertainties, IPDC had sufficient liquidity to honor all encashment requests from the depositors.

IPDC enhanced its IT infrastructure, expanded its Head Office to cater to increasing internal and external requirements along with new branches. We are continuously seeking scope to improve our Customer Relationship Management and Loan Origination System (CRM-LOS) to increase operational efficiency. In our pursuit to emerge as the most passionate brand in financial industry, we maintained strong visible presence in social,

print and electronic media through various campaigns, sponsorships, promotions and other events through-out the year.

In Retail, consumer white goods finance remains one of our core focus areas. Initiatives are ongoing to launch IPDC EZ, our first consumer finance platform. In SME, for supply chain finance, we are launching Dana. Our first retailer finance platform. These initiatives are aimed at creating a revolution by development of an eco-system which will not only will ensure financial inclusion but also will make a secured, transparent, reliable marketplace and create collaboration of all the value chains. Enabling women to acquire financial and non-financial assets through financial inclusion is one of our key strategic agenda. In this context, IPDC Finance Limited introduced 'Priti' in 2019, a package affluent

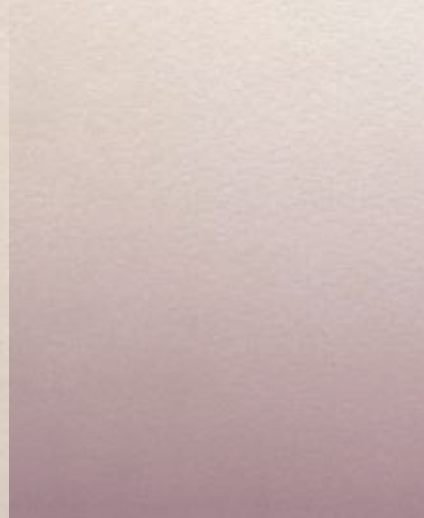
with various services including economic prosperity, financial security, lifestyle, medical care aimed to improve the quality of life of the country's most victorious women. We also launched targeted deposit campaign on various occasions which encouraged savings through preferential rates.

INFLATION ADJUSTED FINANCIALS

After adjusting for inflation (Base year 2016) Loans, Advances and Leases registered a CAGR of 18.4% over the last five years. Total Deposits grew at a higher rate (CAGR of 19.3%) allowing the company to reduce dependency on borrowing. Capital Adequacy Ratio remains comfortably above the regulatory requirement at 15.92%. Total assets and liabilities grew in line with loan portfolio and deposit growth.

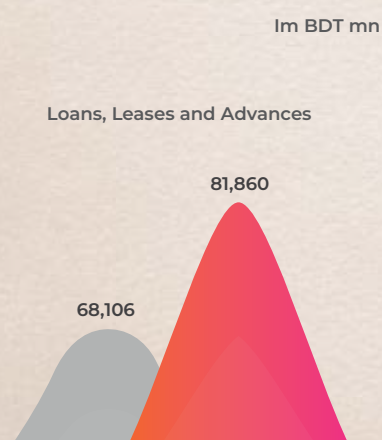
The company managed to register strong growth in revenue with a CAGR of 22.4% over the last five years. Growth in net profit after tax was lower compared to growth in operating profit due to higher provisioning requirement because of significant portfolio expansion. However, even with adjustment of inflation, the company registered strong growth in the bottom line with 15.6% CAGR in net profit after tax.

Net cash from operating activities remains negative in last two years. Significant cash outflow from operating activities was generated in 2022 because of higher disbursements in contrast to lower deposit inflow. Significant cash inflow from financing activities in 2022 was reported due to opting to availing long term loan. Most of the fund was liquidated in Government treasury bonds due to which inflation adjusted net cash inflow from investing activities was BDT 70mn.



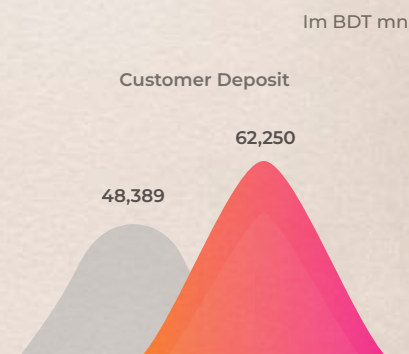
Particulars	2016 Base	2017	2018	2019	2020	2021	2022	CAGR 6 Year	Times Growth
Financial Performance									
Revenue	794	1,115	1,587	1,738	2,149	2,479	2,670	22.4%	3.4
Operating Profit	474	602	951	950	1,276	1,585	1,707	23.8%	3.6
Net Profit	286	300	381	451	536	634	683	15.6%	2.4
Financial Position									
Loans, Advances and Leases	18,392	30,862	37,520	40,707	40,721	47,008	50,628	18.4%	2.8
Total Deposits	16,219	26,635	31,375	37,205	39,845	43,466	46,813	19.3%	2.9
Paid-up Capital	1,430	1,628	1,847	2,836	2,819	2,670	2,876	12.4%	2.0
Shareholders' Equity	2,620	2,785	3,176	4,475	4,606	4,571	4,923	11.1%	1.9
Total Assets	21,315	35,179	42,756	51,682	57,705	61,144	65,852	20.7%	3.1
Total Liabilities	18,695	32,394	39,580	47,208	53,099	56,572	60,928	21.8%	3.3
Cash Flows									
Net cash from operating activities	1,070	367	(710)	3,498	5,800	(1,736)	(2,485)		
Net cash (used in)/ from investing activities	(396)	(147)	(254)	(736)	(2,650)	1,576	70		
Net cash (used in)/ from financing activities	(0)	1,053	1,369	2,067	568	(164)	1,494		
Inflation Rate	5.92%	5.44%	5.78%	5.48%	5.65%	5.56%	7.70%		

PLAN AND PROJECTION



In 2022, the loans and advances of IPDC stood at BDT 68,106mn and by the end of 2023, we expect our loan portfolio to reach BDT 81,860mn, registering a growth of 20.2%. Majority of the growth is expected to come from Retail, followed by SME. Corporate portfolio growth is expected to register only marginal growth to rebalance the overall portfolio and increase share of Retail and SME.

To support our loan portfolio growth, we expect to increase our customer deposit portfolio by 28.6% to BDT 62,250mn in 2023 from BDT 48,389mn at the end of 2022. This will take the share of customer deposits to 64.3% within the total fund basket from the existing 55.8%.



Although the market remains tough following the economic setbacks in post pandemic era, we are more committed than ever to maintain the quality of our loan portfolio and to keep our classified loan level same by the end of 2023s.

Budgeted revenue growth for the year 2023 is expected to exceed the previous years budgeted revenue by 16.1%. Efficient spread and cost management will remain a key area of focus for next year which will allow us to achieve sustainable bottom-line growth. We expect no significant capital gain income in 2023 considering the treasury yield curve, We are hopeful that we will not only meet but also exceed our targets for the year 2023 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 2023 we expect our total workforce to increase along with generating additional business by increasing productivity. To expand our reach, digital channels will be focused instead of physical channels owing to the increasing demand of digital services.

OUR STRATEGIC OBJECTIVES

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

AFFORDABLE HOME LOAN

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

WOMEN ENTREPRENEURSHIP DEVELOPMENT

Women's presence in the formal job sector is only 14 percent whereas 33 percent of the university students are female. IPDC has been working towards empowering women and resolve their financial challenges. To encourage women to comprehend their dreams to become an empowered woman, IPDC has bundles of products exclusively for

women. A distinctive product exclusively for women entrepreneur named Joyee allows financing at a concessional rate throughout the year.

CONSUMER WHITE GOODS FINANCE - IPDC EZ

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

SUPPLY CHAIN FINANCE - ORJON

We envision to go beyond the megacities, breaking the geographical barrier and accommodating many CMSMEs under our facility with better process efficiency. Hence, for the very first time in Bangladesh, a comprehensive supply chain financing solution which will enable collaboration among corporations, micro and small enterprises (MSEs) and financial organizations within one single chain. At this point in time, undoubtedly, collaboration is the biggest innovation.

Our Digital Supply Chain Finance platform called Orjon enables easy financing through Factoring Finance, Work Order Finance, and Distributor Finance. The platform will enable us to bind all the stakeholders-corporates,

suppliers, distributors, and IPDC in one platform, ensuring real-time processing, transparency, data security, and consensus among all the parties.

RETAILER FINANCE - DANA

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

IT INFRASTRUCTURE AND PROJECTS

In 2022, we have laid the groundwork for mass launch of Consumer Financing Platform called IPDC EZ in 2023 which will allow customers to avail goods conveniently without using a credit card. In addition to this, we plan to launch a Retailer Financing platform called Dana in 2023 which will provide easy financing solution to the thousands of retailers across the country and include them in the financial sector.



CORPORATE SOCIAL RESPONSIBILITY

Maintaining strong social commitment in the communities is a key priority for IPDC.

For instance, we recognized nationwide unheard women change-makers across the

country through an event titled as 'Unsung Women Nation Builders Award 2022', an initiative taken by IPDC in association with The Daily Star. We also recognized

the architects of the nation, our unsung schoolteachers through a program called "Priyo Shikkhok Shommanona".

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 2021. The credit rating was performed by Emerging Credit

Rating Limited on 26 September 2022. 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.

CUSTOMER SERVICE AT IPDC

Based on the lessons learnt at the pandemic, IPDC acknowledges that superlative customer service and customer benefit drives financial performance and outcome. Customer is the very reason why IPDC exists, and we understand this by our heart and soul. In this connection, we try to instill the essence of customer centricity in every employee through continuous reinforcement and training.

We strive to delight our customers every day and try to make every customer the Brand Ambassador of the company. Besides, it is common for our staff to see off our customers and guests right to the door. These small

things add up to create an image about us and we are very particular about actions and gestures that make our customers feel at home. We try to do things in a unique way and believe we can always find means to delight our customers. Our reputation hinges on creating an extraordinary experience for our customers and we will do everything possible for driving superlative customer service – today and well into tomorrow.

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 more new branches 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.

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 a regular basis. Information about significant areas

of estimation, uncertainty, and critical judgments in applying accounting policies that have the most significant effects are included in the "Notes to the financial statements".

CHANGES IN ACCOUNTING POLICIES AND ESTIMATION

During the year ended 31 December 2022, there were no significant changes in accounting policies and estimates which impacted the financial performance, results, 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, after which the financial statement is finally 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

Accounting policy may not have been applied consistently in the preparation of the financial statement. In order to mitigate the 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. These 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)

Newly issued IFRS standard may not be 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

Adequate disclosures as required by IFRS / IAS, regulatory bodies such as Bangladesh Bank, Bangladesh Securities and Exchange Commission etc. may not be made in the financial statement. 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.

ACCOLADES IN 2022

During the year 2022, IPDC was honored with the following awards:

- ICMAB National Award 2021 for Best Corporate Under NBF1 – Gold Award
- ICAB National Award for best presented Annual Reports 2021 – Bronze Award
- SAFA Award for Best Financial Reporting 2021 – Bronze Award

- Cannes Lion Silver Lion Award: Brand Experience & Activation

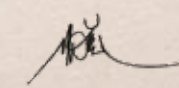
- Cannes Lion Bronze Lion Award: Sustainable Development Goals

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.

Thank you.



Mominul Islam
Managing Director & CEO

GOVERNANCE AND RISK MANAGEMENT



GUIDING PRINCIPLES OF GOVERNANCE

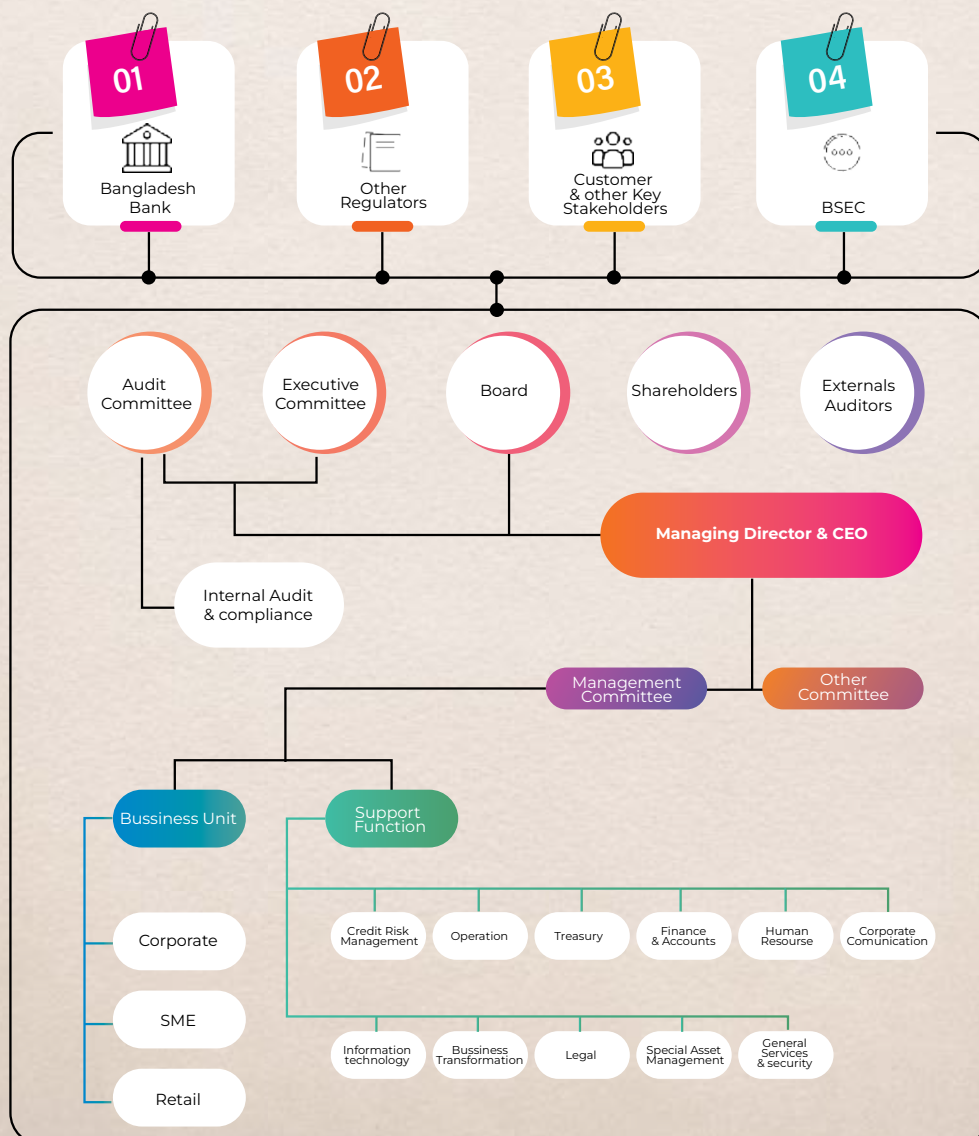
CORPORATE GOVERNANCE STATEMENT

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. Hence, the corporate governance of IPDC sets top priorities in the fairness, transparency, accountability and responsibility on its topmost priority.

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.

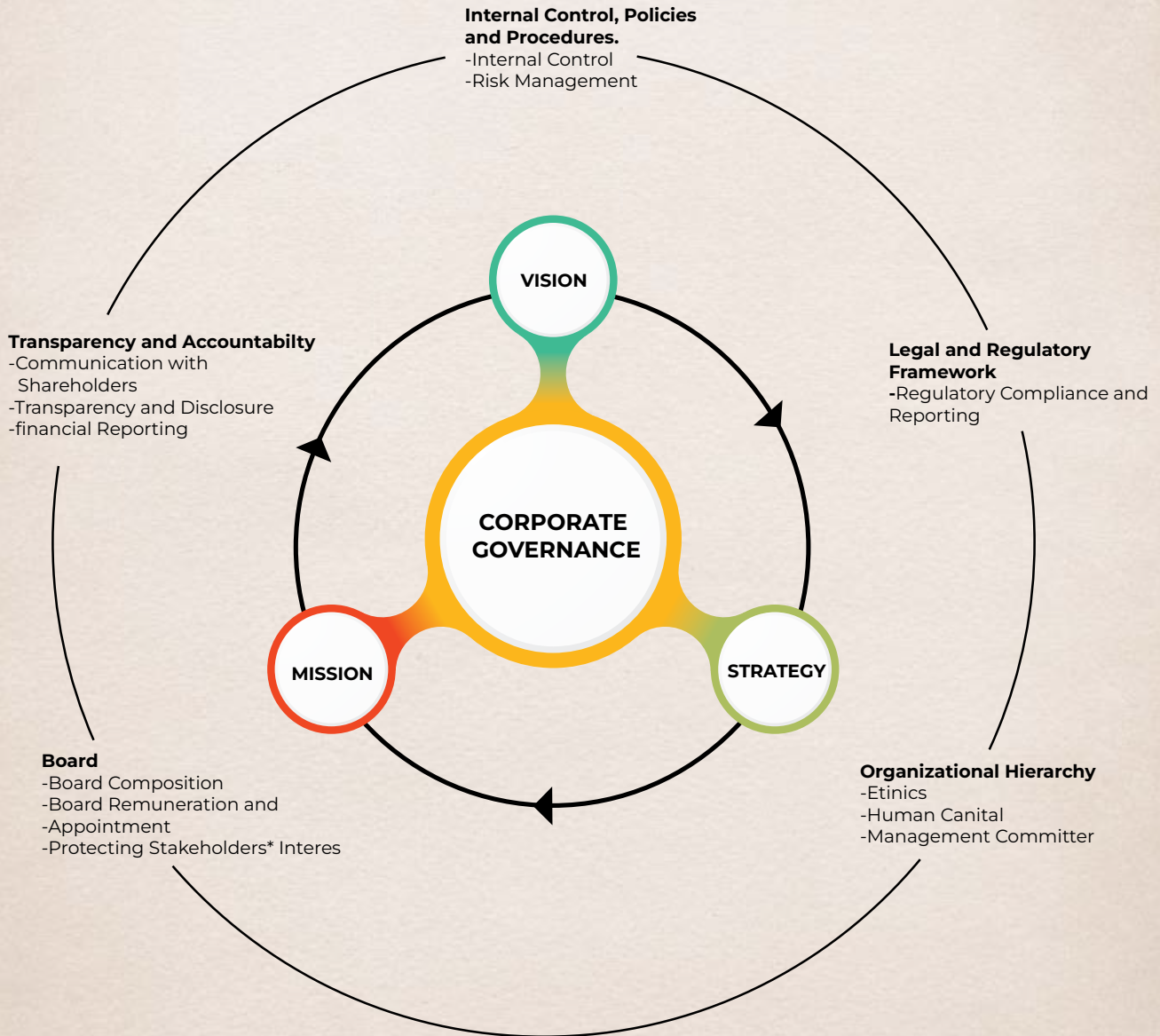
The purpose of the Corporate Governance Report is to provide an overview of the various activities relating to corporate governance.

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.

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.

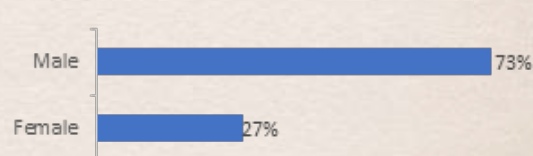
Name of Director	Board of Directors	Executive Committee	Audit Committee
Mr. Kazi Mahmood Sattar	Chairman, Nominated by BRAC	-	-
Mr. Md. Nurul Alam	Director, Nominated by GOB	-	Member
Mr. Mohammad Manzarul Mannan	Director, Nominated by GOB	Member	-
Ms. Sonia Bashir Kabir	Independent Director	-	Chairman
Dr. Shah Md. Ahsan Habib	Independent Director	-	Member
Mr. Sameer Ahmad	Director, Nominated by RSA Capital Ltd.	Chairman	-
Ms. Tamara Hasan Abed	Director, Nominated by BRAC	Member	-
Mr. Tushar Bhowmik	Director, Nominated by BRAC	Member	-
Mr. Ariful Islam	Director, Nominated by Ayesha Abed Foundation	-	Member
Ms. Nahreen Rahman	Director, Nominated by Bluechip Securities Limited	-	Member
Mr. Mominul Islam	Managing Director & CEO, Ex officio	-	-

BOARD BALANCE

Independent vs Nominated Directors



Gender 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. 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.

Name of Director	Field of Study
Mr. Kazi Mahmood Sattar	Finance
Mr. Md. Nurul Alam	Physics
Mr. Mohammad Manzarul Mannan	Economics and Finance
Ms. Sonia Bashir Kabir	Science and Business Administration
Dr. Shah Md. Ahsan Habib	Finance and Accounting
Mr. Sameer Ahmad	Arts, Economics & Political Science
Ms. Tamara Hasan Abed	Finance and Economics
Mr. Tushar Bhowmik	Accounting
Mr. Ariful Islam	Finance and Economics
Ms. Nahreen Rahman	Economics
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. A detailed disclosure on Board Meeting Frequency and Members' Participation is provided as an Annexure of Directors Report.

ADEQUATE REPRESENTATION OF NON-EXECUTIVE DIRECTORS

Number of Non-Executive Directors: 10

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

ADEQUATE REPRESENTATION OF INDEPENDENT DIRECTORS

Number of Independent Directors: 2

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

INDEPENDENCE OF INDEPENDENT DIRECTORS AND THEIR ADEQUATE REPRESENTATION

IPDC appoints Independent Directors who do not hold any shares in the Bank and do not have any family or other relationship with its Board of Directors and its executive management. IPDC also ensures compliance with Bangladesh Bank's guidelines and Bangladesh Securities and Exchange Commission's notification relating to 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 director out of ten directors (excluding Ex-officio member).

BOARD'S COMMITTEES AND THEIR RESPONSIBILITIES

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

RELATED PARTY TRANSACTION

Transactions with related parties were executed on the same terms, including interest rates as those prevailing at the time for comparable transactions with normal business transactions with others and do not involve more than a normal risk. A detailed disclosure on related party transaction is provided in the notes to the financial statements.

ACTIVITIES OF THE BOARD DURING 2022

The Board of Directors of IPDC Finance Limited discussed matters related to company performance, policy formulation, resource allocation

and risk management. A summary of the key agendas is given below:

Key agendas considered by the Board of Directors during 2022	
Q1 2022	1 Management Report on the performance of IPDC for the year ended December 31, 2021
	2 Approval of (i) Revised PPGs of all Retail Products (ii) PPG for Retailer Finance (Dana) (iii) Revised PPGs of Supply Chain Finance (iv) Revised PPG of Lease Finance (V) Revised Staff Travel Policy
	3 Adoption of Directors' Report, Auditors' Reports and Audited Financial Statements for the year ended 31 December 2021 and recommendation for appropriation of the profit for the year 2021
	4 Appointment of Auditors for the year 2022 and fix their remuneration, Appointment of Auditors for Corporate Governance Certificate the year 2022 and fix their remuneration
	5 Auditor's Report on Corporate Governance Certificate by Auditor
Q2 2022	1 Bangladesh Bank Inspection Report as directed by Bangladesh Bank
	2 Approval of un-audited financial statements for the 1st Quarter 2022 ending 31 March 2022
	3 Approval for Expansion of IPDC Head Office at Landmark Building, North Gulshan, Dhaka-1212
Q3 2022	1 Approval of Un-audited Half Yearly Financial Statements as on 30 June 2022
	2 Report on investment in stock market
	3 Approval/Renewal of Policies: a. Green Banking Policy b. Environmental & Social Risk Management Policy c. Asset Liability Management Policy d. Employee Performance Bonus Policy
Q4 2022	1 Approval of Un-audited financial statements for the 3rd Quarter ending 30 September 2022
	2 Enhancement of IPDC EZ platform features and revision of project cost
	3 Approval of Budget for 2023 along with Year 2022 estimates
	4 Approval & Renewal of Policies: a. PPG for Retailer Finance (Dana) b. Sustainable Finance Policy (Green Banking Policy) c. Corporate Social Responsibility Policy
	5 Approval for opening of 03 (three) new branches in 2023

TRAINING OF THE BOARD OF DIRECTORS

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

BOARD MEETING MINUTES

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

APPRAISAL OF PERFORMANCE OF THE BOARD

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

APPOINTMENT, RE-APPOINTMENT, AND RETIREMENT OF DIRECTOR(S)

As per Article 100 and 101 of the Articles of Association of the Company, the following 5 (five) Directors will be eligible to offer themselves for retirement or re-election as per Article 105 of the Articles of Association of the Company. Any 3 (three) of the mentioned five directors will be selected for retirement/re-election, at the 198th Board Meeting. Brief resumes of the directors are furnished in the 'About IPDC' section of this Annual Report.

Mr. Kazi Mahmood Sattar	Nominated by BRAC
Mr. Md. Nurul Alam	Nominated by GOB
Mr. Mohammad Manzarul Mannan	Nominated by GoB

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.

ROLE OF THE CHAIRMAN

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 separate, in accordance with the DFIM Circular No. 07, dated 25.09.2007.

MANAGING DIRECTOR

ROLE AND RESPONSIBILITIES

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

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

COMPANY SECRETARY

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

ROLE OF COMPANY SECRETARY

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

ICSB STANDARDS

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

CHIEF FINANCIAL OFFICER (CFO)

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

ROLE OF CHIEF FINANCIAL OFFICER

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

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

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

HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC)

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

ROLE OF HEAD OF INTERNAL CREDIT AND COMPLIANCE

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

ACCESS OF HEAD OF INTERNAL AUDIT AND COMPLIANCE TO THE AUDIT COMMITTEE

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

COMPLIANCE WITH CORPORATE GOVERNANCE REGULATION BY BANGLADESH BANK AND BANGLADESH SECURITY AND EXCHANGE COMMISSION

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

ESTABLISHING EFFECTIVE ANTI-FRAUD PROGRAMS AND CONTROLS

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

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 web-site it is also issued in two widely circulated national dailies one in English and another in Bangla.

REMUNERATION COMMITTEE, NOMINATION COMMITTEE AND RISK MANAGEMENT COMMITTEE

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGERS

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

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

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

DIRECTOR'S REPORT

Dear Stakeholders,

The Board of Directors of IPDC Finance Limited takes great pleasure to welcome you to the 41st 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 2022 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.

KEY PERFORMANCE HIGHLIGHTS FOR 2022

in BDT

68,106 mn	(+4.25%)	3,247 mn	(-5.74%)	
LOANS & ADVANCES		REVENUE		
47,559 mn	(-2.03%)	1,760 mn	(-20.11%)	15.92%
CUSTOMER DEPOSITS		OPERATING PROFIT		Capital Adequacy Ratio
86,732 mn	(+2.07%)	901 mn	(+2.27%)	4.14%
TOTAL ASSETS		NET PROFIT		Classified Loan Ratio

ECONOMY AND INDUSTRY REVIEW

GLOBAL ECONOMIC REVIEW

2021 onwards, world was on the road to recovery from the pandemic. But in 2022, it witnessed another major conflict in the form of the Ukraine-Russian war. Russia has been a major producer of certain essentials such as oil, natural gas, and other commodities, causing global aggregate supply to be restricted, putting more upward pressure on international prices, causing a supply crisis of energy and commodities, thus higher inflation. Most advanced economies have tightened their interest rates to curb inflation. This caused major currencies such as the US Dollar and British Pound to appreciate. Due to price hikes and supply crises, world economy is starting to slow down, causing a recession-like state. Food and energy shortages have impacted the emerging and developing economies the most, leading to a living crisis and aggravating poverty. Such challenges are having an almost reversal effect on global recovery. Economic activity has become sluggish due to high inflation. IMF has predicted that growth will reduce from 3.2% in 2022 to 2.7% by 2023. Such economic challenges have depressed

economic prosperity. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies: a US GDP contraction in the first half of 2022, a euro area contraction in the second half of 2022. Growth in the emerging market and developing economy group declined to 3.7 percent in 2022 and projected to remain there in 2023, in contrast to the deepening slowdown in advanced economies. On the contrary, inflation worldwide surged to 8.8% (2022) but is forecasted to decline to 6.5% in 2023 and 4.1% in 2024 with supply easing and demand falling flat. Global trade growth is slowing sharply: from 10.1 % in 2021 to 4.3 % in 2022 and projected 2.5 % in 2023. This is higher growth than in 2019, when rising trade barriers constrained global trade, and during the COVID-19 crisis in 2020, but well below the historical average.

2.7%

GDP Growth-World



8.8%

GLOBAL INFLATION RATE



9.9%

CONSUMER PRICES EMERGING & DEVELOPING MARKETS



BANGLADESH ECONOMIC INDICATORS

Category	2017-18	2018-19	2019-20	2020-21	2021-22
GDP Growth Rate	7.86%	8.15%	5.24%	5.40%	6.49%
Investment to GDP Ratio	31.23%	31.57%	31.75%	29.92%	31.68%
Inflation Rate [P2P]	5.5%	5.5%	6.0%	5.6%	7.56%
Inflation Rate [12-month avg.]	5.8%	5.5%	5.6%	5.6%	6.15%
Export	36,668	40,535	33,674	38,758	52,083
Import	52,919	56,003	48,518	54,332	79,574
Remittance	14,982	16,420	18,205	24,621	210,131
Foreign Exchange Reserve	32,944	32,550	35,853	46,391	41,827
Exchange Rate (BDT/USD) (Avg.)	82.1	84.0	84.8	84.8	86.4
DSE Market Cap. [BDT Bn]	384,735	399,816	311,967	514,282	456,581
DSE Market Index	5,405	5,422	3,989	6,151	6,377

*Values in USD mn unless otherwise state.

Bangladesh heavily relies on international trade and due to its progress over the last decades, the economy has become more interconnected on a global level. Hence, foreign shocks are impacting our economy more acutely than before.

Inflation extended to 7.6% in June 2022, according to Bangladesh Bureau of Statistics (BBS), the highest in almost a decade. It further increased up to 9.1% in September and then reduces to 8.9% in October 2022.

Investment to GDP ratio increased to 31.7% in FY22 from 29.9% in the previous fiscal year. Inflation P2P rate rose to 7.6% from 5.6% in FY 2021-22 due to rising international prices with the war and disrupted supply.

Both Imports and Exports have increased to USD 79,574mn and USD 52,083mn respectively from previous year. Volume of imports rose by 40.0%, having exceeded exports, causing a trade imbalance. Advanced economies are in a recession-like state, reducing consumer demand for international goods. Hence, import bills have rose sharply against exports.

Higher import growth and lower export growth resulted in current account deficit reaching record USD 18.7 bn in FY 2021-22 against deficit of USD 4.57 billion in the last fiscal year. During FY 2021-22, the trade deficit had widened to USD 33.25 bn; it was just USD 23.78 bn in the previous fiscal year.

Average exchange rate has rose to BDT 86.4/\$ in FY22 from BDT 84.2/\$, as USA tightened their monetary and fiscal policies to counter inflation. As a result, the US Dollar has appreciated strongly against other currencies. USD exchange rate rose to BDT 104.0/\$ in December 2022.

Inward remittances into the country dropped over 15% from USD 24.7bn to USD 21.0bn in FY2021-22 over the previous fiscal year. A strong dollar means import bills substantially increased, surpassing exports and remittances, broadening the trade deficit to the highest at USD 27.0bn (2022), almost 2.5 times compared to 2016. Balance of Payments have turned negative, depleting the foreign reserves.

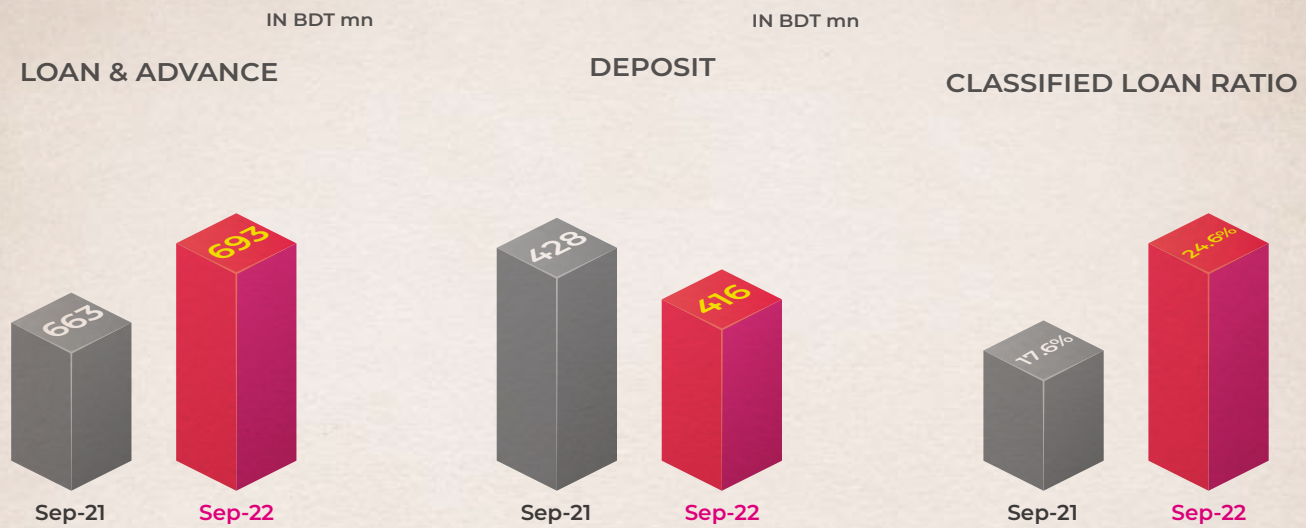
In 2021-22, DSE Market Capitalization reduced to BDT 456,581bn, while Market Index rose to 6,377 points since previous fiscal year, due to increased market volatility and economic uncertainty.

To control the BDT/USD exchange rate along with the rising inflation, Bangladesh Bank announced a contractionary monetary policy to contain inflation and exchange rate pressures while supporting the economic recovery process, ensuring the necessary flow of funds to the economy's productive and employment generating activities for

long-term economic growth. Since decades, our economy has been flourishing to reach new heights in economic advancement. Centre for Economics and Business Research (CEBR) from United Kingdom predicts our economy to become the 25th largest by 2035. Also, HSBC Global Research report shows that Bangladesh is expected to see the

fastest growth in its consumer market and is set to overtake the UK and Germany and become the world's ninth largest consumer market by 2030. Our nation has achieved more in terms GDP growth, digitization, and urbanization, relative to our South Asian peers.

NON-BANKING FINANCIAL SECTOR REVIEW



Total Loan & Advance of the NBFIs increased by 4.53% to Tk. 693bn during Sep. 2022 as compared to Sep. 2021.

Total deposits of the NBFIs decreased by 2.80% to Tk. 416bn during Sep. 2022 as compared to Sep. 2021.

Total classified loan ratio of the NBFIs increased and stood at 24.6%. Total classified loan was Tk. 173bn during Sep. 2022.

INDUSTRY OUTLOOK

In 2022, liabilities of Non-Bank Financial Institutions (NBFIs) including loan losses rose while deposits, assets dropped, and capital wore away. On the contrary, NBFIs dispensed loans 46% more during June-September period of 2022. Most disbursements went to the agriculture, transportation, trade, and construction divisions while industrial sector has taken 37% share of the loans.

Deposits had a degrowth of 0.4% due to interest rate caps on lending and borrowing. Bangladesh Bank data showed that the deposits in the NBFIs fell to Tk 416 billion at the end of September quarter of 2022 from Tk 428 billion in deposits at the September quarter of 2021.

On the funding side, financial institutions ramped up the disbursements further to

grow their portfolio as the pandemic eases out. The total assets of the non-banking financial institution sector stood at BDT 933bn in September 2022, an increase by 1.6%, from BDT 918bn in September 2021.

Profitability indicators as measured by return on assets (ROA) and return on equity (ROE) were negative since March 2021. As on September 2022 Return on assets (ROA) increased to -0.40 % from -0.62 % while return on equity (ROE) increased to -5.95 percent from -6.56 % compared to the September 2021. Total classified loan stood at BDT 173bn as of September 2022 representing an increase by 47.8% on year over year basis. Classified loan ratio increased to 24.6% in September 2022 from year 2021.

Capital Adequacy Ratio (CAR) of the industry

stood at 10.2% in September 2022 against 13.3% in September 2021. CAR continues to remain above the minimum requirement of 10.0%. Total risk-weighted assets (RWA) increased from BDT 716 bn in September 2021 to 708 bn in September 2022 and at the same time Tier-1 capital (core capital) ratio of the FIs stood at 8.35 %. 23 out of 34 FIs were able to maintain the required level of core capital and 24 out of 34 FIs were able to maintain the required level of CAR.

FUTURE DEVELOPMENT

One of the key drivers of growth in the non-banking financial sector in Bangladesh is the country's large and growing middle class, which is fueling demand for a wider range of financial services. This includes insurance products, which are becoming increasingly popular as more people seek to protect their assets and investments.

Another key trend in the non-banking financial sector in Bangladesh is the rise of digital platforms, which are enabling greater access to financial services for a wider range of customers. Mobile banking, for example, is becoming increasingly popular, as more people gain access to mobile phones and the internet. The regulatory environment for non-banking financial institutions in Bangladesh is also becoming more supportive, with

the government introducing a range of measures to promote the sector's growth.

Looking ahead, there are several areas where the non-banking financial sector in Bangladesh is expected to develop further. One of these is the microfinance sector, which has been a key driver of financial inclusion in the country. As more people gain access to financial services, demand for microfinance products is expected to grow.

Another area of potential growth is the Islamic finance sector, which is becoming increasingly popular in Bangladesh. Islamic finance products, which are based on the principles of Islamic law, are seen as a more ethical and socially responsible form of

finance and are attracting growing interest from consumers. Overall, the non-banking financial sector in Bangladesh is expected to continue to grow and diversify in the coming years, driven by a range of factors including rising demand for financial services, increasing access to digital platforms, and supportive government policies.

PERFORMANCE REVIEW

BDT 21,375mn

Market Capitalization (+49.23%)

BDT 57.6

Market Price Per Share (+49.22%)

BDT 2.43

Earnings Per Share (+2.27%)

BDT 18.33

NAV Per Share (+7.21%)

13.70%

Return on Equity (-3.54%)

1.05%

Return on Asset (-4.14%)

23.87

Price Earnings Ratio (+46.42%)

10% Cash

Dividend

Recovery from the pandemic was short-lived as our economy is having to bear high inflation, currency depreciating and depleting foreign reserves, making the year of 2022 more challenging than expected. Yet, IPDC maintained a satisfactory performance.

LOAN PORTFOLIO ANALYSIS

During the year 2022, loans and advances of IPDC grew by 4.3% and stood at BDT 68,106mn against BDT 65,327mn in the previous year. The growth in loans and advances was due to disbursements picking up at the end of the year. As a result, portfolio growth was higher compared to the preceding years. The company plans to continue its high growth trajectory once business operations are normalized.

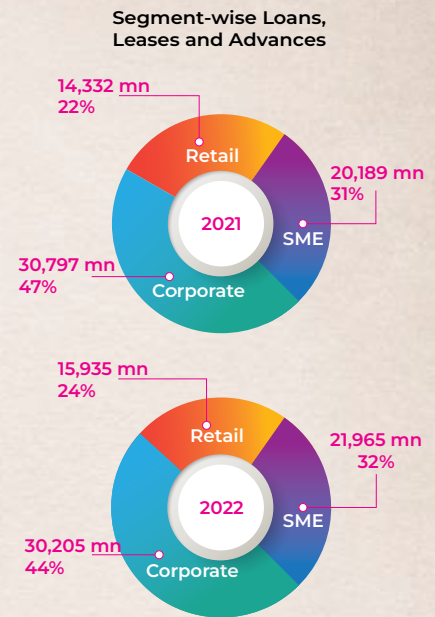
Corporate portfolio stands at BDT 30,205mn at the end of December 2022 representing 44.4% of the total portfolio. From the base year of 2017, corporate loan portfolio grew by 1.6 times from BDT 19,079 million in 2017 to BDT 30,205 mn in 2022.

Retail portfolio stood at BDT 15,935 mn at the end of December 2022 representing 23.4% of the total portfolio and posting a year-on-year (YoY) growth of 11.2%. From the base year of 2017, retail loan portfolio increased by

2.6 times from BDT 6,980 mn in 2017 to BDT 15,935. 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.

SME portfolio stood at BDT 21,965mn at the end of December 2022 representing 32.3% of the total portfolio and posting a year-on-year (YoY) growth of 8.8%. From the base year of 2017, SME loan portfolio increased from BDT 8,408 mn in 2017 to BDT 21,965mn in 2022 representing a growth of 2.6 times.

in BDT



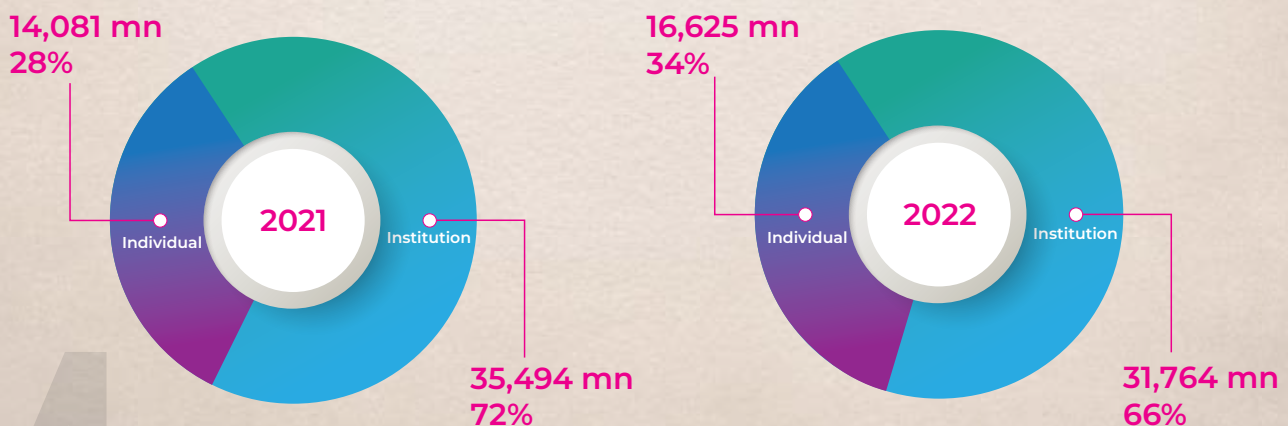
DEPOSIT PORTFOLIO ANALYSIS

Total Deposit portfolio decreased by 2.1% during 2022 and stood at BDT 59,139 million. For the economic downturn after the pandemic overall NBFi industry faces degrowth in public deposit and same happened with our deposit portfolio in this year. Public deposits (deposits excluding FDR from Banks & NBFis) decrease by 2.0% and maintained 80.4% of the total share of deposits, amounting to BDT 47,559 million, whereas deposits from Banks and NBFis accounted for 19.6% of the pie and amounted to BDT 11,580 million at the end of 2022.

On the other hand, deposits from individuals accounted for 34.4% of the total deposits and amounted to BDT 16,625 million in 2022 against BDT 14,081mn in the previous year representing a growth of 18.1%. Deposits from institutions accounted for the remaining 65.6% and stood at BDT 31,764 million at the end of 2022 against BDT 35,494 million in the previous year with a degrowth of 10.5%.

in BDT

Segment-wise Customer Deposits



QUARTERLY OPERATING RESULTS

Since after Bangladesh Bank has fixed the ceiling of the interest rate, right from that period we had a higher growth rate of loan portfolio than the deposit portfolio which continued till Q'2 of 2022. Soon after that, due to the economic downturn the inflation rate has raised nationally which was indicating that the lending rate in the market may raise in the near future. That effected our loan portfolio resulting in a negative growth in last two quarter. But if we compare it from year to year our loan portfolio grew by 4.3% from the previous year.

On the other hand, the inflation caused a sudden price hike in the daily commodity market resulting in increased living cost and decreased saving capacity of the people. As a result, we had to face a negative growth in our total deposit portfolio in the initial three quarters of the year. By offering innovative deposit campaign, ensuring best possible customer service and through aggressive marketing we were able to successfully retain our customer's trust. As a result, in Q'4 total deposit portfolio increased by 7.2%

Loan, Advance & Lease	Deposit	Net Profit After Tax
BDT 69,546mn Q'1 (+6.46%)	BDT 58,351mn Q'1 (-3.40%)	BDT 223mn Q'1 (-11.26%)
BDT 71,400mn Q'2 (+2.71%)	BDT 58,744mn Q'2 (+0.67%)	BDT 217mn Q'2 (-2.24%)
BDT 70,337mn Q'3 (-1.53%)	BDT 55,154mn Q'3 (-6.11%)	BDT 180mn Q'3 (-17.30%)
BDT 68,106mn Q'4 (-0.22%)	BDT 59,139mn Q'4 (+7.23%)	BDT 281mn Q'4 (+55.94%)

Operating profit in first two quarter significantly drops as Operating expenses increased significantly due to opening of three new branches at the end of 2021. Moreover, the business activities started in full swing in 2022 after the covid period resulting higher staff cost, travel expenses, legal cost as well as marketing expenses. Overall operating profit drops in mainly at the end of the year amounting to BDT 332mn in Q'4, which is 19.46% less than Q'3 due to lower spread, higher operating expenses and lower capital gain comparing with Y2021.

In the first 3 consecutive quarters, company witnessed declined in net profit, which was BDT 223mn in Q'1, and eventually declined more to BDT 180mn in Q'3. Due to significant growth in non-performing loan requiring more provision expenses and negative suspense movement during this period. Also, stringent loan provisioning and suspense requirement for rescheduling loans aggravated the situation further. But in Q'4 net profit after tax stood grew by 55.9% and stood at BDT 281mn. As we received prior year related favorable tax order the effective tax rate decrease to 29% in 2022 from 41.3% in 2021. Quarterly movement of each and every financial component of the financial statement has been briefly explained in the financial capital section.

FINANCIAL PERFORMANCE

Since 2016, IPDC has gained a tremendous annual growth. Hence the financial performance, comparative comparison on different financial indicators profitability, performing portfolio, cost analysis etc. of last 5 years has been described in detail in the financial capital section.

Key operating and financial data of the preceding five years and any significant deviations in quarterly reports are presented in separate section in the annual report "Financial Capital".

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed picture portrait on the overall performance of IPDC Finance limited of the year 2022 on a separate section "Management's take on IPDC's performance" describing how IPDC Finance performed in comparison to the overall NBFI industry, overall financial progression over the years, strategic outlook of all three-business center, all the activities beyond the numbers IPDC performed to develop and for the betterment of its stakeholders in the year 2022.

GOVERNMENT EXCHEQUER

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 1,446mn in 2022 in form of corporate tax, withholding tax, excise duty and VAT to the national exchequer. This is 30.7% higher compared to last year's figure of BDT 924mn. Detail in this regard can be found in the **Approch Towards Sustainability**. 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.

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. In "Integrated Risk Management Framework" overall risk management and control framework has been described.

THE BOARD

Board committees play an important role in ensuring the financial health of a company. Board committees of IPDC Finance Limited are composed of eleven board members who have the responsibility of overseeing a company's finances, reviewing and approving the company's financial statements, and making sure that all applicable financial regulations are being followed. A short biography of all the members of the board of directors is set out in the Profile of the Board of Directors section. As, the board has two sub-committees, among whom five (5) are the member of Audit Committee and five (5) are the members of Executive Committee. During the year ended 31 December 2022 a total 7 (Seven) Board Meetings were held. The details of attendance by the Directors along with remuneration paid to them are disclosed in the relevant section of the Directors' Report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors confirms compliance with the financial reporting framework for the following:

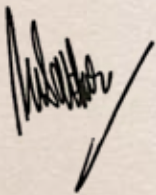
- The financial statements prepared by the management of IPDC fairly presents the situation, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment and are reviewed on regular basis.

- 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.
- The details of related party transactions are disclosed in the **"Notes to the Financial Statements"**.
- 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.
- Adequate disclosures have 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.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors.



Kazi Mahmood Sattar
Chairman

ANNEXURE TO DIRECTORS' REPORT

Key Operating and Financial Data of Preceding Five Years

In BDT mn/%

Particulars	2018	2019	2020	2021	2022	Growth (YOY)	CAGR3
Operating Results							
Net Interest Income	1,698	1,943	2,017	2,783	2,770	-0.5%	13.0%
Operating Income	1,875	2,166	2,830	3,445	3,247	-5.7%	14.7%
Operational Expenses	752	981	1,150	1,241	1,487	19.8%	18.6%
Operating Profit	1,123	1,184	1,680	2,203	1,760	-20.1%	11.9%
Profit Before Tax	861	994	1,201	1,503	1,264	-15.9%	10.1%
Net Profit After Tax	450	562	706	881	901	2.3%	19.0%
Financial Performance							
Disbursements	37,972	43,870	27,597	49,931	49,468	-0.9%	6.8%
Outstanding Credit Portfolio	44,325	50,726	53,610	65,327	68,106	4.3%	11.3%
Fixed Assets	545	788	777	765	876	14.5%	12.6%
Total Assets	50,511	64,402	75,969	84,973	86,732	2.1%	14.5%
Term Deposits	37,066	46,361	52,456	60,405	59,139	-2.1%	12.4%
Borrowings	5,917	7,038	10,946	10,496	12,097	15.3%	19.6%
Total Liabilities and Equity	50,511	64,402	75,969	84,973	86,732	2.1%	14.5%
Equity Information							
Shareholders' Equity	3,752	5,576	6,063	6,353	6,803	7.1%	16.0%
Paid up Capital	2,182	3,534	3,711	3,711	3,711	0.0%	14.2%
Number of Ordinary Shares	218,160,816	353,420,521	371,091,547	371,091,547	371,091,547	0.0%	14.2%
Net Asset Value Per Share (NAV)	10.1	15.0	16.3	17.1	18.3	7.1%	16.0%
Earnings per Share (EPS) ¹	1.38	1.72	1.90	2.37	2.43	2.3%	15.2%
Year-end Market Price per Share ²	38.1	25.6	27.6	38.6	57.6	49.2%	10.9%
Market Capitalization	8,312	9,048	10,242	14,324	21,375	49.2%	26.6%
Rate of Dividend	15%	15%	12%	12%	10%	-16.7%	-9.6%
Financial Ratios							
Current Ratio (Times)	1.0	1.0	1.0	1.0	1.3	0.3%	
Debt Equity Ratio (Times)	1.6	1.3	1.8	1.7	1.8	7.6%	
Interest Coverage Ratio (Times)	3.8	3.2	4.0	5.2	4.6	-10.9%	
Return on Asset	1.0%	1.0%	1.0%	16.3%	1.0%	-4.1%	
Price Earnings Ratio (Times)	27.6	14.8	14.5	16.2	23.7	45.9%	
Rate of NPL	2.14%	1.57%	1.38%	3.15%	4.14%	31.5%	
Rate of net NPL	0.38%	-0.37%	-1.92%	-0.83%	-0.45%	-45.7%	

1. EPS has been restated for the year 2018 – 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 2018.

PATTERN OF SHAREHOLDING AS ON 31 DECEMBER 2022

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

Shareholders holding 10% or more voting right:

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

MEETINGS ATTENDED AND REMUNERATION OF THE DIRECTORS DURING THE YEAR 2022

in BDT

Name of Director	Board of Directors Meeting				Executive Committee Meeting				Audit Committee Meeting				Total Remuneration paid in 2022
	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	
Mr. Kazi Mahmood Sattar	7	7	100%	56,000	-	-	-	-	0	0	-	-	56,000
Mr. Md. Nurul Alam	7	6	86%	48,000	-	-	-	-	5	4	80%	32,000	80,000
Mr. Mohammad Manzarul Mannan	7	7	100%	56,000	6	6	100%	48,000	0	0	-	-	104,000
Ms. Sonia Bashir Kabir	7	7	100%	56,000	-	-	-	-	5	5	100%	40,000	96,000
Dr. Shah Md. Ahsan Habib	7	7	100%	56,000	-	-	-	-	5	5	100%	40,000	96,000
Mr. Sameer Ahmad	7	4	57%	32,000	6	6	100%	48,000	0	0	-	-	80,000
Ms. Tamara Hasan Abed	7	6	86%	48,000	6	2	33%	16,000	0	0	-	-	64,000
Mr. Tushar Bhowmik	7	7	100%	56,000	6	6	100%	48,000	0	0	-	-	104,000
Mr. Syed Abdul Muntakim*	7	5	71%	40,000	-	-	-	-	3	3	100%	24,000	64,000
Mr. Ariful Islam	1	-	-	-	-	-	-	-	1	1	100%	8,000	8,000
Ms. Nahreen Rahman	7	7	100%	56,000	-	-	-	-	5	4	80%	32,000	88,000
Total Remuneration				504,000				160,000				176,000	840,000

Note:

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

* Mr. Syed Abdul Muntakim was a Nominee Director of Ayesha Abed Foundation, he was replaced by Mr. Ariful Islam on 24 November 2022.

Hoda Vasi Chowdhury & Co

Chartered Accountants

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

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

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

We have examined the compliance status to the Corporate Governance Code by IPDC Finance Limited (the "Company") for the year ended 31 December 2022. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 of the Bangladesh Securities and Exchange Commission.

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

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

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

- 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;
- 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;
- 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
- The Governance of IPDC Finance Limited is highly satisfactory.

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

Dhaka, 22 February 2023

Annexure V

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINE

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

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1	Board of Directors			
1(1)	Size of the Board of Directors: The total number of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty);	√		
1(2)	Independent Directors (IDs)			
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 directors;	√		
1(2)(b)	Criteria of "Independent Director"			
1(2)(b) (i)	Who either does not hold share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		The IDs provide declarations about their compliances
1(2)(b) (ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		Do
1(2)(b) (iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		Do
1(2)(b) (iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	√		Do
1(2)(b) (v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		Do
1(2)(b) (vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		Do
1(2)(b) (vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance;	√		Do
1(2)(b) (viii)	Who is not independent director in more than 5 (five) listed companies;	√		Do

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(2)(b) (ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or any advance to a bank or a Non-Bank Financial Institution (NBFi);	√		Do
1(2)(b) (x)	Who has not been convicted for a criminal offence involving moral turpitude;	√		Do
1(2)(c)	Independent Director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		The appointment of IDs is approved by AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		
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, regulatory and corporate laws and can make meaningful contribution to business;	√		The qualification of IDs justifies their skills
1(3)(b)(i)	Business Leader who is/was a promoter or director of an unlisted company having minimum paid-up capital of One Hundred million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1(3)(b)(ii)	Corporate Leader who is or was a top-level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	Not Applicable		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5 th 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	√		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	Not Applicable		
1(3)(c)	The independent director must have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	√		
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		The Chairman and MD or CEO are different individual
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
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; and	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	Not Applicable		The Chairman was present in all Board Meeting
1(5)	The Directors Report to shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	√		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	√		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.;	Not Applicable		No such event occurred in the year
1(5)(ix)	An explanation of any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	√		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
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;	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	Not Applicable		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
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/Subsidiary/Associated Companies and other related parties (name wise details),	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer Company Secretary, Chief Report, Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
1(5)(xxiii)(c)	Executives;	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1(5)(xxiv)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders: -			
1(5)(xxiv) (a)	A brief resume of the director;	√		
1(5)(xxiv)(b)	Nature of his/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			
1(5)(xxv) (a)	Accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediately preceding five years explaining reasons there of;	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv) (e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1(6)	Meetings of the Board of Directors			
	The company shall conduct Board meetings and record the minutes of the meetings as well as required books and records in line with the provision of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	Not Applicable		Complied as per the prudential guideline given by Bangladesh Bank
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company	Not Applicable		Do
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company;	Not Applicable		IPDC has no subsidiary
2(b)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company;	Not Applicable		Do
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	Not Applicable		Do
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	Not Applicable		Do
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Not Applicable		Do
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)	Appointment			
3(1)(a)	The Board shall appoint a MD or CEO, CS, CFO and HIAC;	√		
3(1)(b)	The positions of the MD or CEO, CS, CFO and HIAC shall be filled by different individuals;	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
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 in the year
3(2)	Requirement to attend Board of Directors' Meetings:			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters	√		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
3(3)(a)(i)	These statements do not contain any materially untrue Annual Report statement or omit any material fact or contain statements that might be misleading;	√		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in this Annual Report;	√		
4	Board of Directors' Committee for ensuring good governance in the company, the Board shall have at least following subcommittees:			
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee.	Not Applicable		Complied as per the prudential guidelines given by Bangladesh Bank
5	AUDIT COMMITTEE:			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board of Directors.	√		
5(1)(b)	Future plan and projection or forecast for company's operation performance and financial position, with justification thereof, actual position shall be explained to the shareholders in the next AGM.	√		
5(1)(c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	Constitution of the Audit Committee:			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members.	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) Independent Director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
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;	√		No such event occurred in the year
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 Independent Director.	√		
5(3)	Chairman of the Audit Committee			
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√		
5(3)(c)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	Role of Audit Committee:			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Monitor Internal Control Risk management process;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5(5)(e)	Hold the meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	√		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	√		
5(5)(h)	Review the adequacy of internal audit function;	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in this Annual Report;	√		
5(5)(j)	Review statement of significant related party transactions submitted by the management;	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
5(5)(k)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		
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)(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any: -			
5(6)(a)(ii)(a)	Report on conflicts of interests;	Not Applicable		No such event occurred in the year
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defecting the internal control system;	Not Applicable		No such event occurred in the year
5(6)(a)(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations;	Not Applicable		No such event occurred in the year
5(6)(a)(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately;	√		
5(6)(b)	If the audit committee has reported to the board about anything which is material impact on the financial condition and results of operation and has discussed with the board and the management that any rectification is necessary and if the audit committee finds that such rectification has been unreasonably ignored, the audit committee shall report such finding to commission, upon reporting of such matters to the board for three times or completion of a period of 6 months from the date of first reporting to the board, whichever is earlier.	Not Applicable		No such event occurred in the year
5(7)	Reporting to the shareholders and general investors			
	Report on activities carried out by the audit committee, including any report made to the board under condition no. 5(6)(a)(ii) above during the year, shall be signed by the chairperson on the Audit committee and disclosed in the annual report of the issuer company.	√		
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	Not Applicable		Complied as per the prudential guidelines given by the Bangladesh Bank
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	Not Applicable		Do
6(1)(c)	ToR of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b);	Not Applicable		Do
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	Not Applicable		Do
6(2)(b)	All members of the Committee shall be non-executive directors	Not Applicable		Do

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	Not Applicable		Do
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	Not Applicable		Do
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	Not Applicable		Do
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	Not Applicable		Do
6(2)(g)	The company secretary shall act as the secretary of the Committee;	Not Applicable		Do
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	Not Applicable		Do
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	Not Applicable		Do
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	Not Applicable		Do
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	Not Applicable		Do
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	Not Applicable		Do
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	Not Applicable		Do
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	Not Applicable		Do
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	Not Applicable		Do
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC;	Not Applicable		Do
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	Not Applicable		Do
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	Not Applicable		Do

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	Not Applicable		Do
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	Not Applicable		Do
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	Not Applicable		Do
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	Not Applicable		Do
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	Not Applicable		Do
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	Not Applicable		Do
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	Not Applicable		Do
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	Not Applicable		Do
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	Not Applicable		Do
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	Not Applicable		Do
7	External or Statutory Auditors			
7(1)	The issuer Company shall not engage its external or statutory auditors to perform the following services of the company, namely: -	√		
7(1)(i)	appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	financial information systems design and implementation;	√		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	Broker-dealer services;	√		
7(1)(v)	Actuarial services;	√		
7(1)(vi)	Internal audit services or special audit services	√		
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.	√		

Condition No.	Title	Status		Remarks
		Complied	Not Complied	
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company; Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8	Maintaining a website by the Company			
8(1)	The company shall have an official website linked with the website of the stock exchange;	√		
8(2)	The company shall keep the website functional from the date of listing;	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s);	√		
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in this Annual Report.	√		IPDC obtained the certificate from Hoda Vasi Chowdhury & Co. Chartered Accountants
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		Annexure-C is presented in this report

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:

SI No.	Particulars	Compliance Status
01.	Responsibilities and authorities of Board of Directors	
A.	Work Planning and Strategic Management	
i	The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goal and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans	Complied
ii	The Board shall have its analytical review incorporated in the Annual report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies.	Complied
iii	The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will evaluate half yearly / yearly basis.	Complied
B	Formation of sub-committee	
	To expedite the process of decision making, (e.g., approval of loan/lease, write off, rescheduling etc.) Board may form Executive Committee with the Director (excluding any alternate director)	Complied
C	Financial Management	
i	Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
ii	Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recovery of overdue loan/lease.	Complied
iii	Board shall approve the procurement policy and shall accordingly the delegation of power for making such expenditure. The maximum delegation of power shall rest on the CEO and to management. However, decision relating to purchase of land, building and vehicles shall remain with the Board.	Complied
iv	The Board shall adopt the operation of bank accounts. Groups maybe formed among the management to operate bank accounts under joint signatures.	Complied
D	Management of loan/lease/investments	
i	Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
ii	No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
iii	Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied
E	Risk Management	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied

F	Internal Control and Compliance	
	A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team	Complied
G	Human Resource Management	
i	Board shall approve the policy on Human Resources Management and Service Rule. Chairman and director of the Board shall not interfere on the administrative job in line with the approved Service Rule.	Complied
ii	Only the authority for the appointment and promotion of the Managing Director/Additional Managing Director/ Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
H	Appointment of CEO	
	The Board shall appoint a competent CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	Complied
I	Benefit to the Chairman	
	Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the Company subject to the approval of the Board.	Complied
J	Responsibilities and Duties of the Chairman	
I	Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
ii	The minutes of the Board meetings shall be signed by the Chairman;	Complied
iii	Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
K	Responsibilities of Managing Director & CEO	
i	Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied
ii	Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities;	Complied
iii	All recruitment/promotion/training, except recruitment/promotion/training of AMD, DMD, and General Manager shall be vested upon the Managing Director. He shall act such in accordance with the approved HR Policy of the Company;	Complied
vi	Managing Director may re-schedule job responsibilities of employees;	Complied
V	Managing Director may take disciplinary actions against the employees except AMD, DMD and General Manager;	Complied
vi	Managing Director shall sign all the letters/statements relating to compliance of polices and guidelines. However, Departmental/Unit Heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so, authorized by the Managing Director.	Complied

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

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 31st December, 2022, 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, 2022, 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 2022, interest coverage ratio stood at 4.6 times, which means the company has strong debt servicing capacity.
Less Dependency on Bank Borrowings	As at December 31, 2022 total bank borrowing of the Company was BDT 12,097mn which is 15.3% 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 31st December, 2022 total deposits stood at BDT 59,139mn. 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 Net Profit After Tax	In the year 2022, IPDC Finance achieved 2% growth of net profit after tax compared to year 2021 which reflects the growth in profitability from overall business.
Solid Growth in Quality Lending Portfolio	In the year 2022 the loans, leases and advances increased by 4.3% compared to year 2021, whereas classified loan ratio stands at 4.14% which is much below the industry average. This represents the positive indication of sustainable business of the Company.
Expansion of Business	Apart from growth in quality lending portfolio, IPDC is piloting Consumer Goods financing and Retailer Financing and dedicated platforms for these products are in development and is expected to be launched soon.
Employee Satisfaction and Working Environment	IPDC Finance is an employee friendly organization. There is a very good corporate environment in the organization. The Company pays a competitive compensation package with fringe benefits like car facilities, provident fund, performance bonus, gratuity, group insurance, hospitalization insurance, reward and recognition program etc.
Maintenance of Capital Adequacy Ratio (CAR)	As per DFIM circular number 14, dated 28th December, 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 31st December, 2022 CAR of IPDC is 15.92% vis-à-vis requirement of 10.00% i.e., Company maintains 5.92% surplus capital.
Strong Equity Base	IPDC is one of the highest equity-based companies among the Financial Institutions. As at December 31, 2022 total equity of the Company is BDT 6,803 mn including paid up capital of BDT 3,711 mn.
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 2022 on the basis of "going concern assumption" is appropriate.

IPDC DIVIDEND DISTRIBUTION POLICY

A. Dividend Distribution Policy

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

B. Approval Time

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

C. Cash Dividend distribution process

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

- (i) Within **10 (ten) days** of declaration of cash dividend by the board of directors, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of the IPDC Finance Limited, dedicated for this purpose only;
- (ii) The IPDC Finance Limited shall pay off cash dividend directly to the bank account of the entitled shareholder or unit holder as available in the BO account maintained with the Depository Participant (DP), or the bank account as provided by the shareholder or unit holder in paper form, through **Bangladesh Electronic Funds Transfer Network (BEFTN)**;
Provided that the IPDC Finance Limited may pay off such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through **BEFTN**;
- (iii) The IPDC Finance Limited, upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or portfolio manager, shall pay off such cash dividend to the **Consolidated Customers' Bank Account (CCBA)** of the stock broker or the separate Bank Account of the Merchant Banker or the Portfolio Manager through BEFTN;
Provided that upon receiving the cash dividend, the stock broker or merchant banker or portfolio manager shall immediately account for such dividend in the individual client's portfolio account;
Provided further that the stock broker or merchant banker or portfolio manager shall provide detailed information (e.g., BO Account number, code number, Bank account number, intention, etc. of the client or customer including CCBA of stock broker or separate bank account of merchant banker or portfolio manager) to the IPDC Finance Limited for such claim.
- (iv) The IPDC Finance Limited, in case of non-availability of bank account information or not possible to distribute cash dividend through **BEFTN** or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the shareholder or unit holder;
- (v) The IPDC Finance Limited shall pay off cash dividend to non-resident sponsor, director, shareholder, unit holder or foreign portfolio investors (FPI) through the security custodian in compliance with the rules or regulations in this regard;
- (vi) The IPDC Finance Limited immediately after disbursement of the cash dividend and issuance of certificate of tax deducted at source, if applicable, shall intimate to the shareholder or unit holder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder or unit holder;
- (vii) The IPDC Finance Limited shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof; as per BO account number-wise or name-wise or folio number-wise of the shareholder or unit holder; and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (Quarterly/ Annually) as a separate line item **'Unclaimed Dividend Account'**;
Provided that the IPDC Finance Limited shall publish the year-wise summary of its unpaid or unclaimed dividend in the websites;
Provided further that any unpaid or unclaimed cash dividend including accrued interest (after adjustment of Bank Charge, if any) thereon, if remains, shall be transferred to a separate bank account of the IPDC Finance Limited as maintained for this purpose, within **1 (one) year** from the date of declaration or approval or record date, as the case may be.

D. Stock Dividend or Bonus Share Distribution Policy

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

E. Issuance of Stock Dividend or Bonus Share process

The IPDC Finance Limited, the CDBL and the Exchange(s) shall follow the provisions of cOweavb 46 of the ডিপজিটরি

(ব্যবহারিক) প্রবিধানমালা, 2003 for issuance of bonus Shares;

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

- (i) The IPDC Finance Limited shall send at least **3 (Three) reminders** to the entitled shareholder;
- (ii) The Suspense BO Account shall be held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus shares as and when the allottee approaches to the IPDC Finance Limited;

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

- (iii) The IPDC Finance Limited shall, upon receiving application from the allottee and after proper verification of identity and his entitlement, credit the bonus shares lying with the Suspense BO Account to the BO Account of the allottee, or issue bonus shares to the allottee, as applicable, within **15 (Fifteen) days** of receiving application with an intimation to the commission and the Exchange(s);
- (iv) Any voting rights on such undistributed or unclaimed stock dividend or Bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established.

F. Compliance Report regarding Dividend Distribution

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

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

G. Forfeiture of unclaimed cash dividend or stock dividend

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

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

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

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

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

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

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

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

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

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

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

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

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

K. Binding clause

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

STATEMENT OF ETHICS AND COMPLIANCE

Establishing Ethics and Values

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

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

Our Approach to Ethics

IPDC pays highest priority to the moral concerns to make the right ethical decisions on a day-to-day basis and above all observing the law, which is one of the standard professional requirements for the NBFIs. Our Code of Conduct was last reviewed in October 2022, based on related guidelines from Bangladesh Bank. This policy requires that all IPDC employees carry out their responsibilities, decisions, and actions to the best of their abilities and judgments while maintaining their professional decorum, complying with the laws and regulations for good governance. They must assure the highest standards of integrity in business dealings with their stakeholders and with one another. The highest ethical values, which involves honesty, integrity, fairness, responsible citizenship, and accountability for employees are also focused in this policy. IPDC encourages a positive and productive corporate culture that places high value on quality service, merit-based performance, accountability, responsiveness, teamwork, diversity, and equal employment opportunity.

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

The Internal Audit and Compliance (IA&C) Department ensures whether any employee have breached the Code of Conduct.

Board's commitment

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

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

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

STATEMENT OF INTERNAL CONTROL SYSTEM

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

Objective of internal control

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

Operations Objective: Efficiency and effectiveness of activities.

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

Compliance Objective: Compliance with applicable laws and regulations.

Components of internal control

Control Environment

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

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

CONTROL ENVIRONMENT

- Demonstrates commitment to integrity and ethical values
- Exercises oversight responsibility
- Establishes structure, authority and responsibility
- Demonstrates commitment to competence
- Enforces accountability

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

RISK ASSESSMENT

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

CONTROL ACTIVITIES

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

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

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

- Uses relevant information
- Communicates internally
- Communicates externally

INFORMATION AND COMMUNICATION

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

MONITORING ACTIVITIES

- Conducts ongoing and/or separate evaluations
- Evaluates and communicates deficiencies

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

REPORT OF THE AUDIT COMMITTEE

Role of Audit Committee

The Audit Committee (hereinafter referred as 'The 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 Committee is to monitor and review the effectiveness of internal control system. The 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 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 Committee

The 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 Committee are fixed by the Board. The main purpose of the Committee is to assist the Board of Directors on the following matters:

- a) Evaluates performance of the Company's internal control functions;
- b) Ensures compliance of the Company with legal and regulatory requirements;
- c) Makes recommendations on the reporting, control and compliance aspects of the Company;
- d) Provides independent monitoring, guidance and if necessary, to challenge executive management;
- e) Performs independent review to ensure control over financial reporting and all other operational matters; and
- f) Evaluates whether the Financial Statements reflect true and fair view of the affairs of the Company and have been prepared as per the regulatory guidelines.

Structure of the Committee

The 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. Ariful Islam as replacement of Mr. Syed Abdul Muntakim on 202nd meeting of the Board of Directors, dated 23 October 2022 (NOC received from Bangladesh Bank on 24 November 2022);

the Audit Committee of the Company comprises of the following members

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

The Company Secretary acts as the Secretary of the Committee

Terms of Reference

The Terms of Reference of the Committee clearly defines the roles and responsibilities of the Committee. The Terms of Reference is reviewed and revised with the concurrence of the Board of Directors. The 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 Committee as specified by the 'Conditions on Corporate Governance' issued by the BSEC 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 Committee are:

Review of Financial Statements

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

Internal Audit & Compliance

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

- Review and satisfy itself that the Internal Audit & Compliance Department has the competency and qualifications to maintain its mandates;
- Review the status report from the Internal Audit & Compliance Department and ensure that appropriate actions have been taken to implement its recommendations;
- Recommend any broader review deemed necessary as a consequence of any issues that may have been identified; and
- Request and review any special audit when deemed necessary.

External Auditor

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

- Appraisal or valuation services or fairness opinions;
- Financial information system design and implementation;
- Book-Keeping or other services related to the accounting records or Financial Statements;
- Broker-dealer services;
- Actuarial services; and
- Internal Audit Services.

The Committee has also ascertained the following:

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

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

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

Major activities of the Committee:

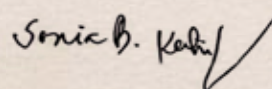
The Committee met 5 (five) times during the year 2022 to carry out the following major activities:

- Reviewed and recommended to the Board on approval of the Annual Financial Statements for the year ended December 31, 2021;
- Reviewed the Management Letter from external auditors for the year 2021 together with Management's responses to the findings;
- The Committee held meeting with the statutory auditors for review of the annual financial statements of 2021 before submission to the Board for approval;
- Reviewed the External Auditors' Certificate on Corporate Governance compliance under Sec 2CC of the Securities and Exchange Ordinance, 1969 for the year ended December 31, 2021;
- Reviewed Management's response on Bangladesh Bank's comprehensive inspection report on the Financial Statements as of December 31, 2020;
- Reviewed technical and commercial proposals along with comparative statements of vendors

and recommended to the Board to appoint an External Auditor to perform Information Systems and Security Audit;

- Reviewed and approved the Risk Based Internal Audit & Compliance Plan for the year 2023;
- Reviewed internal policies of the Company and recommended to the Board for approval;
- Reviewed the development and installation of Heat Map and Risk Register of the Company for 2022;
- Reviewed and ascertained that the internal control system including financial and operational controls, accounting system, and reporting structure are adequate and effective;
- Reviewed the periodical inspection reports of the Company conducted and submitted by the Internal Auditors and recommended necessary instructions to the Management for proper and prompt resolution of the irregularities/objections stated therein;
- Reviewed the actions taken by the Management for implementation of audit committee observations on issues deliberated in audit committee reports;
- The Committee placed its reports regularly to the Board of the Company for review and monitoring the activities with recommendations on internal control system, compliance with rules and regulation of the regulatory bodies;
- Reviewed first quarter, half-year and third quarter ended Financial Statements for the year 2022 and recommended to the Board for its approval;
- Reviewed statement of significant related party transactions submitted by the Management and as presented in the Financial Statements of the year 2021;
- Reviewed the Management's Discussion and Analysis before disclosing in the Annual Report of 2021; and
- 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 Committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of the activities and financial status of the Company.



Sonia Bashir Kabir
Chairman, Audit Committee

ROLE OF THE EXECUTIVE COMMITTEE

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

PURPOSE OF THE EXECUTIVE COMMITTEE

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

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

STRUCTURE OF EXECUTIVE COMMITTEE

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

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

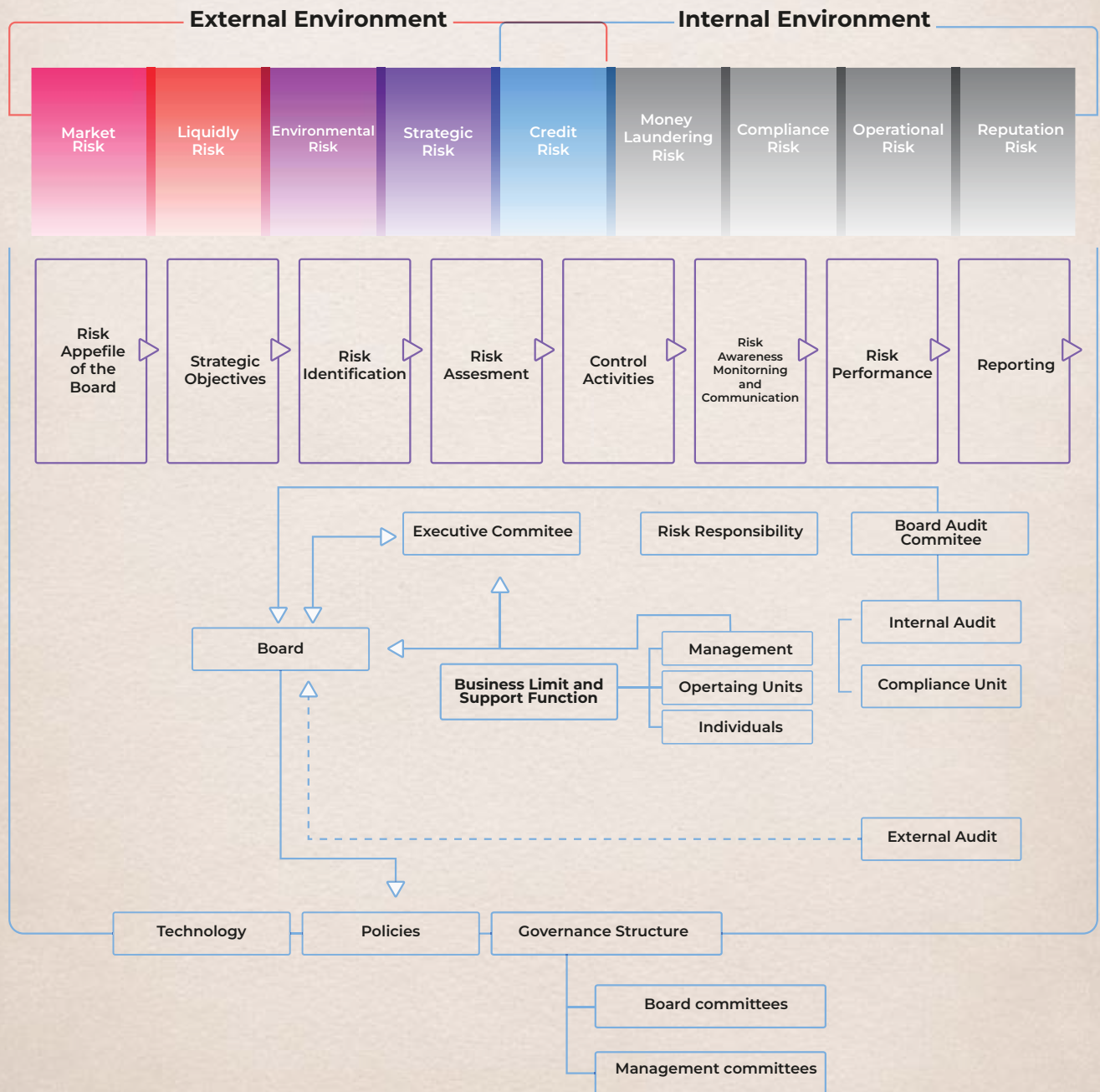
MAJOR ACTIVITIES OF THE EXECUTIVE COMMITTEE

The Committee met 6 times during the year 2022 through video conferencing to carry out the following major activities:

- » A total number of 7 proposals with an aggregate value of BDT 1,382mn (including renewals of BDT 500mn) were considered for approval in EC meeting dated, January 31, 2022, of which 1 credit proposal aggregating BDT 22mn were recommended to Board for approval.
- » A total number of 36 proposals with an aggregate value of BDT 7,665 million (including renewals of BDT 2,800mn) were considered for approval in EC meeting dated March 28, 2022, of which 4 credit proposals aggregating BDT 880mn were recommended to Board for approval.
- » A total number of 14 proposals with an aggregate value of BDT 2,979mn (including renewals of BDT 1,720mn) were considered for approval in EC meeting dated July 06, 2022, of which 3 credit proposals aggregating BDT 1,450mn were recommended to Board for approval.
- » A total number of 46 proposals with an aggregate value of BDT 11,293mn (including renewals of BDT 9,035mn) were considered for approval in EC meeting dated November 21, 2022, of which 10 credit proposals aggregating BDT 3,200 million were recommended to Board for approval.
- » A total number of 12 proposals with an aggregate value of BDT 2,905mn (including renewals of BDT 2,575mn) were considered for approval in EC meeting dated December 19, 2022, of which 1 credit proposal aggregating BDT 500mn 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 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.

RISK APPETITE OF 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 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 initiates the process of review by identifying the respective policy that requires review, prepares an initial draft along with all the references for the changes made, shares 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.

POLICIES AND GUIDELINES

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 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

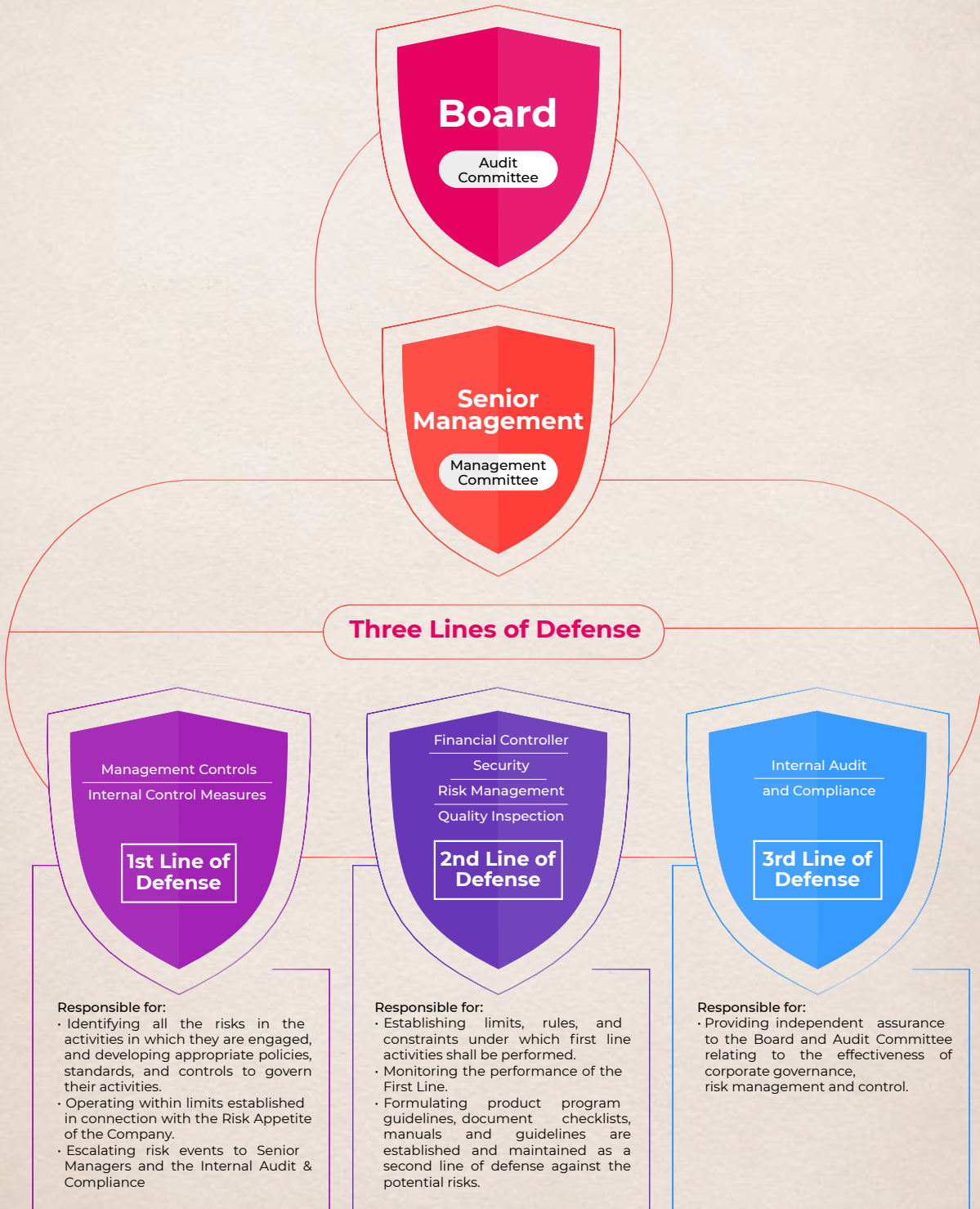
STRESS TESTING

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.

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.



BOARD SUB-COMMITTEES

MEMBER COMPOSITION

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

KEY RESPONSIBILITIES OF EXECUTIVE COMMITTEE

Credit	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Approve Bank and FI borrowings within its authority Review fund position and liquidity statements Review Cost of Fund and Return on Funds
Other	<ul style="list-style-type: none"> Review monthly financials of the Company Approve expenses within its authority Initiation of Artha Rin process against default clients

KEY RESPONSIBILITIES OF BOARD AUDIT COMMITTEE

Review	<ul style="list-style-type: none"> Assess the capacity and effectiveness of the Internal Audit & Compliance function. Evaluate reports on Credit Inspections, review implementation of suggestions contained in the reports. Assess inspection reports issued by Bangladesh Bank and External Auditors; review rectification of irregularities or compliance of recommendations suggested by such external bodies. Assess the credit risk management system of the company.
Others	<ul style="list-style-type: none"> Submit meeting minutes to the immediate next meeting of the BOD and to the Bangladesh Bank. Review budget and recommend to the Board for approval. Request both internal and external auditors for submission of assessment reports on any credit related issue under review by Audit Committee.

MEMBER COMPOSITION OF COMMITTEES AT MANAGEMENT LEVEL

Committee Names	Members
Management Committee (MANCOM)	<ul style="list-style-type: none"> · Mr. Mominul Islam, Managing Director & CEO · Mr. Rizwan D. Shams, AMD & Head of Business Finance · Ms. Fahmida Khan, Chief Financial Officer · Mr. Ashique Hossain, Head of Credit Risk Management · Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance · Mr. Samiul Hashim, Company Secretary & Head of Legal Affairs · Mr. Md. Zakir Hossen, Head of Operations · Ms. Savrina Arifin, Head of Retail Business · Mr. Tareq Islam Shuvo, Head of Strategy, Brand & Corporate Communication · Mr. Md. Sayeed Iqbal, Chief Human Resources Officer · Ms. Farzana Sharmeen, Head of EZ
Risk Management Forum	<ul style="list-style-type: none"> · Mr. Rizwan D. Shams, Chief Risk Officer · Ms. Savrina Arifin, Member · Mr. Md. Zakir Hossen, Member · Mr. Ashique Hossain, Member · Mr. Md. Ezazul Islam, Member · Ms. Fahmida Khan, Member · Mr. Samiul Hashim, Member · Mr. Tareq Islam Shuvo, Member · Ms. Jumaratul Banna, Member
IT Steering Committee	<ul style="list-style-type: none"> · Mr. Mominul Islam, Managing Director & CEO · Mr. Rizwan D. Shams, AMD & Head of Business Finance · Ms. Fahmida Khan, Chief Financial Officer · Mr. Ashique Hossain, Head of Credit Risk Management · Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance · Mr. Samiul Hashim, Company Secretary & Head of Legal Affairs · Mr. Md. Zakir Hossen, Head of Operations · Ms. Savrina Arifin, Head of Retail Business · Mr. Tareq Islam Shuvo, Head of Strategy, Brand & Corporate Communication · Mr. Md. Sayeed Iqbal, Chief Human Resources Officer · Ms. Farzana Sharmeen, Head of EZ
Sustainable Finance Committee	<ul style="list-style-type: none"> · Mr. Rizwan D. Dawood Shams, AMD & Head of Business Finance · Ms. Savrina Arifin, Head of Retail Business · Mr. Md. Sayeed Iqbal, Chief Human Resources Officer · Mr. Md. Zakir Hossen, Head of Operations · Mr. Ashique Hossain, Head of Credit Risk Management · Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance · Ms. Fahmida Khan, Chief Financial Officer · Mr. Tareq Islam Shuvo, Head of Strategy, Brand & Corporate Communication · Ms. Jumaratul Banna, Head of Corporate Business & Acting Head of Treasury · Mr. Rahat Jamil, Head of Distribution · Mr. Md. Barkat Ullah, Head of General Service & Security · Mr. Imran Khan, Member of Sustainable Finance Unit (Secretary)
Asset-Liability Committee (ALCO)	<ul style="list-style-type: none"> · Mr. Mominul Islam, Managing Director & CEO · Mr. Rizwan D. Shams, AMD & Head of Business Finance · Ms. Savrina Arifin, Head of Retail Business · Mr. Md. Ashique Hossain, Head of Credit Risk Management · Ms. Fahmida Khan, Chief Financial Officer · Ms. Jumaratul Banna, Head of Corporate Business & Acting Head of Treasury (Secretary)
National Integrity Strategy (NIS) Implementation Unit	<ul style="list-style-type: none"> · Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance · Mr. Md. Fazlay Azim, Manager, Internal Audit & Compliance · Ms. Tasneem Tazakka Amin, Manager, Business Finance · Mr. Najam Hossain, Manager, Human Resources
Management Credit Committee	<ul style="list-style-type: none"> · Mr. Mominul Islam, Managing Director & CEO · Mr. Rizwan D. Dawood Shams, AMD & Head of Business Finance · Mr. Md. Ashique Hossain, Head of Credit Risk Management · Mr. Md. Zakir Hossen, Head of Operations · Ms. Fahmida Khan, Chief Financial Officer · Ms. Jumaratul Banna, Head of Corporate Business & Acting Head of Treasury

MEMBER COMPOSITION OF COMMITTEES AT MANAGEMENT LEVEL

Committee Names	Members
Policy Review Task Force (PRTF)	<ul style="list-style-type: none"> · Mr. Mominul Islam, Managing Director & CEO · Mr. Md. Ezazul Islam, Head of Internal Audit & Compliance · Ms. Fahmida Khan, Chief Financial Officer · Mr. Samiul Hashim, Company Secretary & Head of Legal Affairs · Policy owner

RESPONSIBILITIES OF COMMITTEES AT MANAGEMENT LEVEL

Committee Names	Members
Management Committee (MANCOM)	<ul style="list-style-type: none"> · 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	<ul style="list-style-type: none"> · 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	<ul style="list-style-type: none"> · Formulating IT strategy · Approving IT projects · IT project prioritization · Ensuring Information security
Sustainable Finance Committee	<ul style="list-style-type: none"> · 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)	<ul style="list-style-type: none"> · 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 (NIS) Implementation Unit	<ul style="list-style-type: none"> · 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)	<ul style="list-style-type: none"> · Providing credit approval within management limit · Analyzing the merit of every credit proposal and assesses all the relevant risks that can affect Credit Portfolio of the company
Policy Review Task Force	<ul style="list-style-type: none"> · Reviewing Policies in partnership with Policy Owner and provide feedback. · Reviewing the policy based on risk perspective, assess risk, provide risk grade (High, Medium & Low) and determine frequency of policy review. · Circulating approved Policy to the respective stakeholders for implementation.

RISK MANAGEMENT STRATEGY

This section will outline how IPDC Finance Limited identify, assess, and manage risks that could potentially affect its operations, finances, or reputation. The goal of a Risk Management Strategy is to minimize the impact of risks and to ensure that the whole organization can continue to operate effectively in a rapidly changing environment.

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. Effective credit risk management is essential to ensure the soundness of lending operations and maintain the confidence of customers and investors. 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. By maintaining a strong credit monitoring framework, we can effectively manage credit risk and maintain the confidence of our stakeholders.



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 & post-sanction stages. We use Credit Risk Grading & 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 2022

Default Risk

Our classified loan has increased to 4.14% in 2022 against 3.15% in the previous year. The increase in classified loan was due to an increase in loan portfolio. The classified loan account of IPDC is one of the lowest in the industry, with the industry average classified loan ratio at 24.6% as of September 2022. Although we monitor the status of our portfolio through regular overdue status review, we are working for development of an Early Warning System so that all the key stakeholders are well aware of the regular movements in portfolio quality as it happens.

Classified Loan Ratio as of 2022

IPDC Finance Ltd	4.14%
Industry Average	24.6%

Recovery Risk

We have adequate coverage against our loans. Out of the classified loan volume of BDT 2,818 million, IPDC holds BDT 2,306 million coverage against classified loans, covering 81.8% of the value. 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.

Coverage Against Loan

Total Classified Loan	BDT 2,818mn
Total Coverage	BDT 2,306mn

Concentration Risk

Large loan as percentage of portfolio stood at 4.5% in 2022 against 4.7% in the previous year. 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 78.3% 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 increases from 77.2% in 2021 to 78.3% in 2022 while concentration in Chattogram Division decreased to 11.5% from 13.4% in the previous year. Rangpur Division and Rajshahi Division also saw an increase in portfolio concentration to 2.5% and 1.3% respectively in 2022. 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.

Large Loan Portfolio

Y'2022	4.5%
Y'2021	4.7%

Geographic Credit Concentration

Dhaka Division	78.3%
Chattogram Division	11.5%
Rangpur Division	2.5%

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.

IPDC manages credit risk 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.



Credit Risk Management Committee

- Overall credit risk activities and overall credit risk management function.
- Monitoring the credit risk throughout the Company and ensure compliance.
- Implementation of the credit risk strategy approved by the Board.



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.

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	2018	2019	2020	2021	2022
STR Raised	25	18	7	29	23
Number of Accounts Involved	42	18	7	29	25
Suspicious Transaction Amount (BDT mn)	335	107	27	456	231

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.

Highlights in 2022

Liquidity Gap

IPDC has been able to overcome the liquidity crunch in the market through prudent liquidity management. Currently, our liquidity gap is mostly concentrated in the longer-term horizon which we are addressing through concentrating our focus on long term public deposits.

Liquidity Gap – Maturity Analysis

in BDT mn

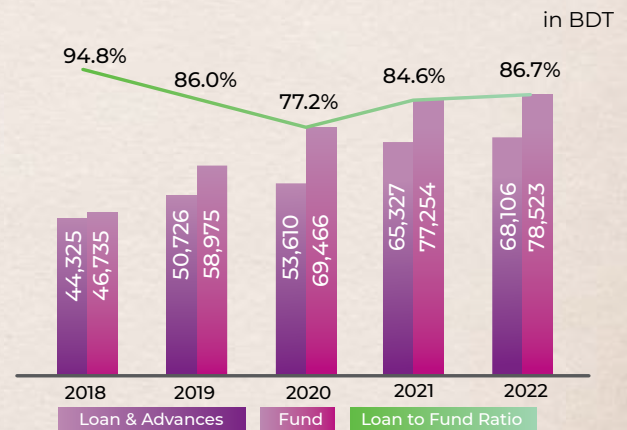
Particulars	2018	2019	2020	2021	2022
up to 1 month	267	139	401	384	404
1-3 Months	89	391	430	467	525
3-12 Months	490	568	469	530	578
1-5 Years	9,761	6,727	11,628	13,125	14,754
5 Years +	(6,855)	(2,250)	(6,867)	(8,153)	(9,458)

Liquidity Gap as a % of Liability

Particulars	2018	2019	2020	2021	2022
up to 1 month	4.3%	3.1%	3.3%	3.6%	3.4%
1-3 Months	1.1%	3.6%	3.3%	3.3%	3.7%
3-12 Months	5.6%	3.4%	3.3%	3.4%	3.8%
1-5 Years	105.6%	44.5%	104.5%	81.3%	87.9%
5 Years +	-47.7%	-19.3%	-34.9%	-36.9%	-42.8%

Loan to Fund Ratio

The loan to fund ratio came down to 86.0% in 2019 due to the combined impact of issue of rights share amounting to BDT 1,414 million, issue of additional BDT 800 million subordinated bond and increase in deposits by 25.1% during the year 2019. Moreover, increase in portfolio growth in 2021 resulted in a growth of 21.9% in Loan to Fund Ratio. In 2022 the company also registered strong growth in funding through Bangladesh Bank refinancing schemes which now stand at BDT 6,961 million in 2022 against BDT 4,151 million in the previous year. As a result, loan to fund ratio now stands at 86.7% in 2022.

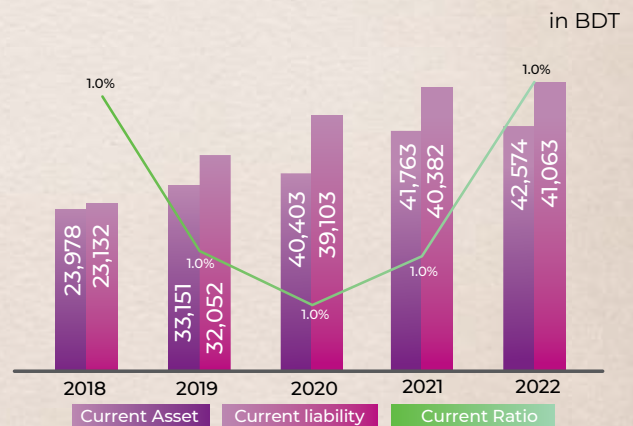


Current Ratio

We have continued to maintain a current ratio of 1.0 since 2017. This indicates that IPDC has enough liquidity in the short term to meet its short-term obligation. We are confident that we will continue to maintain this standard going forward.

CRR and SLR

We have adequately maintained Cash Reserve (CRR) and Statutory Reserve (SLR) with a surplus which indicates our strong liquidity position. Total CRR and SLR value is disclosed separately under the heading of "Note 5.3" after the Financial Statements of 2022.



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

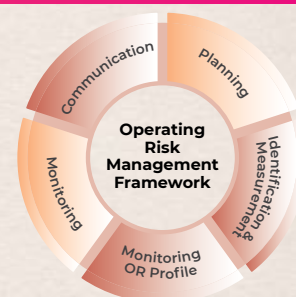
Diversification of our funding profile in terms of investor types of products and instruments is an important element of our liquidity risk management strategy.

- 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 Banka

Operating 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.

Legal Risk
Internal Fraud Risk
IT Risk
Cyber Risk
Process Risk



Highlights in 2022

- 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
- Pilot process of IPDC EZ & Dana

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.

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 2022

- All key performance ratios remained within the satisfactory range in 2022.
- Reduction in spread due to liquidity crunch leading to higher cost of fund.
- Stable Return on Asset and slight reduction in Return on Equity due to higher equity base as result of issue of rights share.

Interest Rate Risk under Simple Sensitivity Analysis

in BDT mn

Particulars	2018	2019	2020	2021	2022
upto 1 month	473	257	4,798	2,429	1,610
1-2 months	330	572	562	1,466	626
2-3 months	441	808	1,077	254	1,136
3-6 months	1,395	1,700	583	591	577
6 months - 1 Year	470	268	547	1,011	725

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

Social & Environment 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	2020	2021	2022
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.

- 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.

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.

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 2022

No major events occurred in 2022 that resulted in negative media coverage. Moreover, there were also no cases of dishonored cheques in the last five years. So, there were no issues of loss in customer trust regarding financial stability due to being unable to settle customer claims. Information centers and sales centers have been set up which are more accessible for customers and will provide a greater opportunity for deposit sourcing.

Risk Mitigation Strategy

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



Effective Board Oversight

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



Effective Communications and Brand Building

Effective communication is essential for brand building, as it helps to establish a strong and consistent brand identity, build trust with customers, and differentiate a brand from its competitors. We are investing to build our brand recognition which is vital to our market success.



Customer Feedback

Customer feedbacks 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. Social media is also one of the big reasons for the increased focus on reputational risk. With over 387,095 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.

Customer Service Number



16519

Physical Information Center

District Coverage **56**

Digital Presence

Facebook Followers **4M**

Youtube Subscribers **25k**

137

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

Highlights in 2022

- Strategy meeting was held in 2022 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	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. 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	2018	2019	2020	2021	2022
Bangladesh Bank	None	None	None	None	None
NBR	None	None	None	None	None
Other Regulators	None	None	None	None	None

Overview of Top and Emerging Risks for 2022

Risk	Description	Impact and Mitigation Plan
Macro-Economic Environment		
Global Economic Outlook	Slowdown of growth in fast developing markets can reduce global demand resulting in lower investment requirement	As the local economy gets increasingly connected to global economy, global market forces will also increasingly impact the local business. To mitigate this, we will continue to monitor economic developments in key markets with appropriate planning and action
Local Economic Outlook	Delay in the implementation of mega infrastructure projects can slowdown the economy. Additionally, increasing debt burden of the government can crowd out private investment	Reduce dependency on bank and FI deposits and focus more on small ticket size customer deposits
Regulatory Risk		
Regulatory Developments	The regulatory landscape requires IPDC to deal with several regulatory requirements. New developments in the industry might introduce additional disclosures and stricter compliance in areas relating to treating customers fairly, protection of personal information, tax compliance and asset control sanctions.	Increasing regulatory requirements may reduce the ease of doing business. Significant investments in people, systems and processes are being made to manage the risks emanating from the large number of regulatory requirements.
Financial Crime	The evolving trend for terrorist financing, anti-money laundering, regulations and correspondent banking relationships shaped focus by regulators across the region	
Legal Risk	Legal proceedings arising from business operations could give rise to potential financial loss and reputational damage.	
Risks Relating to Operations		
Cybercrime and Fraud	The increasing trend for cybercrime remains a key focus area	Threats are continuously assessed, and controls adapted to address possible control weaknesses and improve system security.
Skills Shortages	Highly competitive industry compared with a dearth in skilled labor force may cause shortage of skill in the future	Management formulated plans for retention, development and attraction of top talent.
Data Management	Data management is becoming more important from a strategic perspective and new regulatory requirements for frequent, consistent, accurate and timely data submissions.	Project for improved data management, aggregation and reporting are underway through implementation of Business Intelligence tool

**OUR
INTEGRATED
VALUE
CREATION
PROCESS**



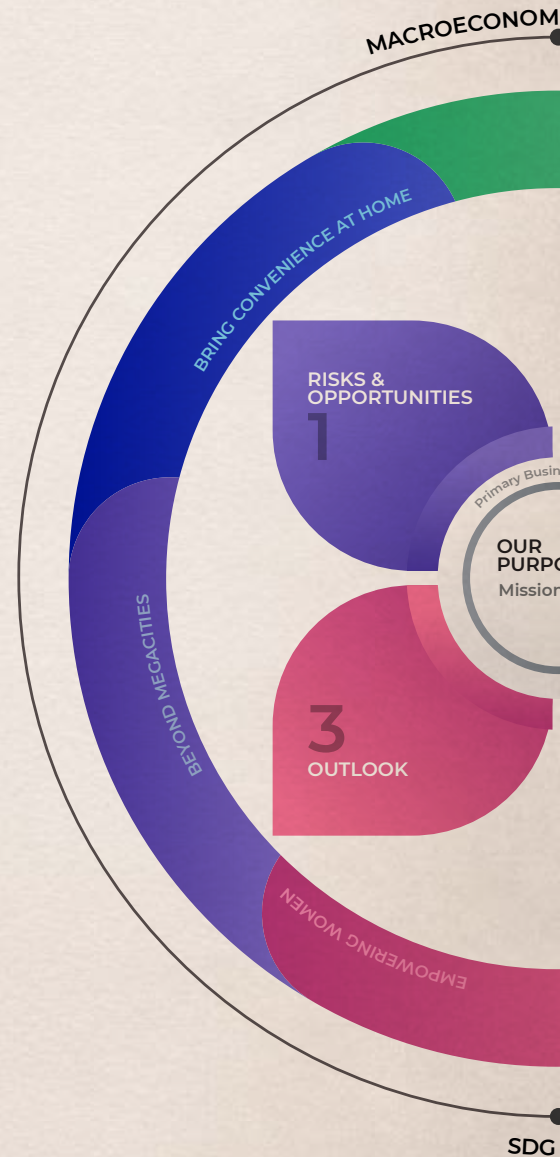
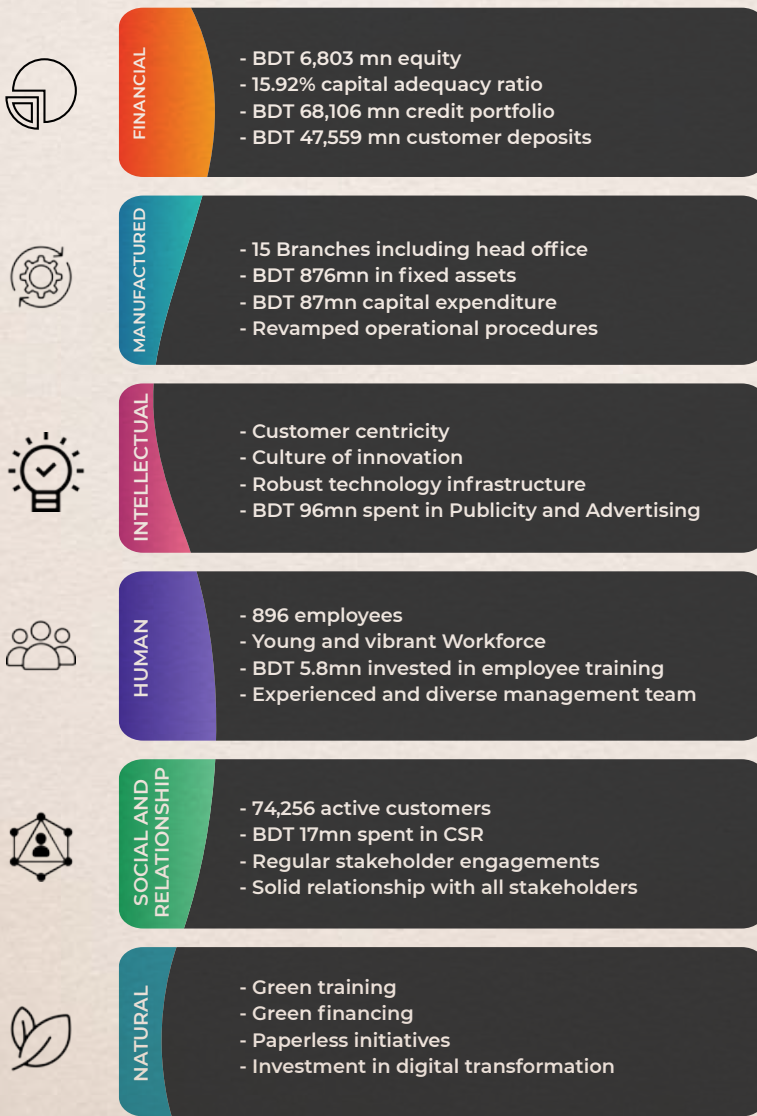
VALUE CREATION

OUR CAPITALS

VALUE-ADDING

INPUTS

OPERATING



CUSTOMERS

EMPLOYEES

INVESTORS

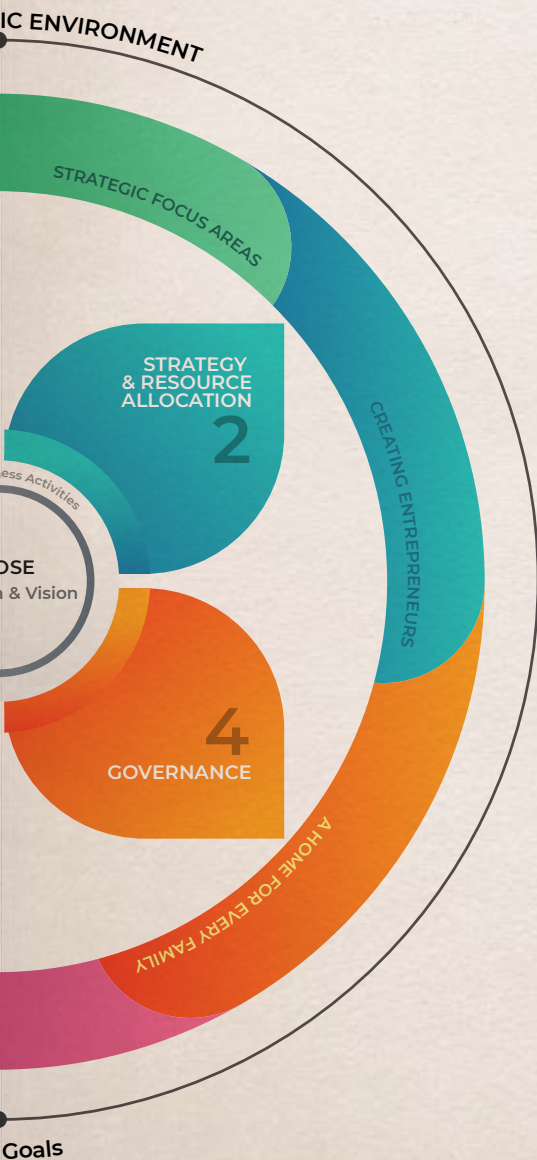
PROCESS FLOW

ACTIVITIES

VALUE FOR STAKEHOLDERS

CONTEXT

OUTCOMES



- 13.7% return on equity
- 1.0% return on asset
- BDT 3,247 mn revenue
- BDT 901 mn net profit
- Strong IT and physical infrastructure
- Presence in all major locations
- Quicker disbursements
- Faster file processing
- IPDC Shubodh, IPDC Manobota
- Robust Core Banking System
- IPDC EZ Platform
- Dana Platform
- Orjon Platform
- Lower attrition
- Engaged workforce
- Improving gender balance
- Stay home, stay fit campaign
- Fast increasing female customers
- IPDC Shushoma
- Priti & Joyee
- Impactful sponsorships
- Tree plantation
- Green solutions
- Power conservation
- Electronic document management system

INVOLVED STAKEHOLDERS


OUR BUSINESS MODEL

Partners
Taking part in strategic and proactive discussion with key stakeholders helps IPDC to deepen its insights into the drivers of its business, and therefore adjust to changing demands of the stakeholders.



- Customers
- Employees
- Shareholders/Investors
- Suppliers
- Regulators

Resources
For a business, their resources are considered the most valuable assets used to penetrate markets, maintain customer base, and generate income. These can be classified into Physical, Intellectual, Human and Financial.



- Strong Balance Sheet
- Young & Vibrant Human Resource
- Strong Stakeholders Relationship
- Growing Brand Recognition
- IT Systems

Activities
Key business functions to create value for our stakeholders and generate income. IPDC seeks to go beyond to create intangible resources that will reap benefits, financial and non-financial, for stakeholders and the wider community in the future.

- Providing a Safe Place to Invest
- Selling Financial Products
- Creating Brand Awareness
- Carry-out Social Responsibilities



Sourcing Deposits




Lending to Borrowers



Operating Activities




Delivering Value
IPDC has maintained a loyal customer base by delivering value to its stakeholders and society by adapting a sustainable approach. Our value creation is based on meeting our clients' requirements through accessibility, affordability, & convenience



- Extraordinary Customer Experience
- Affordable Products and Services
- Bringing Convenience to Home
- Service beyond Megacities
- Creating Entrepreneurs

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.



- Corporates
- SMEs
- Retail Borrowers
- Depositors
- Investors



MACROECONOMIC AND INDUSTRY ANALYSIS

Macroeconomic Analysis

Macroeconomic Analysis is used to comprehend how various aspects of the macroeconomy and industry IPDC operates in, may impact the company. We use PESTLE analysis to cover all angles to explain how each element is influencing our business stability and performance. We mentioned some factors which has significant impact on IPDC and how to tackle those changes.

Political

Political elements include government intervention in the economy or financial sector, various policies, laws, trade, restrictions, political stability, corruption, and labour.

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. The business environment is generally impacted by the political instability via hampered growth in the financial sector.	Financing demand rose in 2022 due to recovery from the pandemic but may fall flat again in 2023 due to political instability which may arise due to elections in 2024.	Disbursement of more long-term loans to offset short term political risk. Rising demand for affordable home loans and digital supply chain finance is predicted to boost growth.
Public investment	Public spending have increased via numerous mega projects and infrastructure developments. This results in economic progress.	Due to economic development, financing needs are required outside the urban areas as well.	Make financing channels more easily accessible for hard to reach areas.
Annual budget	Tax implications and interest rate waivers	Relaxing the tax system for investors, will attract more business opportunities, increasing 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
Business Landscape	The norm of defaulting on repayments increase non-performing loans substantially. Inflation leads to rising living costs hence, deposit withdrawal.	Requirement of higher provision for increasing NPL decreases profitability. Deposit withdrawal reduces availability of funds and raises cost of funds.	Portfolio diversification, efficient credit risk management and recovery process.
Inflation	Rising inflation affects consumer demand and business costs.	Operational costs have rose sharply. Consumers face rising living costs, leading to a withdrawal of deposits, but demand for retail loans may rise.	Rethink strategy for better deposit collection and retention. Seize the potential for rising demand for retail loans
Energy Crisis	To combat the current energy crisis, government changed working hours for the banking and financial industries and requested institutions to reduce their energy consumption.	Operational efficiency may be hampered as it is time consuming for businesses to adjust to the new changes and reduce consumption.	Employees are encouraged to maintain efficiency through support and well-planned adjustments.
Capital Market Performance	Share prices suffered as market volatility rose.	Share price would've performed better without the presence of economic uncertainty	Business performance and fundamentals are maintained well enough to keep investors' confidence high and combat the short term troubles. Share price of IPDC increased to 57.60 & market capitalization stood at BDT 21.34 BN

MACROECONOMIC AND INDUSTRY ANALYSIS

Social

The key factors that fall under the Social umbrella are those affecting the market, and community culturally. The social environment are represented by the demography, culture, and values of the society in which IPDC operates.

Material Issues	Impact on Industry	Implications on IPDC	Strategic Response
Living Standards	Growing consumer market for luxury items creates more funding opportunities.	Evolving customer lifestyle, trends and behavior requires newer, innovative products/services.	Via the consumer white goods finance platform EZ, IPDC plans to cover over thousands of families and an online platform will be introduced by 2022.
Financial Services Accessibility	Customer needs vary across different geographical markets.	Through innovation and digitization of products/services, IPDC can expand customer base	Penetration into housing market in the remote areas using the Affordable Housing finance scheme with small ticket size.
Population demography	The median age of 26.7 years keeps wages under control and spur investments.	SME finance is a lucrative opportunity for SMEs, startups, aspiring entrepreneurs.	Better access to SMEs finance will support entrepreneurs and small businesses to thrive. Orjon platform, the first digital supply chain finance fulfils working capital requirements while the retailer finance platform is under construction.

Technological

The technological aspect is concerned with everything related to technology like digitization, technological infrastructure, automation, research and development, and technological awareness of the industry.

Material Issues	Impact on Industry	Implications on IPDC	Strategic Response
Global shift towards fintech	Digitization and revolution of financial products/services.	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	Technological risks arise with technological advancement.	The need for cyber security necessitates better technological infrastructure.	Blockchain technology offers better safety and security for online transactions. Examples include the Orjon platform for supply chain finance and other upcoming online platforms for retail and consumer goods.
Rising popularity for on-demand online service	Growing demand for online services that is easier, faster and more accessible.	Attention towards expediting service process through online platforms.	The consumer white goods finance project, EZ was formulated to meet new lifestyle trends via live credit scoring and financing.

MACROECONOMIC AND INDUSTRY ANALYSIS

Legal

Legal components refer to the rules, regulations and various laws for employment, antitrust, consumer protection, discrimination etc enforced in the business landscape.

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.	Better internal controls to ensure vigilance and compliance in business conduct.	All employees are given anti-money laundering training to observe and report suspicious behaviour. All departments are supervised thoroughly to assure compliance.
Legal landscape	Difficult to maintain strict monitoring and recovery of NPLs with loopholes in legalities.	Default loans may rise if the culture of non-payment is not addressed.	IPDC ensures Strict verification, risk assessment and monitoring on all disbursements.
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

Under the Environmental category comes issues related to the nature such as scarcity of natural resources, pollution, climate change, Sustainable Development Goals (SDGs) and the Covid -19 pandemic. It is a recent development where these issues may not directly impact the financial sector but the ramifications are significant as extra funding is needed to switch to more greener and sustainable methods.

Material Issues	Impact on Industry	Implications on IPDC	Strategic Response
Integrating green habits within office culture	Investing in greener habits and sources in work culture to negate short term losses with long term gains.	Initial investment may be higher but green practices are not only environmental friendly but help the business reduce costs and earn the confidence of stakeholders and investors.	Going paper-less as much as possible via digitizing operational activities.
Legal landscape	In compliance with environmental regulations, environment-friendly habits should be practiced.	IPDC must address environmental concerns and adhere to green practices and opportunities.	A separate unit for sustainable financing has been formed to drive green financing opportunities.
COVID-19 Pandemic	Due to economic slowdown because of pandemic, loan repayments became difficult, leading to a rise in default and profit reduction. The health crisis endangered people's lives. Lockdowns have hampered smooth work flow.	Attention towards expediting service process through online platforms.	Better contingency plans and stress management should be in place to tackle such challenges in terms of higher additional provisions and interest suspense. For employee and customer safety, IPDC implemented work from home for a long while, promoted sanitization and cleanliness in work premises for better hygiene.

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. Financial industry is very competitive and is mostly dominated by banks. On the other hand 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.

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, cost of fund remains very high. On the other hand, NBFI has to offer above the market interest rates to the customers while lending. Therefore, overall spread of NBFI remains under pressure and is always lower than that of Banks.

Key Challenges	Our Response
High Cost of Fund	<ul style="list-style-type: none"> · Diversify Funding base. · Offer innovative, differentiated products. · Target small value deposits
Limited Geographical Coverage	<ul style="list-style-type: none"> · Enhance distribution network through connection building. · Use app-based services
Brand Perception	<ul style="list-style-type: none"> · Utilize low-cost high reach channels of promotion. · Enhance brand strength through cost effective marketing methods
Highly Fragmented Market	<ul style="list-style-type: none"> · Differentiate ourselves through unique customer service. · Introduce non-price factors what would be appealing to customers. · Stand out using differentiated and better products/services
Fund Matching	<ul style="list-style-type: none"> · Issue bond · Explore opportunities for foreign borrowing. · Reduce deposit customer attrition rate. · Raise capital using long term financial securities.
Low Spread	<ul style="list-style-type: none"> · Focus on retail portfolio with high margin products. · Follow a lean operation business style
Volatile Capital Market Condition	<ul style="list-style-type: none"> · Diversify business with reduced exposure on capital market. · Decrease capital market risk and increase business diversification
High Risk Investments	<ul style="list-style-type: none"> · Diversify investment portfolio. · Increase reserves and provisions for unexpected losses as safety net. · Strengthen credit assessment and risk management systems

Opportunities

While conventional banks have to stay rigid in traditional activities, NBFIs enjoy more flexibility. This gives them so much more potential to grow and participate in activities not allowed in banking. As our population is inclined more towards technology, the demand for tech-savvy products/services is on the rise, so is the potential for FinTech industry to thrive.

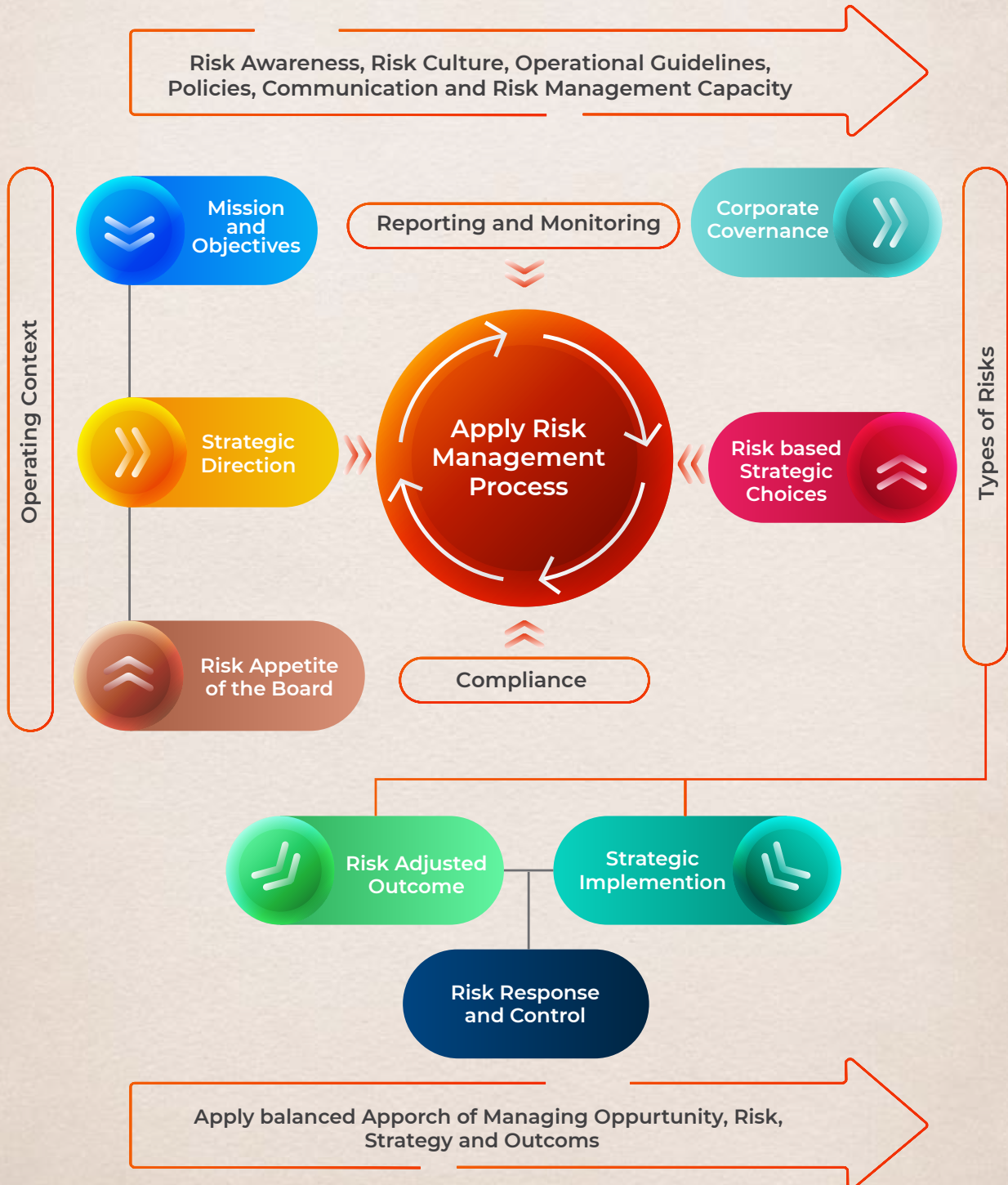
Key Opportunities	Our Initiatives
Better Financial Access for Deprived Customers	<ul style="list-style-type: none"> · Invest in products/services for the SME and Women categories · Examples include Joyee and Priti
Penetrating Remote and Non-Metropolitan Areas	<ul style="list-style-type: none"> · Acquiring customers across the nation via new, innovative products
Offer Innovative FinTech Products/Services	<ul style="list-style-type: none"> · Developing various online platforms such as Dana, Orjon, and IPDC EZ.
Penetrate Consumer Finance Market	<ul style="list-style-type: none"> · Introduced the consumer finance scheme under Orjon project.

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

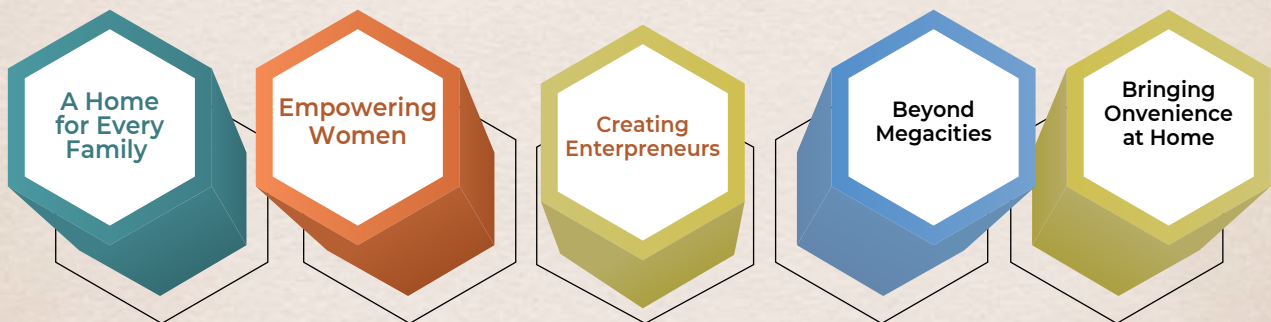
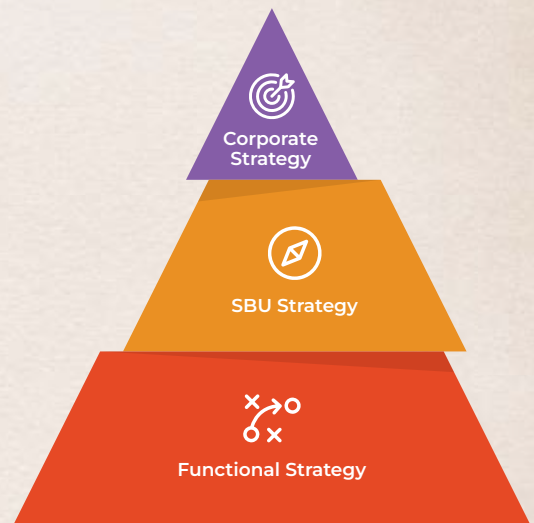
STRATEGY FORMULATION AND RESOURCE ALLOCATION

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. Later in line with 'strategy 2020', IPDC has drafted another strategy for 2030, the core element of strategy 2030 is to be the catalyst of value chain financing and ensure efficient digital access for individual customers and small entrepreneurs. The success of 'strategy 2020' has come through new and innovative products of IPDC. These products are the building base for 'Strategy 2030'.

The new products are- Affordable Home Loan (Bhalo basa Loan), Supply Chain Finance (Orjon), Retailer Financing (Dana) and Consumer whitegoods financing (IPDC EZ).

The products above are the result of the mission of strategy 2020, mentioned below-



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

A strategic business unit (SBU) strategy refers to a comprehensive plan that outlines the objectives, goals, and action steps for a specific business unit within the larger organization. In IPDC, we have three main strategic business unit which are a separate, distinct entity within the organization that operate with a specific focus and has its own management structure, marketing strategy, and financial targets.

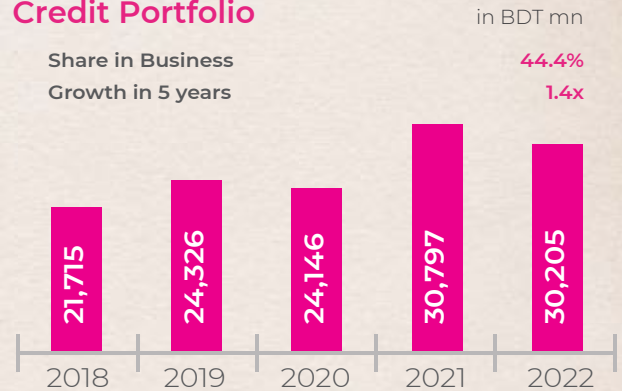
CORPORATE BUSINESS

Our corporate business (CB) unit is structured towards catering to the sophisticated financial needs of some of the large corporate houses of Bangladesh. With an increasing focus on offering financial guidance, specialized and creative solutions along with best-in-class execution, CB retains its dedication to excellence via its multifarious services.

Products

Lease Finance
Term Loan
Project & Syndications Financing
Term Deposit

Credit Portfolio



Key Strength

- 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.

Growth Strategy

Corporate division is focused on leveraging our decades long relationships with some of the large and notable corporates of the country to seamlessly serve their financing needs. Going forward, we intend to pursue selected business opportunities with a tight control on credit assessment and timely collection.

Short Term Strategy

- Forging More Collaborative Partnerships
- Relationship Management & Capacity Development
- Bolstering Collection Mechanism

Long Term Strategy

- Our long-term objective is to keep striving for excellence by developing well-thought-out, original solutions for the constantly shifting financial landscape.
- One of our top focuses is expanding our customer base and growing our portfolio. Expanding across more Bangladeshi industries while improving our response time, Business Finance is evermore prepared to offer innovative financial solutions.

RETAIL BUSINESS

With the aim to create meaningful impact for the youth, woman 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.

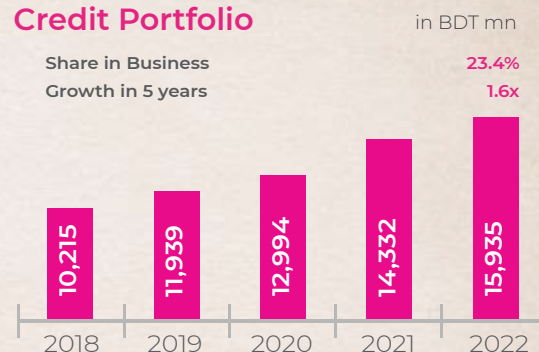
Products



Strategic Product



Credit Portfolio



Growth Strategy

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.

Short Term Strategy

- Product Innovation & Digital Customer Acquisition
- Market Development, Capacity Building & Geographical Coverage
- Green Channeling
- Collaboration with partners

Long Term Strategy

- IPDC aims to scale up Bhalo Basha Home Loan across the country for low and middle-income families, who have no 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.

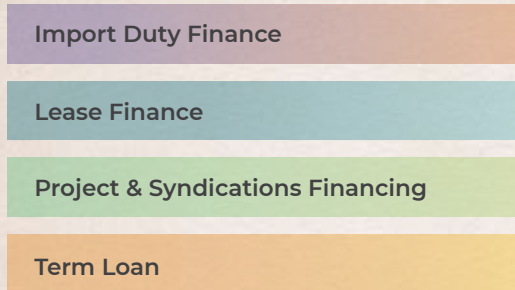
Key Strength

- **Customized product:** Our customer centric products, policies and approaches enable us to provide tailored services to our diversified customer segments.
- **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.
- **Digital platform:** IPDC EZ brings instant access to finance to ensure utmost flexibility and convenience in shopping.

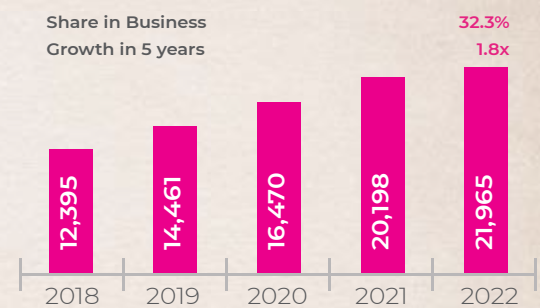
SME

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-scraping among others. Under our mid-market segment, we are increasingly focusing on supply chain finance, including work order finance and bill discounting.

Products



Credit Portfolio



Key Strength



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.

Short Term Strategy

- Forging More Collaborative Partnerships
- Relationship Management & Capacity Development
- Bolstering Collection Mechanism

Long Term Strategy

- Our long-term objective is to keep striving for excellence by developing well-thought-out, original solutions for the constantly shifting financial landscape.
- One of our top focuses is expanding our customer base and growing our portfolio. Expanding across more Bangladeshi industries while improving our response time, Business Finance is evermore prepared to offer innovative financial solutions.

Key Strength

- 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.

STRATEGIC PRODUCTS

IPDC EZ

IPDC EZ envisages to become the first ever digital EMI facility that enables financial deepening of middle-income households through disruptive, but much needed financial solution. The service is completely app based and the first of its kind in Bangladesh. IPDC EZ is the most convenient fintech solution for both; Merchant to sell more products and Customer to increase affordability to buy high-end products. Customers can get a credit limit up to 3 times of monthly income by registering in the IPDC EZ App. (Pilot Phase)



Required No Credit Card	Interest 0%	No Annual Fee
Installment up to 36 Months	Open account in 10 Minutes	No Hidden Charge

Process

- STEP1:** Download IPDC EZ app from Appstore/Play Store.
- STEP2:** Complete EKYC and get credit limit.
- STEP3:** Order your desired product.
- STEP4:** Make downpayment and get the delivery.
- STEP5:** Pay your monthly EMI at 0% interest.

Performance

Customer	5.5k+
Outlet	300+
Products	1.5k+
Merchants	40+

Strategy for 2023

Year 2023 will mark the first step of IPDC EZ in enabling the widest EMI network through disruptive digital transformation which will make IPDC a household brand. The business plan aims at achieving these set goals and laying the foundation for leveraging IPDC EZ for catalyzing the transformational journey of the IPDC as we know today.

- Partner Merchants Onboarding
- Collaborating with Corporates
- BTL Marketing and Promotion

BUY NOW, PAY LATER



IPDC ORJON

ORJON is South Asia's first blockchain-based digital supply chain finance platform developed by IPDC Finance. The platform aims for the financial inclusion of MSMEs by providing easy access to collateral-free, low-cost credit in the form of Supply Chain Finance in collaboration with corporate bodies through creating an ecosystem for the end-to-end supply chain management. This Digital Supply Chain Finance platform, 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.



Digital Supply Chain
Finance Platform

Unparallel level of
Data Security

Easy access to
Low-Cost Credit

50%+

Share of SCF market owned
by IPDC Finance Limited

Key Feature

Blockchain based solution for SME credit.

Aims to cut significant portion of paperwork.

Speeding up TAT for approval & disbursement

IPDC DANA

With the vision to support the growth aspirations of the CMSMEs, IPDC Finance Limited (IPDC) initiated DANA to facilitate financing to micro & cottage entrepreneurs of the country. Under DANA, the underbanked & unbanked Micro Merchants (MMs) of the country gets financing to support their working capital needs in a structured, collateral free and convenient manner. DANA has already helped thousands of MMs to increase their revenue and improving standard of living. Thus, DANA is promoting financial inclusion and participating in achieving Sustainable Development Goals (SDGs)



Financing in a
Low Cost

Needs
No Collateral

Privides Easy, Accessible
Working Capital

Strategy for 2023

In 2023 IPDC DANA plans to graduate from its successful pilot phase and scale its reach to the micro-merchants significantly through structured process development and effective collaboration with value chain partners. IPDC DANA will primarily focus on three aspects to grow its customer base and reach its desired target portfolio. The project will bind the IPDC, distributors of large corporates and the retailers together in a unique platform and will ultimately respond on access to finance for retailers/MSEs, reducing the operational expenses for all parties and fast track the transactions in a secured environment. IPDC also plans to onboard significant portion of underbanked & unbanked segment of the population by onboarding them into a cashless ecosystem and venture into new diversified industries.

Performance

Clients	50,000+
Impact on Revenue of Borrowers (avg.)	20%
District Covered	35+

156

BHALOBASHA HOMELOAN

Affordable Home Loan (AHL) is a housing finance facility. It slightly differs from traditional housing finance as it is targeted towards the growing middle-income population having business, salary or remittance income and residing mainly outside of the two megacities, Dhaka and Chittagong. We aim to help realize our customers' aspirations of owning a decent



Minimum Loan Amount BDT 0.5 million	Minimum Land Area 1.5 Katha	Loan for Pucca and Semi Pucca
Maximum Loan Amount BDT 5.0 million	Maximum Loan Tenure 25 years	Available Across Bangladesh

Special Features

The most extensive home loan network in the country.
Insurance is not mandatory for AHL clients.
Loan facility up to 100% of the value of the property.
Loan amount determination by considering the expected income.
Simplified application process
Credit coordinators to support all through the disbursement process.

Strategy for 2023

In the days ahead, Bhala Basha Home Loan, which is a pioneering concept, being the first home loan for the middle-income segment of the country residing outside Dhaka and Chattogram, we expect to see exponential growth in this product. To ensure that, the entire process has been streamlined to deal with the massive inflow of applications, and to allow the loans to be disbursed within 15 days of application at present. Furthermore, loan processing is constantly innovated to remove crinkles.

Performance

Portfolio	BDT 2,635mn
Avg. Ticket Size	BDT 1.7mn
Clients	1,453+
District Under Coverage	56
Sales Offices	10

Purpose of AHL

- Purchase of Apartment/Construction
- Extension/Renovation
- Home Equity/Loan Takeover

FUNCTIONAL STRATEGY

Portfolio Development Strategy

Our restructuring and transformation efforts are on progress in alignment with our strategic objectives. We intend to continue to grow our portfolio at a higher pace in the initial years due to a lower base and higher capital adequacy ratio (CAR), followed by stabilization in the later years. In each of the phases we will continue to keep a watchful eye on credit quality and classified loan. Going ahead, IPDC will provide a balanced focus on Corporate business with a higher emphasis on SME and Retail lending.

Funds Sourcing Strategy

Effective fund mobilization is critical to sustainable Balance Sheet growth and hence, the profitability of the Company. We intend to focus on mobilizing short-term funds by short term bank deposits, borrowings and commercial paper. On the other hand, we expect to support long-term financing by long-term sources of funds like Retail deposits, long-term borrowings from banks and issuance of bonds and equity. In addition, we plan to diversify our funding basket further through foreign borrowing.

Capital Management Strategy

At the end of 2022, our CAR (Capital Adequacy Ratio) stood at 15.92% against 15.55% in 2020, whereas the regulatory requirement is 10.00%. Our current CAR is enough for enabling us to meet our organic growth aspirations. However, given the high growth trajectory, the company might need additional capital. The company may raise additional capital if there are growth opportunities.

IT Infrastructure Development Strategy

At IPDC, we intend to continue to invest significantly in Information Technology (IT) to augment operational efficiencies, support central and branch operations, improve the quality of Management Information Systems (MIS), deliver superlative customer experience, improve sales management system and enhance the capacity of our technology infrastructure to handle bigger volume of customers and transactions. We have already implemented our project of an integrated digital platform for consumer white goods finance (IPDC EZ) and are developing the digital platform for retailer financing (Dana).

Distribution Strategy

Aligned with our strategy of having an expansive presence in Bangladesh, IPDC established 15 branches including Head Office as on 31 December 2022. 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.

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 2023

The coming year will challenge the financial sector on multiple fronts, but wise investments will position firms to succeed longer-term. So, the core objective for 2023 is to prioritize operational efficiency, build the capacity, improving productivity, optimizing portfolio mix & source of fund mix and establish a base to scale up strategic products for the future

“Proactively shape emerging forces & envision the possibilities beyond the current fog of uncertainties.”

Envisioning new ways to engage with customers

During these challenging times, customers are clamoring for a superior cross-channel experience and hands-on guidance. IPDC will always try to go beyond a product lens and create customer experiences that are data-driven, consistent across channels, and complete with personalized advice

Inclusion of Fintech remains a Top Priority

Year 2023 will mark the first step of IPDC EZ in enabling the widest EMI network through disruptive digital transformation. Through EZ we are planning to reach 100,000 active customers by the end of 2023. IPDC EZ will focus on onboarding partner merchants, outlets & diversified products.

Strong Brand Presence and Capacity Building

In line with the launch of IPDC EZ, a mass market communication is needed to introduce the service to consumers. Additionally, as IPDC is focusing on retail products, we plan to increase brand visibility through higher investment in brand building.

Improve Efficiency and Productivity

IPDC has been making significant investment over the past few years in developing IT infrastructure, recruiting new resources and training these new recruits. In 2023, we plan to extract visible benefits of these investments in form of improved efficiencies.

Capacity Development for IPDC Dana

Currently IPDC Dana is continuing business with three renowned multinationals successfully onboarding approximate 42,000 retailers. In 2023 IPDC Dana plans to scale its reach to the micro-merchants significantly through structured process development and effective collaboration with value chain partners.

Improving integration of delivery channels

Our branches in different parts of the country have been a key factor in expanding our business and ensuring brand recognition. In 2023, considering the overall macroeconomic scenario we are planning to increase our distribution channel to further expand our presence beyond the city area.



IPDC

**FINANCIAL
CAPITAL**

FINANCIAL CAPITAL

Financial capital is the pool of funds that is used to fund our core business activities. This may include deposits, borrowing and equity generated through share capital and retained profits generated from our operations.

DASHBOARD-2022

901 MILLION

Profit Growth (YoY)	2.3%	ROE	13.7%
Profit Growth (5Y)	2.0x	ROA	1.05%
Cost to income Ratio	45.8%	CL Ratio	4.14%

MATERIAL ISSUES	2022 HIGHLIGHTS	CHALLENGES	LONG-TERM STRATEGY
Sustainable business	Generated value for all stakeholders through effective and powerful governance even during the pandemic	Stakeholders have different levels of expectations	Satisfying all types of stakeholders without compromising financial integrity
Access to fund	Significantly reduced bank dependency in 2022, deposit from Banks and NBFIs is 19.6%.	Exposure to money market volatility	Foreign borrowing, long term borrowing, small ticket size deposits
Portfolio quality	Classified loan ratio increased to 4.14%	Keeping classified loan ratio in check.	Strengthen credit appraisal and recovery process

PERFORMANCE REVIEW

The Financial Sector passed a difficult time once again during the year 2022 due to the Russian Ukraine war. Nevertheless, IPDC managed to end the year with a strong bottom-line growth along with reasonable balance sheet growth. An in-depth analysis of our financial performance can be found in Performance Analysis by the CFO section and a summary of the outcomes can be found in subsequent sections of the annual report.

OUTLOOK

Our financial strategy is designed to create capacity and maintain financial stability over the long term. During the year 2022, we increased our customer deposit base as part of our plan to reduce reliance on bank borrowings in order to diversify our risk to market liquidity volatility. We expect to strengthen our funding base through increased focus on customer deposits, refinancing and further lower our reliance on bank borrowings.

We plan to diversify our loan portfolio with enhanced focus on Retail and SME loan portfolio thereby reducing our large loan exposure risk. Even though loan provisioning is expected to increase as the loan portfolio grows; the impact on the profitability of the company will be temporary, and the long-term benefit will outweigh the short-term cost. Operating expense is expected to grow at a slower rate as the focus for next year will be improving efficiency and productivity.

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.

CREATING VALUE THROUGH FINANCIAL CAPITAL

Financial capital is used to fund our business operation and invest in our future, enabling us to repay our investors with dividend payments, and ensure long term sustainability of the business. For financial institutions, efficient management of financial capital has significant implications on bottom-line, thereby making it one of the core aspects of the business.

APPROACHES TO OPTIMIZING FINANCIAL CAPITAL

- Diversifying revenue sources to manage risk

- Maintaining credit ratings of AAA

- Optimizing fund structure through reduction of cost of fund.

- Attracting funding from varied sources with focus on long-term borrowing and funding from foreign source.

161

KEY PERFORMANCE INDICATORS

in BDT mn

Particulars	2018	2019	2020	2021	2022
Balance Sheet					
Loans and Advance	44,325	50,726	53,610	65,327	68,106
Loans and Advance Growth	28.6%	14.4%	5.7%	21.9%	4.3%
Term Deposit	37,066	46,361	52,456	60,405	59,139
Term Deposit Growth	24.6%	25.1%	13.1%	15.2%	-2.1%
Customer Deposit	23,546	35,516	41,381	48,545	47,559
Customer Deposit Growth	26.3%	50.8%	16.5%	17.3%	-2.0%
Disbursement - Loans, Leases, Advances etc.	37,972	43,870	27,597	49,931	49,468
Disbursement - Loans, Leases, Advances etc. Growth	9.5%	15.5%	-37.1%	80.9%	-0.9%
Total Investment to Total Assets	1.7%	2.4%	6.8%	3.2%	2.9%
Profitability					
Revenue	1,875	2,166	2,830	3,445	3,247
Revenue Growth	50.5%	15.5%	30.7%	21.7%	-5.7%
Operating Profit	1,123	1,184	1,680	2,203	1,760
Operating Profit Growth	66.9%	5.5%	41.8%	31.2%	-20.1%
Profit After Tax	450	562	706	881	901
Profit After Tax (PAT) Growth (%)	34.2%	25.0%	25.4%	24.9%	2.3%
Net Interest Margin Ratio ¹	4.0%	3.6%	3.2%	3.8%	3.5%
Operating Profit Margin Ratio ²	22.1%	17.6%	24.3%	33.7%	24.9%
Cost of Fund (CoF)	9.1%	10.1%	8.8%	6.0%	6.2%
Return on Asset (ROA)	1.0%	1.0%	1.0%	1.1%	1.05%
Return on Average Risk Weighted Assets ³	1.7%	1.7%	1.9%	2.0%	1.9%
Write-off to Total Loan and Advances	1.0%	0.8%	0.6%	0.4%	0.3%
Cost to Income Ratio	40.1%	45.3%	40.6%	36.0%	45.8%
Earning Asset (% of total assets)	96.0%	95.0%	95.8%	96.0%	95.2%
Revenue per Employee	3.3	3.0	3.3	4.1	3.7
Operating Profit per Employee	2.0	1.6	2.0	2.6	2.0
Average Revenue per Branch	156.2	180.5	235.8	229.6	216.5
Average Operating Profit per Branch	93.6	98.7	140.0	146.9	117.4

NOTE:

1. Net Interest Margin = Net Interest Income/Average Interest Earning Assets excluding Investments
2. Operating Profit Margin = Operating Profit / Interest Income
3. Return on Average Risk Weighted Assets = Net Profit After Tax / Risk Weighted Assets

KEY PERFORMANCE INDICATORS

in BDT mn

Solvency	2018	2019	2020	2021	2022
Current Ratio	1.0	1.0	1.0	1.0	1.0
Credit Deposit Ratio	1.2:1	1.09:1	1.02:1	1.08:1	1.15:1
CAR (%)	14.01%	19.30%	18.51%	15.65%	15.92%
Debt Equity Ratio	1.6	1.3	1.8	1.7	1.8
Loan to Fund Ratio	94.8%	86.0%	77.2%	84.6%	86.7%
Leverage Ratio ⁴	6.8%	8.2%	7.4%	7.1%	7.5%
Liquid Asset to Total Deposit ⁵	10.1%	21.1%	28.0%	23.5%	21.4%
Liquid Asset to Short Term Liability ⁵	16.3%	30.5%	37.5%	35.2%	27.5%
Total Advance to Total Asset	87.8%	78.8%	70.6%	76.9%	78.5%
Govt. Securities to Total Investment	-	-	67.5%	8.5%	-
Asset Quality					
Rate of NPL	2.14%	1.57%	1.38%	3.15%	4.14%
Rate of Net NPL	0.38%	-0.37%	-1.92%	-0.83%	-0.45%
Large Loan Concentration	11.2%	5.8%	3.5%	4.7%	4.5%
Provision Required	594.3	699.6	750.2	1,601.5	2,285.6
Provision Kept	648.2	800.3	1,278.5	1,951.6	2,352.4
Provision Surplus / (Deficit)	53.9	100.7	528.2	350.1	14.3
Investors Ratio					
Market Price Per Share (Closing)	38.1	42.7	27.6	38.6	57.6
Earnings per Share (EPS) (Restated)	1.59	1.07	1.90	2.37	2.43
Market Capitalization	8,312	6,469	10,242	14,324	21,375
Price Earnings Ratio (Times) (Restated)	24.0	39.9	14.5	16.3	23.9
Rate of Dividend	15.0%	20.0%	12.0%	12.0%	10.0%
Dividend Per Share (DPS)	1.5	2.0	1.2	1.2	1.0
Dividend yield (%)	3.9%	4.7%	4.3%	3.1%	1.7%
Dividend Cover (EPS/DPS)	1.1	0.5	1.6	2.0	2.4
Return on Equity (ROE)	13.1%	11.5%	12.1%	14.2%	13.7%
NAV per Share (BDT)	10.6	7.9	16.3	17.1	18.3

NOTE:

4. Leverage Ratio = Tier - 1 Capital / Total Asset

5. Liquid Asset = Cash + Balance with Bangladesh Bank + Balance with Other Banks and Financial Institutions

OPERATING SEGMENT PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2022

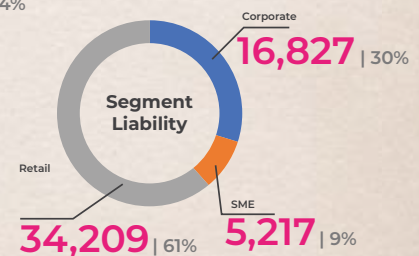
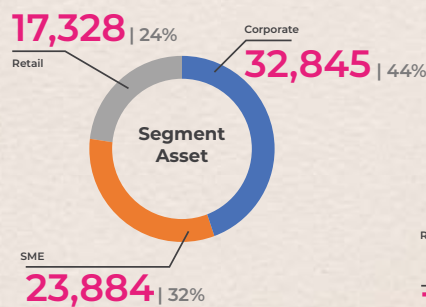
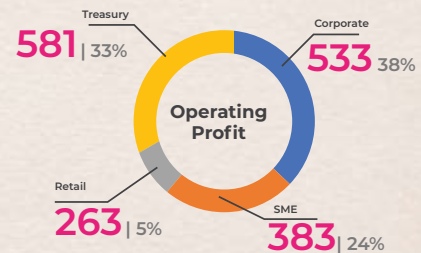
in BDT mn

Particulars	Corporate	SME	Retail	Treasury	Total
Net Interest Income	828	614	857	617	2,916
Fees and Other Income	76	117	132	5	331
Net Operating Revenue	904	731	989	623	3,247
Operating Expenses	371	348	726	41	1,487
Operating Profit	533	383	263	581	1,760
Segment Asset	32,845	23,884	17,328	12,675	86,732
Segment Liability	16,827	5,217	34,209	23,677	79,929
Net Segment Asset	16,019	18,667	(16,881)	(11,002)	6,803

Net operating revenue for the year ended 31 December 2022 amounted to BDT 3,247 million and operating profit amounted to BDT 1,760 million. Retail division generated the highest amount of operating revenue of BDT 993 million in 2022, followed by Corporate division at BDT 863 million, Treasury division at BDT 588 million and SME and Emerging Corporates division at BDT 420 million.

On the other hand, Corporate division generated the greatest operating profit amounting to BDT 663 million, followed by Treasury division at BDT 588 million, SME and Emerging Corporates division at BDT 420 million and Retail at BDT 90 million.

in BDT mn



VERTICAL ANALYSIS

BALANCE SHEET

in BDT mn

Particulars	2018	%	2019	%	2020	%	2021	%	2022	%
Cash	487.5	1.0%	902.4	1.4%	615.6	0.8%	716.0	0.8%	735.3	0.8%
Balance with other banks and financial institutions	3,271.9	6.5%	8,875.0	13.8%	14,058.0	18.5%	13,507.5	15.9%	11,939.5	13.8%
Money at call and short notice	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Investments	868.8	1.7%	1,570.8	2.4%	5,143.6	6.8%	2,740.4	3.2%	2,499.5	2.9%
Loans, advances and leases	44,325.3	87.8%	50,725.8	78.8%	53,609.7	70.6%	65,327.2	76.9%	68,105.6	78.5%
Fixed assets including land, building, furniture and fixture	545.1	1.1%	787.6	1.2%	776.6	1.0%	765.2	0.9%	876.3	1.0%
Other assets	1,008.9	2.0%	1,536.8	2.4%	1,762.3	2.3%	1,912.5	2.3%	2,572.5	3.0%
Non-financial institutional assets	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8	0.0%
Total assets	50,511.2	100.0%	64,402.1	100.0%	75,969.4	100.0%	84,972.6	100.0%	86,732.4	100.0%
Borrowings from other banks, financial institutions and agents	5,916.9	11.7%	7,038.0	10.9%	10,946.5	14.4%	10,495.8	12.4%	12,097.1	13.9%
Deposits and other accounts	37,066.1	73.4%	46,361.4	72.0%	52,456.3	69.0%	60,405.3	71.1%	59,139.5	68.2%
Other liabilities	3,776.3	7.5%	5,426.8	8.4%	6,503.2	8.6%	7,718.5	9.1%	8,692.9	10.0%
Total liabilities	46,759.3	92.6%	58,826.1	91.3%	69,906.0	92.0%	78,619.6	92.5%	79,929.4	92.2%
Shareholders' equity	3,751.9	7.4%	5,576.0	8.7%	6,063.4	8.0%	6,353.0	7.5%	6,802.9	7.8%
Total liabilities and shareholders' equity	50,511.2	100.0%	64,402.1	100.0%	75,969.4	100.0%	84,972.6	100.0%	86,732.4	100.0%

* Vertical Analysis of Balance Sheet refers to the components of Balance Sheet items as a % of total Assets over the periods which would be termed as common sizing of Balance Sheet.

PROFIT AND LOSS ACCOUNT

in BDT mn

Particulars	2018	%	2019	%	2020	%	2021	%	2022	%
Interest income	5,080.0	271.0%	6,715.9	310.1%	6,902.3	243.9%	6,544.5	190.1%	7,080.3	218.1%
Interest expenses	3,381.7	180.4%	4,773.2	220.4%	4,885.3	172.6%	3,761.4	109.2%	4,310.1	132.7%
Net interest income	1,698.3	90.6%	1,942.8	89.7%	2,017.0	71.3%	2,783.1	80.8%	2,770.2	85.3%
Investment income	63.3	3.4%	115.2	5.3%	638.7	22.6%	471.3	13.7%	202.1	6.2%
Commission, exchange and brokerage	89.2	4.8%	78.2	3.6%	108.4	3.8%	180.3	5.2%	151.2	4.7%
Other operating income	23.6	1.3%	29.6	1.4%	65.7	2.3%	10.0	0.3%	123.5	3.8%
Operating income	1,874.5	100.0%	2,165.7	100.0%	2,829.8	100.0%	3,444.7	100.0%	3,247.0	100.0%
Operating expenses	751.6	40.1%	981.3	45.3%	1,150.2	40.6%	1,241.3	36.0%	1,486.7	45.8%
Operating profit	1,122.9	59.9%	1,184.4	54.7%	1,679.6	59.4%	2,203.4	64.0%	1,760.3	54.2%
Provision for loans and advances	263.4	14.1%	152.1	7.0%	478.1	16.9%	673.1	19.5%	449.9	13.9%
Provision/(reversal) for diminution in value of investments	(1.0)	-0.1%	10.1	0.5%	0.0	0.0%	14.0	0.4%	35.4	1.1%
Other provision	-	0.0%	28.5	1.3%	-	0.0%	12.9	0.4%	10.6	0.3%
Total provisions	262.3	14.0%	190.8	8.8%	478.2	16.9%	700.0	20.3%	495.9	15.3%
Profit before tax	860.6	45.9%	993.6	45.9%	1,201.4	42.5%	1,503.3	43.6%	1,264.4	38.9%
Provision for taxation	410.6	21.9%	431.1	19.9%	495.9	17.5%	622.3	18.1%	363.4	11.2%
Net Profit after tax	450.0	24.0%	562.5	26.0%	705.6	24.9%	881.1	25.6%	901.0	27.7%

* Vertical Analysis of Profit & Loss Account refers to the components of Profit & Loss Account as a % of Operational Income (Interest income + Investment Income) over the periods which would be termed as common sizing of Profit & Loss Account.

HORIZONTAL ANALYSIS

BALANCE SHEET

in BDT mn

Particulars	2018	%	2019	%	2020	%	2021	%	2022	%
Cash	487.5	29.4%	902.4	85.1%	615.6	-31.8%	716.0	16.3%	735.3	2.7%
Balance with other banks and financial institutions	3,271.9	12.7%	8,875.0	171.2%	14,058.0	58.4%	13,507.5	-3.9%	11,939.5	-11.6%
Money at call and short notice	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Investments	868.8	31.1%	1,570.8	80.8%	5,143.6	227.4%	2,740.4	-46.7%	2,499.5	-8.8%
Loans, advances and leases	44,325.3	28.6%	50,725.8	14.4%	53,609.7	5.7%	65,327.2	21.9%	68,105.6	4.3%
Fixed assets including land, building, furniture and fixture	545.1	104.1%	787.6	44.5%	776.6	-1.4%	765.2	-1.5%	876.3	14.5%
Other assets	1,008.9	65.9%	1,536.8	52.3%	1,762.3	14.7%	1,912.5	8.5%	2,572.5	34.5%
Non-financial institutional assets	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8	0.0%
Total assets	50,511.2	28.6%	64,402.1	27.5%	75,969.4	18.0%	84,972.6	11.9%	86,732.4	2.1%
Borrowings from other banks, financial institutions and agents	5,916.9	40.4%	7,038.0	18.9%	10,946.5	55.5%	10,495.8	-4.1%	12,097.1	15.3%
Deposits and other accounts	37,066.1	24.6%	46,361.4	25.1%	52,456.3	13.1%	60,405.3	15.2%	59,139.5	-2.1%
Other liabilities	3,776.3	70.3%	5,426.8	43.7%	6,503.2	19.8%	7,718.5	18.7%	8,692.9	12.6%
Total liabilities	46,759.3	29.2%	58,826.1	25.8%	69,906.0	18.8%	78,619.6	12.5%	79,929.4	1.7%
Shareholders' equity	3,751.9	20.6%	5,576.0	48.6%	6,063.4	8.7%	6,353.0	4.8%	6,802.9	7.1%
Total liabilities and shareholders' equity	50,511.2	28.6%	64,402.1	27.5%	75,969.4	18.0%	84,972.6	11.9%	86,732.4	2.1%

Particulars	2018	%	2019	%	2020	%	2021	%	2022	%
Long Term Assets	26,532.9	41.3%	31,251.1	17.8%	35,562.6	13.8%	43,209.8	21.5%	44,162.0	2.2%
Current Assets	23,978.3	16.9%	33,150.9	38.3%	40,403.4	21.9%	41,762.8	3.4%	42,570.4	1.9%
Total Assets	50,511.2	28.6%	64,402.1	27.5%	75,966.0	18.0%	84,972.6	11.9%	86,732.4	2.1%
Long Term Liabilities	23,627.0	49.4%	26,773.6	13.3%	30,801.8	15.0%	38,237.6	24.1%	38,866.1	1.6%
Current Liabilities	23,132.2	13.6%	32,052.5	38.6%	39,102.9	22.0%	40,382.0	3.3%	41,063.3	1.7%
Total Liabilities	46,759.3	29.2%	58,826.1	25.8%	69,904.7	18.8%	78,619.6	12.5%	79,929.4	1.7%

PROFIT AND LOSS ACCOUNT

in BDT mn

Particulars	2018	%	2019	%	2020	%	2021	%	2022	%
Interest income	5,080.0	69.8%	6,715.9	32.2%	6,902.3	2.8%	6,544.5	-5.2%	7,080.3	8.2%
Interest expenses	3,381.7	76.3%	4,773.2	41.1%	4,885.3	2.3%	3,761.4	-23.0%	4,310.1	14.6%
Net interest income	1,698.3	58.3%	1,942.8	14.4%	2,017.0	3.8%	2,783.1	38.0%	2,770.2	-0.5%
Investment income	63.3	-3.2%	115.2	81.8%	638.7	45.4%	471.3	-26.2%	202.1	-57.1%
Commission, exchange and brokerage	89.2	8.6%	78.2	-12.3%	108.4	38.5%	180.3	66.4%	151.2	-16.2%
Other operating income	23.6	-6.6%	29.6	25.0%	65.7	122.3%	10.0	-84.8%	123.5	1133.6%
Operating income	1,874.5	50.5%	2,165.7	15.5%	2,829.8	30.7%	3,444.7	21.7%	3,247.0	-5.7%
Operating expenses	751.6	31.2%	981.3	30.6%	1,150.2	17.2%	1,241.3	7.9%	1,486.7	19.8%
Operating profit	1,122.9	66.9%	1,184.4	5.5%	1,679.6	41.8%	2,203.4	31.2%	1,760.3	-20.1%
Provision for loans and advances	263.4	66.4%	152.1	-42.2%	478.1	214.3%	673.1	40.8%	449.9	-33.2%
Provision/(reversal) for diminution in value of investments	-1.0	-257.2%	10.1	-1068.3%	0.0	-99.8%	14.0	59696.2%	35.4	153.2%
Other provision	-	0.0%	28.5	100.0%	-	-100.0%	12.9	-	10.6	-17.7%
Total provisions	262.3	65.0%	190.8	-27.3%	478.2	150.7%	700.0	46.4%	495.9	-29.2%
Profit before tax	860.6	67.5%	993.6	15.5%	1,201.4	20.9%	1,503.3	25.1%	1,264.4	-15.9%
Provision for taxation	410.6	130.2%	431.1	5.0%	495.9	15.0%	622.3	25.5%	363.4	-41.6%
Net Profit after tax	450.0	34.2%	562.5	25.0%	705.6	25.4%	881.1	24.9%	901.0	2.3%
EPS	1.38	34.2%	1.72	25.0%	1.90	10.3%	2.37	24.9%	2.43	-89.5%

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

MARKET VALUE ADDED

MVA STATEMENT FOR THE YEAR ENDED 31 DECEMBER

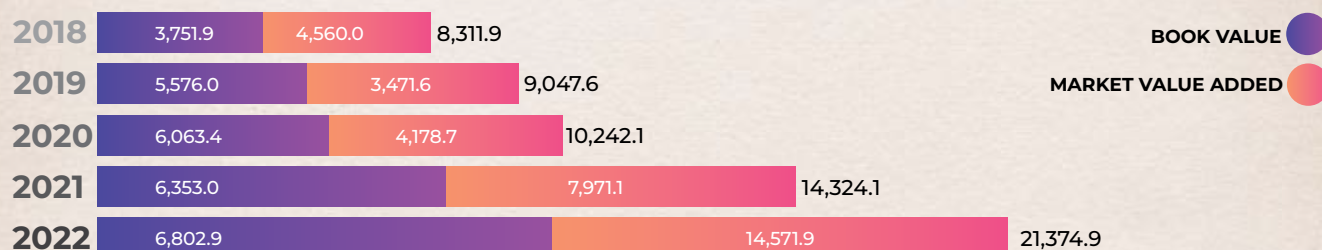
Market Value Added (MVA) measures how the market has evaluated the Company's performance in terms of market value of shares. MVA is the difference between the market value of equity and the book value of equity invested in the Company.

in BDT mn unless otherwise stated

Particulars	2018	2019	2020	2021	2022
Market Value per Share (BDT)	38.10	25.60	27.60	38.60	57.60
Number of Share Outstanding (#)	218,160,816	353,420,521	371,091,547	371,091,547	371,091,547
Total Market Capitalization	8,311.9	9,047.6	10,242.1	14,324.1	21,374.9
Book Value of Outstanding Shares	3,751.9	5,576.0	6,063.4	6,353.0	6,802.9

in BDT mn

MARKET CAPITALIZATION OF IPDC



ECONOMIC VALUE ADDED

EVA STATEMENT FOR THE YEAR ENDED 31 DECEMBER Economic Value Added (EVA) measures the company's economic success (or failure) over a period of time. EVA is calculated by taking the company's NOPAT (Net Operating Profit After Tax) and deducting capital charges from NOPAT to get the real economic performance of the company.

Net Operating Profit After Tax (NOPAT)

in BDT m

Particulars	2018	2019	2020	2021	2022
Operating Profit	1,122.9	1,184.4	1,679.6	2,203.4	1,760.3
Tax	(410.6)	(431.1)	(495.9)	(622.3)	(363.4)
One-off Adjustments	(2.0)	(0.0)	(2.4)	(0.0)	(0.0)
Net Operating Profit after Tax (NOPAT)	710.4	753.2	1,186.1	1,581.1	1,396.9

Average Equity

in BDT m

Particulars	2018	2019	2020	2021	2022
Shareholders' equity at year end	3,751.9	5,576.0	6,063.4	6,353.0	6,802.94
Accumulated provision for doubtful losses	664.6	826.9	1,305.1	1,992.1	2,428.40
Equity	4,416.6	6,402.9	7,368.5	8,345.2	9,231.34
Average Equity	3,964.7	5,409.7	6,885.7	7,856.8	8,788.28

Cost of Equity (%)

in BDT mn

Particulars	2018	2019	2020	2021	2022
Interest rate on 5 Years Government Treasury Bond as on 31 December	5.45%	8.97%	4.48%	6.55%	7.91%
Standard Risk premium	2.00%	2.00%	2.00%	2.00%	2.00%
Cost of equity (%)	7.45%	10.97%	6.48%	8.55%	9.91%

Economic Value Added

in BDT mn

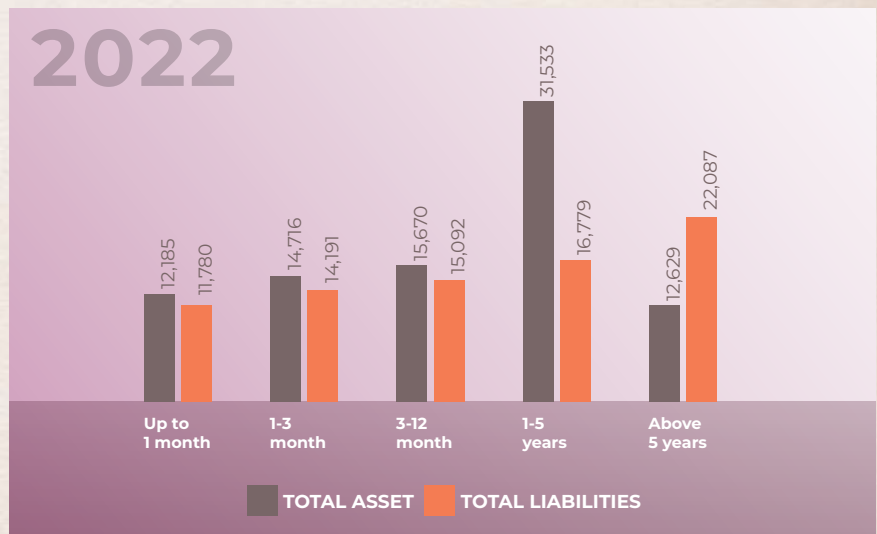
Particulars	2018	2019	2020	2021	2022
NOPAT	710.4	753.2	1,186.1	1,581.1	1,396.9
Cost of equity (Average Equity x Cost of Equity %)	295.4	593.4	446.2	671.8	175.8
Economic Value Added	415.0	159.8	739.9	909.3	1,221.2

MATURITY

ANALYSIS OF ASSETS AND LIABILITIES

in BDT mn

In financial institutions, asset and liability management is the practice of managing liquidity and interest rate risks arising out from maturity mismatch between asset and liability. The company should ideally match tenor-wise asset and liability to make sure that the company has enough cash inflow to meet its outflow. Interest rate structure varies with respect to different maturity buckets; therefore, a match between asset and liability is also required which allows the company to adjust its spread due to the movement in market interest rates. Managing maturity schedules of deposits and credit lines in parallel to the demand for loans while ensuring the adequate liquidity of the funds is one of the most crucial aspect of the company. IPDC has established guidelines for the management of assets and liabilities which is in line with central Bank's policy. Interest Rate Sensitivity is analyzed monthly in regular ALCO meetings

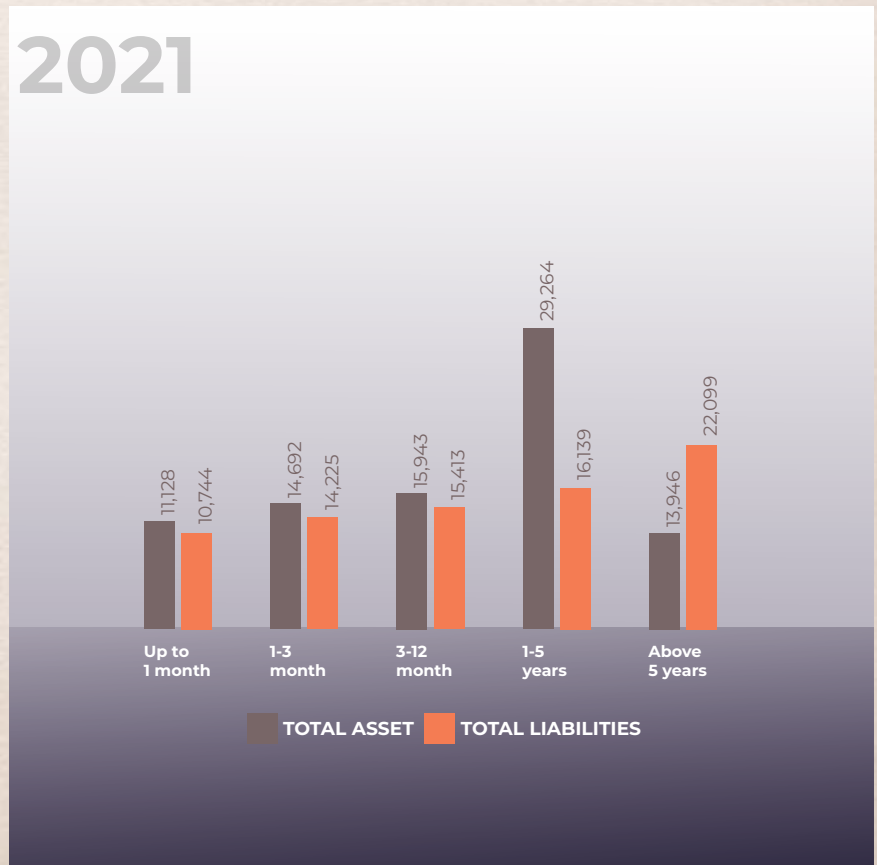


in BDT mn

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



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 applies	IPDC Finance Limited
An outline of differences in the basis of consolidated for accounting and regulatory purpose with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk weighted)	Not Applicable since the Company does not have any subsidiary
Any restrictions, or other major impediments, on transfer of 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
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CAPITAL STRUCTURE

-----QUALITATIVE DISCLOSURES

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

As per the guidelines of Bangladesh Bank, Tier - I and Tier - II Capital of the Company consists of as per following:

Tier I	Tier II
Fully Paid-up Capital	General provision
Share premium account	Revaluation reserves
Statutory Reserve	50% of revaluation reserve of fixed assets
Retained Earnings	45% of revaluation reserve on Securities
	All other preference shares

-----QUANTITATIVE DISCLOSURES

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

in BDT mn

Particulars	Amount
Paid-up capital	3,710.9
Share premium account	402.6
Statutory Reserve	1,160.5
General Reserve	
Retained Earnings	1,224.3
Total Tier - I Capital	6,498.4
Total amount of Tier - II Capital	1,257.3
Other deductions from capital	-
Total eligible capital	7,755.7

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 in BDT mn				
Capital requirement for Credit Risk	43,603.3				
Capital requirement for Market Risk	884.2				
Capital requirement for Operational Risk	4,220.1				
Total and Tier I capital ratio - For stand alone	%				
CAR on Total Capital basis	15.92				
CAR on Tier - I Capital basis	13.34				
Five years CAR comparison	2018	2019	2020	2021	2022
Total Eligible Capital	4,150	6,839	7,249	7,508	7,756
Total Risk Weighted Assets	29,615	35,430	39,162	47,970	48,708
CAR %	14.01%	19.30%	18.51%	15.65%	15.92%

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 loans (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'.

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

Credit risk is the risk of loss that occur from the failure of any counterparty to make required payments in accordance with agreed terms and conditions and/or deterioration of credit worthiness. Credit risk is managed through a framework set by policies and procedures established by the Board. The responsibility is clearly segregated between originator of business transaction and approver in the risk function.

Credit policies and procedures	The Credit Policy Manual contains the core principles for identifying, measuring, approving and managing credit risk in the Company. These policies are established by the Board of Directors which are designed to meet the organizational requirements. These policies represent the minimum standards for credit extension by the Company and these are not a substitute for the experience and prudent judgment. The policy covers corporate, small and medium enterprise. There is a comprehensive credit appraisal procedure that covers business risk, management risk, financial risk, security risk, environmental risk, reputational risk, and account performance risk. Credit risk management function is independent of business originating functions to establish better internal control systems and conflict of interest. The Head of Credit Risk Management (HoCRM) has clear responsibility for management of credit risk of the Company.
Credit Rating and Measurement	Risk management plays a central role along with prudential judgment and experience in informed risk-taking decisions and portfolio management. For risk management, 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, which are approved by the BOD.
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.
Downgraded Credit Management	The Company has a separate 'Special Asset Management (SAM)' department, dedicated for management, settlement, and recovery of Downgraded 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 in BDT mn
Lease finance	5,733.9
Term loans and advances	43,048.0
Mortgage finance	9,489.2
Channel finance	4,196.3
Retail loan	5,264.2
Personal Loan	373.9
Total	68,105.6

Geographical Distribution of Exposures

Particulars	Amount in BDT Mn
Dhaka Division	53,302.5
Chittagong Division	7,859.6
Khulna Division	2,105.4
Rangpur Division	1,516.1
Rajshahi Division	1,223.1
Sylhet Division	564.2
Barisal Division	319.5
Mymensingh Division	1,215.2
Total	68,105.6

Industry or Counterparty-wise Credit Exposures

Particulars	Amount in BDT Mn
Agro-based industries	4,534.0
Banks and non-banking financial institutions	746.7
Chemicals, pharmaceuticals, and allied products	3,726.3
Engineering and building materials	3,304.0
Food and allied products	3,647.0
Glass, ceramic and other non-metallic products	625.6
Hotel, tourism and leisure	66.0
Information and communication technologies	1,775.3
Paper converting and packaging, printing and publishing	2,418.0
Ready-made garments and knitwear	8,199.9
Social sector	2,597.1
Tannery, leather and rubber products	441.3
Textile	2,144.4
Transport and aviation	1,940.5
Others	31,939.3
Total	68,105.6

Residual Contractual Maturity-wise Credit Exposures

Particulars	Amount in BDT Mn
On demand	-
Upto one month	4,548.9
More than one month but less than three months	10,974.3
More than three months but less one year	14,372.3
More than one year but less than five years	30,087.7
More than five years	8,122.3
Total	68,105.6

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

Particulars	Amount in BDT Mn
Gross non-performing assets (NPAs)	2,818.0
NPAs to gross loans and advances (in %)	4.14%

Specific and General Provisions

Particulars	Amount in BDT Mn
Provision for unclassified loans and advances	1,186.4
Provision for classified loans and advances	1,165.9
Total	2,352.4

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

Movement of Non-Performing Assets (NPAs)

Particulars	Amount in BDT Mn
Opening Balance	2,056.2
Additions	1,545.4
Reductions	783.4
Closing Balance	2,818.0

-----QUALITATIVE DISCLOSURES

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

i. Differentiation between holding on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons.	Investment in equity securities is broadly categorized into two parts, Quoted Securities that are traded in the secondary markets (Trading Book Assets) and Unquoted Securities that are valued at cost price.
ii. Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.	Both quoted and unquoted securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price.

-----QUANTITATIVE DISCLOSURES

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

in BDT mn

Particulars	Cost Value	Market Value
Quoted Shares	488.3	442.1
Unquoted Shares	4.5	4.5

Particulars	Amount in BDT Mn
Revaluation reserve on fixed assets	304.6
Revaluation reserve on government securities	-
Amounts of the above included in Tier II capital.*	152.3

* 50% of asset revaluation reserve and 45% of revaluation reserve on govt. securities

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

Specific Market Risk	Market value of the investment in equity is BDT 442.1 million against which capital requirement @ 10% is BDT 44.21 million.
General Market Risk	Market value of the investment in equity is BDT 442.1 million against which capital requirement @ 10% is BDT 44.21 million

INTEREST RATE IN THE BANKING BOOK

-----QUALITATIVE DISCLOSURES

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

Interest rate risk is the risk where changes in market interest rates might adversely affect the Company's financial condition. Changes in interest rates affect both the current earnings as well as the net worth of the Company. The short-term impact of changes in interest rates is on the Company's Net Interest Income. In long term, changes in interest rates impact the cash flows on the assets and liabilities giving rise to a risk to the net worth of the Company arising out of all re-pricing mismatches and other interest rate sensitive position. The Assets Liability Committee (ALCO) of the Company monitors the interest rate movement on a continuous basis.

-----QUANTITATIVE DISCLOSURES

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

Mismatch between Rate Sensitive Liabilities & Assets

in BDT mn

Particulars	Within 1 Month	1-2 Months	2-3 Months	3-6 Months	6 Months -1 Year	Above 1 Year
RSL*	941	613	605	628	781	3,253
RSA*	1,102	675	719	686	853	3,766
Mismatch	161	63	114	58	72	513
Cumulative Mismatch	161	224	337	395	467	981
Mismatch	17.11%	10.21%	18.78%	9.19%	9.28%	15.78%

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

Interest Rate Risk - Increase in Interest Rate

in BDT mn

Particulars	Minor 2%	Moderate 4%	Major 6%
Change in the Value of Bond	0.00	0.00	0.00
Net Interest Income	9.35	18.70	28.04
Revised Regulatory Capital	776.91	786.26	795.61
Risk Weighted Assets	4891.59	4891.59	4891.59
Revised CAR (in %)	15.88%	16.07%	16.26%

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

Particulars	Amount in BDT Mn
Interest rate risk	-
Equity position risk	884.2
Foreign Exchange Position and Commodity risk	-

OPERATION 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.
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.
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 Operational 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 3 years.

-----QUANTITATIVE DISCLOSURES

Capital Requirements for Operational Risk

Particulars	Amount in BDT Mn
Capital requirements for operational risk	4,220.1

WRITTEN OFF PORTFOLIO AND CLASSIFIED LOAN

Write-off portfolio and classified loans have significant negative impacts on profitability and reduce lending capacity of a financial institution. To mitigate these risks, IPDC Finance Ltd implement rigorous risk management practices and work closely with borrowers to reduce the risk of default. We maintain adequate reserves to cover potential losses from write-off portfolio and classified loans and to absorb losses and maintain liquidity.

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". At the end of 2022, the FI's total written off loans was BDT 213.6 million which is 21.6% lower than previous year. As a result of relentless efforts of our Management and SAM department in Year 2022 total recovery from written off loans was BDT 112.1 million which is 50.5% higher than previous year. After considering classification status for a long time a total number of 10 loan accounts have been written off in Year 2022.

Movement in Written-off Portfolio

Particulars	Amount (BDT Mn)
Opening Balance as on January 1, 2022	269
Add: Amount written off during the year	57
Less: Adjustment/recovered during the year	112
Closing Balance as on December 31, 2022	214

CLASSIFIED LOAN

To ensure sustainable growth our core business priority is curb non-performing loans by maintaining quality assets. Due to global economic challenges the year 2022 saw an increase in classified loan ratio to 4.14% in 2022 from 3.15% in 2021. Compare to previous year our loan portfolio also increased which caused proportional increase in classified loan ratio.

Movement in Classified Loan

Particulars	Amount (BDT Mn)
Opening Balance as on January 1, 2022	2,056
Add: Addition during the year	1,545
Less: Recovery & Rescheduled*	726
Less: Write offs	57
Closing Balance as on December 31, 2022	2,818

* Recovery / Reschedule from clients which were classified as on 1 January 2022.

Sector-wise Classified Loan Ratio



in BDT mn

SECTOR-WISE CLASSIFIED LOAN

Particulars	2018		2019		2020		2021		2022	
	Classified Portfolio	Classified %	Classified Portfolio	Classified %	Classified Portfolio	Classified %	Classified Portfolio	Classified %	Classified Portfolio	Classified %
Trade and Commerce	25	0.76%	85.5	1.96%	92.1	1.96%	259.5	3.91%	797.2	12.85%
Industry										
A) Garments and Knitwear	10	0.23%	20.5	0.41%	21.4	0.44%	24.6	0.37%	17.0	0.21%
B) Textile	-	0.00%	101.3	4.13%	104	3.69%	163.5	4.63%	151.0	7.04%
C) Jute and Jute-Products	30	7.78%	33.4	8.31%	34	8.11%	34	8.33%	33.7	8.85%
D) Food Production and Processing Industry	81	2.67%	0.1	0.00%	0	0.00%	164.7	4.56%	160.2	4.39%
E) Plastic Industry	-	0.00%	89.7	4.64%	33.2	1.75%	164.7	7.76%	41.7	2.43%
F) Leather and Leather-Goods	-	0.00%	146.6	30.41%	148.7	33.37%	186.3	48.28%	154.8	35.55%
G) Iron, Steel and Engineering	25	0.70%	16.9	0.45%	16.9	0.52%	71.8	1.58%	618.2	18.71%
H) Pharmaceuticals & Chemicals	-	0.00%	-	0.00%	-	0.00%	-	0.00%	3.7	0.10%
I) Cement and Allied Industry	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.0	0.00%
J) Telecommunication and Information Technology	1	0.09%	0.5	0.05%	-	0.00%	0	0.00%	0.0	0.00%
K) Paper, Printing and Packaging	14	0.93%	15.1	0.74%	15.1	0.76%	22.2	1.01%	34.9	1.45%
L) Glass, Glassware and Ceramic Industry	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
M) Ship Manufacturing Industry	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
N) Electronics and Electrical Goods	46	3.90%	52	3.42%	50.6	3.73%	4	0.64%	5.0	0.38%
O) Power, Gas, Water and Sanitary Service	537	31.72%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
P) Transport and Aviation	-	0.00%	10.1	0.56%	-	0.00%	351.1	17.73%	193.1	9.95%
Industry Total	744	2.94%	486.4	1.73%	424	1.52%	1,186.90	3.53%	1,413.3	4.31%
Agricultural	79	2.44%	90.4	2.55%	97.5	2.31%	311.1	6.67%	195.4	4.85%
Housing	4	0.06%	42.3	0.52%	47	0.50%	199.1	1.99%	293.2	2.67%
Others	95	1.70%	91.2	1.38%	81.5	1.10%	99.7	0.96%	118.9	0.84%
Grand Total	948	2.14%	795.8	1.57%	742	1.38%	2,056.20	3.15%	2,818.0	4.14%

AAA

CREDIT RATING REPORT

Emerging Credit Rating Limited (ECRL) has affirmed AAA long term credit rating and ST-1 short term credit rating to IPDC Finance Limited based on audited financial statements up to December 31, 2021, half yearly unaudited financial statements (Jan to June) of FY2022 and other available quantitative and qualitative information up to the date of rating. The outlook on the rating is "Stable" in last five consecutive years.

Normally rating company considers financial performance, capital base, asset quality, liquidity position, management experience, and prospect of the industry. The assigned rating reflects the strengths of the company which is backed by a strong team of management, growth in the noninterest income, deposits and investments, adequate capital coverage with high Tier-1 capital, improved asset quality and well controlled liquidity position.

available quantitative and qualitative information up to the date of rating. The outlook on the rating is "Stable" in last five consecutive years.

Date of Issue	Long-Term Rating	Short Term Rating	Outlook	Date of Validity	Credit Rating Agency
26-Sep-2022	AAA	ST-1	Stable	25-Sep-2023	ECRL
26-Sep-2021	AAA	ST-1	Stable	25-Sep-2022	ECRL
26-Sep-2020	AAA	ST-1	Stable	25-Sep-2021	ECRL
26-Sep-2019	AAA	ST-1	Stable	25-Sep-2020	ECRL
19-Jul-2018	AA1	ST-1	Stable	30-Jun-2019	CRAB
27-Jul-2017	AA1	ST-1	Stable	30-Jun-2018	CRAB
23-Aug-2016	AA2	ST-2	Stable	30-Jun-2017	CRAB
04-Jun-2015	AA2	ST-2	Stable	30-Jun-2016	CRAB

EMERGING CREDIT RATING LIMITED (ECRL) RATING SCALES FOR FINANCIAL INSTITUTIONS

Long Term: AAA

An institution rated AAA has an exceptionally strong capacity to meet its financial commitments and exhibits a high degree of resilience to adverse development in the economy, and in business and other external conditions. These institutions typically possess a strong balance sheet and superior earning record.

Short Term: ST-1

Short term rating reflects the institutions capacity to meet its financial commitments due within one year. An institution rated as ST-1 has a superior capacity to meet its financial commitments in a timely manner. Adverse development in the economy and in business and other external conditions are likely to have a negligible impact on the institution's capacity to meet its financial obligations.

Outlook: Stable

Indicates that a rating is likely to remain unchanged.

177



IPDC

**MANUFACTURED
CAPITAL**

MANUFACTURED CAPITAL

Manufactured Capital is the collection of physical, material and technological objects that are available to an organization to conduct its operation. As a service-driven company, at IPDC manufactured capital includes all physical assets like land, building, information technology, call center, fixed assets and distribution network (represented by branches). In this sense, we leverage our manufactured capital for rigorous credit assessment on one hand and ensuring industry-leading TAT (loan disbursal turnaround times) on the other.

DASHBOARD

Material Issues	2022 Highlights	Challenges	Long-term Strategy
Green Infrastructure	Finalized design for setting up green branches	To overcome regulatory Hurdles	Gradually spread green practice across all the branches
Operational Efficiency	Ongoing implementation of suggested changes in People, Process and Technology by KPMG India to increase operational efficiency and synergy	Ensuring that business risk does not increase due to process simplification	To reduce turn-around-time through elimination of unnecessary process and documentation
Head Office Extension	Started operation at a new location as part of the head office to ensure more healthy work environment.	Ensuring that operational cost should not increase irrationally & all resources are used efficiently.	To assure that all employees are getting a healthier workplace and every assets are used and maintained with proper care.

CREATING VALUE THROUGH MANUFACTURED CAPITAL

As we scale-up our business, manufactured capital will play a key role in supporting our growth ambition by realizing our dreams of going beyond megacities through the efficient management of these assets. It will also enhance the use of resources and augment operational efficiency.

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

Manufactured capital investment draws a significant amount of financial capital in the long term as 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 both physical and electronic form and try to minimize the tradeoffs at a minimum level.

OUTLOOK

To achieve our goal to reach the unbanked population of the county, we plan to strategically increase our footprint. As the market outside 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.

OUTCOME AND PERFORMANCE REVIEW

We have continued our investment in capacity development and focused on IT infrastructure for upcoming strategic products. In addition, the company continues to look for opportunities to expand geographic presence wherever it makes financial sense. Performance in this area has been discussed in the subsequent sections.

INFRASTRUCTURE

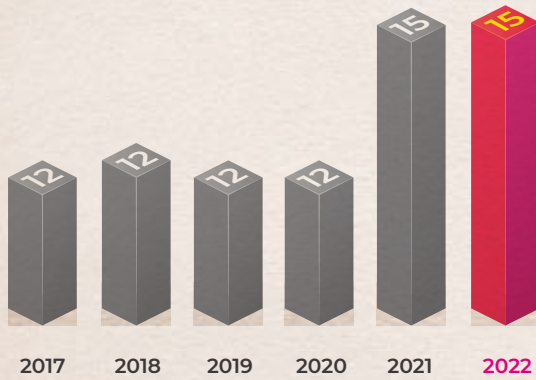
DISTRIBUTION NETWORK

IPDC currently operates through fifteen branches including head office branch. The fourteen branches and head office covers twelve districts in Bangladesh. IPDC plans to open additional branches in 2023 subject to obtaining approval from Bangladesh Bank.

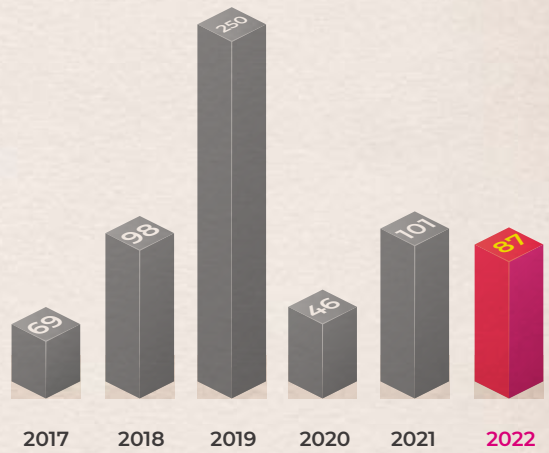
CAPITAL EXPENDITURE

Total capital expenditure of BDT 87 million was incurred in 2022 against BDT 101 million in 2021. Significant development of IT infrastructure capacity for IPDC EZ and Dana was performed in 2021.

Number of Branches including Head Office



Capital Expenditure



In BDT mn

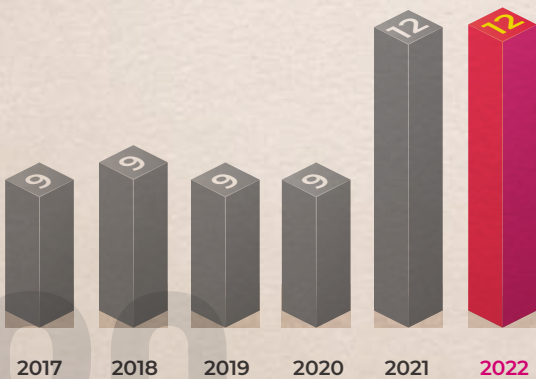
DISTRICTS COVERAGE

Currently IPDC has its presence in twelve districts through its various branches. IPDC is increasing its presence in district level through opening outreach offices. These are designed to be low-cost sales centers. IPDC plans to cover additional districts soon through new branches.

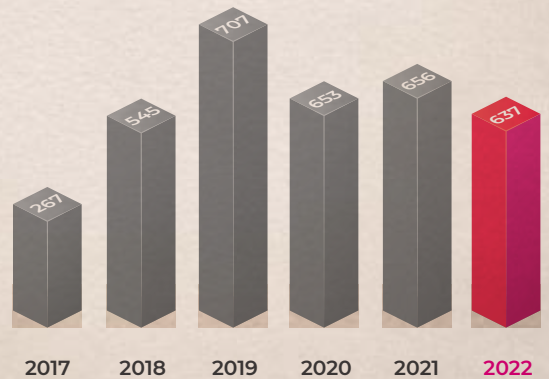
FIXED ASSETS

WDV of Fixed assets decreased to BDT 637 million without considering rights of use assets and CWIP in 2022 from BDT 656 million in 2021. No major addition in software was initiated in 2022.

Districts covered through Branch



Fixed Assets



In BDT mn

IT INFRASTRUCTURE

Efficiency, productivity, performance, and security are key to running a successful business and to achieve these goals. IT infrastructure plays a vital role. Keeping this in mind IPDC has worked towards making its IT infrastructure robust and agile so that it can easily adapt to market trends and technology changes at lower costs.

IPDC has a DC (Data Center) and a DR (Disaster Recovery) located in Dhaka. Head office in Dhaka is the primary data center which hosts all the applications. There is dual lease line connectivity between DC and DR having bandwidth of 30 Mbps and dual connectivity between DC and Branch offices having bandwidth between 7 Mbps to 20 Mbps depending on branch size & requirements. Disaster Recovery drill conducted once a year for all the applications hosted in DR. There are highly configured 30 servers at our data center and another 8 at our DR site. There are two storage at the Head Office and one at DR site. The Head Office data center is equipped with CISCO backbone with latest Firepower, Sophos Next Generation Firewall, Fortinet WAF and Wi-Fi-based controller, IP PBX & Contact Center Server. The data center equipped with 5 next generation Unified Threat Management (UTM) systems. We have implemented latest VMware enterprise solution to cater and ensure enhanced system support.

We have a robust IT and Business Transformation team to support the infrastructure, applications and our business transformation projects. IPDC currently has several applications supporting its Business Finance, Operations, Retail, and other supporting departments. IPDC currently using-

-Temenos T24 as core banking system (CBS)

-Shiri for loan origination system

-HRIS system for HR related functions

-EDMS, a document management system

-Fixed asset management system called FAR

IPDC uses the most updated operating system and latest Microsoft office package O365 for its day to day operation. Ensuring proper security in place we were able to support all our users and ensured excellent customer support.

We have worked with third party consulting firms and renowned audit firms to validate our infrastructure and application roadmap for next five years to ensure our IT infrastructure is aligned with our current operational need as well as all our strategic business initiatives for next five years.

OPERATIONAL EFFICIENCY

The year 2022 was challenging considering the prolonged effect of COVID-19 along with global supply chain disruption due to Russia-Ukraine war. We foresee 2023 to be even more challenging due to the increasing pressure on country's foreign currency reserve, energy crisis, national election and prolonged inflationary pressure. But at IPDC, we are committed to ensure superior customer service with enhanced operational efficiency.

However, adhering to our principles 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 represent certain key strengths for our Company as we take a bold leap into the future.






A wide and vibrant product basket with a balanced focus on the corporate, retail and SME sector and high level of operational efficiency has enabled the company to emerge as a point of reference in the country's financial services sector. As one of the most trusted financial brands in the market, IPDC's operational efficiency is encompassed in its customer centricity, and we recognize that our customers place their faith in us and we uphold that confidence every day.

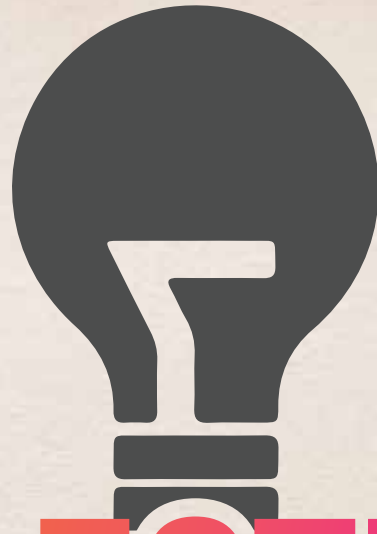
Going forward, our strategy is centered on assisting our clients operate their businesses successfully and make IPDC their choice for their business even as we serve their personal financial needs. To fulfill this promise, we draw on a wide range of financial products and resources to structure creative and innovative solutions that maximize operational efficiency. We always focus on upgrading our interface and functions by using the latest technology, systems and tools.

One of the other key strengths of IPDC is our centralized operations, where product processing is migrated from various points to one or specific centralized destination under supervision of entities independent of business functionalities. The decision-making, risk management and control functions are retained centrally. This overarching framework helps to implement a uniform set of policies, apply best practices and procedures and enforce control functions across the board to carry out the day-to-day functions smoothly and seamlessly.

We are also investing more on technology to increase the operational efficiency. IPDC is one of the Financial Institutions in the industry investing profoundly on the latest and state of the earth technology e.g. Block Chain to improve the operational capacity as well as the efficiency.

BRANCH HIGHLIGHTS

 Branch	 Fund Under Management (BDT)	 Disbursement (BDT)	 Number of Customers	 Number of Time Employees
Head Office	78,609 mn	35,280 mn	6,467	531
Dhanmondi	6,612 mn	1,442 mn	1,118	26
Chattogram	7,847 mn	4,740mn	1,163	62
Motijheel	8,053 mn	1,205 mn	834	25
Sylhet	823 mn	169 mn	447	20
Uttara	4,456 mn	939 mn	866	23
Narayangonj	1,059 mn	436mn	381	13
Bogura	2,048 mn	1,113 mn	654	42
Gazipur	2,161 mn	824 mn	657	35
Jashore	1,822 mn	955 mn	624	39
Mymensingh	1,432 mn	761 mn	505	22
Cumilla	1,054 mn	460 mn	416	18
Rangpur	447 mn	189 mn	194	12
Khulna	910 mn	660 mn	237	14
Faridpur	412 mn	295 mn	81	14



INTELLECTUAL

CAPITAL



INTELLECTUAL CAPITAL

Intellectual capital includes the knowledge of our human resources, intellectual property, technological advantages, brand assets, 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	2022 Highlights	Challenges	Long-term Strategy
Brand Perception	With its continued online and offline presence, and innovative initiatives like IPDC Amader Gaan, IPDC is at the top of the mind of the urban population. IPDC has won several awards in Cannes Lion and Commward for its marketing.	Customers are exposed to diverse communications, thus getting meaningful attention is more challenging and expensive than ever before.	Conducting market research to identify the current position of IPDC and invest in longterm value creation focusing on youth, women and the underserved communities.
Technology Infrastructure	IPDC Dana has reached 100,000 retailers with its innovative solution; IPDC has also extended its offering for consumers through IPDC EZ.	Ensuring seamless and excellent user experience is the biggest challenge.	Increasing dependency on cloud services and creating a master backup for both IT infrastructure and data.
Innovation in Products and Services	Introduced Child Marriage Prevention Loan, to prevent child marriage among the underprivileged families	Ensuring employee adaptability with an innovative mindset	To educate and bring these underprivileged people under the umbrella of financial inclusion.

CREATING VALUE THROUGH INTELLECTUAL CAPITAL

Our intellectual capital represents the core strength of our company, enabling us to navigate our growth prospects in a competitive industry environment, while also allowing us to increase the market penetration and market share of our products. It 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 Loans, Supply Chain Financing, Consumer Financing
- ◆ 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, 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 provide extraordinary customer experience. Innovation in market communication helps to build up strong customer loyalty and ensure customer retention. Furthermore, IPDC, like in prior years, has managed to maintain its leadership in utilizing high-yield channels along with innovative modes of market communication.

Ensuring our brand promise of providing an extraordinary customer experience is key to increasing our customer loyalty and brand perception. We are passionate about retaining our reputation and success story in the financial industry in the long run. 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 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

Over the last 41 years, IPDC has shown a proven record of being the fastest growing financial institution. After having made significant impact 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 towards financial institutions 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 an aspiring 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 60 banks and 35 NBFIs are currently jockeying for a position in the same field but IPDC has managed to make space in the hearts of its clients.

REBRANDING

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 in 2016.

Amongst the existing popular banks and financial institutions that took on primary shades for their brand colour, 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.

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.

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, making it 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.

PROMOTION

Through a flamboyant mode of communication in social media, targeting people who are self-expressive, liberal, and receptive to new ideas and ways of living, IPDC incorporated into its communication their expectations from a brand 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. IPDC also, hosts '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 organizes a prestigious event to pay tribute to teachers for their contribution to the society named 'IPDC-Prothom Alo Priyo Shikhhok Shommanona'. Moreover, 'IPDC Amader Gaan', a contemporary take on popular Bangladeshi folk music, is a platform loved by all.

Other notable initiatives include 'Bangabandhu Grandmaster', a unique approach to seed the life and legacy of Sheikh Mujibur Rahman among the youth in the form of a quiz app. IPDC also launched 'IPDC-Ogroj', a webinar series where icons from diverse sectors such as finance, business, art, culture, education, and media are seen flipping through the pages of their lives on the show.

DIGITAL PRESENCE IN 2022



IPDC FINANCE
FACEBOOK

Followers
405,450


Likes
387,200

YOUTUBE

Subscriber
25,300

LINKEDIN

Followers
37,320




IPDC AMADER GAAN

Followers
130,000

Likes
92,284

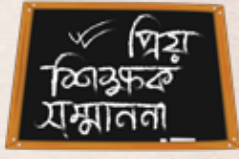
Subscriber
950,000



IPDC PRITI

Followers
41,000


Likes
42,000



PRIYO SHIKKHOK

Followers
5,200

Likes
5,200



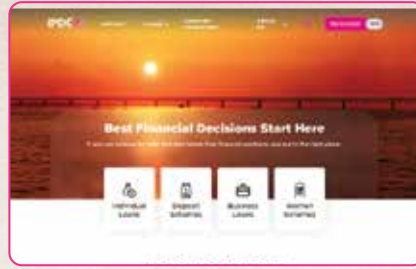
**INSTGRAM
LIVE UNBOUND**

Subscriber
3,875

WEBSITES



www.ipdcbd.com



www.ipdc.com



www.priyoshikkhok.com



www.ogroj.com.bd



www.uwnba.com

PUBLIC PRESENCE IN 2022

Print Ad

**PRINT ADS
IN MAJOR
NEWSPAPERS
OF THE COUNTRY**

OOH (Out-of-home ad)

**IN FAMOUS HOTELS
& RESTAURANTS
ALL AROUND THE
COUNTRY**

- ABBAS HOTEL
- HOTELS AT MAWA
- HIGHWAY INN

PR

48 PR

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. Thus, IPDC is working on creating stories, transforming lives.

PRODUCT FORMULATION AND INNOVATION

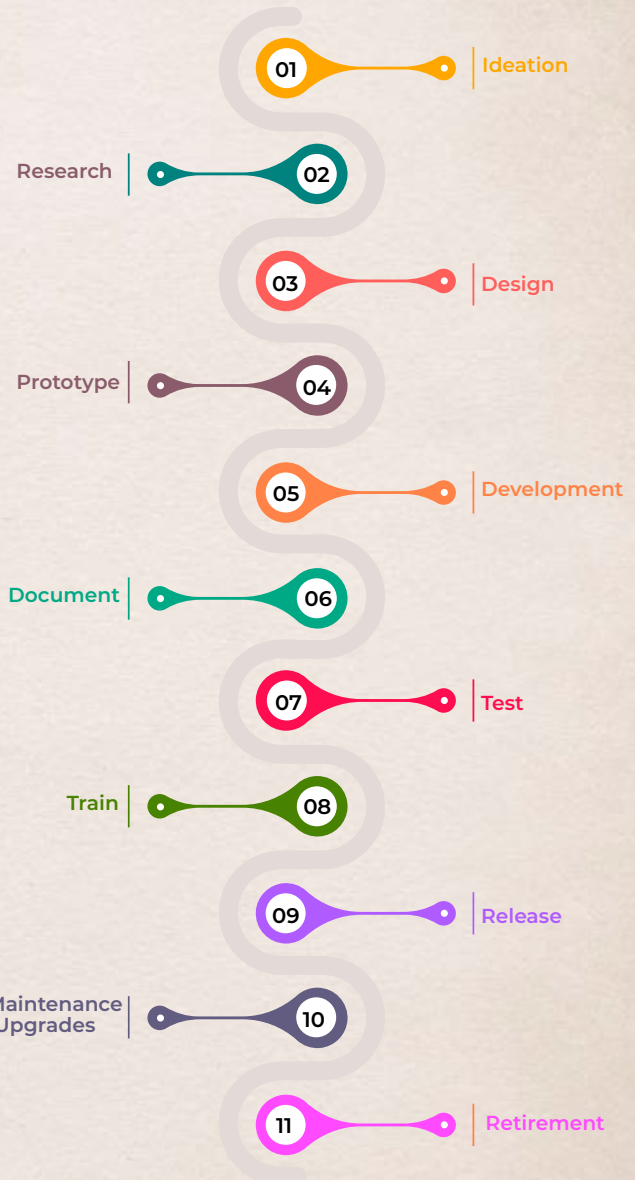
PRODUCT FORMULATION

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 center to cater with utmost compassion. The retail strategy of IPDC Finance is based on network expansion, building product differentiators, customer segmentation, sales effectiveness, and providing quality customer service. Besides, the regular offerings, IPDC brings a no strings attached deposit called Ultiflex, letting you enjoy the deposit whenever possible. IPDC also introduced a handcrafted product called Priti, which is designed to liberate women with its unconventional offers, a gateway to financial independence, health and lifestyle privileges. Understanding the fact that financial freedom is the key to truly empowering women, IPDC introduced the exclusive SME Women Entrepreneur loan called Joyee at the lowest possible interest rate. Similarly, for a greater interest for the families in tier 2 and tier 3 across megacities, IPDC offers an affordable home loan called "Bhalo Basha" Home Loan. In addition, IPDC aims to create 2000 new entrepreneurs, enable 25000 medium and small enterprises and allowing 10,000 families to enjoy convenience goods. In 2020, after the pandemic hit the country, IPDC launched Manobota deposit scheme to help people save money and provide food for underprivileged people during the COVID-19.

To be the catalyst of the value chain financing, IPDC launched IPDC Dana, its fully digital retailer financing platform currently serving over 100,000+ retailers.

IPDC also launched South East Asia's First Blockchain Based Digital Supply Chain Finance Platform, ORJON, in partnership with IBM. It is designed and implemented by IPDC for promotion of financial inclusion of MSMEs by providing easy access to collateral free, low-cost credit in the form of Supply Chain Finance in collaboration with corporate bodies through creating an ecosystem for end-to-end supply chain management.

To formulate we emphasize on how materials behave and interact to provide enhanced properties, improved processing and delivery of an active ingredient in a convenient and useable form.



THINGS YOU DIDN'T KNOW ABOUT THE BRAND

·IPDC is rated **AAA** rating, the highest credit rating possible for a financial institution

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

·IPDC DANA is the only retailer financing platform of the country with **over 100,000+ registered retailers.**

·IPDC initiated South East Asia's First Blockchain Based Digital **Supply Chain Finance Platform 'Orjon'**, for which they won the **ADFIAP Award in 2020 and Bangladesh Innovation Awards in 2021.**

SERVICE ORIENTATION

Every customer has an ideal expectation of the service they want to receive when they come to a Financial Institution. Service quality measures how well a service is delivered vis-à-vis customer expectations. Therefore, since its inception, IPDC is anchored on the foundations of superior service quality, strong corporate governance, culture, and commitment to excellence. And today, the company is one of the most recognized financial brands in the country.

Over the past few years, IPDC has focused more on increasing the consumer and CMSME business where customer experience is the main criterion for business success. The high quality of the services is influenced by customer satisfaction which directly influences customer loyalty. Ensuring customer satisfaction with quality service is the main area of our concentration.

We have ushered in significant changes which 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 complaint 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 apply changes and become better every day.

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 providing the highest customer satisfaction through leveraging technology. With a view to stay ahead of time, IPDC has also implemented digital supply chain technology to provide the first-ever digital supply chain financing solutions in Bangladesh. In addition, IPDC has introduced retailer financing and consumer financing (IPDC EZ) recently in collaboration

with large manufacturers and consumer product brands. IPDC will focus more on these initiatives in the coming years.

IPDC has also conducted extensive market research to understand and fulfill the evolving customer needs, thus believes the inclusion of innovation and the introduction of new products are necessary to meet customers' expectations.

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. We embrace suitable initiatives to keep our people motivated and engaged and effective initiatives have also been taken up to motivate employees through different engagement programs along with proper assessment processes.

CREATING AN EXTRAORDINARY CUSTOMER EXPERIENCE

IPDC believes, to become the market leader it must ensure excellence in customer service. However price factor alone cannot ensure that. We prioritize our service offering for our customers the most, thus creating a superior and extraordinary customer experience 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.

The following ways are being followed to ensure the improvement of our customer service:

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 services are issues banks and credit unions are constantly struggling with. However, to ensure the best customer experience, IPDC uses various technology such as social media, email, phone, etc. for better communication with the customers. IPDC has also introduced iService through which customers can easily stay updated with their deposits and loan accounts with IPDC. This not only ensures smooth communication but also enriches the customer experience.

IT CAPABILITIES AND DIGITAL TRANSFORMATION

01 BUSINESS TRANSFORMATION INITIATIVE

The Business Transformation Initiative has been a major focus for IPDC in 2022. The goal of the Business Transformation Initiative was to digitally transform our business operations and customer experience, and we are excited to report that we have made significant progress in this area.

In the past few years, IPDC began by conducting a thorough analysis of the current digital capabilities and identifying areas for improvement.

From there, IPDC implemented new technologies such as artificial intelligence bots, automation engines, etc. to improve the operations, customer experience and digitalize products and services to make them more accessible to customers online through products like IPDC EZ (Consumer White Good Financing Platform), CIB Automation Tool (AI bot-based CIB Tool), Shiri (Loan Origination System), etc.

As a result of these efforts, IPDC has been able to respond more quickly to market changes and customer needs, which has helped us stay competitive in our industry.

IPDC continues to invest in digital technologies and processes to stay ahead of the curve with several projects such as updating its core banking system (CBS), implementation of Orjon- SCF(Supply Chain Finance system), IPDC EZ (Consumer White Good Financing Platform), Dana (Retailer Financing platform) etc.

1.1 OTHER BUSINESS TRANSFORMATION INITIATIVES

IPDC has also undertaken several other digital transformational initiatives in the past year which includes:

- ◆ RTGS, an automation tool for bank-to-bank transfers.
- ◆ Tableau Dashboard, a data visualization tool for management reporting
- ◆ Peoples HR, a robust human resource information system
- ◆ E-Nothi, a memo and document management tool
- ◆ e-KYC, an automated process for NID Validation

02 GOVERNANCE STRUCTURE

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.

2.1 IT STEERING COMMITTEE

IPDC's IT steering committee is an administrative body that reviews, monitors and prioritizes major IT projects from a cross-functional point of view. The committee helps ensure the alignment of IT strategy with the strategic goals of the Company. The top activities of the committee include:

- IT project prioritization
- Approval of IT projects
- Advise on IT operations

The committee also assesses the effectiveness of IT investments and services and a meeting among its members is held once every month. As IPDC is elevating technological advancement, many milestones have been achieved by the IT department under the direct supervision of the IT steering committee.

2.2 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

03 TECHNOLOGIES USED



04 OUR PARTNERS



05 OUR TEAM CERTIFICATIONS



VMware Certified
Professional



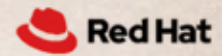
ITIL Certified
Professional



Microsoft certified
solutions expert



Cisco Certified
Network Admin



Red hat Certified
Solutions Expert



06 SPECIAL ACHIEVEMENTS

- ◆ Enhancements to ensure smooth operation World's no. 1 Banking Application (Temenos T24).
- ◆ Launched the B2B Application of the Consumer White Goods Financing Platform, IPDC EZ and onboarded 33 partner merchants in the application to offer loans to their customers.
- ◆ First NBFI to successfully launch the RTGS solution which enabled the automation of bank-to-bank transfers
- ◆ Incorporated e-KYC process with different platforms.
- ◆ First digital blockchain based supply chain finance platform (ORJON) implementation.
- ◆ Completed final vendor selection and contracting for DANA, Retailer Financing implementation project.
- ◆ Achieved ISO 27001 2nd Year certification for Information security and management system.
- ◆ IT infrastructure facilitated on head office extension building

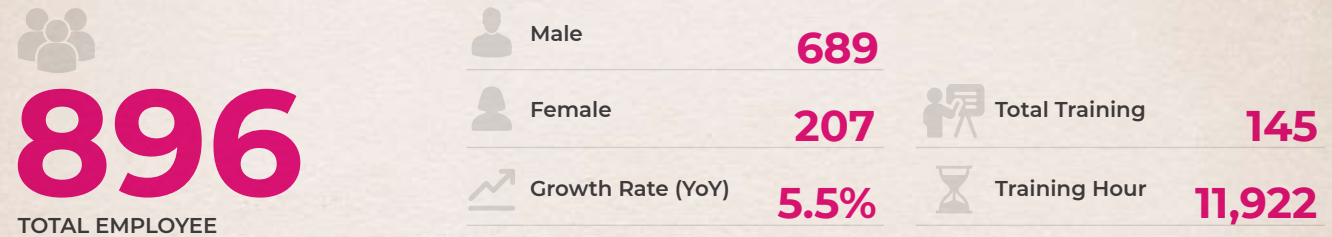


HUMAN CAPITAL

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.

DASHBOARD-2022



Material Issues	2022 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
	IPDC has always practiced equal opportunity in its hiring program	Cultural stigma	To catapult leadership from different spheres of society
Job Security	Focused on decreasing discretionary operational costs rather than downsizing	Inability to significantly reduce operating cost in critical situations	Keeping cost to income ratio at low levels to reduce stress on company financials during critical situation

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.

TRADEOFFS IN USING HUMAN CAPITAL

By making better use of our own human capital through effective training, we can enhance our in-house skills, supporting intellectual capital. However, maintaining excess human capital draws down financial capital as compensation benefits take up large portion of the operational expenses.

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

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

OUTCOME AND PERFORMANCE REVIEW

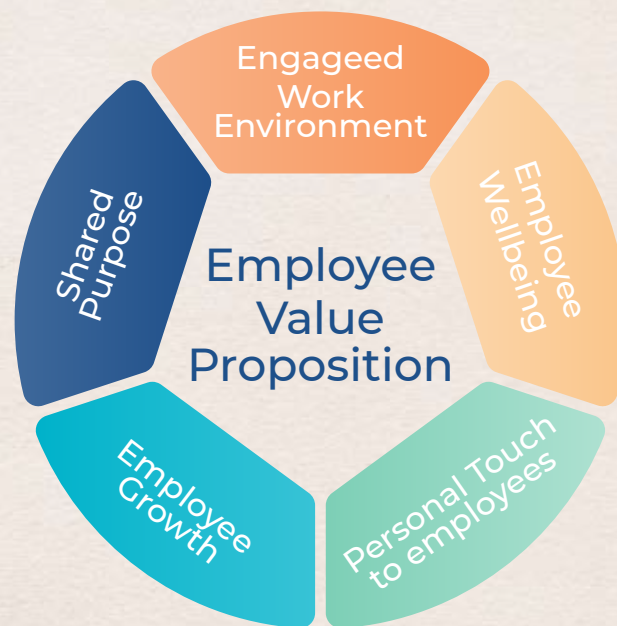
IPDC adheres to rigorous recruitment processes to select the right resources for the Company and offers competitive packages to attract the best talent. Besides, the Company also runs multiple need-based training programs with a view to rejuvenate its human capital. Moreover, the Company nurtures a culture of employee engagement through various formal and informal events. A detail discussion regarding performance in 2022 can be found at Statement of Human Capital section.

- 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

“At IPDC it’s not only a job we offer, we offer a lifestyle to employees. We aim to be the leading employer in the market and strive to continuously uphold the standards set by our core values and corporate culture”

Year 2022 has been all about returning to workplace as covid appears to be receding after almost two years of massive waves. Reviving back the enthusiasm and engagement at workplace among employees were challenging as it took a toll on their overall mental health. Challenges were tough and diverse for our employees due to the increasing anxiety, balancing work-life and getting out of the comfort of hybrid work arrangements that was prevailing until the first quarter of 2022. We strived hard to keep the morale of the employees high and bring back the enthusiasm and energy.



ENGAGED WORK ENVIRONMENT

One of the key drivers of IPDC culture is our engaged workforce. Creating an engaging atmosphere is always a focus of management and ensuring it through open door policy, participation of employees in cross functional initiatives, sharing company strategies with all employees, engagement initiatives through out the year. We value employees' good work and recognize it immediately in different platforms. We also celebrate employees' success through engaging their family members. Culture of providing prompt feedback is inherent to us, which enables our peoples to be more engaged. We encourage employees to bring new ideas, inputs and engage them in cross functional projects.



Employee Wellbeing

We pay maximum attention to the wellbeing of our employees. All our employees are covered under both hospitalization and life insurance. Apart from that we also made agreements with number of renowned hospitals for better treatment at discounted price. We collaborated with Fashion Optics and Labaid Hospitals for awareness sessions among our employees at our premises as well as connected with employees at branch level over digital connectivity. This year it was all about coming back in better shape and action!

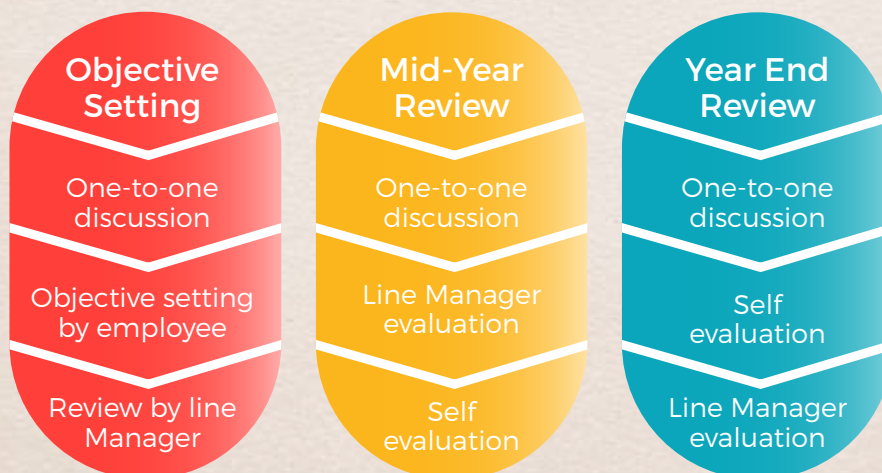
Personal Touch to Employees

Personal attention to employees gets an utmost priority at IPDC. It played a pivotal role to keep our employees morale high. Few of our activities concerning directly to an employee personal life are mentioned below:

Birthdays of employees are celebrated in IPDC inhouse FB page. Gifts with personal touch are handed over to every employees.		Employee Birthdays
Celebrated in IPDC inhouse FB page. Gifts are handed over to newly parents		Congratulating New Parents
Introducing 'Talk-to-me' box	"Talk-to-Me" box is introduced in all IPDC offices as a employee feedback tool for sharing employee concern and suggestions.	
Shushoma	A platform for women well-being and safeguarding.	

Growth of Employees

We maintain a performance driven culture. Performance Management System at IPDC is a cycle of continuous performance improvement consisting of three major phases i.e., Objective Setting, Mid-Year Review and Year-End Review; each of which includes various steps to be carried out during the annual performance cycle. One key inherent feature of our performance management process is two-way communication between employees and line managers in every step. For developing employees with performance issues, we have a special three-months development initiative i.e., "Performance Improvement plan". In 2022, total 44 performance feedback review sessions were held. Through this process, performance of 76% employees improved gradually over time.

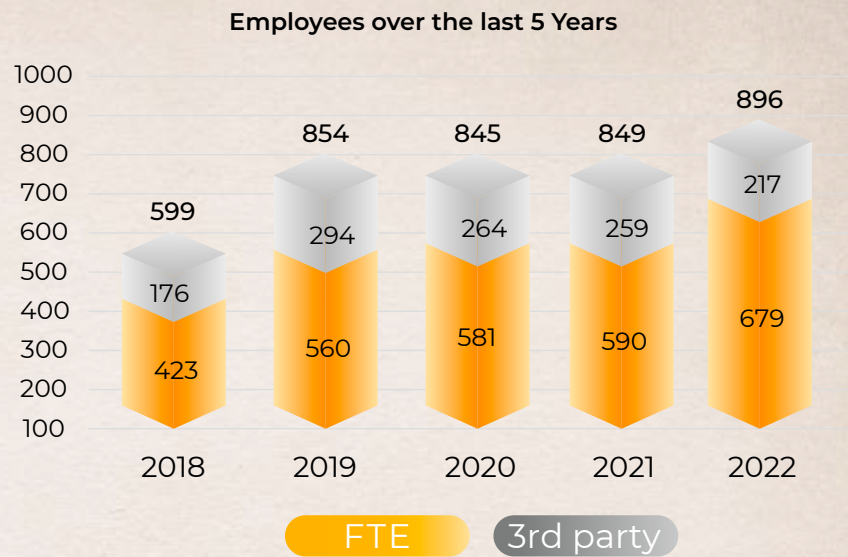


Shared Purpose

Our all steps are targeted at employee motivation and engagement. This is because of the continuous efforts from the leadership team to create a culture of shared purpose within the organization.

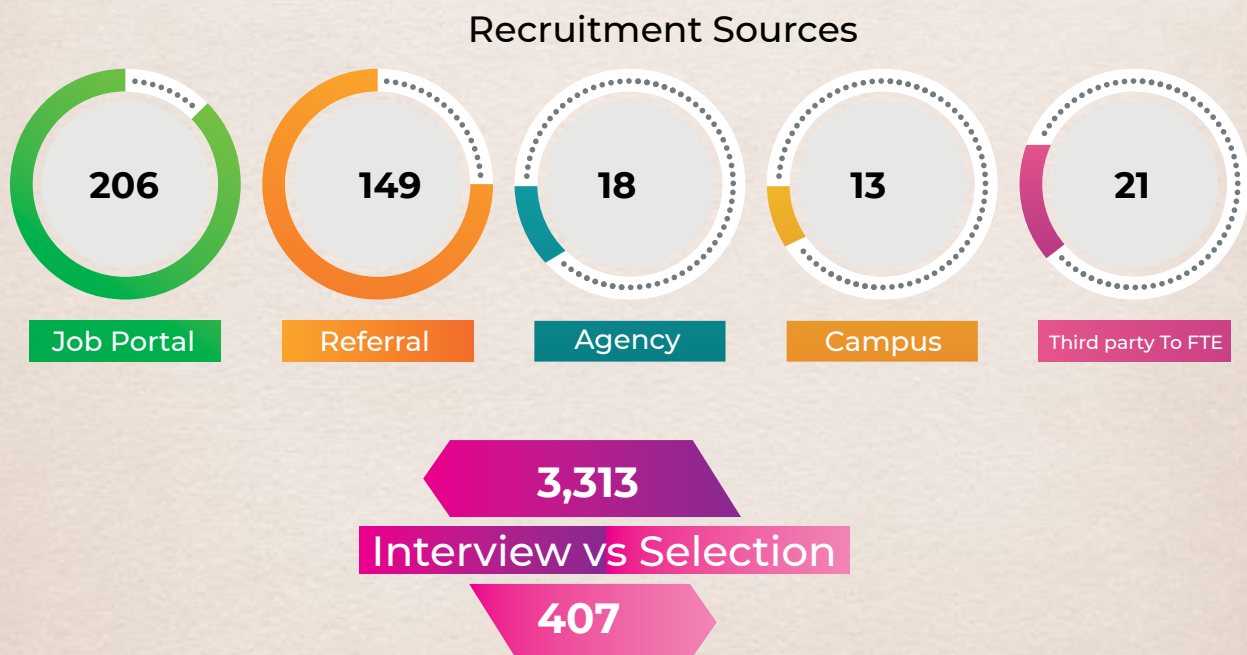
Growth & Distribution of Human Resources

IPDC has grown exponentially over the past 5 years as demonstrated in the figure with the total number of employees reaching to 896 in the year 2022. Expansion of human resources, through effective recruitment and training of employees based on business needs, have taken place among all the departments with Retail Business and Business Finance being the two departments with the highest number of employees.



Equal Employment Opportunity

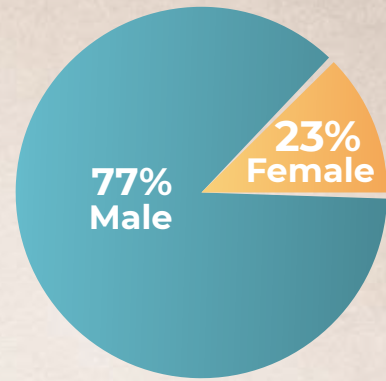
IPDC maintains a free, fair and equal employment opportunity. All our job advertisements are circulated in all available job sites prevailing in the country. A summary view of our recruitment in 2022 is given below to have clear understanding of our neutral and fair recruitment practices



We provided significant number of fresh graduates to do internship at IPDC (72). Responses against our job advertisements are huge considering our strong employer branding and that provide us the opportunity to find the best among many. Being a youth-centric organization, the average age of employees at IPDC is 33 years, that contributes to a vibrant workforce.

Gender Ratio

A culture of equality and inclusivity is a powerful tool to drive innovation and growth. IPDC is an equal opportunity employer. In 2022, the overall male to female ratio stood at 77:23. In the top Management, 3 out of 11 employees are female, and we continuously thrive to recruit more female employees to have a diverse and balanced environment.



Learning & Development

Learning and development has been one of the greatest priorities at IPDC. IPDC has provided a total of 145 training sessions in 2022 which is 50% higher also investment for people development increased 2.6X than that of 2021. Total training person days were 1492. Both virtual and physical training sessions were conducted to ensure a blended experience and training effectiveness for the participants.

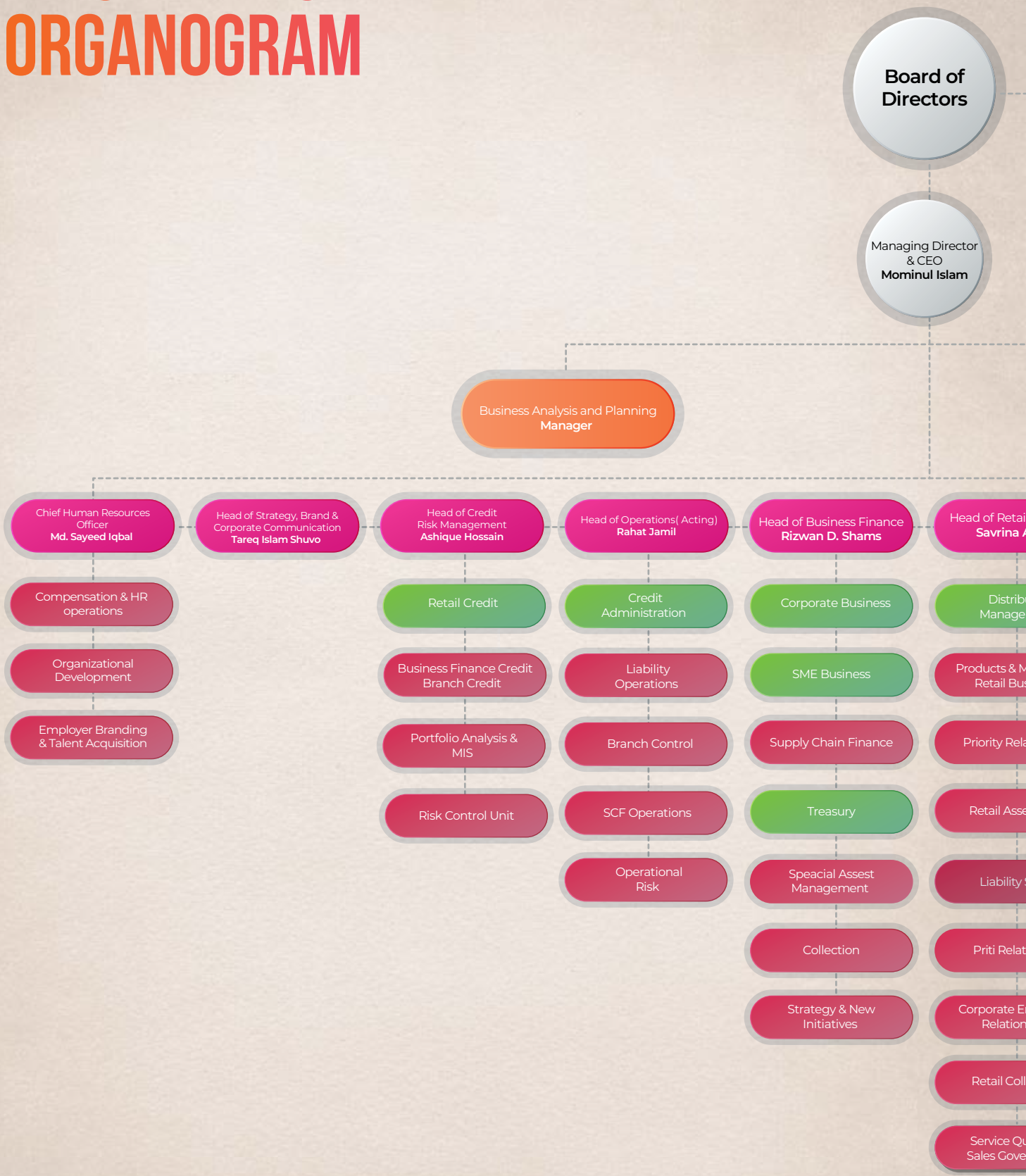


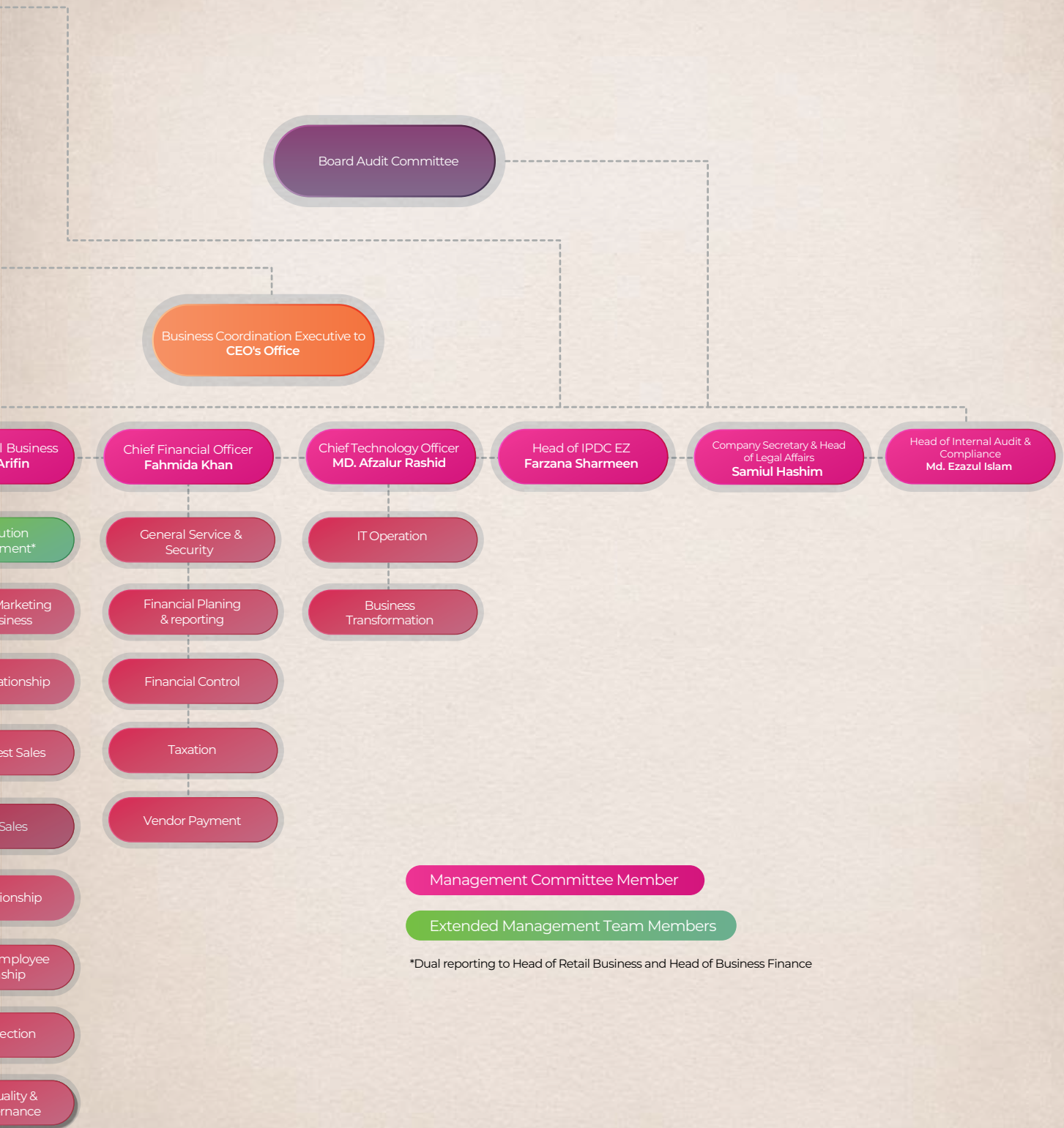
A comparison of 2021 vs 2022 training is tabulated below:

Type of Training	2022		2021	
	No of Trainings	Total Hours	No of Trainings	Total Hours
Internal	41	3,957	64	7,534
External	93	6,260	23	2,715
International			1	365
E-learning	11	1,705	9	1,873

Figure: 2022 vs 2021 Training

IPDC FINANCE LIMITED ORGANOGRAM





HUMAN RESOURCE ACCOUNTING

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 helps to determine how much investment the company has made on its employees and how much return it can expect from this investment.

in BDT mn, % unless otherwise stated

Particulars	2018	2019	2020	2021	2022
Number of Employees	599	854	845	849	896
Average Number of Employees	570	727	850	847	873
Loan Portfolio per Employee	77.8	69.8	63.1	77.1	78.1
Customer Deposit per Employee	41.3	48.9	48.7	57.3	54.5
Revenue per Employee	3.3	3.0	3.3	4.1	3.7
Operating Cost per Employee	1.3	1.4	1.4	1.5	1.7
Operating Profit per Employee	2.0	1.6	2.0	2.6	2.0
Net Profit per Employee	0.8	0.8	0.8	1.0	1.0
Staff Benefit Cost per Employee	0.7	0.8	0.8	0.9	1.0
Staff Cost as a % of Operating Expense	52.74%	57.73%	60.23%	59.66%	58.17%

Implications for IPDC

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.

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 2022

Even though employee base of IPDC increased from 849 to 896 in 2022, average employees decreased from 847 to 873.

Loan portfolio per employee increased to BDT 78.1 million in 2022 from BDT 77.1 million in 2021. Staff cost as a percentage of operating expense decreased from 59.7% in 2021 to 58.2% in 2022. This is mainly since recruitment was low like last year. Operating profit per employee decreased to BDT 2.0 million as the overall operating profit for IPDC decreased and stood at 1,760 million in 2022. Net profit per employee remains same as previous year.

OUR FUTURE PRIORITIES

Few of our topmost priorities for the coming years are:

- Ensure a conducive work culture for employees to ensure that employees perform to the best of their abilities with full of enthusiasm and energy.
- Instill organizational values among all employees.
- Make HR more business driven.
- Capability & Leadership development through coaching and mentoring of employees and ensure a culture of continuous learning opportunities for all.
- Foster Employee Wellbeing.
- Simplification of HR processes & Automation through maximum utilization of technology.

SUSTAINABILITY

REPORT



APPROACH TOWARDS SUSTAINABILITY

The sustainability report encompasses IPDC's efforts that have a noteworthy impact on the company's operations and its stakeholders. Throughout the years, IPDC has gained the expertise and familiarity required to understand local and global business patterns, market circumstances, and issues regarding corporate sustainability. This has been a valuable insight obtained during IPDC's extensive experience in the finance sector: endeavors towards sustainability without robust financial performance are not sustainable in the long run, whereas strong profits that disregard sustainability weaken a company's longevity. Therefore, IPDC incorporates the 3Ps of sustainability into all its business and operational choices.

The concept of "Triple Bottom Line" sustainability is the basis for everything from the creation of a sustainable strategy, the initiation of various initiatives and actions, to the reporting of sustainability efforts.



OBJECTIVE OF THIS REPORT

In 2022, IPDC reviewed and revised its plan with the aim of enhancing it and facilitating its business growth. Greater importance was given to human and community growth to actively aid in the development of disadvantaged communities and individuals throughout the country that were severely affected by the COVID 19 crisis. Previously, IPDC successfully completed the "Green Loan Quick Assessment" initiative with the support of DEG (Deutsche Investitions und

Entwicklungsgesellschaft, a Development Finance Institution and subsidiary of KfW Group).

The three primary focus areas for IPDC's strategic plan are corporate social responsibility, ecological sustainability, and human and community growth. Initiatives, endeavors, and initiatives that align with these areas have been launched with specific strategic goals and action plans outlined for each.

The study proposes suggestions for IPDC to reassess their business plan, course of action, and integrate sustainability considerations into a one-of-a-kind Environmental, Social, and Risk Management System. The execution was impeded and postponed due to the COVID 19 pandemic, post pandemic economic crisis but IPDC resumed it in the year 2022.

During the year 2022, IPDC intensively focused on the following 3 key areas after revising their strategy and goals from the prior years.



Responsible Business

Sustaining a company's efforts is impossible without generating profitable growth. IPDC firmly believes that a thriving and expanding business is essential for sustainability. As a result, attaining monetary growth is crucial for a company's long-term viability, to provide employment opportunities for the local population, and to foster a strong and eco-friendly economy.



Sustainable Environment

Pressures such as climate change, exhaustion of natural resources, and rapid population growth pose significant social, environmental, and economic risks. Innovative solutions and ample funding are required to replenish the resources to meet the increasing demands and needs of future generations. Financial institutions are expected to take the forefront in addressing these challenges and fostering sustainable growth, and IPDC commits to taking action to tackle these ecological issues to accelerate the transition to a more environmentally-friendly economy and way of life.



People and Community Development

By setting ethical business standards both internally and in its dealings with stakeholders, IPDC assumes the duty of actively safeguarding the health and wellbeing of individuals in response to the growing population and its increased demands. In 2022, IPDC ramped up its engagement with local communities by providing services and supporting underprivileged individuals nationwide with information and resources, which will be explored in greater detail later. As a responsible corporate entity, IPDC will place greater importance on ensuring the welfare of all parties involved, including the community, its inhabitants, staff, clients, shareholders, and business associates.

SUSTAINABLE FINANCE COMMITTEE

The Sustainable Finance Committee is responsible for making policy, directing, advising, approving, and evaluating Sustainable and Green Finance, CSR, Climate Finance, Refinancing, governance and Green Marketing activities performed by IPDC.

The members of the committee are as follows:

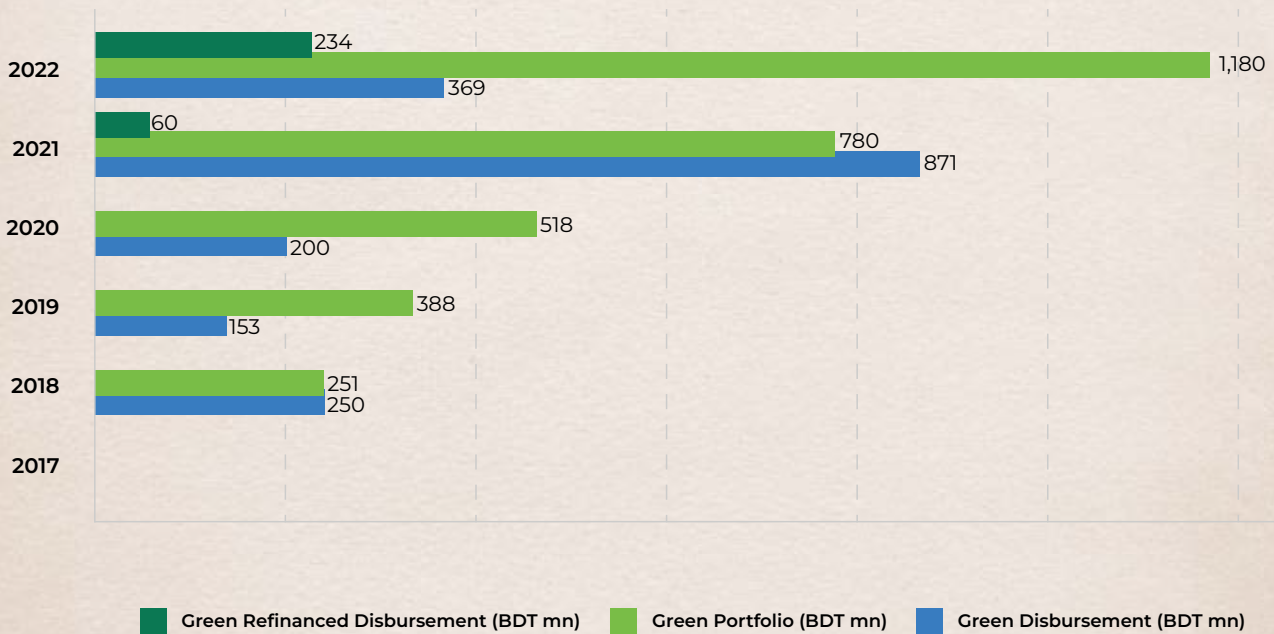
NAME	DESIGNATION
Mr. Rizwan Dawood Shams	AMD & Head of Business Finance
Ms. Savrina Arifin	GM & Head of Retail Finance
Mr. Sayeed Iqbal	DGM & Chief Human Resource Officer
Mr. Md. Ashique Hossain	GM & Head of Credit Risk Management
Mr. Ezazul Islam	GM & Head of Internal Audit & Compliance
Ms. Fahmida Khan	GM & Chief Financial Officer (CFO)
Mr. Tareq Islam Shuvo	DGM & Head of Strategy, Brand & Corporate Communication
Ms. Jumaratul Banna	GM & Head of Corporate Business
Mr. Rahat Jamil	AGM & Head of operation (acting)
Mr. Imran Khan	AGM & Member of Sustainable Finance Unit
Mr. Md. Barkat Ullah	Sr. Manager & Head of General Service & Security
Md Zakir Hossen	GM, Head of Operation

ENABLING SUSTAINABLE BUSINESS

GREEN FINANCE

According to the G20 Green Finance Study Group, “green finance” refers to the funding of investments that support the environment within the larger framework of ecologically sustainable development. Such ecological benefits include, for example, reductions in greenhouse gas (GHG) emissions, improved energy efficiency by making use of existing natural resources, as well as adaptation and mitigation measures for climate change and their related benefits. To promote environmentally beneficial investments and discourage environmentally harmful ones, green finance includes efforts to incorporate environmental externalities and alter risk perceptions.

In modern times, people are more aware of how their behaviors impact the environment, and the financial sector is no exception. Green finance is a concept that takes into account both the environment and society as a whole when evaluating financial activities. IPDC is one of the initial financial institutions in the country to adopt Bangladesh Bank’s Green Banking Guidelines in a step-by-step manner. By forming a Green Banking Unit (GBU), IPDC is committed to factoring in environmental impacts while also contributing to the country’s economic progress. This is evident by our green finance portfolio which has grown steadily over the past years



GREEN PRODUCTS/SERVICES/PROJECTS

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 68 products, encompassing 11 categories, are provided under green financing. The eleven categories are renewable energy, energy & resource efficiency, alternative energy, liquid waste management, solid waste management, recycling & manufacturing of recycled goods, environment-friendly brick production, green establishment, green agriculture, green CMSME, green SRF.

GREEN MARKETING AND DEVELOPMENT

Green Marketing covers a wide range of marketing activities to educate and encourage potential customers for the implementation of environmentally 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 in 2022.

AUTO LOAN, CONVERSION TO CNG OR LPG

By providing financing for auto leasing and loan products in the retail and corporate segments in 2022, IPDC encouraged borrowers to buy eco-friendly vehicles and make the switch to CNG or LPG. In 2022, IPDC promises to assess the environmental effects of the reduction in air pollution and carbon emissions brought on by these loan products and encouraging lending.

IPDC PRITI & JOYEE PREFERENTIAL RATES FOR WOMEN ENTREPRENEURS

Priti and Joyee, two specialized financial products that only focus on uplifting women, got a lot of attention and success in 2022 after starting in 2020. 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.

DANA - RETAILER FINANCING



To support micro-merchants, IPDC has launched IPDC DANA, a retailer financing platform which offers microloans to micro-merchants/retailers to enhance their operational capacity.

CMSME



In the past, IPDC Finance has provided funding to support the sustainability and growth of CMSMEs. To support the businesses IPDC offers loans at a low interest rate with flexible repayment terms. In addition to that, IPDC worked for capacity building of the entrepreneurs through different training and knowledge sharing programs. These financial contributions have been aimed at supporting the development of CMSMEs in a sustainable and responsible way, and at promoting gender equality or environmental sustainability, which can help to promote sustainable development and social impact.

BHALO BASHA LOAN - AFFORDABLE HOUSING FINANCE FOR THE UNDERSERVED



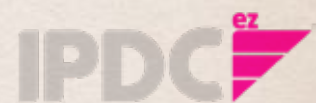
IPDC's flagship program, the Bhalo Basha house loan scheme, aims to provide affordable housing finance to the underprivileged residents of remote areas in the country. Despite the current economic crisis, the program achieved tremendous success in 2022 by offering flexible terms and making home ownership an economical possibility. The program primarily targets underserved areas beyond Dhaka and Chattogram.

ORJON - BLOCKCHAIN BASED PRODUCT FOR SUPPLY CHAIN



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.

EZ - CARDLESS CONSUMER FINANCING PLATFORM



EZ, a product designed for the retail segment who wants to buy consumer electronics and other goods in an easy and convenient way. It has been rolled out in 2022 B2B with full-fledged commercial launch planned for the year 2023. The project aims to provide quick and easy financing solutions to retail consumers.

FOSTERING SUSTAINABLE BUSINESS INITIATIVES

SPONSORSHIP



As part of its corporate social responsibility, IPDC Finance sponsors various initiatives and programs that contribute to the development of society and the economy. The company believes in making a positive impact on the communities it serves and supports initiatives related to education, healthcare, environment, and social welfare. Through its sponsorship, IPDC Finance aims to create a sustainable future for Bangladesh and promote economic growth and development. In 2022, IPDC has sponsored several big events such as NBF Fair, Jolrong Mela, IBA Graduation Ceremony, Debate Tournament of Cummula Victoria College, Lions Club Joint Installation Ceremony, Cadet College Club Joint Installation Ceremony, ATN News Unsung Stars etc.

SME FAIR

In 2022, IPDC took part in the National SME Fair as a Gold Sponsor. The fair was inaugurated on Thursday, November 24 and remained open until December 3. As an effort to support the entrepreneurs associated with IPDC, the company provided a stall to "Enroute Greeneries" to help them access the market. The stall showcased an innovative initiative where eco-friendly plates were produced using Betel Leaf. Additionally, another stall was set up to promote the branding of IPDC.



JOLRONG FAIR

In an effort to promote the SMEs run by women, IPDC Finance sponsored the Jolrong Mela, where over 30 different women entrepreneurs showcased their products for 2 days at Midas Center.



IPDC'S ENGAGEMENT WITH STAKEHOLDERS TO CREATE VALUE IN LONG TERM

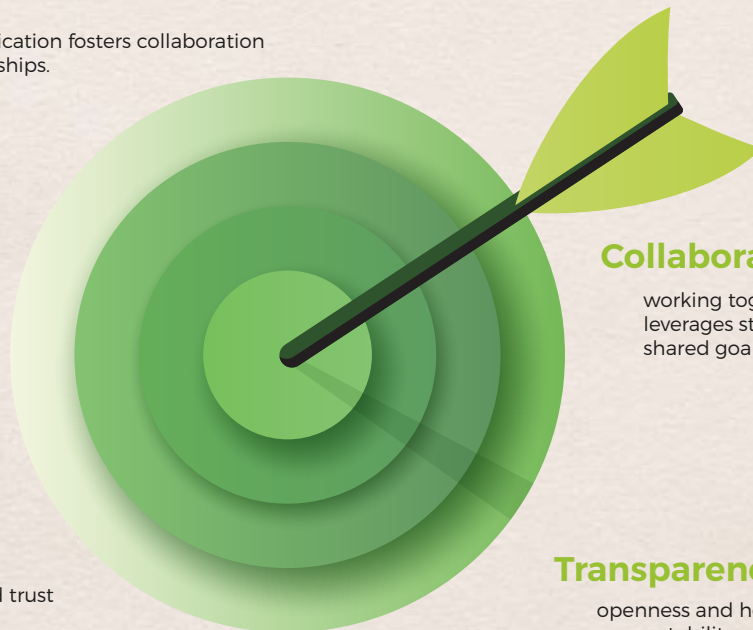
The long-term viability of our business hinges on the strength of our relationships with all stakeholders, including customers, investors, and the broader community. We recognize the importance of engaging not only with shareholders, employees, and clients, but also with suppliers, public authorities, local communities, civil society groups, and financial partners.

Our approach to stakeholder relationships guides all our management decisions and shapes our overall corporate strategy. We value the input and perspectives of our diverse stakeholder groups across all aspects of our operations, and we prioritize collaboration, listening, and learning. By working in partnership, we can advance our mission of promoting health and sustainability through innovation. We understand that ongoing engagement with stakeholders is essential for identifying risks, opportunities, and strategic priorities throughout the value chain. We actively seek and incorporate feedback from stakeholders into our business planning and decision-making processes.

Key Principles of our stakeholder engagement approach

Communication

we believe clear communication fosters collaboration and builds strong relationships.



Collaboration

working together effectively leverages strengths to achieve shared goals.

Accountability

we take responsibility to build trust and credibility.

Transparency

openness and honesty create accountability and foster ownership.

IDENTIFYING OUR STAKEHOLDERS

IPDC recognizes that sustainable business can only be accomplished by engaging with its stakeholders and comprehending the impact of its operations on the environment. The criteria we utilize to determine our stakeholders are as follows:

Criteria for Identification of Stakeholders



CUSTOMERS

- Corporate Customers
- SME Customers
- Retail Customers
- Depositors



COMMUNITIES & SOCIETIES

- Environmental Groups
- Social Activist Groups
- Local People
- The Media



INVESTORS

- Individual Investors
- Institutional Investors



EMPLOYEES

- Permanent Employees
- Outsourced Employees
- Intern
- Potential Employees



SUPPLIERS

- Partners
- Rating Agencies
- Vendors
- Service Providers



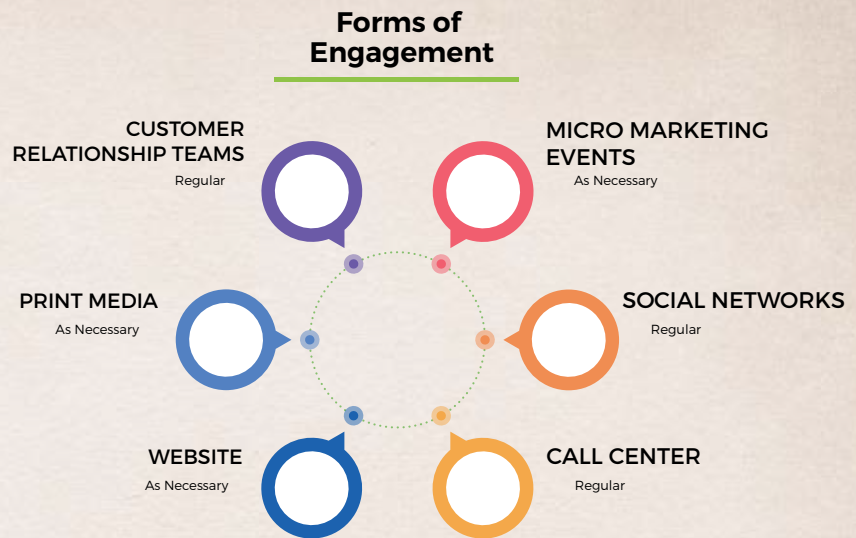
REGULATORS POLICY MAKERS

- Bangladesh Bank
- Bangladesh Securities & Exchange Commission
- National Board of Revenue



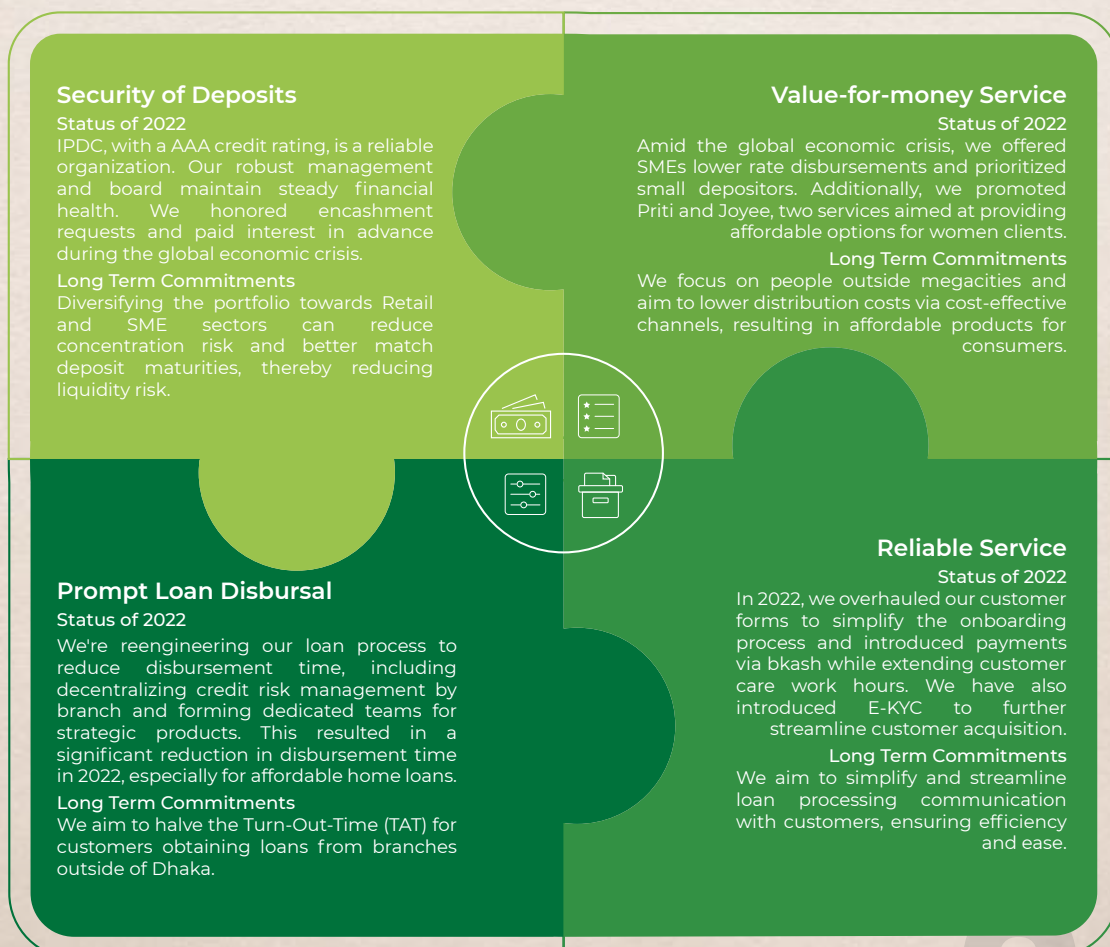
CUSTOMERS

At the core of IPDC's strategy lies a customer-centric approach. The company strives to gain a deeper understanding of its customers' unique needs and desires beyond mere demographic information such as names, ages, and incomes. By doing so, IPDC can identify opportunities for growth and develop innovative solutions that cater precisely to the current and future demands of its customers



Total No. of Customers 74,256

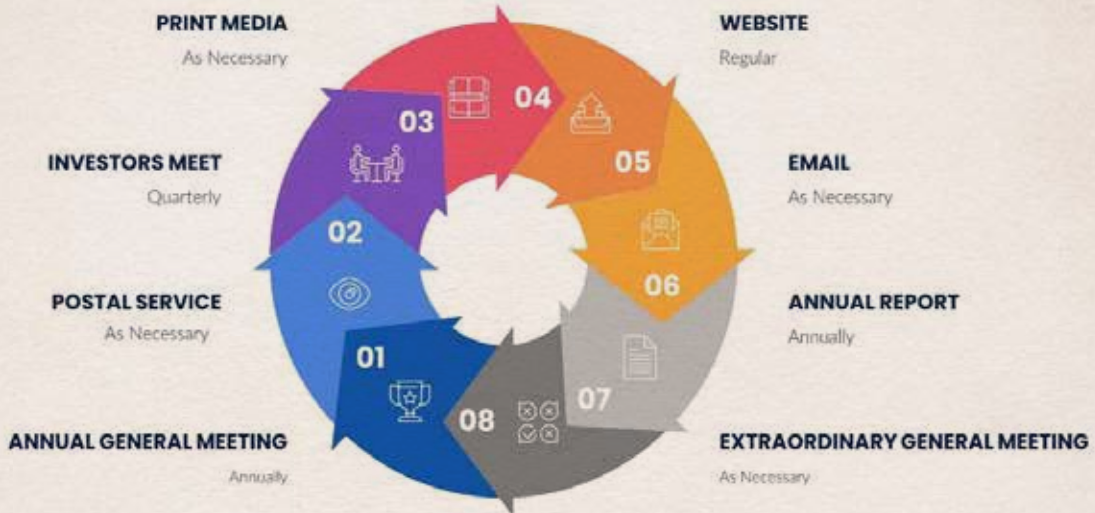
Value Creation Process for Our Customers



INVESTORS

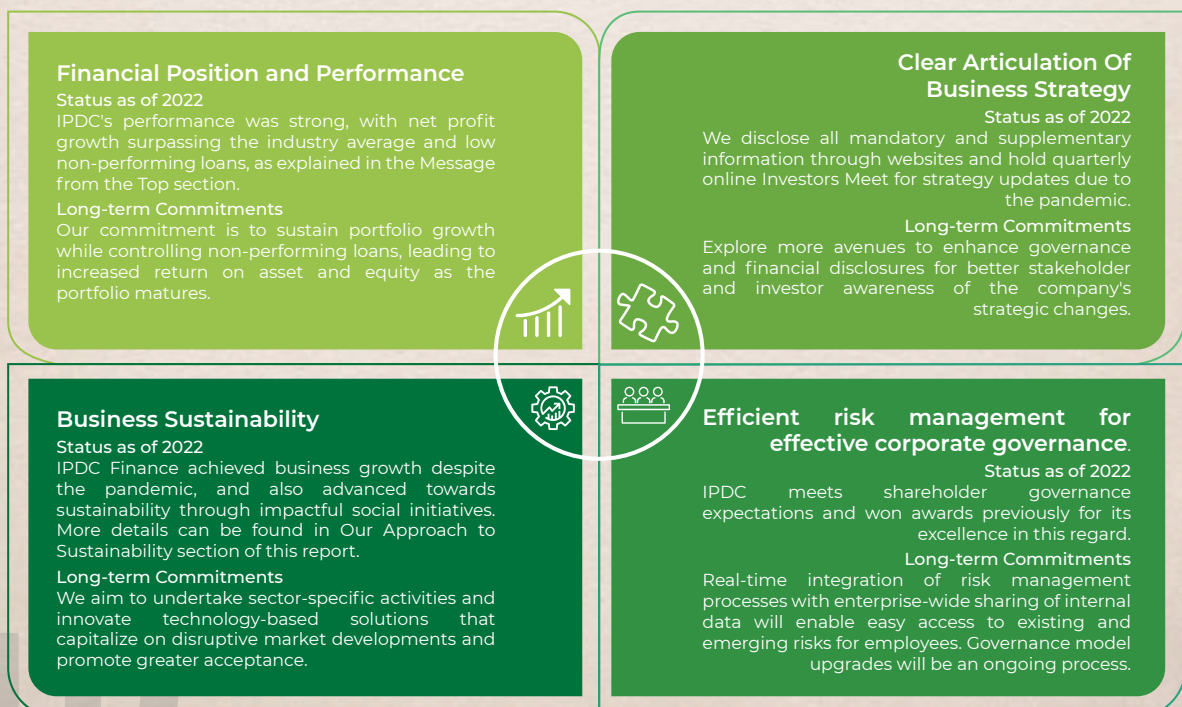
Investors, who are a significant source of capital, need consistent information about IPDC's performance and progress towards sustainable growth to monitor the company's ability to enhance shareholder wealth.

FORMS OF ENGAGEMENT



Return on Equity: 13.70%
Dividend: 10% Cash

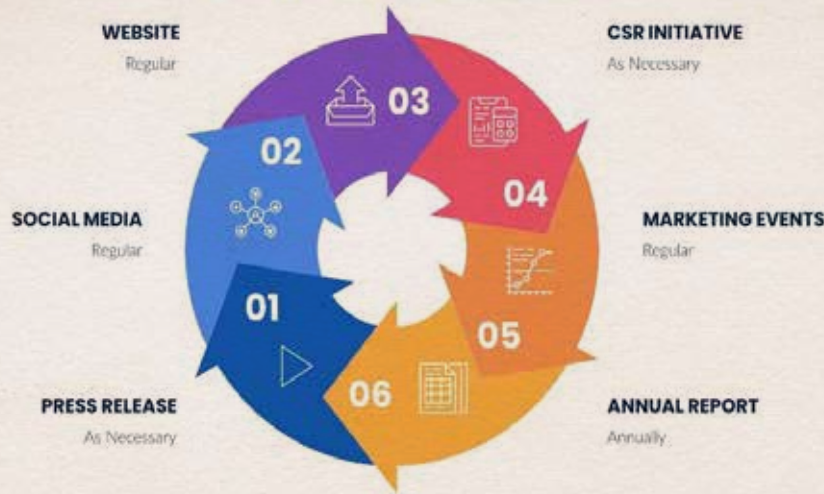
Value Creation Process for Our Investors



COMMUNITIES AND SOCIETIES

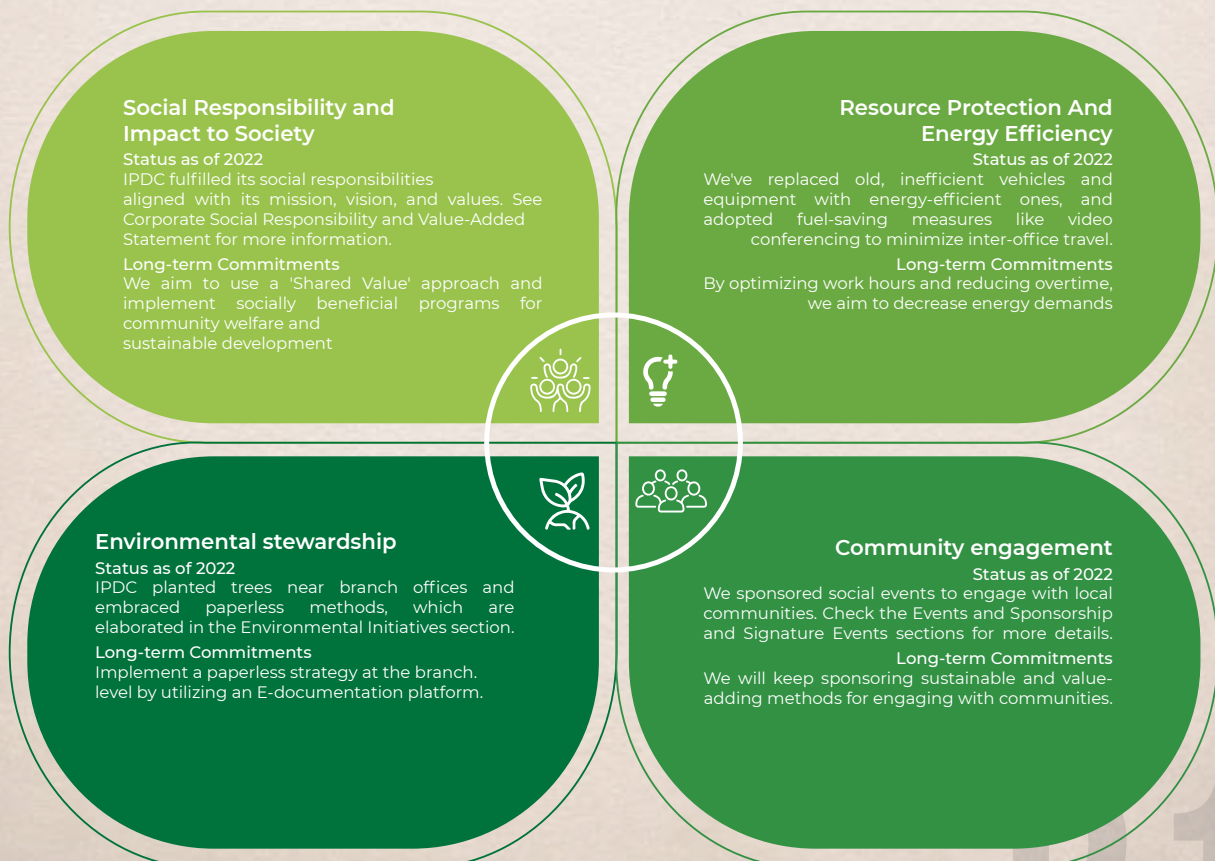
IPDC engages with various individuals and organizations that hold significant influence on its business, such as local residents, community development groups, environmental and development organizations, citizen associations, and NGOs.

FORMS OF ENGAGEMENT



CSR Spending: 17.50 MN BDT
Economic Value Added: 1,252.97 mn BDT

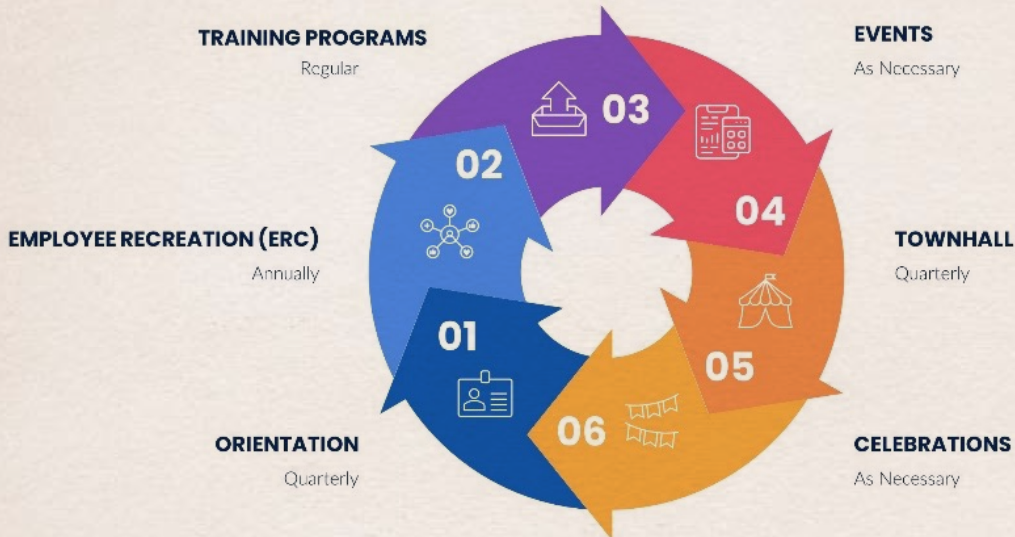
Value Creation Process for Our Communities and Societies



EMPLOYEES

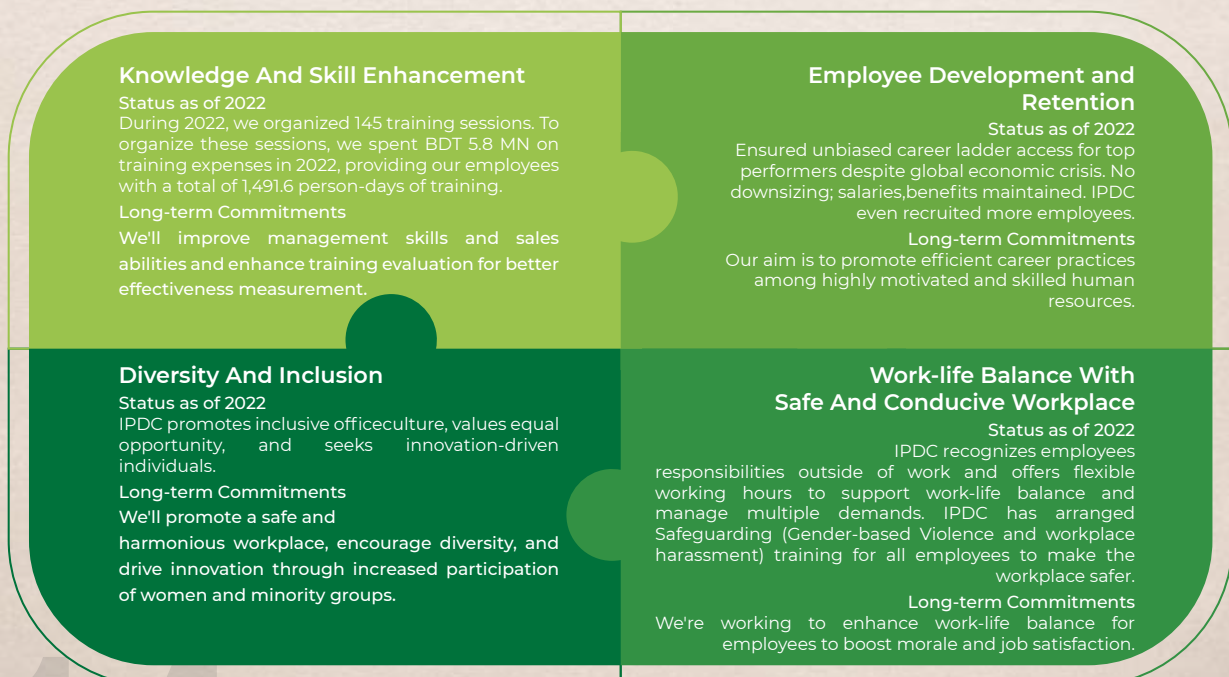
The success of IPDC is dependent on its employees, and to maintain a steady growth trajectory, the company acknowledges the need for an adaptive approach to fully unlock the potential of its workforce. IPDC encourages a culture of innovation, collaborative participation, and individual accountability. As of December 31, 2022, IPDC had a workforce of 896 individuals, and the organization has made significant investments to establish itself as a preferred employer.

FORMS OF ENGAGEMENT



Number of Employees: 896
Gender Ratio: Female 23%, Male: 77%

Value Creation Process for Our Employees



SUPPLIERS

As our institution expands its operations, our suppliers of goods and services are becoming increasingly crucial business partners. They play an integral role in meeting our customers' needs, and we collaborate closely with them to manage risks and promote ongoing improvements in performance standards through procurement.

FORMS OF ENGAGEMENT



Payment of suppliers: 522 MN BDT

Value Creation Process for Our Suppliers

Compliance with Contractual Terms

Status as of 2022

We have sustainable and mutually beneficial relationships with suppliers based on equity, respect, and honesty. In 2022, we met all contractual terms with our suppliers without any incidents

Long-term Commitments

We're committed to complying with industry best practices for payment processing and will regularly review and update our policies.



Transparent Procurement Process

Status as of 2022

Our policies require competitive procurement and bidding to promote equal opportunity for qualified suppliers to meet our requirements.

Long-term Commitments

We will keep updating our policy and practices to maintain high compliance standards in procurement, ensuring a transparent process.



On-time Payment Processing

Status as of 2022

As our business grows, we're enhancing our procurement team and streamlining processes to ensure faster payments while upholding compliance standards.

Long-term Commitments

To ensure that we have the best practices in the industry in the area of payment process, we will review our current process annually.

REGULATORS/POLICY MAKERS

Regulators or policy makers are entities such as bodies, departments, or organizations that oversee, monitor, and manage an industry or business activity. They wield substantial influence over the fundamental operations of the enterprise

FORMS OF ENGAGEMENT



CRR Surplus: 10.7 MN BDT
SLR Surplus: 2,414 MN BDT

Importance of Engaging Regulators/Policy Makers

Fluctuations in the policy and regulatory landscape can present both chances and hazards for our operations. By collaborating closely with regulators and policy makers, we can ensure that our company adapts in a lawful and efficient manner.

Compliance with rules and Regulations

Status as of 2022

IPDC remains a strongly compliant company that surpasses all regulatory prerequisites.

Long-term Commitments

We'll keep seeking and opportunities for capitalizing, while also ensuring sufficient safe guards to remain highly compliant.



Effective corporate Governance

Status as of 2022

All regulatory requirements to ensure effective corporate governance have been complied with by IPDC. Additional information about this can be found in the Governance and Risk Management section of the Annual Report.

Long-term Commitments

We will explore ways to enhance our governance practices without compromising the agility of our company operations.



On-time regulatory reporting

Status as of 2022

There were no instances of failing to meet there porting deadline during the year.

Long-term Commitments

As the demand for reporting grows, we will guarantee the availability of ample and proficient resources

SUSTAINABLE INITIATIVES

IPDC finance takes its Sustainable Initiatives through investment choices that lead to a greater focus on long-term, environmentally conscious operations. These initiatives are taken multiple axes of social, environmental and cultural sectors. Environmental initiatives encompass activities such as reducing the impact of natural disasters, climate change and adapting to it. The phrase "social considerations" encompasses topics like inequality, diversity, worker relations, and investing in human and community resources. Given that social disparity can be amplified by environmental changes, the two are often intertwined.

IPDC enhanced its sustainability policies and devised a more comprehensive strategy from 2022. Additionally, it reorganized its environmental management system and procedures to make a significant contribution to financing sustainable initiatives across various industries in the nation.

The Environment

As a major financial entity, IPDC is aware of the ecological impact of its activities. It is continually striving to lower the environmental effect of both its operations and offerings. IPDC is gradually replacing its traditional manual approach to conducting business.

Tree Plantation

IPDC planted trees near its central office and various locations to highlight the pressing need to conserve the environment. In addition to being advantageous for the environment, planting trees is an effective way for IPDC to convey its green message and reinforce its existing corporate social responsibility strategy. To foster an appreciation for nature, programs were also planned to educate children about tree planting, roof-top gardening, indoor gardening, aquaculture, and other relevant subjects.

As part of the environmental and climate change mitigation agenda, IPDC Finance planted 400 plants in the Mirpur campus of Obhizatrik school. This has not only beautified the campus but also helps environmental and climate change mitigation.

Going Paperless

The objective of IPDC's paperless initiative is to greatly reduce or eliminate the use of paper in the workplace. To gradually transition away from a paper-based organizational culture, IPDC introduced the Electronic Document System (eDoC) in 2017, which has since been maintained. This virtual document storage and file sharing system across the organization will eliminate the need for maintaining numerous client files and paper documents. IPDC believes that going paperless not only helps the environment, but also saves money, increases productivity, conserves space, facilitates the sharing of information and documents, and ensures the protection of personal data.

IPDC has also taken steps to decrease paper usage through the following actions:

- Setting the default settings of printers to double-sided printing and utilizing both sides of paper for photocopying.
- Previewing documents before printing to prevent errors and minimize the need for reprinting.
- Using smaller fonts when printing to reduce the number of pages, if possible.
- Circulating handouts or meeting minutes via email prior to training or meetings to eliminate the need for printed materials for each participant.
- Placing a "recycled paper" box near printers or desks to encourage employees to use it for draft purposes.
- Reusing mail envelopes for internal and/or unofficial use.
- Utilizing electronic notepads on laptops or smartphones instead of paper notebooks for personal notes.

Due to this increased awareness, IPDC was able to significantly decrease paper consumption in 2022.

Green Branch

The planning for establishing an eco-friendly branch was executed in line with the objective of the long run. Nevertheless, due to the persistent pandemic scenario, the concept has been deferred for some time. The significance of reducing our environmental footprint and endorsing environmental campaigns has been emphasized by the increasing market operations and heightened worldwide recognition of environmental issues. Adopting eco-friendly practices offers several benefits, not just the satisfaction of protecting the environment. It can directly impact our business by reducing operational costs and optimizing the efficiency of our processes.

Community Welfare Promoting Green Ideas

In line with past years, IPDS's Head Office and all its branches observed Green Workstation Day in the early months of 2022. The goal was to raise awareness among the staff about the need for a healthy working environment. To create a comfortable and eco-friendly working environment, each employee cleaned up their personal workspaces and decorated the area with plants to suit their preferences.

The Society

As a responsible financial institution, IPDC Finance Limited recognizes its duty towards the society it operates in. We believe that sustainability is not just a buzzword, but a responsibility that we owe to the people and the environment around us. Our commitment towards society is reflected in our corporate values and culture, and we strive to make a positive impact on the community we serve.

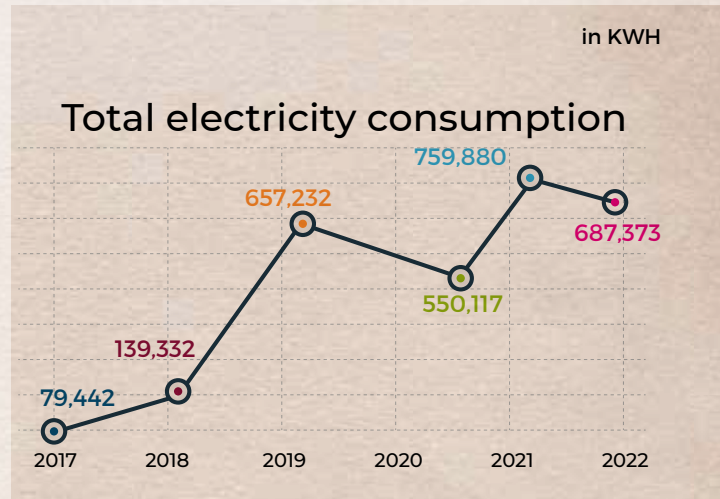
IPDC intends to provide cutting-edge solutions to unbanked microentrepreneurs in disadvantaged areas. Successful implementation of the solution will improve financial inclusiveness across the nation. IPDC is of the opinion that cooperating with its clients is essential for the advancement of the community as a whole. To address the possible environmental and social risks arising from the client's business operations, IPDC has incorporated a Corrective Action Plan in its Environmental and Social Risk Management Policy. This plan involves collaborating with the client within a mutually agreed timeframe to reduce or eliminate the potential risks posed by their business activities.

Energy Reduction

The objective of IPDC is to conserve electricity in its office buildings in an effort to cut down energy consumption and preserve fuel resources. The organization encourages energy-saving behavior at an individual level and promotes the following practices:

- Adjusting attire to the weather to minimize air conditioning usage.
- Maintaining the thermostat temperature above 24°C
- Examining the building's insulation
- Employing energy-efficient modes for electrical devices
- Swapping out old, inefficient equipment with highly rated energy-saving alternatives.
- Turning off power switches when not needed
- Water conservation.

The effect of these measures is evident in our total electricity consumption in 2022. Despite opening of new branches and new extension to our head office we have seen a significant drop in our total electricity usage in 2022.



The Governance System

IPDC's values of impartiality, openness, obligation, and answerability are at the center of its corporate governance system. To ensure compliance, the company adheres to the rules, regulations, and directives of regulatory authorities such as the Securities and Exchange Commission and Bangladesh Bank. The Board of Directors, which comprises 12 members, including two autonomous directors, is responsible for ensuring that IPDC conducts all its activities with the highest ethical standards and in the best interests of all relevant parties. Various committees, such as the Board Audit Committee, Board Executive Committee, and Management Committee, are involved in achieving this goal. The internal auditor reports directly to the Audit Committee and is not related to management.

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

- Attending to clients' needs quickly, objectively, and with the utmost importance.
- Maintaining the potential and abilities of personnel at all organizational levels by rewarding exceptional performance and promoting from within to foster an environment of high expectations and success.
- Maintaining a focus on quality and a commitment to sustaining the business culture.
- Continuing to participate personally and professionally in initiatives that advance society and the country.
- Upholding local community values.
- Making a commitment to watch for economic developments that have an impact on the businesses and to adapt to rapidly shifting consumer expectations.
- Carrying out ongoing planning, balanced diversification, and orderly expansion to address all obstacles.
- Committed to setting a good example for others to follow and takes its responsibilities to the shareholders very seriously.

ENABLING SUSTAINABLE SOCIETY

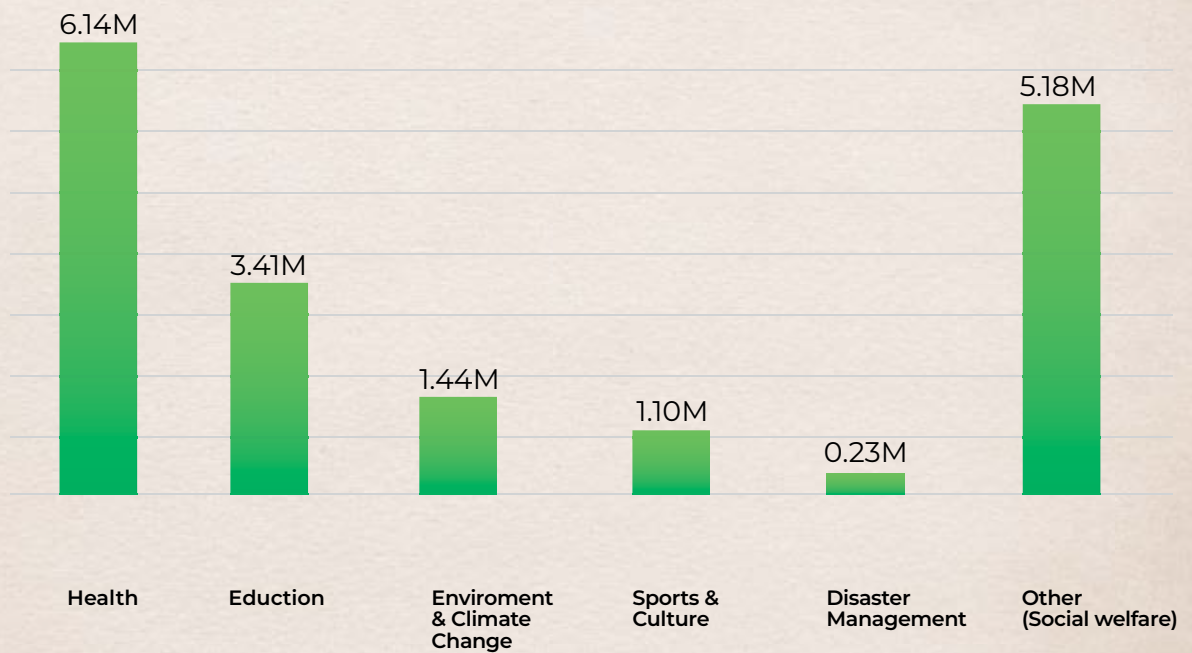
IPDC promotes access to information, media literacy, and the development of independent and pluralistic media. By supporting media development, IPDC helps to empower communities and promote accountability, transparency, and democracy. IPDC also supports the use of media and communication to address environmental issues and promote sustainable development. Through its funding and initiatives, IPDC plays an important role in advancing sustainable development and building resilient and inclusive societies. IPDC has endeavored to achieve its goal by erecting schools, libraries, and public restrooms. The company has also aided other educational institutions, libraries, sports academies, and non-governmental organizations by contributing books, jerseys, and assistance during times of calamity. Additionally, IPDC has established sustainable products such as Affordable Home Loan and SME loans for areas outside major cities, which has facilitated the development of the neighboring regions surrounding the company's project sites.

CSR STATEMENT

IPDC has made a long-term pledge to Corporate Social Responsibility (CSR) which is an essential part of its operations. The company has made noteworthy strides in contributing to the social sector development of Bangladesh by proactively supporting socio-economic growth and allowing more individuals to take part in and benefit from the country's progress.

Sector Wise CSR Spending in 2022

In BDT



The CSR policy of IPDC is in line with its vision to serve the Women, Youth, and Underserved population. This is evident with the recent CSR spending across various sectors like education, health, environment etc. It has a board resolution in place to ensure the allocation of the required funds in relevant areas according to the focus areas. IPDC Finance Limited is committed to adhering to environmental regulations to maintain an ecological and social balance, ensuring that the world remains a safe and habitable place for all living beings and their future generations. The company considers sustainability as a crucial aspect of its business strategy. Thus, IPDC strives to preserve a habitable planet for future generations by embracing new opportunities for financing, investment policies, and portfolio management that work towards building a strong and successful yet low carbon economy. Furthermore, IPDC was the first financial institution in the country to implement Bangladesh Bank's Green Banking Guidelines in phases.

COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS

IPDC pledges to adhere to the United Nation's Sustainable Development Goals which became a priority for member countries, governments, private sectors, civil societies, and responsible organizations around the world. IPDC believes that significant development can be made through the financial institutions to impact the implementation of SDGs along the following axes:



RESPONSIBLE BUSINESS

Activities

Affordable Home Loan
 Capacity Development
 Creating Entrepreneurs
 Sustainable Growth

SDG GOALS

Goal #1: No Poverty
 Goal #2: Zero Hunger
 Goal #8: Decent Work & Economic Growth
 Goal #9: Industry, Innovation and Infrastructure
 Goal #16: Peace, Justice and Strong Institutions

SUSTAINABLE ENVIRONMENT

Activities

Green Financing
 Environmental Initiatives
 Green Branch
 Going Paperless

SDG GOALS

Goal #6: Clean Water and Sanitation
 Goal #12: Responsible Consumption and Production
 Goal #13: Climate Action

PEOPLE & COMMUNITY DEVELOPMENT

Activities

Special Products for Women
 Improving Gender Parity
 Impactful CSR
 Partnering with Development Agencies

SDG GOALS

Goal #3: Good Health and Wellbeing
 Goal #4: Quality Education
 Goal #5: Gender Equality
 Goal #10: Reduced Inequality

FOR SUSTAINABLE RATING



IPDC Finance Limited has been recognized in the Sustainability Rating by Bangladesh Bank recently for both the years 2020 and 2021. Mominul Islam, Managing Director and CEO of IPDC Finance has received the award from Fazle Kabir, Governor of Bangladesh Bank at the “Sustainable Rating Recognition Ceremony” organized by Bangladesh Bank. Only 5 non-bank financial institutions made it to the list and IPDC has made its place in both the years 2020 and 2021.



IPDC Finance was recognized for its sustainable approach by the Bangladesh Bank at the 9th Annual Banking Conference. The financial institution received sustainability recognition from the central bank in both 2020 and 2021, highlighting its commitment to environmental, social, and governance (ESG) issues. At the conference, Mominul Islam, the Managing Director and CEO of IPDC Finance, was presented with a crest in recognition of the company's sustainable approach.

SUCCESS STORY

IPDC AND AMAL FOUNDATION JOIN HANDS TO SOLVE ONE OF THE CORE PROBLEMS OF BANGLADESH

In a country run by a female charismatic leader, Bangladesh still faces a hindering issue that still holds the country back from its utmost potential- The Child Marriage! Bangladesh still has one of the highest rates of child marriage. 51% of young women were married before turning 18. The practice of child marriage reflects deep-rooted norms and the unequal status of girls in society as females are often seen as financial burdens.

Now, Bangladesh's one of the prominent non-banking financial institutions, IPDC Finance, and Amal Foundation joined hands to solve this problem with a very innovative solution.

INTRODUCING IPDC CHILD MARRIAGE PREVENTION LOAN!

With an aim to prevent child marriage, IPDC Finance took a step to eradicate the root cause of the issue. As mentioned earlier, the major reason for child marriage is parents with low income consider a girl child a financial burden (education cost, upbringing cost, etc.).

Powered by Amal Foundation and conceptualized by Grey Bangladesh, IPDC Finance came up with a very simple, yet game-changing big idea. Transforming the thought of burden into an asset for the parents.

The Child Marriage Prevention Loan By IPDC.

SO, WHAT IS THIS LOAN?

A microfinancing loan with 0% interest, 0 Collateral for the parents with a girl child with only three conditions to fulfill.

- Must be a parent of a girl child aged between 12 to 18 years.
- The girl child cannot be married before the legal age.
- The girl child must be educated until at least the end of High School.

Brilliant, isn't it?

SO, HERE'S HOW IT WORKS:

IPDC and Amal Foundation receive and verify loan applications. Then parents take pledges when receiving loans from IPDC and Amal in front of the community. Then Amal Foundation ensures 'Training and Sustainable Business Set Up' for the parents. Finally, Amal collects weekly installments and monitors the business set up by the parents.

The Impact

Now, what's the impact of such an attempt from IPDC and Amal Foundation? Let's have a deep dive:

Solving the main pain point

As mentioned earlier, the core reason for Child Marriage here in Bangladesh is the insolvency of parents which led to the thought of considering a girl child as a financial burden. Adding on, for many daily wage earners, lockdowns further limited their incomes, forcing their migration back to rural Bangladesh. Hence, the urgency of such an attempt from a brand link IPDC was a crying need for the country.

And, talking about the solution- it really puts the money where the mouth is while assuring its effectiveness of it with a commitment to improving the standard of life for the ones who need it the most.

The Macro Impact

On a Macro level, this innovative solution will have a bigger impact than accepted.

Child marriage isn't simply an infringement against human rights, yet is an additional boundary to individual and social development. Young ladies previously going to class are compelled to stop. There is no way for training and empowerment. These young ladies will generally get more continuous and spontaneous pregnancies, as a result of the absence of preventative use. As a result, the economy of the country also takes a sheer unrealized hit because of this practice of child marriage.

We have numerous encouraging motivation-centric approaches to child marriage eradication in Bangladesh. But one must understand that the issue the low-income parents are facing here is directly related to their survival. And usually, motivation takes a south turn when it's about survival.

Hence, this Child Marriage Prevention Loan from IPDC, powered by Amal Foundation realizes the actual need and hopefully will have an instant and absolute outcome that ensures the future of Bangladesh with-

'Every Girl Contributing To The Sustainable Future Of Bangladesh As A Self-Empowered Asset To The Society.'



FUTURE OUTLOOK

IPDC plans to disburse a significant sum of money for eco-friendly financing ventures, spanning a wide range of industries in the upcoming five years. The prime focus of IPDC will be on sustainable ecological housing, renewable energy facilities, energy-saving undertakings, environmental treatment plants/water treatment plants, waste management, aquatic resources conservation, recycling, organic farming ventures, and more. The company is devising green financial products for individual and institutional clients. With the assistance of Bangladesh Bank, green financing is set to advance rapidly throughout the nation, and IPDC anticipates playing a significant part in the financial industry's green financing.

VALUE ADDED STATEMENT

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

Value Added by the Company

in BDT mn

Value Added	2018	%	2019	%	2020	%	2021	%	2022	%
Net Interest Income	1,698.3	130.8%	1,942.8	118.1%	2,017.0	100.3%	2,783.1	117.9%	2,770.2	122.2%
Commission, Exchange & Brokerage	89.2	6.9%	78.2	4.8%	108.4	5.4%	180.3	7.6%	151.2	6.7%
Investment Income	63.3	4.9%	115.2	7.0%	638.7	31.8%	471.3	20.0%	202.1	8.9%
Other Income	23.6	1.8%	29.6	1.8%	65.7	3.3%	10.0	0.4%	123.5	5.4%
Management expenses excluding salaries & allowances, depreciation	(314.2)	-24.2%	(330.3)	-20.1%	(341.1)	-17.0%	(383.5)	-16.2%	(483.7)	-21.3%
Provision for doubtful losses	(262.3)	-20.2%	(190.8)	-11.6%	(478.2)	-23.8%	(700.0)	-29.6%	(495.9)	-21.9%
Total Value Added by The Company	1,298.0	100.0%	1,644.6	100.0%	2,010.5	100.0%	2,361.2	100.0%	2,267.3	100.0%

Distribution of Value

Value Added	2018	%	2019	%	2020	%	2021	%	2022	%
Employees										
As salaries & allowance	396.4	30.5%	566.5	34.4%	692.8	34.5%	740.6	31.4%	864.8	38.1%
Provider of Capital										
Dividends to shareholders	363.6	28.0%	327.2	19.9%	530.1	26.4%	445.3	18.9%	371	16.4%
Government										
As taxes	410.6	31.6%	431.1	26.2%	495.9	24.7%	622.3	26.4%	363.4	16.0%
Expansion & Growth										
Retained as capital and reserve	86.4	6.7%	235.2	14.3%	175.4	8.7%	435.7	18.5%	530.0	23.4%
Depreciation	41.0	3.2%	84.5	5.1%	116.3	5.8%	117.2	5.0%	138.1	6.1%
	127.4	9.8%	319.8	19.4%	291.7	14.5%	553.0	23.4%	668.1	29.5%
Total Distribution of Value Addition	1,298.0	100.0%	1,644.6	100.0%	2,010.5	100.0%	2,361.2	100.0%	2,267.3	100.0%

CULTURE

AMADER GAAN

“Amader Gaan” by IPDC is a modern interpretation of traditional Bangladeshi folk music, which embarks on its journey during the 50th anniversary of the country’s independence. 4th season of this musical event was launched in 2022. By utilizing this platform, IPDC aims to honor the richness and variety of Bangladeshi culture, while also introducing lesser-known music genres, such as folk music, to a worldwide audience.



SOCIAL WELFARE INITIATIVES

AWARD FOR UNSUNG WOMEN NATION BUILDERS

The sixth Unsung Women Nation Builders Awards ceremony took place in 2022. IPDC, in collaboration with The Daily Star, took the initiative to honor these unsung heroes of the country and give them a platform where their inspirational stories could be celebrated after realizing that while women have always played a crucial role in Bangladesh's development, those from the underprivileged class have not always been strongly featured in the country's success narratives.



SUBODH IPDC

To advance education in the country, IPDC continued its "IPDC Subodh" credit line last year as well along with rokomari.com, which opened broader access to books to the mass. It garnered much attention from the people and we disbursed approximately 4.5 lacs taka to 243 customers.

IPDC
সুবোধ

PRIYO SHIKKHOK 2022

'Priyo Shikkhok Shommanona' programme was organized collaboratively by IPDC Finance Limited and the Daily Prothom Alo for the third time in 2022 to acknowledge the exceptional efforts of teachers at the school-level throughout the nation. Total 11 primary and secondary level teachers out of 1,697 nominations across the country were awarded for their efforts.



CHILD MARRIAGE PREVENTION LOAN

The Child Marriage Prevention Loan, an innovative loan to prevent child marriages among the underprivileged people of Bangladesh in association with Amal Foundation, IPDC Finance donated to support the activities of the project.



CONTRIBUTION TO GOVERNMENT EXCHEQUER

Contribution to government exchequer is the amount IPDC pays to the government in form of Withholding Tax, Corporate Tax, Value Added Tax (VAT) and Excise duty. IPDC is among the large contributors to government exchequer of the country and as such creates a significant impact to the development of the country.

Particulars	2018	2019	2020	2021	2022
Withholding Tax					
Salary	15,657,755	23,146,650	24,623,687	32,164,871	44,198,218
Interest on savings deposit	233,384,657	349,449,706	422,820,132	311,350,282	474,471,609
Payment of Supplier	3,021,168	4,738,528	1,892,688	4,660,801	4,091,390
House Rent	802,266	1,155,978	1,072,143	1,058,749	1,439,694
Dividend Payment	-	15,000,000	36,947,074	45,020,223	46,101,727
Payment for Professional & Technical Services	2,256,081	4,326,115	1,587,483	2,314,463	3,283,467
Others	4,869,229	18,729,582	7,334,202	27,235,207	86,799,094
Total Withholding Tax	259,991,156	416,546,559	496,277,409	423,804,596	660,385,198
VAT					
House Rent	3,349,095	4,391,499	5,087,170	5,706,564	6,984,205
Processing, Documentation Fee etc.	13,193,414	12,323,267	11,731,558	21,462,148	19,592,023
Procurement of goods and services	4,291,885	6,736,513	4,983,283	7,333,892	9,553,907
Legal, Professional & Technical Fees	2,417,629	6,436,705	2,305,302	6,230,295	7,815,827
Director Fees	122,400	68,400	93,600	86,400	84,000
Promotion	7,362,233	4,170,241	1,967,511	2,896,853	2,260,307
Others	5,137,532	8,169,290	7,355,198	6,996,912	13,520,946
Total VAT	35,874,188	42,295,915	33,523,622	50,713,064	59,811,214
Corporate Tax	281,745,290	392,364,068	307,549,101	373,194,584	666,739,322
Excise Duty	26,730,250	39,289,100	54,432,150	76,084,550	79,471,618
Total Paid to Government Exchequer	604,340,885	890,495,642	891,782,282	923,796,794	1,466,407,352

The collective contribution to the National Exchequer for the last five years was BDT 4,777 million, of which, BDT 1,466.4 million (30.7%) was made in 2022 alone. Out of total BDT 1,466.4 million, BDT 666.7 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.

SUSTAINABILITY SCORE CARD

Performance Indicators	2020	2021	2022
Customers			
Number of customers	14,780	27,421	74,256
Number of branches	12	15	15
Refinancing Portfolio (BDT mn)	3,073	4,151	6,961
Loans to corporate (BDT mn)	24,146	30,797	30,205
Loans to SME (BDT mn)	16,470	20,198	21,965
Loans to individuals (BDT mn)	12,994	14,332	15,935
No. of Priti Accounts	616	1,560	1,888
Employees			
Permanent	581	590	679
Outsourced/Contractual	264	259	217
New recruitments	128	190	407
% of Female permanent employees (%)	21%	20%	23%
Average training hours per headcount	20	13	13
Training expenditure per headcount (BDT)	10,293	3,013	6,473
Employee salary and benefits (BDT mn)	693	741	865
Investors			
Revenue (BDT mn)	2,830	3,445	3,247
Operating profit (BDT mn)	1,680	2,203	1,760
Profit after tax (BDT mn)	706	881	901
Economic value added (BDT mn)	635	909	526
Market value added (BDT mn)	4,179	7,971	14,572
Dividends distributed (BDT mn)	530	445	371
Dividends declared (%)	12%	12%	10%
Suppliers			
Payment to Suppliers (BDT mn)	381	391	522
Total capital expenditure (BDT mn)	46	101	87
Communities and Society			
CSR contribution (BDT mn)	29	13	17
Utility expense per square feet (BDT)	223	228	238
Printing & stationery expense per employee (BDT)	9,656	6,652	12,854
Travelling expense per employee (BDT)	16,195	20,106	23,857
Regulators			
Penalty for breach in compliance	-	-	-
Corporate tax to government (BDT mn)	892	924	1,466



FINANCIAL STATEMENTS

IPDC FINANCE LIMITED

DECLARATION BY CEO AND CFO

Date: 20 February 2023

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 2022

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 2022 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 2022 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



Ashique Hossain
Chief Financial Officer
(Acting)

IPDC FINANCE LIMITED

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2022**

231



Rahman Rahman Huq

Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka 1212
Bangladesh

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Internet www.kpmg.com/bd

Independent auditor's report

To the Shareholders of IPDC Finance Limited
Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of IPDC Finance Limited (the "Company"), which comprise the balance sheet as at 31 December 2022 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in Note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Measurement of provision for loans, advances and leases

See Notes 3.11, 8.9 and 14.1 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The process for estimating the provision for loans, advances and leases associated with credit risk is judgmental and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end the Company reported total gross loans, advances and leases of BDT 68,105,576,243 (2021: BDT 65,327,246,605) and provision for loans, advances and leases of BDT 2,352,369,879 (2021: BDT 1,951,585,349).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> – Credit monitoring and provisioning process; – Identification of loss events, including early warning and default warning indicators; – Review quarterly Classification of Loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> – Reviewed the adequacy of the Company's general and specific provisions;



Rahman Rahman Huq
Chartered Accountants

Independent auditor's report (continued)

1. Measurement of provision for loans, advances and leases (continued)	
See Notes 3.11, 8.9 and 14.1 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> – Completeness and timing of recognition of loss events in accordance with criteria set out in Bangladesh Bank's guidelines issued time to time. – For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; – Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates. 	<ul style="list-style-type: none"> – Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and – Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
2. Loans and advances	
See Note 8 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>A high volume of loan origination and payment activity results in the risk of inaccurate recording, processing errors or fraudulent transactions, which requires special audit consideration because of the likelihood and potential magnitude of misstatements to the completeness, existence and accuracy of loans and advances.</p>	<p>We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement and documentation process of loans and advances.</p> <p>We have performed procedure to check whether the Company has ensured appropriate documentation as per Bangladesh Bank regulations and the Company's policy before disbursement of loans and advances. In addition, we have performed procedure to check whether the loans and advances are recorded completely and accurately and that are existed at the reporting date.</p> <p>Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.</p>

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the Company.

Independent auditor's report (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in Note 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 2020, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;



Rahman Rahman Huq
Chartered Accountants

Independent auditor's report (continued)

(iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

(iv) the expenditures incurred were for the purpose of the Company's business for the year;

(v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;

(vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;

(vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;

(viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;

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

(x) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;

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

(xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;

(xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;

(xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;

(xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 938 person hours for the audit of the books and accounts of the Company;

(xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;

(xvii) the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and

(xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

The engagement partner on the audit resulting in this independent auditor's report is Ali Ashfaq .

Ali Ashfaq, Partner, Enrolment Number: 509

Rahman Rahman Huq, Chartered Accountants Firm

Registration Number: [N/A]

Dhaka, 01 MAR 2023

DVC: 2303010509AS846749

IPDC FINANCE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

Particulars	Note	2022 Taka	2021 Taka
Property and assets			
Cash			
	5		
In hand (including foreign currencies)		495,000	420,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		734,784,074	715,616,272
		735,279,074	716,036,272
Balance with other banks and financial institutions			
	6		
Inside Bangladesh		11,939,491,287	13,507,488,246
Outside Bangladesh		-	-
		11,939,491,287	13,507,488,246
Money at call and short notice			
		-	-
Investments			
	7		
Government securities		-	231,898,119
Other investments		2,499,501,477	2,508,463,823
		2,499,501,477	2,740,361,942
Loans, advances and leases			
	8		
Loans, cash credits, overdrafts etc.		68,105,576,243	65,327,246,605
Bills purchased and discounted		-	-
		68,105,576,243	65,327,246,605
Fixed assets including land, building, furniture and fixture			
	9	876,327,403	765,243,141
Other assets			
	10	2,572,451,163	1,912,465,384
Non banking assets			
	11	3,752,405	3,752,405
Total assets		86,732,379,052	84,972,593,995
Liabilities and capital			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	12,097,050,078	10,495,832,829
Deposits and other accounts			
	13		
Current accounts and other accounts		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		59,139,483,337	60,405,264,987
Bearer certificate of deposits		-	-
Other deposits		-	-
		59,139,483,337	60,405,264,987
Other liabilities	14	8,692,902,498	7,718,467,536
Total liabilities		79,929,435,913	78,619,565,352
Shareholders' equity			
Paid up capital	15	3,710,915,470	3,710,915,470
Share premium	16	402,627,680	402,627,680
Statutory reserve	17	1,160,484,505	980,280,489
Assets revaluation reserve	18	304,583,030	305,973,574
Retained earnings	19	1,224,332,454	953,231,430
Total shareholders' equity		6,802,943,139	6,353,028,643
Total liabilities and shareholders' equity		86,732,379,052	84,972,593,995
Off-balance sheet items			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee	20	12,163,774	35,897,774
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		12,163,774	35,897,774

IPDC FINANCE LIMITED

BALANCE SHEET

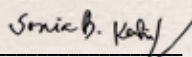
AS AT 31 DECEMBER 2022

Particulars	Note	2022 Taka	2021 Taka
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		<u>-</u>	<u>-</u>
Total off-balance sheet items including contingent liabilities		<u>12,163,774</u>	<u>35,897,774</u>
Net Asset Value (NAV) per Share	43	<u>18.33</u>	<u>17.12</u>

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



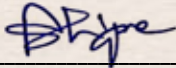
Chairman



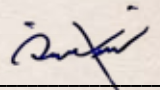
Director



Managing Director & CEO

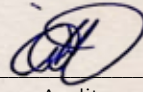


Chief Financial Officer
(Acting)



Company Secretary

As per our report of same date.



Auditor

Dhaka, 1 March 2023

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

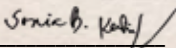
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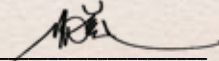
IPDC FINANCE LIMITED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

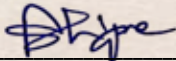
Particulars	Note	2022 Taka	2021 Taka
Interest income	22	7,080,316,655	6,544,505,719
Less: Interest paid on deposits and borrowings, etc.	23	4,310,117,945	3,761,443,369
Net interest income		2,770,198,710	2,783,062,350
Investment income	24	202,104,580	471,256,755
Commission, exchange and brokerage	25	151,194,042	180,341,314
Other operating income	26	123,455,293	10,007,827
Total operating income		3,246,952,625	3,444,668,246
Salary and allowances	28	848,352,078	724,155,169
Rent, taxes, insurance, electricity, etc.	29	32,296,269	26,141,595
Legal expenses	30	65,668,980	53,091,369
Postage, stamp, telecommunications, etc.	31	15,782,422	12,695,159
Stationery, printing, advertisements, etc.	32	112,386,288	123,374,537
Managing Director's salary and allowances	33	16,450,000	16,430,807
Directors' fees	34	1,223,720	1,400,361
Auditors' fees	35	1,759,500	1,624,950
Charges on loan loss		-	-
Depreciation, amortisation and repair of assets	36	215,356,247	176,042,631
Other expenses	37	177,392,964	106,342,464
Total operating expenses		1,486,668,468	1,241,299,042
Profit before provision		1,760,284,157	2,203,369,204
Provision for loans and advances	38	449,862,621	673,132,814
Provision/(reversal) for diminution in value of investments	39	35,418,720	13,988,712
Other Provisions		10,631,900	12,919,634
Total provision		495,913,241	700,041,160
Profit before tax		1,264,370,916	1,503,328,044
Provision for taxation			
Current tax expense	14.4	367,448,480	621,982,872
Deferred tax expense/ (income)	40	(4,097,643)	285,636
		363,350,837	622,268,508
Net profit after tax		901,020,079	881,059,536
Appropriations			
Statutory reserve		180,204,016	176,211,907
General reserve		-	-
Proposed dividend		-	-
		180,204,016	176,211,907
Retained surplus		720,816,063	704,847,629
Earnings per share (EPS)	41	2.43	2.37

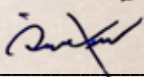
The annexed notes from 1 to 48 and Annexure A, B and C are an integral part of these financial statements.


Chairman

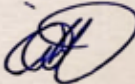

Director


Managing Director & CEO


Chief Financial Officer
(Acting)


Company Secretary

As per our report of same date.



Auditor

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

Dhaka, 1 March 2023

238

IPDC FINANCE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

For the year	Note	2022 Taka	2021 Taka
A) Cash flows from operating activities			
Interest received		7,300,904,900	6,789,835,005
Interest paid		(4,202,352,324)	(3,836,266,672)
Dividend received		129,490,996	145,233,587
Fee and commission received		151,194,042	180,341,314
Recoveries of loan previously written off		111,333,612	3,003,787
Payment to employees		(891,379,010)	(749,028,255)
Payment to suppliers		(521,541,374)	(391,337,632)
Income taxes paid		(666,729,110)	(373,234,574)
Receipt from other operating activities		33,130,584	238,264,765
Payment for other operating activities		-	-
Cash generated from/(used in) operating activities before changes in operating assets and liabilities		1,444,052,316	2,006,811,325
Changes in operating assets and liabilities			
Statutory deposits		-	-
Sale of trading securities		-	-
Loans and advances to other banks		306,181,140	(374,744,907)
Loans and advances to customers		(3,141,079,992)	(11,342,808,654)
Other assets		(360,959,981)	(42,993,361)
Deposits from other banks and financial institutions		(280,000,000)	784,481,239
Deposits from customers		(985,781,650)	7,164,441,785
Other liability accounts of customers		-	-
Trading liabilities		(1,354,689,837)	(671,760,497)
Other liabilities		194,447,879	64,303,431
Cash received/(paid) from operating assets and liabilities		(5,621,882,441)	(4,419,080,964)
Net cash from operating activities		(4,177,830,125)	(2,412,269,639)
B) Cash flows from investing activities			
Net proceeds of investment in securities		240,976,887	2,268,436,400
Purchase of property, plant and equipment		(125,574,267)	(85,279,296)
Sale proceeds of property, plant and equipment		2,417,634	6,791,444
Net cash (used in)/ from investing activities		117,820,254	2,189,948,548
C) Cash flows from financing activities			
Receipts from issue of loan and debt securities		-	-
Payments for redemption of loan and debt securities		(410,968,055)	(894,667,542)
Receipts from issue of ordinary share		-	-
Receipts/(payments) of long term loan		3,366,875,141	1,115,782,647
Dividends returned/(paid) in cash		(444,651,372)	(448,794,529)
Net cash (used in)/ from financing activities		2,511,255,714	(227,679,424)
D) Net increase in cash (A+B+C)		(1,548,754,157)	(450,000,515)
E) Effect of changes in exchange rate over cash and cash equivalent		-	-
F) Cash and cash equivalents at 1 January		14,223,524,518	14,673,525,030
G) Cash and cash equivalents at the end of the period (D+E+F)		12,674,770,361	14,223,524,515
Break down of cash and cash equivalents:			
Cash in hand		495,000	420,000
Balance with Bangladesh Bank and its agent bank(s)		734,784,074	715,616,272
Balance with other banks and financial institutions		11,939,491,287	13,507,488,246
		12,674,770,361	14,223,524,518
Net Operating Cashflow per Share (NOCFPS)	44	(11.26)	(6.50)

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

IPDC FINANCE LIMITED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

Particulars	Paid up capital Taka	Share premium Taka	Statutory reserve Taka	Assets revaluation reserve Taka	Retained earnings Taka	Total Taka
Balance as at 1 January 2022	3,710,915,470	402,627,680	980,280,489	305,973,574	953,231,430	6,353,028,643
Surplus/(deficit) on account of revaluation of assets	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	116,422	-	116,422
Transfer of revaluation reserve due to excess depreciation on building	-	-	-	(2,348,317)	2,348,317	-
Remeasurements of defined benefits liability (assets)	-	-	-	-	(6,753,500)	(6,753,500)
Deferred tax liability	-	-	-	841,351	-	841,351
Currency translation differences	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	-
Net profit for the period ended 31 December 2022	-	-	-	-	901,020,079	901,020,079
Dividend	-	-	-	-	(445,309,856)	(445,309,856)
Issuance of bonus share	-	-	-	-	-	-
Issuance of share capital	-	-	-	-	-	-
Appropriation during the period	-	-	180,204,016	-	(180,204,016)	-
Balance as at 31 December 2022	3,710,915,470	402,627,680	1,160,484,505	304,583,030	1,224,332,454	6,802,943,139
Particulars	Paid up capital Taka	Share premium Taka	Statutory reserve Taka	Assets revaluation reserve Taka	Retained earnings Taka	Total Taka
Balance as at 1 January 2021	3,710,915,470	402,627,680	804,068,582	442,086,996	703,733,335	6,063,432,063
Surplus/(deficit) on account of revaluation of assets	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	(134,771,239)	-	(134,771,239)
Transfer of revaluation reserve due to excess depreciation on building	-	-	-	(2,348,317)	2,348,317	-
Remeasurements of defined benefits liability (assets)	-	-	-	-	(12,387,995)	(12,387,995)
Deferred tax liability	-	-	-	1,006,134	-	1,006,134
Currency translation differences	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	-
Net profit for the period ended 31 December 2021	-	-	-	-	881,059,536	881,059,536
Dividend	-	-	-	-	(445,309,856)	(445,309,856)
Issuance of bonus share	-	-	-	-	-	-
Issuance of share capital	-	-	-	-	-	-
Appropriation during the period	-	-	176,211,907	-	(176,211,907)	-
Balance as at 31 December 2021	3,710,915,470	402,627,680	980,280,489	305,973,574	953,231,430	6,353,028,643

LIQUIDITY STATEMENT [ASSETS AND LIABILITIES MATURITY ANALYSIS] AS AT 31 DECEMBER 2022

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)	735,279,074	-	-	-	-	735,279,074
Balance with other banks and financial institutions	6,900,314,395	3,741,862,987	1,297,313,905	-	-	11,939,491,287
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	-	1,445,102,517	1,054,398,960	2,499,501,477
Loans and advances	4,548,936,596	10,974,344,129	14,372,322,343	30,087,701,582	8,122,271,593	68,105,576,243
Fixed assets including land, building, furniture and fixture	-	-	-	-	876,327,403	876,327,403
Other assets	-	-	-	-	2,572,451,163	2,572,451,163
Non banking assets	-	-	-	-	3,752,405	3,752,405
Total assets	12,184,530,065	14,716,207,116	15,669,636,248	31,532,804,099	12,629,201,524	86,732,379,052
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	1,744,558,415	1,561,453,687	2,494,500,480	5,633,626,326	662,911,170	12,097,050,078
Deposits	9,214,027,248	12,104,876,241	11,590,869,010	10,627,216,959	15,602,493,879	59,139,483,337
Other accounts	-	-	-	-	-	-
Provision and other liabilities	821,580,198	525,083,673	1,006,357,319	518,245,882	5,821,635,426	8,692,902,498
Total liabilities	11,780,165,861	14,191,413,601	15,091,726,809	16,779,089,167	22,087,040,475	79,929,435,913
Net liquidity gap	404,364,204	524,793,515	577,909,439	14,753,714,932	(9,457,838,951)	6,802,943,139

IPDC FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

1. Reporting entity

1.1. Company profile

IPDC Finance Limited (hereinafter referred as “IPDC” or the “Company”) was incorporated as a public limited company in 1981 under the Companies Act, 1913 as the premier private sector long term lending institution in Bangladesh with a mandate to promote economic growth in the country in its earlier name ‘Industrial Promotion and Development Company of Bangladesh Limited’. The Company is registered as a financial institution under the Financial Institutions Act, 1993 on 7 February 1995. The registered office of the Company is situated at Hosna Center (4th Floor), 106 Gulshan Avenue, Dhaka, Bangladesh. The Company has listed its share with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) in Bangladesh on 3 December 2006. Currently the Company has fifteen branch offices (including head office) located at Gulshan, Dhanmondi, Motijheel, Uttara, Chattogram, Narayanganj, Bogura, Gazipur, Sylhet, Cumilla, Mymensingh, Jashore, Rangpur, Faridpur and Khulna.

1.2. Nature of business of the Company

The Company has diversified its product portfolio and evolved as multiproduct financial institution that is specialised in providing long term and short term finance, project finance, lease finance, supply chain finance, home loan, equity financing, syndication finance, retail finance, Small & Medium Enterprises (SME) finance, asset backed securitisation, retailer finance, factoring finance, IPDC Ez and related consultancies.

2. Basis of preparation

2.1 Statement of compliance

The Financial Reporting Council (FRC) was formed as per the Financial Reporting Act, 2015. FRC adopted the International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board (IASB) which shall be followed by public interest entities in preparing their financial statements. The Financial Institutions Act, 1993 as amended is required to comply for the preparation of financial statements under such financial reporting standards.

Accordingly, the financial statements of the Company continue to be prepared in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Financial Institutions Act, 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act, 1994, the Securities and Exchange Rules 2020, Income Tax Ordinance and Rules, 1984, The Value Added Tax and Supplementary Duty Act, 2012, The Value Added Tax and Supplementary Duty Rules, 2016. If any requirement of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank, contradicts with that of IFRSs, the requirements of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank shall prevail. The financial statements have been prepared on historical cost basis except for land and building which are presented/stated at revalued amount. The Board of Directors of the Company has authorised these financial statements on 27 Feb, 2023

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 and 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 No. 11 dated 23 December 2009 which will strictly be followed by NBFIs. The templates of financial statements issued by Bangladesh Bank do not include other comprehensive income (OCI) and the elements of other comprehensive income are not allowed to be included 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 statements"	As per Para 60 of IAS 1 "Presentation of financial statements", An entity shall present current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular No. 11 dated 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 No. 11 dated 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.

S.L	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
4.	Non banking assets	IAS 1 "Presentation of financial statements"	There is no concept of non financial institutional assets items in any IFRS; hence there is no requirement for disclosure of non banking assets items on the face of the balance sheet.	As per DFIM Circular No. 11 dated 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 No. 11 dated 23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
6.	Intangible assets	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 No. 11 dated 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 equivalents	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 No. 11 dated 23 December 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 (Balance with Bangladesh Bank) which should be presented under "investment activities" as per IAS rather shown as cash & cash equivalent.
8.	Measurement of deferred tax assets	IAS 12 "Income taxes"	A deferred tax asset shall be recognised 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 utilised	As per DFIM circular No. 7 dated 31 July 2011, no deferred tax asset can be recognised for any deductible temporary difference against lease, loans and advances.	Total cumulative provision for loan, advances and leases investments and others was BDT 2480.45 million as on 31 December 2022 and deferred tax assets thereon BDT 930.17 million 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 No. 11 dated 23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Presentation of financial statements is not fully aligned with all requirements of the IAS.

S.L	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
10.	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IFRS 9 "Financial Instruments"	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 DFIM Master Circular No. 04, dated 26 July 2021, a general provision of 0.25% to 5% under different categories of unclassified loan (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. Loan classification status during the year ended 31 December 2022 has been determined as per DFIM Letter No. 27 dated 21 December 2022 and DFIM Master Circular No. 04 dated 26 July 2021. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.	Total provision for loans, advances and leases has been charged for the year ended on 31 December 2022 BDT 449.86 million as per Bangladesh Bank guidelines out of which BDT 94.42 million is general provision on good loan. Also, as at 31 December 2022, accumulated provision for loans, advances and leases stand at BDT 2,352.37 million.
11.	Valuation of investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the period-end is taken to profit and loss account or other comprehensive income respectively.	As per FID Circular No. 08 dated 3 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 unrealised gain, no such gain can be recognised and investments are recognised at cost only.	During this year there is no impact in the financial statements due to this departure as the net assets value is higher than cost for all unlisted equity investment and full provision was kept for the listed equity investment.
12.	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	Loans and advances to customers are generally classified at amortised cost as per IFRS 9 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 3 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 recognised 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 774.38 million from BDT 647.57 million resulting increase of BDT 126.82 million of interest suspense. This amount has been shown as other liabilities in note 14.2.
13.	Presentation and disclosure of financial statements and financial instruments	IFRS-7 "Financial Instruments: disclosures"	IFRS 7 requires specific presentation and disclosure relating to all financial instruments.	As per Bangladesh Bank guidelines, financial instruments are categorized, recognised 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 Bangladeshi (BDT/Taka/Tk.) currency which is the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of these financial statements in conformity with International Financial Reporting Standards (IFRSs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies having the most significant effect in the year ended 31 December 2022 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	Net defined benefit obligation - employees' gratuity fund
d)	Note 14.4	Provision for corporate tax
e)	Note 14.9	Deferred tax liabilities
f)	Note 36.1	Depreciation and amortisation

2.5 Going concern

The Company has adequate resources to continue its operation for foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.6 Materiality and aggregation

Each material item considered by management as significant has been presented separately in the financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards and regulations.

2.7 Branch accounting

The Company has fifteen branches including head office, having no overseas branch as at 31 December 2022. 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 presentation and overseeing of the company's reporting process of the financial statements under section 183 of the Companies Act, 1994 and as per the provision of 'The Framework for the Preparation and Presentation of Financial Statements'.

2.10 Consistency

In accordance with the IFRS framework for the presentation of the financial statements together with IAS 1: Presentation of Financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, the Company applies the disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed in accordance with the requirement of IAS 8. The Company has applied the same accounting and valuation principles for the year ended 31 December 2022 as in financial statements for 2021.

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

IPDC Finance Limited follows IFRS 16: Leases for the recognition, measurement, presentation and disclosure of its all leases.

3.2 Direct finance

Direct finance operation consists of short-term finance and long-term finance, accounts for which are maintained based on accrual method of accounting. Outstanding loans for short-term finance and unrealised principal for long-term finance, auto loan, home loan and other finances are accounted for as direct finance assets of the Company. Interest earnings are recognised as operational revenue periodically.

3.3 Investments

Investment comprises of investment in equity, corporate bond and government securities.

3.3.1 Investment in equity

Investment in equity is classified broadly in following categories.

3.3.1.1 Unlisted shares

Equity finance consists of equity participation in the form of unlisted ordinary shares recognised at cost. Adequate provision is maintained, if required, for diminution in value of shares as per the latest available audited financial statements as on the closing of the period on an individual investment basis.

3.3.1.2 Listed shares

Investments in cumulative marketable ordinary shares held for trading or held for dividend income are shown under other assets. These are reported at cost and adequate provision is made for excess of cost over market value of the shares. Unrealised gains are not recognised in the profit and loss account.

3.3.1.3 Preference shares

Investment in cumulative preference shares has been reported at cost and dividend income is recognised in the profit and loss account on accrual basis and considered as operational revenue.

3.3.2 Investment in Government securities

Investment in Government securities shall be classified as financial asset measured at amortised cost, fair value through other comprehensive income and fair value through profit and loss on the basis of both:

- a) the entity's business model for managing the financial assets; and
- b) the contractual cash flow characteristics of the financial assets.

3.3.2.1 Amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.3.2.2 Fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.3.2.3 Fair value through profit and loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

3.4 Revenue recognition

3.4.1 General

As per IFRS 15: Revenue from Contracts with Customers, an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

3.4.2 Lease income

The excess of aggregate rentals receivable over the cost of the leased asset constitutes the total unearned lease income. The unearned lease income is recognised as revenue on accrual basis over the terms of the lease. However, lease income against classified and Special Mention Account (SMA) is not recognised as revenue but transferred to interest suspense account as per Bangladesh Bank circulars and directives.

3.4.3 Dividend income

3.4.3.1 Listed and unlisted shares

Dividend income against listed and unlisted equity investment is recognised when the shareholders' legal right to receive payments has been established i.e. during the period in which dividend is declared in the Annual General Meeting.

3.4.3.2 Preference shares

Dividend income on cumulative preference shares is recognised on accrual basis.

3.4.3.3 Gain on sale of shares

Capital gain on sale of shares listed in the stock exchanges is recognised when such gain is realised.

3.4.4 Interest on long term finance and short term finance

Interest income on long term finance and short term finance is recognised as revenue on accrual basis. However, interest income on Special Mention Account (SMA) and classified finance is not recognised as income but credited to interest suspense account as per Bangladesh Bank circulars and directives.

3.4.5 Interest on secured lending

Interest on secured lending is recognised as revenue on accrual basis.

3.4.6 Fee based revenue

Fee based revenue is recognised as income on cash basis.

3.4.7 Grant income

As per IAS 20: Accounting for Government Grants and Disclosure of Government Assistance, grant is recognised only when there is reasonable assurance that (a) the company will comply with any conditions attached to the grant and (b) the grant will be received. A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, is recognised as income in the period in which it is receivable. Any grant received against any capital expense is recognised as deferred income and is subsequently adjusted with depreciation expense over the period of the assets.

3.5 Interest suspense

Lease income as well as interest income on long term finance, short term finance, lease finance, channel finance, auto loan and all other loans and advances under category of classified and Special Mention Account (SMA) are not recognised as revenue but credited to interest suspense account.

3.6 Fixed assets including land, building, furniture and fixture

3.6.1 Own assets

Fixed assets except land and building are stated at cost less accumulated depreciation and accumulated impairment losses, if any. On the other hand, land and building are stated under revaluation model. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes as per IAS 16: Property, plant and equipment.

3.6.2 Subsequent expenditure on fixed assets including land, building, furniture and fixture

Subsequent expenditure is capitalised when it increases the future economic benefit from the assets and fulfills asset capitalization criteria. All other expenditures are recognised as expense as and when they are incurred.

3.6.3 Depreciation/amortisation on fixed assets including intangible assets

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 review of impairment for financial and non-financial assets including intangible assets is performed at each reporting date to assess whether there is any indication that an asset may be impaired (i.e. its carrying amount may be higher than its recoverable amount). If any such indication exists, the asset's recoverable amount is reviewed and determined. If the written down value or carrying amount of an asset exceeds recoverable amount, the difference is recognized as impairment loss.

3.6.5 Disposal of fixed assets including land, building, furniture and fixture

On disposal of item of fixed assets including land, building, furniture and fixture, gain or loss on such disposal is reflected in the profit and loss account as non-operating income or loss.

3.6.6 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Such assets are measured at the lower of their carrying amount and fair value less cost to sell, as per IFRS: 5 Non-current Assets Held for Sale and Discontinued Operations.

3.7 Intangible assets

The intangible assets comprise the value of accounting software licensed for the Company, other than software applied to the operating systems of computers. An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company over a period of time and the cost of the asset can be measured reliably as per IAS 38: Intangible Assets. Intangible assets acquired separately are recorded on initial recognition at costs and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

3.7.1 Subsequent expenditure on intangible assets

Subsequent expenditure on intangible asset is capitalised only when it increases the future economic benefit from the assets and fulfills asset capitalization criteria. All other expenditures are recognised as expense as and when they are incurred.

3.7.2 Amortisation of intangible assets

Intangible assets are amortised on straight line basis to the profit and loss account from the date when the asset is available for use over its estimated useful life. Intangible assets i.e. acquisition cost of softwares is amortised within five years of acquisition.

3.8 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset from part of the cost of that asset, are capitalized as per IAS 23: Borrowing Costs. All other borrowing costs are recognised as expense in the period in which they are incurred in accordance with the IAS 23: Borrowing Costs.

3.9 Foreign currency translation

Transactions in foreign currencies are translated to BDT at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the end of the period. Resulting exchange differences are recognised in the profit and loss account.

3.10 Income tax expenses

Income tax expense comprise current and deferred tax.

3.10.1 Current tax

Provision for current tax has been made on the basis of the profit of the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto from time to time. The Company's current tax liability is calculated using tax rate (current tax rate is 37.5%) that is applicable on the reporting date, and any adjustments to tax payable in respect of previous years.

3.10.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- b) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- c) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

3.11 Provision for loans, advances and investments

Provision for loans, advances and investments is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on two principles (1) IAS 37: Provision, Contingent Liabilities and Contingent Assets and (2) Bangladesh Bank guidelines. The methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. DFIM Master Circular no. 04 dated 26 July 2021 is the basis for calculating the provision for loans, advances and investments.

Loan classification status during the year ended 31 December 2022 has been determined as per DFIM Letter-27 dated 21 December 2022 and DFIM Master Circular no. 04 dated 26 July 2021.

Provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.

3.11.1 Write off of loans, advances and investments

In compliance with Bangladesh Bank DFIM circular no. 2 dated 1 April 2019, loans, advances and investment can be written off to the extent that (i) 100% provision is maintained (ii) against which legal cases are pending (iii) prior approval of board and (iv) classified as Bad Loss for at least 3 years. However, small loan up to tk. 200,000 where cases under Artha-Rin Adalat Ain, 2003 is not mandatory, can be written off without filing case subject to fulfillment of other conditions mentioned in the circulars. The item's potential return is thus cancelled and removed ("written off") from the Company's balance sheet. However, these write off will not undermine or affect the claim amount against the borrower. Recovery against the written off is credited to other operational income. Income is recognised where amounts are either recovered and/or adjusted against securities/properties or advances there against or are considered recoverable.

3.12 Employee benefits

3.12.1 Defined contribution plan

The Company operates a contributory provident fund scheme for its permanent employees. Provident Fund is administered by a Board of Trustees and is funded by contributions equally from the permanent employees and from the Company @ 10% of basic salary of the employees. The contributions are invested to ensure optimum return to the employees.

3.12.2 Defined benefit plan

The Company operates a funded gratuity scheme for its permanent employees. Employees are entitled to gratuity benefit after completion of five years continuous service with the Company from the date of joining. The gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service less than ten years and one & half month basic pay for ten years and above.

3.12.3 Short-term benefit

Short-term employee benefit (salary, bonus etc.) obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.12.4 Other employee benefit obligation

The Company operates a group life insurance and hospitalisation insurance schemes for its permanent employees.

3.13 Accrued expenses, provisions and payables

Liabilities are recognised for goods and services received, whether paid or not, for those goods and services. Payables are not interest bearing and are stated at their actual value.

Provisions and accrued expenses are recognised in the financial statements when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be probable to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.14 Cash and cash equivalents

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

3.15 Cash flow statement

Cash flow statement has been prepared in accordance with the IAS 7: Statement of Cash Flows under direct method as recommended in the DFIM circular no. 11 dated 23 December 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

3.16 Earnings per share (EPS)

The Company presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4. General

4.1 Related party disclosure

As per IAS 24: Related Party Disclosures, parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

4.2 Litigation

The Company is not a party to any material law suits except those arising in the normal course of business. The Company has filed necessary law suits against some of the default clients for non-performance in loans and advances repayment. The Company, however, has made adequate provision against such doubtful finances.

4.3 Guarantees, commitments and contingencies

Financial guarantees are contracts that require the Company to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

4.4 Statutory reserve

As per Financial Institution Regulations, 1994, Non-Bank Financial Institutions (NBFIs) are required to transfer 20% of its post tax profit to statutory reserve before declaration of dividend. This requirement has been properly complied with Bangladesh Bank regulations.

4.5 Borrowings from other banks, financial institutions and agents

Borrowings include short term and long term borrowings from banks and non-bank financial institutions. These are stated at amounts outstanding on the reporting date. Interest expense on these borrowings is charged to the profit and loss account on accrual basis.

4.6 Dividend payments

Proposed dividends are not recognised as a liability in the balance sheet in accordance with IAS 10: Events After the Reporting Period.

4.7 Risk management

Risk is defined as uncertainties resulting in adverse variation of profitability or in losses, financial or otherwise. The risk management of the Company covers core risk areas of credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity risk, operational risk and reputation risk. The objective of the risk management is that the Company evaluates and takes well calculative business risks and thereby safeguarding the Company's capital, its financial resources and profitability from various risks.

4.7.1 Credit risk

Credit risk is the risk of loss that may occur from the default of any counterparty to repay in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Board of Directors is the apex body for credit approval of the company. However, they delegate authority to the Managing Director & CEO or other officers. The Board also sets credit policies to the management for setting procedures, which together has structured the CRM framework in the company. The Credit Manual contains the core

principles for identifying, measuring, approving and managing credit risk in the company. The policy covers corporate, retail, Small and Medium Enterprise (SME) exposures. Policies and procedures together have structured and standardised CRM process both in obligor and portfolio level. There is a comprehensive credit appraisal procedure that covers industry/business risk, management risk, financial risk, facility structure risk, security risk, environmental risk, reputational risk, and account performance risk.

4.7.2 Operational risk

"Operational risk addresses the risk associated with fraud, forgery, unauthorised activities, error, omission, system failure and external events among others. The Company is managing these risks through written procedures, regular training, awareness programs and monitoring of the implementation of these procedures.

Operational risks are analyzed through review of various control tools like Departmental Control Function Check List (DCFCL), Quarterly Operations Report (QOR), Loan Documentation Check List (LDCL), and Self Assessment Anti Fraud Internal Control Check list. This is a self-assessment process for detecting high risk areas and finding mitigates of those risks. The effectiveness of the company's Internal control are monitored on an ongoing basis, Key/high risk items are identified and monitored as part of daily activities."

4.7.3 Interest rate risk

"Interest rate risk is the risk to earnings or capital of the company arising from movement of interest rates. The movement of interest rates affects companies' reported earnings and capital by changing:

- Net interest income
- The market value of trading accounts (and other instruments accounted for by market value), and
- Other interest sensitive income and expenses.

To manage interest rate risk, ALCO regularly monitors various ratios and parameters. The company deploys several analysis techniques (e.g. rate sensitive gap analysis, duration gap analysis) to measure interest rate risk, its impact on net interest income and takes insight about course of actions."

4.7.4 Liquidity risk

The objective of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Company is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Responsibility of managing and controlling liquidity of the company lies with Asset Liability Committee (ALCO) that meets at least once in a month. Asset Liability Management (ALM) desk being primarily responsible for management of liquidity risk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities. A monthly projection of fund flows is reviewed in ALCO meeting regularly. On monthly basis, ALCO monitors liquidity management by examining key ratios, maximum cumulative outflow, upcoming funding requirement from all business units, asset-liability mismatch etc. ALCO also monitors concentration of deposits on large institutional depositors which is volatile in nature. In addition to these ratios, the company prepares structural liquidity profile, maturity profile of term deposit, cash flow modelling and contingency funding plan on monthly basis, which are analysed in ALCO meeting to ensure liquidity at the level acceptable to the company and regulators.

4.7.5 Market risk

Risk Management Unit (RMU) is responsible for overall monitoring, control and reporting of market risk while treasury mid office is an integral part of market risk management which independently evaluates and monitors treasury department's transaction from risk perspective. Overall risk parameters and exposures of the company are monitored by RMU and periodically reported to company's Risk Management Committee (RMC). Market risk can be subdivided into three categories depending on risk factors: interest rate risk, foreign exchange risk, and equity price risk.

4.7.6 Equity price risk

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the company; changes in the value of listed shares used as collateral for loans whether the loan was made for the purpose of buying the shares; and changes in the value of unlisted shares. Mark to Market is the tool the company applies for making full provision against losses arisen from changes in market price of securities.

As of 31 December 2022, the company set aside Tk. 53.78 million charging its profit and loss account over the periods to cover unrealised loss against quoted securities.

4.7.7 Information and communication technology risk

IPDC adheres to the IT Security policies and procedures in line with ICT Security guideline of Bangladesh Bank. To prevent attack from Cyber criminals/fraudsters, IPDC IT has established standard physical and logical security measures for all sensitive IT infrastructures (e.g. Data Centre, Disaster Recovery Site, etc.). Besides, IPDC has standard logical IT security measures like access control system, intrusion detection, access log and periodic security assessment for all systems. Vulnerability assessment exercises, both internally and externally, are conducted regularly to identify security weakness and implementing control for mitigation.

IPDC has Business Continuity Committee (BCC) to manage any manmade or natural incident/disaster. IT Security team has also taken initiatives to create awareness about cybersecurity among all IPDC employees and customers through retail and corporate channels. We have separate information system audit to identify control gaps and improve continually.

4.8 Contingent liabilities and contingent assets

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or Any present obligation that arises from past events but is not recognised because:

- a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- b) the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits can reliably be estimated.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income which may never be realised.

4.9 Liquidity statement

The Liquidity Statement of assets and liabilities as on the reporting date has been prepared on residual maturity term in accordance with DFIM Circular no. 06 dated 26 July 2011, as per following bases:

- a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans and advances are on the basis of their repayment/maturity schedule.
- d) Fixed assets are on the basis of Bangladesh Bank regulation
- e) Other assets are on the basis of Bangladesh Bank regulation
- f) Borrowings from other banks and financial institutions as per their maturity/repayment term.
- g) Deposits and other accounts are on the basis of their residual maturity period
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their payment/adjustments schedule.

4.10 Events after the balance sheet date

All material events occurring after the balance sheet date have been considered and where necessary, adjusted for or disclosed in note no. 45 of these financial statements.

4.11 Comparatives and reclassification

Comparative information have been disclosed in respect of 2021 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

To facilitate comparison, certain relevant balances pertaining to the comparatives have been rearranged/ restated/reclassified whenever considered necessary to conform to current period's presentation.

4.12 Integral components of financial statements

The financial statements of the Company include the following components:

- i) Balance sheet as at 31 December 2022
- ii) Profit and loss account for the year ended 31 December 2022
- iii) Cash flow statement for the year ended 31 December 2022
- iv) Statement of changes in equity for the year ended 31 December 2022
- v) Notes to the financial statements as at and for the year ended 31 December 2022

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 1 January 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 1 January 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirement as stated in these guidelines have to be followed by all financial institutions for the purpose of statutory compliance. In line with Bangladesh Bank requirement, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

4.14 Impact of inflation and changing prices

Financial Institutions are affected differently by inflation than those of industrial ventures. While industrial and manufacturing companies generally have significant investments in inventories and fixed assets, financial institutions ordinarily do not have such investment. As a result, financial institutions are generally in a better position than industrial ventures to respond to inflationary trends by monitoring the spread between interest cost and interest income yields through adjustments of maturities and interest rates of assets and liabilities.

Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs. However, in some cases, particular IAS/IFRS specifically suggests to measure some assets/liabilities at fair value. Such as, IAS 39 suggests to measure investment in tradable securities at its fair value by crediting shareholders' equity.

4.15 Others

- (a) The Company publishes its quarterly accounts as per IAS 34 "Interim Financial Reporting" and the Bangladesh Securities and Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2008-183/Admin/03-34 dated 27 September 2009.
- (b) Figures in these notes and the accompanying financial statements have been rounded off to the nearest Taka.
- (c) Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.
- (d) Company Balances shown in the accounts are duly reconciled.

4.16 Compliance of International Financial Reporting Standard (IFRS)

Compliance of International Financial Reporting Standard (IFRS)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	IFRS-1	Not applicable
Share Based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied with some departures (note 2.2)
Operating Segments	IFRS-8	Not applicable
Financial Instruments	IFRS-9	Applied with some departures (note 2.2)
Consolidated Financial Statements	IFRS-10	Not applicable
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interests in Other Entities	IFRS-12	Not applicable
Fair Value Measurement	IFRS-13	Applied
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue from Contracts with Customers	IFRS-15	Applied
Leases	IFRS-16	Applied
Insurance Contracts	IFRS-17	Not applicable
Presentation of Financial Statements	IAS-1	Applied with some departures (note 2.2)
Inventories	IAS-2	Not applicable
Statement of Cash Flows	IAS-7	Applied with some departures (note 2.2)
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events After the Reporting Period	IAS-10	Applied
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 and Joint Ventures	IAS-28	Not applicable
Financial Reporting in Hyperinflationary Economies	IAS-29	Not applicable
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
Investment Property	IAS-40	Not applicable
Agriculture	IAS-41	Not applicable

The Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2022 have been considered. However, these amendments have no material impact on the financial statements of the Company.

	<u>Note</u>	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
5 Cash			
Cash in hand (including foreign currencies)	5.1	495,000	420,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	5.2	734,784,074	715,616,272
		<u>735,279,074</u>	<u>716,036,272</u>
5.1 Cash in hand			
In local currency		495,000	420,000
In foreign currency		-	-
		<u>495,000</u>	<u>420,000</u>
5.2 Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)			
Bangladesh Bank			
In local currency		734,784,074	715,616,272
In foreign currency		-	-
		<u>734,784,074</u>	<u>715,616,272</u>
Sonali Bank Limited (as an agent of Bangladesh Bank)		-	-
		<u>734,784,074</u>	<u>715,616,272</u>
5.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)			

Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with the section 19 of the Financial Institutions Act, 1993 and of instructions contained in DFIM circular no. 01 dated 12 January 2017, FID circular no. 02 dated 10 November 2004, FID circular no. 06 dated 06 November 2003 and DFIM Circular No. 03 dated 21 June 2020 issued by Bangladesh Bank.

Cash Reserve Requirement (CRR) required on the term deposits at the rate of 1.5% has been calculated and maintained with Bangladesh Bank in the form of current account and 5% Statutory Liquidity Reserve (SLR) including Cash Reserve Requirement has been maintained against total liabilities excluding shareholders' equity, borrowings from Bangladesh Bank and other Banks and NBFIs in the form of cash in hand (notes and coin in BDT), balance with Bangladesh Bank and other banks and financial institution, investment at call, unencumbered treasury bills, prize bond, saving certificate and any other assets approved by Bangladesh Bank. Both the reserves as maintained by the Company are shown below:

Cash Reserve Requirement (CRR)

The Company requires to maintain cash with Bangladesh Bank current account equivalent to 1.50% of Term Deposits other than deposit taken from banks and financial institutions.

Required reserve 1.50%	716,321,501	712,290,130
Actual reserve maintained (Dec'22: 1.52%, Dec'21: 1.56%)	<u>727,071,315</u>	<u>738,865,486</u>
Surplus/(deficit)	<u>10,749,814</u>	<u>26,575,356</u>

Statutory Liquidity Reserve (SLR)

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

Required reserve (5%)	2,684,152,246	2,615,262,230
Actual reserve maintained (Dec'22: 9.48%, Dec'21: 21.08%)	5.3.1 <u>5,087,259,428</u>	<u>11,027,092,400</u>
Surplus	<u>2,403,107,182</u>	<u>8,411,830,170</u>
Total surplus	<u>2,413,856,996</u>	<u>8,438,405,526</u>

	Note	2022 Taka	2021 Taka
5.3.1 Actual reserve maintained - including CRR			
Cash in hand		495,000	420,000
AB Bank Limited		1,677,482	28,451,615
Prime Bank Limited		132,376,060	9,730,043
BRAC Bank Limited		1,359,677	4,287,597
Mercantile Bank Limited		2,194,792	8,598,275
Eastern Bank Limited		1,024,261	1,682,359
Dutch Bangla Bank Limited		3,713,793	25,404,072
Dhaka Bank Limited		2,202,684,287	3,225,111,743
United Commercial Bank Limited		1,612,295	201,254,815
EXIM Bank Limited		200,000,000	417,844,000
Southeast Bank Limited		99,750	510,193,639
NRB Bank Limited		1,215,186	1,712,539,220
Janata Bank Limited		-	910,794,284
BASIC Bank Limited		-	103,037,500
Standard Bank Limited		-	400,000,000
Jamuna Bank Limited		600,000,000	400,000,000
Citizens Bank PLC		350,000,000	-
One Bank Limited		358,204,526	722,592,278
Social Islami Bank Limited		300,000,000	140,000,000
Meghna Bank Limited		168,744	400,099,410
NRB Commercial Bank Limited		90,000,000	399,000,000
Uttara Finance Limited		80,000,000	100,000,000
Bangladesh Finance Limited		-	50,000,000
IFIC Bank Limited		-	410,129,375
Community Bank Bangladesh Limited		869,606	894,940
Balance with Bangladesh Bank		759,563,969	590,627,235
Unencumbered Bangladesh Treasury Bond		-	254,400,000
		<u>5,087,259,428</u>	<u>11,027,092,400</u>
6 Balance with other banks and financial institutions			
Inside Bangladesh	6.1	11,939,491,287	13,507,488,246
Outside Bangladesh		-	-
		<u>11,939,491,287</u>	<u>13,507,488,246</u>
6.1 Inside Bangladesh			
<u>In current deposit accounts with</u>			
United Commercial Bank Limited		16,400	3,690,390
AB Bank Limited		33,232	717,668
Standard Chartered Bank		155,336	18,984,397
Prime Bank Limited		3,851,632	5,933,193
Eastern Bank Limited		2,018,507	2,130,773
Mutual Trust Bank Limited		5	38,310
Basic Bank Limited		14,208	16,583
One Bank Limited		6,973,840	3,949,580
BRAC Bank Limited		105,641	96,273
Dhaka Bank Limited		80,369	883,219
Meghna Bank Limited		10,215	261,835
		<u>13,259,385</u>	<u>36,702,221</u>
<u>Short term deposit accounts with</u>			
Dutch Bangla Bank Limited		25,826,684	12,823,930
Prime Bank Limited		22,337,838	61,828,272
AB Bank Limited		1,681,455	1,670,539
Standard Chartered Bank		23,004	29,418
Mercantile Bank Limited		7,948,128	30,734,638
BRAC Bank Limited		7,830,674	9,868,690
Dhaka Bank Limited		382,233,873	14,937,916
United Commercial Bank Limited		7,148,054	4,201,160
Eastern Bank Limited		567,367	230,781
One Bank Limited		338,166,015	1,981,551,385
NRB Bank Limited		847,856	1,033,138,816
Community Bank Bangladesh Limited		874,389	862,420
Meghna Bank Limited		192,463	1,431,755
Southeast Bank Limited		56,513	312,899,878
Bank Asia Limited		127,153	-
NCC Bank Limited		40,198	-
NRB Commercial Bank Limited		25,402,124	1,275,838
		<u>821,303,788</u>	<u>3,467,485,436</u>

	Note	2022 Taka	2021 Taka
<u>Short term placement</u>			
Peoples Leasing and Financial Service Limited		28,500,000	28,500,000
Community Bank Bangladesh Limited		200,000,000	-
United Finance Limited		200,000,000	-
Uttara Finance & Investment Limited		60,000,000	-
International Leasing and Financial Service Limited		10,509,240	10,644,907
National Credit and Commerce Bank		600,000,000	-
NRB Bank Limited		500,000,000	-
		<u>1,599,009,240</u>	<u>39,144,907</u>
<u>Short term deposit accounts (in foreign currency) with</u>			
AB Bank Limited		1,367	1,367
		<u>1,367</u>	<u>1,367</u>
<u>Fixed deposit accounts with</u>			
Prime Bank Limited		7,981,284	7,754,466
BASIC Bank Limited		-	103,037,500
Dhaka Bank Limited		5,366,073,237	4,626,073,237
AB Bank Limited		-	26,785,000
NRB Commercial Bank Limited		90,000,000	399,000,000
EXIM Bank Limited		500,000,000	617,844,001
Social Islami Bank Limited		650,000,000	490,000,000
Southeast Bank Ltd		-	200,000,000
Standard Bank Ltd.		790,000,000	790,000,000
Jamuna Bank Limited		600,000,000	500,000,000
Janata Bank Ltd.		-	913,530,734
One Bank Limited		250,000,000	250,000,000
Meghna Bank Limited		100,000,000	500,000,000
Bank Asia Limited		51,011,312	-
Uttara Finance & Investment Limited		-	80,000,000
IFIC Bank Limited		710,851,674	410,129,377
Bangladesh Finance Limited		-	50,000,000
Citizen Bank Limited		350,000,000	-
National Credit and Commerce Bank		40,000,000	-
		<u>9,505,917,507</u>	<u>9,964,154,315</u>
Total		<u>11,939,491,287</u>	<u>13,507,488,246</u>
6.2 Maturity grouping of balance with other banks and financial institutions			
<i>Repayable:</i>			
On demand		-	-
Within one month		6,900,314,395	6,515,736,873
Within one to three months		3,741,862,987	5,024,436,450
Within three months to one year		1,297,313,905	1,967,314,923
Within one to five years		-	-
More than five years		-	-
		<u>11,939,491,287</u>	<u>13,507,488,246</u>
7 Investments			
Government securities	7.1	-	231,898,119
Other investments	7.2	2,499,501,477	2,508,463,823
		<u>2,499,501,477</u>	<u>2,740,361,942</u>
7.1 Government securities			
Treasury Bond		-	231,898,119
National investment bond		-	-
Bangladesh bank bill		-	-
Government notes/bond		-	-
		<u>-</u>	<u>231,898,119</u>

	Note	2022 Taka	2021 Taka
7.2 Other investments			
In ordinary shares:			
Quoted	7.2.1	488,330,642	332,327,185
Unquoted	7.2.2	4,500,000	4,500,000
		<u>492,830,642</u>	<u>336,827,185</u>
Redeemable preference shares	7.2.3	1,213,583,335	1,350,666,667
		<u>1,706,413,977</u>	<u>1,687,493,852</u>
Investment in corporate bonds	7.2.4	793,087,500	820,969,971
		<u>2,499,501,477</u>	<u>2,508,463,823</u>
7.2.1 In ordinary shares - quoted		2022	2021
		Cost Taka	Market value Taka
Business Segments		Cost Taka	Market value Taka
Pharmaceuticals & Chemicals		110,747,307	106,045,712
Telecommunications		41,497,856	33,332,153
Fuel & Power		58,419,687	50,156,000
Bank		196,732,694	184,070,012
Food & Allied		52,998,424	49,687,100
Cement		20,934,674	14,480,983
Engineering		7,000,000	4,305,000
		<u>488,330,642</u>	<u>442,076,960</u>
		2022 Taka	2021 Taka
7.2.2 In ordinary shares - unquoted			
Quality Feeds Ltd.		1,500,000	1,500,000
Alliance Bags Ltd.		3,000,000	3,000,000
		<u>4,500,000</u>	<u>4,500,000</u>
7.2.3 In redeemable preference shares			
Premium Seed Limited		4,000,000	4,000,000
Summit Barisal Power Limited		-	68,000,000
Summit Narayanganj Power Unit II Limited		-	72,000,000
Ace Alliance Power Limited		-	133,333,333
Confidence Power Rangpur Limited		120,000,000	160,000,000
Confidence Power Bogra Unit-2 Limited		45,000,000	60,000,000
Summit LNG Terminal Co. (Pvt.) Ltd.		133,333,335	166,666,667
Summit Gazipur II Power Limited		-	291,666,667
City Sugar Industries Limited		240,000,000	300,000,000
Impress Newtexas Composite Textiles Limited		300,000,000	-
Confidence Power Bogra Limited		71,250,000	95,000,000
Epyllion Knitex Limited		300,000,000	-
		<u>1,213,583,335</u>	<u>1,350,666,667</u>
7.2.4 In corporate bonds			
Golden Harvest Agro Industries Limited		93,087,500	99,587,500
Paramount Textile Limited		-	21,382,471
The City Bank Limited		150,000,000	150,000,000
Jamuna Bank Limited		100,000,000	100,000,000
United Commercial Bank Ltd		200,000,000	200,000,000
Trust Bank Limited		250,000,000	250,000,000
		<u>793,087,500</u>	<u>820,969,971</u>

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

7.3 Maturity grouping of investments

Repayable:

On demand	-	-
Within one month	-	-
Within one to three months	-	-
Within three months to one year	-	44,000
Within one to five years	1,445,102,517	1,296,069,678
More than five years	1,054,398,960	1,444,248,264
	<u>2,499,501,477</u>	<u>2,740,361,942</u>

2027

	<u>Note</u>	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
8 Loans, advances and leases			
Loans, cash credits, overdrafts, etc.	8.1	68,105,576,243	65,327,246,605
Bills purchased and discounted		-	-
		68,105,576,243	65,327,246,605
8.1 Loans, cash credits, overdrafts, etc.			
In Bangladesh:			
Long term loan		28,994,992,232	25,597,384,955
Lease finance	8.1.1	5,733,916,450	5,861,948,377
Short term loan		14,053,030,603	16,214,228,236
Channel finance		4,196,285,205	4,143,939,684
Mortgage finance		9,489,229,516	8,895,053,386
Auto loan		4,504,246,613	3,560,241,806
Secured retail loan		519,150,035	475,017,213
Personal loan		373,892,089	348,630,435
Staff loan		211,879,186	196,553,163
Consumer White Goods Finance		28,954,314	34,249,350
		<u>68,105,576,243</u>	<u>65,327,246,605</u>
Outside Bangladesh		-	-
		68,105,576,243	65,327,246,605
8.1.1 Gross lease receivables		6,026,403,757	6,026,403,757
Less: Unearned lease interest income		875,429,556	875,429,556
Net lease receivables		<u>5,150,974,201</u>	<u>5,150,974,201</u>
Add: Overdue lease rentals		582,942,249	710,974,176
		<u>5,733,916,450</u>	<u>5,861,948,377</u>
8.2 a) Net loans and advances including bills purchased and discounted			
Total loans and advances receivables	8	68,105,576,243	65,327,246,605
Less: Provision against loans and advances (specific and general)	8.9(b)	2,352,369,879	1,951,585,349
Less: Cumulative balance of interest suspense	14.2	771,275,374	644,459,492
		<u>64,981,930,990</u>	<u>62,731,201,764</u>
b) Rate of net classified loans and advances			
Gross loans and advances		68,105,576,243	65,327,246,605
Unclassified loans and advances		65,287,567,608	63,271,065,460
Classified loans and advances		<u>2,818,008,635</u>	<u>2,056,181,145</u>
Total provision		2,352,369,879	1,951,585,349
Interest suspense		771,275,374	644,459,492
Total provision and interest suspense		<u>3,123,645,253</u>	<u>2,596,044,841</u>
Net classified loans and advances		<u>(305,636,618)</u>	<u>(539,863,696)</u>
Rate of classified loans and advances		4.14%	3.15%
Rate of net classified loans and advances		<u>-0.45%</u>	<u>-0.83%</u>
8.3 Residual maturity grouping of loans and advances including bills purchased and discounted			
Repayable:			
On demand		-	-
Up to one month		4,548,936,596	3,896,273,980
More than one month but less than three months		10,974,344,129	9,667,288,374
More than three months but less than one year		14,372,322,343	13,975,686,464
More than one year but less than five years		30,087,701,582	27,968,003,794
More than five years		8,122,271,593	9,819,993,993
		<u>68,105,576,243</u>	<u>65,327,246,605</u>

	2022 Taka	2021 Taka
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	68,105,576,243	65,327,246,605
Cash credit	-	-
Secured overdraft	-	-
	<u>68,105,576,243</u>	<u>65,327,246,605</u>
Outside Bangladesh	-	-
	<u>68,105,576,243</u>	<u>65,327,246,605</u>
Bills purchased and discounted		
Payable in Bangladesh	-	-
Payable outside Bangladesh	-	-
	<u>-</u>	<u>-</u>
	<u>68,105,576,243</u>	<u>65,327,246,605</u>
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		
<u>Advances to Chief Executive and other Senior Executives</u>		
Managing Director & CEO	3,234,829	4,186,716
Senior Executives (Senior Manager & above)	127,637,240	102,835,347
Other staffs	81,007,118	89,531,099
	<u>211,879,187</u>	<u>196,553,162</u>
<u>Advances to customers' group</u>		
Agricultural	4,534,012,532	8,282,144,842
Large corporate	37,215,939,954	34,665,784,759
Small and medium enterprise	11,296,985,152	9,045,815,989
Retail	14,846,759,418	13,136,947,853
Others	-	-
	<u>67,893,697,056</u>	<u>65,130,693,443</u>
	<u>68,105,576,243</u>	<u>65,327,246,605</u>

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 2022 was Taka 6,802.94 million against that of Taka 6,353.03 million as at 31 December 2021.

Number of client to whom loans and advances sanctioned with more than 15% of the Company's total capital each	<u>3</u>	<u>3</u>
Amount of outstanding loans and advances [to the client as mentioned above]	<u>3,078,406,239</u>	<u>3,045,289,886</u>
Amount of classified loans and advances [out of the amount as mentioned above]	<u>-</u>	<u>-</u>
Measures taken for recovery [for the amount as mentioned above]	<u>-</u>	<u>-</u>

	2022 Taka	2021 Taka
8.6 Industry-wise loans and advances including bills purchased and discounted		
Agro-based industries	4,534,012,533	5,121,211,202
Banks and non-banking financial institutions	746,770,463	1,052,951,604
Chemicals, pharmaceuticals and allied products	3,726,263,758	3,918,904,153
Engineering and building materials	3,304,026,878	5,315,089,867
Food and allied products	3,647,045,589	3,836,482,587
Glass, ceramic and other non-metallic products	625,645,652	1,108,969,006
Hotel, tourism and leisure	65,985,633	109,174,848
Information and communication technologies	1,775,309,989	1,115,072,581
Paper converting and packaging, printing and publishing	2,417,961,231	2,196,035,839
Ready made garments and knitwear	8,199,920,320	6,328,320,268
Social sector	2,597,082,541	415,014,800
Tannery, leather and rubber products	441,307,497	381,692,104
Textile	2,144,403,189	3,579,676,348
Transport and aviation	1,940,541,437	2,072,893,074
Others	31,939,299,533	28,775,758,324
	<u>68,105,576,243</u>	<u>65,327,246,605</u>
8.7 Geographical location-wise loans and advances including bills purchased and discounted		
Dhaka Division	53,302,469,097	50,437,841,145
Chittagong Division	7,859,621,733	8,771,539,309
Khulna Division	2,105,352,682	1,633,646,925
Rangpur Division	1,516,142,120	1,378,793,394
Rajshahi Division	1,223,132,982	1,452,028,742
Sylhet Division	564,159,497	588,318,522
Barisal Division	319,516,772	233,568,169
Mymensingh Division	1,215,181,360	831,510,399
	<u>68,105,576,243</u>	<u>65,327,246,605</u>
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	746,770,464	1,052,951,603
Other public sector	-	-
Private sector	67,358,805,779	64,274,295,002
	<u>68,105,576,243</u>	<u>65,327,246,605</u>

	2022 Taka	2021 Taka
8.9 a) Classification of loans and advances including bills purchased and discounted		
Unclassified loans and advances		
Standard-Non CMSME (including staff loans)	51,699,317,316	50,961,880,766
Standard-CMSME	12,098,575,545	10,483,667,436
Standard-Brokerage House/Merchant Banks/Stock Dealers	803,775,316	1,038,606,564
Special mention account	685,899,431	786,910,694
Total unclassified loans and advances	65,287,567,608	63,271,065,460
Classified loans and advances		
Substandard	477,224,150	655,711,930
Doubtful	915,377,447	567,868,504
Bad/loss	1,425,407,038	832,600,711
Total classified loans and advances	2,818,008,635	2,056,181,145
Total loans and advances	68,105,576,243	65,327,246,605

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 2022 Taka	Base for provision Taka	Percentage (%) of provision required as per Bangladesh Bank's directives	31 December 2022	31 December 2021
				Taka	Taka
Unclassified loans and advances					
General provision					
Standard-Non CMSME (including staff loans)	51,699,317,316	51,699,317,316	1.00%	516,993,173	509,618,808
Standard-CMSME	12,098,575,545	12,098,575,545	0.25%	30,246,439	26,209,169
Standard-Brokerage House/ Merchant Banks/Stock Dealers	803,775,316	803,775,316	2.00%	16,075,506	20,772,131
Special mentioned account	685,899,431	612,918,136	5.00%	30,645,907	34,688,900
	65,287,567,608	65,214,586,313		593,961,025	591,289,008
Specific provision					
Sub-standard	477,224,150	327,659,897	20.00%	65,531,979	86,282,863
Doubtful	915,377,447	596,074,408	50.00%	298,037,204	193,987,140
Bad/loss	1,425,407,038	802,352,360	100.00%	802,352,360	547,569,707
	2,818,008,635	1,726,086,665		1,165,921,543	827,839,710
Provision required				1,759,882,568	1,419,128,718
Special provision*				84,846,133	95,948,339
Additional provision as per regulator requirement **				440,913,143	86,421,273
Total provision required				2,285,641,844	1,601,498,330
Additional provision maintained for Habib Steels Limited***				52,442,081	-
Total provision maintained				2,352,369,879	1,951,585,349
Total provision surplus				14,285,954	350,087,019

* As per DFIM circular letter no 33 dated 19 December 2021 and DFIM Letter: 1052/27/2022-21 dated 2 January 2022, 2% additional provision has been reserved against accounts availing deferral facility amounting BDT 95,948,339 on which BDT 11,102,206 closed during the year 2022 included in "Total provision maintained" and BDT 84,846,133 are for live accounts (BDT 83,139,986 is in general provision and BDT 1,706,146 is in specific provision).

** In reference to Bangladesh Bank Reschedule Master Circular for loan, leases and advances (DFIM Circular No-09 dated 14 September 2021 and DFIM Circular No-10 dated 4 September 2022), the provision associated with loan accounts is not to be released after reschedule of the accounts. Accordingly provision amounting to BDT 440,913,143 has been kept as additional provision as per regulator's requirement.

*** As per recommendation of statutory auditor, additional provision has been maintained for Habib Steels Limited.

	2022 Taka	2021 Taka
8.10 Particulars of loans and advances including bills purchased and discounted		
Loans considered good in respect of which the Company is fully secured	29,888,977,075	16,595,240,480
Loans considered good for which the Company holds no other security other than the debtor's personal guarantee	18,465,752,652	22,484,669,899
Loans considered good and secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors	19,750,846,516	26,247,336,226
Loans adversely classified; provision not maintained there against	-	-
	<u>68,105,576,243</u>	<u>65,327,246,605</u>
Loans due by directors or officers of the Company or any of them either separately or jointly with any other persons *	<u>211,879,186</u>	<u>196,553,163</u>
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	<u>-</u>	<u>-</u>
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*	<u>62,979,263</u>	<u>120,199,602</u>
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	<u>-</u>	<u>-</u>
Due from other Non-Banking Financial Institutions (NBFIs)	<u>746,770,464</u>	<u>909,713,475</u>
Amount of classified loans and advances on which interest has not been charged to profit & loss account	<u>2,818,008,635</u>	<u>1,831,423,738</u>
(Decrease)/increase in specific provision	<u>355,446,701</u>	<u>646,658,094</u>
Amount of loan and advances written off during the year	<u>56,569,214</u>	<u>-</u>
Amount realised against loans and advances previously written off	<u>111,333,612</u>	<u>3,003,787</u>
Amount of provision kept against loans and advances classified as bad/loss on the date of preparing the balance sheet	<u>802,352,360</u>	<u>547,569,707</u>
Interest creditable to the interest suspense account during the year	<u>774,381,908</u>	<u>647,566,026</u>
<i>* Amount represents loans to employees of the Company only.</i>		
8.11 a) Cumulative amount of written off loan		
Opening balance	269,056,028	343,527,989
Add: Amount written off during the year	56,569,214	-
	<u>325,625,242</u>	<u>343,527,989</u>
Less: Adjustment/recovered during the year	112,054,332	74,471,961
	<u>213,570,910</u>	<u>269,056,028</u>
b) Amount of written off loan for which lawsuit has been filed for its recovery	<u>213,570,910</u>	<u>269,056,028</u>
8.12 As per DFIM Circular no-08 dated 17 August 2021 and FRC letter (Ref. no-178/FRC/APR/2021/28(17)) dated 21 December 2021, IPDC Finance Limited is required to obtain and preserve audited financial statements for loans and advances sanctioned/renewed to public interest entity. IPDC Finance Limited obtained and preserved audited financial statements in its loan files for 100% loans and advances sanctioned/renewed to public interest entity from 1 January 2022 to 31 December 2022.		

	<u>Note</u>	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
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		99,113,115	90,013,115
Furniture and fixture		103,997,117	96,624,232
Equipment and appliances		307,944,263	257,557,124
Software		207,276,075	199,512,975
ROU-Assets for lease rent		272,873,952	172,016,598
		<u>1,361,114,322</u>	<u>1,185,633,844</u>
Less: Accumulated depreciation and amortisation		528,002,132	437,593,822
		<u>833,112,190</u>	<u>748,040,022</u>
Capital work in progress		43,215,213	17,203,119
		<u>876,327,403</u>	<u>765,243,141</u>
Details are shown in Annexure - A			
10 Other assets			
<u>Non-income generating other assets</u>			
Stationery, stamps, printing materials in stock		2,961,102	2,087,962
Advance rent and advertisement		5,453,563	5,528,063
Accrued interest, commission, brokerage, and other income receivables		127,751,808	165,201,799
Security deposits		14,188,340	10,747,499
Prepaid expenses		1,045,172	1,107,384
Others	10.1	2,421,051,178	1,727,792,677
		<u>2,572,451,163</u>	<u>1,912,465,384</u>
10.1 Others			
Advance tax	10.1.1	1,833,707,609	1,542,297,143
Deferred tax assets	10.1.2	87,702,806	43,630,323
Sundry assets	10.1.3	499,640,763	141,865,211
		<u>2,421,051,178</u>	<u>1,727,792,677</u>
10.1.1 Advance tax			
Opening balance		1,542,297,143	1,464,059,068
Payment made during the year/period		666,729,110	373,234,574
		<u>2,209,026,253</u>	<u>1,837,293,642</u>
Adjustment made during the year/period		(375,318,644)	(294,996,499)
		<u>1,833,707,609</u>	<u>1,542,297,143</u>

Advance payment of tax represents corporate income tax paid to the Government Exchequer by way of advance tax under section 64 and tax deducted at sources from different heads of income deducted by the third parties and tax paid under section 74 and other sections of the Income Tax Ordinance, 1984, which would be adjusted with the corporate tax liability of the Company.

	<u>Note</u>	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
10.1.2 Deferred tax assets			
Deferred tax assets have been recognised in accordance with the provision of IAS 12: Income Taxes based on temporary difference arising due to difference in the carrying amount of the assets and liabilities in the financial statements and its tax base. Calculation of deferred tax assets is as follows:			
Deductible temporary differences			
i)	Deferred tax asset on gratuity provision		
	Carrying amount at balance sheet date	6,228,539	21,999,872
	Tax base	-	-
	Net deductible temporary differences	6,228,539	21,999,872
	Tax rate	37.50%	37.50%
	Deferred tax assets on gratuity provision	2,335,702	8,249,952
ii)	Deferred tax asset on liabilities for lease rental		
	Carrying amount at balance sheet date	203,929,598	94,347,655
	Tax base	-	-
	Net deductible temporary differences	203,929,598	94,347,655
	Tax rate	37.50%	37.50%
	Deferred tax asset on liabilities for lease rental	76,473,599	35,380,371
iii)	Deferred tax asset on furniture, fixture, equipment and software		
	Tax base	301,055,143	-
	Carrying amount at balance sheet date	277,339,130	-
	Net deductible temporary differences	23,716,013	-
	Tax rate	37.50%	37.50%
	Deferred tax asset on furniture, fixture, equipment and software	8,893,505	-
	Total deferred tax assets (i+ii+iii)	87,702,806	43,630,323
Movement of deferred tax assets is as follows:			
	Opening balance	43,630,323	3,983,009
	Income/(expense) during the period charged to retained earnings	4,052,100	7,432,798
	Income/(expense) during the period charged to profit and loss	40,020,383	32,214,516
	Closing balance	87,702,806	43,630,323
10.1.3 Sundry assets			
	City corporation tax	124,740	124,740
	Hosna Centre Owners' Society	677,067	677,067
	Advance and other receivables	498,838,956	141,063,404
		499,640,763	141,865,211
11	Non banking assets	3,752,405	3,752,405
This represents the mortgaged property (land) acquired from a default customer 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	12,097,050,078	10,495,832,829
	Outside Bangladesh	-	-
		12,097,050,078	10,495,832,829

	2022 Taka	2021 Taka
12.1 In Bangladesh		
Long term loan		
<u>Unsecured long term loan</u>		
Borrowing under Refinance Project	6,961,471,886	4,150,807,684
	<u>6,961,471,886</u>	<u>4,150,807,684</u>
<u>Secured long term loan</u>		
Meghna Bank Limited	148,162,384	183,351,626
Mutual Trust Bank Limited	281,311,769	-
National Credit & Commerce Bank Limited	370,385,198	-
BASIC Bank Limited	15,932,400	76,229,186
	<u>815,791,751</u>	<u>259,580,812</u>
Total long term loan	<u>7,777,263,637</u>	<u>4,410,388,496</u>
Short term loan		
<u>Unsecured short term loan</u>		
Dhaka Bank Limited	-	150,000,000
NCC Bank Limited	-	1,000,000,000
Pubali Bank Limited	-	200,000,000
	<u>-</u>	<u>1,350,000,000</u>
<u>Secured short term loan</u>		
Standard Chartered Bank	1,000,000,000	1,000,000,000
Standard Bank Limited	360,000,000	-
NRB Bank Limited	500,000,000	-
National Credit and Commerce bank	600,000,000	-
Lankan Alliance Finance Ltd	90,000,000	-
Eastern Bank Limited	490,000,000	1,080,000,000
	<u>3,040,000,000</u>	<u>2,080,000,000</u>
Total short term loan	<u>3,040,000,000</u>	<u>3,430,000,000</u>
Zero Coupon Bond		
<u>Unsecured</u>		
Zero Coupon Bond	53,823,765	264,791,820
	<u>53,823,765</u>	<u>264,791,820</u>
Subordinated Bonds		
<u>Unsecured</u>		
Subordinated Bonds	560,000,000	760,000,000
	<u>560,000,000</u>	<u>760,000,000</u>
Bank overdraft		
<u>Secured</u>		
Dhaka Bank Limited	132,714,295	414,282,410
Woori Bank Limited	166,061,861	163,536,029
Bank Alfalah Limited	178,912,854	180,049,485
Mutual Trust Bank Limited	180,399,284	192,784,587
IFIC Bank Limited	316,463	-
Mercantile Bank Limited	353,820	-
Standard Chartered Bank	7,204,097	-
Uttara Bank Limited	2	2
	<u>665,962,676</u>	<u>950,652,513</u>
Money at call and short notice		
<u>Unsecured</u>		
Sonali Bank Limited	-	190,000,000
United Commercial Bank Limited	-	290,000,000
Janata Bank Limited	-	200,000,000
	<u>-</u>	<u>680,000,000</u>
Repo borrowing	<u>-</u>	<u>-</u>
	<u>12,097,050,078</u>	<u>10,495,832,829</u>

	Note	2022 Taka	2021 Taka
12.2 Security against borrowings from other banks and financial institutions			
Secured		4,521,754,427	3,290,233,325
Unsecured		7,575,295,651	7,205,599,504
		12,097,050,078	10,495,832,829
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			
<i>Repayable:</i>			
On demand		-	680,000,000
Within one month		1,744,558,415	2,031,873,627
Over one month but within three months		1,561,453,687	1,085,300,881
Over three months but within one year		2,494,500,480	2,300,467,693
Over one year but within five years		5,633,626,326	4,017,190,628
Over five years		662,911,170	381,000,000
		12,097,050,078	10,495,832,829
13 Deposits and other accounts			
Term Deposits	13.1	41,598,068,252	47,857,545,135
FDR from Banks & NBFIs		11,580,000,000	11,860,000,000
Other deposits		5,961,415,085	687,719,852
		59,139,483,337	60,405,264,987
13.1 Term deposits			
Product wise break-up of term deposit			
Annual Profit Scheme		7,598,300,047	9,206,791,036
Quarterly Profit Scheme		851,296,099	1,045,175,122
Monthly Profit Scheme		4,812,699,770	3,562,361,127
Cumulative Profit Scheme		850,773,537	684,975,888
Fixed Deposit FDR GEN		27,484,998,799	33,358,241,962
		41,598,068,252	47,857,545,135
13.2 Residual maturity grouping of deposits and other accounts			
<i>Repayable:</i>			
On demand		-	-
Within one month		9,214,027,248	7,181,403,051
Over one month but within six months		12,104,876,241	12,797,868,324
Over six months but within one year		11,590,869,010	12,295,096,258
Over one year but within five years		10,627,216,959	11,659,753,962
Over five years but within ten years		15,602,493,879	16,471,143,392
		59,139,483,337	60,405,264,987
There was no unclaimed deposits for ten (10) years and more held by the Company at the reporting date.			
14 Other liabilities			
Cumulative provision for loans, advances and investments	14.1	2,428,398,927	1,992,195,677
Cumulative provision for off-balance sheet items		121,638	358,978
Cumulative provision for other assets		12,920,656	12,560,656
Other provisions		39,009,240	28,500,000
Cumulative interest and dividend suspense	14.2	774,381,908	647,566,026
Net defined benefit obligation - employees' gratuity fund	14.3	6,228,539	21,999,872
Provision for corporate tax	14.4	2,411,654,908	2,419,525,072
Deposit against lease	14.5	483,923,051	436,447,537
Payable interest expenses for finance charge	14.6	1,628,120,317	1,510,967,203
Withholding tax and VAT		159,996,762	112,750,430
Liabilities for special accounts	14.7	300,663,906	203,699,897
Payable for expenses	14.8	106,589,380	111,384,384
Deferred tax liabilities	14.9	112,353,003	77,271,614
Account payable for purchase of fixed asset		6,659,305	22,038,106
Accrued interest on subordinated bonds		14,103,933	17,666,667
Accrued interest on zero coupon bond		1,739,694	7,564,453
Liability for lease rental	14.10	203,755,538	94,347,655
Unclaimed dividend account/dividend payable	14.11	2,281,793	1,623,309
		8,692,902,498	7,718,467,536

	Note	2022 Taka	2021 Taka
14.1 Cumulative provision for loans, advances and investments			
Specific provision for classified loans, advances	14.1.1	1,167,627,690	861,259,080
General provision against unclassified loans and advances	14.1.2	1,184,742,189	1,090,326,269
Provision for investments	14.1.3	76,029,048	40,610,328
		<u>2,428,398,927</u>	<u>1,992,195,677</u>
14.1.1 Specific provision for classified loans, advances			
Opening balance		861,259,080	214,600,986
Specific provision made/(release) for the year	38	355,446,701	646,658,094
Fully provided debt written-off during the year		(49,078,091)	-
Closing balance (i)		<u>1,167,627,690</u>	<u>861,259,080</u>
14.1.2 General provision against unclassified loans and advances			
Opening balance		1,090,326,269	1,063,851,549
Provision made during the year	38	94,415,920	26,474,720
		<u>1,184,742,189</u>	<u>1,090,326,269</u>
Adjustment during the period year		-	-
Closing balance (ii)		<u>1,184,742,189</u>	<u>1,090,326,269</u>
Total specific and general provision of loans and advances (i+ii)		<u>2,352,369,879</u>	<u>1,951,585,349</u>
14.1.3 Provision for investments			
Opening balance		40,610,328	26,621,616
Provision made for investments during the year		36,647,636	17,888,960
Provision released from investments during the period year		(1,228,916)	(3,900,248)
Total provision made/(released) during the period year	39	<u>35,418,720</u>	<u>13,988,712</u>
Closing balance		<u>76,029,048</u>	<u>40,610,328</u>
Total specific and general provision of loans, advances and investments		<u>2,428,398,927</u>	<u>1,992,195,677</u>
Breakdown of cumulative provision for loans, advances and investment:			
Provision for loans, advances and leases		2,352,369,879	1,951,585,349
Provision for investments in equity		<u>76,029,048</u>	<u>40,610,328</u>
		<u>2,428,398,927</u>	<u>1,992,195,677</u>
14.2 Cumulative interest and dividend suspense			
Opening balance		647,566,026	506,916,132
Amount transferred to suspense account during the year		431,393,347	308,214,641
		<u>1,078,959,373</u>	<u>815,130,773</u>
Amount recovered from suspense account during the year		(299,848,366)	(167,564,747)
		<u>779,111,007</u>	<u>647,566,026</u>
Amount written-off/waiver during the year		(4,729,099)	-
Closing balance		<u>774,381,908</u>	<u>647,566,026</u>
Breakdown of cumulative interest and dividend suspense:			
Interest suspense against loans and advances		771,275,374	644,459,492
Dividend suspense against investment in redeemable preference shares		<u>3,106,534</u>	<u>3,106,534</u>
		<u>774,381,908</u>	<u>647,566,026</u>

Amount transferred and recovered from suspense account has been calculated considering movement between end of period balance and amount for 2021 has been updated accordingly.

	<u>Note</u>	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
14.3 Net defined benefit obligation - employees' gratuity fund			
Net defined benefit obligation - Employees' Gratuity Fund			
Defined benefit obligation		147,306,069	132,746,456
Less: Fair value of plan assets		141,077,530	110,746,584
		<u>6,228,539</u>	<u>21,999,872</u>
Fair value of plan assets - gratuity fund			
Fair value of plan assets as on 1 January		110,746,584	85,287,281
Interest income on plan assets		-	6,481,833
Actual employer contributions		41,136,545	24,299,251
Actual net benefits payments		(17,917,540)	(8,281,733)
Remeasurement gain/(losses) on plan assets		7,111,941	2,959,952
Fair value of plan assets as on 31 December		<u>141,077,530</u>	<u>110,746,584</u>
Defined benefit obligation - gratuity fund			
Defined benefit obligation as on 1 January		132,746,456	95,265,518
Current service cost		14,559,613	27,335,271
Interest Cost		-	7,240,179
Actual net benefits payments		(17,917,540)	(8,281,733)
Remeasurement (gain)/loss		17,917,540	11,187,221
Defined benefit obligation as on 31 December		<u>147,306,069</u>	<u>132,746,456</u>
Remeasurements gain/(loss) of defined benefits liability/assets			
Opening balance		-	-
Remeasurement gain/(losses) on plan assets		7,111,941	2,959,952
Remeasurement gain/(losses) on defined benefit obligation		(17,917,540)	(11,187,221)
		(10,805,599)	(8,227,269)
Less: Deferred tax (expense)/income		(4,052,100)	3,085,226
		<u>(14,857,699)</u>	<u>(5,142,043)</u>
14.3.1 Plan assets			
Cash at bank		41,038,593	54,996,427
Investments		98,497,110	55,000,000
Accrued Interest		1,541,827	750,157
		<u>141,077,530</u>	<u>110,746,584</u>
14.3.2 Principal actuarial assumptions			
Discount rate and expected rate of return on plan assets		8.60%	7.60%
Expected rate of withdrawal of service		9.00%	9.00%
14.3.3 Sensitivity analysis			
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below			
		31 December 2022	
Discount rate (1% movement)		at 9.6%	at 7.6%
Effect in taka		<u>(22,273,315)</u>	<u>27,170,626</u>
14.4 Provision for corporate tax			
Provision for current tax has been made on the basis of the profit for the period as adjusted for taxation purposes in accordance with Income Tax Ordinance, 1984 and amendments thereto. Current tax rate for the Company is 37.5% on its business income.			
Opening balance		2,419,525,072	2,092,538,699
Provision made during the period/year	14.4.1	367,448,480	621,982,872
		2,786,973,552	2,714,521,571
Adjustment made during the period for completed assessments		(375,318,644)	(294,996,499)
Closing balance		<u>2,411,654,908</u>	<u>2,419,525,072</u>
14.4.1 Current tax expense			
Prior years tax adjustment for completed assessments		617,994,571	729,394,352
Provision made during the period		(250,546,091)	(107,411,480)
		<u>367,448,480</u>	<u>621,982,872</u>

Assessment against year 2012 is pending at the honorable High court, assessment against year 2018 is pending at Tax Tribunal (Appeal) and we received appeal order from Commissioner of Taxes (Appeal) against year 2019 and 2020 under the Income Tax Ordinance, 1984.

	<u>Note</u>	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
14.8 Payable for expenses			
Legal expenses		20,136,405	19,776,679
Office services		51,400,087	39,657,088
Promotion and publicity		31,941,304	47,364,933
Professional fees		1,812,080	3,363,229
Audit fees		1,299,505	1,222,455
		106,589,380	111,384,384
14.9 Deferred tax liabilities			
i) Deferred tax liability on furniture, fixture, equipment and software			
Carrying amount at balance sheet date		-	293,586,522
Tax base		-	289,497,157
Net taxable temporary differences		-	4,089,365
Tax rate		37.50%	37.50%
Deferred tax liability on furniture, fixture, equipment and software		-	1,533,512
ii) Deferred tax liability on building			
Carrying amount at balance sheet date		79,834,935	82,494,893
Tax base		7,910,744	8,327,099
Net taxable temporary differences		71,924,191	74,167,794
Tax rate		37.50%	37.50%
Deferred tax liability on building		26,971,572	27,812,923
Revaluation reserve on land		279,435,033	279,435,033
Tax rate		4.00%	4.00%
Deferred tax liability on land revaluation		11,177,401	11,177,401
Total deferred tax liabilities on building and land revaluation		38,148,973	38,990,324
iii) Deferred tax liability on dividend receivables			
Carrying amount at balance sheet date		2,576,854	5,470,500
Tax base		-	-
Net taxable temporary differences		2,576,854	5,470,500
Tax rate		20.00%	37.50%
Deferred tax liability on dividend receivables		515,371	2,051,438
iv) Deferred tax liability on rights of use assets (RoU)			
Carrying amount at balance sheet date		196,503,090	92,523,573
Tax base		-	-
Net taxable temporary differences		196,503,090	92,523,573
Tax rate		37.50%	37.50%
Deferred tax liability on rights of use assets (RoU)		73,688,659	34,696,340
Total deferred tax liability (i+ii+iii+iv)		112,353,003	77,271,614
Movement of deferred tax liabilities is as follows:			
Opening balance		77,271,614	45,777,596
Less: Credited to asset revaluation reserve		841,351	1,006,134
Expense/(income) during the period / year		35,922,740	32,500,152
Closing balance		112,353,003	77,271,614

	<u>Note</u>	<u>2022 Taka</u>	<u>2021 Taka</u>
14.10 Liability for lease rental			
Not later than one month		3,143,950	2,471,718
Later than one month and not later than three months		6,083,340	5,000,058
Later than three months and not later than one year		27,225,638	18,600,230
Later than one year and not later than five years		147,332,944	50,441,247
More than five years		19,969,666	17,834,402
		<u>203,755,538</u>	<u>94,347,655</u>
14.11 Unclaimed dividend account/dividend payable			
Aging analysis of unclaimed dividend account/dividend payable			
Upto 3 years		2,281,793	1,623,309
Over 3 years but less than 5 years		-	-
5 years and above		-	-
		<u>2,281,793</u>	<u>1,623,309</u>

As a NBF, IPDC Finance Limited prepares and presents its financial statements as per DFIM Circular (Ref. No: DFIM Circular no-11) dated December 23, 2009, where dividend payable are shown in other liabilities.

15 Share capital

Authorised

800,000,000 ordinary shares of Taka 10 each

8,000,000,000 **8,000,000,000**

Issued, subscribed and fully paid up

371,091,547 (2020: 371,091,547) ordinary shares of Tk 10 each

3,710,915,470 **3,710,915,470**

15.1 Given below the history of raising of share capital of IPDC Finance Limited

Year of allotment	Particulars of allotment	Number of Shares		Paid up Shares (Cumulative)	Amount of Shares Capital (BDT)	Amount of Shares Capital (BDT) (Cumulative)
		Bonus	Cash			
1981	First (Subscription to the memorandum & Articles of association) at the time of incorporation *	-	50.00	50.00	500.00	500.00
1982	Subscription	-	8,999,950	9,000,000	89,999,500	90,000,000
1999	400% Stock Dividend	36,000,000	-	45,000,000	360,000,000	450,000,000
2004	Subscription	-	2,801,400	47,801,400	28,014,000	478,014,000
2006	IPO	-	13,900,000	61,701,400	139,000,000	617,014,000
2007	10% Stock Dividend	3,085,070	-	64,786,470	30,850,700	647,864,700
2008	10% Stock Dividend	6,478,640	-	71,265,110	64,786,400	712,651,100
2009	10% Stock Dividend	7,126,510	-	78,391,620	71,265,100	783,916,200
2010	10% Stock Dividend	7,839,160	-	86,230,780	78,391,600	862,307,800
2011	10% Stock Dividend	8,623,070	-	94,853,850	86,230,700	948,538,500
2012	10% Stock Dividend	9,485,385	-	104,339,235	94,853,850	1,043,392,350
2014	10% Stock Dividend	10,433,923	-	114,773,158	104,339,230	1,147,731,580
2015	20% Stock Dividend	11,477,315	-	126,250,473	114,773,150	1,262,504,730
2016	20% Stock Dividend	25,250,094	-	151,500,567	252,500,940	1,515,005,670
2017	20% Stock Dividend	30,300,113	-	181,800,680	303,001,130	1,818,006,800
2018	20% Stock Dividend	36,360,136	-	218,160,816	363,601,360	2,181,608,160
2019	8% Stock Dividend	17,452,865	-	235,613,681	174,528,650	2,356,136,810
2019	1:2(R) Right Share	-	117,806,840	353,420,521	1,178,068,400	3,534,205,210
2020	5% Stock Dividend	17,671,026	-	371,091,547	176,710,260	3,710,915,470

Paid up capital as on 31 December 2022 is made up of 143,508,240 ordinary shares paid up in cash and 227,583,307 ordinary shares through issuance of bonus shares.

15.2 Paid up capital of the company is held as follows

Domestic

Government of the People's Republic of Bangladesh (GoB)	811,932,100	811,932,100
BRAC	927,728,830	927,728,830
Ayesha Abed Foundation	371,091,520	371,091,520
RSA Capital Limited	185,545,740	185,545,740
Bluechip Securities Limited	298,311,930	298,311,930
General shareholders	1,116,305,350	1,116,305,350
	<u>3,710,915,470</u>	<u>3,710,915,470</u>

271

15.3 Number of ordinary shares and percentage of holding are as follows:

Sponsor shareholders

	2022		2021	
	Number	% of holding	Number	% of holding
Local sponsors				
Domestic				
BRAC	92,772,883	25.00%	92,772,883	25.00%
GoB	81,193,210	21.88%	81,193,210	21.88%
Ayesha Abed Foundation	37,109,152	10.00%	37,109,152	10.00%
RSA Capital Limited	18,554,574	5.00%	18,554,574	5.00%
Bluechip Securities Limited	29,831,193	8.04%	29,831,193	8.04%
	<u>259,461,012</u>	<u>69.92%</u>	<u>259,461,012</u>	<u>69.92%</u>
General Shareholders	111,630,535	30.08%	111,630,535	30.08%
	<u>111,630,535</u>	<u>30.08%</u>	<u>111,630,535</u>	<u>30.08%</u>
	<u>371,091,547</u>	<u>100.00%</u>	<u>371,091,547</u>	<u>100.00%</u>

15.4 Composition of shareholding is as follows:

	2022		2021	
	Number	% of holding	Number	% of holding
Institutional shareholding (including GoB)	301,828,374	81.34%	314,602,727	84.78%
Individual shareholding	69,263,173	18.66%	56,488,820	15.22%
	<u>371,091,547</u>	<u>100.00%</u>	<u>371,091,547</u>	<u>100.00%</u>

15.5 Classification of shareholders by holding

Number of shares	No. of shareholders	No. of shares	% of holdings
1 to 500 shares	2,950	478,388	0.13%
501 to 5,000 shares	2,243	4,268,672	1.15%
5,001 to 10,000 shares	357	2,688,226	0.72%
10,001 to 20,000 shares	193	2,879,093	0.78%
20,001 to 30,000 shares	90	2,212,998	0.60%
30,001 to 40,000 shares	53	1,859,131	0.50%
40,001 to 50,000 shares	35	1,589,854	0.43%
50,001 to 1,00,000 shares	74	5,686,752	1.53%
1,00,001 to 1,000,000 shares	79	25,496,235	6.87%
over 1,000,000	27	323,932,198	87.29%
Total	<u>6,101</u>	<u>371,091,547</u>	<u>100.00%</u>

The shares are listed in both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. since 03 December 2006 and traded at Tk. 57.60 and Tk. 58.30 at the close of 31 December 2022 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 2022, total capital of the Company was Tk. 6,802.94 million out of which paid up capital is Tk. 3,710.92 million.

In accordance with Bangladesh Bank's DFIM Circular no. 14 dated 28 December 2011, financial institutions are required to maintain at least 10% Capital Adequacy Ratio (CAR) in line with the guidelines on Capital Adequacy and Market Discipline (CAMD) for financial institutions, which has come fully into force from 1 January 2012. As of 31 December 2022, the CAR of the Company is 15.92% against the required CAR of 10%. Details are as follows:

	2022 Taka	2021 Taka
Tier -1 capital (A)	6,498,360,110	6,047,055,069
Tier -2 capital (B)	1,257,332,774	1,461,051,542
Eligible capital (C=A+B)	7,755,692,884	7,508,106,611
Total risk weighted assets	48,707,535,777	47,969,969,422
Minimum capital requirement	4,870,753,578	4,796,996,942
Capital surplus	2,884,939,306	2,711,109,669
Capital adequacy ratio	15.92%	15.65%

	<u>Note</u>	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
16 Share premium		<u>402,627,680</u>	<u>402,627,680</u>
<p>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.</p>			
17 Statutory reserve			
<p>This comprises of the cumulative balance of statutory reserve as required by section 9 of the Financial Institutions Act, 1993 and regulations 4(d) and 6 of the Financial Institution Regulations, 1994. Transfer to statutory reserve is executed before declaration of dividend.</p>			
Opening balance		980,280,489	804,068,582
Transferred from profit during the period / year		180,204,016	176,211,907
Closing balance		<u>1,160,484,505</u>	<u>980,280,489</u>
18 Assets revaluation reserve			
Revaluation reserve on land and building	18.1	304,583,030	306,089,996
Revaluation reserve on govt. securities	18.2	-	(116,422)
		<u>304,583,030</u>	<u>305,973,574</u>
18.1 Revaluation reserve on land and building			
Opening balance		306,089,996	307,432,179
Revaluation during the year			
Land		-	-
Building		-	-
Adjustment of excess depreciation		(2,348,317)	(2,348,317)
Deferred tax liability on revaluation		841,351	1,006,134
		<u>304,583,030</u>	<u>306,089,996</u>
<p>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.</p> <p>The property was first revalued in 2005 and subsequently in 2014, since then significant changes took place in local real estate market, as a result with the consent of the Board of Directors of IPDC Finance Limited, ACNABIN Chartered Accountant as professionally qualified valuer had conducted valuation to determine the fair value of the property, which has subsequently conveyed to management for incorporating in the 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.</p>			
18.2 Revaluation reserve on govt. securities			
Opening balance		(116,422)	134,654,817
Revaluation during the year		116,422	(134,771,239)
		<u>-</u>	<u>(116,422)</u>
19 Retained earnings			
Opening balance		953,231,430	707,733,335
Net profit after tax for the period / year		901,020,079	881,059,536
Transfer to statutory reserve		(180,204,016)	(176,211,907)
Dividend		(445,309,856)	(445,309,856)
Remeasurements of defined benefits liability (assets)		(6,753,500)	(12,387,995)
Transfer from revaluation reserve		2,348,317	2,348,317
Issuance of bonus shares		-	-
Closing balance		<u>1,224,332,454</u>	<u>953,231,430</u>

	<u>Note</u>	<u>2022</u> <u>Taka</u>	<u>2021</u> <u>Taka</u>
20 Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee	20.1	12,163,774	35,897,774
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		<u>12,163,774</u>	<u>35,897,774</u>
20.1 Letters of guarantee			
Director		-	-
Government		-	-
Bank and financial institutions		-	-
Others		12,163,774	35,897,774
		<u>12,163,774</u>	<u>35,897,774</u>
<p>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.</p>			
21 Particulars of profit and loss account			
<u>Income</u>			
Interest, discount and other similar income	22	7,080,316,655	6,544,505,719
Dividend income	24	109,560,112	145,628,338
Fees, commission and brokerage	25	151,194,042	180,341,314
Gains less losses arising from dealing securities	24	92,544,468	325,628,417
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	123,455,293	10,007,827
Profit less losses on interest rate changes		-	-
		<u>7,557,070,570</u>	<u>7,206,111,615</u>
<u>Expenses</u>			
Expenses related to deposits, fee, commission etc.	23	4,310,117,945	3,761,443,369
Charges on loan loss		-	-
Administrative expenses	27	1,348,538,944	1,124,061,579
Other operating expenses		-	-
Depreciation and amortisation	36.1	138,129,524	117,237,463
		<u>5,796,786,413</u>	<u>5,002,742,411</u>
Profit before provision		<u>1,760,284,157</u>	<u>2,203,369,204</u>
22 Interest income			
<u>Interest income on loans and advances</u>			
Interest on lease finance		581,657,854	572,799,556
Interest on long term loan		2,517,037,227	2,232,906,302
Interest on short term loan		1,519,990,063	1,475,501,122
Interest on channel finance		519,018,224	409,808,815
Interest on mortgage finance		923,781,616	897,554,810
Interest on secured retail loan		73,602,082	32,062,027
Interest on auto loan		395,351,531	337,453,885
Interest on staff loan		8,755,177	6,009,739
Interest on personal loan		33,887,597	30,667,922
Interest on consumer Finance		4,340,158	4,520,277
		<u>6,577,421,529</u>	<u>5,999,284,455</u>
<u>Interest income on balance with other banks and financial institutions</u>			
Interest on fixed deposits		428,180,579	421,506,111
Interest on overnight and treasury placements		15,686,420	839,956
Interest on STD accounts		59,028,127	122,875,197
		<u>502,895,126</u>	<u>545,221,264</u>
		<u>7,080,316,655</u>	<u>6,544,505,719</u>

	Note	2022 Taka	2021 Taka
23 Interest paid on deposits and borrowings, etc.			
Interest expenses on term deposits		3,731,235,141	3,375,609,317
Interest expenses on borrowings	23.1	578,882,804	385,834,052
		4,310,117,945	3,761,443,369
23.1 Interest expenses on borrowings			
<u>Local banks and financial institutions</u>			
Interest expenses on short term loan		246,193,634	91,615,003
Interest expenses on long term loan		199,651,624	140,530,259
Interest expenses on call borrowings		39,011,306	47,244,472
Interest expenses on bank overdrafts		29,470,786	11,173,333
Interest expenses on zero coupon bond		11,207,187	27,492,268
Interest expenses on Subordinated Bonds		53,348,267	67,778,717
		578,882,804	385,834,052
<u>Foreign banks and financial institutions</u>			
Interest expenses on long term lines of credit		-	-
		578,882,804	385,834,052
24 Investment income			
<u>Dividend income</u>			
Dividend income on cumulative preference shares		99,511,689	130,189,417
Dividend income on listed shares		10,018,423	15,318,921
Dividend income on un-listed shares		30,000	120,000
		109,560,112	145,628,338
<u>Interest on treasury bills, bonds and debentures</u>			
Interest income on Govt. treasury bonds		792,120	25,466,739
Interest income on corporate bonds		70,732,038	68,910,882
		71,524,158	94,377,621
Capital gain on sale of listed shares		15,715,790	60,153,228
Capital gain on Govt. treasury bonds		5,304,520	171,097,568
		92,544,468	325,628,417
		202,104,580	471,256,755
25 Commission, exchange and brokerage			
Application fee		482,188	453,839
Documentation fee		-	-
Processing fee		150,711,854	179,887,475
		151,194,042	180,341,314
26 Other operating income			
Transfer price/sale of leased assets		60,000	94,617
Other earnings		5,050,274	3,919,352
Loan loss recovery		111,333,612	3,003,787
Gain/(loss) sale of fixed assets	26.1	11,407	(9,929)
Income on forfeiture from provident fund		7,000,000	3,000,000
		123,455,293	10,007,827

We have recognized BDT 7,000,000 in 2022 and BDT 3,000,000 in 2021 as income on forfeiture from provident fund and kept tax provision at corporate tax rate amounting to BDT 2,625,000 in 2022 and BDT 1,125,000 in 2021 respectively thereon.

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	2,417,634	6,791,444
Cost price of the sold/adjusted items	11,925,628	17,172,892
Accumulated depreciation	9,519,400	10,371,519
Written down value	2,406,228	6,801,373
Gain/(loss) sale of fixed assets	11,407	(9,929)

	<u>Note</u>	<u>2022 Taka</u>	<u>2021 Taka</u>
27 Administrative expenses			
Salary and allowances	28	848,352,078	724,155,169
Rent, taxes, insurance, electricity, etc.	29	32,296,269	26,141,595
Legal expenses	30	65,668,980	53,091,369
Postage, stamp, telecommunications, etc.	31	15,782,422	12,695,159
Stationery, printing, advertisements, etc.	32	112,386,288	123,374,537
Managing Director's salary and allowances	33	16,450,000	16,430,807
Directors' fees	34	1,223,720	1,400,361
Auditors' fees	35	1,759,500	1,624,950
Repair and Maintenance	36.2	77,226,723	58,805,168
Other expenses	37	177,392,964	106,342,464
		<u>1,348,538,944</u>	<u>1,124,061,579</u>
28 Salary and allowances		<u>848,352,078</u>	<u>724,155,169</u>
28.1 Number of employees and remuneration thereof			
As per the Schedule XI of the Companies Act, 1994, the number of employees (including contractual employees) engaged for the whole year or part thereof who received a total remuneration of Taka 36,000 per annum or Taka 3,000 per month were 965 at the end of 31 December 2022 as against 1,032 in 2021.			
29 Rent, taxes, insurance, electricity, etc.			
Office rent*		7,110,950	3,509,797
Rates and taxes		249,480	249,480
Insurance		10,728,324	11,369,041
Utilities - electricity, gas, water, etc.		14,207,515	11,013,277
		<u>32,296,269</u>	<u>26,141,595</u>
* Actual office rent payment during the nine-month period ended 31 December 2022 was BDT 53,545,371. Due to the adoption of IFRS 16, rental expenses is charged as depreciation of Right of Use (ROU) Assets of BDT 37,426,707 and interest expenses of BDT 12,715,091. The reported office rent expenses only include VAT payment on rent.			
30 Legal expenses			
Professional fees		56,269,310	45,488,800
Legal document, court fees, etc.		9,399,670	7,397,777
Legal Notice Publication		-	204,792
		<u>65,668,980</u>	<u>53,091,369</u>
31 Postage, stamp, telecommunications, etc.			
Postage, stamps etc.		2,543,425	2,019,032
Telephone		5,566,696	4,022,381
Internet expenses		7,672,301	6,653,746
		<u>15,782,422</u>	<u>12,695,159</u>
32 Stationery, printing, advertisements etc.			
Printing expenses		9,282,606	10,145,069
Stationery Expenses		1,932,347	2,225,034
Publicity and advertisement		95,512,088	104,932,768
Promotional expense		5,659,247	6,071,666
		<u>112,386,288</u>	<u>123,374,537</u>
33 Managing Director's salary and allowances			
Basic salary		9,000,000	8,987,903
House rent allowance		1,200,000	1,198,065
Medical allowance		600,000	598,065
Festival bonus		1,500,000	1,500,000
Performance bonus		1,000,000	1,000,000
Leave fare assistance		1,500,000	1,497,984
Company's contribution to provident fund		900,000	898,790
Gratuity		750,000	750,000
		<u>16,450,000</u>	<u>16,430,807</u>

	Note	2022 Taka	2021 Taka
34 Directors' fees			
Honorarium for attending meeting		924,000	950,400
Incidental expenses for attending meeting		299,720	449,961
		1,223,720	1,400,361
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		598,000	575,000
Auditors' remuneration for annual audit		690,000	632,500
Auditors' remuneration for involvement in interim audit of Information Risk Management		207,000	172,500
Auditors' remuneration for involvement in annual audit of Information Risk Management		264,500	244,950
		1,759,500	1,624,950
36 Depreciation, amortisation and repair of assets			
Depreciation and amortisation	36.1	138,129,524	117,237,463
Repair and maintenance	36.2	77,226,723	58,805,168
		215,356,247	176,042,631
36.1 Depreciation and amortisation			
Building		2,659,958	2,659,958
Motor vehicles		17,293,135	15,672,818
Furniture and fixture		9,384,925	7,644,693
Equipment and appliances		36,784,069	33,012,903
Software		34,580,730	29,895,742
Depreciation on lease rental *		37,426,707	28,351,349
		138,129,524	117,237,463
Details are shown in Annexure - A			
* In accordance with IFRS 16, lease rental are now capitalized and related depreciation is shown above.			
36.2 Repair and maintenance			
Office premises		70,325	31,915
Vehicles - fuel		13,765,384	11,880,030
Vehicles - repair and maintenance		8,631,653	8,875,075
Office furniture, fixture and equipment		54,759,361	38,018,148
		77,226,723	58,805,168
37 Other expenses			
Staff training		20,319,965	4,325,284
Membership fees, subscription and donations		24,532,938	15,399,145
News papers, periodicals, learning materials etc.		120,313	41,923
Recruitment expenses		1,442,220	1,701,055
Traveling, conveyance and hotel expenses		20,814,899	17,069,949
Entertainment and public relation		12,273,407	8,040,187
Annual General Meeting expenses		6,753,473	6,788,073
Security and cleaning services		12,235,137	10,883,118
Sundry office maintenance		44,836,352	26,242,157
Bank charges		14,688,578	7,972,557
Finance charge on lease rental		12,715,091	7,770,977
Other operational expenses		6,660,591	108,039
		177,392,964	106,342,464
38 Provision for loans and advances			
Provision for classified loans and advances		355,446,701	646,658,094
Provision for unclassified loans and advances		94,415,920	26,474,720
		449,862,621	673,132,814
39 Provision/(reversal) for diminution in value of investments			
Quoted shares		36,640,878	10,138,960
Unquoted shares		(22,500)	-
Redeemable preference shares		(920,833)	(1,490,000)
Corporate bonds		(278,825)	5,339,752
		35,418,720	13,988,712

	Note	2022 Taka	2021 Taka
40 Deferred tax expense/ (income)			
Expense on deductible temporary differences		-	-
Expense/(income) on taxable temporary differences		(4,097,643)	285,636
Revaluation adjustment of previous year through deferred tax		-	-
		<u>(4,097,643)</u>	<u>285,636</u>

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 31 December 2022 as per IAS 33: Earnings per share.

Net profit after tax	901,020,079	881,059,536
Weighted average number of outstanding shares	371,091,547	371,091,547
Basic earning per share	<u>2.43</u>	<u>2.37</u>

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 2022 a total of 7 (seven) Board Meetings were held against 7 (seven) in the year 2021.

43 Net asset value (NAV) per share

Net asset	6,802,943,139	6,353,028,643
Number of outstanding shares	371,091,547	371,091,547
Net asset value (NAV) per share	<u>18.33</u>	<u>17.12</u>

44 Net operating cash flows per share (NOCFPS)

Net operating cash flows	(4,177,830,125)	(2,412,269,639)
Number of outstanding shares	371,091,547	371,091,547
Net operating cash flows per share (NOCFPS)	<u>(11.26)</u>	<u>(6.50)</u>

45 Events after the balance sheet date

The Board of Directors of the Company in its 206th meeting held on 27 February 2023 recommended 10% (ten percent) cash dividend.

46 Disclosure on Audit Committee of the Board

The Audit Committee of the Board was duly constituted by the Board of Directors of the Company in accordance with DFIM Circular No. 13 dated 26 October 2011 of Bangladesh Bank as well as Bangladesh Securities and Exchange Commission Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018. The Audit Committee of the Board of Directors as on 31 December 2022 consisted of the following members of the Board:

Sl. no.	Name	Status with the company	Status with the committee	Educational qualification
i)	Ms. Sonia Bashir Kabir	Independent Director	Chairman	Masters of Business of Administration (MBA) from Santa Clara University, USA Bachelor of Science from California State University, USA
ii)	Professor Shah Md. Ahsan Habib, Ph.D	Independent Director	Member	Ph.D. from Banaras Hindu University, India under BHU Research Scholarship Post-Doctoral Fellowship on Green Banking from Syracuse University, USA under Senior Fulbright Scholarship
iii)	Mr. Md. Nurul Alam	Director	Member	Master of Science in Physics from University of Dhaka, Bangladesh.
iv)	Mr. Ariful Islam	Director	Member	MBA in Finance; Institute of Business Administration, Dhaka University, Bangladesh. BSc with Honors in Economics; Scottish Church College, Calcutta University, India Advance Diploma in Management Accounting; The Chartered Institute of Management Accountants (UK)
v)	Ms. Nahreen Rahman	Director	Member	Master of Science in Economics from North South University, Dhaka, Bangladesh Bachelor of Science in Economics from North South University, Dhaka, Bangladesh

The Company Secretary acts as secretary of Audit Committee.

The Audit Committee of the Board conducted 5 (Five) meetings from 1 January 2022 to 31 December 2022 in which among others, the following salient issues were discussed:

- a) The Committee reviewed periodical inspection reports on credit assessment, operational, financial procedure and branch operations of the Company conducted and submitted by the Internal Auditors and gave necessary instructions to the management for proper and prompt resolution of the irregularities/objections stated therein;
- b) The Committee reviewed the Risk Based Internal Audit & Compliance Plan for the year 2023.
- c) The Committee reviewed the Audited Financial Statements for the year ended 2021 and after discussion with the external auditors, recommended it to the Board of Directors for its approval;
- d) The Committee reviewed the management letter issued by the external auditors for the year ended 2021 and management's responses thereto;
- e) The Committee also reviewed the first quarter, half-year and third quarter ended financial statements for the year 2022 and recommended to the Board of Directors for its approvals;
- f) The Committee reviewed and ascertained whether the internal control system including financial and operational controls, accounting system, and reporting structure are adequate and effective or not;
- g) The Committee reviewed the actions taken by the management for implementation of Audit Committee observations on issues deliberated in Audit Committee meetings;
- h) The Committee recommended regarding re-appointment of external auditors and corporate governance auditors of the Company for the year 2022;
- i) The Committee reviewed Auditor's Certificate on Compliance of Corporate Governance Code for the year 2021;
- j) 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;
- k) The Committee reviewed Management's Discussion and Analysis before disclosing it in Annual Report 2021;
- l) The Committee reviewed Management's response on Bangladesh Bank's comprehensive inspection report on the Financial Statements as of December 31, 2020;
- m) The Committee reviewed statement of significant related party transactions submitted by the Management and as presented in the Financial Statements of the year 2021;
- n) The Committee reviewed internal policies of the Company and recommended to the Board for approval; and
- o) The Committee reviewed the development and installation of Heat Map and Risk Register of the Company for 2022.

Related party/(ies) disclosure

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decision and include associated companies with or without common directors and key management personnel. The Company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per IAS 24: Related Party Disclosures. Transactions with related parties were executed on the same terms, including interest rates as those prevailing at the time for comparable transactions with normal business transactions with others and do not involve more than a normal risk.

Details of related party/(ies) transactions are as follows:

Related party	Relationship	Nature of transaction	31 Dec 2021	Inflow/ Repayment	Outflow/ Disbursement/ Encashment	Accrued	31 Dec 2022
BRAC	Sponsor shareholder of IPDC	Term Deposit	1,348,000,000	1,754,618,702	1,313,886,500	87,160,000	1,875,892,202
Brac University	Related concern of BRAC	Term Deposit	6,559,145	50,000,000	42,355	393,549	56,910,339
JPGSPH, Brac University	Related concern of BRAC	Term Deposit	215,646,964	222,794,919	221,736,613	18,395,699	235,100,969
BIGD, Brac University	Related concern of BRAC	Term Deposit	17,790,848	-	123,524	1,085,242	18,752,566
Sufia Khatun Foundation	Related concern of BRAC	Term Deposit	33,843,879	19,918,600	380,113	2,035,544	55,417,910
BRACNet Limited	Related concern of BRAC	Term Deposit	315,686,249	-	3,015,111	19,176,046	331,847,184
BRACNet Limited Employees Gratuity Fund	Related concern of BRAC	Term Deposit	21,601,647	-	82,805	1,296,099	22,814,941
BRACNet Limited Employees Provident Fund	Related concern of BRAC	Term Deposit	20,058,623	-	17,252,504	1,203,517	4,009,636
BRAC IT Services Employees Gratuity Fund	Related concern of BRAC	Term Deposit	12,022,544	23,505,330	17,962,843	940,299	18,505,330
BRAC Provident Fund	Related concern of BRAC	Term Deposit	610,000,000	1,261,972,542	650,200,694	40,200,694	1,261,972,542
Education Trust Fund	Related concern of BRAC	Term Deposit	3,092,564,264	280,000,000	2,529,626,918	110,246,509	953,183,855
Guardian Life Insurance Limited	Mr. Shameran Abed and Mr. Sameer Ahmad being Director and BRAC being the sponsor shareholder	Term Deposit	56,740,000	10,000,000	4,063,750	3,608,750	66,285,000
BRAC Bank Limited	Related concern of BRAC	Term Deposit	3,000,000,000	1,600,000,000	1,600,000,000	-	3,000,000,000
BRAC EPL Stock Brokerage Employee Provident Fund	Related concern of BRAC Bank Limited	Term Deposit	8,573,142	2,500,000	33,549	610,982	11,650,575
BRAC EPL Stock Brokerage Employee Gratuity Fund	Related concern of BRAC Bank Limited	Term Deposit	4,285,016	4,000,000	20,744	354,877	8,619,149
RSA Capital Employees Provident Fund	Related concern of RSA Capital	Term Deposit	6,175,802	-	31,125	700,599	6,845,276
Najmul Hasan Zahed Academy	Related concern of BRAC	Term Deposit	20,216,563	-	108,713	1,220,791	21,328,641
BRAC Kumon Limited	Related concern of BRAC	Term deposit receipt	-	80,400,000	12,469	41,563	80,429,094
BRAC University Employees Provident Fund	Related concern of BRAC University	Term deposit receipt	-	153,503,050	-	-	153,503,050
BRAC University, IED	Related concern of BRAC University	Term Deposit	-	2,127,750	-	-	2,127,750
Lady Syeda Sarwat Abed	Founder and director of the BRAC Institute of Languages (BIL)	Term Deposit	15,959,523	5,000,000	888,147	813,031	20,894,407
Asif Saleh	Brac University, Spouse of Sir Fazle Hasan Abed	Term Deposit	2,000,000	-	115,000	115,000	2,000,000
Tamara Hasan Abed	Executive Director of BRAC	Term Deposit	18,000,000	-	21,366,000	3,366,000	-
Sk. Jeneifa Khanom Jabbar	Member of the Board of Directors of IPDC	Term Deposit	34,000,000	9,000,000	975,000	975,000	43,000,000
Md. Abdul Karim	Director of BRAC	Term Deposit	3,800,000	-	2,043,000	43,000	1,800,000
Tania Sharmin	Ex-Chairman of IPDC	Term Deposit	443,553	242,508	-	-	686,061
Shaheda Karim Chowdhury	Daughter of Ex-Chairman Md. Abdul Karim	Term Deposit	362,717	242,508	-	-	605,225
Nahreen Rahman	Souse of Ex-Chairman Md. Abdul Karim	Term Deposit	11,500,000	-	87,000	690,000	12,103,000
Shahnaz Rahman	Member of the Board of Directors of IPDC	Term Deposit	8,000,000	-	520,000	520,000	8,000,000
Mr. Mominul Islam	Mother of Director Nahreen Rahman	Term Deposit	580,000	20,000	1,063,076	463,076	-
Benazir Huq	Managing Director & CEO of IPDC	Home Loan	4,186,716	1,104,000	-	152,113	3,234,829
Fauzia Binte Ahmed	Spouse of Managing Director & CEO	Term Deposit	714,472	1,020,000	1,067,329	511,824	1,178,967
Kazi Miahmood Sattar	Mother-in-law of Managing Director & CEO	Term Deposit	6,499,308	1,000,000	234,222	419,503	7,684,589
Shoma Zahid	Chairman of IPDC	Term Deposit	-	14,965,719	7,614,688	239,688	7,590,719
	Spouse of IPDC Chairman	Term Deposit	-	10,159,981	-	-	10,159,981
		SOD Against FDR	-	-	6,300,000	88,071	6,388,071

48. Directors information

48.1 Name of the Directors and the entities in which they have interest as at 31 December 2022

Sl. no.	Name	Status with the IPDC		Firms/companies in which they have interest	
		Position	Nominated by	Name	Position
i)	Mr. Kazi Mahmood Sattar	Director	BRAC	BRAC Saajan Exchange Limited Data Science Technology Limited RSA Advisory Limited RSA Solution Ltd. RSA Avaiton Limited Blue Wealth Assets Limited	Chairman Director Chairman Director Director Chairman
ii)	Mr. Md. Nurul Alam	Director	GoB	Bangladesh Sugar and Food Industries Corporation	Director
iii)	Mr. Mohammad Manzarul Mannan	Director	GoB	Bangabandhu Sheikh Mujib Medical University (BSMMU) Institute of Chartered Secretaries of Bangladesh (ICSB) Chittagong Medical University (CMU)	Member, Finance Committee Member, Research & Development Committee Syndicate Member, Director
iv)	Ms. Nahreen Rahman	Director	Bluechip Securities Limited	Bluechip Securities Limited	Director
v)	Mr. Ariful Islam	Director	Ayesha Abed Foundation	Tasfia Industries Limited	Independent Director
vi)	Ms. Sonia Bashir Kabir	Independent Director	N/A	SBK Tech Ventures SBK Foundation SBK Enterprises BRAC University BRAC Services Ltd. Bangladesh Netting Factory Ltd. BARC Kaiyacherra Tea Company Limited BRAC Industries Ltd. Ayesha Abed Foundation Education Trust Fund Animal Alam Trust Fund Sufia Khatun Foundation Shilu Abed Memorial Trust BRAC EPL Investments Limited BRAC EPL Stock Brokerage Ltd. edotco (BD) Co. Ltd Mayalogy Ltd	Managing Director Vice Chairman Managing Director Chairperson Chairperson Chairperson Chairperson Chairperson Chairperson Trustee Director Director Director
vii)	Ms. Tamara Hasan Abed	Director	BRAC	BRAC Services Limited BRAC Industries Limited edotco (BD) Co. Ltd BARC Kaiyacherra Tea Company Limited	Managing Director Managing Director Director Director
viii)	Mr. Tushar Bhowmik	Director	BRAC	Dnet ICC, Bangladesh Banking Commission Asia-Pacific Risk professional Association (ARPA) Greentech Foundation Valor of Bangladesh Equinox Ltd.	Member Member Member Trustee Chairman
ix)	Dr. Shah Md. Ahsan Habib	Independent Director	N/A	RSA Capital Ltd. RSA Avaiton Ltd. RSA Solution Ltd.	Managing Director Chairman Chairman
x)	Mr. Sameer Ahmad	Director	RSA Capital Ltd.		
xi)	Mr. Mominul Islam	Managing Director & CEO	Ex-officio	None	N/A

48.2 Significant contracts in which the Company, its subsidiary or any fellow subsidiary company was a party and wherein the Directors have interest that subsisted at any time during the year or at the end of the year.

48.3 Shares issued to Directors and Executives without consideration or exercisable at discount

48.4 Nature, type and elements of transactions with the related party

48.5 Lending policies in respect of related party:

- Amount of transactions regarding loans & advances, deposits, guarantees and commitment
- Amount of provision against loans and advances given to related party
- Amount of guarantees and commitments arising out of the statement of affairs

48.6 Investments in securities of the Directors and their related concerns

None
None
Note: 47
None
None
None
None

IPDC Finance Limited

Fixed assets including land, building, furniture and fixture

Figures in Taka

Category of asset	Cost/valuation				Depreciation/amortisation			Carrying amount as at 31 December 2022	
	Balance as at 1 January 2022	Revaluation reserve	Addition during the period	Adjustment during the period	Disposal during the period	Balance as at 31 December 2022	Charged during the period		Adjustment during the period
Land	279,435,033	-	-	-	-	279,435,033	-	-	279,435,033
Building	90,474,767	-	-	-	-	90,474,767	-	-	79,834,935
Motor vehicles	90,013,115	-	19,500,000	-	10,400,000	99,113,115	17,293,135	(8,018,332)	47,707,944
Furniture and fixture	96,624,232	-	7,528,631	(24,500)	131,246	103,997,117	9,384,925	(12,4,818)	41,654,390
Equipment and appliances	257,557,124	-	51,781,521	-	1,394,382	307,944,263	36,784,069	(1,394,573)	110,619,033
Software	199,512,975	-	7,763,100	-	-	207,276,075	34,580,730	2,365,380	77,357,764
Capital work in progress - Software	17,203,119	-	29,018,560	(3,006,466)	-	43,215,213	-	-	43,215,213
ROU-Assets for lease rent	172,016,598	-	142,399,065	(992,840)	40,548,871	272,873,952	37,426,707	(40,548,871)	196,503,091
Balance as at 31 December 2022	1,202,836,963	-	257,990,877	(4,023,806)	52,474,499	1,404,329,535	136,129,524	(47,721,214)	876,327,403

Category of asset	Cost/valuation				Depreciation/amortisation			Carrying amount as at 31 December 2021	
	Balance as at 1 January 2021	Revaluation reserve	Addition during the period	Adjustment during the period	Disposal during the period	Balance as at 31 December 2021	Charged during the period		Adjustment during the period
Land	279,435,033	-	-	-	-	279,435,033	-	-	279,435,033
Building	90,474,767	-	-	-	-	90,474,767	-	-	82,494,893
Motor vehicles	79,748,357	-	27,305,650	-	17,040,892	90,013,115	15,672,818	(10,328,252)	47,882,747
Furniture and fixture	83,019,423	-	13,604,809	-	-	96,624,232	7,644,693	-	43,541,613
Equipment and appliances	223,391,101	-	34,298,017	5	132,000	257,557,123	33,012,903	(43,267)	95,621,389
Software	173,871,850	-	25,641,125	-	-	199,512,975	29,895,742	2,365,380	106,540,774
Capital work in progress - Software	28,724,125	-	27,367,444	(38,888,450)	-	17,203,119	-	-	17,203,119
ROU-Assets for lease rent	149,361,198	-	34,057,562	(1,175,947)	10,226,214	172,016,599	28,351,349	(3,087,213)	92,523,574
Balance as at 31 December 2021	1,108,025,854	-	162,274,607	(40,064,392)	27,399,106	1,202,836,964	117,237,463	(11,093,352)	765,243,142

Annexure - B

IPDC Finance Limited

Reconciliation of Net Profit with Cash Flows from Operating Activities

	2022	2021
	Taka	Taka
Net profit after tax	901,020,079	881,059,536
Adjustments for non-cash items:		
Add/(Less): Depreciation expenses	138,129,524	117,237,463
Add/(Less): Adjustment for ROU Lease Rent	(32,916,682)	(26,600,911)
Add/(Less): Provision for loans, advances and investments	495,913,241	700,041,160
Add/(Less): Income on forfeiture of provident fund	7,000,000	3,000,000
Add/(Less): (Gain)/ Loss on Disposal of fixed assets	(11,407)	9,929
Add/(Less): Accrued expenses	107,765,621	(74,823,303)
Add/(Less): Accrued income	37,449,991	9,907,021
Add/(Less): Provision for Current Tax	367,448,480	621,982,872
Add/(Less): Deferred Tax	(4,097,643)	285,636
	2,017,701,204	2,232,099,403
Changes in operating assets and liabilities		
(Increase)/Decrease in Loans and advances to other banks	306,181,140	(374,744,907)
(Increase)/Decrease in Loans and advances to customers	(3,141,079,992)	(11,342,808,654)
(Increase)/Decrease in Other assets	(360,959,981)	(45,993,361)
Increase/(Decrease) in Deposits from other banks and financial institutions	(280,000,000)	784,481,239
Increase/(Decrease) in Deposits from customers	(985,781,650)	7,164,441,785
Increase/(Decrease) in Trading liabilities	(1,354,689,837)	(671,760,497)
Increase/(Decrease) in Payable and accrued expenses	(22,790,890)	(1,081,913)
Increase/(Decrease) in Interest suspense	131,544,981	140,649,894
Increase/(Decrease) in Other liabilities	178,774,010	75,681,946
Payment of Corporate tax	(666,729,110)	(373,234,574)
Cash received/(paid) from operating assets and liabilities	(6,195,531,329)	(4,644,369,042)
Net cash from operating activities	(4,177,830,125)	(2,412,269,639)

Highlights on the overall activities of the Company as at and for the period ended 31 December 2022 and 31 December 2021

Sl. no.	Particulars	2022	2021
1	Paid up capital (Taka)	3,710,915,470	3,710,915,470
2	Total capital (Taka)	6,802,943,139	6,353,028,643
3	Capital surplus (Taka)	2,884,939,306	2,711,109,669
4	Total assets (Taka)	86,732,379,052	84,972,593,995
5	Total deposits (Taka)	59,139,483,337	60,405,264,987
6	Total loans and advances (Taka)	68,105,576,243	65,327,246,605
7	Total contingent liabilities and commitments (Taka)	12,163,774	35,897,774
8	Credit to deposit ratio	1.2:1	1.1:1
9	Percentage of classified loans against total loans, advances	4.14%	3.15%
10	Net profit after tax and provision (Taka)	901,020,079	881,059,536
11	Amount of classified loans and advances at the end of the period/year (Taka)	2,818,008,635	2,056,181,145
12	Provisions kept against classified loan (Taka)	1,167,627,690	861,259,080
13	Provision surplus against loans and advances (Taka)	14,285,954	350,087,019
14	Cost of fund	6.23%	6.00%
15	Interest earning assets (Taka)	82,531,309,622	81,575,096,793
16	Non-interest earning assets (Taka)	4,201,069,430	3,397,497,202
17	Return on equity (ROE)	13.70%	14.20%
18	Return on asset (ROA)	1.05%	1.10%
19	Income from investment (Taka)	202,104,580	471,256,755
20	Earning per share (Taka)	2.43	2.37
21	Net income per share (Taka)	2.43	2.37
22	Price earning ratio (Times)	23.87	16.23



**IPDC FINANCE LIMITED
PROXY FORM**

I.....of
.....
..... being member of IPDCFinance Limited, hereby appoint
Mr./Ms.....of
.....
..... as my proxy to attend and
vote for me and on my behalf at the 41st Annual General Meeting of the Company to be held
virtually by using digital platform on Thursday, 27 April 2023 at 11:00 a.m. or at any adjustment there-
of.

Signed this Signature of Proxy

Day of, 2023

Revenue Stamp
Tk 100.00

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 41st Annual General Meeting of the Company being to
be held virtually by using digital platform on Thursday, 27 April 2023 at 11:00 a.m

Name of Member/Proxy
.....

BO ID

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature

Date

N.B. Shareholders attending the meeting in person or by proxy are requested to complete the
attendance slip and deposit the same at the registration counter on the day of the meeting.



Hosna Center (4th Floor), 106 Gulshan Avenue, Dhaka 1212

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