

Directors' Report

Dear Shareholders,

The Board of Directors of IPDC Finance Limited takes great pleasure to welcome you to the 38th Annual General Meeting of the Company. On behalf of the Board of Directors, I am presenting the Directors' Report on the operational and financial activities of your Company together with the Audited Financial Statements for the year ended 31 December 2019 which also includes reports on business and strategy review, risk management, corporate governance, internal control system, financial and operational highlights for your valued consideration, approval and adoption. This report has been prepared in compliance with Section 184 of the Companies Act 1994, Financial Institutions Act 1993 and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank and other regulatory authorities.

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

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

Key Performance Highlights

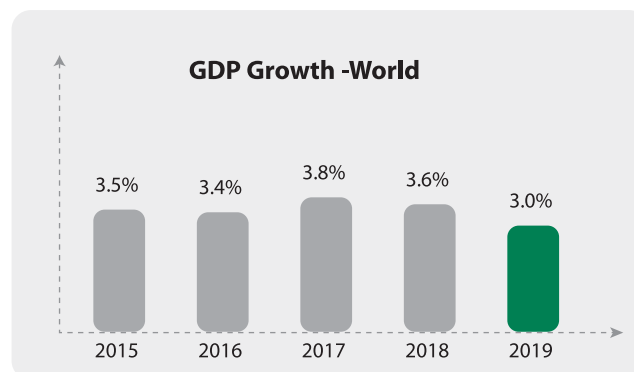
Loans and advances of IPDC grew by 14.4% and stood at BDT 50,726 million in 2019 against BDT 44,325 million in the previous year. Despite the liquidity crunch in the financial sector, IPDC was able to increase its customer deposits size by a remarkable 50.8% and the customer deposit balance stood at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

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

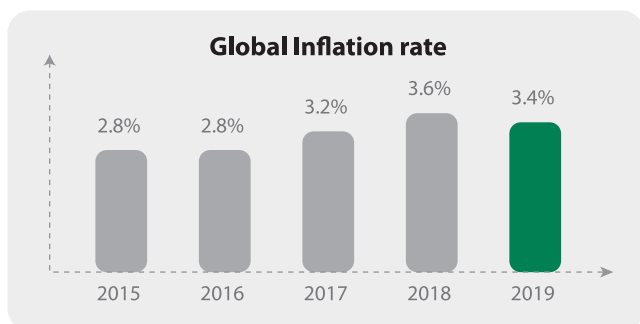
BDT mn, %



Global Economic Review



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

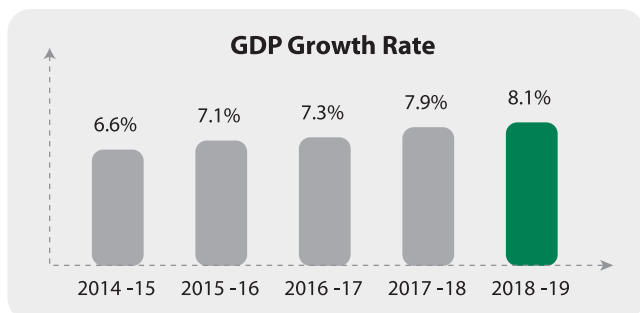


The global inflation rate continued to increase over the years and reached 3.6% in 2018 but came down to 3.4% in 2019. The decline in inflation rate is in line with the global decline in GDP growth. It is estimated the inflation rate will increase to 3.6% in 2020.

Regional Economy Review

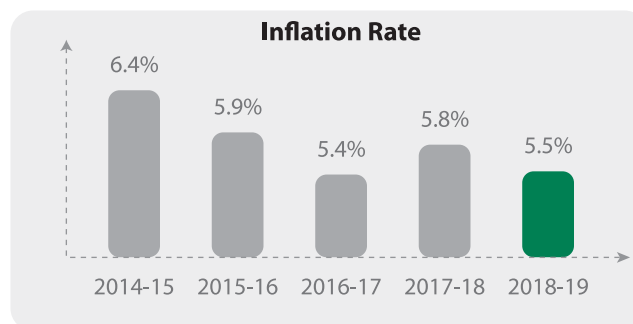
Growth in South Asia's region has come down to 4.9% in 2019 against 7.1% in the previous year. This decrease in the region was mainly due to economic slowdown in India and Pakistan. India has suffered from liquidity crisis in the financial sector, whereas Pakistan has suffered decline in fixed investment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

Bangladesh Economy Review



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

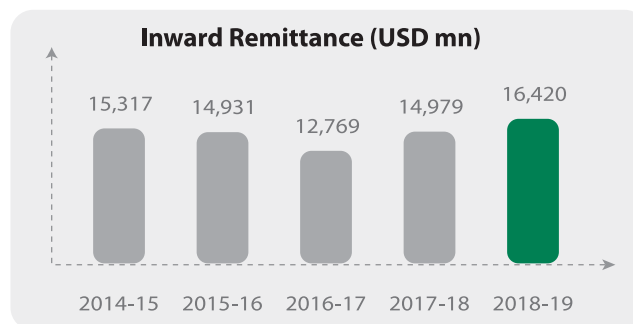
The average GDP growth rate of 7.0% over the last few years remains higher than most of the countries in the South Asian region. Growth is likely to continue to be above 7.0% and is expected to be driven by manufacturing growth.



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



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

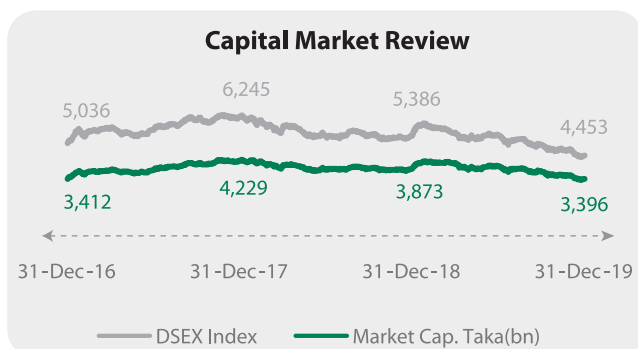


Inward remittance grew by 9.6% to USD 16,420 million in FY2018-19 with majority of the remittance coming from Gulf Cooperation Council (GCC) countries. Remittance from Saudi Arabia accounted for 18.9% of the total remittance and grew by 20.0% during the financial year. The total number of Bangladeshis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



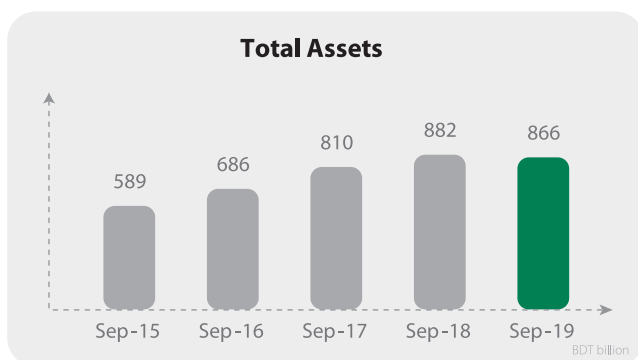
Foreign exchange reserve declined slightly by 0.6% and stood at USD 32,717 million in FY2018-19. Decline in foreign exchange reserve was due to foreign exchange interventions in order to stabilize BDT/USD exchange rate.

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

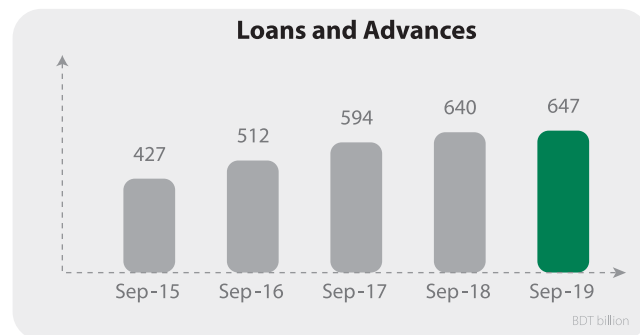


DSE Index (DSEX) went through significant downward spiral during the year 2019 and closed the year at 4,453 points in 2019 against 5,386 points at the end of 2018, a degrowth of 17.3%. Similarly, market capitalization decreased by 12.3% to BDT 3,396 billion at the end of 2019 from BDT 3,873 billion in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

Non-Banking Financial Sector Review

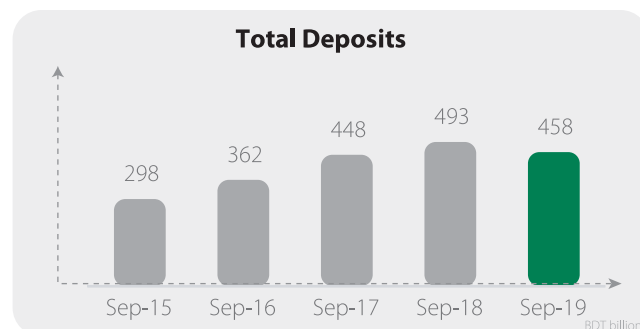


The total assets of the non-banking financial institution sector stood at BDT 866 billion in September 2019, a decrease by 1.8%, from BDT 882 billion in September 2018. Total assets increased from BDT 589 in September 2015 to BDT 866 in September 2019 representing a growth of 47.0%.



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

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

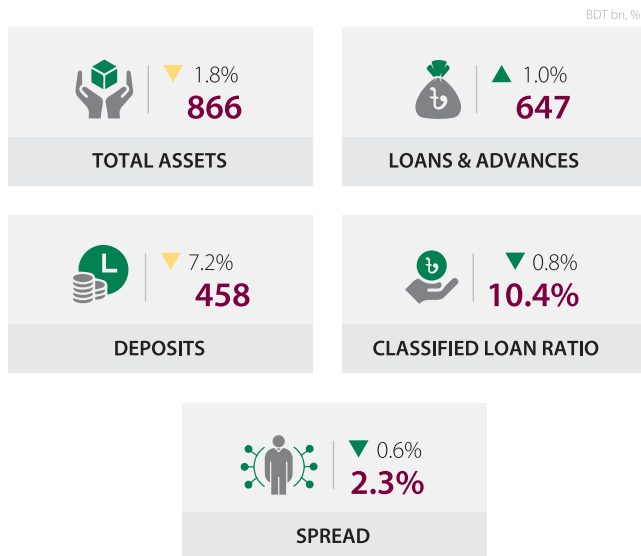


Deposits stood at BDT 458 billion, a decrease by 7.2% on YoY basis while growth in the previous year was 10.0%. Deposits formed 52.8% of the total liabilities and equity of the industry as of September 2019. Deposits grew by 53.7% from the base year of September 2015.

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

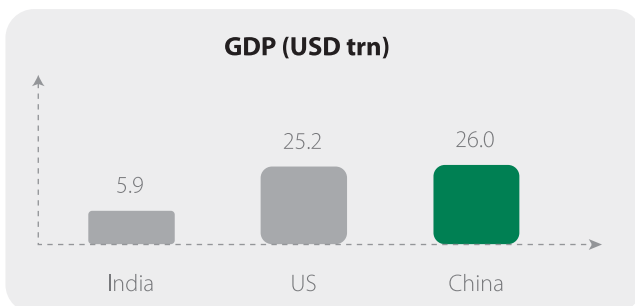
Capital Adequacy Ratio (CAR) of the industry stood at 17.3% in September 2019 against 12.4% in September 2018. CAR continues to remain above the minimum requirement of 10.0%. The Increase in CAR is mainly due to a reduction in Risk Weighted Assets (RWA) which came down to BDT 736 billion in September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

Key Industry Numbers



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

Economy and Industry Outlook



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

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

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

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

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

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

Strategy

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

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

Macroeconomic and Industry Trends	Our Strategic Response	Actions Taken in 2019
Emergence of Middle and Affluent Consumers (MAC) and improving lifestyle	Bringing technology-led innovative solutions to facilitate consumer white goods financing business	Initiated pilot project for consumer goods financing with 9 partners reaching 573 customers with BDT 25 million outstanding loans as of December 2019. Significant progress has been made to launch dedicated platform for Consumer Goods Finance in 2020.
Increasing literacy rate and participation of women in the economy	Developing products and building entrepreneurial capacity of women	Launched Priti platform in 2019, integrating all the retail products of IPDC. Priti brings special benefits to women such as health insurance coverage, discounts for health-related services and lifestyle products as well as financial services at a concessional rate.
Intense competition in big cities	Expanding business beyond Dhaka and Chattogram	Although no new branches were opened in 2019, IPDC continued to increase distribution points through outreach programs. As a result, loans and advances beyond Dhaka and Chattogram witnessed growth of 39.1% in 2019.
Increasing internet and smartphone penetration	Providing fintech solution to the customers	Partnered with bKash and integrated Application Program Interface (API) with several online merchants for better customer experience in consumer financing. Additionally, launched the first digital supply chain finance platform (called Orjon) backed by blockchain technology, bringing the whole supply chain ecosystem under one umbrella.
Increasing young labor force	Promoting SME and women entrepreneurs and bringing state-of-art technology solution in supply chain finance	Rolled out Orjon, a digital Supply Chain Finance Platform developed by IPDC using blockchain technology in partnership with IBM. It is designed and implemented for promotion of financial inclusion of MSMEs by providing easy access to collateral free, low-cost credit in the form of Supply Chain Finance in collaboration with corporate bodies through creating an ecosystem for end-to-end supply chain management.
Gap between demand and supply for mortgage finance	Scaling up mortgage finance targeting low- and middleincome households	Achieved 20.7% growth in Mortgage Finance with a massive 166.8% growth in affordable home loan product through increased presence in regions beyond Dhaka and Chattogram.

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

Key Investors' Ratio

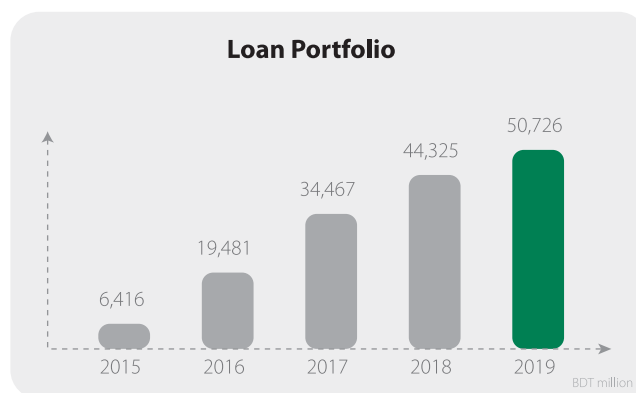


* Market value per share as of closing day of December 2018 has been adjusted for stock dividend

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

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

Loan Portfolio Analysis



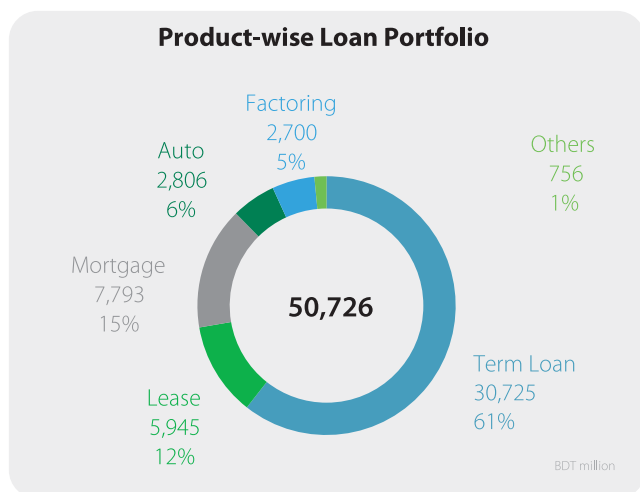
During the year 2019, loans and advances of IPDC grew by 14.6% and stood at BDT 50,726 million against a growth of 28.6% in the previous year. Despite the growth not being as high as the previous year, it is still solid growth considering the liquidity crisis in the market during the year 2019 and conscious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

Classified Loan Ratio Analysis



The quality of IPDC's balance sheet is apparent by the reduction of classified loan ratio which decreased to 1.57% in 2019 from 2.14% in the previous year. The classified loan ratio of IPDC continues to remain one of lowest in the industry and is significantly lower than the industry average of 10.4% in September 2019.

Product-wise Loan Portfolio Analysis



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

Segment-wise Loan Portfolio Analysis

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



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

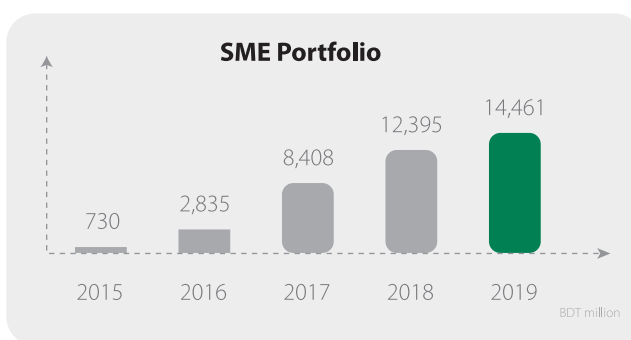


Retail portfolio stood at BDT 11,939 million at the end of December 2019 representing 23.5% of the total portfolio and posting a year-on-year (YoY) growth of 16.9%. From the base year of 2015, retail loan portfolio increased from BDT 632 million in 2015 to BDT 11,939 million in 2019 representing a growth of 18.9 times. Growth in retail business will continue to be a key area of focus and it is expected that retail portfolio will continue to take up a greater portion of the total loan portfolio.

Housing finance provides another opportunity to grow in the Retail segment specially beyond the established markets in urban areas. With that in mind, IPDC has aligned its Retail strategy, processes and operations.

Mortgage Finance (including Affordable Home Loan) stood at BDT 7,793 million at the end of 2019 against BDT 6,458 million in the previous year, representing a growth of 20.7%. Affordable Home Loan is one of the flagship products of IPDC and is continuing to gain market traction. Affordable Home Loan portfolio stood at BDT 1,090 million in 2019 against BDT 409 million in the previous year which represents an incredible growth of 166.5%.

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

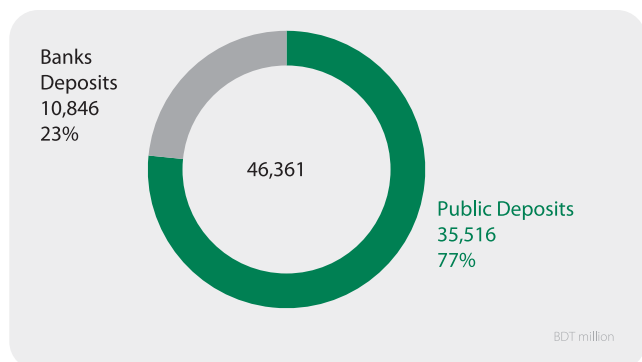


SME portfolio stood at BDT 14,461 million at the end of December 2019 representing 28.5% of the total portfolio and posting a year-on-year (YoY) growth of 16.7%. From the base year of 2015, SME loan portfolio increased from BDT 730 million in 2015 to BDT 14,470 million in 2019 representing a growth of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

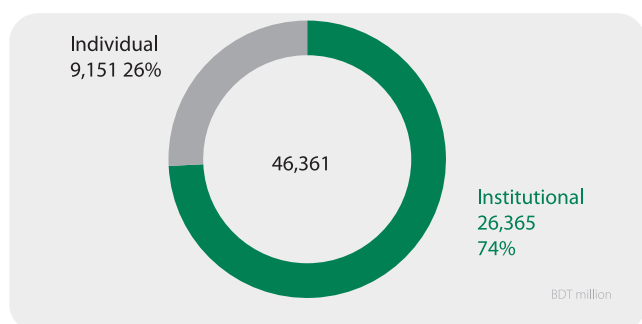
In addition to the product-wise portfolio diversification, the credit portfolio of IPDC is also well spread across different sectors. Product-wise further detail can be found in Business Review and Risk Management section of the Annual Report.



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

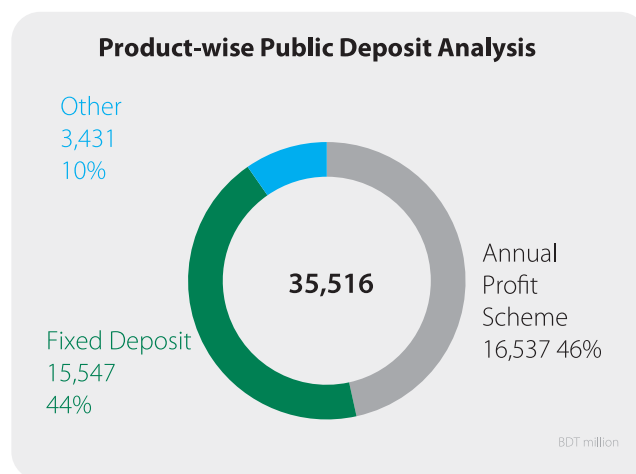


Public deposits (deposits excluding FDR from Banks & NBFIs) grew by a whopping 50.8% and took 76.6% of the total share of deposits, amounting to BDT 35,516 million where as deposits from Banks and NBFIs accounted for 23.4% of the pie and amounted to BDT 10,846 million at the end of 2019.

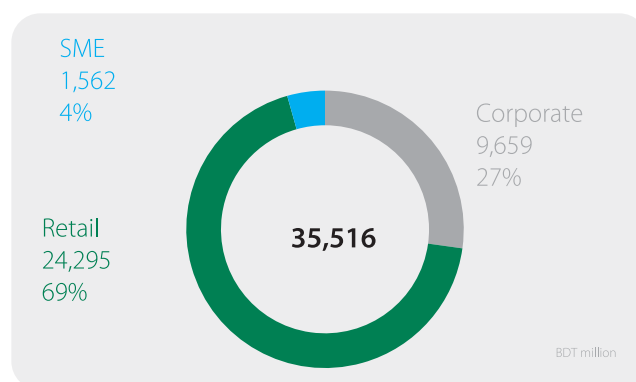


Deposits from individuals accounted for 25.8% of the total deposits and amounted to BDT 9,151 million in 2019 against BDT 5,192 million in the previous year representing an impressive growth of 76.3%.

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



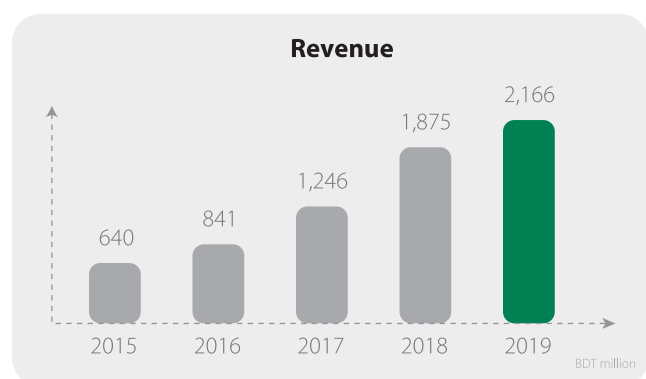
The company launched innovative campaigns focusing on deposit mobilization during national events and festivals which helped to shield the company against the adverse liquidity situation that prevailed in the market during 2019. Fixed deposits (BDT 15,547 million) accounted for 43.8% of the total public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



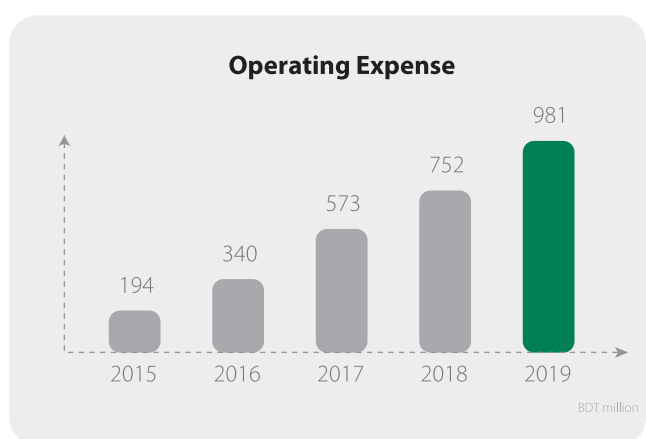
Corporate, SME and Retail deposits accounted for 27.2%, 4.4% and 68.4% of the total public deposits respectively. IPDC will continue to focus more on Retail deposits in the future to reduce concentration risks of high-ticket size deposits of Business Finance. Overall Retail deposits increased by 37.7%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

Treasury Operations

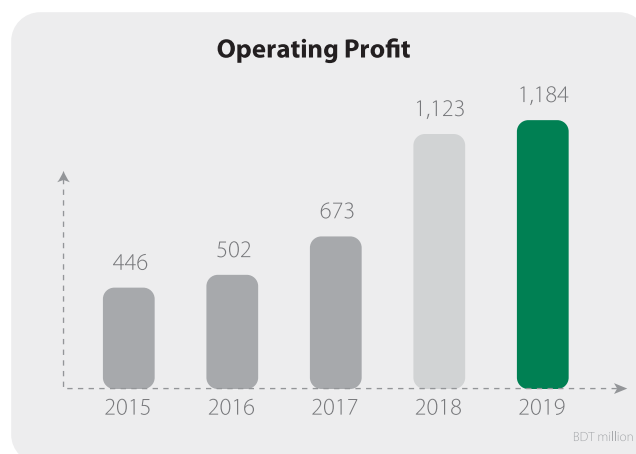
Our treasury operations played a key role in managing fund and liquidity. In tight liquidity condition that persisted during the year 2019, Treasury supported IPDC's growth momentum while keeping cost of funds at a tolerable level and fortifying the company on liquidity front. The growth in borrowings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



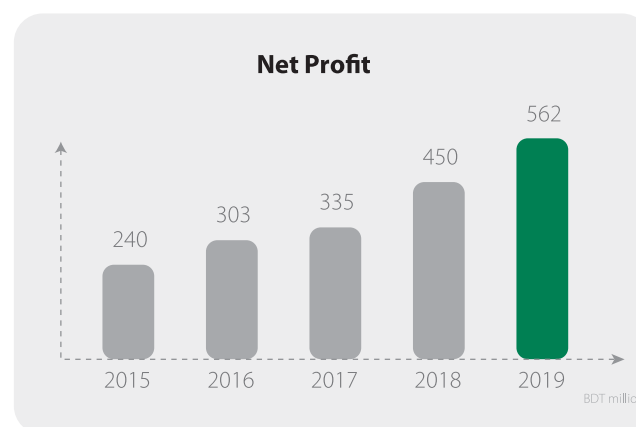
Revenue earned in 2019 amounted to BDT 2,166 million against BDT 1,875 million in the previous year an increase by 15.5%. The increase in the revenue came from growth in portfolio which increased by 14.6%, the relatively low classified loan ratio further contributed towards the increased revenue during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



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



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



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

Capital Expenditure

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

Quarterly Operating Results

BDT bn, %

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

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

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

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

BDT bn, %

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

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

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

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

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

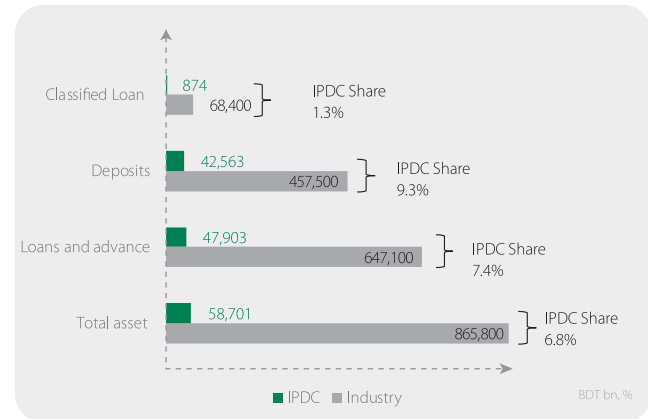
Operating profit stood at BDT 1,185 million in 2019 against BDT 1,123 million in the previous year, representing an increase by 5.5%. Operating profit margin decreased to 17.6% from 22.1% due to operating profit growing a slower pace than interest income during the year 2019.

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

Extra-ordinary gain/loss

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

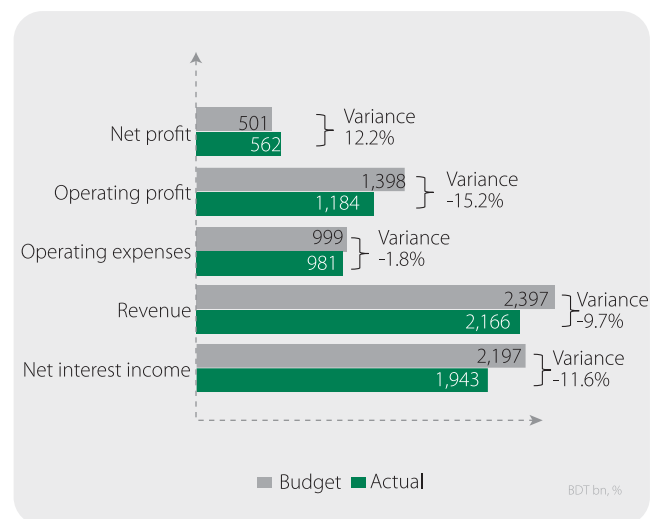
NBFI Industry and IPDC Market Share



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

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

Comparison of actual and budgeted performance of IPDC Finance Limited

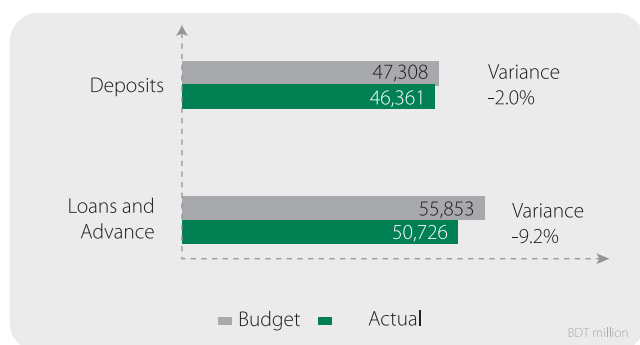


Net interest income stood at BDT 1,943 million against the budgetary target of BDT 2,197 million which is 11.6% behind the target of 2019. Net interest income was behind budget due to lower than planned portfolio growth combined with the impact of reduced spread due to increased cost of fund.

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

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

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



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

Plan for 2020

Business

Asset growth in 2020 will be focused more towards Retail and SME segment rather than corporate. This is a purposeful move-away from its current balance sheet composition with an aim to diversify portfolio and minimize concentration risk. Growth in Retail will come from Home loan with Affordable Home Loan (AHL) being one of the strategic priorities of the company while SME will remain as another growth agenda, mainly driven by Supply Chain Finance (SCF) as we leverage our new digital supply chain platform, Orjon. As the company continues to grow, containing the Classified Loan Ratio will remain as another key focus area for ensuring sustainable growth in balance sheet and profitability.

On the liability side, IPDC intends to continue to increase its share of core customer deposits within overall deposit portfolio to further solidify its liquidity position and shield itself from market volatility. Additionally, to

diversify its sources of fund, long term borrowing from foreign sources is being considered as well as additional borrowing from the bond market is also in consideration. The current Capital Adequacy Ratio of 19.30% is well above the regulatory requirement of 10.00% and is currently at optimum level to satisfy the growth ambition of 2020.

People

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

Process

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

Technology

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

Key Operating and Financial Information

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

Proposed Dividends and Appropriation of Profit

While taking dividend decision, the Company focuses on creating shareholder value by striking a balance between paying out dividend and retaining the surplus to plough back into the business. Given the Company's strong performance in 2019 and growth potential, while maintaining minimum regulatory capital requirement, the Directors recommend 15% dividend out of which 5% will be in stock and 10% in cash, for the year ended 31 December 2019 for the approval of Shareholders in 38th Annual General Meeting scheduled to be held on 31 March 2019.





BDT million

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

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

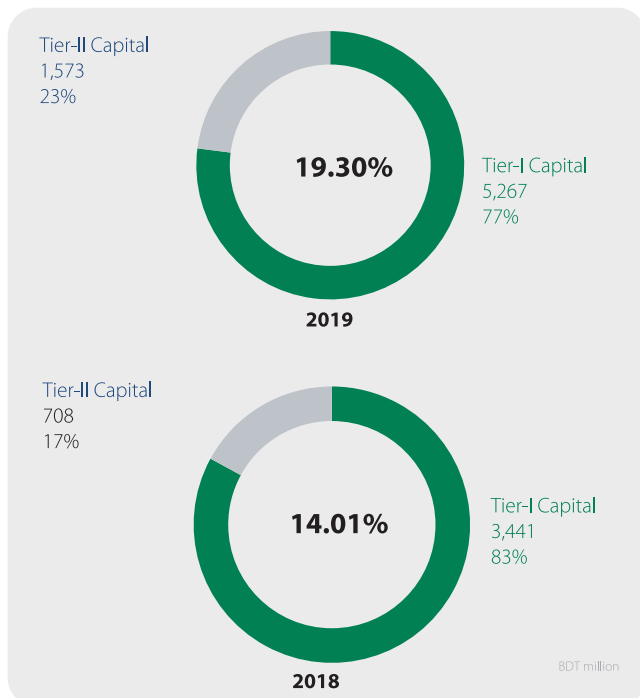
Capital Management

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

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

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

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



Shareholders' Equity and Shareholders' Value

IPDC remains fully committed to delivering higher shareholder value. The steady growth in company's asset size and continuous improvement in asset quality and smooth growth in profitability underpins the value the shareholders derived from investing in the shares of the Company. In 2019 the Company exceeded the expectations in delivering profits, growing Balance Sheet and meeting other KPIs and is, therefore, well poised to produce even better results in future. Exceptional operating performance, backed by solid business fundamental, has resulted in appreciation in shareholders' wealth in form of growing market capitalization, growth in EPS and stable dividend.

Contribution to National Economy

Since its inception IPDC has played a pivotal role over the last three decades in developing the private sector industry in Bangladesh through various landmark projects in partnership with renowned corporate houses and financial institutions. As a direct contribution to national economy, IPDC has deposited a total amount of BDT 890 million in 2019 in form of corporate tax, withholding tax, excise duty and VAT to the national exchequer. This is 47.3% higher compared to last year's figure of BDT 604 million. Detail in this regard can be found in the Social and Relationship Capital Section. Apart from this, IPDC is indirectly creating jobs in the economy through financing SMEs which is considered as one of the lifelines of the economy. The company also has contribution in assisting women to build financial and non-financial assets which also contributes directly to growth of the national economy.

Summary of Contribution to Government Exchequer

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

*BDT 604 million in 2018

Contribution to Society and Environment

IPDC believes in giving back to the society in a way that will contribute towards the betterment of people in the society as well as ensuring the wellbeing and sustainability of the environment. IPDC continues to make contribution to society through sponsoring and organizing various events and making charitable donations. CSR expense at the end of 2019 stood at BDT 9 million. Details of the activities and events can be found in the Social and Natural Capital section.

Contribution Towards Employees

Human Resource (permanent) strength of IPDC increased to 560 as of December 2019 against 423 as of December 2018. IPDC aims to strengthen its focus on Retail and SME loans and hence the company will require additional workforce to build a quality portfolio in this segment. Hence, we will continue to recruit permanent and outsourced employees to strengthen our direct sales work force and build solid organizational capacity for the long-term. After recruitment, employees go through a well-articulated training and development program so that they remain competent, skillful and relevant to the current and future needs of the Company. We give our best effort to ensure the wellbeing and workplace safety of our employees.

Corporate and Financial Reporting Framework

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

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

The Preparation of Financial Statements

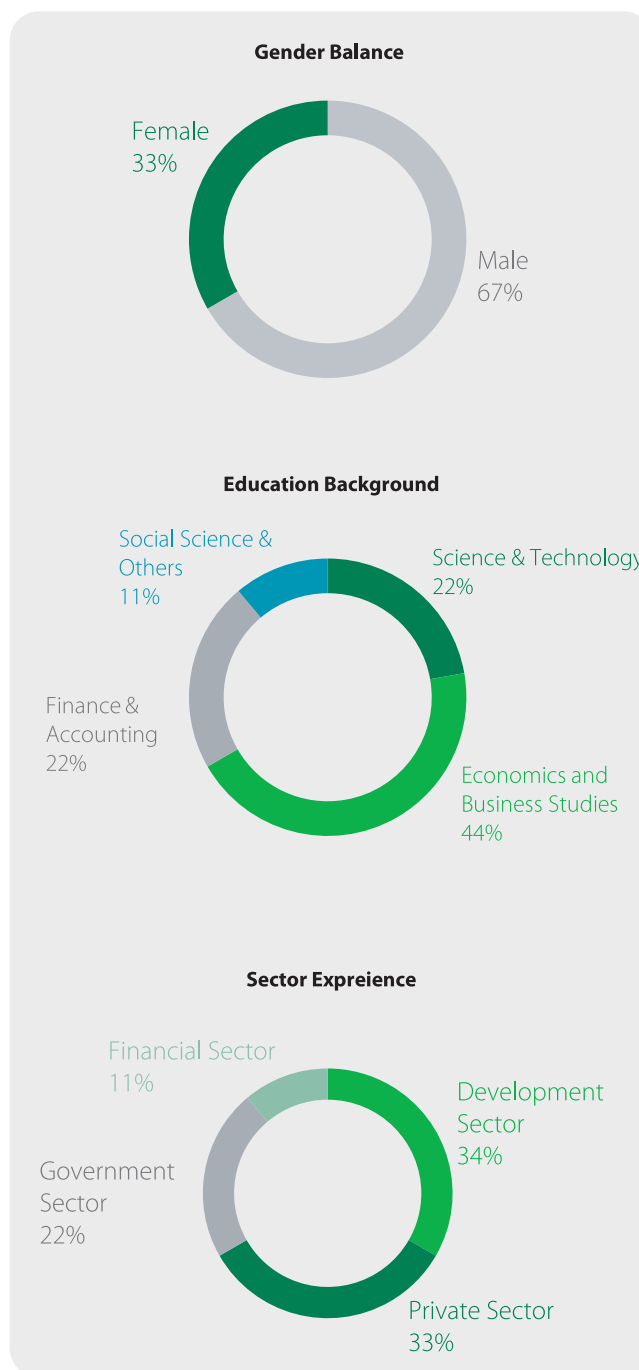
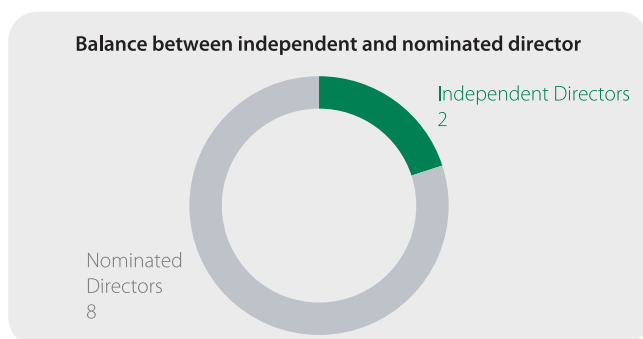
We hereby confirm that to the best of our knowledge:

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

Interim Dividend

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

Board Diversity

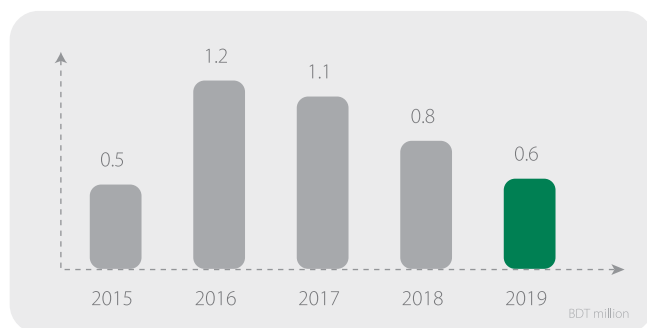


Board Committees

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

Committee Name	Member	Meetings Held in 2019
Audit Committee	5	4
Executive Committee	5	6

Directors' Remuneration



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

Director's Meeting, Attendance and Remuneration

During the year ended 31 December 2019 a total 5 (five) Board Meetings were held. The details of attendance by the Directors along with remuneration paid to them are disclosed in the relevant section of the Directors' Report.

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

As per Article 100 and 101 of the Articles of Association of the Company, the following 3 (three) Directors will retire from the office of the Company in the 38th Annual General Meeting and 3 (three) being eligible to offer themselves for re-election as per Article 105 of the Articles of Association of the Company. Brief resumes of the directors are furnished in the 'About IPDC' section of this Annual Report.

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

Appointment of Members of The Management Committee Team

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

Shareholding Pattern as at 31 December 2019

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

Internal Control System

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

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

Control Environment

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

Statutory Payment

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

Insider Trading

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

Related Party Transaction

In the normal course of business, IPDC has entered into few transactions with related parties during the year 2019. IPDC makes sure that all transactions with the related parties are made on arm's length basis. A party is deemed to be related if it can control or exercise significant influence over the other party in making financial or operating decisions. These transactions have taken place on an arm's length basis and include rendering or receiving of services. The details of related party transactions are disclosed in the "Notes to the Financial Statements."

Statement on Utilization of Proceeds from Debt Instruments and Capital

Statement on Utilization of Proceeds from Debt Instrument

IPDC obtained approval for Bangladesh Securities and Exchange Commission and Bangladesh Bank for raising capital through the issuance of fully redeemable subordinated bond amounting to BDT 1,000 million. During the year 2019, BDT 800 million was raised through the issuance of the subordinated bond bringing the total amount of the bond to BDT 1,000 million (BDT 200 million was raised in 2018). The proceeds from the issuance of the subordinated bond were used to pay off high cost short term borrowing and finance business growth. Furthermore, the subordinated bond acted as Tier-II capital which helped us to further strengthen our capital based and enhance our Capital Adequacy Ratio.

Statement on Utilization of Proceeds from Rights Share

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

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

BDT

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

Risk Management

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

Credit Risk Risk of loss from failure of clients or customers to honor their obligations including the whole and timely payment of principal, interest, collateral and other receivables.	<ul style="list-style-type: none"> • Selecting good borrowers • Robust credit assessment • Diversifying credit portfolio • Strong monitoring • Dedicated recovery team • Reducing large borrower concentration.
Liquidity Risk Risk that the organization fails to meet its contractual obligations, or it does not have adequate funding and liquidity to support its assets.	<ul style="list-style-type: none"> • Matching tenor wise asset and liability • Maintaining strong line of credit with banks and financial institutions • Maintaining good relationship with banks and Financial Institutions • Reducing concentration on volatile deposits • Making short term callable investments • Increasing focus on deposit customer retention. • Observing and predicting state of market liquidity and taking position upfront • Setting trading limit and trigger points on treasury borrowing or lending.
Interest Rate Risk Risk of loss and negative impact on cash flow due to adverse changes in the interest rates.	<ul style="list-style-type: none"> • Tenor wise matching of interest-bearing asset and liabilities to maintain desired spread • Offering floating rate for long term loans to protect against adverse interest rate movement • Embedding callability feature when necessary while borrowing or lending • Reviewing interest rate frequently • Repricing assets or liabilities when necessary • Offering higher interest rate on the long-term loans to safeguard against volatility in market interest rates.
Compliance Risk Risk of penalties, damages or fines due to failure to meet its legal and compliance obligations.	<ul style="list-style-type: none"> • Promoting ethical and compliance culture throughout the organization • Maintaining strict compliance with relevant laws and regulations • Ensuring that sufficient internal policies and control mechanism are in place and monitoring effective implementation of those.
Reputational Risk Risk of loss due to damage in reputation of the organization leading to a loss of current or future business of the company.	<ul style="list-style-type: none"> • Managing good relationship with the stakeholders • Serving customers with greatest integrity and sincerity • Treating suppliers with respect • Treating employees fairly • Promoting transparency and ensuring proper communication with the stakeholders • Not engaging in any activities which has a negative environmental and social consequences.
Technology Risk Risk of business loss due to failure of IT system.	<ul style="list-style-type: none"> • Creating IT security awareness and training among all employees • Implementing proper business continuity plan and disaster recovery plan • Assessing security threat on regular basis • Testing and monitoring system sanity on a regular interval • Building IT capacity in pace with the business volume and objectives.
Operational Risk The risk of loss due to inadequate or failure of system, processes, human or external factors.	<ul style="list-style-type: none"> • Conducting employee training and raising awareness about policies, procedures and controls • Assessing control system and policies on regular intervals to deal with the changing business and environmental needs • Ensuring adequate supervision, delegation of authority and segregation of duties • Ensuring proper record keeping and documentation and archiving

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

Going Concern

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

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

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

Status of Compliance on Corporate Governance

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

Statutory Auditors

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

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

Principal Activities

The principal businesses of the Company are related to finance and finance associated activities. These are as include deposits collection, credit to Corporate, SME and Retail customers. On product front, our areas of financing include factoring finance, work order finance, bill discounting, term loan, project finance, syndicated finance, hire purchase, lease finance, mortgage finance, auto and personal loans equity and quasi-equity investments and other associated services. During 2019, IPDC continued to penetrate the Retail market, and continue its focus on SME segment and collecting of small-ticket size Retail deposit to support long term financing need of the company and widening distribution coverage.

Distribution Network

IPDC offers multiple business services through its 12 branches including head office. The branches cover the geographical areas of Dhaka, Chittagong, Khulna, Sylhet, Rajshahi and Mymensingh and those are located at Motijheel, Dhanmondi, Gulshan, Uttara, Chattogram, Sylhet, Gazipur, Narayanganj, Bogura, Jashore, Cumilla, and Mymensingh.

Acknowledgement

The Board of Directors would like to take the time to express its heartfelt gratitude to our valued shareholders, clients, business partners and other stakeholders for their immense support and faith in IPDC. A special thanks to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Registrar of Joint Stock Companies and Firms, the National Board of Revenue, the Ministry of Industries, the Ministry of Finance and other Government Agencies for their support, collaboration and initiatives to drive both the financial industry and

country forward. A well-deserved thanks to my fellow Board Members for their continued guidance and support in driving forward the vision of the company. Last but not the least, the Board has a special note of thanks for the management and employees of IPDC for their tireless efforts and achievements.

For and on behalf of the Board of Directors.



Md. Abdul Karim
Chairman

Key Operating and Financial Data of Preceding Five Years

BDT million

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

¹ EPS has been restated for the year 2015 – 2019 due to issuance of bonus shares and rights issue.

² Year end Market Price per Share reflects closing DSE share price on the last trading day of the respective year.

³ Compound Annual Growth Rate from base year 2015.

Assessment Report on the Going Concern

Going concern is one of the fundamental assumptions in the preparation of financial statements. As per the requirements of International Accounting Standards, Companies Act, Listing Rules and Bangladesh Securities & Exchange Commission Guidelines, management and directors should satisfy themselves about the appropriateness of using going concern assumption in the preparation of the financial statements. The management of an entity therefore has a responsibility to assess the entity's ability to continue as a going concern in the foreseeable future. Under the going concern assumption, an entity is normally viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. The management and directors of the Company has made annual assessment for the year ended December 31, 2019 of whether the Company is a going concern involves making appropriate inquiries including review of budget and future outcome of inherent risk associated in the business. The management and directors of the Company are satisfied from the following factors that the preparation of financial statement for the year ended December 31, 2019 on the basis of going concern assumption is appropriate.

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

High Interest Coverage Ratio	During the year 2019, interest coverage ratio stood at 3.2 times, which means the company has strong debt servicing capacity.
Less Dependency on Bank Borrowings	As at December 31, 2019 total bank borrowing of the Company was BDT 7,038 million which is 12.0% of the total liabilities. This indicates that Company has no significant dependency on bank borrowings.
Continuous Support from the Depositors	The Company has a very good relationship with the depositors and a good track record and reputation in settling its obligation to its depositors. As at December 31, 2019 total deposits stood at BDT 46,361 million. The depositors continued to keep strong confidence on us which is reflected in higher acquisition rate and renewal rates of deposits. This trend is expected to continue in coming days.
Favorable Key Financial Ratios	The Company's financial ratios (Please see the Key Financial and Operating Performance) revealed the sound financial strength and prospect of the Company.
Consistent Payment of Dividend	IPDC Finance Limited has been paying dividend consistently on a regular basis to the shareholders since 2006 which reflect Company's long-term viability in operational existence.
Strong Capability in Settling of Obligation	The Company has strong credibility in terms of settlement of obligation to the lenders. Company has no default payment history for settlement of its obligation.
Growth in Operating Profit	In the year 2019, IPDC Finance achieved 5.5% growth of operating profit compared to year 2018 which reflects the growth in profitability from regular operation.
Solid Growth in Quality Lending Portfolio	In the year 2019 the loans, leases and advances increased by 14.4% compared to year 2018, whereas classified loan ratio stands at 1.57% which is much below the industry average. This represents the positive indication of sustainable business of the Company.
Expansion of Business	IPDC has carried out various IT development projects such as a new core banking system and the first ever Digital Supply Chain Finance platform called Orjon, as well as expansion of head office and relocation of branches which will help drive future growth.
Employee Satisfaction and Working Environment	IPDC Finance is an employee friendly organization. There is a very good corporate environment in the organization. The Company pays a competitive compensation package with fringe benefits like car facilities, provident fund, performance bonus, gratuity, group insurance, hospitalization insurance, reward and recognition program etc.
Maintenance of Capital Adequacy Ratio (CAR)	As per DFIM circular number 14, dated December 28, 2011 of Bangladesh Bank regarding Capital Adequacy and Market Discipline for Financial Institutions, each Financial Institutions are required to maintain Capital Adequacy Ratio (CAR) of at least 10.00% of the total risk weighted assets. As at December 31, 2019 CAR of IPDC is 19.30% vis-à-vis requirement of 10.00% i.e. Company maintains 9.30% surplus capital.

Strong Equity Base	IPDC is one of the highest equity-based companies among the Financial Institutions. Asat December 31, 2019 total equity of the Company is BDT 5,576 million including paid up capital of BDT 3,534 million.
Ability to Pay Day-to-day Operational Expenses	The company has not faced any difficulties in meeting its day to day operational expenses and has continued its reputation of paying vendors on time. The company generates sufficient operating cash flow to meet operational expenses.
Renew of Borrowing Facilities and Obtaining New Loans	The solidity of financial position and the reputation allows the company to negotiate or renew borrowing facilities at a favorable rates and flexible terms and conditions.
Off-balance Sheet Obligations	The company keeps very low exposure in off-balance sheet liabilities and the company has sufficient financial strength to pay the obligations should these materialize.
Changes in Government's Policy	Management and Board anticipate no significant changes in legislation or government policy which may materially affect the business of the Company.

Based on the review of the major indicators, the management and Directors of the Company is of the view that the preparation of the financial statements of the Company for the year ended 31 December 2019 on the basis of "going concern assumption" is appropriate.

Annexure III

Pattern of Shareholding as at 31 December 2019

Names	Position	Number of shares
Parent/Subsidiary/Directors		
Parent/subsidiary/associates and other related parties	Not Applicable	Nil
Mr. Md. Abdul Karim, his spouse and minor child	Chairman	Nil
Mr. Salahdin Irshad Imam, his spouse and minor child	Independent Director	Nil
Ms. Sonia Bashir Kabir, her spouse and minor child	Independent Director	Nil
Mr. Biswajit Bhattacharya Khokon ndc, his spouse and minor child	Director	Nil
Mr. Salahuddin Mahmud, his spouse and minor child	Director	Nil
Mr. Sameer Ahmad, his spouse and minor child	Director	Nil
Mr. Tushar Bhowmik, his spouse and minor child	Director	Nil
Mr. Tamara Hasan Abed, his spouse and minor child	Director	Nil
Ms. Nahreen Rahman, her spouse and minor child	Director	Nil
Top Executives		
Mr. Mominul Islam	Managing Director & CEO	Nil
Ms. Fahmida Khan	Chief Financial Officer (Acting)	Nil
Mr. Samiul Hashim	Company Secretary (CS)	Nil
Mr. Md. Ezazul Islam	Head of Internal Audit & Compliance	Nil
Top Five Executives other than CEO, CFO CS and HIA		
Mr. Rizwan Dawood Shams	Deputy Managing Director	Nil
Mr. Kyser Hamid	Deputy Managing Director	Nil
Ms. Sharmeen Fatema Annie	General Manager	Nil
Mr. Md. Zakir Hossen	General Manager	Nil
Mr. Ashique Hossain	General Manager	Nil

Shareholders holding 10% or more voting right:

Name of shareholders	Number of shares	%
Government of the People's Republic of Bangladesh (GOB)	77,326,867	21.8796
BRAC	88,355,127	25.0000
Ayesha Abed Foundation	35,342,050	10.0000

Meetings Attended and Remuneration of the Directors during the year 2019

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

Note:

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

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

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

Statement of Compliance with Corporate Governance Guideline by BSEC

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

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/ CMRRCD/ 2006-158/207/Admin/80, dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under condition no. 9.00)

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	✓		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a NonBank Financial Institution (NBFI);	✓		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	✓		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	✓		
1(3)	Qualification of Independent Director			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	Not Applicable		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	Not Applicable		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	Not Applicable		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	No such event occurred		
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1(5)	The Directors' Report to Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The segment-wise or product-wise performance;	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	No such event occurred		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	No such event occurred		
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	Dividend Declared		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1(5)(xxiii)(c)	Executives;	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
1(5)(xxiv)(a)	A brief resume of the director;	✓		
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas;	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	Not Applicable		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company	Not Applicable		
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	The company does not have any subsidiary		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	The company does not have any subsidiary		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	The company does not have any subsidiary		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	The company does not have any subsidiary		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	The company does not have any subsidiary		
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	No such event occurred		
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	Board of Directors’ Committee for ensuring good governance in the company, the Board shall have at least following subcommittees			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee	Not Applicable		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		
5(2)(c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(3)	Chairperson of the audit committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	No such event occurred		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	✓		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5(5)	The Audit Committee shall			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	Monitor choice of accounting policies and principles;	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	Oversee hiring and performance of external auditors;	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5.5(h)	Review the adequacy of internal audit function;	✓		

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee(NRC)as a subcommittee of the Board;	Not Applicable		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	Not Applicable		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	Not Applicable		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	Not Applicable		
6(2)(b)	All members of the Committee shall be nonexecutive directors;	Not Applicable		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	Not Applicable		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	Not Applicable		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	Not Applicable		
6(2)(f)	The Chairperson of the Committee may appoint or coopt any external expert and/or member(s) of staff to the Committee as advisor who shall be nonvoting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	Not Applicable		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	Not Applicable		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	Not Applicable		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	Not Applicable		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	Not Applicable		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	Not Applicable		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	Not Applicable		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	Not Applicable		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	Not Applicable		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	Not Applicable		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	Not Applicable		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	Not Applicable		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	Not Applicable		
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	Not Applicable		
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	Not Applicable		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	Not Applicable		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and longterm performance objectives appropriate to the working of the company and its goals;	Not Applicable		
6(5)(b)(ii)	Devising a policy on Board’s diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	Not Applicable		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	Not Applicable		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	Not Applicable		
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	Not Applicable		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	Not Applicable		
6(5)(b)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	Not Applicable		
7	External or Statutory Auditors			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:	✓		
7(1)(i)	Appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	Financial information systems design and implementation;	✓		
7(1)(iii)	Bookkeeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	Broker dealer services;	✓		
7(1)(v)	Actuarial services;	✓		
7(1)(vi)	Internal audit services or special audit services;	✓		
7(1)(vii)	Any service that the Audit Committee determines;	✓		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	Any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
8	Maintaining a website by the Company			
8(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	Reporting and Compliance of Corporate Governance.			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure--C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

Statement of Compliance with Good Governance Guideline Issued by Bangladesh Bank

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

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

Sl No.	Particulars	Compliance Status
H	Appointment of CEO The Board shall appoint a competent CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	
i	Benefit to the Chairman Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the Company subject to the approval of the Board.	Complied
J	Responsibilities and Duties of the Chairman	Complied
i	Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	
ii	The minutes of the Board meetings shall be signed by the Chairman;	
iii	Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	
	Complied	Complied
K	Responsibilities of Managing Director & CEO	
i	Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied
ii	Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities;	Complied
iii	All recruitment/promotion/training, except recruitment/promotion/training of DMD, shall be vested upon the Managing Director. He shall act such in accordance with the approved HR Policy of the Company;	Complied
iv	Managing Director may re-schedule job responsibilities of employees;	Complied
v	Managing Director may take disciplinary actions against the employees except DMD and General Manager;	Complied
vi	Managing Director shall sign all the letters/statements relating to compliance of policies and guidelines. However, Departmental/Unit Heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by the Managing Director.	Complied

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

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

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

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

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

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

Dated, Dhaka.
18 February 2020

For S. F. Ahmed & Co.
Chartered Accountants



Md. Enamul H. Choudhury
Senior Partner