

Director's Report

Dear Shareholders

The Board of Directors of IPDC Finance Limited takes great pleasure to welcome you to the 39th Annual General Meeting of the Company. On behalf of the Board of Directors, I am presenting the Directors' Report on the operational and financial activities of your Company together with the Audited Financial Statements for the year ended 31 December 2020 which also includes reports on business and strategy review, risk management, corporate governance, internal control system, financial and operational highlights for your valued consideration, approval and adoption. This report has been prepared in compliance with Section 184 of the Companies Act 1994, Financial Institutions Act 1993 and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank and other regulatory authorities.

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

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

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

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

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

Key Performance Highlights

BDT mn, %



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

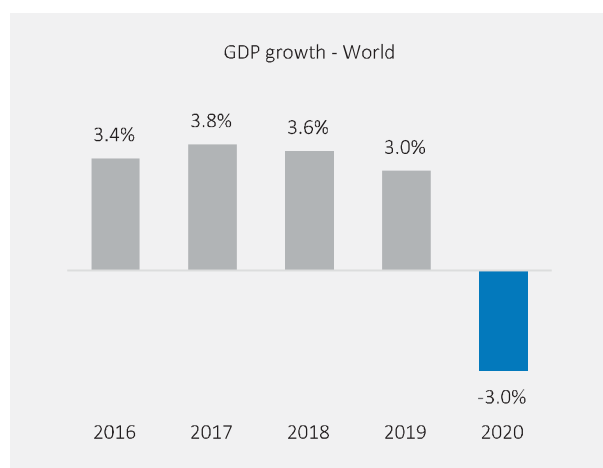
A key focus during the year was to ensure sufficient liquidity to meet short-term needs of the organization and more importantly the needs of the customers of IPDC. Despite the pandemic, IPDC was able to increase its customer deposit size to BDT 41,381 million in 2020 from BDT 35,516 million in the previous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

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

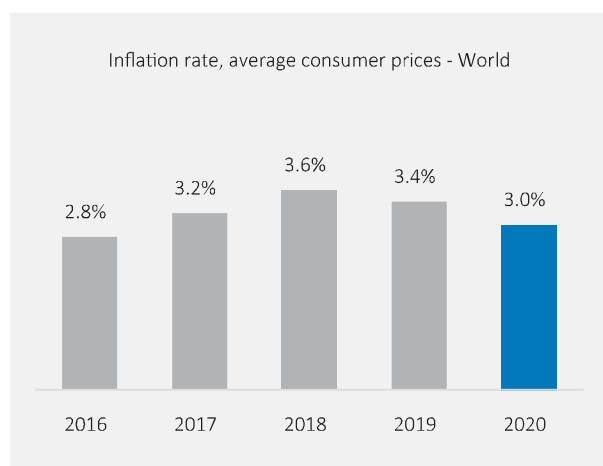
Revenue of IPDC increased significantly to BDT 2,830 million from BDT 2,166 million in the previous year, a growth of 30.7%. Operating profit increased to BDT 1,680 million with a growth of 41.8% and Net Profit after Tax increased to BDT 706 million in 2020 against BDT 562 million in the previous year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

Economy and Industry Review

Global Economic Review



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

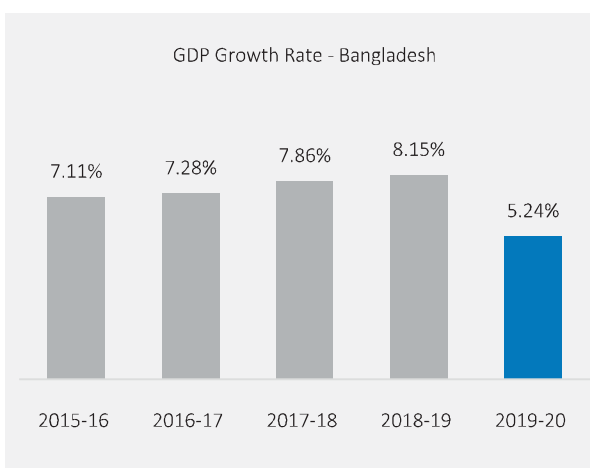


The global inflation rate decreased to 3.0% in 2020 in line with the global decline in GDP growth. However, it is estimated that the inflation rate will increase to 3.6% in 2021 as the global economy recovers.

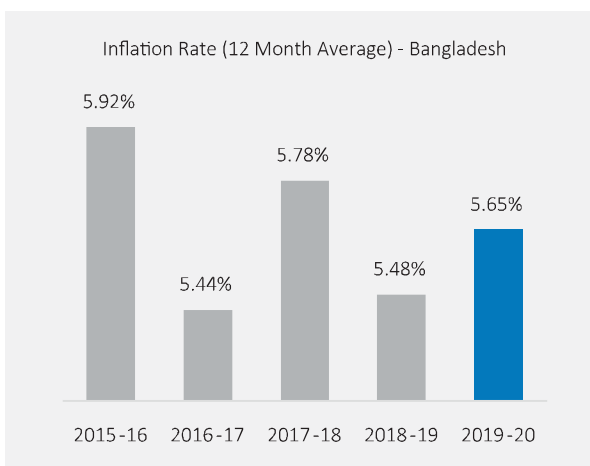
Regional Economy Review

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

Bangladesh Economy Review



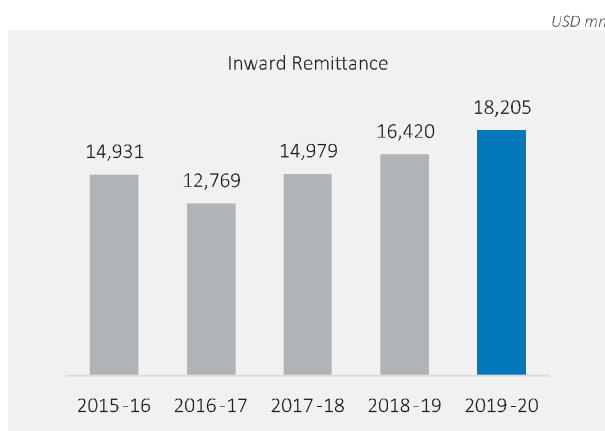
In fiscal year 2020, prior to the outbreak of the pandemic, the Bangladesh economy was under stress due to the weak performance of a few economic indicators such as exports, imports, private investment, foreign direct investment, and revenue mobilization. Like all other economies, Bangladesh experienced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



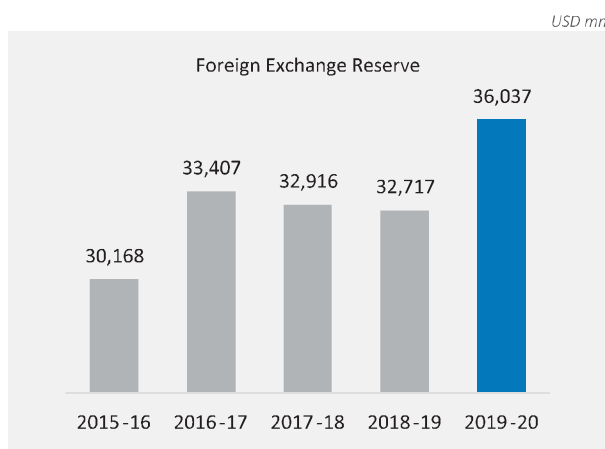
Inflation increased to 5.65% in FY2019-20 as a result of the COVID-19 pandemic, increased gas prices and surplus liquidity in the market. Inflation is expected to remain at this level owing to the expansionary and growth accommodating monetary policy by Bangladesh Bank.



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



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



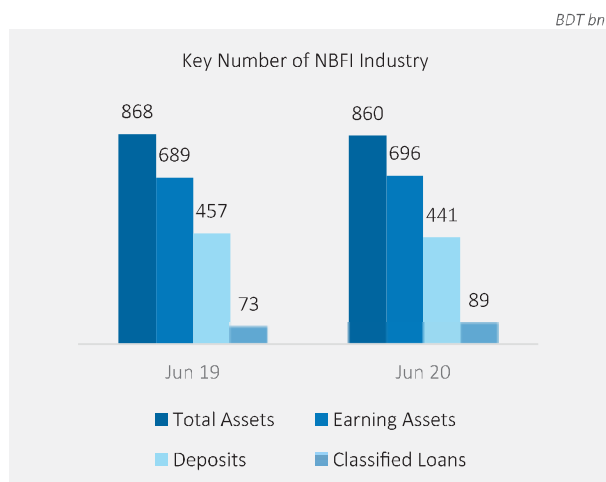
Foreign exchange reserve increased significantly by 10.1% and stood at USD 36,037 million at the end of FY2019-20 and reaching a record breaking USD 43 billion. Inward remittance played a key role in boosting foreign exchange reserves.

Capital Market Review



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

Non-Banking Financial Sector Review



Key Industry Number

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

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

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

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

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

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

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

Capital Adequacy Ratio (CAR) of the industry stood at 16.4% in June 2020 against 16.8% in June 2019. CAR continues to remain above the minimum requirement of 10.0%. The decrease in CAR is mainly due to an increase in Risk Weighted Assets (RWA) which increased to BDT 743 billion in June 2020 from BDT 730 billion in June 2019 and at the same time Eligible Capital decreased to 122 billion in June 2020 from BDT 123 billion in June 2019.

Economy and Industry Outlook

Bangladesh is going to celebrate the golden jubilee of its independence in 2021. The nation has once again shown its indomitable nature during Covid-19 registering GDP growth over 5% in 2020. In 2021 it is expected that the economy will receive further momentum with the Covid outbreak easing out.

Bangladesh's economic development has been remarkable from the perspective of GDP growth rate. However, the economy has the

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

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

In line with the economy, private sector credit is expected to grow in second half of the year. The classified loan in Banks and FIs is still the number one challenge. Classified loans registered a drop in 2020 as the central bank suspended the routine exercise of classification to help businesses cushion the Covid blow. The real picture of the defaulted loans would become clear after the end of suspending loan classification.

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

Strategy

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

Macroeconomic and Industry Trends	Our Strategic Response	Actions Taken in 2020
Emergence of Middle and Affluent Consumers (MAC) and improving lifestyle	Bringing technology-led innovative solutions to facilitate consumer white goods financing business	Expanded pilot project for consumer goods financing with 13 new merchants reaching 1,397 new customers and BDT 60 million disbursements in 2020. Significant progress has been made to launch dedicated platform for Consumer Goods Finance by 2021.
Increasing literacy rate and participation of women in the economy	Developing products and building entrepreneurial capacity of women	Expanded IPDC Priti platform in 2020, integrating all the retail products of IPDC. Priti brings special benefits to women such as health insurance coverage, discounts for health-related services and lifestyle products as well as financial services at a concessional rate.
Intense competition in big cities	Expanding business beyond Dhaka and Chattogram	Although no new branches were opened in 2020, IPDC continued to increase its presence in non-metro cities through campaigns. As a result, loans and advances beyond Dhaka and Chattogram witnessed growth of 21.8% in 2020 which is much higher than the overall loan portfolio growth of 5.7%.
Increasing internet and smartphone penetration	Providing fintech solution to the customers	Onboarded bKash, a Mobile Financial Service, as an alternative channel for collection of EMI digitally. Additionally, initiated efforts to introduce a digital wallet for IPDC EZ (Consumer Finance Platform).
Increasing young labor force	Promoting SME and women entrepreneurs and bringing state-of-art technology solution in supply chain finance	Our digital Supply Chain Finance Platform called Orjon is designed for promotion of financial inclusion of MSMEs by providing easy access to collateral free, low-cost credit in the form of Supply Chain Finance. Additionally, IPDC was the first FI to fulfil the disbursement target of stimulus package before the deadline.







Macroeconomic and Industry Trends	Our Strategic Response	Actions Taken in 2020
Gap between demand and supply for mortgage finance	Scaling up mortgage finance targeting low- and middle-income households	Achieved 9.0% growth in Mortgage Finance with a massive 49.7% growth in affordable home loan product through increased presence in regions beyond Dhaka and Chattogram.

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

Area	Execution Plan	Actions Taken in 2020
Brand	Building vibrant brand across the country	IPDC continued to utilize digital and electronic media to cater to the youth. IPDC aired OVC (Online Video Commercial) in the outgoing year, a first for the company. Signature programs such as IPDC Amader Gaan, Unsung Women Nation-builders Awards, Priyo Shikkhok Shommanona are expected to increase brand presence and solidified its place in the industry as a Superbrand.
Human Resource	Attracting and retaining talents, employer branding and providing rigorous training to our people	Employee wellbeing and safety was a key priority for IPDC during the year and the company continued to provide training to its workforce by utilizing technology. Additionally, the company did not consider downsizing as an option while looking for cost control initiatives and ensured payment of salary on time during the lockdown period.
Technology	Implement and scale-up technology-based solutions to keep operating costs low and penetrate new markets	Pilot program is ongoing for Consumer Goods Finance and Retailer Finance platform. Efforts are underway to scale up Orjon Platform and establish it as a market place for other FIs.
Distribution	Increasing our geographic coverage through branch expansion and strategic tie-ups with various stakeholders	No new branches were opened in 2020 considering adverse market condition. However, the company utilized digital channels to increase reach in the current year.
Customer Experience	Simplifying process to reduce Turn Around Time (TAT) and providing technology-led solutions	Loan and deposit application has been simplified with implementation of single page application forms. The company also introduced EMI payment through Bkash for ease of customers.

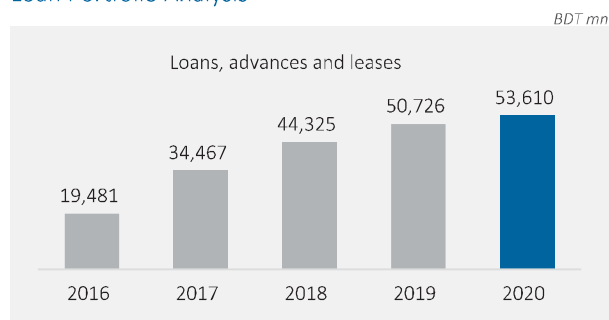
Performance Review

Key Investors' Ratio

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

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

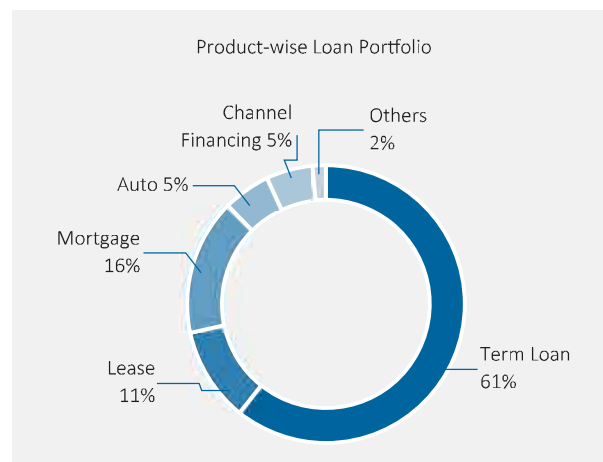
Loan Portfolio Analysis



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

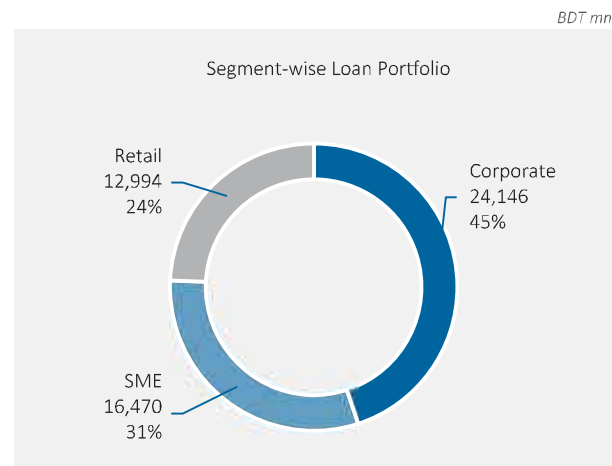


Classified loan ratio came down to 1.38% in 2020 from 1.67% in the previous year. The classified loan ratio of IPDC continues to remain one of lowest in the industry and is significantly lower than the industry average of 12.3% in June 2020. It is to be noted that loans were prevented from being further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



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

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



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



Retail portfolio stood at BDT 12,944 million at the end of December 2020 representing 24.2% of the total portfolio and posting a year-on-year (YoY) growth of 8.8%. From the base year of 2016, retail loan portfolio increased from BDT 2,918 million in 2016 to BDT 12,944 million in 2020 representing a growth of 4.5 times. Growth in retail business will continue to be a key area of focus and it is expected that retail portfolio will continue to take up a greater portion of the total loan portfolio.

Housing finance provides another opportunity to grow in the Retail segment specially beyond the established markets in urban areas. With that in mind, IPDC has aligned its Retail strategy, processes and operations. Mortgage Finance (including Affordable Home Loan) stood at BDT 8,497 million at the end of 2020 against BDT 7,793 million in the previous year, representing a growth of 9.0%. Affordable Home Loan is one of the flagship products of IPDC and is continuing to gain market traction. Affordable Home Loan portfolio stood at BDT 1,631 million in 2020 against BDT 1,090 million in the previous year which represents a growth of 49.7%.

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



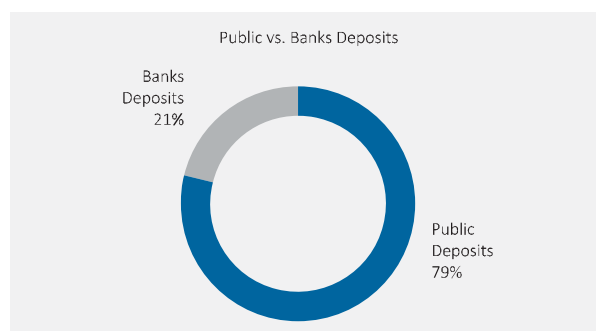
SME portfolio stood at BDT 16,470 million at the end of December 2020 representing 30.7% of the total portfolio and posting a year-on-year (YoY) growth of 13.9%. From the base year of 2016, SME loan portfolio increased from BDT 2,835 million in 2016 to BDT 16,464 million in 2020 representing a growth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

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

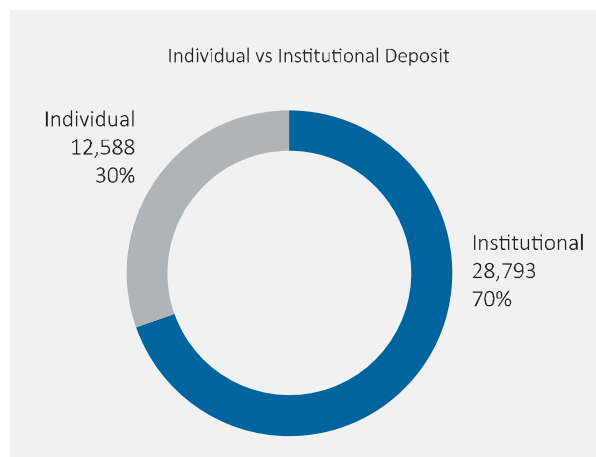
Deposit Portfolio Analysis



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

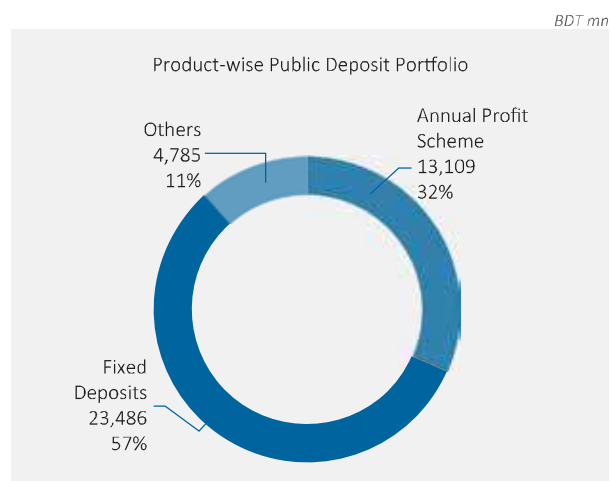


Public deposits (deposits excluding FDR from Banks & NBFIs) grew by a whopping 16.5% and took 78.9% of the total share of deposits, amounting to BDT 41,381 million whereas deposits from Banks and NBFIs accounted for 21.1% of the pie and amounted to BDT 11,076 million at the end of 2020.

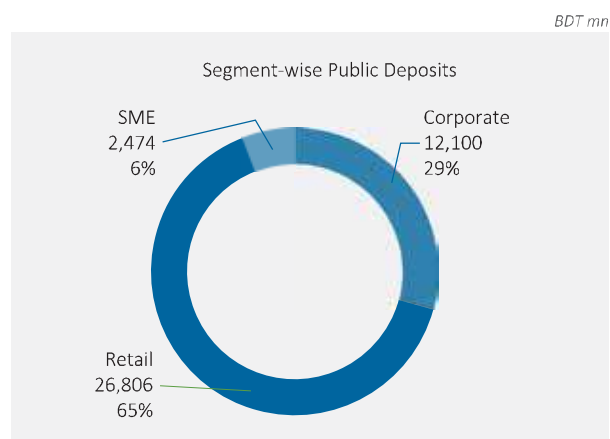


Deposits from individuals accounted for 30.4% of the total deposits and amounted to BDT 12,588 million in 2020 against BDT 9,151 million in the previous year representing a growth of 37.5%.

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



The company launched innovative campaigns focusing on deposit mobilization during the year to shield the company against potential liquidity crisis due to the Covid-19 outbreak. Fixed deposits (BDT 23,486 million) accounted for 51.1% of the total public deposits whereas Annual Profit Scheme (BDT 13,109 million) accounted for 31.7% and other deposits (BDT 4,785 million) accounted for remaining 11.6%.



Corporate, SME and Retail deposits accounted for 29.2%, 6.0% and 64.8% of the total public deposits respectively. IPDC will continue to focus more on Retail deposits in the future to reduce concentration risks of high-ticket size deposits of Business Finance. Overall Retail deposits increased by 10.3% and stood at BDT 26,806 million in 2020 taking up 64.8% of the total pie. Although new deposits continued to flow in, however, attrition rate remains a concern. IPDC will continue to focus on small ticket size long term retail deposits as these tend to be stickier.

Treasury Operations

Our treasury operations played a key role in managing fund and

liquidity. Treasury supported IPDC's growth momentum while keeping cost of funds at a tolerable level and fortified the company on liquidity front. The growth in borrowings from banks and NBFIs mainly came in form of funds from refinance project of Bangladesh Bank which stood at BDT 3,073 million increasing by 45.0% in the year. In addition, IPDC had repo borrowing amounting to BDT 500 million at the end of 2020. The company also increased its share of short-term loans by BDT 1,399 million, taking advantage of low-cost funds available in the market. IPDC will continue to focus more on raising funds through long-term borrowing and issuing debt and equity instruments to further strengthen maturity profile of the balance sheet.

Income and Expense Analysis



Revenue earned in 2020 amounted to BDT 2,830 million against BDT 2,166 million in the previous year, a staggering increase by 30.7%. It is worth noting that capital gains from government securities played a major role in significant increase in revenue. Additionally, there were no adverse suspense movement during the year due to the loan moratorium facility provided by the central bank. However, the company has sufficient provisions against risky income and lifting of the loan moratorium will have less of an impact due to the provision.



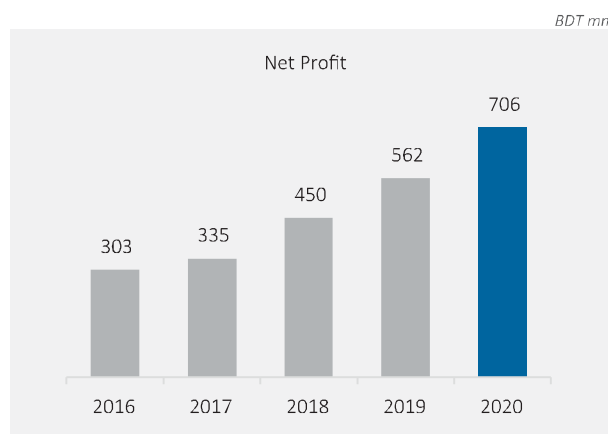
Operating expense increased by 17.2% and amounted to BDT 1,150 million in 2020 against BDT 981 million in the previous year. The increase in operating expense mainly came from increased salary expense due to increase in headcount during 2019 as well as regular yearly increment. Salary expense increased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

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



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

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



Capital Expenditure

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

Quarterly Operating Results

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

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

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

customer/public deposits.

Revenue grew modestly from Q1'20 to Q3'20 averaging 2.7%-4.2% mainly riding on higher spread. Significant revenue growth of 24.0% during Q4'20 is attributed to BDT 331 million capital gain government treasury bond. However, As the loan moratorium facility is unlikely to continue, it is prudent to reserve unrealized income to ensure sustainability. Hence, risky income from clients under stress has been transferred to suspense which has offset some of the income.

Quarterly operating profit growth was higher compared to revenue growth as containing cost and conserving cash was a priority for the company as a result of which operating expense growth was lower

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

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

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

Overall Financial Results

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

BDT mn

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

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

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

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

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

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

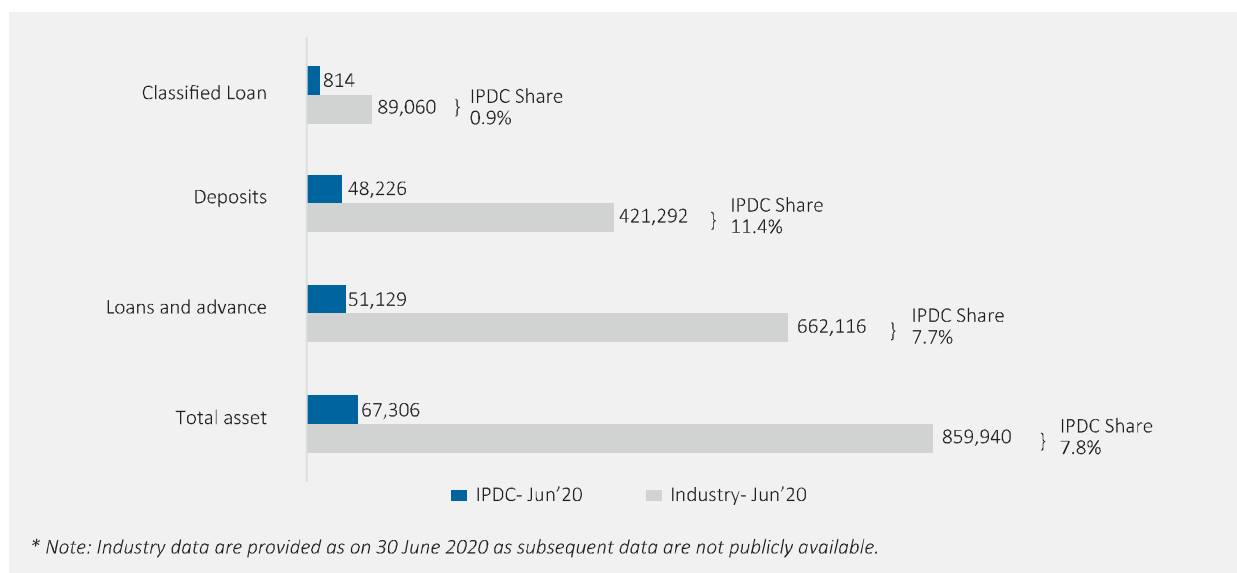
Despite the global pandemic and slowdown in the economy, IPDC managed to register a growth of 25.4% in net profit which stood at BDT 706 million in 2020 from BDT 562 million in 2019.

Extra-ordinary gain/loss

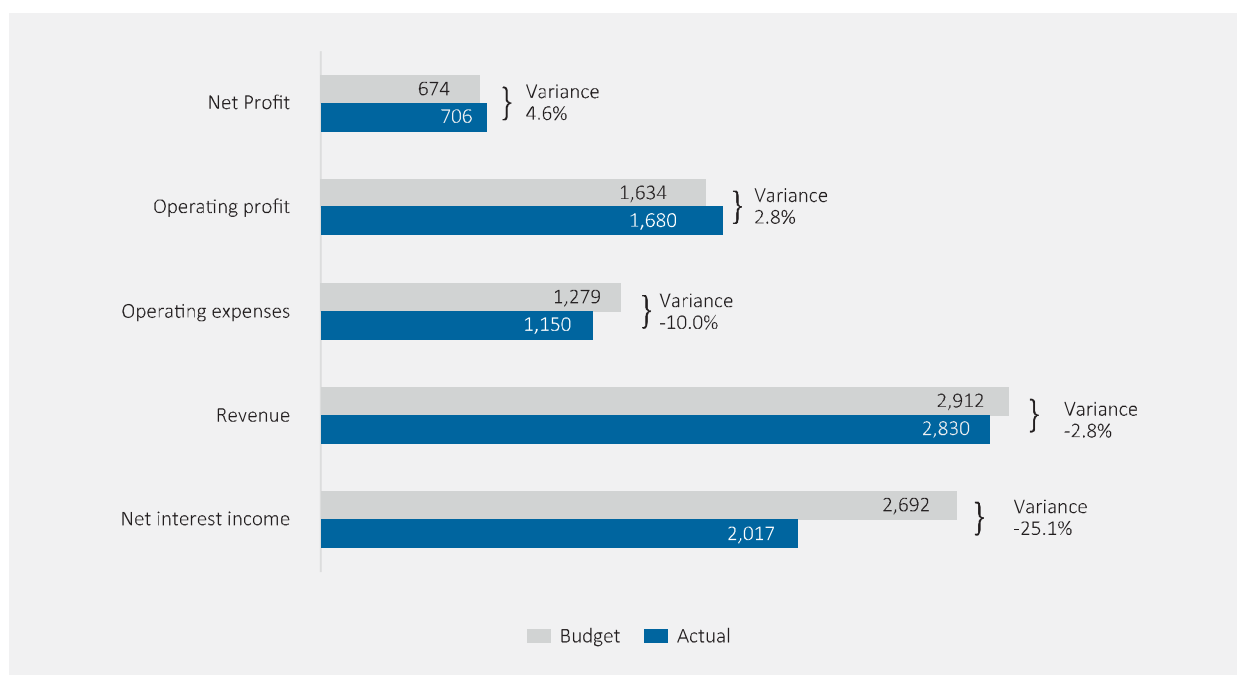
During the year 2020, IPDC registered Capital Gain on Government Treasury Bonds amounting to BDT 331 million. There were no other incidence or events which lead to any extra ordinary gain or loss.

NBFI Industry and IPDC Market Share

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



Comparison of actual and budgeted performance of IPDC Finance Limited



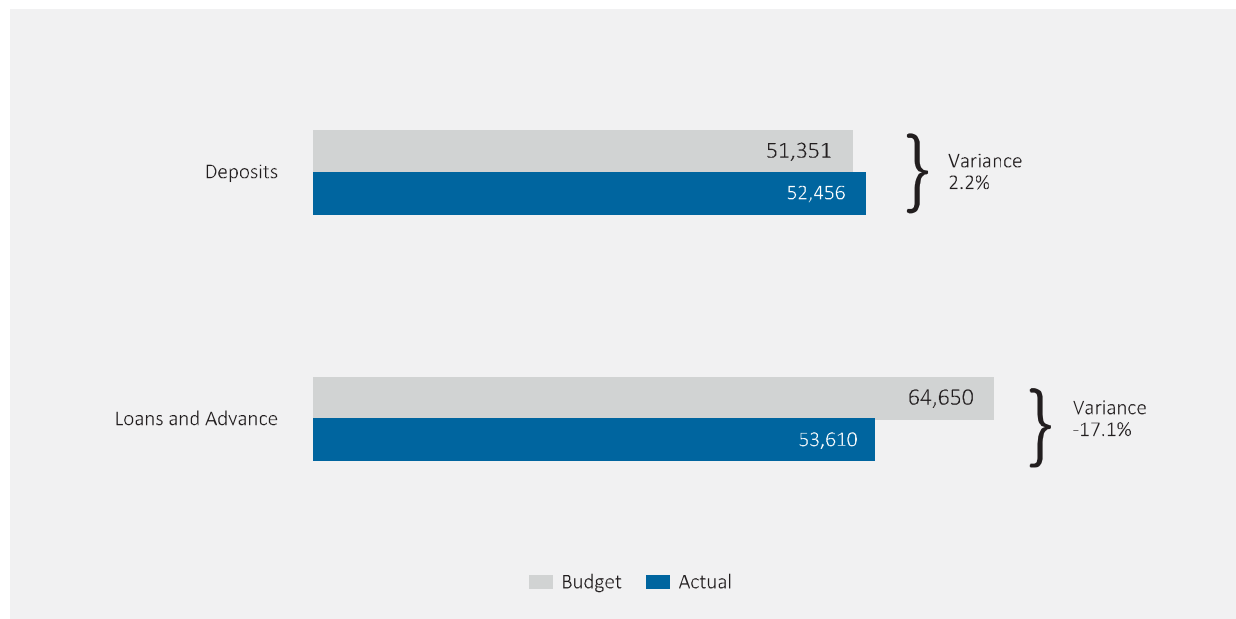
Net interest income stood at BDT 2,017 million against the budgetary target of BDT 2,692 million which is 25.1% behind the target of 2020. Net interest income was behind budget due to the conscious decision to lower than planned portfolio growth due to the Covid-19 outbreak as well as not registering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

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

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

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

Net profit in 2020 stood at BDT 706 million against the budgetary target of BDT 674 million which is 4.6% ahead of the target. Net profit exceeded the target mainly due to large capital gains from treasury bond and lower adverse suspense movement impacting the income due to the various circulars issued by the central bank relating to loan moratorium.



Loans and advances ended with BDT 53,610 million in 2020 against the budgetary target of BDT 64,650 million which is behind the budget by 17.1%. In contrast deposits was ahead of the budgetary target of BDT 51,351 million an ended with BDT 52,456 million in 2020 which is 2.2% ahead of the budget. The increase in deposit was thanks to some innovative deposit campaigns which attracted new depositors. A key focus during the initial months of the pandemic was to build up the deposit base to ensure sufficiently liquidity.

Plan for 2021

Business

Asset growth in 2021 will be focused more on Retail and SME segment rather than corporate. This is a purposeful move-away from its current balance sheet composition with an aim to diversify portfolio and minimize concentration risk. Growth in Retail will come from Home loan with Affordable Home Loan (AHL) being one of the strategic priorities of the company while SME will remain as another growth agenda, mainly driven by Supply Chain Finance (SCF) as we scale-up our digital supply chain platform, Orjon, and develop a marketplace with other NBFIs or Banks. IPDC EZ is expected to be launched to mainstream customers by Quarter 3 of 2021 and necessary promotional activities will be carried out within this timeframe. Increasing brand visibility to boost Retail products will be one of the key priorities. As the company continues to grow, containing the Classified Loan Ratio will remain as another key focus area for ensuring sustainable growth in balance sheet and profitability.

On the liability side, IPDC intends to continue to increase its share of core customer deposits within overall deposit portfolio to further solidify its liquidity position and shield itself from market volatility. Additionally, to diversify its sources of fund, long-term borrowing from foreign sources is being considered as well as additional borrowing from the bond market as we are going to issue a zero-coupon bond. The current Capital Adequacy Ratio of 18.51% is well above the regulatory requirement of 10.00% and is currently at optimum level to satisfy the growth ambition of 2021.

People

IPDC plans to scale-up its Consumer Goods Finance Platform in 2021 which will require additional IT infrastructure along with capacity development of existing resources. Moreover, the company is continuously trying to improve its processes to make it more development focused, and performance orientated.

Process

Process improvements will continue to be a priority for IPDC amid reducing spread in the industry and high competition in the industry. We have significantly enhanced our CRM-Los system. We are in the process of planning to launch our app, e-Nothi to automate and create a backup for our documents. Focus of 2021 will be to simplify operational processes strengthen operational control and enhance efficiency.

Technology

Information and communication technologies are quickly becoming the heart of financial services sector. IPDC's priority in 2021 will be to launch and implement a new Consumer Goods Finance Platform, IPDC EZ, to provide an easy solution of Consumer Goods Financing for the rising MAC population of the country. We are also planning to develop a dedicated platform called Dana for financing retailers. These platforms will expand opportunity to grow and diversify our business further.

Distribution Network

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

Key Operating and Financial Information

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

Principal Activities

The principal businesses of the Company are related to finance and finance associated activities. These areas include deposits collection, credit to Corporate, SME and Retail customers. On product front, our areas of financing include factoring finance, work order finance, bill discounting, term loan, project finance, syndicated finance, hire purchase, lease finance, mortgage finance, auto and personal loans equity and quasi-equity investments and other associated services. During 2020, IPDC continued to penetrate the Retail market, and continue its focus on SME segment and collecting of small-ticket size Retail deposit to support long term financing need of the company and widening distribution coverage.

Proposed Dividends and Appropriation of Profit

While taking dividend decision, the Company focuses on creating shareholder value by striking a balance between paying out dividend and retaining the surplus to plough back into the business. Given the Company's strong performance in 2020 and growth potential, while maintaining minimum regulatory capital requirement, the Directors recommend 12% cash dividend, for the year ended 31 December 2020 for the approval of Shareholders in 39th Annual General Meeting scheduled to be held on 4 April 2021.

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

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

Interim Dividend

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

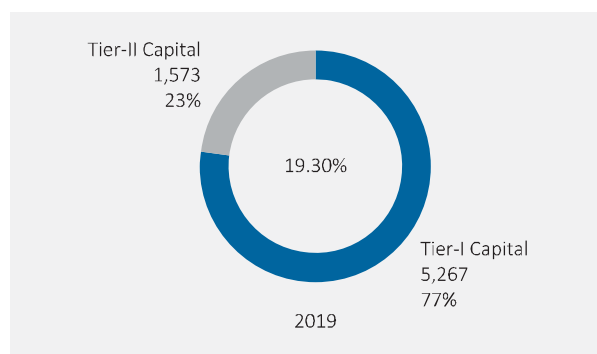
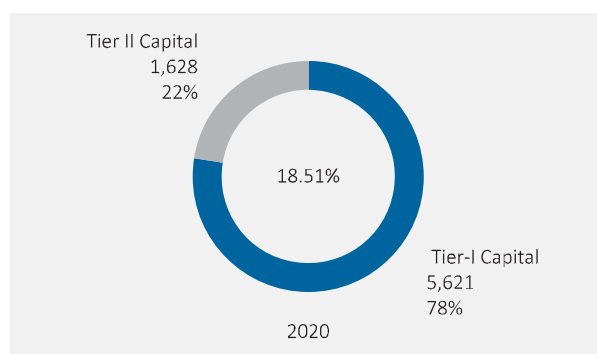
Capital Management

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

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

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

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



Shareholders' Equity and Shareholders' Value

IPDC remains fully committed to delivering higher shareholder value. The steady growth in company's asset size and continuous improvement in asset quality and smooth growth in profitability underpins the value the shareholders derived from investing in the shares of the Company. In 2020 the Company exceeded the expectations in delivering profits, growing Balance Sheet and meeting other KPIs and is, therefore, well poised to produce even better results in future. Exceptional operating performance, backed by solid business fundamental, has resulted in appreciation in shareholders' wealth in form of growing market capitalization, growth in EPS and stable dividend.

Impact

Contribution to National Economy

Since its inception IPDC has played a pivotal role over the last three decades in developing the private sector industry in Bangladesh through various landmark projects in partnership with renowned corporate houses and financial institutions. As a direct contribution to national economy, IPDC has deposited a total amount of BDT 892 million in 2020 in form of corporate tax, withholding tax, excise duty and VAT to the national exchequer. Detail in this regard can be found in the Social and Relationship Capital Section. Apart from this, IPDC is indirectly creating jobs in the economy through financing SMEs which is considered as one of the lifelines of the economy. The company also has contribution in assisting women to build financial and non-financial assets which also contributes directly to growth of the national economy.

Summary of Contribution to Government Exchequer

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

Contribution Towards Society and Environment

IPDC believes in giving back to the society in a way that will contribute towards the betterment of people in the society as well as ensuring the wellbeing and sustainability of the environment. IPDC continues to make contribution to society through sponsoring and organizing various events and making charitable donations. CSR expense at the end of 2020 stood at BDT 28.7 million. Details of the activities and events can be found in the Social and Natural Capital section.

Contribution Towards Employees

Human Resource (permanent) strength of IPDC stood at 581 as of December 2020 against 560 as of December 2019. Employees go through a well-articulated training and development program so that they remain competent, skillful and relevant to the current and future needs of the Company. We give our best effort to ensure the wellbeing and workplace safety of our employees.

Corporate and Financial Reporting Framework

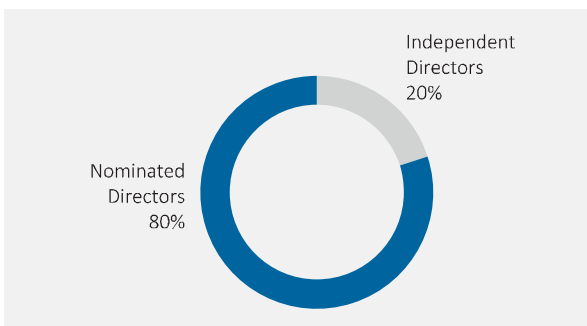
The Board of Directors, in accordance with BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 confirms compliance with the financial reporting framework for the following:

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

The Board

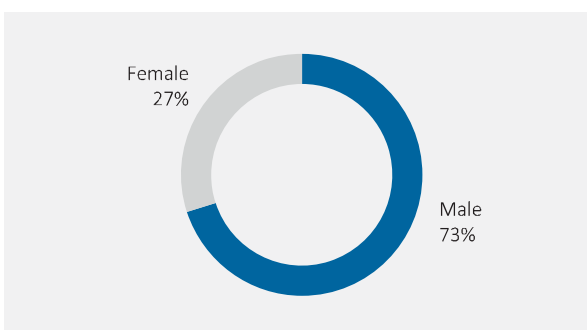
Board Diversity

Balance between independent and nominated director as per composition.

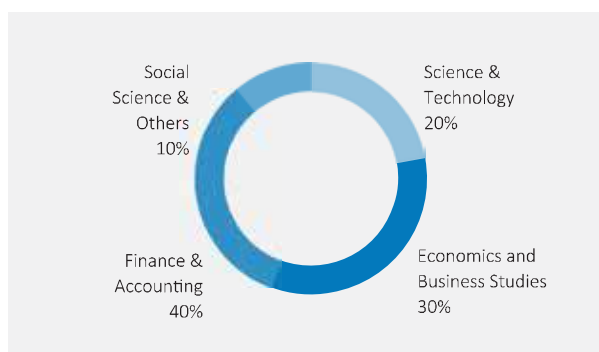


* Composition of the Board of Directors of is 8 nominated Directors and 2 independent directors. Mr. Salahdin Irshad Imam, Independent Director resigned on 15th November 2020 and was replaced by Prof. Shah Md. Ahsan Habib

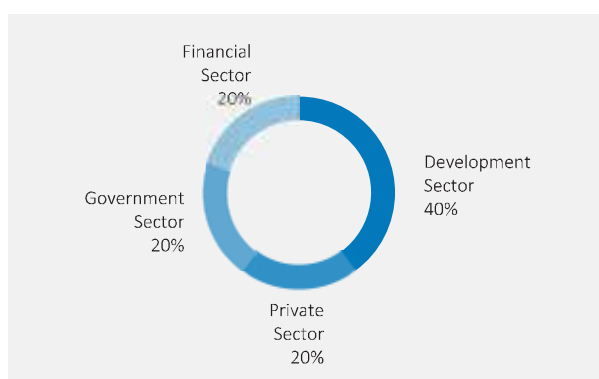
Gender Balance



Education Background



Sector Experience



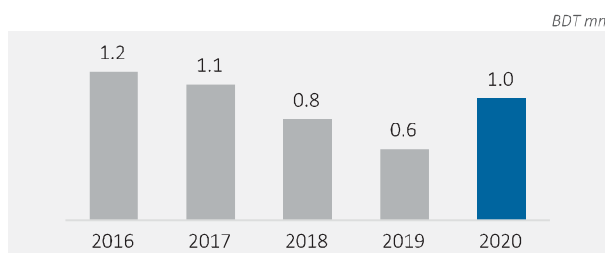
Board Committees

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

Committee Name	Member	Meetings Held in 2020
Audit Committee	4	5
Executive Committee	6	4

Directors' Remuneration

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



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

Director's Meeting, Attendance and Remuneration

During the year ended 31 December 2020 a total 8 (Eight) Board Meetings were held. The details of attendance by the Directors along with remuneration paid to them are disclosed in the relevant section of the Directors' Report.

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

As per Article 100 and 101 of the Articles of Association of the Company, the following 3 (three) Directors will retire from the office of the Company in the 39th Annual General Meeting and 3 (three) being eligible to offer themselves for re-election as per Article 105 of the Articles of Association of the Company. Brief resumes of the directors are furnished in the 'About IPDC' section of this Annual Report.

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

Appointment of Members of The Management Committee Team

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

Internal Control System

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

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

Control Environment

Control activities are the policies and procedures which help to ensure that management directives are carried out, and the necessary actions are taken to minimize the risks of failure to meet stated objectives. Policies and procedures are effectively established within the

Company and are continuously reviewed for compliance, adequacy and improvement opportunities. The Board of Directors sets the tone for an effective control environment through regular reviews of the processes for identifying, evaluating, and managing significant risks. An effective Control environment is set by top management and cascades down across all business functions. Every year the top team conducts a self-assessment of key controls that affects the business and develops action plans to make the internal control environment aligned with our business philosophies, strategic objectives of the company and risk appetite of the shareholders.

Statement on Utilization of Proceeds from Debt Instruments and Capital

Statement on Utilization of Proceeds from Debt Instrument

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

in 2018). The proceeds from the issuance of the subordinated bond were used to pay off high-cost short-term borrowing and finance business growth. Furthermore, the subordinated bond acted as Tier-II capital which helped us to further strengthen our capital based and enhance our Capital Adequacy Ratio.

Statement on Utilization of Proceeds from Rights Share

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

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

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

Risk Management

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

Credit Risk

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

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

Liquidity Risk

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

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

Interest Rate Risk

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

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

Compliance Risk

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

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

Reputational Risk

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

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

Technology Risk

Risk of business loss due to failure of IT system.

- Creating IT security awareness and training among all employees
- Implementing proper business continuity plan and disaster recovery plan
- Assessing security threat on regular basis
- Testing and monitoring system sanity on a regular interval
- Building IT capacity in pace with the business volume and objectives.

Operational Risk

The risk of loss due to inadequate or failure of system, processes, human or external factors.

- Conducting employee training and raising awareness about policies, procedures and controls
- Assessing control system and policies on regular intervals to deal with the changing business and environmental needs
- Ensuring adequate supervision, delegation of authority and segregation of duties
- Ensuring proper record keeping and documentation and archiving

Going Concern

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

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

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

Status of Compliance on Corporate Governance

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

Statutory Auditors

Rahman Rahman Huq (KPMG in Bangladesh), Chartered Accountants were appointed as the statutory Auditors of the Company in the 38th Annual General Meeting held on 11 May 2020 for the year 2020 until conclusion of 39th Annual General Meeting at a remuneration of BDT 520,000 plus VAT.

Based on the proposal of the Board Audit Committee, the Board recommends appointing Rahman Rahman Huq (KPMG in Bangladesh), Chartered Accountants as the Auditors of the Company for the year 2021 at a remuneration of BDT 550,000 (Five Hundred Fifty Thousand only) plus VAT until completion of the next Annual General Meeting.

Insider Trading

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

The Preparation of Financial Statements

We hereby confirm that to the best of our knowledge:

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

Statutory Payment

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

Related Party Transaction

In the normal course of business, IPDC has entered into few transactions with related parties during the year 2020. IPDC makes sure that all transactions with the related parties are made on arm's length basis. A party is deemed to be related if it can control or exercise significant influence over the other party in making financial or

operating decisions. These transactions have taken place on an arm's length basis and include rendering or receiving of services. The details of related party transactions are disclosed in the "Notes to the Financial Statements."

Shareholding Pattern as of 31 December 2020

Shareholding patterns of the Company as at December 31, 2020 is shown in the subsequent section of the Directors' Report.

Acknowledgement

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

For and on behalf of the Board of Directors.



Md. Abdul Karim
Chairman

Annexure to Directors' Report

Key Operating and Financial Data of Preceding Five Years

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

¹ EPS has been restated for the year 2016 – 2019 due to issuance of bonus shares and rights issue.

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

³ Compound Annual Growth Rate from base year 2016.

Assessment Report on the Going Concern

Going concern is one of the fundamental assumptions in the preparation of financial statements. As per the requirements of International Financial Reporting Standards, Companies Act 1994, Listing Rules and Bangladesh Securities & Exchange Commission Guidelines, management and directors should satisfy themselves about the appropriateness of using going concern assumption in the preparation of the financial statements. The management of an entity therefore has a responsibility to assess the entity's ability to continue as a going concern in the foreseeable future. Under the going concern assumption, an entity is normally viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. The management and directors of the Company has made annual assessment for the year ended December 31, 2020 of whether the Company is a going concern involves making appropriate inquiries including review of budget and future outcome of inherent risk associated in the business. The management and directors of the Company are satisfied from the following factors that the preparation of financial statement for the year ended December 31, 2020 on the basis of going concern assumption is appropriate.

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

High Interest Coverage Ratio	During the year 2020, interest coverage ratio stood at 4.0 times, which means the company has strong debt servicing capacity.
Less Dependency on Bank Borrowings	As at December 31, 2020 total bank borrowing of the Company was BDT 10,946 million which is 15.7% of the total liabilities. This indicates that Company has no significant dependency on bank borrowings.
Continuous Support from the Depositors	The Company has a very good relationship with the depositors and a good track record and reputation in settling its obligation to its depositors. As at December 31, 2020 total deposits stood at BDT 52,456 million. The depositors continued to keep strong confidence on us which is reflected in higher acquisition rate and renewal rates of deposits. This trend is expected to continue in coming days.
Favorable Key Financial Ratios	The Company's financial ratios (Please see the Key Financial and Operating Performance) revealed the sound financial strength and prospect of the Company.
Consistent Payment of Dividend	IPDC Finance Limited has been paying dividend consistently on a regular basis to the shareholders since 2006 which reflect Company's long-term viability in operational existence.
Strong Capability in Settling of Obligation	The Company has strong credibility in terms of settlement of obligation to the lenders. Company has no default payment history for settlement of its obligation.
Growth in Operating Profit	In the year 2020, IPDC Finance achieved 41.8% growth of operating profit compared to year 2019 which reflects the growth in profitability from regular operation.
Solid Growth in Quality Lending Portfolio	In the year 2020 the loans, leases and advances increased by 5.7% compared to year 2019, whereas classified loan ratio stands at 1.38% which is much below the industry average. This represents the positive indication of sustainable business of the Company.
Expansion of Business	Apart from growth in quality lending portfolio, IPDC is piloting Consumer Goods financing and Retailer Financing and dedicated platforms for these products are in development and is expected to be launched soon.
Employee Satisfaction and Working Environment	IPDC Finance is an employee friendly organization. There is a very good corporate environment in the organization. The Company pays a competitive compensation package with fringe benefits like car facilities, provident fund, performance bonus, gratuity, group insurance, hospitalization insurance, reward and recognition program etc.
Maintenance of Capital Adequacy Ratio (CAR)	As per DFIM circular number 14, dated December 28, 2011 of Bangladesh Bank regarding Capital Adequacy and Market Discipline for Financial Institutions, each Financial Institutions are required to maintain Capital Adequacy Ratio (CAR) of at least 10.00% of the total risk weighted assets. As at December 31, 2020 CAR of IPDC is 18.51% vis-à-vis requirement of 10.00% i.e., Company maintains 8.49% surplus capital.
Strong Equity Base	IPDC is one of the highest equity-based companies among the Financial Institutions. As at December 31, 2020 total equity of the Company is BDT 6,063 million including paid up capital of BDT 3,711 million.

Ability to Pay Day-to-day Operational Expenses	The company has not faced any difficulties in meeting its day-to-day operational expenses and has continued its reputation of paying vendors on time. The company generates sufficient operating cash flow to meet operational expenses.
Renew of Borrowing Facilities and Obtaining New Loans	The solidity of financial position and the reputation allows the company to negotiate or renew borrowing facilities at a favorable rates and flexible terms and conditions.
Off-balance Sheet Obligations	The company keeps very low exposure in off-balance sheet liabilities and the company has sufficient financial strength to pay the obligations should these materialize.
Changes in Government's Policy	Management and Board anticipate no significant changes in legislation or government policy which may materially affect the business of the Company.

Based on the review of the major indicators, the management and Directors of the Company is of the view that the preparation of the financial statements of the Company for the year ended 31 December 2020 on the basis of "going concern assumption" is appropriate.

Pattern of Shareholding as at 31 December 2020

Annexure-III

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

Shareholders holding 10% or more voting right:

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

Annexure-IV

Meetings Attended and Remuneration of the Directors during the year 2020

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

Note:

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

Statement of Compliance with Corporate Governance Guideline

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	Board of Directors			
1(1)	Size of the Board of Directors			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		
1(2)(b)(i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		The IDs provided declarations about their compliances
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	✓		Do
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		Do
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	✓		Do
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		Do
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		Do
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		Do
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	✓		Do
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	✓		Do
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		Do

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		The appointment of ID who is in existing board has been duly approved at past AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	✓		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	✓		
1(3)	Qualification of Independent Director			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		The qualification and educational background of IDs justify their skills
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top-level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	✓		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor's degree in economics or commerce or business or Law; or		Not Applicable	
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or		Not Applicable	
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;		Not Applicable	
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.		Not Applicable	
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		The Chairman and MD or CEO are different individual

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the nonexecutive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	Not Applicable		The Chairman was present in all Board Meeting
1(5)	The Directors' Report to Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The segment-wise or product-wise performance;	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	Not Applicable		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	Not Applicable		No such event occurred in the year
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	Not applicable		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;			
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1(5)(xxiii)(c)	Executives;	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	A brief resume of the director;	✓		
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas;	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD present operations along with a brief discussion of changes in the financial state:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		

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

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
4(ii)	Nomination and Remuneration Committee	Not Applicable	Complied as per the prudential guidelines given by Bangladesh Bank	
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board	✓		
5(1)(b)	Future plan or projection or forecast for company’s operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		
5(2)(c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	Not Applicable	No such event occurred	
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)	Chairperson of the audit committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	None	No such event occurred	
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);	✓	Chairperson of Audit Committee was present in 38th AGM	

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		The audit committee conducted 5 meetings in the year
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5(5)	The Audit Committee shall			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	Monitor choice of accounting policies and principles;	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	Oversee hiring and performance of external auditors;	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5.5(h)	Review the adequacy of internal audit function;	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed, and time required for effective audit and evaluate the performance of external auditors;	✓		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission;	✓		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		

Condition No.	Title	Compliance Status (Put V in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any			
5(6)(a)(ii)(a)	Report on conflicts of interests;	Not applicable		No such event occurred
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; control system	Not applicable		No such event occurred
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	Not applicable		No such event occurred
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	√		
5(6)(b)	Reporting to the Authorities			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	Not applicable		No such event occurred
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	Not Applicable	Complied as per the prudential guidelines given by Bangladesh Bank	
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	Not Applicable	Do	
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b).	Not Applicable	Do	
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	Not Applicable	Do	
6(2)(b)	Members of the Committee shall be nominated and appointed by the Board;	Not Applicable	Do	
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	Not Applicable	Do	

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

Condition No.	Title	Compliance Status (Put v in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	Not Applicable		Do
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	Not Applicable		Do
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals;	Not Applicable		Do
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	Not Applicable		Do
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	Not Applicable		Do
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	Not Applicable		Do
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	Not Applicable		Do
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	Not Applicable		Do
6(5)(b)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	Not Applicable		Do
7	External or Statutory Auditors			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:			
7(1)(i)	Appraisal or valuation services or fairness opinions;	v		
7(1)(ii)	Financial information systems design and implementation;	v		
7(1)(iii)	Bookkeeping or other services related to the accounting records or financial statements;	v		
7(1)(iv)	Broker dealer services;	v		
7(1)(v)	Actuarial services;	v		
7(1)(vi)	Internal audit services or special audit services;	v		
7(1)(vii)	Any service that the Audit Committee determines;	v		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	v		
7(1)(ix)	Any other service that creates conflict of interest.	v		

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

Annexure VI



Snehasish Mahmud & Co.
Chartered Accountants
Plot 10 (3rd Floor), Road 9
Block J, Baridhara, Dhaka 1212
Phone: +88-02-8834063
info@smac-bd.com
www.smac-bd.com

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

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

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

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

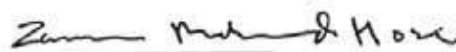
Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

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

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

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

Dated, Dhaka:
10th February, 2021


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

Annexure VII

Statement of Compliance with Good Governance Guideline Issued by Bangladesh Bank

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

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

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

Annexure VIII

IPDC Dividend Distribution Policy

A. Dividend Distribution Policy

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

B. Approval Time

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

C. Cash Dividend distribution process

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

- (i) Within 10 (ten) days of declaration of cash dividend by the board of directors, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of the IPDC Finance Limited, dedicated for this purpose only;
- (ii) The IPDC Finance Limited shall pay off cash dividend directly to the bank account of the entitled shareholder or unit holder as available in the BO account maintained with the Depository Participant (DP), or the bank account as provided by the shareholder or unit holder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN);

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

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

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

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

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

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

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

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

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

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

D. Stock Dividend or Bonus Share Distribution Policy

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

E. Issuance of Stock Dividend or Bonus Share process

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

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

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

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

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

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

F. Compliance Report regarding Dividend Distribution

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

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

G. Forfeiture of unclaimed cash dividend or stock dividend

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

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

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

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

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

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

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

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

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

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

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

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

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

K. Binding clause

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