
Expanding Latitude
Rising Unbound
ANNUAL REPORT
2016
জাগো উচ্ছ্বাসে™
IPDC
FINANCE

ANNUAL REPORT 2016

Expanding Latitude
Rising Unbound

জাগো উচ্ছ্বাসে™

IPDC FINANCE

Spot It

Exploring IPDC	04
Discovering extensive range of products and services	05 - 06
Expanding Milestones	07
Financing Projects	08 - 09
Our Footprints	10
Our Forseers	11
Our Go-getters	12
Our Organogram	13
Chairman's Message	15 - 16
CEO's Message	17 - 19
Our Credos	20 - 21
Our Celebrations	22 - 24
Moments from the 34th Annual General Meeting	25
Notice for the 35th Annual General Meeting	26
Letter of Transmittal	27
Shareholders' Profile	29
Distribution of Shareholding	30 - 31
Directors' Report to the Shareholders	33 - 41
Key Operational and Financial Data of Preceding Five Years	42
Assessment Report on the Going Concern of IPDC	43 - 44
Pattern of Shareholding	45
Meeting Attendance by Directors during the year 2016	46
Profile of the Board of Directors	47 - 50
Corporate Governance Compliance Report on SEC's Notification	51 - 54
Statement of Compliance on the Good Governance Guidelines issued by Bangladesh Bank	55 - 56
Corporate Governance Certificate	57
Report of the Audit Committee	58 - 59
CEO and CFO Certification to the Board	60
Statement of Ethics and Compliance	61 - 62
Statement of Human Capital	63 - 64
Risk Management	66 - 70
Value Added Statement	71
Economic Value Added (EVA)	71
Market Value Added (MVA)	71
Value Added and its Distribution	72 - 73
Audited Financial Statement	75 - 117
Horizontal and Vertical Analysis	118 - 119
Graphical and Tabular representation of Key Ratios and Information	120 - 123
Sustainability Reporting	125 - 126
Corporate Social Responsibility (CSR)	127 - 131
Environmental Initiative and Obligation	132
We Protect. We Grow	133
Disclosure on Green Banking	134
Disclosure on Capital Adequacy and Market Discipline	135 - 139
Performance of Operating Segments	141
Credit Rating Information	141
Maturity Analysis of Asset	142
Classification and Impairment of Investments	143
Statement of Non-Performing Loans	144 - 145
Statement of Sector Wise Exposure	146
Human Resource Accounting	147
Loan and Advance Portfolio Classification as per BB Guideline	148
Contributions to National Exchequer	149
Glossary	151
Notes	152
Proxy Form	153
Attendance Slip	153

IMAM STOCK



WE ARE FAR.
WE ARE BEYOND.

Exploring IPDC

Business Description

Since its inception in 1981, IPDC has played a pivotal role in reshaping the private sector industrialization of the country through innovative financial products and services. Today IPDC is a diversified financial institution with a wide range of products and services covering corporate finance and advisory services, SME finance supply chain finance, retail wealth management and retail finances.

The principal businesses of the Company are related to finance and finance associated activities. These businesses include deposits mobilization; credit to corporate organizations; Retail and SMEs, factoring finance; project finance; leases; hire purchase; equity/quasi-equity investments and advisory services. IPDC provides multiple business services through its 9 branches including Head Office. There are three branches in Dhaka. Those are located in Motijheel, Dhanmondi and Uttara. Besides these, there are five other branches in five large cities, which are in Chittagong, Sylhet, Narayangonj, Gazipur and Bogra.

Registered Name of the Company

IPDC Finance Limited

Legal Form

A public limited company incorporated in Bangladesh under the company Act 1913 (now the Companies Act 1994), listed with the Dhaka and Chittagong Stock Exchange Limited since 02 December 2006. Licensed as Financial Institution under Financial Institutions Act on 07 February 1995.

Date of Incorporation

28 November 1981

Company Registration Number

(C-9566)/392 of 1981-1982 dated 28 November 1981
Bangladesh Bank License Number
BCD (Non-Banking)/Dhaka/3/'95 dated 02 February 1995

Registered Office

Hosna Centre (4th floor)
106 Gulshan Avenue, Dhaka 1212
PABX: 55068929, 55068931-37, 029891758
FAX: 55068928, 55068930
Email: email@ipdcbd.com
Website: www.ipdcbd.com

Auditors

Rahman Rahman Huq (RRH)
Chartered Accountants
9 Mohakhali C/A (11th & 12th floor)
Dhaka 1212

Corporate Governance Auditors

Snehasish Mahmud & Co.
Chartered Accountants
Plot 10 (3rd floor), Road 9
Block J, Baridhara, Dhaka 1212.

Tax Consultants

Khandaker & Associates
Eastern Commercial Complex
Room No. 4/3 (4th floor)
73 Kakrail, Dhaka

Legal Advisor

A Hossain & Associates
A Rahman & Associates
Law & Remedy
Mamun Chowdhury & Associates
Sarder Jinnat Ali
Voyance Legal

Principal Bankers

Standard Chartered Bank
Prime Bank Limited
AB Bank Limited
Dutch Bangla Bank Limited
Dhaka Bank Limited
BRAC Bank Limited
United Commercial Bank Limited
Mercantile Bank Limited
Eastern Bank Limited

AMARSTOCK

Discovering Extensive Range of Products & Services

IPDC is a diversified nonbanking financial institution catering to Corporate, SME and Individual clienteles for their finance and savings needs. IPDC offers easy and customized solutions with fastest turn-around time. Besides, IPDC provides advisory services to Corporate and SME clients for their new undertaking under the structured finance wing. Following is the list of products and services offered by IPDC under the Corporate, SME and Retail business segments:

Corporate Business

The Corporate Financial Services Division of IPDC offers the full spectrum of corporate finance services to large public and private enterprises. Products under corporate finance are as follows:

Lease Finance

Lease financing is provided against industrial machineries, commercial equipment, generators, vehicles, vessels, industrial large engines, etc. that will be newly procured. Lease facility may also be provided against already procured/in-use industrial machinery, commercial equipment, office equipment, generators, vehicles, vessels, engines, etc.

Term Loan

Term Loan is designed for the long-term business purposes. Term Loan is generally provided to meet various capital/fixed expenditures such as balancing of production line, modernization of manufacturing process, expansion of capacity and space, etc.

Project Financing

For projects requiring large-scale investment, IPDC brings other Financial Institutions/Banks to raise funds through syndication where IPDC acts as the lead arranger for the financing. Project Financing provided for setting up of a new unit as addition to the existing product line and capacity, a new concern of an existing group, a new Joint Venture project of an existing company, etc.

Short Term Financing

IPDC offers working capital financing to assist companies in carrying out day-to-day business operations, to meet short term cash requirements. The financing may be structured as per requirement and/or need of the client.

Investment in Preference and Common Share

If clients raise funds, IPDC corporate division makes financing by purchasing the preference and common shares. IPDC gets payments usually through redemption of the preferred shares over the tenure and receiving dividend from equity shares.

Small and Medium Enterprises (SME) Business

Small and medium enterprises (SMEs) are acknowledged worldwide as lifeblood of local trade, commerce and industry. With lower energy supply, lesser infrastructure facilities and minor environmental risk, SMEs contribute notably to alleviation of poverty, creation of employment opportunities, women empowerment and equitable distribution of income as well as diversification of industrial sector in Bangladesh. A strong, vibrant financial sector can play a significant role in the growth and development of Small and Medium Enterprises by providing credit support to potential entrepreneurs. IPDC Finance Limited with the belief of 'Jago Ucchase', has focused on SME business and performed well so far. Through the SME Financial Service unit, the company offers various SME products based on the needs of the business. The value created by this unit is demonstrated through the unique relationship model, industry expertise, and local market advantage. The SME team deals with all sorts of activities- sales, marketing, business promotions, relationship management, customer service, budgeting, target setting and allocation, execution, monitoring and evaluation of sales deals. A short of description products under SME is furnished below:

Lease Finance

Lease finance is offered to small/medium size business for procuring fixed asset like commercial/office equipment, machineries, generators, vehicles, vessels etc.

Long Term Finance

Financing in any business concern to meet up various regular capital/fixed asset expenditures.

Short Term Finance

Short Term Loan to different business concerns to meet urgent fund requirement for any interim period.

NEW RSTOCK

Financing Women Entrepreneurs

This product is exclusively tailored for the women in business to give them that extra edge and succeed.

Factoring

IPDC Factoring provides advance cash against invoices or bills. With IDPC factoring, customer does not need to wait for 90 to 180 days with their accounts receivables to meet their liquidity needs.

Work Order Financing

IPDC offers financing against Work Orders (WO) to bridge the gap between time of processing the order and receipt of payment.

Retail Business

The Individual Financial Service division offers a variety of personal financial services to fulfill the needs of individuals. Liability schemes offers mainly two types of schemes. The schemes are deposit schemes and savings schemes. A wide range of deposit products which can be both beneficial and profitable as per the client's needs under these two schemes. The unit provides high quality services coupled with maximum security. Depositors can earn competitive returns from the hard-earned savings as well as avail loan facilities against their deposits. A short description pf products under Retail business segment is given below:

Savings Schemes

Products under this schemes are Deposit Premium, Millionaire Deposit, Ultiflex Deposit schemes.

Deposit Schemes

Several range of products are offered in this type schemes. These are Annual Profit, Cumulative Profit, Fixed Deposit General, Monthly Profit, Double Money Deposit, Quarterly Profit Schemes.

Home Loan

With a host of Home Loan options, the Home and Mortgage Unit aims to meet the individual needs for housing solutions.

Auto Loan

The Auto Loan Unit specializes in car financing for individuals and institutions.

Personal Loan

The Personal Loan Unit offers any purpose loans for personal need.

Club Royal

This is a complete package of prerogative services including personal financial advice to the high-value customers.

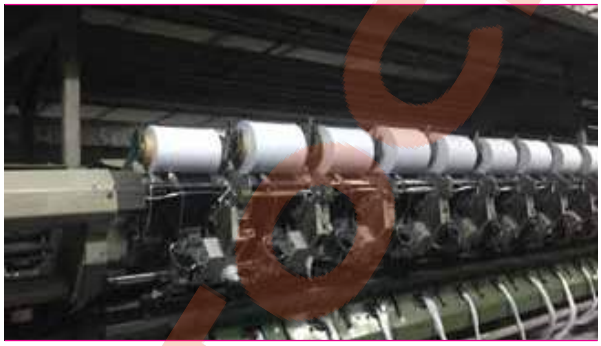
AMARSTOCK

Expanding Milestones

History	Year
IPDC became the first private sector Development Finance Institution (DFI) in Bangladesh	1981
IPDC started its commercial operation	1983
IPDC sponsors IDLC, the first leasing company, thereby introduced lease financing in the market	1985
IPDC gets the license from Bangladesh Bank as a Financial Institution under the Financial Institution Act 1993	1995
IPDC starts Lease Financing itself	1997
IPDC introduces Short Term Working Capital and Bridge Loan Finance	1999
IPDC introduces the concept of Preference Share Investment in the country by investing in Hyundai Cement Bangladesh (Later on known as Holcim Bangladesh)	2000
IPDC invests in Preferred Stock of Delta BRAC Housing, the pioneer is Housing Finance in the private sector of the country.	2000
IPDC introduces Zero Coupon Bond through securitization of receivables with technical assistance from World Bank.	2004
AKFED takes the majority share of the company through buying the stakes from IFC, DEG and CDC.	2004
IPDC gets publicly listed.	2006
IPDC introduces Auto Loan and Club Royal, a High Net Worth Lifestyle product, first in the NBFI sector.	2008
IPDC launches first branch in Chittagong.	2009
IPDC opens its branch in Sylhet.	2011
IPDC introduces Factoring Finance and Mortgage Finance.	2012
-BRAC (25%), Ayesha Abed Foundation (10%), RSA Capital Limited (5%) acquires 40% shares from AKFED with AKFED retaining 11% of the shares.	2015
-Establishing the five-year Strategic paper by realigning its focus on youth, women and Undeserved areas. -IPDC revamped and rebranded itself to IPDC Finance Limited from Industrial Promotion and Development Company of Bangladesh Limited -IPDC opens its 3 branches in Gazipur, Narayangonj, Bogra	2016

AMARSTOCK

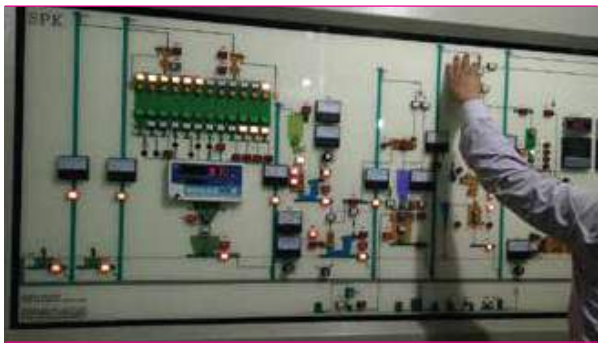
Financing Projects

Tristar Textile Limited, Textile Mill Industry




Zahir Steel & Re-Rolling Mills Limited, Steel Manufacturing Industry

Krishibid Feed Limited, Feed Industry




Shasha Denims Limited, Garment and Knitwear Industry





Generation Next (GENNEXT) Fashion Limited, Garment and Textile Industry





ACME Laboratories, Pharmaceutical Industry



Babar Shoes Industries Limited, Shoe Industry



Brothers Furniture Limited, Furniture Industry



Geo Steel (BD) Limited, Steel Industry



Quantum Corporation Limited, Food Industry

Our Footprints

Head Office

Hosna Centre (4th Floor)
106 Gulshan Avenue, Dhaka-1212, Bangladesh.
Tel: +(88-02) 55068931-7
Fax: +(88-02) 55068930
Email: email@ipdcbd.com

Motijhieel Branch

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

Dhanmondi Branch

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

Uttara Branch

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

Chittagong Branch

Avenue Tower (3rd Floor) 115/134,
Lalkhan Bazar,Beside Dampara Police Line,
Chittagong.
Tel: +(88-031) 2866892-4
Fax: +(88-031) 2866895
Email: email.ctg@ipdcbd.com

Bogra Branch

Amicus Center
416-417 Sherpur Road
Bogra Sador, Bogra
Tel: +(88) 05161477-8
Fax: +(88) 05161479
Email: email.bogra@ipdcbd.com

Gazipur Branch

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

Narayanganj Branch

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

Sylhet Branch

Khalil Trade Center (3rd Floor)
House # 01, Block # D,
Main Road Shahjalal Upo-Shahar, Sylhet-3100
Fax: +(88-0821) 711177
Tel: +(88-0821) 711112, 711128
Email: email.syl@ipdcbd.com

16519 ipdcfinance www.ipdcbd.com

INVESTOCK



Our Forseers

Front Row (Left to Right):

MR. AMIN H. MANEKIA, Vice – Chairman
MS. NASREEN SATTAR, Independent Director
MR. SALAHDIN IRSHAD IMAM, Independent Director

Back Row (Left to Right):

MR. SADARUDDIN AHMED, Nominated Director, GOB
DR. MUHAMMAD MUSA, Chairman
MR. SAMEER AHMAD, Nominated Director, RSA Capital Limited
MR. SHAMERAN ABED, Nominated Director, Ayesha Abed Foundation
MD. ENAMUL HOQUE, Nominated Director, GOB
MR. MOMINUL ISLAM, Managing Director and CEO

Not in the Picture:

MR. ASIF SALEH, Nominated Director, BRAC
MOHAMMAD MAMDUDUR RASHID, Nominated Director, BRAC



Our Go-getters

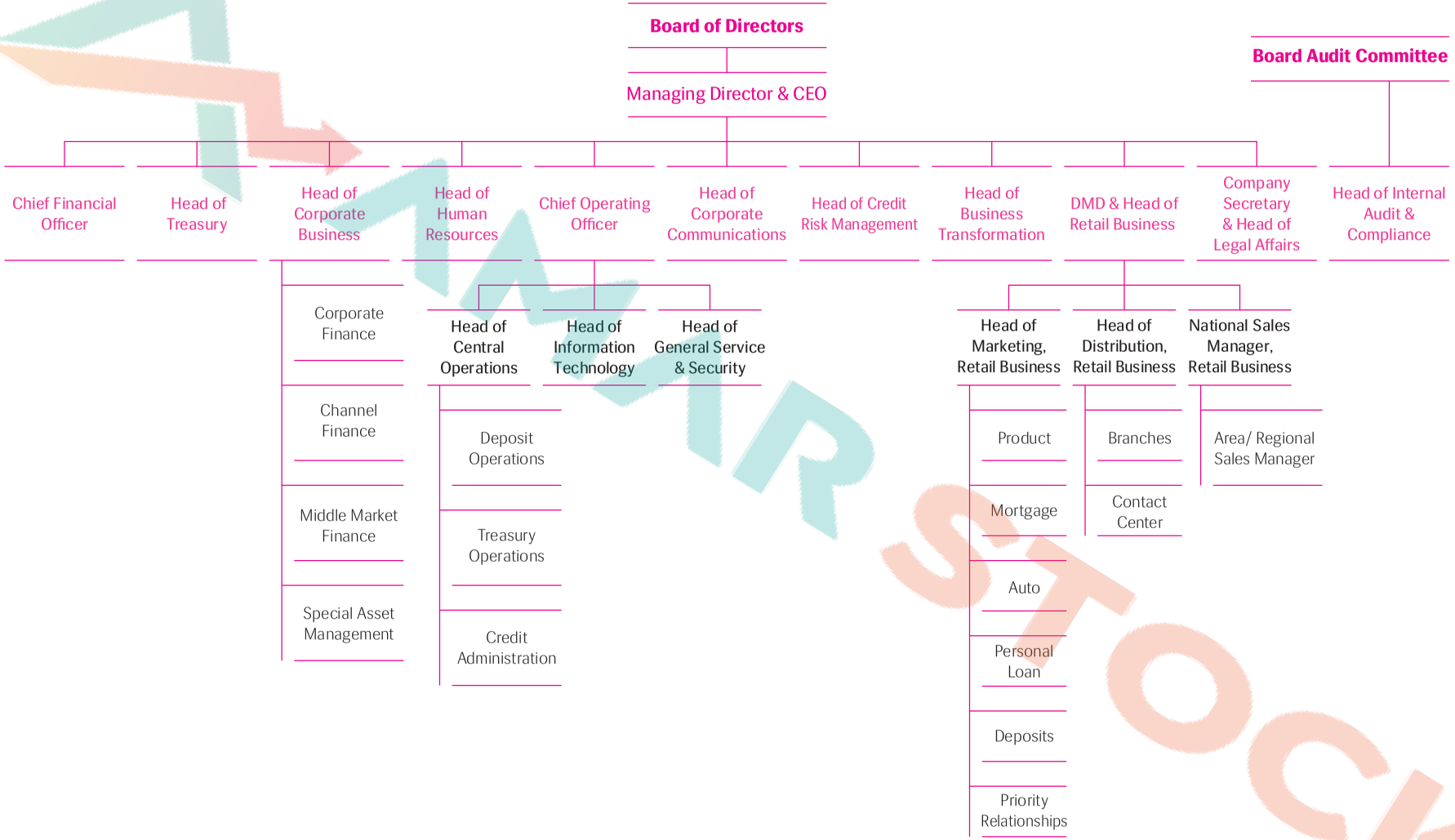
Front Row (Left to Right):

SHAH WAREEF HOSSAIN, Chief Operating Officer
GULNAZ ALAM, Head of Human Resources
MAHZABIN FERDOUS, Head of Corporate Communication

Back Row (Left to Right):

NAWED WAHED ASIF, Head of Treasury
ABU SALEH MOHAMMAD JUBAYER ALAM, Head of Business Transformation
BENOZEER AHMED, Chief Financial Officer
SAMIUL HASHIM, Company Secretary & Head of Legal Affairs
MOMINUL ISLAM, Managing Director & CEO
AFM BARKATULLAH, DMD & Head of Retail Business
ASHIQUE HOSSAIN, Head of Credit Risk Management
RIZWAN D. SHAMS, Head of Corporate Business
SAMI UL HAQUE, Head of Internal Audit & Compliance

Our Organogram



AMARSTOCK



WE BELIEVE.
WE ACT.
WE ASPIRE.



"We are optimistic about the macroeconomic environment of the economy and the prospect of the financial industry."

Dr. Muhammad Musa

Chairman

Chairman's Message

Bismillahir Rahmanur Rahim

Dear Valued Shareholders,

It is my great pleasure to welcome you all to the 35th Annual General Meeting of IPDC Finance Limited On behalf of the Board, I am delighted to present key highlights of performance, future challenges and prospect of your company.

2016 has been a challenging year for the Banks and Non-Banking Financial Institutions (NBFI) as characterized by continuous deterioration of asset quality, excess market liquidity, sluggish demand for credit which has resulted in lower Balance Sheet growth. Yet, IPDC has registered strong operating performance, largely driven by solid balance sheet growth. At the end of year 2016 credit portfolio has reached BDT 19,480.6 million, up by 203.6% from 2015. Classified loan ratio hit an industry-record-low of 0.71% at the end of December 2016. IPDC has posted a 26.2% growth in Net Profit in 2016. EPS (Earning per Share) has moved to BDT 2.00 in 2016 from BDT 1.59 in 2015. The company also maintained healthy capital base reflected by higher capital adequacy ratio (CAR) of 22.09%. The results reflect our promise to deliver sustainable growth in our balance sheet and growing returns to our shareholders.

After transferring fund to statutory reserve based on the financial results of 2016, the Board recommends 20% (twenty percent) stock dividend for the year ended 31 December 2016 for the approval of the shareholders.

The company contributed BDT 223.0 million to Government Exchequer in 2016 against BDT 116.3 million in 2015. We try to contribute to the society through different initiatives. Our human resource policies strongly address areas like health and safety, career advancement, equity and fairness and gender diversity at work place. In addition, financial inclusion of the people and empowering women through financing are woven into our current business model.

As your company continues to grow, we are firmly focused on maintaining good corporate governance, putting sound internal control system and risk management framework in place, promoting ethical practices and complying with laws and regulations. We maintain highest standard of transparency and provide public disclosures to our keep stakeholders informed of our activities.

In December 2016, we changed our company name as "IPDC Finance Limited" to redefine our brand promise for the long-term purpose of the company.

We are optimistic about the macroeconomic environment of the economy and the prospect of the financial industry. We identified few market potentials specially in women entrepreneurship, SME (small and medium enterprises), retail and housing segments. Our future growth strategy revolves around these pillars. We have taken an integrated approach of doing business. Therefore, we have invested in all aspects of organization such as business, information technology, distribution, human resource and brand.

We are thankful to our customers for their continued loyalty and confidence on us. The Board also would also like to express its appreciation to the management and employees for their outstanding commitment and effort. The Board is grateful to the Central Bank for their prudential guidelines and support to us. The Board is also grateful to the shareholders who always keep confidence in us. The Board is thankful to BSEC (Bangladesh Security and Exchange Commission), CSE (Chittagong Stock Exchange), DSE (Dhaka Stock Exchange) and other regulators and valued business partners for their support to us.

We wish you a very happy and prosperous year 2017.

Thank you,



Dr. Muhammad Musa
Chairman
Board of Directors
Dhaka, 19 February 2017



"If you can dream it, you can achieve it."

Mominul Islam

Managing Director and
Chief Executive Officer

CEO's Message

In early 2016, IPDC finalized its five-year strategic plan keeping in view of the socioeconomic challenges and opportunities of Bangladesh with an aim to make it more relevant to the aspiration of the country. With a growth led business plan in place, appropriate capacity building took place in the areas of human resources, distribution network, technology and brand keeping customer centricity at the core. As a result, 2016 marked as a record-breaking year for the company with strong operating performance backed by solid business growth.

IPDC has done exceptionally well and exceeded expectations in all key performance areas. In 2016, Loans and Advances grew by more than threefold to BDT 19,480.6 million from BDT 6,415.8 million in 2015. Deposit grew to BDT 17,179.2 million, up by 262.1% against BDT 4,744.7 million in 2015. Classified loan ratio has gradually moved down during last five years and hit industry-record-low at 0.71% in 2016 against 1.98% in 2015. Operating Profit has registered a growth of 12.5% against last year taking the figure to BDT 501.6 million in 2016 against BDT 445.8 million in 2015. Profit After Tax has increased to BDT 303.1 million in 2016, jump by 26.2% against BDT 240.2 million 2015. EPS (Earning per Share) has moved to BDT 2.00 in 2016 against BDT 1.59 in 2015. CAR (Capital Adequacy Ratio) remained strong at 22.09% at the end of 2016 against the Central Bank's requirement of minimum 10.00%. The strong CAR provides us ample opportunity to grow our asset further before we raise additional capital.

Established in 1981, IPDC has been evolving itself to cater to the private sector industrialization of the country focusing primarily on the corporate segment. In December 2016, the company changed its name to 'IPDC Finance Limited' and relaunched its brand to reposition itself to the diverse market segments of Corporate, SME ad Retail it wishes to serve as per the strategic plan. With effective market communication, IPDC has emerged as one of the most vibrant and customer centric financial brands of the country. IPDC also revamped its product ranges for the target market segments. IPDC has set 'affordable home financing across the country' as one of its key strategic priority. The home loan portfolio has grown by 11.6 folds during the year to BDT 1,560.09 million at the end of year 2016 from only BDT 135.03 million a year earlier. Supporting new entrepreneurs in the SME sector remains another strategic priority for IPDC. We are focusing on the Factoring Finance as a collateral free lending vehicle for the fast-growing SMEs in collaboration with the corporate relationships. The Factoring Finance portfolio has grown by 3.5 folds in 2016 to BDT 675.92 million. We have put women empowerment by supporting the women to acquire financial and nonfinancial assets as key pillar of our growth. We have designed products with special benefits for women depositors and borrowers. As a result, around 30% of our individual customers (both deposits and loans) are now women which was less than 10% a year earlier. IPDC has started disbursing credit and mobilizing deposits beyond the mega cities. The company expanded its distribution reach by opening three new branches in Narayanganj, Gazipur and Bogra. To keep pace with the growth, the company strengthened its human resource capacity by recruiting and training people in both business and support functions. With an aim to grow and diversify its asset base, IPDC had clear and balanced strategies in place embracing diverse customer groups and wide geographical boundaries. On funding side, IPDC continued to add on low-cost retail deposit for profitable and sustainable growth in balance sheet. IPDC intends to gradually reduce its dependencies on bank borrowing.

Customer always remains at the heart of everything we do. In 2016, we established dedicated Call Center to serve our customers better. We continued to reengineer and simplify our business processes not only to bring efficiency but also to deliver delightful experience to our customers. We undertook the initiative to build Sales, Customer Relationship Management (CRM) and Loan Origination System to efficiently serve our growing customer base which is expected to go live in early 2017. Understanding the current and future need of the business, we made significant investment in information technology, distribution network and brand building. We made notable tie ups with strategic partners to leverage our distribution channel, increase our footprints, maximize cross-selling opportunities and gain synergies through sharing resources and collaborative efforts.

IPDC nurtures a very open and vibrant working environment where people remain engaged and connected and work together towards achieving the common goal. For the long-term success of the company, we have taken a holistic and integrated approach of doing business. Therefore, we have embedded good governance, effective internal control system, strict compliance and ethical culture into our business, process, systems and culture. We maintain zero tolerance on integrity and ethical issues. We make sure that our business complies with regulatory requirements and is aligned with the long-term interest and risk appetite of the shareholders.

We pledge to remain transparent and provide sufficient disclosures to our customers, shareholders, regulators and other stakeholders. In our journey at IPDC, we try to build partnership with our stakeholders and promote constructive dialogues with them to make sure that our strategies and decisions are consistent with their expectations.

We promise to stay ever-ready to embrace the changes in the external environment and aim to respond positively to the risks and opportunities it creates.

We try to stand beside the good causes of the society. In this context, IPDC distributed blankets and free medicine to the poor cold-affected people. Around 5,100 people were benefited by this initiative. The company also extended financial support through charities in form of giving free eye check-ups; distributing free medicines; supplying eye glasses to the distressed children; sponsoring competition to promote early child education program for the underprivileged children; distributing bicycles to girls student; supporting building of libraries at the schools for underprivileged children; donating toys to the underprivileged children; supporting supply of dry foods to the flood affected areas etc.

Bangladesh economy has produced another good year in 2016, which is evidenced by low inflation rate of 5.0%, healthy foreign exchange reserve of BDT 32 billion, higher consumer spending, growing per capita income, GDP growth rate of 7.1%, stable foreign exchange rate and tested ability to absorb external shocks exposed by global macroeconomic environment. Moreover, people are spending more on consumer durables and life style products and significant proportion of total work force is coming from young and middle aged group. Hence, we are optimistic about the prospect of the economy and the financial industry. Our forecast suggests that the demand for domestic investment and credit is expected to speed up in 2017. Thus, financial industry, which somehow struggled in 2016, is expected to regain its momentum in 2017. The economy and financial industry is expected to stay buoyant in coming years.

It had been a difficult journey for IPDC to reestablish itself on a strong foundation which is reflected by clean balance sheet, higher capital base and lower classified loan ratio. In 2016, we reviewed our business fundamentals and redefined our growth pillars for the sustainable long term success of the company. IPDC will continue to build its business focusing on its strategic pillars including empowering women, creating entrepreneurs, brining joys to lives through consumer convenient goods at home and fulfilling dreams of thousands of middle and low income households across the country through offering Affordable Home Loans, besides continuing to support the private sector industrialization. In coming years, IPDC will invest significantly in technology led business models to introduce new financing to the underserved population of the country with better convenience and lower cost. We aim to make meaningful contribution to the society as well as pledge to deliver long-term value to our shareholders. We aspire to establish IPDC as the strongest financial brand in the country for the households and women segment.

We are thankful to our valued customers for their long and valuable association with us. We are grateful to our regulators especially Bangladesh Bank who have been relentlessly providing guidance and support to us. We also express our heartiest gratitude to our valued shareholders who continue to keep faith on us. I am indebted to the honorable Board of Directors of the Company for adopting exemplary corporate governance practice and culture and providing us the vision, courage and guidance to shape the future direction of the company.

We will continue to create positive impact to the surrounding societies, environment, economy and life of the people. We promise to create values for our shareholders and pledge to protect their long- term interest.

Thank you,

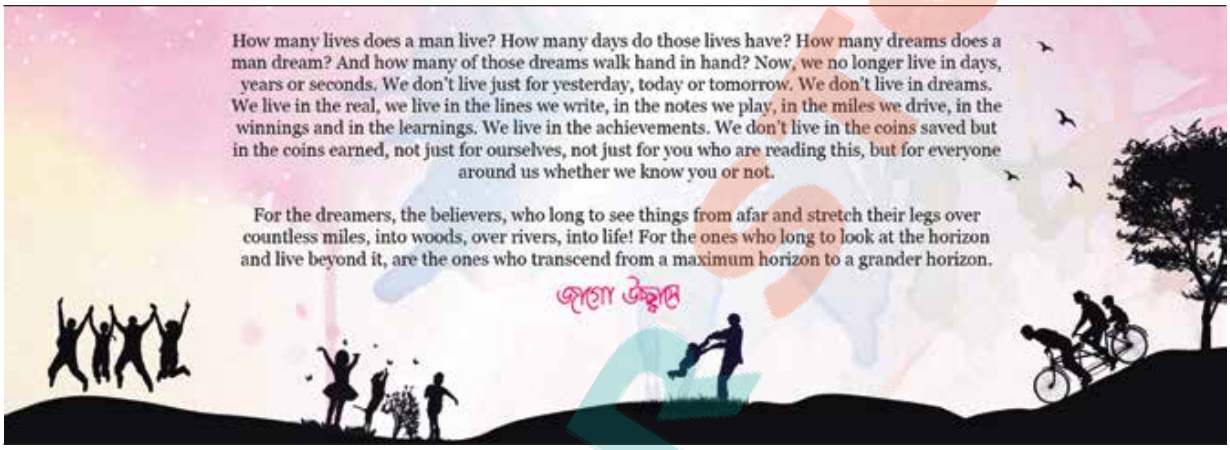


Yours truly,

Mominul Islam
Managing Director and Chief Executive Officer
Dhaka, 19 February 2017

Our Credos

From the very inception, IPDC on record has been playing an instrumental role in building up the nation when it was in the phase of dire need. And now when IPDC is fortunate enough to witness the rising nation, yet again it emerged to cater to the latent demands of the people which were least expected from any financial institution so far. IPDC is impartially enthusiastic to rise with the nation by putting forward youth, women and underserved areas. In alignment with its vision to be most passionate financial brand in the country, IPDC has embraced a new logo and pay off line "Jaago Uchchashe" that speaks loud of its perception behind the revamp of the organization. Moreover, the contemporary color palette that has been chosen for the brand exclusively has been a breakthrough choice moving away from the traditional banking and NBFI like. IPDC strive to not only promote its offerings rather provide financial assistance by guiding customers to reach the best fit for them which need not be IPDC product only. That's where IPDC finds itself serving as a true financial partner to let its customers fulfill all their desires and live unbound.



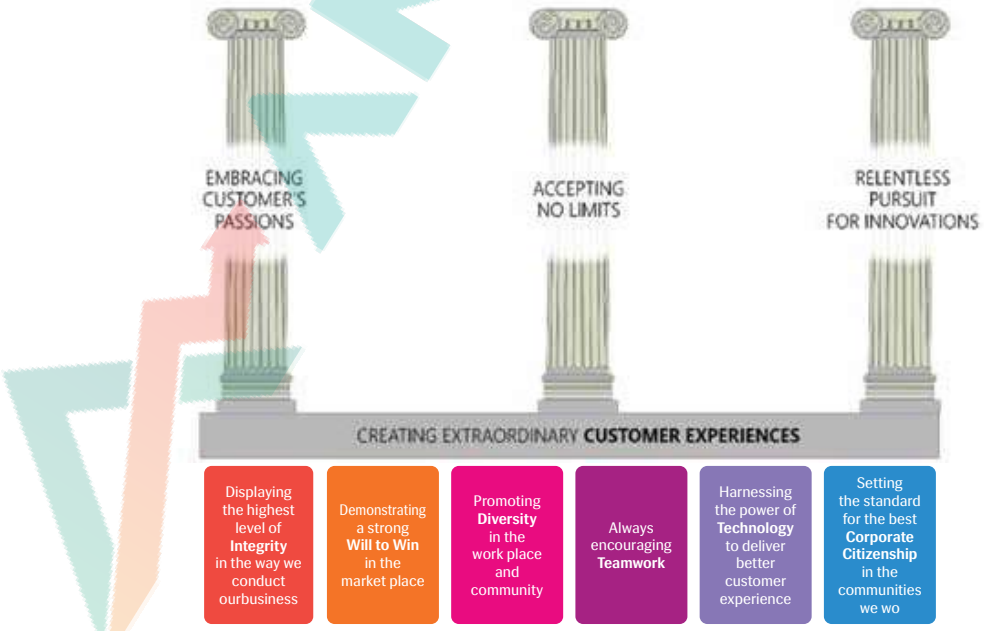
Our Mission

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

Our Vision

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

Core Values



These three pillars are built on the following sets of core values:

- Delivering extraordinary customer experience by placing customer at the heart of everything we do
- Displaying the highest level of integrity in the way we conduct our business
- Demonstrating a strong will to win in the market place
- Promoting diversity in the work place and community
- Encouraging teamwork and collaborative efforts
- Harnessing the power of technology to deliver better customer experience
- Setting the standard for the best corporate citizenship in the communities we work

Strategic Aim of the Company

Home Loans

Given the demand and growing income level of the middle and low income households, IPDC aims to build home loan portfolio by creating new market (middle and low income households) with new set of product propositions.

Empowering Women

Creating and promoting women entrepreneurs though financing has been included in our strategy agenda.

Creating Entrepreneurs

With the emergence of new generations and their attitude towards doing business, IPDC plans cater to this sector with right product offerings and distribution coverage.

Beyond Megacities

IPDC envisages to extend retail credit beyond the megacities where level of competition is yet to intensify.

Brining Convenience at Home

With growing per capita income, increased buying power of the people, growing number of small households and the fact that people are spending more on consumer durables and life style products, IPDC endeavors to penetrate strongly in consumer finance market.

AMAR STOCK

Our Celebrations

IPDC Revamp

Jaago Ucchash Activation

When IPDC has it reincarnation by embracing a new name, logo and pay off line. Before, declaring it to the world, IPDC made a point to celebrate the joy of its much-awaited announcement and revelation to its own members. Hence, a very endearing activation had been in place to create the ambience of starting a new era. Everyone was in the IPDC branded T-shirt. The new logo was revealed by the CEO and MD, Mr. Mominul Islam himself. Everyone gave a piece of their mind with their own perception of "Ucchash" on the Ucchash Board. After which the whole environment turned fun and frolic with the photo session on social media photo booth and Ucchash themed snacks. The day ended with each and every employee having their profile picture on social media with the IPDC 'Jaago Ucchashe' frame depicting one big family to the world under a single face.



Employee Night

Before the big night on 20th December 2016, IPDC took the previous night on 19th December to mark an unforgettable night with all the employees and staff. The night started with MD and CEO addressing and charging up the night. Several gifts and prize distribution upon games involving everyone in the room raised the spirit of participation among all. Everyone was baffled at the unique way of disclosing the logo by Guinness record holder Canadian bubble artist Fan Yang who thrilled everyone for the very first time in Bangladesh. The series of skits and dance performance from the employee themselves as well as the band enticed everyone. The night got younger with everyone grooving over the DJ's music. The grand dinner served in Radisson Blu Dhaka dazzled the taste buds till date.



Gala Night

The much longed and coveted night had witnessed its existence on the 20th December 2016. The night marked the embarkation of new era for IPDC Finance Limited. All the stakeholders from clients and partners shared this moment of joy. His highness Mr. Abul Maal Abdul Muhith country's Finance Minister honored the gathering. All the guest were awe struck with the AV that brought goosebumps as it depicted the very milestones it marked with its inception to the day of rebranding by molding a new era. All the guests were stunned with the bubble artist's Fan Yang , Guinness world record holder's sensational act of revealing the logo to the world. All the guest witnessed such trail blazing act first time ever in Bangladesh. The all busted in thunderclap with every stunt of the artist along with the string of enticing performances. The giant Ucchash board capped in various thoughtful wishes and stimulated the spirit of unbound success ahead.



Editor's Meet

Before the bells of Rebranding, IPDC grabbed the attention of all the top-notch editors of the country with a very sophisticated gathering at the most coveted Editor's Meet in Splash, Westin Dhaka. The evening had witnessed the most influential personalities in the world on news and media. The news of which buzzed in the city for quite some time.



International Women's Day, 2016

IPDC is aware of the integral part of its workforce, the women who has been at par with their performances and initiatives and taken a strong grip in both their roles as an individual as well as a home maker. The day initiated with a goodie bag from the office and flowers as a token of appreciation for all their endeavors. The purple ambience and smiles of the ladies bloomed the essence of passion in each one of them.



International Men's Day, 2016

For the very first time ever in the industry, International Men's Day was recognized and celebrated by acknowledging their year after year consistent streak of hard work and perseverance which had been taken for granted for the notion of being the provider in the society. IPDC took an initiative and introduced a wellness booth where all the men had their checkup done. The activation left with a spirit of vitality and enthusiasm among the men.



Pohela Boishakh, 2016

The whole office was draped in the festive aura with the decoration to the outfit to Bengali cuisine that lit up the tastebud of all employees. In IPDC , bringing together all the stakeholders in the moments of joy and celebration, hence a special lunch was organized for the clients as well as the employees to relish the traditional food and give inherent meaning to the day.



Puja Celebration, 2016

In IPDC, diversity is strength and it believes that enfolding diversity is not just by recruiting people from various field, caste, religious and gender but also making them feel a part of it. Hence the organization makes it a mark to celebrate the festivals and events of even the minority group in the same manner and interest as any other program. Puja 2016 was one of those days where the sweets and snacks did not just fill the tummy but embedded sweet memories for the year.



ERC Team Building, 2016

IPDC goes beyond the conventional ways to instill team spirit among its employees, hence without fail every year all old and new employees go spellbound with the very planned out two-day team building out of town affair, the enthusiasm of which goes on for weeks. The craze of which begins with the unique auction of the team members by the predetermined team leader under various teams. The fierce competition commences soon after the auction with days of rehearsals for the drama and performances besides the sledging. Several wily and crafty games judge the spirit of each team leading them with much craved points. The DJ nights be one of the most unforgettable slice of the event.



Moments of 34th Annual General Meeting of IPDC Finance Limited, 2016



Shareholder registering their presence for the Annual General Meeting at the registering booth



Honorable Chairman delivering his speech in the 34th Annual General Meeting



The Board of Directors at the 34th Annual General Meeting



One of the Honourable shareholders addressing in the 34th Annual General Meeting



Chairman exchanging opinions with the shareholders in the 34th Annual General Meeting



The Board of Director,IPDC officials and few of the shareholders inthe 34th Annual General Meeting

NOTICE OF THE 35th ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting (AGM) of the shareholders of IPDC Finance Limited will be held at Trust Milonayaton, 545, Old Air Port Road, Jahangir Gate, Dhaka Cantonment, Dhaka-1206 on Tuesday, 02 May 2017 at 9:00 a.m. to transact the following proceedings:

AGENDA

1. To receive and adopt the Directors' Report, Auditor's Report and Audited Financial Statements of the Company for the year ended 31 December 2016;
2. To declare dividend for the year ended 31 December 2016;
3. To elect/re-elected Directors;
4. To appoint the Auditor and to fix their remuneration;
5. To confirm the appointment of nominee directors, Mr. Mohammad Mamdudur Rashid & Ms. Tamara Hasan Abed of BRAC, Mr. Md. Enamul Hoque & Mr. Sadaruddin Ahmed of Government of the People's Republic of Bangladesh;
6. To transact any others business (if any) with the permission of the Chair.

By Order of the Board



Samiul Hashim
Company Secretary

Dated: 09 April 2017

Notes:

1. 13 March 2017 was the Record Date for entitlement of the Dividend for the year ended 31 December 2016
2. Admission into the venue of the AGM will be allowed on submission of the attendance slip.
3. Only the share holders or their appointment proxies will be allowed to attend the meeting.
4. A shareholder, intending to appoint a Proxy, must deposit the duly stamped Proxy Form at the Company's registered office no later than 48 hours before the day of the AGM.
5. Except the shareholders or valid proxies, no one will be authorized to complete registration process.

AMAR STOCK

Letter of Transmittal

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

Subject: Annual Report for the year ended 31 December 2016.

Dear Sir(s):

We are pleased to enclose a copy of the Annual Report of IPDC Finance Limited together with the Audited Financial Statements for the year ended 31 December 2016 for your kind information and record.

Sincerely Yours,

Samiul Hashim
Head of Legal Affairs and Company Secretary

AMAR STOCK



WE OWN.
WE UNITE.

Shareholders' Profile

Capital Structure

IPDC Finance Limited is the first private sector financial institution of the country established in 1981 by a distinguished group of shareholders namely International Finance Corporation (IFC), USA, German Investment and Development Company (DEG), Germany, The Aga Khan Fund for Economic Development (AKFED), Switzerland, Commonwealth Development Corporation (CDC), UK and the Government Peoples Republic of Bangladesh (GOB).

In early 2004 AKFED acquired 70% stake in IPDC by purchasing the shares from IFC, CDC and DEG. In 2006, the shareholding structure was changed by issuance of public shares with AKFED maintaining the management control of the company holding 51% of the shares.

In 2016, BRAC (25%), Ayesha Abed Foundation (10%), RSA Capital Limited (5%) acquired 40% shares from AKFED with AKFED retaining 11.05% of the shares. The rest are owned by Government of People's Republic of Bangladesh (21.88%) and General Public (27.07%).

As on 31 December 2016, IPDC has an Authorized Capital of BDT 4,000,000,000; and Issued, Subscribed and Paid up Capital of BDT 1,515,005,670. Ordinary shares have a face value of Tk.10 each.

Brief Description of the Owners

BRAC: BRAC, an international development organization based in Bangladesh, is the largest non-governmental development organization in the world, in terms of number of employees as of September 2016. Established by Sir Fazle Hasan Abed in 1972 after the independence of Bangladesh, BRAC is present in all 64 districts of Bangladesh as well as other countries in Asia, Africa, and the America. BRAC is in a strategic partnership with UK's Department for International Development and Australia's Department of Foreign Affairs and Trade where they are working together to bring positive changes in the lives of people.

BRAC employs over 100,000 people, roughly 70 percent of whom are women, reaching more than 126 million people. The organization is 70-80% self-funded through a number of social enterprises that include a dairy and food project, a chain of retail handicraft stores called Aarong, Seed and Agro, Chicken etc. BRAC has operations in 11 countries of the world.

Government of the People's Republic of Bangladesh: The Government of Bangladesh aims at diversifying the economic base of the country by facilitating investments in an identified series of priority areas. Ministry of Industries and Ministry of Finance was responsible for the inception and initial investment during the inception of IPDC with the target of facilitating and promoting industrial financing in Bangladesh.

Aga Khan Fund for Economic Development (AKFED): Aga Khan Fund for Economic Development (AKFED) is an international development agency dedicated to promoting entrepreneurship and building economically sound enterprises in the developing world. AKFED operates as a network of affiliates with more than 90 separate project companies employing over 47,000 people. Because of its development ethos, it reinvests all profits in further development. For more than 75 years, AKFED has made investments and operated companies in the developing nations of Africa, South Asia and Central Asia. The Fund is active in 18 countries in the developing world: Afghanistan, Bangladesh, Burkina Faso, Burundi, the Democratic Republic of the Congo, India, Ivory Coast, Kenya, Kyrgyz Republic, Mali, Mozambique, Pakistan, Rwanda, Senegal, Syria, Tajikistan, Tanzania and Uganda.

AKFED seeks to create profitable, sustainable enterprises through long-term investments that result in strong equity positions. This in turn allows AKFED to take a "hands-on" approach by providing managerial and technical expertise. Profits generated by the Fund are reinvested in other economic development initiatives under the AKFED umbrella.

AKFED often works in collaboration with local and international development partners to create and operate companies that provide goods and services essential to economic development. These range from banking to electric power, agricultural processing, hotels, airlines and telecommunications. AKFED also works with Governments to help promote the creation of enabling legal and fiscal structures that encourage the growth of the private sector.

Ayesha Abed Foundation (AAF) : In 1982, Ayesha Abed Foundation was founded in the honor of the late Ayesha Abed. The primary focus of AAF was clear to empower women from every nook and cranny of Bangladesh; especially women in devastating states who had endured a lot of pain and suffering.

AAF acts as a facilitator in gathering and organizing both skilled and untrained artisans from various village organizations across the country and providing them with training and employment in its numerous centers which serve as Aarong's production hubs. Even Aarong was born out of need, initially acting as the only buyer for AAF products. Aarong is a social enterprise creating livelihood and opportunities for over 65,000 rural artisans, 95% of whom are poor women. Ever since AAF was founded, Aarong has primarily been taking hand-made products by workers who are under it.

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

RSA Capital: RSA Capital is a private equity firm from Bangladesh. RSA established its name through a milestone transaction – the world's first microcredit securitization for BRAC (the world's largest NGO).

The firm primarily provides Structured Finance, Equity and Merger and Acquisition advisory services to financial institutions. They also make domestic and international proprietary and strategic investments.

We aim to generate sustainable financial returns to our shareholder and protecting their interest and seizing growth opportunities within the risk structure of the shareholder.

IPDC has a total 151,500,567 shares with 88.95% domestic holding and 11.05% foreign holding. Details of shareholding structure are as follows:

Distribution of Shareholding Structure

Amount in BDT

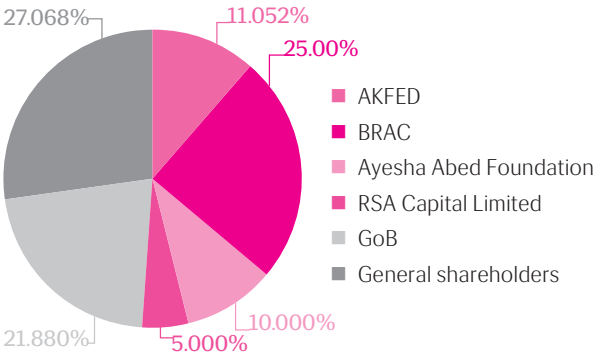
Share capital	2016	2015
Authorised		
400,000,000 ordinary shares of Taka 10 each	4,000,000,000	4,000,000,000
Issued, subscribed and fully paid up		
151,500,567 (2015: 126,250,473) ordinary shares of Tk 10 each	1,515,005,670	1,262,504,730
Paid up capital of the company is held as follows		
Foreign		
Aga Khan Fund for Economic Development (AKFED)	167,441,320	139,534,440
	167,441,320	139,534,440
Domestic		
BRAC	378,751,410	315,626,180
Ayesha Abed Foundation	151,500,570	126,250,480
RSA Capital Limited	75,750,280	63,125,240
Government of the People's Republic of Bangladesh (GoB)	331,476,640	276,230,540
General shareholders	410,085,450	341,737,850
	1,347,564,350	1,122,970,290
	1,515,005,670	1,262,504,730

Number of ordinary shares and percentage of holding are as follows:

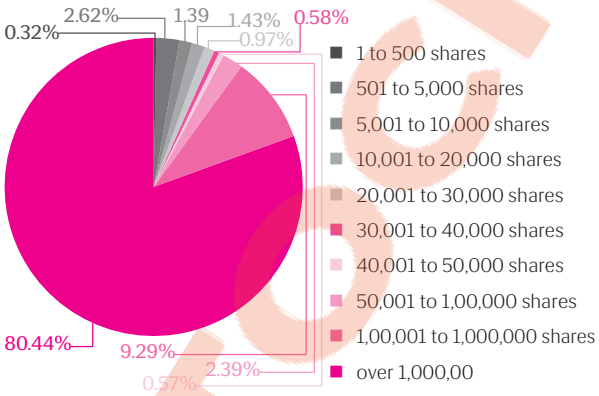
Share capital	2016		2015	
	Number	% of holding	Number	% of holding
Foreign				
AKFED	16,744,132	11.05	13,953,444	11.05
	16,744,132	11.05	13,953,444	11.05
Domestic				
BRAC	37,875,141	25.00	31,562,618	25.00
Ayesha Abed Foundation	15,150,057	10.00	12,625,048	10.00
RSA Capital Limited	7,575,028	5.00	6,312,524	5.00
GoB	33,147,664	21.88	27,623,054	21.88
General shareholders	41,008,545	27.07	34,173,785	27.07
	134,756,435	88.95	112,297,029	88.95
	151,500,567	100.00	126,250,473	100.00

AMARSTOCK

Share holding structure



Distribution of No. Shares-2016



Classification of shareholders by holding

Number of shares	No. of shareholders	No. of shares	% of holdings
1 to 500 share	3,503	486,328	0.32%
501 to 5,000 shares	2,313	3,972,317	2.62%
5,001 to 10,000 shares	279	2,108,021	1.39%
10,001 to 20,000 shares	146	2,162,358	1.43%
20,001 to 30,000 shares	58	1,464,175	0.97%
30,001 to 40,000 shares	25	879,160	0.58%
40,001 to 50,000 shares	18	866,592	0.57%
50,001 to 1,00,000 shares	50	3,624,339	2.39%
1,00,001 to 1,000,000 shares	48	14,075,231	9.29%
over 1,000,000	9	121,862,046	80.44%
Total	**6,449**	**151,500,567**	**100.00%**

AMARSTOCK



WE LEAD.
WE GUIDE.

Directors' Report to the Shareholders

Dear Shareholders,

The Board of Directors of IPDC Finance Limited (formerly Industrial Promotion and Development Company of Bangladesh Limited) is very happy to welcome you in the 35th 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 2016 which also includes reports on business and strategy review, risk management, corporate governance, 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.

2016 has been an outstanding year for IPDC. Despite low credit appetite in the market and weak performance of banks and NBFIs, IPDC has demonstrated exceptional performance in all major Key Performance Indicators. IPDC has tripled its credit portfolio size which is matched with a 3.6 times growth in deposits. Classified loan ratio hit an industry-record-low of 0.71% at the end of December 2016. IPDC posted a 26% growth in Net Profit in 2016. The results reflect our promise to deliver sustainable growth in our balance sheet and growing returns to our shareholders.

Even as your company continues to grow rapidly, the Board remains extremely focused on ensuring that we have effective corporate governance, risk management and internal control systems in place and which are so essential for the long-term sustainability of the business.

Economic Review of Year 2016

World economy

The world has not recovered fully yet from the global financial crisis. The global economic growth is estimated to have slowed in 2016 to a post-crisis low of 2.3%; however, a moderate recovery is expected in 2017 with the GDP forecast to increase to 2.7%, which is mainly driven by the growth in emerging and developing economies.

While the world is on the verge of economic recovery, the prospect of 2017 and beyond is against under serious cloud following some geo-political events in 2016 such as Britain's vote to leave European Union (Brexit), appointment of a new US president, OPEC's decision to cut crude oil production, leakage of Panama Papers and the fact that Central Banks of advanced economies have reached their limits of expansionary monetary policy measures that could restrict them from taking further stimulus measures. These events could dampen cross-border capital flows and world's trade volume, put inflationary pressure and spur instability in financial markets, exchange rates and commodity prices.

Bangladesh Economy

The resilience of Bangladesh economy has been persistently tested over time. The economy is moving forward despite global macroeconomic volatility, energy shortage and structural constraints. GDP has been growing at more than 6.0% per annum over the five years. The economy posted 7.1% GDP growth in fiscal year 2015-2016, which exceeded expectations, aided by a revival in exports and sustained domestic consumption. Inflation was lower than projected, whilst higher exports and modest imports kept the current account in a larger surplus. However, with the falling trend in inward remittances, BoP (balance of payment) faced some pressure towards the end of the year 2016. Inflation rate has steadily declined to 5.03% in December 2016. Cut in domestic oil prices by state-owned organization BPC (Bangladesh Petroleum Corporation) in response to favourable oil prices in the world market, low international commodity prices and a good rice harvest have reflected in a lower rate of inflation.

Foreign exchange rate (BDT/USD) remained stable through-out the year and foreign exchange reserves hit an all-time record high at USD 32 billion in December 2016. Exports grew by 9.7% and import stayed flat in FY 2015-2016. Trend of foreign direct investment has shown signs of recovery in the second half of 2016.

Capital market remained steady during the year 2016 with stock market index hardly gaining any points and turnover yet to pick up. In addition, the number of listed companies has not increased as of September 2016 over December 2015.

Tax revenue collection in the first half of FY 2016-17 and implementation of ADP (annual development program) has fallen short of target. Government continues to rely on borrowings to finance the deficit. Government initiatives in the areas of energy, special economic zones, and rapid transit systems are yet to receive the desired momentum. The overall fiscal policy, however, has been consistent with macroeconomic stability.

Financial sector

Sluggish performance of real estate sector and low appetite for private sector investment have resulted in low demand for credit. The gap between demand and supply has caused excess liquidity in the market. As a result, interest rates on both loans and deposits continued to fall and loans and advances posted a modest growth. Industry wide asset quality has deteriorated further as reflected in higher non-performing loan ratio. In addition, gradual implementation of BASEL III has reduced

banks' lending capacity. With low balance sheet growth, reduced spread and falling asset quality, Banks and NBFIs are facing difficult times to achieve profitability targets. In an attempt to curtail deterioration of asset quality, the Central Bank has strengthened its vigilance and supervision over the industry.

Overall performance of the industry is largely held back by the weaker lending performance, operational inefficiencies and poor asset quality of state-owned banks. In addition, few unexpected events in the banking sector have created some disturbances in the overall discipline of the industry.

Call money borrowing rates remained stable with the year average of 3.67%. Average interest rate on loans and advances has fallen to 10.45% in 2016 from 11.68% in 2015 and similarly interest rate on deposit has gone down to 5.65% in 2016 from 6.83% in 2015. Because of the parallel shift in interest rates, spread stayed flat at 4.80% in 2016 vis-à-vis 4.85% in 2015. Classified loan ratio of banks hit high at 10.3% as of September 2016.

Because of higher delinquency rate, lower margin and higher capital adequacy requirement on corporate portfolio some Private Commercial Banks (PCBs) tend to diversify their portfolio with renewed focus on high-yield SME and retail lending.

In NBFI sector, average interest rate on loans and advances has fallen to 13.10% in 2016 from 14.89% in 2015 and similarly interest rate on deposit have fallen to 9.03% in 2016 from 10.56% in 2015. Average cost of fund has moved down to 7.95% in November 2016 from 8.98% a year ago. Classified loan ratio stood at 9.0% as of June 2016.

Principal Activities

The principal businesses of the Company are related to finance and finance associated activities. These areas include deposits collection; credit to corporate organizations, retail and SMEs; factoring finance; project finance; leases; hire purchase; equity/quasi-equity investments and advisory services. In 2016 IPDC penetrated strongly in retail market, renewed its focus on SME segment and concentrated more on collecting low-ticket size retail deposit to support long term financing and widening distribution coverage. IPDC offers multiple business services through its 9 branches including head office. The branches are located at Motijheel, Dhanmondi, Gulshan, Uttara, Chittagong, Sylhet, Gazipur, Narayangonj and Bogra and cover the geographical area of Dhaka, Chittagong, Sylhet and Rajshahi.

Diversified Credit Portfolio

Diversification of credit related products is one of the Company's strategic priorities. The well diversified portfolio of IPDC includes term loan financing that represents 69% of total loans, followed by lease financing 13%, mortgage financing 8%, auto loan 4%, factoring financing 4% and other forms of financing 2%. Despite a fairly weak investment climate, IPDC ended the year with fresh credit disbursement of BDT 25,030 million in 2016 vis-à-vis BDT 5,525 million in 2015. In addition to the product wise portfolio diversification, the credit portfolio of IPDC is also well diversified across different sectors.

Performance Highlights

Despite the weaker performance of the financial sector, IPDC recorded an extraordinary performance as measured in terms of important KPIs including balance sheet growth, profitability, NPL management and solidity of its financial position. It was made possible because of the combination of various factors such as new strategies for target market segments, revamping of products and services ranges, improved human resource capacities, prudential credit risk management and robust follow-up to reduce non-performing portfolio (NPL) and mostly, the team work and collaborating efforts of the employees. Exponential growth carries with it some measure of risks. IPDC has been well-aware of the inherent risk it faces and it has consequently strengthened its risk management framework and internal control systems to best in class standards to all allow us to deliver strong and sustainable value to its shareholders.

Outstanding loans and advances has jumped to BDT 19,481 million in 2016, up by 204% against BDT 6,416 million in 2015. Classified loan ratio stood at 0.71% in 2016 as opposed to 1.98% in 2015. IPDC's classified lending portfolio continued to reduce in every year since the year 2010 due to its prudent policies and rigorous due diligence exercised while extending new credit as well as intensive focus on recovery from the legacy default accounts. The lower level of classified loan ratio bears testament to our combined efforts in improving assets quality.

On the deposit front, focus remained on individual small ticket deposits rather than large ticket institutional deposits. During the year 2016, IPDC continued to add on low-cost and small-ticket deposits to reduce cost of funds and support stable and sustainable long term growth of the balance sheet. The increased liquidity arising out of these initiatives enabled the company to release many high-cost large ticket deposits. Term deposits, including deposit taken from individuals, institutions and banks and NBFI, stood at BDT 17,179 million in 2016, up by 262% of BDT 4,745 million in 2015. IPDC did not have any net bank borrowing during the year as borrowing from banks/FIs has been less than placement of funds with banks and FIs. IPDC's reliance on its term deposits for lending ensures that the company is well protected from interest rate volatility, liquidity shock and this approach also allows the company to adopt a prudent strategy for locking loans for a longer period at a competitive rate.

Net Interest Income during the year increased to BDT 638 million in 2016 compared to BDT 431 million in 2015; posting a solid growth of 48%, which is in alignment with the portfolio growth. In contrast, Investment Income amounted to BDT 47 million in 2016 against BDT 55 million in 2015. Commission, Exchange and Brokerage mainly derived from fees income, which has jumped to BDT 36 million in 2016 from BDT 8 million in 2015, due to higher disbursement and concentration on

factoring business. Other Operating Income which is mainly constituted of loan loss recovery, was BDT 112 million in 2016 compared to BDT 145 million in 2015. Overall Operating Revenue has gone up to BDT 841 million in 2016 against BDT 640 million in 2015, up by 31% over the last year.

Operating Cost in 2016 has amounted to BDT 340 million, which is 75% higher than that of 2015. In an attempt to support its long term growth plan, IPDC has taken a conscious and integrated approach of aligning its growth strategies with other functional and operational plan such as building brand, improving customer experience, strengthening human capital, expanding distribution reach, upgrading technology platform and engaging in CSR activities. Therefore, IPDC has incurred additional costs with clear intent, which will pay-off in the long run.

IPDC posted Operating Profit of BDT 502 million in 2016 compared to BDT 446 million in 2015, posting a healthy growth of 13% over the previous year. IPDC continued to adhere to its rigorous approach in dealing with the non-performing and high risk credit portfolio that resulted in a consistent reduction of classified loan ratio. Consequently, IPDC made a provision for loan loss of BDT 34 million in 2016, against BDT 102 million in 2015. Therefore, Profit Before Tax (PBT) in 2016 have registered an impressive growth of 36%, taking the figure to BDT 468 million in 2016 against 344 million in 2015. The company recorded a Profit After Tax (PAT) of BDT 303 million in 2016, posting a healthy growth of 26% over 2015.

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. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 are presented in Annexure-I as Key Operating and Financial Data.

Proposed Dividend and Appropriations of Profit

In the year 2016, the Company posted Profit After Tax of BDT 303 million which is 26% percent higher than that of the previous year. Considering the Profit After Tax and the total available profit for distribution after complying with the regulatory requirement, the Board recommended 20% (twenty percent) stock dividend for the year ended 31 December 2016 for the approval of Shareholders in 35th Annual General Meeting scheduled to be held on 02 May 2017.

Amount in BDT million

Particulars	2016	2015
Retained Earnings bought forward	333	393
Net Profit after Tax	303	240
Profit available for appropriation	636	633
Appropriations:		
Transfer to Statutory Reserve (20% of PAT)	61	48
Proposed Stock Dividend @ 20%	303	253
Retained Earnings	272	333

Capital Management

Capital management of the company is based on the objective of maintaining an adequate capital base to support the projected business and regulatory requirements. This is done by drawing an annual planned business growth vis-à-vis capital requirement. 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 directives of Bangladesh Bank, the financial institutions are required to maintain capital at 10% of risk-weighted assets under Basel-II. The Company's capital fund is divided into two parts- Tier-I and Tier-II capital. Tier-I includes the equity (paid-up capital, share premium, statutory reserve and retained earnings) and Tier-II includes general provision on unclassified loans and advances, revaluation reserves, unsecured subordinated debt and exchange equalization account.

Total capital fund of the company under Basel II has increased by BDT 448 million and stood at BDT 2,922 million in 2016 against BDT 2,474 million in 2015. Tier-I capital has grown by BDT 302 million and stood at BDT 2,651 million in 2016 against BDT 2,348 million in 2015. Total capital fund is equivalent to 22.09% of total risk weighted assets. The minimum requirement of this ratio as set by the central bank is 10.00%.

More details relating to capital management are given in the notes to the accounts of this annual report.

Shareholders' Equity and Shareholders' Value

Shareholders' equity of IPDC stood at BDT 2,775 million in 2016, up by 12% from last year. Paid up capital increased to BDT 1,515 million in 2016 because of issue of bonus shares, posting a growth of 20% over last year.

Share premium remained flat at BDT 167 million in 2016, while statutory reserve increased to BDT 393 million in 2016, up by 18% over last year for transferring 20% of Profit After Tax in 2016 to statutory reserve.

Retained Earnings or distributable profit saw marginal de-growth of 2% in 2016 because of bonus share issued in 2016 and making transfer of profit after tax to statutory reserves.

The strong capital base, as reflected in growth in shareholders' equity, has created opportunity space for the company to expand its business, absorb unexpected loss and withstand any external shock.

The Earnings Per Share (EPS) increased to BDT 2.00 in 2016 against BDT 1.59 in 2015 (after restatement) and return on equity stood at 11.55% during 2016 compared to 10.08% in 2015. Market capitalization stood at BDT 6,469 million as on closing day of December 2016 vis-à-vis BDT 3,371 million as on closing day of December 2015. Market value per share stood at 42.70 as at 31 December 2016 (DSE) compared to 26.70 at 31 December 2015 (DSE).

IPDC remains fully committed to deliver 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 2016 the Company exceeded the expectations in delivering profits, growing Balance Sheet and meeting other KPIs and is, therefore, well-poised to deliver good results in future.

Human Resources Management

IPDC's vision envisages the most effective use of our human resources through the optimum enhancement of knowledge, skills, abilities and personal attributes of our employees. A healthy environment has been created where employees take pride in their works and are aligned to the objectives set by the Board and management. Believing that the human resources are main elements for the success and sustainable growth of the Company. IPDC is developing and motivating the workforce with contemporary Human Resource policies and attractive employee benefits. The company is not only offering a job but also the opportunity for learning, development, in a challenging and rewarding career. In this connection, the company runs rigorous performance management program to motivate and reward people for their good efforts. IPDC endeavours to create a vibrant work force who works collectively towards achieving the common goal. Human resource (permanent) headcount increased to 203 as of December 2016 against 71 as of December 2015. Additional resources, including some in leadership roles, were recruited to support expansion of business and distribution network.

Risks and Concerns

Maintaining a prudent risk management framework is an essential component of business success at IPDC and that is why formal and structured approach towards risk management is adopted in the way we do our business. At IPDC we make sure that company operates within the risk appetite of the shareholders. The identification, evaluation and management of risk, together with the way we respond to changes in the external operating environment, are a key to our success and underpin the robustness of our business plans and strategic objectives, protect our license to operate and our reputation and help to create long-term competitive advantage. Risk management is embedded in IPDC's 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 structure. This ensures the Board's assessment of risk is continually updated with the relevant risk factors and mitigating controls originating from and identified by the Company's assets, functional departments and operations. Moreover, IPDC possesses a detailed risk management system with procedures in place to support risk evaluation across the Company. The risks associated with the delivery of the business plan and annual work programmers and the associated mitigation measures are maintained in asset or project risk matrices and registers.

IPDC possesses different committees for risk management. The Management Credit Committee (MCC) and Asset and Liability Committee (ALCO) is constituted by the Company's top level management team who frequently review issues related to the market, credit and liquidity and accordingly recommend and implement appropriate measures to proactively identify and mitigate risks. IPDC has an approved Asset Liability Management (ALM) Policy, under the responsibility of the ALCO, together with a dedicated ALM desk to generate necessary MIS for improving ALCO's decision-making abilities. The Company's Credit Risk Management (CRM) department independently examines projects from a risk-weighted perspective and assists relevant departments in setting business development priorities. These are aligned with the Company's risk appetite while optimizing the risk-return trade-off derived from relevant risk exposures. The CRM team also clearly defines exceptionally high-risk sectors and prohibits lending to those projects which the Company does not ascribe to, including those which represent negative environmental, social or ethical standards.

At an individual exposure level, risk grading model is used to promote corporate safety and sustainability by facilitating informed decision-making. At the portfolio level, the Company actively tracks the quality of its loans by analysing risk migration and trends in non-performing assets. Such indicators prompt timely decision-making by the relevant risk management committees in preserving the quality of loans and advances. IPDC's Credit Risk Management Department and Internal Audit & Compliance Department are responsible for assessing operational risks across the Company and also ensuring an appropriate framework to identify, assess and manage operational risks.

At IPDC, we are always committed to managing the risks associated with business and delivering high value to our stakeholders by maintaining effective and robust Risk Management Systems which not only mitigate these risks but also provide an appropriate trade-off between risk and return. The principal risks associated with IPDC as well as their relevant governing policies and how they support the risk appetite is furnished below.

Type of Risk	Policies	Application to support risk appetite
Credit Risk including Concentration Risk	Board Approved Credit Policies including large Credit Exposure and Industry Sector Concentration Polic	Exposures to a single or group related counterparties (upper credit limit set is the policy including the coverage of security). Industry concentration (exposure and risk adjusted concentration limit)
Market Risk	Board Approved Credit and ALM Policy	Interest Rate Risk (Market value sensitivity and Net Interest Margin Risk Limit)
Liquidity Risk	Board Approved Assets Liability Management (ALM) Policy	Holding of liquid assets as a contingency plan to use at the time of liquidity crunch.
Operational Risk	Operational Risk covered with Company Core Risk Management Policies	A number of risk management policies and comprehensive risk assessment and control assurance process.
Compliance Risk	Company Core Risk Management Policies	Business unit compliance framework and skill compliance professional.
Reputational Risk	Best Practice Corporate Culture	Professionalism and leadership, best efforts for customer service

Credit Risk

Credit risk is the potential of loss arising from failure of a debtor or counterparty to meet their contractual obligations resulting in a financial loss to IPDC. Credit risk includes concentration risk which can result from interdependencies between counterparties and concentrations of exposure to industry sectors and geographical regions. Credit risk management processes involve identification, measurement, monitoring and control of credit exposures. At IPDC, credit risk may arise in the following form: exposure risk, counterparty risk and default risk.

Market Risk

Market risk is the potential of loss arising from adverse changes in interest rates and changes in the price of securities. Being a Financial Institution, the primary risk that arises for a FI is interest rate risk. The immediate impact of changes in interest rates is on the Company's earnings due to changes its Net Interest Income.

Liquidity Risk

Liquidity risk is the risk of being unable to meet financial obligations as they fall due. This arises mainly due to mismatch in maturity of assets and liabilities. The overall responsibility for measuring and monitoring the liquidity risk for FI rests with the Asset Liability Committee (ALCO).

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external factors. It includes legal, regulatory, fraud, business continuity and technology risk. In order to control its operational risk, IPDC primarily relies on its internal audit and internal control system.

Compliance Risk

Compliance risk is the risk which arises due to legal or regulatory breach. The Company may suffer material financial loss or loss of reputation as a result of its failure to comply with the requirements of relevant laws, regulatory bodies, etc.

Reputational Risk

Reputational risk arises from negative perception on the part of customers, counterparties, shareholders, investors, debt holders, market analysts, regulators and other relevant parties. This risk may adversely affect the Company's ability to maintain existing business relationships or impede the establishment of new relationships.

Related Party Transaction

In the normal course of business, IPDC has entered few transactions with related parties during the year 2016. IPDC makes sure that all transactions with the related parties are made on arm's length basis. Parties are considered to be related if one party has the ability to 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 this Financial Statements.

Contribution to the National Economy

IPDC is the first private sector Non-Banking Financial Institution in Bangladesh which was established in 1981 by the Government of Bangladesh and a number of distinguished multilateral developing agencies. IPDC was established with an aim to promote private sector industrial ventures in the country

at a time when all the banks in Bangladesh remained nationalized.

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. IPDC has made significant contributions in the development of the health, education and agro-based industries of the country. Since inception IPDC has been evolving with innovative and diversified product to meet the need of diversified customer groups, which has distinguished the company from the peers. Empowering women through financing remains one of the key agenda at IPDC and therefore, the company formulated flexible and special schemes for this customer groups. Given the potential of SME sector in the economy and opportunity it offers, IPDC also renewed its focus on SME business. Sustainable economic development is the key focus of the Company and corporate social responsibility is woven into the totality of our operations.

IPDC envisages continuing and expanding its role as catalyst in inspiring, strengthening and enhancing the financial sector development of the country. IPDC always prioritizes sectors which help the sustainable growth and the economic development of the country. In general, IPDC avoids investing in projects which are hazardous to the environment. During project appraisals concerned personnel examine whether the project is indeed viable and whether it complies with the Environment Conservation Act 1995 and Environment Conservation Rules 1997 and other rules and regulations relating the environment. In addition to our mentioned approach, IPDC has taken initiative for in-house environment management, compiling a Green Office Guide, incorporation of Environmental Risk in CRM, introducing Green Finance, creating of Climate Risk Fund, introducing Green Marketing, supporting Employee Training, Consumer Awareness and Green Event etc. in line Bangladesh Bank regulations.

In order to serve the diverse needs of our customers, IPDC offers a range of products and services covering corporate finance and advisory services, mortgage finance, retail finance, middle market supply chain finance, retail wealth management and retail finances.

During the year 2016, IPDC has deposited a total amount of BDT 223 million, 1.92 times of last year's figure, to the national exchequer in form of corporate tax, withholding tax, excise duty and VAT.

Statutory Payments

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.

Capital Expenditure

In 2016 the company incurred capital expenditure of BDT 52 million mainly for renovation of existing branches, construction of new three branches and purchase of vehicles. The details of capital expenditure are reflected in the Property, Plant and Equipment Schedule in the Notes to the Financial Statements.

Going Concern

Going concern is one of the fundamental assumptions in accounting on the basis of which financial statements are prepared. Financial statements are prepared assuming that a business entity will continue to operate in the foreseeable future without the need or intention on the part of management to liquidate the entity or to significantly curtail its operational activities. Therefore, it is assumed that the entity will realize its assets and settle its obligations in the normal course of the business. It is the responsibility of the management of a company to determine whether the going concern assumption is appropriate in the preparation of financial statements. If the going concern assumption is considered by the management to be invalid, the financial statements of the entity would need to be prepared on break up basis. This means that assets will be recognized at amount which is expected to be realized from its sale (net of selling costs) rather than from its continuing use in the ordinary course of the business. Assets are valued for their individual worth rather than their value as a combined unit. Liabilities shall be recognized at amounts that are likely to be settled.

The company displays no symptoms (as indicated below) of possible problems of going concern:

- Deteriorating liquidity position of the company not backed by sufficient financing arrangements
- High financial risk arising from increased gearing level rendering the company vulnerable to delays in payment of interest and loan principle
- Inability of making debt payments when falling due
- Over trading, that is, selling beyond financial capacity of the company
- Significant trading losses being incurred for several years
- Profitability of the company is essential for its survival in the long term
- Aggressive growth strategy not backed by sufficient finance
- Increasing level of short term borrowing and overdraft not supported by increase in business
- Inability of the company to maintain liquidity ratios as defined in the loan covenants
- 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
- Inability of the company to develop a new range of commercially successful products
- Refusal by finance providers to renew existing facility or make new loans
- Operating in an industry which is no more profitable
- Failure to innovate and respond to the changes in the external environment

- Failure to adjust high operating gearing (fixed cost to total cost) while industry or company revenue is falling
- Falling margin with no sign or possibility of increase in sales volume in future

A detailed report on the going concern has been furnished in the subsequent section of the Directors' Report.

Shareholding Pattern as at 31 December 2016

Shareholding patterns of the Company as at December 31, 2016 is shown in the subsequent section of the Directors' Report.

Corporate and Financial Reporting Framework

The Board of Directors, in accordance with BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 confirms compliance with the financial reporting framework for the following:

- The financial statements prepared by the management of IPDC presents fairly its 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)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS) 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 sound internal control and it is being effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.

Director's Meeting, Attendance and Remuneration

During the year ended 31 December 2016 a total 11 (eleven) Board Meetings were held and attendance by the Directors along with remuneration paid to them are summarized in the subsequent section of the Directors' Report.

Appointment / Re-appointment 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 35th Annual General Meeting and 2 (two) 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 subsequent section of the Directors' Report.

Mr. SHAMEREN ABED - Nominated by BRAC

Mr. MOHAMMAD MAMDUDUR RASHID - Nominated by BRAC

Mr. ASIF SALEH* - Nominated by BRAC

* Mr. ASIF SALEH retires, but he has not been considered for re-election as he will be resigning and replaced by Ms. TAMARA ABED, who being eligible, offered herself for re-election

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. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 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.

Statutory Auditors

Rahman Rahman Huq, Chartered Accountants (KPMG in Bangladesh) were appointed as the statutory Auditors of the Company in the 34th Annual General Meeting held on March 30, 2016 for the year 2016 until conclusion of 35th Annual General Meeting at a remuneration of BDT 440,000 excluding VAT.

The auditors will retire in the 35th Annual General Meeting as per regulations. They are not eligible for re-appointment as they are the Auditors of the Company for last consecutive three years. On the basis of the proposal of the Board Audit Committee, the Board recommends to appoint Hoda Vasi Chowdhury and Co as the Auditors of the Company for the year 2017 at a remuneration of BDT 440,000 (Four Hundred and Forty Thousand only) and plus VAT until completion of the next Annual General Meeting.

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 run by the Company, setting acceptable levels for these risks and ensuring that senior management takes steps necessary to identify, measure, monitor and control these risks. Senior management have 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 porting 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 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 across all business functions. Every year the top team conducts a self-assessment of key controls that affect the business and develops up action plans to make the internal control environment more robust.

Outlook and Prospects in the year 2017

Bangladesh achieved Ba3 (Moody's) and BB- (Standard and Poor's) with stable outlook for the 6th consecutive years. Stable real GDP growth and strong external balance have helped Bangladesh to achieve BB- rating with stable outlook from Fitch Ratings for the fourth time. On many fronts, Bangladesh economy has outperformed its neighbouring South Asian countries.

The GDP growth forecast for 2017 is expected to be 6.9%, according to Asian Development Bank. Inflation is expected to stay below 6% with the anticipation of lower domestic oil price, good domestic agricultural harvest and low international commodity price.

Export volume once again expected to grow by double digit with the hope of continued global economic recovery in the USA and Eruo zone. The price competitiveness of RMG sector will continue to drive the export volume; however, full potential of this sector cannot be maximized due to inadequate transport, logistics, seaport and shipment facility. In addition, Bangladesh has not been able to seize further RMG export opportunity created by China's gradual move away from apparel manufacturing. Trade deficit as usual would persist. This is mainly for current accounts deficit caused by inelastic demand for import for the necessities such as raw materials, food grains, edible oils and petroleum. But challenge would be to keep the deficit within a manageable limit. Bangladesh bank's measures to rebound falling trend of inward remittance flow through formal banking channel is expected to pay off in 2017. However, maintaining stability of foreign exchange rate remains in doubt with the possibilities that strong currencies may be officially depreciated by the respective Governments. Foreign exchange reserve would continue to stay healthy which will keep foreign investors interested. Real estate sector slowly but gradually getting its momentum which is expected to continue in 2017. The landmark MoU signed between China and Bangladesh on infrastructure development, energy and information technology in late 2016 has raised optimisms among investors and opened up new horizon of China-Bangladesh bilateral relationship.

Revenue collection may fall short of target and public expenditure could be lower than expected and therefore, budget deficit is expected to widen. However, deficit is likely to stay within tolerable limits.

Sustained macroeconomic stability, low rate of inflation, rising reserves and declining interest rates will play an important role in stabilizing the economy. However, lack of efficiency in government expenditures will continue to be a concern. Structural reforms, energy boost-ups, infrastructure development and efficiency in government expenditures are required for a sustained growth.

In the face of sound macroeconomic environment and stable political outlook, private sector investment is expected to speed up in 2017. Private sector investment is expected to be well backed by strong domestic consumption and higher export volume. Therefore, the economy is expected to remain buoyant in 2017.

In addition to the concentration on above areas, policy support for women empowerment needs be strengthened to increase the workforce base and improve productivity. SME remains thrust sector and it needs better access to credit. Other development initiatives in the areas of health, education, human capital development, micro credit, environment protectionist measures and other livelihood programs must go hand in hand with economic policy to ensure an inclusive, balanced and sustainable growth of the economy.

IPDC will continue to build on the progress made in 2016. IPDC changed its name and rebranded itself and expanded distribution coverage to come closer to mass population and envisage to establish itself as a strong financial brand in the country.

In order to diversify and grow its credit portfolio, IPDC will aggressively drive affordable home loans and SME loans across the country. The new three branches, opened in Narayangonj, Gazipur, Bogra in late 2016, is expected to operate in full potential in 2017. In addition, IPDC plans to open few more branches in 2017 to increase its footprints. IPDC has made some remarkable tie-ups with key strategic partners to leverage distribution channel and gain operating and business synergies. It has revamped its product ranges to reach target customers. The recruitment of human resources and ongoing training programs in both business and support functions will continue to make sure that business growth is matched with right organizational capabilities. In order to ensure sustainable growth in Balance Sheet, IPDC will give focus on securing long term fund from retail deposit and going for floatation of long-term debt instruments. In addition, IPDC will continue to maintain sufficient capital reserve beyond regulatory requirement, which will allow the company to grow and absorb expected loss in future. While growing, IPDC will continue to take prudent approach in assessing and approving credit and monitoring portfolio. IPDC will heavily invest in information technology to handle growing volume of business and bring

operational efficiency, deliver extraordinary customer experience and improve management information system. IPDC has aligned its corporate communication strategy to establish IPDC as a strong financial brand in the country. IPDC will continue to patronize CSR initiatives through sponsorships, donations or any other support within its capacity. IPDC promises to stay agile, vigilant and responsive to the changes in macroeconomic and regulatory environment

Customer remains at the central point of whatever we do and creating value for customer is critical to long term success of our business. We understand this by our heart and soul. Therefore, we are committed to give best-in-class experience to our valued customers. We pledge to comply with all applicable laws and regulations, increase transparency and public disclosure and conduct our business in ethical manner. This is deeply rooted in our employee values. In our journey at IPDC we try to engage our shareholders, regulators, customers, employees and other stakeholders to create a sustainable business model. We ensure that good internal control and governance is embedded in our business, system, process and culture.

Underpinning this strategy is our unique culture and corporate values and, most especially, the quality of our people. We are proud to have one of the most vibrant working environments with passionate employees who work together to attain a common goal: help our customers to fulfil their dreams. Our business strategy, strong culture of compliance and the unyielding commitment and dedication of the IPDC team will translate into exceptional results in 2017 and beyond.

Acknowledgements

The Board of Directors would take this opportunity to expresses their gratitude and extend appreciation to our valued shareholders, clients, bankers, depositors, lenders, business partners and other stakeholders for their continued support and co-operation. The Board offers 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 collaboration. I would also like to thank my colleagues on Board, who have extended their all sorts of cooperation, to meet all the adverse internal and external conditions, and made the year 2016 another year of success for the Company.

Last but not least, the Board has a special note of thanks for our customers, employees, shareholders and management for their outstanding commitment and tremendous hard work for giving us the opportunity to serve their needs; and our shareholders for your continued faith in the bright future of your Company.

For and on behalf of the Board of Directors.



Dr. Muhammad Musa
Chairman

AMARSTOCK

Key Operating and Financial Data of Preceeding Five Years

Amount in BDT million

Operational Result	2012	2013	2014	2015	2016	Growth (%)
Operational Income	861.41	1,019.25	1,016.10	860.27	1,529.62	77.81%
Financial Expenses	554.66	627.68	513.10	373.42	844.24	126.08%
Net Interest Margin	306.75	391.57	503.00	486.35	685.37	40.92%
Operational Expenses	131.63	153.18	184.91	194.12	339.79	75.04%
Operating Profit	207.50	325.11	395.12	445.79	501.61	12.52%
Profit Before Tax	134.00	241.78	344.81	344.20	468.00	35.97%
Net Profit After Tax	128.60	141.98	165.51	240.19	303.09	26.19%
Financial Perfomance						
Disbursement - Loans, Leases, Advances etc.	3,316.94	3,492.20	3,523.81	5,524.53	25,029.67	353.06%
Outstanding Loans, Leases and Advances	5,585.64	5,745.51	5,676.79	6,415.78	19,480.60	203.64%
Fixed Assets	76.21	107.83	224.13	207.04	233.61	12.83%
Total Assets	7,114.51	7,758.92	7,743.86	8,202.24	22,576.95	175.25%
Term Deposits	4,208.01	4,427.09	3,997.39	4,744.69	17,179.19	262.07%
Borrowings	29.70	413.98	398.38	27.06	1,141.45	4118.21%
Total Liabilities and Equity	7,114.51	7,758.92	7,743.86	8,202.24	22,576.95	175.25%
Equity Information						
Shareholders' Equity	2,027.33	2,064.97	2,291.81	2,474.61	2,775.11	12.14%
Paid up Capital	1,043.39	1,043.39	1,147.73	1,262.50	1,515.01	20.00%
Number of Ordinay Shares	104,339,235	104,339,235	114,773,158	126,250,473	151,500,567	20.00%
Net Asset Value Per Share (NAV)	13.38	13.63	15.13	16.33	18.32	1.98
Earnings per Share (EPS)[1]	0.85	0.94	1.09	1.59	2.00	0.42
Rate of Dividend	10.00%	15.00%	15.00%	20.00%	20.00%	-
Year end Market Price per Share[2]	18.00	20.00	18.20	26.70	42.70	16.00
Market Capitalization	1,878.11	2,086.78	2,088.87	3,370.89	6,469.07	91.91%
Financial Ratios						
Current Ratio (Times)	1.39	1.18	1.25	1.21	1.01	(0.20)
Debt Equity Ratio (Times)	0.23	0.20	0.17	0.09	0.41	0.32
Interest Coverage Ratio (Times)	7.00	11.68	28.50	17.27	14.94	(2.33)
Return on Asset	1.85%	1.91%	2.14%	3.01%	1.97%	(1.04%)
Price Earning Ratio (Times)	21.20	21.34	16.66	16.84	21.34	4.50
Rate of NPL	9.66%	5.95%	3.39%	1.98%	0.71%	(1.27%)
Rate of net NPL	3.98%	2.37%	0.05%	-1.64%	-0.62%	1.02%

[1]EPS has been restated for the year 2012 - 2015 due to issuance of bonus shares.
[2]Year end Market Price per Share reflects closing DSE share price on the last trading day of the respective year

Assessment Report on the Going Concern

Going concern is one of the fundamental assumptions in the preparation of financial statements. As per the requirements of International Accounting Standards, Companies Act, Listing Rules and Bangladesh Securities & Exchange Commission Guidelines, management and directors should satisfy themselves about the appropriateness of using going concern assumption in the preparation of the financial statements. The management of an entity therefore has a responsibility to assess the entity's ability to continue as a going concern in the foreseeable future. Under the going concern assumption, an entity is normally viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. The management and directors of the Company has made annual assessment for the year ended December 31, 2016 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, 2016 on the basis of going concern assumption is appropriate.

Financial Indications

High Interest Coverage Ratio

During the year 2016, interest coverage ratio stood at 16.9 times, which means the company has strong debt servicing capacity.

Less Dependency on Bank Borrowings

As at December 31, 2016 total bank borrowing of the Company was BDT 1,141 million which is 5.76 percent 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 of the Company and a good track record and reputation in settling its obligation to its depositors. As at December 31, 2016 total deposits stood at Tk. 17,179 million. The depositors continued to keep strong confidence on us which is reflected in higher acquisition rate and renewal rates of deposits. This trend will continue in coming days.

Positive Operating Cash Flows

Cash flow statement of the Company for the year 2016 shows optimistic and positive operating cash flows. Statement of liquidity also demonstrates minimum liquidity gap representing strong ability to meet current and future obligations.

Favourable 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.

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 2016, IPDC Finance achieved 12.52 percent growth of operating profit compared to year 2015 which reflect the operational growth excellency of the Company.

Growth in Quality Lending Portfolio

In the year 2016 the quality performing portfolio of loans, leases and advances increased by 208% percent compared to year 2015, whereas classified loan ratio came down to 0.71% at the end of 2016 from 1.98% in 2015. This represents the positive indication of sustainable business of the Company.

Other Indications

Expansion of Business

Company introduced new opportunity of business during the year 2016. This year Company successfully launched three new branches in Gazipur, Narayanganj and Bogra indicating continuous increase of business. Moreover, in retail segment Company offers different types of deposit products including individual deposit.

Employee Satisfaction and Working Environment

IPDC Finance is one of the employee friendly organizations among the financial sector. There exists a very good corporate environment in the Company. The Company pays a very 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) at least 10 percent of the total risk weighted assets. As at December 31, 2016 CAR of IPDC is 22.09 percent vis-à-vis requirement of 10 percent i.e. Company maintains 12.09 excess CAR at the end year 2016.

Strong Equity Base

IPDC is one of the highest equity based Companies among the Financial Institutions. As at December 31, 2016 total equity of the Company is BDT 2,775 million including paid up capital of BDT 1,515 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 in 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 favourable rates and flexible terms and conditions.

Changes in Government's Policy

Management and Board anticipate no significant change in legislation or government policy which may materially affect the business of the Company.

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 crystalize.

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 2016 on the basis of going concern assumption is appropriate.

AMAR STOCK

Pattern of Shareholdings as at 31 December 2016

Names	Position	No. of shares
Parent/subsidiary/associates and other related parties	Not Applicable	Nil
Dr. Muhammad Musa, his spouse and minor child	Chairman	Nil
Mr. Amin H. Manekia, his spouse and minor child	Vice-Chairman	Nil
Mr. Salahdin Irshad Imam, his spouse and minor child	Independent Director	Nil
Ms. Nasreen Sattar, her spouse and minor child	Independent Director	Nil
Mr. Sadaruddin Ahmed, his spouse and minor child	Director	Nil
Mr. Md. Enamul Hoque, his spouse and minor child	Director	Nil
Mr. Shameran Abed, his spouse and minor child	Director	Nil
Mr. Asif Saleh, his spouse and minor child	Director	Nil
Mr. Sameer Ahmad, his spouse and minor child	Director	Nil
Mr. Mohammad Mamdudur Rashid, his spouse and minor child	Director	Nil
Top Executives		
Mr. Mominul Islam	Managing Director and CEO	Nil
Mr. Benozeer Ahmed	Chief Financial Officer (CFO)	Nil
Mr. Samiul Hashim	Company Secretary (CS)	Nil
Mr. M Sami Ul Hoque	Head of Internal Audit and Compliance (CC)	Nil
Top Executives other than CEO, CFO, Company Secretary and Head of Internal Audit and Compliance		
Mr. A. F. M. Barkatullah	Deputy Managing Director	Nil
Mr. Shah Wareef Hossain	Chief Operating Officer	Nil
Mr. Nawed Wahed Asif	Head of Treasury	Nil
Mr. Rizwan Dawood Shams	Head of Corporate Business	Nil
Mr. Ashique Hossain	Head of Credit Risk Management	Nil
Ms. Gulnaz Alam	Head of Human Resource	Nil
Ms. Mahzabin Ferdous	Head of Corporate Communication	Nil
Mr. Abu Saleh Mohammad Jubayer Alam	Head of Business Transformation	Nil

Shareholders holding 10% or more voting right:

Name of shareholders	No. of shares	%
Government of the People's Republic of Bangladesh (GOB)	33,147,664	21.88
Aga Khan Fund for Economic Development (AKFED)	16,744,132	11.05
BRAC	37,875,141	25.00
Ayesha Abed Foundation	15,150,057	10.00

AMARSTOCK

Meeting attended by the Directors during 2016

Name of Director	Board of Directors Meeting				Executive Committee Meeting				Audit Committee Meeting				Total Remuneration paid in 2016	Remarks
	Total BOD Meeting held during Director's Tenure	Meeting Attended	Attendence as % of total meeting held	Remuneration paid for attending the meeting	Total EC Meeting held during Director's tenure	Meeting Attended	Attendence as % of total meeting held	Remuneration paid for attending the meeting	Total EC Meeting held during Director's tenure	Meeting Attended	Attendence as % of total meeting held	Remuneration paid for attending the meeting		
				BDT				BDT				BDT		
Dr. Muhammad Musa	11	10	90.91	80,000	-	-		-	-	-		-		Nominated by BRAC
Mr. Amin H. Manekia	11	11	100.00	88,000	-	-		-	5	5		40,000		Nominated by AKFED
Ms. Afroza Khan*	1	1	100.00	8,000	-	-		-	-	-		-		Nominated by GoB
Mr. Md. Enamul Hoque*	9	9		72,000	-	-		-	4	4		32,000		Nominated by GoB
Mr. Mamtaz-Ala-Shakoor Ahmed**	6	6		48,000	8	8		64,000	-	-		-		Nominated by GoB
Mr. Sadaruddin Ahmed**	5	5		40,000	3	3		24,000	-	-		-		Nominated by GoB
Mr. Salahdin Irshad Imam	11	10	90.91	80,000	-	-		-	5	5		40,000		Independent Director
Ms. Nasreen Sattar	11	8	72.73	64,000	11	10		80,000	-	-		-		Independent Director
Mr. Asif Saleh	11	9	81.82	72,000	-	-		-	5	3		24,000		Nominated by BRAC
Mr. Mohammad Mamdudur Rashid***	6	6	100.00	48,000	4	3		24,000	2	2		16,000		Nominated by BRAC
Mr. Shameran Abed	11	7	63.64	56,000	11	9		72,000	-	-		-		Nominated by Ayesha Abed Foundation
Mr. Sameer Ahmad	11	7	63.64	56,000	11	11		88,000	-	-		-		Nominated by RSA Capital Limited
Total Remuneration paid				**712,000**				**352,000**				**152,000**	-	

Note:

Leave of absence was granted in all cases of non attendance

* Ms. Afroza Khan was a nominee director of GoB, She was replaced by Mr. Md. Enamul Hoque on March 22, 2016.

** Mr. Mamtaz-Ala-Shakoor Ahmed was a nominee director of GoB, he was replaced by Mr. Sadaruddin Ahmed on August 18, 2016.

*** Mr. Mohammad Mamdudur Rashid has been appointed as Nominated Director on June 28, 2016.

ALTAMIRSTOCK

The Brief Profile of the Board of Directors

Dr. Muhammad Musa, Chairman – Nominated by BRAC

Director since 29 October 2015

Dr. Musa is a Director nominated by BRAC and Chairman of the Board of Directors of IPDC. Dr. Musa is also an Executive Director of BRAC. Before joining BRAC, he worked for 32 years with CARE International as one of its senior international management professionals.

He has been a successful professional in bringing convergence of philanthropic approaches and entrepreneurial methodologies in creating sustainable development programming for achieving impact at large scale.

In the professional field, he is known for leading complex organizational change processes in multicultural settings. He is also an internationally recognized senior management trainer and an experienced coach.

Other Interests:
Executive Director: BRAC

Qualifications:
MBBS from Chittagong Medical College
MPH from Johns Hopkins University, School of Hygiene and Public Health, USA
PGD from the Netherlands Universities Foundation for International Development, Wageningen Agriculture University

Age: 59 years

Mr. Amin H. Manekia, Director - Nominated by AKFED

Director since 19 April 2009

Mr. Manekia has a vast and diversified expertise in the field of marketing, finance, healthcare and banking. He has pioneered the concept of automatic beverage dispensing machines in India. He is closely involved with the distribution, import and marketing of various food products. Mr. Manekia has worked closely with the Aga Khan Development Network for over 25 years. He is currently the Chairman of Aga Khan Health Services (India) and president of Prince Aly Khan Hospital, a 200 bed, acute care, multi-specialty hospital in Mumbai. He also on the Board of DCB Bank in India.

Other Interests:
Chairman: Aga Khan Health Services India Ltd.
President: Prince Aly Khan Hospital
Director: DCB Bank Ltd., India; IVP Limited, India

Qualifications:
B. Com Sydenham College of Commerce & Economics , Mumbai, India
MBA (major in Finance & Marketing), Babson College, Wellesley, USA.

Age: 55 years

Mr. Salahdin Irshad Imam- Independent Director

Director since 01 October 2014

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

Other Interests:
Independent Financial Consultant
Chairman: Panigram Resort Ltd., Tropical Conservation
Proprietor: Radius Enterprises
Shareholder: Tiger Tours Ltd.
Member: Executive Committee, Brotee (NGO)

Qualifications:
BA (Hons) Social Studies from Harvard University, Cambridge MA USA
SPURS Fellow (Business studies) Masachusetts Institute of Technology (MIT)

Age: 68 years

Mr. Sameer Ahmad, Director – Nominated by RSA Capital Limited

Director since 29 October 2015

Mr. Sameer Ahmad is the Chairman of Board Executive Committee of IPDC. Mr. Ahmad is a versatile investment banker

Other Interests:
Director: Equinox Ltd, RSA Capital Ltd, RSA Advisory Ltd

with 20 years of experience encompassing the geographic areas of Europe, Middle East, Emerging Africa and South East Asia. Mr. Ahmad was responsible for establishing the structured finance unit of Industrial and Infrastructure Development Finance Company Limited (IIDFC). Prior to establishing RSA Capital, he was the treasury consultant with PricewaterhouseCoopers for restructuring Agrani Bank.

Mr. Ahmad has established himself as one of the leading investment bankers in Bangladesh by launching the first ever zero coupon bond, the first step down syndicated loan facility, the first ever unsecured international term loan facility for a microfinance institution and of course the world's first micro-credit securitization, the first ever variable rate subordinated domestic convertible bond as Tier 2 Capital with international participation in the Bangladesh market.

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

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

Age: 46 years

Mr. Sadaruddin Ahmed – Nominated by GoB

Director since 18 August 2016

Mr. Sadaruddin Ahmed has been appointed as Director in the Board of IPDC on August 18, 2016. Since then, he has been inducted as member of the Board Audit Committee. Mr. Ahmed has more than 33 years of service in the Bangladesh Civil Service (BCS) administrative service, performed multidisciplinary tasks i.e. from policy planning and policy directions as secretary in change and additional/joint secretary of ministries or divisions. Mr. Ahmed also led the National Emergency Response and disaster management organization as Director General of the Department of Relief and Rehabilitation. He is presently working as Additional Secretary, Finance Division in the Ministry of Finance.

Other Interests:
Director: Megna Oil Company Ltd,Padma Oil Company Ltd
Teletalk Bangladesh Ltd

Qualifications:
M. Sc in General Maritime Administration, World Maritime University, MALMO Sweden

MBA, London Metropolitan University, London UK

Age: 58 years

Mr. Shameran Abed, Director – Nominated by Ayesha Abed Foundation

Director since 29 October 2015

Mr. Abed is a member of Board Executive Committee of IPDC. He is also the director of the BRAC microfinance programme, which serves more than five million clients in seven countries, and has total assets exceeding USD 1 billion. He also serves on the boards of BRAC Bank's mobile financial services subsidiary, bKash, and Guardian Life Insurance. Additionally, he sits on the Microfinance Network Steering Committee and the World Economic Forum Financial Inclusion Steering Committee.

Other Interests:
Director: BRACT IT Services Ltd (BITS), bKash Ltd
Guardian Life Insurance

Qualifications:
Bachelor of Arts in Economics, Hamilton College, NY, USA

Barrister-At-Law, Lincoln's Inn, London, UK

Age: 35 years

Mr. Asif Saleh, Director – Nominated by BRAC

Director since 29 October 2015

Mr. Asif Saleh, is a member of Board Audit Committee of IPDC. Mr. Saleh is also working as Senior Director of Strategy, Communications and Empowerment for BRAC and BRAC International. He is also director in BRAC IT Services Ltd. (BITS). Prior to joining BRAC, he was Executive Director at Goldman Sachs, and also worked at Glaxo Wellcome, NorTel, IBM.

Other Interests:
Chairman: BRAC IT Services Ltd (BITS)
Director: BRAC Net
Member: Institute of Informatics and Development (IID)
1 degree Initiative Foundation
Spreeha

AMARSTOCK

Mr. Saleh is the founder of Drishtipat, a global organization with chapters across the globe focusing on human and economic rights of Bangladeshis. Mr. Saleh was recognized for his work by Asia Society's Asia 21 programme in 2008, the Bangladeshi American Foundation in 2007, and was selected as an Asia 21 Fellow in 2012. Mr. Saleh was selected to be a Young Global Leader by World Economic Forum in 2013.

Qualifications:
Bachelor in Computer Science and
MBA in Management, NYU Stern School of Business

Age: 42 years

Mr. Md. Enamul Hoque - Nominated by GoB

Director since 22 March 2016

Mr. Md. Enamul Hoque has been appointed as Director in the Board of IPDC on 22 March 2016.Since then, he has been inducted as member of the Board Audit Committee. Mr. Hoque joined Bangladesh Civil Service (BCS) Administrative Cadre in 1986 and was posted as Assistant Commissioner with magistracy in Netrokona District Collectorate. Apart from his long and diverse experience in field administration, he has served in various capacities in different Ministries and Constitutional Offices i.e. Ministry of Public Administration, Office of the President of Bangladesh, Prime Minister's Office, Bangladesh Parliament Secretariat and Bangladesh Public Service Commission, He is presently working as Additional Secretary in the Ministry of Industries.

Other Interests:
Director: Chittagong Dry Dock Limited
Institute of Cost and Management Accountants of Bangladesh (ICMAB)
Sanofi Bangladesh Limited

Qualifications:
Master's in Bangla Literature from Dhaka University;
Diploma in Software Application under collaboration of City & Guild, London and BIAM.
Balanced Scorecard Professional (BSP) by the Balanced Scorecard Institute in conjunction with George Washington University College of Professional Studies

Age: 56 years

Ms. Nasreen Sattar - Independent Director

Director since 01 October 2014

Ms. Sattar is an international banking professional having over twenty-three years' experience. Her last assignment was as CEO for Standard Chartered Bank, Afghanistan where she successfully led the Bank over challenging and difficult times. She is currently a consultant involved in Training & Developing professional women in enhancing their leadership skills.

Other Interests:
Non-Executive Chairman of Consumark Limited

Qualifications:
Senior Cambridge - St. Xavier's Convent
Bachelor of Arts - Holy Cross College

Mr. Mohammad Mamdudur Rashid, – Nominated by BRAC

Director since 28 June 2016

Mr. Mohammad Mamdudur Rashid is a member of Board Executive Committee and Board Audit Committee. He also worked as Additional Managing Director of BRAC Bank Limited.

Mr. Rashid has been in financial services industry for 25 years out of which 21 years have been in banking, a career that began in 1995 with Citibank-Bangladesh. In his banking career that covers multiple cultures across Bangladesh, India and Australia, Mr. Rashid managed a number of functional areas covering Finance, Operations, Compliance, Credit Administration, HR and General Services prior to joining BRAC bank. He was the Head of Strategic Planning for Citibank-Australia and New Zealand for its institutional banking business.

Other Interests:
Director: BRAC EPL Stock Brokerage Limited

Qualifications:
MBA, Institute of Business Administration (IBA) of Dhaka University as Vice Chancellor's Gold medalist
MA, International Economics and Finance as a Fulbright Scholar from Brandeis University of Massachusetts, USA

Age: 50 years

Mr. Mominul Islam, Managing Director - Ex Officio

Managing Director since 04 January 2012

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

Other Interests: Nil

Qualifications:
BBA from IBA, University of Dhaka.

Age: 39 years

restructuring, automation, process reengineering, control and compliance, service quality etc.

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

"A STRATEGIC BOARD HAS A VIEW OF LOOKING AHEAD, AN INSIGHT TO LOOK DEEPER, AND COMPETENCY TO LOOK BEYOND."

- Pearl Zhu

AMARSTOCK

Compliance Report on SEC Notification

Status of Compliance of Corporate Governance

(Report under Condition No. 7.00)

Status of compliance with the conditions imposed by the Bangladesh Security and Exchange Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.1	Board's size	✓		
1.2 (i)	Number of independent directors	✓		
1.2 (ii) a)	The independent director does not hold any share in the company' or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1.2 (ii) b)	The independent directors not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company:	✓		
1.2 (ii) c)	The independent director does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associated companies;	✓		
1.2 (ii) d)	The independent director is not a member, director. or officer of any stock exchange;	✓		
1.2 (ii) e)	The independent director is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	✓		
1.2 (ii) f)	The independent director 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;	✓		
1.2 (ii) g)	The independent director shall not be an independent director in more than 3 (three) listed companies;	✓		
1.2 (ii) h)	The independent director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	✓		
1.2 (ii) i)	The independent director has not been convicted for a criminal offence involving moral turpitude.	✓		
1.2 (iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90(ninety) days.	✓		
1.2 (v)	The Board shall lay down, a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) term only.	✓		
1.3 (i)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1.3 (ii)	The person should be a Business Leader/ Corporate Leader/ Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have a least 12(twelve) years of corporate management /professional experiences.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	✓ ✓		
1.4	Chairman of the Board and Chief Executive Officer	✓		
1.5 (i)	Industry outlook and possible future developments in the industry.			
1.5 (ii)	Segment-wise or product-wise performance.	✓		
1.5 (iii)	Risks and concerns.	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	✓		
1.5 (vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report.	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	✓		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO). Rights Offer, Direct Listing, etc.	✓ ✓		
1.5 (ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	✓		
1.5 (x)	Remuneration to directors including independent directors.	✓		
1.5 (xi)	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)	Proper books of account of the issuer company have been maintained.	✓		
1.5 (xiii)	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)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standard (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5 (xvi)	There are no significant doubts 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 thereof should be disclosed.	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	✓		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1.5 (xxi) c)	Executives;	✓		
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (xxii) a)	a brief resume of the director;	✓		
1.5 (xxii) b)	nature of his/her expertise in specific functional areas;	✓		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2.1	Appointment of CFO, Head of Internal audit & company secretary.	✓		
2.2	Requirement to attend Board meeting	✓		
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall he clearly set forth in writing	✓		
3.1 (i)	Number of member of Audit committee	✓		
3.1 (ii)	Inclusion of independent director in the audit committee	✓		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least I (one) member shall have accounting or related financial management experience,	✓		
3.1 (iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy (ies) immediately or not later than 1 (one) month from the date of vacancy (ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	✓		
3.1 (v)	The company secretary shall act as the secretary of the Committee.	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2 (i)	Selection of the Chairman of audit committee	✓		
3.2 (ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3 (i)	Oversee the financial reporting process.	✓		
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		
3.3 (iii)	Monitor Internal Control Risk management process.	✓		
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		
3.3 (v)	Review along with the management, the annual financial, statements before submission to the board for approval.	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3 (vii)	Review the adequacy of internal audit function.	✓		
3.3 (viii)	Review statement of significant 'related party transactions submitted by the management.	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3 (x)	When money is raised through Initial Public Offering. (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	✓		
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.4.1 (ii) a)	report on conflicts of interests;	N/A		
3.4.1 (ii) b)	suspected or presumed fraud or irregularity or material defect in the internal control system;	N/A		
3.4.1 (ii) c)	suspected infringement of laws, including securities related laws, rules and regulations;	N/A		
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	N/A		
3.4.2	Reporting to the Authorities (if any material impact on the financial condition & results of operation, unreasonably ignored by the management)	N/A		
3.5	Reporting to the Shareholders and General Investors	✓		
4 (i)	Non-engagement in appraisal or valuation services or fairness opinions.	✓		
4 (ii)	Non-engagement in design and implementation of financial information system	✓		
4 (iii)	Non-engagement in Book-keeping or other services related to the accounting records or financial statement	✓		
4 (iv)	Non-engagement in Broker -dealer services	✓		
4 (v)	Non-engagement in Actuarial services	✓		
4 (vi)	Non-engagement in Internal audit services	✓		
4 (vii)	Non-engagement in any other services that the audit committee determines.	✓		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company during the tenure of their audit assignment	✓		
4(ix)	Non-engagement in audit/certification services on compliance of corporate governance as required under clause (i) of condition no. 7	✓		
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	N/A		The company does not have any subsidiary.
5 (ii)	At least 1 (one) independent director of the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	N/A		Do
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	N/A		Do
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	N/A		Do
5 (v)	The. Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the subsidiary company.	N/A		Do
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
6 (i) b)	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.	✓		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the company's code of conduct.	✓		
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		

AMAR STOCK

Statement of Compliance on the Good Governance Guideline Issued by the **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	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 top management. However, decision relating to purchase of land, building and vehicles shall remain with the Board.	Complied
iv.	The Board shall adopt the operation of bank accounts. Groups maybe formed among the management to operate bank accounts under joint signatures.	Complied
D	Management of loan/lease/investments	
i.	Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
ii.	No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
iii.	Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied

FIRSTOCK

Sl	Particulars	Compliance Status
E.	**Risk Management** Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
F.	**Internal Control and Compliance** A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team.	Complied
G.	**Human Resource Management**	
i.	Board shall approve the policy on Human Resources Management and Service Rule. Chairman and director of the Board shall not interfere on the administrative job in line with the approved Service Rule.	Complied
ii.	Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board incompliance 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 polices and guidelines. However, Departmental/Unit Heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by the Managing Director.	Complied

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

Certificate on
Compliance of conditions of Corporate Governance guidelines to the
Shareholders of
IPDC FINANCE LIMITED

We have examined compliance to the BSEC guidelines on Corporate Governance by IPDC Finance Limited for the year ended on 31 December 2016. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of those charged with governance and management 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 Corporate Governance. This is a scrutiny and verification only and not an expression of opinion or audit on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations provided to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC.

We also state that such compliance is neither an assurance as to the future viability of the Company nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Snehasish Mahmud & Co.
Chartered Accountants

Dhaka, 09 March 2017

an independent correspondent member of
DFK INTERNATIONAL

AUDIT ■ TAX ■ CONSULTING

Report of the Audit Committee

Role of Audit Committee

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

Purpose of the Audit Committee

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

a | Evaluates performance of the Company's internal control functions;

b | Ensures compliance of the Company with legal and regulatory requirements;

c | Makes recommendations on the reporting, control and compliance aspects of the Company;

d | Provides independent monitoring, guidance and, if necessary, to challenge executive Management;

e | Performs independent review to ensure control over financial reporting and all other operational matters; and

f | Evaluates whether the Financial statements reflect true and fair view of the affairs of the Company and have been prepared as per the regulatory guidelines.

Structure of Audit Committee

The Audit Committee of the Company has been formed pursuant to the Bangladesh Bank guideline on Internal Control and Compliance framework vide DFIM circular no 13, dated October 26, 2011 and the Guidelines on Corporate Governance issued by Bangladesh Securities and Exchange Commission (BSEC) dated August 7, 2012.

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

Name	Status with the Committee	Status with the Boar
Mr. Salahdin Irshad Imam	Chairman	Independent Director
Mr. Amin H. Manekia	Member	Director
Mr. Asif Saleh	Member	Director
Mr. Md. Enamul Hoque	Member	Director
Mr. Mohammad Mamdudur Rashid	Member	Director

The Company Secretary acts as the secretary of the Audit Committee

Terms of Reference

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

Scope of work

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

Duties and responsibilities

The duties and responsibilities of the Audit Committee are:

Review of Financial Statements

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

Internal Audit

The Audit Committee reviews the internal audit plans to satisfy

itself about the consistency and coverage of the risk management framework of the Company. The Committee reviews the following activities:

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

External Auditor

Rahman Rahman Huq (RRH/ KPMG in Bangladesh), a Bangladeshi partnership, and a Member Firm of KPMG International, were appointed as statutory external auditors of the Company at the 34th Annual General Meeting held on March 30, 2016. As a part of ensuring highest level of corporate governance, the Committee prohibits the external auditors from performing any work that they may subsequently need to audit, or which might otherwise create a conflict of interest. The Committee has ascertained that the external auditors of the Company have not been engaged in any one of the following material non-audit services:

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

The Committee has also ascertained the following:

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

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

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

Major activities of the Audit Committee:

The Committee met five times during the year 2016 to carry out the following major activities:

- Reviewed and recommended to the Board on approval of the Annual Financial Statements for the year ended December 31, 2015;
- Reviewed the Management Letter from external auditors for the year 2015 together with Management's responses to the findings;
- Reviewed the Auditors' Certificate on Corporate Governance compliance under sec 2CC of the Securities and Exchange Ordinance 1969 for the year ended December 31, 2015;
- Reviewed and ascertained that the internal control system including financial and operational controls, accounting system, and reporting structure are adequate and effective;
- Reviewed the periodical inspection reports of the Company conducted and submitted by the Internal Auditors and recommended necessary instructions to the Management for proper and prompt resolution of the irregularities/objections stated therein;
- Reviewed the actions taken by the Management for implementation of audit committee observations on issues deliberated in audit committee reports;
- The Committee placed its reports regularly to the Board of the Company for review and monitoring the activities with recommendations on internal control system, compliance with rules and regulation of the regulatory bodies;
- The Committee reviewed the Inspection Report issued by Bangladesh Bank for the year ended December 31, 2015;
- The Committee reviewed first quarter, half-year and third quarter ended Financial Statements for the year 2016 and recommended to the Board for its approval;
- Reviewed statement of significant related party transactions submitted by the Management;
- Reviewed issues within the following areas. However, no such instances were identified for report to the Board of Directors;
  - Report on conflicts of interests.
  - Suspected or presumed fraud or irregularity or material defects in the internal control systems.
  - Suspected infringement of laws, including securities related laws, rules and regulations.

Based on the above review and discussions, the Audit Committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of the activities and financial status of the Company.



Salahdin Irshad Imam
Chairman, Audit Committee

IPDC Finance Limited
Hosna Centre (4th Floor)
106 Gulshan Avenue, Dhaka 1212
16519, +88 09612 885 533
+88 02 988 5532 (Fax)
email@ipdcbd.com
ipdcfinance www.ipdcbd.com

Report of the CEO & Managing Director and the Chief Financial Officer to the Board of Directors of

IPDC Finance Limited

In accordance with the notification of Bangladesh Securities and Exchange Commission No. SEC/ CMRRCD/2006-158/134/Admin/44 dated 07, August, 2012 we declare that-

We have reviewed accompanying financial statements of IPDC Finance Limited which comprise the Balance Sheet as at December 31, 2016, Profit and Loss account, Statement of Changes in Equity, Cash Flow Statement for the year then ended and notes to the financial statements.

These financial statements have been prepared and presented fairly in accordance with Bangladesh Accounting Standards(BASs) and Bangladesh Financial Reporting Standards (BFRSs), the Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations.

The Company has taken proper and sufficient care in establishing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis. The Internal Audit & Compliance Department of the Company conducts periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

Based on the internal control system of the Company and our review of these financial statements, we certify that to the best of our knowledge and belief:

i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that mightbe misleading;

ii) these statements present a true and fair view of the company's affairs and complies with existing accounting standards and applicable laws;

iii) no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.

iv) proper books of account as required by law have been kept by the Company;

Mominul Islam
Managing Director & CEO

Benozeer Ahmed
Chief Financial Officer

ভালো উচ্ছ্বাসে

Statement of Ethics and Compliance

Our Approach to Ethics

IPDC pays close attention to the moral concerns in order to make the right ethical decisions on a day-to-day basis over and above observing the law, which is one of the basic professional requirements for the NBFIs. Our Board of Directors approved a Code of Conduct policy for the employees of IPDC Finance Limited in 07 May 2015. The policy requires that IPDC employees carry out their responsibilities, decisions and actions to the best of their ability and judgment while maintaining their professional decorum, complying with laws and regulations for good governance. They must ensure the highest standards of integrity in business dealings with their stakeholders and with each other. It also focuses on highest ethical values which includes honesty, integrity, fairness, responsible citizenship, and accountability for employees in their day-to-day approach.

IPDC promotes a positive and productive corporate culture that places high value on quality service, merit based performance, accountability, responsiveness, teamwork, diversity and inclusion and equal employment opportunity. IPDC places strict practices for streamlining employee conduct inside the workplace in relation to other employees, customers, vendors or any other stakeholders or groups association with the company in order to ensure that the guidelines for integrity and ethics are complied with. All employees are expected to carry out their duties honestly, conscientiously and serve the company according to the best of his/her ability and promote the business interests of the company. As such, employees of IPDC must not misbehave with colleagues and/or superiors, get involved with any kind of monetary transaction from with colleagues and/or superiors, falsify, tamper, damage or cause loss of IPDC's official records and neglect any government law or office rule/regulations. Such behavior is considered as breach of the Code of Conduct and may result in disciplinary action.

IPDC has an active National Integrity Strategy (NIS) Committee that works under the directive of the Integrity Strategy Implementation Cell under the central bank. It focuses on creating awareness on improved customer service, data security, transparency and integrity.

Code of Ethics and Conducts

Key areas of our efforts are:

- **Fair treatment of customers:** Treating customers fairly and without prejudice fosters good support and helps to build long-term sustainable business relationships.
- **Privacy and security of client information:** As per the Code of Conduct, all information gathered from customers / clients during the course of providing service during an individual's employment is to be considered confidential unless it is clearly stated otherwise.
- **Transparency and accuracy of financial, tax and other reporting:** Employees must ensure that information / reporting relating to their respective organizations is readily available, accurate and transparent.
- **Interaction in print, electronic and social media:** All media (print, electronic and social) inquiries should be forwarded to authorized personnel only to initiate contact with the media on behalf of the organization.
- **Ethics against discriminatory harassment:** IPDC management ensures strict compliance with anti-discrimination and harassment policy whereby the wrongdoer may be subjected to the full range of disciplinary actions up to and including termination of his/her employment as well as the prevailing laws of the country.
- **Kickback & secret commission:** IPDC employees must not receive payment or compensation of any kind, except as authorized under the organization's business. In particular, IPDC strictly prohibits the acceptance of secret commission from suppliers and clients.
- **Personal investments and insider trading:** Employees are prohibited from taking part in trading of publicly traded securities and investments for personal gain if they possess material non-public information about the security or the issuer.
- **Conduct towards female colleagues:** Any harassment or discriminatory behavior directed at female employees in the form of derogatory or provocative comments, physical violence, horseplay / inappropriate jokes, unwanted physical contact, use of epithet, comments or innuendo, obscene or harassing telephone calls, e-mails, letters, notes or other forms of communication, and any other conduct that may create a hostile working environment is strictly prohibited.
- **Workplace security & safety:** Maintaining a healthy and productive work environment by ensuring the safety and security of office premises is one of the primary concerns of IPDC.

Overall our business ethics means, "Choosing the good over the bad, the right over the wrong, the fair over the unfair and the truth over the untruth".

VMARSHOCK

Monitoring Compliance

Compliance with our Code of Conduct and Ethics is embedded in our employment contracts, recruitment and performance management activities. All new employees joining IPDC as well as existing employees are required to read the Code of Conduct and duly sign a statement of compliance attesting that they have read and understood the aforementioned and provide their personal commitment to comply with the applicable laws, regulations And corporate ethics, be held accountable for carrying out the compliance responsibilities, and acknowledge that ignorance of the rules and regulations outlined in the Code cannot be an excuse for Non-compliance. Employees of IPDC are required to comply with the Code of Conduct; any breach of this code may lead to disciplinary action. IPDC practices a reward and recognition program which is designed to reward employees who demonstrate ethical principles and uphold the core values of integrity and morality in the Code of Conduct. This type of recognition serves to validate the ethical actions of the concerned employee, encourages repeat behavior and thus helps sustain a culture of transparency, accountability and integrity.

AMAR STOCK

Statement of Human Capital

IPDC believes that employees are critical to the success of the organization through delivering delightful customer experience. Therefore, it is important that employees remain motivated, competent, skilled and committed to deliver highest level of performance.

Our Human Resource Priorities

- Promoting a culture of employee engagement
- Ensuring diversity and creating vibrant work force
- Enabling growth through training and development
- Providing Equal Opportunity Employment
- Rewarding and recognizing the high-achievers

A Culture of Employee Engagement

IPDC nurtures an atmosphere where people work with joy, which in turn enhance the productivity of the people. So, the company provides ample opportunities to the employees for their refreshment through sports facilities, celebration of festive occasions such as Pohela Baishakh, International Women's Day and Puja. The company conducts town hall meetings in every month where CEO gives performance and business update of the company and shares the company's vision, mission and strategies. Every employee is given opportunity to share their views and opinions to help create a constructive dialogue session and foster employee engagement. In addition, IPDC conducts two-day Employee Recreation Night, which is held away from Dhaka City. In that event employees are grouped in different teams and each team competes on various sports and cultural events. IPDC organizes three-day orientation program for the new joiners to introduce them with the senior management, organization process, strategy, values, vision and mission. The session also includes sessions on Anti-Money Laundering, IT security and Green Banking Awareness.

Diversity and Vibrant Work Force

IPDC strongly values diversity. Employees come from different ethnic communities, geographical locations, universities, educational background, genders and age brackets. The similarities and differences of employees are brought together to bring in diverse skills, perspectives, knowledge and competence in a single basket. This makes our human resource unique in the industry, which are able break new ground and continue to win in the market. Employees in remote locations connect through video conferencing.

We believe in creating environment where employees stay vigilant and responsive to the ever-changing need of the organization. We endeavor to create an environment where each employee can feel valued, respected, connected and supported – a place where employees can realize their aspirations. All this is driven by the core values of the organization.

Growth Through Training and Development

We aim to create a learning culture and provide opportunities for our employees to refresh and update their knowledge and skills so that they stay relevant to the current and future needs of the organization. In addition, opportunity of continuous learning creates good options for their career progression. IPDC arranges both in-house and external training for the employees. Total training hours has increased to 3,817 in 2016 against 560 in 2015.

IPDC is continually working to increase efficiency and effectiveness on the resources spent on employment development activities; ranging from more informal and brief 'IPDC Talk' to developing e-learning modules to building an extensive curriculum for various functions. The organization is relentless in its pursuits of knowledge.

Equal Opportunity Employment

IPDC believes in equal employment opportunities to attract, retain, develop and promote the most qualified employees regardless of race, color origin, religion, gender, age, disability, veteran status or any other characteristic. This policy applies to recruitment and placement, promotion, training, transfer, retention, rate of pay and other benefits, financial assistance as well as the details and conditions of employment.

Equal opportunity employment prohibits gender biasness and leads to the creation of a diverse workforce. Employment, transfer and promotion decisions are based on merit and the principle of furthering equal opportunity. The requirements for a job is rightfully related to the job performance required for the position.

Rewards and Recognition

The company promotes the use of an effective employee recognition system which is simple, yet powerfully reinforcing. Realizing the importance of reward and recognition, IPDC acknowledges the performance of employees in many ways i.e. written, verbal, monetary, public acknowledgement, appreciation etc. There are individual and group based formal reward programs that recognize and motivate employees for their good works. The programs are categorized as:

Excellence Award: Employees who have excelled in their respective arenas receive this award along with a certificate.

Achievement Award: This award is provided in recognition of great achievements by individuals as well as teams.

Chairman's Award: This is specially recognized performances by an individual employee or a team during a year is rewarded by the Chairman.

Champion of the Innovation Award: Every year IPDC celebrates an 'Innovation Week' whereby individuals are rewarded for their creative ideas in the areas of new product and services, productivity, cost reduction, control and compliances, employee issues and good citizenship.

High Performers Club: Every year few high performing employees with long-term potential are selected as high performers and they become a part of the High Performers Club.

Integrity & Honesty Award: Employees who show exemplary integrity in the work place are awarded.

AMAR STOCK



WE SOOTHE.
WE STRIDE.

Statement Of Risk Management

At IPDC, to achieve a sound system of risk management and internal control, the Board and the Management must ensure that the risk management and control framework is embedded into the overall corporate governance culture, processes and structures of the company. The framework is responsive to changes in the business environment and clearly communicated to all levels. The governance of Risk Management and internal control system starts with the Board of Directors, that play a crucial role on reviewing and approving the policies and set the internal control functions as part of risk management process. The primary objectives of the risk management is to protect the Company's financial strength and reputation and to identify potential problematic areas before they occur so that risk-handling strategies may be planned and invoked in advance across the life of the product or project to mitigate adverse impact on achieving objectives. In addition to the best industry practices, IPDC Finance limited, the Company follows the Integrated Risk Management guidelines provided by Bangladesh Bank for Financial Institutions issued on January 2016.Continuous risk assessment process , strong team works and collaboration culture within the departments and the guidance of the Board and the senior management to establish a good risk management framework within the organization.

1. Risk Type:

For IPDC, risk is the potential of creating loss for the Company as well as for the stakeholders. The risk arises from the occurrence of some expected or unexpected events is the economy or the financial markets. Risk can also arise from staff oversight or mala fide intentions which causes erosion in asset value and, consequently, reduces the Company's intrinsic value. The risk is inherent in the financial markets.

Bangladesh Bank in its 'Integrated Risk Management Guidelines' mentioned the following risk types for the financial institutions:

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Reputation Risk
- Strategic Risk
- Compliance Risk
- Money Laundering Risk
- Environmental Risk Management

Credit Risk:

Credit risk is undoubtedly the most crucial point at IPDC in terms of financial risk management. This is a potential loss that may arises because of the client, its counter parties and the related parties unwillingness or inability to meet the commitments in relation to lending, trading, settlements and other financial transactions. Such loss has a direct impact not only with accounting loss but also with economic exposures.

Market Risk:

At IPDC, Market risk can be defined as the risk of losses in on and off-balance sheet positions arising from adverse movements in market rates or prices such as interest rates, equity prices, foreign exchange rates, commodity prices and general spreads. Market risk at IPDC may arises, broadly, in any of the following form:

- Interest Rate Risk,
- Equity Price Risk, and
- Credit Spread

Liquidity Risk:

Liquidity is the ability to transform the Company's assets into cash or cash equivalent in a timely manner to meet the commitments as they fall due. Liquidity risk arises when the cushion provided by the liquid assets are not sufficient enough to meet maturing obligations. Accordingly, short of liquidity may have to undertake transactions at heavy cost resulting in a loss of earnings.

Operational Risk:

Operational Risk is the most devastating and at the same time most difficulty to anticipate. Operational risk is the risk of financial losses related to breakdown in internal control and corporate governance. Such breakdown can be the result of human error, inadequate or failed internal processes and technical systems, fraud, or any other adverse external events. Operational risk at IPDC may arises from the following events/occurrences:

- Internal Fraud
- External Fraud
- Employment practices and work place security
- Clients, products and business practices
- Damage to physical assets
- Business disruption and System Failure
- Execution, delivery and process Management

Reputational Risk:

Reputation risk is the hidden danger that can pose a threat to the survival of the biggest and best run companies. Reputation risk may arise from the possibility that negative publicity regarding the Company and its business practices. It can often wipe out a large amount of money in market capitalization or lost revenues. Reputation risk may also arises because of the failure to meet applicable regulatory bindings for the protection of consumers of the financial services.

Strategic Risk:

Strategic risk is the possible losses that might arise from adverse business decisions, substandard execution and failure to respond properly to changes in the business environment.

Strategic risk involves Work process and procedural risk, Personnel risk, Technology risk, Information risks and project risks.

Compliance Risk:

Compliance risk defined as the current or prospective risk of legal sanction and material financial loss the Company may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of the best practices as well as from the possibility of incorrect interpretation of effective laws or regulations. Compliance risk is also sometimes referred to the risk adherence to principles of integrity and fair dealing.

Historically, IPDC is an organization that fostered a compliance oriented culture throughout the organization. This has been armored through strong communications, proper training, signing and declaration of the IPDC's code of conduct, repeated communication of the senior management and of course continuous monitoring. In general, compliance risk management is embedded in the day to day business processes and practices of the Company.

Money Laundering Risk:

Money Laundering risk is the obvious risk in the financial sector. At IPDC, Money laundering risk can be talked on three dimensions. First, the business risk associated with the money laundering and terrorist financing, next the IPDC's risk of failure to meet the regulatory obligations and finally the reputational risk. IPDC always focus on managing the money laundering risk from its inceptions. In this regard the Company follows the regulatory guidelines laid down by the BFIU from time to time.

Robust KYC procedures had been used and followed properly. IPDC introduced robust self-assessment procedure in 2015, as part of Money laundering risk management. The CCU and its members ensure that money laundering and terrorist financing issues are raised and escalated to the appropriate level of Management timely while the internal audit & compliance department performed independent testing to ensure that the policy have been followed accurately. In 2016, IPDC introduced two level of AML & TF training for the employees. One at the foundation level and the other on the advance level training aiming to ensure that employees are properly aware of the anti-money laundering and terrorist financing activities.

Environmental risk:

The concept of Environmental Governance is becoming very important phenomenon now-a-days. IPDC believes that the effective handling of environmental issues and management of natural resources are significant for the survival of the humanity. For this reason, IPDC always considers the environmental issues while financing. Environmental risk is facilitating element of credit risk arising from environmental issues. These increase risks as they bring an element of uncertainty or possibility of loss in the context of financial transactions.

2. Risk Management Process:

2.1 Integrated Risk Management:

At IPDC, we used the most integrated and holistic approach of risk management. Identification of the risk is the most important and critical part for us to fit in the strategic decision making process. Another part of the integrated risk management strategy is to manage the risks, inherent in different business units, in a more integrated manner. At IPDC, Credit Risk Management is responsible for managing the credit risk, Treasury department is responsible for managing the market risk and liquidity risk. Operational risk management is the responsibility Internal Control and Compliance team. These teams are coordinated with the senior management team, corporate affairs and finance department responsible to manage the legal, compliance and the strategic risk.

2.2 Control activities:

IPDC ensures the risk management by inputting appropriate control in place. This is important to improve financial and operating performance of the Company. The Company manages appropriate risk and return in a control environment, ensures the long-term sustainability of the Company. Independent control functions are the biggest strength of the Company that monitor the effectiveness of the risk management framework.

2.3 Periodic review of policies and guidelines:

At IPDC, policies and procedures are reviewed on intervals. Necessary modifications is done on the policies based on the market practices and the changes in the regulations subject to the approval of the Board of Directors. At first, Management approaches the changes made in the policies forwarded to the sub-committee of the Board (Executive Committee & Audit Committee) for review. Management have to show the justifications of the changes before the sub-committee of the Board. Subject to the recommendations of the sub-committee, the Board ultimately approved the policies or the revision of the policies. IPDC's Product program Guidelines (PPGs) for different products are analyzed every year to incorporate the changes in the market dynamics. Such changes helps the Company to adopt the best practices and changes in the industry. A monthly overdue meeting is held between the CRM, SAM and business units to identify the problem clients and highlighting the learning. This helps to formulate the better policies to improve the quality of the assets and provides the early warnings to the Company.

2.4 Monitoring and Review:

Monitoring and review is the integral part of the risk management decision making process. Monitoring and review part is actually the glue that binds the whole of the risk management process together and make sure that it continues to function and that is continuous to add value to the organization. At IPDC, we have a strong monitoring and review process that encompasses all aspects of the risk management

process for the following purposes:

- Ensuring that controls are effective and efficient in both design and operation;
- Obtaining further information to improve risk assessment;
- Analyzing and learning lessons from risk events, including success and failures;
- Detecting changes in the external and internal context, including changes to risk criteria and to the risks, which may require revision of risk treatments and priorities;
- Identifying the emerging risks.

IPDC risk management committee drives to identify the organizational wide risks and suggests the relevant control to mitigate those risks considering the risk criteria, magnitude and the appetite of the risk management that is aligned with the overall organizational strategy.

3. Credit Risk Management:

3.1 Credit Risk Management Framework:

Credit Risk Management is the most robust and critical process which is applied in conjunction with the assessment of the quality of the assets, adequacy of provisions and reserves and disclosures of credit risk. Credit Risk Management framework includes the followings:

a | Establishing an appropriate credit risk environment

b | Setting up the organizational structure for credit risk management

c | Formulating policies and procedures

d | Monitoring credit performance

e | Reporting of credit exposures to the senior management and the Board of Directors

f | Measuring of credit risk

3.1.1 Establishing the appropriate Credit Risk environment:

The Board of Directors at IPDC is responsible for approving and periodically reviewing (at least annually) the credit risk strategy and credit risk policy of IPDC considering the risk appetite and the level of profitability it expects to achieve over the periods. The strategy includes the statement of willingness to grant credit based on the exposure type, economic sector, geographical location, maturity and anticipated profitability. The board is also responsible to define and review the delegation of credit approvals. Senior Management of IPDC is also responsible for implementing the credit risk strategy approved by the Board and developing the policies for identifying, measuring, monitoring and controlling the credit risk in all activities along with individual borrower and portfolio as a whole. The Management of IPDC always focus on establishing the internal controls and setting clear lines of accountability and authority. Respective business units is also responsible for identifying and managing credit risk inherent in the products and activities. The Management always ensures that the products introduced to the business units by ensuring adequate risk management procedures and controls that had been appropriately reviewed and approved by the Board of Directors.

3.1.2 Organizational structure:

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

3.1.2.1 Credit Risk Management Committee:

IPDC has a credit risk management committee empowered to oversee overall credit risk taking activities and overall credit risk management function. The Credit Risk Management Committee reports to the risk management committee on regular interval. This committee is responsible for implementation of the credit risk strategy approved by the Board. The Committee is also responsible for monitoring the credit risk throughout the Company and ensure compliance.

3.1.2.2 Credit Risk Management Department:

To maintain credit discipline and to enunciate credit risk management and credit process, IPDC has a separate functional unit independent of loan origination functions. This department is responsible on formulating the credit policy, credit limit setting and monitoring the credit exceptions/ exposures and review/monitoring the required documentations. This department is also responsible to ensure that business lines comply with the risk parameters and prudential limits established by the Board.

3.1.2.3 Credit administration:

The credit administration function is critical at IPDC to ensure that proper documentation and approvals are in place prior to the disbursement of financial facilities. Credit administration department ensures the completeness of the documentation in accordance with the approved terms and conditions. This function monitors the borrower's compliance with covenants and agreed terms and conditions and monitor the performance of the client.

3.1.2.4 Special Asset Management Department:

This is the recovery department that directly manage accounts with sustained deterioration. At IPDC, while there is a sustained deterioration of any particular loan account, the account is transfer to the SAM department to ensure the recovery of the loan account. SAM department determine the specific strategy for the particular loan for recovery. They pursue all options to maximize the recovery, including placing customers into receivership or liquidation as appropriate.

3.1.2.5 Reporting of credit exposures:

Establishing the robust credit policy and monitoring process helps the Company to manage the credit risk. Detail reporting of the systems to the senior managements and the Board helps them to formulate the decision timely. At IPDC, we maintains a robust bunch of MIS on performing and non-performing loans,

daily disbursement, overdue reporting, classification status, geographical performance of the credit etc. These reports helps the senior management and the Board to take credit decisions based on the performance as well as the risk appetite of the Company.

3.1.3 Formulating policies and procedures:

IPDC has a separate credit policy as part of its overall risk management framework approved by the Board of Directors. This policy clearly define the Company's view of business development priorities along with the terms and conditions appropriate for credit decisions. This policy includes the detailed and formalized credit evaluation and approval process, credit origination, administration and documentation procedures, formal credit approval process, Risk identification, measurement, monitoring and control techniques, periodic review/monitoring process, Risk acceptance criteria etc.

3.1.4 Monitoring credit performance:

Credit monitoring is the integral part of credit risk management. At IPDC, Credit Manual properly define the criteria for identifying and reporting potential problem credits and other transactions to ensure that they are subject to more frequent monitoring as well as possible corrective actions, classifications and provisioning. Effective monitoring system help senior management to monitor the overall quality of the credit portfolio & its trends. It also helps to reassess credit strategy/policy accordingly before encountering any major setback at IPDC.

3.1.5 Measurement of Risk:

To serve the purpose of credit risk measurement, IPDC used the several methods that had been evolved over time. The outcome of the evaluation process is generally a rating/grade/scores that depicts the degree of credit risk associated with the borrower. Continuous updating of these grades helps the Company to focus attention on deteriorating credits well before they become impaired. The assessment is done both is pre-sanction and post-sanction stages. At IPDC, we use Credit Risk Grading system and Internal Risk Rating systems as pre-sanction assessment tool.

In the post-sanction stage, we perform several analysis both in Micro and macro level. In the Macro level we perform risk analysis on sector wise, product wise, region wise as well as concentration wise. In this level we analyse the credit growth, concentration metrics, large loans etc.

3.1.5.1 Stress testing:

Uncertainties always remains in the calculated risk. This is due to the fact that risk calculation is an estimation that requires certain prerequisites. In this regard stress test is a good tool to deal with these uncertainties. At IPDC, we deploy stress test in a way of evaluating the sufficiency of portfolio management policy and financial strength against a certain assumed but probable stress situation. Stress scenario include a decline in credit growth, a drop in stock prices, deterioration in the business condition of large borrowers, and large fluctuations in risk components. Stress test are regularly conducted jointly with the firm's market and liquidity risk functions and are reported quarterly to Bangladesh Bank. The suggested recommendation from the test are in implementations and are monitored regularly.

4. Liquidity Risk Management:

An important aspect of liquidity risk management system is assessing future funding requirement. By ensuring effective liquidity risk management system IPDC reduces the probability of an adverse situation. At IPDC, we uses both the top-down and bottom-up approach for liquidity risk management. Principles and objectives are set at Board and senior management levels but the data necessary to feed the risk dashboard and analytics has to be obtained from funding desk. In particular, intra-day liquidity management is an integral part of an improved liquidity risk management. Funding desk prepares the measurement reports on daily fund management and associated money market dealings for further use in an agreed format (Liquidity Statement) to support the strategic liquidity risk metrics.

While calculating expected cash inflows and outflows, treasury department of IPDC also estimate future liquidity needs and prospective investment decisions both in the short and long time periods. Asset Liquidity Management (ALM)s desk that plays a big role in this regard. ALM desk tracks, analyzes and reports balance sheet movements of the Company. In addition, its also monitors the economic outlooks and market movement. ALM desk reports and recommends policies and procedures and provides all elements for decision making purposes in the ALCO meeting. IPDC has a very organized ALCO with the combinations of treasury, business units, finance, credit risk departments. Liquidity risk management is the main responsibility of the ALCO.

5. Operational Risk Management:

IPDC believes that Complete and accurate information as well as strong control culture is the prerequisite of managing operational risk. At IPDC, we pursue to manage operational risk through:

1. Ensuring effective and integrated operational risk management procedures;
2. Through training, supervision and developments;
3. Proactive communication between the cross functional department groups;
4. Independent control and support functions that monitor operational risk on daily basis;
5. Well segregated dual control mechanism (maker and checker concept) to minimize the error and prevent the fraud;
6. Building a network of systems throughout the Company to facilitate the collection of information of data on analyzing and assessing our operational risk exposure.

From Q4 2016 IPDC has started to implement operational risk management framework. Separate forum at mid-management and senior management level have been created for discussion and resolution of operational level risks. Under the new framework, Internal Compliance will act as a separate line of defense against operational risks. In line with the regulatory requirements, internal compliance department is responsible for the following:

a | Assess the compliance with applicable laws and regulations, code and guidelines, internal procedures and policies;

b | Act as a contact point with IPDC and deliver timely advice in relation to compliance queries within the Company;

c | Perform health checking of the compliance procedure and notify the non-compliance to the senior manager on monthly basis;

d | Advice the best practices in the market in terms of policy formulation and regulatory compliance.

At IPDC, proper credit administration is in place to ensure the effective and efficient operations related to the monitoring, documentation, contractual requirements, legal covenants and collateral among others; accurate and timely report to the management and compliance with management policies and procedures in accordance with applicable laws and regulations.

AMAR STOCK

Economic Value Added Statement

Economic Value Added (EVA) is the financial performance measure that attempts to measure the true economic profit of an organization. It provides a measurement of a company's ecomomic success (or failure) over a period of time. The measure is useful for the investors who wish to determine how well a company has added value during the period. EVA is calculated by taking a company's NOPAT (Net Operatin Profit After Tax) and capital charges are then deducted from NOPAT to get the real economic performance of the company for the reporting year. This measure is closely linked with shareholders' value creation.

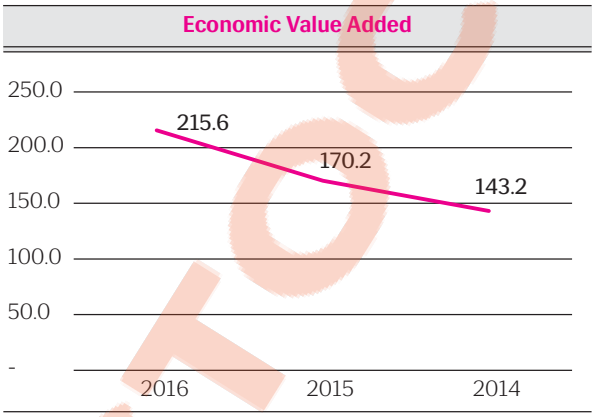
NOPAT

NOPAT for FIs is arrived at by taking Operating Profit then make adjustments for some expenses and income, assets, liabilities and movement in some balance sheet items and finally deducting tax payments.

Amount in BDT (million)

Year	2016	2015	2014
EVA	215.6	170.2	143.2

Amount in BDT (million)



The company has posted an EVA figure of BDT 215.6 million in 2016, an increase by 50.6% from the base year 2014 and up by 26.7% from 2015 . The trend is improving over the years.

Market Value Added Statement

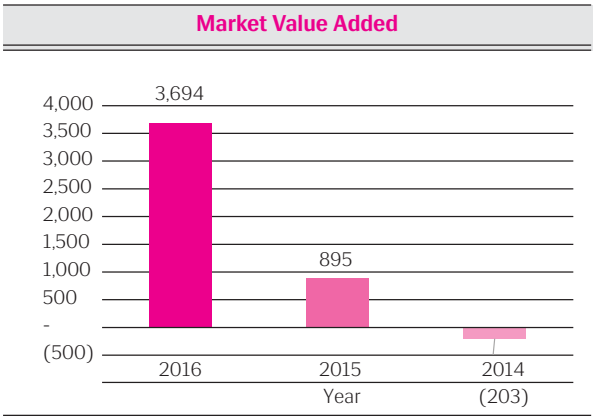
Unlike EVA, which measures internal performance, Market Value Added (MVA) measures of external performance that indicate how the market has evaluated the Company's performance in terms of market value of shares. MVA is the difference between the market value of equity of a company and the book value of equity invested in Company. A positive MVA indicates that the company added value to shareholders wealth during the period 31 December 2016. The following statement is the MVA of the year ended on 31 December 2016.

The higher the MVA the better the indication. A high MVA indicates the company has created substantial wealth for the shareholders.

Amount in BDT (million)

	2016	2015	2014
Market Value of outstanding shares	6,469	3,371	2,089
Book Value of outstanding shares	2,775	2,476	2,292
Market Value Added	**3,694**	**895**	**(203)**

Amount in BDT (million)



VALUE ADDED STATEMENT

The value added statement provides a detailed account of total value addition and the distribution of the value created by the organization. IPDC contributes positively to socio economic development by empowering employees through the payment of salaries and allowances by paying attractive and consistent dividend to the providers of capital, by assisting the regulatory capacities through paying taxes and setting aside rest amount of money as reserve for company's future growth.

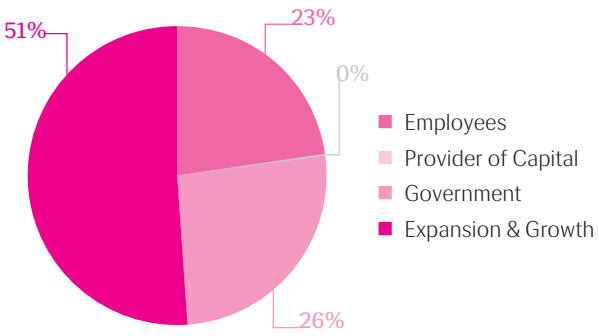
Amount in BDT

Value Added	2012		2013		2014		2015		2016	
	Amount		Amount		Amount		Amount		Amount	
Net Interest Income	236,508,321	109%	304,327,474	90%	416,188,507	91%	431,440,987	92%	638,142,761	100%
Commission, Exchange & Brokerage	7,134,733	3%	9,247,360	3%	5,636,658	1%	7,577,541	2%	36,184,345	6%
Investment Income	70,241,726	32%	87,243,013	26%	86,812,815	19%	55,405,731	12%	47,231,755	7%
Other Income	25,245,938	12%	77,472,120	23%	71,394,084	16%	145,480,822	31%	119,839,040	19%
Management expenses excluding salaries & allowances, depreciation	(47,785,745)	-22%	(55,284,801)	-16%	(74,624,796)	-16%	(71,392,787)	-15%	(169,377,167)	-27%
Provision for doubtful losses	(73,504,911)	-34%	(83,329,912)	-25%	(50,315,555)	-11%	(101,585,500)	-22%	(33,612,742)	-5%
Total Value Added By The Company	**217,840,062**	**100%**	**339,675,254**	**100%**	**455,091,713**	**100%**	**466,926,794**	**100%**	**638,407,992**	**100%**
Value Added Contributed To:										
Employees										
As salaries & allowance	67,716,507	31%	83,400,755	25%	90,233,552	20%	101,379,644	22%	148,894,632	23%
Provider of Capital										
Cash Dividends to shareholders*	104,339,235	48%	52,169,617	15%	57,386,579	13%	-	0%	-	0%
Government										
As taxes	5,392,583	2%	99,793,663	29%	179,300,019	39%	104,009,807	22%	164,911,104	26%
Expansion & Growth										
Retained as capital and reserve	24,264,007	11%	89,814,293	26%	108,119,552	24%	240,190,349	51%	303,086,561	47%
Depreciation	16,127,730	7%	14,496,926	4%	20,052,011	4%	21,346,994	5%	21,515,695	3%
	40,391,737	19%	104,311,219	31%	128,171,563	28%	261,537,343	56%	324,602,256	51%
Total Distribution By The Company	**217,840,062**	**100%**	**339,675,254**	**100%**	**455,091,713**	**100%**	**466,926,794**	**100%**	**638,407,992**	**100%**

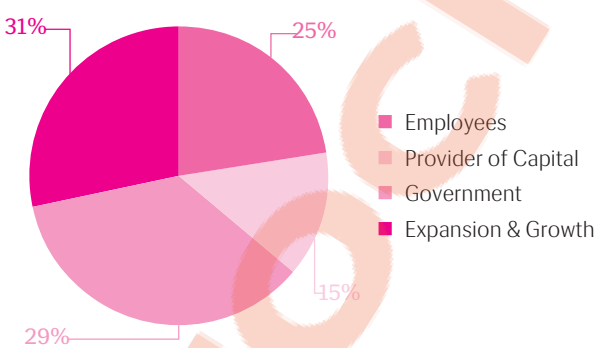
* No cash dividend proposed for 2016.

SHUTTERSTOCK

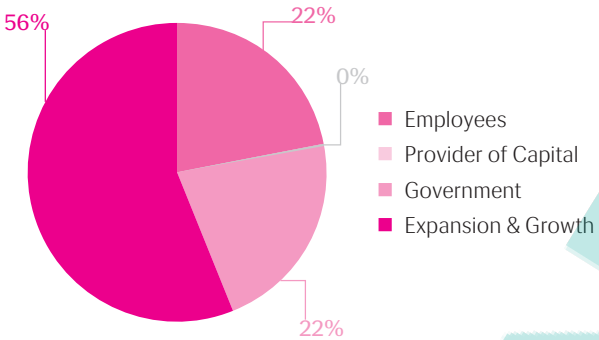
2016



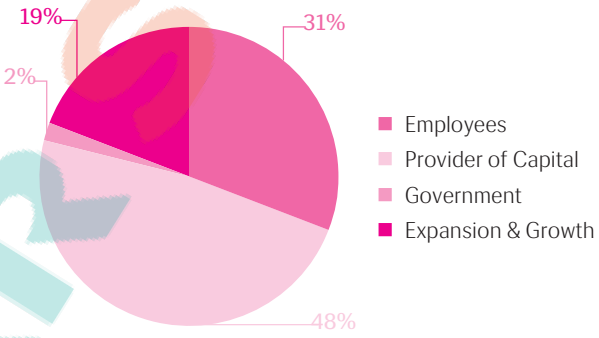
2013



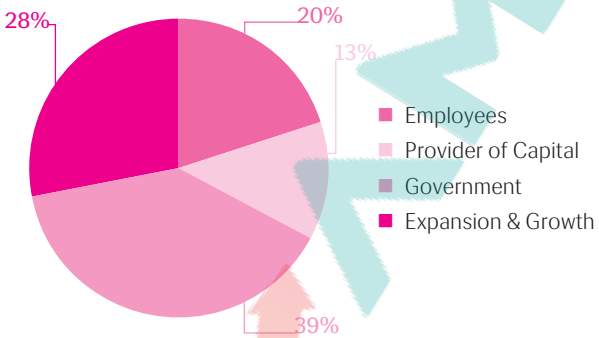
2015



2012



2014





WE INSPECT.
WE ABIDE.

Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka 1212
Bangladesh

Telephone +880 (2) 988 6450-2
Fax +880 (2) 988 6449
Email dhaka@kpmg.com
Internet www.kpmg.com/bd

Independent Auditor's Report to the Shareholders of IPDC Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of IPDC Finance Limited ("the Company") which comprise the balance sheet as at 31 December 2016, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1.

Report on Other Legal and Regulatory Requirements

We also report that:

a | we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof and found satisfactory;

b | in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;

c | the balance sheet and profit and loss account of the Company which are dealt with by the report are in agreement with the books of account;

d | the expenditure incurred was for the purposes of the Company's business;

e | the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;

Rahman Rahman Huq, a partnership firm registered in Bangladesh and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

Chittagong office address:
102 Agarbad C/A (3rd Floor)
Chittagong, Bangladesh

Tel +880 (31) 710704, 710996
Fax +880 (31) 2520795
Email chittagong@kpmg.com
Internet www.kpmg.com/bd

f | adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;

g | the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;

h | the records and statements which were submitted by the Company/branches has/have been properly maintained and recorded in the financial statements;

i | statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;

j | taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory;

k | nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;

l | proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly;

m | the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible fraud, forgery and internal policies are being followed appropriately;

n | the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;

o | we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 850 person hours for the audit of the books and accounts of the Company;

p | the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;

q | the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and

r | all other issues which are important for the stakeholders of the Company have been disclosed in the audit report adequately.

Dhaka, 19 February 2017

AMARSTOCK

IPDC Finance Limited

Balance Sheet
as at 31 December 2016

Amount in BDT

Property and assets	Note	2016	2015
Cash	5		
In hand (including foreign currencies)		270,000	150,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		226,125,597	82,047,426
		226,395,597	82,197,426
Balance with other banks and financial institutions	6		
In Bangladesh		1,632,372,469	1,063,034,059
Outside Bangladesh		-	-
		1,632,372,469	1,063,034,059
Money at call and short notice		-	-
Investments	7		
Government securities		-	-
Other investments		565,732,580	187,048,680
		565,732,580	187,048,680
Loans, advances and leases	8		
Loans, cash credits, overdrafts, etc.		19,480,595,090	6,415,776,969
Bills purchased and discounted		-	-
		19,480,595,090	6,415,776,969
Fixed assets including land, building, furniture and fixture	9	233,614,078	207,043,649
Other assets	10	434,487,396	243,385,260
Non financial institutional assets	11	3,752,405	3,752,405
Total assets		22,576,949,615	8,202,238,448
Liabilities and capital			
Liabilities	12		
Borrowings from other banks, financial institutions and agents		1,141,448,941	27,064,552
Deposits and other accounts	13		
Current accounts and other accounts		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		17,179,190,416	4,744,692,563
Bearer certificate of deposits		-	-
Other deposits		-	-
		17,179,190,416	4,744,692,563
Other liabilities	14	1,481,196,639	955,869,475
Total liabilities		19,801,835,996	5,727,626,590
Shareholders' equity			
Paid up capital	15	1,515,005,670	1,262,504,730
Share premium	16	167,014,000	167,014,000
Statutory reserve	17	393,375,601	332,758,289
Assets revaluation reserve	18	124,501,939	127,086,739
Retained earnings	19	575,216,409	585,248,100
Total shareholders' equity		2,775,113,619	2,474,611,858
Total liabilities and shareholders' equity		22,576,949,615	8,202,238,448

AMAR STOCK

Balance Sheet (continued)

Amount in BDT

	Note	2016	2015
Off-balance sheet items			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee	20	30,046,913	11,612,000
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		30,046,913	11,612,000
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total off-balance sheet items including contingent liabilities		30,046,913	11,612,000

The annexed notes from 1 to 46 and Annexures A and B are an integral part of these financial statements.

Chairman | Director | Managing Director & CEO | Company Secretary

As per our report of same date.

Auditor
Rahman Rahman Huq
Chartered Accountant

Dhaka, 19 February 2017

IPDC Finance Limited

Profit and Loss Account
for the year ended 31 December 2016

Amount in BDT

Particulars	Note	2016	2015
Interest income	22	1,482,385,809	804,863,230
Less: Interest paid on deposits, borrowings, etc.	23	844,243,048	373,422,243
Net interest income		**638,142,761**	**431,440,987**
Investment income	24	47,231,755	55,405,731
Commission, exchange and brokerage	25	36,184,345	7,577,541
Other operating income	26	119,839,040	145,480,822
Total operating income		**841,397,901**	**639,905,081**
Salary and allowances	28	137,340,136	90,183,739
Rent, taxes, insurance, electricity, etc.	29	22,084,194	13,986,678
Legal expenses	30	16,488,390	12,659,979
Postage, stamp, telecommunications, etc.	31	3,841,842	3,235,851
Stationery, printing, advertisements, etc.	32	77,712,650	13,150,848
Managing Director's salary and allowances	33	11,554,496	11,195,905
Directors' fees	34	2,859,894	3,896,477
Auditors' fees	35	678,495	506,000
Charges on loan loss		-	-
Depreciation and repair of assets	36	35,274,127	27,812,852
Other expenses	37	31,953,270	17,491,096
Total operating expenses		**339,787,494**	**194,119,425**
Profit before provision		**501,610,407**	**445,785,656**
Provision for loans and advances	38	29,570,375	164,468,055
Provision/(reversal) for diminution in value of investments	39	4,042,367	(62,882,555)
Other provisions		-	-
Total provision		**33,612,742**	**101,585,500**
Profit before tax		**467,997,665**	**344,200,156**
Provision for taxation			
Current tax	14.4	158,237,631	105,822,441
Deferred tax	40	6,673,473	(1,812,634)
		164,911,104	104,009,807
Net profit after tax		**303,086,561**	**240,190,349**
Appropriations			
Statutory reserve	17	60,617,312	48,038,070
General reserve		-	-
Proposed dividend		-	-
		60,617,312	48,038,070
Retained surplus		**242,469,249**	**192,152,279**
Earnings per share (EPS)	41	**2.00**	**1.59**

The annexed notes from 1 to 46 and Annexures A and B are an integral part of these financial statements.

Chairman | Director | Managing Director & CEO | Company Secretary

As per our report of same date.

Auditor
Rahman Rahman Huq
Chartered Accountant

Dhaka, 19 February 2017

IPDC Finance Limited

Cash Flow Statement
for the year ended 31 December 2016

Amount in BDT

	2016	2015
A | Cash flows from operating activities		
Interest received	1,359,196,164	744,371,527
Interest paid	(621,414,546)	(442,516,367)
Dividend received	14,205,527	13,071,710
Fee and commission received	36,184,345	7,577,541
Recoveries of loan previously written off	119,081,510	144,185,099
Payment to employees	(167,594,083)	(97,364,774)
Payment to suppliers	(144,192,754)	(95,303,127)
Income taxes paid	(141,525,976)	(47,506,104)
Receipt from other operating activities	27,065,893	41,505,987
Payment for other operating activities	-	-
Cash generated from/(used in) operating activities before changes in operating assets and liabilities	**481,006,080**	**268,021,492**
Changes in operating assets and liabilities		
Statutory deposits	-	-
Sale of trading securities	-	415,000,000
Loans and advances to other banks	82,103,527	91,721,472
Loans and advances to customers	(13,196,815,126)	(860,097,377)
Other assets	(17,873,608)	4,475,086
Deposits from other banks and financial institutions	6,970,000,000	200,000,000
Deposits from customers	5,464,497,851	547,301,676
Other liability accounts of customers	-	-
Trading liabilities	1,114,420,610	(359,185,382)
Other liabilities	235,871,797	15,007,366
Cash received/(paid) from operating assets and liabilities	**652,205,051**	**54,222,841**
Net cash from operating activities	**1,133,211,131**	**322,244,333**
B | Cash flows from investing activities		
Proceeds from sale of securities	94,283,334	105,817,987
Payments for purchase of securities	(472,967,234)	-
Net increase in purchase of property, plant and equipment	(44,671,973)	(15,997,985)
Sale proceeds of property, plant and equipment	3,712,700	950,000
Net cash (used in)/ from investing activities	**(419,643,173)**	**90,770,002**
C | Cash flows from financing activities		
Receipts from issue of loan and debt securities	-	-
Payments for redemption of loan and debt securities	-	-
Receipts from issue of ordinary share	-	-
Receipts/(payments) of long term loan	(36,221)	(12,127,867)
Dividends paid in cash	4,844	(77,237,894)
Net cash (used in)/ from financing activities	**(31,377)**	**(89,365,761)**
D | Net increase in cash (A+B+C)	**713,536,581**	**323,648,574**
E | Effect of changes in exchange rate over cash and cash equivalents	**-**	**-**
F | Cash and cash equivalents at 1 January	**1,145,231,485**	**821,582,911**
G | Cash and cash equivalents as at 31 December (D+E+F)	**1,858,768,066**	**1,145,231,485**

AMARSTOCK

IPDC Finance Limited

Statement of Changes in Equity
for the year ended 31 December 2016

Amount in BDT

Particulars	Paid up capital	Statutory reserve	Share premium	Assets revaluation reserve	Retained earnings	Total
Balance as at 1 January 2016	1,262,504,730	332,758,289	167,014,000	127,086,739	585,248,100	2,474,611,858
Surplus/(deficit) on account of revaluation of assets	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-
Deferred tax liability	-	-	-	(2,584,800)	-	(2,584,800)
Currency translation differences	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	-
Net profit for the year 2016	-	-	-	-	303,086,561	303,086,561
Dividend	-	-	-	-	-	-
Issuance of bonus share	252,500,940	-	-	-	(252,500,940)	-
Issuance of share capital	-	-	-	-	-	-
Appropriation during the period	-	60,617,312	-	-	(60,617,312)	-
Balance as at 31 December 2016	1,515,005,670	393,375,601	167,014,000	124,501,939	575,216,409	2,775,113,619
Balance as at 31 December 2015	1,262,504,730	332,758,289	167,014,000	127,086,739	585,248,100	2,474,611,858

AMARSTOCK

IPDC Finance Limited

Liquidity Statement
(Assets and liabilities maturity analysis)
as at 31 December 2016

Amount in BDT

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	226,395,597	-	-	-	-	226,395,597
Balance with other banks and financial institutions	727,647,394	494,394,995	410,330,080	-	-	1,632,372,469
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	75,000,000	284,467,234	206,265,346	565,732,580
Loans and advances	1,696,675,474	5,917,449,931	1,960,261,278	8,595,956,504	1,310,251,903	19,480,595,090
Fixed assets including land, building, furniture and fixture	2,105,710	4,211,420	18,951,390	59,577,888	148,767,670	233,614,078
Other assets	23,064,051	19,791,602	9,162,000	3,555,739	378,914,004	434,487,396
Non financial institutional assets	-	-	3,752,405	-	-	3,752,405
Total assets	2,675,888,226	6,435,847,948	2,477,457,153	8,943,557,365	2,044,198,923	22,576,949,615
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	1,135,580,191	512,500	2,206,250	3,150,000	-	1,141,448,941
Deposits	1,644,517,908	6,526,274,660	1,960,611,679	4,997,162,015	2,050,624,154	17,179,190,416
Other accounts	-	-	-	-	-	-
Provision and other liabilities	80,536,194	53,411,590	135,511,106	34,470,590	1,177,267,159	1,481,196,639
Total liabilities	2,860,634,293	6,580,198,750	2,098,329,035	5,034,782,605	3,227,891,313	19,801,835,996
Net liquidity gap	(184,746,067)	(144,350,802)	379,128,118	3,908,774,760	(1,183,692,390)	2,775,113,619

ALAMY STOCK

1. Reporting entity

1.1 Company profile

With a mandate to promote economic growth in the country, IPDC Finance Limited (Formerly named as Industrial Promotion and Development Company of Bangladesh Limited) hereinafter also referred as "IPDC" or the "Company" was incorporated in Bangladesh in 1981 as the premier private sector long term lending institution with the Registrar of Joint Stock Companies and Firms, Dhaka. The Company also registered itself as a financial institution under the Financial Institutions Act, 1993 on 7 February 1995. The registered office of the Company is situated at Hosna Center (4th Floor), 106 Gulshan Avenue, Dhaka, Bangladesh. The Company became a listed company on 3 December 2006 with both the Dhaka Stock Exchange and the Chittagong Stock Exchange in Bangladesh. The Company has nine branch offices located at Gulshan, Dhanmondi, Motijheel, Uttara, Chittagong, Narayangonj, Bogra, Gazipur and Sylhet.

1.2 Nature of business

The Company specialises in providing long term and short term financing, project financing, lease financing, channel finance, work order finance, mortgage finance, equity financing, syndication finance and Small & Medium Enterprises (SME), asset backed securitisation through issuance of zero-coupon bond and related consultancies to both local and foreign private investments in Bangladesh. In 2006, the Company also started retail business to increase its activities in retail segment.

2. Basis of preparation

2.1 Statement of compliance

The Financial Reporting Act, 2015 (FRA) has been enacted during the year 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is empowered to issue financial reporting standards for public interest entities such as Financial Institutions (FIs). The Financial Institutions Act, 1993 has been amended as required to comply for the preparation of their financial statements under such financial reporting standards.

The FRC is yet to be formed and as such no financial reporting standards have been issued as per the provisions of the FRA. Hence, the financial statements of the Company are prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and the requirements of the Financial Institutions Act, 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act, 1994, the Securities and Exchange Rules 1987. In case of any requirement of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank, which differ with those of BFRSs, the requirements of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank shall prevail. The financial statements have been prepared on historical cost basis except for land and building which are presented/stated at revalued amount. The Board of Directors has authorised these financial statements on 19 February 2017. Material departures from the requirements of BFRSs are as follows:

Disclosure of departure from few requirements of BASs/BFRSs due to mandatory compliance of Bangladesh Bank's requirements:

Bangladesh Bank is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations differ with the requirements of BASs/BFRSs. As such the Company has departed from those contradictory requirements of BASs/BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below; along with financial impact where applicable.

i | Investment in shares and securities

BFRS: As per requirements of BAS 39: investment in shares and securities generally falls either under 'at fair value through profit and loss account' or under 'available for sale' where any change in the fair value (as measured in accordance with BFRS 13) at the period-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per Financial Institutions Department (FID) circular no. 08 dated 3 August 2002 issued by Bangladesh Bank, investments in quoted shares and unquoted shares are required to be revalued at the year end at market price and book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investments.

ii | Provision on loans and advances/investments

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per FID circular no. 08 dated 3 August 2002, FID circular no. 03 dated 3 May 2006 and Department of Financial Institutions and Markets (DFIM) circular no. 03 dated 29 April 2013 issued by Bangladesh Bank, a general provision of 0.25% to 5% under different categories of unclassified loans (Standard/Special Mention Account loans) has to be maintained. Also provision for sub-standard loans, doubtful loans and bad/loss has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue.

iii | Other comprehensive income

BFRS: As per BAS 1: Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single OCI statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The templates of financial statements issued by

Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single OCI statement. As such the financial institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

iv | Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

v | Recognition of interest in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per FID circular no. 08 dated 3 August 2002 and FID circular No. 03 dated 3 May 2006, once a loan is categorised as SMA, Substandard, Doubtful, Bad/loss, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

vi | Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

vii | Non financial institutional assets

BFRS: No indication of non financial institutional assets is found in any BFRS.

Bangladesh Bank: As per DFIM circular no. 11 dated 23 December 2009, there must exist a face item named non financial institutional assets.

viii | Cash flow statement

BFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per DFIM circular no. 11 dated 23 December 2009, cash flow is the mixture of direct and indirect methods.

ix | Balance with Bangladesh Bank: (Cash Reserve Requirement)

BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

x | Presentation of intangible asset

BFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per BAS 38.

Bangladesh Bank: There is no regulation for intangible assets in DFIM circular no. 11 dated 23 December 2009.

xi | Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per DFIM circular no. 11 dated 23 December 2009, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xii | Loans, advances and leases/Investments net of provision

BFRS: Loans, advances and leases/Investments should be presented net of provision.

Bangladesh Bank: As per DFIM circular no. 11 dated 23 December 2009, provision on loans, advances and leases/investments are presented separately as liability and can not be netted off against loans and advances.

xiii | Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per DFIM circular no 11 dated 23 December 2009, financial guarantees such as L/C, L/G will be treated as Off-Balance Sheet items.

xiv | Disclosure of presentation of profit

BFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per DFIM circular no 11 dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account.

AMARSTOCK

2.2 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (BDT/Taka/Tk.) currency which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest integer.

2.3 Use of estimates and judgments

The preparation of these financial statements in conformity with Bangladesh Financial Reporting Standards (BFRSs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect in the year ending 31 December 2016 is included in the following notes:

a)	Note 10.1.2	Deferred tax assets
b)	Note 14.9	Deferred tax liabilities
c)	Note 14.1	Cumulative provision for loans, advances and investments
d)	Note 14.3	Measurement of defined benefit obligation (provision for gratuity)
e)	Note 14.4	Provision for corporate tax
f)	Note 14.8	Provision for expenses
g)	Note 18	Assets revaluation reserve
h)	Note 20	Letters of guarantee (contingent liabilities)
i)	Note 36.1	Depreciation and amortisation

2.4 Going concern

The Company has adequate resources to continue its operation for foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.5 Materiality and aggregation

Each material item considered by management as significant has been presented separately in the financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.6 Branch accounting

The Company has nine branches, having no overseas branch as at 31 December 2016. Accounts of the branches are maintained at the head office from which these financial statements are drawn up.

2.7 Reporting period

The financial period of the Company was determined from 1 January to 31 December each year and is followed consistently.

2.8 Directors' responsibility statement

The Board of Directors is responsible for the preparation and presentation of the financial statements under section 183 of the Companies Act, 1994 and as per the provision of 'The Framework for the Preparation and Presentation of Financial Statements'.

2.9 Consistency

In accordance with the BFRS framework for the presentation of the financial statements together with BAS 1: Presentation of Financial Statements and BAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the Company applies the disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed in accordance with the requirement of BAS 8. The Company has applied the same accounting and valuation principles for the year 2016 as in financial statements for 2015.

Figures of previous year have been rearranged, whenever necessary, to conform the current year's presentation.

3 Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Lease finance

As per BAS 17 Leases, the transactions for leasing operation have been recorded under finance lease method of accounting since all the risks and rewards associated with ownership of the assets leased to lessee under agreements are transferred substantially other than the legal title and all leases are full pay-out leases.

The aggregate lease receivables including un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition costs including interest during the period of acquiring the lease asset, constitutes the unearned lease income. Initial direct costs, if any, in respect of lease are charged in the period in which such costs are incurred.

The unearned lease income is usually amortised to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Unrealised income is suspended where necessary in compliance with the requirements of relevant circular issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

FIRST MAF STOCK

3.2 Direct finance

Direct finance operation consists of short-term finance and long-term finance, accounts for which are maintained based on accrual method of accounting. Outstanding loans for short-term finance and unrealised principal for long-term finance, auto loan, home loan and other finances are accounted for as direct finance assets of the Company. Interest earnings are recognised as operational revenue periodically.

3.3 Investments

Investment comprises of investment in equity, corporate bond and government securities. Investment in equity is classified broadly in three categories and investment in government securities is classified into held for trading and held to maturity.

3.3.1 Investment in equity

3.3.1.1 Unlisted shares

Equity finance consists of equity participation in the form of unlisted ordinary shares recognised at cost. Adequate provision is maintained, if required, for diminution in value of shares as per the latest available audited financial statements as on the closing of the period on an individual investment basis.

3.3.1.2 Listed shares

Investments in cumulative marketable ordinary shares held for trading or held for dividend income are shown under other assets. These are reported at cost and adequate provision is made for excess of cost over market value of the shares. Unrealised gains are not recognised in the profit and loss account.

3.3.1.3 Preference shares

Investment in cumulative preference shares has been reported at cost and dividend income is recognised in the profit and loss account on accrual basis and considered as operational revenue.

3.3.2 Investment in Government securities

3.3.2.1 Held to maturity

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

3.3.2.2 Held for trading

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

3.4 Revenue recognition

3.4.1 General

As per BAS 18 Revenue, revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

3.4.2 Lease income

The excess of aggregate rentals receivable over the cost of the leased asset constitutes the total unearned lease income. The unearned lease income is recognised as revenue on accrual basis over the terms of the lease. However, lease income against classified and Special Mention Account (SMA) is not recognised as revenue but transferred to interest suspense account as per Bangladesh Bank circulars and directives.

3.4.3 Dividend income

3.4.3.1 Listed and unlisted shares

Dividend income against listed and unlisted equity investment is recognised when the shareholders' legal right to receive payments has been established i.e. during the period in which dividend is declared in the Annual General Meeting.

3.4.3.2 Preference shares

Dividend income on cumulative preference shares is recognised on accrual basis.

3.4.3.3 Gain on sale of shares

Capital gain on sale of shares listed in the stock exchanges is recognised only when such gain is realised through the shares selling in the market.

3.4.4 Interest on long term finance and short term finance

Interest on long term finance and short term finance is recognised as revenue on accrual basis. However, interest income on Special Mention Account (SMA) and classified finance is not recognised as income but credited to interest suspense account as per Bangladesh Bank circulars and directives.

3.4.5 Interest on secured lending

Interest on secured lending is recognised as revenue on accrual basis.

3.4.6 Fee based revenue

Fee based revenue is recognised as income on cash basis.

3.5 Interest suspense

Lease income as well as interest income on long term finance, short term finance, lease finance, channel finance, auto loan etc. under category of classified and Special Mention Account (SMA) are not recognised as revenue but credited to interest suspense account.

3.6 Fixed assets including land, building, furniture and fixture

3.6.1 Own assets

Fixed assets except land and building are stated at cost less accumulated depreciation and accumulated impairment losses, if any. On the other hand, land and building are stated

under revaluation model. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes as per BAS 16 Property, plant and equipment.

3.6.2 Subsequent expenditure on fixed assets including land, building, furniture and fixture

Subsequent expenditure is capitalised only when it increases the future economic benefit from the assets. All other expenditures are recognised as expense as and when they are incurred.

3.6.3 Depreciation/amortisation on fixed assets including land, building, furniture and fixture

Depreciation is provided to allocate the cost of the assets after commissioning over the period of their expected useful life, in accordance with the provisions of BAS 16: ***Property, plant and equipment.*** Full month's depreciation is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged on the month of disposal. Depreciation is calculated on the cost of assets in order to write off such cost over the estimated useful life of such asset. Depreciation/amortisation has been provided at the following rates on straight line basis for current and comparative period:

Particulars	Useful life (years)
Building	15*
Motor vehicles	5
Furniture and fixture	8
Equipment and appliances	5
Accounting software	5

*The remaining useful life of building after revaluation.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3.6.4 Impairment

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

3.6.5 Disposal of fixed assets including land, building, furniture and fixture

On disposal of item of fixed assets including land, building, furniture and fixture, gain or loss on such disposal is reflected in the profit and loss account as non-operating income or loss.

3.6.6 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Such assets are measured at the lower of their carrying amount and fair value less cost to sell, as per BFRS: 5 *Non-current Assets Held for Sale and Discontinued Operations.*

3.7 Intangible assets

The intangible assets comprise the value of accounting software licensed for the Company, other than software applied to the operating systems of computers. An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company over a period of time and the cost of the asset can be measured reliably as per BAS 38: ***Intangible Assets.*** Intangible assets acquired separately are recorded on initial recognition at costs and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

3.7.1 Subsequent expenditure on intangible assets

Subsequent expenditure on intangible asset is capitalised only when it increases the future economic benefit from the assets. All other expenditures are recognised as expense as and when they are incurred.

3.7.2 Amortisation of intangible assets

Intangible assets are amortised on straight line basis to the profit and loss account from the date when the asset is available for use over its estimated useful life. Intangible assets i.e. acquisition cost of the accounting software is amortised within five years of acquisition.

3.8 Borrowing costs

All borrowing costs are recognised as expense in the period in which they are incurred in accordance with the BAS 23: *Borrowing Costs.*

3.9 Foreign currency translation

Transactions in foreign currencies are translated to BDT at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the end of the period. Resulting exchange differences are recognised in the profit and loss account.

3.10 Income tax expenses

Income tax expense comprise current and deferred tax.

3.10.1 Current tax

Provision for current tax has been made on the basis of the profit of the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto from time to time. The Company's current tax liability is calculated using tax rate (current tax rate is 40%) that is applicable on the reporting date, and any adjustments to tax payable in respect of previous years.

3.10.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

a | temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

b | temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and

c | taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

3.11 Provision for loans, advances and investments

Provision for loans, advances and investments is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on two principles (1) BAS 37: ***Provision, Contingent Liabilities and Contingent Assets*** and (2) Bangladesh Bank guidelines. The methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. FID circular no. 08 dated 3 August 2002 and FID circular no. 03 dated 3 May 2006 as the bases for calculating the provision for loans, advances and investments.

3.11.1 Write off of loans, advances and investments

In compliance with Bangladesh Bank FID circular no. 3 dated 15 March 2007 and DFIM circular no. 11 dated 21 November 2013, loans, advances and investment are written off to the extent that (i) there is no realistic probability of recovery, (ii) against which legal cases are pending and (iii) full provision has been maintained. The item's potential return is thus cancelled and removed ("written off") from the Company's balance sheet. However, these write off will not undermine or affect the claim amount against the borrower. Recovery against the written off is credited to other operational income. Income is recognised where amounts are either recovered and/or adjusted against securities/properties or advances there against or are considered recoverable.

3.12 Employee benefits

3.12.1 Defined contribution plan

The Company operates a contributory provident fund scheme for its permanent employees. Provident Fund is administered by a Board of Trustees and is funded by contributions equally from the permanent employees and from the Company @ 10% of basic salary of the employees. The contributions are invested to ensure optimum return to the employees.

3.12.2 Defined benefit plan

The Company operates an funded gratuity scheme for its permanent employees. Employees are entitled to gratuity benefit after completion of six month continuous service with the Company from the date of joining. The gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service up to ten year and one & half month basic pay for more than ten years. The Company has provided for the same in the financial statements accordingly.

3.12.3 Short-term benefit

Short-term employee benefit (salary, bonus etc.) obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.12.4 Other employee benefit obligation

The Company operates a group life insurance and hospitalisation insurance schemes for its permanent employees.

3.13 Accrued expenses, provisions and payables

Liabilities are recognised for goods and services received, whether paid or not, for those goods and services. Payables are not interest bearing and are stated at their actual value.

Provisions and accrued expenses are recognised in the financial statements when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be probable to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.14 Cash and cash equivalents

Cash and cash equivalents comprises cash in hand, cash at bank and term deposits that are readily convertible to a known amount of cash and that are subject to an insignificant risk of change in value.

3.15 Cash flow statement

Cash flow statement has been prepared in accordance with the BAS 7: ***Statement of Cash Flows*** under direct method as recommended in the DFIM circular no. 11 dated 23 December 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

3.16 Earnings per share (EPS)

The Company presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4. General

4.1 Related party disclosure

As per BAS 24: ***Related Party Disclosures,*** parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

4.2 Litigation

The Company is not a party to any material law suits except those arising in the normal course of business. The Company has filed necessary law suits against some of the default clients for non-performance in loans and advances repayment. The Company, however, has made adequate provision against such doubtful finances.

4.3 Guarantees, commitments and contingencies

Financial guarantees are contracts that require the Company to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

4.4 Statutory reserve

As per Financial Institution Regulations 1994, Non-Bank Financial Institutions (NBFIs) are required to transfer 20% of its post tax profit to statutory reserve before declaration of dividend. This requirement has been properly complied with.

4.5 Borrowings from other banks, financial institutions and agents

Borrowings include short term and long term borrowings from banks and non-bank financial institutions. These are stated at amounts outstanding on the reporting date. Interest expense on these borrowings is charged to the profit and loss account on accrual basis.

4.6 Dividend payments

Proposed dividends are not recognised as a liability in the balance sheet in accordance with BAS 10: ***Events After the Reporting Period.***

4.7 Risk management

Risk is defined as uncertainties resulting in adverse variation of profitability or in losses, financial or otherwise. The risk management of the Company covers core risk areas of credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity risk, operational risk and reputation risk. The objective of the risk management is that the Company evaluates and takes well calculative business risks and thereby safeguarding the Company's capital, its financial resources and profitability from various risks.

4.7.1 Credit risk

Credit risk is defined as the potential loss arising from the failure of a counter party to perform as per contractual agreement with the Company. The Company has separate Credit Risk Management Department and Credit Administration to carry out risk assessment in lending to a customer, sanctioning credit and maintaining asset quality.

4.7.2 Operational risk

Operational risk addresses the risk associated with fraud, forgery, unauthorised activities, error, omission, system failure and external events among others. The Company is managing these risk through written procedures, regular training, awareness programs and monitoring of the implementation of these procedures.

4.7.3 Interest rate risk

Interest rate risk may arise from trading portfolio and non-trading portfolio. The trading portfolio of the Company consists of government treasury bills, bond, etc. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) of the Company monitors the interest rate movement on a regular basis.

4.7.4 Liquidity risk

The objective of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Company is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. The liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis.

4.8 Contingent liabilities and contingent assets

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not

wholly within the control of the Company; or Any present obligation that arises from past events but is not recognised because:

a | it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b | the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits can reliably be estimated.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income which may never be realised.

4.9 Liquidity statement

The Liquidity Statement of assets and liabilities as on the reporting date has been prepared on residual maturity term in accordance with DFIM Circular no. 06 dated 26 July 2011, as per following bases:

a | Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.

b | Investments are on the basis of their residual maturity term.

c | Loans and advances are on the basis of their repayment/maturity schedule.

d | Fixed assets are on the basis of their useful lives.

e | Other assets are on the basis of their realisation/amortisation.

f | Borrowings from other banks and financial institutions as per their maturity/repayment term.

g | Deposits and other accounts are on the basis of their residual maturity period and expected attrition rate which is based on the past behavioral analysis of the customers.

h | Other long term liability on the basis of their maturity term.

i | Provisions and other liabilities are on the basis of their payment/adjustments schedule.

4.10 Events after the balance sheet date

All material events occurring after the balance sheet date have been considered and where necessary, adjusted for or disclosed in note no. 43 of these financial statements.

4.11 Comparatives and reclassification

Comparative information have been disclosed in respect of 2015 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

To facilitate comparison, certain relevant balances pertaining to the comparatives have been rearranged/restated/reclassified whenever considered necessary to conform to current period's presentation.

4.12 Integral component of financial statements

The financial statements of the Company include the following components:

i | Balance sheet as at 31 December 2016

ii | Profit and loss account for the year ended period ended 2016

iii | Cash flow statement for the year ended 31 December 2016

iv | Statement of changes in equity for the year ended 31 December 2016

v | Notes to the financial statements as at and for the year ended 31 December 2016

AMARSTOCK

4.13 Compliance of Bangladesh Financial Reporting Standard (BFRS)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	Not applicable
Share Based Payment	BFRS-2	Not applicable
Business Combinations	BFRS-3	Not applicable
Insurance Contracts	BFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments: Disclosures	BFRS-7	Applied with some departures (note 2.1)
Operating Segments	BFRS-8	Applied with some departures (note 2.1)
Consolidated Financial Statements	BFRS-10	Not applicable
Joint Arrangements	BFRS-11	Not applicable
Disclosure of Interests in Other Entities	BFRS-12	Not applicable
Fair Value Measurement	BFRS-13	Applied with some departures (note 2.1)
Regulatory Deferral Accounts	BFRS-14	Not applicable
Presentation of Financial Statements	BAS-1	Applied with some departures (note 2.1)
Inventories	BAS-2	Not applicable
Statement of Cash Flows	BAS-7	Applied with some departures (note 2.1)
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applied
Events After the Reporting Period	BAS-10	Applied
Construction Contracts	BAS-11	Not applicable
Income Taxes	BAS-12	Applied with some departures (note 2.1)
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenues	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not applicable
The Effects of Changes in Foreign Exchange Rates	BAS-21	Applied
Borrowing Cost	BAS-23	Applied
Related Party Disclosures	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Not applicable
Separate Financial Statements	BAS-27	Not applicable
Investments in Associates	BAS-28	Not applicable
Financial Reporting in Hyperinflationary Economies	BAS-29	Not applicable
Financial Instruments: Presentation	BAS-32	Applied with some departures (note 2.1)
Earnings per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairments of Assets	BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition and Measurement	BAS-39	Applied with some departures (note 2.1)
Investment Property	BAS-40	Not applicable
Agriculture	BAS-41	Not applicable

AMARSTOCK

Amount in BDT

	Note	2016	2015
5. Cash			
Cash in hand	5.1	270,000	150,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	5.2	226,125,597	82,047,426
		226,395,597	**82,197,426**
5.1 Cash in hand			
In local currency		270,000	150,000
In foreign currency		-	-
		270,000	**150,000**
5.2 Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)			
Bangladesh Bank			
In local currency		226,125,597	82,047,426
In foreign currency		-	-
		226,125,597	82,047,426
Sonali Bank Limited (as an agent of Bangladesh Bank)		-	-
		226,125,597	**82,047,426**

5.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)

Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with the section 19 of the Financial Institutions Act, 1993 and of instructions contained in FID circular no. 02 dated 10 November 2004 and FID circular no. 06 dated 06 November 2003 issued by Bangladesh Bank.

Cash Reserve Requirement (CRR) required on the term deposits at the rate of 2.5% has been calculated and maintained with Bangladesh Bank in the form of current account and 5% Statutory Liquidity Reserve (SLR) including Cash Reserve Requirement has been maintained against total liabilities excluding shareholders' equity, borrowings from Bangladesh Bank and other Banks and NBFIs in the form of treasury bills, bonds, balance with Bangladesh Bank and other banks and financial institutions. Both the reserves as maintained by the Company are shown below:

Cash Reserve Requirement (CRR)		
Required reserve	231,952,964	96,602,144
Actual reserve maintained (Average daily on biweekly basis)	233,873,344	106,628,331
Surplus/(deficit)	**1,920,380**	**10,026,187**
Statutory Liquidity Reserve (SLR)		
Required reserve	516,381,672	229,438,764
Actual reserve maintained	1,684,976,110	235,239,533
Surplus	1,168,594,438	5,800,769
Total surplus	**1,170,514,818**	**15,826,956**

6. Balance with other banks and financial institutions

In Bangladesh	6.1	1,632,372,469	1,063,034,059
Outside Bangladesh		-	-
		1,632,372,469	**1,063,034,059**
6.1 In Bangladesh			
In current deposit accounts with			
Commercial Bank of Ceylon PLC		-	41,980
Uttara Bank Ltd.		-	2,583
United Commercial Bank Ltd.		19,797	29,707
AB Bank Ltd.		16,075	17,225
Standard Chartered Bank		393,559	9,832
Prime Bank Ltd.		80,669,093	96,682
Social Islami Bank Ltd.		-	1,850
Bank Alfalah Ltd.		-	1,451
		81,098,524	**201,310**

	Note	2016	Amount in BDT 2015
Short term deposit accounts with			
Dutch Bangla Bank Ltd.		11,799,723	867,822
Prime Bank Ltd.		3,924,274	27,985,260
AB Bank Ltd.		1,681,448	1,590,275
Standard Chartered Bank		39,263	39,586
Mercantile Bank Ltd.		21,667,676	1,201,820
AL-Arafah Islami Bank Ltd.		-	3,768
BRAC Bank Ltd.		1,772,538	11,312,262
Dhaka Bank Ltd.		2,851,536	45,330,394
United Commercial Bank Ltd.		25,136,927	62,097
		68,873,385	88,393,284
Short term placement			
National Bank of Pakistan		250,000,000	250,000,000
LankaBangla Finance Ltd.		-	75,000,000
International Leasing and Financial Service Ltd.		100,000,000	-
		350,000,000	325,000,000
Short term deposit accounts (in foreign currency) with			
AB Bank Ltd.		1,368	62,184
		1,368	62,184
Fixed deposit accounts with			
Prime Bank Ltd.		26,739,346	225,585,004
Dhaka Bank Ltd.		131,478,705	124,860,000
AB Bank Ltd.		398,162,391	107,860,627
EXIM Bank Ltd.		220,000,000	100,000,000
Union Bank Limited		-	25,000,000
National Bank of Pakistan		14,500,000	16,071,650
The City Bank Ltd.		-	50,000,000
Standard Bank Ltd.		341,518,750	-
		1,132,399,192	649,377,281
Total		1,632,372,469	1,063,034,059

6.2 Maturity grouping of balance with other banks and financial institutions

Repayable:			
On demand		81,098,524	201,310
Within one month		646,548,870	114,575,468
Within one to three months		494,394,995	765,810,001
Within three months to one year		410,330,080	182,447,280
Within one to five years		-	-
More than five years		-	-
		1,632,372,469	1,063,034,059

7. Investments

Government securities		-	-
Other investments	7.2	565,732,580	187,048,680
		565,732,580	187,048,680

7.1 Classification of investments

Held for trading (HFT)		-	-
Held to maturity (HTM)		-	-
		-	-
Other investments	7.2	565,732,580	187,048,680
		565,732,580	187,048,680

Amount in BDT

	Note	2016	2015
7.2 Other investments			
In ordinary shares:			
Quoted		7,000,000	7,000,000
Unquoted		4,500,000	4,500,000
		11,500,000	11,500,000
Redeemable preference shares		281,265,346	63,048,680
Investment in shares		292,765,346	74,548,680
Investment in corporate bonds		272,967,234	112,500,000
		565,732,580	187,048,680

Amount in BDT

Details of other investments are as follows:	2016		2015	
	Cost	Market value	Cost	Market value
In ordinary shares - quoted				
Bangladesh Electric Meter Ltd.	7,000,000	4,305,000	7,000,000	4,305,000
	7,000,000	4,305,000	7,000,000	4,305,000
In ordinary shares - unquoted				
Quality Feeds Ltd.	1,500,000	1,500,000	1,500,000	1,500,000
Alliance Bags Ltd.	3,000,000	3,000,000	3,000,000	3,000,000
	4,500,000	4,500,000	4,500,000	4,500,000
In redeemable preference shares				
Premium Seed Ltd.	4,000,000	4,000,000	4,000,000	4,000,000
Confidence Salt Ltd.	2,265,346	2,265,346	5,715,346	5,715,346
Summit Power Company Ltd.	-	-	20,000,000	20,000,000
ACI Godrej Agrovet Private Ltd.	-	-	33,333,334	33,333,334
Summit Barisal Power Ltd.	100,000,000	100,000,000	-	-
Summit Narayanganj Power Unit II Ltd.	100,000,000	100,000,000	-	-
Star Ceramics Ltd.	75,000,000	75,000,000	-	-
	281,265,346	281,265,346	63,048,680	63,048,680
In corporate bonds				
Impress Newtex Composite Textiles Ltd.	197,967,234	197,967,234	-	-
Mutual Trust Bank Ltd.	75,000,000	75,000,000	112,500,000	112,500,000
	272,967,234	272,967,234	112,500,000	112,500,000
	565,732,580	563,037,580	187,048,680	184,353,680

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

Amount in BDT

	Note	2016	2015
7.3 Maturity grouping of investments			
Repayable:			
On demand		-	-
Within one month		-	28,125,000
Within one to three months		-	-
Within three months to one year		75,000,000	59,048,680
Within one to five years		284,467,234	84,375,000
More than five years		206,265,346	15,500,000
		565,732,580	187,048,680
8. Loans, advances and leases			
Loans, cash credits, overdrafts, etc.	8.1	19,480,595,090	6,415,776,969
Bills purchased and discounted		-	-
		19,480,595,090	6,415,776,969

	Note	2016	Amount in BDT 2015
8.1 Loans, cash credits, overdrafts, etc.			
In Bangladesh:			
Long term loan		6,035,785,190	2,090,171,423
Lease finance	8.1.1	2,572,948,493	1,177,043,033
Short term loan		7,341,608,825	2,323,608,983
Channel finance		675,928,982	190,873,203
Mortgage finance		1,560,092,489	135,033,555
Auto loan		850,230,573	403,632,792
Secured retail loan		180,178,435	79,241,370
Personal loan		227,381,133	-
Staff loan		36,440,970	16,172,610
		19,480,595,090	**6,415,776,969**
Outside Bangladesh		-	-
		19,480,595,090	**6,415,776,969**
8.1.1 Lease finance			
Gross lease receivables		3,147,182,009	1,349,967,511
Less: Unearned interest income		615,744,764	224,426,076
Net lease receivables		2,531,437,245	1,125,541,435
Add: Overdue lease rentals		41,511,248	51,501,598
		2,572,948,493	**1,177,043,033**
8.2 a | Net loans and advances including bills purchased and discounted			
Total loans and advances receivables	8	19,480,595,090	6,415,776,969
Less: Provision against loans and advances (specific and general)	8.9(b)	226,492,285	199,098,264
Less: Cumulative balance of interest suspense	14.2	31,508,082	33,169,046
		19,222,594,723	**6,183,509,659**
b | Rate of net classified loans and advances			
Gross loans and advances		19,480,595,090	6,415,776,969
Classified loans and advances		137,508,216	126,982,039
Unclassified loans and advances		19,343,086,874	6,288,794,930
Total provision		226,492,285	199,098,264
Interest suspense		31,508,082	33,169,046
Total provision and interest suspense		258,000,367	232,267,310
Net classified loans and advances		(120,492,151)	(105,285,271)
Rate of classified loans and advances		0.71%	1.98%
Rate of net classified loans and advances		-0.62%	-1.64%
8.3 Residual maturity grouping of loans and advances including bills purchased and discounted			
Repayable:			
On demand		-	-
Up to one month		1,696,675,474	380,715,851
More than one month but less than three months		5,917,449,931	754,917,183
More than three months but less than one year		1,960,261,278	1,534,936,834
More than one year but less than five years		8,595,956,504	3,064,334,515
More than five years		1,310,251,903	680,872,586
		19,480,595,090	**6,415,776,969**

	Note	2016	Amount in BDT 2015
8.4 Loans and advances including bills purchased and discounted are classified into the following broad categories			
Loans and advances			
In Bangladesh			
Loans and advances		19,480,595,090	6,415,776,969
Cash credit		-	-
Secured overdraft		-	-
		19,480,595,090	6,415,776,969
Outside Bangladesh		-	-
		19,480,595,090	**6,415,776,969**
Bills purchased and discounted			
Payable in Bangladesh		-	-
Payable outside Bangladesh		-	-
		-	-
		19,480,595,090	**6,415,776,969**
8.5 Loans and advances including bills purchased and discounted on the basis of significant concentration			
Loans and advances to the allied concerns of the directors		-	-
Advances to Chief Executive and other Senior Executives			
Managing Director & CEO		8,445,857	10,501,668
Senior Executives (Senior Manager & above)		18,070,102	3,209,289
Other staffs		9,926,626	3,536,767
		36,442,585	17,247,724
Advances to customers' group			
Agricultural loan		1,437,822,987	785,298,745
Large corporate		11,153,672,244	2,653,838,383
Small and medium enterprise		3,370,914,497	1,378,074,711
Retail loan		2,817,882,630	1,063,260,254
Others		663,860,147	518,057,152
		19,444,152,505	6,398,529,245
		19,480,595,090	6,415,776,969

8.5.1 Disclosure on large loan

Loan sanctioned to any individual or enterprise or any organisation of a group, amounting to 15% or more of the Company's total capital and classified amount therein and measures taken for recovery of such loan have been furnished as under. Total capital of the Company as at 31 December 2016 was Taka 2,775.11 million against that of Taka 2,474.61 million as at 31 December 2015.

Number of client to whom loans and advances sanctioned with more than 15% of the Company's total capital each		10	2
Amount of outstanding loans and advances [to the client as mentioned above]		5,469,929,841	1,005,052,602
Amount of classified loans and advances [out of the amount as mentioned above]		-	-
Measures taken for recovery [for the amount as mentioned above]		-	-

AMAR STOCK

	Note	2016	Amount in BDT 2015
8.6 Industry-wise loans and advances including bills purchased and discounted			
Agro-based industries		1,721,041,566	833,959,200
Banks and non-banking financial institutions		128,067,380	210,170,907
Chemicals, pharmaceuticals and allied products		861,683,227	160,577,931
Engineering and building materials		2,571,294,338	1,063,785,412
Food and allied products		2,273,996,759	237,489,187
Glass, ceramic and other non-metallic products		1,408,746	1,788,228
Hotel, tourism and leisure		28,076,681	52,688,219
Information and communication technologies		279,154,502	23,866,107
Paper converting and packaging, printing and publishing		538,802,757	307,696,915
Ready made garments and knitwear		2,021,719,001	354,772,417
Social sector		540,754,177	291,935,549
Tannery, leather and rubber products		785,866,009	342,378,583
Textile		842,539,127	634,740,003
Transport and aviation		702,580,501	191,649,831
Others		6,183,610,319	1,708,278,480
		19,480,595,090	**6,415,776,969**
8.7 Geographical location-wise loans and advances including bills purchased and discounted			
Dhaka Division		17,594,807,582	5,683,938,558
Chittagong Division		1,616,724,066	704,216,304
Khulna Division		2,635,995	-
Rangpur Division		-	-
Rajshahi Division		19,519,317	10,190,569
Sylhet Division		130,233,107	17,431,538
Barisal Division		-	-
Mymensingh Division		116,675,023	-
		19,480,595,090	**6,415,776,969**
8.8 Broad economic sector-wise segregation of loans and advances including bills purchased and discounted			
Government and autonomous bodies		-	-
Bank and non-banking financial institutions		128,067,380	210,170,907
Other public sector		-	-
Private sector		19,352,527,710	6,205,606,062
		19,480,595,090	**6,415,776,969**

Amount in BDT

	Note	2016	2015
8.9 a | Classification of loans and advances including bills purchased and discounted			
Unclassified loans and advances			
Standard (including staff loans)		19,327,892,831	6,253,975,091
Special mention account		15,194,043	34,819,839
Total unclassified loans and advances		**19,343,086,874**	**6,288,794,930**
Classified loans and advances			
Substandard		53,063,748	34,716,070
Doubtful		4,475,227	1,219,442
Bad/loss		79,969,241	91,046,527
Total classified loans and advances		**137,508,216**	**126,982,039**
Total loans and advances		**19,480,595,090**	**6,415,776,969**

b | Classification and provisioning of loans and advances including bills purchased and discounted

Amount in BDT

Classification / status of loans and advances	Amount of outstanding loans and advances as at 31 December 2016	Base for provision	Percentage (%) of provision required as per Bangladesh Bank's directives	31 December 2016	31 December 2015
Unclassified loans and advances					
General provision					
Standard	18,368,211,157	18,368,211,157	1%	183,682,112	58,067,526
Standard - SME	959,681,674	959,681,674	0.25%	2,399,204	1,118,056
Special mentioned account	15,194,043	14,015,745	5%	700,787	1,658,957
	19,343,086,874	19,341,908,576		186,782,103	60,844,539
Specific provision					
Sub-standard	53,063,748	7,468,464	20%	1,493,693	5,388,241
Doubtful	4,475,227	3,524,474	50%	1,762,237	314,753
Bad/loss	79,969,241	14,934,620	100%	14,934,620	68,803,197
	137,508,216	25,927,558		18,190,550	74,506,191
Total provision required				204,972,652	135,350,730
Total provision maintained				226,492,285	199,098,264
Total provision surplus				21,519,633	63,747,534

	Note	2016	Amount in BDT 2015
8.10 Particulars of loans and advances including bills purchased and discounted			
Loans considered good in respect of which the Company is fully secured		3,881,223,951	1,005,511,671
Loans considered good for which the Company holds no other security other than the debtor's personal guarantee		7,132,217,460	1,650,899,811
Loans considered good and secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors		8,467,153,679	3,759,365,487
Loans adversely classified; provision not maintained there against		-	-
		19,480,595,090	6,415,776,969
Loans due by directors or officers of the Company or any of them either separately or jointly with any other persons *		-	17,247,724
Loans due from companies or firms in which the directors of the Company have interests as directors, partners or managing agents or in case of private companies as members		-	-
Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Company or any of them either separately or jointly with any other persons*		-	17,247,724
Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Company have interests as directors, partners or managing agents or in the case of private companies as members		-	-
Due from other Non-Banking Financial Institutions (NBFIs)		75,352,496	14,673,203
Amount of classified loans and advances on which interest has not been charged		79,969,241	86,449,688
(Decrease)/increase in specific provision		(56,315,641)	42,005,353
Amount of loan and advances written off during the year		2,176,354	139,038,588
Amount realised against loans and advances previously written off		119,081,509	144,185,099
Amount of provision kept against loans and advances classified as bad/loss on the date of preparing the balance sheet		14,934,620	68,803,197
Interest creditable to the interest suspense account during the year		34,614,613	9,699,289

* Amount represents loans to employees of the Company only.

	Note	2016	Amount in BDT 2015
8.11 a | Cumulative amount of written off loan			
Opening balance		609,039,345	614,185,856
Add: Amount written off during the year		2,176,354	139,038,588
		611,215,699	753,224,444
Less: Adjustment/recovered during the year		119,081,509	144,185,099
Closing balance		**492,134,190**	**609,039,345**
b | Amount of written off loan for which lawsuit has been filed for its recovery		**492,134,190**	**609,039,345**

9. Fixed assets including land, building, furniture and fixture

Land		129,240,000	129,240,000
Building		20,922,500	20,922,500
Motor vehicles		33,137,998	28,799,037
Furniture and fixture		54,639,506	34,154,874
Equipment and appliances		81,212,354	65,794,703
Accounting software		16,398,750	16,398,750
		335,551,108	295,309,864
Less: Accumulated depreciation and amortisation		101,937,030	88,266,215
		233,614,078	207,043,649
Capital work in progress		-	-
		233,614,078	207,043,649

Details are shown in Annexure - A

10. Other assets

Non-income generating other assets			
Stationery, stamps, printing materials in stock		148,787	95,156
Advance rent and advertisement		4,755,739	2,823,489
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures and other income receivable		50,849,217	19,319,193
Security deposits		8,664,580	1,990,560
Preliminary expenses, formation and organisation expenses, renovation/development expenses and prepaid expenses		373,097	200,569
Branch adjustment		-	-
Suspense account		-	-
Silver		-	-
Others	10.1	369,695,976	218,956,293
		434,487,396	**243,385,260**

10.1 Others

Advance tax	10.1.1	350,294,355	208,768,379
Deferred tax assets	10.1.2	-	7,701,603
Sundry assets	10.1.3	19,401,621	2,486,311
		369,695,976	**218,956,293**

10.1.1 Advance tax

Advance payment of tax represents corporate income tax paid to the Government Exchequer by way of advance tax under section 64 and tax deducted at sources from different heads of income by the third parties and tax paid under section 74 of the Income Tax Ordinance, 1984, which would be adjusted with the corporate tax liability of the Company.

AMARSTOCK

10.1.2 Deferred tax assets

Deferred tax assets have been recognised in accordance with the provision of BAS 12 ***Income Taxes*** based on temporary difference arising due to difference in the carrying amount of the assets and liabilities in the financial statements and its tax base. Calculation of deferred tax assets is as follows:

	Note	2016	Amount in BDT 2015
Deductible temporary differences			
Gratuity provision		-	18,699,452
Fixed assets excluding land and building		-	554,556
		-	19,254,008
Tax rate		40%	40%
Deferred tax assets		-	7,701,603
Movement of deferred tax assets is as follows:			
Opening balance		7,701,603	6,240,947
(Credited)/debited to profit and loss account during the year		(7,701,603)	1,460,656
Closing balance		-	7,701,603

10.1.3 Sundry assets

City corporation tax		166,324	166,324
Hosna Centre Owners' Society		583,050	583,050
Advance - others		18,652,247	1,736,937
		19,401,621	2,486,311
11. Non financial institutional assets		3,752,405	3,752,405

This represents the mortgaged property (land) acquired from a default client by virtue of verdict given by the competent court and ownership has been transferred in favor of the Company. The land is mutated in the name of the Company.

12. Borrowings from other banks, financial institutions and agents

In Bangladesh	12.1	1,141,448,941	27,064,552
Outside Bangladesh		-	-
		1,141,448,941	27,064,552

12.1 In Bangladesh

Unsecured		
Long term loan		
The UAE-Bangladesh Investment Company Ltd.	-	2,711,221
Borrowing under Refinance Project (scheme JICA assisted ESPDSME)	6,262,500	3,587,500
Repo borrowings from Bangladesh Bank	-	-
	6,262,500	6,298,721
Secured		
Bank overdraft		
Prime Bank Limited	12,662,335	10,273,385
Dhaka Bank Limited	258,516,572	10,492,446
AB Bank Limited	244,027,534	-
Woori Bank Limited	149,990,000	-
Bank Alfalah Limited	179,990,000	-
	845,186,441	20,765,831
Money at call and short notice		
BASIC Bank Limited	190,000,000	-
Southeast Bank Limited	100,000,000	-
	290,000,000	-
	1,141,448,941	27,064,552

	Note	2016	Amount in BDT 2015
12.2 Residual maturity grouping of borrowings from other banks, financial institutions and agents			
Repayable:			
On demand		290,000,000	-
Within one month		845,580,191	-
Over one month but within three months		512,500	3,223,724
Over three months but within one year		2,206,250	21,790,828
Over one year but within five years		3,150,000	2,050,000
Over five years		-	-
		1,141,448,941	27,064,552
13. Deposits and other accounts			
Inter-bank deposits		-	-
Other deposits		10,009,190,416	4,544,692,563
FDR from Banks & NBFIs		7,170,000,000	200,000,000
		17,179,190,416	4,744,692,563
13.1 Residual maturity grouping of deposits and other accounts			
Repayable:			
On demand		-	-
Within one month		1,644,517,908	229,233,933
Over one month but within six months		6,926,274,660	1,562,362,847
Over six months but within one year		1,560,611,679	1,224,773,081
Over one year but within five years		4,997,162,015	1,698,835,978
Over five years but within ten years		2,050,624,154	29,486,724
		17,179,190,416	4,744,692,563

The above maturity is calculated assuming 65% retention rate based on the historical behavior analysis of the depositors.
There was no unclaimed deposits for ten (10) years and more held by the Company at the reporting date.

14. Other liabilities			
Cumulative provision for loans, advances and investments	14.1	243,344,396	211,908,008
Cumulative interest and dividend suspense	14.2	34,614,617	36,275,580
Provision for gratuity	14.3	-	18,699,452
Dividend payable		13,280,441	13,275,600
Provision for corporate tax	14.4	581,285,949	423,048,318
Receipts against lease	14.5	96,424,338	36,718,793
Provision for finance charge	14.6	385,246,708	162,412,807
Withholding tax and VAT		10,750,700	5,698,046
Liabilities for special accounts	14.7	47,739,063	34,868,505
Provision for expenses	14.8	53,402,651	6,702,530
Deferred tax liabilities	14.9	7,619,756	6,063,086
Account payable for purchase of office equipment		7,488,020	198,750
		1,481,196,639	955,869,475
14.1 Cumulative provision for loans, advances and investments			
Specific provision for classified loans and advances	14.1.1	15,060,648	75,733,987
General provision against unclassified loans and advances	14.1.2	211,431,637	123,364,277
Provision for investments	14.1.3	16,852,111	12,809,744
		243,344,396	211,908,008
14.1.1 Specific provision for classified loans and advances			
Opening balance		75,733,987	44,307,020
Specific provision made/(release) for the year	38	(58,496,985)	147,713,411
Fully provided debt written-off during the year		(2,176,354)	(116,286,444)
Closing balance (i)		15,060,648	75,733,987

	Note	2016	Amount in BDT 2015
14.1.2 General provision against unclassified loans and advances			
Opening balance		123,364,277	106,609,633
Provision made during the year	38	88,067,360	16,754,644
		211,431,637	123,364,277
Adjustment during the year		-	-
Closing balance (ii)		211,431,637	123,364,277
Total specific and general provision of loans and advances (i+ii)		**226,492,285**	**199,098,264**
14.1.3 Provision for investments			
Opening balance		12,809,744	75,692,299
Provision made/(released) for investment in share	39	4,042,367	(5,361,125)
Provision made/(released) for investment in Govt. securities		-	(57,521,430)
Total provision made/(released) during the year		4,042,367	(62,882,555)
Closing balance		16,852,111	12,809,744
Total specific and general provision of loans, advances and investments		**243,344,396**	**211,908,008**
Breakdown of cumulative provision for loans, advances and investment:			
Provision for loans and advances		226,492,285	199,098,264
Provision for investments in equity		16,852,111	12,809,744
Provision for marking to market of Govt. securities		-	-
		243,344,396	**211,908,008**
14.2 Cumulative interest and dividend suspense			
Opening balance		36,275,580	41,438,746
Amount transferred to suspense account during the year		1,706,976	9,699,289
		37,982,556	51,138,035
Amount recovered from suspense account during the year		(1,654,467)	(1,666,525)
		36,328,089	49,471,510
Amount written-off/waiver during the year		(1,713,472)	(13,195,930)
Closing balance		**34,614,617**	**36,275,580**
Breakdown of cumulative interest and dividend suspense:			
Interest suspense against loans and advances		31,508,082	33,169,046
Dividend suspense against investment in redeemable preference shares		3,106,535	3,106,534
		34,614,617	**36,275,580**
14.3 Provision for gratuity			
Opening balance		18,699,452	14,684,582
Provision made during the year		9,553,005	6,613,463
		28,252,457	21,298,045
Payment made during the year		(28,252,457)	(2,598,593)
Closing balance		**-**	**18,699,452**

14.4 Provision for corporate tax

Provision for current tax has been made on the basis of the profit for the period as adjusted for taxation purposes in accordance with the provision of Income Tax Ordinance, 1984 and amendments thereto. Current tax rate for the Company is 40% on its business income.

Opening balance		423,048,318	408,103,589
Provision made during the year		158,237,631	105,822,441
		581,285,949	513,926,030
Adjustment made during the year for completed assessments		-	(90,877,712)
Closing balance		**581,285,949**	**423,048,318**

Income tax return for the year 2009, 2010, 2011, 2012, 2013, 2014 and 2015 have been duly submitted under section 82BB (Universal Self Assessment) of Income Tax Ordinance 1984. Out of which, assessment against year 2012 is pending at the second appeal with Taxes Appellate Tribunal.

14.5 Receipts against lease

Receipts against lease represent lease deposits received from lessees against finance on the stipulation that the amount will be adjusted with the outstanding rentals/instalments. Lease deposits are made up as under:

Amount in BDT

	Note	2016	2015
Opening balance		36,718,793	46,364,536
Receipts during the year		77,486,689	4,883,328
		114,205,482	51,247,864
Adjusted during the year		(17,781,144)	(14,529,071)
Closing balance		**96,424,338**	**36,718,793**

Purpose of taking lease deposits is to secure the finance provided to the clients. No interest is payable on lease deposits.

14.6 Provision for finance charge

Accrued interest expenses on term deposits	384,548,899	162,361,812
Accrued interest expenses on secured overdraft	549,271	-
Accrued interest expenses on long term borrowings	-	50,995
Accrued interest expenses on call borrowings	98,750	-
Accrued interest payable on refinance project	49,788	-
	385,246,708	**162,412,807**

14.7 Liabilities for special accounts

Account payable special account - IPO	1,118,356	1,118,356
Account payable special account - DEG	16,133,894	16,750,973
Account payable special account - other	30,486,813	16,999,176
	47,739,063	**34,868,505**

14.8 Provision for expenses

Legal fees	4,643,093	2,990,614
Office services	7,141,177	1,177,766
Promotion and publicity	40,837,971	1,572,240
Office rent	107,910	107,910
Professional fees	166,500	348,000
Audit fees	506,000	506,000
	53,402,651	**6,702,530**

14.9 Deferred tax liabilities

i | Taxable temporary differences on furniture and fixture		
Fixed assets including furniture and fixture	649,209	-
Net taxable temporary differences	**649,209**	**-**
Tax rate	40%	40%
Deferred tax liability furniture and fixture	**259,684**	**-**
ii | Deferred tax liability on building and land revaluation		
Taxable temporary differences on building	5,476,179	5,464,716
Tax rate	40%	40%
Deferred tax liability on building	**2,190,472**	**2,185,886**
Revaluation reserve on land	129,240,000	129,240,000
Tax rate	4%	-
Deferred tax liability on land revaluation	**5,169,600**	**3,877,200**
Total deferred tax liabilities on building and land revaluation	**7,360,072**	**6,063,086**
Total deferred tax liability (i+ii)	**7,619,756**	**6,063,086**

	Note	2016	2015
			Amount in BDT
Movement of deferred tax liabilities is as follows:			
Opening balance		6,063,086	6,415,064
Add: Debited to asset revaluation reserve		1,292,400	-
Add: Expense/(income) during the year		264,270	(351,978)
Closing balance		**7,619,756**	**6,063,086**

15. Share capital

Authorised		
400,000,000 ordinary shares of Taka 10 each	4,000,000,000	4,000,000,000
Issued, subscribed and fully paid up		
151,500,567 (2015: 126,250,473) ordinary shares of Tk 10 each	1,515,005,670	1,262,504,730

Paid up capital as at 31 December 2016 is made up of 25,701,400 ordinary shares paid up in cash and 125,799,167 ordinary shares through issuance of bonus shares.

15.1 Paid up capital of the company is held as follows

Foreign		
Aga Khan Fund for Economic Development (AKFED)	167,441,320	139,534,440
	167,441,320	139,534,440
Domestic		
BRAC	378,751,410	315,626,180
Ayesha Abed Foundation	151,500,570	126,250,480
RSA Capital Limited	75,750,280	63,125,240
Government of the People's Republic of Bangladesh (GoB)	331,476,640	276,230,540
General shareholders	410,085,450	341,737,850
	1,347,564,350	1,122,970,290
	1,515,005,670	**1,262,504,730**

15.2 Number of ordinary shares and percentage of holding are as follows:

	2016		2015	
	Number	% of holding	Number	% of holding
Foreign				
AKFED	16,744,132	11.05	13,953,444	11.05
	16,744,132	11.05	13,953,444	11.05
Domestic				
BRAC	37,875,141	25.00	31,562,618	25.00
Ayesha Abed Foundation	15,150,057	10.00	12,625,048	10.00
RSA Capital Limited	7,575,028	5.00	6,312,524	5.00
GoB	33,147,664	21.88	27,623,054	21.88
General shareholders	41,008,545	27.07	34,173,785	27.07
	134,756,435	88.95	112,297,029	88.95
	151,500,567	100.00	126,250,473	100.00

15.3 Composition of shareholding is as follows:

	Note	No. of shares	
		2016	2015
Institutional shareholding (including GoB)		127,634,755	105,214,845
Individual shareholding		23,865,812	21,035,628
		151,500,567	126,250,473

15.4 Classification of shareholders by holding

	No. of shareholders	No. of shares	% of holdings
Number of shares			
1 to 500 shares	3,503	486,328	0.32%
501 to 5,000 shares	2,313	3,972,317	2.62%
5,001 to 10,000 shares	279	2,108,021	1.39%
10,001 to 20,000 shares	146	2,162,358	1.43%
20,001 to 30,000 shares	58	1,464,175	0.97%
30,001 to 40,000 shares	25	879,160	0.58%
40,001 to 50,000 shares	18	866,592	0.57%
50,001 to 1,00,000 shares	50	3,624,339	2.39%
1,00,001 to 1,000,000 shares	48	14,075,231	9.29%
over 1,000,000	9	121,862,046	80.44%
Total	**6,449**	**151,500,567**	**100.00%**

The shares are listed in both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. since 3 December 2006 and traded at Tk. 42.7 and Tk. 42.3 at the close of 29 December 2016 at Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd respectively.

15.5 Capital adequacy ratio

In accordance with the Financial Institution Regulations, 1994 and Bangladesh Bank's DFIM circular no. 05 dated 24 July 2011, every Non-Banking Financial Institution which is registered in Bangladesh had to increase its paid up capital to Tk. 1,000 million within 30 June 2012. The Company fulfilled this condition within the stipulated time and as at 31 December 2016, total capital of the Company was Tk. 2,774.98 million out of which paid up capital is Tk. 1,515.01 million.

In accordance with Bangladesh Bank's DFIM Circular no. 14 dated 28 December 2011, financial institutions are required to maintain at least 10% Capital Adequacy Ratio (CAR) in line with the guidelines on Capital Adequacy and Market Discipline (CAMD) for financial institutions, which has come fully into force from 1 January 2012. As of 31 December 2016, the CAR of the Company is 22.09% against the required CAR of 10%. Details are as follows:

Amount in BDT

	Note	2016	2015
Tier -1 capital (A)		2,650,611,680	2,347,525,119
Tier -2 capital (B)		271,227,589	126,865,481
Eligible capital (C=A+B)		2,921,839,269	2,474,390,600
Total risk weighted assets		13,224,046,761	5,034,252,762
Minimum capital requirement		1,322,404,676	1,000,000,000
Capital surplus		1,599,434,593	1,474,390,600
Capital adequacy ratio		22.09%	49.15%

16. Share premium

		167,014,000	167,014,000

Share premium against 280,140 number of ordinary shares issued in 2004 and 1,390,000 number of ordinary shares issued in 2006 @ Tk. 100 per share i.e. at year end 2016 total number of shares would be 16,701,400 @ Tk. 10 per share as the Company changed the denomination of shares from Tk. 100 to Tk. 10 each in 2011 in compliance with the Bangladesh Securities and Exchange Commission's order number SEC/CMRRCD/2009-193/109 dated 15 September 2011.

17. Statutory reserve

This comprises of the cumulative balance of statutory reserve as required by section 9 of the Financial Institutions Act, 1993 and regulations 4(d) and 6 of the Financial Institution Regulations, 1994.

Opening balance		332,758,289	284,720,219
Transferred from profit during the year		60,617,312	48,038,070
Closing balance		**393,375,601**	**332,758,289**

Amount in BDT

	Note	2016	2015
18. Assets revaluation reserve			
Opening balance		127,086,739	127,086,739
Revaluation during the year			
Land		-	-
Building		-	-
Adjustment of deferred tax liability for revaluation reserve on building		-	-
Deferred tax liability on land revaluation		(2,584,800)	-
		124,501,939	127,086,739

IPDC Finance Limited owns real estate property (commercial space including car parking) for its own use as office premises situated at Hosna Center (4th floor), 106 Gulshan Avenue, Dhaka. This property was revalued at fair value in accordance with BAS 16: ***Property, Plant and Equipment*** which requires regular valuation of property to ensure that the value reflects current market condition.

The property was first revalued in 2005 and since then significant changes took place in local real estate market, as a result with the consent of the Board of Directors of IPDC Finance Limited, Hoda Vasi Chowdhury & Co (HVC) as professionally qualified valuer had conducted the assignment of valuation for determining the fair value of the property, which has subsequently conveyed to management for incorporating in the financials of 2014 after being adopted in the Board.

19. Retained earnings			
Opening balance		585,248,100	565,255,550
Net profit after tax for the year		303,086,561	240,190,349
Transfer to statutory reserve		(60,617,312)	(48,038,070)
Dividend		-	(57,386,579)
Issuance of bonus shares		(252,500,940)	(114,773,150)
Closing balance		**575,216,409**	**585,248,100**
20. Letters of guarantee			
Director		-	-
Government		-	-
Bank and financial institutions		30,046,913	11,612,000
Others		-	-
		30,046,913	11,612,000
21. Particulars of profit and loss account			
Income			
Interest, discount and other similar income	22	1,482,385,809	804,863,230
Dividend income	24	21,079,814	14,245,455
Fees, commission and brokerage	25	36,184,345	7,577,541
Gains less losses arising from dealing securities	24	26,151,941	41,160,276
Gains less losses arising from investment securities		-	-
Gains less losses arising from dealing in foreign currencies		-	-
Income from non financial institutional assets		-	-
Other operating income	26	119,839,040	145,480,822
Profit less losses on interest rate changes		-	-
		1,685,640,949	1,013,327,324
Expenses			
Expenses related to deposits, fee, commission etc.	23	844,243,048	373,422,243
Charges on loan loss		-	-
Administrative expenses	27	318,271,799	172,772,431
Other operating expenses		-	-
Depreciation and amortisation	36.1	21,515,695	21,346,994
		1,184,030,542	567,541,668
Profit before provision		**501,610,407**	**445,785,656**

Amount in BDT

	Note	2016	2015
22. Interest income			
Interest income on loans and advances			
Interest on lease finance		201,207,565	184,284,759
Interest on long term loan		462,081,394	305,210,856
Interest on short term loan		490,584,603	121,854,706
Interest on channel finance		50,738,842	29,852,904
Interest on mortgage finance		78,268,167	12,286,660
Interest on secured retail loan		9,174,764	12,556,172
Interest on auto loan		82,697,981	48,059,427
Interest on staff loan		939,979	1,395,366
Interest on personal loan		12,977,884	-
		1,388,671,179	715,500,850
Interest income on balance with other banks and financial institutions			
Interest on fixed deposits		62,662,869	53,949,078
Interest on overnight and treasury placements		30,502,570	33,625,237
Interest on STD accounts		549,191	1,788,065
		93,714,630	89,362,380
		1,482,385,809	**804,863,230**
23. Interest paid on deposits and borrowings etc.			
Interest expenses on term deposits		809,130,185	350,954,333
Interest expenses on borrowings	23.1	35,112,863	22,467,910
		844,243,048	**373,422,243**
23.1 Interest expenses on borrowings			
Local banks and financial institutions			
Interest expenses on short term loan		-	-
Interest expenses on long term loan		1,373,011	2,072,067
Interest expenses on call borrowings		30,892,056	20,235,821
Interest expenses on bank overdrafts		2,847,796	160,022
		35,112,863	22,467,910
Foreign banks and financial institutions			
Interest expenses on long term lines of credit		-	-
		35,112,863	**22,467,910**
24. Investment income			
Dividend income			
Dividend income on cumulative preference shares		20,531,276	14,009,857
Dividend income on listed shares		23,538	10,598
Dividend income on un-listed shares		525,000	225,000
		21,079,814	14,245,455
Interest on treasury bills, bonds and debentures			
Interest income on Govt. treasury bonds		-	24,356,083
Interest income on corporate bonds		26,151,941	16,804,180
		26,151,941	41,160,263
Capital gain on sale of listed shares		-	13
		26,151,941	41,160,276
		47,231,755	**55,405,731**
25. Commission, exchange and brokerage			
Commission		47,493	196,846
Exchange		-	-
Brokerage	25.1	36,136,852	7,380,695
		36,184,345	**7,577,541**

	Note	2016	Amount in BDT 2015
25.1 Brokerage			
Appraisal, feasibility study fees and documentation fees		36,136,852	7,380,695
Restructuring/renewal fees		-	-
		36,136,852	**7,380,695**
26. Other operating income			
Transfer price/sale of leased assets		378,144	124,414
Other earnings		535,808	221,310
Loan loss recovery		119,081,510	144,185,099
Gain(loss) sale of fixed assets	26.1	(156,422)	949,999
		119,839,040	**145,480,822**
26.1 Gain(loss) sale of fixed assets			
Some items of fixed assets which were impaired, sold or adjusted during the period as under:			
Sale proceeds		3,712,700	950,000
Cost price of the sold/adjusted items		11,720,002	1,804,132
Accumulated depreciation		(7,850,880)	1,804,131
Written down value		3,869,122	1
Gain on sale of fixed assets		(156,422)	949,999
27. Administrative expenses			
Salary and allowances	28	137,340,136	90,183,739
Rent, taxes, insurance, electricity, etc.	29	22,084,194	13,986,678
Legal expenses	30	16,488,390	12,659,979
Postage, stamp, telecommunications, etc.	31	3,841,842	3,235,851
Stationery, printing, advertisements, etc.	32	77,712,650	13,150,848
Managing Director's salary and allowances	33	11,554,496	11,195,905
Directors' fees	34	2,859,894	3,896,477
Auditors' fees	35	678,495	506,000
Repair and Maintenance	36.2	13,758,432	6,465,858
Other expenses	37	31,953,270	17,491,096
		318,271,799	**172,772,431**
28. Salary and allowances		**137,340,136**	**90,183,739**

28.1 Number of employees and remuneration thereof

As per the Schedule XI of the Companies Act, 1994, the number of employees (including contractual employees) engaged for the whole year or part thereof who received a total remuneration of Taka 36,000 per annum or Taka 3,000 per month were 321 at the end of 31 December 2016 as against 100 in 2015.

29. Rent, taxes, insurance, electricity, etc.		
Office rent	13,970,115	7,517,858
Rates and taxes	266,680	243,737
Insurance	2,332,784	1,748,058
Utilities - electricity, gas, water, etc.	5,514,615	4,477,025
	22,084,194	**13,986,678**
30. Legal expenses		
Professional fees	8,261,071	6,979,469
Legal document, court fees, etc.	8,227,319	5,680,510
	16,488,390	**12,659,979**

	Note	2016	Amount in BDT 2015
31. Postage, stamp, telecommunications, etc.			
Postage, stamps etc.		211,468	259,440
Telephone		1,268,720	977,211
Internet expenses		2,361,654	1,999,200
		3,841,842	3,235,851
32. Stationery, printing, advertisements etc.			
Printing and stationery		1,985,753	1,676,757
Publicity and advertisement		75,726,897	11,474,091
		77,712,650	13,150,848
33. Managing Director's salary and allowances			
Basic salary		6,180,000	6,164,032
House rent allowance		720,000	717,097
Medical allowance		204,000	203,565
Festival bonus		1,030,000	1,030,000
Performance bonus		1,000,000	1,000,000
Leave fare assistance		1,029,996	949,808
Company's contribution to provident fund		618,000	616,403
Gratuity		772,500	515,000
		11,554,496	11,195,905
34. Directors' fees			
Honorarium for attending meeting		1,398,400	539,000
Incidental expenses for attending meeting		1,461,494	3,357,477
		2,859,894	3,896,477

Directors' fees include fees for attending the meetings of the Board, Executive Committee and Audit Committee. Each director was remunerated Tk. 8,000 per meeting in accordance with Bangladesh Bank's DFIM circulars number 13 and 03 dated 30 November 2015. In addition, as per policy the Company also bears travelling, accommodation and other related costs of directors who attend Board Meeting from overseas.

35. Auditors' fees			
Auditors' remuneration for interim audit		172,500	-
Auditors' remuneration for annual audit		505,995	506,000
		678,495	506,000
36. Depreciation and repair of assets			
Depreciation and amortisation	36.1	21,515,695	21,346,994
Repair and maintenance	36.2	13,758,432	6,465,858
		35,274,127	27,812,852
36.1 Depreciation and amortisation			
Building		1,394,832	1,394,832
Motor vehicles		5,156,736	5,586,463
Furniture and fixture		2,076,384	1,953,434
Equipment and appliances		10,087,747	9,612,269
Accounting software		2,799,996	2,799,996
		21,515,695	21,346,994
Details are shown in Annexure - A.			
36.2 Repair and maintenance			
Office premises		724,914	242,469
Vehicles		5,289,696	4,779,841
Office equipment		7,743,822	1,443,548
		13,758,432	6,465,858

	Note	2016	Amount in BDT 2015
37. Other expenses			
Staff training		3,577,147	1,702,396
Membership fees, subscription and donations		6,330,650	2,843,246
News papers, periodicals, learning materials etc.		159,440	178,576
Recruitment expenses		1,787,041	63,025
Traveling, conveyance and hotel expenses		3,800,665	1,793,231
Entertainment and public relation		1,986,883	1,640,834
Annual General Meeting expenses		6,606,210	3,728,210
Security and cleaning services		3,732,297	3,113,752
Sundry office maintenance		2,853,108	1,611,116
Other operational expenses		1,119,829	816,710
		31,953,270	**17,491,096**
38. Provision for loans and advances			
Provision for classified loans and advances		(58,496,985)	147,713,411
Provision for unclassified loans and advances		88,067,360	16,754,644
		29,570,375	**164,468,055**
39. Provision for diminution in value of investment			
Provision made for investment in share		4,042,367	(5,361,125)
Provision made for marking to market on Govt. securities		-	(57,521,430)
		4,042,367	**(62,882,555)**
40. Provision for deferred tax			
Expense on deductible temporary differences		7,701,603	(1,460,656)
Expense/(income) on taxable temporary differences		264,270	(351,978)
Revaluation adjustment of previous year through deferred tax		(1,292,400)	-
		6,673,473	**(1,812,634)**

41. Earnings per share (EPS)

Basic earnings per share has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year ended 31 December 2016 as per BAS 33: ***Earnings per share.***

Net profit after tax	303,086,561	240,190,349
Weighted average number of outstanding shares	151,500,567	151,500,567
Basic earning per share	**2.00**	**1.59**

Diluted Earnings Per Share (DEPS)

No DEPS is required to be calculated since there was no scope for dilution of share during the period under review.

42. Board meetings

During the year 2016 a total of 11 (eleven) Board Meetings were held (2015:7).

43. Events after the balance sheet date

The Board of Directors of the Company in its 159th meeting held on 19 February 2017 recommended 20% (percent) stock dividend.

44. Disclosure on Audit Committee of the Board

The Audit Committee of the Board was duly constituted by the Board of Directors of the Company in accordance with the FID Circular No. 10 dated 18 September 2005 and DFIM Circular No. 13 dated 26 October 2011 of Bangladesh Bank as well as Bangladesh Securities and Exchange Commission Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012. The committee was formed comprising 5 (five) members of the Board.

Sl. no.	Name	Status with the company	Status with the committee	Educational qualification
i	Mr. Salahdin Irshad Imam	Independent Director	Chairman	BA Hons, Harvard University.
ii	Mr. Amin H. Manekia	Director	Member	MBA (major in Finance & Marketing), Babson College, USA
iii	Mr. Asif Saleh	Director	Member	Bachelor in Computer Science, North Carolina State University; MBA in Marketing and Management, New York University-Leonard N. Stern School of Business.
iv	Mr. Md. Enamul Hoque	Director	Member	Diploma in Software Application, City & Guild, London and BIAM; Master's in Bangla Literature, University of Dhaka.
v	Mr. Mohammad Mamdudur Rashid	Director	Member	MA in International Economics & Finance, Brandeis University Boston, USA; MBA (Major in Finance), Institute of Business Administration, University of Dhaka.

The company secretary acts as secretary to Audit Committee.

The Audit Committee of the Board conducted 5 (five) meetings from 1 January 2016 to 31 December 2016 in which among others, the following salient issues were discussed:

a | The Committee reviewed of the periodical inspection reports on credit assessment, operational, financial procedure and branch operations of the Company conducted and submitted by the Internal Auditors and gave necessary instructions to the management for proper and prompt resolution of the irregularities/objections stated therein;

b | The Committee reviewed internal audit plan for the year 2016;

c | The Committee reviewed the draft financial statements for the year 2016 and after discussion with the external auditors, recommended it to the Board of Directors for its approval;

d | The Committee reviewed the management letter issued by the external auditors and management's responses thereto;

e | The Committee also reviewed the first quarter, half-year and third quarter ended financial statements for the year 2016 and recommended them to the Board of Directors for their approvals;

f | The Committee reviewed and ascertained that the internal control system including financial and operational controls, accounting system, and reporting structure are adequate and effective;

g | The Committee reviewed the actions taken by the Management for implementation of Audit Committee observations on issues deliberated in Audit Committee meetings;

h | The Committee reviewed the inspection report of Bangladesh Bank with responses from the management for the year ended 31 December 2015;

i | The Committee recommended regarding re-appointment of external auditors of the Company considering suitability and global acceptability; and

j | The Committee placed its report regularly to the Board of the Company for review and monitoring the activities with recommendations on internal control system, compliance of rules and regulation of the regulatory bodies.

45. Related party/(ies) disclosure

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decision and include associated companies with or without common directors and key management personnel. The Company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per BAS 24: *Related Party Disclosures*. Transactions with related parties were executed on the same terms, including interest rates as those prevailing at the time for comparable transactions with normal business transactions with others and do not involve more than a normal risk.

Details of related party/(ies) transactions are as follows:

Amounts in BDT

Related party	Relationship	Nature of transaction	Outstanding balance	
			2016	2015
Aga Khan Education Bangladesh Services, Bangladesh	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	316,225,594	291,712,985
Aga Khan Foundation, Bangladesh	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	417,320,530	383,411,637
Industrial Promotion Services (Bangladesh) Limited	This is a part of Aga Khan Fund for Economic Development - AKFED	Term deposit receipt	24,219,051	22,594,126
Guardian Life Insurance Limited	Mr. Shameran Abed and Mr. Sameer Ahmad are also Director of Guardian Life Insurance Limited and BRAC is the sponsor shareholder of the company	Term deposit receipt	54,935,000	28,000,000
		Group life insurance premium of the employees	1,392,554	-
BRAC	Sponsor shareholder of IPDC	Term deposit receipt	500,000,000	-
BRAC University	Related concern of BRAC	Term deposit receipt	250,000,000	-
Sufia Khatun Foundation	Related concern of BRAC	Term deposit receipt	23,800,000	-
BRAC Net Limited	Related concern of BRAC	Term deposit receipt	208,136,560	-
		Secured loan	15,950,856	
BRACNet Limited Employees Gratuity Fund	Related concern of BRAC	Term deposit receipt	25,700,000	-
Education Trust Fund	Related concern of BRAC	Term deposit receipt	597,000,000	-
Fauzia Binte Ahmed	Mother in law of Managing Director & CEO	Term deposit receipt	1,281,437	-

Related party	Relationship	Nature of transaction	Outstanding balance	
			2016	2015
Benazir Huq	Spouse of Managing Director & CEO	Term deposit receipt	619,596	-
Mr. Mominul Islam	Managing Director & CEO of IPDC	Term deposit receipt	2,184,378	1,885,775
		Home loan	8,183,188	9,042,885
		Employee loan	261,054	427,177
		Secured retail loan	1,615	1,031,606

46. Directors information

46.1 Name of the Directors and the entities in which they have interest as at 31 December 2016

Sl. no.	Name	Status with the IPDC		Firms/companies in which they have interest	
		Position	Nominated by	Name	Position
i	Dr. Muhammad Musa	Chairman	BRAC	BRAC	Executive Director
ii	Mr. Md. Enamul Hoque	Director	GoB	Chittagong Dry Dock Limited	Director
				Sanofi Bangladesh Limited	Director
				Institute of Cost and Management Accountants of Bangladesh (ICMAB)	Director
iii	Mr. Sadaruddin Ahmed	Director	GoB	Padma Oil Company Ltd.	Director
				Teletalk Bangladesh Ltd.	Director
				Meghna Petroleum Ltd.	Director
iv	Ms. Nasreen Sattar	Independent Director	N/A	Consumark Limited	Chairman
v	Mr. Salahdin Irshad Imam	Independent Director	N/A	Panigram Resort Ltd.	Chairman
				Radius Enterprises	Proprietor
				Tiger Tours Ltd.	Shareholder
				Tropical Conservation	Chairman
				Brotee (NGO)	Member of Executive Committe
vi	Mr. Amin H. Manekia	Director	AKFED	IVP Ltd. (India)	Director
				DCB Bank Ltd. India	Director
				Aga Khan Health Services India Ltd.	Chairman
				Prince Aly Khan Hospital	President

Sl. no.	Name	Status with the IPDC		Firms/companies in which they have interest	
		Position	Nominated by	Name	Position
vii	Mr. Asif Saleh	Director	BRAC	BRAC IT Services Ltd. (biTS)	Chairman
				BRAC Net	Director
				1 Degree Initiative	Member
				Spreeha	Member
				Institute of Informatics and Development	Member
viii	Mr. Shameran Abed	Director	Ayesha Abed Foundation	BRAC IT Services Ltd. (biTS)	Director
				bKash Ltd.	Director
				Guardian Life Insurance	Director
ix	Mr. Sameer Ahmad	Director	RSA Capital Ltd.	Equinox Ltd.	Director
				RSA Capital Ltd.	Director
				RSA Advisory Ltd.	Director
x	Mr. Mohammad Mamdudur Rashid	Director	BRAC	BRAC Bank Limited	Additional Managing Director
				BRAC EPL Stock Brokerage Limited	Director
xi	Mr. Mominul Islam	Managing Director & CEO	Ex-officio	None	N/A

46.2 Significant contracts in which the Company, its subsidiary or any fellow subsidiary company was a party and wherein the Directors have interest that subsisted at any time during the year or at the end of the year.	None
46.3 Shares issued to Directors and Executives without consideration or exercisable at discount	None
46.4 Nature, type and elements of transactions with the related party	Note: 45
46.5 Lending policies in respect of related party:	
a | Amount of transactions regarding loans & advances, deposits, guarantees and commitment	Note: 45
b | Amount of provision against loans and advances given to related party	None
c | Amount of guarantees and commitments arising out of the statement of affairs	None
46.6 Investments in securities of the Directors and their related concerns	None

Annexure A

Fixed Assets Including Land, Building, Furniture and Fixture

Amount in BDT

Category of asset	Cost/valuation						Depreciation/amortisation				Carrying amount as at 31 December 2016
	Balance as at 1 January 2016	Revaluation reserve	Addition during the period	Adjustment during the period	Disposal during the period	Balance as at 31 December 2016	Balance as at 1 January 2016	Charged during the period	Adjustment during the period	Balance as at 31 December 2016	
Land	129,240,000	-	-	-	-	129,240,000	-	-	-	-	129,240,000
Building	20,922,500	-	-	-	-	20,922,500	1,394,832	1,394,832	-	2,789,664	18,132,836
Motor vehicles	28,799,037	-	11,788,961	-	7,450,000	33,137,998	14,753,838	5,156,736	4,010,000	15,900,574	17,237,424
Furniture and fixture	34,154,874	-	22,596,043	-	2,111,411	54,639,506	26,176,411	2,076,384	1,760,056	26,492,739	28,146,767
Equipment and appliances	65,794,703	-	17,576,243	-	2,158,592	81,212,354	39,109,059	10,087,747	2,074,824	47,121,982	34,090,372
Accounting software	16,398,750	-	-	-	-	16,398,750	6,832,075	2,799,996	-	9,632,071	6,766,679
Balance as at 31 December 2016	**295,309,864**	**-**	**51,961,247**	**-**	**11,720,003**	**335,551,108**	**88,266,215**	**21,515,695**	**7,844,880**	**101,937,030**	**233,614,078**

Amount in BDT

Category of asset	Cost/valuation						Depreciation/amortisation				Carrying amount as at 31 December 2015
	Balance as at 1 January 2015	Revaluation reserve	Addition during the period	Adjustment during the period	Disposal during the period	Balance as at 31 December 2015	Balance as at 1 January 2015	Charged during the period	Adjustment during the period	Balance as at 31 December 2015	
Land	129,240,000	-	-	-	-	129,240,000	-	-	-	-	129,240,000
Building	20,922,500	-	-	-	-	20,922,500	-	1,394,832	-	1,394,832	19,527,668
Motor vehicles	32,690,044	-	5,413,125	9,304,132	-	28,799,037	14,471,506	5,586,463	5,304,131	14,753,838	14,045,199
Furniture and fixture	33,964,876	-	213,998	24,000	-	34,154,874	24,222,977	1,953,434	-	26,176,411	7,978,463
Equipment and appliances	63,138,083	-	2,656,620	-	-	65,794,703	29,496,790	9,612,269	-	39,109,059	26,685,644
Accounting software	16,398,750	-	-	-	-	16,398,750	4,032,079	2,799,996	-	6,832,075	9,566,675
Balance as at 31 December 2015	**296,354,253**	**-**	**8,283,743**	**9,328,132**	**-**	**295,309,864**	**72,223,352**	**21,346,994**	**5,304,131**	**88,266,215**	**207,043,649**

ANNUAL STOCK

Annexure B

Highlights on the Overall Activities of the Company as at and for the Periods 2016 and 2015

Sl. no.	Particulars	2016	2015
1	Paid up capital (Taka)	1,515,005,670	1,262,504,730
2	Total capital (Taka)	2,775,113,619	2,474,611,858
3	Capital surplus (Taka)	1,599,434,593	1,474,390,600
4	Total assets (Taka)	22,576,949,615	8,202,238,448
5	Total deposits (Taka)	17,179,190,416	4,744,692,563
6	Total loans and advances (Taka)	19,480,595,090	6,415,776,969
7	Total contingent liabilities and commitments (Taka)	30,046,913	11,612,000
8	Credit deposit ratio	1.13:1	1.35:1
9	Percentage of classified loans against total loans, advances	0.71%	1.98%
10	Net profit after tax and provision (Taka)	303,086,561	240,190,349
11	Amount of classified loans and advances at the end of the period/year (Taka)	137,508,216	126,982,039
12	Provisions kept against classified loan (Taka)	15,060,648	75,733,987
13	Provisions surplus against classified loan (Taka)	21,519,633	63,747,534
14	Cost of fund	7.32%	9.16%
15	Interest earning assets (Taka)	21,678,700,139	7,665,859,708
16	Non-interest earning assets (Taka)	898,249,476	536,378,740
17	Return on investment (ROI)	11.55%	10.08%
18	Return on asset (ROA)	1.97%	3.01%
19	Income from investment (Taka)	47,231,755	55,405,731
20	Earning per share (Taka)	2.00	1.59
21	Net income per share (Taka)	2.00	1.59
22	Price earning ratio (Times)	21.35	16.79

AMAR STOCK

Horizontal Analysis

Amount in BDT

	2011	Percentage Changes in YoY 2012-11	2012	Percentage Changes in YoY 2013-12	2013	Percentage Changes in YoY 2014-13	2014	Percentage Changes in YoY 2015-14	2015	Percentage Changes in YoY 2016-15	2016
Operating Performance (Income Statement)											
Operational Income	692,582,888	19.60%	861,409,283	15.49%	1,019,251,108	-0.31%	1,016,100,239	-18.11%	860,268,961	43.76%	1,529,617,564
Operating profit	132,100,652	36.34%	207,500,736	36.17%	325,107,485	17.72%	395,121,705	11.37%	445,785,656	11.13%	501,610,407
Profit Before Tax	139,598,360	-4.18%	133,995,825	44.58%	241,777,573	29.88%	344,806,150	-0.18%	344,200,156	26.45%	467,997,665
Profit after Tax	111,674,278	13.16%	128,603,242	9.42%	141,983,910	14.21%	165,506,131	31.09%	240,190,349	20.75%	303,086,561
EPS	0.74	11.17%	0.85	8.83%	0.94	15.53%	1.09	49.30%	1.59	41.52%	2.00
Statement of Financial Position (Balance Sheet)											
Shareholders Fund	1,898,722,898	6.34%	2,027,326,140	1.82%	2,064,970,815	9.90%	2,291,808,088	7.39%	2,474,611,858	10.83%	2,775,113,619
Property Plant & Equipment	81,022,559	-6.31%	76,210,000	29.32%	107,827,295	51.89%	224,130,901	-8.25%	207,043,649	11.37%	233,614,078
Current Assets	2,784,993,090	3.09%	2,873,683,982	26.67%	3,918,951,900	-22.36%	3,202,700,310	18.35%	3,922,707,480	66.08%	11,563,924,807
Current Liabilities	2,056,791,391	2.67%	2,113,210,565	36.71%	3,339,195,440	-29.79%	2,572,788,270	21.04%	3,258,468,225	71.76%	11,539,162,078

ALTAIR STOCK

Vertical Analysis

Amount in BDT

	2012	Percentage	2013	Percentage	2014	Percentage	2015	Percentage	2016	Percentage
Statement of Financial Position (Balance Sheet)										
Shareholders Fund	2,027,326,140	28.50%	2,064,970,815	26.61%	2,291,808,088	29.60%	2,474,611,858	30.17%	2,775,113,619	12.3%
Current Liabilities	2,113,210,565	29.70%	3,339,195,440	43.04%	2,572,788,270	33.22%	3,258,468,225	39.73%	11,539,162,078	51.1%
Long Term Liabilities	2,973,970,536	41.80%	2,354,757,600	30.35%	2,879,266,773	37.18%	2,469,158,365	30.10%	8,262,673,918	36.6%
Total Equity and Liabilities	**7,114,507,241**	**100%**	**7,758,923,855**	**100%**	**7,743,863,131**	**100%**	**8,202,238,448**	**100%**	**22,576,949,615**	**100%**
Long Term Assets	4,164,614,233	58.54%	3,732,144,660	48.10%	4,317,031,920	55.75%	4,072,487,319	49.65%	10,779,410,730	47.75%
Current Assets	2,873,683,982	40.39%	3,918,951,900	50.51%	3,202,700,310	41.36%	3,922,707,480	47.82%	11,563,924,807	51.22%
Fixed Assets	76,209,026	1.07%	107,827,295	1.39%	224,130,901	2.89%	207,043,649	2.52%	233,614,078	1.03%
Total Assets	**7,114,507,241**	**100%**	**7,758,923,855**	**100%**	**7,743,863,131**	**100%**	**8,202,238,448**	**100%**	**22,576,949,615**	**100%**
Operating Performance (Income Statement)										
Oprational Income	861,409,283	**100%**	1,019,251,108	**100%**	1,016,100,239	**100%**	860,268,961	**100%**	1,529,617,564	**100%**
Interest Paid	554,659,236	64.39%	627,680,621	61.58%	513,098,917	50.50%	373,422,243	43.41%	844,243,048	55.19%
Commission, exchange & brokerage	7,134,733	0.83%	9,247,360	0.91%	5,636,658	0.55%	7,577,541	0.88%	36,184,345	2.37%
Other income	25,245,938	2.93%	77,472,120	7.60%	71,394,084	7.03%	145,480,822	16.91%	119,839,040	7.83%
Total Operating income	339,130,718	39.37%	478,289,967	46.93%	580,032,064	57.08%	639,905,081	74.38%	841,397,901	55.01%
Operating Expenses	131,629,982	15.28%	153,182,482	15.03%	184,910,359	18.20%	194,119,425	22.56%	339,787,494	22.21%
Profit before provision	207,500,736	24.09%	325,107,485	31.90%	395,121,705	38.89%	445,785,656	51.82%	501,610,407	32.79%
Total provision	73,504,911	8.53%	83,329,912	8.18%	50,315,555	4.95%	101,585,500	11.81%	33,612,742	2.20%
Profit Before Tax	133,995,825	15.56%	241,777,573	23.72%	344,806,150	33.93%	344,200,156	40.01%	467,997,665	30.60%
Provision for taxation	5,392,583	0.63%	99,793,663	9.79%	179,300,019	17.65%	104,009,807	12.09%	164,911,104	10.78%
Profit after Tax	128,603,242	14.93%	141,983,910	13.93%	165,506,131	16.29%	240,190,349	27.92%	303,086,561	19.81%

AMARSTOCK

Key financial Ratios and Graphs

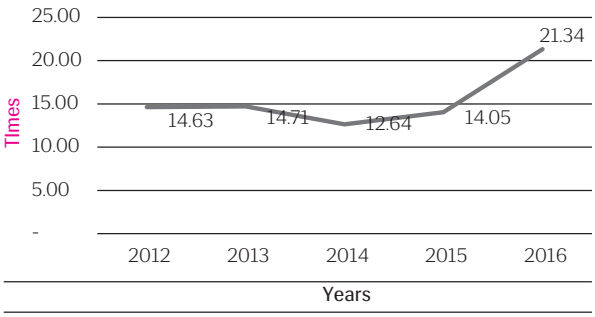
Amount in BDT

Years	2012	2013	2014	2015	2016
Earnings per Share (BDT)	0.85	0.94	1.09	1.59	2.00
Net Asset Value Per Share (BDT)	13.38	13.63	15.13	16.33	18.32
Stock Performance					
Year end Market Price per Share*	18.00	20.00	18.20	26.70	42.70
Market Capitalization	1,878.11	2,086.78	2,088.87	3,370.89	6,469.07
Shareholders' Funds	2,027.33	2,064.97	2,291.81	2,474.61	2,775.11
Profit After Tax	128.60	141.98	165.51	240.19	303.09
Operating Profit	207.50	325.11	395.12	445.79	501.61
Price Earning Ratio	14.63	14.71	12.64	14.05	21.34
Return on Assets (ROA)	1.85%	1.91%	2.14%	3.01%	1.97%
Interest Coverage Ratio (Times)	7.00	11.68	28.50	17.27	14.94
Current Ratios	1.39	1.18	1.25	1.21	1.01
Return on Capital Employed	6.55%	6.94%	7.60%	10.08%	11.55%
Debt Equity Ratio	0.23	0.20	0.17	0.09	0.41
Net Interest Income as a Percentage of Working Funds	4.42%	5.27%	6.49%	6.11%	4.45%
Cost to Income Ratio	38.81%	32.03%	31.88%	30.34%	40.38%
Capital Adequacy Ratio (CAR)	24.31%	24.36%	26.39%	49.15%	22.09%
Operating Profit as a percentage of Total Assets	2.92%	4.19%	5.10%	5.43%	2.22%
Dividend Cover (Times)	1.23	0.91	0.96	0.95	1.00
Non-Performing Loans to Total Loans	9.66%	5.95%	3.39%	1.98%	0.71%
CRR Ratio Maintained (Required 2.5%)	2.53%	2.52%	2.70%	2.76%	2.52%
SLR Ratio Maintained (Required 5.0%)	5.04%	6.31%	5.25%	5.13%	16.32%

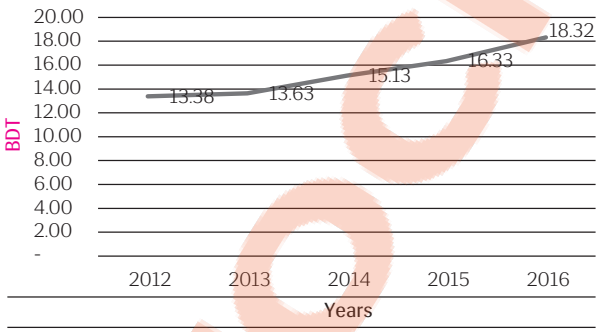
* Year end market price per share is taken from DSE's last trading day

AMARSTOCK

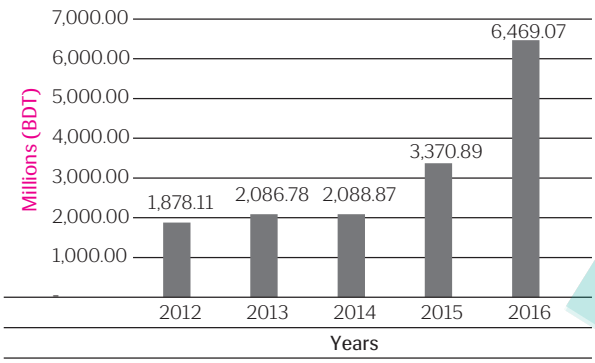
Price Earning Ratio



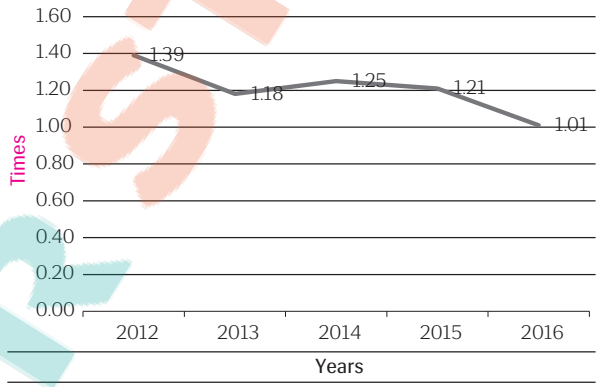
Net Asset Value Per Share (BDT)



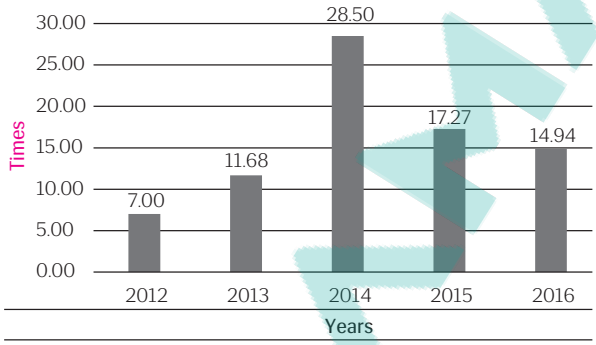
Market Capitalization



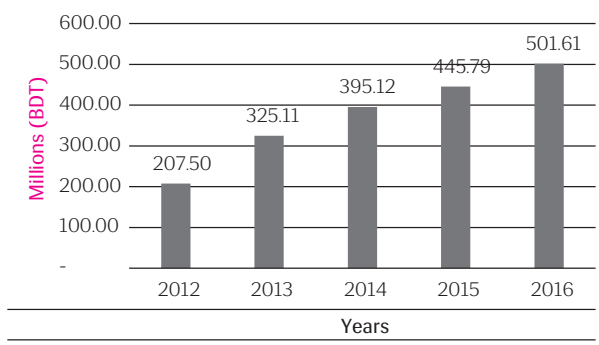
Current Ratios



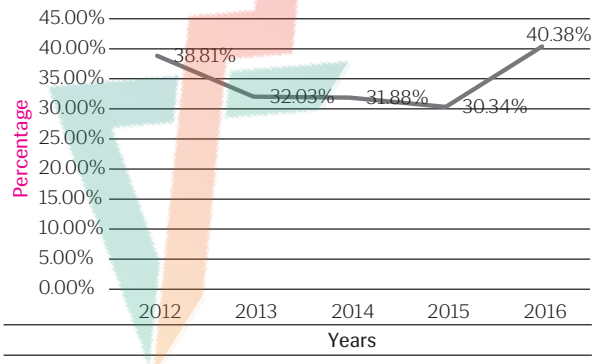
Interest Coverage Ratio (Times)



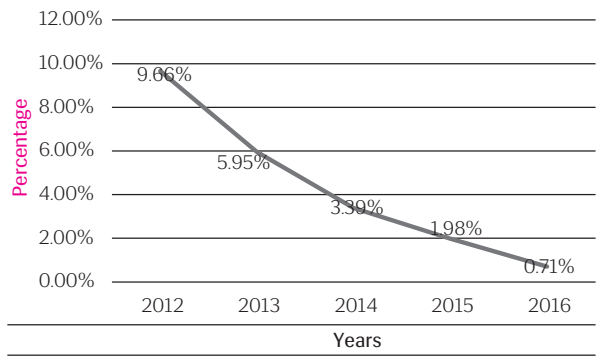
Operating Profit



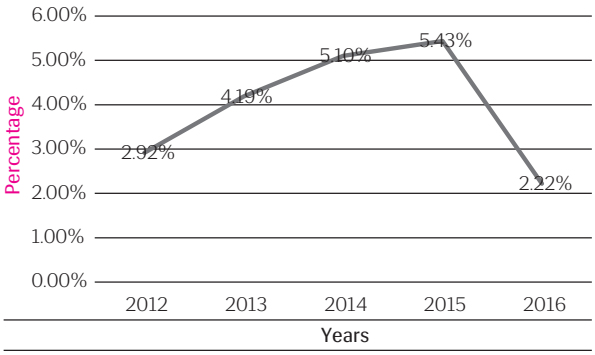
Cost to Income Ratio



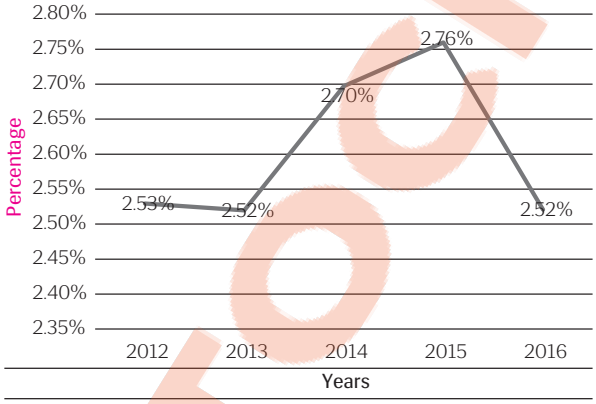
Non-Performing Loans to Total Loans



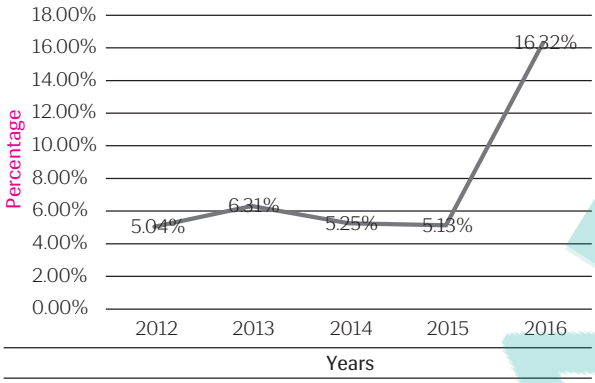
Operating Profit as a percentage of Total Assets



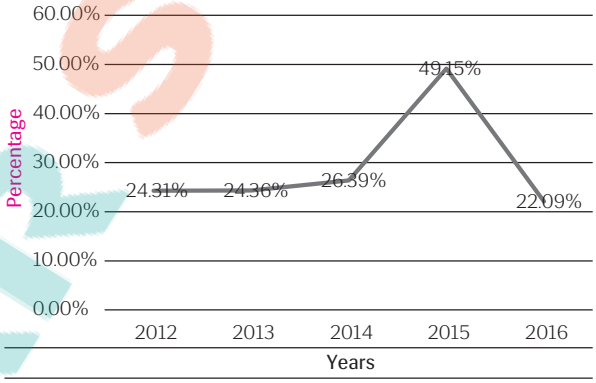
CRR Ratio Maintained (Required 2.5%)



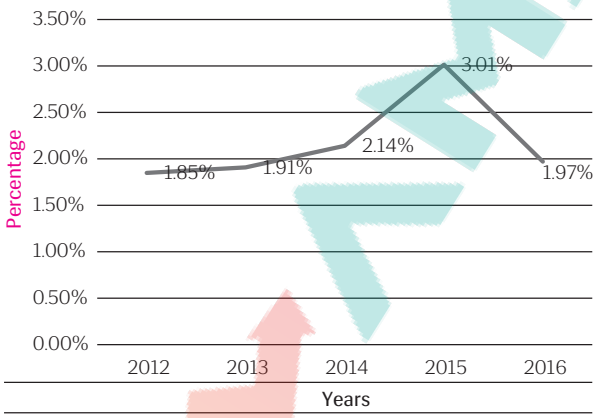
SLR Ratio Maintained (Required 5.0%)



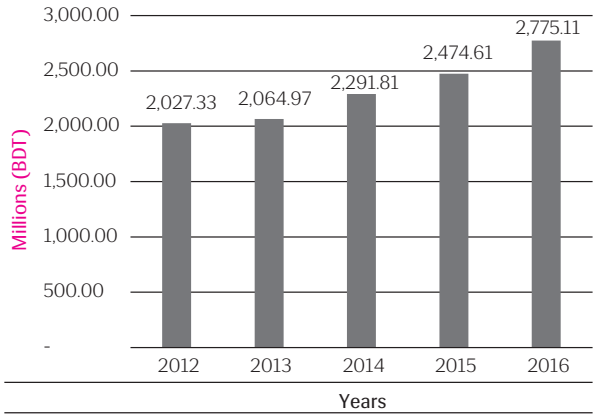
Capital Adequacy Ratio (CAR)



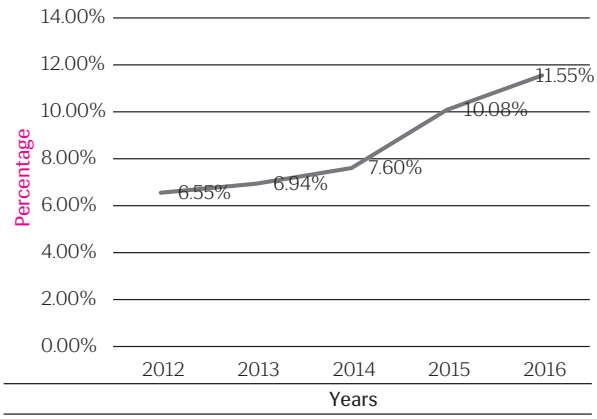
Return on Assets (ROA)



Shareholders' Funds



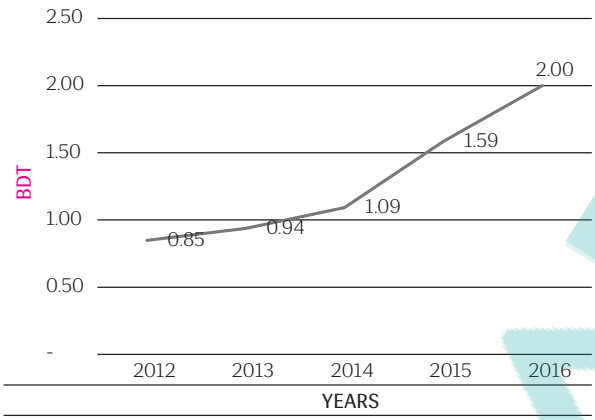
Return on Capital Employed



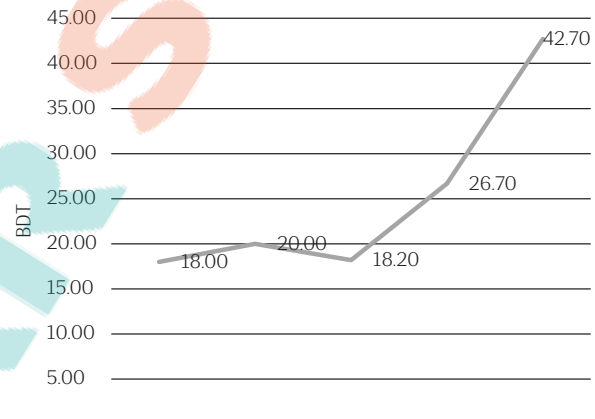
Debt Equity Ratio



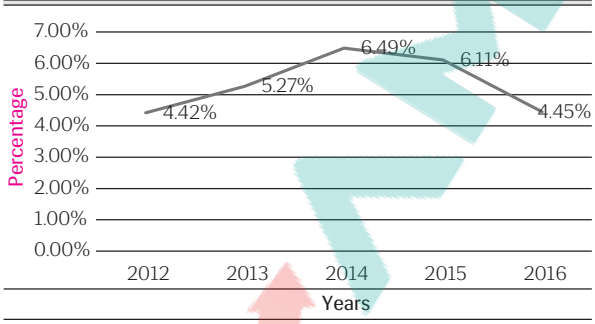
Earnings per Share (BDT)



Year end Market Price per Share*



Net Interest Income as a Percentage of Working Funds





WE CARE.
WE PROVIDE.

Sustainability Report:

Our corporate vision "To become the most passionate financial brand in the country with special focus on youth, women and underserved areas, thereby, JAGO UCCHASE" is the foundation of our sustainability vision. Sustainability is therefore an integral component of the business model we pursue.

Our sustainability thinking encompasses socially, economically and environmentally beneficial approach to growth, the triple bottom line of sustainability. Sustainable development is an area of continuous concern in strategic discussions which is highlighted and prioritized when objectives and goals are set, at IPDC Finance Limited. This is incorporated with governance and accountability arrangements and risk management.

Sustainability is now the primary moral and economic imperative and it is one of the most important sources of both opportunities and risks for businesses. Nature, society and business are interconnected in complex ways that need to be understood by decision makers. Incremental changes towards sustainability are not sufficient, we need a fundamental shift in the way companies and directors act and organize themselves. Some companies have figured out how to benefit from the trend and some companies have not. Sustainability scholars argue that sustainability issues will force a fundamental change for business as did globalization and information technology. Those companies that are not able to adapt, will not survive. The year started with promises and ended with even more but the system is still in recovery. We know that IPDC exists in a sector that faces challenges, but we are committed to playing a leadership role.We are encouraged that we have always structured our business practices to make dealings fairer for our customers and our communities. Our strategy is simple, the company's success is dependent on the success and fortune of our customers and the communities we live and work in. We only succeed when they do.

We always agree in building prosperity by supporting a broad range of causes through donation, sponsorship and supporting helpless peoples. We encourage our employees to participate in social and charitable programs. As a part of its social responsibility, the Company contributes to various funds, flood affected people, to hospitals and to the people who were affected by the natural calamities. We believe that sustainable economic growth and a healthy environment are inter-linked.
We take supportive role in terms of providing financial services by restricting and discouraging those projects that cause pollution for environment and health hazard.

At the outset, it can be demonstrated that as corporate participant, we recognize that, we have responsibilities to the development of the society and the country as a whole. We aspire to be known as an institution that builds enduring relationship with and delivers value for our clients, shareholders, employees and the community where we work, where we live. At IPDC, we define sustainability in the broadest possible terms. It is about conducting our day-to- day business the right way and continuing to play a part in addressing some of the biggest challenges faced by society. First and foremost, however, we need to get the basics right for our customers.

In the year 2016, we have continued to build a sustainable business in which our clients have confidence, our employees can take pride and our neighboring community get better livelihood. We remain committed to provide our customers superior and unparalleled experience in the financial industry in Bangladesh. IPDC is developing and offering financial products and services that directly or indirectly lead to long-term environmental benefit and social development. We are committed to provide financial services to a wider section of population. Within a short span of time our operational branch network have reached 9 and we are moving ahead with further expansion plan. In 2017, another 3 new branches would be opened in four important townships for better customer reach.

Striking the right balance between the financial wellbeing of our different stakeholder groups is at times, quite challenging. That is why we are committed to maintaining an honest and transparent dialogue with all of our stakeholders, to continually revisit our policies and practices in light of the company's environment, social and economic impacts. With an increasing focus on ethics and sustainability, the priority of the Board of Directors is to assess and encourage the work of the executive team in building an institution that puts customers' interests first and embeds sustainable banking into everything that we are acting with integrity is imperative to everything we do. It underpins our work, our relationships and the products and services we provide. Everyone in the company is expected to behave with integrity and we have comprehensive policies/ frameworks and compliance measures as well. In addition to that, we have education programs to support our people in maintaining the highest professional standards. The institution is committed to a stance of zero tolerance to bribery and corruption, including facilitation payments across all areas of the business, regardless of jurisdiction.

The 262 employees of IPDC organization wide are our greatest asset, we say it often and with good reason. It is only with their determination and dedication that we can serve our clients, generate long-term value for our shareholders and make lasting contributions to our communities. At the core of our efforts is a focus on nurturing and sustaining a diverse workplace, because we have experienced the power of bringing different perspectives to address the complex and diverse situations our clients face. We recognize the significance of employee engagement and have continued to work towards creating a culture of trust and team spirit. The company's commitment to diversity, inclusion and excellence is pivotal to success and contributes to our culture of innovation. We encourage our people to participate in development programs to ensure that they are equipped with the tools they need to succeed. At IPDC, we pursue to instill the values in our people that will encourage them to respect and abide by the social, economic and environmental commitment of the institution. A total of 49 training programs involving 3,817 man-hours of training were executed during the year. These programs were categorized as

in-house, external and overseas training. Given the company's strong commitment towards developing a learning culture.

At IPDC, we have long acknowledged that a healthy environment is the foundation for economic progress and the well-being of society. As a leading financial institution, we are committed to finding market solutions that benefit the environment. As per our long-term commitment to our community we continued to invest both in nurturing underprivileged people of our society and in the environment, we breathe. We provide loans to customers carrying out environmental and social due diligence. In all credit delivery points, we have instructed to go for financing in eco-friendly and environmentally sustainable business activities and energy efficient industries. Environmental infrastructures projects i.e. clean water supply, waste water treatment plants, solid and hazardous waste disposal plants, Effluent Treatment Plants, Bio-gas plants, Bio-fertilizer plants and energy efficient/low carbon emission projects like Auto Bricks using Hybrid Hoffman Kiln, Vertical Kiln, Zig-Zag Kiln etc. are encouraged in our credit policy and we will finance in these projects with top priority.

We at IPDC Finance Limited recognize our capacity to achieve the ultimate goal of creating both social and business value by incorporating social and environmental responsibility into our fundamental business operations and stakeholder management. Like the outgoing years, we are strongly motivated to deliver to all sub-divisions of society and through careful customer segmentation provide financial access and services across the continuum of socio demographic groups.

AMAR STOCK

Corporate Social Responsibility

IPDC bears significant corporate social responsibility (CSR). The company produces the measures of CSR disclosure and explores the determinants of CSR disclosure practices in various fields. IPDC is strongly committed to CSR practices and these form an integral part of the Company's overall activities. Regardless of the depth in the consciousness, all of us orchestrate with the idea of reciprocating to the society in terms of our Corporate Social Responsibility but IPDC Finance takes this in high esteem. Its contribution to social sector development includes several pioneering interventions to pro-actively support meaningful socio-economic development in Bangladesh and enables a larger number of people to participate in and benefit from the country's economic progress. These contributions are based on the hope of achieving social wealth and prosperity. Taking from the vision, IPDC yearns to be the most passionate financial brand in the country which itself redefines our notion to grow with the vibrant youth, women and underserved areas. It understands the imperativeness of a growing youth population for the prosperity of a country as only solid seed sowed can reap the fruits that a nation can enjoy for unbound years to come. IPDC believes to take a 360-angle care from the very birth of a child to its nutrition, education, entertainment and convenience.

Focus Area:

IPDC Finance Limited's CSR activities reflect the company's mission, vision and values. It initiates a variety of welfare activities in various fields such as healthcare, education, environment, economic empowerment, critical human needs and supply chain standard through community services, funds, tree plantation and other philanthropic initiatives. IPDC focuses on inclusive growth and improving social capital through its health and education initiatives. It creates access to opportunities and resources through economic development and infrastructure and environment support initiatives. The company is also constantly working to come up with innovative CSR programs, partnerships and business practices to serve the people, communities and the planet. These activities lead to a better lifestyle of the people living in society as well as a safe and healthy-living environment. It also makes IPDC even more powerful as a company.

Sl. No.	Sector	Spent in percentage of total budget
1	Emergency disaster relief and capacity building of emergency rescue services	51%
2	Education	27%
3	Preventive and curative health care	12%
4	Cultural welfare and others	10%
	Total	100%

Notable Initiatives:

• "Inaugurating Porua" Library



"The journey of a lifetime starts with the turning of a page". A library is a treasure-house of knowledge. IPDC acknowledges the fact that library in the villages can contribute enormously in the educational development. So, the company initiated this program to provide children with the resources of education. IPDC made significant donations to establish libraries in 9 schools with the help of Light and Hope for the better education of around 300 underprivileged children. It helps a good deal in spreading knowledge and education. A well-stocked library is an asset. By establishing libraries in the underserved areas and distributing books to the children, it also contributes towards encouraging children to build themselves a brighter future and henceforth, serve the community. The unity, empathy, serving mind and generous heart of the people at IPDC to satisfy the poor children's need was prevalent. With much willingness and co-operation, the company was able to establish a Rural Library triumphantly. This Porua Library will hold an immense part in the educational development and embellishment of the poor students' life.These books are open to all students of Agargaon Alok Shikkhaloy School. Nousheen Rahman, Head of Marketing and Corporate Communications, IPDC, Walsiullah Bhuiyan, President, Light of Hope and senior officials from both sides were present at this event. The goal of the program is to enlighten children with the light of education and hope as well as empower them with the boldness and strength to plan and live a better life.

• Handing over books to Primary Schools and Colleges



"Quality education needs to be imparted to school-going children before any country can dream of achieving sustainable development". On 16 November 2016, realizing its importance, IPDC handed over books to Nandipara Primary School with the help of Light of Hope's library project "Porua". The project also made donations regarding establishment of libraries in 9 schools which are Mojar School, Spreeha Bangladesh (After School Program), Apon Pathshala, Kodom Ali Primary School, Moddho Narshingpur Govt Primary School, Poriborton School, Baluata Sorkari Prathomik Biddaloy, 52 No. Fulkocha Govt. Primary School, and BG Press High School. This was another project that was undertaken with the aim of expanding educational opportunities. With the help of Light and Hope, this project contributed towards the better education of around 300 underprivileged children. The new books enriched their libraries and boosted the culture of reading among the children due to availability of resources. The donated books accelerated the learning process in schools. All of these 9 schools were highly benefitted from this initiative. Besides, Poroshmoni Somaj Kallyan has been funded for Purchasing books for Jhenaidah Cadet College Library. AFM Barkatullah, Deputy Managing Director; Rizwan Dawood Shams, General Manager; Nousheen Rahman, Head of Marketing and Corporate Communications and Waliullah Bhuiyan, Chairman, Light of hope; Maruf Islam, Executive Director; Mukul Alam, Director (Corporate Relations) were present at the event.

• Providing bicycles to Terre des Hommes Italia



Uplifting these underprivileged yet promising generations to come is a major concern which every other organization mark to address. But very few strive in getting to the crux of the matter behind the increasing drop outs every year. On 31st May 2016, IPDC donated bicycles to Terre des Hommes Italia. The company donated about 10 bicycles to the school-college going underprivileged girls of North Bengal with the help of Terre des Hommes Italia. IPDC realized that the pledge to spread the light of education does not end in aimlessly building educational institutions but it lies in providing a medium to let them cater to it. Considering the detached parents and kids in this regard, bicycles distributed by IPDC eased the labor of several school goers who walked barefoot every day. This movement not only saved penny for transportation daily but reportedly also came to be an asset for the whole family. These bicycles were distributed among underprivileged school girls of Kurigram and Chilmari Upazila who have to walk miles from their home to reach their schools. Many students in the underprivileged areas refuse to go to school, regardless of it being free, due to lack of cheap transportation. The goal was to encourage girls to go to school by providing convenient means of transportation. Mominul Islam, Managing Director of IPDC and Iole Valentina Lucchese, Country Representative of TDH Italia along with other senior officials were present at this event.

• Distributing Blankets & Nebuliser to the needy ones



IPDC conducted the entire program with the help of Terre des hommes foundation. With much zeal and enthusiasm, IPDC purchased and handed over blankets, warm clothes, and nebulizer machines to the foundation. During winter, staying warm and safe becomes a necessity in people's lives. IPDC acknowledges its importance and hence, this initiative was undertaken to ensure a healthy beginning of underprivileged children who are in much need in the most winter effected regions of Bangladesh

• Contributing to the Rights and Sight for Children.

IPDC came forward in light of Distressed Children & Infants International (DCI) who are relentlessly working passionately to

provide the basic yet indispensable rights of the distressed children in our society which we often take for granted but are no less than an inaccessible dream to them.

• Handing over toys to children



Aside all the academic concern, IPDC did not miss out on valuing a child's most innocent encounter with toys and hence, funded this campaign. On 4th May, IPDC handed over Sponsorship cheque for the initiative, Toys-R-Yours. IPDC's donation was used for the betterment of the unprivileged children as well as to purchase toys for these children. Toys boost children's´ creativity and they help them express their emotions and IPDC takes responsibility for each child to indulge in this.

• Providing aid to UCEP Institute of Science and Technology

At IPDC Finance, CSR is a significant sector of the business strategy. It is about improving lives, creating opportunities and meeting needs of the communities. On 4th August 2016, IPDC Finance handed over a cheque worth BDT 5 lac to UCEP Institute of Science and Technology (UIST), Dhaka which gives vocational training and education to the underprivileged children. This donation was provided for educational and health purposes. As part of education, IPDC arranged essay competition and spelling competition for children. This attempt brought out their educational potential as well as provided them with resources to further enhance that potential. With the donation, UCEP purchased educational supports, machineries and instruments for vocational education. For health purpose, the company arranged eye screening camp where doctor screened about 379 children. Among them, 121 children got eye glasses, 250 children got free medicines and 8 children were recommended for better treatment. Around 350 students were benefited by this initiative. The purpose of this donation was to make an effort in providing children with means of becoming self-sufficient. It also provided children with new opportunities to develop themselves for better lives. Mr. Mominul Islam, Managing Director and CEO of IPDC handed over the cheque to Mr. Zaki Hasan, Chief Executive Officer, UCEP, Bangladesh. Mr. A F M Barkatullah, Deputy Managing Director, Ms. Nousheen Rahman, Head of Marketing and Corporate Communications of IPDC and other senior officials were also present at the occasion.



• Celebrating Pohela Boishakh with underprivileged children

IPDC sincerely cares about the deprived people of the society and initiates cultural welfare activities for their entertainment purposes. IPDC arranged an event on the day of Pohela Boishakh to entertain 183 underprivileged children and there were snacks, lunch, dress and lots of amusement activities for the children. Not only was it a day filled with exciting events but it also familiarized children with our culture and tradition.

• Celebrating Eid-Ul-Adha and Eid-Ul-Fitr with underprivileged people



IPDC similarly celebrated Eid-Ul-Adha and Eid-Ul-Fitr with deprived people with the help of Rajuk Social Services Club. For the event, IPDC donated essential materials for Eid day (Semai, Rice, Milk, Sugar etc) to 300 underprivileged people. They donated money for the purchases. The purpose was to share the joy and excitement of Eid celebration with the people.

• Setting Up Public Washroom

Public toilets are built in communities to solve issues of open defecation and prevent diseases in various communities across the country. IPDC believes its maintenance is crucial to the prevention of diseases – typhoid, cholera, salmonellosis, bacillary dysentery, tuberculosis, anthrax and parasitic worm infection and hence, IPDC took the initiative of setting up public toilet for the better picture of the society. IPDC's hygienic toilet maintenance(Quantity-1) is situated in Moghbazar Anudip CNG pump.

• Planting trees in Kurigram and Barguna Upazilas



IPDC takes the custody of any initiative only with an avowal of its sustainability. Because it reckons that every little footfall taken by IPDC commits the prosperity in the coming years. IPDC Finance Limited with the cooperation of Terre des hommes' (TDH) could finance the promotion and plantation of 100,000 Moringa trees in Kurigram and Barguna Upazilas. These 100,000 trees planted in northern district of Bangladesh vowed to save the salvaged planet for a sustainable tomorrow. IPDC cautiously chose Moringa for its heavenly benefits. The leaves of Moringa Oleifera are nature's multi-vitamin providing 7 x the vitamin C of oranges, 4 x the calcium of milk, 4 x the vitamin A of carrots, 3 x the potassium of bananas, and 2 x the protein of yogurt. Cooking demonstrations on Moringa khichuri were held in 47 Community Clinics and 5 Family Welfare Centers. A total of 4,800 children and their mother/caregivers attended the sessions. Field staff conducted awareness sessions on benefits of Moringa leaves for improvement of nutritional status. Apart from the cooking demonstrations, Moringa cutting were planted in 47 community clinics from 31 unions (in Kurigram and Barguna districts). 446 families received three pieces Moringa cutting to plant in their home.

• Donation for "We stand for Korail", an initiative taken by BRAC

Around 2000 people became homeless after Dhaka's biggest slum caught fire on Sunday, 4 December 2016. 495 households were destroyed in less than two hours. IPDC came ahead to relieve their distress with an amount for its fastest recovery. They took some notable initiatives to help the people overcome such an unprecedented and difficult situation. IPDC donated money to BRAC to stand beside the people of Korail slum. They also donated blanket and medicine to the underprivileged cold affected people. Around 5100 people were benefited by this initiative.

• Donation for a critical patient to Bangladesh Law Association

IPDC never takes a backseat in supporting genuine cause. IPDC donated money to Bangladesh Law Association for a critical patient. The suffering of the lawyer who had been fighting a deadly disease was comforted with a donation under Bangladesh Law Association. As a part of the CSR projects, IPDC Finance Ltd takes immense pride to be associated with such and more first of its kind noble initiatives, the list of which only gets multiplied with time. IPDC testifies to leave its impression for unbound years to come.

• Donation for emergency relief services to Terre des Hommes Foundation

IPDC delivers emergency disaster relief and capacity building of emergency rescue services through community organizations and help people address immediate basic needs in times of crisis. IPDC provided emergency support (Dry food, ORS) to the flood effected area with the help of Terre des Hommes Foundation. Around 1500 people were benefitted with this support.

• Sponsorship to Soldier Seventy-One

IPDC wants to brand itself for the contemporary and tech savvy generation and as Online shopping is one the trending business now. IPDC took a step ahead to associate itself with the online commerce site named seventy-one by sponsoring the launch event at The Daily Star Hall room.

• Splash Group Gold Sponsorship to BARVIDA CAREXPO 2016

IPDC came ahead to focus on the environmentally friendly hybrid vehicles as it believes the vision of seeing a flourished country is only possible with good means of communication and hence aligning with the motive sponsored the Bangladesh Reconditioned Vehicle Importers and Dealers Association (BARVIDA) are organizing a car expo highlighting the reconditioned vehicles market.

• Sponsorship for Aga Khan Golf Tournament to Aga Khan Shia Imami Ismaili Council of BD

IPDC took heavy interest in the Aga Khan Golf Tournament as such games brings are a fun and relatively easy way to get people involved in a cause and out socializing. The game brought together players from all ages and genders and IPDC made sure the tournament is carried the most sophisticated to spur out its inherent spirit.

• Sponsorship for Aga Khan Cricket Team participating in the Jubilee Games

The sprouting field and craze of the nation is cricket at the moment. And IPDC, boosts the budding players by providing them with the cricket equipment in the Jubilee Games 2016 so they can go forward with their interest without any kind of hindrance in the way.

• Sponsorship for "Rajuk National NaturEnlight 2016 to Rajuk Uttara Model College Private Fund

Just as importantly, nature enriches our lives, from inspiring views of landscapes to spotting a busy bee at work. There is plenty of evidence to show that contact with nature benefits us and considering it IPDC funded the Rajuk National NaturEnlight 2016. A well-organized Nature Wellness Program along with the plantation of several trees on the event day promised to save the savaged planet.

• Ticket Chai Ltd. Sponsorship for grand global get together of EX cadet

Undoubtedly Cadet is the ne the strongest forum because of its own diversity as it is a pool of the most talented individual from corners of the nation. The discipline and aura of these pool has taken by example by many and eventually all the leading position happens to be taken by them. Therefore, IPDC takes pride to be associated with a such a forum.

• Sponsorship for silver jubilee souvenir to Uttara Ladies club

Uttara ladies club is one the top clubs recognizing the spirit of women and working towards elevating the situation of women around by enriching them with their activities. IPDC strives to be aside the growing potential from this blooming sector of the economy i.e the women

AMAR STOCK

Environmental Related Initiative and Obligation

Work Environment:

IPDC is more like a hub of warm professionals than a workplace going by the unconventional ways of getting work done. We amalgamate the synergies from our diversified workforce budding from different background, organization, race and religion. We believe that strength lies in differences not similarities. IPDC ensures the maintenance of a safe and friendly atmosphere in the office. Several actions are implemented within the company to motivate everyone to work as a team and to make it at home. For instance, motivational speeches are often given by the senior officials.

Natural Environment:

IPDC Finance Limited is committed to comply with environmental regulation for maintaining ecological as well as social balance and retaining the globe safe habitable for all living beings and their future generation. Sustainability is the key aspect in driving the strategy making process of the business fraternity. Holding this ideology in high regard, IPDC go all-out to preserve a habitable globe for generations to come.

Green Banking:

IPDC is not only the pioneer financial institutions in the country to implement Bangladesh Bank's Green Banking Guidelines in phases but has also embraced new opportunities for financing and investment policies as well as portfolio management that work towards the creation of a strong and successful yet the low carbon economy. IPDC has maintained an entirely Green Banking Unit solely dedicated in establishing, designing, evaluating and administrating activities related to green banking issues.

Our Step Towards Green Banking

IPDC is utilizing modern facilities with a view to establishing fully IT-based Green Marketing System. As part of this, it has created SMS banking service. IPDC encourages its clients to communicate and to send documents through e-mail for avoiding printing and paper usage.

IPDC has included Environmental Risk Policy with its regular Credit Manual in line with Credit Risk Management (CRM) guideline. Environmental risk, an innate element of credit risk, needs to be managed properly. With this end in view and in line with the guidelines of Bangladesh Bank (BB), Environmental Risk Management (ERM) Policy of IPDC has been prepared and included in 'Credit Manual' version: 5 dated 19 July 2014, contents of which are to be followed and abided by all concerned and reviewed under Environmental Due Diligence (EDD) checklists.

As per the "Policy Guideline for Green Banking" issued by the GB & CSR Department of Bangladesh Bank on August 11, 2013, the Board of Directors of IPDC adopted the 'Green Banking Policy' in its 137th Meeting held on 14 May 2014.

IPDC has already formulated Green Banking Unit (GBU) headed by the Head of Corporate Investment.

IPDC has formulated and circulated the 'Green Office Guide' for the employee of IPDC. The purpose of this policy is to outline guidelines for more efficient management of resources and encourage IPDC employees to embrace "green" values by promoting a more environmentally friendly corporate culture, identifying steps for positive environmental action, developing sustainable procurement practices and conservation policies, and facilitating shifts towards a green mindset.



WE PROTECT.
WE GROW.

Disclosure on Green Banking 2016

Climate change is a significant issue for Bangladesh. But while the effects of climate change are increasingly a risk to the health, economy and the environment of the country, economists are also recognizing that there are financial rewards from controlling climate change and developing a low carbon economy.

Recently, there has been a growing interest in the development of sustainable and green financial regulations globally. The interest is based on the increasing climate change risks for the financial sector on the one hand and on the other, a need to integrate the financial sector into a transition to a green economy.

Bank & Financial Institutions can provide important leadership for the required economic transformation that will provide new opportunities for financing and investment policies as well as portfolio management for the creation of a strong and successful low carbon economy. The bank's green banking activities cover multidimensional areas which include both in-house environment management and undertaking green financing to support green economy.

IPDC committed to complying with environmental regulation for maintaining ecological as well as social balance and retaining the globe safe habitable for all living beings and their future generation.

IPDC is one of the pioneer Financial Institutions in the country in implementing Bangladesh Bank's (BB) Green Banking Guidelines in phases. Actions taken by IPDC are given below:

- As per Bangladesh Bank SFD (Sustainable Finance Department) Circular number 02 dated December 01, 2016, management of IPDC Finance Limited has already initiated to form a "Sustainable Finance Unit" and a "Sustainable Finance Committee" as per prescribed format of Bangladesh Bank and have fixed the scope of work of these units.

- As per the "Policy Guideline for Green Banking" issued by the GB & CSR Department of Bangladesh Bank on August 11, 2013, the Board of Directors of IPDC adopted the 'Green Banking Policy' in its 137th Meeting held on 14 May 2014.

- IPDC has already formulated Green Banking Unit (GBU) headed by the Head of Corporate Investment.

- IPDC has formulated and circulated the 'Green Office Guide' for the employee of IPDC. The purpose of this policy is to outline guidelines for more efficient management of resources and encourage IPDC employees to embrace "green" values by promoting a more environmentally friendly corporate culture, identifying steps for positive environmental action, developing sustainable procurement practices and conservation policies, and facilitating shifts towards a green mindset.

- Beside the Green Office Guide, the Company has an unique and very effective intranet system which is one of the best solutions for internal communication, information sharing, employee education and database management. It has features like e-notice board, online leave management facility, e-attendance for the employees. Most of the communications within the Company has become absolutely online. To further reduce the proportion of paper consumption, various communications are posted on the intranet with the aim to increase employee awareness on the subject. They include information on efficient and economic use of paper, such as both-side printing and reusing paper as much as possible. All of these are significantly saving the usage of paper and thus enabling IPDC to become a more environment friendly organization.

- IPDC is utilizing modern facilities with a view to establishing fully IT-based Green Marketing System. As part of this, it has created SMS banking service. IPDC encourages its clients to communicate and to send documents through e-mail with a view to avoid printing and paper use.

- IPDC has included Environmental Risk Policy with its regular Credit Manual in line with Credit Risk Management (CRM) guideline. Environmental risk, an innate element of credit risk, needs to be managed properly. With this end in view and in line with the guidelines of Bangladesh Bank (BB), Environmental Risk Management (ERM) Policy of IPDC has been prepared and included in 'Credit Manual' version: 5 dated 19 July 2014, contents of which are to be followed and abided by all concerned and reviewed under Environmental Due Diligence (EDD) checklists.

- There were some sessions on Green Banking activities by IPDC to create awareness among the employees.

- The Company instructed to its branches to initiate workshop, seminar and customer get together to make aware them regarding their participation towards protection of the environment from different pollution and hazards.

- IPDC has been regularly reporting its green Banking activities to the Bangladesh Bank on quarterly basis since 2013. In view of highlighting our Green Banking activities and creating awareness amongst the stakeholders, a separate section has been incorporated in our Annual Report, website and other internal Publication for disclosing our Green Banking activities.

IPDC's Green Motto:
Reduce, Reuse & Recycle!

Disclosure on 'Capital Adequacy and Market Discipline (CAMD)

In accordance with Bangladesh Bank's DFIM Circular no. 14 dated 28 December 2011, the disclosures on capital adequacy and market discipline have been made in line with same circular, which consists of the following three mutually reinforcing pillars:

Pillar I: This prescribes the minimum capital requirements for Credit Risk, Market Risk and Operational Risk.

Pillar II: This prescribes the Supervisory Review Process which is based on the principle that the Company assesses the overall adequacy of its capital and set targets for capital that commensurate with the Company's specific risk profile and control environment.

Pillar III: This depicts Market Discipline and comprises as set of disclosures on the capital adequacy and risk management framework on the Company to ensure that market participants can better understand the Company's risk profile and the adequacy of its capital.

A) Scope of Application

Qualitative Disclosures

The name of the top corporate entity in the group to which this guidelines apply: IPDC Finance Limited.

An outline of differences in the basis of consolidated for accounting and regulatory purpose with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk weighted):

Not Applicable since the Company does not have any subsidiary

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

Not Applicable

Quantitative Disclosures

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

Not Applicable

B) Capital Structure

Qualitative Disclosures

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

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

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

Quantitative Disclosures

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

Particulars	Amount in BDT million
Paid-up capital	1,515.01
Non repayable share premium account	167.01
Statutory Reserve	393.38
General Reserve	-
Retained Earnings	575.22
Total Tier - I capital	**2,650.61**
Total amount of Tier - II Capital	271.23
Other deductions from capital	-
Total eligible capital	**2,921.84**

C) Capital Adequacy

Qualitative Disclosures

A summary discussion of the Company's approach to assessing the adequacy of its capital to support current and future activities.

IPDC has adopted Standardized Approach for computing Capital Charge for Credit and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) is determined by multiplying the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio which is currently 10% and adding the resulted figure to the sum of the RWA for credit risk. Capital Adequacy Ratio (CAR) is then determined by dividing total RWA by total Eligible Regulatory Capital.

Particulars	Amount in BDT million
Capital requirement for Credit Risk	12,366.57
Capital requirement for Market Risk	8.61
Capital requirement for Operational Risk	848.87
Total and Tier I capital ratio - For stand alone	
CAR on Total Capital basis (%)	22.09
CAR on Tier - I Capital basis (%)	46.63

D) Credit Risk

Quantitative Disclosures

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

• Definition of past due and impaired (for accounting purposes);

With a view to strengthening credit discipline, the Company classifies loan, leases and advances and maintains provision in line with Bangladesh Bank's FID Circular no. 08 dated 03 October 2002 and FID Circular no. 03 dated 03 May 2006 as follows:

Fixed term loan (repayable within maximum 5 years of time) are classified as:

Substandard - if defaulted installment is equal to or more than the amount of installment(s) due within 6 (six) months, the entire loans are classified as 'Sub-standard'.

Doubtful - if defaulted installment is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loans are classified as 'Doubtful'.

Bad/Loss - if defaulted installment is equal to or more than the amount of installment(s) due within 18 (eighteen) months, the entire loans are classified as 'Bad/Loss'.

Fixed term loan (repayable more than 5 years of time) are classified as:

Substandard - if defaulted installment is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loans are classified as 'Sub-standard'.

Doubtful - if defaulted installment is equal to or more than the amount of installment(s) due within 18 (eighteen) months, the entire loans are classified as 'Doubtful'.

Bad/Loss - if defaulted installment is equal to or more than the amount of installment(s) due within 24 (twenty four) months, the entire loans are classified as 'Bad/Loss'.

Special Mention Account (SMA) - A term loan which will remain overdue for a period of 90 days or more, are treated as 'SMA'.

• *Description of approaches followed for specific and general allowances and statistical methods*

The Company is following the general and specific provision for loans and advances/investments on the basis of Bangladesh Bank guidelines issued from time to time.

Particulars	Rate
General provision on unclassified loan, leases	1%
General provision on unclassified SME loan, leases	0.25%
General provision on special mention account	5%
Specific provision on substandard loan, leases	20%
Specific provision on doubtful loan, leases	50%
Specific provision on bad/loss loan, leases	100%

• *Discussion of the Company's credit risk management policy*

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

Credit policies and procedures: The Credit Policy Manual contains the core principles for identifying, measuring, approving and managing credit risk in the Company. These policies are established by the Board of Directors which are designed to meet the organizational requirements. These policies represent the minimum standards for credit extension by the Company and these are not a substitute for the experience and prudent judgment. The policy covers corporate, small and medium enterprise. There is a comprehensive credit appraisal procedure that covers business risk, management risk, financial risk, security risk, environmental risk, reputational risk and account performance risk. Credit risk management function is independent of business originating functions to establish better internal control systems and conflict of interest. The Head of Credit Risk Management (HoCRM) has clear responsibility for management of credit risk of the Company.

Credit Rating and Measurement: Risk management plays a central role along with prudential judgment and experience in informed risk taking decisions and portfolio management. For the purpose of risk management the Company uses a numeric grading system associated with a borrower. Though this rating system, 'Credit Risk Grading Matrix (CRGM)' is not a lending decision making tool but it is used as general indicator to compare one set of customers with others. CRGM analyses a borrower against a range of quantitative and qualitative measures. No rating model for retail and channel financing are currently in practice rather borrowers are assessed against some pre-approved criteria outlined in Product Program Guidelines (PPG), which are approved by the Board of Directors.

Credit Monitoring: The Company, at least quarterly, monitor credit exposures and portfolio performance. Corporate and medium enterprise accounts are continuously monitored under a clearly set out credit policy. Early alerts are raised for financial deterioration, management weakness, irregular repayments, breach of covenants, eroding position in the industry etc. If early

alerts are raised, remedial actions are agreed and monitored.

Credit Risk Mitigation: Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreement and other guarantees. The reliance that can be placed on these mitigates is carefully assessed in light with issues such as legal certainty and enforceability, market valuation, and counterparty risk of the guarantor. Collateral is valued by independent third party surveyor in accordance with the Company's credit policy and procedures.

Credit Approval: Board of Directors of the Company has the sole authority to approve any credit exposure and to sub delegate to such authority the 'Executive Committee', a sub-committee of the Board, with no approval authority to the Managing Director & CEO and other Departmental Heads.

Problem Credit Management: The Company has a separate 'Special Asset Management (SAM)' department, dedicated for management, settlement and recovery of problem credits. Major responsibility of this department is to formulate strategy and action plans for minimizing risk, prevention of loss, maximization of recoveries and restructuring, direct recovery and/or legal actions.

Quantitative Disclosures

Total gross credit risk exposures broken down by major types of credit exposure.

Particulars	Amount in BDT million
Lease finance	2,572.95
Term loans and advances	13,377.39
Mortgage finance	1,560.09
Channel finance	675.93
Retail loan	1,066.85
Personal loan	227.38
Total	**19,480.60**

Geographical distribution of exposures broken down by major types of credit exposure.

Particulars	Amount in BDT million
Dhaka Division	17,594.81
Chittagong Division	1,616.72
Khulna Division	2.64
Rangpur Division	-
Rajshahi Division	19.52
Sylhet Division	130.23
Mymensingh Division	116.68
Total	**19,480.60**

Industry or counterparty type distribution of exposures, broken down by major type of credit exposure.

Particulars	Amount in BDT million
Agro-based industries	1,721.04
Banks and non-banking financial institutions	128.07
Chemicals, pharmaceuticals and allied products	861.68
Engineering and building materials	2,571.29
Food and allied products	2,274.00
Glass, ceramic and other non-metallic products	1.41
Hotel, tourism and leisure	28.08
Information and communication technologies	279.15
Paper converting and packaging, printing and publishing	538.80
Ready made garments and knitwear	2,021.72
Social sector	540.75
Tannery, leather and rubber products	785.87
Textile	842.54
Transport and aviation	702.58
Others	6,183.61
Total	**19,480.60**

Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.

Particulars	Amount in BDT million
On demand	-
Upto one month	1,696.68
More than one month but less than three months	5,917.45
More than three months but less one year	1,960.26
More than one year but less than five years	8,595.96
More than five years	1,310.25
Total	**19,480.60**

By major industry or counterparty type:

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

Particulars	Amount in BDT million
Gross non-performing assets (NPAs)	137.51
NPAs to gross loans and advances (in %)	0.71%

• Specific and general provisions

Particulars	Amount in BDT million
Provision for unclassified loans and advances	211.43
Provision for classified loans and advances	15.06
Provision for off-balance sheet exposures	-
Total	226.49

• Charges for specific allowances and charge-offs during the period — None

Gross Non Performing Assets (NPAs)

Non Performing Assets (NPAs) to Outstanding Loans & Advances

Movement of Non Performing Assets (NPAs)

Particulars	Amount in BDT million
Opening balance	126.98
Additions	88.07
Reductions	77.54
Closing balance	137.51

Movement of specific provisions for NPAs

Particulars	Amount in BDT million
Opening balance	75.73
Provisions made during the period	(58.50)
Write-off	2.18
Write-back of excess provisions	-
Closing balance	15.06

E) Equities: Banking book position

Qualitative Disclosures

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

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

Investment in equity securities are broadly categorized into two parts:

• Quoted Securities that are traded in the secondary markets (Trading Book Assets).

• Unquoted Securities that are valued at cost price.

ii | Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Both quoted and unquoted securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price.

Quantitative Disclosures

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

Particulars	Amount in BDT million
Quoted shares	7.00
Unquoted shares	4.50

Particulars	Amount in BDT million
Total unrealized gains (losses)	-
Total latent revaluation gains (losses)	-
Any amounts of the above included in Tier II capital.	-

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

• Specific Market Risk: Market value of the investment in equity is Tk. 4.50 million against which capital requirement @ 10% is Tk. 0.45 million

• General Market Risk: Market value of the investment in equity is Tk. 4.50 million against which capital requirement @ 10% is Tk. 0.45 million

F) Interest rate in the banking book

Qualitative Disclosures

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

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

Quantitative Disclosures

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

Amount in BDT million

Particulars	Within 1 month	1 - 2 months	2 - 3 months	3 - 6 months	6 months - 1 Year
Total Rate Sensitive Liabilities	772.00	728.20	459.20	821.70	1,593.20
Total Rate Sensitive Assets	2,243.20	2,937.60	3,374.30	1,449.50	1,121.10
Mismatch	1,471.20	2,209.40	2,915.10	627.80	(472.10)
Cumulative Mismatch	1,471.20	3,680.60	6,595.70	7,223.50	6,751.40
Mismatch (in %)	190.56%	303.42%	634.84%	76.40%	(29.63%)

Interest Rate Risk - Increase in Interest Rate

Amount in BDT million

Particulars	Minor 2%	Moderate 4%	Major 6%
Change in the Value of Bond Portfolio	-	-	-
Net Interest Income	135.00	270.10	405.10
Revised Regulatory Capital	3,055.90	3,191.00	3,326.00
Risk Weighted Assets	13,217.40	13,217.40	13,217.40
Revised CAR (in %)	23.12%	24.14%	25.16%

G) Market Risk

Qualitative Disclosures

Views of Board of Directors on trading/investment activities:

Market risk is the possibility of losses of assets in balance sheet and off-balance sheet positions arising out of volatility in market variables i.e., interest rate, exchange rate and price. Allocation of capital is required in respect of the exposure to risks deriving from changes in interest rates and market prices.

Methods used to measure the Market Risk

Bangladesh Bank suggested the FIs for using Standardized Approach (rule based) in order to calculate the market risk for banking book where the capital charge for interest rate risk, price and foreign exchange risk is determined separately.

Market Risk Management system

Policies and processes for mitigating market risk

To mitigate the several market risks the Company formed Asset Liability Management Committee (ALCO) that monitors the Treasury Division's activities to minimize the market risk. ALCO is primarily responsible for establishing the market risk management and asset liability management of the Company, procedures thereof, implementing core risk management framework issued by the regulator, best risk management practices followed by globally and ensuring that internal parameters, procedures, practices/policies and risk management prudential limits are adhere to.

The ALCO reviews the risk of changes in income of the Company as a result of movement in the market interest rates. The Company always try to follow Bangladesh Bank's guidelines to minimize mismatches between the duration of interest rate sensitive assets and liabilities.

In addition, ALCO holds monthly meetings on a regular basis for controlling day-to-day trading activities, to perform market analysis over interest rate and manage & monitor the level of mismatch for assessing the market risk.

Quantitative Disclosures

Capital requirements for Market Risk

H) Operational Risk

Particulars	Amount in BDT million
Interest rate risk	-
Equity position risk	0.86
Foreign Exchange Position and Commodity risk (if any)	-

Qualitative Disclosures

Views of Board of Directors (BoD) on system to reduce Operational Risk:

The operational risk is defined as the risk of loss resulting from inadequacy or failure of internal processes, people and systems or from external events. The Board of Directors (BoD) of the Company and its Management firmly believe that this risk through a control based environment in which processes are documented, authorized as independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit. All the operational policies and guidelines are duly approved by the BoD and reviewed on a regular basis.

Performance gap of executives and staffs

The Company always strives to ensure a great place to work by hiring and retaining the most suitable people at all levels of the business. We want to be the preferred employer in the industry within the year 2017. The Company affirms that there exists no performance gap of the executives and staffs.

Potential external events

External events like general business and political situation, change in credit quality of the borrowers, change in market conditions etc. can affect the business of the Company. IPDC is proceeding with its strategic plan and its successful implementation for its future performance.

Policies and procedures for mitigating operational risk

IPDC mitigates operational risk by virtue of designing the organizational structure by clearly defining roles and responsibilities of individuals involved in risk taking as well as managing it, formulating overall risk assessment and management policies, methodologies, guidelines and procedures for risk identification, risk measurement, risk monitoring, defining an acceptable level of risk, mitigating all the core risks in line with their respective guidelines provided by Bangladesh Bank.

Approach for calculating capital charge for operation risk

As suggested by the guideline, the Company has computed the capital requirements for operational risk under the 'Basic Indicator Approach (BIA)'. Under BIA, the capital charge for operational risk is a fixed percentage, currently 15% of average positive annual gross income of the Company over the past three years.

Quantitative Disclosures

Capital requirements for operational risk

Particulars	Amount in BDT million
Capital requirements for operational risk	848.87



WE HOLD.
WE FLOW.

Operating Segment Perforamnce

Amount in BDT

For the year ended December 31, 2016	Corporate	SME	Retail	Treasury	Total
Net Interest Income*	264,775,342	59,579,086	100,341,581	260,678,506	685,374,516
Fees and Other Income	126,967,192	10,114,961	18,181,639	759,592	156,023,385
Net Operating Revenue	**391,742,534**	**69,694,048**	**118,523,221**	**261,438,098**	**841,397,901**
Operating Expenses**	121,872,801	33,140,106	144,828,001	39,946,586	339,787,494
Operating Profit	**269,869,734**	**36,553,941**	**(26,304,780)**	**221,491,512**	**501,610,407**
Segment Asset***	14,400,609,919	2,766,679,867	2,906,577,882	2,503,081,947	22,576,949,615
Segment Liability***	2,689,455,568	101,909,412	7,217,825,434	9,792,645,582	19,801,835,996
Net Segment Asset	**11,711,154,351**	**2,664,770,455**	**(4,311,247,552)**	**(7,289,563,635)**	**2,775,113,619**
For the year ended December 31, 2015					
Net Interest Income*	157,934,741	56,745,386	51,817,989	220,348,602	486,846,718
Fees and Other Income	146,948,411	3,299,767	2,795,554	14,630	153,058,363
Net Operating Revenue	**304,883,152**	**60,045,153**	**54,613,544**	**220,363,232**	**639,905,081**
Operating Expenses**	75,418,395	33,250,369	65,242,367	20,208,295	194,119,425
Operating Profit	**229,464,758**	**26,794,784**	**(10,628,823)**	**200,154,937**	**445,785,656**
Segment Asset***	5,257,593,433	718,155,430	635,109,052	1,591,380,533	8,202,238,448
Segment Liability***	973,788,462	74,376,885	3,496,527,215	1,182,934,028	5,727,626,590
Net Segment Asset	**4,283,804,971**	**643,778,545**	**(2,861,418,163)**	**408,446,506**	**2,474,611,858**

* Fund Transfer Pricing under single pool method has been applied in arriving at Segment Net Interest Income.

** Support and common Operating Expenses are allocated to business lines.

*** There are some non-interest bearing assets and liabalities which are not attached with operating segment. These are included in treasury.

Credit Rating Report

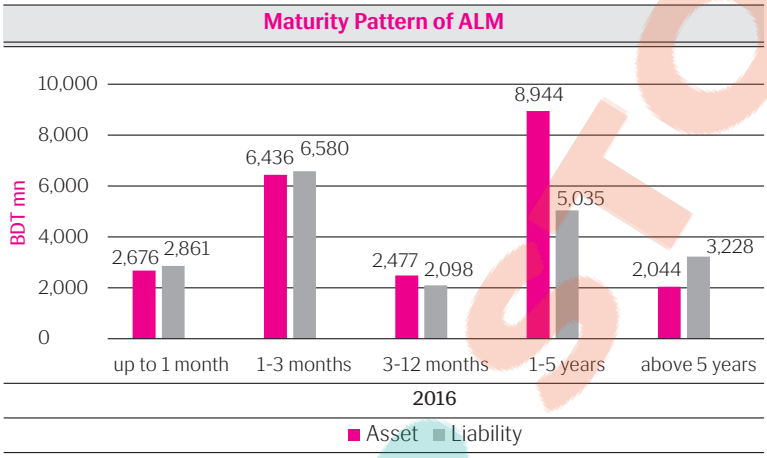
IPDC has been rated as AA_2 (Pronounced as Double A 2) long term credit rating and ST-2 short term credit rating by Credit Rating Agency of Bangladesh Limited (CRAB) based on financials and other available information up to the date of rating declaration. The outlook on the rating is "Stable" in last two Consecutive years.

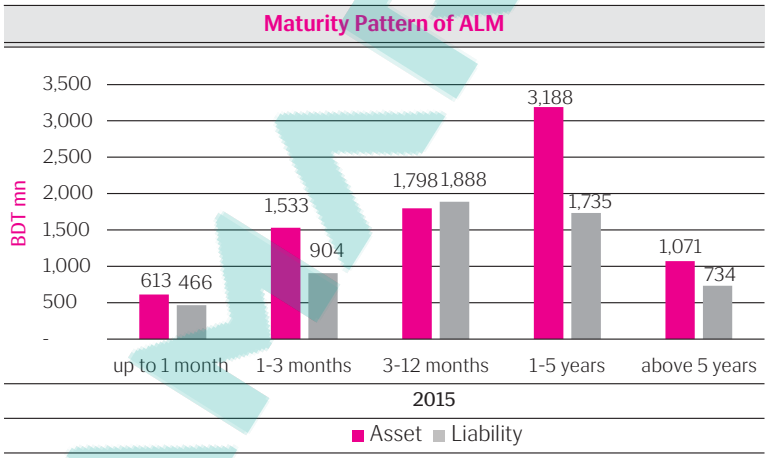
Date of Issue	Long Term Rating	Short Term Rating	Outlook	Date of Validity
23-Aug-16	AA_2	ST-2	Stable	30-Jun-17
4-Jun-15	AA_2	ST-2	Stable	30-Jun-16

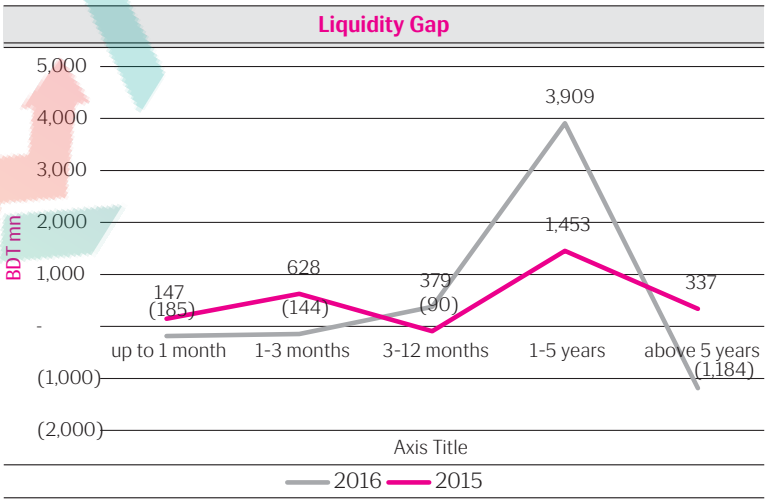
CRAB considered financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating. The assigned rating reflects the strengths of the company which is backed by a strong team of management, growth in the non-interest income,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

Maturity Pattern of Key Assets and Liabilities (ALM)

In financial institutions, asset and liability management is the practice of managing liquidity and interest rate risks arising out from maturity mismatch between asset and liability. The company should ideally match tenor wise asset and liability to make sure that the company has sufficient cash inflow to meet its outflow. Interest rate structure varies with respect to different maturity buckets; therefore, a match between asset and liability is also required which allows the company to adjust its spread due to the movement in market interest rates. In 2016 IPDC has improved its gap in asset and liability (detail can be found in financial statement) as depicted in the graphs below:







Classification and Impairment of Investments in Shares

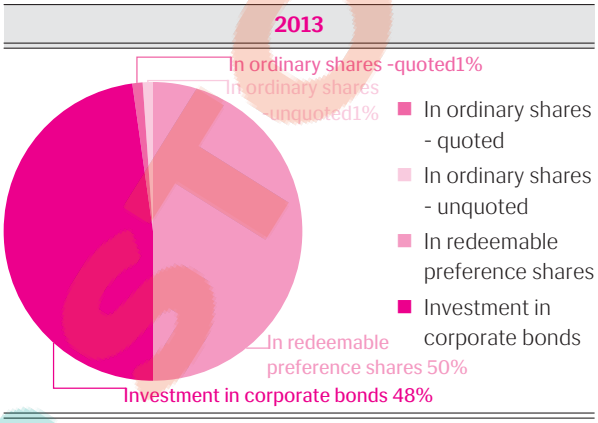
Impairment of Investment:

According to the BAS 36 impairment of assets seeks to ensure that an organization are not carried at more than their recoverable amount. As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis. As per FID circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No.03, dated 29 April 2013 , a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. Moreover, according to the Bangladesh Bank Circular DFIM circular no.11, date-23 December 2009, all investment in shares and securities has to be revaluated after a year end.

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

At the end of December 2016, we did an impairment exercise for both quoted and unquoted shares. We found no significant indication for doing impairment in our books.

Investment Classification



Details of Investments in shares are scheduled can be found in Note-7 to the Financial Statement.

Non-performing Loan (NPL)

During the year 2016, there was improvement in NPL status of the Company which is represented in its NPL ratio being decreased to 0.71% from the previous year's 1.98%.

NPL Movement:

The movement in NPL portfolio during the year 2016 is given below:

	Amount in BDT
Opening balance	126.98
Add: Addition during the year	52.70
Less: Collection during the year	40.00
Less: Write offs	2.18
Closing balance	137.51

Write offs:

The movement in write-offs portfolio during the year 2016 is given below:

Particulars	Amount in BDT
Opening Balance as on January 1, 2016	609.04
Add: Addition During the Year	2.18
Less: Collection During the Year	119.08
Closing Balance as on December 31, 2016	492.13

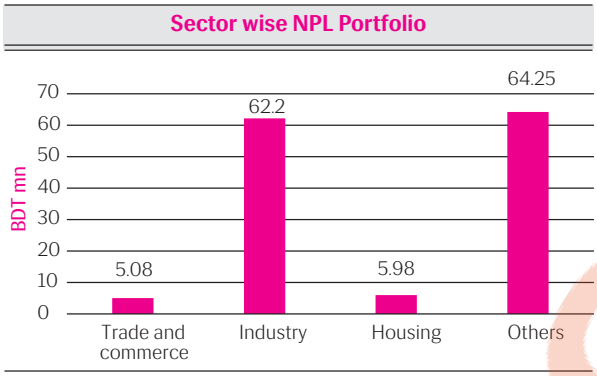
Sector-wise NPL Status:

Following table shows sector-wise exposure vis-à-vis sector-wise NPL of IPDC.

Amount in BDT mn

Particulars	Sector-wise Total Credit Portfolio	Sector-wise Credit Portfolio (in %)	Sector-wise NPL Portfolio	Sector-wise NPL % of Total portfolio
Trade and Commerce	1,263.77	6.49%	5.08	0.03%
Industry	-	0.00%		0.00%
A) Garments and Knitwear	2,021.72	10.38%	15.63	0.08%
B) Textile	842.54	4.33%	-	0.00%
C) Jute and Jute-Products	283.22	1.45%	34.41	0.18%
D) Food Production and Processing Industry	2,274.00	11.67%	-	0.00%
E) Plastic Industry	568.19	2.92%	-	0.00%
F) Leather and Leather-Goods	217.68	1.12%	-	0.00%
G) Iron,Steel and Engineering	2,065.60	10.60%	5.94	0.03%
H) Pharmaceuticals & Chemicals	861.68	4.42%	-	0.00%
I) Cement and Allied Industry	505.69	2.60%	-	0.00%
J) Telecommunication and Information Technology	279.15	1.43%	5.21	0.03%
K) Paper, Printing and Packaging	538.80	2.77%	1.00	0.01%
L) Glass, Glassware and Ceramic Industry	1.41	0.01%	-	0.00%
M) Ship Manufacturing Industry	-	0.00%	-	0.00%
N) Electronics and Electrical Goods	526.39	2.70%	-	0.00%
O) Power, Gas, Water and Sanitary Service	372.43	1.91%	-	0.00%
P) Transport and Aviation	702.58	3.61%	-	0.00%
Industry total	12,061.09	61.91%	62.20	0.32%
Agricultural	1,437.82	7.38%	-	0.00%
Housing	1,562.74	8.02%	5.98	0.03%
Others	3,155.18	16.20%	64.25	0.33%
Grand Total	19,480.60	100.00%	137.51	0.71%

AMAR STOCK



‘DESPITE BEING THE FASTEST. WE STAY, THE STRONGEST.’

AMER STOCK

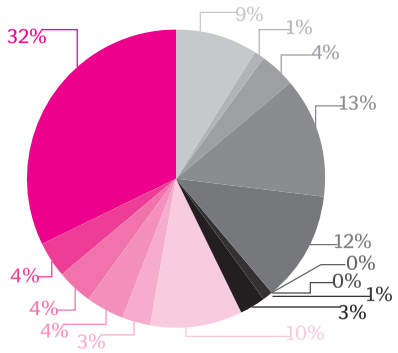
Statement of Sector Wise Exposure:

Credit risk concentrations exist in lending to single customer groups, borrowers engaged in similar activities, or diverse groups of borrowers that could be affected by similar economic or other factors. To manage these concentrations, exposure limits are established for single borrowing groups, counter parties, industry segments, countries, and cross border transfer risks. Limits are aligned with the Company's business strategy and resources, and take into account the credit quality of the borrower, available collateral and regulatory requirements, Limits are typically set taking account of the factors such as impact on earnings and capital as well as regulatory constraints.

The Company is in compliance with Section 14 of the Financial Institutions Act, 1993 which limits its exposure to any single client in Bangladesh to not more than 30% of our Equity.

Amount in BDT

Name of Sector	2012	%	2013	%	2014	%	2015	%	2016	%
Agro-based industries	496,826,670	8.89%	549,096,157	9.56%	598,927,138	10.55%	833,959,200	13.00%	1,721,041,566	8.83%
Banks and non-banking financial institutions	172,169,249	3.08%	346,317,849	6.03%	301,892,379	5.32%	210,170,907	3.28%	128,067,380	0.66%
Chemicals, pharmaceuticals and allied products	582,602,717	10.43%	438,050,385	7.62%	213,641,556	3.76%	160,577,931	2.50%	861,683,227	4.42%
Engineering and building materials	488,259,153	8.74%	454,562,960	7.91%	444,118,342	7.82%	1,063,785,412	16.58%	2,571,294,338	13.20%
Food and allied products	225,993,182	4.05%	524,530,074	9.13%	414,268,180	7.30%	237,489,187	3.70%	2,273,996,759	11.67%
Glass, ceramic and other non-metallic products	166,994,679	2.99%	7,419,664	0.13%	48,669,702	0.86%	1,788,228	0.03%	1,408,746	0.01%
Hotel, tourism and leisure	15,885,566	0.28%	86,030,634	1.50%	70,782,502	1.25%	52,688,219	0.82%	28,076,681	0.14%
Information and communication technologies	238,140,221	4.26%	91,497,508	1.59%	37,218,224	0.66%	23,866,107	0.37%	279,154,502	1.43%
Paper converting and packaging, printing and publishing	158,239,795	2.83%	242,107,323	4.21%	323,881,651	5.71%	307,696,915	4.80%	538,802,757	2.77%
Ready made garments and knitwear	123,245,070	2.21%	151,952,371	2.64%	528,212,939	9.30%	354,772,417	5.53%	2,021,719,001	10.38%
Social sector	53,953,056	0.97%	386,908,940	6.73%	225,502,442	3.97%	291,935,549	4.55%	540,754,177	2.78%
Tannery, leather and rubber products	101,111,556	1.81%	73,678,868	1.28%	-	0.00%	342,378,583	5.34%	785,866,009	4.03%
Textile	854,483,927	15.30%	759,544,830	13.22%	624,141,861	10.99%	634,740,003	9.89%	842,539,127	4.33%
Transport and aviation	168,328,503	3.01%	185,674,526	3.23%	212,305,658	3.74%	191,649,831	2.99%	702,580,501	3.61%
Others	1,739,410,667	31.14%	1,448,138,654	25.20%	1,633,228,219	28.77%	1,708,278,480	26.63%	6,183,610,319	31.74%
Total	**5,585,644,010**	**100.00%**	**5,745,510,743**	**100%**	**5,676,790,793**	**100%**	**6,415,776,969**	**100%**	**19,480,595,090**	**100%**



- Agro-based industries
- Banks and non-banking financial institutions
- Chemicals, pharmaceuticals and allied products
- Engineering and building materials
- Food and allied products
- Glass, ceramic and other non-metallic products
- Hotel, tourism and leisure
- Information and communication technologies
- Paper converting and packaging, printing and publishing
- Ready-made garments and knitwear
- Social sector
- Tannery, leather and rubber products
- Textile
- Transport and aviation
- Others

Human Resource Accounting (HRA)

Human resource accounting is the process of identifying and reporting investments made in the human resources of an organization that are presently unaccounted for in the conventional accounting practices. It is an extension of standard accounting principles. Measuring the value of human resources can assist organizations in accurately documenting their assets. However, There is no straight-forward widely recognized tools for measuring the value of Human Resource in the Balance Sheet.

Objectives and Benefits

The human resource accounting process was established to fulfill a number of objectives within the organisation. These include:

To furnish cost value information for making proper and effective management decisions about acquiring, allocating, developing, and maintaining human resources in order to achieve cost effective organizational objectives.

To monitor effectively the use of human resources by the management.

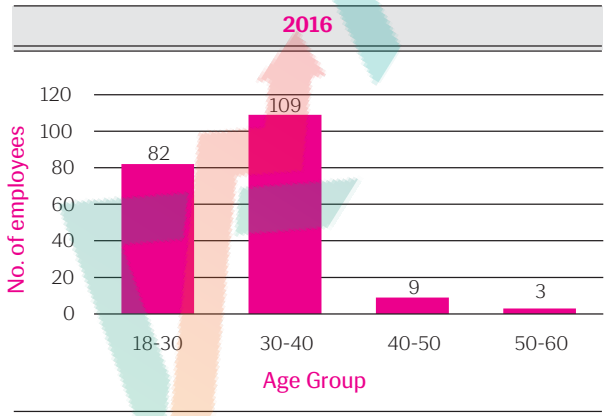
To have an analysis of the Human Asset, i.e. whether such assets are conserved, depleted, or appreciated.

To aid in the development of management principles and proper decision making for the future, by classifying financial consequences of various practices.

Some Indicators

Particulars	2016	2015
Asset per employee (BDT mn)	164.80	117.17
Profit per employee (BDT mn)	2.21	3.43
Training hour per employee (hours)	27.86	8.00

Age Distribution of Employee



Most of the employee falls under the age bracket of 30-40, which is far from their retirement age and hence it has been assumed that present set of employees is expected to be highly productive and serve the company longer.

Gender Distribution of Employees

Year	Full Time			Outsourced			Total
	Male	Female	Sub -total	Male	Female	Sub -total	
2016	165	38	203	49	10	59	262
2015	56	15	71	20	9	29	100

Net addition of 162 head counts in 2016 was done in business and support function to facilitate the growth of current and future year.

Accounting Standard for Human Resource

While the IFRS do not currently have standards requiring HRA, it could be argued that they are moving closer to providing more flexible approaches to accounting measurements and reporting. For example, the international standards IAS 38 Intangible Assets and IFRS 3 on Business Combinations allows for the recognition of the intangible asset goodwill, which indicates a willingness to allow for valuation of assets that are not traditional tangible assets, such as human resources.

Classification of leases, loans and advances with provisions and interest suspenses

As per guidelines of Bangladesh Bank

As on 31 December 2016

Amount in BDT thousand

Sectors	Total Outstanding	Balance Outstanding						Base for Provision				Amount of Provision Required	Interest Suspense on			
		Unclassified			Classified			SMA	SS	DF	BL		Standard (if any)	SMA	Classified A/Cs	Total
		Standard	Std. SME	SMA	SS	DF	BL									
1	2	3		4	5	6	7	8	9	10	11	12	13	14	15	16
1. Lease Finance (FICL -2A)	2,539,580	2,299,879	207,752	952	11,208	4,291	15,497	652	3,777	3,486	14,587	40,636	-	300	7,607	7,908
2. Lease Finance (FICL -2B)	33,370	33,370	-	-	-	-	-	-	-	-	-	334	-	-	-	-
3. Term Loans (FICL - 3A)	12,896,575	12,274,605	562,941	14,242	38,526	185	6,076	13,364	3,060	39	347	125,800	2,652	878	12,138	15,669
4. Term Loans (FICL - 3B)	1,738,608	1,680,212	-	-	-	-	58,396	-	-	-	-	16,802	-	-	7,411	7,411
5. Housing Finance (FICL -4A)	98,643	98,643	-	-	-	-	-	-	-	-	-	986	-	-	-	-
6. Housing Finance (FICL -4B)	1,461,449	1,458,119	-	-	3,330	-	-	-	632	-	-	14,708	-	521	-	521
7. Other Assets (FICL -5)	712,370	523,381.35	188,989	-	-	-	-	-	-	-	-	5,706	-	-	-	-
8. Investments (FICL -6)	565,733	-	-	-	-	-	-	-	-	-	-	16,852	-	-	-	-
TOTAL	20,046,328	18,368,210	959,682	15,194	53,064	4,475	79,969	14,016	7,468	3,524	14,934	221,825	2,652	1,699	27,157	31,508

* Segregation of outstanding (Unclassified and Classified), base for provision and interest suspense have been calculated based on Bangladesh Bank guidelines
* Base for provision for SMA has been calculated according to total outstanding minus interest suspense
* Base for provision for SS, DF and BL have been calculated according to total outstanding minus eligible securities
* Provision has been calculated according to below rates of Bangladesh Bank guidelines

Particulars	Percentage
Standard except SME Standard (UC*)	1.00%
Standard-SME (UC)	0.25%
Special Mention Account (SMA)	5.00%
Sub Standard (SS)	20.00%
Doubtful (DF)	50.00%
Bad/Loss (BL	100.00%

UC* stands for unclassified loans

DHAKAINVESTSTOCK

Contribution to National Exchequer

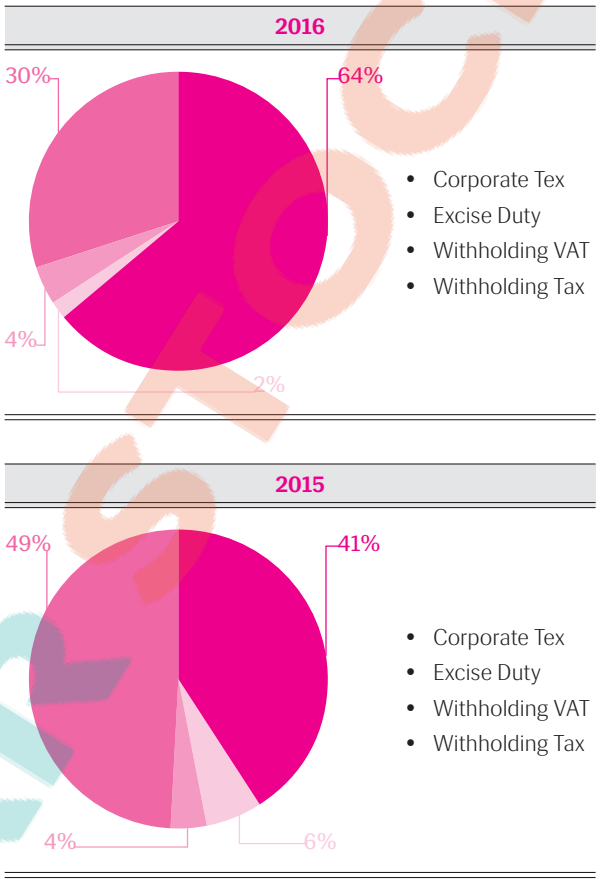
IPDC contributes to the economy by paying Corporate Tax, Value Added Tax (VAT) and other taxes as per the prevailing laws and regulations. During the year 2016 IPDC paid total of BDT 141.5 million for Corporate Tax, up by 197.9% aganist BDT 47.5 million in 2015. IPDC pays VAT @ 15% on the fees and commission income. In addition, IPDC collects Income Tax and VAT at source while paying vendors, suppliers, service providers and employees and ensure payment of such withholding Tax and VAT to the Government Exchequer. In aggregate, IPDC have deposited BDT 223.0 million in 2016 against BDT 116.4 million in 2015.

Summary of Payment to Government Exchequer

Amount in BDT

Particulars	2015	2016	Growth
Corporate Tax	47,506,104	141,525,976	197.9%
Excise Duty	6,635,370	5,014,740	-24.4%
Withholding VAT	4,685,406	8,810,924	88.1%
Withholding Tax	57,535,050	67,629,716	17.5%
Total contribution	**116,361,930**	**222,981,356**	**91.6%**

Mix of Payment to Government Exchequer





WE STRIVE.
WE THRIVE.

Glossary

Terms	Meaning
Accrual Basis	Recognizing the effects of transactions and events when they occur, without waiting for receipt or payment of cash or cash equivalent.
Amortization	Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life.
Cash Basis	Recognizing the effects of transactions and events when receipt or payment of cash or cash equivalent occurs.
Cash Equivalents	Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk in change in value.
Depreciation	Depreciation is the allocation of the depreciable amount of an asset over its estimated useful life. Depreciation for the accounting period is charged to net profit or loss for the period either directly or indirectly.
Executions	Advances granted to clients under leasing, hire purchase, installment sales and loan facilities.
Fair Value	Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.
Finance Lease	A lease that transfers substantially all the risk and rewards incident to ownership of the asset to the lessee. Title may or may not eventually be transferred.
Gross Dividend	The proportion of profit distributed to shareholders inclusive of tax withheld.
Gross Portfolio	Total rental receivable of the advances granted to clients under leasing, hire purchase, installment sales and loan facilities.
Intangible Asset	An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.
Interest Cost	The sum of monies accrued and payable to the sources of borrowed working capital.
Interest in Suspense	Interest income of non-performing portfolio; these interests are accrued but not considered as part of income.
Investment Property	Investment property is property (land or a building - or part of a building - or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business.
Lease	A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.
Net Portfolio	Total rental receivable excluding interest of the advances granted to clients under leasing, hire purchase, installment sales and loan facilities.
Non-Performing Portfolio	Facilities granted to clients which are in default for more than the period recommended by Bangladesh Bank.
Paid up Capital	All amounts received by the Company or due and payable to the Company (a) in respect of the issue of shares (b) in respect of calls on shares.
Provision	Amounts set aside against possible losses on net receivable of facilities granted to clients, as a result of them becoming partly or wholly uncollectible.
Related Parties	Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.
Related Party Transactions	A transfer of resources or obligations between related parties, regardless of whether a price is charged.
Shareholders' Funds (Equity)	Total of issued and fully paid ordinary share capital and reserves.
Value Addition	Value of wealth created by providing leasing and other related services considering the cost of providing such services.

Notes

AMAR STOCK

IPDC Finance Limited

Proxy Form

I……of ……..
……..being member of IPDC of Bangladesh Limited, hereby appoint Mr/ Ms…… of ……...
as my proxy to attend and vote for me and on my behalf at the 35th Annual General Meeting of the Company to be held on Tuesday, May 02, 2017 at 9:00 a.m. in Trust Milonayaton, 545, Old Air Port Road, Jahangir Gate, Dhaka Cantonment, Dhaka-1206 or at any adjustment thereof.

Signed this……
Day of……..2017

Signature of Proxy……

Revenue Stamp Tk. 20.00

_____
Signature of Shareholder

BO ID: | | | | | | | | | | | | | | | | |

No. of Shares…….

N.B. Important

1. This Proxy Form, duly completed, must be deposited at least 48 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as explained above.
2. Signature of the shareholders should agree with the specimen signature registered with the Company.

IPDC Finance Limited

Attendance Slip

I hereby record my attendance at the 35th Annual General Meeting of the Company being held on Tuesday, May 02, 2017 at 9:00 a.m. in Trust Milonayaton, 545, Old Air Port Road, Jahangir Gate, Dhaka Cantonment, Dhaka-1206.

Name of Member/Proxy……

BO ID: | | | | | | | | | | | | | | | | |

Signature……
Date…….....

N.B. Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and deposit the same at the registration counter on the day of the meeting.

SMART STOCK

ANNUAL REPORT 2016



IPDC Finance Limited

Head Office

Hosna Centre (4th Floor), 106 Gulshan Avenue, Dhaka 1212
16519, +88 09612 885 533, +88 02 988 5532 (Fax)
email@ipdcbd.com ipdcfinance www.ipdcbd.com

AMARSTOCK