Annual Report 2017

IPDC FINANCE



crafting tales of joy...

AMARSTOCK



crafting tales of joy

They say the journey of a thousand miles starts with a small step. Taking small steps to attain a major vision is what life is worth living for. And those visions are the ones which shape up stories that inspire the core of our aspirations. At IPDC, we celebrate the visions and stories of our customers; who drive us towards achieving new heights and stimulate our beliefs to accomplish excellence at everything we do. Being the pioneering private financial institution of the nation, we embrace the privilege to embark on the journey that shapes up lives of countless customers. Our promises and our visions empower us to construct a surging economic landscape for Bangladesh and bring thousands of untold stories to life.

LETTER OF TRANSMITTAL

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

Annual Report for the year ended 31 December 2017

Dear Sirs:

Please find enclosed, a copy of the Annual Report along with the Audited Financial Statements including Balance Sheet as at 31 December 2017 and Income Statements, Cash Flow Statement and Statement of Changes in Equity for the year ended 31 December 2017 along with the notes thereon of IPDC Finance Limited for your kind perusal and record.

Thank you.

Yours Sincerely,

Samiul Hashim
Company Secretary

AMARSTOCK

NOTICE OF THE 36TH ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting (AGM) of the shareholders of IPDC Finance Limited will be held at SPECTRA CONVENTION CENTRE LIMITED, House # 19, Road # 7, Gulshan-1, Dhaka-1212 on Sunday, 25 March 2018 at 9:30 a.m. to transact the following proceedings:

AGENDA

01. To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements of the Company for the year ended December 31, 2017;
02. To declare dividend for the year ended December 31, 2017;
03. To elect/re-elected Directors;
04. To appoint the Auditors and to fix their remuneration;
05. To confirm the re-appointment of Mr. Mominul Islam, as Managing Director & CEO of IPDC;
06. a) To confirm the re-appointment of Dr. Muhammad Musa as Chairman of IPDC b) To confirm appointment of Mr. Salahdin Irshad Imam and Ms. Nasreen Sattar for the 2nd term as Independent Director c) To confirm the appointment of Ms. Tamara Hasan Abed as Nominee Director of BRAC & Mr. Narayan Chandra Das of GoB;
07. To transact any others business (if any) with the permission of the Chair.

By order of the Board

Samiul Hashim
Company Secretary
Dated: 28 February 2018

Notes:

1. 27 February 2018 shall be considered as the Record Date for entitlement of the Dividend for the year ended December 31, 2017
2. Admission into the venue of the AGM will be allowed on submission of the attendance ship.
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.

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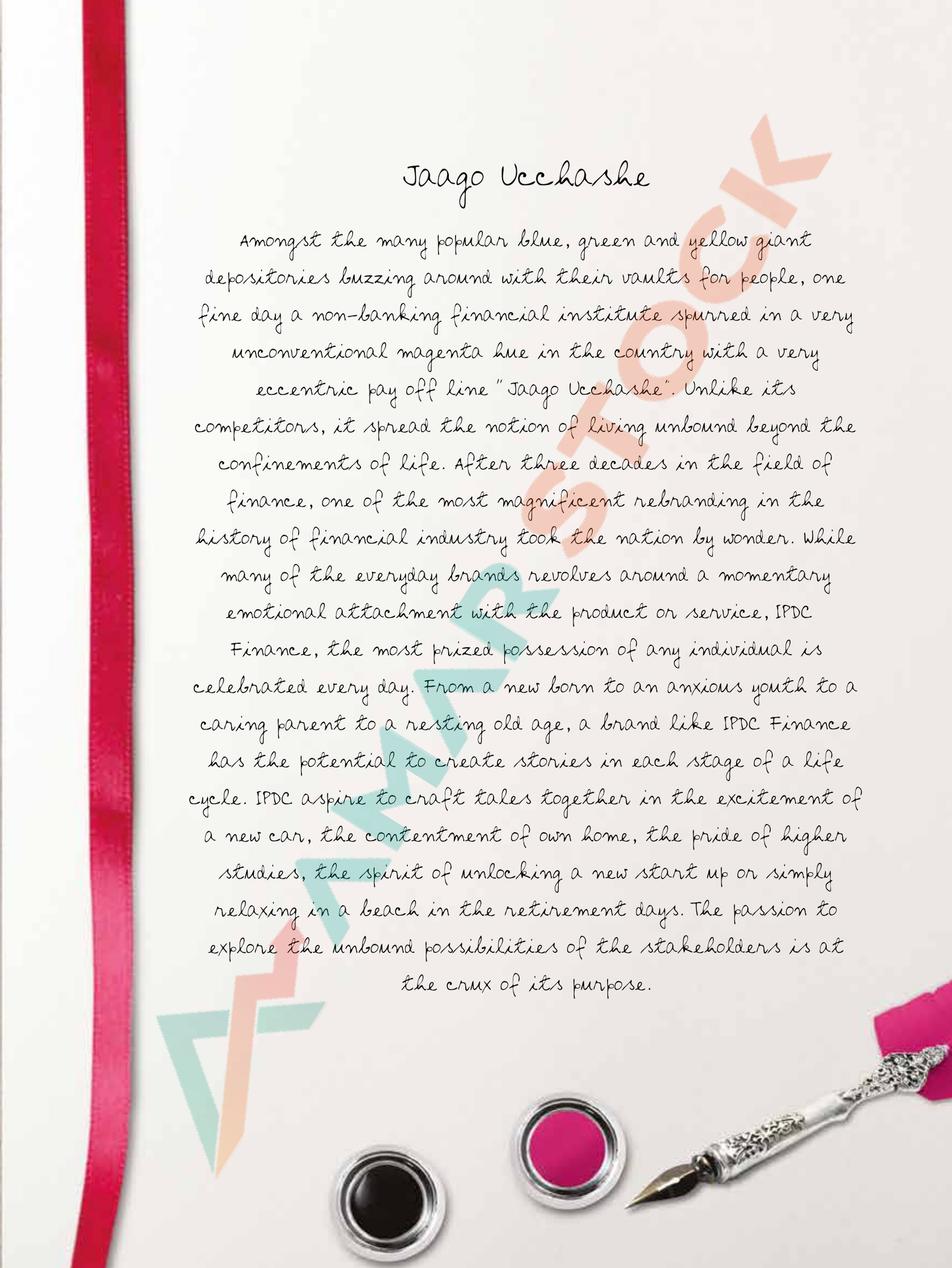
IPDC™

FINANCE

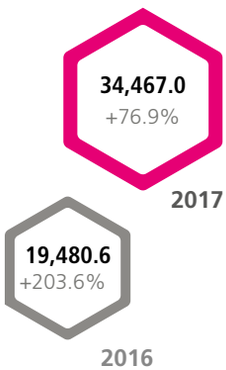
IPDC's Tale on Live Unbound

Jaago Ucchashe

Amongst the many popular blue, green and yellow giant depositories buzzing around with their vaults for people, one fine day a non-banking financial institute spurred in a very unconventional magenta hue in the country with a very eccentric pay off line "Jaago Ucchashe". Unlike its competitors, it spread the notion of living unbound beyond the confinements of life. After three decades in the field of finance, one of the most magnificent rebranding in the history of financial industry took the nation by wonder. While many of the everyday brands revolves around a momentary emotional attachment with the product or service, IPDC Finance, the most prized possession of any individual is celebrated every day. From a new born to an anxious youth to a caring parent to a resting old age, a brand like IPDC Finance has the potential to create stories in each stage of a life cycle. IPDC aspire to craft tales together in the excitement of a new car, the contentment of own home, the pride of higher studies, the spirit of unlocking a new start up or simply relaxing in a beach in the retirement days. The passion to explore the unbound possibilities of the stakeholders is at the crux of its purpose.

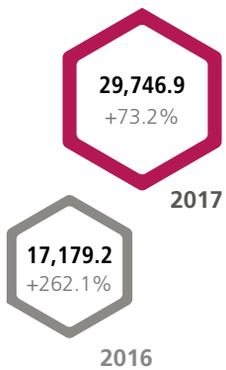


PERFORMANCE HIGHLIGHTS



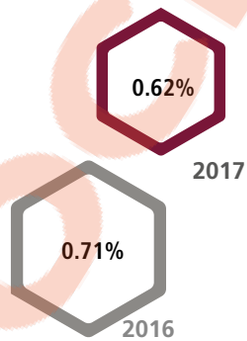
BDT million, %

Loans and Advances



BDT million, %

Deposit



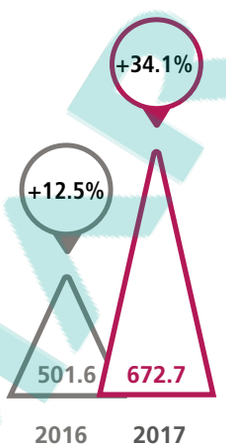
%

NPL Ratio



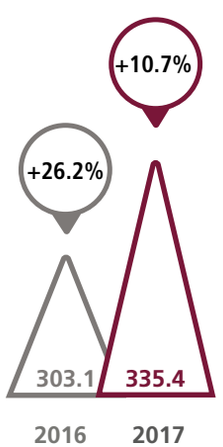
BDT million, %

Revenue



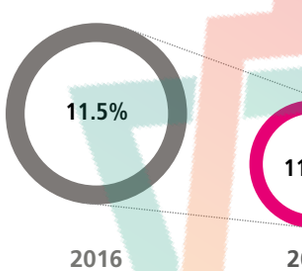
BDT million, %

Operating Profit



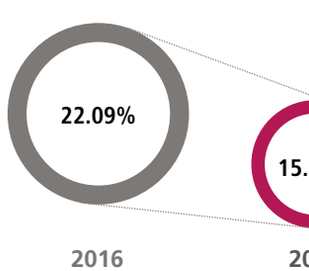
BDT million, %

Profit After Tax



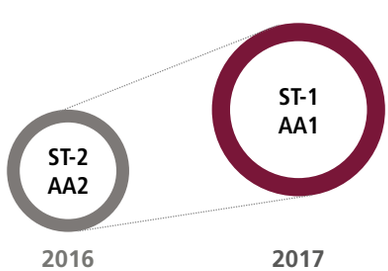
%

Return on Equity (ROE)

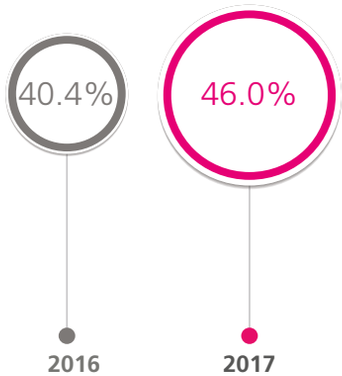


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CAR

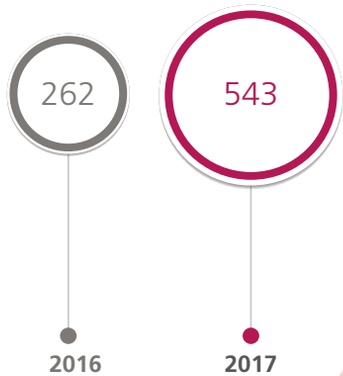


Credit Rating



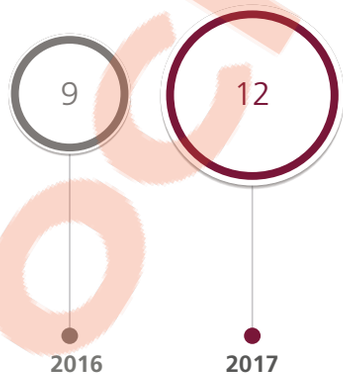
%

Cost to Income Ratio



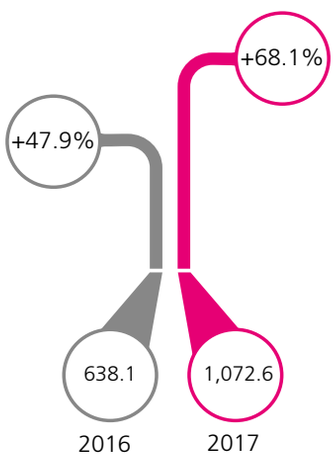
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Head Count



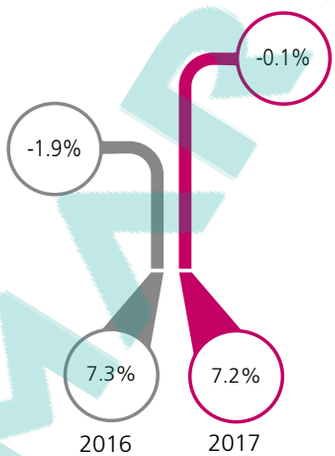
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Branches



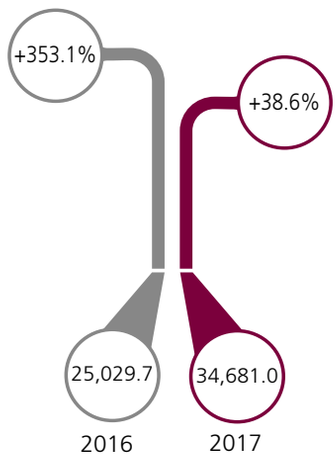
BDT million, %

Net Interest Income



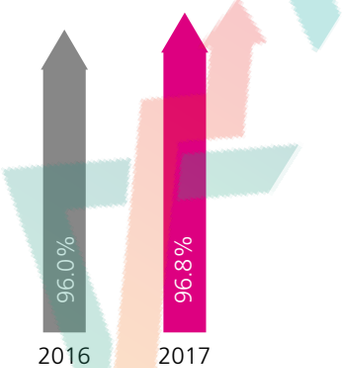
%

Cost of Fund



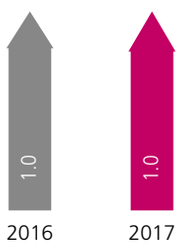
BDT million, %

Loan Disbursment



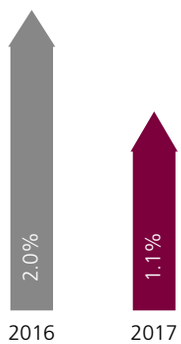
%

Earning Assets as a % of Total Assets



Times

Current Ratio



%

Return on Asset

STATEMENT FROM CHAIRMAN

"Our strategy revolves around financial inclusion and empowerment of the people of the country"

Dr. Muhammad Musa
Chairman



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Dear Shareholders,

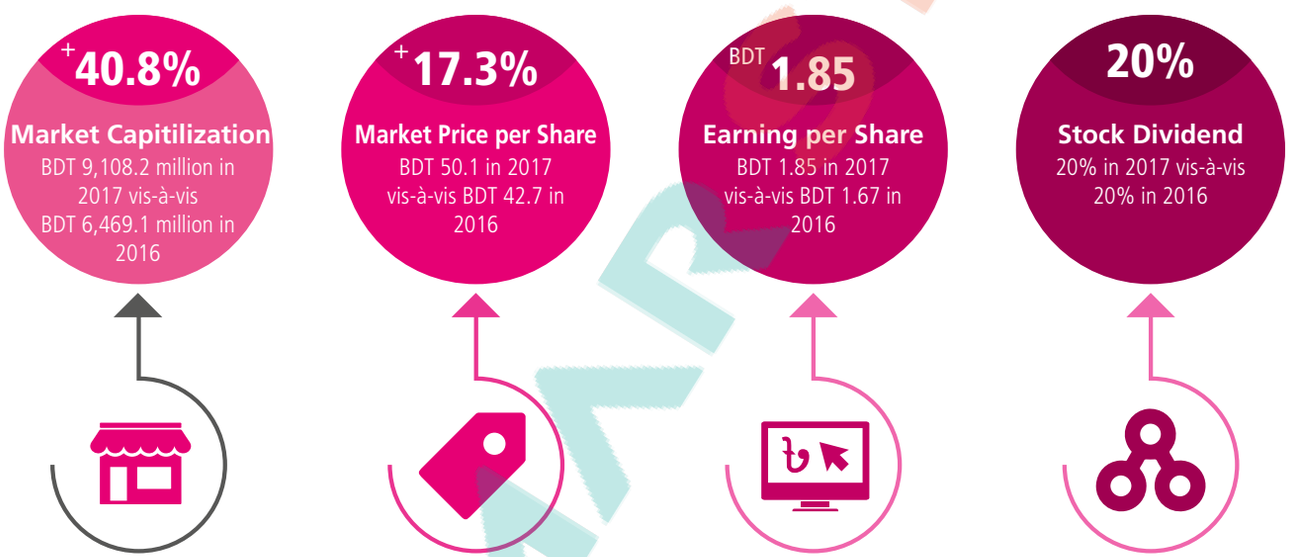
I would like to extend a warm welcome to you through the pages of our Annual Report 2017. This is indeed an opportune time for me to write to you about our financial performance of the year 2017, which warrants an acknowledgement of the years of hard work, sincerity and the commitment of our team.

Beyond delivering impressive results in 2017, we have taken some giant step towards achieving our long term strategic objectives and continued to build our organizational competence for the future. This has been only possible due to the strong mandate given to us by our valued shareholders.

The year 2017 marked itself as another successful year for IPDC and its shareholders. The positive changes made by the Board together with the management efforts, the company begun to regain its reputation that it traditionally held. We also endeavored to solidify our foundations towards achieving the long-term objective of the company. Though much is yet to be done, I am certain that shareholders will endorse the progress that has been made over a relatively short period of time. I would particularly like to thank my Board colleagues and our management team for their ongoing contributions to this transformation.

Performance Review

Our performance in 2017 reflected some important strides forward that broadly resulted in substantial growth in our balance sheet. Our Loans and Advances grew by 76.9% while maintaining a record low Classified Loan Ratio at 0.62% at the end of 2017 and registering 10.7% growth in Profit After Tax. In our journey we remain firmly focused on building the company for a brighter and promising future that will generate sustainable bottom line growth in the long term. Our growth is well backed by strong business fundamentals which is reflected in growing returns to our shareholders.



Board and Governance

At IPDC, we have a very strong, experienced and diverse Board with a good balance of skills and experience. The Board provides the vision, strategic leadership and sets challenging targets for the management which collectively acts as a strong impetus for the executive team to continually push the boundaries to achieve the growth aspirations.

At our Company, we have significantly strengthened our risk management framework, control procedures and audit processes and set a very high compliance standard for sustainable growth of the company. Good governance and sound ethical practices are deeply embedded in our culture. We will continue to strengthen our position to remain as a highly-compliant and well-governed financial institution in Bangladesh.

Our People

With an average age of 32 years, our young and vibrant workforce is the key to driving innovation, entrepreneurialism and collaborative spirit across the company. We promote diversity, equity and good work life balance at workplace and ensure sufficient provision for health and safety for our employees. We provide our employees with exciting career progression opportunities through continuous training and development.

Strategy

At IPDC, we aspire to become the most passionate financial brand of the country. Our strategy revolves around financial inclusion and empowerment of the people of the country. Beside industrial finance we want to help fulfilling the dreams of having a decent residence by providing affordable housing finance for middle and low-income families across the country, creating new entrepreneurs and promoting women and SME entrepreneurship.

Customer remains at the heart of everything that we do, which is deeply rooted in our values: embracing the passion of our customers, accepting no limits and relentlessly pursuing innovation.

Aligned with our strategic intent, we have been purposefully investing in brand, system, process, technology, human

resources and distribution network to build our capabilities to support the growth trajectory of the company.

Outlook

Bangladesh economy has been one of the top performers in Asia, particularly over last ten years, averaging an annual growth rate of 6.5% with inflation rate consistently remaining in check and economic resilience being proven over time. The country is outperforming its neighbors in some key social indicators too, as reflected in improved literacy and immunization rate, reduced infant mortality rates, increased women participation in the economy, emergence of highly productive labor force converging into the age bracket of 15-64 and many others. This has resulted in the steady rise in per capita income, emergence of growing middle-class families and improved gender parity and influx of young population into the employment market. This demographic and socioeconomic changes are expected to drive the future of the economy and create enormous opportunities for companies like us. In addition to this, growing internet and smartphone penetration rate and rise of Gen-Y population, we are well-poised to take the advantages of evolving technological changes and firmly marching forward to achieving our goal of *Digital Bangladesh*. Against the backdrop, we are very optimistic about the future prospect of the country and the company.

Proposed Dividend

We have transferred required amount to Statutory Reserve from our profit made in the year 2017. Given the high growth potential of the company and the minimum regulatory capital level it needs to maintain, the Board thinks it is prudent to conserve capital, yet delivering higher returns to our shareholders. Therefore, the Board recommends 20% stock dividend for the year ended 31 December 2017 for the approval of the shareholders.

Concluding Remarks

The all-round success we have achieved so far is because we are a purpose-driven organization and this purpose is firmly anchored on doing good for the society of the country. Carrying our legacy of being an institution-builder of the country, we will strive to help thousands of lives in realizing their dreams and crafting tales of joy.

Acknowledgements

We are thankful to our customers for the continued trust they have placed in our products and services. We would also like to express our appreciation to the management and employees for their loyalty, commitment and hard work, enabling us to reach where we are today. We are also grateful to the Central Bank for their prudential guidelines and support. As always, we are thankful to the shareholders who have invested their faith in us. Finally, we are also thankful to Bangladesh Security and Exchange Commission, Chittagong Stock Exchange, Dhaka Stock Exchange and other regulators and valued business partners for their ongoing support to us.

Thank you.
With my best wishes,

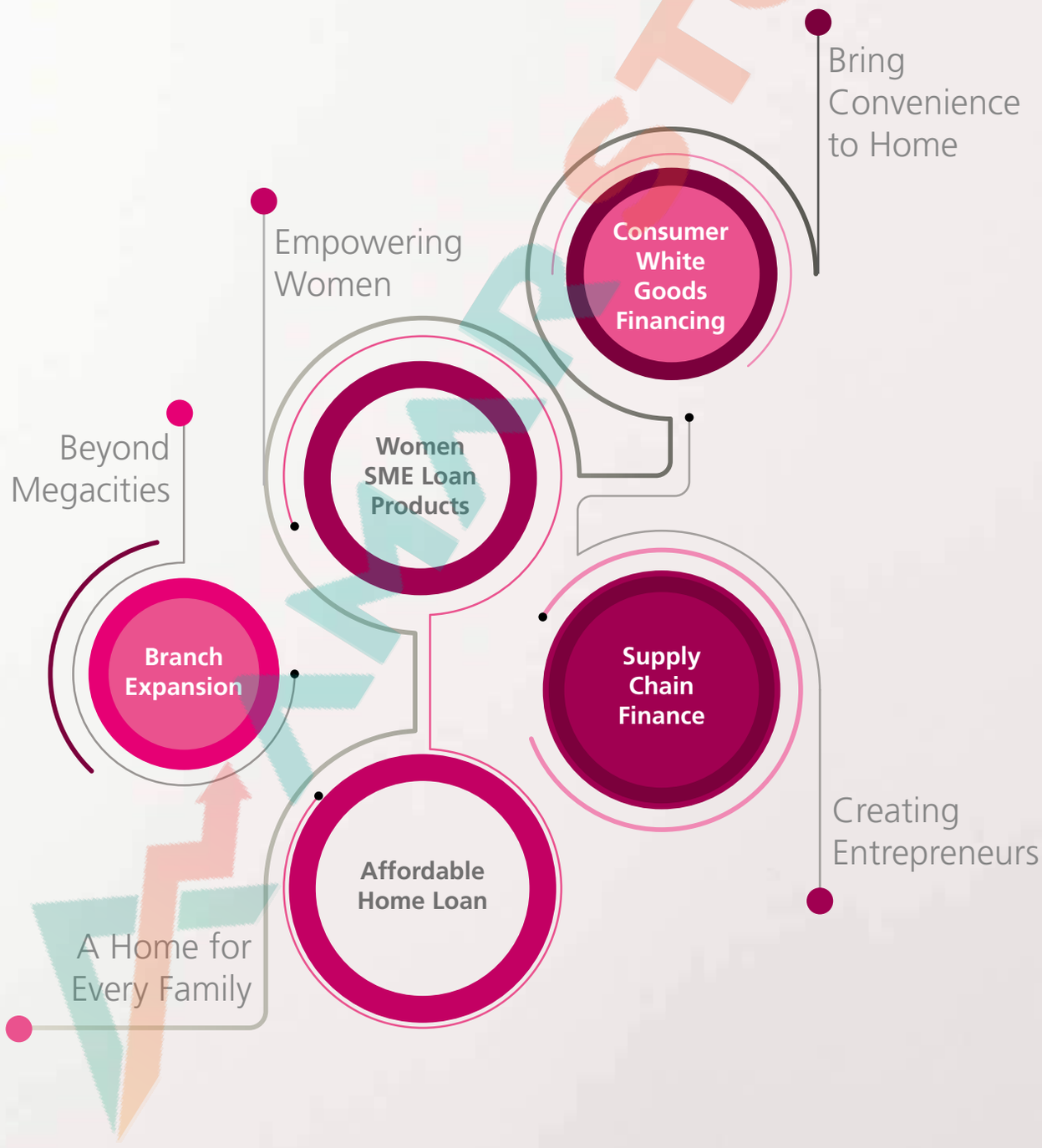


Dr. Muhammad Musa
Chairman

> “Beyond delivering impressive results in 2017, we have taken some giant step towards achieving our long term strategic objectives and continued to build our organizational competence for the future. This has been only possible due to the strong mandate given to us by our valued shareholders”

IPDC'S STRATEGIC PRIORITIES

Collaboration | **Innovation** | **Expansion**



STATEMENT FROM MD AND CEO

"The enriching experiences of the past have culminated into our excitement for the future and we look towards tomorrow with determination and hope and, most importantly, with a sense of renewed purpose"

Mominul Islam
Managing Director and
Chief Executive Officer



Dear Shareholders,

2017 marked itself as another successful year with solid Balance Sheet growth, while consistently maintaining one of the lowest Classified Loan Ratios in the industry. Besides the impressive numbers, we have taken many strategic initiatives to build our organizational capabilities for the future we believe in.

Economy and Industry Review

Economy

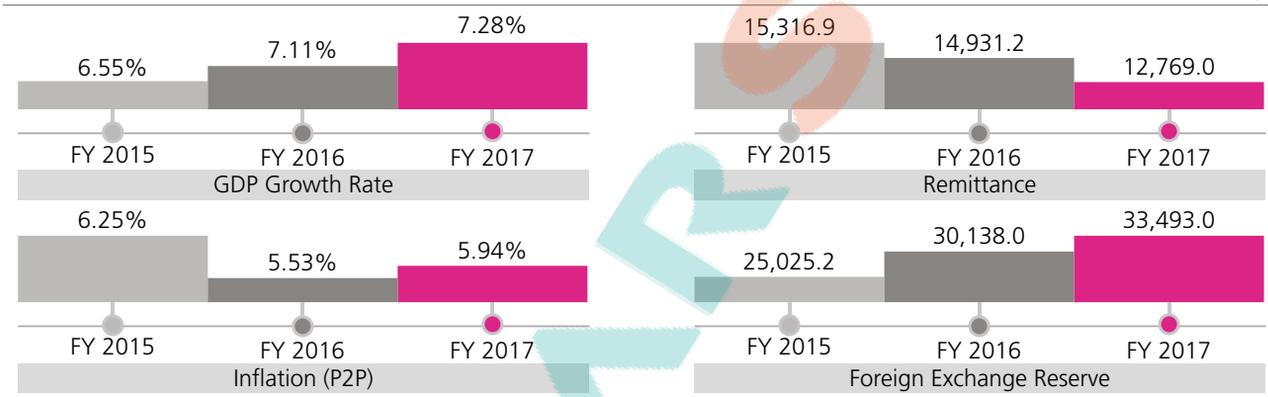
Bangladesh economy grew by 7.28% in the fiscal year 2016-17, propelled by a stable political climate. Inflation has declined to 5.94% (P2P) in FY17. Private sector lending growth has fallen to 15.7% in FY17 from 16.8% in FY16, although in H2'17 the growth had been picking up. The investment to GDP ratio in FY17 (30.3%) is estimated to have risen by 0.6%, largely driven by increase in public investment. Inward remittances declined at a much steeper rate for the second consecutive year to reach US$ 12.7 billion, down by 14.5% in FY17 vis-à-vis 2.5% in FY16. Sluggish export trend in FY17 has rebounded with impressive YoY growth in Q3'17 of this calendar year. Forex exchange reserve stayed healthy throughout the year and peaked at USD 33.6bn in Aug'17. Exchange rate remained stable during FY17.

Government borrowing from banking system has fallen in FY17, largely due to bumper sales of National Savings Certificates. The general index of the Dhaka Stock Exchange (DSE) ended the fiscal year with a 25.5% gain over the previous fiscal year. Similarly, DSE market capitalization has gone up by 19.3% at the end of FY17 over FY16.

Growth remains resilient despite volatile export growth and shrinking remittances. Therefore, Bangladesh economy continued to be one of the top performers in Asia over the past few decades and is expected to maintain the momentum in FY18.

Economic Indicators

USD million, %



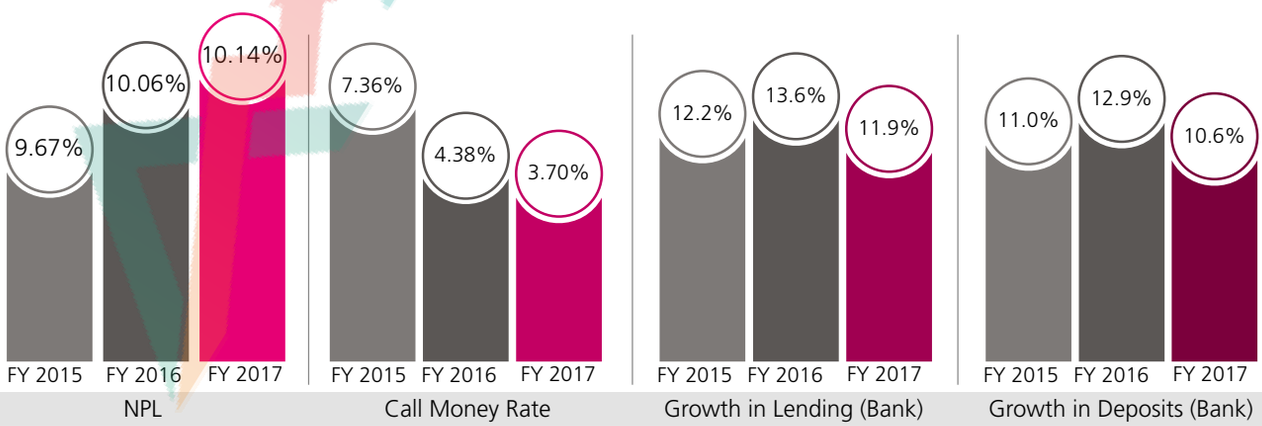
Industry

The banking sector, which dominates the financial sector in Bangladesh, has continued to struggle due to rising NPLs. Banking sector NPL jumped by 19.1% as of June 2017, on YoY basis, reaching to BDT 741.5 billion. Banks' lending growth has declined to 11.9% in FY17 over 13.6% in FY16, which caused excess liquidity in the market. As a result, spread of Banks and NBFIs remained under pressure through-out the year. Although call money borrowing rate stayed flat in FY17, recently it has started to shoot-up. With rising trend of NPL ratio and low credit growth Banks' Net Profit has slumped by 33% in Jan-Jul 2017 over the same period in 2016, according to the Central Bank's statistics. NBFIs were also hit hard as evidenced by low growth in Balance Sheet and profitability.

Overall deposit growth in the banking sector has recorded a falling trend recently while credit growth is gaining its momentum, resulting in an increasing trend in Banks' Asset-Deposit Ratio, which indicates that tighter liquidity situation together with higher credit appetite could prevail in the coming year.

Industry Indicators

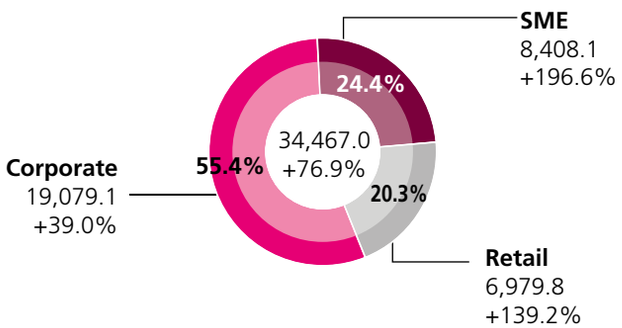
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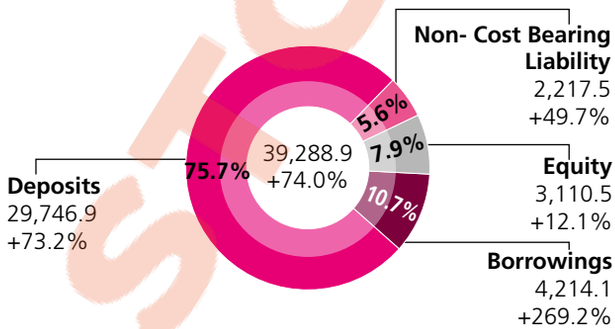
Business Review

We have delivered another successful year 2017 which is reflected in our numbers. During the year Loans and Advances has grown to BDT 34,467.0 million, up by 76.9% from 2016. Similarly, Deposits has grown to BDT 29,746.9 million in 2017, representing a growth of 73.2% over last year. Classified Loan Ratio has also consistently declined during last five years and stood industry-record low at 0.62% in 2017 against 0.71% in 2016. Moreover, Operating Profit recorded a growth of 34.1%, taking the number to BDT 672.7 million in 2017. Profit After Tax increased to BDT 335.4 million in 2017, up by 10.7% from 2016. Capital Adequacy Ratio (CAR) stood at 15.14% at the end of 2017, against the Central Bank's requirement of minimum 10.00%. Our Corporate Portfolio has increased to BDT 19,079.1 million, up by 39.0% from 2016, while Retail and SME Portfolio has grown to BDT 6,979.8 million and BDT 8,408.1 million in 2017, an increase by 139.2% and 196.6% respectively. Our Credit Rating, awarded by Credit Rating Agency of Bangladesh, has improved by one notch to AA1 (long term) and ST1 (short term), which underlines the solidity of our financial strength and sustained ability to meet our obligations.

Portfolio Mix BDT million, %



Funding Mix BDT million, %



Our Home Loan portfolio has grown 2.7 times to BDT 4,202.9 million in 2017 from 2016. In this context, we have revamped our product ranges, streamlined processes, deployed resources and provided training to build competence in this area. Enabling women to acquire financial and non-financial assets through financial inclusion remains as one of our key strategic agenda. We have customized our product and services for their benefit. For instance, we are offering preferential rates, bundled products and free driving lessons to women who take a car loan from us. From funding side, we continued to solidify our liquidly strength through issuing Bond, sourcing other long-term fund and mobilizing deposits from diverse customer groups.

In SME, we see solid potential for supply chain finance. We are planning to develop a single digital platform for the entire ecosystem that will eventually run on the blockchain technology. As an initial step towards the journey we have sponsored and organized country's first ever Supply Chain Conference in December 2017 which engaged relevant stakeholders and provided us with the unique opportunity to exchange our views and ideas.

To keep pace with the growth, we are strengthening our capacity by recruiting and training people in both business and support functions. In 2017 the company expanded its distribution channel by opening three new branches which are in Jessore, Comilla and Mymensingh. We implemented 1st phase of Sales, Customer Relationship Management and Loan Origination System not only to bring operational efficiency but also to serve our customers better. In our pursuit to emerge as the most passionate brand in financial industry, we maintained strong visible presence in social, print and electronic media through various campaigns, sponsorships, promotions and other events through-out the year.

IPDC is focusing not only on outstanding business performance but also maintaining strong social commitment in the communities it operates. For instance, we recognized nationwide seven unheard women change-makers across the country through an event titled as' Unsung Women Nation Builders Award 2017', 1st ever initiative taken by IPDC in association with The Daily Star. We also sponsored 'Women Leadership Summit' organized by Bangladesh Brand Forum and participated in 'Fund Raising Event' for the distressed children. We donated blankets for the cold-hit people, donated toys and built schools for the under-privileged children, supplied medicines and food stock to the flood-victims and built public washrooms. We also provided financial aid to university research programs and funded many other initiatives taken by university students. As a recognition of our good efforts, IPDC, being the 1st Bangladeshi organization, received the award from ADFIAP (Association of Development Financing Institutions in Asia and Pacific) for its notable contribution to CSR areas.

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

Customer-centricity at IPDC

"A customer complained that her FDR was renewed at the prevailing rates instead of preferential rates which she was offered earlier, and the CEO wrote her a letter and followed it up with a call. She was so surprised and delighted that she posted the story about IPDC on her Facebook account"- this is how we strive to delight our customers every day.

To us, the customer experience is central to our existence. And this is perhaps why we do things uniquely. We believe we can always find means to delight our customers. Besides, it is common for our staff to see off our customers and guests right to the door. These small things add up to create an image about us and we are very particular about actions and gestures that make our customers feel at home.

Superlative customer service and customer benefit drives our financial performance and outcome. For us, customer joy through our products and services comes above anything else because if we do get our fundamentals right everything else will follow suit. If one speaks to our customers, one finds that they regard us highly and have deep respect for our team. Our reputation hinges on crafting tales of joy for our customers and we will do everything possible for driving superlative customer service – today and well into tomorrow.

Our Strategic Objectives

At our Company, we like to do things differently and this represents our differentiation in a crowded marketplace. Inspired by our vision and mission, we sketched a clear five-year strategic roadmap towards 2020 and our targets are:

CREATING STORIES IN NUMBERS
BEING NUMBER 1 FINANCIAL BRAND IN THE COUNTRY

ENABLING
50,000 FAMILIES TO GET DREAM HOMES

ENABILING **100,000** FAMILIES
TO ENJOY HOME-CONVENIENCE GOODS

ENABLE **10,000** WOMEN TO BUILD FINANCIAL AND NON-FINANCIAL ASSETS

SUPPORTING
25,000 MSES
TO HAVE EASY ACCESS TO FINANCE

CREATING
2,000
NEW ENTREPRENUERS

Affordable Housing Loan

Mortgage finance is clearly a big opportunity. Most of the market participants are targeting middle and upper middle-class customers in top 2 cities in Bangladesh. In Bangladesh housing finance as a percentage of GDP is less than 3%, which is much lower than its neighboring countries. Therefore, there is a big gap in demand and supply in this sector. Besides, ensuring low-cost housing solutions to mass people are also within the Government's development agenda. Therefore, we strongly believe there is unmet demand for housing finance for the low and middle income group beyond the megacities and this market can drive our growth for the years to come.

Women Entrepreneurship Development

With growing women literacy rate and higher gender parity, this segment of the population could emerge as another big opportunity; but there are very few players focusing on this segment, leaving us with enough space to grow our presence in this market.

Creating New Entrepreneurs

One of our key brand promises is creating new entrepreneurs across the country. We observe that there is a surge in interest for new entrepreneurship among new generation. However, these young entrepreneurs do not have enough access to finance for the lack of business history and skills or knowledge required for commercializing their ideas. Therefore, IPDC can work as a catalyst for new entrepreneurship by collaborating with appropriate market players who can then be catered later with appropriate financing like supply chain finance and venture capital.

Supply Chain Finance and Block Chain Revolution

We envisage to support the growth of MSEs (Medium Sized Enterprise) in next five years by providing them with the access to easy and low-cost credit in the form of Supply Chain Finance in collaboration with corporate bodies through the development of first ever digital ecosystem that provides an end-to-end solution through Blockchain technology in Bangladesh.

Consumer White Goods Finance

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

IT Infrastructure

In this context, the overhaul of our IT infrastructure and core banking systems to replace our ageing legacy systems – an exercise which will continue through into 2018 – is one of the most significant aspects of the Company's transformation. As mentioned earlier, we are planning to implement Digital Platform for Supply Chain Finance and Consumer White Goods Finance. We have implemented organization-wide virtual document archiving and file sharing system which will remove the need for preserving many paper-based documents and customer files and reduce documentation risk and faster processing time. We have completed 1st phase of CRM-LOS (Customer Relationship Management and Loan Origination System) which will improve our sales management and service quality.

Distribution Network

We plan to open few more branches (subject to Bangladesh Bank's approval) and continue to leverage our distribution channel through tie ups with strategic partners and increase our footprint, maximize cross-selling opportunities and gain synergies through sharing resources and collaborative efforts.

Going forward, we will continue to reposition our Company in relation to the market forces that are increasingly reshaping our industry. We are remolding the enterprise to transform the company into an integrated non-banking financial service provider that remains competent and responsive to the ever -changing environment. Therefore, we are purposefully making significant investments to create an organization that will be competitive and effective in the future.

Focused on Creating a Positive Impact

Since its inception, IPDC has played a pivotal role in reshaping private sector industrial landscape of this country. We have established many landmark projects through financing, advising and bridging the relationship between local entrepreneurs and international technical-know-how partners. Now, IPDC has reoriented its focus on building up a positive momentum through financing in housing sector and supporting young and women entrepreneurs to drive the next phase of the growth.

The re-articulated strategy of IPDC reflects our belief that the long-term profitability of our Company depends on the stability and well-being of our nation and that our pursuit of profit in a competitive market will lead, to socially beneficial outcomes. Undeniably, we want to become the No. 1 financial institution in the Country both in terms of profit and balance sheet size; but at the same time, we want to make sure that every action and product of IPDC creates a positive impact on the socio-economic environment of the country.

Concluding Remarks

Overall, we are well set in our journey of crafting tales of joy for our customers and clients, employees, shareholders, communities and other stakeholders in our ecosystem. Your valued association with us is our source of inspiration to do better every day.

Thank you.



Mominul Islam
Managing Director and Chief Executive Officer

ABOUT IPDC

COMPANY PROFILE

Background

Founded in 1981, IPDC Finance Limited (previously named as Industrial Promotion and Development Company of Bangladesh Limited) has played a pivotal role in fulfilling its core objective of ushering in the wave of industrialization in Bangladesh. With such an illustrious purpose and intent, the Company introduced innovative financial products and services that together enabled us in building the foundations of leading corporates of Bangladesh.

Our Business

Today, IPDC Finance holds a vision to become the most passionate financial brand in the country with a special focus on youth, women and underserved areas with a mission to enable customers and communities to rise unbound and to live to their fullest potential. We expect to realize this ambition by extending innovative financial solutions in a friendly, timely, transparent and cost-effective manner.

Product and services offered by IPDC through its growing branch network across the country, ranges from retail, corporate, SME, women entrepreneurship, factoring, etc. Securitization of receivables, preference share investments, leasing, venture capital investment and 360-degree digitally-automated supply chain financing under Project Orjon is also on course.

Registered Name of the Company

IPDC Finance Limited
Formarly registered as Industrial Promotion and Development Company of Bangladesh

Branches

We have 12 branches including Head Office Branch situated in Gulshan, Motijheel, Dhanmondi, Uttara, Chittagong, Bogra, Gazipur, Narayanganj, Sylhet, Mymensingh, Jessore and Comilla.

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 03 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

Hoda Vasi Chowdhury & Co.
Chartered Accountants
BTMC Bhaban,(8th Level),
7-9 Kazi Nazrul Islam Avenue, Kawran Bazar C/A,
Dhaka 1215, Bangladesh

Corporate Governance Auditors

S.F. Ahmed & Co. (SFACO),
House 51 (3rd Floor),
Road 9, Block F, Banani,
Dhaka 1213, Bangladesh

Tax Consultants

ACNABIN
Chartered Accountants
BDBL Bhaban (Level-13)
12 Kawran Bazar Commercial Area
Dhaka 1215, Bangladesh

Amin Uddin and Associates
Home Tech Tower (1st Floor)
100, Azimpur Road
Dhaka 1205, Bangladesh

Legal Advisors

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

Principal Bankers

Standard Chartered Bank
Bank Alfalah Limited
WOORI Bank
Mutual Trust Bank Limited
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

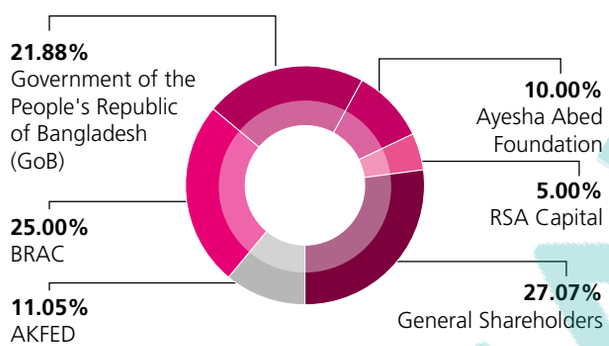
SHAREHOLDERS

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 of the People's Republic of Bangladesh (GOB).

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

In 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 2017, IPDC has an authorized capital of BDT 4,000,000,000; issued, subscribed and paid up capital of BDT 1,818,006,800. Ordinary shares have a face value of BDT 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 Americas. BRAC formed a strategic partnership with UK's Department for International Development and Australia's Department of Foreign Affairs and Trade where they are working together to bring positive changes in the lives of people.

BRAC employs over 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 (GOB): The Government of Bangladesh aims at diversifying the economic base of the country by facilitating investments in an identified series of priority areas. Ministry of Industries and Ministry of Finance was responsible for the inception and initial investment during the inception of IPDC with the target of facilitating and promoting industrial financing in Bangladesh.

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.

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.

BUSINESS PHILOSOPHY



OUR VISION

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



OUR MISSION

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



OUR CORE VALUES

We will create extraordinary customer experiences by:

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



OUR GUIDING PRINCIPLES

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

Setting the standards of corporate citizenship through extensively engaging in community development initiatives

AMARSTOCK

IPDC EVOLUTION AND ITS MANY FIRSTS

2008
Introduced auto loan and Club Royal, privileged lifestyle products for high net-worth individuals, the first of its kind in the NBFI sector

2006
Got Public Listing

2004
Introduced zero-coupon bond through securitization of receivables with technical assistance from World Bank

AKFED acquired a majority share of the Company through buying stakes from IFC, DEG and CDC

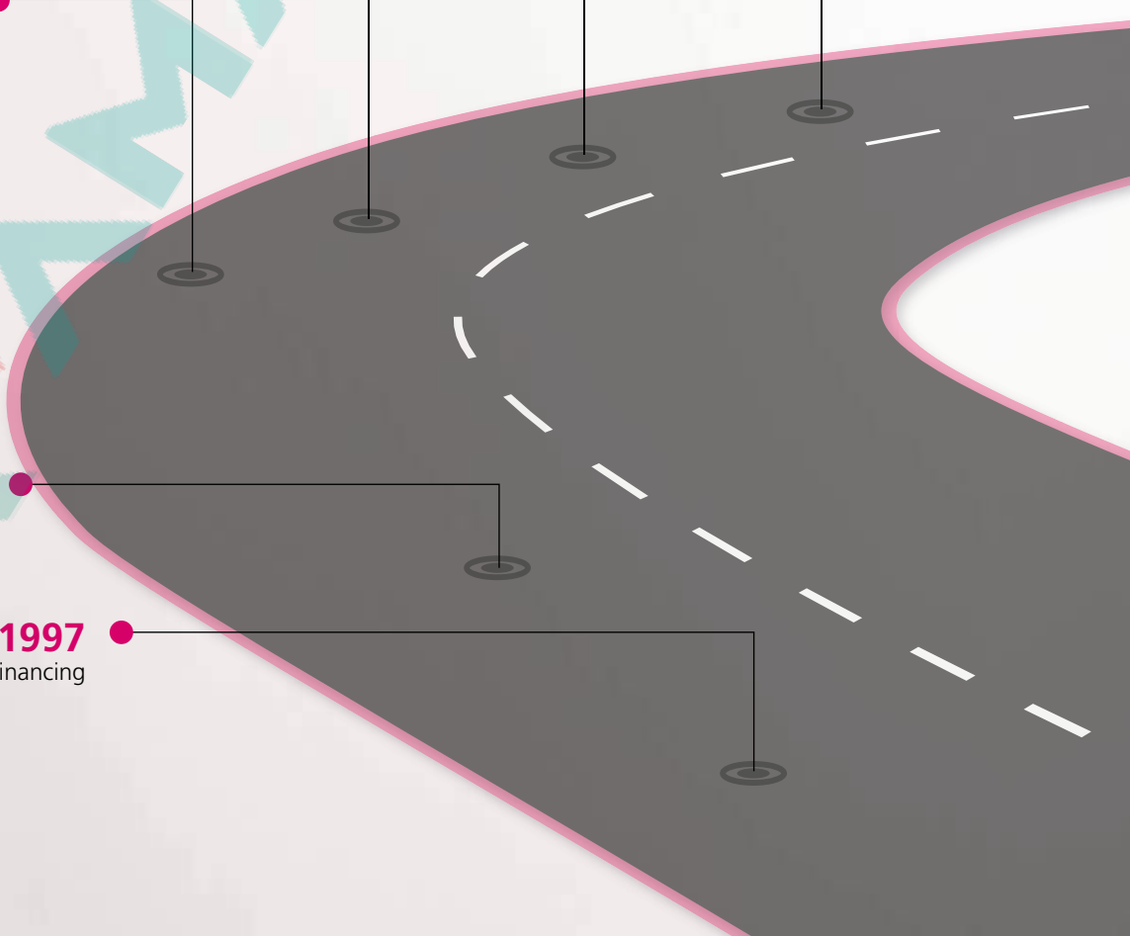
2000
Invested in preferred stock of Delta BRAC Housing

Introduced preference share investment in the country by investing in Hyundai Cement, Bangladesh

Invested in preferred stock of Delta BRAC Housing

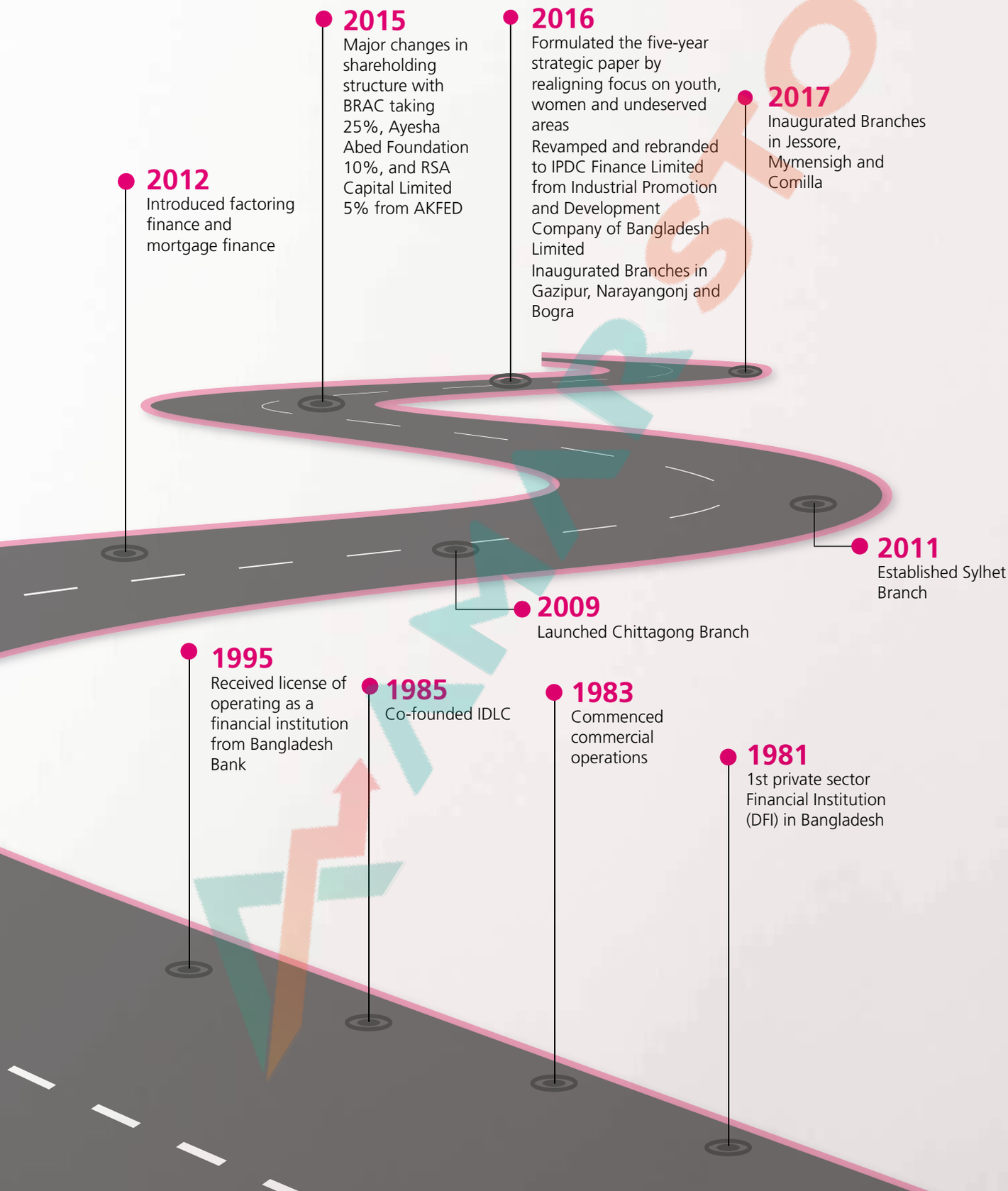
1999
Launched short-term working capital and bridge loan finance

1997
Commenced lease financing



IPDC Evolution

Since its inception, IPDC has played a pivotal role in developing the country's industrial landscape. IPDC has been a partner in several milestone projects that were the first of its kind in Bangladesh and has reported strong developments along its journey of over 35 years.



IPDC's Many Firsts

1st to introduce a comprehensive customer loyalty program in the industry, which offers a package of priority services to its high-value customers.

1st to introduce the concept of investment in preferential share in Bangladesh.

1st to introduce Asset Securitization product in Bangladesh

One of the founding sponsors of IDLC, the first leasing company and now the industry leader

Invested in Preference Share of Delta BRAC Housing (DBH), which is the pioneer and the leader in the private sector specialized mortgage industry.

IPDC took the risk to finance many new ventures in their early stages and some of these institutions are now the leaders in their respective sectors. Some of the examples are:

1st International Hospital Chain Operating in Bangladesh *Apollo Hospital, Dhaka*

1st Institutional Finance in Educational Institute *Scholastica School*

1st Private Sector 5 Star Hotel *Hotel Westin*

1st Mineral Water Project *Alpinefresh*

1st Theme Park in Bangladesh *Fantasy Kingdom*

1st Private sector TV channel in Bangladesh *ETV*

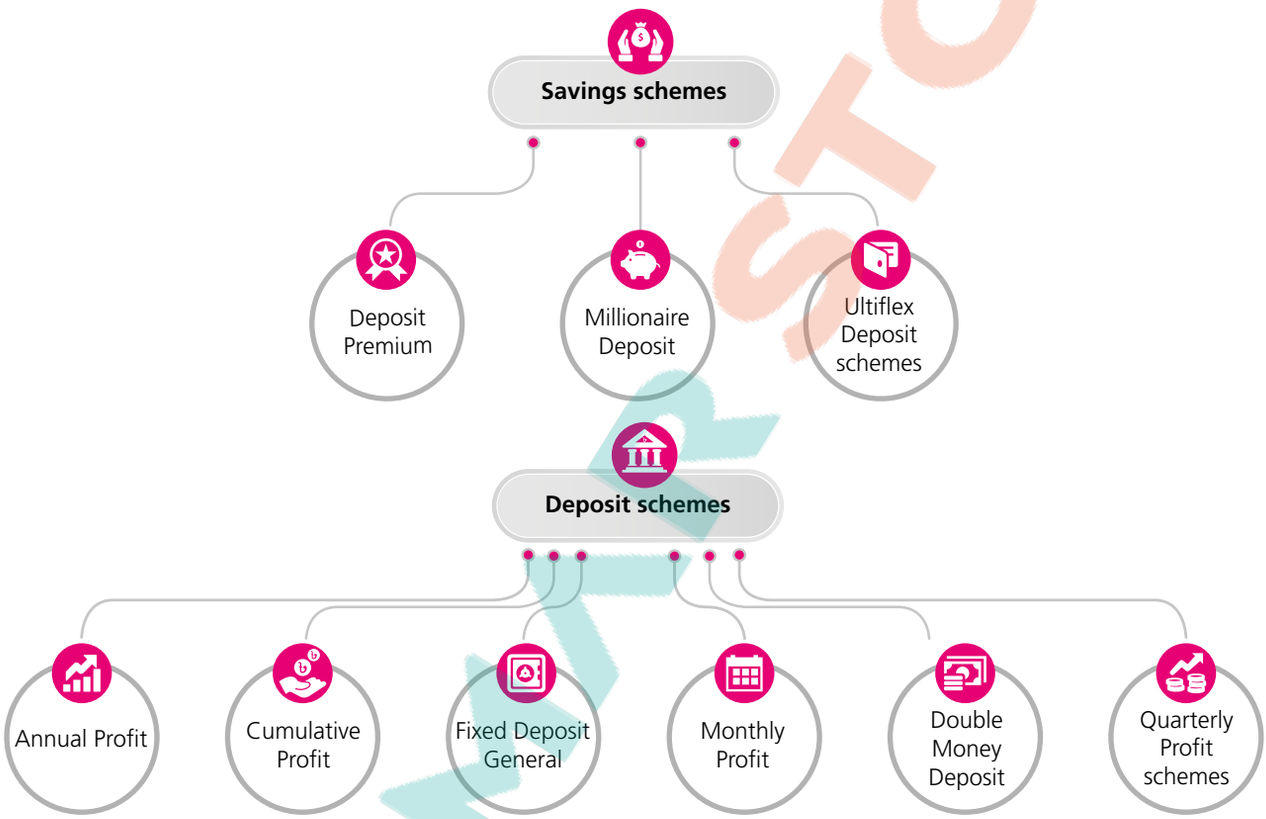
PRODUCTS AND SERVICES

As a strategic orientation of our business, we have organized our business activities into three broad strategic business units. Description of our products and services are given below:

Retail Finance

Our retail finance division offers a substantive and thoughtful variety of personal financial services to fulfill the needs of individuals.

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



Loan Products

Home Loans

With a wide choice of home loan options, our home and mortgage division aims to meet the need that is on top of every individual aspiration: creating own home.

Auto Loans

Our auto loan division specializes in providing car financing products and solutions for both individuals and institutions.

Personal Loans

Our personal loan unit offers loans for fulfilling a wide range of personal needs and requirements.

Club Royal

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

Corporate Finance and Advisory

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

Lease Finance

We provide lease financing against industrial machineries and equipment, commercial equipment, generators, vehicles, vessels and large industrial engines, among others. We extend this lease facility to newly-procured as well as in-use industrial machinery, commercial equipment, office equipment, generators, vehicles, vessels and engines, among others.

Term Loans

Term loans are specially crafted for meeting long-term business purposes. These are normally provided to meet capital and operating expenditures requirements of our customers such as balancing of production lines, modernization of manufacturing processes and expansion of production capacity or space, etc.

Project and Syndication Financing

For projects requiring large-scale investments, IPDC provides syndication services under which it forms consortiums with banks / financial institutions to raise funds. Under this arrangement, IPDC acts as the lead financing arranger. Some of the typical examples of project financing include capacity expansions through the establishment of a new unit adjacent to an existing production line, a new business of an existing group or a project of a newly-established joint venture, among others. Project financing can be applicable to both greenfield as well as brownfield expansions.

Short-term Financing

IPDC offers working capital finance to enable companies to meet their day-to-day running of business operations, helping them meet short-term cash requirements. The financing is structured and customized to meet specific requirements of the customers.

Investments in Preference and Common Shares

IPDC subscribes to client preference shares or acquires common stock if clients are raising funds, thereby helping them meet their funds requirements. Thereafter, the division liquidates these investments through the redemption of preference shares over their tenure and receives dividend from equity shares while also benefitting from their potential share price appreciation.

Small and Medium Enterprises (SMEs)

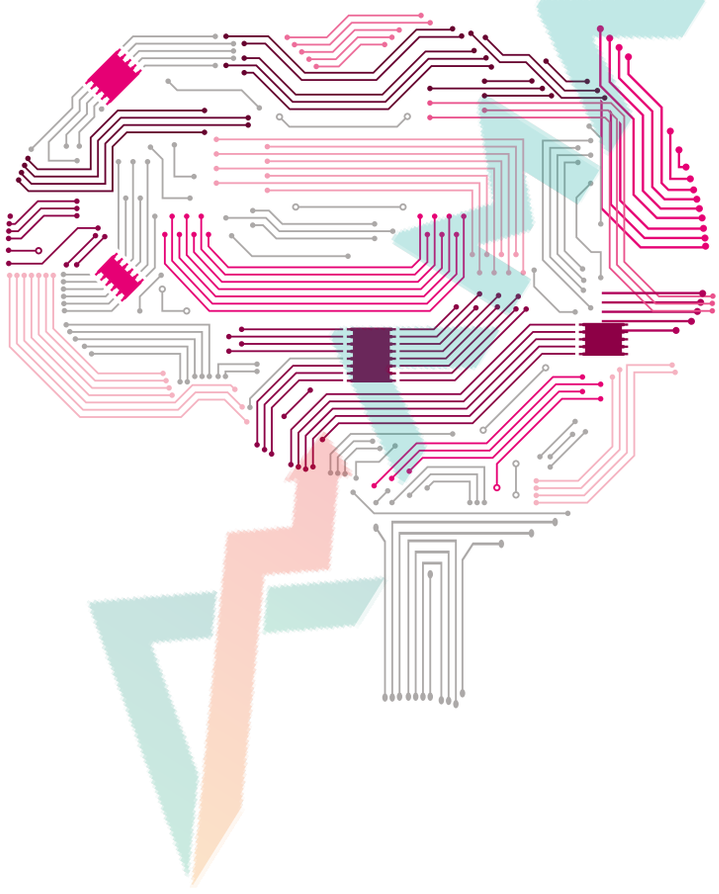
IPDC offers loan products to Small and Medium Enterprises (SMEs) with a competitive interest rate and flexible repayment options. IPDC has also tailored designed SME loan products for women entrepreneurs to support them in starting new businesses, procuring fixed assets or expanding business facilities. In addition to the loan facilities provided which are also provided to corporate clients, the following financing products are provided to SMEs:

Work Order Finance

Businesses may face liquidity shortage to execute a work order in a timely manner. To ensure that the business is able to execute their work orders and overcome the liquidity shortage, IPDC offers work order financing.

Factoring

In order to assist business with cash flow, IPDC offers factoring finance so that they can receive cash quickly on their receivables. Therefore, IPDC relieves the first party of a debt for less than the total amount providing them with working capital to continue trading.



IPDC envisages to revolutionize Supply Chain Finance though introducing a secured virtual platform backed by Block Chain Technology that provides a complete eco-system connecting all the relevant participants through-out the value chain



Tawhid's Tale on IPDC MME Loan

Connecting Dots

Tawhidur Rahman, was one among the few, who desired to disprove the incomprehensible jargon becoming the hallmark of a fancy profession. Trying to break through the brink of entrepreneurial success and prove the blend of two, Softograph Limited by Tawhidur started small, but with a lot of enthusiasm. He added value by not only catering his expertise in software innovation but also infusing the touch of their client's demands. While many doubted his caliber of balancing and connecting the essence of both tech and business need from a newbie. IPDC came in a like breath of fresh air and fueled his passion by being one of the most reliable financial comrades. In no time, he found all the connecting dots coming together and rising his graph of success which he preferred to call Softograph.



SHOWCASE PROJECTS



Zaber & Zubair Fabrics Limited, Noman Group



Habiganj Industrial Park, PRAN-RFL Group



KDS Accessories Limited, KDS Group



Nahee Geo-Textile Industries Limited, Textile Industry



Arafat Grain Industries Limited, Agro Industry



Bangla Foils Limited, Printing & Packaging Industry

ACCOLADES



ADFIAP Development Awards 2017

IPDC, being the 1st company in Bangladesh, received ADFIAP (Association of Development Financing Institutions in Asia and the Pacific) Best Corporate Social Responsibility Award in Macau, China for its notable contribution to the society.



ICAB 2nd Best presented Annual Report Award 2016

IPDC bagged the 2nd Best presented Annual Report Award from Institute of Chartered Accountants of Bangladesh, in Non-banking financial service sector, which reflects our strong commitment towards maintaining highest level of standard in the areas of reporting, transparency, accountability and governance.



SAFA Best Presented Annual Report Awards 2016

IPDC received Joint 2nd Runner Up Award Among South Asian entities in non-banking financial service sector from SAFA (South Asian Federation of Accountants) for best presented annual report 2016



AA1 Rating from CRAB

IPDC received AA1 Rating in long term and ST-1 in short term, which is a testimonial of our financial strength and strong debt paying ability.

MOMENTS FROM 2017



Annual Supply Chain Conference

IPDC finance organised a conference on supply chain in association with the International Supply Chain Education Alliance (ISCEA) to create awareness regarding opportunities in supply chain.



Branch Openings

IPDC Finance, with its extravagant rebranding event, spread its wings throughout the country. Within a span of one year, the Company inaugurated three new branches in Jessore, Comilla and Mymensingh. The celebrations comprised soulful renditions and performances and lip-smacking dinner for all the valuable stakeholders.



Lady Unbound Office Activation

In line with our new strategic focus on women empowerment, we introduced the Lady Unbound program, which provides female-friendly offers and other privileges. We presented our first-ever free driving session from the BRAC Driving School. The women also have a dedicated relationship manager to serve their queries at any point of time.



Boishakh Celebrations

To live the inherent meaning of the festive day, the office was draped in a flamboyant aura with traditional Bengali cuisine stalls and finger food and drinks. The office looked ornamental with all the essentials of the day.



Women's Day celebrations

Women are an integral part of our workforce. IPDC Finance paid tribute to those superwomen as a token of appreciation for all their endeavors.



Unbound Achiever Deposit Competition

A campaign called The Unbound Achiever ignited the spirit of competition among all employees of IPDC Finance. Under this, the retail as well non-retail employees fought hard to bring the maximum depositors to the company during a specified period. Winners were entitled to attractive gifts that fueled the competition further.



ERC (Employee Recreation Club) Night-Annual Team Building

IPDC Finance goes beyond conventional ways to instill team spirit among its employees. In this context, every year, all old and new employees go for an outing, the enthusiasm of which goes on for weeks.



Board and MANCOM Outing at Bhawal Resort

Leaders are the one who knows the way, goes the way and shows the way. For all its hard-earned contributions, IPDC Finance organized a one-day refreshment tour at Bhawal Resort. The honorable members of the Board and senior management team relished the outing at Bhawal Resort to relax, unwind and rejuvenate.



Shillong – IPDC Retail Overseas Getaway

The team of Retail Division went out for a vacation trip to Shillong, which gave them a unique opportunity to unwind, relax, rejoice, interact more openly with each other and create long-lasting relationships among the team.



Retail Night

IPDC Finance arranged a grand Retail Night to appreciate and award its retail team members for their dynamic and proficient performance for the year 2016. Each retail employee received a personalized and unique note of appreciation from the MD & CEO because they are valued, respected and loved.



Corporate Table Tennis Tournament

Amidst all the workload, employees of IPDC Finance are often seen engrossed in table tennis match after office hours. IPDC Finance took part in the fiercely competitive corporate table tennis tournament with players from leading corporates.



35th Annual General Meeting of IPDC Finance Limited, 2017

The AGM was duly announced, organized and attended by all stakeholders of IPDC Finance limited.

FOOTPRINTS

IPDC's Branches across Bangladesh

Head Office
Hosna Centre (4th Floor)
106 Gulshan Avenue, Dhaka-1212,
Bangladesh.
Telephone: (880-2) 55068928-37
Fax: (880-2) 55068930
Email: email@ipdcbd.com

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

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

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

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

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

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

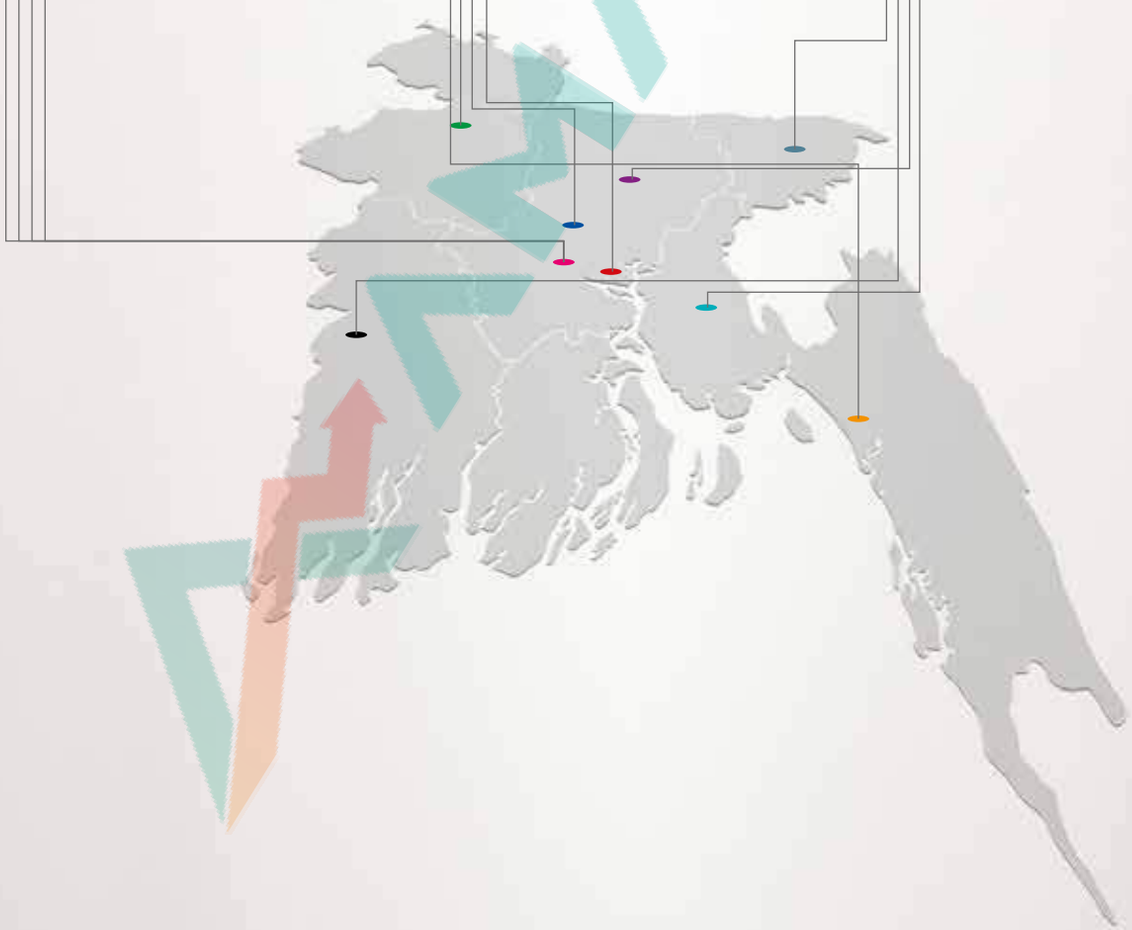
Narayanganj Branch
Sattar Tower 50(old), 48(new)
S.M. Maleh Road,
Tanbazar, Narayanganj
Tel: +(88-02) 7646435-6
Fax-7646437
Email: email.nyr@ipdcbd.com

Sylhet Branch
Khalil Trade Center (3rd Floor), House #
01, Block # D, Main Road Shahjalal Upo-
Shahar, Sylhet03100
Fax: +(88-0821) 711177
Tel: +(88-0821) 711128
Email: email.syl@ipdcbd.co

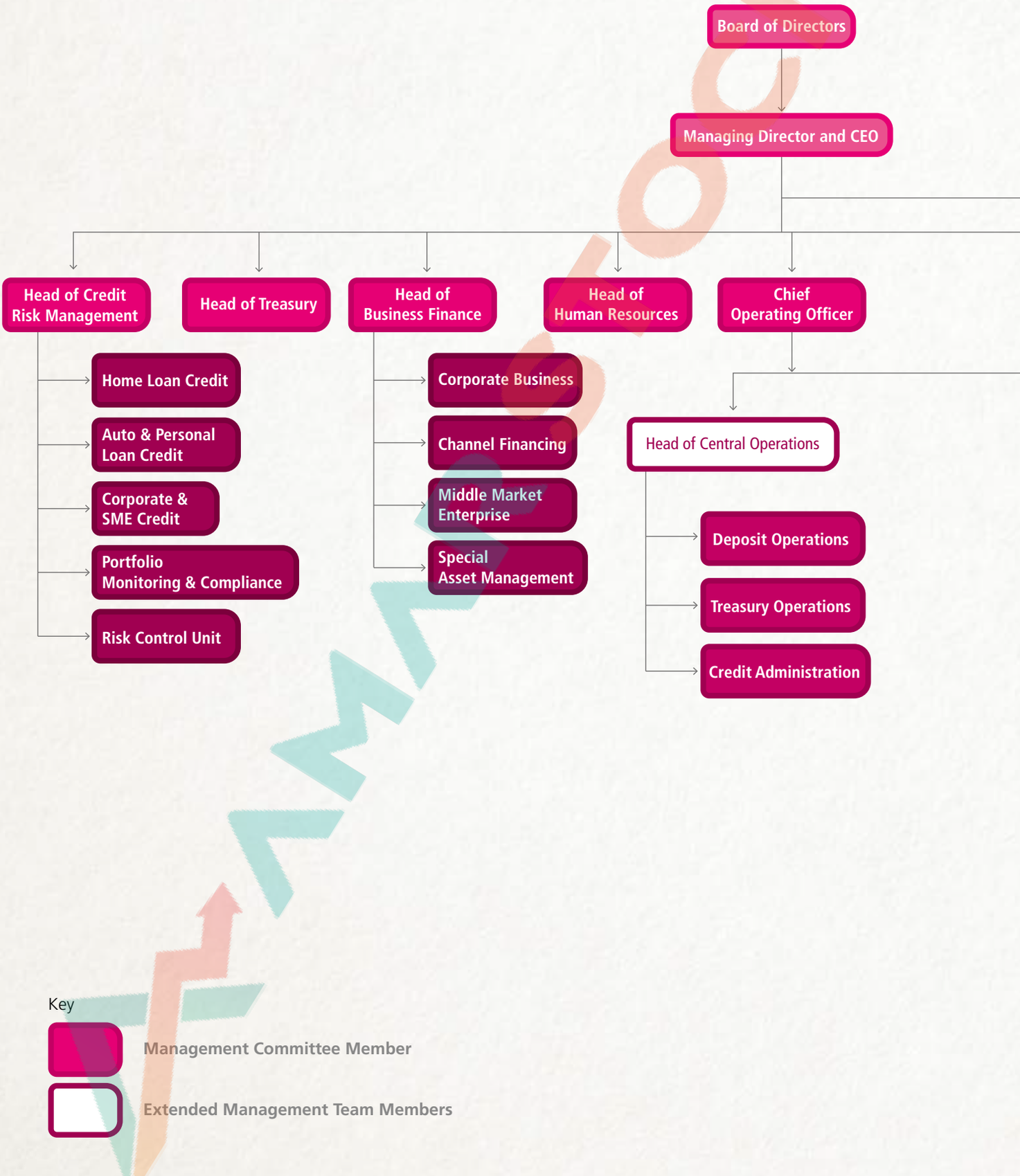
Jessore Branch
Mohashin Super Market (1st Floor)
10 R N Road, Ambika Bashu Lane
Jessore Pouroshova,Jessore
Tel:(0421) 64171-72
Fax: (0421) 64173

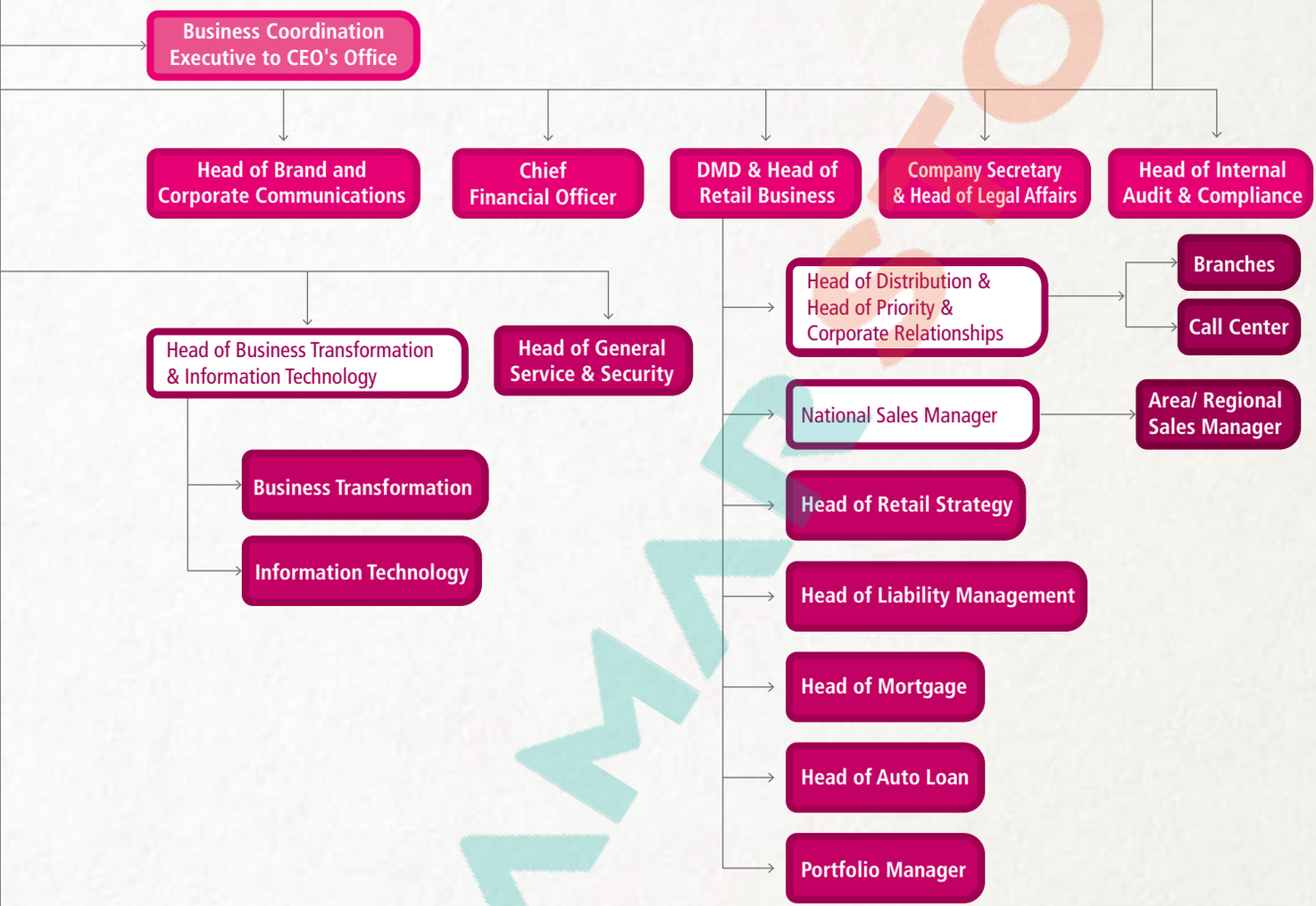
Mymenshing Branch
Brojoraz Niketon (2nd Floor)
62, Muktijuddha Sharani Sharak (Chuto
Bazar), Mymenshingh
Tel:(091) 51438-39
Fax: (091) 51440
email.myn@ipdcbd.com

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



ORGANIZATION CHART




Board
Audit Committee
Business Coordination
Executive to CEO's Office
Head of Brand and
Corporate Communications
Chief
Financial Officer
DMD & Head of
Retail Business
Company Secretary
& Head of Legal Affairs
Head of Internal
Audit & Compliance
Head of Business Transformation
& Information Technology
Head of General
Service & Security
Head of Distribution &
Head of Priority &
Corporate Relationships
Branches
Call Center
National Sales Manager
Area/ Regional
Sales Manager
Business Transformation
Information Technology
Head of Retail Strategy
Head of Liability Management
Head of Mortgage
Head of Auto Loan
Portfolio Manager



From Left to Right

Sameer Ahmad

Mohammad Mamdudur Rashid

Salahdin Irshad Imam

Nasreen Sattar

Dr. Muhammad Musa

Amin H. Manekia

Tamara Hasan Abed

Md. Enamul Hoque

Shameran Abed

Mominul Islam

Narayan Chandra Das



PROFILE OF THE BOARD OF DIRECTORS



Dr. Muhammad Musa
Chairman, Nominated by BRAC

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 35 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.

Director since 29 October 2015

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: 60 years



Amin H. Manekia
Vice Chairman & Director, Nominated by AKFED

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 34 years. He is currently the Chairman of Aga Khan Health Services (India) and 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.

Director since 19 April 2009

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

Age: 56 years



Salahdin Irshad Imam
Independent Director

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.

Director since 01 October 2014

Other Interests:
Independent Financial Consultant

Chairman:
Panigram Resort Ltd.
Tropical Conservation

Proprietor:
Radius Enterprises
Member of the Executive Committee:
Brotee (NGO)

Shareholder:
Tiger Tours Ltd.

Qualifications:

BA (Hons) in Social Studies from Harvard University, Cambridge, MA, USA

SPURS Fellow (Business Studies) Masachusetts Institute of Technology (MIT)

Age: 69 years



Sameer Ahmad
Director, Nominated by RSA Capital Limited

Mr. Sameer Ahmad is the Chairman of Board Executive Committee of IPDC. Mr. Ahmad is a versatile investment banker with 21 years of experience encompassing the geographic areas of Europe, Middle East, Emerging Africa and South East Asia. Mr. Ahmad was responsible for establishing the structured finance unit of Industrial and Infrastructure Development Finance Company Limited (IIDFC). Prior to establishing RSA Capital, he was the treasury consultant with Pricewaterhouse Coopers for restructuring Agrani Bank.

Mr. Ahmad has established himself as one of the leading investment bankers in Bangladesh by launching the first ever zero coupon bond, the first step down syndicated loan facility, the first ever unsecured international term loan facility for a microfinance institution and of course the world's first 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. He is also a Director of Apex Investments Limited.

Director since 29 October 2015

Other Interests:

Director:
Equinox Ltd
RSA Capital Ltd
RSA Advisory Ltd

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

Age: 47 years



Narayan Chandra Das
Director, Nominated by GoB

Mr. Narayan Chandra Das has been appointed as Director in the Board of IPDC on 30 July 2017. Since then, he has been inducted as member of the Executive Committee. Mr. Das has more than 30 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. He is presently working as Additional Secretary, Finance Division in the Ministry of Finance. He represents Government as director in several other organizations, such as Bangladesh Telecommunications Company Ltd. (BTCL), Bangladesh Academy for Rural Development (BARD) and Expatriate of Migration and Skill Development Fund.

Director since 30 July 2017

Other Interests:

Director:

Board of Migration and Skill Development Fund
Bangladesh Telecommunications Company Ltd. (BTCL)
Bangladesh Academy for Rural Development (BARD)

Qualifications:
Master's in Accounting
Masters of Business Administration (Major in HR) from University of Dhaka

Age: 59 years



Shameran Abed
Director, Nominated by Ayesha Abed Foundation

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.

Director since 29 October 2015

Other Interests:

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

Qualifications:
Bachelor of Arts in Economics from Hamilton College, NY, USA
Barrister-At-Law from Lincoln's Inn, London, UK

Age: 36 years



Tamara Hasan Abed
Director, Nominated by BRAC

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

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

Director since 02 May 2017

Other Interests:
Director:
BRAC EPL Stock Brokerage Ltd., BRAC Services Ltd., Bangladesh Netting Factory Ltd., BRAC Karnafuli Tea Company Limited, BRAC Kaiyacherra Tea Company Limited, BRAC Kodala Tea Estate, BRAC Industries Ltd., BRAC Environmental Enterprises Ltd., BRAC EPL Investments Limited

Executive Trustee:
Ayesha Abed Foundation
Member of the Board of Trustees and Syndicate and Chair of Finance Committee of BRAC University

Qualifications:
BSc (Economics) from the London School of Economics and Political Science, London, UK
MBA in Finance from Columbia Business School, Columbia University, NY, USA

Age: 43 years



Md. Enamul Hoque
Director, Nominated by GoB

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.

Director since 22 March 2016
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 joint 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: 57 years



Nasreen Sattar
Independent Director

Ms. Nasreen Sattar is a member of Board Executive Committee of IPDC. Ms. Sattar an international banking professional having over 31 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.

Director since 01 October 2014

Other Interests:
Non-Executive Chairman of Consumark Limited

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



Mohammad Mamdudur Rashid
Director, Nominated by BRAC

Mr. Mohammad Mamdudur Rashid is a member of Board Executive Committee and Board Audit Committee of IPDC. Mr Rashid is presently working as Chief Financial Officer of BRAC and BRAC International. He also worked as Additional Managing Director of BRAC Bank Limited with effect from July 1, 2016.

Mr. Rashid has been in financial services industry for 28 years out of which 24 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 also worked as the Head of Strategic Planning for Citibank-Australia and New Zealand for its institutional banking business.

Director since 28 June 2016

Other Interests:
Director:
BRAC EPL Stock Brokerage Limited

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

Age: 51 years



Mominul Islam
Managing Director, Ex Officio

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

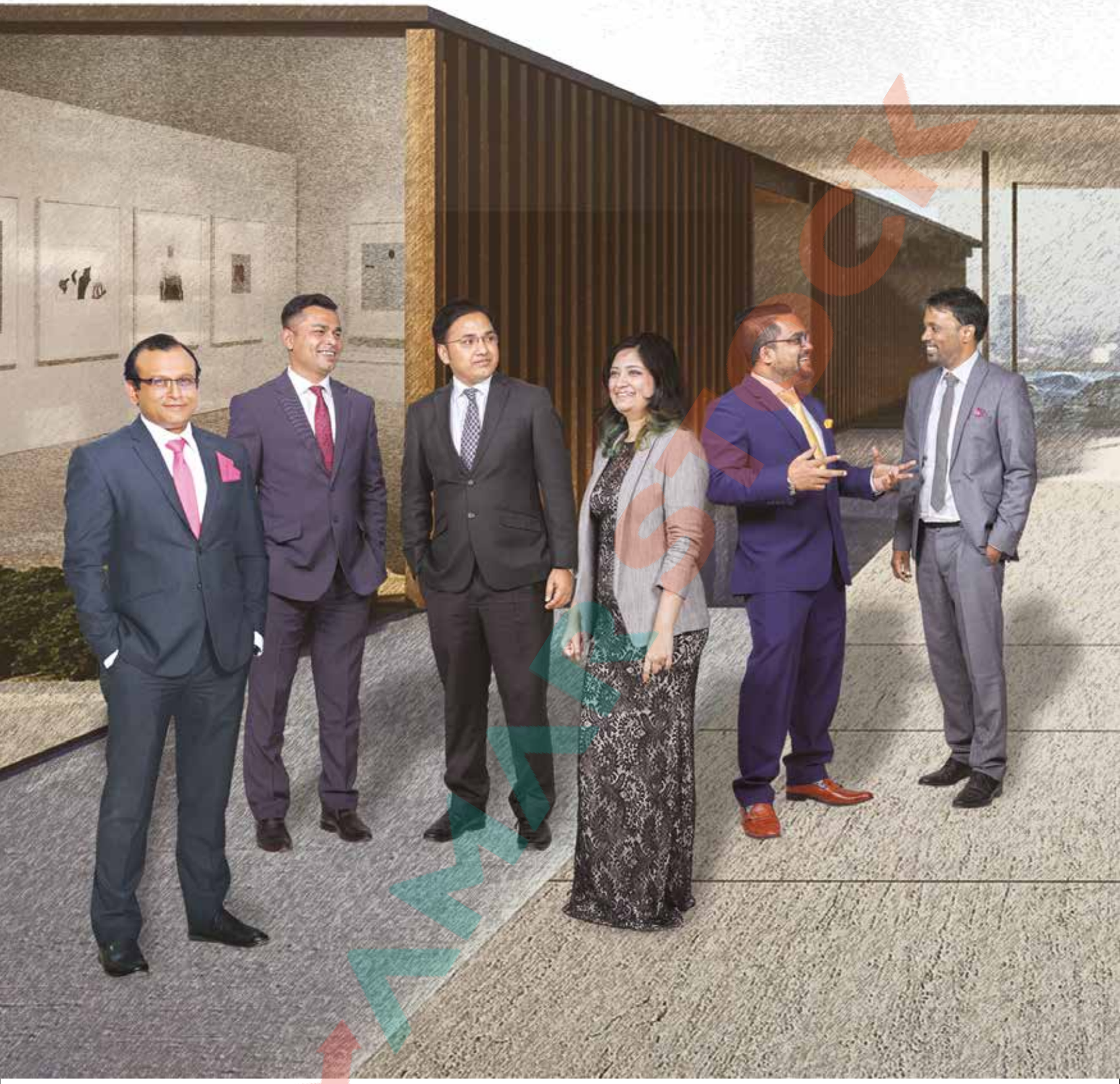
Prior to joining IPDC he worked in American Express Bank (AEB) and Standard Chartered Bank (SCB) for more than 7 (seven) years with an enriching career in different areas of the Banks e.g. General Banking, Reengineering, Service Quality, Risk Management, Project Management, Business Contingency Planning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

Managing Director since 04 January 2012
Other Interests: Nil

Qualifications:
MS in Economics from North South University
BBA from IBA, University of Dhaka.

Age: 41 years

AMAR STOCK



From Left to Right

Nawed Wahed Asif

Sayeed Iqbal

Md. Ezazul Islam

Mahzabin Ferdous

Samiul Hashim

Benozeer Ahmed

AFM Barkatullah

Rizwan D. Shams

Mominul Islam

Shah Wareef Hossain

Ashique Hossain



PROFILE OF THE MANAGEMENT COMMITTEE



Mominul Islam
Managing Director & CEO

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

Years of Experience: 19

Educational Background: MS in Economics, North South University
BBA, IBA, University of Dhaka



AFM Barkatullah
DMD & Head of Retail Business

Expertise: Business strategy, Project Management, Credit Risk Management, Strategic and Operational Planning.

Years of Experience: 16

Educational Background: MBA, North South University
BSS in Economics, University of Pune



Rizwan D. Shams
GM & Head of Business Finance

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

Years of Experience: 14

Educational Background: MBA, Victoria University of Melbourne
BBA, North South University

AMARSTOCK



Shah Wareef Hossain
Chief Operating Officer

Expertise: Strategic Planning, Organizational Restructuring, Automation, Process Reengineering, Control and Compliance and Project Management.

Years of Experience: 16

Educational Background: Masters in Applied Finance, Monash University (Melbourne)
MBA, IBA, University of Dhaka
BSC in Engineering, IIT (Delhi)

Nawed Wahed Asif
Head of Treasury

Expertise: Treasury, Business Performance Management, Corporate Finance, Credit Risk Analysis, Financial Portfolio Management.

Years of Experience: 14

Educational Background: MBA, IBA, University of Dhaka
BBA, IBA, University of Dhaka





Benozeer Ahmed, FCMA, CPA (AUS)
Chief Financial Officer

Expertise: Financial Planning, Budgeting, Corporate Reporting, Corporate Finance and Financial Control.

Years of Experience: 14

Educational Background: MBA, University of Dhaka
BBA, University of Dhaka

AMARSTOCK



Ashique Hossain
Head of Credit Risk Management

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

Years of Experience: 14

Educational Background: MBA, North South University
BSC in Civil Engineering, BUET



Mahzabin Ferdous
Head of Corporate Communication

Expertise: Go-to-market Management, Brand Marketing Innovation, Result Oriented Integrated Marketing Communications Planning and Execution, Digital Marketing Specialist

Years of Experience: 10

Educational Background: BBA, North South University



Samiul Hashim, Barrister at Law & Advocate (Supreme Court)
Company Secretary & Head of Legal Affairs

Expertise: Company and Commercial Matters, Customs & Tax, Securities Law, Property Law, Intellectual Property, Banking and Finance Laws, Foreign Exchange transactions, Board Secretarial, Corporate matters.

Years of Experience: 10

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



Md. Ezazul Islam, ACA

Head of Internal Audit & Compliance

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

Years of Experience: 8

Educational Background: MBA, University of Dhaka
BBA, University of Dhaka

INTEGRATED REPORT

ABOUT THIS REPORT

> "Integrated Reporting <IR> is the management and communication tool for understanding and measuring how an organization creates value over time. The goal of Integrated Reporting is not as much about providing more information, as it is about providing relevant information to diverse stakeholder groups; it is about providing information that is not traditionally covered in statutory financial statements"

Introduction

As a financial services brand focusing on our home country of Bangladesh, we are increasingly fulfilling a fundamental role in the socio-economic progress and development of the country we serve. We believe that the success of our customers and our clients along with the trust and support of all our stakeholders underpin our commercial sustainability.

As an accountable business organization, we consider it to be our responsibility to conduct our business ethically to create value in the long-term interests of the society. In this context, though our report is aimed principally at capital providers, it is also considered to be of interest to a diverse range of other stakeholders. We believe that through this report, both our major groups of shareholders and stakeholders will be able to appraise our Company, our operations and our growth prospects better, thereby helping nurture a better understanding of our Company.

Integrated Reporting

Integrated Reporting <IR> is the management and communication tool for understanding and measuring how an organization creates value over time. The goal of Integrated Reporting is not as much about providing more information, as it is about providing relevant information to diverse stakeholder groups; it is about providing information that is not traditionally covered in statutory financial statements. Essentially, Integrated Reporting should demonstrate linkages among organization's strategy, governance and financial performance in social, economic, environmental and regulatory context within which it operates. Central to the integrated reporting framework is the challenges an organization faces and the opportunities it could seize. The information provided in Integrated Reporting should be historic, futuristic, precise, relevant, consistent and comparable. It supports and provides more cohesive and holistic approach to corporate reporting that draws on different reporting standards and communicates the full range of factors, both internal and external, that materially affects an organization's ability to create value in the short, medium and long term. In a nutshell, Integrated Reporting depicts and narrates the comprehensive value creation journey of the organization. For Integrated Reporting, IPDC has adopted the framework outlined by the International Integrated Reporting Council (IIRC).

Reporting Framework

This integrated report corresponds to the 'capitals model' of value creation, adopted by the International Integrated Reporting Council (IIRC) in the International Framework. Based on our understanding of IIRC's guidelines, our report explains our dependence and impact on the forms of capital that are fundamental to our ability to create value over the long term. Overall, we have structured this report using the capitals but have embedded them within each section to enable us to plot the inter-relationships and trade-offs between them in relation to our group and business unit strategies.

Scope and Boundary

Our 2017 Integrated Report covers the period from 1 January 2017 to 31 December 2017. All data pertains to the Company and its business units.

Materiality Determination

Our Integrated Report focuses on presenting a succinct analysis of our strategy, performance, governance and prospects. In determining the content to be included in this report, we consider the pertinent developments and initiatives and the related performance indicators as well as future expectations that relate to our material issues. We consider an issue to be material if it is likely to impact our ability to achieve our strategy and to remain commercially sustainable, viable and socially relevant. In particular, material issues are those that have a strong bearing on our stakeholders' assessments of the extent to which we fulfill their needs over the long term. Based on our leadership engagement, governance processes and our formal and informal stakeholder engagement initiatives, particularly with investors, we are confident that all material matters have been identified and disclosed adequately in this report.

> "We believe that the success of our customers and our clients along with the trust and support of all our stakeholders underpin our commercial sustainability"

Integrated Thinking

Our commercial sustainability depends on our effectiveness in assisting the country's citizens, businesses and institutions to fulfill their economic potentials. The nature of our business is such that we intermediate between providers of capital, on one hand, and employers of capital on the other, thus serving as a crucial link between these two large groups of suppliers and end-users / consumers.

For our suppliers of funds and capital (banks and other financial institutions), we provide a fair and competitive rate of return as well as exposure to the real economy of Bangladesh. Specifically, for funds originating out of our depositors, we provide medium to long-term financial security by helping them earn competitive returns on their investments as well as a means to diversify their investments across a different asset class. As an overarching strategy, through diversifying our sources of funds origination, we focus on keeping our cost of capital at comfortable levels.

For end-users and consumers of capital, we provide them access to the liquidity and capital they need to realize their objectives and ambitions. They invest these funds to grow their businesses or deploy them for meeting a wide range of lifestyle choices, including acquiring homes or for mobility through purchase of cars. We ensure that our lending rates are competitive and accessible while still enabling us to generate a respectable return for the underwritten credit and risk, which, overall, comprises the basis of our shareholder value creation philosophy. The net spread that we earn from this cycle is our net interest margin.

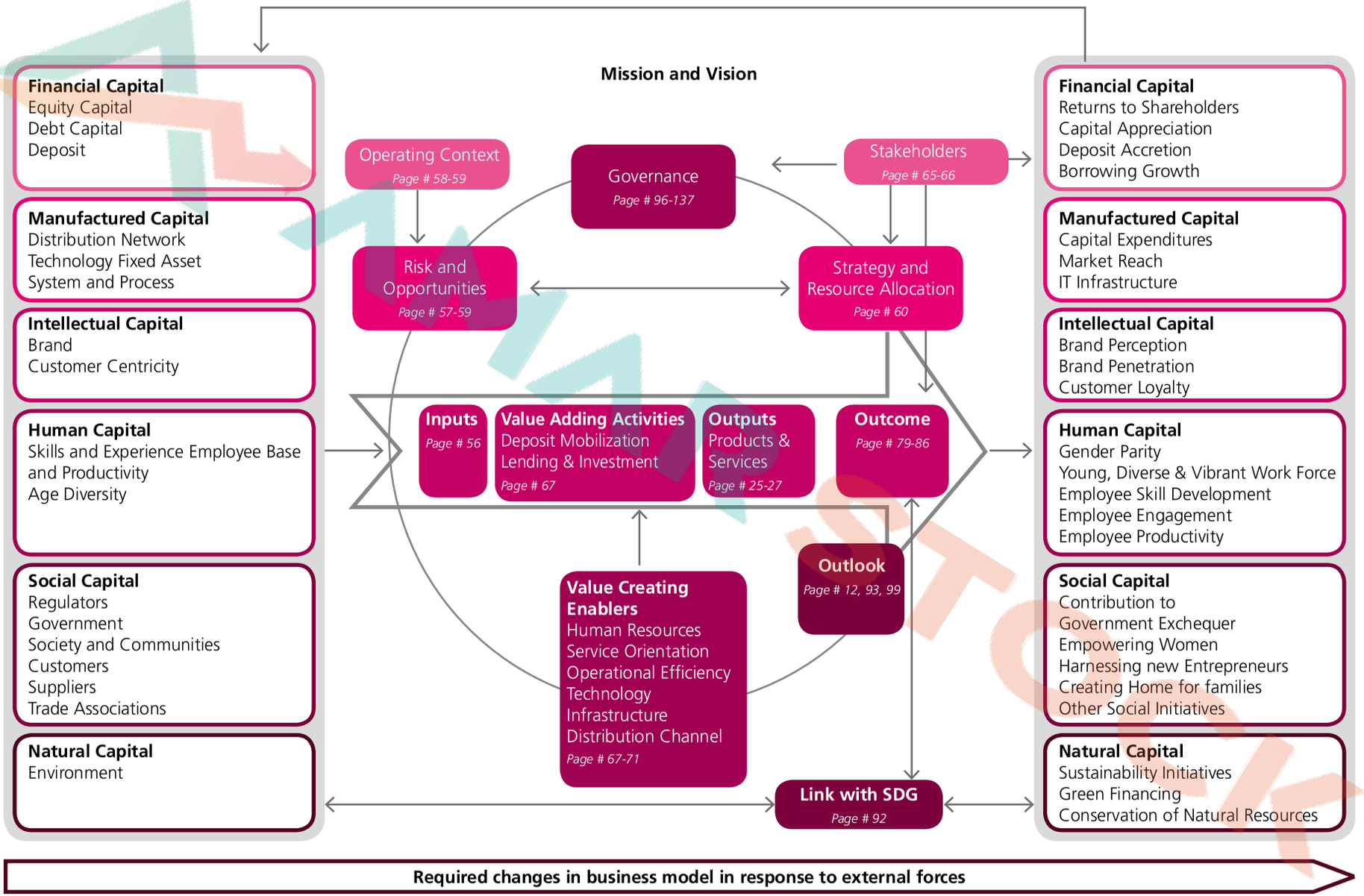
Importantly, these functions of our core business are closely integrated and interwoven with our social and environmental developmental agenda – whether at the local, regional or national level. Specifically, for a developing country like ours, that is rising up the ranks and making a transition from a low-income to a middle-income nation, strong institutions are essential to ensure outcomes that are commercially as well as socially beneficial in the short, medium and long-term. In this context, as a non-banking financial services brand (NBFI) that is closely integrated with the contextual relevance of Bangladesh, we consider ourselves to play a constructive role in participating in the economic transformation of our communities, societies and the nation at large. We also believe that a community-minded view is integral to our legitimacy and represents a consistent and considered level of integrated thinking, which we continue to deepen within our organization.

At IPDC, we welcome you to our first Integrated Report – and our integrated way of thinking and reporting – that we introduce at an opportune moment. Having invested years of reorganizing our business, reinforcing our foundations and reorienting our operational model, the year 2017 represents a culmination of our efforts in realizing the potential of our Company that we undoubtedly believed in. We also believe in the fact that though we have come a long way, we have a considerable distance to go.

The enriching experiences of the past have culminated into our excitement for the future and we look to tomorrow with determination and hope and, most importantly, with a sense of renewed purpose.

> "Enriching Past + Energizing Present + Exciting Future = Our Journey in Crafting Tales of Joys!"

INTEGRATED BUSINESS MODEL



Shahida's Tale on IPDC Women Entrepreneur



Touch of Midas

From hasty streets to glitzy showrooms in the heart of the city, Mrs. Shahida Begum could barely picture of a time where she could make it this far. Her despondency left no bound when she witnessed losing her daughter solely for a financial crunch. Unlike the folks around her, she was determined to fight back and make a difference. Overcoming all the barriers, an entrepreneurial spirit kindled in her. The alchemist in her yearned to travel all the way to bring fabrics from Islampur in random footpaths of Dhaka City. IPDC came across as a touch of Midas in her business wherein despite a trivial start with BDT 3000, she was granted BDT 7 lakhs. Today, she reigns over the fashion market in her vicinity.



INTRODUCTION TO CAPITALS

Financial Capital

At IPDC, financial capital, which includes deposits, borrowing and equity generated through share capital and retained profits generated from our operations, is used to fund our core business activities. Besides, there are other sources of non-interest-bearing funds such as accumulated depreciation and expense and loan loss provisions that also serve as an indirect source of funds for the Company.

Manufactured Capital

At IPDC, this capital is our tangible and intangible infrastructure that we use to conduct our business activities. As a services-driven Company, this capital is represented by our IT infrastructure and systems that provide us with robust competitive advantages in driving our business forward. In this sense, we leverage our manufactured capital for rigorous credit assessment on one hand and ensuring industry-leading TAT (loan disbursal turnaround times) on the other. Specifically, at IPDC, manufactured capital includes all physical assets like land, building, information technology, call center, fixed assets and distribution network (represented by branches). Efficient management of these assets can reduce the use of resources and augment operational efficiency.

Intellectual Capital

At IPDC, this capital includes the knowledge of our human resources and our intellectual property and brand, reputation and goodwill and is closely related to financial, human and manufactured capital, given the nature of our business as a non-banking financial services company. Our intellectual capital represents the core strength at our Company, enabling us to navigate our growth prospects in a competitive industry environment, while also allowing us to increase the market penetration and market share of our products. Our intellectual capital is also differentiated in the sense that it empowers us to customize the way in which we serve our customers. Specifically, at IPDC, intellectual capital encompasses intangible assets that are not reflected in the Balance Sheet such as brand, reputation and customer loyalty, among others.

Human Capital

At IPDC, this capital refers to our people and how we recruit and retain them while managing their expectations and providing them with robust career progression opportunities. This focus enables them to utilize their skills, capabilities, insights, knowledge and experiences to improve and develop our products and services that continually meet the evolving needs of our customers and clients across the diverse regions of the country in which we operate. Importantly, IPDC adheres to rigorous recruitment processes to select the right resources for the Company and offers competitive packages to attract the best talent. Besides, the Company also runs multiple need-based training programs with a view to rejuvenate its human capital. In addition, the Company offers merit and performance-based rewards and recognition programs to keep employees motivated, loyal and engaged. Moreover, the Company nurtures a culture of employee engagement through various formal and informal events.

Social Capital

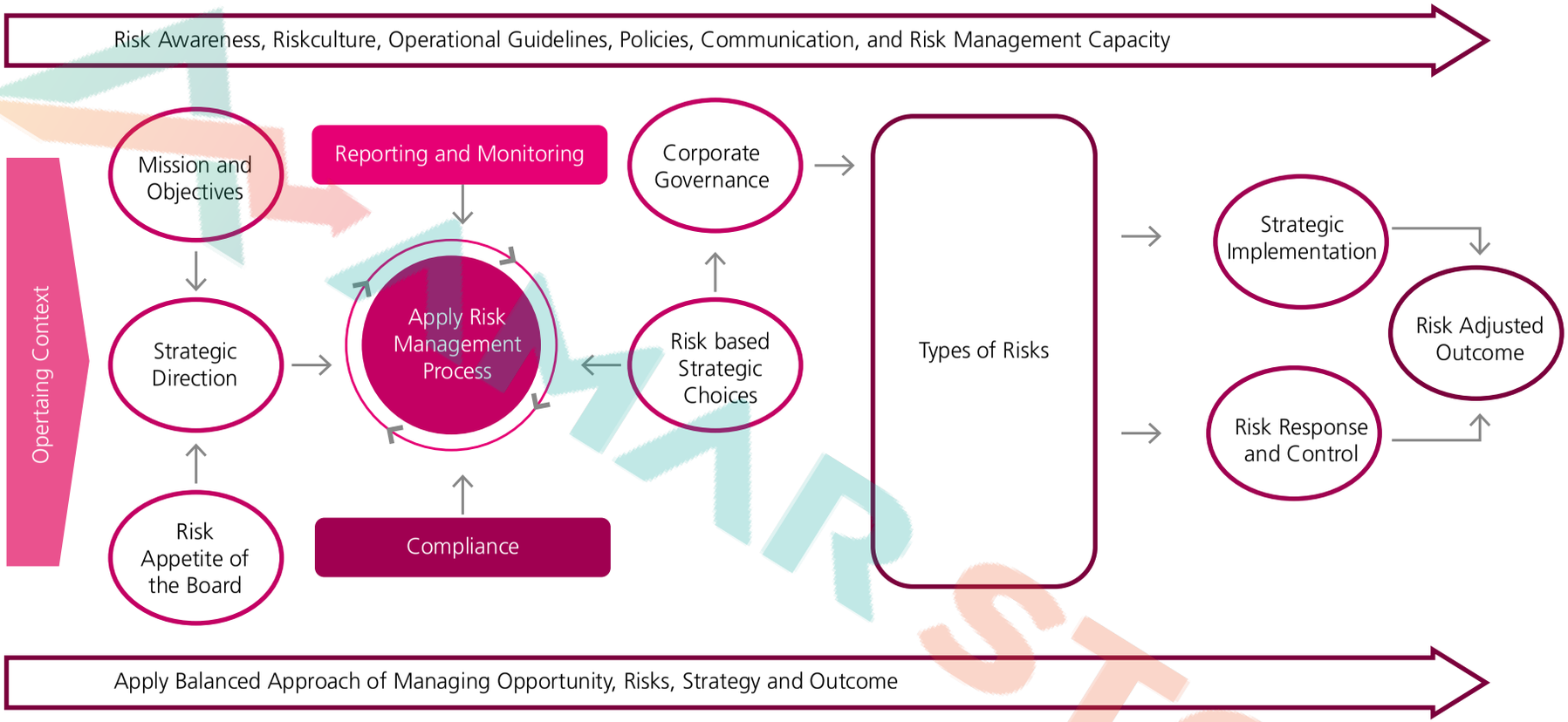
At IPDC, this capital is the cooperative and supportive relationships we share with our customers, clients, capital providers, industry associations, regulators, strategic partners and other stakeholders in our ecosystem. We create, develop, maintain and nurture these relationships to stay socially-relevant and operate as a responsible corporate. Our social and relationship capital also enables us to create new business opportunities and contribute to the development of other forms of capital. In other words, our social and relationship capital provides us with the license to operate.

Natural Capital

Banks and financial institutions draw resources from nature, leaving behind a carbon emission trail through jet air travel, running the day-to-day office and consuming paper and stationary, among others that could have a damaging impact on the environment. Moreover, financing environmentally-hazardous projects also leave behind a negative impact on the planet. In short, at IPDC, this capital relates to the natural resources on which we depend to create value. The Company focuses on reducing the environmental impact of its operations by using renewable energy and recyclable material, wherever possible, and by focusing on financing environment-friendly projects and encouraging paperless communication. Besides, as a non-banking financial services Company, in overall, we focus on deploying our financial capital in such a way that promotes the preservation and sustenance or minimizes the destruction of natural capital.

> “At IPDC, human capital refers to our people and how we recruit and retain them while managing their expectations and providing them with robust career progression opportunities”

RISK, OPPORTUNITY AND STRATEGY MAPPING



*Elements of this model is partly covered in Integrated Report and partly in Corporate Governance and Risk Management section

SHARESTOCK

OPERATING CONTEXT

> The Bangladesh economy has grown steadily over 6% in real terms over the last one decade with extraordinary resilience. With the economic emancipation, the middle-income population of the country is now growing and reaching to a critical mass bringing in new opportunities for financial sector

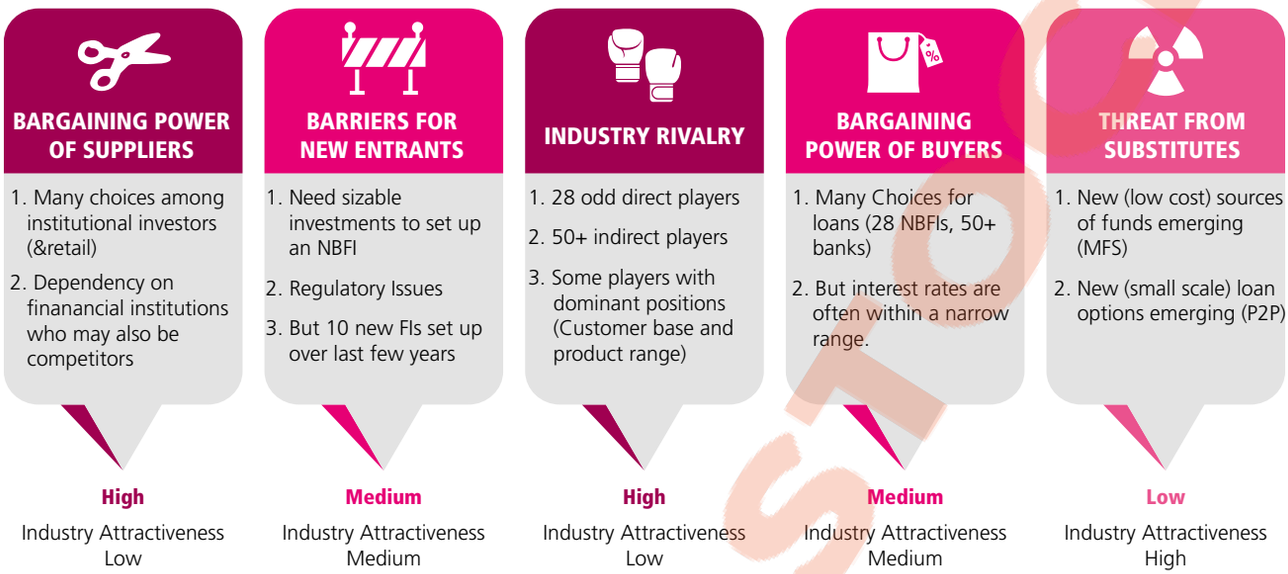
Challenges

Financial sector is highly fragmented with 58 commercial banks and 34 non-banking financial institutions (NBFI) which have witnessed considerable growth in last two and half decades after liberalization of the sector. The financial sector, however, is currently passing through a sluggish period marred with increasing NPL around 10%, liquidity overhang stemming from lower new investment appetite in real sectors and inability to finding niche. The NBFI sector comprises of mostly small institutions having collectively only around 6%-7% market share of the credit portfolio and 4%-5% share of the deposit portfolio of the overall financial sector. The highest competitive pressure felt by NBFIs is in deposit mobilization at competitive price. Moreover, NBFIs cannot take transactional deposits. Therefore, cost of fund remains very high. On the other hand, while lending NBFI has to offer the market interest rates to the customers. Therefore, overall spread of NBFI remains under pressure and is always lower than that of Banks. Another challenge in NBFI is managing maturity profile of assets and liabilities. NBFIs have so far not been able to diversify its sources of funds by issuing debt instruments in the market. Therefore, it is imperative that NBFIs remain operationally lean and efficient to stay competitive while being profitable. In addition, due to lack of brand visibility and limited distribution network, NBFIs cannot scale-up their operation beyond big cities. Key challenges can be summarized as:

Key Challenges	Our Response
High Cost of Fund	▪ Diversify funding base ▪ Add small ticket size deposit ▪ Introduce new products
Limited Geographical Coverage	▪ Increase Branches ▪ Leverage distribution channel through strategic alliances
Brand Perception	▪ Build strong brand image
Highly Fragmented Market	▪ Differentiate ourselves through unique customer services ▪ Introduce non-price factors that would be appealing to customer
Fund Matching	▪ Issue long term capital ▪ Issue bond ▪ Improve deposit customer retention rate
Low Spread	▪ Adopt lean operation model ▪ Keep NPL under check

We can also assess the state of industry and its attractiveness for existing players and the potential new comers by using Porter's Five Force Model

Porter's Five Forces Model



Financial industry is very competitive which is mostly dominated by banks and the market is very much Dhaka and Chittagong Centric. While Banks have the edge over NBFIs due to scale of operation, access to finance and client perception, NBFI has the clear opportunities of operating through lean business model and providing faster, customized and personalized services to customers. Besides, there are market opportunities beyond metropolitan cities specially in youth, women, middle and low-income customer segments.

Opportunities

The Bangladesh economy has grown steadily over 6% in real terms over the last one decade with extraordinary resilience. With the economic emancipation, the middle-income population of the country is now growing and reaching to a critical mass bringing in new opportunities for financial sector. It is projected that the middle and affluent population of the country will grow at 10%+ per annum for the next five years and will reach 19.3 million by 2020.

According to reports, Bangladesh presently consists of about 800 IT and ITeS companies with an estimated turnover of around $200 million. Reports suggest that there are about 32.2 million registered mobile banking accounts at large (as of June 2016). Besides, mobile phone and smart phone penetration rate is increasing. Proper education, awareness and trust in technology can induce more consumers to use Fintech solutions.

Currently Bangladesh has one of the lowest Mortgage Loan to GDP ratio amongst emerging economies (Bangladesh has the ratio at 3.3% while India and Thailand have the ratio at 9% and 20%, respectively). Therefore, there is a large gap in demand and supply in mortgage sector, especially in low and middle-income households.

Currently women segment of the society remains largely untapped by the banks and financial institutions of the country. While female penetration in tertiary education is around 28% and female penetration in the formal job market is between 15% to 20%, financing women by the financial sector remains at insignificant level. Women Entrepreneur financed by commercial banks is only 3.8% of their SME finance portfolio.

We observe that there is surge in interest for entrepreneurship in new generation. However, these young entrepreneurs are constrained by the insufficient access to finance due to the lack of understanding of the formal financial sector and commercializing their business ideas. IPDC can work as a catalyst for the new entrepreneurship development by collaborating with appropriate market players who can then be catered later with appropriate financing like factoring and venture capital finance.

Currently, retail lending is mainly concentrated in megacities, Dhaka and Chittagong. Specialized financial institutions like IPDC can spread the retail lending, specially the home loan and vehicle loans beyond the megacities to Tier II and Tier III cities as the larger number of middle income class is emerging from these cities.

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

STRATEGY AND RESOURCE ALLOCATION

SWOT and Strategy Mapping

		STRENGTH	WEAKNESS
		1. Unique shareholding structure 2. Relationship with corporate houses 3. Risk management framework	1. Scope for improvement in brand recognition in retail & SME 2. Limited distribution network 3. Scope for improvement in Internal capacity of retail & SME
OPPORTUNITIES	1. Regulatory advantage in retail lending 2. Emergence of middle income class 3. Growing women entrepreneurs 4. Colloboration with BRAC 5. Growing services sector 6. Young people coming into workforce 7. Increasing mobile and internet penetration	1. Leverage corporate relationship for Retail lending and supply chain finance 2. Launched women focused products and services 3. Use shareholder strengths for low cost multisource funds	6. Build HR and IT capacity for retail and supply chain finance 7. Build strategic alliance with stakeholders for incubation of sales and distribution points 8. Build brand in retail segment
THREATS	1. Competition from banks in corporate lending 2. Regulatory restriction on low cost deposit 3. Portfolio infection 4. Limited product	4. Customize risk management framework for retail and factoring finance 5. Bring in IT enabled products and services	9. Build strong collection management system for retail lending 10. Optimize ticket size of SME finance
		Strategic Response	

Three Layers of Strategy



Corporate Strategy

Based on the macro economic development of the country and the risks and opportunities it has created, we formulated a clear growth-led strategic plan towards 2020 which will not only bring sustainable and profitable growth of the company, but also contribute to creating impact on the societies and achieving sustainable development goals of the country. Against the backdrop, our broader strategic goals revolve around five key pillars.

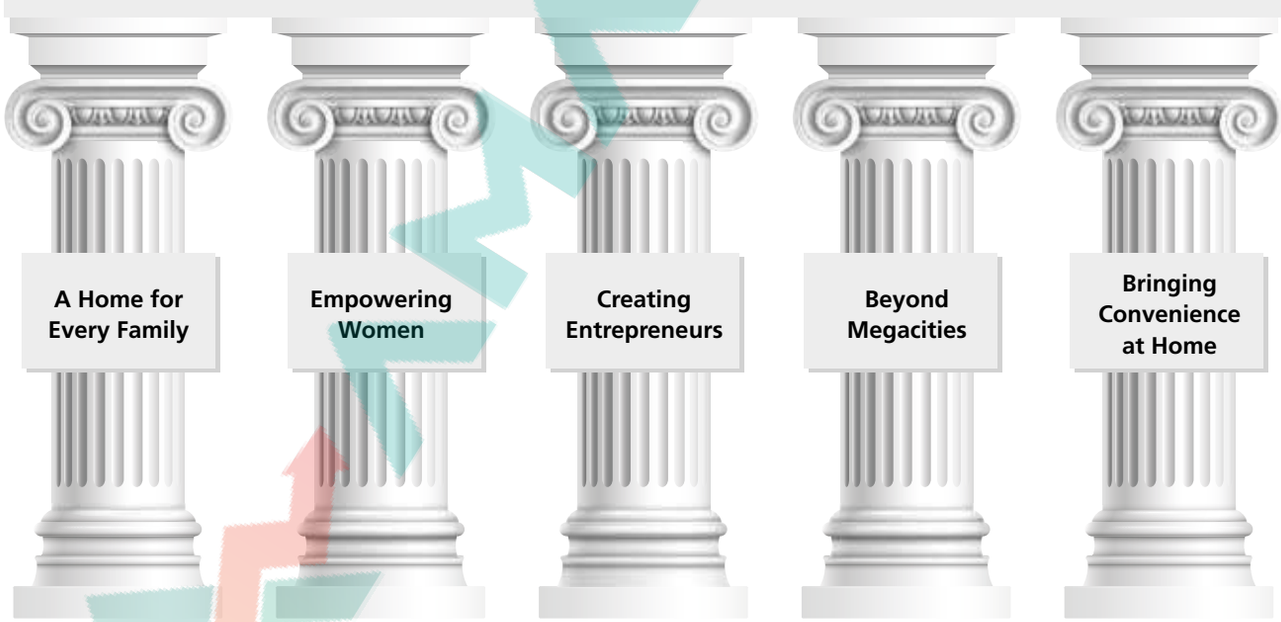
A Home for Every Family
IPDC aims to scale up Affordable Home Loan across the country for low and middle-income families.

Empowering Women
IPDC aims to support women to build their financial and nonfinancial assets and promote entrepreneurship development.

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

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

Bringing Convenience at Home
IPDC wants to penetrate strongly into consumer white goods financing business through innovative financial services and state of the art technology platform.



Strategic Business Unit (SBU) Strategy

Corporate Business

Our corporate business unit is structured towards catering to the sophisticated financial needs of some of the large Corporate Houses of Bangladesh. With a strong service orientation, we offer a wide range of products under this business.

Growth Strategy

Corporate division is focused on leveraging our multi-decade relationships with some of the large corporates of the country to serve their financing needs with speed, sensitivity and surety. Going forward, we intend to pursue selected business opportunities with a tight control on credit assessment and timely collection.

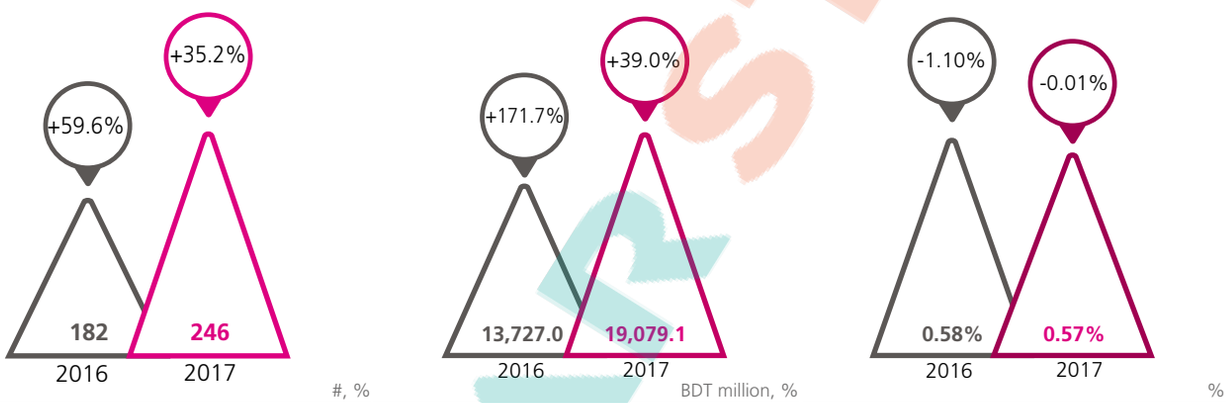
Key Strengths

- Strong relationships with many customers engaged in the steel, pharmaceutical, textiles, FMCG, cement, logistics, ceramics and food processing industries and so on
- Robust service orientation with a very competitive TAT (Turn Around Time)
- Proactive approach in meeting customer requirements
- Offering personalized financial advisory services that are anchored on taking our customers' business ahead

Way forward

- Pursue strategic opportunities to grow the loan portfolio
- Focus on enhancing interest spreads through pursuing larger and more sophisticated deals

Key Numbers - Corporate



Retail Business

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

Growth Strategy

Our retail loan strategy is to serve the full value chain of individual customers – from the most basic to the most sophisticated of financial service needs – and to maintain high standards of customer experience and cost-effective delivery channels. We believe that by delivering an excellent customer experience we can make a real difference in the lives of our customers by supporting their personal aspirations.

Key Strengths

- Industry-leading loan TAT
- Robust customer service
- Extensive presence in the key metropolitan areas of Dhaka and Chittagong
- Well-diversified customer base in home and auto loans

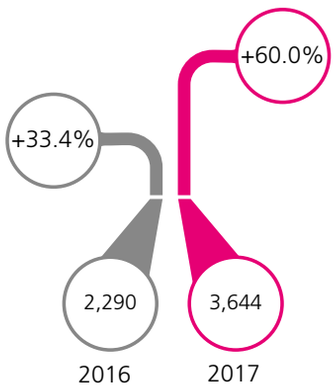
Ticket Size

While our typical home loan ticket size is about BDT 4.0 million, our average auto loan ticket size represents about BDT 1.5 - 2.0 million.

Way Forward

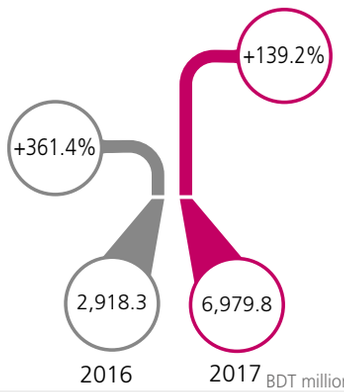
- Encourage the MIG (mid-income group) segment of home buyers which has typical average loan portfolio size of BDT 3.0 million
- Scale-up the affordable home financing book considering the immense potential in the affordable housing segment
- Go beyond the markets of Dhaka and Chittagong for the home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

Key Numbers - Retail



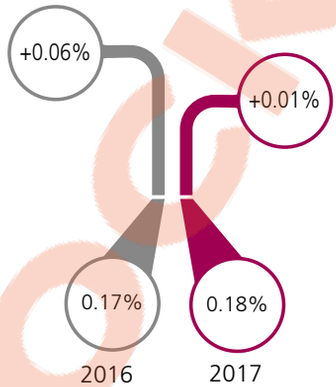
#, %

Number of Customers



BDT million, %

Loans, Advances & Leases



%

NPL (%)

SME Business

SME customers are located across Bangladesh and operating in a large number of market segments and industries like agro-processing, pharmaceuticals, manufacturing, steel, cement and ship-scrapping among others.

Under our mid-market segment, we are increasingly focusing on supply chain finance, including work order finance and bill discounting. We are one of the leading market players in factoring finance with an outstanding loan book of BDT 1,300.1 million and a base of about 125 customers.

Growth Strategy

Our mid-market customer growth strategy comprises going deeper into M/SME operating clusters and deepen existing relationships. Over the past year, we have been able to tap into such newer customer segments engaged in rice and food processing, automobile spare parts and small-scale textile manufacturers, among others.

Key Strengths

- Proactive customer service, enabling us to strengthen customer relationships
- Leveraging the strong branch network for sourcing business
- Robust CRM (customer relationship management) team with strong documentation practices
- Strong collection bureau that enables to keep a strong check on NPLs

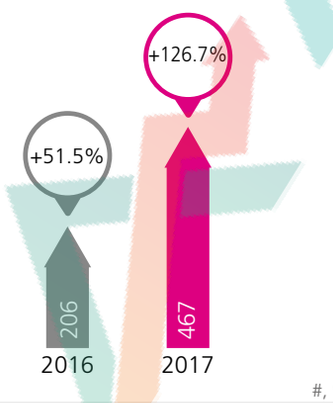
Women Entrepreneurs – Focusing on Women Empowerment

We are increasingly focusing on women entrepreneurship development through providing them with easy access to finance. We have clear strategies to cater to this segment. For instance, we are offering preferential rates to women customers and bundling products, providing free driving lessons who have taken car loans from us.

Way Forward

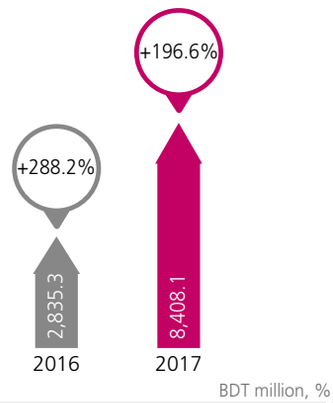
- Sourcing funds from the Bangladesh Bank under refinancing scheme to minimize borrowing cost
- Focus on growing the business with protected spreads and controlled NPLs
- Widen the footprint to cover a larger group of the major SME customers of the country
- Focus on fulfilling the supply chain finance needs of a larger segment of our existing client group while looking at enlisting new accounts

Key Numbers - SME



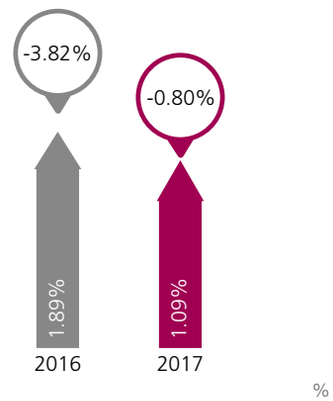
#, %

Number of Customers



BDT million, %

Loans, Advances & Leases



%

NPL (%)

Functional Strategy

Portfolio Development Strategy

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

Funds Sourcing Strategy

Effective fund mobilization is critical to sustainable Balance Sheet growth and hence, the profitability of the Company. We intend to focus on mobilizing short-term funds by short-term bank deposits, borrowings and commercial paper. On the other hand, we expect to support long-term financing by long-term sources of funds like retail deposits, long-term borrowings from banks and issuance of bonds and equity.

Capital Management Strategy

At the end of 2017, our CAR (Capital Adequacy Ratio) stood at 15.14% against 22.09% in 2016, whereas the regulatory requirement is 10.00%. Our current CAR ratio is sufficient for enabling us to meet our organic growth aspirations. However, given the high growth trajectory, the company might need capital. Therefore, it expects to issue Subordinated Bond and right share subject to Bangladesh Bank's and SEC's approval. This will not only improve our CAR but also enable us to grow further.

IT Infrastructure Development Strategy

At IPDC, we intend to continue to invest significantly in information technology (IT) to augment operational efficiencies, support central and branch operations, improve the quality of management information systems, deliver superlative customer experience, improve sales management system and enhance the capacity of our technology infrastructure to handle bigger volume of customers and transactions. In future we intend to create two digital integrated digital platforms for consumer white goods finance and supply chain finance using Block Chain Technology. We are also going to replace our Core Banking System in the year 2018.

Distribution Strategy

Aligned with our strategy of having an expansive presence in Bangladesh, IPDC established 3 new branches in 2017 in Jessore, Comilla and Mymensingh, thus taking the total number of branches to 12 including Head Office as on 31 December 2017. Going forward, we plan to open new branches (subject to regulatory approvals) for enhancing brand visibility, increasing our footprint and enabling us to manage our sales force better.

Human Resources Management Strategy

At our Company, we will continue to focus on retail and SME loans and hence will require large workforce to build these portfolios. We will continue to recruit contractual, outsourced and permanent employees to strengthen our sales force and build solid organizational capabilities for the long-term. Every employee goes through a well-articulated and progressive training and development program so that they remain competent, skilled and relevant to meet the current and future needs of the Company.

Brand and Communication Strategy

In 2016, IPDC changed its name to align its brand positioning with the long-term purpose of the Company. IPDC plans to ensure its active presence on social, print and electronic media. In addition, IPDC sponsors events and supports CSR and environmental initiatives as a commitment to the society. During the year 2017, the Company honored grassroot women achievers of Bangladesh through a grand ceremony and intends to sustain this initiative as platform to recognize triumph and success in the face of adversity and hardship.

Social Responsibility

As a Company, we also pledge to support the national agenda of women empowerment through providing innovative privileged financial services to women customers. We are also extensively engaged in green finance that seeks to provide loans to projects that are environment-friendly. Going into the future, we expect our loan book in this segment to appreciate considerably as entrepreneurs (our customers) come forward to build green assets in the country.

> "IPDC can work as a catalyst for the new entrepreneurship development by collaborating with appropriate market players who can then be catered later with appropriate financing like factoring and venture capital finance"

STAKEHOLDERS



Approach to Stakeholder Management

At IPDC, being a stakeholder-centric enterprise, our relationship with our stakeholder ecosystem has a direct and indirect impact on our reputation, our business activities and on our license to operate. Our stakeholders include customers, shareholders, employees, suppliers (of finance and credit), the central bank and other government regulators and the communities and societies in which we operate.

At our Company, we constantly engage with

- Our customers (both on the asset and liability side), informing them about the value of our products and services
- Our shareholders, discussing our operations and our prospects and enabling them to participate in the growth potential of the country's financial services industry
- Our employees, providing them with a robust career opportunity and industry-leading remuneration and welfare benefits
- Our suppliers, enabling them to earn a fair return on their credit disbursed and on the risk they underwrite
- Our regulators, enabling them to draw pride from a compliant and well-governed financial developmental institution with a strong reputation
- Our communities, ensuring their welfare through our social responsibility initiatives and efforts

We are proactive in our stakeholder responses in the sense that while our individual teams are responsible to engage with each specific stakeholder group with the emergence of material developments, our centralized stakeholder reporting is supervised by the senior management team. As a Company that is bound by regulatory frameworks, we are also proactive in issuing material notifications to the central bank, regulatory authorities and the exchanges as and when they happen.

Detail Description of Our Stakeholder Management

Customers

Ensuring Safety of Deposits: As a frontline financial services entity with strong controls and governance standards, we enjoy an unmatched reputation with a robust brand recall of being trusted, credible and dependable. Besides, our deposit products are backed by respectable credit ratings that inspire customer trust and faith with the result that deposits have grown at a 95.2% CAGR over the past three years.

Ensuring Timely Loan disbursement: A large number of customers, especially SME clients, require speedy loan disbursals. In this context, we are increasingly leveraging technology and service orientation to deliver industry-leading loan turnaround times.

Ensuring Process Simplification: Fostering a culture in which our customers find it convenient to engage with us, we provide a number of options that eases the customer in securing the loan including near paper-less transactions, minimal visits to our offices as well as the contractual agreement that is easy to read and understand.

Investors

Industry Potential: As a Company that is focused on unlocking the developmental potential of Bangladesh, we are closely linked with the growth prospects of the country. While the nation's population stands at about 165-million with attractive demographics, the penetration of financial services is extremely low, which together represent sustainable and structural growth opportunities. Inspired by our legacy and shareholding structure, as mostly represented by the Government, BRAC which is the world's biggest NGO and AKFED, we are in a better position to ride the developmental wave that will bring a larger population into the umbrella of formal finance.

Investment Stage of the Company: With the strategic transformation helping financial revival, the Company is still in investment mode, securing IT upgradation and recruiting a large number of resources to drive its business aspirations and growth. However, these investments are made one-time,

> "We believe that the long-term sustainability of our Company depends on the stability and well-being of the nation and the community we operate in. Therefore, we make sure that our pursuit of making profit creates a positive and balanced impact on the wider stakeholder groups and the country."

but will generate sustainable and repeatable benefits in the long-term.

Non-performing loans (NPL): Despite a 76.9% growth in our loan book in 2017, we continued to focus on enabling a strong control on our NPLs, which stood at 0.62% at the end of the year 2017. This reflects our robust capabilities in credit assessment and collection.

Employees

Well-defined Career Progression Opportunities: With a sustained focus on succession planning, talent development for critical senior management roles and skills development, we constantly provide our employees training opportunities that enable them to progress through their careers. Being a meritocratic organization, we focus on attitude and work ethics above anything else.

Talent Attraction: As an enterprise that is well-known among the country, we are getting hundreds of thousands of applications for job postings. With a well-structured and rigorous screening and selection process, we ensure that we attract the right talent to take forward our corporate goals and aspirations.

Diversity and Inclusion: We have a continued emphasis on aligning manpower with localization requirements, increasing the representation of women in our workforce and creating an enabling environment that is anchored on merit and meritocracy.

Suppliers

Safety of their Capital: As a Company with high Credit Ratings of ST-1 and AA1 by CRAB (Credit Rating Agency of Bangladesh Limited), we inspire trust and faith in suppliers, retail depositors and wholesale credit suppliers that include banks and other financial institutions of Bangladesh.

Timely Return of Capital: We adhere to our contracts and commitments through the timely disbursement of capital (with interest), which helps us with the smooth access to credit as and when we require it.

Continual Engagement: We continuously engage with our banking channel partners for access to lower-cost credit and for demand projections that strengthens our ability to increasingly balance our assets and liabilities.

Central Bank and other Government Regulators

Engagement in Upcoming Regulations: We engage with the regulators to help them draft policies or comment on upcoming guidelines which help in the development of a more vibrant industry.

Inspire Confidence: As a well-established Company with a strong heritage, we inspire the confidence of our regulators in meeting policy requirements and in fostering a culture that places the highest emphasis on governance and transparency.

Communities and Societies

Social Responsibility: With a strong focus on corporate social responsibility (CSR), we engage in community development activities that help our grassroots become stronger and self-sustainable.

Environmental Stewardship: Our increasing focus on the concept of green banking ensures that we disburse credit to those projects that are developed in compliance with environmental statues or in preserving the environment. Conversely, we refrain from working with customers who have a disregard for the environment.

Resource Protection: We have mechanisms in place to foster a culture of conservation of such resources as water, paper and electricity.

> “Inspired by our legacy and unique shareholding structure, as mostly represented by the Government, BRAC which is the world’s biggest NGO and AKFED, we are in a better position to ride the developmental wave that will bring a larger population into the umbrella of formal finance”

VALUE CREATION PROCESS

Core Value Adding Activities

Today an organization creates value not only for the shareholders but also for the society by developing sustainable strategy. This concept requires organization to factor externalities into value creation process. The organization needs to make a trade-off between increasing financial return in short term versus long term. If the decision goes in favor of the later then demonstrating current operating performance through financial statement does not tell the full story of the organization. Organization should strive to create unique intangible assets which can deliver future stream of financial and non-financial benefits to the shareholders and wider communities of the society.

Sourcing Deposits

Deposit is the prime source of fund which are used to support its lending activities. IPDC sales force collects term and savings deposits form business enterprises, individuals, banks and other financial institutions. This incurs funding cost which is charged against interest income from loans and advances.

Lending to Borrowers

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

Operating Activities

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

Our Human Resources Enabler

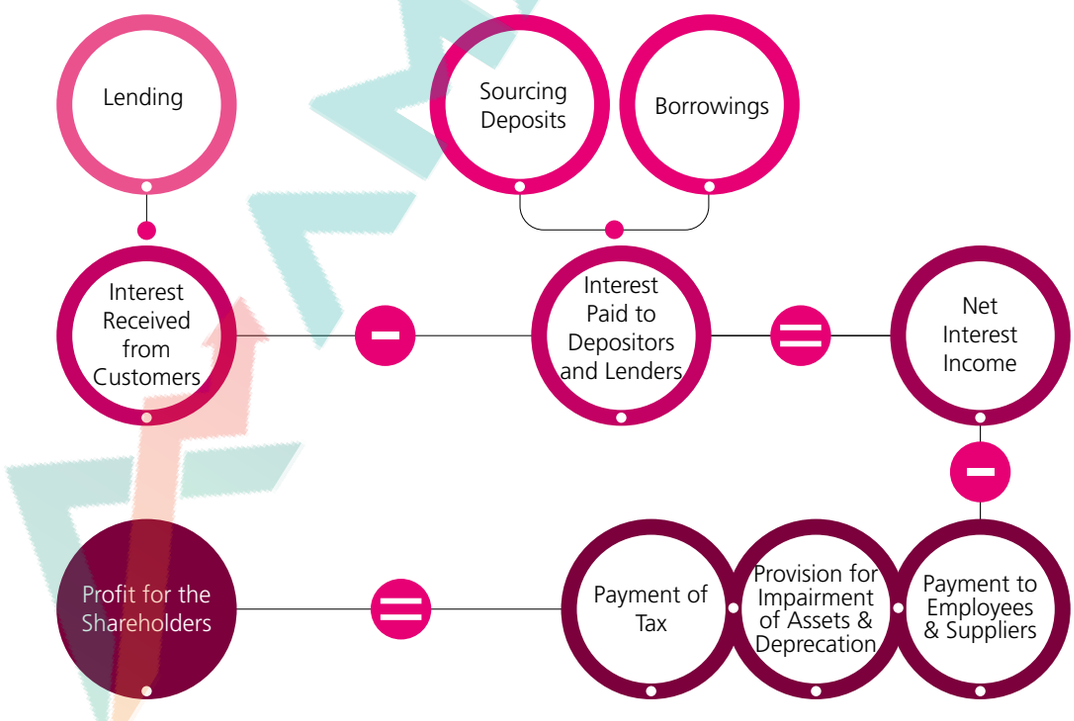
Our Approach to our Human Resources

At IPDC, we seek to employ people who represent the right fit for the organization and to create an enabling environment and culture that allows our people to realize their potential. We strive to attract individuals who share our vision and, in turn, we support their individual aspirations.

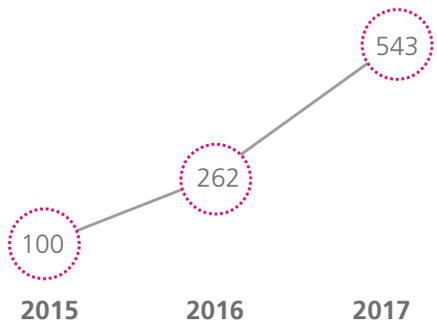
Employee Engagement

At our Company, our human resource objective is to foster and nurture a culture and working environment that unlocks the true potential of our employees, connects them to our purpose and vision of being the most passionate financial services brand in the country and places the customer firmly at the center of everything we do.

We encourage high customer-focused performance from our employees by driving a culture of high employee engagement. One of the ways in which we do so is by creating a 'no door' policy with the result that our organization is flat and less hierarchical. In a dynamic business where ideas can come from anywhere and from anyone, this sort of a culture ensures that meritorious ideas are implemented with speed. Moreover, as a youthful enterprise where the average employee age is only about 32 years, we consider ourselves to be an institutional start-up where we bring the experience and insights of an institution to the energy and vibrancy of a start-up. This blend and amalgamation ensures the best of both worlds.



Number of Employees

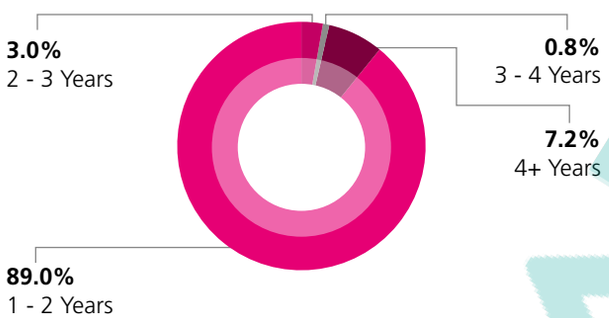


Employee Turnover

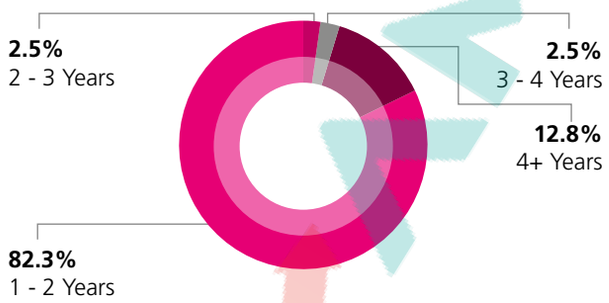
A reasonable level of turnover is healthy in any organization as it creates opportunities for new talent and career advancement. The company's overall turnover rate in 2017 was 21%, compared with 20% in 2016.

Employee Attachment with IPDC

Employees by Employment Tenure 2017 %



Employees by Employment Tenure 2016 %



Diversity and Inclusion

We promote and value diversity as a strategic imperative and strive to eliminate employment practices and processes that may result in unfair and unjust discrimination. Our diversity and inclusion principles guide us in this approach with a number of initiatives in place to ensure that we foster diverse teams.

At our Company, we strive to improve the representation of women in our workforce and our initiatives to achieve this include development programs and networking forums that ensure their career progression and also enable them to have an independent voice.

Our CEO also engages with the staff through regular town-hall sessions with employees that allows our other staff stationed outside Dhaka to access via video conferencing. These monthly town-halls represent an excellent platform for the entire organization to come together to discuss and share important events and developments and our CEO also talks about the performance of the Company and expectations and projections for the future.

What We Offer to Our People

- Solid and stable career development platform
- Collaborative environment anchored on learning and development
- Professional and personal growth opportunities
- Industry-leading compensation standards with profit-sharing (select) programs
- Inspiring and safe workplace environment
- Exposure to the cutting-edge of the financial services industry

Performance Management

Evaluating the contribution of our employees enables us to reward our people for superior performance and identify and address their development needs. Performance management is integrated into our key development programs. Our holistic employee value proposition platform comprises a three-tier structure that includes:

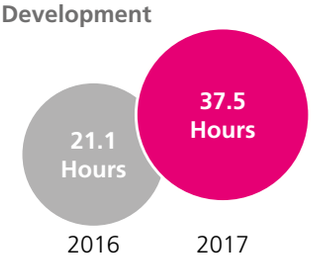
- Employee remuneration / compensation including performance bonus
- Non-monetary benefits and including life insurance
- Long-term incentive policy

Skills Development

We recognize that all employees possess unique skills that collectively contribute to the success of the company. With a view to continually refreshing and rejuvenating our intellectual capital, we expose our teams to continuous learning programs and other knowledge sessions that ensure they serve our customers in the spirit of bringing the full value of their learnings and experiences. In addition, we encourage multi-tasking and even role switch which has made us a multi-faceted organization. We will continue to ride on this path in the future too.

For our new recruits, we expose them to a comprehensive and immersive orientation program that not only highlights our journey as a company and our business as a non-banking financial services entity but also emphasizes on the financial services industry of the country, regulations, etc.

Training and Development



Staff Training Hours per Person

Employee Wellness

Our sincere approach to managing workplace health aims to make our employees remain engaged, energetic and productive.

As an important team-building measure, we organise offsite programs for our teams as well as conduct informal games competitions that include cricket, badminton and table-tennis.

IPDC also has an in-house Facebook group where employees can share and celebrate achievements, wish colleagues on their birthdays as well as remain abreast with the key developments at the Company.

An Endorsement of a Great Place to Work

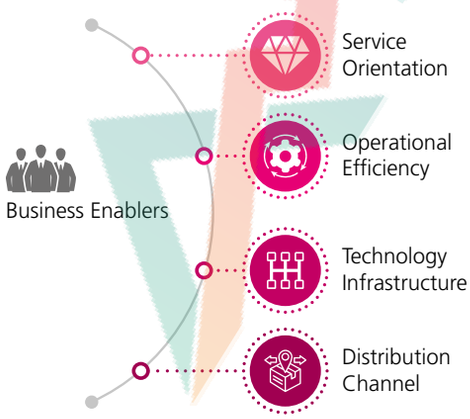
We recently posted a job notification calling to fill 42 positions in our affordable housing finance division. For those 42 positions, we received no less than 27,000 applications!

Future Initiatives

At our Company, we will continue to put emphasis on human resource development as our most potent edge in a competitive industry environment. Specifically, we intend to:

- Focus on retaining our top performers
- Engage in selective recruitment to achieve our ambitious future plans
- Continue to reward our employees with the best remuneration and compensation standards
- Recognize and reward long-service employees
- Ensure a highly collaborative atmosphere under which team achievement is always placed much higher than individual achievement
- Work on offering our employees (select) fringe benefits that include fuel allowance etc

Our Business Enablers



Service Orientation

Since its inception, IPDC is anchored on the foundations of superior service quality, strong corporate governance and culture and commitment to excellence. Today, the Company is one of the most recognized financial brands in the country, being a top-tier financial institution in Bangladesh.

Over the past few years, we have ushered in significant changes that have enabled us to proactively meet customer demands and requirements. We are perhaps one of the few in the country's non-banking financial services industry to have a dedicated complain cell within the organization, chaired by a high official to monitor each customer complaint and ensure speedy and satisfactory resolution. At our Company, we consider customer feedback to be a vital component for us to effect changes and become better every day. We are always enthusiastic to introduce diverse mechanisms to manage customer expectations and ensure that our products and services meet their demanding requirements.

As part of our ongoing customer-facing initiatives, we have also introduced separate customer loyalty programs that provide priority services to a selected group of customers. Moreover, we are also committed to provide the highest customer satisfaction through leveraging technology. With a view to stay ahead of times, IPDC also aims to implement a digital supply chain technology in the coming year to provide the first-ever digital supply chain financing solutions in Bangladesh.

At our Company, we believe that innovation and introduction to new products and processes is driven by meeting customer expectations. Keeping this in mind, we have conducted extensive market research to understand and fulfill evolving customer needs.

Highlights, 2017



At IPDC, we believe only motivated employees can ensure customer delight. We firmly believe that our people are our brand ambassadors and the way they treat our customers is unique in the market. Apart from embracing suitable initiatives to keep our people motivated and engaged, effective initiatives have also been taken up to motivate employees through different engagement programs and proper assessment processes.

Operational Efficiency

At IPDC, we have consistently focused on enhancing operational efficiencies to ensure superior customer service. The year 2017 was challenging considering the exponential business growth and we foresee 2018 to be more challenging for us to ensure our commitment towards excellence with outstanding operational efficiency. However, adhering to our principals and processes, we believe we can come out only

stronger, set model examples for others to follow and create positive differences. In this context, sustainability alignment to business growth, dynamic and talented human resource pool with a strong emphasis on values and stronger risk management controls will represents certain key strengths for our Company as we take a bold leap into the future.

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

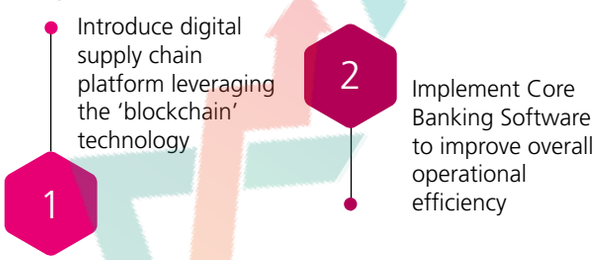
Going forward, our strategy is centered on assisting our clients operate their businesses successfully and make IPDC their choice for their business even as we serve their personal financial needs. To fulfill this promise, we draw on a wide range of financial products and resources to structure creative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

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

Highlights, 2017

- Introduced Customer Relationship Management Loan originating System (CRM LoS), an internally-generated software to identify, process and follow-up customer requests, also enabling the end-to-end tracking process comprising loan origination to disbursement. The system also enables tracking customer profiles and relative information, business performance, etc. at any point of time
- Introduced Electronic Data Management System (EDMS) to track physical documents and ensure the highest levels of security of customer loan-related information and documents

Strategic Priorities, 2018



Technology Infrastructure

At IPDC, we believe that technological advancement leads to business growth and hence have adopted state-of-the-art technology for conducting our daily business operations. The current IT infrastructure supports the head office and 11 other branch offices with complete back-up system.

Our Network Infrastructure

There are 13 servers at our Dhaka Head Office data center and another two at our DR site. There is one storage each at the Head Office and at the DR site. The Head Office data center is equipped with ASA Firewall, Wifi-based controller, IP PBX server and four Unified Trade Management (UTM) systems. The DR site is planned to be shifted outside of Dhaka in 2018.

IT and Business Transformation Team

Our IT team is engaged in spearheading IT-led business transformation, including process redesign and re-engineering, operational planning and organizational restructuring and development across the organization.

Applications

IPDC's core banking system is Bank Ultimus and the IT-intensive retail business is operated by CRM LoS. IPDC uses the most updated applications and software such as O365, Skype for Business and vCloud application services, among others. The dedicated IT team provides full-time application support at the Head Office and across our branches in Bangladesh.

Ongoing Projects

IPDC has established a leading position in the industry from a technological standpoint and the ongoing projects reflect the Company's focus on technology-leveraged business process transformation leading to strong customer service. Some of the major ongoing projects include the following:

Core Banking System (CBS) Implementation

The current core banking transactions are performed through Bank Ultimus. However, IPDC plans to upgrade to a more sophisticated system and assessments and analysis is currently going on. By 2018, the new enhanced Core Banking System is expected to go live.

Digital Supply Chain Financing (DSCF)

IPDC is one of the leading market players for factoring of receivables, a business that it started in 2012. The principal beneficiary of the segment comprises SMEs who are the suppliers or distributors to large corporates/enterprises. The tripartite agreement among corporates, SMEs and IPDC along with transaction visibility allows IPDC to extend credit at lower interest rates, without collateral and in a faster manner. The shift from manual to digital platform will provide IPDC a competitive boost in this segment of the financial services industry.

Customer Relationship Management Loan originating System (CRM LoS)

CRM LoS phase-1 has been completed in 2017. Phase-2 and 3 are planned to be completed by 2018. Through the CRM LoS, IPDC will get real-time data on the retail business. Moreover, using this system will help the Company evaluate the performance of employees and set targets accordingly.

Consumer White Goods Finance

IPDC has plans to extend its service to financing the purchase of the domestic white good products, including televisions, refrigerators, air-conditioners, washing machines etc. Currently, the business model for consumer white goods financing is being developed and the project is expected to be implemented in 2018.

Upgradation of Current Infrastructure

Currently, based on our strategic initiatives and future scale expectations, we are working on a comprehensive infrastructure roadmap.

IT Steering Committee

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

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

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

Role of the IT Steering Committee

The roles and responsibilities of the IT steering committee include the following:

- Monitor management methods to determine and achieve strategic goals of the IT department
- Provide guidance on ICT risks and controls
- Provide guidance related to funding or sourcing of IT software and hardware
- Assess feasibility of ICT proposals and approve project priorities
- Ensure that all critical projects address associated risks with proper risk management and mitigation measures
- Advise on the selection of technology within the standards of IPDC guidelines
- Provide direction to regulatory and statutory requirements as per Bangladesh Bank guidelines
- Provide guidance and decisions on IT architecture for new solutions to ensure compatibility with the existing environment

Structure of IT Steering Committee

IPDC's IT steering committee has been formed in accordance with Bangladesh Bank guidelines on ICT Security and Non-Bank Financial Institution. IPDC's IT steering committee is formed with representatives from ICT, Risk, HR, ICC/Audit, Legal and other related business units.

Distribution and Service Delivery Channel

Branch

IPDC has 12 branch offices including Head Office. Branch offices are used as an initial point of contact with the customers. Details of the branches along with the address and contact numbers can be found in the "Our Company Profile" section.

Call Centre

IPDC operates a call centre for handling customer queries and issues. It is the primary service delivery channel of IPDC.

Outreach

IPDC has several built some strategic tie ups with developers, auto dealers, corporate houses, manufacturers of construction materials and BRAC offices which are situated in different locations of the country. These offices mainly generate business leads and IPDC resources from nearest branch does the fulfillment.

"A customer complained that her FDR was renewed at the prevailing rates instead of preferential rates which she was offered earlier, and the CEO wrote her a letter and followed it up with a call. She was so surprised and delighted that she posted the story about IPDC on her Facebook account- this is how we strive to delight our customers every day"

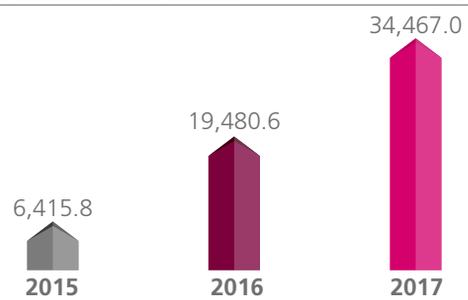
SMARTSTOCK

PERFORMANCE REVIEW

Performance Dashboard

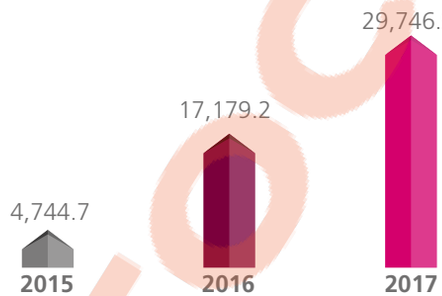
Loans, Advances and Leases

BDT million



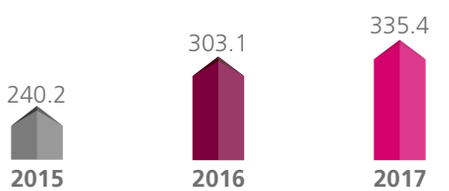
Deposits

BDT million



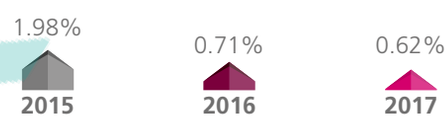
Net Profit after Tax

BDT million



NPL

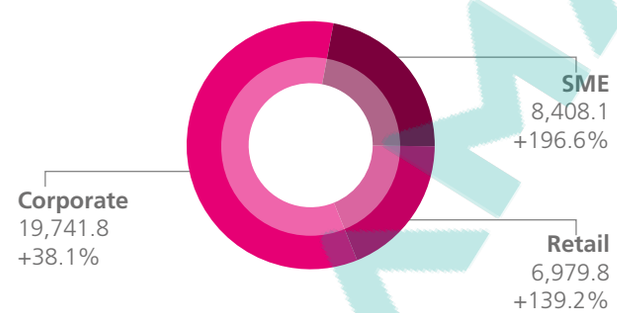
%



Operating Segment Dashboard

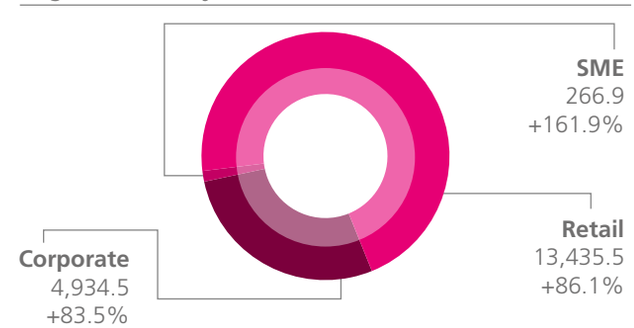
Segment Asset

BDT million, %



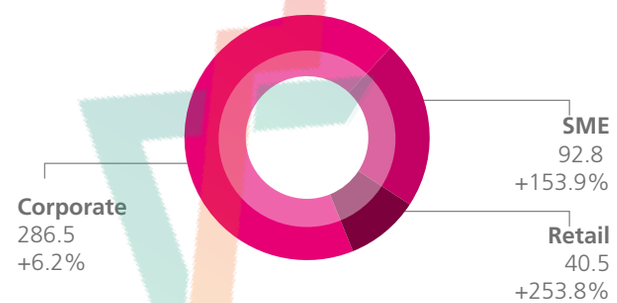
Segment Liability

BDT million, %



Segment Operating Profit

BDT million, %



AMARSTOCK

Operating Segment Report

For the year ended December 31, 2017

BDT million

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

For the year ended December 31, 2016

BDT million

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

For the year ended December 31, 2015

BDT million

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

** 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.*
**** Non-interest bearing assets and liabilities are included in Treasury and Investments are included in Corporate.*

Horizontal Analysis

Horizontal Analysis of Balance Sheet

BDT million, %

Particulars	2014	Growth	2015	Growth	2016	Growth	2017
Cash	84.8	-3.0%	82.2	175.4%	226.4	66.5%	376.8
Balance with other banks and financial institutions	736.8	44.3%	1,063.0	53.6%	1,632.4	77.9%	2,903.3
Money at call and short notice	-	0.0%	-	0.0%	-	0.0%	-
Investments	715.0	-73.8%	187.0	202.5%	565.7	17.1%	662.7
Loans, advances and leases	5,676.8	13.0%	6,415.8	203.6%	19,480.6	76.9%	34,467.0
Fixed assets including land, building, furniture and fixture	224.1	-7.6%	207.0	12.8%	233.6	14.3%	267.0
Other assets	302.6	-19.6%	243.4	78.5%	434.5	40.0%	608.3
Non financial institutional assets	3.8	0.0%	3.8	0.0%	3.8	0.0%	3.8
Total Assets	**7,743.9**	**5.9%**	**8,202.2**	**175.3%**	**22,576.9**	**74.0%**	**39,288.9**
Borrowings from other banks, financial institutions and agents	398.4	-93.2%	27.1	4117.5%	1,141.4	269.2%	4,214.1
Deposits and other accounts	3,997.4	18.7%	4,744.7	262.1%	17,179.2	73.2%	29,746.9
Other liabilities	1,056.3	-9.5%	955.9	55.0%	1,481.2	49.7%	2,217.5
Total Liabilities	**5,452.1**	**5.1%**	**5,727.6**	**245.7%**	**19,801.8**	**82.7%**	**36,178.4**
Shareholders' equity	2,291.8	8.0%	2,474.6	12.1%	2,775.1	12.1%	3,110.5
Total Liabilities and Equity	**7,743.9**	**5.9%**	**8,202.2**	**175.3%**	**22,576.9**	**74.0%**	**39,288.9**
Long Term Liabilities	2,879.3	-14.3%	2,468.9	234.7%	8,262.7	91.3%	15,810.6
Current Liabilities	2,572.8	26.7%	3,258.7	254.1%	11,539.2	76.5%	20,367.8
Total Liabilities	**5,452.1**	**5.1%**	**5,727.6**	**245.7%**	**19,801.8**	**82.7%**	**36,178.4**
Long Term Assets	4,517.0	-5.7%	4,258.7	158.0%	10,987.8	70.8%	18,772.0
Current Assets	3,226.9	22.2%	3,943.3	193.9%	11,589.2	77.0%	20,516.9
Total Assets	**7,743.9**	**5.9%**	**8,202.0**	**175.3%**	**22,576.9**	**74.0%**	**39,288.9**
Net Current Assets	**654.1**	**4.7%**	**684.6**	**-92.7%**	**50.0**	**198.1%**	**149.1**

** Horizontal Analysis of Balance Sheet refers to the analysis of growth of each component of Balance Sheet items from the previous period.*

Horizontal Analysis of Profit & Loss Account

BDT million, %

Particulars	2014	Growth	2015	Growth	2016	Growth	2017
Interest income	929.3	-13.4%	804.9	84.2%	1,482.4	101.8%	2,991.1
Interest expenses	513.1	-27.2%	373.4	126.1%	844.2	127.2%	1,918.5
Net Interest Income	**416.2**	**3.7%**	**431.4**	**47.9%**	**638.1**	**68.1%**	**1,072.6**
Investment income	86.8	-36.2%	55.4	-14.8%	47.2	38.6%	65.5
Commission, exchange and brokerage	5.6	34.4%	7.6	377.5%	36.2	127.1%	82.2
Other operating income	71.4	103.8%	145.5	-17.6%	119.8	-78.9%	25.3
Operating Income	**580.0**	**10.3%**	**639.9**	**31.5%**	**841.4**	**48.0%**	**1,245.5**
Operating expenses	184.9	5.0%	194.1	75.0%	339.8	68.6%	572.8
Operating Profit	**395.1**	**12.8%**	**445.8**	**12.5%**	**501.6**	**34.1%**	**672.7**
Provision for loans and advances	37.0	344.9%	164.5	-82.0%	29.6	435.3%	158.3
Provision/(reversal) for diminution in value of investments	13.3	-571.1%	(62.9)	-106.4%	4.0	-83.5%	0.7
Other provision	-	0.0%	-	0.0%	-	0.0%	-
Total provisions	50.3	101.9%	101.6	-66.9%	33.6	372.9%	159.0
Profit before Tax	**344.8**	**-0.2%**	**344.2**	**36.0%**	**468.0**	**9.8%**	**513.7**
Provision for taxation	179.3	-42.0%	104.0	58.6%	164.9	8.1%	178.3
Net Profit after Tax	**165.5**	**45.1%**	**240.2**	**26.2%**	**303.1**	**10.7%**	**335.4**
EPS	0.91	45.1%	1.32	26.2%	1.67	10.7%	1.85

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

Vertical Analysis

Vertical Analysis of Balance Sheet

BDT million, %

Particulars	2015	%	2016	%	2017	%
Cash	82.2	1.0%	226.4	1.0%	376.8	1.0%
Balance with other banks and financial institutions	1,063.0	13.0%	1,632.4	7.2%	2,903.3	7.4%
Money at call and short notice	-	0.0%	-	0.0%	-	0.0%
Investments	187.0	2.3%	565.7	2.5%	662.7	1.7%
Loans, advances and leases	6,415.8	78.2%	19,480.6	86.3%	34,467.0	87.7%
Fixed assets including land, building, furniture and fixture	207.0	2.5%	233.6	1.0%	267.0	0.7%
Other assets	243.4	3.0%	434.5	1.9%	608.3	1.5%
Non financial institutional assets	3.8	0.0%	3.8	0.0%	3.8	0.0%
Total Assets	**8,202.2**	**100.0%**	**22,576.9**	**100.0%**	**39,288.9**	**100.0%**
Borrowings from other banks, financial institutions and agents	27.1	0.3%	1,141.4	5.1%	4,214.1	10.7%
Deposits and other accounts	4,744.7	57.8%	17,179.2	76.1%	29,746.9	75.7%
Other liabilities	955.9	11.7%	1,481.2	6.6%	2,217.5	5.6%
Total Liabilities	**5,727.6**	**69.8%**	**19,801.8**	**87.7%**	**36,178.4**	**92.1%**
Shareholders' equity	2,474.6	30.2%	2,775.1	12.3%	3,110.5	7.9%
Total Liabilities and Equity	**8,202.2**	**100.0%**	**22,576.9**	**100.0%**	**39,288.9**	**100.0%**
Long Term Liabilities	2,468.9	30.1%	8,262.7	36.6%	15,810.6	40.2%
Current Liabilities	3,258.7	39.7%	11,539.2	51.1%	20,367.8	51.8%
Total Liabilities	**5,727.6**	**69.8%**	**19,801.8**	**87.7%**	**36,178.4**	**92.1%**
Long Term Assets	4,258.7	51.9%	10,987.8	48.7%	18,772.0	47.8%
Current Assets	3,943.3	48.1%	11,589.2	51.3%	20,516.9	52.2%
Total Assets	**8,202.0**	**100.0%**	**22,576.9**	**100.0%**	**39,288.9**	**100.0%**
Net Current Assets	**684.6**	**8.3%**	**50.0**	**0.2%**	**149.1**	**0.4%**

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

Vertical Analysis of Profit & Loss Account

BDT million, %

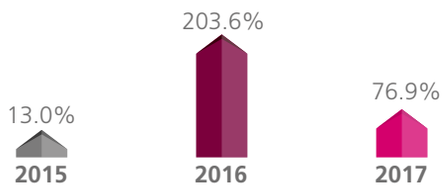
Particulars	2015	%	2016	%	2017	%
Interest income	804.9	125.8%	1,482.4	176.2%	2,991.1	240.2%
Interest expenses	373.4	58.4%	844.2	100.3%	1,918.5	154.0%
Net Interest Income	**431.4**	**67.4%**	**638.1**	**75.8%**	**1,072.6**	**86.1%**
Investment income	55.4	8.7%	47.2	5.6%	65.5	5.3%
Commission, exchange and brokerage	7.6	1.2%	36.2	4.3%	82.2	6.6%
Other operating income	145.5	22.7%	119.8	14.2%	25.3	2.0%
Operating Income	**639.9**	**100.0%**	**841.4**	**100.0%**	**1,245.5**	**100.0%**
Operating expenses	194.1	30.3%	339.8	40.4%	572.8	46.0%
Operating Profit	**445.8**	**69.7%**	**501.6**	**59.6%**	**672.7**	**54.0%**
Provision for loans and advances	164.5	25.7%	29.6	3.5%	158.3	12.7%
Provision/(reversal) for diminution in value of investments	(62.9)	-9.8%	4.0	0.5%	0.7	0.1%
Other provision	-	0.0%	-	0.0%	-	0.0%
Total provisions	101.6	15.9%	33.6	4.0%	159.0	12.8%
Profit before Tax	**344.2**	**53.8%**	**468.0**	**55.6%**	**513.7**	**41.2%**
Provision for taxation	104.0	16.3%	164.9	19.6%	178.3	14.3%
Net Profit after Tax	**240.2**	**37.5%**	**303.1**	**36.0%**	**335.4**	**26.9%**

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

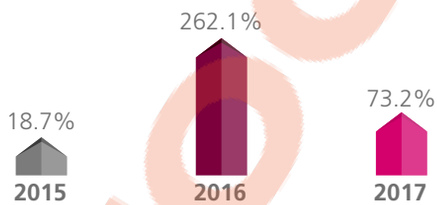
Key Graphs

Balance Sheet

Loans and Advance Growth %

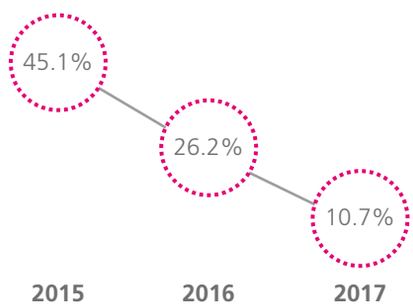


Deposit Growth %

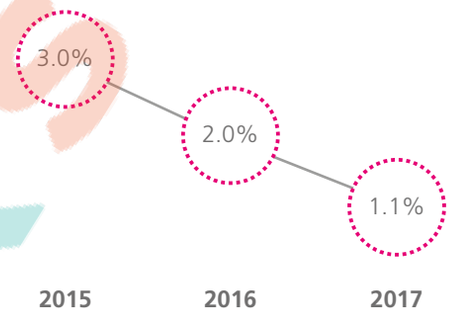


Profitability

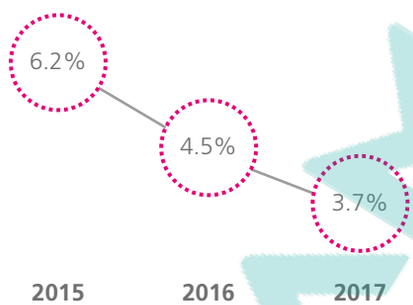
Profit After Tax (PAT) Growth %



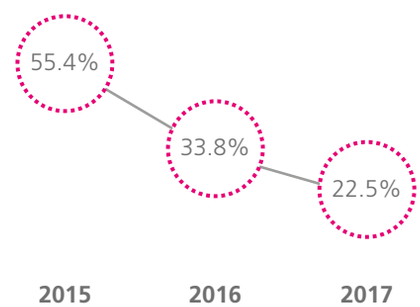
Return on Asset (ROA) %



Net Interest Margin (NIM) %

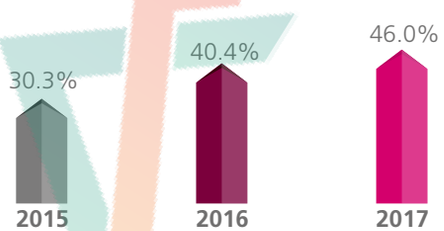


Operating Profit Margin (OPM) %

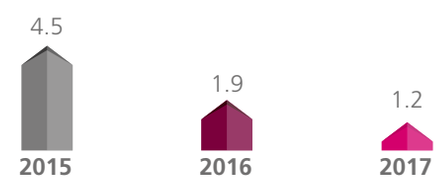


Efficiency

Cost to Income Ratio %



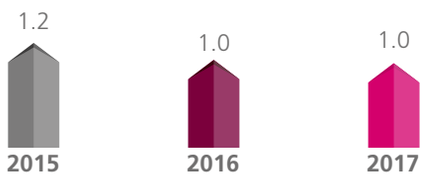
Operating Profit per Employee BDT million



Solvency

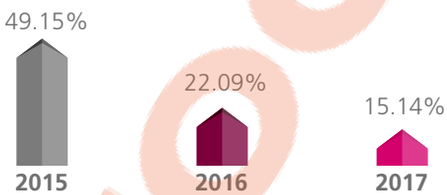
Current Ratio

Times



Capital Adequacy Ratio

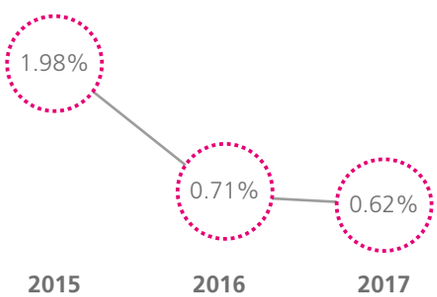
%



Asset Quality

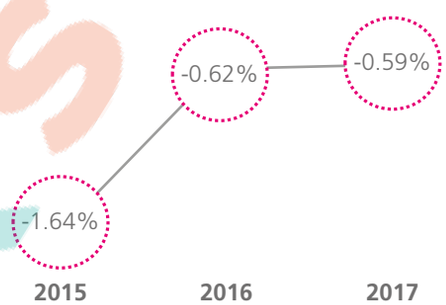
Rate of NPL

%



Rate of Net NPL

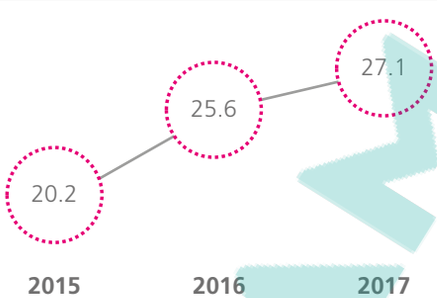
%



Investors' Ratios

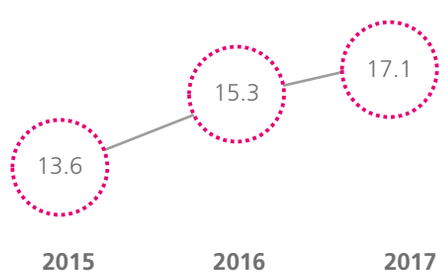
Price Earning Ratio

Times



NAV per Share

BDT



Further details can be found in the Outcome Section of the Integrated Report and Directors' Report

Key Ratios

BDT million, %

Particulars	2015	2016	2017
Balance Sheet			
Loans and Advance Growth	13.0%	203.6%	76.9%
Deposit Growth	18.7%	262.1%	73.2%
Disbursement - Loans, Leases, Advances etc.	5,524.5	25,029.7	34,681.0
Profitability			
Revenue Growth	10.3%	31.5%	48.0%
Operating Profit Growth	12.8%	12.5%	34.1%
Profit After Tax (PAT) Growth (%)	45.1%	26.2%	10.7%
Net Interest Margin (NIM)*	6.2%	4.5%	3.7%
Operating Profit Margin (OPM)*	55.4%	33.8%	22.5%
Cost of Fund (CoF)	9.2%	7.3%	7.2%
Return on Asset (ROA)	3.0%	2.0%	1.1%
Efficiency			
Cost to Income Ratio	30.3%	40.4%	46.0%
Earning Asset (% of total assets)	93.5%	96.0%	96.8%
Base Rate	12.5%	12.7%	10.1%
Revenue per Employee	6.4	3.2	2.3
Operating Profit per Employee	4.5	1.9	1.2
Revenue per Branch	106.7	93.5	103.8
Operating Profit per Branch	74.3	55.7	56.1
Solvency			
Current Ratio (Times)	1.2	1.0	1.0
Credit Deposit Ratio (Times)	1.35:1	1.13:1	1.16:1
Capital Adequecy Ratio (CAR)	49.15%	22.09%	15.14%
Debt Equity Ratio (Times)	0.01	0.41	1.35
Asset Quality			
Rate of NPL	1.98%	0.71%	0.62%
Rate of Net NPL	-1.64%	-0.62%	-0.59%
Provision Required	135.4	205.0	344.8
Provision Kept	199.1	226.5	384.8
Provision Surplus / (Deficit)	63.7	21.5	40.0
Investors Ratios			
Market Price Per Share (BDT)**	26.7	42.7	50.1
Earnings per Share (BDT)	1.32	1.67	1.85
Market Capitalization	3,370.9	6,469.1	9,108.2
Price Earning Ratio (Times)	20.2	25.6	27.1
Rate of Dividend	20%	20%	20%
Dividend Per Share (DPS)	2.0	2.0	2.0
Dividend Yield	7.5%	4.7%	4.0%
Dividend Cover (Times)	0.66	0.83	0.92
Return on Equity (ROE)	10.1%	11.5%	11.4%
NAV per Share (BDT)	13.6	15.3	17.1

** NIM = Net Interest Income / Average Earnings Assets (excluding investments). OPM = Operating Profit / Gross Interest Income*
*** Closing market price per share as per DSE last closing date of the year*

OUTCOME

At IPDC, our key performance indicators (KPIs), the output of our efforts, measure our progress in delivering on our vision, thereby enabling value creation for our shareholders. Importantly, our remuneration structures are aligned to our KPIs to drive the realisation of our strategy.

Financial Capital

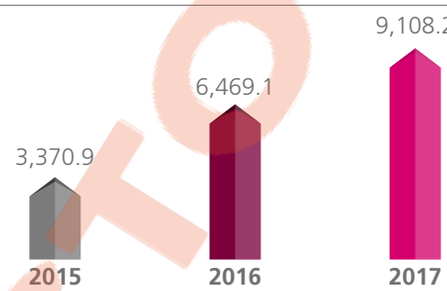
Share Price

BDT



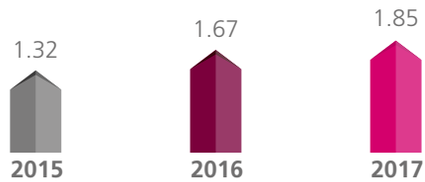
Market Capitalization

BDT million



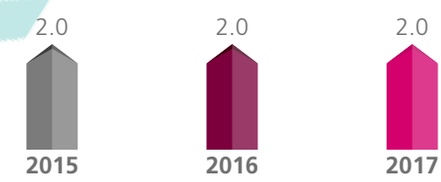
Earning per Share (EPS)

BDT



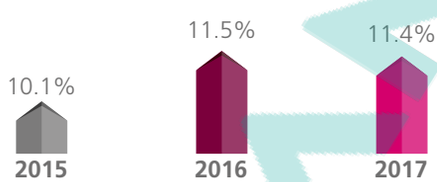
Dividend per Share (DPS)

BDT



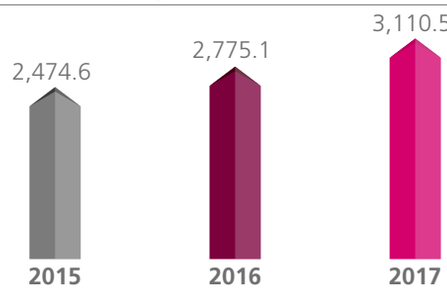
RoE

%



Shareholders' Equity

BDT million

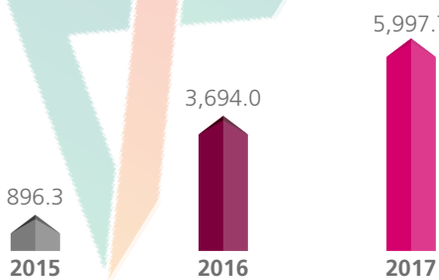


Market Value Added

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

MVA

BDT million



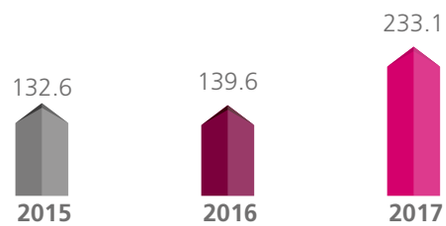
Particulars	2015	2016	2017
Market Value per Share (BDT)	26.70	42.70	50.10
Number of Shares Outstanding	126,250,473	151,500,567	181,800,680
Market Capitalization	3,370.9	6,469.1	9,108.2
Book Value of Equity	2,474.6	2,775.1	3,110.5
MVA	**896.3**	**3,694.0**	**5,997.7**

AMARSTOCK

Economic Value Added

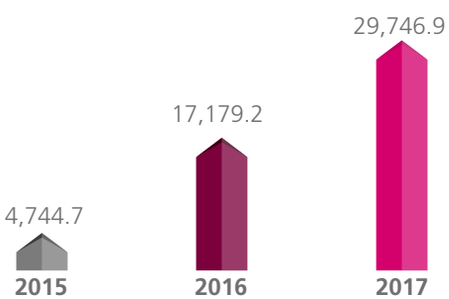
Economic Value Added (EVA) measures the company's economic success (or failure) over a period of time. EVA is calculated by taking the company's NOPAT (Net Operating Profit After Tax) and deducting capital charges from NOPAT to get the real economic performance of the company.

EVA BDT million

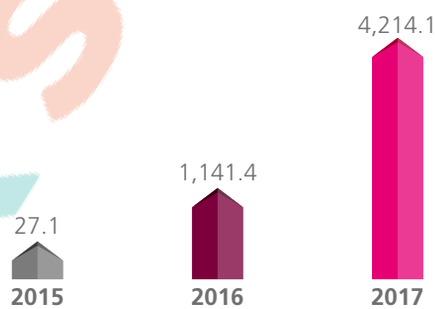


Particulars	2015	2016	2017
Operating Profit	445.8	501.6	672.7
Income Tax	(104.0)	(164.9)	(178.3)
Adjustment	(0.9)	31.1	(0.03)
NOPAT	**340.8**	**367.8**	**494.4**
Cost of Equity	208.2	228.2	261.3
EVA	**132.6**	**139.6**	**233.1**

Deposits BDT million



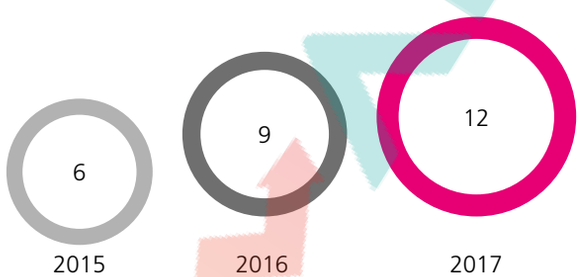
Borrowings from Banks, Financial Institutions and Agents BDT million



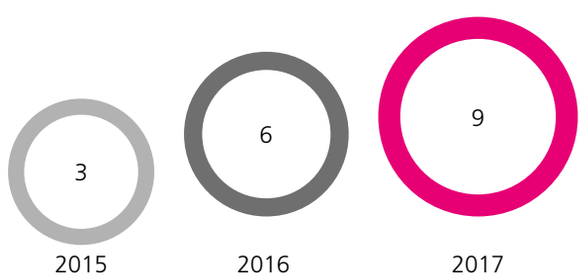
Manufactured Capital

Distribution

Number of Branches #

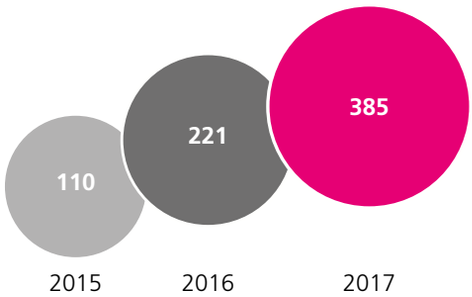


District Presence #

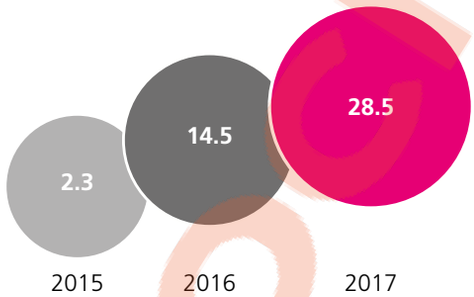


IT Infrastructure

Number of Laptops

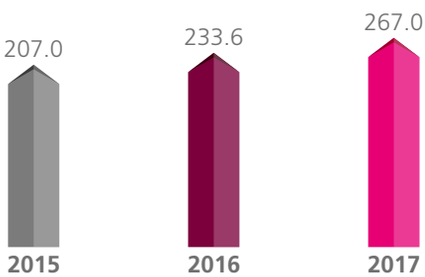


IT Capital Expenditure BDT million

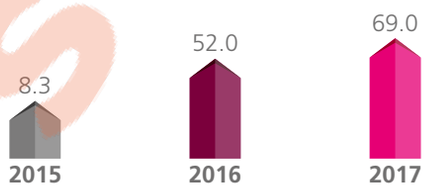


Fixed Assets & Capital Expenditure

Total Fixed Assets BDT million

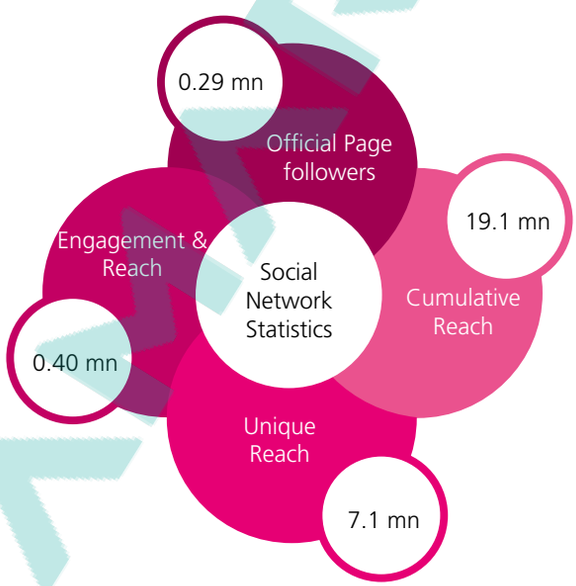


Total Capital Expenditure BDT million

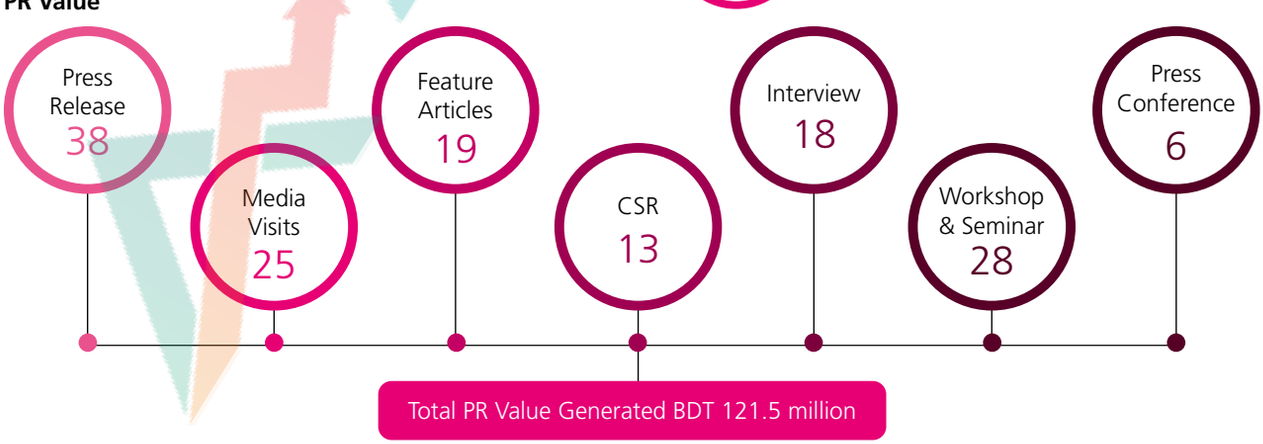


Intellectual Capital

Social Network Statistics

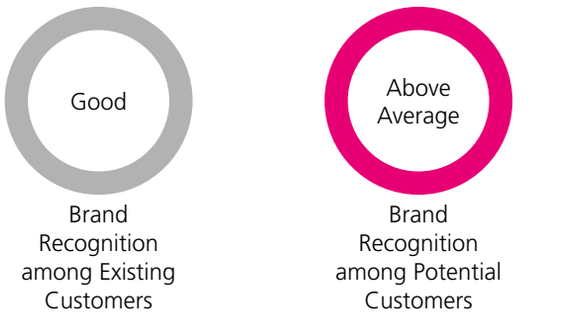


PR Value

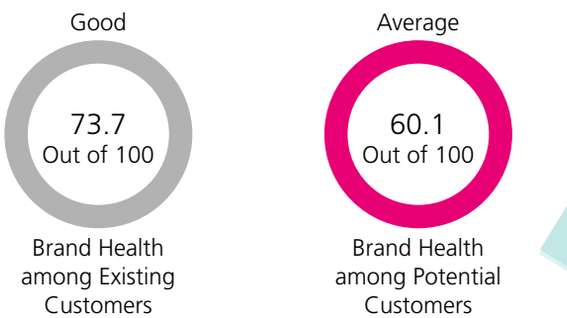


Brand Perception

For IPDC, image building is not the only element of creating a healthy brand. Brands are the first information (among various dimensions) that customers seek when purchasing a product and for repeat purchase decisions; making the concept of brands (and branding) the key focal point for measuring a brands health.



Brand Recognition



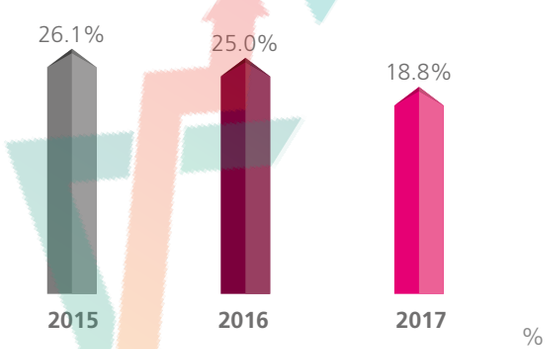
Brand Health

**As per the study undertaken by an independent researcher*

IPDC is performing above average on the basis of the Brand Health Analysis. The organization functions well in Dhaka zone due to a lot of collaborations and partnering opportunities. However, the organization has capability to perform well outside Dhaka if it gets ample opportunities for sponsorships and events which will result in more brand awareness and attractiveness for the organization.

Customer Loyalty

Strong brand perception can be translated in higher customers loyalty for which one of the measurement can be customer attrition rate



Customer Attrition Rate

Human Capital and Human Resource Accounting

IPDC aims to be the most passionate financial institute in the country and therefore it is passionate about its human capital management. IPDC believes that sustainable business growth can only be achieved by a devoted and engaged work force who will deliver extraordinary customer experience. Our employee value proposition aims to create an environment of diversified passionate workforce with unbound learning opportunity and performance based career growth with competitive compensation management. Our human resources priorities are:

- Equal Employment Opportunity.
- Diversified & Vibrant Workforce.
- A Culture of Engaged Workforce.
- Unbound Learning Opportunities.
- Performance based Career Growth and
- Competitive Compensation & Reward System.

Equal Employment Opportunity

IPDC believes in equal employment opportunity to attract, retain, develop and promote the most qualified employees irrespective of race, colour, religion, cast, gender and other characteristics. All our job openings are advertised internally, in job portals and through different social medias to attract potential candidates and candidates are finally selected through formal interview process. A glimpse of total candidates interviewed vs finally selected ones in 2017 are illustrated below:

Description	Total Interviewed	Total Selected
Regular & Outsourced	1,240	362
Management Trainee	24	6

Equal opportunity policy applies to recruitment, promotion, transfer, training, compensation and other conditions of employment. It prohibits gender biasness, nepotism and discrimination of any sort.

Diversified & Vibrant Workforce

IPDC strongly values diversity and enjoys a youth-centric organization. Average age of employees are approximately 32 years, who are the most passionate ones in the industry and comprises of a vibrant workforce. Employees come from different ethnic communities, geographical locations, universities, educational background, genders and age brackets. The similarities and differences are brought together to bring in diverse skills, perspectives and competencies in a singe bracket. This makes our human resources unique and create a distinct difference in the industry. We endeavor to create an environment where each employee can feel valued, respected, connected and supported- a place where employees can realize their aspirations. Age & Gender wise ratio of our employees is given below to get a quick view of our vibrant workforce:

Age & Gender-wise Ratio

Age in Years	Male	Female	Regular Employees	Mix Percentage
18-30	150	39	189	53%
31-40	131	25	156	42%
41-50	12	1	13	4%
51-60	4	0	4	1%
Total	**297**	**65**	**362**	**100%**

Service Analysis of Full Time Employee

Employee Tenure	2016		2017	
	Number of Workforce	Mix Percentage	Number of Workforce	Mix Percentage
1-2 years	167	82%	322	89%
2-3 years	5	2%	11	3%
3-4 years	5	2%	3	1%
4+ years	26	13%	26	7%
Total	**203**	**100%**	**362**	**100%**

A Culture of Engaged Workforce

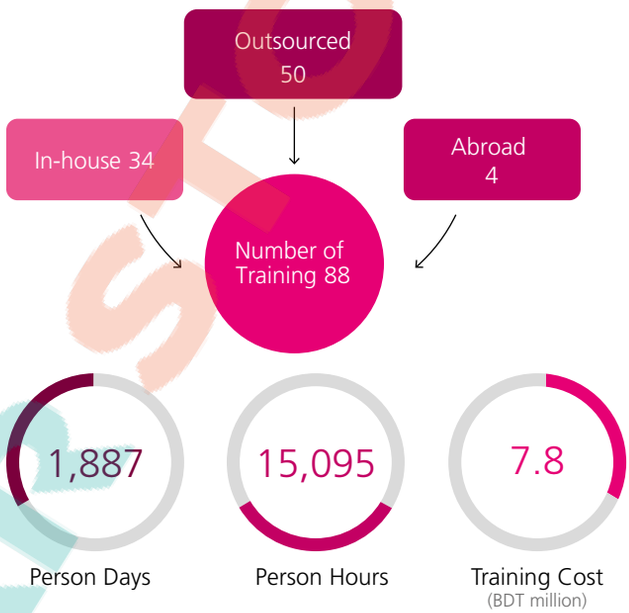
IPDC nurtures an informal and open-door culture where employees feel at home and work with joy, which in turn contributes to productivity. Many engagement activities go on throughout the year, where each employee can participate. At the same time, grievances of employees are given due attention. The CEO energizes employees every month through monthly townhall meeting where business updates are given, employees are given opportunity to share thoughts and finally next course of actions are directed to attain business objectives and vision. Every year, IPDC conducts ERC (Employee Recreation Club) for 3-4 days tour outside Dhaka and employees are divided into different teams and compete on different innovative issues. Some of our main engagement activities for a year at IPDC are outlined below:



Unbound Learning Opportunities

In IPDC, we believe in providing opportunity for continuous learning. We not only depend on external experts, rather in-house SMEs (Subject Matter Experts) are also utilized to provide training. We continually strive to refresh and update knowledge and skills of employees to keep them updated with recent and future trends. It includes soft skills, functional and leadership development. A good number of employees are also sent abroad every year in recognition of their performance and competency development on international standards.

Training Information



Performance based Career Growth

IPDC provides an opportunity to grow career based on performance. Performance of employees are monitored throughout the year and measured twice a year i.e. half yearly and annually. Employees are promoted based on their performance annually and receive performance bonus. Poor performers are given opportunities to prove themselves through a well-planned performance improvement plan (PIP), where they are given definite objectives to achieve within a stipulated time. In 2017, a total of 45 employees were promoted to different designations based on merit and performance, which is 11.14% of total employees. Such career growth opportunities allow positive competition among employees and helps organization as a whole to achieve its business objectives.

Competitive Compensation and Reward System

IPDC provides a market competitive compensation to its employees which is based on market survey. Apart from monthly gross salary, IPDC rewards employees in many ways i.e. written & verbal appreciation, monetary benefits, organizational announcement etc. There are individual and group based formal reward programs that recognize and motivate employees for their good works. The programs are categorized as follows:

Excellence Award: Employees who excelled in their respected arena receive this award along with a certificate.

Achievement Award: This award is provided in recognition of great achievements either by an individual or a team.

Chairman's Award: Awarded by Chairman for specially recognized performances by an individual employee or team during the year.

Champion of the Innovation Award: Every year, IPDC celebrates an 'Innovation Week' whereby individuals are rewarded for creative ideas in the areas of new products 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 potentials are selected as high performers and they become part of the high performers club.

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

Employment Composition

#, %

Particulars	Number of Employees			Composition in %	
	2016	2017	Growth	2016	2017
Full-Time					
Male	165	297	80.0%	81.3%	82.0%
Female	38	65	71.1%	18.7%	18.0%
Total Full Time	**203**	**362**	**78.3%**	**100.0%**	**100.0%**
Contractual					
Male	49	151	208.2%	83.1%	83.4%
Female	10	30	200.0%	16.9%	16.6%
Total Contractual	**59**	**181**	**206.8%**	**100.0%**	**100.0%**
Full Time & Contractual					
Male	214	448	109.3%	81.7%	82.5%
Female	48	95	97.9%	18.3%	17.5%
Total Employees	**262**	**543**	**107.3%**	**100.0%**	**100.0%**

Employee Productivity

BDT million, %

Particulars	2016	2017
Employee Benefit Per Employee	0.6	0.6
Operating Revenue per Employee	3.2	2.3
Operating Cost per Employee	1.3	1.1
Operating Profit per Employee	1.9	1.2
Net Profit per Employee	1.2	0.6
Staff Cost as a % of Operating Expenditure	43.8%	51.7%

Social Capital

Value Added Statement

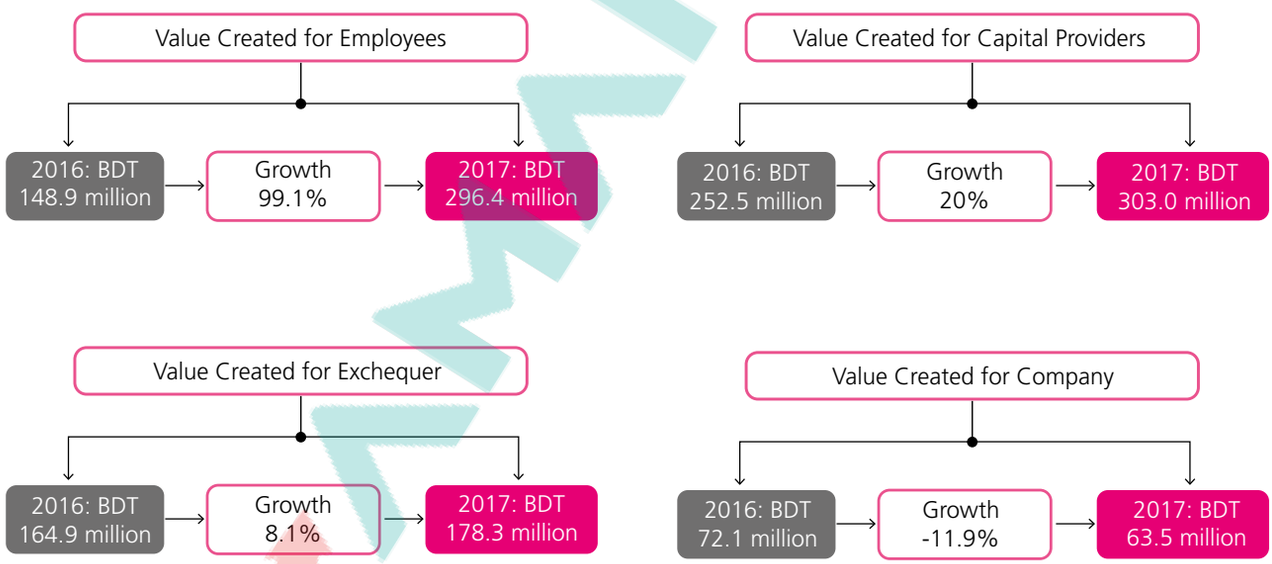
BDT million, %

Value Added	2015	%	2016	%	2017	%
Net Interest Income	431.4	92.4%	638.1	100.0%	1,072.6	127.5%
Commission, Exchange & Brokerage	7.6	1.6%	36.2	5.7%	82.2	9.8%
Investment Income	55.4	11.9%	47.2	7.4%	65.5	7.8%
Other Income	145.5	31.2%	119.8	18.8%	25.3	3.0%
Management expenses excluding salaries & allowances, depreciation	(71.4)	-15.3%	(169.4)	-26.5%	(245.3)	-29.2%
Provision for doubtful losses	(101.6)	-21.8%	(33.6)	-5.3%	(159.0)	-18.9%
Total Value Added by The Company	**466.9**	**100.0%**	**638.4**	**100.0%**	**841.2**	**100.0%**

BDT million, %

Distribution of Value Addition	2015	%	2016	%	2017	%
Employees						
As salaries & allowance	101.4	21.7%	148.9	23.3%	296.4	35.2%
Provider of Capital						
Dividends to shareholders	114.8	24.6%	252.5	39.6%	303.0	36.0%
Government						
As taxes	104.0	22.3%	164.9	25.8%	178.3	21.2%
Expansion & Growth						
Retained as capital and reserve	125.4	26.9%	50.6	7.9%	32.4	3.9%
Depreciation	21.3	4.6%	21.5	3.4%	31.1	3.7%
Total Distribution of Value Addition	**466.9**	**100.0%**	**638.4**	**100.0%**	**841.2**	**100.0%**

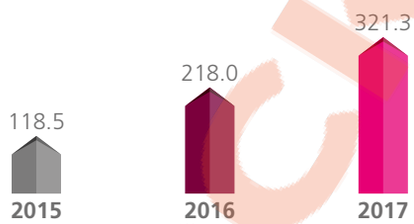
Distribution of Value



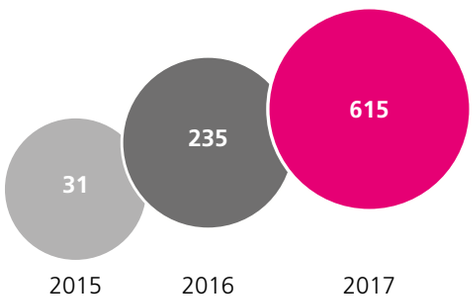
Contribution to Government Exchequer

BDT million

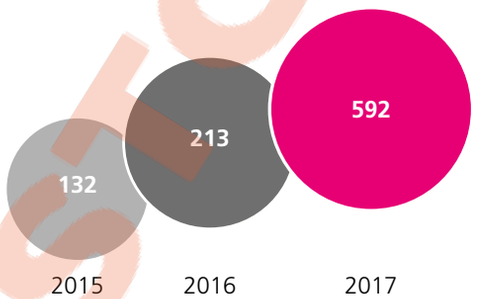
Particulars	2015	2016	2017
Income Tax	59.8	62.7	147.6
Corporate Tax	47.5	141.5	132.1
VAT	4.5	8.8	32.9
Excise Duty	6.6	5.0	8.7
Total Contribution	**118.5**	**218.0**	**321.3**



Promoting SME Entrepreneurs and Financing Home for Families

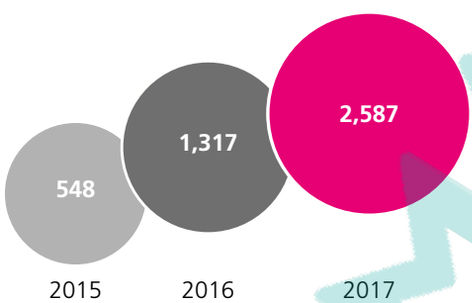


Number of Home Loans #

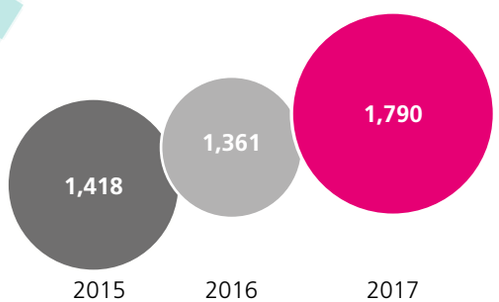


Number of SME Entrepreneurs #

Customers



Number Loan Customers #



Number of Deposit Customers #

Other Social Outcomes are further discussed in Sustainability Reporting

Natural Capital

All Outcomes under Natural Capital are discussed in Sustainability Reporting

SUSTAINABILITY REPORTING

CSR Obligations and Initiatives

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 standards through community services, funds, tree plantation activities and other philanthropic initiatives. IPDC focuses on inclusive growth and improving its 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 a society as well as a safe and healthy-living environment.

Embracing Each Stage of Womanhood

A woman is the amalgamation of poise and power. When handled with care and empathy, she unfolds strong capabilities that have the potential to bring transformative change for her and the people around her. From a girl's first blink to the joy of her resting years, each phase of her life is looked at with utmost care.

When She Blooms - Infant



From the birth of a girl, to safeguard her very first days, IPDC Finance donates post-birth essentials such as diapers and nebulizers. For a healthy beginning, blankets were distributed to provide relief from the bitter cold winter months in the remote areas of Kurigram in association with Terre Des Hommes.

When She Evolves - Teenage Years



IPDC Finance stands by the belief that to liberate the minds and strengthen the soul of a girl child in the society, genuine effort lies in promoting the power of knowledge and aptitude from the early stages. Having this purpose at the core, IPDC Finance associated itself with Distressed Children & Infants International, under which one can sponsor a child for a month at just $15. To encourage the cause, IPDC Finance organized a fund-raising concert, "Journey for Child's Right and Sight" that urged corporate houses, influential leaders and celebrities to come forward and support the cause. IPDC Finance can cover expenses of many young girls for almost a year. The expenses covered includes food, shelter, health and education to endow a carefree upbringing of each child. Besides, a few libraries were built to spread the light of education. Moreover, abundant toys were distributed to them with the support of "Toys R Yours".

IPDC was the only corporate organization to participate in the 18th Regional Rover Moot where around 4000 girls from colleges and universities all across the country came in for four days. The sessions included counselling, adolescent crisis and solutions, among others. The session included creating a harassment awareness campaign on social media with #LadyUnbound, under which women had posted unwanted incidents and how they overcame those or how they protested on social media under this hashtag. Also, there was a counseling session organized on dealing with such setbacks to overcome the trauma. Besides, one to one sessions to discuss difficult stories and solutions to fight back, were organized. Workshops on cyber health, social media addiction, game addiction and youth engagement were addressed as well.

When She Moves Ahead - Earning Member



Soon after creating a fighting ground for all the women who are deprived of the necessities of life in the early growing stages, IPDC Finance feels obliged to look at the scope for unleashing the potential of women in their respective arenas. The organization believes that true women empowerment is derived from financial freedom and liberation. To liberate them from the dependency on their family for a living, IPDC Finance donated livestock and established fruits and flower shops for them as well. Not only did IPDC Finance contribute sewing machines but also trained the women to ensure a steady source of sustainable income. IPDC believes that violence against women is a great human rights violation. Hence, keeping the stand of the women being at the essence of all our efforts, IPDC Finance, in association with renowned women centric foundations, organized numerous sessions

and workshops. The sessions were conducted by influential social activists who work dedicatedly towards the safety and upliftment of women.

When She Gives Birth - Expecting Mothers



A women's life is a full circle. Within her is the power to create, nurture and transform. IPDC Finance pays huge respect for such a sacrificing yet dignified creation. To ensure proper nutrition during the time of pregnancy, IPDC Finance contributes food and sanitary napkins which is the crucial need of the hour. In a developing country like Bangladesh, about 16% of pregnant women experience depression. As a result, the child's growth and development remain at stake. IPDC Finance with a vision of a healthy generation ahead, conducts workshops by well-trained non-specialist health providers. Sessions with the expectant mothers provoked positivity as the deep conversation was not only about the words but patiently understanding the silence between the words.

When She Looks Out For Life - Old Age



The wellbeing of a country's senior citizens is a responsibility of the privileged. IPDC came forward to this significant effort to help the elders with their daily necessities, as an integral part of its commitment. IPDC Finance donated medicines, walking sticks, plastic chairs, cookeries, toiletries, commodities, groceries, clothes, stand fans, gas cylinders etc at an old age home in Chandpara, Uttarkhan. A burst of smile amidst the ocean of tears from unruly circumstances of life was the sole purpose behind the visit.

Unsung Women Nation Builders Award



For the very first time in Bangladesh, IPDC Finance took the initiative of acknowledging women change-makers living in the grassroots with the 'Unsung Women Nation Builders Award 2017'. The Unsung Women Nation Builders Award was organised in association with The Daily Star. The program honoured these women heroes for their silent and relentless efforts in building a better society.

Building the Passionate Youth

Ucchash School in Remote Area



In a remote char of Bogra named Son Pocha Chor, dwells a population of 10,000 strugglers who fight every day for a living. IPDC Finance along with AMAL Foundation stepped in to build a school for the children who have never dreamt of education. IPDC Finance believes that only the art of education can awaken the joy of creative expression and knowledge for a better tomorrow among those deprived children.

Scholarships to Students in Aga Khan School



To ensure a hurdle-free journey of education to a distressed student of Aga Khan School, IPDC Finance took up the responsibility of the annual fees. IPDC Finance backs the nation by ensuring the provision of education among the students, whenever possible.

University Competitions



We cannot always a build a future for the youth, but we can always build our youth for the future. IPDC Finance, with the objective of uplifting the youth of the nation, focused on organising university competitions among the clubs of different universities and institutions. Be it North South University, Chittagong University, Dhaka University, Institute of Business Administration(IBA), BRAC University or any other educational institution, IPDC Finance always aspires to stand by their side.

Upholding Art and Culture

Pohela Baishakh Celebrations With Special Children



Pohela Baishakh, the Bengali New Year calls for celebrations, music, food and fun. While the rest of the country celebrated with friends and family, IPDC Finance organized a day full of fun and frolic for the special kids from different schools. The day started with an amazing drawing competition and cultural program that had spectacular performances from the special children themselves. To add some color to their day, the event was attended by popular celebrities they grew up watching. The unbound happiness in their face lit up the spirit of IPDC Finance.

Victory Day Campaign



The year 2017 ended with the most beloved campaign of the year, Bijoyer Jadughor. Having its roots in the philosophy behind Victory Day and the sacrifice of our freedom fighters in the war for liberation, the campaign considered the stories of overcoming the odds and achieving victory among common people. A microsite was formed which collected 200+ victory stories submitted by common people.

Grand Musical Evening by Kinjal and Subhasree



'Live Unbound' being the essence of IPDC Finance, we ensure that our potential stakeholders live by the fullest that life has to offer and enjoy every bit of their day. Hence, IPDC Finance associated itself with the most prestigious club of Bangladesh, Dhaka Club, which has emerged as an icon of elegance in its aristocracy, tradition and excellence. A grand musical evening by Kinjal and Subhasree knitted together a melodious evening for our stakeholders to enjoy.

Serving the Underserved

House Construction for the Flood Victims



When the northern part of the country was hit by devastating floods, IPDC Finance ensured that victims were not driven to poverty due the ruthless curse of nature. While everyone came forward to extend their hand at providing food, medicines, sanitation and clothes, etc, IPDC Finance took a step ahead by not only distributing the essentials but also building houses for the victims who had lost their homes in the floods. This is because at IPDC Finance, it's about working not only for today but for a reliable tomorrow as well.

Shokkhom– Rickshaw Handover



At IPDC Finance, corporate social responsibility is not merely a redress but well-crafted tales of joy and sustainability. IPDC Finance with its small steps, distributed rickshaws to empower people by making them self-sufficient and free them from the financial burden of paying the rickshaw owners. Moreover, IPDC Finance bears the monitoring costs to ensure the upgrade of their livelihood after bringing in a sustainable source of steady income.

Washrooms Construction



Public toilets are built in communities to solve issues of open defecation and prevent diseases in various communities. IPDC believes its maintenance is crucial to the prevention of diseases – typhoid, cholera, salmonellosis, bacillary dysentery, tuberculosis, anthrax and parasitic worm infection and hence, it took the initiative of setting up public toilets for the betterment of the society in Moghbazar Anudip CNG pump, the maintenance of which is taken care of every month.

Environment Obligations and Initiatives

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

Green Banking

The details can be found in the Disclosure on Green Banking

Environmental Initiatives

Environmental sustainability is a key part of IPDC's social responsibility efforts. IPDC has established environmental policies, goals and practices that help guide its activities. IPDC is staunchly committed to the environment and combating climate change. Both its direct impact, through the use of natural resources by its internal operations and its indirect impact through its financial activities, IPDC's activities range from participation in conservation initiatives in communities across the country, to commitments to well-recognized domestic and international standards and reporting agreements.

Poriborton Chai - Clean the City



IPDC Finance believes in healing the society it dwells in. Going by this belief, the organisation works within a framework to create a safe and hygienic environment. IPDC Finance, in association with Poriborton Chai, carried a day-long Clean my City Day. The Foundation works to bring change in the society and IPDC Finance finds purpose in this mission as well. To ensure continuous and sustainable efforts, IPDC has pledged to take up the clean my city campaign on a regular basis.

Plantation

It is a matter of fact that without trees, we humans would not be able to exist on this beautiful planet. To give back to the creation which has facilitated life, IPDC planted trees in the adjacent areas to highlight the compelling issue of safeguarding the Earth.

Paperless Initiatives

IPDC is committed to a paperless office to create a work environment in which the use of paper is eliminated or greatly reduced. IPDC believes in 'going paperless' that not only works well for the environment but can also save money, boost productivity, save space, make documentation and information sharing easier, keep personal information more secure and help the environment. Keeping the belief in mind, IPDC implemented Electronic Document System (eDoC) in 2017. This is an organization-wide virtual document archiving and file sharing system which will remove the need for preserving many paper-based documents and customer files which will reduce documentation risk, improve processing time, avoid duplication of efforts and save management time and money.

Electronic Payment through Banks

IPDC is progressively moving away from pen and paper based approach of doing banking transactions. In this connection, the Company took cash management solutions from different banks and is encouraging customers to make loan payments through electronic platforms or provide direct debit instructions as an alternative to collecting money through cheques.

Video Conferencing

IPDC is known for its collaborations with valuable partners and such collaborations call for several meetings, which in turn brings a lot of fuel emission for travelling back and forth to office premises. Hence, video-conferencing is encouraged instead of face to face meetings with partners.

Public Transport Day



The Last Thursday of every month at IPDC is observed as "Public Transport Day". On this day, the staff and the CEO himself abandons the use of private transportation to take public transport to commute to the office and back home. Around 550 employees across all the branches around the country make sure they do not use private cars for the day. We believe that such small initiatives, when held at a larger scale, will create examples for other corporates to follow as well.

Electricity Conservation

IPDC aims to save electricity to help reduce C02 emissions and conserve fuel reserves, as well as save money. IPDC believes in taking simple yet imperative steps for saving electricity at the personal level. A few pointers are asked to be embedded in the work habits of all employees, which are as follows:

- Dressing for the season to reduce air-conditioning
- Keeping the thermostat between 20-23°C
- Checking the building's air-tightness
- Using sleep/hibernation and energy-saving modes for PCs
- Replacing old, inefficient equipment with those that have high energy ratings
- Keeping lights free of dust and using LEDs
- Turning off lights / fans / air-conditioners when not in use

Green Branch

To have a concentrated focus on green initiatives, IPDC anticipates opening a completely green and eco-friendly branch to pave the way for others financial institutions to follow as well in the near future. IPDC will ensure that all the possible steps are followed in the fulfilment of a green branch.

Ucchash social club

IPDC Ucchash Social Club

Sky is the limit when one decides to break the confinements. Going an extra mile has always been the spirit of IPDC. Likewise, the thought of Ucchash Social Club came into being in 2017. To amass all the moral ingenuities that could not be catered within the scopes of the organization as a whole, IPDC family takes it upon themselves in bringing changes and creating stories rather. Several social and environmental initiatives were taken up such as Public transport day, Clean Workstation Day and so on. IPDC becomes the first ever organization to include voluntary hours in its job scope as well.

COMMITMENT TOWARDS SDG

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. These 17 Goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice among other priorities.

In IPDC, we believe that significant progress can be made in meeting many development challenges. Therefore, being in line with SDGs will in tern make sure a sustainable business growth of IPDC as well as have a positive impact on the overall socio-economic development of the country.

Our vision, mission, strategy and initiatives can be clearly mapped with some key agenda of UNDP's SDGs:



"The all-round success we have achieved so far is because we are a purpose-driven organization and this purpose is firmly anchored on doing good for the society of the country"

OUTLOOK

The Bangladesh economy has grown steadily over 6% in real terms over the last one decade with extraordinary resilience. In 2005, investment bank Goldman Sachs included Bangladesh in its list of Next 11 countries. According to many Economists, Bangladesh is emerging as the next country to be included in the league of Asian Tigers alongside countries like Singapore, Hongkong, South Korea and Taiwan. The country is slowly, but firmly graduating to middle income country. IPDC wants to seize the opportunities that this growing economy will be creating and plans to achieve even more impressive numbers.

Target 2018 and Beyond

Financial Capital

- Capital Management through issuance of Subordinated Bond
- Growing our lending Portfolio
- Further reducing classified loan ratio
- Increase deposit base both in terms of client base and amount
- Reduce cost to income ratio

Manufactured Capital

- Opening 6 new Branches, subject to Bangladesh Bank's approval
- Full fledge implementation of Affordable Home Loan (AHL)
- Implementing Core Banking System (CBS)
- Implementing System for Consumer White Goods Finance

Intellectual Capital

- Establish IPDC as no.1 Brand in Financial Industry
- Create first ever technology-led platform for Supply Chain Finance in Bangladesh

Human Capital

- Reward and recognition program to keep employees motivated
- Providing extensive employee training

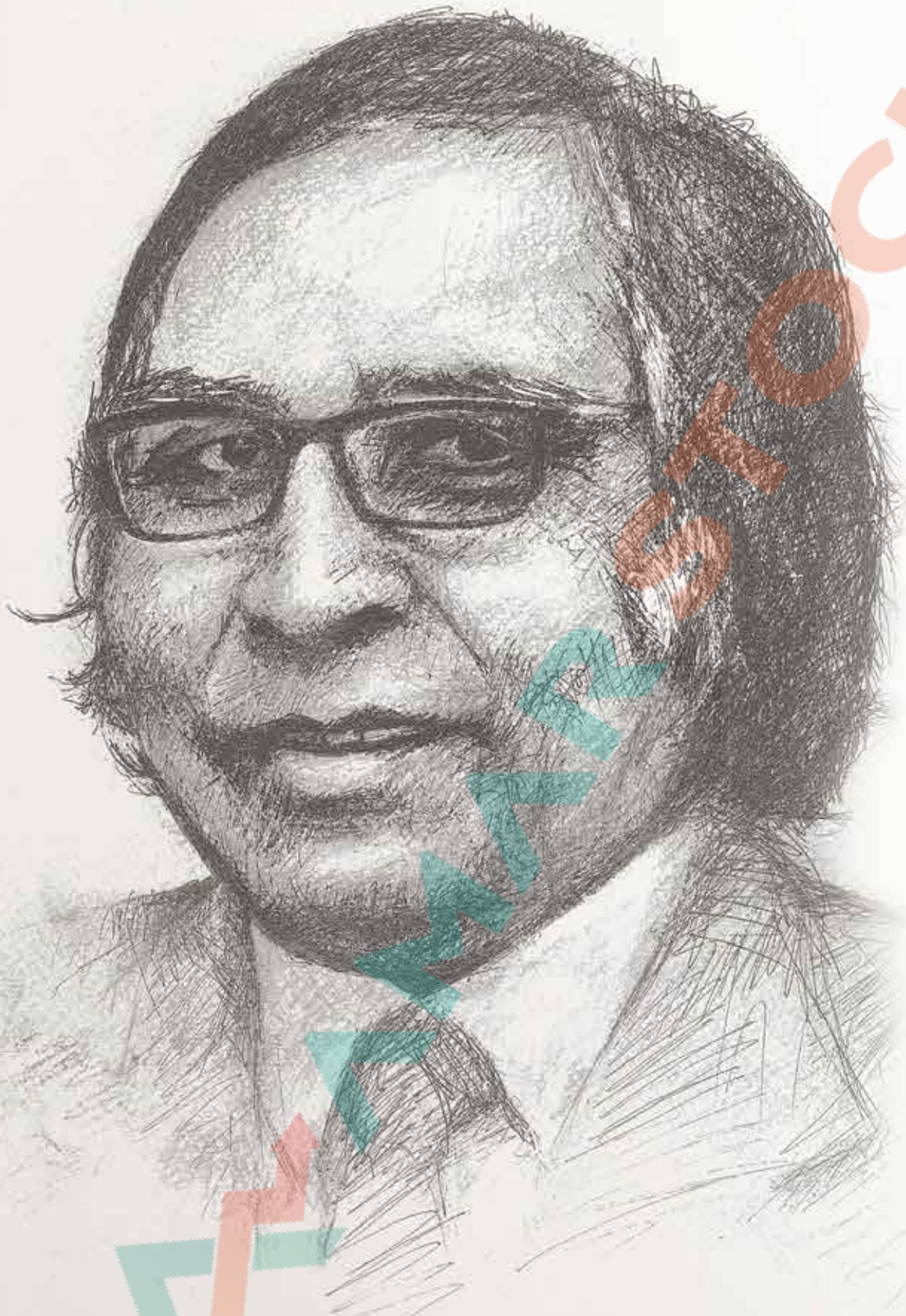
Social Capital

- Developing products and building entrepreneurial capacity of women
- Work as a catalyst for the young entrepreneurship development by collaborating with appropriate market players
- Increase contribution to Government Exchequer
- Creating Home for every family

Natural Capital

- Financing more in environment-friendly projects
- Introducing Green Marketing
- Creating Consumer Awareness through Green Event
- Setting up Green Branch Offices
- Rigorous Program to Educate Clients on Green Banking

AMARSTOCK



Baglur's Tale on
Extraordinary Customer Experience

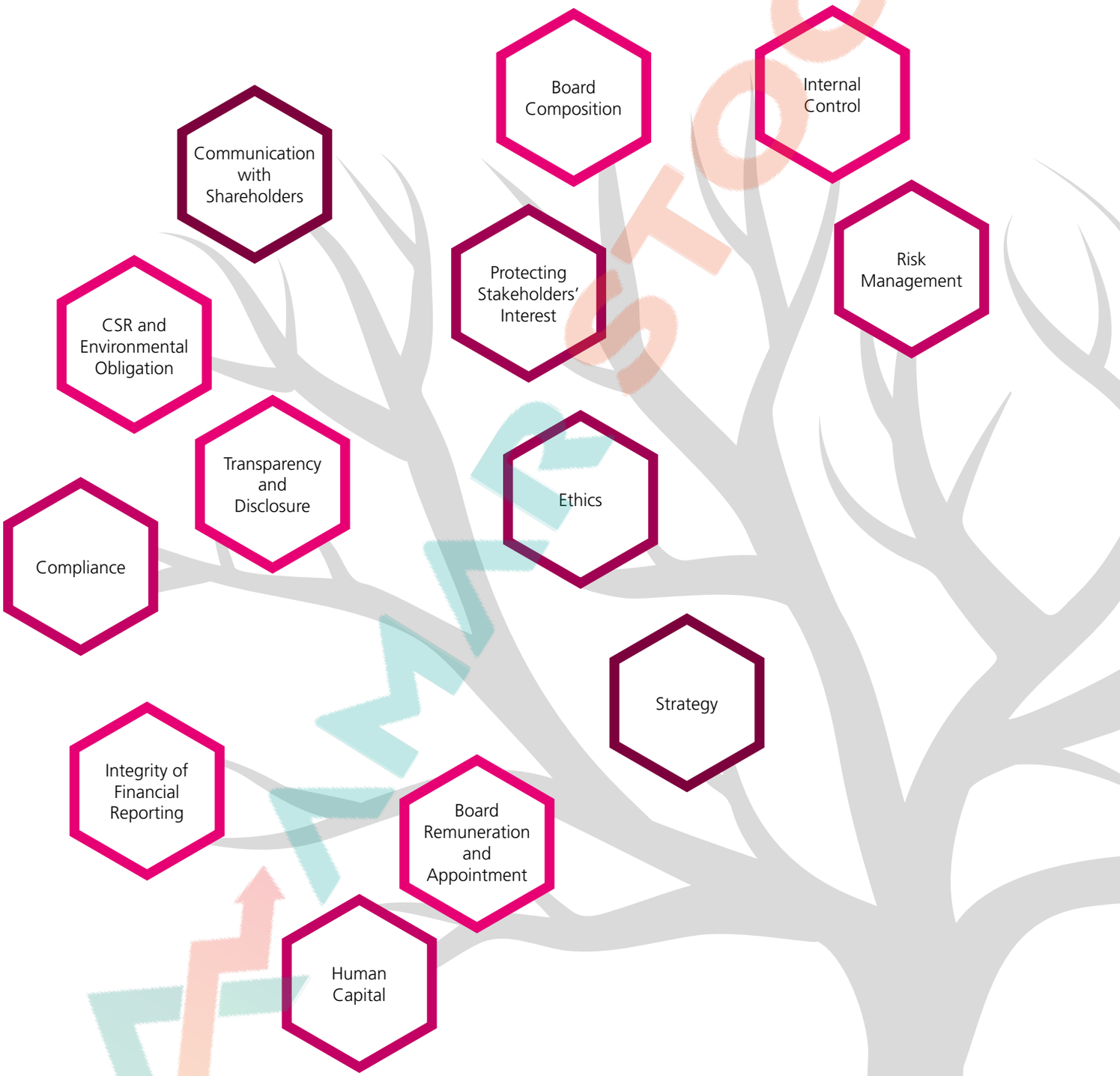
Finding Velvet

With a decent amount of hard earned income, Bazlur Rahman, an optimistic individual was looking for an avenue that would lead him to the posh royal residence that he longed for his loved ones. With high hopes he moved across the sought after financial institution. Far away from his expectations, he only found the list of documents and series of procedures engulfing his yearned desire. With passing days, his poise was curtailing towards taking any loan service. Despite feeling apprehensive, considering a NBFI, he thought to take a chance with IPDC Finance Limited. The warmth and passion with which he was welcomed took him by surprise. In no time, he was made to feel that he was not just building a castle in the air, but the sleek and velvety customer service experience got him close his ardor of a chic mansion. IPDC feels more than proud to be a part of the journey of its clients towards a life no less than a dream.



CORPORATE GOVERNANCE

OUR CORPORATE GOVERNANCE PRINCIPLES



CEO AND CFO'S DECLARATION

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, 2017, Profit and Loss Account, Statement of Changes in Equity, Cash Flow Statement for the year ended December 31, 2017, 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 installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis. The Internal Control & 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 might be misleading;

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

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

Date: January 28, 2018

AMAR STOCK

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of IPDC Finance Limited is very happy to welcome you to the 36th Annual General Meeting of the Company.

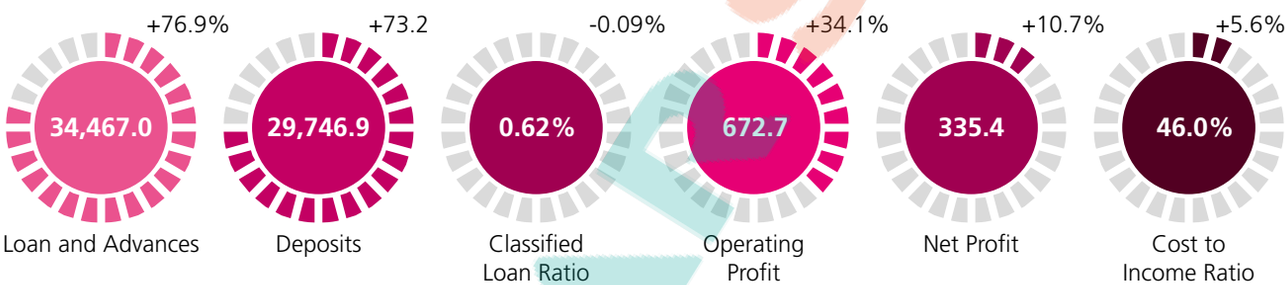
On behalf of the Board of Directors, I am presenting the Directors' Report on the operational and financial activities of your Company together with the Audited Financial Statements for the year ended 31 December 2017 which also includes reports on business and strategy review, risk management, corporate governance, internal control system, financial and operational highlights for your valued consideration, approval and adoption. This report has been prepared in compliance with Section 184 of the Companies Act 1994, Financial Institutions Act 1993 and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank and other regulatory authorities.

2017 marked itself as an outstanding year of IPDC. Despite low credit appetite in the market and rising trend of NPL in the industry, IPDC has demonstrated exceptional performance in all major Key Performance Areas (KPAs).

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 which are essential for the long-term sustainability of the business.

Key Performance Highlights

The Company reported a strong performance in 2017 with total Balance Sheet growing by 74.0% from BDT 22,576.9 million in 2016 to BDT 39,288.9 million in 2017, Loans and Advances growing by 76.9%, Net Interest Income rising by 68.1%, Operating Profit increasing by 34.1% and Net Profit going up by 10.7%, while Classified Loan (Non-performing Loan) ratio reigning at 0.62% (vis-à-vis 0.71% in 2016) during the year under review.



Industry and Macro-Economic Overview

World Economy

As per the International Monetary Fund (IMF), the global upswing in economic activity is strengthening with global growth projected to rise to 3.6% in 2017. It has been analyzed that broad-based upward revisions in GDP growth rate in the Euro area, Japan, emerging Asia, emerging Europe and Russia has more than offset the downward revisions for the United States and the United Kingdom. However, the recovery is not complete; while the baseline outlook is strengthening, growth remains weak in many countries and inflation is below target in most advanced economies. Commodity exporters, especially of fuel, are particularly hard-hit as their adjustments to a sharp step-down in foreign earnings continues. For policymakers, the welcome cyclical pickup in global activity provides an ideal window of opportunity for them to tackle key challenges—boosting potential output, enhancing cross-border trade, stabilizing currency volatility, controlling fluctuation of commodity price, containing inflation and building economic resilience against downside risks while ensuring that the benefits are broadly shared among the countries.

Bangladesh Economy

The year 2017 has delivered a mixed performance. Though some macro-economic indicators reflect positive trends, the economy is facing few hurdles that emerged towards the second half of the year.

The economy has registered a GDP growth of 7.28% growth in the fiscal year of 2016-17 (as per Bangladesh Bank), breaking the 6% cycle that continued for a decade or so. Like the previous years, major boost of growth has come from the industrial sector, followed by the services sector. Foreign exchange reserve stood healthy at USD 33.5 billion at the end of FY2016-17. Capital market is slowly picking up while new IPOs are hard to come by. While export is gaining its momentum in the 2nd half of FY 2016-17, inward remittances are registering a falling trend. Though the inflation (P2P) has been around 5.94%, food inflation is demonstrating an increasing trend in the recent months, mainly because of agricultural loss due to two rounds of flooding. Investment to GDP ratio went to 30.5%, a marginal increase from 29% in FY 2015-16, which is largely due to the boost in public sector investment.

NBFI Industry and IPDC Market Share

Non-banking Financial Institutions (NBFI) forms an important component of the financial sector of Bangladesh, which has witnessed strong growth over the years with combined asset increasing to BDT 755,330.0 million in June 2017, out of which *IPDC's market share is 4.3%*. Total outstanding loans and advances amounted to BDT 582,430.0 million at the end of June 2017 (*IPDC's market share is 5.0%).* While industry NPL ratio is 8.9%, IPDC's NPL ratio stood at 0.38% as of June 2017. The credit portfolio of NBFIs included lending to the industrial sector at 44.2%, followed by the real estate at

17.5%, commerce at 16.7%, merchant banking at 4.2%, agriculture at 2.7% and others at 14.7%. Overall cost of funds has reduced to 7.56% in 2017 from 7.74% a year ago. The interest spread, narrowed to 2.95% in November 2017 due to excess market liquidity.

Outlook and Strategy

The International Monetary Fund (IMF) has raised world economic growth prospect to 3.7% for the year 2018, a basis point higher than the projection of 2017 which will mark the fastest growth since 2010. This forecast is based on the widespread global recovery with three-quarters of the world enjoying an upswing for the first time in this decade. The United States, the Euro Zone, Japan and China are all expected to grow faster in the year 2018. A pickup in investment, industrial production, consumer sentiment and business confidence also underpin the improved global outlook. However, lackluster productivity growth and ageing populations continue to be a drag on growth in the world's wealthiest countries. The international lending agency also noted that inflation remains worryingly low, a sign that the world economy still has not returned to its full health in the aftermath of the Great Recession of 2007-09. In contrast, Bangladesh economy continued to show exceptional resilience and strongly marching forward towards achieving its development goals.

The year 2018 is expected to be a turning point for Bangladesh in many ways as the country prepares to graduate from the least-developed nation to a middle-income country. This transformation will be aided by the significant infrastructure investment, including Dhaka-Chittagong highway, construction of deep sea port, Dhaka power grid, Padma bridge and railway and Akhaura Sylhet railway, Dhaka mass-rapid-transit development projects and so on.

IPDC aspires to seize the opportunities of the growing economy and plans to achieve more than just delivering impressive numbers. Based on the global and Bangladesh economic conjecture and IPDC's 5 strategic pillars, the Company will be focusing on the following major strategic initiatives in the upcoming years.

Macroeconomic and Industry Trends	Our Strategic Response
Emergence of Middle and Affluent Consumers (MAC) and improving life-style	Bringing technology-led innovative solutions to facilitate consumer white goods financing business
Increasing literacy rate and participation of women in the economy	Developing products and building entrepreneurial capacity of women
Intense competition in big cities	Expanding our business beyond Dhaka and Chittagong
Increasing internet and smartphone penetration	Providing Fintech solution to the customers
Increasing young labor force	Promoting SME Entrepreneurs and bringing state-of-art technology solution in supply chain finance
Gap between demand and supply for mortgage finance	Scaling up mortgage finance targeting low and middle income households

Areas of Building Organizational Capabilities	Execution Plan
Brand	Building vibrant brand across the country
Human Resource	Attracting and retaining talents, employer branding and providing rigorous training to our people
Distribution	Increasing our coverge though branch expansion and strategic tie-ups with various stakeholders
Extraordinary Customer Experience	Simplifying process and providing technology-led solutions

Principal Activities

The principal businesses of the Company are related to finance and finance associated activities. These areas include deposits collection; credit to Corporate, SME and Retail customers. On product front, our areas of financing include factoring finance, work order finance, bill discounting, term loan, project finance, syndicated finance, hire purchase, lease finance, mortgage finance, auto and personal loans equity and quasi-equity investments and other associated services. In 2017 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 need of the company and widening distribution coverage.

Distribution Network

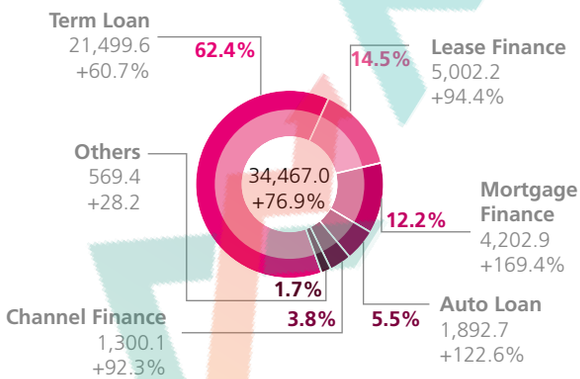
IPDC offers multiple business services through its 12 branches including head office. The branches cover the geographical areas of Dhaka, Chittagong, Khulna, Sylhet, Rajshahi and Mymensingh and those are located at Motijheel, Dhanmondi, Gulshan, Uttara, Chittagong, Sylhet, Gazipur, Narayangonj, Bogra,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

Operating Segments

IPDC operates through three major segments: Corporate, Retail and SME. As of December 2017, Corporate portfolio stands at BDT 19,079.1 million representing 55.4% of the total portfolio with a year-on-year (YoY) growth of 39.0%. SME, being the 2nd contributor, ends the year at BDT 8,408.1 million with 24.4% share of the total pie, registering a YoY growth of 196.6%. Retail portfolio has grown exponentially to BDT 6,979.8 million taking 20.3% of the total credit portfolio, posting a YoY growth of 139.2%. Further detail can be found in the Integrated Report.

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 62.4% of total loans, followed by lease financing 14.5%, mortgage financing 12.2%, auto loan 5.5%, factoring financing 3.8% and other forms of financing 1.7%. Despite a weaker investment climate, IPDC ended the year with fresh credit disbursement of BDT 34,681.0 million in 2017 vis-à-vis BDT 25,029.7 million in 2016.



In addition to the product-wise portfolio diversification, the credit portfolio of IPDC is also well spread across different sectors. Product-wise further detail can be found in Risk Management Section of the Corporate Governance.

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 subsequent section of Directors' Report as Key Operating and Financial Data.

Proposed Dividends and Appropriation of Profit

While taking dividend decision, the Company focuses on creating shareholder value by striking a balance between paying out dividend and retaining the surplus to reinvest back into the business. Based on the Company's strong performance in 2017 and balancing future growth opportunity with minimum regulatory capital requirement, the Directors are pleased to recommend a stock dividend of 20% for the year ended 31 December 2017 for the approval of Shareholders in 36th Annual General Meeting scheduled to be held on 25 March 2018.

BDT million

Particulars	2016	2017
Retained Earnings bought forward	332.7	272.2
Net Profit after Tax	303.1	335.4
Profit Available for Appropriation	635.8	607.6
Appropriations		
Transfer to Statutory Reserve (20% of Current Year Profit)	60.6	67.1
Proposed Stock Dividend @ 20% Stock	303.0	363.6
Retained Earnings	272.2	176.9

Capital Management

IPDC recognizes the impact of shareholders' returns on the level of equity and seeks to maintain a prudent balance between Tier-I and Tier-II capital. As per the directives of Bangladesh Bank, the financial institutions are required to maintain capital at 10.00% of risk-weighted assets under Basel-II. Summary on Capital Adequacy Ratio (CAR) is given below:



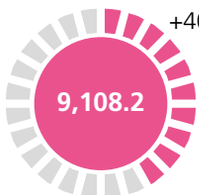
Details relating to capital management are given in the section "Disclosure on Capital Adequacy and Market Discipline".

Shareholders' Equity and Shareholders' Value

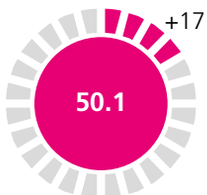
IPDC remains fully committed to delivering higher shareholder value. The steady growth in company's asset size and continuous improvement in asset quality and smooth growth in profitability underpins the value the shareholders derived from investing in the shares of the Company. In 2017 the Company exceeded the expectations in delivering profits, growing Balance Sheet and meeting other KPIs and is, therefore, well-poised to deliver good results in future. Exceptional operating performance, backed by solid business fundamental, has resulted in solid appreciation in shareholders' wealth.

The Earnings Per Share (EPS) increased to BDT 1.85 in 2017 against BDT 1.67 in 2016 and Return on Equity stood at 11.4% during 2017 compared to 11.5% in 2016. Market Capitalization stood at BDT 9,108.2 million as on the closing day of December 2017 vis-à-vis BDT 6,469.1 million in December 2016. Market Value per Share stood at BDT 50.1 as of the closing day of December 2017 (DSE) compared to BDT 42.7 in 2016.

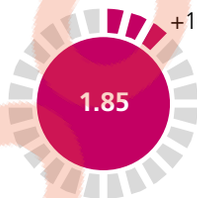
Key Investors' Ratios



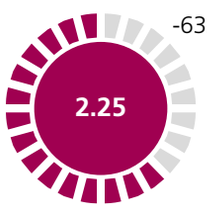
Market Capitalization (BDT million)
vis-à-vis BDT 6,469.1 million in 2016



Market Price per Share (BDT)
vis-à-vis BDT 42.7 in 2016



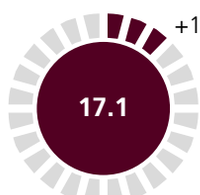
Earnings per Share (BDT)
vis-à-vis BDT 1.67 in 2016 (Restated)



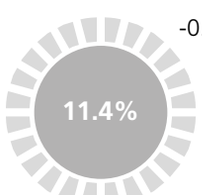
Net Operating Cash Flow per Share (BDT)
vis-à-vis BDT 6.23 in 2016



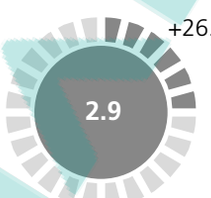
Dividend (%)
vis-à-vis 20% stock in 2016



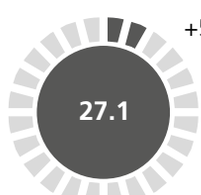
Net Asset Value per Share (BDT)
vis-à-vis BDT 15.3 in 2016 (Restated)



Return on Equity (%)
vis-à-vis 11.5% in 2016



Market Value to Book Value (Times)
vis-à-vis 2.3 Times in 2016



Price to Earnings Ratio (Times)
vis-à-vis 25.6 Times in 2016

Contribution to Society and Environment

IPDC believes in giving back to the society in a way that will contribute towards the betterment of people in the society as well as ensuring the wellbeing and sustainability of the environment. IPDC continuous to make contribution to society through sponsoring and organizing various events and making charitable donations. Details of the activities and events can be found in the Integrated Report.

Contribution Towards Employees

Human Resource (permanent) strength of IPDC increased to 362 as of December 2017 against 203 as of December 2016. At our Company, we aim to strengthen our focus on Retail and SME loans and hence will require a large workforce to build the portfolio in this segment. Hence, we continue to recruit contractual, outsourced and permanent employees to strengthen our sales force and build solid organizational capacity for the long-term. Employees go through a well-articulated training and development program so that they remain competent, skillful and relevant to the current and future needs of the Company. We give our best effort to ensure the wellbeing and work place safety of our employees.

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 fairly presents the state of affairs, the results of its operations, cash flows and changes in equity
- Proper books of accounts of the Company have been maintained

- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- International Accounting Standards (IAS)/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 system and it is being effectively implemented and monitored
- There are no significant doubts upon the Company's ability to continue as a going concern.

Directors Responsibility in Relation to the Preparation of Financial Statements

We hereby confirm that to the best of our knowledge:

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

Board Diversity

Balance between Independent and Non-Independent Director



Gender Balance between Male and Female



Education Background



Sector Background



Board Committees

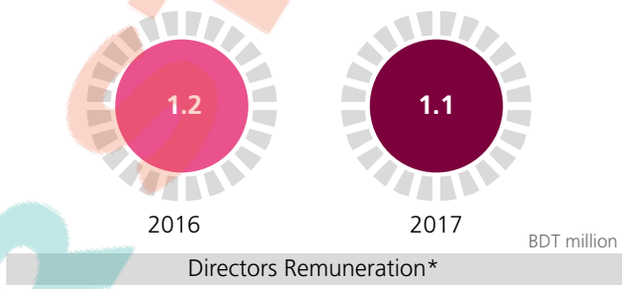
The board has two sub-committees, a short description is given below:

Name of the Committee	Member	Frequency of Meeting	Meeting Held in 2017
Audit Committee	5	Quarterly	7
Executive Committee	5	Monthly	8

The organization does not have any Remuneration Committee, Nomination Committee and Risk Management Committee as these committees are not allowed to be formed as per the Prudential Regulation for Financial Institution (December 2011) guideline issued by Bangladesh Bank.

Directors' Remuneration

IPDC pays remuneration to its directors based on the guidelines issued by Bangladesh Bank and other applicable laws. A summary of Directors' remuneration is furnished below:



**Amount excluding VAT*
The details can be found in the Subsequent Section of Directors' Report

Appointment of Member of the Management Committee Team

At IPDC we believe that a competent senior management team is very critical to the success of the organization. Therefore, we try to recruit top level executives who have proven track record and possess right set of skills and competences. The Board, therefore, finally selects the incumbent through an interview process after the initial screening by the CEO.

Quarterly Operating Results

BDT million, %

	Q1'17	Q2'17	Q3'17	Q4'17
Profit After Tax	63.0	68.5	88.1	115.9
Growth QoQ	*30.0%*	*8.7%*	*28.8%*	*31.5%*
Growth YoY	*4.2%*	*-42.8%*	*18.3%*	*139.3%*
Loan & Advances	23,869.5	28,972.1	31,819.6	34,467.0
Growth QoQ	*22.5%*	*21.4%*	*9.8%*	*8.3%*
Growth YoY	*182.7%*	*109.2%*	*98.6%*	*76.9%*

Despite registering steady growth in Profit after Tax (PAT) on both QoQ and YoY basis, Q2'17 PAT has declined by 42.8%, on YoY basis due to some one-off recovery from large written off corporate portfolio in Q2'16. While revenue grew in pace with the Loan and Advances, PAT is yet to pick up largely because of higher operating cost for brand, expansion of branches and recruitment and training of large number of human resource. In addition, the company had to take additional general provision of 1% for such steep portfolio growth, leading to a temporary dent in profit. All these purposeful investments, along with the portfolio growth will translate into significant bottom-line growth in the years to come.

Risk Management

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

A summary of Risk Management approach is given below:

Type of Risk	Risk Management Approach
Credit Risk Risk of loss from failure of clients or customers to honor their obligations including the whole and timely payment of principal, interest, collateral and other receivables.	• Selecting good borrowers • Robust credit assessment • Diversifying credit portfolio • Strong monitoring • Dedicated recovery team • Reducing large borrower concentration.
Liquidity Risk Risk that the organization fails to meet its contractual obligations, or it does not have adequate funding and liquidity to support its assets.	• Matching tenor wise asset and liability • Maintaining strong line of credit with banks and financial institutions • Maintaining good relationship with banks and Financial Institutions • Reducing concentration on volatile deposits • Making short term callable investments • Increasing focus on deposit customer retention. • Observing and predicting state of market liquidity and taking position upfront • Setting trading limit and trigger points on treasury borrowing or lending.
Interest Rate Risk Risk of loss and negative impact on cash flow due to adverse changes in the interest rates.	• Tenor wise matching of interest bearing asset and liabilities to maintain desired spread • Offering floating rate for long term loans to protect against adverse interest rate movement • Embedding callability feature when necessary while borrowing or lending • Reviewing interest rate frequently • Repricing assets or liabilities when necessary • Offering higher interest rate on the long-term loans to safeguard against volatility in market interest rates.
Compliance Risk Risk of penalties, damages or fines due to failure to meet its legal and compliance obligations.	• Promoting ethical and compliance culture throughout the organization • Maintaining strict compliance with relevant laws and regulations • Ensuring that sufficient internal policies and control mechanism are in place and monitoring effective implementation of those.
Reputational Risk Risk of loss due to damage in reputation of the organization leading to a loss of current or future business of the company.	• Managing good relationship with the stakeholders • Serving customers with greatest integrity and sincerity • Treating suppliers with respect • Treating employees fairly • Promoting transparency and ensuring proper communication with the stakeholders • Not engaging in any activates which has a negative environmental and social consequences.
Technology Risk Risk of business loss due to failure of IT system.	• Creating IT security awareness and training among all employees • Implementing proper business continuity plan and disaster recovery plan • Assessing security threat on regular basis • Testing and monitoring system sanity on a regular interval • Building IT capacity in pace with the business volume and objectives.
Operational Risk The risk of loss due to inadequate or failure of system, processes, human or external factors.	• Conducting employee training and raising awareness about policies, procedures and controls • Assessing control system and policies on regular intervals to deal with the changing business and environmental needs • Ensuring adequate supervision, delegation of authority and segregation of duties • Ensuring proper record keeping and documentation and archiving

The detail can be found in "Risk Management Report" section of this annual report.

Related Party Transaction

In the normal course of business, IPDC has entered into few transactions with related parties during the year 2017. IPDC makes sure that all transactions with the related parties are made on arm's length basis. A party is deemed to be related if it can control or exercise significant influence over the other party in making financial or operating decisions. These transactions have taken place on an arm's length basis and include rendering or receiving of services. The details of related party transactions are disclosed in the "Notes to this Financial Statements."

Contribution to National Economy

Since its inception IPDC has played a pivotal role over the last three decades in developing the private sector industry in Bangladesh through various landmark projects in partnership with renowned corporate houses. During the year 2017, IPDC has deposited a total amount of BDT 321.3 million, 47.4% higher compared to last year's figure, to the national exchequer in form of corporate tax, withholding tax, excise duty and VAT. *Detail in this regard can be found in the Integrated Reporting Section.*

Statutory Payment

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

Capital Expenditure

In 2017 the company incurred capital expenditure of BDT 69.0 million mainly for renovation of existing branches, construction of new three branches, purchase of vehicles and acquisition/development of various software. The details of capital expenditure are reflected in the Property, Plant and Equipment Schedule in the Notes to the Financial Statements.

Going Concern

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

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

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

Shareholding Pattern as at 31 December 2017

Shareholding patterns of the Company as at December 31, 2017 is shown in the subsequent section of the Directors' Report.

Director's Meeting, Attendance and Remuneration

During the year ended 31 December 2017 a total 10 (Ten) Board Meetings were held. The detail of attendance by the Directors along with remuneration paid to them are disclosed in the subsequent section of the Directors' Report.

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

As per Article 100 and 101 of the Articles of Association of the Company, the following 3 (three) Directors will retire from the office of the Company in the 36th Annual General Meeting and 3 (three) being eligible to offer themselves for re-election as per Article 105 of the Articles of Association of the Company. Brief resumes of the directors are furnished in the 'About IPDC' section of this Annual Report.

Mr. Md. Enamul Hoque - Nominated by GoB

Mr. Narayan Chandra Das - Nominated by GoB

Ms. Tamara Hasan Abed - Nominated by BRAC

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

Hoda Vasi Chowdhury & Co, Chartered Accountants were appointed as the statutory Auditors of the Company in the 35th Annual General Meeting held on May 02, 2017 for the year 2017 until conclusion of 36th Annual General Meeting at a remuneration of BDT 440,000 excluding VAT.

The auditors will retire in the 36th Annual General Meeting. Being eligible for re-appointment under section 212 of the Companies Act 1994 and the Financial Intuitions Act 1993, the existing auditors Hoda Vasi Chowdhury & Co, Chartered Accountants, offered themselves for re-appointment for the consecutive second year of service. As proposed by the

Board Audit Committee, the Board recommended Hoda Vasi Chowdhury & Co, Chartered Accountants for re-appointment as the auditors of the Company for the year 2018 subject to approval of the shareholders in 36th Annual General Meeting (AGM) at a remuneration of BDT 470,000 excluding 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 the Company is exposed to, 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.

Acknowledgement

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 2017 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.



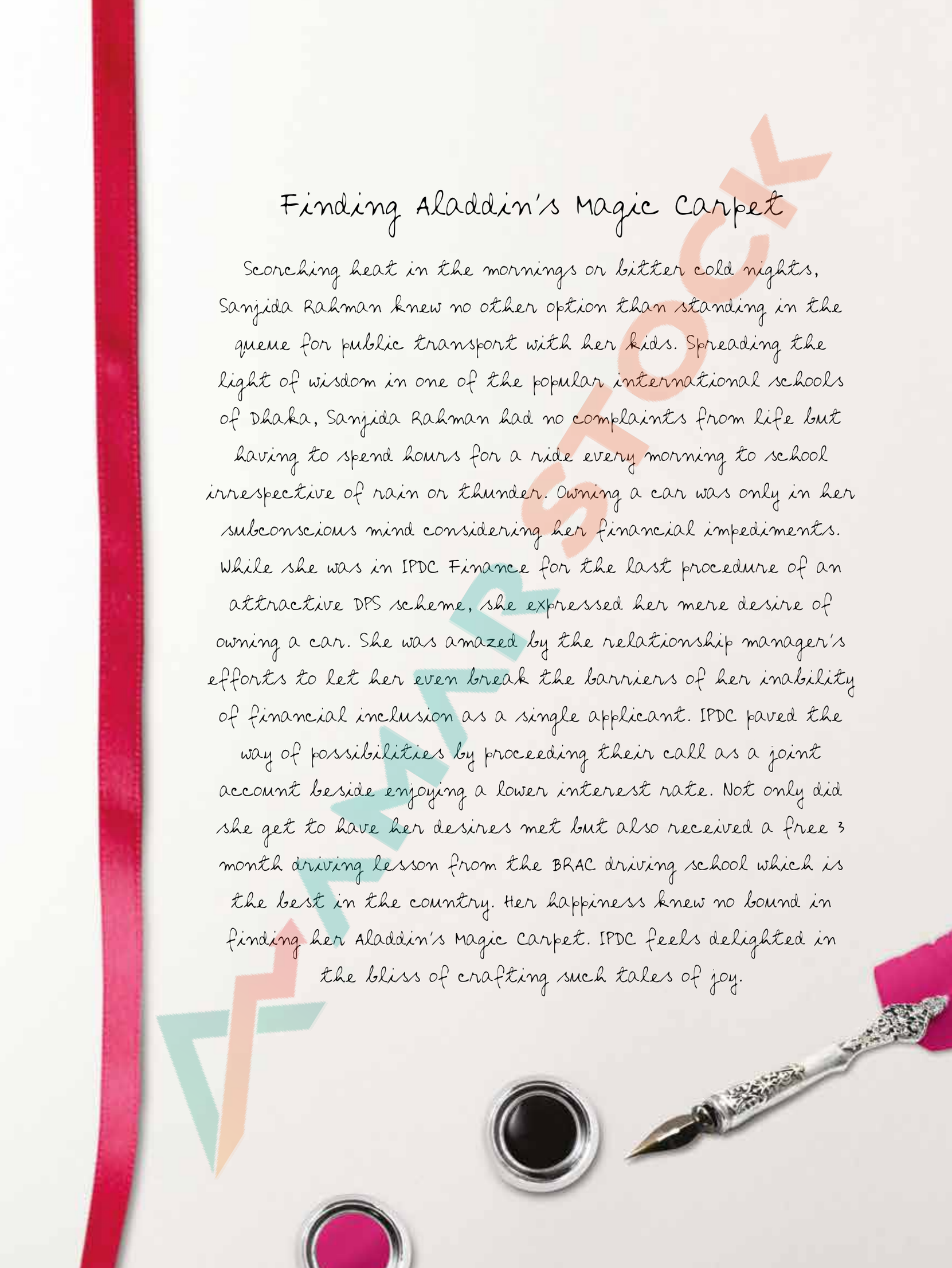
Dr. Muhammad Musa
Chairman



Sanjida's Tale on IPDC Auto Loan

Finding Aladdin's Magic Carpet

Scorching heat in the mornings or bitter cold nights, Sanjida Rahman knew no other option than standing in the queue for public transport with her kids. Spreading the light of wisdom in one of the popular international schools of Dhaka, Sanjida Rahman had no complaints from life but having to spend hours for a ride every morning to school irrespective of rain or thunder. Owning a car was only in her subconscious mind considering her financial impediments. While she was in IPDC Finance for the last procedure of an attractive DPS scheme, she expressed her mere desire of owning a car. She was amazed by the relationship manager's efforts to let her even break the barriers of her inability of financial inclusion as a single applicant. IPDC paved the way of possibilities by proceeding their call as a joint account beside enjoying a lower interest rate. Not only did she get to have her desires met but also received a free 3 month driving lesson from the BRAC driving school which is the best in the country. Her happiness knew no bound in finding her Aladdin's Magic Carpet. IPDC feels delighted in the bliss of crafting such tales of joy.



ANNEXURE TO DIRECTORS' REPORT

Annexure I

Key Operating and Financial Data of Preceding Five Years

BDT million, %

	2013	2014	2015	2016	2017	Growth (%)
Operating Results						
Net Interest Income	304.3	416.2	431.4	638.1	1,072.6	68.1%
Operating Income	478.3	580.0	639.9	841.4	1,245.5	48.0%
Operational Expenses	153.2	184.9	194.1	339.8	572.8	68.6%
Operating Profit	325.1	395.1	445.8	501.6	672.7	34.1%
Profit Before Tax	241.8	344.8	344.2	468.0	513.7	9.8%
Net Profit After Tax	142.0	165.5	240.2	303.1	335.4	10.7%
Financial Performance						
Disbursement - Loans, Leases and Advances	3,492.2	3,523.8	5,524.5	25,029.7	34,681.0	38.6%
Outstanding Loans, Leases and Advances	5,745.5	5,676.8	6,415.8	19,480.6	34,467.0	76.9%
Fixed Assets	107.8	224.1	207.0	233.6	267.0	14.3%
Total Assets	7,758.9	7,743.9	8,202.2	22,576.9	39,288.9	74.0%
Term Deposits	4,427.1	3,997.4	4,744.7	17,179.2	29,746.9	73.2%
Borrowings	414.0	398.4	27.1	1,141.4	4,214.1	269.2%
Total Liabilities and Equity	7,758.9	7,743.9	8,202.2	22,576.9	39,288.9	74.0%
Equity Information						
Shareholders' Equity	2,065.0	2,291.8	2,474.6	2,775.1	3,110.5	12.1%
Paid up Capital	1,043.4	1,147.7	1,262.5	1,515.0	1,818.0	20.0%
Number of Ordinary Shares	104,339,235	114,773,158	126,250,473	151,500,567	181,800,680	20.0%
Net Asset Value Per Share (NAV)	11.4	12.6	13.6	15.3	17.1	12.1%
Earnings per Share (EPS)1	0.78	0.91	1.32	1.67	1.85	10.7%
Rate of Dividend	15%	15%	20%	20%	20%	0.00%
Year end Market Price per Share2	20.00	18.20	26.70	42.70	50.10	17.3%
Market Capitalization	2,086.8	2,088.9	3,370.9	6,469.1	9,108.2	40.8%
Financial Ratios						
Current Ratio (Times)	1.2	1.3	1.2	1.0	1.0	0.0%
Debt Equity Ratio (Times)	0.2	0.2	0.01	0.4	1.4	229.4%
Interest Coverage Ratio (Times)	11.7	28.5	17.3	14.9	4.4	-70.7%
Return on Asset	1.9%	2.1%	3.0%	2.0%	1.1%	-44.9%
Price Earning Ratio (Times)	25.6	20.0	20.2	25.6	27.1	5.9%
Rate of NPL	5.95%	3.39%	1.98%	0.71%	0.62%	-12.7%
Rate of net NPL	2.37%	0.05%	-1.64%	-0.62%	-0.59%	-4.0%

1 EPS has been restated for the year 2013 – 2017 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.

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Assessment Report on the Going Concern

Annexure II

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, 2017 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, 2017 on the basis of going concern assumption is appropriate.

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

High Interest Coverage Ratio

During the year 2017, interest coverage ratio stood at 4.4 times, which means the company has strong debt servicing capacity.

Less Dependency on Bank Borrowings

As at December 31, 2017 total bank borrowing of the Company was BDT 4,214.1 million which is 11.6% of the total liabilities. This indicates that Company has no significant dependency on bank borrowings.

Continuous Support from the Depositors

The Company has a very good relationship with the depositors and a good track record and reputation in settling its obligation to its depositors. As at December 31, 2017 total deposits stood at BDT 29,746.9 million. The depositors continued to keep strong confidence on us which is reflected in higher acquisition rate and renewal rates of deposits. This trend is expected to continue in coming days.

Positive Operating Cash Flows

Cash flow statement of the Company for the year 2017 shows optimistic and positive operating cash flows. Statement of liquidity also demonstrates minimum liquidity gap representing strong ability to meet current and future obligations.

Favorable Key Financial Ratios

The Company's financial ratios (Please see the Key Financial and Operating Performance) revealed the sound financial strength and prospect of the Company.

Consistent Payment of Dividend

IPDC Finance Limited has been paying dividend consistently on a regular basis to the shareholders since 2006 which reflect Company's long term viability in operational existence.

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 2017, IPDC Finance achieved 34.1% growth of operating profit compared to year 2016 which reflect the growth in profitability from regular operation.

Growth in Quality Lending Portfolio

In the year 2017 the quality performing portfolio of loans, leases and advances increased by 76.9% compared to year 2016, whereas classified loan ratio came down to 0.62% at the end of 2017 from 0.71% in 2016. This represents the positive indication of sustainable business of the Company.

Expansion of Business

Company introduced new opportunity of business during the year 2017. This year Company successfully launched three new branches in Jessore, Mymensingh and Comilla indicating continuous increase of business.

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 10.00% of the total risk weighted assets. As at December 31, 2017 CAR of IPDC is 15.14% vis-à-vis requirement of 10.00% i.e. Company maintains 5.14% excess CAR at the end year 2017.

Strong Equity Base

IPDC is one of the highest equity-based Companies among the Financial Institutions. As at December 31, 2017 total equity of the Company is BDT 3,110.5 million including paid up capital of BDT 1,818.0 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 favorable rates and flexible terms and conditions.

Off-balance Sheet Obligations

The company keeps very low exposure in off-balance sheet liabilities and the company has sufficient financial strength to pay the obligations should these crystalize.

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.

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 2017 on the basis of "going concern assumption" is appropriate.

AMARSTOCK

Pattern of Shareholding as at 31 December 2017

Annexure III

Names	Position	Number 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. Narayan Chandra Das, his spouse and minor child	Director	Nil
Mr. Md. Enamul Hoque, 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
Mr. Shameran Abed, his spouse and minor child	Director	Nil
Ms. Tamara Hasan Abed, her 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
Md. Ezazul Islam	Head of Internal Audit and Compliance	Nil
Top Executives other than CEO, CFO, CS and Head of Internal Audit and Compliance		
Mr. A. F. M. Barkatullah	Deputy Managing Director and Head of Retail Business	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. Mahzabin Ferdous	Head of Brand and Corporate Communication	Nil

Shareholders holding 10% or more voting right:

Name of shareholders	Number of Shares	%
Government of the People's Republic of Bangladesh (GOB)	39,777,196	21.88
BRAC	45,450,169	25.00
Aga Khan Fund for Economic Development (AKFED)	20,092,958	11.05
Ayesha Abed Foundation	18,180,068	10.00

Meetings Attended and Remuneration of the Directors during the Year 2017

Annexure IV

Name of Director	Board of Directors Meeting				Executive Committee Meeting				Audit Committee Meeting				Total Remuneration paid in 2017	Remarks
	Total BOD Meeting held during Director's Tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration paid for attending the meeting	Total EC Meeting held during Director's tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration paid for attending the meeting	Total AC Meeting held during Director's tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration paid for attending the meeting		
				BDT				BDT				BDT	BDT	
Dr. Muhammad Musa	10	10	100.00	80,000	-	-	-	-	-	-	-	-	80,000	Nominated by BRAC
Mr. Amin H. Manekia	10	8	80.00	64,000	-	-	-	-	7	6	85.71	48,000.0	112,000	Nominated by AKFED
Mr. Md. Enamul Hoque	10	9	90.00	72,000	-	-	-	-	7	7	100.00	56,000.0	128,000	Nominated by GoB
Mr. Sadaruddin Ahmed*	5	5	100.00	40,000	5	5	100.00	40,000.0	-	-	-	-	80,000	Nominated by GoB
Mr. Narayan Chandra Das*	5	5	100.00	40,000	3	3	100.00	24,000.0	-	-	-	-	64,000	Nominated by GoB
Mr. Salahdin Irshad Imam	10	10	100.00	80,000	-	-	-	-	7	7	100.00	56,000.0	136,000	Independent Director
Ms. Nasreen Sattar	10	9	90.00	72,000	8	4	50.00	32,000.0	-	-	-	-	104,000	Independent Director
Mr. Asif Saleh**	2	1	50.00	8,000	-	-	-	-	1	1	100.00	8,000.0	16,000	Nominated by BRAC
Ms. Tamara Hasan Abed**	7	6	85.71	48,000	-	-	-	-	4	3	75.00	24,000.0	72,000	Nominated by BRAC
Mr. Mohammad Mamdudur Rashid	10	8	80.00	64,000	8	5	62.50	40,000.0	5	5	100.00	40,000.0	144,000	Nominated by BRAC
Mr. Shameran Abed	10	8	80.00	64,000	8	5	62.50	40,000.0	-	-	-	-	104,000	Nominated by Ayesha Abed Foundation
Mr. Sameer Ahmad	10	5	50.00	40,000	8	7	87.50	56,000.0	-	-	-	-	96,000	Nominated by RSA Capital Limited
Total				**672,000**				**232,000**				**232,000**	**1,136,000**	

Note: Leave of absence was granted in all cases of non attendance.
** Mr. Sadaruddin Ahmed was a nominee director of GoB, he was replaced by Mr. Narayan Chandra Das on 30 July 2017.*
*** Mr. Asif Saleh was a nominee director of BRAC, he was replaced by Ms. Tamara Hasan Abed on 02 May 2017.*
Amount Excluding VAT
Remuneration reported here is exclusive of VAT

Status of Compliance with Corporate Governance Guidelines

Annexure V

Status of compliance with the conditions imposed by the Securities 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:

(Report under condition no. 7 of the above notification)

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
1	**Board of Directors**			
1.1	Board's Size: Board members should be not less than 5 (five) and more than 20 (twenty).	√		
1.2	**Independent Directors:**			
1.2 (i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		
1.2 (ii) a)	Independent directors do not hold any share or hold less than one percent (1%) shares.	√		
1.2 (ii) b)	Who is 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.	√		
1.2 (ii) c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		
1.2 (ii) d)	Who is not a member, director or officer of any stock exchange.	√		
1.2 (ii) e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	√		
1.2 (ii) f)	Who is not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm.	√		
1.2 (ii) g)	Who shall not be an independent director in more than 3 (three) listed companies.	√		
1.2 (ii) h)	Who 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)	Who 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).	√		The independent director(s) are re-appointed by the board of directors and to be approved in the 36th 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	**Qualification of Independent Director (ID)**			
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 independent director must have at least 12 (twelve) years of corporate management / professional experiences.	√		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	Not Applicable		
1.4	**Chairman of the Board and Chief Executive Officer:**			
	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals.	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
1.5	**The Directors' Report to Shareholders**			
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.	The Company does not have such gains 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.	Not Applicable		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	Not Applicable		
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.	No such variances occurred and accordingly not reported.		
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 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.	√		
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.	Not Applicable		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:			
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
		Complied	Not Complied	
1.5 (xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
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.	√		
2.00	**Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)**			
2.1	Appointment: The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		
2.2	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors.	√		
3.00	**Audit Committee**			
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 be clearly set forth in writing.	√		
3.1	Constitution of the Audit Committee			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1 (iv)	No vacancy for more than one month.	√		
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	Chairman of the Audit Committee			
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	Role of Audit Committee:			
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.	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
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.	Not Applicable		
3.4	**Reporting of the Audit Committee:**			
3.4.1	Reporting to the Board of Directors			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
3.4.1 (ii) a)	Report on conflicts of interests.	No such events occurred and accordingly not reported.		
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	√		
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations.	No such events occurred and accordingly not reported.		
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	√		
3.4.2	Reporting of anything having material financial impact to the Commission.	No such matters to report.		
3.5	Reporting to the Shareholders and General Investors.	√		
4.00	**External/Statutory Auditors**			
4 (i)	Appraisal or valuation services or fairness opinions.	√		
4 (ii)	Financial information systems design and implementation.	√		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4 (iv)	Broker-dealer services.	√		
4 (v)	Actuarial services.	√		
4 (vi)	Internal audit services.	√		
4 (vii)	Any other service that the Audit Committee determines.	√		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
4 (ix)	Audit/Certification services on compliances of corporate governance as required under clause (i) of Condition no. 7.	√		
5.00	**Subsidiary Company**			
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.	The Company does not have any subsidiary.		
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	The Company does not have any subsidiary.		
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.	The Company does not have any subsidiary.		
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.	The Company does not have any subsidiary.		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	The Company does not have any subsidiary.		
6.00	**Duties of Chief Executive Officer (CEO) And Chief Financial Officer (CFO)**			
6.(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief.	√		
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.	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
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.	√		
7.00	**Reporting and Compliance of Corporate Governance**			
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 with Good Governance Guideline Issued by Bangladesh Bank

Annexure VI

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

Status report on compliance with those guidelines is given below:

Sl No.	Particulars	Compliance Status
01.	**Responsibilities and authorities of Board of Directors**	
A.	**Work Planning and Strategic Management**	
i	The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goal and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.	Complied
ii	The Board shall have its analytical review incorporated in the Annual report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies.	Complied
iii	The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will evaluate half yearly / yearly basis.	Complied
B	**Formation of sub-committee**	
	To expedite the process of decision making, (e.g. approval of loan/lease, write off, rescheduling etc.) Board may form Executive Committee with the Director (excluding any alternate director)	Complied
C	**Financial Management**	
i	Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
ii	Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recovery of overdue loan/lease.	Complied
iii	Board shall approve the procurement policy and shall accordingly the delegation of power for making such expenditure. The maximum delegation of power shall rest on the CEO and 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
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

Sl No.	Particulars	Compliance Status
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

AMARSTOCK

S F AHMED & CO.
CHARTERED ACCOUNTANTS
.....Since 1958
Member Firm of HLB International

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Certificate on Compliance with conditions of Corporate Governance Guidelines to the Shareholders of IPDC Finance Limited

We have reviewed the relevant documents of IPDC Finance Limited for the year ended 31 December 2017 regarding its compliances with the conditions of Corporate Governance Guidelines of the Bangladesh Securities and Exchanges Commission as stipulated its Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated 07 August 2012 and SEC/CMRRCD/2006-158/147/admin/48 dated 21 July 2013.

The management of the Company bears the onus for complying with the conditions stated in the aforesaid notification of Corporate Governance Guidelines. The Board of Directors of the Company is also required to state in the director's report as to whether or not the Company has complied with the conditions of these Corporate Governance Guidelines.

Our responsibility is to examine the Company status on such compliances and provide a certificate to that effect as to whether or not the Company is in compliance with the conditions of Corporate Governance Guidelines. For the purpose of this engagement, we have complied with ethical and independence requirements, planned and performed our procedures to obtain reasonable assurance from the Company's management about whether the Company had, during the year 2017, complied with the conditions of Corporate Governance Guidelines.

We have drawn our conclusion for opinion on the basis of, and subject to, the matters outlined in Annexure-1 of this report. It does neither purport to be construed as an audit assignment nor can be taken as an expression of opinion on the financial statements of the Company. We believe that the evidences we have obtained from the Company in discourse of the assignment were sufficient and pertinent to provide us a basis for formulating our opinion.

In our opinion, IPDC Finance Limited has complied with the conditions of Corporate Governance Guidelines of BSEC for the year ended 31 December 2017.

Dated, Dhaka;
23 January 2018

S. F. Ahmed & Co.
Chartered Accountants

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

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

Structure of Audit Committee

The Audit Committee of the Company has been formed pursuant to the Bangladesh Bank guideline on Internal Control and Compliance framework vide DFIM circular no 13, dated October 26, 2011 and the 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 Board
Mr. Salahdin Irshad Imam	Chairman	Independent Director
Mr. Amin H. Manekia	Member	Director
Mr. Md. Enamul Hoque	Member	Director
Mr. Mohammad Mamdudur Rashid	Member	Director
Ms. Tamara Hasan Abed	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

Hoda Vasi Chowdhury & Co. ("HVC"), a Bangladeshi partnership, were appointed as statutory external auditors of

the Company at the 35th Annual General Meeting held on May 02, 2017. 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 seven times during the year 2017 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, 2016;
- Reviewed the Management Letter from external auditors for the year 2016 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, 2016;
- 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, 2016;
- The Committee reviewed first quarter, half-year and third quarter ended Financial Statements for the year 2017 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

STATEMENT OF ETHICS AND COMPLIANCE

"Good governance and sound ethical practices are deeply embedded in our culture. We will continue to strengthen our position to remain as a highly-compliant and well-governed financial institution in Bangladesh"

Our Approach to Ethics

Our business ethics means, "Choosing good over bad, right over wrong, fair over unfair and truth over untruth". Board of directors of IPDC approved a 'Code of Conduct' policy based on ethical standards for the employees in 07 May 2015. The policy requires that 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 others. It also focuses on highest ethical values which includes honesty, integrity, fairness, corporate citizenship and accountability for employees in their day-to-day approach.

All employees are expected to carry out their duties honestly, conscientiously and serve the company according to the best of his or her ability and promote the business interest of the company. Employees must not misbehave with peers or superiors, get involved with any kind of monetary transaction with peers or superiors, falsify, tamper, damage or cause loss of IPDC's officials records and neglect any government law or office rule and regulations. Such behavior is considered as breach of 'Code of Conduct' and may result in disciplinary action.

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

Code of Ethics and Conduct at IPDC

Key areas of our efforts are

- **Fair Treatment of Customers:** IPDC ensures that customers are treated fairly and without prejudice that fosters good support and helps to build long-term sustainable business relationship.
- **Privacy and Security of Client Information:** As per our 'Code of Conduct', all information gathered from customers/clients during the course of providing service is to be considered confidential unless it is clearly stated otherwise.
- **Transparency and Accuracy of Financial, Tax and Other Reporting:** Employees of IPDC must ensure that information / reporting relating to their customer is readily available, accurate and transparent.
- **Interaction in Print, Electronic and Social Media:** All media (Print, electronic and social) inquires are forwarded to representatives of corporate communication department or any authorized personnel 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 may be tried by the prevailing laws of the country.
- **Kickback & Secret Commission:** IPDC employees must not receive payment or compensation of any kind from any customer/ vendor/ supplier, 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 (including the securities of their place of employment) for personal gain (or for the gain of the members of their household such as spouses) 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. IPDC exercises zero tolerance in this regard.
- **Workplace Security & Safety:** Maintaining a healthy and productive work environment by ensuring safety and security of office premises is one of the primary concerns of IPDC.

Monitoring Compliance

Compliance against 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, understood and provided their personal commitment to comply with the applicable laws, regulations and corporate ethics. They will also be held accountable for carrying out compliance responsibilities and acknowledge that ignorance of the rules and regulations outlined in the code cannot be an excuse for Non-compliance. Any breach of this code may lead to disciplinary action.

Above all, 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 and ethical standard. Such recognition serves to validate the ethical actions of the concerned employees, encourages repeat behavior and helps to create a culture of transparency, accountability and integrity.

Communication of the Statement of Ethics and Business Practices

All IPDC employees are required to sign an annual declaration confirming that they have read and understood the Code of Conduct. The Human Resources department circulates the required declaration and ensures that all employees signed the declaration. The Internal Control and Compliance (IA&C) department, through regular audits, assesses whether any employees have breached the Code of Conduct.

Board's Commitment

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

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

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

> "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"

OTHER CORPORATE GOVERNANCE DISCLOSURE

Board of Directors, Chairman and CEO

Company's Policy on Appointment of Directors

In relation to the selection and appointment of new Directors, the existing Board of Directors possesses the following duties and responsibilities:

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions;
- Identify any competencies not adequately represented and agree to the process to be assured that a candidate nominated by the shareholders with those competencies is selected;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with the stipulations of the Companies Act, 1994, and the Articles of Association of IPDC;
- The Managing Director & CEO is appointed by the Board subject to the consent of the shareholders in the Annual General Meeting (AGM) and approval of Bangladesh Bank;
- Any change in the members of the Board requires intimation to the Bangladesh Bank, all scheduled banks and Financial Institutions (FIs), Bangladesh Securities and Exchange Commission (BSEC) and the stock exchanges.

Adequate Representation of Non-Executive Directors

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

Adequate Representation of Independent Directors

Bangladesh Securities and Exchange Commission (BSEC), Notification No. SEC/CMRRCD/2006-158/129/Admin/44, dated 07 August 2012, at least one-fifth of the total directors of the Board shall be Independent Directors. Thus, in compliance with the guideline, two (2) Directors out of the total ten (10) Directors are independent, having no share or interest in IPDC. Independence of the respective Independent Directors is confirmed during selection and appointment of the Directors and they remain committed to continue with such independence throughout their tenure.

Separation of Duties between CEO and Chairman

The Chairman of the Board is not the Chief Executive of the Company and are independent of each other, and their roles are autonomous and separate, in accordance with the DFIM Circular No. 07, dated 25.09.2007.

Roles and Responsibilities of the Chairman and independence of Non-Executive Directors

Role of the Chairman

The Chairman runs the Board. The Chairman serves as the primary link between the Board and the management and works with the Managing Director and CEO and the Company Secretary to set the agenda for Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as Directors of the Company. The role and responsibilities of the Chairman of the Board is defined and set by the Board.

The Chairman's primary role is to ensure that the Board is effective in its task of setting and implementing the Company's direction and strategy. The Chairman is appointed by the Board. The principal features of the role of the Chair comprise the followings:

- Providing leadership to the Board
- Taking responsibility for the Board's composition and development
- Ensuring sufficient provision of information available to the Board
- Planning and conducting Board meetings effectively
- Getting all Directors involved in the Board's work
- Ensuring the Board's focus on key tasks
- Engaging the Board in assessing and improving its performance
- Overseeing the induction and development of Directors
- Supporting the Managing Director and CEO.

Responsibilities of the Chairman

The Chairman of the Board shall be responsible for the management, development and effective performance of the Board of Directors and provides leadership to the Board for all aspects of the Board's functions. He will:

- ensure effective operations of the Board and its committees in conformance with the highest standards of corporate governance
- ensure effective communication with shareholders, host Governments and other relevant constituencies and ensure that the views of these groups are understood by the Board
- set the agenda, style and tone of Board discussions to promote constructive debate and effective decision making
- ensure that all Board Committees are properly established, composed and operated
- support the Managing Director and CEO in strategy formulation and, more broadly, provide support and give advice

- ensure an effective relationship among Directors, acting as the principal conduit for communication and issues relating to business strategy, planned acquisitions and corporate governance
- establish a harmonious and open relationship with the Managing Director and CEO;
- ensure that Board Committees are properly structured and all corporate governance matters are fully addressed
- encourage active engagement by all members of the Board.

Independence of Non-Executive Directors

The NEDs do not have executive responsibility of running day-to-day affairs of the company; neither they put undue influence in taking operating decision of the company.

Disclosure of Policy on Annual Evaluation of the CEO by the Board

The Board of Directors evaluates the Managing Director and CEO based on the goals set for him considering the company vision and mission at the beginning of each year. The Board does the performance assessment of CEO annually based on the specific targets as set forth in Annual Budget and long term strategic goals. The annual financial budget and other job objectives are discussed, reviewed and finalize by the Board at the start of each fiscal year. The Board considers both financial and non-financial goals in both short term and long term while setting targets and doing the performance assessment.

Training of the Board of Directors

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

Knowledge and Expertise of Directors

IPDC's Board of Directors consists of members who possess a wide variety of knowledge and experience in finance, information technology, social science, economics, management, business administration, marketing and law. This ensures that together, they formulate the right policy for the development of the business while having the specialized skills and the ability to foresee developments across a larger perspective and with enough independence to audit the management in a balanced manner.

Board Meeting Frequency and Members' Participation

Name of the Director	Academic Background	Position in the		
		Board	Executive Committee	Audit Committee
Dr. Muhammad Musa	Medical, Public Health and Development Studies	Chairman		
Mr. Amin H. Manekia	Marketing, Finance, Commerce and Economics	Vice Chairman		Member
Mr. Md. Enamul Hoque	Arts, Information Technology and Management	Member		Member
Mr. Narayan Chandra Das	Accounting and Human Resource	Member	Member	
Mr. Salahdin Irshad Imam	Social Studies and Business Studies	Member		Chairman
Ms. Nasreen Sattar	Social Science and Arts	Member	Member	
Ms. Tamara Hasan Abed	Economics, Social Science and Finance	Member		Member
Mr. Mohammad Mamdudur Rashid	Finance, Economics and Business Administration	Member	Member	Member
Mr. Shameran Abed	Law and Economics	Member	Member	
Mr. Sameer Ahmad	Political Science and Economics	Member	Chairman	
Mominul Islam	Business Administration and Economics	Ex-Officio Member	Member	

In compliance with Bangladesh Bank's directive, the meeting of the Board of Directors is normally held at the registered Corporate Head Office of the Company. The meeting is held frequently, at least once a month, to help the Board discharge its responsibilities and functions. The meeting is scheduled in advance and the notice of each Board meeting is given in writing to each Director by the Company Secretary. Detail can be found in Directors' Report.

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

In compliance with the conditions of the Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) vide their notification no. SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August 2012, S. F. Ahmed & Co. examined the compliance with the said conditions of Corporate Governance and certified that IPDC Finance Limited has complied with the conditions of Corporate Governance stipulated in the above mentioned BSEC's notification dated 07 August 2012. The company also provides the compliance checklist as required by Bangladesh Bank. The details can be found in the Annexure to the Directors' Report.

Ethics and Compliance

Establishing Ethics and Values

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

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

Further detail can be found in the 'Statement of Ethics and Compliance' Section

Establishing Effective Anti-Fraud Programs and Controls

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

Communications to Shareholders and Stakeholders

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

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

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

Communication through Quarterly Reports

The company reports to its shareholders four times a year through quarterly and half-yearly reports and a detailed Annual Report.

Communication through AGM

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

Process of Communicating the Schedule

Send all notices of the Annual General Meeting (AGM)/ Extraordinary General Meeting (EGM) to the Exchange and simultaneously to the shareholders at least 14 days prior to AGM and 21 days prior to EGM.

Hard copies of the Annual Report to the shareholders are also sent as least 14 days before the Annual General Meeting.

Notice of the AGM is sent to the Dhaka Stock Exchange (DSE), Bangladesh Securities and Exchange Commission (BSEC), online newspaper and print media. The notice of the AGM is also made available on the company website.

Communication during the AGM

The shareholders, who attend the AGM, have the option to ask questions and give suggestions to the Board members during the AGM. The Managing Director and CEO, on behalf of the Board, answers the queries of the shareholders.

Communication through Website

The Company's website displays, inter-alia, the Annual Reports, half-yearly reports, quarterly reports, product offerings, recent announcements, presentations and event updates.

Price Sensitive Information (PSI) are made publicly available as required by the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE) and the Chittagong Stock Exchange Limited (CSE) and the Bangladesh Bank. In addition to ensuring timely compliance, this also enables dissemination of information to all stakeholders and the public through print and online media.

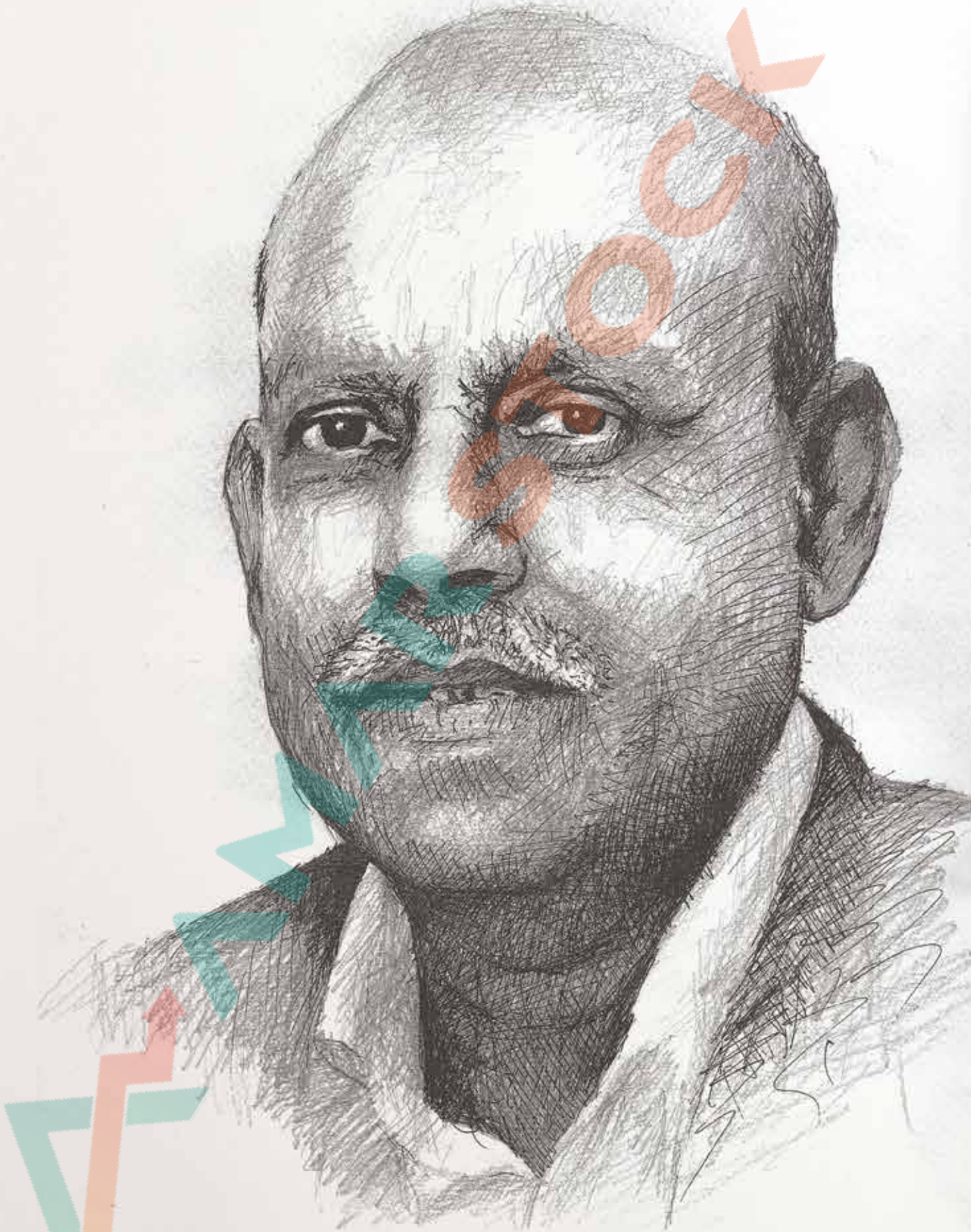
Remuneration Committee, Nomination Committee and Risk Management Committee

As per the Central Bank's regulation no NBFI can form any Board Subcommittee other than Executive Committee and Audit Committee.

Remuneration of Directors and Senior Managers

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

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



Khorshed's Tale on IPDC Home Loan

Finding Horizon

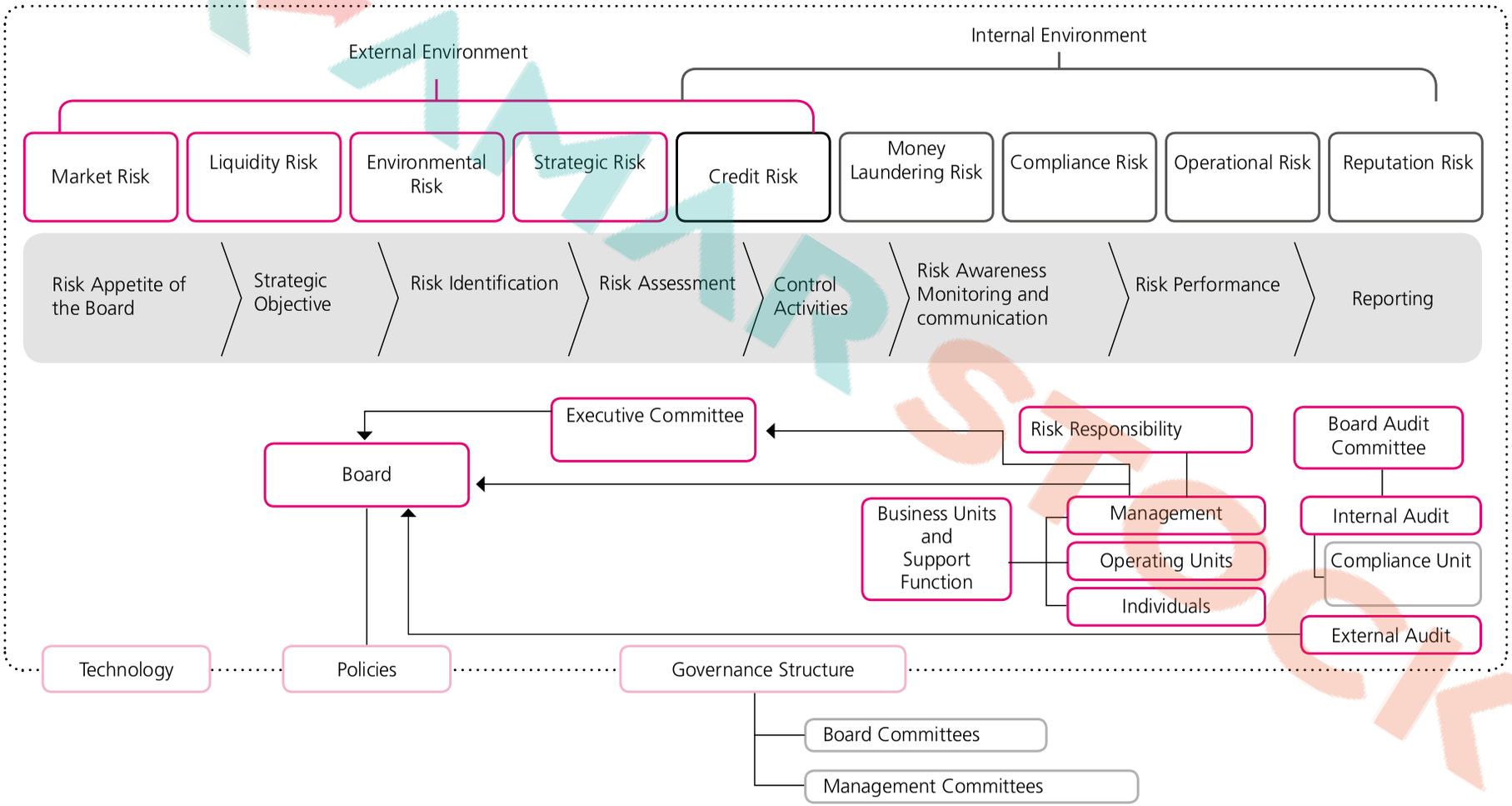
When people doubted the cherish of 58-year-old small contractor, Khorshed Alam living in his congested little mud house to live close to the sky, he knew somewhere deep inside that dreams are ought to see the light of day with a leap of faith. Hence, against all forces of the surrounding, he chose to stick to his aspirations. His pursuit of happiness knew no bounds when he came across the affordable home loan offer from IPDC Finance Limited. Without any further hesitation, he rushed to the overwhelming relationship manager, who let Khorshed Alam envision his fantasy of viewing the earth with a cup of tea from the roof of his own building. Today he is a proud landlord of a five-storied building and IPDC feels more than inspired to let him craft a horizon where his earth met the sky just like he long wished for.



RISK MANAGEMENT

INTEGRATED RISK MANAGEMENT FRAMEWORK

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



Risk Appetite of the Board and Strategic Objectives

The company takes strategic initiatives and sets its goals within the remit of overall risk appetite of the Board and the shareholders. While the Board sets the risk tone, management executes the operations. Organizational philosophy, values, mission, cultures and the external environment also shape the way the company operates given the risk limit set by the Board.

Control Activities

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

Policies and Guidelines

Policies and procedures are reviewed on regular intervals and necessary modifications are made to the policies based on the market practices, the changes in the regulatory environment and business strategies. Management puts forward the changes in the policies to the sub-committee of the Board (Executive Committee and Audit Committee) for review. Subject to the recommendations of the sub-committee, the Board ultimately approves the policies.

Monitoring and Review

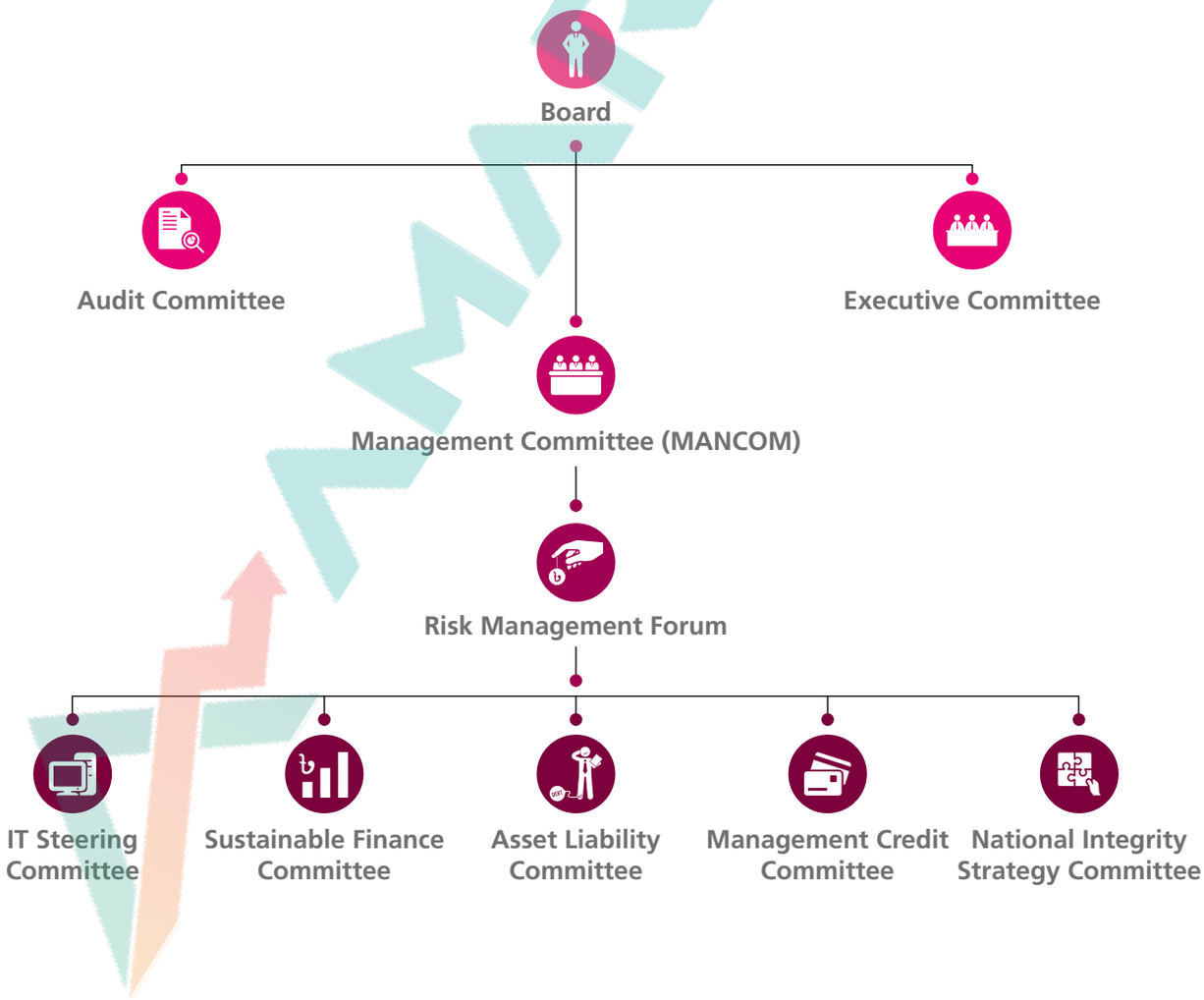
Monitoring and review together is an integral part of the risk management process, that ties all elements together to create value for the organization. A strong monitoring and review process serves following purposes:

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

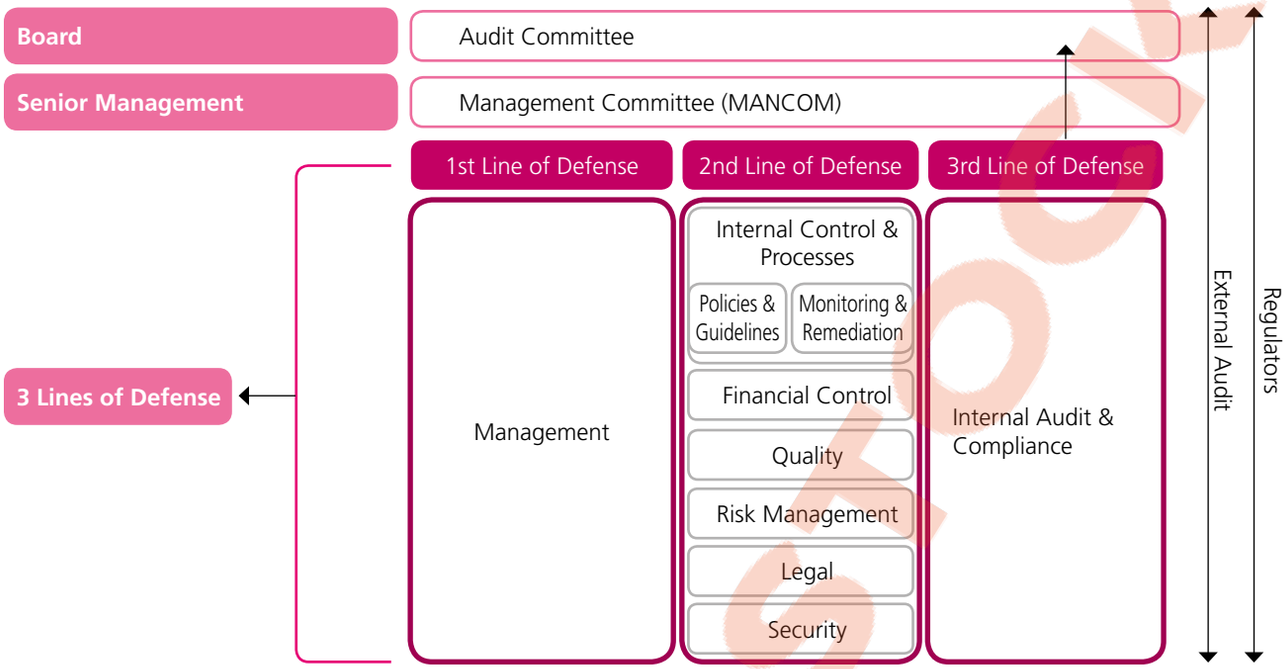
Risk Management Governance Structure

Risk Management Organogram

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



Three Lines of Defense



First Line of Defense	Second Line of Defense	Third Line of Defense
Responsible for: • Identifying all the risks in the activities in which they are engaged, and developing appropriate policies, standards and controls to govern their activities • Operating within limits established in connection with the Risk Appetite of the firm • Escalating risk events to senior managers and the Internal Audit & Compliance.	Responsible for: • Establishing limits, rules and constraints under which first line activities shall be performed • Monitoring the performance of the First Line • Formulating product program guidelines, document checklists, manuals and guidelines are established and maintained as a second line of defense against the potential risks.	Responsible for: • Providing independent assurance to the Board and Audit Committee relating to the effectiveness of corporate governance, risk management and control.

Board Subcommittees

Member Composition

	Number of Members	Independant Directors	Nomlnated Directors	CEO	Number of Meetlngs Held
Executive Committee	6	1	4	1	8
Board Audit Committee	5	1	4		7

The detail can be found in subsequent section of Corporate Governance

Executive Committee (EC)

Credit	• Take credit decisions within its authority
	• To review and monitor the recovery process on continuous basis of good and classified portfolio
	• To review and monitor progress on continuous basis
	• To review the adequacy of provisioning of to ensure that IPDC is meeting the laid down requirements
	• To oversee all large problem accounts on a continuous basis, evaluate progress made by the management in their recovery; completion of documentation and to provide whatever assistance is required to ensure successful recovery
Treasury	• Approve Bank and FI borrowings within its authority
	• Review fund position and liquidity statements
	• Review Cost of fund and Return on Funds
Other	• Review monthly Financials of the Company
	• Review budget and recommend to the board for approval
	• Approve expenses within its authority

Board Audit Committee

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

Committees at Management Level

Member Composition

	Number of Members	CEO	CFO	CS	HIAC	DMD	COO	Others	Frequency of Meetings
Management Committee (MANCOM)	10	●	●	●	●	●	●	●●●●	Weekly
Risk Management Forum	6	○	●	●	○	○	○	●●●●	Monthly
IT Steering Committee	13	●	●	●	●	●	●	●●●●●●●	Monthly
Sustainable Finance Committee	13	○	●	○	○	●	●	●●●●●●●●●	Quarterly
Asset-Liability Committee (ALCO)	10	●	●	●	●	●	●	●●●●	Monthly
National Integrity Strategy Committee	6	○	○	○	●	○	○	●●●●●	Quarterly
Management Credit Committee	4	●	○	○	○	●	○	●●	Daily

** CEO: Chief Executive Officer, CFO: Chief Financial Officer, CS: Company Secretary, HIAC: Head of Internal Audit and Compliance, DMD: Deputy Managing Director, COO: Chief Operating Officer*

Description of the Committees

Committee Names	Responsibilities
Management Committee (MANCOM)	• Reviewing of the business plan • Ensuring compliance of regulatory bodies and other statutory guidelines • Discussing operational activities and resolving inter-departmental issues • Recommending and seeking approval to the Board
Risk Management Forum	• Designing overall risk management strategy • Communicating views of the board and senior management regarding the Risk Management Culture and Risk Appetite all over the FI • Preparing risk management policies and procedures • Reviewing the market conditions, identifying the external threats and providing recommendations for precautionary measures accordingly • Monitoring the prescribed/threshold limits of Risk Appetite set by the regulator and/or by the FI itself
IT Steering Committee	• Formulating IT strategy • Approving IT projects • IT project prioritization • Ensuring Information security
Sustainable Finance Committee	• Providing necessary approval, supervision and evaluation of the responsibilities of the Sustainable Finance Unit. • Ensuring the coordination and assistance among all the departments associated with the activities of the Sustainable Finance Unit
Asset-Liability Committee (ALCO)	• Assessing the macro-economic situation • Assessing and managing the Balance Sheet related risks • Predict the market rate and significant changes in the market • Taking necessary strategies to mitigate the overall risk • Determining the financial health of the company through ratio analysis • Assessing competitors and pricing in line with the market conditions
National Integrity Strategy Committee	• Promoting awareness regarding integrity, transparency and accessibility to information • Identifying the hurdles regarding the implementation of integrity strategy and providing direction to mitigate the hurdles
Management Credit Committee (MCC)	• Provide credit approval within management limit • Analyzes the merit of every credit proposal and assesses all the relevant risks that can affect Credit Portfolio of the company

AMARSTOCK

RISK MANAGEMENT STRATEGIES

Credit Risk

It is the risk of potential loss that may arise because of the client, its counter parties and the related partys' unwillingness or inability to meet the commitments in relation to lending, trading, settlements and other financial transactions.

Risk Mitigation Strategy

Defining Credit Risk appetite, formulating credit strategies and policies

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

IPDC 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:

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

Monitoring Credit Performance

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.

Measurement of Risk

The outcome of the evaluation process is generally a rating/grade/scores that depicts the degree of credit risk associated with the borrower. The assessment is done both 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 analyses both in Micro and macro level.

Risk Monitoring Tools Techniques

Early Alert Report	Respective account manager circulates Early Alert Report (EAR) in timely manner so that management or credit risk management take preemptive actions against the potential distressed clients
Stress testing	We do periodic stress testing under adverse scenario to assess the originations ability to absorb the shocks

Liquidity Risk

Liquidity risk arises when liquid assets are not sufficient enough to meet maturing obligations or organization's inability to defray its liability. Liquidity risk management is the main responsibility of the ALCO. The ALCO consists of treasury, business units, finance, credit risk departments. At IPDC, a top-down and bottom-up approach for liquidity risk management is used.

Risk Mitigation Strategy

- Minimizing maturity gap between assets and liability
- Monitoring funding position daily
- Maintaining strong line of credit with banks
- Sourcing less volatile small ticket size deposits
- Making short term investments with high rated Banks and FIs
- Monitoring and forecasting short term and long-term liquidity situation of the company
- Doing predictive analytics about the market liquidity situation and taking position upfront before the market reacts
- Delegating authority and setting limits on the type and volume of transactions
- Setting trigger points for escalating any situation through vertical lines
- Continue to reduce bank dependency for funding need
- Keeping adequate Tier-I and Tier-II capital beyond the regulatory requirement
- Making contingency funding plan (CFP) for addressing liquidity shortfalls in emergency situations

Operational Risk

Operational risk is the risk of financial losses related to breakdown in internal control and corporate governance processes. Such breakdown can be the result of human error, inadequate or failed internal processes and technical systems, fraud, or any other adverse internal events. Operational Risk has the most devastating impact on the organization and is difficult to anticipate.

Risk Mitigation Strategy

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

Market Risk

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

- Interest Rate Risk
- Equity Price Risk
- Credit Spread

Risk Mitigation Strategy

- Matching maturity profile of interest bearing assets and liabilities
- Sensitivity and GAP analysis and stress testing using financial models
- Lending in longer term on floating rate basis
- Adding prepayment penalty clause for early encashment of deposits and early repayment of loans

Reputation Risk

Reputation risk may arise from the possibility of negative publicity regarding the Company and its business practices or any internal events.

Risk Mitigation Strategy

IPDC has implemented the necessary corporate governance practices to make sure that the interests of the important stakeholders are protected in best possible ways. IPDC gives best effort to make sure that business is conducted in a professional, ethical, compliant and prudent manner. Customer feedback are constructively taken to improve customer experience and complaints are seriously taken and acted upon to prevent any further negative consequences.

Strategic Risk

It is the possible losses that might arise from adverse business decisions, substandard execution of business strategies and failure to respond properly to changes in the external environment.

Risk Mitigation Strategy

Regular Management Committee meetings, IT Steering Committee meetings, Business Transformation Governance meetings take place where the members review business performance and progress towards strategic plans and revisits plans when necessary in response to the changing environment.

Compliance Risk

Compliance Risk is defined as the current or prospective risk of legal sanction and material financial loss due to the company's failure to comply with laws, its own regulations, code of conduct, and standards.

Risk Mitigation Strategy

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

Money Laundering Risk

The risk is associated with the money laundering and terrorist financing and the failure to meet the regulatory obligations.

Risk Mitigation Strategy

- Follow robust KYC procedures
- Organize training sessions for all employees on AML to create awareness about the risks and mitigation practices

Environmental Risk

Environmental risk is a facilitating element of credit risk arising from environmental issues. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financial transaction

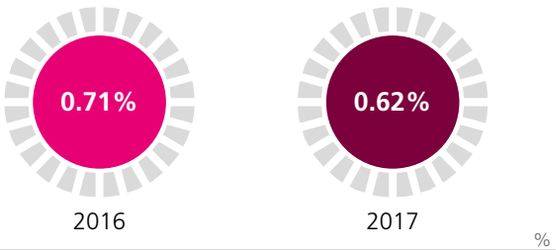
Risk Mitigation Strategy

Environmental Risk Management (ERM) Guidelines have been incorporated in IPDC's credit manual in line with the ERM Guidelines issued by Bangladesh Bank. IPDC always considers the environmental issues while financing. Through its effective environmental risk management (ERM), IPDC tries to:

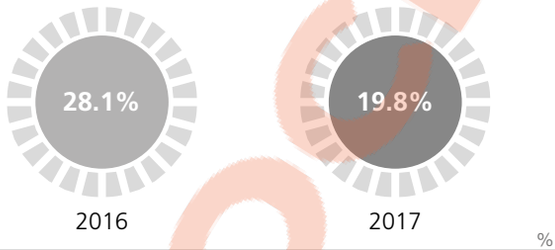
- Examine the environmental issues and concerns associated with potential business activities proposed for financing;
- Identify, evaluate and manage the environmental risks and the associated financial implications arising from these issues and concerns
- Address the environmental issues more effectively in credit risk appraisal process.

KEY RISK INDICATORS

Credit Risk

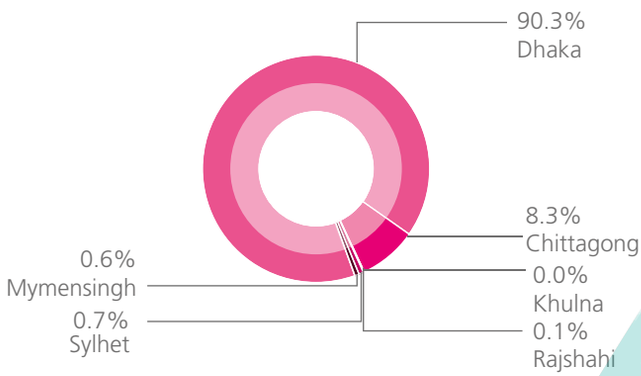


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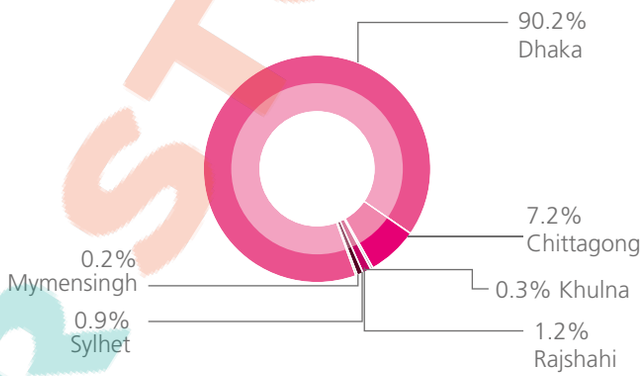


Large Loan as a % of Portfolio %

Client exposure having more than 15% of equity is defined as Large Loan

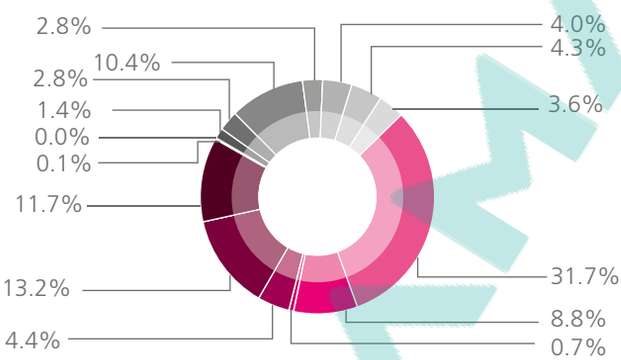


Geographic Credit Concentration 2016

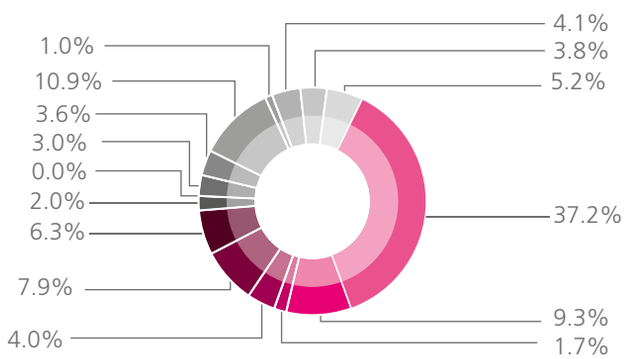


Geographic Credit Concentration 2017

Details can be found in the notes to the financial statement



Sector-wise Credit Concentration 2016



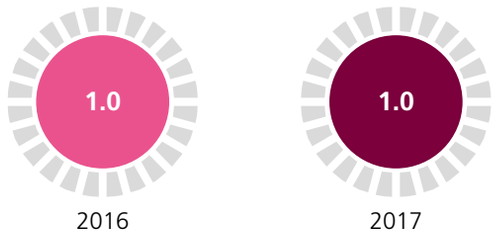
Sector-wise Credit Concentration 2017

- 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

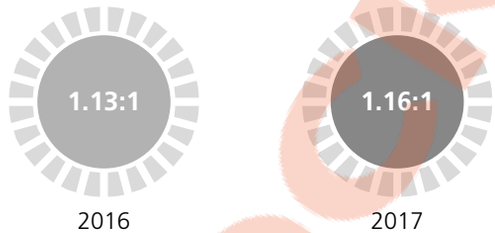
Details can be found in the notes to the financial statement

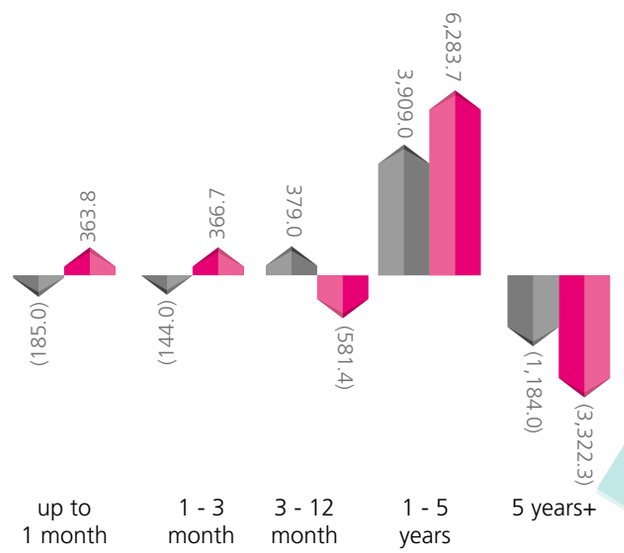
Liquidity Risk

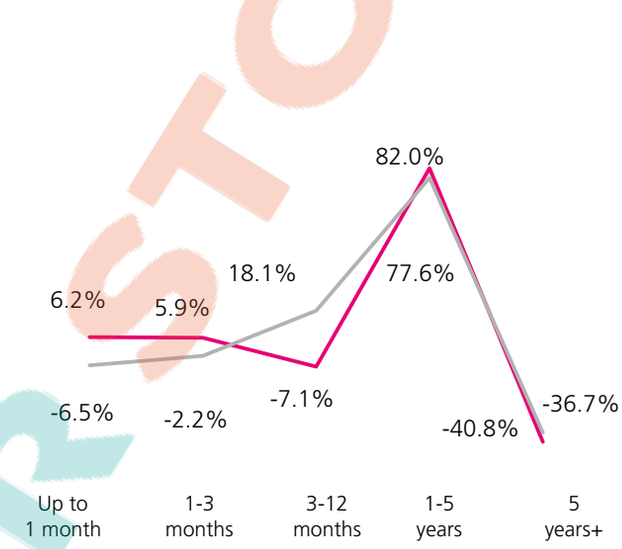
Current Ratio



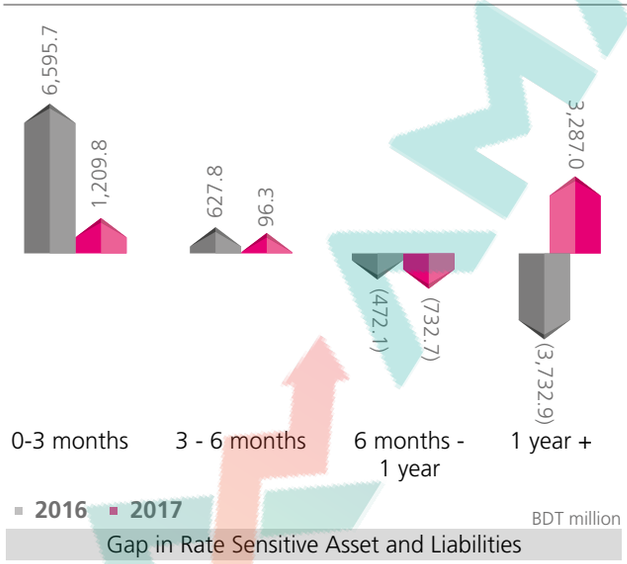
Credit Deposit Ratio

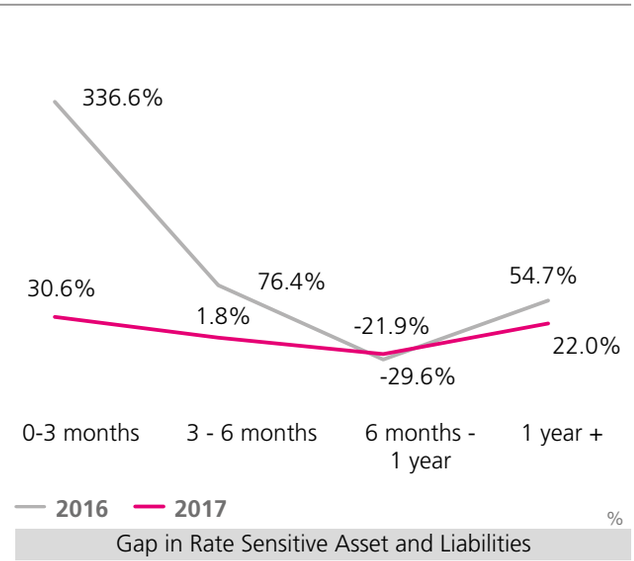






Interest Rate Risk

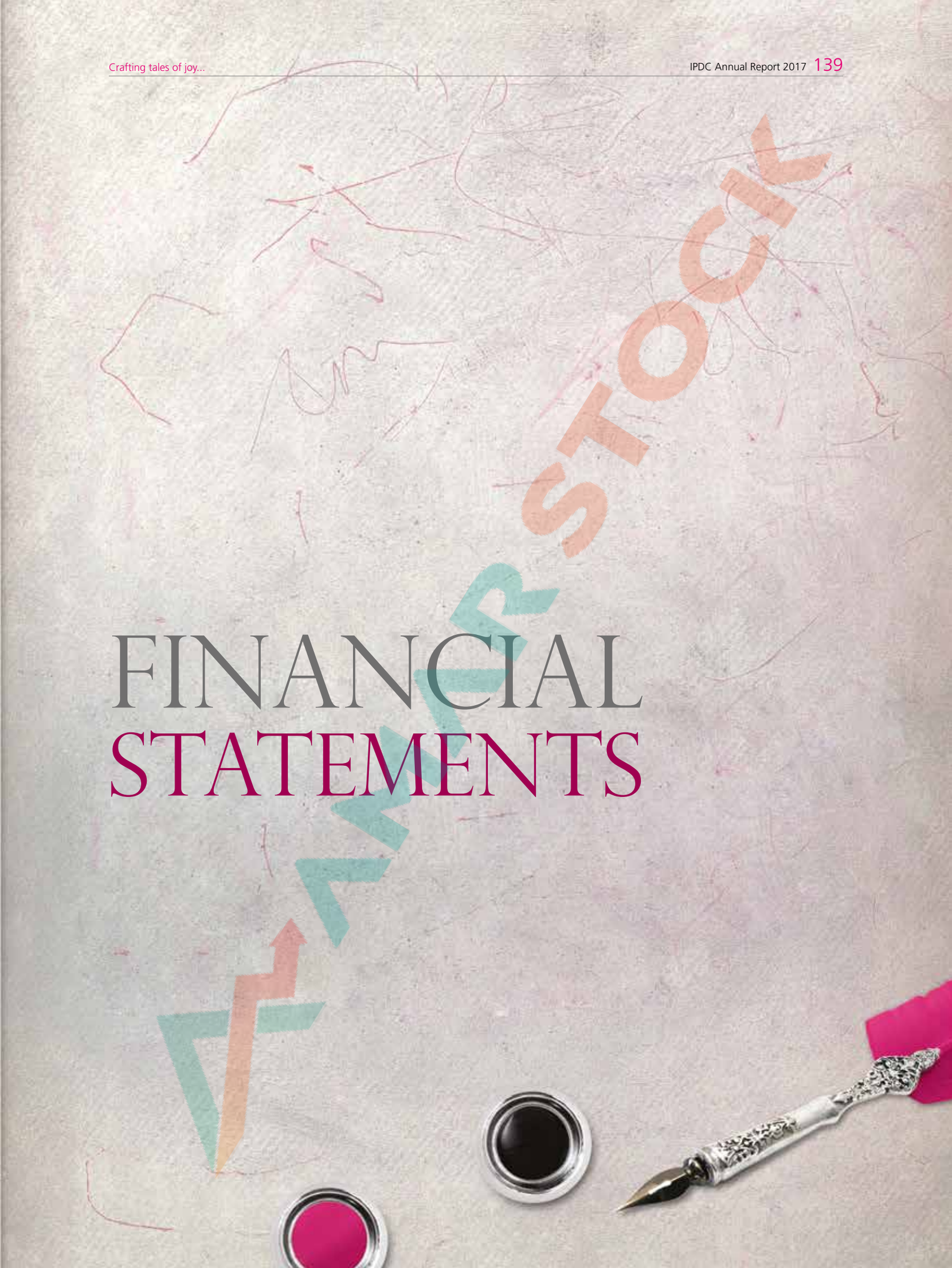




Other Risks

Particulars	2017
Fraud Risk	No major incidence of internal or external fraud during the year.
Technology Risk	There was no major business disruption, failure of IT system or incidence of security breach.
Regulatory Compliance	No major breach in regulatory compliance.
Reputational Risk	No major negative press published in social, print or electronic media.

FINANCIAL STATEMENTS



Hoda Vasi Chowdhury & Co
Chartered Accountants

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 2017, 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 2017, 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;

National Office: BTMC Bhaban (7th & 8th Floor), 7-9 Karwan Bazar Commercial Area, Dhaka -1215, Bangladesh.
Motijheel Office: Ispahani Building (3rd Floor), 14-15 Motijheel Commercial Area, Dhaka-1000, Bangladesh.
Chittagong Office: Delwar Bhaban (4th Floor), 104 Agrabad Commercial Area, Chittagong - 4100, Bangladesh.

Hoda Vasi Chowdhury & co

(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;

(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 branches 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 to be and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;

(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 as disclosed to us by management;

(m) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;

(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 900 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 in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Other matters

The financial statements of the Company for the year ended 31 December 2016 were audited by another auditor who expressed unmodified openion on those statements on 19 February 2017.

Hoda Vasi Ch

Dhaka, 06 February 2018

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IPDC Finance Limited

BALANCE SHEET

as at 31 December 2017

	Note	2017 Taka	2016 Taka
Property and assets			
Cash	5		
In hand (including foreign currencies)		370,000	270,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		376,472,857	226,125,597
		376,842,857	**226,395,597**
Balance with other banks and financial institutions	6		
In Bangladesh		2,903,301,362	1,632,372,469
Outside Bangladesh		-	-
		2,903,301,362	**1,632,372,469**
Money at call and short notice		-	-
Investments	7		
Government securities		-	-
Other investments		662,732,580	565,732,580
		662,732,580	**565,732,580**
Loans, advances and leases	8		
Loans, cash credits, overdrafts, etc.		34,466,955,374	19,480,595,090
Bills purchased and discounted		-	-
		34,466,955,374	**19,480,595,090**
Fixed assets including land, building, furniture and fixture	9	267,048,183	233,614,078
Other assets	10	608,309,595	434,487,396
Non financial institutional assets	11	3,752,405	3,752,405
Total assets		**39,288,942,356**	**22,576,949,615**
Liabilities and capital			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	4,214,082,142	1,141,448,941
Deposits and other accounts	13		
Current accounts and other accounts		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		29,746,862,008	17,179,190,416
Bearer certificate of deposits		-	-
Other deposits		-	-
		29,746,862,008	17,179,190,416
Other liabilities	14	2,217,459,284	1,481,196,639
Total liabilities		**36,178,403,434**	**19,801,835,996**
Shareholders' equity			
Paid up capital	15	1,818,006,800	1,515,005,670
Share premium	16	167,014,000	167,014,000
Statutory reserve	17	460,460,662	393,375,601
Assets revaluation reserve	18	120,483,652	124,501,939
Retained earnings	19	544,573,808	575,216,409
Total shareholders' equity		**3,110,538,922**	**2,775,113,619**
Total liabilities and shareholders' equity		**39,288,942,356**	**22,576,949,615**

AMARSTOCK

Balance Sheet (continued)

	Note	2017 Taka	2016 Taka
Off-balance sheet items			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee	20	76,890,865	30,046,913
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		**76,890,865**	**30,046,913**
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		**76,890,865**	**30,046,913**

The annexed notes from 1 to 47 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
Hoda Vasi Chowdhury & Co.
Chartered Accountant

Dhaka, 06 February 2018

IPDC Finance Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
Interest income	22	2,991,122,584	1,482,385,809
Less: Interest paid on deposits and borrowings,etc.	23	1,918,530,631	844,243,048
Net interest income		**1,072,591,953**	**638,142,761**
Investment income	24	65,463,411	47,231,755
Commission, exchange and brokerage	25	82,161,056	36,184,345
Other operating income	26	25,291,114	119,839,040
Total operating income		**1,245,507,534**	**841,397,901**
Salary and allowances	28	284,838,827	137,340,136
Rent, taxes, insurance, electricity, etc.	29	32,636,022	22,084,194
Legal expenses	30	19,400,067	16,488,390
Postage, stamp, telecommunications, etc.	31	7,274,963	3,841,842
Stationery, printing, advertisements, etc.	32	111,818,455	77,712,650
Managing Director's salary and allowances	33	11,554,496	11,554,496
Directors' fees	34	2,785,591	2,859,894
Auditors' fees	35	678,500	678,495
Charges on loan loss		-	-
Depreciation and repair of assets	36	49,842,359	35,274,127
Other expenses	37	51,981,149	31,953,270
Total operating expenses		**572,810,429**	**339,787,494**
Profit before provision		**672,697,105**	**501,610,407**
Provision for loans and advances	38	158,288,646	29,570,375
Provision for diminution in value of investments	39	665,214	4,042,367
Other provisions		-	-
Total provision		**158,953,860**	**33,612,742**
Profit before tax		**513,743,245**	**467,997,665**
Provision for taxation			
Current tax	14.4	176,707,827	158,237,631
Deferred tax	40	1,610,115	6,673,473
		178,317,942	164,911,104
Net profit after tax		**335,425,303**	**303,086,561**
Appropriations			
Statutory reserve	17	67,085,061	60,617,312
General reserve		-	-
Proposed dividend		-	-
		67,085,061	60,617,312
Retained surplus		**268,340,242**	**242,469,249**
Earnings per share (EPS)	41	**1.85**	**1.67**

The annexed notes from 1 to 47 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
Hoda Vasi Chowdhury & Co.
Chartered Accountant

Dhaka, 06 February 2018

IPDC Finance Limited

CASH FLOW STATEMENT

for the year ended 31 December 2017

	2017	2016
	Taka	Taka
A) Cash flows from operating activities		
Interest received	2,993,769,049	1,359,196,164
Interest paid	(1,645,056,246)	(621,414,546)
Dividend received	27,686,721	14,205,527
Fee and commission received	82,161,056	36,184,345
Recoveries of loan previously written off	24,135,000	119,081,510
Payment to employees	(292,627,358)	(167,594,083)
Payment to suppliers	(268,631,227)	(144,192,754)
Income taxes paid	(135,257,010)	(141,525,976)
Receipt from other operating activities	1,128,929	27,065,893
Payment for other operating activities	-	-
Cash generated from/(used in) operating activities before changes in operating assets and liabilities	**787,308,914**	**481,006,080**
Changes in operating assets and liabilities		
Statutory deposits	-	-
Sale of trading securities	-	-
Loans and advances to other banks	106,649,072	82,103,527
Loans and advances to customers	(15,093,009,356)	(13,196,815,126)
Other assets	(4,294,343)	(17,873,608)
Deposits from other banks and financial institutions	3,940,000,000	6,970,000,000
Deposits from customers	8,627,671,592	5,464,497,851
Other liability accounts of customers	-	-
Trading liabilities	1,896,583,218	1,114,420,610
Other liabilities	148,738,583	235,871,797
Cash received/(paid) from operating assets and liabilities	**(377,661,234)**	**652,205,051**
Net cash from operating activities	**409,647,680**	**1,133,211,131**
B) Cash flows from investing activities		
Proceeds from sale of securities	-	94,283,334
Payments for purchase of securities	(97,000,000)	(472,967,234)
Net increase in purchase of property, plant and equipment	(67,344,490)	(44,671,973)
Sale proceeds of property, plant and equipment	29,200	3,712,700
Net cash (used in)/ from investing activities	**(164,315,290)**	**(419,643,173)**
C) Cash flows from financing activities		
Receipts from issue of loan and debt securities	472,239,248	-
Payments for redemption of loan and debt securities	-	-
Receipts from issue of ordinary share	-	-
Receipts/(payments) of long term loan	703,810,735	(36,221)
Dividends paid in cash	(6,220)	4,844
Net cash (used in)/ from financing activities	**1,176,043,763**	**(31,377)**
D) Net increase in cash (A+B+C)	1,421,376,153	713,536,581
E) Effect of changes in exchange rate over cash and cash equivalents	-	-
F) Cash and cash equivalents at 1 January	1,858,768,066	1,145,231,485
G) Cash and cash equivalents as at 31 December (D+E+F)	**3,280,144,219**	**1,858,768,066**

AMARSTOCK

IPDC Finance Limited

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

Particulars	Paid up capital	Statutory reserve	Share premium	Assets revaluation reserve	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2017	1,515,005,670	393,375,601	167,014,000	124,501,939	575,216,409	2,775,113,619
Surplus/(deficit) on account of revaluation of assets	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-
Transfer of revaluation reserve due to excess depreciation on building	-	-	-	(4,018,287)	4,018,287	-
Deferred tax liability	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	-
Net profit for the year 2017	-	-	-	-	335,425,303	335,425,303
Dividend	-	-	-	-	-	-
Issuance of bonus share	303,001,130	-	-	-	(303,001,130)	-
Issuance of share capital	-	-	-	-	-	-
Appropriation during the year	-	67,085,061	-	-	(67,085,061)	-
Balance as at 31 December 2017	**1,818,006,800**	**460,460,662**	**167,014,000**	**120,483,652**	**544,573,808**	**3,110,538,922**
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**

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IPDC Finance Limited

LIQUIDITY STATEMENT

(Assets and liabilities maturity analysis)
as at 31 December 2017

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand (including balance with Bangladesh Bank)	370,000	-	376,472,857	-	-	376,842,857
Balance with other banks and financial institutions	1,123,557,944	1,561,668,996	218,074,422	-	-	2,903,301,362
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	48,515,346	386,741,809	227,475,425	662,732,580
Loans and advances	5,122,744,036	5,065,072,856	6,996,715,457	13,561,809,739	3,720,613,286	34,466,955,374
Fixed assets including land, building, furniture and fixture	-	-	-	-	267,048,183	267,048,183
Other assets	-	-	-	-	608,309,595	608,309,595
Non financial institutional assets	-	-	3,752,405	-	-	3,752,405
Total assets	**6,246,671,980**	**6,626,741,852**	**7,643,530,487**	**13,948,551,548**	**4,823,446,489**	**39,288,942,356**
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	1,981,540,761	53,053,848	1,261,398,015	918,089,518	-	4,214,082,142
Deposits	3,655,513,671	6,002,369,284	6,630,141,393	6,534,918,060	6,923,919,600	29,746,862,008
Other accounts	-	-	-	-	-	-
Provision and other liabilities	245,841,797	204,575,403	333,383,402	211,824,854	1,221,833,828	2,217,459,284
Total liabilities	**5,882,896,229**	**6,259,998,535**	**8,224,922,810**	**7,664,832,432**	**8,145,753,428**	**36,178,403,434**
Net liquidity gap	**363,775,751**	**366,743,317**	**(581,392,323)**	**6,283,719,116**	**(3,322,306,939)**	**3,110,538,922**

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IPDC Finance Limited

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2017

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 twelve branch offices located at Gulshan, Dhanmondi, Motijheel, Uttara, Chittagong, Narayangonj, Bogra, Gazipur, Sylhet, Comilla, Mymensingh and Jessore.

1.2 Nature of business

The Company specialises in providing long term and short term financing, project financing, lease financing, supply chain finance, work order finance, mortgage finance, equity financing, syndication finance and Small & Medium Enterprises (SME), asset backed securitisation and related consultancies. 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 has been formed but yet to issue anay financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as adopted in Bangladesh are still applicable.

Accordingly the financial statements of the Company continue to be prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Financial Institutions Act, 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act, 1994, the Securities and Exchange Rules 1987. In case of any requirement of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank, which differ with those of IFRSs, the requirements of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank shall prevail. The financial statements have been prepared on historical cost basis except for land and building which are presented/stated at revalued amount. The Board of Directors has authorised these financial statements on 6 February 2018. Material departures from the requirements of BFRSs are as follows:

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

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

i) Investment in shares and securities

IFRS: As per requirements of IAS 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 IFRS 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

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

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

IFRS: As per IAS 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 categories, recognise, measure and present financial instruments differently from those prescribed in IAS 39. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

v) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per IAS 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

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

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

vii) Non financial institutional assets

IFRS: No indication of non financial institutional assets is found in any IAS or IFRS.

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

IFRS: 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)

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

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

x) Presentation of intangible asset

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

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

xi) Off-balance sheet items

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

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

IFRS: 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

IFRS: As per IAS 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

IFRS: 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.

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.

2.3 Use of estimates and judgments

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

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect in the year ending 31 December 2017 is included in the following notes:

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

2.4 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 twelve branches, having no overseas branch as at 31 December 2017. 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 IFRS framework for the presentation of the financial statements together with IAS 1: Presentation of Financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, the Company applies the disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed in accordance with the requirement of IAS 8. The Company has applied the same accounting and valuation principles for the year 2017 as in financial statements for 2016.

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 IAS 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.

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 *IAS 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 *IAS 16: Property, plant and equipment*.

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

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

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

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

Description	Useful life (years)
Building	15*
Motor vehicles	5
Furniture and fixture	8
Equipment and appliances	5
Software	5

*The remaining useful life of building after revaluation.

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

3.6.4 Impairment

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

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

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

3.6.6 Non-current assets held for sale

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

3.7 Intangible assets

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

3.7.1 Subsequent expenditure on intangible assets

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

3.7.2 Amortisation of intangible assets

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

3.8 Borrowing costs

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

3.9 Foreign currency translation

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

3.10 Income tax expenses

Income tax expense comprise current and deferred tax.

3.10.1 Current tax

Provision for current tax has been made on the basis of the profit of the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto from time to time. The Company's current tax liability is calculated using tax rate (current tax rate is 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) *IAS 37: Provision, Contingent Liabilities and Contingent Assets* and (2) Bangladesh Bank guidelines. The methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. FID circular no. 08 dated 3 August 2002 and FID circular no. 03 dated 3 May 2006 as the bases for calculating the provision for loans, advances and investments.

3.11.1 Write off of loans, advances and investments

In compliance with Bangladesh Bank DFIM circular no. 3 dated 8 April 2015, loans, advances and investment are written off to the extent that (i) there is 100% provision is maintained (ii) against which legal cases are pending and (iii) prior approval of board is required for write off. The item's potential return is thus cancelled and removed ("written off") from the Company's balance sheet. However, these write off will not undermine or affect the claim amount against the borrower. Recovery against the written off is credited to other operational income. Income is recognised where amounts are either recovered and/or adjusted against securities/ properties or advances there against or are considered recoverable.

3.12 Employee benefits

3.12.1 Defined contribution plan

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

3.12.2 Defined benefit plan

The Company operates 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 *IAS 7: Statement of Cash Flows* under direct method as recommended in the DFIM circular no. 11 dated 23 December 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

3.16 Earnings per share (EPS)

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

4. General

4.1 Related party disclosure

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

4.2 Litigation

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

4.3 Guarantees, commitments and contingencies

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

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

4.4 Statutory reserve

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

4.5 Borrowings from other banks, financial institutions and agents

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

4.6 Dividend payments

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

4.7 Risk management

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

4.7.1 Credit risk

Credit risk is 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 Bangladesh Bank instruction

e) Other assets are on the basis of Bangladesh Bank instruction

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

g) Deposits and other accounts are on the basis of their residual maturity period

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

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

4.10 Events after the balance sheet date

All material events occurring after the balance sheet date have been considered and where necessary, adjusted for or disclosed in note no. 44 of these financial statements.

4.11 Comparatives and reclassification

Comparative information have been disclosed in respect of 2016 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 2017

ii) Profit and loss account for the year ended 31 December 2017

iii) Cash flow statement for the year ended 31 December 2017

iv) Statement of changes in equity for the year ended 31 December 2017

v) Notes to the financial statements as at and for the year ended 31 December 2017

4.13 BASEL II and its implementation

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' have been introduced from January 01, 2011 on test basis by the Bangladesh Bank. At the end of test run period, Basel Accord regime will be started and the guidelines on BAFI will have come fully into force from January 01, 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirement as stated in these guidelines have to be followed by all financial institutions for the purpose of statutory compliance. In line with Bangladesh Bank requirement, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

4.14 Impact of inflation and changing prices

Financial Institutions are affected differently by inflation than those of industrial ventures. While industrial and manufacturing companies generally have significant investments in inventories and fixed assets, financial institutions ordinarily do not have such investment. As a result, financial institutions are generally in a better position than industrial ventures to respond to inflationary trends by monitoring the spread between interest cost and interest income yields through adjustments of maturities and interest rates of assets and liabilities.

Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs. However, in some cases, particular IAS/IFRS specifically suggests to measure some assets/liabilities at fair value. Such as, IAS 39 suggests to measure investment in tradable securities at its fair value by crediting shareholders' equity.

4.15 Others

(a) The Company publishes its quarterly accounts as per *IAS 34: Interim Financial Reporting* and the Bangladesh Securities and Exchange Commission (BSEC) Notification No.SEC/CMRRCD/2008-183/Admin/03-34 dated 27 September 2009.

(b) Figures in these notes and the accompanying financial statements have been rounded off to the nearest Taka.

(c) Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.

(d) Company Balances shown in the accounts are duly reconciled.

4.16 Compliance of Bangladesh Financial Reporting Standard (BFRS)

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

The Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2017 have been considered. However, these amendments have no material impact on the financial statements of the Company.

The following new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 with earlier application permissible but not mandatory.

(a) IFRS: 9 Financial Instruments
(b) IFRS: 15 Revenue from Contracts with Customers
(c) IFRS: 16 Leases
(d) IFRS: 17 Insurance Contracts

Based on preliminary assessment the Company has determined that amongst the above new standards, only IFRS 9 could have significant impact on its financial statements. IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. As per the Company's assessment, any material impact of IFRS 9 would be primarily on calculation of impairment provision. However, as Bangladesh Bank has not issued any circular to revise its current impairment, classification and measurement policies to align with IFRS 9 the Company is unable to quantify any potential impact on its financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

		Note	2017 Taka	2016 Taka
5.	**Cash**			
	Cash in hand	5.1	370,000	270,000
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	5.2	376,472,857	226,125,597
			376,842,857	**226,395,597**
5.1	**Cash in hand**			
	In local currency		370,000	270,000
	In foreign currency		-	-
			370,000	**270,000**
5.2	**Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)**			
	Bangladesh Bank			
	In local currency		376,472,857	226,125,597
	In foreign currency		-	-
			376,472,857	226,125,597
	Sonali Bank Limited (as an agent of Bangladesh Bank)		-	-
			376,472,857	**226,125,597**

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

Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with the section 19 of the Financial Institutions Act, 1993 and of instructions contained in DFIM circular no. 01 dated 12 January 2017, FID circular no. 02 dated 10 November 2004 and FID circular no. 06 dated 06 November 2003 issued by Bangladesh Bank.

Cash Reserve Requirement (CRR) required on the term deposits at the rate of 2.5% has been calculated and maintained with Bangladesh Bank in the form of current account and 5% Statutory Liquidity Reserve (SLR) including Cash Reserve Requirement has been maintained against total liabilities excluding shareholders' equity, borrowings from Bangladesh Bank and other Banks and NBFIs in the form of cash in hand (notes and coin in BDT), balance with Bangladesh Bank and other banks and financial institution, investment at call, unencumbered treasury bills, prize bond, saving certificate and any other assets approved by Bangladesh Bank. Both the reserves as maintained by the Company are shown below:

Cash Reserve Requirement (CRR)			
Required reserve		413,082,121	231,952,964
Actual reserve maintained (Average daily on biweekly basis)		450,624,008	233,873,344
Surplus/(deficit)		**37,541,887**	**1,920,380**
Statutory Liquidity Reserve (SLR)			
Required reserve		930,532,593	516,381,672
Actual reserve maintained -including CRR	5.3.1	1,968,216,391	1,684,976,110
Surplus		1,037,683,797	1,168,594,438
Total surplus		**1,075,225,684**	**1,170,514,818**
5.3.1 Actual reserve maintained -including CRR			
Cash in hand*		296,000	270,000
Balance with Bangladesh Bank		365,071,702	226,125,597
Balance with other bank		1,602,848,689	1,458,580,513
		1,968,216,391	**1,684,976,110**

*Cash in hand balance is the balance of the day of CRR maintained for the month of December.

6.	**Balance with other banks and financial institutions**		
In Bangladesh	6.1	2,903,301,362	1,632,372,469
Outside Bangladesh		-	-
		2,903,301,362	**1,632,372,469**

		Note	2017 Taka	2016 Taka
6.1	**In Bangladesh**			
	In current deposit accounts with			
	United Commercial Bank Limited		414,213	19,797
	AB Bank Limited		14,350	16,075
	Standard Chartered Bank		-	393,559
	Prime Bank Limited		1,218,548	80,669,093
	Mutual Trust Bank Limited		19,457,840	-
			21,104,951	**81,098,524**
	Short term deposit accounts with			
	Dutch Bangla Bank Limited		3,712,970	11,799,723
	Prime Bank Limited		2,699,413	3,924,274
	AB Bank Limited		1,733,024	1,681,448
	Standard Chartered Bank		30,876	39,263
	Mercantile Bank Limited		11,144,009	21,667,676
	BRAC Bank Limited		718,834	1,772,538
	Dhaka Bank Limited		3,172,185	2,851,536
	United Commercial Bank Limited		786,193	25,136,927
	Eastern Bank Limited		224,705	-
			24,222,209	**68,873,385**
	Short term placement			
	National Bank of Pakistan		-	250,000,000
	International Leasing and Financial Services Limited		290,000,000	100,000,000
			290,000,000	**350,000,000**
	Short term deposit accounts (in foreign currency) with			
	AB Bank Limited		1,367	1,368
			1,367	**1,368**
	Fixed deposit accounts with			
	Prime Bank Limited		27,767,106	26,739,346
	Dhaka Bank Limited		312,307,847	131,478,705
	AB Bank Limited		501,563,035	398,162,391
	NRB Global Bank Limited		150,000,000	-
	EXIM Bank Limited		220,000,000	220,000,000
	Social Islami Bank Limited		500,000,000	-
	Jamuna Bank Limited		500,000,000	-
	National Bank of Pakistan		14,500,000	14,500,000
	Standard Bank Ltd.		341,834,847	341,518,750
			2,567,972,835	**1,132,399,192**
			2,903,301,362	**1,632,372,469**
6.2	**Maturity grouping of balance with other banks and financial institutions**			
	Repayable:			
	On demand		-	81,098,524
	Within one month		1,123,557,944	646,548,870
	Within one to three months		1,561,668,996	494,394,995
	Within three months to one year		218,074,422	410,330,080
	Within one to five years		-	-
	More than five years		-	-
			2,903,301,362	**1,632,372,469**

		Note	2017 Taka	2016 Taka
7.	**Investments**			
	Government securities	7.1	-	-
	Other investments	7.2	662,732,580	565,732,580
			662,732,580	**565,732,580**
7.1	**Government securities**			
	Treasury bill		-	-
	National investment bond		-	-
	Bangladesh bank bill		-	-
	Government notes/bond		-	-
	Others		-	-
			-	-
7.2	**Other investments**			
	In ordinary shares:			
	Quoted		7,000,000	7,000,000
	Unquoted		4,500,000	4,500,000
			11,500,000	11,500,000
	Redeemable preference shares		353,265,346	281,265,346
	Investment in shares		364,765,346	292,765,346
	Investment in corporate bonds		297,967,234	272,967,234
			662,732,580	**565,732,580**

Details of other investments are as follows:

	2017		2016	
	Cost Taka	Market value Taka	Cost Taka	Market value Taka
In ordinary shares - quoted				
Bangladesh Electric Meter Limited	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 Limited	1,500,000	1,500,000	1,500,000	1,500,000
Alliance Bags Limited	3,000,000	3,000,000	3,000,000	3,000,000
	4,500,000	**4,500,000**	**4,500,000**	**4,500,000**
In redeemable preference shares				
Premium Seed Limited	4,000,000	4,000,000	4,000,000	4,000,000
Confidence Salt Limited	2,265,346	2,265,346	2,265,346	2,265,346
Summit Barisal Power Limited	128,000,000	128,000,000	100,000,000	100,000,000
Summit Narayanganj Power Unit II Limited	144,000,000	144,000,000	100,000,000	100,000,000
Star Ceramics Limited	75,000,000	75,000,000	75,000,000	75,000,000
	353,265,346	**353,265,346**	**281,265,346**	**281,265,346**
In corporate bonds				
Impress Newtex Composite Textiles Limited	197,967,234	197,967,234	197,967,234	197,967,234
Mutual Trust Bank Limited	-	-	75,000,000	75,000,000
Golden Harvest Agro Industries Limited	100,000,000	100,000,000	-	-
	297,967,234	**297,967,234**	**272,967,234**	**272,967,234**
	662,732,580	**660,037,580**	**565,732,580**	**563,037,580**

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

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		Note	2017 Taka	2016 Taka
7.3	**Maturity grouping of investments**			
	Repayable:			
	On demand		-	-
	Within one month		-	-
	Within one to three months		-	-
	Within three months to one year		48,515,346	75,000,000
	Within one to five years		386,741,809	284,467,234
	More than five years		227,475,425	206,265,346
			662,732,580	**565,732,580**
8.	**Loans, advances and leases**			
	Loans, cash credits, overdrafts, etc.	8.1	34,466,955,374	19,480,595,090
	Bills purchased and discounted		-	-
			34,466,955,374	**19,480,595,090**
8.1	**Loans, cash credits, overdrafts, etc.**			
	In Bangladesh:			
	Long term loan		10,095,779,669	6,035,785,190
	Lease finance	8.1.1	5,002,202,609	2,572,948,493
	Short term loan		11,403,845,203	7,341,608,825
	Channel finance		1,300,084,291	675,928,982
	Mortgage finance		4,202,937,705	1,560,092,489
	Auto loan		1,892,708,160	850,230,573
	Secured retail loan		250,440,327	180,178,435
	Personal loan		274,448,957	227,381,133
	Staff loan		44,508,453	36,440,970
			34,466,955,374	19,480,595,090
	Outside Bangladesh		-	-
			34,466,955,374	**19,480,595,090**
8.1.1	**Lease finance**			
	Gross lease receivables		6,065,216,928	3,147,182,009
	Less: Unearned interest income		1,124,131,508	615,744,764
	Net lease receivables		4,941,085,420	2,531,437,245
	Add: Overdue lease rentals		61,117,189	41,511,248
			5,002,202,609	**2,572,948,493**
8.2	**a) Net loans and advances including bills purchased and discounted**			
	Total loans and advances receivables	8	34,466,955,374	19,480,595,090
	Less: Provision against loans and advances (specific and general)	8.9(b)	384,780,931	226,492,285
	Less: Cumulative balance of interest suspense	14.2	34,154,548	31,508,082
			34,048,019,895	**19,222,594,723**
	b) Rate of net classified loans and advances			
	Gross loans and advances		34,466,955,374	19,480,595,090
	Classified loans and advances		213,869,730	137,508,216
	Unclassified loans and advances		34,253,085,644	19,343,086,874
	Total provision		384,780,931	226,492,285
	Interest suspense		34,154,548	31,508,082
	Total provision and interest suspense		418,935,479	258,000,367
	Net classified loans and advances		(205,065,749)	(120,492,151)
	Rate of classified loans and advances		0.62%	0.71%
	Rate of net classified loans and advances		-0.59%	-0.62%

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		Note	2017 Taka	2016 Taka
8.3	**Residual maturity grouping of loans and advances including bills purchased and discounted**			
	Repayable:			
	On demand		-	-
	Up to one month		5,122,744,036	1,696,675,474
	More than one month but less than three months		5,065,072,856	5,917,449,931
	More than three months but less than one year		6,996,715,457	1,960,261,278
	More than one year but less than five years		13,561,809,739	8,595,956,504
	More than five years		3,720,613,286	1,310,251,903
			34,466,955,374	**19,480,595,090**
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		34,466,955,374	19,480,595,090
	Cash credit		-	-
	Secured overdraft		-	-
			34,466,955,374	19,480,595,090
	Outside Bangladesh		-	-
			34,466,955,374	19,480,595,090
	Bills purchased and discounted			
	Payable in Bangladesh		-	-
	Payable outside Bangladesh		-	-
			-	-
			34,466,955,374	**19,480,595,090**
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		7,555,719	8,445,857
	Senior Executives (Senior Manager & above)		16,383,001	18,070,102
	Other staffs		9,125,392	9,926,626
			33,064,112	36,442,585
	Advances to customers' group			
	Agricultural loan		3,095,560,858	1,437,822,987
	Large corporate		20,258,210,706	11,153,672,244
	Small and medium enterprise		4,415,076,096	3,370,914,497
	Retail loan		6,620,535,149	2,817,882,630
	Others		44,508,453	663,860,147
			34,433,891,262	**19,444,152,505**
			34,466,955,374	**19,480,595,090**

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		Note	2017 Taka	2016 Taka
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 2017 was Taka 3,110.54 million against that of Taka 2,775.11 million as at 31 December 2016.			
	Number of client to whom loans and advances sanctioned with more than 15% of the Company's total capital each		12	10
	Amount of outstanding loans and advances (to the client as mentioned above)		6,834,093,530	5,469,929,841
	Amount of classified loans and advances [out of the amount as mentioned above]		-	-
	Measures taken for recovery (for the amount as mentioned above)		-	-
8.6	**Industry-wise loans and advances including bills purchased and discounted**			
	Agro-based industries		3,196,506,120	1,721,041,566
	Banks and non-banking financial institutions		599,668,406	128,067,380
	Chemicals, pharmaceuticals and allied products		1,383,245,126	861,683,227
	Engineering and building materials		2,732,202,406	2,571,294,338
	Food and allied products		2,177,245,444	2,273,996,759
	Glass, ceramic and other non-metallic products		704,435,000	1,408,746
	Hotel, tourism and leisure		972,775	28,076,681
	Information and communication technologies		1,018,620,246	279,154,502
	Paper converting and packaging, printing and publishing		1,242,584,744	538,802,757
	Ready made garments and knitwear		3,750,446,470	2,021,719,001
	Social sector		353,174,366	540,754,177
	Tannery, leather and rubber products		1,402,271,017	785,866,009
	Textile		1,296,051,534	842,539,127
	Transport and aviation		1,789,818,131	702,580,501
	Others		12,819,713,589	6,183,610,319
			34,466,955,374	**19,480,595,090**
8.7	**Geographical location-wise loans and advances including bills purchased and discounted**			
	Dhaka Division		31,087,117,691	17,594,807,582
	Chittagong Division		2,477,868,362	1,616,724,066
	Khulna Division		114,647,651	2,635,995
	Rangpur Division		-	-
	Rajshahi Division		420,451,721	19,519,317
	Sylhet Division		293,536,776	130,233,107
	Barisal Division		-	-
	Mymensingh Division		73,333,173	116,675,023
			34,466,955,374	**19,480,595,090**
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		599,668,406	128,067,380
	Other public sector		-	-
	Private sector		33,867,286,968	19,352,527,710
			34,466,955,374	**19,480,595,090**

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		Note	2017	2016
			Taka	Taka
8.9	a) Classification of loans and advances including			
	Unclassified loans and advances			
	Standard (including staff loans)		34,170,892,010	19,327,892,831
	Special mention account		82,193,634	15,194,043
	Total unclassified loans and advances		**34,253,085,644**	**19,343,086,874**
	Classified loans and advances			
	Substandard		125,147,072	53,063,748
	Doubtful		3,334,742	4,475,227
	Bad/loss		85,387,916	79,969,241
	Total classified loans and advances		**213,869,730**	**137,508,216**
	Total loans and advances		**34,466,955,374**	**19,480,595,090**

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

Classification / status of loans and advances	Amount of outstanding loans and advances as at 31 December 2017	Base for provision	Percentage (%) of provision required as per Bangladesh Bank's directives	31 December 2017	31 December 2016
	Taka	Taka		Taka	Taka
Unclassified loans and advances					
General provision					
Standard	29,577,199,760	29,577,199,760	1.0%	295,771,998	183,682,112
Standard - SME	4,593,691,611	4,593,691,611	0.25%	11,484,229	2,399,204
Special mentioned account	82,193,634	76,842,354	5.0%	3,842,118	700,787
	34,253,085,644	**34,247,733,725**		**311,098,345**	**186,782,103**
Specific provision					
Sub-standard	125,147,072	74,561,788	20%	14,912,358	1,493,693
Doubtful	3,334,742	2,989,265	50%	1,494,635	1,762,237
Bad/loss	85,387,916	17,298,094	100%	17,298,094	14,934,620
	213,869,730	**94,849,147**		**33,705,086**	**18,190,550**
Total provision required				**344,803,431**	**204,972,652**
Total provision maintained				**384,780,931**	**226,492,285**
Total provision surplus				**39,977,500**	**21,519,633**

		Note	2017 Taka	2016 Taka
8.10	**Particulars of loans and advances including bills purchased and discounted**			
	Loans considered good in respect of which the Company is fully secured		7,143,854,877	3,881,223,951
	Loans considered good for which the Company holds no other security other than the debtor's personal guarantee		12,572,015,207	7,132,217,460
	Loans considered good and secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors		14,751,085,290	8,467,153,679
	Loans adversely classified; provision not maintained there against			-
			34,466,955,374	**19,480,595,090**
	Loans due by directors or officers of the Company or any of them either separately or jointly with any other persons *		33,064,112	-
	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*		33,064,112	-
	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)		7,118,302	75,352,496
	Amount of classified loans and advances on which interest has not been charged		82,172,440	79,969,241
	(Decrease)/increase in specific provision		15,514,536	(56,315,641)
	Amount of loan and advances written off during the year		-	2,176,354
	Amount realised against loans and advances previously written off		24,135,000	119,081,509
	Amount of provision kept against loans and advances classified as bad/loss on the date of preparing the balance sheet		17,298,094	14,934,620
	Interest creditable to the interest suspense account during the year		37,261,082	34,614,617
	* Amount represents loans to employees of the Company only.			
8.11	**a) Cumulative amount of written off loan**			
	Opening balance		492,134,190	609,039,345
	Add: Amount written off during the year		-	2,176,354
			492,134,190	611,215,699
	Less: Adjustment/recovered during the year		24,135,000	119,081,509
	Closing balance		**467,999,190**	**492,134,190**
	b) Amount of written off loan for which lawsuit has been filed for its recovery		**467,999,190**	**492,134,190**

		Note	2017 Taka	2016 Taka
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		50,806,187	33,137,998
	Furniture and fixture		62,704,654	54,639,506
	Equipment and appliances		106,305,477	81,212,354
	Software		21,496,542	16,398,750
			391,475,360	**335,551,108**
	Less: Accumulated depreciation and amortisation		124,427,177	101,937,030
			267,048,183	**233,614,078**
	Capital work in progress		-	-
			267,048,183	**233,614,078**
	Details are shown in Annexure - A			
10.	**Other assets**			
	Non-income generating other assets			
	Stationery, stamps, printing materials in stock		1,040,462	148,787
	Advance rent and advertisement		5,304,489	4,755,739
	Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures and other income receivable		88,625,907	50,849,217
	Security deposits		8,664,580	8,664,580
	Preliminary expenses, formation and organisation expenses, renovation/development expenses and prepaid expenses		902,365	373,097
	Others	10.1	503,771,792	369,695,976
			608,309,595	**434,487,396**
10.1	**Others**			
	Advance tax	10.1.1	482,400,599	350,294,355
	Deferred tax assets	10.1.2	1,506,386	-
	Sundry assets	10.1.3	19,864,807	19,401,621
			503,771,792	**369,695,976**

10.1.1 Advance tax

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

10.1.2 Deferred tax assets

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

		Note	2017 Taka	2016 Taka
	Deductible temporary differences			
	Gratuity provision		3,765,965	-
	Fixed assets excluding land and building		-	-
			3,765,965	-
	Tax rate		40.00%	40.00%
	Deferred tax assets		**1,506,386**	**-**
	Movement of deferred tax assets is as follows:			
	Opening balance		-	7,701,603
	Income/(expense) during the year		1,506,386	(7,701,603)
	Closing balance		**1,506,386**	**-**
10.1.3	**Sundry assets**			
	City corporation tax		166,324	166,324
	Hosna Centre Owners' Society		677,067	583,050
	Advance - others		19,021,416	18,652,247
			19,864,807	**19,401,621**
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	4,214,082,142	1,141,448,941
	Outside Bangladesh		-	-
			4,214,082,142	**1,141,448,941**
12.1	**In Bangladesh**			
	Unsecured			
	Long term loan			
	The UAE-Bangladesh Investment Company Limited		-	-
	Borrowing under Refinance Project (scheme JICA assisted ESPDSME)		710,073,235	6,262,500
	Repo borrowings from Bangladesh Bank		-	-
			710,073,235	**6,262,500**
	Short term loan			
	Uttara Bank Limited		500,000,000	-
	Eastern Bank Limited		300,000,000	-
	Standard Bank Limited		100,000,000	-
	National Credit and Commerce Bank Limited		50,000,000	-
	Jamuna Bank Limited		500,000,000	-
			1,450,000,000	**-**
	Zero Coupon Bond			
	Zero Coupon Bond		472,239,248	-
			472,239,248	**-**

		Note	2017 Taka	2016 Taka
	Secured			
	Bank overdraft			
	Prime Bank Limited		10,799,829	12,662,335
	Dhaka Bank Limited		370,415,122	258,516,572
	AB Bank Limited		49,902,967	244,027,534
	Woori Bank Limited		150,062,012	149,990,000
	Bank Alfalah Limited		179,887,360	179,990,000
	Standard Chartered Bank		109,292,238	-
	Eastern Bank Limited		201,344,894	-
	Mercantile Bank Limited		8,673	-
	Mutual Trust Bank Limited		56,564	-
			1,071,769,659	**845,186,441**
	Money at call and short notice			
	BASIC Bank Limited		-	190,000,000
	Southeast Bank Limited		-	100,000,000
	Sonali Bank Limited		180,000,000	-
	Agrani Bank Limited		150,000,000	-
	Janata Bank Limited		180,000,000	-
			510,000,000	290,000,000
			4,214,082,142	**1,141,448,941**
12.2	**Residual maturity grouping of borrowings from other banks, financial institutions and agents**			
	Repayable:			
	On demand		1,960,000,000	290,000,000
	Within one month		21,540,761	845,580,191
	Over one month but within three months		53,053,848	512,500
	Over three months but within one year		1,261,398,015	2,206,250
	Over one year but within five years		918,089,518	3,150,000
	Over five years		-	-
			4,214,082,142	**1,141,448,941**
13.	**Deposits and other accounts**			
	Term deposits	13.1	18,397,580,787	9,865,488,746
	FDR from Banks & NBFIs		11,110,000,000	7,170,000,000
	Other deposits		239,281,221	143,701,670
			29,746,862,008	**17,179,190,416**
13.1	**Term deposits**			
	Product wise break-up of term deposit			
	Annual Profit Scheme		7,672,888,940	4,696,403,338
	Quarterly Profit Scheme		168,729,486	134,253,026
	Monthly Profit Scheme		188,426,315	141,665,853
	Cumulative Profit Scheme		480,711,416	474,853,316
	Fixed Deposit FDR GEN		9,886,824,630	4,418,313,213
			18,397,580,787	**9,865,488,746**

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		Note	2017 Taka	2016 Taka
13.2	**Residual maturity grouping of deposits and other accounts**			
	Repayable:			
	On demand		-	-
	Within one month		3,655,513,671	1,644,517,908
	Over one month but within six months		10,229,013,942	6,926,274,660
	Over six months but within one year		2,403,496,735	1,560,611,679
	Over one year but within five years		6,534,918,060	4,997,162,015
	Over five years but within ten years		6,923,919,600	2,050,624,154
			29,746,862,008	**17,179,190,416**

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	402,298,256	243,344,396
Cumulative interest and dividend suspense	14.2	37,261,082	34,614,617
Provision for gratuity	14.3	3,765,965	-
Dividend payable		13,274,221	13,280,441
Provision for corporate tax	14.4	754,843,010	581,285,949
Receipts against lease	14.5	205,071,036	96,424,338
Provision for finance charge	14.6	647,724,759	385,246,708
Withholding tax and VAT		44,707,243	10,750,700
Liabilities for special accounts	14.7	52,012,941	47,739,063
Provision for expenses	14.8	30,078,155	53,402,651
Deferred tax liabilities	14.9	10,736,257	7,619,756
Account payable for purchase of office equipment		4,690,027	7,488,020
Accrued Interest on Zero Coupon Bond		10,996,332	-
		2,217,459,284	**1,481,196,639**

14.1 Cumulative provision for loans, advances and investments

Specific provision for classified loans and advances	14.1.1	33,705,085	15,060,648
General provision against unclassified loans and advances	14.1.2	351,075,846	211,431,637
Provision for investments	14.1.3	17,517,325	16,852,111
		402,298,256	**243,344,396**

14.1.1 Specific provision for classified loans and advances

Opening balance		15,060,648	75,733,987
Specific provision made/(release) for the year	38	18,644,437	(58,496,985)
Fully provided debt written-off during the year		-	(2,176,354)
Closing balance (i)		**33,705,085**	**15,060,648**

14.1.2 General provision against unclassified loans and advances

Opening balance		211,431,637	123,364,277
Provision made during the year	38	139,644,209	88,067,360
		351,075,846	211,431,637
Adjustment during the year		-	-
Closing balance (ii)		351,075,846	211,431,637
Total specific and general provision of loans and advances (i+ii)		**384,780,931**	**226,492,285**

		Note	2017 Taka	2016 Taka
14.1.3	**Provision for investments**			
	Opening balance		16,852,111	12,809,744
	Provision made/(released) for investment in share	39	665,214	4,042,367
	Provision made/(released) for investment in Govt. securities		-	-
	Total provision made/(released) during the year		665,214	4,042,367
	Closing balance		17,517,325	16,852,111
	Total specific and general provision of loans, advances and investments		**402,298,256**	**243,344,396**
	Breakdown of cumulative provision for loans, advances and investment:			
	Provision for loans and advances		384,780,931	226,492,285
	Provision for investments in equity		17,517,325	16,852,111
	Provision for marking to market of Govt. securities		-	-
			402,298,256	**243,344,396**
14.2	**Cumulative interest and dividend suspense**			
	Opening balance		34,614,617	36,275,580
	Amount transferred to suspense account during the year		80,562,104	1,706,976
			115,176,721	37,982,556
	Amount recovered from suspense account during the year		(77,915,639)	(1,654,467)
			37,261,082	36,328,089
	Amount written-off/waiver during the year		-	(1,713,472)
	Closing balance		**37,261,082**	**34,614,617**
	Breakdown of cumulative interest and dividend suspense:			
	Interest suspense against loans and advances		34,154,548	31,508,082
	Dividend suspense against investment in redeemable preference shares		3,106,534	3,106,535
			37,261,082	**34,614,617**
14.3	**Provision for gratuity**			
	Opening balance		-	18,699,452
	Provision made during the year		17,324,882	9,553,005
			17,324,882	28,252,457
	Payment made during the year		(13,558,917)	(28,252,457)
	Closing balance		3,765,965	-

14.4 Provision for corporate tax

Provision for current tax has been made on the basis of the profit for the year 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	581,285,949	423,048,318
Provision made during the year	176,707,827	158,237,631
	757,993,776	581,285,949
Adjustment made during the year for completed assessments	3,150,766	-
Closing balance	**754,843,010**	**581,285,949**

Income tax return for the year 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016 have been duly submitted under section 82BB (Universal Self Assessment) of Income Tax Ordinance 1984. Out of which, assessment against year 2012 is pending at the honorable High court and assessment against year 2014 is pending at first appellate tribunal of Income Tax Ordinance 1984.

	Note	2017 Taka	2016 Taka
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:			
Opening balance		96,424,338	36,718,793
Receipts during the year		128,068,306	77,486,689
		224,492,644	114,205,482
Adjusted during the year		(19,421,608)	(17,781,144)
Closing balance		**205,071,036**	**96,424,338**
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		639,807,307	384,548,899
Accrued interest expenses on secured overdraft		2,866,068	549,271
Accrued interest expenses on long term borrowings		2,135,417	-
Accrued interest expenses on call borrowings		255,000	98,750
Accrued interest payable on refinance project		2,660,967	49,788
		647,724,759	**385,246,708**
14.7 Liabilities for special accounts			
Account payable special account - IPO		1,118,356	1,118,356
Account payable special account - DEG		14,774,282	16,133,894
Account payable special account - other		36,120,303	30,486,813
		52,012,941	**47,739,063**
14.8 Provision for expenses			
Legal fees		2,866,717	4,643,093
Office services		11,115,097	7,141,177
Promotion and publicity		14,762,795	40,837,971
Office rent		227,700	107,910
Professional fees		427,346	166,500
Audit fees		678,500	506,000
		30,078,155	**53,402,651**
14.9 Deferred tax liabilities			
i) Taxable temporary differences on furniture and fixture			
Fixed assets including furniture and fixture		8,576,603	649,209
Net taxable temporary differences		8,576,603	649,209
Tax rate		40%	40%
Deferred tax liability furniture and fixture		**3,430,641**	**259,684**
ii) Deferred tax liability on building and land revaluation			
Taxable temporary differences on building		5,340,039	5,476,179
Tax rate		40%	40%
Deferred tax liability on building		**2,136,016**	**2,190,472**
Revaluation reserve on land		129,240,000	129,240,000
Tax rate		4%	4%
Deferred tax liability on land revaluation		**5,169,600**	**5,169,600**
Total deferred tax liabilities on building and land revaluation		**7,305,616**	**7,360,072**
Total deferred tax liability (i+ii)		**10,736,257**	**7,619,756**
Movement of deferred tax liabilities is as follows:			
Opening balance		7,619,756	6,063,086
Add: Debited to asset revaluation reserve		-	1,292,400
Add: Expense/(income) during the year		3,116,501	264,270
Closing balance		**10,736,257**	**7,619,756**

	Note	2017 Taka	2016 Taka
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			
181,800,680 (2016: 151,500,567) ordinary shares of Tk 10 each		**1,818,006,800**	**1,515,005,670**

Paid up capital as at 31 December 2017 is made up of 25,701,400 numbers of ordinary shares paid up in cash and 156,099,280 ordinary shares through issuance of bonus shares.

15.1 Paid up capital of the company is held as follows

	2017	2016
Foreign		
Aga Khan Fund for Economic Development (AKFED)	200,929,580	167,441,320
	200,929,580	167,441,320
Domestic		
BRAC	454,501,690	378,751,410
Ayesha Abed Foundation	181,800,680	151,500,570
RSA Capital Limited	90,900,330	75,750,280
Government of the People's Republic of Bangladesh (GoB)	397,771,960	331,476,640
General shareholders	492,102,560	410,085,450
	1,617,077,220	**1,347,564,350**
	1,818,006,800	**1,515,005,670**

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

	2017		2016	
	Number	% of holding	Number	% of holding
Foreign				
AKFED	20,092,958	11.05	16,744,132	11.05
	20,092,958	11.05	16,744,132	11.05
Domestic				
BRAC	45,450,169	25.00	37,875,141	25.00
Ayesha Abed Foundation	18,180,068	10.00	15,150,057	10.00
RSA Capital Limited	9,090,033	5.00	7,575,028	5.00
GoB	39,777,196	21.88	33,147,664	21.88
General shareholders	49,210,256	27.07	41,008,545	27.07
	161,707,722	**88.95**	**134,756,435**	**88.95**
	181,800,680	**100.00**	**151,500,567**	**100.00**

15.3 Composition of shareholding is as follows:

	2017		2016	
	Number	% of holding	Number	% of holding
Institutional shareholding (including GoB)	158,251,986	87	127,634,755	84
Individual shareholding	23,548,694	13	23,865,812	16
	181,800,680	**100**	**151,500,567**	**100**

Number of shares	No. of shareholders	No. of shares	% of holdings
1 to 500 shares	3,127	464,764	0.25
501 to 5,000 shares	2,131	3,709,818	2.04
5,001 to 10,000 shares	260	1,959,097	1.08
10,001 to 20,000 shares	150	2,127,768	1.17
20,001 to 30,000 shares	64	1,626,111	0.89
30,001 to 40,000 shares	30	1,029,620	0.57
40,001 to 50,000 shares	33	1,556,021	0.86
50,001 to 1,00,000 shares	61	4,552,257	2.50
1,00,001 to 1,000,000 shares	58	16,574,502	9.12
over 1,000,000	12	148,200,722	81.52
Total	**5,926**	**181,800,680**	**100.00**

The shares are listed in both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited since 03 December 2006 and traded at Tk. 50.10 and Tk. 49.50 at the close of 31 December 2017 at Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited 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 2017, total capital of the Company was Tk. 3,110.54 million out of which paid up capital is Tk. 1,818.01 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 2017, the CAR of the Company is 15.14% against the required CAR of 10%. Details are as follows:

	2017	2016
	Taka	Taka
Tier -1 capital (A)	2,990,055,274	2,650,611,680
Tier -2 capital (B)	333,339,724	271,227,589
Eligible capital (C=A+B)	3,323,394,998	2,921,839,269
Total risk weighted assets	**21,951,734,758**	**13,224,046,761**
Minimum capital requirement	**2,195,173,476**	**1,322,404,676**
Capital surplus	**1,128,221,522**	**1,599,434,593**
Capital adequacy ratio	**15.14%**	**22.09%**

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 2017 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	393,375,601	332,758,289
Transferred from profit during the year	67,085,061	60,617,312
Closing balance	**460,460,662**	**393,375,601**

18. Assets revaluation reserve

Opening balance	124,501,939	127,086,739
Revaluation during the year		
Land	-	-
Building	-	-
Adjustment of excess depreciation on building	(4,018,287)	-
Deferred tax liability on land revaluation	-	(2,584,800)
	120,483,652	**124,501,939**

	Note	2017 Taka	2016 Taka

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

The property was first revalued in 2005 and 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	575,216,409	585,248,100
Net profit after tax for the year	335,425,303	303,086,561
Transfer to statutory reserve	(67,085,061)	(60,617,312)
Dividend	-	-
Issuance of bonus shares	(303,001,130)	(252,500,940)
Transfer from revaluation reserve	4,018,287	-
Closing balance	**544,573,808**	**575,216,409**

20. Letters of guarantee

In the normal course of business, the Company incurs certain contingent liabilities (letters of guarantee). No material losses are anticipated as a result of these transactions. These contingent liabilities are quantified below:

Director	-	-
Government	-	-
Bank and financial institutions	76,890,865	30,046,913
Others	-	-
	76,890,865	**30,046,913**

21. Particulars of profit and loss account

Income			
Interest, discount and other similar income	22	2,991,122,584	1,482,385,809
Dividend income	24	28,979,009	21,079,814
Fees, commission and brokerage	25	82,161,056	36,184,345
Gains less losses arising from dealing securities	24	36,484,402	26,151,941
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	25,291,114	119,839,040
Profit less losses on interest rate changes		-	-
		3,164,038,165	**1,685,640,949**
Expenses			
Expenses related to deposits, fee, commission etc.	23	1,918,530,631	844,243,048
Charges on loan loss		-	-
Administrative expenses	27	541,700,054	318,271,799
Other operating expenses		-	-
Depreciation and amortisation	36.1	31,110,375	21,515,695
		2,491,341,060	1,184,030,542
Profit before provision		**672,697,105**	**501,610,407**

		Note	2017 Taka	2016 Taka
22.	**Interest income**			
	Interest income on loans and advances			
	Interest on lease finance		433,493,997	201,207,565
	Interest on long term loan		942,230,888	462,081,394
	Interest on short term loan		860,410,919	490,584,603
	Interest on channel finance		121,615,328	50,738,842
	Interest on mortgage finance		298,415,071	78,268,167
	Interest on secured retail loan		12,143,247	9,174,764
	Interest on auto loan		161,925,346	82,697,981
	Interest on staff loan		2,297,719	939,979
	Interest on personal loan		34,850,836	12,977,884
			2,867,383,351	**1,388,671,179**
	Interest income on balance with other banks and financial institutions			
	Interest on fixed deposits		95,843,966	62,662,869
	Interest on overnight and treasury placements		25,800,556	30,502,570
	Interest on STD accounts		2,094,711	549,191
			123,739,233	93,714,630
			2,991,122,584	**1,482,385,809**
23.	**Interest paid on deposits and borrowings etc.**			
	Interest expenses on term deposits		1,757,356,337	809,130,185
	Interest expenses on borrowings	23.1	161,174,294	35,112,863
			1,918,530,631	**844,243,048**
23.1	**Interest expenses on borrowings**			
	Local banks and financial institutions			
	Interest expenses on short term loan		74,107,881	-
	Interest expenses on long term loan		10,052,885	1,373,011
	Interest expenses on call borrowings		34,037,875	30,892,056
	Interest expenses on bank overdrafts		31,979,319	2,847,796
	Interest expenses on zero coupon bond		10,996,334	-
			161,174,294	**35,112,863**
	Foreign banks and financial institutions			
	Interest expenses on long term lines of credit		-	-
			161,174,294	**35,112,863**
24.	**Investment income**			
	Dividend income			
	Dividend income on cumulative preference shares		27,282,627	20,531,276
	Dividend income on listed shares		1,171,382	23,538
	Dividend income on un-listed shares		525,000	525,000
			28,979,009	21,079,814
	Interest on treasury bills, bonds and debentures			
	Interest income on Govt. treasury bonds		-	-
	Interest income on corporate bonds		36,484,402	26,151,941
			36,484,402	26,151,941
	Capital gain on sale of listed shares		**-**	**-**
			36,484,402	26,151,941
			65,463,411	**47,231,755**

		Note	2017 Taka	2016 Taka
25.	**Commission, exchange and brokerage**			
	Commission		347,424	47,493
	Exchange		-	-
	Brokerage	25.1	81,813,632	36,136,852
			82,161,056	**36,184,345**
25.1	**Brokerage**			
	Appraisal, feasibility study fees and documentation fees		81,813,632	36,136,852
	Restructuring/renewal fees		-	-
			81,813,632	**36,136,852**
26.	**Other operating income**			
	Transfer price/sale of leased assets		169,348	378,144
	Other earnings		959,581	535,808
	Loan loss recovery		24,135,000	119,081,510
	Gain/(loss) sale of fixed assets	26.1	27,185	(156,422)
			25,291,114	**119,839,040**
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		29,200	3,712,700
	Cost price of the sold/adjusted items		5,789,340	11,720,002
	Accumulated depreciation		(5,787,325)	(7,850,880)
	Written down value		2,015	3,869,122
	Gain/(loss) on sale of fixed assets		**27,185**	**(156,422)**
27.	**Administrative expenses**			
	Salary and allowances	28	284,838,827	137,340,136
	Rent, taxes, insurance, electricity, etc.	29	32,636,022	22,084,194
	Legal expenses	30	19,400,067	16,488,390
	Postage, stamp, telecommunications, etc.	31	7,274,963	3,841,842
	Stationery, printing, advertisements, etc.	32	111,818,455	77,712,650
	Managing Director's salary and allowances	33	11,554,496	11,554,496
	Directors' fees	34	2,785,591	2,859,894
	Auditors' fees	35	678,500	678,495
	Repair and Maintenance	36.2	18,731,984	13,758,432
	Other expenses	37	51,981,149	31,953,270
			541,700,054	**318,271,799**
28.	**Salary and allowances**		**284,838,827**	**137,340,136**

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 538 at the end of 31 December 2017 as against 321 in 2016.

29.	**Rent, taxes, insurance, electricity, etc.**		
	Office rent	19,423,365	13,970,115
	Rates and taxes	312,530	266,680
	Insurance	5,613,722	2,332,784
	Utilities - electricity, gas, water, etc.	7,286,405	5,514,615
		32,636,022	**22,084,194**

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		Note	2017 Taka	2016 Taka
30.	**Legal expenses**			
	Professional fees		8,400,547	8,261,071
	Legal document, court fees, etc.		10,999,520	8,227,319
			19,400,067	**16,488,390**
31.	**Postage, stamp, telecommunications, etc.**			
	Postage, stamps etc.		1,529,723	211,468
	Telephone		3,662,986	1,268,720
	Internet expenses		2,082,254	2,361,654
			7,274,963	**3,841,842**
32.	**Stationery, printing, advertisements etc.**			
	Printing and stationery		6,103,321	1,985,753
	Publicity and advertisement		105,715,134	75,726,897
			111,818,455	**77,712,650**
33.	**Managing Director's salary and allowances**			
	Basic salary		6,180,000	6,180,000
	House rent allowance		720,000	720,000
	Medical allowance		204,000	204,000
	Festival bonus		1,030,000	1,030,000
	Performance bonus		1,000,000	1,000,000
	Leave fare assistance		1,029,996	1,029,996
	Company's contribution to provident fund		618,000	618,000
	Gratuity		772,500	772,500
			11,554,496	**11,554,496**
34.	**Directors' fees**			
	Honorarium for attending meeting		1,306,400	1,398,400
	Incidental expenses for attending meeting		1,479,191	1,461,494
			2,785,591	**2,859,894**

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	172,500
	Auditors' remuneration for annual audit		506,000	505,995
			678,500	**678,495**
36.	**Depreciation and repair of assets**			
	Depreciation and amortisation	36.1	31,110,375	21,515,695
	Repair and maintenance	36.2	18,731,984	13,758,432
			49,842,359	**35,274,127**

		Note	2017 Taka	2016 Taka
36.1	**Depreciation and amortisation**			
	Building		1,401,805	1,394,832
	Motor vehicles		7,775,967	5,156,736
	Furniture and fixture		4,797,402	2,076,384
	Equipment and appliances		14,169,932	10,087,747
	Software		2,965,269	2,799,996
			31,110,375	**21,515,695**
	Details are shown in Annexure - A.			
36.2	**Repair and maintenance**			
	Office premises		334,960	724,914
	Vehicles		9,003,844	5,289,696
	Office equipment		9,393,180	7,743,822
			18,731,984	**13,758,432**
37.	**Other expenses**			
	Staff training		7,841,081	3,577,147
	Membership fees, subscription and donations		6,724,340	6,330,650
	News papers, periodicals, learning materials etc.		202,021	159,440
	Recruitment expenses		2,625,458	1,787,041
	Traveling, conveyance and hotel expenses		10,710,698	3,800,665
	Entertainment and public relation		3,281,466	1,986,883
	Annual General Meeting expenses		7,009,624	6,606,210
	Security and cleaning services		6,949,444	3,732,297
	Sundry office maintenance		4,283,259	2,853,108
	Other operational expenses		2,353,758	1,119,829
			51,981,149	**31,953,270**
38.	**Provision for loans and advances**			
	Provision for classified loans and advances		18,644,437	(58,496,985)
	Provision for unclassified loans and advances		139,644,209	88,067,360
			158,288,646	**29,570,375**
39.	**Provision for diminution in value of investment**			
	Provision made for investment in share		665,214	4,042,367
	Provision made for marking to market on Govt. securities		-	-
			665,214	**4,042,367**
40.	**Provision for deferred tax**			
	Expense on deductible temporary differences		-	7,701,603
	Expense/(income) on taxable temporary differences		1,610,115	264,270
	Revaluation adjustment of previous year through deferred tax		-	(1,292,400)
			1,610,115	**6,673,473**

	Note	2017 Taka	2016 Taka

41. Earnings per share (EPS)

Basic earnings per share has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year ended 31 December 2017 as per IAS 33: Earnings per share.

Net profit after tax	335,425,303	303,086,561
Weighted average number of outstanding shares	181,800,680	181,800,680
Basic earning per share (Restated -2016)	**1.85**	**1.67**

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 2017 a total of 10 (ten) Board Meetings were held (2016:11).

43. Net asset value (NAV) per share

Net asset	3,110,538,922	2,775,113,619
Number of share outstanding	181,800,680	181,800,680
NAV per share (Restated -2016)	**17.11**	**15.26**

44. Events after the balance sheet date

The Board of Directors of the Company in its 168th meeting held on 6 February 2018 recommended 20% (percent) stock dividend.

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45. 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. Md. Enamul Hoque	Director	Member	Diploma in Software Application, City & Guild, London and BIAM; Master's in Bangla Literature, University of Dhaka.
iv)	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.
v)	Ms. Tamara Hasan Abed	Director	Member	MBA in Finance from Columbia Business School, Columbia University, NY, USA; BSc in Economics from London School of Economics, London, UK.

The company secretary acts as secretary to Audit Committee.

The Audit Committee of the Board conducted 7 (seven) meetings from 1 January 2017 to 31 December 2017 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 2017;

c) The Committee reviewed the draft financial statements for the year 2017 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 2017 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 2016;

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.

46. 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:

Figures in Taka

Related party	Relationship	Nature of transaction	Outstanding balance	
			2017 Taka	2016 Taka
Aga Khan Education Bangladesh Services, Bangladesh	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	408,116,424	316,225,594
Aga Khan Foundation, Bangladesh	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	307,812,544	417,320,530
AKF-DJ Nazrana	This is a part of Aga Khan Development Network - AKDN	Term deposit receipt	15,900,000	Nil
Ismailia Co-Operative Society Limited	This is a part of Aga Khan Development Network - AKDN	Scheme deposit receipt	17,980,227	Nil
Industrial Promotion Services (Bangladesh) Limited	This is a part of Aga Khan Fund for Economic Development - AKFED	Term deposit receipt	25,596,619	24,219,051
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	241,284,418	54,935,000
		Group life insurance premium of the employees	2,835,181	1,392,554
BRAC	Sponsor shareholder of IPDC	Term deposit receipt	533,710,000	500,000,000
BRAC University	Related concern of BRAC	Term deposit receipt	410,220,000	250,000,000
Sufia Khatun Foundation	Related concern of BRAC	Term deposit receipt	25,297,750	23,800,000
BRAC Net Limited	Related concern of BRAC	Term deposit receipt	216,058,303	208,136,560
		Secured loan	-	15,950,856
BRACNet Limited Employees Gratuity Fund	Related concern of BRAC	Term deposit receipt	15,729,500	25,700,000
BRACNet Limited Employees Provident Fund	Related concern of BRAC	Term deposit receipt	11,817,000	Nil
Education Trust Fund	Related concern of BRAC	Term deposit receipt	643,749,875	597,000,000
RSA Capital Employees Provident Fund	Shareholder of IPDC	Term deposit receipt	2,000,000	Nil
Fauzia Binte Ahmed	Mother in law of Managing Director & CEO	Term deposit receipt	1,607,775	1,281,437
Benazir Huq	Spouse of Managing Director & CEO	Term deposit receipt	1,672,741	619,596
Mr. Mominul Islam	Managing Director & CEO of IPDC	Term deposit receipt	2,386,202	2,184,378
		Home loan	7,476,268	8,183,188
		Employee loan	79,452	261,054
		Secured retail loan	Nil	1,615
		Personal Loan	1,680,408	Nil

47. Directors information

47.1 Name of the Directors and the entities in which they have interested as at 31 December 2017

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. Narayan Chandra Das	Director	GoB	Board of Migration and Skill Development Fund	Director
				Bangladesh Telecommunications Company Limited (BTCL)	Director
				Bangladesh Academy for Rural Development	Director
iv)	Ms. Nasreen Sattar	Independent Director	N/A	Consumark Limited	Chairman
v)	Mr. Salahdin Irshad Imam	Independent Director	N/A	Panigram Resort Limited	Chairman
				Radius Enterprises	Proprietor
				Tiger Tours Limited	Shareholder
				Tropical Conservation	Chairman
				Brotee (NGO)	Member of Executive Committee
vi)	Mr. Amin H. Manekia	Director	AKFED	IVP Limited (India)	Director
				DCB Bank Limited India	Director
				Aga Khan Health Services India Limited	Chairman
				Prince Aly Khan Hospital	President
vii)	Ms. Tamara Hasan Abed	Director	BRAC	BRAC EPL Stock Brokerage Limited	Director
				BRAC Services Limited	Director
				Bangladesh Netting Factory Limited	Member
				BRAC Karnafuli Tea Company Limited	Director
				BRAC Kaiyacherra Tea Company Limited	Director
				BRAC Kodala Tea Estate	Director
				BRAC Industries Limited	Director
				BRAC Environmental Enterprises Limited	Director
				BRAC EPL Investments Limited	Director
				Ayesha Abed Foundation	Executive Trustee
				BRAC University	Member of the Board of Trustee and Syndicate
viii)	Mr. Shameran Abed	Director	Ayesha Abed Foundation	BRAC IT Services Limited (biTS)	Director
				bKash Limited	Director
				Guardian Life Insurance Limited	Director
ix)	Mr. Mohammad Mamdudur Rashid	Director	BRAC	BRAC EPL Stock Brokerage Limited	Additional Managing Director
x)	Mr. Sameer Ahmad	Director	RSA Capital Limited	Equinox Limited	Director
				RSA Capital Limited	Director
				RSA Advisory Limited	Director
xi)	Mr. Mominul Islam	Managing Director & CEO	Ex-officio	None	N/A

47.2	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
47.3	Shares issued to Directors and Executives without consideration or exercisable at discount	None
47.4	Nature, type and elements of transactions with the related party	Note: 46
47.5	Lending policies in respect of related party:	
	a) Amount of transactions regarding loans & advances, deposits, guarantees and commitment	Note: 46
	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
47.6	Investments in securities of the Directors and their related concerns	None

AMARSTOCK

IPDC Finance Limited

FIXED ASSETS INCLUDING LAND, BUILDING, FURNITURE AND FIXTURE

Annexure - A

Figures in Taka

Category of asset	Cost/valuation							Depreciation/amortisation				Carrying amount as at 31 December 2017
	Balance as at 1 January 2017	Revaluation reserve	Addition during the period	Adjustment during the period	Disposal during the period	Balance as at 31 December 2017	Rate	Balance as at 1 January 2017	Charged during the period	Adjustment during the period	Balance as at 31 December 2017	
Land	129,240,000	-	-	-	-	129,240,000	-	-	-	-	-	129,240,000
Building	20,922,500	-	-	-	-	20,922,500	6.67%	2,789,664	1,401,805	-	4,191,469	16,731,031
Motor vehicles	33,137,998	-	26,308,000	-	8,639,811	50,806,187	20%	15,900,574	7,775,967	5,656,678	18,019,863	32,786,324
Furniture and fixture	54,639,506	-	9,517,231	-	1,452,083	62,704,654	12.50%	26,492,739	4,797,402	695,562	30,594,579	32,110,075
Equipment and appliances	81,212,354	-	28,049,376	-	2,956,253	106,305,477	20%	47,121,982	14,169,932	2,267,988	59,023,926	47,281,551
Software	16,398,750	-	5,097,792	-		21,496,542	20%	9,632,071	2,965,269	-	12,597,340	8,899,202
Balance as at 31 December 2017	**335,551,108**	**-**	**68,972,399**	**-**	**13,048,147**	**391,475,360**		**101,937,030**	**31,110,375**	**8,620,228**	**124,427,177**	**267,048,183**

Figures in Taka

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	Rate	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	6.67%	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	20%	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	12.50%	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	20%	39,109,059	10,087,747	2,074,824	47,121,982	34,090,372
Software	16,398,750	-	-	-	-	16,398,750	20%	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**

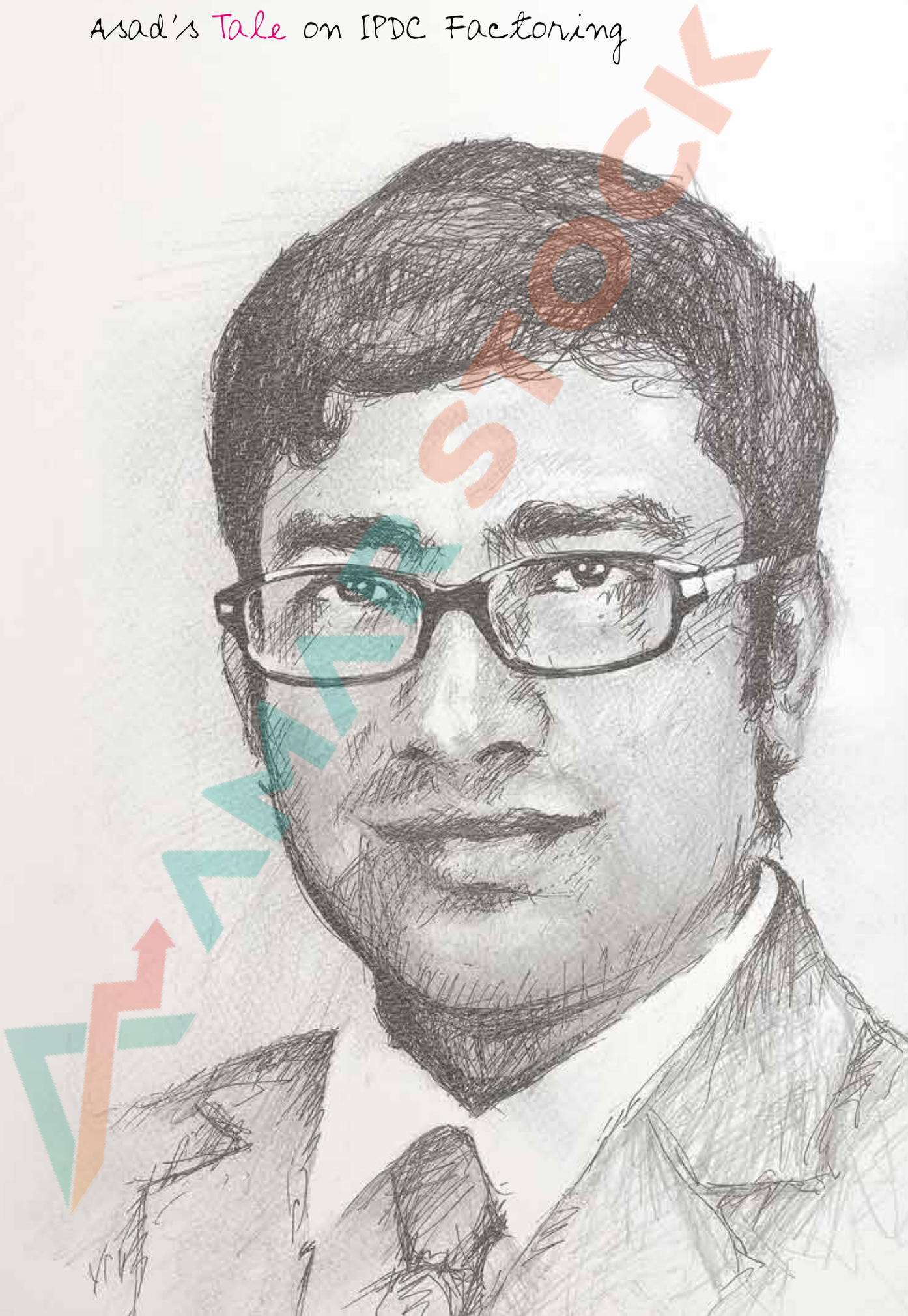
Annexure - B

Highlights on the overall activities of the Company as at and for the periods 2017 and 2016

Sl. no.	Particulars	2017	2016
1	Paid up capital (Taka)	1,818,006,800	1,515,005,670
2	Total capital (Taka)	3,110,538,922	2,775,113,619
3	Capital surplus (Taka)	1,128,221,522	1,599,434,593
4	Total assets (Taka)	39,288,942,356	22,576,949,615
5	Total deposits (Taka)	29,746,862,008	17,179,190,416
6	Total loans and advances (Taka)	34,466,955,374	19,480,595,090
7	Total contingent liabilities and commitments (Taka)	76,890,865	30,046,913
8	Credit to deposit ratio	1.16:1	1.13:1
9	Percentage of classified loans against total loans, advances	0.62%	0.71%
10	Net profit after tax and provision (Taka)	335,425,303	303,086,561
11	Amount of classified loans and advances at the end of the period/year (Taka)	213,869,730	137,508,216
12	Provisions kept against classified loan (Taka)	33,705,085	15,060,648
13	Provisions surplus against classified loan (Taka)	39,977,500	21,519,633
14	Cost of fund	7.18%	7.32%
15	Interest earning assets (Taka)	38,032,989,316	21,678,700,139
16	Non-interest earning assets (Taka)	1,255,953,040	898,249,476
17	Return on investment (ROI)	11.40%	11.55%
18	Return on asset (ROA)	1.08%	1.97%
19	Income from investment (Taka)	65,463,411	47,231,755
20	Earning per share (Taka)	1.85	1.67
21	Net income per share (Taka)	1.85	1.67
22	Price earning ratio (Times)	27.08	25.57

AMARSTOCK

Asad's Tale on IPDC Factoring



Building Images

Just like any other common businessman, Assadus Jaman was also kept waiting for ninety days to encash his receivables from his clients even after flawless delivery of service. Coming from a humble background and starting from a piece of land owned by his father, Asad had very little scope to negotiate for a speedy procedure with his clients. This lead much of his working capital tied up which could be used to take up further projects and expand. Such tardiness was invariably demotivating his perseverance to establish IMAGES Limited while he worked day and night building images of his clients' companies with his signage and hoarding projects. However, after attending a Supply Chain Conference conducted by IPDC Finance Limited, he came across the factoring facility that would allow him to encash his receivables as well as get working capital prior completion of the project against his work order. As a result of such swift transactions, from only 2 customers his clientele profile increased to 70, providing a wide range of services. Mr. Assadus Jaman started with only 3 employees and now have more than 500 personnel under his employment. His company's yearly turnover increased from BDT 17 crore to BDT 120 crore, and his transactions with IPDC grew from BDT 50 lacs to BDT 41 crores. Building images was just one last building block away, that he found in IPDC Finance.



OTHER DISCLOSURES
CAPITAL ADEQUECY AND MARKET DISCIPLINE

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

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

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

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

Scope of Application

Qualitative Disclosures

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

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

Not Applicable since the Company does not have any subsidiary

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

Not Applicable

Quantitative Disclosures

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

Not Applicable since the Company does not have any subsidiary

Capital Structure

Qualitative Disclosures

Summary information on the terms and conditions of the main features of 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
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:

BDT million

Particulars	Amount
Paid-up capital	1,818.0
Share premium account	167.0
Statutory Reserve	460.5
General Reserve	-
Retained Earnings	544.6
Total Tier - I capital	**2,990.1**
Total amount of Tier - II Capital	333.3
Other deductions from capital	-
Total eligible capital	**3,323.4**

Capital Adequacy

Qualitative Disclosures

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

BDT million

Particulars	Amount
Capital requirement for Credit Risk	21,847.8
Capital requirement for Market Risk	0.9
Capital requirement for Operational Risk	103.0
Total and Tier I capital ratio - For stand alone	
CAR on Total Capital basis (%)	15.14%
CAR on Tier - I Capital basis (%)	13.62%

Credit Risk

Qualitative Disclosures

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

Definition of Past Due and Impaired (for Accounting Purposes)

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

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

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

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

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

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

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

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

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

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

Description of Approaches Followed for Specific and General Allowances and Statistical Methods

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

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

Discussion of the Company's Credit Risk Management Policy

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

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

Credit Rating and Measurement: Risk management plays a central role along with prudential judgment and experience in informed risk-taking decisions and portfolio management. For the purpose of risk management, the Company uses a numeric grading system associated with a borrower. Though this rating

system, 'Credit Risk Grading Matrix (CRGM)' is not a lending decision making tool but it is used as general indicator to compare one set of customers with others. CRGM analyses a borrower against a range of quantitative and qualitative measures. No rating model for retail and channel financing are currently in practice rather borrowers are assessed against some pre-approved criteria outlined in Product Program Guidelines (PPG), which are approved by the Board of Directors.

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

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

Credit Approval: Board of Directors of the Company has the sole authority to approve any credit exposure and to sub delegate to such authority the 'Executive Committee', a 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

Product-wise Credit Exposure

BDT million

Particulars	Amount
Lease finance	5,002.2
Term loans and advances	21,499.6
Mortgage finance	4,202.9
Channel finance	1,300.1
Retail loan	2,187.7
Personal Loan	274.4
Total	**34,467.0**

Industry or Counterparty-wise Credit Exposure

BDT million

Particulars	Amount
Agro-based industries	3,196.5
Banks and non-banking financial institutions	599.7
Chemicals, pharmaceuticals and allied products	1,383.2
Engineering and building materials	2,732.2
Food and allied products	2,177.2
Glass, ceramic and other non-metallic products	704.4
Hotel, tourism and leisure	1.0
Information and communication technologies	1,018.6
Paper converting and packaging, printing and publishing	1,242.6
Ready made garments and knitwear	3,750.4
Social sector	353.2
Tannery, leather and rubber products	1,402.3
Textile	1,296.1
Transport and aviation	1,789.8
Others	12,819.7
Total	**34,467.0**

Geographical Distribution of Exposures

BDT million

Particulars	Amount
Dhaka Division	31,087.1
Chittagong Division	2,477.9
Khulna Division	114.6
Rangpur Division	-
Rajshahi Division	420.5
Sylhet Division	293.5
Barisal Division	-
Mymensingh Division	73.3
Total	**34,467.0**

Residual Contractual Maturity-wise Credit Exposure

BDT million

Particulars	Amount
On demand	-
Upto one month	5,122.7
More than one month but less than three months	5,065.1
More than three months but less one year	6,996.7
More than one year but less than five years	13,561.8
More than five years	3,720.6
Total	**34,467.0**

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

BDT million

Particulars	Amount
Gross non-performing assets (NPAs)	213.9
NPAs to gross loans and advances (in %)	0.62%

Specific and General Provisions

BDT million

Particulars	Amount
Provision for unclassified loans and advances	351.1
Provision for classified loans and advances	33.7
Provision for off-balance sheet exposures	-
Total	**384.8**

Charges for Specific Allowances and Charge-offs during the Period

None

Movement of Non-Performing Assets (NPAs)

BDT million

Particulars	Amount
Opening Balance	**137.5**
Additions	118.9
Reductions	(42.6)
Closing Balance	**213.9**

Movement of Specific Provisions for NPAs

BDT million

Particulars	Amount
Opening balance	**15.1**
Provisions made during the period	18.6
Write-off	-
Write-back of excess provisions	-
Closing balance	**33.7**

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.

BDT million

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

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

Specific Market Risk: Market value of the investment in equity is BDT 4.50 million against which capital requirement @ 10% is BDT 0.45 million.

General Market Risk: Market value of the investment in equity is BDT 4.50 million against which capital requirement @ 10% is BDT 0.45 million.

Interest Rate in the Banking Book

Qualitative Disclosures

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

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

Quantitative Disclosures

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

Mismatch between Rate Sensitive Liabilities & Assets

BDT million, %

Particulars	Within 1 month	1 - 2 months	2 - 3 months	3 - 6 months	6 months - 1 Year	Above 1 Year
RSL*	3,677.1	2,402.7	3,652.7	4,280.3	3,611.2	14,376.9
RSA*	6,146.6	2,639.8	3,926.1	4,359.4	2,820.2	17,541.0
Mismatch	2,469.5	237.1	273.4	79.1	(791.0)	3,164.1
Cumulative Mismatch	2,469.5	2,706.7	2,980.1	3,059.2	2,268.2	5,432.2
Mismatch	67.2%	9.9%	7.5%	1.9%	(21.9%)	22.0%

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

Interest Rate Risk - Increase in Interest Rate

BDT million, %

Particulars	Minor 2%	Moderate 4%	Major 6%
Change in the Value of Bond	-	-	-
Net Interest Income	45.4	90.7	136.1
Revised Regulatory Capital	3,368.8	3,414.1	3,459.5
Risk Weighted Assets	2,1951.7	2,1951.7	2,1951.7
Revised CAR (in %)	15.35%	15.55%	15.76%

Market Risk

Qualitative Disclosures

Views of Board of Directors on Trading and Investment Activities

Market risk is the possibility of losses of assets in balance sheet and off-balance sheet positions arising out of volatility in market variables i.e., interest rate, exchange rate and price. Allocation of capital is required in respect of the exposure to risks deriving from changes in interest rates and market prices.

Methods used to Measure the Market Risk

Bangladesh Bank suggested the FIs for using Standardized Approach (rule based) in order to calculate the market risk for banking book where the capital charge for interest rate risk, price and foreign exchange risk is determined separately.

Market Risk Management System

Policies and processes for mitigating market risk

To mitigate the several market risks the Company formed Asset Liability Management Committee (ALCO) that monitors the Treasury Division's activities to minimize the market risk. ALCO is primarily responsible for establishing the market risk management and asset liability management of the Company, procedures thereof, implementing core risk management framework issued by the regulator, best risk management practices followed by globally and ensuring that internal parameters, procedures, practices/policies and risk management prudential limits are adhere to.

The ALCO reviews the risk of changes in income of the Company as a result of movement in the market interest rates. The Company always try to follow Bangladesh Bank's guidelines to minimize mismatches between the duration of interest rate sensitive assets and liabilities.

In addition, ALCO holds monthly meetings on a regular basis for controlling day-to-day trading activities, to perform market

analysis over interest rate and manage & monitor the level of mismatch for assessing the market risk.

Quantitative Disclosures

Capital requirements for Market Risk

Operational Risk

BDT million

Particulars	Amount
Interest rate risk	-
Equity position risk	0.9
Foreign Exchange Position and Commodity risk	-

Qualitative Disclosures

Views of Board of Directors (BoD) on System to Reduce Operational Risk

The operational risk is defined as the risk of loss resulting from inadequacy or failure of internal processes, people and systems or from external events. The Board of Directors (BoD) of the Company and its Management firmly believe that this risk through a control based environment in which processes are documented, authorized as independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit. All the operational policies and guidelines are duly approved by the BoD and reviewed on a regular basis.

Performance Gap of Executives and Staffs

The Company always strives to ensure a great place to work by hiring and retaining the most suitable people at all levels of the business. The Company affirms that there exists no performance gap of the executives and staffs.

Potential External Events

External events like general business and political situation, change in credit quality of the borrowers, change in market conditions etc. can affect the business of the Company. IPDC is proceeding with its strategic plan and its successful implementation for its future performance.

Policies and Procedures for Mitigating Operational Risk

IPDC mitigates operational risk by virtue of designing the organizational structure by clearly defining roles and responsibilities of individuals involved in risk taking as well as managing it, formulating overall risk assessment and management policies, methodologies, guidelines and procedures for risk identification, risk measurement, risk monitoring, defining an acceptable level of risk, mitigating all the core risks in line with their respective guidelines provided by Bangladesh Bank.

Approach for Calculating Capital Charge for Operation Risk

As suggested by the guideline, the Company has computed the capital requirements for operational risk under the 'Basic Indicator Approach (BIA)'. Under BIA, the capital charge for operational risk is a fixed percentage, currently 15% of average positive annual gross income of the Company over the past three years.

Quantitative Disclosures

Capital Requirements for Operational Risk

BDT million

Particulars	Amount
Capital requirements for operational risk	103.0

GREEN BANKING

Green Banking Initiatives: Environmental sustenance

Green Banking

Green Banking has become a buzz word in today's banking world. Green banking is defined as the operation of banking activities while giving special attention to social, ecological and environmental factors with the aim of the conservation of nature and natural resources. It considers all the environmental factors along with financial priorities with an aim to protect the environment as well as to foster the economic development in a more environment friendly way. This concept of 'Green Banking' will be mutually beneficial to the banks, financial institutions and the economy.

IPDC is one of the pioneer Financial Institutions in the country in implementing Bangladesh Bank's (BB) Green Banking Guidelines in phases. As per Bangladesh Bank SFD (Sustainable Finance Department) Circular number 02 dated December 01, 2016, management of IPDC Finance Limited has already formed 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 Business Finance.

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' contents which are to be followed and abided by all concerned and reviewed under Environmental Due Diligence (EDD) checklist. In IPDC we have implemented a Green office Guide consisting of a set of general instruction to be followed to improved in-house environment management across the organization.



Sustainability Initiatives

Detail discussion on sustainability initiatives can be found in integrated reporting

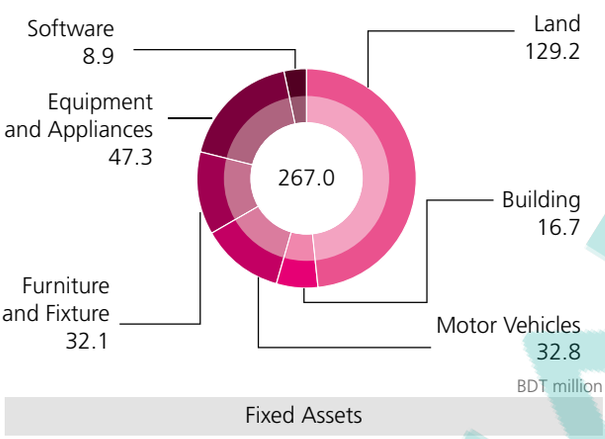
IMPAIRMENT OF FIXED ASSETS AND INVESTMENTS

According to the IAS 36 impairment of assets seeks to ensure that an organization are not carried at more than their recoverable amount. As per IAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis. As per FID circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No.03, dated 29 April 2013, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. 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.

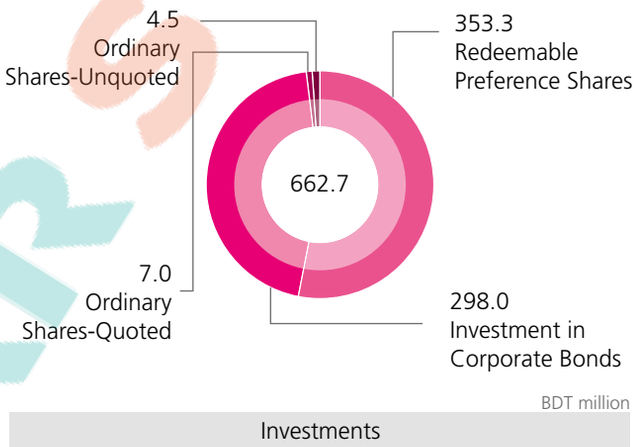
The carrying amount of the entity's non-financial assets, other than deferred tax assets, are reviewed at year end reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. However, no such conditions that might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

At the end of December 2017, we did an impairment exercise for fixed asset and investment in both quoted and unquoted shares. We found no significant indication for doing impairment in our books.

Details of Investments in shares are scheduled can be found in Note-7 of the Financial Statement.



Fixed Assets



Investments

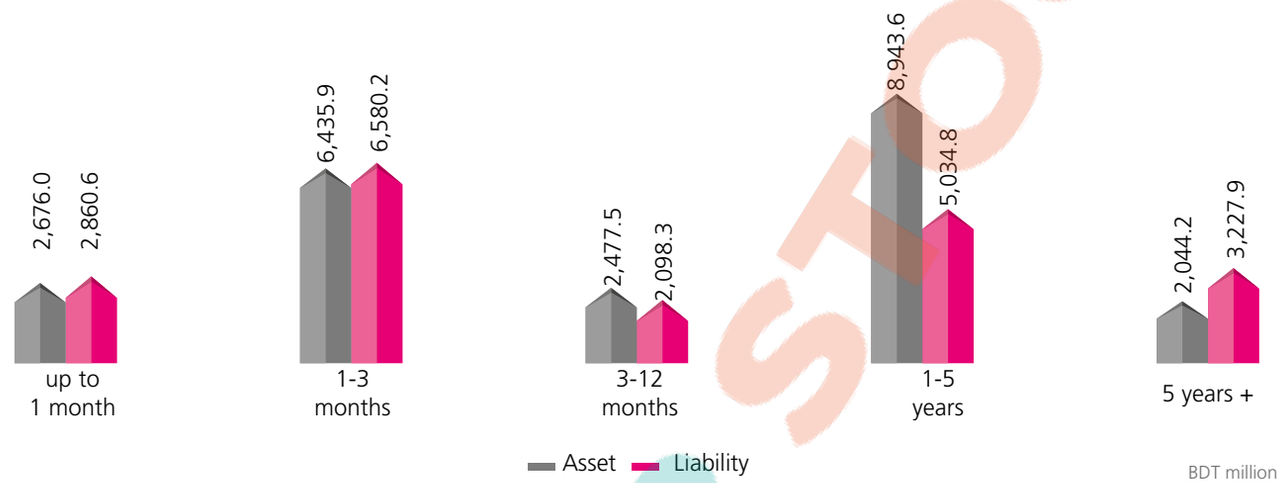
**Carrying amount*

Schedule of fixed assets and details of investment in shares can be found in Note-7 and Annexure A of the Financial Statement

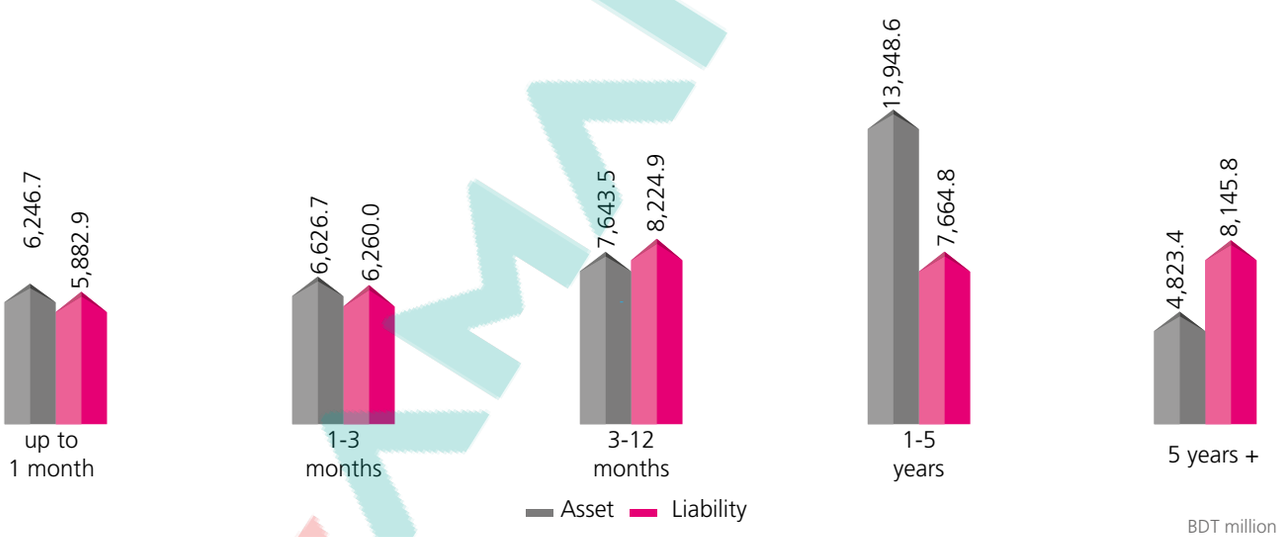
MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

Maturity analysis of assets and liabilities (detail can be found in financial statement) in 2017 is depicted in the graphs below:



Maturity Analysis of Assets and Liabilities - 2016



Maturity Analysis of Assets and Liabilities -2017

Further details can be found in under *Key Risk Indicators* of Risk Management section of this Annual Report.

STATEMENT OF NON-PERFORMING LOAN AND WRITTEN OFF PORTFOLIO

The year 2017 saw improvement in NPL status of the Company which is represented in its NPL ratio being decreased to 0.62% from previous year's 0.71%.

Movement in NPL

The movement in NPL portfolio during the year 2017 is given below:

BDT million

Particulars	Amount
Opening Balance as on January 1, 2017	**137.5**
Add: Addition during the year	118.9
Less: Collection during the year	42.6
Less: Write offs	-
Closing Balance as on December 31, 2017	**213.9**

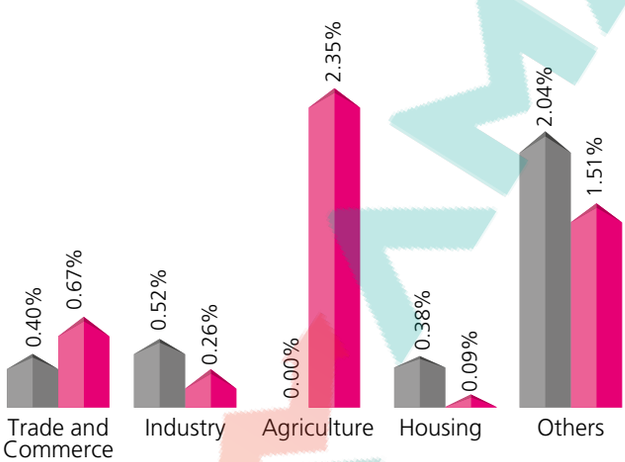
Movement in Written of Portfolio

The movement in write-off portfolio during the year 2017 is given below:

BDT million

Particulars	Amount
Opening Balance as on January 1, 2017	**492.1**
Add: Addition During the Year	-
Less: Collection During the Year	24.1
Closing Balance as on December 31, 2017	**468.0**

Sector-wise NPL



Following table shows sector-wise NPL status

BDT million, %

Particulars	2016		2017	
	NPL Portfolio	NPL %	NPL Portfolio	NPL %
Trade and Commerce	**5.1**	**0.40%**	**15.6**	**0.67%**
Industry				
A) Garments and Knitwear	15.6	0.77%	10.2	0.27%
B) Textile	-	0.00%	-	0.00%
C) Jute and Jute-Products	34.4	12.15%	-	0.00%
D) Food Production and Processing Industry	-	0.00%	-	0.00%
E) Plastic Industry	-	0.00%	-	0.00%
F) Leather and Leather-Goods	-	0.00%	-	0.00%
G) Iron, Steel and Engineering	5.9	0.29%	5.9	0.22%
H) Pharmaceuticals & Chemicals	-	0.00%	-	0.00%
I) Cement and Allied Industry	-	0.00%	-	0.00%
J) Telecommunication and Information Technology	5.2	1.87%	3.2	0.31%
K) Paper, Printing and Packaging	1.0	0.19%	-	0.00%
L) Glass, Glassware and Ceramic Industry	-	0.00%	-	0.00%
M) Ship Manufacturing Industry	-	-	-	-
N) Electronics and Electrical Goods	-	0.00%	32.4	3.52%
O) Power, Gas, Water and Sanitary Service	-	0.00%	-	0.00%
P) Transport and Aviation	-	0.00%	-	0.00%
Industry Total	**62.2**	**0.52%**	**51.7**	**0.26%**
Agricultural	**-**	**-**	**68.6**	**2.35%**
Housing	**6.0**	**0.38%**	**3.8**	**0.09%**
Others	**64.3**	**2.04%**	**74.2**	**1.51%**
Grand Total	**137.5**	**0.71%**	**213.9**	**0.62%**

CREDIT RATING REPORT

IPDC has been rated as AA1 (Pronounced as Double A 1) long term credit rating and ST-1 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 three consecutive years.

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.

Date of Issue	Long Term Rating	Short Term Rating	Outlook	Date of Validity
27-Jul-17	AA1	ST-1	Stable	30-Jun-18
23-Aug-16	AA2	ST-2	Stable	30-Jun-17
4-Jun-15	AA2	ST-2	Stable	30-Jun-16

AMARSTOCK

Samira's Take on IPDC CSR



Budding Lotus

They say lotus flower blooms from the deepest and thickest mud, one of those was Samira, 8-year-old running around in the river bars named Shon Pocha Char, a remote village in Bogra. This innocent being was very aware of the fact that she would be getting married in a year or so just like her friends. Little did she know there was more to life than the few years she enjoyed playing and doing household chores.

With a population of around ten thousand, dwelling on agriculture, cattle farming, and with little interest in the development of the generations to come, the light of education was a far-fetched thought to them. One fine day, amidst the mud and sludge, Samira finds a construction undertaking with a hanging nameplate which said "Uccha$h School". She and her friends are now enrolled in the happy place which promises to bloom them. IPDC feels blessed to blossom few latent aspirations of life.



SAFA AND ICAB DISCLOSURE CHECKLISTS

ANNUAL REPORT REVIEW CHECKLIST

Particulars	Pg. Ref.
Corporate Objectives, Values & Structure	
Clarity and presentation:	
• Vision and Mission	21
• Overall strategic objectives	17-18
• Core values and code of conduct/ethical principles	21, 123
• Profile of the Company	19
• Director's profiles and their representation on Board of other companies & Organization Chart	36-45, 182
Management Report / Commentary and analysis including Director's Report / Chairman's Review/CEO's Review etc.	
• A general review of the performance of the company	11, 16, 98, 100, 102, 108
• Description of the performance of the various activities / products / segments of the company and its group companies during the period under review.	16, 62, 63, 72, 73, 100, 161, 168
• A brief summary of the Business and other Risks facing the organization and steps taken to effectively manage such risks	103, 135-138, 155
• A general review of the future prospects/outlook.	11, 12, 59-63, 93, 99
• Information on how the company contributed to its responsibilities towards the staff (including health & safety)	11, 82-84, 101
• Information on company's contribution to the national exchequer & to the economy	85, 86, 103
Sustainability Reporting	
• Social Responsibility Initiatives (CSR)	87-90
• Environment related Initiatives	90, 91
• Environmental & Social Obligations	87-91
• Integrated Reporting	51-93
Appropriateness of Disclosure of Accounting policies and General Disclosure	
• Disclosure of adequate and properly worded accounting policies relevant to assets, liabilities, Income and expenditure in line with best reporting standards.	150-154
• Any Specific accounting policies	148-150
• Impairment of Assets	152, 194
• Changes in accounting policies/Changes in accounting estimates	Not Applicable
• Accounting policy on subsidiaries	
Segment Information	
• Comprehensive segment related information bifurcating Segment revenue, segment results and segment capital employed	72, 73
• Availability of information regarding different segments and units of the entity as well as non-segmental entities/units	62, 63
• Segment analysis of	
- Segment Revenue	72, 73
- Segment Results	
- Turnover	
- Operating profit	
- Carrying amount of Net Segment assets	
Financial Statements	
• Disclosures of all contingencies and commitments	172
• Comprehensive related party disclosures	181
• Disclosures of Remuneration & Facilities provided to Directors & CEO	102, 112, 177
• Statement of Financial Position / Balance Sheet and relevant schedules	142, 143, 148-184
• Income Statement / Profit and Loss Account and relevant schedules	144, 148-184
• Statement of Changes in Equity / Reserves & Surplus Schedule	146, 148-184
• Disclosure of Types of Share Capital	142, 172-174
• Statement of Cash Flow	145
• Consolidated Financial Statement (CFS)- if applicable	Not Applicable
• Extent of compliance with the core IAS/IFRS or equivalent National Standards	148, 157
• Disclosures / Contents of Notes to Accounts	148-184
Information about Corporate Governance	
• Board of Directors, Chairman And CEO	40-45, 111, 126, 180, 182

AMAR STOCK

Particulars	Pg. Ref.
• Audit Committee (Composition, role, meetings, attendance, etc) Internal Control & Risk Management	105, 112, 121, 122, 130-138
• Ethics And Compliance	123, 124
• Remuneration and other Committees of Board	102, 112, 127, 131-133, 177
• Human Capital	82-84
• Communication To Shareholders & Stakeholders - Information available on website - Other information	127
• Management Review And Responsibility	97
• Disclosure by Board of Directors or Audit Committee on evaluation of quarterly reports	102, 121
• Any other investor friendly information	8-9, 77, 78, 79, 80, 108
Risk Management & Control Environment	
• Description of the Risk Management Framework	130-134
• Risk Mitigation Methodology	135-136
• Disclosure of Risk Reporting	137, 138, 188-192, 195, 196
Stakeholders Information	
• Distribution of shareholding	20, 172, 173
• Shares held by Directors/Executives and relatives of Directors/Executives	111, 181
• Redressal of investors complaints	Not Applicable
Graphical/ Pictorial Data:	
• Earnings per Share	79
• Net Assets	
• Stock Performance	
• Shareholders' Funds	
• Return on Shareholders Fund	
Horizontal/Vertical Analysis including following:	
• **Operating Performance (Income Statement)**	
- Total Revenue	74-75
- Operating profit	
- Profit Before Tax	
- Profit after Tax	
- EPS	
• **Statement of Financial Position (Balance Sheet)**	
- Shareholders Fund	74-75
- Property Plant & Equipment	
- Net Current Assets	
- Long Term Liabilities/Current Liabilities	
Profitability/Dividends/ Performance and Liquidity Ratios	
• Gross Profit Ratio (Proxy Ratio for NBFI: Net Interest Margin)	76-78
• Earning before Interest, Depreciation and Tax (Proxy Ratio for NBFI: Operating Profit)	108
• Price earning ratio	76-78
• Current Ratios	
• Return on Capital Employed	
• Debt Equity Ratio	
Statement of Value Added and Its Distribution	
• Government as Taxes	85
• Shareholders as dividend	
• Employees as bonus/remuneration	
• Retained by the entity	
• Market share information of the Company's product/services	99
• Economic value added	80
Timeliness in issuing Financial Statements and holding AGMs	
• 3 months time to produce the Annual Report and hold AGM are considered reasonable for full marks	AGM within 3 months
Additional Disclosures	83, 84
• Human Resource Accounting	

Other Disclosures not included in SAFA or ICAB list: Service Quality (Page no. 69), Technology Infrastructure (70), Distribution (35, 71), Green Banking (193), CAMD (188), Statement of NPL and Write-off (196), Credit Rating Report (197), Maturity Analysis of Assets and Liabilities (195), Commitment towards SDGs (92).

AMARSTOCK

CORPORATE GOVERNANCE DISCLOSURE CHECKLIST

Particulars	Pg Ref
1. BOARD OF DIRECTORS, CHAIRMAN AND CEO	
1.1 Company's policy on appointment of directors disclosed.	
1.2 Adequate representation of non-executive directors i.e. one third of the board, subject to a minimum of two	
1.3 At least one independent director on the board and disclosure / affirmation of the board on such director's independence.	
1.4 Chairman to be independent of CEO	
1.5 Responsibilities of the Chairman of the Board appropriately defined and disclosed. Disclosure of independence of Non-Executive Directors	125
1.6 Existence of a scheme for annual appraisal of the boards performance and disclosure of the same.	
1.7 Disclosure of policy on annual evaluation of the CEO by the Board.	
1.8 Disclosure of policy on training (including details of the continuing training program) of directors and type and nature of training courses organized for directors during the year Existence of a scheme for annual appraisal of the boards performance	
1.9 At least one director having thorough knowledge and expertise in finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting.	
1.10 Disclosure of number of meetings of the board and participation of each director	
1.11 Directors issue a report on compliance with best practices on Corporate Governance that is reviewed by the external auditors	113-120
2. VISION / MISSION AND STRATEGY	
2.1 Company's vision / mission statements are approved by the board and disclosed in the annual report.	21
2.2 Identification of business objectives and areas of business focus disclosed	17, 18, 99
2.3 General description of strategies to achieve the company's business objectives	99, 61-64
3. AUDIT COMMITTEES	
3.1 Appointment and Composition	
3.1.1 Whether the Audit Committee Chairman is an independent Non – Executive Director and Professionally Qualified	41, 121
3.1.2 Whether it has specific terms of reference and whether it is empowered to investigate / question employees and retain external counsel	-
3.1.3 More than two thirds of the members are to be Non Executive Directors	121, 132
3.14 All members of the audit committee to be suitably qualified and at least one member to have expert knowledge of finance and accounting.	121, 126
3.1.5 Head of internal audit to have direct access to audit committee	121, 122
3.1.6 The committee to meet at least four times a year and the number of meetings and attendance by individual members disclosed in the annual report.	112
3.2 Objectives & Activities	
3.2.2 Statement on Audit Committee's review to ensure that internal controls are well conceived properly administered and satisfactorily monitored	
3.2.3 Statement to indicate audit committees role in ensuring compliance with Laws, Regulations and timely settlements of Statutory dues	
3.2.4 Statement of Audit committee involvement in the review of the external audit function • Ensure effective coordination of external audit function • Ensure independence of external auditors • To review the external auditors findings in order to be satisfied that appropriate action is being taken • Review and approve any non-audit work assigned to the external auditor and ensure that such work does not compromise the independence of the external auditors. • Recommend external auditor for appointment/ reappointment	121, 122
3.2.5 Statement on Audit committee involvement in selection of appropriate accounting policies that are in line will applicable accounting standards and annual review.	
3.2.6 Statement of Audit Committee involvement in the review and recommend to the board of directors, annual and interim financial releases	
3.2.7 Reliability of the management information used for such computation	121
4. INTERNAL CONTROL & RISK MANAGEMENT	
4.1 Statement of Director's responsibility to establish appropriate system of internal control	105
4.2 Narrative description of key features of the internal control system and the manner in which the system is monitored by the Board, Audit Committee or Senior Management.	131-133

Particulars	Pg Ref
4.3 Statement that the Director's have reviewed the adequacy of the system of internal controls	105
4.4 Disclosure of the identification of risks the company is exposed to both internally & externally	130, 135-138
4.5 Disclosure of the strategies adopted to manage and mitigate the risks	135-136
5. Ethics and Compliance	
5.1 Disclosure of statement of ethics and values, covering basic principles such as integrity, conflict of interest, compliance with laws and regulations etc.	123, 124, 126, 127
5.2 Dissemination / communication of the statement of ethics & business practices to all directors and employees and their acknowledgement of the same	124, 126, 127
5.3 Board's statement on its commitment to establishing high level of ethics and compliance within the organization	124, 126, 127
5.4 Establishing effective anti-fraud programs and controls, including effective protection of whistle blowers, establishing a hot line reporting of irregularities etc.	127
6. REMUNERATION COMMITTEE	Not Permissible by Regulation
6.1 Disclosure of the charter (role and responsibilities) of the committee	
6.2 Disclosure of the composition of the committee	
6.3 Disclosure of key policies with regard to remuneration of directors, senior management and employees	
6.4 Disclosure of number of meetings and work performed	
6.5 Disclosure of Remuneration of directors, chairman, chief executive and senior executives.	
7. HUMAN CAPITAL	
7.1 Disclosure of general description of the policies and practices codified and adopted by the company with respect to Human Resource Development and Management, including succession planning, merit based recruitment, performance appraisal system, promotion and reward and motivation, training and development, grievance management and counciling.	82-84
7.2 Organizational Chart	36
8. Communication to Shareholders & Stakeholders	127
8.1 Disclosure of the Company's policy / strategy to facilitate effective communication with shareholders and other stake holders	127
8.2 Disclosure of company's policy on ensuring participation of shareholders in the Annual General Meeting and providing reasonable opportunity for the shareholder participation in the AGM.	127
9. Environmental and Social Obligations	87-91, 193
9.1 Disclosure of general description of the company's policies and practices relating to social and environmental responsibility of the entity	
9.2 Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices	

AMARSTOCK

INTEGRATED REPORT CHECKLIST

Particulars		Section Reference
1. Elements of an Integrated Report		
1.1	**Organizational overview and external environment** **An integrated report should disclose the main activities of the organization and the environment of which it operates.** An integrated report should identify the organization's mission and vision, and provides essential context by identifying matters such as: • The organization's: - culture, ethics and values - ownership and operating structure including size of the organization, location of its operations) - principal activities and markets - competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, and the intensity of competitive rivalry) - position within the value chain • Key quantitative information e.g., the number of employees, revenue and number of countries in which the organization operates highlighting, in particular, significant changes from prior periods • Significant factors affecting the external environment and the organization's response (include aspects of the legal, commercial, social, environmental and political context that affect the organization's ability to create value in the short, medium or long term) Eg: - The legitimate needs and interests of key stakeholders - Macro and micro economic conditions, such as economic stability, globalization, and industry trends - Market forces, such as the relative strengths and weaknesses of competitors and customer demand - The speed and effect of technological change - Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems - Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached - The legislative and regulatory environment in which the organization operates - The political environment in countries where the organization operates and other countries that may affect the ability of the organization to implement its strategy	About IPDC Statement from Chairman Statement from MD and CEO Directors Report Operating Context-Integrated Report
1.2	**Governance** **An integrated report should how does the organization's governance structure support its ability to create value in the short, medium and long term.** An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value: • The organization's leadership structure, including the skills and diversity (e.g., range of backgrounds, gender, competence and experience) of those charged with governance and whether regulatory requirements influence the design of the governance structure • Mandatory and voluntary code of corporate governance adopted by the Company. • Code of ethical conduct adopted by the Company in relation to ethical business. • Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues • Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management • How the organization's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders • Whether the organization is implementing governance practices that exceed legal requirements/ Key Policies • The responsibility those charged with governance take for promoting and enabling innovation • How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals.	Risk Management Directors Report Corporate Governance

Particulars		Section Reference
1.3	**Stakeholder Identification/Relationships** An integrated report should identify its key stakeholders and provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests. Stakeholders are the groups or individuals that can reasonably be expected to be significantly affected by an organization's business activities, outputs or outcomes or whose actions can reasonably be expected to significantly affect the ability of the organization to create value. An entity may disclose the following in their integrated reports in respect of stakeholder relationships. • How the company has identified its stakeholders. • Stakeholder engagement methodology. • Identification of material matters of stakeholders. • How the Company has applied such matters. • How the stakeholders are engaged in assessing impacts, implications and outlook unrespects of Company's business model.	Stakeholder-Integrated Report Other Disclosure-Corporate Governance
	Capitals **An integrated report needs to provide insight about the resources and the relationships used and affected by the organization, which are referred to collectively as the capitals and how the organization interacts with the capitals to create value over the short, medium and long term** An integrated report need to identify the various forms of capitals which are essential for the success of its business operations. Eg: Financial Capital – The pool of funds that is available to the organization for use in the production of goods or provision of services. Manufacturing Capital – Manufactured physical objects that are available to the organization for use in the production of goods and provision of services. Intellectual Capital – Organizational, Knowledge based intangibles. Human Capital – People's competencies, capabilities and experience, and their motivations to innovate Social and Relationship Capital – The institutions and the relationships within and between communities, groups of stakeholders and other networks and the ability to share information to enhance individual and collective well-being. Natural Capital – All renewable and non-renewable environmental resources and processes that provide goods and services that support the past, current and future prosperity of the organization. However an entity can do its own classification of capitals based on its business activities. An entity needs to ensure that it does not overlook a capital that it uses or affects.	Introduction to Our Capital-Integrated Report Outcome-Integrated Report

Particulars		Section Reference
1.4	**Business model**	Business Model-Integrated Report
	An integrated report should describe the organization's business model	
	An integrated report need to describe the business model, including key:	
	• Inputs	
	• Business activities	
	• Outputs	
	• Outcomes	
	Features that can enhance the effectiveness and readability of the description of the business model include:	
	• Explicit identification of the key elements of the business model	
	• A simple diagram highlighting key elements, supported by a clear explanation of the relevance of those elements to the organization	
	• Narrative flow that is logical given the particular circumstances of the organization	
	• Identification of critical stakeholder and other (e.g., raw material) dependencies and important factors affecting the external environment	
	• Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (including KPIs and financial considerations, like cost containment and revenues).	
	Inputs	Introduction to Our Capital-Integrated Report
	An integrated report shows how key inputs relate to the capitals on which the organization depends, or that provide a source of differentiation for the organization, to the extent they are material to understanding the robustness and resilience of the business model.	
	Business Activities	Value Creation Process-Integrated Report
	An integrated report describes key business activities. This can include:	
	• How the organization differentiates itself in the market place (e.g., through product differentiation, market segmentation, delivery channels and marketing)	
	• The extent to which the business model relies on revenue generation after the initial point of sale (e.g., extended warranty arrangements or network usage charges)	
	• How the organization approaches the need to innovate	
	• How the business model has been designed to adapt to change.	
	When material, an integrated report discusses the contribution made to the organization's long term success by initiatives such as process improvement, employee training and relationships management.	
	Outputs	Product and Services-About IPDC
	An integrated report identifies an organization's key products and services. There might be other outputs, such as by-products and waste (including emissions), that need to be discussed within the business model disclosure depending on their materiality.	
	Outcomes	
	An integrated report describes key outcomes, including:	Outcome-Integrated Report
	• Both internal outcomes (e.g., employee morale, organizational reputation, revenue and cash flows) and external outcomes (e.g., customer satisfaction, tax payments, brand loyalty, and social and environmental effects)	
	• Both positive outcomes (i.e., those that result in a net increase in the capitals and thereby create value) and negative outcomes (i.e., those that result in a net decrease in the capitals and thereby diminish value).	
	Organizations with multiple business models	SBU Strategy-Integrated Report
	Some organizations employ more than one business model (e.g., when operating in different market segments). This requires a distinct consideration of each material business model as well as commentary on the extent of connectivity between the business models (such as the existence of synergistic benefits).	
	The integrated report of an organization with multiple businesses needs to balance disclosure with need to reduce complexity; however material information should not be omitted.	

Particulars		Section Reference
1.5	**Performance** An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals? An integrated report should contain qualitative and quantitative information about performance that may include matters such as: • Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them • The organization's effects (both positive and negative) on the capitals, including material effects on capitals up and down the value chain • The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests • The linkages between past and current performance, and between current performance and the organization's outlook. KPIs that combine financial measures with other components (e.g., the ratio of greenhouse gas emissions to sales) or narrative that explains the financial implications of significant effects on other capitals and other causal relationships (e.g., expected revenue growth resulting from efforts to enhance human capital) may be used to demonstrate the connectivity of financial performance with performance regarding other capitals. In some cases, this may also include monetizing certain effects on the capitals (e.g., carbon emissions and water use). Include instances where regulations have a significant effect on performance (e.g., a constraint on revenues as a result of regulatory rate setting) or the organization's non-compliance with laws or regulations may significantly affect its operations.	Performance Review-Integrated Report
1.6	**Risks, Opportunities and Internal Controls** **An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them? and effectiveness of the system of internal controls.** This can include identifying: • The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two. • The organization's assessment of the likelihood that the risk or opportunity will come to fruition and the magnitude of its effect if it does. • The specific steps being taken to mitigate or manage key risks (eg: Risk Management Framework, Risk Management review process and reporting structure) or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs. • Risk Management Report (Which includes details about risk, root course, potential impact, response to risk, risk rating) • Response on the effectiveness of the internal controls and the board's responsibility for the disclosures on internal controls to safeguard stakeholder interest.	Risk, Opportunities and Strategy Mapping-Integrated Report Operating Context-Integrated Report The Board of Directors' Report Corporate Governance Risk Management

Particulars		Section Reference
1.7	**Strategy and Resource Allocation** An integrated report should describe it strategic direction (Where does the organization want to go and how does it intend to get there) An integrated report need to identify: • The organization's short, medium and long term strategic objectives • The strategies it has in place, or intends to implement, to achieve those strategic objectives • How the entity has positioned in the wider market. • How the long term strategies relate to current business model. • The resource allocation plans it has to implement its strategy • How it will measure achievements and target outcomes for the short, medium and long term. This can include describing: • The linkage between the organization's strategy and resource allocation plans, and the information covered by other Content Elements, including how its strategy and resource allocation plans: - relate to the organization's business model, and what changes to that business model might be necessary to implement chosen strategies to provide an understanding of the organization's ability to adapt to change - are influenced by/respond to the external environment and the identified risks and opportunities affect the capitals, and the risk management arrangements related to those capitals • What differentiates the organization to give it competitive advantage and enable it to create value, such as: - the role of innovation - how the organization develops and exploits intellectual capital - the extent to which environmental and social considerations have been embedded into the organization's strategy to give it a competitive advantage • Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans.	Strategy and Resource Allocation-Integrated Report
1.8	**Outlook** **An integrated report should explain what challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?** An integrated report should highlight anticipated changes over time and provides information on • The organization's expectations about the external environment the organization is likely to face in the short, medium and long term • How that will affect the organization • How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise. The discussion of the potential implications, including implications for future financial performance may include: • The external environment, and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives • The availability, quality and affordability of capitals the organization uses or affects (e.g., the continued availability of skilled labour or natural resources), including how key relationships are managed and why they are important to the organization's ability to create value over time. An integrated report may also provide lead indicators, KPIs or objectives, relevant information from recognized external sources, and sensitivity analyses. If forecasts or projections are included in reporting the organization's outlook, a summary of related assumptions is useful. Comparisons of actual performance to previously identified targets further enables evaluation of the current outlook. Disclosures about an organization's outlook in an integrated report should consider the legal or regulatory requirements to which the organization is subject.	Outlook-Integrated Report Directors' Report Statement from Chairman Statement from MD and CEO

Particulars		Section Reference
1.9	**Basis of Preparation and Presentation** **An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?** An integrated report describes its basis of preparation and presentation, including: • A summary of the organization's materiality determination process - Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters - Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters. • A description of the reporting boundary and how it has been determined Eg: Include process used for identifying the reporting boundary, geographic scope, the entities represented in the report and the nature of the information provided for each entity • A summary of the significant frameworks and methods used to quantify or evaluate material matters (e.g., the applicable financial reporting standards used for compiling financial information, a company-defined formula for measuring customer satisfaction, or an industry based framework for evaluating risks).	Introductory Section of Integrated Report
2. Responsibility for an Integrated Report		
	An integrated report should include a statement from those charged with governance that includes: • An acknowledgement of their responsibility to ensure the integrity of the integrated report • An acknowledgement that they have applied their collective mind to the preparation and presentation of the integrated report • Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework or, if it does not include such a statement, it should explain: • What role those charged with governance played in its preparation and presentation • What steps are being taken to include such a statement in future reports • The time frame for doing so, which should be no later than the organization's third integrated report that references this Framework.	Introductory Section of Integrated Report
3. Other Qualitative Characteristics of an Integrated Report		
	Conciseness **An integrated report should be concise.** An integrated report need to include sufficient context to understand the organization's strategy, governance, performance and prospects without being burdened with less relevant information. Eg: Follows logical structure and includes internal cross-reference as appropriate to limit repetition. May link to more detailed information, information that does not change frequently or external sources. Express concepts clearly and in as few words. Favours plain language over the use of jargon or highly technical terminology. Avoids highly generic disclosures.	Applied
3.2	**Reliability and Completeness** **An integrated report should include all material matters, both positive and negative, in a balanced way and without material error** **The organization achieve the reliability and completeness through,** **Eg:** • Selection of presentation formats that are not likely to unduly or inappropriately influence assessments made on the basis of integrated report. • Giving equal consideration to both increases and decreases in the capitals, both strengths and weaknesses of the organization, both positive and negative performance etc. • When information includes estimates, this is clearly communicated and the nature and limitations of the estimation process are explained.	Applied

Particulars		Section Reference
3.3	**Consistency and Comparability** **The information in an integrated report should be presented:** • On a basis that is consistent over time • In a way that enables comparison with other organizations to the extent it is material to the organization's own ability to create value over time. Eg: - Using benchmark data, such as industry or regional benchmarks - Presenting information in the form of ratios (e.g., research expenditure as a percentage of sales, or carbon intensity measures such as emissions per unit of output) - Reporting quantitative indicators commonly used by other organizations with similar activities, particularly when standardized definitions are stipulated by an independent organization (e.g., an industry body). - Reporting policies are followed consistently from one period to other unless a change is needed to improve the quality of information reported. - Reporting the same KPIs if they continue to be material across reporting period. - When a significant change has been made, the organization explains the reasons for the change describing its effect.	Applied
3.4	**Connectivity of Information** An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time. Eg: Connectivity between – Capitals - Content elements - Past , Present & Future - Finance and other information	Applied
3.5	**Materiality** An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term	Applied
3.6	**Assurance on the Report** • The policy and practice relating to seeking assurance on the report, • the nature and scope of assurance provided for this particular report • any qualifications arising from the assurance, and the nature of the relationship between the organization and the assurance providers	Applied

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GLOSSARY

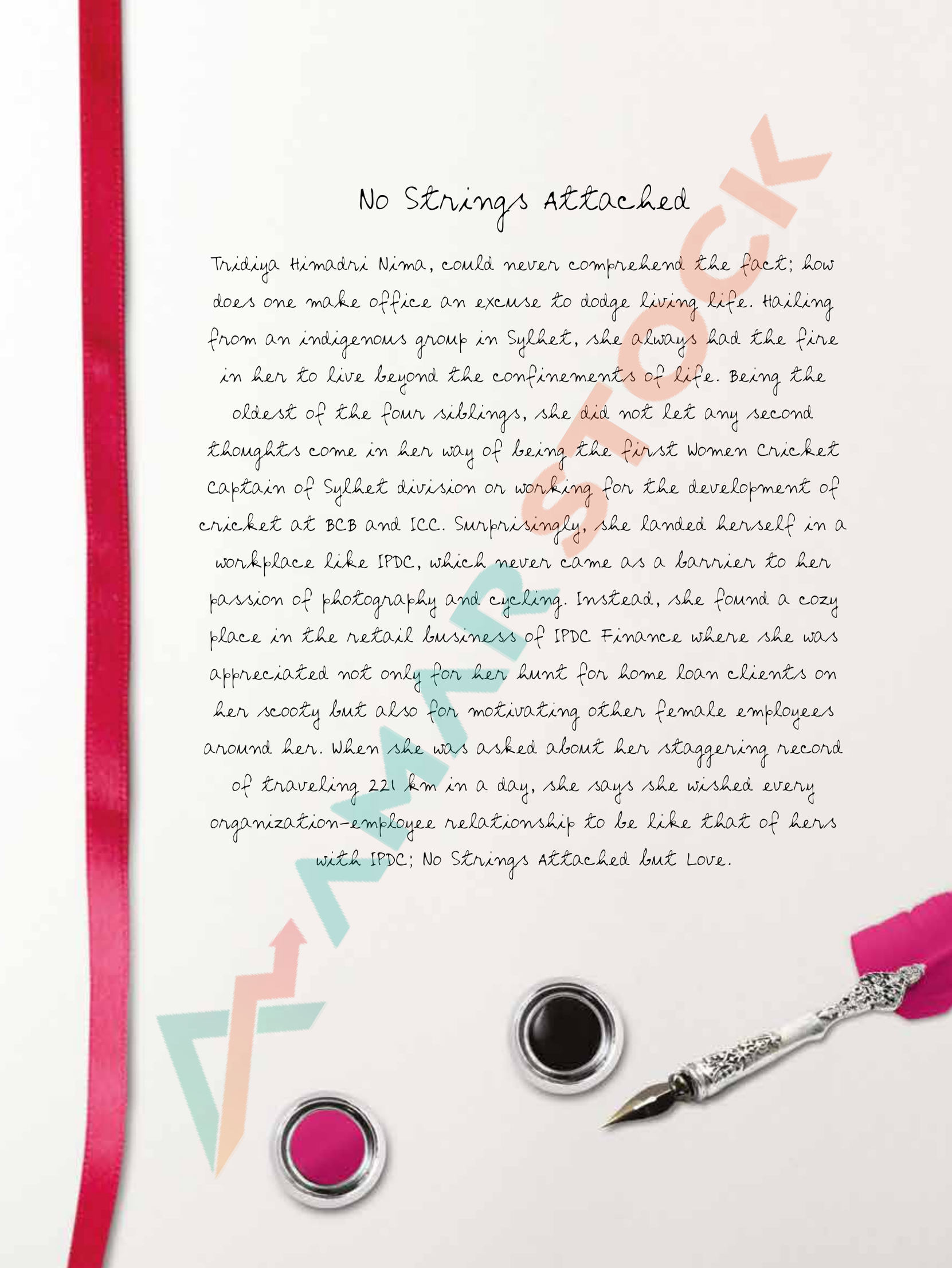
Terms	Meaning
Accrual Basis	Recognizing the effects of transactions and events when they occur, without waiting for receipt or payment of cash or cash equivalent
Amortization	Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life.
Cash Basis	Recognizing 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.
Segmental Analysis	Analysis of information by segments of an enterprise, specifically the different industries and the different geographical areas in which it operates.
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.



Nima's Tale on IPDC Employee Journey

No Strings Attached

Tridiya Himadri Nima, could never comprehend the fact; how does one make office an excuse to dodge living life. Hailing from an indigenous group in Sylhet, she always had the fire in her to live beyond the confinements of life. Being the oldest of the four siblings, she did not let any second thoughts come in her way of being the first Women Cricket Captain of Sylhet division or working for the development of cricket at BCB and ICC. Surprisingly, she landed herself in a workplace like IPDC, which never came as a barrier to her passion of photography and cycling. Instead, she found a cozy place in the retail business of IPDC Finance where she was appreciated not only for her hunt for home loan clients on her scooty but also for motivating other female employees around her. When she was asked about her staggering record of traveling 221 km in a day, she says she wished every organization-employee relationship to be like that of hers with IPDC; No Strings Attached but Love.



Notes

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IPDC Finance Limited
Hosna Centre (4th Floor), 106 Gulshan Avenue, Dhaka 1212

Proxy Form

I……of ……

…… being member of IPDC Finance Limited, hereby appoint

Mr/Ms…… of……

…… as my proxy to attend and vote for me and on my behalf at the 36th Annual General Meeting of the Company to be held on Sunday, 25 March 2018 at 9:30 a.m. in Spectra Convention Centre Limited, House # 19, Road # 7, Gulshan-1, Dhaka-1212 or at any adjustment there of.

Signed this……

Day of……2018

Signature of Proxy……

Signature of Shareholder

Revenue Stamp
BDT 20.00

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
Hosna Centre (4th Floor), 106 Gulshan Avenue, Dhaka 1212

Attendance Slip

I hereby record my attendance at the 36th Annual General Meeting of the Company being held on Sunday, 25 March 2018 at 9:30 a.m. in Spectra Convention Centre Limited, House # 19, Road # 7, Gulshan-1, Dhaka-1212

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.

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IPDC Finance Limited

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