

Strictly Private & Confidential

Information Memorandum

IPDC Subordinated Bond of BDT 1,500 Million for



Issuer: IPDC Finance Limited (IPDC)

Head Office: Hosna Centre (4th Floor), 106, Gulshan Ave, Dhaka 1212

Trustee: CAPM Advisory Limited

Type of Security: Non-convertible fully- Redeemable Unsecured Floating Rate Subordinated Bonds

Total Face Value: Up to BDT 1,500,000,000 in Single/Multiple tranches

Face Value of Each Bond is: BDT 10,000,000

Issue Price of Each Bond is: BDT 10,000,000

Number of Securities: 150 **Total Issue Amount:** BDT 1,500,000,000

Coupon Rate / Yield to Maturity: Last average 6 Month FDR Rate of all PCBs established before 2012 (excepting Islamic Banks and Foreign Banks) as published by Bangladesh Bank on quotation date + Coupon Margin

Coupon Range: Floor of 7.50% p.a. to 10.00% p.a.

Issue Date of IM: _____

Credit Rating Status of the Issue:

Long Term Rating: AA+_N **Outlook:** Stable

"If you have any query about this document, you may consult the issuer and the trustee"



Mandated Lead Arranger: Eastern Bank Limited

08 DEC 2022

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited

Arranger's Disclaimer

IPDC Finance Limited (the "**Issuer**") has authorized Eastern Bank Limited ("**EBL**" or the "**Arranger**") to distribute this Information Memorandum in connection with the proposed transaction outlined in it (the "**Transaction**") and the bond proposed to be issued in the Transaction (the "**Bond**").

"**EBL**" means Eastern Bank Limited and any group, subsidiary, associate or affiliate of Eastern Bank Limited and their respective directors, representatives or employees and/or any persons connected with them.

Nothing in this Information Memorandum constitutes an offer of securities for sale in the United States or any other jurisdiction where such offer or placement would be in violation of any law, rule or regulation.

The Issuer has prepared this Information Memorandum and the Issuer is solely responsible for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental and corporate approvals for the issuance of the Bond. All the information contained in this Information Memorandum has been provided by the Issuer or is from publicly available information, and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arranger or its affiliates for the accuracy, completeness, reliability, correctness or fairness of this Information Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly disclaim, to the fullest extent permitted by law, any responsibility for the contents of this Information memorandum and any liability, whether arising in tort or contract or otherwise, relating to or resulting from this Information Memorandum or any information or errors contained therein or any omissions therefrom. By accepting this Information Memorandum, You agree that the Arranger will not have any such liability.

You should carefully read and retain this Information Memorandum. However, You are not to construe the contents of this Information Memorandum as investment, legal, accounting, regulatory or tax advice, and You should consult with your own advisors as to all legal, accounting, regulatory, tax, financial and related matters concerning an investment in the Bond.

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Issuer's Disclaimer

This Information Memorandum is neither a prospectus nor a statement in lieu of prospectus. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. It does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the bond issue to the public in general. Apart from this Information Memorandum, no information memorandum or prospectus has been prepared in connection with the offering of this issue.

This Information Memorandum has been prepared to provide general information about the issuer to potential investors to whom it is addressed and who are willing and eligible to subscribe to the bond issue. This Information Memorandum does not purport to contain all the information that any potential investor may require. Neither does this Information Memorandum nor any other information supplied in connection with the bond issue is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt a recommendation to purchase any bonds. Each potential investor contemplating the purchase of any bonds should make his/her own independent investigation of the financial condition and affairs of the issuer and his/her own appraisal of the creditworthiness of the issuer.

Potential investors should consult their own financial, legal, tax, and other professional advisors as to the risks and investment considerations arising from an investment in the bonds and should possess the appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances.

The information relating to the company contained in this Information Memorandum is believed by the issuing company to be accurate in all respects as to the date hereof.

It is the responsibility of potential investors to also ensure that they will sell/transfer these Bonds in strict accordance with this Information Memorandum and other applicable laws. None of the intermediaries or their agents or advisors associated with this issue undertake to review the financial condition or affairs of the issuer during the life of the arrangements contemplated by this Information Memorandum or have any responsibility to advise any investor or potential investor in the bonds of any information available with or subsequently coming to the attention of the intermediaries, agents or advisors.

No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the issuer to any potential investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the issuer.

The contents of this Information Memorandum are intended to be used only by those potential investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

The person who is in receipt of this Information Memorandum shall maintain utmost confidentiality regarding the contents of this Information Memorandum and shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding its contents, without the prior written



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consent of the issuer till the time the Information Memorandum comes within public domain. Notwithstanding the foregoing, a bondholder may provide this Information Memorandum to a potential investor for the sole purpose of transferring the bonds.

Each person receiving this Information Memorandum acknowledges that:

- (a) Such person has been afforded an opportunity to request and to review and has reviewed and received this Information Memorandum and all additional information considered by an individual to be necessary to verify the accuracy or to supplement the information herein; and
- (b) Such person has not relied on any intermediary that may be associated with the issuance of the bonds in connection with his/her investigation of the accuracy of such information or his/her investment decision.

The issuer does not undertake to update the Information Memorandum to reflect subsequent events after the date of the Information Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the issuer. Neither the delivery of this Information Memorandum nor any sale of bonds made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the issuer since the date hereof.

This Information Memorandum does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the bonds or the distribution of this Information Memorandum in any jurisdiction where such action is required. The distribution of this Information Memorandum and the offering and sale of the bonds may be restricted by law in certain jurisdiction. Persons into whose possession this Information Memorandum comes are required to inform themselves about and to observe any such restrictions.

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Letter of Authority

Date

Mr. Mohammad Arif Iqbal Khan
Head of Structured Finance
Corporate Banking
Eastern Bank Limited
100, Gulshan Avenue, Gulshan
Dhaka-1212

LETTER OF AUTHORITY

Dear Sir,

We refer to the IPDC Subordinated Bond of BDT 1,500 million which, you (the Arranger) is arranging at our request, the principal terms and conditions of which are set forth in the attached Information Memorandum (the "Information Memorandum").

IPDC Finance (the Issuer), the undersigned, confirm that:

1. Except as otherwise provided in the Information Memorandum, all the information contained therein relating to the company and its business has been provided to you by us;
2. We confirm that we are fully responsible for all material statements, facts and opinions in the Information Memorandum.
3. To the best of our knowledge the Information Memorandum does not omit any fact in the context of the proposed facility although the Information Memorandum does not purport to be all the information which investors may require in order to evaluate the issuer's business.
4. The forecasts contained in the Information Memorandum were made after due and careful consideration on our part based on the best information available to us and we consider them fair and reasonable on the circumstances now prevailing; and
5. The information (including forecast) in the Information Memorandum fairly represents the basis on which the Issuer and its shareholders are proceeding with the business.
6. The Issuer does not however make any express or implied representation of warranty as to the fairness, accuracy; or completeness of the information (including statements of opinion) or forecasts. Appropriate warranties or other undertakings in relation to the information and forecasts will be given on the bond documents and no representations or warranties other than those specially set forth on the bond documents shall be deemed to be given to any party.

We hereby request and authorize you to distribute this Information Memorandum to prospective investors who may subscribe the Bonds. We understand that as per local practice, no confidentiality agreement will be signed between the Arranger and the prospective participants (including their relevant staff members and board of directors) to whom the Information Memorandum shall be placed and we confirm our consent to the distribution of "Information Memorandum" and other relevant documents to prospective investors distributed in this manner.

Sincerely,
Sd/-

(Authorized Signatory)



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
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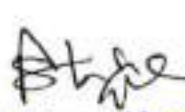
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IPDC Finance Limited IPDC Finance Limited



3 Risk Factors and Management's Perception about the Risks

IPDC Finance Limited (The Issuer) operates in financial institution industry which is cyclical and hence is exposed to several risk factors arising from external as well as internal matters. Moreover, any investment in debt securities carries risks. Hence, different debt securities carry different risks, an investment in debt securities has to be evaluated on its own merits. An investment in the subordinated bonds is in that respect no different.

Potential investors of IPDC Finance Subordinated Bond are strongly encouraged to carefully evaluate all the information in this Information Memorandum, especially the risk factors both internal and external on their own merit and not by referent to any other debt securities whether of a comparable nature or otherwise before making any investment decision.

This section addresses the possible risks an investor might have to bear by investing in the bonds and each risk factor is followed by management's perception regarding the risk. If any of the risks described below materialize, it could have a serious impact on the Issuer's financial results, and the ability of the Issuer to fulfill its obligations under the Bonds to be issued. However, the list of risk factors is not meant to be a comprehensive description of all risks which may be relevant to a decision to invest in the Bonds. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences.

3.a Interest Rate Risks:

Interest rate risk is the exposure of an institution's financial condition to adverse movement in interest rates. Accepting this risk is a normal part of financial intermediation and can be an important source of profitability and shareholder value. However, excessive level of interest rate risk can pose a significant threat to an institution's earnings and capital base. As financial intermediaries, non-bank financial institutions, like banks, encounter interest rate risk in several ways. The primary source of interest rate risk is differences in the timing of the repricing of assets, liabilities, and off-balance sheet instruments. Such mismatches can expose an institution to adverse changes in both the overall level of interest rates (parallel shifts in the yield curve) and the relative level of rates across the yield curve (nonparallel shifts in the yield curve). Another important source of interest rate risk occurs when the adjustment of the rates earned and paid on different instruments is imperfectly correlated with otherwise similar repricing characteristics.

Being a Financial institution, the primary risk that arises for a FI is interest rate risk. The immediate impact of changes in interest rates is on the Company's earnings due to changes its Net Interest Income (NII).

Management Perception

Being a Financial institution, the primary risk that arises for a FI is interest rate risk. The immediate impact of changes in interest rates is on the Company's earnings due to changes its Net Interest Income (NII). IPDC possesses Asset and Liability Committee (ALCO), which is constituted by the Company's top-level management team who frequently review issues related to the market, credit and liquidity and accordingly, recommend and implement appropriate measures to proactively identify and mitigate risks. IPDC has an approved Asset Liability Management (ALM) Policy, under the responsibility of the ALCO, together with a dedicated ALM desk to generate necessary MIS for improving ALCO's decision-making abilities.



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Nevertheless, the consequences of unusual and abrupt increase in borrowing rate cannot be avoided. The Company will definitely take all the appropriate measures to minimize the negative consequences and increase the lending rates wherever possible.

3.b Exchange Rate Risks:

Exchange rate risk is the chance that unanticipated exchange rate changes may have adverse effect on the value of the firm. In particular, it is defined as the possible direct loss or indirect loss in the firm's cash flows, assets and liabilities, net profit, and in turn, its stock market value from an exchange rate move. Companies which are engaged in foreign currency denominated transactions are, in particular, more susceptible to exchange rate risks—transaction risk, translation risk, and economic risk.

Management Perception

IPDC has not borrowed any fund from foreign sources nor does it deal in foreign exchange as IPDC is not authorized by Bangladesh Bank to deal in foreign exchange. Therefore, such foreign exchange fluctuations will not have any adverse impact on the company.

3.c Non- repayment Risk:

Non-repayment risk arises from the risk of loss of principal or income on the failure of an obligor or counterparty to meet their contractual obligations.

Management Perception

The Company's Credit Risk Management (CRM) department independently examines projects from a risk-weighted perspective and assists relevant departments in setting business development priorities. These are aligned with the Company's risk appetite while optimizing the risk-return trade-off derived from relevant risk exposures. The CRM team also clearly defines exceptionally high-risk sectors and prohibits lending to those projects which the Company does not ascribe to, including those which represent negative environmental, social or ethical standards. At an individual exposure level, risk grading model is used to promote corporate safety and sustainability by facilitating informed decision-making. At the portfolio level, the Company actively tracks the quality of its loans by analyzing risk migration and trends in non-performing assets. Such indicators prompt timely decision-making by the relevant risk management committees in preserving the quality of loans and advances. IPDC's Credit Risk Management Department and Internal Audit & Compliance Department are responsible for assessing operational risks across the Company and also ensuring an appropriate framework to identify, assess and manage operational risks.

3.d Prepayment, Call of Refunding Risks:

Prepayment, call, or refunding risk is the risk associated with the early unscheduled return of principal by a borrower or issuer of debt security. Prepayment of loans and advances by borrowers also gives rise to reinvestment risk. As rates decrease and loans are prepaid, lenders will not be able to invest the proceeds at the old rates and will have to use new, lower market rates to put the cash to work.

Management Perception

Diversification of credit related products is one of the Company's strategic priorities. The well diversified portfolio of IPDC includes term loan financing, lease financing, factoring financing, mortgage financing, auto loan financing, retail loan financing and staff loan. In addition to the diversification of portfolio in different types of products, the credit portfolio of IPDC is also well diversified across different sectors as well. On the liability side, the company maintains diversification through customer deposits and bank

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borrowing. In the event of prepayment and inability to invest profitably, the company can bring down its Bank borrowing.

3.e Security Risks:

Security is the specific revenue sources or assets pledged by an issuer to the bondholder to secure repayment of the bond. Therefore, security risk is all about the process of recovering the investment by the bond holder by utilizing the charge against the collateral securities in case of Issuer's inability to repay the face value of the bond(s).

Management Perception:

IPDC's Tier 2 Subordinated bond is an unsecured bond. Specific revenue sources or assets are not being pledged against the issuance of the bonds. Investors will have the right on the IPDC's cash flow to get repaid but rank of a subordinated bond holder is below than other loans (or securities) with regard to claims on assets or earnings.

3.f Liquidity Risks:

Liquidity risk refers to the risk that the Issuer's resources may be tied up and unavailable to meet immediate liabilities as they fall due. Lack of liquidity is tied to occurrence of adverse credit and market events, among others, and has significant implications on ongoing operations.

Management Perception:

To manage the liquidity risk, IPDC has managed to arrange the funding facilities with competitive interest rate to match with the maturity profile of the liabilities. IPDC with its strong Balance Sheet, adequate Capital Base, earning capacity, favorable credit rating and market goodwill can access the money market on a competitive rate.

3.g Management Risks:

Management risk is the risk that a company's management may run the company poorly and the company will be unable to grow in value or pay to its investors. This risk is associated with ineffective, destructive, or underperforming management, which hurts shareholders and the company or fund being managed. Management risk is aggravated by agency conflict—conflict of interest between the agent and the principal—which arises from the separation of ownership and management.

Management Perception:

Board of Directors reviews and approves the overall business strategies and significant policies of IPDC, assesses the underlying major risks run by the Company, involves in setting acceptable levels for these risks and ensures that senior management takes steps necessary to identify, measure, monitor and control these risks. Senior management accordingly works for implementing strategies and policies approved by the Board; developing processes that identify, measure, monitor and control risks incurred by the Company; maintaining an organizational structure that clearly assigns responsibility, authority and reporting relationships; ensuring that delegated responsibilities are effectively carried out; setting appropriate internal control policies and monitoring the adequacy and effectiveness of the internal control system.

3.h Operational Risk:

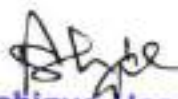
Operational risk is inherent in financial intermediation business and may result in loss of money or reputation arising out of human error, technology/system failures, breaches in internal controls, fraud, unforeseen catastrophes, inadequate procedures and controls or weaknesses in the Issuer's business processes.



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Management Perception:

In order to control its operational risk, IPDC primarily relies on its internal audit and internal control system. The company has been practicing internal control and compliance system based on the guidelines framed by Bangladesh Bank. Internal control and compliance department covers all areas of company's operational activities where risk of operational losses may arise as well as to ensure that everyone understands their roles and responsibilities in this process. All employees are expected to observe the professional and institutional code of conduct.

In IPDC, an effective internal control system has been set up which ensures an appropriate control structure with defined control activities 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.

3.i Business risk:

Business risk is the chance of loss inherent in an organization's operations and environment—such as competition and adverse economic conditions—that may impair its ability to provide returns on investment.

Management Perception

Business risks across the Company are addressed in a structured and systematic way through a predefined risk management structure. This ensures the Board's assessment of risk which is continually updated with the relevant risk factors and mitigating controls originating from and identified by the Company's assets, functional departments and operations. Moreover, IPDC possesses a detailed risk management system with procedures in place to support risk evaluation across the Company. The risks associated with the delivery of the business plan and annual work programmes and the associated mitigation measures are maintained in asset or project risk matrices and registers.

3.j Industry Risks:

The financial sector of the country is fairly competitive. Currently fifty-six banks and thirty-one non-banking financial institutions are operating in Bangladesh. Bangladesh Bank has already decided to provisionally approve two new financial institutions. However, the growing pace of industrialization and urbanization are increasing the circumference and scope of business for financial institutions. Financial services industry does not normally experience seasonality but is affected by cyclicity. Contraction in economic cycles has distressing effect on the business of financial institutions.

Management Perception

IPDC has a sound financial and technical base. They specialize in credit to corporate organizations; retail and SMEs, factoring finance; project finance; leases; hire purchase; equity/quasi-equity investments and advisory services, money market operations, and strive to provide products according to customers' needs with a personalized service. There are continuous efforts for mobilizing funds at competitive prices from Banks/Insurance Companies & individuals.

3.k Market and Technology Related Risks:

Market Risk:

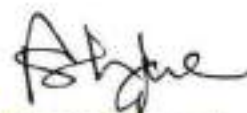
For a NBFI, Market risk is the potential of loss arising from adverse changes in interest rates and changes in the price of securities. As such it can be hedged but cannot be diversified away. Financial institutions



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assume this type of risk whenever assets owned or claims issued can change in value as a result of broader economic conditions. Systematic financial events come in a variety of forms: hyperinflation, currency crashes, government debt default or restructuring, and financial crises.

Management Perception

The Company is dependent on short-term borrowings, term deposits and line of credit facilities from commercial banks for funding its business activities. The renewal rate of its maturing deposits mitigates the interest rate risk. As far as interest on term loan is concerned, rise in interest rate of borrowing results in increase of lending rate to clients. In case of currency fluctuation, it is the prospective client who ultimately takes the risk. The treasury department reviews and prepares a report on the trend of market interest rate movement and carry out asset liability gap analysis.

Technology Related Risk:

Risk that customers may suffer service disruptions, or that customers or the group may incur losses arising from system defect such as failures, faults, or incompleteness in computer operations, or illegal or unauthorized use of computer system.

Management Perception:

Regular Management Committee meetings, IT Steering Committee meetings, Business Transformation Governance meetings take place where the members review business performance and revisits plans when necessary in response to the changing environment. To prevent technology related risk, IPDC Segregated dual control mechanism (maker and checker concept) to minimize the error and prevent the fraud and in order to further improve the management will be working on identifying new tools and measures to effectively measure the risk across the organization.

3.1 Potential or Existing Government Regulations:

Companies operating in a country are governed by rules and regulations of different regulating bodies and the government itself. Though these rules and regulations are aimed at preserving the interest of the mass, at times, government statutory requirements may act as impediments to some business growth. Changes in the government regulations and existing laws may prove to be too stringent to conduct specific businesses. Some portion of the risk arises due to non-compliance with the governing laws.

Management Perception

IPDC anticipate no significant change in legislation or government policy which may materially affect the business of the Company. Unless the regulatory authorities take any adverse policies, which may materially affect the industry as a whole, the business will not be affected that much since we are always particular in complying with rules and regulations of the authorities.

3.m Potential Change in Global or National Policies:

Profitable operation of a financial institution hinges to a great extent on national and global policies. Monetary policy and fiscal policy of the government, in particular, have a large bearing on the business of financial intermediation. Imposition of restrictive monetary and fiscal policy by the government at any time may affect a company's profitability.

Management Perception

IPDC's strategy is to maintain a diversified portfolio in major sectors of industries in line with the country's growth scenario as well as industrial policy. The company always monitor the changes in the national policies and adjust their strategy accordingly. There is little risk of National Policy change that would affect



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the Company only but rather it will affect the industry as a whole. Since IPDC operates only in Bangladesh, they are insulated from international policy changes. But it affects their clientele who does business abroad. Their well-diversified portfolio including a SME, MME and retail client base ensures that they are not adversely affected.

3.n Details of Schedule A, Part 1

3.n.1 Particulars of Issuer/ Originator:


| | | |
|-----|--------------------------------------|--|
| 1. | Name | IPDC Finance Limited |
| 2. | Legal | Non-Banking Financial Institution |
| 3. | Registered Address and telephone no. | Registered Address: Hosna Centre (4th Floor), 106, Gulshan Avenue, Dhaka 1212 Phone: +(88) 09612885533, +(88-02) 55068931-36 , +(88) 09612316519 Email: email@ipdcbd.com Mominul Islam Managing Director and CEO IPDC Finance Limited Hosna Centre (4th Floor), 106, Gulshan Avenue, Dhaka 1212 |
| 4. | Date of Incorporation | November 28, 1981, as Industrial Promotion and Development Company of Bangladesh under the Companies Act (Act VII), 1913 |
| 5. | Date of Commencement of Business | November 28, 1981 |
| 6. | Authorized Capital | BDT 8,000,000,000 (30 June 22) BDT 8,000,000,000 (31 Dec 2021) |
| 7. | Paid Up Capital | BDT 3,710,915,470(30 June 22) BDT 3,710,915,000 (31 Dec 2021) |
| 8. | Total Equity | BDT 6,348,386,450 (30 June 22) BDT 6,353,028,643 (31 Dec 2021) |
| 9. | Total Amount due (Total Liabilities) | BDT 81,114,129,376 (30 June 22) 78,619,565,352 (31 Dec 2021) |
| 10. | Total financial obligations | BDT 81,114,129,376 (30 June 22) BDT 60,405,264,987 (31 Dec 2021) |
| 11. | Total assets | BDT 87,462,515,826 (30 June 22) 84,972,593,995 (31 Dec 2021) |
| 12. | Total tangible assets | BDT 736,676,303 [Fixed Assets] (30 June 22) BDT 765,243,141 [Fixed Assets] (31 Dec 2021) |
| 13. | Total Net Worth | BDT 6,348,386,450 (30 June 22) BDT 6,353,028,643 (31 Dec 2021) |

3.n.2 Particulars of the mandated lead arranger

Note, this issuance is privately placed, and therefore Eastern Bank is working as an Arranger.

| | | |
|---|--------------------------------|--|
| ❖ | Name | Eastern Bank Limited (Arranger) |
| ❖ | Legal status | Private commercial bank |
| ❖ | Details of contact information | 100 Gulshan Avenue, Dhaka-1212, Bangladesh +88 09666777325 |


Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited

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| | | |
|---|---------------------------------|--|
| | | info@ebl-bd.com www.ebl.com.bd |
| ❖ | Name of issue managed/arranged: | TMSS Zero Coupon Bond United Finance Zero Coupon Bond Shanta Holdings Zero Coupon Bond |
| ❖ | Others: | |

3.n.3 Particulars of the issue

| | | |
|---|--|---|
| ❖ | Name | IPDC 2 nd Subordinated Bond |
| ❖ | Type of instrument | Non-convertible, Fully- redeemable, Unsecured Floating Rate Subordinated Bonds |
| ❖ | Purpose | The Purpose will be as follows: <ul style="list-style-type: none"> To strengthen Tier II Capital Base (Subject to approval of Bangladesh Bank, To explore options of raising capital to support company's future growth. |
| ❖ | Number of securities and total size: | Number of Securities: 150 Nos. Face Value of each lot: BDT 10,000,000.00 Issue Price of each Lot: BDT 10,000,000.00 Total Issue Size (Face Value): BDT 1,500,000,000 |
| ❖ | Face value, issue price | Face value of each Bond: BDT 10,000,000.00 Issue Price of each Bond: BDT 10,000,000.00 |
| ❖ | Coupon rate/discount rate and YTM | The coupon rate is equal to Reference Rate + Coupon Margin. The reference rate is Last average 6 Month FDR Rate of all PCBs established before 2012 (excepting Islamic Banks and Foreign Banks) as published by Bangladesh Bank on quotation date. The coupon rate is 2.50% p.a. with a Floor of 7.50% p.a. Cap of 10.00% p.a. Quotation Date is 5 Business days before the first day of any period for which coupon is to be paid. |
| ❖ | Coupon Margin | 2.5% |
| ❖ | Tenor/Maturity | 72 months from the date of issue, including 1 year moratorium and subsequently annual 20% repayment of the principal amount |
| ❖ | Details of conversion/exchange option features | Not Applicable |
| ❖ | Mode of redemption | Annually. The redemption of the bonds will start from the end of 2 year from the date of issuance and yearly thereafter up to 6 years. |
| ❖ | Mode of option | Not applicable |
| ❖ | Rate of return | Floor of 7.50% p.a. Cap of 10.00% p.a. |
| ❖ | Applicable tax rate | As applicable |
| ❖ | Default protection mechanism | This issue is unsecured. |
| ❖ | Type of collateral securities being offered | This issue is unsecured. |
| ❖ | Status of securities holders | Not applicable. |
| ❖ | Period within which securities to be issued | Six months from the date of regulatory approval. |

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Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | | |
|---|---|--|
| ❖ | Nature of tradability or listing in the stock exchange(s) | Freely transferable subject to further due diligence and the terms and conditions of the Bond documents. |
| ❖ | Others | |

3.n.4 Particulars of the trustee:

| | |
|--|---|
| Name | CAPM Advisory Limited |
| Paid-up capital | BDT 25 Crore |
| Net worth | BDT 22 Crore |
| Name of the issue(s) performing as a trustee | Ifad Autos Coupon Bearing Bond, AFC Agro Non-Convertible Zero Coupon Bond |
| Others | |

3.n.5 Particulars of the credit rating company:

| | | | |
|---|---|---|--|
| Name | Emerging Credit Rating Limited | | |
| | 30 Jun, 2022 | 31 Dec, 2021 | |
| Credit Rating status of the issuer | Long Term: AAA Short Term: ST-1 Outlook: Stable Valid From: September 26, 2022 Valid Till: September 25, 2023 | Long Term: AAA Short Term: ST-1 Outlook: Stable Valid From: September 26, 2021 Valid Till: September 25, 2022 | |
| Credit Rating status of the issue | Long Term: AA+ Outlook: Stable | Long Term: AA+ Outlook: Stable | |
| Date and validity of rating along with surveillance rating for the issuer or originator and for the issue | Valid From: October 21, 2021 Valid Till: December 01, 2022 | Valid From: October 21, 2021 Valid Till: October 20, 2022 | |
| Latest default rate | 4.10% (Non-Performing Loan) | 3.15% (Non-Performing Loan) | |
| Average time to default of the rated category | 0.1% | 0.1% | |
| Rating trigger, if any | | | |
| Others | | | |

3.n.6 Particulars of originators, if any:

Not Applicable

3.n.7 Particulars of other contractual parties:

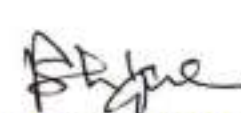
Not Applicable

3.0 Schedule A, Part- II:

All the required documents are in the annexure for Schedule-A part-II


Tania Sharmin
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CAPM Advisory Limited


Samiul Hashim
Company Secretary
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Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited

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4 Details of the utilization of proceeds

Purpose of Issuance of the IPDC 2nd Subordinated Bond:

The purpose of the issue is to explore options of raising capital to support company's future growth and maintain adequate capital requirement (tier II capital base) set by Bangladesh Bank. The raised fund will be constituted as Tier II Capital, subject to approval from Bangladesh Bank, allowing IPDC to expand its lending portfolio. Secondly, EPS and ROE would be improved. Finally, Dividend distribution capacity can be held intact.

As on 31 December 2021 IPDC had a total capital of BDT 7,508.11 million of which BDT 6047.05 million was the Common Equity Tier-I Capital and BDT 1461.05 was the Tier-II Capital and the Capital to Risk Weighted Assets (CRAR) of the Bank was 15.65%

The Issuer has planned to raise BDT 1,500,000,000 to generate liquidity to strengthen its Tier II Capital base and to support the expanded business opportunities.

For the last several years, the banking sector in Bangladesh has been playing an important role in our economy where banks comprise more than 80 percent of all financing activity. IPDC Finance Ltd., being the first-ever private-sector financial institution in the country, has always introduced timely and necessary financial solutions for the country. In 1981, at the time when the industrialization of the country was the main challenge, IPDC was established with the help of the Bangladesh Government and International Finance Corporation (IFC) to cater to the growth of the new and existing ventures in the country. To help the country's economy grow IPDC Finance Ltd. has been trying its level best and, in this process, strengthening its capital is a major concern. And, to do that Subordinated Bond can be a mention worthy instrument.

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Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

5 Features of the Debt Security

IPDC Finance Subordinated Bond is a debt instrument which is subordinated to deposits and other liabilities of the FI. It implies that the claims of the potential investors of this instrument are junior to the claims of the depositors and the other creditors. The bonds are unsecured and will not be insured by any deposit insurance scheme. The bonds are non-convertible and fully redeemable and will be ineligible as collateral for any loan made by the Issuer.

The major features of the IPDC Finance Subordinated Bonds are presented below:

5.a Basic Features of the instrument

| | |
|---|--|
| Name of the Instrument | IPDC 2 nd Subordinated Bond |
| Issuer | IPDC Finance Limited |
| Purpose | The Purpose will be as follows: <ul style="list-style-type: none"> To strengthen Tier II Capital Base (Subject to approval of Bangladesh Bank, To explore options of raising capital to support company's future growth. |
| Arrangers | Eastern Bank Limited (EBL) and also referred to as the "Mandated Lead Arranger" or the "MLA" |
| Trustee | CAPM Advisory Limited |
| Paying Agent, Register, Transfer Agent | N/A |
| Common Legal Counsel | Lex Juris |
| Credit Rating Agency | Emerging Credit Rating Limited |
| Currency | Bangladeshi Taka (BDT) |
| Issue Size | Up to BDT 1,500,000,000 (One Billion and Five Hundred Million) |
| Issue Type | Subordinated Bonds |
| Nature of Instrument | Non-convertible fully- redeemable Unsecured Floating Rate Subordinated Bonds |
| Tenure | 72 months from the date of issue, including 1 year moratorium and subsequently annual 20% repayment of the principal amount |
| Face Value | BDT 10,000,000.00 (Ten Million) only or as agreed amongst MLA and Issuer |
| Issue Price | 100% at Par |
| Minimum Subscription | N/A |
| Total Bonds to be issued | 150 (One hundred and fifty) |

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Tania Sharmin
 Managing Director & CEO
 CAPM Advisory Limited


Samiul Hashim
 Company Secretary
 IPDC Finance Limited


Md. Ashique Hossain
 Acting Chief Financial Officer
 IPDC Finance Limited


Mominul Islam
 Managing Director & CEO
 IPDC Finance Limited

| Investors | Institutional investors/high net-worth individual investors | | | | | | | | | | | | | | |
|--|--|------|------------|---|-----|---|-----|---|-----|---|-----|---|-----|---|-----|
| Mode of Placement | Best Efforts/ Strictly Non Underwritten | | | | | | | | | | | | | | |
| Yield to Maturity / Rate of Return | The coupon rate is equal to Reference Rate + Coupon Margin. The reference rate is Last average 6 Month FDR Rate of all PCBs established before 2012 (excepting Islamic Banks and Foreign Banks) as published by Bangladesh Bank on quotation date. The coupon margin is 2.50% p.a. with a Floor of 7.50% p.a. Cap of 10.00% p.a. Quotation date is 5 Business days before the first day of any period for which coupon is to be paid. | | | | | | | | | | | | | | |
| Coupon Rate | The coupon rate is equal to Reference Rate + Coupon Margin. The reference rate is Last average 6 Month FDR Rate of all PCBs established before 2012 (excepting Islamic Banks and Foreign Banks) as published by Bangladesh Bank on quotation date. The coupon margin is 2.50% p.a. with a Floor of 7.50% p.a. Cap of 10.00% p.a. Quotation date is 5 Business days before the first day of any period for which coupon is to be paid. | | | | | | | | | | | | | | |
| Reference Rate | The reference rate is Last average 6 Month FDR Rate of all PCBs established before 2012 (excepting Islamic Banks and Foreign Banks) as published by Bangladesh Bank on quotation date. | | | | | | | | | | | | | | |
| Quotation Days | Quotation date is 5 Business days before the first day of any period for which coupon is to be paid. | | | | | | | | | | | | | | |
| Coupon Margin | The coupon margin is 2.50% p.a. with a Floor of 7.50% p.a. Cap of 10.00% p.a. | | | | | | | | | | | | | | |
| Range of Coupon Rate | The coupon margin is 2.50% p.a. with a Floor of 7.50% p.a. Cap of 10.00% p.a. | | | | | | | | | | | | | | |
| Coupon Payment Frequency | Semi-Annually | | | | | | | | | | | | | | |
| Repayment Schedule | <p>The principal redemptions will be in five tranches, each tranche being 20% of the principal amount commencing at the end of second year from the date of the issuance.</p> <p>Redemption schedule (of Face Value):</p> <table border="1"> <thead> <tr> <th>Year</th><th>Redemption</th></tr> </thead> <tbody> <tr> <td>1</td><td>Nil</td></tr> <tr> <td>2</td><td>20%</td></tr> <tr> <td>3</td><td>20%</td></tr> <tr> <td>4</td><td>20%</td></tr> <tr> <td>5</td><td>20%</td></tr> <tr> <td>6</td><td>20%</td></tr> </tbody> </table> | Year | Redemption | 1 | Nil | 2 | 20% | 3 | 20% | 4 | 20% | 5 | 20% | 6 | 20% |
| Year | Redemption | | | | | | | | | | | | | | |
| 1 | Nil | | | | | | | | | | | | | | |
| 2 | 20% | | | | | | | | | | | | | | |
| 3 | 20% | | | | | | | | | | | | | | |
| 4 | 20% | | | | | | | | | | | | | | |
| 5 | 20% | | | | | | | | | | | | | | |
| 6 | 20% | | | | | | | | | | | | | | |
| Prepayment, Call Refunding, Prepayment, Conversion Features | N/A | | | | | | | | | | | | | | |

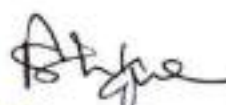
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Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | | |
|---|---|--|
| Tax Feature | According to the laws of Bangladesh | |
| Late Redemption | Incremental charge at the rate of 2% per annum payable by the Issuer to the Bondholders above the amount to be paid by the Issuer to the Bondholders on the Redemption Date for failure of the Issuer to make payment to the Bondholders on the Redemption Date. | |
| Trigger Point | The issue shall be penalized for each downgrade of the credit rating below the rating trigger i.e; minimum investment grade of triple 'BBB' or equivalent rating in the long term and "ST-3" or equivalent rating in the short term and an additional fee of .5% shall be added on top of the stipulated Coupon Rate as a risk premium for each downgrade of credit rating. | |
| Description of Collateral Security and Type of Charges to be Created Against the Issue | Unsecured | |
| Form | Registered | |
| Listing | Unlisted (Maybe listed if BSEC requires) | |
| Transferability/Liquidity | N/A | |
| Credit Enhancement | The bond is unsecured | |
| Credit Rating | 30 Jun, 2022 | 31 Dec, 2021 |
| | Issuer: Long Term: AAA Short Term: ST-1 Outlook: Stable Valid From: September 26, 2022 Valid Till: September 25, 2023 Issue Rating: Long Term: AA+ Outlook: Stable | Issuer: Long Term: AAA Short Term: ST-1 Outlook: Stable Valid From: September 26, 2021 Valid Till: September 25, 2022 Issue Rating: Long Term: AA+ Outlook: Stable |
| Cost related to the issue | Total costs (considering BDT 1,500 million is successfully raised) including Trustee, Bond Rating Agency (for 6 years). Lead Arranger and Legal Counsel Fees are estimated to be BDT 3.6 + BDT 0.15 million. BSEC Fee: <ul style="list-style-type: none"> • Application Fee of BDT 10,000 (Ten Thousand) • Consent Fee of 0.10% on the Total Face Value of the Bonds to be issued • Trustee Application fee of BDT 50,000 • Trustee Consent fee of BDT 1,00,000 • Trustee annual fee of BDT 50,000 (recurring) | |

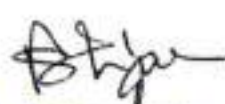
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Tania Sharmin
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CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

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Momtazul Islam
Managing Director & CEO
IPDC Finance Limited

| | |
|--|---|
| | <ul style="list-style-type: none"> Trust Deed Registration Fee 0.10% of the Total Face Value or maximum BDT 1,000,000 Printing and Other Expenses: est. BDT 15,000 (Fifteen Thousand). |
| Governing Law | The laws of The People's Republic of Bangladesh |
| Documentation: | Customary documentation including force majeure, negative pledge, cross default and indemnity provisions. |
| Condition Precedents | In form and substance satisfactory to the MLA including without limitation: (i) due diligence having been conducted and completed, (ii) documentation for the Financing and appropriate business description disclosure in the offering circular, (iii) receipt by the MLA of appropriate legal opinions from external counsel, (iv) the Issuer having obtained all relevant approvals for the Financing |
| Force Majeure and Significant Market Changes: | Notwithstanding anything contained in this Letter, EBL may by notice to the Issuer terminate this Letter at any time before the time on the Issue Date when payment would otherwise be due to the Issuer in respect of the Bonds if, in the opinion of the MLA, there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the offering and distribution of the Bonds and, upon notice being given, the parties to this Letter shall (except for the liability of the Issuer in relation to expenses related to the Financing and except for any liability arising before or in relation to such termination) be released and discharged from their respective obligations under this Letter. |

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5.b Rate of return, Yield to Maturity, Coupon/Discount Rate:

The coupon rate is equal to Reference Rate + Coupon Margin. The reference rate is Last average 6 Month FDR Rate of all PCBs established before 2012 (excepting Islamic Banks and Foreign Banks) as published by Bangladesh Bank on quotation date. The coupon rate is 2.50% p.a. with a Floor of 7.50% p.a. Cap of 10.00% p.a. Quotation date is 5 Business days before the first day of any period for which coupon is to be paid.

5.c Transferability/Liquidity

Freely transferable subject to further due diligence and the terms and conditions of the Bond documents

5.d Prepayment, Call, Refunding, conversion features

IPDC Finance Limited Subordinated Bond is non-callable and non-convertible in nature.

5.e Early redemption or Late Redemption

The Issuer shall pay an early redemption penalty of 2.00% higher than the Coupon rate which will be applicable from end of second year from the drawdown date.

5.f Tax Features

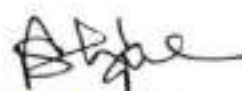
According to the laws of Bangladesh



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

5.g Costs related to the issue

Total costs (considering BDT 1,500 million is successfully raised) including Trustee, Bond Rating Agency (for 6 years),

Lead Arranger and Legal Counsel Fees are estimated to be BDT 3.6 + BDT 0.15 million.

BSEC Fee: As per regulatory requirement

- Application Fee of BDT 10,000 (Ten Thousand)
- Consent Fee of 0.10% on the Total Face Value of the Bonds to be issued
- Trustee Application fee of BDT 50,000
- Trustee Consent fee of BDT 1,00,000
- Trustee annual fee of BDT 50,000 (recurring)
- Trust Deed Registration Fee 0.10% of the Total Face Value or maximum BDT 1,000,000
- Printing and Other Expenses: est. BDT 15,000 (Fifteen Thousand).

Others: Any stamp duty, levy or other form of charges applied by the Government of Bangladesh or any of its agencies or political subdivisions shall be for the account of the Issuer.

5.h Repayment Schedule

This is to inform that the Issuer has decided to issue Non-convertible fully- redeemable Unsecured Floating Rate Subordinated Bonds with face value BDT 10,000,000 (10 Million) each, totaling issue size of Up to BDT 1,500,000,000 in Single/Multiple tranches through private placement. The yield of issue will be with a Floor of 7.50% p.a. to 10.00% p.a. with a tenor of 72 months from the date of issue, including 1 year moratorium and subsequent annual 20% repayment of the principal amount.

Unless previously redeemed or purchased and cancelled, the principal on the Bonds will be amortized and paid annually on a pro rata basis to the Bondholder in instalments of 20% per year commencing at the Second anniversary of the Bonds from the Issue Date. The final maturity of the Bonds will be at the end of sixth year of the Bonds from the Issue Date. Payments on the Bonds shall be made without deduction for or on account of taxes in Bangladesh. To be redeemed in 5 equal annual Instalments starting from end of 2nd year and each 12 months from there after as per following table for the Bond:

| Redemption Schedule | | |
|---------------------|-----------------------------|-----------------|
| No. of Installment | Installment due (In Months) | Total Repayment |
| 1 | 24 | 300,000,000 |
| 2 | 36 | 300,000,000 |
| 3 | 48 | 300,000,000 |
| 4 | 60 | 300,000,000 |
| 5 | 72 | 300,000,000 |

Incremental charge at the rate of 2% per annum payable by the Issuer to the Bondholders above the amount to be paid by the Issuer to the Bondholders on the Redemption Date for failure of the Issuer to make payment to the Bondholders on the Redemption Date.

Interest on the "Bond" is to be paid semi-annual basis on the interest payment dates. The interest payment dates shall be determined depending upon bond issue date. Interest payment will be calculated on the actual number of days over a 365 day basis and will be payable semi-annually. First coupon to be paid after 6 months of the drawdown.



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Managing Director & CEO
Finance Limited

5.i Call or put option, and premium or discount thereof, if any

Not Applicable

5.j Credit enhancement or Guarantee, if any

This bond is unsecured.

5.k Enforcement of charges over securities

5.k.1 Legal Proceedings

The Trustee may at any time, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to recover any amounts due in respect of the Bonds which are unpaid or to enforce any of its rights under this Trust Deed or the Conditions but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or a Written Resolution and (b) it shall have been indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith and *provided that* the Trustee shall not be held liable for the consequence of taking any such action and may take such action without having regard to the effect of such action on individual Bondholders. Only the Trustee may enforce the provisions of the Bonds or this Trust Deed and no Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.


Notwithstanding whatsoever contained to the contrary herein, in the event of default, the procedure to be undertaken by the Trustee as envisaged shall be initiated only after compliance with all or any prevailing laws, notification, guidelines, directives etc. both statutory and authoritative, as applicable to the Issuer.

5.k.2 Evidence of Default

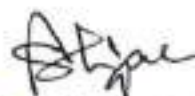
If the Trustee (or any Bondholder where entitled under this Trust Deed so to do) makes any claim, institutes any legal proceeding or lodges any proof in a winding-up or insolvency of the Issuer under this Trust Deed or under the Bonds, proof therein that: as regards any specified Bond the Issuer has made default in paying any principal due in respect of such Bond shall (unless the contrary be proved) be sufficient evidence that the Issuer has made the like default as regards all other Bonds in respect of which a corresponding payment is then due and for the purposes of the above a payment shall be a "corresponding" payment notwithstanding that it is due in respect of a Bond of a different denomination from that in respect of the above specified Bond.



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Samiul Hashim
Company Secretary
IPDC Finance Limited



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IPDC Finance Limited



Monirul Islam
Managing Director & CEO
IPDC Finance Limited

6 Description of Collateral Security and Type of Charges to be created against the Issue

Subordinated Bonds are unsecured and rank below deposits, borrowings and secured bonds with regard to claims on assets or earnings. IPDC Finance's 2nd Subordinated Bonds are unsecured and the claims of the bondholders are not covered by any collateral or security thereon and therefore no charge against the issues.

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Tanla Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mommul Islam
Managing Director & CEO
IPDC Finance Limited

7 Rights and Obligations of the issuer

7.a Covenant to Repay

The Issuer covenants with the Trustee that it will, as and when the Bonds or any of them become due to be redeemed or any principal on the Bonds or any of them becomes due to be repaid in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee in Bangladesh Taka in Dhaka in immediately available freely transferable funds the principal amount of the Bonds or any of them becoming due for redemption or repayment on that date and shall (subject to the provisions of the Conditions) until all such payments (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Conditions interest on the principal amount of the Bonds or any of them outstanding from time to time as set out in the Conditions provided that:

- 7.a.1 If any payment of principal or interest in respect of the Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the Bondholders or, if earlier, the seventh day after notice has been given to the Bondholders in accordance with the Conditions that the full amount has been received by the Trustee to the extent that there is failure in the subsequent payment to the Bondholders under the Conditions; and
- 7.a.2 In any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused interest shall accrue at applicable interest rate for the Bond on the whole or such part of such principal amount from the date of such withholding or refusal until the date either on which such principal amount due is paid to the Bondholders or, if earlier, the seventh day after which notice is given to the Bondholders in accordance with the Conditions that the full amount payable in respect of the said principal amount is available for collection by the Bondholders such payment is in fact made.

The Trustee will hold the benefit of this covenant and the covenants in Clause 11.3(Covenant to comply with Trust Deed, Conditions and Schedules,) and Clause 11.4(Covenants by the Issuer) on trust for the Bondholders.

7.b Following an Event of Default

At any time after any Event of Default shall have occurred, the Trustee may:

- 7.b.1 By notice in writing to the Issuer, require it to make all subsequent payments in respect of Bonds to or to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn, sub-clause 11.1.1 of Clause 11.1 (Covenant to Repay) and (so far as it concerns payments by the Issuer) Clause **Error! Reference source not found.** (Payment to Bondholders) shall cease to have effect.


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Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
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Managing Director & CEO
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7.c Covenant to comply with Trust Deed, Conditions, Schedules and applicable law

- 7.c.1 The Issuer hereby covenants with the Trustee to comply with, perform and observe all those provisions of this Trust Deed the Conditions (including, without limitation, Condition 5 (Covenants)) and the other Schedules which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively. The Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, this Trust Deed and the other Bond Documents and will be deemed to have notice of all of the provisions of the Bond Documents applicable to them.
- 7.c.2 The Issuer hereby covenants with the Trustee to comply with, perform and observe all those provisions of the applicable law including but is not limited to Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021. The Issuer agrees that Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, the applicable law and will be deemed to have notice of all of the provisions of the applicable law applicable to them.
- 7.c.3 The Trustee shall itself be entitled to enforce the obligations of the Issuer under the Bonds and the Conditions and the applicable law as if the same were set out and contained in this Trust Deed which shall be read and construed as one document with the Bonds.

7.d Covenants by the Issuer

The Issuer hereby covenants with the Trustee that, so long as any of the Bonds remain outstanding, it will:

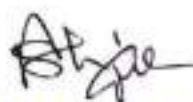
- 7.d.1 **Books of account:**
At all times keep and procure that all its Subsidiaries keep such books of account as may be necessary to comply with all applicable laws and so as to enable the financial statements of the Issuer to be prepared and allow, subject to confidentiality obligations under applicable law, the Trustee and any person appointed by it free access to the same at all reasonable times and to discuss the same with responsible officers of the Issuer;
- 7.d.2 **Event of Default:**
Give notice in writing to the Trustee forthwith upon becoming aware of any Event of Default and without waiting for the Trustee to take any further action;
- 7.d.3 **Corporate Governance:**
Comply (and shall ensure that each member of the Group will) in all material respects with the corporate governance guidelines set out by the Bangladesh Bank and the Bangladesh Securities and Exchange Commission.
- 7.d.4 **Information:**
So far as permitted by applicable law, at all times give to the Trustee such information, opinions, certificates and other evidence as it shall require and, in such form, as it shall require in relation to Issuer for the performance of its obligations under the Bond Documents;
- 7.d.5 **Execution of further Documents:**
So far as permitted by applicable law, at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to the provisions of this Trust Deed;



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- 7.d.6 Notices to Bondholders:
Send or procure to be sent to the Trustee not less than 5 (five) business days prior to the date of publication, one copy of each notice to be given to the Bondholders in accordance with the Conditions and, upon publication, send to the Trustee two copies of such notice;
- 7.d.7 Notification of non-payment:
Notify the Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the Bonds or any of them, pay unconditionally the full amount in the relevant currency of the moneys payable on such due date on all such Bonds;
- 7.d.8 Notification of late payment:
In the event of the unconditional payment to the Trustee of any sum due in respect of the Bonds or any of them being made after the due date for payment thereof, forthwith give notice to the Bondholders that such payment has been made;
- 7.d.9 Notification of redemption or repayment:
14 (Fourteen) days prior to the Redemption Dates or purchase in respect of any Bond, give to the Trustee notice in writing of the amount of such redemption or purchase pursuant to the Conditions and duly proceed to redeem or purchase such Bonds accordingly;
- 7.d.10 Authorised Signatories:
Upon the execution hereof and thereafter forthwith upon any change of the same, deliver to the Trustee a list of the Authorised Signatories of the Issuer, together with certified specimen signatures of the same; and
- 7.d.11 Payments:
Pay moneys payable by it to the Trustee hereunder without set off, counterclaim, deduction or withholding, unless otherwise compelled by law and in the event of any deduction or withholding compelled by law will pay such additional amount as will result in the payment to the Trustee of the amount which would otherwise have been payable by it to the Trustee hereunder.

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8 Rights and Obligations of the Trustee

8.a Trustee's Rights

- 8.a.1 *Applicable Law:* Notwithstanding anything contained in this Trust Deed the Trustee shall have all such rights and powers granted to it under the applicable law including but is not limited to Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021.
- 8.a.2 *Advice:* The Trustee may in relation to this Trust Deed act on the professional opinion or advice of or a certificate or any verified information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (whether obtained by the Trustee, the Issuer, or any Subsidiary) and which advice or opinion may be provided on such terms (including as to limitations on liability) as the Trustee may consider in consultation with the Issuer to be consistent with prevailing market practice with regard to advice or opinions of that nature and shall not be responsible for any Liability occasioned by so acting; any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, telex, cablegram or facsimile transmission;
- 8.a.3 *Resolution or direction of Bondholders:* The Trustee shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed or a direction of a specified percentage of Bondholders, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or the making of the directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the making of the directions was not valid or binding upon the Bondholders;
- 8.a.4 *Trustee not responsible for investigations:* Save as otherwise provided by applicable law, the Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in this Trust Deed, the Bonds, or any other agreement or document relating to the transactions herein or therein contemplated or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof;
- 8.a.5 *Entry on the Register:* The Trustee shall be liable to the Issuer or any Bondholder by reason of having accepted as valid or not having rejected any entry on the Register later found to be forged or not authentic and can assume for all purposes in relation hereto that any entry on the Register is correct;
- 8.a.6 *Events of Default:* Save as otherwise provided by applicable law, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Event of Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Bonds and under this Trust Deed and no event has happened as a consequence of which any of the Bonds may become repayable; and
- 8.a.7 *Right to Deduct or Withhold:* Notwithstanding anything contained in this Trust Deed, to the extent required by any applicable law, if the Trustee is or will be required to make any deduction or withholding from any distribution or payment made by it hereunder or if the Trustee is or will be otherwise charged to, or is or may become liable to, tax as a consequence of performing its duties hereunder whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whenever

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Managing Director & CEO
IPDC Finance Limited

made upon the Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled under this Trust Deed (other than in connection with its remuneration as provided for herein) or any investments or deposits from time to time representing the same, including any income or gains arising therefrom or any action of the Trustee in connection with the trusts of this Trust Deed (other than the remuneration herein specified) or otherwise, then the Trustee shall be entitled to make such deduction or withholding or, as the case may be, to retain out of sums received by it an amount sufficient to discharge any liability to tax which relates to sums so received or distributed or to discharge any such other liability of the Trustee to tax from the funds held by the Trustee upon the trusts of this Trust Deed.

- 8.a.8 *Liability:* The Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to this Trust Deed or the Bonds save in relation to its own gross negligence, wilful default or fraud. This Clause 6.1.8 shall survive the termination or expiry of this Trust Deed or the removal or termination of the Trustee.
- 8.a.9 *Force Majeure:* The Trustee shall not be liable for any failure or delay in the performance of its obligations under this Trust Deed or any other Bond Document because of circumstances beyond such Trustee's control, including, without limitation, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, labour disputes, any laws, ordinances, regulations or the like which restrict or prohibit the performance of the obligations contemplated by this Trust Deed or any other Bond Document, inability to obtain or the failure of equipment, or interruption of communications or computer facilities, and other causes beyond such Trustee's control whether or not of the same class or kind as specifically named above.
- 8.a.10 *Immunities:* The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Trust Deed shall extend to the Trustee's officers, directors and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of this Trust Deed and final payment of the Bonds. The Issuer acknowledges that in any proceedings taken in relation to this Trust Deed, it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.
- 8.a.11 *Professional charges:* Any trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his partner or firm on matters arising in connection with the trusts of this Trust Deed and also his properly incurred charges in addition to disbursements for all other work and business done and all time spent by him or his partner or firm on matters arising in connection with this Trust Deed, in each case as agreed pursuant to the Fee Letter (including matters which might or should have been attended to in person by a trustee not being a banker, lawyer, broker or other professional person);
- 8.a.12 *Expenditure by the Trustee:* Nothing contained in this Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it; and



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- 8.a.13 *Trustee may enter into financial transactions with the Issuer:* No Trustee and no director or officer of any corporation being a Trustee hereof shall by reason of the fiduciary position of such Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Issuer or any Subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, or from accepting the trusteeship of any other debenture stock, debentures or securities of the Issuer or any Subsidiary or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, and neither the Trustee nor any such director or officer shall be accountable to the Bondholders or the Issuer or any Subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit.
- 8.a.14 *Trustee Liability:* The Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to this Trust Deed or the Bonds save in relation to its own gross negligence, wilful default or fraud.
- 8.a.15 *Right to Sue:* The Trustee may sue and may be sued on behalf of the Bondholders.

8.b Trustee's powers and duties

- 8.b.1 *Applicable Law:* Notwithstanding anything contained in this Trust Deed the Trustee shall have all such responsibility as set out in the applicable law including but is not limited to Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021.
- 8.b.2 *Act for Bondholders:* Subject to applicable law and terms and conditions of this Trust Deed, the Trustee shall act on behalf and for the exclusive interest of the Bondholders;
- 8.b.3 *Monitoring:* Trustee shall ensure that Issuer is observing the applicable law for the Bonds and the terms and conditions of the Bond Documents. As soon as the Trustee is aware of any breach by the Issuer it shall immediately inform the Bondholders and the Issuer of such breach;
- 8.b.4 *Report to BSEC:* Trustee shall submit an annual compliance report to the BSEC on the activities of the Issuer including repayment of dues to the Bondholders. When Trustee shall submit such report to the BSEC it shall provide copy to the Issuer and the Bondholders;
- 8.b.5 *Grievances of the Bondholders:* Upon receipt of a complaint from the Bondholders Trustee shall take necessary steps for redress of grievances of the Bondholders within one month of the date of receipt of the complaints and he shall keep the BSEC and the Issuer informed about the number, nature and other particulars of the complaints received and the manner in which such complaints have been redressed;
- 8.b.6 *Trustee's determination* The Trustee may determine whether or not a default in the performance or observance by the Issuer of any obligation under the provisions of this Trust Deed or contained in the Bonds is capable of remedy and if the Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Bondholders;
- 8.b.7 *Determination of questions:* the Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Trust Deed



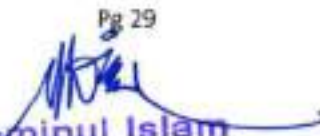
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IPDC Finance Limited



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Managing Director & CEO
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and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders;

- 8.b.8 *Trustee's discretion:* The Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Trust Deed or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any Liability that may result from the exercise or non-exercise thereof (save as otherwise provided by applicable law) but whenever the Trustee is under the provisions of this Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing;
- 8.b.9 *Trustee's consent:* Any consent given by the Trustee for the purposes of this Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require;
- 8.b.10 *Application of proceeds:* The Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Bonds;
- 8.b.11 *Error of judgment:* The Trustee shall not be liable for any error of judgment made in good faith applying due diligence and without negligence by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters, save in relation to its own gross negligence, wilful default or fraud;
- 8.b.12 *Agents:* Subject to the provisions of the Trust Act 1882 and Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021, the Trustee may, in the conduct of the trusts of this Trust Deed instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money) with the consent of Issuer and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person *provided that* the Trustee had exercised reasonable care in the appointment of such person;
- 8.b.13 *Confidential information:* The Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder confidential information or other information made available to the Trustee by the Issuer in connection with this Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information.
- 8.b.14 *Determination of Interest Rate:* The Trustee shall determine Applicable Interest Rate in accordance with Condition of the Bond.

8.c Exercise of Discretion

- 8.c.1 Notwithstanding anything in this Trust Deed to the contrary, the Trustee shall not be obliged to exercise or consider exercising any discretion or consider making or make any determination (including, without limitation, any determination as to whether any fact or circumstance or activity or thing is material or substantial or complies with some such similar quantitative standard) or to consider taking or take any action whatsoever in connection with or under or pursuant to the Bonds

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unless directed to do so by the holders of not less than 66²/₃ percent in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of Bondholders (subject in all cases to the Trustee having been indemnified or provided with security to its satisfaction and otherwise being satisfied that it is lawful for it to so exercise discretion, make a determination or otherwise take any action). Such direction shall specify the way in which the Trustee shall exercise such discretion or, as the case may be, make the determination or take the action to be taken by the Trustee.

- 8.c.2 The Trustee will be responsible for any loss, expense, damage, claim, cost, charge or liability which may be suffered as a result of any exercise or non-exercise of a discretion or the making or failure to make any determination or the taking or failure to take any action by the Trustee, acting on the directions of the Bondholders as aforesaid or pending the provision of such a direction.

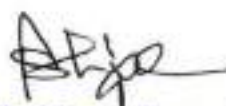
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9 Rights and Obligations of the Issue Manager, underwriter or any other contractual parties

9.a Arranger

Note, this issuance is privately placed, and therefore Eastern Bank is working as an Arranger.

9.b Report on utilization of proceeds

The Issue Manager (if applicable) shall obtain, from the Issuer, a report on utilization of proceeds as well as implementation status on half-yearly basis within 10 (ten) days of close of the half year, till full utilization of proceeds has been completed.

9.c Publication of online information

Upon receiving the consent of the Commission to the issue of securities under these rules, the Issue Manager (or the Issuer or Originator) will publish the information memorandum, as approved by the Commission, in their own official websites, within the time specified in the consent letter issued by the Commission.

9.d Additional information to the Commission

The Commission may require the issuer or originator, or its directors, officers, issue manager(s), auditors, valuer(s), to submit additional disclosure, information, documents, certification and clarification, as the case may be, to produce or to disclose, in the information memorandum for sale of securities, within such time as may be stipulated. The Issue Manager (if applicable, or the Issuer or Originator) shall comply it within the stipulated time.

9.e Indemnity

The Issuer has prepared this Information Memorandum and the Issuer is solely responsible for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental and corporate approvals for the issuance of the Bond. All the information contained in this Information Memorandum has been provided by the Issuer or is from publicly available information, and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arranger or its affiliates for the accuracy, completeness, reliability, correctness or fairness of this Information Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly disclaim, to the fullest extent permitted by law, any responsibility for the contents of this Information memorandum and any liability, whether arising in tort or contract or otherwise, relating to or resulting from this Information Memorandum or any information or errors contained therein or any omissions therefrom.

By accepting this Information Memorandum, You agree that the Arranger will not have any such liability. You should carefully read and retain this Information Memorandum. However, You are not to construe the contents of this Information Memorandum as investment, legal, accounting, regulatory or tax advice, and You should consult with your own advisors as to all legal, accounting, regulatory, tax, financial and related matters concerning an investment in the Bond.

9.f Fees

The arrangement fee for private offer shall be determined as per agreement between the issuer or originator and the arranger.

9.g Subscription Closure

After publication of information memorandum in the websites, the Arranger will arrange the subscription to be received through designated banker or banker to the issue during subscription period not less than 30 (thirty) days and not more than 180 (one hundred eighty) days for private offer or as per conditions of the consent letter.



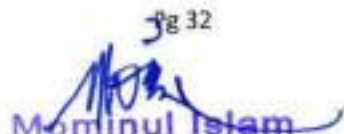
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9.h Cover page of the Information Memorandum

The Arranger will ensure that the cover page of the IM shall include the following statement at the bottom of the cover page: "If you have any query about this document, you may consult the issuer or originator, issue manager and the trustee."

9.i Information Memorandum Signature

If required by the Commission, IM shall be duly signed on each page, chief executive officer or managing director of the issue manager (if applicable), in addition to the originator or issuer's chief executive officer or managing director, chief financial officer, company secretary.


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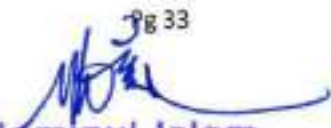
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10 Rights and Obligations of the Investors

- 10.a** Each Bondholder has the right to demand information from the Issuer as set out in the Trust Deed and the Condition attached in Schedule 1 (*Terms and Conditions of the Bonds*).
- 10.b** Each Bondholder has the right to receive payment of principal amount of the Bond on the Redemption Date as set out in the Condition attached in Schedule 1 (*Terms and Conditions of the Bonds*).
- 10.c** Each Bondholder has the right to receive interest on the Bond on the Interest Payment Date as set out in the Condition attached in Schedule 1 (*Terms and Conditions of the Bonds*).
- 10.d** Each Bondholder has the right to attend meeting of the Bondholders and vote therein in accordance with Condition 12 (*Meetings of Bondholders, Modification, Waiver and Substitution*).

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IPDC Finance Limited

11 Description of the Issuer:

IPDC Finance Limited (previously known as "Industrial Promotion and Development Company of Bangladesh Limited") is the first private sector financial institution of the country incorporated in November 28, 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 Bangladesh. The company has been established as a public limited company incorporated in Bangladesh under the company Act 1913 (now the Companies Act 1994), listed with the Dhaka and Chittagong Stock Exchange Limited since 02 December 2006, and has received its license as Financial Institution under Financial Institutions Act on 07 February 1995.

Since its inception in 1981 as a Development Financial Institution (DFI), IPDC has played a pivotal role in reshaping the private sector industrialization of the country through innovative financial products and services. Today IPDC is a diversified financial institution with a wide range of products and services covering corporate finance and advisory services, SME finance supply chain finance, retail wealth management and retail finances. The principal businesses of the Company are related to finance and finance associated activities. These businesses include deposits mobilization; credit to corporate organizations; Retail and SMEs, factoring finance; project finance; leases; hire purchase; equity/quasi-equity investments and advisory services. IPDC provides multiple business services through its 12 branches including Head Office. There are three branches in Dhaka. Those are in Motijheel, Dhanmondi and Uttara. Besides these, there are eight other branches in Chittagong, Bogura, Gazipur, Narayanganj, Sylhet, Mymensingh, Jessore and Comilla.

11.a Milestone of IPDC Finance

Since its inception IPDC has played a pivotal role in developing country's industrial landscape. The company had been partnered to many of the very renowned corporate houses in Bangladesh in their incubation stage. No other financial institution of the country has played such a significant role in private sector development of the country. IPDC has been a partner in a number of milestone projects that were the first of its kind in Bangladesh. Here are some key notable investments that IPDC Finance has made in the past:



First Leasing Company



First Preference Share Investment



First Theme Park



First Independent Power Producer



First Housing Finance Company



First International Standardized Private Hospital



First Private Sector 5 Star Hotel



First Private Sector TV Channel



First Private Sector School


Table 1: Milestones of IPDC Finance Limited



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CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| History | Year |
|--|------|
| IPDC became the first private sector Development Finance Institution (DFI) in Bangladesh | 1981 |
| IPDC Started its commercial operation | 1983 |
| IPDC Sponsors IDLC, the first leasing company, thereby introduced lease financing in the market | 1985 |
| IPDC gets the license from Bangladesh Bank as a Financial Institution under the Financial Institution Act 1993 | 1995 |
| IPDC starts Lease Financing itself | 1997 |
| IPDC introduces Short-Term Working Capital and Bridge Loan Finance | 1999 |
| IPDC introduces the concept of Preference Share Investment in the country by investing in Hyundai Cement Bangladesh (Later on known as Holcim Bangladesh) | 2000 |
| IPDC invests in Preferred Stock of Delta BRAC Housing, the pioneer is Housing Finance in the private sector of the country | 2000 |
| IPDC introduces Zero Coupon Bond through securitization of receivables with technical assistance from World Bank | 2004 |
| AKFED takes the majority share of the company through buying the stakes from IFC, DEG and CDC. | 2004 |
| IPDC gets publicly listed | 2006 |
| IPDC introduces Auto Loan and Club Royal, a High-Net-Worth Lifestyle product, first in the NBFi sector | 2008 |
| IPDC launches first branch in Chittagong | 2009 |
| IPDC opens its branch in Sylhet | 2011 |
| IPDC introduces Factoring Finance and Mortgage Finance | 2012 |
| BRAC (25%), Ayesha Abed Foundation (10%), RSA Capital Limited (5%) acquires 40% shares from AKFED with AKFED retaining 11% of the shares. | 2015 |
| <ul style="list-style-type: none"> Establishing the five-year Strategic paper by realigning its focus on youth, women, and Underserved areas. IPDC revamped and rebranded itself to IPDC Finance Limited from Industrial Promotion and Development Company of Bangladesh Limited IPDC opened its 3 branches in Gazipur, Narayanganj, Bogura | 2016 |
| Inaugurated branches in Jashore, Mymensingh, & Cumilla | 2017 |
| Commencement of development of Project Orjon, the first-ever digital supply chain financing solutions using Block Chain Technology in Bangladesh | 2018 |
| <ul style="list-style-type: none"> Launch of Orjon, Southeast Asia's First Block Chain Based Digital Supply Chain Finance Platform Became the best Financial Institute of the year at the 18th Bangladesh Business Awards | 2019 |
| <ul style="list-style-type: none"> Digitalized and transformed all initiatives and operations to adapt to the new normal brought upon by the pandemic Launched Manobota Deposit Scheme to help the underprivileged community and implemented many other humanitarian initiatives. | 2020 |
| Onboarded Tamim Iqbal as Ucchasher Oprodot (Brand Ambassador) | 2021 |

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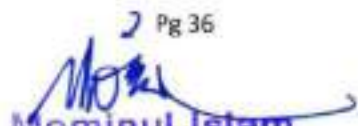
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11.b Capital Structure:

IPDC Finance Limited, the Issuer of the sub-ordinated bonds, is a private non-banking financial institution and like other financial institutions its capital structure comprises shareholder's equity, deposits and other liabilities. As of June 30, 2022, IPDC's total assets stood at BDT 87,462.52 million. Significant part (67.17%) of IPDC's total assets has been financed by deposits and other accounts.

Table 2: Sources of Issuer's Capital Structure

| Particulars | As of 30 June, 2022 | | As of 31 Dec, 2021 | |
|--|---------------------|------------------|--------------------|------------------|
| | BDT Million | % of Total Asset | BDT Million | % of Total Asset |
| Liabilities | | | | |
| Borrowings from other banks, financial institutions and agents | 13,549.41 | 15.49% | 10,495.83 | 12.35% |
| Deposits and other accounts | 58,744.47 | 67.17% | 60,405.26 | 71.09% |
| Other liabilities | 8,820.25 | 10.08% | 7,718.46 | 9.08% |
| Total Liabilities | 81,114.13 | 92.74% | 78,619.56 | 92.52% |
| Capital/Shareholders' Equity | | | | |
| Paid-up capital | 3,710.92 | 4.24% | 3,710.92 | 4.37% |
| Share Premium | 402.63 | 0.46% | 402.63 | 0.47% |
| Statutory reserve | 980.28 | 1.12% | 980.28 | 1.15% |
| Assets revaluation reserve | 306.51 | 0.35% | 305.97 | 0.36% |
| Retained earnings | 948.05 | 1.08% | 953.23 | 1.12% |
| Total Equity | 6,348.39 | 7.26% | 6,353.03 | 7.48% |
| Total Liabilities and Shareholders' Equity | 87,462.52 | 100.00% | 84,972.59 | 100.00% |


The Basel Accords refer to the banking supervision Accords (recommendations on banking regulations)-Basel I, Basel II and Basel III -issued by the Basel Committee on Banking supervision (BCBS). The Basel Accords is a set of recommendations for regulations in the banking industry. Currently NBFIs in Bangladesh is following Basel II, the second of the Basel Accords, Basel-II norms was implemented in the NBFIS from 1 January 2012. Under Basel-II, NBFIS in Bangladesh must maintain a Minimum Capital Requirement (MCR) of 10% of risk-weighted assets (RWA) or BDT 1.0 billion, whichever is higher.

As per the regulatory requirement directed by the Bangladesh Bank, financial institutions have to maintain a minimum Capital Adequacy Ratio of 10.00%. The capital adequacy of IPDC has been in line with requirement under the risk-based capital adequacy framework. In 30 June 2022, IPDC'S Tier-I or core capital has decreased 0.09% from the preceding due to dividend distribution year while the Tier-II or supplementary capital has gone down slightly by 2.05% due to redemption of the Sub-ordinated debts which are part of Tier II capital. Cumulatively, the total capital (Tier-I and Tier-II) of the FI stood at BDT 7,472.99 million in FY2022 showing an overall increase of 0.47% from BDT 7,508.11 million in FY2021.

Risk weighted assets, on the other hand, grew by 4.88% in FY2022 standing at BDT 50,313.23 million in contrast to BDT 47,969.96 in the previous year. Based on the RWA, the minimum capital requirement (10% of RWA) stood at BDT 5031.32 million against which the FI had a surplus capital of BDT 2441.67 million by the end of June 2022. The


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 IPDC Finance Limited

capital adequacy ratio of IPDC has been calculated to be 14.85% which is much higher than the regulatory directive of 10.00%. Details are as follows:

Table 3: Description of Issuer's Capital

| Particulars | As of Jun 30, 2022 | As of Dec 31, 2021 |
|---|--------------------|--------------------|
| | BDT Million | BDT Million |
| Core capital (Tier-I) | 6,041.88 | 6047.06 |
| Supplementary capital (Tier-II) | 1,431.11 | 1461.05 |
| Total Eligible Capital | 7,472.99 | 7,508.11 |
| Total Risk Weighted Assets | 50,313.23 | 47,969.96 |
| Minimum Capital Requirement | 5,031.32 | 4,797.00 |
| Capital Surplus | 2,441.67 | 2,711.11 |
| Required Capital Adequacy Ratio | 10.00% | 10.00% |
| Capital Adequacy Ratio as of June 30, 2022 | 14.85% | 15.65% |

The Authorized Capital of IPDC Finance Limited (IPDC) is BDT 8,000.00 million. As on June 30, 2022 the company's total paid-up capital stood at BDT 3,710.92 million. The shareholding position of IPDC comprises of Government of the People's Republic of Bangladesh (GoB) which contributes 21.88% of total share, general shareholders account for 30.08% of total shareholding and institutions holding 48.04%.

Table 4: No. of Shares and Percentage of Shareholding

| Name of Sponsors | June-22 | |
|-----------------------------|--------------------|----------------|
| | No. of Shares | % of holdings |
| BRAC | 92,772,883 | 25.00% |
| Government of Bangladesh | 81,193,210 | 21.88% |
| Ayesha Abed Foundation | 37,109,152 | 10.00% |
| RSA Capital Limited | 18,554,574 | 5.00% |
| Bluechip Securities Limited | 29,831,193 | 8.04% |
| General Shareholders | 111,630,535 | 30.08% |
| Total No. of Shares | 371,091,547 | 100.00% |

11.c Business

11.c.1 Description of Products & Services:

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


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 Managing Director & CEO
 IPDC Finance Limited

Corporate Business

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

1. **Lease Finance:** Lease financing is provided against industrial machineries, commercial equipment, generators, vehicles, vessels, industrial large engines, etc. that will be newly procured. Lease facility may also be provided against already procured/in-use industrial machinery, commercial equipment, office equipment, generators, vehicles, vessels, engines, etc.
2. **Term Loan:** Term Loan is designed for the long-term business purposes. Term Loan is generally provided to meet various capital/fixed expenditures such as balancing of production line, modernization of manufacturing process, expansion of capacity and space, etc.
3. **Project Financing:** For projects requiring large-scale investment, IPDC brings other Financial Institutions/Banks to raise funds through syndication where IPDC acts as the lead arranger for the financing. Project Financing provided for setting up of a new unit as addition to the existing product line and capacity, a new concern of an existing group, a new Joint Venture project of an existing company, etc.
4. **Short Term Financing:** IPDC offers working capital financing to assist companies in carrying out day-to-day business operations, to meet short term cash requirements. The financing may be structured as per requirement and/or need of the client.
5. **Investment in Preference and Common Share:** If clients raise funds, IPDC corporate division makes financing by purchasing the preference and common shares. IPDC gets payments usually through redemption of the preferred shares over the tenure and receiving dividend from equity shares.

Small and Medium Enterprises (SME) Business

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

1. **Lease Finance:** Lease finance is offered to small/medium size business for procuring fixed asset like commercial/office equipment, machineries, generators, vehicles, vessels etc.
2. **Long Term Finance:** Financing in any business concern to meet up various regular capital/fixed asset expenditures.
3. **Short Term Finance:** Short Term Loan to different business concerns to meet urgent fund requirement for any interim period.
4. **Financing Women Entrepreneurs:** This product is exclusively tailored for the women in business to give them that extra edge and succeed.



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5. **Factoring:** IPDC Factoring provides advance cash against invoices or bills. With IPDC factoring, customer does not need to wait for 90 to 180 days with their accounts receivables to meet their liquidity needs.
6. **Work Order Financing:** IPDC offers financing against Work Orders (WO) to bridge the gap between time of processing the order and receipt of payment.

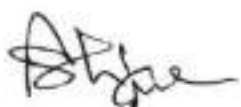
Retail Business

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

1. **Savings Schemes:** Products under these schemes are Deposit Premium, Millionaire Deposit, Ultiflex Deposit schemes.
2. **Deposit Schemes:** Several ranges of products are offered in this type schemes. These are Annual Profit, Cumulative Profit, Fixed Deposit General, Monthly Profit, Double Money Deposit, Quarterly Profit Schemes.
3. **Home Loan:** With a host of Home Loan options, the Home and Mortgage Unit aims to meet the individual needs for housing solutions.
4. **Bhalo Basha Home Loans:** Bhalo Basha Home Loans offer housing finance to the growing middle-income base outside metropolitan area.
5. **Auto Loan:** The Auto Loan Unit specializes in car financing for individuals and institutions.
6. **Personal Loan:** The Personal Loan Unit offers any purpose loans for personal need.
7. **Club Royal:** This is a complete package of prerogative services including personal financial advice to the high-value customers.


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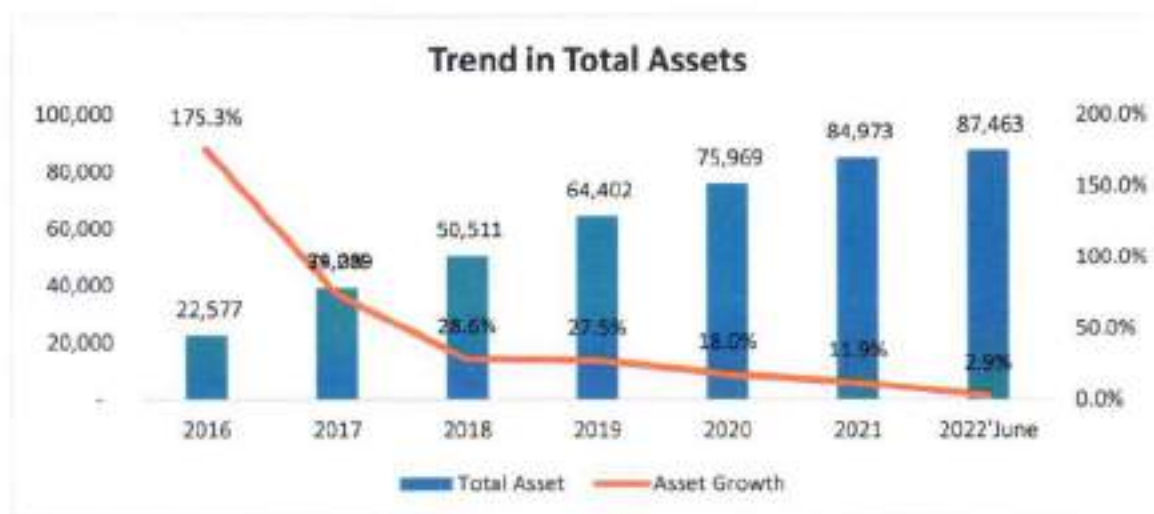

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11.c.2 Business Analysis based on Financials

(a) Asset Size & Growth:

IPDC's total assets grew substantially during the last five years. At the end of June 2022 total assets of IPDC stood at BDT 87,462.52 million.

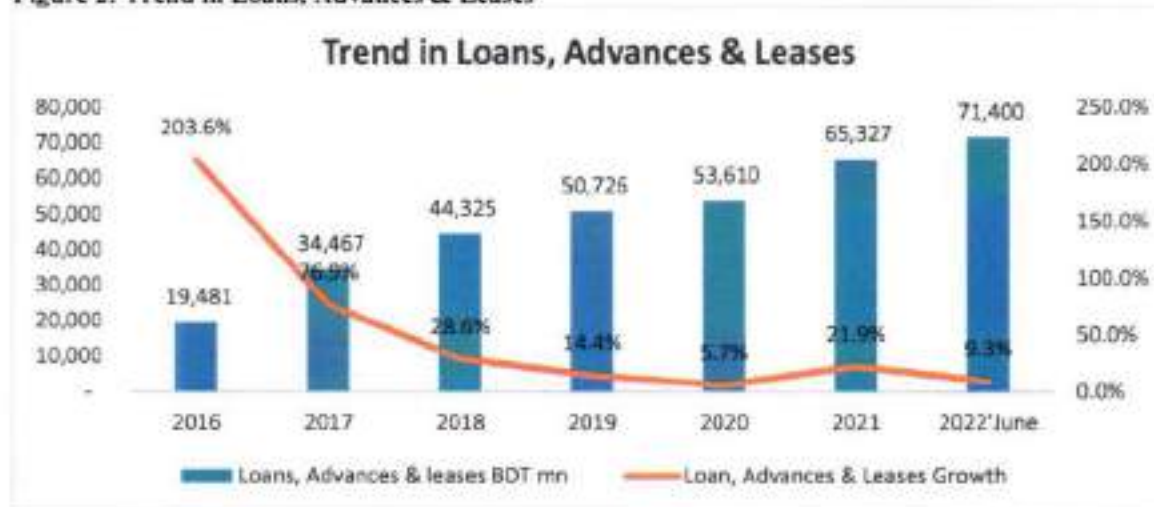
Figure 1: Trend in Total Assets



(b) Growth in Loans, Advances & Leases:

At the end of June 2022 total loans, advances, and leases of the FI stood at BDT 71,400.31 million which is 9.3% higher than that of December 31, 2021.

Figure 2: Trend in Loans, Advances & Leases




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(c) Issuers Liability Mix

IPDC's total liabilities stood at BDT 81,114.13 million at the end of June 2022. Deposits and other accounts occupied the lion's share of the pie with 72.42% share in IPDC's total liabilities in 2022.

The borrowed fund from other banks, financial institutions & agents, which is 16.70% of issuer's total liabilities. Out of the total borrowed fund, all has been borrowed from local financial institutions in Bangladeshi Taka.

Table 5: Issuer's Total Liability Mix

| Particulars | Jun-22 | | Dec-21 | | Dec-20 | |
|---|------------------|----------------|------------------|----------------|------------------|----------------|
| | BDT Mn | % of Total | BDT Mn | % of Total | BDT Mn | % of Total |
| Borrowing from other Banks, FIs & Agents | 13,549.41 | 16.70% | 10,495.83 | 13.35% | 10,946.48 | 15.66% |
| In Bangladesh | 13,549.41 | 16.70% | 10,495.83 | 13.35% | 10,946.48 | 15.66% |
| Outside Bangladesh | - | - | - | - | - | - |
| Deposits and Other Accounts | 58,744.47 | 72.42% | 60,405.27 | 76.83% | 52,456.34 | 75.04% |
| Inter-bank deposits | 11,210.00 | 19.08% | 11,860.00 | 19.63% | 11,075.52 | 21.11% |
| Other deposits | 679.90 | 1.16% | 687.72 | 1.14% | 579.31 | 1.10% |
| Term deposit | 46,854.57 | 79.76% | 47,857.55 | 79.23% | 40,801.51 | 77.78% |
| Other Liabilities | 8,820.25 | 10.87% | 7,718.47 | 9.82% | 6,503.18 | 9.30% |
| Total Liabilities | 81,114.13 | 100.00% | 78,619.56 | 100.00% | 69,906.00 | 100.00% |

IPDC's deposits and other accounts decrease by 2.7% on 30 June 2022 compared to its preceding year and stood at BDT 58,744.47 million.

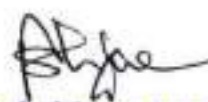
Figure 3: Trend in Deposits & Other Accounts




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(d) Liquidity Position

IPDC Finance has a specified liquidity and funding ratio to ensure and maintain financial flexibility to cope with unexpected future cash demands. The Assets and Liabilities Committee (ALCO) monitors the liquidity and funding ratio on an ongoing basis and ascertains liquidity requirements under various stress situations. In order to ensure liquidity against all commitments, the FI reviews the behavior patterns of liquidity requirements. The FI has an approved Liquidity Contingency Plan (LCP) which is reviewed and updated on an annual basis by the ALCO. All regulatory requirements including CRR, SLR and RWA are reviewed by ALCO.

IPDC's liquidity policy is to carry a favorable mismatch in interest earning assets and interest-bearing liabilities in different buckets and fulfill the statutory requirements in relation to business as imposed by the regulator from time to time. The Assets and Liabilities Committee (ALCO) of the Issuer monitors and maintains a satisfactory trade-off between liquidity and profitability. 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.

The following table depicts the asset-liability maturity analysis of IPDC Finance Limited as per the period June 30, 2022:

Table 6: Issuer's Liquidity Statement

| 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) | 730.24 | - | - | - | - | 730.24 |
| Balance with other banks and financial institutions | 5,624.08 | 2,890.00 | 1,625.27 | - | - | 10,139.35 |
| Money at call and short notice | - | - | - | - | - | - |
| Investments | - | - | - | 1,323.69 | 885.60 | 2,209.29 |
| Loans and advances | 5,002.94 | 9,798.57 | 16,930.61 | 31,909.89 | 7,758.29 | 71,400.31 |
| Fixed assets including land, building, furniture and fixture | - | - | - | - | 736.68 | 736.68 |
| Other assets | - | - | - | - | 2,242.90 | 2,242.90 |
| Non-banking assets | - | - | - | - | 3.75 | 3.75 |
| Total assets | 11,357.25 | 12,688.57 | 18,555.89 | 33,233.59 | 11,627.22 | 87,462.52 |
| Liabilities | | | | | | |
| Borrowings from Bangladesh Bank, other banks, financial institutions and agents | 4,234.21 | 774.30 | 3,176.50 | 5,214.40 | 150.00 | 13,549.41 |
| Deposits | 5,871.52 | 10,752.10 | 13,825.71 | 12,530.90 | 15,764.23 | 58,744.47 |
| Other accounts | - | - | - | - | - | - |
| Provision and other liabilities | 854.20 | 741.36 | 949.94 | 536.54 | 5,738.21 | 8,820.25 |
| Total liabilities | 10,959.93 | 12,267.75 | 17,952.16 | 18,281.84 | 21,652.45 | 81,114.13 |
| Net liquidity gap | 397.32 | 420.82 | 603.73 | 14,951.74 | -10,025.22 | 6,348.39 |


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Bangladesh Bank's regulatory requirement statutory liquidity reserve (SLR) of 5.00% and cash reserve requirement (CRR) of 2.50% are to be maintained by NBFIs operating in Bangladesh. IPDC has been maintaining Cash Reserve Ratio (CRR) and Statutory Liquidity Requirement (SLR) in line with Bangladesh Bank requirement. Bangladesh Bank has recently lowered the cash reserve requirement (CRR) from 2.50% to 1.50% due to the pandemic. The CRR and SLR requirement of IPDC was BDT 709.75 million and BDT 2646.10 million as on June 30, 2022, based on which IPDC kept BDT 815.67 million and BDT 4940.38 million respectively. Total surplus amount CRR and SLR stood at BDT 105.92 million and BDT 2,294.28 million in FY2022 correspondingly. This has resulted in a CRR of 1.72% and SLR of 9.34%, both above the regulatory requirement at the end of 2nd quarter 2022.

The maturity-based asset and liability profile of IPDC shows that the assets and the liabilities of the FI are distributed over different time horizons. Details of the Reserves are as follows:

| | Jun 30, 2022 | Dec 31, 2021 | Dec 31, 2020 |
|---|-----------------|-----------------|------------------|
| | BDT million | BDT million | BDT million |
| Cash Reserve Requirement (CRR) | | | |
| Required reserve | 709.75 | 712.29 | 632.94 |
| Actual reserve maintained | 815.67 | 738.87 | 642.05 |
| Surplus | 105.92 | 26.58 | 9.11 |
| Statutory Liquidity Ratio (SLR) | | | |
| Required reserve (including CRR) | 2646.10 | 2,615.26 | 2,344.57 |
| Actual reserve maintained (including CRR) | 4940.38 | 11,027.09 | 12,916.73 |
| Surplus | 2,294.28 | 8,411.83 | 10,572.16 |

(e) Capital Adequacy

IPDC Finance Limited maintained a Risk Weighted Capital Adequacy Ratio above the regulatory requirement. Capital to Risk-weighted Asset Ratio (CRAR) of the Issuer at end of June 2022 was 14.85% (Tier I: 12.01% and Tier II: 2.84%).

Table 7: Capital Adequacy Ratio of the Issuers

| Particulars | June 30, 2022 | 2021 | 2020 |
|--|------------------|------------------|------------------|
| | BDT mn | BDT mn | BDT mn |
| Tier - I (Core Capital) | 6,041.88 | 6,047.06 | 5,621.35 |
| Tier-2 (Supplementary Capital) | 1,431.11 | 1,461.06 | 1,628.11 |
| Total Eligible Capital | 7,472.99 | 7,508.12 | 7,249.45 |
| Total Risk Weighted Assets (RWA) | 50,313.23 | 47,969.96 | 39,162.00 |
| Capital to Risk-weighted Asset Ratio (CRAR) | 14.85% | 15.65% | 18.51% |
| Core Capital to RWA | 12.01% | 12.61% | 14.35% |
| Supplementary Capital to RWA | 2.84% | 3.05% | 4.16% |
| Minimum Capital Requirement (MCR) | 5,031.32 | 4,797.00 | 3,916.20 |
| Surplus | 2,441.67 | 2,711.11 | 3,333.25 |

Minimum capital requirement (MCR) of the Bank on 30 Jun 2022 was BDT 5,031.31 million as against available Capital of BDT 7,472.99 million (BDT 6,041.88 million core capital and BDT 1,431.11 million supplementary capital) hence, thereby showing a surplus capital of BDT 2,711.11 million.


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 IPDC Finance Limited

(f) Sources of Earnings

Earnings determine the ability of an FI's to increase capital (through retained earnings), absorb loan losses, support the future growth of assets, and provide a return to investors. The largest source of income for the Issuer is net interest income (interest income from lending activity less interest paid on deposits and debt). The second most important source is income from Investment, Commission and Exchange. The Issuer also generates significant income from investment in government and corporate securities.

IPDC generates revenue from diversified sources, which is reflected in the below table. The Issuer generates revenue from interest income on loan and advances, income on investments, interest on balance with other banks and financial institutions, income from commission, brokerage etc.

On June 2022, total interest income of the Issuer increased to BDT 1,506.55 million registering 19.40% growth against BDT 1,261.76 million in previous year.

Table 8: Sources of Earnings of the Issuer

| Particular | Jun-22 | | Jun-21 | | Growth |
|---|-----------------|------------|-----------------|---------------|----------------|
| | BDT Mn | % of TR | BDT Mn | % of TR | |
| Net Interest Income | 1,506.55 | 87% | 1,261.76 | 74.57% | 19.40% |
| Income from Investments | 117.99 | 7% | 313.05 | 18.50% | -62.31% |
| Commission, Exchange and Brokerage | 84.14 | 5% | 113.47 | 6.71% | -25.85% |
| Other Operating Income | 13.75 | 1% | 3.76 | 0.22% | 265.58% |
| Total Revenue | 1,722.42 | | 1,692.04 | | 1.80% |

| Particular | Dec-21 | | Dec-20 | | Growth |
|---|-----------------|---------------|-----------------|---------------|-----------------|
| | BDT Mn | % of TR | BDT Mn | % of TR | |
| Net Interest Income | 2,783.06 | 80.79% | 2017.00 | 71.28% | 37.98% |
| Income from Investments | 471.26 | 13.68% | 638.72 | 22.57% | -26.22% |
| Commission, Exchange and Brokerage | 180.34 | 5.24% | 108.38 | 3.35% | 66.40% |
| Other Operating Income | 10.00 | 0.29% | 65.69 | 2.32% | -84.78% |
| Total Revenue | 3,444.67 | | 2,829.80 | | 21.73%ss |

The non-interest income of the bank was generated from investment income, commission/fees and exchange income and other operating income. Investment income experienced a de-growth by 62.31% and was reported at BDT 117.99 million in June, 2022 compared to BDT 313.05 million in June, 2021 and the commission, exchange income of the FI decreased by 25.85% in June, 2022 while other operating income increased to BDT 13.75 million from BDT 3.76 million a year ago. However, as the number of loans booked was higher, the overall revenue grew by a modest 1.80%.

(g) Operational Performance

The Issuer's net interest income (NII) registered 29.22% growth to reach at BDT 3,596.18 million in June, 2022 against BDT 2,783.06 million in previous year.

Table 9: YTD Operational Performance of the Issuer (Amount in BDT Million)

| Particulars | June'2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net Interest Income | 3,596.18 | 2,783.06 | 2,017.00 | 1,942.76 | 1,698.33 | 1,072.59 |
| Total Operating Income | 1,722.42 | 3,444.67 | 2,829.80 | 2,165.70 | 1,874.53 | 1,245.51 |
| Total Operating Expenses | 729.98 | 1,241.30 | 1,150.21 | 981.32 | 751.62 | 572.81 |


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Mominul Islam
 Managing Director & CEO
 IPDC Finance Limited

| | | | | | | |
|-------------------------|--------|---------|----------|----------|----------|--------|
| Profit Before Provision | 992.44 | 2203.37 | 1,679.58 | 1,184.38 | 1,122.92 | 672.70 |
| Total Provision | 200.33 | 700.04 | 478.16 | 190.77 | 262.35 | 158.95 |
| Profit Before Tax | 792.12 | 1503.33 | 1,201.42 | 993.62 | 860.57 | 513.74 |
| Net Profit After Tax | 440.13 | 881.10 | 705.56 | 562.47 | 450.00 | 335.43 |

IPDC experienced successive improvements to net interest income over the previous three years. The organization has exhibited an improved non-interest income at the same time. The total operating income has seen a growth of 2% during June, 2022 from June, 2021. The total operating income in June, 2021 was 1,692 million.

(h) Diversification of Business

The highest concentration of loans and advances have been in the Engineering and building materials (9.92%), Readymade garments and knitwear industry at 9.82%, agro based lending stood at 7.15%, Chemicals, pharmaceuticals and allied products at 5.29% and Food and allied products at 4.86% in the Jun 2022.

Table 10: Sector wise Loans & Advances

| Particulars | Jun-22 | | Jun-21 | | Growth |
|---|-----------|------------|-----------|------------|---------|
| | BDT mn | % of total | BDT mn | % of total | |
| Agro-based industries | 5,105.88 | 7.15% | 5,121.21 | 7.84% | -0.30% |
| Banks and non-banking financial institutions | 1,041.20 | 1.46% | 1,052.95 | 1.61% | -1.12% |
| Chemicals, pharmaceuticals and allied products | 3,777.30 | 5.29% | 3,918.90 | 6.00% | -3.61% |
| Engineering and building materials | 7,083.25 | 9.92% | 5,315.09 | 8.14% | 33.27% |
| Food and allied products | 3,467.91 | 4.86% | 3,836.48 | 5.87% | -9.61% |
| Glass, ceramic and other non-metallic products | 722.45 | 1.01% | 1,108.97 | 1.70% | -34.85% |
| Hotel, tourism and leisure | 130.12 | 0.18% | 109.17 | 0.17% | 19.19% |
| Information and communication technologies | 1,723.24 | 2.41% | 1,115.07 | 1.71% | 54.54% |
| Paper converting and packaging, printing and publishing | 2,343.96 | 3.28% | 2,196.04 | 3.36% | 6.74% |
| Readymade garments and knitwear | 7,013.65 | 9.82% | 6,328.32 | 9.69% | 10.83% |
| Social sector | 2,539.94 | 3.56% | 415.01 | 0.64% | 512.01% |
| Tannery, leather and rubber products | 2,638.27 | 3.70% | 381.69 | 0.58% | 591.20% |
| Textile | 3,972.61 | 5.56% | 3,579.68 | 5.48% | 10.98% |
| Transport and aviation | 2,022.75 | 2.83% | 2,072.89 | 3.17% | -2.42% |
| Others | 27,817.77 | 38.96% | 28,775.76 | 44.05% | -3.33% |
| Total Loans, Advances & Leases | 71,400.31 | | 65,327.25 | | 9.30% |

| Particulars | Dec-21 | | Dec-20 | | Growth |
|--|----------|------------|----------|------------|--------|
| | BDT mn | % of total | BDT mn | % of total | |
| Agro-based industries | 5,121.21 | 7.84% | 4,631.74 | 8.64% | 10.57% |
| Banks and non-banking financial institutions | 1,052.95 | 1.61% | 678.21 | 1.27% | 55.26% |
| Chemicals, pharmaceuticals and allied products | 3,918.90 | 6.00% | 2,539.00 | 4.74% | 54.35% |
| Engineering and building materials | 5,315.09 | 8.14% | 3,745.23 | 6.99% | 41.92% |
| Food and allied products | 3,836.48 | 5.87% | 3,151.51 | 5.88% | 21.73% |
| Glass, ceramic and other non-metallic products | 1,108.97 | 1.70% | 683.30 | 1.27% | 62.30% |

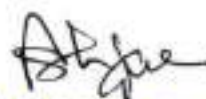
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Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | | | | | |
|---|-----------------|----------------|------------------|----------------|---------------|
| Hotel, tourism and leisure | 109.17 | 0.17% | 71.14 | 0.13% | 53.47% |
| Information and communication technologies | 1,115.07 | 1.71% | 1,171.33 | 2.18% | -4.80% |
| Paper converting and packaging, printing and publishing | 2,196.04 | 3.36% | 1,977.81 | 3.69% | 11.03% |
| Readymade garments and knitwear | 6,328.32 | 9.69% | 4,913.88 | 9.17% | 28.78% |
| Social sector | 415.01 | 0.64% | 1,411.91 | 2.63% | -70.61% |
| Tannery, leather and rubber products | 381.69 | 0.58% | 438.59 | 0.82% | -12.97% |
| Textile | 3,579.68 | 5.48% | 2,818.43 | 5.26% | 27.09% |
| Transport and aviation | 2,072.89 | 3.17% | 1,850.83 | 3.45% | 12.00% |
| Others | 28,775.76 | 44.05% | 23,526.78 | 43.89% | 22.31% |
| Total Loans, Advances & Leases | 65327.25 | 100.00% | 53,609.69 | 100.00% | 21.86% |

(i) Asset Quality:

IPDC's total assets increased BDT 87,462.52 million to BDT 84,972.59 million in Jun 2021. In June 2022, loans, advances & leases represent the highest part of total assets with 81.64% share.

Table 11: Description of Asset Quality & Growth

| Types of Assets | Jun-22 | | Jun-21 | | Growth in % |
|--|------------------|----------------|------------------|----------------|-------------|
| | BDT mn | % of TA | BDT mn | % of TA | |
| Cash | 730.24 | 0.83% | 716.04 | 0.84% | 1.98% |
| Balance with other banks and financial institutions | 10,139.35 | 11.59% | 13,507.49 | 15.90% | -24.94% |
| Money at call and short notice | - | 0.00% | - | 0.00% | |
| Investments | 2,209.29 | 2.53% | 2,740.36 | 3.22% | -19.38% |
| Loans, Advances and Leases | 71,400.31 | 81.64% | 65,327.25 | 76.88% | 9.30% |
| Fixed Assets including land, building, furniture & fixture | 736.68 | 0.84% | 765.24 | 0.90% | -3.73% |
| Other Assets | 2,242.90 | 2.56% | 1,912.47 | 2.25% | 17.28% |
| Non-financial institutional assets | 3.75 | 0.00% | 3.75 | 0.00% | |
| Total Assets | 87,462.52 | 100.00% | 84,972.59 | 100.00% | |

| Types of Assets | Dec-21 | | Dec-20 | | Growth in % |
|--|------------------|----------------|------------------|----------------|-------------|
| | BDT mn | % of TA | BDT mn | % of TA | |
| Cash | 716.04 | 0.84% | 615.56 | 0.81% | 16.32% |
| Balance with other banks and financial institutions | 13,507.49 | 15.90% | 14,057.97 | 18.50% | -3.92% |
| Money at call and short notice | - | | - | 0.00% | |
| Investments | 2,740.36 | 3.22% | 5,143.57 | 6.77% | -46.72% |
| Loans, Advances and Leases | 65,327.25 | 76.88% | 53,609.69 | 70.57% | 21.86% |
| Fixed Assets including land, building, furniture & fixture | 765.24 | 0.90% | 776.58 | 1.02% | -1.46% |
| Other Assets | 1,912.47 | 2.25% | 1,762.32 | 2.32% | 8.52% |
| Non-financial institutional assets | 3.75 | 0.004% | 3.75 | 0.005% | 0.00% |
| Total Assets | 84,972.59 | 100.00% | 75,969.43 | 100.00% | |

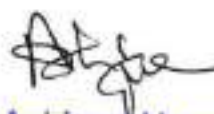
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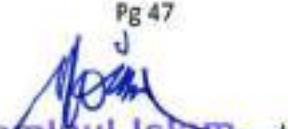
Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

Table 12: Types of Secured Loans

| Nature of Secured Asset: | Jun-22 | | Dec-21 | | Dec-20 | |
|--|------------------|------------|------------------|------------|------------------|------------|
| | BDT mn | % of Total | BDT mn | % of Total | BDT mn | % of Total |
| Collateral/immovable assets | 16,197.69 | 22.69% | 16,595.24 | 25.40% | 18,123.41 | 33.81% |
| Personal Guarantee | 26,360.69 | 36.92% | 22,484.67 | 34.42% | 14,416.66 | 26.89% |
| Personal Undertakings of one or more party | 28,841.93 | 40.39% | 26,247.34 | 40.18% | 21,069.62 | 39.30% |
| Total Loan & Advances (L&A) | 71,400.31 | | 65,327.25 | | 53,609.69 | |

Significant part (40.39%) of Issuer's loan and advance in June 2022 has been covered by personal undertakings of one or more party. BDT 26,360.69 million or 36.92% of total loan and advances is backed by Personal Guarantee. BDT 16,197.69 million (22.69% of total loan and advances) is backed by collateral or immovable assets.

More than 95.90% of IPDC's total loan and advances is categorized as unclassified at end of June 30, 2022 which is commendable to the business strategy of the organization. Total non-performing loan of IPDC has shown slight deterioration compared to Dec 2021 due to the pandemic. There has been a shift in overall market and many businesses especially in the cottage, small and medium segment have become irregular which resulted in the NPL percentage to rise to 4.10% in June, 2022 compared to 3.15% in Dec 2021.

Table 13: Classification of Loans & Advances
Amount in MN BDT

| | Jun-22 | | Dec-21 | | Dec-20 | |
|--|------------------|---------------|------------------|---------------|------------------|---------------|
| | Total | % of L&A | Total | % of L&A | Total | % of L&A |
| Standard (including staff loans) | 67,404.92 | | 62,484.15 | | 52,636.06 | |
| Special Mention Account (SMA) | 1,070.50 | | 786.91 | | 231.64 | |
| Unclassified Loans and Advances | 68,475.41 | 95.90% | 63,271.06 | 96.85% | 52,867.70 | 98.62% |
| Substandard | 963.31 | | 655.71 | | 118.12 | |
| Doubtful | 1,048.02 | | 567.87 | | 420.58 | |
| Bad & Loss | 913.56 | | 832.60 | | 203.30 | |
| Classified Loans & Advances | 2,924.89 | 4.10% | 2,056.18 | 3.15% | 742.00 | 1.38% |
| Total Loan & Advances (L & A) | 71,400.31 | | 65,327.25 | | 53,609.69 | |

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Managing Director & CEO
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Samiul Hashim
Company Secretary
IPDC Finance Limited

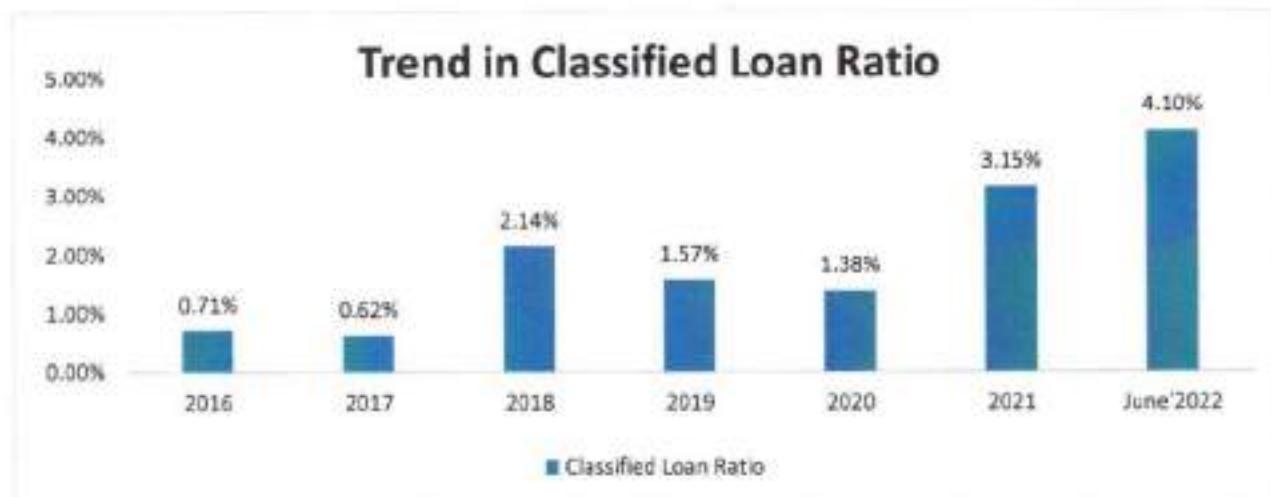
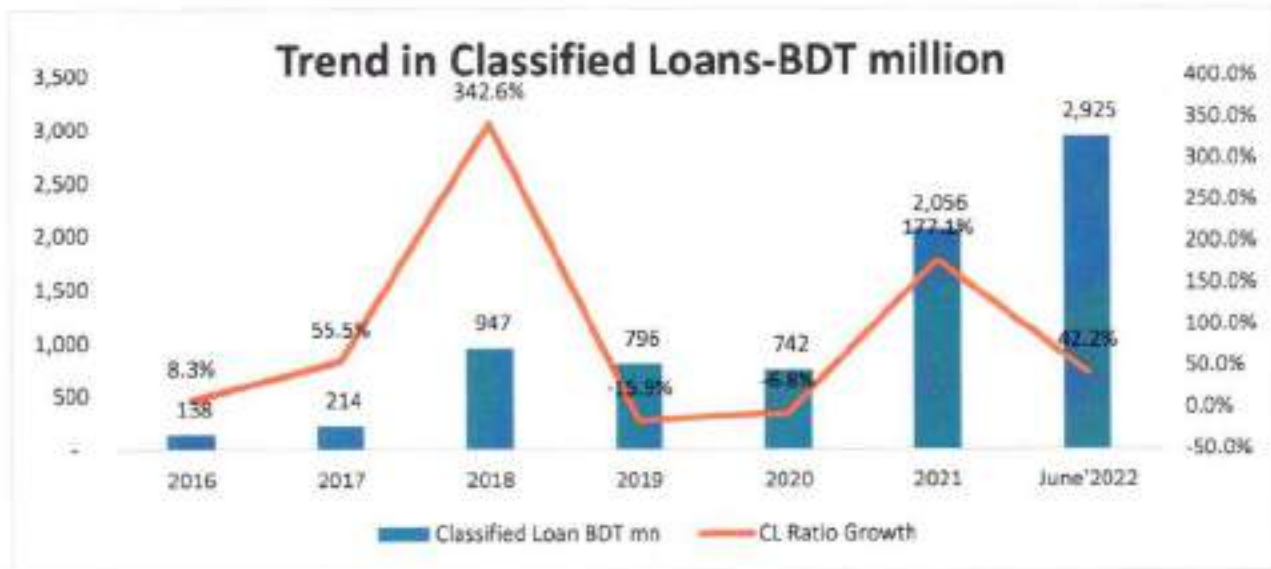


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

Figure 4: Trend in Classified Loans



Over the last five years (2017-June'2022) average NPL to total loans and advances was 2.16%. Over this period, IPDC's lowest classified loan was BDT 214 million in 2017 and highest classified loan was BDT 2,924.89 Million in June'2022. The overall trend shows a healthy movement in the amount of classified loan. 2020 was an exceptional year as the entire country was hard hit by the pandemic which had profound impact in all sectors of the economy.

(j) Off-Balance Sheet Exposure

Table 14: Description of Issuer's Off-Balance Sheet Exposure

| Contingent Liabilities | June-22 | Dec-21 | Dec-20 |
|------------------------------------|---------|--------|--------|
| | BDT mn | BDT mn | BDT mn |
| 1. Acceptances and endorsements | - | - | - |
| 2. Letters of guarantee: | | | |
| (i) Banks & Financial Institutions | - | - | 49.40 |
| (ii) Others | 22.66 | 35.90 | - |


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Samiul Hashim
 Company Secretary
 IPDC Finance Limited


Md. Ashique Hossain
 Acting Chief Financial Officer
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 Managing Director & CEO
 IPDC Finance Limited

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| | | | |
|--------------------------------------|--------------|--------------|--------------|
| 3. Irrevocable Letter of Credit | - | - | - |
| 4. Bills for Collection | - | - | - |
| 5. Other contingent liabilities | - | - | - |
| Total Off-Balance Sheet Items | 22.66 | 35.90 | 49.40 |

IPDC's off-balance sheet exposure comprised of acceptances and endorsements, letter of guarantee, irrevocable letter of credit, bills for collection. Among all the components IPDC's off-balance sheet exposure significantly comprised of letter of guarantee from other institutions for the period June 2022 and also the previous year 2021. The total off-balance sheet items stood at BDT 22.66 million in June 2022.

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CAPM Advisory Limited



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Company Secretary
IPDC Finance Limited



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IPDC Finance Limited

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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

11.d Profile of Directors/Owners of the Issuer

11.d.1 Shareholding Structure:

IPDC Finance Limited is the first private sector financial institution of the country established in 1981 by a distinguished group of shareholders namely International Finance Corporation (IFC), USA, German Investment and Development Company (DEG), Germany, The Aga Khan Fund for Economic Development (AKFED), Switzerland, Commonwealth Development Corporation (CDC), UK and the Government Peoples Republic of Bangladesh (GOB). In early 2004, AKFED acquired 70% stake in IPDC by purchasing the shares from IFC, CDC and DEG. In 2006, the shareholding structure was changed by issuance of public shares with AKFED maintaining the management control of the company holding 51% of the shares.

The current shareholding position of IPDC comprises of Government of the People's Republic of Bangladesh (GoB) which contributes 21.88% of total share, general shareholders account for 12.26% section of total shareholding, institutions holding 17.52%, foreign investors holding 0.30% and other investors which include BRAC, Ayesha Abed Foundation, RSA Capital Limited and Bluechip Securities Limited respectively holds 25.00%, 10.00%, 5.00% and 8.04% of total shareholding.

Figure 5: Shareholding Structure of the Issuer




11.d.2 Directors Profile

IPDC's Board of Directors consists of highly reputable businessmen and professionals. The current Board of Directors comprises:

- Kazi Mahmood Sattar, Chairman of IPDC, Nominated by BRAC
- Md. Nurul Alam, Nominated Director, GOB
- Mohammad Manzarul Mannan, Nominated Director, GOB
- Sonia Bashir Kabir, Independent Director
- Professor Shah Md. Ahsan Habib, Independent Director
- Tamara Hasan Abed, Nominated Director, BRAC
- Sameer Ahmad, Nominated Director, RSA Capital Limited
- Tushar Bhowmik, Nominated Director, BRAC
- Syed Abdul Muntakim, Nominated Director, Ayesha Abed Foundation
- Nahreen Rahman, Nominated Director, Bluechip Securities Limited
- Mr. Mominul Islam, Managing Director & CEO


Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Kazi Mahmood Sattar
Chairman of IPDC, Nominated by
BRAC

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

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

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

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

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

Chairman:

- RSA Advisory Limited
- Blue Wealth Assets Limited
- Brac Saajan Exchange Limited (UK)

Director:

- bKash Limited
- RSA Solution Limited
- RSA Aviation Limited

Independent Director:

- Unique Meghnaghat Power Limited

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Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Md. Nurul Alam
Nominated Director, GOB

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

Director since 23 December 2021



Mohammad Manzarul Mannan
Nominated Director, GOB

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

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

Director since 26 December 2021

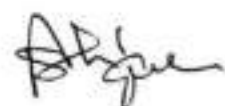
Other Interests:

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

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Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Sonia Bashir Kabir
Independent Director

Ms. Sonia Bashir Kabir is an Independent Director of IPDC Finance Limited and also Chairman of Board Audit Committee. Ms. Kabir has been educated/trained in Silicon Valley. After completing her Bachelor of Science and Master of Business of Administration (MBA) degrees, she worked in Silicon Valley for Sun Microsystems/Oracle, Venture Capitalists and startups. Ms. Kabir worked as the Country Director for Dell Bangladesh, Director Business Development for South-East Asia, Managing Director for Microsoft Bangladesh, Myanmar, Nepal, Bhutan and Laos and Chief Operating Officer for Aamra Technologies.

Ms. Kabir is also working as Vice Chairperson of United Nations Technology Bank for Least Developed Countries, Co- Founder & Vice Chairman of both D Money (Fin Tech) and Syntec (Health Tech). Sonia is also a member of the Governing Board of the Mahatma Gandhi Institute of Education for Peace and Sustainable Development (MGIEP) in New Delhi, India. MGIEP is the youngest of UNESCO's category 1 institutes, and the only one in Asia Pacific.

In 2016, Ms. Kabir was 1 of the 5 recipients of Microsoft's Prestigious Founders Award given by Bill Gates. Every year 5 employees out of the 100,000 employees in Microsoft gets this award. In 2017, Ms. Kabir was recognized as 1 of the 10 Sustainable Development Goals (SDG) pioneers by the United Nations Global Compact and in 2016, Ms. Kabir was 1 of the 10 recipients of Microsoft's Prestigious Founders Award given by Bill Gates. In 2019, Ms. Kabir became the 1st woman to receive the ICT Businessperson of the Year Award from The Daily Star ICT Awards (biggest award platform in the country from the highest Selling English Daily).

Ms. Sonia Bashir Kabir also involved with other entities in the following manner:

Founder:

- SBK Foundation
- SBK Tech Ventures

Board Member/Trustee:

- CXO Advisory of Dell Asia Pacific & Japan, Dell Technologies
- UNESCO's Mahatma Gandhi Institute for Education and Peace
- International Network for Government Science Advice (INGSA)
- BRAC University Bangladesh
- Shakti Foundation for disadvantaged women.

Tania Sharmin
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CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Professor Shah Md. Ahsan Habib
Independent Director

Dr. Shah Md. Ahsan Habib is a Professor Selection Grade of Bangladesh Institute of Bank Management [BIBM]. He obtained his Ph.D. from Banaras Hindu University, India under BHU Research Scholarship; and accomplished Post-Doctoral Fellowship on Green Banking from Syracuse University, USA under Senior Fulbright Scholarship.

Having over 25 years of professional experience, his key research areas include banking operation, SME financing, trade financing, inclusive finance, green banking, and financial crime and malpractices. He is having teaching experience with Institute of Business Administration [IBA] and Department of International Business of the University of Dhaka; East West University; Brac University and University of Professionals.

Dr. Ahsan has over 180 research papers/studies/publications/chapters in different national and international journals/books. He is the author/lead author of the books 'Financial Globalization', 'Environmentally Responsible Banking in USA', 'Towards Knowledge Society', 'Green Banking in Bangladesh', 'Trade Services by Banks in Bangladesh', published by the national and international publishers.

Dr. Ahsan has working experience as Research Consultant with The World Bank, IFC, IDRC, Oxfam GB; DFID, UNEP, UNDP, GIZ, CPD, InM, FBCCI, etc.; and as Training Consultant with banks both at home and abroad.

He is a columnist and published over 200 newspaper features in the national daily newspapers [The Financial Express, Banik Barta, etc.] on financing issues.

Dr. Ahsan is a Member of the Governing Body and Chairmen of the Executive Committee of D.Net; a Member of the ICC Bangladesh Banking Commission; and a Member of the Global Editorial Board of the Asia-Pacific Risk Professional Association (ARPA).

Professor Shah Md. Ahsan Habib also involved with other entities in the following manner:

Member:

- (1) Governing Body and Chairman of the Executive Committee of Dnet
- (2) ICC, Bangladesh Banking Commission
- (3) Global Editorial Board of the Asia-Pacific Risk Professional Association (ARPA) and

Trustee:

- (4) Valor of Bangladesh.



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CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Momtazul Islam
Managing Director & CEO
IPDC Finance Limited



Tamara Hasan Abed
Nominated Director, BRAC

Tamara Hasan Abed is the Managing Director of BRAC Enterprises, heading BRAC's ten social enterprises, including Aarong, BRAC Dairy, and BRAC Seed and Agro.

Ms. Abed brings extensive experience in investment banking, entrepreneurship, and social enterprise, with a career spanning two and a half decades. She is passionate about driving value-based business models, operating at the intersection of social good, sustainable business, and inclusive growth.

Ms. Abed began her career in investment banking in 1995 at Peregrine Capital Ltd., a Hong Kong based investment bank in Dhaka. Later she moved to New York and worked for Goldman Sachs in Mergers and Strategic Advisory.

She joined Aarong as the General Manager for design and product development in 2002. She later took charge of its export division and established the marketing department. In 2005, she was promoted as the head of Aarong and Ayesha Abed Foundation. Under her leadership, Aarong has gone from strength to strength, celebrating 40 years in 2018 as Bangladesh's most popular lifestyle retail chain. She has been instrumental in driving the expansion of Aarong to 22 national outlets, multiple brands, e-commerce, and digital platforms.

In 2006, Ms. Abed was also given charge of BRAC Dairy, and since then has built a strong team to take the dairy business to new heights. BRAC Dairy is currently the second-highest dairy processor in Bangladesh with a diverse portfolio of products. In 2014, she took charge of all BRAC's social enterprises. Ms. Abed served on the board of directors of BRAC Bank for eight years, from 2008 to 2016. She currently serves on the boards of IPDC Finance, BRAC EPL Investments, BRAC EPL Stock Brokerage, and edotco Bangladesh.

Ms. Abed was elected as Chairperson of the BRAC University Board of Trustees in 2019, of which she was a member from January 2011. She chaired the board finance committee from December 2016 to June 2019 and was a member of the BU Syndicate from March 2011 to June 2019. She currently chairs the Board of BRAC Services Limited and is the executive trustee of Ayesha Abed Foundation. She also chairs the board of BRAC Tea Estates since August 2019.

Ms. Abed has represented Bangladesh globally and was honored by the World Economic Forum as a 'Young Global Leader' in 2010. Ms. Abed is an Asia 21 Young Leader. She received the Outstanding Women Leadership Award from the World Women Leadership Congress in 2014.

Ms. Abed has an MBA in Finance from Columbia Business School, Columbia University, New York. She completed her BSc in Economics from the London School of Economics. In 2014, Ms. Abed completed an executive course on Transformational Leadership at Oxford University's Saïd Business School.

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Managing Director & CEO
IPDC Finance Limited

| | |
|--|--|
| | <p>Ms. Tamara Hasan Abed also involved with other entities in the following manner:</p> <p>Chairperson:</p> <ol style="list-style-type: none"> (1) BRAC University (2) BRAC Services Limited (3) Bangladesh Netting Factory Limited (4) BRAC Karnafuli Tea Company Limited (5) BRAC Kaiyacherra Tea Company Limited (6) BRAC Kodala Tea Estate (7) BRAC Industries Limited (8) Ayesha Abed Foundation (9) Education Trust Fund (10) Aminul Alam Trust Fund (11) Sufia Khatun Foundation <p>Managing Director:</p> <ol style="list-style-type: none"> (12) BRAC Enterprises <p>Director:</p> <ol style="list-style-type: none"> (13) BRAC EPL Investments Limited (14) BRAC EPL Stock Brokerage Limited (15) edotco (BD) Co. Limited (16) Mayalogy Ltd. <p>Executive Trustee:</p> <ol style="list-style-type: none"> (17) Shilu Abed Memorial Trust. |
|--|--|

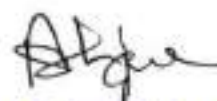
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Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Sameer Ahmad

Nominated Director, RSA Capital Limited

Mr. Sameer Ahmad is a Director of IPDC Finance Limited and the Chairman of the Board Executive Committee.

Mr. Ahmad is an investment banker with 26 years of experience in Europe, the Middle East, Emerging Africa, and Southeast Asia. He started his career in Kidder Peabody, subsequently UBS, in the EM team in London and then moved to Global Emerging Markets, a boutique investment bank specializing in EM out of London. Mr. Ahmad then moved to Bangladesh and set up the structured finance unit of Industrial and Infrastructure Development Finance Company Limited (IIDFC). He was a treasury consultant with the PricewaterhouseCoopers team restructuring Agrani Bank before establishing RSA Capital.

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 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.

Mr. Ahmad has significant ownership in Guardian Life Insurance Company. Mr. Ahmad currently is the Chairman and the Chief Executive of RSA Capital (DIFC), a DIFC company duly regulated by DFSA to operate similar activities as RSA Capital Bangladesh. Using the DIFC office, RSA expands its footprint in the MENA and other regions. Mr. Ahmad is a partner in Mekong Brahmaputra Clean Development Fund involved in investing in a clean energy project in Cambodia, Vietnam, Laos, Sri Lanka, Nepal, Thailand, and Myanmar.

Mr. Sameer Ahmad also involved with other entities in the following manner:

Chairman:

- (1) RSA Aviation Ltd.
- (2) RSA Solution Ltd.

Managing Director:

- (3) RSA Capital Ltd.

Director:

- (4) Equinox Ltd.

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Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Tushar Bhowmik
Nominated Director, BRAC

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

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

Mr. Bhowmik is postgraduate in Accounting from Dhaka University and a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB).

Mr. Tushar Bhowmik also involved with other entities in the following manner:

Managing Director:

- (1) BRAC Services Limited
- (2) BRAC Industries Limited

Director:

- (3) edotco (BD) Co. Limited
- (4) BRAC Karnafuli Tea Company Limited
- (5) BRAC Kaiyacherra Tea Company Limited
- (6) BRAC Kodala Tea Estate Limited.

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IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Syed Abdul Muntakim
Nominated Director, Ayesha Abed
Foundation

Mr. Muntakim is the director of IPDC Finance Limited as nominated by Ayesha Abed Foundation. Mr Muntakim is a Chartered Management Accountant with over 20 years of experience in the FMCG financial management. His area of expertise includes Commercial Finance, Corporate Finance, Risk Management, Operational Investments, Treasury and SAP Implementation in multinational organisations. Prior to joining BRAC, he was a Commercial Finance Controller in the Global Operations function at British American Tobacco (BAT) plc based in the UK. His previous roles include Senior Commercial Audit Manager, Regional Finance Manager, Europe Region and Management Accountant for BAT plc. He also worked as the Corporate Analysis Manager and Leaf Finance Manager for BAT in Bangladesh. Mr. Muntakim is a member (ACMA) of the Chartered Institute of Management Accountants (CIMA), UK and Chartered Global Management Accountant (CGMA) of the Association of International Certified Public Accountants, a joint accounting association of AICPA, USA, and CIMA in the UK.

Mr. Syed Abdul Muntakim also involved with other entities in the following manner:

Director:

- (1) BRAC International Finance B.V.
- (2) BRAC Tanzania Finance Ltd.
- (3) BRAC Myanmar Microfinance Company Ltd.
- (4) BRAC Liberia Microfinance Company Ltd.
- (5) BRAC Microfinance Sierra Leone Ltd.
- (6) BRAC Rwanda Microfinance Company plc.



Nahreen Rahman
Nominated Director, Bluechip
Securities Limited

Ms. Nahreen Rahman is a member of the Board of Directors of IPDC. Ms. Rahman is also a Director of Bluechip Securities Ltd (BSL) and looks after the entire business operation of BSL. Under her leadership and supervision, the company entered various partnerships with other capital market-based ventures. Ms. Rahman started her career with True Tex Ltd, an RMG based buying house, as an Assistant Merchandiser for a brief span of time. Later, she shifted to the financial sector by joining Uttara Finance and Investments Ltd, a concern of Uttara Group of Companies and one of the leading NBFIs of the country. She worked in the Corporate Finance Division looking after portfolio of different segments ranging from steel mills, plastic sector, RMG, pharmaceuticals, NGOs etc. Her journey at Uttara Finance helped her gain insight into the corporate sector dynamics of the country through her direct interaction with the promoters and management team and through her visits to the business premises and factories of the clients. Ms. Nahreen is a graduate in Economics from North South University. Besides her professional engagements, she takes keen interest in literature and is a freelance writer of poems.

Ms. Nahreen Rahman also involved with other entities in the following manner:

Director:

- (1) Bluechip Securities Limited.


Tania Sharmin
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Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Mr. Mominul Islam
Managing Director & CEO

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.

He holds a Master's in Economics from North South University and completed his Bachelor of Business Administration from Institute of Business Administration, University of Dhaka.

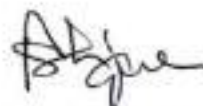
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Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

11.e Management Profile

IPDC's Top Management consists of the following officials:

- Rizwan Dawood Shams, Additional Managing Director and Head of Business Finance\
- Fahmida Khan, Chief Financial Officer
- Ashique Hossain, Head of Credit Risk Management
- Md. Ezazul Islam, Head of Internal Audit & Compliance
- Samiul Hashim, Company Secretary & Head of Legal Affairs
- Aleya Rafique Ikbal, Head of IT and Business Transformation
- Md. Zakir Hossen, CFA, Head of Operations
- Savrina Arifin, Head of Retail Business
- Tareq Islam Shuvo, Head of Corporate Communication

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Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Rizwan Dawood Shams
Additional Managing Director and
Head of Business Finance

Mr. Rizwan Dawood Shams, who is the Head of Business Finance, is the first ever Additional Managing Director (AMD) to be appointed at IPDC Finance.

He has 18+ years' experience in relationship management, product development, team development and risk management. He joined IPDC on November 1, 2007, as Senior Manager under Corporate Investment and played a pivotal role in transforming the organization over the years with increasing responsibilities.

Under his exemplary leadership, Corporate Business portfolio grew more than 6 times over the last 5 years. SME dept. was reshaped while focus point shifted to nationwide CMSMEs. Supply Chain Financing (SCF) was introduced at IPDC through him in 2012 and now IPDC holds more than 50% of Bangladesh's total SCF market share. Concentrating on digitization and changing business world, major strategic initiatives were introduced, such as the first ever blockchain based supply chain finance platform in Southeast Asia- ORJON and AI based retailer financing platform-DANA have been developed under his prudent governance. His expertise and direction on treasury operations ensured the exponential portfolio growth. Through his judicious expeditiousness, IPDC's NPL is also one of the lowest in the market through efficient recovery and collection mechanism.

Before joining IPDC, Mr. Shams worked for GSP Finance, Habib Bank, and Standard Chartered Bank (SCB) in numerous strategic positions. He holds a Master's in Business Administration (MBA) from Victoria University of Melbourne, Australia, and Bachelor of Business Administration (BBA) from North South University. His professional career is decorated with numerous awards and notable professional accreditation from home and abroad.

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Tania Sharmin
Managing Director & CEO
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Samiul Hashim
Company Secretary
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Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

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Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Fahmida Khan
Chief Financial Officer

Fahmida Khan is the Chief Financial Officer of IPDC Finance Ltd. With 10 years of experience in the field of Finance and Accounting, Ms. Khan joined IPDC in June 2017 as Senior Manager, Finance & Accounts and has been a key contributor in the organizational transformation over last three years.

Prior to joining IPDC, Ms. Khan was working with BRAC EPL Stock Brokerage Limited, as the Head of Finance and Company Secretary, and started her career at Rahman Rahman Huq (a member firm of KPMG International). She holds a Bachelor of Business Administration (BBA) from University of Dhaka and completed her Chartered Accountancy from The Institute of Chartered Accountants of Bangladesh with Rahman Rahman Huq.

Her expertise includes Financial Reporting, Financial & Business Analysis, Financial Management, Forecasting Budgets, Strategic Planning and Execution, Financial Acts & Regulations, Audit, Performance Management and Valuation.



Ashique Hossain
Head of Credit Risk Management

Mr. Ashique Hossain is the Head of Credit Risk Management at IPDC Finance Limited. He has 11 years of experience in the financial service industry. He has expertise in Risk Management, Credit Analysis, Credit Management, Financial Management & Strategic Planning. He understands Market Trends, deal mechanics and Political & Macroeconomic Environment.

He started with IPDC in 2006 as Management Trainee and worked in different departments of IPDC in different strategic positions. He holds a Master's in Business Administration from North South University and B.Sc. in Civil Engineering from Bangladesh University of Engineering & Technology (BUET).

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Md. Ezazul Islam

Head of Internal Audit & Compliance

Mr. Md. Ezazul Islam, is Head of Internal Audit & Compliance at IPDC Finance Limited. He has 8 years of experience in FMCG, Pharmaceutical Company, NGOs, External Audit & Financial Service industries. He has competence & knowledge on financial control, financial accounting & internal audit of an organization. Moreover, he also has expertise on organization's Tax & VAT issues, challenges & updates. Besides having experienced in external audit, he has vast experience on doing risk based internal audit & system audit on large scale business operations & group level.

Before joining with IPDC he also served Sanofi Bangladesh Limited, BRAC, Kallol Thai President Foods (BD) Limited & KPMG Bangladesh in different leading positions. During his last 8 years, he went through various training program i.e., e-audit, income tax, VAT, FICO module of SAP, Tally etc. He holds a Bachelor in Business Administration & Masters in Business Administration from Faculty of Business Studies, University of Dhaka.



Samiul Hashim

Company Secretary & Head of Legal Affairs

Mr. Samiul Hashim is the Head of Legal & Company Secretary at IPDC of Finance Limited. Besides being the secretary to the Board and Board Audit Committee, Mr. Hashim also acts as secretary to the Board Executive Committee. Mr. Hashim has 13 years of experience in legal services & company matters. Mr. Hashim has expertise in Bank and Financial Institution laws, Company and Commercial Matters, Security Exchange Commission and Stock Exchange Laws, Property & Land Law, Foreign Exchange laws, Cross-border transactions, IP Laws, Arbitration and Mediation matters, etc.

Before joining IPDC Mr. Hashim worked as Head of Corporate Matters with Mr. Ajmalul Hossain QC and as legal advisor and panel lawyer in numerous banks and companies. Mr. Hashim is a Barrister at Law (Lincoln's Inn) and an Advocate at the Supreme Court of Bangladesh. Mr. Hashim is an accredited commercial mediator & also holds LL.M in International Commercial Law.

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | |
|--|--|
|  | <p>Mr. Zakir has more than 15 years of experience in financial service industry. He joined IPDC on 4 May 2008 as Manager-Operations and has been a key contributor in the organizational transformation over last twelve years.</p> <p>Before joining IPDC, Mr. Zakir started his career as Management Trainee Officer at Prime Bank Limited where he worked in different positions in general banking, foreign exchange, and credit departments. He completed BSS and MSS in Economics from the University of Dhaka. He also holds an MBA (Finance) from the Institute of Business Administration, DU. He received CFA Charter in 2014.</p> <p>He has expertise in business transformation and led several implementation projects including the CBS, CRM-LOS System and Blockchain based SCF platform at IPDC. He attended many local trainings in banking and financial services area and several related overseas trainings in Singapore, Philippines, and India.</p> |
| <p>Md. Zakir Hossen, CFA Head of Operations</p> | |
|  | <p>Savrina Arifin is the Head of Retail Business at IPDC Finance. She was previously serving as the Acting Head of Retail Business and Head of Distribution prior to that.</p> <p>Savrina Arifin has 15 years of extensive experience in the banking and financial sector. She started her career in the Priority Banking Division of Standard Chartered Bank in 2006 and later joined IPDC Finance Limited in 2008.</p> <p>Her expertise includes retail business development, sales & marketing, strategic business planning, relationship management and risk management. Her key achievements include significant expansion of IPDC's distribution network through important contributions in shaping IPDC's retail business landscape with her deep consumer insights, leading the transformation of the Retail business products and processes and enhancing the branch service experience by optimizing service delivery channels.</p> <p>Savrina completed her Master of Business Administration and Bachelor of Business Administration from North South University. She is married with a son. Her favorite pastimes include cooking and travelling to new places.</p> |
| <p>Savrina Arifin Head of Retail Business</p> | |

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Tania Sharmin
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CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Tareq Islam Shuvo
Head of Strategy, Brand and Corporate
Communication

Mr. Tareq has more than 13 years of experience in FMCG, logistics, mobile and financial institutions. He has worked in retail, product, and strategy before his current role.

Tareq holds an Executive MBA from the Institution of Business Administration of the University of Dhaka and a bachelor's in business administration from Khulna University.

Tareq played a vital role in the rebranding project of IPDC in 2016.

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Company Secretary
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Acting Chief Financial Officer
IPDC Finance Limited

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Morfinul Islam
Managing Director & CEO
IPDC Finance Limited

11.f Description of Encumbered & Unencumbered Assets

11.f.1 Encumbered Assets

As of Dec 31, 2021 the total value (present book value) of encumbered assets stood at BDT 7,083.11 million.

Table 15: Description of Encumbered Assets

Amount in MN

| Description | 30-June-2022 | 31-Dec-2021 |
|--|-----------------|-----------------|
| Encumbered assets: | | |
| Balance with other banks and financial institutions (Fixed deposit account with SOD) | 5,644.25 | 7,191.80 |
| Total encumbered assets-(A) | 5,644.25 | 7,191.80 |

11.f.2 Unencumbered Assets

As of June 30, 2022 total assets of IPDC Finance Limited on solo basis stood at BDT 87,462.52 million. Out of this, BDT 5,644.25 million is encumbered assets and the rest BDT 81,818.27 million is unencumbered assets.

Table 16: Description of Unencumbered Assets

Amount in MN

| Description | 30-June-2022 | 31-Dec-2021 |
|---|------------------|------------------|
| Unencumbered assets: | | |
| Cash | | |
| In hand (including foreign currencies) | 0.50 | 0.42 |
| Balance with Bangladesh Bank and its agent bank(s) | 729.74 | 715.60 |
| Balance with other banks and financial institutions | 4,495.10 | 6,315.69 |
| Investments | | |
| Government Securities | - | 231.90 |
| Other investments | 2,209.29 | 2,508.46 |
| Loans, advances and leases | | |
| Loans, cash credits, overdrafts, etc. | 71,400.31 | 65,327.24 |
| Fixed assets including land, building, furniture and fixture | 736.68 | 765.24 |
| Other assets | 2,242.90 | 1,912.46 |
| Non-financial institutional assets | 3.75 | 3.75 |
| Total unencumbered assets- (B) | 81,818.27 | 77,780.76 |
| Total assets-(A+B) | 87,462.52 | 84,972.60 |

11.g Description of Assets & Liabilities

11.g.1 Description of Assets

Since IPDC Finance Limited is a non-banking financial institution, most of its assets are financial assets like loans & advances, bills discounted, government treasury securities, debt and equity securities issued by corporates, etc. while loans & advances comprises the lion-share of the bank's total assets. As of June 30, 2022, total assets of IPDC stood at BDT 87,462.52 million. Details breakdown of total assets are given below:


Tania Sharmin
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Samiul Hashim
 Company Secretary
 IPDC Finance Limited


Md. Ashique Hossain
 Acting Chief Financial Officer
 IPDC Finance Limited


Morfinul Islam
 Managing Director & CEO
 IPDC Finance Limited

Table 17: Description of Assets

| Types of Assets | 30 June 2022 | 31 Dec 2021 |
|--|------------------|------------------|
| | BDT mn | BDT mn |
| Cash | 730.24 | 716.04 |
| Balance with other banks and financial institutions | 10,139.35 | 13,507.49 |
| Money at call and short notice | - | - |
| Investments | 2,209.29 | 2,740.36 |
| Loans, Advances and Leases | 71,400.31 | 65,327.25 |
| Fixed Assets including land, building, furniture & fixture | 736.68 | 765.24 |
| Other Assets | 2,242.90 | 1,912.47 |
| Non-financial institutional assets | 3.75 | 3.75 |
| Total Assets | 87,462.52 | 84,972.59 |

(a) Cash:

IPDC's Cash & Cash equivalents as of 30 June 2022 stood at BDT 730.24 million. Out of total, BDT 729.74 million (99.93% of total) was kept with Bangladesh Bank and its agent banks.

Table 18: Description of Cash

| Particulars | 30-June-2022 | | 31-Dec-2021 | |
|---|---------------|----------------|---------------|----------------|
| | BDT Mn | % of Total | BDT Mn | % of Total |
| A. In Hand | 0.50 | 0.07% | 0.42 | 0.06% |
| Local currency | 0.50 | | 0.42 | |
| Foreign currency | - | | - | |
| B. Balance with Bangladesh Bank and its agent bank | 729.74 | 99.93% | 715.61 | 99.94% |
| Bangladesh Bank | | | | |
| In local currency | 729.74 | | 0.42 | |
| In foreign currency | - | | - | |
| Sonali Bank Limited (as an agent of Bangladesh Bank) | - | | - | |
| Total Cash & Cash Equivalent (A+B) | 730.24 | 100.00% | 716.03 | 100.00% |

(b) Balance with other Banks and Financial Institutions:

IPDC's total Balance with other Banks and Financial Institutions stood at BDT 10,139.35 million as of 30 June 2022 all of which was kept with banks & financial institutions inside Bangladesh.

Table 19: Description of Balance with other Banks and Financial Institutions

| Particulars | 30-June-2022 | 31-Dec-2021 |
|-------------------------------------|------------------|------------------|
| | BDT Mn | BDT Mn |
| A. In Bangladesh | 10,139.35 | 13,507.49 |
| I. Current Deposit Accounts: | 121.44 | 36.70 |
| United Commercial Bank Limited | 0.00 | 3.69 |
| AB Bank Limited | 0.10 | 0.72 |
| Standard Chartered Bank Limited | 34.42 | 18.98 |
| Prime Bank Limited | 0.00 | 5.93 |
| Eastern Bank Limited | 6.30 | 2.13 |


Tania Sharmin
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 Company Secretary
 IPDC Finance Limited


Md. Ashique Hossain
 Acting Chief Financial Officer
 IPDC Finance Limited


Monirul Islam
 Managing Director & CEO
 IPDC Finance Limited

| | | |
|---|-----------------|---------------|
| Mutual Trust Bank Limited | 0.69 | 0.04 |
| Basic Bank Limited | 0.01 | 0.02 |
| One Bank Limited | 79.72 | 3.95 |
| BRAC Bank Limited | 0.11 | 0.10 |
| Dhaka Bank Limited | 0.08 | 0.88 |
| Meghna Bank Limited | 0.01 | 0.00 |
| 2. Short Term Deposit Accounts: | 2,005.59 | 0.26 |
| Dutch Bangla Bank Limited | 20.24 | 3,467.49 |
| Prime Bank Limited | 756.05 | 12.82 |
| AB Bank Limited | 1.68 | 61.83 |
| Standard Chartered Bank Limited | 0.03 | 1.67 |
| Mercantile Bank Limited | 14.58 | 0.03 |
| BRAC Bank Limited | 5.32 | 30.73 |
| Dhaka Bank Limited | 702.00 | 9.87 |
| United Commercial Bank Limited | 232.67 | 14.94 |
| Eastern Bank Limited | 11.44 | 4.20 |
| One Bank Limited | 200.08 | 0.23 |
| NRB Bank Limited | 21.34 | 1,981.55 |
| Community Bank Bangladesh Limited | 0.87 | 1,033.14 |
| Meghna Bank Limited | 9.15 | 0.86 |
| Southeast Bank Limited | 1.10 | 1.43 |
| Bank Asia Limited | 0.11 | 312.90 |
| NRB Commercial Bank Limited | 28.93 | 1.28 |
| 3. Short Term Placement: | 439.01 | 39.14 |
| Peoples Leasing and Financial Service Limited | 28.50 | 28.50 |
| Community Bank Bangladesh Limited | 200.00 | - |
| United Finance Limited | 200.00 | 10.64 |
| International Leasing and Financial Service Limited | 10.51 | 0.0014 |
| 4. Short Term Deposit (in foreign currency): | 0.00 | 0.0014 |
| AB Bank Ltd. | 0.00 | 13,507.49 |
| 5. Fixed Deposit Accounts: | 7,573.31 | 7.75 |
| Prime Bank Limited | 7.75 | 103.03 |
| BASIC Bank Limited | 0.00 | 4,626.07 |
| Dhaka Bank Limited | 1,866.07 | 26.79 |
| AB Bank Limited | 26.79 | 399.00 |
| NRB Commercial Bank Limited | 120.00 | - |
| EXIM Bank Limited | 218.32 | 617.84 |
| Social Islami Bank Limited | 650.00 | 490.00 |
| Southeast Bank Ltd | 0.00 | 200.00 |
| Standard Bank Ltd. | 794.12 | 790.00 |
| Jamuna Bank Limited | 500.00 | 500.00 |

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Tania Sharmin
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CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Momtazul Islam
Managing Director & CEO
IPDC Finance Limited

| | | |
|---|------------------|-----------------|
| Janata Bank Ltd. | 0.00 | 913.53 |
| One Bank Limited | 250.00 | 250.00 |
| Meghna Bank Limited | 100.00 | - |
| Bank Asia Limited | 50.00 | 500.00 |
| BRAC Bank Limited | 1,000.00 | - |
| Uttara Finance & Investment Limited | 80.00 | 80.00 |
| IFIC Bank Limited | 910.25 | - |
| The City Bank Limited | 1,000.00 | 410.12 |
| Bangladesh Finance Limited | 0.00 | 50.00 |
| B. Outside Bangladesh | - | - |
| Total Balance with other banks and financial institution (A+B) | 10,139.35 | 9,394.09 |

(c) Investments:

IPDC's total investments as of June 30, 2022 was BDT 2,209.29 million which mostly includes investments in different corporate houses and banks and financial institutions.

Table 20: Description of Investments

| Particulars | 30-Jun-22 | 31-Dec-2021 |
|---|-----------------|-----------------|
| | BDT Mn | BDT Mn |
| A. Government Securities: | - | 231.89 |
| Treasury Bond | - | 231.89 |
| B. Other Investments | 2,209.29 | 2,508.46 |
| 1. In Ordinary Shares Quoted: | 364.09 | 332.32 |
| Bangladesh Electricity Meter Co. Ltd. | 7.00 | 7 |
| BRAC Bank Ltd. | 80.61 | 81.64 |
| Square Pharmaceuticals Ltd. | 45.15 | 45.15 |
| British American Tobacco Bangladesh | 8.89 | - |
| Grameenphone | 41.50 | 41.5 |
| Bangladesh Submarine Cable Company Ltd. | - | 33.4 |
| United Power Generation & Distribution Company Ltd. | 54.74 | 54.74 |
| Marico Bangladesh Ltd. | 21.18 | - |
| Renata Ltd. | 4.84 | 21.18 |
| Heidelberg Cement Bangladesh Ltd. | 11.14 | 4.84 |
| The City Bank Ltd. | 19.32 | 11.14 |
| Eastern Bank Ltd. | 2.64 | 19.32 |
| Doreen Power Ltd. | 5.04 | - |
| Unilever Consumer Care Ltd. | 22.55 | - |
| Heidelberg Cement Bangladesh Ltd. | - | - |
| Beximco Pharmaceuticals Ltd. | 29.71 | - |
| LafargeHolcim Bangladesh Ltd. | 9.79 | 2.64 |
| 2. In Ordinary Shares - Unquoted* | 4.50 | 4.50 |
| Quality Feeds Ltd. | 1.50 | 1.50 |


Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | | |
|--|-----------------|-----------------|
| Alliance Bags Ltd. | 3.00 | 3.00 |
| 3. In redeemable Preference Shares: | 1,036.29 | 1,350.67 |
| Premium Seed Limited | 4.00 | 4 |
| Summit Barisal Power Limited | - | 68 |
| Summit Narayanganj Power Unit II Limited | - | 72 |
| Ace Alliance Power Limited | - | 133.33 |
| Confidence Power Rangpur Limited | 160.00 | 160 |
| Confidence Power Bogra Unit-2 Limited | 52.50 | 60 |
| Summit LNG Terminal Co. (Pvt.) Ltd. | 166.67 | 166.67 |
| Summit Gazipur II Power Limited | - | 291.67 |
| City Sugar Industries Limited | 270.00 | |
| Impress Newtex Composite Textiles Limited | 300.00 | |
| Confidence Power Bogra Limited | 83.13 | 300 |
| 4. In Corporate Bonds: | 804.41 | 820.97 |
| Impress Newtex Composite Textiles Limited | - | - |
| Golden Harvest Agro Industries Limited | 97.09 | 99.59 |
| Paramount Textile Limited | 7.32 | 21.38 |
| The City Bank Limited | 150.00 | 150 |
| United Commercial Bank Ltd | 200.00 | 100 |
| Jamuna Bank Limited | 100.00 | 200 |
| Trust Bank Limited | 250.00 | 250 |
| Total Investments (A+B) | 2,209.29 | 2,508.46 |

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

(d) Loans, Advances and Leases:

As of June 30, 2022, total loans, advances and leases of the Issuer stood at BDT 71,400.31 million.

Table 21: Description of Loans, Advances & Leases

| Particulars | 30-Jun-2022 | 31-Dec-2021 |
|---|------------------|------------------|
| | BDT Mn | BDT Mn |
| A. Loans, cash credits, overdrafts, etc. | 71,400.31 | 65,327.25 |
| I. In Bangladesh: | 71,400.31 | 65,327.25 |
| Long term loan | 29,055.00 | 25,597.38 |
| Lease finance | 5,930.88 | 5,861.95 |
| Short term loan | 16,548.15 | 16,214.23 |
| Channel finance | 4,480.03 | 4,143.94 |
| Mortgage finance | 9,588.49 | 8,895.05 |
| Auto loan | 4,348.25 | 3,560.24 |
| Secured retail loan | 830.46 | 475.02 |
| Personal loan | 375.48 | 348.63 |
| Staff loan | 210.20 | 196.55 |


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| | | |
|---|------------------|------------------|
| Consumer White Goods Finance | 33.36 | 34.25 |
| 2. Outside Bangladesh: | - | - |
| B. Bill Purchased and Discounted | - | - |
| Total Loans, Advances and Leases (A+B) | 71,400.31 | 65,327.25 |

(e) Fixed Assets:

IPDC's fixed assets include land, buildings, machineries & equipment and furniture and fixtures among others. As of Jun 30, 2022, IPDC's total net fixed assets stood at BDT 736.68 million.

Table 22: Description of Fixed Assets

| Particulars | 30-June-22 | 31-Dec-21 |
|---|-----------------|----------------|
| | BDT Mn | BDT Mn |
| Land | 279.44 | 279.44 |
| Building | 90.47 | 90.47 |
| Motor vehicles | 96.01 | 90.01 |
| Furniture and fixture | 97.96 | 96.62 |
| Equipment and appliances | 278.53 | 257.56 |
| Accounting software | 199.62 | 199.51 |
| ROU-Assets for lease rent | 171.40 | 172.01 |
| | 1,213.44 | 1185.63 |
| Less: Accumulated depreciation and amortization | 501.87 | 437.59 |
| | 711.57 | 748.04 |
| Capital work in progress | 25.11 | 17.20 |
| Total Fixed Assets | 736.68 | 765.24 |

(f) Other Assets:

IPDC's other assets include non-income generating assets, tax expenses, sundry assets among others. Total other assets of IPDC as of Jun 30, 2022 stood at BDT 2,242.90 million.

Table 23: Description of Other Assets

| Particulars | 30-Jun-2022 | 31-Dec-2021 |
|---|-----------------|-----------------|
| | BDT Mn | BDT Mn |
| Non-income generating other assets: | 153.89 | 184.67 |
| Stationery, stamps, printing materials in stock | 3.58 | 2.09 |
| Advance rent and advertisement | 5.53 | 5.53 |
| Accrued interest, commission, brokerage, and other income receivables | 127.08 | 165.20 |
| Security deposits | 11.36 | 10.75 |
| Prepaid expenses | 6.35 | 1.11 |
| Others: | 2,089.01 | 1,727.79 |
| Advance tax | 1,859.66 | 1,542.30 |
| Deferred tax assets | 45.47 | 43.63 |
| Sundry assets | 183.88 | 141.87 |
| Total Other Assets | 2,242.90 | 1,912.47 |

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11.g.2 Description of Liabilities

As of June 30, 2022, total liabilities of IPDC Finance Limited stood at BDT 81,114.13 million. Details breakdown of total liabilities are given below:

Table 24: Description of Liabilities

| Types of Liabilities | 30-Jun-22 | 31-Dec-2021 |
|--|------------------|------------------|
| | BDT mn | BDT mn |
| Borrowings from other banks, financial institutions and agents | 13,549.41 | 10,495.83 |
| Deposits and other accounts | 58,744.47 | 60,405.26 |
| Other liabilities | 8,820.25 | 7,718.47 |
| Total liabilities | 81,114.13 | 78,619.57 |

(a) Borrowings from other banks, financial institutions and agents:

IPDC's borrowing from other banks, financial institutions & agents stood at BDT 13,549.41 million as of June 30, 2022. Details of which are as follows:

Table 25: Description of Borrowings from other Banks, Financial Institution, & Agents

| Particulars | 30-Jun-22 | 31-Dec-2021 |
|-----------------------------------|------------------|------------------|
| | BDT Mn | BDT Mn |
| A. In Bangladesh (1+2) | 13,549.41 | 10,495.83 |
| I. Unsecured | 10,935.62 | 7,205.60 |
| Long Term Loans: | | |
| Borrowing under Refinance Project | 5,884.25 | 4,150.81 |
| SABINCO | | - |
| Sub-total | 5,884.25 | 4,150.81 |
| Short Term Loans: | | |
| BRAC Bank Limited | 1,000.00 | |
| Bank Asia | 300.00 | |
| The City Bank | 1,000.00 | |
| Padma Bank Limited | 300.00 | |
| Meghna Bank Limited | 700.00 | |
| Lankan Alliance Finance Limited | | - |
| Dhaka Bank Limited | | 150.00 |
| Community Bank Bangladesh Limited | | - |
| NRB Bank Limited | | - |
| Agrani Bank Limited | | - |
| SBAC Bank Limited | | - |
| NCC Bank Limited | | 1,000.00 |
| Pubali Bank Limited | | 200.00 |
| Sub-total | 3,300.00 | 1,350.00 |
| Zero Coupon Bond: | | |
| Zero Coupon Bond | 161.37 | 264.79 |

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| | | |
|---|-----------------|-----------------|
| Sub-total | 161.37 | 264.79 |
| Subordinated Bonds: | | |
| Subordinated Bonds | 710.00 | 760.00 |
| Sub-total | 710.00 | 760.00 |
| Money at call and short notice: | | |
| Sonali Bank Limited | | 190.00 |
| United Commercial Bank Limited | 290.00 | 290.00 |
| Trust Bank Limited | | - |
| United Finance Limited | | - |
| Agrani Bank Limited | 200.00 | - |
| Padma Bank Limited | 290.00 | |
| Janata Bank Limited | 100.00 | 200.00 |
| Mutual Trust Bank Limited | | - |
| Pubali Bank Limited | | - |
| Bengal Commercial Bank Ltd | | |
| National Credit and Commerce Bank Limited | | - |
| Sub-total | 880.00 | 680.00 |
| 2. Secured: | 2,613.80 | 3,290.23 |
| (i) Bank Overdraft: | | |
| Prime Bank Limited | 0.66 | - |
| Dhaka Bank Limited | 209.53 | 414.28 |
| Standard Chartered Bank | - | - |
| Dutch Bangla Bank Limited | - | - |
| Woori Bank Limited | 160.73 | 163.54 |
| Bank Alfalah Limited | 179.51 | 180.05 |
| One Bank Limited | 359.99 | - |
| Mutual Trust Bank Limited | - | 192.78 |
| United Commercial Bank Limited | 0.00 | |
| IFIC Bank Limited | 0.67 | |
| Mercantile Bank Limited | - | - |
| BRAC Bank Limited | - | - |
| Uttara Bank Limited | 0.00 | - |
| Modhumoti Bank Limited | - | - |
| Eastern Bank Limited | - | - |
| AB Bank Limited | - | - |
| Sub-total | 911.09 | 950.65 |
| Long Term Loans | | |
| UBICO | | - |
| Meghna Bank Limited | 165.88 | 183.35 |
| BASIC Bank Limited | 46.83 | 76.23 |
| Sub-total | 212.71 | 259.58 |

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Momtazul Islam
 Managing Director & CEO
 IPDC Finance Limited

| | | |
|--|------------------|------------------|
| Short Term Loans | | |
| Standard Chartered Bank | 1,000.00 | 1,000.00 |
| Eastern Bank Limited | 490.00 | 1,080.00 |
| Bank Alfalah Limited | | |
| Sub-total | 1,490.00 | 2,080.00 |
| B. Outside Bangladesh | | - |
| Total borrowings from other banks and financial institution (A+B) | 13,549.41 | 10,495.83 |

(b) Deposits and other accounts:

Given the nature of its business, IPDC's major liabilities come in the form deposits and other accounts. As of Jun 2022, IPDC's total deposits & other accounts stood at BDT 58,744.47 million.

Table 26: Description of Deposits and other accounts

| Particulars | 30-Jun-2022 | 31-Dec-2021 |
|--|------------------|------------------|
| | BDT Mn | BDT Mn |
| Term Deposits | 46,854.57 | 47,857.55 |
| Deposits from Banks & NBFIs | 11,210.00 | 11,860.00 |
| Other deposits | 679.90 | 687.72 |
| Total deposits and other accounts | 58,744.47 | 60,405.26 |

(c) Other liabilities:

IPDC's other liabilities include various provisions including provision for loans, advances & investments, provision for gratuity, provision for income tax, interest & dividend suspense and others. As of Jun 30, 2022, IPDC's other liabilities stood at BDT 8,820.25 million.

Table 27: Description of other liabilities

| Particulars | 30-Jun-2022 | 31-Dec-2021 |
|---|-------------|-------------|
| | BDT Mn | BDT Mn |
| Cumulative provision for loans, advances and investments | 2,192.65 | 1,992.20 |
| Cumulative provision for off-balance sheet items | 0.23 | 0.36 |
| Cumulative provision for other assets | 12.56 | 12.56 |
| Other provisions | 28.50 | 28.50 |
| Cumulative interest and dividend suspense | 591.26 | 647.57 |
| Net defined benefit obligation - employees' gratuity fund | 23.88 | 22.00 |
| Provision for corporate tax | 2,782.84 | 2,419.53 |
| Deposit against lease | 476.91 | 436.45 |
| Interest expenses payable for finance charge | 1,663.96 | 1,510.97 |
| Withholding tax and VAT | 13.76 | 112.75 |
| Liabilities for special accounts | 733.21 | 203.70 |
| Payable for expenses | 111.28 | 111.38 |
| Deferred tax liabilities | 67.36 | 77.27 |
| Account payable for purchase of fixed asset | 11.79 | 22.04 |

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Momtazul Islam
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| | | |
|--|-----------------|-----------------|
| Accrued Interest on Subordinated Bonds | 17.25 | 17.67 |
| Accrued Interest on Zero Coupon Bond | 4.69 | 7.56 |
| Liability for lease rental | 79.09 | 94.35 |
| Dividend payable | 9.04 | 1.62 |
| Total other liabilities | 8,820.25 | 7,718.47 |

11.h Description of Previously Issued Debt or Equity Securities

11.h.1 IPDC Zero Coupon Bond

The bond was issued in 2016 with a tenor of 5 years.

| | |
|---|--|
| Issuer | Industrial Promotion and Development Company of Bangladesh Limited ("IPDC" or "Company" or "Issuer") |
| Facility/Issue Type | Non-Convertible Zero Coupon Bond |
| Mandated Lead Arranger | The City Bank Limited |
| Arrangement Type | Best Effort Basis |
| Trustee, Register to the Issue, Transfer Agent & Paying Agent | IDLC Finance Limited |
| Purpose | To replace high-cost deposit and to lend for longer terms |
| Investors | Commercial banks, Non-Banking Financial Institutions, Insurance companies, Corporate houses, Asset Management Companies, Alternative Investment Funds, High Net Worth Individuals etc. |
| Currency | BDT |
| Total Face Value | Upto BDT 1,140.00 Million in a single tranche or in Four (4) different tranches as per following schedule: 1 st Tranche - BDT 430 Million 2 nd Tranche - BDT 150 Million 3 rd Tranche - BDT 530 Million 4 th Tranche - BDT 30 Million However, Mandated Lead Arranger with consultation of the issuer can increase the number of tranches above four (4) if required. |
| Face Value of Each Bond | Denomination of Face Value of each Bond is BDT 1,000,000.00 |
| Total Issue Price (Size) | BDT 925.47 Million (Assuming discount rate of 8.00%, may change depending on the discount rate) |
| Yield to Maturity / Discount Rate Range | Based on the present market conditions, the indicative Discount Rate is expected to be within the range of 8.00% - 8.25% p.a. |
| Interest Payment | No interest to be paid. Rather bonds in different tranches to be issued in different discounted values and to be redeemed in face value upon maturity. |
| No of Bond in each ZCB Bundle | 10 Bonds in Each ZCB Bundle |
| Total ZCB Bundles | 300 |
| Redemption | Bonds within a Bundle shall be redeemed equally over five (5) years on semi-annual basis |
| Maturity | 5 years from the Issue Date |
| Mode of Placement: | Private Placement |
| Late Redemption | For late redemption of payment, a penalty fee will be charged as per subscription agreement. |
| Transferability/Liquidity | Transferable as per agreement |
| Prepayment, Call Option, Put Option Refunding, conversion features | Call Option: Issuer can call back the outstanding bond from the holders. However, this option will be available after the end of 2 nd redemption |

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| | without any penalty. However, 2% penalty will be applicable for early redemption before 2 nd redemption. Put Option: Only available after the end of 2 nd redemption with 3% penalty. Lien Against Loan: Bondholders can avail loan against lien of the bond subject to credit decision of lenders. Conversion Features: There is no conversion feature. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--------------|---------------|-------------------------|-------------------------|-------------------|------------------|---------------|---------|-----------|-------|-------------------|-------------|-------|-----------------------|-----------|-------|-------------|-------------|-------|---------|-----------|-----|-------------|-------------|----|---------|-----------|-----|------------|-------------|----|---------|-----------|-----|------------|-------------|----|---------|-----------|-----|------------|-------------|----|---------|-----------|-----|------------|-------------|----|---------|-----------|-----|------------|-------------|----|---------|-----------|-----|------------|-------------|----|---------|-----------|-----|------------|-------------|--|-----------|------------|-----|-------------|---------------|
| Governing Law& Jurisdiction | The laws of The People's Republic of Bangladesh. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Security | The Bond will be unsecured in nature. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Enforcement of charges over securities | The instrument is unsecured hence investors will have no charge. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Costs related to the issue | Arrangement Fee: One off 0.25% of the total Face value. Trustee Fee: BDT 350,000/- only per annum (net of VAT or any other deductions) Legal, regulatory or other cost: to be at actual | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax Features | Taxable as per the law of the country. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tentative Repayment Schedule: * | <table><tr><th>Month</th><th>Issue Price</th><th>Face Value</th><th>No of bond to be Issued</th><th>Total Issue Price</th><th>Total Face Value</th></tr><tr><td>6</td><td>962,250</td><td>1,000,000</td><td>114</td><td>109,696,500</td><td>114,000,000</td></tr><tr><td>12</td><td>923,926</td><td>1,000,000</td><td>114</td><td>105,555,564</td><td>114,000,000</td></tr><tr><td>18</td><td>890,973</td><td>1,000,000</td><td>114</td><td>101,570,922</td><td>114,000,000</td></tr><tr><td>24</td><td>857,339</td><td>1,000,000</td><td>114</td><td>97,736,646</td><td>114,000,000</td></tr><tr><td>30</td><td>824,975</td><td>1,000,000</td><td>114</td><td>94,047,150</td><td>114,000,000</td></tr><tr><td>36</td><td>793,832</td><td>1,000,000</td><td>114</td><td>90,496,848</td><td>114,000,000</td></tr><tr><td>42</td><td>763,865</td><td>1,000,000</td><td>114</td><td>87,080,610</td><td>114,000,000</td></tr><tr><td>48</td><td>735,030</td><td>1,000,000</td><td>114</td><td>83,793,420</td><td>114,000,000</td></tr><tr><td>54</td><td>707,283</td><td>1,000,000</td><td>114</td><td>80,630,262</td><td>114,000,000</td></tr><tr><td>60</td><td>680,583</td><td>1,000,000</td><td>114</td><td>77,586,462</td><td>114,000,000</td></tr><tr><td></td><td>8,142,056</td><td>10,000,000</td><td>114</td><td>928,194,384</td><td>1,140,000,000</td></tr></table> | Month | Issue Price | Face Value | No of bond to be Issued | Total Issue Price | Total Face Value | 6 | 962,250 | 1,000,000 | 114 | 109,696,500 | 114,000,000 | 12 | 923,926 | 1,000,000 | 114 | 105,555,564 | 114,000,000 | 18 | 890,973 | 1,000,000 | 114 | 101,570,922 | 114,000,000 | 24 | 857,339 | 1,000,000 | 114 | 97,736,646 | 114,000,000 | 30 | 824,975 | 1,000,000 | 114 | 94,047,150 | 114,000,000 | 36 | 793,832 | 1,000,000 | 114 | 90,496,848 | 114,000,000 | 42 | 763,865 | 1,000,000 | 114 | 87,080,610 | 114,000,000 | 48 | 735,030 | 1,000,000 | 114 | 83,793,420 | 114,000,000 | 54 | 707,283 | 1,000,000 | 114 | 80,630,262 | 114,000,000 | 60 | 680,583 | 1,000,000 | 114 | 77,586,462 | 114,000,000 | | 8,142,056 | 10,000,000 | 114 | 928,194,384 | 1,140,000,000 |
| | Month | Issue Price | Face Value | No of bond to be Issued | Total Issue Price | Total Face Value | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 6 | 962,250 | 1,000,000 | 114 | 109,696,500 | 114,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 12 | 923,926 | 1,000,000 | 114 | 105,555,564 | 114,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 18 | 890,973 | 1,000,000 | 114 | 101,570,922 | 114,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 24 | 857,339 | 1,000,000 | 114 | 97,736,646 | 114,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 30 | 824,975 | 1,000,000 | 114 | 94,047,150 | 114,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 36 | 793,832 | 1,000,000 | 114 | 90,496,848 | 114,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 42 | 763,865 | 1,000,000 | 114 | 87,080,610 | 114,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 48 | 735,030 | 1,000,000 | 114 | 83,793,420 | 114,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 54 | 707,283 | 1,000,000 | 114 | 80,630,262 | 114,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 60 | 680,583 | 1,000,000 | 114 | 77,586,462 | 114,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 8,142,056 | 10,000,000 | 114 | 928,194,384 | 1,140,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| * Assuming discount rate of 8.00%, may change depending on the discount rate. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investors' Return | <table><tr><th>Particular</th><th>Pre Tax XIRR</th><th>Post Tax XIRR</th></tr><tr><td>Banks</td><td>8.00%</td><td>4.97%</td></tr><tr><td>Listed Corporates</td><td>10.67%</td><td>8.00%</td></tr><tr><td>Non-Listed Corporates</td><td>12.31%</td><td>8.00%</td></tr><tr><td>Individuals</td><td>11.43%</td><td>8.00%</td></tr></table> | | | | | Particular | Pre Tax XIRR | Post Tax XIRR | Banks | 8.00% | 4.97% | Listed Corporates | 10.67% | 8.00% | Non-Listed Corporates | 12.31% | 8.00% | Individuals | 11.43% | 8.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Particular | Pre Tax XIRR | Post Tax XIRR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Banks | 8.00% | 4.97% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Listed Corporates | 10.67% | 8.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Non-Listed Corporates | 12.31% | 8.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Individuals | 11.43% | 8.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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11.h.2 Features of IPDC Finance 1st Subordinated Bond

| | |
|---------------------------------|---|
| Name of the Instrument: | IPDC Finance Limited Tier II Subordinated Bond |
| Issue Type: | Non-convertible Unsecured Fully Redeemable Floating Rate Subordinated Bonds |
| Issuer: | IPDC Finance Limited |
| Purposes and Objectives: | To raise Tier-II Regulatory Capital and thereby enhancing Capital to Risk-weighted Asset Ratio (CRAR) as per "Guidelines on Risk Based Capital Adequacy" of Bangladesh Bank |


Tania Sharmin
 Managing Director & CEO
 CAPM Advisory Limited


Samiul Hashim
 Company Secretary
 IPDC Finance Limited


Md. Ashique Hossain
 Acting Chief Financial Officer
 IPDC Finance Limited


Mominul Islam
 Managing Director & CEO
 IPDC Finance Limited


| | |
|---|--|
| Arrangers: | City Bank Capital Resources Limited will act as Arranger to the Issuance of this Instrument. |
| Trustee: | EBL Investments Ltd. |
| Paying Agent, Registrar, Transfer Agent: | EBL Investments Ltd. |
| Legal Counsel: | The Legal Point |
| Credit Rating Agency: | Credit Rating Agency of Bangladesh Ltd. (CRAB) |
| Issue Size: | BDT 1,000,000,000 (One Billion Taka) |
| No. of Bonds to be issued: | 100 (One Hundred) |
| Face Value: | BDT 10,000,000 (Ten Million Taka) per Bond |
| Minimum Subscription: | BDT 10,000,000 (Ten Million Taka) |
| Tenor: | 6 Years |
| Investors: | Institutional investors and high net-worth individual investors |
| Mode of Placement: | Private Placement on a best effort basis |
| Yield to Maturity / Rate of Return: | Coupon Rate |
| Coupon Rate: | Benchmark Rate + Coupon Margin |
| Benchmark Rate: | The Benchmark Rate shall be determined by the following method: Average of most recent months published fixed deposit rates (6 months tenor) of Private Commercial Banks (excluding Islamic & Foreign Banks) with similar credit rating of the issuer or above rated banks. The issuers 6 months tenor deposit rate to be considered at the time of calculating the average. The published deposit rate to be taken from "Announced Interest Rate Chart of the Scheduled Banks (Deposit Rate)" published by Bangladesh Bank in its website. This will be fixed semi-annually. If the issuers credit rating changes during the tenor of the bond, the list of banks for calculating the benchmark rate will change accordingly. The Benchmark Rate will be fixed by the trustee semi-annually on ("Interest Reset Date") the immediately preceding business day of the issuance and afterwards semi-annually throughout the tenor of the bond. For avoidance of doubt, the Benchmark Rate shall be calculated by the trustee and notified to the issuer and all investors on every Interest Reset Date. |
| Quotation Day | 5 business days before the first day of any period for which a coupon rate is to be determined |
| Coupon Margin: | 2.50% p.a. |
| Range of Coupon Rate: | 7.50% - 11.00% at all times. <i>*Note: Subject to Bangladesh Bank approval</i> |
| Coupon Payment: | Semi-annually beginning at the end of 6 months from drawdown date. |
| Quotation Day | 5 business days before the first day of any period for which a coupon rate is to be determined |
| Repayment Schedule: | Face Value (principal) redemptions will be in 5 (five) annual tranches commencing at the end of 24 th month from the date of drawdown. |
| Prepayment, Call Refunding, Conversion Features: | IPDC Finance Limited Subordinated Bond is non-callable and non-convertible in nature. |
| Tax Features: | According to the laws of Bangladesh |
| Late Redemption: | The Issuer shall pay a late payment penalty of 2.00% (two per cent) higher than the Coupon Rate and be payable on the amount not paid on the due date up till the date of actual payment |
| Early Redemption | The Issuer shall pay an early redemption penalty of 2.00% higher than the Coupon rate which will be applicable from end of second year from the drawdown date |
| Credit Rating: | Issuer Rating: Long Term: AA1 Short Term: ST-1 |

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Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | |
|---|--|
| | Validity Date: 30 June 2018 |
| | Issue Rating: AA2 (Hyb.) |
| | Validity Date: 30 June 2018 |
| Description of Collateral Security and type of charges to be created against the issue: | Unsecured |
| Listing: | Unlisted |
| Transferability/Liquidity: | Freely transferable in accordance with the provisions of the Deed of Trust. |
| Governing Law: | Laws of Bangladesh. |
| Cost Related to the Issue | Total costs for issuing the bond (considering BDT 1,000 million is successfully raised) have been estimated to be BDT 10 million |

Repayment Schedule of the 1st Subordinated Bonds

| Repayment Schedule for BDT 1,000,000,000 Tier-II Bond | | | | | | |
|---|-------------------------|-------|--------------------------|-------------------|-----------------------------|--------------------------|
| Annual Payment No. | Semi-Annual Payment No. | Month | Principal Redemption (%) | Beginning Balance | Principal Redemption Amount | Ending Principal Balance |
| 0.5 | 1 | 6th | 0.00% | 1,000.00 | - | 1,000.00 |
| 1 | 2 | 12th | 0.00% | 1,000.00 | - | 1,000.00 |
| 1.5 | 3 | 18th | 0.00% | 1,000.00 | - | 1,000.00 |
| 2 | 4 | 24th | 20.00% | 1,000.00 | 200.00 | 800.00 |
| 2.5 | 5 | 30th | 0.00% | 800.00 | - | 800.00 |
| 3 | 6 | 36th | 20.00% | 800.00 | 200.00 | 600.00 |
| 3.5 | 7 | 42nd | 0.00% | 600.00 | - | 600.00 |
| 4 | 8 | 48th | 20.00% | 600.00 | 200.00 | 400.00 |
| 4.5 | 9 | 54th | 0.00% | 400.00 | - | 400.00 |
| 5 | 10 | 60th | 20.00% | 400.00 | 200.00 | 200.00 |
| 5.5 | 11 | 66th | 0.00% | 200.00 | - | 200.00 |
| 6 | 12 | 72nd | 20.00% | 200.00 | 200.00 | - |

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IPDC Finance Limited

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Mominaul Islam
Managing Director & CEO
IPDC Finance Limited

12 Audited Financial Statement: IPDC Finance Limited

12.a Auditor's report:

IPDC Finance Limited

Independent auditor's report and financial statements as
at and for the six-month period ended 30 June 2022

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Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

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Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Rahman Rahman Huq
Chartered Accountant
8 & 9 Mirakhat Cx
Dhaka 1212
Bangladesh

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Internet: www.kpmg.com/bd

Independent auditor's report

To the Board of Directors of IPDC Finance Limited

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of IPDC Finance Limited (the "Company"), which comprise the balance sheet as at 30 June 2022 and the profit and loss account, statement of changes in equity and cash flow statement for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company give a true and fair view of the financial position of the company as at 30 June 2022, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in Note 3.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restriction on Distribution and Use

We draw attention to note 2.2 to the financial statements, which describes the purpose of these financial statements. The financial statements are prepared to assist the Company to meet the requirements of regulators, specifically Bangladesh Securities and Exchange Commission. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| 1. Measurement of provision for loans, advances and leases | |
|---|---|
| See Notes 3.11, 8.9 and 14.1 to the financial statements | |
| The key audit matter | How the matter was addressed in our audit |
| The process for estimating the provision for loans, advances and leases associated with credit risk is judgmental and complex. | We tested the design and operating effectiveness of key controls focusing on the following: |
| For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. | - Credit monitoring and provisioning process; |
| For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation. | - Identification of loss events, including early warning and default warning indicators; |
| | - Review quarterly Classification of Loans (CL); |
| | Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following: |



Rahman Rahman Huq is a practicing firm registered in Bangladesh and a member firm of the Global Public Accountants' or Independent Members Association (GPIA) International Limited, a public English company listed by public.

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08 DEC 2022

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

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Momtazul Islam
Managing Director & CEO
IPDC Finance Limited



Rahman Rahman Haq
Chartered Accountant

Independent auditor's report (continued)

| 1. Measurement of provision for loans, advances and leases (continued) | |
|---|---|
| See Notes 3.11, 8.6 and 14.1 to the financial statements. | |
| The key audit matter | How the matter was addressed in our audit |
| At 30 June 2022, the Company reported total gross loans, advances and leases of BDT 71,400,306,307 (2021: BDT 65,327,246,606) and provision for loans, advances and leases of BDT 2,122,333,832 (2021: BDT 1,851,585,349). | Reviewed the adequacy of the company's general and specific provisions; |
| We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias: | Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and |
| <ul style="list-style-type: none"> Completeness and timing of recognition of loss events in accordance with criteria set out in Bangladesh Bank's guidelines issued time to time. For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates. | Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. |
| 2. Loans and advances | |
| See Note 8 to the financial statements. | |
| The key audit matter | How the matter was addressed in our audit |
| A high volume of loan origination and payment activity results in the risk of inaccurate recording, processing errors or fraudulent transactions, which requires special audit consideration because of the likelihood and potential magnitude of misstatements to the completeness, existence and accuracy of loans and advances. | We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement and documentation process of loans and advances. |
| | We have performed procedure to check whether the Company has ensured appropriate documentation as per Bangladesh Bank regulations and the Company's policy before disbursement of loans and advances. In addition, we have performed procedure to check whether the loans and advances are recorded completely and accurately and that are existed at the reporting date. |
| | Furthermore, we have assessed the appropriateness of disclosures against Bangladesh Bank guidelines. |



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Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Rahman Rahman Huq
Chartered Accountant

Independent auditor's report (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IPFSA as explained in Note 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.


Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.




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IPDC Finance Limited



Rahman Rahman Haq
Chartered Accountants

Independent auditor's report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 2020, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the period;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking.



08 DEC 2022

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Momtazul Islam
Managing Director & CEO
IPDC Finance Limited




Rahman Rahman Huq
Chartered Accountants

Independent auditor's report (continued)

- (x) 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;
- (xi) 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;
- (xii) 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;
- (xiii) the Company has complied with relevant laws pertaining to capital, reserve and not worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xiv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 650 person hours for the audit of the books and accounts of the Company;
- (xv) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvi) the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and
- (xvii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

The engagement partner on the audit resulting in this independent auditor's report is Ali Ashfaq.


Ali Ashfaq, Partner, Enrolment Number: 608
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: [N/A]

Dhaka, **28 NOV 2022**

DVD: **2211290509A0662158**



08 DEC 2022



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

12.b Statement of Financial Position (as at Dec 31, 2021)

IPDC Finance Limited Balance Sheet As at 30 June 2022

| Particulars | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|---|------|----------------------|--------------------------|
| Property and assets | | | |
| Cash | 3 | 495,000 | 420,000 |
| In hand (including foreign currencies) | | 729,740,754 | 715,616,172 |
| Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) | | 730,235,784 | 715,036,172 |
| Balance with other banks and financial institutions | 6 | | |
| Inside Bangladesh | | 10,139,350,229 | 13,507,496,246 |
| Outside Bangladesh | | - | - |
| | | 10,139,350,229 | 13,507,496,246 |
| Money at call and short notice | | - | - |
| Investments | 7 | | |
| Government securities | | - | 231,808,119 |
| Other investments | | 2,209,295,419 | 2,008,463,823 |
| | | 2,209,295,419 | 2,240,271,942 |
| Loans, advances and leases | 8 | | |
| Loans, cash credits, overdrafts etc. | | 71,400,306,307 | 65,327,346,606 |
| Bills purchased and discounted | | - | - |
| | | 71,400,306,307 | 65,327,346,606 |
| Fixed assets including land, building, furniture and fixtures | 9 | 736,676,304 | 765,243,141 |
| Other assets | 10 | 2,242,904,408 | 1,972,465,384 |
| Non banking assets | 11 | 3,752,405 | 3,752,405 |
| Total assets | | 87,462,515,828 | 84,972,993,995 |
| Liabilities and capital | | | |
| Liabilities | | | |
| Borrowings from other banks, financial institutions and agents | 12 | 13,549,414,048 | 10,495,032,529 |
| Deposits and other accounts | 13 | | |
| Current accounts and other accounts | | - | - |
| Bills payable | | - | - |
| Savings deposits | | - | - |
| Term deposits | | 58,744,485,130 | 60,405,264,987 |
| Bearer certificate of deposits | | - | - |
| Other deposits | | - | - |
| | | 58,744,485,130 | 60,405,264,987 |
| Other liabilities | 14 | 8,920,250,197 | 7,718,467,586 |
| Total liabilities | | 81,114,129,276 | 78,619,565,362 |
| Shareholders' equity | | | |
| Paid up capital | 15 | 3,710,975,470 | 3,710,975,470 |
| Share premium | 16 | 402,827,690 | 402,827,690 |
| Statutory reserve | 17 | 590,290,459 | 590,290,459 |
| Assets revaluation reserve | 18 | 305,510,671 | 305,673,574 |
| Retained earnings | 19 | 845,002,140 | 923,231,490 |
| Total shareholders' equity | | 5,348,386,430 | 5,333,028,683 |
| Total liabilities and shareholders' equity | | 87,462,515,828 | 84,972,993,995 |



08 DEC 2022


Tania Sharmin
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CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited

IPDC Finance Limited
Balance Sheet
As at 30 June 2022

| Particulars | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|---|------|----------------------|--------------------------|
| Off-balance sheet items | | | |
| Contingent liabilities | | | |
| Acceptances and endorsements | | - | - |
| Letters of guarantee | 20 | 22,656,596 | 35,897,714 |
| Irrevocable letters of credit | | - | - |
| Bill of collection | | - | - |
| Other contingent liabilities | | - | - |
| Total contingent liabilities | | 22,656,596 | 35,897,714 |
| 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 | | 22,656,596 | 35,897,714 |
| Net Asset Value (NAV) per Share | 42 | 17.13 | 17.12 |

The annexed notes from 1 to 48 and Annexure A and Annexure B are an integral part of these financial statements.

Chairman
Director
Managing Director & CEO
Chief Financial Officer (Acting)
Company Secretary

As per our report of same date.

Dated: 28 NOV 2022

Auditor
Ali Ashfaq, Partner
Enrollment Number: 809
Rahman Rahman Haq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC: 2211290508A0662158



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samir Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited

12.c Statement of Comprehensive Income (as at Dec 31, 2021)

IPDC Finance Limited
Profit and Loss Account
For the six-month period ended 30 June 2022

| Particulars | Note | For the six-month period ended 30 June | |
|--|------|--|----------------------|
| | | 2022 Taka | 2021 Taka |
| Interest income | 22 | 3,096,179,179 | 3,120,417,284 |
| Less: Interest paid on deposits and borrowings, etc. | 23 | 2,009,027,831 | 1,804,050,990 |
| Net interest income | | 1,087,151,348 | 1,316,366,294 |
| Investment income | 24 | 117,887,226 | 313,050,664 |
| Commission, exchange and brokerage | 25 | 24,127,113 | 112,160,130 |
| Other operating income | 26 | 13,745,308 | 3,760,179 |
| Total operating income | | 1,222,417,998 | 1,885,536,498 |
| Salary and allowances | 28 | 417,871,864 | 388,863,237 |
| Rent, taxes, insurance, electricity, etc. | 29 | 15,375,747 | 14,830,266 |
| Legal expenses | 30 | 32,863,636 | 32,584,342 |
| Postage, stamp, telecommunications, etc. | 31 | 7,584,502 | 8,475,775 |
| Stationery, printing, advertisements, etc. | 32 | 46,769,838 | 55,762,858 |
| Managing Director's salary and allowances | 33 | 6,100,000 | 7,330,807 |
| Directors' fees | 34 | 501,800 | 906,060 |
| Auditors' fees | 35 | 477,332 | 438,729 |
| Charges on loan loss | | - | - |
| Depreciation and repair of assets | 36 | 66,420,000 | 83,897,142 |
| Other expenses | 37 | 88,260,819 | 43,772,008 |
| Total operating expenses | | 725,079,866 | 681,383,838 |
| Profit before provision | | 497,338,132 | 1,204,152,660 |
| Provision for loans and advances | 38 | 175,748,583 | 359,537,271 |
| Provision(reversal) for diminution in value of investments | 39 | 28,708,644 | 10,535,951 |
| Other Provisions | | (132,412) | - |
| Total provision | | 203,326,515 | 370,073,221 |
| Profit before tax | | 294,011,617 | 834,079,439 |
| Provision for taxation | | - | - |
| Current tax expense | 14.4 | 583,313,666 | 543,985,443 |
| Deferred tax expense/(income) | 40 | (11,328,230) | (3,637,762) |
| | | 571,985,436 | 540,347,681 |
| Net profit after tax | | 440,135,556 | 413,731,758 |
| Appropriations | | | |
| Statutory reserve | | - | - |
| General reserve | | - | - |
| Proposed dividend | | - | - |
| Retained surplus | | 440,135,556 | 413,731,758 |
| Earnings per share (EPS) | 41 | 1.15 | 1.11 |

The annexed notes from 1 to 48 and Annexure A and Annexure B are an integral part of these financial statements

 Chairman
 Director
 Managing Director & CEO
 Chief Financial Officer (Acting)
 Company Secretary

As per our report of same date


Auditor

Dhaka, 28 NOV 2022


Ali Ashfaq, Partner
Enrollment Number: 509
Rahman Rahman Hui
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC

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08 DEC 2022


Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited

12.d Statement of Cash Flows (as at Dec 31, 2021)

IPDC Finance Limited
Cash Flow Statement
For the six-month period ended 30 June 2022

| For the period | Note | For the six-month period ended 30 June | |
|---|-----------|--|-------------------------|
| | | 2022 | 2021 |
| | | Taka | Taka |
| A) Cash flows from operating activities | | | |
| Interest received | | 3,614,824,118 | 3,401,848,860 |
| Interest paid | | (1,030,022,907) | (1,918,832,866) |
| Dividend received | | 60,298,800 | 57,661,847 |
| Fee and commission received | | 84,137,110 | 113,465,130 |
| Reverses of loan previously written off | | 12,614,320 | 2,877,860 |
| Payments to employees | | (423,793,837) | (360,240,540) |
| Payment to suppliers | | (254,074,830) | (167,860,739) |
| Income taxes paid | | (317,263,614) | (181,337,170) |
| Receipts from other operating activities | | 21,681,804 | 182,033,343 |
| Payment for other operating activities | | - | - |
| Cash generated from operating activities before changes in operating assets and liabilities | | <u>888,718,771</u> | <u>1,129,225,330</u> |
| Changes in operating assets and liabilities | | | |
| Statutory deposits | | - | - |
| Sale of trading securities | | - | - |
| Loans and advances to other banks | | (88,888,261) | (224,352,330) |
| Loans and advances to customers | | (9,017,171,441) | (8,188,837,890) |
| Other assets | | (48,780,754) | (5,757,214) |
| Deposits from other banks and financial institutions | | (860,000,000) | (2,368,472,140) |
| Deposits from customers | | (1,010,769,857) | 1,660,281,921 |
| Other liability accounts of customers | | 1,620,429,707 | 1,838,982,853 |
| Trading liabilities | | 470,877,752 | (130,086,827) |
| Other liabilities | | (5,791,192,854) | (7,489,811,830) |
| Cash received/(paid) from operating assets and liabilities | | <u>(14,832,462,083)</u> | <u>(16,285,881,888)</u> |
| Net cash used in operating activities | | | |
| B) Cash flows from investing activities | | | |
| Net proceeds of investment in securities | | 831,187,945 | 2,479,646,000 |
| Purchase of property, plant and equipment | | (47,869,980) | (15,029,402) |
| Sale proceeds of property, plant and equipment | | 1,000 | 1,700,000 |
| Net cash from investing activities | | <u>383,298,965</u> | <u>2,466,316,598</u> |
| C) Cash flows from financing activities | | | |
| Receipts from issue of loan and debt securities | | - | - |
| Payments for redemption of loan and debt securities | | (153,426,427) | (643,301,859) |
| Receipts from issue of ordinary shares | | 1,600,000,840 | 790,605,824 |
| Receipts/(payments) of long term loan | | (437,899,830) | (434,280,730) |
| Dividends received/(paid) in cash | | 1,263,244,583 | (285,836,550) |
| Net cash (used in)/from financing activities | | <u>1,263,244,583</u> | <u>(285,836,550)</u> |
| D) Net increase in cash (A+B+C) | | <u>(13,853,838,610)</u> | <u>(4,100,000,020)</u> |
| E) Effect of changes in exchange rate over cash and cash equivalents | | | |
| F) Cash and cash equivalents at 1 January | | <u>14,223,524,618</u> | <u>14,673,885,030</u> |
| G) Cash and cash equivalents at the end of the period (D+E+F) | | <u>3,369,685,983</u> | <u>10,573,429,250</u> |
| Break down of cash and cash equivalents: | | | |
| Cash in hand | | 400,000 | 420,000 |
| Balance with Bangladesh Bank and its agent bank(s) | | 729,740,754 | 888,273,880 |
| Balance with other banks and financial institutions | | 10,189,545,229 | 10,004,745,330 |
| | | <u>10,919,686,003</u> | <u>10,893,439,210</u> |
| Net Operating Cashflow per Share (NOCFPS) | 43 | <u>(13.28)</u> | <u>(18.52)</u> |

The annexed notes from 1 to 48 and Annexures A and B are an integral part of these financial statements.



08 DEC 2022


Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited

13 Comparative Financials for the last 3.5 years

Balance Sheets for the Half Yearly 30 June 2022 and Yearly 31 Dec 2021, 31 Dec 2020 and 31 Dec 2019 in BDT Million

| | 30 June 2022 | 31 December 2021 | 31 December 2020 | 31 December 2019 |
|---|------------------|------------------|------------------|------------------|
| Property and assets | | | | |
| Cash | | | | |
| In hand (including foreign currencies) | 0.50 | 0.42 | 0.42 | 0.40 |
| Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) | 729.74 | 715.62 | 615.14 | 901.98 |
| | 730.24 | 716.04 | 615.56 | 902.38 |
| Balance with other banks and financial institutions | | | | |
| Inside Bangladesh | 10,139.35 | 13,507.49 | 14,057.97 | 8,874.99 |
| Outside Bangladesh | - | - | - | - |
| | 10,139.35 | 13,507.49 | 14,057.97 | 8,874.99 |
| Money at call and short notice | - | - | - | - |
| Investments | | | | |
| Government securities | 0.00 | 231.90 | 3,471.35 | - |
| Other investments | 2,209.29 | 2,508.46 | 1,672.22 | 1,570.82 |
| | 2,209.29 | 2,740.36 | 5,143.57 | 1,570.82 |
| Loans, advances and leases | | | | |
| Loans, cash credits, overdrafts etc. | 71,400.31 | 65,327.25 | 53,609.69 | 50,725.78 |
| Bills purchased and discounted | - | - | - | - |
| | 71,400.31 | 65,327.25 | 53,609.69 | 50,725.78 |
| Fixed assets including land, building, furniture and fixture | 736.68 | 765.24 | 776.58 | 787.57 |
| Other assets | 2,242.90 | 1,912.47 | 1,762.32 | 1,536.80 |
| Non-banking assets | 3.75 | 3.75 | 3.75 | 3.75 |
| Total assets | 87,462.52 | 84,972.59 | 75,969.43 | 64,402.10 |

08 DEC 2022


Tania Sharmin
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CAPM Advisory Limited


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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

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| | | | | |
|--|------------------|------------------|------------------|------------------|
| Liabilities and capital | | | | |
| Liabilities | | | | |
| Borrowings from other banks, financial institutions and agents | 13,549.41 | 10,495.83 | 10,946.48 | 7,037.98 |
| Deposits and other accounts | | | | |
| Current accounts and other accounts | - | - | - | - |
| Bills payable | - | - | - | - |
| Savings deposits | - | - | - | - |
| Term deposits | 58,744.47 | 60,405.26 | 52,456.34 | 46,361.36 |
| Bearer certificate of deposits | - | - | - | - |
| Other deposits | - | - | - | - |
| | 58,744.47 | 60,405.26 | 52,456.34 | 46,361.36 |
| Other liabilities | 8,820.25 | 7,718.47 | 6,503.18 | 5,426.78 |
| Total liabilities | 81,114.13 | 78,619.57 | 69,906.00 | 58,826.12 |
| Shareholders' equity | | | | |
| Paid up capital | 3,710.92 | 3,710.92 | 3,710.92 | 3,534.21 |
| Share premium | 402.63 | 402.63 | 402.63 | 402.63 |
| Statutory reserve | 980.28 | 980.28 | 804.07 | 662.96 |
| Revaluation reserve on govt. securities | | | 134.65 | - |
| Assets revaluation reserve | 306.51 | 305.97 | 307.43 | 309.13 |
| Retained earnings | 948.05 | 953.23 | 703.73 | 667.06 |
| Total shareholders' equity | 6,348.39 | 6,353.03 | 6,063.43 | 5,575.98 |
| Total liabilities and shareholders' equity | 87,462.52 | 84,972.59 | 75,969.43 | 64,402.10 |

08 DEC 2022

Income Statements for the Half Yearly 30 June 2022 and Yearly 31 Dec 2021, 31 Dec 2020 and 31 Dec 2019 in BDT Million.

| | 30 June 2022 | 31 December 2021 | 31 December 2020 | 31 December 2019 |
|--|-----------------|------------------|------------------|------------------|
| Interest income | 3,596.18 | 6,544.51 | 6,902.30 | 6,715.95 |
| Less: Interest paid on deposits and borrowings, etc. | 2,089.63 | 3,761.44 | 4,885.30 | 4,773.19 |
| Net interest income | 1,506.55 | 2,783.06 | 2,017.00 | 1,942.76 |
| Investment income | 117.99 | 471.26 | 638.73 | 115.16 |
| Commission, exchange and brokerage | 84.14 | 180.34 | 108.38 | 78.23 |
| Other operating income | 13.75 | 10.01 | 65.69 | 29.55 |
| Total operating income | 1,722.42 | 3,444.67 | 2,829.80 | 2,165.70 |


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 Managing Director & CEO
 IPDC Finance Limited

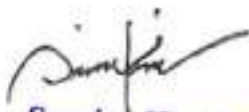
| | | | | |
|---|---------------|-----------------|-----------------|-----------------|
| | | | | |
| Salary and allowances | 417.57 | 724.16 | 679.09 | 552.78 |
| Rent, taxes, insurance, electricity, etc. | 15.38 | 26.14 | 25.61 | 24.29 |
| Legal expenses | 32.89 | 53.09 | 36.69 | 49.55 |
| Postage, stamp, telecommunications, etc. | 7.59 | 12.70 | 11.55 | 9.56 |
| Stationery, printing, advertisements, etc. | 60.77 | 123.37 | 102.73 | 120.50 |
| Managing Director's salary and allowances | 8.10 | 16.43 | 13.70 | 13.70 |
| Directors' fees | 0.50 | 1.40 | 1.69 | 1.00 |
| Auditors' fees | 0.48 | 1.62 | 0.81 | 0.92 |
| Charges on loan loss | 0.00 | 0.00 | 0.00 | 0.00 |
| Depreciation and repair of assets | 98.43 | 176.04 | 165.59 | 120.19 |
| Other expenses | 88.26 | 106.34 | 112.77 | 88.82 |
| Total operating expenses | 729.98 | 1,241.30 | 1,150.21 | 981.32 |
| Profit before provision | 992.44 | 2,203.37 | 1,679.58 | 1,184.38 |
| | | | | |
| Provision for loans and advances | 170.75 | 673.13 | 478.14 | 152.14 |
| Provision/(reversal) for diminution in value of investments | 29.71 | 13.99 | 0.02 | 10.13 |
| Other Provisions | -0.13 | 12.92 | 0.00 | 28.50 |
| Total provision | 200.33 | 700.04 | 478.16 | 190.77 |
| Profit before tax | 792.12 | 1,503.33 | 1,201.42 | 993.62 |
| | | | | |
| Provision for taxation | | | | |
| Current tax expense | 363.31 | 621.98 | 500.25 | 431.26 |
| Deferred tax expense/ (income) | -11.33 | 0.29 | -4.40 | -0.11 |
| | 351.98 | 622.27 | 495.86 | 431.15 |
| Net profit after tax | 440.13 | 881.06 | 705.56 | 562.47 |
| | | | | |

Cash Flow Statements for the Half Yearly 30 June 2022 and Yearly 31 Dec 2021, 31 Dec 2020 and 31 Dec 2019 in BDT Million.

| | <u>30 June</u> <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|-------------------------------|-------------|-------------|-------------|
| Cash flows from operating activities | | | | |
| Interest received | 3,614.83 | 6,789.84 | 7,460.03 | 6,767.73 |
| Interest paid | -1,939.92 | -3,836.27 | -5,140.62 | -4,115.46 |
| Dividend received | 60.40 | 145.23 | 127.57 | 49.63 |
| Fee and commission received | 84.14 | 180.34 | 108.38 | 78.23 |
| Recoveries of loan previously written off | 12.61 | 3.00 | 63.13 | 28.56 |
| Payment to employees | -423.79 | -749.03 | -682.16 | -566.47 |
| Payment to suppliers | -254.07 | -391.34 | -381.32 | -313.92 |
| Income taxes paid | -317.36 | -373.23 | -307.55 | -392.36 |



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

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Monnuul Islam
Managing Director & CEO
IPDC Finance Limited

08 DEC 2022

| | | | | |
|--|------------------|------------------|------------------|-----------------|
| Receipt from other operating activities | 21.88 | 238.26 | 331.91 | 0.95 |
| Payment for other operating activities | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash generated from operating activities before changes in operating assets and liabilities | 858.71 | 2,006.81 | 1,579.36 | 1,536.88 |
| Changes in operating assets and liabilities | | | | |
| Statutory deposits | 0.00 | 0.00 | 0.00 | 0.00 |
| Sale of trading securities | 0.00 | 0.00 | 0.00 | 0.00 |
| Loans and advances to other banks | 9.94 | -374.74 | -15.36 | -602.80 |
| Loans and advances to customers | -6,083.00 | -11,342.81 | -2,868.55 | -5,797.70 |
| Other assets | -48.75 | -42.99 | 30.27 | -76.09 |
| Deposits from other banks and financial institutions | -650.00 | 784.48 | 230.00 | -2,674.87 |
| Deposits from customers | -1,010.80 | 7,164.44 | 5,864.98 | 11,970.15 |
| Other liability accounts of customers | 0.00 | 0.00 | 0.00 | 0.00 |
| Trading liabilities | 1,520.44 | -671.76 | 2,807.30 | -192.43 |
| Other liabilities | 470.98 | 64.30 | 8.65 | 196.20 |
| Cash received/(paid) from operating assets and liabilities | -5,791.19 | -4,419.08 | 6,057.29 | 2,822.45 |
| Net cash used in operating activities | -4,932.48 | -2,412.27 | 7,636.65 | 4,359.34 |
| Cash flows from investing activities | | | | |
| Proceeds from sale of securities | 531.19 | 2,268.44 | 0.00 | 0.00 |
| Payments for purchase of securities | | | -3,438.09 | -702.01 |
| Purchase of property, plant and equipment | -47.89 | -85.28 | -61.55 | -218.02 |
| Sale proceeds of property, plant and equipment | 0.00 | 6.79 | 10.96 | 3.36 |
| Net cash from/(used in) investing activities | 483.30 | 2,189.95 | -3,488.68 | -916.68 |
| Cash flows from financing activities | | | | |
| Receipts from issue of loan and debt securities | 0.00 | 0.00 | 279.07 | 633.08 |
| Payments for redemption of loan and debt securities | -153.43 | -894.67 | 0.00 | 0.00 |
| Receipts from issue of ordinary share | 0.00 | 0.00 | 0.00 | 1,413.68 |
| Receipts/(payments) of long term loan | 1,686.57 | 1,115.78 | 822.13 | 680.44 |
| Dividends returned/(paid) in cash | -437.90 | -448.79 | -353.02 | -151.89 |
| Net cash (used in)/ from financing activities | 1,095.24 | -227.68 | 748.18 | 2,575.31 |
| Net decrease in cash (A+B+C) | -3,353.94 | -450.00 | 4,896.16 | 6,017.97 |
| Effect of changes in exchange rate over cash and cash equivalents | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash and cash equivalents on 1 January | 14,223.52 | 14,673.53 | 9,777.37 | 3,759.40 |
| Cash and cash equivalents at the end of the period (D+E+F) | 10,869.59 | 14,223.52 | 14,673.53 | 9,777.37 |

08 DEC 2022


Tania Sharmin
 Managing Director & CEO
 CAPM Advisory Limited


Samiul Hashim
 Company Secretary
 IPDC Finance Limited


Md. Ashique Hossain
 Acting Chief Financial Officer
 IPDC Finance Limited


Momtazul Islam
 Managing Director & CEO
 IPDC Finance Limited

13.a Financial Forecast for the next 3 years

Balance Sheet

BDT Mn. %

| | 2020A | 2021A | 2022F | 2023F | 2024F | 2025F | CAGR |
|---|---------------|---------------|---------------|----------------|----------------|----------------|---------------|
| Cash and Bank Balance | 14,674 | 13,507 | 8,050 | 7,799 | 7,068 | 7,907 | -11.60% |
| Investments | 5,144 | 2,740 | 3,000 | 3,450 | 3,825 | 4,328 | -3.40% |
| Loans Advances and Leases | 53,610 | 65,327 | 77,703 | 91,872 | 107,715 | 125,998 | 18.60% |
| Fixed Assets | 777 | 765 | 837 | 823 | 812 | 781 | 0.10% |
| Other Assets | 1,766 | 1,916 | 1,604 | 1,892 | 2,215 | 2,587 | 7.90% |
| Total Assets | 75,969 | 84,257 | 91,195 | 105,837 | 121,634 | 141,599 | 13.30% |
| Borrowings | 10,946 | 10,496 | 9,346 | 10,873 | 11,444 | 12,454 | 2.60% |
| Term Deposits | 52,436 | 60,405 | 67,357 | 76,467 | 89,506 | 105,744 | 15.10% |
| Other Liabilities | 6,503 | 7,718 | 7,843 | 9,008 | 10,451 | 12,222 | 13.40% |
| Total Liabilities | 69,906 | 78,620 | 84,547 | 96,288 | 111,402 | 130,419 | 13.30% |
| Shareholders' Equity | 6,063 | 6,353 | 6,648 | 9,548 | 10,233 | 11,180 | 13.00% |
| Total Liabilities+ Shareholders Equity | 75,969 | 84,973 | 91,195 | 105,837 | 121,634 | 141,599 | 13.30% |
| Classified Loan Ratio | 1.38% | 3.15% | 2.33% | 2.17% | 2.03% | 1.91% | |

Income Statement

BDT Mn. %

| | 2020A | 2021A | 2022F | 2023F | 2024F | 2025F | CAGR |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Interest Income | 6,902 | 6,545 | 7,287 | 8,459 | 9,849 | 11,392 | 10.50% |
| Interest Expense | 4,885 | 3,761 | 4,243 | 4,839 | 5,544 | 6,416 | 5.60% |
| Net Interest Income | 2,017 | 2,783 | 3,044 | 3,620 | 4,305 | 4,976 | 19.80% |
| Investment Income | 639 | 471 | 300 | 345 | 379 | 417 | -8.20% |
| Commission, Exchange and Brokerage | 108 | 180 | 199 | 218 | 258 | 303 | 22.80% |
| Other Operating Income | 66 | 10 | 23 | 21 | 20 | 19 | -22.20% |
| Non-Interest Income | 813 | 662 | 521 | 584 | 657 | 739 | -1.90% |
| Total Operating Income | 2,830 | 3,445 | 3,565 | 4,204 | 4,961 | 5,715 | 15.10% |
| Operational Expenses | 1,150 | 1,241 | 1,544 | 1,779 | 2,002 | 2,246 | 14.30% |
| Operating Profit | 1,680 | 2,203 | 2,021 | 2,425 | 2,959 | 3,469 | 15.60% |
| Provision Expense | 478 | 700 | 344 | 362 | 414 | 478 | 0.00% |
| Profit before Tax | 1,201 | 1,503 | 1,677 | 2,063 | 2,546 | 2,991 | 20.00% |
| Tax Expense | 496 | 622 | 691 | 833 | 1,026 | 1,209 | 19.50% |
| Profit after Tax | 706 | 881 | 986 | 1,230 | 1,519 | 1,782 | 20.40% |
| Cost to Income Ratio | 40.60% | 36.04% | 43.30% | 42.30% | 40.40% | 39.30% | |
| Spread | 3.52% | 3.01% | 3.60% | 3.59% | 3.60% | 3.58% | |
| RoE | 12.10% | 14.59% | 15.30% | 15.20% | 15.40% | 16.60% | |
| RoA | 1.01% | 1.14% | 1.15% | 1.25% | 1.34% | 1.35% | |

* A = Actual, F = Forecast


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Mominul Islam
 Managing Director & CEO
 IPDC Finance Limited

08 DEC 2022

14 Comparative Ratios for the last 3 years

The Issuer operates in the NBF1 Industry, and considering the business nature of the Issuer, only relevant financial ratios have been presented below.

| | June'2022 | 2021 | 2020 | 2019 |
|---------------------------------------|-----------|--------|--------|--------|
| Ratios | | | | |
| a. Current Ratio | 0.69 | 1.03 | 1.00 | 1.00 |
| b. Quick Ratio | | | N/A | |
| c. Breakeven point | | | N/A | |
| d. Debt to Equity Ratio | 2.13 | 1.65 | 1.80 | 1.30 |
| e. Debt to Total Assets Ratio | 0.15 | 0.12 | 0.92 | 0.91 |
| f. Accounts Receivable Turnover Ratio | | | N/A | |
| g. Gross Margin Ratio | 43.13% | 42.53% | 29.22% | 28.93% |
| h. Operating Income Ratio | 27.01% | 33.67% | 24.30% | 17.60% |
| i. Net Income Ratio | 11.98% | 13.46% | 10.22% | 8.38% |
| j. Return on Assets | 1.11% | 1.09% | 1.00% | 1.00% |
| k. Return on Equity | 13.74% | 14.19% | 12.10% | 12.10% |
| l. Earnings per Share | 1.19 | 2.37 | 1.90 | 1.82 |
| m. Net Asset Value (NAV) per share | 17.11 | 17.12 | 16.30 | 15.00 |
| Net Interest Margin | 3.30% | 3.80% | 3.20% | 3.60% |
| Capital Adequacy Ratio | 15.48% | 15.65% | 18.51% | 19.30% |
| Debt Service Coverage Ratio | | 0.19 | 2.75 | 2.75 |
| Interest Service Coverage Ratio | | 5.20 | 3.95 | 3.18 |
| Leverage Ratio | 6.91% | 7.12% | 7.40% | 8.20% |
| Non-Performing Loan (NPL) | 4.10% | 3.15% | 1.38% | 1.57% |
| Net Operation Cash Flow Per Share | (13.29) | (6.50) | 20.58 | 12.33 |

08 DEC 2022


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 Managing Director & CEO
 IPDC Finance Limited

15 Credit Rating Report

15.a Credit Rating of Issuer: IPDC Finance Limited

| Date of Declaration | Valid Till | Rating Action | Long Term | Short Term | Rated By | Outlook |
|---------------------|--------------------|---------------|-----------|------------|----------|---------|
| September 26, 2022 | September 25, 2023 | Surveillance | AAA | ST-1 | ECRL | Stable |

*ECRL- Emerging Credit Rating Limited

15.b Credit Rating of the Issue: IPDC 2nd Subordinated Debt BDT 1,500 Million

| Date of Declaration | Valid Till | Rating Type | Long Term | Rated By | Outlook |
|---------------------|------------------|--------------|------------------|----------|---------|
| October 21, 2022 | October 20, 2023 | Surveillance | AA+ _B | ECRL | Stable |
| October 21, 2021 | October 20, 2022 | Initial | AA+ _B | ECRL | Stable |

For Detailed Credit Rating Report of the Issue, please see Annexure 3.

08 DEC 2022


Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain Momtazul Islam
Acting Chief Financial Officer Managing Director & CEO
IPDC Finance Limited IPDC Finance Limited

16 Latest Default Matrix and transition statistics of CRC



ECRI Default Studies 2020

Default Summary by Rating Category

| Year | Number of Subsidiaries | Default count (High credit) | Default count (High credit) | High credit default rate | High credit default rate | All corporate default rate |
|------------------|---------------------------|--------------------------------|--------------------------------|-----------------------------|-----------------------------|-------------------------------|
| 2011 | 222 | 0 | 0 | 0.0% | 0.0% | 0.0% |
| 2012 | 334 | 0 | 0 | 0.0% | 0.0% | 0.0% |
| 2013 | 1138 | 0 | 2 | 0.1% | 0.0% | 0.0% |
| 2014 | 1032 | 0 | 0 | 0.0% | 0.0% | 0.0% |
| 2015 | 975 | 0 | 0 | 0.0% | 0.0% | 0.0% |
| 2016 | 890 | 0 | 1 | 0.0% | 0.1% | 0.0% |
| 2017 | 792 | 1 | 0 | 0.1% | 0.0% | 0.0% |
| 2018 | 575 | 0 | 0 | 0.0% | 0.0% | 0.0% |
| 2019 | 567 | 0 | 1 | 0.0% | 0.1% | 0.0% |
| 2020 | 1012 | 0 | 1 | 0.0% | 0.1% | 0.0% |
| Unrated Banks | 0.0 | 0.0 | 0.0 | 0.0% | 0.0% | 0.0% |

Cumulative Default Rate by Rating Band

| Rating band | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| AAA | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| AA | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| A+ | 0.1% | 0.1% | 0.2% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| AA- | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| BB | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| B+ | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| B- | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| C | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| B & lower | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| High credit | 0.1% | 0.1% | 0.2% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| High Yield | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| All Corporate | 0.1% | 0.1% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |



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Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Rating Transition Matrix (2011 – 2020)

1-year cumulative rating transition matrix

| From \ To | AAA | AA | A | BBB | BB | B | C | Default |
|-----------|-------|-------|-------|-------|-------|-------|-------|---------|
| AAA | 99.4% | 1.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| AA | 1.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| A | 0.0% | 1.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| BBB | 0.0% | 0.0% | 1.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% |
| BB | 0.0% | 0.0% | 0.0% | 11.7% | 90.0% | 0.0% | 0.0% | 0.0% |
| B | 0.0% | 0.0% | 0.0% | 0.0% | 11.0% | 90.0% | 0.0% | 0.0% |
| C | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 99.4% | 0.0% |
| Default | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |

2-year cumulative rating transition matrix

| From \ To | AAA | AA | A | BBB | BB | B | C | Default |
|-----------|-------|-------|-------|-------|-------|-------|-------|---------|
| AAA | 99.4% | 1.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| AA | 1.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| A | 0.0% | 1.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| BBB | 0.0% | 0.0% | 1.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% |
| BB | 0.0% | 0.0% | 0.0% | 11.7% | 75.2% | 1.0% | 0.0% | 0.0% |
| B | 0.0% | 0.0% | 0.0% | 0.0% | 21.0% | 75.2% | 0.0% | 0.0% |
| C | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 99.4% | 0.0% |
| Default | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |

3-year cumulative rating transition matrix

| From \ To | AAA | AA | A | BBB | BB | B | C | Default |
|-----------|-------|-------|-------|-------|-------|-------|-------|---------|
| AAA | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| AA | 0.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| A | 0.0% | 0.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| BBB | 0.0% | 0.0% | 0.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% |
| BB | 0.0% | 0.0% | 0.0% | 11.7% | 80.0% | 0.0% | 0.0% | 0.0% |
| B | 0.0% | 0.0% | 0.0% | 0.0% | 21.0% | 80.0% | 0.0% | 0.0% |
| C | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 99.4% | 0.0% |
| Default | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |

4-year cumulative rating transition matrix

| From \ To | AAA | AA | A | BBB | BB | B | C | Default |
|-----------|-------|-------|-------|-------|-------|-------|-------|---------|
| AAA | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| AA | 0.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| A | 0.0% | 0.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| BBB | 0.0% | 0.0% | 0.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% |
| BB | 0.0% | 0.0% | 0.0% | 11.7% | 80.0% | 0.0% | 0.0% | 0.0% |
| B | 0.0% | 0.0% | 0.0% | 0.0% | 21.0% | 80.0% | 0.0% | 0.0% |
| C | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 99.4% | 0.0% |
| Default | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |

5-year cumulative rating transition matrix

| From \ To | AAA | AA | A | BBB | BB | B | C | Default |
|-----------|-------|-------|-------|-------|-------|-------|-------|---------|
| AAA | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| AA | 0.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| A | 0.0% | 0.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| BBB | 0.0% | 0.0% | 0.0% | 99.4% | 0.0% | 0.0% | 0.0% | 0.0% |
| BB | 0.0% | 0.0% | 0.0% | 11.7% | 80.0% | 0.0% | 0.0% | 0.0% |
| B | 0.0% | 0.0% | 0.0% | 0.0% | 21.0% | 80.0% | 0.0% | 0.0% |
| C | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 99.4% | 0.0% |
| Default | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |



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Managing Director & CEO
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Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited

17 Description of Trustee

CAPM Advisory Limited is the Trustee for the Bond subject to necessary regulatory approval.

17.a Description of the Company:

CAPM Advisory Limited is a full-fledged Merchant Bank, incorporated as a private limited company under Companies Act, 1994 in November 2011 and licensed as a full-fledged Merchant Bank under Bangladesh Securities and Exchanges Commission (Merchant Banker & Portfolio Manager) Rules, 1996 in April 2012.

CAPMAL has dedicated teams having considerable working experience capable of providing all sorts of Merchant Banking services to clients. CAPMAL provides a full range of investment banking facilities including conventional merchant banking activities. CAPM Advisory Limited follows a way to achieve sustainable business development growth by managing public offerings efficiently and smoothly. As a full-fledged investment bank, CAPMAL offers equity capital management, debt capital management, underwriting, post initial public offering (IPO) management, corporate advisory services, portfolio management services with emphasis on discretionary account, research, and investor advisory services in the financial and capital markets of Bangladesh.

We have strong research team with a blend of experience and understanding to manage portfolios for giving ideal financial resolutions for our customers.

CAPMAL actually attempt to make esteem expansion in the market by presenting new products, keeping up worldwide standard in services we offer, institutionalizing the operational systems for giving global standard services.

| LEGAL STATUS AND OTHER INFORMATION OF CAPM Advisory Limited: | |
|--|--|
| Name: | CAPM Advisory Limited |
| Legal Status | Private Limited Company |
| Registered address & telephone numbers | Tower Hamlet (9th Floor), 16, Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh |
| Date of Incorporation | 13 th November 2012 |
| Commencement of business | 13 th November 2012 |
| Authorized Capital | BDT 25.00 crore |
| Paid-up capital | BDT 25.00 crore |
| Equity | BDT 22.00 crore BDT 21.55 crore (31 dec 2021) |
| CONTACT PERSON: | |
| Contact Person: | Md. Arifur Rahman AVP, Issue Management Department & ICC +880 2222276391 Ext-103 E-mail: arifur.rahman@capmadvisorybd.com |



Tania Sharmin
Managing Director & CEO
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Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

17.b Functions of CAPM Advisory Limited

1. SERVICES UNDER PRIMARY MARKET OPERATIONS:

- Initial Public Offering (IPO)
- Repeat Public Offering (RPO)
- Rights Issue Offering
- Underwriting (IPO, RPO, Rights Issue & Bonds)
- Registrar to the Issue

2. SERVICES UNDER CORPORATE ADVISORY:

- Mergers and Acquisitions
- Capital Restructuring
- Business Feasibility Study
- Pre-IPO Capital Raising BSEC approval and arranging
- New company formation and regulatory approval

3. SERVICES UNDER DEBT CAPITAL MANAGEMENT:

- Debt Issue Management through Private Placement
 - Zero Coupon Bond, Coupon Bearing Bond
 - Subordinated Bond
- Trustee Service for Debt Issue Management

4. SERVICES UNDER SECONDARY MARKET OPERATIONS:

- IPO Application Processing on behalf of clients
- Investors Discretionary Account (IDA)
- Portfolio Managers Discretionary Account (PMDA)
- Monthly Investment Scheme Under IDA
- Research Report on Market and Stocks

17.c Current Clients of CAPM Advisory Limited

PRIMARY MARKET OPERATIONS SERVICES:

1. Initial Public Offering (IPO):

Under Fixed Price:

- AFC Health Limited
(Obtain approval from BSEC)
- Ring Shine Textiles Limited
(Listed in DSE & CSE)
- Indo-Bangla Pharmaceuticals Limited
(Listed in DSE & CSE)


Samiul Hashim
 Company Secretary
 IPDC Finance Limited


Md. Ashique Hossain
 Acting Chief Financial Officer
 IPDC Finance Limited


Mominul Islam
 Managing Director & CEO
 IPDC Finance Limited


Tania Sharmin
 Managing Director & CEO
 CAPM Advisory Limited

- Advent Pharmaceuticals Limited
(Listed in DSE & CSE)
(Listed in DSE & CSE)
- Nurani Dyeing & Sweater Limited
(Listed in DSE & CSE)
- Olympic Accessories Limited
(Listed in DSE & CSE)

Small Capital Platform: Under Fixed Price method

- Subra System Limited
(Submitted for Approval)

2. Right Issue

- Midas Finance Ltd.

3. Issue of Capital:

- Bangladesh Petrochemical Company Limited
- ACI Godrej Agrovet Private Limited

4. Underwriting Service:

Currently CAPMAL has underwritten of BDT 42 million approximately in five proposed IPO & right issues of different companies and some of under process to sign and CAPMAL has already settled BDT 916 million approximately according to the commitment.

5. Debt Capital Management Services:

i) Issue Management & Arranger Services:

Currently CAPMAL involved in the primary level process as arranger to issue of a non-convertible corporate bond.

ii) Trustee Service:

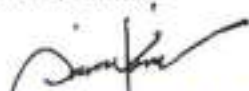
- IFAD Autos Limited
(Under Process)
- AFC Agro Biotech Limited
(Subscription - Under Process)
- IPDC Finance Limited
(Under Process)

6. Corporate Advisory:

- URO Agrovet Limited
- Mongla Cement Factory Limited



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Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

SECONDARY MARKET OPERATIONS:

At present CAPMAL is managing a handsome amount of individual and corporate investment portfolio under its professional portfolio management team. CAPMAL also introduced a new monthly investment product named "SIP" for all segment and "SANCHAYITA" for woman in retail segment. It has a strong equity research team, which enable CAPMAL's clients to get competitive advantage from the market and definitely it is strength of the company.

17.d Board of Directors



Arifur Rahman, Chairman

Mr. Arifur Rahman is the Chairman of CAPM Advisory Ltd. He started his career as a Tea Planter and worked with James Finlay PLC as an Asst. manager during October 1994 -July 1998 but now, he is an established businessman. He completed his Bachelor in Arts (BA) from University of Dhaka and Master in Business Administration (MBA) from Northern University, Bangladesh. He is a successful entrepreneur of diverse range of business ventures. He is the Managing Director of Green Planet Resort Limited, a five star tourist resort located in Srimongal, Sylhet at an area of 450 Bigha land. He is the Chairman of Badar Spinning Mills Limited, a 100% export oriented knitting factory, Chairman of M.M. Spinning Mills Limited, manufacturing threads for local markets and also Chairman of Blue Planet Communications Limited, involved in the business of IT sector. Blue Planet Sweater Ltd and Blue Planet Knitwear Ltd are another two companies where he is acting as the Chairman. He is also the Managing Director of the Sky Capital Airlines Ltd.



Fokhrul Mohammed Islam, Director

Mr. Fokhrul Mohammed Islam is the director of CAPM Advisory Ltd. He is a British-Bangladeshi Businessman. He is a well-known and reputed businessman in British-Bangladeshi Community. He completed his Masters in Psychology from University of Dhaka. Mr. Islam is involved in various investment activities. He is the Managing Director of Golden Bridge Investment Ltd. (GBI) & UK NRB Ltd. He is also the owner of Masalagate Indian restaurants and takeaway. Mr. Islam is the member of British Bangladesh Chamber and Bangladesh Caterers Association. He is a permanent member of Bangladesh Center UK, Beanibazar education trust UK, member of Dhaka University Alumni and also the joint treasurer of Dhaka University Alumni UK. He proves himself as a successful entrepreneur though improvising and making the best out of every situation.

Tania Sharmin
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IPDC Finance Limited

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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

17.e Key Management



S M Mahmud Hussain, CTA

Mr. Mahmud Hussain, CFA is the founder of CAPM Advisory Limited and currently supports the company as Chief Technical Advisor. Mr. Hussain possesses advanced level of understandings and knowledge on capital market operations, financial management techniques, financial derivatives, asset management and fund management. He is a CFA charter holder, one MBA in Development Management from IBA, Dhaka University and other in Finance from International University of Japan, Japan. He also holds a Master's degree in Mathematical Finance from Oxford University (UK) and a post-graduate diploma in International Business from Stern Business School of New York University.

Mr. Hussain has more than one and half decade of wide ranging local and global experience in financial services market with world recognized organizations including World Bank, Deutsche Bank, Nikko Salomon Smith Barney (Tokyo) and Citigroup UK. Prior to returning to Bangladesh in 2011, Mr. Hussain had been the Director of Capital markets & Banking, Citigroup UK, London, UK since 2006. He has experience of working in all three global financial hubs - Tokyo, London & New York. Mr. Hussain had voluntarily left Citigroup UK, London, UK and returned to Bangladesh with the intention to introduce modern fund management practices in Bangladesh to facilitate growth of Bangladesh Capital Market through proper implementation of global standard practices. He is also the founder & MD/CEO of CAPM Company Limited, an upcoming Asset management Company in Bangladesh. He is also a founding Director of Golden bridge Investments Ltd in UK.

08 DEC 2022



Tania Sharmin, Managing Director & CEO

Tania Sharmin is the Managing Director & CEO of CAPM Advisory Limited. Ms. Sharmin completed her Master's in Business Administration (MBA) major in finance. Ms. Sharmin has 16 years of experience in financial market and her contribution towards the sector has been phenomenal. Her long career in capital market has given her invaluable expertise in different segments of the market. She worked in Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), BRAC EPL Stock Brokerage Ltd., NCCB Securities & Financial Services Ltd. and Imperial Capital Ltd. Ms. Sharmin has experienced in working with regulatory compliance,

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Managing Director & CEO
IPDC Finance Limited

monitoring as part of regulators and different institutional clients for diversifying equity base, raising of capital through private and public offer, exposure management as a capital market intermediary. Moreover, she has expertise as portfolio manager to design customized investment solutions for prospective local & international investors.

CONTACT PERSON:

Md. Arifur Rahman, AVP, Issue Management Department & ICC

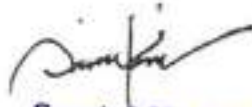
Md Arifur Rahman did MBA major in Finance from East West University. Currently he is serving CAPM Advisory Limited as an AVP, Issue Management Department & ICC. Before that, Mr. Rahman served AFC Capital Limited, NCC Securities Ltd and Brac EPL Stock Brokerage with distinct performance.

Contact Information: Md. Arifur Rahman, AVP, Issue Management Department & ICC
CAPM Advisory Limited
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16 Kemal Atatürk Avenue, Banani, Dhaka-1213
Mobile/ Telephone: +880 2222276391 Ext-103
Email: arifur.rahman@capmadvisorybd.com

08 DEC 2022



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Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

18 Modus Operandi of the Issue

18.a The Issuance of Bond

Notwithstanding anything contained anywhere in this Trust Deed, the Bonds shall be issued in dematerialised form as per the CDBL Bye Laws and the Issuer shall apply to the respective stock exchange(s) for listing in the Alternative Trading Board (ATB) immediately from the date of availing ATB facilities under the Bangladesh Securities and Exchange Commission (Alternative Trading System) Rules, 2019 and respective regulations of the stock exchange(s) in this regard

The Bond shall be rated by a Credit Rating Company and its periodical surveillance rating shall be done by the said Credit Rating Company in line with the provisions of the Credit Rating Companies Rules, 1996 up to the full and final redemption or conversion of the issued securities.

18.b Entitlement to treat Registered Holder as owner

The Register and/or the CDBL records shall be prima facie evidence of any matter in relation to the ownership of the Bonds. Each of the Issuer and the Trustee may deem and treat the registered holder of a Bond as the absolute owner of such Bond, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate Holder of such Bond for all purposes. All payments made to any such Holder shall be valid and, to the extent of the sums so paid.

08 DEC 2022



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Managing Director & CEO
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Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

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Momtazul Islam
Managing Director & CEO
IPDC Finance Limited

19 Details of fee structure and expenses:

Total costs (considering BDT 1,500 million is successfully raised) including Trustee, Bond Rating Agency (for 6 years),

Lead Arranger and Legal Counsel Fees are estimated to be BDT 3.6 + BDT 0.15 million.

BSEC Fee:

- Application Fee of BDT 10,000 (Ten Thousand)
- Consent Fee of 0.10% on the Total Face Value of the Bonds to be issued
- Trustee Application fee of BDT 50,000
- Trustee Consent fee of BDT 1,00,000
- Trustee annual fee of BDT 50,000 (recurring)
- Trust Deed Registration Fee 0.10% of the Total Face Value or maximum BDT 1,000,000
- Printing and Other Expenses: est. BDT 15,000 (Fifteen Thousand).

Others: Any stamp duty, levy or other form of charges applied by the Government of Bangladesh or any of its agencies or political subdivisions shall be for the account of the Issuer.

08 DEC 2022



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Managing Director & CEO
CAPM Advisory Limited



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Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Monirul Islam
Managing Director & CEO
IPDC Finance Limited

**Annexure 1: Declaration about the responsibility of the directors, including
the CEO of the issuer or originator in respect of the information
memorandum [See rule 4(2)(a)]**

This information memorandum has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative actions against any or all of us as it may deem fit.

We also confirm that full and fair disclosures have been made in this information memorandum to enable the investors to make a well-informed decision for investment.

Signature
Mominul Islam
Managing Director & CEO
Date

08 DEC 2022



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

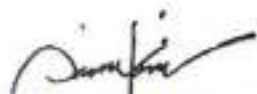
Annexure 2: Audited Financial Statements of IPDC Finance upto June 30, 2022

ANNEXURE 2: AUDITED FINANCIAL STATEMENTS OF IPDC FINANCE UPTO June 30, 2022

08 DEC 2022



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

IPDC Finance Limited

Independent auditor's report and financial statements as
at and for the six-month period ended 30 June 2022

08 DEC 2022



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Rahman Rahman Huq
Chartered Accountant
& S. Mahabub CMA
Circle 1212
Bangladesh

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Email: rrahman@kpmg.com
Internet: www.kpmg.com/bd

Independent auditor's report

To the Board of Directors of IPDC Finance Limited

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of IPDC Finance Limited (the "Company"), which comprise the balance sheet as at 30 June 2022 and the profit and loss account, statement of changes in equity and cash flow statement for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company give a true and fair view of the financial position of the company as at 30 June 2022, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in Note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restriction on Distribution and Use

We draw attention to note 2.2 to the financial statements, which describes the purpose of these financial statements. The financial statements are prepared to assist the Company to meet the requirements of regulators, specifically Bangladesh Securities and Exchange Commission. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| 1. Measurement of provision for loans, advances and leases | |
|---|---|
| See Notes 3.11, 8.9 and 14.1 to the financial statements. | |
| The key audit matter | How the matter was addressed in our audit |
| The process for estimating the provision for loans, advances and leases associated with credit risk is judgmental and complex. | We tested the design and operating effectiveness of key controls focusing on the following: |
| For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. | - Credit monitoring and provisioning process; |
| For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation. | - Identification of loss events, including early warning and default warning indicators; |
| | - Review quarterly Classification of Loans (CL); |
| | Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following: |



Rahman Rahman Huq, a practicing Chartered Accountant in Bangladesh and a member of the ICAB, is the principal auditor of the Company.

Chartered office address:
70 Parkside, Dhaka (Dhaka) 1212
Bangladesh

Tel: +880 2 2221 8848
Fax: +880 2 2221 8848
E-mail: rrahman@kpmg.com
Internet: www.kpmg.com/bd

08 DEC 2022

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Mominul Islam
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IPDC Finance Limited

Independent auditor's report (continued)

1. Measurement of provision for loans, advances and leases (continued)

See Notes 3, 11, 8.9 and 14.1 to the financial statements.

The key audit matter

At 30 June 2022, the Company reported total gross loans, advances and leases of BDT 71,400,306,937 (2021: BDT 65,327,246,666) and provision for loans, advances and leases of BDT 2,122,333,932 (2021: BDT 1,961,685,349).

We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:

- Completeness and timing of recognition of loss events in accordance with criteria set out in Bangladesh Bank's guidelines issued time to time.
- For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;
- Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.

How the matter was addressed in our audit

- Reviewed the adequacy of the company's general and specific provisions;
- Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

2. Loans and advances

See Note 8 to the financial statements.

The key audit matter

A high volume of loan origination and payment activity results in the risk of inaccurate recording, processing errors or fraudulent transactions, which requires special audit consideration because of the likelihood and potential magnitude of misstatements to the completeness, existence and accuracy of loans and advances.

How the matter was addressed in our audit

We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement and documentation process of loans and advances.

We have performed procedure to check whether the Company has ensured appropriate documentation as per Bangladesh Bank regulations and the Company's policy before disbursement of loans and advances. In addition, we have performed procedure to check whether the loans and advances are recorded completely and accurately and that are existed at the reporting date.

Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.



08 DEC 2022

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Rahman Rahman Huq
Chartered Accountants

Independent auditor's report (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in Note 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



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Mominul Islam
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IPDC Finance Limited



Rahman Rahman Huq
Chartered Accountants

Independent auditor's report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 2020, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereon;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditure incurred were for the purpose of the Company's business for the period;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;

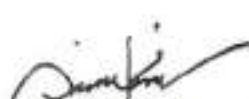


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08 DEC 2022



Tania Sharmin
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Mominul Islam
Managing Director & CEO
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Rahman Rahman Haq
Chartered Accountants

Independent auditor's report (continued)

- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loan/advances found satisfactory;
- (xv) we have reviewed over 80% of the risk-weighted assets of the Company and we have spent around 850 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

The engagement partner on the audit resulting in this independent auditor's report is **Ali Ashfaq**.

Ali Ashfaq, Partner, Enrolment Number: 898
Rahman Rahman Haq, Chartered Accountants
Firm Registration Number: (N/A)

Dhaka, **28 NOV 2022**

DVC: **2211280509A0662158**



08 DEC 2022

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Monirul Islam
Managing Director & CEO
IPDC Finance Limited

IPDC Finance Limited
Balance Sheet
As at 30 June 2022

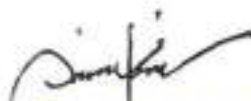
| Particulars | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|---|------|-----------------------|--------------------------|
| Property and assets | | | |
| Cash | 5 | | |
| In hand (including foreign currencies) | | 405,000 | 420,000 |
| Balance with Bangladesh Bank and its agent banks (including foreign currencies) | | 729,740,754 | 715,818,372 |
| | | <u>730,238,754</u> | <u>716,036,372</u> |
| Balance with other banks and financial institutions | 6 | | |
| Inside Bangladesh | | 10,138,250,229 | 13,907,488,348 |
| Outside Bangladesh | | | |
| | | <u>10,138,250,229</u> | <u>13,907,488,348</u> |
| Money at call and short notice | | | |
| | | - | - |
| Investments | 7 | | |
| Government securities | | | 231,888,119 |
| Other investments | | 2,209,293,419 | 2,508,403,823 |
| | | <u>2,209,293,419</u> | <u>2,740,291,942</u> |
| Loans, advances and lease | 8 | | |
| Loans, cash credits, overdrafts etc. | | 71,400,306,307 | 65,127,246,605 |
| Bills purchased and discounted | | | |
| | | <u>71,400,306,307</u> | <u>65,127,246,605</u> |
| Fixed assets including land, building, furniture and fixture | 9 | 736,676,304 | 765,243,141 |
| Other assets | 10 | 2,242,004,408 | 1,812,485,384 |
| Non banking assets | 11 | 3,752,408 | 3,752,408 |
| Total assets | | <u>87,463,818,838</u> | <u>84,673,603,564</u> |
| Liabilities and capital | | | |
| Liabilities | | | |
| Borrowings from other banks, financial institutions and agents | 12 | 13,049,414,048 | 10,485,832,829 |
| Deposits and other accounts | 13 | | |
| Current accounts and other accounts | | - | - |
| Bills payable | | - | - |
| Savings deposits | | - | - |
| Term deposits | | 86,744,466,130 | 80,406,284,087 |
| Bearer certificate of deposits | | - | - |
| Other deposits | | - | - |
| | | <u>86,744,466,130</u> | <u>80,406,284,087</u> |
| Other liabilities | 14 | 8,620,250,197 | 7,718,487,536 |
| Total liabilities | | <u>91,114,126,375</u> | <u>88,610,599,452</u> |
| Shareholders' equity | | | |
| Paid up capital | 15 | 3,710,915,470 | 3,710,915,470 |
| Share premium | 16 | 402,627,060 | 402,627,060 |
| Statutory reserve | 17 | 980,280,489 | 980,280,489 |
| Assets revaluation reserve | 18 | 305,010,821 | 305,010,821 |
| Retained earnings | 19 | 948,052,140 | 953,231,430 |
| Total shareholders' equity | | <u>6,346,886,980</u> | <u>6,351,628,843</u> |
| Total liabilities and shareholders' equity | | <u>87,463,818,838</u> | <u>84,673,603,564</u> |



08 DEC 2022



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Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

IPDC Finance Limited
Balance Sheet
As at 30 June 2022

| Particulars | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|---|------|----------------------|--------------------------|
| Off-balance sheet items | | | |
| Contingent liabilities | | | |
| Acceptances and endorsements | | - | - |
| Letters of guarantee | 20 | 22,656,590 | 35,697,774 |
| Irrevocable letters of credit | | - | - |
| Bills for collection | | - | - |
| Other contingent liabilities | | - | - |
| Total contingent liabilities | | 22,656,590 | 35,697,774 |
| 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 | | 22,656,590 | 35,697,774 |
| Net Asset Value (NAV) per Share | 42 | 19.11 | 19.12 |

The annexed notes from 1 to 48 and Annexure A and Annexure B are an integral part of these financial statements.

 Chairman
 Director
 Managing Director & CEO
 Chief Financial Officer (Auditor)
 Company Secretary

As per our report of same date.

Dhaka, 28 NOV 2022


 Auditor
 Ali Ashfaq, Partner
 Enrollment Number: 809
 Rahman Rahman Haq
 Chartered Accountants
 ICPMG in Bangladesh
 Firm Registration Number: N/A

DVC: 2211290509A0862156



08 DEC 2022


 Tania Sharmin
 Managing Director & CEO
 CAPM Advisory Limited


 Samiul Hashim
 Company Secretary
 IPDC Finance Limited


 Md. Ashique Hossain
 Acting Chief Financial Officer
 IPDC Finance Limited


 Mominul Islam
 Managing Director & CEO
 IPDC Finance Limited

IPDC Finance Limited
Profit and Loss Account
For the six-month period ended 30 June 2022

| Particulars | Note | For the six-month period ended 30 June | |
|--|------|--|----------------------|
| | | 2022 Taka | 2021 Taka |
| Interest income | 22 | 3,599,175,179 | 3,120,417,294 |
| Less: Interest paid on deposits and borrowings, etc. | 23 | 2,052,627,611 | 1,854,050,990 |
| Net interest income | | 1,546,547,568 | 1,266,366,304 |
| Investment income | 24 | 117,987,225 | 313,050,804 |
| Commission, exchange and brokerage | 25 | 94,137,115 | 115,460,126 |
| Other operating income | 26 | 13,745,338 | 3,350,179 |
| Total operating income | | 1,772,417,986 | 1,695,227,413 |
| Salary and allowances | 28 | 417,571,994 | 355,883,237 |
| Rent, taxes, insurance, electricity, etc. | 29 | 15,378,743 | 14,830,288 |
| Legal expenses | 30 | 32,882,890 | 20,584,342 |
| Postage, stamp, telecommunications, etc. | 31 | 7,584,932 | 6,475,775 |
| Stationery, printing, advertisements, etc. | 32 | 60,769,836 | 55,752,888 |
| Managing Director's salary and allowances | 33 | 6,100,000 | 7,330,907 |
| Directors' fees | 34 | 501,000 | 505,559 |
| Auditors' fees | 35 | 477,352 | 436,728 |
| Charges on loan loss | | | |
| Depreciation and repair of assets | 36 | 86,428,048 | 89,897,142 |
| Other expenses | 37 | 88,280,819 | 43,773,638 |
| Total operating expenses | | 729,676,899 | 581,388,828 |
| Profit before provision | | 1,042,741,087 | 1,113,838,585 |
| Provision for loans and advances | 38 | 170,746,563 | 339,537,272 |
| Provision(reversal) for diminution in value of investments | 39 | 29,709,644 | 10,335,911 |
| Other provisions | | (132,412) | - |
| Total provision | | 167,323,795 | 349,873,183 |
| Profit before tax | | 875,417,292 | 763,965,402 |
| Provision for taxation | 14.4 | 303,313,869 | 343,665,441 |
| Current tax expense | 40 | 111,505,250 | 13,037,789 |
| Deferred tax expense/ (income) | | 391,808,619 | 240,627,652 |
| Net profit after tax | | 460,130,899 | 410,260,170 |
| Appropriations | | | |
| Statutory reserve | | - | - |
| General reserve | | - | - |
| Proposed dividend | | - | - |
| Retained surplus | | 460,130,899 | 410,260,170 |
| Earnings per share (EPS) | 41 | 1.19 | 1.11 |

The annexed notes from 1 to 48 and Annexure A and Annexure B are an integral part of these financial statements.

 Chairman
 Director
 Managing Director & CEO
 Chief Financial Officer (Acting)
 Company Secretary

As per our report of same date.


Auditor

Ali Ashfaq, Partner
Enrollment Number: 509
Shayman Rahman Hui
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Doc: **2211290509A0662156**



Dhaka, **28 NOV 2022**


Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited

IPDC Finance Limited
Cash Flow Statement
For the six-month period ended 30 June 2022

| For the period | Note | For the six-month period ended 30 June | |
|--|-----------|--|------------------------|
| | | 2022 | 2021 |
| | | Taka | Taka |
| A) Cash flows from operating activities | | | |
| Interest received | | 3,014,534,118 | 3,401,548,980 |
| Interest paid | | (1,939,922,907) | (1,918,522,984) |
| Dividend received | | 93,369,692 | 87,501,807 |
| Fee and commission received | | 84,137,115 | 113,480,136 |
| Reversals of loan previously written off | | 12,814,000 | 2,877,562 |
| Payment to employees | | (423,753,827) | (380,240,502) |
| Payment to suppliers | | (264,074,825) | (187,681,736) |
| Income taxes paid | | (317,363,814) | (181,337,170) |
| Receipt from other operating activities | | 31,861,804 | 182,058,363 |
| Payment for other operating activities | | - | - |
| Cash generated from operating activities before changes in operating assets and liabilities | | 868,758,771 | 1,126,328,555 |
| Changes in operating assets and liabilities | | | |
| Statutory deposits | | - | - |
| Sale of trading securities | | - | - |
| Loans and advances to other banks | | (55,888,261) | (224,352,330) |
| Loans and advances to customers | | (8,077,171,441) | (8,188,637,893) |
| Other assets | | (48,750,754) | (5,737,314) |
| Deposits from other banks and financial institutions | | (699,500,000) | (2,385,472,140) |
| Deposits from customers | | (1,010,789,857) | 1,686,291,831 |
| Other liability accounts of customers | | - | - |
| Trading liabilities | | 1,520,436,757 | 1,638,982,553 |
| Other liabilities | | (50,827,732) | (130,898,827) |
| Cash received/(paid) from operating assets and liabilities | | (5,791,152,654) | (7,459,611,610) |
| Net cash used in operating activities | | (4,922,482,933) | (6,333,283,055) |
| B) Cash flows from investing activities | | | |
| Net proceeds of investment in securities | | 321,187,845 | 3,479,648,028 |
| Purchase of property, plant and equipment | | (47,888,982) | (15,029,402) |
| Sale proceeds of property, plant and equipment | | 1,000 | 1,725,000 |
| Net cash from investing activities | | 483,298,863 | 3,466,343,626 |
| C) Cash flows from financing activities | | | |
| Receipts from issue of loan and debt securities | | - | - |
| Payments for redemption of loan and debt securities | | (153,425,427) | (845,201,589) |
| Receipts from issue of ordinary shares | | - | - |
| Receipts/(payments) of long term loan | | 1,595,565,840 | 793,625,324 |
| Dividends returned/(paid) in cash | | (437,889,820) | (634,260,720) |
| Net cash (used in)/ from financing activities | | 1,004,250,593 | (286,836,985) |
| D) Net increase in cash (A+B+C) | | (3,383,936,531) | (4,100,086,323) |
| E) Effect of changes in exchange rate over cash and cash equivalents | | - | - |
| F) Cash and cash equivalents at 1 January | | 14,329,824,518 | 14,573,525,130 |
| G) Cash and cash equivalents at the end of the period (D+E+F) | | 10,945,887,987 | 10,473,438,807 |
| Break down of cash and cash equivalents: | | | |
| Cash in hand | | 488,006 | 420,000 |
| Balance with Bangladesh Bank and its agent bank(s) | | 729,740,764 | 568,772,580 |
| Balance with other banks and financial institutions | | 10,138,069,217 | 10,004,246,227 |
| | | 10,867,818,027 | 10,573,438,807 |
| Net Operating Cashflow per Share (NOCFPS) | 43 | (13.28) | (18.92) |

The annexed notes from 1 to 48 and Annexures A and B are an integral part of these financial statements.



08 DEC 2022

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited



IPDC Finance Limited
Statement of Changes in Shareholders' Equity
For the six-month period ended 30 June 2022

| Particulars | Paid up capital Taka | Share premium Taka | Statutory reserve Taka | Assets revaluation reserve Taka | Retained earnings Taka | Total Taka |
|--|-------------------------|--------------------------|------------------------------|---------------------------------------|------------------------------|---------------|
| Balance as at 1 January 2022 | 3,711,915,471 | 480,027,000 | 960,201,489 | 365,915,671 | 963,711,430 | 6,481,769,461 |
| 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 | - | - | - | - | - | - |
| Deferred tax liability | - | - | - | - | - | - |
| Current tax liability | - | - | - | - | - | - |
| Current tax liability differences | - | - | - | - | - | - |
| Net profit (loss) not recognized in the profit and loss account | - | - | - | - | - | - |
| Net profit for the six-month period ended 30 June 2022 | - | - | - | - | - | - |
| Dividend | - | - | - | - | - | - |
| Insurance of borrowings | - | - | - | - | - | - |
| Insurance of share capital | - | - | - | - | - | - |
| Appropriation during the period | - | - | - | - | - | - |
| Balance as at 30 June 2022 | 3,711,915,471 | 480,027,000 | 960,201,489 | 365,915,671 | 963,711,430 | 6,481,769,461 |

| Particulars | Paid up capital Taka | Share premium Taka | Statutory reserve Taka | Assets revaluation reserve Taka | Retained earnings Taka | Total Taka |
|--|-------------------------|--------------------------|------------------------------|---------------------------------------|------------------------------|---------------|
| Balance as at 1 January 2021 | 3,711,915,471 | 480,027,000 | 960,201,489 | 365,915,671 | 963,711,430 | 6,481,769,461 |
| 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 | - | - | - | - | - | - |
| Reversal of revaluation of deferred tax liability (expense) | - | - | - | - | - | - |
| Deferred tax liability | - | - | - | - | - | - |
| Current tax liability | - | - | - | - | - | - |
| Current tax liability differences | - | - | - | - | - | - |
| Net profit (loss) not recognized in the profit and loss account | - | - | - | - | - | - |
| Net profit for the six-month period ended 30 June 2021 | - | - | - | - | - | - |
| Dividend | - | - | - | - | - | - |
| Insurance of borrowings | - | - | - | - | - | - |
| Insurance of share capital | - | - | - | - | - | - |
| Appropriation during the period | - | - | - | - | - | - |
| Balance as at 30 June 2021 | 3,711,915,471 | 480,027,000 | 960,201,489 | 365,915,671 | 963,711,430 | 6,481,769,461 |

The annexed notes from 1 to 48 and Annexures A and B are an integral part of these financial statements.

1)

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Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited

Liquidity Statement
(Assets and liabilities maturity analysis)
As at 30 June 2022

| Particulars | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | Above 5 years | Total |
|---|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| | Taka | Taka | Taka | Taka | Taka | Taka |
| Assets | | | | | | |
| Cash in hand (including balance with Bangladesh Bank) | 730,226,794 | - | - | - | - | 730,226,794 |
| Balance with other banks and financial institutions | 5,624,037,793 | - | 1,325,272,424 | - | - | 10,150,308,228 |
| Money at call and short notice | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - |
| Loans and advances | 8,803,391,470 | 8,798,587,458 | 16,892,814,390 | 1,327,880,345 | 555,588,478 | 3,259,298,419 |
| Fixed assets including land, building, furniture and fixture | - | - | - | 31,803,864,372 | 7,708,288,750 | 71,400,308,317 |
| Other assets | - | - | - | - | 290,628,204 | 290,628,204 |
| Non-banking assets | - | - | - | - | 2,742,864,455 | 2,742,864,455 |
| Total assets | 11,357,255,957 | 12,698,587,458 | 18,555,886,734 | 33,233,883,317 | 11,357,221,382 | 87,482,515,508 |
| Liabilities | | | | | | |
| Borrowings from Bangladesh Bank, other banks, financial institutions and agents | 4,234,213,481 | 174,287,228 | 3,194,803,740 | 2,214,389,380 | 190,000,000 | 10,548,614,899 |
| Deposits | 5,871,027,426 | 16,752,090,028 | 13,805,711,780 | 12,536,803,770 | 15,754,221,882 | 58,744,645,137 |
| Other accounts | - | - | - | - | - | - |
| Provision and other liabilities | 854,159,843 | 141,599,722 | 845,933,867 | 538,543,585 | 5,738,214,195 | 8,879,550,197 |
| Total liabilities | 10,959,350,750 | 13,967,709,755 | 17,846,549,387 | 15,289,746,835 | 21,682,436,077 | 69,745,892,804 |
| Net liquidity gap | 397,905,207 | 870,877,703 | 709,337,347 | 17,944,136,482 | (9,325,214,695) | 17,736,622,704 |



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IPDC Finance Limited
Notes to the financial statements
As at and for the six-month period ended 30 June 2022

1. Reporting entity

1.1. Company profile

IPDC Finance Limited (hereinafter referred as "IPDC" or the "Company") was incorporated as a public limited company in 1961 under the Companies Act, 1913 as the premier private sector long term lending institution in Bangladesh with a mandate to promote economic growth in the country in its earlier name "Industrial Promotion and Development Company of Bangladesh Limited". The Company is registered as a financial institution under the Financial Institutions Act, 1993 on 7 February 1995. The registered office of the Company is situated at Hosna Center (4th Floor), 100 Gulshan Avenue, Dhaka, Bangladesh. The Company has listed its share with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) in Bangladesh on 3 December 2006. Currently the Company has fifteen branch offices (including head office) located at Gulshan, Dhanmondi, Motijheel, Uttara, Chittogram, Narayanganj, Bogura, Gazipur, Sylhet, Cumilla, Mymensingh, Jashore, Rangpur, Faridpur and Khulna.

1.2. Nature of business of the Company

The Company has diversified its product portfolio and evolved as multiproduct financial institution that is specialized in providing long term and short term finance, project finance, lease finance, supply chain finance, home loan, equity financing, syndication finance, retail finance, Small & Medium Enterprise (SME) finance, asset backed securitization and related consultancies.

2. Basis of preparation

2.1 Statement of compliance

The Financial Reporting Council (FRC) was formed as per the Financial Reporting Act, 2015. FRC adopted the International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board (IASB) which shall be followed by public interest entities in preparing their financial statements. The Financial Institutions Act, 1993 as amended is required to comply for the preparation of financial statements under such financial reporting standards.

Accordingly, the financial statements of the Company continue to be prepared in accordance with International Financial Reporting Standards (IFRSs) 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 2020. If any requirement of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank, contradicts with that of IFRSs, the requirements of the Financial Institutions Act, 1993, and circulars issued by Bangladesh Bank shall prevail. The financial statements have been prepared on historical cost basis except for land and building which are presented/stated at revalued amount. The Board of Directors of the Company has authorized these financial statements on **28 NOV 2022**.

2.2 Purpose of preparation

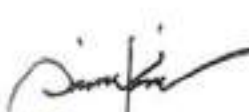
The financial statements for the Company are prepared for fulfilling all requirements of applying and raising IPDC Finance Limited 2nd Subordinated Bond (Tier-2 Capital). For raising fund through issuing capital bonds, NBFIs are required to apply to Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank. The NBFI needs to incorporate audited financials in its Information Memorandum (IM) for the said bond and submit the same to BSEC and other regulators.



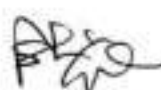
08 DEC 2022



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 Company Secretary
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Md. Ashique Hossain
 Acting Chief Financial Officer
 IPDC Finance Limited



Mominul Islam
 Managing Director & CEO
 IPDC Finance Limited

2.3 Disclosure of departure from law requirements of IAS/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 IAS/IFRSs. As such the Company has departed from those contradictory requirements of IAS/IFRSs in order to comply with the rules and regulations of Bangladesh Bank which are discussed below, along with financial impact where applicable.

| S.L. | Nature of Departure | Title of IFRS | Treatment of IFRS | Treatment Adopted as per Bangladesh Bank | Financial or Presentation Effect of the Departure |
|------|---|--|---|--|---|
| 1. | Presentation and disclosure of Financial Statements and Financial Instruments | IAS 1 "Presentation of Financial Statements" | Other Comprehensive Income (OCI) is a component of financial statements or the statements of OCI are to be included in a single Other Comprehensive Income statement. | Bangladesh Bank has issued templates for financial statements vide DPM Circular- 11 dated December 23, 2008 which will strictly be followed by NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the statements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement. | Presentation of financial statements is not fully aligned with all requirements of IAS. |
| 2. | Current/ Non-current distinction | IAS-1 "Presentation of Financial Statement" | As per Para 83 of IAS-1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position. | As per DPM Circular-11 dated 23 December 2008, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this template there is no current and non-current categorization of assets and liabilities. | Presentation of financial statements is not fully aligned with all requirements of the IAS. Moreover, the liquidity statement shows the current/non-current portion of assets and liabilities in this regard. |
| 3. | Off-balance sheet items | IAS 1 "Presentation of Financial Statements" | There is no concept of off-balance sheet items in any IFRS, hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet. | As per DPM Circular-11 dated 23 December 2008, off-balance sheet items (e.g. other credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet. | Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements. |



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| S/L | Nature of Departure | Title of IFRS | Treatment of IFRS | Treatment Adopted as per Bangladesh Bank | Financial or Presentation Effect of the Departure |
|-----|--------------------------------------|---|---|---|--|
| 4. | Non-banking assets | IAS 1 "Presentation of Financial Statements" | There is no concept of non-financial assets in any IFRS, hence there is no requirement for disclosure of non-banking assets items in the face of the balance sheet. | As per IFRM Circular-11 dated 23 December 2009, non-banking assets must be disclosed separately on the face of the balance sheet. | Preservation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements. |
| 5. | Complete set of financial statements | IAS 1 "Presentation of Financial Statements" | As per IAS 1 "Presentation of Financial Statements" complete set of financial statements are (i) statement of financial position, (ii) statement of profit or loss and other comprehensive income, (iii) statement of changes in equity, (iv) statement of cash flows, (v) notes, comprising significant accounting policies and other explanatory information and (vi) statement of financial position at the beginning of the reporting period for retrospective restatement. | As per IFRM Circular-11 dated 23 December 2009, complete set of financial statements are (i) balance sheet, (ii) profit and loss account, (iii) cash flow statement, (iv) statement of changes in shareholders' equity, (v) statement of liquidity, (vi) notes, comprising significant accounting policies and other explanatory information. | Preservation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements. |
| 6. | Intangible asset | IAS 1 "Presentation of Financial Statements" | As per IAS 1 "Presentation of Financial Statements" para 54 the statement of financial position shall include separate line item for intangible assets. | As per IFRM Circular-11 dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide detail in annexure-A as separate line item. | Preservation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements. |



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| S.L. | Nature of Disposition | Title of IFIS | Treatment of IFIS | Treatment Adopted as per Bangladesh Bank | Financial or Presentation Effect of the Disposition |
|------|--|---------------------------------|--|--|---|
| 7 | Preservation of cash and cash equivalent | IAS 7 "Statement of Cash Flows" | Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short period (less than 3 months or less period). In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations. | Bangladesh Bank has issued templates for financial statements vide (CFM) Circular-15 dated 22 December 2009 which will strictly be followed by all banks and NBFI's. The templates of financial statements provide detail of presentation of statement cash flows. | Preservation of Financial statements is not fully aligned with the requirements of IAS. Thus items which should be presented as "Investment activities" balance with Bangladesh Bank (BSF) as per IAS is shown as cash & cash equivalent. |
| 8 | Measurement of deferred tax asset | IAS 12 "Income Tax" | A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. | As per CFM Circular No. 7 dated 21 July 2011, no deferred tax asset can be recognized for any deductible temporary differences against loans, deposits and advances. | During the year net provisions charged for loan and advances was BDT 200.23 million and deferred tax assets of BDT 75.12 million were recognized on this temporary differences as per BSF Circular. |

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| S.L. | Nature of Disputes | Title of FRB | Treatment of FRB | Treatment Adopted as per Bangladesh Bank | Financial or Presentation Effect of the Disputes |
|------|--|---------------------------------|--|---|--|
| 9. | Preparation of "Statement of Cash Flows" | IAS 7 "Statement of Cash Flows" | The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently. FRB: As per IAS 7 an entity shall recognize an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis, considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12-month expected credit losses. | As per DFM Circular-11 dated 23 December 2020, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method. | Provisioning of financial statements is not fully aligned with all requirements of the IAS 7. |
| 10. | Measurement of provision for loans, loans and advances (financial assets measured at amortized cost) | FRS 9 "Financial Instruments" | As per IAS 9 an entity shall recognize an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis, considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12-month expected credit losses. | As per DFM Master Circular no. 04 dated 28 July 2021, a general provision of 0.25% to 5% under different categories of undrawn loan (good standard loans) has to be maintained irrespective of objective evidence of impairment in loan, loans and advances. Loan classification status during the six month period ended 30 June 2022 has been determined as per DFM Letter 1052/21/2022-21 dated 2 January 2022, DFM Circular Letter No 33 dated 16 December 2021 and DFM Master Circular no. 04 dated 26 July 2021. Also provision for sub-standard investments, doubtful investments and bad loans has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of periods. | In Financial Statements, provision has been kept for 30 June 2022 equivalent to BDT 170.75 million as per Bangladesh Bank guidelines. Also, as of 30 June 2022, loan and advances accumulated provision for impairment is BDT 2,123.33 million. |

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| S.L. | Nature of Disparities | Title of IFRS | Treatment of IFRS | Treatment Adopted as per Bangladesh Bank | Financial or Presentation Effect of the Disparities |
|------|---|--|---|---|--|
| 11. | Valuation of investments in quoted and unquoted shares | IFRS 9 "Financial Instruments" | As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors I would generally fall under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" when any change in the fair value (as measured in accordance with IFRS 13) at the period-end is taken to profit and loss account or other comprehensive income respectively. | As per FTD circular No. 02 dated 03 August 2002, investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from devaluation in value of investment, however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only. | During this year there is no impact in the financial statements due to this disparity as the net asset value is higher than cost for all unlisted equity investment and full provision was kept for the listed equity investment. |
| 12. | Recognition of interest income for SAM and classified loans, bills and advances | IFRS 9 "Financial Instruments" | IFRS 9 loans and advances to customers are generally classified at amortized cost as per IFRS 9 and interest income is recognized by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently becomes credit-impaired, the entity shall apply the effective interest rate to the amortized cost of the loan account. | As per FTD circular No. 01, dated 03 May 2006, interest on investment in bills, bills and advances is termed as "Special Margin Account (SMA)". Interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account (i.e. interest suspense account). | Interest suspense account has been decreased to BOT 551.20 as on 30 June 2022 from BOT 647.07 million as per 31 December 2021 resulting in decrease of BOT 96.31 million of interest suspense. This amount has been shown as other liabilities in note 14.2. |
| 13. | Presentation and disclosure of Financial Instruments and Financial Instruments | IFRS 7 "Financial Instruments Disclosures" | IFRS 7 requires specific presentation and disclosure relating to all financial instruments. | As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 9 are not being made in the accounts. | Presentation of financial statements is not fully aligned with all requirements of IFRS 7. |



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2.4 Functional and presentation currency

The financial statements are presented in Bangladesh (BDT/Taka/Tk.) currency which is the Company's functional currency.

2.5 Use of estimates and judgments

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

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies having the most significant effect in the six-month period ended 30 June 2022 is included in the following notes:

| | |
|----------------|--|
| a) Note 10.1.2 | Deferred tax assets |
| b) Note 14.1 | Cumulative provision for loans, advances and investments |
| c) Note 14.3 | Measurement of defined benefit obligation (Provision for gratuity) |
| d) Note 14.4 | Provision for corporate tax |
| e) Note 14.6 | Deferred tax liabilities |
| f) Note 36.1 | Depreciation and amortisation |

2.6 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.

2.7 Materiality and aggregation

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

2.8 Branch accounting

The Company has fifteen branches, having no overseas branch as at 30 June 2022. Accounts of the branches are maintained at the head office from which these financial statements are drawn up.

2.9 Reporting period

The financial period of the Company was determined from 1 January to 31 December each year and is followed consistently. The reporting period for these Financial Statements covers the period 1 January to 30 June 2022.

2.10 Directors' responsibility statement

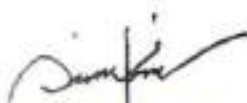
The Board of Directors is responsible for presentation and overseeing of the company's reporting process of the financial statements under section 163 of the Companies Act, 1994 and as per the provision of 'The Framework for the Preparation and Presentation of Financial Statements'.

2.11 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 six-month period ended 30 June 2022 as in financial statements for 2021.



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3 Significant accounting policies

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

3.1 Lease of premises

In January 2016 the Board issued IFRS 16: Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases effective from annual reporting periods beginning on or after 1 January 2019. IPDC Finance Limited adopted IFRS 16: Leases since January 1, 2019 to account for its eighteen lease contracts.

| Particulars | Jan-Jun 2022 | 2021 |
|--|--------------|------------|
| | Taka | Taka |
| Depreciation charge for right-of-use assets by class of underlying asset | 18,610,636 | 28,381,246 |
| Interest expenses on lease liabilities | 4,630,602 | 7,770,877 |
| Total cash outflow for leases | 19,287,789 | 30,960,246 |
| Additions to right-of-use assets | - | 34,057,562 |
| Carrying amount of right-of-use assets at the end of the period | 75,887,037 | 82,023,673 |
| * Interest expense on lease liabilities | 4,000,032 | 5,151,314 |
| Concession | - | (380,337) |
| | 4,000,032 | 4,770,977 |

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 unutilized principal for long-term finance, auto loan, home loan and other finances are accounted for as direct finance assets of the Company. Interest earnings are recognised as operational revenue periodically.

3.3 Investments

Investment comprises of investment in equity, corporate bond and government securities.

3.3.1 Investment in equity

Investment in equity is classified broadly in following categories.

3.3.1.1 Unlisted shares

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

3.3.1.2 Listed shares

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

3.3.1.3 Preference shares

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

3.3.2 Investment in Government securities

Investment in Government securities shall be classified as financial asset measured at amortized cost, fair value through other comprehensive income and fair value through profit and loss on the basis of both:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.




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3.3.2.1 Amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.3.2.2 Fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.3.2.3 Fair value through profit and loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

3.4 Revenue recognition

3.4.1 General

As per IFRS 15: Revenue from Contracts with Customers, an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

3.4.2 Lease income

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

3.4.3 Dividend income

3.4.3.1 Listed and unlisted shares

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

3.4.3.2 Preference shares

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

3.4.3.3 Gain on sale of shares

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

3.4.4 Interest on long term finance and short term finance

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

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3.4.5 Interest on secured lending

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

3.4.6 Fee based revenue

Fee based revenue is recognised as income on cash basis.

3.4.7 Grant income

As per IAS 20: Accounting for Government Grants and Disclosure of Government Assistance, grant is recognised only when there is reasonable assurance that (a) the company will comply with any conditions attached to the grant and (b) the grant will be received. A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, is recognised as income in the period in which it is receivable. Any grant received against any capital expense is recognised as deferred income and is subsequently adjusted with depreciation expense over the period of the assets.

3.5 Interest suspense

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

3.6 Fixed assets including land, building, furniture and fixture

3.6.1 Own assets

Fixed assets except land and building are stated at cost less accumulated depreciation and accumulated impairment losses, if any. On the other hand, land and building are stated under revaluation model. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes as per IAS 16: Property, plant and equipment.

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

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

3.6.3 Depreciation/amortisation on fixed assets including intangible assets

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

| | Useful life (years) |
|--------------------------|------------------------|
| Building | 34* |
| Motor vehicles | 6 |
| Furniture and fixture | 6 |
| Equipment and appliances | 6 |
| Software | 6 |

*The remaining useful life of building after revaluation.

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

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3.6.4 Impairment

The review of impairment for financial and non-financial assets including intangible assets is performed at each reporting date to assess whether there is any indication that an asset may be impaired (i.e. its carrying amount may be higher than its recoverable amount). If any such indication exists, the asset's recoverable amount is reviewed and determined. If the written down value or carrying amount of an asset exceeds recoverable amount, the difference is recognized as impairment loss.

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

On disposal of item of fixed assets including land, building, furniture and fixtures, 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 recognized 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 benefits from the assets and fulfils asset capitalization criteria. All other expenditures are recognised as expense as and when they are incurred.

3.7.2 Amortisation of intangible assets

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

3.8 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset, are capitalized as per IAS 23: Borrowing Costs. All other borrowing costs are recognised as expense in the period in which they are incurred in accordance with the IAS 23: Borrowing Costs.

3.9 Foreign currency translation

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


3.10 Income tax expenses

Income tax expense comprise current and deferred tax.

3.10.1 Current tax

Provision for current tax has been made on the basis of the profit of the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto from time to time. The Company's current tax liability is calculated using tax rate (current tax rate is 37.5%) that is applicable on the reporting date, and any adjustments to tax payable in respect of previous years.




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3.10.2 Deferred tax

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

- a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- b) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- c) Taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

3.11 Provision for loans, advances and investments

Provision for loans, advances and investments is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on two principles (1) IAS 37: Provision, Contingent Liabilities and Contingent Assets and (2) Bangladesh Bank guidelines. The methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. DFIM Master Circular no. 04 dated 26 July 2021 is the basis for calculating the provision for loans, advances and investments.

Loan classification status for the period ended 30 June 2022 has been determined as per DFIM Letter 102/27/022-21 dated 2 January 2022, DFIM Circular Letter no 23 dated 16 December 2021 and DFIM Master Circular no. 04 dated 26 July 2021.

Provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.

3.11.1 Write off of loans, advances and investments

In compliance with Bangladesh Bank DFIM circular no. 2 dated 1 April 2019, loans, advances and investment can be written off to the extent that (i) 100% provision is maintained (ii) against which legal cases are pending (iii) prior approval of board and (iv) classified as Bad Loss for at least 3 years. However, small loan up to Tk. 200,000 where cases under Artha-Rin Adalat Ain, 2003 is not mandatory, can be written off without filing case subject to fulfilment of other conditions mentioned in the circulars. The term's potential return is thus canceled 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 other operational securities/properties or advances there against or are considered recoverable.



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3.12 Employee benefits

3.12.1 Defined contribution plan

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

3.12.2 Defined benefit plan

The Company operates a funded gratuity scheme for its permanent employees. Employees are entitled to gratuity benefit after completion of five years continuous service with the Company from the date of joining. The gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service less than ten years and one & half month basic pay for ten years and above.

3.12.3 Short-term benefit

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

3.12.4 Other employee benefit obligation

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

3.13 Accrued expenses, provisions and payables

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

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

3.14 Cash and cash equivalents

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

3.15 Cash flow statement

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

3.16 Earnings per share (EPS)

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

4. General

4.1 Related party disclosure

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

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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 advance 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 the amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

4.4 Statutory reserve

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

4.5 Borrowings from other banks, financial institutions and agents

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

4.6 Dividend payments

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

4.7 Risk management

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

4.7.1 Credit risk

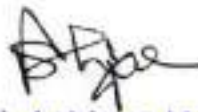
Credit risk is the risk of loss that may occur from the default of any counterparty to repay in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Board of Directors is the apex body for credit approval of the company. However, they delegate authority to the Managing Director & CEO or other officers. The Board also sets credit policies to the management for setting procedures, which together has structured the CRM framework in the company. The Credit Manual contains the core principles for identifying, measuring, approving and managing credit risk in the company. The policy covers corporate, retail, Small and Medium Enterprise (SME) exposures. Policies and procedures together have structured and standardised CRM process both in obligor and portfolio level. There is a comprehensive credit appraisal procedure that covers industry/business risk, management risk, financial risk, facility structure risk, security risk, environmental risk, reputational risk, and account performance risk.




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4.7.2 Operational risk

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

Operational risks are analyzed through review of various control tools like Departmental Control Function Check List (DCFCL), Quarterly Operations Report (QOR), Loan Documentation Check List (LDCL), and Self Assessment And Fraud Internal Control Check list. This is a self-assessment process for detecting high risk areas and finding mitigates of those risks. The effectiveness of the company's Internal control are monitored on an ongoing basis. Key high risk items are identified and monitored as part of daily activities.

4.7.3 Interest rate risk

Interest rate risk is the risk to earnings or capital of the company arising from movement of interest rates. The movement of interest rates affects companies' reported earnings and capital by changing:

- Net interest income
- The market value of trading accounts (and other instruments accounted for by market value), and
- Other interest sensitive income and expenses.

To manage interest rate risk, ALCO regularly monitors various ratios and parameters. The company employs several analysis techniques (e.g. rate sensitive gap analysis, duration gap analysis) to measure interest rate risk, its impact on net interest income and takes insight about course of actions.

4.7.4 Liquidity risk

The objective of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Company is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Responsibility of managing and controlling liquidity of the company lies with Asset Liability Committee (ALCO) that meets at least once in a month. Asset Liability Management (ALM) desk being primarily responsible for management of liquidity risk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities. A monthly projection of fund flows is reviewed in ALCO meeting regularly. On monthly basis, ALCO monitors liquidity management by examining key ratios, maximum cumulative outflow, upcoming funding requirement from all business units, asset-liability mismatch etc.

ALCO also monitors concentration of deposits on large institutional depositors which is volatile in nature. In addition to these ratios, the company prepares structural liquidity profile, maturity profile of term deposit, cash flow modeling and contingency funding plan on monthly basis, which are analysed in ALCO meeting to ensure liquidity at the level acceptable to the company and regulators.

4.7.5 Market risk

Risk Management Unit (RMU) is responsible for overall monitoring, control and reporting of market risk while treasury and office is an integral part of market risk management which independently evaluates and monitors treasury department's transaction from risk perspective. Overall risk parameters and exposures of the company are monitored by RMU and periodically reported to company's Risk Management Committee (RMC). Market risk can be subdivided into three categories depending on risk factors: interest rate risk, foreign exchange risk, and equity price risk.

4.7.6 Equity price risk

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the company, changes in the value of listed shares used as collateral for loans whether the loan was made for the purpose of buying the shares, and changes in the value of unlisted shares. Mark to Market is the tool the company applies for making full provision against losses arisen from changes in market price of securities.

As of 30 June 2022, the company set aside Tk. 42.83 million charging its profit and loss account over the periods to cover unrealized loss against quoted securities.

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4.7.7 Information and communication technology risk

IPDC adheres to the IT Security policies and procedures in line with ICT Security guideline of Bangladesh Bank. To prevent attack from Cyber criminals/fraudsters, IPDC IT has established standard physical and logical security measures for all sensitive IT infrastructures (e.g. Data Centre, Disaster Recovery Site, etc.). Besides, IPDC has standard logical IT security measures like access control system, intrusion detection, access log and periodic security assessment for all systems. Vulnerability assessment exercises, both internally and externally, are conducted regularly to identify security weakness and implementing control for mitigation.

IPDC has Business Continuity Committee (BCC) to manage any manmade or natural incident/disaster. IT Security team has also taken initiatives to create awareness about cyber security among all IPDC employees and customers through retail and corporate channels. We have separate information system audit to identify control gaps and improve continually.

4.8 Contingent liabilities and contingent assets

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

Any present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
- the amount of the obligation cannot be measured reliably.

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

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

4.9 Liquidity statement

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

- Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.
- Investments are on the basis of their residual maturity term.
- Loans and advances are on the basis of their repayment maturity schedule.
- Fixed assets are on the basis of Bangladesh Bank regulation.
- Other assets are on the basis of Bangladesh Bank regulation.
- Borrowings from other banks and financial institutions as per their maturity/repayment term.
- Deposits and other accounts are on the basis of their residual maturity period.
- Other long term liability on the basis of their maturity term.
- Provisions and other liabilities are on the basis of their payment/adjustment 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 2021 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

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


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4.12 Integral components of financial statements

The financial statements of the Company include the following components:

- Balance sheet as at 30 June 2022
- Profit and loss account for the six-month period ended 30 June 2022
- Cash flow statement for the six-month period ended 30 June 2022
- Statement of changes in shareholders' equity for the six-month period ended 30 June 2022
- Notes to the financial statements as at and for the six-month period ended 30 June 2022

4.13 BASEL II and its implementation

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resistant, 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, 2013 with its subsequent supplementations. 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 tradeable securities at its fair value by crediting shareholders' equity.

4.15 Others

- The Company publishes its quarterly accounts as per IAS 34 "Interim Financial Reporting" and the Bangladesh Securities and Exchange Commission (BSEC) Notification No. SEC/CMRRC/2008-183/AM/03-34 dated 27 September 2008.
- Figures in these notes and the accompanying financial statements have been rounded off to the nearest Taka.
- Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.
- Company Balances shown in the accounts are duly reconciled.




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4.16 Compliance of International Financial Reporting Standard (IFRS)

| Name of the standards | Ref. | Status |
|--|---------|---|
| First-time Adoption of Bangladesh Financial Reporting Standards | IFRS-1 | Not applicable |
| Share Based Payment | IFRS-2 | Not applicable |
| Business Combinations | IFRS-3 | Not applicable |
| Non-current Assets Held for Sale and Discontinued Operations | IFRS-5 | Not applicable |
| Exploration for and Evaluation of Mineral Resources | IFRS-6 | Not applicable |
| Financial Instruments: Disclosures | IFRS-7 | Applied with some departures (note 2.3) |
| Operating Segments | IFRS-8 | Applied if any |
| Financial Instruments | IFRS-9 | Applied with some departures (note 2.3) |
| 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 2.3) |
| Regulatory Deferral Accounts | IFRS-14 | Not applicable |
| Revenue from Contracts with Customers | IFRS-15 | Applied |
| Leases | IFRS-16 | Applied |
| Insurance Contracts | IFRS-17 | Not applicable |
| Presentation of Financial Statements | IAS-1 | Applied with some departures (note 2.3) |
| Inventories | IAS-2 | Not applicable |
| Statement of Cash Flows | IAS-7 | Applied with some departures (note 2.3) |
| 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 |
| Employee Benefits | IAS-19 | Applied |
| Accounting for Government Grants and Disclosure of Government Assistance | IAS-20 | Applied |
| The Effects of Changes in Foreign Exchange Rates | IAS-21 | Applied |
| Borrowing Cost | IAS-23 | Applied |
| Related Party Disclosures | IAS-24 | Applied |
| Accounting and Reporting by Retirement Benefit Plans | IAS-26 | Not applicable |
| Separate Financial Statements | IAS-27 | Not applicable |
| Investments in Associates | IAS-28 | Not applicable |
| Financial Reporting in Hyperinflationary Economies | IAS-29 | Not applicable |
| Financial Instruments: Presentation | IAS-32 | Applied with some departures (note 2.3) |
| 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 2.3) |
| Investment Property | IAS-40 | Not applicable |
| Aggregations | IAS-41 | Not applicable |

The Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2022 have been considered. However, these amendments have no material impact on the financial statements of the Company.



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| | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|--|-------|----------------------|--------------------------|
| 5 Cash | | | |
| Cash in hand (including foreign currencies) | 5.1 | 495,000 | 420,000 |
| Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) | 5.2 | 729,740,754 | 715,616,272 |
| | | <u>730,235,754</u> | <u>716,036,272</u> |
| 5.1 Cash in hand | | | |
| In local currency | | 495,000 | 420,000 |
| In foreign currency | | <u>495,000</u> | <u>420,000</u> |
| 5.2 Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) | | | |
| Bangladesh Bank | | | |
| In local currency | | 729,740,754 | 715,616,272 |
| In foreign currency | | <u>729,740,754</u> | <u>715,616,272</u> |
| Sonal Bank Limited (as an agent of Bangladesh Bank) | | <u>729,740,754</u> | <u>715,616,272</u> |
| 5.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) | | | |
| Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with the section 19 of the Financial Institutions Act, 1993 and of instructions contained in DFIM circular no. 01 dated 12 January 2017, FID circular no. 02 dated 10 November 2004, FID circular no. 06 dated 06 November 2003 and DFIM Circular No. 03 dated 21 June 2020 issued by Bangladesh Bank. | | | |
| Cash Reserve Requirement (CRR) required on the term deposits at the rate of 1.50% 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 NBFI 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, unnumbered treasury bills, prime bond, saving certificate and any other assets approved by Bangladesh Bank. Both the reserves as maintained by the Company are shown below: | | | |
| Cash Reserve Requirement (CRR) | | | |
| The Company requires to maintain cash with Bangladesh Bank current account equivalent to 1.50% of Term Deposits other than deposit taken from banks and financial institutions. | | | |
| Required reserve 1.50% | | 709,754,135 | 712,290,130 |
| Actual reserve maintained (Jun22: 1.72%, Dec21: 1.96%) | | 815,666,993 | 736,955,466 |
| Surplus/deficit | | <u>105,912,858</u> | <u>24,665,336</u> |
| Statutory Liquidity Reserve (SLR) | | | |
| The Company requires to maintain SLR equivalent to 5% of total liability including 1.50% of CRR and excluding loans and deposits taken from banks and financial institutions. | | | |
| Required reserve (5%) | | 2,846,101,264 | 2,815,262,230 |
| Actual reserve maintained (Jun22: 6.34%, Dec21: 21.08%) | 6.3.1 | 4,940,262,636 | 11,427,092,400 |
| Surplus | | <u>2,094,161,372</u> | <u>8,611,830,170</u> |
| Total surplus | | <u>2,400,164,431</u> | <u>8,436,495,506</u> |




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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|--|------|-----------------------|--------------------------|
| 5.3.1 Actual reserve maintained - including ORR | | | |
| Cash in hand | | 495,000 | 429,000 |
| AB Bank Limited | | 29,455,039 | 29,451,615 |
| Prime Bank Limited | | 6,693,064 | 9,730,043 |
| BRAC Bank Limited | | 6,567,597 | 4,267,597 |
| Menzies Bank Limited | | 676,253 | 8,598,375 |
| Eastern Bank Limited | | 118,370 | 1,662,359 |
| Dutch Bangla Bank Limited | | 16,170,461 | 25,404,072 |
| Oriska Bank Limited | | 2,090,145,941 | 3,228,111,743 |
| United Commercial Bank Limited | | 475,606 | 201,254,816 |
| EXIM Bank Limited | | 16,315,666 | 411,864,031 |
| Southwest Bank Limited | | 1,089,750 | 510,163,639 |
| HRB Bank Limited | | 1,256,425 | 1,712,539,220 |
| Jamuna Bank Limited | | - | 910,294,284 |
| BASIC Bank Limited | | - | 123,037,500 |
| Standard Bank Limited | | - | 400,000,000 |
| Jamuna Bank Limited | | 600,000,000 | 400,000,000 |
| One Bank Limited | | 9,654,124 | 722,952,278 |
| Social Islami Bank Limited | | 300,000,000 | 140,000,000 |
| Meghna Bank Limited | | 362,273 | 400,069,410 |
| NRB Commercial Bank Limited | | 120,000,000 | 396,000,000 |
| City Bank Limited | | 1,000,000,000 | - |
| Uttara Finance Limited | | 60,000,000 | 100,000,000 |
| RO Finance Limited | | - | 60,000,000 |
| IFIC Bank Limited | | - | 410,129,378 |
| Community Bank Bangladesh Limited | | - | 694,040 |
| Bank Asia Limited | | 50,000,000 | - |
| Balance with Bangladesh Bank | | 709,863,613 | 590,627,235 |
| Unencumbered Bangladesh Treasury Bond | | - | 294,400,000 |
| | | 4,940,362,839 | 11,027,092,450 |
| 6 Balance with other banks and financial institutions | | | |
| Inside Bangladesh | 6.1 | 12,139,350,229 | 13,507,488,246 |
| Outside Bangladesh | | - | - |
| | | 12,139,350,229 | 13,507,488,246 |
| 6.1 Inside Bangladesh | | | |
| United Commercial Bank Limited | | - | 3,606,290 |
| AB Bank Limited | | 100,633 | 717,668 |
| Standard Chartered Bank | | 34,416,387 | 18,984,397 |
| Prime Bank Limited | | - | 6,633,188 |
| Eastern Bank Limited | | 6,304,278 | 2,130,773 |
| Mutual Trust Bank Limited | | 686,174 | 34,310 |
| Basic Bank Limited | | 14,565 | 16,563 |
| One Bank Limited | | 79,716,041 | 3,949,680 |
| BRAC Bank Limited | | 106,904 | 86,273 |
| Oriska Bank Limited | | 80,810 | 883,219 |
| Meghna Bank Limited | | 11,635 | 261,835 |
| | | 121,444,732 | 34,750,321 |



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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| Note | 30 June 2022 Taka | 31 December 2021 Taka |
|---|-----------------------|--------------------------|
| Short-term deposit accounts with: | | |
| Dutch Bangla Bank Limited | 20,236,229 | 12,623,939 |
| Prime Bank Limited | 795,047,967 | 61,628,272 |
| AB Bank Limited | 1,676,880 | 1,670,529 |
| Standard Chartered Bank | 28,844 | 20,419 |
| Merantile Bank Limited | 14,575,389 | 30,734,026 |
| BRAC Bank Limited | 5,322,135 | 9,050,691 |
| Chakra Bank Limited | 702,001,003 | 14,037,916 |
| United Commercial Bank Limited | 232,674,013 | 4,201,100 |
| Eastern Bank Limited | 11,436,995 | 230,781 |
| One Bank Limited | 200,079,177 | 1,981,551,385 |
| NRB Bank Limited | 21,340,438 | 1,033,135,816 |
| Community Bank Bangladesh Limited | 870,181 | 652,420 |
| Moghna Bank Limited | 9,154,323 | 1,431,756 |
| Southeast Bank Limited | 1,100,326 | 312,899,878 |
| Bank Asia Limited | 110,280 | - |
| NRB Commercial Bank Limited | 28,827,578 | 1,275,838 |
| | <u>2,009,389,000</u> | <u>3,497,485,438</u> |
| Short-term placement: | | |
| Peoples Leasing and Financial Service Limited | 28,600,000 | 28,600,000 |
| Community Bank Bangladesh Limited | 200,000,000 | - |
| United Finance Limited | 200,000,000 | - |
| International Leasing and Financial Service Limited | 10,609,242 | 10,644,907 |
| | <u>439,009,242</u> | <u>39,144,907</u> |
| Short-term deposit accounts (in foreign currency) with: | | |
| AB Bank Limited | 1,367 | 1,367 |
| | <u>1,367</u> | <u>1,367</u> |
| Fixed deposit accounts with: | | |
| Prime Bank Limited | 7,734,486 | 7,734,486 |
| BASIC Bank Limited | - | 103,037,600 |
| Chakra Bank Limited | 1,056,973,237 | 4,629,873,237 |
| AB Bank Limited | 26,785,000 | 26,785,000 |
| NRB Commercial Bank Limited | 120,000,000 | 389,000,000 |
| EXIM Bank Limited | 218,318,888 | 617,844,001 |
| Southeast Bank Limited | 890,000,000 | 490,000,000 |
| Standard Bank Ltd. | - | 200,000,000 |
| Jamuna Bank Limited | 796,123,206 | 796,000,000 |
| Janata Bank Ltd. | 500,000,000 | 500,000,000 |
| One Bank Limited | - | 913,530,734 |
| Moghna Bank Limited | 250,000,000 | 250,000,000 |
| Bank Asia Limited | 100,000,000 | 300,000,000 |
| BRAC Bank Limited | 60,000,000 | - |
| Uttara Finance & Investment Limited | 1,000,000,000 | - |
| IFIC Bank Limited | 60,000,000 | 60,000,000 |
| The City Bank Limited | 910,251,067 | 410,129,877 |
| Bangladesh Finance Limited | 1,000,000,000 | - |
| | <u>7,673,305,885</u> | <u>9,964,164,315</u> |
| Total | <u>10,139,355,229</u> | <u>13,907,489,249</u> |
| 6.2 Maturity grouping of balance with other banks and financial institutions | | |
| Repayable: | | |
| On demand | - | - |
| Within one month | 8,624,077,786 | 8,515,736,873 |
| Within one to three months | 2,890,000,000 | 5,024,436,450 |
| Within three months to one year | 1,625,272,434 | 1,967,314,023 |
| Within one to five years | - | - |
| More than five years | - | - |
| | <u>10,139,355,229</u> | <u>13,907,489,249</u> |




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IPDC Finance Limited

| | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|-----------------------------------|------|----------------------|--------------------------|
| 7 Investments | | | |
| Government securities | 7.1 | - | 231,898,119 |
| Other investments | 7.2 | 2,209,290,418 | 2,808,463,893 |
| | | <u>2,209,290,418</u> | <u>2,740,361,942</u> |
| 7.1 Government securities: | | | |
| Treasury Bond | | - | 231,898,119 |
| National Investment Bond | | - | - |
| Bangladesh bank bill | | - | - |
| Government notes/bond | | - | - |
| Others | | - | - |
| | | <u>-</u> | <u>231,898,119</u> |
| 7.2 Other investments | | | |
| In ordinary shares: | | | |
| Quoted | | 364,086,342 | 332,327,185 |
| Unquoted | | 4,500,000 | 4,500,000 |
| Redeemable preference shares | | 368,688,342 | 336,827,185 |
| | | <u>1,036,291,667</u> | <u>1,360,666,667</u> |
| Investment in corporate bonds | | 1,604,860,009 | 1,667,463,862 |
| | | <u>804,410,410</u> | <u>820,569,871</u> |
| | | <u>2,209,290,418</u> | <u>2,808,463,893</u> |

| | 30 June 2022 | | 31 December 2021 | |
|---|--------------------|----------------------|--------------------|----------------------|
| | Cost Taka | Market value Taka | Cost Taka | Market value Taka |
| In ordinary shares - quoted | | | | |
| Bangladesh Electricity Meter Co. Ltd. | 7,300,000 | 4,305,000 | 7,300,000 | 4,305,000 |
| BRAC Bank Ltd. | 30,013,440 | 55,395,530 | 30,013,440 | 30,730,758 |
| Soumi Pharmaceuticals Ltd. | 45,140,735 | 40,462,150 | 45,140,735 | 45,967,350 |
| Grameenphone | 41,487,888 | 34,204,418 | 41,487,888 | 40,647,549 |
| Bangladesh Submarine Cable Company Ltd. | - | - | 33,365,000 | 42,020,000 |
| United Power Generation & Distribution Company Ltd. | 54,742,888 | 48,720,000 | 54,742,888 | 48,845,000 |
| Marico Bangladesh Ltd. | 21,179,289 | 24,210,000 | 21,179,289 | 23,010,000 |
| British American Tobacco Bangladesh Ltd. | 4,883,848 | 8,424,280 | - | - |
| Renata Ltd. | 4,835,958 | 5,362,400 | 4,835,958 | 5,248,000 |
| Dorcon Power Ltd. | 5,035,022 | 5,360,000 | - | - |
| Heidelberg Cement Bangladesh Ltd. | 11,145,746 | 7,051,262 | 11,140,740 | 9,212,296 |
| The City Bank Ltd. | 19,319,625 | 16,486,820 | 19,319,625 | 18,507,031 |
| Eastern Bank Ltd. | 2,635,503 | 2,086,780 | 2,635,503 | 2,895,000 |
| LafargeHolcim Bangladesh Ltd. | 9,793,607 | 8,682,000 | 8,793,607 | 8,245,000 |
| Unilever Consumer Care Ltd. | 22,648,222 | 19,080,900 | - | - |
| Bunimac Pharmaceuticals Ltd. | 20,705,571 | 23,195,000 | - | - |
| | <u>364,086,342</u> | <u>333,704,486</u> | <u>332,327,185</u> | <u>331,426,603</u> |



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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | 30 June 2022 | | 21 December 2021 | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Cost Taka | Market value Taka | Cost Taka | Market value Taka |
| In ordinary shares - unquoted | | | | |
| Quality Feeds Ltd. | 1,800,000 | 1,800,000 | 1,500,000 | 1,500,000 |
| Alliance Bagn Ltd. | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| | 4,800,000 | 4,800,000 | 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 |
| Summit Barisal Power Limited | - | - | 65,000,000 | 65,000,000 |
| Summit Narayanganj Power Unit II Limited | - | - | 72,000,000 | 72,000,000 |
| Ace Alliance Power Limited | - | - | 133,333,333 | 133,333,333 |
| Confidence Power Rangpur Limited | 160,000,000 | 160,000,000 | 160,000,000 | 160,000,000 |
| Confidence Power Bogra Unit-2 Limited | 52,800,000 | 52,800,000 | 60,000,000 | 60,000,000 |
| Summit LNG Terminal Co. (Pvt.) Ltd. | 166,666,667 | 166,666,667 | 166,666,667 | 166,666,667 |
| Summit Gasbar II Power Limited | - | - | 291,666,667 | 291,666,667 |
| City Sugar Industries Limited | 270,000,000 | 270,000,000 | 360,000,000 | 360,000,000 |
| Unipress Newton Composite Textiles Limited | 300,000,000 | 300,000,000 | - | - |
| Confidence Power Bogra Limited | 63,125,000 | 63,125,000 | 85,000,000 | 85,000,000 |
| | 1,034,291,667 | 1,034,291,667 | 1,356,666,667 | 1,356,666,667 |
| In corporate bonds | | | | |
| Golden Harvest Agro Industries Limited | 97,067,000 | 97,067,000 | 96,967,000 | 96,967,000 |
| Paramount Textiles Limited | 7,322,910 | 7,322,910 | 21,362,471 | 21,362,471 |
| The City Bank Limited | 190,000,000 | 190,000,000 | 190,000,000 | 190,000,000 |
| Jamuna Bank Limited | 100,000,000 | 100,000,000 | 100,000,000 | 100,000,000 |
| United Commercial Bank Ltd. | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 |
| Trust Bank Limited | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 |
| | 804,410,410 | 804,410,410 | 820,969,471 | 820,969,471 |
| | 2,208,290,410 | 2,168,536,582 | 2,568,481,833 | 2,637,582,638 |

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

| | Note | 30 June 2022 Taka | 21 December 2021 Taka |
|--|-------|-----------------------|--------------------------|
| 8 Loans, advances and leases | | | |
| Loans, cash credits, overdrafts, etc. | 8.1 | 71,400,306,367 | 65,327,246,603 |
| Bills purchased and discounted | | - | - |
| | | 71,400,306,367 | 65,327,246,603 |
| 8.1 Loans, cash credits, overdrafts, etc. | | | |
| In Bangladesh: | | | |
| Long term loan | 8.1.1 | 29,054,899,695 | 25,587,384,955 |
| Lease finance | | 5,930,862,527 | 5,881,948,377 |
| Short term loan | | 16,548,153,031 | 16,214,228,236 |
| Channel finance | | 4,480,031,500 | 4,143,939,694 |
| Mortgage finance | | 8,696,463,571 | 8,696,053,396 |
| Auto loan | | 4,348,248,267 | 3,660,241,806 |
| Secured retail loan | | 630,460,703 | 475,017,213 |
| Personal loan | | 375,462,570 | 348,830,435 |
| Staff loan | | 210,196,129 | 196,953,153 |
| Consumer White Goods Finance | | 33,359,124 | 34,249,350 |
| | | 71,400,306,367 | 65,327,246,603 |
| Outside Bangladesh | | - | - |
| | | 71,400,306,367 | 65,327,246,603 |



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| | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|--|--------|-----------------------|--------------------------|
| 8.1.1 Gross lease receivables | | 5,175,453,565 | 5,026,463,757 |
| Less: Unearned lease interest income | | (339,972,669) | (825,439,555) |
| Net lease receivables | | 5,296,580,539 | 5,150,974,201 |
| Add: Overdue lease rentals | | 694,301,891 | 710,974,138 |
| | | <u>5,990,882,430</u> | <u>5,861,948,339</u> |
| 8.2 a) Net loans and advances including bills purchased and discounted | | | |
| Total loans and advances receivable | 8 | 71,400,306,307 | 85,327,246,605 |
| Less: Provision against loans and advances (specific and general) | 8.9(b) | 2,122,333,932 | 1,951,585,349 |
| Less: Cumulative balance of interest suspense | 14.2 | 585,133,008 | 644,459,492 |
| | | <u>68,692,839,367</u> | <u>82,731,201,764</u> |
| b) Rate of net classified loans and advances | | | |
| Gross loans and advances | | 71,400,306,307 | 85,327,246,605 |
| Unclassified loans and advances | | 69,475,412,455 | 83,271,065,492 |
| Classified loans and advances | | 2,924,893,852 | 2,056,181,113 |
| Total provision | | 2,122,333,932 | 1,951,585,349 |
| Interest suspense | | 585,133,008 | 644,459,492 |
| Total provision and interest suspense | | 2,707,466,940 | 2,596,044,841 |
| Net classified loans and advances | | 214,426,812 | (539,863,666) |
| Rate of classified loans and advances | | 4.15% | 3.15% |
| Rate of net classified loans and advances | | 0.30% | -0.83% |
| 8.3 Residual maturity grouping of loans and advances including bills purchased and discounted | | | |
| Repayable: | | | |
| On demand | | 5,000,961,414 | 5,889,273,989 |
| Up to one month | | 9,790,567,458 | 9,867,268,374 |
| More than one month but less than three months | | 16,930,914,300 | 13,875,688,464 |
| More than three months but less than one year | | 31,909,894,372 | 27,988,053,793 |
| More than one year but less than five years | | 7,758,266,769 | 5,613,653,055 |
| More than five years | | <u>71,400,306,307</u> | <u>85,327,246,605</u> |



08 DEC 2022


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| Note | 30 June 2022 Taka | 31 December 2021 Taka |
|--|------------------------|--------------------------|
| 8.4 Loans and advances including bills purchased and discounted are classified into the following broad categories | | |
| Loans and advances | | |
| Inside Bangladesh | | |
| Loans and advances | 71,400,306,307 | 65,327,246,605 |
| Cash credit | - | - |
| Secured overdraft | - | - |
| Outside Bangladesh | 71,400,306,307 | 65,327,246,605 |
| Bills purchased and discounted | | |
| Payable in Bangladesh | - | - |
| Payable outside Bangladesh | - | - |
| | <u>71,400,306,307</u> | <u>65,327,246,605</u> |
| 8.5 Loans and advances including bills purchased and discounted on the basis of significant concentration | | |
| Loans and advances to the allied concerns of the directors | - | - |
| Advances to Chief Executive and other Senior Executives | | |
| Managing Director & CEO | 3,714,040 | 4,100,710 |
| Senior Executives (Senior Manager & above) | 102,804,587 | 102,835,347 |
| Other staffs | 103,676,533 | 89,501,069 |
| | <u>210,195,150</u> | <u>196,437,126</u> |
| Advances to customers' group | | |
| Agricultural | 8,212,100,996 | 8,282,144,942 |
| Large corporate | 97,645,427,836 | 34,665,784,790 |
| Small and medium enterprise | 10,710,822,607 | 9,040,815,080 |
| Retail | 14,721,270,748 | 11,136,047,653 |
| Others | - | - |
| | <u>121,290,111,177</u> | <u>63,124,992,465</u> |
| | <u>71,400,306,307</u> | <u>65,327,246,605</u> |
| 8.5.1 Disclosure on large loan | | |
| Loan sanctioned to any individual or enterprise or any organisation of a group, amounting to 15% or more of the Company's total capital and classified amount therein and measures taken for recovery of such loan have been furnished below. Total capital of the Company as at 30 June 2022 was Taka 6,345.39 million against that of Taka 6,353.39 million as at 31 | | |
| Number of client to whom loans and advances sanctioned with more than 15% of the Company's total capital each | <u>4</u> | <u>3</u> |
| Amount of outstanding loans and advances (to the client as mentioned above) | <u>4,127,234,918</u> | <u>3,045,210,696</u> |
| Amount of classified loans and advances (out of the amount as mentioned above) | <u>-</u> | <u>-</u> |
| Measures taken for recovery (for the amount as mentioned above) | <u>-</u> | <u>-</u> |



08 DEC 2022

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IPDC Finance Limited

| | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|--|------|-----------------------|--------------------------|
| 8.6 Industry-wise loans and advances including bills purchased and discounted | | | |
| Agro-based industries | | 5,106,884,710 | 5,121,211,204 |
| Banks and non-banking financial institutions | | 1,041,196,278 | 1,052,961,694 |
| Chemicals, pharmaceuticals and allied products | | 3,777,286,664 | 3,918,804,153 |
| Engineering and building materials | | 7,083,232,088 | 5,316,586,667 |
| Food and allied products | | 3,467,913,353 | 3,839,482,667 |
| Glass, ceramic and other non-metallic products | | 722,454,963 | 1,108,969,006 |
| Hotel, tourism and leisure | | 130,123,636 | 199,174,648 |
| Information and communication technologies | | 1,723,235,844 | 1,115,072,561 |
| Paper converting and packaging, printing and publishing | | 2,343,559,295 | 2,190,036,839 |
| Ready made garments and knitwear | | 7,013,650,311 | 6,328,320,268 |
| Social sector | | 2,539,938,930 | 415,014,860 |
| Tannery, leather and rubber products | | 2,638,298,337 | 391,892,104 |
| Textile | | 3,072,610,308 | 3,579,676,348 |
| Transport and aviation | | 2,022,784,494 | 2,072,893,074 |
| Others | | 27,817,770,220 | 28,775,758,324 |
| | | <u>71,400,366,307</u> | <u>85,327,246,605</u> |
| 8.7 Geographical location-wise loans and advances including bills purchased and discounted | | | |
| Dhaka Division | | 55,843,626,732 | 50,437,841,148 |
| Chittagong Division | | 6,315,109,739 | 6,771,339,309 |
| Khulna Division | | 2,088,523,537 | 1,633,646,526 |
| Rangpur Division | | 1,991,301,977 | 1,378,763,394 |
| Rajshahi Division | | 1,785,161,560 | 1,452,029,742 |
| Sylhet Division | | 619,115,546 | 568,016,522 |
| Bariel Division | | 278,073,569 | 233,588,169 |
| Mymensingh Division | | 939,235,632 | 801,510,369 |
| | | <u>71,400,366,307</u> | <u>85,327,246,605</u> |
| 8.8 Broad economic sector-wise segregation of loans and advances including bills purchased and discounted | | | |
| Government and autonomous bodies | | - | - |
| Bank and non-banking financial institutions | | 1,108,839,695 | 1,052,961,693 |
| Over public sector | | - | - |
| Private sector | | 70,291,496,442 | 84,274,284,912 |
| | | <u>71,400,366,307</u> | <u>85,327,246,605</u> |



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Managing Director & CEO
CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominal Islam
Managing Director & CEO
IPDC Finance Limited

| | 30 June 2022 Taka | 31 December 2021 Taka |
|---|-----------------------|--------------------------|
| 6.9 a) Classification of loans and advances including title purchased and discounted | | |
| Unclassified loans and advances | | |
| Standard-Non CMIME (including staff loans) | 54,148,596,244 | 55,981,880,788 |
| Standard-CMIME | 12,177,578,330 | 13,483,607,438 |
| Standard-Brokerage House/Merchant Banks/Stock Dealers | 1,078,741,073 | 1,038,608,884 |
| Special mention account | 1,070,498,837 | 780,910,634 |
| Total unclassified loans and advances | 58,475,413,484 | 61,271,008,405 |
| Classified loans and advances | | |
| Substandard | 989,313,831 | 938,711,831 |
| Doubtful | 1,046,018,327 | 967,868,554 |
| Bad/loss | 913,983,885 | 850,858,711 |
| Total classified loans and advances | 2,949,316,043 | 2,757,439,096 |
| Total loans and advances | 71,424,729,527 | 64,028,447,501 |

2) Classification and provisioning of loans and advances including title purchased and discounted

| Classification/ status of loans and advances | Amount of outstanding loans and advances as at 30 June 2022 | Loans for provision | Percentage (%) of provision required as per Bangladesh Banks Ordinance | 30 June 2022 Taka | 31 December 2021 Taka |
|---|---|---------------------|--|----------------------|--------------------------|
| Unclassified loans and advances | | | | | |
| General provision | | | | | |
| Standard-Non CMIME (including staff loans) | 54,148,596,244 | 54,148,596,244 | 1.00% | 541,485,962 | 559,818,881 |
| Standard-CMIME | 12,177,578,330 | 12,177,578,330 | 0.25% | 30,443,940 | 33,706,196 |
| Standard-Brokerage House/Merchant Banks/Stock Dealers | 1,078,741,073 | 1,078,741,073 | 2.00% | 21,574,821 | 20,772,171 |
| Special mention account | 1,070,498,837 | 995,855,871 | 5.00% | 49,843,274 | 39,885,903 |
| | 58,475,413,484 | 68,423,771,517 | | 643,348,000 | 634,123,151 |
| Specific provision | | | | | |
| Sub-standard | 989,313,831 | 989,313,831 | 20.00% | 197,862,762 | 187,742,366 |
| Doubtful | 1,046,018,327 | 998,050,389 | 50.00% | 504,309,162 | 493,934,277 |
| Bad/loss | 913,983,885 | 913,983,885 | 100.00% | 913,983,885 | 850,858,711 |
| | 2,949,316,043 | 2,901,348,105 | | 1,616,155,809 | 1,532,535,354 |
| Provision required | | | | 1,718,622,787 | 1,613,126,710 |
| Special provision | | | | 80,948,339 | 93,548,339 |
| Additional provision as per regulator requirement* | | | | 78,352,201 | 86,427,222 |
| Total provision required | | | | 1,877,923,327 | 1,793,102,271 |
| Total provision maintained | | | | 1,877,923,327 | 1,801,885,345 |
| Total provision surplus | | | | 229,410,624 | 288,783,074 |

* As per DFM circular letter no 33 dated 18 December 2021, 2% additional provision has been reserved against accounts availing deferred facility amounting BDT 30,948,339

** In reference to the letter issued by Bangladesh Bank the provision associated with above loan accounts is not to be released after reschedule of the accounts. Accordingly provision amounting to BDT 78,352,201 has been kept as additional provision as per regulator requirement.



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| | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|--|---|-----------------------|--------------------------|
| 8.10 | Particulars of loans and advances including bills purchased and discounted | | |
| Loans considered good in respect of which the Company is fully secured | | 16,187,890,028 | 16,595,340,480 |
| Loans considered good for which the Company holds no other security other than the debtor's personal guarantee | | 26,393,685,207 | 22,404,669,898 |
| Loans considered good and secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor | | 28,247,333,772 | 28,247,333,772 |
| Loans adversely classified, provision not maintained there against | | <u>71,055,954,307</u> | <u>66,327,244,828</u> |
| Loans due to directors or officers of the Company or any of them either separately or jointly with any other persons * | | <u>210,195,129</u> | <u>186,033,163</u> |
| Loans due from companies or firms in which the directors of the Company have interests as directors, partners or managing agents or in the case of private companies as members | | <u>-</u> | <u>-</u> |
| Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Company or any of them either separately or jointly with any other persons * | | <u>30,665,961</u> | <u>120,190,402</u> |
| Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Company have interests as directors, partners or managing agents or in the case of private companies as members | | <u>-</u> | <u>-</u> |
| Due from other Non-Banking Financial Institutions (NBFI) | | <u>12,225,538</u> | <u>808,713,475</u> |
| Amount of classified loans and advances on which interest has not been charged to profit & loss account | | <u>2,524,403,892</u> | <u>1,837,433,738</u> |
| (Decrease)/Increase in specific provision | | <u>215,659,587</u> | <u>845,658,094</u> |
| Amount of loans and advances written off during the year | | <u>-</u> | <u>-</u> |
| Amount received against loans and advances previously written off | | <u>12,614,805</u> | <u>9,253,787</u> |
| Amount of provision kept against loans and advances classified as bad debts on the date of preparing the balance sheet | | <u>904,673,213</u> | <u>941,289,707</u> |
| Interest credited to the interest suspense account during the year | | <u>981,293,022</u> | <u>647,595,036</u> |
| * Amount repaid to staff as employees of the Company only. | | | |
| 8.11 | a) Cumulative amount of written off loan | | |
| Opening balance | | 298,096,028 | 343,827,989 |
| Add: Amount written off during the year | | <u>-</u> | <u>-</u> |
| Less: Adjustment/recovered during the year | | <u>298,096,028</u> | <u>343,827,989</u> |
| Less: Adjustment/recovered during the year | | <u>12,614,805</u> | <u>9,253,787</u> |
| b) Amount of written off loan for which loaned has been filed for its recovery | | <u>298,096,028</u> | <u>343,827,989</u> |
| 8 | Fixed assets (including land, building, furniture and fixture) | | |
| Land | | 276,435,033 | 276,435,033 |
| Building | | 60,474,787 | 60,474,787 |
| Motor vehicles | | 60,013,115 | 60,013,115 |
| Furniture and fixture | | 67,961,430 | 66,624,232 |
| Equipment and appliances | | 276,636,323 | 287,557,124 |
| Software | | 188,622,700 | 166,512,275 |
| ROU Assets for lease rent | | <u>171,050,585</u> | <u>173,016,595</u> |
| Less: Accumulated depreciation and amortisation | | <u>921,860,580</u> | <u>437,663,822</u> |
| Capital work in progress | | <u>28,109,025</u> | <u>17,603,119</u> |
| Details are shown in Annexure -A | | <u>738,676,324</u> | <u>788,845,147</u> |

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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|--|--------|----------------------|--------------------------|
| 10 Other assets | | | |
| Investments, securities, other assets | | | |
| Stationery, stamps, printing materials in stock | | 3,675,834 | 2,587,662 |
| Advance rent and advertisement | | 6,525,063 | 6,528,063 |
| Accrued interest, commission, brokerage, and other income receivables | | 127,073,183 | 98,357,796 |
| Security deposits | | 11,363,220 | 10,747,686 |
| Prepaid expenses | | 6,349,366 | 5,107,384 |
| Others | 10.1 | 2,086,010,583 | 1,727,762,877 |
| | | 2,242,991,439 | 1,971,083,184 |
| 10.1 Others | | | |
| Advance tax | 10.1.1 | 1,608,660,797 | 1,542,267,149 |
| Deferred tax assets | 10.1.2 | 45,400,694 | 43,630,329 |
| Surplus assets | 10.1.3 | 183,863,411 | 141,865,211 |
| | | 1,837,924,902 | 1,727,762,689 |
| 10.1.1 Advance tax | | | |
| Opening balance | | 1,542,267,143 | 1,484,089,288 |
| Payments made during the year/period | | 217,763,616 | 373,234,674 |
| Adjustment made during the year/period | | 1,608,660,797 | 1,437,203,842 |
| | | 1,933,164,324 | 1,543,057,704 |
| Advance payment of tax represents corporate income tax paid to the Government Bangladesh by way of advance tax under section 64 and tax deducted at source from different heads of income deducted by the third parties and tax paid under section 76 and other sections 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: | | | |
| Deductible temporary differences | | | |
| (i) Deferred tax asset on gratuity provision | | | |
| Carrying amount at balance sheet date | | 23,575,038 | 21,396,672 |
| Tax base | | - | - |
| Net deductible temporary differences | | 23,575,038 | 21,396,672 |
| Tax rate | | 37.50% | 37.50% |
| Deferred tax asset on gratuity provision | | 8,854,237 | 8,023,756 |
| (ii) Deferred tax asset on liabilities for lease rental | | | |
| Carrying amount at balance sheet date | | 82,426,362 | 64,347,660 |
| Tax base | | - | - |
| Net deductible temporary differences | | 82,426,362 | 64,347,660 |
| Tax rate | | 37.50% | 37.50% |
| Deferred tax asset on liabilities for lease rental | | 30,910,143 | 24,330,271 |
| (iii) Deferred tax asset on furniture, fixture, equipment and software | | | |
| Tax base | | 280,024,616 | - |
| Carrying amount at balance sheet date | | 275,006,621 | - |
| Net deductible temporary differences | | 5,018,000 | - |
| Tax rate | | 37.50% | - |
| Deferred tax asset on furniture, fixture, equipment and software | | 1,881,750 | - |
| Total deferred tax assets (i+ii+iii) | | 11,646,130 | 12,354,027 |
| Movement of deferred tax assets is as follows: | | | |
| Opening balance | | 43,630,329 | 3,982,006 |
| Income/(expense) during the period charged to retained earnings | | - | 7,432,758 |
| Income/(expense) during the period charged to profit and loss | | 1,835,471 | 20,214,519 |
| Closing balance | | 45,465,800 | 31,629,283 |
| 10.1.3 Surplus assets | | | |
| City corporation tax | | - | 124,740 |
| Home Centre Owners' Society | | 677,067 | 677,067 |
| Advance and other receivables | | 183,286,344 | 141,383,004 |
| | | 183,963,411 | 142,184,811 |
| 11 Non banking assets | | 1,738,406 | 1,738,406 |
| This represents the mortgaged property (land) acquired from a default customer by virtue of vendor given by the competent court and ownership has been transferred in favor of the Company. The land is located in the name of The Company. | | | |


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| | | 30 June 2022 | 31 December 2021 |
|--|------|-----------------------|-----------------------|
| | Taka | Taka | Taka |
| 12 Borrowings from other banks, financial institutions and agents | | | |
| In Bangladesh | 12.1 | 13,345,414,345 | 10,495,832,828 |
| Outside Bangladesh | | | |
| | | <u>13,345,414,345</u> | <u>10,495,832,828</u> |
| 12.1 In Bangladesh | | | |
| Long term loan | | | |
| Unsecured long term loan | | 5,884,245,141 | 4,150,897,584 |
| Borrowing under Refinance Project | | <u>5,884,245,141</u> | <u>4,150,897,584</u> |
| Secured long term loan | | | |
| Meghna Bank Limited | | 185,876,185 | 185,391,828 |
| SABIC Bank Limited | | 48,827,113 | 75,228,788 |
| Total long term loan | | <u>6,098,952,439</u> | <u>4,411,518,199</u> |
| Short term loan | | | |
| Unsecured short term loan | | 1,000,000,000 | - |
| BRAC Bank Limited | | - | 100,000,000 |
| Dhaka Bank Limited | | 300,000,000 | 1,300,000,000 |
| Bank Asia | | - | - |
| NCC Bank Limited | | 1,000,000,000 | - |
| The City Bank | | - | 200,000,000 |
| Purol Bank Limited | | 300,000,000 | - |
| Padma Bank Limited | | 200,000,000 | - |
| Meghna Bank Limited | | <u>2,300,000,000</u> | <u>1,600,000,000</u> |
| Secured short term loan | | | |
| Standard Chartered Bank | | 1,000,000,000 | 1,300,000,000 |
| Barren Bank Limited | | 490,000,000 | 1,080,000,000 |
| Total short term loan | | <u>1,490,000,000</u> | <u>2,380,000,000</u> |
| Zero Coupon Bond | | | |
| Unsecured | | 181,355,353 | 284,791,822 |
| Zero Coupon Bond | | <u>181,355,353</u> | <u>284,791,822</u> |
| Subordinated Bonds | | | |
| Unsecured | | 710,000,000 | 780,000,000 |
| Subordinated Bonds | | <u>710,000,000</u> | <u>780,000,000</u> |
| Bank overdraft | | | |
| Secured | | | |
| Private Bank Limited | | 600,991 | - |
| Dhaka Bank Limited | | 208,052,312 | 414,282,410 |
| Vicent Bank Limited | | 153,726,996 | 153,333,026 |
| Bank Al-Falah Limited | | 179,012,015 | 130,548,480 |
| Muktel Trust Bank Limited | | - | 181,791,587 |
| United Commercial Bank Limited | | - | - |
| IFC Bank Limited | | 871,336 | - |
| Standard Bank Limited | | 358,040,000 | - |
| Uttara Bank Limited | | <u>211,002,222</u> | <u>830,653,503</u> |
| Money at call and short notice | | | |
| Unsecured | | | |
| Sinai Bank Limited | | - | 150,000,000 |
| United Commercial Bank Limited | | 280,000,000 | 384,000,000 |
| Agrom Bank Limited | | 280,000,000 | - |
| Padma Bank Limited | | 280,000,000 | - |
| Jinnah Bank Limited | | <u>840,000,000</u> | <u>534,000,000</u> |
| | | <u>13,845,414,345</u> | <u>10,495,832,828</u> |



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| | Note | 30 June 2022 | 31 December 2021 |
|--|-------|-----------------------|-----------------------|
| | | Taka | Taka |
| 12.2 Security against borrowings from other banks and financial institutions | | | |
| Secured | | 2,413,798,810 | 3,280,233,500 |
| Unsecured | | 10,839,618,834 | 7,235,989,004 |
| | | <u>13,253,417,644</u> | <u>10,516,222,504</u> |
| Secured loans are covered by first equitable mortgage of all present and future immovable properties and by floating charges on movable assets of the Company ranking pari-passu among the lenders and less against Fixed Deposit Receipt. | | | |
| 12.3 Residual maturity grouping of borrowings from other banks, financial institutions and agents | | | |
| Repayable: | | | |
| On demand | | 580,000,000 | 580,000,000 |
| Within one month | | 3,354,213,491 | 2,031,673,027 |
| Over one month but within three months | | 774,287,038 | 1,086,300,881 |
| Over three months but within one year | | 3,176,393,745 | 3,305,487,893 |
| Over one year but within five years | | 5,214,380,560 | 4,017,180,028 |
| Over five years | | 180,000,000 | 387,000,000 |
| | | <u>13,253,417,644</u> | <u>10,516,222,504</u> |
| 13 Deposits and other accounts | | | |
| Term Deposits | 13.1 | 40,564,506,840 | 47,857,546,136 |
| FDI from Banks & NBFIs | | 11,210,000,000 | 11,365,000,000 |
| Other deposits | | 679,895,185 | 587,716,802 |
| | | <u>52,454,401,925</u> | <u>59,808,262,938</u> |
| 13.1 Term deposits | | | |
| Product wise break-up of term deposit | | | |
| Annual Profit Scheme | | 6,637,731,391 | 9,206,761,006 |
| Half Yearly Profit Scheme | | 1,181,018,122 | 3,045,175,120 |
| Quarterly Profit Scheme | | 4,805,008,045 | 3,502,361,128 |
| Monthly Profit Scheme | | 743,332,630 | 681,678,689 |
| Cumulative Profit Scheme | | 31,733,500,000 | 30,758,341,992 |
| Fixed Deposit FDR GEN | | <u>48,961,680,188</u> | <u>47,805,498,935</u> |
| 13.2 Residual maturity grouping of deposits and other accounts | | | |
| Repayable: | | | |
| On demand | | 5,871,820,439 | 7,161,403,051 |
| Within one month | | 10,700,086,339 | 10,787,886,524 |
| Over one month but within six months | | 13,635,711,764 | 12,285,086,249 |
| Over six months but within one year | | 12,030,800,728 | 11,684,763,863 |
| Over one year but within five years | | 10,784,020,882 | 16,477,143,252 |
| Over five years but within ten years | | <u>58,724,459,152</u> | <u>58,407,282,949</u> |
| There was no undeposited deposits for ten (10) years and more held by the Company at the reporting date. | | | |
| 14 Other liabilities | | | |
| Cumulative provision for loans, advances, investments | 14.1 | 3,100,553,804 | 1,090,196,677 |
| Cumulative provision for off-balance sheet items | | 250,068 | 358,678 |
| Cumulative provision for other assets | | 18,550,808 | 12,550,808 |
| Other provisions | | 55,500,000 | 36,500,000 |
| Cumulative interest and dividend suspense | 14.2 | 891,361,502 | 617,066,026 |
| Net defined benefit obligation - employees' gratuity fund | 14.3 | 23,870,000 | 21,388,872 |
| Provision for corporate tax | 14.4 | 2,782,839,038 | 3,418,525,572 |
| Deposit against taxes | 14.5 | 616,811,154 | 428,447,837 |
| Payable interest expense for finance charge | 14.6 | 1,683,885,189 | 1,610,007,203 |
| Withholding tax and VAT | | 13,780,888 | 112,700,636 |
| Liabilities for special accounts | 14.7 | 723,256,790 | 263,600,887 |
| Payable for expenses | 14.8 | 111,276,305 | 111,504,384 |
| Deferred tax liabilities | 14.9 | 87,207,255 | 77,271,614 |
| Amount payable for purchase of fixed asset | | 11,786,488 | 22,038,106 |
| Accrued interest on subordinated bonds | | 17,200,400 | 17,880,000 |
| Accrued interest on term deposit bond | | 4,666,840 | 7,554,603 |
| Liability for lease rental | 14.10 | 70,086,875 | 84,347,000 |
| Unclaimed dividend/amount/dividend payable | 14.11 | 9,038,230 | 1,823,309 |
| | | <u>8,900,308,187</u> | <u>7,778,647,426</u> |

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| | Note | 30 June 2022 | 31 December 2021 |
|--|--------|----------------------|----------------------|
| | | Taka | Taka |
| 14.1 Cumulative provision for loans, advances, investments | | | |
| Specific provision for classified loans, advances | 14.1.1 | 1,077,824,887 | 881,238,240 |
| General provision against unclassified loans and advances | 14.1.2 | 1,046,405,293 | 1,095,328,780 |
| Provision for investments | 14.1.3 | 73,315,872 | 43,810,338 |
| | | <u>2,197,545,052</u> | <u>1,999,377,358</u> |
| 14.1.1 Specific provision for classified loans, advances | | | |
| Opening balance | | 891,238,106 | 214,895,918 |
| Specific provision made/(release) for the period | 38 | 276,686,781 | 646,888,294 |
| Fully provided debt withdrawn during the period | | | |
| Closing balance (1) | | <u>1,167,924,887</u> | <u>861,784,212</u> |
| 14.1.2 General provision against unclassified loans and advances | | | |
| Opening balance | | 1,000,324,268 | 1,083,891,349 |
| Provision made during the period / year | 38 | 140,821,025 | 26,475,720 |
| Adjustment during the period / year | | 1,041,459,388 | 1,095,328,780 |
| Closing balance (2) | | <u>2,182,604,681</u> | <u>2,205,695,849</u> |
| 14.1.3 Provision for investments | | | |
| Opening balance | | 43,810,338 | 36,821,818 |
| Provision made for investments during the period / year | | 36,073,089 | 17,556,260 |
| Provision released from investments during the period / year | | (18,965,549) | (23,570,280) |
| Year provision made/(released) during the period / year | 38 | 23,107,549 | 13,985,980 |
| Closing balance | | <u>73,315,872</u> | <u>43,810,338</u> |
| Total specific and general provision of loans, advances and investments | | <u>2,197,545,052</u> | <u>1,999,377,358</u> |
| Breakdown of cumulative provision for loans, advances and investments: | | | |
| Provision for loans, advances and leases | | 2,122,333,932 | 1,951,888,348 |
| Provision for investments in equity | | 70,216,972 | 40,810,338 |
| Provision for marking to market of Govt. securities | | <u>4,995,140</u> | <u>7,678,672</u> |
| 14.2 Cumulative interest and dividend suspense | | | |
| Interest suspense against loans and advances | | 388,133,058 | 654,458,492 |
| Dividend suspense against investment in redeemable preference shares | | 6,527,814 | 2,128,824 |
| | | <u>394,660,872</u> | <u>656,587,316</u> |
| 14.3 Net defined benefit obligation - employees' gratuity fund | | | |
| Non defined benefit obligation - employees' gratuity fund | | | |
| Defined benefit obligation | | 147,014,558 | 132,745,456 |
| Less: Fair value of plan assets | | <u>(23,139,885)</u> | <u>(110,796,884)</u> |
| | | <u>123,874,673</u> | <u>21,948,572</u> |
| Defined benefit obligation - gratuity fund | | | |
| Defined benefit obligation as on 1 January | | 152,746,458 | 98,260,814 |
| Current service cost | | 15,373,520 | 27,306,274 |
| Interest Cost | | 5,044,985 | 7,240,179 |
| Actual net benefits payments | | (1,362,078) | (8,281,733) |
| Remeasurement gain/(loss) | | 14,787,700 | 11,187,821 |
| Defined benefit obligation as on 31 December | | <u>184,510,685</u> | <u>134,713,555</u> |
| Fair value of plan assets - gratuity fund | | | |
| Fair value of plan assets as on 1 January | | 110,746,594 | 83,287,261 |
| Interest income on plan assets | | 4,208,370 | 8,481,833 |
| Actual employee contributions | | 12,773,005 | 24,288,201 |
| Actual net benefits payments | | (1,362,078) | (8,281,733) |
| Remeasurement gain/(loss) on plan assets | | 14,787,700 | 11,187,821 |
| Fair value of plan assets as on 31 December | | <u>141,153,591</u> | <u>119,783,582</u> |
| Remeasurement gain/(loss) of defined benefits liability/assets | | | |
| Remeasurement gain/(loss) on plan assets | | (4,275,303) | 2,898,952 |
| Remeasurement gain/(loss) on defined benefit obligation | | 158,375 | (11,187,821) |
| | | <u>228,390</u> | <u>(8,288,869)</u> |
| 14.3.3 Deferred tax expense/(income) | | <u>548,382</u> | <u>(5,142,043)</u> |


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Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | Rate | 30 June 2022 Taka | 31 December 2021 Taka |
|--|---------------|----------------------------------|--------------------------|
| 14.3.1 Plan assets | | | |
| Cash in bank | | 25,265,218 | 54,999,427 |
| Investments | | 96,128,500 | 50,005,390 |
| Accrued interest | | 1,748,381 | 795,181 |
| | | <u>123,142,100</u> | <u>105,800,000</u> |
| 14.3.2 Principal actuarial assumptions | | | |
| Discount rate and expected rate of return on plan assets | 7.52% | | 7.50% |
| Expected rate of withdrawal of service | 0.90% | | 0.90% |
| 14.3.3 Sensitivity analysis | | | |
| Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below | | | |
| | | 30 June 2022 | |
| Discount rate (approximate 1% movement) | | 6,025 | 27,525 |
| Effect in taka | | <u>123,142,100</u> | <u>105,800,000</u> |
| 14.4 Provision for corporate tax | | | |
| Provision for current tax has been made on the basis of the profit for the period as adjusted for taxation purposes in accordance with Income Tax Ordinance, 1984 and amendments thereto. Current tax rate for the Company is 37.5% on its business income. | | | |
| Opening balance | | 2,419,525,072 | 2,092,538,600 |
| Provision made during the period/year | | 353,913,988 | 621,842,272 |
| Adjustment made during the period for completed assessments | | 2,792,608,058 | 2,714,525,271 |
| Closing balance | | <u>5,566,047,118</u> | <u>5,428,906,143</u> |
| Assessment against year 2013 is pending at the honorable High Court, received appeal order from Tax Appellate Tribunal and revised demand notice from Tax authority based on appeal order from Tax Appellate Tribunal and IPOC has made payment due fee based on revised demand notice and applied for tax clearance certificate for year 2016. Assessment against year 2017 is pending at Tax Appellate Tribunal and assessment against year 2018 is pending at Commissioner of Taxes (Appeal) under the Income Tax Ordinance, 1984. The additional demand of income tax for these pending years are disputed by the Company and there are reasonable grounds to believe that on ultimate settlement of these pending tax assessments, there shall be no additional provision required. | | | |
| 14.4.1 Reconciliation of effective tax rate | | | |
| | | From January to June 2022 | |
| Profit before income tax as per profit and loss account | | 792,116,200 | |
| Income tax as per applicable tax rate | 37.50% | 297,043,231 | |
| Factors affecting the tax charged in current year | | | |
| On non deductible expenses | 10.57% | 83,735,401 | |
| Tax exempted income (on govt. treasury securities) | -0.25% | (1,990,195) | |
| Tax savings from reduced tax rates (on dividend income) | -1.38% | (10,521,834) | |
| Tax savings from reduced tax rates (capital gain from listed equity) | -0.54% | (4,247,191) | |
| Tax savings on deferred dividend income | -0.04% | (328,222) | |
| Total income tax expense | <u>46.87%</u> | <u>383,679,886</u> | |
| | | From January to June 2021 | |
| Profit before income tax as per profit and loss account | | 782,573,788 | |
| Income tax as per applicable tax rate | 37.50% | 291,465,168 | |
| Factors affecting the tax charged in current year | | | |
| On non deductible expenses | 10.50% | 82,068,293 | |
| Tax exempted income (on govt. treasury securities) | -0.05% | (5,754,013) | |
| Tax savings from reduced tax rates (on dividend income) | -1.85% | (14,483,990) | |
| Tax savings from reduced tax rates (capital gain from listed equity) | | | |
| Total income tax expense | <u>40.81%</u> | <u>363,688,480</u> | |
| 14.5 Deposit against lease | | | |
| Opening balance | | 436,447,937 | 366,614,375 |
| Received during the period | | 112,845,016 | 220,594,394 |
| Adjusted during the period | | (548,287,502) | (520,420,021) |
| Closing balance | | <u>101,005,451</u> | <u>666,788,748</u> |
| Deposit against lease represent lease deposits received from lessees against finance on the allegation that the amount will be adjusted with the outstanding rental payments. Purpose of taking lease deposits is to secure the finance provided to the lessees. No interest is payable on lease deposits. | | | |

08 DEC 2022



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samuel Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|---|------|----------------------|--------------------------|
| 14.6 Payable interest expenses for finance charge | | | |
| Accrued interest expenses on term deposits | | 1,813,583,824 | 1,681,807,378 |
| Accrued interest expenses on secured overdraft | | 3,535,306 | - |
| Accrued interest expenses on long term borrowings | | 22,242 | 22,242 |
| Accrued interest expenses on short term borrowings | | 21,405,566 | 5,140,472 |
| Accrued interest expenses on Repo from inter bank | | - | - |
| Accrued interest expenses on call borrowings | | 430,417 | 160,278 |
| Accrued interest expense on reference project | | 25,738,855 | 25,116,832 |
| | | <u>1,884,664,105</u> | <u>1,812,087,230</u> |
| 14.7 Liabilities for special accounts | | | |
| Account payable special account - IPO | | 1,116,368 | 1,116,368 |
| Account payable special account - DLU | | 10,935,225 | 10,753,635 |
| Account payable special account - other | | 731,185,184 | 191,766,285 |
| | | <u>733,236,787</u> | <u>293,636,297</u> |
| 14.8 Payable for expenses | | | |
| Legal expenses | | 53,507,732 | 15,776,679 |
| Office services | | 45,066,281 | 26,857,068 |
| Promotion and publicity | | 58,435,844 | 47,364,938 |
| Professional fees | | 2,516,789 | 3,563,223 |
| Audit fees | | 633,297 | 1,222,683 |
| | | <u>115,679,943</u> | <u>114,384,598</u> |
| 14.9 Deferred tax liabilities | | | |
| (i) Deferred tax liability on furniture, fixtures, equipment and software | | | |
| Carrying amount at balance sheet date | | - | 295,585,822 |
| Tax base | | - | 295,497,437 |
| Net taxable temporary differences | | - | 8,088,385 |
| Tax rate | | 37.50% | 37.50% |
| Deferred tax liability on furniture, fixtures, equipment and software | | - | <u>1,833,512</u> |
| (ii) Deferred tax liability on building | | | |
| Carrying amount at balance sheet date | | 81,154,974 | 82,464,883 |
| Tax base | | 81,154,974 | 82,464,883 |
| Net taxable temporary differences | | - | 13,119,794 |
| Tax rate | | 37.50% | 37.50% |
| Deferred tax liability on building | | - | <u>3,119,723</u> |
| Revaluation reserve on land | | 272,434,000 | 272,434,000 |
| Tax rate | | 3.25% | 3.25% |
| Deferred tax liability on land revaluation | | <u>8,954,105</u> | <u>8,954,105</u> |
| Total deferred tax liabilities on building and land revaluation | | <u>8,954,105</u> | <u>12,073,828</u> |
| (iii) Deferred tax liability on dividend receivables | | | |
| Carrying amount at balance sheet date | | 1,031,158 | 1,470,500 |
| Tax base | | 1,031,158 | 1,470,500 |
| Net taxable temporary differences | | - | 439,342 |
| Tax rate | | 37.50% | 37.50% |
| Deferred tax liability on dividend receivables | | - | <u>164,753</u> |
| (iv) Deferred tax liability on rights of use assets (ROU) | | | |
| Carrying amount at balance sheet date | | 75,667,037 | 82,523,573 |
| Tax base | | 75,667,037 | 82,523,573 |
| Net taxable temporary differences | | - | 6,856,536 |
| Tax rate | | 37.50% | 37.50% |
| Deferred tax liability on rights of use assets (ROU) | | - | <u>2,581,241</u> |
| Total deferred tax liability (i+ii+iii+iv) | | <u>8,954,105</u> | <u>15,819,351</u> |
| Movement of deferred tax liabilities is as follows: | | | |
| Opening balance | | 77,271,614 | 65,777,686 |
| Less: Credited to asset revaluation reserve | | 420,676 | 1,098,174 |
| Expense/(income) during the period / year | | (8,954,105) | 82,523,182 |
| Closing balance | | <u>67,896,833</u> | <u>147,202,694</u> |



08 DEC 2022


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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | Note | 30 June 2022 Taka | 31 December 2021 Taka |
|--|------|----------------------|--------------------------|
| 14.10 Liability for lease rental | | | |
| Not later than one month | | 2,080,808 | 2,471,718 |
| Later than one month and not later than three months | | 5,997,139 | 6,696,069 |
| Later than three months and not later than one year | | 14,551,324 | 18,800,230 |
| Later than one year and not later than five years | | 55,506,280 | 50,647,347 |
| More than five years | | 2,148,824 | 12,834,485 |
| | | 79,284,375 | 91,449,850 |
| 14.11 Unclaimed dividend account/dividend payable | | | |
| Aging analysis of unclaimed dividend account/dividend payable | | | |
| Up to 3 years | | 8,803,205 | 7,823,309 |
| Over 3 years but less than 5 years | | 330,000 | - |
| 5 years and above | | - | - |
| | | 9,133,205 | 7,823,309 |
| As a NDFI, IPDC Finance Limited prepares and presents its financial statements as per DFMA Circular (Ref. No. DFMA Circular no-11) dated December 23, 2009, where dividend payable are shown in other liabilities. | | | |
| 15 Share capital | | | |
| Authorized 800,000,000 ordinary shares of Taka 10 each | | 8,000,000,000 | 8,000,000,000 |
| Issued, subscribed and fully paid up 371,881,847 (2021: 371,001,347) ordinary shares of Tk 10 each | | 3,718,818,470 | 3,710,013,470 |

15.1 Given below the history of raising of share capital of IPDC Finance Limited

| Year of allotment | Particulars of allotment | Number of Shares | | Paid up Shares (Cumulative) | Amount of Shares Capital (BOT) | Amount of Shares Capital (BOT) (Cumulative) |
|-------------------|---|------------------|-------------|--------------------------------|-----------------------------------|---|
| | | Bonus | Cash | | | |
| 1991 | Final Subscription to the memorandum & Articles of association at the time of incorporation * | - | 50 | 50 | 500 | 500 |
| 1992 | Subscription | - | 8,000,960 | 8,001,500 | 80,015,000 | 80,515,000 |
| 1993 | 10% Bonus Dividend | 80,015,000 | - | 80,816,500 | 808,165,000 | 888,165,000 |
| 2004 | Subscription | - | 8,821,455 | 89,697,955 | 896,979,550 | 1,785,144,550 |
| 2006 | SPC | - | 18,800,000 | 108,497,955 | 1,084,979,550 | 2,870,124,000 |
| 2007 | 10% Bonus Dividend | 3,985,670 | - | 112,483,625 | 1,124,836,250 | 3,995,060,250 |
| 2008 | 10% Bonus Dividend | 6,479,640 | - | 118,963,265 | 1,189,632,650 | 5,184,692,900 |
| 2009 | 10% Bonus Dividend | 7,286,610 | - | 126,249,875 | 1,262,498,750 | 6,447,191,650 |
| 2010 | 10% Bonus Dividend | 7,639,160 | - | 133,889,035 | 1,338,889,050 | 7,786,080,700 |
| 2011 | 10% Bonus Dividend | 8,503,570 | - | 142,392,605 | 1,423,926,050 | 9,209,996,750 |
| 2012 | 10% Bonus Dividend | 9,465,380 | - | 151,857,985 | 1,518,579,850 | 10,728,576,600 |
| 2013 | 10% Bonus Dividend | 10,413,820 | - | 162,271,805 | 1,622,718,050 | 12,351,294,650 |
| 2014 | 10% Bonus Dividend | 11,457,270 | - | 173,729,075 | 1,737,290,750 | 14,088,585,400 |
| 2015 | 20% Bonus Dividend | 11,477,270 | - | 185,206,345 | 1,852,063,450 | 15,940,648,850 |
| 2016 | 20% Bonus Dividend | 23,250,290 | - | 208,456,635 | 2,084,566,350 | 17,925,215,200 |
| 2017 | 20% Bonus Dividend | 33,653,110 | - | 242,109,745 | 2,421,097,450 | 20,346,312,650 |
| 2018 | 20% Bonus Dividend | 36,357,130 | - | 278,466,875 | 2,784,668,750 | 23,130,981,400 |
| 2019 | 8% Bonus Dividend | 17,482,400 | - | 295,949,275 | 2,959,492,750 | 26,090,474,150 |
| 2019 | 1,200 Right Share | - | 117,888,840 | 413,838,115 | 4,138,381,150 | 30,228,855,300 |
| 2020 | 1% Bonus Dividend | 17,693,020 | - | 431,531,135 | 4,315,311,350 | 34,544,166,650 |

Paid up capital as at 30 June 2022 is made up of 143,808,343 ordinary shares paid up in cash and 227,583,307 ordinary shares through issuance of bonus shares.

15.2 Paid up capital of the company is held as follows

| | 30 June 2022 Taka | 31 December 2021 Taka |
|---|----------------------|--------------------------|
| Domestic | | |
| Government of the People's Republic of Bangladesh (GoB) | 871,930,100 | 811,822,100 |
| BRAC | 827,728,630 | 827,728,630 |
| Ayazul Alam Foundation | 371,881,320 | 371,881,320 |
| NSA Capital Limited | 183,543,740 | 183,543,740 |
| Rumong Securities Limited | 299,311,300 | 299,311,300 |
| General shareholders | 1,116,828,380 | 1,116,828,380 |
| | 3,719,215,470 | 3,710,013,470 |




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15.3 Member of ordinary shares and percentage of holding are as follows:

Sponsor shareholders

| | 30 June 2022 | | 31 December 2021 | |
|----------------------------|--------------|--------------|------------------|--------------|
| | Number | % of holding | Number | % of holding |
| Local sponsors | | | | |
| Domestic | | | | |
| BRAC | 62,772,883 | 25.00% | 62,772,883 | 25.00% |
| Uda | 61,183,210 | 21.88% | 61,183,210 | 21.88% |
| Aysha Abed Foundation | 37,108,182 | 12.00% | 37,108,182 | 12.00% |
| NSA Capital Limited | 16,054,274 | 6.00% | 16,054,274 | 6.00% |
| Bloodip Securities Limited | 28,821,183 | 8.04% | 28,821,183 | 8.04% |
| | 205,937,632 | 83.92% | 205,937,632 | 83.92% |
| General Shareholders | 113,605,336 | 30.08% | 113,605,336 | 30.08% |
| | 113,605,336 | 30.08% | 113,605,336 | 30.08% |
| | 319,543,968 | 100.00% | 319,543,968 | 100.00% |

15.4 Composition of shareholding is as follows:

| | 30 June 2022 | | 31 December 2021 | |
|---|--------------|--------------|------------------|--------------|
| | Number | % of holding | Number | % of holding |
| Institutional shareholding (including Gilt) | 298,431,161 | 86.40% | 314,602,721 | 84.19% |
| Individual shareholding | 72,605,360 | 15.00% | 60,489,000 | 15.00% |
| | 371,036,521 | 100.00% | 375,091,721 | 100.00% |

15.5 Classification of shareholders by holding

| Number of shares | No. of shareholders | No. of shares | % of holding |
|-----------------------------|---------------------|---------------|--------------|
| 1 to 100 shares | 3,618 | 280,404 | 0.17% |
| 501 to 5,000 shares | 1,648 | 3,184,273 | 0.84% |
| 5,001 to 10,000 shares | 271 | 2,587,906 | 0.81% |
| 10,001 to 20,000 shares | 207 | 3,103,272 | 0.84% |
| 20,001 to 30,000 shares | 78 | 1,889,687 | 0.59% |
| 30,001 to 40,000 shares | 66 | 1,279,164 | 0.39% |
| 40,001 to 50,000 shares | 48 | 2,110,880 | 0.57% |
| 50,001 to 1,00,000 shares | 55 | 4,386,112 | 1.17% |
| 1,00,001 to 1,00,000 shares | 52 | 38,271,620 | 9.78% |
| over 1,00,000 | 11 | 323,442,172 | 87.16% |
| Total | 4,878 | 371,036,521 | 100.00% |

The shares are listed in both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. since 03 December 2009 and order in Tk. 82.70 and Tk. 98.50 at the close of 30 June 2022 at Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. respectively.

15.6 Capital adequacy ratio

In accordance with the Financial Institution Regulations, 1994 and Bangladesh Bank's DFBI circular no. 55 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 30 June 2022, total capital of the Company was Tk. 6,346.39 million out of which paid up capital is Tk. 3,710.92 million.

In accordance with Bangladesh Bank's DFBI 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 into force from 1 January 2012. As at 30 June 2022, the CAR of the Company is 14.83% against the required CAR of 10%. Details are as follows:

| Note | 30 June 2022 | 31 December 2021 |
|-----------------------------|----------------|------------------|
| | Taka | Taka |
| Tier-1 capital (A) | 6,041,875,778 | 6,047,055,388 |
| Tier-2 capital (B) | 1,431,115,713 | 1,451,031,942 |
| Regulatory capital (CAR-B) | 7,472,991,491 | 7,498,087,330 |
| Total risk weighted assets | 50,375,235,837 | 47,960,050,442 |
| Minimum capital requirement | 5,037,523,584 | 4,796,087,330 |
| Capital surplus | 2,435,467,907 | 2,701,999,999 |
| Capital adequacy ratio | 14.83% | 15.65% |

16 Share premium

Share premium against 285,140 number of ordinary shares issued in 2004 and 1,385,000 number of ordinary shares issued in 2006 @ Tk. 100 per share i.e. at year ended December 31, 2016 total number of shares would be 18,701,430 @ Tk. 10 per share as the Company changed the denomination of shares from Tk. 500 to Tk. 10 each in 2011 in compliance with the Bangladesh Securities and Exchange Commission's order number 36/C/MAR/C2009-109/09 dated 15 September 2011. Additional share premium of BDT 208,313,680 received against issue of 117,605,340 number of ordinary shares at a premium of BDT 2.00 during the period ended 31 December 2018.


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| | | 30 June 2022 | 31 December 2021 |
|--|------|---------------|------------------|
| | | Taka | Taka |
| 17 Statutory reserve | | | |
| This comprises of the cumulative balance of statutory reserve as required by section 3 of the Financial Institutions Act, 1993 and regulations 4(3) and 6 of the Financial Institution Regulations, 1994. Transfer to statutory reserve is executed before declaration of dividend. | | | |
| Opening balance | | 880,283,499 | 804,056,583 |
| Transferred from profit during the period / year | | - | 776,211,907 |
| Closing balance | | 880,283,499 | 1,580,268,490 |
| 18 Assets revaluation reserve | | | |
| Revaluation reserve on land and building | 18.1 | 306,513,871 | 306,566,896 |
| Revaluation reserve on govt. securities | 18.2 | - | (116,422) |
| | | 306,513,871 | 306,450,474 |
| 18.1 Revaluation reserve on land and building | | | |
| Opening balance | | 306,566,896 | 307,532,179 |
| Revaluation during the year | | - | - |
| Land | | - | - |
| Building | | - | (2,146,317) |
| Adjustment of excess depreciation | | 525,873 | 1,036,134 |
| Deferred tax liability on revaluation | | - | - |
| | | 306,513,871 | 306,389,896 |
| IPDC Finance Limited owns real estate property (commercial space including car parking) for its own use as office premises situated at House Center (Akhbar), 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 last revalued in 2009 and subsequently in 2015, 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, AICPA/BIS Chartered Accountant as professionally qualified valuer had conducted valuation to determine the fair value of the property, which has subsequently approved to management for incorporating in the financials of 2018 after being accepted in the Board. The revaluation was done in accordance with the guideline of Bangladesh Securities and Exchange Commission (BSEC) circular no. BSEC/MP/RC/2008-18/1804/2008. | | | |
| 18.2 Revaluation reserve on govt. securities | | | |
| Opening balance | | (116,422) | 134,854,617 |
| Revaluation during the year | | 116,422 | (134,771,286) |
| | | - | (116,422) |
| 19 Retained earnings | | | |
| Opening balance | | 959,931,430 | 703,133,306 |
| Net profit after tax for the period / year | | 440,135,898 | 861,999,536 |
| Transfer to statutory reserve | | - | (176,211,907) |
| Dividend | | (445,326,898) | (445,326,898) |
| Reversals/cancellations of defined benefits liability (assets) | | - | (12,357,598) |
| Transfer from revaluation reserve | | - | 2,146,317 |
| Issuance of bonus shares | | - | - |
| Closing balance | | 954,639,430 | 980,311,435 |
| 20 Contingent liabilities | | | |
| Acceptances and endorsements | 20.1 | 22,655,999 | 33,397,774 |
| Letters of guarantee | | - | - |
| Irrevocable letters of credit | | - | - |
| Bills for collection | | - | - |
| Other contingent liabilities | | - | - |
| | | 22,655,999 | 33,397,774 |
| 20.1 Letters of guarantee | | | |
| Director | | - | - |
| Government | | - | - |
| Bank and financial institutions | | 22,655,999 | 33,397,774 |
| Others | | - | - |
| | | 22,655,999 | 33,397,774 |
| 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. | | | |



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| 21. Particulars of profit and loss account | Note | For the six-month period ended 30 June | |
|---|------|--|----------------------|
| | | 2022 Taka | 2021 Taka |
| Income | | | |
| Interest, discount and other similar income | 22 | 3,098,170,178 | 3,120,477,294 |
| Dividend income | 24 | 63,294,935 | 72,478,563 |
| Fees, commission and brokerage | 25 | 84,137,113 | 112,465,130 |
| Gain less losses arising from dealing securities | 26 | 35,882,297 | 340,524,321 |
| Gain less losses arising from investment securities | | - | - |
| Gain less losses arising from trading in foreign currencies | | - | - |
| Income from non financial individual assets | | - | - |
| Other operating income | 28 | 13,746,268 | 3,700,179 |
| Profit less losses on interest rate changes | | 3,812,543,827 | 3,856,655,487 |
| Expenses | | | |
| Expenses related to deposits, fees, commission etc. | 22 | 2,090,827,831 | 1,654,006,899 |
| Charges on loan fees | | - | - |
| Administrative expenses | 27 | 694,364,425 | 630,919,231 |
| Other operating expenses | | - | - |
| Depreciation and amortisation | 28 | 85,592,475 | 52,070,977 |
| Profit before provision | | 2,010,654,730 | 2,499,105,555 |
| | | 869,441,587 | 1,155,648,888 |
| 22. Interest Income | | | |
| Interest income on deposits and advances | | | |
| Interest on lease finance | | 298,422,923 | 290,267,218 |
| Interest on long term loan | | 1,368,356,111 | 1,198,424,320 |
| Interest on short term loan | | 776,658,410 | 880,467,866 |
| Interest on finance finance | | 257,874,624 | 188,223,312 |
| Interest on mortgage finance | | 469,095,289 | 442,880,163 |
| Interest on secured retail loan | | 34,616,647 | 20,662,960 |
| Interest on auto loan | | 183,910,031 | 184,423,186 |
| Interest on staff loan | | 4,372,610 | 3,760,710 |
| Interest on personal loan | | 18,110,882 | 13,294,488 |
| Interest on consumer finance | | 8,270,921 | 7,480,610 |
| | | 3,349,871,327 | 3,873,133,457 |
| Interest income on deposits with other banks and financial institutions | | 210,021,600 | 220,104,673 |
| Interest on fixed deposits | | 1,486,100 | 645,105 |
| Interest on overnight and treasury placements | | 34,838,861 | 32,323,334 |
| Interest on STI accounts | | 249,304,676 | 233,283,502 |
| | | 3,899,115,177 | 4,128,431,285 |
| 23. Interest expense on deposits and borrowings etc. | | | |
| Interest expense on term deposits | 23.1 | 1,837,823,072 | 1,879,876,485 |
| Interest expense on borrowings | | 231,854,739 | 189,951,011 |
| | | 2,069,677,811 | 2,069,827,496 |
| 23.1 Interest expense on borrowings | | | |
| Local banks and financial institutions | | | |
| Interest expense on short term loan | | 107,645,798 | 70,411,696 |
| Interest expense on short term loan | | 73,641,796 | 60,867,030 |
| Interest expense on long term loan | | 39,538,203 | 20,962,006 |
| Interest expense on call borrowings | | 9,269,481 | 6,729,371 |
| Interest expense on bank overdrafts | | 7,880,763 | 10,648,740 |
| Interest expense on zero coupon bond | | 26,589,738 | 27,699,467 |
| Interest expense on Subordinated Bonds | | 257,829,738 | 166,987,611 |
| Interest income from financial institutions | | | |
| Interest expense on long term loans of credit | | 321,835,789 | 188,881,511 |
| 24. Investment income | | | |
| Dividend income | | | |
| Dividend income on equity preference shares | | 37,247,381 | 64,553,127 |
| Dividend income on listed shares | | 9,017,584 | 7,973,486 |
| Dividend income on un-listed shares | | 33,035 | - |
| | | 46,297,999 | 72,526,613 |
| Interest on treasury bills, bonds and debentures | | | |
| Interest income on Govt. treasury bonds | | 788,128 | 24,636,408 |
| Interest income on corporate bonds | | 14,163,378 | 24,089,113 |
| Interest income on corporate bonds | | 14,271,434 | 22,552,225 |
| Capital gain on sale of listed shares | | 15,446,278 | 11,747,452 |
| Capital gain on Govt. treasury assets | | 5,304,520 | 173,090,303 |
| | | 35,235,239 | 232,075,521 |
| | | 117,667,244 | 313,660,484 |



[Signature]

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

[Signature]

Samiul Hashim
Company Secretary
IPDC Finance Limited

[Signature]

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

[Signature]

Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | | For the six-month period ended 30 June | |
|---|--|--|--------------------|
| | | 2022 | 2021 |
| | | Taka | Taka |
| 25 | Commission, exchange and brokerage | | |
| | Application fee | 300,360 | 300,764 |
| | Documentation fee | - | - |
| | Processing fee | 83,615,722 | 113,204,381 |
| | | <u>83,916,082</u> | <u>113,505,145</u> |
| 26 | Other operating income | | |
| | Transfer proceeds of fixed assets | 33,132 | 87,258 |
| | Other earnings | 1,109,009 | 870,489 |
| | Loan loss recovery | 12,614,305 | 2,877,362 |
| | Gain/(loss) sale of fixed assets | 888 | (53,402) |
| | | <u>13,757,334</u> | <u>3,781,707</u> |
| 26.1 | Gain/(loss) sale of fixed assets | | |
| Some items of fixed assets which were impaired, add or adjusted during the period as under: | | | |
| | | 1,000 | 1,725,000 |
| | Sale proceeds | 2,600,000 | 3,115,000 |
| | Cost price of the sold/acquired items | 2,599,000 | 1,400,000 |
| | Accumulated depreciation | - | 1,700,000 |
| | Written down value | 1 | 1,685,000 |
| | Gain/(loss) sale of fixed assets | <u>899</u> | <u>(165,000)</u> |
| 27 | Administrative expenses | | |
| | Salary and allowances | 29 | 417,571,864 |
| | Rent, taxes, insurance, electricity, etc. | 30 | 15,245,740 |
| | Legal expenses | 30 | 32,890,890 |
| | Postage, stamp, telecommunications, etc. | 31 | 7,594,530 |
| | Stationery, printing, advertisements, etc. | 32 | 82,768,836 |
| | Managing Director's salary and allowances | 33 | 8,106,000 |
| | Director's fees | 34 | 501,800 |
| | Auditors' fees | 35 | 477,332 |
| | Repair and Maintenance | 36.2 | 30,436,589 |
| | Other expenses | 37 | 36,255,810 |
| | | <u>660,382,422</u> | <u>537,519,331</u> |
| 28 | Salary and allowances | <u>417,571,864</u> | <u>355,893,337</u> |
| 28.1 | Number of employees and remuneration thereof | | |
| As per the Schedule XI of the Companies Act, 1994, the number of employees (including contractual employees) engaged for the whole half-year period or part thereof who received a total remuneration of Taka 15,333 per six-month period or Taka 3,032 per month were 803 at the end of 30 June 2022 as against 1,332 in 31 December 2021. | | | |
| 29 | Rent, taxes, insurance, electricity, etc. | | |
| | Office rent* | 3,033,075 | 3,367,779 |
| | Rates and taxes | 131,740 | 124,760 |
| | Insurance | 8,630,512 | 8,630,941 |
| | Utilities - electricity, gas, water, etc. | 8,636,515 | 8,687,828 |
| | | <u>15,245,742</u> | <u>14,830,389</u> |
| * Actual office rent payment during the period ended 30 June 2022 was BDT 22,742,314. Due to the adoption of IFRS 16, rental expenses is charged as depreciation of Right of Use (ROU) Assets of BDT 18,712,805 and interest expenses of BDT 4,030,009. The reported office rent expenses only include VAT payment on rent. | | | |
| 30 | Legal expenses | | |
| | Professional fees | 28,216,398 | 13,484,932 |
| | Legal document, court fees, etc. | 3,673,502 | 4,404,648 |
| | Legal Notice Publication | - | 354,759 |
| | | <u>31,890,000</u> | <u>18,244,339</u> |
| 31 | Postage, stamp, telecommunications, etc. | | |
| | Postage, stamps etc. | 1,154,000 | 1,298,430 |
| | Telephone | 2,614,123 | 1,872,061 |
| | Internet expenses | 3,826,787 | 2,305,278 |
| | | <u>7,594,910</u> | <u>5,475,775</u> |




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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | | For the six months ended 30 June | |
|---|---|----------------------------------|-------------------|
| | | 2022 | 2021 |
| | | Taka | Taka |
| 32 | Stationery, printing, advertisements etc. | | |
| | Printing expenses | 5,175,683 | 3,304,897 |
| | Stationery Expenses | 888,277 | - |
| | Publicity and advertisement | 40,245,473 | 52,418,189 |
| | Promotional expense | 6,338,521 | - |
| | | <u>52,759,898</u> | <u>55,723,086</u> |
| 33 | Managing Director's salary and allowances | | |
| | Basic salary | 4,400,000 | 4,487,803 |
| | House rent allowance | 600,000 | 596,000 |
| | Medical allowance | 300,000 | 288,000 |
| | Festival bonus | 1,600,000 | 786,000 |
| | Performance bonus | - | - |
| | Leave fare assistance | 760,000 | 747,884 |
| | Company's contribution to provident fund | 450,000 | 448,760 |
| | Gratuity | - | - |
| | | <u>8,160,000</u> | <u>7,338,697</u> |
| 34 | Directors' fees | | |
| | Honorarium for attending meeting | 507,800 | 497,300 |
| | Incidental expenses for attending meeting | - | 125,880 |
| | | <u>507,800</u> | <u>623,180</u> |
| 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 OPM circular number 13 and 03 dated 30 November 2015. In addition, as per policy the Company also bears traveling, accommodation and other related costs of directors who attend Board meeting from overseas. | | | |
| 35 | Auditors' fees | | |
| | Auditors' remuneration for annual audit | 365,000 | 315,946 |
| | Auditors' remuneration for involvement in annual audit of Information Risk Management | 132,232 | 123,478 |
| | | <u>497,232</u> | <u>439,424</u> |
| 36 | Depreciation and repair of assets | | |
| | Depreciation and amortization | 36.1 | 65,882,416 |
| | Repair and maintenance | 36.3 | 22,639,969 |
| | | <u>68,422,385</u> | <u>88,522,385</u> |
| 36.1 | Depreciation and amortization | | |
| | Building | 1,322,979 | 1,322,979 |
| | Motor vehicles | 8,593,915 | 7,485,486 |
| | Furniture and fixtures | 4,637,223 | 3,747,669 |
| | Equipment and appliances | 17,689,969 | 16,454,128 |
| | Software | 17,134,261 | 14,641,946 |
| | Depreciation on lease rental * | 19,572,838 | 14,529,813 |
| | | <u>68,869,425</u> | <u>58,173,911</u> |
| Details are shown in Annexure - A. | | | |
| * In accordance with IFRS 16, lease rental are now capitalized and related depreciation is shown above | | | |
| 36.2 | Repair and maintenance | | |
| | Office premises | 1,350 | 11,385 |
| | Vehicles - fuel | 6,714,577 | 5,663,375 |
| | Vehicles - repair and maintenance | 3,740,835 | 3,701,150 |
| | Office furniture, fixture and equipment | 22,375,817 | 17,690,278 |
| | | <u>32,832,579</u> | <u>27,166,188</u> |



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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

| | Note | For the six months period ended 30 June | |
|--|------|---|--------------------|
| | | 2022 | 2021 |
| | | Taka | Taka |
| 37 Other expenses | | | |
| Bank interest | | 9,443,433 | 1,855,654 |
| Membership fees, subscription and donations | | 12,582,857 | 4,291,907 |
| News papers, periodicals, learning materials etc. | | 36,774 | 28,915 |
| Recruitment expenses | | 393,334 | 328,483 |
| Traveling, conveyance and hotel expenses | | 8,465,270 | 8,212,505 |
| Entertainment and public relation | | 2,191,836 | 3,819,369 |
| Annual General Meeting expenses | | 3,450,950 | 4,351,550 |
| Security and monitoring services | | 5,040,174 | 4,097,544 |
| Library office maintenance | | 25,433,147 | 8,895,001 |
| Bank charges | | 8,165,738 | 4,251,876 |
| Finance charge on lease rental | | 4,635,875 | 3,323,434 |
| Other operational expenses | | 1,183,014 | 527,330 |
| | | <u>88,289,818</u> | <u>48,779,865</u> |
| 38 Provision for loans and advances | | | |
| Provision for classified loans and advances | | 216,888,567 | 75,275,365 |
| Provision for unclassified loans and advances | | (48,821,041) | 268,296,912 |
| | | <u>178,067,526</u> | <u>343,572,277</u> |
| 39 Provision for distribution in value of investment | | | |
| Provision made for other investment | | | |
| Quoted shares | | 32,783,583 | 5,448,264 |
| Unquoted shares | | - | - |
| Redeemable preference shares | | (12,978,792) | (540,032) |
| Corporate bonds | | (100,686) | 3,473,247 |
| Provision made for marking to market on Stock securities | | 29,709,844 | 12,379,501 |
| | | <u>29,709,844</u> | <u>18,650,980</u> |
| 40 Provision for deferred tax expense/(income) | | | |
| Expense on deductible temporary differences | | - | - |
| Expense/(income) on taxable temporary differences | | (11,339,290) | (5,837,792) |
| Reversal adjustment of previous year through deferred tax | | - | - |
| | | <u>(11,339,290)</u> | <u>(5,837,792)</u> |
| 41 Earnings per share (EPS) | | | |
| Basic earnings per share has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period ended June 30, 2022 as per IAS 33: Earnings per share. | | | |
| Net profit after tax | | 401,135,366 | 410,346,577 |
| Weighted average number of outstanding shares | | 371,091,547 | 371,091,547 |
| Basic earning per share | | <u>1.11</u> | <u>1.11</u> |
| Diluted Earnings Per Share (DEPS) | | | |
| No DEPS is required to be calculated since there was no scope for dilution of share during the period under review. | | | |
| | | | |
| | | 30 June 2022 | 31 December 2021 |
| | | Taka | Taka |
| 42 Net asset value (NAV) per share | | | |
| Net asset | | 5,348,395,480 | 5,363,038,643 |
| Number of outstanding shares | | 371,091,547 | 371,091,547 |
| Net asset value (NAV) per share | | <u>14.41</u> | <u>14.45</u> |
| | | | |
| | | 2022 | 2021 |
| | | Taka | Taka |
| 43 Net operating cash flows per share (NOCFPS) | | | |
| Net operating cash flows | | (4,932,482,963) | (5,280,581,080) |
| Number of outstanding shares | | 371,091,547 | 371,091,547 |
| Net operating cash flows per share (NOCFPS) | | <u>(13.29)</u> | <u>(14.23)</u> |




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46 Events after the balance sheet date

No other material events occurred after the reporting period, which could materially affect the amounts or disclosures in these financial statements.

48 Significant Deviation

There was no deviation above 100% in the balance sheet in these financial statements.

Other Expense increased by 151.85% to BDT 66.26 million (Jan-Jun, 2021: BDT 43.77 million) during Jan-Jun22 period compared to same period of 2021 due to increase in sundry office maintenance and Membership fees, subscription and donations.

Provision(reserved) for diminution in value of investments increased by 184.66% to BDT 33.71 million (Jan-Jun, 2021: BDT 10.84 million) in first half of 2022 compared to same period of 2021 due to increase of provision against unlisted shares.

Cash Flow Statement

Net Operating Cashflow per share (NOCPPS) has improved in first half of 2022 compared same period of 2021. However, Net Operating Cashflow per Share (NOCPPS) stood at negative BDT 12.26 during Jan-Jun22 against negative BDT 16.82 during the same period last year. Decrease of cash payment in operating assets and liabilities mainly contributed to the improvement of Net Operating Cashflow per share (NOCPPS).

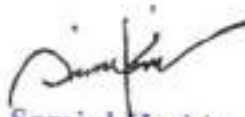
The prime reason of negative Net Operating Cashflow per share (NOCPPS) was the increase of (a) cash outflow in customer deposits which stood at negative BDT 1,010.60 million in Jan-Jun22 against an net inflow of BDT 1,886.28 million in Jan-Jun21, a decrease by 189.90%. Moreover, Other liabilities also reduced to BDT 470.88 million in the current period against a negative BDT 130.69 million in the comparative period, a decrease by 653.38%. Additionally, resources of loan previously written off amounted to BDT 12.91 million in the current period against BDT 2.68 million in the comparative period, an increase by 336.37%. The combined impact led to a negative Net Operating Cashflow per Share (NOCPPS) in the current period. However, it is important to note that a negative cashflow may not indicate a liquidity concern / crisis.



08 DEC 2022



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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

46. Disclosure on Audit Committee of the Board

The Audit Committee of the Board was duly constituted by the Board of Directors of the Company in accordance with GPM Circular No. 13 dated 26 October 2011 of Bangladesh Bank as well as Bangladesh Securities and Exchange Commission notification no. BSEC/CMR/ROD/2006-156257/Adm/160 dated 03 June 2016. The Audit Committee of the Board of Directors as on 30 June 2022 consisted of the following members of the Board:

| Sl. No. | Name | Status with the company | Status with the committee | Educational qualification |
|---------|---------------------------------------|-------------------------|---------------------------|---|
| i) | Ms. Sonia Bashir Hossain | Independent Director | Chairman | Masters of Business of Administration (MBA) from Santa Clara University, USA |
| ii) | Professor Shah Md. Ahsan Habib, Ph.D. | Independent Director | Member | Bachelor of Science from California State University, USA Ph.D. from Bharati Hindu University, India under BIC Research Scholarship Post-Doctoral Fellowship on Green Banking from Syracuse University, USA under Senior Fulbright Scholarship |
| iii) | Mr. Md. Nurul Alam | Director | Member | Master of Science in Physics from University of Dhaka, Bangladesh |
| iv) | Mr. Syed Akmal Murtasim | Director | Member | Member (ACMA) of the Chartered Institute of Management Accountants (CIMA), UK Chartered Global Management Accountant (CGMA) of the Association of International Certified Public Accountants, a joint accounting association of AICPA, USA, and CIMA in the UK |
| v) | Ms. Raheem Khatun | Director | Member | B.Com from National University Master of Science in Economics from North South University, Dhaka, Bangladesh Bachelor of Science in Economics from North South University, Dhaka, Bangladesh |

The Company Secretary acts as secretary of Audit Committee.

The Audit Committee of the Board conducted 3 (Three) meetings from 1 January 2022 to 30 June 2022 in which among others, the following salient issues were discussed:

- The Committee reviewed periodical inspection reports on credit assessment, operational, financial procedure and branch operations of the Company conducted and submitted by the Internal Auditors and gave necessary instructions to the management for proper and prompt resolution of the irregularities/deficiencies stated therein;
- The Committee reviewed the Audited Financial Statements for the year ended 2021 and after discussion with the external auditors, recommended it to the Board of Directors for its approval;
- The Committee reviewed the management letter issued by the external auditors for the year ended 2021 and management's responses thereto;
- The Committee also reviewed the first quarter ended financial statements and the six-month period ended financial statements for the year 2022 and recommended the quarterly financial statements to the Board of Directors for their approvals;
- The Committee reviewed and ascertained whether the internal control system including financial and operational controls, accounting system, and reporting structure are adequate and effective or not;
- The Committee reviewed the actions taken by the management for implementation of Audit Committee observations on issues deliberated in Audit Committee meetings;
- The Committee recommended regarding re-appointment of external auditors and corporate governance auditors of the Company for the year 2022;
- The Committee reviewed Auditor's Certificate on Compliance of Corporate Governance Code for the year 2021;
- 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; and
- The Committee reviewed Management's Discussion and Analysis before discussing it in Annual Report 2021.



08 DEC 2022


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47 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 decisions and include related parties with or without common directors and key management personnel. The Company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per IAS 24 Related Party Disclosures. Transactions with related parties were executed on the same terms, including interest rates as those prevailing at the time for comparable transactions with normal business transactions with others and do not involve more than a normal risk.

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

| Related party | Relationship | Nature of transactions | 21 Dec 2021 | Initial Recognition | Outflow/Disbursement/Repayment | Amount | 30 Jun 2022 |
|--|--|------------------------|---------------|---------------------|--------------------------------|------------|---------------|
| BRAC | Ultimate shareholder of IPDC | Term Deposit | 1,344,000,000 | 312,000,000 | 191,000 | 7,215,300 | 1,854,814,300 |
| BRAC University | Related concern of BRAC | Term Deposit | 5,200,140 | - | 42,100 | 353,240 | 56,910,110 |
| BRAC Bangladesh University | Related concern of BRAC | Term Deposit | 311,520,884 | - | 12,100 | 1,140,801 | 2,75,238,884 |
| BRAC Bangladesh University | Related concern of BRAC | Term Deposit | 17,760,818 | - | 12,100 | 1,140,801 | 18,192,418 |
| BRAC Bangladesh University | Related concern of BRAC | Term Deposit | 33,443,879 | - | 12,100 | 1,140,801 | 33,814,679 |
| BRAC Bangladesh University | Related concern of BRAC | Term Deposit | 111,000,248 | - | 1,140,801 | 8,250,000 | 122,809,447 |
| BRAC Bank Limited Employees Gratuity Fund | Related concern of BRAC | Term Deposit | 21,001,847 | - | 82,800 | 1,200,000 | 22,814,847 |
| BRAC Bank Limited Employees Provident Fund | Related concern of BRAC | Term Deposit | 20,088,820 | - | 17,200,110 | 970,740 | 2,798,450 |
| BRAC IT Services Employees Gratuity Fund | Related concern of BRAC | Term Deposit | 12,020,844 | 8,000,000 | 34,034 | 380,078 | 17,388,187 |
| BRAC Insurance Fund Education Trust Fund | Related concern of BRAC | Term Deposit | 610,000,000 | 674,400,000 | - | - | 664,400,000 |
| BRAC Insurance Fund Education Trust Fund | Related concern of BRAC | Term Deposit | 3,767,944,164 | 360,000,000 | 1,101,001,000 | 10,218,367 | 1,724,281,875 |
| Guardian Life Insurance Limited | Mr. Saadul Alam and his family members being director and BRAC being its sponsor shareholder | Term Deposit | 76,740,000 | 10,000,000 | - | - | 86,740,000 |
| BRAC Bank Limited | Related concern of BRAC | Term Deposit | 2,000,000,000 | 1,000,000,000 | 1,000,000,000 | - | 2,000,000,000 |
| BRAC Bank Limited | Related concern of BRAC | Term Deposit | 2,000,000,000 | 1,000,000,000 | 1,000,000,000 | - | 2,000,000,000 |
| BRAC Bank Limited | Related concern of BRAC | Term Deposit | 8,872,140 | - | 46,110 | 360,241 | 8,819,271 |
| BRAC Bank Limited | Related concern of BRAC | Term Deposit | 1,288,718 | - | 8,471 | 108,431 | 1,404,609 |
| BRAC Bank Limited | Related concern of BRAC | Term Deposit | 8,170,802 | - | 36,488 | 607,402 | 8,774,792 |
| BRAC Bank Limited | Related concern of BRAC | Term Deposit | 20,010,000 | - | 84,200 | 634,062 | 21,078,422 |
| BRAC Bank Limited | Related concern of BRAC | Term Deposit | - | 20,000,000 | - | - | 20,000,000 |
| BRAC Bank Limited | Related concern of BRAC | Term Deposit | - | 31,000,000 | - | - | 31,000,000 |
| Lady Ryma Begum Akter | Founder and director of the BRAC Institute of Languages (BIL) and co-director, BRAC Institute of Languages (BIL) | Term Deposit | 16,990,000 | 2,000,000 | 32,800 | 180,200 | 18,100,000 |
| Arif Baki | Executive Director of BRAC | Term Deposit | 2,000,000 | - | - | - | 2,000,000 |
| Tamara Hassan Akter | Member of the Board of Directors of IPDC | Term Deposit | 18,000,000 | - | 31,388,000 | 8,388,000 | - |
| Dr. Javed Khan Jaber | Director of BRAC | Term Deposit | 34,000,000 | - | - | - | 34,000,000 |
| Mr. Ashraf Khan | Director of BRAC | Term Deposit | 3,800,000 | - | - | - | 3,800,000 |
| Mr. Ashraf Khan | Director of BRAC | Term Deposit | 442,800 | 121,204 | - | - | 564,004 |
| Shahida Khatun Chowdhury | Director of BRAC | Term Deposit | 360,717 | 101,204 | - | - | 461,921 |
| Nahid Rahman | Member of the Board of Directors of IPDC | Term Deposit | 11,800,000 | - | 67,000 | 890,000 | 12,137,000 |
| Nahid Rahman | Member of the Board of Directors of IPDC | Term Deposit | 8,000,000 | - | - | - | 8,000,000 |
| Mr. Moinul Islam | Managing Director & CEO of IPDC | Term Deposit | 500,000 | 50,000 | 1,000,000 | 40,000 | - |
| Benazir Hossain | Director & CEO of IPDC | Term Deposit | 114,470 | 1,000,000 | 1,000,000 | 470,324 | 1,144,717 |
| Ms. Ryma Begum Akter | Member of the Board of Directors of IPDC | Term Deposit | 8,880,000 | 1,000,000 | 110,228 | 280,472 | 9,270,200 |
| Ms. Ryma Begum Akter | Member of the Board of Directors of IPDC | Term Deposit | - | 1,000,000 | - | - | 1,000,000 |

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Mominul Islam
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46. Directors Information

46.1 Name of the Directors and the entities in which they have interest as at 30 June 2022

| Sl. No. | Name | Status with the IPDC | | Firms/Companies in which they have interest | |
|---------|-----------------------------|-------------------------|----------------------------|---|----------|
| | | Position | Resigned by | Name | Position |
| i) | Mr. Kazi Mehrezul Bari | Director | BRAC | IPDC Safety Building Limited | Director |
| | | | | IPDC Finance Building Limited | Director |
| | | | | IPDC Capital Building Limited | Director |
| | | | | IPDC Capital Building Limited | Director |
| | | | | IPDC Capital Building Limited | Director |
| | | | | IPDC Capital Building Limited | Director |
| ii) | Mr. Md. Nurul Alam | Director | OGB | Bangladesh Sugar and Food Corporation | Director |
| | | | | Bangladesh Sugar and Food Corporation | Director |
| iii) | Mr. Mohammad Mansurul Haque | Director | OGB | Bangladesh Sugar and Food Corporation | Director |
| | | | | Bangladesh Sugar and Food Corporation | Director |
| iv) | Mr. Hassan Rahman | Director | Bashara Securities Limited | Bashara Securities Limited | Director |
| | | | | Bashara Securities Limited | Director |
| v) | Mr. Syed Akbarul Mulk | Director | Ayatollah Foundation | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
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| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| vi) | Mr. Kazi Mehrezul Bari | Independent Director | N/A | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| vii) | Mr. Tariqul Hasan Akbar | Director | BRAC | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
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| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| viii) | Mr. Tariqul Hasan Akbar | Director | BRAC | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| ix) | Mr. Tariqul Hasan Akbar | Independent Director | N/A | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| x) | Mr. Tariqul Hasan Akbar | Director | BRAC | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |
| xi) | Mr. Tariqul Hasan Akbar | Managing Director & CEO | BRAC | BRAC Microfinance Finance B.V. | Director |
| | | | | BRAC Microfinance Finance B.V. | Director |

46.2 Significant contracts in which the Company, its subsidiary or any fellow subsidiary company was a party and wherein the Directors have interest that subsisted at any time during the year or at the end of the year.

None

46.3 Shares issued to Directors and Executives without consideration or at discount.

None

46.4 Nature, size and contents of transactions with the related party.

None

46.5 Lending policies in respect of related party.

None

- a) Amount of transactions regarding loans & advances, deposits, guarantees and commitment
b) Amount of provision against loans and advances given to related party
c) Amount of guarantees and commitments arising out of the statement of affairs

None

46.6 Investments in securities of the Directors and their related companies.

None



08 DEC 2022

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited

Annexure - A

IPDC Finance Limited

(Fixed assets including land, building, furniture and fixtures)

Figures in Taka

| Category of asset | Balance as at 1 January 2021 | Revaluation reserve | Addition during the period | | Disposal during the period | Balance as at 30 June 2021 | Depreciation (Net) | | Balance as at 30 June 2021 | Carrying amount as at 30 June 2021 |
|-------------------------------------|------------------------------|---------------------|----------------------------|--------------------------|----------------------------|----------------------------|---------------------------|--|----------------------------|------------------------------------|
| | | | Original cost | Accumulated depreciation | | | Charged during the period | Accumulated depreciation during the period | | |
| Land | 779,426,323 | - | - | - | - | 279,426,323 | - | - | - | 279,426,323 |
| Building | 80,474,767 | - | - | - | - | 80,474,767 | - | - | 8,358,503 | 72,116,264 |
| Motor vehicles | 96,073,170 | - | - | - | - | 96,073,170 | - | - | 48,332,260 | 47,740,910 |
| Furniture and fixtures | 96,034,232 | - | - | - | - | 96,034,232 | - | - | 10,773,845 | 85,260,387 |
| Equipment and appliances | 257,587,124 | - | - | - | - | 257,587,124 | - | - | 178,023,023 | 89,564,101 |
| Software | 100,113,870 | - | - | - | - | 100,113,870 | - | - | 17,385,450 | 82,728,420 |
| Capital work in progress - Software | 17,213,118 | - | - | - | - | 17,213,118 | - | - | - | 17,213,118 |
| IPDC Assets for lease used | 17,213,118 | - | - | - | - | 17,213,118 | - | - | - | 17,213,118 |
| Balance as at 30 June 2021 | 1,302,834,602 | - | 38,188,258 | 887,387 | 2,350,000 | 1,308,644,195 | 85,952,478 | 17,817,358 | 107,869,848 | 1,200,774,347 |

| Category of asset | Balance as at 1 January 2021 | Revaluation reserve | Addition during the period | | Disposal during the period | Balance as at 31 December 2021 | Depreciation (Net) | | Balance as at 31 December 2021 | Carrying amount as at 31 December 2021 |
|-------------------------------------|------------------------------|---------------------|----------------------------|--------------------------|----------------------------|--------------------------------|---------------------------|--|--------------------------------|--|
| | | | Original cost | Accumulated depreciation | | | Charged during the period | Accumulated depreciation during the period | | |
| Land | 279,426,323 | - | - | - | - | 279,426,323 | - | - | - | 279,426,323 |
| Building | 80,474,767 | - | - | - | - | 80,474,767 | - | - | 9,459,494 | 71,015,273 |
| Motor vehicles | 71,948,327 | - | - | - | - | 71,948,327 | - | - | 42,132,388 | 29,815,939 |
| Furniture and fixtures | 82,038,423 | - | - | - | - | 82,038,423 | - | - | 13,365,520 | 68,672,903 |
| Equipment and appliances | 257,587,124 | - | - | - | - | 257,587,124 | - | - | 171,303,734 | 86,283,390 |
| Software | 172,871,180 | - | - | - | - | 172,871,180 | - | - | 10,377,271 | 162,493,909 |
| Capital work in progress - Software | 20,714,125 | - | - | - | - | 20,714,125 | - | - | - | 20,714,125 |
| IPDC Assets for lease used | 145,381,186 | - | - | - | - | 145,381,186 | - | - | - | 145,381,186 |
| Balance as at 31 December 2021 | 1,360,038,342 | - | 142,316,607 | 18,066,423 | 27,996,194 | 1,512,354,542 | 117,247,462 | 111,242,355 | 437,893,632 | 1,074,460,910 |



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08 DEC 2022


Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited


Samiul Hashim
Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited

Annexure - B

IPDC Finance Limited
Reconciliation of Net Profit with Cash Flows from Operating Activities

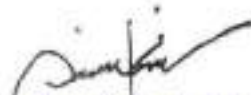
| | Jan to Jun 30, 2022 Taka | Jan to Jun 30, 2021 Taka |
|---|-----------------------------|-----------------------------|
| Net profit after tax | 440,130,569 | 410,346,077 |
| Adjustments for non-cash items: | | |
| Add(Less): Depreciation expenses | 85,592,470 | 58,570,977 |
| Add(Less): Adjustment for ROU Lease Rent | (15,257,258) | (11,478,335) |
| Add(Less): Provision for loans, advances and investments | 200,325,815 | 350,073,233 |
| Add(Less): Income on forfeiture of provident fund | - | - |
| Add(Less): (Gain)/ Loss on Disposal of fixed assets | (599) | 83,467 |
| Add(Less): Accrued expenses | 149,704,024 | (53,875,998) |
| Add(Less): Accrued income | 38,128,616 | 30,805,432 |
| Add(Less): Provision for Current Tax | 360,313,006 | 343,805,440 |
| Add(Less): Deferred Tax | (11,329,250) | (3,637,782) |
| | <u>1,250,604,891</u> | <u>1,724,812,898</u> |
| Changes in operating assets and liabilities | | |
| (Increase)/Decrease in Loans and advances to other banks | (55,688,261) | (224,352,330) |
| (Increase)/Decrease in Loans and advances to customers | (6,017,171,441) | (9,168,637,688) |
| (Increase)/Decrease in Other assets | (48,750,754) | (5,737,213) |
| (Increase)/Decrease in Deposits from other banks and financial institutions | (850,000,000) | (2,305,472,140) |
| (Increase)/Decrease in Deposits from customers | (1,010,790,857) | 1,896,281,921 |
| (Increase)/Decrease in Trading liabilities | 1,620,430,707 | 1,838,002,853 |
| (Increase)/Decrease in Payable and accrued expenses | (105,073) | 12,641,562 |
| (Increase)/Decrease in Interest suspense | (56,305,504) | 170,120,004 |
| (Increase)/Decrease in Other liabilities | 472,855,589 | (127,703,285) |
| Payment of Corporate tax | (217,363,614) | (181,337,170) |
| Cash received/(paid) from operating assets and liabilities | <u>(8,183,086,614)</u> | <u>(7,405,453,861)</u> |
| Net cash from operating activities | <u>(4,932,482,083)</u> | <u>(5,280,591,063)</u> |



08 DEC 2022



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Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

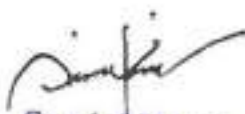
Annexure 3: Valuation of Assets

Annexure 3: Valuation of Assets

08 DEC 2022



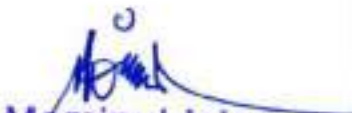
Tania Sharmin
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CAPM Advisory Limited



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IPDC Finance Limited



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Mominul Islam
Managing Director & CEO
IPDC Finance Limited


**Valuation Report
Of
IPDC Finance Ltd.
As on 31 December 2018**



ACNABIN
Chartered Accountants

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Tania Sharmin
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Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited




Momtazul Islam
Managing Director & CEO
IPDC Finance Limited

**Valuation Report
Of
IPDC Finance Ltd.
As on 31 December 2018**

08 DEC 2022



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

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Samiul Hashim
Company Secretary
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Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited



8DBL, Dhaka (Level-13)
12 Karna Bazar Commercial Area
Dhaka-1215, Bangladesh
03.10/2019/197

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E-mail: acnabin@bangla.com
Web: www.acnabin.com

Ms. Fahmida Khan, ACA
Senior Manager
Finance & Accountants
IPDC Finance Ltd.
Hosna Center(4th Floor)
106 Gulshan Avenue Dhaka 1212

21 January 2019

Dear Sir,

Valuation of Commercial Space of IPDC Finance Ltd.

We refer to your e-mail dated 23 & 24 December 2018 regarding the captioned matter. Now we are pleased to submit our report on the same. The assignment has been termed as Valuation of Commercial Space of IPDC Finance Ltd.

We have assessed the valuation of commercial space following the market approach as per International Valuation Standards (IVS) after giving due consideration to its present condition. The valuation exercise was carried out in accordance with International Valuation Standards (IVS). We have verified the ownership and possession of subject assets which are in use by the company.

Except where we have agreed expressly in writing to the contrary, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come. We are not required to give testimony in court or be in attendance during any hearings or depositions, concerning the company being reviewed.

The attached report is submitted in fulfillment of our deliverable objectives, to facilitate the Board/Management of IPDC Finance Ltd.

Thank You,

Yours faithfully,

Muhammad Aminul Hoque, FCA
Partner
amin@acnabin-bd.com
Encl: as stated



Dhaka Executive Office: T.K. Bhuiyan (Level-19), 13 Karna Bazar C.A. Dhaka-1215, Tel: (+88-02) 809428 to 29
Branch Office: Jubilee Building No-7 (1st Floor, North Side), 99 Agrabad Commercial Area, Chenging 4000, Bangladesh.
Tel: (+88-02) 2517141 Fax: (+88-02) 2517143 E-mail: acnabin@ipdfinance-bd.com, Web: www.acnabin.com

08 DEC 2022

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Momtazul Islam
Managing Director & CEO
IPDC Finance Limited



1.0 Introduction

IPDC Finance Limited (previously known as "Industrial Promotion and Development Company of Bangladesh Limited") is the first private sector financial institution of the country established in 1961 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 Bangladesh.

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.

The Company revalued its commercial space on 31 December 2014 for the first time and recorded the same splitting into two heads i.e. land and building. Now considering the current market condition, the management has decided to revalue the commercial space (recorded as land and building in the financial statements) as on 31 December 2018.

2.0 About our Assignment

We have been appointed by IPDC Finance Ltd. for the valuation of commercial space on 23 December 2018.

3.0 Identification of Valuer and Confirmation of Competence

ACNABIN, Chartered Accountants is enlisted firm by Bangladesh Bank (<http://www.bangladesh-bank.org/competent.php>). It is also a listed valuer approved by Bangladesh Securities and Exchange Commission for the valuation of assets and liabilities for listing with capital market (<http://www.secdl.org/Valuer.pdf>).

Names, qualification and experiences of all the persons involved in the valuation process are listed below:

| Sl.# | Designation | Name | Qualifications | Experiences |
|------|-------------------------------|-----------------------|--|-------------|
| 1. | Engagement Partner | Muhammad Anisul Hoque | BBA, MBA, FCA | 11 Years |
| 2. | Concurring Partner | ASH Rayeen | B. Com. (Hons.), M. Com., M. Sc. FCA, FCCA | 39 Years |
| 3. | Engagement Associate Director | Mahmudur Rahman | BBA, MBA, FCA | 9 Years |
| 4. | Asst. Manager | Jony Saha | BSS, MBS, CA-CC | 3 Years |
| 5. | Surveyor | Md. Ayub Ali Huda | Diploma-in-Architecture | 37 Years |

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08 DEC 2022

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Managing Director & CEO
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Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
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IPDC Finance Limited

Momtazul Islam
Managing Director & CEO
IPDC Finance Limited



4.0 Purpose of the Valuation

The Management of IPDC Finance Ltd. has decided to value the commercial space for the purpose of management consumption only.

5.0 Identification of the commercial space

| Description of commercial space | Location | North | South | East | West |
|---|----------------|---------------|--------------------|-------------------|---------------------|
| 16,738.08 Sft floor Space at Hosna Centre (4 th Floor), 106, Gulshan Avenue, Dhaka- 1212 at including all common facilities & 15- Nos. Car Parking in Basement- 1 & Basement- 2 (100% completed). Undivided & undemarcated proportionate share of land 5.923665 Decimal. | Gulshan Avenue | Plot No. 01/A | 104 Gulshan Avenue | Plot No. 6 & 07/A | Gulshan Avenue Road |

We have physically verified the commercial space and observed that the quality of construction is in good condition with all infrastructure facilities. The Building is being used for commercial purpose. Approved plan of RAJUK has been duly signed by the competent authority.

6.0 Owner of the Property

From the relevant documents/ photocopy of title deed and physical verification of lands, we have come to know that the commercial space herein located at Hosna Centre (4th Floor), Plot- 106, Gulshan Avenue, Dhaka- 1212. From the review of relevant documents and physical verification of the commercial space, we found that the physical possession of the commercial space is under IPDC.

7.0 Legal Status of the Land included in the commercial space

We have reviewed the property documents (Original/ photo Copy of original title deed, RAJUK allotment / Possession letter, DCR) and found that the physical possession of the commercial spaces is under the Clients Possession.

8.0 Basis of Valuation

Valuation of the subject asset was carried out on the basis of following applicable standards and guideline:

- The valuation exercise was undertaken in accordance with the International Valuation Standards (IVS)-2017 and the fundamental Principles of ethical conduct namely Integrity, objectivity, Competence confidentiality and Professional Behavior have been maintained in this assignment.
- The asset were revalued at fair value as the standard for the revaluation of those Assets after providing necessary allowances for depreciation and impairment losses to arrive at the carrying value of revalued assets.

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08 DEC 2022




Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



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Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited



8.1 Extent of investigation

We have conducted the following specific procedures to derive at reasonable fair value of the Property:

- Physical inspection of the Property including detailed measurement by surveyor; and
- Sight title documents and other up to date records pertaining to unencumbered ownership and rent and taxes (i.e. registered deed, mutation/namja, khajna, city corporation holding tax etc.);
- Sight evidence of relevant clearance and NOC from competent authority (RAJUK);
- Ascertain fair value through obtaining market related information (e.g. similar sales transactions in close vicinity and other factors).

8.2 Relevant IVS has been followed for revaluation

The valuation exercise was carried out in accordance with the International Valuation Standards (IVS). We have verified the ownership and possession of subject asset which is in use by the company.

9.0 Valuation Date

The valuation dates of the specified fixed assets are as follows:

| Name of Fixed Assets | Cut-off date | Physical Verification Date |
|----------------------|------------------|---|
| Commercial Space | 31 December 2018 | 26 December 2018 keeping in mind the cut-off date of 31 December 2018. We have also verified the related documents after the cutoff date. |

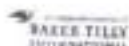
10.0 Statement of Assumptions and Limiting Conditions

This valuation is subject to the following assumptions and limiting conditions:

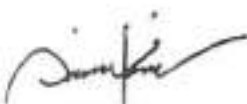
- The valuer will not be required to give testimony in court, or be in attendance during any hearings or depositions with reference to the company, unless earlier arrangements have been made;
- It has been assumed that the Company will continue to operate as a going concern, and that the character of its present business will remain intact;
- The various estimates of value presented in this report apply to this valuation only and may not be used out of the context presented herein. This revaluation is valid only for the purpose or purposes specified herein.
- The valuation contemplates facts and conditions existing as of the valuation date. Events and conditions regarding the asset status occurring after that date have not been considered, and we have no obligation to update our report for such events and conditions.
- Information, estimates, and opinions contained in this report are obtained from the sources considered to be reliable. However, we assume no liability for such sources.
- Unless stated otherwise in this report, we have assumed the company and the respective departments are compliant with applicable laws and regulations applicable in Bangladesh.

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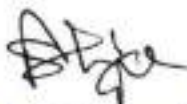
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Company Secretary
IPDC Finance Limited



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Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
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IPDC Finance Limited

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- g. The commercial space is not subject to any infringement or restrictions on title;
- h. Independent and registered surveyor's report on the measurement and valuation of the land is used as a basis for valuation;
- i. This report is only for the consumption of the management, and not for external use having any public interest implications, directly or indirectly;
- j. This report is valid only for the date specified herein.

11.0 Valuation Approach and Methodology

In relation to this valuation services, we applied following methodology:

- a. Planned before starting the assignment for ensuring effective and efficient conduct of the assignment;
- b. Deputed personnel including an expert surveyor in the assignment with sufficient relevant skills in related field;
- c. Held an entrance meeting for:
 - Introducing valuation team with management;
 - Agreeing on the time frames for field visit and reporting;
 - Discussing on areas of cooperation required from the client; and
 - Introducing contact persons of the company to our team.
- d. Checked title deeds and other required documents;
- e. Selected the basis of value;
- f. Selected the method of valuation;
- g. Conducted physical verification;
- h. Collection and analysis of other relevant information related to the valuation;
- i. Identified the related value for the valuation and reported the same; and
- j. Submitted the draft report;

12.0 Valuation Result

Total present market value of properties (Land and floor space) is given below:

| Area of Floor (sqft) | Construction Year | Rate per sqft (Tk.) | Total Tk. | Expected Life (Year) | Expired Life (Year) | Unexpired Life (Year) | Current Value (Tk.) |
|----------------------|-------------------|---------------------|-------------|----------------------|---------------------|-----------------------|---------------------|
| A | B | C | D = (A x C) | E | F | G = (E - F) | H = (D/E) x G |
| 16,718 | 2002 | 32,300 | 54,208,540 | 50 | 16 | 34 | 36,96,26,800 |

This Property is situated in Gulshan Avenue. At the time of construction, it was under residential zone, but at present this space is used for commercial purpose.

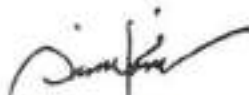
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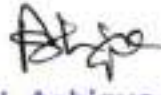
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Company Secretary
IPDC Finance Limited



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Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Schedule of property:



13.0 Separation of value of Land and building

During our valuation we observed that the commercial space was purchased during 2010as commercial space. But after 1st time valuation during 2014, the Company split the value of the commercial space into land and building as per suggestion of the professional valuer. However, considering the substance of the asset, it is prudent to consider it as commercial space. This property is also mentioned as commercial space in the letter of the RAJUC. However, if the Company wish to follow existing practice, the company can consider Land value amounting to Tk. 279,435,033 and Building value amounting Tk. 90,674,757. The value has been derived in proportion to the value of Land and building (75:24) as 31 December 2014 (before charging any depreciation).

| | | |
|---|-----------------------|--------------------------------------|
| A | Holding No./ Plot No. | Plot-2, Block-C25(A), "Haina Center" |
| B | Road No./ Road Name | Gulshan Avenue. |
| C | Para Mahalla/ Mor | Gulshan Avenue. |
| D | Thana/ District. | Gulshan, Dhaka. |



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Tania Sharmin
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Company Secretary
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Mominul Islam
Managing Director & CEO
IPDC Finance Limited

14.0 Conclusion

Valuation of fixed assets is essential for an organization to portray the genuine depiction of the organization. Without necessary revaluation of the assets, an organization could not be practically identical with different organizations of the business. Decision makers likewise could not settle on legitimate choice on the premise of book value of the assets as it were. In this connection IPDC Finance Ltd. Management engaged ACNABIN/ Mridha & Associates Ltd., Valuer Firm, for an independent and professional valuation of its fixed assets situated at Hosna Centre (4th Floor), 106, Gulshan Avenue, Dhaka- 1212.

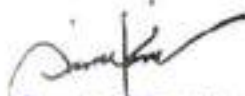
We believe that our report on the valuation of commercial space will help the management in their ongoing process for taking effective decision with respect to the valuation of fixed assets. We additionally thank the management of IPDC for the cooperation and assistance extended to us for completing our assignment.

08 DEC 2022

Pg 7




Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited

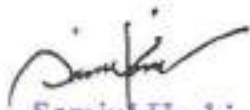
Annexure 4: Due Diligence Certificate

Annexure 4: Due Diligence Certificate

08 DEC 2022



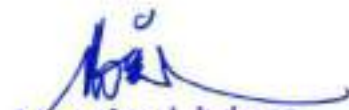
Tania Sharmin
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Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Your Prosperity Advisor

Annexure-II
Due diligence certificate of the trustee

To

The Bangladesh Securities and Exchange Commission

Sub: Issuance of 15% Coupon bearing Subordinate Bond of BDT 10 million Each at totaling BDT 1500 million of IPDC Finance Ltd.

We, the under-noted trustee to the above mentioned forthcoming issue, state as follows:

1. We, while act as trustee to the above-mentioned issue on behalf of the eligible investors, have examined the draft Information Memorandum, legal and other documents and materials as relevant to our decision; and
2. On the basis of such examination and the discussions with the issuer, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

WE CONFIRM THAT:

- (a) all information and documents as are relevant to the issue have been received and examined by us and the draft IM, draft Deed of Trust and draft Subscription Agreement forwarded to the Commission has been approved by us;
- (b) we have also examined all documents of the assets to be charged with the Trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM;
- (c) while examining the above documents, we find that all the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been complied with;
- (d) we shall act as trustee to the issue as mentioned above as per provisions of the deed of trust to be executed with the issuer or the originator, as applicable and shall assume the duties and responsibilities as described in the deed of trust and in the IM;
- (e) we shall also abide by the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and conditions imposed by the Commission as regards of the issue; and
- (f) the above declarations are unequivocal and irrevocable.

For Trustee


Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Tower Hamlet, 5th Floor, 16 Kemal Ataturk Avenue, Banani CA, Dhaka-1215
Tel: +88-02-4622351-2, Fax: +88-02-9622351, E-mail: contact@capmadvlsrtybd.com, Website: www.capmadvlsrtybd.com

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Company Secretary
IPDC Finance Limited


Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited


Mominul Islam
Managing Director & CEO
IPDC Finance Limited

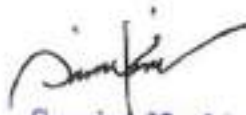
Annexure 5: Credit Rating Report of the Issue

Annexure 5: Credit Rating Report of the Issue

08 DEC 2022



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



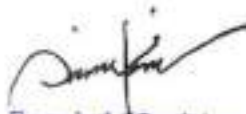
Mominul Islam
Managing Director & CEO
IPDC Finance Limited

**Credit Rating Report
Of
IPDC 2nd Subordinated Bond**

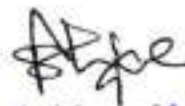
08 DEC 2022



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited



Samiul Hashim
Company Secretary
IPDC Finance Limited



Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited



Mominul Islam
Managing Director & CEO
IPDC Finance Limited



EMERGING
Credit Rating Ltd

IPDC 2nd Subordinated Bond

Corporate Bond Rating (Agreement Number: 2021-09-21-50066)

| Valid From | Valid Till | Rating Action | Long Term Rating | Outlook |
|------------------|------------------|----------------|------------------|---------|
| October 21, 2023 | October 20, 2025 | Surveillance-1 | AA+ | Stable |
| October 21, 2023 | October 20, 2023 | Initial | AA+ | Stable |

* 2nd Subordinated Bond

| | |
|-------------------------|--|
| Date of Incorporation | : 28 November 1991 |
| Managing Director & CEO | : Mr. Mominul Islam |
| Issue | : Subordinated Bond of BDT 1,500 Million |
| Program Tenure | : 6 years |
| Issuer | : IPDC Finance Limited |
| Lead Arranger | : Eastern Bank Limited |
| Trustee | : CAPM Advisory Limited |
| Contact Analysts | : Md. Fahad Bhuiyan fahad.bhuiyan@emergingrating.com Md. Harun Chowdhury harun@emergingrating.com |

**Credit
Analysis**

Corporate Bond


Ahsan Uddin, FCA, ACA
Director & COO
Emerging Credit Rating Ltd.

08 DEC 2022

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Samiul Hashim
Company Secretary
IPDC Finance Limited

Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited

Emerging Credit Rating Ltd

Corporate Bond

CREDIT ANALYSIS

2022 Surveillance Review

IPDC 2nd Subordinated Bond

Major Rating Factors

- | | |
|------------------------|--|
| Strengths | <ul style="list-style-type: none"> Improvement in the net-interest income Growing total asset base along with good loan growth in 2021 Experienced and well-organized management team |
| Challenge/Risks | <ul style="list-style-type: none"> Increasing non-performing loans Increasing risk weighted assets lowering the capital adequacy ratio Lowering non-interest income |

Rationale Emerging Credit Rating Limited (ECRL) has affirmed AA+ (Pronounced as 'Double A Plus Bond') long term credit rating to IPDC Finance Limited's (IPDC) 2nd Subordinated Bond (hereinafter referred to as "The Subordinated Bond" or "The Bond" or "The Issue") of BDT 1,500.00 million in face value. The outlook on the rating is Stable. The rating is consistent with ECRL's methodology for this type of bond rating. ECRL considered financial performance, capital base, asset quality, management experience, liquidity and prospect of the industry while assigning the standalone rating and the likelihood of default of the bond while assigning the bond rating.

The Subordinated Bond, which qualifies as Tier-II Capital for IPDC Finance Limited (hereinafter referred to as "IPDC" or "The FI" or "The Issuer"), is rated lower than IPDC's standalone rating, because of the Subordinated position of the bond relative to the IPDC's depositors and other senior creditors.

The assigned rating reflects the strengths of the FI which is backed by improvement in the net-interest income, growing total asset base along with good loan growth, experienced and well-organized management team. However, ECRL is concerned about the increased NPL, increasing risk weighted assets lowering the capital adequacy ratio, lowering non-interest income. The rating was assigned on the basis of draft information memorandum, draft agreements between the issuer, trustee and mandated lead arranger provided by the entity in discussion and the rating may significantly change if the covenants in those agreements are altered.

IPDC 2nd Subordinated Bond has an issue size of BDT 1,500.00 million. The bond will be repayable in six years with five equal installments starting from the end of year two. Semi-annual coupon payment will be paid starting at the end of 6 months from the date of drawdown. The interest rate for the bond is between 7.50% to 10.00% p.a. Coupon rate of the bond is being determined by the reference rate plus coupon margin of 2.50% p.a. Eastern Bank Limited is acting as the mandated lead arranger and CAPM Advisory Limited is acting as the trustee for this issue. The fund raised through issuing the bond will be used to support company's future growth and maintain adequate capital requirement (Tier II capital base) set by Bangladesh Bank allowing IPDC to expand its lending portfolio.

[Signature]
Anisul Hossain FCA, ACA
Director & COO
Emerging Credit Rating Ltd

IPDC 2nd Subordinated Bond

EMERGING
Credit Rating Ltd

08 DEC 2022

[Signature]

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

[Signature]

Samiul Hashim
Company Secretary
IPDC Finance Limited

[Signature]

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

[Signature]

Mominul Islam
Managing Director & CEO
IPDC Finance Limited



In FY 2021, the capital adequacy ratio of IPDC fell from earlier year due to 22.49% increase of risk weighted assets along with a 10.36% reduction of Tier-II capital in 2021. However, the CAR of the FI remained at 15.65% which is well above the regulatory requirement. By the end of first half of 2022, the CAR further reduced to 14.85% in this period due to the increase of risk weighted assets again during the period. This signifies an alarming trend of lowering CAR with increasing risk weighted assets that need to be controlled.

The asset base of the FI in 2021 grew 11.85% from the preceding year while the majority of that asset base covered by the loans portfolio exhibited 21.86% growth at the same time being better than the industry average. On the contrary, the FI reported drastic 177.17% increase in its non-performing loan base in 2021. After the loan downwards classification and relaxation of loan payment requirements were slowly being withdrawn in 2021, the performance of loans deteriorated, as many firms continued to struggle to make repayments on time. Hence, the NPL ratio reached to 3.15% of the total loans in 2021 which was at a much lower 1.38% in the previous year. The asset quality deteriorated further with NPLs engrossing 4.10% of the total loan portfolio by the end of H1 2022. To safeguard against the non-performing loans, IPDC has maintained BDT 2,122.33 million provisions against classified and unclassified loans and advances with BDT 229.41 million surplus as on June 30, 2022.

In 2021 the FI's strategic decision was to lower investments in government securities and focus on the capital market which resulted in the investment portfolio of IPDC registering a 46.72% downfall in 2021. This negative growth continued till the first half of 2022 where the FI showed further 19.38% reduction of investment portfolio. The asset growth slowed down considerably in the first half of 2022 with reduction of investment portfolio as well as moderate growth of loans and other assets of the balance sheet.

In order to cope with the increasing non-performing loans base, IPDC rescheduled loans in 2021 which had an outstanding of BDT 352.54 million at the end of the year representing 5.55% of the total loan portfolio. If there was no reschedule or write off performed in 2021, IPDC's NPL may have reached 3.69% of the loan book. IPDC's large loan exposure has decreased slightly in the recent year with the top 20 funded loans covering 10.49% of the gross loan portfolio from 11.52% in the previous year indicating that the bank has distributed its loanable funds in an efficient manner to mitigate its loan portfolio risk.

The FI exhibited consistent growth of its deposit base in the 2018-2021 periods despite the industry conditions owing to various deposit campaigns held by the FI. However, by the first half of 2022, the deposit base of the FI has declined by 2.75% to BDT 58,744.47 million. As a result of the lowering deposit base and growing loan base, IPDC's loan to fund ratio has increased to 90.24% compared to 85.22% at the end of 2021. These somewhat restricts the ability of the FI disbursing more loans.

The net interest income of IPDC grew by 37.98% in FY2021 after a meager growth of 3.62% in FY2020 backed by lower deposit expenses as there was liquidity surplus in the market in the year. In this period, interest income of the FI reduced by 5.38% from the previous year, however, interest expense reduced by 23.00% resulting in the net interest income growth during the year.

On the other hand, as earlier mentioned, the FI's investment portfolio shrank which impacted the non-interest income stream of IPDC. Cumulative effect of the movements of the net interest and non-interest income, the total operating income of the FI had improved by 21.73% in FY2021. The cost to income ratio of the FI dropped due to overall income growth composed to lower growth of expenses which prompted to achieve 31.19% growth in profit before provision in 2021. In comparison, provision expenses increased significantly by 46.40% from BDT 478.16 million in FY2020 to BDT 706.04 million in FY2021 resulting in 25.13% increased profit before tax and 24.87% increase of net profit after tax in 2021 against 2020.

IPDC 2nd Subordinated Bond

EMERGING
Credit Rating Ltd

Amir Rafique FCCA, ACA (Hon 3 of 22)
Director & COO
Emerging Credit Rating Ltd.

08 DEC 2022

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hossain
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited



The net interest margin have improved in 2021 to 3.61% from 3.01% of the previous year indicating better utilization of the interest earning assets during the year.

The FI has earned BDT 1,506.55 million net interest income in the first half of 2022 compared to the BDT 1,261.75 million in the same time previous year (H1 2021). If the current trend of revenue is maintained, the yearend revenue of 2022 may outpace the revenue of 2021. However, the non-interest income of the FI continued to decrease in the first half of 2022 and the trend projects to possible decrease of non-interest income in the coming year-end of 2022 as opposed to 2021.

ECRI views IPDC's outlook as **Stable** due to its increasing net profit, growing asset base, experienced Board of Directors along with increasing non-performing loan (NPL) and lowering capital adequacy ratio.

Exhibit 1: Financial Highlights: IPDC Finance Limited (IPDC)

| FY 31 December | 2022 H1 | 2021 | 2020 | 2019 | 2018 |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total Assets (BDT million) | 87,462.52 | 84,972.39 | 75,989.43 | 64,402.10 | 50,511.18 |
| Total Assets Growth (%) | 2.92 | 11.85 | 17.96 | 27.50 | 28.56 |
| Gross Loans (BDT Million) | 71,400.31 | 68,327.25 | 63,609.69 | 50,725.76 | 44,325.27 |
| Gross Loans Growth (%) | 9.30 | 21.86 | 5.69 | 14.44 | 28.60 |
| Deposits (BDT Million) | 58,794.47 | 60,405.38 | 52,456.34 | 46,631.36 | 37,066.08 |
| Deposit Growth (%) | (2.75) | 15.15 | 17.15 | 25.08 | 24.61 |
| NPL Ratio (%) | 4.13 | 3.15 | 1.38 | 1.57 | 2.14 |
| Loan to Fund (%) | 90.34 | 85.22 | 77.20 | 86.01 | 94.84 |
| Net Interest Income (BDT Million) | 1,306.55 | 2,783.06 | 2,007.00 | 1,942.76 | 1,698.33 |
| Net Interest Income Growth (%) | **8.27 | 37.96 | 3.62 | 14.39 | 58.34 |
| Non-Interest Income (BDT Million) | 215.87 | 561.61 | 812.79 | 222.94 | 175.20 |
| Non-Interest Income Growth (%) | **(34.74) | (18.00) | 264.58 | 26.52 | 1.90 |
| Average Interest Spread (%) | 2.90 | 3.35 | 3.45 | 2.94 | 3.60 |
| Post-Tax Profit (BDT Million) | 440.13 | 881.06 | 795.58 | 562.47 | 450.00 |
| Post-Tax ROAE (%) | **13.86 | 14.89 | 12.12 | 12.96 | 13.11 |
| Capital Adequacy Ratio (%) | 14.81 | 15.65 | 18.51 | 19.30 | 14.01 |
| Tier-1 Ratio (%) | 12.01 | 12.61 | 14.35 | 14.87 | 11.62 |

FY2018-FY2021 data extracted from audited financial statements
*2022 H1 data extracted from audited January-June 2022 financial statements
** Annualized figure

Arjun Rahman FICA, ACA
Director & COO
Emerging Credit Rating Ltd.

08 DEC 2022

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited



A. BUSINESS DESCRIPTION

A.1. Company Background

IPDC Finance Limited (previously known as "Industrial Promotion and Development Company of Bangladesh 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 (GEG), Germany, The Aga Khan Fund for Economic Development (AKFED), Switzerland, Commonwealth Development Corporation (CDC), UK and the Government of Bangladesh.

Since its inception IPDC has played a pivotal role in developing country's industrial landscape. IPDC had been partner to many of the very renowned corporate houses in Bangladesh in their incubation stage as well as a number of milestone projects. It has expanded its operation rapidly since its inception and has built a strong asset base of BDT 84,572.59 million at the end of FY2021 which was an 11.85% increase from the FY 2020.

IPDC has 15 branches including Head Office Branch situated in Gulshan along with branches in Motijheel, Dharmad, Uttara, Chittagong, Sylhet, Gulpur, Narayanganj, Bogura, Jessore, Cumilla, Mymensingh, Khulna, Faridpur and Rangpur.

A.2. Shareholding Structure

The Authorized Capital of IPDC Finance Limited (IPDC) is BDT 8,000.00 million. As on August 31, 2022, the company's total paid-up capital stood at BDT 3,710.92 million. The shareholding position of IPDC was structured with Government of the People's Republic of Bangladesh (GoB) who contributes 21.86% of total share, general shareholders who accounts for 20.09% share of total shareholding, institutions holding 9.94%, foreign investors holding 0.05% and other investors which include BRAC, Ayesha Abed Foundation, RSA Capital Limited and Bluechip Securities Limited individually contributing 25.00%, 10.00%, 5.00% and 5.00% respectively of total shareholding.

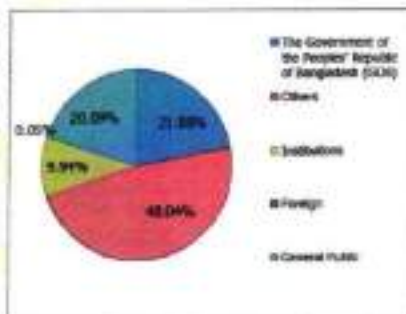


Figure 1: Shareholding of IPDC

A.3. Business Review

With a vision of becoming the most passionate financial brand in the country with special focus on youth, women and underserved areas and mission to enable their customers and communities to rise unbound, to live up to their fullest potential by extending innovative financial solutions in a friendly, timely, transparent and cost-effective manner, IPDC aims to create extraordinary customer experiences. With those in mind, IPDC Finance is offering several loan and deposit products as discussed below.

Retail Financial Services: IPDC offers various retail financial services for individuals to come up with the simplest solutions for their complex financial requirements. Following are the financial services offered by IPDC under Retail Financial Services.

- Home Loans:** With a wide choice of home loan options, IPDC's home and mortgage division aims to meet the need that is on top of every individual aspiration: creating own home. With that aim in mind, IPDC has launched a new and easy to afford home loan product for people outside Dhaka named "IPDC Home Loan".
- Auto Loans:** IPDC auto loan specializes in providing car financing products and solutions for both individuals and institutions.

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CAPM Advisory Limited

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IPDC Finance Limited

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Acting Chief Financial Officer
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Managing Director & CEO
IPDC Finance Limited



- c) **Personal Loans:** IPDC's personal loan unit offers loans for fulfilling a wide range of personal needs and requirements.
- d) **Deposit Products:** IPDC offers different deposit products which include Annual Profit Scheme, Cumulative Profit Scheme, Fixed Deposit General, Monthly Profit Scheme, Double Money Deposit Scheme and Quarterly Profit Schemes.
- e) **Savings Schemes:** The FI provides various savings scheme for individuals namely Deposit Premium Scheme, Millionaire Deposit Scheme, Utilflex Deposit Scheme.
- f) **IPDC Piti:** Besides the above mentioned products, the FI also offers special facilities towards women under the IPDC Piti scheme.

SME: IPDC encourages prevailing & potential SME entrepreneurs by offering tailored & affordable products with a vision to boost SME enterprises and empowering women nationwide. Under SME, IPDC offers facilities namely Lease Finance, Long Term Finance, Short Term Finance and Joyee For Woman Entrepreneur.

- a) **Lease Finance:** IPDC provides lease financing against industrial machineries and equipment, commercial equipment, generators, vehicles, vessels and large industrial engines, among others.
- b) **Long Term Finance:** The long term finance are provided to any business concern to meet up various regular capital or fixed expenditures.
- c) **Short Term Finance:** Short term finances are provided to business concerns to meet urgent fund requirement for any interim period.
- d) **Joyee:** Exclusively tailored for female entrepreneurs for extra edge.

Corporate Financial Services: Corporate financial services are provided with a focused model built around business needs, emphasis on informed advice, tailored ideas and solutions and best-in-class execution. Following services are offered under Corporate Financial Services.

- a) **Lease Finance:** Provided for industrial machineries, commercial equipment, generators, vehicles, vessels, industrial large engines, etc. that will be newly procured or already procured.
- b) **Term Loans:** Financing for capital and operating expenditures such as balancing of production lines, modernization of manufacturing processes and expansion of production capacity or spec, etc.
- c) **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.
- d) **Work Order Finance:** To execute a work order in a timely manner and to overcome the liquidity shortage, IPDC offers work order financing.
- e) **Factoring:** IPDC offers businesses factoring finance to receive cash quickly on their receivables for relieving the first party of a debt for less than the total amount providing them with working capital to continue trading.
- f) **Project Financing:** For projects requiring large-scale investments, IPDC provides syndication services under which it forms consortiums with banks / financial institutions to raise funds. Under this arrangement, IPDC acts as the lead financing arranger. Project financing can be applicable to both new unit in addition to existing project.
- g) **Preference Share Investments:** IPDC corporate division makes financing by purchasing shares if clients raise funds through preferred share.

A.4. Market Share

The market share of IPDC in terms of loans and deposits have been showing improvement comparing to the previous year. IPDC's loans and deposits position was BDT 71,406.31 million and BDT 58,744.47 million respectively at the end of June 2021 whereas aggregated loans and deposits of the industry were BDT 671,618.80 million and 425,002.00 million respectively as per Bangladesh Bank publication. The BFI represented 9.73% of market share in terms of loans and 14.21% of market share in term of deposits as on December 31, 2021, compared to 7.64% and 10.93% respectively at the end of June 30, 2020.



Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited



Figure 2: Market share: IPDC Finance Limited

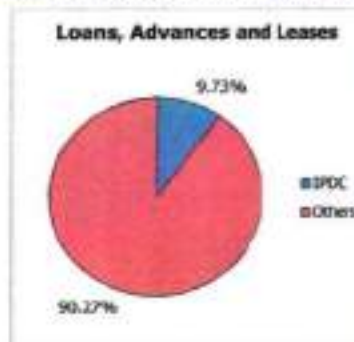


Figure 3: Market share: IPDC Finance Limited



Exhibit 2: Market share: IPDC Finance Limited (IPDC)

| | | (BDT in Millions) | | |
|---------------------|----------------------------|-------------------|------------|------------|
| | | 2021 | 2020* | 2019* |
| NBFI | Loans, Advances and Leases | 671,616.00 | 669,546.00 | 678,100.00 |
| | Deposit | 425,062.00 | 441,200.00 | 458,100.00 |
| IPDC | Loans, Advances and Leases | 65,177.25 | 51,128.56 | 46,038.55 |
| | Deposit | 60,405.26 | 48,225.76 | 40,195.52 |
| IPDC (Market Share) | Loans & Advances | 9.73% | 7.64% | 6.79% |
| | Deposits | 14.21% | 10.92% | 8.77% |

*Data as on June 30

Source: Department of Financial Institutions and Markets, BB

A.5. 2nd Subordinated Bond Issuance Objective

IPDC 2nd Subordinated Bond is a debt instrument which is subordinated to deposits and other liabilities of the FL. It implies that the claims of the potential investors of this instrument are junior to the claims of the depositors and the other creditors. The bonds are unsecured and will not be insured by any deposit insurance scheme. The bonds are non-convertible and fully redeemable and will be ineligible as collateral for any loan made by the issuer.

The purpose of the issue is to explore options of raising capital to support company's future growth and maintain adequate capital requirement (Tier II capital base) set by Bangladesh Bank. The raised fund will be constituted as Tier II Capital, subject to approval from Bangladesh Bank, allowing IPDC to expand its lending portfolio.

A.6. Structure of 2nd Subordinated Bond and Terms

Exhibit 3: Structure of 2nd Subordinated Bond and Terms

| | |
|------------------------|---|
| Name of the Instrument | IPDC 2 nd Subordinated Bond |
| Issuer | IPDC Finance Limited |
| Purpose | The Purpose will be as follows: • To strengthen Tier II Capital Base (Subject to approval of Bangladesh Bank, • To explore options of raising capital to support company's future growth. |
| Arrangers | Eastern Bank Limited (EBL) and also referred to as the "Mandated Lead Arranger" or the "MLA" |
| Trustee | CAPM Advisory Limited |
| Common Legal Counsel | Leti Juri |
| Currency | Bangladesh Taka (BDT) |
| Issue Size | Up to BDT 1,500,000,000 (One Billion and Five Hundred Million) |

IPDC 2nd Subordinated Bond

EMERGING
Credit Rating Ltd



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08 DEC 2022

Tania Sharmin
Managing Director & CEO
CAPM Advisory Limited

Samiul Hashim
Company Secretary
IPDC Finance Limited

Md. Ashique Hossain
Acting Chief Financial Officer
IPDC Finance Limited

Mominul Islam
Managing Director & CEO
IPDC Finance Limited



| Issue Type | Subordinated Bond | | | | | | | | | | | | | | |
|--|---|------|------------|---|-----|---|-----|---|-----|---|-----|---|-----|---|-----|
| Nature of Instrument | Non-convertible, fully-redeemable, Unsecured, Floating Rate Subordinated Bond | | | | | | | | | | | | | | |
| Tenure | 72 months from the date of issue, including 1 year moratorium and subsequently annual 20% repayment of the principal amount. | | | | | | | | | | | | | | |
| Face Value | BUT 10,000,000.00 (Ten Million) only or as agreed amongst MIA and Issuer | | | | | | | | | | | | | | |
| Issue Price | 100% at Par | | | | | | | | | | | | | | |
| Total Bonds to be Issued | 150 (One hundred and fifty) | | | | | | | | | | | | | | |
| Investors | Institutional investors/high net-worth individual investors | | | | | | | | | | | | | | |
| Mode of Placement | Best Efforts/ Strictly Non Underwritten | | | | | | | | | | | | | | |
| Yield to Maturity / Rate of Return | The coupon rate is equal to Reference Rate + Coupon Margin. The reference rate is Last average 6 Month FDR Rate of all PCBs established before 2012 (excepting Islamic Banks and Foreign Banks) as published by Bangladesh Bank on quotation date. The coupon margin is 2.50% p.a. with a floor of 7.50% p.a. Cap of 10.00% p.a. Quotation date is 5 Business days before the first day of any period for which coupon is to be paid. | | | | | | | | | | | | | | |
| Coupon Rate | The coupon rate is equal to Reference Rate + Coupon Margin. The reference rate is Last average 6 Month FDR Rate of all PCBs established before 2012 (excepting Islamic Banks and Foreign Banks) as published by Bangladesh Bank on quotation date. The coupon margin is 2.50% p.a. with a floor of 7.50% p.a. Cap of 10.00% p.a. Quotation date is 5 Business days before the first day of any period for which coupon is to be paid. | | | | | | | | | | | | | | |
| Reference Rate | The reference rate is Last average 6 Month FDR Rate of all PCBs established before 2012 (excepting Islamic Banks and Foreign Banks) as published by Bangladesh Bank on quotation date. | | | | | | | | | | | | | | |
| Quotation Days | Quotation date is 5 Business days before the first day of any period for which coupon is to be paid. | | | | | | | | | | | | | | |
| Coupon Margin | The coupon margin is 2.50% p.a. with a floor of 7.50% p.a. Cap of 10.00% p.a. | | | | | | | | | | | | | | |
| Range of Coupon Rate | The coupon margin is 2.50% p.a. with a floor of 7.50% p.a. Cap of 10.00% p.a. | | | | | | | | | | | | | | |
| Coupon Payment Frequency | Semi-Annually | | | | | | | | | | | | | | |
| Repayment Schedule | The principal redemption will be in five tranches, each tranche being 20% of the principal amount commencing at the end of second year from the date of the issuance. <table border="1"> <thead> <tr> <th>Year</th><th>Redemption</th></tr> </thead> <tbody> <tr> <td>1</td><td>Nil</td></tr> <tr> <td>2</td><td>20%</td></tr> <tr> <td>3</td><td>20%</td></tr> <tr> <td>4</td><td>20%</td></tr> <tr> <td>5</td><td>20%</td></tr> <tr> <td>6</td><td>20%</td></tr> </tbody> </table> <p>Redemption schedule (of face value):</p> | Year | Redemption | 1 | Nil | 2 | 20% | 3 | 20% | 4 | 20% | 5 | 20% | 6 | 20% |
| Year | Redemption | | | | | | | | | | | | | | |
| 1 | Nil | | | | | | | | | | | | | | |
| 2 | 20% | | | | | | | | | | | | | | |
| 3 | 20% | | | | | | | | | | | | | | |
| 4 | 20% | | | | | | | | | | | | | | |
| 5 | 20% | | | | | | | | | | | | | | |
| 6 | 20% | | | | | | | | | | | | | | |
| Prepayment, Call Refunding, Prepayment, Conversion Features | N/A | | | | | | | | | | | | | | |
| Tax Features | According to the laws of Bangladesh | | | | | | | | | | | | | | |
| Late Redemption | Incremental charge at the rate of 2% per annum payable by the Issuer to the Bondholders above the amount to be paid by the Issuer to the Bondholders on the Redemption Date for failure of the Issuer to make payment to the Bondholders on the Redemption Date. | | | | | | | | | | | | | | |
| Description of Collateral | Unsecured | | | | | | | | | | | | | | |



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| | |
|---|---|
| Security and Type of Charges to be Created Against the Issue | |
| Listing | Unlisted (May be listed if BSEC required) |
| Governing Law | The laws of The People's Republic of Bangladesh |

A.7. Rate of Return

Rate of return comprises of reference rate and coupon margin.

Reference Rate: The reference rate is latest average 6 Month FDR Rate of all PCBs established before 2012 (except Islamic Banks and Foreign Banks) as published by Bangladesh Bank on quotation date.

Coupon Margin: 2.50% p.a.

Coupon Range: 7.50% p.a. to 10.00% p.a.

The principal redemptions will be in five tranches, each tranche being 20% of the principal amount commencing at the end of second year from the date of the issuance. The coupon will be paid semi-annually and the first coupon will be paid at the end of sixth month from the drawdown date.

B. FINANCIAL ANALYSIS

B.1. Capital Adequacy

Exhibit 4: Selected Indicators of IPDC

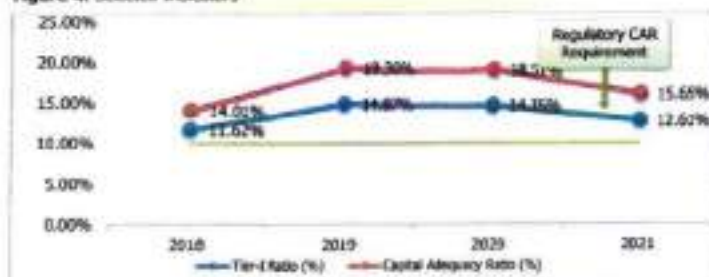
| PY 31 December | 2022 H1 | 2021 | 2020 | 2019 | 2018 |
|---|-----------|-----------|-----------|-----------|-----------|
| Tier-I Capital (BDT Million) | 5,041.88 | 5,042.06 | 5,621.35 | 5,266.85 | 3,441.06 |
| Total Capital (BDT Million) | 7,472.99 | 7,508.11 | 7,249.45 | 6,836.43 | 4,149.54 |
| Risk Weighted Assets (BDT Million) | 50,313.21 | 47,969.97 | 39,362.00 | 35,436.26 | 29,815.06 |
| Tier-I Ratio (%) | 12.01 | 12.61 | 14.35 | 14.87 | 11.62 |
| Capital Adequacy Ratio (%) | 14.85 | 15.65 | 18.31 | 19.30 | 14.01 |

2018-2021 data extracted from audited financial statements

2022 H1 data extracted from audited January-June 2022 financial statements

In FY 2021, the CAR of the FI remained at 15.65% which is well above the regulatory requirement. During this period, the CAR fell from earlier year due to 22.49% increase of risk weighted assets along with a 10.36% reduction of Tier-I capital in 2021. Risk weighted asset of the FI has stood at BDT 47,969.97 million in FY2021, notably higher than earlier year's BDT 39,162.00 million. As per the regulatory requirement directed by the Bangladesh Bank, every financial institution has to maintain a minimum Capital Adequacy Ratio of 10.00%. Over the years, it has been noted that IPDC's capital adequacy has been good and in accordance with the regulatory framework's requirements for risk-based capital adequacy.

Figure 4: Selected Indicators



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By the end of first half of 2022, the total capital of the FI reached to BDT 7,472.99 million decreasing 0.47% from the position at the end of FY2021. The tier-I capital decreased marginally (0.09%) during the time which resulted in reduction of tier-I ratio. The CAR stood at 14.85% in this period further lowering from the 15.65% of the end of 2021 again due to the increase of risk weighted assets in the first half of 2022 from the end of 2021. This signifies an alarming trend of lowering CAR with increasing risk weighted assets that need to be controlled.

B.2. Asset Composition & Trends

Exhibit S: Selected Indicators of IPDC

| FY 31 December | 2022 H1 | 2021 | 2020 | 2019 | 2018 |
|--|-----------|-----------|-----------|-----------|-----------|
| Total Asset (BDT Million) | 87,462.52 | 84,972.59 | 75,969.43 | 64,402.10 | 50,511.38 |
| Asset Growth (%) | 2.93 | 11.85 | 17.96 | 27.50 | 28.55 |
| Gross Loans (BDT Million) | 71,406.31 | 65,327.25 | 53,609.69 | 50,725.78 | 44,525.27 |
| Gross Loans Growth (%) | 9.30 | 21.86 | 5.69 | 14.44 | 28.03 |
| Investments (BDT Million) | 2,209.29 | 2,740.36 | 5,143.57 | 1,579.82 | 968.81 |
| Investments Growth (%) | (19.38) | (46.72) | 227.44 | 80.80 | 31.09 |
| NPLs (BDT Million) | 2,924.89 | 2,056.18 | 742.00 | 795.76 | 947.65 |
| NPLs Growth (%) | 42.25 | 177.11 | (6.76) | (16.89) | 143.33 |
| Gross Loans to Total Assets (%) | 81.64 | 76.88 | 70.57 | 78.78 | 87.75 |
| NPL Ratio (%) | 4.10 | 3.15 | 1.36 | 1.57 | 2.14 |
| Net NPL Ratio (%) | 0.31 | (0.86) | (1.96) | (0.38) | 0.38 |
| Loan Loss Reserve Coverage (%) | 72.56 | 94.91 | 172.30 | 100.57 | 88.40 |
| NPLs to Equity & Loan Loss Reserve (%) | 34.53 | 24.75 | 19.11 | 12.48 | 21.94 |

FY2018-FY2021 data extracted from audited financial statements

FY2022 H1 data extracted from audited January-June 2022 financial statements

The government of Bangladesh has implemented a number of stimulus programs as well as the central bank prevented downwards classification of loans to help businesses weather the storm in the onset of the COVID-19 pandemic in 2020-2021. Banks and financial institutions took the major blow in this regard with non-performing loans rising after the downwards classification facilities were slowly being retracted in 2021. IPDC's asset base continued growing in the midst of the pandemic as depicted by the 17.96% growth of total asset in FY2020 which further grew by 11.85% at the end of FY2021. The growth was a result of improvement in the primary component of the total asset which is loans and advances growing by 21.86% in FY2021. The loan portfolio covered 76.88% of the total assets in 2021.

B.2.1. Asset Quality

The gross loans and advances of IPDC grew by 21.86% in FY2021 as opposed to 5.69% in FY2020. The COVID-19 pandemic and the interest rate cap have limited the development of loans and advances made by the financial sector in 2020-21; but, as the economy is recovering, things are gradually getting better. In FY2021, the FI's loans and advances portfolio reached to BDT 65,327.25 from BDT 53,609.69 million in FY2020. Continuing the growing trend in the first six months of FY2022, the gross loans portfolio exhibited 9.30% uplift from the end of FY2021. To be noted here, this may be a result of increasing outstanding liabilities being accumulated due to the loan repayment relaxation in 2020 and 2021 by the central bank's directives.

During 2020, investments of IPDC grew by a hefty 227.44% by investments in government treasury bonds in 2020 as IPDC looked to diversify their earning sources. However, in 2021 the FI's strategic decision was to lower investments in government securities and focus on the capital market. As a result, the investment portfolio of IPDC registered 46.72% downfall in 2021. This negative growth continued till the first half of 2022 where the FI showed further 19.38% reduction of investment portfolio.

The asset quality of the FI was impacted in 2021. Notably, there was a significant 177.11% increase of NPLs of IPDC during FY2021 reaching BDT 2,056.18 million which was highest among the FY2018-FY2021 period. After the loan downwards classification and relaxation of loan payment requirements were slowly being withdrawn in 2021, the performance of loans deteriorated, as many firms continued to struggle to make repayments on time. The gross NPL in FY2021 consisted of 31.89% sub-standard, 27.62% doubtful, 40.49% bad loans. The portions of sub-standard and bad/loss

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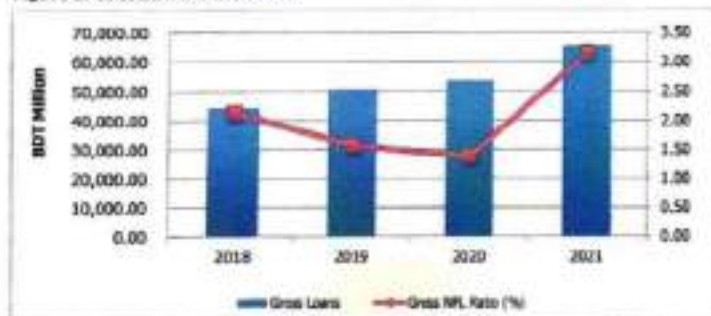
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Mominul Islam
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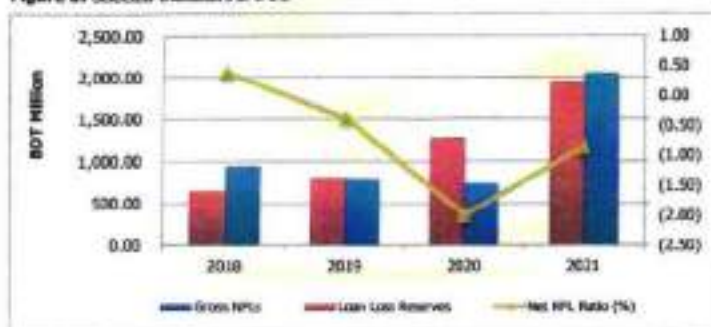
loans have increased in the NPL portfolio in 2021. The NPL to gross loan ratio increased to 3.15% in FY2021 from 1.38% in FY2020 lowering the asset quality.

Figure 5: Selected Indicators of IPDC



The FI's provision coverage ratio has descended in FY2021 compared to the previous two years. Loan loss reserve of the bank covered 94.91% of the total NPL in FY2021 against a significantly higher 172.30% coverage in FY2020 indicating worsened safety against potential losses arising from the NPLs in future. IPDC has maintained BDT 1,951.59 million provisions against classified and unclassified loans and advances with BDT 350.09 million surplus in the latest year.

Figure 6: Selected Indicators of IPDC



By the first half of 2022, the FI exhibited minimal growth in its total asset base with the gross loans portfolio growing by 9.30% during the time. The asset quality deteriorated further by the end of the first half of 2022 when the non-performing loans soared to BDT 2,924.89 million from BDT 2,056.18 million at the end of 2021. The NPL ratio increased to 4.10% in this time which is significantly higher than the 1.38% at the end of 2020 and marginally higher than 3.15% at the end of 2021.

B.2.3. Loan Diversification and Concentration

The highest concentration of loans and advances has been in the Ready-made garments and knitwear industry (9.69%) followed by engineering and building materials at 8.14%, agro-based industries at 7.64%, chemicals, pharmaceuticals and allied products at 6.00% and food and allied products at 5.87% in the FY2021. Notably, there is 44.05% of the loan portfolio under uncategorized industries in FY2021.

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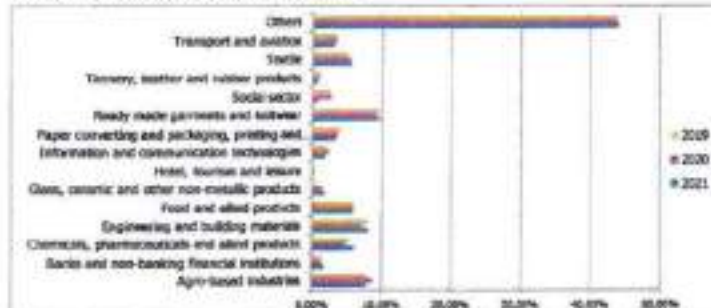
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Product wise concentration showed that long term loan has dominated the loan portfolio in FY2021. Trend wise, the FI has the highest concentration of loans in the Dhaka division followed by Chattogram division and the rest is other divisions of the country.

Figure 7: Sector-wise loans & advances of IPDC



B.2.3. Rescheduled and Written-off Loans

IPDC's freshly rescheduled loans in 2021 had an outstanding of BDT 352.54 million at the end of the year. In 2021, the rescheduled loans represented 5.55% of the total loan portfolio while it was 7.73% in the FY2020. IPDC has not written off any loans in the FY2020 and FY2021. At the end of the FY2021, the NPLs, rescheduled loans and written-off loans together represented 3.69% of the loan book of the bank which was 2.25% in the same time previous year. Among the top 30 rescheduled accounts, there were 1 SMA, 3 IS, 3 doubtful and 1 BL account present as on June 30, 2022. In the first half of the FY2022, the FI had rescheduled 1 account of BDT 1.17 million.

B.2.4. Large Loan Exposure

IPDC's exposure to large loans (amounting to 15% or more of the Company's total capital) has increased in 2021. The number of these large loans were 3 accounts with outstanding of BDT 3,045.29 million compared to 2 individual accounts with total outstanding amounting to BDT 1,867.84 million in FY2020. The top 20 funded loans of the FI as on December 31, 2021 stood at BDT 6,926.31 covering 10.80% of the gross loan portfolio. Top 20 loans by the end of second quarter of FY2022 composed 9.69% of the loan book of the FI. There were 2 SS classified loans in the top 30 loans portfolio at the end of the first six months of 2022.

B.2.5. Off-Balance Sheet Exposure

The total Off-Balance sheet exposure of the FI stood at BDT 35.90 million in FY2021 which was BDT 49.40 million in FY2020. The FI had only letters of guarantee as off balance sheet item over the recent years.

B.3. Earning Trends and Profitability

Exhibit 6: Selected Indicators of IPDC

| FY 21 December | 2022 H1 | 2021 | 2020 | 2019 | 2018 |
|------------------------------------|----------|----------|----------|----------|----------|
| Net Interest Income (BDT Million) | 1,506.55 | 2,783.06 | 2,017.00 | 1,942.76 | 1,698.33 |
| Net Interest Income Growth (%) | **8.27 | 37.98 | 3.82 | 14.39 | 58.34 |
| Non-Interest Income (BDT Million) | 215.87 | 661.61 | 612.79 | 222.94 | 175.28 |
| Non-Interest Income Growth (%) | **34.74 | (18.60) | 264.38 | 26.52 | 1.96 |
| Pre-Provision Profit (BDT Million) | 992.44 | 2,203.37 | 1,609.58 | 1,164.38 | 1,127.92 |
| Pre-Tax Profit (BDT Million) | 792.12 | 1,503.33 | 1,261.42 | 993.62 | 850.57 |
| Post-Tax Profit (BDT Million) | 440.13 | 881.06 | 705.56 | 562.47 | 490.06 |
| Post - Tax ROAE (%) | **13.86 | 14.19 | 12.12 | 12.06 | 13.11 |
| Average Interest Spread (%) | 2.90 | 3.35 | 3.45 | 3.94 | 3.60 |
| Net Interest Margin (%) | **3.99 | 3.61 | 3.01 | 3.54 | 3.90 |
| Cost to Income Ratio (%) | 42.38 | 36.04 | 40.65 | 45.10 | 40.18 |



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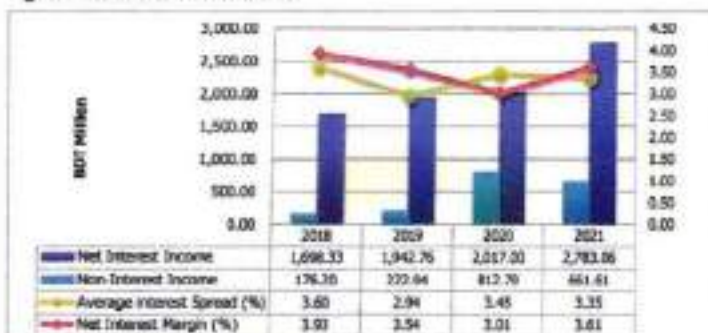
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FY2018-FY2021 data extracted from audited financial statements
*2022 H1 data extracted from audited January-June 2022 financial statements
** Accrued figure

The net interest income of IPDC grew by 37.98% in FY2021 after a meager growth of 3.82% in FY2020. The growth in FY2021 was backed by lower deposit expenses as there was liquidity surplus in the market in the year. In this period, interest income of the FI reduced by 5.88% from the previous year, however, interest expense reduced by 23.08% resulting in the net interest income growth during the year.

Figure 8: Selected Indicators of IPDC



On the other hand, as earlier mentioned, the FI's investment portfolio shrunk which impacted the non-interest income stream of IPDC. The decrease of investment income mostly originated from lower income from government treasury bonds as the FI decided to shift its emphasis to the capital market and lowered its exposure to government securities. In 2021, total operating income of the bank consisted 19.21% non-interest income while it was 38.72% in 2020.

Cumulative effect of the movements of the net interest and non-interest income, the total operating income of the FI had improved by 21.73% in FY2021. IPDC's operating expenses increased by 7.92% in 2021 due to the bank's increased expenditure on salary, stationery, legal expenses etc. The cost to income ratio of the FI dropped due to overall income growth compared to lower growth of expenses which prompted to achieve 11.19% growth in profit before provision contrasted to FY2020. In comparison, provision expenses increased significantly by 46.40% from BDT 478.16 million in FY2020 to BDT 700.04 million in FY2021 resulting in 25.13% increased profit before tax and 24.87% increase of net profit after tax in 2021 against 2020. The net interest margin here improved in 2021 to 3.61% from 3.01% of the previous year indicating better utilization of the interest earning assets during the year.

The FI has earned BDT 1,306.55 million net interest income in the first half of 2022 compared to the BDT 1,263.76 million in the same time previous year (H1 2021). If the current trend of revenue is maintained, the yearend revenue of 2022 may outpace the revenue of 2021. However, the non-interest income of the FI continued to decrease in the first half of 2022 and the trend projects to possible decrease of non-interest income in the coming yearend of 2022 as opposed to 2021. The post-tax profit stood at BDT 440.13 million in H1 2022 from the BDT 410.35 million of same time period last year. The cost to income ratio had increased to 42.38% in H1 2022 from 36.04% at the end of 2021 depicting decreasing cost efficiency of the FI.

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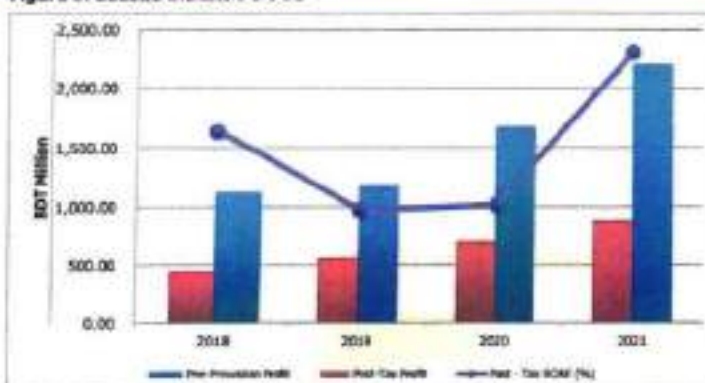
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Figure 9: Selected Indicators of IPDC



B.4. Funding and Liquidity

Exhibit 7: Selected Indicators of IPDC

| FY 31 December | 2022 H1 | 2021 | 2020 | 2019 | 2018 |
|--|-----------|-----------|-----------|-----------|-----------|
| Deposit (BDT in Millions) | 58,744.47 | 60,405.26 | 52,456.34 | 48,361.36 | 37,066.08 |
| Deposit Growth (%) | (2.75) | 15.15 | 13.15 | 25.08 | 24.61 |
| Loan to Fund (%) | 90.34 | 85.22 | 77.20 | 88.00 | 90.84 |
| Net Loans to Stable Funding Base (%) | 106.73 | 95.06 | 89.77 | 97.24 | 108.12 |
| Net Loans to Customer Deposits (%) | 116.93 | 103.85 | 96.82 | 107.29 | 117.48 |
| Deposits to Total Funding (%) | 67.17 | 71.09 | 89.05 | 71.99 | 73.38 |
| Interbank Liabilities to Total Funding (%) | 15.49 | 12.25 | 24.41 | 10.93 | 11.71 |

FY2018-FY2021 data extracted from audited financial statements

*2022 H1 data extracted from audited January-June 2022 financial statements

B.4.1. Fund Management

The deposit base of IPDC, as any other NBF, depends on term deposits mostly. The FI exhibited consistent growth of its deposit base in the 2018-2021 periods. In 2021, the deposit base rose to BDT 60,405.26 million backed by higher Monthly Profit Scheme and Fixed Deposit Scheme. The deposit portfolio of IPDC covers 71.09% of the total fund of the FI in 2021 which was 69.05% in the preceding year. The FI reported a loan to fund ratio of 85.22% in 2021 showing much higher usage of its fund to provide loans in 2021. Notably, the interbank liabilities covered less portion of the total funding in 2021 compared to 2020.

By the first half of 2022, the deposit base of the FI has declined by 2.75% to BDT 58,744.47 million. The recent reputational crisis of NBF industry has pushed the whole industry's deposit portfolio in a strict condition. IPDC is trying to improve its deposit base through various deposit hunting campaigns. As a result of the lowering deposit base and growing loan base, IPDC's loan to fund ratio has increased to 90.34% compared to 85.22% at the end of 2021. These somewhat restricts the ability of the FI disbursing more loans.



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Figure 10: Selected Indicators of IPDC



The net loans (subtracting provision maintained and interest suspense account from total loans) has improved in the year 2021 from the earlier year. The stable funding base of IPDC (equity, term deposits) also improved in the recent year in review here. Cumulatively, the net loans to stable funding base increased to 95.06% signifying again the higher usage of funds compared to previous year. Similarly, the net loans to customer deposits have exhibited higher usage of deposits in 2021. These ratios increased again by the first half of 2022 with the decrease of deposit base while having higher loan growth.

B.4.3. Liquidity Management

As per Bangladesh Bank's regulatory requirement statutory liquidity reserve (SLR) of 5.00% and cash reserve requirement (CRR) of 1.50% are to be maintained by IPDC. IPDC has maintained CRR and SLR in line with Bangladesh Bank requirement at 1.58% and 21.08% in 2021. The CRR and SLR requirement of IPDC is BDT 712.29 million and BDT 2,625.26 million as on December 31, 2021 and IPDC maintained BDT 738.87 million and BDT 11,027.09 million respectively. Total surplus amount CRR and SLR stood at BDT 26.58 million and BDT 8,411.83 million in FY2021 respectively.

By the end of the first half of 2022, the FE has maintained CRR of 1.72% and SLR of 9.34%. The surplus against CRR and SLR stood at BDT 105.91 million and BDT 2,400.19 million respectively.

The maturity-based asset and liability profile of IPDC had net liquidity gap in Above 5 years bracket in FY2021 and shown surplus net liquidity in all other brackets. Eventually, the total net liquidity comprising all maturity periods in FY2021 has resulted in net cumulative surplus.

C. MARKET RISK ANALYSIS

Markets risks of a Subordinated Bond may arise due to uncertainty related to interest rate risk and pricing risk of the bond. Moreover bond by nature are exposed to many sources of risk. The term structure of the interest rate can shift and twist in different ways. Issuers may default due to sector wide problems or individual credit difficulties. However, the debt instrument that IPDC Finance Limited has issued is sensitive towards both market and company specific risks. All investments which offer a balance between risk and potential return are graded to be the higher rated investment. The balance between risk and return varies by the type of investment (in this case Subordinated Bond), the entity that issues it, the state of the economy and the cycle of the securities markets (this risk is eliminated as it will not be publicly traded in secondary market).

The entity in discussion has issued its 2nd Subordinated bond for the purpose of strengthening its Tier II capital base. Eastern Bank Limited is acting as the mandated lead arranger whereas CAPM Advisory Limited is acting as the trustee. To evaluate the proper pricing and coupon rate structure offered for the instruments EDBs has considered the following risk analysis related to the both market and instrument specific risk.

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C.1. Interest Rate Risk of the Bond

Interest rate risk affects the value of bonds that arises when an investment's value will change due to a change in the absolute level of interest rates. Coupon rate of the bond will be determined by the reference rate and then a margin of 2.50% p.a. added to the reference rate. The reference rate is determined by latest average 6 Month FDR Rate of all PCBs established before 2012 (except Islamic Banks and Foreign Banks) as published by Bangladesh Bank on quotation date. Moreover, the 2nd Subordinated Bond of IPDC has a floor of 7.00% and ceiling of 10.00%. Thus the interest rate risk on the part of the investors is minimized.

C.2. Pricing Risk

Maturity profile of bonds affects the bond price. There are two primary reasons why long-term bonds are subject to greater interest rate risk than shorter term bonds. Firstly, there is greater probability that interest rates will move significantly upward or downward, thus upon upward movement it will negatively affect a bond's market price within a longer time period than within a shorter time period. As a result, investors who buy long term bonds but attempt to sell them before maturity may be faced with a deeply discounted market price when they want to sell their bonds. With short term bonds, the risk is not as significant because interest rates are less likely to substantially change in the short term. Shorter term bonds are also easier to hold until maturity, thereby, alleviating an investor's concern about the effect of profit rate driven changes in the price of bonds. Secondly, long term bonds have greater maturity than short term bonds. Because of this, a given interest rate change will have greater effect on long term bonds than short term bonds.

D. COMPANY SPECIFIC RISK ANALYSIS

Risk is an integral part of financing business and thus every financial institution is exposed to risk of different type and magnitude. So, the prime responsibility of every financial institution is to manage its risk such that its return from business can be maximized. As a prudent and responsible financial institution, the Company attaches top priority to ensuring safety and security of the finances that are being extended.

D.1. Impact of COVID-19

The pandemic affected the FI industry in many aspects both in short term and long term. Among various risks, credit risk and liquidity risk shook the industry mostly. The Non-performing Loan (NPL) of the industry rose in an unprecedented manner after the restrictions on loan classification are over. The credit-worthiness of the existing borrower had deteriorated undermining the possibility of repayment of investment.

D.2. Credit Risk

Credit risk is the loss arising from the failure of a client, its counter-party or related parties to meet their contractual obligations. Given the fast changing, dynamic global economy and the increasing pressure of globalization, liberalisation, and consolidation it is essential that FIs have robust credit risk management policies and procedures those are sensitive and responsive to these changes.

Credit risk for IPDC has been segregated into various categories which include default risk, credit concentration risk, recovery risk, counter-party risk, environmental risk and last but not least related-party risk. Default risk refers to the event in which companies or individuals will be unable to make the required payments on their debt obligations. Lenders and investors are exposed to default risk in virtually all forms of credit extensions. To mitigate the impact of default risk, lenders often charge rates of return that correspond to the debtor's level of default risk. The higher the risk, the higher the required return, and vice versa. Recovery & counter party risk can be mitigated with the help of a rigorous credit approval procedure.

D.2.1. Credit Risk Management

To encounter and mitigate credit risk, IPDC employed multi-layer approval process and carries out vigorous monitoring and follow up by fully dedicated recovery and collection team, strong follow up of compliance of credit policies by appraiser and credit department, takes collateral, performs valuation



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and legal vetting on the proposed collateral by members of their own dedicated technical and legal department, seeks legal opinion from external lawyers for any legal issues if required, review market situation and industry exposures regularly and obtain insurance coverage for funded assets. IPDC considers Guideline for Managing Core Risks of Financial Institutions issued by Bangladesh Bank for management of risks. IPDC established a Credit Risk Management Framework (CRMF). The CRMF provides a structure for managing credit risk i.e. the risk of loss resulting from customer's default.

D.3.2. Credit Administration Process

The Credit Administration Management Division (CAM) is placed under the control of Chief Operating Officer (COO). The CAM, in co-ordination with other divisions of the credit chain ensures that proper controls and checks are in place and are being meticulously followed. IPDC has a strong risk management unit to address different types of risk including credit risk. A detailed credit administration process has been outlined by the credit risk management department through their credit policy which was approved by the Board of Directors of the company where major policy guidelines, growth strategy, exposure limits and risk management strategies have been described/ stated. Credit policy is regularly updated to cope up with the changing global, environmental and domestic scenarios.

An independent Credit Administration Department is in place, at IPDC, to scrutinize all loans from risk-weighted point of view and assist the management in creating a high quality portfolio and maximize returns from assets. The Credit department assesses credit risks and suggests mitigations and ensures that adequate security documents are in place before sanction of loan and before disbursement of loans. A recovery team monitors the performance of the loans and advances, identifies early sign of delinquencies in portfolio and takes corrective measures to mitigate risk, improves loan quality and to ensure recovery of loans in a timely manner including legal actions.

D.3.3. Credit Evaluation & Approval Process

Credit Policy acts as a guideline in every step of approval process for all concerned personnel. To mitigate credit risk, IPDC search for credit reports from Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by Credit Admin Department and Loan Operation Department to understand the liability condition and repayment behavior of the client. Depending on the reports, opinions are taken from the concerned related parties for better understanding about client's credit worthiness.

D.3. Market Risk

The risk of loss arising from changes in market variables such as interest rates, security prices, equity index levels, exchange rates, commodity prices and general credit spreads are considered to be market risks. Since IPDC is a non banking financial institution, market risks may arise in the form of interest rate risk and equity price risk mainly.

Interest Risk: Interest rate risk is the exposure of IPDC's financial condition to adverse movements in interest rates arising from re-pricing and/ or maturity mismatches, changes in underlying rates and other characteristics of assets and liabilities in the normal course of business.

Equity Risk: Equity risk is the exposure of changes in prices and volatility of individual equities, baskets of equities and equity indices. IPDC's credit policy ensures that exposures are sufficiently diversified and within the Company's risk appetite.

At IPDC, business volume risk may arise in the form of risk of falling business volumes and market share, risk of being overtaken and losing leadership position and risk of over trading which may affect profitability due to volatile revenues and reduced spread earnings, credit rating and reputation. Risk of over trading may lead to insufficient capital. This risk may also be considered to be a part of market risk.

D.3.1. Market Risk Management

A system for managing Market Risk is in place where guideline has been given regarding long term, short-term funding, liquidity contingency plan, local regulatory compliance etc. Treasury department manages the Market risk with the help of Asset Liability Management Committee (ALCO) and Asset Liability Management (ALM) Desk in the following manner:



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Interest and Equity Risk Management

Treasury Department reviews the risk of changes in the income of the company as a result of movements in the market interest rates. In the normal course of business, IPDC tries to minimise the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done by market analysis over interest rate movements which are reviewed by the Treasury Department of the company. The type and level of mismatch interest rate risk of the company is managed and monitored from two perspectives, being an economic value perspective and earning value perspective.

D.4. Liquidity and Funding Risk

The risk of being unable to either meet payment obligations on maturity or to borrow funds from the market at an acceptable price to fund actual or proposed commitments include the liquidity and funding risk. Due to tradeoff between liquidity and profitability as well as mismatch between demand and supply of liquid assets raises this risk. Basically liquidity is of critical importance to financial institutions. Insufficient liquidity has been the cause behind most recent failures of financial institutions.

D.4.1. Liquidity Risk Management

Liquidity requirements are managed on a day to day basis by the Treasury Division which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario and for maintaining a diversity of funding sources. Treasury Division maintains liquidity based on historical requirements, anticipated funding requirements from operations, current liquidity positions, collections from financing, available sources of funds and risks and returns.

D.5. Operational Risk

Operational risk is the potential loss arising from a breakdown in company's systems and procedures, internal control, compliance requirements or corporate governance practices that results in human error, fraud, failure, damage of reputations, delay to perform or compromise of the company's interests by employees. These may arise due to turnover of trained staff, risk of insider dealing, leakage of sensitive information, shortcoming of organisational structure, risk of falling in credit rating, money laundering, changes in statutory requirement as well as technological obsolescence.

D.5.1. Operational Risk management

All the policies and guidelines of internal control and compliances to provide reasonable assurance on the subject of effectiveness and efficiency achievements on operations with applicable laws and regulations are primarily established as per advice of the Board of IPDC. The Board delegates its authority to Executive Committee and Managing Director. Audit Committee of the Board oversees the activities of internal control and compliance as per good governance guideline issued by Securities and Exchange Commission.

E. MANAGEMENT AND OTHER QUALITATIVE FACTORS

E.1. Corporate Governance

IPDC has a strong institutional framework to meet the regulatory requirement of Corporate Affairs. IPDC believes compliance to be one of its key priorities and is continuously working to strengthen and improvement of its corporate governance with the aim to have sustainable growth, transparency, accountability, development of corporate values and to meet the expectation of shareholders, customers, regulators and other key stake holders. IPDC's experienced Board maintains an overview on the Company through the Supervisory Committees. In addition to bringing valuable perspective to the Board, IPDC's independent directors contribute meaningfully through their roles within the committees. IPDC promotes accountability of its management and the Board of Directors acknowledges its responsibilities towards its stakeholders for creation and safeguarding their wealth.



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8.1.1. Board of Directors

The Board of IPDC comprises of total eleven (11) Directors (including Managing Director), out of which two (2) are Independent Directors. The Managing Director is an Executive and ex-officio Director of the Board. The board is accountable for ensuring it has appropriate skills, knowledge and experience to perform its role effectively as a collective body. The board provides leadership through oversight, review and by providing guidance whilst setting the strategic direction of the Company.

The Board of Directors of IPDC is chaired by Mr. Kazi Mahmood Sattar. Mr. Sattar has over 40 years of experience in leading positions of multiple prominent banks and financial institutions in Bangladesh and even abroad. His roles as Managing Director and Chief Executive Officer of Eastern Bank Limited and The City Bank Limited, two of the top private commercial banks in the nation, earned him a great deal of respect from the financial community.

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.

8.1.2. Board Meetings

In compliance with Bangladesh Bank's directive, the meeting of the Board of Directors is normally held at the registered Corporate Head Office of the Company. The meetings are held frequently, at least quarterly to help the Board discharge its responsibilities and functions. During the year ended 31 December 2021 a total 7 (seven) Board Meetings were held.

8.1.3. Board of Directors Committees

The Board of Directors have constituted two committees namely – Audit Committee and Executive Committee which enables the Board to deal with specific areas or activities that need a closer review and to have an appropriate structure to assist in the discharge of their duties and responsibilities. The Committees of the Board meet at regular intervals and have the requisite subject expertise to handle and resolve matters expeditiously. The Company Secretary acts as a Secretary to all the Committees of the Board.

Executive Committee (EC):

Executive Committee is the subcommittee of the Board of Directors which has five (5) members and has been chaired by Mr. Sameer Ahmad. The main activities of the Executive Committee include approving the credit-risk taking activities of the company based on the regulations of established approving authorities and reviewing and endorsing credit granting activities. Additionally, they are responsible for the facilitating the board in establishing and maintaining good governance practices. By the end of 2021, there were 5 meetings held.

Audit Committee (AC):

The Audit Committee of IPDC undertakes, among others, oversight responsibilities on behalf of the Board of Directors by reviewing the financial reporting process, the system of internal controls, the audit process, the management of financial risks and the process of monitoring compliance with the laws and regulations in force including its own code of business conduct. The audit committee on behalf of the Board also strives to implement the business plans and policies, as well as continue its strong vigilance and monitoring besides recommending appointment/ removal of statutory auditors and fixing their remuneration.

The Audit Committee consists of five (5) members and is headed by Ms. Sonia Bashir Kabe. All the members are highly financially literate and possess the required qualifications in keeping with the spirit & objectives as laid down in the regulatory directives. The Committee normally meets quarterly, but an emergency meeting of the Committee may be called, if required. However, during FY2021, 6 (six) Committee meetings were held.

8.2. Senior Management

The strategic management activities and overall business operations of IPDC are supervised and directed by the Managing Director & CEO, Mr. Mominul Islam. He has extensive finance and corporate



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management experience, primarily in the financial services sector. 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.

E.2.1. Management Committees

Apart from functional departments, Several Management committees have been formed to handle the banking operation and identify and manage the risk associated with the business. There are 2 main committees under the management committee that aids in operating their day to day operation smoothly and ensure that the individual units run in accordance with the corporate strategic objective. Besides the committees mentioned below there are also IT Steering Committee, Management Credit Committee, Sustainable Finance Committee, National Integrity Strategy Committee and Policy Review Task Force under the management committees.

Asset Liability Committee (ALCO): ALCO is responsible for reviewing the liquidity position of the Company, regulatory compliances, and setting the risk appetite threshold to mitigate the Asset and Liability associated risk of the Company. Asset Liability Management (ALM) deals with the structure of the Company's Balance Sheet and main objective of ALM is to maximize the sustainable return through effective monitoring and management of interest rate risk and maturity risk of assets and liabilities and maintain liquidity at acceptable level.

Risk Management Committee (RMC): One of the prime responsibilities of the Board is to oversee the quality of the risk management processes and systems through the Risk Management Committee. The committee also assists the Board with the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis, verify the adequacy of the risk management function including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines and the quality of the risk management processes and systems.

E.3. Human Resource Management

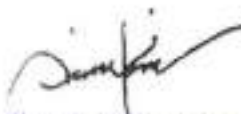
Human Resource Management involves accounting for the company's management and employees as human capital that provides future benefits. Human Resource Accounting is the process of identifying and measuring data about human resources and communicating with the employees. IPDC maintains its policy of recruiting the very best and implementing continuous programs to develop, motivate and retain its talented and capable human resources. As of September 7, 2022, IPDC employed 654 full time employees and outsourced 227 employees. In 2021, the FI recruited 190 and promoted 140 personnel while 184 left the company. The Company provides Festival Bonus, Provident Fund, Gratuity, Employee loan facilities at a subsidized rate, Group insurance and health insurance coverage Annual Incentive Bonus based on performance reward and recognition for employees' hard work and dedication to the Company.

E.4. Information Technology

IPDC intends to continue to invest significantly in Information Technology (IT) to augment operational efficiencies, support central and branch operations, improve the quality of Management Information Systems (MIS), deliver superlative customer experience, improve sales management system and enhance the capacity of our technology infrastructure to handle bigger volume of customers and transactions. From IT automation part IPDC has developed and utilizing below automated processes such as Automated patch management system with Microsoft System Center Configuration Manager (SCCM), Automated backup management system with DELL IDPA, Automated Infrastructure Monitoring System, Automated Log management system, Automated Environment Monitoring System (EMS) at Datacenter.




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IPDC Finance Limited



CORPORATE INFORMATION

Board of Directors

Mr. Kazi Mahnoor Satter
Ms. Sonia Bashir Kabir
Dr. Shah Md. Ahsan Habib
Mr. Sameer Ahmad
Ms. Tamara Hasan Abed
Mr. Tushar Bhowmik
Mr. Syed Abdul Muntakim
Ms. Rahveen Rahman
Mr. Md. Nurul Alam
Mr. Mohammad Manzoorul Mannan
Mr. Momtazul Islam

Status

Chairman
Independent Director
Independent Director
Director
Director
Director
Director
Director
Director
Managing Director and CEO

Management Committee

Mr. Momtazul Islam
Mr. Rowan D. Shams
Ms. Sayeed Iqbal
Ms. Fahmeida Khan, FCA
Mr. Ashique Hossain
Mr. Samiul Hashim
Mr. Md. Ezzul Islam, FCA
Mr. Tanzeem Islam Shuvo
Mr. Md. Zahir Hossain
Ms. Savitri Arifin

Position

Managing Director & CEO
AMD
Chief Human Resource Officer
Chief Financial Officer
Head of CRM
Head of Legal Affairs and Company Secretary
Head of I&M
Head of Strategy, Brand & Corporate Communications
Head of Operations
Head of Retail Business (Acting)

Shareholders (As on August 31, 2022)

Shareholding Percentage

| | |
|---|--------|
| The Government of the People's Republic of Bangladesh (GOB) | 21.88% |
| Institutions | 9.94% |
| Foreign | 0.25% |
| General Public | 20.09% |
| Others | 48.04% |

Auditors

Rahman Rahman Huq
Chartered Accountants
IPMG in Bangladesh

Registered Office

Hosna Center (9th Floor),
136 Gulshan Avenue, Dhaka - 1212
Fax: +(88-02) 55068930
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Email: email@ipdcbl.com
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08 DEC 2022



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BOND RATING SYMBOL

LONG-TERM RATINGS

ECRL's Long-Term Ratings are assigned to debt with maturities of more than one year. These debt ratings specifically assess the likelihood of timely repayment of principal and payment of interest over the term to maturity of such debts.

RATINGS

| | |
|-----|--|
| AAA | Indicates that the ability to repay principal and pay interest on a timely basis is extremely high. |
| AA | Indicates a very strong ability to repay principal and pay interest on a timely basis, with limited treatment risk compared to lower-rated in the highest category. |
| A | Indicates the ability to repay principal and pay interest is strong. These issues could be more vulnerable to adverse developments, both internal and external, than obligations with higher ratings. |
| BBB | This grade indicates an adequate capacity to repay principal and pay interest. More vulnerable to adverse developments, both internal and external, than obligations with higher ratings. |
| BB | This rating suggests that likelihood of default is considerably less than for lower-rated issues. However, there are significant uncertainties that could affect the ability to adequately service debt obligations. |
| B | Indicates a higher degree of uncertainty, and therefore, greater likelihood of default. Adverse developments could negatively affect repayment of principal and payment of interest on a timely basis. |
| C | High likelihood of default, with little capacity to address further adverse changes in financial circumstances. |
| D | Payment is in default. |

Notes: Long-Term Ratings from AA to D may be modified by the addition of a plus (+) or minus (-) suffix to show relative standing within the major rating categories. Bank-guaranteed issues will carry a suffix (bg), corporate-guaranteed issues, a (cg), issues guaranteed by a financial guarantee insurer (FGI), an (FGI), issues insured will carry a suffix (S) and all other supports, an (S) when such guarantees or supports give favourable effect to the assigned rating.

Rating Outlook

ECRL's Rating Outlook assesses the potential direction of the Bond issuers over the intermediate term (typically over a one to two-year period). The Rating Outlook may either be:

| | |
|------------|---|
| POSITIVE | which indicates that a rating may be raised; |
| NEGATIVE | which indicates that a rating may be lowered; |
| STABLE | which indicates that a rating is likely to remain unchanged; or |
| DEVELOPING | Which indicates that a rating may be raised, lowered or remain unchanged. |

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IPDC 2nd Subordinated Bond

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