

## **Independent Auditors' Report to the shareholders of ICB Islamic Bank Limited**

We have audited the accompanying financial statements of ICB Islamic Bank Limited (“the Bank”), which comprise the balance sheet as at 31 December 2017 and the profit and loss account, Cash flow statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements and Internal Controls**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2 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. The Banking Companies Act 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

### **Auditors' Responsibility**

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

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

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

### **Basis for Qualified Opinion**

- i) As referred in note 3.19.1.2 to the financial statements, a short provision was made against employees gratuity to the extent of Taka 12,310,828 as at 31 December 2017. Had the gratuity provision been properly provided, the net loss for the year 2017 would have been increased by Tk. 12,310,828.
- ii) As referred in note 26.1.1 to the financial statements, total penalty realized from different customers amounting to Taka 11,952,518 had been considered as other operating income of the Bank during the year 2017. Had the bank accounted for this penalty as per Shariah guideline under section 2(2) of BRPD Circular no. 15/2009 dated 09/11/2009, the net loss of the bank would have been increased by Taka 11,952,518 for the year 2017.

## **Qualified Opinion**

In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements have been prepared in the format prescribed by Bangladesh Bank vide circular no. 14 dated 25 June 2003 and in accordance with relevant Bangladesh Financial Reporting Standards give a true and fair view of the state of affairs of the Bank as at 31 December 2017 and results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Banking Companies Act 1991, Bangladesh Securities and Exchange Rules 1987, rules and regulations issued by Bangladesh Bank and other applicable Laws and regulations.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, Bangladesh Securities and Exchange Rules 1987, the Banking Companies Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the auditors' responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the management's responsibility for the financial statements and internal control:
  - (i) internal audit, internal control and risk management arrangements of the Bank appeared to be materially adequate;
  - (ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (c) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (d) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (e) the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- (f) the expenditures incurred during the year were for the purposes of the business of the Bank;
- (g) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidelines issued by Bangladesh Bank;

- (h) As referred in note 15.7 to the financial statements, capital adequacy ratio as on 31 December 2017 was negative (115.67%) as against of 11.25% including 1.25% for capital conservation buffer as required by law. Besides, as per the Oriental Bank Limited (former name of ICB Islamic Bank) Reconstruction scheme 2007, the paid up capital of the Bank should have been raised to Taka 7,000 million as against of actual paid up capital stood at Taka 6,647 million as on 31 December 2017.
- (i) adequate provisions have been made for loans and advance, and other assets following the guidelines of Bangladesh Bank;
- (j) the information and explanations required by us have been received and found to be satisfactory; and
- (k) we have reviewed over 80% of risk-weighted assets of the Bank and have spent approximately 3,000 person hours for the audit of the books and account of the Bank.

Dhaka, Bangladesh  
Dated: 05 April 2018

  
**Nurul Faruk Hasan & Co**  
Chartered Accountants

**ICB Islamic Bank Limited**

**Financial Statements**  
as at and for the year ended 31 December 2017

**ICB ISLAMIC BANK LIMITED**  
**Balance Sheet**  
**As at 31 December 2017**

|  | Notes | Amount in Taka          |                         |
|--|-------|-------------------------|-------------------------|
|  |       | 2017<br>BDT             | 2016<br>BDT             |
| <b><u>PROPERTY AND ASSETS</u></b>  |       |                         |                         |
| Cash in hand   | 4.00  | 855,784,491             | 1,160,701,797           |
| Cash In hand (including foreign currencies)  |       | 222,607,517             | 210,074,177             |
| Balance with Bangladesh Bank and its agent banks<br>(including foreign currencies) |       | 633,176,974             | 950,627,620             |
| Balance with other banks and financial institutions                                | 5.00  | 40,870,946              | 29,393,820              |
| In Bangladesh  |       | 24,019,916              | 24,386,162              |
| Outside Bangladesh   |       | 16,851,030              | 5,007,657               |
| Placement with banks & other financial institutions                                | 6.00  | 575,000,000             | 80,000,000              |
| Investments in shares and securities   | 7.00  | 110,569,450             | 110,569,450             |
| Government   |       | -                       | -                       |
| Others   |       | 110,569,450             | 110,569,450             |
| Investments  | 8.00  | 8,834,496,738           | 9,352,428,425           |
| General Investments etc.   |       | 8,831,575,273           | 9,349,509,460           |
| Bills purchased and discounted   |       | 2,921,465               | 2,918,965               |
| Fixed assets including premises  | 9.00  | 51,293,161              | 56,580,842              |
| Other assets   | 10.00 | 340,875,567             | 509,973,497             |
| Non - banking assets   | 11.00 | 976,335,347             | 958,072,178             |
| <b>Total assets</b>  |       | <b>11,785,225,700</b>   | <b>12,257,720,009</b>   |
| <b><u>LIABILITIES AND CAPITAL</u></b>  |       |                         |                         |
| <b>Liabilities</b>   |       |                         |                         |
| Placement from banks & other financial institutions                                | 12.00 | 4,962,669,861           | 4,980,269,861           |
| Deposits and other accounts  | 13.00 | 11,293,575,495          | 10,914,630,632          |
| Al-wadeeah current and other deposit accounts                                      |       | 474,315,402             | 474,343,651             |
| Bills payable  |       | 60,941,484              | 85,878,783              |
| Mudaraba savings deposits  |       | 1,426,132,523           | 1,367,012,423           |
| Mudaraba term deposits   |       | 9,332,186,086           | 8,987,395,775           |
| Bearer certificate of deposit  |       | -                       | -                       |
| Other mudaraba deposits  |       | -                       | -                       |
| Other liabilities  | 14.00 | 5,980,567,125           | 6,407,896,248           |
| <b>Total liabilities</b>   |       | <b>22,236,812,481</b>   | <b>22,302,796,741</b>   |
| <b>Capital / Shareholders' equity</b>  |       |                         |                         |
| Paid up capital  | 15.00 | 6,647,023,000           | 6,647,023,000           |
| Statutory reserve  | 16.00 | 78,810,975              | 78,810,975              |
| Other reserve  | 17.00 | 553,950,908             | 553,950,908             |
| Revaluation Gain on Investment in HTM Securities                                   | 18.00 | -                       | -                       |
| Surplus/(deficit) in profit and loss account / Retained earnings                   | 19.00 | (17,731,371,664)        | (17,324,861,615)        |
| <b>Total Shareholders' equity</b>  |       | <b>(10,451,586,781)</b> | <b>(10,045,076,732)</b> |
| <b>Total liabilities and Shareholders' equity</b>                                  |       | <b>11,785,225,700</b>   | <b>12,257,720,009</b>   |
| <b>Net Asset Value (NAV) Per Share</b>   |       | <b>(15.72)</b>          | <b>(15.11)</b>          |

The annexed notes 1 to 47 form an integral part of these financial statements

  
**Chairman**

  
**Director**

  
**Director**

  
**Managing Director**

As per our annexed report of even date

**Dated: Dhaka**

  
**Nurul Faruk Hasan & Co**

**ICB ISLAMIC BANK LIMITED**  
**Balance Sheet**  
**As at 31 December 2017**

|   | Notes | Amount in Taka     |                    |
|---|-------|--------------------|--------------------|
|   |       | 2017<br>BDT        | 2016<br>BDT        |
| <b><u>OFF- BALANCE SHEET ITEMS</u></b>                                  |       |                    |                    |
| <b>Contingent liabilities</b>   | 20.00 | <b>198,807,679</b> | <b>217,428,246</b> |
| Acceptances and endorsements  |       | 23,357,000         | 23,357,000         |
| Letters of guarantee  | 20.01 | 122,505,796        | 132,443,659        |
| Irrevocable letters of credit   | 20.02 | 10,730,005         | 21,129,313         |
| Bills for collection  | 20.03 | 42,214,878         | 40,498,274         |
| Other contingent liabilities  |       | -                  | -                  |
| <b>Other commitments</b>  |       |                    |                    |
| Documentary credits and short term trade -related transactions          |       | -                  | -                  |
| Forward assets purchased and forward deposits placed                    |       | -                  | -                  |
| Undrawn note issuance and revolving underwriting facilities commitments |       | -                  | -                  |
| Liabilities against forward purchase and sale                           |       | -                  | -                  |
| Others  |       | -                  | -                  |
| <b>Total Off-Balance Sheet items including contingent liabilities</b>   |       | <b>198,807,679</b> | <b>217,428,246</b> |

The annexed notes 1 to 47 form an integral part of these financial statements

  
 Chairman

  
 Director

  
 Director

  
 Managing Director

As per our annexed report of even date

**Dated: Dhaka**  
**05 April 2018**

  
 Nurul Faruk Hasan & Co  
 Chartered Accountants

**ICB ISLAMIC BANK LIMITED**  
**Profit and Loss Account**  
**for the year ended 31 December 2017**

|  | Notes | Amount in Taka       |                      |
|--|-------|----------------------|----------------------|
|  |       | 2017<br>BDT          | 2016<br>BDT          |
| Investment Income                                | 22.00 | 392,614,494          | 456,168,465          |
| Profit paid on deposits                          | 23.00 | (406,350,704)        | (392,103,701)        |
| <b>Net investment income</b>                     |       | <b>(13,736,210)</b>  | <b>64,064,764</b>    |
| Income from investments in shares and securities | 24.00 | 2,599,966            | 2,351,222            |
| Commission, Exchange and Brokerage               | 25.00 | 7,253,191            | 4,743,428            |
| Other operating income                           | 26.00 | 77,180,057           | 86,314,611           |
|  |       | <b>87,033,214</b>    | <b>93,409,261</b>    |
| <b>Total operating income (A)</b>                |       | <b>73,297,004</b>    | <b>157,474,025</b>   |
| <b>Less: Operating Expenditure</b>               |       |                      |                      |
| Salary and Allowances                            | 27.00 | 192,447,016          | 210,699,472          |
| Rent, Taxes, Insurance and Electricity           | 28.00 | 131,744,678          | 135,119,881          |
| Legal expenses                                   | 29.00 | 13,996,121           | 15,172,958           |
| Postage, Stamp and Telecommunication             | 30.00 | 7,205,129            | 7,953,591            |
| Stationery, Printing and Advertisements          | 31.00 | 4,807,860            | 6,485,546            |
| Managing Director's salary and fees              | 32.00 | 13,982,400           | 13,054,200           |
| Directors' fees & expenses                       | 33.00 | 1,617,295            | 1,174,828            |
| Shariah Supervisory Committee's fees & expenses  | 34.00 | 90,000               | 63,000               |
| Auditors' fees                                   |       | 636,000              | 500,000              |
| Charges on investment losses                     |       | -                    | -                    |
| Depreciation and repair of Bank's assets         | 35.00 | 36,746,654           | 39,888,393           |
| Zakat expenses                                   |       | -                    | -                    |
| Other expenses                                   | 36.00 | 52,119,317           | 44,908,137           |
| <b>Total operating expenses (B)</b>              |       | <b>455,392,470</b>   | <b>475,020,006</b>   |
| <b>Profit / (loss) before provision (C=A-B)</b>  |       | <b>(382,095,466)</b> | <b>(317,545,981)</b> |
| <b>Less: Provision for investments</b>           |       | <b>(20,031,989)</b>  | <b>50,000,000</b>    |
| Specific provision                               |       | (20,031,989)         | 50,000,000           |
| General provision                                |       | -                    | -                    |
| Provision for off-balance sheet items            |       | -                    | -                    |
| Provision for diminution in value of investments |       | -                    | -                    |
| Provision for contingency                        |       | -                    | -                    |
| Other provisions                                 |       | -                    | -                    |
| <b>Total provision (D)</b>                       | 37.00 | <b>(20,031,989)</b>  | <b>50,000,000</b>    |
| <b>Total profit / (loss) before taxes (C-D)</b>  |       | <b>(402,127,455)</b> | <b>(267,545,981)</b> |
| <b>Less: Provision for taxation</b>              |       | <b>2,877,886</b>     | <b>3,297,466</b>     |
| Current tax                                      |       | 2,877,886            | 3,297,466            |
| Deferred tax                                     |       | -                    | -                    |
| <b>Net profit/(loss) after taxation</b>          |       | <b>(405,005,341)</b> | <b>(270,843,447)</b> |
| <b>Appropriations</b>                            |       | <b>-</b>             | <b>-</b>             |
| Statutory reserve                                |       | -                    | -                    |
| General reserve                                  |       | -                    | -                    |
| <b>Retained earnings carried forward</b>         | 19.00 | <b>(405,005,341)</b> | <b>(270,843,447)</b> |
| <b>Earnings per share (EPS)</b>                  | 42.00 | <b>(0.61)</b>        | <b>(0.41)</b>        |

The annexed notes 1 to 47 form an integral part of these financial statements

  
Chairman

  
Director

  
Director

  
Managing Director

As per our annexed report of even date

Dated: Dhaka  
05 April 2018

  
Nurul Faruk Hasan & Co  
Chartered Accountants

**ICB ISLAMIC BANK LIMITED**  
**Cash Flow Statement**  
**for the Year ended 31 December 2017**

|  | Notes | Amount in Taka       |                      |
|--|-------|----------------------|----------------------|
|  |       | 2017<br>BDT          | 2016<br>BDT          |
| <b>A. Cash flows from operating activities</b>   |       |                      |                      |
| Investment income receipts in cash   |       | 390,789,747          | 466,758,897          |
| Profit paid on deposits  |       | (396,257,243)        | (380,323,856)        |
| Dividend receipts  |       | 1,427,953            | 1,427,953            |
| Fees and commission receipts in cash   |       | 7,253,191            | 4,743,428            |
| Recoveries of Investments previously written off   |       | 17,317,375           | 15,124,525           |
| Cash payments to employees   |       | (206,429,416)        | (223,753,672)        |
| Cash payments to suppliers   |       | (3,934,926)          | (5,548,357)          |
| Income taxes paid  |       | (1,900,355)          | (4,677,415)          |
| Receipts from other operating activities   | 38.00 | 77,180,057           | 86,314,611           |
| Payments for other operating activities  | 39.00 | (229,636,608)        | (225,065,969)        |
| <b>Cash generated from operating activities before changes in operating assets and liabilities</b> |       | <b>(344,190,226)</b> | <b>(264,999,857)</b> |
| <b>Increase / (decrease) in operating assets and liabilities</b>                                   |       |                      |                      |
| Statutory deposits   |       | -                    | -                    |
| (Purchase)/Maturity of trading securities (Treasury bills)   |       | -                    | -                    |
| Investments to other banks   |       | -                    | -                    |
| Investments to customers   |       | 243,744,931          | (158,407,300)        |
| Placement from banks & other financial institutions  |       | (17,600,000)         | (36,000,000)         |
| Other assets   | 40.00 | 6,689,000            | (46,901,879)         |
| Deposits from other banks / borrowings   |       | (16,147,952)         | (330,398,495)        |
| Deposits received from customers   |       | 405,649,403          | 105,561,188          |
| Other liabilities account of customers   |       | -                    | -                    |
| Trading liabilities  |       | -                    | -                    |
| Other liabilities  | 41.00 | (66,481,498)         | 55,704,794           |
|  |       | <b>555,853,884</b>   | <b>(410,441,691)</b> |
| <b>Net cash used in operating activities</b>   |       | <b>211,663,658</b>   | <b>(675,441,548)</b> |
| <b>B. Cash flows from investing activities</b>   |       |                      |                      |
| Debentures   |       | -                    | -                    |
| Proceeds from sale of securities   |       | -                    | -                    |
| Payments for purchases of securities   |       | -                    | -                    |
| Purchase of property, plant and equipment  |       | (10,103,839)         | (10,006,527)         |
| Payment against lease obligation   |       | -                    | (4,054,684)          |
| Proceeds from sale of property, plant and equipment  |       | -                    | -                    |
| <b>Net cash used in investing activities</b>   |       | <b>(10,103,839)</b>  | <b>(14,061,211)</b>  |
| <b>C. Cash flows from financing activities</b>   |       |                      |                      |
| Increase in paid-up capital  |       | -                    | -                    |
| Dividend paid  |       | -                    | -                    |
| <b>Net Cash from financing activities</b>  |       | <b>-</b>             | <b>-</b>             |
| <b>D. Net increase / (decrease) in cash and cash equivalents (A+ B + C)</b>                        |       | <b>201,559,820</b>   | <b>(689,502,759)</b> |
| <b>E. Effects of exchange rate changes on cash and cash equivalents</b>                            |       | <b>-</b>             | <b>-</b>             |
| <b>F. Cash and cash equivalents at beginning of the period</b>                                     |       | <b>1,270,095,617</b> | <b>1,959,598,376</b> |
| <b>G. Cash and cash equivalents at end of the period (D+E+F)</b>                                   |       | <b>1,471,655,437</b> | <b>1,270,095,617</b> |



ICB ISLAMIC BANK LIMITED  
Cash Flow Statement  
for the Year ended 31 December 2017

| Notes   | Amount in Taka       |                      |
|---|----------------------|----------------------|
|   | 2017<br>BDT          | 2016<br>BDT          |
| Cash and cash equivalents at end of the period                                    |                      |                      |
| Cash in hand (including foreign currencies)                                       | 222,607,517          | 210,074,177          |
| Balance with Bangladesh Bank and its agent bank (s)(including foreign currencies) | 633,176,974          | 950,627,620          |
| Balance with other banks and financial institutions                               | 40,870,946           | 29,393,820           |
| Placement with banks & other financial institutions                               | 575,000,000          | 80,000,000           |
| Reverse repo  | -                    | -                    |
| Prize bonds   | -                    | -                    |
|   | <u>1,471,655,437</u> | <u>1,270,095,617</u> |
| Net Operating Cash Flows per share (Taka)   | <u>0.32</u>          | <u>(1.02)</u>        |

The annexed notes 1 to 47 form an integral part of these financial statements

  
Chairman

  
Director

  
Director

  
Managing Director

As per our annexed report of even date

Dated: Dhaka  
05 April 2018

  
Nurul Faruk Hasan & Co  
Chartered Accountants

**ICB ISLAMIC BANK LIMITED**  
**Statement of Changes in Equity**  
**for the Year ended 31 December 2017**

Amount in Taka

| Particulars  | Paid-up capital      | Statutory reserve | Share premium | General/ Other reserves | Assets revaluation reserve | Revaluation surplus on Investment | Retained earnings       | Total                   |
|--|----------------------|-------------------|---------------|-------------------------|----------------------------|-----------------------------------|-------------------------|-------------------------|
| Balance as at 1 January 2017                                 | 6,647,023,000        | 78,810,975        | -             | 1,065,676               | 552,885,232                | -                                 | (17,324,861,615)        | (10,045,076,732)        |
| Prior year adjustment  | -                    | -                 | -             | -                       | -                          | -                                 | (1,504,708)             | (1,504,708)             |
| <b>Balance as at 1 January 2017</b>                          | <b>6,647,023,000</b> | <b>78,810,975</b> | <b>-</b>      | <b>1,065,676</b>        | <b>552,885,232</b>         | <b>-</b>                          | <b>(17,326,366,323)</b> | <b>(10,046,581,440)</b> |
| Surplus / (deficit) on account of revaluation of properties  | -                    | -                 | -             | -                       | -                          | -                                 | -                       | -                       |
| Surplus / (deficit) on account of revaluation of investments | -                    | -                 | -             | -                       | -                          | -                                 | -                       | -                       |
| Currency translation differences                             | -                    | -                 | -             | -                       | -                          | -                                 | -                       | -                       |
| Net gains and losses not recognized in the income statement  | -                    | -                 | -             | -                       | -                          | -                                 | -                       | -                       |
| Net profit for the period                                    | -                    | -                 | -             | -                       | -                          | -                                 | (405,005,341)           | (405,005,341)           |
| Dividends (Bonus shares)                                     | -                    | -                 | -             | -                       | -                          | -                                 | -                       | -                       |
| Issue of share capital                                       | -                    | -                 | -             | -                       | -                          | -                                 | -                       | -                       |
| Appropriation made during the period                         | -                    | -                 | -             | -                       | -                          | -                                 | -                       | -                       |
| <b>Balance as at 31 December 2017</b>                        | <b>6,647,023,000</b> | <b>78,810,975</b> | <b>-</b>      | <b>1,065,676</b>        | <b>552,885,232</b>         | <b>-</b>                          | <b>(17,731,371,664)</b> | <b>(10,451,586,781)</b> |
| <b>Balance as at 31 December 2016</b>                        | <b>6,647,023,000</b> | <b>78,810,975</b> | <b>-</b>      | <b>1,065,676</b>        | <b>552,885,232</b>         | <b>-</b>                          | <b>(17,324,861,615)</b> | <b>(10,045,076,732)</b> |

  
**Chairman**

  
**Director**

  
**Director**

  
**Managing Director**

As per our annexed report of even date

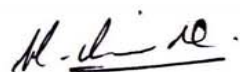
**Dated: Dhaka**  
**05 April 2018**

  
**Nurul Faruk Hasan & Co**  
**Chartered Accountants**

**ICB ISLAMIC BANK LIMITED**  
**Liquidity Statement**  
**(Analysis of Maturity assets and liabilities)**  
**As at 31 December 2017**

Amount in Taka

| Particulars   | Up to 1 month        | 1-3 months           | 3-12 months            | 1-5 years              | Above 5 years          | Total                   |
|---|----------------------|----------------------|------------------------|------------------------|------------------------|-------------------------|
| <b>Assets:</b>                                      |                      |                      |                        |                        |                        |                         |
| Cash in hand  | 855,784,491          | -                    | -                      | -                      | -                      | 855,784,491             |
| Balance with other banks and financial institutions | 40,870,946           | -                    | -                      | -                      | -                      | 40,870,946              |
| Placement with banks & other financial institutions | 325,000,000          | 150,000,000          | 100,000,000            | -                      | -                      | 575,000,000             |
| Investments in shares and securities                | -                    | 100,000,000          | -                      | -                      | 10,569,450             | 110,569,450             |
| Investments   | 265,034,902          | 441,724,837          | 1,766,899,348          | 5,300,698,043          | 1,060,139,609          | 8,834,496,738           |
| Fixed assets including premises                     | -                    | -                    | 1,538,795              | 4,103,453              | 45,650,913             | 51,293,161              |
| Other assets  | 34,087,557           | 11,930,645           | 15,339,401             | 71,583,869             | 207,934,096            | 340,875,567             |
| Non - banking assets                                | -                    | -                    | -                      | 976,335,348            | -                      | 976,335,348             |
| <b>Total assets (A)</b>                             | <b>1,520,777,896</b> | <b>703,655,482</b>   | <b>1,883,777,543</b>   | <b>6,352,720,712</b>   | <b>1,324,294,068</b>   | <b>11,785,225,700</b>   |
| <b>Liabilities:</b>                                 |                      |                      |                        |                        |                        |                         |
| Placement from banks & other financial institutions | -                    | 1,100,000            | 1,100,000              | 8,800,000              | 4,951,669,861          | 4,962,669,861           |
| Deposits and other accounts                         | 451,743,020          | 903,486,040          | 4,065,687,178          | 3,839,815,668          | 2,032,843,589          | 11,293,575,495          |
| Other liabilities                                   | 186,593,694          | 184,201,467          | 95,689,074             | 5,514,082,889          | -                      | 5,980,567,125           |
| <b>Total liabilities (B)</b>                        | <b>638,336,714</b>   | <b>1,088,787,507</b> | <b>4,162,476,252</b>   | <b>9,362,698,558</b>   | <b>6,984,513,450</b>   | <b>22,236,812,481</b>   |
| <b>Net liquidity gap (A - B)</b>                    | <b>882,441,182</b>   | <b>(385,132,025)</b> | <b>(2,278,698,709)</b> | <b>(3,009,977,845)</b> | <b>(5,660,219,382)</b> | <b>(10,451,586,781)</b> |

  
**Chairman**

  
**Director**

  
**Director**

  
**Managing Director**

As per our annexed report of even date

**Dated: Dhaka**  
**05 April 2018**

  
**Nurul Faruk Hasan & Co**  
**Chartered Accountants**

**ICB Islamic Bank Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2017**

**1. The Bank and its activities**

**1.1 Corporate information**

ICB Islamic Bank Limited (the Bank) is the new legal name of former "The Oriental Bank Limited" which was incorporated on 30 April 1987 as a Public Limited Company titled "Al-Baraka Bank Bangladesh Limited" under the Companies Act, 1913. Certificate for commencement of business was issued to the Bank on 30 April 1987. Bangladesh Bank (country's central bank) authorised the Bank to carry on the banking business in Bangladesh with effect from 04 May 1987 and to undertake and carry out all kinds of banking, financial and business activities, transactions and operations in strict compliance with the principles of Islamic Law (Shariah) relating to business activities in particular avoiding usury in credit and sales transactions and any practice which accounts to usury and actual banking operations commenced on 20 May 1987. Registrar of Joint Stock Companies & Firms approved the revised name (The Oriental Bank Limited) on 31 December 2002 and Bangladesh Bank's approval was accorded on 13 April 2003.

Bangladesh Bank took control of the management of the Bank on 19th June 2006 and appointed Chairman and Managing Director to carry out the functions of day to day affairs of the Bank. Steps were taken by the Government of Bangladesh and Bangladesh Bank to protect the interest of depositors. Measures were taken to restructure and recapitalise the Bank to keep the Bank functioning so that interest of all stakeholders of the Bank could be protected. The Government imposed a moratorium on the business of the Bank and Bangladesh Bank issued "The Oriental Bank Limited (Reconstruction) Scheme 2007" (The "Scheme").

Switzerland-based ICB Financial Group Holdings AG has become the new majority owner of former Oriental Bank, a Bangladeshi Shariah-compliant bank as on 28 February 2008. Emphasis has been placed on improving the technology and infrastructure of the Bank, as well as retaining employees, with a view to provide an improved range of competitive products to customers.

**1.2 Nature of business and principal activities**

All kinds of commercial banking services are provided by the Bank to the customers following the principles of Islamic Shariah, the provisions of the Banking Companies Act 1991 and Bangladesh Bank's directives.

The Bank renders commercial banking services to all types of customers. The range of services offered by the Bank includes accepting deposits, making investments, discounting bills, conducting domestic and international money transfers, carrying out foreign exchange transactions in addition to international money transfers, and offering other customer services such as locker service, collections and issuing letters of credit, guarantees and acceptances. Core business of the Bank includes deposit mobilisation and investing activities comprising short-term, long-term, import and export financing. Financing activities are extended to different sectors of the economy that could be grouped into several sectors including Rural and Agriculture, Garments and Textiles, Jute, Cement and Bricks, Tannery, Steel and Engineering, Food and Beverage, Chemical and Pharmaceuticals, Printing and Packaging, Glass and Ceramics and Miscellaneous.

At a glance, the principal activities of the Bank are to:

- a) facilitate and handle all kinds of commercial banking services to its customers authorised by Bangladesh Bank;
- b) handle the export and import trade; and
- c) take part in international banking, etc.

## 2. Internal audit, internal control and risk management

The Banking Companies Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Bangladesh Bank Department of Off-site Supervision (DOS) has issued Circular No.-02 dated 15 February 2012 on Risk Management Guidelines for Banks and instructed all scheduled banks operating in Bangladesh to follow this Guidelines for managing various risks which have been complied by the Bank.

Risk Management is the key element for sound corporate governance of the Bank. With a recent addition in regulatory mandates and increasingly active participation of shareholders, the Bank has become increasingly concerned to identify areas of risks in the business, whether it is financial, operational, ICT or reputation risk. The Bank identifies, measures, monitors and manages all risks of the Bank. Sophisticated risk management framework is going to be implemented to carry out efficient risk management exercises of the Bank including documenting and assessing risks, defining controls, managing assessments and audit, identifying issues, implementing recommendations and corrective plans. In accordance with Bangladesh Bank Guidance, the Bank has established a risk framework that consists of six core factors, i.e. (i) Credit/Investment Risk (ii) Asset and Liability/Balance Sheet Risk (iii) Foreign Exchange Risk (iv) Internal Control and Compliance Risk (v) Money Laundering Risk and (vi) Information and Communication Technology Risk.

In addition, the Bank is also following relevant Bangladesh Bank guidelines on risk based capital adequacy, stress testing and managing the banking risks in other core risk areas.

The Bank has established an independent Risk Management Unit (RMU). The RMU conducts stress testing for examining the Bank's capacity of handling future shocks, as well as deals with all potential risks that might occur in future.

The Bank has also identified the following four key infrastructure components for effective risk management programs:

- a) Proactive Board of Directors and Senior Management's Supervision;
- b) Adequate Policies and Procedures;
- c) Proper Risk-Measurement, Monitoring and Management Information Systems; and
- d) Comprehensive Internal Controls.

### 2.1 Investment/Credit risk

Investment/Credit risk is simply defined as the failure of a bank borrower or counterparty to meet its obligations in accordance with agreed terms. Financial institutions have been facing difficulties over the years for a multitude of reasons. The major causes of serious banking problems continue to be directly related to tax Investment/Credit standards for borrowers and counterparties, poor portfolio risk management, or a lack of attention to changes in economic or other circumstances that can lead to deterioration in the Investment standing of a bank's counterparties. The goal of Investment/Credit risk management is to maximise a bank's risk-adjusted rate of return by maintaining Investment/Credit risk exposure within acceptable levels. The effective management of Investment/Credit risk is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking organization. The Basel Committee is encouraging Banks to promote sound practices for managing Investment/Credit risk. The sound Investment/Credit risk management practices include the following

- i. Establishing an appropriate Investment/Credit risk environment;
- ii. Operating under a sound Investment/Credit-granting process;
- iii. Maintaining an appropriate Investment administration, measurement and monitoring process; and
- iv. Ensuring adequate controls over Investment risk.

ICB Islamic Bank Limited is keenly aware of the need to identify, measure, monitor and control Investment/Credit risk as well as to hold adequate capital against these risks for adequate compensation of risks incurred since exposure to Investment/Credit risk continues to be the leading source of problems in Banks world-wide. In this line Bank is following the system as per Guidelines of Bangladesh Bank. Bank has also adopted a policy to review the whole system, from time to time to cope with the multifarious situations.

To comply with the Directive of Bangladesh Bank (DOBB), the Bank has also taken steps for strengthening the function of Investment/Credit Administration i.e. Disbursement, Custodial Duties, Compliance, Investment/credit Monitoring and Recovery to maintain Investment/Credit Risk at the minimum level. In order to achieve this goal, Investment Administration and Supervision Department (IASD) is exerting all out efforts for completion of Security Documentation before disbursement, ensuring adequate Insurance Coverage to cover unforeseen risks, monitoring and follow up after disbursement of Investment/Credit to maintain the investment standard.

Recovery and Monitoring Department is engaged in monitoring the total Investment/Credit Classification position of the Bank vigilantly, managing all Classified and Special Mention Accounts to regularise for maximisation of recovery and ensuring appropriate investment loss provision timely.

## **2.2 Asset liability risk management**

Asset Liability Management (ALM) is one of the key areas of risk management which mainly focuses on liquidity and profit rate risk of the bank. Decisions taken in the ALCO meetings were duly recorded and action plans were implemented by the branches/departments to optimize Bank's financial performances. As a part of regulatory requirement, the Board of Directors also reviewed the ALM manual and its components regularly.

## **2.3 Foreign exchange risk management**

Foreign exchange risk is defined as the potential change in earnings due to unfavourable movement in exchange rates. Generally, the bank is less exposed to foreign exchange risk as all the transactions are carried out on behalf of the customers against L/C commitments and other remittance requirements. The bank has undertaken policy guidelines to minimize the foreign exchange risk for exposure in currency movement. Treasury department has separate front office. Its back office desks are responsible for currency transactions, deal verification and limit monitoring and settlement of transactions separately. The bank continuously revalued all foreign exchange positions at market rate as per the guidelines of Bangladesh Bank. All Nostro Accounts are timely reconciled and all outstanding entries are reviewed on a regular basis.

## **2.4 Anti-Money laundering risk management**

The financial aspects of crime have become more complex due to rapid advancement in technology and the globalize character of the financial services industry. Money-Launderers often use their front companies which co-mingle the proceeds of illicit activity with legitimate funds in order to hide the ill-gotten gains. Therefore, prevention of laundering the proceeds of crime has become a major priority from all jurisdictions from which financial activities are carried out. The policy of the bank includes establishing adequate procedures of customer due diligence, reporting, record keeping, internal control, risk management and communication in order to forestall and prevent operations related to money laundering or financing of terrorism. Central Compliance Unit (CCU) of the Bank is performing supervisory and monitorial activities for the bank's internal procedures on anti-money laundering and anti-terrorism financing. It also ensures that bank complies with the anti-money laundering and anti-terrorism financing legislation, including the Know Your Customer rules.

## 2.5 Internal control and compliance risk management

Adequate Internal Controls contribute significantly to the improvement of the performance of the banks through enforcing efficient managerial guards. Such control culture is duly reflected in the Policy Guidelines and Structural Changes of the Bank. Now the bank is considering sophisticated organisational structure to exercise strong control culture within the organisation by implementing policy guidelines of internal controls appropriately and strengthening internal controls system.

Internal Control and Compliance Division (ICCD) of the Bank comprises three units, namely (i) Compliance Unit, (ii) Monitoring Unit and (iii) Audit and Inspection Unit. The Division reviews and monitors Bank's Internal Control and Compliance Risk to help the Bank perform better through the use of its resources. The units of the Division are performing their functional activities in accordance with the Bank's own policies as well as guidance notes issued by Bangladesh Bank from time to time for mitigating the Internal Control and Compliance Risks of the Bank.

During the year 2015, Inspection teams of ICCD of the Bank and Bangladesh Bank carried out inspections on different Branches of the Bank and submitted reports thereof. Necessary remedial measures/corrective steps have been taken on the suggestions/observations made in the said reports. The summary of key points of the reports were also placed and discussed in the meeting of the Audit Committee of the Board of Directors. Appropriate actions have also been taken as per the decisions of the said Committee for protecting the Bank's assets.

**Compliance:** The bank has complied with the regulatory requirements including, the directives of Bangladesh Bank (primary regulator), National Board of Revenue, Securities and Exchange Commission, Registrar of Joint Stock Companies and Finance Ministry etc. having significant impact on the Bank's business.

Compliance is not a one-time event rather it is a continuous process. For this purpose, the bank's Internal Controls have been designed in such a manner so that the compliance with all the relevant regulatory requirements is carried out in each activity of the bank.

Now the Board of Directors and Senior Management of the bank has developed a high ethical and moral standard to ensure strong compliance culture in the bank. In this context, the bank gives priority on the following issues:-

- i. To encourage employees to comply with all the policies, procedures and regulations;
- ii. To maintain continuous liaison with the regulators at all level to obtain regular information on regulatory changes; and
- iii. To establish an effective communication process to distribute smoothly the relevant regulations among the officials of the concerned divisions and branches.

## 2.6 Information and communication technology risk management

The bank has adequately addressed ICT Risk Management. It is an in-depth exercise and continual process. The ICT Risk Management exercise mainly includes minimising financial loss to the institution in all events such as natural disaster, technological failure, human error etc.

In line with Central Bank directives, the Bank has redrawn its own Information and Communication Technology (ICT) Policies for operations and Services. Under these policy guidelines, a security policy has going to be worked out and implemented in the server system through Active Directory Services (ADS). It has also been trying to implement through Password Policy, Kerberos Policy, Audit Policy, Group Policy, User Rights, and Permission Policy etc. to abide by and adhere to what is laid down in the policy. It tries to centralize the administrative control to access the Network, Mailing System and access to Internet under this policy.

## 2.7 Internal audit

Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Bank are consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Bank meets periodically with the internal audit team to review their audit plans, assess the manner in which these auditors are performing their responsibilities and to discuss their reports on, internal controls and financial reporting issues. To ensure complete independence, the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

A robust Risk Based Internal Audit (RBIA) has been implemented. Risk assessment by Internal Control focuses on compliance with the Bank's policies together with regulatory requirements, social, ethical and environmental risks for risk minimisation and to determine the future growth of the Bank.

#### **Internal audit activities**

- i. To review and approve "Internal Audit Charter";
- ii. To guide and approve "Internal Audit Plan";
- iii. To guide and review "Internal Audit Process and Procedure";
- iv. To guide bank management body for ensuring compliance on audit recommendation(s) and scope of development;
- v. To review compliance status of audit recommendation;
- vi. To review annual assessment of the performance of audit and inspection activity; and
- vii. To recommend audit findings to be placed to the Board of Directors.

### **2.8 Fraud and Forgeries**

Bank fraud is the use of potentially illegal means to obtain money, assets, or other property owned or held by a financial institution, or to obtain money from depositors by fraudulently posing as a bank or other financial institution.

To mitigate the fraud the Bank has taken following initiatives:

- a) To review the corrective measures taken by the management with regard to reports relating to fraud-forgery, deficiencies in internal control and external auditors and inspectors of the regulatory authority and inform the Board on a regular basis;
- b) Significantly improving the compliance culture and introducing stricter controls to eliminate fraud exposures; and
- c) To the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.

## **3. Summary of significant accounting policies and basis for preparation of financial statements**

### **3.1 Statement of compliance**

The financial statements of the Bank are prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and the requirements of the Banking Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987. In case any requirement of the Banking Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of BFRS, the requirements of the Banking Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of BFRS are as follows:



i) **Investment in shares and securities**

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

ii) **Revaluation gains/ losses on Government securities**

BFRS: As per requirement of BAS 39 where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of marked to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

iii) **Provision on investments**

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

Bangladesh Bank: As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision @ 0.25% to 5% under different categories of unclassified investments (good and special mentioned accounts) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) **Recognition of profit in suspense**

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

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once an investment is classified, profit on such investments is not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

- v) **Other comprehensive income**  
 BFRS: As per BAS 1 Other Comprehensive Income (OCI) is a component of financial statements  
 Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.
- vi) **Financial instruments - presentation and disclosure**  
 In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.
- vii) **Financial guarantees**  
 BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.  
 Bangladesh Bank: As per BRPD 14, dated 23 September 2012 financial guarantees such as letter of credit, letter of guarantees will be treated as off-balance sheet items. No liability is recognised for the guarantees except the cash margin.
- viii) **Cash and cash equivalent**  
 BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.  
 Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bonds are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.
- ix) **Non-banking asset**  
 BFRS: No indication of Non-banking asset is found in any BFRS.  
 Bangladesh Bank: As per BRPD 14, dated 25 June 2003 there must exist a face item named Non-banking asset.
- x) **Cash flow statement**  
 Cash flow statement has been prepared in accordance with BAS-7, "Statement of Cash Flows" and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated June 25, 2003. The cash flow statement shows the structure of changes in cash and cash equivalents during the financial year. It is segregated into operating activities, investing activities and financial activities.
- xi) **Balance with Bangladesh Bank: (Cash Reserve Requirement)**  
 BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.  
 Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

xii) **Presentation of intangible asset**

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

Bangladesh Bank: There is no regulation for intangible assets in BRPD 14.

xiii) **Off-balance sheet items**

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

Bangladesh Bank: As per BRPD 14, off balance sheet items (e.g. Letter of credit, Letter of guarantee, etc.) must be disclosed separately on the face of the balance sheet.

xiv) **Investments net of provision**

BFRS: Investments should be presented net off provision.

Bangladesh Bank: As per BRPD 14, provision on investments is presented separately as a liability and can not be netted off against loans and advances.

### 3.2 Consolidation

Separate set of records for consolidation of the statement of affairs and income and expense statement of the branches was maintained at the Head Office of the bank based on which these financial statements have been prepared. All significant inter-branch transactions are eliminated on consolidation.

### 3.3 Going concern assumption

The management of the Bank feels that the going concern assumption will remain effective. There are 6 cases pending before the Supreme Court Appellate Division regarding sponsor shareholders who hold substantial shares of the Bank whereby they have major influence over the decision making process of the Bank where Bangladesh Bank is appealing against the High Court decision. The management is optimistic about the cases that the final ruling of the court will be in favour of the Bank which will pave the path for injecting fresh capital.

Furthermore, the Bank is trying to sell the three properties acquired against settlement of Investments, namely, Tobacco Industries Ltd., Kushal Centre and Bishal centre which will fetch approximately BDT 200 crores. This amount will be absorbed in the Bank's retained earnings as well as help in upgrading the Bank's present capital base.

The initiatives taken by the Bank are cost optimisation, profit maximisation through increasing loans and advances, launching new products, etc. The Bank is considering various options and plans to address the issue of working capital deficiency.

### 3.4 Accruals and deferrals

Deferrals and accruals have been made as per the guidance of BASB Framework: BAS # 1: Presentation of Financial Statements. In order to meet their objectives, financial statements except for Statement of Cash Flows and related information are prepared on accrual basis of accounting. Under this basis, the effects of transactions and other events are recognised when they occur (and not when cash or its equivalent is received or paid) and they are recorded in accounts and reported in the financial statements of the periods to which they relate.

### 3.5 Revenue recognition

The revenues during the year are recognised on an accrual basis, which comply with the conditions of revenue recognition as provided in BAS # 18: Revenue.

#### 3.5.1 Profit and expenses

Profit income and expenses for all profit-bearing financial instruments except for those classified as held-for-trading or designated at fair value are recognised in the income statement using the effective Profit rates of the financial assets or financial liabilities to which they relate. The effective Profit rate is the rate that exactly discounts estimated future cash receipts or payments earned or paid on a financial asset or financial liability through its expected life or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective profit rate, the Group estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the ICB Islamic Bank that are an integral part of the effective Profit rate, including transaction costs and all other premiums or discounts. Profit on impaired financial assets is calculated by applying the original effective Profit rate of the financial asset to the carrying amount as reduced by any allowance for impairment.

### 3.5.2 Non-profit Income

#### 3.5.2.1 Fees and commissions

Fees and commissions are accounted for as follows:

- i. Income earned on the execution of an act is recognised as revenue when the act is completed;
- ii. Income earned from providing services over a period of time is recognised over the service period during which the related service is provided or credit risk is undertaken; and
- iii. Income which forms an integral part of the effective profit rate of a financial instrument is recognised and recorded as profit income.

#### 3.5.2.2 Dividend income

Dividend income is recognised when the right to receive the payment is established.

#### 3.5.2.3 Investments in securities

Income on investments in securities has been accounted for on accrual basis.

#### 3.5.2.4 Letters of credit, letters of guarantee and others

Commission charged to customers on letters of credit and letters of guarantee is credited to income at the time of effecting the transactions.

#### 3.5.2.5 Profit paid and other expenses

In terms of the provision of BAS # 1: Presentation of Financial Statements, profit paid and other expenses are recognised on accrual basis.

### 3.6 Foreign currency translation

#### 3.6.1 Foreign currencies transactions (BAS # 21)

- i. Transactions in foreign currencies are translated into Taka at the foreign exchange rates prevailing on the balance sheet date.
- ii. Monetary assets and liabilities in foreign currencies are expressed in Taka at the rates of exchange prevailing on the balance sheet date.
- iii. Forward foreign exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

The assets and liabilities in foreign currencies are translated to Taka at exchange rates prevailing at the balance sheet date. The results of foreign entities are translated at the average rate of TT clean and TT and OD for the year ended 31 December 2017.

Exchange rates with major foreign currencies on 31 December 2017 were as follows:

| Currency name | Exchange rate (Taka) |
|---------------|----------------------|
| US Dollar     | 82.70                |
| Euro          | 98.90                |
| GBP           | 111.1776             |

#### 3.6.2 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date.

### **3.6.3 Translation gains and losses (BAS # 21)**

As per provision of BAS # 21: The Effects of Changes in Foreign Exchange Rates, foreign currency transactions are translated into Taka at rates prevailing on the dates of such transactions and exchange gains or losses arising out of the said transactions are recognised as income or expense for the year in which the exchange account is dealt with.

### **3.7 Exchange equalisation account**

This represents the amount arose from exchange gain due to de-valuation of Bangladesh Taka with foreign currencies up to 30 March 2003 and the system has been discontinued from 31 March 2003. The amount is accounted for as per instruction issued by the Central Bank (Bangladesh Bank) from time to time.

### **3.8 Assets and their basis of valuation**

#### **3.8.1 Cash and cash equivalents**

As per provision of BAS # 7: Statement of Cash Flows, for the purpose of the Statement of Cash Flows of the Bank, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with central bank, treasury bills, and other eligible bills, amounts due from other banks and dealing securities other than those which are not available to finance the ICB- Islamic Bank's day to day operations.

#### **3.8.2 Investments**

Investments are stated at gross amount. Provision and Profit suspense against investments are shown separately as liability. Profit income is accounted for on accrual basis until the investments are defined as Special Mentioned Account (SMA) or classified accounts as per Bangladesh Bank guidelines.

As per BRPD circular no. 14 dated 23 September 2012, Profit on classified Investments (other than bad/loss investments) is required to be credited to profit suspense account instead of income account. Such profit kept in suspense account should be reversed to income account only when respective investment accounts become regular and / or realised in cash.

### 3.8.2.1 Provision for Investment

Provision against classified loans and advances is made on the basis of periodical review by the management and instruction contained in BCD Circular No. 12 dated 04 September 1995, BRPD circular No. 16 dated 06 December 1998, BRPD circular No. 09 dated 14 May 2001, BRPD circular No. 02 dated 15 February 2005, BRPD circular No. 05 dated 27 April 2005 and BRPD circular No. 32, dated 27 October 2010, BRPD Circular No 14 dated 23 September 2012, BRPD Circular No. 05 dated 29 May 2013. The provisioning rates as per Bangladesh Bank circulars are as follows:

| Business Unit                                | Unclassified                                 |       | Classified |     |      |
|--|--|-------|------------|-----|------|
|  | Standard                                     | SMA   | SS         | DF  | BL   |
| Short term Agri. Credit                      | 2.5%   | -     | 5%         | 5%  | 100% |
| Consumer                                     | Housing Finance                              | 2%    | 2%         | 20% | 50%  |
|  | Loan for Professionals                       | 2%    | 2%         | 20% | 50%  |
|  | Other than Housing Financing & Professionals | 5%    | 5%         | 20% | 50%  |
| Housing Finance                              | 0.25%  | 0.25% | 20%        | 50% | 100% |
| Loan for Professionals                       | 2%   | 2%    | 20%        | 50% | 100% |
| Other than Housing Financing & Professionals | 1%   | 1%    | 20%        | 50% | 100% |
| Off balance sheet exposure - 1%              |  |       |            |     |      |

### 3.8.2.2 Security against Investments:

- i. Project investment-land and building, FDR and other movable assets have been taken as a security in the form of mortgage.
- ii. Working capital and trading investment-Goods are taken as security in the form of pledge and also goods are taken as security in the form of hypothecation along with land and building, FDR and other movable assets as a mortgage.
- iii. House building investment-Lands and buildings are taken as security in the form of mortgage.

### 3.8.2.3 Bills purchased and discounted

Bills purchased and discounted do not include Government Treasury bills and have been classified into two sub-heads viz.

- i. Payable in Bangladesh and
- ii. Payable outside Bangladesh.

The bills purchased and discounted have been analysed in the form/terms as per the maturity grouping.

## 3.9 Investment in shares and securities

The Group determines the classification of its investments at initial recognition and classifies its financial assets as follows:

### 3.9.1 Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term if so designated by management.

### 3.9.2 Investment and receivables

Investment and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money, goods or services directly to a debtor with no intention of trading the receivables.

### 3.9.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. If the Group sells other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

### 3.9.4 Available-for-sale investment

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in profit rates, exchange rates or equity prices.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognized on trade-date (the date on which the ICB Islamic Bank commits to purchase or sell the asset). Investment is recognized when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Investment and receivables and held-to-maturity investments are carried at amortized cost using the effective Profit method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity is recognized in profit or loss. However, Profit calculated using the effective Profit method is recognized in the income statement. Dividends from available-for sale equity instruments are recognized in the income statement when the entity's right to receive payment is established. The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the ICB Islamic Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

### 3.9.5 Valuation Method

Investments have been shown under two broad categories viz Government Securities and Other Investments.

Investments have been considered as follows:

| Particulars                      | Valuation Method |
|----------------------------------|------------------|
| <b>Government Securities:</b>    |                  |
| Government Treasury Bills        | Market Value     |
| <b>Other Investments:</b>        |                  |
| Shares of CDBL                   | Cost Price       |
| Bangladesh Commerce Bank Limited | Cost Price       |

### 3.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### 3.11 Acceptance receivables and payables

Acceptance receivables and payables are stated at the value of the Letter of Credit or realised value of the Letter of Credit accepted by accepting banks. The acceptance receivables are presented net of allowance for possible losses.

### 3.12 Foreclosed properties

Foreclosed properties are recorded at the lower of its fair value (less costs to sell) and the carrying amount of the investment (net of impairment allowance) at the date of foreclosure. No depreciation is provided in respect of foreclosed properties. Any subsequent write down of foreclosed properties to fair value (less cost to sell) is recorded as a fair value change and included in the income statement. Any subsequent increase of the fair value (less cost to sell), to the extent this does not exceed the cumulative fair value change, is recognised in the income statement.

### 3.13 Prepaid lease payments

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

### 3.14 Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on straight-line basis over the expected useful lives of three to five years. Costs associated with developing or maintaining computer software programmers are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Bank and that will probably generate economic benefits exceeding costs beyond one year are recognised as Core Banking Software.

### 3.15 Property and equipment

Buildings comprise mainly of bank branches and offices. All property and equipment are stated at historical cost/revaluation less any impairment losses and depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Bank and the cost of the items can be measured reliably. All other repairs and maintenance are charged to the Profit and Loss Account during the financial period in which they are incurred.

Depreciation on fixed assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

|      | <u>Name of the assets</u> | <u>Depreciation rate</u> |
|------|---------------------------|--------------------------|
| i.   | Buildings                 | 5%                       |
| ii.  | Furniture and fittings    | 10%                      |
| iii. | Motor vehicles            | 20%                      |
| iv.  | Computer hardware         | 20%                      |
| v.   | Renovation                | 20%                      |
| vi.  | Intangible assets         | 20%                      |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Property and Equipment is subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable. Up to 31 December 2007 bank charged depreciation on fixed assets using the reducing balance method which changed in 2008 and adjustment are incorporated with current year depreciation.



### 3.15.1 Non banking assets

This represents assets acquired by the Bank upon the agreement with the client and Honourable Court's order against investment. Bank has taken the ownership of the non-banking assets on the basis of power of attorney of Bishal Centre on 8 March 2005 and Kushal Centre on 13 June 2000, against settlement of Investments. Bank is now trying to transfer the ownership related document in its name by obtaining mutation. First acquisition amount against three properties i.e. Bishal Centre BDT 220,000,000; Kushol Centre BDT 75,000,000 and Tobacco Industries Ltd. BDT 100,000,000; total amounting BDT 395,000,000. Subsequently M/s Huda Vasi Chowdhury & Co. revaluated the Properties on 31 December 2009 Bishal Centre at BDT 607,776,130; Kushol Centre at BDT 142,500,000 and Tobacco Industries Limited at BDT 199,668,673; total amounting BDT 949,944,803.

### 3.16 Taxation

Tax expenses represent the sum of the tax currently payable and deferred tax.

#### 3.16.1 Current tax

Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognized directly in shareholder's equity in which case it is recognized in shareholder's equity.

As per requirement of BAS # 12: Income Taxes, the Bank has a policy to measure current tax liability at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Tax rate is 42.5% as prescribed in Finance Act 2017 on taxable profits of the banks and financial institutions. The Bank was not required to provide income tax as it has previous assessed loss which will offset the taxable income. But as per requirement of Income Tax Ordinance 1984, minimum tax @ 0.60% of gross receipts has been provided in accounts.

#### 3.16.2 Deferred Tax

As per provision of BAS # 12: Income Taxes, deferred tax assets and deferred tax liabilities shall be measured and shall be reflected the tax consequence of the entity at the balance sheet date.

Deferred tax is recognised, using the liability method on temporary differences between the carrying amount of assets and liabilities in the balance sheet and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences; unused tax loss and unused tax credit can be utilised. The tax rate (42.5%) prevailing at the balance sheet date is used to determine deferred tax.

The Bank did not recognise any deferred tax during the year as there would have arisen deferred tax income if deferred tax was recognised due to huge loss of the Bank at balance sheet the date which is adjustable against future profits.

### 3.17 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (BDT). All values are rounded to the nearest Taka.

### **3.18 Critical accounting estimates and judgments in applying accounting policies**

As per provision of BAS # 1 : Presentation of Financial Statements, the preparation of financial statements 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.

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **3.18.1 Valuation of financial instruments**

The Bank's accounting policy for valuation of financial instruments is included in Note 7. As required in BAS # 19: Employee Benefit, provident fund and gratuity benefits are given to eligible staff of the Bank in accordance with the locally registered rules and the entity shall disclose the amount recognized as an expense for defined contribution plan.

### **3.19 Liabilities and provision**

#### **3.19.1 Retirement benefits of employees**

##### **3.19.1.1 Provident fund**

Provident fund benefits are given to the staff of the Bank in accordance with the registered Provident fund rules. The commissioner of Income Tax, Large Tax Payers Unit, Dhaka has approved the Provident Fund as a recognised fund within the meaning of section 2(52) read with the provisions of Part - B of the First Schedule of Income Tax Ordinance 1984. The fund is operated by a Board of Trustees consisting of 06 (six) members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount to the fund. Contributions made by the bank are charged as an expense. Profit earned from the investments is credited to the members' account on half yearly basis.

##### **3.19.1.2 Gratuity**

As per service rules of the Bank, every permanent employee is entitled to 50% of basic salary for 5 to 10 years, 75% of basic salary for 10 to 15 years and 100% of basic salary for more than 15 years for every completed year of services with the Bank. But sufficient provision was not created for gratuity in the financial statements as at 31 December 2017.

On 121st Board of the Directors meeting held on 21 July, 2014. it is resolved that provision is to be made on monthly basis.

Estimated liability as at 31 December 2017 on accrual basis is Taka 73,270,162 against which an amount of Taka 60,959,334 is provided as provision for gratuity. Management of the Bank is, however, fully committed to cover the shortfall of gratuity provision in the year 2018.

#### **3.19.2 Provisions and accrued expenses**

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

### **3.20 Deposits and other accounts**

As per requirement of paragraph 39 of BFRS # 7: Financial Instruments: Disclosures, deposits and other accounts including bills payable of the Bank have been analysed in terms of the maturity grouping showing separately other deposits and inter-bank deposits.

- 3.21 Contingent liabilities, commitments and other off-balance sheet items**  
As required in BAS # 37, Contingent Liabilities, commitments and other off-balance sheet items are presented in details in the financial statements.
- 3.22 Nostro reconciliation position:**  
The Bank maintains 04 Nostro accounts with various banks outside the country. Reconciliation of nostro accounts has been completed up to 31 December 2017.
- 3.23 Statement of cash flows**  
BAS # 1: Presentation of Financial Statements, requires that a statement of cash flows is to be prepared as it provides information about cash flows of the enterprise which is useful in providing users of financial statements with a basis to assess the ability of the enterprise to generate cash and cash equivalents and the needs of the enterprise to utilize those cash flows. Statement of Cash Flow has been prepared under the direct method for the period, classified by operating, investing and financing activities as prescribed in BAS # 7, statement of cash flows.
- 3.24 Comparative Information**  
As per requirement of BAS # 1: Presentation of Financial Statements, comparative information in respect of the previous year have been presented in all numerical information in the financial statements and the narrative and descriptive information where, it is relevant for understanding of the current year's financial statements.
- 3.25 Earnings per share (EPS)**  
Earnings per share has been calculated in accordance with BAS # 33: Earnings per share (EPS) which has been shown on the face of profit and loss account and the computation of EPS has been stated in Note 41.
- 3.25.1 Basic earnings**  
This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.
- 3.25.2 Weighted average number of ordinary shares outstanding during the year**  
This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time-weighted factor. The time-weighted factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the year.
- 3.26 General**
- a) Wherever considered necessary, previous year's figures have been rearranged for the purpose of comparison; and
  - b) Figures appearing in these Financial Statements have been rounded off to the nearest Taka.

|             |  | Amount in Taka     |                      |
|-------------|--|--------------------|----------------------|
|             |  | 2017               | 2016                 |
|             |  | BDT                | BDT                  |
| <b>4.00</b> | <b>Cash in hand</b>  |                    |                      |
| (a)         | Cash in hand   |                    |                      |
| i)          | In local currency  | 214,598,438        | 203,095,883          |
| ii)         | In foreign currency (note - 4.1)                                   | 8,009,079          | 6,978,294            |
|             | Sub-total (a)  | 222,607,517        | 210,074,177          |
| (b)         | Cash with Bangladesh Bank and its agents (Sonal Bank) (note - 4.2) |                    |                      |
|             | Balance with Bangladesh Bank (note - 4.2)                          | 612,722,488        | 921,840,039          |
|             | Balance with Sonali Bank (as agent of Bangladesh Bank)             | 20,454,486         | 28,787,581           |
|             | Sub-total (b)  | 633,176,974        | 950,627,620          |
|             | <b>Grand Total (a+b)</b>   | <b>855,784,491</b> | <b>1,160,701,797</b> |

#### 4.1 In foreign currency

| Foreign Currency    | Amount in F.C | Exchange Rate |           |           |
|---------------------|---------------|---------------|-----------|-----------|
| US Dollar           | 2,758         | 82.70         | 228,087   | 217,193   |
| Great Britain Pound | 69,520        | 111.1776      | 7,729,068 | 6,717,732 |
| Euro                | 525           | 98.90         | 51,925    | 43,370    |
| Total               |               | 7,990,262     | 8,009,079 | 6,978,294 |

#### 4.2 Cash with Bangladesh Bank and its agent bank(s)

##### Balance with Bangladesh Bank

|      |                     |             |             |
|------|---------------------|-------------|-------------|
| (i)  | In local currency   | 590,008,698 | 885,778,568 |
| (ii) | In foreign currency | 22,713,790  | 36,061,470  |
|      | Sub-total (a)       | 612,722,488 | 921,840,039 |

##### Balance with Sonali Bank

|  |                          |                    |                    |
|--|--------------------------|--------------------|--------------------|
|  | In local currency (b)    | 20,454,486         | 28,787,581         |
|  | <b>Grand Total (a+b)</b> | <b>633,176,974</b> | <b>950,627,620</b> |

#### 4.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

The bank has to maintain Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) in accordance with Section 33 of Banking Companies Act 1991, BRPD circular nos. 11 and 12 dated 25 August 2005 and MPD circular no. 116/2010-1712, dated in 01 December 2010 and MPD circular nos. 4 and 5 dated 01 December 2010 and MPD circular no. 01 dated 23 June 2014.

Due to frozen deposit with the bank, Bangladesh Bank has allowed to calculate CRR and SLR on the basis of regular deposit vide Bangladesh Bank DOS Letter no. DOS(SR)1153/143/13/2017-3583 dated: 28/08/2017.

Accordingly, the statutory CRR on the Bank's time and demand liabilities at the rate 6.5% has been calculated and maintained with Bangladesh Bank in local currency and 5.5% SLR has also been maintained in the form of cash in hand, balance with Bangladesh Bank and its agent bank, TT in transit and unencumbered approved securities. CRR and SLR maintained by the Bank are shown below:

|     |                                  |             |             |
|-----|----------------------------------|-------------|-------------|
| (a) | <b>Cash Reserve Requirement</b>  |             |             |
|     | Required reserve                 | 470,551,185 | 604,534,820 |
|     | Actual reserve maintained        | 590,827,185 | 604,534,820 |
|     | Surplus / (deficit)              | 120,276,000 | -           |
| (b) | <b>Statutory Liquidity Ratio</b> |             |             |
|     | Required reserve                 | 398,158,695 | 511,529,470 |
|     | Actual reserve maintained        | 463,337,815 | 621,020,108 |
|     | Surplus / (deficit)              | 65,179,120  | 109,490,638 |

#### 4.4 Held for Statutory Liquidity Ratio

|  |   |                    |                    |
|--|---|--------------------|--------------------|
|  | Cash in hand (note -4.a)  | 222,607,517        | 223,248,063        |
|  | Cash with Bangladesh Bank (after maintaining CRR) and its agents (Sonal Bank) | 140,729,978        | 283,647,000        |
|  | Government securities (note-7. a)   | -                  | -                  |
|  | Government bonds (note-7.c. iii)  | 100,000,000        | 100,000,000        |
|  |   | <b>463,337,495</b> | <b>606,895,063</b> |

#### 5.00 Balance with other banks and financial institutions

|  |                               |                   |                   |
|--|-------------------------------|-------------------|-------------------|
|  | In Bangladesh (note-5.1)      | 24,019,916        | 24,386,162        |
|  | Outside Bangladesh (note-5.2) | 16,851,030        | 5,007,657         |
|  |                               | <b>40,870,946</b> | <b>29,393,820</b> |

| Amount in Taka |             |
|----------------|-------------|
| 2017<br>BDT    | 2016<br>BDT |

5.1 In Bangladesh

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Current account</b>                                | <b>15,883,263</b> | <b>11,862,602</b> |
| Sonali Bank Ltd (H.O)                                 | 10,755,784        | 8,942,012         |
| Modhumoti Bank Ltd (OBU)                              | -                 | 2,783,090         |
| Dutch Bangla Bank Ltd.                                | 106,902           | 107,268           |
| Islami Bank Bd. Ltd. CD Account                       | 5,020,577         | 30,232            |
| <b>Mudaraba Short Term/Short Term Deposit Account</b> | <b>1,819,538</b>  | <b>6,369,913</b>  |
| Prime Bank Ltd.                                       | 97,522            | 92,723            |
| NCCBL-IME   | 439,076           | 2,920,449         |
| Trust Bank Ltd.                                       | 1,282,940         | 3,356,741         |
| <b>PLS MD Savings/Savings Account</b>                 | <b>6,317,114</b>  | <b>6,153,647</b>  |
| Al-Arafah Islami Bank Ltd. (MD)                       | 5,850,665         | 5,696,919         |
| Shahjalal Bank Ltd. (MSB A/C)                         | 11,157            | 11,570            |
| AB Bank Ltd.  | 445,812           | 435,332           |
| Social Investment Bank Ltd. (MSD)                     | 9,481             | 9,826             |
|   | <b>24,019,916</b> | <b>24,386,162</b> |

5.2 Outside Bangladesh (NOSTRO Accounts)

|                                |                   |                   |
|--------------------------------|-------------------|-------------------|
| <b>Current account</b>         |                   |                   |
| ICICI Bank Ltd., Mumbai, India | -                 | 1,092,578         |
| AB Bank Ltd., Mumbai           | 243,935           | 1,793,414         |
| Sonali Bank, Kolkata           | 2,228,085         | 2,121,665         |
| Modhumoti Bank Ltd (OBU)       | 14,379,009        | -                 |
| (Annexure -A)                  | <b>16,851,030</b> | <b>5,007,657</b>  |
|                                | <b>40,870,946</b> | <b>29,393,820</b> |

5.3 Maturity grouping of balance with other banks and financial institutions

|  |                   |                   |
|--|-------------------|-------------------|
| Payable on demand                        | 40,870,946        | 29,393,820        |
| Up to 1 month                            | -                 | -                 |
| Over 1 month but not more than 3 months  | -                 | -                 |
| Over 3 months but not more than 6 months | -                 | -                 |
| Over 6 months but not more than 1 year   | -                 | -                 |
| Over 1 year but not more than 5 years    | -                 | -                 |
| Over 5 years                             | -                 | -                 |
|  | <b>40,870,946</b> | <b>29,393,820</b> |

6.00 Placement with banks & other financial institutions

| Name of the Bank/<br>Financial Institutions | Maturity At | Nature |                    |                   |
|---|-------------|--------|--------------------|-------------------|
| <b>In Bangladesh (a)</b>                    |             |        |                    |                   |
| PLFSL                                       | 01-01-2018  | MTD    | 40,000,000         | 10,000,000        |
| FAS Finance & Investment Ltd.               | 01-01-2018  | MTD    | 20,000,000         | 20,000,000        |
| FAS Finance & Investment Ltd.               | 02-01-2018  | MTD    | 20,000,000         | 20,000,000        |
| PLFSL                                       | 02-01-2018  | MTD    | 40,000,000         | -                 |
| PLFSL                                       | 03-01-2018  | MTD    | 20,000,000         | -                 |
| FAS Finance & Investment Ltd.               | 03-01-2018  | MTD    | 40,000,000         | 30,000,000        |
| FAS Finance & Investment Ltd.               | 04-01-2018  | MTD    | 40,000,000         | -                 |
| PLFSL                                       | 04-01-2018  | MTD    | 30,000,000         | -                 |
| FAS Finance & Investment Ltd.               | 12-01-2018  | MTD    | 75,000,000         | -                 |
| FAS Finance & Investment Ltd.               | 20-02-2018  | MTD    | 150,000,000        | -                 |
| FAS Finance & Investment Ltd.               | 30-12-2018  | MTD    | 100,000,000        | -                 |
|   |             |        | <b>575,000,000</b> | <b>80,000,000</b> |

| Amount in Taka |             |
|----------------|-------------|
| 2017<br>BDT    | 2016<br>BDT |

#### 7.00 Investments in shares and securities

|  | Holding Share | Cost        |             |             |
|--|---------------|-------------|-------------|-------------|
| a) Government                                |               | -           | -           | -           |
| Sub-total (a)                                |               | -           | -           | -           |
| b) Investment in subsidiary companies        |               | -           | -           | -           |
| sub-total (b)                                |               | -           | -           | -           |
| C) Others:                                   |               |             |             |             |
| i) Bangladesh Commerce Bank Ltd. (Un-quoted) | 90,000        | 9,000,000   | 9,000,000   | 9,000,000   |
| ii) CDBL (Un-quoted) Bonus Share             | 156,945       | 1,569,450   | 1,569,450   | 1,569,450   |
| Total CDBL                                   | 414,236       |             |             |             |
|  | 571,181       |             |             |             |
| iii) Islamic Bond                            |               | 100,000,000 | 100,000,000 | 100,000,000 |
| Total Others                                 |               | 110,569,450 | 110,569,450 | 110,569,450 |
| Total (a+b+c)                                |               | 110,569,450 | 110,569,450 | 110,569,450 |

#### (i) Investment classified as per Bangladesh Bank Circular:

|                        |             |             |
|------------------------|-------------|-------------|
| Held for trading (HFT) | -           | -           |
| Held to maturity (HTM) | -           | -           |
| Other securities       | 110,569,450 | 110,569,450 |
|                        | 110,569,450 | 110,569,450 |

#### (ii) Investment classified as per nature:

|                                   |             |             |
|-----------------------------------|-------------|-------------|
| a) Government securities:         |             |             |
| 28 days treasury bills            | -           | -           |
| 30 days treasury bills            | -           | -           |
| 91 days treasury bills            | -           | -           |
| 182 days treasury bills           | -           | -           |
| 364 days treasury bills           | -           | -           |
| Reverse repo with Bangladesh Bank | -           | -           |
| 2 years treasury bills            | -           | -           |
| 5 years treasury bills            | -           | -           |
| Government bonds:                 |             |             |
| Prize bonds                       | -           | -           |
| Government bonds                  | -           | -           |
| b) Other investments:             |             |             |
| Shares and Bonds                  | 110,569,450 | 110,569,450 |
|                                   | 110,569,450 | 110,569,450 |
|                                   | 110,569,450 | 110,569,450 |

#### 7.1 Maturity grouping of investments

|  |             |             |
|--|-------------|-------------|
| On demand                                | -           | -           |
| Up to 1 month                            | -           | -           |
| Over 1 month but not more than 3 months  | 100,000,000 | 100,000,000 |
| Over 3 months but not more than 6 months | -           | -           |
| Over 6 months but not more than 1 year   | -           | -           |
| Over 1 year but not more than 5 years    | -           | -           |
| Over 5 years                             | 10,569,450  | 10,569,450  |
|  | 110,569,450 | 110,569,450 |

#### 7.2 Investment in shares

|  |            |            |
|--|------------|------------|
| Quoted   | -          | -          |
| Unquoted:  |            |            |
| Bangladesh Commerce Bank Ltd. ( 90,000 Shares)           | 9,000,000  | 9,000,000  |
| Central Depository Bangladesh Limited. ( 571,181 Shares) | 1,569,450  | 1,569,450  |
|  | 10,569,450 | 10,569,450 |
|  | 10,569,450 | 10,569,450 |

7.2.1 Investment in shares of Bangladesh Commerce Bank Limited (BCBL) refers to conversion of balance receivable into share capital of BCBL which is a non-listed Public Limited Company.

7.2.2 During the year 2006 a sum of Taka 1 (one) million was invested for 1 (one) million shares of Central Depository Bangladesh Limited(CDBL). Per share value was Tk.1/- now per share value is Tk.10/-

|   |  | Amount in Taka       |                      |
|---|--|----------------------|----------------------|
|   |  | 2017                 | 2016                 |
|   |  | BDT                  | BDT                  |
| <b>8.00 Investments</b>   |  |                      |                      |
| General Investments etc. (note-8.2.i)                                 |  | 8,831,575,273        | 9,349,509,460        |
| Bills purchased and discounted (note-8.2.ii)                          |  | 2,921,465            | 2,918,965            |
|   |  | <b>8,834,496,738</b> | <b>9,352,428,425</b> |
| <b>8.1 Maturity-wise classification</b>                               |  |                      |                      |
| (i) Repayable on demand   |  | 265,034,902          | 280,572,853          |
| With a residual maturity of   |  |                      |                      |
| (ii) Not more than 3 months   |  | 441,724,837          | 467,621,421          |
| (iii) Over 3 months but not more than 1 year                          |  | 1,766,899,348        | 1,870,485,685        |
| (vi) Over 1 year but not more than 5 years                            |  | 5,300,698,043        | 5,611,457,055        |
| (v) More than 5 years   |  | 1,060,139,609        | 1,122,291,411        |
|   |  | <b>8,834,496,738</b> | <b>9,352,428,425</b> |
| <b>8.2 Mode-wise Investment</b>                                       |  |                      |                      |
| (i) General Investments etc.  |  |                      |                      |
| <b>Inside Bangladesh</b>  |  |                      |                      |
| Murabaha-Com.-Advance Agt. Imported Merchandise (AIM)                 |  | 122,592,132          | 321,568,334          |
| Murabaha (Pledge)   |  | 86,115,128           | 86,042,628           |
| Murabaha Under Secured Guarantee (MUSG)                               |  | 85,244,247           | 81,754,218           |
| Bai-Muajjal(Hypothecation)  |  | 4,343,067,373        | 4,535,608,015        |
| Bai-Muajjal - PC  |  | 12,144,432           | 12,134,432           |
| Bai-Muajjal - TR  |  | 683,531,836          | 734,748,157          |
| Payments Against Documents (Cash)                                     |  | 83,101,553           | 83,048,353           |
| Bai-Muajjal (ICBIBLCFS)   |  | 51,245,404           | 75,126,421           |
| Bai Muajjal - Forced Investment (Against B/B - L/C)                   |  | 75,394,095           | 84,250,840           |
| Staff Loan - Provident Fund   |  | 398,868              | 2,534,016            |
| Hire Purchase   |  | 2,680,718,760        | 2,592,634,848        |
| HP House Building - Staff   |  | 269,757              | 401,959              |
| HP House Building - General   |  | 607,751,686          | 739,657,239          |
|   |  | 8,831,575,273        | 9,349,509,460        |
| <b>Outside Bangladesh</b>   |  | -                    | -                    |
|   |  | 8,831,575,273        | 9,349,509,460        |
| (ii) Bills purchased and discounted (note-8.9)                        |  |                      |                      |
| <b>Payable Inside Bangladesh</b>                                      |  |                      |                      |
| Inland bills purchased  |  | 2,921,465            | 2,918,965            |
| <b>Payable Outside Bangladesh</b>                                     |  |                      |                      |
| Foreign bills purchased and discounted                                |  | -                    | -                    |
|   |  | 2,921,465            | 2,918,965            |
|   |  | <b>8,834,496,738</b> | <b>9,352,428,425</b> |
| <b>8.2.1 Geographical location-wise classification of Investments</b> |  |                      |                      |
| (i) Inside Bangladesh   |  |                      |                      |
| a. In Urban Areas   |  | 8,834,496,738        | 9,352,428,425        |
| a. In Rural Areas   |  | -                    | -                    |
|   |  | 8,834,496,738        | 9,352,428,425        |
| (ii) Outside Bangladesh   |  | -                    | -                    |
|   |  | <b>8,834,496,738</b> | <b>9,352,428,425</b> |
| <b>8.2.2 Division-wise classification of Investments</b>              |  |                      |                      |
| <u>Name of the Division</u>   |  |                      |                      |
| Dhaka Division  |  | 7,436,856,665        | 7,928,000,967        |
| Chittagong Division   |  | 720,746,640          | 778,948,277          |
| Khulna Division   |  | 484,811,172          | 453,837,717          |
| Rajshahi Division   |  | 81,587,263           | 74,487,360           |
| Barisal Division  |  | 6,190,895            | 10,072,265           |
| Sylhet Division   |  | 104,304,102          | 107,081,838          |
| Rangpur Division  |  | -                    | -                    |
|   |  | <b>8,834,496,738</b> | <b>9,352,428,425</b> |

|   |  | Amount in Taka       |                      |
|---|--|----------------------|----------------------|
|   |  | 2017                 | 2016                 |
|   |  | BDT                  | BDT                  |
| <b>8.3 Group-wise classification of Investments</b>           |  |                      |                      |
| a) Investments to Directors                                   |  | -                    | -                    |
| b) Investments to Chief Executive and other senior executives |  | -                    | -                    |
| c) Investments to customer groups:                            |  |                      |                      |
| ii) Export financing  |  | 2,629,938            | 2,623,988            |
| iii) House building loan                                      |  | 605,635,044          | 740,059,198          |
| iv) Consumers credit scheme                                   |  | 187,936,672          | 193,618,979          |
| v) Small and medium enterprises                               |  | 4,895,756,814        | 5,017,289,982        |
| vii) Staff loan   |  | 11,097,289           | 23,584,415           |
| viii) Other Investments                                       |  | 2,223,555,115        | 2,226,676,037        |
|   |  | <b>7,926,610,872</b> | <b>8,203,852,600</b> |
| d) Industrial Investments                                     |  |                      |                      |
| i) Agricultural industries                                    |  | -                    | -                    |
| ii) Textile industries  |  | -                    | -                    |
| iii) Food and allied industries                               |  | -                    | 2,299,776            |
| v) Leather, chemical, cosmetics, etc.                         |  | -                    | -                    |
| vi) Tobacco industries  |  | -                    | -                    |
| viii) Service Industries                                      |  | 752,818,186          | 771,045,330          |
| ix) Transport and communication industries                    |  | -                    | -                    |
| x) Other industries   |  | 155,067,680          | 375,230,720          |
|   |  | 907,885,866          | 1,148,575,826        |
|   |  | <b>8,834,496,738</b> | <b>9,352,428,425</b> |

**8.4 Classification of status-wise Investments**

**Unclassified**

Standard including staff loan  
Special mention account (SMA)

**Classified**

Sub-standard  
Doubtful  
Bad / Loss

|  | Percentage  |                      |                      |
|--|-------------|----------------------|----------------------|
|  | 18.55%      | 1,638,630,237        | 2,525,278,554        |
|  | 1.41%       | 124,533,849          | 103,635,654          |
|  | 19.96%      | 1,763,164,086        | 2,628,914,207        |
|  | 0.74%       | 65,085,308           | 51,462,075           |
|  | 0.80%       | 70,750,101           | 50,644,462           |
|  | 78.50%      | 6,935,497,242        | 6,621,407,680        |
|  | 80.04%      | 7,071,332,652        | 6,723,514,218        |
|  | <b>100%</b> | <b>8,834,496,738</b> | <b>9,352,428,425</b> |



|            |  | Amount in Taka       |                      |
|------------|--|----------------------|----------------------|
|            |  | 2017<br>BDT          | 2016<br>BDT          |
| <b>8.5</b> | <b>Particulars of Investments</b>  |                      |                      |
| i)         | Investments considered good in respect of which the Bank is fully secured  | 1,638,630,237        | 2,525,278,554        |
| ii)        | Investments considered good against which the Bank holds no security other than the debtors' personal guarantee  | 27,497,383           | 66,493,853           |
| iii)       | Investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors  | -                    | -                    |
| iv)        | Investments adversely classified; provision not maintained there against   | -                    | -                    |
|            |  | <u>1,666,127,620</u> | <u>2,591,772,407</u> |
| v)         | Investments due by directors or officers of the banking company or any of them either separately or jointly with any other persons   | -                    | 23,584,415           |
| vi)        | Investments due from companies or firms in which the directors of the Bank have interest as directors, partners or managing agents or in case of private companies, as members   | -                    | -                    |
| vii)       | Maximum total amount of advances / investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.   | -                    | -                    |
| viii)      | Maximum total amount of advances / investments, including temporary advances / investments granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in the case of private companies, as members | -                    | -                    |
| ix)        | Due from banking companies   | -                    | -                    |
| x)         | Classified Investments   |                      |                      |
| a)         | Classified Investments on which interest has not been charged ( <i>note-8.4</i> )  | 7,071,332,652        | 6,723,514,218        |
| b)         | Provision on classified Investments ( <i>note-14.1</i> )   | 3,757,546,632        | 3,902,716,526        |
| c)         | Provision required against Investments classified as bad debts   | 3,760,232,389        | 3,878,958,644        |
| d)         | Interest credited to Interest Suspense Account ( <i>note-14.2</i> )  | 1,302,183,259        | 1,417,193,815        |
| xi)        | Cumulative amount of written off Investments   |                      |                      |
|            | Opening Balance  | 5,851,155,406        | 5,851,155,406        |
|            | Amount written off/Waved during the year   | -                    | -                    |
|            |  | <u>5,851,155,406</u> | <u>5,851,155,406</u> |
|            | Amount realised against Investments previously written off   | 17,317,375           | 15,101,274           |
|            | The amount of written off / classified Investments for which law suits have been filed   | 3,627,049,734        | 3,627,049,734        |
|            | Written-off amount includes Written-off Tk.3,685,282,078 on which we have the right to law suits and Waved Tk.2,165,873,328 on which we have no right to law suits.  |                      | -                    |

|   |  | Amount in Taka       |                      |
|---|--|----------------------|----------------------|
|   |  | 2017                 | 2016                 |
|   |  | BDT                  | BDT                  |
| <b>8.6</b>  | <b>Sector-wise Investments including bills purchased and discounted</b>  |                      |                      |
|   | Public sector  | -                    | -                    |
|   | Co-operative sector  | -                    | -                    |
|   | Private sector   | 8,834,496,738        | 9,352,428,425        |
|   |  | <b>8,834,496,738</b> | <b>9,352,428,425</b> |
| <b>8.7</b>  | <b>Details of large Investments</b>  |                      |                      |
|   | Number of clients with outstanding amount and classified Investments exceeding 10% of total capital of the Bank. Total capital of the Bank was Taka 6,647 Million as at 31 December 2017 (Tk 6,647 Million in 2016). |                      |                      |
|   | Number of clients  |                      | Nil                  |
|   | Amount of outstanding advances / investments   |                      | Nil                  |
|   | Amount of classified advances / investments  |                      | Nil                  |
|   | Measures taken for recovery  |                      | Nil                  |
| <b>8.8</b>  | <b>Particulars of required provision for Investments</b>   |                      |                      |
| <b>Status</b>                                     | <b>Base for provision</b>  | <b>Rate (%)</b>      |                      |
| <b>General Provision</b>                          |  |                      |                      |
| Investments (Excluding SMA)                       | 1,627,532,948  | *Various             | 16,879,836           |
| Special mention account (SMA)                     | 124,533,849  | *Various             | 130,927,887          |
|   |  |                      | 1,650,819            |
|   |  |                      | <b>18,530,655</b>    |
|   |  |                      | <b>132,943,981</b>   |
| <b>Status</b>                                     | <b>Base for provision</b>  | <b>Rate (%)</b>      |                      |
| <b>Specific provision</b>                         |  |                      |                      |
| Sub-standard                                      | 14,145,371   | 20                   | 2,829,074            |
| Doubtful  | 12,186,710   | 50                   | 6,093,355            |
| Bad / Loss  | 3,760,232,389  | 100                  | 3,760,232,389        |
|   |  |                      | 3,753,203,925        |
|   |  |                      | 3,769,154,818        |
|   |  |                      | 3,759,525,226        |
| Required provision for Investments                |  |                      | 3,787,685,473        |
| Total provision maintained (note - 14.1)          |  |                      | 3,892,469,207        |
| Excess / (short) provision as at 31 December 2017 |  |                      | 3,787,685,473        |
|   |  |                      | 3,932,855,367        |
|   |  |                      | -                    |
|   |  |                      | <b>40,386,160</b>    |
| <b>8.9</b>  | <b>Bills purchased and discounted</b>  |                      |                      |
|   | Payable in Bangladesh  | 2,921,465            | 2,918,965            |
|   | Payable outside Bangladesh   | -                    | -                    |
|   |  | <b>2,921,465</b>     | <b>2,918,965</b>     |
| <b>8.9.1</b>                                      | <b>Maturity grouping of bills purchased and discounted</b>   |                      |                      |
|   | Payable within one month   | 2,921,465            | 2,918,965            |
|   | Over one month but less than three months  | -                    | -                    |
|   | Over three months but less than six months   | -                    | -                    |
|   | Six months or more   | -                    | -                    |
|   |  | <b>2,921,465</b>     | <b>2,918,965</b>     |
| <b>9.00</b>                                       | <b>Fixed assets including premises</b>   |                      |                      |
|   | Furniture and fixtures   | 41,128,469           | 51,423,435           |
|   | ATM  | 150,595              | 839,412              |
|   | Software   | 2,540,407            | 1,655,015            |
|   | Office equipment   | 7,347,449            | 2,662,980            |
|   | Vehicles   | 126,241              | -                    |
|   | Net book value at the end of the year (Annexure-B)   | <b>51,293,161</b>    | <b>56,580,842</b>    |

|  |  | Amount in Taka     |                    |
|--|--|--------------------|--------------------|
|  |  | 2017               | 2016               |
|  |  | BDT                | BDT                |
| <b>10.00 Other assets</b>              |  |                    |                    |
| Stationery and stamps                  |  | 2,222,571          | 2,033,636          |
| Prepaid expenses                       |  | 17,172,976         | 16,331,618         |
| Income receivable                      |  | 5,672,847          | 3,848,100          |
| Advance Payment of Income Tax          |  | 154,503,519        | 152,603,164        |
| Advance deposits                       |  | 824,085            | 824,085            |
| Advance agt. Rent                      |  | 30,350,952         | 40,521,779         |
| Possession Rights of Premises          |  | 1,631,290          | 1,731,730          |
| Branch adjustments account (note-10.1) |  | (2,284,746)        | 63,828,908         |
| Suspense account (note -10.2)          |  | 57,620,957         | 62,859,518         |
| Sundry assets ( note -10.3)            |  | 3,210,347,359      | 3,303,443,170      |
|  |  | 3,478,061,811      | 3,648,025,707      |
| Less: Provision (Note 10.4)            |  | (3,249,927,695)    | (3,250,793,661)    |
|  |  | 228,134,116        | 397,232,046        |
| Deferred tax assets                    |  | 112,741,451        | 112,741,451        |
|  |  | <b>340,875,567</b> | <b>509,973,497</b> |

|  |  |                    |                   |
|--|--|--------------------|-------------------|
| <b>10.1 Branch adjustments account</b> |  |                    |                   |
| General Accounts Debit                 |  | (2,284,746)        | 64,804,443        |
| General Accounts Credit                |  | -                  | 975,535           |
|  |  | <b>(2,284,746)</b> | <b>63,828,908</b> |

Branch adjustment account represents outstanding Inter-branch and Head Office transactions (Net) originated but yet to be responded at the balance sheet date. However, the status of unresponded entries as on 31.12.2017 are given below:

**Un-reconciled entries of Inter Branch Transactions In Bangladesh**

|                                   | Number of Unresponded entries |           | Unresponded entries |                |
|-----------------------------------|-------------------------------|-----------|---------------------|----------------|
|                                   | Dr                            | Cr        | Dr                  | Cr             |
| Up to 3 months                    | -                             | 7         | -                   | 975,535        |
| Over 3 months but within 6 months | -                             | -         | -                   | -              |
| Over 6 months but within 1 year   | -                             | -         | -                   | -              |
| Over 1 year but within 5 years    | -                             | 5         | 64,804,443          | -              |
|                                   | -                             | <b>12</b> | <b>64,804,443</b>   | <b>975,535</b> |

|                               |  |                   |                   |
|-------------------------------|--|-------------------|-------------------|
| <b>10.2 Suspense account</b>  |  |                   |                   |
| Sundry Debtors                |  | 14,256,717        | 15,881,830        |
| Protested Bill                |  | 32,297,085        | 32,297,085        |
| Advance against TA/DA         |  | -                 | -                 |
| Advance Payment of Profit     |  | 11,043,395        | 14,656,843        |
| Advance Against Commemorative |  | 23,760            | 23,760            |
| Advance against Petty Cash    |  | -                 | -                 |
|                               |  | <b>57,620,957</b> | <b>62,859,518</b> |

|                                  |  |                      |                      |
|----------------------------------|--|----------------------|----------------------|
| <b>10.3 Sundry assets</b>        |  |                      |                      |
| Adjustable Blocked Account       |  | 1,896,587,714        | 1,896,587,714        |
| Adjustable Blocked Account-2006  |  | 1,307,669,839        | 1,307,669,839        |
| OC Outstanding For Coll.         |  | -                    | -                    |
| Tax on Profit Reversal a/c-2007  |  | -                    | -                    |
| Clearing Adjustment A/C          |  | -                    | -                    |
| Stock of Sign Board              |  | -                    | 2,466,895            |
| Non Resident Uk                  |  | 3,301,487            | 3,301,487            |
| Receivable A/c-Western Union     |  | 2,415,898            | 92,943,160           |
| A/C Receivable - IME             |  | 372,422              | 299,918              |
| A/C Receivable - Bangladesh Bank |  | -                    | 174,158              |
|                                  |  | <b>3,210,347,359</b> | <b>3,303,443,170</b> |

|   |                    | Amount in Taka       |                      |
|---|--------------------|----------------------|----------------------|
|   |                    | 2017                 | 2016                 |
|   |                    | BDT                  | BDT                  |
| <b>10.4 Provision for other assets</b>  |                    |                      |                      |
| Balance as on 1 January   |                    | 3,250,793,661        | 3,250,793,661        |
| Less: Adjustment during the year  |                    | 865,966              | -                    |
| Less: Excess provision transferred to Other liabilities   |                    | -                    | -                    |
| Add: Provision transfer from other liabilities (note-14)  |                    | -                    | -                    |
| Balance as on 31 December   |                    | <u>3,249,927,695</u> | <u>3,250,793,661</u> |
| Item-wise breakup of the above provision for other assets is as under:                          |                    |                      |                      |
| Adjustable Block A/c Head Office  |                    | 1,896,587,714        | 1,896,587,714        |
| Adjustable Block A/c-2006 Different Branches  |                    | 1,307,669,839        | 1,307,669,839        |
| Non-Resident UK   |                    | 3,301,487            | 3,301,487            |
| Adv against legal charges   |                    | -                    | -                    |
| Protested bill  |                    | 32,297,085           | 32,297,085           |
| Stock of Sign Board   |                    | -                    | 2,466,895            |
| Suspense A/c- Sundry Debtor   |                    | 8,747,405            | 8,470,641            |
| Total Provision   |                    | <u>3,248,603,529</u> | <u>3,250,793,661</u> |
| Provision Excess  |                    | <u>1,324,166</u>     | <u>-</u>             |
|   |                    | <u>3,249,927,695</u> | <u>3,250,793,661</u> |
| <b>11.00 Non-banking assets</b>   |                    |                      |                      |
| Asset value (Acquisition cost)  |                    | 405,186,946          | 405,119,571          |
| Revaluation reserve   |                    | 552,885,232          | 552,885,232          |
|   |                    | <u>958,072,178</u>   | <u>958,004,803</u>   |
| Add: Cost capitalised during the year   |                    | 943,169              | 67,375               |
| Add: Acquisition during the year  |                    | 17,320,000           | -                    |
|   |                    | <u>18,263,169</u>    | <u>67,375</u>        |
| Total asset value   |                    | <u>976,335,347</u>   | <u>958,072,178</u>   |
| <b>12.00 Placement from banks &amp; other financial institutions</b>                            |                    |                      |                      |
| In Bangladesh (note-12.1)   |                    | 4,962,669,861        | 4,980,269,861        |
| Outside Bangladesh (note-12.2)  |                    | -                    | -                    |
|   |                    | <u>4,962,669,861</u> | <u>4,980,269,861</u> |
| <b>12.1 In Bangladesh</b>   |                    |                      |                      |
| <u>Name of the Bank/Financial Institutions</u>  | <u>Maturity At</u> | <u>Nature</u>        |                      |
| Bangladesh Bank<br>(Islami investment bond's fund)  | Under Scheme       | Frozen               | 1,808,520,555        |
| Rediscount from Bangladesh Bank   | Under Scheme       | Frozen               | 2,623,300,000        |
| Call Borrowing  | Under Scheme       | Frozen               | 530,849,306          |
|   |                    |                      | <u>4,962,669,861</u> |
|   |                    |                      | <u>4,980,269,861</u> |
| <b>12.2 Outside Bangladesh</b>  |                    |                      |                      |
|   |                    |                      | -                    |
|   |                    |                      | -                    |
| <b>12.3 Security against borrowings from other banks, financial institutions and agents</b>     |                    |                      |                      |
| Secured (Bill of Exchange and DP note)  |                    | -                    | -                    |
| Unsecured   |                    | 4,962,669,861        | 4,980,269,861        |
|   |                    | <u>4,962,669,861</u> | <u>4,980,269,861</u> |
| <b>12.4 Maturity grouping of borrowings from other banks, financial institutions and agents</b> |                    |                      |                      |
| Payable on demand   |                    | -                    | -                    |
| Up to 1 month   |                    | -                    | -                    |
| Over 1 month but within 3 months  |                    | 1,100,000            | 1,100,000            |
| Over 3 months but within 1 year   |                    | 1,100,000            | 1,100,000            |
| Over 1 year but within 5 years  |                    | 8,800,000            | 8,800,000            |
| Over 5 years  |                    | 4,951,669,861        | 4,969,269,861        |
|   |                    | <u>4,962,669,861</u> | <u>4,980,269,861</u> |

|              |  | Amount in Taka        |                       |
|--------------|--|-----------------------|-----------------------|
|              |  | 2017                  | 2016                  |
|              |  | BDT                   | BDT                   |
| <b>13.00</b> | <b>Deposits and other accounts</b>                       |                       |                       |
|              | Deposits from banks (note -13.1.a)                       | 1,903,453,553         | 1,919,601,505         |
|              | Deposits from customers (note-13.1.b)                    | 9,390,121,942         | 8,995,029,127         |
|              |  | <b>11,293,575,495</b> | <b>10,914,630,632</b> |
| <b>13.1</b>  | <b>(a) Deposits from Banks</b>                           |                       |                       |
|              | Al-wadeeah current and other deposits accounts           | -                     | -                     |
|              | Bills payable  | -                     | -                     |
|              | Mudaraba savings deposits                                | 162,184,994           | 162,358,230           |
|              | Mudaraba Term Deposits (MTD)                             | 1,741,268,559         | 1,757,243,275         |
|              |  | <b>1,903,453,553</b>  | <b>1,919,601,505</b>  |
|              | <b>(b) Deposits from customers</b>                       |                       |                       |
|              | <b>i) Al-wadeeah current and other deposits accounts</b> |                       |                       |
|              | Al-wadeeah current and other deposits accounts           | 372,881,977           | 379,398,188           |
|              | Foreign currency deposits                                | 2,971,323             | 4,199,084             |
|              | Sundry deposits (note - 13.3)                            | 98,462,101            | 90,746,379            |
|              |  | <b>474,315,402</b>    | <b>474,343,651</b>    |
|              | <b>ii) Bills payable</b>                                 |                       |                       |
|              | Pay orders issued  | 60,941,484            | 85,877,283            |
|              | Demand draft   | -                     | 1,500                 |
|              | Foreign demand draft                                     | -                     | -                     |
|              | Banker Cheque Issued                                     | -                     | -                     |
|              |  | <b>60,941,483</b>     | <b>85,878,783</b>     |
|              | <b>iii) Mudaraba savings deposits</b>                    | <b>1,263,947,529</b>  | <b>1,204,654,194</b>  |
|              | <b>iv) Mudaraba Term Deposits (MTD)</b>                  |                       |                       |
|              | Mudaraba Term deposits                                   | 7,056,257,095         | 6,617,063,033         |
|              | Mudaraba Short Term deposits                             | 264,577,094           | 347,431,046           |
|              | Scheme deposits  | 270,083,338           | 265,658,420           |
|              |  | <b>7,590,917,527</b>  | <b>7,230,152,499</b>  |
|              |  | <b>9,390,121,942</b>  | <b>8,995,029,127</b>  |
|              |  | <b>11,293,575,495</b> | <b>10,914,630,632</b> |
| <b>13.2</b>  | <b>Deposits and other accounts</b>                       |                       |                       |
|              | <b>Al-wadeeah current and other deposit accounts</b>     |                       |                       |
|              | Deposits from banks (note -13.1.a)                       | -                     | -                     |
|              | Deposits from customers (note-13.1.b.i)                  | 474,315,402           | 474,343,651           |
|              |  | <b>474,315,402</b>    | <b>474,343,651</b>    |
|              | <b>Bills payable</b>                                     |                       |                       |
|              | Deposits from banks (note -13.1.a)                       | -                     | -                     |
|              | Deposits from customers (note-13.1.b.ii)                 | 60,941,483            | 85,878,783            |
|              |  | <b>60,941,483</b>     | <b>85,878,783</b>     |
|              | <b>Mudaraba savings deposits</b>                         |                       |                       |
|              | Deposits from banks (note -13.1.a)                       | 162,184,994           | 162,358,230           |
|              | Deposits from customers (note-13.1.b.iii)                | 1,263,947,529         | 1,204,654,194         |
|              |  | <b>1,426,132,523</b>  | <b>1,367,012,423</b>  |
|              | <b>Mudaraba Term Deposits (MTD)</b>                      |                       |                       |
|              | Deposits from banks (note -13.1.a)                       | 1,741,268,559         | 1,757,243,275         |
|              | Deposits from customers (note-13.1.b.iv)                 | 7,590,917,527         | 7,230,152,499         |
|              |  | <b>9,332,186,086</b>  | <b>8,987,395,775</b>  |
|              |  | <b>11,293,575,495</b> | <b>10,914,630,632</b> |
| <b>13.3</b>  | <b>Sundry deposits</b>                                   |                       |                       |
|              | Security Deposit Receipt                                 | -                     | -                     |
|              | FC Fund Purchased  | -                     | -                     |
|              | Non Resident Taka  | 1,501,195             | 1,501,195             |
|              | Non Resident US\$  | 2,431,365             | 4,323,772             |
|              | Profit payable on deposits                               | 74,364,825            | 64,271,364            |
|              | Unclaimed Deposit  | -                     | -                     |
|              | Others   | 20,164,717            | 20,650,049            |
|              |  | <b>98,462,101</b>     | <b>90,746,379</b>     |

|  |  | Amount in Taka        |                       |
|--|--|-----------------------|-----------------------|
|  |  | 2017                  | 2016                  |
|  |  | BDT                   | BDT                   |
| <b>13.4 Maturity analysis of deposits</b>  |  |                       |                       |
| Up to 1 month  |  | 451,743,020           | 435,759,223           |
| Over 1 month but within 3 months   |  | 903,486,040           | 871,518,447           |
| Over 3 months but within 1 year  |  | 4,065,687,178         | 3,921,833,010         |
| Over 1 year but within 5 years   |  | 3,839,815,668         | 3,703,953,398         |
| Over 5 years but within 10 years   |  | 1,806,972,079         | 1,743,036,893         |
| Over 10 years  |  | 225,871,510           | 217,879,612           |
|  |  | <b>11,293,575,495</b> | <b>10,893,980,583</b> |
| <b>14.00 Other liabilities</b>   |  |                       |                       |
| Adjusting account credit (Liability for Exp)                                     |  | 207,745,945           | 217,647,070           |
| Adjustable Block a/c-2006  |  | 558,768,359           | 558,768,359           |
| Sundry Creditors   |  | 42,612,817            | 106,425,378           |
| L/C Cover other currencies   |  | 25,297                | 1,276,071             |
| Provision for Investment (note-14.1)   |  | 3,787,685,473         | 3,932,855,367         |
| Profit Suspense Account (note-14.2)  |  | 1,302,183,259         | 1,417,193,815         |
| Provision for Sundry assets  |  | 1,115,708             | 2,890,795             |
| TDS on Profit paid   |  | 9,381,202             | 7,920,827             |
| TDS on Office Rent   |  | 146,323               | 173,247               |
| TDS on other sources   |  | 29,624                | 134,021               |
| Excise Duty on Deposits  |  | 9,341,172             | 10,882,100            |
| Excise Duty on Investment Account  |  | 4,370,550             | 2,943,003             |
| Risk Fund ICBIBL   |  | -                     | 132,314               |
| VAT deducted at source   |  | 1,430,920             | 3,378,025             |
| A/C Payable - Shanchay Patra   |  | -                     | -                     |
| Cash security Others   |  | 266,000               | 275,500               |
| ATM Option amount  |  | -                     | -                     |
| Cash assistance against Export   |  | -                     | -                     |
| Profit Reversal Account-2007   |  | -                     | -                     |
| Lease obligation (note-14.3)   |  | -                     | -                     |
| Clearing Adjustment  |  | -                     | -                     |
| Godown Rent Payable  |  | -                     | -                     |
| Other payables   |  | 27,334,907            | 119,748,672           |
| Provision for tax  |  | 23,815,890            | 20,938,004            |
| Provision on off-balance sheet items (note-14.4)                                 |  | 4,313,679             | 4,313,679             |
| Provision on Nostro Accounts (note-14.5)   |  | -                     | -                     |
|  |  | <b>5,980,567,125</b>  | <b>6,407,896,248</b>  |
| <b>14.1 Provision for Investments</b>  |  |                       |                       |
| Movement in specific provision on classified Investments:                        |  |                       |                       |
| Provision held as on 1 January   |  | 3,902,716,526         | 3,952,716,526         |
| Less: Fully provided debts written off/Waved during the year                     |  | (165,201,883)         | -                     |
| Add: Recoveries of amounts previously written off                                |  | -                     | -                     |
| Add: Specific provision made during the year for other accounts                  |  | -                     | -                     |
| Less: Provision no longer required   |  | -                     | -                     |
| Add: Excess provision transferred from Adjustable block account                  |  | -                     | -                     |
| Add: Excess provision transferred from General provision                         |  | -                     | -                     |
| Add: Net charge to profit and loss account (note-37)                             |  | 20,031,989            | (50,000,000)          |
| Provision held as on 31 December   |  | 3,757,546,632         | 3,902,716,526         |
| Movement in general provision on unclassified Investments                        |  |                       |                       |
| Provision held as on 1 January   |  | 30,138,841            | 30,138,841            |
| Add: General provision made during the year (note-37)                            |  | -                     | -                     |
| Less: General provision transfer to specific provision during the year (note-37) |  | -                     | -                     |
| Provision held as on 31 December   |  | 30,138,841            | 30,138,841            |
|  |  | <b>3,787,685,473</b>  | <b>3,932,855,367</b>  |
| <b>14.2 Profit suspense account</b>  |  |                       |                       |
| Balance as on 1 January  |  | 1,417,193,815         | 1,423,775,313         |
| Add: Amount transferred during the year  |  | 63,066,854            | 65,811,031            |
| Less: Amount recovered from during the year                                      |  | (67,582,969)          | (69,686,928)          |
| Less: Amount written-off/waved during the year                                   |  | (110,494,441)         | (2,705,600)           |
| Balance as on 31 December  |  | <b>1,302,183,259</b>  | <b>1,417,193,815</b>  |

| Amount in Taka |             |
|----------------|-------------|
| 2017<br>BDT    | 2016<br>BDT |

**14.3 Lease obligation**

This represents the amount payable to Industrial and Infrastructure Development Finance Company Limited on account of supply of four vehicles under the finance lease. Movement of the amount is given below:

|                                    |          |             |
|------------------------------------|----------|-------------|
| Balance as on 1 January            | -        | 4,054,684   |
| Add: Addition during the year      | -        | -           |
| Less: Payment made during the year | -        | (4,054,684) |
| <b>Balance as on 31 December</b>   | <b>-</b> | <b>-</b>    |

**14.4 Provision on off-balance sheet items**

|  |                  |                  |
|--|------------------|------------------|
| Provision held as on 1 January                           | 4,313,679        | 4,313,679        |
| Add: Provision made/(released) during the year (note-37) | -                | -                |
| <b>Provision held as on 31 December</b>                  | <b>4,313,679</b> | <b>4,313,679</b> |

**14.5 Status of unresponded entires of Nostro Accounts (Our Books) as at 31 December 2017 are given below:**

| In Foreign Currency               | Number of Unresponded entries |    | Unresponded entries |    |
|-----------------------------------|-------------------------------|----|---------------------|----|
|                                   | Dr                            | Cr | Dr                  | Cr |
| Up to 3 months                    | -                             | -  | -                   | -  |
| Over 3 months but within 6 months | -                             | -  | -                   | -  |
| Over 6 months but within 1 year   | -                             | -  | -                   | -  |
| Over 1 year but within 5 years    | -                             | -  | -                   | -  |
|                                   | -                             | -  | -                   | -  |

As per Circular No.FEOD(FEMO/01/2005-677 dated 13 September, 2005 there is no debit entry more than three month. So provision is not required for existing unresponded entries.

**15.00 Share capital**

|   | 2017                 | 2016                 |
|---|----------------------|----------------------|
| <b>15.1 Authorized capital</b>  |                      |                      |
| 1,500,000,000 ordinary shares of Taka 10 each                         | 15,000,000,000       | 15,000,000,000       |
| <b>15.2 Issued, subscribed and fully paid up capital</b>              |                      |                      |
| 365,674,300 ordinary shares of Taka 10 each issued for cash           | 3,656,743,000        | 3,656,743,000        |
| 36,910,600 ordinary shares of Taka 10 each issued as right for cash   | 369,106,000          | 369,106,000          |
| 262,117,400 ordinary shares of Taka 10 each issued against depositors | 2,621,174,000        | 2,621,174,000        |
|   | <b>6,647,023,000</b> | <b>6,647,023,000</b> |

**15.3 Raising of share capital**

Given below the history of raising of share capital of ICB Islamic Bank Limited

| Accounting year | Declaration  | No of share        | Value in capital     | Cumulative value |
|-----------------|--|--------------------|----------------------|------------------|
| 1987            | Sponsors shareholders  | 12,750,000         | 127,500,000          | 127,500,000      |
| 1988            | Sponsors shareholders  | 375,000            | 3,750,000            | 131,250,000      |
| 1990            | Initial Public Offer (IPO)   | 1,875,000          | 18,750,000           | 150,000,000      |
| 1993            | 1st Right Issue  | 10,955,300         | 109,553,000          | 259,553,000      |
| 2003            | 2nd Right Issue  | 25,955,300         | 259,553,000          | 519,106,000      |
| 2008            | Shares issued in the name of ICB Holding Group A.G at per Bangladesh Bank 'The Oriental Bank Reconstruction Scheme'07' | 350,674,300        | 3,506,743,000        | 4,025,849,000    |
| 2008            | Shares issued in the name of depositors as per Bangladesh Bank guideline 'The Oriental Bank Reconstruction Scheme'07'  | 262,117,400        | 2,621,174,000        | 6,647,023,000    |
| <b>Total</b>    |  | <b>664,702,300</b> | <b>6,647,023,000</b> |                  |

15.4 Slab wise list as at 31 December 2017

|                              | Amount in Taka          |                             |                      |                      |
|------------------------------|-------------------------|-----------------------------|----------------------|----------------------|
|                              | 2017                    |                             | 2016                 |                      |
|                              | BDT                     |                             | BDT                  |                      |
|                              | <u>Number of shares</u> | <u>(%) of share holding</u> |                      |                      |
| Sponsors (Foreign Investors) | 352,174,300             | 52.98%                      | 3,521,743,000        | 3,521,743,000        |
| Sponsors (Local)             | 45,197,300              | 6.80%                       | 451,973,000          | 451,973,000          |
| Institutions                 | 103,095,225             | 15.51%                      | 1,030,952,250        | 1,060,880,500        |
| Non- resident Bangladeshi    | 250,513                 | 0.04%                       | 2,505,130            | 4,799,210            |
| General public               | 163,984,962             | 24.67%                      | 1,639,849,620        | 1,607,627,290        |
|                              | <b>664,702,300</b>      | <b>100%</b>                 | <b>6,647,023,000</b> | <b>6,647,023,000</b> |

15.5 A range wise distribution schedule of the above shares is given below :

| Shareholding range  | Number of share holders | Number of Shares   | (%) of share holding |
|---------------------|-------------------------|--------------------|----------------------|
| 01 - 500            | 5,821                   | 1,754,039          | 0.26                 |
| 501 - 5,000         | 7,268                   | 15,021,224         | 2.26                 |
| 5,001 - 10,000      | 1,219                   | 9,833,162          | 1.48                 |
| 10,001 - 20,000     | 735                     | 11,051,113         | 1.66                 |
| 20,001 - 30,000     | 286                     | 7,433,391          | 1.12                 |
| 30,001 - 40,000     | 140                     | 4,981,665          | 0.75                 |
| 40,001 - 50,000     | 123                     | 5,858,550          | 0.88                 |
| 50,001 - 100,000    | 196                     | 15,188,251         | 2.28                 |
| 100,001 - 1,000,000 | 170                     | 46,794,097         | 7.04                 |
| 1,000,001 and over  | 49                      | 546,786,808        | 82.26                |
|                     | <b>16,007</b>           | <b>664,702,300</b> | <b>100</b>           |

15.6 Name of the Directors as at 31 December 2017

| SI | Name of the directors     | Status               | Remarks   |
|----|---------------------------|----------------------|---|
| 1  | Mr. Mohd. Nasir Bin Ali   | Chairman             | Nominated Directors by ICB Financial Group Holdings AG holding 350,674,300 shares i.e. 52.76% . |
| 2  | Ms. Hashimah Binti Ismail | Director             |   |
| 3  | Ms. Lee Ooi Kim           | Director             |   |
| 4  | Mr. Sivagukan Thambirajah | Director             |   |
| 6  | Mr. Abdul Hafiz Choudhury | Independent Director |   |

15.7 Capital adequacy ratio (BASEL III)

In terms of section 13 (2) of the Bank Companies Act, 1991 and Bangladesh Bank BRPD circulars nos. 01,14 ,10 and 05 dated January 08, 1996, November 16,1996, November 25, 2002 and May 14,2007 respectively, required capital of the Bank at the close of business on 31 December 2017 was Taka 4,000 Million as against available core capital of Taka (11,117.21) Million and supplementary capital of Taka 140.72 Million making a total capital of Taka (10,976.50) Million thereby showing a surplus / (deficit) capital / equity of Taka (14,976.50) Million at that date. Details are shown below:

|  |                  |                  |
|--|------------------|------------------|
| <b>Tier-I (Core capital)</b>   |                  |                  |
| Paid up capital (note-15.2)  | 6,647,023,000    | 6,647,023,000    |
| Statutory reserve (note-16)  | 78,810,975       | 78,810,975       |
| General Reserve (note-17)  | 1,065,676        | 1,065,676        |
| Deferred Tax Assets  | (112,741,451)    | (112,741,451)    |
| Surplus in profit and loss account / Retained earnings (note-19)   | (17,731,371,664) | (17,324,861,615) |
|  | (11,117,213,464) | (10,710,703,415) |
| <b>Deduction from Tier-I (Core Capital)</b>  |                  |                  |
| Shortfall in provisions required against classified assets   | -                | -                |
| <b>Total Eligible Tier-I Capital</b>   | (11,117,213,464) | (10,710,703,415) |
| <b>Tier-II (Supplementary capital)</b>   |                  |                  |
| General provision maintained against unclassified investments (note-14.1)  | 30,138,841       | 30,138,841       |
| 50% of Asset revaluation reserve (note-17.1)   | 276,442,616      | 276,442,616      |
| Regulatory Adj- 60% of Asset revaluation reserve   | (165,865,000)    | (110,577,046)    |
| Exchange equalization account(note-14.7)   | -                | -                |
|  | 140,716,457      | 196,004,411      |
| <b>Tier-III (Additional Supplementary capital)</b>   |                  |                  |
| A) Total capital   | (10,976,497,007) | (10,514,699,004) |
| B) Total risk weighted assets  | 9,489,532,477    | 9,691,958,251    |
| C) Required capital based on 11.25% (including 1.25% for capital conservation buffer as required by law) of RWA i.e Taka 1067.57 Mil. or 4,000 Mil. which is | 4,000,000,000    | 4,000,000,000    |
| D) Surplus / (deficit) (A-C)   | (14,976,497,007) | (14,514,699,004) |
| <b>Capital adequacy ratio</b>  | <b>-115.67%</b>  | <b>-108.49%</b>  |



| Amount in Taka |             |
|----------------|-------------|
| 2017<br>BDT    | 2016<br>BDT |

#### 15.8 Capital Requirement

|          | 2017     |          | 2016     |          |
|----------|----------|----------|----------|----------|
|          | Required | Held     | Required | Held     |
| Tier-I   | 6.00%    | -117.15% | 5.50%    | -110.51% |
| Tier-II  |          | 1.48%    |          | 2.02%    |
| Tier-III | -        | -        | -        | -        |
| Total    | 11.25%   | -115.67% | 10.625%  | -108.49% |

#### 15.9 Minimum Capital Requirement Under Basel II

##### Minimum Capital Requirement (MCR) under Risk Based Capital Adequacy

| Item no. | Sl. | Particulars   | BDT in Million |
|----------|-----|---|----------------|
| 1        | A.  | Eligible Capital :                                    |                |
| 2        | 1   | Tier-1 (Core Capital )                                | (11,117.21)    |
| 3        | 2   | Tier-2 (Supplementary Capital)                        | 140.72         |
| 4        | 3   | Tier-3 (Eligible for market risk only)                | -              |
| 5        | 4   | Total Eligible Capital :                              | (10,976.50)    |
| 6        | B.  | Total Risk Weighted Assets (RWA):                     | 9,489.67       |
| 7        | C.  | Capital Adequacy Ratio (CAR) (A <sub>4</sub> / B)*100 | (115.67)       |
| 8        | D.  | Core Capital to RWA (A <sub>1</sub> / B)*100          | (117.09)       |
| 9        | E.  | Supplementary Capital to RWA (A <sub>2</sub> / B)*100 | 1.48           |
| 10       | F.  | Minimum Capital Requirement (MCR)                     | 4,000.00       |

#### 16.00 Statutory reserve

|   |            |            |
|---|------------|------------|
| Balance on 1 January                              | 78,810,975 | 78,810,975 |
| Addition during the year ( 20% of pre-tax profit) | -          | -          |
| Balance at 31 December                            | 78,810,975 | 78,810,975 |

#### 17.00 Other reserve

|                                       |             |             |
|---------------------------------------|-------------|-------------|
| General reserve (note 15.7)           | 1,065,676   | 1,065,676   |
| Share premium                         | -           | -           |
| Investment loss offsetting reserve    | -           | -           |
| Asset revaluation reserve (note-17.1) | 552,885,232 | 552,885,232 |
| Dividend equalization account         | -           | -           |
|                                       | 553,950,908 | 553,950,908 |

#### 17.1 Asset revaluation reserve

|                                       |             |             |
|---------------------------------------|-------------|-------------|
| Balance on 1 January                  | 552,885,232 | 552,885,232 |
| Addition/(adjustment) during the year | -           | -           |
| Balance at 31 December                | 552,885,232 | 552,885,232 |

Immovable Property was revalued as on 31 December 2009 by Hoda Vasi Chowdhury & Co. Chartered Accountants.

#### 18.00 Revaluation Gain on Investment in HTM Securities

|  |   |   |
|--|---|---|
|  | - | - |
|--|---|---|

#### 19.00 Retained earnings / movement of profit and loss account

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Balance on 1 January                | (17,324,861,615) | (17,052,276,275) |
| Prior year adjustments              | (1,504,708)      | (1,741,892)      |
| Profit/(Loss) during the period     | (405,005,341)    | (270,843,447)    |
|                                     | (17,731,371,664) | (17,324,861,615) |
| Less: Transfer to statutory reserve | -                | -                |
| Balance at 31 December              | (17,731,371,664) | (17,324,861,615) |

#### 20.00 Contingent liabilities

| Contingent liabilities        |      |             |             |
|-------------------------------|------|-------------|-------------|
| Acceptances and endorsements  |      | 23,357,000  | 23,357,000  |
| Letters of guarantee          | 20.1 | 122,505,796 | 132,443,659 |
| Irrevocable letters of credit | 20.2 | 10,730,005  | 21,129,313  |
| Bills for collection          | 20.3 | 42,214,878  | 40,498,274  |
| Other contingent liabilities  |      | -           | -           |
|                               |      | 198,807,679 | 217,428,246 |

|  |  | Amount in Taka       |                      |
|--|--|----------------------|----------------------|
|  |  | 2017                 | 2016                 |
|  |  | BDT                  | BDT                  |
| <b>20.1 Letters of guarantee</b>   |  |                      |                      |
| Letters of guarantee (Local)   |  | 122,505,796          | 132,443,659          |
| Letters of guarantee (Foreign)   |  | -                    | -                    |
| Foreign counter guarantees   |  | -                    | -                    |
|  |  | 122,505,796          | 132,443,659          |
| Less: Margin   |  | 111,293,948          | 110,932,237          |
|  |  | <b>11,211,848</b>    | <b>21,511,422</b>    |
| Money for which the Bank is contingently liable in respect of guarantees given favoring: |  |                      |                      |
| Directors or officers  |  | -                    | -                    |
| Government   |  | -                    | -                    |
| Banks and other financial institutions   |  | -                    | -                    |
| Others   |  | 122,505,796          | 132,443,659          |
|  |  | 122,505,796          | 132,443,659          |
| Less: Margin   |  | 111,293,948          | 110,932,237          |
|  |  | <b>11,211,848</b>    | <b>21,511,422</b>    |
| <b>20.2 Irrevocable Letters of Credit</b>  |  |                      |                      |
| Letters of credit (Inland)   |  | -                    | 10,000,000           |
| Letters of credit (General)  |  | 9,588,005            | 9,987,313            |
| Back to back L/C   |  | 1,142,000            | 1,142,000            |
|  |  | <b>10,730,005</b>    | <b>21,129,313</b>    |
| <b>20.3 Bills for collection</b>   |  |                      |                      |
| Inward local bills for collection  |  | 1,716,604            | -                    |
| Inward foreign bills for collection  |  | 40,498,274           | 40,498,274           |
|  |  | <b>42,214,878</b>    | <b>40,498,274</b>    |
| <b>21.00 Profit and Loss Account</b>   |  |                      |                      |
| <b>Profit:</b>   |  |                      |                      |
| Profit, discount and similar income (note-21.1)  |  | 392,614,494          | 456,168,465          |
| Income from investments in shares and securities (note-24)                               |  | 2,599,966            | 2,351,222            |
| Fees, commission and brokerage (note-21.2)   |  | 2,408,276            | 5,415,685            |
| Gains less losses arising from dealing in foreign currencies (note-25.1)                 |  | 4,844,915            | (672,257)            |
| Other operating income (note-26)   |  | 77,180,057           | 86,314,611           |
|  |  | <b>479,647,708</b>   | <b>549,577,725</b>   |
| <b>Expenses:</b>   |  |                      |                      |
| Profit paid on deposits, borrowings, etc. (note-23)                                      |  | 406,350,704          | 392,103,701          |
| Administrative expenses (note-21.3)  |  | 387,881,633          | 409,459,862          |
| Other operating expenses (note-36)   |  | 52,119,317           | 44,908,137           |
| Depreciation on banking assets (note-35)   |  | 15,391,520           | 20,652,007           |
|  |  | <b>861,743,174</b>   | <b>867,123,707</b>   |
|  |  | <b>(382,095,466)</b> | <b>(317,545,981)</b> |
| <b>21.1 Profit, discount and similar income</b>  |  |                      |                      |
| Profit on investments (note-22)  |  | 392,614,494          | 456,168,465          |
| Profit on treasury bills / reverse repo / bonds  |  | -                    | -                    |
|  |  | <b>392,614,494</b>   | <b>456,168,465</b>   |
| <b>21.2 Fees, commission and brokerage</b>   |  |                      |                      |
| Commission (note-25)   |  | 2,408,276            | 5,415,685            |
| Brokerage (note-25)  |  | -                    | -                    |
|  |  | <b>2,408,276</b>     | <b>5,415,685</b>     |

|              |   | Amount in Taka     |                    |
|--------------|---|--------------------|--------------------|
|              |   | 2017               | 2016               |
|              |   | BDT                | BDT                |
| <b>21.3</b>  | <b>Administrative expenses</b>                                |                    |                    |
|              | Salary and allowances (note-27)                               | 192,447,016        | 210,699,472        |
|              | Rent, taxes, insurance, electricity, etc. (note-28)           | 131,744,678        | 135,119,881        |
|              | Legal expenses (note-29)                                      | 13,996,121         | 15,172,958         |
|              | Postage, stamp, telecommunication, etc. (note-30)             | 7,205,129          | 7,953,591          |
|              | Stationery, printing, advertisement, etc. (note-31)           | 4,807,860          | 6,485,546          |
|              | Managing Director's salary and fees (note-32)                 | 13,982,400         | 13,054,200         |
|              | Directors' fees (note-33)                                     | 1,617,295          | 1,174,828          |
|              | Shariah Supervisory Committee's fees & expenses (note-34)     | 90,000             | 63,000             |
|              | Auditors' fees  | 636,000            | 500,000            |
|              | Repair of Bank's assets (note-35)                             | 21,355,134         | 19,236,386         |
|              |   | <b>387,881,633</b> | <b>409,459,862</b> |
| <b>22.00</b> | <b>Investment Income</b>                                      |                    |                    |
|              | (i) Income from general investment                            |                    |                    |
|              | Murabaha-Com.-Advance Agt. Imported Mer. (AIM)                | -                  | -                  |
|              | Murabaha (Pledge)   | -                  | -                  |
|              | Murabaha Under Secured Guarantee (MUSG)                       | 12,792,299         | 8,296,577          |
|              | Bai-Muajjal(Hypothecation)                                    | 208,127,306        | 185,705,425        |
|              | Bai-Muajjal - PC  | -                  | 1,100,980          |
|              | Bai-Muajjal - TR  | 6,444,944          | 7,656,599          |
|              | Bai-Muajjal - LBDP  | -                  | -                  |
|              | Bai-Muajjal (ICBIBLCFS)                                       | 5,781,767          | 10,339,960         |
|              | Bai Muajjal - Forced Investment (Against B/B - L/C)           | 1,131,391          | 10,866,090         |
|              | Staff Loan- Providend Fund                                    | 106,851            | 411,814            |
|              | Hire Purchase   | 56,170,324         | 73,688,733         |
|              | HP House Building - Staff                                     | 34,160             | 47,181             |
|              | HP House Building - General                                   | 87,942,176         | 108,443,899        |
|              | Local Bills Discounted  | -                  | -                  |
|              | Foreign Bills Purchased & Discounted                          | -                  | -                  |
|              | Payments agt. Doc - WES (PAD -WES)                            | -                  | -                  |
|              | Payments agt. Doc - Cash (PAD - Cash)                         | -                  | -                  |
|              | Others  | -                  | -                  |
|              |   | 378,531,219        | 406,557,259        |
|              | Add: Transferred from/ (to) Profit Suspense                   |                    |                    |
|              | Sub Total (i)   | <b>378,531,219</b> | <b>406,557,259</b> |
|              | (ii) Profit on deposits with other islamic banks              |                    |                    |
|              | <b>In Bangladesh</b>  |                    |                    |
|              | Profit on balance with other banks and financial institutions | 13,799,233         | 49,318,295         |
|              | <b>Outside Bangladesh</b>                                     |                    |                    |
|              | Profit received from foreign banks                            | 284,042            | 292,911            |
|              | Sub Total (ii)  | 14,083,275         | 49,611,206         |
|              | Grand Total (i+ii)  | <b>392,614,494</b> | <b>456,168,465</b> |
| <b>23.00</b> | <b>Profit paid on deposits</b>                                |                    |                    |
|              | (a) Profit paid on deposits:                                  |                    |                    |
|              | Savings bank / Mudaraba savings deposits                      | 43,250,306         | 66,197,287         |
|              | Short term deposits   | 2,289,893          | 5,186,170          |
|              | Term deposits / Mudaraba term deposits                        | 331,720,176        | 295,088,726        |
|              | Deposits under scheme   | 29,070,329         | 25,631,518         |
|              | Repurchase agreement (repo)                                   | -                  | -                  |
|              | Others (note-23.1)  | 20,000             | -                  |
|              | (b) Profit paid on local bank accounts                        | -                  | -                  |
|              | (c) Profit paid on foreign bank accounts                      | -                  | -                  |
|              |   | <b>406,350,704</b> | <b>392,103,701</b> |
| <b>23.01</b> | <b>Others</b>   |                    |                    |
|              | Profit paid to Islamic Bank Bond Fund                         | -                  | -                  |
|              | Profit paid on Rediscount                                     | -                  | -                  |
|              | Discount paid to Bank   | 20,000             | -                  |
|              | Remittance Charge   | -                  | -                  |
|              | Profit paid Insta Profit                                      | -                  | -                  |
|              | Profit paid on F.C  | -                  | -                  |
|              |   | <b>20,000</b>      | <b>-</b>           |

|               |   | Amount in Taka     |                    |
|---------------|---|--------------------|--------------------|
|               |   | 2017<br>BDT        | 2016<br>BDT        |
| <b>24.00</b>  | <b>Income from investments in shares and securities</b>   |                    |                    |
| (i)           | Inside Bangladesh   |                    |                    |
|               | Islamic Investment Bond   | 1,172,013          | 923,269            |
|               | Income from treasury bills / Reverse repo / bonds   | -                  | -                  |
|               | Dividend on shares  | 1,427,953          | 1,427,953          |
|               | Sub Total (i)   | 2,599,966          | 2,351,222          |
| (ii)          | Outside Bangladesh  | -                  | -                  |
|               | <b>Grand Total (i+ii)</b>   | <b>2,599,966</b>   | <b>2,351,222</b>   |
| <b>25.00</b>  | <b>Commission, exchange and brokerage</b>   |                    |                    |
|               | Commission on L/Cs  | 438,931            | 482,086            |
|               | Commission on L/Gs  | 720,638            | 2,513,268          |
|               | Commission on export bills  | -                  | -                  |
|               | Commission on bills purchased   | -                  | -                  |
|               | Commission on accepted bills  | -                  | -                  |
|               | Commission on OBC, IBC, etc.  | -                  | -                  |
|               | Commission on PO, DD, TT, TC, etc.  | 282,544            | 419,517            |
|               | Commission for services rendered to issue of shares   | -                  | -                  |
|               | Other commission  | 966,163            | 2,000,814          |
|               |   | 2,408,276          | 5,415,685          |
|               | Exchange gain (note - 25.1) - including gain from FC dealings   | 4,844,915          | (672,257)          |
|               | Brokerage   | -                  | -                  |
|               |   | <b>7,253,191</b>   | <b>4,743,428</b>   |
| <b>25.01</b>  | <b>Exchange gain</b>  |                    |                    |
|               | Exchange gain   | 4,844,915          | (672,257)          |
|               | Less: Exchange loss   | -                  | -                  |
|               |   | <b>4,844,915</b>   | <b>(672,257)</b>   |
| <b>26.00</b>  | <b>Other operating income</b>   |                    |                    |
|               | Rent recovered  | 13,105,595         | 14,114,628         |
|               | Service and other charges   | 28,527,119         | 34,626,819         |
|               | Postage / telex / SWIFT/ fax recoveries   | 187,165            | 200,380            |
|               | Incidental charges  | -                  | -                  |
|               | Profit on sale of fixed assets  | 269,222            | -                  |
|               | Miscellaneous earnings (note 26.1)  | 35,090,957         | 37,372,784         |
|               |   | <b>77,180,057</b>  | <b>86,314,611</b>  |
| <b>26.1</b>   | <b>Bad Debt Recovered</b>   |                    |                    |
|               | Penalty Income (Note 26.1.1)  | 17,317,375         | 15,124,525         |
|               | Notice Pay for Resignation  | 11,952,518         | 8,644,943          |
|               | Miscellaneous Earning-Others  | 1,017,231          | 1,861,481          |
|               |   | 4,803,833          | 11,741,835         |
|               |   | <b>35,090,957</b>  | <b>37,372,784</b>  |
| <b>26.1.1</b> | The bank realized penalty from different customers/account holders in 2017 for various reasons and considered those penalties as other operating income to the extent of Tk. 11,952,518 as per past practice. The bank had also considered penalty of Tk. 84,749,000 as other operating income during the period from 2009 to 2016 and accordingly reflected in the financial statements. |                    |                    |
| <b>27.00</b>  | <b>Salaries and allowances</b>  |                    |                    |
|               | Basic pay   | 88,349,515         | 95,663,043         |
|               | Allowances  | 67,332,155         | 76,049,227         |
|               | Bonus   | 11,920,503         | 13,162,607         |
|               | Bank's contribution to provident fund   | 6,844,843          | 7,824,595          |
|               | Gratuity  | 18,000,000         | 18,000,000         |
|               |   | <b>192,447,016</b> | <b>210,699,472</b> |
| <b>28.00</b>  | <b>Rent, taxes, insurance and electricity</b>   |                    |                    |
|               | Rent  | 81,934,933         | 88,122,154         |
|               | Rates & Taxes (note-28.1)   | 27,445,540         | 21,730,728         |
|               | Insurance   | 10,871,362         | 10,918,939         |
|               | Power and electricity   | 11,492,842         | 14,348,060         |
|               |   | <b>131,744,678</b> | <b>135,119,881</b> |
| <b>28.1</b>   | <b>Gas &amp; WASA-Bill</b>  |                    |                    |
|               | VAT on Rent   | 859,146            | 1,162,705          |
|               | VAT & TAX   | 12,154,201         | 9,799,005          |
|               | Road Tax & Fitness of Vehicles  | 12,906,180         | 9,011,401          |
|               | Fees & Renewals   | 654,249            | 605,794            |
|               |   | 871,764            | 1,151,823          |
|               |   | <b>27,445,540</b>  | <b>21,730,728</b>  |

|              |  | Amount in Taka    |                   |
|--------------|--|-------------------|-------------------|
|              |  | 2017              | 2016              |
|              |  | BDT               | BDT               |
| <b>29.00</b> | <b>Legal &amp; Professional expenses</b>                                       |                   |                   |
|              | Professional Expenses  | 3,067,670         | 10,900,835        |
|              | Court & Misc Expenses  | 10,928,451        | 4,272,123         |
|              |  | <b>13,996,121</b> | <b>15,172,958</b> |
| <b>30.00</b> | <b>Postage, stamp and telecommunication</b>                                    |                   |                   |
|              | Postage bill   | 1,118,110         | 1,343,151         |
|              | Telegram, telex, fax and e-mail bills  | 3,690,214         | 4,064,196         |
|              | Telephone - office bill  | 2,396,805         | 2,546,244         |
|              | Telephone - residence bill   | -                 | -                 |
|              |  | <b>7,205,129</b>  | <b>7,953,591</b>  |
| <b>31.00</b> | <b>Stationery, printing and advertisements</b>                                 |                   |                   |
|              | Office and security stationery   | 2,778,715         | 4,234,593         |
|              | Computer consumable stationery   | 1,156,211         | 1,313,764         |
|              | Publicity and advertisement  | 872,934           | 937,189           |
|              |  | <b>4,807,860</b>  | <b>6,485,546</b>  |
| <b>32.00</b> | <b>Managing Director's salary and fees</b>                                     |                   |                   |
|              | Basic pay  | 8,424,000         | 7,722,000         |
|              | Allowances   | 3,312,000         | 3,312,000         |
|              | Bonus  | 1,404,000         | 1,248,000         |
|              | Pension & Gratuity   | -                 | -                 |
|              | Bank's contribution to provident fund  | 842,400           | 772,200           |
|              |  | <b>13,982,400</b> | <b>13,054,200</b> |
| <b>33.00</b> | <b>Directors' fees</b>   |                   |                   |
| i)           | Directors Fees for attending Board/Executive Committee/Other Committee Meeting | 328,000           | 320,000           |
| ii)          | TA/DA/Hotel Fare for Local & Foreign Directors                                 | 1,289,295         | 854,828           |
| iii)         | Others   | -                 | -                 |
|              |  | <b>1,617,295</b>  | <b>1,174,828</b>  |
|              | Each Director is paid Tk.8,000/- per meeting per attendance.                   |                   |                   |
| <b>34.00</b> | <b>Shariah Supervisory Committee's Fees &amp; Expenses</b>                     |                   |                   |
| i)           | Shariah Supervisory Board member's Fees for attending meeting                  | 90,000            | 63,000            |
| iii)         | Others   | -                 | -                 |
|              |  | <b>90,000</b>     | <b>63,000</b>     |
| <b>35.00</b> | <b>Depreciation and repair of Bank's assets</b>                                |                   |                   |
|              | <b>Depreciation - (Annexure-B)</b>   |                   |                   |
|              | Fixed assets   | 15,391,520        | 20,652,007        |
|              | <b>Repairs</b>   |                   |                   |
|              | Immovable property   | 24,000            | 24,000            |
|              | Furniture and fixtures   | 793,686           | 18,035            |
|              | Office equipments  | 4,218,506         | 2,694,916         |
|              | Software Maintenance   | 15,568,250        | 15,563,855        |
|              | Bank's vehicles  | 750,692           | 935,580           |
|              |  | <b>21,355,134</b> | <b>19,236,386</b> |
|              | <b>Total Depreciation and Repairs</b>  | <b>36,746,654</b> | <b>39,888,393</b> |

| Amount in Taka |             |
|----------------|-------------|
| 2017<br>BDT    | 2016<br>BDT |

### 36.00 Other expenses

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Car expenses                     | 945,798           | 819,079           |
| Liveries and uniforms            | -                 | -                 |
| Medical expenses                 | 65,688            | 56,585            |
| Bank charges and commission paid | 2,197,721         | 2,459,421         |
| Other assets written off         | -                 | -                 |
| Loss on sale of fixed assets     | -                 | -                 |
| Fuel - Generator & Vehicle.      | 3,924,607         | 4,926,787         |
| Swift Expenses                   | 2,599,012         | 2,058,342         |
| Recruitment Expenses             | 2,007,500         | -                 |
| ATM Card Expenditure             | -                 | -                 |
| Subscription and Membership Fees | 398,500           | 355,000           |
| Donations                        | 47,600            | 17,200            |
| Travelling expenses              | 948,366           | 2,133,503         |
| Local conveyance, labour, etc.   | 1,069,946         | 1,132,445         |
| Entertainment                    | 1,266,927         | 1,334,775         |
| Business development             | 10,703,007        | 7,620,875         |
| Training and internship          | 154,231           | 3,000             |
| EGM/AGM Expenses (note 36.1)     | 768,298           | 845,000           |
| Consulting and other charges     | 713,000           | 600,000           |
| Penalty on Liquid Assets         | 2,541,260         | 17,039            |
| Security Services                | 11,571,628        | 10,386,406        |
| Office maintenance               | 6,166,000         | 9,135,832         |
| Miscellaneous expenses           | 4,030,228         | 1,006,847         |
|                                  | <b>52,119,317</b> | <b>44,908,137</b> |

36.1 AGM Exp includes Hall room rent BDT. 50,000 and others Exp BDT. 718298

### 37.00 Provision for Investments & off balance sheet items

|  |                     |                   |
|--|---------------------|-------------------|
| Provision for bad and doubtful Investments | (20,031,989)        | 50,000,000        |
| Provision for unclassified Investments     | -                   | -                 |
| Provision for contingency                  | -                   | -                 |
| Other provisions                           | -                   | -                 |
| Provision for off-balance sheet items      | -                   | -                 |
|  | <b>(20,031,989)</b> | <b>50,000,000</b> |

### 38.00 Receipts from other operating activities

|   |                   |                   |
|---|-------------------|-------------------|
| Rent received                                   | 13,105,595        | 14,114,628        |
| Service and other charges                       | 28,527,119        | 34,626,819        |
| Postage / Telex / Fax / SWIFT charge recoveries | 187,165           | 200,380           |
| Incidental charges                              | -                 | -                 |
| Gain from sale of treasury bond / shares        | -                 | -                 |
| Profit on sale of fixed assets                  | 269,222           | -                 |
| Deferred tax income                             | -                 | -                 |
| Miscellaneous earnings                          | 35,090,957        | 37,372,784        |
|   | <b>77,180,057</b> | <b>86,314,611</b> |

### 39.00 Payments for other operating activities

|   |                    |                    |
|---|--------------------|--------------------|
| Rent, rates and taxes                           | 131,744,678        | 135,119,881        |
| Legal expenses                                  | 13,996,121         | 15,172,958         |
| Postage and communication charges, etc.         | 7,205,129          | 7,953,591          |
| Directors' fees                                 | 1,617,295          | 1,174,828          |
| Shariah Supervisory Committee's fees & expenses | 90,000             | 63,000             |
| Auditors' fees                                  | 636,000            | 500,000            |
| Donations and subscriptions                     | 446,100            | 372,200            |
| Conveyance and travelling expenses, etc.        | 2,018,312          | 3,265,949          |
| Business development expenses                   | 10,703,007         | 7,620,875          |
| Training, internship expenses                   | 154,231            | 3,000              |
| Publicity and advertisement                     | 872,934            | 937,189            |
| Repair of Bank's assets                         | 21,355,134         | 19,236,386         |
| Miscellaneous expenses                          | 38,797,667         | 33,646,113         |
|   | <b>229,636,608</b> | <b>225,065,969</b> |

| Amount in Taka |             |
|----------------|-------------|
| 2017<br>BDT    | 2016<br>BDT |

40.00 (Increase) / decrease of other assets

|                                   |                  |                     |
|-----------------------------------|------------------|---------------------|
| T & T bonds                       | -                | -                   |
| Security deposits                 | -                | -                   |
| Intangible assets                 | -                | -                   |
| FC Fund purchase                  | -                | -                   |
| DBBL bonds                        | -                | -                   |
| Stationery and stamps             | (188,935)        | 224,350             |
| Income receivable                 | -                | -                   |
| Advance deposits and advance rent | 9,429,909        | (46,622,101)        |
| Branch adjustment account         | (886,346)        | 882,496             |
| Suspense account                  | 5,238,561        | (2,097,661)         |
| Encashment of PSP / BSP           | -                | -                   |
| Accrued interest on investment    | -                | -                   |
| Sundry assets                     | (6,904,189)      | 711,037             |
|                                   | <b>6,689,000</b> | <b>(46,901,879)</b> |

41.00 Increase / (decrease) of other liabilities

|  |                     |                   |
|--|---------------------|-------------------|
| Sundry Creditors                             | (63,812,561)        | (4,727,575)       |
| Exchange Equalization Account                | -                   | -                 |
| L/C Cover                                    | (1,250,774)         | (77,580)          |
| Tax Deducted at Source                       | 1,329,055           | (171,129)         |
| Excise Duty                                  | (113,381)           | (442,078)         |
| Risk Fund ICBILCFS                           | (132,314)           | -                 |
| VAT deducted at source                       | (1,947,105)         | (326,599)         |
| A/C Payable - Sanchaya Patra                 | -                   | -                 |
| Expenditure and other payables               | 19,477,572          | 11,449,755        |
| Adjustments of Provision against written-off | -                   | -                 |
| Unearned commission on bank guarantee        | -                   | -                 |
| Provisions                                   | (20,031,989)        | 50,000,000        |
|  | <b>(66,481,498)</b> | <b>55,704,794</b> |

42.00 Earnings per share (EPS)

|  |               |               |
|--|---------------|---------------|
| Net profit after tax (Numerator)                                     | (405,005,341) | (270,843,447) |
| Weighted average number of ordinary shares outstanding (Denominator) | 664,702,300   | 664,702,300   |
| Basic earnings per share (EPS)                                       | <b>(0.61)</b> | <b>(0.41)</b> |

#### 43.00 Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk. 86,400 p.a or above were 476.

#### 44.00 Disclosure on Audit committee

##### (a) Particulars of audit committee

The audit committee of the Board was duly constituted by the Board of Directors of the Bank in accordance with the BRPD Circular no. 12 dated December 23, 2002 of Bangladesh Bank.

Pursuant to the BRPD Circular no. 12 dated 23.12.2002 and subsequent BRPD Circular no. 11 dated 27.10.2013, the Board of Directors reconstituted the Audit Committee in its 136th meeting held on 19.07.2016 consisting of the following 3 (three) members of the Board:

| <u>Name</u>               | <u>Status with bank</u> | <u>Status with committee</u> | <u>Educational Qualification</u> |
|---------------------------|-------------------------|------------------------------|----------------------------------|
| Mr. Abdul Hafiz Choudhury | Independent Director    | Chairman                     | B. Com. (Hons), M.Com, FCA       |
| Ms. Hashimah Binti Ismail | Director                | Member                       | Bachelor of Laws (Hons)          |
| Mr. Sivagukan Thambirajah | Director                | Member                       | BS (Hons)                        |

##### (b) Meetings held by the committee during the year by date:

| <u>Meeting No</u> | <u>Held on</u>    |
|-------------------|-------------------|
| 48th              | March 01, 2017    |
| 50th              | August 02, 2017   |
| 51st              | October 23, 2017  |
| 52nd              | December 18, 2017 |

##### (c) The audit committee has discussed the following issues during the period 2017

- i) The Terms of reference of the Audit Committee as stated in the BRPD Circular No.11 dated 27/10/2013;
  - ii) The committee reviewed the Internal Audit Reports along with Investigation Reports of the different ICIBIL branches/departments conducted by the Internal Audit Team of the Bank from time to time and also the status of compliance thereof.
  - iii) The committee reviewed Internal Audit Chartered, Code of Ethics of Internal Auditor and Risk Management Framework.
  - iv) The committee reviewed Court cases filed against bank.
  - v) The committee reviewed the progress strengthening the Internal Control system & procedures, strict compliance of Anti-Money Laundering Act and also the Internal Audit Team of the Bank.
  - vi) The Committee places its Report to the Board of the Bank for review and monitoring the activities with recommendations on Internal Control system, compliance of rules and regulations of the Regulatory Bodies.
  - vii) The committee reviewed the annual financial statements for the year 2017 including the annual report.
  - viii) The committee also reviewed the Q1, Q2 and Q3 financial statements of the Bank during the year 2017.
- d) **Steps taken for implementation of an effective internal control procedure of the Bank:**
- Through circular the committee placed its report regularly to the Board of Directors of the Bank mentioning its review results and recommendations on internal control system, compliance of rules and regulations and establishment of Good Governance within the organization.



45.00 Related Party Disclosures

(i) Particulars of Directors of the Bank as at 31 December 2017

The ICB Financial Group Holdings AG, who have acquired 350,674,300 shares i.e. 52.76% as per clause 3(c) of "The Oriental Bank Limited (Reconstruction) scheme 2007", nominated following Directors:

| Sl. no. | Name of the persons       | Designation          | Present Address   |
|---------|---------------------------|----------------------|---|
| 1       | Mr. Mohd. Nasir Bin Ali   | Chairman             | 12 Jalan SS7/9, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia                    |
| 2       | Ms. Hashimah Binti Ismail | Director             | A-25-02, Changkat View Condominium, 18 Jalan Dutamas Raya, 51200 Kuala Lumpur, Malaysia |
| 3       | Mr. Abdul Hafiz Choudhury | Independent Director | House # 34, Road # 1, Banani, Dhaka-1213, Bangladesh                                    |
| 4       | Ms. Lee Ooi Kim           | Director             | 15, Jalan Dutamas Melor 1, 50480 Kuala Lumpur, Malaysia                                 |
| 5       | Mr. Sivagukan Thambirajah | Director             | 179-A, Jalan Rasah , 70300 Seremban, Negeri Sembilan, Malaysia                          |

Directors' Interest in Different entities : Please see Annexure-C.

(ii) Significant contracts where Bank is a party and wherein Directors have interest

| Nature of contract | Branch Name    | Name of Director and related by | Remarks        |
|--------------------|----------------|---------------------------------|----------------|
| None               | Not applicable | None                            | Not applicable |
| Nature of contract | Branch Name    | Name of Director and related by | Remarks        |
| None               | Not applicable | None                            | Not applicable |

- (iii) Related party transactions Nil
- (iv) Shares issued to Directors and Executives without consideration or exercisable at a discount Nil
- (v) Lending policies to related parties  
Lending to related parties is effected as per requirements of Section 27 (1) of the Bank Companies Act, 1991. Nil
- (vi) Loans and advances to Directors and their related concern Nil
- (vii) Business other than banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act, 1991. Nil
- (viii) Investment in the Securities of Directors and their related concern Nil
- (ix) Investment in the Securities of Directors and their related concern Nil
- (x) Compensation of Key Management Personnel: Refer to Note no 32

46.00 Events after the Balance Sheet date

There are no events to report which had an influence on the balance sheet or the profit and loss account for the year ended 31 December 2017.

47.00 Contingent Liability

Certain claim of BDT. 79.44 Crore against the Money Suit No 68/2003,46/2003,313/2006,2705/2013 and 13/2000 was decreed in Lower Court against the bank, however the bank has appealed in the High Court. Corporate Tax claim Tk.9.28 crore against the bank, however the bank has appealed in the Commissioner of Appeal.

  
Chairman

  
Director

  
Director

  
Managing Director

Annexure-A

Balance with other banks-Outside Bangladesh (Nostro Account)  
as at 31 December 2017

| Name of the Bank               | Account type | 2017     |         |          |            | 2016   |          |            |
|--------------------------------|--------------|----------|---------|----------|------------|--------|----------|------------|
|                                |              | Currency | FC      | Exchange | Equivalent | FC     | Exchange | Equivalent |
|                                |              | type     | Amount  | Rate     | Taka       | Amount | Rate     | Taka       |
| AB Bank, Mumbai, India         | CD           | ACU      | 2,950   | 82.70    | 243,935    | 22,774 | 78.75    | 1,793,414  |
| ICICI Bank Ltd., Mumbai, India | CD           | ACU      | -       | -        | -          | 13,874 | 78.75    | 1,092,578  |
| Modhumoti Bank Limited(OBU)    | CD           | USD      | 173,870 | 82.70    | 14,379,009 | -      | -        | -          |
| Sonali Bank, Kolkata           | CD           | ACU      | 26,942  | 82.70    | 2,228,085  | 26,942 | 78.75    | 2,121,665  |
| Total                          |              |          |         |          | 16,851,030 |        |          | 5,007,657  |

Schedule of fixed assets  
as at 31 December 2017

Annexure -B

| Particulars                   | Amount in Taka                  |                          |  |                               |      | Amount in Taka                  |                     |  |                               |                                |
|-------------------------------|---------------------------------|--------------------------|--|-------------------------------|------|---------------------------------|---------------------|--|-------------------------------|--------------------------------|
|                               | COST                            |                          |  |                               | Rate | DEPRECIATION                    |                     |  |                               | Net book value as at 31-Dec-17 |
|                               | Opening balance as on 01-Jan-17 | Addition During the Year | Disposals/ Adjustments During the year | Total balance as at 31-Dec-17 |      | Opening balance as on 01-Jan-17 | Charge for the year | Disposals/ adjustments during the year | Total balance as at 31-Dec-17 |                                |
| Furniture and fixtures        | 132,822,689                     | 1,522,126                | 856,665                                | 133,488,150                   | 10%  | 81,399,253                      | 11,550,064          | 589,636                                | 92,359,681                    | 41,128,469                     |
| ATM                           | 22,131,387                      | -                        | -                                      | 22,131,387                    | 20%  | 21,291,974                      | 688,819             | -                                      | 21,980,792                    | 150,595                        |
| Software                      | 138,730,846                     | 1,777,800                | -                                      | 140,508,646                   | 20%  | 137,075,831                     | 892,406             | -                                      | 137,968,239                   | 2,540,407                      |
| Office equipments             | 162,564,282                     | 6,867,847                | -                                      | 169,432,129                   | 20%  | 159,901,302                     | 2,216,078           | 32,700                                 | 162,084,680                   | 7,347,449                      |
| Vehicles                      | 27,011,065                      | 166,501                  | 1                                      | 27,155,745                    | 20%  | 27,011,065                      | 44,153              | 25,714                                 | 27,029,504                    | 126,242                        |
|                               |                                 |                          |  |                               |      | -                               |                     |  |                               |                                |
| <b>As at 31 December 2017</b> | <b>483,260,268</b>              | <b>10,334,274</b>        | <b>856,666</b>                         | <b>492,716,057</b>            |      | <b>426,679,426</b>              | <b>15,391,520</b>   | <b>648,050</b>                         | <b>441,422,895</b>            | <b>51,293,161</b>              |
| <b>As at 31 December 2016</b> | <b>474,618,733</b>              | <b>8,921,510</b>         | <b>279,976</b>                         | <b>483,260,267</b>            |      | <b>407,392,412</b>              | <b>20,652,007</b>   | <b>1,364,994</b>                       | <b>426,679,425</b>            | <b>56,580,842</b>              |

**Name of Directors and their interest in different entities**

**Annexure-C**

The ICB Financial Group Holdings AG acquired 350,674,300 shares i.e. 52.76% as per clause 3(c) of " The Oriental Bank Limited (Reconstruction) scheme 2007", nominated following Directors:

| SI no. | Name of Directors         | Status with ICIBL    | Entities where they have interest  |
|--------|---------------------------|----------------------|--|
| 1      | Mr. Mohd. Nasir Bin Ali   | Chairman             | None   |
| 2      | Ms. Hashimah Binti Ismail | Director             | None   |
| 3      | Ms. Lee Ooi Kim           | Director             | None   |
| 4      | Mr. Sivagukan Thambirajah | Director             | None   |
| 5      | Mr. Abdul Hafiz Choudhury | Independent Director | 1. In-active Partner, Rahman Rahman Huq, Chartered Accountants<br>2. Independent Director, Green Delta Insurance Company Ltd.<br>3. Director, Green Delta Securities Ltd.<br>4. Director, Green Delta Capital Ltd.<br>5. Director, New Zealand Dairy Products Bangladesh Ltd.<br>6. Member, Governing Council, Independent University, Bangladesh<br>7. Chairman, Finance Committee, Independent University, Bangladesh<br>8. Vice President, United Nations Association of Bangladesh<br>9. Nominated Conciliator, Centre for Settlement of Investment Disputes (ICSID), an affiliate of World Bank based on Washington, USA. |

## HIGHLIGHTS

Annexure-D

(Taka in million)

| SI No. | Particulars  |       | 2017        | 2016        |
|--------|--|-------|-------------|-------------|
| 1      | Paid-up capital  |       | 6,647.02    | 6,647.02    |
| 2      | Total capital (Tier-I & II)                                    |       | (10,976.50) | (10,514.70) |
| 3      | Capital surplus / (deficit)                                    |       | (14,976.50) | (14,514.70) |
| 4      | Total assets   |       | 11,785.23   | 12,257.72   |
| 5      | Total deposits   |       | 11,293.58   | 10,893.98   |
| 6      | Total investments  |       | 8,834.50    | 9,352.43    |
| 7      | Total contingent liabilities and commitments                   |       | 198.81      | 217.43      |
| 8      | Investments deposit ratio                                      | %     | 78%         | 86%         |
| 9      | Percentage of classified investments against total investments | %     | 80.04%      | 71.89%      |
| 10     | Profit after tax and provision                                 |       | (405.01)    | (270.84)    |
| 11     | Amount of classified investments during the year               |       | 7,071.33    | 6,723.51    |
| 12     | Provisions kept against classified investments                 |       | 3,757.55    | 3,902.72    |
| 13     | Provision surplus / (deficit)                                  |       | -           | 40.39       |
| 14     | Cost of fund   | %     | 7.63%       | 7.88%       |
| 15     | Interest earning assets  |       | 9,560.94    | 9,572.39    |
| 16     | Non-interest earning assets                                    |       | 1,247.95    | 1,727.26    |
| 17     | Return on investment (ROI) in shares and securities            | %     | 2%          | 2.13%       |
| 18     | Return on assets (ROA)   |       | -3.44%      | -2.21%      |
| 19     | Income from investments in shares and securities               |       | 2.60        | 2.35        |
| 20     | Net Asset value per Share                                      | Taka  | (15.72)     | (15.11)     |
| 21     | Earnings per share   | Taka  | (0.61)      | (0.41)      |
| 22     | Operating profit per share                                     | Taka  | (0.57)      | (0.48)      |
| 23     | Price earning ratio  | Times | (8.37)      | (12.52)     |