

**Annual
Report**

2018



ICB Islamic Bank Limited

a member of ICB Financial Group Holdings AG

Our Vision

ICB Islamic Bank is committed to creating and maximizing sustainable values for all its customers, employees, partners and shareholders and especially for the society it operates in by delivering excellence in its offerings in all areas of banking and financial services complying with Islamic Shariah.



Our Mission

To constantly meet and exceed our customers' expectations by challenging status quo and crafting innovative Shariah compliant Islamic products and services to cater to the diverse requirements of our customers by constantly framing and refreshing transparent policies and processes to keep our customers delighted. To ensure sustainable values:

- For our people by constantly creating difficult yet achievable challenges and providing means of achieving them in the form of appropriate coaching, guiding and training and fostering a competitive but meritocratic culture.
- For our partners by guaranteeing a soothing coexistence.
- For our shareholders by delivering them optimum returns on their investments.
- For the society we operate in by making meaningful impact on the well being of the underprivileged of the society.



Letter of Transmittal

All Shareholders of ICB Islamic Bank Limited
 Bangladesh Bank
 Bangladesh Securities and Exchange Commission
 Registrar of Joint Stock Companies & Firms
 Dhaka Stock Exchange Limited

Annual Report of ICB Islamic Bank Limited for the year ended 31 December 2018

Dear Sir(s)/ Madam(s),

We are pleased to present before you a copy of the Annual Report of 2018 together with the audited financial statements including balance sheet as at 31 December 2018 and income statement, cash flow statement, statement of changes in equity and liquidity statement for the year ended 31 December 2018 along with notes thereon of ICB Islamic Bank Limited for your information and record.

Sincerely yours,

S/d

Imran Bin Ahmad
 Company Secretary

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Notice of the Thirty Second (32nd) Annual General Meeting

NOTICE is hereby given to all the Members of ICB Islamic Bank Limited that the thirty second (32nd) Annual General Meeting (AGM) of the Bank will be held on Thursday, 11th July 2019 at 10:00 a.m. at the "TCB Auditorium, TCB Bhaban (1st Floor)", Kawran Bazar, Dhaka-1215 to transact the following business:

AGENDA

Ordinary Business:

- To receive, consider and adopt the Audited Financial Statements of the Bank for the year ended December 31, 2018 together with the Reports of the Auditors' and the Directors' thereon;
- To declare the Dividend for the year ended December 31, 2018, if any;
- To elect/re-elect the Directors;
- To appoint/re-appoint the External Auditors for the term until the next AGM and fix their remuneration;
- To appoint/re-appoint Auditors for certification on the compliance of conditions of Corporate Governance Code (CGC) for the term until the next AGM and fixation their remuneration;

All shareholders of the Bank are requested to make it convenient to attend the meeting at the above-mentioned date, time and venue either in person or by proxy.

By order of the Board of Directors

Dated: Dhaka
20 June 2019

S/d

Imran Bin Ahmad
Company Secretary

NOTES:

- The Record Date: Sunday, 26th May 2019. The Shareholders whose names would appear in the Register of Members of the Company or register of CDBL on the 'Record Date' (Sunday, 26th May 2019) will be eligible to attend the thirty second (32nd) Annual General Meeting.
- A Member eligible to attend the Annual General Meeting is entitled to appoint a Proxy to attend and vote on his/her behalf. The Proxy may not be a Member of the Company. Forms of Proxy, duly stamped, must be deposited at the Registered Office of the Company at least forty eight (48) hours before the time fixed for the Meeting.
- The Shareholders are requested to update their BO accounts with contact number and e-mail address with their respective DP (Depository Participant) before 'Record Date'.
- Annual Report, Attendance Slip and Proxy Form along with the Notice to be sent to all the Members by email. The Members may also collect the Annual Report-2018/Proxy Form from the Registered Office of the Bank by application in writing and may download these from the Bank's website (<https://www.icbislamic-bd.com>).
- For registration in the meeting, production of Attendance Slip is required.
- The Shareholders are requested to please register their names in the counter at the entrance of the AGM Hall from 8:30 a.m. to 9:30 a.m.

বিঃদ্রঃ বিএসইসি নোটিফিকেশন এবং নং এসইসি/এসআরএমআই/২০০০.৯৫৩/১৯৫০ তারিখ ২৪ অক্টোবর ২০০০ এর সার্কুলার নং এসইসি/সিএমআরআরসিডি/২০০৯.১৯৩/১৫৪ তারিখ: অক্টোবর ২৪, ২০১৩ এর নির্দেশনা অনুযায়ী আসন্ন ৩২ তম বার্ষিক সাধারণ সভায় কোন প্রকার উপহার বস্তু/আপ্যায়নের ব্যবস্থা থাকবে না।

Corporate Information

BOARD OF DIRECTORS

Chairman

Datuk Mohd. Nasir Bin Ali

Directors

Mr. Tee Kim Chan
 Ms. Hashimah Binti Ismail
 Mr. Sivagukan Thambirajah
 Ms. Lee Ooi Kim

Independent Director

Mr. Md. Fariduddin Ahmed

Managing Director & CEO

Mr. Muhammad Shafiq Bin Abdullah

EXECUTIVE COMMITTEE

Chairman

Datuk Mohd. Nasir Bin Ali

Members

Ms. Lee Ooi Kim, Director
 Mr. Muhammad Shafiq Bin Abdullah, MD & CEO

Secretary

Mr. Imran Bin Ahmad

AUDIT COMMITTEE

Chairman

Mr. Md. Fariduddin Ahmed, Independent Director

Members

Ms. Hashimah Binti Ismail, Director
 Mr. Sivagukan Thambirajah, Director
 Mr. Muhammad Shafiq Bin Abdullah, MD & CEO

Secretary

Mr. Imran Bin Ahmad

RISK MANAGEMENT COMMITTEE

Chairman

Mr. Md. Fariduddin Ahmed, Independent Director

Members

Ms. Hashimah Binti Ismail, Director
 Mr. Sivagukan Thambirajah, Director
 Mr. Muhammad Shafiq Bin Abdullah, MD & CEO

Secretary

Mr. Imran Bin Ahmad

Nomination and Remuneration Committee (NRC)

Chairman

Mr. Md. Fariduddin Ahmed, Independent Director

Members

Ms. Hashimah Binti Ismail, Director
 Mr. Sivagukan Thambirajah, Director
 Mr. Muhammad Shafiq Bin Abdullah, MD & CEO

Secretary

Mr. Imran Bin Ahmad

MANAGEMENT COMMITTEE

Members

Mr. Muhammad Shafiq Bin Abdullah, MD & CEO
 Mr. Sanjeev Anand, COO & CFO
 Mr. Moyeenuddin Ahmed, SVP & Head of Operations

Corporate website

www.icbislamic-bd.com

Registered Office

T.K. Bhaban (15th Floor), 13 Kazi Nazrul Islam Avenue
 Kawran Bazar, Dhaka-1215, Phone: +88-02-9143361-5
 Registration No. C-16369 (355) 87, Dated 30.04.1987

Auditors

M/s. Nurul Faruk Hasan & Co., Chartered Accountants
 Vertex Prominent (1st Floor), Ga-16/1 Mohakhali, Dhaka-1212

Tax Consultant

K. M. Hasan & Co., Chartered Accountants
 Hometown Apartments (8th & 9th Floor)
 87, New Eskaton Road, Dhaka-1000

Legal Advisors

Rabia Bhuiyan & Associates

Rabia Bhuiyan, Bar-at-Law
 House of Law
 House# 13, Road# 07
 Dhanmondi, Dhaka.

Mr. Sayyid Shahid Hussain

Advocate, Supreme Court
 H & H Company
 Shareef Mansion
 56-57, Motijheel, Dhaka-1000

Mr. Md. Akhtaruzzaman

Advocate, Supreme Court
 The Law Focus
 Aptt. C2, House# 3G
 Road# 104, Gulshan-2
 Dhaka-1212

Membership

Bangladesh Association of Banks (BAB)
 The Institute of Bankers Bangladesh (IBB)
 The Bangladesh Foreign Exchange Dealers' Association (BAFEDA)
 International Chamber of Commerce- Bangladesh (ICCB)
 Metropolitan Chamber of Commerce & Industry (MCCI)
 Bangladesh-Malaysia Chamber of Commerce & Industry (BMCCI)
 Foreign Investors' Chamber of Commerce and Industry (FICCI)
 Islamic Bank Consultative Forum (IBCF)
 Central Shariah Board for Islamic Banks Bangladesh

Management Committee

MANCOM

Name	Designation
1. Mr. Muhammad Shafiq Bin Abdullah	Managing Director & CEO
2. Mr. Sanjeev Anand	Chief Operating Officer & CFO
3. Mr. Moyeenuddin Ahmed	Head of Operations

SENIOR MANAGEMENT TEAM

Name	Designation
1. Mr. Muhammad Shafiq Bin Abdullah	Managing Director & CEO
2. Mr. Sanjeev Anand	Chief Operating Officer & CFO
3. Mr. Moyeenuddin Ahmed	SVP & Head of operations
4. Captain Sakhawat Hossain (Rtd. B. Navy)	SVP & Head of Administration & Property and Recovery
5. Mr. Wahid Bin Ahmed	SVP & Head of Business
6. Mr. Parvez Yousuf Chowdhury	VP & Head of Training
7. Mr. Md. Tareq Us Salam	VP & Head of Investment Risk Management
8. Mr. Ahmedullah	VP & Head of Shariah & IT Application
9. Mr. Md. Anayet Hossain Khan	VP, Recovery Department
10. Ms. Nafisa Jareen	VP & Head of Human Resource

Message from the Chairman



Dear Shareholders, Distinguished Guests, Honorable Members of the Board and dedicated Members of the Management Team and Staff of ICB Islamic Bank Limited (ICBIBL)

Assalamu-Alaikum Wa-Rahmatullah.

It gives me immense pleasure and honor to welcome you to the 32nd Annual General Meeting of ICBIBL. I sincerely express my gratitude to all of you for the trust, confidence, support and cooperation placed on us throughout the year. On behalf of the Board of Directors, I feel honored to present before you the Annual Report of ICB Islamic Bank Limited for the financial year ended 31st December 2018 (FY2018)

Aggregate growth in the emerging markets and developing economics stabilized in the first half of 2018. Higher energy prices have lifted headline year-on-year inflation rates over the past six months. Core inflation that is, excluding food and energy, remains below central banks' targets in most advanced economies, emerging markets and developing economies,

The Bangladesh economy has been able to maintain sustained economic growth. The economy grew at a rate of 7.86 percent in FY2018, satisfactorily up from 7.28 percent growth in FY2017. The per capita national income reached US\$1,751 in FY2018, up by US\$141 a year earlier. During the period, broad agriculture sector registered a growth of 4.19 percent, up by 1.22 percentage points compared to the previous year due to the better performance of most of its sectors and sub-sectors. Crop and horticulture sector grew by 3.06 percent, 2.10 percentage point higher than the previous year. Broad industry sector grew by 12.06 percent, higher than the growth of 10.22 percent in the previous year. Of the manufacturing sector, large and medium-scale manufacturing sector grew at a pace of 14.26 percent compared to the growth of 11.20 percent in the preceding year. Growth of broad service sector slightly decreased to 6.39 percent in FY2018 from 6.69 percent in FY2017.

Along with economic development, Bangladesh has achieved a notable development in social sectors. Bangladesh has already achieved hunger, poverty and health sector related goals as well as targets and indicators of Millennium Development Goals (MDGs). Currently, the government is working for implementing the goals and targets of Sustainable Development Goals (SDGs). The scope and allocation for social safety net program is being extended every year. In order to bring efficiency and effectiveness of social safety net programs, Bangladesh follows the life cycle approach of social safety net. As a result; rate, incidence and depth of poverty has been reducing regularly.

In case of Dhaka Stock Exchange, the price index slightly decreased, market capitalization slightly increased from June 2017 to June 2018. On the other hand, both the price index and market capitalization of Chattogram Stock Exchange stirred in upward direction in FY2018. For ensuring stable and smooth operation of the capital market and restoring the confidence of general investors several restructuring activities were carried out during this period.

Expatriate Bangladeshi workers sent home \$15.54 billion in 2018 – a nearly 15 percent rise on the previous year and experts have ascribed it to the depreciation of the taka against the US dollar and a rise in manpower exports. This is the outcome of the different measures taken over the last few years to increase manpower exports. According to latest data released by the Bangladesh Bank, the expatriates remitted \$15.54 billion in 2018, a jump of 14.79 percent over 2017. The depreciation of taka against the greenback and the central bank's measures to strengthen its surveillance on hundi played a major role to encourage migrants to send home more remittance in the last year. Money sent by the non-resident Bangladeshis makes up about 12 percent of Bangladesh's GDP.

Banking sector registered a lower 8.51 per cent growth in the FY18 from 9.95 per cent in the previous fiscal. Besides, the growth of insurance and other sub-sectors also declined to 1.63 per cent and 9.05 per cent respectively, Growth of the banking sector in Bangladesh has declined by 1.22 percentage points in the fiscal year 2018.

An employee who receives the necessary training is better able to perform his job. He becomes more aware of safety practices and proper procedures for basic tasks. The training may also build the employee's confidence because he has a stronger understanding of the industry and the responsibilities of his job. ICIBL arranges seminars and training programs for its staff to help them in holding a position as a leader and strong competitor within the industry. The bank organized 4 training programs for its staff during this period where 105 participants were trained in various aspects of Banking.

The operating environment of the banking sector is difficult and competitive and also changing dramatically since the focus is the steady growth of profit. The consumer demand is also constantly changing. Therefore, ICIBL is increasingly focused on identifying customer needs. Creating and maintaining long-term relationships with customers and providing value added services. Using modern technology, ICIBL initiated an effective customer relationship strategy to develop a high-quality customer base.

Among different types of risks that a bank faces in operating within the banking industry credit risk is one of the most crucial risks. With increasing non-performing loans in banking industry ICIBL always gives importance to good credit policy, conduct appropriate credit appraisal on post disbursement and monitor investments.

A corporation without a system of corporate governance is often regarded as a body without a soul or conscience. A good Corporate Governance system is vital for efficient and effective business operation long term stability and sustainable growth for any organization. When executed effectively, it can prevent corporate scandals, fraud and the civil and criminal liability of the company. It also enhances a company's image in the public eye as a self-policing company that is responsible and worthy of shareholder capital. Bangladesh Bank has been pursuing the best corporate governance framework for the banking system. The Governance system of ICIBL is characterized by its design to ensure transparency and accountability at all levels of management.

My heartiest thanks to my colleagues on the Board who have always been supportive in our endeavor to navigate the institution in the right direction. My appreciation goes to the Management Team and committed staff for their relentless efforts to succeed. I express sincere thanks to M/S. Nurul Faruk Hasan & Co, Chartered Accountants for carrying out External Audit professionally and advising the Bank on various compliance issues relating to International Accounting Standard (IAS) and Bangladesh Accounting Standard (BAS).

Finally I, on behalf of the Board of Directors of the Bank, extend my appreciation to the customers for giving us the opportunity to serve them and the shareholders for their trust and confidence reposed in us. I also take the opportunity to express my thanks and gratitude to the Government of the People's Republic of Bangladesh, Ministry of Finance, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange and Registrar of Joint Stock Companies for their continuous support, guidance and co-operation.



Datuk Mohd. Nasir Bin Ali
Chairman

Message from the Managing Director & CEO



Dear shareholders, distinguished guests, respected members of the Board of Directors and my fellow colleagues at ICB Islamic Bank, Assalamualaikum Warahmatullah.

Welcome to the 32nd Annual General Meeting of ICB Islamic Bank Limited (ICBIBL).

Bangladesh has been witnessing phenomenal growth rates in recent years and has had more than a decade of 6% plus gross domestic product (GDP) growth. Bangladesh's economy grew 7.86 percent in 2018 riding on the agriculture sector, especially an increase in rice production. It is up from the provisional estimate of 7.65 percent. The agriculture and industry sectors contributed to the increase in the GDP growth in the final count. Agriculture grew 4.19 percent in 2017-18, way up from 3.06 percent in the provisional estimate, according to the Bangladesh Bureau of Statistics (BBS). Industry grew 12.06 percent against the preliminary estimate of 11.99 percent and the services sector rose 6.39 percent, up from the previous figure of 6.33 percent.

The government has undertaken various infrastructure projects and if they are implemented, the growth will accelerate further. Though GDP growth increased in the final count, per capita income decreased because of the depreciation of the taka against the US dollar. The final calculation put the per capita income at \$1,751 in 2017-18, down from \$1,752 as per the provisional estimate. Data from the BBS showed poverty rate stands at 21.8 percent and extreme poverty rate at 11.3 percent in 2018, which was 23.1 percent and 12.1 percent respectively in 2017. The poverty rate fell as economic growth accelerated.

The problem seems to be that private sector credit flow has been a serious decline since just before election and was at a near five-year low, which makes this growth estimate not seem plausible.

Banking industry of Bangladesh has achieved remarkable momentum over the years. It has brought several positive changes in terms of expansion, modernization, quality of assets, application of international standards, technology adaptation, capacity development efforts, corporate governance and improved regulatory and supervisory environment. The development is not, however, uniform in all banks. However, like other global economies, the industry is becoming exposed to newer challenges, financial crimes and competitions. Bangladesh Bank (BB) has undertaken remarkable regulatory and supervisory initiatives over the years in line with the internationally accepted standards and compliance requirements.

Banking sector of the country now has risk management guidelines and compliance requirements for all the key areas of banking; and prudential and capital standards are duly in place. Adoption of technology has brought in remarkable efficiency in the supervisory arrangement of Bangladesh Bank. The central bank has created a platform for modernization of banking, payment system and financial service delivery by formulation of rules, guidelines and supportive arrangements. Notable initiatives have been taken for effective oversight of risk management, internal controls and customer interest protections. It is good to observe that the central bank has responded with due support to technology-driven initiatives of the scheduled banks.

For achieving excellence in customer service, banks need to clearly know detailed understanding of customer needs, expectations and values and based on these they need to develop unified organizational mindset, processes and systems to deliver the service excellence. ICBIBL invests the time, energy, and resources required to achieve excellence in customer service.

Loans or credits comprise the most important asset as well as the primary source of earning for the banking institutions. On the other hand, loan/credit is also the major source of risk for the bank management. Credit analysis by ICIBL is more about identification of risks in situations where a potential for lending is observed by the Bank. Both quantitative and qualitative assessment forms a part of overall appraisal of the clients. This in general, helps to determine the entity's debt servicing capacity, or its ability to repay. ICIBL is determined to deliver better services, drive out costs, manage risks and protect the organization.

Efficient and skilled manpower can manage the financial risks that the banks need to take on regular basis. The Human Resource department is responsible for finding such talented manpower and placing them in right positions in the bank. ICIBL is committed to focus all its energy on its customers as well as its employees and trying to pave the way leading to outmost destination.

The bank set emphasized priority on foreign remittance mobilization and has taken number of initiative to provide better service to our foreign remitter. ICIBL has established drawing arrangements with Ria Financial Services, MESA, IME (M) Sdn. Bhd. and Western Union and also trying to include Placid Express remittance house in this group for facilitating remittance by Bangladeshi nationals living abroad. Any beneficiaries can receive inward remittance payment from any of the ICIBL branches country wide through these remittance houses.

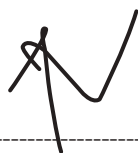
ICIBL is now issuing its Debit Card with five years validity for the customer's conveniences. The Bank has also initiated to collect all utility bills, visa fees, mobile bills through a common platform from our branches.

The Shariah Supervisory Committee is one of the most important governance mechanisms of an Islamic Bank for ensuring compliance with the Shariah. ICIBL has its own Shariah Supervisory Committee composed of Islamic scholars. Its role is to help ensure that the policies and investments follow the dictates of the Shariah. In general, the members a group of experts in Shariah are delegated to give guarantees that instruments and products used in ICIBL are comparable to the Shariah aspects, which usually consist of the capital market, Takaful and banking specialized jurists, particularly in Fiqh Muamalat and Islamic Finance, entrusted with the duty of directing, reviewing and supervising the activities related to Islamic finance in order to ensure that we are in compliance with Shariah rules and principles.

ICIBL acts now to prepare for a future led by innovation and technology and to build scalable, digitally enabled business models that will help us weather the performance challenges that lie ahead. The Bank is planning to operate Internet banking, Agent banking as well as Mobile banking system. The bank is also planning to launch Islamic Credit Card based on Islamic Shariah.

To conclude I wish to express my profound gratitude to our distinguished Chairman and honorable members of the Board of Directors who have all along extended their continuous support, patronage, guidance and encouragement through holding a good number of Board Meetings and Audit Committee Meetings in the year 2018.

I would also like to express my deepest appreciation and profound gratitude to the regulatory authorities especially Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange and Registrar of Joint Stock Companies and Firms for their time-befitting policies, guidance, continuous support and cooperation. My hearty appreciation also goes to our valued customers who believed in us and remained loyal and withered with us through thick and thin. And finally thanks to all our employees for their dedication and commitment, which I believe, will improve our present position.



Muhammad Shafiq Bin Abdullah
 Managing Director & CEO

Director's Report on Financial Statements and Internal Control

The Directors are required to present the Annual Report together with Directors' Report and the Financial Statements in accordance with the Companies Act 1994, Rules and Regulations of Institute of Chartered Accountants of Bangladesh (ICAB), Rules and Regulations of Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) Rules, 1987 and the Listing Rules of the Dhaka Stock Exchange Limited.

The financial statements are required by law and International Accounting Standards as adopted by ICAB to present fairly the financial position of the Company and the performance for the period. In preparing the financial statements, the followings are to be done:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Ensure that the financial statements have been prepared in accordance with International Accounting Standards adopted by ICAB;
- Prepare the financial statements on going concern basis unless it is appropriate to presume that the company will not continue in business.

Proper accounting records should be kept that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with Companies Act 1994 and Bank Company Act 1991.

In compliance with the requirements of the BSEC's Notification dated 20th June 2018, the Directors are also required to declare certain matters in their report which inter-alia includes as under:

- The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the issuer company have been maintained;
- International Accounting Standards as applicable in Bangladesh, have been followed in preparation of financial statements with appropriate disclosures;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons there should be disclosed;
- Key operating and financial data of at least preceding three years should be summarized;
- Significant deviations from last year in operating results of the issuer company should be highlighted and reasons thereof should be explained;
- If the issuer company has not declared dividend (Cash or Stock) for the year, the reason thereof should be given.

The Directors confirm that Annual Report together with the Directors' Report and the Financial Statements have been prepared in compliance with law, rules and regulatory guidelines and Compliance of BSEC Notification No. SEC/CMRRCD/2006-158/208/Admin/81 dated 20th June 2018.

Meetings

The Board meets regularly to review policies, procedures, risk management and business plan of ICBIBL and Senior Management etc. During the year 2018, seven (7) meetings of the Board of Directors (including a special meeting) were held. This report should be read in conjunction with Auditors' Report to the Shareholders of ICB Islamic Bank Limited. Also other compliances of BSEC Notification No. SEC/CMRRCD/2006-158/207/Ad min/80 dated 3rd June 2018 is given in the Annual Report.

On behalf of the Board of Directors



Datuk Mohd. Nasir Bin Ali
Chairman

Report of the Audit Committee of the Board

The Audit Committee of ICB Islamic Bank Limited is a sub-committee of the Board, was formed by the Board of Directors in accordance with the BRPD Circular No. 11 dated October 27, 2013 and the notifications of Bangladesh Securities and Exchange Commission Vide Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 and international best practices on Corporate Governance.

Objective of the Audit Committee

The Audit Committee of the Board of ICB Islamic Bank Limited has been functioning as supervisory body on behalf of the Board of Directors and carrying out oversight responsibilities. The Board of Directors sets out the overall Business Plan and formulates Policies that the Management is responsible for implementation. The Audit Committee, therefore, as its key function, ensures that policies and guidelines as has been set out are implemented in the right earnest.

Composition of the Audit Committee

In compliance with the BRPD Circular No.-11 dated October 27, 2013 of Bangladesh Bank and Corporate Guidelines of BSEC, the Audit Committee of ICB Islamic Bank Limited is comprised of three (3) members from the Board of Directors. The composition of the Audit Committee as on 31.12.2018 is as follows:

Mr. Md. Fariduddin Ahmed, Independent Director	- Chairman
Ms. Hashimah Binti Ismail, Director	- Member
Mr. Sivagukan Thambirajah, Director	- Member
Mr. Muhammad Shafiq Bin Abdullah	- Managing Director & CEO

The Company Secretary of ICIBL is the Secretary of the Audit Committee.

Terms of Reference (ToR) of Audit Committee

This role is further expounded on and clarified in the Terms of Reference (ToR) of the Audit Committee which was revised in light of the directives contained in the BRPD Circular No-11 dated October 27, 2013 of Bangladesh Bank and Corporate Governance guideline of BSEC. According to the revised ToR of the Audit Committee, its principal duties and responsibilities are as follows:

In respect of internal control

- i) Evaluating whether the management:
 - a. Has an appropriate internal control and compliance culture with regard to risk management of the company;
 - b. Has clearly defined the duties and responsibilities of officials;
 - c. Has full control over the operations of the company.
- ii) Reviewing the appropriateness of Management Information System (MIS) including information technology system and its use.
- iii) Reviewing whether management is complying with recommendations made by the internal and external auditors.
- iv) Reviewing existing risk management procedures to ensure that the processes are effectively run in the company.
- v) Reviewing all fraud, forgery and internal control weakness discovered by internal, external or regulatory auditors and thereafter keeping the Board of Directors informed of all those discoveries and subsequent corrective measures.

In respect of financial statements

1. Reviewing whether the financial statements were prepared in compliance with all directives and guidelines prescribed by the Bangladesh Bank and are in accordance with Bangladesh Financial Reporting Standards and other laws and regulations.
2. Engaging in discussions with external auditors and management prior to the finalization of financial statement.
3. Attending and answering questions related to the accounts and audit at the AGM.

In respect of internal audit

1. Reviewing the activities and organizational structure of internal audit and ensuring that there is no barrier or limitation to the performance of an independent internal audit.
2. Assessing the efficiency and effectiveness of internal audit.
3. Assessing whether management is appropriately considering compliance of recommendations made by the internal auditors with regard to the observations identified by them.
4. Placing recommendations before the Board of directors in case of change of accounting policies.

In respect of external audit

1. Appraising the audit procedures and reviewing the management letter submitted by external auditors.
2. Assessing whether management has appropriately considered the observations and recommendations made by the external auditors.
3. Placing recommendations to the Board of Directors regarding appointment of external auditors.

In respect of compliance to existing regulations

Reviewing whether the rules and regulations set by regulatory authorities (Bangladesh Bank and other regulatory bodies) as well as internal policies and guidelines approved by the Board of directors are being complied with.

Miscellaneous

1. Placing quarterly reports before the Board of directors on rectification/correction status of errors, fraud, forgery and other irregularities if any, identified by internal auditors, external auditors and Bangladesh Bank inspection team.
2. Performing all other supervisory activities as assigned by the Board as well as evaluating its own efficiency on a regular basis.

Chairman of the Audit Committee and qualifications of the members

The Audit Committee is chaired by an Independent Director. All the members of the committee are 'financially literate' as defined by the revised Corporate Governance guideline.

The Audit Committee and Internal Control & Compliance

Internal Control & Compliance (ICC) Department is the department within ICBIBL that is tasked with reviewing the Company's system of internal controls, including the conduct of regular audits of all operational units. ICC is operationally independent in that its members are not involved in the Company's operational activities and in that the Head of ICC, in addition to his direct reporting line to the Managing Director & CEO, also has access to the Audit Committee. The Audit Committee is responsible for approving the annual audit plan of ICC and reviewing the plan's subsequent implementation. Internal audit reports and summaries thereof prepared by ICC are reviewed on a regular basis by the committee.

Access of Head of ICC to the Audit Committee

The Head of Internal Control & Compliance has direct access to the Audit Committee which in turn is directly accountable to the Board.

Meetings of the Audit Committee

The Audit Committee held five (5) meetings during the year 2018. The Committee met the Internal Audit Team, Finance & Accounts Division headed by CFO, Legal and Internal Control & Compliance Department of ICBIBL. The Committee also held a meeting with the External Auditors to discuss their findings and directed the Head of Accounts to resolve their observations which were not material.

The Audit Committee is a subcommittee of the Board of Directors and reports on its activities to the Board of Directors. The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities, which includes but is not limited to implementation of the objectives, strategies, risk mitigation and overall business plans set by the Board for effective functioning of the Bank. The Committee also reviews the financial and operational risks through the Internal Control process.

The particulars of attendance of the members of the Audit Committee are given below:

Name of the Director	Position	Total number of meetings held during 2018	Total Attendance
Mr. Md. Fariduddin Ahmed	Chairman	5	5
Ms. Hashimah Binti Ismail	Member	5	5
Mr. Sivagukan Thambirajah	Member	5	5
Mr. Muhammad Shafiq Bin Abdullah	MD & CEO	5	5

The Audit Committee during the year held five (5) meetings, discussed many issues and carried out its regular functions with particular emphasis on the followings:

- i) Reviewed Compliance Report on observation, recommendations and decision of the Audit Committee Meetings;
- ii) Reviewed Internal Audit Plan for the year 2018;
- iii) Reviewed existing Risk Management Procedures for ensuring an effective Internal Check and Control System;
- iv) Reviewed the highlights from Bangladesh Bank Comprehensive Inspection Reports on the Branches as well as various Divisions of Head Office of the Bank and suggest appropriate actions where needed;
- v) Reviewed Audit & Inspection Reports on the Branches as well as various Divisions of Head Office conducted by Internal Control & Compliance Department during the year 2018 and suggested appropriate actions, where needed;
- vi) Reviewed Quarterly Financial Report of the Bank and recommended its submission to the shareholders as a statutory requirement;
- vii) Placed Compliance Report/Minutes to the Board with the decisions/recommendations made by the Committee in the Meetings for information and concurrence of the Board on quarterly basis;
- viii) Reviewed the financial statements to ensure proper disclosure and presentation and compliance with Bangladesh Financial Reporting Standards;
- ix) Assessment of running the affairs of the Bank by the Management in line with the policies set by the Board of Directors; and
- x) Recommended strengthening of the Internal Control and Compliance Department in terms of Logistics and Manpower to increase their efficiency and capacity.

All minutes of the Audit Committee meeting are required to be submitted to Bangladesh Bank in accordance with the directives of the DOS Circular. Accordingly, all minutes of the meeting of the Audit Committee are being submitted to Bangladesh Bank.

Reporting of the Audit Committee

The Audit Committee reports directly to the Board of Directors and under certain circumstances can also report to the BSEC.

Immediate reporting to the Board of Directors

Audit Committee shall immediately report to the Board of Directors in the following cases:

- On conflict of interest;
- Suspected and presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities related laws, rules and regulations; and
- Any other matter which should be disclosed to the Board of Directors immediately.

No such issues arose at ICIBL during the year ended December 31, 2018.

Immediate reporting to the Bangladesh Securities & Exchange Commission

If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation of and where the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the BSEC, upon reporting of such matters to the Board of Directors for three times or completion of a period of 9 (nine) months from the date of first reporting to the Board of Directors, whichever is earlier.

No such circumstances arose during the year ended December 31, 2018.

From our assessment of the various internal audit reports, it appears that ICB Islamic Bank Limited maintained effective Internal Control on its overall activities during the year 2018.

Review of Financial Statements

The Audit Committee reviewed and examined the Annual Financial Statements 2018 prepared by the Management and audited by External Auditors M/s. Nurul Faruk Hasan & Co., Chartered Accountants in line with the Accounting Standards set by Regulatory Authorities. The Committee referred the Financial Statements for the consideration of the Board with necessary recommendations.

Acknowledgement

The Audit Committee expresses its sincere thanks to the Members of the Board and the Management of ICIBL for their excellent support while carrying out its duties and responsibilities as per regulatory directives.

On behalf of the Audit Committee of the Board of Directors of ICIBL.



Md. Fariduddin Ahmed
Independent Director &
Chairman, Audit Committee

Management Discussion & Analysis

A Management's Discussion and Analysis presenting detailed analysis of the Banks' position and operations along with a brief discussion of changes in the financial statements, among others, focusing as follows:

(a) Accounting policies and estimation:

We have applied accounting policies consistently to all periods presented while preparing the financial statements. We have applied International Financial Reporting Standards (IFRS) to transactions, other events or conditions to their full extent as applicable. The applicable significant accounting policies and estimation are well elaborated in notes to the financial statements.

(b) Changes in accounting policies and estimation:

We usually change an accounting policy only when the change is required by a IFRS or results in the financial statements providing more reliable and relevant information about the effect of transactions, other events or conditions on the financial position, financial performance or cash flows. A detailed breakdown of such changes/restatements are given in notes of the financial statements.

(c) Comparative analysis of financial performance and financial position as well as cash flows for current year with immediate preceding five years:

We have presented a comprehensive financial highlights for all the relevant periods containing financial performance, financial position, cash flows and important financial ratio in this annual report. As the financial highlights presented, the detailed comparative analysis thereon are as following:

- Net loss of the Bank has increased over the years since 2014 by 69.48% and on average by 13.89% each year and stood at Tk. (485.64) million for the year ended 31 December 2018.
- Total assets of the Bank has decreased over the years since 2014 by Tk.2,593.25 million and on average by Tk.518.65 million and stood at Tk. 11,429.69 million for the year ended 31 December 2018.
- Shareholders' equity has also decreased over the years since 2014 by 7.81% and on average by 1.56% each year and stood at Tk. (18,230.40) million for the year ended 31 December 2018.
- Earnings per share (EPS) has also decreased over the years since 2014 by 69.76% and on average by 13.95% each year and stood at Tk. (0.73) per share for the year ended 31 December 2018.
- Net asset value (NAV) per share has also decreased over the years since 2014 by 13.74% and on average by 2.74% each year and stood at Tk. (16.47) per share for the year ended 31 December 2018;

(d) Comparative analysis of financial performance and financial position as well as cash flows with peer industry scenario:

Again as presented in the financial highlights, the comparative analysis of financial performance, financial position and cash flows with other relevant financial ratio and other industry performance parameter are described as following:

- The assets base of the Bank is of Tk. 11,429 million compare to the industry average Tk. 18,369 million;
- The revenue of the Bank is of Tk. (485) million compare the industry average of Tk. 8,907 million;
- As listed Bank, the current P/E is ratio (6.98 times) far below of industry average 16.

(e) Financial and economic scenario of the country and the globe:

The global economy started 2018 on an upbeat note, buoyed by a pickup in global manufacturing and trade through 2017. As investors' confidence in the global economic outlook lost steam, so did the upswing. One reason behind this loss in momentum is the implementation of tariffs by major economies especially the United States and retaliatory measures taken by others, including China. The increasingly protectionist rhetoric on trade has meant higher uncertainty about trade policy, which weighs on future investment decisions. As growth and interest rates in the United States have outpaced those in other major economies, the US dollar has appreciated against most other currencies in 2018. Some vulnerable emerging market economies have come under strain as the US dollar gained value and the level of risk that global financial investors were prepared to accept dropped. Most of these countries have seen increases in their external borrowing costs, but the extent of these increases varied widely.

Bangladesh has achieved the highest-ever 7.86% GDP growth in the 2017-18 fiscal year, widely surpassing the estimated growth of 7.65%. The per capita income has increased to \$1,751 in FY2017-18 from \$1,610 in the previous fiscal year, according to Bangladesh Bureau of Statistics (BBS). The GDP size increased to Tk22.5 trillion (\$274.11 billion) in FY2017-18, rising from Tk19.76 trillion in FY2016-17. This growth could be registered for outstanding success in the agriculture sector. Besides, the country has good progress in the industrial and power sectors. In the 2017-18 fiscal year, the contribution of the agriculture sector to the country's GDP was 13.82%, while the industry and services sectors contributed 30.17% and 56%, respectively. the investment-to-GDP ratio also increased at 31.23% – 7.97% public investment and 23.26% private sector investment – in FY2017-18, up from 30.51% in FY2016-17. The national savings against GDP was 27.42% in the last fiscal year.

(f) Risks and concerns issues related to the financial statements:

Within the context of changes in global economy and financial market including the expansion of emerging markets, the financial and economic practices have shifted in a radical pace. Changes in contractual concept in world business, expansion of more and more cross-border business urge world accounting bodies and forums to set new accounting standards and practices to address business requirement by providing more reliable and relevant information to the economic decision makers. Hence, in summary, the risks and concerns issues related to Banks' financial statements are as following:

- To understand, identify and recognize cross border transactions, other events or conditions properly;
- To understand, identify and recognize foreign currency based transactions, other events or conditions including its timely currency valuation effects properly;
- Recent development in world financial market has boosted the interest rate volatility; thus Bank has contracted for Interest Rate Swap (IRS) to reduce interest rate risk. The accounting for IRS is much challenging because of reliable measurement of IRS fair value and accounting for the same;
- Recognition and presentation of property, plant & equipment including classification of spare parts are now a days very challenging job to reflect the effect reliably; and
- Identification and recognition of deferred tax issue on property, plant & equipment is now a days challenging due to its effect in the financial statements correctly and reliably;
- recognition of revenue and trade receivables in line with contractual provisions including the receivable management have become concern in preparation and presentation of reliable financial statements.

To mitigate the above risk concerns and challenges, the Bank has a well set of internal control system including the Internal Audit team under the guidance of Audit Committee and under the direct consultation with competent external auditors. Talented pool of employees are well aware of the risk concerns and they are nominated for training and workshop program for skill development in the challenging areas so that they can identify, measure, recognize and condition relevantly and reliably.

(g) Future plan for Banks' operation, performance and financial position:

The Bank is planning to operate Internet banking, Agent banking as well as Mobile banking system. The bank is also planning to launch Islamic Credit Card based on Islamic Shariah.



Muhammad Shafiq Bin Abdullah
Managing Director & CEO

Report of the Shariah Supervisory Committee



All praise and gratitude be to the Almighty Allah, the Omnipotent, the Lord of the worlds, the one to whom all Dignity and Glory are due. Peace and blessing of Allah be upon all the Prophets and Messengers of Allah, especially on Prophet Muhammad (ﷺ), the last of the Prophets and all of his followers and companions.

To The Shareholders, Depositors, Customers & other Stakeholders:

Assalamu Alaikum Wa Rahmatullah.

In carrying out the roles and responsibilities of the Bank's Shariah Supervisory Committee this report and independent opinion are being submitted by the undersigned, on behalf of the Shariah Supervisory Committee of ICB Islamic Bank Limited, to all the stakeholders of the Bank based on our review of the activities of the Bank for the financial period ended on December 31, 2018.

1. The Committee during the financial period ended on December 31, 2018 reviewed various issues relating to the Bank's products, transactions, processes and policies. The Committee reviewed the papers as presented before its meetings and provided necessary guidelines and recommendations to the Management of the Bank with the intention that the management would ensure the compliance of Shariah principles in functioning banking business as it is the responsibility of the Management of the Bank to ensure that the business of the Bank are conducted in accordance with Shariah rules.
2. Bank Management has started risk based Shariah audit. Bank Management was advised to take all necessary measures to ensure that no Shariah lapses occur in future.
3. Bank Management was advised to account for doubtful income and compensation strictly as per guidelines given by the Committee.
4. Zakat is not applicable as the Bank has been running with negative net-worth.
5. The Bank Management was advised to introduce selectively and on gradual basis investment products based on the principles of Mudaraba and Musharakah.
6. Training and motivation programs on Shariah compliance were held during the year. Frequency of training and motivation programs should be increased to achieve the desired level of Shariah efficiencies.

The undersigned and all members of the Shariah Supervisory Committee wish you peace, prosperity, and blessing in this world and the world hereafter. May Allah accept the efforts of the ICB Islamic Bank to conduct its business strictly as per Shariah principles.

Ma Assalam,

On behalf of the Shariah Supervisory Committee of ICB Islamic Bank Limited.

Md. Fariduddin Ahmed
Chairman
Shariah Supervisory Committee

Shariah Supervisory Committee

A competent Shariah Supervisory Committee consisting of scholars of high reputation with extensive experience in the relevant areas had been incorporated in the organizational structure of ICIBL to ensure the proper implementation of Shariah Principles in banking business. Being appointed by the Board of Directors Shariah Supervisory Committee plays a very significant role for strict adherence to Shariah Principles in framing and executing policies of the Bank. Shariah Supervisory Committee is authorized to issue ruling on matters presented to it by different business units of ICIBL.

Among the roles and responsibilities of the Shariah Supervisory Committee is to advise the Management of ICIBL regarding Shariah compliance issues in Islamic Banking business and oversee the application of different aspects of Shariah in ICIBL. For the purpose, the Committee holds meetings periodically or whenever the need arises and provides opinions, recommendations and necessary guidelines on Shariah issues related to ICIBL. In addition, the members of the Committee assist the management of ICIBL by providing opinions on various issues referred to them from time to time.

Roles and responsibilities of Shariah Supervisory Committee

It is important to understand the pivotal role played by Shariah Supervisory Committee of an Islamic bank which has the dual role of ensuring first that all products and services tailored by Islamic banks are permissible from the Shariah point of view, and all of these products and services have intrinsic financial value. To be specific, the duties and responsibilities of Shariah Supervisory Committee are:

- Advising the Board of Directors and Management of the Bank on various Shariah related issues referred to it from time to time so that management of the Bank can ensure the compliance of Shariah.
- Reviewing, vetting and endorsing the products and services of the Bank from the Shariah point of view.
- Reviewing, vetting and endorsing various policies and guidelines of the Bank from the Shariah point of view.
- Vetting and endorsing products, guidelines, marketing advertisements, brochures related to ICIBL's products, services and activities from the Shariah point of view.
- Reviewing and vetting the Financial Reports of ICIBL from the Shariah point of view and submitting a report annually for all the stakeholders.
- Vetting and endorsing administrative issues and decisions that require the approval of the Committee.
- Auditing and Inspecting the overall banking operations and activities of the Bank from the Shariah point of view.

The Shariah Supervisory Committee of ICB Islamic Bank is represented by five prominent Shariah scholars and Islamic bankers of high reputation having familiarity with State-of-the-art knowledge. Following is the list of members of this committee with their respective status and educational qualifications:

SI No	Name	Status	Educational Qualification
1	Md. Fariduddin Ahmed	Chairman	A Commerce Graduate and Obtained Professional degree from the Institute of Bankers, Bangladesh and higher management training from the Practical Concept Incorporated, USA.
2	Prof. Moulana Mohammad Salahuddin	Member	Master of Arts from Dhaka University and Arabic Diploma from Medina University, Saudi Arabia.
3	Mr. M Azizul Huq	Member	Post -graduate in Economics from the University of Dhaka, Bangladesh.
4	Prof. Dr. A N M Rafiqur Rahman Madani	Member	Master of Arts in Arabic from Dhaka University and Kamil (Hadith). PHD from Islamic University, Kustia.
5	Maulana Md. Mahmudul Haque	Member	MA (Islamic Studies) from Dhaka University. Takmil (Daura-e-Hadith) Madrasa Nuria, Dhaka.

Director's Report – 2018

Bismillahir Rahmanir Rahim

All praise be to Allah SWT, the Lord of the Universe and peace and blessings of Allah be upon the Prophet Muhammad (SM.) and his Descendants and Companions.

Dear Respected Shareholders,

Assalamu Alaikum Warahmatullah.

On behalf of the Board of Directors of ICB Islamic Bank Limited, I extend to you a hearty welcome to the Annual General Meeting of the Bank for the year 2018. I also take this opportunity to present before you the Annual Report of the Bank along with the Financial Statements and Auditor's Report thereon for the year ended December 31, 2018 for your kind perusal. A brief overview of global market trends with the performance of Bangladesh economy has also been provided in the Annual Report which would reveal continuous growth of the Bank in a stiff competitive environment.

The Directors, to the best of their knowledge and information, hereby confirm that the Annual Report 2018 together with the Directors' Report and the Financial Statements have been prepared in compliance with applicable BFRSs, Bank Companies Act 1991 (amended till 2013), Companies Act 1994, guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), the Listing Regulation of Dhaka Stock Exchange (DSE) and other applicable laws and regulations. In addition, the Directors have endeavored to explain certain issues, which they deemed relevant and important to ensure transparency and good governance practices.

Global Economic Outlook for 2018 and Prospects in 2019

Global growth is expected to slow to 2.9 percent in 2019. International trade and investment are moderating, trade tensions remain elevated, and financing conditions are tightening. Amid recent episodes of financial stress, growth in emerging market and developing economies has lost momentum and is projected to stall at 4.2 percent this year, with a weaker-than-expected rebound in commodity exporters accompanied by deceleration in commodity importers. Downside risks have become more acute. Financial market pressures and trade tensions could escalate, denting global activity. Moderating activity and heightened risks are clouding global economic prospects. International trade and investment have softened, trade tensions remain elevated, and some large emerging market and developing economies (EMDEs) have experienced financial market pressures. EMDE growth has stalled, with a weaker-than-expected recovery in commodity exports accompanied by a deceleration in commodity imports. Downside risks have increased, including the possibility of disorderly financial market movements and escalating trade disputes. It is critical for EMDE policymakers to rebuild policy buffers while fostering potential growth by boosting human capital, removing barriers to investments, and promoting trade integration.

The cyclical upswing in regions with many commodity exports has lost momentum, partly reflecting a substantial slowdown in some large economies, and is projected to plateau over the next couple of years. Growth in regions with large numbers of commodity imports was solid but has decelerated. For all regions, risks to the outlook are increasingly tilted to the downside.

Global growth will slow. The global economy enjoyed a mini-boom between the end of 2016 and early 2018, when growth picked up in most major economies. This phase is now over, and in 2019 we expect the G7 economies to return to growth rates close to their long-run averages. In the US, the boost from fiscal stimulus is likely to fade, higher interest rates may dampen consumer spending and a strong dollar could continue to drag on net exports. We expect growth to moderate from an estimated 2.8% in 2018 to around 2.3% in 2019. In the Euro zone uncertainty relating to global trade tensions and Brexit will take a toll, while the European Central Bank is likely to offer less support to growth as its quantitative easing policy ends. Growth in China is also expected to slow relative to 2018. Although the government will try to ensure that the slowdown is minimal, the impact of US tariffs and the need to control debt levels are likely to result in at least a modest deceleration in growth in 2019. Emerging market currencies could come under periodic pressure from a strong US dollar, but this effect is likely to lessen later in the year, when we believe it will become more evident that the US economy is slowing.

South Asian regional growth is expected to accelerate to 7.1 percent in 2019, underpinned by strengthening investment and robust consumption. India is forecast to accelerate to 7.3 percent in FY 2018/19 as consumption remains robust and investment growth continues, Bangladesh is expected to slow to 7 percent in FY2018/19 as activity is supported by strong private consumption and infrastructure spending. Pakistan's growth is projected to decelerate to 3.7 percent in FY2018/19, with financial conditions tightening to help counter rising inflation and external vulnerabilities. Sri Lanka is

anticipated to speed up slightly to 4 percent in 2019, supported by robust domestic demand and investment boosted by infrastructure projects. Nepal's post-earthquake momentum is forecast to moderate, and growth should slow to 5.9 percent in FY2018/19.

Bangladesh Economy

Bangladesh is undergoing a transformation from a low-income to a middle-income economy. The market-based economy of Bangladesh is the 42nd largest in the world in nominal terms, and 31st largest by purchasing power parity; it is classified among the Next Eleven emerging market middle income economies and a Frontier market. According to the IMF, Bangladesh's economy is the second fastest growing major economy of 2018, with a rate of 7.1%. Dhaka and Chittagong are the principal financial centers of the country, being home to the Dhaka Stock Exchange and the Chittagong Stock Exchange. The financial sector of Bangladesh is the second largest in the subcontinent.

In the decade, Bangladesh averaged a GDP growth of 6.5%, which has been largely driven by its exports of readymade garments, remittances and the domestic agricultural sector. The country has pursued export-oriented industrialization, with its key export sectors include textiles, shipbuilding, fish and seafood, jute and leather goods. It has also developed self-sufficient industries in pharmaceuticals, steel and food processing. Bangladesh's telecommunication industry has witnessed rapid growth over the years, receiving high investment from foreign companies. Bangladesh also has substantial reserves of natural gas and is Asia's seventh largest gas producer. Offshore exploration activities are increasing in its maritime territory in the Bay of Bengal. It also has large deposits of limestone. The government promotes the Digital Bangladesh scheme as part of its efforts to develop the country's growing information technology sector.

Bangladesh is strategically important for the economies of Northeast India, Nepal and Bhutan, as Bangladeshi seaports provide maritime access for these landlocked regions and countries. China also views Bangladesh as a potential gateway for its landlocked southwest, including Tibet, Sichuan and Yunnan. In 2018, per-capita income was estimated as per IMF data at US\$ 4,561 (PPP) and US\$ 1,754 (Nominal). Bangladesh is a member of the D-8 Organization for Economic Cooperation, the South Asian Association for Regional Cooperation, the International Monetary Fund, the World Bank, the World Trade Organization and the Asian Infrastructure Investment Bank. The economy faces challenges of infrastructure bottlenecks, insufficient power and gas supplies, bureaucratic corruption, political instability, natural calamities and a lack of skilled workers.

Banking Industry Outlook 2018

The banking sector in Bangladesh comprises four categories of scheduled banks - State-Owned Commercial Banks (SCBs), State-Owned Development Financial Institutions (DFIs), Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs). Therefore, the number of scheduled banks increased to 59 in 2018 and as many as 3,228 branches of both private and state-owned banks have been established in Bangladesh over the last 10 years, taking the total number of bank branches in the country from 6,886 in June, 2008, to 10,114 by June 2018.

Islamic banking system has been operating in Bangladesh since 1983. In FY18, out of 59 banks in Bangladesh, eight PCBs operated as full-fledged Islamic banks and 16 conventional banks (including three FCBs) were involved in Islamic banking through Islamic banking branches and windows. The Islamic banks have continued to show strong growth since its inception, as reflected by the increasing market share of the Islamic banking sector in terms of assets, financing and deposits compared to the total banking system.

Domestic credit growth within 14.7 percent and private sector credit growth within 15.87 percent by September 2018, these are indicative ceilings deemed sufficient to accommodate projected GDP growth target, even allowing for some unforeseen extra growth spurt. The monetary program framework for FY18 is based on the ceiling for broad money and reserve money growth of 13.9 and 12.0 percent, respectively.

The growth of export earnings increased to 6.4 percent in FY18 from 1.7 percent in FY17. Export as a percentage of GDP slightly decreased to 13.2 percent from 13.6 over the same period. Among the major export items, agricultural products, cotton and cotton products, knitwear, home textile, jute goods, chemical products, woven garments, and footwear products experienced a higher growth in FY18, while petroleum bi-products, engineering products, leather and leather products, plastic products, raw jute, and frozen food, slowed down the pace of export performance as these items experienced a negative growth.

Imports grew at a rate of 25.2 percent in FY18 compared with the 9.0 percent growth in FY17. Import payments as a percentage of GDP increased to 19.9 in FY18 from 17.4 in FY17. Import payments for food grains, milk and cream, spices, capital machinery, clinker, POL, oil seeds, fertilizer, textile & textile articles thereof, staple fiber, plastic and rubber articles thereof, raw cotton, and iron, steel & other base metals rose in FY18 compared to FY17 while those for pulses, crude petroleum and sugar declined during the same period.

Gross international foreign exchange reserves stood at USD 32,943 million at the end of FY18, representing around 5 months of prospective imports, supported by a surplus in financial account and significant inflows of remittances.

The Bangladesh economy experienced an impressive growth in FY18, aided by strong domestic and external demand, as reflected in the buoyant public and private investment and consumption, driven by higher exports, remittances and private sector credit growth. Import growth in FY18, however, reached a recent high of over 25 percent, reflecting a confluence of domestic and external factors: infrastructure-related imports, higher commodity and oil prices, a sharp increase in food imports after the floods last year, resulting in a current account deficit of around 3.6 percent of GDP. Supporting productive private sector investment is critical to sustaining the recent high levels of growth. At the same time, a significant increase in public investment is also necessary to maintain competitiveness and generate further productivity.

The overall macroeconomic stability for Bangladesh economy has shown resilience despite domestic and external shocks. However, the ambitious target of building Bangladesh as a knowledge-based upper middle income country by 2030 or earlier and graduation of the country to a developed one by 2041 will require unwavering and continued reforms, given Bangladesh's integration with the global economy in an increasingly complex world.

The growth of total revenue collection was revised downward to 28.9 percent from the budget in FY18 of 43.1 percent and the actual revenue growth of 16.3 percent in FY17. This downward revision was mainly stipulated by the weaker than expected tax revenue collection by the NBR in the original budget of FY18. Total revenue-GDP ratio decreased from 12.8 percent in the initial budget of FY18 to 11.5 percent in the revised budget but remained higher than 10.2 percent of FY18.

Foreign Direct Investment (FDI) is recognized as one of the important components of Bangladesh's foreign exchange reserves in recent years. It contributes as the second largest component of the financial account. As a potential source of foreign exchange reserves, FDI need to be encouraged. For this reason, progressive measures have been taken to promote the financial openness and enhance the investment climate. FDI has been emphasized by the Government in its 7th five year plan and has undertaken various policies for adequate incentives in attracting foreign investors. However, net FDI inflow decreased slightly by 4.23 percent to USD 1583.0 million in FY18. Portfolio investment also decreased significantly by 20.13 percent to USD 365 million in FY18 compared to USD 457 of preceding year.

The Challenges & Opportunities in Banking Sector in 2019

Growth in FY2018 was higher than expected as consumption picked up in response to rising income, and as public investment strengthened. Inflation was lower than projected, and the current account moved into deficit, as expected, with a wider trade deficit and lower remittances. For FY2019, this Update retains the Asian Development Outlook 2017 growth projection but anticipates slightly lower inflation and a larger current account deficit. Recent flooding is unlikely to affect growth, which could improve if infrastructure development accelerates. Mobilizing domestic revenue remains a priority.

By the support of higher domestic and foreign investments, buoyant trade, capital inflows and favorable inflationary environment, the near and medium-term outlook for Bangladesh economy looks positive in 2019

Rapid countrywide expansion of mobile phone networks and massive modernization of the country's payment systems and financial sector IT infrastructure have opened up opportunities for innovating cost efficient mobile phone based off -branch financial services delivery to the underserved population segments. Utilizing the opportunity, Mobile Financial Services, since inception in 2011, experienced a remarkable growth. MFS becomes a key driver of financial inclusion in transferring money from urban to rural, from privileged to under privileged to fuel the rural economy and in unblocking the advancement opportunities for the un-served and the underserved.

Capital Market Scenario 2018

In the year 2018 entrepreneur raised capital BDT 6.01 billion through Initial Offering (IPO) for 14 (fourteen) securities including one mutual fund. During the year two companies out of 14 (fourteen) securities raised capital of BDT 2.33 billion as premium. On the other hand, in year 2017 a total of 08 (eight) securities including 2 Mutual Funds raised capital of BDT 2.49 billion through IPO. Among them one company raised capital of BDT 412 Million as premium. In the year 2018, 12 (twelve) securities including 1 Mutual Fund have been listed at DSE with total paid-up capital of BDT 12.12 billion. On the other hand, 10 (ten) securities including 3 Mutual Funds were enlisted at DSE with total paid-up capital of BDT 8.35 Billion in the year 2017.

In the year 2018 two (02) companies collected capital of BDT 2.68 billion through issuing right shares. On the other hand, in the previous year four companies collected capital of BDT 111.40 billion through issuing right shares. Three out of four (4) companies issued right share including premium of BDT 2.46 billion.

In the year 2018 a total of 154 companies of DSE of which 20 companies from Banking Sector, 12 companies from Financial Sector, 23 companies from Engineering Sector, 6 companies from Food & Allied Sector, 7 companies from Fuel & Power Sector, 29 companies from Textile Sector, 14 from Pharmaceuticals & Chemicals Sector, 1 from Services & Real Estate Sector, 2 from Cement Sector, 4 from IT Sector, 2 from Tannery Sector and 3 from Ceramics Sector, 24 from Insurance Sector, and 7 from Miscellaneous Sector issued 3.54 billion shares and enhanced the capital through bonus of BDT 35.47 billion. On the other hand, in 2017, 142 companies enhanced capital BDT 27.91 billion by issuing 2.77 billion bonus shares.

In the year 2018 the total trade of DSE stood at BDT 1,335.91 billion which marking a decrease at 38.43 percent than that of the previous year. The number of working days was 242 in 2018 with the average turnover was BDT 5.52 billion. On the other hand, in 2017 total trade turnover was BDT 2,169.59 billion, working days were 248 and average trade was BDT 8.74 billion.

Beside index, the market capitalization of the DSE has also decreased slightly. In 2018 the market capital has decreased by BDT 355.99 billion or 8.42 percent and stood at BDT 3,870 billion. In 2018 the highest market capital was BDT 4,280 billion and lowest market capital was BDT 3,760 billion. At the end of 2018 the ratio of DSE market capital to GDP stood at 17.21%, much lower than neighboring country. The Ratio of Market Capitalization to GDP of Thailand (SET) is 107.00%, India (BSE) 72.20%, Pakistan (KSE) 18.21%, Sri Lanka (CSE) 16.92% and Malaysia (Bursa Malaysia) 108.90%.

An Overview of the Bank

ICB Islamic Bank Limited, a second generation private Bank is the new legal name of former 'The Oriental Bank Limited' which was incorporated on 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 April 30, 1987. Bangladesh Bank authorized to carry on the banking business in Bangladesh with effect from May 4, 1987 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 investment and sales transactions and any practice which accounts to usury and actual banking operations commenced on May 20, 1987. Registrar of Joint Stock Companies & Firms approved the revised name (The Oriental Bank Limited) on December 31, 2002 and Bangladesh Bank approval was accorded on April 13, 2003. Switzerland based ICB Financial Group Holdings AG acquired the majority shareholdings of former Oriental Bank Limited, a Bangladeshi Shariah compliant Bank as on February 28, 2008. Emphasis has been given on improving the technology and infrastructure of the Bank, as well as retraining employees, with a view to providing an improved range of competitive products to customers. Currently, the Authorized Capital of the Bank is BDT 15,000.00 million and Paid-up Capital is BDT 6647.023 million as of December 31, 2018. Its vision is to stand out as a premier banking institution in Bangladesh and contribute significantly to the national economy.

The management of the Bank is committed to turn the Bank into a modern banking institution, vibrant in actions, progressive in programs, honest in dealings, just in judgment, innovative in attitude, fair in approaches and devoted to high quality service to customers. There are charted plans aimed at boosting modern management, advanced technology, good profitability, sound financial strength and fair image of the Bank. The Bank is firmly committed to transparent, responsible and accountable corporate governance with the participation of our strong and most capable team of professionals and under the policy directives and guidance of the Board of Directors of the Bank.

The Bank provides high quality customer service through the integration of the latest and state of the art banking technology and product tools to achieve its success. Since the customers are given first priority, the Bank is trying hard to provide a spectrum of services to individual customers, small business entities or corporate clients. The aim is to deliver the best service by meeting the unique and specific needs in a professional, ethical and friendly manner. The Bank has thirty three (33) branches located at prominent and convenient places across the country.

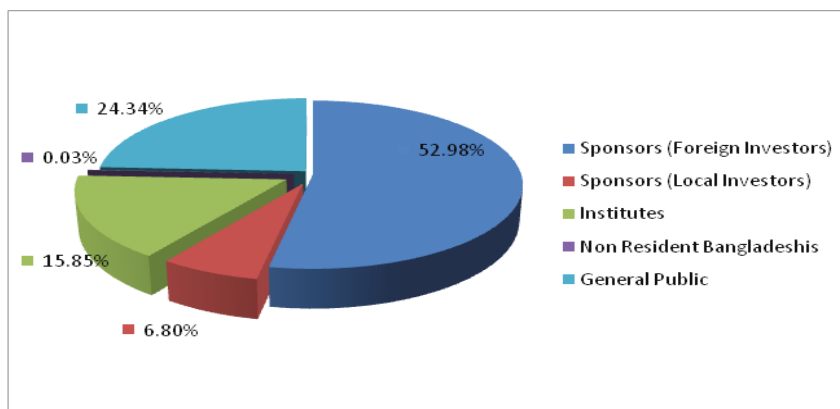
ICB Islamic Bank Limited carries out business activities in keeping with its values and norms and with an understanding of the importance of a large financial institution has for the society and the environment. It is taking steps towards Green Banking. In line with the vision and mission, the Bank always works for the customers' satisfaction and for the satisfaction of all stakeholders.

Capital Structure & Shareholding Pattern of ICB Islamic Bank

The Authorized and Paid-up capital of the Bank was increased in its AGM held on 22nd June 2010. In addition, the Shares of ICB Islamic Bank Limited had been split from BDT 1,000.00 (one thousand) to BDT 10 (ten) per share and market lot was changed from five (5) to five hundred (500) during the year 2010 through Annual General Meeting. The paid-up capital of the Bank as at December 31, 2018 stood at BDT 6,647,023,000 and ICB Financial Group Holding A.G. has acquired 350,674,300 Shares as per clause 3(C) of "The Oriental Bank Reconstruction Scheme 2007". The details of Shareholding pattern of the Company as at the end of the year 2018 is given below:

Sl. No.	Name of the Group	No. of Shareholders	No. of Shares	Shareholding (percent)
01	Sponsors (Foreign Investors)	2	352,174,300	52.98
02	Sponsors (Local Investors)	3	45,197,300	6.80
03	Institutes	125	105,331,888	15.85
04	Non Resident Bangladeshis	53	232,613	0.03
05	General Public	14,992	161,766,199	24.34
	Total	15,176	664,702,300	100.00

Shareholding Position as on 31st December 2018



Analysis of Income Statement of ICBIBL

(Figure in BDT Million)

Sl No.	Particulars	2018	2017	Percent Change
1	Investment income	351.81	392.61	(10.39%)
2	Profit paid on deposits	444.05	394.39	12.59%
3	Net investment income	(92.24)	(1.78)	(5082.02%)
4	Income from investments in Shares & Securities	3.16	2.60	21.54%
5	Other operating income	65.83	72.48	(9.17%)
6	Total operating income	(23.25)	73.29	(131.72%)
7	Total operating expenses	474.15	455.39	4.12%
8	Profit/ (loss) before tax and provision	(497.40)	(382.10)	(30.18)%
9	Provision for investments	14.39	(20.03)	171.84%
10	General provision on off-balance sheet items	-	-	-
11	Provision for diminution in value of investments	-	-	-
12	Other provisions	-	-	-
13	Net profit before tax	(483.01)	(402.13)	(20.11%)
14	Provision for taxation	(2.62)	(2.88)	(9%)
15	Net profit after tax	(485.63)	(405.01)	(19.91%)

Sector-wise NPI for the year ended 31.12.2018

Sectors as classified by Bangladesh Bank	Total Exposure December 31, 2018	Percent of Total Outstanding	December 31, 2018	
			NPI Amount	Gross NPI Ratio (percent)
Agriculture, Fishing and livestock	-	0.00%	-	0.00%
Manufacturing	1,150,403,536.89	13.32%	1,141,804,984.13	99.25%
Electricity, Gas, Water, TV, Radio and other public utility services	512,921,356.60	5.94%	475,449,534.56	92.69%
Trading (wholesale & retail)	4,496,000,533.37	52.08%	3,581,072,961.74	79.65%
Hotels & restaurants	2,871,285.18	0.03%	1,219,475.75	42.47%
Construction & Real Estate (excluding housing finance for individuals)	-	0.00%	-	0.00%
Housing Finance for individuals	384,358,114.32	4.45%	216,750,756.78	56.39%
Consumption Credit (personal finance to individuals)	36,117,873.09	0.42%	20,029,775.23	55.46%
Consumption Credit (Vehicle finance to individuals)	48,503,523.81	0.56%	23,299,959.79	48.04%
Securities (shares, debentures and other instruments)	-	0.00%	-	0.00%
Finance, Insurance & Business Services	24,489,065.37	0.28%	16,970,272.36	69.30%
Transport & Communication	376,642,770.56	4.36%	376,642,770.56	100.00%
Others	1,601,337,591.23	18.55%	1,214,055,198.90	75.82%
Total	8,633,645,650.42	100.00%	7,067,295,689.80	

Product-wise Deposit Balance

(Amount in BDT)

Product Name	No. of Accounts	Balance as on December 31, 2018
Mudaraba Savings A/C	51,909	5,437,180,040
Al- Wadiyah Current A/C	5,533	390,624,313
Deposit Scheme	5,923	275,365,954
Insta Profit Term Deposit	20	24,030,000
Mudaraba Term Deposit	4,319	4,948,672,470
Monthly Profit Term Deposit	132	136,275,000
Mudaraba SND A/C	565	99,137,812
Foreign Currency A/C	105	754,569
Grand Total	68,506	11,312,040,157

The performance of the Bank in 2018 has been summarized below

(Figure in BDT million)

Particulars	2018	2017	Growth percent
Net Investment Income	(92)	(2)	(4500%)
Total Operating Income	(23)	73	(131%)
Total Operating Expenses	474	455	4%
Profit/(Loss) before Provision	(497)	(382)	30%
Provision for Investment	14	(20)	170%
Profit/(Loss) before Tax	(483)	(402)	(20%)
Provision for Tax	(3)	(3)	-
Net Profit after Taxation	(486)	(405)	(20%)

Investment Income

ICB Islamic Bank Limited's investment income comprises of two components i.e. income from lending and income from placement of funds in different banks and financial institutions. The income from lending decreased by Tk. 82.79 million in 2018.

Net Profit/(loss) before Tax

After making the provisions, net profit/ (loss) before tax of ICIBL stood at BDT (483) million compared to BDT (402) million in 2017, mainly due to decrease of investment income in 2018.

Provision for Income Tax

Provision against current year income tax of ICIBL was BDT (2.62) million compared to BDT (2.88) million of preceding year.

Net Profit/(loss) after Tax

As on 31st December 2018, net profit after tax stood at BDT (485.64) million, earnings per share was BDT (0.73), average ROA stood at (4.25) percent.

Basis for Related Party Transactions

Related party transactions have been shown under item no. 45 of the Notes to the Financial Statements.

Extra-ordinary gain or loss

No extra-ordinary gain or loss has been recognized in the financial statements.

Utilization of proceeds from public issues, rights issues and/or through any other instrument

No further issue of any instrument was made during the year 2018.

Significant variance between Quarterly and Annual Financial Statements

No significant variations have occurred between quarterly and final financial results of the Bank during the year under report.

Dividend

The Board recommends no dividend for the year ended on 31 December 2018. There was no declaration of Bonus Share/ Stock Dividend for the year as interim Dividend. The Bank is not in the state of generating sufficient income to pay such dividends.

Branch Cluster Management

ICBIBL has been continuing an effective Cluster Management (Branch Mentorship) in its branch operations. The senior management is working closely with Heads of branches in their marketing efforts for Assets, Liabilities and other issues. Now the Heads of Branches are exposed to more matured thoughts and ideas through Mentors resulting in qualitative improvement of their business and operational activities.

Brand Image

Employees of the Bank are getting trained to provide professional service thereby enhancing the Brand image.

Branch Network

Operational excellence coupled with qualitative improvements continued to be of paramount importance to the Bank. At present, the Bank has extended its services through thirty three (33) Branches across the country.

Treasury and Asset Liability Committee (ALCO)

The treasury department plays an important role in maintaining the statutory liquidity with the Central Bank and ensures that the bank has enough cash available at all times to meet the needs of its primary business operations. Among other activities, the main activity of Treasury Department is to forecast the regular cash requirement for the bank to meet up customers' demand. The Treasury Department fulfills the bank's fund requirements through cash management and investment management. Treasury maintains Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) set by the Central Bank. In line with global system, ICBIBL has independent Dealing Room separate Back Office & online payment system equipped with SWIFT system for ensuring fast and prompt services to the customers.

ICBIBL has Asset Liability Committee (ALCO) which comprises of senior management of the Bank. The ALCO is headed by the Managing Director & CEO of the Bank. The ALCO of the Bank ensures the formation of an optimal financial structure to provide the right liquidity balance, limiting the possible risk level. The ALCO also ensures the control over the capital adequacy and risk diversification, determination of the Bank's liquidity management policy.

Risk Management overview

Risk management is the process of analyzing exposure to risk and determining how to best handle such exposure. The Bank is sanguine to identifying areas of risks in the business, whether it is financial, operational, ICT, reputation or credit. The Board of Directors and the management take measures to monitor and manage the risks of the Bank. In accordance with Bangladesh Bank Guidelines, the Bank has established the risk framework that consists of six core risk management policies i.e. (i) 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. Besides, the Bank has adopted Environmental Risk Management Guidelines in accordance with the Bangladesh Bank guidelines and emphasizes it as a core Risk.

In order to achieve the objectives of effective risk management programs, the Bank has:

- (i) Proactive Board of Directors and Senior Management's Supervision;
- (ii) Adequate Policies and Procedures;
- (iii) Proper Risk-Measurement, Monitoring and Management Information Systems; and
- (iv) Comprehensive Internal Control measures;

Audit Risk Management Committee (ARMC)

Risk in banking has been evolving over the past decade. The global financial crisis underlined the importance of sound and comprehensive risk governance. Managing high risk in banking operations, issue of effective internal control system, corporate governance, transparency, accountability have become major components to ensure smooth performance of the banking industry throughout the world. Internal control system ensures the effective control measures of the whole operations; the scope of internal control is not limited to audit work. It is an integral part of the daily activity of a bank, which on its own merit identifies the risks associated with the process and adopts a measure to mitigate the same. Besides, Internal Audit reinforces the control system through regular review.

The Board of Directors and Senior Management of the Bank try to develop a high ethical and moral standard to ensure strong compliance culture in the Bank. In this context, the Bank gives priority to the following issues:-

- (i) To encourage employees to comply with all the policies, procedures and regulations;
- (ii) To maintain continuous liaison with the regulators to obtain regular information on regulatory changes; and
- (iii) To establish an effective communication process to sensitize the officials of the concerned Divisions and Branches of the relevant regulations.

Internal Control and Compliance

Internal Control is a process effected by bank's Board of Directors and Management team to provide reasonable assurance regarding the achievement of effective and efficient operations, reliable financial reporting and compliance with applicable laws, regulations and internal policies. The Internal Control Process of the bank reviews and updates the operation procedure in line with laws and regulations imposed by bank company act, Bangladesh Bank and other regulatory bodies round the year.

Internal Control and Compliance ensures that the bank employees are performing their duties according to the laws, regulations and internal policies for achieving goals of the bank. The Internal Control and Compliance Framework of the bank designed to mitigate risks of the bank. It also provides reasonable assurance of effectiveness against material misstatement of management and financial information or against financial losses and fraud and compliance with the applicable laws and regulations.

ICB Islamic Bank Limited has a strong Internal Control and Compliance Division comprising of three (3) departments; Audit and Inspection Department, ICC Compliance Unit and ICC Monitoring Unit as per ICC guidelines of Bangladesh Bank. The Audit and Inspection department is responsible for periodic and special inspection of all branches and Head Office departments. The Compliance Unit ensures the corrective measures taken by the branches and Head Office department. The Monitoring Unit confirms that the branches and departments are following the instructions for avoiding repetition of the same mistakes.

Information Technology

Technology plays a critical role in the performance of core functions of the bank. The rapid progress in information technology is transforming the way by adapting state-of-art technology platform. For ICB Islamic Bank Limited (ICBIBL), the key to success in such a demanding market situation is to be equipped with a proven and versatile IT solution, which has the capability of defining new products and services, coupled with the ability to access and manage information on a continuous real time basis.

Bangladesh government also has taken IT as a thrust sector. Several initiatives have been taken during last couple of years to make a "Digital Bangladesh". Like other areas, Banking Sector in Bangladesh has also adopted IT as the key business enabler.

In line with the Core Banking Solution (CBS), ICBIBL has successfully introduced various services like Bangladesh Automated Cheque Processing System (BACPS) as well as Bangladesh Electronic Fund Transfer Network (BEFTN), ICBIBL system is also connected with central banks' NPSB (National Payment System of Bangladesh), RTGS (Real Time Gross Settlement), Anti Money laundering transactions online reporting module (GoAML), Bulk Data Upload of IMP/EXP data, Updated Online CIB (credit Information Bureau) reporting, Automation of Bangladesh Bank ISS (Integrated Supervision System) reporting, Automation of Bangladesh Bank's Risk Management Report module as per Bangladesh Bank (Central Bank) guide line. For betterment of customers' services, Bank has expressed and deployed different channels like ATM, POS, Debit Cards, Document Repository, easy Pay, and Transactions Alert through SMS etc services. In order to secure financial transactions, customer data and prevent money laundering, ICBIBL has introduced Sanction Screening and a unique SMS and Mail notification system for SWIFT payment procedures which has reduced cyber attack risk significantly. To make Banking faster, easier, more efficient and even more effective to serve the customers on 24 hours a day, 365 days a year, Bank will soon provide the Internet and Mobile Banking facilities.

A dependable Management Information System (MIS) is essential for efficient management of data and providing the quick information to the management as and when required basis which is used by the bank. Nowadays, in financial sector, especially in the banking sector security is the main concern, to protect from any kind of intrusion for both internal and external threats. In order to meet this objective, we have prepared an ICT Security Policy as per Central Bank guide line which is used by the bank to accelerate in terms of information generation, utilization and applications.

Anti-Money Laundering Department

Money Laundering is done by launderers worldwide to conceal the proceeds earned from criminal activities. Money laundering has a major impact on a country's economy as a whole, impeding the social, economic, political, and cultural development of a society. Both money laundering and terrorist financing can weaken a financial institution, and they are also a threat to a country's overall financial sector reputation. Combating money laundering and terrorist financing is, therefore, a key element in promoting a strong, sound and stable financial sector. The money launderers and terrorist financiers are inventing more and more complicated and sophisticated procedures and using new technology for money laundering and terrorist financing. To address these emerging challenges, the global community has taken various initiatives against ML & TF.

Bangladesh Bank has created a specialized department named Bangladesh Financial Intelligence Unit (BFIU) which has taken several initiatives to prevent money laundering and combat terrorist financing and proliferation of weapons of mass destruction.

Bank's Money Laundering & Terrorist Financing Risk Assessment Guideline is prepared in line with Money Laundering Prevention Act, 2012 by the latest amendment and Anti-Terrorism Act, 2009 (revised 2012 & 2013) of Bangladesh Govt. Circulars and messages are issued regularly from the Head Office recalling the importance of the issue. Training programs on prevention of money laundering are being conducted regularly.

ICB Islamic bank has implemented goAML Software for online reporting of Cash Transaction Report (CTR) & Suspicious Transaction Report (STR). Bank has also implemented Automated Sanction Screening and verification of National ID by using the Database of Election Commission.

Anti Money Laundering Risk Management

ICBIBL has taken preventive measures against money laundering and terrorist financing by following the guidelines of Money Laundering Prevention Act (Amendment) 2012, Anti-Terrorism Act (Amendment) 2012 and circulars issued by Bangladesh Financial Intelligence Unit to mitigate the risk. As per the rules and regulation of BFIU, ICBIBL applies the sensitive Customer Due Diligence (CDD) measures. The activities of AML Department of ICBIBL are mentioned below:

- Update the Money Laundering and Terrorist Financing Risk Assessment guideline according to Bangladesh Financial Intelligence Unit regulations which is approved by the Board of Directors;
- Implemented GoAML Software for CTR and STR reporting and now it is being reported online;
- Implemented Automated Sanction Screening in the branches and Head Office;
- Ensuring regular monitoring, compliance and accountability at Business points of ICBIBL through Chief Anti-Money Laundering Compliance Officer (CAMLCO), Deputy Chief Anti-Money Laundering Compliance Officer (D-CAMLCO) and Branch Anti-Money Laundering Compliance Officer (BAMLCO) of 33 Branches;
- Regularly conducting Training program for prevention of money laundering and terrorist financing in all the branches of ICBIBL;
- Holding the meetings periodically both at Head Office and Branches to ensure compliance with BFIU instruction.

Foreign Remittance

Everyday millions of taka remittance is disbursed to our customers, which we have received from abroad through our foreign remittance service providers. Last year we have started RIA remittance service through our branches around the country. We have been paying remittances by Electronic Fund Transfer covering both account credit service and cash payout in Taka through our branches to the beneficiary customers. Now ICB Islamic Bank Ltd has the drawing/remittance arrangement with Western Union money Transfer, RIA Money Transfer, IME Money Transfer, MESA Financial Service Spain, UAE Exchange Oman, Placid NK Corporation USA.

ICB Bank handles both inward and outward remittances. The outward remittance includes issuing Foreign Demand Draft and Outward Customer Remittance through wire transfer by SWIFT. The Bank's inward remittance covers draft service, account credit service under Electronic Fund Transfer Network (EFTN) arrangement and cash payout service. To facilitate inward foreign remittance in Bangladesh, special focus has been given on establishment of drawing arrangement and also we have introduced a payment solution product termed "ICBI Easy Pay". This product redefines the way individuals and organizations make/receive payments. Based on the Bangladesh Electronic Fund Transfer Network (BEFTN) ICBI Easy Pay allows our clients to pay/remit funds to any branch of any bank in Bangladesh within next 24 hours. Besides BEFTN service, we have started local money transfer to all local banks through Bangladesh Bank Real Time Gross Settlement Service (RTGS). BEFTN and RTGS are faster, safer, simpler and smarter than conventional payment systems.

Foreign Exchange Business

ICB Islamic Bank Ltd. has successfully set and made fully operational the centralized Trade service operation of the Bank. At present, Trade Service Division has centralized Import and Export activities of all Branches through Head Office. Trade Service Division (TSD) is running with a team of dedicated and qualified bankers who are well conversant in International Trade & Foreign Exchange Business. At present, Trade Service Division supports both AD and Non AD Branches of the Bank by opening all forms of LCs, issuing Shipping Guarantees, handling Import Documentary Collections, advising LCs, purchasing or negotiating Local & Foreign Export Documents and handling of Export Documentary Collections.

Capital machinery, Red lentil (Masur dal), Spare parts, Broken Stone, Anchor Bolts, Chocolate, Dry Fish, Fish Meal, Used Vehicle, Conveyor Belt, jet fan, Fуска and others, Parts & Accessories of two wheelers, Parts & Accessories of three wheelers Metals, Double skin cabinet fan, Live plant, Fresh onion, Dyes, Cosmetics, PVC flim black non printed, Green chili, Hand Sprayer Parts for Agricultural Use of trading company and Electrical industries etc, are the major import items handled by the bank.

The ICB Islamic Bank Limited has been facilitating export based industries, such as Garments and other industries to earn a substantial amount of foreign exchange for the country.

Branch Supervision and Operation Department

Branch Supervision and Operations Department consists of three units, viz Account Services, Branch monitoring and Central Clearing. The Department is ensuring the services as per SLA and mitigating the risks of account opening procedure to avoid money laundering activities. It is a centralized department rendering services to all the branches by following local laws and guidelines provided by Bangladesh Financial Intelligence Unit (BFIU) and UN Sanctions. It always alerts the branches to avoid income leakage of the bank. The department coordinates with the branches in all kinds of operations issues.

Consumer Banking

Banks are increasingly focusing on retail customers as more and more people are coming under the formal banking channel. Banks with higher concentration on corporate business are also getting more inclined toward Consumer & SME banking business to diversify their portfolio and reducing risks. As many banks are focusing on Consumer Banking the market is becoming more competitive in terms of price and service. To cope with this highly competitive market ICBIBL repackaged its consumer products like Home & Auto finance with competitive price range and quality service. To make the most popular consumer banking product-Home Finance, more attractive to the customers, ICBIBL is introducing MRTA (mortgage reducing term assurance) which also reduces the repayment risk in case of death of the customer. In 2018, ICBIBL increased its focus on consumer banking business by launching dedicated product specialised Relationship Teams at Head office besides the regular branch channel, which will provide one stop service with low turnaround time to the customers. To support the investment growth, the bank has taken several initiatives to boost the deposit base like establishing dedicated deposit team at Head office and conducting different deposit campaigns throughout the year. These initiatives will continue throughout 2019.

ICBIBL believes the employees are the main driving force behind the success of the Bank. Thus ICBIBL for the 1st time organised Town Hall meetings for employees of Dhaka, Chottogram, Jessore, & Sylhet Zones. In the meeting, the top management shared the overall position & performance of the Bank & the Branches. Branch officials and the top management had open discussion on the current activities and the future action plan of the branches vis-a-vis Bank. To motivate the branch staff, top management also assured reward for the good performers.

Below are details of the consumer products that we are offering:

ICB Manzil (Home) Finance



ICB Manzil (Home) Finance is a shariah compliant investment product offered to consumers for purchase, construction, renovation or extension of existing/new apartment/house including takeover of existing home finance facility from other Banks / Financial Institutions with terms and conditions that better address client's immediate needs and allow repayment on more affordable terms. The facility is offered up to BDT 12,000,000 for maximum 25 years as per eligibility and in line with the regulatory guidelines.

ICB Rahabar (Auto) Finance



ICB Rahabar (Auto) Finance facility is a product offered to consumers for purchase of a brand new, reconditioned or second hand car. The facility is offered for maximum 5 years and up to BDT 4,000,000 as per eligibility. This facility is based on the concept of Diminishing Musharaka under ShirkatulMelk agreement.

ICB Saahib (Personal) Finance



Based on the concept of Bai-Muajjal, ICB Saahib (Personal) Finance facility is offered to meet the small requirements to purchase various consumer products that are permissible under Islamic Shariah and the Law of the country. The maximum finance amount is up to BDT 1,000,000 for 5 years as per eligibility.

Deposit Products

ICB Islamic Bank Limited is offering several deposit products since 2009 with attractive and competitive features and profit rates for all customer segments of Bangladesh.

Al Wadiyah Current Account



It is a current account based on the Islamic contract of Al-Wadiyah and refers to a concluded contract between the owner (depositor) of the goods (the money) and the custodian (Bank) for safe-keeping. The depositor grants the Bank their permission to utilize the money for any purpose permitted by Shariah. The Bank in turn guarantees the value of the deposit thus creating a 'WadiyahYad-Dhamanah' contract.

Foreign Currency (FCY) Account



Resident and Non-Resident Bangladeshis can open a Foreign Currency Account where the denomination is in another currency other than BDT (US Dollar, European Euro, GB Pound).

Mudaraba Savings Account



Mudaraba Saving Account is an account based on the Islamic concept of Al-Mudharabah. It refers to a contract made between a provider of capital (depositor) and an entrepreneur or fund manager (the Bank) to enable the Bank to carry out business ventures within Shariah guidelines. Both parties agree to share profits from the investment according to a mutually agreed ratio.

Mudaraba Senior Citizens Account

Prioritizing the senior citizens of the country, ICB Islamic Bank Limited has come up with Mudaraba Senior Citizens Account with the opportunity to earn higher profit as their savings increases and no limit on transaction.

Mudaraba Extra Savings Account

Mudaraba Extra Savings Account is a tier based savings account that gives the opportunity to earn more profit as the savings increases with no transaction limit.

Mudaraba Non-Executive Account

Bangladesh Bank under the financial inclusion program instructed all schedule Banks to create and offer a savings deposit product with minimum balance requirement for the disadvantageous and illiterate people of the society to bring them under the banking umbrella and their financial security. This account is high profit bearing account based on the Islamic concept of Al-Mudharabah.

Mudaraba Future Leader Account

Future Leader Account is a savings account for College and University students based on the Islamic concept of Al-Mudharabah

Mudaraba School Banking

School Banking Account is a savings account for young savers based on the Islamic concept of Al-Mudharabah. It is a minor account to be operated by the guardian until the account holder (minor) becomes major.

Al-Muquafah Executive Account



Al-Muquafah Executive Account is a Salary account offered to salaried executives of corporate bodies of the country which have salary account relationship/MOU with ICB Islamic Bank Limited and under the MOU, the employees can also avail investment facilities at a discounted profit rate and service charges.

Mudaraba Super Savers Account

Mudaraba Super Savers Account is designed for retaining the frozen funds of the ICIBL customers. This account is high profit bearing account based on the Islamic concept of Al-Mudharabah. As a special attraction, the customers will be entitled to receive extra bonus (Hiba) amount with the profit received if they maintain the required average balance.

Mudaraba Term Deposit



Mudaraba Term Deposit Account is a non-transactional term deposit account that customers can open for a long term to earn higher profit on their deposit. Minimum amount required to open the account is BDT 10,000 and Tenure: 1 month, 3 months, 6 months, 1 year, 2 years and 3 years.

Mudaraba Corporate Term Deposit

Mudaraba Corporate Term Deposit is a non-transactional term deposit account offered only to different corporate bodies. It has a profit rate higher than the regular Mudaraba Term Deposits and it constitutes a significant portion in the Deposit Portfolio.

Mudaraba Monthly Profit Term Deposit

Mudaraba Monthly Profit Account is a non-transactional term deposit account that a customer maintains for earning profit on a monthly basis. It is offered at different tenors (6 months, 1 year and 2 years).

Mudaraba Insta Profit Term Deposit

In this term deposit, the customer receives profit on balance in advance. The customer can use the profit immediately and keep the investment intact till the maturity. This is an attractive and smart Plan for customers; since depositors gets the profit upfront, they can reinvest it by opening another term deposit for a tenor of 3 months, 6 months and 1 year.

Mudaraba Provident Funds of Banks and other Organization

It is a non-transactional term deposit account offered to various corporate bodies to maintain their Provident Funds and monetary End Service Benefits with ICB Islamic Bank Limited to earn profit on deposits for the benefit of the organization employees only.

Mudaraba Value plus Term Deposit

This Mudaraba Term Deposit account is designed to retain the frozen depositors of ICB Islamic Bank Limited. On opening this account, frozen deposit customers will get instant Hibah (Gift). This Hibah amount will be credited to the customer's linked account. Not only this, the customer receives attractive profit rate at maturity. This account is a high profit bearing account based on the Islamic concept of Al-Mudharabah (profit sharing).

Mudaraba Savings Plans



ICB Islamic Bank offers different types of monthly savings plan such as Children Savings Plan, Hajj Savings Plan, Home Savings Plan, Gradual Savings Plan with tenor of 3 years and 5 years.

SME Banking

Inclusive finance has become a strong force for a change towards sustainable development. SME financing is a major way of achieving sustainability. Keeping this in mind the bank has strongly focused on SME business. The Bank has a comprehensive suite of products on the shelf to meet the requirement of SME customers and a team of well trained Relationship Managers are deployed in Branches for exclusive one stop service to the SME customers.

We are also developing new products for SME customers to meet their changing needs. For ensuring quality service, we ensured faster processing of investment proposals and disbursement.

Corporate Banking

ICB Islamic bank is focusing to build and maintain long-term mutually beneficial relationship with the corporate clients, and being a part of their journey towards development and growth. We are offering wide range of corporate products & services including flexible & structured financial, advisory & operational support to meet the diverse financial needs of growing corporate sector of the country. Our wide range of products includes various funded and non-funded facilities to assist manufacturers, traders and service industries as follows:

- Working Capital Finance
- Industrial & Project Finance
- Trade Finance
- Lease Finance etc.

Cash Management Wing

In today's competitive financial environment, effective cash management has become a critical success factor. Corporations presently find themselves in an increasingly competitive local, regional and global marketplace. Businesses have to focus on staying profitable while managing heightened credit risk and narrowing margins. Keeping in view the challenges of our business environment, ICB Islamic Bank is putting its efforts for developing a range of Cash Management products and solutions that accelerate inflows, maximize liquidity, reduce credit risks, automate payments and strengthen reconciliation. At ICIBL we strive for proposing the target market with value added products & services and attempt for offering end to end solutions that optimize cash flows, reduce operating costs and lead towards an enhanced interest income.

We endeavor for offering industry competitive solutions in keeping with the Bank's strategic vision. Our Cash Management services include local payments, collections, information management, account services, liquidity management and investment services for both corporate and institutional clients.

Strategies and initiatives

In 2019, as part of our strategy for increasing business, we have introduced Head office based business teams for both deposit and asset. We have separate asset teams for retail and SME specialized in specific products to ensure excellent end to end customer experience.

To support our business teams we are going to introduce innovative deposit and asset products aligned with the market demand.

As in 2019, we will continue initiating deposit and investment campaigns where both staff and existing clients had the opportunity to participate. We have a running "Frozen Deposit Campaign" to encourage the frozen depositors to retain their deposits at a higher profit rate as well as an instant gift (Hiba).

For promotion of our products, we are working on establishing alliance with different organizations. We are also participating different fairs and other promotional programs to support our business teams.

The business channel has been strengthened with several recruitments on the business end and back office to assist the branches for achieving the branch target, proper borrower selection at the initial stage, faster preparation of business proposal and negotiate with IRM to create SME sustainable portfolio of branches as well as increase the business portfolio.

Training & development is a continuous process to ensure the Quality Human resources for the Bank. Considering this several training programmes are organized at the Banks Training Center.

The Training Center arranged "Foundation course" for the new joiners in the bank. They also arranged training program on "Sales techniques" and "Investment" for the Branch Managers and Relationship Managers. The center will be conducting similar kind of training programs round the year in 2019.

ICB Islamic Bank pays 98 percent of its Frozen Account Holders Money

As per the permission from Bangladesh Bank, ICB Islamic Bank has paid 98 percent account holders of frozen deposit accounts, which will help in building confidence among the customers of ICIBL. ICB Islamic Bank wants to create a modern, efficient and profitable bank and to build it to become one of the premier banks in the country. The support of the local shareholders as well as other stakeholders of the Bank, including customers, employees, the authorities especially Bangladesh Bank are crucial at this stage for ICIBL.

Administration & Property Department

Administration & Property Department (APD) plays a vital role for smooth functioning of ICB Islamic Bank Ltd. It provides all sorts of logistic support to branches and other departments of Head Office. APD assists the top management to make proper decisions for purchasing equipments, machinery, & vehicles and installation of CCTV etc by assessing the actual requirement. Also regular survey on the market regarding procurement or disposal is conducted with high efficiency.

To comply with Bangladesh Bank's rules & regulations, APD conducts hard negotiations with landlords of Head Office and branches for reducing rent before signing lease agreement, renewal of lease agreement, shifting to new location & opening of new branches. Apart from this, printing of all stationary items & security articles, identity cards & business cards and mobile SIM are issued from the APD.

In addition to the above any trouble shooting at the branches or Head Office premises like electric problems, non-functioning of ACs, CCTV & other equipments, land phone operation via PABX are perused by APD.

To reduce maintenance expenditure of old vehicles, 13 vehicles were sold through auction. Presently, ICB Islamic Bank has 30 vehicles which are 8 to 15 years old. Fitness and Tax Token are renewed on annual basis. Same policy is applicable for guns license and trade license.

APD also deals with obtaining insurance coverage on Cash-in-Vault, Cash-on-Counter, Cash-in-Transit and Fire policy on fixed assets of all branches. To increase alternative income of bank, spaces of non banking assets like Bishal Centre, Kushal Centre & Tongi Tobacco Industry are rented to potential tenants for a limited period.

Green Banking

Since we have one world and one chance to protect it, ICB Islamic Bank makes continuous efforts to contribute its best to the environment. ICBIBL believes in improving social awareness in reducing the wastes, reusing the resources, recycling the processes and so on. ICB Islamic Bank has adopted a comprehensive policy on Green Banking. The policy includes the in-house green banking practices for reduction of use of water, electricity, paper etc. ICBIBL has also adopted the Environment Risk Management Guidelines in line with the requirements of the Central Bank and the industry best practices. ICB Islamic Bank has set its green banking slogan as "Reduce, Reuse and Recycle". ICBIBL's green banking efforts include full-fledged online banking, data repository, email correspondences. The prospect includes internet/mobile banking in order to make paper less communication with customers, creating awareness among the different level of stakeholders as well as mass population.

Training & Foundation Course



This year ICBIBL management re-organized its training centre at 2nd floor of New Market Branch & training courses were conducted e.g. Foundation Course, Investment Management course. A Five day long Foundation Course for newly joined Customer Service Officers conducted from 9th Dec to 13th Dec. 2019. Where 23 nos. of CSOs from different branches including outside Dhaka participated. Two day long "Investment Management" Training course conducted from 11th to 12th January 2019 Wherein 28 Branch Managers, 08 IRM HO Officials, 29 nos. of newly recruited & existing Asset sales officers participated in the program. Two senior level experienced outsource trainers from different banks conducted the program including our senior management. After successful completion of those trainings, certificates were awarded to the participants.

ICB Islamic Bank & Central Shariah Board Holds Workshop on Islamic Banking



A day-long workshop on Islamic Banking was organized jointly by ICB Islamic Bank Limited and Central Shariah Board for Islamic Banks of Bangladesh (CSBIB) exclusively for the officers and executives of the Bank on 30th June 2018 at ICB Islamic Bank Training Center, New Market Dhaka. The inauguration ceremony was presided over by Mohammad Abdullah Sharif, Secretary General of CSBIB (Central Shariah Board for Islamic Banks of Bangladesh). Mr. Muhammad Shafiq Bin Abdullah, Managing Director and CEO of the Bank blessed the occasion as special guest and Muhammad Farid Uddin Ahmed, Chairman of Shariah Supervisory Committee was present there as chief guest. Mr. AKM Mizanur Rahman SVP, Islamic Banking Division, Bank Asia Limited, Mr. Md. Shamsuddoha SVP, Islami Bank Bangladesh Limited, Mr. Md. Abdul Awal Sarkar GM, Bangladesh Bank were present there as trainers. 40 Officers and executives of the Bank participated in the workshop. The workshop ended with a certificate awarding ceremony.

Suppliers

ICBIBL believes that suppliers play a considerable role in sustaining its business, and so honors its commitments to suppliers. The Bank duly deducts requisite taxes from all the eligible suppliers' bill at prescribed rate and deposits to government exchequer timely.

Creditors

ICBIBL recognizes its contractual responsibility and obligations. It honors investment conditions and agreements made with creditors and depositors.

Board and Audit Committee

The Board of Directors of ICBIBL met for seven (7) meetings including one Special meeting during the year 2018 and issued specific directions in conducting the affairs of ICBIBL. On the other hand, the Audit Committee of the Board of Directors had five (5) meetings and gave valuable directions on various issues during the period under review.

Retirement and Re-election of Director

In accordance with regulation 79 & 80 of Schedule-I of the Companies Act, 1994 and Articles 81 and 82 of the Articles of Association of ICB Islamic Bank Limited, the following Directors will retire in the 32nd Annual General Meeting:

Datuk Mohd. Nasir Bin Ali

Mr. Sivagukan Thambirajah

Accordingly both of them are eligible for re-election. Shareholders may re-elect them as Directors on the Board.

Corporate Governance

ICBIBL has complied with the Bangladesh Securities and Exchange Commission notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 for ensuring corporate governance. The Compliance Status of the ICB Islamic Bank Limited as per proforma given under condition no. 9 of the above notification has been presented in Corporate Governance Chapter of this report for information of all concerned.

Acknowledgement

I would like to thank my Board colleagues for their continued support and on their behalf to express my thanks to the ICB Islamic Bank team. We acknowledge the exceptional efforts of our employees who worked in partnership to meet many challenges of a difficult year. They were called upon to embrace some major challenges while at the same time maintain the highest standards of service to our clients.

The Board would also like to express deep sense of gratitude and extend their thanks to all the valued customers, depositors, vendors, patrons, shareholders and well-wishers for their continued support and cooperation in quest for excellence without which the Bank would not be able to reach its present position.

The Board sincerely thanks M/s. Nurul Faruk Hasan & Co, Chartered Accountants for carrying out the external audit professionally and advising us on various compliance issues relating to International Accounting Standard and Bangladesh Accounting Standard. The continuous acclamation of our presented financial statements at home and abroad is the testimony of such compliance. The timely issuance of their report has helped us to present the Annual Report - 2018 as per schedule.

The members of the Board are indebted to the Ministry of Finance, Bangladesh Bank, Bangladesh Securities & Exchange Commission, Stock Exchange, Central Depository Bangladesh Limited, Board of Investment and other Government Agencies for providing necessary guidance, support and co-operation to the Bank.

In conclusion, the Board would also like to express its appreciation to every staff member of ICB Islamic Bank Limited for their sincere and hard work in implementing the revised strategies adopted to commensurate with the changes of competitive atmosphere of the banking business. The Board believes that sound professionalism and commitment of the staff shall increase the level of productivity of the Bank and will have a positive impact on its value.

Ma'assalam,

On behalf of the Board of Directors



Datuk Mohd. Nasir Bin Ali
Chairman

Dhaka
30 April 2019

Corporate Governance

Fairness, Transparency, Accountability and Responsibility are the minimum standard of acceptable corporate behavior today. At ICB Islamic Bank Limited, corporate governance means increasing the shareholders' value by being proficient, translucent, professional and accountable to the organization, society and the environment.

Board of Directors

The number of Board member is five (5) as per the Bangladesh Bank and Bangladesh Securities & Exchange Commission guidelines. The Board members include persons of high caliber with academic and professional qualification in the field of business and professionals. This gives strength to the Board to carry out its duties and responsibilities effectively. The Board reviews the policies and manuals of the various segments of businesses in order to establish effective risk management in credit and other key areas of operations. The Board approves the Bank's budget and business plan and reviews those on monthly basis so as to give directions as per changing economic and market environment. The Board and the Executive Committee reviews the policies and guidelines issued by Bangladesh Bank regarding credit and other operations of the banking industry. The management operates within the policies, manuals and limits approved by the Board.

The Board of Directors of the Bank as of 31 December 2018 comprised the following Directors:

1.	Datuk Mohd. Nasir Bin Ali	Chairman
2.	Mr. Md. Fariduddin Ahmed	Independent Director
3.	Mr. Tee Kim Chan	Director
4.	Ms. Hashimah Binti Ismail	Director
5.	Ms. Lee Ooi Kim	Director
6.	Mr. Sivagukan Thambirajah	Director

Independent Director and Affirmation of Independence

As part of good governance in the organization, participation of independent opinion in the Board is considered as an important instrument. Independent directors in the Board exert an independent view on the policies and decisions of the Board and ensure that the policies and decisions are for the best interest of the whole Bank. ICB Islamic Bank has 01 (one) independent director on the Board. Another Independent Director will be appointed. The Independent Director is the Chairman of the Audit Committee and Risk Management Committee.

As per the Circular No. BSEC/CMMRRCD/2006-158/207/Admin/80 dated 03 June 2018, issued by the BSEC, the elected directors of the Board of ICB Islamic Bank Limited appointed an 'Independent Director' so that the Board includes core competencies considered relevant in the context of the company. The Board of Directors appointed one (1) Independent Director while the total number of Directors is five (5) and the Board continued with one (1) Independent Director taking the nearest number to count one-fifth.

As per the Bank Companies Act, 1991 (amended till 2018) clause no. 15(9), the Board will soon appoint another Independent Director.

The Board of ICB Islamic Bank Limited affirms that the 'Independent Director' appointed by the Board is in compliance with the clauses of Corporate Governance Guidelines issued by the BSEC on 'Independent Director'.

Role and Responsibilities of the Board

The Board is committed to the Company to achieve superior financial performance and long term prosperity, while meeting stakeholders' expectations of sound corporate governance practices. The Board determines the corporate governance arrangements for the Company. As with all its business activities, the Board is proactive in respect of corporate governance and puts in place those arrangements which it considers are in the best interest of the Company and its shareholders, and consistent with its responsibilities to other stakeholders.

The Board duly complies with the guidelines issued by Bangladesh Bank regarding the responsibility and accountability of the Board, its Chairman and Managing Director & CEO, vide BRPD circular no. 11 and 18 dated 27.10.2013 respectively.

The Board of Directors is in full control of the Company's affairs and is also fully accountable to the shareholders. They firmly believe that the success of the Company largely depends on the credible corporate governance practices adopted by the Company. Taking this into consideration, the Board of Directors of ICB Islamic Bank Limited set out its strategic focus and oversees the business and related affairs of the Company. The Board also formulates the strategic objectives and policy framework for the Company. In discharging the above responsibilities, the Board carried out, inter alia, the following functions as per the charter of the Board and Bangladesh Bank's BRPD circular no 11 dated 27.10.2013:

Shareholders	Stakeholders Responsibilities Reserved to the Board
	Approval of business strategy and vision in line with efforts to drive shareholder value creation;
	Approval of business plans, assuring that sufficient resources are available to implement strategy and monitoring of the implementation of strategy;
	Approval and monitoring of major investments or divestitures and strategic commitments;
	Determination of capital structure and dividend policy;
	Approval and monitoring of financial reporting;
	Oversight of risk management, internal control and compliance systems as per Bangladesh Bank's 'Core Risk Guideline';
	Recommendation for appointment or removal of external auditors and determination of the remuneration and terms of appointment of the auditors;
	Oversight of shareholder reporting and communications;
	Approval of annual budgets including major capital expenditure proposals;
	Regular review of financial performance and overdue situation;
	Monitoring the adequacy, appropriateness and operation of internal control;
	Ensure that technology and information systems used in the organization are sufficient to operate the organization effectively and maintain competitiveness;
Customers	Benchmarking the delivery of value to customers, clients and partners;
Employees	Review and approval of MD & CEO and Senior Management Teams contractual arrangements, remuneration and benefits;
	Oversight of succession planning for the MD & CEO, Senior Management Team and such other executives as the Board may determine;
Community	Oversight of the management of social, economic and environmental concerns consistent with the delivery of sustainable outcomes for stakeholders and achievement of the Company's Incident & Injury Free vision;
	Reinforcement of reputation, brand and community relations;
	Review of the size and composition of the Board;
Directors	Director's nomination, selection, removal, succession planning and remuneration; and
	Review of Board performance;

The Chairman of the Board is elected to the office of Chairman by the Directors. The Board considers that the Chairman is independent. He provides leadership to the company's Board and Executives. The Chair of the Board ensures that the company's duties to shareholders are being fulfilled by acting as a link between the Board and upper management.

Director's Meeting & Attendance

The Board of Directors as nominated by ICB Financial Group Holding A.G. under 'The Oriental Bank Limited (Reconstruction) Scheme – 2007' holds meeting on regular basis. At each meeting, the management provides information, reference and detailed working papers to all Directors. During the year 2018 a total of seven (7) Board meetings held (including one special meeting). The attendance in the Board meeting by each Director is shown below:

SI No.	Name of Directors	Position	Total Meetings	Meetings Attended
1.	Datuk Mohd. Nasir Bin Ali	Chairman	7	7
2.	Mr. Md. Fariduddin Ahmed	Independent Director	7	7
3.	Mr. Tee Kim Chan (re-appointed on April 2018)	Director	6	1
4.	Ms. Hashimah Binti Ismail	Director	7	7
5.	Ms. Lee Ooi Kim	Director	7	1
6.	Mr. Sivagukan Thambirajah	Director	7	7
7.	Mr. Muhammad Shafiq Bin Abdullah	Managing Director & CEO	7	7

The Directors who could not attend meeting were granted leave of absence by the Board.

Code of Conduct for the Board Members

The Board of Directors of ICB Islamic Bank Limited adopted the following Code of Conduct for Members of the Board to provide guidance to directors to carry out their duties in an honest, responsible and businesslike manner and within the scope of their authority, as set forth in the laws of the country as well as in the Memorandum and Article of Association of the company. Members are expected to comply with the following standards to enhance and maintain the reputation of the Company:

- The Members shall act honestly, in good faith and in the best interests of the shareholders and the company;
- The members shall not make improper use of information acquired as a director;
- The members shall not take improper advantage of the position of a director;

- The members will be obligated to be independent in judgment and actions and take all reasonable steps to be satisfied as to the soundness of decision taken by the Board of Directors;
- Confidential information acquired by the members in the course of exercise of directorial duties shall remain the property of the company and it will be improper to disclose or allow it to be disclosed, unless that disclosure has been authorized by the company, or the person from whom the information has been received;
- Members shall make every effort to attend all Board and Committee Meetings during their tenure. They will not absent themselves without good reasons or confirming leave of absence;
- To maximize effectiveness of the Board, Committee Meetings, contribution of individual director shall be monitored and appraised on an annual basis;
- Board members having interest of any nature in the agenda of the meeting, shall declare beforehand the nature of their interest and withdraw from the room, unless they have a dispensation to speak;
- Training opportunities /orientation/ workshops will be arranged for the members (especially for the newly inducted members) to make them acquainted with the international best practices, their fiduciary obligations, Code of Conduct etc.;
- Members shall always maintain 'Fit and Proper Test Criteria' clean CIB status and other obligations declared by Primary and other Regulators;
- Members shall be judicious about their entitlement of benefit/Privileges as per Banking Companies Act-1991 (amended till 2018), Circulars issued by Bangladesh Bank and shall be willing to produce supporting documents, if required;
- Every Director will assure annually signing a confirmation that they have gone through, have complied with and will continue to comply with the set of codes approved by the Board of Directors;

Role and Responsibilities of the Chairman is defined by the Board

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

The role and responsibilities of the Chairman of the Board is defined and set by the Board.

Role of the Chairman

The Chairman's primary role is to ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy. The Chairman is appointed by the Board. The main features of the role of the Chairman of ICBIL are as follows:

- providing leadership to the Board;
- taking responsibility for the Board's composition and development;
- ensuring proper information for the Board;
- planning and conducting Board meetings effectively;
- getting all directors involved in the Board's work;
- ensuring the Board's focuses on its key tasks;
- engaging the Board in assessing and improving its performance;
- overseeing the induction and development of directors;
- supporting the Managing Director & CEO;

Responsibilities of the Chairman:

The Chairman of the Board shall be responsible for the management, the development and the effective performance of the Board of Directors, and provides leadership to the Board for all aspects of the Board's work. The Chairman is responsible for leadership of the Board. In particular, he will:

- Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance;
- Ensure effective communication with shareholders, host governments and other relevant constituencies and that the views of these groups are understood by the Board;
- Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making;
- Ensure that all Board committees are properly established, composed and operated;
- Support the Managing Director & CEO in the development of strategy and, more broadly, to support and advise the Managing Director & CEO;
- Ensure an effective relationship among directors, acting as the principal conduit for communications and issues relating to business strategy, planned acquisitions and corporate governance;
- Establish a harmonious and open relationship with the Managing Director & CEO;
- Ensure that Board committees are properly structured and all corporate governance matters are fully addressed; and
- Encourage active engagement by all the members of the Board;

Chairman of the Board and Managing Director & CEO of the Company is different individuals

The Chairman of the Board is not the Chief Executive of the Company. The Chairman and the Managing Director & CEO are different individuals. The Role of the Chairman and the Managing Director & CEO are independent and separate.

Role of the Managing Director & CEO

The Managing Director & CEO is responsible for leading the development and execution of the Company's long term strategy with a view to creating shareholders value. The Managing Director & CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term plans.

The Managing Director & CEO acts as a direct liaison between the Board and Management of the Company and communicates to the Board on behalf of the management. The Managing Director & CEO also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

As Leader

- Advises the Board;
- Advocates / promotes organization; and
- Supports motivation of employees in organization.

As Visionary/Information Bearer

- Ensures staff and Board have sufficient and up to-date information;
- Looks to the future for change opportunities;
- Interfaces between Board and employees;
- Interfaces between organization and community;

As Decision Maker

- Formulates policies and planning recommendations to the Board;
- Decides or guides courses of action in operations.

As Manager

- Oversees operations of organization;
- Implements plans;
- Manages human resources of organization;
- Manages financial and physical resources;

Responsibilities of the Managing Director & CEO:

The Managing Director & CEO is responsible for leadership of the business and managing it within the authorities delegated by the Board. In particular, he will:

- Develop strategy proposals for recommendation to the Board and ensure that agreed strategies are reflected in the business;
- Develop annual plans, consistent with agreed strategies, for presentation to the Board for support;
- Plan human resourcing to ensure that the Company has the capabilities and resources required to achieve its plans;
- Develop an organizational structure and establish processes and systems to ensure the efficient organization of resources;
- Be responsible to the Board for the performance of the business consistent with agreed plans, strategies and policies;
- Lead the executive team, including the development of performance contracts and appraisals;
- Ensure that financial result, business strategies and, where appropriate, targets and milestones are communicated to the investment community;
- Develop and promote effective communication with shareholders and other relevant constituencies;
- Ensure that business performance is consistent with the Business Principles;
- Ensure that robust management succession and management development plans are in place;
- Develop processes and structures to ensure that capital investment proposals are reviewed thoroughly, that associated risks are identified and appropriate steps taken to manage the risks;
- Develop and maintain an effective framework of internal controls over risk in relation to all business activities including the Group's trading activities;
- Ensure that the flow of information to the Board is accurate, timely and clear;

Appraisal of the Managing Director & CEO

At the beginning of each year the Board discusses with the Managing Director & CEO and sets financial and non financial goals. The annual financial budget and job objectives are discussed, reviewed and finalized by the Board at the start of the financial year. The business and financial targets are evaluated in each quarter with actual achievements by the Board. The non financial achievements are also reviewed by the Board in each quarter. Moreover, a yearly assessment and evaluation of the achievements of pre agreed targets are made at the close of the year along with the deviations, and reasons of deviations.

Delegation of power

The Board has delegated appropriate finance and business power to the Management as per guidelines of the Bangladesh Bank. In order to have proper functioning and quick disposal of credit proposal, the Board has delegated authority to the Executive Committee of the Board to approve proposal within certain limit. The delegation has supported the operation in positive manner.

Committees of the Board

The Board has four (4) standing committees; Executive Committee, Audit Committee, Risk Management Committee, and Nomination and Remuneration Committee. These Committees are functioning within the clear Terms of Reference (TOR). The Company Secretary act as the Secretary to each Committee.

Executive Committee

As approved by Bangladesh Bank, the Board has Executive Committee (EXCO) and the numbers of members of the Committee are three including Managing Director & CEO. The establishment of the EXCO is provided for under clauses 72 & 73 of the Bank's Memorandum and Articles of Association. In compliance with the BRPD circular No 11 dated 27 October 2013, the Board of Directors of ICB Islamic Bank Limited has reconstituted its Executive Committee with the following members:

Sl No.	Name of Members	Positions in the EXCO
1.	Datuk Mohd. Nasir Bin Ali	Chairman
2.	Ms. Lee Ooi Kim	Member
3.	Mr. Muhammad Shafiq Bin Abdullah	Managing Director & CEO

Since the current size of the Board of ICB Islamic Bank Limited (six members) is slim enough to hold meetings on a regular basis, there were not so many urgent issues for Executive Committee to deal with during 2018. Therefore, there was no Executive Committee meeting held during the period of 2018.

Audit Committee

In compliance with the directive of BRPD Circular No-11 dated October 27, 2013 of Bangladesh Bank and the Notification of Bangladesh Securities and Exchange Commission No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 the Board constituted an Audit Committee. The Audit Committee examines the status of implementation of the Bank's policies and manuals, Bangladesh Bank's guidelines. The Internal Audit team of the Bank undertakes various special audits as per advice of the Audit Committee. The Audit Committee meets with the External Auditors to discuss audit plan, the risk management processes of the Bank. They also discuss the preparation of the financial statements of the Bank as per Bangladesh Accounting Standards (BAS) and International Accounting Standards (IAS).

Audit Committee Meeting & Attendance 2018

Name of the Director	Position	Total Meetings	Total Attendance
Mr. Md . Fariduddin Ahmed, Independent Director	Chairman	5	5
Ms. Hashimah Binti Ismail, Director	Member	5	5
Mr. Sivagukan Thambirajah, Director	Member	5	5
Mr. Muhammad Shafiq Bin Abdullah, MD & CEO	Ex-Officio Member	5	5

Risk Management Committee

The Board has Risk Management Committee and the number of members of the Committee is four including Managing Director & CEO. In compliance with the BRPD circular No 11 dated 27 October 2013, the Board of Directors of ICB Islamic Bank Limited has constituted its Risk Management Committee.

Nomination and Remuneration Committee

The Board has constituted the Nomination and Remuneration Committee and the number of members of the Committee is four including Managing Director & CEO.

Roles and the responsibilities of the NRC

The roles and the responsibilities of the NRC of ICBIBL are as follow:

- Approve and oversee administration of the Company's Compensation Policy;
- Review and approve specific compensation matters for the key executives;
- Review, as appropriate, any changes to compensation matters for the officers listed above with the Board;

Name of the Director	Position
Mr. Md . Fariduddin Ahmed, Independent Director	Chairman
Ms. Hashimah Binti Ismail, Director	Member
Mr. Sivagukan Thambirajah, Director	Member
Mr. Muhammad Shafiq Bin Abdullah, Managing Director & CEO	Ex-Officio Member

- Review and monitor all human-resource related performance and compliance activities and reports, including the performance management system;
- They also ensure that benefit-related performance measures are properly used by the management of the organization;

Besides, the Bank is consistently pursuing the governance principles as stated below:

- The Bank attaches high priority on timely submission of the statutory reports i.e. Half-yearly Statement of Accounts and Annual Accounts in detail enabling the existing and potential shareholders to make a fair assessment on the Bank's overall performance. In order to give more insight to our shareholders the numbers of disclosures are made in the Annual Report regarding risk management, capital adequacy, corporate governance etc. of the Bank;

- The Board continues to ensure strict compliance of rules and regulations of the Securities and Exchange Commission and Bangladesh Bank;
- The Bank also strictly adheres to regulatory requirements of submission of financial statements in time. The financial statements are published in two national dailies and given in web site of the Bank (www.icbislamic-bd.com);
- The members of the Board are always encouraged to attend seminar and symposium regarding corporate governance and corporate social responsibility;
- The Board encourages active participation of the shareholders in the Annual General Meeting. The suggestions of the shareholders are given due recognition;

Benefit provided to Directors and Managing Director & CEO

As per Bangladesh Bank BRPD Circular No.18 dated 27 October 2013, banks in Bangladesh can provide only the following facilities to the Directors:

- The Chairman of the Board of Directors may be provided car, telephone, office chamber and private secretary;
- In addition to the above, Directors including the 'Independent Director' are entitled to fees and other benefits for attending the Board, Executive Committee, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Shari'ah Supervisory Committee Meetings;
- Managing Director & CEO is paid salaries and allowances as per approval of the Board and the Bangladesh Bank;

Management

The Management team of ICB Islamic Bank Limited is headed by the Managing Director & CEO, Mr. Muhammad Shafiq Bin Abdullah. Several management committees have been formed to handle the banking operation and identify and manage risk. The committees are MANCOM, ALCO and Local Investment Committee. The Managing Director & CEO leads the Committees. As per Bangladesh Bank's instruction, 'Basel-II Implementation Committee' has been formed which is responsible for proper implementation of Basel-II capital adequacy guidelines in the Bank.

Regulation and Supervision

ICB Islamic Bank Limited is governed by Bangladesh Bank's rules and regulation on various issues of banking operation. The Bank Company Act 1991 (amended till 2018) and various circulars issued by Bangladesh Bank forms the basis of supervision. Various requirements and controls are imposed covering inter-alia capital adequacy, depositors' protection, risk management, market and liquidity, anti money laundering compliance, prudential guidelines on financing, reporting standard etc. They also undertake comprehensive and special audit of the Bank. Bangladesh Bank regularly meets with senior executives of the Bank, discusses issues regarding adherence to the standards and guidelines by the Bank.

Audit by Bangladesh Bank

Bangladesh Bank also conducted comprehensive inspection on Head Office and branches of the Bank during 2018. They have also audited our Treasury Operation and IT Risk Management processes. The reports are reviewed by the Board and its Audit Committee. The Bank gives utmost importance to the inspection report and corrective actions are taken regarding the inadequacies or lapses mentioned in the report.

IT Audit and Security

Information system is the means of support of any large business. Computer systems do not merely record business transactions, but actually drive the key business processes of the enterprise. In such a scenario, senior management and business managers do have concerns about information systems; primary concern is Information security. Information Security protects information from a wide range of threats in order to ensure business continuity, minimize business damage, and maximize return on investment. Information security system is built on the following needs :

Accessibility	:	The system should be able to provide accurate data and information on time and whenever required. The system should be protected against all type of losses and disasters;
Confidentiality	:	To maintain adequate control on the users and uses of the data to maintain secrecy;
Reliability	:	Information provided by the system should be always accurate, reliable and timely. There should be check and balances for stopping any unauthorized modification to the data or software.

Information Systems audit is a part of the overall audit process, which is one of the facilitators for good corporate governance. IT audit is basically the process of collecting and evaluating evidence to determine whether a computer system safeguards assets, maintains data integrity, achieves organizational goals effectively and consumes resources efficiently.

ICB Islamic Bank Limited is fully dependent on information technology for its smooth operation and to provide customer services. Information and information system controls in an IT driven environment suffer from significant inherent risks such as data loss, corruption of data, risk of unauthorized access to and modification to data in electronic form, risk of logical access to instruction sets, data files and critical systems settings etc.

Internal IT Audit provides an objective means of reviewing the risks faced by the bank in relation to use of information technology and assess whether they are being controlled/mitigated in an effective and efficient manner; provide an assessment of the Bank's IT control against "Guideline on ICT for Scheduled Banks and Financial Institutions" of Bangladesh Bank.

Internal Control and Compliance

Internal Control contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Effective internal control, no matter how well designed, has intrinsic precincts including the possibility of the circumvention or overriding of controls and therefore can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control effectiveness may vary over the time.

Modern bank management and supervision mainly focus on risk factors in banking. ICB Islamic Bank Limited has taken all efforts to mitigate all sorts of risk as per guidelines issued by Bangladesh Bank. As a part of robust risk management process, the Bank has formulated a comprehensive Credit Risk Management Policy to address credit risk. To mitigate operational risk, money laundering and terrorist financing risk, circumvention or overriding the internal control procedure Internal Control & Compliance Departments are carrying out regular audit and inspection of the functions of the branches. Deficiencies/lapses/irregularities detected by these audit and inspection are rectified/regularized by the concerned branches at the earliest and compliance reports are being submitted to Head Office. The Bank prepared the Risk Assessment Matrix of various banking functions and incorporated the same in Departmental Control Function Checklist (DCFCL). The branches and divisions of Head Office are following the DCFCL attaching due importance to high risk and medium risk functions. The Bank also prepared Internal Control and Compliance Manual to strengthen internal control function.

Corporate Social Responsibility

There is increasing recognition by the Corporate that 'Corporate Social Responsibility' (CSR) can be a key differential element and means for achieving greater sustainability, delivering sustainable profit growth for long-term benefits of our shareholders, building sustainable customer relationships and demonstrating to stakeholders that our business contributes to the environment, social and economic well being of the world at large. ICB Islamic Bank Limited supports the concept of "Triple Bottom Line" which focuses on:

- Better economic performance
- Superior social live out
- Excellent ecological practice

In respect of CSR, ICB Islamic Bank Limited has focused on following specific key areas of:

- Nation building
- Augmentation of market position
- Sponsorship of the work place
- Prop up to the community
- Fortification of environment

Nation Building

The finest way to shore up the country is to do something better in the area of operation. ICIBL constantly showed sturdy performance which has helped the control of the banking sector. The local and international recognition of the published accounts has helped to establish integrity of the country's financial system. ICIBL will continue to play the key role in this regard. Retail and SME financing have become keys to economic growth of the country and without opening up of the financial sector to semi urban and rural areas, the projected growth of 7.6 percent will not be achievable. ICIBL has given strong focus in these areas which are evident from the growth rate achieved during the year. Public service has still to achieve a desirable level and as such emphasis is also given on infrastructure development which includes financing for communication, telecommunication, bridge, road & highways etc. This will have positive impact in national growth.

Supplier payment policy

ICIBL always adheres to well set payment policies for all suppliers and explains them in details about the payment method and system and reviews process before providing work order. Bills are paid according to the payment terms and VAT and other withholding taxes are deducted from bills as per law. As of date there is no legal case filed by the Bank or filed against the Bank by any supplier.

Contribution to National Exchequer

ICIBL has contributed significantly to the government effort in collection of revenue. As per law, the Bank deducts at sources income taxes, VAT and excise duty from various payments and services and deposits the same to government exchequer. Besides, the Bank also pays income tax on its earnings.

Capacity Development in the Banking and Financial Sector

ICIBL believes that professional development of the people working in the banking and financial sector will greatly help to mitigate various risk elements involved in banking transactions. With that aim in view, the Bank took some exclusive initiatives which were appreciated by the participants.

During the year 2018, the Head Office of ICIBL arranged discussion meetings and held formal and informal discussions on various Shariah issues. Members of Shariah Supervisory Committee, prominent thinkers on Islamic principles and customers participated in the discussion meeting.

ICIBL encourages the participation of graduates in the business processes of the Bank through its internship program. This program of the Bank allows fresh and meritorious graduates from Business Schools and Universities to get practical experience about the different processes in banking. These experiences help them to plan their career path more successfully.

Sponsorship of Environment

ICIBL is always committed in discharging its due social obligation and is particularly concerned about the impact of Bank's financed projects on environment. A policy on Green Banking is formulated in accordance with guidelines issued by the Bangladesh Bank. As per the policy, ecological impact will be considered at the time of credit and lending risks analysis.

The Bank participated in many socially dependable and desirable projects/ventures during the year 2018. The Bank continued its support for establishment and operation of effluent treatment plants for ready-made garments and dyeing projects/companies and assisted conversion of vehicles of the Bank transportation pool and those of employees to run on CNG.

Compliance Report on BSEC Notification

Status of Compliance with the conditions of Corporate Governance Code imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Commission Ordinance 1969 on "Comply or Explain" basis. The Board of Directors of the company has taken appropriate steps to comply with the conditions and implemented as many of those as practicable. Status report on compliance with those conditions is given below in prescribed format:

Report under Condition No. 9.00

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	Board of Directors.-			
1(1)	Size of the Board of Directors			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not to be less than 5 (five) and more than 20 (twenty).	✓	-	-
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	-	✓	There is one (1) Independent Director in the Board. Appointment of another ID is under process
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓	-	-
1(2)(b)(ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	✓	-	-
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓	-	-
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓	-	-
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓	-	-
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓	-	-
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓	-	-
1(2)(b)(viii)	Who is not an independent director in more than 5 (five) listed companies;	✓	-	-
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	✓	-	-
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	✓	-	-
1(2)(c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓	-	-
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	-	✓	Appointment of another ID is under process
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓	-	-
1(3)	Qualification of Independent Director (ID)			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓	-	-

1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	-	-	N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	√	-	-
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;	√	-	-
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	√	-	-
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-	-	N/A
1(3)(c)	The independent director(s) shall have at least 10(ten) years of experiences in any field mentioned in clause (b);	√	-	-
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	-	-	N/A
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.-			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√	-	-
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√	-	-
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√	-	-
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive officer;	√	-	-
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	-	-	-
1(5)	The Directors' Report to the Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry;	√	-	-
1(5)(ii)	The Segment-wise or product-wise performance;	√	-	-
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√	-	-
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√	-	-
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	√	-	-
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√	-	-
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or through any others instruments;	-	-	N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing etc;	-	-	N/A

1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	√	-	-
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√	-	-
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√	-	-
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√	-	-
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√	-	-
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√	-	-
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√	-	-
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√	-	-
1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√	-	-
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√	-	-
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√	-	-
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	-	-	-
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√	-	-
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√	-	-
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√	-	-
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name- wise details);	√	-	-
1(5)(xxiii)(c)	Executives;	√	-	-
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details).	√	-	-
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
(5)(xxiv)(a)	a brief resume of the director	√	-	-
1(5)(xxiv) (b)	nature of his/her expertise in specific functional areas;	√	-	-
1(5)(xxiv) (c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√	-	-
1(5)(xxv)	A management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√	-	-

1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	-	-	N/A
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√	-	-
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√	-	-
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	√	-	-
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√	-	-
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√	-	-
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A ; and	√	-	-
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C .	√	-	-
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√	-	-
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC), for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√	-	-
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company	-	√	Will be complied after finalization of the code of conduct
2	Governance of Board of Directors of Subsidiary Company:-			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	-	-	N/A
2(b)	At least 1 (one) independent director of the Board of the holding company shall be a director on the Board of the subsidiary company;	-	-	N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	-	-	N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	-	-	N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	-	-	N/A
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO) Head of Internal Audit and Compliance (HIAC) and Company Secretary(CS):-			
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√	-	-
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√	-	-

3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√	-	-
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√	-	-
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√	-	-
3(2)	Requirement to attend Board of Director's Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	√	-	-
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer(CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√	-	-
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√	-	-
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the code of conduct for the company's Board or its member;	√	-	-
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√	-	-
4.	Board of Director's Committee.- For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee;	√	-	-
4(ii)	Nomination and Remuneration Committee	√	-	-
5.	Audit Committee:			
5(1)	<i>Responsibility to the Board of Directors</i>			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√	-	-
5(1)(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√	-	-
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√	-	-
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√	-	-
5(2)(b)	The Board shall appoint members of the audit committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1(one) independent director;	√	-	-
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10(ten)years of such experience;	√	-	-
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√	-	-
5(2)(e)	The company secretary shall act as the secretary of the Committee.	√	-	-

5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√	-	-
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	√	-	-
5(3)(b)	In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	-	-	N/A
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);	√	-	-
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√	-	-
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√	-	-
5(5)	The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	√	-	-
5(5)(b)	Monitor choice of accounting policies and principles;	√	-	-
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report;	√	-	-
5(5)(d)	Oversee hiring and performance of external auditors.	√	-	-
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√	-	-
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	√	-	-
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	√	-	-
5(5)(h)	Review the adequacy of internal audit function;	√	-	-
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√	-	-
5(5)(j)	Review statement of all related party transactions submitted by the management;	√	-	-
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	√	-	-
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√	-	-
5(5)(m)	Oversee whether the proceeds raised through Initial public Offering (IPO) or Repeat public Offering(RPO) or Rights Share offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission:	-	-	N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		-
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
5(6)(a)(ii)(a)	report on conflicts of interests;	-	-	No such Incidence arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; control system;	-	-	No such Incidence arose
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	-	-	No such Incidence arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-	-	No such Incidence arose

5(6)(b)	Reporting to the Authorities:-			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	-	-	No such reportable incidence arose
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√	-	-
6.	Nomination and remuneration Committee (NRC).			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√	-	-
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√	-	-
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√	-	-
6(2)	Constitution of the NRC	√	-	-
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√	-	-
6(2)(b)	All member of the Committee shall be non-executive directors;	√	-	-
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√	-	-
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√	-	-
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	-	-	N/A
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	√	-	-
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√	-	-
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√	-	-
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√	-	-
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√	-	-
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	-	-	N/A
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	√	-	-
6(4)	Meeting of the NRC			

6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√	-	The Meeting will be held on September 2019
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	-	-	N/A
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√	-	The Meeting will be held on September 2019
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√	-	The Meeting will be held on September 2019
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√	-	-
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	√	-	-
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	√	-	-
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√	-	-
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√	-	-
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√	-	-
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√	-	-
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√	-	-
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	√	-	-
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	√	-	-
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	√	-	-
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√	-	-
7.	External or Statutory Auditors			
7(1)	The issuer shall not engage its external or statutory auditors to perform the following services of the company, namely :-			
7(1) (i)	Appraisal or valuation services or fairness opinions;	√	-	-
7 (1) (ii)	Financial information system design and implementation;	√	-	-
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statement;	√	-	-
7 (1) (iv)	Broker –dealer services;	√	-	-
7 (1) (v)	Actuarial services;	√	-	-
7 (1) (vi)	Internal audit services or special audit services;	√	-	-
7 (1) (vii)	Any services that the Audit Committee determines.	√	-	-
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No.9(1);	√	-	-
7 (1) (ix)	Any other service that creates conflict of interest	√	-	-
7(2)	No Partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	√	-	-

7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√	-	-
8.	Maintaining a website by the Company.-			
8(1)	The Company shall have an official website linked with the website of the stock exchange.	√	-	-
8(2)	The company shall keep the website functional from the date of listing.	√	-	-
8(3)	The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s)	√	-	-
9.	Reporting and Compliance of Corporate Governance.-			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√	-	Required certification has been obtained from "PODDER & ASSOCIATES" Cost & Management Accountants for the year ended December 2018
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting.	√	-	Board recommended the Professional for due appointment by the Shareholders in Upcoming AGM
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√	-	-

SI No.	Name of Directors	Position	Remuneration paid for attending the meetings (Amount in BDT)	Remarks
1.	Datuk Mohd. Nasir Bin Ali	Chairman	48,000.00	
2.	Mr. Md. Fariduddin Ahmed	Independent Director	120,000.00	
3.	Mr. Tee Kim Chan	Director	8,000.00	
4.	Ms. Hashimah Binti Ismail	Director	120,000.00	
5.	Ms. Lee Ooi Kim	Director	8,000.00	
6.	Mr. Sivagukan Thambirajah	Director	-	
		Total	304, 000.00	

(Figure in BDT Million)

SI No.	Particulars	2018	2017	2016	2015	2014
1	Authorized capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
2	Paid-up capital	6,647.02	6,647.02	6,647.023	6,647.023	6,647.023
3	Total capital (Tier-I & II)	(11,530.82)	(10,976.50)	(10,514.84)	(10,181.80)	(10,082.10)
4	Capital surplus/(deficit)	(11,530.82)	(14,976.50)	(14,514.84)	(14,182.51)	(14,082.10)
5	Capital adequacy ratio (CAR)	(125.08)	(115.67)	(108.49)	(98.76)	(97.27)
6	Total assets	11,429.69	11,785.22	12,257.72	12,752.90	14,022.94
7	Total deposits	11,518.75	11,293.57	10,893.98	11,107.04	12,015.69
8	Total investments	8,633.64	8,834.50	9,352.43	9,188.51	9,230.32
9	Import business handled	146.58	94.26	122.05	49.43	707.53
10	Export business handled	4.18	36.76	17.42	85.03	157.61
11	Guarantee business handled	28.37	14.37	10.09	9.81	0.77
12	Total contingent liabilities and commitments	223.69	198.80	217.43	215.87	219.34
13	Investments deposit ratio	75%	78%	86%	83%	77%
14	Percentage of classified investments against total investments	82%	80.04%	71.89%	76.14%	77.52%
15	Profit after tax and provision	(485.63)	(405.01)	(270.84)	(141.08)	(286.53)
16	Operating profit	(497.40)	(382.09)	(317.55)	(256.22)	(214.24)
17	Operating expenditure	474.15	455.39	475.02	497.85	536.50
18	Amount of classified investments during the year	7,079.3	7,071.33	6,723.51	6,995.80	7,155.18
19	Provisions kept against classified investments	3,743.13	3,757.55	3,902.72	3,952.72	3,980.02

20	Provision surplus/(deficit) against classified investments	16.53	-	40.39	66.88	16.54
21	Cost of fund	7.91%	7.63%	7.88%	7.60%	7.80%
22	Profit earning assets	9,184.92	9,560.94	9,572.39	10,107.45	11,410.10
23	Non-Profit earning assets	2,245.41	2,224.29	2,685.33	2,645.44	2,603.27
24	Return on investment (ROI) in shares and securities	3%	2%	2.13%	0.63%	3%
25	Return on assets (ROA)	(4.25%)	(3.44%)	(2.21%)	(1.11%)	(1.33%)
26	Income from investments in shares and securities	3.16	2.60	2.35	0.70	5.86
27	Earnings per share (Taka)	(0.73)	(0.61)	(0.41)	(0.21)	(0.43)
28	Operating Profit per share (Taka)	(0.75)	(0.57)	(0.48)	(0.39)	(0.32)
29	Price earnings ratio (times)	(6.98)	(8.37)	(12.52)	(20.73)	(12.76)
30	Dividend:					
	Cash	--	--	--	--	--
	Bonus Share	--	--	--	--	--
31	Net Asset Value Per Share (NAVPS)	(16.47)	(15.72)	(15.11)	(14.70)	(14.49)
32	Number of employees	485	476	501	566	617
33	Number of branches	33	33	33	33	33

Compliance Condition no. 1.5 (xxii)

Directors' Meeting & Attendance:

Sl No.	Name of Directors	Position	Total Meetings	Meetings Attended
1.	Datuk Mohd. Nasir Bin Ali	Chairman	7	7
2.	Mr. Md. Fariduddin Ahmed	Independent Director	7	7
3.	Mr. Tee Kim Chan (re-appointed on April 2018)	Director	6	1
4.	Ms. Hashimah Binti Ismail	Director	7	7
5.	Ms. Lee Ooi Kim	Director	7	1
6.	Mr. Sivagukan Thambirajah	Director	7	7
7.	Mr. Muhammad Shafiq Bin Abdullah	Managing Director & CEO	7	7

Directors who could not attend the meeting were granted leave of **absence by the Board**.

Compliance Condition no. 1.5(xxiii)

The pattern of Shareholding as on December 31, 2018

Name	Description	Number of Shares
A. Parent/Subsidiary/Associated Companies and other related parties (name wise details)		Nil
B. Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name- wise details);		
Datuk Mohd. Nasir Bin Ali	Chairman	Nominated by ICB Financial Group Holdings A.G. held by 52.76 percent shares
Mr. Tee Kim Chan	Director	
Ms. Hashimah Binti Ismail	Director	
Ms. Lee Ooi Kim	Director	
Mr. Sivagukan Thambirajah	Director	
Mr. Md. Fariduddin Ahmed	Independent Director	Nil
Mr. Muhammad Shafiq Bin Abdullah	Managing Director & CEO	Nil
Mr. Mr. Sanjeev Anand	Chief Financial Officer	Nil
Mr. Sabbir Ahmed	Head of Internal Audit and Compliance	Nil
Mr. Imran Bin Ahmad	Company Secretary	Nil

C. Executives [Top 5 salaried employees]

1.	Mr. Wahid-Bin-Ahmed	Sr. Vice President	Nil
2.	Captain Syed Sakhawat Hossain (Retd.)	Sr. Vice President	Nil
3.	Ms. Nafisa Jareen	Vice President	
4.	Md. Tareq us Salam	Vice President	Nil
5.	Mr. Ahmed Ullah	Vice President	Nil

D. Shareholders holding ten percent (10percent) or more voting interest in the company

Name of the Shareholder(s)	Shares No.	Percent
ICB Financial Group Holdings A.G.	350,674,300	52.76%

Compliance Condition no. 1.5 (xxiv)

a) A brief resume of the Director

1. Datuk Mohd. Nasir Bin Ali

Datuk Nasir bin Mohd. Ali was appointed to the Board of ICB Islamic Bank Ltd. on 10th June 2014. Datuk Nasir was the Group Executive Director of Utusan Melayu [Malaysia] Berhad in 2000 and also held directorship in subsidiaries and associate companies of Utusan Melayu [Malaysia] Berhad, namely Utusan Publications & Distributors Sdn Bhd, Utusan Media Sales Sdn Bhd, Perfisio Solutions Sdn Bhd, Utusan Karya Sdn Bhd and Swan Malaysia Sdn Bhd. until his retirement there in 2014.

Prior to that, he was the Executive Director-cum-Chief Executive Officer, Kuala Lumpur City Corporation Berhad from 1995 to 2000. He holds directorships in 2 listed companies on the Malaysia Stock Exchange and some private limited companies. Datuk Nasir Mohd. Ali obtained his M.Sc. (Finance) from University of Strathclyde in 1988 and graduated with B. Econ. (Hons) from University of Malaya in 1980.

2. Mr. Sivagukan Thambirajah

Mr. Sivagukan Thambirajah was appointed to the Board of ICB Islamic Bank Ltd. on 10th November 2014. He is also a member of the Audit Committee, Risk Management Committee and Nomination and Remuneration Committee. A Fellow of the Association of Certified Chartered Accountants, Mr. T. Sivagukan has more than 25 years of experience in the banking and financial services industry.

He is a qualified accountant from the Association of Certified Chartered Accountants, United Kingdom. He also holds an honors degree in Bachelor of Surveying in Property Management.

Compliance Report on BRPD's Circular

To ensure good governance in Bank management, Bangladesh Bank issued a Circular (BRPD Circular No. 11 dated 27 October 2013) which replaced earlier circular (BRPD circular No. 06 dated 04 February 2010). These guidelines were aimed to provide a clear segregation of authority and responsibilities between the CEO, the Chairman of the Board and the Board of Directors in the overall functioning of the Bank.

Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD circular no 11 dated 27.11.2013).

SI No.	Particulars	Compliance Status
1.	Regarding the Constitution of the Board of Directors	Complied
1.1.	Appointment of New Director	Complied
1.2	Vacation of office of Director	N/A
1.3	Removal of directors	N/A
1.4	Appointment of Alternate Director	N/A
2.	Depositor Director	N/A
3.	Information of Directors	Complied
4.	Board of Directors liabilities-obligation	Complied
4.1.	Responsibilities and Authorities of the Board of Directors	Complied
4.2	Meetings of the Board of Directors, etc.	Complied
4.3	Responsibility of the Chairman of the Board of Directors	Complied
5.	Formation of Supporting Committees:	
5.1	Executive Committee (EC)	Complied
5.2	Audit Committee	Complied
5.3	Risk Management Committee	Complied
6.	Training of the Directors	Complied

In compliance of BRPD Circular letter No.-02, dated 16.01.2014 of Bangladesh Bank, the Bank furnished the following information related to usage and operating expenditures of motor-vehicle fleet for the year 2018 for perusal and review of the honorable shareholders:

Sl. No.	Particulars	Amount (in BDT)
1	Fuel	2,929,283.00
2	Repair & Maintenance	980,083.00
3	Depreciation	42,658.00
4	Road Tax & Fitness	622,456.00
5	Insurance	114,737.00
	Total	4,689,217.00

ICB Islamic Bank Limited

Declaration by CEO and CFO

Annexure-A
As per condition No. 1(5)(xxvi)

30th April 2019

The Board of DirectorsICB Islamic Bank Limited
T.K. Bhaban (15th floor),
13 Kazi Nazrul Islam Avenue
Kawran Bazar, Dhaka -1215.**Subject: Declaration on Financial Statements for the year ended 31st December 2018;**

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of ICB Islamic Bank Limited for the year ended on 31st December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed;
and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

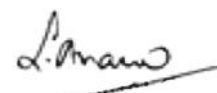
In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 31st December 2018 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Muhammad Shafiq Bin Abdullah
Managing Director & CEO



Sanjeev Anand
Chief Financial Officer

Annexure-B
As per condition No. 1(5)(xxvii)

CORPORATE GOVERNANCE CERTIFICATE



PODDER & ASSOCIATES

Cost and Management Accountants

Report to the Shareholders of ICB Islamic Bank Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **ICB Islamic Bank Limited** for the year ended on 31st December 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, Dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except conditions number 1(2)(a), 1(2)(d), 1(7)(b), 6(3)(c) & 9(2);
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws ; and
- (d) The governance of the company is satisfactory.

For Podder & Associates

Jayanta Kumer Podder
Cost & Management Accountants

Place: Dhaka
Dated: 29 May 2019

Annual disclosure under Pillar-III of Basel-III as of December 31, 2018

Scope and purpose

The purpose of disclosures in pursuance of the Market Discipline as required by the Revised Capital adequacy Framework under Basel III is to complement the minimum capital requirements and the supervisory review process. The aim of such disclosure is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of the Bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet plausible loss of assets. For the said purpose, the Bank developed the set of disclosure containing the key pieces of information on the assets, risk exposures, risk assessment processes, and hence the capital adequacy to meet the risks.

The Bank is in a process of obtaining approval by the Board of Directors of a formal disclosure framework which will include the validation and frequency of such disclosure.

Relations with accounting disclosures

- a) The disclosure framework does not conflict with requirements under accounting standards as set by Bangladesh Bank from time to time. Moreover, Bank's disclosures are consistent with how senior management and the Board of Directors make assessment and manage the risks of the Bank.
- b) Under Minimum Capital Requirement, Bank used specified approaches/ methodologies for measuring the various risks they face and the resulting capital requirements. It is believed that providing disclosures that are based on a common/ harmonized framework is an effective means of informing the stakeholders about the Bank's exposure to those risks and provides a consistent and comprehensive disclosure framework of risks and its management that enhances comparability
- c) The disclosure has adequate validation and is consistent with the audited Financial Statements.

Materiality of disclosure

The Bank disclosures all relevant and material Information individually or in aggregate whose omission or misstatement could change or influence the assessment or decision of an user relying on such information for the purpose of making economic decision.

Frequency of disclosure

- a) The Bank provided all required disclosures in both qualitative and quantitative forms annually, as at end of March every year along with the annual financial statements. The Bank also submits a copy of the disclosures to the Department of Off-site Supervision of Bangladesh Bank. The Bank made the annual disclosures in the official website of the Bank: www.icbislamic-bd.com. Qualitative disclosures provide a general summary of the Bank's risk management objectives and policies, reporting system and definitions.
- b) The disclosure on the websites is made in a web page titled "Disclosures on Risk Based Capital (Basel III)" and the link to this page prominently provides on the home page of the bank's website. Each of these disclosures pertaining to a financial year is available on the websites until disclosure of the 4th subsequent annual (as on March 31) disclosure is made.

Disclosure framework

According to the revised Risk Based Capital Adequacy Guidelines the Bank requires general qualitative disclosure for each separate risk area (e.g. Investment, market, operational, banking book interest rate risk, equity). The Bank must describe their risk management objectives and policies, including:

- Strategies and processes;
- The structure and organization of the relevant risk management function;
- The scope and nature of risk reporting and/or measurement systems;
- Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations.

The following components set out in tabular form are the disclosure requirements:

- a) Scope of application
- b) Capital structure
- c) Capital adequacy
- d) Investment Risk
- e) Equities: disclosures for banking book positions
- f) Interest rate risk in the banking book (IRRBB)
- g) Market risk
- h) Operational risk

Table as per Disclosure Framework – 1	Scope of application
Qualitative Disclosures	
(a) The name of the top corporate entity in the group to which this guidelines applies.	(a) The Bank is incorporated in the Registered Joint Stock Companies of Bangladesh. ICB Financial Holdings AG holds Majority Shares (52.76%).
(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	Presently the Bank neither has any associates or subsidiary; nor is operating under any joint venture.
(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	The Bank is running under the Directive of Bangladesh Bank (DOBB) and transfer of Regulatory Capital requires prior approval of Bangladesh Bank. Raising capital by right issue could pose a challenge given the legal restrictions and market challenges.
Quantitative Disclosures	
(d) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	Not Applicable

Table as per Disclosure Framework – 2	Capital structure
Qualitative Disclosures	
Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.	As per the guidelines of Bangladesh Bank, Tier-1 capital of ICIBL consists of Share capital, free reserves, retained earnings. Tier-2 capital consists of general provision against unclassified investment and off balance sheet items; and 50% of assets revaluation reserve by netting off 20% each year.
Quantitative Disclosures	
Particulars	Crore Taka
Tier-1 (Core Capital)	
Fully Paid-up Capital/Capital lien with BB	664.70
Statutory Reserve	7.88
Non-repayable Share premium account	0
General Reserve	0.11
Retained Earnings	(1,823.05)
Minority interest in Subsidiaries	0
Non-Cumulative irredeemable Preferences shares	0
Dividend Equalization Account	0
Other (if any item approved by Bangladesh Bank)	0
Sub-Total: (1.1 to 1.9)	(1,150.36)
Regulatory Adjustment:-	
Shortfall in provisions required against classified assets	
Shortfall in provisions required against investment in shares	
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.	
Reciprocal crossholdings of bank capital/subordinated debt	
Deferred Tax Assets (DTA)	(11.27)
Goodwill & all other intangible assets	
Investments in subsidiaries which are not consolidated	
Other if any	
Sub Total (1.11 to 1.18)	(11.27)
Total Eligible Tier-1 Capital (1.10-1.18)	(1,161.63)
Tier-2 (Supplementary Capital)	
General Provision (Unclassified + SMA + Off Balance Sheet exposure)	3.01
Assets Revaluation Reserves up to 50%	27.64
Revaluation Reserve for equity instruments up to 10%	
All other preference shares	
Regulatory Adjustment:	
Revaluation Reserve for fixed Assets ,Securities & Equity Securities	(22.12)
Other if any	
Sub-Total Tier 2 Capital (2.1 to 2.7)	8.54
Deductions if any (being the tier - I Capital less than Zero)	
Total Eligible Tier-2 Capital (2.8-2.9)	-

Maximum Limit of Tier 2 Capital(Tier 2 Capital can be maximum up to 4.0%of the total RWA or 88.89% CET1 Whichever is higher)	36.87
Excess amount over Maximum Limit of T-2	0
Total Admissible Tier -2 Capital	8.54
Total Eligible Capital (1+2)	(1,153.09)

Table as per Disclosure Framework – 3	Capital Adequacy
Qualitative Disclosures	
Bangladesh Banking sector has entered into the regime of Basel III implementation in order to have a stabilized financial system in the country. According to the Bangladesh Bank Guidelines latest Minimum Capital Requirement (MCR) has been fixed at 10% of risk weighted assets or BDT 400 Crore whichever is higher. ICBIBL is currently running with capital deficit of BDT 1,553.09 Crore as of 31 December 2018.	
The Bank has adopted Standardized Approach (SA) for computation of capital charge for credit risk and market risk, and Basic Indicator Approach (BIA) for operational risk. Assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank.	
ICBIBL is going through a reconstruction phase as per stipulation of “The Oriental Bank (Reconstruction) Scheme 2007”, since February 28, 2008, when the Bank came under the ICB Management and the Bank has been exempted for maintaining the Minimum Capital till May 2021 as per latest BRPD circular No.15 dated 03 November 2016.	
Quantitative Disclosures	
Particulars	Taka in Crore
Capital Requirements for Investment Risk	895.28
Capital Requirements for On- Balance sheet exposure	882.34
Capital Requirements for Off-Balance sheet exposure	12.94
Capital Requirements for Market Risk	2.94
Capital Requirements for Operational Risk	23.62
Total Capital Requirements	895.28
Minimum capital requirement (10% of RWA or BDT 400 crore, which is higher)	400.00
Total and Tier-1 Capital Ratio:	
Total CRAR	-125.09%
Tier-1 CRAR	-126.01%
Tier-2 CRAR	0.93%

Table as per Disclosure Framework – 4	Investment Risk: General Disclosure
(a) Definition of Past Due and Impaired Investments: ICBIBL is following the Bangladesh Bank guidelines and definition of past due and impaired investments for accounting purposes as below:	
(1) Past Due/Over Due:	
(i) Any Continuous Investment if not repaid/renewed within the fixed expiry date for repayment bank will be treated as past due/overdue from the following day of the expiry date.	
(ii) Any Demand Investment if not repaid/rescheduled within the fixed expiry date for repayment will be treated as past due/overdue from the following day of the expiry date.	
(iii) In case of any installment(s) or part of installment(s) of a Fixed Term Investment is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry date.	
(iv) The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date.	
(2) All unclassified Investment other than Special Mention Account (SMA) will be treated as Standard.	
(3) A Continuous Investment , Demand Investment or a Term Investment which will remain overdue for a period of 02 (two) months or more, will be put into the "Special Mention Account (SMA)". This will help banks to look at accounts with potential problems in a focused manner and it will capture early warning signals for accounts showing first sign of weakness. Investments in the "Special Mention Account (SMA)" will have to be reported to the Credit Information Bureau (CIB) of Bangladesh Bank.	
(4) Investment except Short-term Agricultural & Micro-Credit in the "Special Mention Account" and "Sub-Standard" will not be treated as defaulted Investment for the purpose of section 27KaKa(3) [read with section 5(GaGa)] of the Banking Companies Act, 1991.	
(5) Any continuous Investment will be classified as: i. 'Sub-standard' if it is past due/overdue for 03 (three) months or beyond but less than 06 (six) months. ii. 'Doubtful' if it is past due/overdue for 06 (six) months or beyond but less than 09 (nine) months iii. 'Bad/Loss' if it is past due/overdue for 09 (nine) months or beyond.	
(6) Any Demand Investment will be classified as: i. 'Sub-standard' if it remains past due/overdue for 03 (three) months or beyond but not over 06 (six) months from the date of expiry or claim by the bank or from the date of creation of forced	

investment. ii. 'Doubtful' if it remains past due/overdue for 06 (six) months or beyond but not over 09 (nine) months from the date of expiry or claim by the bank or from the date of creation of forced investment. iii. 'Bad/Loss' if it remains past due/overdue for 09 (nine) months or beyond from the date of expiry or claim by the bank or from the date of creation of forced investment.

(7) In case of any installment(s) or part of installment(s) of a Fixed Term Investment is not repaid within the due date, the amount of unpaid installment(s) will be termed as "past due or overdue installment?". In case of Fixed Term Investments: - i. If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire Investment will be classified as "Sub-standard". ii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire Investment will be classified as "Doubtful". iii. If the amount of 'past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire Investment will be classified as "Bad/Loss".

Explanation: If any Fixed Term Investment is repayable on monthly installment basis, the amount of installment(s) due within 06 (six) months to the sum of 06 monthly installments. Similarly, if the Investment is repayable on quarterly installment basis, amount of installment(s) due within 06 (six) months will be equal to the sum of 2 quarterly installments.

(8) The Short-term Agricultural and Micro-Credit will be considered irregular if not repaid within the due date as stipulated in the investment agreement. If the said irregular status continues, the credit will be classified as 'Substandard' after a period of 12 months, as 'Doubtful' after a period of 36 months and as 'Bad/Loss' after a period of 60 months from the stipulated due date as per the Investment agreement.

Description of approaches followed for specific and general allowances and statistical methods: ICIBL is following the general and specific provision requirement as prescribed by Bangladesh Bank time to time.

Investment Risk Management Policies :

The Bank has put in place a well-structured Investment Risk Management Policy known as Investment Policy Manual (IPM) approved by the Board in 2008. The Policy document defines organization structure, role and responsibilities and, the processes whereby the Investment Risks carried by the Bank can be identified, quantified and managed within the framework that the Bank considers consistent with its mandate and risk tolerance.

Besides the IPM, ICIBL also frames Product Program Guidelines (PPG) as and when necessary to address any regulatory issues or establish control points. Bank also has a system of identifying and monitoring problem accounts at the early stages of their delinquency through implementation of Sales Routine so that timely corrective measures are initiated.

The Bank manages its Investment risk through continuous measuring and monitoring of risks at each obligor (client) and portfolio level. The Bank is following the Bangladesh Bank prescribed Credit Risk Grading modules (CRGM) and has internally developed well-established Investment appraisal/approval processes. The CRGM capture quantitative and qualitative issues relating to management risk, business risk, industry risk, financial risk and project risk. Besides, such ratings consider transaction specific Investment features while assessing the overall rating of a client. ICIBL is also considering credit ratings of the client assessed by ECAs while initiating any Investment decision. A well structured Delegation and Sub-delegation of Investment Approval Authority is prevailing at ICIBL for ensuring goods governance and better control in Investment approval and monitoring

Quantitative Disclosures

Total gross Investment risk exposures broken down by major types of Investment exposure:

Taka in Crore

Exposure type	Exposure	RWA
Claims categorized as retail portfolio & Small Enterprise (excluding SME, Consumer Finance & Staff Loan Up to 1 Crore)		
Consumer finance	9.81	9.81
Claims fully secured by residential property		
Where specific provisions are less than 20 percent of the outstanding amount of the past due claim ¹	164.39	246.59
Where specific provisions are no less than 20 percent of the outstanding amount of the past due claim	153.90	153.90
Where specific provisions are more than 50 percent of the outstanding amount of the past due claim	389.64	194.82
Claims on Corporate (Unrated)	1.91	2.38
Claims under Credit Risk Mitigation	7.33	0.71

Geographical distribution of exposures, broken down in significant areas by major types of Investment exposure:
Taka in Crore

Division-wise Classification	Exposure
Dhaka	727.48
Chittagong	70.16
Khulna	47.46
Rajshahi	8.08
Barishal	0.42
Sylhet	7.75
Rangpur	-
Total	863.36

Industry or counterparty type distribution of exposures, broken down by major types of Investment exposure:
Taka in Crore

Investments to customer groups:	
Export financing	0.26
House building investment	52.25
Consumers credit scheme	15.74
Small and medium enterprises	481.59
Staff investment	0.39
Other Investments	222.59
Sub Total	772.82
Industrial Investments	
Agricultural industries	0
Textile industries	0
Food and allied industries	0
Leather, chemical, cosmetics, etc.	0
Service Industries	75.03
Transport and communication industries	0
Others	15.51
Sub Total	90.54
Grand Total	863.36

Residual contractual maturity breakdown of the whole portfolio, broken down by major types of Investment exposure:
Taka in Crore

Repayable on demand	25.90
With a residual maturity of	
Not more than 3 months	43.17
Over 3 months but not more than 1 year	172.67
Over 1 year but not more than 5 years	518.02
More than 5 years	103.60
Total	863.36

By major industry or counterparty type: • Amount of impaired investments and if available, past due investments, provided separately; • Specific and general provisions; and • Charges for specific allowances and charge-offs during the period:

Major Counterparty	NPIs (Taka in Crore)	Specific Provision	Remarks
Corporate and Individuals	706.73	375.67	Full Provision has been made in accordance with the latest Guidelines of Bangladesh Bank
Financial institutions & Banks	-		
Public Enterprise & Govt. Depts.	-		
	706.73		

Gross Non Performing Assets (NPAs)	706.73
Non Performing Assets (NPAs) to Outstanding Investments & advances	81.86%
Movement of Non Performing Assets (NPAs)	Taka in Crore
Opening balance	699.15
Additions	37.55
Reductions	(29.97)
Closing balance	706.73

Movement of specific provisions for NPAs	Taka in Crore
Opening balance	375.75
Less: Fully provided debts written off/Waived during the year	(0.02)
Add: Net charge to profit and loss account (note-36)	(1.44)
Closing balance	374.31

Table as per Disclosure Framework – 5	Equities: Disclosures for Banking Book Positions
Qualitative Disclosures	
Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	The Bank is currently not exposed in equity investments. The Bank holds shares of Bangladesh Commerce Bank Limited (BCBL) obtained at the time of reconstruction of BCBL. Besides, it holds shares of Central Depository Bangladesh Limited (CDBL). Both shares are not quoted in the stock market.
Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.	
Cost and book value of the investment in shares of the Bank:	
Taka in Crore	
Name of the Company	Amount
Bangladesh Commerce Bank Limited (BCBL)	0.90
Central Depository Bangladesh Limited (CDBL)	0.16
Total	1.06

Table as per Disclosure Framework – 6	Interest rate risk in the banking book (IRRBB)
Qualitative Disclosures	
The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding investment prepayments and behaviour of non-maturity deposits, and frequency of IRRBB measurement.	The Bank presently does not have any exposure in interest rate related instruments.
Quantitative Disclosures	
The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	Nil

Table as per Disclosure Framework – 7	Market risk
Qualitative Disclosures	
Market Risk is defined as the possibility of loss to a Bank caused by changes in the market variables such as interest rates, foreign currency exchange rates, equity prices and commodity prices. Bank's exposure to market risk arises from investments (interest related instruments and equities) in trading book [HFT categories] and the Foreign Exchange positions. The objective of the market risk management is to minimize the impact of losses on earnings and equity.	
The Bank has put in place Board approved Asset Liability Management Policy for effective management of Market Risk in the Bank. In order to assess impact on capital due to adverse movement in trading book, ICBIBL calculated Stress Testing in accordance with the requirements of the Bangladesh Bank Guidelines. The Bank already finalized comprehensive Investment policy. The policies set various risk limits for effective management of Market Risk and ensuring that the operations are in line with Bank's expectation of return to market risk through proper Asset Liability Management. The policies also deal with the reporting framework for effective monitoring of Market Risk.	
The ALM Policy specifically deals with liquidity risk management and interest rate risk management framework. As envisaged in the policy, Liquidity Risk is managed through GAP & Duration analysis, based on residual maturity/behavioral pattern of assets and liabilities, on a daily basis based on best available data coverage, as prescribed by the Bangladesh Bank. Liquidity profile of the Bank is evaluated through various liquidity ratios.	
The Asset Liability Management Committee (ALCO)/Board monitors adherence of prudential limits fixed by the Bank and determines the strategy in light of market conditions (current and expected) as articulated in the ALM policy. The Mid Office at the Treasury also monitors adherence of prudential limits on a continuous basis.	

Qualitative Disclosures

Capital Allocation for Market Risk is calculated using Standardized Duration Analysis Model as below:

Particulars	Amount in Tk. Crore
Interest rate risk	-
Equity position risk	-
Foreign Exchange risk	0.29
Commodity risk	-
Total capital requirement against Market Risk	0.29

Table as per Disclosure Framework – 8

Operational risk

Qualitative Disclosures

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risks.

Bank already established required policies and procedures for all areas of its operations. Bank strictly follows KYC norms for its customer dealings and other banking operations. The Bank is going to frame Operational Risk Management Policy to be approved by the Board. Supporting policies already been adopted by the bank which deal with management of various areas of operational risk are (a) Operational Manual for General Banking (b) Compliance Risk Management Policy, (c) FX Risk Management Policy (d) Policy Document on Know Your Customers (KYC) and Anti Money Laundering (AML) Procedures (e) IT Business Continuity and Disaster Recovery Policy etc. The newly established Risk Management Unit and Risk Management Department are working on preparing risk inventory for Bank to introduce Risk Log as well as Risk Register.

For the current year Bank has adopted Basic Indicator approach to assess the capital under operational risk. In terms of new capital adequacy norms, Banks' operational risk capital charge has been assessed at 15% of positive annual average Gross Income over the previous three years as defined by BB.

Qualitative Disclosures

Capital Requirement for Operational Risk as of Dec 31, 2018:

Year	Gross Income (GI) (in Tk. Crore)	Average (GI) (in Tk. Crore)	Capital Charge @ 15% of Average Gross Income (in Tk. Crore)
2016	32.33	15.64	2.35
2017	11.51		
2018	3.07		

Table as per Disclosure Framework – 9

Liquidity Risk

As per Bangladesh Bank BRPD circular No. 18 dated December 21, 2014, Bangladesh Bank has strengthened the liquidity framework by developing two minimum standards for funding liquidity; one is Liquidity Coverage Ratio (LCR) and another is Net Stable Funding Ratio (NSFR).

Qualitative disclosure	a)	i) Views of BOD on system to reduce Liquidity Risk	Liquidity risk arises when the Bank cannot maintain or generate sufficient funds to meet its payment obligations as they fall due or can only do so at a material loss. This can arise when counterparties who provide funding to the Bank withdraw or do not roll over a line of funding or as a result of a general disruption in financial markets which lead to normal liquid assets becoming illiquid. The main sources of the Bank's funding are capital, core deposits from retail and commercial clients, wholesale deposits and access to borrowed funds from the interbank money market. ICB Islamic Bank manages liquidity risk in accordance with regulatory guidelines internal benchmarks. A Board approved Liquidity Policy to manage liquidity on a day-to-day basis and a Contingency Funding Plan to deal with crisis situations are in place.
		ii) Methods used to measure Liquidity risk.	Measurement Methodology: The equation: Liquidity Coverage Ratio (LCR):- $\text{LCR} = \frac{\text{Stock of high quality liquid assets}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$ $\text{LCR} = \frac{96.07 \text{ crore}}{133.77 \text{ crore}}$ $\text{LCR} = 71.82\%$

	Net Stable Funding Ratio(NSFR): The equation: $\text{NSFR} = \frac{\text{Available amount of stable funding}}{\text{Required amount of stable funding}} \geq 100\%$ $\text{NSFR} = \frac{1145.19 \text{ crore}}{1059.53 \text{ crore}}$ NSFR = 145.84%
iii) Liquidity Risk Management system.	Treasury Division manages the liquidity risk and ALCO monitors the activities of Treasury Division in managing such risk.
iv) Policies and processes for mitigating liquidity risk.	To mitigate the several liquidity risks, the Bank formed Asset Liability Management Committee (ALCO) who monitors the Treasury Division's activities to minimize the liquidity risk. ALCO is primarily responsible for establishing the liquidity risk management and asset liability management of the Bank, procedures thereof, implementing core risk management framework issued by the regulator, best risk management practices followed by globally and ensuring that internal parameters, procedures, practices / policies and risk management prudential limits are adhere to.

		BDT in Crore
Quantitative disclosure	b)	Solo
	• Liquidity Coverage Ratio	71.82%
	• Net Stable Funding Ratio (NSFR)	145.84%
	• Stock of High quality liquid assets	96.07 crore
	• Total net cash outflows over the next 30 calendar days	133.77 crore
	• Available amount of stable funding	1145.19 crore
	• Required amount of stable funding	1059.53 crore

Table as per Disclosure Framework – 10	Leverage Ratio
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As per Bangladesh Bank BRPD circular No. 18 dated December 21, 2014, leverage ratio has been introduced.

Qualitative disclosure	a)	i) Views of BOD on system to reduce excessive leverage	In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives: a) constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and b) introduce additional safeguards against model risk and measurement error by supplementing the risk-based measure with a simple, transparent, independent measure of risk.
		ii) Policies and processes for mitigating market risk.	To mitigate excessive on and off-balance sheet leverage, the Bank formed Basel Unit who monitors the implementing status of Basel – III within the Bank as per the guidelines on risk based capital adequacy issued by Bangladesh Bank.
		iii) Approach for calculating leverage ratio	A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level. The banks will maintain leverage ratio on quarterly basis. The calculation at the end of each calendar quarter will be submitted to BB showing the average of the month end leverage ratios based on the following definition of capital and total exposure. $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$ (1161.07) Crore $\text{Leverage Ratio} = \frac{765.13 \text{ Crore}}{(151.75)\%}$

BDT in Crore

Quantitative disclosure	b)		Solo
		• Leverage Ratio	-151.75%
		• On balance sheet exposure (Less total deduction from On and Off-balance sheet exposure / Regulatory Adjustments made to Tier –I Capital)	-1161.07 Crore
		• Off balance sheet exposure	10.5 Crore
		• Total exposure	765.13 Crore

Table as per Disclosure Framework – 11
Remuneration

The disclosure requirements on Remuneration allow market participants to assess the quality of the bank's compensation practices.

Qualitative disclosure	a)	i. Information relating to the bodies that oversee remuneration	The Management Committee (MANCOM) of the Bank oversees the remuneration on as and when required basis. No external consultant's has been appointed to do the exercise.
		ii. Information relating to the design and structure of remuneration processes	ICB Islamic Bank Limited has a flexible compensation and benefits system that helps to ensure best recruitment of employees as per their performance. Salaries and increments approved by the competent authority.
		iii. Description of the ways in which current and future risks are taken into account in the remuneration processes.	The Salaries and increments are regularly reviewed through market and peer group study so that the employee retention risk is lower.
		iv. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.	All permanent employees of ICB Islamic Bank Ltd. undergo half-yearly and annual performance appraisal process to link performance during the period.
		v. Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.	Through promotion longer-term performance of the Bank seeks to adjust.
		vi. Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms	There are no other forms but cash form of variable remuneration is utilized by the Bank.

BDT in Crore

Quantitative disclosure	b)		Solo
		Number of meetings held by the main body overseeing remuneration and remuneration paid to its member.	Nil
		Number of employees having received a variable remuneration award (incentive bonus).	Nil
		Number of guaranteed bonuses awarded (festival bonus).	Two
		Total amount of guaranteed bonuses awarded.	1.26
		Number of sign-on awards made.	Nil
		Total amount of sign-on awards made.	Nil
		Number of severance payments made.	Nil
		Total amount of severance payments made.	Nil
		Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil
		Total amount of deferred remuneration paid out (incentive bonus).	Nil

Breakdown of amount of remuneration awards for the financial year to show:		
	BDT in Crores	
Fixed (salary & allowances)	19.24 Crores	
Variable	Nil	
Deferred	Nil	
Non-deferred.	Nil	
Different forms used (cash, shares and share linked instruments, other forms).	Cash	
Total amount of outstanding deferred remuneration		Nil
Total amount of retained remuneration exposed to ex post explicit and/or implicit adjustments.		Nil
Total amount of reductions during the financial year due to ex post explicit adjustments.		Nil
Total amount of reductions during the financial year due to ex post implicit adjustments		Nil

Annual General Meeting

31st Annual General Meeting of ICB Islamic Bank Limited

The 31st Annual General Meeting of ICB Islamic Bank Bangladesh Limited (ICBIBL) was held on June 5, 2018 at “TCB Auditorum (1st Floor)” TCB Bhaban, 1 Kawranbazar, Dhaka-1215. The Chairman, Directors and Managing Director & CEO and representatives guests and shareholders attended the meeting.





Independent Auditor's Report To the Shareholders of ICB Islamic Bank Limited

Nurul Faruk Hasan & Co
Chartered Accountants
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Report on the Audit of the Financial Statements:

Opinion

We have audited the financial statements of ICB Islamic Bank Limited ('the Bank'), which comprise the balance sheet as at 31 December 2018 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us the accompanying financial statements present fairly, the financial position of the Bank as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the basis for preparation of the financial statements as explained in note 3 of the financial statements.

Basis of Opinion

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

Emphasis of Matter

We draw attention to Note 3.3 of the financial statements which discloses the facts of accumulated losses, negative equity and capital adequacy ratio, significantly higher Non Performing/classified Investments (NPIs), dependency of the both resolution of status-quo on transfer of forfeited shares by Bangladesh Bank against previous owners and ongoing litigations on liquidation of non-banking assets acquired in satisfaction of investments, etc. which resulted in significant multiple material uncertainties related to the Bank's ability to continue as a going concern and accordingly the financial statements have been prepared other than going concern basis. Consequently, the assets have been stated at the lower of their historic cost and estimated net realisable values and the liabilities have been stated at the values at which they are expected to be discharged subject to any forbearance in repayment of deposits and other liabilities as may be imposed by the Bangladesh Bank.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Opinion section, we have determined the matter described below to be the key audit matter to be communicated in our report:

Measurement of provision for investment:

The process for estimating the provision for investment portfolio associated with credit risk is significant and complex. These provisions consider the estimates of the market value of collateral provided for credit transactions and the balance of profit suspense account. These provisions are calculated on the basis of various assumptions, including:

- Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no. 14, dated 23 September 2012;
- Provision measurement is primarily dependent upon the criteria set in BRPD circular no. 14, dated 23 September 2012.

For details, refer to note no. 14.1 to the financial statements.

Our response to the risk

We tested the design and operating effectiveness of key controls focusing on the following:

- Investment monitoring for recovery and provisioning processes;
- Reviewed quarterly Classification of Loans (CL);
- Reviewed third party's collateral valuation report and title search report of lawyers on the title of land.

Our substantive procedures in relation to the provision for investment comprised the following:

- Reviewed the adequacy of the Bank's general and specific provisions;
- Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;
- Checked to ensure the approved investment is within the value of collaterals ;
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with the basis of preparation as explained in note 3 of the financial statement, 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 Bank Company 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.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other Legal and Regulatory Requirements

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

- I. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- II. to the extent 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 antifraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control we report that:
 - a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - b) 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.
- III. in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- IV. The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- V. The balance sheet and profit and loss account the Bank dealt with by the report are in agreement with the books of account and returns;
- VI. The expenditures incurred were for the purpose of the Bank's business for the year;
- VII. The financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- VIII. Adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- IX. The information and explanations required by us have been received and found satisfactory;
- X. We have reviewed over 80% of the risk weighted assets of the Bank and spent over 1,500 person hours; and
- XI. As referred in note 15.7, the capital adequacy ratio as on 31 December 2018 was negative (125.08%) as against of 11.875% (including 1.875% 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 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, 2018.

The engagement partner on the audit resulting in this independent auditor's report is Md. Shamsur Rahman, FCA.

Dhaka, Bangladesh
30 April 2019


Nurul Faruk Hasan & Co.
Chartered Accountants

ICB ISLAMIC BANK LIMITED

Balance Sheet

As at 31 December 2018

	Notes	Amount in Taka	
		31-Dec-18	31-Dec-17
<u>PROPERTY AND ASSETS</u>			
Cash in hand	4.00	863,772,817	855,784,491
Cash in hand (including foreign currencies)		226,691,032	222,607,517
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		637,081,785	633,176,974
Balance with other banks and financial institutions	5.00	24,573,890	40,870,946
In Bangladesh		21,879,047	24,019,916
Outside Bangladesh		2,694,843	16,851,030
Placement with banks & other financial institutions	6.00	415,500,000	575,000,000
Investments in shares and securities	7.00	110,569,450	110,569,450
Government		-	-
Others		110,569,450	110,569,450
Investments	8.00	8,633,645,650	8,834,496,738
General investments etc.		8,630,721,685	8,831,575,273
Bills purchased and discounted		2,923,965	2,921,465
Fixed assets including premises	9.00	40,769,393	51,293,161
Other assets	10.00	364,414,186	340,875,567
Non - banking assets	11.00	976,451,486	976,335,347
Total assets		11,429,696,872	11,785,225,700
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from banks & other financial institutions	12.00	4,859,869,861	4,962,669,861
Deposits and other accounts	13.00	11,518,759,812	11,293,575,495
Al-wadeeah current and other deposits accounts		555,515,375	474,315,402
Bills payable		69,545,483	60,941,484
Mudaraba savings deposits		1,413,446,208	1,426,132,523
Mudaraba term deposits		9,480,252,746	9,332,186,086
Bearer certificate of deposit		-	-
Other mudaraba deposits		-	-
Other liabilities	14.00	6,001,687,767	5,980,567,125
Total liabilities		22,380,317,440	22,236,812,481
Capital / Shareholders' equity			
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 in profit and loss account / Retained earnings	19.00	(18,230,405,451)	(17,731,371,664)
Total Shareholders' equity		(10,950,620,568)	(10,451,586,781)
Total liabilities and Shareholders' equity		11,429,696,872	11,785,225,700

Net Asset Value (NAV) Per Share

(16.47)

(15.72)



Chairman



Director



Director



Managing Director

As per our annexed report of same date

Dated, Dhaka
30 April 2019


Nurul Faruk Hasan & Co
Chartered Accountants

ICB ISLAMIC BANK LIMITED

Balance Sheet As at 31 December 2018

		Amount in Taka	
	Notes	31-Dec-18	31-Dec-17
OFF- BALANCE SHEET ITEMS			
Contingent liabilities	20.0	223,692,696	198,807,679
Acceptances and endorsements		23,357,000	23,357,000
Letters of guarantee	20.1	143,720,338	122,505,796
Irrevocable letters of credit	20.2	15,084,820	10,730,005
Bills for collection	20.3	41,530,538	42,214,878
Other contingent liabilities		-	-
Other commitments			
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
Liabilities against forward purchase and sale		-	-
Others		-	-
Total Off-Balance Sheet items including contingent liabilities		223,692,696	198,807,679

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 same date

Dated, Dhaka
30 April 2019



Nurul Faruk Hasan & Co
Chartered Accountants

ICB ISLAMIC BANK LIMITED

Profit and Loss Account

As at December 2018

Notes	Amount in Taka	
	31-Dec-18	31-Dec-17
Investment Income	22.0 351,810,239	392,614,494
Profit paid on deposits	23.0 (444,047,927)	(394,398,186)
Net investment income	(92,237,688)	(1,783,692)
Income from investments in shares and securities	24.0 3,159,048	2,599,966
Commission, Exchange and Brokerage	25.0 3,919,036	7,253,191
Other operating income	26.0 61,910,510	65,227,539
Total operating income (A)	68,988,594	75,080,696
Less: Operating Expenditure		
Salary and Allowances	27.0 192,375,460	192,447,016
Rent, Taxes, Insurance and Electricity	28.0 142,637,745	131,744,678
Legal expenses	29.0 14,255,845	13,996,121
Postage, Stamp and Telecommunication	30.0 9,445,503	7,205,129
Stationery, Printing and Advertisements	31.0 5,975,489	4,807,860
Managing Director's salary and fees	32.0 13,982,400	13,982,400
Directors' fees & expenses	33.0 1,284,138	1,617,295
Shariah Supervisory Committee's fees & expenses	34.0 84,000	90,000
Auditors' fees	550,000	636,000
Charges on investment losses	-	-
Depreciation and repair of Bank's assets	35.0 38,666,503	36,746,654
Zakat expenses	-	-
Other expenses	36.0 54,897,732	52,119,317
Total operating expenses (B)	474,154,815	455,392,470
Profit / (loss) before provision (C=A-B)	(497,403,909)	(382,095,467)
Less: Provision for investments	14,394,721	(20,031,989)
Specific provision	14,394,721	(20,031,989)
General provision	-	-
Provision for off-balance sheet items	-	-
Provision for diminution in value of investments	-	-
Provision for contingency	-	-
Other provisions	-	-
Total provision (D)	14,394,721	(20,031,989)
Total profit / (loss) before taxes (C-D)	(483,009,188)	(402,127,456)
Less: Provision for taxation	2,628,369	2,877,886
Current tax	2,628,369	2,877,886
Deferred tax	-	-
Net profit/(loss) after taxation	(485,637,557)	(405,005,341)
Appropriations		
Statutory reserve	-	-
General reserve	-	-
Retained earnings carried forward	(485,637,557)	(405,005,341)
Earnings per share (EPS)	(0.73)	(0.61)

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 same date

Dated, Dhaka
30 April 2019


Nurul Faruk Hasan & Co
Chartered Accountants

ICB ISLAMIC BANK LIMITED

Cash Flow Statement As at 31 December 2018

	Notes	Amount in Taka	
		31-Dec-18	31-Dec-17
A. Cash flows from operating activities			
Investment income receipts in cash		339,801,557	390,789,747
Profit paid on deposits		(409,409,828)	(396,257,243)
Dividend receipts		1,427,953	1,427,953
Fees and commission receipts in cash		3,919,036	7,253,191
Recoveries of investments previously written off		16,918,819	17,317,375
Cash payments to employees		(206,357,860)	(206,429,416)
Cash payments to suppliers		(4,883,316)	(3,934,926)
Income taxes paid		(3,255,882)	(1,900,355)
Receipts from other operating activities	38.0	61,910,510	77,180,057
Payments for other operating activities	39.0	(247,105,109)	(229,636,608)
Cash generated from operating activities before changes in operating assets and liabilities		(447,034,120)	(344,190,226)
Increase / (decrease) in operating assets and liabilities			
Statutory deposits		-	-
(Purchase)/Maturity of trading securities (Treasury bills)		-	-
Investments to other banks		-	-
Investments to customers		200,851,088	243,744,931
Placement from banks & other financial institutions		(102,800,000)	(17,600,000)
Other assets	40.0	(8,274,057)	6,689,000
Deposits from other banks / borrowings		(1,292,269)	(16,147,952)
Deposits received from customers		169,412,803	405,649,403
Other liabilities account of customers		-	-
Trading liabilities		-	-
Other liabilities	41.0	26,612,588	(66,481,498)
		284,510,153	555,853,884
Net cash used in operating activities		(162,523,967)	211,663,659
B. Cash flows from investing activities			
Debentures		-	-
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(5,284,762)	(10,103,839)
Payment against lease obligation		-	-
Proceeds from sale of property, plant and equipment		-	-
Net cash used in investing activities		(5,284,762)	(10,103,839)
C. Cash flows from financing activities			
Increase in paid-up capital		-	-
Dividend paid		-	-
Net Cash from financing activities		-	-
D. Net increase / (decrease) in cash and cash equivalents (A + B + C)			
		(167,808,729)	201,559,820
E. Effects of exchange rate changes on cash and cash equivalents			
		-	-
F. Cash and cash equivalents at beginning of the period			
		1,471,655,437	1,270,095,617
G. Cash and cash equivalents at end of the period (D+E+F)		1,303,846,707	1,471,655,437

ICB ISLAMIC BANK LIMITED

Cash Flow Statement As at 31 December 2018

Cash and cash equivalents at end of the period

Cash in hand (including foreign currencies)
Balance with Bangladesh Bank and its agent bank
(s)(including foreign currencies)
Balance with other banks and financial institutions
Placement with banks & other financial institutions
Reverse repo
Prize bonds

226,691,032	222,607,517
637,081,785	633,176,974
24,573,890	40,870,946
415,500,000	575,000,000
-	-
-	-
1,303,846,707	1,471,655,437

Net Operating Cash Flows per share (Taka)

(0.24)

0.32

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 same date

Dated, Dhaka
30 April 2019



Nurul Faruk Hasan & Co
Chartered Accountants

ICB ISLAMIC BANK LIMITED

Statement of Changes in Equity
for the year ended 31 December 2018

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 2018	6,647,023,000	78,810,975	-	1,065,676	552,885,232	-	(17,731,371,664)	(10,451,586,781)
Prior year adjustment	-	-	-	-	-	-	(13,396,230)	(13,396,230)
Balance as at 1 January 2018	6,647,023,000	78,810,975	-	1,065,676	552,885,232		(17,744,767,894)	(10,464,983,011)
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	-	-	-	-	-	-	(485,637,557)	(485,637,557)
Dividends (Bonus shares)	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Appropriation made during the period	-	-	-	-	-	-	-	-
Balance as at 31 December 2018	6,647,023,000	78,810,975	-	1,065,676	552,885,232	-	(18,230,405,451)	(10,950,620,568)
Balance as at 31 December 2017	6,647,023,000	78,810,975	-	1,065,676	552,885,232	-	(17,731,371,664)	(10,451,586,781)


Chairman


Director


Managing Director

As per our annexed report of same date


Nurul Faruk Hasan & Co
Chartered Accountants

Dated, Dhaka
30 April 2019

ICB ISLAMIC BANK LIMITED

Liquidity Statement

(Maturity analysis of assets and liabilities)

as at 31 December 2018

Amount in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	863,772,817	-	-	-	-	863,772,817
Balance with other banks and financial institutions	24,573,890	-	-	-	-	24,573,890
Placement with banks & other financial institutions	265,500,000	150,000,000	-	-	-	415,500,000
Investments in shares and securities	-	100,000,000	-	-	10,569,450	110,569,450
Investments	259,009,370	461,682,283	1,946,729,130	4,930,187,390	1,036,037,477	8,633,645,650
Fixed assets including premises	-	-	1,223,082	3,261,551	36,284,760	40,769,393
Other assets	36,441,419	49,195,915	74,704,908	76,526,979	127,544,965	364,414,187
Non - banking assets	-	50,000,000	300,000,000	626,451,486	-	976,451,486
Total assets (A)	1,449,297,496	810,878,198	2,322,657,120	5,636,427,406	1,210,436,653	11,429,696,872
Liabilities:						
Placement from banks & other financial institutions	-	1,100,000	1,100,000	8,800,000	4,848,869,861	4,859,869,861.0
Deposits and other accounts	288,192,614	761,385,228	3,005,733,527	4,534,137,220	2,929,311,223	11,518,759,812.0
Other liabilities	164,703,549	98,822,129	65,881,419	5,672,280,670	-	6,001,687,767.0
Total liabilities (B)	452,896,163	861,307,357	3,072,714,946	10,215,217,890	7,778,181,084	22,380,317,440
Net liquidity gap (A - B)	996,401,333	(50,429,159)	(750,057,826)	(4,578,790,484)	(6,567,744,430)	(10,950,620,568)

M. d. n.
Chairman

[Signature]
Director

[Signature]
Managing Director

As per our annexed report of same date

Dated, Dhaka
30 April 2019

[Signature]
Nurul Faruk Hasan & Co
Chartered Accountants

ICB Islamic Bank Limited

Notes to financial statements For the year ended 31 December 2018

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 areas:

- 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 International Financial Reporting Standards (IFRSs) 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 IFRS, the requirements of the Banking Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of IFRS are as follows:

i) Investment in shares and securities

IFRS: As per requirements of IFRS 9, financial assets generally fall either under at amortized cost, or at fair value through profit and loss account, fair value through other comprehensive income where any change in the fair value at the year-end is taken to profit and loss account or other comprehensive income respectively.

ii) Revaluation gains/ losses on Government securities

IFRS: As per requirement of IFRS 9, an entity shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis both of the following criteria:

- a) the entity's business model for managing the financial assets and
- b) the contractual cash flow characteristics of the financial asset.

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

IFRS: As per IFRS 9 an entity shall recognize a loss allowance for expected credit losses on a financial asset through amortised cost or fair value through other comprehensive income to which impairment requirements apply.

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 IFRS 9.

iv) Recognition of profit in suspense

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

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

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements through BRPD Circular no.14 dated 25 June 2003 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 IFRS 9. As such full disclosure and presentation requirements of IFRS 7 cannot be made in the financial statements.

vii) Financial guarantees

IFRS: 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 minus the cost that are directly attributable to issue of the financial guarantee. After initial recognition, an issuer of such a guarantee shall subsequently measure it at higher of:

- i. the amount of the loss allowance and
- ii. the amount initially recognised less, when appropriate, the cumulative amount of the income recognised.

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

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

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize 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

IFRS: No indication of Non-banking asset is found in any IFRS.

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 IAS-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)

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

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

xii) Presentation of intangible asset

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

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

xiii) Off-balance sheet items

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

Bangladesh Bank: As per 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

IFRS: 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

ICB Islamic Bank believes that significant material uncertainties related to going concern exists due to accumulated loss of Tk. 18,230 million for the year ended 31 December 2018; Negative equity of Tk. 10,950 million as at 31 December 2018 and capital adequacy ratio of (125.08%) as against minimum of 11.88%; Profit paying deposits aggregates to BDT 7,204 million as against the profit earning investment of BDT 1,554 million as at 31 December 2018; Overall 82 % of investment of the bank is classified; recovery from certain non-performing investments as well as non-banking assets acquired in satisfaction of the investments (land and properties) are dependent on the outcome of the ongoing litigations in relation to such investments and properties and further injection of equity capital depends upon resolution of status-quo on transfer of forfeited shares by Bangladesh Bank against previous owners.

Considering the significance of the aforesaid multiple uncertainties related to the Company's ability to continue as a going concern, the financial statements have been prepared other than going concern basis. Accordingly, the assets have been measured at the lower of their historical cost and estimated net realisable values subject to the relevant guidelines issued by Bangladesh Bank for preparation of financial statements for Banks and the liabilities are measured at the values at which they are expected to be discharged subject to any forbearance in repayment of deposits and other liabilities as may be imposed by the Bangladesh Bank.

3.4 Accruals and deferrals

Deferrals and accruals have been made as per the guidance of IASB Framework: IAS # 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 IFRS # 15 : Revenue from Contracts with Customer.

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 activity is recognised as revenue when the activity 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 IAS # 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 (IAS # 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 2018.

Exchange rates with major foreign currencies on 31 December 2018 were as follows:

Currency name	Exchange rate (Taka)
US Dollar	83.90
Euro	95.77
GBP	106.27

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 (IAS # 21)

As per provision of IAS # 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 Assets and their basis of valuation

3.7.1 Cash and cash equivalents

As per provision of IAS # 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.

3.7.2 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.

3.7.2.1 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	1%	1%	20%	50%	100%
	Loan for Professionals	2%	2%	20%	50%	100%
	Other than Housing Financing & Professionals	5%	5%	20%	50%	100%
Housing Finance		0.25%	0.25%	20%	50%	100%
Loan for Professionals		2%	2%	20%	50%	100%
Other than Housing Financing &		1%	1%	20%	50%	100%
Off balance sheet exposure - 1%						

3.7.2.2 Security against Investments:

- Project investment-land and building, FDR and other movable assets have been taken as a security in the form of mortgage.
- 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.
- House building investment-Lands and buildings are taken as security in the form of mortgage.

3.7.2.3 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.

3.8 Investment in shares and securities

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

3.8.1 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.

3.8.2 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.

3.8.3 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.

3.8.4 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.

3.8.5 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
Government Securities:	
Government Treasury Bills	Market Value
Other Investments:	
Shares of CDBL	Cost Price
Bangladesh Commerce Bank Limited	Cost Price

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 Property and equipment

Buildings comprise mainly of bank branches and offices. All property and equipment are stated at historical cost/valuation 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.

3.14.1 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 197,609,102; total amounting BDT 947,885,232.

3.15 Taxation

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

3.15.1 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 IAS # 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 37.5% as prescribed in Finance Act 2018 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.

3.15.2 Deferred Tax

As per provision of IAS # 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.

3.16 Functional and presentation currency

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

3.17 Critical accounting estimates and judgments in applying accounting policies

As per provision of IAS # 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.

3.17.1 Valuation of financial instruments

The Bank's accounting policy for valuation of financial instruments is included in Note 7. As required in IAS # 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.

3.18 Liabilities and provision

3.18.1 Retirement benefits of employees

3.18.1.1 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.

3.18.1.2 **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. Sufficient provision has created for gratuity in the financial statements as at 31 December 2018.

3.18.2 **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.

3.19 **Deposits and other accounts**

As per requirement of paragraph 39 of IFRS # 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.

3.20 **Contingent liabilities, commitments and other off-balance sheet items**

As required in IAS # 37, Contingent Liabilities, commitments and other off-balance sheet items are presented in details in the financial statements.

3.21 **Nostro reconciliation position:**

The Bank maintains 03 Nostro accounts with various banks outside the country. Reconciliation of Nostro accounts has been completed up to 31 December 2018.

3.22 **Statement of cash flows**

IAS # 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 IAS # 7, Statement of Cash Flows.

3.23 **Comparative Information**

As per requirement of IAS # 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.

3.24 **Earnings Per Share (EPS)**

Earnings per share has been calculated in accordance with IAS # 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.

3.24.1 **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.

3.24.2 **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.

3.25 **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.

4.0 Cash in hand

(a) Cash in hand

- i) In local currency
- ii) In foreign currency (note - 4.1)

Sub-total (a)

(b) Cash with Bangladesh Bank and its agents (note - 4.2)

- Balance with Bangladesh Bank
- Balance with Sonali Bank (as agent of Bangladesh Bank)

Sub-total (b)

Grand Total (a+b)

Amount in Taka	
as at	
31-Dec-18	31-Dec-17
216,208,970	214,598,438
10,482,062	8,009,079
226,691,032	222,607,517
611,595,642	612,722,488
25,486,143	20,454,486
637,081,785	633,176,974
863,772,817	855,784,491

4.1 In foreign currency

Foreign Currency

Amount in F.C

Exchange Rate

- US Dollar
- Great Britain Pound
- Euro
- Total

36,280	83.90	3,043,892	228,087
69,520	106.27	7,387,891	7,729,068
525	95.77	50,279	51,925
		10,482,062	8,009,079

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

Balance with Bangladesh Bank

- (i) In local currency
- (ii) In foreign currency

Sub-total (a)

Balance with Sonali Bank

- In local currency (b)

Grand Total (a+b)

582,206,283	590,008,698
29,389,359	22,713,790
611,595,642	612,722,488
25,486,143	20,454,486
637,081,785	633,176,974

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

Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 and MPD circular nos. 04 and 05 dated December 01, 2010.

The Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 5.5% has been calculated and maintained with Bangladesh Bank in current account and Statutory Liquidity Ratio of the bank is 5.5% and bank maintained above the requirement throughout the year as follows:

(a) Cash Reserve Requirement

- Required reserve
- Actual reserve maintained
- Surplus / (deficit)

425,953,000	470,551,185
579,940,644	590,827,185
153,987,644	120,276,000

(b) Statutory Liquidity Ratio

- Required reserve
- Actual reserve maintained
- Surplus / (deficit)

425,953,000	398,158,695
506,164,819	463,337,815
80,211,819	65,179,120

4.4 Held for Statutory Liquidity Ratio

- Cash in hand (note -4.a)
- Cash with Bangladesh Bank (after maintaining CRR) and its agents (Sonali Bank)
- Government securities (note-7. a)
- Government bonds (note-7.c. iii)

226,691,032	222,607,517
179,473,787	140,729,978
-	-
100,000,000	100,000,000
506,164,819	463,337,495

5.0 Balance with other banks and financial institutions

- In Bangladesh (note-5.1)
- Outside Bangladesh (note-5.2)

21,879,047	24,019,916
2,694,843	16,851,030
24,573,890	40,870,946

5.1 In Bangladesh

Current account

Sonali Bank Ltd (H.O)
Dutch Bangla Bank Ltd.
Islami Bank Bd. Ltd. CD Account

Mudaraba Short Term/Short Term Deposit Account

Prime Bank Ltd.
NCCBL-IME
Trust Bank Ltd.

PLS MD Savings/Savings Account

Al-Arafah Islami Bank Ltd. (MD)
Shahjalal Bank Ltd. (MSB A/C)
AB Bank Ltd.
Social Investment Bank Ltd. (MSD)

5.2 Outside Bangladesh (NOSTRO Accounts)

Current account

AB Bank Ltd., Mumbai
Sonali Bank, Kolkata
Modhumoti Bank Limited(OBU)
(Annexure -A)

5.3 Maturity grouping of balance with other banks and financial institutions

Payable on demand
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

Amount in Taka	
as at	
31-Dec-18	31-Dec-17

11,938,238	15,883,263
11,802,597	10,755,784
110,864	106,902
24,777	5,020,577
3,426,949	1,819,538
100,483	97,522
1,099,764	439,076
2,226,702	1,282,940
6,513,860	6,317,114
6,037,575	5,850,665
10,302	11,157
456,789	445,812
9,194	9,481
21,879,047	24,019,916

268,418	243,935
166,010	2,228,085
2,260,415	14,379,009
2,694,843	16,851,030

24,573,888	40,870,946
-	-
-	-
-	-
-	-
-	-
-	-
24,573,888	40,870,946

6.0 Placement with banks & other financial institutions

Name of the Bank/ Financial Institutions

Maturity At

Nature

In Bangladesh (a)

PLFSL
FAS Finance & Investment Ltd.
PLFSL
FAS Finance & Investment Ltd.
PLFSL
PLFSL
FAS Finance & Investment Ltd.
PLFSL
FAS Finance & Investment Ltd.
FAS Finance & Investment Ltd.
FAS Finance & Investment Ltd.

01-01-2019	MTD	20,000,000	40,000,000
01-01-2019	MTD	10,000,000	20,000,000
01-01-2019	MTD	17,500,000	20,000,000
01-01-2019	MTD	100,000,000	40,000,000
02-01-2019	MTD	10,000,000	20,000,000
02-01-2019	MTD	2,500,000	40,000,000
02-01-2019	MTD	10,500,000	40,000,000
02-01-2019	MTD	20,000,000	30,000,000
14-01-2019	MTD	75,000,000	75,000,000
20-02-2019	MTD	150,000,000	150,000,000
	MTD	-	100,000,000
		415,500,000	575,000,000

7.0 Investments in shares and securities

		Amount in Taka	
		as at	
		31-Dec-18	31-Dec-17
a) Government	Holding Share	Cost	
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
ii) CDBL (Un-quoted)	156,945	1,569,450	1,569,450
Bonus Share	414,236		
Total CDBL	571,181		
iii) Islamic Bond		100,000,000	100,000,000
Total Others		110,569,450	110,569,450
Total (a+b+c)		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

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.

Amount in Taka	
as at	
31-Dec-18	31-Dec-17

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/-

8.0 Investments

General Investments etc. (note-8.2.i)
Bills purchased and discounted (note-8.2.ii)

8,630,721,685	8,831,575,273
2,923,965	2,921,465
8,633,645,650	8,834,496,738

8.1 Maturity-wise classification

- (i) Repayable on demand
With a residual maturity of
(ii) Not more than 3 months
(iii) Over 3 months but not more than 1 year
(vi) Over 1 year but not more than 5 years
(v) More than 5 years

259,009,370	265,034,902
-	-
461,682,283	441,724,837
1,946,729,130	1,766,899,348
4,930,187,390	5,300,698,043
1,036,037,477	1,060,139,609
8,633,645,650	8,834,496,738

8.2 Mode-wise Investment

(i) General Investments etc.

Inside Bangladesh

Murabaha-Com.-Advance Agt. Imported Merchandise (AIM)
Murabaha (Pledge)
Murabaha Under Secured Guarantee (MUSG)
Bai-Muajjal(Hypothecation)
Bai-Muajjal - PC
Bai-Muajjal - TR
Payments Against Documents (Cash)
Bai-Muajjal (ICBIBLCFS)
Bai Muajjal - Forced Investment (Against B/B - L/C)
Staff Loan - Provident Fund
Hire Purchase
HP House Building - Staff
HP House Building - General

122,671,582	122,592,132
86,187,628	86,115,128
84,023,148	85,244,247
4,089,073,087	4,343,067,373
12,154,432	12,144,432
722,741,162	683,531,836
83,154,753	83,101,553
39,932,765	51,245,404
75,439,245	75,394,095
-	398,868
2,792,729,856	2,680,718,760
123,495	269,757
522,490,532	607,751,686
8,630,721,685	8,831,575,273
-	-
8,630,721,685	8,831,575,273

(ii) Bills purchased and discounted (note-8.9)

Payable Inside Bangladesh

Inland bills purchased

Payable Outside Bangladesh

Foreign bills purchased and discounted

2,923,965	2,921,465
-	-
2,923,965	2,921,465
8,633,645,650	8,834,496,738

8.2.1 Geographical location-wise classification of Investments

(i) Inside Bangladesh

- a. In Urban Areas
b. In Rural Areas

8,633,645,650	8,834,496,738
-	-
8,633,645,650	8,834,496,738

(ii) Outside Bangladesh

-	-
8,633,645,650	8,834,496,738

8.2.2 Division-wise classification of Investments

Name of the Division

Dhaka Division
Chittagong Division
Khulna Division
Rajshahi Division
Barisal Division
Sylhet Division
Rangpur Division

7,274,821,060	7,436,856,665
701,628,804	720,746,640
474,643,290	484,811,172
80,841,775	81,587,263
4,243,848	6,190,895
97,466,873	104,304,102
-	-
8,633,645,650	8,834,496,738

8.3 Group-wise classification of Investments

		Amount in Taka	
		as at	
		31-Dec-18	31-Dec-17
a)	Investments to Directors	-	-
b)	Investments to Chief Executive and other senior executives	-	-
c)	Investments to customer groups:		
ii)	Export financing	2,632,438	2,629,938
iii)	House building loan	522,490,532	605,635,044
iv)	Consumers credit scheme	157,422,489	187,936,672
v)	Small and medium enterprises	4,815,931,538	4,895,756,814
vii)	Staff loan	3,879,274	11,097,289
viii)	Other Investments	2,225,870,598	2,223,555,115
		7,728,226,869	7,926,610,872
d)	Industrial Investments		
i)	Agricultural industries	-	-
ii)	Textile industries	-	-
iii)	Food and allied industries	-	-
v)	Leather, chemical, cosmetics, etc.	-	-
vi)	Tobacco industries	-	-
viii)	Service Industries	750,294,601	752,818,186
ix)	Transport and communication industries	-	-
x)	Other industries	155,124,180	155,067,680
		905,418,781	907,885,866
		8,633,645,650	8,834,496,738

8.4 Classification of status-wise Investments

Unclassified

	Percentage		
Standard including staff loan	15.46%	1,334,709,788	1,638,630,237
Special Mention Account (SMA)	2.54%	219,633,581	124,533,849
	18.00%	1,554,343,369	1,763,164,086

Classified

Sub-standard	0.14%	12,454,483	65,085,308
Doubtful	0.86%	74,211,410	70,750,101
Bad / Loss	80.99%	6,992,636,388	6,935,497,242
	82.00%	7,079,302,281	7,071,332,652
	100%	8,633,645,650	8,834,496,738

8.5 Particulars of Investments

i)	Investments considered good in respect of which the Bank is fully secured	1,334,709,788	1,638,630,237
ii)	Investments considered good against which the Bank holds no security other than the debtors' personal guarantee	13,457,414	27,497,383
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	-	-
		1,348,167,202	1,666,127,620
v)	Investments due by directors or officers of the banking company or any of them either separately or jointly with any other persons	-	-
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.	-	-

		Amount in Taka	
		as at	
		31-Dec-18	31-Dec-17
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 (note-8.4)	7,079,302,281	7,071,332,652
b)	Provision on classified Investments (note-14.1)	3,743,133,185	3,757,546,632
c)	Provision required against Investments classified as bad debts	3,733,908,002	3,760,232,389
d)	Interest credited to Interest Suspense Account (note-14.2)	1,294,188,907	1,302,183,259
xi)	Cumulative amount of written off Investments		
	Opening Balance	5,851,155,406	5,851,155,406
	Amount written off/Waved during the year	-	-
		5,851,155,406	5,851,155,406
	Amount realised against Investments previously written off	17,317,375	17,317,375
	The amount of written off / classified Investments for which law suits have been filed	3,627,049,734	3,627,049,734
	Written-off include, 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.		-

8.6 Sector-wise Investments including bills purchased and discounted

Public sector	-	-
Co-operative sector	-	-
Private sector	8,633,645,650	8,834,496,738
	8,633,645,650	8,834,496,738

8.7 Details of large Investments

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 2016 (Tk 6,647 million in 2015).

Number of clients	Nil	Nil
Amount of outstanding advances / investments	Nil	Nil
Amount of classified advances / investments	Nil	Nil
Measures taken for recovery	Nil	Nil

8.8 Particulars of required provision for Investments

Status	Base for provision	Rate (%)		
General Provision				
Investments (Excluding SMA)	1,330,830,514	*Various	13,880,995	16,879,836
Special Mention Account (SMA)	219,633,581	*Various	2,206,696	1,650,819
			16,087,691	18,530,655
Status	Base for provision	Rate (%)		
Specific provision				
Sub-standard	2,351,787	20	470,357	2,829,074
Doubtful	12,543,900	50	6,271,950	6,093,355
Bad / Loss	3,733,908,002	100	3,733,908,002	3,760,232,389
			3,740,650,309	3,769,154,818
Required provision for Investments			3,756,738,000	3,787,685,473
Total provision maintained (note - 14.1)			3,773,272,026	3,787,685,473
Excess / (short) provision As at 31 December 2018			16,534,026	-

8.9 Bills purchased and discounted

Payable in Bangladesh
Payable outside Bangladesh

Amount in Taka	
as at	
31-Dec-18	31-Dec-17
2,923,965	2,921,465
-	-
2,923,965	2,921,465

8.9.1 Maturity grouping of bills purchased and discounted

Payable within one month
Over one month but less than three months
Over three months but less than six months
Six months or more

584,793	2,921,465
1,461,983	
877,190	
-	-
2,923,966	2,921,465

9.0 Fixed assets including premises

Furniture and fixtures
ATM
Software
Office equipment's
Vehicles

30,774,330	41,128,469
680,727	150,595
1,663,564	2,540,407
7,565,465	7,347,449
85,307	126,241
40,769,393	51,293,161

Net book value at the end of the year (Annexure-B)

10.0 Other assets

Stationery and stamps
Prepaid expenses
Income receivable
Advance Payment of Income Tax
Advance deposits
Advance agt. Rent
Possession Rights of Premises
Branch adjustments account (note-10.1)
Suspense account (note -10.2)
Sundry assets (note -10.3)

2,420,807	2,222,571
23,205,522	17,172,976
17,681,528	5,672,847
157,759,401	154,503,519
812,585	824,085
46,518,463	30,350,952
1,530,850	1,631,290
(6,274,406)	(2,284,746)
48,099,084	57,620,957
3,209,846,596	3,210,347,359
3,501,600,430	3,478,061,811
(3,249,927,695)	(3,249,927,695)
251,672,735	228,134,116
112,741,451	112,741,451
364,414,186	340,875,567

Less: Provision (note 10.4)

Deferred tax assets

10.1 Branch adjustments account

General Accounts

(2,195,557)	(2,284,746)
(4,078,849)	-
(6,274,406)	(2,284,746)

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 31.12.2018 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	5	10	3,399,000	7,478,406
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	1	-	2,195,000
	5	11	3,399,000	9,673,406

10.2 Suspense account

Sundry debtors
Protested Bill
Advance against TA/DA
Advance payment of profit
Advance against commemorative
Security money a/c
Advance against petty cash

14,170,097	14,256,717
32,297,085	32,297,085
-	-
1,200,142	11,043,395
23,760	23,760
408,000	-
-	-
48,099,084	57,620,957

10.3 Sundry assets

Adjustable Blocked Account
Adjustable Blocked Account-2006
OC Outstanding For Coll.
Tax on Profit Reversal a/c-2007
Clearing Adjustment A/C
Stock of Sign Board
Non Resident Uk
Receivable A/c-Western Union
A/C Receivable - IME
A/C Receivable - Bangladesh Bank

Amount in Taka	
as at	
31-Dec-18	31-Dec-17
1,896,587,714	1,896,587,714
1,306,859,839	1,307,669,839
-	-
-	-
-	-
-	-
3,301,487	3,301,487
3,097,556	2,415,898
-	372,422
-	-
3,209,846,596	3,210,347,359

10.4 Provision for other assets

Balance as on 1 January
Less: Adjustment during the year
Less: Excess provision transferred to other liabilities
Add: Provision transfer from other liabilities (note-14)
Balance as on 31 December 2018

3,249,927,695	3,250,793,661
-	865,966
-	-
-	-
3,249,927,695	3,249,927,695

Item-wise breakup of the above provision for other assets is as under:

Adjustable Block A/c Head Office
Adjustable Block A/c-2006 Different Branches
Non-Resident UK
Protested bill
Stock of Sign Board
Suspense A/c- Sundry Debtor
Total Provision
Provision Excess

1,896,587,714	1,896,587,714
1,306,859,839	1,307,669,839
3,301,487	3,301,487
32,297,085	32,297,085
-	-
8,747,405	8,747,405
3,247,793,530	3,248,603,529
2,134,165	1,324,166
3,249,927,695	3,249,927,695

11.0 Non-banking assets

Asset value (Acquisition cost)
Revaluation reserve

423,450,115	405,186,946
552,885,232	552,885,232
976,335,347	958,072,178

Add: Cost capitalized during the year
Add: Acquisition during the year

116,139	943,169
	17,320,000
116,139	18,263,169

Total asset value

976,451,486	976,335,347
--------------------	--------------------

12.0 Placement from banks & other financial institutions

In Bangladesh (note-12.1)
Outside Bangladesh (note-12.2)

4,859,869,861	4,962,669,861
-	-
4,859,869,861	4,962,669,861

12.1 In Bangladesh

Name of the Bank/Financial Institutions	Maturity at	Nature
Bangladesh Bank	Under Scheme	Frozen
(Islami investment bond's fund)		
Rediscount from Bangladesh Bank	Under Scheme	Frozen
Call Borrowing	Under Scheme	Frozen

1,709,720,555	1,808,520,555
-	-
2,619,300,000	2,623,300,000
530,849,306	530,849,306
4,859,869,861	4,962,669,861

12.2 Outside Bangladesh

12.3 Security against borrowings from other banks, financial institutions and agents

Secured (Bill of Exchange and DP note)
Unsecured

Amount in Taka	
as at	
31-Dec-18	31-Dec-17
-	-

12.4 Maturity grouping of borrowings from other banks, financial institutions and agents

Payable on demand
Up to 1 month
Over 1 month but within 3 months
Over 3 months but within 1 year
Over 1 year but within 5 years
Over 5 years

-	-
-	-
1,100,000	1,100,000
1,100,000	1,100,000
8,800,000	8,800,000
4,848,869,861	4,951,669,861
4,859,869,861	4,962,669,861

13.0 Deposits and other accounts

Deposits from banks (note -13.1.a)
Deposits from customers (note-13.1.b)

1,902,161,284	1,903,453,553
9,616,598,528	9,390,121,942
11,518,759,812	11,293,575,495

13.1 (a) Deposits from Banks

Al-wadeeah current and other deposits accounts
Bills payable
Mudaraba savings deposits
Mudaraba Term Deposits (MTD)

-	-
-	-
162,151,354	162,184,994
1,740,009,930	1,741,268,559
1,902,161,284	1,903,453,553

(b) Deposits from customers

i) Al-wadeeah current and other deposits accounts

Al-wadeeah current and other deposits accounts
Foreign currency deposits
Sundry deposits (note - 13.3)

415,840,881	372,881,977
2,500,322	2,971,323
137,174,172	98,462,101
555,515,375	474,315,402

ii) Bills payable

Pay orders issued
Demand draft
Foreign demand draft
Banker cheque issued

69,545,483	60,941,484
-	-
-	-
-	-
69,545,483	60,941,484

iii) Mudaraba savings deposits

1,251,294,854 1,263,947,529

iv) Mudaraba Term Deposits (MTD)

Mudaraba Term deposits
Mudaraba Short Term deposits
Scheme deposits

7,185,964,883	7,056,257,095
271,855,646	264,577,094
282,422,287	270,083,338
7,740,242,816	7,590,917,527
9,616,598,528	9,390,121,942
11,518,759,812	11,293,575,495

13.2 Deposits and other accounts

Al-wadeeah current and other deposits accounts

Deposits from banks (note -13.1.a)
Deposits from customers (note-13.1.b.i)

-	-
555,515,375	474,315,402
555,515,375	474,315,402

Bills payable

Deposits from banks (note -13.1.a)
Deposits from customers (note-13.1.b.ii)

-	-
69,545,483	60,941,483
69,545,483	60,941,483

Mudaraba savings deposits

Deposits from banks (**note -13.1.a**)

Deposits from customers (**note-13.1.b.iii**)

Mudaraba Term Deposits (MTD)

Deposits from banks (**note -13.1.a**)

Deposits from customers (**note-13.1.b.iv**)

Amount in Taka	
as at	
31-Dec-18	31-Dec-17
162,151,354	162,184,994
1,251,294,854	1,263,947,529
1,413,446,208	1,426,132,523
1,740,009,930	1,741,268,559
7,740,242,816	7,590,917,527
9,480,252,746	9,332,186,086
11,518,759,812	11,293,575,495

13.3 Sundry deposits

Security Deposit Receipt

FC Fund Purchased

Non Resident Taka

Non Resident US\$

Profit payable on deposits

Unclaimed Deposit

Others

-	-
-	-
1,501,195	1,501,195
2,956,439	2,431,365
109,002,923	74,364,825
-	-
23,713,615	20,164,717
137,174,172	98,462,101

13.4 Maturity analysis of deposits

Up to 1 month

Over 1 month but within 3 months

Over 3 months but within 1 year

Over 1 year but within 5 years

Over 5 years but within 10 years

Over 10 years

288,192,614	451,743,020
761,385,228	903,486,040
3,005,733,527	4,065,687,178
4,534,137,220	3,839,815,668
2,785,214,915	1,806,972,079
144,096,307	225,871,510
11,518,759,812	11,293,575,495

14.0 Other liabilities

Adjusting account credit (Liability for Exp)

Adjustable Block a/c-2006

Sundry Creditors

L/C Cover other currencies

Provision for Investment (**note-14.1**)

Profit Suspense Account (**note-14.2**)

Provision for Sundry assets

TDS on Profit paid

TDS on Office Rent

TDS on other sources

Excise Duty on Deposits

Excise Duty on Investment Account

Risk Fund ICBIBL

VAT deducted at source

A/C Payable - Shanchay Patra

Cash security Others

ATM Option amount

Cash assistant against Export

Profit Reversal Account-2007

Lease obligation (**note-14.3**)

Clearing Adjustment

Godown Rent Payable

Other payables

Provision for tax

Provision on off-balance sheet items (**note-14.4**)

Provision on Nostro Accounts (**note-14.5**)

221,076,552	207,745,945
558,768,359	558,768,359
40,742,676	42,612,817
(354,685)	25,297
3,773,272,026	3,787,685,473
1,294,188,907	1,302,183,259
1,115,708	1,115,708
8,280,287	9,381,202
13,040	146,323
23,135	29,624
9,396,504	9,341,172
4,184,900	4,370,550
-	-
1,660,396	1,430,920
-	-
234,000	266,000
-	-
-	-
-	-
-	-
-	-
-	-
58,328,024	27,334,907
26,444,259	23,815,890
4,313,679	4,313,679
-	-
6,001,687,767	5,980,567,125

Amount in Taka	
as at	
31-Dec-18	31-Dec-17

14.1 Provision for Investments

Movement in specific provision on classified Investments:

Provision held as on 1 January
Less: Fully provided debts written off/Waved during the year
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)
Provision held as on 31 December 2018

3,757,546,632	3,902,716,526
(18,726)	(165,201,883)
-	-
-	-
-	-
-	-
(14,394,721)	20,031,989
3,743,133,185	3,757,546,632

Movement in general provision on unclassified Investments

Provision held as on 1 January
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 2018

30,138,841	30,138,841
-	-
-	-
30,138,841	30,138,841
3,773,272,026	3,787,685,472.59

14.2 Profit suspense account

Balance as on 1 January
Add: Amount transferred during the year
Less: Amount recovered from during the year
Less: Amount written-off/waved during the year
Balance as on 31 December 2018

1,302,183,259	1,417,193,815
43,962,008	63,066,854
(51,861,807)	(67,582,969)
(94,553)	(110,494,441)
1,294,188,907	1,302,183,259

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
Add: Addition during the year
Less: Payment made during the year
Balance as on 31 December 2018

-	-
-	-
-	-
-	-

14.4 Provision on off-balance sheet items

Provision held as on 1 January
Add: Provision made/(released) during the year (note-37)
Provision held as on 31 December 2018

4,313,679	4,313,679
-	-
4,313,679	4,313,679

14.5 Status of unresponded entire of Nostro Accounts (Our Books) As at 31 December 2018 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 entries more than three month. So provision is not required for existing unresponded entries.

15.0 Share capital

15.1 Authorized capital

1,500,000,000 ordinary shares of Taka 10 each

15.2 Issued, subscribed and fully paid up capital

365,674,300 ordinary shares of Taka 10 each issued for cash

36,910,600 ordinary shares of Taka 10 each issued as right for cash

262,117,400 ordinary shares of Taka 10 each issued against depositors

Amount in Taka	
as at	
31-Dec-18	31-Dec-17
2018	2017
15,000,000,000	15,000,000,000
3,656,743,000	3,656,743,000
369,106,000	369,106,000
2,621,174,000	2,621,174,000
6,647,023,000	6,647,023,000

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 as 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
Total		664,702,300	6,647,023,000	

15.4 Slab wise list as at 31 December 2018

	Number of shares	(%) of share holding		
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	105,331,888	15.85%	1,053,318,880	1,030,952,250
Non- resident Bangladeshi	232,613	0.03%	2,326,130	2,505,130
General public	161,766,199	24.34%	1,617,661,990	1,639,849,620
	664,702,300	100%	6,647,023,000	6,647,023,000

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	5,519	1,636,781	0.25
501 - 5,000	6,777	14,179,435	2.13
5,001 - 10,000	1,176	9,351,878	1.41
10,001 - 20,000	738	11,058,222	1.66
20,001 - 30,000	294	7,518,354	1.13
30,001 - 40,000	135	4,738,508	0.71
40,001 - 50,000	112	5,304,972	0.80
50,001 - 100,000	208	15,572,506	2.34
100,001 - 1,000,000	171	46,647,922	7.02
1,000,001 and over	45	548,693,722	82.55
	15,175	664,702,300	100

15.6 Name of the Directors as at 31 December 2018

Amount in Taka			
as at			
31-Dec-18		31-Dec-17	
Sl	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	Mr. Tee Kim Chan	Director	
3	Ms. Hashimah Binti Ismail	Director	
4	Ms. Lee Ooi Kim	Director	
5	Mr. Sivagukan Thambirajah	Director	
6	Mr. Md. Fariduddin Ahmed	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 2018 was Taka 4000 million as against available core capital of Taka (11,616.25) million and supplementary capital of Taka 85.43 million making a total capital of Taka (11,530.82) million thereby showing a surplus / (deficit) capital / equity of Taka (15,530.82) million at that date. Details are shown below:

Tier-I (Core capital)

Paid up capital (note-15.2)

Statutory reserve (note-16)

General reserve (note-17)

Deferred Tax Assets

Surplus in profit and loss account / Retained earnings (note-19)

6,647,023,000	6,647,023,000
78,810,975	78,810,975
1,065,676	1,065,676
(112,741,451)	(112,741,451)
(18,230,405,451)	(17,731,371,664)
(11,616,247,251)	(11,117,213,464)

Deduction from Tier-I (Core Capital)

Shortfall in provisions required against classified assets

Total Eligible Tier-I Capital

-	-
(11,616,247,251)	(11,117,213,464)

Tier-II (Supplementary capital)

General provision maintained against unclassified investments (note-14.1)

50% of Asset revaluation reserve (note-17.1)

Regulatory Adj- 60% of Asset revaluation reserve

Exchange equalization account

30,138,841	30,138,841
276,442,616	276,442,616
(221,154,093)	(165,865,000)
-	-
85,427,364	140,716,457.00

Tier-III (Additional Supplementary capital)

A) Total capital

(11,530,819,887)	(10,976,497,007)
------------------	------------------

B) Total risk weighted assets

9,218,431,743	9,489,532,477
---------------	---------------

C) Required capital based on 11.875% (including 1.875% for capital conservation buffer as required by law) of RWA i.e Taka 1,094.69 Mil. or 4,000 Mil. which is higher

4,000,000,000	4,000,000,000
---------------	---------------

D) Surplus / (deficit) (A-C)

(15,530,819,887)	(14,976,497,007)
------------------	------------------

Capital adequacy ratio

-125.08%	-115.67%
----------	----------

15.8 Capital Requirement

	2018		2017	
	Required	Held	Required	Held
Tier-I	6.000%	-126.01%	6.00%	-117.15%
Tier-II	5.875%	0.93%	5.25%	1.48%
Tier-III	0.000%	-	-	-
Total	11.875%	-125.08%	11.25%	-115.67%

15.9 Minimum Capital Requirement Under Basel II

Minimum Capital Requirement (MCR) under Risk Based Capital Adequacy

Ite	Sl.	Particulars	BDT in Million
1	A.	Eligible Capital :	
2	1	Tier-1 (Core Capital)	(11,616.25)
3	2	Tier-2 (Supplementary Capital)	85.43
4	3	Tier-3 (eligible for market risk only)	-
5	4	Total Eligible Capital :	(11,530.82)
6	B.	Total Risk Weighted Assets (RWA):	9,218.43
7	C.	Capital Adequacy Ratio (CAR) (A_4 / B)*100	(125.08)
8	D.	Core Capital to RWA (A_1 / B)*100	(126.01)
9	E.	Supplementary Capital to RWA (A_2 / B)*100	0.93
10	F.	Minimum Capital Requirement (MCR)	4,000.00

16.0 Statutory reserve

Balance on 1 January
Addition during the year (20% of pre-tax profit)

Balance at 31 December 2018

Amount in Taka	
as at	
31-Dec-18	31-Dec-17
78,810,975	78,810,975
-	-
78,810,975	78,810,975

17.0 Other reserve

General reserve
Share premium
Investment loss offsetting reserve
Asset revaluation reserve (**note-17.1**)
Dividend equalization account

1,065,676	1,065,676
-	-
-	-
552,885,232	552,885,232
-	-
553,950,908	553,950,908

17.1 Asset revaluation reserve

Balance on 1 January
Addition/(adjustment) during the year

Balance at 31 December 2018

552,885,232	552,885,232
-	-
552,885,232	552,885,232

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

18.0 Revaluation Gain on Investment in HTM Securities

-	-
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19.0 Retained earnings / movement of profit and loss account

Balance on 1 January
Prior year adjustments
Profit/(Loss) during the period

(17,731,371,664)	(17,324,861,615)
(13,396,230)	(1,504,708)
(485,637,557)	(405,005,341)
(18,230,405,451)	(17,731,371,664)

Less: Transfer to statutory reserve

Balance at 31 December 2018

-	-
(18,230,405,451)	(17,731,371,664)

20.0 Contingent liabilities

Acceptances and endorsements
Letters of guarantee
Irrevocable Letters of Credit
Bills for collection

20.1
20.2
20.3

23,357,000	23,357,000
143,720,338	122,505,796
15,084,820	10,730,005
41,530,538	42,214,878
223,692,696	198,807,679

20.1 Letters of guarantee

Letters of guarantee (Local)
Letters of guarantee (Foreign)
Foreign counter guarantees

143,720,338	122,505,796
-	-
-	-
143,720,338	122,505,796
132,365,894	111,293,948
11,354,444	11,211,848

Less: Margin

Money for which the Bank is contingently liable in respect of guarantees given favoring:

Directors or officers
Government
Banks and other financial institutions
Others

-	-
-	-
-	-
143,720,338	122,505,796
143,720,338	122,505,796
132,365,894	111,293,948
11,354,444	11,211,848

Less: Margin

20.2 Irrevocable Letters of Credit

Letters of credit (Inland)
Letters of credit (General)
Back to back L/C

57,126	-
13,885,694	9,588,005
1,142,000	1,142,000
15,084,820	10,730,005

20.3 Bills for collection

Inward local bills for collection
Inward foreign bills for collection

1,032,264	1,716,604
40,498,274	40,498,274
41,530,538	42,214,878

21.0 Profit and Loss Account

Profit:

Profit, discount and similar income (note-21.1)
Income from investments in shares and securities (note-24)
Fees, commission and brokerage (note-21.2)
Gains less losses arising from dealing in foreign currencies (note-25.1)
Other operating income (note-26)

Expenses:

Profit paid on deposits, borrowings, etc. (note-23)
Administrative expenses (note-21.3)
Other operating expenses (note-36)
Depreciation on banking assets (note-35)

for the year	
31-Dec-18	31-Dec-17
351,810,239	392,614,494
3,159,048	2,599,966
2,970,575	2,408,276
948,461	4,844,915
61,910,510	77,180,057
420,798,833	479,647,708
444,047,927	406,350,704
403,448,554	387,881,633
54,897,732	52,119,317
15,808,529	15,391,520
918,202,742	861,743,174
(497,403,909)	(382,095,466)

21.1 Profit, discount and similar income

Profit on investments (note-22)
Profit on treasury bills / reverse repo / bonds

351,810,239	392,614,494
-	-
351,810,239	392,614,494

21.2 Fees, commission and brokerage

Commission (note-25)
Brokerage (note-25)

2,970,575	2,408,276
-	-
2,970,575	2,408,276

21.3 Administrative expenses

Salary and allowances (note-27)
Rent, taxes, insurance, electricity, etc. (note-28)
Legal expenses (note-29)
Postage, stamp, telecommunication, etc. (note-30)
Stationery, printing, advertisement, etc. (note-31)
Managing Director's salary and fees (note-32)
Directors' fees (note-33)
Shariah Supervisory Committee's fees & expenses (note-34)
Auditors' fees
Repair of Bank's assets (note-35)

192,375,460	192,447,016
142,637,745	131,744,678
14,255,845	13,996,121
9,445,503	7,205,129
5,975,489	4,807,860
13,982,400	13,982,400
1,284,138	1,617,295
84,000	90,000
550,000	636,000
22,857,974	21,355,134
403,448,554	387,881,633

22.0 Investment Income

(i) Income from general investment

Murabaha-Com.-Advance Agt. Imported Mer. (AIM)
Murabaha (Pledge)
Murabaha Under Secured Guarantee (MUSG)
Bai-Muajjal(Hypothecation)
Bai-Muajjal - PC
Bai-Muajjal - TR
Bai-Muajjal - LBDP
Bai-Muajjal (ICBIBLCFS)
Bai Muajjal - Forced Investment (Against B/B - L/C)
Staff Loan- Provident Fund
Hire Purchase
HP House Building - Staff
HP House Building - General
Local Bills Discounted
Foreign Bills Purchased & Discounted
Payments agt. Doc - WES (PAD -WES)
Payments agt. Doc - Cash (PAD - Cash)
Others

-	-
-	-
8,241,726	12,792,299
131,519,510	208,127,306
-	-
3,958,541	6,444,944
-	-
3,185,727	5,781,767
-	1,131,391
8,804	106,851
75,780,454	56,170,324
20,100	34,160
73,076,601	87,942,176
-	-
-	-
-	-
-	-
-	-
295,791,463	378,531,219
-	-
295,791,463	378,531,219

Add: Transferred from/ (to) Profit Suspense

Sub Total (i)

(ii) **Profit on deposits with other Islamic banks**

In Bangladesh

Profit on balance with other banks and financial institutions

Outside Bangladesh

Profit received from foreign banks

Sub Total (ii)

Grand Total (i+ii)

for the year	
31-Dec-18	31-Dec-17
55,675,699	13,799,233
-	-
343,077	284,042
56,018,776	14,083,275
351,810,239	392,614,494

23.0 Profit paid on deposits

(a) Profit paid on deposits:

Savings bank / Mudaraba savings deposits

Short term deposits

Term deposits / Mudaraba term deposits

Deposits under scheme

Repurchase agreement (repo)

Others (**note-23.1**)

(b) Profit paid on local bank accounts

(c) Profit paid on foreign bank accounts

42,626,079	43,250,306
2,250,603	2,289,893
362,825,065	319,767,658
33,368,680	29,070,329
-	-
2,977,500	20,000
-	-
-	-
444,047,927	394,398,186

23.1 Others

Profit paid to Islamic Bank Bond Fund

Profit paid on Rediscount

Discount paid to Bank

Remittance Charge

Profit paid Insta Profit

Non Call Money-Treasury line

Profit paid on F.C

-	-
-	-
-	20,000
-	-
-	-
2,977,500	-
-	-
2,977,500	20,000

24.0 Income from investments in shares and securities

(i) **Inside Bangladesh**

Islamic Investment Bond

Income from treasury bills / Reverse repo / bonds

Dividend on shares

Sub Total (i)

(ii) **Outside Bangladesh**

Grand Total (i+ii)

1,731,095	1,172,013
-	-
1,427,953	1,427,953
3,159,048	2,599,966
-	-
3,159,048	2,599,966

25.0 Commission, exchange and brokerage

Commission on L/Cs

Commission on L/Gs

Commission on export bills

Commission on bills purchased

Commission on accepted bills

Commission on OBC, IBC, etc.

Commission on PO, DD, TT, TC, etc.

Commission for services rendered to issue of shares

Other commission

Exchange gain (**note - 25.1**) - including gain from FC dealings

Brokerage

501,443	438,931
1,170,396	720,638
-	-
-	-
-	-
-	-
304,631	282,544
-	-
994,105	966,163
2,970,575	2,408,276
948,461	4,844,915
-	-
3,919,036	7,253,191

25.1 Exchange gain

Exchange gain

Less: Exchange loss

948,461	4,844,915
-	-
948,461	4,844,915

26.0 Other operating income

Rent recovered
Service and other charges
Postage / telex / SWIFT/ fax recoveries
Incidental charges
Profit on sale of fixed assets
Miscellaneous earnings

for the year	
31-Dec-18	31-Dec-17
12,920,875	13,105,595
23,519,978	28,527,119
259,525	187,165
-	-
1,352,415	269,222
23,857,717	23,138,439
61,910,510	65,227,539

27.0 Salaries and allowances

Basic pay
Allowances
Bonus
Bank's contribution to provident fund
Gratuity

85,233,409	88,349,515
70,139,787	67,332,155
12,592,027	11,920,503
6,410,237	6,844,843
18,000,000	18,000,000
192,375,460	192,447,016

28.0 Rent, taxes, insurance and electricity

Rent, rate and taxes
Insurance
Power and electricity

112,441,255	109,380,473
17,473,899	10,871,362
12,722,591	11,492,842
142,637,745	131,744,678

29.0 Legal & Professional expenses

Legal expenses
Court Expenses
Other professional charges

10,473,779	13,996,121
3,782,066	-
-	-
14,255,845	13,996,121

30.0 Postage, stamp and telecommunication

Postage
Telegram, telex, fax and e-mail
Telephone - office
Telephone - residence

1,614,091	1,118,111
5,417,884	3,690,214
2,413,528	2,396,805
-	-
9,445,503	7,205,129

31.0 Stationery, printing and advertisements

Office and security stationery
Computer consumable stationery
Publicity and advertisement

3,079,099	2,778,715
1,804,217	1,156,211
1,092,173	872,934
5,975,489	4,807,860

32.0 Managing Director's salary and fees

Basic pay
Allowances
Bonus
Pension & Gratuity
Bank's contribution to provident fund

8,424,000	8,424,000
3,312,000	3,312,000
1,404,000	1,404,000
-	-
842,400	842,400
13,982,400	13,982,400

33.0 Directors' fees

- i) Directors Fees for attending Board/Executive Committee/Other Committee Meeting
- ii) TA/DA/Hotel Fare for Local & Foreign Directors
- iii) Others

Each Director is paid Tk.8,000/- per meeting per attendance.

for the year	
31-Dec-18	31-Dec-17
304,000	328,000
-	-
980,138	1,289,295
-	-
1,284,138	1,617,295

34.0 Shariah Supervisory Committee's Fees & Expenses

- i) Shariah Supervisory Board member's Fees for attending meeting
- iii) Others

84,000	90,000
-	-
84,000	90,000

35.0 Depreciation and repair of Bank's assets

Depreciation - (Annexure-B)

Fixed assets

15,808,529 15,391,520

Repairs

Immovable property
Furniture and fixtures
Office equipment's
Software maintenance
Bank's vehicles

24,000	24,000
1,424,165	793,686
5,045,726	4,218,506
15,384,000	15,568,250
980,083	750,692
22,857,974	21,355,134
38,666,503	36,746,654

Total Depreciation and Repairs

36.0 Other expenses

Car expenses
Liveries and uniforms
Medical expenses
Bank charges and commission paid
Other assets written off
Loss on sale of fixed assets
Fuel - Generator & Vehicle.
Swift Expenses
Recruitment Expenses
ATM Card Expenditure
Subscription and Membership Fees
Donations
Travelling expenses
Local conveyance, labour, etc.
Entertainment
Business development
Training and internship
EGM/AGM Expenses
Consulting and other charges
Penalty on Liquid Assets
Security Services
Office maintenance
Miscellaneous expenses

947,467	945,798
-	-
142,170	65,688
1,801,318	2,197,721
-	-
-	-
4,292,674	3,924,607
2,393,204	2,599,012
-	2,007,500
-	-
366,000	398,500
104,227	47,600
1,277,676	948,366
1,229,277	1,069,946
1,560,259	1,266,927
12,636,579	10,703,007
68,000	154,231
1,100,000	768,298
665,000	713,000
933,930	2,541,260
11,482,558	11,571,628
7,570,057	6,166,000
6,327,336	4,030,228
54,897,732	52,119,317

37.0 Provision for Investments & off balance sheet items

Provision for bad and doubtful Investments
Provision for unclassified Investments
Provision for contingency
Other provisions
Provision for off-balance sheet items

for the year	
31-Dec-18	31-Dec-17
14,394,721	(20,031,989)
-	-
-	-
-	-
-	-
14,394,721	(20,031,989)

38.0 Receipts from other operating activities

Income from merchant banking operation
Rent recovered
Service and other charges
Postage / Telex / Fax / SWIFT charge recoveries
Incidental charges
Gain from sale of treasury bond / shares
Profit on sale of fixed assets
Deferred tax income
Miscellaneous earnings

12,920,875	13,105,595
23,519,978	28,527,119
259,525	187,165
-	-
-	-
1,352,415	269,222
-	-
23,857,717	35,090,957
61,910,510	77,180,057

39.0 Payments for other operating activities

Rent, rates and taxes
Legal expenses
Postage and communication charges, etc.
Directors' fees
Shariah Supervisory Committee's fees & expenses
Auditors' fees
Donations and subscriptions
Conveyance and travelling expenses, etc.
Business development expenses
Training, internship expenses
Publicity and advertisement
Repair of Bank's assets
Miscellaneous expenses

142,637,745	131,744,678
14,255,845	13,996,121
9,445,503	7,205,129
1,284,138	1,617,295
84,000	90,000
550,000	636,000
470,227	446,100
2,506,953	2,018,312
12,636,579	10,703,007
68,000	154,231
1,092,173	872,934
22,857,974	21,355,134
39,215,972	38,797,667
247,105,109	229,636,608

40.0 (Increase) / decrease of other assets

T & T bonds
Security deposits
Intangible assets
FC Fund purchase
DBBL bonds
Stationery and stamps
Income receivable
Advance deposits and advance rent
Branch adjustment account
Suspense account
Encashment of PSP / BSP
Accrued interest on investment
Sundry assets

-	-
-	-
-	-
-	-
-	-
(198,237)	(188,935)
-	-
(22,088,117)	9,429,909
3,989,660	(886,346)
9,521,873	5,238,561
-	-
-	-
500,764	(6,904,189)
(8,274,057)	6,689,000

41.0 Increase / (decrease) of other liabilities

Sundry Creditors
 Exchange Equalization Account
 L/C Cover
 Tax Deducted at Source
 Excise Duty
 Risk Fund ICBIBLCFS
 VAT deducted at source
 A/C Payable - Sanchaya Patra
 Expenditure and other payables
 Adjustments of Provision against written-off
 Unearned commission on bank guarantee
 Provisions

for the year	
31-Dec-18	31-Dec-17
(1,870,141)	(63,812,561)
-	-
(379,982)	(1,250,774)
(1,240,687)	1,329,055
(130,318)	(113,381)
-	(132,314)
229,476	(1,947,105)
-	-
15,609,519	19,477,572
-	-
-	-
14,394,721	(20,031,989)
26,612,588	(66,481,498)

42.0 Earning Per Share (EPS)

Net profit after tax (Numerator)
 Weighted average number of
 ordinary shares outstanding (Denominator)
Basic Earnings Per Share (EPS)

(485,637,557)	(405,005,341)
664,702,300	664,702,300
(0.73)	(0.61)

43.0 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 485.

44.0 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 via Circular Resolution on 19.02.2018 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. Md. Fariduddin Ahmed	Independent Director	Chairman	B. Com.
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>
53rd	April 4, 2018
54th	May 15, 2018
55th	July 18, 2018
56th	October 3, 2018
57th	December 3, 2018

(c) The audit committee has discussed the following issues during the period 2018

- The Terms of reference of the Audit Committee as stated in the BRPD Circular No.11 dated 27/10/2013;
- The committee reviewed the Internal Audit Reports along with Investigation Reports of the different ICIBL branches/departments conducted by the Internal Audit Team of the Bank from time to time and also the status of compliance thereof.
- The committee reviewed Internal Audit Chartered, Code of Ethics of Internal Auditor and Risk Management Framework.
- The committee reviewed Court cases filed against bank.
- 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.
- 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.
- The committee reviewed the annual financial statements for the year 2018 including the annual report.
- The committee also reviewed the Q1, Q2 and Q3 financial statements of the Bank during the year 2018.

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.

45.0 Related Party Disclosures

(i) Particulars of Directors of the Bank as at 31 December 2018

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	Mr. Tee Kim Chan	Director	17, First Floor, Jalan Tun Dr. Ismail, 70200 Seremban, Negeri Sembilan, Malaysia
3	Ms. Hashimah Binti Ismail	Director	A-25-02, Changkat View Condominium, 18 Jalan Dutamas Raya, 51200 Kuala Lumpur, Malaysia
4	Mr. Md. Fariduddin Ahmed	Independent Director	House # 511, Senpara Parbata, Kafrul, Dhaka-1213, Bangladesh
5	Ms. Lee Ooi Kim	Director	15, Jalan Dutamas Melor 1, 50480 Kuala Lumpur, Malaysia
6	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.

(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

(viii) Investment in the Securities of Directors and their related concern

Nil

(ix) Compensation of Key Management Personnel:

Refer to Note no 32

46.0 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 2018.

47.0 Contingent Liability

Four 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 high court. Corporate Tax claim Tk.9.28 crore against the bank, however the bank has appealed in the commissioner appeal.



Chairman



Director



Director



Managing Director

Annexure-A

Balance with other banks-Outside Bangladesh (Nostro Account) as at 31 December 2018

Name of the Bank	Account type	2018			2017		
		Currency type	FC Amount	Exchange Rate	FC Amount	Exchange Rate	Equivalent Taka
AB Bank, Mumbai, India	CD	ACU	3,199	83.90	2,950	82.70	243,935
Modhumoti Bank Limited(OBU)	CD	USD	1,979	83.90	173,870	82.70	14,379,009
Sonali Bank, Kolkata	CD	ACU	26,942	83.90	26,942	82.70	2,228,085
Total					2,694,843		16,851,030

**Schedule of fixed assets
as at 31 December 2018**

Annexure - B

Particulars	Amount in Taka COST				Rate	Amount in Taka DEPRECIATION				Net book value as at 31-Dec-18
	Opening balance as on 01-Jan-18	Addition During the Year	Disposals/ Adjustments During the year	Total balance as at 31-Dec-18		Opening balance as on 01-Jan-18	Charge for the year	Disposals/ adjustments during the year	Total balance as at 31-Dec-18	
Furniture and fixtures	133,488,150	1,411,944	499,422	134,400,672	10%	92,359,681	11,664,228	397,566	103,626,343	30,774,329
ATM	22,131,387	691,321	1,455,590	21,367,118	20%	21,980,792	161,188	1,455,589	20,686,391	680,727
Software	140,508,646	414,032	-	140,922,678	20%	137,968,239	1,290,875	-	139,259,114	1,663,564
Office equipment's	169,432,129	2,908,937	361,293	171,979,773	20%	162,084,679	2,649,580	319,954	164,414,305	7,565,468
Vehicles	27,155,745	-	464,726	26,691,019	20%	27,027,779	42,658	464,725	26,605,712	85,307
As at 31 December 2018	492,716,057	5,426,234	2,781,031	495,361,260		441,421,170	15,808,529	2,637,834	454,591,865	40,769,393
As at 31 December 2017	483,260,268	10,334,274	856,666	492,716,057		426,679,425	15,391,520	648,050	441,422,895	51,293,161

Annexure-C

Name of Directors and their interest in different entities

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 ICBIBL	Entities where they have interest
1	Mr. Mohd. Nasir Bin Ali	Chairman	None
2	Mr. Md. Fariduddin Ahmed	Independent Director	None
3	Mr. Tee Kim Chan	Director	None
4	Ms. Hashimah Binti Ismail	Director	None
5	Ms. Lee Ooi Kim	Director	None
6	Mr. Sivagukan Thambirajah	Director	None

Annexure-D
HIGHLIGHTS
(Taka in million)

SI No.	Particulars		2018	2017
1	Paid-up capital		6,647.02	6,647.02
2	Total capital (Tier-I & II)		(11,530.82)	(10,976.50)
3	Capital surplus / (deficit)		(15,530.82)	(14,976.50)
4	Total assets		11,429.70	11,785.23
5	Total deposits		11,518.76	11,293.58
6	Total investments		8,633.65	8,834.50
7	Total contingent liabilities and commitments		223.69	198.81
8	Investments deposit ratio	%	75%	78%
9	Percentage of classified investments against total investments	%	82.00%	80.04%
10	Profit after tax and provision		(485.64)	(405.01)
11	Amount of classified investments during the year		7,079.30	7,071.33
12	Provisions kept against classified investments		3,743.13	3,757.55
13	Provision surplus / (deficit)		16.53	-
14	Cost of fund	%	7.91%	7.63%
15	Interest earning assets		9,184.29	9,560.94
16	Non-interest earning assets		2,245.41	1,247.95
17	Return on investment (ROI) in shares and securities	%	3%	2%
18	Return on assets (ROA)	%	-4.25%	-3.44%
19	Income from investments in shares and securities		3.16	2.60
20	Net Asset value per Share	Taka	(16.47)	(15.72)
21	Earnings per share	Taka	(0.73)	(0.61)
22	Operating profit per share	Taka	(0.75)	(0.57)
23	Price earning ratio	Times	(6.98)	(8.37)

List of branch networks of the Bank

1	HEAD OFFICE 13, Kazi Nazrul Islam Avenue T.K. Bhaban Karwan Bazar, Dhaka Phone : 9143361-5 Fax : 9111994 / 9117033 Tlx : 632118 ALB HO BJ Email :	10	NEW MARKET BRANCH Kader Arched, 33 Mirpur Road, Dhaka. Tel: 8613475, 8614105, 9666204 Mobile No. 01811 408257 Fax : 8614105 Tlx : 632252 ALB MR BJ Email manager.mir@icbislamic-bd.com	19	HABIGANJ BRANCH Enem Plaza, Kalibari Road, Hobigonj Tel: 0831-52757, 52435 Mobile No. 01811 408277 Email : manager.hbg@icbislamic-bd.com	28	NAWABPUR BRANCH 52/68 Tipu Sultan Road, Wari, Dhaka-1100 Tel: 9562790, 7167143 Mobile : 01811408262, 01712572235 Tlx: 632364 ALBNW BJ Email : manager.nwp@icbislamic-bd.com
2	PRINCIPAL OFFICE 17, Motijheel C.A. Dhaka Tel: 9566464, 9560940, 9560876, 9515649 Fax : 9563392 Mobile No. 01811 408251 Tlx : 632167 ALBPO BJ Email manager.po@icbislamic-bd.com SWIFT: BBSHDDH002	11	BANGSHAL BRANCH 13 Bangshal Road, Dhaka-1100 Tel : 9562999/9563007 Mobile No. 01811 408259 Fax : 9563007 Tlx : 671097 ALBBN BJ Email manager.bng@icbislamic-bd.com	20	MOULAVIBAZAR BRANCH 10, Court Rd (Chowmuhan) Moulavibazar. Tel : 0861-53153 Mobile No. 01811 408274 Email manager.mlb@icbislamic-bd.com	29	NAOGAON BRANCH K. R. Rahman Super Market Naogaon. Tel: 0741-62774 Mobile No. 01811 408284 Tlx : 671594 ALB NG Email : manager.nao@icbislamic-bd.com
3	AGRABAD BRANCH Bashar Square, 108 Agrabad C/A, Chittagong Tel : 031-710511 / 715967/715648 Fax : 715648 Mobile No. 01847028158 Tlx : 633119 ALBAG BJ Email manager.agr@icbislamic-bd.com	12	NARSINGDHI BRANCH 136/3, C&B Road Sharif Mansion, Narsingdhi Tel : 9451768, 9462194 Mobile No. 01811 408267 Tlx : 671629 ALB ND BJ Email manager.nsg@icbislamic-bd.com	21	BARISAL BRANCH 67/65, Katpatti Road Barisal. Tel: 0431-54141/ 62474 Mobile No. 01811 408282 Tlx : 642478 Alb BI Email : manager.bsl@icbislamic-bd.com	30	MURADPUR BRANCH Rajamia Market 93, Muradpur CDA Avenue, Ctg. Tel : 031-652071 Mobile No. 01811 408271 Fax : 651237 Email : manager.mrd@icbislamic-bd.com
4	IMAMGANJ BRANCH Gulbadan Super Market (1 st Floor) 5 Moulavi Bazar, Dhaka-1100 Tel: 7310339, 7313707 Mobile No. 01833313610 Tlx: 671130 ALBIG BJ Email: manager.img@icbislamic-bd.com	13	BEANIBAZAR BRANCH Beanibazar, Sylhet Tel: 08223-88368, 56152 Mobile No: 01811 408275 Email : manager.bnz@icbislamic-bd.com	22	KAWRAN BAZAR BRANCH 10, Kazi Nazrul Islam Avenue Kawranbazar, Dhaka. Tel: 8189675, 9144039 Mobile No. 01833332993 Fax : 9139686 Tlx : 32436 ALBKRB BJ Email : manager.kwr@icbislamic-bd.com	31	MIRPUR CIRCLE-10 BRANCH Maa Amena Plaza, House-37, Road-2, Block-Kha, Section-6, Mirpur-10 Dhaka Tel : 9183159/9183160 Mobile No. 01811 408263 Fax : 9139851 Email : manager.idb@icbislamic-bd.com
5	KHATUNGONJ BRANCH 284/285, Main Road, Khatungonj, Chittagong Tel : 031-637227, 612860 Mobile No. 01811 408269 Fax : 031 - 612860 Tlx : 633100 ALBKG BJ Email : manager.ktg@icbislamic-bd.com	14	ISLAMPUR BRANCH 9, Islampur Road, Dhaka. Tel : 7390992, 7390342, 7391485 Mobile No. 01811 408260 Tlx : 632499 ALBIS BJ Email : manager.isl@icbislamic-bd.com	23	GULSHAN BRANCH 48, South Avenue, Gulshan, Dhaka Tel : 8828296 / 8821277 Mobile No. 01811418401 Tlx: 632176 / 632114 ALBGL BJ Fax : 8821277 Email : manager.gul@icbislamic-bd.com	32	BANANI BRANCH Plot-25, Road-11 Banani, Dhaka-1213 Ph-9884176, 9884137 Mobile No. 01811485324 e-mail : manager.ban@icbislamic-bd.com
6	VIP ROAD BRANCH 35/C, Naya Paltan, VIP Rd, Dhaka Tel: 9352863, 8314486, 9341029 Mobile No. 01811418396 Tlx: 632541 ALBVIP BJ Email : manager.vip@icbislamic-bd.com	15	KHULNA BRANCH "Tayamun Centre" 181, Khan-A-Sabur Road, Khulna Phone : 041- 720043 / 722046 813001 / 813002 Mobile No. 01811408278 Tlx : 7633313 ALBKN BJ Email : manager.khl@icbislamic-bd.com	24	JESSORE BRANCH 25, R.N. Road, Kotwali, Jessore Tel: 0421-68529, 67653 Mobile No. 01811 408279 Tlx: 633420 ABBBJ BJ Email : manager.jsr@icbislamic-bd.com	33	DHANMONDI BRANCH 24/c, Sheikh Kamal Sarani Dhanmondi, Dhaka. Cell No. 01811485326 Tel: 9134914, 9126059, 8154143 Fax: 8154143 Email- manager.dhn@icbislamic-bd.com
7	SYLHET BRANCH Sylhet Collector Masjid Building Plot No. 7769 and 5741, Sylhet Tel : 0821-713469/710264 Mobile No. 01811 408273 Tlx : 633224 ALBSL BJ Fax : 714197 Email : manager.syl@icbislamic-bd.com	16	JUBILEE ROAD BRANCH 829, Jubilee Road, Chittagong Tel : 031-615499 Mobile No. 01811 408270 Tlx : 633184 ALBJR BJ Fax : 621139 Email: manager.jub@icbislamic-bd.com	25	NOAPARA BRANCH Noapara Bazar, Avoy nagor, Jessore Tel : 04222-71394, 71811 Mobile No. 01811 408280 Tlx : 633431 ABBBN BJ Email : manager.noa@icbislamic-bd.com	34	UTTARA BRANCH House # 2/A, Road # 13, Sector#4, Dhaka-1230 Tel: 7912970, 7912979, 7912780 Mobile No: 01847090778 Fax: 7912780 Email: manager.utr@icbislamic-bd.com
8	NARAYANGONJ BRANCH Alhaj Benu Tower, 152 BB Road Narayangonj-1400 Tel : 7630477, 7630276 Mobile No. 01811 408266 Tlx : 633610 ALBNG BJ Email- manager.nrg@icbislamic-bd.com FAX: 88-02-7630477 SWIFT: BBSHDDHA008	17	FENI BRANCH 83/1, Panchgachia Road, Feni. Tel : 0331-74065, 63277 Mobile No. 01811 408272 Email : manager.fni@icbislamic-bd.com	26	BENAPOLE BRANCH KAZ Tower, Hodling-0265, Ward-7 Benapole Bazar, Jessore Tel: 0421 -75747 Mobile No. 01811 4082 81 Tlx: 633429 ALBBP BJ Email : manager.bpl@icbislamic-bd.com		
9	BISWANATH BRANCH Plot # 9545, Biswanath Bazar, Sylhet Tel : 08224-56204 Mobile No. 01811 408276 Email : manager.bsw@icbislamic-bd.com	18	RAJSHAHI BRANCH 120, Natore Road, Shaheb Bazar, Rajshahi. Tel: 0721-774346, 774599, 812416, 812417 Mobile No. 01811 408283 Tlx: 632347 ALBRJ BJ Email : manager.raj@icbislamic-bd.com	27	BABU BAZAR BRANCH 21, Armanian Street, Babubazar, Dhaka. Tel: 7316579, 7316574 Mobile No. 01833327722 Tlx: 632515 ALBBR BJ Email : manager.bbz@icbislamic-bd.com		

