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Independent Auditors' Report
To the Shareholders
of
ICB Islamic Bank Limited

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.

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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 tittle 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.

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- 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

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Nurul Faruk Hasan & Co
Chartered Accountants

ICB Islamic Bank Limited

Financial Statements
as at and for the year ended 31 December 2018

ICB ISLAMIC BANK LIMITED
Balance Sheet
As at 31 December 2018

	Notes	Amount in Taka	
		31-Dec-18	31-Dec-17
PROPERTY AND ASSETS			
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**
LIABILITIES AND CAPITAL			
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

	Notes	Amount in Taka 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
for the year ended 31 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
		68,988,594	**75,080,696**
Total operating income (A)		**(23,249,094)**	**73,297,004**
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)	37.0	**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	19.0	**(485,637,557)**	**(405,005,341)**
Earnings per share (EPS)	42.0	**(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
for the year ended 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
for the year ended 31 December 2018

	Notes	Amount in Taka	
		31-Dec-18	31-Dec-17
Cash and cash equivalents at end of the period			
Cash in hand (including foreign currencies)		226,691,032	222,607,517
Balance with Bangladesh Bank and its agent bank (s)(including foreign currencies)		637,081,785	633,176,974
Balance with other banks and financial institutions		24,573,890	40,870,946
Placement with banks & other financial institutions		415,500,000	575,000,000
Reverse repo		-	-
Prize bonds		-	-
		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 statemen	-	-	-	-	-	-	-	-
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** **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)**

Chairman | **Director** | **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
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 throgh other comprehensive income where any change in the fair value at the year-end is taken to profit and loss account or other comprehansive 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 compreshensive income or fair value through profit or loss on the basis both of the following crieteria:

a) the entity's business model for managing the financial assets and

b) the contractual cash follow 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 impairemet requirments 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:

<table>
<tr><th colspan="2" rowspan="2">Business Unit</th><th colspan="2">Unclassified</th><th colspan="3">Classified</th></tr>
<tr><th>Standard</th><th>SMA</th><th>SS</th><th>DF</th><th>BL</th></tr>
<tr><td colspan="2">Short term Agri. Credit</td><td>2.5%</td><td>-</td><td>5%</td><td>5%</td><td rowspan="2">100%</td></tr>
<tr><td rowspan="3">Consu-
mer</td><td>Housing Finance</td><td>1%</td><td>1%</td><td>20%</td><td>50%</td></tr>
<tr><td>Loan for Professionals</td><td>2%</td><td>2%</td><td>20%</td><td>50%</td><td>100%</td></tr>
<tr><td>Other than Housing Financing & Professionals</td><td>5%</td><td>5%</td><td>20%</td><td>50%</td><td>100%</td></tr>
<tr><td colspan="2">Housing Finance</td><td>0.25%</td><td>0.25%</td><td>20%</td><td>50%</td><td>100%</td></tr>
<tr><td colspan="2">Loan for Professionals</td><td>2%</td><td>2%</td><td>20%</td><td>50%</td><td>100%</td></tr>
<tr><td colspan="2">Other than Housing Financing &</td><td>1%</td><td>1%</td><td>20%</td><td>50%</td><td>100%</td></tr>
<tr><td colspan="2">Off balance sheet exposure - 1%</td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

3.7.2.2 Security against Investments:

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

ii. Working capital and trading investment–Goods are taken as security in the form of pledge and also goods are taken as security in the form of hypothecation along with land and building, FDR and other movable assets as a mortgage.

iii House building investment-Lands and buildings are taken as security in the form of mortgage.

3.7.2.3 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/revaluation less any impairment losses and depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

	Name of the assets	Depreciation rate
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 asses 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.

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

4.0 Cash in hand

(a) Cash in hand

	31-Dec-18	31-Dec-17
i) In local currency	216,208,970	214,598,438
ii) In foreign currency **(note - 4.1)**	10,482,062	8,009,079
Sub-total (a)	226,691,032	222,607,517

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

	31-Dec-18	31-Dec-17
Balance with Bangladesh Bank	611,595,642	612,722,488
Balance with Sonali Bank (as agent of Bangladesh Bank)	25,486,143	20,454,486
Sub-total (b)	637,081,785	633,176,974
Grand Total (a+b)	**863,772,817**	**855,784,491**

4.1 In foreign currency

Foreign Currency	Amount in F.C	Exchange Rate	31-Dec-18	31-Dec-17
US Dollar	36,280	83.90	3,043,892	228,087
Great Britain Pound	69,520	106.27	7,387,891	7,729,068
Euro	525	95.77	50,279	51,925
Total			**10,482,062**	**8,009,079**

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

Balance with Bangladesh Bank

	31-Dec-18	31-Dec-17
(i) In local currency	582,206,283	590,008,698
(ii) In foreign currency	29,389,359	22,713,790
Sub-total (a)	**611,595,642**	**612,722,488**
Balance with Sonali Bank		
In local currency (b)	25,486,143	20,454,486
Grand Total (a+b)	**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

	31-Dec-18	31-Dec-17
Required reserve	425,953,000	470,551,185
Actual reserve maintained	579,940,644	590,827,185
Surplus / (deficit)	153,987,644	120,276,000

(b) Statutory Liquidity Ratio

	31-Dec-18	31-Dec-17
Required reserve	425,953,000	398,158,695
Actual reserve maintained	506,164,819	463,337,815
Surplus / (deficit)	80,211,819	65,179,120

4.4 Held for Statutory Liquidity Ratio

	31-Dec-18	31-Dec-17
Cash in hand **(note -4.a)**	226,691,032	222,607,517
Cash with Bangladesh Bank (after maintaining CRR) and its agents (Sonali Bank)	179,473,787	140,729,978
Government securities **(note-7. a)**	-	-
Government bonds **(note-7.c. iii)**	100,000,000	100,000,000
	506,164,819	**463,337,495**

5.0 Balance with other banks and financial institutions

	31-Dec-18	31-Dec-17
In Bangladesh **(note-5.1)**	21,879,047	24,019,916
Outside Bangladesh **(note-5.2)**	2,694,843	16,851,030
	24,573,890	**40,870,946**

	Amount in Taka as at	
	31-Dec-18	31-Dec-17
5.1 In Bangladesh		
Current account	**11,938,238**	**15,883,263**
Sonali Bank Ltd (H.O)	11,802,597	10,755,784
Dutch Bangla Bank Ltd.	110,864	106,902
Islami Bank Bd. Ltd. CD Account	24,777	5,020,577
Mudaraba Short Term/Short Term Deposit Account	**3,426,949**	**1,819,538**
Prime Bank Ltd.	100,483	97,522
NCCBL-IME	1,099,764	439,076
Trust Bank Ltd.	2,226,702	1,282,940
PLS MD Savings/Savings Account	**6,513,860**	**6,317,114**
Al-Arafah Islami Bank Ltd. (MD)	6,037,575	5,850,665
Shahjalal Bank Ltd. (MSB A/C)	10,302	11,157
AB Bank Ltd.	456,789	445,812
Social Investment Bank Ltd. (MSD)	9,194	9,481
	21,879,047	**24,019,916**

5.2 Outside Bangladesh (NOSTRO Accounts)

	31-Dec-18	31-Dec-17
Current account		
AB Bank Ltd., Mumbai	268,418	243,935
Sonali Bank, Kolkata	166,010	2,228,085
Modhumoti Bank Limited(OBU)	2,260,415	14,379,009
(Annexure -A)	**2,694,843**	**16,851,030**

5.3 Maturity grouping of balance with other banks and financial institutions

	31-Dec-18	31-Dec-17
Payable on demand	24,573,888	40,870,946
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	-	-
	24,573,888	**40,870,946**

6.0 Placement with banks & other financial institutions

Name of the Bank/ Financial Institutions	**Maturity At**	**Nature**	31-Dec-18	31-Dec-17
In Bangladesh (a)				
PLFSL	01-01-2019	MTD	20,000,000	40,000,000
FAS Finance & Investment Ltd.	01-01-2019	MTD	10,000,000	20,000,000
PLFSL	01-01-2019	MTD	17,500,000	20,000,000
FAS Finance & Investment Ltd.	01-01-2019	MTD	100,000,000	40,000,000
PLFSL	02-01-2019	MTD	10,000,000	20,000,000
PLFSL	02-01-2019	MTD	2,500,000	40,000,000
FAS Finance & Investment Ltd.	02-01-2019	MTD	10,500,000	40,000,000
PLFSL	02-01-2019	MTD	20,000,000	30,000,000
FAS Finance & Investment Ltd.	14-01-2019	MTD	75,000,000	75,000,000
FAS Finance & Investment Ltd.	20-02-2019	MTD	150,000,000	150,000,000
FAS Finance & Investment Ltd.		MTD	-	100,000,000
			415,500,000	**575,000,000**

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

7.0 Investments in shares and securities

	Holding Share	Cost	31-Dec-18	31-Dec-17
a) Government		**-**	-	-
Sub-total (a)		-	-	-
b) Investment in subsidiary companies		**-**	-	-
sub-total (b)		**-**	-	-
C) Others:				
i) Bangladesh Commerce Bank Ltd. (Un-quoted)	**90,000**	9,000,000	9,000,000	9,000,000
ii) CDBL (Un-quoted)	156,945	1,569,450	1,569,450	1,569,450
Bonus Share	414,236			
Total CDBL	**571,181**			
iii) Islamic Bond		100,000,000	100,000,000	100,000,000
Total Others		110,569,450	110,569,450	110,569,450
Total (a+b+c)		**110,569,450**	**110,569,450**	**110,569,450**

(i) Investment classified as per Bangladesh Bank Circular:

	31-Dec-18	31-Dec-17
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:

	31-Dec-18	31-Dec-17
a) Government securities:		
28 days treasury bills	-	-
30 days treasury bills	-	-
91 days treasury bills	-	-
182 days treasury bills	-	-
364 days treasury bills	-	-
Reverse repo with Bangladesh Bank	-	-
2 years treasury bills	-	-
5 years treasury bills	-	-
	-	-
Government bonds:		
Prize bonds	-	-
Government bonds	-	-
	-	-
	-	-
b) Other investments:		
Shares and Bonds	110,569,450	110,569,450
	110,569,450	110,569,450
	110,569,450	**110,569,450**

7.1 Maturity grouping of investments

	31-Dec-18	31-Dec-17
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

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

	31-Dec-18	31-Dec-17
General Investments etc. (**note-8.2.i**)	8,630,721,685	8,831,575,273
Bills purchased and discounted (**note-8.2.ii**)	2,923,965	2,921,465
	8,633,645,650	**8,834,496,738**

8.1 Maturity-wise classification

	31-Dec-18	31-Dec-17
(i) Repayable on demand	259,009,370	265,034,902
With a residual maturity of	-	
(ii) Not more than 3 months	461,682,283	441,724,837
(iii) Over 3 months but not more than 1 year	1,946,729,130	1,766,899,348
(vi) Over 1 year but not more than 5 years	4,930,187,390	5,300,698,043
(v) More than 5 years	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.

	31-Dec-18	31-Dec-17
Inside Bangladesh		
Murabaha-Com.-Advance Agt. Imported Merchandise (AIM)	122,671,582	122,592,132
Murabaha (Pledge)	86,187,628	86,115,128
Murabaha Under Secured Guarantee (MUSG)	84,023,148	85,244,247
Bai-Muajjal(Hypothecation)	4,089,073,087	4,343,067,373
Bai-Muajjal - PC	12,154,432	12,144,432
Bai-Muajjal - TR	722,741,162	683,531,836
Payments Against Documents (Cash)	83,154,753	83,101,553
Bai-Muajjal (ICBIBLCFS)	39,932,765	51,245,404
Bai Muajjal - Forced Investment (Against B/B - L/C)	75,439,245	75,394,095
Staff Loan - Provident Fund	-	398,868
Hire Purchase	2,792,729,856	2,680,718,760
HP House Building - Staff	123,495	269,757
HP House Building - General	522,490,532	607,751,686
	8,630,721,685	8,831,575,273
Outside Bangladesh	-	-
	8,630,721,685	8,831,575,273

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

	31-Dec-18	31-Dec-17
Payable Inside Bangladesh		
Inland bills purchased	2,923,965	2,921,465
Payable Outside Bangladesh		
Foreign bills purchased and discounted	-	-
	2,923,965	2,921,465
	8,633,645,650	**8,834,496,738**

8.2.1 Geographical location-wise classification of Investments

	31-Dec-18	31-Dec-17
(i) Inside Bangladesh		
a. In Urban Areas	8,633,645,650	8,834,496,738
b. In Rural Areas	-	-
	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

<u>**Name of the Division**</u>

	31-Dec-18	31-Dec-17
Dhaka Division	7,274,821,060	7,436,856,665
Chittagong Division	701,628,804	720,746,640
Khulna Division	474,643,290	484,811,172
Rajshahi Division	80,841,775	81,587,263
Barisal Division	4,243,848	6,190,895
Sylhet Division	97,466,873	104,304,102
Rangpur Division	-	-
	8,633,645,650	**8,834,496,738**

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

8.3 Group-wise classification of Investments

		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

	Percentage	31-Dec-18	31-Dec-17
Unclassified			
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

		31-Dec-18	31-Dec-17
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

	31-Dec-18	31-Dec-17
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).

	31-Dec-18	31-Dec-17
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 (%)**	31-Dec-18	31-Dec-17
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 (%)**	31-Dec-18	31-Dec-17
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	-

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

8.9 Bills purchased and discounted

	31-Dec-18	31-Dec-17
Payable in Bangladesh	2,923,965	2,921,465
Payable outside Bangladesh	-	-
	2,923,965	**2,921,465**

8.9.1 Maturity grouping of bills purchased and discounted

	31-Dec-18	31-Dec-17
Payable within one month	584,793	2,921,465
Over one month but less than three months	1,461,983	
Over three months but less than six months	877,190	
Six months or more	-	-
	2,923,966	**2,921,465**

9.0 Fixed assets including premises

	31-Dec-18	31-Dec-17
Furniture and fixtures	30,774,330	41,128,469
ATM	680,727	150,595
Software	1,663,564	2,540,407
Office equipment's	7,565,465	7,347,449
Vehicles	85,307	126,241
Net book value at the end of the year (Annexure-B)	**40,769,393**	**51,293,161**

10.0 Other assets

	31-Dec-18	31-Dec-17
Stationery and stamps	2,420,807	2,222,571
Prepaid expenses	23,205,522	17,172,976
Income receivable	17,681,528	5,672,847
Advance Payment of Income Tax	157,759,401	154,503,519
Advance deposits	812,585	824,085
Advance agt. Rent	46,518,463	30,350,952
Possession Rights of Premises	1,530,850	1,631,290
Branch adjustments account **(note-10.1)**	(6,274,406)	(2,284,746)
Suspense account **(note -10.2)**	48,099,084	57,620,957
Sundry assets **(note -10.3)**	3,209,846,596	3,210,347,359
	3,501,600,430	3,478,061,811
Less: Provision **(note 10.4)**	(3,249,927,695)	(3,249,927,695)
	251,672,735	228,134,116
Deferred tax assets	112,741,451	112,741,451
	364,414,186	**340,875,567**

10.1 Branch adjustments account

	31-Dec-18	31-Dec-17
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

	31-Dec-18	31-Dec-17
Sundry debtors	14,170,097	14,256,717
Protested Bill	32,297,085	32,297,085
Advance against TA/DA	-	-
Advance payment of profit	1,200,142	11,043,395
Advance against commemorative	23,760	23,760
Security money a/c	408,000	
Advance against petty cash	-	-
	48,099,084	**57,620,957**

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

10.3 Sundry assets

	31-Dec-18	31-Dec-17
Adjustable Blocked Account	1,896,587,714	1,896,587,714
Adjustable Blocked Account-2006	1,306,859,839	1,307,669,839
OC Outstanding For Coll.	-	-
Tax on Profit Reversal a/c-2007	-	-
Clearing Adjustment A/C	-	-
Stock of Sign Board	-	-
Non Resident Uk	3,301,487	3,301,487
Receivable A/c-Western Union	3,097,556	2,415,898
A/C Receivable - IME	-	372,422
A/C Receivable - Bangladesh Bank	-	-
	3,209,846,596	**3,210,347,359**

10.4 Provision for other assets

	31-Dec-18	31-Dec-17
Balance as on 1 January	3,249,927,695	3,250,793,661
Less: Adjustment during the year	-	865,966
Less: Excess provision transferred to other liabilities	-	-
Add: Provision transfer from other liabilities (note-14)	-	-
Balance as on 31 December 2018	**3,249,927,695**	**3,249,927,695**

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

	31-Dec-18	31-Dec-17
Adjustable Block A/c Head Office	1,896,587,714	1,896,587,714
Adjustable Block A/c-2006 Different Branches	1,306,859,839	1,307,669,839
Non-Resident UK	3,301,487	3,301,487
Protested bill	32,297,085	32,297,085
Stock of Sign Board	-	-
Suspense A/c- Sundry Debtor	8,747,405	8,747,405
Total Provision	**3,247,793,530**	**3,248,603,529**
Provision Excess	2,134,165	1,324,166
	3,249,927,695	**3,249,927,695**

11.0 Non-banking assets

	31-Dec-18	31-Dec-17
Asset value (Acquisition cost)	423,450,115	405,186,946
Revaluation reserve	552,885,232	552,885,232
	976,335,347	**958,072,178**
Add: Cost capitalized during the year	116,139	943,169
Add: Acquisition during the year		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

	31-Dec-18	31-Dec-17
In Bangladesh **(note-12.1)**	4,859,869,861	4,962,669,861
Outside Bangladesh **(note-12.2)**	-	-
	4,859,869,861	**4,962,669,861**

12.1 In Bangladesh

Name of the Bank/Financial Institutions	Maturity at	Nature	31-Dec-18	31-Dec-17
Bangladesh Bank	Under Scheme	Frozen	1,709,720,555	1,808,520,555
(Islami investment bond's fund)			-	
Rediscount from Bangladesh Bank	Under Scheme	Frozen	2,619,300,000	2,623,300,000
Call Borrowing	Under Scheme	Frozen	530,849,306	530,849,306
			4,859,869,861	**4,962,669,861**

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

12.2 Outside Bangladesh

12.2 Outside Bangladesh	-	-

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

	31-Dec-18	31-Dec-17
Secured (Bill of Exchange and DP note)	-	-
Unsecured	4,859,869,861	4,962,669,861
	4,859,869,861	**4,962,669,861**

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

	31-Dec-18	31-Dec-17
Payable on demand	-	-
Up to 1 month	-	-
Over 1 month but within 3 months	1,100,000	1,100,000
Over 3 months but within 1 year	1,100,000	1,100,000
Over 1 year but within 5 years	8,800,000	8,800,000
Over 5 years	4,848,869,861	4,951,669,861
	4,859,869,861	**4,962,669,861**

13.0 Deposits and other accounts

	31-Dec-18	31-Dec-17
Deposits from banks **(note -13.1.a)**	1,902,161,284	1,903,453,553
Deposits from customers **(note-13.1.b)**	9,616,598,528	9,390,121,942
	11,518,759,812	**11,293,575,495**

13.1 (a) Deposits from Banks

	31-Dec-18	31-Dec-17
Al-wadeeah current and other deposits accounts	-	-
Bills payable	-	-
Mudaraba savings deposits	162,151,354	162,184,994
Mudaraba Term Deposits (MTD)	1,740,009,930	1,741,268,559
	1,902,161,284	**1,903,453,553**

(b) Deposits from customers

	31-Dec-18	31-Dec-17
i) Al-wadeeah current and other deposits accounts		
Al-wadeeah current and other deposits accounts	415,840,881	372,881,977
Foreign currency deposits	2,500,322	2,971,323
Sundry deposits **(note - 13.3)**	137,174,172	98,462,101
	555,515,375	474,315,402
ii) Bills payable		
Pay orders issued	69,545,483	60,941,484
Demand draft	-	-
Foreign demand draft	-	-
Banker cheque issued	-	-
	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	7,185,964,883	7,056,257,095
Mudaraba Short Term deposits	271,855,646	264,577,094
Scheme deposits	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

	31-Dec-18	31-Dec-17
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

	Amount in Taka as at 31-Dec-18	Amount in Taka as at 31-Dec-17
Mudaraba savings deposits		
Deposits from banks **(note -13.1.a)**	162,151,354	162,184,994
Deposits from customers **(note-13.1.b.iii)**	1,251,294,854	1,263,947,529
	1,413,446,208	1,426,132,523
Mudaraba Term Deposits (MTD)		
Deposits from banks **(note -13.1.a)**	1,740,009,930	1,741,268,559
Deposits from customers **(note-13.1.b.iv)**	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

	31-Dec-18	31-Dec-17
Security Deposit Receipt	-	-
FC Fund Purchased	-	-
Non Resident Taka	1,501,195	1,501,195
Non Resident US$	2,956,439	2,431,365
Profit payable on deposits	109,002,923	74,364,825
Unclaimed Deposit	-	-
Others	23,713,615	20,164,717
	137,174,172	**98,462,101**

13.4 Maturity analysis of deposits

	31-Dec-18	31-Dec-17
Up to 1 month	288,192,614	451,743,020
Over 1 month but within 3 months	761,385,228	903,486,040
Over 3 months but within 1 year	3,005,733,527	4,065,687,178
Over 1 year but within 5 years	4,534,137,220	3,839,815,668
Over 5 years but within 10 years	2,785,214,915	1,806,972,079
Over 10 years	144,096,307	225,871,510
	11,518,759,812	**11,293,575,495**

14.0 Other liabilities

	31-Dec-18	31-Dec-17
Adjusting account credit (Liability for Exp)	221,076,552	207,745,945
Adjustable Block a/c-2006	558,768,359	558,768,359
Sundry Creditors	40,742,676	42,612,817
L/C Cover other currencies	(354,685)	25,297
Provision for Investment **(note-14.1)**	3,773,272,026	3,787,685,473
Profit Suspense Account **(note-14.2)**	1,294,188,907	1,302,183,259
Provision for Sundry assets	1,115,708	1,115,708
TDS on Profit paid	8,280,287	9,381,202
TDS on Office Rent	13,040	146,323
TDS on other sources	23,135	29,624
Excise Duty on Deposits	9,396,504	9,341,172
Excise Duty on Investment Account	4,184,900	4,370,550
Risk Fund ICBIBL	-	-
VAT deducted at source	1,660,396	1,430,920
A/C Payable - Shanchay Patra	-	-
Cash security Others	234,000	266,000
ATM Option amount	-	-
Cash assistant against Export	-	-
Profit Reversal Account-2007	-	-
Lease obligation **(note-14.3)**	-	-
Clearing Adjustment	-	
Godown Rent Payable	-	
Other payables	58,328,024	27,334,907
Provision for tax	26,444,259	23,815,890
Provision on off-balance sheet items **(note-14.4)**	4,313,679	4,313,679
Provision on Nostro Accounts (**note-14.5)**	**-**	-
	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:

	31-Dec-18	31-Dec-17
Provision held as on 1 January	3,757,546,632	3,902,716,526
Less: Fully provided debts written off/Waved during the year	(18,726)	(165,201,883)
Add: Recoveries of amounts previously written off		-
Add: Specific provision made during the year for other accounts		-
Less: Provision no longer required		-
Add: Excess provision transferred from Adjustable block account		
Add: Excess provision transferred from General provision		-
Add: Net charge to profit and loss account **(note-37)**	(14,394,721)	20,031,989
Provision held as on 31 December 2018	3,743,133,185	3,757,546,632

Movement in general provision on unclassified Investments

	31-Dec-18	31-Dec-17
Provision held as on 1 January	30,138,841	30,138,841
Add: General provision made during the year **(note-37)**	-	-
Less: General provision transfer to specific provision during the year **(note-37)**	-	-
Provision held as on 31 December 2018	30,138,841	30,138,841
	3,773,272,026	**3,787,685,472.59**

14.2 Profit suspense account

	31-Dec-18	31-Dec-17
Balance as on 1 January	1,302,183,259	1,417,193,815
Add: Amount transferred during the year	43,962,008	63,066,854
Less: Amount recovered from during the year	(51,861,807)	(67,582,969)
Less: Amount written-off/waved during the year	(94,553)	(110,494,441)
Balance as on 31 December 2018	**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:

	31-Dec-18	31-Dec-17
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

	31-Dec-18	31-Dec-17
Provision held as on 1 January	4,313,679	4,313,679
Add: Provision made/(released) during the year **(note-37)**	-	-
Provision held as on 31 December 2018	**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.

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

15.0 Share capital

15.1 Authorized capital

	2018	2017
1,500,000,000 ordinary shares of Taka 10 each	15,000,000,000	15,000,000,000

15.2 Issued, subscribed and fully paid up capital

	2018	2017
365,674,300 ordinary shares of Taka 10 each issued for cash	3,656,743,000	3,656,743,000
36,910,600 ordinary shares of Taka 10 each issued as right for cash	369,106,000	369,106,000
262,117,400 ordinary shares of Taka 10 each issued against depositors	2,621,174,000	2,621,174,000
	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**

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

15.6 Name of the Directors as at 31 December 2018

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:

	31-Dec-18	31-Dec-17
Tier-I (Core capital)		
Paid up capital **(note-15.2)**	6,647,023,000	6,647,023,000
Statutory reserve **(note-16)**	78,810,975	78,810,975
General reserve **(note-17)**	1,065,676	1,065,676
Deferred Tax Assets	(112,741,451)	(112,741,451)
Surplus in profit and loss account / Retained earnings **(note-19)**	(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)**	30,138,841	30,138,841
50% of Asset revaluation reserve **(note-17.1)**	276,442,616	276,442,616
Regulatory Adj- 60% of Asset revaluation reserve	(221,154,093)	(165,865,000)
Exchange equalization account	-	-
	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 capirtal consevation 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

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

16.0 Statutory reserve

Balance on 1 January		78,810,975	78,810,975
Addition during the year (20% of pre-tax profit)		-	-
Balance at 31 December 2018		**78,810,975**	**78,810,975**

17.0 Other reserve

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

17.1 Asset revaluation reserve

Balance on 1 January		552,885,232	552,885,232
Addition/(adjustment) during the year		-	-
Balance at 31 December 2018		**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		-	-

19.0 Retained earnings / movement of profit and loss account

Balance on 1 January		(17,731,371,664)	(17,324,861,615)
Prior year adjustments		(13,396,230)	(1,504,708)
Profit/(Loss) during the period		(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		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
		223,692,696	**198,807,679**

20.1 Letters of guarantee

Letters of guarantee (Local)		143,720,338	122,505,796
Letters of guarantee (Foreign)		-	-
Foreign counter guarantees		-	-
		143,720,338	122,505,796
Less: Margin		132,365,894	111,293,948
		11,354,444	**11,211,848**

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
Less: Margin		132,365,894	111,293,948
		11,354,444	**11,211,848**

20.2 Irrevocable Letters of Credit

Letters of credit (Inland)		57,126	-
Letters of credit (General)		13,885,694	9,588,005
Back to back L/C		1,142,000	1,142,000
		15,084,820	**10,730,005**

20.3 Bills for collection

Inward local bills for collection		1,032,264	1,716,604
Inward foreign bills for collection		40,498,274	40,498,274
		41,530,538	**42,214,878**

	for the year	
	31-Dec-18	31-Dec-17

21.0 Profit and Loss Account

	31-Dec-18	31-Dec-17
Profit:		
Profit, discount and similar income **(note-21.1)**	351,810,239	392,614,494
Income from investments in shares and securities **(note-24)**	3,159,048	2,599,966
Fees, commission and brokerage **(note-21.2)**	2,970,575	2,408,276
Gains less losses arising from dealing in foreign currencies **(note-25.1)**	948,461	4,844,915
Other operating income **(note-26)**	61,910,510	77,180,057
	420,798,833	**479,647,708**
Expenses:		
Profit paid on deposits, borrowings, etc. **(note-23)**	444,047,927	406,350,704
Administrative expenses **(note-21.3)**	403,448,554	387,881,633
Other operating expenses **(note-36)**	54,897,732	52,119,317
Depreciation on banking assets **(note-35)**	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

	31-Dec-18	31-Dec-17
Profit on investments **(note-22)**	351,810,239	392,614,494
Profit on treasury bills / reverse repo / bonds	-	-
	351,810,239	**392,614,494**

21.2 Fees, commission and brokerage

	31-Dec-18	31-Dec-17
Commission **(note-25)**	2,970,575	2,408,276
Brokerage **(note-25)**	-	-
	2,970,575	**2,408,276**

21.3 Administrative expenses

	31-Dec-18	31-Dec-17
Salary and allowances **(note-27)**	192,375,460	192,447,016
Rent, taxes, insurance, electricity, etc. **(note-28)**	142,637,745	131,744,678
Legal expenses **(note-29)**	14,255,845	13,996,121
Postage, stamp, telecommunication, etc. **(note-30)**	9,445,503	7,205,129
Stationery, printing, advertisement, etc. **(note-31)**	5,975,489	4,807,860
Managing Director's salary and fees **(note-32)**	13,982,400	13,982,400
Directors' fees **(note-33)**	1,284,138	1,617,295
Shariah Supervisory Committee's fees & expenses **(note-34)**	84,000	90,000
Auditors' fees	550,000	636,000
Repair of Bank's assets **(note-35)**	22,857,974	21,355,134
	403,448,554	**387,881,633**

22.0 Investment Income

(i) Income from general investment

	31-Dec-18	31-Dec-17
Murabaha-Com.-Advance Agt. Imported Mer. (AIM)	-	-
Murabaha (Pledge)	-	-
Murabaha Under Secured Guarantee (MUSG)	8,241,726	12,792,299
Bai-Muajjal(Hypothecation)	131,519,510	208,127,306
Bai-Muajjal - PC	-	-
Bai-Muajjal - TR	3,958,541	6,444,944
Bai-Muajjal - LBDP	-	-
Bai-Muajjal (ICBIBLCFS)	3,185,727	5,781,767
Bai Muajjal - Forced Investment (Against B/B - L/C)	-	1,131,391
Staff Loan- Provident Fund	8,804	106,851
Hire Purchase	75,780,454	56,170,324
HP House Building - Staff	20,100	34,160
HP House Building - General	73,076,601	87,942,176
Local Bills Discounted	-	-
Foreign Bills Purchased & Discounted	-	-
Payments agt. Doc - WES (PAD -WES)	-	-
Payments agt. Doc - Cash (PAD - Cash)	-	-
Others	-	-
	295,791,463	378,531,219
Add: Transferred from/ (to) Profit Suspense	-	-
Sub Total (i)	**295,791,463**	**378,531,219**

		for the year	
		31-Dec-18	31-Dec-17
(ii)	**Profit on deposits with other Islamic banks**		
	In Bangladesh		
	Profit on balance with other banks and financial institutions	55,675,699	13,799,233
	Outside Bangladesh	-	
	Profit received from foreign banks	343,077	284,042
	Sub Total (ii)	**56,018,776**	**14,083,275**
	Grand Total (i+ii)	**351,810,239**	**392,614,494**

23.0 Profit paid on deposits

(a)	Profit paid on deposits:		
	Savings bank / Mudaraba savings deposits	42,626,079	43,250,306
	Short term deposits	2,250,603	2,289,893
	Term deposits / Mudaraba term deposits	362,825,065	319,767,658
	Deposits under scheme	33,368,680	29,070,329
	Repurchase agreement (repo)	-	-
	Others **(note-23.1)**	2,977,500	20,000
(b)	Profit paid on local bank accounts	-	-
(c)	Profit paid on foreign bank accounts	-	-
		444,047,927	**394,398,186**

23.1 Others

Profit paid to Islamic Bank Bond Fund	-	-
Profit paid on Rediscount	-	-
Discount paid to Bank	-	20,000
Remittance Charge	-	-
Profit paid Insta Profit	-	-
Non Call Money-Treasury line	2,977,500	-
Profit paid on F.C	-	-
	2,977,500	**20,000**

24.0 Income from investments in shares and securities

(i)	**Inside Bangladesh**		
	Islamic Investment Bond	1,731,095	1,172,013
	Income from treasury bills / Reverse repo / bonds	-	-
	Dividend on shares	1,427,953	1,427,953
	Sub Total (i)	3,159,048	2,599,966
(ii)	**Outside Bangladesh**	-	-
	Grand Total (i+ii)	**3,159,048**	**2,599,966**

25.0 Commission, exchange and brokerage

Commission on L/Cs	501,443	438,931
Commission on L/Gs	1,170,396	720,638
Commission on export bills	-	-
Commission on bills purchased	-	-
Commission on accepted bills	-	-
Commission on OBC, IBC, etc.	-	-
Commission on PO, DD, TT, TC, etc.	304,631	282,544
Commission for services rendered to issue of shares	-	-
Other commission	994,105	966,163
	2,970,575	**2,408,276**
Exchange gain **(note - 25.1)** - including gain from FC dealings	948,461	4,844,915
Brokerage	-	-
	3,919,036	**7,253,191**

25.1 Exchange gain

Exchange gain	948,461	4,844,915
Less: Exchange loss	-	-
	948,461	**4,844,915**

	for the year	
	31-Dec-18	31-Dec-17

26.0 Other operating income

Rent recovered	12,920,875	13,105,595
Service and other charges	23,519,978	28,527,119
Postage / telex / SWIFT/ fax recoveries	259,525	187,165
Incidental charges	-	-
Profit on sale of fixed assets	1,352,415	269,222
Miscellaneous earnings	23,857,717	23,138,439
	61,910,510	**65,227,539**

27.0 Salaries and allowances

Basic pay	85,233,409	88,349,515
Allowances	70,139,787	67,332,155
Bonus	12,592,027	11,920,503
Bank's contribution to provident fund	6,410,237	6,844,843
Gratuity	18,000,000	18,000,000
	192,375,460	**192,447,016**

28.0 Rent, taxes, insurance and electricity

Rent, rate and taxes	112,441,255	109,380,473
Insurance	17,473,899	10,871,362
Power and electricity	12,722,591	11,492,842
	142,637,745	**131,744,678**

29.0 Legal & Professional expenses

Legal expenses	10,473,779	13,996,121
Court Expenses	3,782,066	-
Other professional charges	-	-
	14,255,845	**13,996,121**

30.0 Postage, stamp and telecommunication

Postage	1,614,091	1,118,111
Telegram, telex, fax and e-mail	5,417,884	3,690,214
Telephone - office	2,413,528	2,396,805
Telephone - residence	-	-
	9,445,503	**7,205,129**

31.0 Stationery, printing and advertisements

Office and security stationery	3,079,099	2,778,715
Computer consumable stationery	1,804,217	1,156,211
Publicity and advertisement	1,092,173	872,934
	5,975,489	**4,807,860**

32.0 Managing Director's salary and fees

Basic pay	8,424,000	8,424,000
Allowances	3,312,000	3,312,000
Bonus	1,404,000	1,404,000
Pension & Gratuity	-	-
Bank's contribution to provident fund	842,400	842,400
	13,982,400	**13,982,400**

	for the year 31-Dec-18	for the year 31-Dec-17

33.0 Directors' fees

		31-Dec-18	31-Dec-17
i)	Directors Fees for attending Board/Executive	304,000	328,000
	Committee/Other Committee Meeting	-	
ii)	TA/DA/Hotel Fare for Local & Foreign Directors	980,138	1,289,295
iii)	Others	-	-
		1,284,138	**1,617,295**

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

34.0 Shariah Supervisory Committee's Fees & Expenses

		31-Dec-18	31-Dec-17
i)	Shariah Supervisory Board member's Fees for attending meeting	84,000	90,000
iii)	Others	-	-
		84,000	**90,000**

35.0 Depreciation and repair of Bank's assets

	31-Dec-18	31-Dec-17
Depreciation - (Annexure-B)		
Fixed assets	15,808,529	15,391,520
Repairs		
Immovable property	24,000	24,000
Furniture and fixtures	1,424,165	793,686
Office equipment's	5,045,726	4,218,506
Software maintenance	15,384,000	15,568,250
Bank's vehicles	980,083	750,692
	22,857,974	21,355,134
Total Depreciation and Repairs	**38,666,503**	**36,746,654**

36.0 Other expenses

	31-Dec-18	31-Dec-17
Car expenses	947,467	945,798
Liveries and uniforms	-	-
Medical expenses	142,170	65,688
Bank charges and commission paid	1,801,318	2,197,721
Other assets written off	-	-
Loss on sale of fixed assets	-	-
Fuel - Generator & Vehicle.	4,292,674	3,924,607
Swift Expenses	2,393,204	2,599,012
Recruitment Expenses	-	2,007,500
ATM Card Expenditure	-	-
Subscription and Membership Fees	366,000	398,500
Donations	104,227	47,600
Travelling expenses	1,277,676	948,366
Local conveyance, labour, etc.	1,229,277	1,069,946
Entertainment	1,560,259	1,266,927
Business development	12,636,579	10,703,007
Training and internship	68,000	154,231
EGM/AGM Expenses	1,100,000	768,298
Consulting and other charges	665,000	713,000
Penalty on Liquid Assets	933,930	2,541,260
Security Services	11,482,558	11,571,628
Office maintenance	7,570,057	6,166,000
Miscellaneous expenses	6,327,336	4,030,228
	54,897,732	**52,119,317**

	for the year	
	31-Dec-18	31-Dec-17

37.0 Provision for Investments & off balance sheet items

	31-Dec-18	31-Dec-17
Provision for bad and doubtful Investments	14,394,721	(20,031,989)
Provision for unclassified Investments	-	-
Provision for contingency	-	-
Other provisions	-	-
Provision for off-balance sheet items	-	-
	14,394,721	**(20,031,989)**

38.0 Receipts from other operating activities

	31-Dec-18	31-Dec-17
Income from merchant banking operation		
Rent recovered	12,920,875	13,105,595
Service and other charges	23,519,978	28,527,119
Postage / Telex / Fax / SWIFT charge recoveries	259,525	187,165
Incidental charges	-	-
Gain from sale of treasury bond / shares	-	-
Profit on sale of fixed assets	1,352,415	269,222
Deferred tax income	-	-
Miscellaneous earnings	23,857,717	35,090,957
	61,910,510	**77,180,057**

39.0 Payments for other operating activities

	31-Dec-18	31-Dec-17
Rent, rates and taxes	142,637,745	131,744,678
Legal expenses	14,255,845	13,996,121
Postage and communication charges, etc.	9,445,503	7,205,129
Directors' fees	1,284,138	1,617,295
Shariah Supervisory Committee's fees & expenses	84,000	90,000
Auditors' fees	550,000	636,000
Donations and subscriptions	470,227	446,100
Conveyance and travelling expenses, etc.	2,506,953	2,018,312
Business development expenses	12,636,579	10,703,007
Training, internship expenses	68,000	154,231
Publicity and advertisement	1,092,173	872,934
Repair of Bank's assets	22,857,974	21,355,134
Miscellaneous expenses	39,215,972	38,797,667
	247,105,109	**229,636,608**

40.0 (Increase) / decrease of other assets

	31-Dec-18	31-Dec-17
T & T bonds	-	-
Security deposits	-	-
Intangible assets	-	-
FC Fund purchase	-	-
DBBL bonds	-	-
Stationery and stamps	(198,237)	(188,935)
Income receivable	-	-
Advance deposits and advance rent	(22,088,117)	9,429,909
Branch adjustment account	3,989,660	(886,346)
Suspense account	9,521,873	5,238,561
Encashment of PSP / BSP	-	-
Accrued interest on investment	-	-
Sundry assets	500,764	(6,904,189)
	(8,274,057)	**6,689,000**

	for the year	
	31-Dec-18	31-Dec-17
41.0 Increase / (decrease) of other liabilities		
Sundry Creditors	(1,870,141)	(63,812,561)
Exchange Equalization Account	-	-
L/C Cover	(379,982)	(1,250,774)
Tax Deducted at Source	(1,240,687)	1,329,055
Excise Duty	(130,318)	(113,381)
Risk Fund ICBIBLCFS	-	(132,314)
VAT deducted at source	229,476	(1,947,105)
A/C Payable - Sanchaya Patra	-	-
Expenditure and other payables	15,609,519	19,477,572
Adjustments of Provision against written-off	-	-
Unearned commission on bank guarantee	-	-
Provisions	14,394,721	(20,031,989)
	26,612,588	**(66,481,498)**
42.0 Earning Per Share (EPS)		
Net profit after tax (Numerator)	(485,637,557)	(405,005,341)
Weighted average number of ordinary shares outstanding (Denominator)	664,702,300	664,702,300
Basic Earnings Per Share (EPS)	**(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:

Name	Status with bank	Status with committee	Educational Qualification
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:

Meeting No	Held on
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

i) The Terms of reference of the Audit Committee as stated in the BRPD Circular No.11 dated 27/10/2013;

ii) The committee reviewed the Internal Audit Reports along with Investigation Reports of the different ICBIBL branches/departments conducted by the Internal Audit Team of the Bank from time to time and also the status of compliance thereof.

iii) The committee reviewed Internal Audit Chartered, Code of Ethics of Internal Auditor and Risk Management Framework.

iv) The committee reviewed Court cases filed against bank.

v) The committee reviewed the progress strengthening the Internal Control system & procedures, strict compliance of Anti-Money Laundering Act and also the Internal Audit Team of the Bank.

vi) The Committee places its Report to the Board of the Bank for review and monitoring the activities with recommendations on Internal Control system, compliance of rules and regulations of the Regulatory Bodies.

vii) The committee reviewed the annual financial statements for the year 2018 including the annual report.

viii) 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 Lumpor, 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	Equivalent Taka	FC Amount	Exchange Rate	Equivalent Taka
AB Bank, Mumbai, India	CD	ACU	3,199	83.90	268,418	2,950	82.70	243,935
Modhumoti Bank Limited(OBU)	CD	USD	1,979	83.90	166,010	173,870	82.70	14,379,009
Sonali Bank, Kolkata	CD	ACU	26,942	83.90	2,260,415	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:

Sl 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)

Sl 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)