

## Directors' Report – 2020

BismillahirRahmanir Rahim

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

### Dear Respected Shareholders,

AssalamuAlaikumWarahmatullah.

On behalf of the Board of Directors of ICB Islamic Bank Limited, I extend to you a hearty welcome to the Annual General Meeting of the Bank for the year 2020. I also take this opportunity to present before you the Annual Report of the Bank along with the Financial Statements and Auditor's Report thereon for the year ended December 31, 2020 for your kind perusal. A brief overview of global market trends with the performance of Bangladesh economy has also been provided in the Annual Report which would reveal continuous growth of the Bank in a stiff competitive environment.

The Directors, to the best of their knowledge and information, hereby confirm that the Annual Report 2020 together with the Directors' Report and the Financial Statements have been prepared in compliance with applicable BFRSs, Bank Companies Act 1991 (amended till 2018), Companies Act 1994, guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), the Listing Regulation of Dhaka Stock Exchange (DSE) and other applicable laws and regulations. In addition, the Directors have endeavored to explain certain issues, which they deemed relevant and important to ensure transparency and good governance practices.

### Global Economic Outlook for 2020 and Prospects in 2021

The global economy is climbing out from the depths to which it had plummeted during the Great Lockdown in April. But with the COVID-19 pan-demic continuing to spread, many countries have slowed reopening and some are reinstating partial lockdowns to protect susceptible populations. While recovery in China has been faster than expected, the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks.

Global growth is projected at -4.4 percent in 2020. The revision reflects better-than-anticipated second quarter GDP outturns, mostly in advanced economies, where activity began to improve sooner than expected after lockdowns were scaled back in May and June, as well as indicators of a stronger recovery in the third quarter. Global growth is projected at 5.2 percent in 2021. Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be a modest 0.6 percent above that of 2019. The growth projections imply wide negative output gaps and elevated unemployment rates this year and in 2021 across both advanced and emerging market economies. Medium-term outlook. After the rebound in 2021, global growth is expected to gradually slow to about 3.5 percent into the medium term. This implies only limited progress toward catching up to the path of economic activity for 2020–25 projected before the pandemic for both advanced and emerging market and developing economies. It is also a severe setback to the projected improvement in average living standards across all country groups. The pandemic will reverse the progress made since the 1990s in reducing global poverty and will increase inequality. People who rely on daily wage labor and are outside the formal safety net faced sudden income losses when mobility restrictions were imposed. Among them, migrant workers who live far from home had even less recourse to traditional support networks. Close to 90 million people could fall below the \$1.90 a day income threshold of extreme deprivation this year. In addition, school closures during the pandemic pose a significant new challenge that could set back human capital accumulation severely. The subdued outlook for medium-term growth comes with a significant projected increase in the stock of sovereign debt. Downward revisions to potential output also imply a smaller tax base over the medium term than previously envisaged, compounding difficulties in servicing debt obligations. The baseline projection assumes that social distancing will continue into 2021 but will subsequently fade over time as vaccine coverage expands and therapies improve. Local transmission is assumed to be brought to low levels everywhere



by the end of 2022. The medium-term projections also assume that economies will experience scarring from the depth of the recession and the need for structural change, entailing persistent effects on potential output. These effects include adjustment costs and productivity impacts for surviving firms as they upgrade workplace safety, the amplification of the shock via firm bankruptcies, costly resource reallocation across sectors, and discouraged workers' exit from the workforce. The scarring is expected to compound forces that dragged productivity growth lower across many economies in the years leading up to the pandemic—relatively slow investment growth weighing on physical capital accumulation, more modest improvements in human capital, and slower efficiency gains in combining technology with factors of production. Risks. The uncertainty surrounding the baseline projection is unusually large. The forecast rests on public health and economic factors that are inherently difficult to predict. A first layer relates to the path of the pandemic, the needed public health response, and the associated domestic activity disruptions, most notably for contact-intensive sectors. Another source of uncertainty is the extent of global spillovers from soft demand, weaker tourism, and lower remittances.

## Bangladesh Economy:

Bangladesh is all set overtake its neighbor India in terms of Gross Domestic Product (GDP) per capita in 2020, despite slow growth due to the coronavirus pandemic as per The International Monetary Fund (IMF). According to the IMF Bangladesh overtook India as its per capita GDP in dollar terms is likely to expand by 4% in 2020 to \$1,888. Its per capita GDP is growing at a rate faster than its GDP. Meanwhile, India's per capita GDP is expected to slump by 10.5% to \$1,877, which is the lowest in the last four years. The GDP numbers for both countries are at current prices.

The IMF projected the Bangladesh's gross domestic product (GDP) growth at 3.8% for 2020. However, it previously forecast a 2% growth for Bangladesh economy. For the next year, the IMF forecast 4.4% GDP growth for Bangladesh. Meanwhile, emerging and developing Asia's economy will see a 1.7% contraction but rebound in 2021 with a 8% growth, it also read.

The global economy is climbing out from the depths to which it had plummeted during the Great Lockdown in April. But with the Covid-19 pandemic continuing to spread, many countries have slowed reopening and some are reinstating partial lockdowns to protect susceptible populations.

While recovery in China has been faster than expected, the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks. Among other South Asian countries, IMF estimated a 10.3% contraction for India's GDP, while Bhutan's economy is predicted to grow by 0.6%, Sri-Lanka at -4.6%, Pakistan -0.4% and Nepal to remain flat.

## Banking Industry Outlook 2020

The banking sector of Bangladesh has been struggling to survive in the last couple of years. Most of the banks are in trouble regarding loan default, high non-performing loans and other issues. The pandemic situation has made the situation worse for the whole economy. The banking sector, a vital player in a country's monetary and fiscal system, continues to face the wrath of the Covid-19 pandemic.

There is little doubt that the banking sector in Bangladesh is going to face a difficult period in 2021 due to the continuing impact of the coronavirus outbreak. To maintain good growth in the upcoming years, Bangladesh Bank along with the government has taken some steps to stabilize the economy, including the banking sector, by implementing some monetary and fiscal policies.

A major change in policy in the banking sector was seen last year. The Bangladesh Bank initiated single-digit borrowing and lending rate back in April 2020. The main purpose was to attract investors with a single-digit interest rate. It was expected that investments would go up as the borrowing rate is below ten percent. Along with this, some banks expected that deposits from individuals would go down because of the less-than-six percent interest rate in depository money.

But beyond expectations, the banking sector has been facing excess fund availability in recent days. The main reason for this excess cash is low investment opportunities in the economy due to the Covid-19 situation along with a huge cash injection from the Bangladesh Bank. Rather than being low, bank deposits, excluding

inter-bank balance, rose to Tk 13,454.36 billion at the end of September 2020 from Tk 13,054.54 billion nearly three months prior. Also, excess liquidity increased to almost 105 percent and stood at around Tk 160,979 crore at that same period of time if we look at year-to-year analysis. Bangladesh Bank has already injected around Tk 55,000 crore into the financial sector as part of its effort to implement the stimulus packages.

Also, remittances increased drastically last year, likely due to heightened uncertainty in the global economy. It is expected to increase by over 40 percent this year compared to the previous year. Excess dollars in the banking sector create an imbalance in the dollar rate by making a stronger national currency. But to provide an advantage to the local exporters, keeping the price stable is necessary. As a result, Bangladesh Bank bought back around 5 billion dollars from the regular market to keep the dollar stable which is needed in terms of maintaining export-import balance. And it also helped to increase the liquidity in the market.

According to data released by Bangladesh Bank, the call money rate went below two percent in November after two years due to excess liquidity. It was seen in the last two months that the bank's daily borrowings from the call money market ranged between Tk 3,600 crore and Tk 5,300 crore. But some months ago, in last July-August, the bank's daily borrowings from the call money market ranged between Tk 7,000 crore and Tk 9,200 crore.

At the end of September last year, the banking sector's total default loans stood at Tk 94,440.5 crore, which was 8.88 percent of total outstanding loans; it was around Tk 116,288 crore in the same period in the year prior. The amount decreased because of the regularisation of a big chunk of defaulted loans through a special rescheduling policy of the central bank.

Since the pandemic emerged, it was expected that the banks would not be able to make much profit as corporate deals – their major earning source – were closed. But a report published by Bangladesh Bank after nine months showed that 18 out of 27 banks posted a year-on-year rise in profits during the period of January to September. They generated around 3.49 percent higher profits (Tk 4,888 crore) in the nine months.

In such a dire situation, the banking sector must introspect and make a turnaround in the coming years. Along with making an initial recovery from the Covid-19 situation, the banking sector has to prepare for the impact of the second wave of coronavirus in 2021.

The investors are preparing to make new investments. New investment requires more cash and most of them come directly from the financing provided by the banking sector. Also, banks started to distribute the government's stimulus package money to a number of institutions. So, it can be expected that the rise in excess liquidity might not be same in the next couple of months.

Additionally, the deposit rate of banks is still low which will attract fewer customers in the future. As the stock market is recovering after a new commission came into action, people might go for the stock market rather than keep their money idle in the bank which might create a problem in terms of collecting deposits in the near future.

On the contrary, to improve the unemployment situation which worsened due to Covid-19, investment opportunities are needed. Thus Bangladesh Bank needs to take appropriate steps to live up to the expectations of addressing the unemployment situation, spurring growth and the depository issue.

One of the main problems faced by banks is recovering money from big borrowers. If business as usual continues, it will be hard to survive in the long term. To address the problem of defaulted loans in the future, banks should take the necessary steps to investigate borrowers' position.

The government has released a huge budget with a very big deficit amount at hand. As the economy took a downward spiral for a couple of months, the government had fewer opportunities to meet expected revenue collection. The deficit amount will thus be much higher than what was expected. The government usually takes out loans to cover the deficit amount. But our experiences in recent years show that the government is taking out loans from internal sources like banks and financial institutions. As a result, it is expected that the government might take money from these sources if it cannot meet the revenue collection target. Banks should keep in mind these issues while continuing their operations.

It is clear that the banking sector needs to be reformed with increased regulation and more supervision. Also, steps should be taken to tighten the criteria for loan rescheduling and restructuring; ensure better corporate governance; modernize state-owned commercial banks; and create more robust systems to accelerate loan recovery. The right steps and policies can help minimize the threats to our financial system.



## The Challenges and Opportunities in Banking Sector in 2021

The banking sector of Bangladesh has been struggling to survive in the last couple of years. Most of the banks are in trouble regarding loan default, high non-performing loans and other issues. The pandemic situation has made the situation worse for the whole economy. The banking sector, a vital player in a country's monetary and fiscal system, continues to face the wrath of the Covid-19 pandemic.

But beyond expectations, the banking sector has been facing excess fund availability in recent days. The main reason for this excess cash is low investment opportunities in the economy due to the Covid-19 situation along with a huge cash injection from the Bangladesh Bank. Rather than being low, bank deposits, excluding inter-bank balance, rose to Tk 13,454.36 billion at the end of September 2020 from Tk 13,054.54 billion nearly three months prior. Also, excess liquidity increased to almost 105 percent and stood at around Tk 160,979 crore at that same period of time if we look at year-to-year analysis. Bangladesh Bank has already injected around Tk 55,000 crore into the financial sector as part of its effort to implement the stimulus packages.

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On the contrary, to improve the unemployment situation which worsened due to Covid-19, investment opportunities are needed. Thus Bangladesh Bank needs to take appropriate steps to live up to the expectations of addressing the unemployment situation, spurring growth and the depository issue.

### An Overview of the Bank

ICB Islamic Bank Limited, a second generation private Bank is the new legal name of former 'The Oriental Bank Limited' which was incorporated in April, 1987 as a Public Limited Company titled 'Al - Baraka Bank Bangladesh Limited' under the Companies Act, 1913. Certificate for commencement of business was issued to the Bank on April 30, 1987. Bangladesh Bank authorized to carry on the banking business in Bangladesh with effect from May 4, 1987 to undertake and carry out all kinds of banking, financial and business activities, transactions and operations in strict compliance with the principles of Islamic Law (Shariah) relating to business activities in particular avoiding usury in investment and sales transactions and any practice which accounts to usury and actual banking operations commenced on May 20, 1987. Registrar of Joint Stock Companies And Firms approved the revised name (The Oriental Bank Limited) on December 31, 2002 and Bangladesh Bank approval was accorded on April 13, 2003. Switzerland based ICB Financial Group Holdings AG acquired the majority shareholdings of former Oriental Bank Limited, a Bangladeshi Shariah compliant Bank as on February 28, 2008. Emphasis has been given on improving the technology and infrastructure of the Bank, as well as retraining employees, with a view to providing an improved range of competitive products to customers. Currently, the Authorized Capital of the Bank is BDT 15,000.00 million and Paid-up Capital is BDT 6647.023 million as of December 31, 2020. Its vision is to stand out as a premier banking institution in Bangladesh and contribute significantly to the national economy.

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

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

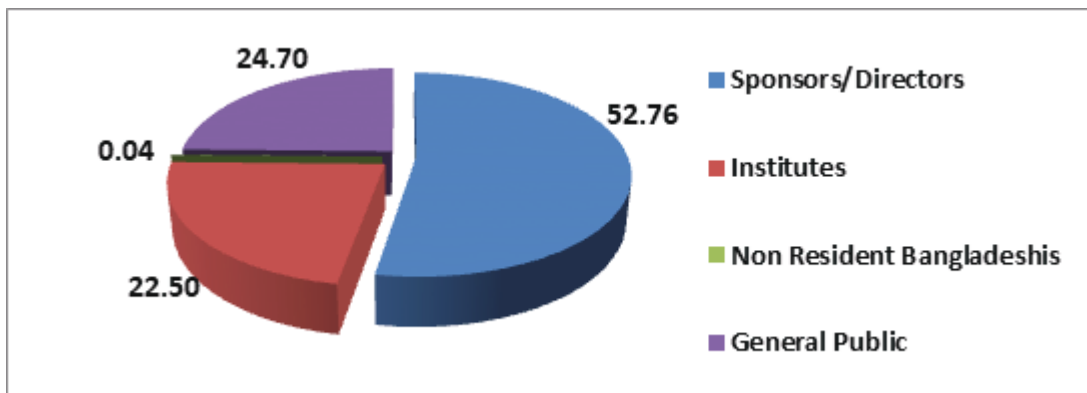
ICB Islamic Bank Limited carries out business activities in keeping with its values and norms and with an understanding of the importance of a large financial institution has for the society and the environment. It is taking steps towards Green Banking. In line with the vision and mission, the Bank always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

### Capital Structure And Shareholding Pattern of ICB Islamic Bank

The Authorized and Paid-up capital of the Bank was increased in its AGM held on 22nd. June 2010. In addition, the shares of ICB Islamic Bank Limited had been split from BDT 1,000.00 (one thousand) to BDT 10 (ten) per share and market lot was changed from five (5) to five hundred (500) during the year 2010 through Annual General Meeting. The paid-up capital of the Bank as at December 31, 2020 is BDT 6,647,023,000. The details of Shareholding pattern of the Company as at the end of the year 2020 is given below:

| Sl. No. | Name of the Group         | No. of Shareholders | No. of Shares      | Shareholding (percent) |
|---------|---------------------------|---------------------|--------------------|------------------------|
| 01      | Sponsors/Directors        | 1                   | 350,674,300        | 52.76                  |
| 02      | Institutes                | 117                 | 149,610,866        | 22.50                  |
| 03      | Non Resident Bangladeshis | 48                  | 234,293            | 0.04                   |
| 04      | General Public            | 13,648              | 164,182,841        | 24.70                  |
|         | <b>Total</b>              | <b>13,814</b>       | <b>664,702,300</b> | <b>100.00</b>          |

### Shareholding Position as on 31<sup>st</sup> December 2020



### Analysis of Income Statement of ICIBL

(Figure in BDT Million)

| Sl No. | Particulars                                      | 2020     | 2019     | Percent Change |
|--------|--|----------|----------|----------------|
| 1      | Investment income                                | 366.05   | 393.56   | (6.99)         |
| 2      | Profit paid on deposits                          | 459.85   | 477.96   | (3.78)         |
| 3      | Net investment income                            | (93.80)  | (84.40)  | (11.13)        |
| 4      | Income from investments in Shares and Securities | 4.95     | 5.30     | (6.60)         |
| 5      | Other operating income                           | 274.97   | 52.35    | 425.25         |
| 6      | Total operating income                           | 186.13   | (26.75)  | 795.81         |
| 7      | Total operating expenses                         | 429.52   | 462.18   | (7.06)         |
| 8      | Profit/ (loss) before tax and provision          | (243.39) | (488.93) | (50)           |
| 9      | Provision for investments                        | 60.00    | 23.00    | 160.86         |
| 10     | General provision on off-balance sheet items     | -        | -        | -              |



|    |  |          |          |         |
|----|--|----------|----------|---------|
| 11 | Provision for diminution in value of investments | -        | (3.24)   | (100)   |
| 12 | Other provisions                                 | -        | 53.24    | (100)   |
| 13 | Net profit before tax                            | (183.39) | (415.93) | 55.90   |
| 14 | Provision for taxation                           | (3.87)   | (7.82)   | (50.90) |
| 15 | Net profit after tax                             | (187.27) | (423.75) | 55.80   |

### Sector-wise NPI for the year ended 31.12.2020:

(Amount in BDT)

| Sectors as classified by Bangladesh Bank                             | Total Exposure as on 31-Dec-20 | Percent of Total Outstanding | 31-Dec-20               |                     |
|--|--------------------------------|------------------------------|-------------------------|---------------------|
|  |                                |                              | NPI Amount              | Gross NPI Ratio (%) |
| Agriculture, Fishing and livestock                                   | -                              | 0.00%                        | -                       | 0.00%               |
| Manufacturing  | 1,064,446,638.37               | 12.43%                       | 1,003,414,834.24        | 94.27%              |
| Electricity, Gas, Water, TV, Radio and other public utility services | 515,810,966.32                 | 6.02%                        | 398,384,897.44          | 77.23%              |
| Trading (wholesale & retail)   | 4,683,170,954.42               | 54.68%                       | 3,645,470,533.81        | 77.82%              |
| Hotels and restaurants   | 2,221,585.89                   | 0.03%                        | 909,475.75              | 40.94%              |
| Construction & Real Estate (excluding housing loans for individuals) | -                              | 0.00%                        | -                       | 0.00%               |
| Housing Loans for individuals  | 503,183,400.70                 | 5.87%                        | 86,650,608.21           | 17.22%              |
| Consumption Credit (personal loans to individuals)                   | 66,204,707.96                  | 0.77%                        | 33,345,725.94           | 50.37%              |
| Consumption Credit (Vehicle loans to individuals)                    | 82,415,966.84                  | 0.96%                        | 18,015,758.41           | 21.86%              |
| Securities (shares, debentures and other instruments)                | -                              | 0.00%                        | -                       | 0.00%               |
| Finance, Insurance & Business Services                               | 10,188,757.22                  | 0.12%                        | -                       | 0.00%               |
| Transport & Communication  | 376,707,770.56                 | 4.40%                        | 376,707,770.56          | 100.00%             |
| Others   | 1,260,881,222.13               | 14.72%                       | 1,149,765,888.57        | 91.19%              |
| <b>TOTAL</b>   | <b>8,565,231,970.41</b>        | <b>100.00%</b>               | <b>6,712,665,492.93</b> | <b>78.37%</b>       |

### Product wise Deposit Balance :

Amount in BDT

| Product Name                | No. of Accounts | Balance as on 31-Dec-20  |
|-----------------------------|-----------------|--------------------------|
| Mudaraba Savings A/C        | 59,112          | 5,475,371,584.07         |
| Al- Wadiyah Current A/C     | 6,735           | 418,374,210.30           |
| Deposit Scheme              | 12,555          | 358,446,314.04           |
| Insta Profit Term Deposit   | 12              | 15,030,000.00            |
| Mudaraba Term Deposit       | 5,097           | 4,901,675,699.93         |
| Monthly Profit Term Deposit | 180             | 201,576,839.80           |
| Mudaraba SND A/C            | 646             | 771,446,710.34           |
| Foreign Currency A/C        | 73              | 924,458.59               |
| <b>Total</b>                | <b>84,410</b>   | <b>12,142,845,817.07</b> |

The performance of the Bank in 2020 has been summarized below :

(Figure in BDT million)

| Particulars                    | 2020  | 2019  | Growth percent |
|--------------------------------|-------|-------|----------------|
| Net Investment Income          | (94)  | (84)  | (11.13)        |
| Total Operating Income         | 186   | (27)  | 795.81         |
| Total Operating Expenses       | 430   | 462   | (7.06)         |
| Profit/(Loss) before Provision | (243) | (489) | (50)           |
| Provision for Investment       | 60    | 23    | 160.86         |
| Profit/(Loss) before Tax       | (183) | (416) | (55.90)        |
| Provision for Tax              | (4)   | (8)   | (50.90)        |
| Net Profit after Taxation      | (187) | (424) | 55.80          |

### Investment Income

ICB Islamic Bank Limited's investment income comprises of two components: income from lending and income from placement of funds in different banks and financial institutions. The income from lending was Tk.316.01 million in 2020.

### Net Profit/(loss) before Tax

After making the provisions, net profit/ (loss) before tax of ICIBL stood at BDT (183.39) million compared to BDT (415.92) million in 2019, mainly due to increase of others income and decrease of operating expenses in 2020.

### Provision for Income Tax

Provision against current year income tax of ICIBL was BDT (3.87) million compared to BDT (7.82) million of preceding year.

### Net Profit/(loss) after Tax

As on 31st. December 2020, net profit after tax stood at BDT (187.27) million, earnings per share was BDT (0.28), average ROA stood at (1.66) percent.

### Accumulated Loss

Total accumulated loss is BDT 18,841 million as on 31st December 2020 and total accumulated loss was BDT 18,654 million as on 31st. December 2019. The loss increased by 1% in the year 2020.

### Basis for Related Party Transactions

Related party transactions have been shown under item no. 43 of the Notes to the Financial Statements.

### Extra-ordinary gain or loss

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

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

No further issue of any instrument was made during the year 2020.

### Significant variance between Quarterly and Annual Financial Statements

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

### Dividend

The Board recommends no dividend for the year ended on 31 December 2020. There was no declaration of Bonus Share/Stock Dividend for the year as interim Dividend. The Bank is not in the state of generating sufficient income to pay such dividends.



## Branch Cluster Management

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

## Brand Image

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

## Branch Network

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

## Treasury and Asset Liability Committee (ALCO)

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

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

## Risk Management Overview

Risk management is the process of analyzing exposure to risk and determining how to best handle such exposure. The Bank is sanguine to identifying areas of risks in the business, whether it is financial, operational, ICT, reputational or credit. The Board of Directors and the management take measures to monitor and manage the risks of the Bank. In accordance with Bangladesh Bank Guidelines, the Bank has established the risk framework that consists of six core risk management policies namely (i) Investment Risk (ii) Asset and Liability/Balance Sheet Risk (iii) Foreign Exchange Risk (iv) Internal Control and Compliance Risk (v) Money Laundering Risk and (vi) Information and Communication Technology Risk. Besides, the Bank has adopted Environmental Risk Management Guidelines in accordance with Bangladesh Bank guidelines and emphasizes it as a core Risk.

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

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

## Audit Risk Management Committee (ARMC)

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



With a view to establishing an independent Risk Management Unit, ICB Islamic Bank Limited formed a Committee with senior management team, called Audit Risk Management Committee (ARMC). This committee oversees reviews, assesses and recommends on the findings and lapses reported by Internal Control and Compliance Department (ICCD) to the Audit Committee of the Board.

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

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

### Internal Control and Compliance

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

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

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

### Information Technology

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

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

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

## Anti-Money Laundering Department

Money is the prime reason for engaging in almost any type of criminal activity. Money-laundering is the method by which criminals disguise the illegal origins of their wealth and protect their asset bases, so as to avoid the suspicion of law enforcement agencies and prevent leaving a trail of incriminating evidence.

Terrorists and terrorist organizations are also relying on money of questionable origins to sustain themselves and to carry out terrorist acts.

In recent years, the international community has become more aware of the dangers that money-laundering poses in all these areas and many Governments and jurisdictions have committed themselves to take action. The United Nations and other international organizations are committed to helping them in any way they can.

In line with international efforts, Bangladesh has taken a number of initiatives to prevent money laundering and combat terrorist financing and proliferation of weapons of mass destruction.

Our bank is committed to protect itself from money laundering activities according to global best practices. Bank's Money Laundering And Terrorist Financing Risk Assessment Guidelines is prepared in accordance with Money Laundering Prevention Act, 2012 by the latest amendment and Anti-Terrorism Act,2009 ( revised 2012 and 2013) of Bangladesh Government.

We are aware that more than 80% of money laundering is done through foreign trade. Bangladesh Financial Intelligence Unit (BFIU) regularly advises us to combat it through verification of prices of imported goods mentioned in the Letter of Credit (LC). As such we take all types of precautionary measures including collect confidential report of the seller, ensure genuineness of the goods to be imported and verify the price of the goods, while opening L.Cs.

Anti- Money Laundering Department is keeping the branches updated on the instructions and guidelines issued by BFIU, Bangladesh Bank and the Management. To combat money laundering and terrorist financing, branches have been advised to do the following:

01. While opening a new account Branch will check the account name using Sanction Screening software already installed in the Branch;
02. The account opening form must be filled up properly supported by all required documents along with National Identification (NID) duly verified from the Database of Election Commission and other photo ID in absence of NID;
03. Fill up the Know Your Client (KYC) form properly and update information as per BFIU guidelines provided in BFIU Circular No. 19 dated 17.09.2017 circulated to all the branches and maintain the Transaction Profile (TP) meticulously;
04. Keep special eye on the inward foreign remittances and export proceeds realization from the countries involved in money laundering activities;
05. If any suspicious transaction is noticed, the BAMLCO will notify the same to the CAMLCO/DCAMLCO and submit the STR accordingly;
06. Over/under invoicing is another way to do money laundering. The Trade Finance Dept will look into this matter cautiously;
07. The Cash Officers and Branch Operation Managers will monitor all the transactions with extra care;
08. Branch must do their Self- Assessment properly;
09. All the branch officials must go through all the circulars and must follow in doing the daily banking activities;

Verification of NID by using the database of Election Commission is continuing successfully. Automated Sanction screening process (U.N. Sanction list, Al Quaida list, Canada list, Local list etc) is going on regularly. The goAML software for online reporting of Cash Transaction Report(CTR)and Suspicious Transaction Report (STR) is also running smoothly, Anti-Money Laundering Department of the Bank conducted several in-house training for the branch staffs on AML and CFT with in-house trainer.

## Anti Money Laundering Risk Management

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

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

## Foreign Remittance

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

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

## Foreign Exchange Business

Trade is one of the challenging arenas of banking operations which yields higher income for a bank. Globalization has made it very dynamic to operate. With the growing number of customers and changes in the pattern of international trade, the Bank through its trade services division is providing holistic services for corporate, commercial and SME customers for their trade solutions. The Bank has its stretched and enlarged global network reaching every corner of the world for extending every kind of foreign exchange related services to the customers. Thus, the Bank is growing steadily and sustainably in the international trade arenas with the passage of time. Trade services division not only facilitates foreign trade but also plays a vital role for the development, control and overall supervision of trade operation and trade settlement.

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

Capital machinery, red lentil (Masur dal), spare parts, broken stone, bolder stone, anchor bolts, chocolate, dry fish, fish meal, used vehicle, conveyor belt, jet fan, fuska, parts and accessories of two wheelers, parts and accessories of three wheelers metals, double skin cabinet fan, live plant, fresh onion, dyes, cosmetics, PVC film black non printed, green chili, hand sprayer parts for agricultural use of trading company and electrical industries etc. are the major items of the Bank.

The ICB Islamic Bank Limited has been facilitating export based industries, such as garments and other industries to earn a substantial amount of foreign exchange for the country. In the past several years export receipts of this bank were increased significantly.

### Branch Supervision and Operation Department

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

### Consumer Banking

Banks are increasingly focusing on retail customers as more and more people are coming under the formal banking channel. Banks with higher concentration on corporate business are also getting more inclined toward Consumer and Small and Medium Size Enterprises (SME) banking business to diversify their portfolio and reducing risks. As many banks are focusing on Consumer Banking the market is becoming more competitive in terms of price and service. To cope with this highly competitive market ICBIBL repackaged its consumer products like home and auto finance with competitive price range and quality service. To make the most popular consumer banking product-Home Finance, more attractive to the customers, ICBIBL is introducing Mortgage Reducing Term Assurance(MRTA) since 3rd March, 2021 which also reduces the repayment risk in case of death or permanent disability of the customer. In 2019, ICBIBL increased its focus on consumer banking business by launching dedicated product specialized relationship teams at head office besides the regular branch channel, which will provide one stop service with low turnaround time to the customers. To support the investment growth, the Bank has taken several initiatives to boost the deposit base like establishing dedicated deposit team at head office and conducting different deposit campaigns throughout the year. These initiatives will continue throughout 2020.

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

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

#### ICB Manzil (Home) Finance



ICB Manzil (Home) Finance is a shariah compliant investment product offered to consumers for purchase, construction, renovation or extension of existing/new apartment/house including takeover of existing home finance facility from other Banks /Financial Institutions with terms and conditions that better address client's immediate needs and allow repayment on more affordable terms. The facility is offered up to BDT 20,000,000 for maximum 25 years as per eligibility and in line with the regulatory guidelines.

#### ICB Rahabar (Auto) Finance



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

## ICB Saahib (Personal) Finance



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

## Deposit Products

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

### Amar Al Wadiyah Current Account



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

### Amar Foreign Currency (FCY) Account



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

### Amar Apon Mudaraba Savings Account



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

### Mudaraba Non-Executive Account

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

### Mudaraba Future Leader Account

Future Leader Account is a savings account for college and university students based on the Islamic concept of Al-Mudharaba.

### Mudaraba School Banking

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

### Al-Muquafah Executive Account



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

### Mudaraba Term Deposit



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

### Mudaraba Corporate Term Deposit

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

### Mudaraba Monthly Profit Term Deposit

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

### Mudaraba Insta Profit Term Deposit

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

### Mudaraba Provident Funds of Banks and other Organization

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

### Mudaraba Savings Plans



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

## SME Banking:

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

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

**Below are details of the Business Banking products that we are offering:**

#### BM Hypo:

Bai-Muajjal (Hypo) is an agreement between the Bank and the client (Seller and Buyer) under which the Bank (Seller) sells to the client (Buyer) certain specified goods (permissible under Shariah and Law of the country), purchased as per order and specification of the client at an agreed price payable within a fixed future date in lump-sum or by fixed installments.

#### Investment against Property (IAP):

With ICB Islamic Bank's Investment against Property Scheme, clients can buy the necessary equipments, inventory,

raw materials etc. to expand your business. ICBIBL is the first Islamic bank in Bangladesh to offer Term Investment against Property with maximum tenor of up to 12 years, whereas most of the competitors only offer overdraft facilities. IAP investment can have limitless usage in your business including but not limited to:

### **SME Transportation Finance Scheme:**

One of the most treasured desires of an entrepreneur is to drive his own business. ICBIBL Transportation Finance Scheme for SME offers clients a flexible and affordable investment with easy repayment options which would enable the customers to buy commercial vehicles and drive your own business. Purchase of vehicle should assist entrepreneurs to generate business or alternatively reduce cost.

### **Bank Guarantee (BG):**

A BG may be defined as an irrevocable undertaking by a Bank to a third party to pay up to a certain sum of money in the event of non-performance of a contract between third party and the customer.

### **Murabaha Import Bill (L/C):**

Murabaha import bills L/C is a facility of commercial credit unit under business banking division. This product's main objective is to help various small and medium sized imports oriented business to meet their trade finance requirements.

### **Murabaha Post Import (MPI):**

The importers apply for investment facility against imported goods after shipment for payment of the invoice values of the goods to the seller/supplier including custom duty, VAT and other expenses.

### **Earnest Money finance:**

ICB Earnest Money finance is a facility offered to different sole proprietorship/partnership firms/ private limited companies involved in construction or other civil works offered by different Govt./semi Govt. organization, autonomous body or other organizations accepted to the banks to complete public developmental projects. Earnest money finance facilities enable contractors/suppliers financial accommodation in the form of bid, Earnest Money to execute different work orders through bidding.

### **Corporate Banking**

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

**Working  
Capital  
Finance**

**Industrial  
& Project  
Finance**

**Trade  
Finance**

**Lease  
Finance**

### **MoU among ICB Islamic Bank and various developers company:**

Due to adverse environment in Covid-19 pandemic situation across the world the Banking and financial sector of Bangladesh is also facing the crisis badly. Based on the present scenario, ICB Islamic Bank Limited (ICBIBL) is giving focus on Home Finance facility with an aim to capture the promising market. ICBIBL is now targeting on capturing the customers with strong financial background who are intended to purchase apartment from renowned developers. Usually high profile peoples, solvent executives, businessmen and specialized professionals are main customers to purchase Apartment for renowned developers. For present circumstances ICBIBL now has taken initiative to do MoU signing with Renowned developers for maintaining a healthy and clean investment portfolio which will sustain for long run. Customers under MoU agreement will be much more secured than random one as they will come through specific channel i.e developers.

Accordingly ICIBL already conducted MoU signing agreement with three renowned developers i.e. Anwar Landmark Ltd., The Structural Engineers Ltd. & Suvastu Properties Ltd. Under the MoU, the customers of said developers can avail ICB Islamic Bank Ltd. Home Finance facility at exclusive investment rate and processing fees along with other features.

At a glance of signing ceremony given below:

**A Memorandum of Understanding (MoU) was signed between the ICB Islamic Bank Ltd. and Suvastu Properties Ltd. at Suvastu Imam Square, Corporate Office, Gulshan, Dhaka on March 23, 2021.**



Mr. Muhammad Shafiq Bin Abdullah, Managing Director & CEO of ICB Islamic Bank Ltd. and Mr. Nazmul Haque Khan, Managing Director of Suvastu Properties Ltd. have signed and exchanged the copy of MoU Agreement on behalf of their respective Organizations. Mr. Arpit Vinodbhai Parikh (Chief Operating Officer), Mr. Moyeenuddin Ahmed (Head of Business), Md. Tareq-Us-Salam (Head of Investment Risk Management), and other officials of ICB Islamic Bank Ltd. and Mr. Amit Chakraborty (Chief Marketing Officer) from Suvastu Properties Ltd. along with their senior officials were also present at the signing ceremony.

**A Memorandum of Understanding (MoU) was signed between the ICB Islamic Bank Ltd. and The Structural Engineers Ltd. (SEL) at SEL Center, Dhaka on December 14, 2020.**



Muhammad Shafiq Bin Abdullah, Managing Director & CEO of ICB Islamic Bank Ltd. and Engr. Md. Abdul Awal, Managing Director of The Structural Engineers Ltd. signed the MoU on behalf of their respective Organizations. Arpit Vinodbhai Parikh (Chief Operating Officer), Moyeenuddin Ahmed (Head of Business), Md. Tareq-Us-Salam (Head of Investment Risk Management) Engr. Saki Ahmed (Executive Officer) Masud Shaikh (Assistant Executive Officer) of ICB Islamic Bank Ltd. and Md. Shajahan Mia (General Manager -Marketing & Finance), Md. Faisal Ibne Zaman (Asst. Manager-Recovery), Alid Ahamed, (Executive -Legal Affairs) of The Structural Engineers Ltd. were also present at the signing ceremony.

**ICB Islamic Bank Ltd. and Anwar Landmark Limited signed a Memorandum of Understanding (MoU) at ICB Islamic Bank Ltd. Head Office, T.K Bhaban, Kawran Bazar, Dhaka on December 3, 2021.**



Muhammad Shafiq Bin Abdullah, Managing Director & CEO of ICB Islamic Bank Ltd. & Engineer Afzaluddin Ahmed, Advisor of Anwar Landmark Ltd., signed the agreement on behalf of their respective organizations. Arpit Vinodbhai Parikh (Chief Operating Officer), Moyeenuddin Ahmed (Head of Business), Md. Tareq-Us-Salam (Head of Investment Risk Management), and other officials of ICB Islamic Bank Ltd. and Md. Rakib Hossain (Deputy General Manager- Sales & Mkt.), Monirul Islam Shahin (Asst. General Manager- Sales & Marketing) of Anwar Landmark Ltd. with other officials were present at the ceremony.



## MoU between ICB Islamic Bank and Fareast Islami Life Insurance Company Ltd.

ICB Islamic Bank Ltd. and Fareast Islami Life Insurance Company Ltd. has signed a Group Term Life Insurance Contract on 3<sup>rd</sup> March, 2021 Wednesday. Under the agreement, the Investment customers of ICB Islamic Bank Ltd. will facilitate the insurance benefits from Fareast Islami Life Insurance Company Ltd.



Muhammad Shafiq Bin Abdullah, Managing Director & CEO of ICB Islamic Bank Ltd. & Md. Hemayet Ullah, Chief Executive Officer, Fareast Islami Life Insurance Company Ltd signed the agreement on behalf of their respective organizations at ICB Islamic Bank Ltd. Head Office, T.K Bhaban, Kawran Bazar, Dhaka.

Arpit Vinodbhai Parikh, Chief Operating Officer, Moyeenuddin Ahmed, Head of Business, Md. Tareq-Ul-Salam, Head of Investment Risk Management and other officials of ICB Islamic Bank Ltd. and Mohammed Alamgir Kabir FCA, DMD & CFO, Md. Nahidul Islam, FAVP, Group Insurance Department and other officials of Fareast Islami Life Insurance Company Ltd. were present at the signing ceremony.

## Cash Management Wing:

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

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

## Strategies and initiatives:

In 2020, as part of our strategy for increasing business, we have introduced head office based business teams for both deposit and asset. We have separate asset teams for retail and SME specialized in specific products to ensure excellent end-to-end customer experience.

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

As in 2021, we will continue initiating deposit and investment campaigns where both staff and existing clients had the opportunity to participate. We have a running "Frozen Deposit Campaign" to encourage the frozen depositors to retain their deposits at a higher profit rate as well as an instant gift (Hiba).

For promotion of our products, we would establish alliances with different organizations. We are also participating in different fairs and other promotional programs to support our business teams.

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

Training and development is a continuous process to ensure quality human resources for the Bank. ICBIBL provides Continuing Banking Education (CBE) at the Bank's Training Center.



The Training Center provided “Foundation course” for the new joiners in the Bank. It also provides training program on “Sales techniques” and “Investment” for the Branch Managers and Relationship Managers. The center will be conducting similar kind of training programs round the year in 2020 and beyond.

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

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

### **Administration And Property Department**

APD is the General Services Department to render logistic assistance and solution to ICB Islamic Bank Ltd (ICBIBL). Keeping Head Office and branches fit at all time for smooth functioning is largely depends on the daily activities of this department. Ensuring timely maintenance of office equipment, machinery and electric supply remains the main focus of daily activities. Bangladesh Bank compliance issues are continuously monitored with high concern and priority. In supporting management’s cost control measures APD plans shifting of bigger size high rental branches to suitable low rental spaces. Branch renovation is periodically done by re-using scrap items of branches which are shifted to smaller space. All branch space owners are regularly contacted in advance before expiry of tenancy period. Hard negotiation is done with the space owners to restrict enhancement of rental hike within tolerable limit for a longer duration.

APD is on daily basis addressing Dhaka branches trouble shooting issues in respect of CCTV connectivity, land phone operation, PABX connectivity, Air Con operation, Electricity disruption and local disturbance. Banks enrolment of permanent security guards, support of 3rd party security guards to the branches, maintenance of DBBL guns of the branches with renewal of gun license are regularly monitored. Banks HRD is always updated with the fresh requirement of security guards so that timely interview can be conducted for new recruitment. Banks branding & signage placement of branches are taken care and necessary approval of management is taken for the same as required.

Communication amongst the bank official is an important factor. Hence, bank has corporate arrangement with ROBI Axiata cell phone operator. Bank officials are issued with latest version of 3G/4G SIM for easy communication considering job role of concerned official. Bank also provides Business Cards to official with important portfolios. Same is processed centrally by APD with the prior approval of the management.

A major function involves Cash in Transit (CIT) support to the branches. Banks vehicles are used for the same for the outside Dhaka branches. In Dhaka Elite Force is dedicatedly providing cash carrying vehicle. All such activities are covered by insurance. Regular basis insurance coverage is provided from APD to the branches which are exceeding Cash in Vault (CIV) limit after daily transaction. Yearly basis insurance coverage is also taken for branch Cash on Counter (CoC) & ATM. Yearly insurance against fire for fixed assets of Head Office, Branches are taken by obtaining competitive offer of A grade insurance companies. Renewal of Trade License, payment holding tax, Municipality tax and City Corporation taxes are regularly paid on demand. Spaces of non-banking assets Bishal Centre & Kushal Centre are rented out to various business houses to generate income for the bank and security of Bishal Centre is also ensured by APD.

APD has disposed off 22 very old cars which were incurring huge maintenance cost over the years. Cars were auctioned and sell proceed taken as banks income to purchase new cars. Due to bank’s poor financial state still limited numbers of old cars are maintained to augment branches CIT support and business activities. In 2019 car maintenance expenses were BDT 4,114,300.00. By strict cost control measures and APD supervision the maintenance expenditure could be reduced in 2020 which was BDT 3,719,008.00 although government enhanced BRTA fitness charge, road tax and addition tax in 2020-2021 budgets.

APD activities are not restricted on the above only. ICBIBL look at this department for any kind of urgent need and administrative support. With whole hearted dedication and sincerity round the clock support is ensured with limited work force of APD for meeting ICBIBL’s expectation.

## Green Banking

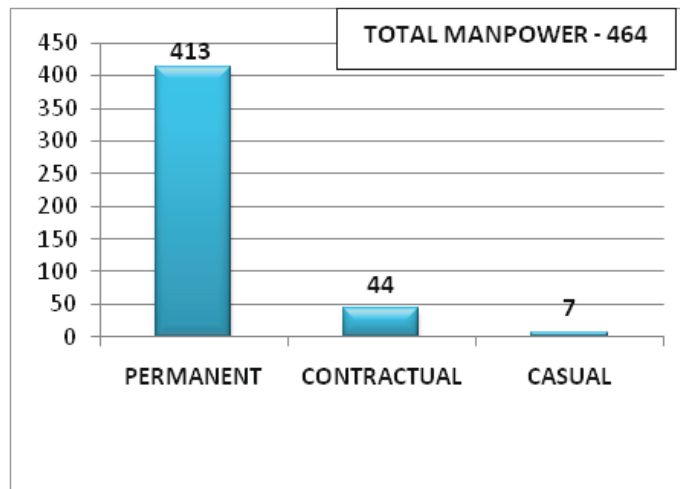
Since we have one world and one chance to protect it, ICB Islamic Bank makes continuous efforts to contribute its best to the environment. ICIBL believes in improving social awareness in reducing wastes, reusing the resources, recycling the processes and re-using whenever possible. ICB Islamic Bank has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

## Human Resources Department

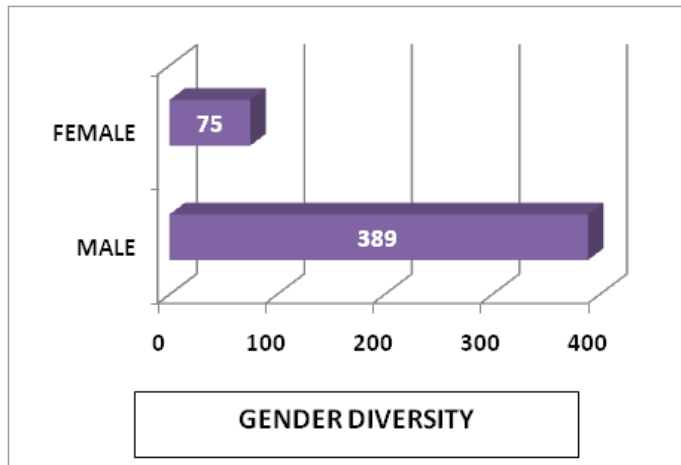
Human Resources are considered as the precious capital that plays a vital role in accomplishing the objectives of an organization. During 2020, total 63 new employees joined with this team, whereas 107 employees left this Bank due to various reasons. At the end of the 2020, the total workforce of ICIBL stands at 464.

### Manpower Analysis :

#### Employment Status of Manpower :



### Gender Diversity :



Average Age : The Average Age of Manpower of the Bank was 42 years (as on 31.12.2020).

## Training & Development

Training is an essential requirement to enrich and expand the knowledge base of the employees. Training programs help to increase productivity, organizational stability and adherence to quality standards.

During 2020, due to Covid-19 pandemic situation and to comply with Bangladesh Bank instruction regarding conducting training, after general holidays we restricted taking training on large scale to avoid crowd.

Even then, with a view to enhance the knowledge of the employees and to cop up with updated information/technology, from HR department, we nominated 29 employees to 12 training programs which were conducted by either Bangladesh Bank or by other renowned training institutions throughout the year 2020.

On the other hand, to prepare a skilled workforce, a day-long In-house training program was arranged on “Investment Procedure, Documentation & Trade Finance” where all of our 33 Branch Managers as well as IRM officials attended. During this training program besides our own trainers, we invited renowned and experienced bankers from different Banks to share their knowledge on relevant issues with us.



**Mr. AQM Safiullah, VP & Head of Shariah Secretariat, Exim Bank Limited**

**Mr. Md. Tareq us Salam, VP & Head of IRM, ICB Islamic Bank Limited**

**Mr. Mamubur Rahmah, General Manager, E-Loan Section, ShopUp and Ex Head of Business, ICIBL**

**Mr. Mustafa Zaved Bin Shaheed, VP & Head of CTOD, The Premier Bank Limited and Ex Head of Trade Service & Treasury, ICIBL**

**Trainers are sharing their knowledge with participants during the training session**



**Discussion during the Training Session**



**Participants with Head of Operations & Head of HR during the Training Session**

Besides this, as we launched Earnest Money Finance product on 2020, thus to prepare our front liners with this product, one (1) in-house training on this issue was arranged where our IRM team conducted the training.



Photo : Product launching ceremony of Earnest Money Finance. Head of IRM discussed on the features of the products with all the employees of the Bank through online platform.

### Celebrating the achievement of 3<sup>rd</sup> quarter 2020 financial results

With the grace of Allah, we were proud to announce the 3<sup>rd</sup> quarter 2020 financial results of ICB Islamic Bank Bangladesh. This was the first time in the history of ICB Islamic Bank that we declared and announced that ICB Islamic Bank made a quarterly after tax profit of BDT 112.12 mil for the period from 1st July to 30th September 2020. This was made possible with the continuous support, patronage, time befitting guidance and encouragement from our Board of Directors and from the regulatory authority especially Bangladesh Bank.



Photo : This historic moment was announced by MD & CEO of the Bank. Celebration was done throughout the country at all of our 33 Branches and at Head Office at a time.

## Award & Recognition

To develop a performance-based winning culture to attract and to retain talent where our employees feel motivated to perform and strive for continuous development, we identify the top performers and ensure proper recognition.

To facilitate the career growth of the employees, ICB Islamic Bank Ltd. emphasizes on fair evaluation of their performance and its proper appreciation. Recognition is given by evaluating the contribution of all individuals in a transparent manner by assessing quantitative and/or qualitative performance vis-à-vis set target of individual of a given year.



The Branch Manager of Beani Bazar Branch received the Best Branch 2020 trophy from the Managing Director, Chief Operating Officer in presence of Head of HRD



The top performers on different business areas received certificates from the Managing Director and Chief Operating Officer

## Employee Engagement Program

The Bank believes that the employees of the Bank are the part of "ICBIBL Family" who are bind together to achieve the organizational goal. Employee engagement activities are aimed to enhancing the employee's commitment and sense of belongingness towards the Bank.

### The International Women's Day Celebration

All the incredible women of Head Office celebrated the occasion of The International Women's Day on March 08, 2020 in presence of the Head of the Departments.



The International Women's Day 2020 was celebrated at Head Office in presence of Head of Departments



### Annual Branch Managers Conference 2020

To exchange views between the Management and Branch Managers and to set business target & strategy for 2021, an annual conference was held during December 2020.



Branch Managers and Head of the Departments during the Annual Branch Managers Conference 2020

## Alternate Delivery Channel and Cards Department Information:

| Service Item   | Information  |
|--|--|
| <p><b>Correspondent Banking</b></p> <p>We have completed the settlement agreement with Zhejiang Chouzhou Commercial Bank in Hangzhou, China to open USD Nostro account. This account will be used for the payment settlement of foreign currency for LC, BG, foreign remittance etc.</p> <p>Mr. Muhammad Shafiq Bin Abdullah, Managing Director and CEO of ICB Islamic Bank Limited and Mr. Jin Zi Jun, Chairman of the Board signed the agreement on behalf of the respective Bank.</p> |  |
| <p><b>Debit Card Service</b></p> <p>We have reduced our Card Fees from BDT 400/- to BDT 250/- w.e.f. 2<sup>nd</sup> October, 2019. This will attract more cardholder to Bank.</p>  |  |
| <p><b>Remittance Service</b></p>   | <p><b>2% Govt. Incentive on Inward Foreign Remittance</b></p>                      |

## Suppliers

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

## Creditors

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

## Board and Audit Committee

The Board of Directors of ICBIBL met for four (4) meetings including on during the year 2020 and issued specific directions in conducting the affairs of ICBIBL. On the other hand, the Audit Committee of the Board of Directors had four (4) meetings and issued valuable directions on various matters during the period under review.

## Retirement and Re-election/Resignation/Appointment of Director

In accordance with regulation 79 and 80 of Schedule-I of the Companies Act, 1994 and Articles 81 and 82 of the Articles of Association of ICB Islamic Bank Limited, the following Directors will retire in the 34<sup>th</sup>. Annual General Meeting:

### Mr. Tee Kim Chan

The Board of Directors and regulatory authorities accorded approval for re-appointment of **Mr. Md. Fariduddin Ahmed** as an Independent Director of ICBIBL subject to approval of the Shareholders at the 34<sup>th</sup>. AGM of ICBIBL.

## Corporate Governance

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

### Acknowledgement

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

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

The Board sincerely thank M/s. M.J. Abedin and Co, Chartered Accountants for carrying out the external audit professionally and advising us on various compliance matters relating to International Accounting Standard and Bangladesh Accounting Standard. The continuous acclamation of our presented financial statements at home and abroad is the testimony of such compliance. The timely issuance of their report has helped us to present the Annual Report - 2020 as per schedule.

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

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

Ma'assalam,

On behalf of the Board of Directors



**Datuk Mohd. Nasir Bin Ali**

Chairman

Dhaka

31<sup>st</sup> March 2021