

## Directors' Report – 2021

Bismillahir Rahmanir Rahim

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

**Dear Respected Shareholders,**

**Assalamu Alaikum Warahmatullah.**

On behalf of the Board of Directors of ICB Islamic Bank Limited, I extend to you a hearty welcome to the Annual General Meeting of the Bank for the year 2021. 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, 2021 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 2021 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 2021 and Prospects in 2022

COVID-19 pandemic continued to wreak havoc on lives and livelihood over the past 02 (two) years and disrupted the global economic constancy. Outbreak of a new COVID-19 variant Delta in the year 2021 in some parts of the world delayed the pace of the global economic sustainability. However, in 2021 global economy has gained some motion at a moderate pace due to incremental coverage of vaccination and better management of the pandemic by the world leaders.

Elevated inflation is expected to continue for longer than projected, with ongoing supply chain interruptions and high energy prices continuing in 2022. All these have put pressure on quicker restoration of economic activities to the full scale. As per IMF, global growth is expected to moderate from 5.9% in 2021 to 4.4% in 2022, 1.5% lower for 2022 due to after effects of COVID pandemic and unstable situations in the international politics.

Geopolitical tensions and the Russia-Ukraine war may change all the future assumptions and supply chain disruptions, energy price volatility, and localized wage pressures mean uncertainty around inflation and policy paths is high. Soaring commodity prices, sweeping financial sanctions and the potential for a ban on energy imports from Russia all these are threatening to stumble the global economy, weakened by the COVID-19 pandemic, still struggling to gain momentum.

Monetary policy in many countries will need to continue on a tightening path to control inflation pressures, while fiscal policy—operating with more limited space than earlier in the pandemic—will need to prioritize health and social spending while focusing support on the worst affected. In this context, international cooperation will be essential to preserve access to liquidity and expedite orderly debt restructurings where needed. Investing in climate policies remains imperative to reduce the risk of terrible climate change.

### Bangladesh Economy

Bangladesh economic activities were seriously disrupted since 2019 which continued in 2021 due to COVID Omicron outbreak in Bangladesh. Despite of being disrupted the economy of Bangladesh has showed its resilience in 2021 with timely implementation of stimulus packages, continued fiscal and monetary policy supports, hefty remittance inflows, declining COVID-19 infection rate, and increasing coverage of vaccination. As a result, country's GDP growth rate in FY 2021 was 5.5% which was 5.2% in 2020 largely driven by activities in the agriculture and industry sectors. To support investment and employment generating activities in the recovery process, Government as well as the Bangladesh Bank continued its efforts in line with expansionary financial policy stand for FY 2022.

The most cheerful estimation about the growth of Bangladesh economy has been made by International Monetary fund (IMF). According to its finding and calculation the economy of Bangladesh resilience in turning around has been so stable and strong that it has crossed the \$1.0 trillion dollar mark in value, a milestone event by any reckoning. In its serial estimates the size of Bangladesh economy was \$ 267.99 billion dollar in FY 2006, \$ 540.42 billion in FY 2014, \$ 966.48 billion in 2019 and has become \$ 1061.57 billion recently in 2022 crossing the trillion dollar mark (Bonik Barta, January 14, 2022). It has been appraised that on this trend Bangladesh economy's size will be \$ 1.5 trillion by 2026. This sounds like a fairy tale, particularly in the current hard times.

Following fiscal year 2020, agriculture sector remained robust and showed solid performance in FY 2021 growing by 3.17%. Industry sector grew by 10.29% in FY 2021 after a slower growth of 3.61% in previous fiscal year. To boost up the production and generate employment, government and Bangladesh Bank continued to provide policy support, including sector specific stimulus packages and various refinance schemes, which resulted in higher growth performance. Service sector activities started rebounding in FY 2021 and continued gaining motion in FY 2022. This is a positive sign for the country and Banking prospects as growth in service and industry sectors are gauged as very strong indicators for economic potential.

The year 2021 started with a hope to overcome the crisis caused by the coronavirus pandemic and rebuild the industry. However, private sector credit started to grow as the external trade started picking up since early FY 2022. As import of capital machinery increased along with vaccine payment started and international travels resumed, US dollar slightly appreciated against Bangladeshi taka. Between June-December of 2021, value of Taka depreciated by 1.16% in terms of US dollar and was quoted at BDT 85.8 at the end of 2021.

We are still on the recovery phase and export is gradually picking up as the recent trend shows. Meanwhile, country's current account deficit deteriorated further in the first half of FY 2022 due to higher import payment obligations along with lower inflow of remittances. Current account deficit stood at USD 8.18 billion during July-December in FY 2022 against USD 3.52 billion surplus in July-December in FY 2021.

With only a 6.26% share in the global market, Bangladesh has huge untapped potential and in 2022 it will surpass the level of 7%. Most importantly, we need to redefine our business model. If we can't upgrade the business capabilities and value addition of the industry, the achievements in environmental and social fronts will be uncertain. So, our priorities in the coming days will be to transform our business model from labor intensive manufacturing to innovation, high-value addition, and modern manufacturing processes.

### **Banking Industry Outlook 2021**

The banking sector in Bangladesh comprises four categories of scheduled banks - State-Owned Commercial Banks (SCBs), State-Owned Development Financial Institutions (DFIs), Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs). Therefore, the number of scheduled banks increased to 61 in 2021 and 268 branches of both private and state-owned banks have been established in Bangladesh over the year 2021 and total branches is 10,939 at the end of December 2021 from 10,671 a year ago.

Islamic banking system has been operating in Bangladesh since 1983. In FY 2021, out of 61 banks in Bangladesh, 10 full-fledged Islamic banks have been operating with 1,569 branches out of total 10,788 branches of the whole banking sector. These Islamic banks have continued to show strong growth since its inception, as reflected by the increasing market share of the Islamic banking sector in terms of assets, financing and deposits compared to the total banking system.

Since the COVID-19 pandemic, the banking sector has been playing a crucial role to channelize stimulus packages to priority sectors for maintaining the vibrancy of the economic activities. But the burden of default investments of the banks became even heavier in 2021 despite of taking proper measures allowed by the central bank to help businesses withstand the shock of the pandemic. The ratio of gross NPLs to total investments stood at 7.93% at the end of 2021 from 8.12% at September 2021 but increased from 7.66% at the end of 2020. This huge bad investments may obstruct the credit supply channel of the economy with due repercussions on the resilience of the private sector.

To prevent the asset-liability divergence due to the recent decreasing trend in banks' deposit rate, Bangladesh Bank issued a circular regarding rationalization of deposit rate of scheduled banks where banks were instructed to determine deposit rate (with period of three months and above) not below the average inflation rate of previous

three months. Advance-Deposit Ratio (ADR) of the banking industry stood at 73.15% in December 2021 which was 72.08% as at the end-September 2021, reflecting rising demand for loans as the economy returns to normality.

The profitability of the banking sector improved in 2021 compared to 2020 as reflected by a growth in net profit and return on equity (RoE). Net Profit in the banking industry increased to BDT 57.78 billion in 2021 from BDT 52.79 billion in 2020. Return on equity modestly increased to 4.44% in 2021 from 4.28% in 2020. The banking sector, as a whole, maintained the required level of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) and other liquidity ratios i.e. Liquidity Coverage ratio (LCR), Net Stable Funding Ratio (NSFR) as on 31 December 2021.

Bangladesh Bank has taken some important initiatives in 2021 like raising investment margin ratio to 70:30 for purchasing digital devices, implementation of government's stimulus package of BDT 10 billion for the pandemic-affected tourism sector, implementation of Basel III in Bangladesh, relaxing investment classification criteria, a detailed policy regarding treatment of Non-Banking Assets, instruction to verify Financial Statements submitted by borrowers using the Document Verification System (DVS) of the Institute of Chartered Accountants of Bangladesh (ICAB), refinance scheme of BDT 30 billion for agriculture sector, instruction to provide at least 15% of CMSME loans to women entrepreneurs by 2024, refinance scheme of BDT 5 billion for low income group people, instruction to run Special CSR activities (1% of PAT) under Corporate Social Responsibility (CSR) of banks to mitigate COVID-19 crisis etc.

Despite slowdown of growth due to severe impact of COVID-19, the economy of Bangladesh steadily recovered over FY21. The government took some prudential measures to put the economy on the growth track. The growth of export-oriented industries and service sector was higher compared with that of the same period of the preceding financial year. The government's stimulus and social safety packages contributed to the early recovery and was considered as the dominant factor to keep the economy alive in the upcoming periods.

### **The Challenges and Opportunities in Banking Sector in 2022**

Banking sector is called the heart of a country's economy. It is more accurately true for a developing country like Bangladesh of which economy is based on the banking sector mostly. Since independence, this sector has kept the wheel of the economy moving forward. So, it is obvious that any disruption in the banking sector will bring negative consequences for the economy.

Since the COVID-19 pandemic, the overall banking sector showed mixed performances in September-December 2021 as reflected by a fall in the ratio of non-performing loans (NPLs) to total loans, a moderation in capital to risk-weighted asset ratio (CRAR), a growth in banks advances, widening in provision shortfall, a rise in profitability, and maintenance of adequate liquidity in the banking industry. World Bank projects that the Bangladesh economy will grow by 6.4% in FY 2022 due to improvement in domestic demand and resumption of export items.

Bangladesh Bank has announced its monetary policy stance (MPS) for FY 2022. Bangladesh Bank's policy is to let flow the funds to the productive sectors, including agriculture, SMEs, export-oriented industries and the informal sector, which have been hit hard by the pandemic. Providing adequate supply of credit to productive and manufacturing sectors would help faster recovery of economic activities and achievement of the growth target in FY 2022. The government kept working on the ongoing mass vaccination program to bring the whole population in vaccinated zone by June 2022. There have been signs of visible improvement in terms of management of the pandemic and economic recovery. However, the rapid mutation of the Coronavirus is still posing serious risk to a complete recovery.

### **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 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 6,647.023 million as of December 31, 2021. 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.

### Compliance Condition no. 1.5 (xix)

#### Key operating and financial data of at least preceding 5 (five) years shall be summarized

Sl. No.	Particulars	2021	2020	2019	2018	2017
1	Authorized capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
2	Paid-up capital	6,647.02	6,647.02	6,647.02	6,647.02	6,647.02
3	Total capital (Tier-I & II)	(12,607.10)	(12,212.20)	(12,025.00)	(11,530.82)	(10,976.50)
4	Capital surplus/(deficit)	(16,607.10)	(16,212.20)	(16,025.00)	(15,530.82)	(14,976.50)
5	Capital adequacy ratio (CAR)	(137.41%)	(133.16%)	(133.11%)	(125.08%)	(115.67%)
6	Total assets	11,583.03	11,260.02	11,240.14	11,429.69	11,785.22
7	Total deposits	12,925.58	12,434.12	11,960.39	11,518.75	11,293.57
8	Total investments	8,435.11	8,565.23	8,458.07	8,633.64	8,834.50
9	Import business handled	382.96	42.92	32.45	133.34	92.30
10	Export business handled	22.40	26.65	9.60	4.18	36.83
11	Guarantee business handled	5.92	5.84	3.28	28.37	14.36
12	Total contingent liabilities and commitments	319.11	197.30	196.78	223.69	198.80
13	Investments deposit ratio	65.0%	69.0%	71.0%	75.0%	78.0%
14	Percentage of classified investments against total investments	80.80%	78.37%	84.0%	82.0%	80.04%
15	Profit after tax and provision	(394.81)	(187.27)	(423.75)	(485.63)	(405.01)
16	Operating profit	(41.37)	(488.93)	(488.93)	(497.40)	(382.09)
17	Operating expenditure	391.17	429.52	462.18	474.15	455.39
18	Amount of classified investments during the year	6,815.36	6,712.67	7,108.18	7,079.3	7,071.33
19	Provisions kept against classified investments	3,616.31	3,657.49	3,735.27	3,743.13	3,757.55
20	Provision surplus/(deficit) against classified investments	38.22	43.30	33.93	16.53	-
21	Cost of fund	6.32%	7.17%	7.86%	7.91%	7.63%
22	Profit earning assets	9,178.77	9,281.25	8,997.15	9,184.92	9,560.94
23	Non-Profit earning assets	2404.26	1,978.77	2,242.99	2,245.41	1247.95
24	Return on investment (ROI) in shares and securities	4%	2%	5%	3%	2%
25	Return on assets (ROA)	(3.41%)	(1.66%)	(3.77%)	(4.25%)	(3.44%)

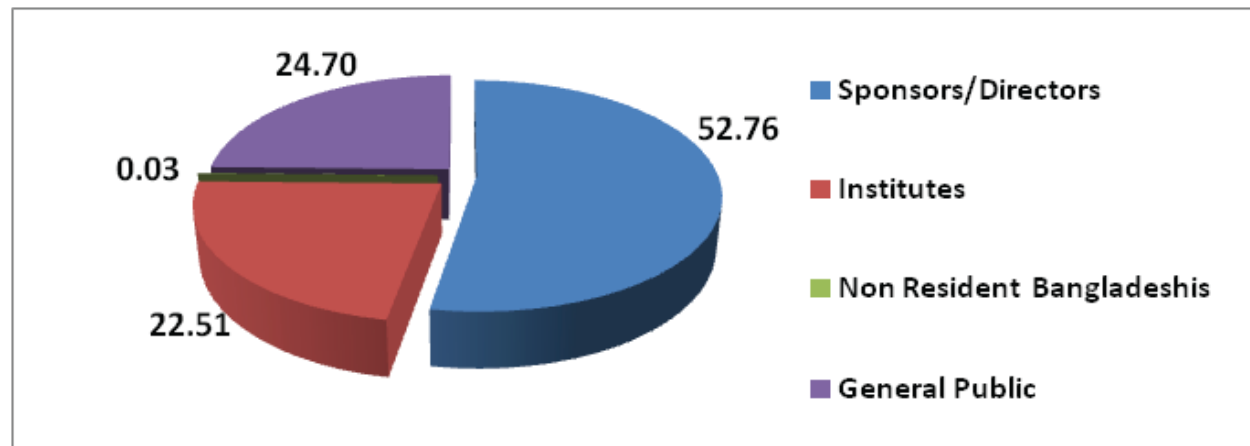
26	Income from investments in shares and securities	4.68	4.96	5.30	3.16	2.60
27	Earnings per share (Taka)	(0.59)	(0.28)	(0.64)	(0.73)	(0.61)
28	Operating Profit per share (Taka)	(0.65)	(0.37)	(0.74)	(0.75)	(0.57)
29	Price earnings ratio (times)	(8.81%)	(4.71)	(4.71)	(6.98)	(8.37)
30	Dividend:					
	Cash	-	-	-	--	--
	Bonus Share	-	-	-	--	--
31	Net Asset Value Per Share (NAVPS)	(18.13)	(17.54)	(17.11)	(16.47)	(15.72)
32	Number of employees	497	456	497	485	476
33	Number of branches	33	33	33	33	33

### 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 22<sup>nd</sup> 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, 2021 is BDT 6,647,023,000. The details of Shareholding pattern of the Company as at the end of the year 2021 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	111	149,612,389	22.51
03	Non Resident Bangladeshis	39	231,773	0.03
04	General Public	14,514	164,183,838	24.70
	<b>Total</b>	<b>14,665</b>	<b>664,702,300</b>	<b>100.00</b>

### Shareholding Position as on 31<sup>st</sup> December 2021



## Analysis of Income Statement of ICIBL

SI No.	Particulars	2021	2020	Percent Change
1	Investment income	292.12	366.05	(20.19%)
2	Profit paid on deposits	419.10	459.85	(8.86%)
3	Net investment income	(126.97)	(93.80)	(35.36%)
4	Income from investments in Shares and Securities	4.67	4.95	(5.66%)
5	Other operating income	80.92	274.97	(70.57%)
6	Total operating income	(41.37)	186.13	(122.22%)
7	Total operating expenses	391.17	429.52	(8.92%)
8	Profit/ (loss) before tax and provision	(432.55)	(243.39)	77.72%
9	Provision for investments	40.00	60.00	(33.33%)
10	General provision on off-balance sheet items	-	-	-
11	Provision for diminution in value of investments	-	-	-
12	Other provisions	-	-	-
13	Net profit before tax	(392.55)	(183.39)	(114.05%)
14	Provision for taxation	(2.26)	(3.87)	(41.60%)
15	Net profit after tax	(394.81)	(187.27)	(110.82%)

## Sector-wise NPI for the year ended 31 December 2021

(Amount in BDT)

Sectors as classified by Bangladesh Bank	Total Exposure as on 31-Dec-21	Percent of Total Outstanding	31-Dec-21	
			NPI Amount	Gross NPI Ratio (%)
Agriculture, Fishing and livestock	-	0.00%	-	0.00%
Manufacturing	1,321,456,785.59	15.67%	1,232,594,756.97	93.28%
Electricity, Gas, Water, TV, Radio and other public utility services	648,802,567.82	7.69%	551,483,184.06	85.00%
Trading (wholesale & retail)	4,728,739,386.12	56.06%	3,695,390,039.48	78.15%
Hotels and restaurants	11,360,697.96	0.13%	4,544,279.18	40.00%
Construction & Real Estate (excluding housing loans for individuals)	-	0.00%	-	0.00%
Housing Loans for individuals	501,354,641.61	5.94%	81,877,457.57	16.33%
Consumption Credit (personal loans to individuals)	117,106,902.77	1.39%	26,356,177.17	22.51%
Consumption Credit (Vehicle loans to individuals)	41,881,285.17	0.50%	18,029,958.41	43.05%
Securities (shares, debentures and other instruments)	-	0.00%	-	0.00%
Finance, Insurance & Business Services	19,268,039.53	0.23%	18,925,702.95	98.22%
Transport & Communication	384,466,650.56	4.56%	384,466,650.56	100.00%
Others	660,673,936.37	7.83%	607,775,354.19	91.99%
<b>TOTAL</b>	<b>8,435,110,893.50</b>	<b>100.00%</b>	<b>6,621,443,560.54</b>	<b>78.50%</b>

## Product-wise Deposit Balance

Amount in BDT

Product Name	No. of Accounts	Balance as on 31-Dec-21
Mudaraba Savings A/C	42,058	5,421,642,132.49
Al- Wadiyah Current A/C	4,468	444,455,495.30
Deposit Scheme	7,962	408,378,329.50
Insta Profit Term Deposit	7	7,630,000.00
Mudaraba Term Deposit	5,433	5,872,066,331.00
Monthly Profit Term Deposit	385	208,353,062.80
Mudaraba SND A/C	459	229,228,931.40
Foreign Currency A/C	77	900,281.54
<b>Total</b>	<b>60,849</b>	<b>12,592,654,564.03</b>

## The performance of the Bank in 2021 has been summarized below

(Figure in BDT million)

Particulars	2021	2020	Growth percent
Net Investment Income	(126.97)	(93.80)	(35.36%)
Total Operating Income	(41.37)	186.13	(122.22%)
Total Operating Expenses	391.17	429.52	(8.92%)
Profit/(Loss) before Provision	(432.55)	(243.39)	78.12%
Provision for Investment	40.00	60.00	(33.33%)
Profit/(Loss) before Tax	(392.55)	(183.39)	(114.05%)
Provision for Tax	(2.26)	(3.87)	(41.60%)
Net Profit after Taxation	(394.81)	(187.27)	(110.82%)

### Material Uncertainty Related to Going Concern

As per the auditor's attention to Note 3.3 in the financial statements, which shows that the Bank has an accumulated loss of Tk. 19,236.25 million (2020; Tk. 18,841.43 million) for the year ended 31 December 2021; Negative equity of Tk. 12,054.07 million (2020; Tk. 11,659.25 million) as at 31 December 2021 and capital adequacy ratio of (137.41%) (2020; -133.16%) as against minimum of 12.50% (2020; 12.50%); Profit paying deposits aggregates to BDT 8,762.74 million (2020; Tk. 7,447.01 million) as against the profit earning investment of BDT 1,619.75 million (2020; Tk. 1,852.56 million) as at 31 December 2021; Overall 80.80% (2020: 78.37%) of investment of the bank is classified. As stated in Note 3.3, these events or conditions, along with other matters as set forth in Note 3.3, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Their opinion is not modified in respect of this matter.

### 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 has decreased by Tk.64.85 million in 2021.

### Net Profit/(loss) before Tax

After making the provisions, net profit/ (loss) before tax of ICBIBL stood at BDT (392.55) million compared to BDT (183) million in 2020, mainly due to decrease of investment income and others operating income in 2021.

### Provision for Income Tax

Provision against current year income tax of ICBIBL was BDT (2.26) million compared to BDT (3.87) million of preceding year.

### Net Profit/(loss) after Tax

As on 31 December 2021, net profit after tax stood at BDT (394.81) million, earnings per share was BDT (0.59), average ROA stood at (3.41) percent.

### Accumulated Loss

Total accumulated loss is BDT 19,236,245,469 as on 31 December 2021 and total accumulated loss was BDT 18,841,428,662 as on 31 December 2020. The loss increased by 2% in the year 2021.

### 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 2021.

## 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 2021. 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 endeavors 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), ICIBL has successfully introduced various services like Bangladesh Automated Cheque Processing System (BACPS) as well as Bangladesh Electronic Fund Transfer Network (BEFTN), ICIBL 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, ICIBL has introduced Sanction Screening and a unique SMS and Mail notification system for SWIFT payment procedures which has reduced cyber-attack risk significantly. To make banking faster, easier, more efficient and even more effective to serve the customers on 24 hours a day, 365 days a year, Bank will soon provide the Internet and Mobile Banking facilities.

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

### **Anti-Money Laundering Department**

Money laundering refers to the process of taking illegally obtained money and making it appear to have come from a legitimate source. It involves putting the money through a series of commercial transactions in order to "clean" the money. Criminals are continuously inventing different ways to hide and move illicit money earned through illegal sources.

To safe guard the bank and the financial system of the country, ICIBL is following best practices to counter AML and Terrorist Financing. Bank is following meticulously with the Money Laundering Prevention (Amendment) Act, 2015, Antiterrorism (Amendment) Act, 2013 and related circulars of BFIU, Bangladesh Bank to prevent money laundering and combating terrorism financing.

Following to Bangladesh bank's latest guidelines and special stress on Trade Based Money Laundering, special trainings are conducted to make all staff aware of Trade Based Money Laundering. Anti-Money Laundering Department lead by CAMLCO and supported by DCAMLCO promptly reports all CTR and STR on a regular basis to BFIU and Bangladesh Bank.

While onboarding new relationships, KYC process is followed meticulously with Verification of NID by using the database of Election Commission, Automated Sanction screening process (U.N., EU, OFAC and Bangladesh Bank and BFIU sanction list) and thorough background check where Enhanced Due Diligence is required. The Cash Officers and Branch Operation Managers monitor all the transactions and reports to CAMLCO/DCAMLCO where a mismatch is found with customer's Transaction Profile immediately updated with due diligence by the branch.

### **Anti-Money Laundering Risk Management**

ICIBL 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, ICIBL applies the sensitive Customer Due Diligence (CDD) measures. The activities of AML Department of ICIBL 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 ICIBL 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 ICIBL;
- 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 ICIBL have received from abroad through its foreign remittance service providers. Last year ICIBL have started RIA remittance service through its branches around the country. ICIBL 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, MESA Financial Service Spain, Placid NK Corporation USA.

ICIBL 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 ICIBL 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, ICIBL 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 has introduced Mortgage Reducing Term Assurance (MRTA) since 03 March, 2021 which also reduces the repayment risk in case of death of the customer. In 2021, 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 2022.

ICBIBL believes the employees are the main driving force behind the success of the Bank. Thus ICBIBL organized online and offline trainings, meetings etc. for the employees of the Bank on different aspects. In the meetings, 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 plans 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 ShirkatulMelk agreement.

### ICB Saahib (Personal) Finance



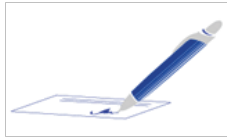
Based on the concept of Bai-Muajjal, ICB Saahib (Personal) Finance facility is offered to meet the small requirements to purchase various consumer products that are permissible under Islamic Shariah and the Laws of the country. The maximum finance amount is up to BDT 1,000,000 for 5 years as per eligibility.

## 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.

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

### Mudaraba 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-Mudharabah.

### Mudaraba School Banking

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

### Al-Muquafah Executive Account



Al-Muquafah Executive Account is a salary account offered to salaried executives of corporate bodies of the country which have salary account relationship/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**

years.

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

### **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 equipment's, inventory, raw materials etc. to expand your business. ICIBL 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. ICIBL 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.

#### **ICIBL Sunibash:**

ICIBL Sunibash is an EMI based Investment facility for construction of accommodation for workers and lowers income Job holders around the industrial and commercial areas across the country. Small entrepreneurs who own land, semi pacca /Tin shed house or building at urban, semi-urban, and rural areas with an opportunity to rent

them out to the people of lower income group at the commercial and industrial area are the customer segment for ICBIBL Sunibash Investment.

### 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)

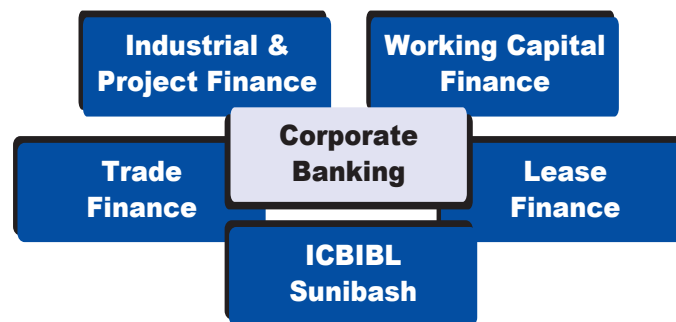
The importers apply for investment facility against imported goods after shipment for payment of the invoice values of the goods to the seller/supplier including custom duty, VAT and other expenses.

### Earnest Money finance

ICB Earnest Money finance is a facility offered to different sole proprietorship/partnership farms/ 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 include various funded and non-funded facilities to assist manufacturers, traders and service industries as follows:



### MoU signing ceremony of ICB Islamic Bank Ltd. and PHP Automobiles Ltd.

Under the agreement, customers purchasing Brand New Cars of PHP Automobiles Ltd. can avail easy auto finance facilities from ICB Islamic Bank Limited under a very attractive profit rate and discounted processing fees as well as can enjoy special offers from PHP Automobiles Ltd. along with exclusive facilities.

**A Memorandum of Understanding (MoU) was signed between the ICB Islamic Bank Ltd. and PHP Automobiles Limited, took place at the premises of ICB Islamic Bank Ltd., Head Office, Kawranbazar on 14th October, 2021.**

Mr. Muhammad Shafiq Bin Abdullah, Managing Director and CEO of ICB Islamic Bank Ltd. and Taseer Karim, Executive Director of PHP Automobiles Limited have signed and exchanged the copy of MoU Agreement on behalf of their respective Organizations. Mr. Arpit Vinodbhai Parikh, Chief Operating Officer and COO of ICB Islamic Bank Ltd., Mr. Captain Sakhawat Hossain (Retd.), Head of Recovery, ICB Islamic Bank Ltd., Mr. Md. Tareq-Us-Salam, Head of Investment Risk Management, ICB Islamic Bank Ltd. and Mr. Rakib Hossain, Manager, PHP Automobiles Limited among others were also 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 ICIBL 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 2021, ICIBL has taken several initiatives to overcome the market situation created by the impact of COVID 19. Traditional banking products got impacted with extended moratorium on repayments declared by Bangladesh bank to support the economy and it also impacted ICIBL income. To overcome this situation and protect the bank's revenue, bank has increased focus on fee based income products like Import and Export LCs, E Tender financing, Local Bill purchase and remittance business.

To support the branches with new business initiatives, several trainings and awareness programs were conducted to empower the front line staff. ICIBL is and will continue to be committed to introduce innovative products to facilitate banking demands of the valuable customers.

For the promotion of our products, we would explore the opportunities in digital and social media platforms for increased reach to the mass. We will run special campaign to encourage wage earners and NRB remittances to earn foreign exchange for the country. We would establish alliances with different organizations for the mutual business growth and better value addition to our banking channels.

Training and development is a continuous process to ensure quality human resources for the Bank. ICIBL 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 2022 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**

Administration & Property Department (APD) is the only logistic department of the Bank. It provides logistic support to the branches and Head Office for smooth functioning. This department ensures proper up keep of all the equipment, machinery, transport and installation of ICBIBL. Also implement compliance issues of Bangladesh Bank in branch premises. APD plays the pivotal role for opening new branch or shifting branch to new places in order to implement management’s Cost Reduction Initiative and better business opportunity. Signing of lease agreement with the landlords of the branches and Head Office premises are conducted by this department.

Trouble shooting of Dhaka branches in relation to branch premises, electric problem, CCTV connectivity, local disturbance, land telephone operation through PABX, signage & branding and employment of security personnel are also addressed by this department. APD also ensures upkeep of banks DBBL Guns and renewal of gun licenses regularly. Requirement of Armed Security Guard is raised to HRD for recruitment and ensures training of newly recruited guards.

APD provides all kinds of printing stationery articles to all branches. APD ensures providing of ID Cards and corporate ROBI SIM to authorized bank officials. Business Cards for appointment holders are printed centrally by APD to maintain Bank’s own standard.

Cash in Transit (CIT) support is provided regularly to the branches. Bank’s 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 while exceeding Cash in Vault (CIV) limit after daily transaction. Yearly basis Money Insurance Policy is also taken for branches Cash in vault, Cash on Counter (COC) & ATM. Fire Insurance Policy against fixed assets of Head Office and Branches are taken by obtaining competitive offer of “A” grade insurance companies. Renewal of Trade License, payment of holding tax, Municipality tax and City Corporation taxes are regularly paid on due dates. Spaces of non-banking assets of Bishal Centre & Kushal Centre are rented out to various business houses to generate income for the Bank.

Keeping in view to minimize the maintenance cost of vehicles, APD disposed of 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 condition limited numbers of old cars are maintained to augment branches for CIT support and business activities.

Apart from above activities, management looks at this department for any kind of urgent need and administration support. With whole hearted dedication and sincerity round the clock support is ensured with limited work force of APD for meeting Bank’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. ICBIBL 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. ICBIBL has also adopted the Environment Risk Management Guidelines in line with the requirements of the Central Bank and the industry best practices. ICB Islamic Bank has set its green banking slogan as “Reduce, Reuse and Recycle”. ICBIBL’s green banking efforts include full-fledged online banking, data repository and, electronic correspondences. Future plans includes internet/mobile banking in order to make paper less

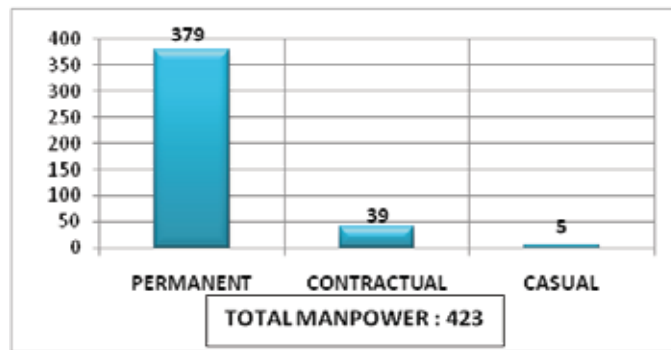
communication with customers, creating awareness among the different level of stakeholders as well as mass population.

### Human Resources Department

Human Resources are important for banks because banking is a service industry. Management of people and management of risk are two key challenges facing banks. How you manage the people and how you manage the risks determines your success in the banking business. Efficient risk management may not be possible without efficient and skilled manpower.

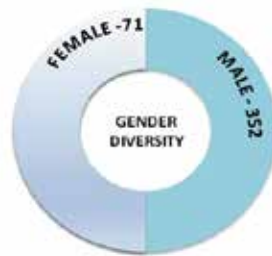
ICB Islamic Bank Ltd. ends the year 2021 with a workforce of 423. This workforce is the driving force that runs 33 Branches of the Bank.

### Status of Manpower



### Gender Diversity

Among 423 workforces, 16.78% are female and 83.21% are male.



### Zone-wise Manpower

The total workforce of 423 are now operating at different Zones of Bangladesh.

MANPOWER STATUS	NO.	%
DHAKA	292	69.0%
CHITTAGONG	40	9.5%
SYLHET	34	8.0%
KHULNA	34	8.0%
RAJSHAHI	17	4.0%
BARISHAL	6	1.4%
<b>TOTAL</b>	<b>423</b>	<b>100.0%</b>

### Average Age

The Average Age of Manpower of the Bank was 42 years (as on 31.12.2021).

## Observe the National Mourning Day 2021 marking the 46th death anniversary of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman

As per Bangladesh Bank letter ref no. BRPD (P-1)/760(Misc.)/2021-6764 dated August 10, 2021. To observe the National Mourning Day 2021 marking the 46th anniversary of the brutal assassination of the Father of the Nation, ICB Islamic Bank Ltd arranged different events throughout the month of August 2021.

ICB Islamic Bank Ltd. observed the National Mourning Day of 15 August, 2021 in heart breaking emotion showing highest gratitude to the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman by wearing Black badge on 16 August, 2021(Monday) as a symbol of mourning.



The Head Office officials wear Black Badge on 16 August, 2021(Monday) as a symbol of mourning



Branch employees were Black Badge as a symbol of mourning

ICB Islamic Bank Ltd arranged an art competition for the children of ICB staff to encourage the new generation with the History of Bangladesh and to inspire them from the spirit of colorful life of Bangabandhu on 19 August, 2021. The art competition was divided into two (2) categories. The theme of Category 1 (Group A: Student of elementary & Group: B Students from Class 1 to 5) was Bangladesh and Bangabandhu, whereas that of Category 2 (Students from class 6 to 10) was Blood Shed 15 August.

Later on, the prizes were handed over to the winners/ parents of the winners of each category.



The Art Competition



The Judges evaluated the Arts



Prize giving ceremony to the winners of Art Competition

During the Tree Plantation program, the high officials of the Bank planted trees at Kalabagan Playground in the morning on 22 August, 2021.



The high officials of the Bank were present during the Tree Plantation program



The MD & CEO along with the COO of the Bank planted sapling at Kalabagan Playground



The MD & CEO of the Bank watering the plant



The high officials also planted sapling during the program

Besides that, a Doa Mahfil Program was arranged at Head office (15<sup>th</sup> floor) of ICB Islamic Bank Ltd. after Johr Prayer on 22 August, 2021 for the peace and salvation of departed soul of Bangabandhu Sheikh Mujibor Rahman and his family members. During the Doa Mahfil, a special prayer was also organized for the happiness and prosperity of the country and the nation.



Doa Mahfil arranged at Head Office after Johr prayer

A Zoom Conference was conducted for all staffs (Head Office & Branch) during the same day (22 August, 2021). A slide show on the colorful life of Bangabandhu Sheikh Mujibur Rahman was presented from Head Office, and the Branch Managers from different Zones also spoke and discussed on Bangabandhu's life and glorious contribution to the nation.



Snap shot of the Zoom conference with Branch Officials

## Training & Development

To increase the job knowledge of the employee, considering the COVID-19 situation, our HR Department organized several in house trainings during the year 2021 through online platform to avoid crowd. Besides that we also nominated our employees in different training programs organized by other training institutes including Bangladesh Bank.

To enhance knowledge regarding Shariah based Islamic Banking, a training session was arranged on "Shariah Based Islamic Banking" through online platform where 84 Branch officials from 33 Branches attended. In this training, Mr. Md. Farid Uddin Ahmed, Independent Director of ICIBL & Member of Central Shariah Board shared his knowledge on Shariah based Islamic banking with the participants.



Participants are listening the valuable speech of Mr. Farid Uddin Ahmed on Shariah Based Islamic Banking

During the year 2021, ICIBL also arranged training on “Foundation Course-Know your job” for it’s newly appointed CSO/Cash officers from different branches for two times. Forty three (43) officials gathered their job related knowledge through this training. Our experienced Head of Departments were the resource persons of the training.



During the different training sessions of Foundation Course-Know Your Job



During the different training sessions of Foundation Course-Know Your Job



During the different training sessions of Foundation Course-Know Your Job

Besides this, we also arranged in house training on Documentation of L/C & Trade Finance, Automated Challan System and also conducted general refreshers session on Banking for our employees during 2021.

### Employee Engagement Program

We believe that employees are the main strength of the Bank to achieve the organizational goal. To make our employee more motivated, different types of employee engagement program plays an important role and also increase employee commitment including a sense of belonging towards the Bank.

### Celebration of Eid

Eid-ul-Fitr is one of the two major festivals of the Muslim world. After one month of fasting, Eid-ul-Fitr brings happiness to all the Muslim people in Bangladesh. The employees of ICB Islamic Bank Ltd shared the joy and happiness of Eid with each other regardless of their religion after eid vacation.



Eid Celebration of Head Office Officials



Eid Celebration at Executive Level of Head Office



HRD Officials after Eid Holiday at Head Office



ICCD Officials after Eid Holiday



Dhaka Zone (Gulshan) Branch Officials



Chattogram Zone (Khatunganj) Branch Officials



Rajshahi Branch Officials after Eid Holiday | Moulvibazar Branch Officials after Eid Holiday | Khulna Branch Officials after Eid Holiday | Feni Branch Officials after Eid Holiday



Get together tour of Dhaka Zone Branch Officials



Picnic at Shundarban, arranged by Khulna Zone Branches

**Integrity Award**

As per BRPD circular no. 08 of Bangladesh Bank dated August 08, 2018 all schedule Banks have to provide integrity award to its employee/staff in every year from July to June. According to the Integrity Award Giving policy of ICBIBL, based on 20 parameter (each carrying 5 marks), we awarded four (04) employees in different categories by giving a certificate and prize money equivalent to one (01) months basic salary for the year 2019-2020.



Integrity Award winners for the year 2019-2020 with MD & CEO and Heads of Departments





## **Alternate Delivery Channel and Cards Department Information**

### **Agent Banking Service:**

The Management of the Bank is planning to introduce Agent Banking Service throughout the country. This will help us to promote new customer base as well as low cost deposits for the Bank. This new system will be operated through competent agents with prepaid system. Electronic devices will be used to do all types of banking transactions by the agents.

### **Mobile Base Service:**

The Bank has introduced Bkash cash out service through the all ATMs of ICIBL. Every person with Bkash account can withdraw cash amount from any ATM booth of the Bank. ICIBL is also going to introduce Q-Pay mobile banking service for all the card holders of the Bank. Every card holder of the Bank will be able to transfer funds to mobile wallet account (like Bkash) as well as will be able to pay utility bills, tuition fees etc. from the Bank account of the card holder by the Q-Pay system.

### **Suppliers**

ICIBL 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**

ICIBL 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 ICIBL met for six (06) meetings including one Special meeting during the year 2021 and issued specific directions in conducting the affairs of ICIBL. On the other hand, the Audit Committee of the Board of Directors had five (05) meetings and issued valuable directions on various matters during the period under review.

### **Retirement and Re-election 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 Director will retire in the 35<sup>th</sup> Annual General Meeting:

#### **Ms. Hashimah Binti Ismail**

Accordingly she is eligible for re-election. Shareholders may re-elect her as Director on the Board.

### **Corporate Governance**

ICIBL has complied with the Bangladesh Securities and Exchange Commission notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 for ensuring corporate governance. The Compliance Status of 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 thanks 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 - 2021 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  
24 March 2022