

## Directors' Report – 2023

### 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.

With immense pleasure, we take the privilege of welcoming you to the 37<sup>th</sup> Annual General Meeting (AGM) of ICB Islamic Bank Limited. We convey our heartfelt thanks and gratitude to all of you for the continued support and patronization in carrying out the business of our beloved Bank in 2023. We present herewith the Audited Financial Statements and the Auditor's Report for the year ended 31 December 2023 for your perusal and consideration. 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 2023 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 2023 and Prospects in 2024

The global economy continues to recover slowly from the blows of the pandemic, Russia's invasion of Ukraine, and the cost-of-living crisis. In retrospect, the resilience has been remarkable. Despite the disruption in energy and food markets caused by the war, and the unprecedented tightening of global monetary conditions to combat decades-high inflation, the global economy has slowed, but not stalled. Global growth is forecast to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024.

The projections remain below the historical (2000–19) average of 3.8 percent, and the forecast for 2024 is down by 0.1 percentage point from the July 2023 Update to the World Economic Outlook.

Global inflation is forecast to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024. But the forecast for 2023 and 2024 are revised up by 0.1 percentage point and 0.6 percentage point, respectively and inflation is not expected to return to target until 2025 in most cases.

### Bangladesh Economy

In 2023, the economy of Bangladesh faced lots of challenges originating both from the domestic and global fronts across multiple areas. Global supply chain disruptions and surge in fuel and commodity prices continued to heighten inflationary pressures. While many countries have effectively controlled inflation through suitable policy actions, Bangladesh is still struggling to do the same. GDP growth slowed to 5.78% in FY 2023 (Source: BBS) from 7.10% in FY 2022. CPI based 12-month average inflation rate ascended to 9.48% (2021-22 base year) in December 2023 while it was 7.70% (base year 2005-06) in previous year.

A surge in inflation curtailed consumer purchasing power, contributing to a deceleration in estimated private consumption and investment growth. The revenue GDP ratio is arguably the most disappointing indicator in the context of Bangladesh's development trajectory. Revenue to GDP declined to an estimated 7.9% in FY 2023 compared to 8.5% in FY 2022, remaining among the lowest in the world.

External sector faced further stress due to persistent global headwinds and restoring external stability remains a major priority. While there was a sharp fall in the current account deficit in FY2022-23, the balance of payment (BoP) funding gap emerge due to weakening of net inflows, especially the trade credit, in the financial account.

In FY 2023-24, Bangladesh Bank has adopted a more modern monetary policy framework by switching from monetary aggregates to an interest rate targeting framework. Bangladesh Bank has also begun to use market determined exchange rate of taka for official forex transactions.

### Banking Industry Outlook 2023

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). In Bangladesh, 61 scheduled banks are performing their banking business including 10 full-fledged Islamic banks.

The banking sector in Bangladesh has encountered numerous challenges over an extended period. Its weaknesses have been consistently exposed through high loan default rates and subpar performance across various indicators. Dollar sale by the central bank impacting reserve, low deposit growth, limited growth of official remittance inflows, and weak loan recovery put pressure on the liquidity of many banks. Some banks, particularly Shari'ah-based ones, experienced significant liquidity shortages due to declining confidence of depositors requiring liquidity support from BB.

The potential recovery of the aforementioned funds remains uncertain, with the possibility of non-recovery looming large and a plausible scenario involving the funds being illicitly transferred abroad through money laundering activities. Regrettably, instances of lending irregularities have been observed by the relevant authorities. Loans are observed to be allocated to business groups and individuals in a manner that appears to circumvent established rules and regulations, purportedly under the guidance of influential individuals.

Liquidity in the banking system remained under pressure due to dollar sale by BB and low deposit growth, driven by negative real interest rates and weak depositor confidence. Various policy measures taken by BB includes increasing policy rate to 7.75%, removing lending rate cap and introducing "Six-Month Moving Average Rate of Treasury Bill (SMART)" with a suitable margin, ceasing devolvement for lending to govt. etc. In December 2023, domestic credit growth was 11.89% compared to 14.98% in December 2022 against deposit growth of 11.04% (y-o-y) in December 2023. Advance to Deposit Ratio (ADR) was 80.38% at the end of December 2023, well below the maximum allowable limit by BB.

Some important initiatives taken by Bangladesh Bank in 2023 like rationalization of interest rate on deposit, collateral valuation firm/company enlistment policy, policy on off-balance sheet (OBS) exposure, master circular on schedule of charges, policy regarding establishment of banks' business centers and their rent/ lease related issues etc.

### **The Challenges and Opportunities in Banking Sector in 2024**

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.

Global growth for the year 2024 is predicted to be resilient but the growth will be slower. Nowadays geographical tensions is the most important risk for the global economy. Wars in two regions of Eastern Europe and the Middle East hurt investment and economic growth. Moreover, if the conflict in the Middle East escalates, oil prices could increase and will fuel inflation further which in turn may slow the growth of world economy.

Due to huge financial outflow, depreciation of BDT against USD is expected to continue in 2024. The adoption of several policy initiatives for promoting exports and remittances, strong FDI inflows, and improvement in the trade balance may stabilize the exchange rates of BDT in the coming months. However, downside risk may arise from the disruption in the global energy and food markets, the adoption of unprecedented monetary policy by nations to combat decades-high inflation, and slower-than-expected growth in the global economy.

### **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 (Shari'ah) 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 Shari'ah 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, 2023. 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**

(Figure in BDT Million)

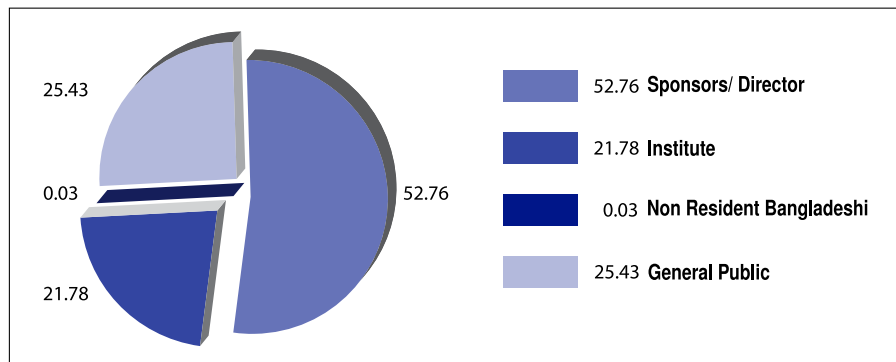
| Sl. No. | Particulars  | 2023        | 2022        | 2021        | 2020        | 2019        |
|---------|--|-------------|-------------|-------------|-------------|-------------|
| 1       | Authorized capital   | 15,000.00   | 15,000.00   | 15,000.00   | 15,000.00   | 15,000.00   |
| 2       | Paid-up capital  | 6,647.02    | 6,647.02    | 6,647.02    | 6,647.02    | 6,647.02    |
| 3       | Total capital (Tier-I & II)                                    | (13,422.90) | (12,607.10) | (12,212.20) | (12,025.00) | (11,530.82) |
| 4       | Capital surplus/(deficit)                                      | (18,422.90) | (16,607.10) | (16,212.20) | (16,025.00) | (15,530.82) |
| 5       | Capital adequacy ratio (CAR)                                   | (151.82%)   | (137.41%)   | (133.16%)   | (133.11%)   | (125.08%)   |
| 6       | Total assets   | 10,685.36   | 11,583.03   | 11,260.02   | 11,240.14   | 11,429.69   |
| 7       | Total deposits   | 12,316.12   | 12,925.58   | 12,434.12   | 11,960.39   | 11,518.75   |
| 8       | Total investments  | 7,909.73    | 8,435.11    | 8,565.23    | 8,458.07    | 8,633.64    |
| 9       | Import business handled  | 461.17      | 382.96      | 42.92       | 32.45       | 133.34      |
| 10      | Export business handled  | 8.23        | 22.40       | 26.65       | 9.60        | 4.18        |
| 11      | Guarantee business handled                                     | 26.19       | 5.92        | 5.84        | 3.28        | 28.37       |
| 12      | Total contingent liabilities and commitments                   | 223.44      | 319.11      | 197.30      | 196.78      | 223.69      |
| 13      | Investments deposit ratio                                      | 64%         | 65.%        | 69%         | 71%         | 75%         |
| 14      | Percentage of classified investments against total investments | 87.50%      | 80.80%      | 78.37%      | 84.%        | 82%         |
| 15      | Profit after tax and provision                                 | (563.44)    | (394.81)    | (187.27)    | (423.75)    | (485.63)    |
| 16      | Operating profit   | (106.30)    | (41.37)     | (488.93)    | (488.93)    | (497.40)    |
| 17      | Operating expenditure  | 470.42      | 391.17      | 429.52      | 462.18      | 474.15      |
| 18      | Amount of classified investments during the year               | 6,921.20    | 6,815.36    | 6,712.67    | 7,108.18    | 7,079.3     |
| 19      | Provisions kept against classified investments                 | 3,587.16    | 3,616.31    | 3,657.49    | 3,735.27    | 3,743.13    |
| 20      | Provision surplus/(deficit) against classified investments     | 18.54       | 38.22       | 43.30       | 33.93       | 16.53       |
| 21      | Cost of fund   | 6.55%       | 6.32%       | 7.17%       | 7.86%       | 7.91%       |
| 22      | Profit earning assets  | 8,468.18    | 9,178.77    | 9,281.25    | 8,997.15    | 9,184.92    |
| 23      | Non-Profit earning assets                                      | 2,217.21    | 2,404.26    | 1,978.77    | 2,242.99    | 2,245.41    |
| 24      | Return on investment (ROI) in shares and securities            | 27%         | 4%          | 2%          | 5%          | 3%          |
| 25      | Return on assets (ROA)   | (5.27%)     | (3.41%)     | (1.66%)     | (3.77%)     | (4.25%)     |
| 26      | Income from investments in shares and securities               | 2.83        | 4.68        | 4.96        | 5.30        | 3.16        |
| 27      | Earnings per share (Taka)                                      | (0.85)      | (0.59)      | (0.28)      | (0.64)      | (0.73)      |
| 28      | Operating Profit per share (Taka)                              | (0.87)      | (0.65)      | (0.37)      | (0.74)      | (0.75)      |
| 29      | Price earnings ratio (times)                                   | N/A         | N/A         | N/A         | N/A         | N/A         |
| 30      | Dividend:  |             |             |             |             |             |
|         | Cash   | -           | -           | -           | -           | --          |
|         | Bonus Share  | -           | -           | -           | -           | --          |
| 31      | Net Asset Value Per Share (NAVPS)                              | (19.36)     | (18.13)     | (17.54)     | (17.11)     | (16.47)     |
| 32      | Number of employees  | 374         | 497         | 456         | 497         | 485         |
| 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. The paid-up capital of the Bank as at December 31, 2023 is BDT 6,647,023,000. The details of Shareholding pattern of the Company as at the end of the year 2023 is given below:

| SL. No       | Name of the Group         | No. of Shareholders | No. of Shares      | Shareholding (%) |
|--------------|---------------------------|---------------------|--------------------|------------------|
| 01           | Sponsors/Directors        | 1                   | 350,674,300        | 52.76            |
| 02           | Institutes                | 97                  | 144,749,005        | 21.78            |
| 03           | Non Resident Bangladeshis | 34                  | 226,863            | 0.03             |
| 04           | General Public            | 14,444              | 169,052,132        | 25.43            |
| <b>Total</b> |                           | <b>14,576</b>       | <b>664,702,300</b> | <b>100.00</b>    |

### Shareholding Position as on 31<sup>st</sup> December 2023



### Analysis of Income Statement of ICIBL

| Sl. No. | Particulars                                      | 2023     | 2022     | % Change  |
|---------|--|----------|----------|-----------|
| 1       | Investment income                                | 210.22   | 213.07   | (1.33%)   |
| 2       | Profit paid on deposits                          | 392.71   | 381.65   | 2.89      |
| 3       | Net investment income                            | (182.49) | (168.58) | (8.25%)   |
| 4       | Income from investments in Shares and Securities | 2.83     | 2.27     | 24.66%    |
| 5       | Other operating income                           | 73.35    | 296.05   | (75.22%)  |
| 6       | Total operating income                           | (106.30) | 129.75   | (181.61%) |
| 7       | Total operating expenses                         | 470.42   | 419.09   | 12.24%    |
| 8       | Profit/ (loss) before tax and provision          | (576.72) | (289.34) | (99.32%)  |
| 9       | Provision for investments                        | 50.00    | 40.00    | 25%       |
| 10      | General provision on off-balance sheet items     | -        | -        | -         |
| 11      | Provision for diminution in value of investments | -        | -        | -         |
| 12      | Other provisions                                 | (35.00)  | -        | 100%      |
| 13      | Net profit before tax                            | (561.72) | (249.34) | (125.28%) |
| 14      | Provision for taxation                           | (1.72)   | (3.06)   | 43.79%    |
| 15      | Net profit after tax                             | (563.44) | (252.41) | (123.22%) |

**Sector-wise NPI for the year ended 31 December 2023**

(Amount in BDT)

| Sectors as classified by Bangladesh Bank                                   | Total Exposure as on 31-Dec-23 | Percent of Total Outstanding | 31-Dec-23               |                     |
|--|--------------------------------|------------------------------|-------------------------|---------------------|
|  |                                |                              | NPI Amoun               | Gross NPI Ratio (%) |
| Agriculture, Fishing and livestock   | -                              | 0.00%                        | -                       | 0.00%               |
| Manufacturing  | 1,027,149,527.76               | 12.98%                       | 1,018,110,611.91        | 99.12%              |
| Electricity, Gas, Water, TV, Radio and other public utility services       | 538,234,490.79                 | 6.81%                        | 462,235,780.69          | 85.88%              |
| Trading (wholesale & retail)   | 4,258,893,369.99               | 53.82%                       | 3,815,542,570.18        | 89.59%              |
| Hotels and restaurants   | 8,033,243.57                   | 0.10%                        | 2,009,114.22            | 25.01%              |
| Construction & Real Estate (excluding housing investments for individuals) | 445,017,673.04                 | 5.65%                        | 394,107,651.25          | 88.56%              |
| Housing Investments for individuals  | 432,384,090.27                 | 5.43%                        | 125,710,014.75          | 29.07%              |
| Consumption Credit (personal investments to individuals)                   | 111,664,530.79                 | 1.40%                        | 26,899,985.47           | 24.09%              |
| Consumption Credit (Vehicle investments to individuals)                    | 40,956,794.88                  | 0.51%                        | 17,689,239.71           | 43.19%              |
| Securities (shares, debentures and other instruments)                      | -                              | 0.00%                        | -                       | 0.00%               |
| Finance, Insurance & Business Services                                     | 21,347,119.36                  | 0.28%                        | 17,538,793.26           | 82.16%              |
| Transport & Communication  | 374,154,821.97                 | 4.75%                        | 374,154,821.97          | 100.00%             |
| Others   | 651,895,646.59                 | 8.27%                        | 614,933,163.42          | 94.33%              |
| <b>TOTAL</b>   | <b>7,909,731,309.00</b>        | <b>100.00%</b>               | <b>6,868,931,746.82</b> | <b>86.84%</b>       |

**Product-wise Deposit Balance**

Amount in BDT

| Product Name                | No. of Accounts | Balance as on 31-Dec-23 |
|-----------------------------|-----------------|-------------------------|
| Mudaraba Savings A/C        | 47,453          | 5,193,244,227.96        |
| Al- Wadiyah Current A/C     | 4,941           | 530,567,653.79          |
| Deposit Scheme              | 5,087           | 353,558,075.06          |
| Insta Profit Term Deposit   | 5               | 5,480,000.00            |
| Mudaraba Term Deposit       | 5,786           | 5,630,004,084.71        |
| Monthly Profit Term Deposit | 308             | 218,698,406.15          |
| Mudaraba SND A/C            | 459             | 110,306,115.72          |
| Foreign Currency A/C        | 28              | 2,338,003.96            |
| Total                       | 64,157          | 12,044,196,567.35       |

**The performance of the Bank in 2023 has been summarized below**

Amount in BDT Million

| Particulars                    | 2023     | 2022      | Growth percent |
|--------------------------------|----------|-----------|----------------|
| Net Investment Income          | (182.49) | (168.58)  | (8.25%)        |
| Total Operating Income         | (106.30) | 129.75    | (181.61%)      |
| Total Operating Expenses       | 470.42   | 419.09    | 12.24%         |
| Profit/(Loss) before Provision | (576.72) | (289.344) | (99.32%)       |
| Provision for Investment       | 50.00    | 40.00     | 25%            |
| Profit/(Loss) before Tax       | (561.72) | (249.34)  | (125.28%)      |
| Provision for Tax              | (1.72)   | (3.06)    | 43.79%         |
| Net Profit after Taxation      | (563.44) | (252.41)  | (123.22%)      |

**Material Uncertainty Related to Going Concern**

We draw users' attention to Note 3.3 in the financial statements which shows, the Bank has an accumulated loss of Tk. 20,052.09 million for the year ended 31 December 2023; Negative equity of Tk. 12,869.92 million as at 31 December 2023 and capital adequacy ratio of (151.82%) as against minimum of 12.50%. Profit paying deposits aggregates to BDT 8,136.98 million as against the profit earning investment of BDT 988.53 million as at 31 December 2023; Overall 87.50% of investment of the bank is classified. 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. The auditor's 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. 4.47 million in 2023.

### Net Profit / (loss) before Tax

After making the provisions, net profit/ (loss) before tax of ICIBL stood at BDT (561.72) million compared to BDT (249.34) million in 2022, mainly due to decrease of others operating income in 2023.

### Provision for Income Tax

Provision against current year income tax of ICIBL was BDT (1.72) million compared to BDT (3.06) million of preceding year.

### Net Profit/ (loss) after Tax

As on 31 December 2023, net profit after tax stood at BDT (563.44) million, earnings per share was BDT (0.85), average ROA stood at (5.27) percent.

### Accumulated Loss

Total accumulated loss is BDT 20,052.09 million as on 31 December 2023 and total accumulated loss was BDT 19,488.65 million on 31 December 2022. The accumulated loss increased by 2.89% in the year 2023.

### 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 2023.

### 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 2023. 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

ICIBL 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, ICIBL has independent Dealing Room, separate Back Office and online payment system equipped with SWIFT system for ensuring fast and prompt services to the customers.

ICIBL 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), 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.

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, ICBIBL 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 version 5.2 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. 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

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. 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 and 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.

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. To cope with the highly competitive market in Bangladesh, ICIBL 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, ICIBL 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 2023, ICIBL increased its focus on consumer banking business and has been launched a new product named "ICIBL QUARD" in July, 2023 to meet up customer's short-term requirement on emergency basis like as education, medical, Travel & permanent residence etc. on abroad.. 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 2024.

ICIBL believes the employees are the main driving force behind the success of the Bank. Thus ICIBL 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 of the Bank.

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

### ICB Manzil (Home) Finance

ICB Manzil (Home) Finance is a Shari'ah 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 Shari'ah and the Laws of the country. The maximum finance amount is up to BDT 1,000,000 for 5 years as per eligibility.



### ICIBL Qaurd Finance

"ICIBL QUARD" is a new Investment facility which has been launched in July, 2023 to meet up customer's short-term requirement of finance on emergency basis for education, medical, Travel, permanent residency etc. to go to abroad. Nearly 25 million people go overseas in every year for this reasons. The limit of the facility is maximum of BDT 80.00 Lac and tenor up to 01 year with the time period of 03 months / 06 months / 09 months / 12 months and it can be extended with the subject to the valid request of the customer.



## 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 Shari'ah. The Bank in turn guarantees the value of the deposit thus creating a 'Wadiyah Yad-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).



### Al-Wadiyah Bondhu Account

It is a current account based on the Islamic contract of Al-Wadiyah. Al-wadiyah 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 to utilize their money for whatever purpose permitted by Shari'ah. The Bank in turn guarantees the value of the deposit thus creating a Wadiyah Yad-Dhamanah contract. This account is appropriate for both organization and individual, who expects privilege care from the Bank.



### 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 Shari'ah 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.

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 Shari'ah 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. ICBI 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. ICBI 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.

### ICBI Sunibash:

ICBI 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 ICBI 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)

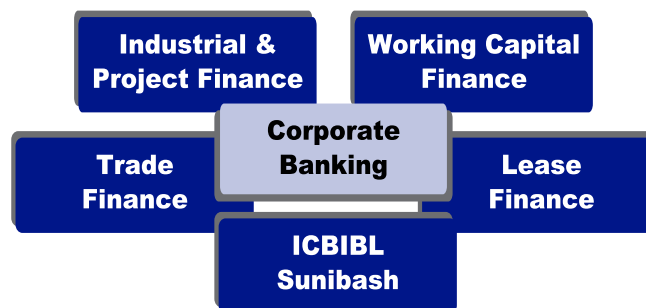
The importers apply for investment facility against imported goods after shipment for payment of the invoice values of the goods to the seller/supplier including custom duty, VAT and other expenses.

### Earnest Money finance

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



### Cash Management Wing

In today's competitive financial environment, effective cash management has become a critical success factor. 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 ICBI 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.

## Strategies and initiatives

The banking sector in Bangladesh has encountered numerous challenges over an extended period. Its weaknesses have been consistently exposed through high loan default rates and subpar performance across various indicators. To face this situation and protect the Bank's revenue, the Bank has increased focus on fee based income products like Import and Export LCs, E Tender financing, Local Bill purchase, remittance business and ICBIBL Quard facility.

To support the branches with new business initiatives, several trainings and awareness programs were conducted to empower the front line staff. ICBIBL 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 campaigns to improve the deposit mobilization. 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. 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 2024 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 and Property Department (APD) is the logistic pivotal of ICB Islamic Bank Limited. APD provides timely logistics support to ensure proper maintenance of all equipment, machinery, transportation and installations of all branches and Head Office to ensure smooth functioning.

Employee ID card, business cards for the appointment holders and Corporate SIM for authorized bank officials are issued centrally from APD. All kind of printing stationary items to all the branches are provided to maintain standard.

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 to give security coverage to bank by this department as per Bangladesh Bank compliance instruction and requirement of Armed Security Guard is raised to HRD for recruitment and ensure training of newly recruited guards.

Compliance issues of Bangladesh Bank are implemented in the branches within reasonable time limit by this department.

Cash in Transit (CIT) support is provided regularly to the branches. Generally, Cash in Transit (CIT) is conducted by bank's vehicle. But for branches in Dhaka, 3rd party is engaged for cash carrying. All such activities are insurance covered. Regular prompt insurance coverage is provided from APD to the branches while exceeding Cash in Vault (CIV) limit after daily transaction. Yearly 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 from A grade insurance companies. Renewal of Trade License, payment of holding tax, Municipality tax and City Corporation taxes are regularly paid on due dates.

APD plays a decisive role in signing lease agreements with land owners for branches and Head Office premises and opening new branches or shifting branches to new locations with the approval of Bangladesh Bank. Implementation of management's cost reduction initiative and better business opportunities are always remain as main focus of APD for branch shifting. All non-banking assets are rented out to various business houses to generate income for the bank.

Keeping in view to minimize the maintenance cost of vehicles APD auctioned old cars which were incurring huge maintenance cost. Auction sell proceeds are being used for buying new cars. Due to Bank's poor financial condition limited numbers of old cars are still maintained to augment CIT support to the branches and business related visits.

This department remains at urgent notice to provide all kinds of support to the branches and bank management in need.

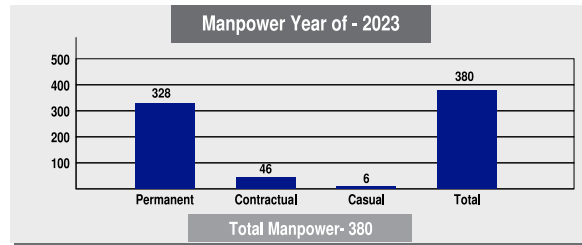
## Green Banking

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

## Human Resources Department

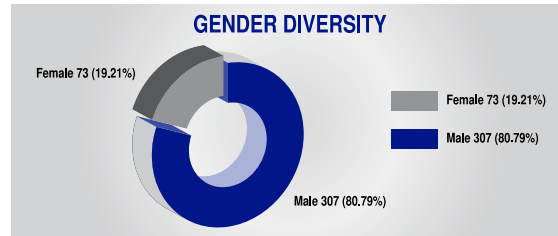
Human Resources are important for banks as banking is a service industry where management of people and management of risk are main two challenging factors. Thus, without efficient and skilled manpower, efficient risk management within Bank may not be possible. ICB Islamic Bank Ltd. ends the year 2023 with a workforce of 380, where total 45 new employees joined with this team and 58 employees left this Bank due to various reasons. This workforce is the driving force that runs 33 Branches including Head Office of the Bank.

## Status of Manpower



## Gender Diversity

Among 380 workforce, 19.21% are female and 80.79% are male.



## Zone-wise Manpower

The total workforce of 380 is now operating at different Zones of Bangladesh.

| LOCATION-WISE | NO.        | %              |
|---------------|------------|----------------|
| DHAKA         | 260        | 68.98%         |
| CHATTOGRAM    | 35         | 8.82%          |
| SYLHET        | 31         | 8.29%          |
| KHULNA        | 32         | 8.02%          |
| RAJSHAHI      | 16         | 4.28%          |
| BARISHAL      | 6          | 1.60%          |
| <b>TOTAL</b>  | <b>380</b> | <b>100.00%</b> |

## Average Age

The average age of Manpower of the Bank was 42.55 years (as on 31.12.2023).

## Observe the National Mourning Day 2023 marking the 48<sup>th</sup> death anniversary of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman

ICBIBL observed the National Mourning Day of August 15, 2023 in heart breaking emotion showing highest gratitude to the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman. On August 15, 2023 (Tuesday), selected officials from several departments and branches of ICB Islamic Bank Ltd. showed tribute to the monument of Father of the Nation, Bangabandhu Sheikh Mujibur Rahman at Road No 32, Dhanmondi, Dhaka.



In observing the day all staff including sub staff compulsorily wore Black badge on 16 August 2023 (Wednesday) as a symbol of mourning.



Later, a Tree Plantation Ceremony was held at our Khulna & Sylhet Branches on August 16, 2023 (Wednesday) with all the staffs of their respective branch. Later, on the same date, the branches provide lunch as humanitarian aid to needy and poor people

Besides that, a Doa Mahfil program was arranged at our Head office (15<sup>th</sup> floor) after Zohr Prayer on August 16, 2023 (Wednesday) for the peace and salvation of departed soul of Bangabandhu Sheikh Mujibor Rahman and his family members.



Our honorable MD & CEO, Mr. Muhammad Shafiq Bin Abdullah along with Captain Syed Sakhawat Hossain (Retd.), Mr. Ahmed Ullah, Mr. Parvez Yousuf Chowdhury, Mr. Md. Tareq Us Salam from Head Office distributed food among the orphanages. Before distributing food, a special prayer was conducted by the orphans for the peace and salvation of departed soul of Bangabandhu Sheikh Mujibor Rahman



ICB Islamic Bank took initiative to distribute food among 265 orphans of Zamia Islamia Wahidia Madrasa and Orphanage, Dhaka on August 22, 2023 (Tuesday) at 2.00 pm.

Finally, a Zoom Conference was conducted for all staffs (Head Office & Branch) on August 24, 2023 (Thursday) where we discussed on the colorific life of Bangabandhu Sheikh Mujibur Rahman.



### Training & Development

To increase the job knowledge of the employee, our HR Department organized several in house training during the year 2023 through offline & online platform. ICB Islamic Bank Ltd arranged a training on "Financial Reporting Act, 2015 (Act No. 19 of 2015)" at its Head Office, where concern employees from different departments of Head Office attended. In this training session, Dr. Ahmoduzzaman, Executive Director of Enforcement Division, Financial Reporting Council, Financial Division, Ministry of Finance shared his vast knowledge with the participants on this issue.



Training session on 'Financial Reporting Act, 2015 (Act No. 19 of 2015)

Besides that, a training program on "Shari'ah Based Islamic Banking" was held on 10/01/2023 (Tuesday) and on 23/08/2023 (Wednesday) at ICB Islamic Bank Ltd. Head Office, TK Bhaban, Kawran Bazar, Dhaka. Mr. Md. Fariduddin Ahmed, Independent Director, ICB Islamic Bank Ltd. & Chairman, Central Shari'ah Board shared his knowledge with the participants on the above-mentioned training topic. Participants from Dhaka Branches Managers, Relationship Managers, and the Head of the Departments participated in person while outside Dhaka city branches participated through an online platform.

During the year 2023, ICBIBL also arranged training on “Foundation Course-Know Your Job” for its newly appointed CSO/Cash Officers. Eighteen (18) officials from different branches developed their job related knowledge through this training.

Besides the in-house and customized training programs, employees of the bank are sent to the training programs arranged by BBTA, BIBM, Directorate General of Defense Procurement, Ministry of Defense, IBTRA, IBFC Research & Training Academy, Ministry of Religious Affairs, Bangladesh Tax Training Institute (BTTI) and other reputed local training institutions. During 2023, total 44 trainings were arranged to train and develop the knowledge of our employees.



Mr. Md. Fariduddin Ahmed shared his valuable knowledge on Shari’ah based Islamic Banking with the participants and participants during Hands on Training of Foundation Course-23.

### Employee Engagement Program

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



Head Office High Officials visited Branches to Celebrate New Year 2023



Female Colleagues of Head Office Exchanged Greetings during Pohela Falgun with MD & CEO and COO



Eid Ul Adha Celebration at Head Office



Hangout of Top Management

### Award Giving Ceremony on MTD Campaign

In recognition of the remarkable achievements of our colleagues' who received Highest Incentive during the MTD Campaign - June 2023, a special award ceremony was arranged on August 09, 2023. Each winner received a Certificate of Excellence as a token of appreciation for their dedication and hard work. On the other hand, Babu Bazar Branch and Mirpur Circle-10 Branches were Team Winners on the MTD Campaign and got chance to meet the Top Management in the High Tea Party.



MTD Campaign Winners (Individual)



MTD Campaign Team Winners (Team – Babu Bazar & Mirpur Circle-10)

### Financial Literacy Program 2023

As per Bangladesh Bank (BB) guideline, ICBIBL has conducted the Financial Literacy Program with some target groups. In all those programs, we tried to literate mass people on different Bank related topics like how to open a bank account, school banking, foreign remittance, benefits of bank account and how to identify fake note. Then we have discussed on various banking services (money transfer, account opening, digital payments, ATM operation etc) and focused on the importance of financial planning and savings with the knowledge and skills necessary to manage their finances effectively.

After discussing on General Banking services, we specifically discuss on the theme selected by Bangladesh Bank: "Increase the Social Awareness to Send Remittance in Legal Way". On this second part, we discussed about remittance and the benefit of sending the same through legal way. All program ended with a lot of thanks from ICBIBL team and distribution of token gifts & snacks.

Below listed location and target people were attended in all those Financial Literacy Programs:

| Program Location                       | Target Groups          | No. of Participants |
|--|------------------------|---------------------|
| Kolabagan Cricket Academy, Dhaka       | Student                | 70                  |
| Kawranbazar Branch                     | Underprivileged People | 30                  |
| ICB Training Centre, New Market Branch | Street Hawker          | 23                  |
| Babu Bazar Branch                      | Underprivileged People | 27                  |
| Rajdhani High School, Dhaka            | Student                | 40                  |
| Barisal Branch                         | Women                  | 20                  |



About 70 students were presented at Kolabagan Cricket Academy, Dhaka



Officials of ICBIBL discussed about Banking service and remittance with 30 Underprivileged people at our Kawran Bazar Branch



Around 20 women were presented at Barisal Branch during Financial Literacy Program.



### Financial Literacy Day-6<sup>th</sup> March 2023

Financial Literacy Day was observed on 6<sup>th</sup> March 2023 at our Agrabad, Bangshal, Biswanath, Feni, Gulshan, Khulna, Narayanganj, New Market (Dhaka), Rajshahi & Sylhet branches of ICB Islamic Bank Ltd. Customers and Staff of ICB Islamic Bank Ltd. actively participated and exchanged views on Financial Literacy and Remittance.



Observing Financial Literacy Day-2023 at our Agrabad & Khulna Branch.

### 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 2023 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/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 37<sup>th</sup> Annual General Meeting:

1. **Ms. Lee Ooi Kim**
2. **Mr. Tan Seng Chye**

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

After successful completion of 06 (six) years **Mr. Md. Fariduddin Ahmed** retired as Independent Director from the Board of ICIBL on 22 March 2024.

#### 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. Shafiq Basak 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 - 2023 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 Director



**Mr. Aklif Bin Amir**  
Chairman (Interim)

Dhaka  
21 March 2024