www.icbislamic-bd.com

ANNUAL REPORT

2016



ICB Islamic Bank Limited

a member of ICB Financial Group Holdings AG

Our Vision

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



Our Mission

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

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



Letter of Transmittal

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

Annual Report of ICB Islamic Bank Limited for the year ended 31 December 2016

Dear Sir(s)/ Madam(s),

We are pleased to present before you a copy of the Annual Report 2016 together with the audited financial statements including balance sheet as at 31 December 2016 and income statement, cash flow statement, statement of changes in equity and liquidity statement for the year ended 31 December 2016 along with notes thereon of ICB Islamic Bank Limited for your information and record.

Sincerely yours,

S/d

Shariar-Al-Mamun
Deputy Company Secretary

Contents

Notice of the Thirtieth (30th) Annual General Meeting.....05
Corporate Information.....06
Management Committee.....07
Message from the Chairman.....08
Message from the Managing Director & CEO.....10
Directors' Report on Financial Statements and Internal Control.....12
Report of the Audit Committee of the Board.....14
Report of the Shariah Supervisory Committee.....19
Shariah Supervisory Committee.....20
Directors' Report - 2016.....21
Corporate Governance.....41
Annual disclosure under Pillar-III of Basel-III as of December 31, 2016....59
Auditors' Report.....72
Financial Statement for the year - 2016 74
Notes to the Financial Statement.....81
Proxy Form.....123

AMAR STOCK

Notice of the Thirtieth (30th) Annual General Meeting

NOTICE is hereby given to all the Members of ICB Islamic Bank Limited that the thirtieth (30th) Annual General Meeting (AGM) of the Bank will be held on Tuesday, 23rd May 2017 at 10:00 a.m. at the 'UTC Convention Hall, (Level-5)', 8, Panthapath, Dhaka -1215 to transact the following business:

AGENDA

Ordinary Business:

i. To receive, consider and adopt the Audited Financial Statements of the Bank for the year ended December 31, 2016 together with the Reports of the Auditors' and the Directors' thereon;

ii. To declare the Dividend for the year ended December 31, 2016, if any;

iii. To re-elect/re-appointment of the Directors;

iv. To appoint the Auditors for the term until the next AGM and to fix their remuneration;

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

By order of the Board of Directors

Dated: Dhaka
May 5, 2016

S/d

Shariar-Al-Mamun
Dy. Company Secretary

NOTES:

- The Record Date: April 4, 2017. The Shareholders whose names would appear in the Register of Members of the Company or register of CDBL on the 'Record Date' (April 4, 2017) will be eligible to attend the thirtieth (30th) Annual General Meeting.
- A Member eligible to attend the Annual General Meeting is entitled to appoint a Proxy to attend and vote on his/her behalf. The Proxy may not be a Member of the Company. Forms of Proxy, duly stamped, must be deposited at the Registered Office of the Company at least forty eight (48) hours before the time fixed for the Meeting.
- Annual Report, Attendance Slip and Proxy Form along with the Notice to be sent to all the Members by Courier Service/Post. The Members may also collect the Proxy Form from the Registered Office of the Company.
- M/S S.F. Ahmed & Co., Chartered Accountants, the current Auditors will retire from office in the 30th Annual General Meeting since they have audited the accounts of the Bank for last three years. As such Shareholders are requested to appoint an External Auditor for the year 2017.
- For registration in the meeting, production of Attendance Slip is required.
- The Shareholders are requested to please register their names in the counter at the entrance of the AGM Hall from 8:30 a.m. to 9:30 a.m.
- The Seats in the Hall Room will be reserved only for the shareholders/proxy holders.

বি: দ্র: বি এসইসি নোটিফিকেশন নং- এসইসি/এসআরএমআই/২০০০-৯৫৩/১৯৫০ তারিখ ২৪ অক্টোবর ২০০০ এবং সার্কুলার নং- এসইসি/মিএমআরসিডি/২০০৯-১৯৩/১৫৪ তারিখ অক্টোবর ২৪, ২০১৩ এর নির্দেশনা অনুযায়ী আসন্ন ৩০তম বার্ষিক সাধারণ সভায় কোন প্রকার বক্স/কুপন/আপ্যায়ণের ব্যবস্থা থাকবে না।

Corporate Information

BOARD OF DIRECTORS

Chairman
Datuk Mohd. Nasir Bin Ali

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

Independent Director
Mr. Abdul Hafiz Choudhury

Managing Director & CEO
Mr. Muhammad Shafiq Bin Abdullah

Deputy Company Secretary
Mr. Shariar-Al-Mamun

EXECUTIVE COMMITTEE

Chairman
Datuk Mohd. Nasir Bin Ali

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

Secretary
Mr. Shariar-Al-Mamun

AUDIT COMMITTEE

Chairman
Mr. Abdul Hafiz Choudhury, Independent Director

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

Secretary
Mr. Shariar-Al-Mamun

RISK MANAGEMENT COMMITTEE

Chairman
Mr. Abdul Hafiz Choudhury, Independent Director

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

Secretary
Mr. Shariar-Al-Mamun

MANAGEMENT COMMITTEE

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

Secretary
Mr. Shariar-Al-Mamun

Corporate website
www.icbislamic-bd.com

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

Auditors
S.F. Ahmed & Co., (SFACO) Chartered Accountants
House #51 (3rd Floor), Road #9, Block #F, Banani Dhaka-1213

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

Legal Advisors

Rabia Bhuiyan & Associates
Rabia Bhuiyan, Bar-at-Law

House of Law
House# 13, Road# 07
Dhanmondi, Dhaka.

Mr. Sayyid Shahid Hussain
Advocate, Supreme Court
H & H Company
Shareef Mansion
56-57, Motijheel, Dhaka-1000

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

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

Management Committee

Mancom

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

Senior management team

Name	Designation
1. Mr. Muhammad Shafiq Bin Abdullah	Managing Director & CEO
2. Mr. Sanjeev Anand	Chief Operating Officer & CFO
3. Mr. Moyeenuddin Ahmed	SVP & Head of operations
4. Captain Sakhawat Hossain (Rtd. B. Navy)	SVP & Head of Administration & Property and Recovery
5. Mr. Nasar Hassan Khan	SVP & Head of Business
6. Mr. Parvez Yousuf Chowdhury	VP & Head of HR
7. Mr. Md. Tareq Us Salam	SAVP & Head of Investment Risk Management

AMAESTOCK

Message from the Chairman



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

Assalamualaikum Warahmatullah.

It is indeed a great pleasure and privilege for me to welcome you to the 30th Annual General Meeting of ICBIBL. I sincerely appreciate the trust, confidence, support and co-operation placed on us throughout the year for your Bank. On behalf of the Board of Directors, I feel honoured to present before you the Annual Report of ICBIBL for the financial year ended 31 December 2016 (FY16).

In 2016, Bangladesh witnessed a high and steady growth of more than 7% which is a decade high, and higher than the average in peer Asian economies, making Bangladesh the 3rd best growth performer in Asia. Despite having favorable condition, banking sector was not able to utilize their funds due to inert investment demand in the market resulting in excess liquidity. In addition, increase of non-performing loan remains a matter of anxiety for banking sector. Bangladesh Bank has taken numerous steps to mitigate risks raised from un-anticipated events and ensure the resilience growth of banking sector during the period.

ICBIBL is always very enthusiastic for innovative ways to make a customer's banking experience more convenient, efficient, and effective. ICBIBL has taken various initiatives to acquire the customers' attention in 2016. The Bank has applied the best services with utmost sincerity to the customers and attained the service excellence. During the year 2016, ICBIBL has paid frozen deposit of Tk. 110.7 crore and committed to pay out all the frozen deposits within the scheduled time. The bank was able to collect almost 7,027 new deposit customers and the net growth of regular deposit increased by more than Tk. 84.0 crores. Besides, the bank has approved Tk. 195.00 crores against investments during this period. In 2017, our anticipation towards the bank is that it would be able to overcome all difficulties and reach to a favorable position by increasing deposit and investment portfolio and reducing non-performing investments.

Keeping pace with time, ICBIBL has successfully implemented "Sanction Screening" process in its operations to prevent fraud and terrorism financing using banking channel. ICBIBL is now capable to screen every single document entering in the organization through multiple databases. The Bank has also introduced Anti Money laundering transactions online reporting module (GoAML) as per Bangladesh Bank guideline last year. The Bank is maintaining a strong relationship with renowned remittance houses like Western Union, IME and Mesa Financial Services to provide remittance service to the banking and unbanked customers. Moreover, ICBIBL has started operation of Ria Financial Services which is one of the largest remittance houses around the world to provide the best support to the beneficiaries.

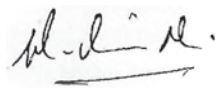
We consider ourselves an integral part of the society to fabricate the growth of a stable economy of Bangladesh. The Bank has made significant contribution to government's exchequer by paying income tax on its earnings, deducting at source income taxes, VAT and excise duty from various payments and services. Maximum disclosure as per Bangladesh Bank and the Security Exchange Commission is being ensured enabling the stakeholders have a fair assessment on the activities and performance of the Bank.

ICBIBL believes in equality and devoted to expand its services to all level of the society equally. The Bank has successfully participated in the Women Entrepreneurs Conference & Product Exhibition Fair on 9th March, 2016 at Bangladesh Bank Training Academy (BBTA). The Governor of Bangladesh Bank and Managing Director & CEO of ICBIBL handed over a cheque under Women Entrepreneurs financing facility to the owner of Mystic Tiles. ICBIBL always believes in sustainable banking and responsibility in all banking actions. As per the policy ecological impact will be considered at the time of credit and lending risks analysis and motivate customers, staff and stakeholders to consider the ecological, social and economical impacts on all of their personal and professional decisions.

To face the challenges of ever changing scenario, we are committed to retain the sustainable growth of the Bank. Despite the challenges and the realities, we have the reasons to draw inspirations from our past. The year 2017, adopting new strategic business policy, ICBIBL will conquer all the challenges with its skilled management team and bring success in performance of the Bank. In 2017, ICBIBL is very much optimistic about positive growth of the Bank by accomplishing its mission by providing modern banking services to the customer. ICBIBL is looking forward to introduce innovative deposit and investment products in 2017 by which we will be able to tailor the best solution for the customers.

I would like to convey my earnest thanks to our dynamic and generous Board of Directors. I would also like to affirm that with your continued support and co-operation, ICBIBL, under the guidance of its prudent Board of Directors, shall be able to consolidate its position as a top ranking second generation private sector commercial bank in the banking domain of the country in near future. My appreciation goes to the Management Team, committed work force and field level operators for their relentless efforts towards success. I express sincere thanks to M/S. S. F. Ahmed & Company, Chartered Accountants for carrying out External Audit professionally and advising the Bank on various compliance issues relating to IAS and BAS.

Finally I, on behalf of the Board of Directors of the Bank, express my sincere thanks to the customers for giving us the opportunity to serve them and to the shareholders for their trust and confidence reposed on us. I also take the opportunity to express my thanks and gratitude to all the regulatory bodies specially, Ministry of Finance, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange and Registrar of Joint Stock Companies for their continuous support, guidance and co-operation.



Datuk Mohd. Nasir Bin Ali
Chairman

Message from the Managing Director & CEO



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

Welcome to the 30th Annual General Meeting of ICB Islamic Bank Limited (ICBIBL).

Bangladesh economy remained strong and resilient despite external and internal challenges round the year. In spite of lackluster outturn in global economy in 2016, Bangladesh has experienced high and steady growth for more than a decade with an average growth of over 7.0 percent in 2016. Time has come to change the way of thinking to hold the sustainable growth in the market. Our diversified experience for long has given us strength to drive through aggressive market condition. We strongly believe that we are on the right track for establishing and securing a sustainable growth of the Bank.

Continuous sluggish investment growth, decrease of profit spread and commission earnings and increase of non-performing investments created enormous pressure on the profitability of the Banks which was very much challenging for the banking sector. Along those challenges, ICBIBL has paid out a large amount of frozen deposits of Tk.110.7 crore in 2016 as per the schedule of Bangladesh Bank (BB) to keep the confidence of the valued customer upon us. ICBIBL is always committed to ensure sustainable growth of the bank through improving assets quality, implementing effective internal control and introducing diversified products and services to the customers.

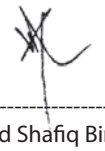
The Bank is always respectful to the guidelines, laws and regulations imposed time to time related to banking and aware of implementation and compliance for prevention of fraud, forgery and terrorism through banking channel. ICBIBL has implemented Sanction Screening process to prevent fraud and terrorist financing through banking channel. The Bank is now able to monitor and manage KYC and every transaction made through banking channel like SWIFT, Inbound Remittance etc. on real time screening according to the global financial regulations and anti-terrorism legislation. ICBIBL has also implemented goAML live data for online reporting on CTR & STR purpose in line with the Bangladesh Bank guidelines.

Serious attention has been applied to the accumulation of foreign remittance in ICBIBL. The Bank has started the operation of Ria Financial Services in 2016. Any banking or unbanked customers are now able to collect inward remittance from all the branches of ICBIBL through Ria Financial Services. ICBIBL has also agreements with IME (M) Sdn. Bhd. and Western Union for remittance drawing arrangement. Anyone can receive inward remittance payment from any of the ICBIBL branches country wide through these remittance houses.

Islamic Shariah principles are the foundation of Islamic banking. We are working hard with an aim of establishing a modern Shariah compliant Islamic Bank. The Bank is always trying to adopt the knowledge acquired from Islam in all our activities to earn the blessings of Almighty Allah as well as to strengthen the trust of our customers. The Bank has a Shariah Supervisory Committee consisting of prominent Islamic Scholars and Economists to advise the Management on Shariah matters related to the business operations. Branches are being regularly audited by the Shariah Inspection teams. We are implementing all procedures based on Islamic Shariah principles in the bank as per Bangladesh Bank guidelines and advice of the Bank's Shariah Supervisory Committee. ICBIBL is an active member of Central Shariah Board for Islamic Banks of Bangladesh and Islamic Banks Consultative Forum.

To conclude I wish to express my profound gratitude to our distinguished Chairman and honorable members of the Board of Directors who have all along extended their continuous support, patronage, guidance and encouragement through holding a good number of Board Meetings and Audit Committee Meetings in the year 2016.

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



Muhammad Shafiq Bin Abdullah
Managing Director & CEO

Directors' Report on Financial Statements and Internal Control

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

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Ensure that the financial statements have been prepared in accordance with International Accounting Standards adopted by ICAB;
- Prepare the financial statements on going concern basis unless it is appropriate to presume that the company will continue in business.

Proper accounting records should be kept that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with Companies Act 1994 and Bank Company Act 1991 (Amended till 2013).

In compliance with the requirements of the BSEC's Notification dated 7th August 2012, the Directors are also required to declare certain matters in their report which inter-alia includes as under:

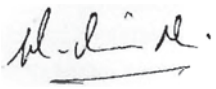
- The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the issuer company have been maintained;
- International Accounting Standards as applicable in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

The Directors confirm that Annual Report together with the Directors' Report and the Financial Statements have been prepared in compliance with law, rules and regulatory guidelines and Compliance of BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012.

Meetings

The Board meets regularly to review policies, procedures, risk management and business plan of ICBIBL and appoints Managing Director & CEO and Senior Management etc. During the year 2016, eight (8) regular meetings of the Board of Directors (including a special meeting) were held. This report should be read in conjunction with Auditors' Report to the Shareholders of ICB Islamic Bank Limited. Also other compliances of BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012 are given in the Annual Report.

On behalf of the Board of Directors



Datuk Mohd. Nasir Bin Ali
Chairman

AMARSTOCK

Report of the Audit Committee of the Board

The Audit Committee of ICB Islamic Bank Limited is a sub-committee of the Board, was formed by the Board of Directors in accordance with the BRPD Circular No. 11 dated October 27, 2013 and the notifications of Bangladesh Securities and Exchange Commission Vide Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012 and international best practices on Corporate Governance.

Objective of the Audit Committee

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

Composition of the Audit Committee

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

Mr. Abdul Hafiz Choudhury, Independent Director	- Chairman
Ms. Hashimah Binti Ismail, Director	- Member
Mr. Sivagukan Thambirajah, Director	- Member
Mr. Muhammad Shafiq Bin Abdullah	- Managing Director & CEO

The Company Secretary of ICBIBL is the Secretary of the Board Audit Committee.

The present Committee took responsibilities after being reconstituted by the Board of Directors in its 136th (5th/ 2016) meeting held on Tuesday, 19th July 2016.

Terms of Reference (ToR) of Audit Committee

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

In respect of internal control

i) Evaluating whether the management:

a. Has an appropriate internal control and compliance culture with regard to risk management of the company;

b. Has clearly defined the duties and responsibilities of officials;

c. Has full control over the operations of the company.

ii) Reviewing the appropriateness of Management Information System (MIS) including information technology system and its use.

iii) Reviewing whether management is complying with recommendations made by the internal and external auditors.

iv) Reviewing existing risk management procedures to ensure that the processes are effectively run in the company.

v) Reviewing all fraud, forgery and internal control weakness discovered by internal, external or regulatory auditors and thereafter keeping the Board of directors informed of all those discoveries and subsequent corrective measures.

In respect of financial statements

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

In respect of internal audit

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

In respect of external audit

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

In respect of compliance to existing regulations

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

Miscellaneous

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

Chairman of the Audit Committee and qualifications of the members

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

The Audit Committee and Internal Control & Compliance

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

Access of Head of ICC to the Audit Committee

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

Meetings of the Audit Committee

The Audit Committee held six (6) meetings during the year 2016. The Committee met the Internal Audit Team, Finance & Accounts Division headed by CFO, Legal and Internal Control & Compliance Department of ICBIBL. The Committee also held a meeting with the External Auditors to discuss their findings and directed the Head of Accounts to resolve their observations which were not material.

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

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

Name of the Director	Position	Total number of meetings held during 2015	Total Attendance
Mr. Abdul Hafiz Choudhury	Chairman	6	6
Ms. Hashimah Binti Ismail	Member	6	5
Mr. Sasidharan Gopalan Nair (Retired on 14.06.2016)	Member	3	0
Mr. Sivagukan Thambirajah	Member	6	6
Mr. Muhammad Shafiq Bin Abdullah	MD & CEO	6	6

The meetings were attended by invitation by the following members:

i) Mr. Mohd. Humayun Kabir, GM, DBI-3, Observer of Bangladesh Bank
ii) Mr. Arukapali Ananta Padmanabhan, Chief Operating Officer & CFO
iii) Mr. Md. Fazlul Haque, Acting Head of Internal Control & Compliance Department
iv) Mr. Shabbir Ahmed Chowdhury, Head of Internal Control & Compliance Department

The Audit Committee during the year held six (6) meetings, discussed many issues and carried out its regular functions with particular emphasis on the followings:

i) Reviewed Compliance Report on observation, recommendations and decision of the Audit Committee Meetings;
ii) Reviewed Internal Audit Plan for the year 2016;
iii) Reviewed existing Risk Management Procedures for ensuring an effective Internal Check and Control System;
iv) Reviewed the highlights from Bangladesh Bank Comprehensive Inspection Reports on the Branches as well as various Divisions of Head Office of the Bank and suggest appropriate actions where needed;
v) Reviewed Audit & Inspection Reports on the Branches as well as various Divisions of Head Office conducted by Internal Control & Compliance Department during the year 2016 and suggested appropriate actions, where needed;
vi) Reviewed Half Yearly Financial Report of the Bank and recommended its submission to the shareholders as a statutory requirement;
vii) Reviewed the Management Letter issued by the External Auditors, Management responses thereto and corrective measures taken by the Bank to avoid recurrence of the lapses mentioned therein;
viii) Placed Compliance Report/Minutes to the Board with the decisions/recommendations made by the Committee in the Meetings for information and concurrence of the Board on quarterly basis;
ix) Reviewed the financial statements to ensure proper disclosure and presentation and compliance with Bangladesh Financial Reporting Standards;
x) Assessment of running the affairs of the Bank by the Management in line with the policies set by the Board of Directors; and
xi) Recommended strengthening of the Internal Control and Compliance Department in terms of Logistics and Manpower to increase their efficiency and capacity.

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

Reporting of the Audit Committee

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

Immediate reporting to the Board of Directors

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

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

No such issues arose at ICBIBL during the year ended December 31, 2016.

Immediate reporting to the Bangladesh Securities & Exchange Commission

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

No such circumstances arose during the year ended December 31, 2016.

From our assessment of the various internal audit reports, it appears that ICB Islamic Bank Limited maintained effective Internal Control on its overall activities during the year 2016.

Review of Financial Statements

The Audit Committee reviewed and examined the Annual Financial Statements, 2016 prepared by the Management and audited by External Auditors M/S S.F. Ahmed & Co., Chartered Accountants in line with the Accounting Standards set by Regulatory Authorities. The Committee referred the Financial Statements for the consideration of the Board with necessary recommendations.

Acknowledgement

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

Abdul Hafiz Choudhury
Chairman, Audit Committee

Report of the Shariah Supervisory Committee



All praise and thanks be to Almighty Allah, the Omnipotent, the Lord of the worlds, the One to whom all Dignity and Glory are due. Peace and blessing of Allah be upon all the prophets and messengers of Allah, especially on Prophet Muhammad (SM), the last of the prophets, and all of his followers and companions.

To the Shareholders, Depositors, Customers & other Stakeholders,

Assalamu Alaikum Wa Rahmatullah.

In carrying out the roles and responsibilities of the Bank's Shariah Supervisory Committee this report and independent opinion are being submitted by me, on behalf of the Shariah Supervisory Committee of ICB Islamic Bank Limited, for all the stakeholders of Bank based on our review of the activities of the Bank for the financial period ended on December 31, 2016.

1. The Committee during the financial period ended on December 31, 2016 reviewed various issues related to the Bank's products, transactions, processes and policies. Honorable members of the Committee reviewed the papers as presented in the Shariah Committee meetings and provided necessary guidelines and recommendations to the Management of the Bank with the intention that management can ensure the compliance of Shariah principles in functioning banking business as it is the responsibility of the Management of the Bank to ensure that the business of the Bank had been conducted in accordance with Shariah rules.

2. The Committee also reviewed various issues regarding Shariah Compliance status of the Bank and provided necessary recommendations for strengthening the Shariah governance of the Bank.

3. So far it is related to products and services; Shariah Supervisory Committee strongly recommended to the Management of the Bank to strictly adhere to the principles of Shariah and expressed the satisfaction over improvement made so far.

4. Zakat is not applicable for the Bank for the current situation of loss and running with negative net-worth. Shariah Supervisory Committee prays to Almighty Allah to grant the Bank the ability to pay Zakat in the nearest future.

5. Several training programs on Shariah banking were held throughout the year. Awareness about compliance of Shariah seems to be improving among the officials during the period. To make the people more aware it is advised that Shariah audit and adequate training should be conducted in the Bank.

I, on behalf of me and the other honorable members of the Shariah Supervisory Committee, wish you peace, prosperity, and blessing in this world and the world here after and also wish you a pleasant experience in all of your transactions with ICB Islamic Bank Limited. May Allah grant us the strength to achieve his satisfaction through our activities. Aameen.

Ma'assalam,
On behalf of the Shariah Supervisory Committee of ICB Islamic Bank Limited

M. Azizul Huq
Chairman (Acting), Shariah Supervisory Committee

Shariah Supervisory Committee

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

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

Roles and responsibilities of Shariah Supervisory Committee

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

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

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

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

Directors' Report – 2016

Bismillahhir 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 Company for the year 2016. I also take this opportunity to present before you the Annual Report of the Company along with the Financial Statements and Auditor's Report thereon for the year ended December 31, 2016 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 2016 together with the Directors' Report and the Financial Statements have been prepared in compliance with applicable BFRSs, Bank Companies Act 1991 (amended till 2013), Companies Act 1994, guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), the Listing Regulation of Dhaka Stock Exchange (DSE) and other applicable laws and regulations. In addition, the Directors have endeavored to explain certain issues, which they deemed relevant and important to ensure transparency and good governance practices.

Global Economic Outlook for 2016 and Prospects in 2017

After a tepid outturn in 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the incoming U.S. administration and its global ramifications. The assumptions underpinning the forecast should be more specific by the time of the April 2017 World Economic Outlook, as more clarity emerges on U.S. policies and their implications for the global economy.

Though financial conditions in emerging markets have continued to improve in recent months, underlying vulnerabilities (including high corporate debt, declining profitability, and weak bank balance sheets in some cases) remain among some large emerging market economies. Noneconomic factors continue to weigh on the outlook in various regions—civil war and domestic conflict in parts of the Middle East and Africa, the tragic plight of refugees and migrants in neighboring countries and in Europe, acts of terror worldwide, the protracted effects of a drought in eastern and southern Africa, and the spread of the Zika virus. If these factors intensify, they would deepen the hardship in directly affected countries. Increased geopolitical tensions and terrorism could also take a large toll on global market sentiment and economic confidence.

Short-term risks to global financial stability have abated. According to the Global Financial Stability Report (GFSR) of October 2016 short-term risks to global financial stability have abated since April 2016, but that medium-term risks continue to build. Financial institutions in advanced economies face a number of cyclical and structural challenges and need to adapt to low growth and low interest rates, as well as to an evolving market and regulatory environment. Weak profitability could erode banks' buffers over time and undermine their ability to support growth. A cyclical recovery will not resolve the problem of low profitability. More deep-rooted reforms and systemic management are needed, especially for European banks. The solvency of many life insurance companies and pension funds is threatened by a prolonged period of low interest rates.

Corporate leverage in emerging market economies remains elevated in some countries, but the current favorable external environment presents an opportunity for overly indebted firms to restructure their balance sheets. The political climate is unsettled in many countries. A lack of income growth and a rise in inequality have opened the door for populist, inward-looking policies. These factors make it even harder to tackle legacy problems and further expose economies and markets to shocks. A potent and more balanced policy mix is needed to deliver a stronger path for growth and financial stability, and avoid slipping into a state of financial and economic stagnation. The report also examines how the rise of nonbank financing has altered the impact of monetary policy and finds that fears of a decline in the effectiveness of monetary policy are unfounded. It appears that the transmission of monetary policy is, if anything, stronger in economies with larger nonbank financial sectors. Finally, the report examines the link between corporate governance, investor protection, and financial stability in emerging market economies. It finds that the improvements over the past two decades have helped bolster the resilience of their financial systems. These benefits strengthen the case for further reform.

Global growth is projected at 3.4 percent in 2017 and 3.6 percent in 2018. The downward growth revisions in advanced economies reflect a deterioration of economic activities in Euro zone following the exit process of UK from EU (Brexit) and its subsequent impact on the US and the Japanese economies. US growth is expected to be 2.2 percent in 2017 and reflecting the adverse impact from Brexit, growth in the Euro area is likely to 1.5 percent in 2017. Japan is projected to grow by 0.6 percent in 2017. Chinese growth is expected to be 6.2 percent in 2017 and India's economic growth is expected to continue at 7.6 percent in 2017.

Bangladesh Economy

Bangladesh has experienced high and steady growth for more than a decade, with an average growth of over 6.0 percent. Growth exceeded 7 percent in FY16, a decade high, and higher than the average in peer Asian economies, making Bangladesh the 3rd best growth performer in Asia. According to the Bangladesh Bureau of Statistics (BBS), GDP at current market price was Taka 17328.6 billion for FY16 which was 14.3 percent higher than that of the preceding fiscal year. In FY16, per capita real GDP and GNI were estimated at Taka 55259 and Taka 58442, respectively. Per capita nominal GDP and per capita real GDP grew faster in FY16 than in the previous fiscal year.

The economy of Bangladesh is turned into a modern developing country since the contribution of industry sector and services sector has been escalating progressively. Sectorally, industry, services, and agriculture sectors grew by 11.1, 6.3, and 2.8 percent, respectively. Growth decomposition shows that the largest share (3.4 percentage points) came from the industry sector, followed by services (3.3 percentage points) and then agriculture (0.4 percentage points).

With continued economic transformation, sectoral composition of output is shifting towards industry and away from agriculture, a pattern commonly observed in other countries. The contribution of the industry sector in GDP increased to 31.5 percent in FY16. This was mainly driven by the manufacturing sub-sector whose share in GDP increased by 0.8 percentage point to 21.0 percentage points. Besides, services sector's share in GDP declined slightly to 53.1 percent in FY16 as compared to the preceding fiscal year. However, the shares of public administration and defence, and education sub-sectors increased while those of real estate, renting and business activities and community, social and personal services sub-sectors declined. Within agriculture, the share of crops and horticulture, the leading sub-sector comprising of 54.4 percent of agriculture, declined to 8.4 percent in FY16 from 8.9 percent in FY15.

According to the Bangladesh Bureau of Statistics (BBS), annual average CPI inflation in Bangladesh has continued its declining trend in FY16 as in FY15. The headline inflation rate stood at 5.92 percent in June 2016 against the forecast of 6.07 percent reported in the Monetary Policy Statement (January-June 2016) of Bangladesh Bank, while it was 6.40 percent in FY15. Inflationary pressures kept easing throughout FY16 except for the month of January 2016 when the average inflation rate slightly increased by 0.01 percentage point. A sharp fall in food inflation resulting from sufficient food-grains supply mainly contributed to the decline of headline inflation. In addition, lower fuel prices and non-fuel commodity prices in the international market, accommodative money supply and stable exchange rate altogether played an instrumental role in this respect. Similarly, the twelve month point-to-point CPI inflation went down to 5.53 percent in June 2016 from 6.25 percent in June 2015.

Per capita income of Bangladesh has been on a consistent positive trend over the years. In FY15, per capita income was USD 1,316 and it reached USD 1,466 in FY16. The trend forecasts a good growth for the year ahead.

Banking Industry Outlook 2016

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). As of September 2016, there are 56 banks in Bangladesh and at the end of the period the total number of reported bank branches including Head Offices, Islamic Windows and SME service centers stood at 9,637.

In December'16 domestic credit increased by Tk. 91393.5 crore (12.34%) over December'15 as compared to an increase of Tk. 66909.9 crore (9.93%) during the same period of 2016. The growth in domestic credit in December'16 over December'15 was mainly due to an increase of credit to the private sector by Tk. 96512.6 crore (15.55%) compared to an increase of Tk. 77099.7 crore (14.19%) during the same period of 2015. In components of credit to the Government net decreased by Tk. 4849.9 crore (4.69%) compared to a decrease of Tk. 8601.9 crore (7.67%) during the same period of 2015 and credit to other public sector decreased by Tk. 269.2 crore (1.62%) compared to a decrease of Tk. 1587.9 crore (8.71%) during the same period of 2015.

In January'17 lower export receipts are recorded compared to that of January'16. Export receipts in January'17 amounted to US$ 3312.0 million which is lower than the amount in January'16 by US$ 126.4 million (3.97%). Furthermore, during July'16-January'17 export receipts increased by US$ 840.6 million (4.36%) from US$ 19269.6 million in July'15-January'16. Total export receipts during July'16-January'17 stands at US$ 20110.1 million.

In December'16 lower import payments are recorded compared to that of December'15. Import payments in December'16 amounted to US$ 3636.9 million which is lower than the amount in December'15 by US$ 14.6 million (0.40%). Moreover, during July'16-December'16 import payments increased by US$ 1135.9 million (5.76%) from US$ 19712.8 million during July'15-December'15. Total import payments stand at USD 20848.7 million during July'16-December'16.

Foreign exchange reserves held by the Bangladesh Bank stands at US$ 31724.17 million at the end of January'17 while it was US$ 30137.6 million at the end of June'16. Thus foreign exchange reserves increased by US$ 1586.6 million (5.26%) at the end of January'17 compared to the reserves hold at the end of June'16. Comparing with the reserves hold at the end of same period of last year, the current reserves increased by US$ 4585.3 million (16.90%) at the end of January'17.

Foreign Direct Investment (FDI) inflows during Jan- Jun'16 decreased by US$ 273.53 million (24.02%) from US$ 1138.53 million during Jul-Dec'15. During Jan-Jun'16 FDI inflows stood at US$ 865.0 million.

FDI inflows during Jan-Jun'16 were lower than the inflows during Jan-Jun'15 by US$ 231.86 million (21.14%). Foreign Direct Investment (FDI) inflows during Jul-Sep'16 decreased by US$ 15.62 million (3.44%) from US$ 454.32 million during Apr-Jun'16. During Jul-Sep'16 FDI inflows stood at US$ 438.7 million. Foreign direct investment (FDI) inflows during FY 2015-16 increased by US$ 169.66 million (9.25%) from US$ 1833.87 during FY 2014-15. The FDI inflow during FY 2015-16 was US$ 2003.53 million.

During July'16-January'17 workers' remittances decreased by US$ 1461.54 million (16.92%) compared to that of the same period of the last year. During the period July'16-January'17 workers' remittances stands at US$ 7176.29 million while it was US$ 8637.83 million during July'15-January'16.

The rate of inflation measured by consumer price index (12-month average) setting up 2005-06 as the base year descended to 5.44% in January'17 while it was 6.20% in January'16.

The Challenges & Opportunities in Banking Sector in 2017

Growth in Bangladesh in Fiscal Year 2016 (ended 30 June 2016) exceeded expectations, aided by revival in exports and sustained domestic consumption. According to the latest outlook update of Asian Development Bank (ADB) inflation was lower than projected, while higher exports and modest imports helped in maintaining a larger current account surplus.

By the support of higher domestic and foreign investments, buoyant trade, capital inflows and favorable inflationary environment, the near and medium-term outlook for Bangladesh economy looks positive in 2017.

Bangladesh economy is expected to grow by 6.9% in FY2017. In FY17, domestic credit is projected to grow by 16.4 percent (y-o-y) with private sector credit growing by 16.5 percent and credit to the public sector by 15.9 percent. In FY17, imports are projected to grow by 8.5 percent, exports by 8.5 percent and inward remittances by 10 percent. The foreign exchange reserves are projected to reach USD 33.04 billion or higher in FY17 from USD 30.17 billion in FY16. From a macro perspective, domestic demand growth is expected to remain robust over the near and medium-term. Furthermore, favorable monetary conditions would likely support growth but economic spillovers from weaker external demand need to be closely monitored.

Capital Market Scenario 2016

The dominance of term loans in investment financing implies low equity stake and risk exposure of the owners. According to Bangladesh Bank, with disproportionately high incidence of risk on the lending banks and financial institutions, including liquidity risk arising from the funding of these long-term loans with typically shorter-term deposits. The amount of industrial term loans disbursed by the banks and financial institutions stood at Taka 655.4 billion, many-fold higher than the amount of Taka 4.3 billion raised by new capital issues through private placements and public offerings in the capital market in FY16. This indicates overwhelming dominance of bank finance in industrial financing.

The DSE broad index and the market capitalization of Dhaka Stock Exchange Limited (DSE) were quite stable during July 2015 to February 2016. The market was declining during the third quarter of FY16. The DSEX and the market capitalization declined to 4195.7 and Taka 2999.9 billion respectively at the end of April 2016 from 4507.6 and Taka 3185.7 billion in June 2016. However, the market became stable at the end of FY16 as a result of effective measures taken on the capital market. Bangladesh Bank proactively played a role to stabilize the capital markets since the major debacle of 2010.

Eleven companies raised new equity of Taka 4.3 billion in the capital market in FY16, which is lower than Taka 7.3 billion raised by the 21 companies in FY15. The volume of public offerings in FY16 was oversubscribed more than 16 times indicating a shortage of new securities in the primary market.

An Overview of the Bank

ICB Islamic Bank Limited, a second generation private Bank is the new legal name of former 'The Oriental Bank Limited' which was incorporated on April, 1987 as a Public Limited Company titled 'Al - Baraka Bank Bangladesh Limited' under the Companies Act, 1913. Certificate for commencement of business was issued to the Bank on April 30, 1987. Bangladesh Bank authorized to carry on the banking business in Bangladesh with effect from May 4, 1987 to undertake and carry out all kinds of banking, financial and business activities, transactions and operations in strict compliance with the principles of Islamic Law (Shariah) relating to business activities in particular avoiding usury in investment and sales transactions and any practice which accounts to usury and actual banking operations commenced on May 20, 1987. Registrar of Joint Stock Companies & Firms approved the revised name (The Oriental Bank Limited) on December 31, 2002 and Bangladesh Bank approval was accorded on April 13, 2003. Switzerland based ICB Financial Group Holdings AG acquired the majority shareholdings of former Oriental Bank Limited, a Bangladeshi Shariah compliant Bank as on February 28, 2008. Emphasis has been given on improving the technology and infrastructure of the Bank, as well as retraining employees, with a view to providing an improved range of competitive products to customers. Currently, the Authorized Capital of the Bank is BDT 15,000.00 million and Paid-up Capital is BDT 6647.023 million as of December 31, 2016. Its vision is to stand out as a premier banking institution in Bangladesh and contribute significantly to the national economy.

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

The Bank provides high quality customer service through the integration of the latest and state of the art banking technology and product tools to achieve its success. Since the customers are given first priority, The Bank is trying hard to provide a spectrum of services to individual customers, small business entities or corporate clients. The aim is to deliver the best customer 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.

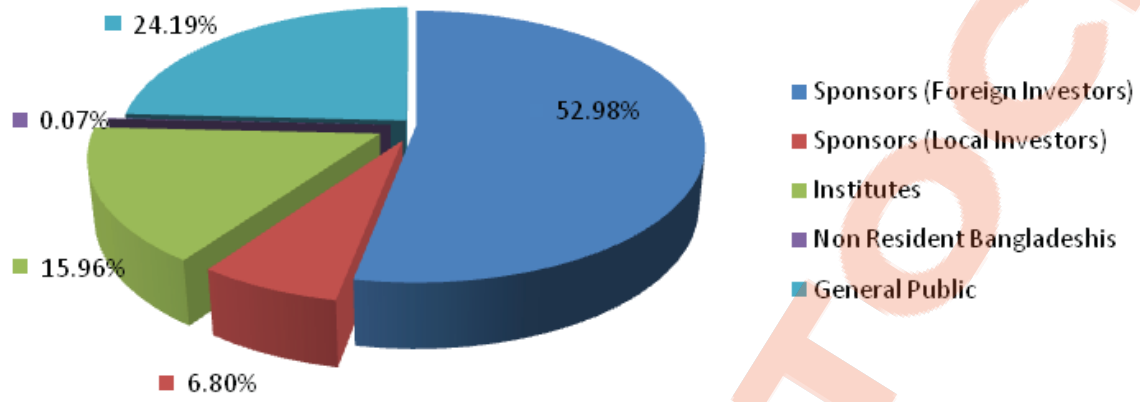
ICB Islamic Bank Limited carries out business activities in keeping with its values and norms and with an understanding of the importance a large financial institution has for the society and the environment. It is taking steps towards Green Banking. In line with the vision and mission, The Bank always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

Capital Structure & Shareholding Pattern of ICB Islamic Bank

The Authorized and Paid-up capital of the Bank was increased in its AGM held on 22nd June 2010. In addition, the Shares of ICB Islamic Bank Limited had been split form 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, 2016 stood at BDT 6,647,023,000 and ICB Financial Group Holding A.G. has acquired 350,674,300 Shares as per clause 3(C) of "The Oriental Bank Reconstruction Scheme 2007". The details of Shareholding pattern of the Company as at the end of the year 2016 is given below:

Sl. No.	Name of the Group	No. of Shareholders	No. of Shares	Shareholding (percent)
01	Sponsors (Foreign Investors)	2	352,174,300	52.98
02	Sponsors (Local Investors)	3	45,197,300	6.80
03	Institutes	138	106,088,050	15.96
04	Non Resident Bangladeshis	66	479,921	0.07
05	General Public	16,031	160,762,729	24.19
	Total	**16,240**	**664,702,300**	**100.00**

Shareholding Position as on 31st December 2016



Analysis of Income Statement of ICBIBL

(Figure in BDT Million)

Sl No.	Particulars	2016	2015	Percent Change
1	Investment income	456.17	512.88	(11.06%)
2	Profit paid on deposits	392.10	380.33	3.09%
3	Net investment income	64.06	132.56	(51.67%)
4	Income from investments in Shares & Securities	2.35	0.70	235.71%
5	Other operating income	91.06	108.37	(15.97%)
6	Total operating income	157.47	241.63	(34.83%)
7	Total operating expenses	475.02	497.85	(4.59%)
8	Profit/ (loss) before tax and provision	(317.55)	(256.22)	(23.94%)
9	Provision for investments	50.00	140.00	(64.29%)
10	General provision on off-balance sheet items	0.00	-	
11	Provision for diminution in value of investments	0.00	-	
12	Other provisions	0.00	(23.00)	(100.00%)
13	Net profit before tax	(267.55)	(139.00)	(92.48%)
14	Provision for taxation	(3.30)	(1.87)	(76.47%)
15	Net profit after tax	(270.84)	(141.09)	(91.96%)
16	Gross Profit ratio	14.04	25.84	(45.66%)

Sector-wise NPI for the year ended 31.12.2016

(Amount in BDT)

Sectors as classified by Bangladesh Bank	Total Exposure December 31, 2016	Percent of Total Outstanding	NPI Amount	Gross NPI Ratio (percent)
			December 31, 2016	December 31, 2016
Agriculture, Fishing and livestock	-	0.00%	-	0.00%
Manufacturing	1,366,615,950.40	14.61%	1,307,273,276.72	95.66%
Electricity, Gas, Water, TV, Radio and other public utility services	27,419.91	0.00%	-	0.00%
Trading (wholesale & retail)	5,518,209,651.62	59.01%	4,372,155,133.09	79.24%
Hotels & restaurants	1,170,434.75	0.01%	1,170,434.75	100.00%
Construction & Real Estate (excluding housing finance for individuals)	380,258,428.62	4.07%	354,870,026.73	93.32%
Housing Finance for individuals	796,725,701.81	8.52%	264,814,883.87	33.24%
Consumption Credit (personal finance to individuals)	74,867,777.51	0.80%	24,471,345.24	32.69%
Consumption Credit (Vehicle finance to individuals)	100,541,663.12	1.08%	28,466,687.90	28.31%
Securities (shares, debentures and other instruments)	-	0.00%	-	0.00%
Finance, Insurance & Business Services	203,983,900.95	2.18%	139,947,084.31	68.61%
Transport & Communication	505,696,390.79	5.41%	504,238,177.48	99.71%
Others	404,331,105.62	4.32%	8,502,091.46	2.10%
Total	**9,352,428,425.10**	**100.00%**	**7,005,909,141.56**	

Product-wise Deposit Balance

(Amount in BDT)

Product Name	No. of Accounts	Balance as on December 31, 2016
Mudaraba Savings A/C	43,621	5,570,055,666
Al- Wadiyah Current A/C	5,995	383,118,592
Deposit Scheme	4,004	243,878,882
Insta Profit Term Deposit	10	10,480,000
Mudaraba Term Deposit	5,114	4,347,328,994
Monthly Profit Term Deposit	28	26,840,000
Mudaraba SND A/C	512	155,824,656
Foreign Currency A/C	101	478,681
Grand Total	**59,385**	**10,738,005,470.30**

The performance of the Bank in 2016 has been summarized below

(Figure in BDT million)

Particulars	2016	2015	Growth percent
Net Investment Income	64	133	(51.88)
Total Operating Income	157	242	(35.12)
Total Operating Expenses	475	498	(4.62)
Profit before Provision	(318)	(256)	(24.22)
Provision for Investment	50	117	(57.26)
Profit/(Loss) before Tax	(268)	(139)	(92.81)
Provision for Tax	(3)	(2)	(50.00)
Net Profit after Taxation	(271)	(141)	(92.20)

Investment Income

ICB Islamic Bank Limited's investment income comprises of two components i.e. income from lending and income from placement of funds in different banks and financial institutions. The income from lending increased by Tk. 28.07 million in 2016. But due to payment of large amount of frozen deposits, the placement of funds decreased resulting in lower of placement income by Tk. 84.78 million. ICBIBL had to pay Tk. 2.0 million each as installment against frozen deposit which was initially Tk. 0.1 million. In 2016, ICBIBL has paid off the frozen deposits of Tk. 1107.49 million.

Net Profit/(loss) before Tax

After making the provisions, net profit/ (loss) before tax of ICBIBL stood at BDT (268) million compared to BDT. (139.0) million in 2015, mainly due to decrease of investment income in 2016.

Provision for Income Tax

Provision against current year income tax of ICBIBL was BDT (3.30) million compared to BDT (1.87) million of preceding year.

Net Profit/(loss) after Tax

As on 31st December 2016, net profit after tax stood at BDT (270.84) million, earnings per share stands at BDT (0.41), average ROA and ROI stood at (2.21) percent and 2.13 percent respectively.

Basis for Related Party Transactions

Related party transactions have been shown under item no. 44 of the Notes to the Financial Statements.

Branch Cluster Management

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

Brand Image

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

Branch Network

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

Treasury and Asset Liability Committee (ALCO)

The treasury department plays an important role in maintaining the statutory liquidity with the Central Bank and ensures that the bank has enough cash available at all times to meet the needs of its primary business operations. Among other activities, the main activity of Treasury Department is to forecast the regular cash requirement for the bank to meet up customers' demand. The Treasury Department fulfills the bank's fund requirements through cash management and investment management. Treasury maintains Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) set by the Central Bank. In line with global system, ICBIBL has independent Dealing Room separate Back Office 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 & CEO of the Bank. The ALCO of the Bank ensures the formation of an optimal financial structure to provide the right liquidity balance, limiting the possible risk level. The ALCO also ensures the control over the capital adequacy and risk diversification, determination of the Bank's liquidity management policy.

Risk Management overview

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

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

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

Audit Risk Management Committee (ARMC)

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

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 try to develop a high ethical and moral standard to ensure strong compliance culture in the Bank. In this context, the Bank gives priority on the following issues:

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

Internal Control and Compliance

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

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

ICB Islamic Bank Limited has a strong Internal Control and Compliance Division comprised 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

Information and Communication Technology plays an important role in processing and management of bulk amount of data, facts and figures. Competition in the financial services sector has become intense, as banks compete with each other in providing better services and superior banking products to their customers.

Technology plays a critical role in the performance of core functions of the bank. For ICB Islamic Bank, the key to success in such a demanding market situation is to be equipped with proven and versatile IT solutions, which have the ability to access and manage information on a continuous real time basis. In view of the above, ICB Islamic Bank has implemented state of the art real time 24/7 Core Banking Solution called Silverlake Integrated Islamic Banking Solution since April, 2009.

In line with the Core Banking Solution, ICB Islamic Bank has successfully implemented Bangladesh Automated Cheque Processing System (BACPS) as well as Bangladesh Electronic Fund Transfer Network (BEFTN), Anti Money laundering transactions online reporting module (GoAML), Bulk Data Upload of IMP/EXP data, Updated Online CIB (credit Information Bureau) reporting, Automation of Bangladesh Bank ISS (Integrated Supervision System) reporting, Automation of Bangladesh Bank's Risk Management Report module as per Bangladesh Bank (Central Bank) guideline. For betterment of customers' services, Bank has deployed different channels like ATM, Debit Cards, Document Repository, easy Pay, and Transactions Alert through SMS etc services.

The Bank has successfully implemented Real Time Gross Settlement (RTGS) system with Bangladesh Bank. It is a gross settlement system of money or securities in which both processing and final settlement of funds transfer instructions can take place spontaneously (i.e., in real time). It enables instant settlement of high value local currency transactions as well as government securities and foreign currency based transactions. As it is a gross settlement system, transfers are settled individually, i.e., without netting debits against credits. ICB Islamic Bank successfully implemented RTGS system as per Bangladesh Bank schedule.

The Bank has also implemented Sanction Screening for Regulatory Compliance. It is a necessary defense against fraud and terrorist financing. Regulators worldwide require that banks demonstrate that they have implemented appropriate sanctions compliance measures. Banks must screen every single document that enters the organization against multiple databases (FATCA, AML, OFAC, etc.) in order to comply with strict US, European, and international regulatory controls. A sanctions screening solution that helps banks meet the requirements of multiple national and international embargo and anti-money laundering laws. ICB Islamic Bank successfully implemented Sanction Screening module for KYC, Scheduled KYC, SWIFT transactions, Inbound Remittance, HIT management for real time screening with global financial regulations and anti-terrorism legislation. Also introduced a unique SMS and Mail notification system for SWIFT payment procedures which has reduce cyber attack risk significantly.

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

Anti-Money Laundering Department

Money laundering refers to a financial transaction that aims to conceal the identity, source, and destination of illicitly-obtained money. Money laundering and terrorist financing has become a global threat to the national economy. In present times terrorist activities have increased a lot throughout the country and Bangladesh Bank has advised all the commercial banks to adopt highest security measures to ensure that no banks can be used in terrorist financing or no terrorist can make any transaction through banks.

We are committed to protect ourselves from money laundering activities. Bank's Money Laundering & Terrorist Financing Risk Assessment Guideline has been prepared in line with Money Laundering Prevention Act,2012 by the latest amendment and Anti –Terrorism Act, 2009 (revised 2012 & 2013) of Bangladesh Govt.

Every year circulars and messages are issued from the Head Office to emphasize the importance of the issue. Training programs on prevention of money laundering are being conducted regularly.

ICB Islamic bank has implemented goAML Softwarwe for online reporting viz: Cash Transaction Report (CTR) & Suspicious Transaction Report (STR). The Bank has also implemented Automated Sanction Screening. Implementation of Online verification of National ID is under process.

Anti Money Laundering Risk Management

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

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

Foreign Remittance

In the year 2016 ICBIBL introduced RIA remittance service through its branches around country. A significant amount of remittance is now delivered to the banked or unbanked customers through Ria Financial Services. We have been paying remittance by Electronic Fund Transfer covering both account credit service and cash payout in Taka through our branches to the beneficiaries. Now ICBIBL has the drawing/remittance arrangement with Western Union money Transfer, RIA Money Transfer, IME Money Transfer, MESA Financial Service Spain, UAE Exchange Oman, Placid NK Corporation USA.

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

To facilitate inward foreign remittance to our valued customer we are exploring an arrangement with the following:

1. Xpress Money, Malaysia, Oman & Dubai
2. Money Gram Payment Systems Inc. USA

Foreign Exchange Business

ICB Islamic Bank Limited has successfully set and made fully operational 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 well conversant in International Trade & Foreign Exchange Business. At present, Trade Service Division supports both AD and Non AD Branches of the Bank by opening all forms of LCs, issuing Shipping Guarantees, handling Import Documentary Collections, advising LCs, purchasing or negotiating Local & Foreign Export Documents and handling of Export Documentary Collections.

Capital machinery, Red lentil (Masur dal), Copper wire, Spare parts, Broken Stone, Mobile Set, Fancy Light Fittings , Anchor Bolts, Fruits Juice, Chocolate, Dry Fish, Fish Meal, Used Vehicle, Conveyor Belt, Hand Sprayer Parts for Agricultural use of trading company and Electrical industries etc, are the major items of imports handled by the bank.

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

Branch Supervision and Operation Department

Operational functions of Branch Supervision and Operations Department has been centralized to reduce the workload at the branches to enable them to concentrate on sales and service of the customers and eliminate risks associated in day to day Branch Banking. The department is ensuring the services as per the SLA and mitigating the risk by following the Local and Group guidelines through its three units: Account Services, Branch Monitoring (Virtual and physical) and Central Clearing.

Alternate Delivery Channel & Cards

ATM & POS Service:

We have 13 own branded ICB easyCash ATMs connected to 1649 shared Q-Cash ATM and NPSB ATM network. Our Customer can get merchant payment facility at the City Bank AmEx POS merchant point.

We have relocated our IDB ATM Booth to our relocated Branch at Mirpur Circle-10 in October, 2016.



ICB easyCash ATM



AmEx POS of the City Bank

Inclusion of new Remittance Service:
RIA FINANCIAL SERVICES

We have launched RIA remittance services in the Bank on 13th of November, 2016. Customer can take remittance payment from any ICBIBL Branch in Bangladesh in Cash or account credit.

Xpress Money Service

Xpress Money Services is a UK based remittance service which is popular in Europe, America and other parts of the world. We have completed drawing arrangement process with the company to inaugurate the service in the first quarter of 2017.

Utility Bill Collection Service (UBCS)

The development work of Online Utility Collection System has been completed by our technical partner company Bangladesh Microtechnology Limited. We are expecting to launch the commercial service in the first quarter of 2017.

Bangladesh Bank has given permission in October, 2016 to collect Utility and other bills at the Branch level through the Online Bill collection system for Govt. and other utility service provider agencies like WASA, DESA, DESCO, Palli Biddut, Titas Gas, etc.

Consumer Banking Performance

Continued Surplus liquidity of 2015 took its toll on retail loan margins in 2016 with price wars on home loans and massive portfolio acquisition by liquid banks with a retail focus. ICBIBL has diligently used the market circumstances to manage the irregular clients, reduce non performing portfolio, increase portfolio profitability and minimize attrition of good clients through timely interventions. Although portfolio has not grown significantly portfolio health has improved and ICBIBL has also used the opportunity to gear up for more competitive price offering in 2017 through deposit mobilization campaigns to bring down cost of funds and improve competitiveness of the bank's pricing strategy. More than BDT.1 billion has already been raised in the campaigns alone and a strong pipeline continues to build and flow in.

Here at ICBIBL, We believe that increase in knowledge and experience of our staff directly correlate to service quality both in terms of ability to address client needs as well as provide effective and efficient after sales support. With this in mind, Consumer banking initiated a number of training sessions across all the branches to improve the product and service knowledge of branch staff.

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

Investment Products

ICB Manzil (Home) Finance



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

ICB Rahabar (Auto) Finance



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

ICB Saahib (Personal) Finance



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

Deposit Products

ICB Islamic Bank Limited launched several deposit products since the beginning of 2009 with attractive and competitive profit rates for all customer segments of Bangladesh.

Al Wadiyah Current Account



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

Mudaraba Savings Account



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

Mudaraba Senior Citizens Account

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

Mudaraba Extra Savings Account

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

Mudaraba Non-Executive Account

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

Future Leader Account is a savings account for College and University students based on the Islamic concept of Al-Mudharaba. No half yearly service charge and no minimum balance required to earn profit.

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. 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.

Al-Muquafah Executive Account



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

Mudaraba Super Savers Account

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

Mudaraba Term Deposit

Mudaraba Term Deposit Account is a non-transactional term deposit account that customers can open for a long term to earn higher profit on their deposit. Minimum amount required to open the account is BDT 10,000 and Tenor: 1 month, 2 months, 3 months, 6 months, 1 year, 2 years, 3 years and 5 years.

Mudaraba Corporate Term Deposit

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

Mudaraba Monthly Profit Term Deposit

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

Mudaraba Insta Profit Term Deposit

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

Mudaraba Provident Funds of Banks and other Organization

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

Mudaraba Value Plus Term Deposit

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

Mudaraba Savings Plans



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

Corporate Banking

We have used 2016 to inculcate corporate banking into our portfolio. A new headoffice based team has been put in place and will deliver results for us in 2017.

Strategies and initiatives:

In 2016, we have successfully initiated deposit and investment campaigns where both staff and existing clients had the opportunity to participate. This inclusive approach was deliberate and provided an opportunity for us to intensify our client relationships for the customers as well for the employees of the Bank. One of the most successful campaign was "More Money For Your Money –MTD Campaign 2016" and the "Staff Deposit Campaign 2016". We have a running "Frozen Deposit Campaign" to encourage the frozen depositors to retain their deposits at a higher profit rate as well as an instant gift (Hiba). There was a SME Investment Campaign (Term Deposit) 2016 to increase sustainable SME portfolio.

The business channel has been strengthened with several recruitments on the business end and back office along with the recruitment of "Head of Business" to assist the branches for achieving the branch target, proper borrower selection at the initial stage, faster preparation of business proposal and negotiate with IRM to create SME sustainable portfolio of branches as well as increase the business portfolio. We have also recruited "Head of Investment Risk Management" for smooth processing of investment files and maintain the Service Level Agreement (SLA).

The trainings were ongoing throughout the year 2016 for increasing knowledge base of the staffs and to overcome the hurdles in the business. We intend to continue the trainings and campaigns throughout the year 2017.

SME Banking Wing:

SMEs are the greatest contributors to the Bangladesh economy and ICBIBL is committed to facilitating their growth and development through providing a portfolio of products and services that address their needs for working capital, procurement of machinery and equipment and a full spectrum of trade finance services.

A comprehensive suite of products are on shelf and Relationship Managers are trained in the identification of the right product combination to tailor need based solutions for individual clients.

Cash Management Wing:

The cash management wing established earlier in 2015, has, been entrusted with the responsibility to ensure that at any given point in time, the Bank has adequate available funds to meet all liquidity requirements including, investment, regulatory and transactional requirements. Through this initiative ICBIBL has established extensive liability relationships with a large number of government, semi-Government and Corporate bodies.

ICB Islamic Bank pays 98 percent Its Account Holders Money

As per the permission from Bangladesh Bank, ICB Islamic Bank has paid 98 percent account holders of frozen deposit accounts, which will help to bring back the image of ICBIBL and build confidence among the customers of ICBIBL. As per Directive of Bangladesh Bank, the total amount of frozen deposits BDT 5,071.76 million is due and will be paid by 4th May 2021. ICBIBL has paid BDT 2.00 Million per account holder on 05.11.2016 and BDT 1,107.49 Million was paid during the year 2016. ICBIBL has vowed to pay all its depositors money in near future, particularly the Bank's dedicated customers, while at the same time to bring new business. ICBIBL wants to create a modern, efficient and profitable bank and to build it up 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 of ICBIBL. A good number of national dailies have published our Bank's news.

Administration & Property Department

This is the main logistic support 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. It is also complies with issues of Bangladesh Bank pertaining to branch premises. APD also plays the pivotal role for opening new branches or shifting branches to new places in order to implement managements' Cost Reduction Initiative. Signing of Deed of agreement with the landlords of the branch premises and head office are arranged by this department.

Trouble shooting of Dhaka branches in relation to branch premises, electric problem, CCTV connectivity, land telephone operation through PABX, signage & branding and employment of security personnel are also addressed by this department. APD also ensures upkeep of Bank's DBBL Guns and renewal of gun licenses regularly.

ICB Islamic Bank Limited has total 43 (forty three) vehicles and keeping these vehicles operational with minimum maintenance cost is also done by this department. With close monitoring and day to day supervision APD could reduce the cost from Tk. 9.26 million to Tk. 8.58 million for vehicle maintenance, insurance, purchase of fuel, BRTA fitness, road tax, additional cost of digital number plate fee in 2016.

Apart from the above functions, APD also ensures fire insurance coverage of head office and branches, insurance of Cash in Vault (CIV), Cash on Counter (COC), Cash in Transit (CIT) of all the branches. Renewal of trade license is done by this department.

Green Banking

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

Women Entrepreneurs Conference & Product Exhibition Fair - 2016



Governor of Bangladesh Bank Atiur Rahman and Managing Director & CEO of ICB Islamic Bank Limited. Muhammad Shafiq Bin Abdullah handing over a cheque under Women Entrepreneurs financing facility to the owner of Mystic Tiles (Proprietor, Mehbuba Aftab Shathee) at the Women Entrepreneurs Conference & Product Exhibition Fair on 9th March, 2016 at BBTA (Bangladesh Bank Training Academy). Deputy Governor of Bangladesh Bank Naznin Sultana, BIBM Director General Dr. Taufiq Ahmed Chowdhury, Md. Tareq Us Salam, Head of IRM division of ICB Islamic Bank and officials from banking community were also present on the occasion.

Ria Remittance services is now available in ICB Islamic Bank

ICB Islamic Bank Limited has recently launched the RIA Remittance Service as a sub-agent in association with Trust Bank Ltd. Agreement signing ceremony was held at Trust Bank Limited (TBL) Head Office, Shadhinota Tower. Any Bangladeshi citizen with valid photo ID and any foreigner with valid passport and visa will be able to enjoy RIA facilities at any ICB Islamic Bank branches across the country.



Muhammad Shafiq Bin Abdullah, Managing Director & CEO of ICB Islamic Bank and Ishtiaque Ahmed Chowdhury, Managing Director & CEO of Trust Bank signed the deal on behalf of their respective organizations.

Suppliers

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

Creditors

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

Board and Audit Committee

The Board of Directors of ICBIBL met in eight (8) meetings including one Special meeting during the year 2016 and issued specific directions in conducting the affairs of ICBIBL. On the other hand, the Audit Committee of the Board of Directors had six (6) meetings and gave valuable directions on various issues during the period under review.

Retirement and Re-election of Directors

In accordance with regulation 79 & 80 of Schedule-I of the Companies Act, 1994 and Articles 81 and 82 of the Articles of Association of ICB Islamic Bank Limited, the following Directors will retire in the 30th Annual General Meeting:

1. Mr. Tee Kim Chan
2. Ms. Hashimah Binti Ismail

Accordingly Ms. Hashimah Binti Ismail being eligible and interested for re-election. Shareholders may re-appoint her as Director on the Board.

Appointment of Statutory Auditors

The present Auditors of the Bank M/s. S. F. Ahmed & Co. Chartered Accountants will retire at this 30th Annual General Meeting and they are not eligible for re-appointment for the year 2017 as per Bangladesh Bank Circular No. BCD (P) 748/3/546 dated 31.03.1991 having completed a three year tenure. As such, we recommend M/s. Nurul Faruk Hasan & Co., Chartered Accountants to the honorable Shareholders for appointing them as external auditors for the year 2017.

Corporate Governance

ICBIBL has complied with the Bangladesh Securities and Exchange Commission notification No. BSEC/CMRRCD/2006-158/134/Admin/44 dated 07th August 2012 for ensuring corporate governance. The Compliance Status of the ICB Islamic Bank Limited as per proforma given under condition no. 7 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 all 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 maintaining the highest standards of services to our clients.

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

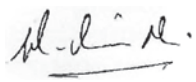
I sincerely thank M/s. S.F. Ahmed & Co, Chartered Accountants for carrying out the external audit professionally and advising us on various compliance issues relating to International Accounting Standard and Bangladesh Accounting Standard. The continuous acclamation of our presented financial statements at home and abroad is the testimony of such compliance. The timely issuance of their report has helped us to present the Annual Report - 2016 as per schedule.

Taking this opportunity, the members of the Board indebted to the Ministry of Finance, Bangladesh Bank, Bangladesh Securities & Exchange Commission, Dhaka Stock Exchange Limited, 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 member of ICB Islamic Bank Limited staff for their sincere and hard work to implement the revised strategies adopted to commensurate with the changes of competitive atmosphere of the banking business. The Board believes that sound professionalism and commitment of the staff shall increase the level of productivity of the Bank and will have a positive impact on its value.

Ma'assalam,

On behalf of the Board of Directors



Datuk Mohd. Nasir Bin Ali
Chairman

Dhaka
2 March, 2017

Corporate Governance

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

Board of Directors

The number of Board member is six (6) as per the Bangladesh Bank and Bangladesh Securities & Exchange Commission guidelines. The Board members include persons of high caliber with academic and professional qualification in the field of business and professionals. This gives strength for effective emancipation of duties and responsibilities by the Board. The Board reviews the policies and manuals of the various segments of businesses in order to establish effective risk management in credit and other key areas of operations. The Board approves the Bank's budget and business plan and reviews those on regular basis so as to give directions as per changing economic and market environment. The Board and the Executive Committee reviews the policies and guidelines issued by Bangladesh Bank regarding credit and other operations of the banking industry. The management operates within the policies, manuals and limits approved by the Board.

The Board of Directors of the Bank as of 31 December 2016 comprised the following Directors:

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

Independent Director and Affirmation of Independence

As part of good governance in the organization participation of independent opinion in the Board is considered as an important instrument. Independent directors in the Board exert an independent view on the policies and decisions of the Board and ensure that the policies and decisions are for the best interest of the whole Bank. ICB Islamic Bank has 01(one) independent director in the Board. Another Independent Director will be appointed by July, 2017. The Independent Director is the Chairman of the Board Audit Committee and Risk Management Committee.

As per the Circular No. BSEC/CMMRRCD/2006-158/Admin/44 dated August 07, 2012, issued by the BSEC, the elected directors of the Board of ICB Islamic Bank Limited appointed an 'Independent Director' so that the Board includes core competencies considered relevant in the context of the company. The Board of Directors appointed one (1) Independent Director while the total number of Directors was five (5). Subsequently, the number of Directors increased to six (6) but the Board continued with one (1) Independent Director taking the nearest number to count one-fifth.

Since as per the BSEC guideline at least one-fifth of the total number of Directors shall be Independent Director. Accordingly the Board appointed another Independent Director and got approval from Bangladesh Securities and Exchange Commission (BSEC). However, Bangladesh Bank did not approve the Independent Director. The Board will soon appoint another Independent Director.

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

Role and Responsibilities of the Board

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

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

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

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

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

Directors' Meeting & Attendance:

The Board of Directors as nominated by ICB Financial Group Holding A.G. under 'The Oriental Bank Limited (Reconstruction) Scheme – 2007' holds meeting on regular basis. At each meeting, the management provides information, reference and detailed working papers to all Directors. During the year 2016 a total of eight (8) Board meetings held (including one special meeting). The attendance in the Board meeting by each Director is shown below:

Sl No.	Name of Directors	Position	Total Meetings	Meetings Attended
1.	Datuk Mohd. Nasir Bin Ali	Chairman	8	8
2.	Mr. Abdul Hafiz Choudhury	Independent Director	8	8
3.	Mr. Tee Kim Chan	Director	8	1
4.	Mr. Sasidharan Gopalan Nair (Retired on 14.06.2016)	Director	3	0
5.	Ms. Hashimah Binti Ismail	Director	8	7
6.	Ms. Lee Ooi Kim	Director	8	3
7.	Mr. Sivagukan Thambirajah	Director	8	8
8.	Mr. Muhammad Shafiq Bin Abdullah	Managing Director & CEO	8	8

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

Code of Conduct for the Board Members

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

- The Members shall act honestly, in good faith and in the best interests of the shareholders and the company;
- The members shall not make improper use of information acquired as a director;
- The members shall not take improper advantage of the position of a director;
- The members will be obligated to be independent in judgment and actions and take all reasonable steps to be satisfied as to the soundness of decision taken be the Board of Directors;
- Confidential information acquired by the members in the course of exercise of directorial duties shall remain the property of the company and it will be improper to disclose or allow it to be disclosed, unless that disclosure has been authorized by the company , or the person from whom the information has been received;
- Members shall make every effort to attend all Board and Committee Meetings during their tenure. They will not absent themselves without good reasons or confirming leave of absence;
- To maximize effectiveness of the Board, Committee Meetings, contribution of individual director shall be monitored and appraised on an annual basis;
- Board members having interest of any nature in the agenda of the meeting, shall declare beforehand the nature of their interest and withdrawn from the room, unless they have a dispensation to speak;
- Training opportunities /orientation/ workshops will be arranged for the members (especially for the newly inducted members) to make them acquainted with the international best practices, their fiduciary obligations, Code of Conduct etc.;
- Members shall always maintain' Fit and Proper Test Criteria' clean CIB status and other obligations declared by Primary and other Regulators;
- Members shall be judicious about their entitlement of benefit/Privileges as per Banking Companies Act-1991 (amended till 2013), Circulars issued by Bangladesh Bank and shall be willing to produce supporting documents, if required;
- Every Director will assure annually signing a confirmation that they have gone through, have complied with and will continue to comply with the set of codes approved by the Board of Directors;

Role and Responsibilities of the Chairman is defined by the Board

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

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

Role of the Chairman

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

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

Responsibilities of the Chairman:

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

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

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

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

Role of the Managing Director & CEO

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

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

As Leader

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

As Visionary/Information Bearer

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

As Decision Maker

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

As Manager

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

Responsibilities of the Managing Director & CEO:

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

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

Appraisal of the Managing Director & CEO

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

Delegation of power

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

Committees of the Board

The Board has three (3) standing committees; Executive Committee, Audit Committee and Risk Management Committee. These Committees are functioning within the clear Terms of Reference (TOR). The Company Secretary act as the Secretary to each Committee.

Executive Committee

As approved by Bangladesh Bank, the Board has Executive Committee (EXCO) and the number of members of the Committee is three (3). The Executive Committee reviews the policies and guidelines issued by Bangladesh Bank regarding credit and other operations of the banking industry. The Executive Committee of the Board approves the credit proposals as per approved policy of the Board. It ensures the implementation of the policies and guidelines through the management. The Management ensures due diligence of the credit policy and risk management at the time of submitting the credit proposals. The establishment of the EXCO is provided for under clauses 72 & 73 of the Bank's Memorandum and Articles of Association. In compliance with the BRPD circular No 11 dated 27 October 2013, the Board of Directors of ICB Islamic Bank Limited has reconstituted its Executive Committee with the following members:

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

Since the current size of the Board of ICB Islamic Bank Limited (six members) is slim enough to hold meetings on a regular basis, there were not so many urgent issues for Executive Committee to deal with during 2016. Therefore, there was no Executive Committee meeting held during the period of 2016.

Audit Committee

In compliance with the directive of BRPD Circular No-11 dated October 27, 2013 of Bangladesh Bank and the Notification of Bangladesh Securities and Exchange Commission No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012 the Board constituted an Audit Committee.

The Audit Committee examines the status of implementation of the Bank's policies and manuals, Bangladesh Bank's guidelines. The Internal Audit team of the Bank undertakes various special audits as per advice of the Audit Committee. The Audit Committee meets with the External Auditors to discuss audit plan, the risk management processes of the Bank. They also discuss the preparation of the financial statements of the Bank as per Bangladesh Accounting Standards (BAS) and International Accounting Standards (IAS). The members of the Audit Committee are:

Sl No.	Name of Members	Positions in the Audit Committee
1.	Mr. Abdul Hafiz Choudhury	Chairman
2.	Ms. Hashimah Binti Ismail	Member
3.	Mr. Sivagukan Thambirajah	Member
4.	Mr. Muhammad Shafiq Bin Abdullah	Managing Director & CEO

Audit Committee Meeting & Attendance

Name of the Director	Position	Total Meetings	Total Attendance
Mr. Abdul Hafiz Choudhury	Chairman	6	6
Ms. Hashimah Binti Ismail	Member	6	5
Mr. Sasidharan Gopalan Nair (Retired on 14.06.2016)	Member	6	-
Mr. Sivagukan Thambirajah	Member	6	6
Mr. Muhammad Shafiq Bin Abdullah	MD & CEO	6	6

The members who could not attend any meeting were granted leave of absence.

Risk Management Committee

The Board has Risk Management Committee and the number of members of the Committee is four (4). In compliance with the BRPD circular No 11 dated 27 October 2013, the Board of Directors of ICB Islamic Bank Limited has constituted its Risk Management Committee. The members of the Risk Management Committee are:

Sl No.	Name of Members	Positions in the RMC
1.	Mr. Abdul Hafiz Choudhury, Independent Director	Chairman
2.	Ms. Hashimah Binti Ismail	Member
3.	Mr. Sivagukan Thambirajah	Member
4.	Mr. Muhammad Shafiq Bin Abdullah	Managing Director & CEO

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

- The Bank attaches high priority on timely submission of the statutory reports i.e. Half-yearly Statement of Accounts and Annual Accounts in details enabling the existing and potential shareholders to make a fair assessment on the bank's overall performance. In order to give more insight to our shareholders the numbers of disclosures are made in the Annual Report regarding risk management, capital adequacy, corporate governance etc. of the bank;
- The Board continues to ensure strict compliance of rules and regulations of the Securities and Exchange Commission and Bangladesh Bank;
- The Bank also strictly adheres to regulatory requirements of submission of financial statements in time. The financial statements are published in two national dailies and given in web site of the Bank (www.icbislamic-bd.com);
- The members of the Board are always encouraged to attend seminar and symposium regarding corporate governance and corporate social responsibility;
- The Board encourages active participation of the shareholders in the Annual General Meeting. The suggestions of the shareholders are given due recognition;
- Review and approve proposals on compromised Settlement/ Re-schedulement in respect of classified investment within the limits defined by the Board;

Bangladesh Securities and Exchange Commission issued a Corporate Governance Guidelines vide Notification dated 7th August 2012 for the companies listed with Stock Exchanges. Bangladesh Bank also issued a guideline for Corporate Governance in Bank Management vides BRPD circular no. 11 dated 27 October 2013.

Benefit provided to Directors and Managing Director & CEO

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

- The Chairman of the Board of Directors may be provided car, telephone, office chamber and private secretary;
- In addition to the above, Directors including the 'Independent Director' are entitled to fees and other benefits for attending the Board, Executive Committee, Audit Committee, Risk Management Committee and Shari'ah Supervisory Committee Meetings;

- Managing Director & CEO is paid salaries and allowances as per approval of the Board and the Bangladesh Bank;

The Bank has fully complied with the Bangladesh Bank Circular and Instruction.

Management

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

Regulation and Supervision

ICB Islamic Bank Limited is governed by Bangladesh Bank's rules and regulation on various issues of banking operation. The Bank Company Act 1991 (amended till 2013) and various circulars issued by Bangladesh Bank forms the basis of supervision. Various requirements and controls are imposed covering inter-alia capital adequacy, depositors' protection, risk management, market and liquidity, anti money laundering compliance, prudential guidelines on financing, reporting standard etc. They also undertake comprehensive and special audit of the Bank. Bangladesh Bank regularly meets with senior executives of the Bank, discusses issues regarding adherence to the standards and guidelines by the Bank.

Audit by Bangladesh Bank

Bangladesh Bank also conducted comprehensive inspection of Head Office and branches of the Bank during 2016. They have also audited our Treasury Operation and IT Risk Management processes. The reports are reviewed by the Board and its Audit Committee. The Bank gives utmost importance to the inspection report and corrective actions are taken regarding the inadequacies or lapses mentioned in the report.

IT Audit and Security

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

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

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

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

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

Internal Control and Compliance

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

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

Corporate Social Responsibility

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

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

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

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

Nation Building

The finest way to shore up the country is to do something better in the area of operation. ICBIBL constantly showed sturdy performance which has helped the control of the banking sector. The local and international recognition of the published accounts has helped to establish integrity of the country's financial system. ICBIBL will continue to play the key role in this regard. Retail and SME financing have become keys to economic growth of the country and without opening up of the financial sector to semi urban and rural areas, the projected growth of 7.0 percent will not be achievable. ICBIBL has given strong focus in these areas which are evident from the growth rate achieved during the year. Public service is still incompetent and as such emphasis is also given in infrastructure development which includes financing for communication, telecommunication, bridge, road & highways etc. This will have positive impact in national growth.

Supplier payment policy

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

Contribution to National Exchequer

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

Capacity Development in the Banking and Financial Sector

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

During the year 2016, the Head Office of ICBIBL arranged discussion meetings and held formal and informal discussions on various Shariah issues. Members of Shariah Supervisory Committee, prominent thinkers on Islamic principles and customers participated in the discussion meeting.

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

Sponsorship of Environment

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

The Bank participated in many socially dependable and desirable projects/ventures during the year 2016. The bank continued its support for establishment and operation of a handful of effluent treatment plants for ready-made garments and dyeing projects/companies, and continued its maintain to its existing CNG refueling station projects and assisted conversion of vehicles of the Bank transportation pool and those of employees to run on CNG

Compliance Report on BSEC Notification

Status of Compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Commission Ordinance 1969 on "Comply or Explain" basis. The Board of Directors of the company has taken appropriate steps to comply with the conditions and implemented as many of those as practicable. Status report on compliance with those conditions is given below in prescribed format:

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1	**BOARD OF DIRECTORS:**			
1.1	Board's Size [number of Board members to be 5 – 20]	√		
1.2	**Independent Directors**			
1.2 (i)	Number of Independent Directors [at least 1/5]		√	Explained in the detailed Report on Corporate Governance
1.2 (ii)	**Independent Director (ID) means a director:**			
1.2 (ii) (a)	Holding no share or holding less than 1% shares	√		
1.2 (ii) (b)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	√		
1.2 (ii) (c)	Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies	√		
1.2 (ii) (d)	Not being member/director/officer of any stock exchange	√		
1.2 (ii) (e)	Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market	√		
1.2 (ii) (f)	Not being partner/executive at present or during the preceding 3 years of the company's statutory audit firm	√		
1.2 (ii) (g)	Not being an ID in more than 3 listed companies	√		
1.2 (ii) (h)	Not convicted as defaulter in any loan of a bank or NBFI	√		
1.2 (ii) (i)	Not convicted for a criminal offence	√		
1.2 (iii)	To be appointed by BOD and approved in the AGM	√		
1.2 (iv)	The post cannot remain vacant for more than 90 days			N/A
1.2 (v)	Laying down of code of conduct of Board members and recording of annual compliance of the code	√		
1.2 (vi)	Tenure of ID : 3 years, may be extended for one term	√		
1.3	**Qualification of Independent Director**			
1.3 (i)	Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution	√		
1.3 (ii)	Being a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher(Economics/Business/Law)/CA/CMA/CS having 12 years of management/professional experience	√		
1.3 (iii)	Prior approval of the Commission in special cases			N/A
1.4	Appointment of Chairman and CEO, defining their roles	√		
1.5	**The Director's Report to Shareholders shall include**			
1.5 (i)	Industry outlook and possible future developments	√		
1.5 (ii)	Segment-wise or product-wise performance	√		
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	Discussion on COGS, Gross Profit and Net Profit Margins	√		
1.5 (v)	Discussion on continuity of Extra-Ordinary gain or loss			N/A
1.5 (vi)	Basis for and a statement of related party transactions	√		
1.5 (vii)	Utilization of proceeds from issuing instruments			N/A
1.5 (viii)	Explanation, if the financial results deteriorate after going for IPO, RPO, Right Offer, Direct Listing, etc			N/A
1.5 (ix)	Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements			N/A
1.5 (x)	Remuneration to directors including IDs	√		
1.5 (xi)	Fair presentation in financial statements	√		
1.5 (xii)	Maintaining proper books of accounts	√		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	√		
1.5 (xv)	Soundness and monitoring of internal control system	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year's operating results	√		

1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non declaration of Dividend	√		
1.5 (xx)	Number of Board meetings and attendance of directors	√		
1.5(xxii)	**In case of the appointment/re-appointment of a director**			
1.5(xxii)a	a brief resume of the director	√		Information regarding the Director disclosed.
1.5(xxii)b	nature of his/her expertise in specific functional areas	√		
1.5(xxii)c	names of companies in which the person also holds the directorship and the membership of committees of the board	√		
2	**CFO, HEAD OF INTERNAL AUDIT AND CS:**			
2.1	Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties	√		
2.2	Attendance of CFO and CS in the meetings of the Board	√		
3	**AUDIT COMMITTEE:**			
3 (i)	Having Audit Committee as a sub-committee of the BOD	√		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	√		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	√		
3.1	**Constitution of the Audit Committee**			
3.1 (i)	Audit Committee to be composed of at least 3 members	√		
3.1 (ii)	Audit Committee members to be appointed by BOD and at least one Independent Director to be included	√		
3.1 (iii)	Audit Committee members to be “financially literate” and at least one to have accounting/financial experience	√		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month			N/A
3.1 (v)	The CS to act as the secretary of the Audit Committee	√		
3.1 (vi)	No quorum in Audit Committee meeting without one ID	√		
3.2	**Chairman of the Audit Committee**			
3.2 (i)	Chairman to be an ID, selected by the BOD	√		
3.2 (ii)	Chairman of audit committee to remain present in AGM	√		
3.3	**Role of Audit Committee**			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual financial statements	√		
3.3 (vi)	Review the quarterly and half yearly financial statements	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Letters issued by statutory auditors	√		
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue			N/A
3.4	**Reporting of the Audit Committee**			
3.4.1	**Reporting to the Board of Directors**			
3.4.1 (i)	Reporting on the activities of Audit Committee	√		
3.4.1 (ii) (a)	Reporting on conflicts of interests			N/A
3.4.1 (ii) (b)	Reporting on suspected/presumed fraud or irregularity or material defect in the internal control system			N/A
3.4.1 (ii) (c)	Reporting on suspected infringement of laws			N/A
3.4.1 (ii) (d)	Reporting on any other matter to disclose immediately			N/A
3.4.2	Reporting to BSEC			N/A
3.5	Reporting to the Shareholders and General Investors	√		

4	**EXTERNAL / STATUTORY AUDITORS**			
4.00 (i)	Non-engagement in appraisal/valuation/fairness opinions	√		
4.00 (ii)	Non-engagement in designing & implementation of FIS	√		
4.00 (iii)	Non-engagement in Book Keeping or accounting	√		
4.00 (iv)	Non-engagement in Broker-Dealer services	√		
4.00 (v)	Non-engagement in Actuarial services	√		
4.00 (vi)	Non-engagement in Internal Audit services	√		
4.00 (vii)	Non-engagement in services determined by Audit Com.	√		
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment	√		
4.00 (ix)	Non-engagement in Audit/Certification Services on Compliance of Corporate Governance as required under clause (i) of condition No. 7	√		
5	**SUBSIDIARY COMPANY**			
5 (i)	Composition of BOD to be similar to holding company			N/A
5 (ii)	One ID to be in both holding and subsidiary company			N/A
5 (iii)	Minutes of Board meetings of subsidiary company to be placed at following Board meeting of holding company			N/A
5 (iv)	Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed			N/A
5 (v)	Audit Committee of holding company to review financial statements/ investments of subsidiary company			N/A
6	**DUTIES OF CEO AND CFO:**			
6 (i) (a)	To certify that they've reviewed FSs which contain no untrue or misleading statement or omit no material fact	√		
6 (i) (b)	To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws	√		
6 (ii)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	√		
7	**REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:**			
7 (i)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	√		
7 (ii)	To state, in accordance with annexure, in directors' report	√		

Compliance Condition no. 1.5 (x)

Remuneration to Directors including Independent Directors:

Sl No.	Name of Directors	Position	Remuneration paid for attending the meetings (Amount in BDT)	Remarks
1.	Datuk Mohd. Nasir Bin Ali	Chairman	56,000.00	
2.	Mr. Abdul Hafiz Choudhury	Independent Director	128,000.00	
3.	Mr. Tee Kim Chan	Director	8,000.00	
4.	Mr. Sasidharan Gopalan Nair	Director	--	Retired on 14.06.2016
5.	Ms. Hashimah Binti Ismail	Director	120,000.00	
6.	Ms. Lee Ooi Kim	Director	24,000.00	
7.	Mr. Sivagukan Thambirajah	Director	--	
		Total		

It is to be mentioned that total amount of BDT 336,000.00 has been paid as allowances to the Directors who have not been given remuneration for attending the Board meeting during the year 2016.

Compliance Condition no. 1.5 (xviii)

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

(Figure in BDT Million)

Sl No.	Particulars	2016	2015	2014	2013	2012
1	Authorized capital	15,000	15,000	15,000	15,000	15,000
2	Paid-up capital	6,647.023	6,647.023	6,647.023	6,647.023	6,647.023
3	Total capital (Tier-I & II)	(10,514.84)	(10,181.80)	(10,082.10)	(9,895.57)	(9,214.82)
4	Capital surplus/(deficit)	(14,514.84)	(14,182.51)	(14,082.10)	(13,895.57)	(13,214.82)
5	Capital adequacy ratio (CAR)	(108.49)	(98.76)	(97.27)	(89.97)	(73.33)
6	Total assets	12,257.72	12,752.90	14,022.94	14,302.84	15,118.74
7	Total deposits	10,893.98	11,107.04	12,015.69	11,970.13	12,381.39
8	Total investments	9,352.43	9,188.51	9,230.32	9,788.56	11,009.17
9	Import business handled	122.05	49.43	707.53	398.04	992.21
10	Export business handled	17.42	85.03	157.61	24.76	144.51
11	Guarantee business handled	10.09	9.81	0.77	1.11	24.96
12	Total contingent liabilities and commitments	217.43	215.87	219.34	249.43	272.38
13	Investments deposit ratio	86%	83%	77%	82%	89%
14	Percentage of classified investments against total investments	71.89%	76.14%	77.52%	73.31%	60.78%
15	Profit after tax and provision	(270.84)	(141.08)	(286.53)	(680.75)	(1,061.04)
16	Operating profit	(317.55)	(256.22)	(214.24)	(259.94)	65.35
17	Operating expenditure	475.02	497.85	536.50	584.06	580.69
18	Amount of classified investments during the year	6,621.41	6,995.80	7,155.18	7,175.92	6,691.03
19	Provisions kept against classified investments	3,902.72	3,952.72	3,980.02	4,118.17	3,841.38
20	Provision surplus/(deficit) against classified investments	40.39	66.88	16.54	-	-
21	Cost of fund	7.88%	7.60%	7.80%	8.27%	8.05%
22	Profit earning assets	9,572.39	10,107.45	11.410.10	11,626.57	12,297.57
23	Non-Profit earning assets	2,685.33	2,645.44	2,603.27	2,666.69	2,813.11
24	Return on investment (ROI) in shares and securities	2.13%	0.63%	3%	4%	1%
25	Return on assets (ROA)	(2.21%)	(1.11%)	(1.33%)	(4.76%)	(7.02%)
26	Income from investments in shares and securities	2.35	0.70	5.86	9.17	2.89
27	Earnings per share (Taka)	(0.41)	(0.21)	(0.43)	(1.02)	(1.60)
28	Operating Profit per share (Taka)	(0.48)	(0.39)	(0.32)	(0.39)	0.10
29	Price earnings ratio (times)	(12.52)	(20.73)	(12.76)	(9.76)	(4.70)
30	Dividend:					
	Cash	--	--	-	--	--
	Bonus Share	--	--	-	--	--
31	Net Asset Value Per Share (NAVPS)	(15.11)	(14.70)	(14.49)	(14.06)	(13.03)
32	Number of employees	501	566	617	656	688
33	Number of branches	33	33	33	33	33

Compliance Condition no. 1.5 (xix)

If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given:

The Bank is not in the state of generating sufficient income to pay such dividends.

Compliance Condition no. 1.5 (xx)

Directors' Meeting & Attendance:

Sl No.	Name of Directors	Position	Total Meetings	Meetings Attended
1.	Datuk Mohd. Nasir Bin Ali	Chairman	8	8
2.	Mr. Abdul Hafiz Choudhury	Independent Director	8	8
3.	Mr. Tee Kim Chan	Director	8	1
4.	Mr. Sasidharan Gopalan Nair	Director	3	0
5.	Ms. Hashimah Binti Ismail	Director	8	7
6.	Ms. Lee Ooi Kim	Director	8	3
7.	Mr. Sivagukan Thambirajah	Director	8	8
8.	Mr. Muhammad Shafiq Bin Abdullah	Managing Director & CEO	8	8

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

Compliance Condition no. 1.5(xxi)

The pattern of Shareholding as on December 31, 2016

SL	Name of Shareholder	Description	Number of Shares	Amount (Taka)	percent
A.	Parent/Subsidiary/Associated Companies and other related parties (name wise details)		Nil	Nil	Nil
B. (i)	Directors and their spouses and minor children (name wise details)				
1.	Datuk Mohd. Nasir Bin Ali	Chairman	Nominated Director's by ICB Financial Group Holdings A.G. held by 52.76percent shares		
2.	Mr. Tee Kim Chan	Director			
3.	Ms. Hashimah Binti Ismail	Director			
4.	Ms. Lee Ooi Kim	Director			
5.	Mr. Sivagukan Thambirajah	Director			
6.	Mr. Abdul Hafiz Choudhury	Independent Director	Nil		

B. (ii)	CFO, Company Secretary & Head of Internal Audit and their spouses and minor children (name wise details)	
1.	Chief Executive Officer and his spouse and minor children	Nil
2.	Chief Financial Officer and his spouse and minor children	Nil
3.	Company Secretary and his spouse and minor children	Nil
4.	Head of Internal Audit and his spouse and minor children	Nil

C.	Executives [Top 5 salaried employees]		
1.	Nasar Hassan Khan	Sr. Vice President	Nil
2.	Md. Tareq us Salam	Sr. Asst.Vice President	Nil
3.	Captain Syed Sakhawat Hossain (Retd.)	Sr. Vice President	Nil
4.	Mr. Ahmed Ullah	Vice President	Nil
5.	Arif Ahmed	Asst. Vice President	Nil

D.	Shareholders holding ten percent (10percent) or more voting interest in the company			
1	**ICB Financial Group Holdings A.G.**	350,674,300	3,506,743,000	52.76%

Compliance Condition no. 1.5 (xxii)

a) A brief resume of the Director

1. Ms. Hashimah Binti Ismail, Director

Ms. Hashimah Ismail was appointed to the Board of ICB Islamic Bank Ltd. on 6th February 2014.

A lawyer by profession, she spent the major part of her career in private law practice focused on adversarial civil litigation including banking, personal injury and Syariah family law.

She ceased law practice in March 2000 to assume the position of Executive Director Dealings, firstly at Alor Setar Securities Sdn. Bhd. and later the enlarged entity of Kuala Lumpur City Securities Sdn. Bhd.; responsible for the management of all the licensed dealer's representatives, corporate governance and compliance with all the rules, regulations, policies, procedures and directives of the Kuala Lumpur Stock Exchange, the Securities Commission of Malaysia as well as the internal policies of the company. She served in this position until her departure in January 2005, when the stock broking company was purchased by and merged with a large local bank.

She holds directorships in various private limited companies. She has re-commenced private law practice since June 2006 and was appointed a Notary Public, Malaysia since July, 2007.

She graduated with a Bachelor of Laws (LLB. Hons.) from University of Malaya in 1984 and was admitted to the roll of Advocates and Solicitors of the High Courts of Malaya in 1985.

Her experience is near 30 years in legal institutions. Ms. Hashimah Binti Ismail is Malaysian National and she do not hold any directorship in Bangladesh.

Compliance Report on BRPD's Circular

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

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

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

In compliance of BRPD Circular letter No.-02, dated 16.01.2014 of Bangladesh Bank, the Bank furnished the following information related to usage and operating expenditures of motor-vehicle fleet for the year 2016 for perusal and review of the honorable shareholders:

Sl. No.	Particulars	Amount (in BDT)
1	Fuel	3,536,924.00
2	Repair & Maintenance	935,580.00
3	Depreciation	3,224,003.00
4	Road Tax & Fitness	677,089.00
5	Insurance	206,865.00
	Total	**8,580,461.00**

01st March 2017

The Board of Directors
ICB Islamic Bank Limited
T.K. Bhaban (15th floor),
13 Kazi Nazrul Islam Avenue
Kawran Bazar, Dhaka -1215

Subject: Managing Director & CEO and Chief Financial Officer's Declaration to the Board

The following is provided to the Board of Directors of ICB Islamic Bank Limited in our capacity as the persons responsible for performing the functions of Managing Director & CEO and Chief Financial Officer of the Bank.

In accordance with the notification of Bangladesh Securities and Exchange Commission (BSEC) no. SEC/CM RRCD/2006- 158/134/Admin/44 dated 07 August 2012 we declare that for the financial year ended 31 December 2016:

i) We have reviewed the financial statements for the year and that to the best of our knowledge and belief:

   a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;

ii) There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or in violation of the Bank's code of conduct;

Sanjeev Anand
Chief Financial Officer

Muhammad Shafiq Bin Abdullah
Managing Director & CEO

PODDER & ASSOCIATES
Cost and Management Accountants

As per BSEC rules (letter SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August, 2012), all the companies listed with any stock exchange in Bangladesh shall comply with some conditions in accordance with condition no. 7. The condition requires that the directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions and prerequisite set by BSEC in their letter.

Compliance Certificate

On

CORPORATE GOVERNANCE

To the Shareholders of

ICB ISLAMIC BANK LIMITED

We have examined the compliance to the BSEC guidelines on Corporate Governance by **ICB Islamic Bank Limited** as on 31st December 2016, these guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012, as amended vide notification dated 21 July 2013 and 18 August 2013 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the company. Our examination for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Company for ensuring the compliance on the attached statement on the basis of evidence gathered and representation received.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines is issued by BSEC except fulfilling quota for Independent Director in the Board.

For Podder & Associates

Jayanta Kumer Podder
Cost and Management Accountant

Date: 09 APR 2017
Place: Dhaka, Bangladesh

6/A/1 (Ground Floor), Segun Bagicha, Dhaka-1000. Phone : 02-57160360, 02-57160425, E-mail: info@thepodders.com, Web: www.thepodders.com

Annual disclosure under Pillar-III of Basel-III as of December 31, 2016

Scope and purpose

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

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

Relations with accounting disclosures

a) The disclosure framework does not conflict with requirements under accounting standards as set by Bangladesh Bank from time to time. Moreover, Bank's disclosures are consistent with how senior management and the Board of Directors make assessment and manage the risks of the Bank.

b) Under Minimum Capital Requirement, Bank used specified approaches/ methodologies for measuring the various risks they face and the resulting capital requirements. It is believed that providing disclosures that are based on a common/ harmonized framework is an effective means of informing the stakeholders about the Bank's exposure to those risks and provides a consistent and comprehensive disclosure framework of risks and its management that enhances comparability.

c) The disclosure has adequate validation and is consistent with the audited Financial Statements.

Materiality of disclosure

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

Frequency of disclosure

a) The Bank provided all required disclosures in both qualitative and quantitative forms annually, as at end of March every year along with the annual financial statements. The Bank also submits a copy of the disclosures to the Department of Off-site Supervision of Bangladesh Bank. The Bank made the annual disclosures in the official website of the Bank: www.icbislamic-bd.com. Qualitative disclosures provide a general summary of the Bank's risk management objectives and policies, reporting system and definitions.

b) The disclosure on the websites is made in a web page titled "Disclosures on Risk Based Capital (Basel III)" and the link to this page prominently provides on the home page of the bank's website. Each of these disclosures pertaining to a financial year is available on the websites until disclosure of the 4th subsequent annual (as on March 31) disclosure is made.

Disclosure framework

According to the revised Risk Based Capital Adequacy Guidelines the Bank requires general qualitative

qualitative disclosure for each separate risk area (e.g. Investment, market, operational, banking book interest rate risk, equity). The Bank must describe their risk management objectives and policies, including:

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

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

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

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

Table as per Disclosure Framework – 2	Capital structure
Qualitative Disclosures	
Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.	As per the guidelines of Bangladesh Bank, Tier-1 capital of ICBIBL consists of Share capital, free reserves, retained earnings. Tier-2 capital consists of general provision against unclassified investment and off balance sheet items; and 50% of assets revaluation reserve by netting off 20% each year.

Quantitative Disclosures	
Particulars	**Crore Taka**
Tier-1 (Core Capital)	
Fully Paid-up Capital/Capital lien with BB	664.70
Statutory Reserve	7.88
Non-repayable Share premium account	0
General Reserve	0.11
Retained Earnings	(1,732.50)
Minority interest in Subsidiaries	0
Non-Cumulative irredeemable Preferences shares	0
Dividend Equalization Account	0
Other (if any item approved by Bangladesh Bank)	0
Sub-Total: (1.1 to 1.9)	(1,059.81)
Regulatory Adjustment:-	
Shortfall in provisions required against classified assets	
Shortfall in provisions required against investment in shares	
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.	
Reciprocal crossholdings of bank capital/subordinated debt	
Deferred Tax Assets (DTA)	(11.27)
Goodwill & all other intangible assets	
Investments in subsidiaries which are not consolidated	
Other if any	
Sub Total (1.11 to 1.18)	(11.27)
Total Eligible Tier-1 Capital (1.10-1.18)	(1,071.08)
Tier-2 (Supplementary Capital)	
General Provision (Unclassified + SMA + Off Balance Sheet exposure)	3.01
Assets Revaluation Reserves up to 50%	27.64
Revaluation Reserve for equity instruments up to 10%	
All other preference shares	
Regulatory Adjustment:	
Revaluation Reserve for fixed Assets ,Securities & Equity Securities	(11.06)
Other if any	
Sub-Total Tier 2 Capital (2.1 to 2.7)	**19.60**
Deductions if any (being the tier - I Capital less than Zero)	
Total Eligible Tier-2 Capital (2.8-2.9)	**-**
Maximum Limit of Tier 2 Capital(Tier 2 Capital can be maximum up to 4.0%of the total RWA or 88.89% CET1 Whichever is higher)	**38.77**
Excess amount over Maximum Limit of T-2	**0**
Total Admissible Tier-2 Capital	**19.60**
Total Eligible Capital (1+2)	**(1,051.48)**

Table as per Disclosure Framework – 3	Capital Adequacy
Qualitative Disclosures	
Bangladesh Banking sector has entered into the regime of Basel III implementation in order to have a stabilized financial system in the country. According to the Bangladesh Bank Guidelines latest Minimum Capital Requirement (MCR) has been fixed at 10% of risk weighted assets or BDT 400 Crore whichever is higher. ICBIBL is currently running with capital deficit of BDT 1,451.48 Crore as of 31 December 2016. The Bank has adopted Standardized Approach (SA) for computation of capital charge for credit risk and market risk, and Basic Indicator Approach (BIA) for operational risk. Assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank.	

Table as per Disclosure Framework – 3	Capital Adequacy

Qualitative Disclosures

ICBIBL is going through a reconstruction phase as per stipulation of "The Oriental Bank (Reconstruction) Scheme 2007", since February 28, 2008, when the Bank came under the ICB Management and the Bank has been exempted for maintaining the Minimum Capital till May 2021 as per latest BRPD circular No.15 dated 03 November 2016.

Quantitative Disclosures

Particulars	Taka in Crore
Capital Requirements for Investment Risk	93.98
Capital Requirements for On- Balance sheet exposure	92.76
Capital Requirements for Off-Balance sheet exposure	1.22
Capital Requirements for Market Risk	0.06
Capital Requirements for Operational Risk	2.86
Total Capital Requirements	96.69
Minimum capital requirement (10% of RWA or BDT 400 crore, which is higher)	400.00
Total and Tier-1 Capital Ratio:	
Total CRAR	-108.49%
Tier-1 CRAR	-110.51%
Tier-2 CRAR	2.02%

Table as per Disclosure Framework – 4	Investment Risk: General Disclosure

Qualitative Disclosures

a) Definition of Past Due and Impaired Investments: ICBIBL is following the Bangladesh Bank guidelines and definition of past due and impaired investments for accounting purposes as below:

(1) Past Due/Over Due:

(i) Any Continuous Investment if not repaid/renewed within the fixed expiry date for repayment bank will be treated as past due/overdue from the following day of the expiry date.

(ii) Any Demand Investment if not repaid/rescheduled within the fixed expiry date for repayment will be treated as past due/overdue from the following day of the expiry date.

(iii) In case of any installment(s) or part of installment(s) of a Fixed Term Investment is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry date.

(iv) The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date.

(2) All unclassified Investment other than Special Mention Account (SMA) will be treated as Standard.

(3) A Continuous Investment, Demand Investment or a Term Investment which will remain overdue for a period of 02 (two) months or more, will be put into the "Special Mention Account (SMA)". This will help banks to look at accounts with potential problems in a focused manner and it will capture early warning signals for accounts showing first sign of weakness. Investments in the "Special Mention Account (SMA)" will have to be reported to the Credit Information Bureau (CIB) of Bangladesh Bank.

(4) Investment except Short-term Agricultural & Micro-Credit in the "Special Mention Account" and "Sub-Standard" will not be treated as defaulted Investment for the purpose of section 27KaKa(3) [read with section 5(GaGa)] of the Banking Companies Act, 1991

(5) Any continuous Investment will be classified as: i. 'Sub-standard' if it is past due/overdue for 03 (three) months or beyond but less than 06 (six) months. ii. 'Doubtful' if it is past due/overdue for 06 (six) months or beyond but less than 09 (nine) months iii. 'Bad/Loss' if it is past due/overdue for 09 (nine) months or beyond.

(6) Any Demand Investment will be classified as: i. 'Sub-standard' if it remains past due/overdue for 03 (three) months or beyond but not over 06 (six) months from the date of expiry or claim by the bank or from the date of creation of forced investment. ii. 'Doubtful' if it remains past due/overdue for 06 (six) months or beyond but not over 09 (nine) months from the date of expiry or claim by the bank or from the date of creation of forced investment. iii. 'Bad/Loss' if it remains past due/overdue for 09 (nine) months or beyond from the date of expiry or claim by the bank or from the date of creation of forced investment.

(7) In case of any installment(s) or part of installment(s) of a Fixed Term Investment is not repaid within the due date, the amount of unpaid installment(s) will be termed as "past due or overdue installment". In case of Fixed Term Investments: - i. If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire Investment will be classified as "Sub-standard". ii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire Investment will be classified as "Doubtful". iii. If the amount of 'past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire Investment will be classified as "Bad/Loss". Explanation: If any Fixed Term Investment is repayable on monthly installment basis, the amount of installment(s) due within 06 (six) months to the sum of 06 monthly installments. Similarly, if the Investment is repayable on quarterly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 2 quarterly installments.

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

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

Investment Risk Management Policies :

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

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

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

Quantitative Disclosures

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

Taka in Crore

Exposure type	Exposure	RWA
Claims categorized as retail portfolio & Small Enterprise (excluding SME, Consumer Finance &Staff Loan Up to 1 Crore)		
Consumer finance	2.44	2.44
Claims fully secured by residential property		
Where specific provisions are less than 20 percent of the outstanding amount of the past due claim1	128.04	192.06
Where specific provisions are no less than 20 percent of the outstanding amount of the past due claim	144.22	144.22
Where specific provisions are more than 50 percent of the outstanding amount of the past due claim	400.09	200.05
Claims on Corporate (Unrated)	9.77	12.21
Claims under Credit Risk Mitigation	13.28	1.34

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

Taka in Crore

Division-wise Classification	Exposure
Dhaka	792.80
Chittagong	77.90
Khulna	45.38
Rajshahi	7.45
Barishal	1.00
Sylhet	10.71
Rangpur	-
Total	935.24

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

Taka in Crore

Investments to customer groups:	
Export financing	0.26
House building investment	74.01
Consumers credit scheme	19.36
Small and medium enterprises	501.73
Staff investment	2.36
Other Investments	222.67
Sub Total	820.39
Industrial Investments	
Agricultural industries	0
Textile industries	0
Food and allied industries	0.23
Leather, chemical, cosmetics, etc.	0
Service Industries	77.10
Transport and communication industries	0
Others	37.52
Sub Total	114.86
Grand Total	935.24

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

Taka in Crore

Repayable on demand	28.06
With a residual maturity of	
Not more than 3 months	46.76
Over 3 months but not more than 1 year	187.05
Over 1 year but not more than 5 years	561.15
More than 5 years	112.23
Total	935.24

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

Major Counterparty	NPIs (Taka in Crore)	Specific Provision	Remarks
Corporate and Individuals	672.35	390.27	Full Provision has been made in accordance with the latest Guidelines of Bangladesh Bank
Financial institutions & Banks	-		
Public Enterprise & Govt. Depts.	-		
	672.35		

Gross Non Performing Assets (NPAs)	672.35
Non Performing Assets (NPAs) to Outstanding Investments & advances	71.89%
Movement of Non Performing Assets (NPAs)	Taka in Crore
Opening balance	699.58
Additions	0
Reductions	(27.23)
Closing balance	672.35

Movement of specific provisions for NPAs	Taka in Crore
Opening balance	395.27
Less: Fully provided debts written off/Waived during the year	
Add: Net charge to profit and loss account (note-36)	(5.00)
Closing balance	390.27

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

Cost and book value of the investment in shares of the Bank:

Taka in Crore

Name of the Company	Amount
Bangladesh Commerce Bank Limited (BCBL)	0.90
Central Depository Bangladesh Limited (CDBL)	0.16
Total	1.06

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

Table as per Disclosure Framework – 7	Market risk
Qualitative Disclosures	

Market Risk is defined as the possibility of loss to a Bank caused by changes in the market variables such as interest rates, foreign currency exchange rates, equity prices and commodity prices. Bank's exposure to market risk arises from investments (interest related instruments and equities) in trading book [HFT categories] and the Foreign Exchange positions. The objective of the market risk management is to minimize the impact of losses on earnings and equity.

The Bank has put in place Board approved Asset Liability Management Policy for effective management of Market Risk in the Bank. In order to assess impact on capital due to adverse movement in trading book, ICBIBL calculated Stress Testing in accordance with the requirements of the Bangladesh Bank Guidelines. The Treasury Division set various risk limits for effective management of Market Risk and ensuring that the operations are in line with Bank's expectation of return to market risk through proper Asset Liability Management. The ALM policies also deal with the reporting framework for effective monitoring of Market Risk.

The ALM Policy specifically deals with liquidity risk management and interest rate risk management framework. As envisaged in the policy, Liquidity Risk is managed through GAP & Duration analysis, based on residual maturity/behavioral pattern of assets and liabilities, on a daily basis based on best available data coverage, as prescribed by the Bangladesh Bank. Liquidity profile of the Bank is evaluated through various liquidity ratios.

The Asset Liability Management Committee (ALCO)/Board monitors adherence of prudential limits fixed by the Bank and determines the strategy in light of market conditions (current and expected) as articulated in the ALM policy. The Mid Office at the Treasury also monitors adherence of prudential limits on a continuous basis.

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

Particulars	Amount in Tk. Crore
Interest rate risk	-
Equity position risk	-
Foreign Exchange risk	0.67
Commodity risk	-
Total capital requirement against Market Risk	0.67

Table as per Disclosure Framework – 8	Operational risk

Qualitative Disclosures

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

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

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

Qualitative Disclosures

Capital Requirement for Operational Risk as of Dec 31, 2016:

Year	Gross Income (GI) (in Tk. Crore)	Average (GI) (in Tk. Crore)	Capital Charge @ 15% of Average Gross Income (in Tk. Crore)
2014	26.39	19.12	2.87
2015	16.24		
2016	14.74		

Table as per Disclosure Framework – 9	Liquidity Risk

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

		i) Views of BOD on system to reduce Liquidity Risk	Liquidity risk arises when the Bank cannot maintain or generate sufficient funds to meet its payment obligations as they fall due or can only do so at a material loss. This can arise when counterparties who provide funding to the Bank withdraw or do not roll over a line of funding or as a result of a general disruption in financial markets which lead to normal liquid assets becoming illiquid. The main sources of the Bank's funding are capital, core deposits from retail and commercial clients, wholesale deposits and access to borrowed funds from the interbank money market. ICB Islamic Bank manages liquidity risk in accordance with regulatory guidelines internal benchmarks. A Board approved Liquidity Policy to manage liquidity on a day-to-day basis and a Contingency Funding Plan to deal with crisis situations are in place.

		ii) Methods used to measure Liquidity risk.	**Measurement Methodology:** The equation: Liquidity Coverage Ratio (LCR):- Stock of high quality liquid assets LCR=----------≥ 100% Total net cash outflows over the next 30 calendar days 125.77 crore LCR = ---------- 177.64 crore LCR = 70.80% **Net Stable Funding Ratio**(NSFR)**:** The equation: Available amount of stable funding NSFR=----------≥ 100% Required amount of stable funding 847.07 crore NSFR = ---------- 1101.05 crore NSFR = 76.93%
		iii) Liquidity Risk Management system.	Treasury Division manages the liquidity risk and ALCO monitors the activities of Treasury Division in managing such risk.
		iv) Policies and processes for mitigating liquidity risk.	To mitigate the several liquidity risks, the Bank formed Asset Liability Management Committee (ALCO) who monitors the Treasury Division's activities to minimize the liquidity risk. ALCO is primarily responsible for establishing the liquidity risk management and asset liability management of the Bank, procedures thereof, implementing core risk management framework issued by the regulator, best risk management practices followed by globally and ensuring that internal parameters, procedures, practices / polices and risk management prudential limits are adhere to.

BDT in Crore

Quantitative disclosure	**b)**		**Solo**
		• Liquidity Coverage Ratio	70.80%
		• Net Stable Funding Ratio (NSFR)	76.93%
		• Stock of High quality liquid assets	125.77 crore
		• Total net cash outflows over the next 30 calendar days	177.64 crore
		• Available amount of stable funding	847.07 crore
		• Required amount of stable funding	1101.05 crore

Table as per Disclosure Framework – 10	**Leverage Ratio**

As per Bangladesh Bank BRPD circular No. 18 dated December 21, 2014, leverage ratio has been introduced.

Qualitative disclosure	a)	i) Views of BOD on system to reduce excessive leverage	In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives:

			a) constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and b) introduce additional safeguards against model risk and measurement error by supplementing the risk-based measure with a simple, transparent, independent measure of risk.
		ii) Policies and processes for mitigating market risk.	To mitigate excessive on and off-balance sheet leverage, the Bank formed Basel Unit who monitors the implementing status of Basel –III within the Bank as per the guidelines on risk based capital adequacy issued by Bangladesh Bank.
		iii) Approach for calculating leverage ratio	A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level. The banks will maintain leverage ratio on quarterly basis. The calculation at the end of each calendar quarter will be submitted to BB showing the average of the month end leverage ratios based on the following definition of capital and total exposure. Tier 1 Capital (after related deductions) Leverage Ratio = ---------- Total Exposure (after related deductions) (1071.08) Crore Leverage Ratio = ---------- 831.05 Crore Leverage Ratio = (128.88)%

BDT in Crore

Quantitative disclosure	b)		Solo
		• Leverage Ratio	-128.88%
		• On balance sheet exposure (Less total deduction from On and Off-balance sheet exposure / Regulatory Adjustments made to Tier –I Capital)	821.29 Crore
		• Off balance sheet exposure	9.77 Crore
		• Total exposure	831.06 Crore

Table as per Disclosure Framework – 11	**Remuneration**

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

Qualitative disclosure	**a)**	i. Information relating to the bodies that oversee remuneration	The Management Committee (MANCOM) of the Bank oversees the remuneration on as and when required basis. No external consultant's has been appointed to do the exercise.
		ii. Information relating to the design and structure of remuneration processes	ICB Islamic Bank Limited has a flexible compensation and benefits system that helps to ensure and understood by employees. Salaries and increments approved by the competent authority.

		iii. Description of the ways in which current and future risks are taken into account in the remuneration processes.	The Salaries and increments are regularly reviewed through market and peer group study so that the employee retention risk is lower.
		iv. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.	All permanent employees of ICB Islamic Bank Ltd. undergo half-yearly and annual performance appraisal process to link performance during the period.
		v. Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.	Through promotion longer-term performance of the Bank seeks to adjust.
		vi. Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms	There are no other forms but cash form of variable remuneration is utilized by the Bank.

BDT in Crore

Quantitative disclosure	b)		Solo
		Number of meetings held by the main body overseeing remuneration and remuneration paid to its member.	Nil
		Number of employees having received a variable remuneration award (incentive bonus).	Nil
		Number of guaranteed bonuses awarded (festival bonus).	Two
		Total amount of guaranteed bonuses awarded.	Nil
		Number of sign-on awards made.	Nil
		Total amount of sign-on awards made.	Nil
		Number of severance payments made.	Nil
		Total amount of severance payments made.	Nil
		Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil
		Total amount of deferred remuneration paid out (incentive bonus).	Nil
		Breakdown of amount of remuneration awards for the financial year to show:	
		Total amount of outstanding deferred remuneration	Nil
		Total amount of retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil
		Total amount of reductions during the financial year due to ex post explicit adjustments.	Nil
		Total amount of reductions during the financial year due to ex post implicit adjustments	Nil

	BDT in Crore
Fixed (salary & allowances)	20.41 Crore
Variable	1.97 Crore
Deferred	Nil
Non-deferred.	Nil
Different forms used (cash, shares and share linked	Cash

Annual General Meeting

29th Annual General Meeting of ICB Islamic Bank Limited

The 29th Annual General Meeting of ICB Islamic Bank Bangladesh Limited (ICBIBL) was held on June 14, 2016 at "IZZ Convention Hall (Level-5)" Unique Trade Center, 8 Panthapath, Dhaka-1215. The Chairman, Directors and Managing Director & CEO and representatives guests and shareholders attended the meeting.



Independent Auditors' Report

to the shareholders of ICB Islamic Bank Limited

We have audited the accompanying financial statements of ICB Islamic Bank Limited ("the Bank"), which comprise the balance sheet as at 31 December 2016, and the profit and loss statement, cash flow statements and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements and internal controls

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Banking Companies Act 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the financial statements of the Bank are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been prepared in the format prescribed by Bangldesh Bank vide circular no. 14 dated 25 June 2003 and in accordance with relevant Bangladesh Financial Reporting Standards and Bangladesh Accounting Standards give a true and fair view of the sate of affairs of the Bank as at 31 December 2016 and results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Banking Companies Act 1991, Bangladesh Securities and Exchange Rules, rules and regulations issued by Bangldesh Bank and other appicable Laws and regulations.

Independent Auditors' Report

to the shareholders of ICB Islamic Bank Limited

Report on other legal and regulatory requirements

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

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(b) to the extent noted during the course of our audit work performed on the basis stated under the auditors' responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the management's responsibility for the financial statements and internal control:

(i) internal audit, internal control and risk management arrangements of the Bank appeared to be materially adequate;

(ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;

(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;

(d) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

(e) the balance sheet and profit and loss statement of the Bank dealt with by the report are in agreement with the books of account;

(f) the expenditures incurred during the year were for the purposes of the business of the Bank;

(g) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidelines issued by Bangladesh Bank;

(h) adequate provisions have been made for loans and advance, and other assets following the guidelines of Bangladesh Bank;

(i) capital adequacy ratio as on 31 December 2016 was negative (108.49)% against 10%, as required by law. The paid up capital of the Bank should have been raised to Taka 700 crore as per " The Oriental Bank Limited (Reconstruction) Scheme 2007" but this stood at Taka 664.70 crore as at 31 December 2016;

(j) the information and explanations required by us have been received and found to be satisfac tory; and

(k) we have reviewed over 80% of risk-weighted assets of the Bank and we have spent approxi mately 3,200 person hours for the audit of the books and account of the Bank.

Dhaka, Bangladesh
Dated, 02 March 2017

S. F. AHMED & CO
Chartered Accountants

Balance Sheet

as at 31 December 2016

	Note(s)	Amount in Taka	
		2016 BDT	2015 BDT
PROPERTY AND ASSETS			
Cash	4	**1,160,701,797**	**1,151,215,599**
In hand (including foreign currencies)	4(a)	210,074,177	223,248,063
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4(b)	950,627,620	927,967,536
Balance with other banks and financial institutions	5	**29,393,820**	**108,382,777**
In Bangladesh	5.1	24,386,162	82,046,763
Outside Bangladesh	5.2	5,007,657	26,336,013
Placement with banks and other financial institutions	6	**80,000,000**	**700,000,000**
Investments in shares and securities	7	**110,569,450**	**110,569,450**
Government		-	-
Others	7(c)	110,569,450	110,569,450
Investments	8	**9,352,428,425**	**9,188,511,643**
General investments, etc	8.2(i)	9,349,509,460	9,185,594,178
Bills purchased and discounted	8.2(ii)	2,918,965	2,917,465
Fixed assets including premises	9	**56,580,842**	**67,226,322**
Other assets	10	**509,973,497**	**468,984,636**
Non - banking assets		**958,072,178**	**958,004,803**
Total assets		**12,257,720,009**	**12,752,895,230**
LIABILITIES AND CAPITAL			
Liabilities			
Placement from banks and other financial institutions	11	**4,980,269,861**	**5,016,269,861**
Deposits and other accounts	12	**10,893,980,583**	**11,107,038,045**
Al-wadeeah current and other deposits accounts		453,693,602	483,311,815
Bills payable		85,878,783	81,621,223
Mudaraba savings deposits		1,367,012,423	1,320,434,136
Mudaraba term deposits		8,987,395,775	9,221,670,870
Bearer certificate of deposit		-	-
Other mudaraba deposits		-	-
Other liabilities	13	**6,428,546,297**	**6,402,078,716**
Total liabilities		**22,302,796,741**	**22,525,386,622**
Capital / Shareholders' equity			
Paid-up capital	14	6,647,023,000	6,647,023,000
Statutory reserve	15	78,810,975	78,810,975
Other reserve	16	553,950,908	553,950,908
Revaluation gains on investment in HTM securities	17	-	-
Surplus/ (deficit) in profit and loss account/ Retained earnings	18	(17,324,861,615)	(17,052,276,275)
Total Shareholders' equity		**(10,045,076,732)**	**(9,772,491,392)**
Total liabilities and Shareholders' equity		**12,257,720,009**	**12,752,895,230**
Net asset value (NAV) per share		(15.11)	(14.70)

Balance Sheet
as at 31 December 2016

	Note(s)	Amount in Taka	
		2016 BDT	2015 BDT
OFF- BALANCE SHEET ITEMS			
Contingent liabilities	19	**217,428,246**	**215,875,185**
Acceptances and endorsements		23,357,000	23,357,000
Letters of guarantee	19.1	132,443,659	142,501,796
Irrevocable letters of credit	19.2	21,129,313	7,267,984
Bills for collection	19.3	40,498,274	42,748,405
Other contingent liabilities		-	-
Other commitments		-	-
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
Liabilities against forward purchase and sale		-	-
Others		-	-
		-	-
Total Off-Balance Sheet items including contingent liabilities		**217,428,246**	**215,875,185**

Chairman **Director** **Director** **Managing Director**

Dhaka, Bangladesh
Dated, 02 March 2017

S. F. AHMED & CO
Chartered Accountants

Profit and Loss Statement

For the year ended 31 December 2016

	Note(s)	Amount in Taka	
		2016 BDT	2015 BDT
Investment income	21	456,168,465	512,884,245
Profit paid on deposits	22	(392,103,701)	(380,327,193)
Net investment income		**64,064,764**	**132,557,052**
Income from investments in shares and securities	23	2,351,222	700,000
Commission, exchange and brokerage	24	4,743,428	7,981,205
Other operating income	25	86,314,611	100,389,557
		93,409,261	**109,070,762**
Total operating income (A)		**157,474,025**	**241,627,813**
Less: Operating expenses			
Salary and allowances	26	210,699,472	235,683,660
Rent, taxes, insurance and electricity	27	135,119,881	124,716,172
Legal and professional expenses	28	15,172,958	13,918,480
Postage, stamp and telecommunication	29	7,953,591	7,748,762
Stationery, printing and advertisements	30	6,485,546	9,599,860
Managing Director's salary and fees	31	13,054,200	12,796,800
Directors' fees and expenses	32	1,174,828	1,567,962
Shariah supervisory committee's fees and expenses	33	63,000	93,000
Auditors' fees		500,000	528,750
Charges on investment losses		-	-
Depreciation and repair of Bank's assets	34	39,888,393	52,160,816
Other expenses	35	44,908,137	39,032,965
Total operating expenses (B)		**475,020,006**	**497,847,226**
Profit / (loss) before provision (C=A-B)		**(317,545,981)**	**(256,219,413)**
Less: Provision for investments and off-balance sheet items	36	**50,000,000**	**140,000,000**
Specific provision		50,000,000	140,000,000
General provision		-	-
Provision for off-balance sheet items		-	-
Provision for diminution in value of investments		-	-
Provision for contingency		-	-
Other provisions		-	(23,000,000)
Total provision (D)		50,000,000	117,000,000
Total profit / (loss) before taxes (C-D)		**(267,545,981)**	**(139,219,413)**
Less: Provision for taxation		**3,297,466**	**1,865,865**
Current tax	3.16(1)	3,297,466	1,865,865
Deferred tax	3.16(2)	-	-
Net profit/(loss) after taxation		**(270,843,447)**	**(141,085,278)**
Appropriations		-	-
Statutory reserve	15	-	-
General reserve		-	-
Retained earnings carried forward	18	**(270,843,447)**	**(141,085,278)**
Earnings per share (EPS)	41	**(0.41)**	**(0.21)**

These financial statements should be read in conjunction with annexed notes

for ICB Islamic Bank Limited

Chairman **Director** **Director** **Managing Director**

Dhaka, Bangladesh
Dated, 02 March 2017

S. F. AHMED & CO
Chartered Accountants

Statement of Cash Flows

For the year ended 31 December 2016

		Note(s)	Amount in Taka 2016 BDT	2015 BDT
A.	**Cash flows from operating activities**			
	Investment income receipts in cash		466,758,897	517,523,232
	Profit paid on deposits		(380,323,856)	(385,755,799)
	Dividend receipts		1,427,953	-
	Fees and commission receipts in cash		4,743,428	7,981,205
	Recoveries of investments previously written off		15,124,525	14,691,920
	Cash payments to employees		(223,753,672)	(248,480,460)
	Cash payments to suppliers		(5,548,357)	(8,978,860)
	Income taxes paid		(4,677,415)	(12,517,919)
	Receipts from other operating activities	37	86,314,611	84,002,739
	Payments for other operating activities	38	(225,065,969)	(209,887,004)
	Cash generated from operating activities before changes in operating assets and liabilities		**(264,999,857)**	**(241,420,947)**
	Increase/ (decrease) in operating assets and liabilities			
	Statutory deposits		-	-
	(Purchase)/ Maturity of trading securities (Treasury bills)		-	-
	Investments to other banks		-	-
	Investments to customers		(158,407,300)	41,811,037
	Placement from banks and other financial institutions		(36,000,000)	(26,100,000)
	(Increase)/ decrease of other assets	39	(46,901,879)	10,120,065
	Deposits from other banks/ borrowings		(330,398,495)	(91,826,819)
	Deposits received from customers		105,561,188	(811,393,736)
	Other liabilities on account of customers		-	-
	Trading liabilities		-	-
	Increase/ (decrease) of other liabilities	40	55,704,794	19,549,616
			(410,441,691)	**(857,839,838)**
	Net cash from operating activities		**(675,441,548)**	**(1,099,260,785)**
B.	**Cash flows from investing activities**			
	Debentures		-	-
	Proceeds from sale of securities		-	-
	Payments for purchases of securities		-	-
	Purchase of property, plant and equipment		(10,006,527)	(1,534,457)
	Payment against lease obligation		(4,054,684)	(3,728,019)
	Proceeds from sale of property, plant and equipment		-	1,694,898
	Net cash used in investing activities		**(14,061,211)**	**(3,567,578)**
C.	**Cash flows from financing activities**			
	Increase in paid-up capital		-	-
	Dividend paid		-	-
	Net Cash from financing activities		-	-
D.	Net increase/(decrease) in cash and cash equivalents **(A+ B + C)**		(689,502,759)	(1,102,828,363)
E.	Effects of exchange rate changes on cash and cash equivalents		-	-
F.	Cash and cash equivalents at beginning of the period		1,959,598,376	3,062,426,739
G.	**Cash and cash equivalents at end of the period (D+E+F)**		**1,270,095,617**	**1,959,598,376**

Statement of Cash Flows

For the year ended 31 December 2016

	Note(s)	Amount in Taka	
		2016 BDT	2015 BDT
Cash and cash equivalents at end of the period			
Cash in hand (including foreign currencies)		210,074,177	223,248,063
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		950,627,620	927,967,536
Balance with other banks and financial institutions		29,393,820	108,382,777
Placement with banks and other financial institutions		80,000,000	700,000,000
Reverse repo		-	-
Prize bonds		-	-
		1,270,095,617	**1,959,598,376**
Net operating cash flows per share (Taka)		**(1.02)**	**(1.65)**

These financial statements should be read in conjunction with annexed notes for ICB Islamic Bank Limited

Chairman **Director** **Director** **Managing Director**

Dhaka, Bangladesh
Dated, 02 March 2017

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

Amount in Taka

Particulars	Paid-up capital BDT	Statutory reserve BDT	Share premium BDT	General/ Other reserves BDT	Assets revaluation reserve BDT	Revaluation surplus on Investment	Retained earnings BDT	Total BDT
Balance as at 1 January 2016	6,647,023,000	78,810,975	-	1,065,676	552,885,232	-	(17,052,276,275)	(9,772,491,392)
Prior year adjustment	-	-	-	-	-	-	(1,741,892)	(1,741,892)
Balance as at 1 January 2016	6,647,023,000	78,810,975	-	1,065,676	552,885,232	-	(17,054,018,167)	(9,774,233,284)
Surplus/ (deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-
Surplus/ (deficit) on account of revaluation of investments	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-	-	-
Net profit/ loss for the period	-	-	-	-	-	-	(270,843,447)	(270,843,447)
Dividends (Bonus shares)	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Appropriation made during the period	-	-	-	-	-	-	-	-
Balance as at 31 December 2016	6,647,023,000	78,810,975	-	1,065,676	552,885,232	-	(17,324,861,614)	(10,045,076,731)
Balance as at 31 December 2015	6,647,023,000	78,810,975	-	1,065,676	552,885,232	-	(17,052,276,275)	(9,772,491,392)

for ICB Islamic Bank Limited

Chairman **Director** **Director** **Managing Director**

Dhaka, Bangladesh
Dated, 02 March 2017

S. F. AHMED & CO
Chartered Accountants

AMARSTOCK

LIQUIDITY STATEMENT

(Analysis of Maturity of Assets and liabilities)

As at 31 December 2016

Particulars	Up to 1 month BDT	1-3 months BDT	3-12 months BDT	1-5 years BDT	Above 5 years BDT	Total BDT
Assets:						
Cash in hand	210,074,177	-	-	-	-	210,074,177
Balance with Bangladesh Bank and its agent bank(s)	950,627,620	-	-	-	-	950,627,620
Balance with other banks and financial institutions	29,393,820	-	-	-	-	29,393,820
Placement with banks and other financial institutions	80,000,000	-	-	-	-	80,000,000
Investments in shares and securities	-	100,000,000	-	-	10,569,450	110,569,450
Investments	280,572,853	467,621,421	1,870,485,685	5,611,457,055	1,122,291,411	9,352,428,425
Fixed assets including premises	-	-	1,697,425	4,526,467	50,356,949	56,580,842
Other assets	50,997,350	17,849,072	22,948,807	107,094,435	311,083,834	509,973,498
Non - banking assets	-	-	-	958,072,178	-	958,072,178
Total assets (A)	1,601,665,819	585,470,494	1,895,131,918	6,681,150,135	1,494,301,645	12,257,720,010
Liabilities:						
Placement from banks and other financial institutions	-	1,100,000	1,100,000	8,800,000	4,969,269,861	4,980,269,861
Deposits and other accounts	435,759,223	871,518,447	3,921,833,010	3,703,953,398	1,960,916,505	10,893,980,583
Other liabilities	200,570,644	197,999,226	102,856,741	5,927,119,686	-	6,428,546,297
Total liabilities (B)	636,329,868	1,070,617,673	4,025,789,751	9,639,873,084	6,930,186,366	22,302,796,741
Net liquidity gap (A - B)	**965,335,951**	**(485,147,179)**	**(2,130,657,833)**	**(2,958,722,949)**	**(5,435,884,721)**	**(10,045,076,731)**

for ICB Islamic Bank Limited

Chairman **Director** **Director** **Managing Director**

Dhaka, Bangladesh
Dated, 02 March 2017

S. F. AHMED & CO
Chartered Accountants

ANNUAL REPORT STOCK

Notes to the Financial Statements

For the year ended 31 December 2016

3.5.2.2 Dividend income

Dividend income is recognised when the right to receive the payment is established.

3.5.2.3 Investments in securities

Income on investments in securities has been accounted for on accrual basis.

3.5.2.4 Letters of credit, letters of guarantee and others

Commission charged to customers on letters of credit and letters of guarantee is credited to income at the time of effecting the transactions.

3.5.2.5 Profit paid and other expenses

In terms of the provision of BAS # 1: Presentation of Financial Statements, profit paid and other expenses are recognised on accrual basis.

Foreign currency translation

3.6.1 Foreign currencies transactions (BAS # 21)

i. Transactions in foreign currencies are translated into Taka at the foreign exchange rates prevailing on the balance sheet date.

ii. Monetary assets and liabilities in foreign currencies are expressed in Taka at the rates of exchange prevailing on the balance sheet date.

iii Forward foreign exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

The assets and liabilities in foreign currencies are translated to Taka at exchange rates prevailing at the balance sheet date. The results of foreign entities are translated at the average rate of TT clean and TT and OD for the year ended 31 December 2016.

Exchange rates with major foreign currencies on 31 December 2016 were as follows:

Currency name	Exchange rate (Taka)
US Dollar	78.75
Euro	82.61
GBP	96.63

3.6.2 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date.

3.6.3 Translation gains and losses (BAS # 21)

As per provision of BAS # 21: The Effects of Changes in Foreign Exchange Rates, foreign currency transactions are translated into Taka at rates prevailing on the dates of such transactions and exchange gains or losses arising out of the said transactions are recognised as income or expense for the year in which the exchange account is dealt with.

3.7 Exchange equalisation account

This represents the amount arose from exchange gain due to de-valuation of Bangladesh Taka with foreign currencies up to 30 March 2003 and the system has been discontinued from 31 March 2003. The amount is accounted for as per instruction issued by the Central Bank (Bangladesh Bank) from time to time.

Notes to the Financial Statements

For the year ended 31 December 2016

2. Internal audit, internal control and risk management

The Banking Companies Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Bangladesh Bank Department of Off-site Supervision (DOS) has issued Circular No.-02 dated 15 February 2012 on Risk Management Guidelines for Banks and instructed all scheduled banks operating in Bangladesh to follow this Guidelines for managing various risks which have been complied by the Bank.

Risk Management is the key element for sound corporate governance of the Bank. With a recent addition in regulatory mandates and increasingly active participation of shareholders, the Bank has become increasingly concerned to identify areas of risks in the business, whether it is financial, operational, ICT or reputation risk. The Bank identifies, measures, monitors and manages all risks of the Bank. Sophisticated risk management framework is going to be implemented to carry out efficient risk management exercises of the Bank including documenting and assessing risks, defining controls, managing assessments and audit, identifying issues, implementing recommendations and corrective plans. In accordance with Bangladesh Bank Guidance, the Bank has established a risk framework that consists of six core factors, i.e. (i) Credit/Investment Risk (ii) Asset and Liability/Balance Sheet Risk (iii) Foreign Exchange Risk (iv) Internal Control and Compliance Risk (v) Money Laundering Risk and (vi) Information and Communication Technology Risk.
In addition, the Bank is also following relevant Bangladesh Bank guidelines on risk based capital adequacy, stress testing and managing the banking risks in other core risk areas.

The Bank has established an independent Risk Management Unit (RMU). The RMU conducts stress testing for examining the Bank's capacity of handling future shocks, as well as deals with all potential risks that might occur in future.

The Bank has also identified the following four key infrastructure components for effective risk management programs:

a) Proactive Board of Directors and Senior Management's Supervision;
b) Adequate Policies and Procedures;
c) Proper Risk-Measurement, Monitoring and Management Information Systems; and
d) Comprehensive Internal Controls.

2.1 Investment/Credit risk

Investment/Credit risk is simply defined as the failure of a bank borrower or counterparty to meet its obligations in accordance with agreed terms. Financial institutions have been facing difficulties over the years for a multitude of reasons. The major causes of serious banking problems continue to be directly related to tax Investment/Credit standards for borrowers and counterparties, poor portfolio risk management, or a lack of attention to changes in economic or other circumstances that can lead to deterioration in the Investment standing of a bank's counterparties. The goal of Investment/Credit risk management is to maximise a bank's risk-adjusted rate of return by maintaining Investment/Credit risk exposure within acceptable levels. The effective management of Investment/Credit risk is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking organization. The Basel Committee is encouraging Banks to promote sound practices for managing Investment/Credit risk. The sound Investment/Credit risk management practices include the following areas:

i. Establishing an appropriate Investment/Credit risk environment;
ii. Operating under a sound Investment/Credit-granting process;
iii Maintaining an appropriate Investment administration, measurement and monitoring process; and
iv. Ensuring adequate controls over Investment risk.

Notes to the Financial Statements

For the year ended 31 December 2016

ICB Islamic Bank Limited is keenly aware of the need to identify, measure, monitor and control Investment/Credit risk as well as to hold adequate capital against these risks for adequate compensation of risks incurred since exposure to Investment/Credit risk continues to be the leading source of problems in Banks world-wide. In this line Bank is following the system as per Guidelines of Bangladesh Bank. Bank has also adopted a policy to review the whole system, from time to time to cope with the multifarious situations.

To comply with the Directive of Bangladesh Bank (DOBB), the Bank has also taken steps for strengthening the function of Investment/Credit Administration i.e. Disbursement, Custodial Duties, Compliance, Investment/credit Monitoring and Recovery to maintain Investment/Credit Risk at the minimum level. In order to achieve this goal, Investment Administration and Supervision Department (IASD) is exerting all out efforts for completion of Security Documentation before disbursement, ensuring adequate Insurance Coverage to cover unforeseen risks, monitoring and follow up after disbursement of Investment/Credit to maintain the investment standard.

Recovery and Monitoring Department is engaged in monitoring the total Investment/Credit Classification position of the Bank vigilantly, managing all Classified and Special Mention Accounts to regularise for maximisation of recovery and ensuring appropriate investment loss provision timely.

2.2 Asset liability risk management

Asset Liability Management (ALM) is one of the key areas of risk management which mainly focuses on liquidity and profit rate risk of the bank. Decisions taken in the ALCO meetings were duly recorded and action plans were implemented by the branches/departments to optimize Bank's financial performances. As a part of regulatory requirement, the Board of Directors also reviewed the ALM manual and its components regularly.

2.3 Foreign exchange risk management

Foreign exchange risk is defined as the potential change in earnings due to unfavourable movement in exchange rates. Generally, the bank is less exposed to foreign exchange risk as all the transactions are carried out on behalf of the customers against L/C commitments and other remittance requirements. The bank has undertaken policy guidelines to minimize the foreign exchange risk for exposure in currency movement. Treasury department has separate front office. Its back office desks are responsible for currency transactions, deal verification and limit monitoring and settlement of transactions separately. The bank continuously revalued all foreign exchange positions at market rate as per the guidelines of Bangladesh Bank. All Nostro Accounts are timely reconciled and all outstanding entries are reviewed on a regular basis.

2.4 Anti-Money laundering risk management

The financial aspects of crime have become more complex due to rapid advancement in technology and the globalize character of the financial services industry. Money-Launderers often use their front companies which co-mingle the proceeds of illicit activity with legitimate funds in order to hide the ill-gotten gains. Therefore, prevention of laundering the proceeds of crime has become a major priority from all jurisdictions from which financial activities are carried out. The policy of the bank includes establishing adequate procedures of customer due diligence, reporting, record keeping, internal control, risk management and communication in order to forestall and prevent operations related to money laundering or financing of terrorism. Central Compliance Unit (CCU) of the Bank is performing supervisory and monitorial activities for the bank's internal procedures on anti-money laundering and anti-terrorism financing. It also ensures that bank complies with the anti-money laundering and anti-terrorism financing legislation, including the Know Your Customer rules.

Notes to the Financial Statements

For the year ended 31 December 2016

2.5 Internal control and compliance risk management

Adequate Internal Controls contribute significantly to the improvement of the performance of the banks through enforcing efficient managerial guards. Such control culture is duly reflected in the Policy Guidelines and Structural Changes of the Bank. Now the bank is considering sophisticated organisational structure to exercise strong control culture within the organisation by implementing policy guidelines of internal controls appropriately and strengthening internal controls system.

Internal Control and Compliance Division (ICCD) of the Bank comprises three units, namely (i) Compliance Unit, (ii) Monitoring Unit and (iii) Audit and Inspection Unit. The Division reviews and monitors Bank's Internal Control and Compliance Risk to help the Bank perform better through the use of its resources. The units of the Division are performing their functional activities in accordance with the Bank's own policies as well as guidance notes issued by Bangladesh Bank from time to time for mitigating the Internal Control and Compliance Risks of the Bank.

During the year 2015, Inspection teams of ICCD of the Bank and Bangladesh Bank carried out inspections on different Branches of the Bank and submitted reports thereof. Necessary remedial measures/corrective steps have been taken on the suggestions/observations made in the said reports. The summary of key points of the reports were also placed and discussed in the meeting of the Audit Committee of the Board of Directors. Appropriate actions have also been taken as per the decisions of the said Committee for protecting the Bank's assets.

Compliance: The bank has complied with the regulatory requirements including, the directives of Bangladesh Bank (primary regulator), National Board of Revenue, Securities and Exchange Commission, Registrar of Joint Stock Companies and Finance Ministry etc. having significant impact on the Bank's business.

Compliance is not a one-time event rather it is a continuous process. For this purpose, the bank's Internal Controls have been designed in such a manner so that the compliance with all the relevant regulatory requirements is carried out in each activity of the bank.

Now the Board of Directors and Senior Management of the bank has developed a high ethical and moral standard to ensure strong compliance culture in the bank. In this context, the bank gives priority on the following issues:-

i. To encourage employees to comply with all the policies, procedures and regulations;

ii. To maintain continuous liaison with the regulators at all level to obtain regular information on regulatory changes; and

iii To establish an effective communication process to distribute smoothly the relevant regulations among the officials of the concerned divisions and branches.

2.6 Information and communication technology risk management

The bank has adequately addressed ICT Risk Management. It is an in-depth exercise and continual process. The ICT Risk Management exercise mainly includes minimising financial loss to the institution in all events such as natural disaster, technological failure, human error etc.

In line with Central Bank directives, the Bank has redrawn its own Information and Communication Technology (ICT) Policies for operations and Services. Under these policy guidelines, a security policy has going to be worked out and implemented in the server system through Active Directory Services (ADS). It has also been trying to implement through Password Policy, Kerberos Policy, Audit Policy, Group Policy, User Rights, and Permission Policy etc. to abide by and adhere to what is laid down in the policy. It tries to centralize the administrative control to access the Network, Mailing System and access to Internet under this policy.

Notes to the Financial Statements

For the year ended 31 December 2016

2.7 Internal audit

Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Bank are consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Bank meets periodically with the internal audit team to review their audit plans, assess the manner in which these auditors are performing their responsibilities and to discuss their reports on, internal controls and financial reporting issues. To ensure complete independence, the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

A robust Risk Based Internal Audit (RBIA) has been implemented. Risk assessment by Internal Control focuses on compliance with the Bank's policies together with regulatory requirements, social, ethical and environmental risks for risk minimisation and to determine the future growth of the Bank.

Internal audit activities

i. To review and approve "Internal Audit Charter";
ii. To guide and approve "Internal Audit Plan";
iii To guide and review "Internal Audit Process and Procedure";
iv. To guide bank management body for ensuring compliance on audit recommendation(s) and scope of development;
v. To review compliance status of audit recommendation;
vi To review annual assessment of the performance of audit and inspection activity; and
vii. To recommend audit findings to be placed to the Board of Directors.

2.8 Fraud and Forgeries

Bank fraud is the use of potentially illegal means to obtain money, assets, or other property owned or held by a financial institution, or to obtain money from depositors by fraudulently posing as a bank or other financial institution.

To mitigate the fraud the Bank has taken following initiatives:

a) To review the corrective measures taken by the management with regard to reports relating to fraud-forgery, deficiencies in internal control and external auditors and inspectors of the regulatory authority and inform the Board on a regular basis;

b) Significantly improving the compliance culture and introducing stricter controls to eliminate fraud exposures; and

c) To the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.

3. Summary of significant accounting policies and basis for preparation of financial statements

3.1 Statement of compliance

The financial statements of the Bank are prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and the requirements of the Banking Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987. In case any requirement of the Banking Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of BFRS, the requirements of the Banking Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of BFRS are as follows:

i) Investment in shares and securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Notes to the Financial Statements

For the year ended 31 December 2016

ii) Revaluation gains/ losses on Government securities

BFRS: As per requirement of BAS 39 where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through profit and loss account. Securities designated as Held to Maturity ((HTM) are measured at amortised cost method and interest income is recognised through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of marked to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

iii) Provision on investments

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision @ 0.25% to 5% under different categories of unclassified investments (good and special mentioned accounts) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Recognition of profit in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once an investment is classified, profit on such investments is not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

v) Other comprehensive income

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

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vi) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2016

vii) Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, dated 23 September 2012 financial guarantees such as letter of credit, letter of guarantees will be treated as off-balance sheet items. No liability is recognised for the guarantees except the cash margin.

viii) Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bonds are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

ix) Non-banking asset

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

Bangladesh Bank: As per BRPD 14, dated 25 June 2003 there must exist a face item named Non-banking asset.

x) Cash flow statement

Cash flow statement has been prepared in accordance with BAS-7, "Statement of Cash Flows" and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated June 25, 2003. The cash flow statement shows the structure of changes in cash and cash equivalents during the financial year. It is segregated into operating activities, investing activities and financial activities.

xi) Balance with Bangladesh Bank: (Cash Reserve Requirement)

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

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

xii) Presentation of intangible asset

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

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

xiii) Off-balance sheet items

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

Bangladesh Bank: As per BRPD 14, off balance sheet items (e.g. Letter of credit, Letter of guarantee, etc.) must be disclosed separately on the face of the balance sheet.

xiv) Investments net of provision

BFRS: Investments should be presented net off provision.

Bangladesh Bank: As per BRPD 14, provision on investments is presented separately as a liability and can not be netted off against loans and advances.

3.2 Consolidation

Separate set of records for consolidation of the statement of affairs and income and expense statement of the branches was maintained at the Head Office of the bank based on which these financial statements have been prepared. All significant inter-branch transactions are eliminated on consolidation.

Notes to the Financial Statements

For the year ended 31 December 2016

3.3 Going concern assumption

The management of the Bank feels that the going concern assumption will remain effective. There are 6 cases pending before the Supreme Court Appellate Division regarding sponsor shareholders who hold substantial shares of the Bank whereby they have major influence over the decision making process of the Bank where Bangladesh Bank is appealing against the High Court decision. The management is optimistic about the cases that the final ruling of the court will be in favour of the Bank which will pave the path for injecting fresh capital.

Furthermore, the Bank is trying to sell the three properties acquired against settlement of Investments, namely, Tobacco Industries Ltd., Kushal Centre and Bishal centre which will fetch approximately BDT 200 crores. This amount will be absorbed in the Bank's retained earnings as well as help in upgrading the Bank's present capital base.

The initiatives taken by the Bank are cost optimisation, profit maximisation through increasing loans and advances, launching new products, etc. The Bank is considering various options and plans to address the issue of working capital deficiency.

3.4 Accruals and deferrals

Deferrals and accruals have been made as per the guidance of BASB Framework: BAS # 1: Presentation of Financial Statements. In order to meet their objectives, financial statements except for Statement of Cash Flows and related information are prepared on accrual basis of accounting. Under this basis, the effects of transactions and other events are recognised when they occur (and not when cash or its equivalent is received or paid) and they are recorded in accounts and reported in the financial statements of the periods to which they relate.

3.5 Revenue recognition

The revenues during the year are recognised on an accrual basis, which comply with the conditions of revenue recognition as provided in BAS # 18: Revenue.

3.5.1 Profit and expenses

Profit income and expenses for all profit-bearing financial instruments except for those classified as held-for-trading or designated at fair value are recognised in the income statement using the effective Profit rates of the financial assets or financial liabilities to which they relate. The effective Profit rate is the rate that exactly discounts estimated future cash receipts or payments earned or paid on a financial asset or financial liability through its expected life or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective profit rate, the Group estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the ICB Islamic Bank that are an integral part of the effective Profit rate, including transaction costs and all other premiums or discounts. Profit on impaired financial assets is calculated by applying the original effective Profit rate of the financial asset to the carrying amount as reduced by any allowance for impairment.

3.5.2 Non-profit Income

3.5.2.1 Fees and commissions

Fees and commissions are accounted for as follows:

i. Income earned on the execution of an act is recognised as revenue when the act is completed;

ii. Income earned from providing services over a period of time is recognised over the service period during which the related service is provided or credit risk is undertaken; and

iii Income which forms an integral part of the effective profit rate of a financial instrument is recognised and recorded as profit income.

Notes to the Financial Statements

For the year ended 31 December 2016

3.5.2.2 Dividend income

Dividend income is recognised when the right to receive the payment is established.

3.5.2.3 Investments in securities

Income on investments in securities has been accounted for on accrual basis.

3.5.2.4 Letters of credit, letters of guarantee and others

Commission charged to customers on letters of credit and letters of guarantee is credited to income at the time of effecting the transactions.

3.5.2.5 Profit paid and other expenses

In terms of the provision of BAS # 1: Presentation of Financial Statements, profit paid and other expenses are recognised on accrual basis.

3.6 Foreign currency translation

3.6.1 Foreign currencies transactions (BAS # 21)

i. Transactions in foreign currencies are translated into Taka at the foreign exchange rates prevailing on the balance sheet date.

ii. Monetary assets and liabilities in foreign currencies are expressed in Taka at the rates of exchange prevailing on the balance sheet date.

iii Forward foreign exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

The assets and liabilities in foreign currencies are translated to Taka at exchange rates prevailing at the balance sheet date. The results of foreign entities are translated at the average rate of TT clean and TT and OD for the year ended 31 December 2016.

Exchange rates with major foreign currencies on 31 December 2016 were as follows:

Currency name	Exchange rate (Taka)
US Dollar	78.75
Euro	82.61
GBP	96.63

3.6.2 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date.

3.6.3 Translation gains and losses (BAS # 21)

As per provision of BAS # 21: The Effects of Changes in Foreign Exchange Rates, foreign currency transactions are translated into Taka at rates prevailing on the dates of such transactions and exchange gains or losses arising out of the said transactions are recognised as income or expense for the year in which the exchange account is dealt with.

3.7 Exchange equalisation account

This represents the amount arose from exchange gain due to de-valuation of Bangladesh Taka with foreign currencies up to 30 March 2003 and the system has been discontinued from 31 March 2003. The amount is accounted for as per instruction issued by the Central Bank (Bangladesh Bank) from time to time.

Notes to the Financial Statements

For the year ended 31 December 2016

3.8 Assets and their basis of valuation

3.8.1 Cash and cash equivalents

As per provision of BAS # 7: Statement of Cash Flows, for the purpose of the Statement of Cash Flows of the Bank, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with central bank, treasury bills, and other eligible bills, amounts due from other banks and dealing securities other than those which are not available to finance the ICB- Islamic Bank's day to day operations.

3.8.2 Investments

Investments are stated at gross amount. Provision and Profit suspense against investments are shown separately as liability. Profit income is accounted for on accrual basis until the investments are defined as Special Mentioned Account (SMA) or classified accounts as per Bangladesh Bank guidelines.

As per BRPD circular no. 14 dated 23 September 2012, Profit on classified Investments (other than bad/loss investments) is required to be credited to profit suspense account instead of income account. Such profit kept in suspense account should be reversed to income account only when respective investment accounts become regular and / or realised in cash.

3.8.2.1 Provision for Investment

Provision against classified loans and advances is made on the basis of periodical review by the management and instruction contained in BCD Circular No. 12 dated 04 September 1995, BRPD circular No. 16 dated 06 December 1998, BRPD circular No. 09 dated 14 May 2001, BRPD circular No. 02 dated 15 February 2005, BRPD circular No. 05 dated 27 April 2005 and BRPD circular No. 32, dated 27 October 2010, BRPD Circular No 14 dated 23 September 2012, BRPD Circular No. 05 dated 29 May 2013. The provisioning rates as per Bangladesh Bank circulars are as follows:

Business Unit		Unclassified		Classified		
		Standard	SMA	SS	DF	BL
Short term Agri. Credit		5%	-	5%	5%	100%
Consu-mer	Housing Finance	2%	2%	20%	50%	
	Loan for Professionals	2%	2%	20%	50%	100%
	Other than Housing Financing & Professionals	5%	5%	20%	50%	100%
Housing Finance		0.25%	0.25%	20%	50%	100%
Loan for Professionals		2%	2%	20%	50%	100%
Other than Housing Financing & Professionals		1%	1%	20%	50%	100%
Off balance sheet exposure - 1%						

3.8.2.2 Security against Investments:

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2016

3.8.2.3 Bills purchased and discounted

Bills purchased and discounted do not include Government Treasury bills and have been classified into two sub-heads viz.

i. Payable in Bangladesh and

ii. Payable outside Bangladesh.

The bills purchased and discounted have been analysed in the form/terms as per the maturity grouping.

3.9 Investment in shares and securities

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

3.9.1 Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term if so designated by management.

3.9.2 Investment and receivables

Investment and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money, goods or services directly to a debtor with no intention of trading the receivables.

3.9.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. If the Group sells other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

3.9.4 Available-for-sale investment

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in profit rates, exchange rates or equity prices.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognized on trade-date (the date on which the ICB Islamic Bank commits to purchase or sell the asset). Investment is recognized when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Investment and receivables and held-to-maturity investments are carried at amortized cost using the effective Profit method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity is recognized in profit or loss. However, Profit calculated using the effective Profit method is recognized in the income statement. Dividends from available-for sale equity instruments are recognized in the income statement when the entity's right to receive payment is established. The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the ICB Islamic Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Notes to the Financial Statements

For the year ended 31 December 2016

3.9.5 Valuation Method

Investments have been shown under two broad categories viz Government Securities and Other Investments.

Investments have been considered as follows:

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

3.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.11 Acceptance receivables and payables

Acceptance receivables and payables are stated at the value of the Letter of Credit or realised value of the Letter of Credit accepted by accepting banks. The acceptance receivables are presented net of allowance for possible losses.

3.12 Foreclosed properties

Foreclosed properties are recorded at the lower of its fair value (less costs to sell) and the carrying amount of the investment (net of impairment allowance) at the date of foreclosure. No depreciation is provided in respect of foreclosed properties. Any subsequent write down of foreclosed properties to fair value (less cost to sell) is recorded as a fair value change and included in the income statement. Any subsequent increase of the fair value (less cost to sell), to the extent this does not exceed the cumulative fair value change, is recognised in the income statement.

3.13 Prepaid lease payments

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

3.14 Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on straight- line basis over the expected useful lives of three to five years. Costs associated with developing or maintaining computer software programmers are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Bank and that will probably generate economic benefits exceeding costs beyond one year are recognised as Core Banking Software.

3.15 Property and equipment

Buildings comprise mainly of bank branches and offices. All property and equipment are stated at historical cost/revaluation less any impairment losses and depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Notes to the Financial Statements

For the year ended 31 December 2016

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

	Name of the assets	Depreciation rate
i.	Buildings	5%
ii.	Furniture and fittings	10%
iii.	Motor vehicles	20%
iv.	Computer hardware	20%
v.	Renovation	20%
vi.	Intangible assets	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Property and Equipment is subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable. Up to 31 December 2007 bank charged depreciation on fixed assets using the reducing balance method which changed in 2008 and adjustment are incorporated with current year depreciation.

3.15.1 Non banking assets

This represents assets acquired by the Bank upon the agreement with the client and Honourable Court's order against investment. Bank has taken the ownership of the non-banking assets on the basis of power of attorney of Bishal Centre on 8 March 2005 and Kushal Centre on 13 June 2000, against settlement of Investments. Bank is now trying to transfer the ownership related document in its name by obtaining mutation. First acquisition amount against three properties i.e. Bishal Centre BDT 220,000,000; Kushol Centre BDT 75,000,000 and Tobacco Industries Ltd. BDT 100,000,000; total amounting BDT 395,000,000. Subsequently M/s Huda Vasi Chowdhury & Co. revaluated the Properties on 31 December 2009 Bishal Centre at BDT 607,776,130; Kushol Centre at BDT 142,500,000 and Tobacco Industries Limited at BDT 199,668,673; total amounting BDT 949,944,803.

3.16 Taxation

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

3.16.1 Current tax

Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognized directly in shareholder's equity in which case it is recognized in shareholder's

As per requirement of BAS # 12: Income Taxes, the Bank has a policy to measure current tax liability at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Tax rate is 42.5% as prescribed in Finance Act 2016 on taxable profits of the banks and financial institutions. The Bank was not required to provide income tax as it has previous assessed loss which will offset the taxable income. But as per requirement of Income Tax Ordinance 1984, minimum tax @ 0.60% of gross receipts has been provided in accounts.

3.16.2 Deferred Tax

As per provision of BAS # 12: Income Taxes, deferred tax assets and deferred tax liabilities shall be measured and shall be reflected the tax consequence of the entity at the balance sheet date.

Deferred tax is recognised, using the liability method on temporary differences between the carrying amount of assets and liabilities in the balance sheet and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences; unused tax loss and unused tax credit can be utilised. The tax rate (42.5%) prevailing at the balance sheet date is used to determine deferred tax.

The Bank did not recognise any deferred tax during the year as there would have arisen deferred tax income if deferred tax was recognised due to huge loss of the Bank at balance sheet the date which is adjustable against future profits.

Notes to the Financial Statements

For the year ended 31 December 2016

3.17 Functional and presentation currency

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

3.18 Critical accounting estimates and judgments in applying accounting policies

As per provision of BAS # 1 : Presentation of Financial Statements, the preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.18.1 Valuation of financial instruments

The Bank's accounting policy for valuation of financial instruments is included in Note 7. As required in BAS # 19: Employee Benefit, provident fund and gratuity benefits are given to eligible staff of the Bank in accordance with the locally registered rules and the entity shall disclose the amount recognized as an expense for defined contribution plan.

3.19 Liabilities and provision

3.19.1 Retirement benefits of employees

3.19.1.1 Provident fund

Provident fund benefits are given to the staff of the Bank in accordance with the registered Provident fund rules. The commissioner of Income Tax, Large Tax Payers Unit, Dhaka has approved the Provident Fund as a recognised fund within the meaning of section 2(52) read with the provisions of Part - B of the First Schedule of Income Tax Ordinance 1984. The fund is operated by a Board of Trustees consisting of 06 (six) members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount to the fund. Contributions made by the bank are charged as an expense. Profit earned from the investments is credited to the members' account on half yearly basis.

3.19.1.2 Gratuity

As per service rules of the Bank, every permanent employee is entitled to 50% of basic salary for 5 to 10 years, 75% of basic salary for 10 to 15 years and 100% of basic salary for more than 15 years for every completed year of services with the Bank. But sufficient provision was not created for gratuity in the financial statements as at 31 December 2016.

On 121st Board of the Directors meeting held on 21 July, 2014. it is resolved that provision is to be made on monthly basis.

Estimated liability as at 31 December 2016 on accrual basis is Taka 74,864,803 against which an amount of Taka 47,686,675 is provided as provision for gratuity. Management is, however, optimistic to cover the shortfall in forthcoming years.

3.19.2 Provisions and accrued expenses

Provisions and accrued expenses are recognised in the financial statements when the bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.20 Deposits and other accounts

As per requirement of paragraph 39 of BFRS # 7: Financial Instruments: Disclosures, deposits and other accounts including bills payable of the Bank have been analysed in terms of the maturity grouping showing separately other deposits and inter-bank deposits.

Notes to the Financial Statements

For the year ended 31 December 2016

3.21 Contingent liabilities, commitments and other off-balance sheet items

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

3.22 Nostro reconciliation position:

The Bank maintains 04 Nostro accounts with various banks outside the country. Reconciliation of nostro accounts has been completed up to 31 December 2016.

3.23 Statement of cash flows

BAS # 1: Presentation of Financial Statements, requires that a statement of cash flows is to be prepared as it provides information about cash flows of the enterprise which is useful in providing users of financial statements with a basis to asses the ability of the enterprise to generate cash and cash equivalents and the needs of the enterprise to utilize those cash flows. Statement of Cash Flow has been prepared under the direct method for the period, classified by operating, investing and financing activities as prescribed in BAS # 7, statement of cash flows.

3.24 Comparative Information

As per requirement of BAS # 1: Presentation of Financial Statements, comparative information in respect of the previous year have been presented in all numerical information in the financial statements and the narrative and descriptive information where, it is relevant for understanding of the current year's financial statements.

3.25 Earnings per share (EPS)

Earnings per share has been calculated in accordance with BAS # 33: Earnings per share (EPS) which has been shown on the face of profit and loss account and the computation of EPS has been stated in Note 41.

3.25.1 Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

3.25.2 Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time-weighted factor. The time-weighted factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the year.

3.26 General

a) Wherever considered necessary, previous year's figures have been rearranged for the purpose of comparison; and

b) Figures appearing in these Financial Statements have been rounded off to the nearest Taka.

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
4.	**Cash**		
(a)	**In hand**		
	i) Local currency	203,095,883	212,435,531
	ii) Foreign currencies (note 4.1)	6,978,294	10,812,532
	Sub-total (a)	210,074,177	223,248,063
(b)	**Balance with Bangladesh Bank and its agent bank(s)** (note 4.2)		
	Balance with Bangladesh Bank (note 4.2)	921,840,039	899,830,517
	Balance with Sonali Bank (as agent of Bangladesh Bank)	28,787,581	28,137,019
	Sub-total (b)	950,627,620	927,967,536
	Grand total (a+b)	**1,160,701,797**	**1,151,215,599**

4.1 Foreign currencies

Foreign Currency	Amount in F.C	Exchange Rate		
US Dollar	2,758	78.750	217,193	2,625,835
Great Britain Pound	69,520	96.630	6,717,732	8,141,443
Euro	525	82.610	43,370	45,254
Total			**6,978,294**	**10,812,532**

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

Balance with Bangladesh Bank			
(i)	Local currency	885,778,568	859,551,126
(ii)	Foreign currencies	36,061,470	40,279,391
Sub-total (a)		**921,840,039**	**899,830,517**
Balance with Sonali Bank In local currency (b)		28,787,581	28,137,019
Grand Total (a+b)		**950,627,620**	**927,967,536**

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

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Banking Companies Act 1991, BRPD circular nos. 11 and 12 dated 25 August 2005 and MPD circular no. 116/2010-1712, dated in 01 December 2010 and MPD circular nos. 4 and 5 dated 01 December 2010 and MPD circular no. 01 dated 23 June 2014.

The statutory CRR on the Bank's time and demand liabilities at the rate 6.5% has been calculated and maintained with Bangladesh Bank in local currency and 5.5% SLR has also been maintained in the form of cash in hand, balance with Bangladesh Bank and its agent bank, TT in transit and unencumbered approved securities. CRR and SLR maintained by the Bank are shown below:

(a)	**Cash Reserve Requirement**		
	Required reserve	604,534,820	601,287,000
	Actual reserve maintained	604,534,820	601,287,000
	Surplus/ (deficit)	-	-
(b)	**Statutory Liquidity Ratio**		
	Required reserve (including CRR)	511,529,470	508,781,000
	Actual reserve maintained (including CRR)	621,020,108	606,895,063
	Surplus/ (deficit)	109,490,638	98,114,063

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
4.4	**Held for Statutory Liquidity Ratio(*)**		
	Cash in hand (note 4.a)	210,074,177	223,248,063
	Cash with Bangladesh Bank and its agent bank	310,945,931	283,647,000
	Government securities (note 7. a)	-	-
	Government bonds (note 7.c. iii)	100,000,000	100,000,000
		621,020,108	606,895,063
	(*) As per statement submitted to Bangladesh Bank		
5.	**Balance with other banks and financial institutions**		
	In Bangladesh (note 5.1)	24,386,162	82,046,763
	Outside Bangladesh (note 5.2)	5,007,657	26,336,013
		29,393,820	**108,382,777**
5.1	**In Bangladesh**		
	Current account	**11,862,602**	**53,952,423**
	Sonali Bank Ltd (HO Balance)	8,942,012	46,703,494
	Modhumoti Bank Ltd (OBU)	2,783,090	-
	Dutch Bangla Bank Ltd	107,268	9,238
	Islami Bank Bangladesh Ltd	30,232	7,239,692
	Mudaraba Short Term/Short Term Deposit Account	**6,369,913**	**22,312,618**
	Prime Bank Ltd	92,723	2,232,417
	National Credit and Commerce Bank Ltd-IME	2,920,449	11,490,087
	Trust Bank Ltd	3,356,741	8,590,115
	PLS MD Savings/Savings Account	**6,153,647**	**5,781,722**
	Al-Arafah Islami Bank Ltd (MD)	5,696,919	5,496,978
	Shahjalal Bank Ltd (MSB A/C)	11,570	11,300
	AB Bank Ltd	435,332	263,617
	Social Islami Bank Ltd (MSD)	9,826	9,826
		24,386,162	**82,046,763**
5.2	**Outside Bangladesh (NOSTRO Accounts)**		
	Current account		
	ICICI Bank Ltd, Mumbai, India	1,092,578	1,089,179
	Mashreq Bank, New York WES	-	22,855,589
	AB Bank Ltd, Mumbai	1,793,414	276,181
	Sonali Bank, Kolkata	2,121,665	2,115,064
	(Annexure - A)	**5,007,657**	**26,336,013**
5.3	**Maturity grouping of balance with other banks and financial intuitions**		
	Payable on demand	29,393,820	108,382,777
	Up to 1 month	-	-
	Over 1 month but not more than 3 months	-	-
	Over 3 months but not more than 6 months	-	-
	Over 6 months but not more than 1 year	-	-
	Over 1 year but not more than 5 years	-	-
	Over 5 years	-	-
		29,393,820	**108,382,777**

AMAR STOCK

Notes to the Financial Statements

For the year ended 31 December 2016

			Amount in Taka	
			2016 BDT	2015 BDT

6. Placement with banks and other financial institutions

Name of the Bank/ Financial Institutions	Maturity At	Nature		
PLFSL	01-01-2017	MTD	10,000,000	-
FAS Finance and Investment Ltd	01-02-2017	MTD	20,000,000	-
FAS Finance and Investment Ltd	29-01-2017	MTD	20,000,000	-
FAS Finance and Investment Ltd	30-01-2017	MTD	30,000,000	-
PLFSL		MTD	-	100,000,000
ILFSL		MTD	-	50,000,000
PLFSL		MTD	-	50,000,000
PLFSL		MTD	-	50,000,000
PLFSL		MTD	-	50,000,000
PLFSL		MTD	-	50,000,000
FAS Finance and Investment Ltd		MTD	-	50,000,000
FAS Finance and Investment Ltd		MTD	-	50,000,000
FAS Finance and Investment Ltd		MTD	-	100,000,000
FAS Finance and Investment Ltd		MTD	-	100,000,000
PLFSL		MTD	-	50,000,000
			80,000,000	700,000,000

7. Investments in shares and securities

	Holding Share	Cost		
a) Government		-	-	-
Sub-total (a)		-	-	-
b) Investment in subsidiary companies		-	-	-
Sub-total (b)		-	-	-
c) Others:				
i) Bangladesh Commerce Bank Limited (Un-quoted)	**90,000**	9,000,000	9,000,000	9,000,000
ii) CDBL (Un-quoted)	156,945	1,569,450	1,569,450	1,569,450
Bonus shares	414,236			
Total CDBL	**571,181**			
iii) Islamic bonds		100,000,000	100,000,000	100,000,000
Total Others		110,569,450	110,569,450	110,569,450
Total (a+b+c)		**110,569,450**	**110,569,450**	**110,569,450**

(i) Investment classified as per Bangladesh Bank Circular:

Held for trading (HFT)	-	-
Held to maturity (HTM)	-	-
Other securities	110,569,450	110,569,450
	110,569,450	**110,569,450**

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
(ii)	Investment classified as per nature:		
	a) Government securities:		
	28 days treasury bills	-	-
	30 days treasury bills	-	-
	91 days treasury bills	-	-
	182 days treasury bills	-	-
	364 days treasury bills	-	-
	Reverse repo with Bangladesh Bank	-	-
	2 years treasury bills	-	-
	5 years treasury bills	-	-
		-	-
	Government bonds:		
	Prize bonds	-	-
	Government bonds	-	-
		-	-
	b) Other investments:		
	Shares and bonds	110,569,450	110,569,450
	Total (a+b)	**110,569,450**	**110,569,450**

7.1 Maturity grouping of investments

On demand	-	-
Up to 1 month	-	-
Over 1 month but not more than 3 months	100,000,000	100,000,000
Over 3 months but not more than 6 months	-	-
Over 6 months but not more than 1 year	-	-
Over 1 year but not more than 5 years	-	-
Over 5 years	10,569,450	10,569,450
	110,569,450	**110,569,450**

7.2 Investment in shares

Quoted:		-
Unquoted:		
Bangladesh Commerce Bank Ltd (90,000 Shares)	9,000,000	9,000,000
Central Depository Bangladesh Limited (571,181 Shares)	1,569,450	1,569,450
	10,569,450	10,569,450
	10,569,450	**10,569,450**

7.2.1 Investment in shares of Bangladesh Commerce Bank Limited (BCBL) refers to conversion of balance receivable into share capital of BCBL which is a non-listed Public Limited Company.

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT

7.2.2 During the year 2006 a sum of Taka 1 (one) million was invested for 1 (one) million shares of Central Depository and another 569,450 shares were obtained as right share, issued by Central Depository Bangladesh Limited (CDBL). Per share value was Taka 1 (one). Now per share value is Taka 10 (ten).

8. Investments

General investments, etc (note-8.2.i)	9,349,509,460	9,185,594,178
Bills purchased and discounted (note-8.2.ii)	2,918,965	2,917,465
	9,352,428,425	**9,188,511,643**

8.1 Maturity-wise classification

(i)	Repayable on demand	280,572,853	275,655,349
	With a residual maturity of		
(ii)	Not more than 3 months	467,621,421	459,425,582
(iii)	Over 3 months but not more than 1 year	1,870,485,685	1,837,702,329
(vi)	Over 1 year but not more than 5 years	5,611,457,055	5,513,106,986
(v)	More than 5 years	1,122,291,411	1,102,621,397
		9,352,428,425	**9,188,511,643**

8.2 Mode-wise Investment

(i) General investments, etc

Inside Bangladesh		
Murabaha-Com.-Advance Agt. Imported Merchandise (AIM)	321,568,334	355,455,426
Murabaha (Pledge)	86,042,628	85,687,043
Murabaha Under Secured Guarantee (MUSG)	81,754,218	73,153,060
Bai-Muajjal (Hypothecation)	4,535,608,015	4,184,059,998
Bai-Muajjal - PC	12,134,432	14,741,692
Bai-Muajjal - TR	734,748,157	700,869,270
Payments Against Documents (Cash)	83,048,353	83,012,353
Bai-Muajjal (ICBIBLCFS)	75,126,421	104,440,229
Bai Muajjal - Forced Investment (Against B/B - L/C)	84,250,840	102,596,053
Staff Loan - Provident Fund	2,534,016	8,119,633
Hire Purchase	2,592,634,848	2,658,117,908
HP House Building - Staff	401,959	520,791
HP House Building - General	739,657,239	814,820,723
	9,349,509,460	9,185,594,178
Outside Bangladesh	-	-
	9,349,509,460	9,185,594,178

(ii) Bills purchased and discounted (note 8.9)

Payable Inside Bangladesh		
Inland bills purchased	2,918,965	2,917,465
Payable Outside Bangladesh		
Foreign bills purchased and discounted	-	-
	2,918,965	2,917,465
	9,352,428,425	**9,188,511,643**

8.2.1 Geographical Location-wise classification of investments

(i)	**Inside Bangladesh**		
	In Urban Areas	9,352,428,425	9,188,511,643
	In Rural Areas	-	-
		9,352,428,425	9,188,511,643
(ii)	**Outside Bangladesh**	-	-
		9,352,428,425	**9,188,511,643**

Notes to the Financial Statements

For the year ended 31 December 2016

	Amount in Taka	
	2016 BDT	2015 BDT

8.2.2 Division-wise classification of Investments

Name of the Division		
Dhaka Division	7,928,000,967	8,063,585,327
Chittagong Division	778,948,277	530,569,684
Khulna Division	453,837,717	390,144,339
Rajshahi Division	74,487,360	71,973,259
Barisal Division	10,072,265	14,624,066
Sylhet Division	107,081,838	117,614,968
Rangpur Division	-	-
	9,352,428,425	**9,188,511,643**

8.3 Group-wise classification of Investments

a)	Investments to Directors	-	-
b)	Investments to Chief Executive and other senior executives	-	-
c)	Investments to customer groups:		
	i) Export financing	2,623,988	2,618,988
	ii) House building loan	740,059,198	815,341,514
	iii) Consumers credit scheme	193,618,979	216,295,871
	iv) Small and medium enterprises	5,017,289,982	4,652,929,769
	v) Staff loan	23,584,415	39,859,488
	vi) Other Investments	2,226,676,037	2,315,340,918
		8,203,852,600	8,042,386,549
d)	Industrial Investments		
	i) Agricultural industries	-	-
	ii) Textile industries	-	-
	iii) Food and allied industries	2,299,776	2,268,648
	iv) Leather, chemical, cosmetics, etc.	-	-
	v) Tobacco industries	-	-
	vi) Service Industries	771,045,330	719,401,977
	vii) Transport and communication industries	-	-
	viii) Other industries	375,230,720	424,454,469
		1,148,575,826	1,146,125,094
		9,352,428,425	**9,188,511,643**

8.4 Classification of status-wise investment

	Percentage		
Unclassified			
Standard including staff loan	27.00%	2,525,278,554	2,163,980,513
Special mentioned account (SMA)	1.11%	103,635,654	28,733,090
	28.11%	2,628,914,207	2,192,713,604
Classified			
Sub-standard	0.55%	51,462,075	20,888,915
Doubtful	0.54%	50,644,462	78,948,571
Bad / Loss	70.80%	6,621,407,680	6,895,960,554
	71.89%	6,723,514,218	6,995,798,040
	100%	**9,352,428,425**	**9,188,511,643**

Notes to the Financial Statements

For the year ended 31 December 2016

			Amount in Taka	
			2016 BDT	2015 BDT
8.5	**Particulars of Investments**			
	i)	Investments considered good in respect of which the Bank is fully secured	2,525,278,554	2,192,713,604
	ii)	Investments considered good against which the Bank holds no security other than the debtors' personal guarantee	66,493,853	121,804,688
	iii)	Investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors		
	iv)	Investments adversely classified; provision not maintained there against	-	-
			2,591,772,407	2,314,518,292
	v)	Investments due by directors or officers of the banking company or any of them either separately or jointly with any other persons	23,584,415	39,859,488
	vi)	Investments due from companies or firms in which the directors of the Bank have interest as directors, partners or managing agents or in case of private companies, as members	-	-
	vii)	Maximum total amount of advances / investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.	-	-
	viii)	Maximum total amount of advances / investments, including temporary advances / investments granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in the case of private companies, as members	-	-
	ix)	Due from banking companies	-	-
	x)	Classified Investments		
		a) Classified Investments on which profit has not been charged (note 8.4)	6,621,407,680	6,995,798,040
		b) Provision on classified Investments (note 13.1)	3,902,716,526	3,952,716,526
		c) Provision required against Investments classified as bad debts	3,878,958,644	3,878,958,644
		d) Profit credited to profit suspense account (note 13.2)	1,417,193,815	1,423,775,313
	xi)	Cumulative amount of written off Investments		
		Opening Balance	5,851,155,406	5,851,155,406
		Amount written-off during the year	-	-
			5,851,155,406	5,851,155,406
		Amount realised against Investments previously written off	15,101,274	14,691,920
		The amount of written off / classified Investments for which law suits have been filed	3,627,049,734	3,627,049,734

Written-off amount includes, written-off Taka 3,685,282,078 on which the Bank has the right to law suits and waived Taka 2,165,873,328 on which it has no right to law suits.

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
8.6	**Sector-wise Investments including bills purchased and discounted**		
	Public sector	-	-
	Co-operative sector	-	-
	Private sector	9,352,428,425	9,188,511,643
		9,352,428,425	**9,188,511,643**

8.7 Details of large Investments

Number of clients with outstanding amount and classified investments exceeding 10% of total capital of the Bank. Total capital of the Bank is Taka 6,647 million as at 31 December 2016 (it was Taka 6,647 million in 2015).

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

8.8 Particulars of required provision for Investments

Status	Base for provision	Rate (%)		
General Provision				
Investments (Excluding SMA)	2,124,121,025	Various	130,927,887	24,551,863
Special mentioned account (SMA)	28,733,090	Various	2,016,094	470,460
			132,943,981	**25,022,323**
Status	**for provision**	**(%)**		
Specific provision				
Sub-standard	8,444,221	20	1,688,844	1,298,905
Doubtful	9,264,914	50	4,632,457	10,696,795
Bad / Loss	3,753,203,925	100	3,753,203,925	3,878,958,644
			3,759,525,226	3,890,954,344
Required provision for investments			3,892,469,207	3,915,976,667
Total provision maintained (note 13.1)			3,932,855,367	3,982,855,367
Excess / (short) provision			40,386,160	66,878,700

8.9 Bills purchased and discounted

Payable in Bangladesh	2,918,965	2,917,465
Payable outside Bangladesh	-	-
	2,918,965	**2,917,465**

8.9.1 Maturity grouping of bills purchased and discounted

Payable within one month	583,793	583,493
Over one month but less than three months	1,459,483	1,458,733
Over three months but less than six months	875,690	875,240
Six months or more	-	-
	2,918,965	**2,917,465**

9. Fixed assets including premises

Furniture and fixtures	51,423,435	54,578,232
ATM	839,412	1,613,798
Software	1,655,015	2,549,745
Office equipment	2,662,980	6,318,754
Vehicles	-	2,165,793
Net book value at the end of the year (Annexure B)	**56,580,842**	**67,226,322**

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
10.	**Other assets**		
	Stationery and stamps	2,033,636	2,257,986
	Prepaid expenses	16,331,618	15,866,765
	Income receivable	3,848,100	14,438,532
	Advance payment of income tax	152,603,164	147,925,749
	Advance deposits	824,085	849,085
	Advance against rent	40,521,779	57,823,938
	Advance others	93,243,078	29,658,231
	Possession rights of premises	1,731,730	1,832,170
	Branch adjustment account (note 10.1)	63,828,908	64,711,404
	Suspense account (note 10.2)	62,859,518	60,761,857
	Sundry assets (note 10.3)	3,210,200,093	3,210,911,130
		3,648,025,707	3,607,036,846
	Less: Provision (note 10.4)	3,250,793,661	3,250,793,661
		397,232,046	356,243,185
	Deferred tax assets	112,741,451	112,741,451
		509,973,497	**468,984,636**
10.1	**Branch adjustment account**		
	General accounts debit	64,804,443	67,477,000
	General accounts credit	975,535	2,765,596
		63,828,908	**64,711,404**
	GL intermediate account	-	-
		63,828,908	**64,711,404**

Branch adjustment account represents outstanding inter-branch and Head Office transactions (net) originated but yet to be responded at the balance sheet date. However, the status of unresponded entries as on 31 December 2016 are given below:

Un-reconciled entries of Inter Branch Transactions In Bangladesh

	Number of Unresponded			
	Dr	Cr	Dr	Cr
Up to 3 months	-	105	-	975,535
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	6	-	64,804,443	-
	6	**105**	**64,804,443**	**975,535**

10.2	**Suspense account**		
	Sundry debtors	15,881,830	17,068,416
	Protested bill	32,297,085	32,297,085
	Advance against TA/DA	-	-
	Advance payment of profit	14,656,843	11,184,021
	Advance to SWIFT	23,760	23,760
	OC outstanding for collection	-	188,575
	Bill payment	-	-
	ATM cash feeding account	-	-
		62,859,518	**60,761,857**
10.3	**Sundry assets**		
	Adjustable blocked account (*)	1,896,587,714	1,896,587,714
	Adjustable blocked account-2006 (*)	1,307,669,839	1,307,669,839
	Clearing adjustment account	-	711,037
	Stock of sign board (**)	2,466,895	2,466,895
	Non resident UK	3,301,487	3,301,487
	A/C receivable - Bangladesh Bank	174,158	174,158
		3,210,200,093	**3,210,911,130**

(*) Adjustable blocked accounts represent loans disbursed by various branches of the Bank which are not traceable. These loan accounts were taken out from the respective branches by debiting adjustable blocked account and correspondingly crediting the loan accounts. The adjustable blocked accounts were created to keep record of misappropriations conducted by several branches of ICB Islamic Bank in the years 2005 and 2007. However, provision was made for those unrealisable loan (ref: note 10.4)

(**) Stock of sign board is recorded at cost price.

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
10.4	**Provision for other assets**		
	Balance as on 1 January	3,250,793,661	3,259,422,841
	Less: Adjustment during the year	-	8,937,243
	Add: Provision transfer from other liabilities (note 13.3)	-	308,063
	Balance as on 31 December	**3,250,793,661**	**3,250,793,661**
	Item-wise breakup of the above provision for other assets is as under:		
	Adjustable blocked account - Head Office	1,896,587,714	1,896,587,714
	Adjustable blocked account 2006 - different branches	1,307,669,839	1,307,669,839
	Non-Resident UK	3,301,487	3,301,487
	Protested bill	32,297,085	32,297,085
	Stock of sign board	2,466,895	2,466,895
	Suspense account - sundry debtor	8,470,641	8,470,641
		3,250,793,661	**3,250,793,661**

An amount of Taka 6.70 crore as further provision for other assets is required to be made by the Bank as per the decision of the tripartite meeting held on 06 March 2015. However the Bank has applied to Bangladesh Bank vide letter no. HO:FAD:2016/502 dated 07 March 2016 to obtain permission to make the provision in the following years.

11.	**Placement from banks and other financial institutions**				
	In Bangladesh (note 11.1)			4,980,269,861	5,016,269,861
	Outside Bangladesh (note 11.2)			-	-
				4,980,269,861	**5,016,269,861**
11.1	**In Bangladesh**				
	Name of the Bank/Financial Institutions	**Maturity At**	**Nature**		
	Bangladesh Bank (Islamic investment bonds fund)	Under Scheme	Frozen	1,808,520,555	1,808,520,555
	Rediscount from Bangladesh Bank	Under Scheme	Frozen	2,634,900,000	2,634,900,000
	Call Borrowing	Under Scheme	Frozen	536,849,306	572,849,306
				4,980,269,861	**5,016,269,861**
11.2	**Outside Bangladesh**			-	-
11.3	**Security against borrowings from other banks, financial institutions and agents**				
	Secured (Bill of Exchange and DP note)			4,980,269,861	5,016,269,861
	Unsecured			-	-
				4,980,269,861	**5,016,269,861**
11.4	**Maturity grouping of borrowings from other banks, financial institutions and agents**				
	Payable on demand			-	-
	Up to 1 month			-	-
	Over 1 month but within 3 months			1,100,000	1,100,000
	Over 3 months but within 1 year			1,100,000	1,100,000
	Over 1 year but within 5 years			8,800,000	8,800,000
	Over 5 years			4,969,269,861	5,005,269,861
				4,980,269,861	**5,016,269,861**
12.	**Deposits and other accounts**				
	Deposits from banks (note 12.1.a)			1,919,601,505	2,250,000,000
	Deposits from customers (note 12.1.b)			8,974,379,078	8,857,038,046
				10,893,980,583	**11,107,038,045**

Notes to the Financial Statements

For the year ended 31 December 2016

			Amount in Taka	
			2016 BDT	2015 BDT
12.1	(a)	**Deposits from banks**		
		Al-wadeeah current and other deposits accounts	-	-
		Bills payable	-	-
		Mudaraba savings deposits	162,358,230	166,201,028
		Mudaraba Term Deposits (MTD)	1,757,243,275	2,083,798,972
			1,919,601,505	**2,250,000,000**
	(b)	**Deposits from customers**		
		i) Al-wadeeah current and other deposits accounts		
		Al-wadeeah current and other deposits accounts	379,398,188	412,276,875
		Foreign currency deposits	4,199,084	5,227,684
		Sundry deposits (note 12.3)	70,096,330	65,807,257
			453,693,602	483,311,815
		ii) Bills payable		
		Pay orders issued	85,877,283	81,619,723
		Demand draft	1,500	1,500
		Foreign demand draft	-	-
		Banker cheque issued	-	-
			85,878,783	81,621,223
		iii) Mudaraba savings deposits	1,204,654,194	1,154,233,108
		iv) Mudaraba Term Deposits (MTD)		
		Mudaraba term deposits	6,617,063,033	6,309,396,322
		Mudaraba short term deposits	347,431,046	413,490,109
		Scheme deposits	265,658,420	248,784,439
			7,230,152,499	6,971,670,871
			8,974,379,078	**8,690,837,018**
			10,893,980,583	**10,940,837,017**
12.2		**Deposits and other accounts**		
		Al-wadeeah current and other deposits accounts		
		Deposits from banks (note 12.1.a)	-	-
		Deposits from customers (note 12.1.b.i)	453,693,602	483,311,815
			453,693,602	483,311,815
		Bills payable		
		Deposits from banks (note 12.1.a)	-	-
		Deposits from customers (note 12.1.b.ii)	85,878,783	81,621,223
			85,878,783	81,621,223
		Mudaraba savings deposits		
		Deposits from banks (note 12.1.a)	162,358,230	-
		Deposits from customers (note 12.1.b.iii)	1,204,654,194	1,320,434,136
			1,367,012,423	1,320,434,136
		Mudaraba Term Deposits (MTD)		
		Deposits from banks (note 12.1.a)	1,757,243,275	2,250,000,000
		Deposits from customers (note 12.1.b.iv)	7,230,152,499	6,971,670,871
			8,987,395,775	9,221,670,870
			10,893,980,583	**11,107,038,045**
12.3		**Sundry deposits**		
		Profit payable on deposits	64,271,364	52,491,519
		Non resident US$	4,323,772	4,047,627
		Non resident Taka	1,501,195	1,724,695
		Security deposit receipt	-	7,496,354
		FC fund purchased	-	47,062
		Unclaimed deposit	-	-
		Others	-	-
			70,096,330	**65,807,257**

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
12.4	**Maturity analysis of deposits**		
	Up to 1 month	435,759,223	444,281,522
	Over 1 month but within 3 months	871,518,447	888,563,044
	Over 3 months but within 1 year	3,921,833,010	3,998,533,696
	Over 1 year but within 5 years	3,703,953,398	3,776,392,935
	Over 5 years but within 10 years	1,743,036,893	1,777,126,087
	Over 10 years	217,879,612	222,140,761
		10,893,980,583	**11,107,038,045**
13.	**Other liabilities**		
	Adjusting account credit	217,647,070	204,926,407
	Adjustable blocked account-2006	558,768,359	558,768,359
	Sundry creditors	106,425,378	111,152,953
	L/C cover other currencies	1,276,071	1,353,651
	Provision for investment (note 13.1)	3,932,855,367	3,982,855,367
	Profit suspense account (note 13.2)	1,417,193,815	1,423,775,313
	Provision for sundry assets (note 13.3)	2,890,795	2,890,795
	TDS on profit paid	7,920,827	6,985,147
	TDS on office rent	173,247	191,004
	TDS on other sources	134,021	1,223,072
	Excise duty on deposits	10,882,100	11,152,372
	Excise duty on investment account	2,943,003	3,114,810
	Risk fund ICBIBLCFS	132,314	132,314
	VAT deducted at source	3,378,025	3,704,624
	Account payable - sanchaya patra	-	-
	Cash security others	275,500	293,500
	ATM option amount	-	-
	Cash assistant against export	-	4,469,250
	Profit reversal account-2007	-	-
	Lease obligation (note 13.4)	-	4,054,684
	Clearing adjustment	-	188,575
	Godown rent payable	-	-
	Other payables	140,398,721	58,892,302
	Provision for tax	20,938,004	17,640,538
	Provision on off-balance sheet items (note 13.5)	4,313,679	4,313,679
	Provision on nostro accounts (note 13.6)	-	-
		6,428,546,297	**6,402,078,716**
13.1	**Provision for Investment**		
	Movement in specific provision on classified investments:		
	Provision held as on 1 January	3,952,716,526	4,092,968,430
	Less: Fully provided debts written off/Waived during the year	-	(251,904)
	Add: Recoveries of amounts previously written off	-	-
	Add: Specific provision made during the year for other accounts	-	-
	Less: Provision no longer required	-	-
	Add: Excess provision transferred from adjustable blocked account	-	-
	Add: Excess provision transferred from general provision	-	-
	Add: Net charge to profit and loss account (note 36)	(50,000,000)	(140,000,000)
	Provision held as on 31 December	**3,902,716,526**	**3,952,716,526**
	Movement in general provision on unclassified Investments		
	Provision held as on 1 January	30,138,841	30,138,841
	Add: General provision made during the year (note 36)	-	-
	Less: General provision transfer to specific provision during the year (note 36)	-	-
	Total Provision held as on 31 December	30,138,841	30,138,841
		3,932,855,367	**3,982,855,367**
13.2	**Profit suspense account**		
	Balance as on 1 January	1,423,775,313	1,477,930,193
	Add: Amount transferred during the year	65,811,031	61,639,510
	Less: Amount recovered from during the year	(69,686,928)	(105,626,758)
	Less: Amount written-off/ waived during the year	(2,705,600)	(10,167,633)
	Balance as on 31 December	**1,417,193,815**	**1,423,775,313**

Notes to the Financial Statements

For the year ended 31 December 2016

	Amount in Taka	
	2016 BDT	2015 BDT
13.3 Provision for sundry assets		
Balance as on 01 January	2,890,795	3,198,858
Add: Transferred from Provision for other assets (note 10.4)	-	-
Less: Transferred to Provision for other assets (note 10.4)	-	(308,063)
Balance as on 31 December	**2,890,795**	**2,890,795**
13.4 Lease obligation		
This represents the amount payable to Industrial and Infrastructure Development Finance Company Limited on account of supply of four vehicles under the finance lease. Movement of the amount is given below:		
Balance as on 1 January	4,054,684	7,782,703
Add: Addition during the year	-	-
Less: Payment made during the year	(4,054,684)	(3,728,019)
Balance as on 31 December	**-**	**4,054,684**
13.5 Provision on off-balance sheet items		
Provision held as on 1 January	4,313,679	4,313,679
Add: Provision made/ (released) during the year (note-36)	-	-
Provision held as on 31 December	**4,313,679**	**4,313,679**

13.6 Status of unresponded entries of Nostro Accounts (Our Books) as at 31 December 2016 are given below:

In Foreign Currency	Number of Unresponded entries		Unresponded entries (Amount-Taka in Thousand)	
	Dr	Cr	Dr	Cr
Up to 3 months	-	-	-	-
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	-	-	-	-

As per circular no. FEOD(FEMO/01/2005-677 dated 13 September, 2005 there is no debit entries more than three month. So provision is not required for existing unresponded entries.

13.7 Exchange equalization account		
Balance as on 1 January	-	-
Add: Addition during the year	-	-
Less: Adjustment during the year	-	-
Balance as on 31 December	**-**	**-**
14. Share capital		
14.1 Authorized capital		
1,500,000,000 ordinary shares of Taka 10 each	15,000,000,000	15,000,000,000
14.2 Issued, subscribed and fully paid up capital		
365,674,300 ordinary shares of Taka 10 each issued for cash	3,656,743,000	3,656,743,000
36,910,600 ordinary shares of Taka 10 each issued as right for cash	369,106,000	369,106,000
262,117,400 ordinary shares of Taka 10 each issued against depositors	2,621,174,000	2,621,174,000
	6,647,023,000	**6,647,023,000**

AMARSTOCK

Notes to the Financial Statements

For the year ended 31 December 2016

	Amount in Taka	
	2016 BDT	2015 BDT

14.3 Raising of share capital

The history of raising of share capital of ICB Islamic Bank Limited is given below:

Accounting year	Declaration	No of share	Value in capital	Cumulative
1987	Sponsors shareholders	12,750,000	127,500,000	127,500,000
1988	Sponsors shareholders	375,000	3,750,000	131,250,000
1990	Initial Public Offer (IPO)	1,875,000	18,750,000	150,000,000
1993	1st Right Issue	10,955,300	109,553,000	259,553,000
2003	2nd Right Issue	25,955,300	259,553,000	519,106,000
2008	Shares issued in the name of ICB Holding Group A.G as per Bangladesh Bank guidelines 'The Oriental Bank Reconstruction Scheme'07'	350,674,300	3,506,743,000	4,025,849,000
2008	Shares issued in the name of depositors as per Bangladesh Bank guidelines 'The Oriental Bank Reconstruction Scheme'07'	262,117,400	2,621,174,000	6,647,023,000
Total		**664,702,300**	**6,647,023,000**	

14.4 Slab wise list as at 31 December 2016

	Number of shares	(%) of share holding	2016	2015
Sponsors (Foreign Investors)	352,174,300	52.98%	3,521,743,000	3,521,743,000
Sponsors (Local)	45,197,300	6.80%	451,973,000	451,973,000
Institutions	106,088,050	15.96%	1,060,880,500	1,052,835,070
Non- resident Bangladeshi	479,921	0.07%	4,799,210	3,988,100
General public	160,762,729	24.19%	1,607,627,290	1,616,483,830
	664,702,300	**100%**	**6,647,023,000**	**6,647,023,000**

14.5 A range wise distribution schedule of the above shares is given below as required by the regulation 37 of the Listing Regulations of Dhaka Stock Exchange Limited

Shareholding range	Number of share holders	Number of Shares	(%) of share holding
01 - 500	6,088	1,978,362	0.30%
501 - 5,000	7,377	15,158,559	2.28%
5,001 - 10,000	1,192	9,524,736	1.43%
10,001 - 20,000	703	10,562,232	1.59%
20,001 - 30,000	225	5,779,030	0.87%
30,001 - 40,000	130	4,594,632	0.69%
40,001 - 50,000	109	5,156,092	0.78%
50,001 - 100,000	177	13,273,331	2.00%
100,001 - 1,000,000	187	48,610,395	7.31%
1,000,001 and over	52	550,064,931	82.75%
	16,240	**664,702,300**	**100%**

14.6 Name of the Directors as at 31 December 2016

Sl	Name of the director	Status	Remarks
1	Mr. Mohd. Nasir Bin Ali	Chairman	
2	Mr. Tee Kim Chan	Director	Nominated directors by ICB Financial Group Holdings AG holding 350,674,300 shares i.e. 52.76% .
3	Ms. Hashimah Binti Ismail	Director	
4	Ms. Lee Ooi Kim	Director	
5	Mr. Sivagukan Thambirajah	Director	
6	Mr. Abdul Hafiz Choudhury	ndependent Directo	

14.7 Capital adequacy ratio (BASEL III)

In terms of section 13 (2) of the Bank Companies Act, 1991 and Bangladesh Bank BRPD circulars nos. 01,14 ,10 and 05 dated January 08, 1996, November 16,1996, November 25, 2002 and May 14,2007 respectively, required capital of the Bank at the close of business on 31 December 2016 is Taka 4000 million as against available core capital of Taka (10,181.80) million and supplementary capital of Taka 306.58 million making a total capital of Taka 10,181.80 million thereby showing a surplus / (deficit) capital / equity of Taka (14,181.80) million at that date. Details are shown below:

Notes to the Financial Statements

For the year ended 31 December 2016

	Amount in Taka	
	2016 BDT	2015 BDT
Core capital (Tier - I)		
Paid up capital (note 14.2)	6,647,023,000	6,647,023,000
Statutory reserve (note 15)	78,810,975	78,810,975
General reserve (note 16)	1,065,676	1,065,676
Surplus/ (deficit) in profit and loss account/ Retained earnings (note 18)	(17,324,999,825)	(17,052,276,275)
	(10,598,100,174)	(10,325,376,624)
Less: Deferred tax assets	112,741,451	112,741,451
Total Eligible Tier-I Capital	(10,710,841,625)	(10,438,118,075)
Tier-II (Supplementary capital)		
General provision maintained against unclassified investments (note 13.1)	30,138,841	30,138,841
General provision on off-balance sheet item (note 13.5)	-	4,313,679
50% of Asset revaluation reserve (note 16.1)	276,442,616	276,442,616
	306,581,457	310,895,136
Less: Regulatory adjustments		
Revaluation reserve for fixed assets	110,577,046	55,288,523
	196,004,411	255,606,613
Tier-III (Additional supplementary capital)		
A) **Total capital**	(10,514,837,215)	(10,182,511,463)
B) Total risk weighted assets	9,691,958,251	10,318,352,852
C) Required capital based on 10% of RWA i.e Taka 103.66 million or 4,000 million which ever is higher	4,000,000,000	4,000,000,000
D) **Surplus/ (deficit) (A-C)**	(14,514,837,215)	(14,182,511,463)
Capital adequacy ratio	-108.49%	-98.68%

14.8 Capital Requirement

	2016		2015	
	Required	Held	Required	Held
Tier-I	5.00%	-110.51%	5.00%	-101.16%
Tier-II	5.00%	2.02%	5.00%	2.48%
Tier-III	-	-	-	-
	10.00%	-108.49%	10.00%	-98.68%

14.9 Minimum Capital Requirement Under Basel III

Minimum Capital Requirement (MCR) under Risk Based Capital Adequacy

Item no.	Sl.	Particulars	BDT in million
1	**A.**	Eligible Capital :	
2	1	Tier-1 (Core Capital	(10,711)
3	2	Tier-2	196
4	3	Tier-3 (eligible for	-
5	4	Total Eligible	(10,515)
6	**B.**	Total Risk	9,693
7	**C.**	Capital Adequacy	(108.49)
8	**D.**	Core Capital to	(110.50)
9	**E.**	Supplementary	2.02
10	**F.**	Minimum Capital	4,000

15. Statutory reserve

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

16. Other reserve

General reserve	1,065,676	1,065,676
Share premium	-	-
Investment loss offsetting reserve	-	-
Asset revaluation reserve (note 16.1)	552,885,232	552,885,232
Dividend equalization account	-	-
	553,950,908	**553,950,908**

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
16.1	**Asset revaluation reserve**		
	Balance on 1 January	552,885,232	552,885,232
	Addition/(adjustment) during the year	-	-
	Balance at 31 December	**552,885,232**	**552,885,232**
	Immovable property was revalued as on 31 December 2009 by Hoda Vasi Chowdhury & Co. Chartered Accountants.		
17.	**Revaluation gains on investment in HTM securities**	-	-
18.	**Retained earnings / movement of profit and loss account**		
	Balance on 1 January	(17,052,276,275)	(16,908,999,948)
	Prior year adjustments	(1,741,892)	(2,191,050)
	Add: Profit/(Loss) during the period	(270,843,447)	(141,085,278)
		(17,324,861,615)	(17,052,276,275)
	Less: Transfer to statutory reserve	-	-
	Balance at 31 December	**(17,324,861,615)**	**(17,052,276,275)**
19.	**Contingent liabilities**		
	Letters of guarantee (note 19.1)	132,443,659	142,501,796
	Acceptances and endorsements	23,357,000	23,357,000
	Irrevocable Letters of Credit (note 19.2)	21,129,313	7,267,984
	Bills for collection (note 19.3)	40,498,274	42,748,405
		217,428,246	**215,875,185**
19.1	**Letters of guarantee**		
	Letters of guarantee (Local)	132,443,659	142,501,796
	Letters of guarantee (Foreign)	-	-
	Foreign counter guarantees	-	-
		132,443,659	142,501,796
	Less: Margin	-	-
		132,443,659	**142,501,796**
	Money for which the Bank is contingently liable in respect of guarantees given favouring:		
	Directors or officers	-	-
	Government	-	-
	Banks and other financial institutions	-	-
	Others	132,443,659	142,501,796
		132,443,659	142,501,796
	Less: Margin	-	-
		132,443,659	**142,501,796**
19.2	**Irrevocable letters of credit**		
	Letters of credit (Inland)	10,000,000	-
	Letters of credit (General)	9,987,313	6,125,984
	Back to back L/C	1,142,000	1,142,000
		21,129,313	**7,267,984**
19.3	**Bills for collection**		
	Inward local bills for collection	-	2,250,131
	Inward foreign bills for collection	40,498,274	40,498,274
		40,498,274	**42,748,405**

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
20.	**Profit and loss statement**		
	Profit:		
	Profit, discount and similar income (note 20.1)	456,168,465	512,884,245
	Income from investments in shares and securities (note 23)	2,351,222	700,000
	Fees, commission and brokerage (note 20.2)	5,415,685	7,426,259
	Gains less losses arising from dealing in foreign currencies (note 24.1)	(672,257)	554,946
	Other operating income (note 25)	86,314,611	100,389,557
		549,577,725	**621,955,006**
	Expenses:		
	Profit paid on deposits, borrowings, etc. (note 22)	392,103,701	380,327,193
	Administrative expenses (note 20.3)	409,459,862	428,313,359
	Other expenses (note 35)	44,908,137	39,032,965
	Depreciation on banking assets (note 34)	20,652,007	30,500,902
		867,123,707	**878,174,419**
		(317,545,981)	**(256,219,413)**
20.1	**Profit, discount and similar income**		
	Profit on investments (note 21)	456,168,465	512,884,245
	Profit on treasury bills / reverse repo / bonds	-	-
		456,168,465	**512,884,245**
20.2	**Fees, commission and brokerage**		
	Commission (note 24)	5,415,685	7,426,259
	Brokerage (note 24)	-	-
		5,415,685	**7,426,259**
20.3	**Administrative expenses**		
	Salary and allowances (note 26)	210,699,472	235,683,660
	Rent, taxes, insurance, electricity, etc. (note 27)	135,119,881	124,716,172
	Legal expenses (note 28)	15,172,958	13,918,480
	Postage, stamp, telecommunication, etc. (note 29)	7,953,591	7,748,762
	Stationery, printing, advertisement, etc. (note 30)	6,485,546	9,599,860
	Managing Director's salary and fees (note 31)	13,054,200	12,796,800
	Directors' fees (note 32)	1,174,828	1,567,962
	Shariah Supervisory Committee's fees and expenses (note 33)	63,000	93,000
	Auditors' fees	500,000	528,750
	Repair of Bank's assets (note 34)	19,236,386	21,659,914
		409,459,862	**428,313,359**
21.	**Investment Income**		
(i)	**Income from general investment**		
	Murabaha-Com.-Advance Agt. Imported Mer. (AIM)	-	-
	Murabaha (Pledge)	-	33,500
	Murabaha Under Secured Guarantee (MUSG)	8,296,577	9,678,446
	Bai-Muajjal(Hypothecation)	185,705,425	151,151,502
	Bai-Muajjal - PC	1,100,980	-
	Bai-Muajjal - TR	7,656,599	24,521,571
	Bai-Muajjal - LBDP	-	-
	Bai-Muajjal (ICBIBLCFS)	10,339,960	15,048,752
	Bai Muajjal - Forced Investment (Against B/B - L/C)	10,866,090	5,532,128
	Staff loan- Provident fund	411,814	1,117,796
	Hire purchase	73,688,733	63,766,057
	HP house building - Staff	47,181	58,498
	HP house building - General	108,443,899	107,577,237
	Local bills discounted	-	-
	Foreign bills purchased discounted	-	-
	Payments agt. Doc - WES (PAD -WES)	-	-
	Payments agt. Doc - Cash (PAD - Cash)	-	-
	Others	-	-
		406,557,259	378,485,487
	Add: Transferred from/ (to) Profit Suspense	-	-
	Sub Total (i)	**406,557,259**	**378,485,487**

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
(ii)	**Profit on deposits with other islamic banks**		
	In Bangladesh		
	Profit on balance with other banks and financial institutions	49,318,295	134,284,299
	Outside Bangladesh		
	Profit received from foreign banks	292,911	114,459
	Sub Total (ii)	**49,611,206**	**134,398,758**
	Grand Total (i+ii)	**456,168,465**	**512,884,245**
22.	**Profit paid on deposits, borrowing, etc**		
(a)	Profit paid on deposits:		
	Savings bank/ Mudaraba savings deposits	66,197,287	52,542,536
	Short term deposits	5,186,170	14,479,169
	Term deposits/ Mudaraba term deposits	295,088,726	290,608,825
	Deposits under scheme	25,631,518	22,696,387
	Repurchase agreement (repo)	-	-
	Others (note-22.1)	-	276
(b)	Profit paid on local bank accounts	-	-
(c)	Profit paid on foreign bank accounts	-	-
		392,103,701	**380,327,193**
22.1	**Others**		
	Profit paid to islamic bank bond fund	-	-
	Profit paid on rediscount	-	276
	Discount paid to bank	-	-
	Remittance charge	-	-
	Profit paid insta profit	-	-
	Profit paid on F.C	-	-
		-	**276**
23.	**Income from investments in shares and securities**		
(i)	**Inside Bangladesh**		
	Islamic Investment Bond	923,269	700,000
	Income from treasury bills/ Reverse repo/ bonds	-	-
	Dividend on shares	1,427,953	-
	Sub Total (i)	2,351,222	700,000
(ii)	**Outside Bangladesh**		-
	Grand Total (i+ii)	**2,351,222**	**700,000**
24.	**Commission, exchange and brokerage**		
	Commission on L/Cs	482,086	177,407
	Commission on L/Gs	2,513,268	6,279,822
	Commission on export bills	-	-
	Commission on bills purchased	-	-
	Commission on accepted bills	-	-
	Commission on OBC, IBC, etc.	-	-
	Commission on PO, DD, TT, TC, etc.	419,517	548,850
	Commission for services rendered to issue of shares	-	-
	Other commission	2,000,814	420,180
		5,415,685	**7,426,259**
	Exchange gain (note - 24.1) - including gain from FC dealings	(672,257)	554,946
	Brokerage	-	-
		4,743,428	**7,981,205**
24.1	**Exchange gain**		
	Exchange gain	(672,257)	554,946
	Less: Exchange loss	-	-
		(672,257)	**554,946**
25.	**Other operating income**		
	Rent recovered	14,114,628	7,969,418
	Service and other charges	34,626,819	41,314,357
	Postage/ telex/ SWIFT/ fax recoveries	200,380	154,100
	Incidental charges	-	-
	Profit on sale of fixed assets	-	1,694,898
	Miscellaneous earnings	37,372,784	49,256,783
		86,314,611	**100,389,557**

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
26.	**Salary and allowances**		
	Basic pay	95,663,043	106,372,495
	Allowances	76,049,227	85,778,805
	Bonus	13,162,607	16,412,287
	Bank's contribution to provident fund	7,824,595	8,841,473
	Gratuity	18,000,000	18,278,600
		210,699,472	**235,683,660**
27.	**Rent, taxes, insurance and electricity**		
	Rent, rate and taxes	109,852,882	99,914,002
	Insurance	10,918,939	12,257,925
	Power and electricity	14,348,060	12,544,246
		135,119,881	**124,716,172**
28.	**Legal and Professional expenses**		
	Legal expenses	15,172,958	13,918,480
	Other professional charges	-	-
		15,172,958	**13,918,480**
29.	**Postage, stamp and telecommunication**		
	Postage	1,343,151	923,056
	Telegram, telex, fax and e-mail	4,064,196	4,196,007
	Telephone - office	2,546,243	2,629,699
		7,953,591	**7,748,762**
30.	**Stationery, printing and advertisements**		
	Office and security stationery	4,234,593	7,331,165
	Computer consumable stationery	1,313,764	1,647,695
	Publicity and advertisement	937,189	621,000
		6,485,546	**9,599,860**
31.	**Managing Director's salary and fees**		
	Basic pay	7,722,000	7,488,000
	Allowances	3,312,000	3,312,000
	Bonus	1,248,000	1,248,000
	Pension and Gratuity	-	-
	Bank's contribution to provident fund	772,200	748,800
		13,054,200	**12,796,800**
32.	**Directors' fees and expenses**		
	i) Directors Fees for attending Board/Executive Committee/ Other Committee Meeting	320,000	340,000
	ii) TA/DA/ Hotel Fare for Local & Foreign Directors	854,828	1,227,962
	iii) Others	-	-
		1,174,828	**1,567,962**
	Each Director is paid Taka 8,000 for each Board meeting attendance.		
33.	**Shariah Supervisory Committee's Fees and Expenses**		
	i) Shariah Supervisory Board member's fees for attending meeting	63,000	93,000
	iii) Others	-	-
		63,000	**93,000**

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
34.	**Depreciation and repair of Bank's assets**		
	Depreciation - (Annexure-B)		
	Fixed assets	20,652,007	30,500,902
	Repairs		
	Immovable property	24,000	24,000
	Furniture and fixtures	18,035	96,218
	Office equipments	2,694,916	2,043,905
	Software maintenance	15,563,855	18,387,750
	Bank's vehicles	935,580	1,108,041
		19,236,386	21,659,914
		39,888,393	**52,160,816**
35.	**Other expenses**		
	Car expenses	819,079	657,704
	Liveries and uniforms	-	455,800
	Medical expenses	56,585	106,532
	Bank charges and commission paid	2,459,421	3,476,057
	Loss on sale of fixed assets	-	-
	Fuel - generator and vehicle.	4,926,787	4,491,294
	Swift expenses	2,058,342	2,779,824
	Recruitment expenses	-	1,980,525
	ATM Card expenditure	-	-
	Subscription and membership fees	355,000	592,000
	Donations	17,200	19,600
	Travelling expenses	2,133,503	2,403,152
	Local conveyance, labour, etc.	1,132,445	1,315,082
	Entertainment	1,334,775	1,309,386
	Business development	7,620,875	701,332
	Training and internship	3,000	261,116
	EGM/AGM expenses	845,000	795,804
	Consulting and other charges	600,000	100,000
	Security services	10,386,406	9,678,022
	Office maintenance	9,135,832	5,571,277
	Penalty on liquid assets	17,039	-
	Miscellaneous expenses	1,006,847	2,338,459
		44,908,137	**39,032,965**
36.	**Provision for Investments and off balance sheet items**		
	Provision for bad and doubtful investments	50,000,000	140,000,000
	Provision for unclassified Investments	-	-
	Provision for contingency	-	-
	Other provisions	-	(23,000,000)
	Provision for off-balance sheet items	-	-
		50,000,000	**117,000,000**
37.	**Receipts from other operating activities**		
	Income from merchant banking operation		
	Rent recovered	14,114,628	7,969,418
	Service and other charges	34,626,819	41,314,357
	Postage/ Telex/ Fax/ SWIFT charge recoveries	200,380	154,100
	Incidental charges	-	-
	Gain from sale of treasury bond/ shares	-	-
	Profit on sale of fixed assets	-	-
	Deferred tax income	-	-
	Miscellaneous earnings	37,372,784	34,564,863
		86,314,611	**84,002,739**

MARSTOCK

Notes to the Financial Statements

For the year ended 31 December 2016

		Amount in Taka	
		2016 BDT	2015 BDT
38.	**Payments for other operating activities**		
	Rent, rates and taxes	135,119,881	124,716,172
	Legal expenses	15,172,958	13,918,480
	Postage and communication charges, etc.	7,953,591	7,748,762
	Directors' fees	1,174,828	1,567,962
	Shariah Supervisory Committee's fees and expenses	63,000	93,000
	Auditors' fees	500,000	528,750
	Donations and subscriptions	372,200	611,600
	Conveyance and travelling expenses, etc.	3,265,949	3,718,234
	Business development expenses	7,620,875	701,332
	Training, internship expenses	3,000	261,116
	Publicity and advertisement	937,189	621,000
	Repair of Bank's assets	19,236,386	21,659,914
	Miscellaneous expenses	33,646,113	33,740,683
		225,065,969	**209,887,004**
39.	**(Increase)/ decrease of other assets**		
	Stationery and stamps	224,350	4,005,884
	Advance deposits and advance rent	(46,622,101)	883,048
	Branch adjustment account	882,496	4,972,028
	Suspense account	(2,097,661)	850,174
	Sundry assets	711,037	(591,070)
		(46,901,879)	**10,120,065**
40.	**Increase/ (decrease) of other liabilities**		
	Sundry creditors	(4,727,575)	(24,078,623)
	L/C cover	(77,580)	(5,438,577)
	Tax Deducted at source	(171,129)	90,088
	Excise duty	(442,078)	4,012,190
	Risk fund/ CBIBLCFS	-	132,314
	VAT deducted at source	(326,599)	1,515,989
	Expenditure and other payables	11,449,755	(73,683,764)
	Adjustments of provision against written-off/ waved	-	-
	Provisions	50,000,000	117,000,000
		55,704,794	**19,549,616**
41.	**Earning per share (EPS)**		
	Net profit after tax (Numerator)	(270,843,447)	(141,085,278)
	Weighted average number of ordinary shares outstanding (Denominator)	664,702,300	664,702,300
	Basic earnings per share (EPS)	**(0.41)**	**(0.21)**

42. Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Taka 86,400 per annum or above were 501.

Notes to the Financial Statements

For the year ended 31 December 2016

43. Disclosure on Audit committee

(a) Particulars of audit committee

The audit committee of the Board was duly constituted by the Board of Directors of the Bank in accordance with the BRPD Circular no. 12 dated December 23, 2002 of Bangladesh Bank.

Pursuant to the BRPD Circular no. 12 dated 23.12.2002 and subsequent BRPD Circular no. 11 dated 27.10.2013, the Board of Directors reconstituted the Audit Committee in its 124th meeting held on 10.12.2014 consisting of the following 4 (four) members of the Board:

Name	Status with bank	Status with committee	Educational Qualification
Mr. Abdul Hafiz Choudhury	Independent Director	Chairman	B. Com. (Hons), M.Com, FCA
Ms. Hashimah Binti Ismail	Director	Member	Bachelor of Laws (Hons)
Mr. Sivagukan Thambirajah	Director	Member	BS (Hons)

(b) Meetings held by the committee during the year by date:

Meeting No	Held on
42nd	19 Jan 2016
43rd	07 Mar 2016
44th	25 Apr 2016
45th	18 Jul 2016
46th	26 Oct 2016
47st	21 Dec 2016

(c) The audit committee has discussed the following issues during the period 2016

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

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

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

iv) The committee reviewed Court cases filed against bank.

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

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

vii) The committee reviewed the annual financial statements for the year 2016 including the annual report.

viii) The committee also reviewed the half-yearly financial statements of the Bank as of June 30, 2016.

(d) Steps taken for implementation of an effective internal control procedure of the Bank:

Through circular the committee placed its report regularly to the Board of Directors of the Bank mentioning its review results and recommendations on internal control system, compliance of rules and regulations and establishment of Good Governance within the organization.

Notes to the Financial Statements

For the year ended 31 December 2016

44. Related Party Disclosures

(i) Particulars of Directors of the Bank as at 31 December 2016

The ICB Financial Group Holdings AG, who have acquired 350,674,300 shares i.e. 52.76% as per clause 3(c) of "The Oriental Bank Limited (Reconstruction) scheme 2007", nominated following directors:

Sl. No.	Name of the persons	Designation	Present address
1	Mr. Mohd. Nasir Bin Ali	Chairman	12 Jalan SS7/9, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia
2	Mr. Tee Kim Chan	Director	17, First Floor, Jalan Tun Dr. Ismail, 70200 Seremban, Negeri Sembilan, Malaysia
3	Ms. Hashimah Binti Ismail	Director	A-25-02, Changkat View Condominium, 18 Jalan Dutamas Raya, 51200 Kuala Lumpur, Malaysia
4	Mr. Abdul Hafiz Choudhury	Independent Director	House # 34, Road # 1, Banani, Dhaka-1213, Bangladesh
5	Ms. Lee Ooi Kim	Director	15, Jalan Dutamas Melor 1, 50480 Kuala Lumpor, Malaysia
6	Mr. Sivagukan Thambirajah	Director	179-A, Jalan Rasah , 70300 Seremban, Negeri Sembilan, Malaysia

Directors' interest in different entities: please see Annexure-C

(ii) Significant contracts where Bank is a party and wherein Directors have interest

Nature of contract	Branch Name	Name of Director and related by	Remarks
None	Not applicable	None	Not applicable

(iii)	**Related party transactions**	Nil
(iv)	Shares issued to Directors and Executives without consideration or exercisable at a discount	Nil
(v)	**Lending policies to related parties** Lending to related parties is effected as per requirements of Section 27 (1) of the Bank Companies Act, 1991.	Nil
(vi)	Loans and advances to Directors and their related concern	Nil
(vii)	Business other than banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act, 1991.	Nil
(viii)	Investment in the Securities of Directors and their related concern	Nil
(ix)	Investment in the Securities of Directors and their related concern	Nil
(x)	Compensation of key management personnel:	Refer to Note no 31

45. Events after the Balance Sheet date

There are no events to report which had an influence on the balance sheet or the profit and loss account for the year ended 31 December 2016.

46. Contingent Liability

A claim of BDT. 79.44 Crore against the Money Suit No 68/2003, 46/2003, 313/2006,2705/2013 and 13/2000 was decreed in lower court against the bank, however the bank has appealed in high court.

for ICB Islamic Bank Limited

Chairman **Director** **Director** **Managing Director**

Dhaka, Bangladesh
Dated, 02 March 2017

Annexure-A

Balance with other banks-Outside Bangladesh (Nostro Account) as at 31 December 2016

Name of the Bank	Account type	2016 Currency type	2016 FC Amount	2016 Exchange Rate	2016 Equivalent Taka	2015 FC Amount	2015 Exchange Rate	2015 Equivalent Taka
AB Bank, Mumbai, India	CD	ACU	22,774	78.750	1,793,414	3,518	78.505	276,181
ICICI Bank Ltd., Mumbai, India	CD	ACU	13,874	78.750	1,092,578	13,874	78.505	1,089,179
Mashreq Bank, New York WES	CD	USD	-	-	-	291,135	78.505	22,855,589
Sonali Bank, Kolkata	CD	ACU	26,942	78.750	2,121,665	26,942	78.505	2,115,064
Total					**5,007,657**			**26,336,013**

Annexure-B

Schedule of fixed assets
For the year ended 31 December 2016

Amounts in Taka

Particulars	Cost / Revaluation: Opening balance as on 01 January	Addition during the Year	Disposals/ Adjustments during the year	Total at 31 December 2016	Rate	Depreciation: Opening balance as on 01 January	Charge for the year	Disposals/ Adjustments during the year	Total at 31 December 2016	Written down value at 31 December 2016
Furniture and fixtures	124,805,502	8,297,122	279,935	132,822,689	10%	70,227,270	11,451,776	279,793	81,399,253	51,423,435
ATM	22,131,387	-	-	22,131,387	20%	20,517,589	774,385	-	21,291,974	839,412
Software	138,730,846	-	-	138,730,846	20%	136,181,100	894,731	-	137,075,831	1,655,015
Office equipment	161,939,934	624,388	40	162,564,282	20%	155,621,180	4,307,112	26,990	159,901,302	2,662,980
Vehicles	27,011,065	-	-	27,011,065	20%	24,845,274	3,224,003	1,058,210	27,011,067	-
As at 31 December 2016	**474,618,733**	**8,921,510**	**279,975**	**483,260,268**		**407,392,412**	**20,652,007**	**1,364,993**	**426,679,426**	**56,580,842**
As at 31 December 2015	**473,100,312**	**1,778,967**	**260,546**	**474,618,733**		**376,907,545**	**30,500,902**	**16,035**	**407,392,412**	**67,226,322**

Annexure-C

Name of Directors and their interest in different entities

The ICB Financial Group Holdings AG acquired 350,674,300 shares i.e. 52.76% as per clause 3(c) of " The Oriental Bank Limited (Reconstruction) scheme 2007", nominated following directors:

Sl no.	Name of Directors	Status with ICBIBL	Entities where they have interest
1	Mr. Mohd. Nasir Bin Ali	Chairman	None
2	Mr. Tee Kim Chan	Director	None
3	Ms. Hashimah Binti Ismail	Director	None
4	Ms. Lee Ooi Kim	Director	None
5	Mr. Sivagukan Thambirajah	Director	None
6	Mr. Abdul Hafiz Choudhury	Independent Director	1. In-active Partner, Rahman Rahman Huq, Chartered Accountants 2. Independent Director, Green Delta Insurance Company Ltd. 3. Director, Green Delta Securities Ltd. 4. Director, Green Delta Capital Ltd. 5. Director, New Zealand Dairy Products Bangladesh Ltd. 6. Member, Governing Council, Independent University, Bangladesh 7. Chairman, Finance Committee, Independent University, Bangladesh 8. Vice President, United Nations Association of Bangladesh 9. Nominated Conciliator, Centre for Settlement of Investment Disputes (ICSID), an affiliate of World Bank based on Washington, USA.

LEARN BLOCK

Notes to the Financial Statements

For the year ended 31 December 2016

Annexure-D

Highlights on the overall activities as at and for the year ended 31 December 2016

Amounts in million

Sl No.	Particulars		2016	2015
1	Paid-up capital		6,647.02	6,647.02
2	Total capital (Tier-I & II)		(10,514.70)	(10,181.80)
3	Capital surplus/ (deficit)		(14,514.70)	(14,181.80)
4	Total assets		12,257.72	12,752.90
5	Total deposits		10,893.98	11,107.04
6	Total investments		9,352.43	9,188.51
7	Total contingent liabilities and commitments		217.43	215.88
8	Investments deposit ratio	%	86%	83%
9	Percentage of classified investments against total investments	%	71.89%	76.14%
10	Profit after tax and provision		(270.84)	(141.09)
11	Amount of classified investments during the year		6,723.51	6,995.80
12	Provisions kept against classified investments		3,902.72	3,952.72
13	Provision surplus/ (deficit)		40.39	66.88
14	Cost of fund	%	7.88%	7.60%
15	Interest earning assets		9,572.39	10,107.46
16	Non-interest earning assets		1,727.26	1,678.80
17	Return on investment (ROI) in shares and securities	%	2.13%	0.63%
18	Return on Assets (ROA)		-2.21%	-1.11%
19	Income from investments in shares and securities		2.35	0.70
20	Net Asset Value per share	Taka	(15.11)	(14.70)
21	Earnings per share	Taka	(0.41)	(0.21)
22	Operating profit per share	Taka	(0.48)	(0.39)
23	Price earning ratio	Times	(12.52)	(20.73)

AMAR STOCK

ICB Islamic Bank Limited

a member of ICB Financial Group Holdings AG

List of branch networks of the Bank

1	**HEAD OFFICE** 13, Kazi Nazrul Islam Avenue T.K. Bhaban Karwan Bazar, Dhaka Phone : 9143361-5 Fax : 9111994 / 9117033 Tlx : 632118 ALB HO BJ Email :	10	**NEW MARKET BRANCH** 33, Mirpur Road, Dhaka. Tel: 8613475, 8614105,9666204 Mobile No. 01811 408257 Fax : 8614105 Tlx : 632252 ALB MR BJ Email manager.mir@icbislamic-bd.com	19	**HABIGANJ BRANCH** Enem Plaza,Kalibari Rd,Hobigonj Tel: 0831-52757,52435 Mobile No. 01811 408277 Email : manager.hbg@icbislamic-bd.com	28	**NAWABPUR BRANCH** 223, Nawabpur Road, Dhaka-1100 Tel: 9562790, 7167143 Mobile : 01811408262, 01712572235 Tlx: 632364 ALBNW BJ Email : manager.nwp@icbislamic-bd.com
2	**PRINCIPAL OFFICE** 17,Motijheel C.A. Dhaka Tel:9566464, 9560940, 9560876, 9515649 Fax : 9563392 Mobile No. 01811 408251 Tlx : 632167 ALBPO BJ Email manager.po@icbislamic-bd.com SWIFT: BBSHBDDH002	11	**BANGSHAL BRANCH** 70, Syed Nazrul Islam Sarani, Dhaka-1100 Tel : 9562999/9563007 Mobile No. 01811 408259 Fax : 9563007 Tlx : 671097 ALBBN BJ Email manager.bng@icbislamic-bd.com	20	**MOULAVIBAZAR BRANCH** 10, Court Rd (Chowmuhani) Moulavibazar. Tel : 0861-53153 Mobile No. 01811 408274 Email manager.mlb@icbislamic-bd.com	29	**NAOGAON BRANCH** K. R. Rahman Super Market Naogaon. Tel: 0741-62774 Mobile No. 01811 408284 Tlx : 671594 ALB NG Email : manager.nao@icbislamic-bd.com
3	**AGRABAD BRANCH** Bashar Square,108 Agrabad C/A, Chittagong Tel : 031-710511 / 715967/715648 Fax : 715648 Mobile No. 01847028158 Tlx : 633119 ALBAG BJ Email manager.agr@icbislamic-bd.com	12	**NARSINGDHI** BRANCH 163/3, C&B Road Sharif Mansion,Narsingdhi Tel : 9451768, 9462194 Mobile No. 01811 408267 Tlx : 671629 ALB ND BJ Email manager.nsg@icbislamic-bd.com	21	**BARISAL BRANCH** 67/65, Katpatti Road Barisal. Tel: 0431-54141/ 62474 Mobile No. 01811 408282 Tlx : 642478 Alb Bl Email : manager.bsl@icbislamic-bd.com	30	**MURADPUR BRANCH** Rajamina Market 93,Muradpur CDA Avenue, Ctg. Tel : 031-652071 Mobile No. 01811 408271 Fax : 651237 Email : manager.mrd@icbislamic-bd.com
4	**IMAMGANJ BRANCH** Gulbadan Super Market (1st Floor) 5 Moulavi Bazar, Dhaka-1100 Tel: 7310339, 7313707 Mobile No. 01833313610 Tlx: 671130 ALBIG BJ Email: manager.img@icbislamic-bd.com	13	**BEANIBAZAR BRANCH** Beanibazar, Sylhet Tel: 08223-88368,56152 Mobile No: 01811 408275 Email : manager.bnz@icbislamic-bd.com	22	**KAWRAN BAZAR BRANCH** 10, Kazi Nazrul Islam Avenue Kawranbazar, Dhaka. Tel: 8189675, 9144039 Mobile No. 01833332993 Fax : 9139686 Tlx : 32436 ALBKRB BJ Email : manager.kwr@icbislamic-bd.com	31	**MIRPUR CIRCLE-10 BRANCH** Agargoan-Begum Rokya Sarani Dhaka-1207 Tel : 9183159/9183160 Mobile No. 01811 408263 Fax : 9139851 Email : manager.idb@icbislamic-bd.com
5	**KHATUNGONJ BRANCH** 276, Khatungonj, Chowdhury Market, Chittagong Tel : 031-637227,612860 Mobile No. 01811 408269 Fax : 031 - 612860 Tlx : 633100 ALBKG BJ Email :manager.ktg@icbislamic-bd.com	14	**ISLAMPUR BRANCH** 9, Islampur Road, Dhaka. Tel : 7390992, 7390342, 7391485 Mobile No. 01811 408260 Tlx : 632499 ALBIS BJ Email : manager.isl@icbislamic-bd.com	23	**GULSHAN BRANCH** 48, South Avenue, Gulshan, Dhaka Tel : 8828296 /8821277 Mobile No. 01811418401 Tlx: 632176 / 632114 ALBGL BJ Fax : 8821277 Email : manager.gul@icbislamic-bd.com	32	**BANANI BRANCH** Awal Centre 34, Kemal Atarturk Avenue ,Awal Center (1st Floor), Banani, Dhaka-1213 Ph-9884176, 9884137 Mobile No. 01811485324 e-mail : manager.ban@icbislamic-bd.com
6	**VIP ROAD BRANCH** 35/C,Naya Paltan, VIP Rd, Dhaka Tel: 9352863,8314486, 9341029 Mobile No.01811418396 Tlx: 632541 ALBVIP BJ Email : manager.vip@icbislamic-bd.com	15	**KHULNA BRANCH** "Tayamun Centre" 181, Khan-A-Sabur Road Khulna Phone :041- 720043 / 722046 813001 / 813002 Mobile No. 01811408278 Tlx : 7633313 ALBKN BJ Email : manager.khl@icbislamic-bd.com	24	**JESSORE BRANCH** 25, R.N. Road, Kotwali, Jessore Tel: 0421-68529 , 67653 Mobile No. 01811 408279 Tlx: 633420 ABBBJ BJ Email : manager.jsr@icbislamic-bd.com	33	**DHANMONDI BRANCH** House No.405/c, Road No. 27 (old) 16 (New) PS-Dhanmondi, Dhaka. Cell No. 01811485326 Tel: 9134914, 9126059, 8154143 Fax: 8154143 Email- manager.dhn@icbislamic-bd.com
7	**SYLHET BRANCH** Sylhet Collector Mosjid Building Plot No. 7769 and 5741, Sylhet Tel : 0821-713469/710264 Mobile No. 01811 408273 Tlx : 633224 ALBSL BJ Faz : 714197 Email : manager.syl@icbislamic-bd.com	16	**JUBILEE ROAD BRANCH** 829, Jubilee Road, Chittagong Tel : 031-615499 Mobile No. 01811 408270 Tlx : 633184 ALBJR BJ Fax : 621139 Email: manager.jub@icbislamic-bd.com	25	**NOAPARA BRANCH** Noapara Bazar, Avoynagor, Jessore Tel : 04222-71394, 71811 Mobile No. 01811 408280 Tlx : 633431 ABBBN BJ Email : manager.noa@icbislamic-bd.com	34	**UTTARA BRANCH** House # 2/A ,Road # 13, Sector#4,Dhaka-1230 Tel: 7912970, 7912979, 7912780 Mobile No: 01847090778 Fax:7912780 Email:manager.utr@icbislamic-bd.com
8	**NARAYANGONJ BRANCH** 15, S.M. Maleh Road, Narayangonj-1400 Tel : **7630477, 7630276** Mobile No. 01811 408266 Tlx : 633610 ALBNG BJ Email- manager.nrg@icbislamic-bd.com FAX: 88-02-7630477 SWIFT: BBSHBDDHA008	17	**FENI** BRANCH 83/1, Panchgachia Road, Feni. Tel : 0331-74065, 63277 Mobile No. 01811 408272 Email : manager.fni@icbislamic-bd.com	26	**BENAPOLE BRANCH** Benapole Bazar,Jessore Tel: 0421 -75747 Mobile No. 01811 408281 Tlx: 633429 ALBBP BJ Email : manager.bpl@icbislamic-bd.com		
9	BISWANATH BRANCH Plot # 9545, Biswanath Bazar, Sylhet Tel : 08224-56204 Mobile No. 01811 408276 Email :manager.bsw@icbislamic-bd.com	18	**RAJSHAHI BRANCH** 120, Natore Road, Shaheb Bazar, Rajshahi. Tel: 0721-774346,774599,812416,812417 Mobile No. 01811 408283 Tlx: 632347 ALBRJ BJ Email : manager.raj@icbislamic-bd.com	27	**BABU BAZAR BRANCH** 21, Armanian Street, Babubazar, Dhaka. Tel: 7316579, 7316574 Mobile No. 01833327722 Tlx: 632515 ALBBR BJ Email : manager.bbz@icbislamic-bd.com		

ICB Islamic Bank Limited
a member of ICB Financial Group Holdings AG

Registered Office: TK Bhaban (15th Floor), 13 Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka-1215.

Proxy Form

I/We.....of.....
.....being a member of ICB Islamic Bank Limited and entitled to vote, do hereby appoint Mr./Ms..... of ..... as my/our Proxy to attend and vote on my/our behalf at the 30th Annual General Meeting of the Company to be held on **Tuesday, 23 May 2017 at 10.00 a.m. at the "UTC Convention Hall", Level-5, Unique Trade Center, 8 Panthapath, Dhaka-1215** or at any adjournment thereof.

Signed this.....day of..... 2017.

.....
Signature of the PROXY

.....
Signature of the Shareholder(s)

No. of Shares held.....

Revenue Stamp

Folio/BO ID No															

Note: This Proxy Form, duly completed, must be deposited at the Company's Registered Office not later than 48 (Forty eight) hours before the commencement of AGM. Proxy shall be invalid if not signed and stamped as explained above. Signature of the Shareholders should agree with the Specimen Signature registered with the Company/Depository Participants.

.....

ICB Islamic Bank Limited
a member of ICB Financial Group Holdings AG

Registered Office: TK Bhaban (15th Floor), 13 Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka-1215.

Attendance Slip

I hereby record my attendance at the 30th Annual General Meeting being held on Tuesday, 23 May 2017 at 10.00 a.m. at the "UTC Convention Hall", Level-5, Unique Trade Center, 8 Panthapath, Dhaka-1215.

Name of the Member/Proxy (in Block Letter)	
Folio/BO ID No	
No. of Shares held	

Signature Verified by

.....
Signature of the Shareholder/PROXY

.....
Authorized Signatory of the Company

Note: Shareholders attending the meeting in person or by proxy are requested to complete the Attendance Slip and deposit the same at the entrance of the meeting Hall. Any friend or children accompanying with the honorable Shareholders/Proxy will not be allowed to the meeting.

AMAR STOCK



ICB Islamic Bank Limited

a member of ICB Financial Group Holdings AG

Head Office: T.K. Bhaban (15th floor), 13 Kazi Nazrul Islam Avenue
Kawran Bazar, Dhaka, Bangladesh, Tel: +880 2 143361-5
Fax: +880 2 9111994, E-mail: enquiry@icbislamic-bd.com