Islami Bank Bangladesh Limited

Auditors' Report & Financial Statements

As at and for the year ended 31 December 2017

AMAR STOCK

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Independent Auditors' Report

To the Shareholders of Islami Bank Bangladesh Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Islami Bank Bangladesh Limited** and its subsidiaries (the "Group") as well as the separate financial statements of Islami Bank Bangladesh Limited (the "Bank") which comprise the consolidated and separate balance sheet as at 31 December 2017 and the consolidated and separate profit and loss account, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements 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 Control

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in notes 2 and 3 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also the separate financial statements of the Bank that are free from material misstatements, whether due to fraud or error. The Bank Companies Act, 1991 as amended 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 consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and, plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and the separate 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 consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank 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 consolidated financial statements of the Group and also the separate 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 consolidated financial statements of the Group and also the separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in notes 2 and 3.

S F AHMED & CO.

KHAN WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

Report on other Legal and Regulatory Requirements

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

a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose 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 consolidated financial statements of the Group and the separate 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 Group and the Bank as disclosed in note 3.24 of the financial statements 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 other than matters disclosed in note 3.24.8;

c) financial statements of all subsidiary companies of the Bank have been audited by other auditors and have been properly reflected in the consolidated financial statements;

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

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

f) the expenditure incurred was for the purposes of the Bank's business;

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

h) adequate provisions have been made for investments, other assets and off-balance sheet items which are, in our opinion, doubtful of recovery;

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

j) the information and explanation required by us have been received and found satisfactory; and

k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 12,400 person hours for the audit of the books and accounts of the Bank.

S. F. Ahmed & Co.

S. F. Ahmed & Co.
Chartered Accountants

Dated, Dhaka;
25 April 2018

Khan Wahab Shafique Rahman & Co.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

KHAN WAHAB SHAFIQUE RAHMAN & CO. ★ Chartered Accountants

Islami Bank Bangladesh Limited and its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2017

Particulars	Notes	31.12.2017 Taka	31.12.2016 Taka (Restated)	01.01.2016 Taka (Restated)
Property and Assets				
Cash in hand	7(a)	**83,597,093,975**	**71,455,043,186**	**55,256,081,820**
Cash in hand (including foreign currency)	7(a)(i)	14,323,659,444	10,119,946,355	8,625,867,409
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)	7(a)(ii)	69,273,434,531	61,335,096,831	46,630,214,411
Balance with other banks & financial institutions	8(a)	**51,810,458,451**	**34,147,842,268**	**25,644,591,295**
In Bangladesh	8(a)(i)	49,365,743,090	32,726,556,251	23,974,968,279
Outside Bangladesh	8(a)(ii)	2,444,715,361	1,421,286,017	1,669,623,016
Placement with banks & other financial institutions	9.0	-	**3,000,000,000**	3,000,000,000
Investments in shares & securities	10(a)	**36,726,024,103**	**59,193,302,393**	**98,397,090,217**
Government	10(a)(i)	30,120,885,770	53,750,317,770	95,482,757,770
Others	10(a)(ii)	6,605,138,333	5,442,984,623	2,914,332,447
Investments		**705,728,930,368**	**611,418,912,766**	**525,104,502,716**
General investments etc.	11.1(a)	663,731,936,299	573,072,166,109	488,699,301,422
Bills purchased & discounted	11.2(a)	41,996,994,069	38,346,746,657	36,405,201,294
Fixed assets including premises	12(a)	**15,476,980,273**	**15,588,636,049**	**15,838,557,191**
Other assets	13(a)	**6,259,655,854**	**3,122,823,552**	**2,527,292,915**
Non - banking assets		-	-	-
Total property and assets		**899,599,143,024**	**797,926,560,214**	**725,768,116,154**
Liabilities and Capital				
Liabilities				
Placement from banks & other financial institutions	14(a)	**29,229,325,908**	**16,920,973,000**	**17,766,330,139**
Deposits & other accounts	15(a)	**753,913,987,322**	**681,044,531,409**	**614,877,266,437**
Mudaraba savings deposits		258,617,312,636	239,150,593,933	211,327,625,463
Mudaraba term deposits		233,183,530,655	201,314,652,601	179,234,913,887
Other mudaraba deposits		178,896,339,019	171,097,323,089	162,097,188,257
Al- wadeeah current and other deposit accounts		78,777,003,219	63,958,368,029	57,126,253,285
Bills payable		4,439,801,793	5,523,593,757	5,091,285,545
Mudaraba Bond	16.0	**8,000,000,000**	**3,000,000,000**	**3,000,000,000**
Mudaraba Perpetual Bond		3,000,000,000	3,000,000,000	3,000,000,000
Mudaraba Redeemable Subordinated Bond	16.1	5,000,000,000	-	-
Other liabilities	17(a)	**55,975,910,953**	**47,868,380,209**	**42,260,131,023**
Deferred tax liabilities	18(a)	**1,815,789,827**	**1,799,886,775**	**1,899,893,099**
Total liabilities		**848,935,014,010**	**750,633,771,393**	**679,803,620,698**
Capital/shareholders' equity		**50,664,129,014**	**47,292,788,821**	**45,964,495,456**
Paid - up capital	19.2	16,099,906,680	16,099,906,680	16,099,906,680
Statutory reserve	21.0	16,735,466,258	16,099,906,680	16,099,906,680
Other reserves	22.0	15,883,618,714	13,375,478,085	9,595,488,997
Retained earnings	40(a)	1,944,903,975	1,717,280,377	4,169,130,152
Non-controlling interest	40(b)	233,387	216,999	62,947
Total liabilities & shareholders' equity		**899,599,143,024**	**797,926,560,214**	**725,768,116,154**

KHAN WAHAB SHAFIQUE RAHMAN & CO. ★ Chartered Accountants

Islami Bank Bangladesh Limited and its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2017

Particulars	Notes	31.12.2017 Taka	31.12.2016 Taka (Restated)	01.01.2016 Taka (Restated)
Off-balance sheet items				
Contingent liabilities				
Acceptances & endorsements		-	-	-
Letters of guarantee	23.0	12,324,413,653	11,756,790,629	10,629,688,357
Irrevocable letters of credit (including back to back bills)		134,132,501,265	119,051,089,946	115,229,781,408
Bills for collection		23,291,421,693	8,433,816,934	7,496,874,228
Other contingent liabilities		959,400	4,331,687	23,581,701
Total		169,749,296,011	139,246,029,196	133,379,925,694
Other commitments				
Documentary credits, short term and trade related transactions		-	-	-
Forward assets purchased and forward deposits placed		-	-	-
Undrawn note issuance, revolving and underwriting facilities		-	-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-	-
Total		-	-	-
Total off-balance sheet items including contingent liabilities		169,749,296,011	139,246,029,196	133,379,925,694

The annexed notes form an integral part of these financial statements.

Professor Md. Nazmul Hassan, Ph.D
Chairman

Dr. Md. Zillur Rahman
Director

Md. Syful Islam, FCA, FCMA
Director

Md. Mahbub-ul-Alam
Managing Director & CEO

This is the consolidated balance sheet referred to in our separate report of even date.

S. F. Ahmed & Co.
Chartered Accountants

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dated, Dhaka;
25 April 2018

KHAN WAHAB SHAFIQUE RAHMAN & CO. ★ Chartered Accountants

Islami Bank Bangladesh Limited and its Subsidiaries
Consolidated Profit & Loss Account
For the year ended 31 December 2017

Particulars	Notes	2017 Taka	2016 Taka
Operating income			
Investment income	24(a)	56,938,966,887	52,732,440,077
Profit paid on mudaraba deposits	25(a)	(31,370,282,318)	(29,335,637,466)
Net investment income		**25,568,684,569**	**23,396,802,611**
Income from investments in shares & securities	26(a)	973,006,232	769,381,169
Commission, exchange & brokerage income	27(a)	6,306,319,706	5,763,148,747
Other operating income	28(a)	3,131,551,531	2,102,096,913
Total operating income		**35,979,562,038**	**32,031,429,440**
Operating expenses			
Salary & allowances	29(a)	13,695,443,167	12,813,096,553
Rent, taxes, insurances, electricity etc.	30(a)	1,329,902,273	1,192,602,581
Legal expenses	31(a)	16,591,766	29,362,397
Postage, stamps and telecommunication etc.	32(a)	49,963,880	47,677,786
Stationery, printing and advertisement etc.	33(a)	250,191,456	339,312,019
Chief executive's salary & fees	34.0	12,300,645	11,105,806
Directors' fees & expenses	35(a)	13,564,314	12,044,109
Shari'ah supervisory committee's fees & expenses	36.0	2,456,952	1,666,492
Auditors' fees	37(a)	2,995,750	2,708,250
Depreciation and repair to bank's assets	38(a)	901,995,679	965,381,752
Zakat expenses		519,571,146	494,971,614
Other expenses	39(a)	2,002,113,972	1,816,923,087
Total operating expenses		**18,797,091,000**	**17,726,852,446**
Profit/ (loss) before provision		**17,182,471,038**	**14,304,576,994**
Provision for investments & off- balance sheet exposures	17.1.4	4,605,239,704	4,085,166,640
Provision for diminution in value of investments in shares	17.2(a)	48,574,631	(352,361,724)
Other provisions	17.4	55,531,280	140,800,397
Total provision		**4,709,345,615**	**3,873,605,313**
Total profit/(loss) before taxes		**12,473,125,423**	**10,430,971,681**
Provision for taxation for the period		**7,552,518,678**	**5,951,633,378**
Current tax	17.7(a)	7,499,735,548	6,015,479,045
Deferred tax	18(b)	52,783,130	(63,845,667)
Net profit/ (loss) after tax		**4,920,606,745**	**4,479,338,303**
Net profit after tax attributable to:		**4,920,606,745**	**4,479,338,303**
Equity holders of IBBL		4,920,569,957	4,479,301,241
Non-controlling interest	40(b)	36,788	37,062
Retained earnings from previous year		**1,717,280,377**	**4,169,130,152**
Add: Net profit after tax (attributable to equity holders of IBBL)		4,920,569,957	4,479,301,241
Add: Excess depreciation transferred from assets revaluation reserve to retained earnings		94,842,197	97,291,643
Less: Adjustment for changing in shares position of IBSL		-	(3,710)
Profit available for appropriation		**6,732,692,531**	**8,745,719,326**
		6,732,692,531	**8,745,719,326**
Appropriation:			
Statutory reserve	21.0	635,559,578	-
General reserve	22.1	2,542,238,310	3,808,457,613
Dividend (Previous Year)	40.0	1,609,990,668	3,219,981,336
Retained earnings	40(a)	1,944,903,975	1,717,280,377
Consolidated earnings per share	42(a)	3.06	2.78

The annexed notes form an integral part of these financial statements.

Professor Md. Nazmul Hassan, Ph.D
Chairman

Dr. Md. Zillur Rahman
Director

Md. Syful Islam, FCA, FCMA
Director

Md. Mahbub-ul-Alam
Managing Director & CEO

This is the consolidated profit & loss account referred to in our separate report of even date.

S. F. Ahmed & Co.
Chartered Accountants

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dated, Dhaka;
25 April 2018

Islami Bank Bangladesh Limited and its Subsidiaries
Consolidated Cash Flow Statement
For the year ended 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
Cash flows from operating activities			
Investment income		52,255,696,498	49,749,652,979
Profit paid on mudaraba deposits		(28,863,833,225)	(28,596,363,026)
Income/ dividend receipt from investments in shares & securities		1,385,458,796	979,273,719
Fees & commission receipt in cash		6,306,319,706	5,763,148,747
Recovery from written off investments		78,271,678	43,936,629
Payments to employees		(13,665,214,148)	(12,404,126,222)
Cash payments to suppliers		(363,368,568)	(304,386,455)
Income tax paid		(6,231,380,721)	(6,784,988,519)
Receipts from other operating activities		3,267,170,790	2,416,882,178
Payments for other operating activities		(3,366,118,919)	(1,876,652,006)
(i) Operating profit before changes in operating assets		**10,803,001,887**	**8,986,378,024**
Changes in operating assets and liabilities			
Increase/(decrease) of statutory deposits		-	-
(Increase)/decrease of net trading securities		-	-
(Increase)/decrease of placement to other banks		238,203,500	-
(Increase)/decrease of investments to customers		(89,310,017,602)	(81,224,410,050)
(Increase)/decrease of other assets		(3,125,959,498)	(582,104,244)
Increase/(decrease) of placement from other banks		12,308,352,908	(845,357,139)
Increase/(decrease) of deposits from other banks		338,592,809	185,712,074
Increase/(decrease) of deposits received from customers		68,722,035,917	65,498,455,299
Increase/(decrease) of other liabilities account of customers		-	-
Increase/(decrease) of trading liabilities		-	-
Increase/(decrease) of other liabilities		1,861,571,656	(2,981,163,310)
(ii) Cash flows from operating assets and liabilities		**(8,967,220,310)**	**(19,948,867,370)**
Net cash flows from operating activities (A)=(i+ii)		**1,835,781,577**	**(10,962,489,346)**
Cash flows from investing activities			
Proceeds from sale of securities		25,475,697,368	41,301,999,834
Payment for purchase of securities/BGIIB		(3,264,472,395)	(1,863,223,906)
Placement to Islamic Refinance Fund Account		3,000,000,000	-
Payment for purchase of securities/membership		-	-
Purchase/sale of property, plants & equipments		(645,645,347)	(559,195,368)
Purchase/sale of subsidiaries		-	-
Net Cash flows from investing activities (B)		**24,565,579,626**	**38,879,580,560**
Cash flows from financing activities			
Receipts from issue of debt instruments		5,000,000,000	-
Payment for redemption of debt instruments		-	-
Receipts from issuing ordinary share/ rights share		-	-
Dividend paid in Cash		(1,609,990,668)	(3,219,981,336)
Net cash flows from financing activities (C)		**3,390,009,332**	**(3,219,981,336)**
Net increase/(decrease) in cash (A+B+C)		**29,791,370,535**	**24,697,109,878**
Add/(less): effects of exchange rate changes on cash & cash equivalent		13,296,437	5,102,461
Add: cash & cash equivalents at beginning of the year		**105,602,885,454**	**80,900,673,115**
Cash & cash equivalents at the end of the year	**45(a)**	**135,407,552,426**	**105,602,885,454**

The annexed notes form an integral part of these financial statements.

Professor Md. Nazmul Hassan, Ph.D
Chairman

Md. Syful Islam, FCA, FCMA
Director

Dr. Md. Zillur Rahman
Director

Md. Mahbub-ul-Alam
Managing Director & CEO

This is the consolidated cash flow statement referred to in our separate report of even date.

S. F. Ahmed & Co.
Chartered Accountants

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dated, Dhaka;
25 April 2018

Islami Bank Bangladesh Limited and its Subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

(Amount in Taka)

Particulars	Paid-up capital	Share premium	Statutory reserve	General/ other reserves (*)	Assets revaluation reserve	Revaluation reserve of securities	Retained earnings	Non-controlling interest	Total
1	2	3	4	5	6	7	8	9	10(2+3+4+5+6+7+8+9)
Balance as at 01 January 2017	**16,099,906,680**	**1,989,633**	**16,099,906,680**	**4,045,937,434**	**9,260,915,018**	**66,636,000**	**1,717,288,377**	**216,999**	**47,292,788,821**
Deferred tax on revaluation surplus	-	-	-	-	-	(1,056,800)	-	-	**(1,056,800)**
Deferred tax impact on excess depreciation	-	-	-	-	37,936,879				37,936,879
Depreciation adjustment on revalued fixed assets	-	-	-	-	(94,842,197)	-	94,842,197	-	-
Surplus/ (deficit) on account of revaluation	-	-	-	-	-	10,568,000	-	-	**10,568,000**
Currency translation differences	-	-	-	13,296,437		-	-	-	**13,296,437**
Net gain and losses not recognized in the income statement	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	4,920,569,957	36,788	**4,920,606,745**
Transfer to (from) reserve	-	-	635,559,578	2,542,238,310	-	-	(3,177,797,888)	-	-
Dividend:		-		-	-	-	-	-	-
Bonus shares	-	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	(1,609,990,668)	(20,400)	**(1,610,011,068)**
Issue of share capital	-	-	-	-	-	-	-	-	-
Total shareholders' equity as on 31 December 2017	**16,099,906,680**	**1,989,633**	**16,735,466,258**	**6,601,472,181**	**9,204,909,700**	**76,147,200**	**1,944,903,975**	**233,387**	**58,664,129,014**
Add: Mudaraba perpetual bond	-	-	-	-	-	-	-		**3,000,000,000**
Add: Mudaraba Redeemable Subordinated Bond	-	-	-	-	-	-	-	-	**5,000,000,000**
Add: General provision for unclassified investments and off- balance sheet items (Note-3.14.7)	-	-	-	6,615,870,000	-	-	-	-	**6,615,870,000**
Adjustment for currency translation differences	-	-	-	(22,713,657)		-	-	-	**(22,713,657)**
Less: Assets revaluation reserve (Note-3.14.4)	-	-	-	-	(6,904,215,436)	-	-	-	**(6,904,215,436)**
Less: Revaluation reserve of securities (Note-3.14.5)	-	-	-	-		(59,847,200)	-	-	**(59,847,200)**
Total equity as on 31 December 2017	**16,099,906,680**	**1,989,633**	**16,735,466,258**	**13,194,628,524**	**2,299,794,264**	**16,300,000**	**1,944,903,975**	**233,387**	**58,293,222,721**

(*)Note : General / other reserves

Particulars	01.01.2017	01.01.2016
General reserve	4,004,520,214	196,062,601
Dividend equalization account	32,000,000	32,000,000
Currency translation differences	9,417,220	4,314,759
Total	**4,045,937,434**	**232,377,360**

S. F. AHMED & CO.

KHAN WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

Islami Bank Bangladesh Limited and its Subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

(Amount in Taka)

Particulars	Paid-up capital	Share premium	Statutory reserve	General/ other reserves	Assets revaluation reserve	Revaluation reserve of securities	Retained earnings	Non-controlling interest	Total
1	2	3	4	5	6	7	8	9	10(2+3+4+5+6+7+8+9)
Balance as at 01 January 2016	**16,099,906,680**	**1,989,633**	**16,099,906,680**	**232,377,360**	**10,904,468,771**	**46,488,000**	**4,169,130,152**	**62,947**	**47,554,322,223**
Prior period error									
Deferred tax on revaluation surplus	-	-	-	-	(1,822,979,787)	(4,648,000)	-	-	(1,827,627,787)
Deferred tax impact on excess depreciation	-	-	-	-	237,801,020	-	-	-	237,801,020
Restated Balance as at January 2016	**16,099,906,680**	**1,989,633**	**16,099,906,680**	**232,377,360**	**9,319,290,004**	**41,832,000**	**4,169,130,152**	**62,947**	**45,964,495,456**
Deferred Tax impact on excess depreciation/ revaluation surplus	-	-	-	-	38,916,657	(2,756,000)	-	-	**36,160,657**
Adjustment for changing in shares position	-	-	-	-	-	-	(3,710)	**153,710**	**150,000**
Depreciation adjustment on revalued Fixed Assets	-	-	-	-	(97,291,643)	-	97,291,643	-	-
Surplus/ (deficit) on account of revaluation of properties	-	-	-	-	-		-	-	-
Surplus/ (deficit) on account of revaluation	-	-	-	-	-	27,560,000	-	-	**27,560,000**
Currency translation differences	-	-	-	5,102,461		-	-	-	**5,102,461**
Net gain and losses not recognized in the income statement	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	4,479,301,241	37,062	**4,479,338,303**
Transfer to (from) reserve	-	-	-	3,808,457,613	-	-	(3,808,457,613)	-	-
Dividend:		-		-	-	-	-	-	-
Bonus shares	-	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	(3,219,981,336)	(36,720)	**(3,220,018,056)**
Issue of share capital	-	-	-	-	-	-	-	-	-
Total shareholders' equity as on 31 December 2016	**16,099,906,680**	**1,989,633**	**16,099,906,680**	**4,045,937,434**	**9,260,915,018**	**66,636,000**	**1,717,280,377**	**216,999**	**47,292,788,821**
Add: Mudaraba perpetual bond	-	-	-	-	-	-	-	-	**3,000,000,000**
Add: General provision for unclassified investments and off- balance sheet items (Note-3.14.7)	-	-	-	6,234,010,000	-	-	-	-	**6,234,010,000**
Adjustment for currency translation differences				(9,417,220)		-			**(9,417,220)**
Less: Assets revaluation reserve (Note-3.14.4)	-	-	-	-	(5,811,223,622)	-	-	-	**(5,811,223,622)**
Less: Revaluation reserve of securities (Note-3.14.5)	-	-	-	-	-	(42,186,000)			**(42,186,000)**
Total equity as on 31 December 2016	**16,099,906,680**	**1,989,633**	**16,099,906,680**	**10,270,530,214**	**3,449,691,396**	**24,450,000**	**1,717,280,377**	**216,999**	**50,663,971,979**

Professor Md. Nazmul Hassan, Ph.D
Chairman

Dr. Md. Zillur Rahman
Director

Md. Syful Islam, FCA, FCMA
Director

Md. Mahbub-ul-Alam
Managing Director & CEO

This is the consolidated statement of changes in equity referred to in our separate report of even date.

S. F. Ahmed & Co.
Chartered Accountants
Dated, Dhaka;
25 April 2018

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Islami Bank Bangladesh Limited
Balance Sheet
As at 31 December 2017

Particulars	Notes	31.12.2017 Taka	31.12.2016 Taka (Restated)	01.01.2016 Taka (Restated)
Property and Assets				
Cash in hand	**7.0**	**83,597,089,565**	**71,455,041,556**	**55,256,075,599**
Cash in hand (including foreign currency)	7.1	14,323,655,034	10,119,944,725	8,625,861,188
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)	7.2	69,273,434,531	61,335,096,831	46,630,214,411
Balance with other banks & financial institutions	**8.0**	**45,908,508,558**	**27,969,527,234**	**19,766,322,649**
In Bangladesh	8.i	43,463,793,197	26,548,241,217	18,096,699,633
Outside Bangladesh	8.ii	2,444,715,361	1,421,286,017	1,669,623,016
Placement with banks & other financial institutions	**9.0**	**-**	**3,000,000,000**	**3,000,000,000**
Investments in shares & securities	**10.0**	**37,943,613,630**	**60,328,886,791**	**99,436,769,339**
Government	10.1	30,120,885,770	53,750,317,770	95,482,757,770
Others	10.2	7,822,727,860	6,578,569,021	3,954,011,569
Investments	**11.0**	**710,728,930,368**	**616,418,912,766**	**530,194,502,716**
General investments etc.	11.1	668,731,936,299	578,072,166,109	493,789,301,422
Bills purchased & discounted	11.2	41,996,994,069	38,346,746,657	36,405,201,294
Fixed assets including premises	**12.0**	**15,475,408,196**	**15,586,914,329**	**15,836,479,066**
Other assets	**13.0**	**6,306,222,414**	**2,940,373,502**	**2,330,975,328**
Non - banking assets		**-**	**-**	
Total property and assets		**899,959,772,731**	**797,699,656,178**	**725,821,124,697**
Liabilities and Capital				
Liabilities				
Placement from banks & other financial institutions	**14.0**	**29,229,325,908**	**16,920,973,000**	**17,766,330,139**
Deposits & other accounts	**15.0**	**755,022,245,959**	**681,352,249,392**	**615,359,210,035**
Mudaraba savings deposits	15.1	259,389,011,780	239,163,357,296	211,543,849,041
Mudaraba term deposits		233,413,444,655	201,544,652,601	179,464,913,887
Other mudaraba deposits	15.2	178,897,159,066	171,101,256,416	162,098,214,256
Al- wadeeah current and other deposit accounts	15.3	78,882,828,665	64,019,389,322	57,160,947,306
Bills payable	15.4	4,439,801,793	5,523,593,757	5,091,285,545
Mudaraba Bond	**16.0**	**8,000,000,000**	**3,000,000,000**	**3,000,000,000**
Mudaraba Perpetual Bond		3,000,000,000	3,000,000,000	3,000,000,000
Mudaraba Redeemable Subordinated Bond	16.1	5,000,000,000	-	-
Other liabilities	**17.0**	**55,561,279,370**	**47,440,682,596**	**41,923,565,764**
Deferred tax liabilities	**18.0**	**1,817,939,174**	**1,800,469,077**	**1,900,556,449**
Total liabilities		**849,630,790,411**	**750,514,374,065**	**679,949,662,387**
Capital/ shareholders' equity		**50,328,982,320**	**47,185,282,113**	**45,871,462,310**
Paid - up capital	19.2	16,099,906,680	16,099,906,680	16,099,906,680
Statutory reserve	21.0	16,735,466,258	16,099,906,680	16,099,906,680
Other reserves	22.0	15,883,618,714	13,375,478,085	9,595,488,997
Retained Earnings	40.0	1,609,990,668	1,609,990,668	4,076,159,953
Total liabilities & shareholders' equity		**899,959,772,731**	**797,699,656,178**	**725,821,124,697**

Islami Bank Bangladesh Limited
Balance Sheet
As at 31 December 2017

Particulars	Notes	31.12.2017 Taka	31.12.2016 Taka (Restated)	01.01.2016 Taka (Restated)
Off-balance sheet items				
Contingent liabilities				
Acceptances & endorsements		-	-	-
Letters of guarantee	23.0	12,324,413,653	11,756,790,629	10,629,688,357
Irrevocable letters of credit (including back to back bills)		134,132,501,265	119,051,089,946	115,229,781,408
Bills for collection		23,291,421,693	8,433,816,934	7,496,874,228
Other contingent liabilities		959,400	4,331,687	23,581,701
Total		**169,749,296,011**	**139,246,029,196**	**133,379,925,694**
Other commitments				
Documentary credits, short term and trade related transactions		-	-	-
Forward assets purchased and forward deposits placed		-	-	-
Undrawn note issuance, revolving and underwriting facilities		-	-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-	-
Total		-	-	-
Total off-balance sheet items including contingent liabilities		**169,749,296,011**	**139,246,029,196**	**133,379,925,694**

The annexed notes form an integral part of these financial statements.

Professor Md. Nazmul Hassan, Ph.D
Chairman

Dr. Md. Zillur Rahman
Director

Md. Syful Islam, FCA, FCMA
Director

Md. Mahbub-ul-Alam
Managing Director & CEO

This is the balance sheet referred to in our separate report of even date.

S. F. Ahmed & Co.
Chartered Accountants

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dated, Dhaka;
25 April 2018

KHAN WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

Islami Bank Bangladesh Limited
Profit & Loss Account
For the year ended 31 December 2017

Particulars	Notes	2017 Taka	2016 Taka
Operating income			
Investment income	24.0	57,141,630,844	52,942,089,731
Profit paid on mudaraba deposits	25.0	(31,383,092,010)	(29,345,105,438)
Net investment income		**25,758,538,834**	**23,596,984,293**
Income from investments in shares & securities	26.0	889,208,854	1,212,925,109
Commission, exchange & brokerage income	27.0	6,259,956,060	5,738,172,334
Other operating income	28.0	2,648,554,432	1,664,258,746
Total operating income		**35,556,258,180**	**32,212,340,482**
Operating expenses			
Salary & allowances	29.0	13,668,780,294	12,789,396,607
Rent, taxes, insurances, electricity etc.	30.0	1,324,646,255	1,188,110,703
Legal expenses	31.0	16,591,766	29,362,397
Postage, stamps and telecommunication etc.	32.0	49,831,492	47,444,512
Stationery, printing and advertisement etc.	33.0	249,660,183	338,933,013
Chief executive's salary & fees	34.0	12,300,645	11,105,806
Directors' fees & expenses	35.0	12,248,714	11,041,309
Shari'ah supervisory committee's fees & expenses	36.0	2,456,952	1,666,492
Auditors' fees	37.0	2,875,000	2,587,500
Depreciation and repair to bank's assets	38.0	900,526,888	963,616,787
Zakat expenses	17.8	519,571,146	494,971,614
Other expenses	39.0	1,991,954,970	1,808,986,564
Total operating expenses		**18,751,444,305**	**17,687,223,304**
Profit/ (loss) before provision		**16,804,813,875**	**14,525,117,178**
Provision for investments & off- balance sheet exposures	17.1.4	4,605,239,704	4,085,166,640
Provision for diminution in value of investments in shares	17.2	30,724,814	-
Other provisions	17.4	55,531,280	140,800,397
Total provision		**4,691,495,798**	**4,225,967,037**
Total profit/(loss) before taxes		**12,113,318,077**	**10,299,150,141**
Provision for taxation for the period		**7,420,371,718**	**5,834,172,120**
Current tax	17.7.1	7,366,021,543	5,898,098,835
Deferred tax expense/(income)	18.0	54,350,175	(63,926,715)
Net profit/ (loss) after tax		**4,692,946,359**	**4,464,978,021**
Retained earnings from previous year		1,609,990,668	4,076,159,953
Add: Net profit after tax		4,692,946,359	4,464,978,021
Add: Excess depreciation on revalued amount of building transferred from assets revaluation reserve to retained earnings	22.2	94,842,197	97,291,643
Profit available for appropriation		**6,397,779,224**	**8,638,429,617**
Appropriation:		**6,397,779,224**	**8,638,429,617**
Statutory reserve	21.0	635,559,578	-
General reserve	22.1	2,542,238,310	3,808,457,613
Dividend (Previous Year)	40.0	1,609,990,668	3,219,981,336
Retained earnings	40.0	1,609,990,668	1,609,990,668
Earnings per share (EPS)	**42.0**	**2.91**	**2.77**

The annexed notes form an integral part of these financial statements.

Professor Md. Nazmul Hassan, Ph.D
Chairman

Md. Syful Islam, FCA, FCMA
Director

Dr. Md. Zillur Rahman
Director

Md. Mahbub-ul-Alam
Managing Director & CEO

This is the profit & loss account referred to in our separate report of even date.

S. F. Ahmed & Co.
Chartered Accountants

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

KHAN WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

Dated, Dhaka;
25 April 2018

Islami Bank Bangladesh Limited
Cash Flow Statement
For the year ended 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
Cash flows from operating activities			
Investment income		52,458,360,455	49,749,652,979
Profit paid on mudaraba deposits		(28,876,593,675)	(28,596,363,026)
Income/ dividend receipt from investments in shares & securities		1,031,681,818	936,854,379
Fees & commission receipt in cash		6,259,956,060	5,738,172,334
Recovery from written off investments		78,271,678	43,936,629
Payments to employees		(13,638,551,275)	(12,380,426,276)
Cash payments to suppliers		(362,837,295)	(304,007,449)
Income tax paid		(6,133,956,729)	(6,720,352,924)
Receipts from other operating activities		2,784,124,449	1,969,576,039
Payments for other operating activities		(3,347,666,370)	(1,651,808,566)
(i) Operating profit before changes in operating assets		**10,252,789,116**	**8,785,234,119**
Changes in operating assets and liabilities			
Increase/(decrease) of statutory deposits		-	-
(Increase)/decrease of net trading securities		-	-
(Increase)/decrease of placement to other banks		-	-
(Increase)/decrease of investments to customers		(94,310,017,602)	(86,224,410,050)
(Increase)/decrease of other assets		(3,365,848,912)	(606,536,099)
Increase/(decrease) of placement from other banks		12,308,352,908	(845,357,139)
Increase/(decrease) of deposits from other banks		338,592,809	185,712,074
Increase/(decrease) of deposits received from customers		69,831,403,758	65,807,327,283
Increase/(decrease) of other liabilities account of customers		-	-
Increase/(decrease) of trading liabilities		-	-
Increase/(decrease) of other liabilities		6,882,669,747	1,993,952,049
(ii) Cash flows from operating assets and liabilities		**(8,314,847,292)**	**(19,689,311,882)**
Net cash flows from operating activities (A)=(i+ii)		**1,937,941,824**	**(10,904,077,763)**
Cash flows from investing activities			
Proceeds from sale of securities/BGIIB		22,385,273,161	39,080,322,548
Payment for purchase of securities/BGIIB		-	-
Placement to Islamic Refinance Fund Account		3,000,000,000	-
Payment for purchase of securities/membership		-	-
Purchase/sale of property, plants & equipments		(645,491,421)	(559,195,368)
Purchase/sale of subsidiaries		-	-
Net cash flows from investing activities (B)		**24,739,781,740**	**38,521,127,180**
Cash flows from financing activities			
Receipts from issue of debt instruments		5,000,000,000	-
Payment for redemption of debt instruments		-	-
Receipts from issuing ordinary share/ rights share		-	-
Dividend paid in Cash		(1,609,990,668)	(3,219,981,336)
Net cash flows from financing activities (C)		**3,390,009,332**	**(3,219,981,336)**
Net increase/(decrease) in cash (A+B+C)		**30,067,732,896**	**24,397,068,081**
Add/(Less): effects of exchange rate changes on cash & cash equivalent		13,296,437	5,102,461
Add: cash & cash equivalents at beginning of the year		99,424,568,790	75,022,398,248
Cash & cash equivalents at the end of the year	**45.0**	**129,505,598,123**	**99,424,568,790**

The annexed notes form an integral part of these financial statements.

Professor Md. Nazmul Hassan, Ph.D
Chairman

Md. Syful Islam, FCA, FCMA
Director

Dr. Md. Zillur Rahman
Director

Md. Mahbub-ul-Alam
Managing Director & CEO

This is the cash flow statement referred to in our separate report of even date.

S. F. Ahmed & Co.
Chartered Accountants

Dated, Dhaka;
25 April 2018

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Islami Bank Bangladesh Limited

Statement of Changes in Equity

For the year ended 31 December 2017

(Amount in Taka)

Particulars	Paid-up capital	Share premium	Statutory reserve	General/ other reserves(*)	Assets revaluation reserve	Revaluation reserve of securities	Retained earnings	Total
1	2	3	4	5	6	7	8	9 (2+3+ 4+5+6+7+ 8)
Balance as at 01 January 2017	**16,099,906,680**	**1,989,633**	**16,099,906,680**	**4,045,937,434**	**9,260,915,018**	**66,636,800**	**1,609,990,668**	**47,185,282,113**
Deferred tax on revaluation surplus	-	-	-	-	-	(1,056,800)	-	**(1,056,800)**
Deferred tax impact on excess depreciation					37,936,879			**37,936,879**
Depreciation adjustment on revalued fixed assets	-	-	-	-	(94,842,197)	-	94,842,197	-
Surplus/ (deficit) on account of revaluation	-	-	-	-	-	10,568,000	-	**10,568,000**
Currency translation differences	-	-	-	13,296,437	-	-	-	**13,296,437**
Net gain and losses not recognized in the income statement	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	4,692,946,359	**4,692,946,359**
Transfer to (from) reserve	-	-	635,559,578	2,542,238,310	-	-	(3,177,797,888)	-
Dividend:								-
Bonus shares	-	-	-	-	-	-	-	-
Cash dividend		-	-	-	-	-	(1,609,990,668)	**(1,609,990,668)**
Issue of share capital	-	-	-	-	-	-	-	-
Total shareholders' equity as on 31 December 2017	**16,099,906,680**	**1,989,633**	**16,735,466,258**	**6,601,472,181**	**9,204,009,700**	**76,147,200**	**1,609,990,668**	**50,318,982,320**
Add: Mudaraba perpetual bond	-	-	-	-	-	-	-	**3,000,000,000**
Add: Mudaraba Redeemable Subordinated Bond	-	-	-	-	-	-	-	**5,000,000,000**
Add: General provision for unclassified investments and off- balance sheet items (Note-3.14.7)	-	-	-	6,615,870,000	-	-	-	**6,615,870,000**
Adjustment for currency translation differences	-	-	-	(22,713,657)	-	-	-	**(22,713,657)**
Less: Assets revaluation reserve (Note-3.14.4)	-	-	-	-	(6,904,215,436)	-	-	**(6,904,215,436)**
Less: Revaluation reserve of securities (Note-3.14.5)	-	-	-	-	-	(59,847,200)	-	**(59,847,200)**
Total equity as on 31 December 2017	**16,099,906,680**	**1,989,633**	**16,735,466,258**	**13,194,628,524**	**2,299,794,264**	**16,300,000**	**1,609,990,668**	**57,958,076,027**

(*)Note : General / other reserves

Particulars	01.01.2017	01.01.2016
General reserve	4,004,520,214	196,062,601
Dividend equalization account	32,000,000	32,000,000
Currency translation differences	9,417,220	4,314,759
Total	**4,045,937,434**	**232,377,360**

KHAN WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

Islami Bank Bangladesh Limited

Statement of Changes in Equity

For the year ended 31 December 2016

(Amount in Taka)

Particulars	Paid-up capital	Share premium	Statutory reserve	General/ other reserves	Assets revaluation reserve	Revaluation reserve of securities	Retained earnings	Total
1	2	3	4	5	6	7	8	9 (2+3+ 4+5+6+7+ 8)
Balance as at 01 January 2016	**16,099,906,680**	**1,989,633**	**16,099,906,680**	**232,377,360**	**10,904,468,771**	**46,488,000**	**4,076,159,953**	**47,461,289,077**
Prior Period error								-
Deferred tax on revaluation surplus	-	-	-	-	(1,822,979,787)	(4,648,000)	-	(1,827,627,787)
Deferred tax impact on excess depreciation	-	-	-	-	237,801,020	-	-	237,801,020
Restated Balance as at January 2016	**16,099,906,680**	**1,989,633**	**16,099,906,680**	**232,377,360**	**9,319,290,004**	**41,832,000**	**4,076,159,953**	**45,871,462,310**
Deferred tax impact on excess depreciation/ revaluation surplus	-	-	-	-	38,916,657	(2,756,000)	-	36,160,657
Depreciation adjustment on revalued Fixed Assets	-	-	-	-	(97,291,643)	-	97,291,643	-
Surplus/ (deficit) on account of revaluation	-	-	-	-	-	27,560,000	-	27,560,000
Currency translation differences	-	-	-	5,102,461	-	-	-	5,102,461
Net gain and losses not recognized in the income statement	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	4,464,978,021	4,464,978,021
Transfer to (from) reserve	-	-	-	3,808,457,613	-	-	(3,808,457,613)	-
Dividend:								-
Bonus shares	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	(3,219,981,336)	(3,219,981,336)
Issue of share capital	-	-	-	-	-	-	-	-
Total shareholders' equity as on 31 December 2016	**16,099,906,680**	**1,989,633**	**16,099,906,680**	**4,045,937,434**	**9,268,915,018**	**66,636,000**	**1,609,990,668**	**47,185,282,113**
Add: Mudaraba perpetual bond	-	-	-	-	-	-	-	**3,000,000,000**
Add: General provision for unclassified investments and off- balance sheet items (Note-3.14.7)	-	-	-	6,234,010,000	-	-	-	6,234,010,000
Adjustment for currency translation differences				(9,417,220)				(9,417,220)
Less: Assets revaluation reserve (Note-3.14.4)	-	-	-	-	(5,811,223,622)	-	-	(5,811,223,622)
Less: Revaluation reserve of securities (Note-3.14.5)	-	-	-	-	-	(42,186,000)	-	(42,186,000)
Total equity as on 31 December 2016	**16,099,906,680**	**1,989,633**	**16,099,906,680**	**10,270,530,214**	**3,449,691,396**	**24,450,000**	**1,609,990,668**	**50,556,465,271**

Professor Md. Nazmul Hassan, Ph.D
Chairman

Dr. Md. Zillur Rahman
Director

Md. Syful Islam, FCA, FCMA
Director

Md. Habibul Alam
Managing Director & CEO

This is the statement of changes in equity referred to in our separate report of even date.

S. F. Ahmed & Co.
Chartered Accountants

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dated, Dhaka;
25 April 2018

Islami Bank Bangladesh Limited

Liquidity Statement

Assets & Liabilities analysis

As at 31 December 2017

Particulars	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 years	More than 5 years	Total 31.12.2017	Total 31.12.2016
1	2	3	4	5	6	7=(2+3+4+5+6)	8
ASSETS							
Cash in hand	17,270,601,150	-	-	-	66,326,488,415	83,597,089,565	71,455,041,556
Balance with other banks & financial institutions (Note-8.2)	20,213,508,558	25,185,000,000	510,000,000	-	-	45,908,508,558	27,969,527,234
Placement with Banks & other Financial Institutions	-	-	-	-	-	-	3,000,000,000
Investments (in shares & securities) (Note-10.4)	1,054,653,807	17,513,880,053	13,203,458,000	2,465,790,000	3,705,831,770	37,943,613,630	60,328,886,791
General investments etc. (Note-11.1.1)	109,462,835,880	113,916,123,906	189,463,028,610	131,478,803,044	124,411,144,859	668,731,936,299	578,072,166,109
Bills purchased & discounted (Note-11.2.1)	10,902,419,660	14,640,152,133	16,454,422,276	-	-	41,996,994,069	38,346,746,657
Fixed assets including premises (land & building), furniture and fixtures (Note-12.3)	-	-	724,256,516	2,558,111,157	12,193,040,523	15,475,408,196	15,586,914,329
Other assets (Note-13.1)	983,761,954	3,361,479,502	1,235,150,370	597,574,716	128,255,872	6,306,222,414	2,940,373,502
Non - banking assets	-	-	-	-	-	-	-
Total assets	159,887,781,009	174,616,635,594	221,590,315,773	137,100,278,917	206,764,761,439	899,959,772,731	797,699,656,178
LIABILITIES							
Placement from banks & other financial institutions	2,067,500,000	8,642,150,000	18,519,675,908	-	-	29,229,325,908	16,920,973,000
Deposits (Note-15.5)	123,910,666,060	137,700,120,801	191,918,424,757	128,984,127,575	172,508,906,766	755,022,245,959	681,352,249,392
Other accounts	-	-	-	-	-	-	-
Provision & other liabilities (Note-17.10)	3,727,088,907	16,185,645,402	4,922,890,301	2,286,491,186	28,439,163,574	55,561,279,370	47,440,682,596
Deferred tax liability/ (assets)	-	-	-	-	1,817,939,174	1,817,939,174	1,800,469,077
Mudaraba perpetual bond	-	-	-	-	3,000,000,000	3,000,000,000	3,000,000,000
Mudaraba Redeemable Subordinated Bond	-	-	-	3,000,000,000	2,000,000,000	5,000,000,000	-
Total liabilities	129,705,254,967	162,527,916,203	215,360,990,966	134,270,618,761	207,766,009,514	849,630,790,411	750,514,374,065
Net liquidity gap	30,182,526,042	12,088,719,392	6,229,324,807	2,829,660,156	(1,001,248,075)	50,328,982,320	47,185,282,113

Professor Md. Nazmul Hassan, Ph.D
Chairman

Dr. Md. Zillur Rahman
Director

Md. Syful Islam, FCA, FCMA
Director

Md. Mahbub-ul-Alam
Managing Director & CEO

This is the liquidity statement referred to in our separate report of even date.

S. F. Ahmed & Co.
Chartered Accountants

Dated, Dhaka;
25 April 2018

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

KHAN WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

1.0 The Bank and its activities

1.1 Introduction

Islami Bank Bangladesh Limited [IBBL] (hereinafter referred to as "the Bank") was established as a public limited banking company in Bangladesh in 1983 as the first Shari'ah based scheduled commercial bank in the South East Asia. Naturally, its modus operandi is substantially different from those of other conventional commercial banks. The Bank conducts its business on the Shari'ah principles of Mudaraba, Musharaka, Bai-Murabaha, Bai-Muajjal, Hire Purchase under Shirkatul Melk, Bai-Salam, Bai-as-Sarf and Ujarah etc. There is a Shari'ah Supervisory Committee in the Bank which ensures that the activities of the Bank are being conducted on the precepts of Islam.

The shares of the Bank are listed with both Dhaka Stock Exchange (DSE) Limited and Chittagong Stock Exchange (CSE) Limited. The Bank carries out its business activities through its Head Office in Dhaka, 16 Zonal Offices, 332 branches including 58 Authorised Dealer (AD) branches and 3 Off-shore Banking Units (OBUs) in Bangladesh. The Principal place of business is the Registered Office of the Bank situated at Islami Bank Tower, 40, Dilkusha Commercial Area, Dhaka-1000, Bangladesh. These financial statements as at and for the year ended 31 December 2017 include the consolidated and separate financial statements of the Bank. The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries (mentioned in Note - 1.4, together referred to as "the Companies").

1.2 Nature of business/ Principal activities of the Bank

1.2.1 Commercial banking services

All kinds of commercial banking services are provided by the Bank to the customers following the principles of Islamic Shari'ah, the provisions of the Bank Companies Act, 1991 as amended, Bangladesh Bank's directives and directives of other regulatory authorities.

1.2.2 Islamic micro-finance

Islamic micro-finance represents micro-finance of the Islamic finance industry. Under Islamic micro-finance, major focus is given on improvement of living standard of poor people. The projects are closely monitored so that the members are really benefited. The Bank provides this services under the umbrella of Rural Development Scheme (RDS) and Urban Poor Development Scheme (UPDS).

1.2.3 Mobile financial services -"mCash"

The bank has launched mobile financial services on 27 December 2012 under the name "Islami Bank mCash" as per Bangladesh Bank approval (reference no. DCMPS/PSD/37/(W)/2012-321 dated 14 June 2012). Islami Bank mCash offers different services through Mobile phone that include deposit and withdrawal of cash money, fund transfer from one account to another, receiving remittance from abroad, knowing account balance and mini-statement, giving and receiving salary, mobile recharge and payment of utility bill, merchant bill payment etc.

1.3 Off-shore banking unit (OBU)

Bangladesh Bank has approved the operation of Off-Shore Banking Unit (OBU) of Islami Bank Bangladesh Limited located at Head Office Complex Branch- Dhaka, Uttara Branch- Dhaka and Agrabad Branch- Chittagong through letter no. BRPD (P-3)744(111)/2010-1032 dated 28 March, 2010. The Bank commenced the operation of its Off-shore Banking Unit from 08.02.2011 at Head Office Complex Branch, Dhaka, from 27.09.2011 at Agrabad Branch, Chittagong and from 01.06.2015 at Uttara Branch, Dhaka. Due to having different functional currency (Note 2.4), the operation of OBU has been considered as "foreign operation" and accordingly relevant financial reporting standards have been applied consistently that mentioned in note 3.15.3. The financial statements of the OBU are included in the separate financial statements of the Bank and eventually in the consolidated financial statements. The separate financial statements of OBU are shown in the functional currency (i.e. USD) as well as the presentation currency i.e. BDT of the Bank (i.e. BDT) in **Annexure - E.**

1.4 Subsidiaries of the Bank

1.4.1 Islami Bank Securities Limited (IBSL)

As per Bangladesh Securities and Exchange Commission's (BSEC) Letter No. SEC/Reg/CSE/MB/ 2009/444 dated 20.12.2009 and approval of Bangladesh Bank through Letter No. BRPD (R-1)717/2010-47 dated 07.02.2010; the Bank established a subsidiary Company named "Islami Bank Securities Limited" to operate stock broker and stock dealer activities.

The share capital of Islami Bank Securities Ltd. is Tk. 2,700,000,000/- divided into 2,700,000 shares of Tk.1,000/ each out of which share capital of the bank is Tk.2,699,796,000/- divided into 2,699,796 shares of Tk.1,000/- each which represent 99.992% of total share of the subsidiary company.

IBSL was incorporated on 22.03.2010 and date of commencement of business was 23.05.2010. Required capital was transferred to IBSL on 25.05.2010 which is operating business under the license issued by the Bangladesh Securities & Exchange Commission (BSEC). As a stock broker, IBSL acts as an agent in the purchase and sale of Shari`ah approved listed securities and realizes commission on transactions in accordance with approved commission schedule.

1.4.2 Islami Bank Capital Management Limited (IBCML)

As per Bangladesh Bank BRPD Circular No. 12 dated 14.10.2009 and approval of Bangladesh Bank through Letter No. BRPD (R-1)717/2010-47 dated 07.02.2010, the Bank established another subsidiary Company named "Islami Bank Capital Management Limited" to operate portfolio management, underwriting, issue management etc. IBCML was incorporated on 01.04.2010 and required capital was transferred on 06.07.2010.

The share capital of Islami Bank Capital Management Ltd. is Tk.300,000,000/- divided into 300,000 shares of Tk.1,000/- each, out of which share capital of the bank is Tk.299,993,000/- divided into 299,993 shares of Tk.1,000/- each which represent 99.998% of total share of the subsidiary Company. Permission of Bangladesh Securities and Exchange Commission (BSEC) is yet to be received for the core operation of IBCML.

1.4.3 IBBL Exchange Singapore Pte. Ltd.

'IBBL Exchange Singapore Pte. Ltd.' has been incorporated in Singapore, as a subsidiary of Islami Bank Bangladesh Limited for remittance services and things incidental thereto under the Companies Act, CAP. 50 of the Republic of Singapore. Till 31 December 2017, no share capital of the subsidiary has been paid by its parent company i.e. Islami Bank Bangladesh Limited. Therefore, the financial statements of IBBL Exchange Singapore Pte. Ltd has not been prepared and accordingly not consolidated with that of the parent i.e. the bank.

2.0 Basis of preparation of financial statements

2.1 Reporting framework and compliance thereof

The Bank and its subsidiaries are being operated in strict compliance with the rules of Islamic Shari'ah. The financial statements (consolidated & separate) have been prepared in accordance with the guidelines of Islamic banking issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009 and other rules and regulations issued by Bangladesh Bank (BB), Bangladesh Financial Reporting Standards (BFRS) issued by the Institute of Chartered Accountants of Bangladesh (ICAB), Bank Companies Act 1991 as amended, the Companies Act 1994; the Securities and Exchange Rules, 1987; Financial Reporting Act 2015 and Standards issued by the accounting and auditing organization for Islamic Financial Institutions (AAOIFI), as a member of that organization. Where the reporting guidelines issued by Bangladesh Bank and Bank Companies Act differ with the financial reporting standards issued by ICAB, BB guidelines shall prevail. As such the Bank has departed from those requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

I. Presentation of financial statements

BFRS
As per BAS-1 "Presentation of Financial Statements", financial statements shall comprise statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, notes to the financial statements comprising summary of accounting policies and other explanatory information and retrospective restatement of items in the earliar financial statement, where applicable. Furthermore, BAS-1 states that, an entity shall present its current and non-current assets and liabilities, as separate classifications in its statement of financial position.

Bangladesh Bank
The financial statements and certain disclosures therein are presented in a prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, statement of changes in equity, liquidity statement) in accordance with the guidelines of the 'First Schedule' (section 38) of the Bank Companies Act 1991 as amended and BRPD circular no. 15 dated 09 November, 2009 and other subsequent guidelines of BB. In the prescribed format of BB there is no component of other comprehensive income and accordingly the elements of other comprehensive income and the tax thereon is recognized directly in the statement of changes in equity. The assets and liabilities are presented in accordance with the prescribed format of BB and accordingly not classified as current and non-current classification as required by BAS-1.

II. Investments in shares and securities

BFRS
As per requirements of BAS-39 "Financial Instrument: Recognition and Measurement", financial instrument i.e. investments in shares and securities are classified under held to maturity, fair value through profit or loss and available for sale financial assets and measured at the fair value of the consideration given (i.e. cost) plus (in most cases) transaction costs that are directly attributable to the acquisition. However, where a financial instrument is at fair value through profit or loss, transaction costs are immediately recognised in profit or loss.

After initial recognition, held-to-maturity (HTM) investments should be re-measured at amortised cost using the effective interest method. Certain investments in equity instruments should be measured at cost where they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. All other financial assets should be re-measured to fair value. Changes in the carrying amount of financial assets at fair value through profit or loss and HTM investments should be recognised in profit or loss. In respect of available for sale of financial assets, impairment losses, foreign exchange differences and interest should be recognised in profit or loss. All other gains and losses should be recognised in other comprehensive income and held in a separate component of equity.

Bangladesh Bank
As per BRPD circular no. 14 dated 25 June 2003, investments in shares and securities are classified under held to maturity (HTM) or held for trading (HFT) "and measured at cost. Transaction costs that are directly attributable to the acquisition added to the initial fair value except for financial assets classified as HFT where they should be recognised in profit or loss.

After initial recognition, HFT govt. securities are measured according to DOS circular no. 05 dated 26 May 2008 and DOS circular no. 05 dated 28 January 2009, where amortization loss is charged to profit and loss account, mark-to-market loss on revaluation is charged to profit and loss account, but any unrealized gain on such revaluation is recognized in revaluation reserve account. HTM govt. securities are measured at amortized cost and increase/decrease related to amortization is recognized in equity.

As per BRPD circular no. 14 dated 25 June 2003 and DOS circular No.4 dated 24 November 2011, investments in quoted and unquoted shares are revalued at the year-end at market price and at Book Value of last audited balance sheet respectively. As such, provision is made against the diminution in value of investments considering netting off gain /loss. Investment in mutual fund (open-end) is revalued at lower of cost and higher of (market value and 95% of NAV) as per instruction of DOS circular no. 03 dated 12 March 2015 closed end mutual fund is revalued at lower of cost and higher of (market value and 85% of NAV) as per DOS circular no. 10 dated 28 June 2015. As such, provision is made for any loss arising from diminution in value of investments (portfolio basis); otherwise investments are recognized at costs.

III. Provision for 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 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012, BRPD circular No. 05 dated 29 May 2013, BRPD circular No. 16 dated 18 November 2014 and a BRPD Circular No.01 dated 20 February 2018 general provision at 0.25% to 5% under different categories of unclassified investments (good/standard investments) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard, doubtful and bad & loss investments have to be provided at 20%, 50% and 100% respectively (except short-term agricultural and micro-credits where 2.5% for all unclassified investment (irregular & regular) 5% for sub-standard and doubtful investments and 100% for bad & loss investments) depending on the duration of overdue.

IV. Provision for Off-balance sheet items

BFRS
There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for making provision or disclosure of off-balance sheet items on the face of the statement of financial position.

Bangladesh Bank
As per BRPD circular no- 14 dated 25 June 2003 and BRPD circular no- 15 dated 09 November 2009, off balance sheet items (e.g. Letter of credit, Letter of guarantee, Bills for collection etc.) must be disclosed separately on the face of the balance sheet. Furthermore, as per BRPD Circular No.14 dated 23 September 2012 and BRPD Circular No.19 dated 27 December 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 "Financial Instruments: Recognition and Measurement".

N. WAHAB SHAFIQUE RAHMAN Chartered Accountants

V. Recognition of investment income in suspense

BFRS
Investment to customers are generally classified as 'loans and receivables' as per BAS 39 "Financial Instruments: Recognition and Measurement" and investment income is recognised through effective interest rate method over the term of the investment. Once an investment is impaired, investment 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, investment income on such investment are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an investment income in suspense account, which is presented as liability in the balance sheet.

VI. Financial guarantees

BFRS
As per BAS 39 "Financial Instruments: Recognition and Measurement", 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 25 June 2003, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items.

VII. Balance with Bangladesh Bank: (Cash Reserve Requirement)

BFRS
Balance with Bangladesh Bank that are required to be kept as part of cash reserve requirement, should be treated as other asset as it is not available for use in day to day operations as per BAS 7 "Statement of Cash Flows".

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

VIII. Cash flow statement

BFRS
The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank
As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, cash flow statement is to be prepared following a mixture of direct and indirect methods.

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 and BRPD 15 dated 09 November 2009, there must exist a face item named Non-banking asset.

X. Presentation of intangible asset

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

Bangladesh Bank
There is no regulation for intangible assets in BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009.

XI. Investments net off provision

BFRS
Investments should be presented net off provision.

Bangladesh Bank
As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, provision on investments are presented separately as liability and can not be netted off against investments.

XII. Revenue

As per BAS 18 "Revenue", revenue should be recognized on accrual basis but due to the unique nature of Islamic Banks, income from investment under Mudaraba, Musharaka, Bai-Salam, Bai-as-Sarf and Ujarah modes (Khidmah Card) is accounted for on realization basis as per AAOIFI and Bangladesh Bank guidelines.

2.2 Measurement of elements in the financial statements

Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognized and carried in the financial statements. The measurement basis adopted by the Bank is historical cost except for land, building and few of the financial assets which are stated in accordance with the policies mentioned in the respective notes.

2.3 Basis of consolidation

The group financial statements include the financial statements of the Bank and its subsidiaries that it controls. The Bank prepares consolidated financial statements using uniform accounting policies for similar transactions and other events in similar circumstances. Consolidation of an investee shall begin from the date the investor obtains control of the investee and cease when the investor loses control of the investee.

The Bank presents non-controlling interests in the consolidated statement of financial position (Balance Sheet) within equity, separately from the equity of the owners of the Bank. Changes in the Bank ownership interest in a subsidiary that do not result in losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners).

2.3.1 Consolidation procedures

> combining like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.

> offsetting (eliminating) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

> eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets [property, plant & equipment], are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

2.3.2 Investment in subsidiaries in the Bank separate financial statements

When the Bank prepares separate financial statements, it accounts for investments in subsidiaries at cost.

2.4 Functional and presentation currency

The consolidated and separate financial statements of the Bank are presented in Bangladeshi Taka which is the functional currency of the Bank and its subsidiaries except for Off-shore Banking Unit (OBU) where the functional currency is US Dollar (USD). All financial information presented in Taka has been rounded to the nearest integer, except otherwise indicated.

2.5 Use of estimates and judgments

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, and disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected .

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, amortization, impairment, post employment benefits liabilities, accruals, taxation and provision.

2.6 Comparative information and rearrangement thereof

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

2.7 Going concern

When preparing financial statements, management makes an assessment of the Bank's ability to continue as a going concern. The Bank prepares financial statements on a going concern basis.

2.8 Accrual basis of accounting

The Bank prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, the Bank recognizes items as assets, liabilities, equity, income (except the items mentioned in note-XII) and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework.

2.9 Materiality and aggregation

The Bank presents separately each material class of similar items. The Bank presents separately items of a dissimilar nature or function unless they are immaterial. Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function.

2.10 Offsetting

The Bank does not offset assets and liabilities or income and expenses, unless required or permitted by BB guidelines or BFRS.

2.11 Reporting period

These financial statements of the Bank and its subsidiaries cover one calendar year from 01 January 2017 to 31 December 2017.

2.12 Authorization of the financial statements for issue

The consolidated financial statements and the separate financial statements of the Bank have been authorized for issue by the Board of Directors on 25 April 2018.

2.13 Cash flow statement

Cash Flow Statement is prepared in accordance with BAS 7-"Statement of Cash Flows" as well as the guidelines for islamic banking issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009 and BRPD Circular No.14 dated 25.06.2003. The Statement shows the structure of changes in cash and cash equivalents during the financial year.

2.14 Statement of changes in equity

Statement of Changes in Equity has been prepared in accordance with BAS 1 -"Presentation of Financial Statements" as well as the guidelines for islamic banking issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009 and BRPD Circular No.14 dated 25.06.2003.

2.15 Liquidity statement

Liquidity Statement has been prepared based on the residual/remaining maturity of assets and liabilities as on 31 December 2017 as per the guidelines for islamic banking issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009 and BRPD Circular No.14 dated 25.06.2003 as follows:

i) Balance with other banks and financial institutions, etc are on the basis of their respective maturity term;
ii) Investments in shares & securities are on the basis of their respective maturity;
iii) General investments are on the basis of their recovery/repayment schedule;
iv) Fixed assets [property, plant & equipment] are on the basis of their useful lives;
v) Other assets are on the basis of their realization/amortization;
vi) Deposits and other accounts are on the basis of their maturity and payments;
vii) Provisions and other liabilities are on the basis of their adjustment/settlement;
viii) Due to perpetual in nature/maturity, Mudaraba Perpetual Bond (MPB) is reported under maturity more than 5 (five) years.
ix) Mudaraba Redeemable Subordinated Bond is reported under maturity 1 (one) to 5 (five) years for Tk. 300 (three hundred) crore and Tk. 200 (two hundred) crore under more than 5 (five) years.

2.16 Changes in accounting policies

The Bank changes its accounting policy only if the change is required by a BFRS or Bangladesh Bank Guidelines or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Bank's financial position, financial performance or cash flows. Changes in accounting policies is to be made through retrospective application by adjusting opening balance of each affected components of equity i.e. as if new policy has always been applied.

2.17 Changes in accounting estimates

Estimates arise because of uncertainties inherent within them, judgment is required but this does not undermine reliability. Effect of changes of accounting estimates is included in profit or loss account.

2.18 Correction of error in prior period financial statements

The Bank corrects material prior period errors retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

As per BAS 12, the difference between the carrying amount of a revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability. However, the Bank did not recognize any deferred tax liability that arises on the difference between the carrying amount of a revalued asset and its tax base. During the year 2017, the Bank management has identified the error and decided to adjust the amount through retrospective application by adjusting opening balance of each affected components of equity & deferred tax liabilities. The impact of this correction of error is primarily to increase deferred tax liabilities and decrease revaluation reserve. The impact on each line item of the financial statements is given in notes no.48.0

2.19 New accounting standard

The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards have been considered. However, these amendments have no material impact on the financial statements of the Bank. In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements. The following two standards are effective for annual period beginning on or after 1 January 2018 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

(a) BFRS 9 Financial Instruments (to be adopted as IFRS 9)

BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1January 2018, with early adoption permitted. As per the Bank's assessment, any material impact of BFRS 9 would be primarily on calculation of impairment provision. However, as Bangladesh Bank has not issued any circular to revise its current impairment, classification and measurement policies to align with BFRS 9, the Bank is unable to quantify any potential impact on its financial statements.

(b) BFRS 15 Revenue from Contracts with Customers (to be adopted as IFRS 15)

BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRI 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on preliminary assessment the Bank has determined that BFRS 15 has no material impact on its financial statements.

3.0 Summary of significant accounting policies

Accounting policies are determined by applying the relevant guidelines of Bangladesh Bank as well as the relevant BFRS. Where there is no available guidelines of BB and BFRS, management uses its judgment in developing and applying an accounting policy that results in information that is relevant and reliable. The Bank selects and applies its accounting policies for a period consistently for similar transactions, other events and conditions, unless a BFRS or Bangladesh Bank guidelines specifically requires or permits categorization of items for which different policies may be appropriate. The accounting policies set out below have been applied consistently in all material respects to all periods presented in these consolidated financial statements:

3.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand and at ATM, balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions which are not ordinarily susceptible to change in value.

3.2 Investment in shares and securities

Investment in shares and securities (other than Investment in Bangladesh Government Islamic Investment Bond) are initially recognised at cost and subsequently measured and accounted for depending on their classification criteria as either held to maturity or held for trading. Transaction costs that are directly attributable to the acquisition added to the initial cost except for the investment classified as held for trading where they should be recognised in profit or loss.

Investments in quoted and unquoted shares are revalued at the year-end at market price and at net assets value (NAV) of last audited balance sheet respectively. As such, provision is made against the diminution in value of investments netting off gain /loss arises from the market of the securities.

Investment in mutual fund is revalued is mentioned in Note-3.2.3. As such, provision is made for any loss arising from diminution in value of investments (portfolio basis).

Investment in Government securities (other than investment in Bangladesh Shipping Corporation) are measured both initially and subsequently at cost as the Bank is not allowed to invest in interest bearing government securities like T-bond, T-bill etc. So the instructions and circulars related to the recognition and measurement of those instruments are not applicable for the Bank.

Investment in Bangladesh Shipping Corporation was initially recognized at cost. Transaction costs directly attributable to the acquisition added to the cost. After initial recognition investments are measured at the year end market price and change in the market price is recognized in equity under the head revaluation surplus.

Investment in subordinated bond is measured both initially and subsequently at cost.

3.2.1 Held to Maturity (HTM)

Investments which are intended to be held till maturity are classified as 'Held to Maturity' (HTM). These are measured at amortized cost at each year end by taking into account any discount or premium on acquisition. Premiums are amortized and discounts are accredited, using the effective or historical yield. Any increase in value of such investments is booked to equity but decrease to profit and loss account.

3.2.2 Held for Trading (HFT)

These are investments primarily held for selling or trading. After initial recognition, investments are marked to market and any decrease in the present value is recognized in the Profit and Loss Account and any increase is booked to Revaluation Reserve Account through Profit and Loss Account as per DOS Circular no. 05 dated 28 January 2009.

3.2.3 Investment- Initial recognition and subsequent measurement

Investment class	Initial Recognition	Measurement after initial recognition	Recording of Changes
Govt. treasury securities - BGIB	Cost	Cost	None
Debenture/Bond	Cost	Cost	None
Shares (Quoted)	Cost	Lower of cost or market value (overall portfolio)	Loss (net off gain) to profit and loss account but no unrealized gain booking.
Shares (Unquoted)	Cost	Lower of cost or Net Asset Value (NAV)	Loss to profit and loss account but no unrealized gain booking.
Mutual fund (Open-end)	Cost	If, average cost price (CP) >NAV_{CMP} * 0.95, then required provision per unit will be (RP) = CP -NAV_{CMP} * 0.95.	Loss (net) to profit and loss account but no unrealized gain booking.
Mutual fund (Close-end)	Cost	If CP> Market Value (MV) or CP> NAV_{CMP} * 0.85, then required provision (RP) per unit will be: (i) In case of MV≥ NAV_{CMP} * 0.85, then RP= CP –MV or (ii) In case of MV< NAV_{CMP} * 0.85, then RP =CP- NAV_{CMP} * 0.85.	Loss (net) to profit and loss account but no unrealized gain booking.

3.3 Investments

Investments are recognized at gross amount on the date on which they are originated. After initial recognition investments are stated in the Balance Sheet net off profit receivable and unearned income. However, provision for investments are not net-off with investments.

Profit Receivable – the amount of unexpired portion of profit charged on Bai-Murabaha investment at the time of sale of goods/ services to customer/ client.

Unearned Income - the amount of unrealized portion of profit/ value addition of fixed assets [property, plant & equipment] under Hire Purchase Under Shirkatul Melk (HPSM) investment for gestation period.

3.4 Fixed assets [Property, plant & equipment and intangibles]

3.4.1 Property, plant and equipment

3.4.1.1 Recognition

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits will flow to the Bank and the cost of the item can be measured reliably.

3.4.1.2 Measurement at recognition

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. The cost of a self-constructed asset is determined using the same principles as for an acquired asset.

3.4.1.3 Elements of costs and subsequent costs

Cost includes purchase price (including import duties and non-refundable purchase taxes), directly attributable costs to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management and the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Costs of day to day servicing (repairs and maintenance) are recognized as expenditure as incurred. Replacement parts are capitalized, provided the original cost of the items they replace is derecognized.

3.4.1.4 Measurement of property, plant & equipment after recognition

Cost model

After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Revaluation model

The revaluation model requires an asset, after initial recognition, to be measured at a revalued amount, which is its fair value less subsequent accumulated depreciation and impairment accumulated losses.

Where an asset's carrying amount is increased as a result of a revaluation, the increase is recognized in equity under the heading of revaluation surplus. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

Where an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in profit or loss. However, the decrease is recognized in equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in equity reduces the amount accumulated under the heading of revaluation surplus.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognized. However, some of the surplus is transferred as the asset is used by the Bank. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

3.4.1.5 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included as other income in profit or loss when the item is derecognized.

3.4.1.6 Asset retirement obligations (ARO)

Asset retirement obligations (ARO) are recognized when there is a legal or constructive obligation as a result of past event for dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognized as part of the cost of the related property, plant and equipment. The amount recognized is the estimated cost of decommissioning, discounted to its present value. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The periodic unwinding of the discount is recognized in the statement of profit or loss as a finance cost as it occurs.

3.4.1.7 Depreciation

The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset. Depreciation of an asset begins when it is installed and available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate.

Depreciation is calculated based on the cost/revalued amount of items of fixed assets [property, plant & equipment] less their estimated residual values using either of straight-line method (SLM) or reducing balance method (RBM) over their estimated useful lives and recognized in profit and loss. Land is not depreciated. Rates of depreciation considering the useful life of respective assets are as follows:

Items	Method	Rates
Building	Reducing balance	2.50%
Furniture and fixtures	-Do-	10.00%
Mechanical appliances	-Do-	20.00%
ATM	-Do-	20.00%
Books	-Do-	30.00%
Motor vehicles	Straight-line	16.67% - 20.00%
Computers	-Do-	25.00%

3.4.2 Capital work in progress

Fixed assets that is being under construction/acquisition is accounted for as capital work in progress until construction/acquisition is completed and measured at cost. The work in progress is transferred to cost of that fixed assets when the construction is completed and it becomes available for use.

3.4.3 Intangible assets

3.4.3.1 Recognition

The recognition of an item as an intangible asset requires the Bank to demonstrate that the item meets the definition of an intangible asset and the recognition criteria. An intangible asset is recognized as an asset if, and only if, it is probable that expected future economic benefits that are attributable to the asset will flow to the Bank and the cost of the item can be measured reliably.

3.4.3.2 Measurement

An intangible asset is measured at cost less any accumulated amortizations and any accumulated impairment losses. Subsequent expenditures are likely to maintain the expected future economic benefits embodied in an existing intangible asset rather than meet the definition of an intangible asset and the recognition criteria. Therefore, expenditure incurred after the initial recognition of an acquired intangible asset or after completion of an internally generated intangible asset is usually recognized in profit or loss as incurred.

3.4.3.3 Amortization

The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortization begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. An intangible asset with an indefinite useful life is not amortized.

3.5 Impairment of Fixed assets [property, plant & equipment and intangibles]

Recognizing and measuring impairment loss

Where the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss on a non-revalued asset is recognized in profit or loss. However, an impairment loss on a revalued asset is recognized directly in equity to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

The Bank assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, the Bank tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually.

3.6 Other assets

Other assets include all other financial assets, other income receivable, advance against expenses etc.

3.7 Non-banking assets

Non-banking assets are acquired on account of the failure of a client to repay the investment in time after receiving the decree from the court regarding the right and title of the mortgaged property.

3.8 Placement from banks and other financial institutions

Placement from banks and other financial institutions are stated in the financial statement at principle amount of the outstanding balance.

3.9 Deposits and other accounts

Deposit and other accounts include Al Wadeeah current deposit as well as savings, term and other Mudaraba deposits. Deposits by customers and banks are recognized when the Bank enters into contractual agreements with the counterparties. These items are brought to Financial Statements at the gross value of the outstanding balance.

KHAN WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

3.10 Subordinated bond-Mudaraba Perpetual Bond (MPB)

Mudaraba Perpetual Bond (MPB) was issued by the Bank under the mudaraba principles of Islamic Shari'ah as per approval of Bangladesh Bank Letter No. BRPD (P-1)661/14(a)/2006-1437 dated 07.05.2006 and Bangladesh Securities and Exchange Commission Letter No. SEC/CI/CPLC-118/2006/385 & SEC/CI/RPO-01/2007/386 both dated 10.06.2007. The Investment Corporation of Bangladesh (ICB) is the Trustee of the MPB. The MPB is listed with Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. and trading of the same started from 25 November 2007. It is treated as a component of Additional Tier-I Capital (AT-I). The instrument subordinated to the claims of other creditors and depositors. In the case of liquidation the subordinated debtholders would be paid just before paying to the shareholders assuming there are assets to distribute after all other liabilities and debts have been paid. The Mudaraba Perpetual Bond (MPB) is perpetual in nature i.e. infinite maturity. Profit paid against Mudaraba Perpetual Bond is the final profit rate of 8 (eight) years Mudaraba Savings Bond and an additional amount equivalent to 10.00% of the rate of dividend declared for the respective year.

3.10.1 Mudaraba Redeemable Subordinated Bond

IBBL Mudaraba Redeemable Non-convertible Subordinated Bond amounting to BDT 5,000 million with 7(seven) years maturity was issued by the Bank under the mudaraba principles of Islamic Shari'ah as per approval of Bangladesh Securities and Exchange Commission Vide Letter No.BSEC/CI/DS-78/2017/403 dated August 10, 2017 and NOC from Bangladesh Bank Vide Letter No. BRPD (BFIS)661/14b(p)/2017-5709 dated 05/09/2017. The Bond is treated as a component of supplimmentary capital (Tier-2) in line with BASEL-III. The principal amount of the Bonds will be redeemed @20% per year on a pro rata basis to the Bondholder(s) commencing from third anniversary of the Bonds from the issue date. The final maturity of the Bonds will be at the end of seventh year of the Bond from the Issue date. The Bank has received the sbuscription amount i.e. Tk. 5,000 million as on 26 September 2017. The rate of profit will be calculated at prevailing Mudaraba Term Deposit Profit Rate (Provisional) in 6 Months tenor plus additinal 2% (indicative/ provisional) per annum on the outstanding balance of the bond from pre-tax profit/ operating income of the Bank.

3.10.2 Usage of Mudaraba Redeemable Subordinated Bond

The fund has been used to extend the investment facility to the existing clients and to extend investment facility to the new clients in different sectors for sustainable business growth.

3.11 Provisions

3.11.1 Provision for investments

Provision for investments is made on the basis of quarter-end review by the management and instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 16 dated 18 November 2014 and BRPD Circular No.01, dated 20 February, 2018. Details are given below:

Particulars		Classification/Percentage (%) of provision requirement									
		2017					2016				
		UC	SMA	SS	DF	BL	UC	SMA	SS	DF	BL
Small and Medium Enterprise (SME) Financing		0.25%	0.25%	20%	50%	100%	0.25%	0.25%	20%	50%	100%
Consumer	Investment for Housing Finance	1%	1%	20%	50%	100%	2%	2%	20%	50%	100%
	Investment for Professionals	2%	2%	20%	50%	100%	2%	2%	20%	50%	100%
	Other than Investment for Housing Finance & Professionals	5%	5%	20%	50%	100%	5%	5%	20%	50%	100%
All Other (Except Short-term Agricultural and Micro-Credits)		1%	1%	20%	50%	100%	1%	1%	20%	50%	100%
Short-term Agricultural and Micro-Credits		2.50%		5%		100%	2.50%		5%		100%
Investment to Stock Dealers & Stock Broker		2%		20%	50%	100%	2%		20%	50%	100%

3.11.2 Provision for diminution of value of shares and securities

Provision for diminution of value of shares and mutual funds, placed under other liability, has been made on portfolio basis (gain net off) following DOS circular No. 04 dated 24 November 2011, DOS circular no. 03 dated 12 March 2015 and DOS circular no. 10 dated 28 June 2015 respectively. For unquoted shares, provision has been made based on available NAV of respective nos of units/shares. As on the reporting date, the Bank sponsored Tk. 1,600.00 million in four Mutual Funds (two open-end & two close-end). Moreover, the Bank invested Tk. 50.00 million in an open-end Mutual Fund. Details are stated in Note 10.2 of these financial statements.

3.11.3 Provision for off-balance sheet exposures

In compliance with BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 19 dated 27 December 2012, the Bank has been maintaining provision @ 1% against off-balance sheet exposures (mainly contingent assets/liabilities).

3.11.4 Provision for other assets

Provision for other assets is made as per the instructions made in the BRPD circular No. 14 dated 25 June 2001 i.e. 100% provision is required on other assets which are outstanding for one year or more or classified as bad/loss.

3.11.5 Provision for nostro accounts

Provision for unsettled transactions in nostro accounts is made as per FEPD circular no. FEPD (FEMO) / 01/2005-677 dated 13 September 2005 of Foreign Exchange Policy Department (FEPD) of Bangladesh Bank. On the reporting date, the Bank has no unsettled transactions outstanding for more than 3 months and no provision has been made in this regard.

3.11.6 Other provisions, accruals and contingencies

3.11.6.1 Recognition of provisions, accruals and contingencies

A provision is recognized when the Bank has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; a reliable estimate can be made of the amount of the obligation. Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amount due to employees.

Contingent liabilities are not recognized in the financial statements. Disclosure on contingent liabilities has been made on the face of balance sheet under 'Off-balance Sheet Items' as per BRPD circular No. 14 dated 25 June 2003.

3.11.6.2 Measurement of provision

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

3.11.6.3 Changes and uses of provisions

Provisions is reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. A provision is used only for expenditures for which the provision was originally recognized. Only expenditures that relate to the original provision are set against it. Setting expenditures against a provision that was originally recognized for another purpose would conceal the impact of two different events.

3.12 Post employment benefits

The Bank provides various long-term and short-term benefits to the employees under different schemes. Details of the benefits plans are given below:

3.12.1 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognized as personnel expense in profit or loss in the periods during which related services are rendered by employees. The Bank maintains one funded defined contribution plan for its employees - Provident fund.

3.12.1.1 Provident fund

The Provident Fund is for the regular and confirmed employees who works for a minimum period of 5(five) years at the Bank and it came into force with effect from 1st day of March 1986. The fund receives contributions @ 10% of the basic pay both from employees and employer.

3.12.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The Bank has two funded defined benefit plans - Gratuity fund and Superannuation fund.

3.12.2.1 Gratuity fund

The Gratuity Fund for the regular and confirmed employees of the Bank was established on 01 March 1986. The employees who served at least 7 (seven) years, served for minimum 12 (twelve) years & served for 20 (twenty) years at the Bank are entitled to get gratuity equivalent to 1(one) month's basic pay, 1.5 (one and a half) months' basic pay & entitled to get 2 (two) months' basic pay respectively for each completed years of service and fraction thereof. Adequate contributions have been made as per the recommendation of actuarial valuation report during the year. Actuarial valuation of the gratuity fund was conducted up to the year 2017 by professional actuary which shows sufficient amount of surplus fund available at the valuation date.

3.12.2.2 Superannuation fund

The Fund came into force with effect from the 19 June, 2008. It was established for financial help to the members of the Bank Employees' Superannuation Fund and their families in case of retirement, death, physical disability of employee while in service or of any incidence of like nature acceptable to the Board of Trustees and retirement from the service.

3.12.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Companies has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.12.4 Other employee benefits

Other employee benefits include which are not included in short-term employee benefits, post-employment benefits and other termination benefits.

3.12.4.1 Benevolent fund

The Benevolent Fund for the regular and confirmed employees of the Bank was established in the year 1986. This Fund is mainly used for payment of scholarship to the meritorious students among the children of the Bank's officers and sub-staff, to allow short term quard/grant to meet some unexpected and specific needs of the staff of the Bank like accident, clinical treatment, marriage ceremony of the employees and their dependents etc. The Bank contributed Tk.15.00 million to the fund during the year 2017 .

3.12.5 Workers' Profit Participation Fund (WPPF)

As per Bangladesh Labour Act, 2006 as amended in 2013 all companies fall within the scope of WPPF (which includes Bank) are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. The Bank obtained opinion from its legal advisor regarding this issue which stated that the Bank is not required to make provision for WPPF as the provision of Bangladesh Labour Act 2006 as amended contradicts with that of the Bank Companies Act 1991. As such the Bank did not make any provision during the year for WPPF.

3.13 Taxation

The tax expense for the period comprises current tax and deferred tax. Tax is recognized in the income statement, except in the case it relates to items recognized directly in equity. In this case, the tax is also recognized directly in equity.

3.13.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to the tax payable in respect of previous years. Provision for current income tax has been made on taxable income of the Bank as per following rates:

Type of income	2017	2016
Business income	40.00%	40.00%
Capital gain	10% to 15%	10% to 15%
Other Income (Dividend income)	20.00%	20.00%

3.13.2 Deferred tax

Principle of recognition
Deferred tax is recognized as income or an expense amount within the tax charge, and included in the net profit or loss for the period. Deferred tax relating to items dealt with directly in equity is recognized directly in equity.

Recognition of taxable temporary difference
A deferred tax liability is recognized for all taxable differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Recognition of deductible temporary difference
A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Measurement
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax on revaluation
The revaluation does not affect taxable profits in the period of revaluation and consequently, the tax base of the asset is not adjusted. Hence a temporary difference arises. An upward revaluation will therefore give rise to a deferred tax liability. IBBL recognizes the underlying revaluation directly in equity, so the deferred tax thereon is also recognized as part of tax relating to equity. IBBL transfers each year from revaluation surplus to retained earnings an amount equal to the difference between the depreciation based on the cost of that asset. The amount transferred is net off any related deferred tax.

3.14 Share capital and reserves

3.14.1 Capital

Authorized Capital

Authorized Capital is the maximum amount of share capital that the Bank is authorized to raise as per its Memorandum and Articles of Association.

Paid-up Capital

Paid-up Capital represents total amount of shareholders' capital that has been paid in full by the shareholders. Shareholders are entitled to receive dividend as approved from time to time in the Annual General Meeting.

3.14.2 Share Premium

Share premium arose from sale of some un-subscribed Right Share for the year 1996 at above the par value and can be utilized as per section 57 of the Companies Act, 1994.

3.14.3 Statutory reserve

As per section 24 of the Bank Companies Act, 1991 as amended, at least 20% of the net profit before tax is transferred to statutory reserve each year until the cumulative balance of the reserve equal to the paid-up capital.

3.14.4 Assets revaluation reserve

This represents the difference between the book value and the re-valued amount of premises (Land and Building) of the Bank as assessed by professional valuers in the year 2000, 2002, 2003, 2004, 2005, 2006, 2009 and 2012 which were reviewed by the then statutory auditors. To calculate Capital to Risk Weighted Assets Ratio (CRAR), 50% of the same was considered as a component of supplementary capital as per Bangladesh Bank BRPD Circular No. 24 dated 03 August 2010 up to 2014. However, as per BRPD circular 18 dated December 21, 2014, the revaluation reserve for Fixed assets [property, plant & equipment] will gradually be deducted from Tier-2 capital with a phase in manner starting from 2015. Accordingly, 20% of the revaluation reserve that qualified for Tier-2 capital at the year end 2014 has been deducted while calculating eligible capital at the year end 2017.

3.14.5 Revaluation reserve of securities

Investment in shares of Bangladesh Shipping Corporation qualified for Statutory Liquidity Reserve (SLR) as per Bangladesh Bank Letter No. BCD (P)744(23)(II)/1030 dated 08.11.1983, BRPD Circular No.15 dated 31.10.2005, DOS Circular Letter No.10 dated 11.09.2006, BRPD Circular No.03 dated 12.03.2008 and DOS Circular Letter No.05 dated 26.05.2008. The shares have been revalued as on 30.12.2017 on the basis of closing market price of Dhaka Stock Exchange Limited (DSE). The surplus is credited to Revaluation Reserve on securities account and 50% of the revaluation reserve upto 2014 has been taken as a component of Supplementary Capital as per Bangladesh Bank BRPD Circular No. 24 dated 03 August 2010. and shown in the Statement of Changes in Equity as per Bangladesh Bank guidelines up to 2014. As per BRPD circular 18 dated December 21, 2014, the revaluation reserve for securities has been deducted @20% in 2017 while calculating eligible capital.

3.14.6 Non-controlling interest

Non-controlling interest is the equity in the subsidiaries that is not attributable, directly or indirectly to a parent. The Bank attributes the profit or loss and each component of equity to the owners of the parent and to the non-controlling interests. When the proportion of the equity held by non-controlling interests changes, the Bank adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiaries.

The Bank presents non-controlling interests in the consolidated statement of financial position (Balance Sheet) within equity, separately from the equity of the owners of the Bank. Changes in the Bank ownership interest in a subsidiary that do not result in losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners).

3.14.7 Regulatory capital in line with Basel-III

Till December 2014, as per Revised Regulatory Capital Framework in line with Basel II, full amount of general provision for unclassified investments and off-balance sheet items & 50% of the assets revaluation reserve and revaluation reserve of securities were eligible as supplementary capital. However, as per Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel-III), BRPD No.18, dated 21 December 2014, Assets Revaluation Reserve and Revaluation Reserve of Securities will gradually be deducted in a transitional arrangement starting from January 2015 to December 2019 (20% each year). Accordingly regulatory capital for the period has been calculated complying with all of these changes as per Revised Regulatory Capital Framework for Banks in line with Basel-III.

3.15 Foreign currency transactions

3.15.1 Initial recognition

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

3.15.2 Subsequent measurement

A foreign currency transaction may give rise to assets or liabilities that are denominated in a foreign currency. These assets and liabilities is translated into the Bank's functional currency at each reporting date. However, translation depends on whether the assets or liabilities are monetary or non-monetary items:

Monetary items

Foreign currency monetary items outstanding at the end of the reporting date are translated using the closing rate. The difference between this amount and the previous carrying amount in functional currency is an exchange gain or loss. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

Non-monetary items

Non-monetary items carried at historic cost are translated using the exchange rate at the date of the transaction when the asset arose (historical rate). They are not subsequently retranslated in the individual financial statements of the Bank. Non-monetary items carried at fair value are translated using the exchange rate at the date when the fair value was determined.

When a gain or loss on a non-monetary item is recognized in equity, any exchange component of that gain or loss is recognized in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

3.15.3 Translation of foreign currency financial statement

The assets and liabilities of foreign operations (Note - 1.3) are translated into presentation currency in the current statement of financial position using the closing rate at the reporting date. The income and expenses of foreign operations are translated at spot exchange rates at the date of transactions as long as practicable; otherwise average rate of exchange has been used. Foreign currency differences arising on translation are recognized in equity under the head translation reserve.

3.16 Income

3.16.1 Investment income

Income from general investments is accounted for on accrual basis except for investments under Musharaka, Mudaraba, Bai-Salam, Bai-as-Sarf and Ujarah (Khidmah Card) modes of Investment where the investment income is accounted for on realization basis. The Bank does not charge any rent during the gestation period of investment against Hire Purchase under Shirkatul Melk (HPSM) mode of investment but it fixes the sale price of the assets at a higher level in such a way to cover its expected rate of return. Such income is recognized on realization basis.

Profit/Rent/Compensation accrued on classified investments are suspended and accounted for as per circulars issued by Bangladesh Bank in this regard from time to time. At the time of recovery or regularization of those investments the related income which was suspended and shown as a liability is taken as investment income (except compensation) as per circulars issued by Bangladesh Bank. As a result, all the transferred amount to investment income from suspense during the year has already been included in the investment income of the Bank.

Profit on deposits with other banks & financial institutions is accounted for on accrual basis.

3.16.2 Sharing of investment income

In case of investment, Mudaraba fund gets preference over cost free fund. The investment income earned through deployment of Mudaraba Fund is shared by the Bank and the Mudaraba depositors at the pre-agreed ratio.

3.16.3 Income from investment in Bangladesh Government Islamic Investment Bond (BGIIB)

Profit from investment in Bangladesh Government Islamic Investment Bond (BGIIB) is accounted for on an accrual basis.

3.16.4 Income from investment in subordinated bond

Profit from investment in subordinated bond is accounted for on an accrual basis.

3.16.5 Fees, commission and exchange income

Fees, commission and exchange income on services provided by the Bank are recognized as and when the related services are rendered. Commission charged to customers on letter of credit and letter of guarantee are credited to Income at the time of effecting the transactions.

3.16.6 Dividend income

Dividend income from investments is accounted for when the right to receive income is established.

3.17 Expenses

3.17.1 Management and other expenses

Expenses incurred by the Bank are recognized on an accrual basis.

3.17.2 Profit paid on deposits

As per agreement between the Mudaraba depositors and the Bank in line with Mudaraba Principle, the Mudaraba depositors are entitled to get minimum 65% of the investment income earned through deployment of Mudaraba Fund as per weightage assigned to each type of Mudaraba deposit. In the year 2017, the Bank paid 65% of Investment Income earned through deployment of Mudaraba Fund. Mudaraba Depositors do not share any income derived from various banking services where their fund is not involved and any income derived from Investing Bank's Equity and other Cost Free Fund. Al-Wadeeah Depositors do not share any income of the Bank. Profit is paid/provided to Mudaraba Deposit accounts at provisional rate on half-yearly/yearly/anniversary basis considering overall projected growth, performance and profitability of the Bank during the year. Final Rates of profit of any accounting year are declared after finalization of Shari'ah Inspection report and certifying the Investment Income of the Bank by the statutory auditors.

3.17.3 Lease payments

As per BAS-17, payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

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3.17.4 Zakat

Zakat is paid by the Bank at the rate of 2.58% (instead of 2.50% as the Bank maintains its financial statements following Gregorian Year) and calculated on the closing balances of Share Premium, Statutory Reserve, General Reserve and Dividend Equalization Accounts. Zakat is charged in the Profit & Loss Account of the Bank as per "Guidelines for Islamic Banking" issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009. Zakat on Paid up Capital and Deposits is not paid by the Bank, since it is the responsibility of the Shareholders and Depositors respectively.

3.18 Dividend payments

Final dividend is recognized when it is approved by the shareholders in Annual General Meeting (AGM). The proposed dividend for the year 2017, therefore, has not been recognized as a liability however disclosed in the balance sheet in accordance with BAS 10 "Events after the Reporting Period". Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive the dividend is established.

3.19 Revenue, gains, expenses & losses prohibited by Shari'ah

Income (doubtful, compensation & other earnings) which is prohibited by shari'ah are not being included in the distributable income of the Bank.

3.19.1 Doubtful income

Doubtful income which is prohibited by Shari'ah due to lapses in compliance of Shari'ah principles for investment as per Shari'ah Supervisory Committee report is included in the investment income of the Bank and appropriate amount of corporate tax is provided on it accordingly on these whole amount whether realized or not. It is not distributed to either depositors or shareholders of the Bank rather the amount net off corporate tax is transferred to an account titled "Doubtful income account' under other liabilities of the Bank (Note-17.3.2). Only realized amount of doubtful income (on which corporate tax has already been paid due to inclusion in investment income) is then expended for charitable purposes.

From the year 2014, the Bank has decided to introduce a separate account for doubtful income after providing corporate income tax. Accordingly, net off corporate tax amount of doubtful income has been transferred to "doubtful income account" as a charge in profit & loss account under other provisions (Note 17.3.2).

3.19.2 Compensation

Bank charges compensation on overdue investments under Bai-modes. The amount of compensation is not included in investment income rather kept separately under other liabilities (Note-17.5) titled as " compensation account"Applicable tax on the amount is provided/paid from those account. Realized amount of compensation on which corporate tax has already been provided are expended for charitable purposes.

3.19.3 Other earnings

Interest received from the balances held with foreign banks and from foreign currency clearing account with Bangladesh Bank are not credited to income, since it is not permissible as per Shari'ah. These are expended for charitable purposes after payment of corporate income tax thereon.

3.20 Inter-branch transactions

Transactions with regard to inter-branches and units are reconciled regularly and efforts are taken to minimize the unreconciled entries at the end of the year.

3.21 Earnings per share (EPS)

Measurement

Basic EPS
The Bank calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

Diluted EPS
The Bank calculates diluted earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity. For the purpose of calculating diluted earnings per share, the Bank adjusts profit or loss attributable to ordinary equity holders of the parent entity, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares. Dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods. Hence no Diluted EPS has been calculated. Consolidated basic EPS has also been calculated and presented in the same manner.

Presentation
The Bank presents in the statement of profit or loss and comprehensive income basic and diluted earnings per. The Bank presents basic and diluted earnings per share with equal prominence for all periods presented. The Bank presents basic and diluted earnings per share, even if the amounts are negative (i.e. a loss per share).

3.22 Segment reporting

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the Bank's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Bank reports separately information about each operating segment that has been identified as an operating segment and exceeds the quantitative thresholds.

Quantitative thresholds
The Bank reports separately information about an operating segment that meets any of the following quantitative thresholds:
- Its reported revenue, including both external customers and inter segment , is 10 percent or more of the combined revenue, internal and external, of all operating segments.
- The absolute amount of its reported profit or loss is 10 percent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.
- Its assets are 10 percent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if Management believes that information about the segment would be useful to users of the financial statements.

3.23 Events after the reporting period

All material events after the reporting period that provide additional information about the Companies'/Bank's position at the balance sheet date are reflected in the financial statements as per BAS 10 "Events after the Reporting Period". Events after the reporting period that are not adjusting events are disclosed in the notes when material (Note - 41.0).

3.24 Risk management

The Bank Companies Act, 1991 as amended 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.

The risk of a bank is defined as the possibility of losses, financial or otherwise. The Risk Management of the Bank covers 6 (six) Core Risk Areas of Banking industry i.e. Investment (Credit) Risk , Foreign Exchange Risk, Asset-Liability Management Risk, Prevention of Money Laundering Risk, Internal Control & Compliance Risk and Information & Communication Technology Risk. The risk management procedures in the core risk areas have been devised in line with the core risk management guidelines of Bangladesh Bank. All the Risk Management Guidelines are periodically reviewed by the Bank and Bangladesh Bank periodically inspects the implementation status of these guidelines and as per the reports of Bangladesh Bank, the Bank is well compliant in Core Risk Management activities.

In line with instruction of Bangladesh Bank, the Bank formed a Risk Management Wing (RMW) to formulate risk assessment and management policies, methodologies, guidelines and procedures for risk identification, risk measurement, risk monitoring, deciding acceptable level of risk and risk controlling. Risk management function involves identification, assessing, taking mitigating steps, preparing Risk Management Paper (RMP), conducting monthly risk management meeting, stress testing and reporting the competent authority from time to time. It also reports to Bangladesh Bank on quarterly basis along with the RMP, minutes of the monthly meeting and all other required supporting papers. Moreover, in compliance with the "Bank Companies Act 1991 as amended", Section 15 (Kha) and BRPD Circular No. 11 dated 27 October, 2013 of Bangladesh Bank, the Bank has constituted a Risk Management Committee comprising of 5 (five) directors from the Board to formulate risk management policies, procedures and oversee the risk management activities of the Bank.

The prime objective of the Risk Management is that the Bank takes well calculative Business Risk Policy for safeguarding the Bank's capital, its financial resources and profitability from various risks. In this context, the Bank implemented all the guidelines of Bangladesh Bank as under:

3.24.1 Internal Control and Compliance

Operational loss may arise from errors and fraud due to lack of internal control and compliance. With a view to overcome such lapses and verification of asset quality, ensure quality of customer service, overall security arrangement, operational efficiency and compliance of regulatory issues as guided through different circulars, manuals from Head Office and other regulatory bodies. Bank organizes its management through Internal Control & Compliance Wing (ICCW) which consists of three Divisions namely (1) Audit & Inspection Division, (2) Compliance Division and (3) Monitoring Division.

I. Audit & Inspection Division

Internal Audit & Inspection Division undertakes periodical and special audit of Branches, Divisions and Departments of Head Office of the Bank, its subsidiaries and Foundation to review operational effectiveness and internal & external compliance requirements. The Bank has introduced Risk Based Internal Audit and grading of the branches. The Audit Committee of the Board subsequently reviews the lapses identified by Audit and Inspection Division. The Audit Committee also reviews Bangladesh Bank Inspection Reports and other issues indicated in the guidelines prescribed by Bangladesh Bank. Necessary steps/measures are taken on the basis of observations & suggestions of the Committee.

The Audit & Inspection Division conducts investigations against complaints received from customers, anonymous persons, management & others and submits the reports to the competent authority. Periodical Inspection reports of Zonal Heads, Shari'ah Inspections & Branch Manager's self Audit are also reviewed by the Division regularly and necessary guidance and suggestions are given with continuous follow-up there against.

II. Compliance Division

The Compliance Division handles the 'regulatory issues of Bangladesh Bank as well as other regulatory bodies' and submits 'status report on regulatory compliance' quarterly to the Audit Committee as per BRPD Circular No.12 dated 23.12.2002.

The Compliance Division ensures that the Bank complies with all regulatory requirements while conducting its day to day business. The Compliance Division maintains liaison with the regulatory bodies for any regulatory changes and notify the same to all concerned.

III. Monitoring Division

This Division performs the following:

i) Assesses the risk of the functional areas of the Branches described in the Departmental Control Function Checklist (DCFCL) and determines the frequency of Audit/Inspection under risk based approach of the branches based on the gravity of risks involved.

ii) Monitors the Internal Control Functions through the Quarterly Operations Report (QOR) and other mechanisms.

iii) Checks the completion/execution of Investment Documentation.

3.24.2 Foreign Exchange Risk Management

Foreign Exchange Risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. The Bank is exposed to profit rate risk and settlement risk on account of its foreign exchange business. Foreign Exchange business includes trading of foreign currencies relating to import, export, remittances and other ancillary services. The Bank is dealing with a substantial volume of foreign trade and remittance business of the country which exposes the Bank to foreign exchange risk. The Bank has adopted foreign exchange risk manual through which the foreign exchange operations are dealt with.

Foreign Exchange risks are measured and monitored by the Treasury Division. Treasury Division consists of separate Front Office, Back Office and Mid Office. The Treasury Front Office (Dealing Room) independently performs the deals and the Treasury Back Office is responsible for verification of the deals and passing of their entries in the books of account.

The Foreign Exchange Risk is minimized through proper market analysis, real time pricing of Foreign Exchange, fixation of different market related limits (daylight, overnight, stop loss and management action trigger) and counter parties credit limits set by the management and ensure adherence to the limits by the Treasury Front Office. All Foreign Exchange transactions are revalued at weighted average exchange rate as provided by Bangladesh Bank at the end of each month. All Nostro Accounts are reconciled regularly and outstanding entries are reviewed by the management for its settlement/recompilation. The open position maintained by the Bank at the end of the day remains within the stipulated limit prescribed by the Bangladesh Bank.

3.24.3 Investment (Credit) Risk Management

Investment (Credit) risk is one of the major risks faced by the Bank. This can be described as potential loss arising from the failure of counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness or inability of the counter party in discharging his / her financial obligation. Therefore, Bank's Investment (Credit) Risk Management activities have been designed to address all these issues. The Bank has designed its own operational manuals for each modes and products. It has also designed its own investment risk management guideline which is compatible with the regulatory guideline and Islamic modes of finance. There is a dedicated committee namely "Investment Risk Management Committee" which periodically reviews the operational manuals and risk management guidelines and ensures compliance of the same.

3.24.4 Asset Liability Management

The Asset Liability Committee (ALCO) of the Bank monitors balance sheet risk, liquidity risks, investment deposit ratio (IDR), deposit mix, investment mix, gap analysis etc. under the leadership of MD & CEO of the Bank. Asset Liability Committee (ALCO) reviews liquidity requirement of the Bank, the maturity of assets and liabilities, deposit and investment pricing strategy, sensitivity of assets and liabilities, management indicators/ratios and the liquidity contingency plan. The primary objective of the ALCO is Liquidity management, Fund management and Assets-Liabilities matching. The committee also monitors and averts significant volatility in Net Investment Income (NII), investment value and exchange earnings.

3.24.5 Prevention of Money Laundering

Money Laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has formed 05 (five) members Central Compliance Unit (CCU) under the leadership of the Chief Anti Money Laundering Compliance Officer (CAMLCO) at Head Office. Anti Money Laundering Compliance Units are also functioning at Zonal Offices and Branches, where the transactions of the accounts are independently reviewed to verify Suspicious Transaction Reports (STRs). A Manual for prevention of money laundering was developed and approved by the Board of Directors. The bank has introduced (a) Uniform Account Opening Form (AOF), (b) Know Your Customer (KYC) Profile and (c) Transaction Profile (TP) in the Bank as per instructions of Bangladesh Bank. The Bank had already issued 6 (six) instruction circulars and 11 (eleven) circular letters providing necessary instructions for Prevention of Money Laundering activities and also for combating of Financial Terrorism.

Moreover, the Bank had conducted a good number of training sessions/workshops to create awareness and development of the skill of the officials for identifying suspicious transactions. The Bank introduced a Policy Guideline to combat terrorist financing in the light of Anti Terrorism Act (Amendment) Act, 2012 coupled with the Money Laundering Prevention Act- 2012 approved by the Board of Directors of the Bank.

The Bank has exclusively completed the KYC procedures of Legacy Accounts (accounts opened before 30 April 2002). To establish fruitful Anti Money Laundering drive at branch level, the Bank introduced AML Rating systems such as excellent/good/satisfactory/marginal through self Assessment Report & Independent Testing Procedure as per instruction of Bangladesh Bank.

3.24.6 Information and Communication Technology Risk Management

The Bank has adequately addressed Information and Communication Technology (ICT) Risk Management. It is an in-depth exercise and continual process. The (ICT) Risk Management exercise mainly includes minimizing financial and image loss to the institution in all events such as natural disasters, technological failures, human errors etc. The Bank uses own developed Core Banking Software to perform all types of transactions including local/ online/ internet in a secured way. To take care of its core banking system, a separate security module has been incorporated in the software which manages different roles/privileges for different users. All financial transactions can be tracked for future audit purposes.

The Bank uses Central Data Centre to replicate transactions in branches in case of data failure or inconsistencies. Data travelling through network uses encryption and decryption mechanism.

In line with the Bangladesh Bank directives, the Bank has approved its own ICT policies for its operations and services. Under these policy guidelines, a security policy has also been worked out. To abide by and adhere to what is laid down in the policy; the implementation has been made through Active Directory Services (ADS), Password Policy, Kerberos Policy, Audit Policy, Group Policy, User Rights, Permission Policy etc. In order to secure network resources from public network, the Bank has introduced Virtual Private Network (VPN), Access Control List (ACL), IP filtering and TCP/UDP service blocking through router and firewall devices. It has already centralized the administrative control to access the network, mailing system and internet. The Bank has introduced Business Continuity Plan (BCP) for its entire network and trained the officials to cope up with any contingencies.

3.24.7 Internal audit

Internal Audit is used as an important element to ensure good governance of the Bank. Internal Audit activity of the Bank is effective and it provides senior management with a number of important services. These include detecting and preventing fraud, testing internal control, and monitoring compliance with own policies & procedures, applicable rules & regulations, instructions/ guidelines of regulatory authority etc.

During the year 2017, Audit & Inspection Division of Internal Control & Compliance Wing conducted inspection on all of the Branches/ Divisions of Head Office of the Bank and submitted reports presenting the findings of the audits/ inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports. The reports or key points of the reports have also been discussed in the meetings of the Audit Committee of the Board and necessary steps have been taken according to the decision of the said Committee for correct functioning of Internal Controls & Compliance.

3.24.8 Fraud and forgeries

Fraud means willful or criminal deception intended to result in financial or personal gain. It will never be possible to eliminate all fraud and no system is completely fraud proof, since many fraudsters are able to bypass control systems put in place. The Bank continuously pays attention to implement and improve the anti-fraud internal controls for prevention of fraud and forgery. The Bank assesses /evaluates the effectiveness of its Anti-Fraud Internal Control measures on quarterly basis as per the items/ areas mentioned in the prescribed checklist of Bangladesh Bank. During the year 2017, no incident of fraud has been detected by the Bank.

3.25 Credit rating report

Credit Rating Information and Services Ltd. (CRISL) was engaged by the Bank for the purpose of rating the Bank since 2002 as per Bangladesh Bank BRPD Circular No.06 dated 5 July 2006. CRISL assigned AA+ (double A plus) rating in the long term (indicates high safety and high credit quality) and ST-1 in the short term (highest certainty of timely repayment) to the Bank based on the financials up to 31 December 2016.

3.26 Regulatory and legal compliance

Among others, the Bank complied with the requirements of the following circular, rules and regulations:

a) The Bank Companies Act, 1991 as amended
b) The Companies Act, 1994
c) BRPD Circular No. 14 dated 25.06.2003 and "Guidelines for Islamic Banking" issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009
d) Other circulars, rules and regulations issued by Bangladesh Bank from time to time
e) The Securities and Exchange Rules, 1987
f) The Securities and Exchange Ordinance, 1969
g) The Securities and Exchange Commission Act, 1993
h) Income Tax Ordinance, 1984
i) VAT Act, 1991
j) Standards issued by AAOIFI
k) The Stamp Act-1899
l) The Customs Act-1969
m) The Money Laundering Prevention Act, 2012
n) The Anti Terrorism (Amendment) Act, 2012 etc.

4.0 Compliance with Financial Reporting Standards as applicable in Bangladesh

The Companies/Bank complied, as per Para 12 of Securities & Exchange Rule 1987, with the following Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) in preparing the financial statements of the Bank subject to departure described in note - 2.1, where we have followed Bangladesh Bank guidelines:

Sl. No.	BFRS No.	BFRS Title	Compliance Status
1	1	First-time adoption of Bangladesh Financial Reporting Standards	Not Applicable
2	2	Share-based Payment	Not Applicable
3	3	Business Combinations	Not Applicable
4	4	Insurance Contracts	Not Applicable
5	5	Non-current Assets Held for Sale and Discontinued Operations	Not Applicable
6	6	Exploration for and Evaluation of Mineral Resources	Not Applicable
7	7	Financial Instruments: Disclosures	Complied
8	8	Operating Segments	Complied
9	10	Consolidated Financial Statements	Complied
10	11	Joint Arrangements	Not Applicable
11	12	Disclosure of Interests in other Entities	Complied
12	13	Fair Value Measurement	Complied

Sl. No.	BAS No.	BAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied
2	2	Inventories	Not Applicable
3	7	Statement of Cash Flows	Complied
4	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	10	Events after the Reporting Period	Complied
6	11	Construction Contracts	Not Applicable
7	12	Income Taxes	Complied
8	16	Property, Plant & Equipment	Complied
9	17	Leases	Complied
10	18	Revenue	Complied
11	19	Employee Benefits	Complied
12	20	Accounting for Government Grants and Disclosure of Government Assistance	Not Applicable
13	21	The Effects of Changes in Foreign Exchange Rates	Complied
14	23	Borrowing Costs	Not Applicable
15	24	Related Party Disclosures	Complied
16	26	Accounting and Reporting by Retirement Benefit Plans	Not Applicable
17	27	Separate Financial Statements	Complied
18	28	Investments in Associates and Joint Ventures	Not Applicable
19	29	Financial Reporting in Hyperinflationary Economics	Not Applicable
20	32	Financial Instruments: Presentation	Complied
21	33	Earnings Per Share	Complied
22	34	Interim Financial Reporting *	Complied
23	36	Impairment of Assets	Complied
24	37	Provisions, Contingent Liabilities and Contingent Assets	Complied
25	38	Intangible Assets	Complied
26	39	Financial Instruments: Recognition and Measurement	Complied
27	40	Investment Property	Not Applicable
28	41	Agriculture	Not Applicable

(*) Complied while the quarterly and half-yearly interim financial reports were prepared during the year as per regulations of Bangladesh Securities and Exchange Commission (BSEC).

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5.0 Audit committee

The Audit Committee of the Board was duly formed by the Board of Directors of the Bank in accordance with BRPD circular No.11, dated 27 October 2013 of Bangladesh Bank. Pursuant to the BSEC notification no. SEC/CMRRCD/2006-158/129/Admin/44, dated 07 August 2012, on Corporate Governance, the current committee is constituted with the following 5(five) members of the Board:

Sl. No.	Name of the Member	Status with the Bank	Status with the Committee	Educational Qualification	Remarks
1	Dr. Md. Zillur Rahman	Independent Director	Chairman	B.Com (Hon's), M.Com, Ph.D	
2	Mr. Md. Shahabuddin	Director	Member	Msc.& LLB	
3	Mr. Shamim Mohammed Afzal (*)	Independent Director	Member	L.L.M, Dhaka University	
4	Mr. Mohammed Humayun Kabir, FCA	Independent Director	Member	B.Com (Hon's), M.Com, FCA	
5	Mr. Md. Mizanur Rahman	Director	Member	L.L.B. (Hon's), L.L.M	
6	Mr. Md. Mosaddake-Ul-Alam(*)	Independent Director	Member	M.Com in Accounting, Dhaka University	

04 (four) meetings were held for reviewing the Financial Statements out of total 12 (twelve) meetings held in the year 2017. The Audit Committee reviewed the Financial Statements of 2017 on 24 April 2018.

(*) The Board of Directors in its 261st Meeting held on 17.04.2018 has appointed Mr.Md. Mosaddake-Ul-Alam as Member of Audit Committee of the Bank in place of Mr. Shamim Mohammed Afzal.

6.0 Related party disclosures

As per BAS 24 "Related Party Disclosures", a related party is a person or entity that is related to the entity (i.e. IBBL) that is preparing its financial statements. Related party transaction is a transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged as per BAS 24.

Related Parties include the Bank's Directors, key management personnel, associates, companies under common directorship etc. as per *BAS 24 "Related Party Disclosures"*. All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible.

6.1 Lending policy for transactions with Bank related person/related parties

Transactions with Bank related person/related parties including Directors are made as per rules and regulations of the Bank Company Act 1991 as amended and as per circulars issued by Bangladesh Bank time to time including the following general rules:

i) Terms & conditions for financial transaction with bank related person/related parties will not be easier than other persons i.e. other Investment clients.

ii) Prior approval from the majority of Board of Directors shall be required for all financial transactions with bank related person/related parties.

iii) The Bank shall not allow funded facilities exceeding 10% of Tier -1 capital to the Bank related persons/related parties; real investment facilities shall be considered deducting encashable securities from funded investment.

6.2 The Name of Directors along with all related Firms/ Companies/ Institutions/Parties: As at 31.12.2017

Sl. No	Name of the Directors	Status with the Bank	Name of the related Firms/ Companies/ Institutions/ Parties etc.	Remarks
1	Mr. Arastoo Khan (*)	Chairman	Armada Spinning Mills Limited	
2	Mr. Yousif Abdullah Al-Rajhi	Vice-Chairman	Al-Rajhi Co for Industry & Trade	Foreign Director
3	Mr. Md. Shahabuddin	Vice-Chairman	JMC Builders Limited	
4	Major General (Retd.) Engr. Abdul Matin	Director	Paradise International Limited	
5	Dr. Md. Zillur Rahman	Director	Retired Managing Director & CEO, BDBL	Independent Director
6	Mr. Helal Ahmed Chowdhury	Director	Supernumerary Professor, Bangladesh Institute of Bank Management (BIBM)	Independent Director
7	Dr. Areef Suleman	Director	Islamic Development Bank, KSA.	Foreign Director
8	Mr. Shamim Mohammed Afzal	Director	Director General, Islamic Foundation Bangladesh	Independent Director
9	Professor Dr. Qazi Shahidul Alam Repr. Of Platinum Endeavors Ltd.	Director	Professor, Orthopedic Surgery, A. K Modern Medical College	
10	Mr. Mohammed Humayun Kabir, FCA	Director	CEO, Shinepukur Ceramics Limited	Independent Director
11	Mr. Md. Syful Islam, FCA, FCMA Repr. Of BLU International Ltd.	Director	Managing Partner, UHY Syful Shamsul Alam & Co. Chartered Accountants	
12	Mr. Md. Joynal Abedin	Director	ABC Ventures Limited	
13	Mr. Md. Mizanur Rahman	Director	Grand Business Limited	
14	Professor Dr. Md. Sirajul Karim	Director	Excel Dying and Printing Limited	
15	Professor Md. Nazmul Hassan, Ph. D (**)	Director	Professor, Institute of Nutrition & Food Science, University of Dhaka.	Independent Director
16	Professor Md. Kamal Uddin, Ph.D	Director	Professor, Department of International Business & treasurer in University of Dhaka.	Independent Director
17	Mr. Musaid Abdullah A Al-Rajhi	Director	Arabsas Travel & Tourist Agency, KSA	Foreign Director
18	Mr. Syed Abu Asad	Director	Excelsior Impex Company Limited	
19	Mr. Md. Mosaddake-Ul-Alam	Director	Deputy Managing Director, Investment Corporation of Bangladesh	
20	Mr. Md. Abdul Hamid Miah (***)	Managing Director & CEO	Not applicable	Ex-Officio Director

(*) Mr. Arastoo Khan resigned from the Board of Directors of the Bank on 17.04.2018.

(**) Professor Md. Nazmul Hasan, Ph.D has been elected as the Chairman of the Board of Directors in place of Mr. Arastoo Khan w.e.f. 17.04.2018.

(***) Mr. Md. Mahbub-ul-Alam has been appointed as Managing Director & CEO in place of Mr. Md. Abdul Hamid Miah w.e.f. 11.02.2018.

6.3 Related party balances and transactions

6.3.1 Related party balances

a) Nature and type of balances and transactions of related parties (Directors) of the Bank are as follows:

Amount in Taka

SL. No.	Name of the Account/ Firm/Trust etc.	Name of the Director	Relation-ship of the Director with the Firm/ Trust etc.	Purpose	Classified Position	Outstanding balance as on 01.01.2017	Disbursement/charged during the year 2017	Realised during the year 2017	Outstanding balance as on 31.12.2017	Provision required & maintained	Particulars of value of securities
1	2	3	4	5	6	7	8	9	10=7+8-9	11	12
				Nill							
Total						-	-	-	-	-	

(b) Other type of balances of related parties of the Bank are as follows:

Amount in Taka

SL. No.	Name of the related parties	Nature of relationship	Nature of transactions	Closing balance	
				31.12.2017	31.12.2016
1	Islami Bank Securities Limited (IBSL)	Parent- subsidiary	Investment in Share capital by IBBL	2,699,796,000	2,699,796,000
			Bank balance	771,699,144	73,404,405
			MTDR balance	229,914,000	230,000,000
			Quard balance	-	-
			Profit receivable	2,026,899	1,489,455
			Mudaraba investment	5,000,000,000	5,000,000,000
			Accounts payable	39,206,620	42,854,247
			Bank Charge payable	25,000	15,000
			Dividend payable	26,997,960	-
2	Islami Bank Capital Management Limited	Parent- subsidiary	Investment in Share capital by IBBL	299,993,000	299,993,000
			Bank balance	820,047	3,933,327
			Dividend payable	-	-

6.3.2 Related party transactions

Nature and type of related party transactions of the Bank during the year 2017 are as follows:

Amount in Taka

SL. No.	Name of the related party	Nature of relationship	Nature of transaction	2017 (Taka)
1	Islami Bank Securities Limited (IBSL)	Parent- subsidiary	Deposit to Savings account maintained with IBBL	1,400,561,106
			Withdraw from Savings account maintained with IBBL	641,625,325
			Deposit to Current account maintained with IBBL	397,640,856
			Withdraw from Current account maintained with IBBL	371,285,316
			Bank charge paid to IBBL	1,287
			Payment against office rent	695,912
			Tax deduction at source against MTDR	1,222,300
			Profit paid on investment against MTDR	12,760,450
			Profit withdrawn against MTDR	11,000,706
			Interim dividend	-
			Quard availed from IBBL	180,000,000
			Payment against Quard	180,000,000
2	Chief Executive Officer	Key management personnel	Short-term employee benefits (Salary and allowance)	2,000,880
3	Islami Bank Capital Management Limited	Parent- subsidiary	Payment of interim dividend to IBBL	-
			Profit against SND	820,047
4	Directors of the Bank	Director	Fees, TA/DA/hotel fare and other expenses	1,315,600

6.4 Other related party disclosures

1. There was no contracts of significance wherein a director has interests subsisted at any time during the year or at the end of the year.
2. Investment to related parties is effected as per requirement of section 27 of Bank Company Act, 1991 as amended.
3. Share issued to Directors and Executives without consideration or exercisable at discount is Nil.
4. Other disclosures are not applicable as required by BRPD Circular No. 14 dated 25 June, 2003 and BRPD Circular No. 15 dated 09 November, 2009.

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		31.12.2017 Taka	31.12.2016 Taka
7.0	**Cash in hand**		
	Cash in hand (including foreign currency) (Note. 7.1)	14,323,655,034	10,119,944,725
	Balance with Bangladesh Bank & its agent bank(s) (including foreign currency) (Note. 7.2)	69,273,434,531	61,335,096,831
	Total	**83,597,089,565**	**71,455,041,556**
7.1	**Cash in hand (including foreign currency)**		
	In local currency	14,302,197,228	10,106,481,898
	In foreign currency	21,457,806	13,462,827
	Total	**14,323,655,034**	**10,119,944,725**
7.2	**Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)**		
	(a) Balance with Bangladesh Bank		
	In local currency	66,354,488,415	58,797,855,164
	In foreign currency	171,858,062	624,660,198
	Sub-total	**66,526,346,477**	**59,422,515,362**
	(b)Balance with Sonali Bank Ltd. (as agent of Bangladesh Bank)		
	In local currency	2,747,088,054	1,912,581,469
	In foreign currency	-	-
	Sub-total	**2,747,088,054**	**1,912,581,469**
	Total (a+b)	**69,273,434,531**	**61,335,096,831**

7.3 Cash Reserve Requirement (CRR) & Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 25 & 33 of the Bank Company Act, 1991 as amended and the Instruction of Bangladesh Bank Order 1972, Article 36, clause (1).

7.3.1 Cash Reserve Requirement (CRR)

The Cash Reserve Requirement (CRR) of the Bank was 6.50% of average total demand and time liabilities on bi-weekly basis with a provision of minimum 6.00% on daily basis from 24.06.2014 as per Bangladesh Bank MPD Circular No.01 dated 23 June 2014. The cash reserve maintained by the Bank was in excess of the statutory requirement throughout the year.

Position of Cash Reserve Requirement (CRR)		
Required CRR (6.50% of average total time and demand liabilities)	46,875,220,000	43,415,458,000
Actual reserve held with Bangladesh Bank in local currency (Note 7.2) *	66,326,488,415	58,769,855,164
Excess/(shortfall)	**19,451,268,415**	**15,354,397,164**

* Lien against TT discounting facilities of Tk. 2,80,00,000/- has not been considered as CRR.

7.3.2 Statutory Liquidity Ratio (SLR)

The requirement of Statutory Liquidity Ratio (SLR) of the Bank was 5.50% on daily basis excluding CRR wherein the excess CRR amount shall be included while calculating SLR from 01.02.2014 as per DOS Circular No. 01 dated 19 January 2014. The reserve maintained by the Bank was in excess of the statutory requirement throughout the year.

Position of Statutory Liquidity Ratio (SLR)		
Required Reserve (5.50% of average total time and demand liabilities)	39,663,648,000	36,736,157,000
Actual reserve maintained (Note 7.3.2.1)	66,626,619,503	84,120,963,358
Excess/(shortfall)	**26,962,971,503**	**47,384,806,358**
7.3.2.1 Components of Statutory Liquidity Ratio (SLR)		
Cash in hand including foreign currency (Note- 7.1)	14,323,655,034	10,119,944,725
Excess CRR amount (Note-7.3.1)	19,451,268,415	15,354,397,164
Balance with Sonali Bank as Agent Bank of BB (Note-7.2.b)	2,747,088,054	1,912,581,469
Balance with Islamic Refinance Fund A/c (Note-9)	-	3,000,000,000
Unencumbered approved securities :		
Bangladesh Shipping Corporation (Note -10.1)	104,608,000	94,040,000
Bangladesh Government Islamic Investment Bond (Note -10.1)	30,000,000,000	53,640,000,000
Total	**66,626,619,503**	**84,120,963,358**
7(a) Consolidated cash in hand		
7(a)(i) **Cash in hand (including foreign currency)**	14,323,655,034	10,119,944,725
Islami Bank Bangladesh Limited	-	-
Islami Bank Securities Limited	4,410	1,630
Islami Bank Capital Management Limited		
Sub total	**14,323,659,444**	**10,119,946,355**
7(a)(ii) **Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)**	69,273,434,531	61,335,096,831
Islami Bank Bangladesh Limited	-	-
Islami Bank Securities Limited	-	-
Islami Bank Capital Management Limited		
Sub total (ii)	**69,273,434,531**	**61,335,096,831**
Total (i+ii)	**83,597,093,975**	**71,455,043,186**

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		31.12.2017 Taka	31.12.2016 Taka
8.0	**Balance with other banks & financial institutions**		
8.i	**In Bangladesh**		
	In current account	347,881,060	482,063,097
	OBU's balance with treasury division, IBBL (Note-2.0 _OBU)	174,593,046	-
	In Mudaraba savings & MTDR account with other islamic banks / financial institutions	43,115,912,137	26,066,178,120
	Sub total	**43,638,386,243**	**26,548,241,217**
	Less: OBU's balance with treasury division, IBBL	174,593,046	-
	Sub total (i)	**43,463,793,197**	**26,548,241,217**
8.ii	**Outside Bangladesh (Note 8.1)**		
	In current account	2,444,715,361	1,421,286,017
	In Mudaraba savings & MTDR account with other islamic banks / financial institutions	-	-
	Sub total (ii)	**2,444,715,361**	**1,421,286,017**
	Grand total (I+II)	**45,908,508,558**	**27,969,527,234**

8.1 Currency-wise amount and exchange rate of Balance with other banks & financial institutions outside Bangladesh

Foreign currency	Amount in F.C	Exchange rate	31.12.2017	31.12.2016
US Dollar	13,107,734.30	82.7000	1,084,009,626	(1,283,827,279)
Great Britain Pound	93,277.87	111.6285	10,412,469	648,252,729
Saudi Riyal	739,762.01	22.0510	16,312,492	6,462,175
EURO	4,818,712.36	99.2069	478,049,515	855,481,201
YEN	13,296,589.00	0.7338	9,757,037	45,766,615
Canadian Dollar	-	-	-	254,586
Swiss Franc	87,654.73	84.8727	7,439,494	35,929,428
Singapore Dollar	389,629.38	61.8225	24,087,862	331,293,572
Australian Dollar	-	-	-	605,317
ACU Dollar	9,468,882.36	82.7000	783,076,571	747,657,232
AED	1,402,532.04	22.5095	31,570,295	33,410,441
Total			**2,444,715,361**	**1,421,286,017**

8.2 Maturity - wise classification Balance with other banks & financial institutions

Repayable on demand	16,043,508,558	13,394,527,234
With a residual maturity of		
Up to 1 Month	4,170,000,000	3,150,000,000
Over 1 month but not more than 3 months	25,185,000,000	11,255,000,000
Over 3 months but not more than 1 year	510,000,000	170,000,000
Over 1 year but not more than 5 years	-	-
More than 5 years	-	-
Total	**45,908,508,558**	**27,969,527,234**

8(a) Consolidated Balance with other banks & financial institutions

I) In Bangladesh

Islami Bank Bangladesh Limited	43,463,793,197	26,548,241,217
Islami Bank Securities Limited	6,706,356,244	6,199,157,650
Islami Bank Capital Management Limited	342,137,561	329,349,368
Inter-company balances	(1,146,543,912)	(350,191,984)
Sub-total (i)	**49,365,743,090**	**32,726,556,251**

ii) Outside Bangladesh

Islami Bank Bangladesh Limited	2,444,715,361	1,421,286,017
Islami Bank Securities Limited	-	-
Islami Bank Capital Management Limited	-	-
Sub-total (ii)	**2,444,715,361**	**1,421,286,017**
Total (I+ii)	**51,810,458,451**	**34,147,842,268**

9.0 Placement with banks & other financial institutions

Placement to OBU by Treasury Division, IBBL (Note-6.0 _OBU)	17,100,666,001	17,032,278,121
Placement to AD Branches for MDB in FC by OBU (Note-3.0 _OBU)	5,215,469,695	3,480,633,399
Placement to Islamic Refinance Fund Account (*)	-	3,000,000,000
	22,316,135,697	**23,512,911,520**
Less: Placement to OBU by Treasury Division, IBBL	17,100,666,001	17,032,278,121
Less: Placement to AD Branches for MDB in FC by OBU	5,215,469,695	3,480,633,399
Total	**-**	**3,000,000,000**

(*) The fund placed to Bangladesh Bank for Islamic Re-finance Scheme as per Bangladesh Bank BRPD Circular No. 13 dated 18 September 2014 has been encashed fully during the period.

AMAR SHOCHOL

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10.0	Investments in shares & securities						
		As at December 2017					
	Particulars	No. of share as at 31 Dec. 2017	Face Value/Average cost	Total Cost price	Market Value	Un-realized gain/Loss	Remarks
10.1	**Government**						
	Bangladesh Shipping Corporation	2,240,000	47	104,608,000	104,608,000	-	Quoted
	Karmasangsthan Bank	100,000	100	10,000,000	10,000,000	-	Un-Quoted
	Central Depository Bangladesh Ltd.	2,284,721	2.75	6,277,770	6,277,770	-	Un-Quoted
	Bangladesh Government Islamic Investment Bond (Islamic Bond)	6	-	30,000,000,000	30,000,000,000	-	Un-Quoted
	Sub total Government	**4,624,727**		**30,120,885,770**	**30,120,885,770**	-	
10.2	**Other than Government**						
	i) Subsidiary companies						
	Islami Bank Securities Limited	2,699,796	1,000	2,699,796,000	2,699,796,000	-	Un-Quoted
	Islami Bank Capital Management Limited	299,993	1,000	299,993,000	299,993,000	-	Un-Quoted
	Sub total (i)	**2,999,789**		**2,999,789,000**	**2,999,789,000**	-	
	ii) Mutual Funds						
	SEML IBBL Shari,ah Fund	50,000,000	10	500,000,000	370,000,000	(130,000,000)	
	UFS-IBB Shari'ah Unit Fund	50,000,000	10	500,000,000	500,000,000	-	
	CAPM IBBL Shari'ah Fund	50,000,000	10	500,000,000	500,000,000	-	
	NAM IBBL Islamic Mutual Fund	10,000,000	10	100,000,000	107,000,000	7,000,000	
	AT Capital Shari'ah unit Fund	5,010,020	998	50,000,000	54,959,919	4,959,919	
	Sub Total (ii)	**165,010,020**		**1,650,000,000**	**1,531,959,919**	**(118,040,081)**	
	iii) Subordinated Debt						
	Mudaraba Subordinated Debt of First Security Islami Bank (1st)	200	500,000	100,000,000	100,000,000	-	Un-Quoted
	Mudaraba Subordinated Debt of First Security Islami Bank (2nd)	1,200	1,000,000	1,200,000,000	1,200,000,000	-	Un-Quoted
	Mudaraba Subordinated Debt Social Islami Bank Bangladesh Ltd	800	500,000	400,000,000	400,000,000	-	Un-Quoted
	Sub Total	**2,200**		**1,700,000,000**	**1,700,000,000**	-	
	iv) Others						
	MSF Assets Management Ltd	500,000	10.00	5,000,000	5,000,000	-	
	Discretionary Portfolio Management (CAPM Company Ltd.)	-	-	163,880,053	163,890,089		
	Bangladesh Aroma Tea Co	1,570	100.00	157,000		(157,000)	De-listed
	Runner Automobiles Ltd	5,462,000	45.00	245,790,000	245,790,000.00	-	Un-Quoted
	Exim Bank Ltd.	520,000	14.30	7,438,548	8,944,000.00	1,505,452	Quoted
	Active Fine Chemicals Ltd	1,312,500	40.23	52,795,842	46,200,000.00	(6,595,842)	Quoted
	ACI	24,200	474.77	11,489,511	11,127,160.00	(362,351)	Quoted
	ACME-LAB	750,167	102.77	77,091,646	85,519,038.00	8,427,392	Quoted
	AFC Agro	342,000	48.34	16,530,864	15,390,000.00	(1,140,864)	Quoted
	APEXFOOT	22,161	353.78	7,840,046	7,282,105.00	(557,941)	Quoted
	Aman Feed Ltd	133,100	70.83	9,427,510	8,465,160.00	(962,350)	Quoted
	Apolo Ispat	275,000	18.77	5,162,875	4,537,500.00	(625,375)	Quoted
	BPML	43,225	80.00	3,458,000	3,458,000.00	-	Quoted
	BATA Shoe	29,736	1,231.51	36,620,256	34,844,645.00	(1,775,611)	Quoted
	BBS	786,005	46.70	36,705,047	30,025,391.00	(6,679,656)	Quoted
	Beximco Pharma	397,015	103.42	41,058,293	41,210,157.00	151,864	Quoted
	BSCCL	100,000	126.68	12,668,183	10,310,000.00	(2,358,183)	Quoted
	BSRM Steel	293,940	100.70	29,600,989	23,074,290.00	(6,526,699)	Quoted
	Confidence Cement	474,000	116.12	55,042,568	72,285,000.00	17,242,432	Quoted
	Eastern Housing	914,341	51.72	47,285,688	44,985,577.00	(2,300,111)	Quoted
	First Security Islami Bank	340,000	10.49	3,565,563	5,202,000.00	1,636,437	Quoted
	Glaxosmith	5,100	1,751.77	8,934,039	7,909,080.00	(1,024,959)	Quoted
	Golden Harvest Agro	624,363	28.78	17,968,876	26,285,682.00	8,316,806	Quoted
	GP	20,425	276.13	5,639,874	9,616,090.00	3,976,216	Quoted
	Gennext	1,265,000	11.03	13,952,950	11,891,000.00	(2,061,950)	Quoted
	Heidelberg Cement	77,148	555.17	42,830,127	32,780,185.00	(10,049,942)	Quoted
	JMI Syringes & Medical	3,642	199.77	727,557	660,659.00	(66,898)	Quoted
	Linde Bangladesh Ltd	43,036	1,421.06	61,156,809	55,288,349.00	(5,868,460)	Quoted
	Lafarge Surma	465,000	77.51	36,044,227	32,503,500.00	(3,540,727)	Quoted
	Meghna Petroleum Ltd	34,000	190.54	6,478,428	6,422,600.00	(55,828)	Quoted
	MJL Bangladesh Ltd	230,722	116.86	26,962,652	25,171,770.00	(1,790,882)	Quoted
	MHSML	357,000	28.40	10,139,568	6,818,700.00	(3,320,868)	Quoted
	Olmex	14,257	9.09	129,610	929,556.00	799,946	Quoted
	Olympic Ind	95,912	314.59	30,173,021	27,651,430.00	(2,521,591)	Quoted
	Reckit Benckiser Bd Ltd	5,700	1,586.90	9,045,305	10,124,340.00	1,079,035	Quoted
	Ranfoundry	12,500	120.92	1,511,560	1,582,500.00	70,940	Quoted
	SAPORTL	200,000	52.73	10,546,418	6,860,000.00	(3,686,418)	Quoted
	Singer Bangladesh Ltd	136,541	187.33	25,577,580	26,693,766.00	1,116,186	Quoted
	Shasa Denim	634,304	58.06	36,827,853	39,136,557.00	2,308,704	Quoted
	SPCL	200,000	141.77	28,353,492	23,220,000.00	(5,133,492)	Quoted
	Square Pharma	898,506	228.38	205,196,937	271,169,111.00	65,972,174	Quoted
	Square Tex	45,301	65.80	2,980,729	2,899,264.00	(81,465)	Quoted
	Sumit power	500,000	38.69	19,342,790	17,950,000.00	(1,392,790)	Quoted
	Tallu Spinning Ltd	244,528	15.58	3,809,976	2,371,922.00	(1,438,054)	Quoted
	Sub total (iv)	**18,833,945**		**1,472,938,860**	**1,513,476,173**	**40,527,277**	
	Sub total Other than Government (i-iv)	**186,845,954**		**7,822,727,860**	**7,745,225,092**	**(77,512,804)**	
	Total (10.1+10.2)	**191,470,681**		**37,943,613,630**	**37,866,110,862**	**(77,512,804)**	

10.0	Investments in shares & securities						
		As at December 2016					
	Particulars	No. of share as at 31 Dec. 2016	Face Value/Average cost	Total Cost price	Market Value	Un-realized gain/loss	Remarks
10.1	Government						
	Bangladesh Shipping Corporation	200,000	100	94,040,000	94,040,000	-	Quoted
	Karmasangsthan Bank	100,000	100	10,000,000	10,000,000	-	Un-Quoted
	Central Depository Bangladesh Ltd.	2,284,721	2.75	6,277,770	6,277,770	-	Un-Quoted
	Bangladesh Government Islamic	20	-	53,640,000,000	53,640,000,000	-	Un-Quoted
	Sub total Government	2,584,741		53,750,317,770	53,750,317,770	-	
10.2	Other than Government						
	i) Subsidiary companies						
	Islami Bank Securities Limited	2,699,796	1,000	2,699,796,000	2,699,796,000	-	Un-Quoted
	Islami Bank Capital Management	299,993	1,000	299,993,000	299,993,000	-	Un-Quoted
	Sub total (i)	2,999,789		2,999,789,000	2,999,789,000	-	
	ii) Mutual Funds						
	SEML IBBL Shari,ah Fund	50,000,000	10	500,000,000	500,000,000	-	
	UFS-IBB Shari'ah Unit Fund	20,000,000	10	200,000,000	200,000,000	-	
	CAPM IBBL Shari'ah Fund	50,000,000	10	500,000,000	500,000,000	-	
	NAM IBBL Islamic Mutual Fund	10,000,000	10	100,000,000	100,000,000	-	
	AT Capital Shari'ah unit Fund	5,010,020	9.98	50,000,000	49,749,499	(250,501)	
	Sub Total (ii)	135,010,020	50	1,350,000,000	1,349,749,499	(250,501)	
	iii) Subordinated Debt						
	Mudaraba Subordinated Debt of First	400	500,000	200,000,000	200,000,000	-	Un-Quoted
	Mudaraba Subordinated Debt Social	1,000	500,000	500,000,000	500,000,000	-	Un-Quoted
	Sub Total	1,400		700,000,000	700,000,000	-	
	iv) Others						
	MSF Assets Management Ltd	500,000	10.00	5,000,000	5,000,000	-	
	Discretionary Portfolio Management	-	-	203,612,742	203,937,066	324,324	
	Bangladesh Aroma Tea Co	1,570	100.00	157,000	-	(157,000)	De-listed
	Runner Automobiles Ltd	3,240,000	45.00	145,800,000	145,800,000.00	-	Un-Quoted
	Exim Bank Ltd.	3,201,000	10.01	32,026,634	37,451,700.00	5,425,066	Un-Quoted
	Shahjalal Islami Bank Ltd.	609,980	13.06	7,964,375	9,149,700.00	1,185,325	Quoted
	Active Fine Chemicals Ltd	120,000	42.86	5,142,713	5,196,000.00	53,287	Quoted
	ACI	288,482	490.29	141,438,828	111,209,811.00	(30,229,017)	Quoted
	ACME-LAB	489,428	100.03	48,955,770	48,453,372.00	(502,398)	Quoted
	AFC Agro	367,200	55.03	20,205,695	18,763,920.00	(1,441,775)	Quoted
	Al-Arafa Bank	1,472,703	14.09	20,748,115	23,415,977.70	2,667,863	Quoted
	Aman Feed Ltd	121,000	77.91	9,427,510	8,324,800.00	(1,102,710)	Quoted
	Apolo Ispat	307,000	19.76	6,067,521	6,293,500.00	225,979	Quoted
	Baraka Power	325,500	30.65	9,977,003	9,992,850.00	15,847	Quoted
	BATA Shoe	29,736	1,231.51	36,620,256	33,958,512.00	(2,661,744)	Quoted
	BBS	10,000	42.33	423,328	518,000.00	94,672	Quoted
	Beximco Pharma	719,300	85.35	61,390,342	58,119,440.00	(3,270,902)	Quoted
	BSCCL	100,000	126.68	12,668,183	11,860,000.00	(808,183)	Quoted
	BSRM Steel	241,940	101.31	24,510,986	22,452,032.00	(2,058,954)	Quoted
	Eastern Housing	200,000	44.84	8,967,362	8,580,000.00	(387,362)	Quoted
	Fortune Shoe	104,963	50.58	5,308,634	5,332,120.00	23,486	Quoted
	First Security Islami Bank	910,000	10.01	9,111,257	12,649,000.00	3,537,743	Quoted
	Glaxosmith	5,100	1,751.77	8,934,039	7,817,790.00	(1,116,249)	Quoted
	Golden Harvest Agro	1,526,758	30.01	45,822,961	81,681,553.00	35,858,592	Quoted
	GP	330,000	277.59	91,604,270	93,753,000.00	2,148,730	Quoted
	Heidelberg Cement	78,648	554.94	43,644,858	43,437,290.40	(207,568)	Quoted
	IFAD Autos Ltd	208,800	92.83	19,383,832	20,921,760.00	1,537,928	Quoted
	IT Consultants Ltd	7,500	45.03	337,690	354,750.00	17,060	Quoted
	JMI Syringes & Medical	12,830	199.77	2,563,030	2,274,759.00	(288,271)	Quoted
	Linde Bangladesh Ltd	40,856	1,428.63	58,368,303	52,949,376.00	(5,418,927)	Quoted
	Lafarge Surma Cement	421,000	79.40	33,429,169	34,564,100.00	1,134,931	Quoted
	Meghna Petroleum Ltd	44,000	190.54	8,383,848	7,497,600.00	(886,248)	Quoted
	MJL Bangladesh Ltd	210,722	116.24	24,493,494	25,202,351.20	708,857	Quoted
	Olympic Ind	163,312	312.15	50,978,498	50,283,765.00	(694,733)	Quoted
	Orion Pharma	809,000	43.53	35,218,094	34,058,900.00	(1,159,194)	Quoted
	Reckit Benckiser Bd Ltd	5,700	1,586.90	9,045,305	8,835,000.00	(210,305)	Quoted
	RAK Ceramics(BD) Ltd	42,350	59.59	2,523,682	2,621,465.00	97,783	Quoted
	Ratanpur Steel Mills Ltd	11,000	41.26	453,860	807,400.00	353,540	Quoted
	Saif Power Ltd	241,300	50.08	12,083,135	12,209,780.00	126,645	Quoted
	SAPORTL	200,000	52.73	10,546,418	10,300,000.00	(246,418)	Quoted
	Singer Bangladesh Ltd	2	170.00	340	385.00	45	Quoted
	Shasa Denim	338,400	51.94	17,577,552	24,567,840.00	6,990,288	Quoted
	Square Pharma	823,821	242.51	199,786,857	205,213,811.00	5,426,954	Quoted
	Sumit power	325,505	37.73	12,282,009	12,043,685.00	(238,324)	Quoted
	Takaful Islami Insurance Ltd	74,435	19.54	1,454,659	1,347,274.00	(107,385)	Quoted
	Tallu Spinning Ltd	244,528	15.58	3,809,976	2,665,355.00	(1,144,621)	Quoted
	Yeakin Polymer	1,555	9.09	14,137	47,272.00	33,135	Quoted
	UPGDCL	128,585	159.55	20,515,751	18,207,636.00	(2,308,115)	Quoted
	Sub total (ii)	19,655,509		1,528,780,021	1,540,121,698	11,341,677	
	Sub total Other than Government (i-iv)	157,666,718		6,578,569,021	6,589,660,197	11,091,176	
	Total (10.1+10.2)	160,251,459		60,328,886,791	60,339,977,967	11,091,176	

10.3 Revaluation of shares & securities

All Shares and Securities are shown at cost price other than the Shares of Bangladesh Shipping Corporation which have been recognized at closing market price as on 31.12.2017 of Dhaka Stock Exchange Ltd. (DSE) as per BRPD Circular No.14 dated 25.06.2003 and DOS Circular No. - 05 dated 26 May 2008. 100% provision was made against probable losses in shares of Bangladesh Aroma Tea Ltd. and additional required provision was made for diminution in value of investment in quoted shares & Mutual Fund for the year 2017 (Note-17.2.1). Changes in revaluation of shares of Bangladesh Shipping Corporation (BSC) has been shown as revaluation reserve of securities.

10.4 Maturity grouping of investments in shares & securities

	[illegible] Taka	[illegible] Taka
Repayable on demand	-	-
With a residual maturity of		
Up to 1 Month	1,054,653,807	26,884,210,279
Over 1 month but not more than 3 months	17,513,880,053	25,610,000,000
Over 3 months but not more than 1 year	13,203,458,000	2,570,000,000
Over 1 year but not more than 5 years	2,465,790,000	2,049,412,742
More than 5 years	3,705,831,770	3,215,263,770
Total	37,943,613,630	60,328,886,791

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		31.12.2017 Taka	31.12.2016 Taka
10(a)	**Consolidated investments in shares & securities**		
10(a)(i)	**Government**	30,120,885,770	53,750,317,770
	Islami Bank Bangladesh Limited	-	-
	Islami Bank Securities Limited	-	-
	Islami Bank Capital Management Limited		
	Sub total (i)	**30,120,885,770**	**53,750,317,770**
10(a)(ii)	**Others**	7,822,727,860	6,578,569,021
	Islami Bank Bangladesh Limited	1,782,199,473	1,864,204,602
	Islami Bank Securities Limited	-	-
	Islami Bank Capital Management Limited	(2,999,789,000)	(2,999,789,000)
	Inter-company balances	**6,605,138,333**	**5,442,984,623**
	Sub total (ii)	**36,726,024,103**	**59,193,302,393**
	Total (i+ii)		
11.0	**Investments**	668,731,936,299	578,072,166,109
	General investments etc. (Note-11.1)	41,996,994,069	38,346,746,657
	Bills purchased & discounted (Note-11.2)	**710,728,930,368**	**616,418,912,766**
	Total		
11.1	**General investments etc.**		
	I) In Bangladesh	388,277,723,786	342,271,862,813
	Bai - Murabaha	46,367,484,501	41,545,460,865
	Bai - Muajjal	153,820,658,414	133,070,622,657
	Hire Purchase under Shirkatul Melk	13,508,524,902	6,893,101,532
	Hire Purchase under Shirkatul Melk (HPSM in FC-OBU)	3,787,068,477	4,157,283,668
	Bai-Murabaha Import Bills	13,230,760,398	11,734,403,808
	Baim- FC Bills	510,659,243	602,054,215
	Musharaka	5,000,025,000	5,000,015,000
	Mudaraba	10,477,151,297	6,435,573,273
	Bai - Salam	13,597,097,114	12,207,912,834
	Murabaha Foreign Currency Investment	19,983,396,728	14,047,323,889
	Quard	171,386,439	106,551,555
	Investment in Khidmah Card (KC)	**668,731,936,299**	**578,072,166,109**
	Sub total (i)		
	ii) Out side Bangladesh	-	-
	Bai - Murabaha	-	-
	Bai - Muajjal	-	-
	Hire Purchase under Shirkatul Melk	-	-
	Musharaka	-	-
	Overseas Investment	-	-
	Bai - Salam	-	-
	Quard	-	-
	Others	-	-
	Sub total (ii)	**668,731,936,299**	**578,072,166,109**
	Grand total (i+ii)		
11.1.1	**Maturity-wise classification**	-	-
	Repayable on demand		
	With a residual maturity of	109,462,835,880	68,262,835,880
	Up to 1 Month	113,916,123,906	102,116,123,906
	Over 1 month but not more than 3 months	189,463,028,610	183,003,258,420
	Over 3 months but not more than 1 year	131,478,803,044	115,378,803,044
	Over 1 year but not more than 5 years	124,411,144,859	109,311,144,859
	More than 5 years	**668,731,936,299**	**578,072,166,109**
	Total		
11.1(a)	**Consolidated general investments etc.**	668,731,936,299	578,072,166,109
	Islami Bank Bangladesh Limited	-	-
	Islami Bank Securities Limited	-	-
	Islami Bank Capital Management Limited	(5,000,000,000)	(5,000,000,000)
	Inter-company balances	**663,731,936,299**	**573,072,166,109**
	Total		
11.2	**Bills purchased & discounted**	5,409,805,657	7,558,663,367
	I) In Bangladesh		
	Musharaka Doc. Bill (MDB)	28,292,346,044	24,142,441,538
	ii) Outside Bangladesh	3,079,347,538	3,165,008,354
	Mudaraba Doc Bill (UPAS)-OBU	5,215,494,830	3,480,633,398
	Bai- As- Sarf (FDB)	36,587,188,412	30,788,083,290
	MDB in FC	**41,996,994,069**	**38,346,746,657**
	Sub-total (ii)		
	Total (i+ii)		
11.2.1	**Maturity-wise classification of bills purchased & discounted**	10,902,419,660	9,954,815,432
	Payable within 1 month	14,640,152,133	13,367,675,885
	Over 1 month but less than 3 months	9,503,919,758	8,677,868,768
	Over 3 months but less than 6 months	6,950,502,518	6,346,386,572
	6 months or more	**41,996,994,069**	**38,346,746,657**
	Total		
11.2(a)	**Consolidated bills purchased & discounted**	41,996,994,069	38,346,746,657
	Islami Bank Bangladesh Limited	-	-
	Islami Bank Securities Limited	-	-
	Islami Bank Capital Management Limited	**41,996,994,069**	**38,346,746,657**
	Total		
11.3	**Geographical location wise classification of investments**	61,913,619,351	53,279,881,416
	Within Bangladesh	648,815,311,017	563,139,031,350
	In rural areas	**710,728,930,368**	**616,418,912,766**
	In urban areas	-	-
	Sub total	**710,728,930,368**	**616,418,912,766**
	Outside Bangladesh		
	Total		

11.4 Division wise classification of investments (*)

Name of the division	31.12.2017 Taka	31.12.2016 Taka
Dhaka division	392,449,174,065	343,406,976,302
Chittagong division	146,451,651,287	123,098,856,879
Khulna division	48,056,951,873	41,484,992,829
Rajshahi division	61,648,758,251	56,525,614,301
Barisal division	10,944,398,259	9,431,209,365
Sylhet division	16,022,985,632	13,068,080,951
Rangpur division	24,333,856,125	20,280,182,230
Mymensingh division	10,821,154,876	9,122,999,909
Total	**710,728,930,368**	**616,418,912,766**

(*) Division wise distribution was made on the basis of the location of the respective branch not on the basis of where the client's business actually located.

11.5 Investment on the basis of significant concentration including bills purchased and discounted

Investment to directors	-	243,153,688
Investment to chief executive & other senior executives	1,073,395,290	965,696,280
Sector wise other investments:		
Trade & commerce	217,078,119,234	191,303,567,076
Real estate	50,625,560,855	47,972,337,031
Transport	8,374,342,686	7,591,968,199
Agriculture (including fertilizer & agriculture implements)	16,943,698,946	15,424,723,632
Industrial investment (Note-11.5.1)	382,066,393,328	321,172,516,173
Others	34,567,420,029	31,744,950,687
Total	**710,728,930,368**	**616,418,912,766**

11.5.1 Classification of industrial investments

Textile- spinning, weaving & dyeing	113,813,507,820	97,308,789,494
Garments & garments accessories	32,175,181,976	26,483,960,146
Steel, re-rolling & engineering	21,371,750,932	23,452,249,113
Agro-based industry	97,241,991,764	70,236,438,332
Food & beverage	9,433,755,990	4,421,701,726
Cements industry	9,398,328,120	5,770,611,596
Pharmaceuticals	6,643,650,575	5,609,621,411
Poultry, poultry feed & hatchery	2,437,921,859	1,031,928,853
Sanitary wares	191,956,306	151,763,416
Chemicals, toiletries & petroleum	4,996,107,698	4,984,658,312
Printing & packaging	2,134,838,284	1,890,269,591
Power (electricity)	3,406,677,746	3,534,432,427
Ceramic & bricks	5,880,338,551	5,246,175,133
Health care (hospital & others)	5,239,265,834	4,559,397,878
Plastic industries	2,974,239,655	2,768,171,470
Petrol pump & CNG filling station	599,069,595	450,472,039
Information technology	278,141,102	424,032,820
Hotel & restaurant	977,722,146	603,148,647
Other industries	62,871,947,375	62,244,693,769
Total	**382,066,393,328**	**321,172,516,173**

11.6 Details of investment to customers group (10.00% of regulatory equity and above)

Number of clients with amount of sanctioned limit of investments exceeding 10.00% of total regulatory equity of the Bank & classified amount thereon are given below:

	31.12.2017 Taka	31.12.2016 Taka
Number of clients	20	20
Amount of investments	134,395,960,000	131,654,500,000
Classified amount thereon	Nil	Nil
Measures taken for recovery	Not Applicable	Not Applicable

Total regulatory capital of the Bank was Tk. 57,958.08 million as at 31 December 2017 & Tk. 50,556.47 million as on 31 December 2016).

(Taka in million)

Sl. No.	Name of clients	Sanctioned limit	Outstanding as on 31.12.2017			31.12.2016
			Funded	Non-funded	Total	
01	Noman Group	13,252.40	6,331.87	5,168.88	11,500.75	16,955.20
02	S. Alam Steels & Refined Sugar Ind. Ltd.	15,000.00	7,300.65	5,990.35	13,291.00	12,754.60
03	Mosharrof & Brothers Group	14,128.90	4,477.87	1,743.09	6,220.96	5,571.40
04	Farzana Group	14,000.00	-	1,451.89	1,451.89	2,989.60
05	Abul Khair Group	13,273.20	3,847.68	5,817.00	9,664.68	8,424.80
06	S. Alam Vegetable Oil Ltd.	12,500.00	6,997.21	443.35	7,440.56	8,359.10
07	S. Alam Super Edible Oil Ltd.	12,500.00	9,548.16	2,853.83	12,401.99	8,971.20
08	Badsha Group	10,552.40	1,185.09	719.07	1,904.16	3,361.40
09	A B H Corporation Group	9,911.70	6,232.24	675.23	6,907.47	7,342.30
10	MSA Group	9,718.20	5,240.01	1,289.55	6,529.56	5,704.70
11	Patromax Refinery	8,553.60	3,029.13	1,187.65	4,216.78	5,285.90
12	Nassa Group	7,884.10	7,156.70	2,696.61	9,853.31	5,118.10
13	BRB Group	7,639.60	1,204.61	1,185.49	2,390.10	4,630.90
14	Ananda Group	7,470.40	6,049.18	388.14	6,437.32	5,770.90
15	GMS composite Knitting Ind. Ltd.	7,431.30	3,716.92	2,611.78	6,328.70	5,710.90
16	Akij Group	7,425.00	22.48	1,093.40	1,115.88	2,130.90
17	Aman Cotton Fibers Ltd.	7,357.40	4,997.46	357.95	5,355.41	6,026.90
18	Bashundhara Group	7,026.60	5,569.13	3,044.32	8,613.45	4,640.10
19	Delta Group	6,795.60	5,940.22	1,678.75	7,618.97	7,241.40
20	Sheikh Brothers Group	5,263.40	3,181.60	1,971.42	5,153.02	4,664.20
	Total	**197,683.80**	**92,028.21**	**42,367.75**	**134,395.96**	**131,654.50**

		31.12.2017 Taka	31.12.2016 Taka
11.7	**Classification status - wise investments**		
	Unclassified :		
i)	Unclassified including staff investment	657,058,066,016	572,356,659,974
ii)	Special mention account (SMA)	28,152,255,525	20,460,660,728
	Total unclassified (I+ii)	**685,210,321,541**	**592,817,320,702**
	Classified :		
iii)	Substandard	2,447,002,932	2,341,644,862
iv)	Doubtful	1,990,935,258	1,064,123,908
v)	Bad and Loss	21,080,670,637	20,195,823,294
	Total classified (iii+iv+v)	**25,518,608,827**	**23,601,592,064**
	Grand total (i to v)	**710,728,930,368**	**616,418,912,766**
11.8	**Pledged collaterals against investments**		
	Land & building	1,455,720,009,159	1,099,593,372,992
	MTDR, securities, etc.	52,225,380,432	33,305,341,548
	Share certificates	177,742,720	177,742,720
	Total	**1,508,123,132,311**	**1,133,476,457,260**
11.9	**Particulars of investments**		
i)	Investments considered good in respect of which the bank is fully secured	678,625,154,772	588,831,007,110
ii)	Investments considered good in respect of which the Bank holds debtors' personal security	171,386,439	106,551,555
iii)	Investments considered good and secured by personal security of one or more persons in addition to personal security of debtors	31,932,389,157	27,481,354,101
iv)	Investments considered bad or doubtful not provided for.	-	-
	Total	**710,728,930,368**	**616,418,912,766**
v)	Investments due by directors or employees of the bank or any of them either severally or jointly with any other persons	22,644,366,545	16,146,685,440
vi)	Investments due by directors or employees of the bank are interested as directors, partners, managing agents or in the case of private companies as members	-	240,210,163
vii)	Total amount of investments, including temporary investments, made any time during the year to directors or employees of the bank or any of them either severally or jointly with any other persons	8,471,957,525	3,937,899,421
viii)	Total amount of investments, including temporary investments granted during the year to the Companies or firms in which the directors of the bank are interested as directors, partners, managing agents or, in the case of private companies as members	-	-
ix)	Investments due from other banks	-	-
x)	**Classified investments:**		
	a) Classified investments on which profit has not been charged	21,080,670,637	20,195,823,294
	b) Provision for classified investments	24,746,520,000	20,553,830,000
	c) Provision kept against investments classified as bad & loss	24,222,585,806	20,176,956,939
	d) Amount credited to profit/ rent /compensation suspense account	11,036,052,318	9,131,246,117
xi)	**Particulars of written off investments**		
a)	Cumulative amount of investment written off since inception to 31st December last year	9,040,298,168	6,898,387,456
b)	Amount of investment written off during this year	-	2,141,910,712
c)	**Total amount written Off (a + b)**	**9,040,298,168**	**9,040,298,168**
d)	Amount recovered against written off investment up to this year (*)	1,484,508,667	1,406,236,989
e)	Amount waived against written off investment up to this year	950,541,179	930,811,179
f)	**Amount of investment written off against which suit has been filed to recover the same**	**6,605,248,322**	**6,703,250,000**

(*) During the year of 2017, Tk. 98,001,678/- was recovered from written-off Investments, out of which a sum of Tk.19,730,000/- was waived and remaining Tk.78,271,678/- was recovered from the clients in cash.

11.10 Information about restructured investment as per Bangladesh Bank's BRPD Circular No-4, dated 29 January, 2015

Investment amounting to Tk.4,874 million (outstanding Tk. 4,414.10 million as on 31.12.2017) of 2 (two) investment clients (i)Abdul Monem Sugar Refinery Ltd., Local Office & (ii) Jamuna Electronics Ltd., Gulshan Br, Dhaka have been restructured. Those restructured have been made by extension of validity of term investment for 6 (six) years with no gestation period for Abdul Monem Sugar Refinery Ltd. and 12(twelve) years including 1(one) year gestation period for Jamuna Electronics Ltd. under the perview of BRPD Circular No-4, dated 29 January, 2015. The status of the Investments are unclassified and reported as Special Mention Account (SMA) as per Bangladesh Bank Guidelines.

12.0 Fixed assets including premises (Annexure-A)

12.1	**Tangible assets**		
	Land	7,623,650,885	7,623,650,885
	Building	6,539,112,354	6,521,177,836
	Construction/ capital work-in-process	-	-
	Furniture and fixtures	1,084,847,979	969,784,237
	Mechanical appliances	2,359,181,735	2,218,506,284
	Computer	1,500,889,037	1,367,884,672
	Motor vehicles	1,044,080,968	939,636,927
	ATM	918,542,100	814,819,827
	Books	8,837,773	8,291,772
	Total cost of tangible assets including revaluation	**21,079,142,831**	**20,463,752,440**
	Less: Accumulated depreciation	5,670,092,822	4,991,642,731
	Net book value of tangible assets at the end of the year	**15,409,050,009**	**15,472,109,709**
12.2	**Intangible assets**		
	Computer software	453,532,994	420,495,714
	Total cost of intangible assets	**453,532,994**	**420,495,714**
	Less: Accumulated amortization	387,174,807	305,691,094
	Net book value of intangible assets at the end of the year	**66,358,187**	**114,804,620**
	Total net book value at the end of the year (12.1+12.2)	**15,475,408,196**	**15,586,914,329**

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		31.12.2017 Taka	31.12.2016 Taka
12.3	**Maturity-wise classification**		
	Repayable on demand	-	-
	With a residual maturity of		
	Up to 1 Month	-	-
	Over 1 month but not more than 3 months	724,256,516	729,467,591
	Over 3 months but not more than 1 year	2,558,111,157	2,576,516,939
	Over 1 year but not more than 5 years	12,193,040,523	12,280,929,799
	More than 5 years	**15,475,408,196**	**15,586,914,329**
	Total		

12.4 Revaluation of land & building

As per Bangladesh Bank BCD Circular Letter No. 12 & 18 dated April 20, 1993; June 15, 1993; BRPD Circular No.10 dated November 24, 2002; circular No. 09 dated 31 December 2008 and circular No. 24 dated 03 August 2010, the Bank revalued its land and building by the professional valuers for the year 2000, 2002, 2003, 2004, 2005, 2006, 2009 & 2012 respectively which was reviewed by the then statutory auditors.

12(a)	**Consolidated fixed assets including premises (Annexure-B)**		
12(a).1	**Tangible assets**		
	Islami Bank Bangladesh Limited	15,409,050,009	15,472,109,709
	Islami Bank Securities Limited	1,572,077	1,721,720
	Islami Bank Capital Management Limited	-	-
	Sub-total	**15,410,622,086**	**15,473,831,429**
12(a).2	**Intangible assets**		
	Islami Bank Bangladesh Limited	66,358,187	114,804,620
	Islami Bank Securities Limited	-	-
	Islami Bank Capital Management Limited	-	-
	Sub-total	**66,358,187**	**114,804,620**
	Total (12.a.1+12.a.2)	**15,476,980,273**	**15,588,636,049**

13.0	**Other assets**		
	i) Income generating other assets	-	-
	ii)Non-income generating other assets		
	Stock of stationery in hand	135,019,113	125,754,135
	Stamps in hand	22,262,904	17,222,182
	Advance rent paid	654,814,469	566,948,585
	Security deposits paid account	24,280,875	23,223,996
	Suspense	783,282,037	382,981,702
	Advance against expenses	34,488,123	33,988,438
	Pre-paid expense-OBU	78,626,539	88,780,073
	Accrued income	718,256,517	1,142,488,791
	IB General account (Note - 13.3)	3,050,241,051	-
	Clearing adjustment	17,339,805	63,864,967
	Transfer Delivery adjustment	94,756	75
	F.C. clearing adjustment	470,240,537	489,631,989
	mCash System A/c	4,083,878	5,488,569
	Dividend Income Receivable	281,759,310	-
	ATM Receivable	31,432,500	-
	Sub-total (ii)	**6,306,222,414**	**2,940,373,502**
	Total (i+ii)	**6,306,222,414**	**2,940,373,502**

13.1	**Maturity-wise classification**		
	Repayable on demand	-	-
	With a residual maturity of		
	Up to 1 Month	983,761,954	243,168,889
	Over 1 month but not more than 3 months	3,361,479,502	1,317,287,329
	Over 3 months but not more than 1 year	1,235,150,370	722,155,732
	Over 1 year but not more than 5 years	597,574,716	439,879,876
	More than 5 years	128,255,872	217,881,676
	Total	**6,306,222,414**	**2,940,373,502**

13.2	**Classification status of other assets**		
	Unclassified	6,184,812,073	2,834,455,206
	Doubtful	24,587,536	-
	Bad/ Loss	96,822,805	105,918,296
	Total	**6,306,222,414**	**2,940,373,502**

13.3 IB General account

13.3.1 Un-reconciled entries of Inter branch transactions in Bangladesh

Age	Number	Amount in Taka	Amount in Taka
Upto 3 months (*)	-	3,050,241,051	-
Over 3 months but not more than 6 months	-	-	-
Total	-	**3,050,241,051**	-

(*) All the outstanding entries in the above mentioned IB General Account have been fully adjusted within 19 March 2018.

13.3.2 Un-reconciled entries of inter branch transactions outside Bangladesh

Age	Number	Amount in Taka	Amount in Taka
Upto 3 months	-	-	-
Over 3 months but not more than 6 months	-	-	-
Total	-	-	-

13(a)	**Consolidated other assets**		
	Islami Bank Bangladesh Limited	6,306,222,414	2,940,373,502
	Islami Bank Securities Limited	131,918,066	102,492,078
	Islami Bank Capital Management Limited	93,521,873	81,447,427
	Inter-company balances	(272,006,499)	(1,489,455)
	Total	**6,259,655,854**	**3,122,823,552**

		31.12.2017 Taka	31.12.2016 Taka
14.0	**Placement from banks & other financial institutions**		
	Borrowing from Abroad -OBU (Note-14.1)	27,988,825,908	16,133,951,000
	Borrowing from other Banks in Bangladesh-OBU (Note 14.2)	1,240,500,000	787,022,000
	Borrowing from Treasury Division, IBBL -OBU (Note-6.0_ OBU)	17,100,666,001	17,032,278,121
	Fund obtained by AD branches from OBU for MDB in FC (Note-3.0_ OBU)	5,215,469,695	3,480,633,399
	Sub total	51,545,461,605	37,433,884,520
	Less: Borrowing from Treasury Division, IBBL -OBU	17,100,666,001	17,032,278,121
	Less: Fund obtained by AD branches from OBU for MDB in FC	5,215,469,695	3,480,633,399
	Sub total	22,316,135,697	20,512,911,520
	Total	29,229,325,908	16,920,973,000
14.1	**Borrowing from Abroad-OBU**		
	SCB UAE	13,728,200,000	11,805,330,000
	First Gulf UAE	4,135,000,000	1,574,044,000
	ICIC Bank, Mumbai	6,161,150,000	-
	ICIC Bank-, UAE	-	157,404,400
	ICIC Bank, Shanghai	-	1,023,128,600
	ICIC Bank, Hong Kong	-	1,574,044,000
	Ras Al Khaimah	1,902,100,000	-
	Emirates Islamic Bank, UAE	2,062,375,908	-
	Total	27,988,825,908	16,133,951,000
14.2	**Borrowing from other Banks In Bangladesh**		
	Eastern Bank Limited	1,240,500,000	787,022,000
	Total	1,240,500,000	787,022,000

Fund obtained from OBU for investment in MDB in FC by AD branches is shown under "Cover fund MDB investment" under other liabilities at AD branches whereas Fund provided to AD branches for MDB in FC is shown under "Placement with banks & other financial institutions" in the assets side at OBU's balance sheet. As the items are intra-units balance, the amount was fully eliminated while preparing the financial statement of the Bank as a whole.

14(a)	**Consolidated placement from banks & other financial institutions**		
	Islami Bank Bangladesh Limited	29,229,325,908	16,920,973,000
	Islami Bank Securities Limited	-	-
	Islami Bank Capital Management Limited	-	-
	Total	29,229,325,908	16,920,973,000
15.0	**Deposits & other accounts**		
	Mudaraba savings deposits (Note-15.1)	259,389,011,780	239,163,357,296
	Mudaraba term deposits	233,413,444,655	201,544,652,601
	Other mudaraba deposits (Note-15.2)	178,897,159,066	171,101,256,416
	Al- wadeeah current and other deposit accounts (Note-15.3)	78,882,828,665	64,019,389,322
	Bills payable (Note-15.4)	4,439,801,793	5,523,593,757
	Total	755,022,245,959	681,352,249,392
15.1	**Mudaraba Savings Deposits**		
	Mudaraba Savings Deposits	250,093,136,405	231,104,641,312
	Mudaraba Savings Deposits (RDS)	6,976,122,478	5,972,996,077
	Mudaraba Savings Deposit (RDS-RIP)	291,165	291,165
	Mudaraba School Student Savings A/C	1,262,169,116	1,051,921,832
	Mudaraba Farmers Savings A/C	1,041,186,744	1,023,888,825
	Mudaraba Industry Employee Saving A/C	16,105,872	9,618,085
	Total	259,389,011,780	239,163,357,296
15.2	**Other mudaraba deposits**		
	Mudaraba Special Notice Deposits	9,187,306,341	8,153,616,999
	Mudaraba Hajj Deposits	2,924,234,725	2,496,818,669
	Mudaraba Savings Bond	15,584,322,866	16,744,966,998
	Mudaraba NRB Savings Bond	915,973,487	994,365,404
	Mudaraba Special Savings (Pension) Deposits	112,845,636,897	106,349,509,746
	Mudaraba Monthly Profit Deposit Scheme	21,302,465,535	22,296,404,690
	Mudaraba Muhor Savings	605,997,691	526,946,377
	Mudaraba Waqf Cash Deposit	904,206,711	748,951,526
	Mudaraba Upahar Deposit Scheme	15,195,806	13,784,122
	Mudaraba FC Deposit	14,609,384,980	12,774,978,939
	Mudaraba FC Deposit -Exporters Retention Quota (ERQ)	2,434,027	912,946
	Total	178,897,159,066	171,101,256,416
15.3	**Al Wadeeah current and other deposits accounts**		
	Al Wadeeah Current Deposits	41,350,304,782	32,247,464,627
	Convertible Taka Account	151,708	151,708
	Non Resident Investors Taka Account	107,791,337	96,169,031
	Non Resident FC of Exchange House / Banks	1,262,639,459	1,917,882,857
	Non Resident FC of Exchange House / Banks-OBU (Note-2.0 _OBU)	174,593,046	-
	Non Resident Taka Account	2,599,262,896	2,140,224,922
	Foreign Currency Deposit	156,919,000	165,876,189
	Foreign Currency Deposit ERQ	980,673,026	857,789,344
	Other FC Deposit	39,026,858	36,085,778
	Foreign Currency: Security Deposit	129,201,681	146,244,502
	Foreign Currency Held against Back to Back L/C	4,285,699,123	4,641,853,655
	Foreign Currency held against Cash L/C	781,130,276	464,281,697
	Foreign Demand Draft /TT Payable	714,044,868	841,518,620
	Foreign Currency Deposit against Foreign Bank Guarantee	33,028,313	31,431,691
	Resident Foreign Currency Deposit	90	40,859
	Profit Payable	12,567,196,936	10,060,698,601
	Remittance Card Account	744,439	779,415
	Sundry Deposits (Note-15.3.1)	13,806,884,066	10,336,076,077
	FC Deposit of EPZ Enterprises	42,677,334	11,117,259
	Mobile Wallet A/C	25,452,473	23,702,490
	Sub total	79,057,421,711	64,019,389,322
	Less: Non Resident FC of Exchange House / Banks-OBU	174,593,046	-
	Total	78,882,828,665	64,019,389,322

		31.12.2017 Taka	31.12.2016 Taka
15.3.1	**Break-up of sundry deposits**		
	Sundry creditors	205,970,255	179,680,514
	Supervision charge	70,353,860	58,133,604
	Security deposit L/G	727,361	727,361
	Security money payable	107,792,305	99,418,154
	Security money locker	21,750,450	19,982,530
	Marginal deposit	698,209,207	1,000,755,818
	Bank guarantee	466,136	1,041,052
	Closed account profit	352,146,382	294,213,626
	Sundry deposit others	59,826,691	93,822,893
	Govt. tax & VAT	2,153,672,089	34,158,566
	Security Deposit - Investment	5,744,229	3,343,918
	Security Deposit - L/C (Wes)	-	21,804,761
	Security Deposit - Foreign L/C General	8,910,166,460	7,318,391,389
	Security Deposit - Bank Guarantee	1,072,159,427	1,002,202,490
	Security Deposits - Foreign Bill Negotiation (FBN)/ MDB	210,422	210,422
	Security Deposit - IBP	145,775	145,536
	Security Deposit - Inland L/C	98,830,436	101,866,006
	RDS (RIP)	32,200,900	91,671,613
	Other earnings (Note-15.3.1.1)	16,511,681	14,505,824
	Total	13,806,884,066	10,336,076,077
15.3.1.1	**Break-up of other earnings**		
	Opening balance	14,505,824	13,384,081
	Received from B. Bank FC clearing A/c	6,826,429	4,676,678
	Received from foreign correspondents/banks	-	392,896
	Total receipt during the year	6,826,429	5,069,574
	Total available balance	21,332,253	18,453,655
	Less:		
	Income tax provision @ 40.00%	2,730,572	2,027,831
	Transferred/ paid for charitable activities	2,090,000	1,920,000
	Closing balance	16,511,681	14,505,824
15.4	**Bills payable**		
	P.O. payable	3,846,681,219	5,018,080,139
	T.T. payable	839,702	1,437,716
	D.D. payable	140,402,745	212,657,501
	FC bills payable	5,181,274	5,181,274
	BEFTN payable	159,530,302	88,758,552
	Spot cash payable	287,166,551	197,478,575
	Total	4,439,801,793	5,523,593,757
15.5	**Maturity wise classification of deposits (other than inter-Bank deposit)**		
	Re-payable on demand	15,762,221,848	15,762,221,848
	With a residual maturity of		
	Re- payable within 1 month	107,147,935,516	96,727,618,093
	Over 1 month but not more than 3 months	137,700,120,801	124,308,551,836
	Over 3 months but within 6 months	89,402,744,320	80,708,176,666
	Over 6 months but not more than 1 year	102,515,680,437	92,545,857,632
	Over 1 year but not more than 5 years	128,984,127,575	116,440,203,650
	Over 5 years but within 10 years	172,502,114,927	154,190,888,937
	Unclaimed Deposits for 10 years or more	6,791,839	7,936,586
	Sub-total	754,021,737,263	680,691,455,248
15.6	**Maturity grouping of Inter- bank deposits are as under**		
	Re-payable on demand	-	-
	With a residual maturity of		
	Re- payable within 1 month	1,000,508,696	661,915,887
	Over 1 month but within 6 months	-	-
	Over 6 months but not more than 1 year	-	-
	Over 1 year but not more than 5 years	-	-
	Over 5 years but within 10 years	-	-
	Sub-total	1,000,508,696	661,915,887
	Total (15.5+15.6)	755,022,245,959	681,353,371,135
15.7	**Other banks' deposits with IBBL**		
	Al Wadeeah Current Deposits	278,748,439	389,191,773
	Mudaraba Special Notice Deposits	708,943,662	252,810,997
	Mudaraba Savings Account	12,816,595	19,913,117
	Total	1,000,508,696	661,915,887
15.8	**Sector wise break up of deposits and other accounts**		
	Government	1,917,420,000	280,272,000
	Other banks' deposit	1,000,508,696	661,915,887
	Other public	2,626,684,000	643,294,000
	Foreign currency	23,053,180,208	21,890,014,336
	Private	726,424,453,055	657,876,753,169
	Total	755,022,245,959	681,352,249,392
15(a)	**Consolidated deposits & other accounts**		
	Islami Bank Bangladesh Limited	755,022,245,959	681,352,249,392
	Islami Bank Securities Limited	1,105,554	1,109,204
	Islami Bank Capital Management Limited	-	-
	Inter-company balances	(1,109,364,191)	(308,827,187)
	Total	753,913,987,322	681,044,531,409

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		31.12.2017 Taka	31.12.2016 Taka
		8,000,000,000	3,000,000,000
16.0	**Mudaraba Bond**		
	Mudaraba Perpetual Bond (*)	3,000,000,000	3,000,000,000
	Mudaraba Redeemable Subordinated Bond (Note-16.1)	5,000,000,000	-
		4,489,100,000	4,489,100,000
	(*) Security pledged against Mudaraba Perpetual Bond (MPB)		
16.1	**Mudaraba Redeemable Subordinated Bond**		
	Private placement (Note-16.1.1)	5,000,000,000	-
	Public Subscription	-	-
		5,000,000,000	-
16.1.1	**Private placement**	**No of Units**	
	EXIM Bank Bangladesh Ltd.	200 2,000,000,000	-
	Agrani Bank Ltd.	100 1,000,000,000	-
	Pubali Bank Ltd.	100 1,000,000,000	-
	Shahjalal Islami Bank Ltd.	100 1,000,000,000	-
		5,000,000,000	-
17.0	**Other liabilities**		
	Provision for classified & unclassified investments and off- balance sheet items (Note- 17.1)	31,362,390,000	26,787,840,000
	Provision for diminution in value of investments in shares (Note - 17.2)	34,517,814	3,793,000
	Other provisions (Note - 17.3)	194,155,491	300,180,162
	Compensation account (Note-17.5)	1,253,944,162	607,568,994
	Profit/ rent /compensation suspense (Note - 17.6)	11,036,052,318	9,131,246,117
	Current tax (Note-17.7)	7,133,064,864	5,254,495,069
	Zakat payable (Note-17.8)	1,945,840,753	1,891,572,710
	Foreign correspondents charges	10,938,925	9,727,497
	Incentive bonus payable	1,979,938,407	1,937,408,743
	Payable against expenditure	201,381,003	150,794,788
	Payable against expenditure - Incentive to Good Borrowers(*)	150,000,000	150,000,000
	Clearing adjustment	-	-
	Transfer delivery adjustment	-	-
	BEFTN adjustment	9,310,849	8,947,078
	Payable to Benevolent Fund, GF & SAF	6,500	193,825,050
	Deferred/Unearned Airtime Commission	-	183,800
	F.C. Payable A/c IBBL Travel Card	8,539,020	4,649,639
	F.C. Payable A/c IBBL Hajj Card	411,787	700,945
	F.C. Payable A/c IBBL Credit Card	4,327,327	33,182
	VAT Payable	113,722,553	81,361,043
	IB General account (Note - 17.9)	-	749,266,769
	Others(**)	122,737,597	177,088,010
	Total	**55,561,279,370**	**47,440,682,596**

(*) A lump sum amount of Tk 150,000,000/- has been kept for **'Incentive to Good Borrowers'** as per Bangladesh Bank BRPD Circular Letter No. 03, dated 16 February 2016 for the year 2015 but no additional amount was required in the year 2016 & 2017.

(**) NPS adjustment Tk.121,282,517/-, RTGS EFT adjustment Tk.1,400,000/-, Substitute Cash Assistance (Textile) Tk.49,160/-, Substitute Cash Assistance (Jute) Tk.350/- and i-Transaction Settlement Tk.5.570/- are included in Others.

17.1	**Provision for classified & unclassified investments and off- balance sheet items**		
	General provision		
	Unclassified investments excluding OBU	4,245,773,707	4,273,726,238
	Unclassified investments -OBU	418,010,000	310,400,000
	Special mention account	254,586,293	257,283,762
	Sub-total (Note-17.1.1)	**4,918,370,000**	**4,841,410,000**
	Off-balance sheet items (Note-17.1.2)	**1,697,500,000**	**1,392,600,000**
	Sub-total (General provision)	**6,615,870,000**	**6,234,010,000**
	Specific provision (Note-17.1.3)		
	Sub-standard	201,629,429	187,958,664
	Doubtful	322,304,765	188,914,397
	Bad and loss (*)	24,222,585,806	20,176,956,939
	Sub-total (Specific provision)	**24,746,520,000**	**20,553,830,000**
	Total provision held at the end of the year	**31,362,390,000**	**26,787,840,000**

(*) As on 31 December 2017 provision of Tk. 1,5020.40 million against Ananda Shipyard & Slipways Ltd., writ clients, rescheduled clients & restructured clients (considering qualitative judgment) is included in the specific provision (Bad & Loss) of Tk.24,222.85 million against Tk.20,176.96 million as on 31 December 2016.

Adequate provision for the investments, off-balance sheet items and other assets have been made as per the relevant circulars issued by Bangladesh Bank as well as decision taken in tripartite meeting amongst Bangladesh Bank Inspection Team, External Auditors and the Management of Islami Bank Bangladesh Limited and subsequent Bangladesh Bank Letter No.DBI-4/42(7)/2018-775 dated. 19 April 2018.

As per Bangladesh Bank Letter No. DBI-4/42(7)/2016-722 dated 19.04.2016, provision against writ client till 2015 (not for classified as per the order of the honorable High Court for which provision is not required as per BRPD circular) had to be kept Tk.5,231.47 million in which Tk. 1,000.00 million for the year 2015 and rest amount of Tk. 4,231.47 million for the year 2016, 2017 & 2018 equally i.e. Tk. 1,410.49 million in each year. Accordingly Tk. 1,000.00 million against writ clients till 2015 was kept in the year 2015.

During 2016, some clients were vacated from the writ resulting to change in the required provision against those clients which stood at Tk.4,834.30 million instead of Tk. 5,231.47 million. Subsequently, as per Bangladesh Bank Letter No. DBI-4/42(7)/2017-490 dated 20/03/2017 rest amount of Tk.(4,834.30-1,000.00)=Tk.3,834.30 million has to be kept in the year 2016, 2017 & 2018 equally i.e. Tk. 1,278.10 million instead of Tk. 1,410.49 million in each year. Accordingly, Tk. 1,278.10 million against writ clients till 2015 was kept in the year 2016 and the same amount i.e. Tk.1,278.10 million has been kept in the year 2017.

Again, Bangladesh Bank Letter No. DBI-4/42(7)/2017-517 dated 27/03/2017, instructed to keep additional provision for Tk. 1,898.90 million against writ clients of 2016 (not for classified as per the order of the honorable High Court for which provision is not required as per BRPD circular) which has been staggered for the next 3 (three) years from 2017 to 2019 equally i.e. Tk. 633.00 million in each year and no provision was required for 2016. Accordingly, Tk. 633.00 million against writ clients till 2016 has been kept in the year 2017.

AS per the decision of the tripartite meeting amongst Bangladesh Bank Inspection Team, External Auditors & Management of IBBL held on 16 April 2018 and the subsequent Bangladesh Bank Letter No.DBI-4/42(7)/2016-722 dated 19 April 2018, provision for Tk. 3,059.00 million against writ clients till 2017 has been kept in the year 2017.

		31.12.2017 Taka	31.12.2016 Taka
17.1.1	**General provision on unclassified investment including OBU**		
	Provision held at the beginning of the year	4,841,410,000	4,169,710,000
	Provision made/ (no longer required) during the year	76,960,000	671,700,000
	Total provision held at the end of the year	**4,918,370,000**	**4,841,410,000**
17.1.2	**General provision on off-balance sheet items**		
	Provision held at the beginning of the year	1,392,600,000	1,333,800,000
	Provision made/ (no longer required) during the year	304,900,000	58,800,000
	Total provision held at the end of the year	**1,697,500,000**	**1,392,600,000**
	Sub-total (17.1.1+17.1.2)	**6,615,870,000**	**6,234,010,000**
17.1.3	**Provision for classified investments**		
	Provision held at the beginning of the year	20,553,830,000	17,751,490,000
	Fully provided investment written off/waived/transferred (Note-17.1.3.1)	(25,235,517)	(1,075,976,173)
	Recoveries of amounts previously written off	78,271,678	43,936,629
	Provision made during the year	4,139,653,839	3,834,379,544
	Provision no longer required	-	-
	Net charge to profit & loss account for classified investment	4,139,653,839	3,834,379,544
	Total provision held at the end of the year	**24,746,520,000**	**20,553,830,000**
	Total provision for investments 17.1.1+17.1.3)	**29,664,890,000**	**25,395,240,000**
	Total provision (17.1.1+17.1.2+17.1.3)	**31,362,390,000**	**26,787,840,000**

		31.12.2017 Taka	31.12.2016 Taka
17.1.3.1	**Fully provided investment written off/waived/transferred**		
	Written-off during the year	-	1,075,976,173
	Compensation waived upto 2013 which was included in provision	25,235,517	-
	Total	**25,235,517**	**1,075,976,173**

		2017 Taka	2016 Taka
17.1.4	**Provision made for investments & off- balance sheet items for the year**		
	Provision for classified investments	4,139,653,839	3,834,379,544
	General provision on unclassified investment including OBU	76,960,000	671,700,000
	General provision on off-balance sheet items	304,900,000	58,800,000
	Total provision made during the year	**4,521,513,839**	**4,564,879,544**
	Provision kept from Compensation realisable Fund after netting off Tax	-	(479,712,904)
	(*) Provision add back to compensation realisable Fund	83,725,865	-
	Total provision charged in Profit & Loss A/c.	**4,605,239,704**	**4,085,166,640**

(*) Provision for Tk. 83,725,865/- has been added back in the year 2017. Detailed has been mentioned in notes-17.5.

17.1.5 **Total Provision Requirement and maintained for Investments including off balance sheet items at the end of year 2017**

Particulars	Required Provision for 2017 (Taka)	Maintained Provision for 2017 (Taka)
General provision on unclassified investment including OBU	4,918,360,037	4,918,370,000
Provision for classified investments	9,726,109,799	9,726,120,000
Provision for investments considering qualitative judgment	15,020,400,000	15,020,400,000
Total provision for investment	**29,664,869,836**	**29,664,890,000**
General provision on off-balance sheet items	1,697,492,960	1,697,500,000
Total provision for investment including off balance sheet items at the end of the year	**31,362,362,796**	**31,362,390,000**
Provision surplus/(deficit) for the year 2017		27,204

		31.12.2017 Taka	31.12.2016 Taka
17.2	**Provision for diminution in value of investments in shares**		
	Opening balance	3,793,000	3,793,000
	Add: Provision made/(adjustment) during the year	30,724,814	-
	Closing balance (Note-17.2.1)	**34,517,814**	**3,793,000**
17.2.1	**Provision for diminution in value of investments in shares(*)**		
	i) Dealing		
	Quoted	34,360,814	3,636,000
	Un-quoted	-	-
	Sub-total (i)	**34,360,814**	**3,636,000**
	ii) Investment securities		
	Quoted		-
	Un-quoted	157,000	157,000
	Sub-total (ii)	**157,000**	**157,000**
	Total (i+ii)	**34,517,814**	**3,793,000**

(*) As per DOS Circular No.03 dated 12.03.2015 & DOS Circular No.10 dated 28.06.2015, required provision for Mutual fund comes to Tk.70,045,090/- (considering NAVcmp 95% for open-end mutual fund & 85% for closed-end mutual fund) against unrealized loss for Tk.118,040,081(Note-10.2). On the other hand unrealized gain from shares other than Mutual Funds comes to Tk.40,527,276/-(Note-10.2). The required provision stood for Tk. 29,517,814/-(70,045,090-40,527,276) which has been made accordingly. In addition to that 100% provision has been made against MFS Asset Management Ltd. for Tk.5,000,000/-.

17.2(a)	**Consolidated provision for diminution in value of investments in shares made during the year**		
	Islami Bank Bangladesh Limited	30,724,814	-
	Islami Bank Securities Limited	17,849,817	(352,361,724)
	Islami Bank Capital Management Limited	-	-
	Total	**48,574,631**	**(352,361,724)**
17.3	**Other provisions**		
	Provision for other assets (Note-17.3.1)	109,116,573	105,918,296
	Provision for doubtful income account (Note-17.3.2)	85,038,918	194,261,866
	Total	**194,155,491**	**300,180,162**
17.3.1	**Provision for other assets**		
	Opening balance	105,918,296	106,820,159
	Less: Settlement	-	2,968,639
	Add: Provision made/(adjustment) during the year	3,198,277	2,066,776
	Closing balance	**109,116,573**	**105,918,296**

Provision on other assets have been made as per BRPD circular no-14 dated 25.06.2001

		2017 Taka	2016 Taka
17.3.2	**Provision for doubtful income account**		
	Opening balance	194,261,866	115,786,517
	Add: Provision made during the year	52,333,003	138,733,621
	Less: Expended for charitable purposes	161,555,951	60,258,272
	Closing balance	**85,038,918**	**194,261,866**
17.4	**Other provisions made for the year**		
	Provision for other assets	3,198,277	2,066,776
	Provision for doubtful income account	52,333,003	138,733,621
	Total	**55,531,280**	**140,800,397**
17.5	**Compensation account**		
	Opening balance	**607,568,994**	**298,714,465**
	Addition during the year	1,857,540,929	1,801,787,521
	Total	**2,465,109,923**	**2,100,501,986**
	Less: Income tax provision @ 40.00%	643,774,409	720,715,008
	Less: Expended for charitable activities	403,012,310	292,505,080
	Less: Provision kept from compensation realizable fund after netting off Tax	-	479,712,904
	Add: Provision add back to compensation realizable fund (*)	83,725,865	-
	Less: Adjustment of actual administrative cost incurred against defaulter clients	248,104,907	-
	Closing balance	**1,253,944,162**	**607,568,994**

(*) Required provision in Compensation realisable account stood Tk. 395,987,039/- at the end of the year 2017 but we kept provision for Tk.479,712,904/- in 2016 by adjusting compensation realizable account as per the changes in accounting policies adopted in the year 2016. As the required provision has been reduced by Tk. 83,725,865/-(479,712,904-395,987,039) over previous year, the deficit amount has been added back in the year 2017.

		2017 Taka	2016 Taka
17.6	**Profit/ rent/ compensation suspense**		
	Profit/ rent suspense (Note-17.6.1)	2,685,063,238	2,633,235,990
	Compensation suspense (Note-17.6.2)	8,350,989,080	6,498,010,127
	Total	**11,036,052,318**	**9,131,246,117**
17.6.1	**Profit/ rent suspense**		
	Balance at the beginning of the year	2,633,235,990	2,383,138,052
	Amount transferred to suspense account during the year	2,180,600,224	1,393,490,759
	Amount transferred to investment income during the year	(2,092,107,906)	(1,111,566,602)
	Amount written-off during the year	-	(31,753,063)
	Amount waived during the year	(36,665,070)	(73,156)
	Balance at the end of the year	**2,685,063,238**	**2,633,235,990**
17.6.2	**Compensation suspense**		
	Balance at the beginning of the year	6,498,010,127	4,991,794,171
	Amount transferred to suspense account during the year	4,198,266,950	5,180,846,919
	Amount transferred to compensation income during the year	(2,234,261,338)	(2,580,839,431)
	Amount written-off during the year	-	(785,476,922)
	Amount waived during the year	(111,026,659)	(308,314,610)
	Balance at the end of the year	**8,350,989,080**	**6,498,010,127**
17.7	**Current tax liability**		
	Balance of provision on 01 January	12,404,854,247	11,891,572,926
	Add: Provision made during the year (Note 17.7.1)	7,366,021,543	5,898,098,835
	Add: Other provision made during the year	646,504,981	722,742,839
	Less: Settlement for previous year	6,112,227,292	6,107,560,353
	Total (a)	**14,305,153,479**	**12,404,854,247**
	Advance income tax paid		
	Balance of advance tax on 01 January	7,150,359,178	6,537,566,607
	Add: Payment made during the year	6,133,956,729	6,720,352,924
	Less: Settlement for previous year	6,112,227,292	6,107,560,353
	Total (b)	**7,172,088,615**	**7,150,359,178**
	Net balance as at 31 December (a-b)	**7,133,064,864**	**5,254,495,069**
17.7.1	**Provision for current tax made during the year**		
	Income tax @ 40.00% (2017)on taxable profit (A)	7,287,885,750	5,787,122,880
	Add: Income tax @ 20% on dividend income	62,979,505	102,974,743
	Capital Gain @ 10%	15,156,288	8,001,212
	Add: Excess profit tax	-	-
	Less: Provision already kept	-	-
	Estimated provision required as at 31 December, (I)	**7,366,021,543**	**5,898,098,835**
	Computation of taxable profit		
	Profit before tax	**12,113,318,077**	**10,299,150,141**
	Less: Dividend income	314,897,525	514,873,714
	Less: Capital Gain	151,562,876	80,012,123
	Profit before tax (excluding dividend income and capital gain)	**11,646,857,676**	**9,704,264,304**
	Add : Inadmissible expenditure	7,358,587,624	6,618,998,448
	Less : Further allowable expenditure	785,730,925	1,855,455,553
	Estimated taxable profit for the year (A)	**18,219,714,375**	**14,467,807,199**

Provision for tax for the year ended on 31.12.2017 has been made as per Income Tax Ordinance, 1984 applying prevailing rates applicable on the net profit. Income tax assessments have been completed by the Deputy Commissioner of Taxes up to the accounting year 2015 and income tax return has been submitted for the year 2016. The Bank filled appeals/ writ petitions against tax assessment orders of different levels of tax authorities to the appropriate tax authorities and High Court on different disputed issues. Adequate provisions for those assessment years have been made in the books of accounts.

17.7.2 **Reconciliation of effective tax rate**

Particulars	2017 %	2017 Taka	2016 %	2016 Taka
Profit before income tax as per profit and loss account		12,113,318,077		10,299,150,141
Income Tax using the domestic corporate tax rate	40.00%	4,845,327,231	40.00%	4,119,660,056
Factors affecting the tax charge for current year:				
Non deductible expenses	24.30%	2,943,435,050	25.71%	2,647,599,379
Tax exempt income	-2.59%	(314,292,370)	-7.21%	(742,182,221)
Tax savings from reduced tax rates from dividend	-0.90%	(108,448,368)	-1.23%	(126,978,379)
Total income tax expenses	**60.81%**	**7,366,021,543**	**57.27%**	**5,898,098,835**

		31.12.2017 Taka	31.12.2016 Taka
17.7(a)	**Consolidated current tax made during the year**		
	Islami Bank Bangladesh Limited	7,366,021,543	5,898,098,835
	Islami Bank Securities Limited	124,389,472	108,875,075
	Islami Bank Capital Management Limited	9,324,533	8,505,135
	Total	**7,499,735,548**	**6,015,479,045**
17.8	**Zakat Payable**		
	Opening balance	1,891,572,710	1,674,580,640
	Addition during the year	519,571,146	494,971,614
	Total	**2,411,143,856**	**2,169,552,254**
	Less: expended for charitable activities	465,303,103	277,979,544
	Closing balance	**1,945,840,753**	**1,891,572,710**

		31.12.2017 Taka		31.12.2016 Taka
17.9	**IB General account**			
	Un-reconciled entries of inter branch transactions in Bangladesh			
	Maturity	**Number**	**Amount in Taka**	**Amount in Taka**
	Upto 3 months	-	-	749,266,769
	Over 3 months but not more than 6 months	-	-	-
	More than 6 months	-	-	-
	Total (i+ii+iii)	**-**	**-**	**749,266,769**

		31.12.2017 Taka	31.12.2016 Taka
17.10	**Maturity-wise classification of other liabilities**		
	Repayable on demand	-	-
	With a residual maturity of		
	Up to 1 Month	3,727,088,907	3,048,282,837
	Over 1 month but not more than 3 months	16,185,645,402	13,248,487,382
	Over 3 months but not more than 1 year	4,922,890,301	4,028,256,299
	Over 1 year but not more than 5 years	2,286,491,186	1,870,430,118
	More than 5 years	28,439,163,574	25,245,225,961
	Total	**55,561,279,370**	**47,440,682,596**

17(a)	**Consolidated other liabilities**		
	Islami Bank Bangladesh Limited	55,561,279,370	47,440,682,596
	Islami Bank Securities Limited	5,644,064,478	5,400,123,073
	Islami Bank Capital Management Limited	79,753,325	70,428,792
	Inter-company balances	(5,309,186,220)	(5,042,854,252)
	Total	**55,975,910,953**	**47,868,380,209**

18.0 Deferred tax (assets)/liabilities

Deferred tax assets and liabilities have been recognised and measured in accordance with the provision of *Bangladesh Accounting Standards (BAS) 12 "Income Taxes"* and BRPD circular No. 11 dated 12 December 2011. Calculation of deferred tax has been made on all temporary differences between the tax base and carrying amounts for financial reporting purpose. Deferred tax assets and liabilities are attributable to the following:

	31.12.2017 Taka	31.12.2016 Taka
(i) Deferred tax on fixed assets excluding revaluation surplus		
Carrying amount	4,080,944,235	4,097,608,176
Tax Base	3,178,061,380	3,195,931,990
Temporary timing difference	902,882,855	901,676,186
Deferred tax (asset)/liability @ 40.00%	361,153,142	360,670,474
Opening balance	360,670,474	374,729,682
Deferred tax (income)/expenses	482,668	(14,059,208)
(ii) Deferred tax on revaluation reserve of Building		
Carrying amount	3,770,813,077	3,865,655,275
Tax Base	-	-
Temporary timing difference	3,770,813,077	3,865,655,275
Deferred tax (asset)/liability @ 40.00%	1,508,325,231	1,546,262,110
Opening balance	1,546,262,110	1,585,178,767
Transfer to /from reserve	(37,936,879)	(38,916,657)
(iii) Deferred tax on revaluation reserve of securities (HTM)		
Carrying amount	104,608,000	94,040,000
Tax Base	20,000,000	20,000,000
Temporary timing difference	84,608,000	74,040,000
Deferred tax (asset)/liability @ 10.00%	8,460,800	7,404,000
Opening balance	7,404,000	4,648,000
Transfer to /from reserve	1,056,800	2,756,000
iv) Deferred tax on provision for gratuity		
Carrying amount	-	134,668,768
Tax Base	-	-
Temporary timing difference	-	(134,668,768)
Deferred tax (asset)/liability @ 40.00%	-	(53,867,507)
Opening balance	(53,867,507)	(4,000,000)
Deferred tax (income)/expenses	53,867,507	(49,867,507)
v) Deferred tax on provision for Rebate for good borrowers		
Carrying amount	150,000,000	150,000,000
Tax Base	-	-
Temporary timing difference	(150,000,000)	(150,000,000)
Deferred tax (asset)/liability @ 40.00%	(60,000,000)	(60,000,000)
Opening balance	(60,000,000)	(60,000,000)
Deferred tax (income)/expenses	-	-
(vi) Net deferred tax (income)/expenses (i+iv+v)	**54,350,175**	**(63,926,715)**
(vii)Net deferred tax (assets)/liabilities (i+ii+iii+iv+v)	**1,817,939,174**	**1,800,469,077**
(viii)Net deferred tax transferred to equity (ii)	**(37,936,879)**	**(38,916,657)**
(ix)Net deferred tax transferred from reserve (iii)	**1,056,800**	**2,756,000**

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		31.12.2017 Taka	31.12.2016 Taka
18(a)	**Consolidated Deferred tax (assets)/liabilities**		
	Islami Bank Bangladesh Limited	1,817,939,174	1,800,469,077
	Islami Bank Securities Limited	(2,149,347)	(582,302)
	Islami Bank Capital Management Limited	-	-
	Total	**1,815,789,827**	**1,799,886,775**

		2017 (Taka)	2016 (Taka)
18(b)	**Consolidated Deferred tax (income)/expenses for the year**		
	Islami Bank Bangladesh Limited	54,350,175	(63,926,715)
	Islami Bank Securities Limited	(1,567,045)	81,048
	Islami Bank Capital Management Limited	-	-
	Total	**52,783,130**	**(63,845,667)**

19.0 Share capital

19.1 Authorized capital

The authorized capital of the Bank is Tk.20,000,000,000 divided into 2,000,000,000 ordinary shares of Tk.10 each.

19.2 Paid up capital

Paid-up Capital of the Bank at the end of the year 2017 is Tk.1609,99,06,680 divided into 160,99,90,668 ordinary shares of Tk.10 each .

19.2.1 The Paid-up Capital of the Bank is Tk.1609,99,06,680 divided into 160,99,90,668 ordinary shares of Tk.10 each fully subscribed by:

Particulars	No. of Shares as on 31 Dec, 2017	% of Total	31.12.2017 Amount in Taka	31.12.2016 Amount in Taka
(i) Sponsors/ promoters*	718,335,565	44.62%	7,183,355,650	11,541,653,450
(ii) General public	891,634,786	55.38%	8,916,347,860	4,558,050,060
(iii) Government of the People's Republic of Bangladesh**	20,317	0.00%	203,170	203,170
Total	**1,609,990,668**	**100.00%**	**16,099,906,680**	**16,099,906,680**

* As per the requirement of Regulation no. 2(1)(r) of Dhaka Stock Exchange (Listing) Regulations, 2015 and Chittagong Stock Exchange (Listing) Regulations, 2015, the Shares holding by Sponsors/promoters of Foreign directors have been shifted to General public categories.

** The shares have already been sold by the Government of Bangladesh but no transfer has yet been made in share register of the Bank.

19.2.2 **Break up of share holding and percentage thereof as on 31.12.2017**

Holdings	No. of Shareholders	Total Holdings/ No. of Shares	Percentage (%)
Less than 500 Shares	20,157	3,208,235	0.1993%
500 to 5,000 Shares	16,976	31,155,818	1.9352%
5,001 to 10,000 Shares	2,808	21,084,554	1.3096%
10,001 to 20,000 Shares	1,578	23,000,042	1.4286%
20,001 to 30,000 Shares	594	14,700,162	0.9131%
30,001 to 40,000 Shares	274	9,584,738	0.5953%
40,001 to 50,000 Shares	168	7,832,929	0.4865%
50,001 to 100,000 Shares	375	27,101,593	1.6833%
100,001 to 1,000,000 Shares	403	117,884,531	7.3221%
Over 1,000,000 Shares	81	1,354,438,066	84.1271%
Total	43,414	1,609,990,668	100.00%

20.0 Capital adequacy as per Basel - III as on 31 December 2017 (Consolidated)

The Calculation of Capital Adequacy of the Bank has been done as per the revised guidelines on Guidelines of Risk based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel-III) issued by Bangladesh Bank vide BRPD Circular No. 18 dated 21.12.2014, DOS Circular No. 02 dated 04.03.2015 and BRPD Circular No.05 dated 31.05.2016. Detail calculation of Capital Adequacy as per Basel-III as on December 31, 2017 is given

(Amount in million Taka)

		31.12.2017 (Consolidated)	31.12.2017 (Solo)	31.12.2016 (Consolidated)
20.1	**A. Regulatory capital**			
	Tier-1 (Going Concern Capital) (Note-20.1.1)	44,361.26	44,026.11	40,955.82
	Tier-2 (Gone Concern Capital) (Note-20.1.2)	13,931.96	13,931.96	9,708.15
	Total regulatory capital	**58,293.22**	**57,958.08**	**50,663.97**
20.1.1	**Tier-1 (Going Concern Capital)**			
	Common Equity Tier-1(CET-1) (Note-20.1.1.1)	41,361.26	41,026.11	37,955.82
	Additional Tier(AT-1) (Note-20.1.1.2)	3,000.00	3,000.00	3,000.00
	Total Tier-1 (Going Concern Capital)	**44,361.26**	**44,026.11**	**40,955.82**
20.1.1.1	**Common Equity Tier-1(CET-1)**			
	Fully paid-up capital/capital deposited with BB	16,099.91	16,099.91	16,099.91
	Statutory reserve	16,735.47	16,735.47	16,099.91
	Non-repayable share premium account	1.99	1.99	1.99
	General reserve	6,546.76	6,546.76	4,004.52
	Retained earnings	1,944.90	1,609.99	1,717.28
	Non-controlling interest in subsidiaries	0.23	-	0.22
	Non-cumulative irredeemable preferences shares	-	-	-
	Dividend equalization account	32.00	32.00	32.00
	i. Sub total	**41,361.26**	**41,026.11**	**37,955.82**

(Amount in million Taka)

	31.12.2017 (Consolidated)	31.12.2017 (Solo)	31.12.2016 (Consolidated)
Deductions from Tier-1 (Going Concern Capital)			
Book value of goodwill	-	-	-
Shortfall in provisions required against classified assets	-	-	-
Shortfall in provisions required against investment in shares	-	-	-
Remaining deficit on account of revaluation of investment in securities after netting off from any other surplus on the securities.	-	-	-
Reciprocal crossholdings of bank capital /subordinated debt	-	-	-
Any investment exceeding the approved limit	-	-	-
ii. Sub total	-	-	-
Total eligible CET-1 (i-ii)	**41,361.26**	**41,026.11**	**37,955.82**
20.1.1.2 **Additional Tier-1 Capital (AT-1)**			
Mudaraba Perpetual Bond	3,000.00	3,000.00	3,000.00
Total AT-1	**3,000.00**	**3,000.00**	**3,000.00**

20.1.2	**Tier-2 (Gone Concern Capital)**			
	General provision (unclassified investment and off balance sheet exposure)	6,615.87	6,615.87	6,234.01
	Mudaraba Redeemable Subordinated Bond	5,000.00	5,000.00	-
	Assets revaluation reserves up to 30%	2,299.79	2,299.79	3,449.69
	Revaluation reserves of securities up to 30%	16.30	16.30	24.45
	Revaluation reserves for equity instruments	-	-	-
	All other preference shares	-	-	-
	Others (if any item approved by Bangladesh Bank)	-	-	-
	i. Sub total	**13,931.96**	**13,931.96**	**9,708.15**
	ii. Deductions, if any	-	-	-
	Total Eligible Tier-2 Capital (i-ii)	**13,931.96**	**13,931.96**	**9,708.15**
20.2	**Risk Weighted Assets (RWA) for**			
	1. Investment (credit) risk(i+ii)	448,224.84	454,682.98	412,775.31
	(i) On-balance sheet	418,053.57	424,511.71	385,898.27
	(ii) Off-balance sheet	30,171.27	30,171.27	26,877.04
	2. Market Risk	11,336.30	11,336.30	11,630.14
	3. Operational risk	47,150.74	47,078.58	42,773.26
	Total Risk Weighted Assets (1+2+3)	**506,711.88**	**513,097.86**	**467,178.71**
	B. Total Risk Weighted Assets (RWA) (Note-20.2)	**506,711.88**	**513,097.86**	**467,178.71**
	C. Capital to Risk Weighted Asset Ratio (CRAR) (as against required above 11.25%)	11.50%	11.30%	10.84%
	D. Going Concern Capital to RWA (as against required minimum 5.75%)	8.75%	8.58%	8.77%
	E.Gone Concern Capital capital to RWA	2.75%	2.72%	2.08%
	F. Minimum Capital Requirement (MCR)	50,671.19	51,309.79	46,717.87
	G. Surplus capital (A-F)	**7,622.03**	**6,648.29**	**3,946.10**
	H. Minimum capital requirement including capital conservation buffer for 2017	57,005.09	57,723.51	49,637.74
	I. Surplus capital considering conservation buffer (A-H)	**1,288.14**	**234.57**	**1,026.23**

Notes

1. Subordinated Debt (Mudaraba Perpetual Bond) of Tk 3,000.00 million had qualified for Additional Tier-I Capital under Basel-III Guidelines.
2. Mudaraba Redeemable Subordinated Bond of Tk. 5,000.00 million had qualified for Additional Tier-II Capital under Basel-III guidelines.
3. Revaluation Reserve for Securities & equity instrument will be deducted as per Basel III guidelines. Total 20% of the Reserve has been treated for Tier-II capital for 2017.

		31.12.2017 Taka	31.12.2016 Taka
21.0	**Statutory reserve**		
	Opening balance	16,099,906,680	16,099,906,680
	Add: Addition made this year	635,559,578	-
	Closing balance	**16,735,466,258**	**16,099,906,680**

At least 20% of net profit before tax is to be transferred to statutory reserve account each year until the cumulative balance equal to the amount of paid up capital account as per Section 24 of the Bank Company Act 1991 as amended. Though the cumulative balance of statutory reserve is equal to the amount of paid up capital, during the year 2017, the Board of Directors has decided to transfer an amount of Tk. 635,559,578/- to statutory reserve account.

22.0	**Others reserves**		
	General reserve (Note-22.1)	6,546,758,524	4,004,520,214
	Assets revaluation reserve (Note-22.2)	9,204,009,700	9,260,915,018
	Revaluation reserve of securities (Note-22.3)	76,147,200	66,636,000
	Translation reserve (Note-22.4)	22,713,657	9,417,220
	Share premium	1,989,633	1,989,633
	Dividend equalization account	32,000,000	32,000,000
	Total	**15,883,618,714**	**13,375,478,085**
22.1	**General reserve**		
	Opening balance	4,004,520,214	196,062,601
	Add: Addition/(adjustment) made this year	2,542,238,310	3,808,457,613
	Closing balance	**6,546,758,524**	**4,004,520,214**
22.2	**Assets revaluation reserve**		
	Opening balance {(Restated) (Note-48.0)}	9,260,915,018	9,319,290,004
	Add: Addition made this year	-	-
	Add: Deferred tax impact on excess depreciation	37,936,879	38,916,657
	Less: Deferred tax on surplus this year	-	-
	Less: Depreciation adjustment on revalued amount of Building.	94,842,197	97,291,643
	Closing balance	**9,204,009,700**	**9,260,915,018**
22.3	**Revaluation reserve of securities**		
	Opening balance	66,636,000	41,832,000
	Add: Addition made this year	10,568,000	27,560,000
	Less: Adjustment made this year	1,056,800	2,756,000
	Closing balance	**76,147,200**	**66,636,000**
22.4	**Translation reserve**		
	Opening balance	9,417,220	4,314,759
	Add: Addition/ (adjustment) made this year	13,296,437	5,102,461
	Closing balance	**22,713,657**	**9,417,220**
23.0	**Letters of guarantee**		
	(a) Claim against the bank which is not acknowledged as debt	-	-
	(b) Money for which the bank is contingently liable in respect of guarantees issued favouring :		
	i) Directors	-	-
	ii) Government	3,876,575,580	997,446,767
	iii) Bank and other financial institutions	357,475,036	24,404,272
	iv) Others	8,090,363,037	10,734,939,590
	Total	**12,324,413,653**	**11,756,790,629**

		31.12.2017 Taka	31.12.2016 Taka
24.0	**Investment income**		
	Income from general investment (Note-24.1)	55,705,151,225	51,934,334,442
	Profit on deposits with other banks & financial institutions (Note-24.2)	1,436,479,619	1,007,755,289
	Total	**57,141,630,844**	**52,942,089,731**
24.1	**Income from general investment (*)**		
	Bai Murabaha	33,404,393,754	31,549,138,040
	Musharaka /Musharaka Documentary Bills	792,555,476	965,081,794
	Bai Muajjal	5,416,336,533	4,828,939,683
	Hire Purchase under Shirkatul Melk	12,959,356,859	11,985,358,265
	Bai Salam	406,454,222	314,907,422
	Bai -As- Sarf (FDB /FCD), IBP, MFCI and UPAS	590,821,430	494,866,999
	Investment income: Off-shore Banking Unit (OBU)	1,925,683,297	1,562,097,868
	Income on overseas Investment	-	33,944,371
	Income on Mudaraba Investment	209,549,654	200,000,000
	Sub total	**55,705,151,225**	**51,934,334,442**

(*) This amount includes any amount transferred from profit/rent suspense due to recovery or regularization of investment (i.e. due to declassification of investment) during the year. Amount transferred from profit/rent suspense is included in the "Investment income under respective mode of investment" and amount transferred from compensation suspense is included under "Compensation income".

24.2	**Profit on deposits with other banks & financial institutions**		
	In Bangladesh	1,436,479,619	1,007,755,289
	Outside Bangladesh	-	-
	Sub total	**1,436,479,619**	**1,007,755,289**
	Grand total (24.1+24.2)	**57,141,630,844**	**52,942,089,731**
24.3	**Investment income derived from the fund deployed by**		
	Mudaraba deposits	46,162,479,745	41,040,937,008
	Other deposits/fund	10,979,151,099	11,901,152,723
	Total	**57,141,630,844**	**52,942,089,731**
24(a)	**Consolidated investment income**		
	Islami Bank Bangladesh Limited	57,141,630,844	52,942,089,731
	Islami Bank Securities Limited	-	-
	Islami Bank Capital Management Limited	-	-
	Inter-company transactions	(202,663,957)	(209,649,654)
	Total	**56,938,966,887**	**52,732,440,077**
25.0	**Profit paid on mudaraba deposits**		
	Profit paid on Mudaraba Savings Deposit	6,558,083,485	6,578,702,861
	Profit paid on Mudaraba Term Deposit Account	11,141,707,710	10,818,520,751
	Profit paid on other Mudaraba Deposits	12,526,640,429	11,147,385,285
	Profit paid on Placement (*)	901,660,386	552,496,541
	Profit paid on Mudaraba Perpetual Bond (MPB)	255,000,000	248,000,000
	Total	**31,383,092,010**	**29,345,105,438**

(*) Profit paid on Placement includes Tk. 901,660,386/-for 2017 (in 2016 Tk. 552,496,541/-) against Profit paid on Placement for Off-shore Banking Units (OBUs).

25(a)	**Consolidated profit paid on mudaraba deposits**		
	Islami Bank Bangladesh Limited	31,383,092,010	29,345,105,438
	Islami Bank Securities Limited	-	-
	Islami Bank Capital Management Limited	-	-
	Inter-company transactions	(12,809,692)	(9,467,972)
	Total	**31,370,282,318**	**29,335,637,466**
26.0	**Income from investments in shares & securities**		
	i. Inside Bangladesh		
	Bangladesh Government Islamic Investment Bond (BGIIB)	370,132,802	545,683,200
	Bangladesh Shipping Corporation (BSC)	-	1,600,000
	Central Depository Bangladesh Ltd. (CDBL)	5,711,803	4,569,442
	Income on Share Securities Trading	151,562,876	80,012,123
	Dividend Income	309,185,722	508,704,272
	Islami Bank Capital Management Limited	-	-
	Other Banks/companies	52,615,651	72,356,072
	Sub total (I)	**889,208,854**	**1,212,925,109**
	Ii. Outside Bangladesh	-	-
	Sub total (ii)	-	-
	Grand total (i+ii)	**889,208,854**	**1,212,925,109**
26(a)	**Consolidated income from investments in shares & securities**		
	Islami Bank Bangladesh Limited	889,208,854	1,212,925,109
	Islami Bank Securities Limited	353,776,978	42,419,340
	Islami Bank Capital Management Limited	-	-
	Inter-company transactions	(269,979,600)	(485,963,280)
	Total	**973,006,232**	**769,381,169**
27.0	**Commission, exchange & brokerage income**		
	Commission income	2,844,479,656	3,250,731,495
	Exchange income (Note 27.1)	3,415,476,404	2,487,440,839
	Total	**6,259,956,060**	**5,738,172,334**
27.1	**Exchange income**		
	Gross exchange gain	3,415,476,404	2,487,440,839
	Less: exchange loss	-	-
	Net exchange gain	**3,415,476,404**	**2,487,440,839**
27(a)	**Consolidated commission, exchange & brokerage income**		
	Islami Bank Bangladesh Limited	6,259,956,060	5,738,172,334
	Islami Bank Securities Limited	46,363,646	24,976,413
	Islami Bank Capital Management Limited	-	-
	Total	**6,306,319,706**	**5,763,148,747**

		31.12.2017 Taka	31.12.2016 Taka
28.0	**Other operating income**		
	Rent on locker	14,619,981	13,580,808
	Telephone/ trunk call charge recovered	90,384	120,999
	Income from ATM	57,436,181	92,025,979
	E & TA fees recovered	1,532,560	1,976,447
	Income from SWIFT	190,693,901	181,984,873
	Account maintenance charges realised	903,936,987	783,038,037
	Service charges recovered	77,682,050	62,189,048
	Service charges recovered: OBU	20,323,621	21,093,406
	Income from Mobile Wallet	904,205	3,507,241
	Rent on premises realised	2,389,989	2,411,261
	Sale proceeds of tender schedule	120,000	486,362
	Profit on sale of bank's car	9,715,771	20,330,516
	MICR cheque charge realised	13,892,011	27,542,332
	P&T Charge realized	14,868,928	9,270,024
	Commission on NPS Network Transaction	27,613,359	-
	Proposal Processing Fees & Services Charge	125,776,377	-
	Others (*)	1,186,958,127	444,701,413
	Total	**2,648,554,432**	**1,664,258,746**

(*) Others include for Tk. 215,743,397/- which was recognized as income from realized compensation, equivalent to actual administrative cost incurred for recovery of defaulted investment.

28(a)	**Consolidated other operating income**		
	Islami Bank Bangladesh Limited	2,648,554,432	1,664,258,746
	Islami Bank Securities Limited	470,478,703	424,157,234
	Islami Bank Capital Management Limited	25,328,088	23,148,905
	Inter Company Transactions	(12,809,692)	(9,467,972)
	Total	**3,131,551,531**	**2,102,096,913**
29.0	**Salary & allowances (*)**		
	Basic pay	5,374,596,215	5,045,645,286
	Allowances	4,611,030,702	3,735,820,665
	Bonus	2,742,776,656	2,669,928,204
	Contribution to provident fund	412,501,721	405,002,452
	Contribution to Gratuity (**)	436,050,000	913,000,000
	Contribution to benevolent fund and superannuation fund	91,825,000	20,000,000
	Total	**13,668,780,294**	**12,789,396,607**

(*) The above salary & allowances includes Tk. 9,451,653/-for 2017 (in 2016 Tk. 66,28,084/-) against salary and allowances of Off-shore Banking Units (OBUs).

(**) As per latest Actuarial valuation report, there was no shortfall in the fund to meet-up the related liability up to 31 December 2017.

29(a)	**Consolidated salary & allowances**		
	Islami Bank Bangladesh Limited	13,668,780,294	12,789,396,607
	Islami Bank Securities Limited	26,662,873	23,699,946
	Islami Bank Capital Management Limited	-	-
	Total	**13,695,443,167**	**12,813,096,553**
30.0	**Rent, taxes, insurances, electricity etc.**		
	Rent, rates and taxes	537,973,597	443,655,940
	Insurance	494,995,137	429,658,372
	Electricity and lighting	291,677,521	314,796,391
	Total	**1,324,646,255**	**1,188,110,703**
30(a)	**Consolidated rent, taxes, insurances, electricity etc.**		
	Islami Bank Bangladesh Limited	1,324,646,255	1,188,110,703
	Islami Bank Securities Limited	5,256,018	4,491,878
	Islami Bank Capital Management Limited	-	-
	Total	**1,329,902,273**	**1,192,602,581**
31.0	**Legal expenses**		
	Legal charges	16,591,766	29,362,397
31(a)	**Consolidated legal expenses**		
	Islami Bank Bangladesh Limited	16,591,766	29,362,397
	Islami Bank Securities Limited	-	-
	Islami Bank Capital Management Limited	-	-
	Total	**16,591,766**	**29,362,397**
32.0	**Postage, stamps, telecommunications etc.**		
	Telephone (*)	32,936,041	34,837,335
	Postage	-	-
	Fax & internet (modem)	16,807,953	10,728,858
	Stamps charges	87,498	1,878,319
	Total	**49,831,492**	**47,444,512**

(*) Telephone expenses includes Tk. 5,920/-for 2017 (Tk. 5,250/-for the year 2016) against Telephone bill of Off-shore Banking Units (OBUs).

32(a)	**Consolidated postage, stamps and telecommunication etc.**		
	Islami Bank Bangladesh Limited	49,831,492	47,444,512
	Islami Bank Securities Limited	132,388	233,274
	Islami Bank Capital Management Limited	-	-
	Total	**49,963,880**	**47,677,786**
33.0	**Stationery, printing and advertisement etc.**		
	Paper & table stationery	35,445,321	34,011,042
	Printing and stationery (registers and forms)	104,511,692	113,175,043
	Advertisement & publicity	109,703,170	191,746,928
	Total	**249,660,183**	**338,933,013**

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		31.12.2017 Taka	31.12.2016 Taka
33(a)	**Consolidated stationery, printing and advertisement etc.**		
	Islami Bank Bangladesh Limited	249,660,183	338,933,013
	Islami Bank Securities Limited	531,273	379,006
	Islami Bank Capital Management Limited	-	-
	Total	**250,191,456**	**339,312,019**
34.0	**Chief executive's salary & fees**		
	Basic pay	7,045,161	6,283,871
	House rent allowance	469,677	480,000
	Medical allowance	117,419	532,258
	Utilities	587,097	416,774
	Festival bonus	1,320,000	1,280,000
	Incentive bonus	1,000,000	1,000,000
	Leave Fare Assistance	1,174,194	741,935
	House Maintenance	587,097	370,968
	Total	**12,300,645**	**11,105,806**
35.0	**Directors' fees and expenses**		
	Directors' fees for attending board/ executive committee/ other committees meeting	6,698,256	5,894,400
	TA/DA/hotel fare for local & foreign directors	5,138,532	3,901,521
	Others	411,926	1,245,388
	Total	**12,248,714**	**11,041,309**
35.1	**Rate of fees for attending board/ executive committee/ other committees meeting**		
	For board meeting	8,000	8,000
	For executive committee/ other committees meeting	8,000	8,000
35(a)	**Consolidated directors' fees and expenses**		
	Islami Bank Bangladesh Limited	12,248,714	11,041,309
	Islami Bank Securities Limited	1,315,600	1,002,800
	Islami Bank Capital Management Limited	-	-
	Total	**13,564,314**	**12,044,109**
36.0	**Shari'ah supervisory committee's fees & expenses**		
	Shari'ah supervisory members' fees for attending meeting	883,200	761,000
	TA/DA./hotel fare	1,115,438	560,095
	Others	458,314	345,397
	Total	**2,456,952**	**1,666,492**
36.1	**Rate of fees for attending shariah supervisory**		
	For shariah supervisory meeting	8,000	8,000
	For sub-committee meeting	8,000	8,000
37.0	**Auditors' fees**		
	Auditors' fees	**2,875,000**	**2,587,500**
37(a)	**Consolidated auditors' fees**		
	Islami Bank Bangladesh Limited	2,875,000	2,587,500
	Islami Bank Securities Limited	92,000	92,000
	Islami Bank Capital Management Limited	28,750	28,750
	Total	**2,995,750**	**2,708,250**
38.0	**Depreciation/amortization and repair to bank's assets**		
	i) Depreciation/amortization		
	Premises (building)	135,708,106	139,004,105
	Furniture & fixtures	59,429,722	54,959,317
	Mechanical appliances	183,243,918	191,832,587
	Computer	108,917,608	149,698,152
	Motor vehicles	110,450,813	90,199,338
	Books	787,066	1,153,482
	ATM	92,043,044	92,263,283
	Amortization: Intangible assets	81,483,714	99,688,322
	Sub total (i)	**772,063,991**	**818,798,586**
	ii) Repair of bank's properties/assets	**128,462,897**	**144,818,201**
	Grand total (i+ii)	**900,526,888**	**963,616,787**
38(a)	**Consolidated depreciation and repair to bank's assets**		
	Islami Bank Bangladesh Limited	900,526,888	963,616,787
	Islami Bank Securities Limited	1,468,791	1,764,965
	Islami Bank Capital Management Limited	-	-
	Total	**901,995,679**	**965,381,752**
39.0	**Other expenses**		
	TA/ DA	166,425,363	147,313,543
	Repairs to rented premises	7,609,144	8,312,918
	Motor car running & maintenance	113,214,546	106,109,486
	Periodicals & newspapers	5,971,760	5,204,762
	Entertainment Expenses	107,302,463	93,120,457
	Overtime	82,498,791	77,678,101
	Training expenses	38,609,618	54,933,607
	Meeting expenses	12,624,820	16,933,429
	Bank charges (*)	5,267,043	7,021,992
	Uniforms	12,509,685	13,654,734
	Conveyance	34,214,263	74,255,553
	Cash award	13,618,400	17,388,219
	Membership fees	5,282,083	9,276,025
	Staff welfare	2,451,000	6,694,450

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	31.12.2017 Taka	31.12.2016 Taka
Evening banking allowance	2,625,481	2,591,584
Computer expenses	38,576,049	34,044,948
Wages	73,431,563	60,721,446
Discomfort allowance	26,326,947	25,046,063
Air condition maintenance	2,028,252	1,717,643
WASA / gas expenses	15,948,728	15,388,452
Washing charges	12,719,917	12,833,504
Transportation charges	19,675,088	13,150,848
Reuters charges	6,083,188	4,489,562
Business development expenses	532,646,969	556,378,993
Photocopy expenses	14,218,712	15,122,999
Upkeep of office premises	22,057,609	20,497,799
Clearing house expenses	139,690	250,781
Band width charges	132,076,783	104,938,477
Other regulatory fees and expenses	106,000	146,000
Bond expenses(**)	62,953,769	1,500,000
Recruitment expenses	34,809,815	6,321,593
Professional fees	62,240,256	67,246,537
Loss on sale of bank's fixed asset	911,008	13,222,124
Khidmah card expenses	746,168	18,154
Mobile wallet expense	6,779,520	9,001,766
BACH Expense	590,386	566,248
Other RDS expenses (Note-39.1)	62,882,688	78,072,378
NPS network transactions charges	5,150,602	3,507,280
VISA expenses	12,643,103	10,784,422
Maintenance of software	49,991,963	79,707,550
IBTRA- DIB Expenses	7,193,625	7,279,144
Others(***)	178,802,112	26,542,993
Total	**1,991,954,970**	**1,808,986,564**

(*) Bank charges includes Tk.Nil for 2017 (in 2016 Tk.Nil) against Bank charges of Off-shore Banking Units (OBUs).

(**) Bond expenses includes Tk. 34,878,426/- for expenses on Mudaraba Subordinated Bond and Tk. 26,575,343/- for additional profit paid on Mudaraba Subordinated Bond .

(***) Other expenses-OBU for Tk. 141,912,580/- is included in others.

39.1 Other RDS expenses

Risk allowance	28,530,523	28,090,784
By-cycle allowance	2,230,435	11,579,386
Motor cycle allowance	9,918,188	9,972,624
Field allowance	2,676,000	4,681,703
TA/ DA	4,370,322	8,396,937
Fuel	9,752,379	9,230,296
Stationary	2,784,485	3,917,343
Repairing	2,620,356	2,203,305
Total	**62,882,688**	**78,072,378**

39.2 Motor car running and maintenance

As on 31.12.2017 the Bank had 327 (Three hundred twenty seven) Motor Vehicles (Cars -259, Jeeps -16, Pickup-45, Pickup (carry Boy)-04 and Microbuses-3). Out of 327 vehicles, 259 cars are attached with the senior executives of the Bank as per transport policy of the Bank and rest vehicles are used for carrying cash, development works and other important works of the Bank and a sum of Tk. 107,205,217/- was incurred during the year ended on 31.12.2017 as against Tk.106,109,486/- incurred during the year 2016 for repairs, maintenance, purchase of fuel & lubricants and insurance etc. for the motor vehicles of the Bank.

39.3 VAT related to expenditures

All the expenditures reported in this Financial Statements are inclusive of VAT except for specific items which are exempted from VAT by appropriate authority.

39(a) Consolidated other expenses

Islami Bank Bangladesh Limited	1,991,954,970	1,808,986,564
Islami Bank Securities Limited	212,389,040	217,146,382
Islami Bank Capital Management Limited	433,919	439,795
Inter Company Transactions	(202,663,957)	(209,649,654)
Total	**2,002,113,972**	**1,816,923,087**

40.0 Retained earnings: movement of surplus in profit & loss account

Retained earnings as on 1 January	1,609,990,668	4,076,159,953
Add: Net profit after tax	4,692,946,359	4,464,978,021
Add: Depreciation adjustment on revalued assets	94,842,197	97,291,643
Sub-total	**6,397,779,224**	**8,638,429,617**
Less:		
Transfer to statutory reserve	635,559,578	-
Transfer to/(from) general reserve	2,542,238,310	3,808,457,613
Dividend paid (Previous Year)	1,609,990,668	3,219,981,336
Sub-total	**4,787,788,556**	**7,028,438,949**
Balance of retained earnings as at 31 December	**1,609,990,668**	**1,609,990,668**

40(a) Consolidated retained earnings

Retained earnings as on 1 January	1,717,280,377	4,169,130,152
Add: Net profit attributable to equity holders of IBBL	4,920,569,957	4,479,301,241
Add: Transfer from Assets Revaluation Reserve to Retained Earnings	94,842,197	97,291,643
Add: Transfer from Deferred tax liabilities to Retained Earnings	-	-
Less: Adjustment for changing in shares position	-	(3,710)
Sub-total	**6,732,692,531**	**8,745,719,326**
Less:		
Transfer to statutory reserve	635,559,578	-
Transfer to/(from) general reserve	2,542,238,310	3,808,457,613
Dividend paid (cash dividend)	1,609,990,668	3,219,981,336
Sub-total	**4,787,788,556**	**7,028,438,949**
Balance of retained earnings as at 31 December	**1,944,903,975**	**1,717,280,377**

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40(b) Non-controlling Interest

Particulars	As on 01.01.2017	Share of profit or loss for the year 2017	Adjustments	As on 31.12.2017	As on 31.12.2016
A. Islami Bank Securities Limited	209,056	36,425	-	245,481	92,066
Add: Adjustment for changing in shares position	-	-	-	-	153,710
Less: Adjustment for changing in net Assets position due to distribution of dividend	-	-	-	-	(36,720)
Less: Dividend	-	-	(20,400)	(20,400)	
Sub-total	**209,056**	**36,425**	**(20,400)**	**225,081**	**209,056**
B. Islami Bank Capital Management Limited	7,943	363	-	8,306	7,943
Less: Adjustment for changing in net Assets position due to distribution of dividend	-	-	-	-	-
Sub-total	**7,943**	**363**	**-**	**8,306**	**7,943**
Total (A+B)	**216,999**	**36,788**	**(20,400)**	**233,387**	**216,999**

The share capital of Islami Bank Securities Ltd. is Tk.2,700,000,000/- divided into 2,700,000 shares of Tk.1,000/- each out of which share capital of minority is Tk.204,000/- divided into 204 shares of Tk.1,000/- each which represent 0.0076% of total share of the subsidiary Company.

The share capital of Islami Bank Capital Management Ltd. is Tk.300,000,000/- divided into 300,000 shares of Tk.1,000/ each out of which share capital of minority is Tk.7,000/- divided into 7 shares of Tk.1,000/- each which represent 0.0023% of total share of the subsidiary Company.

41.0 Events after reporting period

The Board of Directors of the Bank in its 262nd meeting held on 25 April 2018 recommended 10% Cash Dividend for the year 2017 subject to approval of the shareholders in the ensuring 35th Annual General Meeting to be held on 25 June 2018.

42.0 Earnings per share (EPS)

	2017 Taka	2016 Taka
a) Attributable profit for the year	4,692,946,359	4,464,978,021
b) Weighted average number of ordinary share during the year	1,609,990,668	1,609,990,668
Basic earnings per share (EPS) (a ÷ b)	**2.91**	**2.77**

Diluted earnings per share is not applicable since there is no possibility of dilution of shares during the year.

42(a) Consolidated earnings per share

Consolidated net profit after tax	4,920,606,745	4,479,338,303
Less: Profit attributable to non-controlling interest	36,788	37,062
Attributable profit for distribution to shareholders of IBBL	4,920,569,957	4,479,301,241
Weighted average number of ordinary share during the year	1,609,990,668	1,609,990,668
Consolidated basic earnings per share	**3.06**	**2.78**

43.0 Net asset value per share (NAV) of the Bank

a) Capital/shareholders' equity for the year	50,328,982,320	47,185,282,113
b) Weighted average number of ordinary share during the year	1,609,990,668	1,609,990,668
Net asset value per share (NAV) (a ÷ b)	**31.26**	**29.31**

Net asset value per share (NAV) has been disclosed as per the Bangladesh Securities and Exchange Commission's Notification No.SEC/CMRRCD/2009-193/Admin/03-31 dated June 1, 2009.

44.0 Net operating cash flow per share (NOCFPS)

	31.12.2017 Taka	31.12.2016 Taka
a) Net cash flows from operating activities	1,937,941,824	(10,904,077,763)
b) Weighted average number of ordinary share during the year	1,609,990,668	1,609,990,668
Net operating cash flow per share (NOCFPS) (a ÷ b)	**1.20**	**(6.77)**

Net operating cash flow per share (NOCFPS) has been disclosed as per the Bangladesh Securities and Exchange Commission's Notification No.SEC/CMRRCD/2009-193/Admin/03-31 dated June 1, 2009.

45.0 Reconciliation of cash and cash equivalent at the end of the year

	31.12.2017 Taka	31.12.2016 Taka
Cash in hand	14,323,655,034	10,119,944,725
Balance with Bangladesh Bank and its agent banks (Sonali Bank Ltd.)	69,273,434,531	61,335,096,831
Balance with other banks and financial institutions	45,908,508,558	27,969,527,234
Total	**129,505,598,123**	**99,424,568,790**

45(a) Reconciliation of consolidated cash and cash equivalent at the end of the year

Cash in hand	14,323,659,444	10,119,946,355
Balance with Bangladesh Bank and its agent banks (Sonali Bank Ltd.)	69,273,434,531	61,335,096,831
Balance with other banks and financial institutions	51,810,458,451	34,147,842,268
Total	**135,407,552,426**	**105,602,885,454**

46.0 Operating lease payments disclosure

Non-cancellable operating lease rentals for the Bank are payable as follows:

	2017 Taka (in million)	2016 Taka (in million)
Less than 1 year	630.00	630.00
Between 1 and 5 years	3,500.00	3,478.00
More than 5 years	7,600.00	7,516.00
Total	**11,730.00**	**11,624.00**

47.0 Currency wise exposures

Currency wise exposures are shown at Annexure-C.

KHAN WAHAB SHAHA RAHMAN & CO. Chartered Accountants

48.0 Restatement due to changes in accounting policies & prior period error

48.1 Impact on balance sheet for changes in accounting policies and prior period error adjustment:

48.1.1 Islami Bank Bangladesh Limited (Separate)

	Reserve on securities	Assets Revaluation Reserve	Deferred tax
Balance at 1 January 2016, as previously reported	46,480,000	10,904,468,771	310,729,682
Impact of Prior years error		-	-
Deferred tax on surplus amount	(4,648,000)	(1,822,979,787)	1,827,627,787
Deferred tax impact on excess depreciation	-	237,801,020	(237,801,020)
Restated balance at 1 January 2016	**41,832,000**	**9,319,290,004**	**1,900,556,449**
Balance at 31 December, as previously reported	74,040,000	10,807,177,128	246,802,967
Impact of prior year error as at 1st January	-	-	-
Deferred tax on surplus amount	(4,648,000)	(1,822,979,787)	1,827,627,787
Deferred tax impact on excess depreciation	-	237,801,020	(237,801,020)
Impact of prior years error during the year		-	-
Deferred tax on surplus amount/ impact on excess depreciation	(2,756,000)	38,916,657	(36,160,657)
Restated balance at 31 December 2016	**66,636,000**	**9,260,915,018**	**1,800,469,077**

48.1.2 Islami Bank Bangladesh Limited & its Subsidiaries (Consolidated):

	Reserve on securities	Assets Revaluation Reserve	Deferred tax
Balance at 1 January 2016, as previously reported	46480000	10,904,468,771	310,066,332
Impact of prior year error			
Deferred tax on surplus amount	(4,648,000)	(1,822,979,787)	1,827,627,787
Deferred tax impact on excess depreciation		237,801,020	(237,801,020)
Restated balance at 1 January 2016	**41,832,000**	**9,319,290,004**	**1,899,893,099**
Balance at 31 December, as previously reported	74,040,000	10,807,177,128	246,220,665
Impact of prior year error			
Deferred tax on surplus amount	(4,648,000)	(1,822,979,787)	1,827,627,787
Deferred tax impact on excess depreciation	-	237,801,020	(237,801,020)
Impact of prior period error during the year			
Deferred tax on surplus amount/ impact on excess depreciation	(2,756,000)	38,916,657	(36,160,657)
Restated balance at 31 December 2016	**69,392,000**	**9,260,915,018**	**1,799,886,775**

48.2 Impact on Net Asset Value (NAV) per share for the year

	Separate	Consolidated
	01.01.2016 to 31.12.2016	**01.01.2016 to 31.12.2016**
Net Asset Value (NAV) per share, as previously reported	30.27	30.34
Net Asset Value (NAV) per share, increase/(decrease)	(0.965)	(0.965)
Restated Net Asset Value (NAV) per share	**29.31**	**29.38**

48.3 The change did not have any impact on company's Cash flows.

Professor Md. Nazmul Hassan, Ph.D
Chairman

Dr. Md. Zillur Rahman
Director

Md. Syful Islam, FCA, FCMA
Director

Md. Mahbub-ul-Alam
Managing Director & CEO

Dated, Dhaka;
25 April 2018

Islami Bank Bangladesh Limited
Fixed Assets Schedule
As at 31 December 2017

Annexure - A

(Amount in Taka)

Group of Fixed Assets	Cost				Depreciation/Amortization				Written down value	
	Balance as at 01.01.2017	Addition during the year	Sale / adjustment during the year	Total as at 31.12.2017	Charged up to 01.01.2017	Charged during the year	Adjustment during the year	Total as at 31.12.2017	as at 31.12.2017	as at 31.12.2016
1	2	3	4	5(2+3-4)	6	7	8	9(6+7-8)	10(5-9)	11
A. Tangible Assets										
i) Premises										
Cost										
Land	682,129,033	-	-	682,129,033	-	-	-	-	682,129,033	682,129,033
Building	1,963,728,368	17,934,519	-	1,981,662,887	403,172,240	40,865,909	-	444,038,149	1,537,624,738	1,560,556,128
Construction/capital work in process	-	-	-	-	-	-	-	-	-	-
Sub total	**2,645,857,401**	**17,934,519**	**-**	**2,663,791,920**	**403,172,240**	**40,865,909**	**-**	**444,038,149**	**2,219,753,771**	**2,242,685,161**
Revaluation										
Land	6,941,521,852	-	-	6,941,521,852	-	-	-	-	6,941,521,852	6,941,521,852
Building	4,557,449,467	-	-	4,557,449,467	691,794,193	94,842,197	-	786,636,390	3,770,813,077	3,865,655,275
Sub total	**11,498,971,319**	**-**	**-**	**11,498,971,319**	**691,794,193**	**94,842,197**	**-**	**786,636,390**	**10,712,334,929**	**10,807,177,127**
Sub total(i)	**14,144,828,720**	**17,934,519**	**-**	**14,162,763,239**	**1,094,966,433**	**135,708,106**	**-**	**1,230,674,539**	**12,932,088,700**	**13,049,862,288**
ii) Other fixed assets										
Furniture and fixtures	969,784,237	116,686,688	1,622,946	1,084,847,979	436,840,145	59,429,722	1,005,670	495,264,197	589,583,782	532,944,092
Mechanical appliances	2,218,506,284	142,129,251	1,453,800	2,359,181,735	1,359,362,902	183,243,918	87,974	1,542,518,846	816,662,889	859,143,382
Computer	1,367,884,672	134,354,067	1,349,702	1,500,889,037	1,176,370,142	108,917,608	1,337,265	1,283,950,485	216,938,552	191,514,530
Motor vehicles	939,636,927	126,212,025	21,767,984	1,044,080,968	556,942,184	110,450,813	9,699,277	657,693,720	386,387,248	382,694,743
Books	8,291,771	546,002	-	8,837,773	5,917,798	787,066	-	6,704,864	2,132,909	2,373,974
ATM	814,819,828	103,722,272	-	918,542,100	361,243,127	92,043,044	-	453,286,171	465,255,929	453,576,700
Sub Total (ii)	**6,318,923,719**	**623,650,305**	**26,194,432**	**6,916,379,592**	**3,896,676,298**	**554,872,171**	**12,130,186**	**4,439,418,283**	**2,476,961,309**	**2,422,247,421**
Total (i+ii)	**20,463,752,439**	**641,584,824**	**26,194,432**	**21,079,142,831**	**4,991,642,731**	**690,580,277**	**12,130,186**	**5,670,092,822**	**15,409,050,009**	**15,472,109,709**
B. Intangible assets	420,495,714	33,037,280	-	453,532,994	305,691,093	81,483,714	-	387,174,807	66,358,187	114,804,620
Total (A+B)	**20,884,248,153**	**674,622,104**	**26,194,432**	**21,532,675,825**	**5,297,333,824**	**772,063,991**	**12,130,186**	**6,057,267,629**	**15,475,408,196**	**15,586,914,329**

WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

Islami Bank Bangladesh Limited
Consolidated Fixed Assets Schedule
As at 31 December 2017

Annexure - B

(Amount in Taka)

Group of Fixed Assets	Cost				Depreciation/Amortization				Written down value	
	Balance as at 01.01.2017	Addition during the year	Sale / adjustment during the year	Total as at 31.12.2017	Charged up to 01.01.2017	Charged during the year	Adjustment during the year	Total as at 31.12.2017	as at 31.12.2017	as at 31.12.2016
1	2	3	4	5 (2 + 3 - 4)	6	7	8	9 (6+ 7 - 8)	10 (5 - 9)	11
A. Tangible Assets										
i) Premises										
Cost										
Land	682,129,033	-	-	682,129,033	-	-	-	-	682,129,033	682,129,033
Building	1,963,728,368	17,934,519	-	1,981,662,887	403,172,240	40,865,909	-	444,038,149	1,537,624,738	1,560,556,128
Construction/capital work in process	-	-	-	-	-	-	-	-	-	-
Sub total (i)	**2,645,857,401**	**17,934,519**	**-**	**2,663,791,920**	**403,172,240**	**40,865,909**	**-**	**444,038,149**	**2,219,753,771**	**2,242,685,161**
Revaluation										
Land	6,941,521,852	-	-	6,941,521,852	-	-	-	-	6,941,521,852	6,941,521,852
Building	4,557,449,467	-	-	4,557,449,467	691,794,193	94,842,197	-	786,636,390	3,770,813,077	3,865,655,275
Sub total	**11,498,971,319**	**-**	**-**	**11,498,971,319**	**691,794,193**	**94,842,197**	**-**	**786,636,390**	**10,712,334,929**	**10,807,177,127**
Sub total (i)	**14,144,828,720**	**17,934,519**	**-**	**14,162,763,239**	**1,094,966,433**	**135,708,106**	**-**	**1,230,674,539**	**12,932,088,700**	**13,049,862,288**
ii) Other fixed assets										
Furniture and fixtures	972,147,972	116,734,788	1,622,946	1,087,259,814	438,149,061	59,564,712	1,005,670	496,708,103	590,551,711	533,998,912
Mechanical appliances	2,220,596,713	142,187,251	1,453,800	2,361,330,164	1,360,786,434	183,403,587	87,974	1,544,102,047	817,228,117	859,810,279
Computer	1,371,556,402	134,401,893	1,349,702	1,504,608,593	1,180,041,871	108,926,518	1,337,265	1,287,631,124	216,977,469	191,514,531
Motor vehicles	945,432,946	126,212,025	21,767,984	1,049,876,987	562,738,202	110,450,813	9,699,277	663,489,738	386,387,250	382,694,745
Books	8,291,772	546,002	-	8,837,774	5,917,798	787,066	-	6,704,864	2,132,910	2,373,974
ATM	814,819,828	103,722,272	-	918,542,100	361,243,127	92,043,044	-	453,286,171	465,255,929	453,576,700
Sub Total (ii)	**6,332,845,633**	**623,804,231**	**26,194,432**	**6,930,455,432**	**3,908,876,493**	**555,175,740**	**12,130,186**	**4,451,922,047**	**2,478,533,386**	**2,423,969,141**
Total (i+ii)	**20,477,674,353**	**641,738,750**	**26,194,432**	**21,093,218,671**	**5,003,842,926**	**690,883,846**	**12,130,186**	**5,682,596,586**	**15,410,622,086**	**15,473,831,429**
B. Intangible Assets	420,495,714	33,037,280	-	453,532,994	305,691,093	81,483,714	-	387,174,807	66,358,187	114,804,620
Total (A+B)	**20,898,170,067**	**674,776,030**	**26,194,432**	**21,546,751,665**	**5,309,534,019**	**772,367,560**	**12,130,186**	**6,069,771,393**	**15,476,980,273**	**15,588,636,049**

WAHAB SHAFIQUE RAHMAN
Chartered Accountants

Islami Bank Bangladesh Limited
Currency wise Exposures
As at 31 December 2017

Annexure - C

(Amount in Taka)

ASSETS	Taka		Equivalent Taka of US Dollar		Equivalent Taka of GBP		Equivalent Taka of EURO		Equivalent Taka of Other Currency		Total Taka	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
1	2	3	4	5	6	7	8	9	10	11	12	13
Cash in hand	14,302,197,228	10,106,481,898	20,949,036	13,001,603	124,466	140,883	245,669	245,669	138,635	74,672	14,323,655,034	10,119,944,725
Balance with Bangladesh Bank & its agent bank	69,101,576,469	60,710,436,633	74,556,476	575,656,092	27,230,070	9,325,300	70,071,516	39,678,806	-	-	69,273,434,531	61,335,096,831
Balance with banks & other financial institutions	43,463,793,197	26,548,241,217	1,084,009,626	(1,283,827,279)	10,412,469	648,252,729	478,049,515	855,481,201	872,243,751	1,201,379,366	45,908,586,558	27,969,527,234
Placement with other banks & financial institutions	-	3,000,000,000	-	-	-	-	-	-	-	-	-	3,000,000,000
Investments (in shares & securities)	37,943,613,630	60,328,886,791	-	-	-	-	-	-	-	-	37,943,613,630	60,328,886,791
Investments	633,805,359,542	554,795,411,302	76,923,570,826	61,623,501,464	-	-	-	-	-	-	710,728,930,368	616,418,912,766
Fixed assets including premises	15,475,408,196	15,586,914,329	-	-	-	-	-	-	-	-	15,475,408,196	15,586,914,329
Other assets	5,835,981,877	2,450,741,513	470,240,537	489,631,989	-	-	-	-	-	-	6,306,222,414	2,940,373,502
Non banking assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	819,927,930,139	733,527,113,683	78,573,326,501	61,417,963,869	37,767,005	657,718,912	548,366,700	895,405,676	872,382,386	1,201,454,038	899,959,772,731	797,699,656,178

LIABILITIES	Taka		Equivalent Taka of US Dollar		Equivalent Taka of GBP		Equivalent Taka of EURO		Equivalent Taka of Other Currency		Total Taka	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Placement from Bangladesh Bank, other banks, financial institutions and agents	-	-	29,229,325,908	16,920,973,000	-	-	-	-	-	-	29,229,325,908	16,920,973,000
Deposits	727,529,263,958	653,938,641,299	23,042,037,199	21,286,314,596	8,006,594	559,079,435	3,136,415	43,817,042	-	803,263	750,582,444,166	675,878,655,635
Bills payable	4,434,620,519	5,518,412,483	5,181,274	5,181,274	-	-	-	-	-	-	4,439,801,793	5,523,593,757
Other liabilities	57,355,001,485	49,239,640,410	24,217,059	1,511,263	-	-	-	-	-	-	57,379,218,544	49,241,151,673
Mudaraba Perpetual Bond	3,000,000,000	3,000,000,000	-	-	-	-	-	-	-	-	3,000,000,000	3,000,000,000
Mudaraba Redeemable Subordinated Bond	5,000,000,000	-	-	-	-	-	-	-	-	-	5,000,000,000	-
Total liabilities	797,318,885,962	711,696,694,192	52,300,761,440	38,213,980,133	8,006,594	559,079,435	3,136,415	43,817,042	-	803,263	849,630,790,411	750,514,374,065
Net position	22,609,044,177	21,830,419,491	26,272,565,061	23,203,983,736	29,760,411	98,639,477	545,230,285	851,588,634	872,382,386	1,200,650,775	50,328,962,320	47,185,282,113

KHAN WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

Islami Bank Bangladesh Limited
Consolidated segment reporting
For the year ended 31 December 2017

Annexure-D

A. Segmental operating profit and loss

Amount in Taka

Particulars	Head Office Controlled Branches	Dhaka Central Zone	Dhaka South Zone	Dhaka North Zone	Khulna Zone	Comilla Zone	Rajshahi Zone	Chittagong South Zone	Noakhali Zone	Common	Consolidated
Investment income	15,468,390,000	8,736,980,000	1,555,820,000	2,452,140,000	2,317,800,000	1,830,540,000	4,024,420,000	1,171,940,000	1,602,460,000	18,751,483,119	57,911,973,119
Profit paid on mudaraba deposits	(2,284,880,002)	(2,541,779,998)	(1,122,780,000)	(1,802,730,000)	(1,341,910,000)	(2,177,460,000)	(1,120,610,000)	(1,932,610,000)	(1,980,970,000)	(15,064,552,318)	(31,370,282,318)
Profit received/(paid) on IB General Account	(7,363,700,000)	(2,033,300,000)	910,230,000	1,456,680,000	491,680,000	2,336,580,000	(680,790,000)	2,072,360,000	2,003,760,000	806,500,000	-
Net investment income	**5,819,809,998**	**4,161,900,002**	**1,343,270,000**	**2,106,090,000**	**1,467,570,000**	**1,989,660,000**	**2,223,020,000**	**1,311,690,000**	**1,625,250,000**	**4,493,430,801**	**26,541,690,801**
Commission, exchange & other income	1,793,840,000	1,180,110,000	255,850,000	271,910,000	221,630,000	178,840,000	285,950,000	157,630,000	181,630,000	4,910,481,237	9,437,871,237
Total operating income	**7,613,649,998**	**5,342,010,002**	**1,599,120,000**	**2,378,000,000**	**1,689,200,000**	**2,168,500,000**	**2,508,970,000**	**1,469,320,000**	**1,806,880,000**	**9,403,912,038**	**35,979,562,038**
Total operating expenses	(1,105,156,231)	(1,174,963,032)	(719,012,270)	(920,482,744)	(786,520,907)	(809,492,319)	(826,528,275)	(684,591,400)	(716,688,364)	(11,053,655,458)	(18,797,091,000)
Operating Profit	**6,508,493,767**	**4,167,046,970**	**880,107,730**	**1,457,517,256**	**902,679,093**	**1,359,007,681**	**1,682,441,725**	**784,728,600**	**1,090,191,636**	**(1,649,743,420)**	**17,182,471,038**

There are 19 operating segments including subsidiaries as on 31 December 2017. Out of which only 9 are reportable as per BFRS 8 "Operating Segments". Hence other non-reportable segments have been shown as under 'Common'.

For the year ended 31 December 2016

Amount in Taka

Particulars	Head Office Controlled Branches	Dhaka Central Zone	Dhaka South Zone	Dhaka North Zone	Khulna Zone	Comilla Zone	Rajshahi Zone	Chittagong South Zone	Noakhali Zone	Common	Consolidated
Investment income	15,408,490,000	8,264,670,000	1,503,710,000	2,105,980,000	2,138,550,000	1,674,350,000	3,862,180,000	1,083,340,000	1,532,450,000	15,928,101,246	53,501,821,246
Profit paid on mudaraba deposits	(2,402,654,528)	(2,632,399,640)	(1,152,000,856)	(1,820,452,286)	(1,480,257,262)	(2,218,722,978)	(1,152,203,034)	(2,136,345,500)	(2,062,034,930)	(12,278,566,452)	(29,335,637,466)
Profit received/(paid) on IB General Account	(6,514,910,000)	(1,562,030,000)	905,930,000	1,505,900,000	699,040,000	2,361,650,000	(522,930,000)	2,239,770,000	2,050,600,000	(1,163,020,000)	-
Net investment income	**6,490,925,472**	**4,070,240,360**	**1,257,639,144**	**1,791,427,714**	**1,357,332,738**	**1,817,277,022**	**2,187,046,966**	**1,186,764,500**	**1,521,015,070**	**2,486,514,794**	**24,166,183,780**
Commission, exchange & other income	1,818,700,000	1,122,460,000	197,250,000	212,490,000	185,750,000	154,970,000	186,240,000	138,490,000	162,630,000	3,686,265,660	7,865,245,660
Total operating income	**8,309,625,472**	**5,192,700,360**	**1,454,889,144**	**2,003,917,714**	**1,543,082,738**	**1,972,247,022**	**2,373,286,966**	**1,325,254,500**	**1,683,645,070**	**6,172,780,454**	**32,031,429,440**
Total operating expenses	(1,054,757,415)	(973,240,000)	(579,400,000)	(714,680,000)	(675,840,000)	(659,000,000)	(656,270,000)	(554,210,000)	(576,850,000)	(11,282,605,031)	(17,726,852,446)
Operating Profit	**7,254,868,057**	**4,219,460,360**	**875,489,144**	**1,289,237,714**	**867,242,738**	**1,313,247,022**	**1,717,016,966**	**771,044,500**	**1,106,795,070**	**(5,109,824,577)**	**14,304,576,994**

B. Segmental assets and liabilities

The necessary information regarding assets and liabilities of operating segments (except subsidiaries) are not separable and individually identifiable for this purpose. For this reason the assets and liabilities of the respective segments have not been presented here.

KHAN WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

Islami Bank Bangladesh Limited

Financial highlights of the Bank

For the year ended 31 December 2017

Amount in Million Taka

Sl. No.	Particulars	2017	2016
1	Paid-up capital	16,099.91	16,099.91
2	Total capital (equity)	57,958.08	50,556.47
3	Capital surplus/ (deficit)	234.57	915.15
4	Total assets (Excluding contra)	899,959.77	797,699.66
5	Total deposits	755,022.25	681,352.25
6	Total investments (excluding Investment in shares/ securities)	710,728.93	616,418.91
7	Total contingent liabilities and commitments	169,749.30	139,246.03
8	Investment deposit ratio	87.80%	86.43%
9	Percentage of classified investment against total general investments	3.59%	3.83%
10	Profit after tax & Provision	4,692.95	4,464.98
11	Amount of classified investment during current year	1,917.02	1,060.35
12	Provision kept against classified investments	24,746.52	20,553.83
13	Provision surplus/ (deficit)	0.03	3.84
14	Cost of fund	7.62%	7.50%
15	Profit earning assets	717,957.77	623,545.19
16	Non-profit earning assets	182,002.01	174,154.47
17	Return on investments	8.14%	8.29%
18	Return on assets	0.55%	0.59%
19	Income from investments	58,030.84	54,155.01
20	Earnings per share (Taka)	2.91	2.77
21	Net income per share (Taka)	2.91	2.77
22	Price earning ratio (Times)	12.24	10.11
23	Net Asset Value (NAV)	50,328.98	48,738.95
24	Net Asset Value (NAV) per share (Taka)	31.26	29.31
25	Net Operating Cash Flow per share (NOCFPS) (Taka)	1.20	(6.77)
26	Dividend Yield per share	2.73%	3.37%
27	Dividend pay out ratio per share	34.31%	36.06%
28	Dividend cover Ratio (Times)	2.91	2.77

Annexure-E

Islami Bank Bangladesh Limited (Off-Shore Banking Unit)

Balance Sheet

As at 31 December 2017

Particulars	Notes	31.12.2017		31.12.2016	
		USD	BD.Taka	USD	BD.Taka
Property and assets					
Cash in hand		-	-	-	-
Cash in hand (including foreign currency)		-	-	-	-
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)		-	-	-	-
Balance with other banks & financial institutions		2,111,161.38	174,593,046	-	-
In Bangladesh	2.0	2,111,161.38	174,593,046	-	-
Outside Bangladesh		-	-	-	-
Placement with banks & other financial institutions	3.0	63,064,929.81	5,215,469,695	44,225,363.45	3,480,633,399
Investments in shares & securities		-	-	-	-
Government		-	-	-	-
Others		-	-	-	-
Investments		505,451,885.69	41,800,870,947	394,341,493.24	31,035,543,069
General investments etc.		-	-	-	-
Bills purchased & discounted	4.0	505,451,885.69	41,800,870,947	394,341,493.24	31,035,543,069
Fixed assets		-	-	-	-
Other assets	5.0	950,744.12	78,626,539	1,128,050.72	88,780,073
Non - banking assets		-	-	-	-
Total property and assets		571,578,721.00	47,269,560,227	439,694,907.41	34,604,956,542
Liabilities and Capital					
Liabilities					
Placement from banks & other financial institutions	6.0	560,217,556.34	46,329,991,909	431,414,256.79	33,953,251,121
Deposits & other accounts		-	-	-	-
Mudaraba Savings Deposits		-	-	-	-
Mudaraba Term Deposits		-	-	-	-
Other Mudaraba Deposits		-	-	-	-
Al- Wadeeah Current and other deposit accounts		-	-	-	-
Bills payable		-	-	-	-
Other liabilities	7.0	11,361,164.66	939,568,317	8,280,650.62	651,705,421
Deferred tax liabilities /(assets)		-	-	-	-
Total liabilities		571,578,721.00	47,269,560,227	439,694,907.41	34,604,956,542
Capital/ share-holders' equity		-	-	-	-
Paid - up capital		-	-	-	-
Statutory reserve		-	-	-	-
Other /translation reserves	8.0	-	22,713,657	-	9,417,220
Retained earnings	17.0	-	(22,713,657)	-	(9,417,220)
Total liabilities & shareholders' equity		571,578,721.00	47,269,560,227	439,694,907.41	34,604,956,542
Off-balance sheet items		-	-	-	-
Contingent liabilities					
Acceptances & endorsements		-	-	-	-
Letters of guarantee		-	-	-	-
Irrevocable letters of credit (including back to back bills)		-	-	-	-
Bills for collection		-	-	-	-
Other contingent liabilities		-	-	-	-
Total		-	-	-	-
Other commitments					
Documentary credits, short term and trade related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	-	-	-
Undrawn note issuance, revolving and underwriting facilities		-	-	-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-	-	-
Total		-	-	-	-
Total off-balance sheet items including contingent liabilities		-	-	-	-

The annexed notes form an integral part of these financial statements.

Islami Bank Bangladesh Limited (Off-Shore Banking Unit)

Profit & Loss Account

For the year ended 31 December 2017

Particulars	Notes	2017		2016	
		USD	Taka	USD	BD.Taka
Operating income					
Investment income	9.0	23,887,280.06	1,925,683,297	20,022,598.37	1,562,097,868
Profit paid on mudaraba deposits/placement	10.0	(11,187,215.96)	(901,660,386)	(7,076,160.61)	(552,496,541)
Net investment income		**12,700,064.10**	**1,024,022,911**	**12,946,437.76**	**1,009,601,327**
Income from investments in shares & securities		-	-	-	-
Commission, exchange & brokerage income		-	-	-	-
Other operating income	11.0	252,664.18	20,323,621	270,079.21	21,093,406
Total operating income		**12,952,728.28**	**1,044,346,532**	**13,216,516.97**	**1,030,694,733**
Operating expenses					
Salary & allowances	12.0	117,749.53	9,451,653	84,943.59	6,628,084
Rent, taxes, insurances, electricity etc.		-	-	-	-
Legal expenses		-	-	-	-
Postage, stamps and telecommunication etc.	13.0	71.98	5,920	66.54	5,250
Stationery, printing and advertisement etc.		-	-	-	-
Chief executive's salary & fees		-	-	-	-
Directors' fees & expenses		-	-	-	-
Shari'ah supervisory committee's fees & expenses		-	-	-	-
Auditors' fees		-	-	-	-
Charges on investment losses		-	-	-	-
Depreciation and repair to bank's assets		-	-	-	-
Zakat expenses		-	-	-	-
Other expenses	14.0	1,762,475.87	141,912,580	713.24	56,275
Total operating expenses		**1,880,297.38**	**151,370,153**	**85,723.37**	**6,689,609**
Profit/ (loss) before provision		**11,072,430.90**	**892,976,379**	**13,130,793.60**	**1,024,005,124**
Provision for investments & off- balance sheet items	15.0	-	-	-	-
Provision for diminution in value of investments in shares		-	-	-	-
Other provisions		-	-	-	-
Total provision		-	-	-	-
Total profit/(loss) before taxes		**11,072,430.90**	**892,976,379**	**13,130,793.60**	**1,024,005,124**
Provision for taxation for the period					
Current tax	16.0	-	-	-	-
Deferred tax	16.0	-	-	-	-
Net profit/ (loss) after tax		**11,072,430.90**	**892,976,379**	**13,130,793.60**	**1,024,005,124**
Retained earnings from previous year		-	-	-	-
Less: Interim dividend paid		-	-	-	-
Add: Net profit after tax		11,072,430.90	892,976,379	13,130,793.60	1,024,005,124
Profit available for appropriation		**11,072,430.90**	**892,976,379**	**13,130,793.60**	**1,024,005,124**
Less: Appropriation		**11,072,430.90**	**892,976,379**	**13,130,793.60**	**1,024,005,124**
Statutory reserve		-	-	-	-
General reserve		-		-	-
Transferred to main operation	17.0	11,072,430.90	915,690,036	13,130,793.60	1,033,422,344
Retained earnings		-	(22,713,657)	-	(9,417,220)

The annexed notes form an integral part of these financial statements.

KHAN WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

Islami Bank Bangladesh Limited (Off-Shore Banking Unit)

Cash Flow Statement

For the year ended 31 December 2017

Particulars	2017		2016	
	USD	BD.Taka	USD	BD.Taka
Cash flows from operating activities				
Investment income	23,887,280.06	1,925,683,297	20,022,598.37	1,562,097,868
Profit paid on mudaraba deposits/placement	(11,187,215.96)	(901,660,386)	(7,076,160.61)	(552,496,541)
Income/ dividend receipt from investments in shares & securities	-		-	
Fees & commission receipt in cash	-	-	-	-
Recovery from written off investments	-	-	-	-
Payments to employees	(117,749.53)	(9,451,653)	(84,943.59)	(6,628,084)
Cash payments to suppliers	-	-	-	-
Income tax paid	-	-	-	-
Receipts from other operating activities	252,664.18	20,323,621	270,079.21	21,093,406
Payments for other operating activities	(1,762,547.85)	(141,918,500)	(779.78)	(61,525)
i) Operating profit before changes in operating assets & liabilities	**11,072,430.90**	**892,976,379**	**13,130,793.60**	**1,024,005,124**
Changes in operating assets and liabilities				
Increase/(decrease) of statutory deposits	-	-	-	-
(Increase)/decrease of net trading securities	-	-	-	-
(Increase)/decrease of placement to other banks	(18,839,566.36)	(1,734,836,296)	(12,612,637.13)	(999,024,899)
(Increase)/decrease of investments to customers	(111,110,392.45)	(10,765,327,877)	(54,480,554.85)	(4,356,357,447)
(Increase)/decrease of other assets	177,306.60	10,153,534	(805,400.68)	(63,451,948)
Increase/(decrease) of placement from other banks	-	-	-	-
Increase/(decrease) of deposits from other banks	-	-	-	-
Increase/(decrease) of deposits received from customers	-	-	-	-
Increase/(decrease) of other liabilities account of customers	-	-	-	-
Increase/(decrease) of trading liabilities	-	-	-	-
Increase/(decrease) of other liabilities	3,080,514.04	287,862,897	7,007,546.15	551,766,338
(ii) Cash flows from operating assets and liabilities	**(126,692,138.17)**	**(12,202,147,742)**	**(60,891,046.51)**	**(4,867,067,957)**
Net cash flows from operating activities (A)=(I+ii)	**(115,619,707.27)**	**(11,309,171,364)**	**(47,760,252.91)**	**(3,843,062,833)**
Cash flows from investing activities				
Proceeds from sale of securities	-	-	-	-
Payment for purchase of securities/membership	-	-	-	-
Purchase/sale of property, plants & equipments	-	-	-	-
Purchase/sale of subsidiaries	-	-	-	-
Net cash flows from investing activities (B)	-	-	-	-
Cash flows from financing activities				
Receipts from issue of debt instruments	-	-	-	-
Payment for redemption of debt instruments	-	-	-	-
Fund obtained from banks & other financial institutions	128,803,299.55	12,376,740,788	60,011,392.08	4,798,014,820
Profit transferred to main operation	(11,072,430.90)	(915,690,036)	(13,130,793.60)	(1,033,422,344)
Net cash flows from financing activities (C)	**117,730,868.65**	**11,461,050,753**	**46,880,598.48**	**3,764,592,476**
Net increase/(decrease) in cash (A+B+C)	**2,111,161.38**	**151,879,389**	**(879,654.43)**	**(78,470,357)**
Add/(less) effects of exchange rate changes on cash & cash equivalent	-	22,713,657	-	9,417,220
Add: cash & cash equivalents at beginning of the year	-	-	879,654.43	69,053,137
Cash & cash equivalents at the end of the year	**2,111,161.38**	**174,593,046**	-	-

KHAN WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

1.0 Status of the Company

Off-shore Banking Units (OBU) of Islami Bank Bangladesh Ltd. governed under the rules and guidelines of Bangladesh Bank. The Bank obtained permission from Bangladesh Bank for operating of Off-shore Banking Units located at Head Office Complex Branch, Dhaka, Agrabad Branch, Chittagong and Uttara Branch, Dhaka vide Bangladesh Bank letter no. BRPD (P-3)744 (111)/2010-1032 dated 28 March 2010. The Bank has Commenced the operation of its Off-shore Banking Units from 08.02.2011 at Head Office Complex Branch, Dhaka, from 27.09.2011 at Agrabad Branch, Chittagong and from 01.06.2015 at Uttara Branch.

1.1 Principal activities

The principal activities of the OBU are to provide mudaraba investment against payment of import bills under UPAS (Usance Payment at Sight) to its customers of Off-shore Banking Units in Bangladesh.

1.2 Significant accounting policies and basis of preparation of financial statements

1.2.1 Basis of accounting

The Off-shore Banking Units maintain its accounting records in USD from which accounts are prepared according to the Bank Company Act, 1991 as amended, Bangladesh Financial Reporting Standards (BFRSs) and other applicable directives issued by Bangladesh Bank. All the financial statements relating the OBU has already been accounted for in the separate financial statements of the Bank (considering necessary adjustments relating to intra-units transactions and balances). Along with that, this financial statements relating to OBU only is prepared and disclosed in compliance with the requirements of Bangladesh Bank.

1.2.2 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the report amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The figures (Taka) appearing in these Financial Statements have been rounded off to the nearest integer.

1.2.3 Foreign currency transactions

a. Foreign currency transactions

Foreign currency transactions are converted in to equivalent Taka using the ruling exchange rates on the dates of respective transactions as per BAS-21 "The Effects of changes in Foreign Exchange Rates". Foreign currency balances held in US Dollars are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month.

b. Transaction gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account.

1.2.4 Translation reserve

The activities of OBU is considered as foreign operation due to it's different functional currency other than the non-OBU operation of the Bank. As per BAS/IAS - 21, items of balance sheet of OBU has been translated to presentation currency using closing rate and items of income and expenditure has been translated to presentation currency using spot rate prevailing on the date of actual transaction, otherwise average rate has been used. Due to the above translation using two rates the arising differences have been kept as translation reserve.

1.2.5 Retained earnings/Net profit transferred to main operation

As on 31 December the net income in USD/foreign currency of OBU is transferred to main operation of the Bank at exchange rate prevailing on that date.

1.2.6 Cash flow statement

Cash flow statement has been prepared as per BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

1.2.7 Reporting period

The financial statements cover from 01 January 2017 to 31 December 2017.

1.3 Assets and basis of their valuation

1.3.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the unit's management for its short-term commitments.

1.3.2 Investments

Investment of OBU are stated in the balance sheet on net basis. Profit is calculated on daily product basis but charged and account for on realisation/cash basis.

1.4 Allocation of common expenses

Establishment expenses in the nature of rent, rates, taxes, management expenses, printing and stationery, electricity, postage, stamps, telecommunication and audit fees etc. have not been separately accounted for in the financial statements, but staff costs (salaries and allowances) are separately accounted for OBU.

1.5 Profit paid on mudaraba deposits/placement

OBU obtains fund under placement from abroad (different foreign Banks) and OBUs of different Banks in Bangladesh (BD) based on Mudaraba Agreement and pays proportionate amount of investment income earned through deploying these fund as profit. In some cases OBU pays profit at provisional rate in advance which is shown as "Prepaid profit on placement" under other assets.

1.6 Placement from banks & other financial institutions

Off-shore Banking Units (OBUs) of IBBL obtains fund under placement from its Head Office (Treasury Division), abroad (different foreign Banks) and OBUs of different Banks in Bangladesh (BD) as per Bangladesh Bank Letter No.BCD(P)744(27)/1416, dated 17 December 1985.

2.0 Balance with other banks & financial institutions

	31.12.2017		31.12.2016	
	USD	BD.Taka	USD	BD.Taka
In Bangladesh (balance with Treasury Division)	2,111,161.38	174,593,046	-	-
Outside Bangladesh	-	-	-	-
Total	**2,111,161.38**	**174,593,046**	**-**	**-**

3.0 Placement with banks & other financial institutions

Fund provided to AD Branches for MDB in FC (*)	**63,064,929.81**	**5,215,469,695**	**44,225,363.45**	**3,480,633,399**

(*) This amount has been provided to AD branches to finance investment in MDB in FC as per the requirement of the AD branches as per Bangladesh Bank FE Circular No. - 03 dated 04 February 2013.

4.0 Investments	**505,451,885.69**	**41,800,870,947**	**394,341,493.24**	**31,035,543,069**
4.1 Bills purchased & discounted				
Mudaraba Documentary Import Bills (MDIB-UPAS) (*)	342,108,174.66	28,292,346,044	306,756,882.75	24,142,441,538
Hire-Purchase under Shirkatul Meelk (HPSM in FC)	163,343,711.03	13,508,524,902	87,584,610.49	6,893,101,532
Total	**505,451,885.69**	**41,800,870,947**	**394,341,493.24**	**31,035,543,069**

(*) OBU allows the facilities as per Bangladesh Bank BRPD Circular No. 28, dated 05 September 2010.

5.0 Other assets

Prepaid profit on placement from banks & other financial institutions	950,744.12	78,626,539	1,128,050.72	88,780,073
Total	**950,744.12**	**78,626,539**	**1,128,050.72**	**88,780,073**

6.0 Placement from banks & other financial institutions

Islami Bank Bangladesh Ltd.-main operation (Treasury Division)	206,779,516.34	17,100,666,001	216,414,256.79	17,032,278,121
Banks in BD (OBU)	15,000,000.00	1,240,500,000	10,000,000.00	787,022,000
Banks (abroad)	338,438,040.00	27,988,825,908	205,000,000.00	16,133,951,000
Total	**560,217,556.34**	**46,329,991,909**	**431,414,256.79**	**33,953,251,121**

7.0 Other liabilities

Profit payable	3,941,008.25	325,921,382	2,502,384.14	196,943,137.00
Unearned Income	2,354,672.00	194,731,374	70,800.00	5,572,116.00
Profit Receivable UPAS	5,065,484.41	418,915,561	5,707,466.48	449,190,168.00
Profit during the year	-	-	-	-
Total	**11,361,164.66**	**939,568,317.38**	**8,280,650.62**	**651,705,421.00**

8.0 Translation reserve

Balance as on 1 January	-	9,417,220	-	4,314,759
Addition/(adjustment) during the year	-	13,296,437	-	5,102,461
Balance as at 31 December	-	**22,713,657**	-	**9,417,220**

9.0 Investment income

	2017		2016	
	USD	BD.Taka	USD	BD.Taka
Mudaraba documentary import bills (MDIB-UPAS)	18,129,678.22	1,461,790,219	17,489,532.60	1,364,177,456
Hire-Purchase under Shirkatul Meelk (HPSM in FC)	3,984,574.41	321,314,129	1,462,129.73	114,352,700
Placement to AD branches (MDB-FC)	1,773,027.43	142,578,949	1,070,936.04	83,567,712
Total	**23,887,280.06**	**1,925,683,297**	**20,022,598.37**	**1,562,097,868**

10.0 Profit paid on mudaraba deposits/placement

Profit paid on Placement from Banks (abroad)	10,569,188.06	851,876,948	5,863,224.51	457,922,296
Profit paid on Placement from Banks in BD (OBU)	618,027.90	49,783,438	1,212,936.10	94,574,245
Total	**11,187,215.96**	**901,660,386**	**7,076,160.61**	**552,496,541**

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	2017		2016	
11.0 Other Income	**USD**	**BD.Taka**	**USD**	**BD.Taka**
Service charge realized (MDIB-UPAS)	243,319.33	19,573,179	256,289.35	20,017,880
Service charge realized (Placement to AD branches)	9,344.85	750,442	13,789.86	1,075,526
Total	**252,664.18**	**20,323,621**	**270,079.21**	**21,093,406**
12.0 Salary & allowances				
Basic pay	117,749.53	9,451,653	33,459.39	2,610,811
Allowances	-	-	29,665.61	2,314,786
Bonus	-	-	18,472.65	1,441,407
Contribution to Provident Fund	-	-	3,345.94	261,080
Total	**117,749.53**	**9,451,653**	**84,943.59**	**6,628,084**
13.0 Postage, stamps and telecommunication etc.				
Telephone Bill	**71.98**	**5,920**	**66.54**	**5,250**
14.0 Other expenses				
Expenditure A/c: 10% profit paid to ADs UPAS	1,761,746.39	141,852,580.00	-	-
Entertainment	729.48	60,000.00	713.24	56,275.00
	1,762,475.87	**141,912,580**	**713.24**	**56,275**

15.0 Provision for investment

Provision for investment have not been separately accounted for in the financial statements of OBU. These are accounted for directly in the main financial statements of the Bank.

16.0 Provision for tax

Provision for current and deferred tax have not been separately accounted for in the financial statements of OBU. These are accounted for directly in the main financial statements of the Bank.

17.0 Retained earnings

Retained earnings as on 1 January	-	(9,417,220)	-	(4,314,759)
Addition during the year	11,072,430.90	892,976,379	13,130,793.60	1,024,005,124
Effect of translation reserve	-	9,417,220	-	4,314,759
Transferred to main operation	11,072,430.90	915,690,036	13,130,793.60	1,033,422,344
Balance as at 31 December	**-**	**(22,713,657)**	**-**	**(9,417,220)**

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