



Annual
Report
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S E R V I C E U N B O U N D E D



S E R V I C E U N B O U N D E D

Customer satisfaction is the first priority of IFIC Bank. We have undertaken time-tested and robust initiatives to meet and surpass our customers' expectations. So long our customers have graced us by visiting our branches and service centres. Henceforth, our motto is to reach out to the customer 24/7 to make banking easy and pleasant. This will be delivered through time honoured bricks and mortar presence as well as through digital platforms. We are also opening banking booths to be in your neighbourhood and extending our firm hands through a robust digital platform. We are creating a virtual banking service proposition by setting a 24/7 interactive Customer Care Centre. By keeping you in mind we have launched need based and customer friendly products like 'Aamar Account', 'IFIC Home Loan', 'IFIC Agami' and customer centric services like One Stop Service Model. We have also developed our Customer Care Centre into a One-Stop Touch Point.

Hence, we are committed to be around you, all time, to deliver an unbounded banking experience.

2018 Highlights



Deposits
b **226,333 m**
+13.1%



Assets
b **283,073 m**
+11.8%



Investments
b **31,304 m**
+12.4%



Loans & Advances
b **206,930 m**
+15.4%



Mortgage Loan
b **29,114 m**
+11.1%



Market Capitalization
b **14,592 m**



Investment in Human Capital
b **29 m**
Participants 3,697
211 Training Programs

CRAR
b **12.63%**

ROE
b **7.36%**

Operating Profit
b **3,895 m**

PBT
b **2,859 m**

PAT
b **1,570 m**



Total Equity
b **22,116 m**
+7.7%



সব পেশার, সব বয়সের, সবার জন্য

আইএফআইসি

আমার একাউন্ট

সুবিধা যেমনই চাই, হিসাব একটাই

সুবিধাসমূহ

- কারেন্ট একাউন্টের মতো লেনদেনের সুবিধা-সহ দৈনিক মুনাফাভিত্তিক সেভিংস একাউন্ট
- এফডিআর-এর মতো আকর্ষণীয় মুনাফা
- মেয়াদের অপেক্ষা না করে প্রতি মাসে মুনাফা উত্তোলন সুবিধা
- তাৎক্ষণিক সশ্রয়ী ঋণ সুবিধা
- ক্রেডিট কার্ডের উত্তম বিকল্প

☎ ১৬২৫৫ ☎ ০৯৬৬৬৭ ১৬২৫৫ | আসুন আইএফআইসি ব্যাংক-এর যেকোনো শাখায়

📘 IFICBankLimited 🌐 www.ificbank.com.bd



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Letter of
Transmittal

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

Annual Report for the Year ended on 31 December 2018

Dear Sir,

We are pleased to present before you a copy of the Annual Report 2018 along with audited Financial Statements including consolidated and separate Balance Sheet as at 31 December 2018, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement for the year ended on 31 December 2018 with the notes thereto of IFIC Bank Limited and its Subsidiaries for your kind information and record.

Yours sincerely,



Md. Mokammel Hoque, FCS
Company Secretary



Vision

At IFIC, we want to be the preferred financial service provider through innovative, sustainable and inclusive growth and deliver the best in class value to all stakeholders.



Mission

Our Mission is to provide service to our clients with the help of a skilled and dedicated workforce whose creative talents, innovative actions and competitive edge make our position unique in giving quality service to all institutions and individuals that we care for.

We are committed to the welfare and economic prosperity of the people and the community, for we derive from them our inspiration and drive for onward progress to prosperity.

In an intensely competitive and complex financial and business environment, we particularly focus on growth and profitability of all concerned.



Core Values

- Integrity : Upholding integrity in all that we do, always, everywhere.
- Fairness : Striving to offer the best to our customers equitably with transparency.
- Innovation : Encouraging and nurturing creativity.
- Commitment : Committed to excellence in customer service and maximization of stakeholders' value through teamwork.



Ethical Principles

Code of Conduct

Ethics is the integrity measures, which evaluate the values, norms and rules that constitute the base for individual and social relationship, from a moral perspective. Professional ethic regulates the relations between individuals within a professional group and their relations with the community whereas organizational ethic defines the code of conduct in an organization.

Code of Conduct/Ethics is the

integrity measure and a guiding principle to operate the Bank and to conduct daily business with customers, vendors, competitors, regulators and other agencies, the media, and anyone else who has a stake in the Bank or with whom the Bank has a contact. IFIC Bank's Code of Conduct/ Ethics sets forth the guiding principles by which we operate our Bank and conduct our daily business with our customers, vendors, competitors, regulator and other agencies, the media,

and anyone else with whom we have contact.

All members of the Board of Directors and its committees, employees of all levels and categories of IFIC Bank Limited, business partners and service providers and receivers to and from IFIC Bank are expected to display the highest standards of professionalism and commitment to ethics and integrity in all of their conducts. It is also strongly expected that they all in every

act and at all times would pay due respect, care and consideration to others and putting the public interest first.

Member of all levels of the Bank are individually and collectively committed and responsible to excel the practice of corporate governance principles in its institutions and activities by placing due attention and weights on the compliance of best ethical standards and integrity as recommended by the regulators for enhancing its internal and external credibility and establishing transparency.

IFIC Bank always employs its resources, policies, procedures, processes, systems and recognizes the honesty, integrity and sound judgment of its employees essential to its reputation and success. These principles apply to all of the employees of IFIC Bank and all of its wholly owned subsidiaries to achieve its goal putting the public interest first. These principles are delineated below:

Responsibility

As a financial institution entity, the responsibility of IFIC Bank includes responsibility to its shareholders, customers, community/society even commitment to the environment to preserve the lawful benefits and interests of its stakeholders. Management makes best effort to maximize Bank profit fulfilling customer needs ensuring customers satisfaction. While lending/financing apart from business aspect, Bank has firm commitment to environmental and climatic protections to support the process of sustainable economic growth of the country.

Property & Information of IFIC Bank

Key responsibility of an employee of IFIC Bank Limited is to protect and safeguard the organization's property following the operational and IT security manual, policy & guideline

meticulously and ensure information confidentiality of its clients with utmost security. Unless asked by any lawful and competent court/authority, exchanging or disclosing of information will be treated as a serious violation of ethical standard, and shall be treated as a breach of contract.

Conflict of Interest

Whatever the circumstances, the employee must avoid all situations that might lead to a real or apparent material conflict between their interests and their duties and responsibilities as employees of the Bank. Availing any kind of undue or illegal benefit/facilities irrespective of any form, insider trading, abusing confidential information are treated as malpractice and deviation from the required standard of services.

Fair Dealing to Counter Parts

All relationships with external counter-parties are conducted in professional and impartial manner. IFIC Bank Limited seeks to outperform its competitors fairly and honestly through superior performance and never through unethical or illegal business practices. Vendor selection and hiring decisions are made objectively and in the best interest of the organization based on evaluation of integrity, suitability, price, delivery of goods/service, quality and other pertinent factors. Employee's personal relationship with contractors, suppliers and vendors shall be disclosed to the appropriate level of authority at the time of entering into the negotiation and should not influence decisions made on behalf of the Bank.

Anti-Money Laundering & Combating Terrorism Financing

IFIC Bank Limited prohibits business with drug traffickers, money launderers and other criminal activity very strictly. IFIC Bank formulates Anti-Money Laundering guidelines and

ensures best practice to take appropriate preventive measures against fraud and money laundering and co-operate with other Banks and relevant institutions, establishments and government agencies for this purpose.

Transparent & Accurate Reporting

IFIC Bank Limited ensures its Financial, Tax and other reports and communication is true, complete and accurate and must not be misleading. Employees will ensure that records, data and information owned, collected, used and managed by him/her for the organization are accurate and complete, maintaining highest degree of integrity. IFIC Bank Limited maintains transparency of records as per the policy of the organization in sufficient details so that these may reflect accurately the Organization's transactions.

Zero Tolerance to Violence in the Workplace

IFIC Bank Limited strictly prohibits any acts of violence or threats of violence by any employee against any other person at any time. Mutual understanding and respect toward all employees is an essential element for excellence in professionalism, existence of safe and healthy work place, and maintenance of a corporate culture, which serves the needs of the community. The organization has to bear zero tolerance for violence against any member of the workforce or its property

Employee Conduct outside the Office Premises

Employees and representatives of IFIC Bank Limited shall realize that their conduct outside the workplace reflect on their place of employment and thus shall take necessary actions to ensure that the above mentioned service conduct must encompass outside workplace activities as well so that behavior/actions do

not compromise the business interests, safety and security or confidentiality of their place of employment.

Fair & Equitable Employment Opportunity

IFIC Bank Limited is committed to ensure equal opportunity in employment on the basis of meritocracy i.e. individual merit and personal qualification. The Bank is also committed to

provide a work environment free from any harassment on ground of religion, age, gender, family background, ethnicity, personal appearance etc. To ensure energizing workplace, the Bank is responsible to keep the workplace friendly, congenial, transparent and co-operation among all employees complying with the laws, rules of the regulatory bodies.

Commitment to the Environment

Environmental and climatic protections are among the most pressing global challenges of the time. All of these are to be taken into account in all areas of lending/financing. Emphasizing on the areas of energy and climate change while lending, bankers would support the process of sustainable economic growth of the country.

Business Ethics

IFIC Bank Limited believes that Business Ethics Practices provides a foundation for the stability and sustainable growth of the Bank and supports the Bank's effort in achieving its stipulated goals. The Bank, therefore, encourages all parties to conduct business and perform their duties in accordance with this Business Ethics Practices:

Honesty & Integrity

The Bank will adhere to honesty & integrity in conducting its business.

Compliance with Laws and Regulations

The Bank will conduct its

business in accordance with the law and regulations and will not assist, encourage or support any wrongful transactions or activities.

Good Management and effective & efficient Internal Control

The Bank will put in place of good management systems and risk management systems as well as effective & efficient internal controls.

Standards

The Bank will comply with various standards which are generally acceptable for conducting the banking business.

Concern for Stakeholders

The Bank realizes the importance of proper conduct to various stakeholders with appropriate co-operation and mutual support. The Bank will treat its customers, counterparties or competitors with mutual good understanding and co-operation.

Preservation of the Bank's Reputation

The Bank will uphold a good reputation and will refrain from engaging in any act that may jeopardize its reputation.

HR Compliance

To ensure transparency, lawful action and fair competition among employees, IFIC Bank complies every applicable HR laws and rules. As part of establishment of compliance culture across the organization, IFIC Bank maintains HR compliance in all organizational levels. The Bank encourages the employee to abide by all of its rules and regulations along with

all applicable laws of the country and promotes the same through continuous training programs.

The Bank has specific applicable policies for every HR activity covering recruitment to retirement among which Recruitment Policy, Promotion Policy, Leave Policy, Transfer Policy, Reward & Recognition Policy are to be mentioned.

The Bank has a transparent placement process through which employee can achieve their positions throughout the Bank. Moreover, the Bank has separate disciplinary rules namely IFIC Bank Employees (Discipline and Appeal) Rules 2003 which focuses on the quasi-judicial proceedings for handling misconducts committed by any delinquent employee.



Strategic Priority

- ▲ To strive for sound business growth by ensuring customer satisfaction through quality and timely services
- ▲ To manage and operate the Bank in the most efficient manner to ensure achievement of goals
- ▲ To maintain adequate capital flow to support further growth
- ▲ To ensure effective and efficient risk management for sustainable business growth
- ▲ To diversify loan portfolio through structured finance and expansion of Corporate, SME, Agri and Retail businesses
- ▲ To mount state-of-the-art technologies and adopt innovative ideas for financial inclusion
- ▲ To groom human resources for serving customers efficiently
- ▲ To increase brand visibility by creating positive image of the Bank
- ▲ To be a trend-setter in serving the society and remain responsive to the environment
- ▲ To ensure sound corporate governance practices
- ▲ To facilitate mobility in banking by up-gradation of Internet and Mobile Banking
- ▲ To add value for all stakeholders.



Cautionary Statement Regarding Forward Looking Approach

This Annual Report and Financial Statements for the year 2018 contains certain forward looking statements with respect to the financial condition, results of operations and business of the Bank.

These statements are not historical facts, including statements about the Bank's beliefs and expectations. Words such as 'expects', 'anticipates', 'intends', 'plans', 'beliefs', 'seeks', 'estimates', 'potential' and 'reasonably possible', 'variations' of these words and similar expressions are intended

to identify forward looking statements. These statements are based on current plan, estimates and projections, and therefore undue reliance should not be placed on them. Forward looking statements speak only as of the date they are made.

These statements may change based on the domestic and global economy and financial condition, natural calamities, movement of interest rate of both lending and deposit, changes or adoption of regulatory policies, market volatility, changes in the accounting policy, future

forex market condition, political condition of the country, technological changes in banking sectors, changes in consumer behavior and other factors that affects the overall operation of the banks.

The Bank will not undertake any obligation to revise or update any one of the forward looking statements contained in this Annual Report, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Corporate Profile

Name of the Company

International Finance Investment and Commerce Bank Limited (IFIC)

Legal Form

IFIC Bank Limited was incorporated in Bangladesh and registered with the Registrar of Joint Stock Companies & Firms as a public company limited by shares

Company Registration Number

C-4967, Dated: 08 October 1976

Authorized Capital

BDT 20,000.00 million

Paid up Capital

BDT 13,387.39 million

Listing Status

Listed with Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE) in 1986 and 1997 respectively

Market Category

'A' Category

Tax Payer Identification Number (TIN)

135055865054

VAT Registration Number

19081167140

Business Identification Number (BIN)

000136288

Subsidiary Companies

IFIC Securities Limited
IFIC Money Transfer (UK) Limited

Registered Office

IFIC Tower, 61 Purana Paltan
GPO Box : 2229, Dhaka-1000
IP Phone No.: 09666716250 (Hunting)
Fax: 880-2-9554102, Swift: IFIC BD DH
E-mail: info@ificbankbd.com
Website: www.ificbank.com.bd



Off-shore Banking Unit (OBU)

IFIC Bank Limited - OBU
Federation Branch, FBCCI Building,
60 Motijheel C/A, Dhaka



Auditors

Howladar Yunus & Co.,
Chartered Accountants



Legal Adviser

Ahsanul Karim



Tax Consultants

Adil & Associates



Credit Rating Agency

Credit Rating Agency of
Bangladesh (CRAB) Limited



Chairman

Salman F Rahman



Vice Chairman

Ahmed Shayan Fazlur Rahman



Managing Director & CEO

M Shah Alam Sarwar



Head of ICC

Ashim Chowdhury



Chief Financial Officer

Dilip Kumar Mandal, FCA



Company Secretary

Md. Mokammel Hoque, FCS

No. of Employees

2,556

No. of Branches

147

No. of Shareholders

41,721

Investors' Relation

IFIC Tower (17th Floor)
61 Purana Paltan, Dhaka-1000
Hotline: 09666716250



Global Corporate Structure



IFIC Securities Limited

A fully owned subsidiary
in Bangladesh



IFIC Money Transfer
(UK) Limited

A fully owned subsidiary
in United Kingdom



Nepal Bangladesh
Bank Limited

A joint venture
commercial Bank
in Nepal



Oman Exchange LLC

A joint venture
exchange company
in Oman



MCB Bank Limited,
Pakistan

A commercial Bank
in Pakistan

Milestones in the Development

1976	Established as an Investment & Finance Company under arrangement of joint venture with the Govt. of Bangladesh.
1980	Commenced operation in Foreign Exchange Business in a limited scale.
1982	Obtained permission from the Govt. to operate as a commercial Bank, Set up its first overseas joint venture (Bank of Maldives Limited) in the Republic of Maldives (IFIC's share in Bank of Maldives limited was subsequently sold to Maldives Govt. in 1992).
1983	Commenced operation as a full-fledged commercial bank in Bangladesh.
1985	Set up a joint venture Exchange Company in the Sultanate of Oman, titled Oman Bangladesh Exchange Company (Subsequently, renamed as Oman International Exchange, LLC).
1987	Set up its first overseas branch in Pakistan at Karachi.
1993	Set up its second overseas branch in Pakistan at Lahore.
1994	Set up its first joint venture in Nepal for banking operation, titled Nepal Bangladesh Bank Ltd.
1999	Set up its second joint venture in Nepal for lease financing, titled Nepal Bangladesh Finance & Leasing Co. Ltd. (Which was merged with NBBL in 2007).
2003	Set up a new Bank in Pakistan, NDLC-IFIC Bank Ltd. (Subsequently renamed as NIB Bank Ltd.) and the Overseas Branches of IFIC and a local leasing company, NDLC were amalgamated with and into it.
2005	Acquired MISYS solution for real time online banking application. Core Risk Management implemented.
2007	Launched VISA branded Credit Card (completed full range of Cards i.e. Debit, Credit & Prepaid by 2010).
2010	Set up Offshore Banking Unit (OBU).
2011	Established a fully owned subsidiary exchange company named IFIC Money Transfer (UK) Ltd.
2012	Inauguration of 100th Branch at Tejgaon-Gulshan Link Road in Dhaka.
2013	Achieved the Landmark of Tk 10,000 Crore Deposits.
2014	Launching of IFIC Mobile Bank.
2015	Crossed the Landmark of Tk 20,000 Crore in Foreign Trade Business.
2016	Inauguration of IFIC Tower at 61 Purana Paltan, Dhaka.
2017	Launched an innovative product IFIC Aamar Account, combining benefits of current & saving accounts, FDR, credit cards, etc. Became market leader in Home Loan product under retail banking segment. Introduced One Stop Service model in the branches for the first time in Bangladesh.
2018	IFIC Home Loan outstanding crossed the amount BDT 2,911.40 crore. Aamar Account stood at BDT 1,456.49 crore with a total of 99,399 accounts.



Information on Corporate Governance



Composition of Board and its Committees

Board of Directors

Chairman/Chairperson
Salman F Rahman

Vice-Chairman/Vice-Chairperson
Ahmed Shayan Fazlur Rahman

Directors

Anwaruzzaman Chowdhury
Independent Director

Rabeya Jamali
Independent Director

Jalal Ahmed
Govt. Nominated Director

A. R. M. Nazmus Sakib
Govt. Nominated Director

Quamrun Naher Ahmed
Govt. Nominated Director

Managing Director & CEO
M Shah Alam Sarwar

Company Secretary
Md. Mokammel Hoque

Audit Committee of the Board

Chairman/Chairperson
Rabeya Jamali

Members

Anwaruzzaman Chowdhury
Jalal Ahmed

Secretary to the Committee
Md. Mokammel Hoque

Risk Management Committee of the Board

Chairman
Jalal Ahmed

Members

Rabeya Jamali
A. R. M. Nazmus Sakib
Quamrun Naher Ahmed

Secretary to the Committee
Md. Mokammel Hoque

Executive Committee of the Board

Chairman
A. R. M. Nazmus Sakib

Member
Quamrun Naher Ahmed

Secretary to the Committee
Md. Mokammel Hoque



From Left

M Shah Alam Sarwar Managing Director & CEO
Quamrun Naheer Ahmed Govt. Nominated Director

Ahmed Shayan Fazlur Rahman Vice-Chairman/Vice-Chairperson
Salman F Rahman Chairman/Chairperson



From Left

Jalal Ahmed Govt. Nominated Director
Rabeya Jamali Independent Director

Anwaruzzaman Chowdhury Independent Director
A. R. M. Nazmus Sakib Govt. Nominated Director

Directors' Profile



Salman F Rahman
Chairman/Chairperson

Mr. Salman F Rahman, MP is an eminent business personality of the country. He is the Vice-Chairman of BEXIMCO Group - the largest private sector group in Bangladesh. Founded in 1970 as a commodities trading company, the Group now has operations and investments across a wide range of industries including textiles, trading, marine food, real estate development, hospitality, construction, information and communication technologies, media, ceramics, aviation, pharmaceuticals and energy.

Mr. Rahman is the Honourable Member of the Parliament from Dhaka-1 Constituency and also an Adviser to the Prime Minister for the Private Industry and Investment sector in the rank of a Cabinet Minister without any financial perks.

He was the President of FBCCI, the apex organization of businessmen of the country. Currently, he is the Chairman of IFIC Bank Limited, GMG Airlines Limited and Abahani Limited. He is associated with many social and charitable organizations.



Ahmed Shayan Fazlur Rahman
Vice-Chairman/Vice-Chairperson

Mr. Ahmed Shayan Fazlur Rahman is the eminent young businessman represents the Beximco Group as Executive Director, the largest conglomerate in Bangladesh. He has completed his BBA with distinction from American University, Washington DC, USA. Mr. Rahman has 10 years of expertise in the various sectors like Pharmaceuticals, Fuel, Power & Energy, Textile, ICT & Telecom, etc. He plays vital role in advising the Group in formulating current business strategies as well as future growth potentials. Mr. Rahman is the son of Mr. Salman F Rahman, Vice Chairman and founder of the Beximco Group.

Mr. Rahman is also instrumental in working with various international organizations and supporting charities both locally and internationally for the development of autism and other world issues. He is a Counselor of the Abahani Limited, the largest sporting club in Bangladesh. Being a great sports fan and advocate of promoting various sports in Bangladesh, Mr. Rahman has been instrumental in acquiring 100% of the Dhaka Dynamites franchise for the Bangladesh Cricket Premier League (BPL).

Mr. Rahman is the Chairman, Advisory Committee for Bangladesh, Prince of Wales Trust, British Asian Sector. He is also Honorary Consul General of the Republic of Kazakhstan in Bangladesh and Member, Executive Committee, SAARC Youth Chamber.

He is appointed as Director in the Board of IFIC Bank Limited as representative of M/s. New Dacca Industries Limited and currently, he is the Vice Chairman of the Bank.



Anwaruzzaman Chowdhury
Independent Director

Mr. Anwaruzzaman Chowdhury is an MBA from London, UK. He is the Chairman of Kipling in the UK. He is associated with many social and charitable organizations and trusts. He is a member of the Audit Committee of the Board of Directors of IFIC Bank Limited. He is a Director of IFIC Money Transfer (UK) Limited, UK and also an Alternate Director of Oman Exchange LLC, a joint-venture operation of the Bank in the Sultanate of Oman.



Rabeya Jamali
Independent Director

Ms. Rabeya Jamali is an Advocate, Supreme Court of Bangladesh and Partner, Jamali & Morshed. She did her LL.B. (Honours) from the University of Dhaka, Dhaka, Bangladesh and LL.M. in Banking and Financial Law from Boston University, School of Law, Boston, MA, USA. She attended workshops, seminars and conferences at home and abroad. She is a member of the Bangladesh Supreme Court Bar Association. Ms. Jamali has core expertise in Commercial Contracts, Construction Contracts, Joint Ventures, SPV relating to infrastructural development projects, Private-Public Partnership Projects, Telecommunication related infrastructure, Power and Energy, Company Law, Financial and Banking Laws, Securities Laws and related Arbitration. She is the Chairman/Chairperson of the Audit Committee and a member of the Risk Management Committee of the Board of Directors of IFIC Bank Limited. She is the Director of IFIC Money Transfer (UK) Limited, UK and IFIC Securities Limited. She is also an Alternate Director of Nepal Bangladesh Bank Limited, Nepal.



Jalal Ahmed
Director

Mr. Jalal Ahmed is an Additional Secretary to the Government of the People's Republic of Bangladesh. He was nominated as Director to the Board of IFIC Bank Limited on 13 November 2012 by the Ministry of Finance, Government of Bangladesh. Mr. Ahmed did his Honours & Masters in Public Administration from the University of Dhaka. At present, he is the Executive Project Director of Skills for Employment Investment Program (SEIP), a Project of Finance Division, Ministry of Finance, Bangladesh. He is the Chairman of the Risk Management Committee and a member of the Audit Committee of the Board of Directors of IFIC Bank Limited. He is the Chairman of Nepal Bangladesh Bank Limited, Nepal, IFIC Money Transfer (UK) Limited, UK and IFIC Securities Limited. He is also an Alternate Director of Oman Exchange LLC, a joint-venture operation of the Bank in the Sultanate of Oman.



A. R. M. Nazmus Sakib
Director

Mr. A. R. M. Nazmus Sakib is an Additional Secretary at the Ministry of Finance, Government of the People's Republic of Bangladesh. He was nominated as Director to the Board of IFIC Bank Limited on 19 June 2012 by the Ministry of Finance, Government of Bangladesh. He is a post - graduate in Botany and also obtained M. Sc. Degree in Development Finance. He is the Chairman of the Executive Committee and a member of the Risk Management Committee of the Board of Directors of IFIC Bank Limited. He is the Director of IFIC Money Transfer (UK) Limited, UK and Oman Exchange LLC, a joint-venture operation of the Bank in the Sultanate of Oman.



Quamrun Naher Ahmed
Director

Ms. Quamrun Naher Ahmed is an Additional Secretary at the Financial Institutions Division, Ministry of Finance, Government of the People's Republic of Bangladesh. She was nominated as Director to the Board of IFIC Bank Limited by the Ministry of Finance, Government of Bangladesh. Ms. Ahmed did her Honours & Masters in Economics from the University of Dhaka. She also obtained M. Phil in Social Change from University of Science and Technology, Norway. She attended various Training, Seminars and Conferences at home and abroad. She is the Member of the Executive Committee and the Risk Management Committee of the Board of Directors of IFIC Bank Limited. She is the Director of IFIC Securities Limited, IFIC Money Transfer (UK) Limited, UK and Nepal Bangladesh Bank Limited, Nepal.



M Shah Alam Sarwar
Managing Director & CEO

Mr. Shah A Sarwar joined IFIC Bank Limited as Managing Director on 02 December 2012. He started his career as Management Trainee of ANZ Grindlays Bank in 1982. Over the last 37 years in banking, Mr. Sarwar's career evolved as a well-rounded banker with adequate exposure in General Management, Client Coverage, Corporate Banking, Risk Management, Operations and IT Management.

He has core expertise in Creation of New Lines of Business, Business Process Re-engineering, Strategic and Change Management. He has optimum exposure & training in all areas of Banking in Australia, USA, UK, Hong Kong, UAE, Singapore, Sri Lanka and Pakistan. He is a Six Sigma Black Belt and certified in Credit Accreditation Process, International Trade Skill Assessment, Credit Skill Assessment and Credit in Context Course.

He sits on the Board of Grameen Bank and previously held various senior management positions in multinational and private commercial banks such as Trust Bank Limited, Premier Bank Limited and Industrial Promotion & Development Company of Bangladesh Ltd. (IPDC), United Commercial Bank Ltd (UCBL), American Express Bank Ltd, Standard Chartered Bank and ANZ Grindlays Bank.

With a distinctive academic record, he holds a Post-graduation degree with Honors in Economics from the University of Dhaka and an MBA from Victoria University, Australia. He is a gold medal recipient as the best all-round cadet of Faujdarhat Cadet Collage and a National Debate Champion.

Deputy Managing Directors' Profile



Mr. Muhammad Mustafa Haikal Hashmi joined IFIC Bank Limited as Deputy Managing Director on July 01, 2013 and currently holding the responsibility of Chief Risk Officer (CRO) and Chief Anti-Money Laundering Compliance Officer (CAMLCO).

He started his career as Probationary Officer of IFIC Bank Ltd. in 1986 and was enriched with adequate exposure in General Banking, Corporate Banking, Risk Management, ICC Operation, and Foreign Exchange Operation in home and abroad. He played various vital managerial roles in American Express Bank, Standard Chartered Bank, ANZ-Grindlays Bank, Banque Indosuez, Mashreq Bank, Dhaka Bank, Trust Bank etc.

He completed his graduation & Post-graduation on Management Studies from University of Dhaka.

Muhammad Mustafa Haikal Hashmi

DMD & Chief Risk Officer



Mr. Shah Md. Moinuddin, presently discharging responsibility as Deputy Managing Director and Head of International Division from March 01, 2015 joined IFIC Bank Limited on July 16, 1986 as Probationary Officer.

During his long association with IFIC Bank for about 33 years, he has shown his credibility and dynamic leadership holding different managerial positions in different capacities.

Mr. Moinuddin was posted at different Branches in different capacities during his long career including Principal Branch and Federation Branch Manager of IFIC Bank Limited.

He completed his graduation & post-graduation from University of Dhaka major in Accounting.

Shah Md. Moinuddin

DMD & Head of International Division



Mr. Nurul Hasnat has been discharging his responsibility as Deputy Managing Director and Head of Business since January 01, 2018. He joined IFIC Bank Limited as Executive Vice President on February 27, 2013.

Mr. Hasnat has 30 years long Banking experience which started in BCCI in February, 1989. He also served in Eastern Bank, South East Bank and Trust Bank in different capacities.

In IFIC Bank, he served as Branch Manager of Principal Branch, Federation Branch and Gulshan Branch and made notable contribution in their business portfolio.

Mr. Nurul Hasnat completed his post-graduation on Human Resource Management and also completed specialized courses on International Trade from School of Finance, United Kingdom.

Md. Nurul Hasnat

DMD & Head of Business



Mr. Syed Mansur Mustafa is holding the position of DMD & Chief Credit Officer of the Bank since July 03, 2018.

Earlier he joined as Senior Executive Vice President on April 06, 2015. He started his career as Probationary Officer of AB Bank in 1996 and also served for Trust Bank.

Mr. Mustafa has an MBA from Institute of Business Administration and post-graduation in International Relation from University of Dhaka.

Syed Mansur Mustafa

DMD & Chief Credit Officer



Mr. Md. Monitur Rahman joined the Bank on August 30, 2018 as DMD and Chief of Operations & Information Technology.

Mr. Rahman has long 25 years of experience in Standard Chartered Bank and National Board of Revenue. His core expertise is Technology and Operational Governance, Infrastructure Development, Project Management and Service Quality for Customer.

Mr. Rahman has an MBA major in Finance from North South University and graduation major in Electrical & Electronic Engineering (EEE) from Bangladesh University of Engineering and Technology (BUET).

Md. Monitur Rahman

DMD & Head of Operations & IT

Senior Management Team (SMT)

1.	M Shah Alam Sarwar	Managing Director & CEO	Chairman
2.	M. M. Haikal Hashmi	DMD & CRO	Member
3.	Shah Md. Moinuddin	DMD & Head of International Division	Member
4.	Md. Nurul Hasnat	DMD & Head of Business	Member
5.	Syed Mansur Mustafa	DMD & CCO	Member
6.	Md. Monitur Rahman	DMD & COIT	Member
7.	K. A. R. M. Mostofa Kamal	Head of Human Resource Management	Member
8.	Ashim Chowdhury	Head of Internal Control & Compliance	Member
9.	Dilip Kumar Mandal	Chief Financial Officer	Member
10.	Md. Mokammel Hoque	Company Secretary	Member Secretary



Senior Management

Managing Director

M Shah Alam Sarwar

Deputy Managing Director

Muhammad Mustafa Haikal Hashmi
Shah Md. Moinuddin
Md. Nurul Hasnat
Syed Mansur Mustafa
Md. Monitur Rahman

Senior Executive Vice President

Khan Abu Roushan Mohammad Mostofa Kamal
Ashim Chowdhury
Syed Fazle Ahmed
Md. Rafiqul Islam
Iqbal Parvez Chowdhury

Executive Vice President

Md. Badrul Alam
Ferdousi Begum
M. Mozibar Rahman
Dilip Kumar Mandal
Helal Ahmed
Md. Zulfiquer Ali Chakder
Nurul Basher Abdul Mamun
Syed Hassanuzzaman
Hossain Shah Ali

Senior Vice President

Shaikh Sohail Khurshid
Mohammad Mahmood
Mir Golam Mowla
Md. Abdullah Al Masum
Mir Iqbal Hossain
Madhubanti Kabir

First Vice President

Sohel Mahmud Zahiduzzaman
Md. Akbar Ali
Mohammad Sahin Uddin
Sharmilla Manzoor
Md. Ali Imam Khan
Md. Selim Talukder
A. T. M. Raziur Rahman
Humaira Parveen Runi
Md. Salah Uddin

Vice President

Ahmed Sayeed
Navedul Islam
A. M. Mahmud Hossain
Md. Mostaque Hossain Chowdhury
Abul Kalam Mojibur Rahman
Anwara Begum
Morshed Ali
Tauheed Mahmud Hussain
Nazmun Nahar Begum
A. B. M Mohsin Kamal Molla
Md. Nazmul Haque Talukder
A. K. M Zahirul Islam
Md. Mozammel Haque
Md. Mokammel Hoque
Mohammad Rakibul Islam
D. M. Rejaul Karim
Md. Mosharraf Hossain Mridha
Mohammed Mizanur Rahman

Chairman's Message



Dear Shareholders,

Assalamu Alaikum.

As another financial year comes to an end, it gives me immense pleasure to welcome all of you, our valued shareholders, on behalf of the members of the Board of Directors, to the 42nd Annual General Meeting of your Bank - IFIC Bank Limited and to present to you the audited Financial Statements and Annual Report for the financial year 2018. At the very outset, I would like to express my profound gratitude and sincere thanks for your continued belief, passion, support and patronage extended to the Bank towards making IFIC a caring, reliable and successful bank of the country.

The Directors' Report on Financial Statements & Internal Control, the Financial Statements for the year ended on 31 December 2018 together with the Auditors' Report thereon are already in your hands. The Annual Report gives a detailed overview of your Bank's performance during the year 2018 that has been presented through various quantitative and qualitative parameters.

The Bangladesh economy has been able to maintain sustained economic growth during FY2017-18. According to the final estimate of Bangladesh Bureau of Statistics (BBS), GDP growth for FY2017-18 reached 7.86 percent, significantly higher than the growth of 7.28 percent in the preceding fiscal year. Major boost of growth has come from the broad agriculture and small & medium scale manufacturing industry sector. The per capita national income reached US\$1,751 in FY2017-18, up by US\$141 a year earlier.

Two-third of the total population is currently active. The Government is implementing different types of development programs to accumulate demographic dividend by

utilizing the huge number of active working population. The Government has allocated around 24 percent of the annual budget to the HRD related sectors.

With a view to attaining sustainable development, it is very necessary to invest in economic sector especially in industry and production sectors. The Government is working for the overall development of investment scenario for the purpose of increasing domestic and foreign investment which relates to development activities.

Private sector is considered to be the main engine of the economic growth of the country. Hence, utmost priority is given to entrepreneurship and private investments, both domestic and foreign. Steps are also taken to establish one hundred Special Economic Zones throughout the country as well as setting up of a number of industrial parks to promote IT sectors.

Bangladesh has become a highly competitive location for investments in terms of cost, human resources, size of domestic market, access to international market, trade facilitation, investment protection, and socio-political stability. Consequently, foreign investment registered a growth of 67.9 percent in 2018.

The growth is driven by a committed workforce, 64% of which are young by age. A robust economic performance and growing investments in social sectors kept the country well on track to become a middle-income country by 2021 and a developed one by 2041.

The McKinsey & Company has rightly dubbed Bangladesh as a fast-growing sourcing destination, emerging manufacturing and distribution hub, and an expanding

consumption economy.

Now let me come to the performance of your bank. Last year, as an outcome of inclusive banking, by pursuing excellence in customer care through customer relevance, by innovating consistently to deliver technology driven solutions to the banking industry and through continuous product innovations, we have carved a veritable niche for ourselves in the eyes of our customers. And it is thus that your point of view remains our point of consideration.

Per capita
national
income

reached

US\$1,751

in FY2017-18

100 Special
Economic
Zones

throughout the country

The Bank also has a significant involvement and proactive participation in benevolent activities. As a trend-setter, the Bank is gradually organizing its involvement in the more structured CSR initiatives, following the Guidelines of Bangladesh Bank.

Our Management Team, like previous year, in 2018 also, maintained their winning streak, receiving national and international accolades for transparency, good governance, sustainability, people practices, brand management, CSR and IT applications.

We intend to grow our business in a sustainable manner by enhancing the quality and efficiency, exploring potential areas for new investment as well as devising new products and focusing on customer service.

Management Team possess the right competencies to capitalize on these opportunities to maintain a higher growth trajectory for the Bank

The Board continues its effort to set the right tone from the top of the Bank

We are confident that the Management Team possess the right competencies to capitalize on these opportunities to maintain a higher growth trajectory for the Bank. As such, your Bank would concentrate on sharpening its competitive edge by improving its business strategies and protecting its

credibility through fulfillment of the promises.

For the effective governance of the business of the Bank, the Board of Directors strikes a balance at a high standard of effectiveness between driving the business forward and controlling it prudently.

The Board of your Bank continues its effort to set the right tone from the top of the Bank and tracking progress against potential key risks and reputation issues. I am pleased to report that your Board also continues to function well and is very clearly focused on its priorities. A strong governance framework is developed to support the long-term sustainable growth of the Bank.

On behalf of the Board, I wish to place on record our sincere appreciation to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission and other regulatory authorities, various financial institutions, banks and correspondents at home and abroad for their continued support and guidance.

My sincere appreciation is also to the Managing Director & CEO, the Management Team and the IFIC Bank Team for making 2018 yet

another year of commendable success and for their continued pursuit towards achieving the Bank's objectives despite the veritable challenges.

We endeavor to serve our customers with the highest level of convenience, transparency and respect. We sincerely appreciate the trust they have reposed on us and are looking forward to maintain a long-term relationship with them.

A special word of thanks to our shareholders again, who have been an integral part of the Company's journey throughout the year.

Finally, I wish to place on record my appreciation to my fellow Directors for their unstinted support, guidance and insight which has helped us to steer the organization towards the many successes it has achieved till date.

We look to the next financial year with confidence and resolute dedication. Let there be good days ahead for all of us. May the Almighty Allah bestow His choicest blessings upon us!

Allah Hafez.



Salman F Rahman
Chairman

Managing Director & CEO's Review



Dear Respected Shareholders,

I feel honored and privileged to have the opportunity to present the summary of financial and operating performance of IFIC Bank Limited for the year 2018. I am pleased to report that the bank has delivered yet another year of stable performance with a vision to be the preferred financial service provider through innovative, sustainable and inclusive growth, and to deliver the best in class value to all stakeholders. IFIC Bank has attained positive parameters towards its vision by dynamic leadership and exercising appropriate policies and risk management frameworks provided by both the regulatory authority and the Bank.

Macroeconomic Scenario of Bangladesh

The Bangladesh economy has been able to continue a persistent economic growth. The economy recorded a 7.86% growth of GDP in FY18 compared to 7.3% in FY17. This growth was largely supported by strong domestic and external demand. Export growth rose from 1.7% in FY17 to around 6.0% in FY18, while import witnessed a massive growth of 25.2% in FY18 from 9% in FY17, leading to an even wider trade deficit. Export stood at USD 36,205 million in FY18 from USD 34,019 million in FY17. Import increased to USD 54,463 million in FY18 from USD 43,491 million in FY17. In FY18, remittance inflows shot up by 17.3% compared with the negative growth of 14.5% in FY17. The depreciation of Taka against US Dollar encouraged migrants to send home more money in FY18 which contributed to a higher rate of remittance inflow. The trade deficit widened further to USD 18,258 million in FY18 from USD 9,472 million in FY17. The faster growth of import in comparison to export mainly contributed to

the widening of trade deficit in FY18. The services and income account along with primary and secondary income registered a surplus of USD 8,478 million in FY18. The Current Account Balance turned negative by USD 9,780 million in FY18 and the Capital and Financial Account surplus widened to USD 9,368 million in FY18. The overall balance of payments surplus turned into deficit of USD (-) 885 million in FY18 which was USD 3,169 million in FY17. The foreign exchange reserves stood at USD 32.9 billion at the end of FY18, representing around 5 months of prospective import coverage. As opposed to the previous declining trend of inflation since FY14, year-on-year inflation in FY18 increased to 5.8% compared to 5.4% in FY17. The rising trend in inflation in FY18 was mainly driven by food inflation due to flood related domestic shocks, depleting inventory and higher global commodity prices. The per capita national income reached at USD 1,751 in FY18, up by USD 141 from previous fiscal year.

IFIC Bank Performance

Deposits of the Bank increased to BDT 226,333 million in Y2018 from BDT 200,206 million in Y2017, indicating a growth of 13.05%. Loans and Advances rose to BDT 206,930 million in Y2018 from BDT 179,264 million in Y2017, representing a growth of 15.43%.

Import of the Bank was BDT 101,642 million in Y2018 having 3.81% rise while Export of the Bank was BDT 98,257 million in Y2018 having 10.80% growth. Total Remittance (inward) was BDT 22,827 million in Y2018 having a rise of 16.65% from previous year. Overall Foreign Exchange Business increased by 8.04% from BDT 206,154 million in Y2017 to BDT 222,726 million in Y2018.

The economy recorded a

7.86% growth of
GDP in
FY18

compared to **7.3%** in **FY17**

The **services**
and **income**
account

along with **primary** and
secondary income registered
a **surplus** of

USD 8,478
million in
FY18

Net Interest Income reduced by 16.97% from BDT 5,492 million in Y2017 to BDT 4,560 million in Y2018. At the end of Y2018 Profit after Tax of the Bank stood at BDT 1,570 million vis-à-vis to BDT 2,068 million representing 24.06% negative growth opposed to Y2017.

Capital Adequacy

At the end of December 2018, total Shareholders' Equity stood at BDT 22,116 million, which is 7.68% higher than that of 2017 mostly due to declaration of stock dividend at 12% in 2018. The Bank maintained Capital to Risk-weighted Asset Ratio (CRAR) of 12.63% under Revised Regulatory Capital Framework for Banks in line with Basel III as against minimum requirement of 11.875% set by Bangladesh Bank for the year ended 31 December 2018.

Growth Initiatives Implemented in 2018

- ▲ In 2018, the Bank implemented One Stop Service Model in its Branches for providing admirable customer service.
- ▲ The Bank highly promoted the marketing and selling of 'Aamar Account' – a unique Account where one can maintain his deposit balance with interest on daily product basis and at the same time one can avail overdraft facility up to a given limit.
- ▲ In 2018, IFIC Bank opened 6 new Branches which created a total network of 147 Branches in Bangladesh.
- ▲ The Bank provided a special focus on collateral based Home Loan Product marketing and selling by giving competitive interest rate and quick loan processing service which got tremendous response from the market.
- ▲ In 2018, the Bank has implemented a good number of software in different areas of its operation to ensure better customer service. Bank has also integrated a number of software with Bangladesh Bank and Core Banking System to ensure fastest and secured banking services.
- ▲ IFIC Bank Contact Center has been operating 24/7 servicing hours since 2012. By simply dialing **16255 or 096667** **16255** customers can avail banking service anytime from anywhere. IFIC Bank has upgraded its contact center solution to provide multiple banking services and has developed a dedicated team for ensuring service quality and complaint handling.

Risk Management

The Bank vigorously tries to manage risk by taking calculative

risks to secure its capital, resources and sustainable profitability. These activities include the analysis, evaluation, acceptance and management of risks. Regarding supervision of risk management, the Board of Directors performs prime responsibility of the risk supervision. IFIC conducts its banking operations by maintaining compliance according to the Risk Management Guidelines of the Bank which covers the risks such as credit risk, foreign exchange risk, internal control and compliance risk, anti-money laundering risk, information & communication technology risk, asset liability management risk etc.

The Bank highly promoted the marketing and selling of

'Aamar Account'
– a unique Account

where one can maintain his deposit balance with interest on daily product basis and at the same time one can avail overdraft facility up to a given limit.

IFIC Bank is always committed to enhance the quality and capability of human resource to attain sustainable growth

Commitments Towards the Employees

IFIC Bank is always committed to enhance the quality and capability of human resource to attain sustainable growth. The Bank is making continuous efforts to strengthen the people management practices of the bank. The Bank ensures equal opportunities for the employees and offer a diversified career path so that they can reach their full potential. The Bank is providing training and workshop to the employees at home and abroad to meet their skill gaps. IFIC organizes various employee engagement programs to inspire the employees so that they can engage themselves for higher productivity. Bank has also created performance culture among the employees through implementing KPI (Key Performance Indicator) based Quarterly Performance Appraisal system. Along with competitive pay and allowances, the Bank also provides Provident Fund, Gratuity Fund and Leave Encashment facility to the employees. IFIC Bank provides enriched hospitalization insurance and group life insurance facilities for the employees and their family to ensure hospitalization and life coverage.

Responsibilities towards the society

IFIC Bank performed the following activities in 2018 to address the need of people for making positive and significant contributions to the society:

- ▲ Professor Hasan Azizul Huq was conferred with the IFIC Bank Shahittya Ratna Shammanona -2016 and two other writers won IFIC Bank Shahitto Purosker-2016 and got their Prizes from the Bank.
- ▲ The Bank has provided blankets to Prime Minister Relief Fund.

- ▲ IFIC Bank has donated to Research and Development Collective (RDC) for conducting research on martyred intellectuals at Dhaka University.
- ▲ IFIC Bank has donated to Prime Minister's Shikkha Shohayota Trust.
- ▲ The Bank has given donation to University of Dhaka for enhancement of IFIC Trust Fund.
- ▲ The Bank has donated fund to Biswa Shahitya Kendra to sponsor its educational activities.
- ▲ IFIC Bank has given assistance to Child Day Care Center of Banks to meet its operating cost.

Initiatives for 2019

- ▲ In a Digital Bangladesh, customers are opting for Banking via Digital Banking

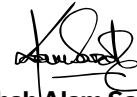
Platforms. IFIC Bank is upgrading its robust digital channel solutions to improve customers' Digital Banking experience.

- ▲ The Bank will vigorously promote the marketing and selling of groundbreaking products - 'Amar Account' and 'IFIC Aagami'
- ▲ IFIC Bank will reform its Contact Center into a one-stop touch point for its our customers round the clock for unbounded customer service experience.
- ▲ IFIC Bank will continue to give emphasis on promoting 'Home Loan' product countrywide.

Concluding Remarks

I am conveying my sincere gratitude to the regulatory authorities especially Bangladesh Bank, Bangladesh Securities and Exchange Commission,

Dhaka Stock Exchange and Chattogram Stock Exchange for their continuous help and support. I would like to express my earnest gratefulness and thanks to the members of the Board of Directors for their policy guidelines and adequate assistance to the Management in implementing those policy guidelines. Thanks are due to our respected shareholders, valued customers and all other stakeholders for their confidence and belief in the Management of the Bank. Finally, I wish to express gratitude to my colleagues for their dedication and endeavor in making 2018 a successful year for IFIC Bank.



M Shah Alam Sarwar
Managing Director & CEO

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A Management's Discussion and Analysis has been presented with detailed analysis of the Bank's financial position and operations which is also disclosed separately in this Annual Report.



Directors' Report

Directors' Report

Respected Shareholders,

Assalamu Alaikum.

The Board of Directors of IFIC Bank Limited with immense pleasure takes this opportunity of presenting the Directors' Report along with the Audited Financial Statements for the year ended 31 December 2018 to you on the occasion of 42nd Annual General Meeting (AGM) of the Bank. The Report and Financial Statements of the Bank have been prepared in accordance with the regulations, standards & relevant sections mentioned in the Company Act 1994, the Bank Company Act 1991 (amended up to 2018), Bangladesh Bank circulars & guidelines and other applicable rules & regulations of the respective Regulatory Authorities. A brief overview of

Global and Bangladesh Economy, Bank's performance, overall strength, growth trend and other matters have been incorporated here.

1. Global Economy and its outlook

Global growth is forecast at 3.7 percent for 2018-19, 0.2 percentage point below the April 2018 WEO projection, and is set to soften over the medium term. However, its pace is less vigorous than projected in last April and it has become less balanced.

The downward revision reflects surprises that suppressed activity in early 2018 in some major advanced economies, the negative effects of the trade measures implemented or approved between April and mid-September. It also indicates a weaker outlook for some key

emerging market and developing economies arising from country-specific factors, tighter financial conditions, geopolitical tensions and higher oil import bills.

Among advanced economies, growth disappointed shows in the euro area and the United Kingdom. Slower export growth after a strong surge in the final quarter of 2017 contributed notably to the euro area slowdown. Higher energy prices helped dampen demand in energy importers, while some countries were also affected by political uncertainty or industrial actions. Aggregate growth in the emerging market and developing economy group stabilized in the first half of 2018. Emerging Asia continued to register strong growth, supported by a domestic demand-led pickup in the Indian economy from a four-year-low pace of expansion in 2017.

Table: Overview of the World Economic Outlook

GDP at constant prices	Percentage Change				Difference from April 2018 WEO Actual Projection	
	Actual		Projection		2018	2019
	2016	2017	2018	2019		
World	3.2	3.7	3.9	3.9	0.0	0.0
Advanced Economics	1.7	2.4	2.4	2.2	-0.1	0.0
USA	1.5	2.3	2.9	2.7	0.0	0.0
Euro Area	1.8	2.4	2.2	1.9	-0.2	-0.1
Other Advanced Economics	2.3	2.7	2.8	2.7	0.1	0.1
Emerging Market and Developing Economics	4.4	4.7	4.9	5.1	0.0	0.0
China	6.7	6.9	6.6	6.4	0.0	0.0
India	7.1	6.7	7.3	4.5	-0.1	-0.3

Source: World Economic Outlook update (July 2018), International Monetary Fund.

Higher energy prices have lifted headline year-over-year inflation rates in advanced and emerging market and developing economies over the past six months. Core

inflation that is, excluding food and energy-remains below central banks' targets in most advanced economies. Among emerging market and developing economies, excluding

Venezuela's hyperinflation, core inflation remains below the average of recent years but has inched up in recent months.

2. Bangladesh Economy

As per Bangladesh Bureau of Statistics (BBS), GDP growth for FY2017-18 reached 7.86 percent, significantly higher than the growth of 7.28 percent in the preceding fiscal year. Among the broad sectors of GDP, the contribution of agriculture and service sector to GDP slid down by 0.51 percentage point to 14.23 percent and by 0.74 percentage point to 52.11 percent which was offset by an increased share of industry by 1.24 percentage point to 33.66 percent in relation to the preceding year.



During the period broad agriculture sector registered a growth of 4.19 percent, up by 1.22 percentage point compared to the previous year due to the better performance of most of its sector and sub-sectors. Crop and horticulture grew to 3.06 percent, 2.10 percentage point higher than the previous year. Animal farming's sub-sector progressed than the year before, but 'forest and related services' sub-sector declined. Fishing sector similarly grew at a rate of 6.37 percent, 0.14 percentage point higher than the previous year.

In FY2017-18, broad industry sector grew by 12.06 percent, higher than the growth of 10.22 percent in the previous year. In broad industry sector, the growth of mining and quarrying sector declined to 7.00 percent in FY2017-18 from 8.89 percent in FY2016-17. In contrast, manufacturing sector, 'electricity, gas and water supply' sector and construction sector experienced a growth of 13.40 percent, 9.19 percent and 9.92 percent respectively. Of the manufacturing sector, large and medium-scale manufacturing sector grew at a pace of 14.26 percent compared to the growth of 11.20 percent in the preceding year but small scale manufacturing sector exhibited a growth of 9.25 percent, slightly lower than FY2016-17. Of the 'electricity, gas and water supply' sector electricity and gas sub-sector registered a faster growth in relation to the previous year.

In FY2017-18 broad service sector grew by 6.39 percent, down by 0.30 percentage point a year earlier. Among the broad service sector, wholesale and retail trade, hotel and restaurants, real estate, renting and business activities and community, social and personal services performed better than the year before, but some other sectors such as transport, storage and communication, financial intermediation, public administration and defense, education, health and social works exhibited slightly lower pace of progress. Continuing the upward trend per capita GDP of Bangladesh reached US\$ 1,675 in FY2017-18 from US\$ 1,544 a year earlier. Likewise, per capita national income increased to US\$1,751 in FY2017-18, US\$ 141 higher than the previous year as per the final estimates of BBS.

3. Banking Industry in 2018

Banking industry of Bangladesh has achieved remarkable

momentum over the year in 2018. It has brought several positive changes in terms of expansion, modernization, quality of assets, application of international standards, technology adaptation, capacity development efforts, corporate governance, and improved regulatory and supervisory environment. However, like other global economies, the industry is becoming exposed to newer challenges, financial crimes and competitions.

Bangladesh Bank (BB) as a central bank has undertaken remarkable regulatory and supervisory initiatives over the years in line with the internationally accepted standards and compliance requirements. The central bank has created a platform for modernization of banking, payment system and financial service delivery by formulation of rules, guidelines and supportive arrangements. Notable initiatives have been taken for effective oversight of risk management, internal controls and customer interest protections. It is good to observe that the central bank has responded with due support to technology-driven initiatives of the scheduled banks. Several incentives like refinance lines from BB and limited interest subsidies have been made available to promote lending to farmers, small enterprises and poor households.

In the banking industry of Bangladesh, a good number of instances are really inspiring. There are cases when leadership of banks transformed their institutions remarkably in terms of improved services, processes, developing new products, and launching technology-driven payment and financing services. Some banks have already come up with their own internet banking apps to provide services. In recent times, mobile banking & agent banking is a remarkable venture.

3.1 Highlights of Monetary Policy of Bangladesh Bank

- ▲ GDP growth at 7.65 percent outperformed the target of 7.4 percent and average inflation at 5.78 percent slightly underperformed, relative to the goal of remaining within 5.5 percent, reflecting weather-related shocks amid rising global inflation.
- ▲ Inflationary risk concerns remained largely under control in FY18 since broad money (M2), the key determinant of inflation, grew by 9.2 percent, well below the program target of 13.3 percent. Private credit growth, despite recent moderation, remained strong at 16.95 percent in June 2018, slightly above the FY18 program target, but domestic credit (DC) growth reached 14.6 percent, below the program target of 15.8 percent.
- ▲ BB's policy measures since the last MPS - a reduction in CRR by 1 percentage point and repo rate by 75 basis points - along with the increased deposits by public agencies in private banks helped moderate the liquidity tightening from the negative NFA growth. These measures aided banks' initiatives to moderate interest rate spikes in the near term.
- ▲ Balancing the inflation and output risks, amid improving liquidity conditions and moderating food inflation while inflation expectations are elevated and global market conditions tighter, BB has decided to maintain the policy rates at their current levels, with repo and reverse repo rates at 6.0 and 4.75 percent, respectively. The FY19 monetary program sets growth ceilings of private credit, domestic credit and broad money at 16.8, 15.9, and 12.0 percent, respectively, adequate to support growth

while maintaining price stability.

4. IFIC in the Banking Sector of Bangladesh

International Finance Investment and Commerce Bank Limited (IFIC Bank) was set up at the instance of the Government in 1976 as a joint-venture between the Government of Bangladesh and Sponsors in the private sector with the objective of working as a finance company within the country and setting up joint-venture banks/financial institutions abroad. In 1983 when the Government allowed banks in the private sector, IFIC was converted into a full-fledged commercial bank. The Government of the People's Republic of Bangladesh now holds 32.75% of the share capital of the Bank and the rest of the share capital is held by the Sponsors/Directors, local and foreign institutions and general public shareholders.

A total of 147 branches of IFIC are dedicated to fulfill the Mission of providing services to the clients with the help of a skilled and dedicated workforce. As one of the leading banks of the banking sector in the country, IFIC is always committed to the welfare and economic prosperity of the people and the community.

4.1 Client as Trusted & Development Partner

IFIC recognizes customers as partners and aims at providing high quality products and services at a fair price. The Bank focuses on supplying of Customer Service Excellence (CSE) in those products and services with the optimum desire to gain total customer satisfaction and confidence. The Bank hopes to build reliability, trust and friendship through honesty and integrity for healthy long-term alliances.

The Bank looks after every client to make him/her a development partner through addressing his/

her banking needs and wants to provide best services at affordable prices.

The Bank provides a professional, safe and enjoyable work environment that supports job enthusiasm, positive relationship and effective teamwork. The Bank provides clear directions to motivate the team to achieve the goals. The Bank seeks to inspire loyalty to the company by treating all the employees with respect, recognition and understanding.

4.2 Cluster Management

Cluster Management is considered as a new and highly efficient forms of innovation support providers that provides and channelizes specialized and customized business support services to enterprises. Our high quality cluster management is working relentlessly to ensure cluster excellence in the Bank and efficient cluster Managers act as a driving force for clusters. Their performance is very much linked to the professional expertise and the capability of them, who dispose of good cluster insight, necessary for an efficient support to cluster members.

5. Financial Performance of IFIC Bank Limited

Year 2018 was one of the challenging years for IFIC in terms of new business generation in both asset and liability side and profitability due to interest rate movement both at lending and deposit. Despite heightened challenges, IFIC managed to close its business efficiently in the year 2018 through improved process efficiency, enhanced workforce productivity and establishing state-of-the-art technology.

Throughout the year the bank has been resolute in maintaining its relentless focus to meet customers' need and its stakeholders' expectations.

5.1 Financial Position based on Separate Financial Statements

A review of the financial position of the bank as at 31 December 2018 is presented below:

BDT in million

Particulars	2018	2017	Change
Borrowing from banks & FI	9,969	8,474	17.7%
Subordinated debt	3,500	3,500	0.0%
Deposits	226,333	200,206	13.1%
Other Liabilities	21,155	20,531	3.0%
Shareholders' Equity	22,116	20,539	7.7%
Total Liabilities & Equity	283,073	253,249	11.8%
Cash & Bank Balance	28,077	29,932	-6.2%
Investments	31,304	27,858	12.4%
Loans and Advances	206,930	179,264	15.4%
Fixed Assets	5,438	3,528	54.1%
Non-banking & Other assets	11,325	12,666	-10.6%
Total Assets	283,073	253,249	11.8%

At the end of year 2018 total Balance Sheet size of the Bank on solo basis stood at BDT 283,073 million vis-à-vis BDT 253,249 million of year 2017, registering a positive growth of 11.8%, which is mainly for increment of investment, loans and advances and fixed asset.

Deposit, the main source of funding of Bank stood at BDT 226,333 million at the end of Y2018 vis-à-vis BDT 200,206 million in the year 2017. Total deposit of the bank grew by 13.1% from last year with net addition of BDT 26,127 million.

CASA deposit has increased by BDT 5,556 million representing a positive growth of 12.7% compared to prior year. On the other hand, FDR & Other Deposit increased by BDT 20,571 million, with a growth of 13.2% over last year. Overall liquidity position of the banking sector was very challenging during the year 2018 and keeping in this mind, IFIC has given more emphasis on long term liquidity rather than short term. As a result, CASA mix of the bank stood at 21.8% at the end of year 2018 vis-à-vis 21.9% in year 2017. On the other hand, at the end of the year 2018 IFIC

Flagship deposit product IFIC Aamar Account balance stood at BDT 14,565 million compared to BDT 5,839 million in 2017, which demonstrated a net addition of BDT 8,726 million with 149.5% growth over prior year.

Loans and advances of the bank stood at BDT 206,930 million in 2018 representing a growth of 15.4%, over BDT 179,264 million in 2017. The Bank has been able to maintain this remarkable growth mainly for increment and credit growth in both the corporate and retail segments especially in IFIC home loan.

5.2 Asset Quality

Strategic focus on no-compromise with asset quality has been pursued in every segment of credit management. As a result, the year-end achievement has been possible in maintaining better asset quality over prior year. At the end of year 2018, NPL ratio of the bank stood at 6.16% vis-à-vis 6.40% in 2017. The Bank has made enough coverage by way of maintaining provision and suspense against NPL portfolio to mitigate the expected credit loss. At the end of the year 2018, the Bank maintained total provision of BDT

5,954 million and kept interest suspense of BDT 6,286 million against gross loan portfolio and investment.

5.3 Financial Performance

The year 2018 was challenging in operating environment and maintaining the net interest margins due to rising the interest expenses and application of single digit 9.0% lending rate since 1 July 2018. At the end of year 2018 the Interest Income of the bank increased by 27.1% compared to the interest income of prior year, at the same time interest expense has increased by 52.7% over last year to maintain the healthy long term liquidity. Due to higher level growth of the interest expense than interest income, net interest margin of the bank reduced by 17.0% opposed to year 2017 which has directly impacted the overall profitability of the Bank. Though the net interest income reduced over last year, non-interest income which comprises of investment income, fees and commission etc. increased by 4.0% in the year 2018 than the year 2017. Summary financial result of the bank for the year 2018 is furnished in the next page:

BDT in million

Particulars	2018	2017	Change
Net interest income	4,560	5,492	-17.0%
Non-Interest Income	4,441	4,270	4.0%
Operating Revenue	9,001	9,762	-7.8%
Operating expenses	5,106	5,348	-4.5%
Operating profit	3,895	4,414	-11.8%
Loan loss provision	1,035	2,038	-49.2%
Profit before taxes	2,859	2,377	20.3%
Provision for tax	1,289	309	317.4%
Net profit after tax	1,570	2,068	-24.1%

In the expenses side, the bank incurred total operating expense of BDT 5,106 million during 2018 as opposed to BDT 5,348 million in 2017 i.e. total operating expenses of the bank reduced by BDT 242 million over last year representing 4.5% below from prior year due to saving from salary & benefits, depreciation of fixed assets and other discretionary expenses like advertisement and publicity, subscription and donation and CSR.

Operating profit of the bank stood at BDT 3,895 million in 2018 compared to BDT 4,414 million in 2017 which is 11.8% lower than the prior year mainly for lower level of net interest margin. However, due to lower level of loan loss provisioning against its lending portfolio and investment, Profit before tax of the bank stood at BDT 2,859 million in 2018 vis-à-vis BDT

2,377 million which is 20.3% higher than the year 2017.

In the year 2018 the bank made provision of BDT 1,080 million as current tax opposed to BDT 750 million of previous year and accounted for BDT 209 million as deferred tax expense compared to deferred tax income of BDT 441 million of last year. After considering the deferred tax at the end of year 2018 total tax expenses of the bank stood at BDT 1,289 million vis-à-vis BDT 308 million of year 2017 i.e. tax expenses grew by BDT 980 million or 317.4% higher than last year. Total tax expenses of the bank is higher than the previous year as current tax in 2017 was calculated after considering the prior years' provision surplus and there was deferred tax income in 2017 due to higher level of loan loss provision under doubtful and bad loss category of classified loans. With the impact of higher

level of tax expenses Net profit after Tax of the bank stood at BDT 1,570 million in 2018 compared to BDT 2,068 million in 2017.

5.4 Quarterly Disclosed Financial Performance with Annual Financial Performance

The quarterly financial performance of the Bank was mostly consistent in all the first 3 quarters. In 4th quarter total operating income changed slightly due to increase of net interest income for recovery and regularization of few classified accounts and accruing dividend income from its overseas associate. On the other hand, operating expenses have changed slightly and increased in the 4th quarter mainly for the recognition of non-regular expenses like incentive bonus etc. Brief picture of quarterly performance of the Bank is furnished below:

BDT in million

Particulars	Q1	Q2	Q3	Q4	Y2018
Net interest income	1,055	959	1,022	1,523	4,560
Non-interest income	996	997	952	1,496	4,441
Operating Revenue	2,051	1,956	1,974	3,020	9,001
Operating expenses	1,140	1,317	1,156	1,494	5,106
Profit before tax	911	640	818	1,526	3,895
Loan loss provision	370	281	207	177	1,035
Profit before tax	541	359	611	1,349	2,859
Net profit after tax	266	108	159	1,038	1,570

5.5 Preparation of Financial Statements and the Annual Report

IFIC Bank has prepared its financial statements as per International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any deviation there from has been adequately disclosed in the notes to the financial statements. To comply with the IAS/IFRS, bank maintains proper books of accounts and present fairly its state of affairs, the result of operations, cash flows and changes in equity. IFIC also consistently followed

suitable accounting policies for all financial statements, while the accounting estimates are founded upon reasonable and prudent assessment. The main emphasis of IFIC is placed on the integrity and quality of its financial statements. When drafting the annual report, accurate presentation is also prioritized as per prevailing laws of the land. A declaration on Financial Statements for the year ended on 31 December 2018 by the Managing Director & CEO and the Chief Financial Officer to the Board of Directors of the Bank has been disclosed in this Annual Report.

5.6 Capital Adequacy Position

In terms of regulatory requirements, IFIC is under an obligation to keep a minimum capital requirement to sustain its business. As per Bangladesh Bank guidelines, at the end of year 2018 Bank maintained Capital to Risk Weighted Asset Ratio (CRAR) at the rate of 12.630% against the requirement of 11.875% which 0.755% above the minimum requirement. Capital Adequacy Position of the Bank as on 31 December 2018 in comparison with the year 2017 are furnished below:

BDT in million		
Particulars	2018	2017
Tier 1 Capital	20,877	18,875
Tier-2 Capital	6,026	5,239
Regulatory Capital	26,904	24,114
Required capital	25,295	21,574
Capital surplus	1,609	2,539
Maintained CRAR	12.630%	12.574%
Required CRAR	11.875%	11.625%
Surplus	0.755%	0.945%

5.7 Appropriation of Profit and Dividend

In the year 2018 Earnings Per Share of the Bank reached at BDT 1.17 compared to BDT 1.54 (restated) of year 2017. Considering the overall performance of the bank, the Board of Directors has recommended 10.00% stock dividend for the year 2018 with a view to rewarding shareholders in the long run through retaining capital to maintain the capital adequacy ratio to support the future growth.

5.8 Five Years Performance

The bank has achieved its intended balance sheet growth as well as sustainable profit

growth over the last five years. All the ratios and results thus calculated reveal that Bank is running well above the level of different parameters set by the respective guidelines of Bangladesh Bank. Details of all the key financial highlights of the bank for the last five years are disclosed also in this Annual Report.

5.9 Management's Discussion and Analysis

A Management's Discussion and Analysis has been presented with detailed analysis of the Bank's financial position and operations in this Annual Report.

5.10 Credit Rating

As per Bangladesh Bank's guidelines and notifications of Bangladesh Securities and Exchange Commission, IFIC Bank conducts its credit rating each year with due disclosure. According to Bangladesh Bank's BRPD Circular No. 06 dated 5 July 2006 and in order to improve the risk management and corporate governance frameworks as well as to safeguard the interests of investors, depositors, creditors and shareholders, the bank was rated by Credit Rating Agency of Bangladesh (CRAB) for the year ended 31 December 2017.

The latest and previous rating of the Bank is furnished below:

Ratings	Date of Rating	Long Term	Short Term	Outlook	Validity
Current	30-Jun-18	AA2	ST-2	Stable	30-Jun-19
Previous	30-Jun-17	AA2	ST-2	Stable	30-Jun-18

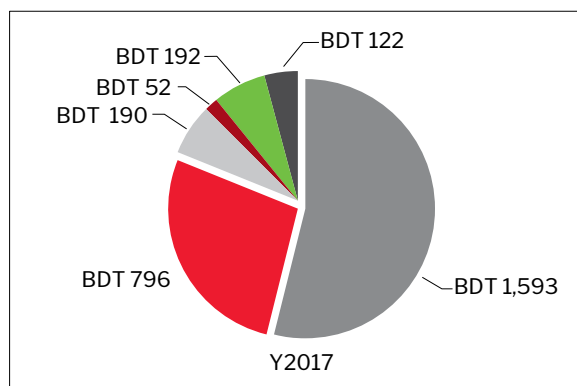
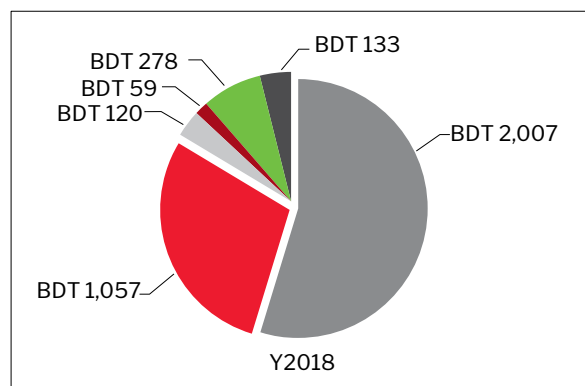
In long term the CRAB rated the Bank AA₂ which represents very strong capacity to meet the financial commitments and which is a very small degree of difference from the highest-rated Commercial Banks. AA is judged to be of very high quality and is subject to very low credit risk. In short term the CRAB rated the Bank ST-2 which represents strong capacity for timely repayment. Commercial Banks

rated in this category are characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of funds.

5.11 Contribution to the National Exchequer

According to the law of country, IFIC contributed to national economy through collecting government revenue and

depositing through national exchequer and complying with the laws. During the year 2018, IFIC Bank deposited BDT 2,007 million of withholding tax, BDT 133 million of VAT on Banking Services, BDT 120 million of withholding VAT at source and BDT 59 million of VAT on its Office rent and BDT 278 million of Excise Duty. IFIC also paid BDT 1,057 million as income tax to fulfil its income tax obligation.



5.12 Related Party Disclosure

IFIC Bank undertakes transactions with related parties as part of its normal business operations. Such transactions tend to be loans and advances or deposits entered into at arm's length price or fair market value. Disclosure of all related parties, including basis for such transactions, has been provided in **Annexure-F** of Audited Financial Statements.

6. Overseas Operations

Since its journey in 1983, IFIC Bank has been playing the pioneering role among the private sector banks in establishing joint venture/overseas operations beyond the national boundary. The Bank has so far been able to set up joint venture operations in Maldives, Oman, Nepal, Pakistan and UK. Bank's operation in Maldives was, however, handed over to the Maldivian Government in 1993.

Overseas joint venture operations have not only brought

a positive image for the Bank in the International Arena but also contributed to its profitability. A pen picture of the existing overseas joint venture operations of the Bank is furnished hereunder for information of the Honorable shareholders.

6.1 Nepal Bangladesh Bank Limited

Nepal Bangladesh Bank Ltd., a joint venture "A-Class" commercial bank between IFIC Bank Ltd. and Nepali nationals, started operation with effect from 06 June 1994 in Nepal. The Bank has a network of 81 branches at different important locations in Nepal. IFIC Bank presently holds about 40.91% shares in Nepal Bangladesh Bank, Nepal.

The profitability of Nepal Bangladesh Bank is in the increasing trend and recently, Nepal Bangladesh Bank declared 10.53% Cash Dividend during FY 2017-18 to its shareholders.

6.2 Oman Exchange LLC

Oman Exchange LLC, a joint

venture between IFIC Bank Limited and Omani nationals, was established in 1985 to facilitate remittance by Bangladeshi wage earners from Oman. IFIC Bank holds 25% shares, and the balance 75% is held by the Omani sponsors. The exchange company has a network of 12 (twelve) branches covering all the major cities/towns of Oman. The operations of the branches are fully computerized having online system.

6.3 MCB Bank Ltd., Pakistan

IFIC Bank had two branches in Pakistan, one in Karachi and the other in Lahore. Karachi Branch was opened on 26 April 1987, while Lahore Branch was opened on 23 December 1993.

To meet the Minimum Capital Requirement (MCR) of the State Bank of Pakistan, the Overseas Branches in Pakistan have been amalgamated with a reputed leasing company in Pakistan named National Development Leasing Corporation Ltd. Therefore, the existence of

Bank's above Overseas Branches has been ceased w.e.f. 02 October 2003 and a new joint venture bank titled NDLC-IFIC Bank Ltd. emerged in Pakistan w.e.f. 03 October 2003. The Bank was subsequently renamed as NIB Bank Limited.

NIB Bank Limited has been again merged with and into MCB Bank Limited w. e. f. 07 July 2017.

After merger with and into MCB Limited, IFIC Bank Limited hold 175,508 numbers of shares of MCB Bank Limited.

6.4 IFIC Money Transfer (UK) Limited

IFIC Money Transfer (UK) Limited, a fully owned subsidiary exchange company of IFIC Bank Limited was incorporated in UK and commenced its operation on 31 August 2011 to facilitate inward foreign remittance from the United Kingdom.

6.5 Correspondent Banking Relationship

IFIC Bank Ltd. has a wide range of correspondent network across the world to facilitate smooth foreign trade transactions. The Bank maintains 26 Standard Settlement Instructions (Nostro Account) involving 7 currencies e.g. AUD, ACU-D, CHF, EUR, GBP, JPY and USD at important financial centers. Total correspondents of IFIC Bank Ltd. stands at 440 (Local & Abroad) as of 31 December 2018.

6.6 Foreign Remittance

IFIC Bank handles both inward and outward foreign remittance products. The outward

remittance includes FC Cash/ FDD and Wire transfer by SWIFT. The Bank's inward remittance covers Account Credit Service and Instant Cash Payout Service under Electronic Fund Transfer (EFT) arrangement. The inward foreign remittance business was amounted to BDT 15,617.10 million (equivalent USD 186.14 million) in 2018.

To facilitate inward foreign remittance in Bangladesh from United Kingdom, a fully owned subsidiary exchange house of IFIC Bank titled IFIC Money Transfer (UK) Ltd. has commenced the operation in August, 2011 in London, UK. Moreover, IFIC Bank has ensured greater access to the un-banked population of different remote areas with the strategic alliances for distribution of remittance with UDDIPAN where we do not have any presence. At present 101 Branches of UDDIPAN are performing the remittance distribution agents of our Bank throughout the country.

IFIC Bank has remittance arrangement with following 8 (Eight) Exchange Companies for catering to inward foreign remittances from abroad including Bank's own and joint venture exchange company:

- ▲ Oman Exchange LLC, Oman
- ▲ IFIC Money Transfer (UK) Limited, UK
- ▲ Placid NK Corporation, USA -global company
- ▲ Multinet Trust Exchange LLC, UAE

- ▲ AI Fardan Exchange, UAE
- ▲ Sigue Global Services Ltd. (SMT) – global company
- ▲ Xpress Money Service s Ltd., UK
- ▲ Trans-Fast Remittance LLC, USA

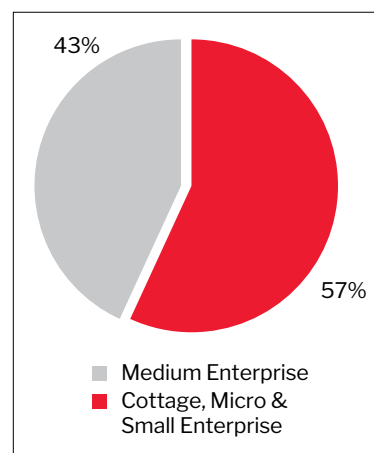
7. SME Performance

IFIC Bank is now maintaining its SME portfolio by serving customers through its' 147 branches.

7.1 SME Portfolio

To focus on Cottage, Micro & Small Enterprise, IFIC Bank has financed 57% of its total SME portfolio i.e. BDT 16606.64 million in this sector, remaining 43% i.e. BDT 12596.68 million was financed at Medium Enterprise sector. At the end of 2018 SME portfolio is BDT 29203.32 million.

Pie Diagram: % Cottage, Micro, Small & Medium Enterprise financing



7.2 Key loan Products of SME

SL	Product Name	Remarks
01	IFIC-Krishi Shilpo	Loan for Agro. Based Industry
02	IFIC-Shilpo Sohay	Loan for Cottage & Micro Industry
03	IFIC-Shilpo Shongjog	Loan for Manufacturing & Service Industry
04	IFIC-Protyasha	Loan for Women Entrepreneurs
05	IFIC-Prantonari	Loan for Grassroots Women Entrepreneurs

7.3.1 Green Financing

To promote sustainable growth in economy, we financed BDT 7452.72 million under Product Program Guideline named “IFIC Green – Earth”.

7.3.2 Financial Inclusion activities

As part of Sustainable Development Goal, IFIC Bank has disbursed BDT 8.47 million under 10.00 Taka account program to serve small/marginal/low income professionals/traders etc in 2018.

IFIC Bank has also been engaged in school banking program since 2014. Cumulative number & volume of school banking accounts are 14,396 and BDT 1.72 million respectively.

A school banking conference was organized on 20th October, 2018 at Bhola as part of the financial inclusion activities of IFIC Bank.

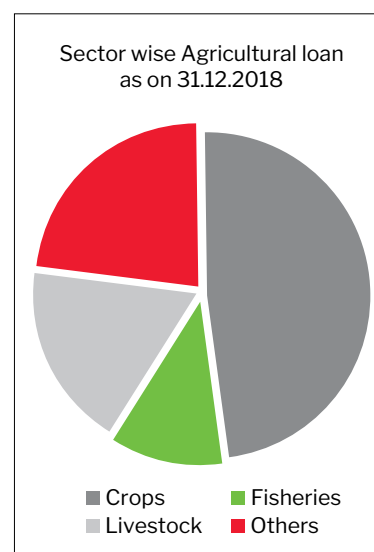
7.4 Training Program on SDGs and Financial Literacy for the youth

IFIC Bank has organized a training program on “Implementation of Sustainable Development Goals (SDG) and Financial Literacy for the youth” for University students with the aim of enlighten the youth regarding basics of banking sector and financial literacy.

7.5 Agri. Credit

At the end of 2018, total Agricultural Credit was BDT 3307.82 million through

following Agri. Loan products:



SL	Name	Remarks
1.	IFIC-Suborno Gram	Loan for crops, fisheries & livestock
2.	SechSoronjam	Loan for irrigation equipment
3.	KrishiSoronjam	Loan for cultivation instrument

8. Retail Banking

Over the last few years, there has been a major change in the mindset of our consumers. Retail Credit, which was considered as unreachable, is today a means of fulfilling the growing aspirations of Bangladeshi middle class, especially the growing population of the 25-44 age groups. The decline in corporate credit forced banks to increase their presence in the retail finance market. The rise in income levels, together with fall in interest rates and growing competition, has increased the affordability of loans for borrowers.

Moreover, Retail Banking now-at a very rapid pace – become the major revenue line for most of the top banks in the country. For this Retail Banking Division has re-launched its HBL product “Thikana” in the name

of “**IFIC Home Loan**” for any credit worthy individuals who wish to buy Apartment/flat, construct building for home use or renovation of their existing flat/ house etc. With that amendment Home loan becomes the most vital lending products in IFIC. With continuous effort and dedication from all stakeholders, IFIC now stands market leader in terms of incremental growth of its number of customer and volume from the last three and half years. As of 31 December 2018, total home loan outstanding is BDT **2,911.40** crore with a total of **7,041** customers.

To facilitate state of the art banking solution through reducing cost and hassle of maintaining multiple accounts for deposit and loan, IFIC bank introduced first ever hybrid account in entire banking history of Bangladesh in the name of “**Aamar Account**”. Customer

gets interest from deposit balance on daily basis and can enjoy loan facility whenever they needed with almost 50% reduced rate of interest than credit card. Single card act as a debit card and credit card. Govt. employee of Bangladesh can enjoy 1 (one) hour loan processing facility against Aamar Account. As of 31 December 2018, total balance of “**Aamar Account**” stands at BDT **1,456.49** crore with a total of 99,399 accounts.

IFIC bank has introduced attractive monthly deposit scheme in the name of “**Aagami**” with some exclusive value added facility for its existing and potential customers. This scheme will also help IFIC to find out prospective loan customers’ with proven EMI running capacity. As of 31 December 2018, total balance of **IFIC Aagami** stands at BDT **18.10** crore with a total of **4,445** accounts.

Focus in 2019

- ▲ Continue the effort for diversifying retail loan portfolio through enhancing home & mortgage based loan;
- ▲ Continue effort for Aamar Account business to diversify retail deposit and loan portfolio;
- ▲ Launching innovative technology based products to tap into branch less banking;
- ▲ Ensuring best consumer banking experience through improving service quality.

9. Alternative Delivery Operation

9.1 Card Services

IFIC Card is powered by VISA, world’s largest electronic payments network. IFIC Bank has been issuing VISA branded Credit Card, Debit Card & Prepaid Card and which can be used both at home & abroad. Customer can choose any of the above cards according to his/her need. Local cards can be used at any ATM displaying VISA Logo for withdrawal of cash and at any POS displaying VISA Logo for purchase of goods & services within Bangladesh. International cards can be used globally through worldwide VISA network. ATM and POS transactions are to be secured by Personal Identification Number (PIN) known by the concerned customer only. However, all the transactions are to be authorized by the system electronically. The Bank has issued 5,000 credit

cards, 1,75,000 debit cards up to 31 December 2018.

The Bank has been issuing VISA branded debit cards, including credit gold and classic cards for both local and international use since June 2007.

IFIC Bank has been issuing Aamar Account Dual currency card and it is a unique transactional account where both deposit and overdraft facility are enabled in a single account. IFIC Bank introduces this type of account first time in Bangladesh which will ultimately reduce the account operation cost of the customer with numerous benefits in a single account.

IFIC Bank VISA EMV chip based credit card has been introduced January 2017 and this card is more secured than magnetic strip card.

In 2019, the following projects will be executed

1. Introduce Contactless Credit card,
2. Migrate all magnetic stripe cards into EMV chip
3. Roll out Aamar account dual currency card

9.2 ATM Services

IFIC Bank has introduced ATM Services from 2011 and during 2018 IFIC Bank has installed 05 new ATM Booths making the total 93 ATMs all over the country. The Bank has special arrangement with Corporate Houses where ATMs have been installed to facilitate their employee’s monthly salaries and

other needs. The Bank accepts cards from three networks namely Visa (Local and Foreign), Q-Cash Member Banks and NPSB Member Banks.

Initiatives in 2018

1. Expansion of countrywide 05 new ATM Booths

Vision for 2019

1. Re-Strategizing ATM operation of the Bank.
2. Introduction of Cash Recycler
3. Introduction of new services through ATM
4. Implementation of Centralized CCTV Monitoring System
5. Implementation of Real-time Network Monitoring System

9.3 Dispute & Fraud Management

In 2018 the Bank has taken different initiatives to minimize fraud risks and resolution of disputes efficiently. As per Bangladesh Bank compliance and to minimize fraud risk and to avoid Visa Liability shift following Projects has been implemented:

1. Verified by Visa (VbV) – safeguard customers on e-com txn by providing OTP during txn
2. Visa EMV Chip based Credit Card – prevent fraud and prevent card cloning.
3. Security measures for mitigations Fraud Risk for Card transactions.

Dispute Resolution (Local Currency)

Sl. No	Network	Number of Dispute	Charged Back amount (BDT)
1	NPSB (ROU)	567	58,82,760.90
2	NPSB (Off Us)	73	2,68,750.00
3	Q-Cash (ROU)	347	28,63,700.00
4	Q-Cash (Off Us)	75	5,87,370.00
5	Visa (ROU)	33	1,78,500.00

Dispute Resolution (Foreign Currency)

SI. No	Network	Number of Dispute	Charged Back amount (USD)
1	Visa (ROU)	03	415.00

Fraud Resolution (Foreign Currency)

SL No	Network	Number of Fraud	Resolved amount (USD)
1	VISA (ROU)	0	0

TWFA, a software based suspicious transactions monitoring tool

Tranzware Fraud Analyzer (TWFA), a software based (24/7) suspicious transactions monitoring tool has already been implemented from December-2018.

Dispute & Fraud Management Vision for 2019

To minimize Fraud, the Bank has taken initiative to implement following Projects:

1. To enhance the TWFA tool (the 2nd phase), so that the tool itself can block cards automatically in case of some predefined transaction types.
2. PCI-DSS certification.
3. As per Bangladesh Bank Instructions, implementation of a Web portal with a

mechanism of acknowledging customer complaints for follow up such as complaint/ docket number.

9.4 Contact Service Center

IFIC Bank, aiming to provide excellent service to the customer, has been operating 24/7 servicing hours since 2012. By simply dialing **16255 or 096667 16255** customers can avail banking service anytime from anywhere. The Contact Center has now become an essential part of Bank to maximize customer satisfaction through highest service level in a timely and cost-efficient manner.

The IFIC Bank Contact Center team is dedicated to provide several services that facilitate all other departments of bank running their campaigns.

Milestone achievements in 2018

1. Launching of industry standard new contact center premises with all facilities.
2. Upgradation of contact center solution to provide multiple banking services
3. Dedicated team for service quality and complaint handling
4. Single help-desk for IFIC's in-house customers for all alternative delivery channel related services.

Plan for 2019

1. Implement IVR system for automated services of card and account.
2. Turn contact center as one-stop touch point for our customers round the clock.

Call Volume

Year	Total no of calls	Growth
2018	2,60,743	7 %
2017	2,45,004	32%
2016	1, 86,060	22 %
2015	1, 52,293	

10. Risk Management

The focus of the risk management practices in the banking industry is to manage bank's exposure to losses or risk and to protect the value of its assets. Boards have the ultimate responsibility for overseeing risk-taking in their institutions.

Board of Directors of IFIC has a clear understanding of the types

of risks inherent in business lines and take appropriate steps to ensure continued awareness of any changes in the level of risks. They have defined the risk appetite, risk tolerance and risk limit, and set risk strategies. The board also ensures that the management is taking necessary steps to implement those strategies and manage accompanying

risks. There exist the clear communication from Board of Directors to management that risk management is not an impediment to the conduct of business nor a mere supplement to a company's overall compliance program but is, instead, an integral component of the company's strategy, culture and value generation process.

Board of Directors is very much focused to establish bank wise risk culture, based on full understanding of the risks it faces and how they are managed, considering risk tolerance and appetite. They have developed the risk culture through policies, examples, communication, and ensuring training of staff regarding their responsibilities for risk. Senior management is there to ensure that it is clearly communicated and understood to staff at all levels in units that are exposed to material operational risks. Senior management also needs to place proper monitoring and control processes in order to have effective implementation of the policy. The policy should be regularly reviewed and updated, to ensure it continue to reflect the environment within which the bank operates. Along with senior management, the Board Risk Management Committee (BRMC), which is a representative of Board Members, is there to ensure overseeing and signing off risk-related disclosures to investors, customers and regulators. These disclosures provide external parties with a clear and accurate account of the institution's current and projected risk appetite, profile and governance of IFIC.

Finally, Boards find themselves today at an inflection point. The banking industry of Bangladesh is becoming more complex and competitive. As a result, Boards are expecting more ownership for risk issues as well. In line with that IFIC Board of Directors has also step up to the new challenges and build more robust oversight mechanisms to risk management.

10.1 Credit Risk Management

IFIC Bank Limited, being one of the leading first generation banks has a number of policies for sustainable business growth and robust risk management. Credit Risk Management is the most significant one among six core risks of the Bank. Credit Risk

Management requires robust policies, rigorous compliance and timely revision. The Credit Risk Management Policy of the Bank addresses the following:

- ▲ Definition of Credit Risk, types of loan facilities, facilities offered to corporate clients, discouraged business types/sectors.
- ▲ Managing Credit Risk
- ▲ Detailed and formalized credit evaluation/ appraisal and approval process.
- ▲ Risk identification, measurement, monitoring and control and acceptance criteria.
- ▲ Roles and responsibilities of staff involved in origination and management of credit.
- ▲ Credit Risk mitigation strategies.
- ▲ Managing credit risk in the administration process.
- ▲ Management Information System for managing Credit Risk.
- ▲ Concentration limits on single party or group of connected parties, particular industries or economic sectors, geographic regions and specific products.
- ▲ Risk based pricing.
- ▲ Policies for the frequency and thoroughness of collateral verification and valuation.
- ▲ Review and approval authority of allowances for probable losses and write-offs.
- ▲ Guidelines on regular monitoring and reporting systems.
- ▲ Guidelines on management of problem loans.
- ▲ Policies on loan rescheduling and restructuring.
- ▲ The process to ensure appropriate reporting and tolerance level of exceptions.
- ▲ The Bank rigorously monitors sanctions of loans as well as their recovery.

Segment Information

Industry and Business Segment Focus of the Bank

Bank will maintain a balanced credit portfolio through minimizing loan concentration in a particular sector encouraging loan diversification and expanding product range. Considering recent economic trends of a particular sector and potential business opportunity, we have identified following **industry and business segment focus**

Encouraged Sectors (Accelerated Growth)

- ▲ Agriculture
- ▲ Manufacturing Companies

Retained Sectors (Normal Growth)

- ➔ Commerce and Trade
- ➔ Residential Hotels and Restaurants
- ➔ Manufacturing Companies
- ➔ Construction and Commercial Real Estate
- ➔ Ship Building
- ➔ Ship Breaking
- ➔ Road Transport (including Rail way)
- ➔ Water Transport
- ➔ Cold Storage
- ➔ Saw Mills
- ➔ Hospital and Clinics
- ➔ Private Educational Institutions
- ➔ Rice/Flour/Pulse Mills [Automatic]
- ➔ Consumer Finance

Discouraged Sectors (No Growth)

- ➔ MFI Linkage
- ➔ Entertainment (Cinema, Amusement Park etc.)
- ➔ Other Cooperative Bank/ Societies
- ➔ Tobacco processing Industries
- ➔ Polymer and Polythene Industries

- ➔ Beverage
- ➔ Share/Capital/Brokerage
- ➔ NBFi
- ➔ Air Transport

Credit Concentration Risk

Historical experience shows that concentration of credit risk in asset portfolios has been one of the major causes of bank distress. Concentration risk arises when we invest our most or all of the assets to single or few individuals or entities or sectors or instruments. We pay attention to the following credit concentration risk areas:

- ▲ Sector wise exposure
- ▲ Division wise exposures
- ▲ Group wise exposure
- ▲ Single borrower wise exposure
- ▲ Top borrower wise exposure

How to identify Concentration risk

Identification of concentration risk should be commensurate with the size of the institution, the levels of inherent concentrations, and the importance of the activity to the institution. The basic building block of a good identification system is the ability to store and access data. Systems should also apply some controls to help ensure the data is entered as accurately as possible.

How to measure Concentration risk

The Board of Directors of the

Bank establishes policies which address concentration risk limits. The Board takes into account company strategy, economic conditions, and net worth levels in setting such limits.

Techniques for Managing Concentration Risk

IFIC Bank uses a variety of techniques to manage concentration risk. Among the most important methods are:

- ▲ Risk Appetite
- ▲ Limits
- ▲ Capital Buffers

How to monitor Concentration risk

Once appropriate risk management systems and policies are in place, management should actively monitor concentration risk through the use of regular formal reporting.

Details of Accounts Restructured

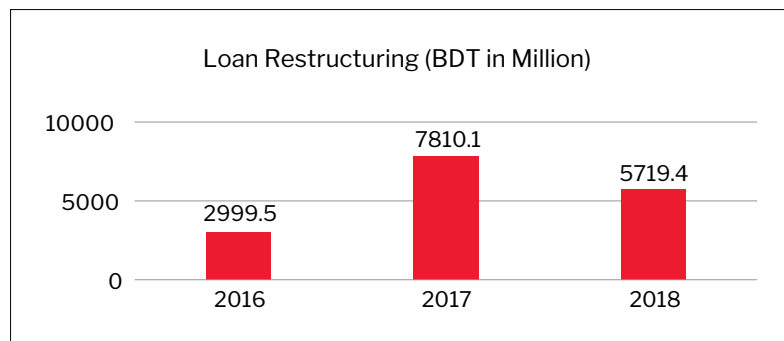
Considering the merit of any proportions IFIC Bank has

restructures loans [classification status: UC & SMA] of the borrower after realization of required down payment for specific time period for smooth repayment of the client.

IFIC Bank follows the following issues while considering application for loan restructuring of unclassified loans:

- ▲ When a borrower asks for restructuring of loan, the bank meticulously examines the reason for loan restructuring.
- ▲ Borrowers must pay required down payment.
- ▲ Overall repayment capability of the borrower.
- ▲ Review the borrower's cash flow statement, audited balance sheet, income statement and other financial statements in order to ensure whether the borrower would be able to repay the restructured installments/ existing liability or not.

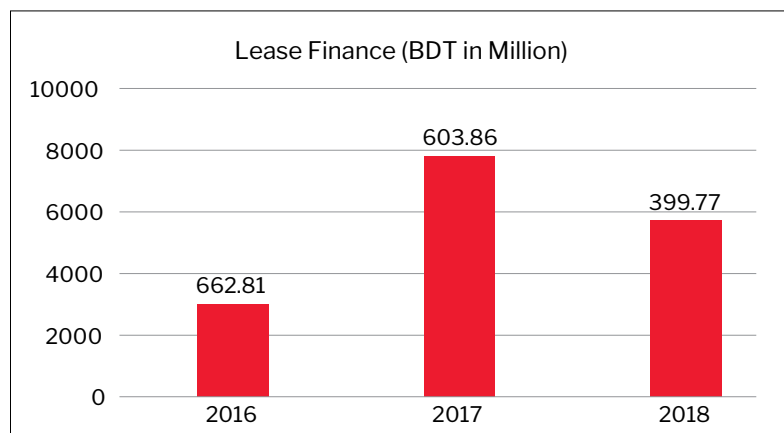
Trends of last 03 years Loan Restructuring



Assets disclosure given on operating & finance lease

Lease finance are made to acquire the assets selected by the borrower (lessee) for hiring of the same at a certain agreed terms and conditions with the bank (lessor). In this case bank retains ownership of the assets and borrower possesses and uses the same on payment of rental as per contract.

Trends of last 03 years Lease Finance



10.2 Remedial Asset Management

Remedial Asset Management (RAM) directly manage the Non-Performing Loan (NPL) Accounts which sustained deterioration (a risk related to Sub-Standard or worse).

The NPL has adverse effect on the bank on its day to day operation and profitability. Banks have to keep excess provision against defaulted loan which affects the net profit. So, the higher the NPL the lower the net profit and vice versa. A bank becomes weak and highly non profitable due to excessive NPL portfolio. Huge NPL portfolio erodes the ability of banks to make profit. NPL also affects in economic growth. Excess NPL hampers the circulation of money in the market which adversely affects this sector. Earning of interest income is also ceased from NPL which results in reduction of income generation and increase cost of fund. Since the fund is blocked and interest income is ceased, the bank can neither reinvests the loan amount nor earns any income from that fund. So, it also hampers the banks overall cash flow position.

Remedial Asset Management (RAM) of the Bank has unlimited appetite for recovery from NPL

and is exerting all out efforts to chase NPL, to arrest upward trend and to keep the percentage of classified loans at an acceptable level for improvement of asset quality. In this regard RAM, CRM and Law & Legal Affairs Divisions are working together to maximize recovery from Non-Performing Loans and avoid new classification to achieve the organizational goals.

Remedial Asset Management (RAM) has a Recovery Policy approved by the Board of Directors for strengthening recovery of Non-Performing Loans. To streamline the recovery process and to reduce the lead time RAM has also devised a Standard Operating Procedure (SOP) as well Standard Action Plan on 06.04.2016 with specific "Time Frame" for different steps for quick action as well as recovery from NPL Accounts.

On the basis of Recovery Policy, SOP and related circulars of Bangladesh Bank, RAM Division is taking following steps for improvement of quality of Assets and profitability of the Bank:

1. Close monitoring of NPL Accounts as per Standard Operating Procedure (SOP).
2. Teleconference between RAM & Branch and meeting

among RAM, Branch & defaulting borrowers for negotiation towards recovery.

3. Visiting Branches for direct communication with the Branch officials and different defaulting borrowers for amicable settlement.
4. Monitoring of Court cases through Tele-conference among the Branches and dealing with lawyers to avoid unwanted delay of legal process.
5. Rescheduling of NPLs.
6. Settlement of NPL by allowing Waiver of interest.
7. Writing-off Classified Loans.
8. Engagement/Entrustment of difficult Accounts to Recovery Agents.
9. Foreclosure of Security for recovery of NPL.
10. Prepare a Diagnostic Tool for identification of root cause of being classification so that further classification can be retarded.

RAM Division also perform Loan Classification and Provisioning Exercise on quarterly basis as per Bangladesh Bank circular.

Comparative position of recovery against Non-Performing Loans (NPL) in the year 2017 and 2018 were as under:

(BDT in Million)

Particulars	2018	2017	Changes
Recovered by:	1,968.33	1,463.00	505.33
a) Cash			
b) Re-Schedulement & Declassification	10,506.20	2,159.61	8,346.59
c) Waiver of Interest	57.54	34.77	22.77
Total:	12,532.07	3,657.38	8,874.69
Total Loans & Advances	206,929.64	179,264.21	27,665.43
Total Classified Loans & Advance	12,740.13	11,477.88	1,262.25
Percentage of classified loans against Total loans	6.16%	6.40%	(0.24%)

10.3 Foreign Exchange Risk Management

Foreign exchange risk is the exposure of an institution to the

potential impact of movements in foreign exchange rates which arises from foreign currency mismatches in an institution's

assets and liabilities and foreign currency cash flow mismatches. Foreign exchange risk management is designed to

preserve the value of currency inflows, investments and loans, while enabling international businesses to compete abroad. Although it is impossible to eliminate all risks, negative exchange outcomes can be anticipated and managed effectively. Commercial banks, actively deal in foreign currencies holding assets and liabilities in foreign denominated currencies, are continuously exposed to Foreign Exchange Risk. Foreign Exchange Risk of a commercial bank comes from its very trade and non-trade services.

Foreign Exchange risk management is one of the important responsibilities of Treasury Division of the Bank. The function of Treasury Front Office, Mid Office and Back Office are segregated. Mid Office and Back Office are conducting operations in a separate location apart from Treasury Front Office. Treasury Front Office manages and controls day-to-day trading and fund management activities and ensures continuous monitoring of the level of assumed risk and take necessary actions. Treasury Mid Office verifies deal and monitors limit. Back Office is responsible for deal confirmation, settlement of transaction, execution of transferring fund to NOSTRO accounts, timely recording and reporting etc. Reporting lines of these three offices are separate and independent to ensure minimization of risk.

To minimize the foreign exchange risk, the Bank has formulated Treasury Manual and Foreign Exchange Risk Management Policy as per directives of central bank. Bank also developed different strategies to control foreign exchange risk in the light of net open position set by central bank, overall gross limit for forward transaction, maximum loss limits per deal and per day, counter party limit etc. To protect the earnings of the bank from the impact of adverse fluctuation of

foreign exchange rate, market scenario of risk is monitored and measured by Treasury Division.

To mitigate various risks, the Bank has its own ALM policy approved by the Board of Directors

The Board of Directors has also step up to the new challenges and build more robust oversight mechanisms to risk management

10.4 Asset Liability Management

Asset Liability Management (ALM) can be defined as a mechanism to address the risk faced by a bank due to a mismatch between assets and liabilities either due to liquidity or changes in interest rates as banks typically tend to borrow short term (fixed or floating) and lend long term (fixed or floating). Asset Liability Management (ALM) seeks to limit risk to acceptable levels by monitoring and anticipating possible pricing differences between assets and liabilities. Moreover, ALM is not a relatively new planning tool, it has evolved from the simple idea of maturity-matching of assets and liabilities across various time horizons into a framework that includes sophisticated concepts such as duration matching, variable-rate pricing, and the use of static and dynamic simulation.

To mitigate various risks in this regard banks have its own ALM

policy approved by the BODs. Under the bank's ALM policy, the management and the BODs take necessary care as guided by BB. Asset and liability management process is managed by the Asset and Liability Management Committee (ALCO), comprising of the senior management of the bank, is primarily responsible for managing assets and liabilities under the set ALM policy. The major responsibilities of ALCO are as follows:

- ➔ Ensure that bank's measurement and reporting system accurately convey the degrees of liquidity and market risk
- ➔ Monitor the structure and composition of bank's assets and liabilities and identify balance sheet management issues that are leading to underperformance
- ➔ Decide on the major aspects of balance sheet structure, such as maturity and currency mix of assets and liabilities, mix of wholesale versus retail funding, deposit mix, etc
- ➔ Decide on how to respond to significant, actual and expected increases and decreases in required funding
- ➔ Review maturity profile and mix of assets and liabilities
- ➔ Articulate interest rate views of the bank and decide on balance sheet strategy
- ➔ Approve and periodically review the transfer pricing policy of the bank
- ➔ Evaluate market risk involved in the launching of new products
- ➔ Review deposit-pricing strategy, and
- ➔ Review contingency funding plan for the bank

The prime responsibility of Asset and liability Management (ALM) is on "Treasury Department", specifically its ALM desk. The ALM desk is responsible for day to day management of the market risk and liquidity risk of the bank. The broad responsibilities of the ALM desk are as follows:

- ➔ To oversee the growth and sustainability of assets and liabilities.
- ➔ To manage and oversee the overall activities of Money Market.
- ➔ To manage liquidity and market risk of the bank.
- ➔ To understand the market dynamics i.e. competition, potential target markets etc. for expansion of the business.
- ➔ To Provide inputs regarding market views and to suggest proper balance sheet movement (expand or shrink) to cope with the changing situation in the market or in the economy.
- ➔ To keep records of ALCO meetings, to monitor the implementation status of the action taken in ALCO meetings etc.

The function of ALM is not just protection from risk. The safety achieved through ALM also opens up opportunities for enhancing net worth.

10.5 Internal Control and Compliance

Internal Control and compliance are the policies and procedures established and implemented singly or together with other policies or procedures, to manage and control a particular risk or business activity, or combination of risks or business activities, to which the bank is exposed. The primary objective of internal control system is to help the Bank perform in a sound and prudent manner with minimal resources. Through an effective

internal control system the Bank can identify its operational weakness and take appropriate measures to overcome the same.

The process of Internal Control is affected by the Board of Directors of the Bank through Senior Management whereby every individual is responsible for the achievement of specific objectives to ensure efficient operations and comply with applicable laws, rules, regulations and internal policies. The Internal Control System of the Bank ensures that all the necessary policies, guidelines and manuals are in place and followed meticulously, including the Departmental Control Function Check List (DCFCL). Control activities involve two steps: (1) the establishment of control policies and procedures and (2) verification that the control policies and procedures are being complied with.

One of the most important aspects of an internal control system is the appropriate segregation of duties and personnel is not assigned conflicting responsibilities. The responsibility of implementing internal controls starts with business, which are the "first lines, of defense" against breaches that could cause the bank not to fulfill its objectives, not to report properly or not to comply with laws and regulations. Beyond that, the three important "control functions" are risk management, compliance, and internal audit. These key functions implement and reinforce the structure of internal controls. The first two of these control functions constitute the "second lines of defense" against mishaps. The final, or "third line of defense" is the internal audit function.

It is the framework with oversight of the Board of Directors and Senior Executives of the Bank under which an effective and sound internal control over the whole range of banking

operations is developed, implemented and monitored. It consists of mechanism and arrangements that undertake the following:

- ▲ Builds up processes and systems of financial/non-financial standards for internal and external risks and mitigation to which the Bank is exposed;
- ▲ Develops appropriate and effective internal control systems and implements these to soundly and prudently manage risks;
- ▲ Put in place reliable and comprehensive systems to appropriately monitor the effectiveness of these controls;
- ▲ Establishes effective management information system and independent audit mechanism.
- ▲ In addition to the above, key internal control procedures include the followings;
- ▲ Ensuring that control policies and procedures are being complied with throughout on site as well as offsite supervision of DCFCL and QOR.
- ▲ Updating/developing the existing DCFCL.
- ▲ Reporting material observations to senior management and ACB immediately with specific recommendations
- ▲ Rating performance of Branch and different division/ department of Head Office on grade point scale which is determined on the basis of % of achieved score categorized as Poor, Marginal, Fair, Satisfactory, Good in line with BB RBA guideline.
- ▲ A prudent system has been developed for rectification, counseling of the branches/ divisions to minimize operational risk.

- ▲ Pre audit assessment tools have been developed to identify the high risk areas.

10.6 Prevention of Money Laundering

Prevention of Money Laundering & Combating Financing of Terrorism

Prevention of Money Laundering and Combating Financing of Terrorism is very essential for protecting corruption and ensuring peace and security in our society.

Aiming the said objectives, in our country, Anti-Money Laundering Prevention Act 2012 and Anti-Terrorism Act 2009 have been enacted and IFIC Bank Ltd. has been complying all the rules and regulations related to AML/CFT issues since the beginning.

According to the directives of Bangladesh Financial Intelligence Unit (BFIU) of Bangladesh Bank, the Bank has prepared as well as revised Money Laundering & Terrorist Financing Risk Management Guidelines- (Amendment), 2016.

The Chief Anti-Money Laundering Compliance Officer (CAMLCO) of the Bank regularly presents status report to the Competent Authorities in regard to the followings as per regulatory frameworks:

- Information of Bank Accounts as and when required by BFIU
- Cash Transaction Report (CTR)
- Suspicious Transaction Report (STR)
- Suspicious Activities Report (SAR)
- Suspicious Transaction Report (STR) on Quarterly basis, periodical report on AML/CFT issues to the Managing Director.
- Half Yearly Report on Self-Assessment of branches and Independent Testing Procedure conducted by ICC Division and similar

other types to the Board of Directors

The Deputy Chief Anti-Money Laundering Compliance Officer (DCAMLCO) of the Bank regularly monitor status of the branches through the following activities:

- Cash Transaction Report
- Transaction Monitoring Report
- Structuring Monitoring Report
- Monthly Meeting details
- AOF, KYC-TP Certificate
- Legacy Account Monitoring

As needed by Bangladesh Financial Intelligence Unit (BFIU), the Bank has implemented goAML Software provided by United Nations Office on Drugs and Crime (UNDOC) and submits CTR, STR and other necessary statements related to AML/CFT issues. To comply with Bangladesh Financial Intelligence Unit (BFIU), Bangladesh Bank Circular, Bank has introduced Watch List Check (WLC) Software for screening different sanction list.

The Bank has revised its Customer Acceptance Policy in the Year, 2018 according to direction of Bangladesh Financial Intelligence Unit (BFIU). In the year 2018, the Bank has submitted report of 06 (six) Suspicious Transactions Report (STR) and 01 (one) Suspicious Activities Report (SAR) to BFIU.

With a view to build awareness on AML/CFT laws, guidelines and Circulars issued from BFIU, the Bank regularly arranges Regional & In-house Training on Prevention of Money Laundering and Combating Financing of Terrorism with particular Focus on Trade Based Money Laundering for all level of Executives/Officers working in different branches and Head Office of the Bank. Member of Central Compliance Committee (CCC) conduct inspection

on branches for checking records/activities and creating awareness.

11. Information and Communication Technology (ICT)

IFIC Bank's IT Division has been evolving and upgrading with the rapid changes and challenges of the banking technology around the world to deliver the customers utmost facilities of modern banking. IT Division is venturing with the state of the art technology to make banking transaction super-fast and handy, so that the customers can avail all the facilities within the grip of their hands, ensuring security and reliability at the same time. To fulfill this, IT Division is working relentlessly with its talented and dedicated officials according to the business strategies as following:

- Be the market leader with understanding of the Customer Requirements.
- Compete by taking New Challenges and following market trend.
- Enable Self-service to the Customers.
- Make Financial Transactions fast and traceable.
- Enhance Security and Authentication.
- Stay Consistent Across All Touch Points.
- Improve the Digital Customer Experience.
- Meet Regulatory and Compliance Requirements.

11.1 Seamless Business Operation from Disaster recovery (DR) site

Data Centre can be considered as the central vault of a bank as it stores the entire information of customers. So, a bank should provide the top most security to its Data Centre to prevent any kind of accident and Disaster.

Customer must invest in a bank which can seamlessly operate their Data Centre at Disaster time. Disaster recovery (DR) and business continuity refers to an organization's ability to recover from a disaster and/or unexpected event and resume operations. The key to successful

disaster recovery is to have a well-planned disaster recovery approach ready for all time. IFIC bank IT division has a plan in place that outlines how a recovery will be accomplished. A successful drill was conducted in April 2018 to determine how effective the plan is and to

determine what changes may be necessary. It was a great achievement for the bank to ensure a seamless service to the customer in case of any disaster situation.

Successful Data center shifting to Head office without downtime



Again, the central vault of a bank, Data Centre, should be more secure in Bank's Head Office under 24 hours surveillance and inspection. This would ensure the customers a greater security to their information. Since IT operations are crucial for business continuity, the data center generally includes redundant or backup components and infrastructure for power supply, data communications connections, environmental controls (e.g. air conditioning, fire suppression) and various security devices. The Data Center consists of all the State of the Art technologies to protect the data of our valuable customers and provide smooth service. To protect the organization's data against damage, theft, software failure and disaster, in 2018, IFIC

bank has shifted its own data center to its head office. This operation was done without any downtime of services which is unquestionably a great achievement for the IT Team.

11.2 End of the Day processing time minimization

The very first thing a customer expects from a bank is a very fast service when he/she arrives at the bank. To ensure a smooth service for the customer from the very beginning of a day, End of the Day (EOD) process is very crucial. If this process consumes longer time, it could delay the starting time of a new business day operation. In 2018, IT division has put a tremendous effort to minimize the EOD processing time and has been able to ensure the optimal time for this process to increase customer satisfaction without any delay.

11.3 Trade Innovation Plus Software Up-gradation

Banks have been at the heart of economic activity for eight centuries. Businessmen usually conduct their international business through banks. Banks arrange the financial facilities between the parties through a digital platform. Trade Innovation (TI) Plus is a flexible and intuitive back-office trade finance processing engine that features customizable workflows for providing visibility and control over the entire transaction lifecycle. IFIC has adopted TI Plus solution to enhance the bank's trade finance capabilities and improve the support to its customers to meet growing customer demands and remain competitive. TI Plus went live in October 2018 and has been integrated with the Equation core banking system.

11.4 SWIFT up-gradation

Due to the growing nature of business worldwide, banks have to arrange financial facilities with foreign banks for the growing need of their customer. IFIC Bank uses SWIFT (Society for Worldwide Interbank Financial Telecommunication) network to send and receive information about financial transactions anywhere around the globe in a secure, standardized and reliable environment. SWIFT is collaborating with the financial community to reinforce security and deliver upon payment innovation in the live environment. The financial industry is going through a constant state of change. Our customers expect fast, traceable and transparent payment services – delivered securely, and in compliance with all relevant regulations. To meet the requirements of these critical initiatives IFIC Bank has upgraded the SWIFT interface systems in October 2018.

11.5 Software development and Integration

Today banking means a self-

service customer solution of financial transaction through digital process. This includes software development and integration according to the market need. In 2018, IFIC Bank has developed many software in different areas of its operation to ensure better service. Bank has also integrated a number of software with Bangladesh Bank and Core Banking System to ensure faster and secured banking and utility service. We have introduced Integrated Supervision System (ISS), Bond Management System (BMS), Home Loan Origination System and many more. These software development and integrations will enable the customers to avail services through the Bank with ease and efficiency.

11.5 Email server Implementation in Disaster Recovery Site

If a bank can't ensure good governance inside the institution then it can't provide quality service for its customer. To ensure inter-official communication and good governance, a Financial

Institution needs a robust email system which can be recovered at any time despite any disaster. Therefore, in 2018, by implementing the Exchange Server at our Disaster Recovery (DR) site, we can now operate our email system from the DR site as well. Email synchronization of DR and DC is active on 24/7 basis. This initiative will surely provide a good result toward the customer service.

11.6 Digital Channel Solution

By 2021, three billion people worldwide will be banking via digital platforms. Account holders increasingly expect an experience that matches their digital lifestyle. To deliver it, IFIC Bank has finalized the project of FINASTRA Digital Channel Solution. For this purpose, IT Division has prepared and procured all necessary systems to provide service regarding Fusion Banking Digital Channels, Fusion Banking Loan Origination, Fusion Banking Equation up gradation and Fusion Banking Teller up gradation. This solution will surely meet the customer expectations of digital banking.



11.7 Latest Firewall Implementation to secure Customer data

A next-generation firewall (NGFW) is a part of the third generation firewall technology that is capable of detecting and blocking sophisticated attacks

by enforcing security policies at the application, port and protocol levels. NGFWs are able to block malware from entering a network, something that traditional firewalls would never be able to achieve. In the face of constant attacks and successful

breaches, organizations today are worried about the next big breach. Keeping it in mind IFIC Bank has taken all the necessary steps to protect the data of our valuable customer from any kind of cyber-attack.



12. Corporate Governance

IFIC is always committed to adopting highest corporate governance standards for attaining its operational goals. At IFIC Bank, Corporate Governance is aimed at increasing the shareholders' value by being efficient, transparent, professional and accountable to the society, stakeholders and the environment as well.

IFIC Bank complies with the guidelines regarding composition of the Board of Directors, all Committees, term of the Office of the Directors as well as competence and eligibility of the Directors as outlined by the Bangladesh Bank, the Companies Act, 1994 and the Bank Company Act, 1991 (Amended up-to 2018). The Bank has also

implemented the requirements of Corporate Governance Code of the Bangladesh Securities & Exchange Commission as enumerated in its Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03.06.2018. As per mentioned Notification of BSEC, the compliance status of the Bank has been reported in this Annual Report for information. Some of the statements i.e. Directors' remuneration, five years' operating and financial data, report regarding meetings of Board of Directors and its Committees, report on the pattern of Shareholding, Management Discussion and Analysis, etc. have been incorporated in this Annual Report for information of Shareholders, stakeholders and regulators as well.

13. Human Resource Management (HRM)

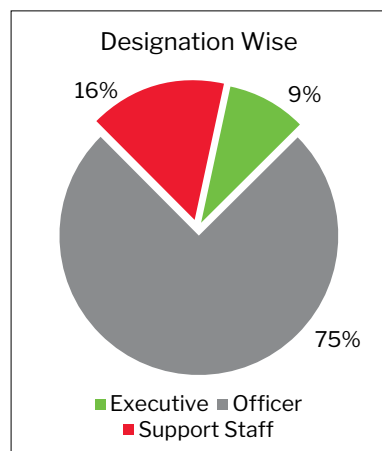
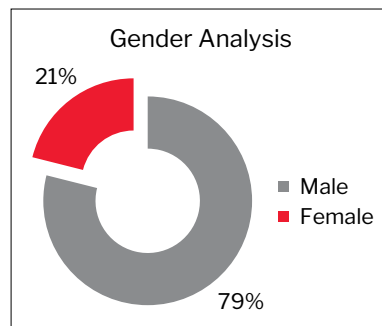
IFIC Bank considers "Human Resource" as the most important factors that can add distinguishable value for survival in this competitive world. Therefore the Bank always puts high magnitude on development of human resource to add advantageous edge to drive the organization towards its goal. HRM Division takes leadership in fostering a positive work environment that places high value on professional relationships based on fair, competitive and merit based quality. The Bank recognizes individual contributions and do the best to turn into resources.

IFIC Bank HRM Division is committed to ensure a resource pool by recruiting potential talents, developing and retaining

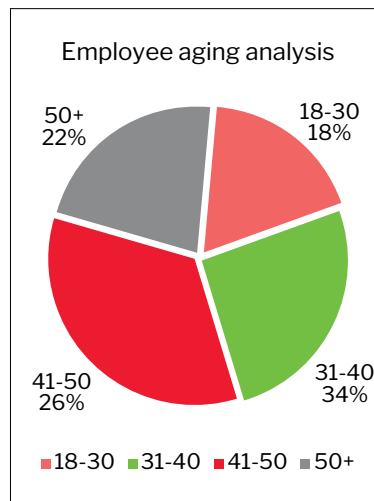
as high performer. The Bank develops diverse work force by implementing progressive human resource management policies and strategies through organizational and employee development, compensation & benefits, HRIS and regulatory compliance.

With rapid technological changes around the world, automation has been crucial area of development for any organization specially service oriented firms like Banks. Accordingly, IFIC Bank HRM Division has adapted to wide ranging HR software, which operates the central storage of HR data with a number of extensive workflows, notifications, process automation and analytical reports. It establishes a shared environment for HR specialists, managers and employees in order to provide the effective management and compliance.

For appropriate placement of its human resources, IFIC Bank continuously works on



restructuring its organogram based on functionality and places its employee at the right place through appropriate process. Continuous learning initiatives help the Bank to overcome employee skill deficiencies. All the effort in combination ultimately assists in maximizing the outcome in the bottom line.



13.1 Human Resource Planning

As IFIC Bank believes that employees are the most valuable asset, as their professionalism and proficiency, along with their diverse backgrounds and experience contributes significantly to its success. The Bank seeks the most competent and cultured candidates and never discriminates with regard to their race, language, religious beliefs, gender or age. Only the relevant skills and competencies of employees are considered the attributes which create sustainable values.

The primary goal of human resource management is to ensure that the right people will be in the right position at the right time by the virtue of the individual quality. IFIC Bank has already fixed the job-wise organogram and HRM Division determined the HR requirements with support of other departments and evaluation of jobs. Round the year, the Bank circulates Internal

Job Posting Circular (IJPC) openly to all employees to fill up the vacant functional positions at Branches and Divisions, Head Office which ultimately assist in talent acquisition, talent development and succession planning. Therefore, the best employees are selected for the appropriate functional positions at Branches and Divisions, Head Office through a transparent and merit based placement process.

Internal Job Posting Circular enables the Bank to create more career opportunities for employees and enhances upward mobility in organization. The Bank focuses to recruit dynamic potential people through multi-step merit-based recruitment and selection process so that they can be turned into resources in entry level.

IFIC Bank always focuses to uplift its home grown employees and do not recruit from outside organizations if not critically required. It gives more focus on recruiting the fresher in Management Trainee and Transaction Service Officer.

13.2 Training & Development

At IFIC Bank, we believe that our employees must be equipped with all necessary skills to meet the ever-changing demands of this fast-paced, competitive industry. Therefore, we aim to create a culture of continuous development to enable them to grow and succeed throughout their careers.

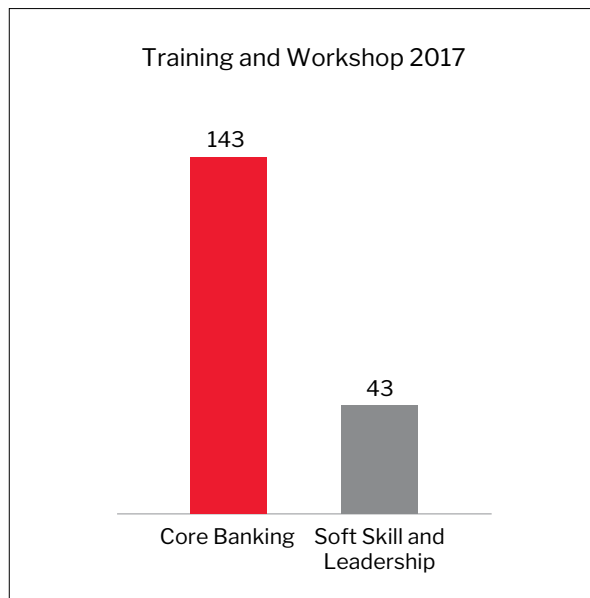
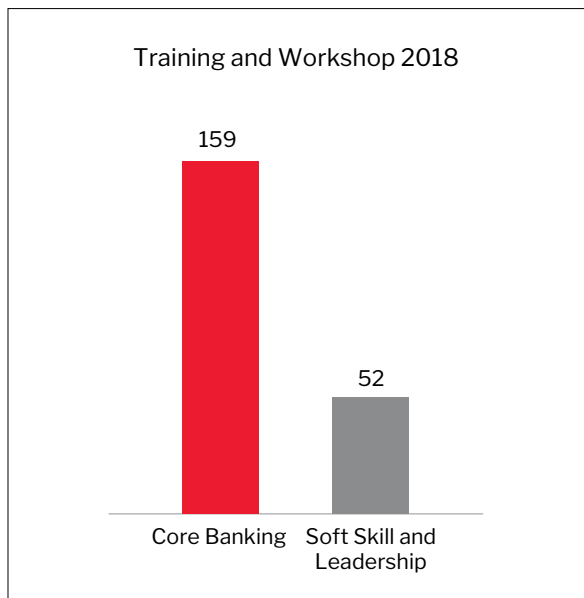
The investment in training gives the employee a greater understanding of their responsibilities within their role and also an opportunity to expand their knowledge base. The training and development plans of IFIC are designed towards an inclusive training plan which ensures skill gap minimization and leadership development.

In 2018, 3697 participants attended in 211 Training Programs on different areas

of Banking, Finance, Customer Service, IT and Leadership which is surely a landmark in the training arena among other commercial banks in the industry.

To align with the organization goal, we not only emphasize on core banking skill of employees we also want employees to boost up their soft skill and leadership capabilities. In continuation of

2017, out of total training, 25% training and workshop in 2018 was focused on Soft Skill and Leadership development which is 20% more than that of previous year.



As part of succession planning, we arrange leadership programs with distinguished trainers from home and abroad. As a corporate member of Malaysian Institute of Management (MIM), we are continuing leadership program with them for last 05 years. Through intensive training we have created a pool of Coaches & Mentors in the organization who conduct various leadership programs for our upcoming potential managers.

Besides the in house and customized training programs, employees of our bank are also sent to the training programs arranged by BBTA, BAB Research & Training Centre, BIBM and other reputed local training institutes. In 2018, 90 participants attended 43 local external training.

Management Trainee Development Program and Induction Program for new joiners are regularly conducted. Both on the job and off the job

training programs, Head Office Orientation followed by case presentation and written and practical examinations have been conducted to make the training session more effective.

In 2018, a good number of participants (50) have attended different foreign training and conference on Leadership Development, Strategic Management, Credit, Trade Processing, IT etc. in Singapore, India, Malaysia, Thailand, UAE.

We have more focus on control & compliance issues and ensured training on Money Laundering Prevention Act-2012 & Amendment Act-2015, Anti-Terrorism Act-2009 & Amendment Act-2013, Integrated Supervision System (ISS), Corresponding Banking Financial Crime Compliance Academy, Land & Loan Documentation etc covering all branches and Head Office. Besides these, some general programs were also conducted

on Soft Skills Development of relevant desk officials of IT, HR and Finance and Accounts.

Some of the highlights of training events in 2018-

- ▲ Arranged 06 leadership programs for the potential leaders in IFIC Bank in collaboration with Malaysian Institute of Management (MIM) where we have engaged their prominent facilitators.
- ▲ Besides the leadership training, we have also collaborated with MIM for arranging 'Relationship Based Marketing' program particularly focusing on relationship marketing concept for Relationship Managers and Branch Managers of our Bank.
- ▲ 275 new joiners have successfully completed their foundation course 'Induction program for TSO' throughout the year.

- ▲ A good number of participants have attended one day program on Land & Loan Documentation in different phases.
- ▲ Since the demand for Project Management is progressively emerging in the modern banking owing to the fast transformation, IFIC, keeping pace with the contemporary banking, has fruitfully arranged a 'Project Management Professional' training for potential project managers.
- ▲ Also focusing on the need of negotiations in sales and marketing, IFIC Bank has arranged a separate training program on Sales and Negotiation for the employees involved in relationship management.

13.3 Employee Compensation & Benefits

Formulation of "Compensation & Benefits Strategy" in IFIC Bank is very much challenging ensuring HR Budget under control through efficient utilization of resources and maintaining the jobs within competitive pay packages. Management of IFIC Bank believes that attractive Salary & Benefits package brings competitive advantage in the industries both for the organization and the employees. In line with the Management's mission & vision, Human Resource Management Division always conducts both formal & informal benefits survey in the industry to make the same competitive.

13.4 Competitive Pay Package

Pay package is one of the most effective tools that really attract the potential employees keeping into account of the macro economic factors like cost of living expenditures, industry practices, Bank capability etc. The bank's overall competitive strategy ensures the nominal salary adjustment by cost of living adjustment which in fact

ensures purchasing capacity of the employee while Pay for Performance strategy highly encourages to boost individual employee performance. Modern and effective performance appraisal system based on the theory of Management by Objectives (MBO) triggers the performance of the employees. Balanced Scorecard model has been followed in designing individual employees Key Performance Indicators (KPI) which reflect the overall business performance of IFIC Bank.

13.5 Other Benefits of the Employees

To keep the employee motivation level high, IFIC Bank provides numerous benefits which includes Staff House Building Loan, Car Purchase Finance Scheme, Salary Overdraft & Staff Salary Loan. As a part of long term service benefits, Provident Fund, Gratuity Fund, Earned Leave Encashment are provided as per compensation & benefits policy. These facilities are designed in such a way so that employees will have a handsome amount of benefits while leaving the bank to enjoy a decent life with family.

13.6 Process Management for Compensation & Benefits

Using standard HR software, Human Resource Management Division is managing the automated process fully/partly in disbursement of Monthly Salary, Increment, Bonuses, Leave Fare Assistance (LFA), Salary Overdraft (OD) and Car Reimbursement effectively and efficiently so as to slash the processing time & cost. Likewise, Key Performance Indicators (KPI) for Performance Appraisal of all eligible employees has come under the purview of HR Software for prompt processing.

13.7 Employee Engagement Programs and Awards

The Bank believes the employee as part of "IFIC Family" who are

bind together to grow together to achieve mutual goals. Employee engagement activities are aimed at enhancing the employee commitment and sense of belongingness towards the Bank. IFIC Bank regularly arranges welcoming program for new born children of its employees, awards our meritorious children, celebrates Pohela Boishakh, Hemonto Sondhya and Pitha Utshob arranges Art Festival for our kinds that help to build a collaborative environment that promotes teamwork and fellowship.

13.8 Health and Work-Life Balance

IFIC Bank believes that healthy employees will remain sustainably engaged and productive. To ensure health and well-being of our people, IFIC Bank has equipped its Branches and Head Office with modern safety measures and already started providing emergency medical services in Head Office. It provides medical insurance facilities to all employees as well as family members. Likewise, the Bank provides Earned Leave, Maternity Leave and Mandatory Annual Leave to the employee to maintain healthy work family life. The employee specially the female employee are always encouraged to leave office after completing their assigned tasks on time.

13.9 Grievance Management

As part of complying Code of Conduct, IFIC Bank is committed to equal opportunity, unbiased treatment of all individuals based on job related qualifications rather than any other basis or status. The Bank's policy is to provide a work environment that is free from intimidation or harassment. Such harassment by co-workers, supervisors or outsiders is strictly prohibited.

The Bank treats every individual in the same way in similar circumstances and deals with

grievance issues fairly and reasonably. The Bank has a specific guidelines to redress of grievance and resentment of employees. The Bank encourages the employees to be aware of what's expected of them in terms of standards and the likely consequences of continued failure to establish transparency in workplace.

14. Law and Legal Affairs

Last year i.e. in the year of 2018, Law and Legal Affairs Division discharged its assigned responsibility towards branches of the bank and Head Office effectively. At end of the year 2018, there were 147 branches of the bank and accordingly business of the bank had been increased significantly. Similarly, litigation relating to recovery of Bank dues and resolving various legal issues of the Branches and Head Office of the Bank had been increased considerably.

Amid such situation, Law and Legal Affairs Division took various versatile steps to resolve various legal issues in terms of quick disposal of pending court cases and providing legal opinions to the Branches of the Bank and Head Office in time. In this process, Law and Legal Affairs Division was able to disposed of 88 cases including 37 writ Petitions and helped to recover BDT 561.01 million from various accounts under litigation. On the contrary, Law and Legal Affairs Division extended various legal services to branches and Head Office of the Bank and as a result branches and Head Office were able to discharge their business responsibility properly and overall bank was benefited from the business and legal point of view.

In spite of the above facts, Law and Legal Affairs Division are also dealing with various sensitive cases filed by ACC and CID of Police against the Bank

employees. In this connection, Law and Legal Affairs Division handled the matters properly.

On the other hand, Law and Legal Affairs Division took steps to bring the whole work of the Law and Legal Affairs Division under paper less system and as a part of which a relevant software to be installed at Law and Legal Affairs Division by June of 2019 and simultaneously existing software will be upgraded and presently through this software Law and Legal Affairs Division is managing various litigated matters pending in both Lower and Higher Courts.

It is expected that after installation of New software, effectiveness of the overall work of Law and Legal Affairs Division will be increased and gradually Law and Legal Affairs Division will enter into a paperless system through which Bank will get more benefits in respect of disposing of pending Court cases and providing various legal services to the Branches and Head Office of the Bank in time and at the same time recovery of classified loans from the litigated accounts will be increased.

15. Enterprise Transformation

With the aim to meet long-term objectives, Enterprise Transformation introduces fundamental change to the way the bank operates, whether that be operating with a new technology or in a new process. It brings an approach that attempts to align the bank's activities relating to people, process and technology more closely with its

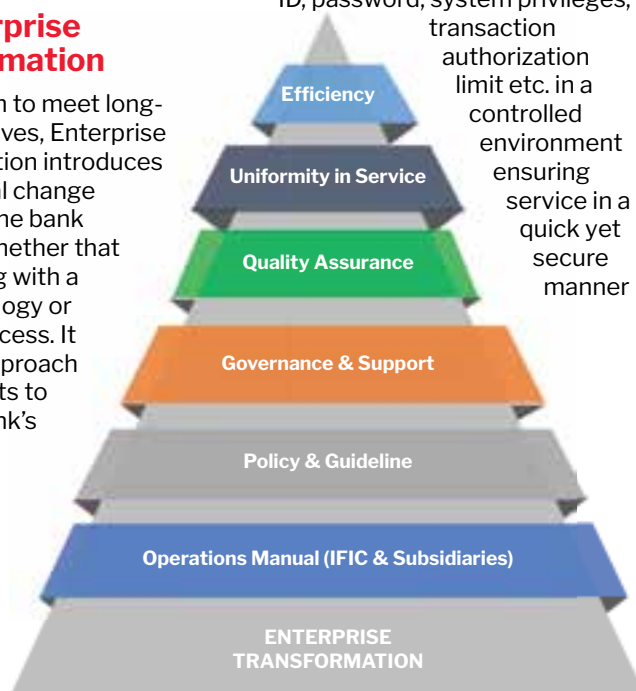
business strategy and vision.

Enterprise Transformation is using different six sigma methods, tools and techniques for analyzing process, identifying procedural & control deficiencies, recommending process automation and implementing business process to achieve maximum value to sync the activities of related departments & divisions. It creates a knowledge base among the bank officials by introducing them with new process, policy & guidelines in training and workshop sessions which also encourage them to be more compliant at work.

Enterprise Transformation also manages projects deliverables of CBS as per Business Requirements, Functional Specifications and Use Cases by applying project management tools and technique to get the maximum output from the project.

Operations Support, a department of Enterprise Transformation, manages CBS credentials and approved delegations of the bank officials. This department's job includes management of CBS ID, password, system privileges,

transaction authorization limit etc. in a controlled environment ensuring service in a quick yet secure manner



16. Branch Expansion Program

During the year 2018, the Bank opened 6 (Six) new Branches at different prospective locations of the country to provide banking services to the customers. Out of these 6 (Six) Branches, 4 (Four) urban Branches were opened at Banasree Branch, Dhaka, Kachua Branch, Chandpur, Khilgaon Branch, Dhaka and Akhaura Branch, Brahmanbaria, 2 (Two) rural branches were opened at Moynamati Branch, Cumilla and Goalanda Branch, Rajbari. Thus, total number of Branches of the Bank stood at 147 including 7 (Seven) SME /Krishi Branches throughout the country. For business expansion, 16 (Sixteen) Nos. of Branches/Offices were decorated/renovated and 5(Five) new ATM Booths were established at different locations of the country. Besides, the Bank is planning to expand its network round the country by opening new Branches and ATM Booths in the year 2019.

17. Subsidiaries of IFIC

There are two subsidiaries of IFIC Bank Limited.

- a) **IFIC Securities Limited (IFICSL)**
- b) **IFIC Money Transfer (UK) Limited**

18. Branding and Promotional Activities

IFIC Bank undertook sustained promotional activities to create awareness about the brand and products in the year 2017.

IFIC celebrated its 41st anniversary in 2017 by undertaking a series of activities engaging its customers, patrons, stakeholders and employees. An advertisement on the anniversary day was published at national dailies, nationwide branches were decorated with promotional materials along with anniversary cake cutting with valued customers and employees.

To promote the groundbreaking product IFIC Aamar Account, a 360 degree campaign was launched across all available media (TVC and RDC airing in different channels, series of newspaper advertisement insertions in national and local dailies, billboard advertisements at different strategic points, digital media advertisements along with field level activation).

Promotional activities for IFIC Home Loan across the media was very successful in 2017. The Bank received positive response from customers as a result of those activities. The bank also promoted its One Stop Service and a new product IFIC Agami to create awareness about the product and service.

IFIC Bank organized a Pitha Utshab at Gulshan Branch premises. Top customers, eminent personalities of the society, honorable shareholders and high officials of the bank attended the programme. The bank celebrated the beginning of Bangla new year Pahela Boishakh by organizing various activities including an employee event and painting alpona in front of IFIC Tower.

Different television programmes including Kemon Budget Chai in NTV, Ekushay Book Mela Sorasori and Rangtulite Muktijudhdho in Channel i were sponsored by the bank. The Bank also did branding of the news scroll and a documentary titled "IFIC Bank Ei Banglaye" in ATN News to increase the Bank brand visibility.

The Bank also sponsored a good number of events including the Police Week 2017 and DMP's Founding Anniversary, Victory Day Parade of Bangladesh Armed Forces and Jazz Festival of Blues Communication.

19. Corporate Social Responsibility

IFIC Bank undertook following activities in the field of CSR in 2018:

1. IFIC Bank provided blankets for the cold-hit people to Prime Minister's Relief Fund
2. The Bank rewarded two winners for IFIC Bank Shahittyo Purosker.
3. The Bank handed over a donation to Prime Minister's Education Support Trust (Proadhanmontrir Shikhkha Shohayota Trust).
4. The Bank provided money to Shuchona Foundation for the welfare of autistic children.
5. The Bank donated money to Bangabandhu Sheikh Mujibur Rahman Memorial Trust.
6. Dhamura Bohumukhi Madhyamik Bidyaloy received donations for students' stipend and playground development
7. Biswashahitya Kendra received a donation to support their educational activities.
8. The Bank donated money to a Day Care Center for bank employees.
9. The Bank donated multimedia projectors to Rajarbagh Police Line School & College.

20. Business Focus

The principal activities of the Bank are banking and related businesses under the Bank Company Act, 1991 (Amended up-to 2018). The core banking businesses include accepting deposits and granting loans and advances out of those deposits and earning profit through creating value from gap between interest paid on deposits and interest earned on loans and advances. The depositors supply funds for loans and advances. The Bank collects deposits through deposit mobilization strategy comprising various deposit products. The Bank's central revenue producing activities include all kinds of commercial banking products

and services to the customers including project finance, working capital finance and trade finance for corporate customers, SME loans to small traders and businesses, House Building Loan, Car Loan as well as wide range of life-style and need based loans for retail customers. The Bank has been able to develop state-of-the-art IT platform and online banking systems facilitating Any Branch Banking, SMS Banking, Internet Banking, Any Time Banking for 24 hours a day and 7 days a week through ATMs.

2018 has been a year of significant progress for us. Building on our consistent track record of growth, the Bank shall continue to deliver a strong performance, both operationally and financially.

Our aim is to build a business that is durable for the long term, one that creates value for shareholders and also acts responsibly in the interests of the wider communities in which we operate. We believe that those businesses that achieve sustainable growth have an appetite for change and a commitment to constant renewal in all that they do.

21. Shares of IFIC Bank Limited

The Authorized Capital and the Paid-up Capital of the Bank stood at BDT 20,000.00 million and BDT 13,387.39 million respectively as on 31 December 2018. A total number of 1,318,271,815 shares are recorded with the Central Depository Bangladesh Limited (CDBL), while 20,466,920 shares still remain in scrip form till the Balance Sheet date.

The consolidated Net Asset Value (NAV) per share was BDT 17.69 as on 31 December 2018 which was BDT 16.51 as on 31 December 2017. The consolidated Earnings per Share (EPS) were BDT 1.23 for the year

ended on 31 December 2018 as against BDT 1.79 as on 31 December 2017. The Market Capitalization of IFIC was BDT 14,592.25 million at the end of the year 2018 as against BDT 21,515.44 million at the end of the year 2017.

22. Dividend

The Board of Directors in its 749th Meeting held on 29 April 2019 has recommended 10% Stock Dividend for the Shareholders for the year 2018 subject to approval of the Shareholders in the 42nd Annual General Meeting.

23. Appointment of External Auditors

In the 41st Annual General Meeting of the Bank, "A" graded Chartered Accountants M/s. Howladar Yunus & Co. was appointed as the External Auditors of the Bank for the term till conclusion of the next Annual General Meeting. Since M/s. Howladar Yunus & Co., Chartered Accountants has completed their first year of audit, and in terms of Bangladesh Bank's Guidelines and the Directives of BSEC, they are eligible for re-appointment.

24. Rotation of Directors

In order to comply with the provision mentioned under Section 91(2) of the Company Act, 1994 and Clause Nos. 109 & 110 of the Articles of Association of the Bank, at least one third of the Directors shall retire from the Office in the 42nd Annual General Meeting.

As per Clause No. 111 of the Articles of Association of the Bank, the retiring Directors are eligible for re-election.

25. Dependability for Internal Control and Financial Reporting

The Board has collective responsibility for the

management, direction and performance of the Bank and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance.

The Board takes a long term outlook and sees itself as responsible to a wide range of stakeholders, whilst pursuing its objectives in a manner consistent with its statutory duties, for the benefit of the Bank's members as a whole.

The Directors of the Board are selected on the criteria of proven skill and ability in their particular field of endeavor and a diversity of outlook and experience which directly benefits the operation of the Board as the custodian of the business.

The Board of Directors of the Bank is accountable for Bank's system of internal control. It has set appropriate policies on internal control and seeks regular assurance that the system is functioning effectively. Through the establishment of the Audit Committee, the Board of Directors regularly monitors the adequacy & effectiveness of internal control system of the Bank.

The SMT and MANCOM also reviews the overall effectiveness of the control system of the Bank & provides a certificate on yearly basis to the Board of Directors on the effectiveness of internal control policies, practices & procedures.

As per directives of Bangladesh Bank, a special meeting of the Board of Directors is arranged annually for reviewing the compliance/implementation status of the observations/recommendations of Bangladesh Bank's comprehensive inspection report of the Bank.

According to the Company Law, the Directors are responsible for the preparation of the annual financial statements. The annual financial statements conform to International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and fairly present the affairs of the Bank and its subsidiaries as at the end of the financial year, profit & loss and cash-flows for that period.

Accounting policies supported by judgments, estimates and assumptions in compliance with IAS and IFRS are applied on the basis that the Bank shall continue as a going concern. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Based on the information and explanations given by management and the internal auditors, the Directors are of the opinion that the internal financial controls are adequate and that the financial records may be relied upon for preparing the financial statements in accordance with IAS and IFRS, and to maintain accountability for the Bank's assets and liabilities.

Through regulatory compliance and responsibilities within a Corporate Governance framework, minority Shareholders have been protected from abusive action by,

or in the interest of, controlling Shareholders acting either directly or indirectly and have effective means of redress.

The Directors have a reasonable expectation that the Bank and its subsidiaries will have adequate resources to continue in operational existence and as a going concern for the foreseeable future.

26. Acknowledgement

The success of this Bank is mainly attributable to the support and co-operation from the different group of stakeholders. With the sincere and devoted efforts of all the Executives, Officials and members of the staff, IFIC Bank has made remarkable progress in the year 2018. The Board of Directors takes this opportunity to thank all of them for their dedicated services. The Board expresses its profound gratitude to the Government of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Dhaka Stock Exchange Limited, Chattogram Stock Exchange Limited and Central Depository Bangladesh Limited for their continued support and co-operation to the Bank. The Board also thanks all for their unwavering continued co-operation and hope that their valuable support will remain intact in future. The Board

gratefully acknowledges the support provided by all valued customers who have been with us in the course of our journey. The Board also place on record its thanks and gratitude the valued contribution made by all the patrons and well-wishers of the Bank in attaining its sustainable growth and progress. The Board also expresses its appreciations to M/s. Howladar Yunus & Co., the External Auditors of the Bank, for their efforts for timely completion of audit of the Financial Statements of the Bank. The Board of Directors further extends thanks to both the print and electronic media personnel for extending media coverage to the Bank's various activities and events throughout the year.

Last but not the least, the Board expresses its thanks to the respected Shareholders and assures them that the Bank will continue to add to the Shareholders' value through gradual growth of business and sustained customers' satisfaction, in which they have placed trust and confidence.

For and on behalf of the Board of Directors



Salman F Rahman
Chairman

Report of the Executive Committee



Report of the Executive Committee

The Executive Committee of the Board of Directors of IFIC Bank Limited was lastly re-constituted by the Board of Directors of the Bank in its 673rd Meeting held on 27 April 2016 with the following 02 (Two) Members:

Mr. A. R. M. Nazmus Sakib	Chairman
Ms. Quamrun Naher Ahmed	Member

The Company Secretary of the Bank is the Secretary of the Executive Committee of the Board.

The above mentioned Executive Committee of the Board was formed in line with the directives of BRPD Circular No. 11 dated 27 October 2013.

The Terms of Reference of the Executive Committee, in addition to the roles and responsibilities mentioned in the BRPD Circular No. 11 dated 27 October 2013, as approved by the Board is as follows:

1. All business proposals other than Large Loan shall be placed before the Executive Committee for approval.
2. Other than business proposal, the following proposal shall also be placed before Executive Committee:
 - Hiring of new premises, Renewal of lease agreement with enhancement of the bank premises and renovation/refurbishment of branch premises.
 - Purchase of electric/electronics equipment, Computer and its accessories, Air Conditioners, Generator and Vehicles.

However, the decisions of the Executive Committee as recorded in the Minutes of the Meetings are placed before the Board in the subsequent Meeting for ratification.

During the year of 2018, 10 (Ten) Meetings of the Executive Committee were held where a total of 147 nos. proposals/issues were considered/decided by the Committee.

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

Name of the Director	Position	Total number of meetings held during 2018	Total attendance	Remarks
Mr. A. R. M. Nazmus Sakib	Chairman	10	10	
Ms. Quamrun Naher Ahmed	Member	10	10	

The Executive Committee expresses its sincere thanks to the Members of the Board and the Management of IFIC Bank Limited for their support and guidance in the course of carrying out the duties and responsibilities of the Committee. The Executive Committee also expresses its satisfaction regarding the roles and responsibilities discharged by the Management of the Bank.

A. R. M. Nazmus Sakib
Chairman, Executive Committee

Report on the Activities of the Audit Committee



Report on the Activities of the Audit Committee

The Audit Committee of the Board of Directors of IFIC Bank Limited was lastly re-constituted by the Board of Directors in its 720th Meeting held on 28 January 2018 in accordance with the directives of the BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank and the Notification of Bangladesh Securities and Exchange Commission vide No. SEC/CMRRCD/2006-158/134/admin/44 dated 07 August 2012.

The Audit Committee of the Board is comprised of 03 (Three) members from the Board of Directors including 02 (Two) Independent Directors. The composition of the Audit Committee of the Board is as follows:

Ms. Rabeya Jamali	Independent Director	Chairperson
Mr. Anwaruzzaman Chowdhury	Independent Director	Member
Mr. Jalal Ahmed	Director	Member

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

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

The Audit Committee of the Board usually sits once in every month.

A total of 12 (Twelve) Audit Committee Meetings were held during the year 2018.

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

Name of the Director	Position	Total number of meetings held during 2018	Total attendance	Remarks
Ms. Rabeya Jamali	Chairperson	12	12	Directors who could not attend any meeting were granted leave of absence.
Mr. Anwaruzzaman Chowdhury	Member	12	05	
Mr. Jalal Ahmed	Member	12	12	

The Audit Committee, in the above mentioned 12 (Twelve) meetings, discussed many issues some of which were:

- Summary Report on Comprehensive Inspection on Uttara & Dinajpur Branch conducted by the Bangladesh Bank Inspection Team;
- Highlight on Risk Based Internal Audit & Inspection Reports conducted by ICC Division;
- Summary Report on Foreign Exchange Business & Transaction on Kawran Bazar Branch conducted by the Bangladesh Bank Inspection Team;
- Statement of Fraud & Forgeries occurred in the Bank up to 31.12.2017;
- Report on the activities of the Audit Committee to the Shareholders;
- Management Report on the Financial Statements for the year ended 31 December 2017;
- Recommendation for approval of Unqualified Audit Report and Audited Financial Statements as at and for the year ended 31 December 2017;
- Appointment of Statutory Auditors;

- ➔ Recommendation for approval of un-audited Condensed Financial Statements as at and for the 1st Quarter ended 31 March 2018;
- ➔ Certification to the Board of Directors on the effectiveness of Internal Control Policy, practice & procedure for the period ended as on 31.12.2017;
- ➔ Annual Health Report for the year 2017;
- ➔ Self-Assessment of Anti-Fraud of Internal Control as on the Half year ended on 30.06.2018;
- ➔ Recommendation for approval of un-audited Condensed Financial Statements as at and for the 2nd Quarter ended 30 June 2018;
- ➔ Surprise Inspection Report of Bangladesh Bank on Elephant Road & Dania Branches;
- ➔ Recommendation for approval of un-audited Condensed Financial Statements as at and for the 3rd Quarter ended 30 September 2018;
- ➔ Summary Report on Comprehensive Inspection on Federation Branch conducted by the Bangladesh Bank Inspection Team;
- ➔ Statement of Fraud & Forgeries occurred in the Bank up to 30.09.2018;
- ➔ Risk Based Internal Audit (RBIA) Plan for- 2019;
- ➔ Bangladesh Bank 33rd Comprehensive Inspection Report on the Bank as on the position of 31.12.2017;
- ➔ Performance Appraisal Process of Head of Audit & Inspection, ICC Division.

From our assessment of the various internal audit reports, it appears that IFIC Bank Limited maintained effective Internal Control on its overall activities during the year 2018.

Rabeya Jamali

Rabeya Jamali

Chairperson, Audit Committee

Report of the
Risk Management Committee



Report of the Risk Management Committee

The Risk Management Committee of the Board of Directors of IFIC Bank Limited was lastly re-constituted by the Board of Directors of the Bank in its 720th Meeting held on 28 January 2018 with the following 04 (Four) Members:

Mr. Jalal Ahmed	Chairman
Ms. Rabeya Jamali	Member
Mr. A. R. M. Nazmus Sakib	Member
Ms. Quamrun Naher Ahmed	Member

The Company Secretary of the Bank is the Secretary of the Risk Management Committee of the Board.

The above mentioned Risk Management Committee of the Board was formed in line with the directives of BRPD Circular No. 11 dated 27 October 2013.

The Risk Management Committee, as authorized by the Board, performs as per roles and responsibilities mentioned in the BRPD Circular No. 11 dated 27 October 2013.

During the year 2018, 07 (Seven) Meetings of the Risk Management Committee were held where a total of 19 nos. proposals/issues were considered/decided by the Committee.

The particulars of attendance of the members of the Risk Management Committee are given below:

Name of the Director	Position	Total number of meetings held during 2018	Total attendance	Remarks
Mr. Jalal Ahmed	Chairman	07	07	
Ms. Rabeya Jamali	Member	07	07	
Mr. A. R. M. Nazmus Sakib	Member	07	07	
Ms. Quamrun Naher Ahmed	Member	07	07	

However, the decisions of the Risk Management Committee as recorded in the Minutes of the Meetings are placed before the Board on quarterly basis.

The Risk Management Committee expresses its sincere thanks to the Members of the Board and the Management of IFIC Bank Limited for their support and guidance in the course of carrying out the duties and responsibilities of the Committee. The Risk Management Committee also expresses its satisfaction regarding the roles and responsibilities discharged by the Management of the Bank.



Jalal Ahmed
Chairman, Risk Management Committee

Corporate Governance Practices

Corporate Governance indicates the policies and procedures applied by us to attain certain sets of our objectives, corporate missions and visions with regard to shareholders, employees, customers, suppliers and different regulatory agencies and the community at large. The role of governance is to maximize shareholders' wealth. Corporate Governance depends on managerial performance as well as a consideration of social responsibility, the socio-cultural-environmental dimension of business procedure, legal and ethical practices with a focus on customers and other stakeholders of our organization.

We are committed to excellence in corporate governance, transparency and accountability. This is essential for the long term performance and sustainability of our Company, and to protect and enhance the interests of our shareholders and other stakeholders.

Our governance framework plays an integral role in supporting our business. It provides the structure through which our strategy and business objectives are set, our performance is monitored, and the risks we face are managed. It includes a clear framework for decision making and accountability across our business and provides guidance on the standards of behavior we expect from our people.

We regularly review our governance arrangements as well as developments in the market practices, expectations and regulation to establish good corporate governance in our Bank. We have modernized our governance system and implemented the rules as several prudential regulations specifying qualification of a Bank Director and a Chief Executive Officer and most importantly 3 (three)

Circulars/Circular Letters issued by Bangladesh Bank on 27 October 2013 in connection with formation and responsibilities of Board of Directors of a Bank Company to comply with the existing rules and regulations in line with the Bank Company Act, 1991 (Amended up to 2018) as well as Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission.

We consider good corporate governance to be a pre-requisite for value creation and reliability

- ➔ Governance principles;
- ➔ Transparency in business transactions;
- ➔ Statutory and legal compliances;
- ➔ Protection of shareholders' interests;
- ➔ Commitment to values and ethical conduct of business;
- ➔ Applying values to create value.

Members' Meetings

The supreme authority in the Bank's affairs, within the limits established by the Articles of Association and statutory law, rests with legitimate meetings of the Members of the Bank. The Bank's Annual General Meeting is held within statutorily allowed time every year and may also hold any other meeting, as and when required. At Members' meeting, each share carries one vote. Decisions at Members' meetings are taken by majority vote unless there are contrary provisions in the Bank's Articles of Association or statutory law.

Although Members acting through the forum of the General Meeting exercise ultimate check over a company, yet they do not interfere with the exercise of powers which are vested in the Board.

The Board of Directors

The Board of Directors, collectively, is the supreme authority in the Bank's affairs between Members' meetings. They owe a duty to the shareholders and exercise care, skill and diligence in discharging their responsibilities and in exercising the powers vested in them.

The key purpose of the Board of Directors of IFIC Bank Limited is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and other stakeholders. In addition to business and financial issues, the Board deals with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics and ensures that its organization and operation are, at all times, in correct and appropriate order. The Board is, among other things, responsible for setting business objectives, strategies and business plans, formulating risk policies, confirming key aspects of the Bank's internal organization and making decisions on the establishment of branches. As a mechanism of budgetary control, the Board approves budget and reviews the business plan on quarterly basis so as to give directions as per changing economic and market environment. The Board also reviews the policies and guidelines issued by Bangladesh Bank and gives directions for their due compliance. Furthermore, Board of Directors develops and reviews corporate governance framework as well as recommends to the shareholders to appoint an external auditor.

Composition of the Board

The Board of IFIC Bank Limited consists of 8 (eight) Members including the Managing Director

as Executive Director and ex-officio member of the Board. As per the guidelines of Bangladesh Bank and as well as in compliance with the Bangladesh Securities and Exchange Commission's Corporate Governance Guidelines, there are 2 (two) Independent Directors in the Board.

Re-election of Directors

In compliance with the Companies Act, BSEC's Notification and Bank's Articles of Association, each Director, other than the Independent Director and the Managing Director, retires by rotation once in every three years and is required to stand for re-election by the shareholders at the Annual General Meeting.

Independent Director

To comply with the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission, the Board of Directors appointed 2 (two) Independent Directors in the Board, appointment of one of them already approved by the shareholders and re-appointment of the other will be placed for approval in the 42nd Annual General Meeting. A full compliance report of the said guidelines is provided hereafter.

Board Meetings

During the year 2018, there were 27 meetings of the Board. The attendance by each Director at the Board Meeting held during the year is provided hereafter.

Executive Committee

As approved by Bangladesh Bank, the Board has its Executive Committee. The committee comprises of 2 (two) Members from the Board. In order to have proper functioning and quick disposal of credit proposals, the Board has delegated authority to Executive Committee of the Board to approve proposal within certain limit and it is observed to be very effective to accelerate the various decisions which

otherwise had to wait for disposal by the Board meeting. The committee met 10 times during the year 2018. The report of the Executive Committee is deployed hereinbefore.

Audit Committee

Audit Committee of the Board of a bank can play an effective role in providing a bridge between the Board and the Management, Shareholders, Depositors and other Stakeholders, and help in ensuring efficient, safe and sound banking practices. Role of the Audit Committee is also important in evolving an effective procedure for financial reporting disclosure, developing a suitable internal control system and maintaining liaison with internal and external auditors to minimize various business risks.

As guided by Bangladesh Bank, the Audit Committee assists the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the Bank. The Committee reviews the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Bank's process for monitoring compliance with laws and regulations and its own code of business conduct. The report is given hereinbefore.

Risk Management Committee

To assist the Board of Directors in fulfilling its oversight responsibilities and to play effective role in minimizing current and future risks arising on the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters, the Risk Management Committee has been constituted. The Risk Management Committee in

Management level has also been reorganized. The report of the Risk Management Committee is deployed hereinbefore.

Directors' Remuneration

The non-executive directors (Directors other than the Managing Director) of the Board representing shareholders do not take any remuneration or reimbursement of any expenses for attending Board meeting or for any other purpose. The Board members receive only BDT 8,000.00 for attending the Board/Committee meetings. The fees given to the directors are disclosed in the note to the financial statements.

Management

The Managing Director, as directed by the Board of Directors, is the Chief Executive Officer (CEO) of the Bank. In terms of the financial, business and administrative authorities vested upon him by the Board, the CEO discharges his own responsibilities. He remains accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management. He also ensures that Bank's accounts and finances conform to applicable laws and accepted standards. Therefore, being empowered by the Board, the Managing Director leads the Management consisting of the executives of the Bank. Management functions through several committees headed by the Managing Director or empowered executives of the Bank. The committees are MANCOM, ALCO, Risk Management and Basel Committee etc. Management enjoys absolute power in respect of recruitment, posting and promotion of manpower in accordance with Bangladesh Bank's guidelines. In addition, Board has delegated adequate administrative, business

and financial power to the Management for quick and efficient discharge of Bank's activities.

Compliance of BRPD Circular Letter No. 03

The Bank complied with the BRPD Circular Letter No. 03 dated 25 March 2018 and appointed Mr. Dilip Kumar Mandal as Chief Financial Officer and Mr. Md. Nazmul Haque Talukder as Chief Information Technology Officer.

Financial, Statutory and Regulatory Reporting and Compliance

In the preparation of quarterly, semi-annual and annual financial statements, the Bank has complied with the requirements of the Companies Act 1994, Bank Company Act, 1991 (Amended up to 2018) and rules & regulations of Bangladesh Bank, BSEC and Stock Exchanges. Status of various compliances is given hereafter.

Internal Control

The Board of Directors acknowledges their overall responsibility for the Bank's system of internal control and for reviewing its effectiveness. Internal control is an ongoing process for identifying, evaluating and managing the significant risks faced by the Bank. The Bank has taken all-out efforts to mitigate all sorts of risk as per guidelines issued by Bangladesh Bank. Internal Control & Compliance Division, Risk Management and Credit Risk Management Unit are working towards mitigation of operational and compliance risks of the Bank.

External Audit

M/s. Howladar Yunus & Co., Chartered Accountants is the statutory auditors of the Bank. They do not provide any other accounting, taxation or advisory services to the Bank except certification of cash incentives

payable to the exporters, if any.

Audit and Inspection by Bangladesh Bank

Bangladesh Bank also undertakes audit & inspection at the Bank at their determined intervals. Compliance with observations and recommendations made by Bangladesh Bank helps the Bank to improve internal control, risk management, corporate governance and regulatory compliance maximizing benefit for all stakeholders.

Proclamation to Shareholders

The Bank acknowledges and takes necessary steps to provide shareholders with all relevant and reliable information to allow them to make informed judgment and decisions. Regulated path and way are completely obeyed/ followed for appropriate and effective communication. All relevant information is placed/ are posted in the website of the Bank for convenience of the shareholders. Moreover, as per BSEC's guidelines, all the price sensitive information having possible impact on share prices of the Bank are communicated to the shareholders by publication in the national dailies, Online news portal and to the DSE, CSE, and BSEC through official letters for appearance in their websites. Quarterly Financial Statements are communicated to all the Members through DSE, CSE and BSEC as well as publication of the same in at least two widely circulated national dailies. Audited yearly financial statements are published through Annual Report and the report is furnished to the shareholders as well as regulators. Finally, we arrange Annual General Meeting as our statutory duty to give our shareholders parliamentary session to communicate their assertions about the Bank. All the suggestions or recommendations made by the Members in the

AGM or any time during the year are taken very seriously for compliance and better corporate governance of the Bank.

Credit Ratings

The Bank is rated by Credit Rating Agency of Bangladesh (CRAB) Limited. They have re-affirmed both the long term rating of the Bank to "AA₂" and short term rating at "ST-2" with validity up to 30 June 2019.

Compliance Report on BSEC's Notification

The Bangladesh Securities and Exchange Commission (BSEC) requires all listed companies to report on the compliance of the conditions described in BSEC's Notification dated 03 June 2018 on 'comply' basis. The Board of Directors of IFIC Bank Limited has taken appropriate steps to comply with the conditions.

Compliance Report on BSEC's Notification

The Bangladesh Securities and Exchange Commission (BSEC) requires all listed companies to report on the compliance of the conditions described in BSEC's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 on 'comply' basis. The Board of Directors of IFIC Bank Limited has taken appropriate steps to comply with the conditions as detailed hereunder:

Annexure-I

Compliance of Condition No. 1 (5) (xxii): Board Meetings held during the year 2018 and attendance by each Director:

SL No.	Name of the Directors	Position	No. of Meetings held	No. of Meetings attended	Remarks
01.	Mr. Salman F Rahman	Chairman	27	24	Directors who could not attend any meeting were granted leave of absence by the Board.
02.	Mr. Ahmed Shayan Fazlur Rahman (Since 03 February 2019)	Vice Chairman	Nil	Nil	
03.	Mr. Anwaruzzaman Chowdhury	Independent Director	27	09	
04.	Ms. Rabeya Jamali	Independent Director	27	24	
05.	Mr. Jalal Ahmed	Govt. Nominated Director	27	25	
06.	Mr. A. R. M. Nazmus Sakib	Govt. Nominated Director	27	27	
07.	Ms. Quamrun Naher Ahmed	Govt. Nominated Director	27	27	
08.	Mr. M Shah Alam Sarwar	Managing Director & CEO	27	27	

Annexure-II

Compliance of Condition 1 (5) (xxiii): The pattern of Shareholding as on 31 December 2018

- (a) Parent or Subsidiary or Associated Companies and other related parties: **Nil**
- (b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children:

SL	Name of the Directors	Shares held	Name of the Spouses	Shares held
01.	Mr. Salman F Rahman	26,782,314	Mrs. Syeda Rubaba Rahman	Nil
02.	Mr. Ahmed Shayan Fazlur Rahman*	Nil	Mrs. Shazreh Rahman	Nil
03.	Mr. Anwaruzzaman Chowdhury	Nil	Mrs. Holy Begum Chowdhury	Nil
04.	Ms. Rabeya Jamali	Nil	N/A	Nil
05.	Mr. Jalal Ahmed**	Nil	Mrs. Farah Diba Ahmed	Nil
06.	Mr. A. R. M. Nazmus Sakib**	Nil	Mrs. Fetematuj Jahera	Nil
07.	Ms. Quamrun Naher Ahmed**	Nil	Mr. A. B. M. Siddiqur Rahman	Nil

* Representing M/s. New Dacca Industries Limited against its holding of **32,257,175** nos. shares of the Bank.

** Directors nominated by the Ministry of Finance, Govt. of the People's Republic of Bangladesh against its holding of **438,417,626** nos. shares of the Bank.

Managing Director & CEO and his spouse and minor children	- Mr. M Shah Alam Sarwar	Nil
Company Secretary and his spouse and minor children	- Mr. Md. Mokammel Hoque	Nil
Chief Financial Officer and his spouse and minor children	- Mr. Dilip Kumar Mandal	Nil
Head of Internal Audit and Compliance (ICC) and his spouse and minor children	- Mr. Ashim Chowdhury	Nil

(c) Executives [Top 5 (five) salaried employees of the company, other than stated in 1.5 (xxiii)(b)]:

SL	Designation	Name	Shares held
01.	DMD & Chief Risk Officer	Mr. M. M. Haikal Hashmi	Nil
02.	DMD & Head of International Division	Mr. Shah Md. Moinuddin	Nil
03.	DMD & Head of Business	Mr. Md. Nurul Hasnat	Nil
04.	DMD & Chief Credit Officer	Mr. Syed Mansur Mustafa	Nil
05.	DMD & Chief of Operations & IT	Mr. Md. Monitur Rahman	Nil

(d) Shareholders holding ten percent (10%) or more voting interest in the Company: Govt. of the People's Republic of Bangladesh holds **438,417,626** nos. shares which is 32.75 percent of the total outstanding shares of the Bank.

Annexure-C

Status of Compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under condition no. 9)

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	Board of Directors:			
1 (1)	Size of the Board of Directors : The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		
1 (2)	Independent Directors:			
1 (2) (a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		
1 (2) (b)	Independent Directors means a Director:			
1 (2) (b) (i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1 (2) (b) (ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	✓		
1 (2) (b) (iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1 (2) (b) (iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1 (2) (b) (v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (2) (b) (vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1 (2) (b) (vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1 (2) (b) (viii)	Who is not independent director in more than 5 (five) listed companies;	✓		
1 (2) (b) (ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	✓		
1 (2) (b) (x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		
1 (2) (c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		
1 (2) (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and			No Vacancy occurred
1 (2) (e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	✓		
1 (3)	Qualification of Independent Director:			
1 (3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1 (3) (b) (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	✓		
1 (3) (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	✓		
1 (3) (b) (iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5 th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or			N/A
1 (3) (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1 (3) (b) (v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (3) (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1 (3) (d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1 (4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:			
1 (4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1 (4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1 (4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1 (4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		Roles and responsibilities are as per Bangladesh Bank guidelines and service rules of the Bank
1 (4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1 (5)	The Directors' Report to Shareholders shall include the following additional statements or disclosures:			
1 (5) (i)	An industry outlook and possible future developments in the industry;	✓		
1 (5) (ii)	The segment-wise or product-wise performance;	✓		
1 (5) (iii)	Risks and concerns including internal and external risks factors, threat to sustainability and negative impact on environment, if any;	✓		
1 (5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;			N/A
1 (5) (v)	A discussion on continuity of any extra-ordinary activities and their implications (gain or loss);			N/A
1 (5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1 (5) (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any others instruments;			N/A
1 (5) (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			N/A
1 (5) (ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;			N/A
1 (5) (x)	A statement of remuneration paid to the Directors including Independent Directors;	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (5) (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1 (5) (xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1 (5) (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1 (5) (xiv)	A statement that International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1 (5) (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1 (5) (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1 (5) (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed;	✓		
1 (5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1 (5) (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1 (5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1 (5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1 (5) (xxii)	The total number of Board meetings held during the year and attendance by each Director;	✓		
1 (5) (xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name wise details where stated below) held by:-			
1 (5) (xxiii) (a)	Parent or Subsidiary or Associated Companies and other related parties;	✓		
1 (5) (xxiii) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children;	✓		
1 (5) (xxiii) (c)	Executives (top 5 (five) salaried employees of the company, other than stated in 1 (5) (xxiii)(b); and	✓		
1 (5) (xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company;	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (5) (xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
1 (5) (xxiv) (a)	A brief resume of the director;	✓		
1 (5) (xxiv) (b)	Nature of his or her expertise in specific functional areas; and	✓		
1 (5) (xxiv) (c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1 (5) (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1 (5) (xxv) (a)	Accounting policies and estimation for preparation of financial statements;	✓		
1 (5) (xxv) (b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1 (5) (xxv) (c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five year's explaining reasons thereof;	✓		
1 (5) (xxv) (d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;			Financial performance of peer banks are not available
1 (5) (xxv) (e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1 (5) (xxv) (f)	Risks and concerns issues related to the financial statements explaining such risks and concerns mitigation plan of the company; and	✓		
1 (5) (xxv) (g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1 (5) (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A ; and	✓		
1 (5) (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C .	✓		
1 (6)	Meetings of the Board of Directors : The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code;	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (7)	Code of Conduct for the Chairperson, other Board Members and Chief Executive Officer:			
1 (7) (a)	The Board shall lay down a Code of Conduct based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No.6, for the Chairperson of the Board, other Board members and Chief Executive Officer of the Company;	✓		The Bank has a code of conduct and it is posted on the website. However, recommendation of NRC is yet to execute as the NRC is not formed yet. The complexity of the organization structure prescribed by BSEC was raised before them and waiting for the response.
1 (7) (b)	The Code of Conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior, confidentiality, conflict of interest, compliance with laws, rules and regulations, prohibition of insider trading, relationship with environment, employees, customers and suppliers and independency.	✓		
2	Governance of Board of Directors of Subsidiary Company:			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	✓		
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	✓		
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	✓		
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	✓		
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):			
3 (1)	Appointment:			
3 (1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3 (1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3 (2)	Requirement to attend Board of Directors' Meetings: The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3 (3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
3 (3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3 (3) (a) (i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3 (3) (a) (ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3 (3) (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3 (3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	Board of Directors' Committee: For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4 (i)	Audit Committee; and	✓		
4 (ii)	Nomination and Remuneration Committee.			The complexity of the organizational structure prescribed by BSEC was raised before them and waiting for the response.
5	Audit Committee:			
5 (1)	Responsibility to the Board of Directors:			
5 (1) (a)	The company shall have an Audit Committee as a subcommittee of the Board;	✓		
5 (1) (b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5 (1) (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5 (2)	Constitution of the Audit Committee:			
5 (2) (a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		Constituted as per BB's circular
5 (2) (b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		
5 (2) (c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; Explanation: The term "financially literate" means the ability to read and understand the financial statements like statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows statement and a person will be considered to have accounting or related financial management expertise if he or she possesses professional qualification or Accounting or Finance graduate with at least 10 (ten) years of corporate management or professional experiences.	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5 (2) (d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			N/A
5 (2) (e)	The company secretary shall act as the secretary of the Committee;	✓		
5 (2) (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5 (3)	Chairperson of the Audit Committee:			
5 (3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5 (3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
5 (3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM); Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓		Shall be invited to remain present
5 (4)	Meeting of the Audit Committee:			
5 (4) (a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
5 (4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5 (5)	Role of Audit Committee (the Audit Committee shall):			
5 (5) (a)	Oversee the financial reporting process;	✓		
5 (5) (b)	Monitor choice of accounting policies and principles;	✓		
5 (5) (c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5 (5) (d)	Oversee hiring and performance of external auditors;	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5 (5) (e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5 (5) (f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5 (5) (g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5 (5) (h)	Review the adequacy of internal audit function;	✓		
5 (5) (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5 (5) (j)	Review statement of all related party transactions submitted by the management;	✓		
5 (5) (k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5 (5) (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5 (5) (m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	✓		
5 (6)	Reporting of the Audit Committee:			
5 (6) (a)	Reporting to the Board of Directors-			
5 (6) (a) (i)	The Audit Committee shall report on its activities to the Board.	✓		
5 (6) (a) (ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5 (6) (a) (ii) (a)	Report on conflicts of interests;			N/A
5 (6) (a) (ii) (b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
5 (6) (a) (ii) (c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5 (6) (a) (ii) (d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)	
		Complied	Not complied		
5 (6) (b)	Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A	
5 (7)	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			N/A	
6	Nomination and Remuneration Committee (NRC):				
6 (1)	Responsibility to the Board of Directors:				
6 (1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			With a view to form a Nomination and Remuneration Committee (NRC), a letter has been forwarded to Bangladesh Bank seeking guidelines regarding formation of NRC as Bangladesh Bank's circular states that "Each Bank Company can form 1 (one) executive committee, 1 (one) audit committee and 1 (one) risk management committee with directors. The board can't form any permanent, temporary or sub-committee except the above mentioned three committees."	
6 (1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;				
6 (1) (c)	(c) The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b).				
6 (2)	Constitution of the NRC:				
6 (2) (a)	The Committee shall comprise of at least three members including an independent director;				
6 (2) (b)	All members of the Committee shall be non-executive directors;				
6 (2) (c)	Members of the Committee shall be nominated and appointed by the Board;				
6 (2) (d)	The Board shall have authority to remove and appoint any member of the Committee;				
6 (2) (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;				
6 (2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;				
6 (2) (g)	The company secretary shall act as the secretary of the Committee;				
6 (2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;				
6 (2) (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.				
6 (3)	Chairperson of the NRC:				

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6 (3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			The complexity of the organizational structure prescribed by BSEC was raised before them and waiting for the response.
6 (3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6 (3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.			
6 (4)	Meeting of the NRC:			
6 (4) (a)	The NRC shall conduct at least one meeting in a financial year;			
6 (4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6 (4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2) (h);			
6 (4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			
6 (5)	Role of the NRC:			
6 (5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			
6 (5) (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6 (5) (b) (i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6 (5) (b) (i) (a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6 (5) (b) (i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
6 (5) (b) (i) (c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6 (5) (b) (ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			
6 (5) (b) (iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6 (5) (b) (iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;			
6 (5) (b) (v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			
6 (5) (b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			
6 (5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			
7	External or Statutory Auditors:			
7 (1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7 (1) (i)	Appraisal or valuation services or fairness opinions;	✓		
7 (1) (ii)	Financial information systems design and implementation;	✓		
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statements;	✓		
7 (1) (iv)	Broker-dealer services;	✓		
7 (1) (v)	Actuarial services;	✓		
7 (1) (vi)	Internal audit services or special audit services;	✓		
7 (1) (vii)	Any service that the Audit Committee determines;	✓		
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7 (1) (ix)	Any other service that creates conflict of interest.	✓		
7 (2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓		
7 (3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8	Maintaining a website by the Company:			
8 (1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8 (2)	The company shall keep the website functional from the date of listing.	✓		
8 (3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
9	Reporting and Compliance of Corporate Governance:			
9 (1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9 (2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9 (3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

CEO and CFO's Declaration to the Board

Date: 25 April 2019

The Board of Directors
IFIC Bank Limited
Head Office
Dhaka

Subject: **Declaration on Financial Statements for the year ended on 31 December 2018**

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of IFIC Bank Limited for the year ended on 31 December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31 December 2018 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.



Dilip Kumar Mandal
Chief Financial Officer



M Shah Alam Sarwar
Managing Director & CEO

Hoda Vasi Chowdhury & Co

Chartered Accountants

Annexure-B

[Certificate as per condition No. 1(5)(xxvii)]

Report to the Shareholders of IFIC Bank Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by IFIC Bank Limited (the "Bank") for the year ended on 31 December 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Bank. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Bank has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission (except for Nomination and Remuneration Committee for which the Bank is awaiting directives from Bangladesh Bank);
- (b) The Bank has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the Bank as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the Bank is satisfactory.

For Hoda Vasi Chowdhury & Co
Chartered Accountants



Sabbir Ahmed, FCA
Partner
ICAB Enrolment Number 770

Place: Dhaka
Dated: 12 May 2019



Management Discussion And Analysis

Management Discussion and Analysis

Year 2018 was very challenging year for banking sector especially for the second half of year 2018 to accommodate the Bangladesh Association of Banker's (BAB) suggestion for implementation of lending rate at 9.00% and deposit rate at 6.00% for six months' tenor. IFIC forgone sizeable amount of interest income during the second half of year 2018 as the 9.00% lending rate was effective immediately whereas Bank struggled to manage deposit cost as deposit size of six months' bucket was very minimal out of the total deposit. Moreover, due to the huge gap in the interest rate between deposit rate and Bangladesh Shanchya Patra (BSP), banking sector faced challenge to attract deposits from the individual households as the individual depositors are very rate sensitive. Though the overall environment was very challenging in 2018, IFIC posted growth in terms of new lending, trade, deposit and maintained moderate growth in pre-tax profit by balancing its overall resources and concentrated on strategic business decision, reform and restructuring the processes and policies. The analysis of financial performance and operating result of the bank is pointed out below:

Financial Position of the Bank

Based on separate financial statements

Despite the tough economic environment, IFIC has managed a sustainable growth in its balance sheet during the year 2018. At the end of year 2018 total assets of the bank has increased by 11.8% vis-à-vis 28.5% of year 2017. A Summary position of total assets of the bank is furnished below:

Particulars	BDT in million		
	2018	2017	Growth
Cash and Cash Equivalents	28,077	29,932	-6.2%
Investments	31,304	27,858	12.4%
Loans and advances	206,930	179,264	15.4%
Fixed assets	5,438	3,528	54.1%
Other assets	11,325	12,666	-10.6%
Total assets	283,073	253,249	11.8%

Cash and cash equivalents

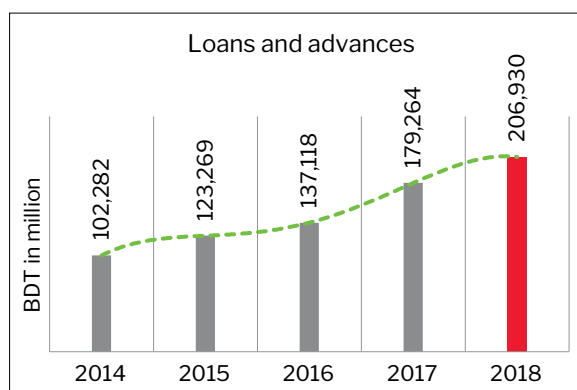
Cash and cash equivalents includes cash in hand and balances with Bangladesh Bank and its agent banks, balance with ATM, balance with other banks and financial institutions and money at call on short notice. Cash and cash equivalents decreased to BDT 28,077 million at 31 December 2018 from BDT 29,932 million at 31 December 2017 mainly for decrease in the balances with Bangladesh Bank and balance held with other bank & FIs.

Investments

Total investments increased by 12.4% to BDT 31,304 million at 31 December 2018 from BDT 27,858 million at 31 December 2017 primarily due to increase in investment in government securities by BDT 3,315 million; which included increment of treasury bills of BDT 4,126 million, treasury bond of BDT 1,889 million and decline of BDT 2,699 of Bangladesh Bank bills.

Loans and advances

In the year 2018 Bank's lending portfolio grew by 15.4% and reached at BDT 206,930 million from BDT 179,264 million of 2017.

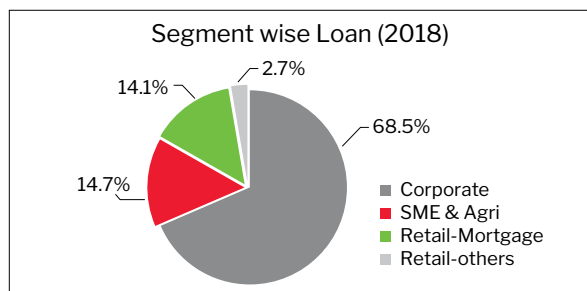


The bank follows a policy of portfolio diversification and evaluates its total financing in a particular sector for sustainable growth in the balance sheet. The Bank's Credit Risk Management Division and Risk Management Division (RMD) monitor all major sectors of the economy and specifically track sectors in which the Bank has loans outstanding. The bank seeks to respond to economic weakness through active portfolio management by restricting exposure to weak sectors and increasing exposure to the segments that are growing and sustainable. In line with that the bank focus on increasing the mortgage backed small ticket home loan under retail segment. At the end of year 2018 the Bank recorded total home loan at BDT 29,114 million compared to BDT 26,209 million at the end of year 2017 with posted 11.1% growth over last year.

Segment wise loan portfolio of the bank at the end of year 2018 are summarized below.

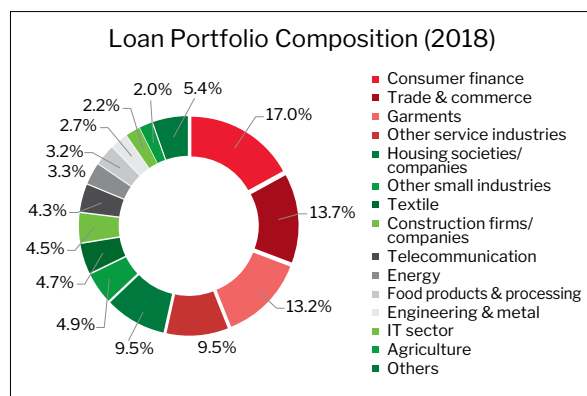
Particulars	BDT in million		
	2018	2017	Growth
Corporate	141,789	114,269	24.1%
SME & Agriculture	30,442	32,451	-6.2%
Retail-Mortgage	29,114	26,209	11.1%
Retail-others	5,585	6,336	-11.9%
Total	206,930	179,264	15.4%

Segment wise composition of the Bank's gross loans and advances is demonstrated below:



Sector-wise Loan Portfolio

IFIC pays attention to diversified sectors at the time of disbursing loans. During the year 2018, consumer finance made up 17.0% of its total loan portfolio, with the trade & commerce sector making up to 13.7% and Garments sector 13.2% of total loan portfolio.



Quality of Portfolio

The Bank classifies its assets as performing and non-performing in accordance with Bangladesh Bank's guidelines. At the end of year 2018, the Bank's NPL ratio stood at 6.16% as opposed to 6.40% at the end of year 2017. NPL ratio decreased by 0.24% over prior year mainly for the Bank's stringent credit policy, timely initiatives and strong monitoring of credit portfolio by the management of the bank. The bank made well coverage against its NPL portfolio to mitigate the credit risk. At the end of the year 2018, the Bank has maintained total provision of BDT 5,954 million and kept interest suspense of BDT 6,286 million against gross lending portfolio. The Bank has a dedicated team for closely monitoring the NPL portfolio and closely work with different branches and bank legal team. The effort will continue with the aim of reducing the NPL further in the year 2019.

Fixed Assets

Fixed Assets includes land, building & premises, computer & equipment, furniture and fixtures etc. and it increased to BDT 5,438 million at 31 December 2018 from BDT 3,528 million at 31 December 2017 primarily due to purchase of land for extension of Head Office and expansion of branch networks.

Other Assets

Other assets includes suspense accounts, advance deposits & prepayment, receivable against paid on Shanchaya Patra, advance income tax, deferred tax asset, accrued interest receivable, investment in subsidiaries & associates, non-banking assets, stationery and stamps etc. Other assets reduced by BDT 1,341 million in 2018 from the year 2017 mainly for adjustment of advance income tax due to final settlement of the assessment year 2013 and 2014.

Liabilities

The following table demonstrates the summarized position of liabilities and shareholders' equity of the bank at the end of year 2018:

Particulars	BDT in million		
	2018	2017	Growth
Borrowings	9,969	8,474	17.7%
Subordinated debt	3,500	3,500	0.0%
Deposits	226,333	200,206	13.1%
Other liabilities	21,155	20,531	3.0%
Total liabilities	260,957	232,710	12.1%
Paid up capital	13,387	11,953	12.0%
Reserve and surplus	8,729	8,586	1.7%
Total shareholders' equity (SE)	22,116	20,539	7.7%
Total liabilities and SE	283,073	253,249	11.8%

Borrowings

Borrowing represents bank borrowed from other banks, financial Institutions and Bangladesh Bank. At the end of year 2018 total borrowings stood at BDT 9,969 million compared to BDT 8,474 million at 31 December 2017 which is increased by BDT 1,496 million mainly for increase in the borrowing from Bangladesh Bank under different refinancing schemes namely EDF and borrowings from outside Bangladesh (Nepal Bangladesh Bank Ltd. Nepal) for Off-shore Banking unit of the Bank.

Subordinated Bond

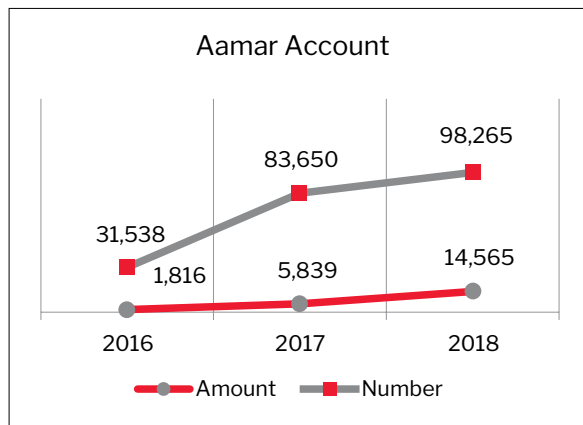
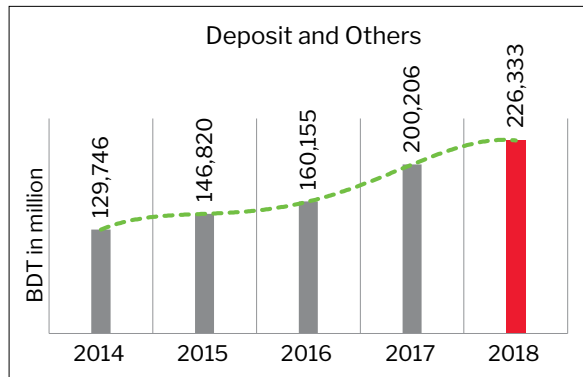
The Bank with prior consent of Bangladesh Securities and Exchange Commission (vide letter no. BSEC/CI/DS-32/2015/644 dated 28 December 2015) and Bangladesh Bank (vide letter no. BRPD (BFIS) 661/18B (P)/2016-938 dated 08 February 2016 and BRPD (BFIS) 661/18B (P)/2016-2475 dated 17 April 2016) issued 07 (seven) years Non-Convertible Coupon Bearing Subordinated Bonds in the 2016. Subordinated Bond is considered as a part of eligible regulatory capital under Tier-II as per Basel-III. The interest rate of the Bond is reference Rate + 4.8% margin, where reference rate is the latest 182 days Bangladesh Govt. Treasury bill rate. The issued instrument is un-secured, non-convertible in nature and will be redeemed at 20.0% of its face value each year which will start from May 2019.

Deposits

Deposits include different types of deposits including bills payable which are summarized below.

Particulars	BDT in million		
	2018	2017	Growth
Current deposit and others	40,954	30,668	33.5%
Bills payable	2,066	2,238	-7.7%
Savings bank deposits	24,711	27,058	-8.7%
Fixed deposits	158,602	140,241	13.1%
Total Deposits	226,333	200,206	13.1%

Deposits increased by 13.1% and reached at BDT 226,333 million at 31 December 2018 from BDT 200,206 million at 31 December 2017. This growth was largely driven by Bank's fixed deposits, amounting to BDT 18,361 million as bank was focused on long term liquidity rather than short term liquidity. Simultaneously the bank offering flexible and customized deposit products with attractive features. IFIC flagship product Amar Account cater the need of customers in all aspect which have helped the bank to maintain optimum deposit growth in 2018. At the end of 2018 total deposit against Amar Account stood at BDT 14,565 million compared to BDT 5,839 million which demonstrated net addition of BDT 8,726 with 149.5% growth over prior year.

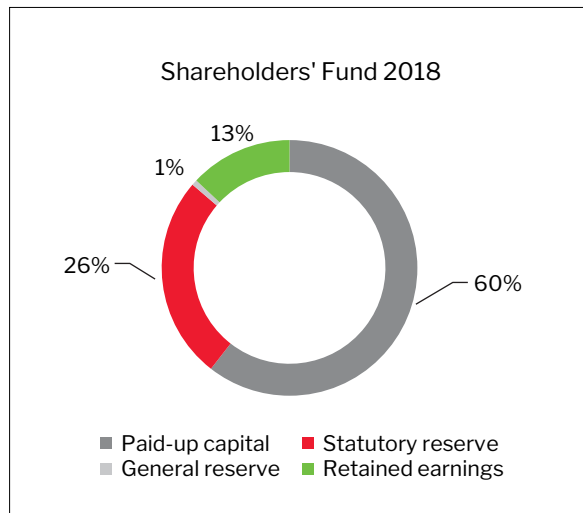


Other Liabilities

Other liabilities mainly includes provision for loans and advances, provision for taxes, interest suspense and other operational liabilities. Other liabilities balance stands at BDT 21,155 million at 31 December 2018 from BDT 20,531 million at 31 December 2017. The other liabilities of the bank increased compared to last year due to increase in provision for unclassified loan and diminution in value of investments and interest suspense against irregular accounts.

Shareholders' Equity

The shareholders equity contain paid up capital, statutory reserve, general reserve and surplus of profit and loss account. Bank is continuing its focus on managing and maintain its capital at appropriate levels to support the business strategy and meet regulatory requirements. At the end of year 2018 total shareholders' equity of the Bank reached to BDT 22,116 million compared to BDT 20,539 million of year 2017 representing 7.7% growth over prior year. The Paid up capital at 12.0% through issuance of stock dividend at 12.0% for the year 2017. On the other side statutory reserve increased by 11.2% due to transfer 20.0% of profit before tax of the year 2018 and the impact of retain earnings because of surplus in the profit and loss account for the year 2018.



Capital Adequacy under Basel-III

As at 31 December 2018, Bank maintained total regulatory capital of BDT 26,904 million representing 12.630% at the end of year 2018 against the required capital of BDT 25,295 million or 11.875% i.e. total regulatory capital of the Bank is BDT 1,609 million or 0.755% higher than the required capital. As per Basel III guidelines of Bangladesh Bank, the Bank follows the standardized approach for measurement of market risk and basic indicator approach for measurement of operation risk. Summary of regulatory capital of the Bank are furnished below:

BDT in million			
Particular	2018	2017	Growth
Paid-up capital	13,387	11,953	12.0%
Reserve & Surplus	7,490	6,922	8.2%
Tier 1 Capital	20,877	18,875	10.6%
Tier 2 Capital	6,026	5,239	15.0%
Capital Maintained	26,904	24,114	11.6%
Required Capital	25,295	21,574	17.2%
Surplus/(Short)	1,609	2,539	-36.7%
Required CRAR	11.875%	11.250%	0.6%
CRAR maintained	12.630%	12.574%	0.1%
Surplus/(Short)	0.755%	1.324%	-0.6%

Financial Performance of the Bank

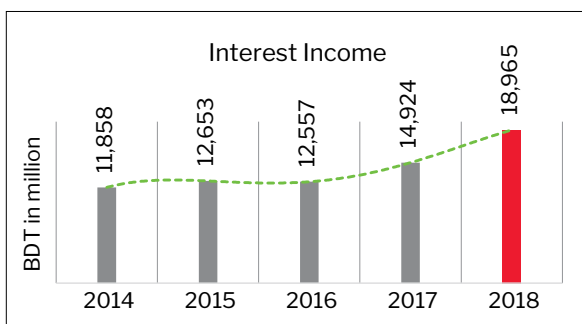
Based on separate financial statements

Despite the number of constrains the Bank managed a moderate growth during the year 2018 of its pretax profit. A better reflection of financial performance of IFIC and in-depth financial analysis is given below:

BDT in million			
Particulars	2018	2017	Growth
Interest Income	18,965	14,924	27.1%
Interest expense	14,405	9,432	52.7%
Net Interest Income	4,560	5,492	-17.0%
Non-interest Income	4,441	4,270	4.0%
Operating Revenue	9,001	9,762	-7.8%
Operating Expense	5,106	5,348	-4.5%
Operating profit	3,895	4,414	-11.8%
Provision	1,035	2,038	-49.2%
Profit before Tax	2,859	2,377	20.3%
Current tax	1,080	750	44.0%
Deferred tax	209	(441)	-147.4%
Net Profit after Tax	1,570	2,068	-24.1%

Interest Income

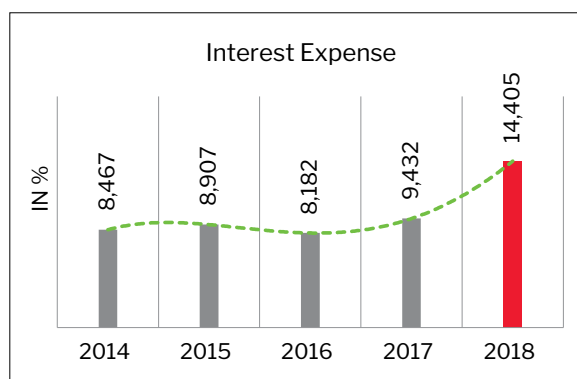
The total interest income of the bank has increased to BDT 18,965 million from BDT 14,924 million with a growth of 27.1% in 2018 due to increase the lending book by 15.4% in Y2018. The portfolio growth led to increase the interest income and this portfolio



growth was possible because of our high level of customer service, product innovation, customized solutions and the continuous effort of the workforces in a challenging macro-economic condition.

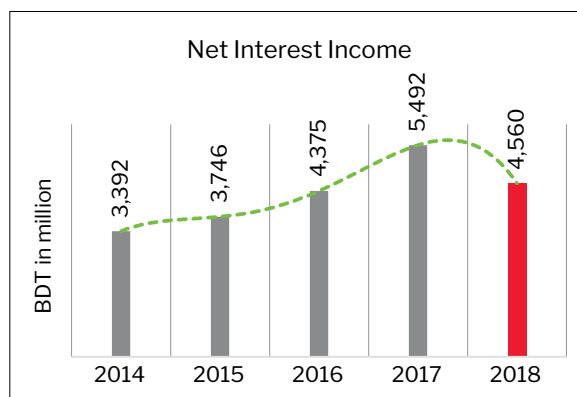
Interest Expenses

In 2018 total interest expenses stood at BDT 14,405 million vis-à-vis BDT 9,432 million of year 2017. Interest expenses increased by 52.7% over prior year mainly for 13.1% growth on deposit over last year as well as simultaneous increase of Fixed Deposit (FD) by BDT 18,361 million - a growth of 13.1% over last year. Overall liquidity position of the banking sector was remained very challenging in 2018, as such Management of the bank focused on long term liquidity rather than short term liquidity. As a result CASA deposit mix reduced to 21.8% at the end of Y2018 vis-à-vis 21.9% of Y2017. Therefore, bank's effective cost of deposit increased to 6.44% at the end of the year 2018 vis-à-vis 5.03% of the year 2017 which is 1.41% higher than the year 2017.



Net Interest Income - NII

The interest income of the bank increased by 27.1% in the year 2018 than the year 2017 due to increase in the volume of lending portfolio over last year. However to maintain the optimum liquidity and rationalize the bank deposit, interest expenses of the bank increased by 52.7% compared to last year which has negatively impacted Net Interest Income. At the end of Y2018 total NII stood at BDT 4,560 million vis-à-vis BDT 5,492 million of the year 2017



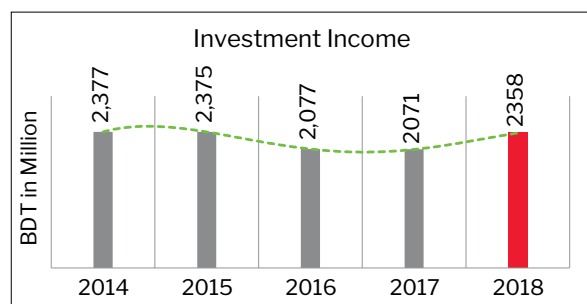
which is 17.0% lower than year 2017. NII decrease compared to the prior year is mainly for lower level of return on lending portfolio for application of 9.0% of interest in line with decision of BAB from the second half of year 2018.

Investment and non-interest income

The following table demonstrates, for the period indicated, the principal components of non-interest income:

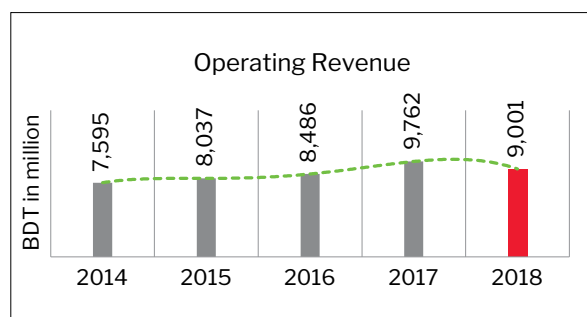
BDT in million			
Particulars	2018	2017	Growth
Investment income	2,358	2,071	13.9%
Fees & Commission	1,616	1,667	-3.1%
Other operating income	466	532	-12.4%
Total non-interest income	4,441	4,270	4.0%

At the end of the year 2018 total investment income of the Bank reached at BDT 2,358 million vis-à-vis BDT 2,071 million of prior year and fees and commission based income including the exchange gain of the Bank reached at BDT 2,082 million vis-à-vis BDT 2,199 million compared to prior year. Total non-interest income shows a positive growth of 4.0% compared to last year mainly for investment income which has increased by 13.9% over last year.



Operating revenue

Though the year 2018 was very challenging to maintain the asset quality and NII of the banking sector, at the end of the year 2018 total operational revenue of the bank reached at BDT 9,001 million opposed to BDT 9,762 million which is 7.8% lower than last year mainly for lower level of NII as explained in the preceding paragraphs.

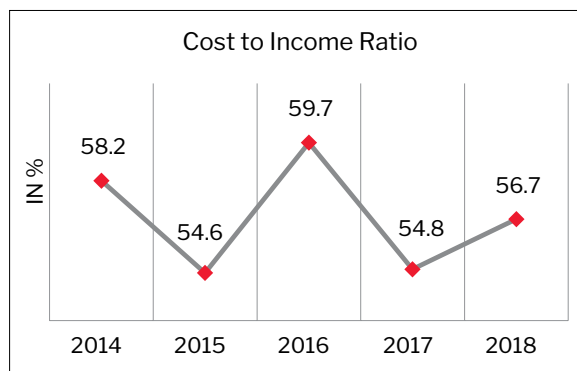
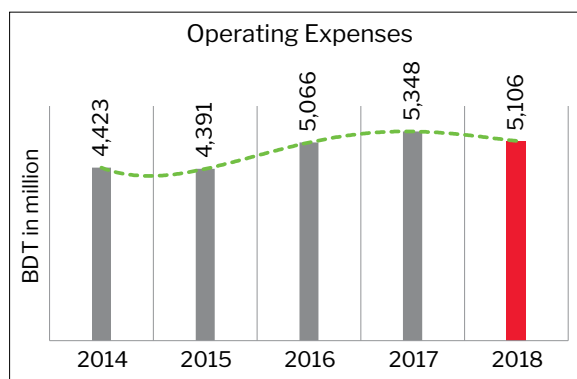


Operating expenses

Operating expenses includes the followings:

BDT in million			
Particulars	2018	2017	Growth
Salaries and allowances	2,559	2,577	-0.7%
Rent, taxes, insurance, electricity etc.	766	687	11.5%
Postage, stamp, telecommunication etc.	63	76	-17.4%
Stationery, printing, advertisement etc.	377	433	-12.9%
Depreciation and repair of bank's assets	481	492	-2.2%
Other expenses	860	1,082	-20.5%
Total operating expenses	5,106	5,348	-4.5%

In the expenses side, the Bank incurred total operating expenses of BDT 5,106 million during year 2018 as opposed to BDT 5,348 million of year 2017 which is 4.5% below from prior year. Operating expenses is lower by BDT 242 million due to savings in advertisement & publicity and other expenses. However, in 2018 Rent, taxes, insurance, electricity etc. expenses have increased by 11.5% compared to year 2017 due to expansion of branch network as well as renewal of number of lease agreement of different branches of the Bank. Though the bank's operating expenses remained 4.5% below than year 2017, due to lower level of NII, cost income ratio of the Bank stood at 56.7% at the end of year 2018 from 54.8% of last year.



Provision for loans & investment

The following table demonstrates, for the periods indicated, the components of provision kept for loans, investments and other assets:

	BDT in million		
Provisions	2018	2017	Growth
Loans and advances	813	2,125	-61.7%
Investments and others	222	(86)	-356.0%
Total Provision	1,035	2,038	-49.2%

At the end of year 2018 total NPL ratio of the Bank stood at 6.16% vis-à-vis 6.40% of year 2017. In line with the Bangladesh Bank guidelines, IFIC made required amount of provision against its portfolio of both Performing loan and NPL, other assets and investments in shares. During the year 2018 Bank made total provision of BDT 1,035 million against BDT 2,038 million of Y2017 which is 49.2% below than the last year.

Profit Before Tax (PBT)

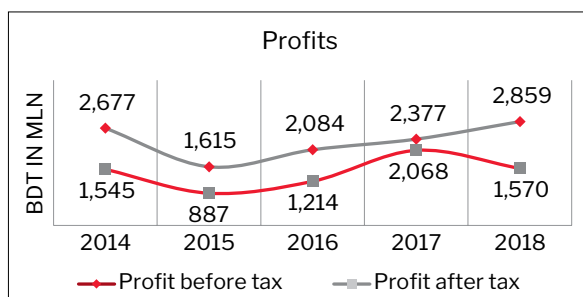
With the negative impact of NII at the end of year 2018 PBT of the bank stood at BDT 2,859 million vis-à-vis BDT 2,377 million of the prior year. During the year 2018 total PBT of the Bank increased by 20.3% over last year mainly for lower level of general and administrative expenses and loan loss provisioning on loans & advances and investment.

Provision for tax

During the year the bank made BDT 1,080 million provision for current tax after considering the prior years' surplus provision as opposed to BDT 750 million made in year 2017 which is BDT 330 million higher than the prior year. On the other hand bank also accounted for BDT 209 million deferred tax expense in the year 2018 vis-à-vis deferred tax income of BDT 441 million of year 2017. Consequently, overall tax expense of the Bank stood at BDT 1,289 million compared to BDT 309 million of year 2017 which is BDT 980 million higher than prior year.

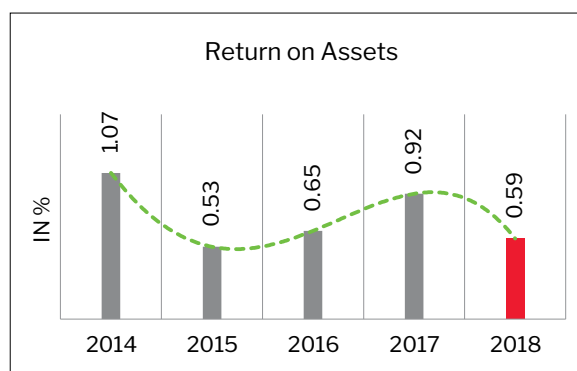
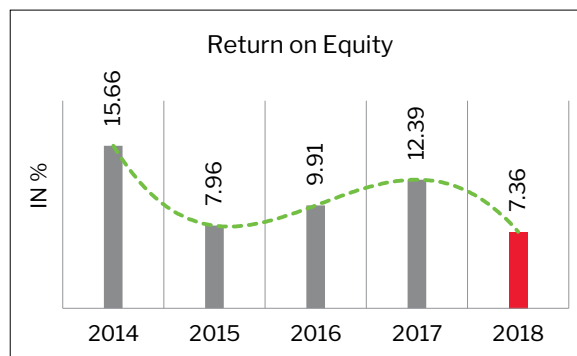
Profit After Tax (PAT)

The Bank posted net profit after tax of BDT 1,570 million in the year 2018 vis-à-vis BDT 2,068 million of year 2017 representing 24.1% below from previous year mainly for lower level of NII, higher level of provision for tax.



Return on Assets and Equity

Due to lower level of net profit after tax in the year 2018 the Bank's return on assets stood at 0.59% at the end of year 2018 from 0.92% of year 2017 and return on equity of the bank stood at 7.36% which was 12.39% at the end of year 2017.



Based on consolidated financial statements

The consolidated profit after tax including the results of operations of the Bank's subsidiaries reached to BDT 1,650 million in the year 2018 from BDT 2,397 million in the year 2017. However, profit after tax of IFIC Securities increased to BDT 54.7 million in the year 2018 from BDT 39.7 million in the year 2017 and net loss of IFIC Money Transfer (UK) Limited was reduced to BDT 2.6 million in the year 2018 against loss of BDT 6.1 million incurred in the year 2017.

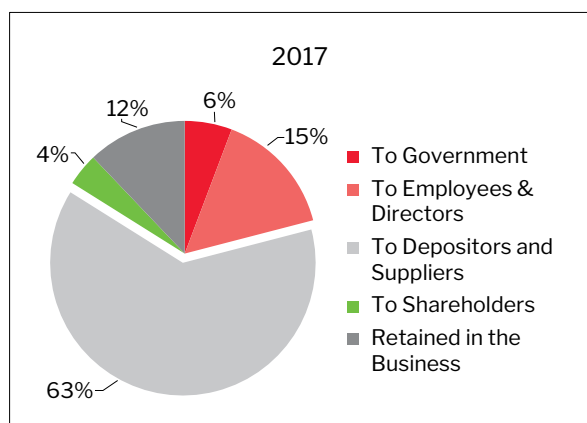
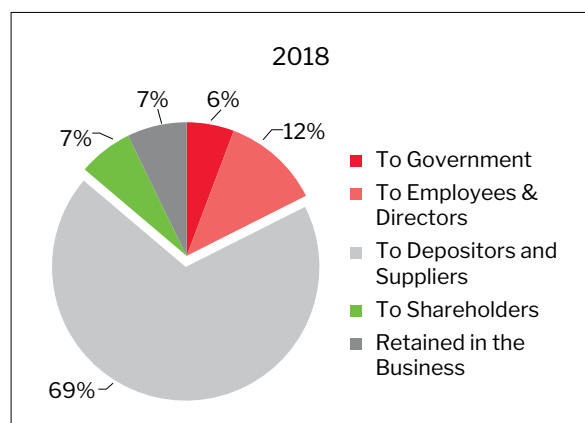
Value Added Statement

The Value Added Statement shows the total value created by the bank and how it was distributed to meet certain obligations and the portion retained for the continued operation and expansion of its business.

The following value added statement shows the total worth created by the Bank for the year ended 31 December 2018 and how it was distributed for the socio economic development.

BDT in million

Value added by banking services	2018	%	2017	%
Income from banking services	23,405.4		19,194.6	
+/(-) Provision for loans	(1,035.3)		(2,037.7)	
+/(-) Def. tax income/(expense)	(209.2)		441.2	
+/(-) Depreciation	(287.2)		(288.1)	
+/(-) Charges on loan losses	(109.6)		(244.8)	
Net Value Added	21,764.1		17,065.2	
Distribution of value addition:				
Government	1,248.7	5.7%	982.7	5.8%
Corporate tax	1,056.6		796.5	
Value Added Tax (VAT) etc.	192.1		186.2	
Employees & Directors	2,576.0	11.8%	2,594.0	15.2%
Salaries and benefits	2,574.3		2,592.6	
Director's remuneration	1.7		1.5	
Depositors and suppliers	14,934.9	68.6%	10,744.1	63.0%
Depositors as interest	14,404.7		9,432.1	
Supplier and other vendors	530.1		1,312.1	
Shareholders	1,434.4	6.6%	676.6	4.0%
Dividend	1,434.4		676.6	
Retained in the business	1,570.2	7.2%	2,067.7	12.1%
Statutory Reserve	571.9		475.3	
Retained earnings	998.36		1,592.4	
Total value distributed	21,764.1	100.0%	17,065.2	100.0%



Market Value Added Statement (MVA)

Market Value Added Statement reflects IFIC's performance evaluated by the capital market through its share price i.e. MVA is a measurement of external performance. It is the difference between the current market

value of the bank and the capital contributed by shareholders. A high MVA is a better indication of performance and it shows that the bank has created substantial wealth for its shareholders. MVA for the year ended 31 December

2018 of the bank is BDT 1,205 million vis-à-vis BDT 9,562 million in Y2017 due to decreased value of share at the end of the year 2018.

Economic Value Added Statement

“Economic Value-Added is the surplus generated by an entity after meeting an equitable charge towards its shareholders. It is the post-tax return on capital employed less the cost of capital employed. A Bank who earns higher returns than cost of capital, creates value, and Bank who earns lower returns than cost of capital is deemed harmful for shareholders' value. The aim

of EVA is to provide management with a measure of their success in increasing shareholders' wealth: a better measure than profit of how much the company had made for shareholders”

The EVA is derived upon deducting taxes and cost of capital employed from the operating profit. Rates of Ten (10) years Govt. Treasury bond with

2% risk premium is considered to calculate cost of equity and then the cost of capital employed is calculated through multiplication of cost of equity with capital employed. Upon calculating the above, in the year 2018 Economic Value Added of the Bank stood at BDT 23 million vis-à-vis BDT 2,090 million in Y2017 due to higher level of cost of equity and tax expenses.

DuPont Analysis

DuPont analysis is an approach to decomposing return on equity for better understanding about which factor contributed most to the RoE and which factor caused the RoE to move. For

broader analysis, Bank used five factors model that covers Net Profit Margin, Total Asset Turnover and Financial Leverage. Accommodating lower level operating profit margin, in the

year 2018 effect of RoE factors (e.g. net profit margin, asset turnover, equity multiplier) stood at 2.57%.

Human Capital

Human Resource Management

IFIC Bank considers “Human Resource” as the most important factors that can add distinguishable value for survival in this competitive world. Therefore the Bank always puts high magnitude on development of human resource to add advantageous edge to drive the organization towards its goal. HRM Division takes leadership in fostering a positive work environment that places high value on professional relationships based on fair, competitive and merit based quality. The Bank recognizes individual contributions and do the best to turn into resources.

IFIC Bank HRM Division is committed to ensure a resource pool by recruiting potential talents, developing and retaining as high performer. The Bank develops diverse work force by implementing progressive human resource management policies and strategies through organizational and employee development, compensation & benefits, HRIS and regulatory compliance.

With rapid technological changes around the world, automation has been crucial area of development for any organization specially service oriented firms like Banks. Accordingly, IFIC Bank

HRM Division has adapted to wide ranging HR software, which operates the central storage of HR data with a number of extensive workflows, notifications, process automation and analytical reports. It establishes a shared environment for HR specialists, managers and employees in order to provide the effective management and compliance.

For appropriate placement of its human resources, IFIC Bank continuously works on restructuring its organogram based on functionality and places its employee at the right place through appropriate process.

Continuous learning initiatives help the Bank to overcome employee skill deficiencies. All the effort in combination ultimately assists in maximizing the outcome in the bottom line.

Human Resource Planning

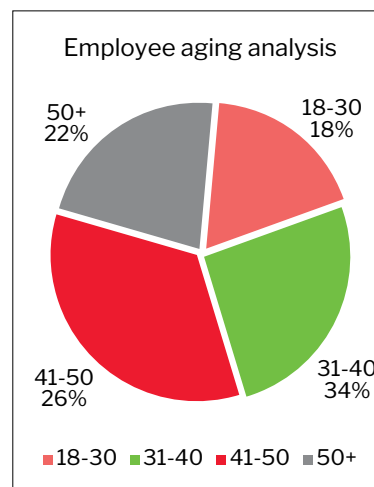
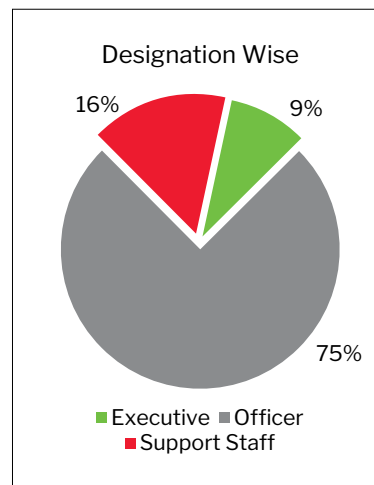
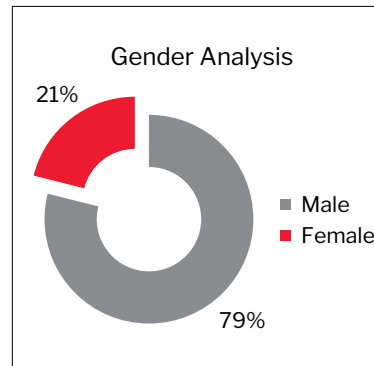
As IFIC Bank believes that employees are the most valuable asset, as their professionalism and proficiency, along with their diverse backgrounds and experience contributes significantly to its success. The Bank seeks the most competent and cultured candidates and never discriminates with regard to their race, language, religious beliefs, gender or age. Only the relevant skills and competencies of employees are considered the attributes which create sustainable values.

The primary goal of human resource management is to ensure that the right people will be in the right position at the right time by the virtue of the individual quality. IFIC Bank has already fixed the job-wise organogram and HRM Division determined the HR requirements with support of other departments and evaluation of jobs. Round the year, the Bank circulates Internal Job Posting Circular (IJPC) openly to all employees to fill up the vacant functional positions at Branches and Divisions, Head Office which ultimately assist in talent acquisition, talent development and succession planning. Therefore, the best employees are selected for the appropriate functional positions at Branches and Divisions, Head Office through a transparent and merit based placement process.

Internal Job Posting Circular enables the Bank to create more career opportunities for employees and enhances upward mobility in organization. The Bank focuses to recruit dynamic potential people through multi-step merit-based recruitment and selection process so that

they can be turned into resources in entry level.

IFIC Bank always focuses to uplift its home grown employees and do not recruit from outside organizations if not critically required. It gives more focus on recruiting the fresher in Management Trainee and Transaction Service Officer.



Training & Development

At IFIC Bank, we believe that our employees must be equipped with all necessary skills to meet the ever-changing demands of this fast-paced, competitive industry. Therefore, we aim to create a culture of continuous development to enable them to grow and succeed throughout their careers.

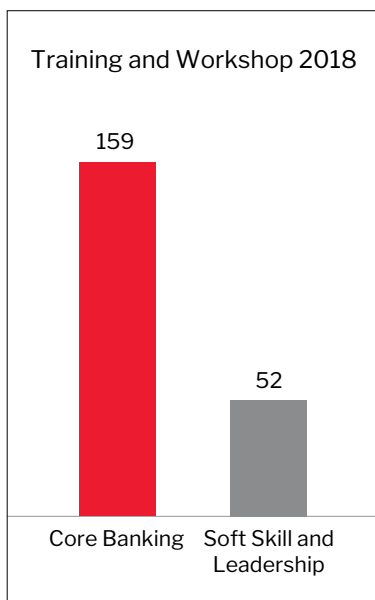
The investment in training gives the employee a greater understanding of their responsibilities within their role and also an opportunity to expand their knowledge base. The training and development plans of IFIC are designed towards an inclusive training plan which ensures skill gap minimization and leadership development.

In 2018, 3697 participants attended in 211 Training Programs on different areas of Banking, Finance, Customer Service, IT and Leadership which is surely a landmark in the training arena among other commercial banks in the industry.

To align with the organization goal, we not only emphasize on core banking skill of employees we also want employees to boost up their soft skill and leadership capabilities. In continuation of 2017, out of total training, 25% training and workshop in 2018 was focused on Soft Skill and Leadership development which is 20% more than that of previous year.

As part of succession planning, we arrange leadership programs with distinguished trainers from home and abroad. As a corporate member of Malaysian Institute of Management (MIM), we are continuing leadership program with them for last 05 years. Through intensive training we have created a pool of Coaches & Mentors in the organization who conduct various leadership programs for our upcoming potential managers.

Besides the in house and

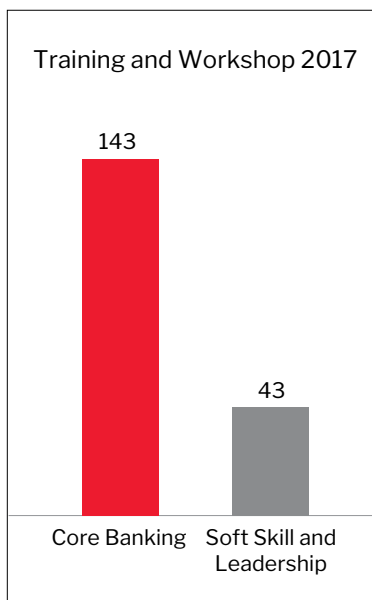


customized training programs, employees of our bank are also sent to the training programs arranged by BBTA, BAB Research & Training Centre, BIBM and other reputed local training institutes. In 2018, 90 participants attended 43 local external training.

Management Trainee Development Program and Induction Program for new joiners are regularly conducted. Both on the job and off the job training programs, Head Office Orientation followed by case presentation and written and practical examinations have been conducted to make the training session more effective.

In 2018, a good number of participants (50) have attended different foreign training and conference on Leadership Development, Strategic Management, Credit, Trade Processing, IT etc. in Singapore, India, Malaysia, Thailand, UAE.

We have more focus on control & compliance issues and ensured training on Money Laundering Prevention Act-2012 & Amendment Act-2015, Anti-Terrorism Act-2009 & Amendment Act-2013, Integrated Supervision System (ISS), Corresponding Banking



Financial Crime Compliance Academy, Land & Loan Documentation etc covering all branches and Head Office. Besides these, some general programs were also conducted on Soft Skills Development of relevant desk officials of IT, HR and Finance and Accounts.

Some of the highlights of training events in 2018-

- ▲ Arranged 06 leadership programs for the potential leaders in IFIC Bank in collaboration with Malaysian Institute of Management (MIM) where we have engaged their prominent facilitators.
- ▲ Besides the leadership training, we have also collaborated with MIM for arranging 'Relationship Based Marketing' program particularly focusing on relationship marketing concept for Relationship Managers and Branch Managers of our Bank.
- ▲ 275 new joiners have successfully completed their foundation course 'Induction program for TSO' throughout the year.
- ▲ ... respective participants have attended one day

program on Land & Loan Documentation in different phases.

- ▲ Since the demand for Project Management is progressively emerging in the modern banking owing to the fast transformation, IFIC, keeping pace with the contemporary banking, has fruitfully arranged a 'Project Management Professional' training for potential project managers.
- ▲ Also focusing on the need of negotiations in sales and marketing, IFIC Bank has arranged a separate training program on Sales and Negotiation for the employees involved in relationship management.

Employee Compensation & Benefits

Formulation of "Compensation & Benefits Strategy" in IFIC Bank is very much challenging ensuring HR Budget under control through efficient utilization of resources and maintaining the jobs within competitive pay packages. Management of IFIC Bank believes that attractive Salary & Benefits package brings competitive advantage in the industries both for the organization and the employees. In line with the Management's mission & vision, Human Resource Management Division always conducts both formal & informal benefits survey in the industry to make the same competitive which can be elucidated in the following sensible arenas:

Competitive Pay Package

Pay package is one of the most effective tools that really attract the potential employees keeping into account of the macro economic factors like cost of living expenditures, industry practices, Bank capability etc. The bank's overall competitive strategy ensures the nominal salary adjustment by cost of living adjustment which in fact ensures purchasing capacity

of the employee while Pay for Performance strategy highly encourages to boost individual employee performance. Modern and effective performance appraisal system based on the theory of Management by Objectives (MBO) triggers the performance of the employees. Balanced Scorecard model has been followed in designing individual employees Key Performance Indicators (KPI) which reflect the overall business performance of IFIC Bank.

Other Benefits of the Employees

To keep the employee motivation level high, IFIC Bank provides numerous benefits which includes Staff House Building Loan, Car Purchase Finance Scheme, Salary Overdraft & Staff Salary Loan. As a part of long term service benefits, Provident Fund, Gratuity Fund, Earned Leave Encashment are provided as per compensation & benefits policy. These facilities are designed in such a way so that employees will have a handsome amount of benefits while leaving the bank to enjoy a decent life with family.

Process Management for Compensation & Benefits

Using standard HR software, Human Resource Management Division is managing the automated process fully/partly in disbursement of Monthly

Salary, Increment, Bonuses, Leave Fare Assistance (LFA), Salary Overdraft (OD) and Car Reimbursement effectively and efficiently so as to slash the processing time & cost. Likewise, Key Performance Indicators (KPI) for Performance Appraisal of all eligible employees has come under the purview of HR Software for prompt processing.

Employee Engagement Programs and Awards

The Bank believes the employee as part of "IFIC Family" who are bind together to grow together to achieve mutual goals. Employee engagement activities are aimed at enhancing the employee commitment and sense of belongingness towards the Bank. IFIC Bank regularly arranges welcoming program for new born children of its employees, awards our meritorious children, celebrates Pohela Boishakh, Hemonto Sondhya and Pitha Utshob, arranges Art Festival for our kinds that help to build a collaborative environment that promotes teamwork and fellowship.

Health and Work-Life Balance

IFIC Bank believes that healthy employees will remain sustainably engaged and productive. To ensure health and well-being of our people, IFIC Bank has equipped its Branches and Head Office with modern safety measures and already started

providing emergency medical services in Head Office. It provides medical insurance facilities to all employees as well as family members. Likewise, the Bank provides Earned Leave, Maternity Leave, mandatory Annual Leave to the employee to maintain healthy work family life. The employee specially the female employee are always encouraged to leave office after completing their assigned tasks on time.

Grievance Management

As part of complying Code of Conduct, IFIC Bank is committed to equal opportunity, unbiased treatment of all individuals based on job related qualifications rather than any other basis or status. The Bank's policy is to provide a work environment that is free from intimidation or harassment. Such harassment by co-workers, supervisors or outsiders is strictly prohibited.

The Bank treats every individual in the same way in similar circumstances and deals with grievance issues fairly and reasonably. The Bank has a specific guidelines to redress of grievance and resentment of employees. The Bank encourages the employees to be aware of what's expected of them in terms of standards and the likely consequences of continued failure to establish transparency in workplace.



Team Building and Leadership Training at BRAC CDM, Savar in 2018

06 months long
Management Trainee
Development Program 2017



An activity of Team Building and Time Management during the training course '**Effective Branch Management**'

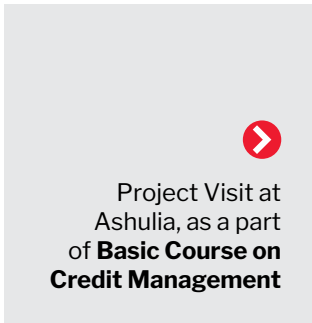
An activity during "**Leading Teams**" Training which is also a collaboration with MIM



A session of '**Relationship Based Marketing**' Training which IFIC Bank has organized in collaboration with Malaysian Institute of Management (MIM)



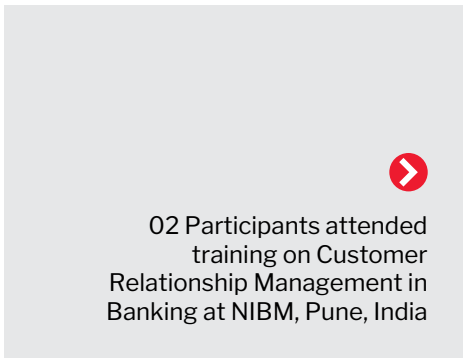
Project Management Professional Training



Project Visit at Ashulia, as a part of **Basic Course on Credit Management**



Sales and Negotiation Skills Development Training at IBA



02 Participants attended training on Customer Relationship Management in Banking at NIBM, Pune, India



02 Branch Managers attended “**Towards Supervisory Excellence**” training in Kuala Lumpur, Malaysia

Branding and Promotional Activities



IFIC Bank undertook sustained promotional activities to create awareness about the brand and products in the year 2018. IFIC celebrated its 42nd anniversary in 2018 by undertaking a series of activities engaging its customers, patrons, stakeholders and employees. An advertisement on the anniversary day was published at national dailies; nationwide branches were decorated with promotional materials along with anniversary cake cutting with valued customers and employees. To promote the groundbreaking product IFIC Amar Account, a 360 degree campaign was launched across all available media (TVC and RDC airing in different channels, series of newspaper advertisements in national and local dailies, billboard advertisements at different strategic points, digital media advertisements along with field level activation).

Promotional activities for IFIC Home Loan and IFIC Amar Account across the media was very successful in 2018. The Bank received positive response from customers as a result of those activities. The bank also promoted its One Stop Service among other branches.

IFIC Bank organized a Pitha Utshab at Gulshan Branch premises. Top customers, eminent personalities of the society, Honorable Shareholders and high management personnel attended the program.

The Bank celebrated the beginning of Bangla new year Pahela Boishakh by organizing various activities including an employee event and painting alpona in front of IFIC Tower.





Different television programs including *Kemon Budget Chai* in NTV, *Ekushay Boi Mela Sorasori* and *Rangtulite Muktijudhdho* in Channel i were sponsored by the Bank. The Bank also sponsored country's biggest quiz show "Bangladesh Jiggasha". And branding of the news scroll and a documentary titled 'IFIC Bank Ei Banglaye' in ATN News to increase the Bank's brand visibility. The Bank also sponsored a good number of events including the Police Week 2018 and DMP's Founding Anniversary. As well as the Bank has also published its benchmark product 'Aamar Account' advertisement in the form of souvenir advertisement in different publications throughout the year. The Bank also ran its media campaign throughout the year by digital media channels, Televisions, online news portals.





Media Highlights

Bangladesh Post



Managing Director and CEO of IFIC Bank Usman Hossain (left) presents a check for US \$ 1 crore to Prime Minister Sheikh Hasina at the bank's contribution to the IMF's Relief and Welfare Fund, at Government House, Dhaka.

daily sun



IFIC Bank approves 12pc stock dividend
Business Desk

IFIC Bank approved to provide stock dividend for its shareholders for the year 2017. The approved rate of the first annual general meeting of the bank held at Dhaka on Saturday was 12pc. The Chairman of IFIC Bank Usman Hossain presided over the meeting. Members of Board of Directors, Usman Hossain, Chairman, Usman Hossain, Managing Director and CEO of IFIC Bank Usman Hossain, and other senior executives were present in the meeting.

সমকাল



বাংলাদেশ ব্যাংকের সঙ্গে আইএফআইসি ব্যাংকের চুক্তি
প্রোগ্রামটি হচ্ছে বাংলাদেশ সরকার কর্তৃক পরিচালিত একটি সামাজিক উন্নয়ন কর্মসূচি।

theindependent



Prime Minister AMA Mubina inaugurates a booklet distribution programme sponsored by IFIC Bank at Westfield Girls High School in the capital on Sunday. Vice-Chancellor of the University of Asia Pacific Professor Jemima Rose Chowdhury, Managing Director and CEO of IFIC Bank Usman Hossain attended the programme. IFIC Bank sponsored the publication of an earthquake with an aim to create awareness.

daily sun

IFIC Bank sponsors booklet on earthquake
Business Desk

IFIC Bank sponsored a publication on earthquake aimed to create awareness among the cross-section of people.

As a part of the awareness programme, the booklet titled "Disaster Management: Disaster Ambedkar" was distributed among the students at Westfield Government Girls High School in the capital on Sunday and a press release.

Prime Minister AMA Mubina inaugurated the booklet distribution programme while Vice-Chancellor of University of Asia Pacific Professor Jemima Rose Chowdhury, Managing Director and CEO of IFIC Bank Usman Hossain attended the event.

In cooperation with IFIC Bank, 'Bookshare', a local magazine has been publishing and distributing booklets among the students and people from different walks of life since 2015.

theindependent



IFIC Bank (left) awarded the award through IFIC Bank to the recipient of the award at the award ceremony held at the capital on Sunday.

daily sun



3 get IFIC Bank literary award 2016
Business Desk

কালের কণ্ঠ



IFIC Bank (left) awarded the award through IFIC Bank to the recipient of the award at the award ceremony held at the capital on Sunday.

সমসংস্করণ



আইএফআইসি ব্যাংক-সমকাল
দেবে শিল্প ও বাণিজ্য পুরস্কার

এ বছর প্রধানমন্ত্রীর...
গণপ্রজাতন্ত্রী বাংলাদেশের...
আইএফআইসি ব্যাংক...
একটি বিশিষ্ট...
গণপ্রজাতন্ত্রী বাংলাদেশের...
আইএফআইসি ব্যাংক...
একটি বিশিষ্ট...



theindependent



daily sun
IFIC Bank celebrates 42nd founding anniversary

Business Desk

IFIC Bank on Monday celebrated its 42nd founding anniversary at its head office in Dhaka at IFIC Tower at Poysha Plaza in the capital. Managing Director and CEO of the bank Shah A Sarwar inaugurated the programme, said a press release.

Cultural personality Ramonda Mejeznjak, Deputy Managing Director and other high officials of the bank were also present on the occasion. The founding celebrations also took place in 144 branches of the bank across the country.

আইএফআইসি ব্যাংক-সমকাল

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একটি বিশিষ্ট...



daily sun

IFIC Bank opens 143rd branch at Banasree Business Desk

IFIC Bank Limited inaugurated its 143rd branch on Wednesday in Bangladesh with an eye to offer state-of-the-art and sophisticated banking services to the country's entrepreneurs.

Deputy Managing Director of the Bank Huda Nasir inaugurated the branch at a ceremony at Banasree. Mr. Huda Nasir, Deputy Managing Director of the Bank Huda Nasir, General Secretary Akhter Hossain and other senior executives of the bank were present.

ইতিহাসিক

বাংলাদেশ সরকারের...
আইএফআইসি ব্যাংক-সমকাল বিজনেস অ্যাওয়ার্ড দেবে

এ বছর প্রধানমন্ত্রীর...
গণপ্রজাতন্ত্রী বাংলাদেশের...
আইএফআইসি ব্যাংক...
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একটি বিশিষ্ট...



theindependent



আইএফআইসি ব্যাংকের লভ্যাংশ

মানবকণ্ঠ

আইএফআইসি ব্যাংকের লভ্যাংশ

বাণিজ্যিক প্রতিবেদন...
আইএফআইসি ব্যাংকের লভ্যাংশ...
বাণিজ্যিক প্রতিবেদন...
আইএফআইসি ব্যাংকের লভ্যাংশ...
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আইএফআইসি ব্যাংকের লভ্যাংশ...

মানবকণ্ঠ

আইএফআইসি ব্যাংকের লভ্যাংশ

বাণিজ্যিক প্রতিবেদন...
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আইএফআইসি ব্যাংকের লভ্যাংশ...



Dhaka Tribune

এসএমই খাতের উন্নয়নে বাংলাদেশ ব্যাংকের সঙ্গে আইএফআইসি ব্যাংকের যোগাযোগ

এটির উন্নয়ন...
আইএফআইসি ব্যাংকের লভ্যাংশ...
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Second Small and Medium Sized Enterprise Development Project Participatory Agreement Sign Ceremony



Khalidur Rahman, chairman of Pragati Life, hands over a cheque for Tk 75 lakh to M Shah Alam Sarwar, managing director of IFIC Bank, as death claim of its employee late AAM Moahamul Haque under Group Insurance Policy in the capital recently. PHOTO COURTESY



Shah A Sarwar, managing director and CEO of IFIC Bank, hands over certificates among 25 management trainee officers of the bank after a six-month training at IFIC Tower at Purnata Park in the capital yesterday. PHOTO COURTESY

The Daily Star

IFIC Bank gets new DMD

Star Business Desk

Md Monirul Rahman has recently been appointed as deputy managing director and chief of operations and information technology at IFIC Bank.

Prior to the appointment, he was country head for technology at Standard Chartered Bangladesh. IFIC Bank said in a statement yesterday.

Rahman started his banking career with ANZ Grindlays Bank in 1997.

He holds a bachelor's degree in electrical and electronics engineering from the Bangladesh University of Engineering and Technology and an MBA degree from North South University.

theindependent

Know your country, win Tk 1cr

Independent Television to air mega quiz show

Staff Reporters

Independent Television, one of the most popular news channels of the country is going to air a quiz show titled 'Bangladesh Jigasha' on the forthcoming weekend and future of the country under Independence. It will be broadcast at 8pm every Friday and Saturday from October 22.

The main objective of the show will be to provide information to the 177 crore for the participants. There will be prizes for participants. It is the first show of its kind.

The show will be held on 17th and 18th October. The grand prize will be Tk 1 crore and runner-up will get Tk 2 lakh and each question (Daily, 1 lakh, 10 lakh and 100 lakh). The first and second round will be held on 17th and 18th October respectively. The grand prize will be Tk 1 crore and runner-up will get Tk 2 lakh and each question (Daily, 1 lakh, 10 lakh and 100 lakh).

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M Monirul Rahman, CEO and editor-in-chief of Independent Television, speaks at a press conference on a quiz show titled 'Bangladesh Jigasha' at the office of Independent Television in the capital yesterday. Shah A Sarwar, managing director and CEO of IFIC Bank, sponsor of the show, Shah Md Mozammel, deputy managing director and head of business of IFIC Bank and Shah Mozammel, executive editor of Independent Television, were also present at the conference. PHOTO COURTESY



আইএফআইসি ব্যাংক কর্তৃক-কর্মচারীদের কৃতী শ্রমের স্বীকৃতি হিসেবে 'জ্ঞানসন্ধান' নামের একটি প্রতিযোগিতা আয়োজন করা হয়েছে। এতে অংশগ্রহণকারী কর্মচারীদের মধ্যে 25 জনকে পুরস্কৃত করা হয়েছে। এছাড়াও 'জ্ঞানসন্ধান' নামের একটি প্রতিযোগিতা আয়োজন করা হয়েছে।



IFIC Bank Managing Director and CEO Shah A Sarwar poses for a photo with children of an art festival at IFIC Tower in the capital recently.



আইএফআইসি ব্যাংকের বিলাপাও শাখার উদ্বোধন



আইএফআইসি ব্যাংক... উদ্বোধনী অনুষ্ঠানে অংশগ্রহণকারীরা



আইএফআইসি ব্যাংকের দায়িত্বশে ঘোষণা



Shareholders'
Information

Directors' Shareholding Status

Shareholding of Directors as at 31 December 2018

Sl.	Name of the Directors	Status	Holding in %	2018	2017
1	Mr. Salman F Rahman	Chairman	2.00	26,782,314	23,912,781
2	Mr. Ahmed Shayan Fazlur Rahman* (Since 03 February 2019)	Vice Chairman	2.39	32,057,175	28,622,478
3	Mr. Anwaruzzaman Chowdhury	Independent Director	Nil	Nil	Nil
4	Ms. Rabeya Jamali	Independent Director	Nil	Nil	Nil
5	Mr. Jalal Ahmed**	Govt. nominated Director	32.75	438,417,626	391,444,309
6	Mr. A. R. M. Nazmus Sakib**	Govt. nominated Director			
7	Ms. Quamrun Naher Ahmed**	Govt. nominated Director			
8	Mr. M Shah Alam Sarwar	Managing Director & CEO	Nil	Nil	Nil

* Represents M/s. New Dacca Industries Limited against its holding of 2.41% shares (32,257,175 nos. shares as on 31 January 2019) in the Bank.

** Directors nominated by the Ministry of Finance, Govt. of the People's Republic of Bangladesh against its holding of 32.75% shares in the Bank.

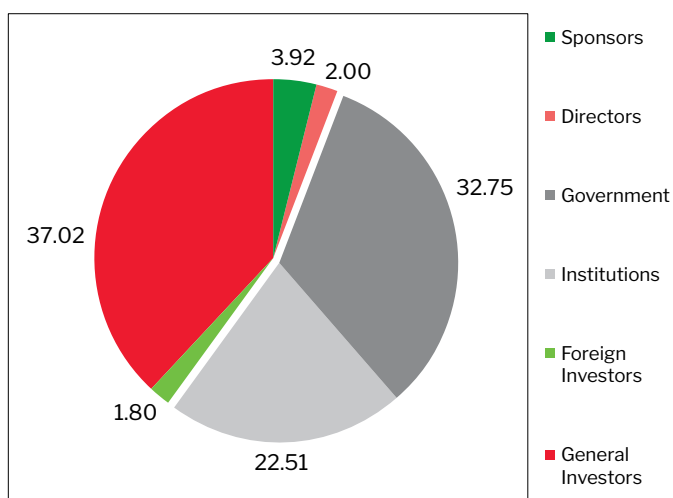
Distribution of Shareholding

Category	31-Dec-18			31-Dec-17		
	No. of Share	%	Amount in Taka	No. of Share	%	Amount in Taka
Sponsors	52,541,011	3.92	525,410,110	46,911,623	3.92	469,116,230
Directors	26,782,314	2.00	267,823,140	23,912,781	2.00	239,127,810
Government (Director also)	438,417,626	32.75	4,384,176,260	391,444,309	32.75	3,914,443,090
Sponsors & Directors	517,740,951	38.67	5,177,409,510	462,268,713	38.67	4,622,687,130
Institutions	301,327,505	22.51	3,013,275,050	257,334,656	21.53	2,573,346,560
Foreign Investors	24,126,033	1.80	241,260,330	23,104,033	1.93	231,040,330
General Investors	495,544,246	37.02	4,955,442,460	452,595,040	37.87	4,525,950,400
Total	1,338,738,735	100.00	13,387,387,350	1,195,302,442	100.00	11,953,024,420

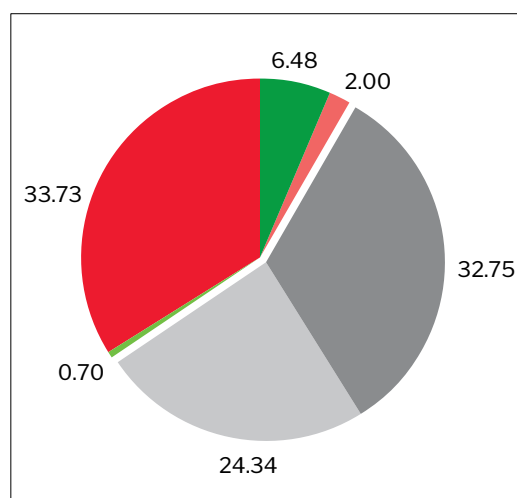
* Mr. Salman F Rahman is a Sponsor as well as a Director of the Bank. However, his shares are shown against Directors' Category.

** The Government is representing in the Board of the Bank by nominating 03 (Three) Directors and as such, Sponsors & Directors are at present holding 38.67% shares of the Bank.

Shareholding status (%) : 2018



Shareholding status (%) : 2017



Five Years Performance

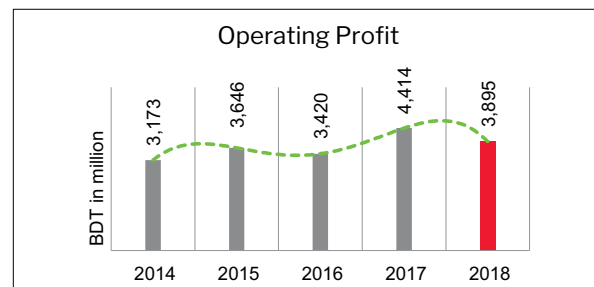
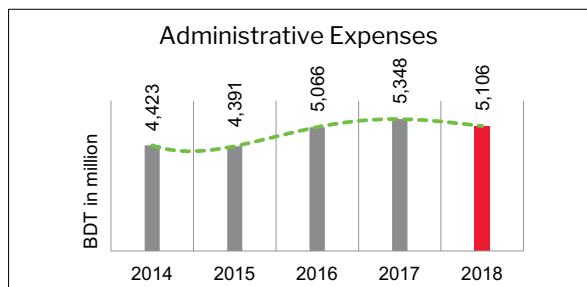
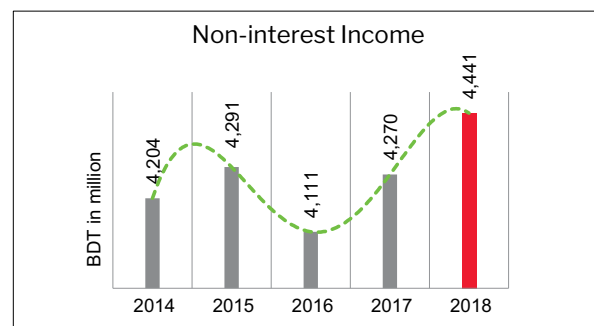
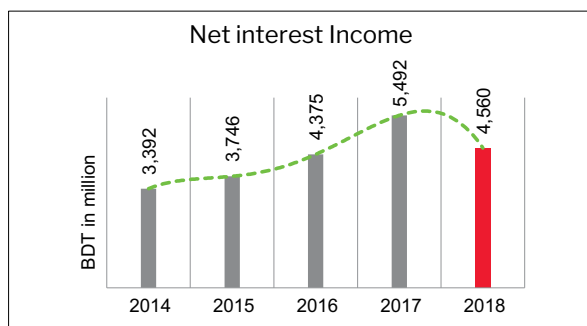
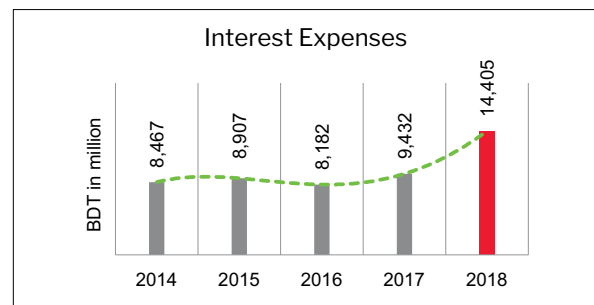
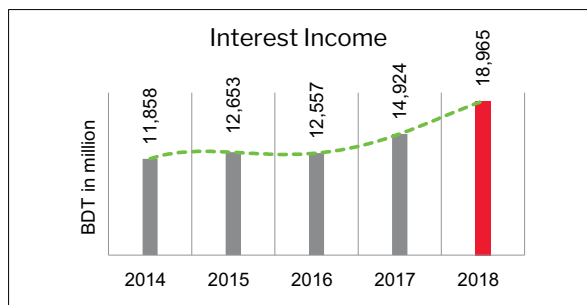
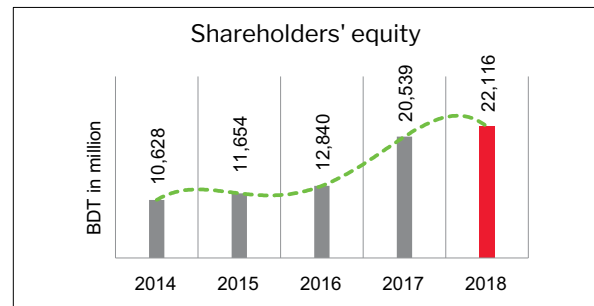
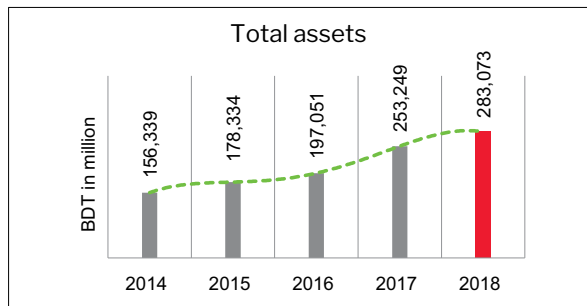
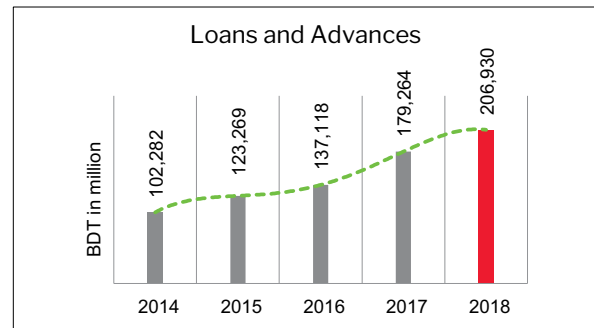
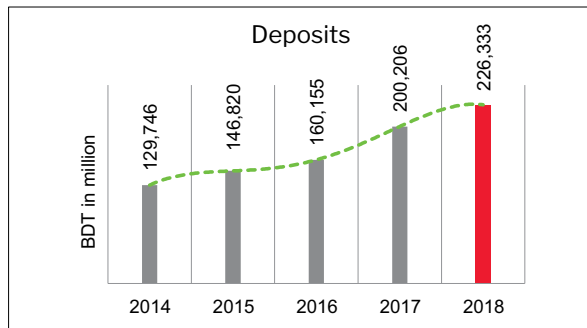
Key Financial Data and Indicators

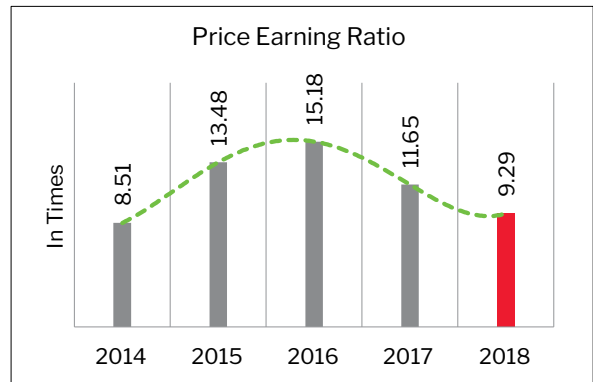
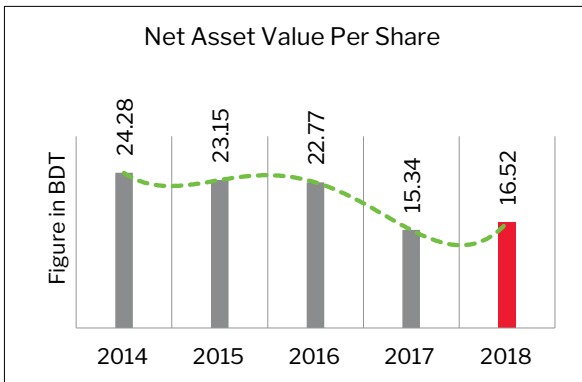
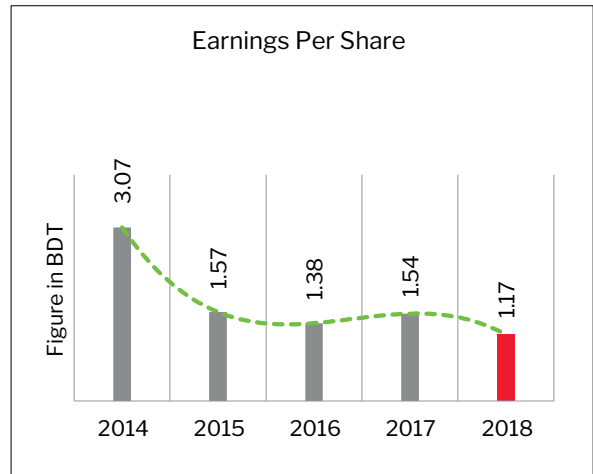
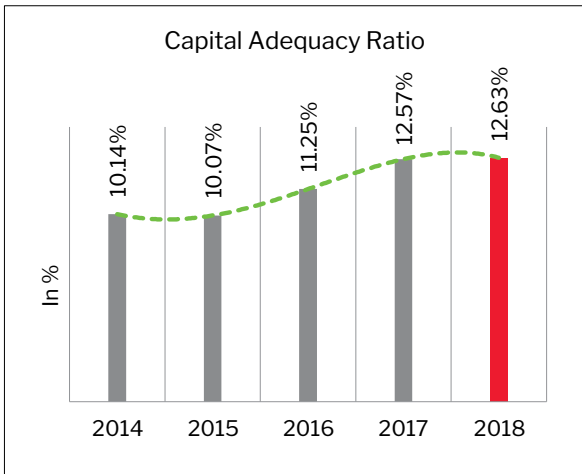
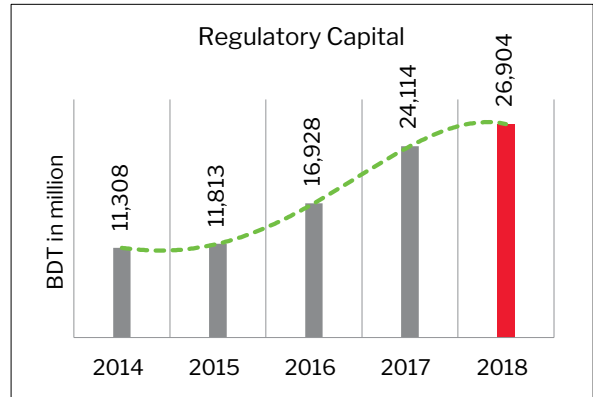
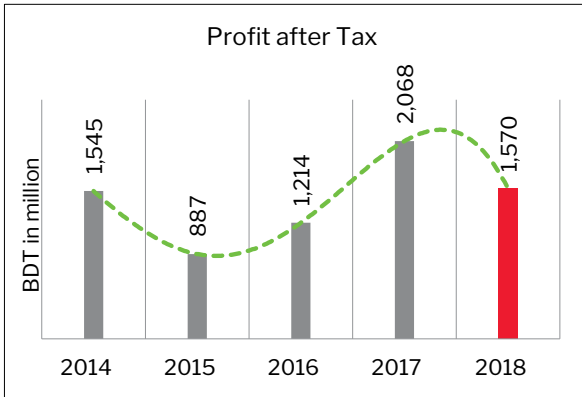
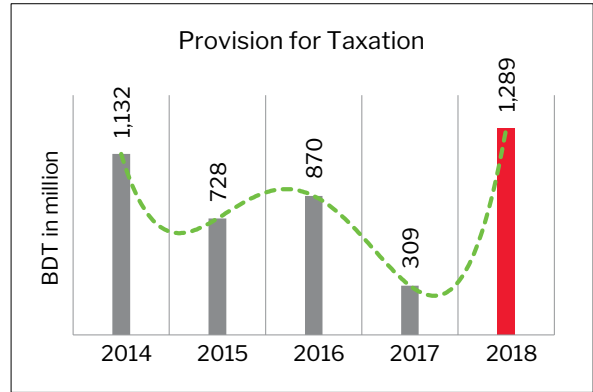
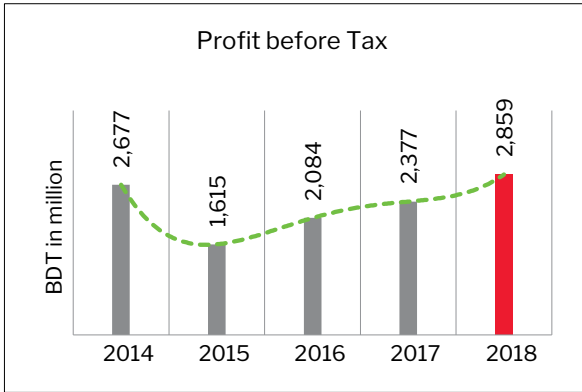
BDT in million

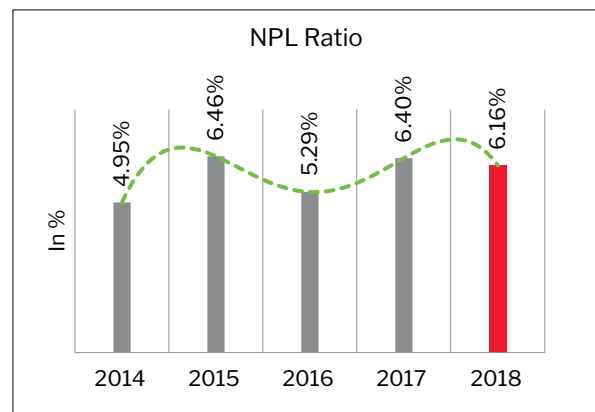
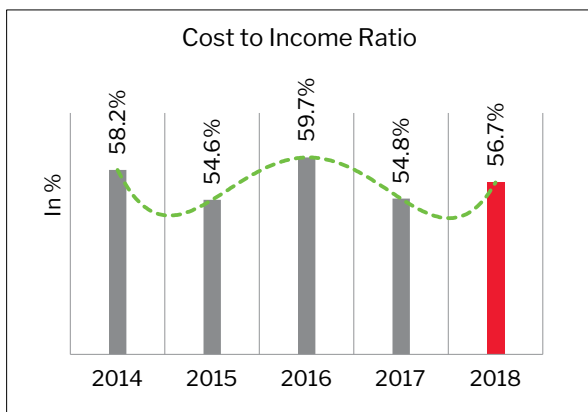
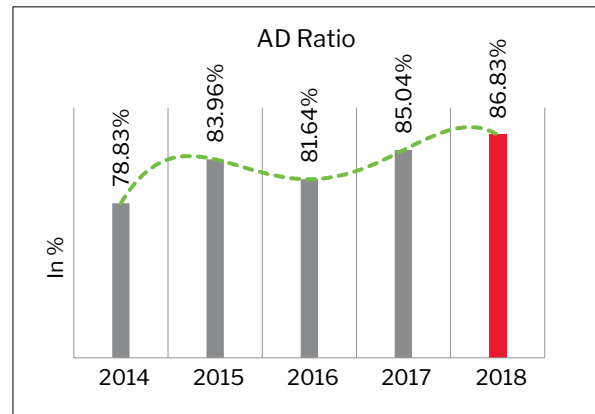
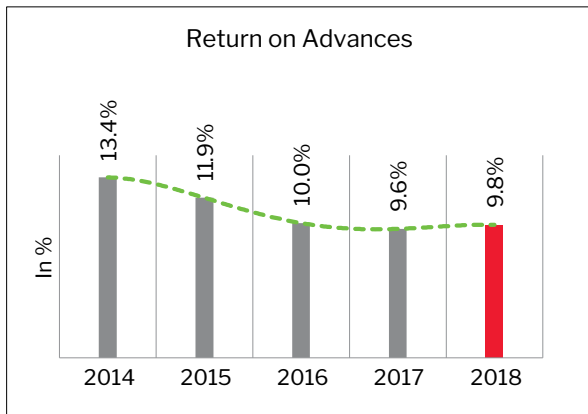
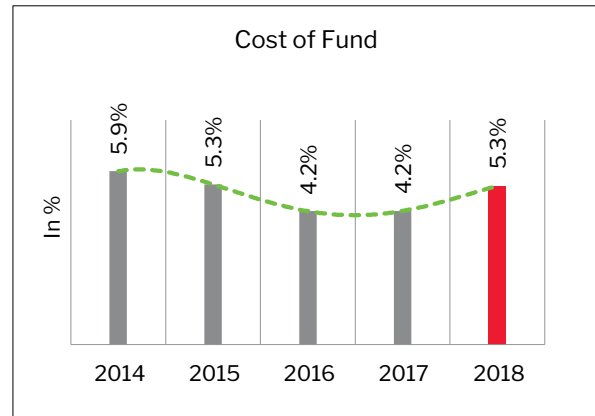
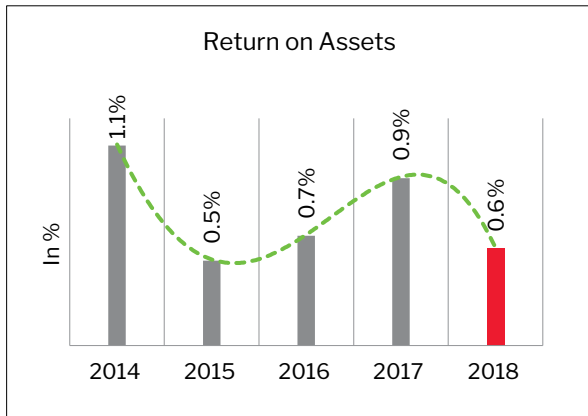
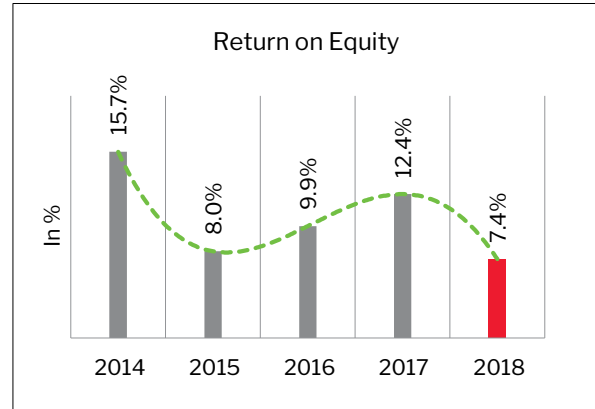
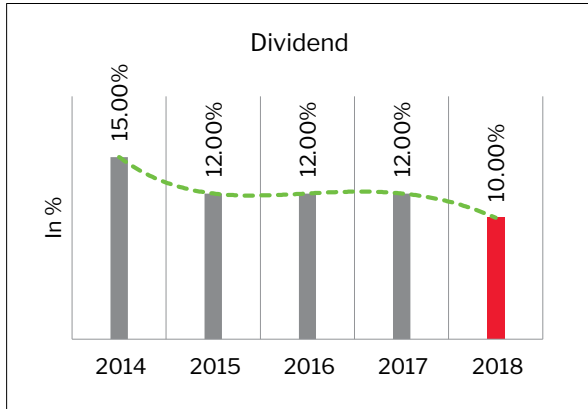
Particulars	2018	2017	2016	2015	2014
Financial Position					
Authorized capital	20,000	20,000	20,000	20,000	20,000
Paid-up capital	13,387	11,953	5,638	5,034	4,377
Reserves and Surplus	8,729	8,586	7,202	6,620	6,251
Shareholders' equity	22,116	20,539	12,840	11,654	10,628
Deposits	226,333	200,206	160,155	146,820	129,746
Borrowings	9,969	8,474	5,827	7,201	5,621
Subordinated debt	3,500	3,500	3,500	-	-
Other liabilities	21,155	20,531	14,728	12,659	10,344
Total liabilities	260,957	232,710	184,210	166,680	145,711
Total Liability and Shareholders' Equity	283,073	253,249	197,051	178,334	156,339
Cash and cash equivalents	28,077	29,932	23,076	17,572	23,892
Loans and advances	206,930	179,264	137,118	123,269	102,282
Investments	31,304	27,858	25,205	28,498	22,845
Fixed assets	5,438	3,528	3,488	3,230	2,929
Other Assets	11,325	12,666	8,164	5,765	4,390
Total assets	283,073	253,249	197,051	178,334	156,339
AD ratio	86.83%	85.04%	81.64%	83.96%	78.83%
Total off-balance sheet items	60,436	58,620	52,602	47,779	47,824
Interest earning assets	245,250	216,239	166,860	151,499	132,838
Non-interest earning assets	37,823	37,010	30,191	26,835	23,501
Financial Performance					
Interest income	18,965	14,924	12,557	12,653	11,858
Interest expenses	14,405	9,432	8,182	8,907	8,467
Net interest income (NII)	4,560	5,492	4,375	3,746	3,392
Non-interest income	4,441	4,270	4,111	4,291	4,204
Investment income	2,358	2,071	2,077	2,375	2,377
Administrative expenses	5,106	5,348	5,066	4,391	4,423
Operating profit	3,895	4,414	3,420	3,646	3,173
Provision for loans and assets	1,035	2,038	1,336	2,031	496
Profit before tax	2,859	2,377	2,084	1,615	2,677
Current tax	1,080	750	700	950	1,290
Deferred tax expense/(income)	209	(441)	170	(222)	(158)
Provision for Tax	1,289	309	870	728	1,132
Profit after tax	1,570	2,068	1,214	887	1,545
Trade Business					
Import	101,642	97,908	92,927	87,307	85,326
Export	98,257	88,677	94,410	96,080	89,894
Remittance (Inward)	22,827	19,569	21,335	22,537	18,762

Particulars	2018	2017	2016	2015	2014
Capital Measure					
Risk weighted assets (RWA)	213,011	191,773	150,523	117,314	111,574
Common Equity Tier 1 Capital	20,877	18,875	11,609	10,508	9,695
Tier-2 Capital	6,026	5,239	5,318	1,305	1,613
Regulatory Capital	26,904	24,114	16,928	11,813	11,308
Common Equity Tier 1 to RWA	9.80%	9.84%	7.71%	8.96%	8.69%
Tier 2 Capital to RWA	2.83%	2.73%	3.53%	1.11%	1.45%
Capital to Risk-weighted Asset Ratio (CRAR)	12.63%	12.57%	11.25%	10.07%	10.14%
Assets Quality					
Non-performing loans (NPLs)	12,740	11,478	7,251	7,962	5,061
Provision for loans and advances	5,954	5,909	4,677	4,030	3,521
NPLs to total loans and advances	6.16%	6.40%	5.29%	6.46%	4.95%
Share Information					
Number of shares outstanding	1,339	1,195	564	503	438
Number of shareholders	41,721	44,421	31,569	35,949	44,444
Market price per share	10.9	18.0	20.9	21.2	26.1
Operating profit per share	2.91	3.69	6.07	7.24	7.25
Earnings per share	1.17	1.54	1.38	1.57	3.07
Stock Dividend	10.00%	12.00%	12.00%	12.00%	15.00%
Dividend coverage ratio (times)	1.17	1.44	1.79	1.47	2.35
Market capitalization	14,592	21,515	11,784	10,672	11,425
Net asset value (NAV) per share	16.52	15.34	22.77	23.15	24.28
Price earnings ratio (times)	9.29	8.92	15.18	13.48	8.51
Profitability Ratio (%)					
Return on average assets (RoA)	0.6%	0.9%	0.7%	0.5%	1.1%
Return on average equity (RoE)	7.4%	12.4%	9.9%	8.0%	15.7%
Net interest margin on average earning assets	2.0%	2.9%	2.7%	2.6%	2.8%
Return on Advances	9.8%	9.6%	10.0%	11.9%	13.4%
Cost of fund	5.3%	4.2%	4.2%	5.3%	5.9%
Administrative cost	1.9%	2.4%	2.7%	2.6%	3.1%
Cost to income ratio	56.7%	54.8%	59.7%	54.6%	58.2%
Operating profit per employee (million)	1.52	1.76	1.35	1.46	1.26
Liquidity Ratio (%)					
Cash reserve ratio (CRR)	5.8%	6.7%	6.6%	6.4%	6.6%
Statutory liquidity ratio (SLR)	15.0%	15.6%	15.0%	18.4%	16.7%
Other information (Figure in Number)					
Number of employees	2,556	2,512	2,536	2,489	2,527
Number of branches	147	141	134	129	120
Number of correspondent banks	440	475	500	497	471
Number of ATMs	93	88	72	59	50
Number of deposit account	776,867	819,350	760,634	667,785	544,198
Number of loan account	41,301	36,624	27,968	34,414	33,056

Five Years Graphical Presentation



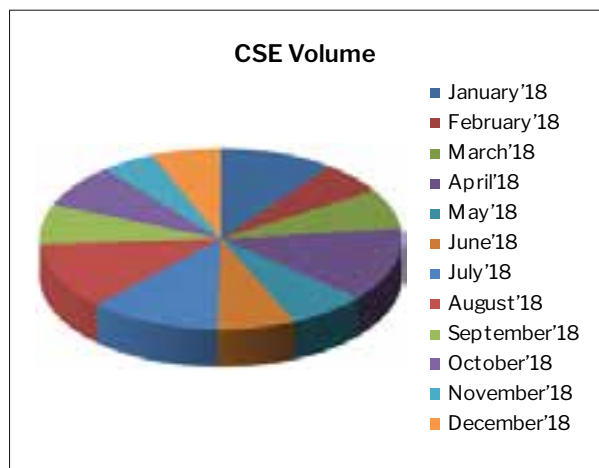
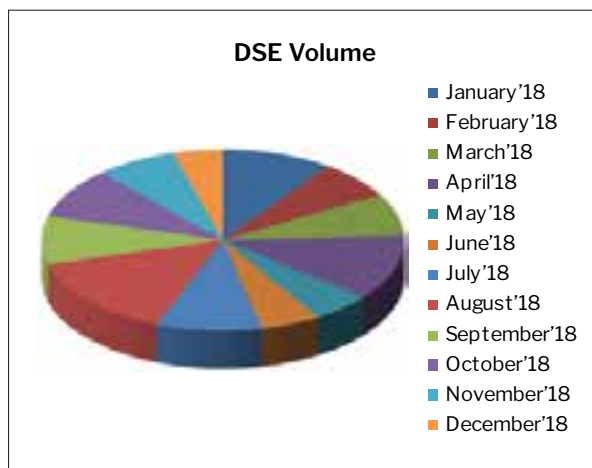
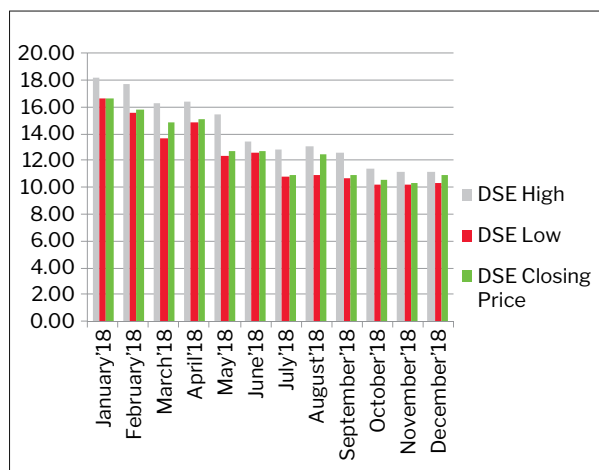
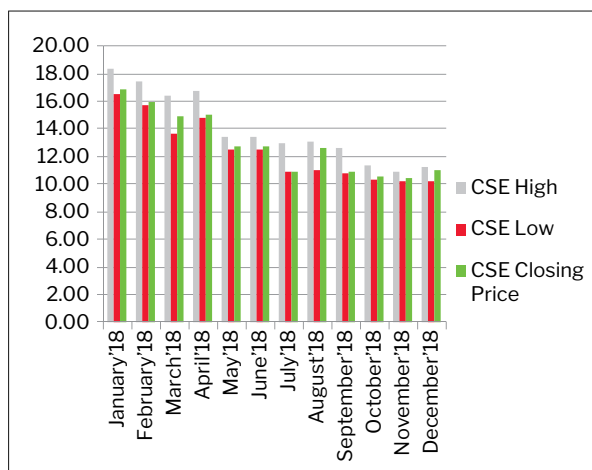




Market Price Information

Monthly High, Low & Close price and volume of Company's shares traded on Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE) during the year 2018:

Month	DSE				CSE				Total Volume on DSE & CSE
	High	Low	Closing Price	Volume	High	Low	Closing Price	Volume	
January'18	18.20	16.60	16.60	24,621,992	18.30	16.50	16.80	2,390,246	27,012,238
February'18	17.70	15.60	15.80	17,321,381	17.40	15.70	15.90	1,353,052	18,674,433
March'18	16.30	13.70	14.90	18,523,831	16.40	13.70	14.90	1,653,306	20,177,137
April'18	16.40	14.80	15.10	29,310,115	16.70	14.80	15.00	3,105,325	32,415,440
May'18	15.40	12.40	12.70	13,383,235	13.40	12.50	12.70	1,634,929	15,018,164
June'18	13.40	12.60	12.70	13,383,235	13.40	12.50	12.70	1,634,929	15,018,164
July'18	12.80	10.80	10.90	23,546,450	12.90	10.90	10.90	2,722,436	26,268,886
August'18	13.10	10.90	12.50	36,902,117	13.10	11.00	12.60	2,833,093	39,735,210
September'18	12.60	10.70	10.90	21,400,326	12.60	10.80	10.90	1,652,699	23,053,025
October'18	11.40	10.20	10.60	22,844,549	11.40	10.30	10.60	1,826,789	24,671,338
November'18	11.10	10.20	10.30	17,926,286	10.90	10.20	10.40	1,125,019	19,051,305
December'18	11.20	10.30	10.90	11,222,626	11.20	10.20	11.00	1,456,024	12,678,650



Financial Calendar

Although Bank makes all-out effort to observe the below mentioned dates, all the future dates are provisional and subject to change.

21 April 2019	Compliance under Listing Regulation 19(1)
29 April 2019	Approval of audited Financial Statements for the year ended 31 December 2018
29 April 2019	Disclosure on Price Sensitive Information
23 May 2019	Record Date for 42 nd Annual General Meeting
30 May 2019	Notice for 42 nd Annual General Meeting
04 July 2019	42 nd Annual General Meeting
3 rd week of July 2019	10% Stock Dividend distribution for the year 2018
14 May 2019	Announcement of first quarter (Q1) financial results
Last week of July 2019	Announcement of second quarter (Q2) financial results
Last week of October 2019	Announcement of third quarter (Q3) financial results

Other Information

Stock Details

Particulars	DSE	CSE
Stock Symbol	IFIC	IFIC
Company Code	11103	22010
Listing Year	1986	1997
Market Category	A	A
Electronic Share	Yes	Yes
Face Value (BDT)	10.00	10.00
Market Lot (number)	1	1
Total Number of Securities	1,338,738,735	1,338,738,735

Redressal of Investors' Complaints

Investors are warmly treated at IFIC. Complaints received from the investors are handled promptly with utmost care to mitigate/resolve the issues at the earliest.

Availability of Annual Report 2018 and Information about IFIC

Annual Report 2018 and other information about IFIC Bank may be viewed on Bank's website at www.ificbank.com.bd. Copies of Annual Report 2018 also submitted to the Bangladesh Securities and Exchange Commission, Bangladesh Bank, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. and the Registrar of Joint Stock Companies & Firms.

Investors' Inquiries

All correspondences with regard to share matters and other related issues to be made to the following address:

The Company Secretary

IFIC Bank Limited

Head Office : IFIC Tower, 61 Purana Paltan, Dhaka-1000

IP Phone No. 09666716250, Ext. 122, Fax No. 02-9554102



Glimpses of the 41st AGM



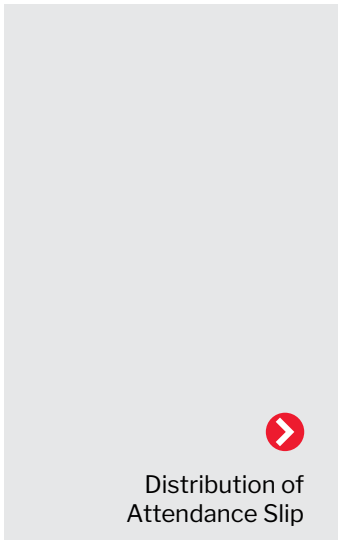
➤ Honourable Chairman addressing the shareholders in the 41st Annual General Meeting



➤ Shareholders' attendance



Welcoming the Honourable Chairman of the Bank



Distribution of Attendance Slip



Shareholders' Registration

Market Discipline - Disclosures on Risk Based Capital (Under Pillar III of Basel III Framework)

For the year ended 31 December 2018
Consolidated Basis

Background

In order to make the bank's capital adequacy assessment more risk sensitive and to abide by the international norms and practices, Bangladesh Bank took the initiative to implement Basel-III framework. Banks in Bangladesh went live under Basel-III since 01 January, 2015. These disclosures under Pillar III of Basel III are made following 'Guidelines on Risk Based Capital Adequacy (RBCA) - Revised Regulatory Capital Framework for banks in line with Basel III' for banks. These quantitative and qualitative disclosures are intended to complement the Minimum Capital Requirement (MCR) under Pillar I and Supervisory Review Process (SRP) under Pillar II of Basel III. The purpose of these disclosures is to present relevant information on the adequacy of capital in relation to overall risk exposures of the Bank so that the market participants can assess the position and direction of the Bank in making economic decisions.

A) Scope of Application

Qualitative Disclosures

(a) The name of the top corporate entity in the group to which this guidelines applies.

The Risk Based Capital Adequacy and related disclosures are applicable for "**International Finance Investment & Commerce Bank Limited**" (known as **IFIC Bank Limited**) which is the top corporate entity of the group.

(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted)

Brief Description of the Subsidiaries

1. **IFIC Securities Limited:** IFIC Securities Limited, a fully owned subsidiary company of IFIC Bank Limited was incorporated as a Public limited company in Bangladesh on 2 November 2010 vide certificate of incorporation no. C-87904/10 having registered office at IFIC Tower, 61 Purana Paltan, Dhaka-1000, Bangladesh. It acquired membership of Dhaka Stock Exchange Limited for brokerage transaction vide Security Exchange Commission certificate no. 3.1/DSE-192/2009/316 dated 1 January 2009. The main

objective of the company is to carry on the business of stock brokers/ dealers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the company. The operation of the company started on 10 March 2011.

2. **IFIC Money Transfer (UK) Limited:** IFIC Money Transfer (UK) Limited was incorporated as a private limited company with Companies House in England and Wales under registration no. 07379137 on 16 September 2010. The company is a wholly owned subsidiary of IFIC Bank Limited. IFIC Bank Limited got permission from Bangladesh Bank for opening a fully owned subsidiary in UK. IFIC Money Transfer (UK) Limited obtained Money Laundering registration on 17 January 2011 issued by HM Customs and Excise. The company got registration from Financial Services Authority (FSA) on 16 June 2011 under Payment Services Regulations 2009. The company commenced its operation on 31 August 2011. The registered office is located at Ferrari House, 2nd Floor, 102 College Road, Harrow, Middlesex, United Kingdom HAI IES, London, UK.

Brief Description of the Joint Ventures/ Associates of the Bank

1. **Nepal Bangladesh Bank Limited:** Nepal Bangladesh Bank Limited (NBBL) was incorporated in Nepal and registered with Office of Company Registrar (50-050/051, Dated January 14, 1994) as a public company limited by shares. NBBL was established as a joint venture bank with IFIC Bank Ltd., Bangladesh. The Bank started its banking business from 6th June 1994. IFIC's investment in the share capital of NBBL is 40.91%.

2. **Oman Exchange LLC:** Oman Exchange LLC (OE), an exchange company incorporated under the laws of the Sultanate of Oman having its registered office is Hamriya, PO Box 114, Post code 994, Hey Al Mina, Hamriya, Muscat, Sultanate of Oman. It was established in 1985 as a joint venture between IFIC Bank Limited and Oman Nationals, to facilitate remittance by Bangladeshi wage earners in Oman. IFIC Bank holds 25% shares and the balance 75% is held by the Omani sponsors.

Brief Description of Off-shore Banking Unit: Off-shore Banking Unit (OBU) is a separate business unit of IFIC Bank Limited. Bank obtained permission for OBU operations from Bangladesh Bank vide

its letter no. BRPD (P-3) 744 (104)/2009-4233 dated 17 November 2009. The unit commenced its operation from 19 May 2010. Presently the Bank has 01 (one) Off-shore Banking Unit in Bangladesh. The OBU is governed under the rules and regulations of Bangladesh Bank.

Basis for Consolidation

The quantitative disclosures are made on the basis of consolidated audited financial statements of the bank and its subsidiaries as at and for the year ended December 31, 2018. The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standards 27: *Separate Financial Statements* and Bangladesh Financial Reporting Standards 10: *Consolidated Financial Statements*. The consolidated financial statements are prepared to a common financial year ended 31 December 2018. All intra-group transactions, balances and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gain, but only to the extent that there are no evidence of impairment.

(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.

During the year one of the associate/joint venture namely Nepal Bangladesh Bank Limited has decided to increase their paid up capital through issuance of Rights Issue to comply with minimum capital requirement of their Central Bank. IFIC Bank Limited being one of the sponsor shareholder has already obtained permission to subscribe in the said Rights Issue and necessary remittance has been done as per approval of Bangladesh Bank. In all cases any Transfer of funds or regulatory capital can be performed as per approval and/or directives of the regulatory bodies.

Quantitative Disclosures

(d) The aggregate amount of surplus capital of issuance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.

Not Applicable

B) Capital Structure

Qualitative Disclosures

(a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2.

Under Basel-III capital adequacy framework, total regulatory capital of a bank are categorized into two tiers: (1) Tier 1 Capital (going-concern capital), and (2) Tier-2 Capital (gone-concern capital). The Tier 1

Capital is further subdivided into (a) Common Equity Tier 1 (CET1) and (b) Additional Tier 1. Total eligible regulatory capital of IFIC Bank Limited consists of partly CET1 Capital and partly Tier-2 Capital. The CET1 Capital of the bank comprises Paid-up Capital, Statutory Reserve, General Reserve and Retained Earnings. Paid-up Capital of the Bank is already above the minimum requirement of BDT 4,000.00 Million as per the directives of Bangladesh Bank. In addition, Tier-II Capital includes General Provision, Sub-ordinated Bond and Revaluation Reserve of Fixed Assets and Securities (up to 50 percent).

Banks are required to maintain a capital conservation buffer of 1.875% during the year 2018, above the regulatory minimum capital requirement of 10%. No distribution of capital (i.e. paying dividends or bonuses in any form) is allowed in case capital level falls within the range between 10.00% to 11.875%. However, the bank will be able to conduct business as normal. Capital conservation buffer is applicable both at the solo level as well as at the consolidated level. As per the Bangladesh Bank instructions contained in BRPD letter No. BRPD (BFIS) 661/14B(P)/2015-18014 dated 24 December 2015, Deferred Tax Assets arising out of Specific Provision on Classified Loans is allowable to a maximum of 5% as Common Equity Tier-1 Capital (CET-1) while calculating CET-1 as per Basel III.

Non-convertible Sub-ordinated Bond

In the year 2016, the Bank issued 07 (seven) years Tier-II Non-Convertible Coupon Bearing Subordinated Bonds to several banks. The issued instrument is un-secured, non-convertible in nature and will be redeemed at the end of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% of bond value respectively.

This subordinated bond has been rated by CRAB as AA3 (Hyb) in Long Term category with 'Stable' outlook valid up to 28 June 2019 which is judged to be of very high quality, subject to very low credit risk. A total interest of BDT 271.08 Million was paid on 29 May 2018 and 29 November 2018 as fourth and fifth semi-annual coupon payment at the rate of 8.49% and 7.00% p.a. respectively.

Quantitative Disclosures

(b) The amount of Regulatory capital, with separate disclosure of:

CET1 Capital

Particulars	BDT in million
Fully Paid-up Capital	13,387.39
Statutory Reserve	5,696.42
General Reserve	155.07
Retained Earnings	<u>4,267.06</u>
CET1 Capital Total [A]	23,505.94

Particulars	BDT in million
Additional Tier 1 Capital [B]	Nil
Total Tier 1 Capital [C]=[A]+[B]	23,505.94
General Provision	2,514.59
Subordinated Debt	3,500.00
Revaluation Reserves as on 31 December 2014 (50% of Fixed Assets and Securities)	58.45
Tier 2 Capital Total [D]	6,073.04

(c) Regulatory Adjustments/Deductions from capital

Particulars	BDT in million
Deferred tax assets (DTA)[1]	1,110.44
Revaluation Reserves for Fixed Assets, Securities & Equity Securities (Phase-in deductions)	46.76
Regulatory Adjustments/Deductions from capital [E]	1,157.19
(d) Total eligible capital [F]=[C]+[D]-[E]	28,421.79

C) Capital Adequacy

Qualitative Disclosures

(a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.

According to BB Guidelines, IFIC Bank is assessing Risk Based Capital Adequacy under Basel-III from 01 January 2015. Under Basel-III framework the capital requirement is determined for Credit Risk and Market Risk under Standardized Approach and Operational Risk under Basic Indicator Approach and summed-up to determine total Risk Weighted Assets and thereafter the Minimum Capital Requirement (MCR). The Bank assesses the capital requirement considering the existing size of portfolio, concentration of portfolio to different risk weight groups, asset quality, profit trend etc. on quarterly rest. The Bank also forecasts the adequacy of capital in terms of its capacity of internal capital generation, maintaining the size of the portfolio, asset quality, conducting credit rating of the borrowers, segregation of portfolio to different risk weight groups etc.

According to BB Guidelines, IFIC Bank is assessing Risk Based Capital Adequacy under Basel-III from 01 January 2015. Under Basel-III framework the capital requirement is determined for Credit Risk and Market Risk under Standardized Approach and Operational Risk under Basic Indicator

Approach and summed-up to determine total Risk Weighted Assets and thereafter the Minimum Capital Requirement (MCR). The Bank assesses the capital requirement considering the existing size of portfolio, concentration of portfolio to different risk weight groups, asset quality, profit trend etc. on quarterly rest. The Bank also forecasts the adequacy of capital in terms of its capacity of internal capital generation, maintaining the size of the portfolio, asset quality, conducting credit rating of the borrowers, segregation of portfolio to different risk weight groups etc.

IFIC Bank has maintained Capital to Risk-weighted Asset Ratio (CRAR) of 12.99% as on 31 December 2018, whereas Minimum Capital Requirement (MCR) is 11.875% from 01 January 2018 as per BRPD circular No.18 dated 21 December 2014. The Bank has thus maintained excess capital of 1.115% above the minimum requirement of 11.875%. However, the Bank is continuously evaluating its capital position in comparison to its risk weighted asset's position and exploring ways and means to raise capital both internally and externally.

Quantitative Disclosures

Particulars	BDT in million
(b) Capital requirement for Credit Risk	
On-Balance Sheet	21,526.52
Off-Balance Sheet	2,682.43
Total	24,208.95
(c) Capital requirement for Market Risk	
Interest Rate Related Instruments	59.97
Equities	194.68
Foreign Exchange Position	32.86
Commodities	Nil
Total	287.51
(d) Capital requirement for Operational Risk	1,485.82

(e) Total capital, CET1 capital, Total Tier 1 capital and Tier 2 capital ratio:

• For the consolidated group	Ratios
Total Capital	12.99%
CET1 Capital	10.24%
Total Tier 1 Capital	10.24%
Total Tier 2 Capital	2.75%
• For stand alone	Ratios

• For the consolidated group	Ratios
Total Capital	12.63%
CET1 Capital	9.80%
Total Tier 1 Capital	9.80%
Total Tier 2 Capital	2.83%

(f) Capital Conservation Buffer

As per Bangladesh Bank Transitional Arrangements for implementation of Basel III, creation of Capital Conservation Buffer (CCB) has been made effective from 1 January 2016, 2017, 2018 and 2019 at 0.625%, 1.25%, 1.875% and 2.50% respectively above the regulatory minimum capital requirement of 10%. The minimum total capital plus CCB for the year 2018 is 11.875%.

(g) Available Capital under Pillar 2 Requirement

Particulars	BDT in million
Total Eligible Regulatory Capital [A]	28,421.78
Minimum Capital Requirement under Pillar 1[B]	21,879.81
Capital Conservation Buffer[C][1]	4,102.46
Minimum Capital Requirement including CCB[D=B+C]	25,982.27
Available Capital for Pillar 2 [E=A - D]	2,439.50

D) Credit Risk

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to credit risk, including:

Definitions of past due and impaired (for accounting purposes).

As per relevant Bangladesh Bank guidelines, the Bank defines the past due and impaired loans and advances for strengthening the credit discipline and mitigating the credit risk of the Bank. The impaired loans and advances are defined on the basis of (i) Objective/ Quantitative Criteria and (ii) Qualitative judgment. For this purpose, all loans and advances are grouped into four (4) categories, namely- (a) Continuous Loan (b) Demand Loan (c) Fixed Term Loan and (d) Short-term Agricultural & Micro Credit.

Definition of past due/overdue:

- Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/ overdue from the following day of the expiry date;
- Any Demand Loan if not repaid within the fixed

expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date;

- In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry date.
- The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date. However, a continuous loan, demand loan or a term loan which will remain overdue for a period of 02 (two) months or more, will be put into the "Special Mention Account (SMA)", the prior status of becoming the loan into impaired/classified/nonperforming.

Definition of impaired / classified / non-performing loans and advances are as follows:

Continuous loan is classified as follows:

Substandard: If it is past due /overdue for 3 (three) months or beyond but less than 6 (six) months;

Doubtful - If it is past due / overdue for 6 (six) months or beyond but less than 9 (nine) months;

Bad/Loss - If it is past due / overdue for 9 (nine) months or beyond.

Demand loan is classified as follows:

Substandard - If it remains past due / overdue for 3 (three) months or beyond but not over 6 (six) months from the date of expiry or claim by the Bank or from the date of creation of forced loan;

Doubtful - If it remains past due / overdue for 6 (six) months or beyond but not over 9 (nine) months from the date of expiry or claim by the Bank or from the date of creation of forced loan;

Bad/Loss - If it remains past due / overdue for 9 (nine) months or beyond from the date of expiry or claim by the Bank or from the date of creation of forced loan.

Fixed Term Loans are classified are as follows:

In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of Fixed Term Loans: -

Substandard - If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loan will be classified as "Sub-standard".

Doubtful - If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as "Doubtful".

Bad/Loss - If the amount of 'past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as "Bad/Loss".

Fixed Term Loans are classified are as follows:

In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of Fixed Term Loans: -

Substandard - If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loan will be classified as "Sub-standard".

Doubtful - If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as "Doubtful".

Bad/Loss - If the amount of 'past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as "Bad/Loss".

In case of any installment (s) or part of installment (s) of a Fixed Term Loan amounting up-to Taka 10 lacs is not repaid within the due date, the classification is as under:

Substandard - If the amount of past due installment (s) due within 6 (six) months, the entire loan will be classified as 'Sub- standard';

Doubtful - If the amount of past due installment is equal to or more than the amount of installment (s) due within 9 (nine) months, the entire loan will be classified as 'Doubtful';

Bad/Loss -If the amount of past due installment is equal to or more than the amount of installment (s) due within 12 (twelve) months, the entire loan will be classified as 'Bad/Loss'.

In case of any installment (s) or part of installment (s) of a Fixed Term Loan amounting up-to Taka 10 lacs is not repaid within the due date, the classification is as under:

Substandard - If the amount of past due installment is equal to or more than the amount of installment (s) due within 6 (six) months, the entire loan will be classified as 'Sub- standard';

Doubtful - If the amount of past due installment is equal to or more than the amount of installment (s) due within 9 (nine) months, the entire loan will be classified as 'Doubtful';

Bad/Loss -If the amount of past due installment is equal to or more than the amount of installment (s) due within 12 (twelve) months, the entire loan will be classified as 'Bad/Loss'.

Short-term Agricultural and Micro-Credit is classified as follows:

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

Description of approaches followed for specific and general allowances and statistical methods

The Bank is following the general and specific provision for loans and advances/investments on the basis of Bangladesh Bank guidelines issued from time to time (please refer to Annexure - I).

Discussion of the bank's credit risk management policy

The Board approves the credit policy, credit exposure limits and credit risk management policy keeping in view relevant Bangladesh Bank guidelines to ensure best practice in credit risk management and maintain quality of assets. Authorities are properly delegated ensuring checks and balance in credit operation at every stage, i.e. screening, assessing risk, identification, management and mitigation of credit risk as well as monitoring, supervision and recovery of loans with provision of early warning system. There is a separate credit risk management division for dedicated credit risk management, separate credit administration division for ensuring perfection of securities and credit monitoring and recovery division for monitoring and recovery of irregular loans. Internal control & compliance division independently assess the quality of loans and compliance status of loans at least once in a year.

Quantitative Disclosures

(b)	Total gross credit risk exposures broken down by major types of credit exposure.	Please refer to Annexure – II.
(c)	Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.	Please refer to Annexure – III.
(d)	Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Please refer to Annexure – IV.
(e)	Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Please refer to Annexure – V.

(f)	By major industry or counterparty type: ➔ Amount of impaired loans and if available, past due loans, provided separately	Please refer to Annexure – VI.
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Particulars	BDT in million
• Specific and general provisions	
Specific provision	3,439.33
General provision	1,970.05
• Charges for specific allowances and charge-offs during the period	
Specific provision	612.99
General provision	287.28

(g) Non-Performing Assets (NPAs):	BDT in Million
Gross non-performing assets (NPAs)	12,740.13
Non-Performing Assets (NPAs) to Outstanding Loans & advances	6.16%
Movement of Non-Performing Assets (NPAs)	
Opening balance	11,477.88
Additions	15,163.27
Reductions	(13,901.02)
Closing balance	12,740.13
Movement of specific provisions for NPAs	
Opening balance	3,594.11
Provisions made during the period	612.99
Write-off	(933.47)
Write-back of excess provisions	Nil
Provision transferred to general reserve	Nil
Closing balance	3,439.33

E) Equities: Disclosures for Banking Book Positions

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic

reasons; and

Differentiation between holdings of equities for capital gain and those taken under other objectives is being clearly identified. Investment in equity securities is broadly categorized into two parts:

- Quoted Securities** (Common or Preference Shares & Mutual Fund) that are traded in the secondary market (Trading Book Assets) through the organization itself or other Portfolio Manager. Investment in quoted shares/securities are revalued at the end of the reporting period.
- Unquoted securities** are categorized as banking book equity exposures which are further subdivided into two groups: unquoted securities which are invested without any expectation that these will be quoted in near future, i.e. held to maturity (HTM), and securities those are acquired under private placement or IPO and are going to be traded in the secondary market after completing required formalities. Unquoted securities are valued at cost.

The equity positions are reviewed periodically by the senior management.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Important policies covering equities valuation and accounting of equity holdings in the Banking Book are based on the use of the cost price method for valuation of equities. The primary aim is to invest in these equity securities for the purpose of capital gain by selling them in the future or held for dividend income. Dividends are recognized in Profit and Loss Account only when the Bank's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Bank and the amount of the dividend can be measured reliably. Both Quoted and Un-Quoted equity securities are initially recognized at cost and necessary provisions are maintained if the prices fall below the cost price after comparing with their fair value. As per to Bangladesh Bank guidelines, the HFT equity securities are revalued once in each week using marking to market concept. However equity investment in associates/joint ventures are initially recognized at cost and provision is maintained if cost is higher than lower of market value and net assets value of that investee as per instruction of Bangladesh Bank. Preference is given to purchase of shares of strong companies at face value through placement/ IPO. Important policies covering equities valuation and accounting of equity holdings in the Banking Book are based on the use of the cost price

method for valuation of equities. The primary aim is to invest in these equity securities for the purpose of capital gain by selling them in the future or held for dividend income. Dividends are recognized in Profit and Loss Account only when the Bank's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Bank and the amount of the dividend can be measured reliably. Both Quoted and Un-Quoted equity securities are initially recognized at cost and necessary provisions are maintained if the prices fall below the cost price after comparing with their fair value. As per to Bangladesh Bank guidelines, the HFT equity securities are revalued once in each week using marking to market concept. However equity investment in associates/ joint ventures are initially recognized at cost and provision is maintained if cost is higher than lower of market value and net assets value of that investee as per instruction of Bangladesh Bank. Preference is given to purchase of shares of strong companies at face value through placement/ IPO.

Quantitative Disclosures

(b) Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values including mutual funds where the share price is materially different from fair value

Particulars	In million BDT
Cost price of quoted shares	922.11
Fair value of quoted shares	749.56
Decrease in value	172.55
(c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	4.88
(d)	
• Total unrealized gains (losses)	307.81
• Total latent revaluation gains (losses)	Nil
• Any amounts of the above included in Tier 2 capital.	Nil

(e) Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

Capital Charge on Equities	In million BDT
Specific Risk	97.34
General Market Risk	97.34
Total	194.68

Qualitative Disclosures

(a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.

Interest Rate Risk is managed through the use of Gap analysis of rate sensitive assets and liabilities and monitored through prudential limits and stress testing. The IRRBB is monitored in movements/ changes on a monthly basis and the impact on Net Interest Income is assessed. Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition. Changes in interest rates affect both the current earnings (earnings perspective) as well as the net worth of the bank (economic value perspective). Re-pricing risk is often the most apparent source of interest rate risk for a bank and is often gauged by comparing the volume of a bank's asset that mature or re-price within a given time period with the volume of liabilities that do so. The short term impact of changes in interest rates is on the bank's Net Interest Income (NII). In a longer term, changes in interest rates impact the cash flows of the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the bank arising out of all re-pricing mismatches and other interest rate sensitive position. The ALCO formulates the policy and strategy depending on the market conditions to maximize Net Interest Income.

Quantitative Disclosures

(b) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).

Please refer to Annexure - VII.

G) Market Risk

Qualitative Disclosures

(a) Views of BOD on trading/investment activities
The trading/investment activities in the IFIC Bank Limited are managed cautiously so that maximum returns are obtained without taking undue risks. The Board approves all policies related to market risk, set limits and review compliance on a regular basis. The objective is to provide cost effective funding to finance asset growth and trade related transactions. Market risk is the possibility of losses of assets in the balance sheet and off-balance sheet positions arising out of volatility in market variables i.e., interest rate, exchange rate and price. Allocation of capital is required in respect of the exposure to risks deriving from changes in interest rates and equity prices in the bank's trading book, in respect of exposure to risks deriving from changes in foreign

exchange rates and commodity price in the overall banking activity.

The market risk covers the followings risks of the Bank's balance sheet:

- i. Interest rate risk
- ii. Equity price risk
- iii. Foreign exchange risk; and
- iv. Commodity price risk

Methods used to measure Market risk

The Bank uses the Standardized (rule based) Approach to calculate the Market Risk for Trading Book Exposures. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risky sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculated capital charges for 'specific risk' and 'general market risk'.

Maturity Method has been prescribed by Bangladesh Bank in determining capital against market risk. In the maturity method, long or short positions in debt securities and other sources of interest rate exposures, including derivative instruments, are slotted into a maturity ladder comprising 13 times-bands (or 15 times-bands in the case of low coupon instruments). Fixed-rate instruments are allocated according to the residual term to maturity and floating-rate instruments according to the residual term to the next re-pricing date.

In Standardized (rule based) Approach the capital requirement for various market risks (interest rate risk, price, and foreign exchange risk) are determined separately.

The total capital requirement in respect of market risk is the sum of capital requirement calculated for each of these market risk sub-categories. e.g.

- i. Capital Charge for Interest Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk;
- ii. Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk;
- iii. Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk;

Capital Charge for Commodity Position Risk = Capital charge for General Market Risk.

Market Risk Management System

The Asset Liability Management Policy of the Bank as approved by the Board ensures effective management of the Market Risk through a well-structured Treasury function which includes a Front Office, Mid Office and Back Office and an ALCO body. The aim of the Market Risk Management System is to minimize the impact of losses on earnings due to market fluctuations. The Asset Liability Management

Policy of the Bank as approved by the Board ensures effective management of the Market Risk through a well-structured Treasury function which includes a Front Office, Mid Office and Back Office and an ALCO body. The aim of the Market Risk Management System is to minimize the impact of losses on earnings due to market fluctuations.

Policies and processes for mitigating market risk

The policy contains sound Portfolio management procedures and best practices such as minimizing risks through diversification of portfolio. Policy for managing Market Risk has been set out by the Board of Directors of the Bank where clear instructions have been given to Loan Deposit Ratio, Whole Sale Borrowing Guidelines, Medium Term Funding, Maximum Cumulative Outflow, Liquidity Contingency Plan, Local Regulatory Compliance, Recommendation/ Action Plan etc. Furthermore, special emphasis has been put on the following issues for mitigating market risk:

- ▲ **Interest Rate Risk Management:** Treasury Division reviews the risks of changes in income of the Bank as a result of movements in market interest rates. In the normal course of business, the Bank tries to minimize the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done as under: been put on the following issues for mitigating market risk:
 - i. **Market Analysis:** Market analysis over interest rate movements are reviewed by the Treasury Division of the Bank. The type and level of mismatch interest rate risk of the Bank are managed and monitored from two perspectives, being an economic value perspective and an earnings perspective.
 - ii. **Gap Analysis:** ALCO has established guidelines in line with the central Bank's policy for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. ALCO in its regular monthly meeting analyzes Interest Rate Sensitivity by computing GAP i.e. the difference between Rate Sensitive Assets and Rate Sensitive Liability and take the decision of enhancing or reducing the GAP according to the prevailing market situation aiming to mitigate interest rate risk.
- ▲ **Foreign Exchange Risk Management:** Risk arising from potential change in earnings resulted from exchange rate fluctuations, adverse exchange positioning or change in the market prices are considered as Foreign Exchange Risk. Treasury and International Division manage this risk in the following fashion:
 - i. **Continuous Supervision:** The Bank's Treasury Division manages and controls day-to-day trading activities under the supervision of ALCO

that ensures continuous monitoring of the level of assumed risks. Treasury Division monitors the foreign exchange price changes and Back Office of the Treasury Division verifies the deals and passes the entries in the books of account.

- ii. **Treasury Back Office separated from the Treasury Front Office:** Treasury Back Office is conducting its operation in separate locations apart from the Treasury Front Office. Treasury Back Office is responsible for currency transactions, deal verification, limit monitoring and settlement of transactions independently. Treasury Back Office gathers the market rates from an independent source other than dealers of the same organization, which helps to avoid any conflict of interest.
- iii. **Mark-to-Market Method for Approved Securities and Foreign Exchange Revaluation:** All foreign exchange reserves and balances along with approved securities are revalued at Mark-to-Market method according to Bangladesh Bank's guidelines. Such valuations are made after a specific time interval as prescribed by Bangladesh bank.
- iv. **Nostro Accounts:** Nostro accounts are maintained by the Bank with various currencies and countries. These Accounts are operated by the International Division of the Bank. All Nostro accounts are reconciled on a monthly basis. The management reviews outstanding entry beyond 30 days for settlement purpose.
- ▲ **Equity Risk Management:** Equity Risk is the risk of loss due to adverse changes in the market price of equities held by the Bank. Equity Risk is managed by the following fashion:
 - i. **Investment Portfolio Valuation:** Mark-to-Market valuations of the share investment portfolio are followed in measuring and identifying risk. Mark-to-Market valuation is done against a predetermined cut loss limit.
 - ii. **Diversified Investment to minimize Equity Risk:** IFIC minimizes the Equity Risks by Portfolio diversification as per investment policy of the Bank.

Margin Accounts are monitored very closely: Where Margin loan is allowed, security of investment, liquidity of securities, reliability of earnings and risk factors are considered and handled professionally.

Quantitative Disclosures

(b) The capital requirements for	In million BDT
Interest rate risk	59.97
Equity position risk	194.68
Foreign exchange risk	32.86
Commodity risk	Nil

H) Operational Risk

Qualitative Disclosures

(a) *Views of BOD on system to reduce Operational Risk*

IFIC Bank manages its operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events and implementing any additional procedures required for compliance with regulatory requirements. Operational risk management responsibilities are assigned to the senior management. Internal auditors are assigned for recording, identification and assessment of operational risks and to prepare reports for the Audit Committee.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputation risk. It is inherent in every business organization and covers a wide spectrum of issues. The Board of Director (BOD) of the Bank and its Management firmly believe that this risk through a control based environment in which processes see documented, authorization as independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the group stays in line with industry best practice and takes account or lessons learned from publicized operational failures within the financial services industry.

The BOD has also modified its operational risk management process by issuing high level standards, supplemented by more detailed formal guidance. This explains how the bank manages operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with local regulatory requirements. The Bank maintains and tests contingency facilities to support operations in the event of disasters. Additional reviews and tests are conducted in the event that any branch of the bank is affected by a business disruption event, to incorporate lessons learned in the operational recovery from those circumstances. Plans have been prepared for the continued operation of the bank's business, with reduced staffing levels.

Operational risk loss data are collected and reported to the senior management. Identifying, monitoring and recording of fraud, irregularities, unauthorized works, system breakdown, etc. are done by the Management and details of the untoward incidents are reported to the Bank's Audit Committee.

Performance gap of executives and staffs

Human Resources Development is focused on recruitment and in-house training for both on the job and off the job. IFIC Bank Training Academy, the oldest institution in the private sector, was conceived of as an in-house training center to take care of the training needs of the Bank internally. The academy is fully equipped with a professional library, modern training aids and professional faculty. The library has a huge number of books on banking, economics, accounting, management, marketing and other related subjects. Main training activities consist of in-depth foundation programs for entry level Management Trainees. Specialized training programs in the areas like general banking, advance, foreign exchange, marketing and accounts etc. are also organized by the Academy depending on need. Frequently outreach programs are organized to meet demand for new and specialized skills.

During its many years of existence, the Academy not only conducted courses, workshops and seminars as required by the Bank, but it also organized training programs for the Bank of Maldives, Nepal Bangladesh Bank Limited (NBBL) and Oman International Exchange LLC. In addition, the Academy has also the credit of organizing system of Bank of Maldives. In addition to conducting courses internally, The Academy also selects candidates for nomination to various courses conducted by distinguished training organizations in the country, including Bangladesh Bank Training Academy and Bangladesh Institute of Bank Management. The Academy also re-designs its courses, programs, etc., regularly to meet the requirement of new skills arising out of various directives, guidelines of the Central Bank and significant changes in the banking sector from time to time.

Performance goals are most often attained by executives and staffs with a few exceptions. Every organization needs to effectively manage its human resources to get the maximum contribution from its employees.

Potential external events

Losses from external events, such as a natural disaster that damages a firm's physical asset or electrical or telecommunications failures that disrupt business, are relatively easier to define than losses from internal problems, such as employee fraud and product flaws. It is needless to say that there are certain risk factors which are external in nature and can affect the business of the Bank. The factors discussed below can significantly affect the business:

- ▲ **External rules and regulations:** Potential for actual or opportunity loss due to failure to comply with laws or regulations, or as a result of changes in laws or regulations or in their interpretation or application.

- ▲ **Damage to assets:** Potential for loss or damage to physical assets and other property from natural disaster and other events.
- ▲ **Safety and security:** Potential for loss or damage to health or safety of staff, customers or third parties arising from the effects of external events.
- ▲ **External financial crime:** Potential for loss due to criminal acts by external parties such as fraud, theft and other criminal activity.
- ▲ **Political condition and general business:** IFIC's performance greatly depends on the general economic conditions of the country. The effect of recession is still unfolding which may result to slow down in business environment. Political stability is must for growth in business activities.
- ▲ **Credit quality of borrowers:** Risk of deterioration of credit quality of borrowers is inherent in banking business. This could result due to the global economic crisis and supply side distortion. The changes in the import prices affected the commodity sectors and ship breaking industry. A deterioration in credit quality requires provisioning.
- ▲ **Basel-III implementation:** Basel-III is fully effective from 2015 and IFIC needs to be complied with respect to credit risk management, its supervision and establishment of effective internal control. The grading of the borrowers and its link with the capital required may slow down the credit expansion. The establishment of effective control requires more investment in technology and operating expenses are likely to increase.
- ▲ **Equity markets Volatility:** The Bangladesh Securities and Exchange Commission and the stock exchanges improved their supervisory role, but the equity market is still volatile. If volatility continues it is likely to affect the performance of the bank.
- ▲ **Changes in market conditions:** Changes in market conditions, particularly interest rates on deposits and volatility in the foreign exchange market are likely to affect the performance of the bank. Depositors are becoming increasingly price sensitive and any unilateral upward change by a bank will exert pressure on the interest rate structure of the banking sector. It is feared that wage earners remittances may decline due to fall in job opportunity in international market. Unless offset by export performances, there may be pressure in the foreign exchange market.
- ▲ **The litigation risk:** In the ordinary course of business, legal actions, claims by and against the bank may arise. The outcome of such litigation may affect the financial performance of the bank.

Policies and processes for mitigating operational risk

The Operational Risk Management Policy adopted by the Bank outlines organizational structure and detailed processes for management of operational risk. The basic objective of the policy is to closely integrate operational risk management system into day-to-day risk management process of the bank by clearly assigning roles in effectively identifying, assessing, monitoring and controlling and mitigating operational risk. Operational risks in the Bank are managed through a comprehensive and well-articulated internal control frameworks.

Approach for calculating capital charge for operational risk

The Bank follows the Basic Indicator Approach (BIA). The BIA stipulates the capital charge for operational risk is a fixed percentage, denoted by α (alpha) of average positive annual gross income of the Bank over the past three years. It also states that if the annual gross income for any year is negative or zero, that should be excluded from both the numerator and denominator when calculating the average gross income. The capital charge for operational risk is enumerated by applying the following formula:

$$K = [(GI_1 + GI_2 + GI_3) \times \alpha] / n$$

Where:

K = the capital charge under the Basic Indicator Approach

GI = only positive annual gross income over the previous three years (i.e., negative or zero gross income if any shall be excluded)

α = 15 percent

n = number of the previous three years for which gross income is positive.

Besides, Gross Income (GI) is calculated as “Net Interest Income” plus “Net non-Interest Income”. The GI is also the net result of:

- i. Gross of any provisions;
- ii. Gross of operating expenses, including fees paid to outsourcing service providers;
- iii. Excluding realized profits/losses from the sale of securities held to maturity in the banking book;
- iv. Excluding extraordinary or irregular items;
- v. Excluding the income derived from insurance.

Quantitative Disclosures

(b) *The capital requirements for operational risk:*
BDT 1,485.82 Million

I) Liquidity Ratio

Qualitative Disclosures

(a) *Views of BOD on system to reduce liquidity Risk*

In line with the provisions of liquidity risk management under Basel III, Bangladesh Bank has identified the (i) Liquidity Coverage Ratio (LCR); (ii) Net Stable Funding Ratio (NSFR); and (iii) Leverage under the purview of ‘Liquidity’ ratio vide BRPD Circular No. 18 dated 21 December 2014 and DOS Circular No. 1 dated 1 January 2015. The Board of Directors (BOD) reviews the liquidity risk of the Bank on quarterly rest while reviewing the Quarterly Financial Statements, Stress Testing Report etc. ALM Policy Guideline approved and revised time to time by the Board of Directors.

An overview on liquidity position and liquidity ratios are submitted annually to the BOD and the BOD approve the strategic plan for managing optimum liquidity. The Board always strives to maintain adequate liquidity to meet up Bank’s overall funding need for the depositors, borrowers’ requirements as well as maintain regulatory requirements comfortably.

Methods used to measure Liquidity risk

The maintenance of Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) are considered as the fundamental methods/tools to measure the liquidity position/risk of IFIC Bank. However, under Basel III, the following methods and tools are mandated for measuring the liquidity risk.

▲ **Liquidity Coverage Ratio (LCR):** Liquidity Coverage Ratio ensures to maintain an adequate level of stock of high quality liquid assets that can be converted into cash to meet its liquidity needs (i.e. total net cash outflows) over the next 30 calendar days.

▲ **Net Stable Funding Ratio (NSFR):** Net Stable Funding Ratio aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items. The minimum acceptable value of this ratio is 100 percent, indicating that, available stable funding (ASF) should be at least equal to required stable funding (RSF). ASF consists of various kinds of liabilities and capital with percentage weights attached given their perceived stability. RSF consists of assets and off-balance sheet items, also with percentage weights attached given the degree to which they are illiquid or “long-term” and therefore requires stable funding.

In addition to the above, following measures have been put in place to monitor the liquidity risk management position of the Bank on a continued manner: i) Asset-Liability Maturity Analysis (Liquidity profile); ii) Whole sale borrowing capacity; and iii) Maximum Cumulative Outflow (MCO). Besides, following tools are also used for measuring liquidity risk: i) Stress Testing (Liquidity Stress); and ii) Net open position (NOP) limit - to monitor the FX funding liquidity risk.

Liquidity risk management system

At the management level of IFIC Bank Limited, the liquidity risk is primarily managed by the Treasury Division (Front Office) under oversight of Asset Liability Committee (ALCO) which is headed by the Managing Director along with other senior management. Treasury Division (Front Office) upon reviewing the overall funding requirements on daily basis sets their strategy to maintain a comfortable/adequate liquidity position taking into consideration of Bank's approved credit deposit ratio, liquid assets to total assets ratio, asset-liability maturity profile, Bank's earning/profitability as well as overall market behavior and sentiment etc. Apart from the above, Basel Unit also monitors & measures the liquidity risk in line with the Basel III liquidity measurement tools, namely, LCR, NSFR, Leverage Ratio. The unit addresses the key issues and strategies to maintain the Basel III liquidity ratios to the respective division(s) on regular interval.

Policies and processes for mitigating liquidity risk

The Asset-Liability (ALCO) policy leads the process & procedures for mitigation of liquidity risk of IFIC Bank. ALCO works under specific Terms of References approved by the Board. Treasury Division (Front Office) and ALM desk under regular supervision of Top Management reviews the overall liquidity position of IFIC Bank and takes appropriate strategy, process in line with the industry position for managing liquidity risk of the Bank. The general liquidity risk management policies of the bank are as follows:

▲ **To maintain CRR**

- i. Under the surplus liquidity condition, Treasury will handle the excess liquidity by providing more loans, investing the excess liquid fund in highly marketable fixed income securities, and lending to other Banks, Financial Institutions and Reverse Repo to Central Bank.
- ii. The treasury will handle the liquidity shortfall if happened with increasing the core deposit of the Bank from the depositors for supporting the loans and advances portfolio of the Bank, and borrowing from other Banks, Financial Institutions and Central Bank.
- iii. The treasury will assess the level of interbank borrowing capacity and raise funds to meet liquidity from the most reliable sources.

▲ **To maintain SLR:** Statutory Liquidity Requirement (SLR) is maintained as per directives of Bangladesh Bank from time to time by way of investment in approved securities.

▲ **To maintain NOP:** The treasury manages the necessary foreign currency required by the Bank by using its own intelligence and skill and they do the following trade- Spot, Forward, Swap, Other Foreign Exchange Deals by using different hedging techniques.

▲ **To maintain Advance-to-Deposit Ratio (ADR):** The business of the Bank is forecasted based on the current loan, investment and funding strategies, and anticipated funding need.

▲ **To maintain LCR:** Liquidity coverage is maintained by-

- i. Increasing investment in T-bills, BGTB, BB Bill, Reverse Repo
- ii. Additional investment in Govt. Security shall be made in short/mid/long combination to meet liquidity as well as optimize the return
- iii. Balance in FC Accounts with BB to be increased
- iv. Deposit from FIs and Borrowing are to be reduced and replaced by increasing Customer Deposit, and
- v. Lending/Placement with FI should be more preferable than lending to others.

▲ **To maintain NSFR:** Stable Funding is maintained by increasing Capital, increasing stable customer Deposits, increasing Mortgage Loan and Lending having 50% risk weight, decreasing Investment in Capital Market, and controlling growth of Fixed Assets.

Quantitative Disclosures

(b) Liquidity Ratio	In million BDT
Liquidity Coverage Ratio	118.43%
Net Stable Funding Ratio (NSFR)	1027.66%
Stock of High quality liquid assets	42,669.00
Total net cash outflows over the next 30 calendar days	36,029.00
Available amount of stable funding	214,084.00
Required amount of stable funding	198,860.00

J) Leverage Ratio

Qualitative Disclosures

(a) *Views of BOD on system to reduce excessive leverage*

An underlying cause of the global financial crisis was the build-up of excessive on- and off-balance sheet leverage in the banking system. In many cases, banks built up excessive leverage while apparently maintaining strong risk-based capital ratios. The BOD of IFIC Bank manages leverage risk and are conscious to address the risk of excessive leverage in a precautionary manner by taking due account of potential increases in the risk of excessive leverage caused by reductions of the bank's own funds through expected or realized losses, depending on the applicable accounting rules. The BOD primarily views on the growth of On and Off balance sheet exposures commensurate with its expected capital

growth so that the excessive leverage is reduced. Within the On-balance components, again, the Board emphasizes on the growth of the prime component i.e. the loans and advances and maintaining good asset quality so as to maximize the revenue as well as the capacity to generate capital internally (in the form of retained earnings) to trade-off the excessive leverage supposed to be caused by asset growth.

Policies and processes for managing excessive on and off-balance sheet leverage

In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced by the Basel Committee. A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives- (a) constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy, and (b) reinforce the risk based requirements with an easy to understand and a non-risk based measure. Predominantly, Bank's policy is to maintain the Leverage Ratio well above the regulatory requirement. To this end, the striking components of balance sheet, namely, the deposits & borrowing, loans & advances, other liquid assets (treasury bills, bonds, fund placements) are analyzed. Measures are taken to contain the growth of overall size of balance sheet considering short term outlook of the industry indicators as well as possible growth of equity (Tier 1 capital) of the Bank on quarterly rest. With regard to managing the excessive leverage, the regulatory stance through the monetary policy initiatives i.e. the scope of expected business potential (growth), estimated money supply, inflation, resulting the estimated overall liquidity of the industry as well as the Bank in particular is also considered.

Approach for calculating exposure

The Bank follows the accounting measure of exposure for the leverage ratio. In order to measure the exposure consistent with financial accounts, the Bank applies following:

- i. On balance sheet, non-derivative exposures will be net of specific provisions and valuation adjustments.
- ii. Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure.
- ii. Netting of loans and deposits is not allowed.

The formula for Leverage Ratio is as follows:

$$\text{“Leverage Ratio =”} \\ \frac{\text{“Tier-1 Capital (considering all regulatory adjustments)”}}{\text{Total Exposure}}$$

Where, Total Exposure = On-Balance Sheet Exposure + Off-Balance Sheet Exposure - Total Deduction from On and Off-Balance Sheet Exposure/Regulatory adjustments made to Tier 1 capital

▲ **On-Balance Sheet Items:** The Bank includes items using its accounting balance sheet for the purposes of the leverage ratio. Total On balance sheet exposure can be derived by deducting 'Total Specific Provision' from 'Total On-Balance Sheet Assets'.

Off-Balance Sheet Items: The Bank calculates the off-balance sheet (OBS) items specified in Credit Risk chapter (Table 12) of 'Guidelines on Risk Based Capital Adequacy (RBCA) - Revised Regulatory Capital Framework for banks in line with Basel III' under the section of "Risk Weights Off-Balance Sheet Exposure" by applying a uniform 100% credit conversion factor (CCF). For any commitments that are unconditionally cancellable at any time by the bank without prior notice, a CCF of 10% is being applied.

Quantitative Disclosures

(b) Leverage Ratio	In million BDT
Leverage Ratio	7.12%
On balance sheet exposure	283,089.45
Off B/S exposure	32,505.56
Total exposure	314,484.57

K) Remuneration

Qualitative Disclosures

(a) *Information relating to the bodies that oversee remuneration.*

Name, composition and mandate of the main body overseeing remuneration.

The Board of Directors sets the remuneration structure. Based on approval of pay package from the Board, Human Resource Management Division disburses remuneration centrally which is supervised by the Management.

External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.

No external body/consultants are involved to seek advice. For market research, external data are collected informally while setting remuneration structure.

A description of the scope of the bank's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.

Bank's remuneration policy governs the IFIC Bank Ltd, IFIC Securities Ltd. for employees regardless of

cost centers/business lines. Separate remuneration package is practiced in case of foreign subsidiaries.

A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.

Generally MANCOM members or Strategic Management Team (SMT) members are considered as material risk takers and the grade of Senior Vice President (SVP) and above are considered as senior managers.

(b) Information relating to the design and structure of remuneration processes.

An overview of the key features and objectives of remuneration policy.

The remuneration structure of the Bank is primarily designation wise range based which is designed to be market competitive to attract and retain talents. It is directly linked to the annual performance of an employee. Based on annual performance rating of the employees, yearly increment (Inflationary adjustment & Performance Pay) is given to the employee from the range of 5 percent to 14 percent which is calculated on initial basic salary of each job grade.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.

There is no specific remuneration committee to review the policy. Since the remuneration structure is linked to performance, Management of the Bank decides every year to adjust the pay structure with national inflation and individual performance to make it more market competitive with the approval of the Board of Directors.

A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.

Employees' remuneration is fully co-related with individual performance. At the beginning of the year, mutually agreed business targets/objectives are set for each employee irrespective of place of posting or cost center and end of the year employee performance is evaluated by immediate supervisor. The evaluation process is overviewed by "Performance Evaluation Review Committee". Hence, a fair performance evaluation is ensured that risk and compliance employees are remunerated independently of the businesses they oversee.

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes.

An overview of the key risks that the bank takes into account when implementing remuneration measures.

The business risk including credit/default risk,

compliance & reputational risk are mostly considered when implementing the remuneration measures for each employee/group of employee. Financial and liquidity risks are also considered.

An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed).

Performance based remuneration is a justified way to ensure equity in remuneration. The motto of "Performance Based Remuneration" is to attract talented & skilled workforce, increase employee motivation, productivity and reduce employee turnover.

A discussion of the ways in which these measures affect remuneration.

While evaluating the performance of each employee annually, all the financial and non-financial indicators as per pre-determined set criteria are considered; and accordingly the result of the performance varies from one to another and thus affect the remuneration as well.

A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration

The performance based pay package is offered to the suitable employees based on individual performance. This system has been introduced to motivate the talented staff and to attract the suitable resources.

(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

An overview of main performance metrics for bank, top-level business lines and individuals.

Based on Key Performance Indicators (KPI) for the Bank, Management segregates the target to the individual branches and division which ultimately helps in setting individual KPI at branch and head office level. The most common KPIs are the achievement of loan, deposit and profit target with the threshold of NPL ratio, cost-income ratio, cost of fund, yield on loans, provision coverage ratio, capital to risk weighted asset ratio (CRAR), ROE, ROA, liquidity position (maintenance of CRR and SLR) etc.

A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.

As part of yearly increment, performance pay (Individual performance & bank's performance) is adjusted through giving certain percentage load on basic salary to the eligible employees in addition to inflationary adjustment.

A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.

In case of weak performance, the amount of yearly increment will not insignificant. For instance, inflationary adjustment is given for 'average' and 'above average' rating but nothing is adjusted for 'below average' rating.

(e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.

A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.

In case of deferred benefits, gratuity amount is relatively increased with longer period based on service tenure. Additionally, provident fund amount is also affected positively with the cumulative interest applied on the fund balance.

A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.

Not applicable

(f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.

An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms).

Variable remuneration is offered in case of yearly increment application. Moreover, bonus may be variable based on approval from the Board.

A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees, a description the factors that determine the mix and their relative importance

No other variable remuneration except yearly increment which is done based on performance.

Qualitative Disclosures

The quantitative disclosures detailed below covers only senior management and other material risk takers.

(g) Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	N/A*
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(h) Number of employees having received a variable remuneration award during the financial year.	22
Number and total amount of guaranteed bonuses awarded during the financial year.	O2 Festival Bonus & Pohela Boisakh Bonus for employee (Total amount BDT : 10.91 Mill)
Number and total amount of sign-on awards made during the financial year.	Nil
Number and total amount of severance payments made during the financial year.	Nil

(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	BDT in million
Cash	Nil
Shares	Nil
Share-linked instruments	Nil
Other forms	Nil
Total amount of deferred remuneration paid out in the financial year.	Nil
(j) Breakdown of amount of remuneration awards for the financial year to show:	In Million BDT
fixed and variable.	6.67
deferred and non-deferred.	Nil
different forms used (cash, shares and share linked instruments, other forms).	Nil

(k) Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:

Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Not applicable
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Total amount of reductions during the financial year due to ex post explicit adjustments.	Not applicable
Total amount of reductions during the financial year due to ex post implicit adjustments.	Not applicable

▲ Management generally oversees remuneration on monthly basis.

Annexure – I: Rate of general and specific provision for loans and advances as per Bangladesh Bank Guideline

Category of Loans & Advances	Rate (%) of provision
General Provision-for Unclassified	
Loans and advances (excluding SMA)	
Consumer finance (house building)	1.00%
Small and medium enterprise	0.25%
Loans to BHs/MBs/SDs share etc.	2.00%
Consumer Finance	5.00%
Consumer Finance (card)	5.00%
Short Term Agri. Credit and Microcredit	1.00%
All other unclassified loans	1.00%
Special Mention Account (SMA)	
Small and medium enterprise	0.25%
House building loan and loan for professional	2.00%
Loans to BHs/MBs/SDs share etc.	2.00%
Consumer Finance	5.00%
Consumer finance (card)	2.00%
Short Term Agri. Credit and Microcredit	1.00%
All other unclassified loans	1.00%
Off-shore banking unit	
Unclassified loans	1.00%
Specific provision-for Classified	
Sub-standard	20.00%
Sub-standard- Short term Agri. Credit	5.00%
Doubtful	50.00%
Doubtful- Short term Agri. Credit	5.00%
Bad/loss	100.00%

Particulars of required provision on Off-balance Sheet Exposure	
Acceptances and endorsements	1.00%
Letters of guarantee	1.00%
Irrevocable letters of credit	1.00%
Bills for collection	1.00%

Annexure – II: Total gross credit risk exposures broken down by major types of credit exposure

Particulars	BDT in million
Term loan industrial	18,014.36
Term loan consumer finance	406.15
Agricultural loan	3,307.82
Term loan women entrepreneur	8.51
Term loan-others	52,513.48
House building loans	32,118.75
Staff loan	1,616.15
Transport loan	175.13
Loan general	3,478.84
Demand loan	5,902.09
Overdrafts	41,966.93
Cash credit	25,608.25
Credit card finance	218.92
Loan against trust receipt (LTR)	7,269.61
Lease Finance	399.77
Margin Loan	4,002.66
Bills purchased and discounted	12,261.52
Off-shore banking unit	1,663.35
Total	210,932.29

Annexure-III: Geographical distribution of exposures, broken down into significant areas by major types of credit exposure

Particulars	BDT in million
Dhaka Division	173,663.08
Chattogram Division	18,918.85
Sylhet Division	1,552.60
Rajshahi Division	6,813.46
Khulna Division	4,238.23
Barishal Division	1,006.18
Rangpur Division	3,175.72
Mymensingh division	1,564.17
Total	210,932.29

Annexure-IV: Industry or counterparty type distribution of exposures, broken down by major types of credit exposure

Particulars	BDT in million
Agriculture Industries	4,100.87
Jute Industries	3,409.94
Textile Industries	9,634.91
Garments Industries	27,329.64
Chemical and Chemical Products	65.64
Cement Industries	493.61
Bricks & Ceramic	1,256.96
Food Products & Processing	6,598.73
Engineering & Metal	5,503.95
Drugs & Pharmaceuticals	836.64
Hospital & Clinics	112.63
Paper & Paper Products Industries	1,946.99
Other Small Industries	10,081.82
IT Sector	4,531.03
Other Service Industries	19,672.97
Trade & Commerce	28,450.19
IFIC Securities Ltd.	4,002.66
Transport	380.63
Construction Firms/Companies	9,350.47
Housing Societies/Companies	19,577.45
Cold Storage	135.55
Consumer Finance	-
Energy	6,884.49
Telecommunication	8,805.96
Others	2,572.27
Total	210,932.29

Annexure-V: Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure

Particulars	BDT in million
On demand	33,896.56
Up to 1 month	5,233.30
Over 1 month but not more than 3 months	17,823.89
Over 3 months but not more than 1 years	44,152.71

Particulars	BDT in million
Over 1 year but not more than 5 years	66,212.88
Over 5 years	31,351.43
Bill purchased and discounted	198,670.77
Total	210,932.29

Annexure-VI: Impaired and Past Due Loans

BDT in million

Major Type	Status-wise amount of impaired/ classified loans				Total
	SMA	SS	DF	BL	
Continuous Loan	361.65	598.82	270.10	3,961.95	5,192.52
Demand Loan	478.16	1,523.02	57.87	467.73	2,526.78
Term Loan	10,168.37	1,801.47	300.08	3,711.20	15,981.12
Other Loan	0.00	26.83	17.54	3.51	47.88
Total	11,008.18	3,950.14	645.59	8,144.39	23,748.30

Annexure-VII: Interest Rate Risk in the Banking Book

(In Million BDT)

CRAR before-shock (%) - 12.63%

Interest rate stress	Minor	Moderate	Major
Assumed change in interest rate	1.0%	2.0%	3.0%
Net interest income impact			
<12 months	4.90	9.80	14.70
Capital after-shock	26,952.65	27,001.64	27,050.64
CRAR after-shock (%)	12.65	12.68	12.70
Change in CRAR after-shock (%)	0.02	0.05	0.07
Repricing impact			
Change in the value of the bond portfolio	-58.44	-116.88	-175.33
Capital after-shock	26,368.22	25,832.79	25,297.36
CRAR after-shock (percent)	12.38	12.13	11.88
Change in CRAR after-shock (%)	-0.27	-0.55	-0.82
Overall change in CRAR (NII and repricing impact, %)	-0.25	-0.50	-0.75



**Report on
Sustainable Finance
(Green Banking)**

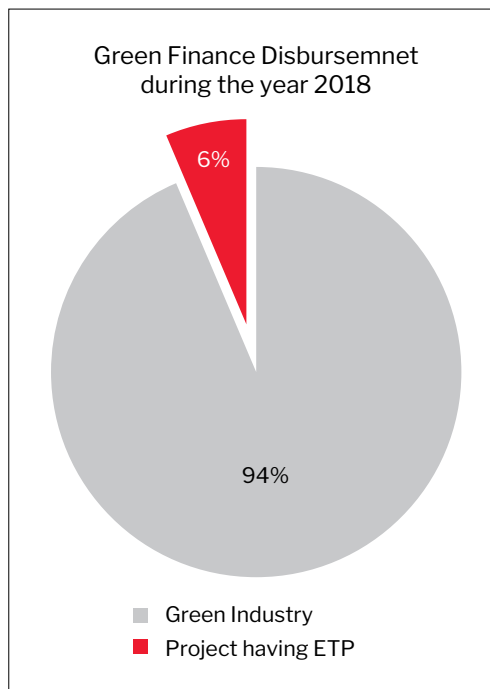
Report on Sustainable Finance

Green Products of the Bank

IFIC Bank has following Green Products with the aim of providing financial supports for Eco-friendly business activities.

An amount of BDT 7,452.72 million was disbursed as Green Finance in 2018. The bank participated in different Green events to showcase bank's green products.

Product	Purpose
Domestic Bio-gas plant	For integrated cow rearing & setting up of bio-gas plant.
	For setting up bio-gas plant in existing cattle/poultry farm.
Commercial bio-gas plant	For setting up of bio-gas plant in existing cattle/poultry farm & produce electricity through gas generator.
Vermin compost	To meet the financial need for purchasing of 2 cows, construction of shade and for other expenses to produce vermin compost fertilizer for own use/ business purpose.
Finance for Brick Kiln Efficiency Improvement Projects	To set-up HHK or equivalent technology plant.
	Conversion of traditional FCK into Improved Zig Zag Brick Kiln
Finance at Fire Fighting & Safety Equipment	<ol style="list-style-type: none"> 1. To purchase/reinstall of Fire fighting/Fire safety equipments. 2. To Construct/Repair/Reconstruction of overhead and underground water reservoir/tanks. To purchase/reinstall of Fire fighting/Fire safety equipments. 3. To Construct/Repair/Reconstruction of overhead and underground water reservoir/tanks. 4. To purchase/install water pumps, Sprinkler etc to protect fire incidents.



Awareness Activities

IFIC Bank conducted training on SDGs & Financial literacy for the youth; organised conference on School Banking & participated at “Bankers-SME Women Entrepreneurs Meeting and Display Fair” in 2018.

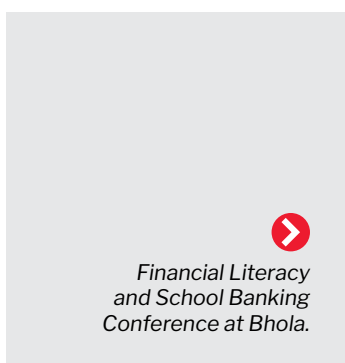
SME Events-2018



IFIC Bank has organised a day long training on ‘SDGs & Financial literacy for youth’ for University students with the aim of assisting the National Development Goals & to enlighten the youth with basics of financial literacy.



Women Entrepreneur Ms. Sharmin Sultana, proprietor of 'Time World', Pabna is receiving a cheque of BDT 15 lac from Hon'ble Speaker of national parliament Ms. Shirin Sharmin Chowdhury while Governor of Bangladesh Bank Mr. Fazle Kabir and Deputy Managing Director of IFIC Bank Mr. Md. Nurul Hasnat were present in 'Bankers-SME Women Entrepreneurs Meeting and Display Fair 2018'.



Financial Literacy and School Banking Conference at Bhola.



Existing Key Loan Products under SME, Agri & Sustainable Finance:

SL No	Name of Product	Purpose
1	IFIC-Krishi Shilpo	Loan for Agro based Industry
2	IFIC-Shilpo Sohay	Loan for Cottage & Micro Industry.
3	IFIC-Shilpo Shongjog	Loan for Manufacturing & Service Industry
4	Protyasha	Loan for Women Entrepreneurs.
5	IFIC-Prantonari	Loan for Grassroots Women Entrepreneurs.
6	Easy Commercial Loan	Loan against financial instruments.
7	CHBL	Loan for commercial house building.
8	IFIC-Suborno Gram	Loan for crops, fisheries & livestock.
9	Sech Soronjam	Loan for irrigation instruments.
10	Krishi Soronjam	Loan for cultivation instrument.
11	Domestic Bio-gas plant	For setting-up Bio-gas plant
12	Commercial bio-gas plant	For setting-up Bio-gas plant to produce electricity through gas generator for business purpose.
13	Vermin compost	To produce vermin compost
14	Finance for Brick Kiln Efficiency Improvement Projects	To set-up HHK or equivalent technology plant.
		Conversion of trad Conversion of traditional FCK into Improved Zig Zag Brick Kiln
15	Finance at Fire Fighting & Safety Equipment	Finance for Fire fighting equipment & safety measurement.



Report on Risk Management

Introduction

Banks play an important role in the financial system contributing to efficient and well-functioning transfers of capital and risk between those in excess (savers) and those in need (borrowers) of money. In this role banks themselves are exposed to risks, which they have developed risk management practices to handle. So, the core business of a bank is to manage risk and provide a return to shareholders in line with the accepted risk profile.

Risk is defined as anything that can create hindrances in the way of achievement of certain objectives. Definitions of risk range from narrow definitions - risks to people or machinery resulting from hazards - to wide definitions that see risk as any uncertainty of outcome. There are two types of risks i) Systematic risk is due to the influence of external factors on an organization. Such factors are normally uncontrollable from an organization's point of view.

Another one is ii) Unsystematic risk is due to the influence of internal factors prevailing within an organization. Such factors are normally controllable from an organization's point of view. Risk cannot be totally mitigated but its worse effect can be minimized to certain stage. IFIC Bank has a comprehensive risk management processes to identify, evaluate, monitor, control and mitigate risks and assess the overall capital adequacy in relation to its risk profile.

Risk Management Structure

1. Risk Management Division

Over the past few decades, risk management division in banking has been passed through different stages. Most specifically, this change took place in response to regulators both global and local due to the global financial crisis. This same is true for IFIC Risk Management Division also. But as the nature of banking changes over the next decade, so too will risk management need to evolve. Banks have to conduct their business and merely just because there is some uncertainty they cannot just sit back. Risk management Division of IFIC is in the process of knowing what type of uncertainties are out there so that IFIC can find out what are the steps are there to take against these and be fully prepared for eventualities. Decisions have to be taken, business needs to be conducted as well. Thus IFIC RMD helps to identify uncertainties to make informed decisions by the management.

Risk Management Division review and monitor the risks continuously of the Banks' Risk Management policies, methodologies, guidelines and procedures for risk identification, measurement and acceptance level of risk. Various analysis

including Value at Risk (VaR) analysis are done. Stress testing is being conducted on a regular basis.

Risk management refers to the practice of identifying potential risks in advance, analyzing them and taking precautionary steps to reduce/curb the risk. Risk is an integral part of the Banking business and IFIC Bank's aim is to deliver and maximize shareholders' value by achieving an appropriate trade-off between risk and returns.

The Risk Management Division is responsible to ensure the following:

- ▲ Serving as secretariat of Risk Management Committee of the Management.
- ▲ Development/review of risk management policies, methodologies, guidelines, and procedures for risk Identification, risk measurement, risk monitoring, determining acceptance level of risk, risk controlling in line with the guidelines provided by Bangladesh Bank.
- ▲ Review and update of all risks in a systematic basis as necessary at least annually, preferably twice a year, ensuring that adequate

control exists and that the related returns reflect these risks and the capital allocated to support them.

- ▲ Setting of portfolio objectives and tolerance limits/ parameters for each of the risks.
- ▲ Establishment of strategies and different models consistent with risk management policy based on IT policy and in house IT support which can measure, monitor and maintain acceptable risk level of the Bank.
- ▲ Development of Management Information System (MIS) inflow process and data management capabilities to support the Risk Management functions of the Bank.
- ▲ Highlighting of risky portfolios and deficiencies of the Bank in timely manner with recommendations and suggestions.
- ▲ Analyzing data/information through preparation of Risk Management Paper and place before the Risk Management Committee for submission to Bangladesh Bank on a regular basis.

- ▲ Identifying, evaluating/measuring, controlling, monitoring of major risks in line with Risk Management guidelines provided by Bangladesh Bank.
- ▲ Reviewing of the assessment of Risk Based Capital Adequacy and oversee the capital management functions of the Bank as per Basel III Accord.
- ▲ Identifying, assessing and quantifying of key transaction risks inherent in a given transaction to ensure that the quality of the assumptions are tested against due diligence carried out by different operational business units.
- ▲ Reviewing of market conditions and recommending taking precautionary measures towards facing abnormal market situation & vulnerability of investments of the Bank.

- ▲ Analyzing of the bank's own resilience capacity towards facing financial difficulties of the Bank.
- ▲ Undertaking/reviewing of periodic Stress Testing as per Bangladesh Bank Guidelines.
- ▲ Reviewing of the Bank's risk rating systems to ensure that they are fit for the purpose and adequately utilized to control risk in the Bank.
- ▲ Recommending appropriate action to mitigate any other risk through the Risk Management Committee or to the top management of the bank.

2. Objectives of RMD

The objective of risk management in IFIC is not to prohibit or prevent risk taking activity, but to ensure that the risks are consciously taken with full knowledge, clear purpose and understanding so that it can be measured and mitigated. IFIC

believes in not ignoring the risks or believing they can be passed off also. So the objectives have been set accordingly.

The objective of the Bank is to maximize shareholders wealth by increasing bank business activities within board determined risk appetite. Bank is careful of achieving this objective in line with the interests of all stakeholders while achieving risk management objectives. The prime objective of risk management is trade-off between risk and reward in our business portfolio. The purpose of risk management is to identify potential problematic areas before they occur so that risk handling strategies may be planned and invoked in advance across the life of the product or project to mitigate adverse impacts on achieving objectives.

The Objectives of IFIC is mentioned in the following figure:

Create Awareness	Develop a common understanding of risk across the bank involving every employee at all levels for pro-actively addressing the risk.
Risk Ownership	Establish specific ownership of risks and control to mitigate the risks.
Control Enforcement	Ensure all the policies and guidelines for core risks are in practice. It will ensure control in place to mitigate these risks.
Strategy aligned Risk Mitigation	Finally, RMD is focused in achieving risk mitigation strategy to achieve in line with bank's strategy and target.

Figure 1: IFIC Risk Management Objectives

RMD follows the detail risk management process to achieve the objectives.

3. Scope of RMD

- ▲ Sound risk management is the broader scope of RMD. There are many circulars, policies, guidelines have been issued by regulators and internal source from time to time with a view to ensuring proper application of sound risk management in Bank. All these ensure building the necessary infrastructure

and taking various steps for identification, measurement, monitoring, and control or mitigation of various existing and potential risks. For stronger and updated risk management activities, the following tasks are under the purview of IFIC RMD:

- ▲ The RMD reports high-risk related matters, identified by the management-level risk committee, directly to the Board risk management committee, and shall

provide a copy to the Managing Director & CEO for acknowledgement.

- ▲ IFIC entrusts in the RMD the responsibility of monitoring implementation of required corrective action, related to objections revealed in the inspections conducted on the basis of the core risk management guidelines.
- ▲ The RMD determines the risk appetites on yearly basis for all possible measurable risk areas. These areas include,

but are not limited to, sector, industry and area-wise loan targets, credit concentration among top-20 borrowers, off-balance sheet exposure as a percentage of total assets, the annual growth rate for loans and advances, limitations on the percentage of financial liabilities sourced from the top-10 suppliers, the gaps between total assets and liabilities in different time buckets of the liquidity profile, the gap between rate-sensitive assets and rate-sensitive liabilities in different time buckets, various ratios regarding liquid assets, expected loss from operational risk, These risk appetites are approved by the Board and sent to Department of Off-Site Supervision (DOS), Bangladesh Bank by the end of first quarter of every year.

- ▲ RMD prepares the stress testing results and share with Bangladesh Bank at given frequency.
- ▲ Basel refers to the capital and liquidity standards prescribed by the Bank for International Settlements (BIS) to promote stability of international banking system. Bangladesh Bank (BB) circulated 'Guidelines on Risk Based Capital Adequacy' vide BRPD circular no. 18 dated 21 December 2014 for gradual implementation of Basel III which started from 01 January 2015 in Bangladesh. These new global regulatory and supervisory standards mainly addressed the following areas:
 - ➔ raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis;
 - ➔ increase the risk coverage of the capital framework;

- ➔ introduce leverage ratio to serve as a backstop to the risk-based capital measure;
- ➔ raise the standards for the supervisory review process (Pillar 2); and
- ➔ Public disclosures (Pillar 3) etc.

All Basel related activities are under the purview of RMD.

4. Risk Management Process

Risk Management Process helps management to arrive at desired indicators of profitability and to avert illogical resource deployment. IFIC Bank's risk management process is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures for risk management are approved by Board of Directors and the Board of Directors has oversight on all the risks assumed by the bank.

Risk Management Division is to identify and quantify the overall risk inherent with the banking business. After are identified and measured risks we take initiative to minimize the risks and keep it within the risk appetite. IFIC Bank always monitor and control the risks.

Risk management is a discipline at the core of every financial institution and encompasses all activities that affect its risk profile. It involves identification, measurement, and monitoring, controlling and reporting risks to ensure that:

- ▲ The individuals who take or manage risks clearly understand it.
- ▲ The organization's risk exposure is within the limits established by the highest authority of the institution;
- ▲ Risk taking decisions are explicit and clear;
- ▲ Risk taking decisions are in line with the business

strategy and objectives set by the highest authority of the institution;

- ▲ The expected payoffs compensate for the risks taken; and
- ▲ Sufficient capital is available as a buffer to take risks.

IFIC Bank is tailoring its Risk Management Process to its need and circumstances as per Bangladesh Bank guideline. Hence, managing of risks consists of the following six steps:

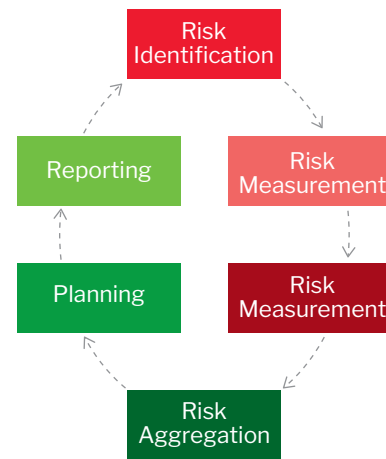


Figure 2: Risk Management Process

i) Risk Identification

The process of managing risk of the bank starts with the identification of potential risks. Hence, risk identification can start with the root cause of a problem. Risk sources may be internal or external to the system that is the target of risk management. IFIC RMD team uncover, recognize and describe risks relating to bank's six core risks and few other categories risks (explained later part) by using different processes and it is a continuous process.

ii) Risk Measurement

Once risks have been identified, they are measured in order to determine their impact on the bank's profitability and capital. The above-mentioned types of risks are to be consistently assessed and that is an essential

prerequisite for successful risk management.

Credit risk assessment and measurement in IFIC is calculated on the basis of possible losses from the credit portfolio. Potential losses in the credit business can be divided into expected losses and unexpected losses. Expected losses are derived from the borrower's expected probability of default. Unexpected losses result from deviations in losses from the expected loss.

iii) Risk Aggregation

When aggregating risks, it is important to take into account correlation effects which cause a bank's overall risk differing from the sum of the individual risks.

This applies to risks both within a risk category as well as across different risk categories.

Further, approach to manage risks at transaction level – i.e. at branch level where business transactions are undertaken – and at aggregate level – i.e. sum total of all transactions undertaken at all branches – differs.

iv) Planning

Overall risk exposure of IFIC Bank is planned in a well-organized manner. Risks are actively managed and controlled according to plan.

v) Controlling & Monitoring

The risks involved in the banking business are properly controlled

and monitored to make sure whether the risks actually incurred lie within the stipulated limits, thus ensuring the capacity of bank to bear those risks.

vi) Reporting

Reporting is the last and most essential part of the risk management process. Depending on the risk categories, they are reports in different internal and regulatory reports. These are also placed in different committees to take preventive actions as applicable.

Recently Bangladesh Bank has given a guideline to establish the risk management process with seven steps and RMD is in process to implement it in 2019.

Risk Governance Structure

1. Board

IFIC Board is very closely related with Risk Management Division. The board of directors has the ultimate responsibility for the risks taken by the bank. So, they are in focus to enhance corporate governance and make valuable contributions to the prudent management of the institution. Board is providing optimal risk oversight at IFIC by ensuring the following functions:

- ▲ Establish the risk appetite
- ▲ Approve bank's risk management policy
- ▲ Determine the strategic direction
- ▲ Create an environment for effective risk management establishment
- ▲ Oversee governance of risk-taking in the organization
- ▲ Ensure appropriate inclusion of risk in compensation policy
- ▲ Oversee and sign-off risk related disclosure.

Board has a clearly communicated to bank's

management that bank's management that risk management is not an impediment to the conduct of business and not a mere supplement to a company's overall compliance program but is, instead, an integral component of the company's strategy, culture and value generation process.

2. Senior Management

Senior management is responsible for the implementation of risk policies. They ensure execution of Board's strategic direction in all levels of the bank. They are to transform the strategic directions set by the Board into operational policies, procedures, and processes for effective risk management.

The senior management of IFIC are fully aware of the activities undertaken by the bank that could expose it to various risks. They have the necessary knowledge and skills to be able to align the risk levels with the board's strategies through risk assessment and treatment. They ensure that the policies are embedded in the culture of the

bank. It is also responsible for implementing risk management strategies and policies and ensuring that procedures are put in place to manage and control the risks in accordance with those policies keeping in view the strategic direction and risk appetite specified by board.

3. Committees of Risk Management

A Board-approved organogram of the risk management division is there. The Chief Risk Officer (CRO) is at DMD level and not in-charge of the Internal Control and Compliance department, and also form a management-level risk management committee with the CRO as the head. Bank has appointed FVP as the head of the RMD who is a member of all important committees related to risk.

All the committees, where RMD is involved, are mentioned below:

i) BRMC

As per Bangladesh Bank guideline, IFIC has a strong Board Risk Management Committee (BRMC). All the members have the risk

oversight of the bank with a clear understanding of all types of risks inherent in business lines. They regularly take appropriate steps to ensure continued awareness of any changes in the level of risks. IFIC have 4 members in BRMC. All the directives given by Bangladesh Bank are meticulously followed by the committee. BRMC regular approve as well as review the strategies and significant risk management policies which are developed by senior executives. BRMC is very much aware of the nature of risks, significant to the bank and for ensuring that the management is taking necessary steps to implement those strategies and manage accompanying risks.

BRMC ensures to take place minimum once in a quarter. But also they sit, as and when required also. In 2018, there took six (6) BRMC meeting against the Bangladesh Bank meeting requirement of four (4).

ii) ERM

IFIC has its Executive Risk

Management Committee (ERM) with 12 senior officials of the bank. IFIC Top management is aware of bank's risk profile on an ongoing basis and updated with regularly report it to ERM for review. For effective oversight of risk management by ERM, the members of ERM is provided with sufficient information and they get enabled to understand the bank's risk profile, how risks are assessed and as well.

To serve this purpose of ERM, members oversee the development, implementation and maintenance of an appropriate Management Information System (MIS) that identify, measure, monitor and control bank's various risks. And finally through effective communications among the members of the committee provide necessary guidance which are mentioned in respective minutes and ensured necessary action taken by the concerned parties. This committee sat every month during 2018 with the name of 'Risk Management Committee (RMC)' and it names as ERM

in December 2018. Under both names, the committee ensured to follow all the guidelines of Bangladesh Bank for the committee.

iii) Basel Unit

Basel Unit has supervisory committee consist of seven (7) members team headed by CRO. They have also a working team of 3 members. In 2018, there took 4 meetings of the supervisory committee.

iv) Supervisory Review Process (SRP)

SRP has following three layers

- ➔ **Strategic Layer** (Risk Management Committee of the Board (04 Members) bears the responsibility)
- ➔ **Managerial Layer** (09 Members headed by CEO)
- ➔ **Operational Layer** (Risk Management Division is responsible)

This committee has 6 meeting during 2018.

Risks handled by IFIC

1. Risk Categories:

IFIC handles its risk management activities through managing core risks identified by the central bank of Bangladesh. The bank is also

focused on other material risks that have significant impact on its business activities to achieve the goal. Thus we divide all risks in two broad categories, which are

core risks and other risks.

All the risks addressed by IFIC Risk Management Division is mentioned in the below diagram:



Figure 3: Risk Categories

Bangladesh Bank has issued policy guidelines for prudent management of the core risks. Accordingly, IFIC has formulated these guidelines and also set own policies for the same in line with BB guideline. A snapshot of all these risks are given below.

A. Core Risks

i) Credit Risk

Credit risk arises from the potential that a bank's borrower will fail to meet its obligations in accordance with agreed terms, resulting in a negative effect on the profitability and capital of the bank.

Generally credits are the largest and most obvious source of

credit risk. However, credit risk could stem from both on-balance sheet and off-balance sheet activities such as guarantees. It may arise from either an inability or an unwillingness to perform in the pre-committed contracted manner. Credit risk comes from a bank's dealing with households, small or medium-sized enterprises (SMEs), corporate clients, other banks and financial institutions, or a sovereign.

IFIC bank formulates its own credit risk management policy in line with the policy guidelines of Bangladesh Bank, implementation of

Basel-III as well as in order to keep pace with the changed environment of money market, credit cultures, risks diversity & dimension. The bank optimizes risk-adjusted return from the loan and advance portfolio. So, to control this credit risk, the bank takes into cognizance the credit risk inherent in the bank's entire portfolio as well as the risks associated with individual credit proposal. The bank carefully appraises the relationship between credit risk and other risks while supporting its transactions. To manage credit risk in a prudent manner, the bank forms two committees mentioned below:

Credit Risk Management Committee (CRMC)	▲ The committee is empowered to oversee credit risk taking activities and overall credit risk management functions of the bank.
Credit Committee	▲ The role of credit committee is restricted to only review of proposals i.e. recommendation or review of bank's loan portfolio.

Figure 4: Credit risk governance committee

IFIC bank has Corporate, SME and Retail divisions at head office level and marketing & sales department at branch level entrusted with the responsibilities of maintaining effective relations with customers, marketing credit products, exploring new business opportunities. For ensuring proper risk mitigation, the bank has following teams:

- ▲ Credit approval
- ▲ Credit administration; and
- ▲ Remedial asset management.

All these teams also ensure sound credit risk management practices by

- ▲ Establishing an appropriate credit risk environment;
- ▲ Operating under a sound credit granting process;
- ▲ Maintaining an appropriate credit administration measurement and monitoring process;

- ▲ Ensuring adequate controls over credit risk.

For effective credit risk management, the bank follows the below principles additionally:

▲ Portfolio Composition

IFIC bank is focused on home loan financing. However, the bank is also concurrently exploring opportunities to grow its corporate and retail loan segments. The bank's portfolio comprises a variety of products based on the risk-return trade-off. The different types of loans (sectoral loans, industrial loans, home loans, auto loans, loans for trade & commerce, construction loan, etc.) have uneven risk-return factors and hence opportunities are pursued accordingly, also depending upon the prevailing market conditions and industry prospects.

▲ Credit Concentration

Even if the bank's origination and administration policies and

procedures for individual loans are sound enough, we may have high credit risk and/or poor credit risk management if the loan book is concentrated. Concentration risk arises when the bank invests its most or all of the assets to single or few individuals/entities/sectors/instruments.

Downturn in concentrated activities and/or areas may cause huge losses to the bank relative to capital and can threaten the bank's health or ability to maintain its core operations. Bank's management always pays attention to the following credit concentration risk areas:

- ▲ Sector wise exposure
- ▲ Division wise exposure (Geographic Concentration)
- ▲ Group wise exposure
- ▲ Single borrower wise exposure
- ▲ Top borrower wise exposure (Top 10-50 borrowers will be counted)

The Board of Director of the bank approves risk appetite statement and sector, division, group, single borrower, top borrower wise exposure cap to achieve the goal of the bank.

▲ **Credit Quality**

Credit risk determination involves review of the borrower's credit history, income and cash flow assessment i.e. the credit worthiness of the borrowers. The bank has established credit approval system, disbursement process, maintaining a robust administration & monitoring process and ensuring simultaneous control. Marketing and sales team at branch level, credit team and business team at head office level identify these risks by engaging in physical visits across different disbursement phases. These checks also enforce corporate borrowers to improve their environmental and social performance while improving their credit record. Stressed loans are monitored by risk management division, credit administration and remedial asset management division. Furthermore, RAM division is continuously monitoring the classified & written off loans and recovery against those. Bank's robust capabilities enable to identify, measure, monitor and control credit risks, thereby enabling a rigorous control on NPLs as well as ensuring that adequate capital against these risks is maintained with satisfactory compensation against potential losses.

ii) **Asset-Liability Risk**

The assets and liabilities of IFIC Bank Ltd. are managed in order to maximize stake holder's value, to enhance profitability and increase capital, to serve customer and community needs, and to protect the bank from any disastrous financial consequences arising from changes in interest rate/liquidity. The Board of Directors believes

that accepting some level of interest rate risk is necessary in order to achieve realistic profit goals.

IFIC bank has the asset liability management policy to monitor, measure and manage the risks associated with the balance sheet and protects the bank against any unforeseen losses/ threats to survival. The policy is revised to accommodate regulatory and organizational changes over time. The bank sets several liquidity risk indicators that are used to monitor the status of its liquidity position and to achieve the goal:

- ▲ Loan – Deposit Ratio
- ▲ Wholesale Borrowing Guidelines (WBG)
- ▲ Commitments
- ▲ Maximum Cumulative Outflow (MCO)
- ▲ Liquidity coverage ratio (LCR)
- ▲ Net stable funding ratio (NSFR)
- ▲ Structural liquidity gap analysis
- ▲ Liquid asset to short-term deposit
- ▲ Liquid asset to short-term liability
- ▲ Cash Reserve Requirement (CRR)
- ▲ Statutory Liquidity Requirement (SLR)

The responsibility of managing the asset/liability management procedures is monitored by the Asset-Liability Management Committee (ALCO). ALCO meeting is held once or more in every month to analyze, review and formulate strategies in order to manage the assets and liabilities of the bank.

iii) **Foreign Exchange Risk Management**

Foreign Exchange risk arises from adverse movements in exchange rates in the market. Treasury Division of the bank

measures and monitors the Foreign exchange risks. The bank has formulated a foreign exchange guideline which has been implemented for managing foreign exchange risks as per directives of Bangladesh Bank. The functions of treasury front office, mid office and back office have been segregated. The operational guidelines have also been formulated specifying the roles and responsibilities of front, mid and back office so that various foreign exchange transactions can be conducted according to the policy guidelines of the Bangladesh Bank and the risks can be measured, monitored and mitigated.

Treasury Front Office: The front office acts as the bank's interface to international and domestic financial market. The front office is the center for market risk management activities in the bank. The front office is the unit that interacts with the market within the generally approved framework and the authority given to dealers by the Board of Directors of the bank.

Treasury Front office ensures the following activities to achieve the goal:

- ▲ Statutory management
- ▲ Optimization of risk return through specialization and management
- ▲ Funding of the balance sheet at optimum prices
- ▲ Proposing interest rate matrix to the ALCO
- ▲ Analyze various economic trends and propose
- ▲ Balance sheet strategy to the ALCO
- ▲ Quotation of various foreign exchange and interest rates to customers
- ▲ Dealing in foreign exchange for position covering as well as for own account trading
- ▲ Various funding activities through various derivatives

- ▲ Provide structured treasury solutions to customer
- ▲ Remain vigilant for any arbitrage opportunities
- ▲ Marketing activities for future business growth
- ▲ Record/maintain all foreign exchange and money

Treasury Back Office: The market risk exposure and particularly front office activities are monitored by the back office. The back office is responsible for monitoring of deal confirmation, deal settlement, funding to Nostro account, maintenance and reconciliation of Nostro account etc. Monitoring and reporting of all limits including open positions, counterparty settlement, overall limits and portfolio limits are also the responsibility of the back office.

Treasury back office performs the following functions for smooth operation of foreign exchange and to achieve the organizational goal:

- ▲ Input, verification and settlement of deals
- ▲ Receiving and sending of deal confirmation Certificates
- ▲ Preparation of currency positions (of previous day-end) and report to traders prior to commencement of day's dealings
- ▲ Reconciliation of currency positions
- ▲ Rate appropriateness function for all deals done
- ▲ Revaluation of all foreign exchange positions at a pre-determined frequency
- ▲ Managing discrepancies and disputes
- ▲ Daily calculation for adherence to
- ▲ statutory maintenance

The bank has established a reconciliation department and it performs all foreign currency reconciliation in the Nostro and

Vostro account.

Treasury Mid Office: IFIC bank has an independent mid office and the mid office is responsible to independently monitor measure and analyze risks inherent in treasury operations of the bank. The mid office performs risk review function of day-to-day activities and prepare various risk reports to check whether there is any violation or not and submit the risk reports to the top management. If there is any violation of activities of TFO & TBO the mid office informs the concerned department to take necessary measures.

Treasury mid office ensures the following functions to manage foreign exchange risk in prudent manner and to achieve the organizational goal:

- ▲ Limits monitoring and managing limit
- ▲ Adherence to various internal as well as regulatory policies
- ▲ Monitoring & management of various foreign exchange and money market positions
- ▲ Monitoring & management of various cash flows and cash positions
- ▲ Proposals/ renewals for various internal limits
- ▲ Monitor for trader's adherence to various internal and regulatory limits
- ▲ Monitor for trader's adherence to various counterparty limits
- ▲ Prepare, monitor and manage all balance sheet gaps

iv) Money Laundering Risk

Money Laundering and Terrorist Financing are major threats to the world's Financial Service Industry. Money laundering is thought as a financial crime that aims to conceal, misrepresent and disguise details with regard to illegal income sources, taking advantage of the vulnerability of the financial institution, mostly in

developing countries. However, being the principal regulatory body of banks/ financial institutions, Bangladesh Bank has provided valuable guidance through guidance notes, policies, circulars, circular letters, instructions etc., in compliance with the laws of the land.

IFIC's Board views money laundering prevention as part of its risk management strategy and not simply as a standalone requirement imposed by legislation. The bank is fully committed to condemn money laundering and terror financing.

The bank has formulated comprehensive policy on money laundering prevention and combating terrorist financing policies and all these policies are approved by the Board. The management of the bank always strives to enhance bank's policies, procedures, systems and technological resources on the guidance of the Board. The management also issues multiple circulars and instructions in compliance with the updated regulations. As part of bank's anti-money laundering policy, every year, IFIC Bank communicates a statement to all employees through the Managing Director & CEO that clearly sets forth the way forward for the year and shares the initiatives taken over the last year pertaining to combating money laundering and terrorist financing.

IFIC bank has a Chief Anti-Money Laundering Compliance Officer (CAMLCO) and Deputy CAMLCO. Both of them together ensure that the bank is compliant with all AML guidelines. The Branch Anti Money Laundering Compliance Officer (BAMLCO) is accountable for AML compliance at the respective branch. During the year 2018, the bank arranged several training courses on prevention of money laundering and combating financing of terrorism where executives/ officers of the Bank attended.

v) Information and Communication Technology (ICT) Risk

Information Technology in Banks has greatly contributed to improve operational efficiency, transparency, speed and accuracy in banking transactions. The customers are benefited by getting a number of options for doing banking through a different delivery channels according to their convenience. The business people are also getting benefit of faster realization of receivables from their clients and making payments to their suppliers instantly and securely through various established payment channels. In line with the key trends shaping technology today, the bank has rolled-out various initiatives leveraging mobility, digitalization and innovation in payments technology.

IFIC strictly adheres to the latest guidelines provided by Bangladesh Bank regarding ICT Security. The bank develops its ICT policies to handles the ICT risk properly. ICT policy provides a framework for best practices that are followed by all employees while also ensuring overall data and information assurance for the organization. It outlines the responsibilities and requirements of the bank and its employees with regards to its IT resources. The bank's information security team works prudently and manages ICT risks.

To strengthen ICT risk management activities, the bank formed an ICT security committee headed by DMD & CRO. The role and responsibility of this ICT security committee are as follows:

- ▲ Ensure development and implementation of ICT security objectives, ICT security related policies and procedures.
- ▲ Providing ongoing management support to the Information security processes.

- ▲ Ensure continued compliance with the business objectives, regulatory and legal requirements related to ICT security.
- ▲ Support to formulate ICT risk management framework/process and to establish acceptable ICT risk thresholds/ICT risk appetite and assurance requirements.
- ▲ Periodic review and provide approval for modification in ICT security process.

The Bank has scaled its technology infrastructure to create a contemporary, secure and robust infrastructure and taken several initiatives to protect its information assets from cyber threats. IFIC has established its Data Center (DC) and Disaster Recovery Site (DRS) keeping in mind future expandability to meet emerging needs and for high availability. During setup of Data Center, environmental security has been provided highest priority. The Core Banking Software (CBS) has been upgraded to its latest release to enhance existing features and functionalities and ensure transaction security.

The Bank has reviewed its ICT infrastructure and taken pragmatic steps to procure state of the art IT Security solutions (Hardware and Software) for implementation of multi-layer security with multiple security solutions for Network, Mailing System, Web/ Internet and the end users devices. The Business Continuity Plan (BCP) and Disaster Recovery Plan have also been revised. The SWIFT payment channel has been reviewed and restructured through separating its network connectivity from Office LAN. Internet access of SWIFT user PCs and file sharing with other PCs have also been blocked. Several training on ICT Security and risk management has been arranged throughout the year at the training institute of the bank

and abroad as part of awareness buildup among the employees of the bank and to ensure proper ICT risk management. As the business processes and initiatives are now driven by IT, therefore, the bank continues IT up gradation to ensure sound and secure IT operation.

vi) Internal Control and Compliance (ICC)

Good governance and strong internal control system is the precondition for any organization's development. Internal control is the process, guided by a company's Board, management and other personnel. Internal control is designed to provide reasonable assurance regarding the attainment of objectives in the efficiency of operations and reliability of financial reporting and compliance with applicable laws, regulations and internal policies. IFIC bank has an internal control policy approved by board. Internal controls represent policies/procedures established and implemented alone, or in coordination with other policies/ procedures, to control a particular risk/business activity, or a combination of risks/business activities, to which the company is exposed to or in which it is engaged. A sound internal control function plays an important role in contributing to the effectiveness of the internal control system.

The primary objective of internal control system of the bank is to perform in a sound and prudent manner. Through an effective internal control system, the bank identifies its operational weakness and take appropriate measures to overcome the same. The main objectives of the internal controls are categorized as follows:

- ▲ **Operational Objectives:** It relates to the effectiveness and efficiency of the Bank by using its assets and others resources for achievement of

the bank's basic mission and vision.

- ▲ **Reporting objectives:** It addresses the preparation of timely, accurately and comprehensive reporting in both internal and external.
- ▲ **Compliance Objective:** It demonstrates that all banking activities are performed in compliance with applicable rules and regulations of regulatory bodies, own policy, plan and procedures.

The Internal Control & Compliance (ICC) Division is working independently to evaluate the Internal Control System of the Bank so as to ensure good governance, transparency & accountability. The ICC Division is conducting comprehensive internal audit of the branches as well as different divisions/departments of Head Office in ongoing basis. The Division reviews the activities of branch's Internal Control Unit (ICU) continuously through different control processes to minimize irregularities/ lapses, to prevent fraud/ forgery and to control existing/emerging risks. The significant deficiencies identified by the audit team are placed before the senior management as well as the Audit Committee of the Board. Audit Committee of the Board regularly monitors the functions of Internal Control & Compliance Division with their necessary suggestions/ recommendations and also reports to the Board of Directors from time to time.

Risk Based Internal Audit (RBIA) is being carried out annually for risk profiling/risk categorization of the branches based on the level of its various risks. Strong monitoring & close supervision ensure functional efficiency of the branches & different divisions/departments of Head Office by maintaining control environment at operational level. Compliance culture is developed by strict adherence

to statutory & regulatory requirement and also bank's own policy & procedures. By enforcing effective and sound internal control system, ICC is performing its activity for further improvement of its activities towards achieving the bank's goal.

B. Other Risks

i) Liquidity Risk

Bank Deposits generally have a much shorter contractual maturity than loans and liquidity management needs to provide a cushion to cover anticipated deposit withdrawals. Liquidity is the ability to efficiently accommodate deposit as also reduction in liabilities and to fund the loan growth and possible funding of the off-balance sheet claims. The cash flows are placed in different time buckets based on future likely behavior of assets, liabilities and off-balance sheet items. The bank has ALM policy approved by board. The treasury, ALCO team and dedicated money market team of the bank manages liquidity of the bank properly to optimize return of the bank.

ii) Interest Rate Risk

Interest rate risk arises when the bank is obliged to pay more interest for liabilities but cannot charge more on its assets. It is difficult to eliminate this risk as the re-pricing period of assets and liabilities are different. However the bank manages its rate sensitive asset and liabilities in proper way and always try to minimize gap of the rate sensitive assets and liabilities to manage interest rate risk. Interest rate risk, on other way to describe, is the potential impact on a bank's earnings and net asset value due to changes in market interest rates. The bank's ALCO team continuously monitor market interest rate and manages interest rate risk by setting interest rate of both asset and liability products.

IFIC bank is following the below indicators of interest rate risk analysis & these are calculated on regular basis:

- ▲ Net Interest Income
- ▲ Net Interest Margin
- ▲ Interest Earning Asset to Total Assets
- ▲ Average Interest Rates of Loan
- ▲ Average Interest Rates of Deposit
- ▲ Value at Risk (VaR)
- ▲ Sensitivity Analysis
- ▲ Maturity profile Analysis

iii) Equity Price Risk

Equity risk is termed as losses incurring from changes in the market price of equity held by a bank. To measure and identify the risk, mark-to-market valuations of the share investment portfolios are done. IFIC bank has equity exposures and the bank is proactively managing the equity exposures by analyzing of both quoted and unquoted shares. The bank always maintain the standard ratio of equity investment set by BB.

iv) Environmental and Social Risk

Environmental and climate change risk refers to the uncertainty of losses that may originate from any adverse environmental/climate change events and/or non-compliance with prevailing environmental regulations. IFIC bank is always concentrated on environmental and social changes. Natural calamities tend to have a negative impact on the bank's business. IFIC bank deals with such challenges proactively. Moreover, additional capital is allocated as per the bank's ICCAP by considering the environmental and social risks.

v) Reputational Risk

Reputational risk is the possible

loss of the organisation's reputational capital resulting in decline of the organisation's overall value and/or increased regulatory or other costs. It includes adverse events related to ethics, safety, security,

sustainability, quality, and innovation. IFIC is focused here as well.

vi) Compliance Risk:

The Bank is exposed to compliance risk given that it is

governed by local regulations as well as creditor covenants. All the departments of IFIC is having significant awareness on this.

Disclosure of Risk Reporting

1. Reporting Categories:

Risk reporting is a core element. The reports fully reflect the identified problem areas. To ensure the usefulness and reliability of these reports, management should regularly

verify the timeliness, accuracy and relevance of these reporting system and internal controls in general. Reports are analyzed with a view to improve existing risk management performance as well as developing new

risk management policies, procedures and practices.

RMD of IFIC prepares different regulatory and internal reports. Some of them are mentioned below:

Regulatory Reporting	<ul style="list-style-type: none"> ▲ Monthly Risk Management Report (MRMR) ▲ Comprehensive Risk Management Report (CRMR) ▲ Risk Appetite Statement ▲ Stress Testing ▲ Basel reporting under Pillar I, II, III
Internal Reporting	<ul style="list-style-type: none"> ▲ Self assessment Questionnaire ▲ Summary of Board Meeting Minutes

Table 1: Reporting Categories

i) Monthly Risk Management Report (MRMR): The format of the report is given by Bangladesh Bank which summarizes the regular information relevant to RMD.

ii) Comprehensive Risk Management Report (CRMR): This format is also given by Bangladesh Bank. It contains much detail data and its frequency is half-yearly.

iii) Internal Core Risk Questionnaire: This is an internal

reporting for managing the core risk of the bank and up gradation of the same.

iv) Basel reporting under Pillar I, II, III

Pillar – 1: Minimum Capital Requirement (MCR)

The MCR is a Basel prescribed minimum capital assessment process against credit, market and operational risk of the bank. The underlying assessment is a mandatory requirement of the

Central Bank and assessment are carried out on quarterly basis. Regarding MCR calculation Risk Management Division of the bank will perform necessary analysis to understand the trend of MCR of the bank, develop necessary model to predict the overall MCR of the bank, place necessary recommendation for improvement.

The snapshot on Basel report for the year 2018 is presented below:

Particulars	BDT in Million			
	Q1 2018A	Q2 2018A	Q3 2018A	Q4 2018
Credit Risk	181,235	191,432	196,028	198,679
Market Risk	2,662	2,739	3,509	2,421
Operational Risk	13,171	13,143	13,143	11,911
Total RWA	197,068	207,314	212,680	213,011
Fully Paid-up Capital	11,953	11,953	13,387	13,387

Particulars	Q1 2018A	Q2 2018A	Q3 2018A	Q4 2018
Other Capital	6,827	7,510	6,607	7,490
Total Common Equity Tier (CET) -1 Capital	18,780	19,463	19,995	20,877
Total Tier-2 Capital	5,229	5,905	6,497	6,026
Total Capital Maintained	24,009	25,368	26,492	26,904
CRAR	12.18%	12.24%	12.46%	12.63%
Required Capital in %	11.875%	11.875%	11.875%	11.875%
Surplus/(Shortage) in %	0.31%	0.36%	0.58%	0.76%
Required Capital in Amount	23,402	24,619	25,256	25,295
Surplus/(Shortage) in Amount	607	749	1,236	1,609

Table 2: Data on Basel Reporting

Pillar – 2: Supervisory Review Process (SRP)

The Supervisory Review Process of the risk-based capital adequacy framework is intended to ensure that banks have adequate capital (in addition to capital requirement under Pillar-1) to support all the risks in the business and, concurrently to encourage banks to develop and utilize superior risk management techniques in monitoring and managing risk. Importantly the Supervisory Review Evaluation Process (SREP) of Bangladesh Bank ensure a constant dialogue between itself and the bank's SRP team followed by the disclosure of findings/evaluation of the bank's ICAAP. IFIC Bank has an own ICAAP Policy which was approved by the Board of Directors of the Bank in the 2015.

Pillar – 3: Market Discipline

The purpose of Market discipline in the Revised Capital adequacy Framework is to complement the minimum capital requirements and the supervisory review process. The aim of introducing Market discipline in the revised framework is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet

probable loss of assets. For the said purpose, IFIC Bank developed a set of disclosure containing the key pieces of information on the assets, risk exposures, risk assessment processes, and hence the capital adequacy to meet the risks.

v) Stress Testing

Bangladesh Bank provides the specific templates for sensitivity analysis and duration gap analysis under stress testing. IFIC conducts stress testing that presents the effects of several assumptions applied to measure the capital base level in stressed scenarios.

IFIC bank conducts stress testing on quarterly basis as per prescribed format of BB with a view to determine sensitivity and stability of its capital base. This technique is designed to ensure that the bank has enough capital to meet unforeseen scenarios. The following situations are considered to assess the sensitivity of the bank's capital base with respect to each situation:

- ▲ Performing loan directly downgraded to BL: top sectoral concentration 1
- ▲ Performing loan directly downgraded to BL: top sectoral concentration 2
- ▲ Increase in NPLs due to default of a large borrower

- ▲ Negative shift in NPL categories
- ▲ Decrease in FSV in collateral
- ▲ Increase in NPLs
- ▲ Interest rates
- ▲ FEX: Currency depreciation
- ▲ Equity shocks

Stress testing is done assuming three different hypothetical scenarios comprising:

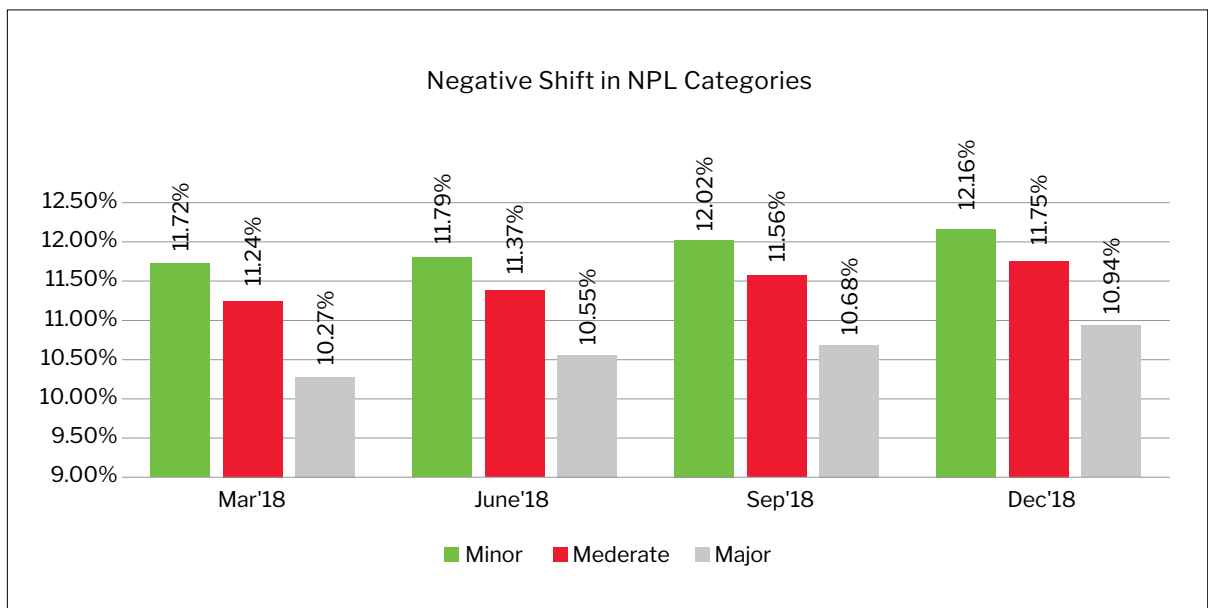
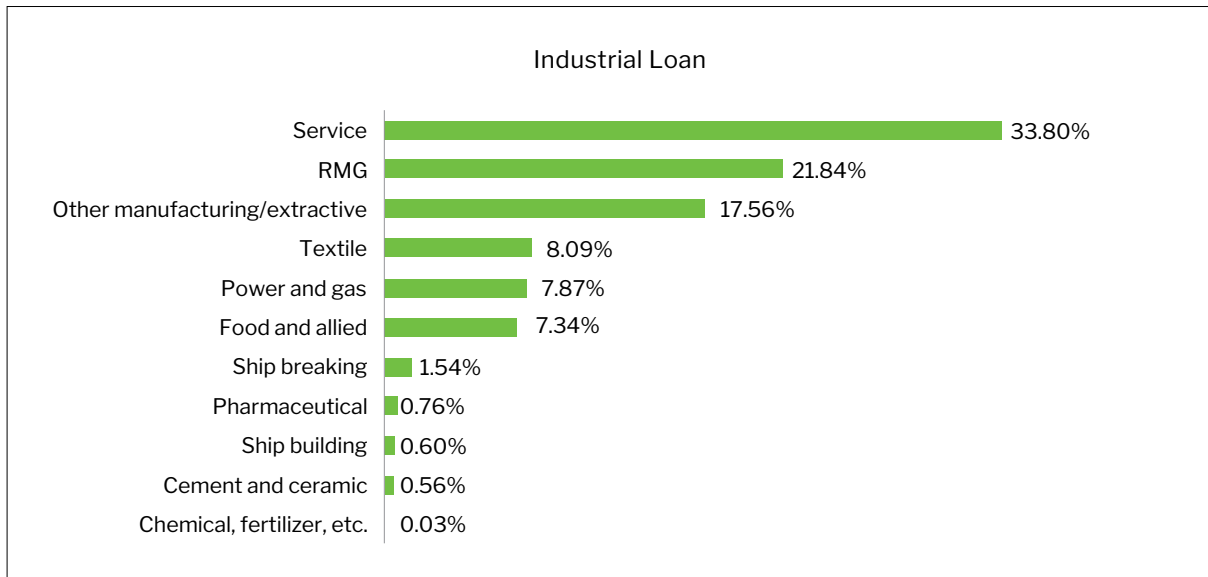
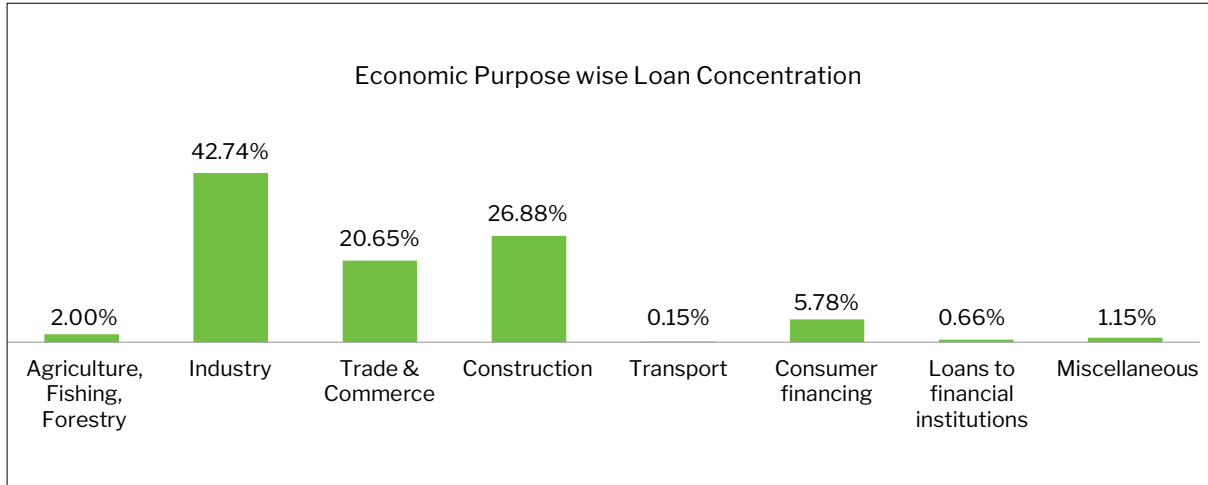
- i) Minor level shocks: The shock parameters are specific for each factors and those are set by the central bank.
- ii) Moderate level shocks: These visualize medium level shocks and the level is defined in each risk factor separately.
- iii) Major level shocks: These involve big shocks to all the risk factors and is also defined separately for each risk factor.

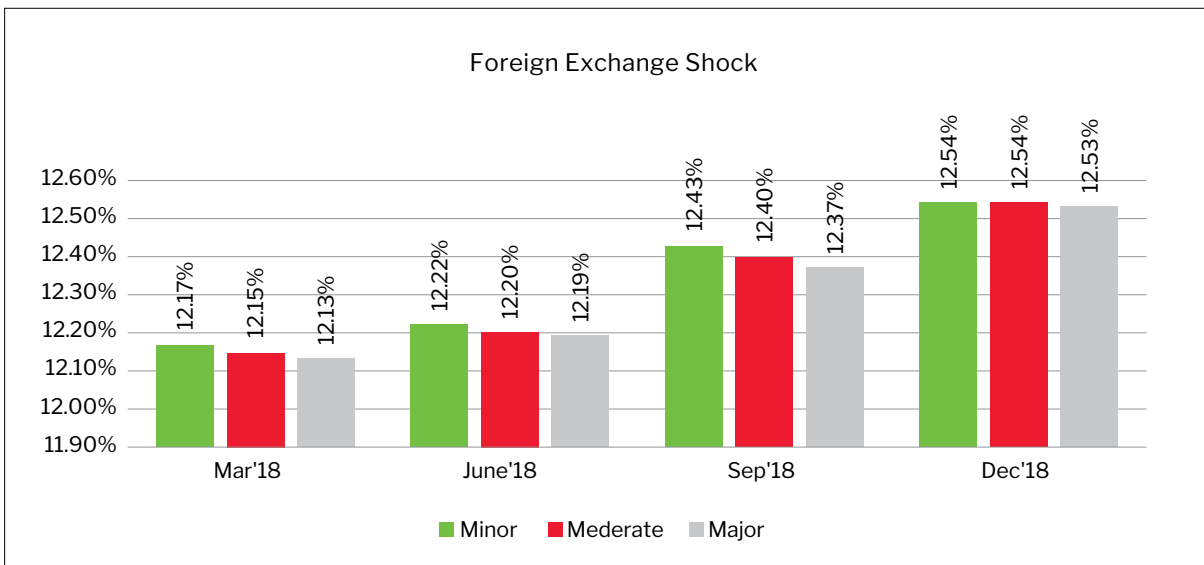
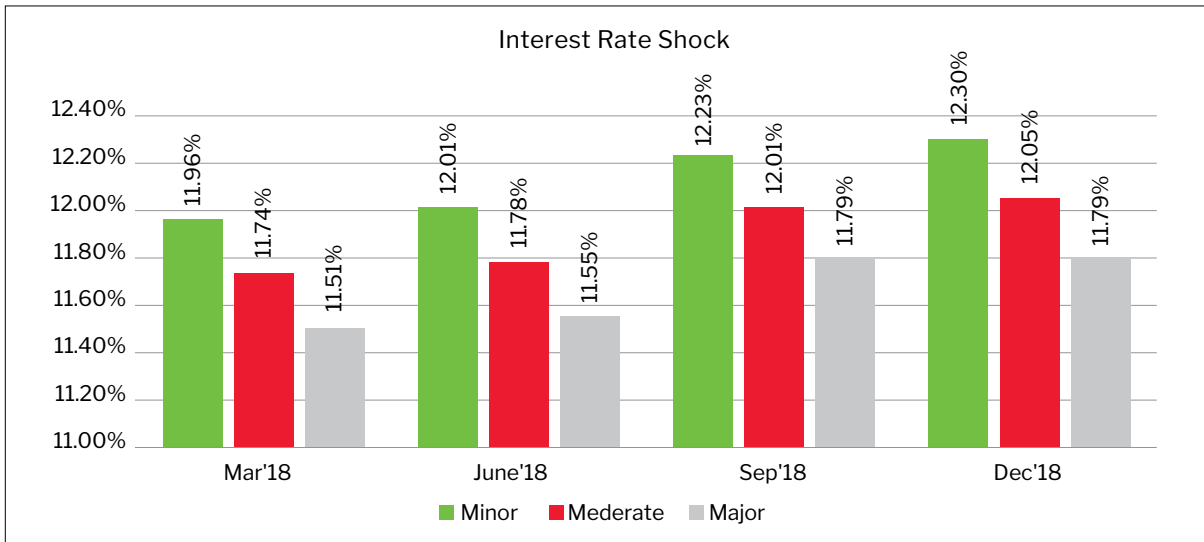
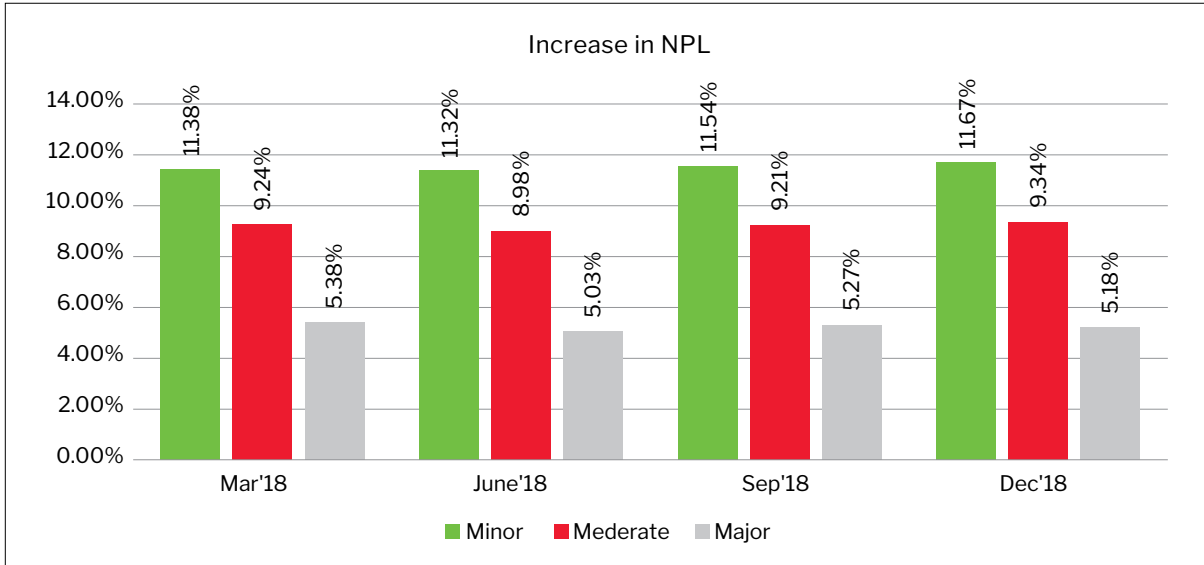
vi) Risk Appetite Statement

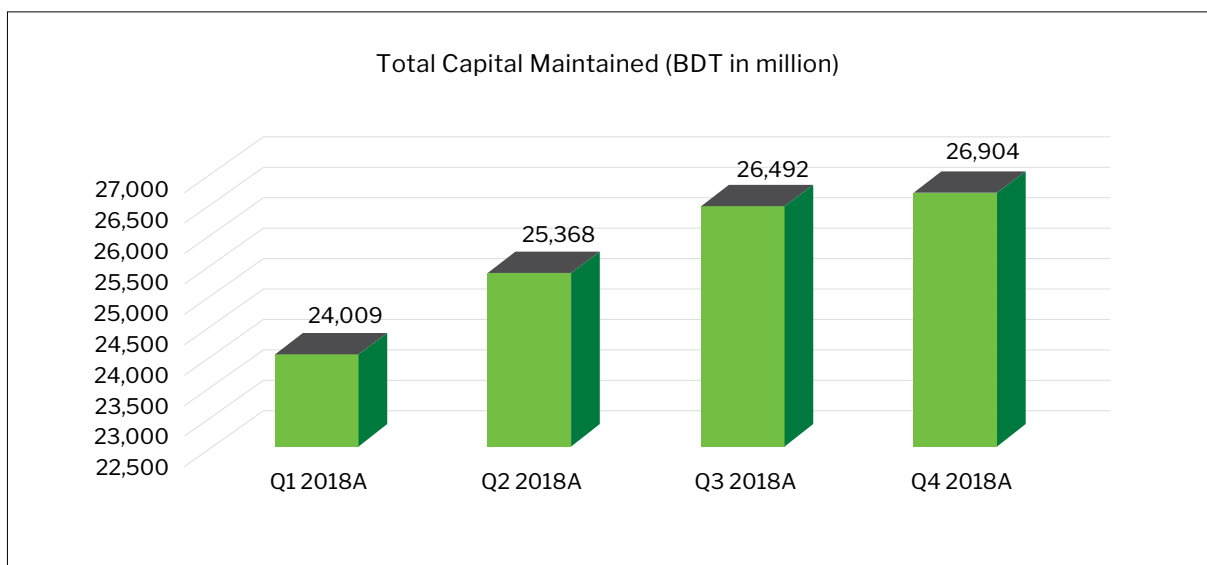
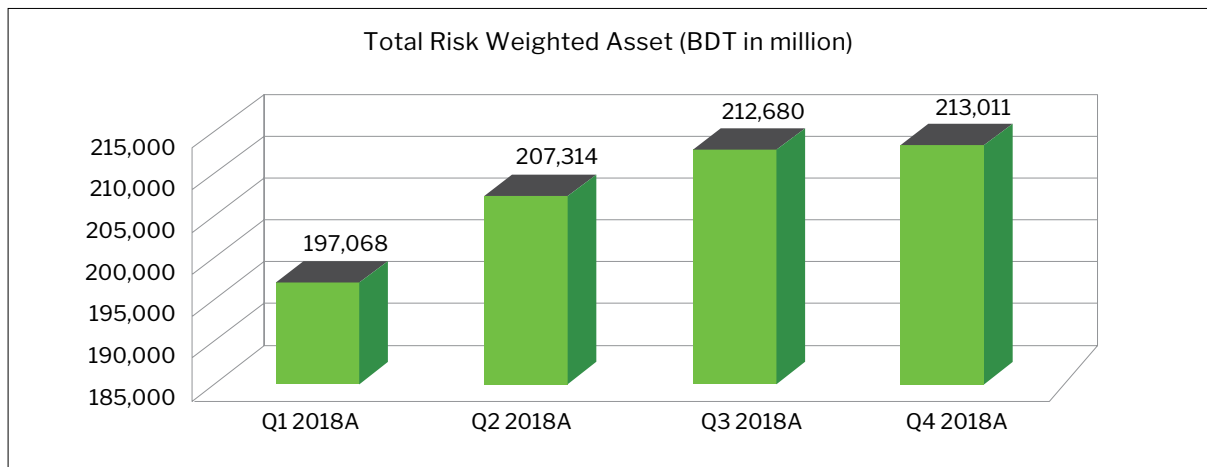
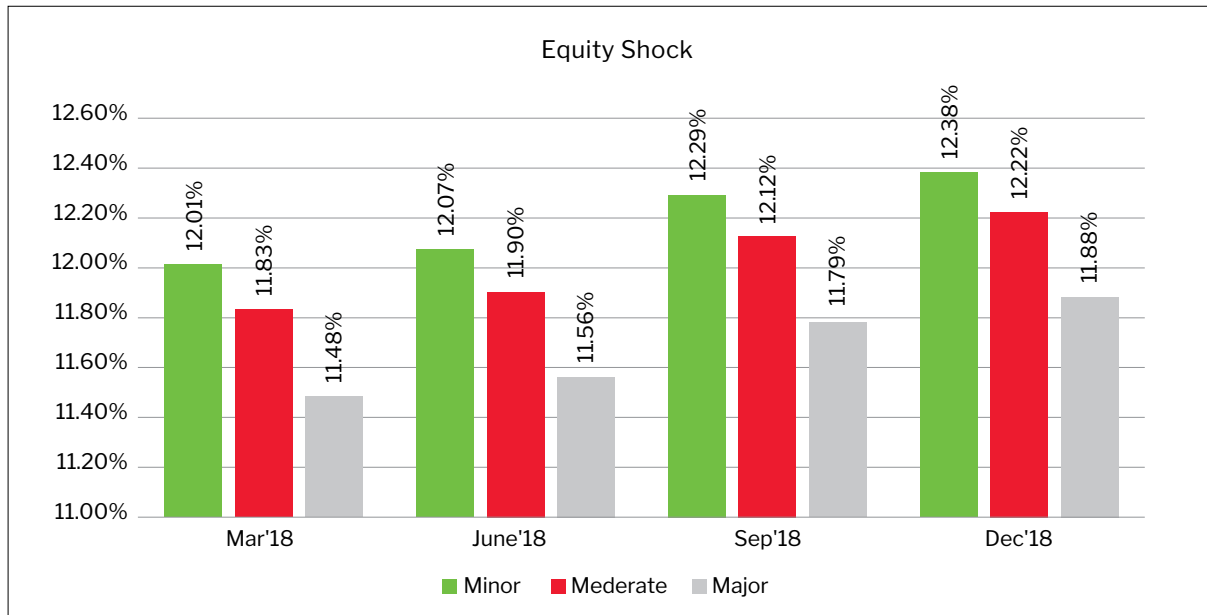
This is Bangladesh Bank's format report. It defines the risk appetite, risk tolerance and risk limit that helps to set ultimately the risk strategies.

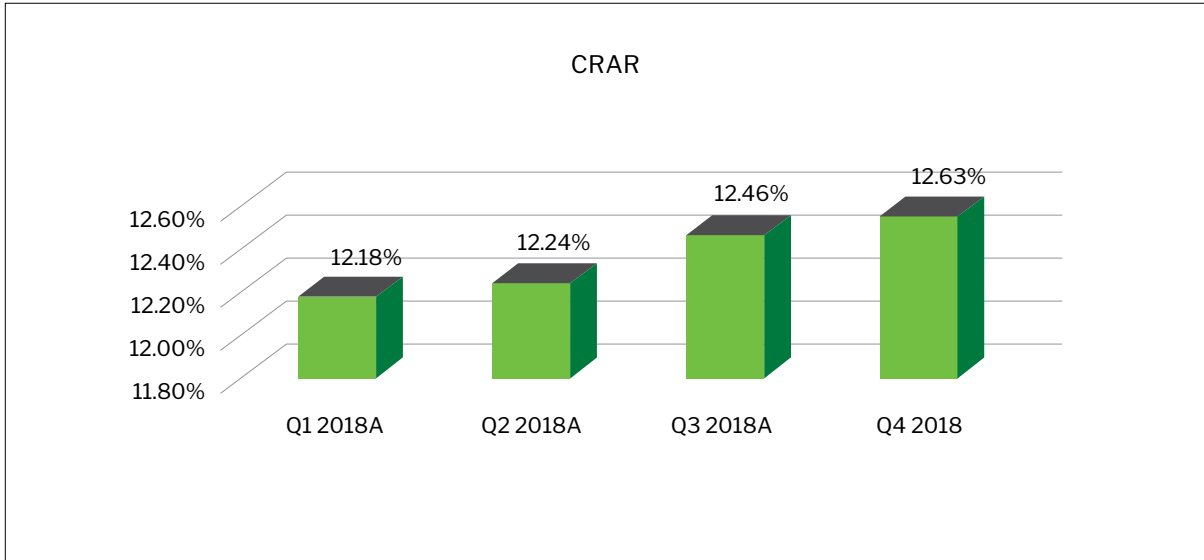
2. Data Presentation

Under the above mentioned report categories, different data is presented. Among them, some major information is shared in this section through graphical presentation.









Concluding Remarks

Risk management in banking has been transformed and shaped over the past decade. The main factor behind the change is in response to regulations that emerged from the global financial crisis. But as the nature of the banking changes over the next decade,

so the risk management need will be evolved accordingly. The boundary of Risk Management Division is increasing and in line with that IFIC RMD is broadening its role as well. They are getting armed with the right tools and human resources to accelerate the risk discovery as well as risk

management process to support the Board member to set the most appropriate risk appetite. This risk appetite will be in line with the bank's strategy. Thus the ultimate goal, maximizing shareholders wealth will be rightly achieved by IFIC Bank Limited.



Corporate
Social Responsibility

Corporate Social Responsibility



Prime Minister Sheikh Hasina receiving a cheque of BDT 5.00 Crore from the Managing Director & CEO, Shah A Sarwar as donation to the Prime Minister's Relief and Welfare Fund at a program at Ganabhaban



Award recipients posing for a photograph with Bangladesh Bank Governor Fazle Kabir, IFIC Bank Chairman Salman F Rahman and IFIC Bank Managing Director & CEO Shah A Sarwar. Eminent writer Hasan Azizul Huq received the first Sahitya Ratna Sommanona



Donation activities for the year 2018, are mentioned below:

1. The Bank donated blankets for poor people through Prime Minister's Relief Fund.
2. The Bank donated to Dhaka University for enhancement as in IFIC Bank Trust Fund.
3. The Bank donated to Rama Pada Bhattacharjee for his treatment of kidney transplantation.
4. The Bank donated to Economic Reporters Forum (ERF) for establishing their office and training institute.
5. The Bank donated to Dinajpur Sreenigmananda Sharosshoto Shebaasram for purchasing an ambulance.
6. The Bank donated to Research and Development Collective (RDC) for conducting research on martyred intellectuals at Dhaka University.
7. The Bank donated Biswa Shahittya Kendra for educational activities.
8. The Bank donated to Jatio Grihaion Kortripokkho for research contribution on a book of Father of the Nation Bangabandhu Sheikh Mujibur Rahman.
9. The Bank donated for entertainment and honorarium on training program on sustainable development goal.



Sponsored by IFIC Bank, Bishwo Shahitto Kendro (BSK) awarded 744 students under its year-long book reading program at Bangladesh Shilpakala Academy Auditorium. IFIC Bank sponsored the book reading program of Bishwo Shahitto Kendro in 516 colleges around the country

IFIC Bank MD & CEO Shah A Sarwar handing over a cheque for BDT 50.00 lac to Dhaka University Vice Chancellor Professor Dr. Md Akhterzaman for its Trust Fund at Dhaka University Senate Bhaban





Products and Services

Deposit Products

Current Account
Savings Account
Smart Savings Account
IFIC Amar Account
School Savings Plan

Sanchita -Female Savings Account
Millionaire Dream Plan (MDP)
Special Notice Deposit-SND
Fixed Deposit Receipt-(FDR)
Pension Savings Scheme-PSS

Monthly Income Scheme
Double Return Deposit Scheme
Freedom Flexi DPS
IFIC Aagami
IFIC Corporate plus

Loan Products

Term Loan (Industrial)
Term Loan (Others)
Loan General
OD-Working Capital Loan
Amar Account OD
Easy Loan
Consumer Durable Loan
Parua (Educational Loan)
IFIC Home Loan
IFIC Peshajeebi Loan
Auto Loan
Any purpose loan
Marriage Loan
CNG Conversion Loan
Premium Overdraft

Salary Loan
Credit Card
IFIC Krishi Shilpo
IFIC Shilpo Sohay
IFIC Shilpo Shongjog
IFIC-Prantonari
WEC Loan Protyasha
WEC Loan Joyeeta
Transport Loan
Commercial House Building Loan
Bidders Loan
Contractors Loan
Easy Commercial Loan
Lease Finance

IFIC -Subornogram
Krishi Soronjam Rin
Sech Soronjam Rin
IFIC-Green earth
IFIC-Joibo Shakti
Fire Fighting & Safety Equipment



Financial Statements

Independent Auditor's Report

To the Shareholders of IFIC Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of IFIC Bank Limited and its subsidiaries (the "Group") as well as the separate financial statement of IFIC Bank Limited (the "Bank") which comprise the consolidated and separate Balance sheet as at 31 December 2018, consolidated and separate profit and loss accounts, consolidated and separate cash flow statement, consolidated and separate statement of changes in equity for the year then ended, and notes to consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated balance sheet of the Group and the separate balance sheet of the Bank as at 31 December 2018, and its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.1.1.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the **Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements** section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Measurement of provision for loans and advances

See notes no. 7, 8 and 15.1 to 15.3 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The process of estimating provision for loans and advances associated with credit risk is judgmental and complex. While estimating such provision certain judgmental factors need to be considered including:</p> <ul style="list-style-type: none"> ▲ Future business performance of the borrower; ▲ Key assumptions relating to further business performance of the borrower; ▲ Market value of the collateral; and ▲ Ability to repossess collateral. <p>Furthermore, these provisions are processed manually using the voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank (the central bank of Bangladesh) issued time to time.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> ▲ Tested the credit monitoring and provisioning process; ▲ Identification of loss events, including early warning and default warning indicators; and ▲ Reviewed quarterly Classification of Loans (CL). <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> ▲ Reviewed the adequacy of the companies general and specific provisions;

<p>Due to high level of judgement involved and using some manual process in estimating the provision for loans and advance, we considered this to be a key audit matter.</p> <p>At year end the Bank reported total loans and advances of BDT 206,930 million (2017: BDT 179,264 million) and provision for loans and advances of BDT 5,954 million (2017: BDT 5,908 million).</p>	<ul style="list-style-type: none"> ▲ Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and ▲ Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
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2. Valuation of treasury bill and treasury bond

See note no. 6 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The classification and measurement of treasury bill and treasury bond require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models.</p>	<p>We tested the operating effectiveness of key controls focusing on the classification and measurement of treasury bill and treasury bond.</p> <p>We tested a sample of the valuation models and the inputs used in those models using a variety of techniques. Applied in the circumstances.</p> <p>Finally, we have assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

3. Measurement of deferred tax assets

See note no. 10.5 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Bank have reported net deferred tax assets to totaling BDT 904 million (2017: BDT 1,113 million) as at 31 December 2018.</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding of the Group and the Bank's key controls over the recognition and measurement of deferred tax assets and the assumptions used in estimating the Group and Bank's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally, we assessed the appropriateness and presentation of disclosures as per IAS 12 Income Tax.</p>

4. Legal and regulatory matters

The key audit matter	How the matter was addressed in our audit
<p>We focused on legal and regulatory matters because the Group and the Bank operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p>	<p>We obtained an understanding of the Group and The Bank's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p>

These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions and other contingent liabilities.	<p>We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provision, and tested the completeness and accuracy of the accuracy of the underlying information.</p> <p>We also assessed the Bank's provisions and contingent liabilities disclosure.</p>
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5. IT systems and controls

The key audit matter	How the matter was addressed in our audit
Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volumes of transactions processed in numerous locations daily and are reliance on automated and manual with automated (IT dependent) controls.	We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.

6. Carrying value of investments in subsidiaries by the Bank

See note no. 10.4 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Bank has invested in equity shares of its subsidiaries namely IFIC Securities Limited and IFIC Money Transfer (UK) Limited. As at 31 December 2018 the carrying value of these investment is BDT 2,232 million.</p> <p>At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in IFIC Securities Limited and IFIC Money Transfer (UK) Limited and IFIC Money Transfer (UK) Limited stated at cost.</p>	<p>We have reviewed management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36 Impairment of Assets.</p> <p>We have analyzed the appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p>

Other Matter

The consolidated financial statements of the Group and also separate financial statements of the Bank as at and for the year ended 31 December 2017 were audited by another auditor who expressed as unmodified opinion on those statements on 10 April 2018.

Other Information

Management of the Bank is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our

knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the bank.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management of the Bank is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2.1.1, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank.

The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▲ Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▲ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- ▲ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▲ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- ▲ Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▲ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's 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 antifraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - (b) 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 Group and its related entities.
- (iii) financial statements of two subsidiaries namely, IFIC Securities Limited and IFIC Money Transfer (UK) Limited has been audited by Howladar Yunus & Co., Chartered Accountants and Ahmed & Co. respectively and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) 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 related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery as explained in note-15.1.
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 4,330 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.


Chartered Accountants

Dated: Dhaka
29 April 2019

International Finance Investment and Commerce Bank Limited

Consolidated Balance Sheet

as at 31 December 2018

Amount in BDT

Particulars	Note	31 December 2018	31 December 2017
PROPERTY AND ASSETS			
Cash		16,020,741,583	15,487,553,511
Cash in hand (including foreign currency)	3.a	2,899,030,289	2,251,768,572
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	3.b	13,121,711,294	13,235,784,939
Balance with other banks and financial institutions	4.a	8,118,980,917	10,623,519,846
In Bangladesh	4.a(i)	6,823,590,588	8,068,534,922
Outside Bangladesh	4.a(ii)	1,295,390,329	2,554,984,924
Money at call and on short notice	5	3,970,000,000	3,830,000,000
Investments		32,664,400,101	29,290,877,363
Government securities	6.a	27,258,506,647	23,943,582,942
Other investments	6.b	5,405,893,454	5,347,294,421
Loans and advances		210,932,291,735	183,296,111,106
Loans, cash credit, overdrafts etc.	7.a	198,670,768,028	171,593,194,706
Bills purchased and discounted	8.a	12,261,523,707	11,702,916,400
Fixed assets including premises, furniture and fixtures	9.a	5,445,835,394	3,539,338,093
Other assets	10.a	9,003,060,522	10,277,591,453
Non-banking assets	11	373,474,800	373,474,800
Total assets		286,528,785,052	256,718,466,172
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks, financial institutions and agents	12.a	9,969,432,278	8,473,580,748
Subordinated debt	13	3,500,000,000	3,500,000,000
Deposits and other accounts	14.a	226,228,549,042	200,148,679,835
Current deposit and other accounts		40,849,197,782	30,611,131,194
Bills payable		2,066,079,056	2,238,152,090
Savings bank deposits		24,711,065,947	27,058,321,723
Fixed deposits		158,602,206,257	140,241,074,828
Other liabilities	15.a	23,153,144,360	22,492,022,640
Total liabilities		262,851,125,680	234,614,283,223
Capital/Shareholders' equity			
Paid up capital	16.2	13,387,387,350	11,953,024,420
Statutory reserve	17	5,696,418,313	5,124,540,729
General reserve	18	155,071,397	155,071,397
Revaluation reserve against securities	19.a	13,108,847	6,229,549
Revaluation reserve against fixed assets	20	115,314,704	115,314,704
Foreign currency translation reserve	20.a	43,292,875	126,200,022
Surplus in profit and loss account	22	4,267,059,068	4,623,795,459
Attributable to equity holders		23,677,652,554	22,104,176,280
Non-controlling interest	23	6,818	6,669
Total shareholders' equity		23,677,659,372	22,104,182,949
Total liabilities and shareholders' equity		286,528,785,052	256,718,466,172

Particulars	Note	31 December 2018	31 December 2017
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	24	60,435,601,239	58,620,180,261
Acceptances and endorsements	24.1	23,224,423,401	19,010,992,711
Letters of guarantee	24.2	10,228,543,056	10,475,384,676
Irrevocable letters of credit	24.3	15,475,413,131	19,364,242,284
Bills for collection	24.4	11,507,221,651	9,769,560,590
Other contingent liabilities		-	-
Other commitments			
Documentary credit and short term trade -related transactions		-	-
Forward assets purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet exposures including contingent liabilities		60,435,601,239	58,620,180,261

These financial reports should be read in conjunction with the annexed notes.


 Managing Director & CEO



 Director


 Director


 Director

Signed as per our annexed report of same date

29 April 2019
 Dhaka


Howladar Yunus & Co.
 Chartered Accountants

International Finance Investment and Commerce Bank Limited

Consolidated Profit and Loss Account

for the year ended 31 December 2018

Amount in BDT

Particulars	Note	2018	2017
Interest income	26.a	19,011,904,653	15,039,273,910
Interest paid on deposits, borrowings etc.	27.a	14,404,699,530	9,437,189,617
Net interest income		4,607,205,123	5,602,084,293
Investment income	28.a	2,044,196,628	2,105,410,059
Commission, exchange and brokerage	29.a	1,639,740,927	1,717,435,369
Other operating income	30.a	467,734,788	533,667,507
		4,151,672,343	4,356,512,935
Total operating income		8,758,877,466	9,958,597,228
Salary and allowances	31.a	2,580,872,443	2,600,408,127
Rent, taxes, insurance, electricity etc.	32.a	780,871,636	702,378,221
Legal expenses	33.a	12,493,496	11,625,374
Postage, stamp, telecommunication etc.	34.a	63,263,272	76,477,658
Stationery, printing, advertisement etc.	35.a	377,063,537	433,195,870
Managing Director's salary	36	15,120,000	15,120,000
Directors' fees	37.a	1,911,000	1,621,500
Auditors' fees	38.a	1,990,133	1,866,696
Charges on loan losses		109,642,716	244,828,037
Depreciation and repair of bank's assets	39.a	484,602,840	495,842,413
Other expenses	40.a	736,982,153	830,180,678
Total operating expenses		5,164,813,226	5,413,544,574
Operating profit		3,594,064,240	4,545,052,654
Share of profit of joint ventures/associates	40.b.(iii)	400,125,308	355,283,995
Profit before provision		3,994,189,548	4,900,336,649
Provision for loans, investments & other assets	41.a		
Provision for loans and advance		820,009,910	2,224,550,526
Provision for diminution in value of investments		178,461,306	(106,366,393)
Provision for other assets		36,959,400	19,525,474
Total provision		1,035,430,616	2,137,709,607
Profit/(Loss) before taxes		2,958,758,932	2,762,627,042
Provision for taxation			
Current tax	42.a	1,100,427,296	807,210,974
Deferred tax expense/(income)	42.b	208,827,364	(441,248,283)
		1,309,254,660	365,962,691
Net profit after taxation		1,649,504,272	2,396,664,351
Net profit after tax attributable to:			
Equity holders of the Bank		1,649,504,123	2,396,664,244
Non-controlling interest	23.1	149	108
Retained earnings brought forward from previous year		4,623,795,459	3,379,031,381
Add: Net profit after tax (attributable to equity holders of the Bank)		1,649,504,123	2,396,664,244
Profit available for appropriation		6,273,299,582	5,775,695,625
Appropriations:			
Statutory reserve		571,877,584	475,313,886
General reserve		-	-
Dividend		1,434,362,930	676,586,280
		2,006,240,514	1,151,900,166
Retained surplus		4,267,059,068	4,623,795,459
Earnings Per Share (EPS)	49.a	1.23	1.79

These financial reports should be read in conjunction with the annexed notes.


Managing Director & CEO



Director


Director


Director

Signed as per our annexed report of same date

29 April 2019
Dhaka


Howladar Yunus & Co.
Chartered Accountants

International Finance Investment and Commerce Bank Limited

Consolidated Cash Flow Statement

for the year ended 31 December 2018

Amount in BDT

Particulars	Note	2018	2017
A. Cash flows from operating activities			
Interest received		20,836,219,004	16,998,394,318
Interest payments		(12,955,875,376)	(8,984,625,603)
Dividend received		48,101,207	65,028,135
Fees and commission received		1,668,289,873	1,761,868,025
Recoveries of loans and advances previously written-off		165,713,392	106,277,295
Cash payments to employees		(2,606,492,443)	(2,565,528,127)
Cash payments to suppliers		(460,646,290)	(482,189,662)
Income taxes paid		(1,119,101,633)	(840,794,890)
Receipts from other operating activities	43.a	495,324,043	580,115,746
Payments for other operating activities	44.a	(1,716,485,152)	(1,763,578,270)
Operating cash flows before changing in operating assets and liabilities		4,355,046,625	4,874,966,967
Increase/(decrease) in operating assets and liabilities			
Statutory deposits		-	-
Loans and advances to other banks		-	-
Loans and advances to customers		(27,338,068,246)	(42,754,900,754)
Other assets	46.a	204,015,482	(371,172,827)
Deposits from other banks		(8,875,257,126)	20,224,643,000
Deposits from customers		33,503,564,838	19,345,508,796
Other liabilities	47.a	433,493,512	242,678,067
		(2,072,251,540)	(3,313,243,718)
Net cash flows from/(used in) operating activities		2,282,795,086	1,561,723,249
B. Cash flows from investing activities			
Net proceeds/(payments) from sale/(purchase) of Government securities		(3,309,748,707)	(3,195,532,139)
Net proceeds/(payments) from sale/(purchase) of securities		(81,973,557)	629,772,038
Purchase of property, plant & equipment		(2,195,800,256)	(337,425,131)
Proceeds from sale of property, plant & equipment		2,474,163	5,301,340
Net cash flows from/(used in) investing activities		(5,585,048,358)	(2,897,883,892)
C. Cash flows from financing activities			
Borrowing from other banks, financial institutions and agents		1,495,851,530	2,311,846,252
Payment against lease obligation		(2,839,044)	(3,620,804)
Receipts from issue of Rights share		-	5,638,219,070
Net cash flows from/(used in) financing activities		1,493,012,486	7,946,444,518
D. Net increase/(decrease) in cash (A+B+C)		(1,809,240,786)	6,610,283,875
E. Effects of exchange rate changes on cash and cash equivalents		(23,814,371)	242,847,644
F. Opening balance of cash and cash equivalents		29,945,046,257	23,091,914,737
G. Closing balance of cash and cash equivalents (D+E+F)		28,111,991,100	29,945,046,257
Closing cash and cash equivalents	45.a		
Cash in hand		2,899,030,289	2,251,768,572
Balance with Bangladesh Bank and its agent bank(s)		13,121,711,294	13,235,784,939
Balance with other banks and financial institutions		8,118,980,917	10,623,519,846
Money at call and on short notice		3,970,000,000	3,830,000,000
Prize bonds		2,268,600	3,972,900
		28,111,991,100	29,945,046,257

International Finance Investment and Commerce Bank Limited

Consolidated Statement of Changes in Equity

for the year ended 31 December 2018

Particulars									Amount in BDT	
	Paid up capital	Statutory reserve	General reserve	Revaluation reserve against securities	Revaluation reserve against fixed assets	Foreign currency translation reserve	Surplus in profit and loss account	Non-controlling interest	Total	
Balance as at 1 January 2018	11,953,024,420	5,124,540,729	155,071,397	6,229,549	115,314,704	126,200,022	4,623,795,459	6,669	22,104,182,949	
Impact of changes in accounting policy	-	-	-	-	-	-	-	-	-	
Restated balance as at 1 January 2018	11,953,024,420	5,124,540,729	155,071,397	6,229,549	115,314,704	126,200,022	4,623,795,459	6,669	22,104,182,949	
Surplus/(deficit) on account of revaluation of investments	-	-	-	6,879,297	-	-	-	-	6,879,297	
Effect of foreign currency translation	-	-	-	-	-	(82,907,147)	-	-	(82,907,147)	
Net gain and losses not recognized in the profit and loss account	11,953,024,420	5,124,540,729	155,071,397	13,108,847	115,314,704	43,292,875	4,623,795,459	6,669	22,028,155,100	
Net profit for the year	-	-	-	-	-	-	1,649,504,123	149	1,649,504,272	
Bonus share issued for the year 2017	1,434,362,930	-	-	-	-	-	(1,434,362,930)	-	-	
Transfer to statutory reserve	-	571,877,584	-	-	-	-	(571,877,584)	-	-	
Balance as at 31 December 2018	3,387,387,350	5,696,418,313	155,071,397	13,108,847	115,314,704	43,292,875	4,267,059,068	6,818	23,677,659,372	
Balance as at 1 January 2017	5,638,219,070	4,649,226,843	155,071,397	13,387,424	115,314,704	(27,858,562)	3,379,031,381	6,561	13,922,398,818	
Impact of changes in accounting policy	-	-	-	-	-	-	-	-	-	
Restated balance as at 1 January 2017	5,638,219,070	4,649,226,843	155,071,397	13,387,424	115,314,704	(27,858,562)	3,379,031,381	6,561	13,922,398,818	
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-	-	
Surplus/(deficit) on account of revaluation of investments	-	-	-	(7,157,875)	-	-	-	-	(7,157,875)	
Effect of foreign currency translation	-	-	-	-	-	154,058,584	-	-	154,058,584	
Net gain and losses not recognized in the profit and loss account	5,638,219,070	4,649,226,843	155,071,397	6,229,549	115,314,704	126,200,022	3,379,031,381	6,561	14,069,299,526	
Net profit for the year	-	-	-	-	-	-	2,396,664,244	108	2,396,664,352	
Bonus share issued for the year 2016	676,586,280	-	-	-	-	-	(676,586,280)	-	-	
Issue of share capital (Rights share)	5,638,219,070	-	-	-	-	-	-	-	5,638,219,070	
Transfer to statutory reserve	-	475,313,886	-	-	-	-	(475,313,886)	-	-	
Balance as at 31 December 2017	11,953,024,420	5,124,540,729	155,071,397	6,229,549	115,314,704	126,200,022	4,623,795,459	6,669	22,104,182,949	

International Finance Investment and Commerce Bank Limited

Balance Sheet

as at 31 December 2018

Amount in BDT

Particulars	Note	31 December 2018	31 December 2017
PROPERTY AND ASSETS			
Cash	3	16,007,300,116	15,478,772,582
Cash in hand (including foreign currency)	3.1	2,885,588,822	2,242,987,643
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	3.2	13,121,711,294	13,235,784,939
Balance with other banks and financial institutions	4	8,099,478,106	10,623,519,845
In Bangladesh	4.1	6,823,590,588	8,068,534,921
Outside Bangladesh	4	1,275,887,518	2,554,984,924
Money at call and on short notice	5	3,970,000,000	3,830,000,000
Investments	6	31,304,385,918	27,858,142,242
Government securities	6.1	27,258,506,647	23,943,582,942
Other investments	6.2	4,045,879,271	3,914,559,300
Loans and advances	7	206,929,635,707	179,264,206,747
Loans, cash credit, overdrafts etc.	7.1	194,668,112,000	167,561,290,347
Bills purchased and discounted	8	12,261,523,707	11,702,916,400
Fixed assets including premises, furniture and fixtures	9	5,437,949,308	3,528,384,037
Other assets	10	10,951,058,432	12,292,441,552
Non-banking assets	11	373,474,800	373,474,800
Total assets		283,073,282,387	253,248,941,805
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks, financial Institutions and agents	12	9,969,432,278	8,473,580,748
Subordinated debt	13	3,500,000,000	3,500,000,000
Deposits and other accounts	14	226,333,027,803	200,205,665,479
Current deposit and other accounts	14.1	40,953,676,543	30,668,116,838
Bills payable	14.2	2,066,079,056	2,238,152,090
Savings bank deposits	14.3	24,711,065,947	27,058,321,723
Fixed deposits	14.4	158,602,206,257	140,241,074,828
Other liabilities	15	21,154,588,088	20,530,574,923
Total liabilities		260,957,048,169	232,709,821,150
Capital/Shareholders' equity			
Paid up capital	16.2	13,387,387,350	11,953,024,420
Statutory reserve	17	5,696,418,313	5,124,540,729
General reserve	18	155,071,397	155,071,397
Revaluation reserve against securities	19	13,108,847	6,229,549
Revaluation reserve against fixed assets	20	115,314,704	115,314,704
Surplus in profit and loss account	21	2,748,933,607	3,184,939,855
Total shareholders' equity		22,116,234,218	20,539,120,654
Total liabilities and shareholders' equity		283,073,282,387	253,248,941,805

Particulars	Note	Amount in BDT	
		31 December 2018	31 December 2017
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	24	60,435,601,239	58,620,180,261
Acceptances and endorsements	24.1	23,224,423,401	19,010,992,711
Letters of guarantee	24.2	10,228,543,056	10,475,384,676
Irrevocable letters of credit	24.3	15,475,413,131	19,364,242,284
Bills for collection	24.4	11,507,221,651	9,769,560,590
Other contingent liabilities		-	-
Other commitments		-	-
Documentary credit and short term trade -related transactions		-	-
Forward assets purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet exposures including contingent liabilities		60,435,601,239	58,620,180,261

These financial reports should be read in conjunction with the annexed notes.


 Managing Director & CEO



 Director


 Director


 Director

Signed as per our annexed report

29 April 2019
 Dhaka


Howladar Yunus & Co.
 Chartered Accountants

International Finance Investment and Commerce Bank Limited

Profit and Loss Account

for the year ended 31 December 2018

Amount in BDT

Particulars	Note	2018	2017
Interest income	26	18,964,531,143	14,924,359,151
Interest paid on deposits, borrowings, etc.	27	14,404,724,629	9,432,299,373
Net interest income		4,559,806,514	5,492,059,778
Investment income	28	2,358,454,068	2,071,096,827
Commission, exchange and brokerage	29	1,616,275,359	1,667,194,163
Other operating income	30	466,172,933	531,967,516
Total operating income		4,440,902,360	4,270,258,506
Total operating income		9,000,708,874	9,762,318,284
Salary and allowances	31	2,559,167,763	2,577,447,176
Rent, taxes, insurance, electricity, etc.	32	765,826,300	687,056,381
Legal expenses	33	10,300,630	9,121,163
Postage, stamp, telecommunication, etc.	34	62,977,318	76,244,922
Stationery, printing, advertisement, etc.	35	376,907,659	432,887,521
Managing Director's salary	36	15,120,000	15,120,000
Directors' fees	37	1,704,000	1,472,000
Auditors' fees	38	1,500,000	1,277,778
Charges on loan losses		109,642,716	244,828,037
Depreciation and repair of bank's assets	39	481,382,585	492,434,975
Other expenses	40	721,477,016	810,149,296
Total operating expenses		5,106,005,987	5,348,039,249
Profit/(Loss) before provision		3,894,702,887	4,414,279,035
Provision for loans, investments and other assets	41		
Provision for loans and advance		813,009,910	2,124,550,526
Provision for diminution in value of investments		185,345,656	(106,366,393)
Other provisions		36,959,400	19,525,474
Total Provision		1,035,314,966	2,037,709,607
Profit/(Loss) before taxes		2,859,387,921	2,376,569,428
Provision for taxation	42		
Current tax		1,080,000,000	750,000,000
Deferred tax expense/(income)		209,153,654	(441,165,478)
		1,289,153,654	308,834,522
Net profit after taxation		1,570,234,267	2,067,734,906
Retained earnings brought forward from previous year		3,184,939,855	2,269,105,114
		4,755,174,122	4,336,840,020
Appropriations			
Statutory reserve		571,877,584	475,313,886
General reserve		-	-
Dividend		1,434,362,930	676,586,280
		2,006,240,514	1,151,900,166
Retained surplus		2,748,933,607	3,184,939,854
Earnings Per Share (EPS)	49	1.17	1.54

These financial reports should be read in conjunction with the annexed notes.


Managing Director & CEO



Director


Director


Director

Signed as per our annexed report of same date

29 April 2019
Dhaka


Howladar Yunus & Co.
Chartered Accountants

International Finance Investment and Commerce Bank Limited

Cash Flow Statement

for the year ended 31 December 2018

Amount in BDT

Particulars	Note	2018	2017
A. Cash flows from operating activities			
Interest received		20,788,845,494	16,883,479,561
Interest payments		(12,955,900,475)	(8,979,735,359)
Dividend received		40,611,379	57,296,849
Fees and commission received		1,616,275,359	1,667,194,163
Recoveries of loans and advances previously written-off		165,713,392	106,277,295
Cash payments to employees		(2,584,787,763)	(2,542,567,176)
Cash payments to suppliers		(460,646,290)	(482,189,662)
Income taxes paid		(1,056,598,314)	(796,454,642)
Receipts from other operating activities	43	471,064,423	536,217,165
Payments for other operating activities	44	(1,682,602,848)	(1,724,441,334)
Operating cash flows before changing in operating assets and liabilities		4,341,974,358	4,725,076,860
Increase/(decrease) in operating assets and liabilities			
Statutory deposits		-	-
Purchase/sale of trading securities		-	-
Loans and advances to other banks		-	-
Loans and advances to customers		(27,421,751,453)	(42,859,794,573)
Other assets	46	206,716,709	(387,638,876)
Deposits from other banks		(8,875,257,126)	20,224,643,000
Deposits from customers		33,551,057,955	19,380,109,782
Other liabilities	47	468,677,135	244,452,255
		(2,070,556,780)	(3,398,228,411)
Net cash flows from/(used in) operating activities		2,271,417,578	1,326,848,448
B. Cash flows from investing activities			
Net proceeds/(payments) from sale/(purchase) of Government securities		(3,309,748,707)	(3,195,532,139)
Net proceeds/(payments) from sale/(purchase) of securities		(97,673,892)	535,212,004
Purchase of property, plant & equipment		(2,198,868,226)	(337,324,034)
Proceeds from sale of property, plant & equipment		2,474,163	5,301,340
Net cash flows from/(used in) investing activities		(5,603,816,663)	(2,992,342,829)
C. Cash flows from financing activities			
Borrowing from other banks, financial institution and agents		1,495,851,530	2,646,411,825
Payment against lease obligation		(2,839,044)	(3,620,804)
Receipts from issue of Rights share		-	5,638,219,070
Net cash flows from/(used in) financing activities		1,493,012,486	8,281,010,091
D. Net increase/(decrease) in cash (A+B+C)		(1,839,386,599)	6,615,515,711
E. Effects of exchange rate changes on cash and cash equivalents		(17,831,906)	241,100,083
F. Opening balance of cash and cash equivalents		29,936,265,327	23,079,649,534
G. Closing balance of cash and cash equivalents (D+E+F)		28,079,046,822	29,936,265,327
Closing cash and cash equivalents	45		
Cash in hand		2,885,588,822	2,242,987,643
Balance with Bangladesh Bank and its agent bank(s)		13,121,711,294	13,235,784,939
Balance with other banks and financial institutions		8,099,478,106	10,623,519,845
Money at call and on short notice		3,970,000,000	3,830,000,000
Prize bonds		2,268,600	3,972,900
		28,079,046,822	29,936,265,327

International Finance Investment and Commerce Bank Limited

Statement of Changes in Equity

for the year ended 31 December 2018

Particulars								Amount in BDT
	Paid up capital	Statutory reserve	General reserve	Revaluation reserve against securities	Revaluation reserve against fixed assets	Surplus in profit and loss account	Total	
Balance as at 1 January 2018	11,953,024,420	5,124,540,729	155,071,397	6,229,549	115,314,704	3,184,939,855	20,539,120,655	
Impact of changes in accounting policy	-	-	-	-	-	-	-	
Restated balance as at 1 January 2018	11,953,024,420	5,124,540,729	155,071,397	6,229,549	115,314,704	3,184,939,855	20,539,120,655	
Surplus/deficit on account of revaluation of investments	-	-	-	6,879,297	-	-	6,879,297	
Effect of foreign currency translation	-	-	-	-	-	-	-	
Net gain and losses not recognized in the income statement	11,953,024,420	5,124,540,729	155,071,397	13,108,847	115,314,704	3,184,939,855	20,545,999,952	
Net profit for the year	-	-	-	-	-	1,570,234,267	1,570,234,267	
Bonus share issued for the year 2017	1,434,362,930	-	-	-	-	(1,434,362,930)	-	
Transfer to statutory reserve	-	571,877,584	-	-	-	(571,877,584)	-	
Balance as at 31 December 2018	13,387,387,350	5,696,418,313	155,071,397	13,108,847	115,314,704	2,748,933,607	22,116,234,218	
Balance as at 1 January 2017	5,638,219,070	4,649,226,843	155,071,397	13,387,424	115,314,704	2,269,105,114	12,840,324,552	
Impact of changes in accounting policy	-	-	-	-	-	-	-	
Restated balance as at 1 January 2017	5,638,219,070	4,649,226,843	155,071,397	13,387,424	115,314,704	2,269,105,114	12,840,324,552	
Surplus/deficit on account of revaluation of investments	-	-	-	(7,157,875)	-	-	(7,157,875)	
Net gain and losses not recognized in the income statement	5,638,219,070	4,649,226,843	155,071,397	6,229,549	115,314,704	2,269,105,114	12,833,166,678	
Net profit for the year	-	-	-	-	-	2,067,734,906	2,067,734,906	
Bonus share issued for the year 2016	676,586,280	-	-	-	-	(676,586,280)	-	
Issue of share capital (Rights share)	5,638,219,070	-	-	-	-	-	5,638,219,070	
Transfer to statutory reserve	-	475,313,886	-	-	-	(475,313,886)	-	
Balance as at 31 December 2017	11,953,024,420	5,124,540,729	155,071,397	6,229,549	115,314,704	3,184,939,855	20,539,120,654	

International Finance Investment and Commerce Bank Limited

Liquidity Statement

Maturity Analysis of Assets and Liabilities
as at 31 December 2018

Amount in BDT

Particulars	Maturity Period						Total
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years		
Assets							
Cash in hand (including Bangladesh Bank)	3,856,616,212	123,931,651	123,931,650	-	11,902,820,604		16,007,300,116
Balance with other banks and financial institutions	86,436,223	2,743,041,883	5,270,000,000	-	-		8,099,478,106
Money at call and on short notice	3,970,000,000	-	-	-	-		3,970,000,000
Investment	2,268,600	3,583,458,033	9,151,073,751	12,366,423,831	6,201,161,703		31,304,385,918
Loans and advances	36,377,157,823	29,079,270,104	43,908,901,085	66,212,878,661	31,351,428,034		206,929,635,707
Fixed assets including premises, furniture and fixture	-	543,794,931	815,692,396	2,175,179,723	1,903,282,258		5,437,949,308
Other assets	940,313,791	3,988,885,858	1,880,627,582	1,909,437,412	2,231,793,790		10,951,058,432
Non-banking assets	-	-	-	373,474,800	-		373,474,800
Total assets	45,232,792,650	40,062,382,459	61,150,226,463	83,037,394,427	53,590,486,388		283,073,282,387
Liabilities							
Subordinated debt	-	-	700,000,000	2,800,000,000	-		3,500,000,000
Borrowing from other banks, financial institutions and agents	433,019,551	2,265,916,026	2,323,012,367	4,905,043,200	42,441,134		9,969,432,278
Deposits and other accounts	29,572,411,368	51,688,317,713	63,163,508,843	78,326,109,413	3,582,680,466		226,333,027,803
Other liabilities	2,504,759,142	546,235,931	2,250,053,216	2,003,291,366	13,850,248,432		21,154,588,088
Total liabilities	32,510,190,061	54,500,469,670	68,436,574,426	88,034,443,978	17,475,370,033		260,957,048,169
Net liquidity	12,722,602,589	(14,438,087,212)	(7,286,347,963)	(4,997,049,551)	36,115,116,356		22,116,234,218

Notes to the Financial Statements

as at and for the year ended 31 December 2018

1. Legal Status and Nature of the Bank

1.1 IFIC Bank Limited

IFIC Bank Limited denoted as International Finance Investment and Commerce Bank Limited (hereinafter referred to as “the Bank” / “IFIC”), started its journey in 1976 at the instance of the Government as a joint venture between the Government of Bangladesh and sponsors in the private sector with the objective of working as a finance company. In 1983 when the Government allowed to open up banking in the private sector, the finance company was converted into a full fledged commercial bank and incorporated as a public limited company in Bangladesh under the Companies Act 1913, currently governed under the Banking Companies Act 1991 as amended and rules and regulations issued by Bangladesh Bank. The registered office and principal place of business of the Bank is situated at IFIC Tower, 61, Purana Paltan, Dhaka -1000. Its shares are listed with Dhaka Stock Exchange Limited and Chattogram Stock Exchange Limited.

The Bank has 147 branches and 81 ATM booths with 93 ATMs as on 31 December 2018. The Bank has an Off-shore Banking Unit (OBU) located at Dhaka and also two subsidiary companies (note-1.4) namely IFIC Securities Limited and IFIC Money Transfer (UK) Limited (hereinafter together referred to as “the Group”). Moreover, the Bank has investment in two joint venture/associate companies (note-1.5) in abroad namely Nepal Bangladesh Bank Limited, Nepal and Oman Exchange LLC, Oman. The Bank has also investment in another company in abroad namely MCB Bank Limited, Pakistan (note-1.6).

1.2 Principal activities and nature of operation

The principal activities of the Bank are to provide all types of commercial banking services, within the stipulations laid down by the Banking Companies Act 1991 as amended and directives as received from Bangladesh Bank and other regulatory authorities time to time, through its branches and alternative delivery channels like ATM Booths and Internet Banking etc. During the financial year under review, no significant changes in the nature of the principal activities of the Bank to address.

1.3 Off-shore Banking Unit (OBU)

Off-shore Banking Unit (OBU) is a separate business unit of IFIC Bank Limited. Bank obtained permission for OBU operations from Bangladesh Bank vide its letter no. BRPD (P-3) 744 (104)/2009-4233 dated 17 November 2009. The unit commenced its operation from 10 May 2010. Presently the Bank has one Off-shore Banking Unit in Bangladesh. The OBU is governed under the rules and regulations of Bangladesh Bank. The Financial Statements of the Bank have been prepared including the affairs of OBU. Separate Financial Statements of Off-shore Banking Unit are shown in **Annexure-L**.

1.4 Subsidiaries of the Bank

1.4.1 IFIC Securities Limited

IFIC Securities Limited, a fully owned subsidiary company of IFIC Bank Limited was incorporated as a public limited company in Bangladesh on 2 November 2010 vide certificate of incorporation no. C-87904/10 having registered office at IFIC Tower, 61, Purana Paltan, Dhaka -1000. The total paid up capital of IFIC Securities Limited is Tk. 2,200 million divided into 220 million shares of Tk. 10 each; out of which IFIC Bank Limited holds 219,999,400 shares (99.99%). It acquired membership of Dhaka Stock Exchange Limited for brokerage transaction vide Bangladesh Securities Exchange Commission (BSEC) certificate no. 3.1/DSE-192/2009/316 dated 1 January 2009. The main objectives of the company is to carry out the business of stock brokers/ dealers relating to dealing of shares and securities as well as other related services. The operation of the company starts on 10 March 2011. Audited Financial Statements of IFIC Securities Limited are shown in **Annexure-M**.

1.4.2 IFIC Money Transfer (UK) Limited

IFIC Money Transfer (UK) Limited was incorporated as a private limited company with Companies House of England and Wales under registration no. 07379137 on 16 September 2010. The total paid up capital of IFIC Money Transfer (UK) Limited is GBP 300,000. The company is a wholly owned subsidiary of IFIC Bank Limited. IFIC Money Transfer (UK) Limited obtained Money Laundering registration on 17 January 2011 issued by HM Customs and Excise. The company got registration from Financial Services Authority (FSA) on 16 June 2011 under Payment Services Regulations 2009.

The company commenced its operation on 31 August 2011. The registered office of the company is located at Ferrari House, 2nd Floor, 102 College Road, Harrow, Middlesex, United Kingdom HA1 1ES, London, UK. Audited Financial Statements of IFIC Money Transfer (UK) Limited are shown in **Annexure-N**.

1.5 Joint Ventures/Associates of the Bank

1.5.1 Nepal Bangladesh Bank Limited, Nepal

Nepal Bangladesh Bank Limited (NBBL) was incorporated in Nepal and registered with Office of Company Registrar (50-050/051, dated 14 January 1994) as a public company limited by shares. NBBL was established as a joint venture bank with IFIC Bank Limited, Bangladesh. The Bank started its banking business from 06 June 1994.

The stake of IFIC in the share capital of NBBL is 40.91% and rest of the stake held by other institutions and general public of Nepal. The Bank's total holding is 33,088,433 number of shares out of 80,882,992 number of shares of the Bank. The face value of the share is NRS 100 each. Nepal Bangladesh Bank Limited is listed with Nepal Stock Exchange Limited. IFIC has Management & Technical Service Agreement to provide technical know-how and professional knowledge to strengthen the smooth function of NBBL.

1.5.2 Oman Exchange LLC, Oman

Oman Exchange LLC, an exchange company incorporated under the laws of the Sultanate of Oman. Its registered office is Building no. 4699, Way no. 4567, Hamriya, PO Box 114, Post code 994, Hey Al Mina, Hamriya, Muscat, Sultanate of Oman. It was established in 1985 as a joint venture between IFIC Bank Limited and Oman Nationals, to facilitate remittance by Bangladeshi wage earners in Oman. IFIC Bank holds 25% shares and the rest 75% shares is held by the Omani sponsors.

1.6 Investment in MCB Bank Ltd, Pakistan

IFIC Bank had two branches in Pakistan, one at Karachi and the other at Lahore. Karachi Branch was opened on 26 April 1987, while the Lahore Branch was opened on 23 December 1993.

To meet the Minimum Capital Requirement of the State Bank of Pakistan, Pakistan branches of IFIC merged with a reputed leasing company named NDLC and renamed the same as NDLC-IFIC Bank Limited with effect from 02 October 2003 and it was subsequently renamed as NIB Bank Limited with effect from 28 November 2005. In 2017 NIB Bank Limited merged with MCB Bank Limited and IFIC Bank owned 175,508 shares of MCB Bank Limited.

2 Basis of Preparation and Significant Accounting Policies

2.1 Basis of preparation

2.1.1 Statement of compliance

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed 2017 but yet to issue financial reporting standards for public interest entities such as Banks. The Banking Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly the separate and the consolidated financial statements of the Group comprising the Bank, its subsidiaries and its associates (hereinafter "the/these financial statements") as at and for the year ended 31 December 2018 continue to be prepared in accordance with IFRSs, IASs and the "First Schedule" (section 38) of the Banking Companies Act 1991 as amended, BRPD Circular number 14 dated 25 June 2003 and other Bangladesh Bank Circulars.

The Bank complied with the requirements of following laws and regulations from various Government bodies:

- i) The Banking Companies Act 1991;
- ii) The Companies Act 1994;
- iii) Rules and Regulations Issued by Bangladesh Bank;
- iv) Bangladesh Securities and Exchange Rules 1987, Bangladesh Securities and Exchange Ordinance 1969, Bangladesh Securities and Exchange Act 1993, Bangladesh Securities and

Exchange Commission IPO Rules 2006 and notifications thereon;

- v) The Income Tax Ordinance 1984 and amendment thereon;
- vi) The Value Added Tax Act 1991 and amendment thereon;
- vii) Dhaka Stock Exchange Limited (DSE), Chattogram Stock Exchange Limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations;

In case any requirement of the Banking Companies Act 1991 and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs and IASs, the requirement of the Banking Companies Act 1991 and provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Group and the Bank has departed from those contradictory requirements of IASs and IFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Investment in shares and securities

IAS/IFRS: As per requirements of IFRS 9: *Financial Instruments*, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income, respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet, respectively. Provision should be made for any loss arising from diminution in value of investment (portfolio basis); otherwise investments are recognized at cost.

ii) Revaluation gains/losses on Government securities

IAS/IFRS: As per requirement of IFRS 9: *Financial Instruments*, where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognized through the profit and loss account. Securities designated as amortized cost are measured at effective interest rate method and interest income is recognized through the profit and loss account.

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

iii) Repo and reverse repo transactions

IAS/IFRS: As per IFRS 9: *Financial Instruments*, when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognized at amortized cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per DOS circular letter no. 6 dated 15 July 2010 and subsequent clarification in DOS circular no. 2 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial asset is derecognized in the seller's book and recognized in the buyer's book.

In addition to that as per DMD circular letter no. 7 dated 29 July 2012, non-primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may carry out collateralized repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognize the asset.

iv) Provision on loans and advances/investments

IAS/IFRS: As per IFRS 9: *Financial Instruments*, an entity shall recognize an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 5 dated 29 May 2013, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 15 dated 27 September 2017 and BRPD circular no. 1 dated 20 February 2018 a general provision at 0.25% to 5% under different categories of unclassified/standard loans has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad & loss loans has to be provided at 20%, 50% and 100% respectively depending on the duration of past due of loans and advances. Again general provision at 1% is required to be provided for off-balance sheet exposures as per BRPD circular no. 10 dated 18 September 2007, BRPD circular no. 7 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018. Moreover, a provision for Short-Term Agricultural and Micro-Credits has to be provided at the rate of 5% for 'sub-standard' and 'doubtful' loans and at the rate of 100% provision for the 'bad/Loss' loans. As per BRPD circular no. 4 dated 29 January 2015, 1% additional provision have to be maintained for large restructured loan. Such provision policies are not specifically in line with those prescribed by IFRS 9.

v) Recognition of interest in suspense

IAS/IFRS: Loans and advances to customers are generally classified at amortized cost as per IFRS 9 and interest income is recognized by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortized cost of these loans and advances.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount transferred/credited to an interest in suspense account and shown as liability in the balance sheet.

vi) Other comprehensive income

IAS/IFRS: As per IAS 1: *Presentation of Financial Statements*, Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The template of financial statements issued by Bangladesh Bank neither include OCI nor the elements of OCI are allowed to be included in a single OCI Statement. As such the Bank does not prepare the OCI statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vii) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements cannot be made in the financial statements as per IFRS 7: *Financial Instruments Disclosures* and IAS 32: *Financial Instruments: Presentation*.

viii) Financial guarantees

IAS/IFRS: As per IFRS 9: *Financial Instruments*, 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 term of debt instruments. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized amount and the over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and loss

allowance determined expected credit loss under IFRS 9. Financial guarantees are prescribed to be included within other liabilities.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, financial guarantees such as Letter of Credit, Letter of Guarantee should be treated as off balance items. No liability is recognized for the guarantee except the cash margin.

ix) Cash and cash equivalent

IAS/IFRS: Cash and cash equivalents items should be reported as cash item as per IAS 7: *Statement of Cash Flows*.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet. Treasury bills, Bangladesh Bank bills and prize bonds are shown under investments in the balance sheet. However, in the Cash Flow Statement, money at call and on short notice and prize bonds are shown as cash and cash equivalents beside cash in hand, balance with Bangladesh Bank and other banks.

x) Non-banking asset

IAS/IFRS: No indication of Non-banking asset is found in any IAS/IFRS.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, there is a separate balance sheet item named Non-banking assets existed in the standard format.

xi) Cash flow statement

IAS/IFRS: As per IAS 7: *Statements of Cash Flows*, 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: Bangladesh Bank as a primary regulator prescribed the template of the cash flow statement in BRPD circular no. 14 dated 25 June 2003 and the Bank prepared cash flow statement as per this circular.

xii) Balance with Bangladesh Bank: (Cash Reserve Requirement - CRR)

IAS/IFRS: As per IAS 7: *Statements of Cash Flows*, Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations.

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

xiii) Presentation of intangible asset

IAS/IFRS: Intangible asset must be identified, recognized and disclosed in the financial statements as per IAS 38: *Intangible Assets*.

Bangladesh Bank: There is no regulation for disclosure of intangible assets in BRPD circular no. 14 dated 25 June 2003.

xiv) Off-balance sheet items

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

Bangladesh Bank: As per BRPD circular no. 14, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xv) Disclosure of appropriation of profit

IAS/IFRS: There is no requirement to show appropriation of profit on the face of Profit and Loss Account.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, an appropriation of profit should be disclosed on the face of profit and Loss Account.

xvi) Loans and advances/Investments net off provision

IAS/IFRS: As per IAS 9, loans and advances/Investments should be presented in the financial statements after net off provision.

Bangladesh Bank: As per BRPD circular no. 14, provision for loans, advances and investments are presented separately as liability and can not be netted off against the outstanding balance of loans, advances and investment.

2.1.2 Basis of measurement

These financial statements have been prepared on historical cost basis except the following:

- Government treasury bills and bonds considered as 'Held for Trading (HFT)' are measured at present value using "mark to market" with gains credited directly to revaluation reserve but loss charged to Profit and Loss Account.
- Government Treasury Bills and Bonds considered as 'Held to Maturity (HTM)' are measured at present value using amortization concept.
- Zero Coupon Bond are measured at present value using amortization concept.
- Land is recognized at cost at the time of acquisition and subsequently measured at fair value following revaluation model as per IAS 16: Property Plant and Equipment.

No adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the bank, as appropriate.

2.1.3 Reporting period

These financial statements cover 1 year from 1 January to 31 December which has been followed consistently over the period. The reporting period of the subsidiaries namely IFIC Securities Limited and IFIC Money Transfer (UK) Limited and one of the associates Oman Exchange LLC is in line with that of the parent i.e. IFIC Bank Limited. The reporting period of Nepal Bangladesh Bank Limited is as per Nepalese Calendar Year which generally ends around 15/16 July of each year. Due to that reason the operating results of Nepal Bangladesh Bank Limited have been adjusted proportionately in line with the reporting period of its parent i.e. IFIC Bank Limited during calculation of share of post-acquisition profit from associates in its consolidated financial statement.

2.1.4 Directors' responsibility statement

The Board of Directors is responsible for the preparation and presentation of the financial statements under section 183 of the Companies Act 1994.

2.1.5 Date of authorization

The Board of Directors has authorized these financial statements for public issue on 29 April 2019.

2.1.6 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka (BDT/Tk.) which is the Group's and the Bank's functional currency. Functional currency of Off-shore Banking Unit and one of subsidiaries namely IFIC Money Transfer (UK) Limited is US Dollar (USD) and Great Britain Pound (GBP) respectively. Functional currency for two associates - Oman Exchange LLC and Nepal Bangladesh Bank Limited is Omani Rial and Nepalese Rupee respectively. Financial information presented in BDT has been rounded off to nearest integer, except otherwise indicated. The financial statement and information of the subsidiaries and joint venture/associates whose functional currency is different than that of IFIC Bank Limited has been translated in the presentation currency i.e. BDT as per IAS 21: The Effects of Changes in Foreign Exchange Rates, where applicable.

2.1.7 Use of estimates and judgments

In the preparation of the financial statements of the Bank in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the measurement of assets, liabilities, income and expenses. Accordingly, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, 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 are described below:

- a) Provision for loans, advances and investments
- b) Revaluation of land & buildings
- c) Deferred tax assets/liabilities
- d) Useful life of depreciable assets
- e) Measurement of defined benefit obligation (Provision for gratuity)
- f) Provision / accruals for expenses

- g) Provision for current taxation
- h) Contingent Liability (Letter of Guarantee)

2.1.7.1 Changes in accounting estimates

Changes are reflected in the assumptions when they occur in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. During the year, the bank has not adopted any change of accounting estimates and consistency applies in same accounting estimates of the previous period.

2.1.8 Going concern

The accompanying financial statements have been prepared on a going concern assumption that the Bank is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Bank has neither the intention nor the need to liquidate or curtail materially the scale of its operation. The accompanying financial statements do not include any adjustments should the Bank be unable to continue as a going concern.

The management of the Bank has calculated all the ratios related to the maintenance of regulatory requirements of capital & liquidity such as CRAR, LCR, NSFR, Leverage ratio, CRR & SLR and assessed adequacy of bank's liquidity as per structured liquidity profile to determine bank's shock absorbent capacity in different distress scenario. All the ratios and results thus calculated reveal that Bank is running well above the level of different parameters set by the respective guidelines of Bangladesh Bank.

2.1.9 Cash flow statement

Cash flow statement has been prepared in accordance with IAS 7: Statement of Cash Flows, and under the guideline of Bangladesh Bank, BRPD circular no. 14 dated 25 June 2003. As per BRPD circular no. 14, banks are not guided to disclose a reconciliation of net income or net profit with cash flows from operating activities making adjustments for non-cash items, for nonoperation items and for the net changes in operating accruals.

2.1.10 Statement of changes in equity

Statement of changes in equity has been prepared in accordance with IAS 1: Presentation of Financial Statements, and following the guidelines of Bangladesh Bank, BRPD Circular no. 14 dated 25 June 2003 which reflects information about the increase or decrease in net assets or wealth during the period.

2.1.11 Liquidity statement

The liquidity statement has been prepared in accordance with the remaining maturity grouping of the value of the assets and liabilities as on the reporting date under the guidelines of Bangladesh Bank BRPD circular No. 14 dated 25 June 2003. Following bases are used for preparation of the statement:

Particulars	Basis
Balance with other Banks and financial institutions	Maturity term
Money at call and on short notice	Maturity term
Investments	Respective residual maturity
Loans and advances	Repayment schedule
Fixed assets	Useful lives
Other assets	Realization / amortization
Sub-ordinated debt	Maturity / repayment terms
Borrowing from other Banks, financial institutions	Maturity / repayment terms
Deposits and other accounts	Maturity term and past trend of withdrawal
Provisions and other liabilities	Settlement / Payment / adjustments schedule

2.1.12 Materiality and aggregation

Each material item considered by management as significant has been presented separately in the financial statements. No assets has been set off against any liability except IFIC General Account and unless the Bank has a legal right to set off such amount and intends to settle on net basis. Income

and expenses are presented on a net basis only when permitted by the relevant financial reporting standards.

2.1.13 Comparative information

The accounting policies have been consistently applied by the bank and are consistent with those used in the previous year. Comparative amounts in the financial statements have been reclassified and rearranged to conform to the current period's presentation. The Bank did not restate its comparative figures which affect the related implications of IAS 1: Presentation of Financial Statements.

2.1.14 Basis of consolidated and separate financial statements

The consolidated financial statements include the financial statements of IFIC Bank Limited and its subsidiaries, IFIC Securities Limited operating in Bangladesh and IFIC Money Transfer (UK) Limited operating in United Kingdom as those of a single economic entity. The separate financial statements are derived by combining the financial statements of main operation of IFIC Bank Limited and the financial statements of Off-shore Banking Unit operating in Bangladesh.

The consolidated and separate financial statements have been prepared in accordance with IAS 27: Separate Financial Statements and IFRS 10: Consolidated Financial Statements. The consolidated financial statements are prepared to a common year ended 31 December 2018. Since the reporting period of Nepal Bangladesh Bank Limited is different from that of the parent so necessary adjustments have been made to the financial results at the time of consolidation. Both consolidated financial statements and separate financial statements of the Bank comprises Balance Sheet, Profit & Loss Statement, Cash Flow Statement, Statement of Changes in Equity and relevant notes and disclosures.

2.1.14.1 Subsidiaries

Subsidiaries are all entities over which the bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. A parent of a subsidiary should present consolidated financial statements according to IAS 27: Separate financial statements and IFRS 10: Consolidated Financial Statements. The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases.

The financial statements of such subsidiary companies are incorporated on a line by line basis and investment held by the bank is eliminated against the corresponding share capital of subsidiaries in the consolidated financial statements.

2.1.14.2 Associates

An associate is an enterprise in which the investor has significant influence and which is neither subsidiary nor a joint venture of the investor (IAS 28: Investments in Associates). Significant influence is the power to participate in the financial and operating policy decisions of the investee but there is no control over those policies. Investment in associate is accounted for in the financial statements under the "equity method". Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognize the investor's share of the profits and losses of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognized in the investor's profit and loss account. Distributions received from an investee reduce the carrying amount of the investment.

2.1.14.3 Transactions eliminated on consolidation

All intra-group transactions, balances and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gain, but only to the extent that there are no evidence of impairment.

2.2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by group entities except otherwise instructed by Bangladesh Bank as prime regulator.

2.2.1 Assets and basis of their measurement

2.2.1.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, cash at bank, unrestricted balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions,

money at call and on short notice and such other highly liquid financial assets which are subject to insignificant risk of changes in their value and are used by the Bank management for its short term commitments.

2.2.1.2 Investment

All investments (except government treasury bill and bond) have been initially recognized at cost, including acquisition charges associated with the investment. Premiums have been amortized and discount accredited by using the effective or historical yield method. Government Treasury Bills and Bonds (categorized as HFT and/or HTM) are accounted for as per Bangladesh Bank DOS circular letter no. 5 dated 26 May 2008 and DOS circular no. 5 dated 28 January 2009. The valuation methods of investment used are :

i) Govt. securities - Held to Maturity (HTM)

Investments which are intended to be held to maturity are classified as “Held to Maturity”. These are measured at amortized cost at each period end by taking into account any discount or premium in acquisition. Amortized amount of such premium are booked into Profit and Loss Account or discount is booked to reserve until maturity/disposal.

ii) Govt. securities - Held for Trading (HFT)

Investment primarily held for selling/trading is classified in this category. After initial recognition, investments are revalued weekly basis on mark to market policy. Decrease in the book value is recognized in the profit and loss account and any increase is transferred to revaluation reserve account.

iii) Investment in quoted shares/securities

These shares/securities are bought and held primarily for the purpose of selling in future or for dividend income. Investment in quoted shares/securities are revalued at the end of the reporting period and necessary provisions are maintained for diminution in value of investments in quoted shares/securities in line with Bangladesh Bank requirement. Realized gain or losses are recognized in the profit and loss account.

iv) Investment in unquoted shares/securities

Investment in unquoted shares/securities are initially recognized at cost and revalued based on book value of last audited balance sheet. Provision arising from diminution in value of investment recognized in profit and loss accounts as per Bangladesh Bank guidelines.

v) Investment in subsidiary

Investment in subsidiary is accounted for under the cost method of accounting and presented in the Bank’s consolidated financial statements as that of a single economic entity in accordance with the IAS 27: Separate Financial Statements and IFRS 10: Consolidated Financial Statements.

vi) Investment in associates

Investment in associates are accounted for using the equity method (equity accounted investees) in the consolidated financial statements as per IAS 28: Investment in Associates. The consolidated financial statements include the IFIC’s share of the profit and loss of equity accounted investees, after adjustments to align the accounting policies with those of the IFIC Bank Limited, from the date that significant influence commences until the date that significant influence ceases.

2.2.1.3 Loans and advances

i) Loans and advances are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not sell in the normal course of business. It has been stated at gross value as per requirements of the Banking Companies Act, 1991 as amended. General provisions on unclassified loans and contingent assets, specific provisions for classified loans and interest suspense thereon are shown under other liabilities.

ii) Provision for loans and advances are made on the basis of instructions contained in Bangladesh Bank BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 5 dated 29 May 2013, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 15 dated 27 September 2017, BRPD circular no. 1 dated 20 February 2018, BRPD circular no. 7 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018. As per BRPD circular no. 4 dated 29 January 2015, 1% additional provision has to be maintained for restructured large loan.

The provision rates are given below:

Types of loan and advances		Provision				
		STD	SMA	SS	DF	BL
Consumer	Housing finance	1%	1%	20%	50%	100%
	Professionals	2%	2%	20%	50%	100%
	Other than housing finance & professionals to set up business	5%	5%	20%	50%	100%
Provision for loan to broker house, merchant banks, stock dealers etc.		2%	2%	20%	50%	100%
Short-term agri-credit and micro credit		1%	1%	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%
Off-balance sheet		1%				

iii) Interest is calculated on classified loans and advances as per BRPD circular no. 14 dated 23 September 2012 and recognized as income on realization.

iv) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) against which legal cases are filed and (iii) classified as bad/loss for more than the stipulated period as per guidelines of Bangladesh Bank. These write off however, will not undermine/affect the claim amount against the borrower.

A separate Remedial Asset Management (RAM) monitors loans written off and legal action taken through the money loan court by the in-house law division. The RAM maintains a separate record for all individual cases written off by each branch. The RAM follow-up on the recovery efforts of these written off loans and reports to management on a periodic basis. Written off loans and advances are reported to the Credit Information Bureau (CIB) of Bangladesh Bank.

v) As per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012 the Bank has recognized 1% General Provision on the following off balance sheet exposures considering the exemption as provided through BRPD circular no. 10 dated 18 September 2007, BRPD circular no. 1 dated 03 January 2018, BRPD circular no. 7 dated 21 June 2018 and BRPD circular no.13 dated 18 October 2018.

- Acceptance and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Foreign exchange contracts

2.2.1.4 Stock of stationery

Stock of stationery e.g. security stationery, printing stationery etc. has been shown under other assets and is valued at cost.

2.2.1.5 Fixed assets and depreciation

A. Acquisition through outright purchase

i) Fixed assets are stated at cost/revalued amount less accumulated depreciation for those acquired through outright purchase except Land. Land is initially measured at cost and then recognized at revalued amount. The bank has charged depreciation using straight line method and the useful of the fixed assets under different categories as follows:

Particulars	Useful Life (Years)
Building	40
Wooden Furniture	10
Steel Furniture	15
Office Equipment	5
Computer	5

Particulars	Useful Life (Years)
Electrical & Gas Equipment	8
Leasehold improvement	10
Vehicles	5
Soft furnishing	3

- ii) Land is initially recognized at cost and subsequently carried at revalued amount following revaluation model as per IAS 16: Property, plant and equipment. The Bank regularly reviews if the fair value of Land is materially different from its carrying amount or book value and if it is observed that there is material differences between carrying amount and fair value then complete revaluation by professional valuer is carried out and any changes in fair value over cost is adjusted in revaluation reserve account in equity.
- iii) Depreciation on fixed assets except Land is charged from when the assets become ready to be used and no depreciation is charged in the month of asset is disposed. Land and building are revalued in sufficient regularity and gain/(loss) on revaluation recognized in equity under the head 'Revaluation reserve against fixed assets' in the financial statements.
- iv) Assets that take some time to get it ready for use such as construction or improvement of building or implementation of new system etc. are initially kept as capital work in progress and once ready/available for use then it is transferred to respective category of fixed assets and calculation of depreciation starts accordingly.

B. Acquisition under finance lease

Assets acquired under finance lease are stated at cost less accumulated depreciation. Leased assets are depreciated in a consistent and systematic basis among the useful life. The useful life of leased assets are determined considering its economic life and lease term, whichever is lower.

2.2.1.6 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. It comprises the value of computer application software licensed for the Bank, other than software applied to the operating systems of computers. An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Bank over a period of time and the cost of the asset can be measured reliably as per IAS 38: Intangible Assets. Intangible assets acquired separately are recorded on initial recognition at costs and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure on intangible asset

Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are charged as expense to the profit and loss account as and when they are incurred.

Amortization of intangible asset

Intangible assets are amortized on straight line method to the profit and loss account from the year when the asset is available for use. Intangible asset i.e. acquisition cost of the computer application software is amortized over its useful life which is usually 10 years or among the period of license of the concerned software.

2.2.1.7 Impairment of assets

An asset is impaired when its carrying amount exceeds its recoverable amount as per IAS 36: Impairment of Assets. The Bank assesses at the end of each reporting period whether there is any indication that an asset may be impaired. The impairment test is also made whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. If any such indication exists, the Bank makes an estimate of the recoverable amount of such assets. Upon estimation, if the recoverable amount is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and resultant impairment losses are recognized in the profit and loss account.

However, the Bank has no such condition which makes any indication that might be suggestive for a heightened risk of existence of impairment at the reporting date.

2.2.1.8 Leasing

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases.

When the Bank is a lessee under finance leases, the leased assets are capitalized and included in “fixed assets” and the corresponding liability to the lessor is included in “Borrowing”. A finance lease and its corresponding liability are recognized initially at the fair value of the asset or, if lower, the present value of the minimum lease payments. Finance charges payable are recognized as interest expense over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.

All other leases are classified as operating leases. When the Bank is the lessee under an operating lease, leased assets are not recognized in the balance sheet. Rentals payable, including rent paid in advance, under operating leases are accounted for on a straight-line basis over the period of the lease, unless another systematic basis is more representative of the time pattern of the user's benefit, and are included in “Rent expenses”.

2.2.1.9 Other assets

Other assets include mainly advance office rent, payment of advance income tax has not been closed yet and all other financial assets, fees and other unrealized income receivable, advance for operating and capital expenditure and stocks of stationery and stamps etc. Any part of other assets which is unadjusted more than 12 months subject to make provision as per BRPD circular no.14 dated 25 June 2001.

2.2.2 Liabilities, provisions and basis of their measurement

The Bank recognizes provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognized for -

- a. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or
- b. Any present obligation that arises from past events but is not recognized because-
 - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as contingent liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for except in the extremely rare circumstances where no reliable estimate can be made. Contingent assets are not recognized in the financial statement since this may result in the recognition of income that may never be realized.

2.2.2.1 Borrowings from other banks, financial institutions and agents

Borrowing funds include call money deposits, borrowings under re-finance scheme, obligation under lease finance and other short term and long term borrowings from banks and financial institutions. Interest paid/payable on these borrowings is charged to the profit and loss accounts.

2.2.2.2 Deposits and other accounts

Deposits and other accounts include interest and non-interest bearing demand and time deposits received from the customers/depositors in the form of current, savings and term deposits etc. Interest paid/payable is charged to the profit and loss account. Deposits by customers and banks are recognized when the Bank enters into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and initially measured at the consideration received.

2.2.2.3 Other liabilities

Other liabilities comprise items such as provision for loans and advances, provision for taxes, interest payable, interest suspense and accrued expenses. Other liability is recognized in the balance sheet according to the guideline of Bangladesh Bank, IAS and IFRS, Income Tax Ordinance 1984 and internal policies of the bank. Provisions and accrued expenses are recognized in the financial statements when the bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.2.2.4 Provision for taxation

Income tax on profit for the year comprises current and deferred tax and is based on the applicable tax law in Bangladesh. It is recognized in the Profit and Loss Account.

i) Current tax

Provision for taxation has been made as per Income Tax Ordinance 1984 on the profit made by the bank after considering taxable add backs of income and disallowances of expenditure as per tax laws as well as excess or deficit in provision made in previous years.

ii) Deferred tax

The Bank accounted for deferred tax as per IAS 12: Income Taxes, Income Tax Ordinance (ITO) 1984 and BRPD circular no. 11 dated 12 December 2011 issued by the Bangladesh Bank. It is generated by temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

Deferred tax assets, including specific provision (only doubtful and bad / loss) against the classified loans and advances, the tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and credits can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences. They are also recognized for taxable temporary differences arising on investments and it is probable that temporary differences will not reverse in the foreseeable future. Deferred tax assets associated with these interests are recognized only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and there will be sufficient taxable profits against which to utilize the benefits of the temporary difference.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement reflects the tax consequences that would follow from the manner in which the bank, at the reporting date, recovers or settles the carrying amount of its assets and liabilities.

2.2.2.5 Provision for diminution in value of investments

Provision for diminution of value of quoted shares and mutual funds (closed-end), placed under other liability, has been made on portfolio basis (gain net off) following DOS circular no. 4 dated 24 November 2011 and DOS circular letter no. 3 dated 12 March 2015 respectively. For unquoted shares, provision has been made based on available NAV of respective number of units. As on the reporting date, the Bank does not hold any open-end mutual fund.

Provision against investment in associate/joint venture have been calculated as per instructions of Bangladesh Bank vide letter no. DOS(SR)/1153/161/11/2017-1348 dated 23 March 2017. As per Bangladesh Bank instruction provision is to be maintained if cost is higher than lower of NAV and market value (if applicable).

2.2.2.6 Provision for Nostro Account

Provisions for unsettled transactions made on nostro accounts are reviewed on a quarterly basis by the management and certified by the Bank's external auditors on a semi-annual basis as per circular letter no. FEPD(FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank.

2.2.2.7 Provision for Off-balance sheet items

Under general banking transactions liabilities against acceptance, endorsement and other obligations and bills against which acceptance has been given and claim exists there against have been shown as off balance sheet items. General provision at the rate 1% has been made for the off balance sheet exposures considering the exemption as provided through as per instruction contained in Bangladesh Bank BRPD circular no. 10 dated 18 September 2007, BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 1 dated 03 January 2018, BRPD circular no. 7 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018.

2.2.2.8 Employee benefits

Accounting recognition and measurement, as well as the disclosures requirements for different benefit schemes for employees are the followings:

i) Provident fund (Defined Contributory Plan)

“Defined Contribution Plan” is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident fund benefits are given to the staff of the bank in accordance with the registered Provident fund rules. The commissioner of Income Tax, Dhaka has approved

the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from 20 May 1987. The fund is operated by a Board of Trustees consisting of 05 (five) members of the bank. All confirmed employees of the bank are contributing 10% of their basic salary as subscription of the fund. The bank also contributes equal amount of the employees' contribution to the fund. Upon completion of 5 years of service length after confirmation employees are entitled to 100% of employer's contribution along with his/her own contribution. Interest earned from the investments is credited to the members' account on half yearly basis.

ii) Gratuity Fund (Defined Benefit Plan)

Gratuity fund benefits are given to the staff of the bank in accordance with the approved Gratuity fund rules. National Board of Revenue has approved the Gratuity fund as a recognized Gratuity fund on 8 October 2007. The fund is operated by a Board of Trustees consisting of 6 (six) members of the bank. Employees are entitled to Gratuity benefit after completion of minimum 10 (ten) years of service in the Company. The Gratuity is calculated on the basis of average basic pay earned during immediately preceding 12 months and is payable at the different applicable rate on the year of service as defined in the "IFIC Bank Employees' Gratuity Fund" which is a funded Gratuity Fund.

iii) Worker's Profit Participation Fund (WPPF)

Consistent with the industry practice and in accordance with the Banking Companies Act 1991, no provision has been made for WPPF.

iv) Other Employee Benefits

Life Insurance

The objective of the scheme is to provide death or permanent disability benefits to its confirmed employees and their families based on the designation as defined in Insurance Coverage Scheme of the Bank.

Hospitalization Insurance

The Bank has introduced a health insurance scheme to its confirmed employees and their spouse with 2 (two) children at rates provided in the Insurance Coverage Scheme of the Bank.

Performance bonus

Bank provides the bonus to the eligible employees based on their performance and management decision. The bonus amount is paid annually, normally by the half of the every following year and the costs are accounted for in the period to which it relates.

Mandatory Annual leave / Leave Fare Assistance

The provision for leave fare assistance represents the current outstanding liability to employees at the balance sheet date. Leave Fare Assistance (LFA) is a non-recurring benefit for all permanent employees of the Bank who are entitled to annual leave. According to Bangladesh Bank policy all permanent employees have to avail 15 consecutive days of mandatory leave and LFA will be given in this / for the leave period.

Subsidized loan scheme

IFIC has scheme to provide Salary Over Draft and Staff House Building Loan to its eligible staff as per policy of the Bank.

2.2.3 Revenue recognition

i) Interest income

Interest income is recognized on an accruals basis, Interest on loans and advances ceases to taken into income when such advances are classified, kept in interest suspense account. Interest on classified advances is accounted for on realization basis as per Bangladesh Bank guidelines.

ii) Investment income

Income on investments is recognized on accrual basis. Investment income includes interest on treasury bills, treasury bond and term placement with others banks. Capital gain/loss is recognized at the time of realization.

iii) Dividend income on shares

Dividends are recognized in Profit and Loss Account only when the Bank's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Bank and the amount of the dividend can be measured reliably as per IFRS 9: Financial Instruments.

iv) Fees and commission income

The Bank earns fees and commission from a diverse range of service provided to its customers. These include fees and commission income arising on financial and other services provided by the bank including trade finance, credit/debit cards, remittances, locker facilities, SMS banking and service charge on various accounts.

v) Exchange gain/(loss)

Exchange gain/(loss) includes all gains and losses from foreign currency transactions.

vi) Gain or loss on sale of property, plant and equipment

The gain or loss on disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is recognized as an item of other income in the year in which the significant risks and rewards of ownership and transferred to buyer.

2.2.3.1 Interest paid on deposits and borrowings

In terms of the provisions of the IAS 1: Presentation of the Financial Statements interest expenses are recognized on accrual basis.

2.2.3.2 Interest on subordinated debt

Interest on subordinated debt is recognized on accrual basis and paid as per the respective terms of interest payment.

2.2.3.3 Management and other expenses

General and administrative expenses of the Bank are recognized on accrual basis.

2.2.4 General

2.2.4.1 Share capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

i) Authorized capital

Authorized capital is the maximum amount of share capital that the bank is authorized by its Memorandum and Articles of Association

ii) Paid up share capital

Paid up share capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

2.2.4.2 Statutory reserve

As per the section 24 (1) of the Banking Companies Act, 1991 as amended, the Bank is required to transfer at least 20% of its current year profit before tax to the statutory reserve until such reserve equals to Paid up capital.

2.2.4.3 Fixed assets revaluation reserve

When an asset's carrying amount is increased as a result of a revaluation the increase amount should be credited directly to equity under the heading of revaluation surplus/reserve as per IAS 16: Property, Plant and Equipment. The Bank revalued the land which is absolutely owned by the Bank and the increased amount was transferred to revaluation reserve.

2.2.4.4 Non controlling interest

Non-controlling interests are measured at their proportionate share of the acquires identifiable net assets at the date of acquisition as per IFRS 3: Business Combinations. The bank presents the non-controlling interests in the consolidated balance sheet within equity, separately from the equity of the owners of parent as per IFRS 10: Consolidated Financial Statements. Changes in Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction as per IFRS 10. The Bank attributes the profit and loss to the owners of the parent and to the non-controlling interests even if the results in the non-controlling interest having a deficit balance as per provision of IFRS 10. When the proportion of the equity held by the non-controlling interests changes, the bank adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary and recognized directly in equity for any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent by as per provision of IFRS 10.

2.2.4.5 Reconciliation of books of account

Books of account with regard to inter bank (in Bangladesh and outside Bangladesh) and inter branch transactions are reconciled and no material differences exist which may affect the financial statements significantly.

2.2.4.6 Earnings per share (EPS)

Earning per share (EPS) has been computed as per IAS 33: Earnings Per Share by dividing the basic earning by the weighted average number of ordinary Shares outstanding as at 31 December 2018 which has been shown on the face of the profit and loss account.

i) Basic earnings per share

This represents earnings for the period attributable to ordinary shareholders. As there was no preference shares, the net profit after tax for the period has been considered as fully attributable to the ordinary shareholders. This has been calculated by dividing the net profit after tax attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

ii) Weighted average number of ordinary shares outstanding

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

The basis of computation of number of shares is in line with the provisions of IAS 33: Earnings per share. The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings. In contrast, other shares were issued against consideration in cash or in kind, and accordingly there is an increase in recourses generating new earnings.

iii) Diluted earnings per share

No diluted earnings per share is required to be calculated for the period as there was no dilutive potential ordinary share during the period.

2.2.5 Foreign currency

2.2.5.1 Foreign currency transactions

Foreign currency transactions are translated into the Bank's functional currency at the exchange rates prevailing on the respective date of such transactions as per IAS 21: The Effect of Changes in Foreign Exchange Rates. Monetary assets and liabilities in foreign currencies at the reporting date are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank. Foreign exchange differences are generally recognized in the profit and loss account.

2.2.5.2 Foreign operations

The results of financial statements of the Bank whose functional currency is not Bangladesh Taka are translated into Bangladesh taka as follows:

- A.** assets and liabilities for each statement of balance sheet have been translated at the closing rate on the date of balance sheet.
- B.** income and expenses for the profit and Loss account have been translated at monthly average rate.

2.2.6 Related party transactions

As per IAS 24: *Related Party Disclosures*, parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. The Bank carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per IAS 24: *Related Party Disclosures*, Bangladesh Bank and BSEC guidelines. Details of the related party transactions have been disclosed in **Annexure-F**.

2.2.7 Operating segments

The Bank has identified the reportable segments based on the geographical locations which are the consolidated major strategic business units/entities. The strategic business units offer different products and services, and are managed separately based on the management and internal reporting structure of the group. Details of the segment of the Bank have been disclosed in Annexure-I.

2.2.8 Events after the reporting period

As per IAS 10: Events after the Reporting Period, events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:

- (a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and
- (b) Non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

All material event occurring after the reporting period has been considered and where necessary, adjusted for or adequately disclosed in the financial statements.

2.2.9 Subordinated debt

In 2016, the Bank with prior consent of Bangladesh Securities and Exchange Commission (vide letter no. BSEC/CI/DS-32/2015/644 dated 28 December 2015) and Bangladesh Bank (vide letter no. BRPD(BFIS)661/18B(P)/2016-938 dated 8 February 2016 and BRPD(BFIS)661/18B(P)/2016-2475 dated 17 April 2016) issued 07 (seven) years Non-Convertible Coupon Bearing Subordinated Bonds as a part of eligible capital under Tier-II as per Basel-III. The issued instrument is un-secured, non-convertible in nature and will be redeemed at 20% of its face value each year which will start at the end of 3rd year i.e. May 2019.

The rate of interest of the Bond is Reference Rate + 4.8% Margin, where Reference Rate is the latest 182 days Bangladesh Govt. T-Bill rate. Coupon floor rate is 7.0% and coupon ceiling rate is 11.0%. Coupon to be paid semi-annually. This subordinated bond has been rated by CRAB as AA3 (Hyb) in Long Term category with 'Stable' outlook valid up to 28 June 2019 which is judged to be of very high quality, subject to very low credit risk.

2.2.10 Risk management

Risk is the exposure to uncertainty and risk exposure is the extent to which an entity is sensitive to underlying risks. Risk management is the process by which an organization defines the level of risk to be taken, measures the level of risk being taken and adjusts the later toward the former, with the goal of maximizing the company's value. Risk management is not about minimizing risk, but about actively managing risks to achieve goals. The standards of Risk Management as guided by the Bank for International Settlements (BIS) and particularly Basel Committee on Banking Supervision (BCBS), has been applied by bank regulators across the world. Bangladesh Bank also issued risk management guidelines which forms the basis of risk management of all scheduled banks in Bangladesh. The guidelines require that the banks adopt enhanced policies and procedures of risk management.

IFIC has a board approved 'Risk Management Policy' for managing Core risks and other material risks inherent with the banking business i.e. Credit Risk Management, Foreign Exchange Risk Management, Asset liability Management, Prevention of Money Laundering, Internal Control and Compliance and Information & Communication Technology. Other risks like operational risk, liquidity risk, interest rate risk, equity price risk, market risk are also managed on a regular basis.

IFIC Bank manages risk in Strategic layer, Managerial layer and Operational layer as a part of sound risk management. The Bank has a Risk Management Committee on behalf of the Board of Directors as Strategic Layer to oversee the overall risk of the Bank. The Bank has a Managerial layer headed by Deputy Managing Director & Chief Risk Officer (CRO) and an Operational layer represented by Risk Management Division (RMD). RMD is the organizational arm performing the functions of identifying, measuring, analyzing, monitoring and controlling the various risks and assists the Apex level committee i.e. Strategic layer and Managerial layer in conversion of policies into action. RMD as Operational layer analyzes risk appetite / tolerance / limit of all related divisions of the Bank and conducts internal rating of core risks, stress test in order to gauge shock absorbing capacity of the Bank. Shocks are applied at minor, moderate and major levels as to ascertain that whether bank could sustain under the stress situations or not. The prime objective of the risk management is to identify and analyze the risks and manage their consequences. Bank may take the risks according to risk appetite approved by the Board of Directors subject to its capital base. Bank should always keep the cushion of capital to face loss when arises any specific event or systematic risk.

i) Credit risk

Credit risk is most simply defined as the probability that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The goal of the Bank Credit Risk Management is to maximize the bank's risk-adjusted rate of return by maintaining credit risk exposure within the acceptable parameters.

The Credit Risk Management works within the scope defined regulations and is in charge of specifying and implementing the policies towards the effective functioning of the Bank's lending process and to develop the strategies for appropriate management, measurement and monitoring its lending portfolio. Regular monitoring of the ability of borrowers to meet their principal and interest repayment obligations is conducted. Credit risk is monitored by reference to risk grading and managed by limiting the aggregate exposure to any individual counter party, group of companies or industry as per lending cap of the bank and single borrower exposure limit defined by Bangladesh Bank.

The Bank has defined segregation of duties for all credit risk related activities like credit approval, administration, monitoring and recovery functions.

ii) Asset liability management risk

Asset Liability Management (ALM) is the most important aspect for the Bank to manage Balance Sheet Risk, especially for managing of liquidity risk and interest rate risk. Changes in market liquidity and interest rate expose Bank business to the risk of loss. Failure to identify the risks associated with business and to take timely measures against those risks may threaten the survival of institution. As such, it is important that the senior management as well as the Board of Directors to understand the existence of such risk on the Balance Sheet and ensure that the structure of the Bank business and the level of Balance Sheet risks are effectively managed by adopting the appropriate policies, procedures to control these risks as well as resources available for evaluating and controlling such risk. To address all the risk elements of the Balance Sheet, ALCO Meetings are conducted at least on a monthly basis. ALM desk of the Bank analyses the Balance Sheet Risk and prepares the monthly ALCO Papers as per the guidelines of Bangladesh Bank. The maturity gap of the assets-liabilities and interest rate movement are strongly monitored by the ALCO. Moreover, ALCO of the Bank also monitor the optimum liquidity position of the Bank in line with regulatory requirement. The policy guidelines on asset liability management which are approved by the Board of Directors have been reviewed time to time.

iii) Money laundering risk

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. To mitigate this risk, since 2002 Bank has been complying with all the rules and regulations on AML/CFT issues. As directed by the BFIU of Bangladesh Bank, the Bank has formulated "Money Laundering & Terrorist Financing Risk Management Guidelines 2016 (amendment)" and Customer Acceptance Policy 2013 (amended in 2018) which are strictly followed by the branches and officers of the Bank.

In line with the noted policy and regulatory requirement, the Chief Anti-Money Laundering Compliance Officer (CAMLCO) regularly submits status report to the competent authorities in respect of the Supply of Account Information, Suspicious Transaction Report (STR), Cash Transaction Report (CTR), Know Your Customer (KYC) Procedure, Transaction Monitoring Report, Structured Monitoring Report, Porisisto Gha (Suspicious/Abnormal transaction) Report as well as submits the half yearly Self Assessment Report of branches and independent testing procedures conducted by Internal Control & Compliance Division and similar other areas. The Bank is very much aware of maintaining good rating on AML/CFT issues.

To create awareness and prevent AML & CFT issues Bank is regularly arranging training programs for newly recruits, refreshers & regional branch officials on prevention of money laundering & combating financing of terrorism with the particular focus on Trade Based Money Laundering in addition to its all executives & officers. During the period, the Bank arranged several training programs on prevention of money laundering & combating financing of terrorism where a number of executives & officers were participated and Bank also providing training with target to specific roles, responsibilities and activities.

to create customer awareness Bank has been distributing leaflets to the customer's regarding AML & CFT issues and Branch displays AML & CFT awareness poster at Branch's visible places. Bank also conducting inspections to branches for checking records and creating awareness among the branch officials to prevent AML & CFT issues.

iv) Internal control and compliance risk

The operational performance of the Bank depends on efficient and sound internal control system for establishing corporate governance, transparency and accountability. In line with the Bangladesh Bank guidelines the Bank has successfully implemented the effective internal control system guidelines, formulation of policy guideline, set up of separate organizational structure,

segregation of duties and introduction of internal control process, such as Departmental Control Function Checklist (DECFL), Quarterly Operation Report (QOR) etc.

Being an integral part of daily activities of the Bank, Internal Control & Compliance Division consists of three units namely; Compliance, Monitoring and Audit & Inspection. These units look after internal control, operational process very minutely to ensure the smooth operation of the Bank. Compliance section is functioning to ensure compliance with statutory/regulatory requirements and also Bank's internal policies & procedures for developing compliance culture within the Bank. Monitoring unit is responsible for operational performance of branches and head office to minimize and mitigate the risk factors associated with the banking business. As an internal watchdog, the Audit and Inspection unit is conducting Risk Based Audit & Inspection to identify, measure, control and mitigate risk factors at the branches and division of the Bank.

Internal Control Unit (ICU) has also been set-up at the branches with the existing manpower to minimize irregularities and lapses to prevent fraud, forgeries and to avoid operational risks of the Bank. In 2016 the Bank has introduced 'Risk based Internal Audit Policy', Branch Audit Rating System in order to upgrade the operational efficiency of the branches.

v) Fraud risk

Fraud is a concept that is generally understood but whose characteristics are often not recognized in due course. The incidence of fraud may occur due to rapid changes in technological environment in the banking sector or intentional behavioral aspect of the human being. Human fraudulent acts may be committed by outsiders or insiders such as employees who are aware of the internal operational process of the Bank. To take the advantage of the operational process and weakness of the internal control system of the work place, employees may commit fraudulent activities within the Bank. To prevent the fraud and forgeries, the Bank has adopted broad range of measures to monitor and mitigate the fraud risk which involves three steps, fraud prevention, fraud detection and fraud investigation. Bank considers the best practice to prevent frauds and forgeries rather than to detect or investigate. To prevent the external fraud, Bank regularly arrange training program for its executives and staffs working at branch and head office level. Internal Control and Compliance unit of the Bank also works very extensively to ensure the effectiveness of the internal control system throughout the Bank. Internal Control Unit (ICU) of each branch and division monitors the transactions process to prevent and detect both internal and external frauds.

vi) Foreign exchange risk

Foreign Exchange Risk arises from adverse movement in currency exchange rates. As per directives of Bangladesh Bank, the Bank has formulated and adopted the treasury policy for managing the foreign exchange risks. Functions of the treasury front, mid and back office have been designated and properly segregated. In addition to the policy guidelines treasury operational guidelines have also been formulated for defining the roles and responsibilities of front, back and mid office so that various foreign exchange transactions can be performed in line with the Bangladesh Bank regulations and Bank's internal policies and procedures to measure, monitor and mitigate the foreign exchange risks.

vii) Information and communication technology (ICT) risk

IFIC Bank has been pursuing a strategy of "Long Term Sustainable Growth with Low Risk, Low Cost, Best in Class Service Delivery & Diversified Portfolio". Therefore the bank has underlined concentration on creating a technology backbone that can enable IFIC to become the preferred financial service provider. To mitigate the technology risk, the bank has taken the following steps:

- ➔ Conducted Cyber Security Assessment to outline the risky areas with PwC- an international reputed consulting firm. The bank has prepared the way out to mitigate the risk areas as per their guideline.
- ➔ For ensuring cyber security, the bank is continuously conducting training on sensitive IT tasks for IT division and awareness program for creating Cyber Security Awareness for relevant employees.
- ➔ The bank is taking data backup on daily basis; one copy is being stored in a fire-proof Vault and another copy is being kept at a remote site to withstand any disaster in Data Centre.
- ➔ Upgradation of Disaster Recovery (DR) Site is done and DR site can ensure any payment related service to the customers in case of any emergency or any disaster at Data Centre. Business continuity Plan has also been developed.
- ➔ As per the Bangladesh Bank guideline, the bank has concentrated on ICT security management. In this regard ICT Steering Committee and ICT Security Committee have

been formed and are working to ensure the overall ICT Security.

- ➔ The bank has replaced the network equipment including core firewall, and enhanced security in the Data Center and Disaster recovery site.
- ➔ The SWIFT environment of the bank is upgraded. World class Trade processing system is integrated with the payment system to mitigate the risk of financial fraud.
- ➔ The Bank has implemented a robust mailing system. Availability of Exchange Server in Disaster Recovery Site is completed. World class security is established for email security.
- ➔ New Data Center in IFIC tower is inaugurated and is providing value to IT service delivery of the bank. Physical and other appropriate security is being maintained in the workplace to protect ICT resources properly as per the guideline of Bangladesh Bank.
- ➔ The bank is maintaining Service Level Agreement (SLA) with the vendors who are directly involved for providing critical services on behalf of the bank. The bank is also maintaining insurance coverage for critical IT assets and maintaining IT Assets Inventory.
- ➔ The Bank is strictly following the Information Security Guidelines of Bangladesh Bank which covers Password Control, User ID Maintenance, Input Control, Network Security, Data Encryption, Virus Protection and Access Control to Internet and Emailing.
- ➔ The bank has also completed all ICT Security documentation to ensure security of the ICT Systems and is continuously updating them to strengthen security of the systems.

viii) Other relevant risks

a) Operational risk

Operational risk addresses the risk associated with fraud, forgery, unauthorized activities, error, omission, system failure and other external events. These occur mainly due to inadequate or failed internal processes, people and systems, or from external events (including legal risk). The Bank is managing these risks through written procedures, regular training, awareness programs and monitoring of the implementation of these procedures. Internal Control and Compliance Division of the Bank monitors operational procedure of the Bank. It undertakes periodical and special audit of the branches and divisions at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

b) Liquidity risk

Liquidity risk is the potential for loss to a bank arising from either its inability to meet its obligations as they fall due or to fund increases in assets as they required without incurring unacceptable cost or losses.

Liquidity risk arises when the cushion provided by the liquid assets are not sufficient enough to meet maturing obligations.

The objective of liquidity risk management is to ensure that all foreseeable funding and payments commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding base comprising of retail and corporate deposits maintain balanced tenor and institutional balance. The liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis.

c) Market risk

It is the risk of potential losses in the on-balance sheet and off-balance sheet positions of a bank, stems from adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices.

Banks may be exposed to market risk in variety of ways. Market risk exposure-

- a) may be explicit in portfolios of securities/equities and instruments that are actively traded;
- b) may be implicit such as interest rate risk due to mismatch of assets and liabilities; and
- c) may arise from activities categorized as off-balance sheet items.
- d) Interest rate risk

Interest rate risk may arise from trading portfolio and non-trading portfolio. The trading portfolio of the Bank consists of government treasury bills, bond, etc. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) of the Bank monitors the interest rate movement on a regular basis.

Interest rate risk is the potential impact on a bank's earnings and net asset values due to changes in market interest rates. Interest rate risk arises when a bank's principal and interest cash flows (including final maturities), both on-and off-balance sheet, have mismatched reprising dates. The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. Bank's lending, funding and investment activities give rise to interest rate risk. Interest rate risk management is conducted within the context of a comprehensive business plan.

e) Equity price risk

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the bank; changes in the value of listed shares held by a bank subsidiary; changes in the value of listed shares used as collateral for loans from a bank or a bank subsidiary, whether or not the loan was made for the purpose of buying the shares; and changes in the value of unlisted shares. Bank presses vital importance to measure, monitor, and control their equity market risk.

f) Reputation risk

Reputation risk may arise from the possibility that negative publicity regarding the bank and its business practices, in the territory or elsewhere through related entities, and whether accurate or not, will adversely impact the operations and position of the bank. Reputation risk may also arise from an institution, or an affiliate, being domiciled in a jurisdiction where the legal and organizational framework for the regulation and supervision of financial institutions is generally viewed as failing to meet international standards for the protection of consumers of financial services and for the prevention of sheltering the proceeds of organized crime.

The Bank manages the reputation risk ensuring the followings:

- a) Management anticipates and responds to changes of a market or regulatory nature that affect its reputation in the market place;
- b) The Bank effectively develops its policies for risk management to refrain from committing violations of laws, regulations, best banking practices, and consumer rights that could affect its reputation;
- c) The Bank has continuous awareness that it is not subject to significant litigation, large monetary losses, or a high volume of customer complaints;
- d) The bank is routinely seen in a leadership role in community development and corporate social responsibility; and
- e) Management has a clear awareness of privacy issues and uses customer information responsibly.

2.2.11 Audit Committee

The Audit Committee of the Board was duly formed by the Board of Directors of the Bank in accordance with the BRPD circular no. 11 dated 27 October 2013 of Bangladesh Bank. Pursuant to the BSEC notification no. BSEC/CMRRCD/2006-158/207/ADMIN/80 dated 3 June 2018 on Corporate Governance, the current Committee is constituted with three members of the Board. The details of the audit committee is provided in **Annexure-G**.

2.2.12 Management Committee (MANCOM)]

The Management Committee (MANCOM) is functioning as a structured unit to take important management decisions. Presently, it comprises of members holding key positions in the Management of the Bank. The Committee is headed by the Managing Director & CEO who is assisted by Deputy Managing Directors, Heads of Divisions of strategically important divisions along with Branch Managers of large and important Branches. The Managing Director's Secretariat provides secretarial services to the Committee. The members of the Committee, having long experience in commercial banking activities, are concerned with management of respective Divisions as well as monitoring day to day activities taking place in different areas of the Bank.

Generally the Committee sits at least once in every month to review and evaluate strategic operational issues of the bank, identify specific problems which need to be immediately attended, identify weakness (if any) of the Bank and take remedial measures or any other measures for enhancing the reputation of the Bank. Generally, the MANCOM is concerned with major decision making, planning and framing of policy guidelines of the Bank.

2.2.13 Credit rating of the bank

The Bank has been awarded its credit rating done by Credit Rating Agency of Bangladesh Limited (CRAB) based on the financial statements and other relevant information as at and for the year ended 31 December 2017 as per BRPD Circular no. 6 dated 5 July 2006. The following ratings for different year have been awarded:

Type of Rating	Period of Financial statements used as basis	Rating Status			Validity
		Long term	Short term	Outlook	
Entity	January to December 2017	AA ₂	ST-2	Stable	30-Jun-19
Entity	January to December 2016	AA ₂	ST-2	Stable	30-Jun-18
Entity	January to December 2015	AA ₂	ST-2	Stable	30-Jun-17

2.2.14 Compliance report on International Financial Reporting Standards (IFRSs):

In December 2017, Institute of Chartered Accountants of Bangladesh (ICAB) vide letter I/I/ICAB-2017 decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements. While preparing the financial statements, Bank complied all the applicable IASs and IFRSs as adopted by ICAB except those described in note 2.1.1. Details are given below:

Name of the IFRS	IFRS No.	Status
First-time Adoption International Financial Reporting Standards	1	N/A
Share Based Payment	2	N/A
Business Combinations	3	Complied
Insurance Contracts	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resource	6	N/A
Financial Instruments: Disclosures	7	Complied*
Operating Segments	8	Complied
Financial Instruments	9	Complied*
Consolidated Financial Statements	10	Complied
Joint Arrangements	11	Complied
Disclosure of Interests in Other Entities	12	Complied
Fair Value Measurement	13	Complied
Regulatory Deferral Accounts	14	N/A
Revenue from Contracts with Customers	15	Complied*

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	Complied
Inventories	2	Complied
Statement of Cash Flows	7	Complied
Accounting Policies, Changes in Accounting estimates & Errors	8	Complied
Events After the Reporting Period	10	Complied
Income Taxes	12	Complied
Property, Plant and Equipment	16	Complied
Leases	17	Complied
Employee Benefits	19	Complied

Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Complied
Borrowing Costs	23	Complied
Related Party Disclosure	24	Complied
Accounting and Reporting by Retirement Benefits Plans	26	N/A
Separate Financial Statements	27	Complied
Investment in Associates and Joint Ventures	28	Complied
Financial Reporting in Hyperinflationary Economies	29	N/A
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Complied
Earnings Per Share	33	Complied
Interim Financial Reporting	34	Complied
Impairment of Assets	36	Complied
Provisions, Contingent Liabilities and Contingent Assets	37	Complied
Intangible Assets	38	Complied
Financial Instruments: Recognition and Measurement	39	Complied
Investment Property	40	N/A
Agriculture	41	N/A

Note: N/A - Not Applicable

* In order to comply with certain specific rules and regulations of Bangladesh Bank which are different to IAS/IFRS, some of the requirements specified in these IAS/IFRSs are not applied.

New accounting standards not yet adopted

The Bank has consistently applied the accounting policies to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2018 have been considered. As per the Bank's assessment, only material impact of new standards adopted in 2018 is relating to calculation of impairment provision as per IFRS 9: *Financial Instruments*. However, in absence of any revised guideline from Bangladesh Bank, the Bank continued previously used impairment, classification and measurement policies for its loans and advances. Accordingly, these amendments have no material impact on the financial statements of the Bank.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

(a) IFRS 16 Leases

IFRS 16: Leases, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Bank has not yet assessed the potential impact of IFRS 16 on its financial statements.

(b) IFRS 17 Insurance Contract

IFRS 17: Insurance Contract was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

Amount in BDT

	Note	31 December 2018	31 December 2017
3 Cash			
Cash in hand (including foreign currency)	3.1	2,885,588,822	2,242,987,643
Balance with Bangladesh Bank and its agent bank (s) (including foreign currency)	3.2	13,121,711,294	13,235,784,939
		16,007,300,116	15,478,772,582
3.1 Cash in hand (including foreign currency)			
Local currency in hand		2,632,581,387	2,007,898,180
Foreign currencies in hand		39,030,457	31,065,052
Cash with ATM		213,976,978	204,024,411
		2,885,588,822	2,242,987,643
3.2 Balance with Bangladesh Bank and its agents bank			
Bangladesh Bank			
Local currency		12,232,523,883	11,658,597,953
Foreign currency		325,799,600	1,213,888,149
		12,558,323,483	12,872,486,102
Sonali Bank as agent of Bangladesh Bank		563,387,811	363,298,837
		13,121,711,294	13,235,784,939
3.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)			
Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Banking Companies Act 1991 as amended and MPD circular no. 1, dated 3 April 2018 and MPD circular no. 2, dated 10 December 2013.			
3.3.1 Cash Reserve Requirement (CRR)			
As per Bangladesh Bank MPD Circular no. 1 dated 3 April 2018 [effective from 15 April 2018], all scheduled banks have to maintain CRR of minimum 5.0% on daily basis and 5.5% on bi-weekly basis based on weekly average demand and time liabilities excluding inter-bank deposits of immediate preceding two months [i.e. CRR of December 2018 was based on weekly average balance of October 2018]. CRR maintained by the Bank as per statutory requirement is shown below:			
Average time and demand liabilities		209,283,456,045	172,336,019,750
Required reserve		11,510,590,082	11,201,841,284
Actual reserve maintained*		12,206,346,533	11,615,875,000
Surplus		695,756,451	414,033,716
*As per Bangladesh Bank current account statement.			
3.3.2 Statutory Liquidity Ratio (SLR)			
As per Bangladesh Bank MPD circular no. 2 dated 10 December 2013 [effective from 1 February 2014], all scheduled banks have to maintain SLR of minimum 13.0% of weekly average demand and time liabilities excluding inter-bank deposits of immediate preceding two months [i.e. SLR of December 2018 was based on weekly average balance of October 2018]. SLR maintained by the Bank as per statutory requirement is shown below:			
Average time and demand liabilities		209,283,456,045	172,336,019,750
Required reserve		27,206,849,000	22,403,682,568
Actual reserve maintained		31,400,971,131	26,959,930,238
Surplus		4,194,122,131	4,556,247,670

	Note	31 December 2018	31 December 2017
Actual reserve maintained for SLR			
Cash in hand	3.1	2,885,588,822	2,242,987,643
Balance with Bangladesh Bank in excess of CRR		695,756,451	414,033,716
Balance with Sonali Bank as agent	3.2	563,387,811	363,298,837
Government securities (HFT)	6.3	12,498,053,088	11,070,665,980
Government securities (HTM)	6.3	14,758,184,959	12,868,944,062
		31,400,971,131	26,959,930,238
3.a Consolidated cash in hand			
IFIC Bank Limited	3.1	2,885,588,822	2,242,987,643
IFIC Securities Limited		6,904	7,105
IFIC Money Transfer (UK) Limited		13,434,563	8,773,824
		2,899,030,289	2,251,768,572
3.b Balance with Bangladesh Bank and its agent bank(s)			
IFIC Bank Limited	3.2	13,121,711,294	13,235,784,939
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		13,121,711,294	13,235,784,939
		16,020,741,583	15,487,553,511
4 Balance with other Banks and Financial Institutions			
In Bangladesh	4.1	6,823,590,588	8,068,534,921
Outside Bangladesh *		1,275,887,518	2,554,984,924
		8,099,478,106	10,623,519,845
* Details of Balance with outside Bangladesh are shown in "Annexure-A".			
4.1 In Bangladesh			
In current deposit account with			
Agrani Bank Limited		31,027,173	32,525,278
Sonali Bank Limited		17,282,743	44,109,821
Islami Bank Bangladesh Limited		98,575	99,150
		48,408,491	76,734,249
In special notice deposit account with			
Trust Bank Limited		33,192,803	33,078,349
Standard Chartered Bank		4,834,930	8,692,380
		38,027,733	41,770,729
In beneficiary owner (BO) account with			
IFIC Securities Limited		659	659
Latif Securities Limited		28,834	29,284
Asain Tiger Capital Partners Investments Limited		7,124,871	-
		7,154,364	29,943

	Note	31 December 2018	31 December 2017
In fixed deposit account with banks and NBFIs			
Banking companies			
EXIM Bank Limited		500,000,000	-
Jamuna Bank Limited		1,000,000,000	-
Social Islamic Bank Limited		500,000,000	-
		2,000,000,000	-
Non-Banking Financial Institutions			
Investment Corporation of Bangladesh		3,780,000,000	7,800,000,000
Peoples Leasing & Financial Services Limited		150,000,000	150,000,000
IPDC Finance Limited		300,000,000	-
Delta Brac Housing Finance Corp. Limited		500,000,000	-
		4,730,000,000	7,950,000,000
		6,730,000,000	7,950,000,000
		6,823,590,588	8,068,534,921
4.2	Maturity grouping of balance with other banks and FIs		
	Receivable on demand	86,436,223	2,673,489,902
	Up to 1 month	2,743,041,883	3,500,029,943
	More than 1 month but not more than 3 months	5,270,000,000	4,450,000,000
	More than 3 months but not more than 6 months	-	-
	More than 6 months but not more than 1 year	-	-
	More than 1 year but not more than 5 years	-	-
	More than 5 years	-	-
		8,099,478,106	10,623,519,845
4.a	Consolidated balance with other banks and financial institutions		
4.a(i)	In Bangladesh		
	IFIC Bank Limited	4.1	6,823,590,588
	IFIC Securities Limited		145,670,986
	IFIC Money Transfer (UK) Limited		-
			6,969,261,574
	Less: Inter -company transaction		145,670,986
			6,823,590,588
4.a(ii)	Outside Bangladesh		
	IFIC Bank Limited	4	1,275,887,518
	IFIC Securities Limited		-
	IFIC Money Transfer (UK) Limited		19,502,811
			1,295,390,329
			8,118,980,917
			10,623,519,846

	Note	31 December 2018	31 December 2017
5	Money at Call and on Short Notice		
	Commercial Bank of Ceylon PLC	250,000,000	-
	Midland Bank Limited	200,000,000	-
	National Bank Limited	600,000,000	-
	NCC Bank Limited	850,000,000	500,000,000
	NRB Bank Limited	70,000,000	-
	One Bank Limited	100,000,000	-
	The City Bank Limited	1,400,000,000	150,000,000
	Uttara Bank Limited	500,000,000	-
	AB Bank Limited	-	500,000,000
	Bank Alfalah Limited	-	200,000,000
	Basic Bank Limited	-	650,000,000
	BRAC Bank Limited	-	100,000,000
	Habib Bank Limited	-	330,000,000
	Pubali Bank Limited	-	1,400,000,000
		3,970,000,000	3,830,000,000
6	Investments		
	Government Securities	6.1 27,258,506,647	23,943,582,942
	Other Investments	6.2 4,045,879,271	3,914,559,300
		31,304,385,918	27,858,142,242
6.1	Government securities		
	Treasury bills	6.1.1 12,498,053,088	8,371,890,078
	Treasury bonds	6.1.2 14,758,184,959	12,868,944,062
	Bangladesh Bank bills	-	2,698,775,902
	Prize bond	2,268,600	3,972,900
		27,258,506,647	23,943,582,942
6.1.1	Treasury bills		
	91 days treasury bills	2,795,411,871	5,062,153,880
	182 days treasury bills	2,053,245,577	2,055,468,793
	364 days treasury bills	7,649,395,640	1,254,267,405
		12,498,053,088	8,371,890,078
6.1.2	Treasury bonds		
	2 years Treasury bond	2,901,236,644	1,551,864,375
	5 years Treasury bond	2,647,870,266	1,416,584,158
	10 years Treasury bond	3,927,550,928	5,508,401,071
	15 years Treasury bond	3,536,076,359	2,941,619,589
	20 years Treasury bond	1,745,450,762	1,450,474,869
		14,758,184,959	12,868,944,062

	Note	31 December 2018	31 December 2017
6.2 Other investments			
Unquoted shares			
Karmasangsthan Bank		20,000,000	20,000,000
Central Depository Bangladesh Limited		22,847,220	22,847,220
Energypac Power Generation Limited		25,960,000	25,960,000
		68,807,220	68,807,220
Quoted shares			
Eastland Insurance Company Limited		7,958,672	7,958,672
Fareast Life Insurance Limited		122,511,641	122,511,641
National Housing Finance & Investment Limited		39,010,000	39,010,000
Power Grid Company Limited		215,882,261	215,882,261
Summit Alliance Port Limited		5,692,616	5,692,616
TITAS Gas Transmission and Distribution Limited		412,348,120	412,348,120
Unique Hotel and Resorts Limited		21,029,385	21,029,385
Aman Feed Limited		4,743,200	-
BBS Cables Limited		9,646,540	-
BRAC Bank Limited		4,175,700	-
Confidence Cement Limited		12,741,029	-
GlaxoSmithKline(GSK) Bangladesh Limited		10,682,010	-
Meghna Petroleum Limited		3,750,542	-
Shahjalal Islami Bank Limited		5,581,890	-
Shasha Denims Limited		7,439,512	-
Singer Bangladesh Limited		10,965,683	-
Southeast Bank Limited		2,232,795	-
Square Pharmaceuticals Limited		8,957,201	-
Summit Power Limited		7,751,100	-
United Power Generation & Distribution Company Limited		9,006,690	-
		922,106,587	824,432,695
Mutual funds			
IFIC Bank 1 st Mutual Fund		250,000,000	250,000,000
ICB Employee 1 st Mutual Fund		17,986,473	17,986,473
		267,986,473	267,986,473
Foreign Investment			
Investment in associates			
Nepal Bangladesh Bank Limited		2,411,533,806	2,383,257,623
Oman Exchange LLC		19,070,638	18,797,875
		2,430,604,444	2,402,055,498
Other foreign investment			
MCB Bank Limited, Pakistan		356,374,547	351,277,414
		2,786,978,991	2,753,332,912
		4,045,879,271	3,914,559,300

Details of investment in shares are shown in "Annexure-B".

	Note	31 December 2018	31 December 2017	
6.3 Government securities classified according to Bangladesh Bank Circular				
Held for trading (HFT)	6.1.1	12,498,053,088	11,070,665,980	
Held to maturity (HTM)	6.1.2	14,758,184,959	12,868,944,062	
Other securities	6.1	2,268,600	3,972,900	
		27,258,506,647	23,943,582,942	
6.4 Maturity grouping of investments				
On demand		2,268,600	3,972,900	
Up to 1 month		-	6,144,894,985	
Over 1 month but not more than 3 months		3,583,458,033	4,909,031,451	
Over 3 months but not more than 6 months		1,596,060,073	1,142,973,870	
Over 6 months but not more than 1 years		7,555,013,678	2,730,948,455	
Over 1 year but not more than 5 years		12,366,423,831	5,268,550,365	
Over 5 years		6,201,161,703	7,657,770,217	
		31,304,385,918	27,858,142,242	
6.5 Disclosure regarding outstanding Repo and Reverse Repo				
Sl.	Counterparty name	Agreement date	Reversal date	Amount
-	-	-	-	-
Total				
Disclosure regarding outstanding Reverse Repo				
Sl.	Counterparty name	Agreement date	Reversal date	Amount
-	-	-	-	-
Total				
Disclosure regarding overall transaction of Repo and Reverse Repo				
Counterparty name	Minimum outstanding in Y2018	Maximum outstanding in Y2018	Daily average outstanding in Y2018	
Securities sold under Repo				
With Bangladesh Bank	-	-	-	
With other Banks and FIs	496,798,000	735,042,000	4,744,082	
Securities purchased under Reverse Repo				
From Bangladesh Bank	-	-	-	
From other Banks and FIs	193,953,686	991,695,000	37,597,808	
6.a Consolidated investments				
Government Securities				
IFIC Bank Limited	6.1	27,258,506,647	23,943,582,942	
IFIC Securities Limited		-	-	
IFIC Money Transfer (UK) Limited		-	-	
		27,258,506,647	23,943,582,942	

	Note	31 December 2018	31 December 2017
6.b Consolidated other investments			
IFIC Bank Limited	6.2	4,045,879,271	3,914,559,300
IFIC Securities Limited		70,782,190	86,482,525
IFIC Money Transfer (UK) Limited		-	-
Less: Book value of investment in joint venture/associate-NBBL		(2,411,533,806)	(2,383,257,623)
Less: Book value of investment in joint venture/associate -OE LLC		(19,070,638)	(18,797,875)
Add: Investment in NBBL under equity method	40.b(i)	3,667,144,961	3,696,288,544
Add: Investment in OE LLC under equity method	40.b(ii)	52,691,476	52,019,550
		5,405,893,454	5,347,294,421
		32,664,400,101	29,290,877,363
7 Loans and Advances			
Loans, cash credit, overdraft etc.	7.1	194,668,112,000	167,561,290,347
Bill purchased and discounted	8	12,261,523,707	11,702,916,400
		206,929,635,707	179,264,206,747
7.1 Loans, cash credit, overdraft etc.			
Term loan industrial		18,014,358,116	17,063,561,459
Term loan consumer finance		406,147,670	558,364,756
Agricultural loan		3,307,816,634	3,371,120,066
Term loan women entrepreneur		8,514,611	11,013,182
Term loan-others		52,513,482,252	41,166,349,180
House building loans		32,118,754,920	28,602,090,173
Staff loan		1,616,151,683	1,757,091,256
Transport loan		175,128,847	283,941,559
Loan general		3,478,838,901	2,907,043,082
Demand loan		5,902,080,933	4,801,451,088
Overdrafts		41,966,927,428	33,845,375,485
Cash credit		25,608,250,393	25,763,648,192
Credit card finance		218,924,160	221,172,914
Loan against trust receipt (LTR)		7,269,614,377	6,045,961,917
Lease finance	7.17	399,773,603	603,861,134
		193,004,764,528	167,002,045,443
		193,004,764,528	167,002,045,443
Off-shore banking unit		1,663,347,472	559,244,904
		194,668,112,000	167,561,290,347
7.2 Net loans and advances including bills purchased and discounted			
Total loans and advances	7	206,929,635,707	179,264,206,747
Less: Provision against loans and advances	15	(5,953,922,678)	(5,908,672,674)
Less: Interest suspense account	15.8	(6,286,303,850)	(4,953,004,400)
		194,689,409,178	168,402,529,673

	Note	31 December 2018	31 December 2017
7.3 Residual maturity grouping of Loans, cash credit, overdraft etc.			
On demand		33,896,561,001	27,838,862,770
Up to 1 month		5,233,301,371	5,450,193,405
Over 1 month but not more than 3 months		17,823,885,652	16,826,336,698
Over 3 months but not more than 1 years		40,150,057,281	46,739,015,931
Over 1 year but not more than 5 years		66,212,878,661	13,745,948,626
Over 5 years		31,351,428,034	56,960,932,917
		194,668,112,000	167,561,290,347
7.4 Loans and advances under broad categories			
In Bangladesh			
Loans		127,092,934,179	107,952,266,670
Cash credit		25,608,250,393	25,763,648,192
Overdrafts		41,966,927,428	33,845,375,485
		194,668,112,000	167,561,290,347
Bill purchased and discounted	8	12,261,523,707	11,702,916,400
		206,929,635,707	179,264,206,747
Outside Bangladesh		-	-
		206,929,635,707	179,264,206,747
7.5 Loans and advances on the basis of significant concentration			
Loans and advances to Directors, executives and others			
Loans and advances to directors and their allied concerns		-	-
Loans and advances to Managing Director, Senior Executives and Staffs		1,616,151,683	1,757,091,256
Advances to customers' groups		205,313,484,024	177,507,115,491
		206,929,635,707	179,264,206,747
7.6 Loans and advances allowed to each customer exceeding 10% of Bank's total capital			
Number of customers		22	18
Outstanding - Funded		68,358,030,000	42,831,500,000
Outstanding - Non-funded		15,537,500,000	16,705,600,000
Amount classified		-	28,560,000.00

Amount of loans and advances (comprising funded and non funded facilities) to each customer exceeding BDT2,690.37 million which is computed as 10% of the Bank's capital (as defined under the Banking Companies Act 1991 as amended) of BDT 26,903.65 million as at 31 December 2018 (note-16.7). As at 31 December 2017, 10% of Bank's total capital was BDT 2,411.38 million.

Details of loans and advances to each customer exceeding 10% Banks capital are shown in "Annexure-C".

7.7 Industry wise position of loans and advances including bills purchased and discounted			
Agriculture		4,100,871,662	4,152,871,153
Jute		3,409,944,054	2,332,158,477
Textile		9,634,908,479	8,106,041,668
Garments		27,329,636,906	22,846,097,610
Chemical and chemical products		65,641,436	82,717,360
Cement		493,605,449	478,685,019
Bricks & ceramic		1,256,956,493	1,162,799,867

	Note	31 December 2018	31 December 2017
Food products & processing		6,598,731,822	7,009,933,259
Engineering & metal		5,503,947,446	4,572,114,176
Drugs & pharmaceuticals		836,637,760	793,677,153
Hospital & clinics		112,629,849	118,930,607
Paper & paper products		1,946,994,437	729,630,865
Other small industries		10,081,823,073	5,573,560,408
IT sector		4,531,030,945	3,888,500,063
Other service industries		19,672,984,559	18,887,301,387
Trade & commerce		28,450,186,327	25,189,491,153
Transport		380,633,564	412,158,286
Construction firms/companies		9,350,469,046	4,383,749,184
Housing societies/companies		19,577,451,204	18,618,329,957
Cold storage		135,550,704	166,427,636
Consumer finance		35,196,287,222	32,636,155,787
Energy		6,884,492,131	7,228,342,800
Telecommunication		8,805,955,835	6,481,185,089
Others		2,572,265,304	3,413,347,782
		206,929,635,707	179,264,206,747
7.8 Sector wise position of loans and advances including bills purchased and discounted			
Government sector		-	-
Other public sector		45,272,017	-
Private sector		206,862,539,963	179,237,084,213
Co-operative sector		21,823,727	27,122,534
		206,929,635,707	179,264,206,747
7.9 Geographical location-wise loans and advances including bills purchased and discounted			
Dhaka division		169,660,429,132	144,030,740,953
Chattogram division		18,918,852,561	17,381,011,763
Sylhet division		1,552,604,529	1,470,580,894
Rajshahi division		6,813,459,086	7,042,320,828
Khulna division		4,238,229,069	4,151,988,855
Barishal division		1,006,182,814	994,648,565
Rangpur division		3,175,705,370	3,028,618,733
Mymensingh division		1,564,173,146	1,164,296,156
		206,929,635,707	179,264,206,747
Outside Bangladesh		-	-
		206,929,635,707	179,264,206,747
7.10 Business segment-wise concentration of loans and advances as per CL			
Corporate		141,789,297,838	114,268,773,216
SME		29,203,321,027	28,689,558,321
Short term agri credit		1,238,546,499	3,761,090,000
Consumer (including staff)		6,169,280,362	6,598,267,850
Others		28,529,189,981	25,946,517,361
		206,929,635,707	179,264,206,747

	Note	31 December 2018	31 December 2017
7.11	Loans and advances including bills purchased and discounted as per CL		
	Continuous loan		
	Consumer finance	3,228,503,802	3,476,707,674
	Small and medium enterprise	22,087,432,209	22,256,621,260
	Loans to BHs/MBs/SDs	284,034,921	398,612,145
	Other continuous loans	40,316,586,108	31,991,528,702
		65,916,557,040	58,123,469,781
	Demand loan		
	Consumer finance	805,569,104	645,345,795
	Small and medium enterprise	3,093,352,762	2,677,584,337
	Loans to BHs/MBs/SDs	-	20,039,788
	Other demand loans	26,447,995,846	23,934,076,194
		30,346,917,712	27,277,046,114
	Term loan		
	Consumer finance (including staff, other than HF)	2,135,207,456	2,476,214,381
	Small and medium enterprise	4,022,536,056	3,755,352,724
	Housing finance (HF)	28,240,132,875	25,519,413,170
	Loans for professionals	390,554	880,603
	Loans to BHs/MBs/SDs	4,631,631	7,571,655
	Other fixed term loan	75,024,715,884	58,343,168,319
		109,427,614,456	90,102,600,852
	Short term loan		
	Short term agri credit	1,238,546,499	3,761,090,000
		206,929,635,707	179,264,206,747
7.12	Security/collateral-wise concentration of loans and advances including bills purchased and discounted		
	Collateral of movable/immovable assets	164,770,530,731	149,412,525,582
	Local banks and financial institutions' guarantee	-	4,399,751,911
	Export documents	2,377,254,025	2,235,024,178
	Fixed deposit receipts	6,914,255,832	6,900,692,558
	Personal guarantee	6,239,794,609	6,453,205,313
	Other securities	26,627,800,510	9,863,007,205
		206,929,635,707	179,264,206,747
7.13	Particulars of loans and advances		
	i) Loans considered good in respect of which the Bank is fully secured	197,494,534,296	168,190,076,609
	ii) Loans considered good for which the Bank holds no other security than the debtors' personal guarantee	218,924,160	221,172,914
	iii) Loans considered good being secured by personal security of one or more persons in addition to the personal security of the debtors	9,216,177,251	10,852,957,224
	iv) Loans adversely classified; provision not maintained there against	-	-
		206,929,635,707	179,264,206,747
	v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons.	1,616,151,683	1,757,091,256

	Note	31 December 2018	31 December 2017
vi) Loans due from companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in case of private companies as members;		-	-
vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or employees of the Bank or any of them either separately or jointly with any other person		7,993,422	1,847,022,714
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or in the case of private companies as members		-	-
ix) Due from banking companies		-	-
x) a) Amount of classified loan on which interest has not been charged should be mentioned as follows:			
Increase/(decrease) in specific provision		(196,775,921)	1,144,330,431
Amount of loan written off		1,368,940,948	1,516,812,121
Amount recovered against the loans previously written off		173,422,704	107,849,295
b) Amount of provision kept against loans classified as bad/loss as at the Balance Sheet date		3,027,299,586	3,224,075,507
c) Amount of interest creditable to the interest suspense account		3,143,633,681	2,302,722,641
xi) Cumulative amount of written off loan:			
Opening balance		11,883,203,872	10,470,681,046
Amount written off during the year		1,368,940,948	1,516,812,121
Interest charged		-	3,560,000
Recovery from written-off during the year*		(173,422,704)	(107,849,295)
		13,078,722,116	11,883,203,872
* Recovery from written-off loans during the year include interest waiver of Tk. 7,709,312 [Y2017: Tk. 1,572,000]			
7.14	Cumulative amount of written off loans for which law suits have been filed		
	Opening balance	17,254,211,808	15,737,399,687
	During the year	1,368,940,948	1,516,812,121
		18,623,152,756	17,254,211,808
Out of this cumulative amount of written-off loans, no suit could be filed for recovery of Tk. 43.8 million for becoming time barred.			
7.15	Classification of loans and advances		
	Unclassified		
	Standard	183,181,322,577	159,896,974,048
	Special mention account	11,008,179,243	7,889,353,032
		194,189,501,820	167,786,327,080
	Classified		
	Substandard	3,950,146,955	2,840,907,426
	Doubtful	645,594,790	521,370,466
	Bad/Loss	8,144,392,142	8,115,601,775
		12,740,133,887	11,477,879,667
		206,929,635,707	179,264,206,747

	Note	31 December 2018	31 December 2017
7.16	Movements of classified loans and advances		
	Opening balance	11,477,879,667	7,250,942,884
	Additions during the year	15,163,270,027	9,293,289,090
	Reduction during the year	(13,901,015,807)	(5,066,352,307)
		12,740,133,887	11,477,879,667
7.17	Net lease receivable		
	Gross lease receivable within 1 year	77,389,239	115,910,449
	Gross lease receivable 1 - 5 years	404,770,638	638,830,811
	Total lease rental receivable	482,159,877	754,741,261
	Less: Unearned income	82,386,274	150,880,127
	Net lease receivable	399,773,603	603,861,134
7.a	Consolidated loans and advance Loans, cash credits, overdrafts etc.		
	IFIC Bank Limited	7.1 194,668,112,000	167,561,290,347
	IFIC Securities Limited	4,002,656,028	4,031,904,359
	IFIC Money Transfer (UK) Limited	-	-
		198,670,768,028	171,593,194,706
	Less: Inter-company transactions	-	-
		198,670,768,028	171,593,194,706
8	Bills Purchased and Discounted		
	Payable in Bangladesh	8.1 11,355,935,165	11,029,263,524
	Payable outside Bangladesh	8.1 905,588,542	673,652,876
		12,261,523,707	11,702,916,400
8.1	Bill purchased and discounted Payable in Bangladesh		
	Local bills/documents		
	Inland documentary bill purchase (IDBP)	1,187,854,926	1,315,396,432
	Payment against documents-cash	195,805,114	127,852,644
	Payment against documents-EDF	7,599,331,777	5,724,232,382
	Payment against documents-forced (Inland)	834,336,580	843,396,126
	Payment against documents-forced (Foreign)	740,133,711	673,091,858
	Payment against documents-Others	262,904,240	150,999,876
		10,820,366,348	8,834,969,317
	Off-shore banking unit	535,568,817	2,194,294,207
		11,355,935,165	11,029,263,524
	Payable outside Bangladesh		
	Foreign documentary bill purchase (FDBP)	905,588,542	673,652,876
		12,261,523,707	11,702,916,400
8.2	Residual maturity grouping of bill purchased and discounted		
	On demand	2,480,596,822	1,765,458,061
	Up to 1 month	2,236,092,869	1,560,213,773
	Over 1 month but not more than 3 months	3,785,990,212	2,839,400,250
	Over 3 months but not more than 6 months	3,719,063,264	3,337,347,403
	Over 6 months	39,780,540	2,200,496,913
		12,261,523,707	11,702,916,400

	Note	31 December 2018	31 December 2017
8.a Consolidated bills purchased and discounted			
IFIC Bank Limited	8	12,261,523,707	11,702,916,400
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		12,261,523,707	11,702,916,400
9 Fixed Assets including Premises, Furniture and Fixtures			
Cost/revalued:			
Land		2,423,609,559	475,118,759
Buildings and premises		1,902,617,204	1,902,617,204
Wooden furniture		254,995,657	249,945,814
Steel furniture		69,355,031	65,205,635
Computer equipment		834,234,736	737,808,649
Office equipment		227,658,391	219,597,186
Electrical & gas equipment		872,562,106	796,346,586
Leasehold improvement		295,691,386	261,520,676
Vehicles		134,040,330	119,768,760
Leased vehicles		47,600,000	47,600,000
Soft furnishing		11,764,626	11,468,191
Software		554,133,463	542,871,430
		7,628,262,489	5,429,868,890
Capital work in progress *		195,116,279	232,657,045
		7,823,378,768	5,662,525,935
Less: Accumulated depreciation		2,385,429,460	2,134,141,897
Written down value		5,437,949,308	3,528,384,037
Details of fixed assets are shown in "Annexure-D"			
* Capital work in progress represents the amount paid for Document Management System, Fire Protection System, Data Center, Fusion Banking Essence and Integration of SWIFT with CBS.			
9.a Consolidated fixed assets including premises, furniture and fixtures			
IFIC Bank Limited	9	5,437,949,308	3,528,384,037
IFIC Securities Limited		4,255,186	5,055,648
IFIC Money Transfer (UK) Limited		3,630,900	5,898,408
		5,445,835,394	3,539,338,093
10 Other Assets			
Stationery and stamps		32,367,261	35,525,576
Suspense account	10.1	828,249,291	1,002,872,721
Advance, deposit and prepayments	10.2	5,408,142,054	6,806,703,648
Accrued interest & other income receivable	10.3	980,553,915	901,974,973
Investment in subsidiaries	10.4	2,231,793,790	2,233,231,960
Deferred tax assets	10.5	903,795,256	1,112,948,910
Revaluation account FDBP		1,791,292	1,791,292
Receivable others		376,975,003	36,321,862
		10,763,667,862	12,131,370,942
Off-shore banking unit		187,390,570	161,070,610
		10,951,058,432	12,292,441,552

	Note	31 December 2018	31 December 2017
10.1 Suspense account			
Advance against bills, new branches		16,551,502	16,863,890
Advance against TA / DA		3,664,125	2,276,340
Law charges		225,421,603	184,012,612
Encashment of Shanchaya Patra		397,305,266	606,941,080
Wage earners development bond		25,456,033	44,468,281
Investment bond		8,193,009	22,305,287
Sundry debtors		149,410,510	123,930,599
EFTN receivable		1,785,243	959,133
VISA card		462,000	603,355
CIB charge receivable		-	401,744
Cash incentive audit fees		-	110,400
		828,249,291	1,002,872,721
10.2 Advance, deposit and prepayments			
Rent		259,355,926	289,314,164
Income tax	10.2.1	4,863,041,730	6,225,321,335
Security deposit including demand note		13,191,174	12,966,474
Car purchase scheme		159,089,205	133,852,149
Insurance premium		2,500,000	9,975,024
Protested bills		44,130,460	23,740,892
Cash remittance		45,526,689	98,761,562
Supplier		9,251,038	9,214,902
Lease vehicle		896,021	896,021
Share money deposits		11,159,811	2,421,125
Fixed assets		-	240,000
		5,408,142,054	6,806,703,648
10.2.1 Advance income tax			
Balance at the beginning of the year		6,225,321,335	2,604,728,491
Add: Payment made during the year		1,056,598,314	796,454,642
Add: Prior years adjustment made during the year		42,603,403	2,824,138,202
Less: Settlement of Years 2013 and 2014		(2,461,481,322)	-
Closing balance		4,863,041,730	6,225,321,335
10.3 Accrued interest & other income receivable			
Treasury bonds and bills		355,836,743	410,601,747
Receivables from Government		41,272,375	41,272,375
Accrued interest on loans and advances		494,723,269	349,168,073
Accrued interest on investment in term and call		88,721,528	100,932,778
		980,553,915	901,974,973
10.4 Investment in subsidiaries			
IFIC Securities Limited		2,199,994,000	2,199,994,000
IFIC Money Transfer (UK) Limited		31,799,790	33,237,960
		2,231,793,790	2,233,231,960

	Note	31 December 2018	31 December 2017
10.5			
Deferred tax assets			
Deferred tax assets have been recognized and measured as per International Accounting Standards 12: Income Taxes and BRPD circular no. 11 dated 12 December 2011 based on temporary difference in the carrying amount of the assets and liabilities in the financial statements and its tax base. Calculation of deferred tax assets is as follows:			
Deferred tax assets		1,168,882,916	1,334,667,576
Deferred tax liabilities		(265,087,660)	(221,718,666)
Deferred tax assets/(liabilities)		903,795,256	1,112,948,910
i) Deferred tax on provision for loans and advances classified as doubtful and bad & loss			
Carrying amount		3,117,021,110	3,336,668,941
Tax base		-	-
Deductible/(taxable) temporary difference		3,117,021,110	3,336,668,941
Tax rate		37.50%	40.00%
Closing deferred tax assets/(liabilities)		1,168,882,916	1,334,667,576
Opening deferred tax assets/(liabilities)		1,334,667,576	862,970,743
Deferred tax (expense)/income (A)		(165,784,660)	471,696,833
ii) Deferred tax on fixed assets			
Carrying amount		2,873,948,596	2,792,370,798
Tax base		2,167,048,168	2,238,074,133
Deductible/(Taxable) temporary difference		706,900,427	554,296,665
Tax rate		37.50%	40.00%
Closing deferred tax assets/(liabilities)		(265,087,660)	(221,718,666)
Opening deferred tax assets/(liabilities)		(221,718,666)	(191,187,312)
Deferred tax (expense)/income (B)		(43,368,994)	(30,531,355)
Deferred tax (expense)/income (A+B)		(209,153,654)	441,165,478
10.6			
Income generating other assets			
Investment in subsidiary-IFIC Securities Limited	10.4	2,199,994,000	2,199,994,000
Investment in subsidiary-IFIC Money Transfer (UK) Limited	10.4	31,799,790	33,237,960
		2,231,793,790	2,233,231,960
10.7			
Non-Income generating other assets			
Stationery and stamps		32,367,261	35,525,576
Suspense account	10.1	828,249,291	1,002,872,721
Advance, deposit and prepayments	10.2	5,408,142,054	6,806,703,648
Accrued interest & other income receivable	10.3	980,553,915	901,974,973
Deferred tax assets	10.5	903,795,256	1,112,948,910
Revaluation account FDBP		1,791,292	1,791,292
Receivable others		376,975,003	36,321,862
		8,531,874,072	9,898,138,982
Off-shore banking unit		187,390,570	161,070,610
		8,719,264,642	10,059,209,592

	Note	31 December 2018	31 December 2017
10.a Consolidated other assets			
IFIC Bank Limited	10	10,951,058,432	12,292,441,552
Less: Investment in IFIC Securities Limited	10.4	2,199,994,000	2,199,994,000
Less: Investment in IFIC Money Transfer (UK) Limited	10.4	31,799,790	33,237,960
		8,719,264,642	10,059,209,592
IFIC Securities Limited		283,186,384	217,744,800
IFIC Money Transfer (UK) Limited		609,496	637,061
		9,003,060,522	10,277,591,453
11 Non-banking Assets		373,474,800	373,474,800
<p>Through the verdict of honorable court under section 33(7) of the Artharin Adalat Act 2003, the Bank has got an absolute ownership on few mortgaged properties and in the books of accounts recorded as non-banking assets in the year 2013.</p>			
12 Borrowing from other Banks, Financial Institutions and Agents			
In Bangladesh	12.1	7,871,932,278	6,404,087,443
Outside Bangladesh	12.2	2,097,500,000	2,069,493,305
		9,969,432,278	8,473,580,748
12.1 In Bangladesh			
Obligation under lease finance		19,827,757	26,773,597
Short term borrowing		83,900,000	-
		103,727,757	26,773,597
Refinance from Bangladesh Bank			
Export Development Fund (EDF)		7,133,891,576	5,467,225,444
Small and Medium Enterprise (SME)		574,842,616	832,119,174
Long Term Financing Facility (LTFF)		59,470,329	77,969,228
		7,768,204,521	6,377,313,846
		7,871,932,278	6,404,087,443
12.2 Outside Bangladesh			
Nepal Bangladesh Bank Limited		2,097,500,000	1,984,800,000
Standard Chartered Bank (Singapore)		-	84,693,305
		2,097,500,000	2,069,493,305
Borrowing from outside Bangladesh is used for Off-shore Banking unit.			
12.3 Secured and unsecured borrowing from other banks, financial institutions and agents			
Secured borrowing		-	-
Unsecured borrowing		9,969,432,278	8,473,580,748
		9,969,432,278	8,473,580,748

	Note	31 December 2018	31 December 2017
12.4	Maturity grouping of borrowing from other banks, financial institutions and agents		
Payable			
On demand		11,474,233	38,666,411
Up to 1 month		421,545,318	912,261,781
Over 1 month but not more than 3 months		2,265,916,026	3,069,002,175
Over 3 months but not more than 1 year		2,323,012,367	4,014,232,069
Over 1 year but not more than 5 years		4,905,043,200	439,418,312
Over 5 years		42,441,134	-
		9,969,432,278	8,473,580,748
12.a	Consolidated borrowing from other banks, financial institutions and agents		
In Bangladesh			
IFIC Bank Limited	12.1	7,871,932,278	6,404,087,443
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		7,871,932,278	6,404,087,443
Less: Inter -company transactions		-	-
		7,871,932,278	6,404,087,443
Outside Bangladesh			
IFIC Bank Limited	12.2	2,097,500,000	2,069,493,305
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		2,097,500,000	2,069,493,305
		9,969,432,278	8,473,580,748

13 Subordinated Debt

Institution wise subscription, redemption and outstanding amount of the Principal of the Bond are as follows:

Subscribers	Subscribed Amount	Redemption of Principal	Outstanding 31 December 2018	Outstanding 31 December 2017
Sonali Bank Limited	1,000,000,000	-	1,000,000,000	1,000,000,000
Janata Bank Limited	1,000,000,000	-	1,000,000,000	1,000,000,000
Rupali Bank Limited	1,000,000,000	-	1,000,000,000	1,000,000,000
Agrani Bank Limited	500,000,000	-	500,000,000	500,000,000
	3,500,000,000	-	3,500,000,000	3,500,000,000

14 Deposits and other Accounts

Current deposit and other accounts	14.1	40,953,676,543	30,668,116,838
Bills payable	14.2	2,066,079,056	2,238,152,090
Savings bank deposits	14.3	24,711,065,947	27,058,321,723
Fixed deposits	14.4	158,602,206,257	140,241,074,828
		226,333,027,803	200,205,665,479

	Note	31 December 2018	31 December 2017
14.1	Current deposit and other accounts		
		18,493,074,110	16,097,196,971
		14,564,938,228	5,838,655,265
		869,285,363	972,467,714
		50,707,790	45,830,669
		4,881,723,297	5,410,636,302
		1,304,092,145	1,611,822,555
		374,569,623	332,769,212
		549,018	549,350
		1,072,314	1,093,075
	14.1.1	413,664,655	357,095,725
		40,953,676,543	30,668,116,838
14.1.1	Sundry deposit		
		122,172,679	135,646,439
		23,645,299	25,383,032
		264,303	510,971
		147,668,326	40,287,044
		36,230,106	65,863,557
		25,912,400	25,912,400
		13,323,391	13,001,395
		61,650	62,595
		5,799,550	5,664,500
		1,720,766	2,768,941
		2,071,972	1,847,368
		34,794,213	40,147,483
		413,664,655	357,095,725
14.2	Bills payable		
		2,058,290,411	2,230,597,345
		5,732,767	5,737,767
		2,055,878	1,816,978
		2,066,079,056	2,238,152,090
14.3	Savings bank deposits		
		17,475,296,032	18,222,098,068
		5,723,959,197	7,270,200,846
		343,980,845	325,373,793
		995,543,687	1,082,972,982
		171,693,222	157,445,075
		592,964	230,959
		24,711,065,947	27,058,321,723
14.4	Fixed deposits		
		25,101,619,381	19,779,157,220
	14.4.1	124,730,829,282	112,267,520,646
	14.4.2	8,747,714,491	8,154,214,626
		9,101,831	8,928,117
		12,941,272	31,254,219
		158,602,206,257	140,241,074,828

	Note	31 December 2018	31 December 2017
14.4.1 Term deposit			
Fixed deposits		108,862,565,314	95,864,403,286
Double return deposit scheme		7,855,681,076	9,183,547,333
Three years deposit plus		5,163,900	5,323,766
Monthly income scheme		4,800,115,250	5,415,049,683
Monthly income scheme - Arjon		56,080,000	122,372,295
Interest payable on term deposit		3,151,223,742	1,676,824,283
		124,730,829,282	112,267,520,646
14.4.2 Recurring deposit			
Pension savings scheme (PSS)		6,745,497,954	6,614,966,251
Pension savings scheme - Joma		18,136,965	17,760,200
Flexi DPS - Freedom		1,023,904,154	755,196,423
Millionaire dream plan		523,532,439	455,980,489
School savings plan		34,896,628	43,205,010
IFIC AGAMI		181,010,586	23,170,518
Interest payable on recurring deposit		220,735,765	243,935,735
		8,747,714,491	8,154,214,626
14.5 Deposit and other accounts of the banks			
Deposit from banks		11,732,305,874	20,607,563,000
Deposit from customers		214,600,721,929	179,598,102,479
		226,333,027,803	200,205,665,479
14.6 Payable on demand and time deposit			
Demand deposits			
Current deposits		33,979,626,823	21,960,064,868
Savings deposits		2,223,942,568	2,435,228,168
Sundry deposit		5,486,921,550	5,227,334,761
Bills payable		2,066,079,056	2,238,152,090
		43,756,569,997	31,860,779,887
Time deposits			
Savings deposits		22,486,530,414	30,033,498,898
Fixed deposits		130,106,585,066	105,047,950,619
Special notice deposits		25,101,619,381	19,810,411,439
Deposits under schemes		4,881,722,944	13,453,024,636
		182,576,457,806	168,344,885,592
		226,333,027,803	200,205,665,479
14.7 Sector-wise concentration of deposits and other accounts			
Government deposits		6,669,713,875	3,714,695,000
Other public sector		35,089,000,201	24,735,873,000
Deposit for banks		11,732,305,874	20,607,563,000
Foreign currency deposits		5,823,759,553	6,437,862,802
Private sectors		167,018,248,300	144,709,671,677
		226,333,027,803	200,205,665,479

	Note	31 December 2018	31 December 2017
14.8 Unclaimed deposits			
Current deposits		5,531,272	8,876,209
Savings deposits		35,616,032	26,276,492
Special notice deposits		2,646,077	11,021,134
Pay order		117,432	4,813,581
Demand Draft		27,658	583,710
Security deposit receipt		-	235,163
FC Deposit		1,121,430	-
		45,059,901	51,806,289
14.9 Residual maturity grouping of deposits and other accounts			
Maturity grouping of deposit from banks			
On demand		228,503,339	162,729,000
Up to 1 month		13,802,535	11,250,000,000
Over 1 month but not more than 3 months		550,000,000	9,194,834,000
Over 3 months but not more than 1 year		10,940,000,000	-
Over 1 year but not more than 5 years		-	-
Over 5 years		-	-
		11,732,305,874	20,607,563,000
Maturity grouping of deposit from customers excluding bills payable			
On demand		1,581,265,204	1,215,437,463
Up to 1 month		27,128,956,565	21,314,463,719
Over 1 month but not more than 3 months		50,725,061,895	42,723,480,810
Over 3 months but not more than 1 year		52,016,880,935	41,637,846,343
Over 1 year but not more than 5 years		77,912,853,596	68,509,993,273
Over 5 years		3,169,624,677	1,958,728,781
		212,534,642,872	177,359,950,389
Maturity grouping of bills payable			
On demand		206,627,909	223,815,208
Up to 1 month		413,255,816	447,630,418
Over 1 month but not more than 3 months		413,255,818	447,630,418
Over 3 months but not more than 1 year		206,627,908	223,815,210
Over 1 year but not more than 5 years		413,255,817	447,630,418
Over 5 years		413,055,789	447,630,418
		2,066,079,057	2,238,152,090
		226,333,027,803	200,205,665,479
14.a Consolidated deposits and other accounts			
Current deposits and other accounts			
IFIC Bank Limited	14.1	40,953,676,543	30,668,116,838
IFIC Securities Limited		41,192,225	38,256,850
IFIC Money Transfer (UK) Limited		-	-
		40,994,868,768	30,706,373,688
Less: Inter -company transactions		145,670,986	95,242,494
		40,849,197,782	30,611,131,194

	Note	31 December 2018	31 December 2017
Bills payable			
IFIC Bank Limited	14.2	2,066,079,056	2,238,152,090
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		2,066,079,056	2,238,152,090
Savings bank deposit			
IFIC Bank Limited	14.3	24,711,065,947	27,058,321,723
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		24,711,065,947	27,058,321,723
Fixed deposits			
IFIC Bank Limited	14.4	158,602,206,257	140,241,074,828
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		158,602,206,257	140,241,074,828
		226,228,549,042	200,148,679,836
15 Other Liabilities			
Specific provision for classified loans and advances	15.1	3,439,332,446	3,594,107,146
General provision for unclassified loans and advances	15.2	1,970,054,642	1,715,857,694
Provision for off balance sheet items	15.3	544,535,590	598,707,834
Provision for loans and advance		5,953,922,678	5,908,672,674
Provision for diminution in value of investments	15.4	524,903,189	339,557,533
Provision for nostro accounts	15.5	10,533,645	10,382,985
Provision for other assets	15.6	376,349,960	339,541,220
Provision for loans, investments and assets		6,865,709,472	6,598,154,412
Provision for taxation	15.7	6,634,055,867	7,972,933,786
Interest suspense accounts	15.8	6,286,303,850	4,953,004,400
Incentive bonus	15.9	240,500,000	251,000,000
Rebate to good borrowers		21,870,000	51,870,000
Interest payable on borrowing and bond		48,264,200	53,840,584
Accrued expenses		29,470,225	37,845,053
Withholding Tax payable to government *		278,926,291	244,417,451
Withholding VAT payable to government *		71,091,971	56,486,370
Excise duty payable to government *		176,133,961	164,385,378
Dividend		2,814,447	2,814,447
Revaluation of investment abroad		30,946,297	30,946,297
Oman Exchange LLC		97,364	1,656,242
Sale proceeds of PSP & TC		357,561,049	1,527,464
Buying house commission		12,770,725	20,535,151
Recovery on court cases		7,030,339	7,170,350
Matured deposits		23,816,402	32,564,985
Govt. RMG fund *		1,254,676	1,123,970
Others		65,970,952	47,979,234
		21,154,588,088	20,530,255,574
Interest payable to SCB for OBU		-	319,349
		21,154,588,088	20,530,574,923

* Subsequently deposited to government exchequer.

		Note	31 December 2018	31 December 2017
15.1	Specific provision for classified loans and advances			
	Provision held at the beginning of the year		3,594,107,146	2,354,935,029
	Less: Fully provided debts written off		(933,473,298)	(998,762,158)
	Add: Recoveries of amounts previously written off		165,713,392	106,277,295
	Add: Specific provision for the year	41	612,985,206	2,131,656,980
			3,439,332,446	3,594,107,146
15.1.1	Specific provision required for classified loans and advances			
Status of loans and advances	Base for provision	Rate(%)	Required provision	
			31 December 2018	31 December 2017
Sub-standard	1,609,269,330	20.00%	321,853,867	256,525,291
Sub-standard- Short term agri. credit	9,149,388	5.00%	457,469	912,914
Doubtful	178,192,118	50.00%	89,096,059	112,366,970
Doubtful- Short term agri. credit	12,509,295	5.00%	625,465	226,464
Bad/loss	3,027,299,586	100.00%	3,027,299,586	3,224,075,507
	4,836,419,717		3,439,332,446	3,594,107,146
	Specific provision maintained (note-15.1)		3,439,332,446	3,594,107,146
	Excess/(short)		-	-
15.2	General provision for un-classified loans & advances			
	Provision held at the beginning of the year		1,688,322,303	1,768,754,055
	Provision made/(release) during the year	41	259,743,176	(80,431,752)
			1,948,065,479	1,688,322,303
	Off-shore Banking Unit (OBU)			
	Provision held at the beginning of the year		27,535,391	14,387,037
	Provision made/(release) during the year	41	(5,546,228)	13,148,354
			21,989,163	27,535,391
			1,970,054,642	1,715,857,694
15.2.1	General provision required for un-classified loans and advances			
Status of loans and advances	Base for provision	Rate(%)	Required provision	
			31 December 2018	31 December 2017
Standard				
Small and medium enterprise *	22,448,302,157	0.25%	56,293,051	58,466,555
Consumer finance (house building)	24,683,511,692	1.00%	246,835,117	242,746,744
Loans to LP/BHs/MBs/SDs share etc.	288,666,552	2.00%	5,773,331	8,529,024
Consumer finance	4,180,216,526	5.00%	209,010,826	227,327,292
Consumer finance (card)	135,008,671	2.00%	2,700,173	2,757,966
Short term agri. and micro-credit	1,190,668,818	1.00%	11,906,688	37,181,862
Staff loan	1,616,151,680	0.00%	-	-
Other unclassified loan	126,439,880,194	1.00%	1,264,398,802	988,959,657
	180,982,406,290		1,796,917,988	1,565,969,100

		Note	31 December 2018	31 December 2017	
Special Mention Account (SMA)					
Small and medium enterprise	1,055,072,618	0.25%	2,637,682	1,226,358	
Consumer finance (house building)	2,191,844,388	1.00%	21,918,444	7,556,074	
Loans to LP/BHs/MBs/SDs share etc.	174,584	2.00%	3,492	8,309	
Consumer finance	83,674,761	5.00%	4,183,738	2,813,796	
Consumer finance (card)	1,750,485	2.00%	35,010	80,852	
Short term agri. and micro-credit	-	0.00%	-	-	
Staff loan	-	0.00%	-	-	
Other unclassified loan **	7,675,662,408	1.00%	112,369,125	100,667,815	
	11,008,179,244		141,147,491	112,353,203	
Off-shore banking unit					
Un-classified loans	2,198,916,289	1.00%	21,989,163	27,535,391	
	2,198,916,289		21,989,163	27,535,391	
			1,960,054,642	1,705,857,694	
General provision maintained (note-15.2)			1,970,054,642	1,715,857,694	
Excess/(short)			10,000,000	10,000,000	
* As per Bangladesh Bank instruction vide letter no. BRPD(P-1)/661/13(Cha)/2018-2628 dated 21 November 2018 on account of M/s. Bipanika Electronics an additional amount of BDT172,296 has been maintained.					
** 1% additional provision has been maintained against restructured loan in line with the BRPD Circular No. 04 dated 29 January 2015. Details Restructured Loan are shown in Annexure-J .					
15.3	Provision for off-balance sheet				
	Provision held at the beginning of the year		598,707,834	538,530,890	
	Provision made/(release) during the year	41	(54,172,244)	60,176,944	
			544,535,590	598,707,834	
15.3.1	Provision required for off-balance sheet exposure				
	Status	Base for provision	Rate(%)	Required provision	
				31 December 2018	
				31 December 2017	
	Acceptances and endorsements	23,224,423,401	1.00%	232,244,234	190,109,927
	Letters of guarantee *	10,228,543,056	1.00%	114,791,463	117,259,878
	Irrevocable letters of credit	15,475,413,131	1.00%	154,754,131	193,642,423
	Bills for collection	4,274,576,248	1.00%	42,745,762	97,695,606
		53,202,955,836		544,535,590	598,707,834
	Provision maintained (note-15.3)			544,535,590	598,707,834
	Excess/(short)			-	-
* As per Bangladesh Bank instruction, BDT 537,544 and BDT 11,968,588 has been maintained as additional provision against letter of guarantee of M/s Hannan Works and M/s ATCO Internation, respectively.					
15.4	Provision for diminution in value of investments				
	Provision held at the beginning of the year		339,557,533	445,923,927	
	Provision made/(release) during the year	41	185,345,656	(106,366,394)	
			524,903,189	339,557,533	
15.5	Provision for nostro account				
	Provision held at the beginning of the year		10,382,985	9,881,061	
	Provision made/(release) during the year	41.1	150,660	501,924	
			10,533,645	10,382,985	

	Note	31 December 2018	31 December 2017	
15.6 Provision for other assets				
Provision held at the beginning of the year		339,541,220	320,517,670	
Provision made/(release) during the year	41.1	36,808,740	19,023,550	
		376,349,960	339,541,220	
15.6.1 Particulars of required provision for other assets				
Status	Base for provision	Rate(%)	Required provision	
			31 December 2018	31 December 2017
Other assets for 6-12 months	35,078,170	50%	17,539,085	10,307,433
Other assets for more than 12 months	314,680,415	100%	314,680,415	303,992,895
Protested bills	44,130,460	100%	44,130,460	23,740,892
			376,349,960	338,041,220
Provision maintained (note-15.6)			376,349,960	339,541,220
Excess/(Short)			-	1,500,000
15.7 Provision for taxation				
Provision held at the beginning of the year			7,972,933,786	4,398,795,584
Add: Provision made during the year			1,080,000,000	750,000,000
			9,052,933,786	5,148,795,584
Add: Payment made during the year			42,603,403	2,824,138,202
Less: Settlement of Years 2013 and 2014			(2,461,481,322)	-
			6,634,055,867	7,972,933,786
The provision for corporate tax has been made as per Income Tax Ordinance 1984 and the Bank has made current tax provision in the books of accounts for the year 2018 after considering the prior years excess tax provisions and final settlement of assessment year 2014-2015 and 2015-2016. Assessments up to year 2014 (other than 2005 and 2010) have been completed by the tax authority and there is no tax liability remained outstanding up to year 2014 except 2005 and 2010. Overall tax position/status of the Bank are shown in Annexure - K .				
15.8 Interest suspense account				
Balance at the beginning of the year			4,953,004,400	4,195,820,550
Add: Amount transferred to interest suspense account during the year			3,143,633,681	2,302,722,641
Less: Amount transferred to interest income account during the year			(1,484,509,297)	(1,272,316,865)
Less: Amount written-off during the year			(325,824,934)	(273,221,927)
			6,286,303,850	4,953,004,400
15.9 Incentive bonus				
Balance at the beginning of the year			251,000,000	201,000,000
Add: Provision made during the year			240,000,000	250,000,000
Less: Paid during the year			(242,615,407)	(176,718,154)
Less: Transfer to income during the year			(7,884,593)	(23,281,846)
			240,500,000	251,000,000
15.a Consolidated other liabilities				
IFIC Bank Limited	15		21,154,588,088	20,530,574,923
IFIC Securities Limited			1,965,256,166	1,952,790,227
IFIC Money Transfer (UK) Limited			33,300,105	8,657,490
			23,153,144,360	22,492,022,640

	Note	31 December 2018	31 December 2017
16 Share Capital			
16.1 Authorized Capital			
2,000,000,000 ordinary shares of Taka 10 each		20,000,000,000	20,000,000,000
16.2 Issued, subscribed and fully paid up capital			
8,000,000 ordinary shares of Taka 10 each issued for cash		80,000,000	80,000,000
4,400,000 ordinary shares of Taka 10 each issued as rights share	16.2.1	44,000,000	44,000,000
563,821,907 ordinary shares of Taka 10 each issued as rights share	16.2.2	5,638,219,070	5,638,219,070
762,516,828 ordinary shares of Taka 10 each issued for bonus share		7,625,168,280	6,190,805,350
1,338,738,735 ordinary shares of Taka 10 each		13,387,387,350	11,953,024,420
16.2.1	The Bank raised paid-up capital of Tk. 44,000,000 through Rights Issue of 440,000 no. of ordinary shares at a ratio of 1R:2 i.e. one rights share for two existing shares at par in the year 1989 which was completed in the month of January 1990, before change of denomination from Tk. 100 to Tk. 10 which was effected from 4 December 2011.		
16.2.2	The Bank raised paid-up capital of Tk. 5,638,219,070 through Rights Issue of 563,821,907 no. of ordinary shares at a ratio of 1R:1 i.e. one rights share for one existing share at par in the year 2017.		
16.3 Issued, subscribed and fully paid up Capital-Shareholders' Category			
900,321,109 [Year 2017: 803,858,133] ordinary shares of Taka 10 each fully paid held by the Sponsors, Directors, Institutions, Foreign investors & General Public.		9,003,211,090	8,038,581,330
438,417,626 [Year 2017: 391,444,309] ordinary shares of Taka 10 each fully paid held by the Government of the People's Republic of Bangladesh.		4,384,176,260	3,914,443,090
		13,387,387,350	11,953,024,420

16.4 Shareholding by category

Category	31 December 2018			31 December 2017		
	No. of Share	%	Taka	No. of Share	%	Taka
Sponsors	52,541,011	3.92	525,410,110	46,911,623	3.92	469,116,230
Directors	26,782,314	2.00	267,823,140	23,912,781	2.00	239,127,810
Government (Director also)	438,417,626	32.75	4,384,176,260	391,444,309	32.75	3,914,443,090
Sub-Total	517,740,951	38.67	5,177,409,510	462,268,713	38.67	4,622,687,130
Institutions	301,327,505	22.51	3,013,275,050	257,334,656	21.53	2,573,346,560
Foreign investors	24,126,033	1.8	241,260,330	23,104,033	1.93	231,040,330
General investors	495,544,246	37.02	4,955,442,460	452,595,040	37.87	4,525,950,400
Sub-Total	820,997,784	61.33	8,209,977,840	733,033,729	61.33	7,330,337,290
Total	1,338,738,735	100.00	13,387,387,350	1,195,302,442	100.00	11,953,024,420

Mr. Salman F Rahman is a Sponsor as well as a Director of the Bank. However, his shares are shown against Directors' Category. The Government is representing in the Board of the Bank by nominating 03 (Three) Directors and as such, Sponsors & Directors are at present holding 38.67% shares of the Bank.

16.5 Distribution of paid up capital

Holding of share	31 December 2018			31 December 2017		
	No. of holder	Total shares	%	No. of holder	Total shares	%
1 to 500 shares	15,486	2,170,986	0.16	18,009	2,827,397	0.24
501 to 5,000 shares	16,060	31,964,716	2.39	17,138	36,030,417	3.01
5,001 to 10,000 shares	4,058	28,724,648	2.15	3,965	30,154,632	2.52
10,001 to 20,000 shares	2,878	40,127,050	3.00	2,515	37,138,693	3.11
20,001 to 30,000 shares	1,137	27,986,162	2.09	994	25,034,324	2.09
30,001 to 40,000 shares	500	17,321,635	1.29	421	14,855,119	1.24
40,001 to 50,000 shares	298	13,527,710	1.01	317	14,701,011	1.23
50,001 to 100,000 shares	606	41,591,254	3.11	490	35,922,430	3.01
100,001 to 1,000,000 shares	577	145,032,801	10.83	470	127,499,796	10.67
More than 1,000,000 shares	121	990,291,773	73.97	102	871,138,623	72.88
Total	41,721	1,338,738,735	100.00	44,421	1,195,302,442	100.00

16.6 Shareholding of Directors as at 31 December 2018

Sl.	Name of the Directors	Status	Holding %	Closing Position	Opening Position
1	Mr. Salman F Rahman	Chairman	2.00	26,782,314	23,912,781
2	Mr. Anwaruzzaman Chowdhury	Independent Director	Nil	Nil	Nil
3	Ms. Rabeya Jamali	Independent Director	Nil	Nil	Nil
4	Mr. Jalal Ahmed *	Govt. nominated Director	32.75	438,417,626	391,444,309
5	Mr. A. R. M. Nazmus Sakib *	Govt. nominated Director			
6	Ms. Quamrun Naher Ahmed*	Govt. nominated Director			
7	Mr. M. Shah Alam Sarwar	Managing Director	Nil	Nil	Nil

* Directors nominated by the Ministry of Finance, Govt. of the People's Republic of Bangladesh against its holding of 32.75% shares in the Bank.

16.7 Solo Capital Adequacy Ratio (BASEL III)

As per section 13(2) of the Banking Companies Act, 1991 as amended 2013, BRPD circular no. 18 dated 21 December 2014, Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III) was issued and effective from 1 January 2015. Capital to Risk-weighted Asset Ratio (CRAR) is calculated as follows:

Common Equity Tier 1 (going-concern capital)			
Paid-up capital	16.2	13,387,387,350	11,953,024,420
Statutory reserve	17	5,696,418,313	5,124,540,729
General reserve	18	155,071,397	155,071,397
Retained earnings	21	2,748,933,607	3,184,939,855
		21,987,810,667	20,417,576,401
Less: Regulatory Adjustments			
Goodwill and all other Intangible Assets		-	(275,108,319)
Deduction from Tier-1 Capital (95% of deferred tax assets)		(1,110,438,771)	(1,267,934,198)
Total Common Equity Tier 1 Capital		20,877,371,897	18,874,533,884
Tier-2 (Gone-Concern Capital)			
General provision		2,514,590,232	1,715,857,694
Subordinated debt that meet the qualifying criteria for Tier 2		3,500,000,000	3,500,000,000
Revaluation Reserves as on 31 December 2014 (50% of Fixed Assets and 10% of Equity Securities)		58,445,121	58,445,121

	Note	31 December 2018	31 December 2017
Less: Regulatory Adjustments			
Revaluation reserve (80% for 2018 and 60% for 2017 of Tk. 58,445,121)		(46,756,097)	(35,067,073)
Total Tier-2 Capital		6,026,279,257	5,239,235,743
Total Regulatory Capital (A)		26,903,651,153	24,113,769,627
Total assets including off-balance sheet items		343,508,883,626	311,869,122,066
Total risk-weighted Assets		213,010,627,971	191,772,831,281
Required capital @11.875% [Y2017: 11.25%] (B)		25,295,012,072	21,574,443,519
Total capital surplus C=(A-B)		1,608,639,082	2,539,326,108
Capital to Risk-weighted Asset Ratio (CRAR)			
Common Equity Tier 1 to RWA		9.80%	9.84%
Tier - 2 Capital to RWA		2.83%	2.73%
Capital to Risk-weighted Asset Ratio (CRAR)		12.63%	12.57%
Details computation of risk-weighted assets are shown in "Annexure - E"			

16.7.a Consolidated Capital Adequacy Ratio (BASEL III)

As per section 13(2) of the Banking Companies Act, 1991 as amended 2013, BRPD circular no. 18 dated 21 December 2014, Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III) was issued and effective from 1 January 2015. The Capital to Risk-weighted Asset Ratio (CRAR) is calculated as follows:

Common Equity Tier 1 (going-concern capital)			
Paid-up capital	16.2	13,387,387,350	11,953,024,420
Statutory reserve	17	5,696,418,313	5,124,540,729
General reserve	18	155,071,397	155,071,397
Retained earnings	22	4,267,059,068	4,623,795,459
		23,505,936,128	21,856,432,005
Less: Regulatory Adjustments			
Goodwill and all other Intangible Assets		-	(275,108,319)
Deduction from Tier-1 Capital (95% of deferred tax assets)		(1,110,438,771)	(1,267,934,198)
Total Common Equity Tier 1 Capital		22,395,497,358	20,313,389,488
Tier-2 (Gone-Concern Capital)			
General provision		2,514,590,232	1,715,857,694
Subordinated debt that meet the qualifying criteria for Tier 2		3,500,000,000	3,500,000,000
Revaluation Reserves as on 31 December 2014 (50% of Fixed Assets and 10% of Equity Securities)		58,445,121	58,445,121
Less: Regulatory Adjustments			
Revaluation reserve (80% for 2018 and 60% for 2017 of Tk. 58,445,121)		(46,756,097)	(35,067,073)
Total Tier-2 Capital		6,026,279,257	5,239,235,743
Total Regulatory Capital (A)		28,421,776,615	25,552,625,231
Total assets including off-balance sheet items		346,964,386,291	315,338,646,433
Total risk-weighted Assets		218,798,091,096	195,585,470,071
Required capital @11.875% [Y2017: 11.25%] (B)		25,982,273,318	22,003,365,383
Total capital surplus C=(A-B)		2,439,503,297	3,549,259,848

	Note	31 December 2018	31 December 2017
Capital to Risk-weighted Asset Ratio (CRAR):			
Common Equity Tier 1 to RWA		10.24%	10.39%
Tier – 2 Capital to RWA		2.75%	2.68%
Capital to Risk-weighted Asset Ratio (CRAR)		12.99%	13.06%
17 Statutory Reserve			
Balance at the beginning of the year		5,124,540,729	4,649,226,843
Transferred from profit during the year		571,877,584	475,313,886
		5,696,418,313	5,124,540,729
18 General Reserve			
		155,071,397	155,071,397
General reserve also includes surplus provision of Tk. 99,300,000 against the restructured large loan of RR Holdings which was transferred from specific provision in the year 2015 as per BRPD Circular No. 04 dated 29 January 2015 and extra ordinary foreign exchange gain of Tk. 28,559,248 transferred from profit in the year 2010.			
19 Revaluation Reserve Against Securities			
HTM securities	19.1	4,743,046	3,857,293
HFT securities	19.2	8,365,801	2,372,256
		13,108,847	6,229,549
19.1 Revaluation reserve HTM securities			
Balance at the beginning of the year		3,857,293	3,500,060
Gain/(loss) from revaluation on investments		885,753	357,233
		4,743,046	3,857,293
19.2 Revaluation reserve HFT securities			
Balance at the beginning of the year		2,372,256	9,887,364
Gain/(loss) from revaluation on investments		5,993,545	(7,515,108)
		8,365,801	2,372,256
19.a Consolidated revaluation reserve against securities			
IFIC Bank Limited	19	13,108,847	6,229,549
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		13,108,847	6,229,549
20 Revaluation Reserve Against Fixed Assets			
		115,314,704	115,314,704
In terms of International Accounting Standard (IAS)-16, "Property, Plant & Equipment" and instruction contained in BRPD Circular No. 10 dated 25 November 2002 issued by Bangladesh Bank, gain on revaluation of Tk. 115,314,704 has been credited to revaluation reserve account.			
20.a Consolidated foreign currency translation reserve			
IFIC Money Transfer (UK) Limited		3,017,535	1,747,560
Investment in joint venture/associate (NBBL)		38,922,757	123,372,642
Investment in joint venture/associate (OE LLC)		1,352,583	1,079,820
		43,292,875	126,200,022

	Note	31 December 2018	31 December 2017
21	Surplus in Profit and Loss Account		
	Balance at the beginning of the year	3,184,939,855	2,269,105,114
	Net profit after tax for the year	1,570,234,267	2,067,734,907
	Less: Transfer to statutory reserve during the year	(571,877,584)	(475,313,886)
	Less: Issue of bonus shares	(1,434,362,930)	(676,586,280)
		2,748,933,607	3,184,939,855
22	Consolidated Surplus in Profit and Loss Account		
	IFIC Bank Limited	2,748,933,607	3,184,939,855
	IFIC Securities Limited	300,108,468	245,389,187
	IFIC Money Transfer (UK) Limited	(30,939,659)	(28,333,718)
	Share of profit of investment in joint venture/associate (NBBL)	1,285,855,176	1,230,548,875
	Share of profit of investment in joint venture/associate (OE LLC)	33,620,838	33,221,675
	Exchange (gain)/loss on investment in joint venture/associate (NBBL)	(69,166,779)	(40,890,596)
	Exchange (gain)/loss on investment in joint venture/associate (OE LLC)	(1,352,584)	(1,079,820)
		4,267,059,068	4,623,795,459
23	Non-Controlling Interest (NCI)		
	IFIC Securities Limited	6,818	6,669
	IFIC Money Transfer (UK) Limited	-	-
		6,818	6,669
23.1	NCI of IFIC Securities Limited		
	Balance at the beginning of the year	6,669	6,561
	Add: Share of profit during the year	149	108
		6,818	6,669
24	Contingent Liabilities		
	Acceptances and endorsements	23,224,423,401	19,010,992,711
	Letters of guarantee	10,228,543,056	10,475,384,676
	Irrevocable Letters of credit	15,475,413,131	19,364,242,284
	Bills for collection	11,507,221,651	9,769,560,590
		60,435,601,239	58,620,180,261
24.1	Acceptances and endorsements		
	Back to back bills (local currency)	212,374,197	256,932,769
	Back to back bills (foreign currency)	23,012,049,204	18,754,059,942
		23,224,423,401	19,010,992,711
24.2	Letters of guarantee		
	Letters of guarantee (local currency)	10,057,537,985	10,395,552,720
	Letters of guarantee (foreign currency)	171,005,071	79,831,956
		10,228,543,056	10,475,384,676

Money for which the bank is contingently liable in respect of guarantee issued favoring:

	Note	31 December 2018	31 December 2017
Directors		-	-
Government		2,781,296,524	3,630,418,938
Banks and other financial institutions		2,491,544,704	2,064,335,316
Others		4,955,701,828	4,780,630,422
		10,228,543,056	10,475,384,676
24.3 Irrevocable letters of credit			
Letter of credit (LC) - cash sight		7,423,663,948	11,515,215,323
Letter of credit (LC) - back to back		272,198,528	7,432,527,629
Letter of credit (LC) - cash usance		7,779,550,655	416,499,332
		15,475,413,131	19,364,242,284
24.4 Bills for collection			
Inland bills collection		23,897,531	40,587,299
Foreign bills collection		1,704,375	-
Inland documentary bills for collection		4,274,576,248	3,848,706,621
Foreign documentary bills for collection		7,207,043,497	5,880,266,670
		11,507,221,651	9,769,560,590

	Note	2018	2017
Amount in BDT			
25 Income Statement			
Income			
Interest, discount and similar income	26,28	20,913,918,358	16,933,246,438
Dividend income	28	398,799,285	57,296,849
Fees, commission and brokerage	29.1	943,614,021	810,348,620
Gains less losses arising from dealing in securities	28	5,376,078	2,733,354
Gains less losses arising from investment securities	28.1	4,877,439	2,161,138
Gain less losses arising from dealing in foreign currencies	29.2	672,661,338	856,845,543
Other operating income	30	466,186,984	534,056,027
		23,405,433,503	19,196,687,969
Expenses			
Interest, fee and commission	27	14,404,724,629	9,434,132,813
Losses on loan and advances		109,642,716	244,828,037
Administrative expenses	31-38	3,793,503,670	3,801,221,252
Other operating expenses	39,40	915,658,403	1,014,148,208
Depreciation on banking assets		287,201,198	288,078,623
		19,510,730,616	14,782,408,934
		3,894,702,887	4,414,279,035

	Note	2018	2017
26 Interest Income			
Term loan-industrial		1,794,683,759	1,398,355,771
Term loan-consumer finance		1,629,859	3,827,663
Term loan-others		4,030,821,635	3,230,479,387
House building loan		3,312,440,291	2,216,642,276
Staff loan		74,909,818	81,705,295
Transport loan		32,028,964	49,504,459
Agricultural loan		211,481,447	190,201,410
Loan general		167,837,201	116,452,632
Overdrafts		4,016,141,799	3,105,647,161
Cash credit		2,591,900,340	2,539,820,780
Lease finance		64,829,905	68,409,627
Credit card		34,161,090	30,057,319
Demand loan		656,298,718	420,882,182
Overdue interest		65,097,957	40,773,065
Interest income from loan and advances		17,054,262,783	13,492,759,027
Inland documentary bill purchased (IDBP)		155,720,761	142,221,082
Foreign documentary bill purchased (FDBP)		20,414,327	19,036,847
Payment against document (cash)		32,672,585	26,494,941
Payment against document (forced)		94,172,959	71,753,043
Payment against document (EDF)		340,331,185	222,973,868
Payment against document (inland)		79,628,783	63,940,423
Payment against document (others)		145,416,676	65,189,430
Loan against imported merchandise		-	7,858,294
Loan against trust receipt (LTR)		752,616,242	628,350,250
Interest income from bills paid and discounted		1,620,973,518	1,247,818,178
Money at call on short notice		137,566,847	19,832,917
Balance held outside Bangladesh		112,411,368	100,013,974
Balance held inside Bangladesh		22,825,523	9,036,718
		18,948,040,039	14,869,460,814
Off-shore banking unit		16,491,104	54,898,337
		18,964,531,143	14,924,359,151
26.a Consolidated interest income			
IFIC Bank Limited	26	18,964,531,143	14,924,359,151
IFIC Securities Limited		47,373,510	120,346,836
IFIC Money Transfer (UK) Limited		-	-
		19,011,904,653	15,044,705,987
Less: Inter -company interest income		-	(5,432,077)
		19,011,904,653	15,039,273,910

	Note	2018	2017
27 Interest Paid on Deposits, Borrowings etc.			
Interest paid on deposits			
Current deposit		1,476,447,014	321,776,647
Saving bank deposit		881,406,248	955,873,590
Special notice deposit		928,622,148	764,924,134
Fixed deposit		8,660,899,478	4,672,235,335
Non resident FC deposit		147,039	221,260
Resident FC deposit		107,545	40,776
Pension savings scheme		608,893,827	605,604,171
Monthly income scheme		1,313,011,122	1,587,658,558
Foreign currency deposit		287,426	305,349
		13,869,821,847	8,908,639,820
Interest paid on borrowings			
Call borrowing		161,111	1,399,959
Term borrowing		57,097,949	78,107,344
Repurchase agreement (repo)		127,697	1,216,599
Bangladesh Bank- SME refinance		34,115,481	36,277,676
Payment against lease obligation		2,839,044	3,620,804
Interest on subordinated bond		267,435,959	295,989,726
Bangladesh Bank- EDF		169,764,559	105,890,052
Bangladesh Bank- LTFF Refinance		3,360,982	1,157,394
		534,902,782	523,659,554
		14,404,724,629	9,432,299,373
27.a Consolidated interest paid on deposits, borrowings etc.			
IFIC Bank Limited	27	14,404,724,629	9,432,299,373
IFIC Securities Limited		90	10,377,324
IFIC Money Transfer (UK) Limited		-	-
		14,404,724,719	9,442,676,697
Less: Inter -company interest paid		(25,189)	(5,487,080)
		14,404,699,530	9,437,189,617
28 Investment Income			
Interest income			
Treasury bills and bonds		1,410,348,672	1,503,843,819
Term placement		539,038,543	505,043,467
Reverse repo		5,376,078	2,733,354
		1,954,763,293	2,011,620,640
Non interest income			
Gain from sale of shares of listed companies	28.1	4,877,439	2,161,138
Dividend income - local		54,379,442	41,735,208
Dividend income - Foreign*		344,419,844	15,561,641
Prize bond		14,050	18,200
		403,690,775	59,476,187
		2,358,454,068	2,071,096,827

* Dividend has been recognized on accrual basis.

	Note	2018	2017
28.1	Gain from sale of shares of listed companies		
	Gain on share sale	6,401,020	372,957,331
	Less: Loss on sale of share	(1,523,581)	(370,796,193)
		4,877,439	2,161,138
28.a	Consolidated investment income		
	IFIC Bank Limited	2,358,454,068	2,071,096,827
	IFIC Securities Limited	30,162,404	49,874,873
	IFIC Money Transfer (UK) Limited	-	-
	Less: Dividend received from associates (NBBL)	(344,419,844)	(15,561,641)
		2,044,196,628	2,105,410,059
29	Commission, Exchange and Brokerage		
	Commission	943,614,021	875,510,911
	Exchange gain/(loss)	672,661,338	791,683,252
		1,616,275,359	1,667,194,163
29.1	Commission		
	Letter of guarantee (LG)-local	99,710,753	86,085,991
	Letter of guarantee (LG)-foreign	4,854,660	973,322
	Letter of credit (back to back)	134,434,471	103,257,506
	Letter of credit (cash)	145,005,192	152,677,334
	Letter of credit (others)	26,667,353	8,095,098
	Local documentary bills collection (LDBC)	13,242,000	13,385,435
	Inward foreign documentary bills collection (IFDBC)	189,588,064	192,834,093
	Foreign documentary bills collection (FDBC)	12,176,957	8,038,863
	Bills purchased (Inland)	579,145	625,450
	Bills purchased (Foreign)	3,101,214	3,948,515
	Remittances (inland)	14,434,585	15,983,835
	Remittances (foreign)	4,442,829	5,241,713
	Online charge	23,450,602	28,375,728
	Foreign correspondent charges	164,744,758	146,426,967
	Add confirmation	16,772,760	12,855,332
	Sale of sanchaya patra	6,974,584	12,017,577
	Rebate from foreign correspondent	62,117,879	65,162,291
	Commission others	21,316,214	19,525,861
		943,614,021	875,510,911
29.2	Exchange gain/(loss)		
	Exchange gain from revaluation of FC	672,661,338	791,683,252
		672,661,338	791,683,252
29.a	Consolidated commission, exchange and brokerage		
	IFIC Bank Limited	1,616,275,359	1,667,194,163
	IFIC Securities Limited	24,395,453	72,335,013
	IFIC Money Transfer (UK) Limited	27,619,061	22,338,849
	Exchange (gain)/loss for investment in joint venture/associate (NBBL)	(28,276,183)	(43,523,948)
	Exchange (gain)/loss for investment in joint venture/associate (OE LLC)	(272,763)	(908,708)
		1,639,740,927	1,717,435,369

	Note	2018	2017
30 Other Operating Income			
Locker rent		16,238,293	11,501,952
Godown rent		252,640	2,228,720
Other rents		5,268,480	5,217,019
Cheque issuance fee		22,005,071	19,311,525
SWIFT charges recovery		26,460,886	32,697,244
Godown insurance recovery		355,200	620,450
Miscellaneous earning		25,420,949	27,456,081
Loan processing fees		83,100,506	170,340,106
VISA card fees and commission		35,069,399	39,542,752
Service charge on accounts		101,558,341	100,082,731
Other fees, commission & charges		137,152,419	100,471,059
Gain on sale of fixed assets	40.5	372,406	481,972
Management fee - Foreign*		12,582,000	21,682,211
		465,836,590	531,633,822
Off-shore banking unit		336,343	333,694
		466,172,933	531,967,516

* The Bank has received Management fee from Nepal Bangladesh Bank Limited under Management service / Technical Know-how fee agreement which has credited Bank's Nostro Account in 2018.

30.a Consolidated other operating income			
IFIC Bank Limited	30	466,172,933	531,967,516
IFIC Securities Limited		1,587,044	1,754,994
IFIC Money Transfer (UK) Limited		-	-
		467,759,977	533,722,510
Less: Inter -company interest paid		25,189	55,003
		467,734,788	533,667,507

31 Salary and Allowances			
Basic salary		1,054,076,770	1,035,935,571
House rent allowance		460,650,315	459,259,990
Conveyance allowance		55,954,073	43,488,563
Medical allowances		102,557,584	100,870,394
Entertainment allowance		56,234,457	63,328,289
Other allowances		101,614,246	90,944,067
Incentive bonus		240,000,000	250,000,000
Leave encashment		8,219,071	6,783,040
Festival bonus		193,785,587	190,502,501
Leave fare assistant		106,230,662	109,890,981
Provident fund- Bank's contribution		99,844,998	98,943,780
Contribution to gratuity fund		80,000,000	127,500,000
		2,559,167,763	2,577,447,176

Number of employees for the year of 2018 who were paid remuneration less than Tk. 36,000 was nil (year 2017: nil). Total number of employees employed in the Bank at the end of the year 2018 were 2,556 (year 2017: 2,512).

31.a Consolidated salary and allowances			
IFIC Bank Limited	31	2,559,167,763	2,577,447,176
IFIC Securities Limited		13,845,106	14,695,803
IFIC Money Transfer (UK) Limited		7,859,574	8,265,148
		2,580,872,443	2,600,408,127

	Note	2018	2017
32			
Rent, Taxes, Insurance, Electricity etc.			
Rent paid		467,140,078	436,434,866
Rates & taxes		41,635,042	10,600,824
Insurance premium		169,576,277	153,300,228
Electricity & water		87,474,903	86,720,463
		765,826,300	687,056,381
32.a			
Consolidated rent, taxes, insurance, electricity etc.			
IFIC Bank Limited	32	765,826,300	687,056,381
IFIC Securities Limited		7,291,082	6,764,372
IFIC Money Transfer (UK) Limited		7,754,254	8,557,468
		780,871,636	702,378,221
33			
Legal Expenses			
Legal expenses		1,977,259	2,348,698
Professional fees		8,323,371	6,772,465
		10,300,630	9,121,163
33.a			
Consolidated legal expenses			
IFIC Bank Limited	33	10,300,630	9,121,163
IFIC Securities Limited		429,197	615,004
IFIC Money Transfer (UK) Limited		1,763,669	1,889,207
		12,493,496	11,625,374
34			
Postage, Stamp, Telecommunication etc.			
Postage expenses		5,803,438	4,947,593
Telephone		11,269,697	21,770,071
Communication facilities		45,904,183	49,527,258
		62,977,318	76,244,922
34.a			
Consolidated postage, stamp, telecommunication etc.			
IFIC Bank Limited	34	62,977,318	76,244,922
IFIC Securities Limited		58,982	59,080
IFIC Money Transfer (UK) Limited		226,972	173,656
		63,263,272	76,477,658
35			
Stationery, Printing, Advertisement etc.			
Printing stationery		17,702,977	14,195,425
Security stationery		9,943,799	16,258,486
Petty stationery		19,558,295	19,346,545
Computer stationery		13,913,185	11,892,668
Advertisement and publicity		315,789,403	371,194,397
		376,907,659	432,887,521
35.a			
Consolidated stationery, printing, advertisement etc.			
IFIC Bank Limited	35	376,907,659	432,887,521
IFIC Securities Limited		136,880	223,037
IFIC Money Transfer (UK) Limited		18,998	85,312
		377,063,537	433,195,870

	Note	2018	2017	
36	Managing Director's Salary			
	Basic salary	11,700,000	11,700,000	
	House rent allowance	300,000	300,000	
	Provident fund- Bank's contribution	1,170,000	1,170,000	
	Festival bonus	1,950,000	1,950,000	
		15,120,000	15,120,000	
	In addition to the above Managing Director was paid incentive bonus of Tk. 1 million in both years.			
37	Directors' Fees			
	Meeting attendance fees	1,704,000	1,472,000	
		1,704,000	1,472,000	
	Each Director is paid Tk. 8,000 for attending each meeting as per BRPD circular no. 11 dated 4 October 2015.			
37.a	Consolidated Directors' fees			
	IFIC Bank Limited	37	1,704,000	1,472,000
	IFIC Securities Limited		207,000	149,500
	IFIC Money Transfer (UK) Limited		-	-
			1,911,000	1,621,500
38	Auditors' Fees			
	Statutory annual audit fees	1,500,000	1,277,778	
		1,500,000	1,277,778	
38.a	Consolidated Auditors' fees			
	IFIC Bank Limited	38	1,500,000	1,277,778
	IFIC Securities Limited		223,500	338,000
	IFIC Money Transfer (UK) Limited		266,633	250,918
			1,990,133	1,866,696
39	Depreciation and Repair of Bank's Assets			
	Depreciation			
	Buildings and premises	47,045,580	46,780,427	
	Wooden furniture	19,894,529	19,976,448	
	Steel furniture	3,088,778	3,097,343	
	Computer equipment	51,751,242	55,337,904	
	Office equipment	13,276,192	18,761,600	
	Electrical & gas equipment	79,067,274	70,799,705	
	Leasehold improvement	17,520,840	17,832,559	
	Vehicles	13,100,866	11,620,201	
	Leased vehicles	6,945,840	6,164,080	
	Soft furnishing	489,136	643,907	
	Software	35,020,921	37,064,448	
		287,201,198	288,078,623	

	Note	2018	2017
Repairs and maintenance			
Property maintenance and repairs		137,484,156	133,381,449
Vehicles maintenance and repairs		56,697,231	70,974,903
		194,181,387	204,356,352
		481,382,585	492,434,975
39.a Consolidated depreciation and repair of bank's assets			
IFIC Bank Limited	39	481,382,585	492,434,975
IFIC Securities Limited		1,002,643	1,306,624
IFIC Money Transfer (UK) Limited		2,217,612	2,100,814
		484,602,840	495,842,413
40 Other Expenses			
Entertainment		35,326,999	34,028,212
Petrol, oil and lubricants	40.1	71,694,069	79,253,042
Training and internship	40.2	29,042,530	25,194,463
Traveling expenses	40.3	60,117,994	58,882,991
Casual and contractual service	40.4	168,216,672	167,026,857
Subscription and donation		65,705,187	124,372,975
Corporate Social Responsibility (CSR)		48,199,946	80,838,564
Books, newspapers and magazines, etc.		2,154,750	1,309,401
NID verification charge		630,688	1,847,000
Reward and recognition		8,913,076	3,482,625
Uniforms and liveries		4,216,805	2,932,943
Annual General Meeting		9,169,646	9,713,453
Business development		23,758,220	16,234,107
Crockeries		737,383	1,255,313
Brokerage		838,061	2,591,116
Security services		110,672,293	81,822,408
Bank charges and commission		12,330,090	11,588,344
Recovery and sales agent		1,654,727	5,105,152
Rebate to good borrowers		-	10,000,000
VISA card expense		7,546,089	7,361,235
Risk charges		17,171,583	16,168,368
Bond & Rights Share issue		3,168,888	42,795,579
Currency handling charge		1,562,742	1,833,440
Miscellaneous		38,648,578	24,511,709
		721,477,016	810,149,296
** Expenses incurred by the Bank shown in these Financial Statements are inclusive of VAT where applicable as per VAT Act 1991.			
40.1 Petrol, oil and lubricants			
Petrol, oil and lubricants - pool car		18,916,731	19,961,157
Petrol, oil and lubricants - car purchase scheme		52,777,338	59,291,885
		71,694,069	79,253,042

	Note	2018	2017
40.2	Training and internship expense includes daily allowance and traveling allowances.		
40.3	Traveling expense represents foreign and local travel which include daily allowances and traveling allowance.		
40.4	Casual and contractual service		
	Driver salary - car purchase scheme	45,766,698	38,977,785
	DSA salary and incentive	62,860,587	67,082,361
	Casual and contractual - staff	59,589,387	60,966,711
		168,216,672	167,026,857
40.5	Gain/ (loss) on sales of fixed assets		
	Cost of fixed assets sold		
	Wooden furniture	4,061,000	4,391,089
	Steel furniture	481,307	452,828
	Computer equipment	12,486,117	4,444,915
	Office equipment	2,912,969	2,775,800
	Electrical & gas equipment	12,849,968	15,176,782
	Leasehold improvement	4,946,409	6,966,467
	Vehicles	-	5,936,750
	Soft furnishing	277,624	277,649
		38,015,394	40,422,279
	Less: Accumulated depreciation		
	Wooden furniture	3,597,645	3,199,040
	Steel furniture	332,665	272,724
	Computer equipment	12,464,754	4,439,150
	Office equipment	2,901,121	2,775,780
	Electrical & gas equipment	11,736,569	13,205,372
	Leasehold improvement	4,603,284	5,496,589
	Vehicles	-	5,936,743
	Soft furnishing	277,599	277,513
		35,913,637	35,602,911
	Written down value	2,101,757	4,819,368
	Sale proceeds of above fixed assets	2,474,163	5,301,340
	Gain / (loss) on sales of fixed assets	372,406	481,972
40.a	Consolidated other expenses		
	IFIC Bank Limited	40	721,477,016
	IFIC Securities Limited		810,149,296
	IFIC Money Transfer (UK) Limited		12,907,076
			7,124,306
		736,982,153	830,180,678
40.b	Details of investment in joint ventures/associates - under equity method		
	i) Nepal Bangladesh Bank Limited		
	Opening balance	3,696,288,544	2,147,122,580
	Add/ (less): New investment made during the year	-	1,048,347,452
	Add/ (less): Share of post acquisition profit during the year	399,726,145	360,220,116
	Add/ (less): Cash dividend	(344,419,844)	(15,561,641)
	Add/ (less): Effect of changes in foreign currency exchange rate	(84,449,885)	156,160,037
	Closing balance	3,667,144,961	3,696,288,544

	Note	2018	2017
ii) Oman Exchange LLC			
Opening balance		52,019,550	56,046,963
Add/ (less): Share of post acquisition profit/(loss) during the year		399,163	(4,936,121)
Add/ (less): Effect of changes in foreign currency exchange rate		272,763	908,708
Closing balance		52,691,476	52,019,550
iii) Share of post acquisition profit during the year			
Nepal Bangladesh Bank Limited		399,726,145	360,220,116
Oman Exchange LLC		399,163	(4,936,121)
		400,125,308	355,283,995
iv) Investment in joint ventures/associates-under equity method			
A. Book value of investment			
Nepal Bangladesh Bank Limited		2,411,533,806	2,383,257,623
Oman Exchange LLC		19,070,638	18,797,875
		2,430,604,444	2,402,055,498
B. Cumulative share of post acquisition profit			
Nepal Bangladesh Bank Limited		1,255,611,155	1,313,030,921
Oman Exchange LLC		33,620,838	33,221,675
		1,289,231,993	1,346,252,596
Total (A+B)		3,719,836,437	3,748,308,094
41 Provision for Loans, Investments and other Assets			
Specific provision	15.1	612,985,206	2,131,656,980
General provision	15.2	259,743,176	(80,431,752)
Provision for off-shore banking unit	15.2	(5,546,228)	13,148,354
Provision for off-balance sheet exposure	15.3	(54,172,244)	60,176,944
Provision for loans and advances		813,009,910	2,124,550,526
Provision for diminution in value of investments	15.4	185,345,656	(106,366,393)
Other provisions	41.1	36,959,400	19,525,474
		1,035,314,966	2,037,709,607
41.1 Other provisions			
Provision for nostro account	15.6	150,660	501,924
Provision for other assets	15.5	36,808,740	19,023,550
		36,959,400	19,525,474
41.a Consolidated provision for loans, investments and other assets			
IFIC Bank Limited	41	1,035,314,966	2,037,709,606
IFIC Securities Limited		115,650	100,000,000
IFIC Money Transfer (UK) Limited		-	-
		1,035,430,616	2,137,709,606
42 Provision for Taxation			
Current tax		1,080,000,000	750,000,000
Deferred tax expense/(income)	42.1	209,153,654	(441,165,478)
		1,289,153,654	308,834,522

	Note	2018	2017
42.1	Deferred tax expense/(income)		
	Deferred tax on provision for loans and advances	165,784,660	(471,696,833)
	Deferred tax on fixed assets	43,368,994	30,531,355
		209,153,654	(441,165,478)
42.a	Consolidated provision for current tax		
	IFIC Bank Limited	1,080,000,000	750,000,000
	IFIC Securities Limited	20,427,296	57,210,974
	IFIC Money Transfer (UK) Limited	-	-
		1,100,427,296	807,210,974
42.b	Consolidated deferred tax		
	IFIC Bank Limited	209,153,654	(441,165,478)
	IFIC Securities Limited	(326,290)	(82,805)
	IFIC Money Transfer (UK) Limited	-	-
		208,827,364	(441,248,283)
43	Receipts from other Operating Activities		
	Rent received	21,759,413	21,018,002
	Other receipts	444,427,571	513,038,025
	Capital gain	4,877,439	2,161,138
		471,064,423	536,217,165
43.a	Consolidated cash received from other operating activities		
	IFIC Bank Limited	471,064,423	536,217,165
	IFIC Securities Limited	24,259,620	43,898,581
	IFIC Money Transfer (UK) Limited	-	-
		495,324,043	580,115,746
44	Cash Paid for other Operating Activities		
	Postage, stamp, telecommunication etc.	62,977,318	76,244,922
	Rent paid	467,140,078	436,434,866
	Rates, taxes & utilities	41,635,042	10,919,799
	Insurance premium	169,576,277	153,300,228
	Electricity & water	87,474,903	86,995,799
	Traveling expenses	60,117,994	58,882,991
	Auditors' fees	1,500,000	1,277,778
	Directors' fees	1,704,000	1,472,000
	Legal expenses	10,300,630	9,121,163
	Repairs and maintenance	194,181,387	204,356,352
	Other expenses	585,995,219	685,435,436
		1,682,602,848	1,724,441,334
44.a	Consolidated cash paid for other operating activities		
	IFIC Bank Limited	1,682,602,848	1,724,441,334
	IFIC Securities Limited	13,734,486	21,056,069
	IFIC Money Transfer (UK) Limited	20,147,818	18,080,867
		1,716,485,152	1,763,578,270

	Note	2018	2017
45			
Cash and Cash Equivalents			
Cash in hand		2,885,588,822	2,242,987,643
Balance with Bangladesh Bank and its agent Bank(s)		13,121,711,294	13,235,784,939
Balance with other banks and financial Institutions		8,099,478,106	10,623,519,845
Money at call and on short notice		3,970,000,000	3,830,000,000
Prize Bonds		2,268,600	3,972,900
		28,079,046,822	29,936,265,327
45.a			
Consolidated cash and cash equivalents			
IFIC Bank Limited	45	28,079,046,822	29,936,265,327
IFIC Securities Limited		6,904	7,106
IFIC Money Transfer (UK) Limited		32,937,374	8,773,824
		28,111,991,100	29,945,046,257
46			
(Increase)/decrease of other Assets			
Stationery and stamps		32,367,261	35,525,576
Suspense account		828,249,291	1,002,872,721
Advance, deposit and prepayments		545,100,324	581,382,313
Investment in subsidiaries		2,231,793,790	2,233,231,960
Revaluation account FDBP		1,791,292	1,791,292
Receivable others		18,787,097	36,321,862
Off-shore banking unit		187,390,570	161,070,610
Closing other assets		3,845,479,625	4,052,196,334
Opening other assets		4,052,196,334	3,664,557,458
		206,716,709	(387,638,876)
46.a			
(Increase)/decrease of consolidated other assets			
IFIC Bank Limited	46	206,716,709	(387,638,876)
IFIC Securities Limited		(2,728,792)	16,549,838
IFIC Money Transfer (UK) Limited		27,565	(83,789)
		204,015,482	(371,172,827)
47			
Increase/(decrease) of other Liabilities			
Withholding Tax payable to government		278,926,291	244,417,451
Withholding VAT payable to government		71,091,971	56,486,370
Excise duty payable to government		176,133,961	164,385,378
Dividend payable		2,814,447	2,814,447
Revaluation of investment abroad		30,946,297	30,946,297
Oman Exchange LLC		97,364	1,656,242
Sale proceeds of PSP & TC		357,561,049	1,527,464
Buying house commission		12,770,725	20,535,151
Recovery on court cases		7,030,339	7,170,350
Matured deposits		23,816,402	32,564,985
Govt. RMG fund		1,254,676	1,123,970
Others		65,970,952	47,979,234
Closing other liabilities		1,028,414,474	611,607,339
Opening other liabilities		611,607,339	367,155,084
		416,807,135	244,452,255

	Note	2018	2017
47.a Consolidated increase/(decrease) of other liabilities			
IFIC Bank Limited	47	416,807,135	244,452,255
IFIC Securities Limited		(7,956,240)	(3,835,035)
IFIC Money Transfer (UK) Limited		24,642,617	2,060,846
		433,493,512	242,678,067
48 Number of Ordinary Shares Outstanding			
Balance at the beginning of the year		1,195,302,442	563,821,907
Add: Bonus share issued		143,436,293	67,658,628
Add: Right share issued 1R:1		-	563,821,907
		1,338,738,735	1,195,302,442
49 Earnings Per Share (EPS)*			
Net profit after tax		1,570,234,267	2,067,734,907
Number of ordinary shares outstanding		1,338,738,735	1,338,738,735
		1.17	1.54
49.a Consolidated Earnings Per Share (EPS)*			
Net profit after tax attributable to equity holders of the Bank		1,649,504,123	2,396,664,244
Number of ordinary shares outstanding		1,338,738,735	1,338,738,735
		1.23	1.79
50 Net Operating Cash Flow Per Share (NOCFPS)*			
Net cash flows from operating activities		2,271,417,578	1,326,848,448
Number of ordinary shares outstanding in respective years		1,338,738,735	1,338,738,735
		1.70	0.99
50.a Consolidated Net Operating Cash Flow per Share (NOCFPS)*			
Consolidated net cash flows from operating activities		2,282,795,086	1,561,723,249
Number of ordinary shares outstanding in respective years		1,338,738,735	1,338,738,735
		1.71	1.17
51 Net Asset Value (NAV) Per Share*			
Net assets value at the end of the year		22,116,234,218	20,539,120,654
Number of ordinary shares outstanding in respective years		1,338,738,735	1,338,738,735
		16.52	15.34
51.a Consolidated Net Asset Value (NAV) per Share*			
Net assets value at the end of the year attributable to equity holders of the Bank		23,677,652,554	22,104,176,280
Number of ordinary shares outstanding in respective years		1,338,738,735	1,338,738,735
		17.69	16.51

* Previous year's figure has been restated.

52 Events after the Reporting Period

Subsequent to the balance sheet date, the Board of Directors in its 749th Meeting held on 29 April 2019 recommended 10% stock dividend for the year ended 31 December 2018 which will be placed for approval of the shareholders in the forthcoming 42nd Annual General Meeting of the Bank.

Balance with other Banks and Financial Institutions-Outside Bangladesh

as at 31 December 2018

Name of the Bank and Financial Institutions	Account type	Currency type	31 December 2018			31 December 2017		
			FC amount	Conversion rate	Equivalent BDT	FC amount	Conversion rate	Equivalent BDT
AB Bank Ltd., Mumbai	CD	USD	628,792	83.90	52,755,658	877,860	82.70	72,598,995
Bank of Bhutan, Phuentsoling	CD	USD	51,355	83.90	4,308,706	28,513	82.70	2,357,996
Bank of Tokyo- Mitsubishi,Tokyo	CD	JPY	4,938,026	0.75	3,720,309	202,582	0.73	147,804
Citi Bank N.A, New York	CD	USD	2,165,883	83.90	181,717,544	3,591,194	82.70	296,991,757
Commerz Bank AG, Frankfurt	CD	USD	1,097,777	83.90	92,103,511	3,327,810	82.70	275,209,900
Commerz Bank AG, Frankfurt	CD	EUR	211,972	95.25	20,190,722	267,388	98.31	26,287,960
Habib Bank, New York	CD	USD	1,035,085	83.90	86,843,611	1,378,878	82.70	114,033,197
Habib Bank AG, Zurich	CD	CHF	97,068	84.25	8,178,356	773	83.85	64,807
ICIC Bank Ltd., India	CD	USD	747,742	83.90	62,735,551	1,144,233	82.70	94,628,081
J.P. Morgan Chase Bank AG, Frankfurt	CD	EUR	111,310	95.25	10,602,486	78,118	98.31	7,680,045
J.P. Morgan Chase Bank, New York	CD	USD	1,769,972	83.90	148,500,644	8,969,473	82.70	741,775,380
J.P. Morgan Chase Bank, Sydney	CD	AUD	44,093	59.30	2,614,574	56,485	64.24	3,628,695
Mashreq Bank, PSC, India	CD	USD	176,161	83.90	14,779,915	319,387	82.70	26,413,332
Masreq Bank PSC, New York	CD	USD	761,772	83.90	63,912,631	1,733,307	82.70	143,344,466
MCB Bank Ltd, Pakistan	CD	USD	233,615	83.90	19,600,288	(7,890)	82.70	(652,534)
Nations Trust Bank Ltd, Colombo	CD	USD	79,884	83.90	6,702,235	23,285	82.70	1,925,674
Nepal Bangladesh Bank Ltd., Nepal	CD	USD	491,290	83.90	41,219,218	370,135	82.70	30,610,125
Sonali Bank Limited, Kolkata	CD	USD	179,210	83.90	15,035,712	199,118	82.70	16,467,052
Sonali Bank (UK) Limited London	CD	EUR	-	-	-	18,618	110.79	2,062,736
Standard Chartered Bank, New York	CD	USD	3,189,332	83.90	267,584,954	5,789,702	82.70	478,808,327
Standard Chartered Bank, Kolkata	CD	USD	877,512	83.90	73,623,217	285,189	82.70	23,585,130
Standard Chartered Bank, London	CD	GBP	128,784	106.00	13,651,027	350,213	110.79	38,801,251
Standard Chartered Bank, London	CD	USD	104,806	83.90	8,793,216	19,152	82.70	1,583,859
Wells Fargo Bank, New York	CD	USD	914,344	83.90	76,713,431	1,893,965	82.70	156,630,890
Total			20,035,784		1,275,887,518	30,917,486.02		2,554,984,924

Details of Investment in Shares

as at 31 December 2018

Name of the Company	Face value	No. of share	Cost/share	Cost price	NAV or Mkt price/share	Total value	Gain/(loss)	Amount in BDT	
Unquoted shares									
Karna Sangsthan Bank	100	200,000	100.00	20,000,000	114.78	22,956,628	2,956,628		
Central Depository Bangladesh Limited	10	2,284,722	10.00	22,847,220	33.79	77,190,437	54,343,217		
Energypack Power Generation Limited	10	619,500	41.90	25,960,000	31.17	19,308,869	(6,651,131)		
		3,104,222		68,807,220		119,455,934	50,648,714		
Quoted shares									
Aman Feed Limited	10	100,000	47.43	4,743,200	47.00	4,700,000	(43,200)		
BBS Cables Limited	10	100,000	96.47	9,646,540	96.30	9,630,000	(16,540)		
BRAC Bank Limited	10	56,059	74.49	4,175,700	72.70	4,075,489	(100,211)		
Confidence Cement Limited	10	70,000	182.01	12,741,029	179.40	12,558,000	(183,029)		
Eastland Insurance Company Limited	10	196,439	40.51	7,958,672	20.20	3,968,068	(3,990,604)		
Fareast Life Insurance Limited	10	979,224	125.11	122,511,641	63.20	61,886,957	(60,624,684)		
GlaxoSmithKline(GSK) Bangladesh Limited	10	6,681	1,598.86	10,682,010	1,450.20	9,688,786	(993,224)		
Meghna Petroleum Limited	10	20,000	187.53	3,750,542	188.60	3,772,000	21,458		
National Housing Finance & Investment Limited	10	4,808,100	8.11	39,010,000	47.70	229,346,370	190,336,370		
Power Grid Company Limited	10	3,123,057	69.13	215,882,261	48.00	149,906,736	(65,975,525)		
Shahjalal Islami Bank Limited	10	205,487	27.16	5,581,890	27.60	5,671,441	89,551		
Shasha Denims Limited	10	120,653	61.66	7,439,512	60.50	7,299,507	(140,006)		
Singer Bangladesh Limited	10	50,100	218.88	10,965,683	221.20	11,082,120	116,437		
Southeast Bank Limited	10	150,000	14.89	2,232,795	15.60	2,340,000	107,205		
Square Pharmaceuticals Limited	10	35,700	250.90	8,957,201	254.20	9,074,940	117,739		
Summit Alliance Port Limited	10	57,044	99.79	5,692,616	25.30	1,443,213	(4,249,403)		
Summit Power Limited	10	200,000	38.76	7,751,100	39.40	7,880,000	128,900		
TITAS Gas Transmission and Distribution Limited	10	5,383,325	76.60	412,348,120	36.40	195,953,030	(216,395,090)		
Unique Hotel and Resorts Limited	10	200,000	105.15	21,029,385	52.80	10,560,000	(10,469,385)		
United Power Generation & Distribution Company Limited	10	30,000	300.22	9,006,690	290.70	8,721,000	(285,690)		
Total		15,891,869		922,106,587		749,557,657	(172,548,930)		
Mutual funds *									
IFIC Bank 1 st Mutual Fund	10	37,951,655	6.59	250,000,000	9.18	348,396,193	98,396,193		
ICB Employee 1 st Mutual Fund	10	1,339,500	13.43	17,986,473	6.18	8,277,440	(9,709,033)		
		39,291,155		267,986,473		356,673,633	88,687,160		

Name of the Company	Face value	No. of share	Cost/share	Cost price	NAV or Mkt price/share	Total value	Gain/(loss)
Foreign Investment							
Investment in associate/joint venture							
Nepal Bangladesh Bank Limited		33,088,433	72.88	2,411,533,806	145.92	4,828,214,511	2,416,680,705
Oman Exchange LLC		2,948	6,469.01	19,070,638	18,880.12	55,658,585	36,587,947
Other foreign investment		33,091,381		2,430,604,444		4,883,873,096	2,453,268,652
MCB Bank Limited, Pakistan		175,508	2,030.53	356,374,547	116.12	20,380,453	(335,994,094)
		33,266,889		2,786,978,991		4,904,253,549	2,117,274,558
Total				4,045,879,271		6,129,940,773	2,084,061,501

Required provision for investment in shares				Amount in BDT			
Particulars	Cost/Share	NAV/share	NAV x 85%	MV/share	Higher of NAV or MV	(NAV x 85%) - CP	Req. Provision
Unquoted shares ¹				68,807,220		119,455,934	(6,651,131)
Quoted				922,106,587		749,557,657	(172,548,930)
Mutual funds ²				267,986,473		356,673,633	(9,709,033)
Sub-total				1,258,900,280		1,225,687,224	(188,909,095)
Investment in associate/joint venture ³				2,430,604,444		4,883,873,096	-
Other foreign investment-MCB Bank Limited ⁴				356,374,547		20,380,453	(335,994,094)
Grand Total				4,045,879,271		6,129,940,773	(524,903,189)

¹ Provision is kept against any unrealized loss for investment in unquoted shares.

² Provision calculation for Investment in Mutual Funds*

Name of the Company	No. of share	Cost/Share	NAV/share	NAV x 85%	MV/share	Higher of NAV or MV	(NAV x 85%) - CP	Required Provision
	A	B	C	D	E	F=(E-B)	G=(A x F)	
IFIC Bank 1 st MF	37,951,655	6.59	10.80	9.18	4.20	9.18	-	-
ICB EP 1 st MF	1,339,500	13.43	7.27	6.18	5.40	6.18	(7.25)	(9,709,033)
Total provision required								(9,709,033)

* As per Bangladesh Bank DOS circular letter no. 3 dated 12 March 2015 and DOS circular no. 10 dated 25 June 2015 the fair value of investment in mutual funds is 85% (Closed-end) and 95% (Open-end) of Net Asset Value (NAV) or Market Value (MV) which one is higher. The provision is only required if the cost is higher than Net Asset Value or Market Value.

³ Provision against investment in associate/joint venture have been calculated as per instructions of Bangladesh Bank vide letter no DOS/SR/1153/161/11/2017-1348 dated 23 March 2017. As per Bangladesh Bank instruction provision is to be maintained if cost is higher of NAV and market value which one is lower (if applicable).

⁴ As per Bangladesh Bank letter no-DOS(ASR)1153/161/11/2016-4995 dated 13 November 2016 full provision has been maintained for MCB Bank Limited, Pakistan.

Loans and advances allowed to each customer exceeding 10% of Bank's total capital

as at 31 December 2018

BDT in million

Sl.	Name of the group	Name of clients	Outstanding as on 31 December 2018			Amount classified
			Funded	Non-funded	Total	
1	Banglalion	Banglalion Communication Limited.	2,776.30	-	2,776.30	-
		Sub Total:	2,776.30	-	2,776.30	-
2	Bengal	Bengal Communications Limited	3,062.50	-	3,062.50	-
		Sub Total:	3,062.50	-	3,062.50	-
3		Bangladesh Rural Advance Committee	3,505.00	1,564.80	5,069.80	-
		Sub Total:	3,505.00	1,564.80	5,069.80	-
4		Central Land & Building Limited	3,494.20	-	3,494.20	-
		Sub Total:	3,494.20	-	3,494.20	-
5	Doha-Global	Dohatec Newmedia	1,613.90	13.40	1,627.30	-
		Global Voice Telecom Limited	1,803.00	2,128.60	3,931.60	-
		Sub Total:	3,416.90	2,142.00	5,558.90	-
6	ENA	ENA Building Products Limited	226.40	-	226.40	-
		ENA Properties Limited	1,563.40	12.30	1,575.70	-
		Northern Power Solutions Limited	1,470.70	462.90	1,933.60	-
		Sakoatex Limited	274.80	40.00	314.80	-
		Sub Total:	3,535.30	515.20	4,050.50	-
7		Global LPG Limited	3,594.00	-	3,594.00	-
		Sub Total:	3,594.00	-	3,594.00	-
8		Habib Hotel International Limited	3,225.20	30.40	3,255.60	-
		Sub Total:	3,225.20	30.40	3,255.60	-
9	Islam	Islam Garments Limited	1,721.40	2,672.70	4,394.10	-
		Islam Knit Design Limited	7.20	214.20	221.40	-
		Armor Bangladesh Limited	23.30	-	23.30	-
		Euro Jeans Limited	43.50	-	43.50	-
		Sub Total:	1,795.40	2,886.90	4,682.30	-
10	Knit Concern	Knit Concern Limited	603.70	2,029.70	2,633.40	-
		KC Apparels Limited	113.80	394.70	508.50	-
		Pack Concern Limited	64.50	13.00	77.50	-
		K C Lingerie Limited	57.50	183.50	241.00	-
		Zas Concern Limited	16.50	7.80	24.30	-
		JMJ Mollah Cold Storage Limited	87.00	-	87.00	-
		Surecell Medical (BD) Limited	22.30	-	22.30	-
		Sub Total:	965.30	2,628.70	3,594.00	-
11	NASSA	Nassa Properties Limited	3,015.10	-	3,015.10	-
		Nassa Spinners & Garments Limited	147.33	-	147.30	-
		Nassa Supreme Wash Limited	236.20	54.60	290.80	-
		Sub Total:	3,398.63	54.60	3,453.20	-

Sl.	Name of the group	Name of clients	Outstanding as on 31 December 2018			Amount classified
			Funded	Non-funded	Total	
12	Opex Sinha	Opex Fashions Limited	-	9.50	9.50	-
		Opex Washing Plant Limited	94.30	1.10	95.40	-
		Opex Industries Limited	110.40	-	110.40	-
		Sinha Apparel Accessories Limited	8.80	-	8.80	-
		Sinha Industries Limited	1,951.80	791.90	2,743.70	-
		Sub Total:	2,165.30	802.50	2,967.80	-
13	Phonix	Appollo Ispat Complex Limited	2,762.90	29.90	2,792.80	-
		Sub Total:	2,762.90	29.90	2,792.80	-
14	Prisma	Prisma Digital Network Limited	3,463.20	117.00	3,580.20	-
		Sub Total:	3,463.20	117.00	3,580.20	-
15		Quick Real Estate Limited	3,493.20	-	3,493.20	-
		Sub Total:	3,493.20	-	3,493.20	-
16		Raj Housing Limited	3,439.50	-	3,439.50	-
		Sub Total:	3,439.50	-	3,439.50	-
17	Sikder	Powerpac Mutiara Keraniganj (Pvt) Limited	1,827.10	-	1,827.10	-
		R & R Holdings	1,734.10	-	1,734.10	-
		Sub Total:	3,561.20	-	3,561.20	-
18	Silver Line	Silver Composite Textile Mills Limited	909.90	892.40	1,802.30	-
		Silver Line Compusit Textile Mill Limited	2,544.20	364.70	2,908.90	-
		Sub Total:	3,454.10	1,257.10	4,711.20	-
19		Vestel Cable TV Networks Limited	3,168.70	-	3,168.70	-
		Sub Total:	3,168.70	-	3,168.70	-
20		Uttara Jute Fibres & Industries Limited	3,227.40	7.90	3,235.30	-
		Sub Total:	3,227.40	7.90	3,235.30	-
21		Uttara Traders (Pvt.) Limited	3,882.30	3,001.70	6,884.00	-
		Sub Total:	3,882.30	3,001.70	6,884.00	-
22		Wisdom Attires Limited	2,971.50	498.80	3,470.30	-
		Sub Total:	2,971.50	498.80	3,470.30	-
		Grand Total:	68,358.03	15,537.50	83,895.50	-

Schedule of fixed assets including premises, furniture and fixture

as at 31 December 2018

Annexure - D

Particulars	Cost				Depreciation/Amortization				Balance as at 31 December 2018	Written down value as at 31 December 2018	
	Balance as at 1 January 2018	Addition during the year	Transfer from CWIP	Adjustment during the year	Disposal during the year	Balance as at 31 December 2018	Charged during the year	Adjustment during the year			Disposal during the year
Land	475,118,759	-	1,948,490,800	-	-	2,423,609,559	-	-	-	-	2,423,609,559
Buildings and premises	1,902,617,204	-	-	-	-	1,902,617,204	47,045,580	-	-	327,788,484	1,574,828,720
Wooden furniture	249,945,813	7,853,120	1,257,724	-	4,061,000	254,995,657	19,894,529	-	3,597,645	119,487,693	135,507,964
Steel furniture	65,205,635	3,221,050	1,409,653	-	481,307	69,355,031	3,088,778	-	332,665	43,188,623	26,166,408
Computer equipment	737,808,650	73,254,852	35,657,351	-	12,486,117	834,234,736	51,751,242	-	12,464,754	652,555,487	181,679,249
Electrical & gas equipment	796,346,585	36,519,834	52,545,654	-	12,849,968	872,562,106	79,067,274	-	11,736,569	418,653,799	453,908,307
Office equipment	219,597,186	10,174,348	799,826	-	2,912,969	227,658,391	13,276,192	-	2,901,121	194,239,759	33,418,632
Leasehold improvement	261,520,678	20,236,904	18,880,213	-	4,946,409	295,691,386	17,520,840	-	4,603,284	181,626,335	114,065,051
Vehicles	119,768,760	14,271,570	-	-	-	134,040,330	13,100,866	-	-	106,255,571	27,784,759
Leased vehicles	47,600,000	-	-	-	-	47,600,000	6,945,840	-	-	27,772,243	19,827,757
Soft furnishing	11,468,191	565,448	8,610	-	277,624	11,764,626	489,136	-	277,599	11,077,434	687,192
Software	542,871,430	5,546,921	5,715,112	-	-	554,133,463	35,020,921	-	-	302,784,032	251,349,431
Total	5,429,868,891	171,644,049	2,064,764,943	-	38,015,394	7,628,262,489	287,201,198	-	35,913,637	2,385,429,460	5,242,833,029
Capital work in progress *	232,657,045	2,027,224,177	(2,064,764,943)	-	-	195,116,279	-	-	-	-	195,116,279
Total	5,662,525,936	2,198,868,226	-	-	38,015,394	7,823,378,768	287,201,198	-	35,913,637	2,385,429,460	5,437,949,308

* Capital work in progress represents the amount paid for Document Management System, Fire Protection System, Data Center, Fusion Banking Essence and Integration of SWIFT with CBS.

Particulars	Cost				Depreciation/Amortization				Balance as at 31 December 2017	Written down value as at 31 December 2017	
	Balance as at 1 January 2017	Addition during the year	Transfer from CWIP	Adjustment during the year	Disposal during the year	Balance as at 31 December 2017	Charged during the year	Adjustment during the year			Disposal during the year
Land	475,118,759	-	-	-	-	475,118,759	-	-	-	-	475,118,759
Buildings and premises	1,891,680,528	187,369	10,749,307	-	-	1,902,617,204	46,780,427	-	-	280,742,904	1,621,874,300
Wooden Furniture	248,371,766	5,328,489	4,853,556	4,216,908	4,391,089	249,945,814	19,976,448	247,232	3,199,040	103,190,810	146,755,004
Steel Furniture	62,300,831	3,357,632	-	-	452,828	65,205,635	3,097,343	-	272,724	40,432,510	24,773,124
Computer equipment	715,903,279	26,350,285	-	-	4,444,915	737,808,649	55,337,904	-	4,439,150	613,268,999	124,539,650
Office Equipment	204,176,631	18,196,355	-	-	2,775,800	219,597,186	18,761,600	-	2,775,780	183,864,687	35,732,499
Electrical & Gas Equipment	703,698,482	60,106,401	47,718,485	-	15,176,782	796,346,586	70,799,705	-	13,205,372	351,323,094	445,023,492
Leasehold improvement	254,466,084	14,021,059	-	-	6,966,467	261,520,676	17,832,559	-	5,496,589	168,708,776	92,811,900
Vehicles	111,849,395	13,856,115	-	-	5,936,750	119,768,760	11,620,201	-	5,936,743	93,154,705	26,614,055
Leased vehicles	47,600,000	-	-	-	-	47,600,000	6,164,080	-	-	20,826,403	26,773,597
Soft Furnishing	11,369,205	376,635	-	-	277,649	11,468,191	643,907	-	277,513	10,865,897	602,295
Software	513,048,657	4,023,954	25,798,819	-	-	542,871,430	37,064,448	-	-	267,763,110	275,108,319
Total	5,239,583,617	145,804,293	89,120,167	4,216,908	40,422,279	5,429,868,890	288,078,623	247,232	35,602,911	2,134,141,897	3,295,726,993
Capital work in progress *	130,257,471	191,519,741	(89,120,167)	-	-	232,657,045	-	-	-	-	232,657,045
Total	5,369,841,088	337,324,034	-	4,216,908	40,422,279	5,662,525,935	288,078,623	247,232	35,602,911	2,134,141,897	3,528,384,037

* Capital work in progress represents the amount paid for fire protection system, Data centre, Data Management System and Fusion Banking Essence.

Computation of Risk Weighted Assets

Solo Basis

as at 31 December 2018

1.0 Risk Weighted Assets for Credit Risk Balance Sheet Exposures

BDT in Million

Sl.	Exposure Type	Rating	Risk Weight	Exposure	RWA
1	2	3	4	5	6 = (4x5)
a.	Cash		0	2,885.59	-
b.	Claims on Bangladesh Government (other than PSEs) and Bangladesh Bank		0	27,882.16	-
c.	Claims on other Sovereigns & Central Banks		0.5	-	-
d.	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank		0	-	-
e.	Claims on Multilateral Development Banks (MDBs):			-	-
	i) IBRD, IFC, ADB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB		0	-	-
	ii) Others MDBs	1	0.20	-	-
		2,3	0.50	-	-
		4,5	1.00	-	-
		6	1.50	-	-
		Unrated	0.50	-	-
f.	Claims on Public Sector Entities (other than Government) in Bangladesh	1	0.20	-	-
		2,3	0.50	-	-
		4,5	1.00	-	-
		6	1.50	-	-
		Unrated	0.50	20.00	10.00
g.	Claims on Banks and NBFIs			-	-
	i) Maturity over 3 months	1	0.20	402.10	80.42
		2,3	0.50	78.44	39.22
		4,5	1.00	-	-
		6	1.50	-	-
		Unrated	1.00	9.51	9.51
	ii) Maturity less than 3 months		0.20	13,668.95	2,733.79
h.	Claims on Corporate (excluding equity exposure)	1	0.20	9,492.16	1,898.43
		2	0.50	18,153.58	9,076.79
		3,4	1.00	44,990.59	44,990.59
		5,6	1.50	-	-
		Unrated	1.25	16,878.90	21,098.63
h(1)	Claims on SME	SME 1	0.20	213.08	42.62
		SME 2	0.40	175.61	70.25
		SME 3	0.60	658.22	394.93
		SME 4	0.80	501.04	400.83
		SME 5	1.20	-	-

Sl.	Exposure Type	Rating	Risk Weight	Exposure	RWA
		SME 6	1.50	-	-
		Unrated (small enterprise & <BDT 3m)	0.75	2,508.15	1,881.11
		Unrated (small enterprise having ≥ BDT 3m&Medium enterprise)	1.00	13,800.61	13,800.61
i.	Claims under Credit Risk Mitigation	PSE		-	-
		Banks & NBFIs		-	-
		Corporate		4,879.02	3,637.41
		Retail		435.34	6.89
		SME		1,018.09	258.98
		Consumer finance		2,271.82	115.41
		Residential property		-	-
		Commercial real estate		-	-
j.	Claims categorized as retail portfolio (excluding SME, Consumer Finance and Staff loan) upto 1 crore		0.75	434.71	326.04
k.	Consumer finance		1.00	956.12	956.12
l.	Claims fully secured by residential property		0.50	40,087.11	20,043.56
m.	Claims fully secured by Commercial real estate		1.00	22,953.21	22,953.21
n.	1. Past Due Claims that is past due for 60 days or more (Risk weights are to be assigned net of specific provision):				
	i) Where specific provisions are less than 20 percent of the outstanding amount of the past due claim		1.50	4,911.70	7,367.55
	ii) Where specific provisions are no less than 20 percent of the outstanding amount of the past due claim		1.00	4,807.80	4,807.80
	iii) Where specific provisions are more than 50 percent of the outstanding amount of the past due claim		0.50	1,123.50	561.75
	2. Claims fully secured against residential property that are past due for more than 60 days and/or impaired and specific provision held there-against is less than 20% of outstanding amount		1.00	3,180.70	3,180.70
	3. Loans and claims fully secured against residential property that are past due for more than 60 days and/or impaired and specific provision held there-against is no less than 20% of outstanding amount		0.75	183.30	137.48
o.	Capital Market Exposure		1.25	-	-
p.	Investment in equity and other regulatory capital instruments issued by other banks and merchant Banks/Brokerage Houses/Exchange Houses which are not listed in the Stock Exchanges (other than those deducted from capital) held in banking book		1.25	67.88	84.85
q.	Investments in venture capital		1.50	-	-
r.	Investments in premises, plant and equipment and all other fixed assets		1.00	5,437.95	5,437.95
s.	Claims on all fixed assets under operating lease		1.00	295.61	295.61
t.	All other assets			-	-
	i) Claims on GoB & BB		0.00	5,682.91	-
	ii) Staff loan/Investment		0.20	1,616.15	323.23
	iii) Cash items in Process of Collection		0.20	-	-
	iv) Claims on Off-shore Banking Units (OBU)		1.00	2,332.36	2,332.36
	v) Other assets (net off specific provision, if any)		1.00	6,735.35	6,735.35
			Sub-Total	261,729.32	176,089.96

2.0 Risk Weighted Amount for Credit Risk Off-Balance Sheet Exposures
BDT in Million

Sl.	Exposure Type	BB's Rating Grade*	Risk Weight	Exposure	RWA
1	2	3	4	5	6 = (4x5)
a)	Claims on Bangladesh Government and Bangladesh Bank		0		
b)	Claims on other Sovereigns & Central Banks*				
c)	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank		0		
d)	Claims on Multilateral Development Banks (MDBs):				
	i) IBRD, IFC, ADB, AFDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB		0		
	ii) Others MDBs	1	0.20		
		2,3	0.50		
		4,5	1.00		
		6	1.50		
		Unrated	0.50		
e)	Claims on Public Sector Entities (other than Government) in Bangladesh	1	0.20		
		2,3	0.50		
		4,5	1.00		
		6	1.50		
		Unrated	0.50		
f)	Claims on Banks & NBFIs				
	i) Maturity over 3 months	1	0.20		
		2,3	0.50		
		4,5	1.00		
		6	1.50		
		Unrated	0.50		
	ii) Maturity less than 3 months		0.20		
g)	Claims on Corporate (excluding equity exposure)	1	0.20	4,521.41	904.28
		2	0.50	12,475.51	6,237.76
		3,4	1.00	6,229.44	6,229.44
		5,6	1.50	-	-
		Unrated	1.25	5,519.88	6,899.85
h)	Claims under retail exposure		0.75	9.76	7.32
h(1)	Claims under SME Credit Rating-wise exposure	1	0.20	-	-
		2	0.40	170.78	68.31
		3	0.60	301.06	180.64
		4	0.80	10.10	8.08
		5	1.20	-	-
		6	1.50	-	-

Sl.	Exposure Type	BB's Rating Grade*	Risk Weight	Exposure	RWA
		Unrated (small enterprise & <BDT 3.00m)	0.75	41.98	31.48
		Unrated (small enterprise having ≥ BDT 3.00m & Medium enterprise)	1.00	2,021.69	2,021.69
i)	Consumer Loan		1.00		
j)	Claims fully secured by residential property		0.50		
k.)	Claims fully secured by commercial real estate		1.00		
l)	Investments in venture capital		1.50		
m)	All other assets		1.00		
			Sub-Total	31,301.63	22,588.86

3.0 Capital Charge for Market Risk (Balance Sheet Exposures)

BDT in Million

Sl. No.	Market Risk	Capital Charge	Risk Weight	Risk Weighted Asset
a	Interest Rate Related Instruments	50.50	10.00	505.00
b	Equities	163.94	10.00	1,639.39
c	Foreign Exchange Position	27.67	10.00	276.73
d	Commodities	-	-	-
		Sub-Total		2,421.12

4.0 Capital Charge for Operational Risk (Basic Indicator Approach)

Sl. No.	Operational Risk	Capital Charge	Risk Weight	Risk Weighted Asset
a	Gross Income	1,191.07	10.00	11,910.69
		Sub-Total	10.00	11,910.69
Grand Total Risk Weighted Assets				213,010.63

Related party disclosures

Name of Directors and their interest in different entities

as at 31 December 2018

SI No.	Name	Status with the Bank	Status with interested entities	Name of the firms/companies in which they have interest
1	Mr. Salman F Rahman	Chairman	Chairman	GMG Airlines Ltd.
			Chairman	Abahani Ltd.
			Vice Chairman	Bangladesh Export Import Co. Ltd.
			Vice Chairman	Beximco Pharmaceuticals Ltd.
			Vice Chairman	Beximco Synthetics Ltd.
			Vice Chairman	Shinepukur Ceramics Ltd.
			Vice Chairman	Independent Television Ltd.
			Vice Chairman	Beximco Holdings Ltd.
			Vice Chairman	Beximco Computers Ltd.
			Vice Chairman	Beximco Engineering Ltd.
			Vice Chairman	Beximco Pharma Center for Bio & Industrial Research Ltd.
			Vice Chairman	Beximco Fashions Ltd.
			Vice Chairman	Beximco Property Development and Management Ltd.
			Vice Chairman	RR Washing Ltd.
			Vice Chairman	International Knitwear and Apparels Ltd.
			Vice Chairman	Sonali Ansh Ltd.
Vice Chairman	Esses Exporters Ltd.			
		Shareholder	Beximco Power Company Ltd.	
		Shareholder	I & I Services Ltd.	
2	Mr. Anwaruzzaman Chowdhury	Independent Director	Director (Nominated by IFIC Bank Ltd.)	IFIC Money Transfer (UK) Ltd.
			Alternate Director (Nominated by IFIC Bank Ltd.)	Oman Exchange LLC
			Chairman	Kipling
3	Ms. Rabeya Jamali	Independent Director	Director (Nominated by IFIC Bank Ltd.)	IFIC Securities Ltd.
			Director (Nominated by IFIC Bank Ltd.)	IFIC Money Transfer (UK) Ltd.
			Alternate Director (Nominated by IFIC Bank Ltd.)	Nepal Bangladesh Bank Ltd., Nepal
			Partner	Jamali & Morshed
4	Mr. Jalal Ahmed	Govt. nominated Director	Chairman (Nominated by IFIC Bank Ltd.)	Nepal Bangladesh Bank Ltd., Nepal
			Chairman (Nominated by IFIC Bank Ltd.)	IFIC Money Transfer (UK) Ltd.
			Chairman (Nominated by IFIC Bank Ltd.)	IFIC Securities Ltd.
			Alternate Director (Nominated by IFIC Bank Ltd.)	Oman Exchange LLC
			Additional Secretary & Executive Project Director	SEIP Project of Finance Division, Ministry of Finance, Bangladesh

SI No.	Name	Status with the Bank	Status with interested entities	Name of the firms/companies in which they have interest
5	Mr. A. R. M. Nazmus Sakib	Govt. nominated Director	Director (Nominated by IFIC Bank Ltd.)	Oman Exchange LLC
			Director (Nominated by IFIC Bank Ltd.)	IFIC Money Transfer (UK) Ltd.
			Additional Secretary (PRL)	
6	Ms. Quamrun Naher Ahmed	Govt. nominated Director	Director (Nominated by IFIC Bank Ltd.)	IFIC Money Transfer (UK) Ltd.
			Director (Nominated by IFIC Bank Ltd.)	Nepal Bangladesh Bank Ltd., Nepal
			Director (Nominated by IFIC Bank Ltd.)	IFIC Securities Ltd.
			Additional Secretary (PRL)	
7	Mr. M Shah Alam Sarwar	Managing Director	Director (Nominated by Govt. of Bangladesh)	Grameen Bank
			Director (Nominated by IFIC Bank Ltd.)	Nepal Bangladesh Bank Ltd., Nepal
			Director (Nominated by IFIC Bank Ltd.)	Oman Exchange LLC
			Director (Nominated by IFIC Bank Ltd.)	IFIC Money Transfer (UK) Ltd.
			Director (Nominated by IFIC Bank Ltd.)	IFIC Securities Ltd.

Related Party Transactions

- Significant contracts with the Bank wherein Directors have interest during the year is nil.
- Share issued to Directors and Executive without consideration or exercisable at a discount is nil.
- The details of the related party transactions are as follows:

Nature of Transaction	Amount in BDT	
	As at and for the year ended	
	31 December 2018	31 December 2017
1) Name of the Party: IFIC Securities Ltd.		
Relationship with the company : Subsidiary		
A. Capital investment	2,199,994,000	2,199,994,000
B. Current & SND Account	145,670,986	95,242,494
C. BO account balance	659	659
2) Name of the Party: IFIC Money Transfer (UK) Limited		
Relationship with the company : Subsidiary		
A. Capital investment	31,799,790	33,237,960
3) Name of the Party: Oman Exchange LLC		
Relationship with the company : Associate		
A. Capital investment	19,070,638.00	18,797,875.00
B. Share money deposits	8,703,560	-

Nature of Transaction	As at and for the year ended	
	31 December 2018	31 December 2017
3) Name of the Party: Nepal Bangladesh Bank Limited		
Relationship with the company : Associate		
A. Capital investment	2,411,533,806	2,383,257,623
B. Borrowing	2,097,500,000	1,984,800,000
C. Cash Dividend	344,419,844	15,561,641
D. Management fee received	12,582,000	21,682,211
E. Share money deposits	2,456,251	2,421,125

iv) Lending policies in respect of related party:

In case of approval of Loan to related parties, the Bank follows the BRPD circular no. 04 dated 23 February 2014 and requirement of section 27(1) of the Banking Companies Act 1991 as amended.

v) Business other than banking business with any related concern of the Directors as per section 18(2) of Bank Companies Act 1991:

Bank has executed maintenance agreement with Beximco Computers Limited for maintenance of Nostro Reconciliation Software with a fees of BDT 50,000 per year and BB Foreign Exchange Return with a fees of BDT 95,000 per month. Bank has also a service agreement with Bangladesh Export Import Co. Limited for Broadband Internet Service with a fees of BDT 60,000 per month. Bank also paid BDT 62,572,506 and BDT 1,853,150 to Independent Television Limited for sponsorship of various program and Independent Publications Limited for various advertisement and publications respectively in the year 2018.

vi) Investment in the securities of Director and their related concern:

Investee Entity	Related Director	Relation with the Bank	Relation with Investee Entity	Investment at Cost
NIL				

Disclosure on Audit Committee of the Bank

a) Particulars of members of the Audit Committee

Sl.	Name	Status with the Bank	Status	Educational Qualification
1	Ms. Rabeya Jamali	Independent Director	Chairman	L.L.B. (Hons), L.L.M. in Banking and Financial Law
2	Mr. Anwaruzzaman Chowdhury	Independent Director	Member	MBA
3	Mr. Jalal Ahmed	Director	Member	B.S.S. (Hons), M. S. S. in Public Administration

b) Particulars of meetings held by the Audit Committee during the period from 01 January to 31 December 2018

Sl.	Meeting No	Meeting held on
1	118 th Audit Committee Meeting	14.02.2018
2	119 th Audit Committee Meeting	11.03.2018
3	120 th Audit Committee Meeting	08.04.2018
4	121 st Audit Committee Meeting	07.05.2018
5	122 nd Audit Committee Meeting	30.05.2018
6	123 rd Audit Committee Meeting	10.06.2018
7	124 th Audit Committee Meeting	22.07.2018
8	125 th Audit Committee Meeting	30.07.2018
9	126 th Audit Committee Meeting	24.10.2018
10	127 th Audit Committee Meeting	30.10.2018
11	128 th Audit Committee Meeting	29.11.2018
12	129 th Audit Committee Meeting	12.12.2018

Evaluation of the Audit Committee regarding strengthening of Internal Control System

The Internal Control & Compliance Division (ICCD) of the Bank reviews the Internal Control System of the Bank and ensures that internal controls are considered properly managed and supervised throughout all Divisions and Branches of the Bank.

As per guideline of Bangladesh Bank, the Audit committee, in the meetings held during 2018 with various issues/reports/findings on financial reporting process, the system of internal control, the audit process, and the process for monitoring compliance with laws and regulations and its own code of business conduct – submitted by ICCD, have reviewed and evaluated.

During discussion on some memo(s) and Compliance Report, the Committee has advised Management to devise a system for arresting occurrence of the irregularities on recurring basis and ICCD of the Bank has also been advised to take necessary steps for rectification of all irregularities as mentioned in the memo(s)/reports at the earliest. The Committee has also advised the Head of ICC to formulate matrix/format to monitor status of compliance on regular basis and devise some innovative tools/system for reducing number of irregularities in the Branches as well as enabling them to monitor up-to-date status of compliance.

All Audited/Un-audited yearly/quarterly Financial Statements submitted during 2018 have been explained and endorsed to the Audit Committee whether the statements reflect the complete and concrete information and whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank and Bangladesh Securities and Exchange Commission.

The Committee has submitted compliance report to the Board on quarterly basis during 2018 regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

Segment Reporting

The Bank reports its operations under geographical location and business segment as per IFRS:8 Operating Segment

Profit and Loss Account for the year ended 31 December 2018

Particulars	IFIC Bank Limited				Subsidiaries			Associates		Adjustment	Consolidated
	Inside Bangladesh		Off-Shore Banking Unit		IFIC Securities Limited	IFIC Money Transfer (UK) Limited	Nepal Bangladesh Bank Limited	Oman Exchange LLC			
	Conventional Banking	Off-Shore Banking	Adjustment	Total							
Interest income	18,948,040,039	112,002,533	(95,511,429)	18,964,531,143	47,373,510	-	-	-	-	-	19,011,904,653
Interest paid on deposits and borrowings, etc.	14,404,724,629	95,511,429	(95,511,429)	14,404,724,629	90	-	-	-	-	(25,189)	14,404,699,530
Net interest income	4,543,315,410	16,491,104	(191,022,858)	4,559,806,514	47,373,600	-	-	-	-	(25,189)	4,607,205,123
Investment income	2,358,454,068	-	-	2,358,454,068	30,162,404	-	(344,419,844)	-	-	-	2,044,196,628
Commission, exchange and brokerage	1,616,275,359	-	-	1,616,275,359	24,395,453	27,619,061	(28,276,183)	(272,763)	-	-	1,639,740,927
Other operating income	465,836,590	336,343	-	466,172,933	1,587,044	-	-	-	-	(25,189)	467,734,788
Total operating income	4,440,566,017	336,343	-	4,440,902,360	56,144,901	27,619,061	(372,696,027)	(272,763)	-	(25,189)	4,151,672,343
Salary and allowances	2,557,754,744	1,413,019	-	2,559,167,763	13,845,106	7,859,574	-	-	-	-	2,580,872,443
Rent, taxes, insurance, electricity, etc.	765,826,300	-	-	765,826,300	7,291,082	7,754,254	-	-	-	-	780,871,636
Legal expenses	10,300,630	-	-	10,300,630	429,197	1,763,669	-	-	-	-	12,493,496
Postage, stamps, telecommunication, etc.	62,977,318	-	-	62,977,318	58,982	226,972	-	-	-	-	63,263,272
Stationery, printing, advertisement, etc.	376,907,659	-	-	376,907,659	136,880	18,998	-	-	-	-	377,063,537
Managing Director's salary	15,120,000	-	-	15,120,000	-	-	-	-	-	-	15,120,000
Directors' fees	1,704,000	-	-	1,704,000	207,000	-	-	-	-	-	1,911,000
Auditors' fees	1,500,000	-	-	1,500,000	223,500	266,633	-	-	-	-	1,990,133
Charges on loan losses	109,642,716	-	-	109,642,716	-	-	-	-	-	-	109,642,716
Depreciation and repairs of Bank's assets	481,382,585	-	-	481,382,585	1,002,643	2,217,612	-	-	-	-	484,602,840
Other expenses	721,477,016	-	-	721,477,016	5,387,845	10,117,292	-	-	-	-	736,982,153
Total operating expenses	5,104,592,968	1,413,019	-	5,106,005,987	28,582,235	30,225,004	-	-	-	-	5,164,813,226
Operating profit	3,879,288,458	15,414,428	(191,022,858)	3,894,702,887	74,936,266	(2,605,943)	(372,696,027)	(272,763)	-	(50,378)	3,594,064,240
Share of profit of joint ventures/associates	-	-	-	-	-	-	399,726,145	399,163	-	-	400,125,308
Profit before provision	3,879,288,458	15,414,428	(191,022,858)	3,894,702,887	74,936,266	(2,605,943)	27,030,119	126,400	-	(50,378)	3,994,189,548
Provision against loans and advances	813,009,910	-	-	813,009,910	115,650	-	-	-	-	-	813,125,560
Provision for diminution in value of investments	185,345,656	-	-	185,345,656	-	-	-	-	-	-	185,345,656
Provisions for other assets	36,959,400	-	-	36,959,400	-	-	-	-	-	-	36,959,400
Total provision	1,035,314,966	-	-	1,035,314,966	115,650	-	-	-	-	-	1,035,430,616
Profit before taxation	2,843,973,492	15,414,428	(191,022,858)	2,859,387,921	74,820,616	(2,605,943)	(372,696,027)	(272,763)	-	(50,378)	2,958,758,932
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-
Current tax	1,080,000,000	-	-	1,080,000,000	20,427,296	-	-	-	-	-	1,100,427,296
Deferred tax	209,153,654	-	-	209,153,654	(326,290)	-	-	-	-	-	208,827,364
Net profit after taxation	1,289,153,654	15,414,428	(191,022,858)	1,289,153,654	1,289,153,654	-	-	-	-	-	1,309,254,660
	1,554,819,838	-	-	1,570,234,267	-	-	-	-	-	-	1,649,504,272

The Bank reports its operations under geographical location and business segment as per IFRS:8 Operating Segment

Balance Sheet as at 31 December 2018

Amount in BDT

Particulars	IFIC Bank Limited				Subsidiaries			Associates		Adjustment	IFIC Bank & its subsidiaries
	Inside Bangladesh		Off-Shore Banking Unit	Adjustment	Total	IFIC Securities Limited	IFIC Exchange (UK) Ltd.	Nepal Bangladesh Bank Limited	Oman Exchange LLC		
	Conventional Banking	Off-Shore Banking Unit									
PROPERTY AND ASSETS											
Cash	16,007,300,116	-	-	-	16,007,300,116	6,904	13,434,563	-	-	-	16,020,741,583
Balance with other banks and financial instit.	8,099,478,106	-	-	-	8,099,478,106	145,670,986	19,502,811	-	-	(145,670,986)	8,118,980,917
Money at call and on short notice	3,970,000,000	-	-	-	3,970,000,000	-	-	-	-	-	3,970,000,000
Investments	31,304,385,918	-	-	-	31,304,385,918	70,782,190	-	-	-	1,289,231,993	32,664,400,101
Loans and advances	204,730,719,418	2,198,916,289	-	-	206,929,635,707	4,002,656,028	-	-	-	-	210,932,291,735
Fixed assets	5,437,949,308	-	-	-	5,437,949,308	4,255,186	3,630,900	-	-	-	5,445,835,394
Other assets	10,763,667,862	187,390,570	-	-	10,951,058,432	283,186,384	609,496	-	-	(2,231,793,790)	9,003,060,522
Non-banking assets	373,474,800	-	-	-	373,474,800	-	-	-	-	-	373,474,800
Total Assets	280,686,975,528	2,386,306,859	-	-	283,073,282,387	4,506,557,678	37,171,770	-	-	(1,086,232,783)	286,528,785,052
LIABILITIES AND CAPITAL											
Borrowings from other banks, financial institutions and agents	9,969,432,278	2,332,355,956	-	(2,332,355,956)	9,969,432,278	-	-	-	-	-	9,969,432,278
Subordinated debt	3,500,000,000	-	-	-	3,500,000,000	-	-	-	-	-	3,500,000,000
Deposits and other accounts	226,333,027,803	-	-	-	226,333,027,803	41,192,225	-	-	-	(145,670,986)	226,228,549,042
Other Liabilities	21,154,588,088	38,536,475	-	(38,536,475)	21,154,588,088	1,965,256,165	33,300,107	-	-	-	23,153,144,360
Total Liabilities	260,957,048,169	2,370,892,431	-	(2,370,892,431)	260,957,048,169	2,006,448,390	33,300,107	-	-	(145,670,986)	262,851,125,680
Capital/Shareholders' equity											
Paid up capital	13,387,387,350	-	-	-	13,387,387,350	2,200,000,000	31,799,790	-	-	(2,231,799,790)	13,387,387,350
Statutory reserve	5,696,418,313	-	-	-	5,696,418,313	-	-	-	-	-	5,696,418,313
General reserve	155,071,397	-	-	-	155,071,397	-	-	-	-	-	155,071,397
Revaluation reserve against securities	13,108,847	-	-	-	13,108,847	-	-	-	-	-	13,108,847
Revaluation reserve against fixed assets	115,314,704	-	-	-	115,314,704	-	-	-	-	-	115,314,704
Foreign currency translation reserve	-	-	-	-	-	-	3,017,535	38,922,757	1,352,583	-	43,292,875
Surplus in profit and loss account	2,748,933,607	-	-	-	2,748,933,607	300,108,468	(30,939,659)	1,285,855,176	33,620,838	(70,519,363)	4,267,059,068
Minority Interest	22,116,234,218	-	-	-	22,116,234,218	2,500,108,468	3,877,666	1,324,777,933	34,973,421	(2,302,319,153)	23,677,652,554
	-	-	-	-	-	6,818	-	-	-	-	6,818
Total shareholders' equity	22,116,234,218	-	-	-	22,116,234,218	2,500,115,287	3,877,666	1,324,777,933	34,973,421	(2,302,319,153)	23,677,659,372
Total liabilities and shareholders' equity	283,073,282,387	2,370,892,431	-	(2,370,892,431)	283,073,282,387	4,506,563,677	37,171,773	1,324,777,933	34,973,421	(2,447,990,139)	286,528,785,052

Financial Highlights of the Bank

as at and for the year ended 31 December 2018

Sl.	Particulars	Currency/ percentage	31 December 2018	31 December 2017
1	Paid up capital	BDT	13,387,387,350	11,953,024,420
2	Total capital	BDT	26,903,651,153	24,113,769,627
3	Capital surplus	BDT	1,608,639,082	2,539,326,108
4	Total assets	BDT	283,073,282,387	253,248,941,805
5	Total deposits	BDT	226,333,027,803	200,205,665,479
6	Total loan & advances	BDT	206,929,635,707	179,264,206,747
7	Total contingent liabilities & commitments	BDT	60,435,601,239	58,620,180,261
8	Credit deposit ratio	%	86.83	85.04
9	Percentage of classified loan against total loans & advances	%	6.16	6.40
10	Profit after tax & provision	BDT	1,570,234,267	2,067,734,906
11	Amount of classified loans	BDT	12,740,133,887	11,477,879,667
12	Provision kept against classified loans	BDT	3,439,332,446	3,594,107,146
13	Cost of fund	%	5.26	4.22
14	Interest earning assets	BDT	245,249,701,087	216,239,475,667
15	Non-interest earning assets	BDT	37,823,581,300	37,009,466,138
16	Return on Investment (ROI)	%	7.97	7.81
17	Return on Assets (ROA)	%	0.59	0.92
18	Income from investment	BDT	2,358,454,068	2,071,096,827
19	Earnings per share	BDT	1.17	1.54
20	Net income per share	BDT	1.17	1.54
21	Net Asset Value (NAV)	BDT	22,116,234,218	20,539,120,654
22	Net Asset Value (NAV) per share	BDT	16.52	17.18
23	Net Operating Cash Flow Per Share (NOCFPS)	BDT	1.70	0.99
24	Price earnings ratio	Times	9.29	8.92

Disclosure of Restructured Loan

As at and for the year ended 31 December 2018

Sl. No.	Name of the borrower	Type of loan	Date of restructure	Down Payment		Due date of 1 st Installment	Outstanding Amount		Total provision as at 31 December 2018		Present status	Outstanding as at 31 December 2017	
				Required	Realized		At the time of taking NOC from BB	New/fresh disbursement amount after NOC	Outstanding as at 31 December 2018	Required			Maintained
1	Power Pac - Mutiara KPP Plant Ltd.	TL (0)	07.12.2015	16.90	16.90	07.04.2018 (interest portion)	1,833.20	Nil	1,827.10	36.50	36.50	SMA(RST)	1,787.51
2	M/s R&R Holdings	TL (0)-1	07.12.2015	8.20	8.20	07.04.2018 (interest portion)	936.20	Nil	933.20	18.70	18.70	SMA(RST)	913.12
3	M/s R&R Holdings	TL (0)-2	07.12.2015	7.70	7.70	07.04.2018 (interest portion)	803.90	Nil	800.90	16.00	16.00	SMA(RST)	783.67
Total				32.80	32.80		3,573.30		3,561.20	71.20	71.20		3,484.30

BDT in Million

* Installment size has been re-fixed after obtaining NOC from Bangladesh Bank vide letter no.BRPD(P-1)/661/13(Cha)/2018-2244 dated 01 April 2018.

Statement of Tax Position

As at 31 December 2018

Accounting year	Assessment year	Tax provision in Financial Statements	Tax as per assessment	Excess/ (shortage) provision	Advance income tax paid	Remarks
Balance of provision for up to Y2014 (except Y2005 & Y2010)		1,558,802,950	-	1,516,199,547	-	Assessments up to Y2014 (except Y2005 & Y2010) have been completed by the Tax Authority and there is no tax liability remained outstanding against related years
2005	2006-2007	140,397,922	-	140,397,922	-	Honorable High Court Division of Supreme Court Assessment was completed with loss, however, advance tax paid for 2005 amounting to Tk. 90.27 mln was adjusted in subsequent years.
2010	2011-2012	1,454,854,995	1,508,170,344	(53,315,349)	1,385,538,554	Honorable High Court Division of Supreme Court
2015	2016-2017	950,000,000	1,016,553,670	(66,553,670)	957,876,970	Bank has received the order from Taxes Appellate Tribunal which are under review of the Management for next course of action.
2016	2017-2018	700,000,000	1,038,305,623	(338,305,623)	914,266,201	Bank has received the order from Deputy Commissioner of Taxes which are under review of the Management for next course of action.
2017	2018-2019	750,000,000	-	-	1,236,812,392	Assessment yet to be completed by the Tax authority
2018	2019-2020	1,080,000,000	-	-	368,547,613	Not yet due

International Finance Investment and Commerce Bank Limited

Off-shore Banking Unit

Balance Sheet
As at 31 December 2018

Particulars	Note	31 December 2018		31 December 2017	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash		-	-	-	-
Cash in hand (including foreign currency)		-	-	-	-
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currency)		-	-	-	-
Balance with other banks and financial institutions		-	-	-	-
In Bangladesh		-	-	-	-
Outside Bangladesh		-	-	-	-
Money at call and on short notice		-	-	-	-
Investments		-	-	-	-
Government securities		-	-	-	-
Other investments		-	-	-	-
Loans and advances	3	26,208,776	2,198,916,289	33,295,515	2,753,539,110
Loans, cash credits, overdrafts etc.	3.1	19,825,357	1,663,347,472	6,762,333	559,244,903
Bills purchased and discounted	3.2	6,383,419	535,568,817	26,533,182	2,194,294,207
Fixed assets including premises, furniture and fixtures		-	-	-	-
Other assets	4	2,233,499	187,390,570	1,947,650	161,070,610
Non banking assets		-	-	-	-
Total assets		28,442,275	2,386,306,859	35,243,165	,914,609,720
LIABILITIES AND CAPITAL					
Liabilities					
Borrowing from other banks, financial Institutions and agents	5	27,799,237	2,332,355,956	34,028,915	2,814,191,232
Deposit and other accounts		-	-	-	-
Current deposits and other accounts		-	-	-	-
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Fixed Deposits		-	-	-	-
Other liabilities	6	459,314	38,536,475	558,920	46,222,673
Total liabilities		28,258,551	2,370,892,431	34,587,834	2,860,413,905
Capital / Shareholders' equity					
Paid up capital		-	-	-	-
Statutory reserve		-	-	-	-
General Reserve		-	-	-	-
Revaluation reserve against securities		-	-	-	-
Revaluation reserve against fixed assets		-	-	-	-
Surplus in profit and loss account	7	183,724	15,414,428	655,330	54,195,815
Total shareholders' equity		183,724	15,414,428	655,330	54,195,815
Total liabilities and shareholders' equity		28,442,275	2,386,306,859	35,243,165	2,914,609,720

Particulars	Note	31 December 2018		31 December 2017	
		USD	Taka	USD	Taka
OFF BALANCE SHEET ITEMS					
Contingent liabilities		-	-	-	-
Acceptances and endorsements		-	-	-	-
Letters of guarantee		-	-	-	-
Irrevocable letters of credit		-	-	-	-
Bills for collection		-	-	-	-
Other contingent liabilities		-	-	-	-
Other Commitments					
Documents credit and short term trade -related transactions		-	-	-	-
Forward assets purchased and forward deposit placed		-	-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-	-	-
Total off-Balance Sheet exposures including contingent liabilities		-	-	-	-

These financial statements should be read in conjunction with the annexed notes.

International Finance Investment and Commerce Bank Limited

Off-shore Banking Unit

Profit and Loss Account
For the year ended 31 December 2018

Particulars	Note	31 December 2018		31 December 2017	
		USD	Taka	USD	Taka
Interest income	8	1,334,953	112,002,533	1,801,879	149,015,399
Interest paid on deposits, borrowings etc.	9	1,138,396	95,511,429	1,138,054	94,117,062
Net interest income		196,557	16,491,104	663,825	54,898,337
Investment Income		-	-	-	-
Commission, exchange and brokerage		-	-	-	-
Other operating income		4,009	336,343	4,035	333,694
Total operating income		200,566	16,827,447	667,860	55,232,031
Salaries and allowances		16,842	1,413,019	12,530	1,036,216
Rent, taxes, insurance, electricity etc.		-	-	-	-
Legal expenses		-	-	-	-
Postage, stamp, telecommunication etc.		-	-	-	-
Stationery, printing, advertisement etc.		-	-	-	-
Managing Director's salary		-	-	-	-
Directors' fees		-	-	-	-
Auditors' fees		-	-	-	-
Charges on loan loss		-	-	-	-
Depreciation and repair of bank's assets		-	-	-	-
Other expenses		-	-	-	-
Total operating expenses		16,842	1,413,019	12,530	1,036,216
Profit/(Loss) before provision		183,724	15,414,428	655,330	54,195,815
Provision for loans, investments and other assets					
Specific Provision		-	-	-	-
General Provision		-	-	-	-
Provision for off-balance sheet exposures		-	-	-	-
Provision for diminution in value of investments		-	-	-	-
Provision for other assets		-	-	-	-
Total provision		-	-	-	-
Profit/(Loss) before taxes		183,724	15,414,428	655,330	54,195,815

These financial statements should be read in conjunction with the annexed notes.

Off-shore Banking Unit

Notes to the Financial Statements

as at and for the year ended 31 December 2018

1 Status of the Unit

Off-shore Banking Units of IFIC Bank Limited, governed under the rules and guidelines of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission from Bangladesh Bank vide letter no. BRPD (P-3) 744 (104)/2009-4233 dated 17 November 2009. The Bank commenced the operation of its Off-shore Banking Unit from 10 May 2010. Presently the Bank has 1 (one) unit in Dhaka. The principal activities of the unit is to provide all kinds of commercial banking services to its customers through its off-shore Banking Unit in Bangladesh.

2 Significant Accounting Policies and Basis of Preparation of Financial Statements

2.1 Basis of accounting

The Off-shore Banking Unit maintains its accounting records in USD from which accounts are prepared according to the Banking Companies Act 1991, International Financial Reporting Standards (IFRS) and other applicable directives issued by Bangladesh Bank.

2.2 Foreign currencies transaction and translation to presentation currency

Foreign currency transactions are converted into equivalent USD using the ruling exchange rates on the dates of respective transactions as per IAS 21: *The Effects of Changes in Foreign Exchange Rates*.

Particulars	Note	31 December 2018		31 December 2017	
		USD	Taka	USD	Taka
3 Loans and Advances					
3.1 Loans, cash credits, overdrafts etc.					
Term loan		19,825,357	1,663,347,472	6,762,333	559,244,903
		19,825,357	1,663,347,472	6,762,333	559,244,903
3.2 Bills purchased and discounted					
Inside Bangladesh		6,383,419	535,568,817	26,533,182	2,194,294,207
		6,383,419	535,568,817	26,533,182	2,194,294,207
		26,208,776	2,198,916,289	33,295,515	2,753,539,110
4 Other Assets					
Interest receivable on term loan		2,104,460	176,564,209	1,533,898	126,853,397
Interest receivable on bills discount		129,039	10,826,361	413,752	34,217,213
		2,233,499	187,390,570	1,947,650	161,070,610
5 Borrowing from other Banks, Financial Institutions and its Agents					
In Bangladesh:					
IFIC Bank Limited		27,799,237	2,332,355,956	33,004,812	2,729,497,927
		27,799,237	2,332,355,956	33,004,812	2,729,497,927
Outside Bangladesh					
		-	-	1,024,103	84,693,305
		27,799,237	2,332,355,956	34,028,915	2,814,191,232

Particulars	Note	31 December 2018		31 December 2017	
		USD	Taka	USD	Taka
6 Other Liabilities					
Interest on borrowing from abroad		-	-	3,862	319,349
Due to Head Office		459,314	38,536,475	555,058	45,903,324
		459,314	38,536,475	558,920	46,222,673
7 Surplus in Profit and Loss Account					
Opening balance		655,330	54,195,815	157,585	12,402,256
Less: Adjustment/ payment for the year		(655,330)	(54,195,815)	(157,585)	(12,402,256)
Add: Addition during the year		183,724	15,414,428	655,330	54,195,815
		183,724	15,414,428	655,330	54,195,815

Particulars	Note	2018		2017	
		USD	Taka	USD	Taka
8 Interest Income					
Term Loan		736,441	61,787,366	1,011,120	83,619,631
Bills discount		598,512	50,215,167	790,759	65,395,768
		1,334,953	112,002,533	1,801,879	149,015,399
9 Interest Paid on Deposits, Borrowings etc.					
Interest paid to IFIC Bank Limited		1,138,396	95,511,429	1,138,054	94,117,062
		1,138,396	95,511,429	1,138,054	94,117,062



Financial Statements
of the Subsidiaries

IFIC Securities Limited

Directors' Report

Respected Shareholders,

The Board of Directors is pleased to present before you the Annual Report of IFIC Securities Limited (IFICSL) for the year ended on 31 December 2018. In the report, IFICSL's operational performance for the year 2018 as compared to 2017 has been evaluated and analyzed within the prevailing business environment. The information and analysis may be read in conjunction with the audited financial statements presented herewith.

Capital Market 2018

The Capital Market of the country passed a challenging year in 2018. Although the market had recovered substantially in 2017, the market shrank again in the last year. This is visible in both the average daily volume (Turnover) of Dhaka Stock Exchange Limited (DSE) and the trade volume of IFICSL, as a participant, as well. The market participation of the stakeholders was also decreased significantly.

The most important event in the capital market of Bangladesh in 2018 was the official joining of a Chinese Consortium of the world's two leading Stock Exchanges, Shenzhen Stock Exchange and Shanghai Stock Exchange, as the strategic investors/partners of Dhaka Stock Exchange. The consortium took 25% stake in the DSE in exchange of USD 125 million, valuing the exchange at USD 500 million. The deal also promised additional technical assistances worth USD 37 million. The strategic partnership is expected to make significant contribution in improvement of local capital market as well as introducing Bangladesh's capital market to the world market.

One of the major moves from the Bangladesh Securities and Exchange Commission (BSEC) in 2018 was extension of tenure of closed end mutual funds for another term of 10 years, provided that the total tenure of the mutual funds doesn't go beyond 20 years.

Our business

IFICSL has been established with the objectives of rendering efficient and innovative brokerage services to the prospective investors of the country following compliant culture as well as to ensure adequate return on equity for the shareholders.

IFIC Securities Limited is a fully owned subsidiary of International Finance Investment and Commerce Bank Limited (IFIC Bank Limited). It was incorporated with the Registrar of Joint Stock Companies and Firms, Bangladesh as a public limited company on 02 November 2010 under Companies Act, 1994. IFICSL, a subsidiary company of IFIC Bank for stock dealer and stock broker operations, is authorized to undertake the following activities:

- ▲ Opening of Beneficiary Owners (BO) account;
- ▲ Buy and Sell of Securities in Dhaka Stock Exchange Limited;
- ▲ Extending Margin Loan facilities to the eligible clients;
- ▲ Settlement of buying and selling of Securities in Dhaka Stock Exchange through CDBL;
- ▲ Processing of IPO applications on behalf of its clients.

Capital

The Authorized Capital of IFICSL is BDT 3,000 million and the Paid-up Capital is BDT 2,200 million. Total shareholders' equity at the end of December 2018 stood at BDT 2,500.11 million including retained earnings of BDT 300.11 million. The Paid-up Capital represents the total face value of 220,000,000 shares of BDT 10.00 each fully paid by the shareholders.

Profit & Operating Results

IFICSL has earned BDT 103.52 million for the year 2018 in the form of operating income. During 2018, the operational expenses incurred by IFICSL stood at BDT 28.70 million. Furthermore, total profit before tax of IFICSL stood at BDT 74.82 million as at 31 December 2018. After keeping BDT 20.10 million as provision for income tax, the net profit of IFICSL for the year 2018 was BDT 54.72 million. The management of IFICSL has also kept BDT 7.00 million as provision for margin loans.

Loans & Advances

Total margin loan facilities provided to the investors by IFICSL was BDT 4,002.66 million as on 31 December 2018. However, IFICSL has got no outside liabilities with any Bank/NBFI.

Own Portfolio

Management of own investment portfolio is a regulatory requirement and also a core business objective of IFICSL to ensure higher return on equity. IFICSL has initiated/established an investment process and has been maintaining its own portfolio following this process in compliance with the Investment Policy of IFICSL. During 2018, IFIC Securities Limited has participated in a good number of IPO and Bidding under book building method. The active participation of IFICSL in the capital market has enabled the Company to earn a capital gain of BDT 22.67 million during the year 2018. During 2017, IFICSL earned BDT 42.14 million as capital gain from investment in own portfolio.

Support Services from IFIC Bank Ltd.

IFIC Bank Limited is continuously providing professional support services to the IFICSL in the field of HRM, Service & Estate, FAD and IT. As such, entire functions of these fields are being managed by the respective divisions of IFIC Bank Limited to maintain service standard. The Company Secretary of IFIC Bank Limited is also engaged with the Company as Corporate Secretary to ensure the best practices of corporate governance.

Rotation/Re-election of Directors

In order to comply with the provision of section 91(2) of the Companies Act, 1994 and as per Clause 52 of the Articles of Association of the Company, the Directors shall retire by rotation in the 8th Annual General Meeting. However, as per Clause 53, the retiring Directors are eligible for re-election.

Appointment of Statutory Auditors

In the 7th Annual General Meeting of the Company M/s. Howladar Yunus & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company for the term till conclusion of the 8th Annual General Meeting. Since M/s. Howladar Yunus & Co., Chartered Accountants have completed their first year of audit, they are eligible for re-appointment.

Dividend

In order to strengthen the capital base of the Company and also to maintain sufficient liquidity for smooth operations, the Board of Directors of the company did not recommend any dividend for the year 2018.

Acknowledgement

The Board of Directors would like to express its heartfelt gratitude and thanks to the valued shareholders, customers, bankers, market regulators namely, BSEC, DSE, CDBL and other stakeholders for their continuous support and assistance. The Board takes this opportunity to thank the management and employees especially for their sincere and dedicated services for yet another commendable year of success.

For and on behalf of the Board of Directors



Chairman

Independent Auditor's Report **to the Shareholders of IFIC Securities Limited**

Opinion

We have audited the financial statements of IFIC Securities Limited, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, accompanying the financial statements give a true and fair view of the financial position of the Company as at 31 December, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The Company departed from the requirements of IFRSs as explained in note 2.1 of the financial statements.

The financial statements of the Company for the year ended 31 December 2017 were audited by another auditor who expressed an unqualified opinion on 10 April 2018.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

Chartered Accounts

Member firm of Grant Thornton International Ltd

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involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- c) The statement of financial position and statement of profit or loss and other comprehensive income, dealt with by the report agrees with the books of account and returns.

Dated: 29 April, 2019
Place: Dhaka


Chartered Accountants

IFIC Securities Limited

Statement of Financial Position

As at 31 December 2018

Particulars	Notes	Amount in BDT	Amount in BDT
		31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,024,007	4,856,741
Intangible assets	5	231,179	198,907
Investments membership value	6	56,241,750	74,989,000
Deferred tax asset	7	205,523	-
		60,702,459	80,044,648
Current assets			
Margin loan to clients	8	4,002,656,026	4,031,904,359
Accounts receivable (DSE)		10,761,929	9,627,607
Dividend receivable		219,778	371,412
Advance deposits and prepayments	9	271,999,154	207,745,781
Investment	10	14,540,440	11,493,525
Cash & cash equivalents	11	145,677,890	95,249,600
		4,445,855,217	4,356,392,284
Total asset		4,506,557,676	4,436,436,932
EQUITY AND LIABILITIES:			
Shareholders' equity			
Share capital	12.1	2,200,000,000	2,200,000,000
Retained earnings	13	300,109,285	245,389,855
		2,500,109,285	2,445,389,855
Non-current liabilities			
Deferred tax liabilities	7	-	120,768
		-	120,768
Current liabilities			
Provision for income tax	14	230,390,812	209,963,516
Clients payable	15	41,192,225	38,256,850
DSE payable		225,219	21,669
General provision	16	231,296,839	231,181,189
Other liabilities	17	1,503,343,295	1,511,503,085
		2,006,448,391	1,990,926,309
Total liabilities and shareholders' equity		4,506,557,676	4,436,436,932

These financial statements should be read in conjunction with annexed notes.


Chief Executive Officer
(Current Charge)


Director


Director

Dated: 29 April 2019
Dhaka


Chartered Accountants

IFIC Securities Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

Particulars	Note	Amount in BDT	
		31 December 2018	31 December 2017
Income:			
Operating income	18	71,768,963	192,681,849
Non-operating income	19	31,749,448	51,629,867
		103,518,411	244,311,716
Expenses:			
Operating expenses	20	3,283,474	8,978,514
Office & administrative expenses	21	24,461,011	25,385,311
Financial expenses	22	837,840	13,071,995
		28,582,325	47,435,820
Profit/(loss) before provisions and tax		74,936,086	196,875,896
Less: Provision	23	115,650	100,000,000
Profit after provision		74,820,436	96,875,896
Less: Income tax expenses			
Deferred tax	7	(326,290)	(82,805)
Current tax	14	20,427,296	57,210,974
		20,101,006	57,128,169
Net profit after tax		54,719,430	39,747,728
Other comprehensive income		-	-
Total comprehensive income		54,719,430	39,747,728
Earnings per share	24	0.25	0.18

These financial statements should be read in conjunction with annexed notes.


Chief Executive Officer
(Current Charge)


Director


Director

Dated: 29 April 2019
Dhaka


Chartered Accountants

IFIC Securities Limited

Statement of Cash Flows

For the year ended 31 December 2018

Particulars	31 December 2018	31 December 2017
	Amount in BDT	Amount in BDT
A) Cash flows from operating activities		
Brokerage commission receipts	24,395,453	72,335,013
Interest on margin loan receipts	47,373,510	120,346,836
Interest payments	(837,840)	(13,071,995)
Dividend receipts	7,641,462	7,539,359
Amount realised from written off client		
Payments to employees	(13,785,736)	(14,598,942)
Payments to suppliers	(9,267,815)	(9,033,077)
Income taxes paid	(62,503,319)	(44,340,201)
Receipts from other operating activities	1,587,044	1,763,008
Payments for other operating activities	(3,283,474)	(8,978,514)
Cash generated from operating activities before changes in operating assets and liabilities	(8,680,715)	111,961,487
Increase / (decrease) in operating assets and liabilities		
Margin loan to clients	29,248,333	108,742,371
Other assets	(2,643,650)	16,733,750
Other liabilities	(5,734,033)	(30,295,125)
	20,870,650	95,180,996
Net cash from operating activities	12,189,935	207,142,483
B) Cash flows from investing activities		
Investment in shares	(4,739,345)	(1,804,289)
Sale proceeds from shares	43,112,200	138,507,910
Purchase of fixed assets	(3,150)	(757,612)
Purchase of intangible assets	(131,350)	-
Net cash from investing activities	38,238,355	135,946,009
C) Cash flows from financing activities		
Net draw down/(payment) of short term loan	-	(334,565,573)
Net Cash from financing activities	-	(334,565,573)
D) Net increase in cash and cash equivalents (A+ B + C)	50,428,290	8,522,919
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the year	95,249,600	86,726,681
G) Cash and cash equivalents at end of the year (D+E+F)	145,677,890	95,249,600
Cash and cash equivalents at end of the year		
Cash in hand	6,904	7,105
Cash at Bank	145,670,986	95,242,495
	145,677,890	95,249,600
Net operating cash flow per share	0.06	0.94
Restatement of net operating cash flow per share:		
Net cash from operating activities	12,189,935	207,142,483
Number of outstanding shares (current year's)	220,000,000	220,000,000

These financial statements should be read in conjunction with annexed notes.


Chief Executive Officer
(Current Charge)


Director


Director

Dated: 29 April 2019
Dhaka

IFIC Securities Limited

Statement of Changes in Equity

For the year ended 31 December 2018

Particulars	Share Capital	Retained Earnings	Total
	Amount in BDT	Amount in BDT	Amount in BDT
Opening Balance as on 01 January 2018	2,200,000,000	245,389,855	2,445,389,855
Net Profit after Tax	-	54,719,430	54,719,430
Balance as on 31 December 2018	2,200,000,000	300,109,285	2,500,109,285
Opening Balance as on 01 January 2017	2,200,000,000	205,642,127	2,405,642,127
Net Profit after Tax	-	39,747,727	39,747,727
Balance as on 31 December 2017	2,200,000,000	245,389,855	2,445,389,855

These financial statements should be read in conjunction with annexed notes.


Chief Executive Officer
(Current Charge)


Director


Director

Dated: 29 April 2019
Dhaka

IFIC Securities Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2018

Significant accounting policies and other material information:

1 Status of the Reporting Entity

1.1 Corporate history

IFIC Securities Limited was incorporated in Bangladesh and registered with Joint Stock Companies and Firms vide its registration number C-87904/10 on November 02, 2010 as a public limited company with an Authorized Capital of Tk. 3,000,000,000 divided into 300,000,000 ordinary shares of Tk. 10 each. The registered office of the company is located at IFIC Tower, 61 Purana Paltan, Dhaka.

1.2 Nature of business

The principal objectives of the company for which it was established are to carry on the business of stock brokers, dealers in relation to shares and securities dealing and other services as mentioned in the Memorandum and Articles of Association of the Company.

2 Basis of Preparation

2.1 Statement of compliance

The financial statements of IFIC Securities Limited have been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), Companies Act 1994 and other applicable laws in Bangladesh.

As required, IFIC Securities Limited also complies with the applicable provisions of the following major laws/ statutes:

- Securities and Exchange Commission Act, 1993
- Securities and Exchange Rules, 1987
- Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules, 1996
- Income Tax Ordinance, 1984
- The Value Added Tax Act 1991
- Dhaka Stock Exchange Limited (DSE) Rules
- Central Depository Bangladesh Limited (CDBL) Rules
- Negotiable Instrument Act, 1881; and
- Other applicable laws and regulations.

The Company has departed from the following contradictory requirements of IFRSs in order to comply with the rules and regulations of Bangladesh Bank, which is the primary regulator of its parent, IFIC Bank Limited.

Investment in shares and securities

IFRS: As per requirements of IFRS 9: Financial Instruments, investment in shares and securities generally falls either under “at fair value through profit and loss account” or “at fair value through other comprehensive income” where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment (portfolio basis); otherwise investments are recognized at cost.

Cash flow statement

IFRS: 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 circular no. 14 dated 25 June 2003, cash flow is the mixture of direct and indirect methods.

2.2 Measurement bases used in preparing the financial statements

The elements of financial statements have been mostly measured on “Historical Cost” basis except the followings:

(i) Margin Loan to Client	Amortized Cost
(ii) Investment in Secondary Market	Lower of cost and fair value

2.3 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. Actual results may differ from estimates.

2.4 Accounting convention and basis:

These financial statements have been prepared under the historical cost convention and going concern basis in accordance with applicable International Accounting Standards in Bangladesh which does not vary from the requirements of the Companies Act 1994, and other laws and rules applicable in Bangladesh.

2.5 Functional and presentational currency and level of precision

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

2.6 Reporting period

The financial period of the Company covers from 1 January to 31 December.

2.7 Date of authorization

The financial statements were authorized by the Board of Directors on 29 April 2019 for publication.

2.8 Components of the financial statements

According to the International Accounting Standard (IAS) 1 as adopted by ICAB “Presentation of Financial Statements” the complete set of financial statements includes the following components:

- i) Statement of financial position
- ii) Statement of profit or loss and other comprehensive income
- iii) Statement of changes in equity
- iv) Statement of cash flows
- v) Notes to the financial statements

3 Principal Accounting Policies

The accounting policies set out below have been applied in preparations of these financial statements.

3.1 Property, plant and equipment

3.1.1 Recognition and measurement

Items of Property, Plant and Equipment (PPE) are initially measured at cost. After initial recognition, an item of PPE is carried at cost less accumulated depreciation and impairment losses in compliance with the requirements of IAS-16: Property, Plant and Equipment.

3.1.2 Disposal of fixed assets

On disposal of property, plant and equipment, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the statement of comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.

3.1.3 Depreciation on property, plant and equipment

Depreciation is recognized in the comprehensive ncome on a written down value basis over the estimated useful life of each property, plant and equipment in accordance with the provisions of IAS 16: *Property, plant and equipment*.

Rate of depreciation on property, plant and equipment considering the useful life of assets are as follows:

SI No	Particulars of assets	Rate
1	Furniture & fixture	10%
2	Electric goods	20%
3	Computer & equipments	30%
4	Office renovation	20%
5	Other assets	40%

3.2 Accounts receivables

Accounts receivables (DSE) are considered good and realizable. No provision or allowance to be made during the year.

3.3 Advance, deposits and prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE or inventory etc. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to profit and loss account.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks on current and deposit accounts which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.5 Other current assets

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the statement of financial position.

3.6 Other corporate debt, accounts payable, trade and other liabilities

Liabilities are carried at the anticipated settlement amount in respect of goods and services received, whether or not billed by the supplier.

3.7 Income tax

The company has to pay income tax on its total turnover as tax deducted at source and provision has been made accordingly as per Income Tax Ordinance 1984 under section 53BBB.

3.8 Provisions

Provision is recognized on the statement of financial position date if, as a result of past events, the company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.9 Revenue recognition

Commission, interest, dividend etc. have been recognised as per IFRS 9 & IFRS 15 "Revenue".

3.10 Statement of cash flows

Statement of Cash Flows is prepared in accordance with IAS-7 "Statement of cash flows".

3.11 Management of capital

Capital consists of total equity attributable to the Shareholders. The Board of Directors monitors the level of capital. The company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. No changes were made in the objectives, policies or processes for managing capital during the period. The company is not subject to any externally imposed capital requirement.

3.12 Financial Risk Management

The company has exposure to the following risks from its use of financial instruments:

- ➔ Credit Risks
- ➔ Liquidity Risks
- ➔ Market Risks

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risks and the company's management of capital.

The Management has overall responsibility for the establishment and oversight of the company's

risk management framework. The company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

Credit risk is the risk of a financial loss to the company if a customer to a margin loan fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

Management has a margin loan policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to whether its is positive or negative equity and possibility of recovering margin loan. Margin loan receivables are related to the company's customers. The exposure of the company to credit risk on accounts receivables is mainly influenced by the market value of the customers' shares portfolio. **Credit risk from this receivable is very minimal.** Credit risk does not arise in respect any other receivables.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on timeline of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

Market Risk

Market risk is the risk that, changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

3.13 Risk and uncertainties for the use of estimates in preparing financial statements:

Preparation of financial statements in conformity with the International Accounting Standards (IAS) requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual result could differ from those estimates. Estimates are used for accounting of certain items such as depreciation and amortization, taxes, reserves and contingencies.

3.14 Comparative amounts

Certain comparative amounts have been re-classified & rearranged to confirm with the current year's presentation.

4 Property, Plant & Equipment

Furniture and fixture

Electric goods

Computer and equipments

Office renovation

Other assets

Details please refer to Annexure: A-1

5 Intangible Asset

Details please refer to Annexure: A-2

	Amount in BDT	Amount in BDT
	31 December 2018	31 December 2017
	1,866,739	2,071,005
	772,780	965,975
	477,721	682,459
	897,550	1,121,937
	9,217	15,364
	4,024,007	4,856,741
	231,179	198,907

	Amount in BDT 31 December 2018	Amount in BDT 31 December 2017
6 Investments Membership Value		
Membership with DSE *	56,241,750	74,989,000
	56,241,750	74,989,000
<p>* This represents our original investment cost for DSE membership in exchange of which shares at a face value of Tk. 10 each have been allotted in favour of the company in October 2013 for DSE. As per the provision of the Exchange Demutualization Act-2013 and in accordance with the Bangladesh Securities and Exchange Commission (BSEC) approved demutualization scheme, Dhaka Stock Exchange Ltd. (DSE) allotted total 54,11,329 ordinary Shares at face value of Tk. 10 each against the membership of DSE. Out of the above DSE transferred 28,86,042 shares directly to the credit of the Beneficiary Owner's account of the company. The rest shares were credited to blocked accounts as per provisions of the Exchange Demutualization Act. 2013. As there is no active market for shares DSE, we have shown the value at original cost of our investment.</p>		
7 Deferred Tax Assets/Liabilities		
Deferred tax on tangible assets		
Tax written down value	4,611,219	4,710,602
Accounting written down value Annex from A-1	4,024,011	5,055,652
Temporary difference on written down value	(587,208)	345,050
Closing deferred tax (assets)/liabilities	(205,523)	120,768
Opening deferred tax (assets)/liabilities	120,768	203,573
Deferred tax (income)/expenses	(326,290)	(82,805)
8 Margin Loan to Clients		
Opening balance	4,031,904,359	4,140,646,772
Add: Interest charge during the year	43,440,708	120,346,835
Add: Margin loan provided during the year	182,740,971	364,075,172
Less: Margin loan adjusted during the year	(255,430,012)	(593,164,420)
	4,002,656,026	4,031,904,359
9 Advance Deposit and Prepayments		
Advance income tax Note-9.1	269,337,281	206,833,962
Advance for nikunjo	850,000	850,000
Stamp & cartidage	500	-
Advance for car purchase	1,805,554	-
Advance bank guarantee commission	2,369	58,369
Advance for land phone	3,450	3,450
	271,999,154	207,745,781
9.1 Movement of advance tax		
Opening balance	206,833,962	162,493,714
Paid during the year	62,503,319	44,340,248
Adjustment during the year	-	-
	269,337,281	206,833,962

	Amount in BDT	
	31 December 2018	31 December 2017
10 Investment		
Bangladesh Export Import Company Ltd.	10,744,785	10,744,785
Bashundhara Paper Mills Ltd.	172,960	691,680
SK Trims & Industries Ltd.	50,420	-
VFS Thread Dyeing Ltd.	35,190	-
M.L. Dyeing Ltd.	30,200	-
Esquire Knit Composit Ltd.	1,880,100	-
Silva Pharmaceuticals Ltd.	91,940	-
Kattali Textile Ltd.	100,640	-
Runner Automobile Ltd.	1,080,825	-
S.S. Steal Ltd.	134,920	-
AND Telecom Ltd.	113,790	-
Genex Infosys Ltd.	104,670	-
Nahee Aluminum Composite Panel Ltd.	-	57,060
	14,540,440	11,493,525
For details of investment in shares please see "Annexure-B".		
11 Cash and Cash Equivalents		
Cash in hand	6,904	7,105
Cash at bank		
IFIC Bank Ltd. Principal Br. A/C-365185-001	110,506,711	92,784,545
IFIC Bank Ltd. Principal Br. A/C-354511-001	35,038,070	2,351,914
IFIC Bank Ltd. Principal Br. SND	126,205	106,035
Dhaka Bank Ltd. Foreign Ex. Br. A/C-2031.10.11050	-	1
	145,670,986	95,242,495
	145,677,890	95,249,600
12 Share Capital		
Authorized capital		
30,00,00,000 Ordinary shares of Tk. 10 each	3,000,000,000	3,000,000,000
12.1 Issued, subscribed & paid-up capital		
220,000,000 Ordinary Share of Tk. 10 each	2,200,000,000	2,200,000,000
	2,200,000,000	2,200,000,000

12.2 Shareholding position

Shareholder	No. of Shares		Face value	Amount in Taka	
	Year 2018	Year 2017		Year 2018	Year 2017
IFIC Bank Limited	219,999,400	219,999,400	10	2,199,994,000	2,199,994,000
Mr. M Shah Alam Sarwar	100	100	10	1,000	1,000
Mr. Md. Nurul Hasnat	100	100	10	1,000	1,000
Mr. M. M. Haikal Hashmi	100	100	10	1,000	1,000
Mr. Shah Md. Moinuddin	100	100	10	1,000	1,000
Mr. Syed Mansur Mustafa	100	100	10	1,000	1,000
Mr. Ashim Chowdhury	100	100	10	1,000	1,000
	220,000,000	220,000,000		2,200,000,000	2,200,000,000

		Amount in BDT	Amount in BDT
		31 December 2018	31 December 2017
13	Retained Earnings		
	Opening balance	245,389,855	205,642,127
	Add: Net profit after tax	54,719,430	39,747,728
		300,109,285	245,389,855
14	Provision for Income Tax		
	Opening balance	209,963,516	152,752,542
	Add: Provision for the year	20,427,296	57,210,974
		230,390,812	209,963,516
15	Clients Payable		
	IFIC Bank Ltd	659	660
	Others client	41,191,566	38,256,189
		41,192,225	38,256,850
16	General Provision		
	Investment	-	6,884,350
	Margin loan	231,296,839	224,296,839
		231,296,839	231,181,189
16.1	Margin loan		
	Opening balance	224,296,839	124,296,839
	Add: Provision made during the year	7,000,000	100,000,000
		231,296,839	224,296,839
17	Other Liabilities		
	Payable to Government	143,300	106,182
	Liabilities for expenses	2,356,189	1,883,689
	Unrealized interest income	1,500,842,810	1,509,512,218
	Client dividend	996	996
		1,503,343,295	1,511,503,085
17.1	Payable to Government		
	VAT payable	81,950	58,672
	Tax payable	61,350	47,510
		143,300	106,182
17.2	Liabilities for expenses		
	Mobile/ telephone allowance	2,875	2,874
	Other's bill payable	29,300	-
	Electricity	60,540	44,318
	CDBL	107,628	303,957
	Audit & professional fees	230,000	225,000
	Office rent	517,500	-
	Printing & stationery	19,500	19,500
	Insurance	8,846	8,846
	Incentive bonus	1,380,000	1,279,194
		2,356,189	1,883,689

	Amount in BDT	Amount in BDT
	31 December 2018	31 December 2017
17.3 Unrealized interest income		
Opening balance	1,509,512,218	1,509,512,218
Less :Interest adjustment	(4,745,500)	-
Less :Transferred to interest income	(3,923,908)	-
	1,500,842,810	1,509,512,218
	2018	2017
18 Operating Income		
Brokerage commission	24,395,453	72,335,013
Interest on margin loan	47,373,510	120,346,836
	71,768,963	192,681,849
19 Non-Operating Income		
Documentations charge	-	9,000
Account opening fee	20,000	34,000
Miscellaneous	1,526,885	1,646,661
IPO oncome	14,970	10,330
Interest on bank deposit	25,189	55,003
Dividend income	7,489,828	7,731,286
Capital gain (realized)	22,672,576	42,143,587
	31,749,448	51,629,867
20 Operating Expenses		
Laga	1,588,474	5,028,514
CDBL	1,695,000	3,950,000
	3,283,474	8,978,514
21 Office & Administrative Expenses		
Salary and allowances Note 21.1	13,785,736	14,598,941
Amortization	99,077	85,247
Audit fee & professional fee	223,500	338,000
Business development	143,750	-
Cleaner's bill	49,110	47,825
Crockeries	6,068	11,710
Connectivity	442,845	444,820
Conveyance	59,370	96,862
Depreciation	835,883	1,054,817
Director's remuneration	207,000	149,500
DSE subscription	17,255	39,505
Electricity	669,037	648,552
Entertainment	261,861	403,299
Gas & fuel	5,850	3,600
IPO bidding expenses	48,000	13,000
Legal and professional fee	429,197	615,004
Newspaper	9,810	10,672
Office rent	6,108,420	5,590,920

	2018	2017
Postage & courier	9,860	7,885
Printing stationery	136,880	223,037
Regulatory	141,880	177,228
Repair and maintenance	166,760	251,807
Security guard	247,710	202,860
Software maintenance	219,450	225,525
Telephone bill	49,122	51,195
WASA	44,000	52,000
Washing expenses	16,800	13,420
Water bill	26,780	28,080
	24,461,011	25,385,311
21.1 Salary and Allowances		
Basic salary	5,667,408	6,197,194
Conveyance allowance	368,640	316,760
Entertainment allowance	336,000	391,390
Bonus	1,171,966	1,204,940
Fuel allowance	202,920	279,834
House rent	2,607,432	2,796,000
Medical allowance	548,040	579,132
Car maintenance	277,782	250,008
Other salary benefit	336,000	168,000
Utility	-	121,500
Telephone and mobile bill	44,000	90,800
Car insurance	41,280	16,402
Leave fare assistance	682,800	789,929
Yealy office attn. benefit	11,968	7,008
Incentive bonus	1,380,000	1,279,194
Casual worker wages	109,500	110,850
	13,785,736	14,598,941
22 Financial Expenses		
Bank charges	81,750	196,057
Bank guarantee charge	756,000	2,498,614
Interest on bank loan	90	10,377,324
	837,840	13,071,995
23 Provisions		
Provision for investment	(6,884,350)	-
Provision for margin loan to clients	7,000,000	100,000,000
	115,650	100,000,000
24 Earning Per Share (EPS)		
Basic earnings per share		
Net profit after tax	54,719,430	39,747,728
No of shares	220,000,000	220,000,000
Earnings per share (EPS)	0.25	0.18
25 Contingent Liabilities		
Bank guarantee for DSE member margin	100,000,000	100,000,000
Total	100,000,000	100,000,000

IFIC Securities Limited
Schedule of Property, Plant and Equipment

As at 31 December 2018

Particulars	Cost			Rates	Depreciation		Written down value	
	Opening balances	Addition	Disposal		Closing balances	For the year		Closing balances
	Amount in BDT							
Furniture and fixture	4,285,973	3,150	-	4,289,123	10%	207,416	2,422,384	1,866,739
Electric equipment	3,462,544	-	-	3,462,544	20%	193,195	2,689,764	772,780
Computer and equipments	4,383,860	-	-	4,383,860	30%	204,738	3,906,139	477,721
Office renovation	2,823,809	-	-	2,823,809	20%	224,388	1,926,259	897,550
Other assets	336,183	-	-	336,183	40%	6,146	326,966	9,217
Total	15,292,369	3,150	-	15,295,519		835,883	11,271,512	4,024,007

Schedule of intangible assets

As at 31 December 2018

Particulars	Cost			Rates	Depreciation		Written down value	
	Opening balances	Addition	Disposal		Closing balances	For the year		Closing balances
	Amount in BDT							
Windows license	108,090	-	-	108,090	30%	5,696	94,801	13,289
Sign up DSE	87,000	-	-	87,000	30%	3,208	79,513	7,487
Software development	698,600	131,350	-	829,950	30%	88,514	623,418	206,532
Escan Anti virus	45,000	-	-	45,000	30%	1,659	41,129	3,871
Total	938,690	131,350	-	1,070,040		99,077	838,861	231,179

IFIC Securities Limited

Statement of Investment in Shares

As at 31 December 2018

SL No.	Name of the company	Opening Balances			Buy during the Year			Sale during The Year			Closing Balance			Market Units Cost on 27.12.2018	Market Value	Unrealized gain/(loss)	
		No. of Shares	Unit Cost	Total Cost	Bonus	No. of Shares	Unit Cost	Total Cost	No. of Shares	Unit Cost	Total Cost	No. of Shares	Unit Cost				Total Cost
1	Bangladesh Export Import Com Ltd.	525,000	20.47	10,744,785	26,250	-	-	-	-	-	-	551,250	19.49	10,744,785	23.50	12,954,375	2,209,590
2	Nahee Aluminum Composite Panel Ltd.	6,847	8.33	57,060	-	-	-	6,487	8.80	57,060	-	-	-	-	-	-	-
3	Queen South Textile Mills Limited	-	-	-	-	10,742	10.00	107,420	10,742	10.00	107,420	-	-	-	-	-	-
4	Advent Pharma Limited	-	-	-	-	13,822	10.00	138,220	13,822	10.00	138,220	-	-	-	-	-	-
5	Intraco Refueling Station Limited	-	-	-	266	21,333	10.00	213,330	21,333	10.00	102,430	266	-	-	26.80	7,129	7,129
6	Bashundhara Paper Mills	8,646	80	691,680	-	-	-	6,484	80.00	518,720	2,162	80.00	172,960	83.80	181,176	8,216	
7	SK Trims & Industries Limited	-	-	-	504	20,163	10.00	201,630	15,121	10.00	151,210	5,546	9.09	50,420	46.30	256,780	206,360
8	VFS Thread Dyeing Limited	-	-	-	703	14,075	10.00	140,750	10,556	10.00	105,560	4,222	8.33	35,190	57.80	244,032	208,842
9	M.L. Dyeing Limited	-	-	-	1,208	12,080	10.00	120,800	9,060	10.00	90,600	4,228	7.14	30,200	29.70	125,572	95,372
10	Silva Pharmaceuticals Limited	-	-	-	-	18,387	10.00	183,870	9,193	10.00	91,930	9,194	10.00	91,940	30.10	276,739	184,799
11	Indo-Bangla Pharma Ltd.	-	-	-	294	11,775	10.00	117,750	11,775	10.00	117,750	294	-	-	31.10	9,143	9,143
12	Kattali Textile Ltd	-	-	-	1,006	20,127	10.00	201,270	10,063	10.00	100,630	11,070	9.09	100,640	25.30	280,071	179,431
13	Runner Automobile Ltd	-	-	-	-	14,411	75.00	1,080,825	-	-	-	14,411	75.00	1,080,825	75.00	1,080,825	-
14	SS Steel Ltd	-	-	-	-	13,492	10.00	134,920	-	-	-	13,492	10.00	134,920	10.00	134,920	-
15	Esquire Knit Composit Ltd	-	-	-	-	41,780	45.00	1,880,100	-	-	-	41,780	45.00	1,880,100	45.00	1,880,100	-
15	AND Telecom	-	-	-	-	3,793	30.00	113,790	-	-	-	3,793	30.00	113,790	30.00	113,790	-
16	Genex Infosys Ltd	-	-	-	-	10,467	10.00	104,670	-	-	-	10,467	10.00	104,670	10.00	104,670	-
Total		540,493		11,493,525	30,231	226,447		4,739,345	124,636		1,581,530	672,175		14,540,440		17,649,321	3,108,881

IFIC Securities Limited
Required Provision for Margin Loan to Client

As at 31 December 2018

Asset value	Margin loan	Negative equity	Suspense amount	Base for provision	Required provision (20%)	Opening balance	Provision made during the year
1,365,547,671	3,521,821,021	2,156,273,350	1,500,842,810	655,430,540	131,086,108	224,296,839	7,000,000

IFIC Securities Limited

List of Related Party

As at 31 December 2018

Name of party	Relationship	Nature of transaction	Opening balance	Debit	Credit	Closing balance
IFIC Bank Ltd.	Parent Company	Current & SND Account of IFIC Securities	95,242,494	848,588,720	798,160,228	145,670,986
IFIC Bank Ltd.	Parent Company	BO Account Code#1111 & 2323	659	1,000	1,000	659
Beximco Ltd	Shareholder of Parent Company	Investment In Share	10,744,785	-	-	10,744,785
Director	Director	Director Remuneration	-	207,000	-	-

IFIC Money Transfer (UK) Limited

Report of the Directors

for the Year Ended 31 December 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

Principal Activity

The principal activity of the company in the year under review was that of money service business including international money transfers.

Directors

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

Mr. Jalal Ahmed (Chairman)

Mr. Mohammad Shah Alam Sarwar

Mr. Anwaruzzaman Chowdhury

Mr. A R M Nazmus Sakib

Ms. Quamrun Naher Ahmed

Other changes in directors holding office are as follows:

Mr. Monirul Islam - resigned on 10 May 2018

Ms. Rabeya Jamali - appointed on 10 May 2018

Statement of Directors' Responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Ahmed & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the Board



Mr Jalal Ahmed - Chairman

2 May 2019

Report of the Independent Auditors to the Members of IFIC Money Transfer (UK) Limited

Opinion

We have audited the financial statements of IFIC MONEY TRANSFER (UK) LIMITED (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note nine to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tofail Ahmed (Senior Statutory Auditor)

for and on behalf of Ahmed & Co

284 Station Road

Harrow

Middlesex

HA1 2EA

2 May 2019

IFIC Money Transfer (UK) Limited

Income Statement

for the year ended 31 December 2018

Particulars	Note	2018		2017	
		GBP	BDT	GBP	BDT
Turnover		248,603	27,619,061	213,668	22,338,849
Administrative expenses		272,059	30,225,002	272,090	28,446,830
Operating Loss and Loss Before Taxation	4	(23,456)	(2,605,941)	(58,422)	(6,107,982)
Tax on (loss)/profit		-	-	-	-
Loss for the financial year		(23,456)	(2,605,941)	(58,422)	(6,107,982)

IFIC Money Transfer (UK) Limited

Balance Sheet

As at 31 December 2018

Particulars	Note	31 December 2018		31 December 2017	
		GBP	BDT	GBP	BDT
Fixed Assets					
Intangible assets	5	10,500	1,112,993	13,500	1,495,708
Tangible assets	6	23,754	2,517,907	39,738	4,402,700
		34,254	3,630,900	53,238	5,898,408
Current Assets					
Debtors	7	5,750	609,496	5,750	637,061
Cash in hand		310,732	32,937,374	79,191	8,773,824
		316,482	33,546,870	84,941	9,410,885
Creditors					
Amounts falling due within one year	8	314,154	33,300,104	78,141	8,657,491
Net Current Assets		2,328	246,766	6,800	753,394
Total Assets Less Current Liabilities		36,582	3,877,666	60,038	6,651,802
Capital And Reserves					
Called up share capital		300,000	31,799,790	300,000	33,237,960
Translation reserve			3,017,535		1,747,560
Retained earnings		(263,418)	(30,939,659)	(239,962)	(28,333,718)
Shareholders' Funds		36,582	3,877,666	60,038	6,651,802

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 2 May 2019 and were signed on its behalf by:


Jalal Ahmed
 Chairman

IFIC Money Transfer (UK) Limited

Notes to the Financial Statements

for the Year Ended 31 December 2018

1 Statutory Information

IFIC MONEY TRANSFER (UK) LIMITED is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2 Accounting Policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of five years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	-	10% on cost
Plant and machinery	-	15% on cost
Computer equipment	-	33% on cost

3 Employees And Directors

The average monthly number of employees during the year was 4 (2017 - 4).

4 Operating Loss

The operating loss is stated after charging:

Particulars	2018		2017	
	GBP	BDT	GBP	BDT
Depreciation - owned assets	15,984	1,775,778	16,537	1,728,932
Computer software amortisation	3,000	333,292	1,500	156,824

5 Intangible Fixed Assets

Particulars	Computer software	
	GBP	BDT
Cost		
At 1 January 2018	15,000	1,589,990
Additions	-	-
At 31 December 2018	15,000	1,661,898
Amortisation		
At 1 January 2018	1,500	158,999
Charge for year	3,000	317,998
At 31 December 2018	4,500	476,997
Net Book Value		
At 31 December 2018	10,500	1,112,993

6 Tangible Fixed Assets

	Short leasehold		Plant and machinery		Computer equipment		Total	
	GBP	BDT	GBP	BDT	GBP	BDT	GBP	BDT
Cost								
At 1 January 2018	75,006	7,950,583	60,228	6,384,126	4,051	429,403	139,285	14,764,113
Additions	-	-	-	-	-	-	-	-
At 31 December 2018	75,006	7,950,583	60,228	6,384,126	4,051	429,403	139,285	14,764,113
Depreciation								
At 1 January 2018	43,751	4,637,575	51,745	5,484,934	4,051	429,403	99,547	10,551,912
Charge for year	7,501	795,101	8,483	899,192	-	-	15,984	1,694,293
At 31 December 2018	51,252	5,432,676	60,228	6,384,126	4,051	429,403	115,531	12,246,205
Net Book Value								
At 31 December 2018	23,754	2,517,907	-	-	-	-	23,754	2,517,907
At 31 December 2017	31,255	3,462,841	8,483	939,859	-	-	39,738	4,402,700

Particulars	2018		2017	
	GBP	BDT	GBP	BDT

7 Debtors: Amounts Falling Due Within One Year

Other debtors	5,750	609,496	5,750	637,061
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8 Creditors: Amounts Falling Due Within One Year

Trade creditors	303,228	32,141,956	66,286	7,344,038
Taxation and social security	-	-	3,785	419,352
Other creditors	10,926	1,158,148	8,070	894,101
	314,154	33,300,104	78,141	8,657,491

9 APB Ethical Standard - Provisions Available for Small Entities

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

10 Ultimate Controlling Party

The company is fully owned and controlled by IFIC Bank Limited, a company incorporated in Bangladesh.

IFIC Money Transfer (UK) Limited

Profit and Loss Account

for the Year Ended 31 December 2018

Particulars	2018		2017	
	GBP	BDT	GBP	BDT
Commission receivable	248,603	27,619,061	213,668	22,338,849
Establishment costs				
Rent	46,951	5,216,126	58,675	6,134,433
Rates and water	19,391	2,154,286	19,979	2,088,791
Insurance	1,062	117,985	1,440	150,551
Light and heat	2,393	265,856	1,757	183,693
	69,797	7,754,254	81,851	8,557,468
	178,806	19,864,807	131,817	13,781,381
Administrative expenses				
Wages	70,745	7,859,574	79,055	8,265,148
Social security	1,847	205,197	6,331	661,902
Telephone	2,043	226,972	1,661	173,656
Printing, postage & stationery	171	18,998	817	85,417
Motor and travelling	3,111	345,623	1,853	193,730
Subscription	-	-	35	3,659
IT costs	14,503	1,611,243	4,805	502,360
Repairs and renewals	977	108,542	2,057	215,058
Cleaning	1,415	157,203	816	85,312
Sundry expenses	1,110	123,318	1,831	191,430
Legal fees	100	11,110	4,250	444,335
Compliance costs	2,960	328,848	9,020	943,035
Other professional fees	-	-	-	-
Auditors' remuneration	2,400	266,633	2,400	250,918
Auditors' remuneration for non audit work	12,815	1,423,711	4,800	501,837
	114,197	12,686,971	119,731	12,517,797
	64,609	7,177,837	12,086	1,263,583
Selling and marketing costs				
Advertising	-	-	110	11,500
Promotions and exhibitions	717	79,657	510	53,320
	717	79,657	620	64,821
	63,892	7,098,180	11,466	1,198,763
Finance costs				
Bank charges	67,347	7,482,065	50,575	5,287,583
Credit card	1,017	112,986	1,276	133,405
	68,364	7,595,051	51,851	5,420,988
	(4,472)	(496,871)	(40,385)	(4,222,225)
Depreciation				
Computer software	3,000	333,292	1,500	156,824
Short leasehold	7,501	833,340	7,501	784,225
Plant and machinery	8,483	942,438	9,036	944,708
Computer equipment	-	-	-	-
	18,984	2,109,070	18,037	1,885,756
Net (Loss)/Profit	(23,456)	(2,605,941)	(58,422)	(6,107,982)

This page does not form part of the statutory financial statements



Important Events



IFIC Bank celebrated its 42nd anniversary on 08 October 2018



IFIC Bank organized cultural event celebrating 42nd anniversary on 08 October 2018



IFIC Bank organized an Art Festival for the children of its employees.

IFIC Bank authorities rewarded its officials for their contribution in mobilizing deposits.



IFIC Bank organized a program at IFIC tower to celebrate the International Women's Day.

IFIC Bank organized a cultural event on the occasion of celebrating Bengali New Year, Pohela Baishakh-1425 at IFIC Tower



IFIC Bank organized a cultural night on the occasion of celebrating Bengali New Year, Pohela Baishakh-1425 at IFIC Tower



IFIC Bank organized a Pitha utshab for its corporate clients and well-wishers at Gulshan Branch premises.



IFIC Bank organized a program for welcoming the parents of newly-born children



IFIC Bank inaugurated its new branch at Akhaura, Brahmanbaria

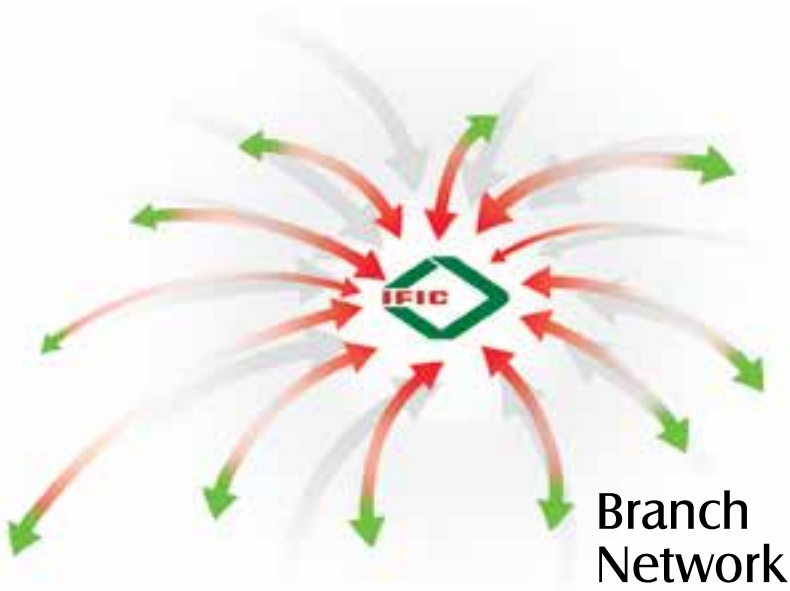


IFIC Bank inaugurated its new branch at Banasree, Dhaka



IFIC Bank rewarded its IT employees for any hassle free data shifting program.





Branch
Network

Branch Network of IFIC Bank Limited

SI No	Name of Branch/ Office	Name of Division	Name of District	Branch Code	Address of the Branch premises
1	Principal Branch	Dhaka	Dhaka	1001	IFIC Tower, Level-2, 61 Purana Paltan, Dhaka
2	Federation Branch	Dhaka	Dhaka	1008	FBCCI Building, 60, Motijheel C/A. Dhaka-1000
3	Gulshan Branch	Dhaka	Dhaka	1002	Holding No.109, Gulshan Avenue Ward No.19, P.S.-Gulshan, Dhaka-1212
4	Moulvi Bazar Branch	Dhaka	Dhaka	1004	6/1, Mokim Katra Road, Lalbagh, Dhaka
5	Islampur Branch	Dhaka	Dhaka	1005	Paradise Complex, 104, Islampur Road, Dhaka
6	Dhanmondi Branch	Dhaka	Dhaka	1006	Royal Plaza (Ground & 1 st floor) House # 8A, Road # 4, Mirpur Road Dhanmondi, Dhaka-1205
7	Shantinagar Branch	Dhaka	Dhaka	1007	24, Shantinagar, Chamelibag, Dhaka
8	Bangshal Branch	Dhaka	Dhaka	1011	29/1, Nazira Bazar Lane North South Road, Dhaka
9	Elephant Road Branch	Dhaka	Dhaka	1014	73/1, Elephant Road, (1 st & 2 nd Floor), Dhaka
10	Kawran Bazar Branch	Dhaka	Dhaka	1017	3, Kawran Bazar, Petro Centre Building, Dhaka
11	Malibagh Branch	Dhaka	Dhaka	1019	1 Malibagh Chowdhurypara, DIT Road, Dhaka-1219
12	Naya Paltan Branch	Dhaka	Dhaka	1020	Orchard Faruque Tower, 72, Naya Paltan (2 nd Floor), Dhaka
13	Lalmatia Branch	Dhaka	Dhaka	1025	House # 405E, Road No.16 (New), 27 (Old), Dhanmondi R/A, Dhaka.
14	Uttara Branch	Dhaka	Dhaka	1024	ABC Heritage (1 st floor), 02 & 04, Jasimuddin Avenue, Sector-03, Urrata, Dhaka-1230
15	Pallabi Branch	Dhaka	Dhaka	1027	Kashem Chamber (1 st & 2 nd floor), Plot # 11, Main Road # 3, Section # 7, Pallabi, Mirpur, Dhaka
16	North B. Hall Road Branch	Dhaka	Dhaka	1028	58-60, North Brook Hall Road, Sutrapur, (1 st floor), Dhaka-1100
17	Nawabpur Road Branch	Dhaka	Dhaka	1029	Barek Plaza 63, Nawabpur Road, P.S. Sutrapur, Dhaka
18	Narayanganj Branch	Dhaka	Narayanganj	1003	66/1, Bangabandhu Road, Narayanganj
19	Ghorasal Branch	Dhaka	Narsingdi	1109	Ghorasal Bazar, P.O. Ghorasal, P.S. + Upazila. Palash Dist. Narsingdi
20	Narsingdi Branch	Dhaka	Narsingdi	1110	Nayan Tara Plaza (1 st floor) 137/1, C & B Road, Narsingdi. Sadar Narsingdi
21	Bajitpur Branch	Dhaka	Kishorgonj	1112	215, Bajitpur Bazar, P.O. Bajitpur, Dist. Kishoreganj
22	Muktarpur Branch	Dhaka	Munshigonj	1115	Muktarpur, P.O. Panchasar, Dist. Munsiganj
23	Netaiganj Branch	Dhaka	Narayanganj	1016	28, R.K. Das Road, Netaigonj, Narayanganj

SI No	Name of Branch/ Office	Name of Division	Name of District	Branch Code	Address of the Branch premises
24	Madhabdi Branch	Dhaka	Narsingdi	1118	Mitali Building (1 st Floor) 35, Madhabdi Bazar, Dist. Narsingdi
25	Konabari Branch	Dhaka	Gazipur	1121	Konabari Plaza, Konabari Neelnagar, Gazipur Sadar, Gazipur
26	Mymensingh Branch	Mymensingh	Mymensingh	1022	52, Choto Bazar (1 st Floor), Mymensingh
27	Faridpur Branch	Dhaka	Faridpur	1023	Oriental Property (1 st Floor) 118, Thana Road, Faridpur
28	Takerhat Branch	Dhaka	Madaripur	1126	Sufi Janab Ali Road (Lasker Market), P.O. Khalia P.S. Rajoir, Dist. Madaripur
29	Khatunganj Branch	Chattogram	Chattogram	2031	249/250, Khatunganj Road, Chattogram
30	Agrabad Branch	Chattogram	Chattogram	2030	30, Agrabad C/A, Chattogram
31	Laldighi Branch	Chattogram	Chattogram	2036	“Jamal Complex” (1 st floor) 8, Laldighirpar, (East) Ward No.32 Andorkilla ward, Chattogram City Corporation, P.S. Kotwali, Chattogram
32	Sk. Mujib Road Branch	Chattogram	Chattogram	2045	Azmal Arcade (1 st floor) 1806, Sk. Mujib Road, Pathantuli, Chattogram
33	Chawk Bazar Branch	Chattogram	Chattogram	2040	“Sheikh Market”, ground floor, 5/1, Burischar, Nur Ali Bari, Hathazari, Chattogram
34	Shah Amanat Mkt. Branch	Chattogram	Chattogram	2042	624/A, Shah Amanat Municipal Super Market (Ground Floor), Jubilee Road, Reazuddin Bazar, Chattogram
35	Noju Miah Hat Branch	Chattogram	Chattogram	2132	“Sheikh Market”, ground floor, 5/1, Burischar, Nur Ali Bari, Hathazari, Chattogram
36	Hathazari Branch	Chattogram	Chattogram	2137	“Siddique Market” (1 st floor) Bus stand, Hathazari, Chattogram
37	Cox's Bazar Branch	Chattogram	Cox's Bazar	2044	158, Main Road (1 st Floor) Ali Arcade, Cox's Bazar
38	Sylhet Branch	Sylhet	Sylhet	3033	963, Laldighirpar, Sylhet
39	Subid Bazar Branch	Sylhet	Sylhet	3043	Hannan Shopping Centre (1 st Floor), Subid Bazar, Sylhet
40	Amberkhana Branch	Sylhet	Sylhet	3139	Point View Shopping Center (1 st floor), Holding No.0841-00, Sunamgonj Road, Amberkhana, Sylhet
41	Beani Bazar Branch	Sylhet	Sylhet	3138	Zaman Square (1 st & 2 nd Floor), Main Road, Beani Bazar, Sylhet
42	M. Bazar(Dist.) Branch	Sylhet	M. Bazar	3046	69/1, Central Road, Paschim Bazar, P.O. & Dist. Moulvi Bazar
43	Uposhohor Branch	Sylhet	Sylhet	3049	Nosir Mansion (1 st floor) Mendibagh C/A Bishwa Road, Dist. Sylhet
44	Sreemongal Branch	Sylhet	Moulobibazar	3047	Holding No.0177, “Arif Plaza” Moulvi Bazar Road, Sreemongal, Moulvi Bazar
45	Comilla Branch	Chattogram	Cumilla	2035	190/193 Rajgonj, Crossing. Chatipatty, Dist. Cumilla

SI No	Name of Branch/ Office	Name of Division	Name of District	Branch Code	Address of the Branch premises
46	Companiganj Branch	Chattogram	Cumilla	2148	“Brothers Plaza” 15, West Nabipur P.O. Companiganj, P.S. Muradnagar Dist. Cumilla
47	Brahmanbaria Branch	Chattogram	Brahmanbaria	2034	Ground floor, 4. Court Road P.O. Box No. 09, Brahmanbaria
48	Feni Branch	Chattogram	Feni	2041	99, Islampur Road (1 st Floor), Feni
49	Choumuhani Branch	Chattogram	Noyakhali	2050	667/785, South Bazar, Choumuhani, Begumgonj, Noakhali
50	Rajshahi Branch	Rajshahi	Rajshahi	6080	3, Shaheb Bazar, Ghoramara, Rajshahi
51	Bogra Branch	Rajshahi	Bogura	6082	56/64, Madhu Metro Tower, Satmatha, Kazi Nazrul Islam Sarak, Bogra
52	Rangpur Branch	Rangpur	Rangpur	6081	Sarker Super Market (1 st Floor) 41/42, Dewan Bari Road, Betpatty, Rangpur
53	Dinajpur Branch	Rangpur	Dinajpur	6083	534/506, Maldahpatty, Dinajpur
54	Pabna Branch	Rajshahi	Pabna	6084	Chamber Building Benai Patty, (Sona Patty), Pabna
55	Naogaon Branch	Rajshahi	Naogaon	6085	263, Main Road Thakur Mansion (1 st floor), Naogaon
56	Chapai Nawabganj Branch	Rajshahi	Chapai Nawabganj	6086	21, Daudpur Madrasha Road (1 st Floor), Puratan Bazar, Chapainawabganj
57	Baneshwar Branch	Rajshahi	Rajshahi	6187	Baneshwar Islamia High School Market Baneshwar, P.S. Puthia, Dist. Rajshahi
58	Khulna Branch	khulna	Khulna	4060	Fatema Building 81, Lower Jashore Road, Khulna
59	Boro Bazar Branch	khulna	Khulna	4067	1, Sir Iqbal Road, Kalibari, Khulna
60	Jessore Branch	khulna	Jashore	4061	59, N.S.C. Road, (Garikhana Road), Jashore
61	Benapole Branch	khulna	Khulna	4166	Bandar Complex, Benapole, Jashore
62	Kushtia Branch	khulna	Kushtia	4062	2, Siraj-Ud-Dowla Road Abdul Hamid Market, N.S. Road, Kushtia
63	Noapara Branch	khulna	Jashore	4163	Dhaka–Khulna Highway, 97 Noapara Bazar Jashore
64	Barisal Branch	Barishal	Barishal	5064	95, Sadar Road, Barishal
65	Satkhira Branch	Khulna	Satkhira	4065	Mojahar Ali Complex, Shaheed Kazal Sarani, Kaligonj Sarak, Palashpole, Satkhira
66	Ashulia Branch	Dhaka	Dhaka	1197	“Rifat Square Plaza” Jamgora, Ashulia, Dhaka
67	Rupganj Branch	Dhaka	Narayanganj	1198	“Manik Villa” Tarabo Bazar, Rupganj, Narayanganj
68	Goala Bazar Branch	Sylhet	Sylhet	3151	“Haji Nasibullah Market” Goalabazar, Osmaninagar Dist.–Sylhet
69	Fatikchari Branch	Chattogram	Chattogram	2152	“T. K. Market” Bibirhat, Dhurung, Fatikchari, Chattogram

SI No	Name of Branch/ Office	Name of Division	Name of District	Branch Code	Address of the Branch premises
70	Banani Branch	Dhaka	Dhaka	1096	“Glowing Stone” House No. 54, Road No. 11, Block-C, Banani, Dhaka
71	Keranigonj Branch	Dhaka	Dhaka	1195	“Bikrampur Plaza” (1 st floor), Shahid Delwar Hossain Road, East Aganagar, Keranigonj, Dist. Dhaka
72	Shariatpur Branch	Dhaka	Shariatpur	1092	469, Tulasar Sadar Road, Shariatpur Sadar, Shariatpur
73	Mohakhali Branch	Dhaka	Dhaka	1094	“Siddique Tower” Holding No.49, A.K. Khandaker Sarak, Ward No.20, P.S.-Gulshan, Dhaka
74	Dania Branch	Dhaka	Dhaka	1193	“Al-Madina Shopping Complex” (1 st floor), Gobindapur Bazar, Dania, Jatrabari, Dhaka
75	Tan Bazar Branch	Dhaka	Narayanganj	1091	“Amin Market” (1 st floor) 7, S.M. Maleh Road, Narayanganj
76	Stock Exchange Branch	Dhaka	Dhaka	1090	16, Motijheel C/A, Dhaka
77	Belkuchi Branch	Rajshahi	Sirajgong	6188	“Bhuiyan Plaza” (1 st floor) P.O. Shernagar, P.S. Belkuch, Sirajgonj
78	Savar Bazar Branch	Dhaka	Dhaka	1171	Savar Bazar, Savar, Dhaka
79	Panchaboti Branch	Dhaka	Narayanganj	1173	“Gafur Super Complex” Panchaboti, Hariharpara, Enayetnagar, Fatullah, Narayanganj
80	CDA Avenue Branch	Chattogram	Chattogram	2054	1005/2/1872, CDA Avenue East Nasirabad, Panchlaish, Chattogram
81	Madam Bibir Hat Branch	Chattogram	Chattogram	2153	Madam Bibir Hat, Bhatary, Sitakundu, Chattogram
82	Progoti Sarani Branch	Dhaka	Dhaka	1072	2 nd Level of AJ Height’s Building, Cha-72/1/D, Progoti Sarani, Uttar Badda, Dhaka-1212
82	Progoti Sarani	Dhaka	Dhaka	1072	2 nd Level of AJ Height’s Building, Cha-72/1/D, Progoti Sarani, Uttar Badda, Dhaka-1212
83	Chandra Sme/Krishi Branch	Dhaka	Gazipur	1205	“Subarna Ibrahim General Hospital” (Ground floor), Nayarhat Chandra Sarak, Village - Bhataria (Chandra) P.S. Kaliakoir, P.O. – Boroipara, Ward No. 8, Union Parisad – Atabahar, Dist. – Gazipur.
84	Tongi SME/Krishi Branch	Dhaka	Gazipur	1174	29, Tongi Bazar Road, Tongi, Gazipur
85	Nawabgonj SME/Krishi Branch	Dhaka	Dhaka	1175	Nawabgonj Adhunik Banijjik Biponi (1 st floor) Union Parisad – Kolakopa, P.S./Upa-zilla – Nawabgonj, Dist.- Dhaka
86	Dholaikhal Branch	Dhaka	Dhaka	1211	Al-Noor Steel Market, 25, Goalghat Lane, Dholaikhal New Road, Dhaka
87	Kaligonj SME/Krishi Branch	khulna	Jhinaidah	4168	Holding No.49-01, “Shahjahan Plaza” Madhugonj Bazar Road, Kaligonj, Zhenaidah
88	Kashinathpur Sme/ Krishi Br.	Rajshahi	Pabna	6189	(1 st floor), Village - Haridebpur, Union – Jeetshakini, Ward No. 5, Upazilla – Bera, P.O. Kashinathpur, P.S.- Bera, Dist. – Pabna

SI No	Name of Branch/ Office	Name of Division	Name of District	Branch Code	Address of the Branch premises
89	Poradah Branch	khulna	Kushtia	4169	“Khan Super Market” (1 st floor), Vill – Katadah, Union – Poradah, Ward No.4, Upazilla – Mirpur, P.O. Poradah, P.S.-Mirpur, Dist.-Kushtia
90	Board Bazar Branch	Dhaka	Gazipur	4067	(1 st floor), Kalmeshwar, Ward No.35. Upazilla – Gazipur Sadar, P.S. Gazipur Sadar, Dist. – Gazipur
91	Tangail Branch	Dhaka	Tangail	1076	“Laso Plaza” (1 st floor) Khalpar Road, Tangail, P.S.- Tangail Sadar, Pouroshova – Tangail, Municipal Holding No.59, Ward No.13, Dist. – Tangail
92	Dhamrai Branch	Dhaka	Dhaka	1178	“Haji Monir Plaza” (1 st floor) Dhamrai Bazar, Dhamrai, P.S. & Pouroshova – Dhamrai, Ward No. 3, Holding No.24, Dist. – Dhaka
93	Shetabgonj SME/Krishi Branch	Rangpur	Dinajpur	6179	(1 st floor), School Road, Murshidhat, Shetabgonj, P.S. – Bochagonj, Pouroshova – Shetabgonj, Ward No.3, Holding No.521, Dist. Dinajpur
94	Joypurhat Branch	Rajshahi	Joypurhat	6058	(1 st floor) Joypurhat Sadar Road, Joypurhat, P.S.- Joypurhat, Pouroshova – Joypurhat, Municipal Holding No.138/0, 138/1 & 138/2, Ward No.08, Dist. – Joypurhat.
95	Mirpur Branch	Dhaka	Dhaka	1013	“Azaz Tower” Holding No.145, Begum Rokeya Sarani, Ward No.14, P.S. – Mirpur, Dist. – Dhaka
96	Alankar More Branch	Chattogram	Chattogram	2056	(1 st floor) Aulankar More, Chattogram P.S. Pahartoli, Chattogram City Corporation, Ward No.10, Chattogram
97	Ashugonj Branch	Chattogram	Brahmanbaria	2155	(1 st floor), “Sheria Sayed Tower”, Vill – Ashugonj Bazar, Union – Ashugonj Sadar Union, Ward No. 1, Upazilla – Ashugonj, P.O. Ashugonj, P.S. Ashugonj, Dist.B.Baria
98	Bashundhara Branch	Dhaka	Dhaka	1070	Plot No.160, Block-F, Road No.8, Bashundhara R/A, Bhatara, Dhaka
99	Chandina Branch	Chattogram	Cumilla	5157	“Aziz Plaza” (1 st floor), Chandina Bazar, Village - Nabiabad, Ward No. 5, Pouroshava – Chandina, P.O. – Chandina, P.S.- Chandina, Dist. – Cumilla
100	Mohammadpur Branch	Dhaka	Dhaka	1201	“Ring Tower” (1 st floor) (Flat Type B-1 North side & A-1 South side), Mohammadpur Housing Estate, Block-F, Plot No.16/B, Probal Housing, Ward No.43, Ring Road, Dhaka-1207
101	Bhola Branch	Barishal	Bhola	5202	(1 st floor) “M.R.Plaza”, Holding No.0386-02, 0400-08, Sadar Road, Bhola, P.S.- Bhola Sadar, Pouroshova – Bhola, Ward No.6, Dist. – Bhola
102	Gulshan-Tejgaon Link Road Branch	Dhaka	Dhaka	1203	“Impetus Center” 242/B, Gulshan-Tejgaon Link Road, Tejgaon, Dhaka
103	Rangamati Branch	Chattogram	Rangamati	2204	(1 st & 2 nd floor) 22/2, Bazar Fund Road, Kathaltoli, Rangamati
104	Manikgonj Branch	Dhaka	Manikgonj	1206	“Rudronil Plaza”, 134, Shahid Rafique Sarak, Manikgonj
105	Gabtolli Bagbari Branch	Dhaka	Dhaka	1207	259, Bagbari, Mirpur (Gabtoli), P.O. Mirpur, Ward No.9, P.S. – Darus Salam, Dhaka

SI No	Name of Branch/ Office	Name of Division	Name of District	Branch Code	Address of the Branch premises
106	Konapara Branch	Dhaka	Dhaka	1208	“F.R. Tower”, (1 st floor) Konapara, Matuail, Demra, Dhaka, Union Parishad – Matuail, Ward No.6, P.S. – Demra, Dist. – Dhaka
107	Birol Bazar Branch	Rangpur	Dinajpur	6209	(1 st floor), Birol Bazar, Dinajpur, Upazilla – Birol, Union Parishad – Birol, P.O. – Birol, P.S. – Birol, Ward No.7, Dinajpur
108	Gouripur Bazar Branch	Chattogram	Cumilla	2210	(1 st & 2 nd floor) “Suruzzaman Tower” Gouripur Bazar, Cumilla
109	Bagerhat Branch	Khulna	Bagerhat	4212	Sadonar More, 56, Kazi Nazrul Islam Road, Bagerhat
110	Meghola Branch	Dhaka	Dhaka	1213	“Afsar Plaza” Meghola Bazar, Union – Narisa, P.S.- Dohar, Dhaka
111	Miah Bazar Branch	Chattogram	Cumilla	2214	“Wahab Market”, 1 st floor, Vill – Jogomohonpur, Union – Ujirpur, P.O.- Miah Bazar, P.S.- Chowddagram, Cumilla
112	Taherpur Branch	Rajshahi	Rajshahi	6215	“Mridha Plaza” (1 st floor) Main Road, Ward No.3, Taherpur, Rajshahi
113	Habiganj Branch	Sylhet	Habiganj	32116	“Sankar City”, Holding No.3430, R.K. Mission Road, Habiganj Sadar, Habiganj
114	Garibe Newaz Avenue Branch	Dhaka	Dhaka	1217	Plot No.10, Garibe Newaz Avenue, Sector No.11, Uttara, Dhaka
115	Hasnabad Branch	Dhaka	Norshindi	1218	Hasnabad Bazar, Raipura, Narsingdi
116	Aganagar Branch	Dhaka	Dhaka	1219	“Babul Tower”, Aganagar, South Keraniganj, Dhaka
117	Bandartila Branch	Chattogram	Chattogram	2220	“Noor Shopping Complex” Holding No.564/802, M.A. Aziz Road, South Haliashahar, Ward No.39, P.S. CEPZ, Dist.–Chattogram
118	Seed Store Bazar Branch	Mymensingh	Mymensingh	1221	‘Mahesa Plaza’ Seed Store Bazar, P.O: Habirbari, P.S: Bhaluka, Dist : Mymensingh
119	Chandraganj Branch	Chattogram	Lokkhipur	2222	Noor Shopping Complex, Chandraganj, Laxmipur Sadar, Laxmipur
120	Sonadanga Branch	khulna	Khulna	4223	“Kohinoor Tower”, A-12, KDA Mazid Sarani, Sonadanga, Khulna
121	Shibu Market Branch	Dhaka	Narayanganj	1224	‘Hazi Nurun Nesa Plaza’ Shibu Market, at Katherpul Chowrasta, Vill – Kutubail, P.O. – Fatulla, P.S. – Fatulla, Dist. – Narayanganj
122	Gazipur Chowrasta Branch	Dhaka	Gazipur	1225	“Bagdad Tanzia Tower” Holding No.01/1, Block-B, Ward No.16, Outpara, Gazipur Chowrasta, Gazipur Sadar, Gazipur
123	Mawna Branch	Dhaka	Gazipur	1226	“Kitab Ali Plaza”, Mawna Chowrasta, 4 No. Telihati Union Parishad, Village – Mulaid, P.O. – Tengra, Upazila – Sreepur, Dist. – Gazipur
124	Sherpur Branch	Mymensingh	Sherpur	1227	“Ameen Plaza” at Holding # 18, Kharampur Road, Sherpur District Town
125	Bandar Branch	Dhaka	Narayanganj	1228	“Haji Motaleb Plaza” Holding No. 3, S.S. Shah Road, Ward No. 22, P.S. – Bandar, Dist. – Narayanganj

SI No	Name of Branch/ Office	Name of Division	Name of District	Branch Code	Address of the Branch premises
126	Jamalpur Branch	Mymensingh	Jamalpur	1229	“Nahar Gold Plaza” Holding No.1024, Medical Road, Ward No. 5, Pourashava & P.S.- Jamalpur, Dist.- Jamalpur
127	Isapura Bazar	Dhaka	Narayanganj	1230	Village – Yousufganj, 1 No. Rupganj Union, P.O. : Pashi Bazar, P.S. : Rupganj, Dist : Narayanganj
128	Karatia Branch	Dhaka	Tangail	1231	586, Karatia Bazar, 4 No. Karatia Union, Ward No.1, P.O. : Karatia, P.S & Upazila: Tangail Sadar, Dist : Tangail
129	Darus Salam Road Branch	Dhaka	Dhaka	1232	17, Darus Salam Road, Ward No.12, Mirpur-1, Dhaka-1216
130	Panchdona Branch	Dhaka	Norshindi	1233	Panchdona Branch (Rural) “Mozammel Haque Super Market”(1 st floor), Panchdona Bazar, Union – Meherpara Union Parishad, Ward No.9, Mouza – Burairhat, P.S. – Narsingdi Sadar, Dist. – Narsingdi
131	Arshinagar Branch	Dhaka	Keranigonj	1234	Arshinagar Branch (Rural) (1 st floor) Arshinagar, Village – Modher Char, Union – Shakta Union Parishad, P.O. – Shamla, P.S. – Keraniganj, Dist. – Dhaka
132	Bhuigar Branch	Dhaka	Narayanganj	1235	Bhuigar Branch (Rural) “Maa Fatema Tower” (1 st floor) Village: Bhuigar, Union: Kutubpur, P.O.- Bhuigar Bazar, P.S. – Fatullah, Dist. – Narayanganj
133	Anwara Branch	Chattogram	Chattogram	2236	Anwara Branch (Rural) “Amin Complex” (1 st floor) Village – Chatari Choumuhani Bazar, Union – 8 No. Chatari Union Parishad, P.O. – Bairag, P.S. – Anwara, Dist. – Chattogram.
134	Cherag Ali Branch	Dhaka	Gazipur	1237	Cherag Ali Branch (Urban) “Boksh Tower”, 1 st & 2 nd floor, 16, Cherag Ali, Nishat Nagar, Tongi, Gazipur
135	Local Office	Dhaka	Dhaka	1238	Islam Chamber, 125/A, Motijheel C/A, Dhaka-1000.
136	Bhawal Mirzapur Brnach	Dhaka	Gazipur	1239	Bhawal Mirzapur Branch “Mannan Plaza”, 1 st floor, Bhawal Mirzapur, Union : Mirzapur, P.O. : Mirzapur Bazar, Upazila : Gazipur Sadar, District : Gazipur
137	Kapashia Branch	Dhaka	Gazipur	1240	Kapasia Branch “Sarkar Plaza”, (1 st floor), Union : Kapasia, P.O. : Kapasia, Upazila & P.S. : Kapasia, District : Gazipur
138	Panchlaish Branch	Chattogram	Chattogram	2241	Panchlaish Branch, “Hill Crest” 1 st Floor, 24/35, Katalgonj, Hathazari Road, Panchlaish, Chattogram
139	Madhabpur Branch	Sylhet	Hobigonj	3242	Madhabpur Branch “City Center” 1 st Floor, Holding No.113, Madhabpur Bazar, Madhabpur, Habiganj
140	Jhalakathi Branch	Barishal	Jhalakathi	5243	Jhalakathi Branch (Urban) “Sayed Tower” (1 st floor) Holding No. 57, Doctor Pattri Road, Ward No.4, Jhalakathi Pourashava, P.S.- Jhalakathi Sadar, Dist.- Jhalakathi

SI No	Name of Branch/ Office	Name of Division	Name of District	Branch Code	Address of the Branch premises
141	Shafipur Branch	Dhaka	Gazipur	1244	“Jahanara Aziz Tower”, Vill : Shafipur, 4 No. Union, P.O. Shafipur, Thana-Kaliakoir, Dist- Gazipur
142	Banasree Branch	Dhaka	Dhaka	1245	Banasree Branch (Urban) 1 st floor, Holding No. 36, Road No. 2, Block-C, P.S.- Rampura, Dhaka North City Corporation, Dist. – Dhaka
143	Kachua Branch	Chattogram	Chandpur	2246	Kachua Branch (Urban) “Misbahuddin Khan Sadan” (1 st floor) Hospital Road, Pourashava & Upazila - Kachua, Dist. – Chandpur
144	Moynamoti Branch	Chattogram	Cumilla	2247	Moynamoti Branch (Rural) “Moynamoti Sena Kalyan Market” (1 st floor) Uttar Durgapur Union, P.S.- Cumilla Model
145	Goalanda Branch	Dhaka	Rajbari	1248	“Podder Market”, 1 st floor, Holding No.320/1, Ward No. 4, P.S & Pourashava- Goalanda, Dist.- Rajbari
146	Khilgaon Branch	Dhaka	Dhaka	1249	1 st floor, Holding No. 290/7/A, Ward No.1, P.S.- Khilgaon, Dhaka South City Corporation, Khilgaon, Dhaka
147	Akhaura Branch	Chattogram	Brahmanbaria	2250	1 st floor, “Shahjadi Complex” Holding No.68, Ward No. 5, P.S. & Pouroshava. Akhaura, Dist.- Brahmanbaria
148	Juri Branch	Sylhet	Juri	3251	1 st floor, “Kiran Square”, Union : Jayfarnagar, Upazila : Juri,Dist. : Moulvi Bazar

Branch Network of Nepal Bangladesh Bank Limited, Nepal

Head Office : Kamaldi, Kathmandu

SWIFT: NPBBNPKA

SL No.	Name of Branch	Address	Telephone Number
1	Corporate Branch	District: Kathmandu Municipality: Kathmandu	Phone # 01-4233780/81/82/83/84/85
2	Newroad Branch	District: Kathmandu Municipality: Kathmandu	Ph # 01-4241368/4224477
3	Battar Branch	District: Nuwakot Municipality: Bidur	Ph # 010-560256
4	Bhaisepati Branch	District: Lalitpur Municipality: Lalitpur	Phone # 01-5590028
5	Main Branch	District: Kathmandu Municipality: Kathmandu	Phone # 01-4780770/4781195
6	Janakpur Branch	District: Dhanusha Municipality: JANAHPUR	Phone # 041-521548
7	Kalimati Branch	District: Kathmandu Municipality: Kathmandu	Phone # 01-4277298
8	Butwal Branch	District: Rupamdehi Municipality: Butwal	Phone # 071-544845
9	Hetauda Branch	District: Makwanpur Municipality: Hetauda	Phone # 057-523035
10	Birgunj Branch	District: Parsa Municipality: Birgunj	Phone # 051-523689
11	Nepalgunj Branch	District: Banke Municipality: Nepalgunj	Phone # 081-415021
12	Biratnagar Branch	District: Morang Municipality: Biratnagar	Phone # 021-530523
13	Tatopani (Barhabise) Branch	District: Sindhupalchok	Phone# 011489022
14	Dhangadhi Branch	District: Kailali Branch Municipality: Dhangadhi	Phone # 091-521785
15	Pokhara Branch	District: Kaski Municipality: Pokhara	Phone # 061-533134
16	Kapon Branch	District: Kathmandu Municipality: Budanilkantha	Phone # 01-4823335
17	Baglung Branch	District: Baglung Municipality: baglung	Phone # 068-522872
18	Daldale Branch	District: Nawaiparasi Municipality: Dhangadhi	Phone # 078-575570
19	Chhathae Branch	District: Terhathum Municipality: Chhather Rural	Phone # 9851142173
20	Lalitpur Branch	District: Lalitpur Municipality: Lalitpur	Phone # 01-5008721/5554011
21	Dharan Branch	District: Sunsari Municipality: Dharan	Phone # 025-530166
22	Bhaktapur Branch	District: Bhaktapur Municipality: Suryabinayak	Phone # 01-6613170

SL No.	Name of Branch	Address	Telephone Number
23	Dhunche Branch	District: Rasuwa Municipality: Dhunche	Phone # 010-540015
24	Narayanghat Branch	District: Chitwan Municipality: Bharatpur	Phone # 056-570962
25	Bhojpur Branch	District: Bhojpur Municipality: Bhojpur	Phone # 029-420713
26	Birtamod Branch	District: Jhapa Municipality: Birtamod	Phone # 023-545724
27	Balaju Branch	District: Kathmandu Municipality: Kathmandu	Phone # 01-4383768/4384170
28	Jorpati Branch	District: Kathmandu Municipality: Gokarneshwor	Phone # 01-4910997/4910828
29	Bhairahawa Branch	District: Rupandehi Municipality: Siddharthnagar	Phone # 071-521659
30	Salayan Branch	District: Salyan Municipality: Sarada	Phone # 088-400182
31	Surkhet Branch	District: Surkhet Municipality: Birendranagar	Phone # 083-520220/521481
32	Kirtipur Branch	District: Kathmandu Municipality: Kirtipur	Phone # 01-5195123/5195348
33	Darchula Branch	District: Darchula Municipality: Api	Phone # 093-420242
34	Imadole Branch	Distict: Lalitpur Municipality: Lalitpur	Phone # 01-5204202
35	Itahari Branch	District: Sunsari Municipality: itahari Sub Metro	Phone # 025-582411
36	Sinja Branch	District: Jumla Municipality: Sinja Rural	Phone # 9758004548
37	Panchkhapan Branch	District: Sankhuwashava Municipality: Panchakhapan	Phone # 029-411084
38	Sankranti Branch	District: Terahathum Municipality: Iwa	Phone # 026-680052
39	Dang Branch	District: Dang Municipality: Ghorahi	Phone # 082-563796
40	Biratchowk Branch	District: Morang Municipality: Koshi Haraicha	Phone # 021-545789
41	Karsia Branch	District: Morang Municipality: Sorabhadg	Phone # 021-565038
42	Galchhi Branch	District: Dhading Municipality: Baireni	Phone # 010-403127
43	Jhalari Branch	District: Kanchanpur Municipality: Jhalari Pipaladi	Phone # 099-540185
44	Musikot Branch	District: Rukum Municipality: Musikot	Phone # 088-530364
45	Phidim Branch	District: Panchthar Municipality: Phidim	Phone # 024-521081
46	Khairehani Branch	Municipality: Khairehani	Phone # 056-583097/583367
47	Chainpur Branch	District: Bajhang Municipality: Jaya Prithvi	Phone # 9841364770

SL No.	Name of Branch	Address	Telephone Number
48	Kushma Bazar Branch	District: Parbat Municipality: Kushma	Phone # 067-421327
49	Khajura Branch	District: Banke Municipality: Bageswori	Phone # 9845030487
50	Maharajgunj Branch	District: Kathmandu Municipality: Kathmandu Metro	Phone # 01-4376565
51	Chabahil Branch	District: Kathmandu Municipality: Kathmandu Metro	Phone # 01-4482692
52	Lekhnath Branch	District: Kaski Municipality: Pokhara lekhnath	Phone # 061-411445
53	Sindhuwa Branch	District: Dhankuta Municipality: Chhathar Jorpati Rural	Phone # 026-404169
54	Sangurigadi Branch	District: Dhankuta Municipality: Sangurigadhi Rural	Phone # 026-400078
55	Chhatargunj Branch	District: Argakhanchi, Lumbini Municipality: Chhatradev	Phone # 077-690436
56	Bhumlu Branch	District: Kavre, Bagmati Municipality: Bhumlu	Phone # 9741473634
57	Salpasilicho Branch	District: Bhojpur, Koshi Municipality: Salpasilicho	Phone # 9842306473
58	Bardibas Branch	District: Mahottari, Sagarmatha Municipality: Bardibas	Phone # 044-550154
59	Brahmapuri Branch	District: Sarlahi, Janakpur Municipality: Brahmapur	Phone # 985-1067147
60	Koudena Branch	District: Sarlahi, Janakpur Municipality: Koudena	Phone # 9854035716
61	Chandranigahapur Branch	District: Routahat, Narayani Municipality: Chandrapur	Phone # 055-540670/72
62	Simara Branch	District: Bara, Narayani Jitput Simara Sub Metroplitian	Phone # 9855069020
63	Parwanipur Branch	District: Bara, Narayani Municipality: Parwanipur	Phone # 9855069020
64	Hapure Branch	District: Dang, Rapti Municipality: Babai	Phone # 051-410069/051-410069
65	Makwanpurgadhi Branch	District: Makwanpur, Narayani Municipality: Makwanpurgadhi	Phone # 082-403056/082-403057
67	Chandrauta Branch	District: Kapilbastu, Lumbini Municipality: Shivaraj	Phone # 076-540526
68	Bishnu Branch	District: Sarlahi, Janakpur Municipality: Bishnu	Phone # 9844037325
69	Dhanauji Branch	District: Dhanusha, Janakpur Municipality: Dhanauji	Phone # 9813094594
70	Arnama Branch	District: Siraha, Sagarmatha Amama Rural Municipality	Phone # 9842130460/9852020660
71	Rajarani Branch	District: Dhankuta, Koshi Chaubise Rural Municipality	Phone # 9855069645
72	Koteshwor Banch	District: Kathmandu, Bagmati Kathmandu Metroplitian City	Phone # 9851179998

SL No.	Name of Branch	Address	Telephone Number
73	Fikkal Branch	District: Ilam, Mechi Municipality: Suryodaya	Phone # 9842032011
74	Chandranagar Branch	District: Siraha, Janakpur Municipality: Chandranagar	Phone # 9861905813
75	Dewahi Gonahi Branch	District: Rautahat, Sagarmatha Municipality: Dehawi Gonahi rural	Phone # 9845428941
76	Damouli Branch	District: Tanahun, Gandaki Byas Municipality	Phone # 9851183371/065-560881
77	Sandhikharka Branch	District: Argakhanchi, Lumbini Municipality: Sandhikharka	Phone # 9851009445
78	Chandev Branch	District: Kanchanpur, Mahakali Municipality: Laljhadi	Phone # 9848751003
79	Fedap Branch	District: Terathum, Koshi Municipality: Feda	Phone # 9842369537
80	Bulingtar Branch	District: Nawalpur, Lumbini Municipality: Bulingtar	Phone # 9851170643
81	Kalimati (Rampur) Branch	District: Salyan, Rapti Municipality: Kalimati	Phone # 9849180380
82	Maitidevi Branch	District: Kathmandu, Bagmati Kathmandu Metroplitian City	Phone # 01-4440335/ 01-4440336

Branch Network of Oman Exchange LLC, Oman

Post Box No. 994 Hay Al Mina
Postal Code No.114, Muscat (opposite to Muscat Pharmacy) Sultanate of Oman
Phone # (968) 24832197, 24830893 Fax # (968) 24835036, 24835141 e-mail: custsupport@oiexc.com

SL No.	Name of Branch	Address	Telephone Number
1	Hamriya Main Branch	Post Box No.994, Hay Al Mina Postal Code No.114 Ruwi Souk Street Hamriya, (beside Muscat Pharmacy) Muscat, Sultanate of Oman	Phone # (968) 24833591 Fax # (968) 24833593
2	Sohar Branch	Post Box No.862, Postal Code No.311 Sohar, Old Hospital Road Sultanate of Oman	Phone # (968) 26846339 Fax # (968) 26841519
3	Nizwa Branch	Post Box No.718, Postal Code No.611 Nizwa Souk, Nizwa Sultanate of Oman	Phone # (968) 25413084 Fax # (968) 25411741
4	Suwaiq Branch	Post Box No.497, Postal Code No.315 Suwaiq Suwaiq Sohar Highway, beside Bank Muscat Sultanate of Oman	Phone # (968) 26861893 Fax # (968) 26860793

SL No.	Name of Branch	Address	Telephone Number
5	Ghubra Branch	Post Box No.897, Postal Code No.133 Ghubra Roundabout (inside) Ghubra, Sultanate of Oman	Phone # (968) 24490360 Fax # (968) 24490987
6	Mabelah Branch	Post Box No.994, Postal Code No.114 Near Oman Oil Petrol Station Muscat – Sohar Highway, North Mabelah, Sultanate of Oman	Phone # (968) 24450613 Fax # (968) 24450612
7	Barka Branch	Post Box No.696, Postal Code No.320 Barka – Muscat Highway, Barka Sultanate of Oman	Phone # (968) 2688 5142 Fax No-(968) 2688 5143
8	Falaj Branch	Post Box No.70, Postal Code No.327 Sohar Industrial Estate Sultanate of Oman	Phone # (968) 2675 3036 Fax # (968) 2675 1420
9	Saham Branch	Post Box No.878 , Postal Code No.319 Saham, Beside Omantel Office Sultanate of Oman	Phone # (968) 268 55442 Fax # (968) 268 55446
10	Ruwi Branch	Post Box No. 1585, Postal Code No. 114, Ruwi High Street- Centre Hay - Al-Mina, Sultanate of Oman	Phone # (968) 24794792 Fax # (968) 24796792
11	Shinas Branch	Post Box No.402, Postal Code No.324 Shinas roundabout Sultanate of Oman	Phone # (968) 26748315 Fax # (968) 26748316
12	Rustaq Branch	Post Box No: 167, Postal Code No.: 329 Burgh Al Radda, Rustaq, Sultanate of Oman	Phone # (968) 26 87 79 12 Fax # (968) 26 87 79 13

Branch and Booth of IFIC Money Transfer (UK) Limited, UK

Head Office : 18 Brick Lane, London E1 6RF, UK
Phone # 00447951786188, 0042070609142
Fax # 00442072479670, Email: monwar@ificuk.com

Branch	Booth
IFIC Money Transfer (UK) Limited 18 Brick Lane, London E1 6RF, UK Phone: 00447951786188 (Cell), 00442070609142 (Land Line) Fax: 00442072479670, Email: monwar@ificuk.com	IFIC Money Transfer (UK) Limited Turnpike Lane Booth 97 Turnpike Lane, London N8 ODY, UK Phone : 00442083411644



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 AUSTRALIA Citibank NA Commonwealth Bank of Australia Australia Sydney JPMorgan Chase Bank NA KEB Hana Bank Mizuho Bank Limited	 CZECH REPUBLIC Ceska Sportelna A.S. Commerzbank AG	 HUNGARY Budapest Bank RT CIB Bank Limited Raiffeisen Bank ZRT	 JAPAN MUFG Bank Limited Bank of New York Mellon, The Citibank Japan Limited Commerzbank AG Gifu Shinkin Bank, The Hongkong and Shanghai Banking Corp. Ltd. JP Morgan Chase Bank NA KEB Hana Bank Mizuho Bank Ltd. National Bank of Pakistan Okazaki Shinkin Bank, The Standard Chartered Bank State Bank of India Sumitomo Mitsui Banking Corporation Unicredit Bank AG (Hypobayerische) Wells Fargo Bank N.A.
 AUSTRIA Erste Bank Der Oesterreichischen Sparkas Erste Group Bank AG Raiffeisen Zentral Bank Oesterreich AG	 DENMARK Danske Bank A/S Nordea Bank Denmark A/S Spar Nord Bank Syd Bank A/S	 INDIA AB Bank Limited Axis Bank Limited Bank of Tokyo-Mitsubishi UFJ, Ltd. The Citibank N.A. ICICI Bank Limited IndusInd Bank Limited JPMorgan Chase Bank, N.A. Masreqbank Shamrao Vithal Co-operative Bank Limited, The Sonali Bank Ltd. Standard Chartered Bank State Bank of India Syndicate Bank Tamilnad Mercantile Bank Limited Union Bank of India United Bank of India	 KOREA, REPUBLIC Daegu Bank Ltd., The Hongkong & Shanghai Banking Corp. Ltd. Industrial Bank of Korea Kookmin Bank KEB Hana Bank Kwangju Bank Limited, The National Bank of Pakistan Busan Bank Shinhan Bank Standard Chartered Bank Wells Fargo Bank N.A. Woori Bank
 BAHRAIN Bank Alfalah Limited Bank Al Habib Limited KEB Hana Bank	 EGYPT Bank Audi SAE Masreqbank	 INDONESIA Bank of Tokyo-Mitsubishi UFJ Ltd. The Bank Mandiri (Persero) PT Citibank NA Hongkong and Shanghai banking Corp. Ltd. PT Bank Pembangunan Daerah Jawa Timur Tbk PT Bank Syariah Mandiri Standard Chartered Bank	 KSA BankMuscat SAOG Islamic Development Bank Saudi British Bank, The
 BELGIUM Bank J. Van Breda and Co. NV Belfius Bank SA/NV Deutsche Bank AG Commerzbank AG, The KBC Bank NV	 ESTONIA Nordea Bank AB	 FINLAND Danske Bank PLC Nordea Bank Finland PLC	 KUWAIT BankMuscat SAOG Citibank N.A. National Bank of Kuwait
 BHUTAN Bank of Bhutan Druk PNB Bank Limited	 FRANCE Banque Paribas BNP Paribas SA Commerzbank AG HSBC France KEB Hana Bank Monte Paschi Banque SA	 GERMANY BHF Bank Aktiengesellschaft Commerzbank AG Danske Bank A/S Deutsche Bank AG (Frankfurt) Deutsche Bank AG (Hamburg) HSH Nord Bank AG JPMorgan AG Joh. Berenberg, Gossler Und. Co. KG KEB Hana Bank Deutschland AS Landesbank Baden-Wuerttemberg Sparkasse Hannover Sparkasse Krefeld Sparkasse Nuernberg SEB AG Unicredit Bank AG (Hypobayerische) Volksbank Remscheid-Soligen Eg Volksbank Reutlingen EG	 LUXEMBOURG Danske Bank International A/S
 BRAZIL Banco Keb Hana Do Brasil S.A. HSBC Bank Brasil-Banco Multiplo	 Bulgaria Citibank Europe Plc, Bulgaria Branch	 HONG KONG AB International Finance Limited Axis Bank Limited Banca Monte Dei Paschi Di Siena SpA Bank of Tokyo-Mitsubishi UFJ Ltd., The BNP Paribas Citibank N.A. Commerzbank AG EBL Finance (HK) Limited E.SUN Commercial Bank Limited HBZ Finance Limited Hongkong and Shanghai Banking Corp. ICICI Bank Limited Intesa Sanpaolo SPA JPMorgan Chase Bank NA KEB Hana Bank Mashreqbank PSC	 MALAYSIA Citibank Berhad HSBC Bank Malaysia Berhad JPMorgan Chase Bank Berhad Malayan Banking Berhad (Maybank) Standard Chartered Bank
 CANADA BNP Paribas Canada Habib Canadian Bank HSBC Bank Canada KEB Hana Bank Canada Royal Bank of Canada	 CHINA, PEOPLE'S REPUBLIC Bank of Guiyang Bank of Hebei Bank of Huzhou Co. Limited Bank of China Bank of New York Mellon, The Bank of Ruifeng Bank of Taizhou Co. Ltd. China Everbright Bank Citibank (China) Co. Ltd. Commerzbank AG Foshan Rural Commercial Bank Co. Ltd. HSBC Bank (China) Co. Ltd. Jiangsu Jiangnan Rural Commercial Bank Co. Ltd. JPMorgan Chase Bank (China) Company Ltd. Jiangsu Jiangyin Rural Commercial Bank Laishang Bank Co. Ltd. Ningbo Yuyao Rural Commercial Bank Co. Ltd. Ping an Bank Co. Ltd. Skandinaviska Enskilda Banken AB (publ) Standard Chartered Bank (China) Limited Weifang Rural Commercial Bank Co. Ltd. Wells Fargo Bank N.A.	 IRELAND Citibank Europe PLC Danske Bank A/S Wells Fargo Bank International	 MALTA AKbank T.A.S.
 NETHERLANDS Commerzbank AG Deutsche Bank AG KEB Hana Bank		 ITALY Banca Carim-Cassa Di Risparmio Di Rimini Banca Delle Marche SPA Banca di Credito Cooperativo di Cambiano Banca Monte Dei Paschi Di Siena SpA Banca Popolare Dellemiliana Romagna Banca Popolare Di Sondrio Banca Popolare Valconca Banca Popolare Dell Etruria E Dell Lazio Banca UBAE SPA Banco Di Napoli SPA Bank of Tokyo-Mitsubishi UFJ Ltd., The Commerzbank AG Credito Bergamasco SPA Credito Valtellinese Soc Coop ICCREA Banca-Istitu Centrale	 NEPAL Himalayan Bank Limited Nepal Bangladesh Bank Ltd.

 NEW ZEALAND Bank of New Zealand General Equity Building Society	 SLOVENIA Dezelna Banka Slovenije D.D. Nova Kreditna Banka Maribor D.D. Unicredit Banka Slovenija D.D.	Sumitomo Mitsui Banking Corporation	Standard Chartered Bank Wells Fargo Bank N.A. Wells Fargo Securities Int'l Ltd.
 NIGERIA Guaranty Trust Bank Plc	 SOUTH AFRICA Citibank South Africa NED Bank Limited	 TURKEY AK Bank T.A.S. Albaraka Turk Katilim Bankasi AS Alternatifbank AS Fibabanka AS FinansBank A.S. HSBC Bank A.S. Turkiye Garanti Bankasi AS	 UZBEKISTAN Central Bank of the Republic Uzbeki National Bank for Foreign Economic
 NORWAY Danske Bank A/S DNB Bank ASA Nordea Bank Norge ASA Sparebank 1 SR-Bank ASA	 SPAIN Banco De Sabadell S.A. MUFJ Bank Limited Bankia S.A. CAIXABANK S.A. Caja Espana De Inversones Commerzbank AG Laboral Kutxa NCG Banco S.A.	 U.A.E. Abu Dhabi Commercial Bank PJSC Axis Bank Limited Citibank N.A. Emirates NBD Bank PJSC First Gulf Bank PJSC Habib Bank AG Zurich Habib Bank Limited Mashreqbank PSC Noor Islamic Bank PJSC Standard Chartered Bank United Bank Limited The National Bank RAS AL Khaimah	 VIETNAM Asia Commercial Bank HSBC Bank (Vietnam) Limited Joint Stock Commercial Bank for Inv. & Development JPMorgan Chase Bank, N.A. KEB Hana Bank Woori Bank
 OMAN Bank Dhofar (S.A.O.G) Bank Muscat SAOG	 SRI LANKA ICICI Bank Limited Nations Trust Bank Ltd. Seylan Bank PLC Standard Chartered Bank	 U.S.A Bank of America, N.A. Bank of New York Mellon, The MUFJ Bank Limited BNP Paribas USA Cathay Bank Citibank NA City National Bank Deutsche Bank Trust Company Americas First Citizens Bank Habib American Bank Habib Bank Limited HSBC Bank USA ICICI Bank Limited JPMorgan Chase Bank NA Masreqbank PSC Mizuho Bank Ltd. Regions Bank Citizens Bank NA Standard Chartered Bank Sterling National Bank Sumitomo Mitsui Banking Corporation UMB Bank N.A. US Bank Wells Fargo Bank N.A. Woori Bank Woori America Bank MUFU Union Bank NA United Bank Limited	 BANGLADESH AB Bank Limited Agrani Bank Limited Al-Arafah Islami Bank Limited Bank Asia Limited BRAC Bank Limited Bangladesh Commerce Bank Limited Bangladesh Krishi Bank Bangladesh Development Bank Limited Bank Alfalah Limited Basic Bank Limited Citibank N.A. City Bank Limited Commercial Bank of Ceylon Plc Dhaka Bank Limited Dutch-Bangla Bank Limited Eastern Bank Limited Export Import Bank Limited Farmers Bank Limited, The First Security Islami Bank Limited Habib Bank Limited Hong Kong and Shanghai Banking Corp. Ltd. ICB Islamic Bank Limited Islami Bank Bangladesh Limited Jamuna Bank Limited Janata Bank Limited Meghna Bank Limited Mercantile Bank Limited Midland Bank Limited Modhumoti Bank Limited Mutual Trust Bank Limited National Bank Limited National Bank of Pakistan National Credit and Commerce Bank Limited NRB Bank Limited NRB Commercial Bank Limited NRB Global Bank Limited One Bank Limited Premier Bank Limited Prime Bank Limited Pubali Bank Limited Rupali Bank Limited Shahjalal Islami Bank Limited Social Islami Bank Limited Sonali Bank Limited Southeast Bank Limited South Bangla Agriculture & Commerce Bank Ltd. Standard Bank Limited Standard Chartered Bank Trust Bank Limited Union Bank Limited United Commercial Bank Limited Uttara Bank Limited Woori Bank Shimantoo Bank Limited
 PAKISTAN Bank Al Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited National Bank of Pakistan MCB Bank Limited Summit Bank Limited	 SWEDEN Danske Bank DNB Bank ASA Nordea Bank AB (PUBL) (Stockholm) Skandinaviska Enskilda Banken AB Svenska Handelsbanken	 UKRAINE PJSC Bank Credit Dnepr	
 PANAMA KEB Hana Bank	 SWITZERLAND Banque Cantonale De Geneve Banque De Commerce Et De Placements Habib Bank AG Zurich UBL (Switzerland) AG Valiant Bank Zurcher Kantonal Bank	 UNITED KINGDOM Bank of America N.A. Citibank NA Commerzbank AG Danske Bank A/S Emirates NBD Bank PJSC Habib Bank AG Zurich Habib-UK Plc HSBC Bank Plc Intesa Sanpaolo SPA JPMorgan Chase Bank NA KEB Hana Bank Masreqbank PSC Mizuho Bank Ltd. Northern Bank Sonali Bank (UK) Ltd.	
 PHILIPPINES Asian Development Bank Hongkong and Shanghai Banking Corp. Ltd. KEB Hana Bank	 TAIWAN Bank of New York Mellon, The Chang Hwa Commercial Bank Ltd. Citibank Taiwan Limited E.SUN Commercial Bank Limited HSBC Bank (Taiwan) Limited JPMorgan Chase Bank NA MEGA International Commercial Bank Co. Ltd. Standard Chartered Bank Standard Chartered Bank (Taiwan) Ltd. Sumitomo Mitsui Banking Corporation Taishin International Bank Wells Fargo Bank N.A.		
 POLAND Bank Handlowy W Warszawie SA Bank Polska Kasa Opieki SA Danske Bank A/S Deutsche Bank Polska SA MBANK S.A. (Formerly BRE Bank)	 THAILAND Bangkok Bank Public Company Ltd. Bank of Ayudhya Public Company Limited MUFJ Bank Limited Citibank N.A. Export-Import Bank of Thailand Hongkong & Shanghai Banking Corp. Ltd. Bank for Agriculture and Agricultural Cooperative Krung Thai Bank Public Company Ltd. Mizuho Bank Ltd. Standard Chartered Bank		
 QATAR Doha Bank Masreqbank			
 RUSSIAN FEDERATION Necklace Bank Limited			
 SINGAPORE Axis Bank Limited MUFJ Bank Limited Citibank N.A. Commerzbank AG Deutsche Bank AG DBS Bank Limited Emirates NBD Bank PJSC Habib Bank Limited Hongkong and Shanghai Banking Corp. ICICI bank Limited Indian Bank Singapore JPMorgan Chase Bank NA KEB Hana Bank Mizuho Bank Ltd. Nordea Bank Finland PLC Skandinaviska Enskilda Banken AB (Publ) Standard Chartered Bank Sumitomo Mitsui Banking Corporation Unicredit Bank AG (Hypobayerische) United Overseas Bank Ltd. Wells Fargo Bank, NA, Singapore Branch Bank of America			



Notice of the
42nd AGM



International
Finance Investment and
Commerce Bank Limited

IFIC Tower, 61 Purana Paltan, GPO Box: 2229, Dhaka-1000, Bangladesh
Tel: 9563020, I-Phone PABX: 09666716250, Fax: 880-2- 9554102, Swift: IFIC BD DH
E-mail: info@ificbankbd.com www.ificbank.com.bd

Notice of the 42nd Annual General Meeting

Notice is hereby given to the Members of International Finance Investment and Commerce Bank Limited (IFIC Bank Limited) that the 42nd Annual General Meeting of the Company will be held on **Thursday, 04 July 2019 at 11.00 am at Officers' Club, 26 Bailey Road, Ramna, Dhaka-1000** to transact the following agenda:

Agenda

1. To receive, consider and adopt the Audited Financial Statements of the Bank for the year ended on 31 December 2018 together with the Reports of the Auditors and Directors thereon.
2. To declare dividend for the year ended on 31 December 2018 as recommended by the Board of Directors.
3. To elect/re-elect Director(s) of the Bank.
4. To re-appoint the External Auditors of the Bank for the year 2019 and to fix their remuneration.
5. To confirm the re-appointment of Independent Director.
6. To appoint the Compliance Auditor for the year 2019 as per Corporate Governance Code of the BSEC and to fix their remuneration.
7. To transact any other business/issue with the permission of the Chair.

By order of the Board of Directors

Dated: Dhaka
30 May 2019


(Md. Mokammel Hoque)
Company Secretary

Notes :

- 1) The **'Record Date'** was fixed on **23 May 2019 (Thursday)**.
- 2) The Shareholders whose names appeared in the Share Register of the Bank and/or in the Depository (CDBL) Register on the **'Record Date'** i.e. **23 May 2019** shall be eligible to attend the AGM and will be entitled to the Dividend.
- 3) The Board of Directors has recommended Stock Dividend @10% for the year ended on 31 December 2018 for approval of the Shareholders in the 42nd Annual General Meeting of the Bank.
- 4) A Shareholder eligible to attend and vote at the AGM may appoint a Proxy to attend and vote on his/her behalf. Proxy Form duly completed by the Shareholder and Power of Attorney/Letter of Authorization from a Company/Corporation must be submitted to the Registered Office of the Company at least 72 (seventy two) hours before the time fixed for holding of the Meeting.
- 5) Pursuant to the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRC/2006-158/208/Admin/81 dated 20 June 2018 (Published in Bangladesh Gazette on 08 August 2018), Annual Report 2018 will be sent in soft form to the Members' e-mail addresses available in their Beneficial Owners (BO) accounts maintained with the Depository.
Members may collect the printed copy of the Annual Report 2018 from the Share Department of the Bank located at 'Surma Tower' (13th Floor), 13, Comrade Moni Singha Road (Old: 59/2, Purana Paltan), Dhaka-1000 or from the AGM venue. The soft copy of the Annual Report 2018 will also be available in the Bank's website at www.ificbank.com.bd
- 6) The retiring Directors shall be eligible for election/re-election as per provision laid down in the Articles of Association of the Bank.
- 7) For convenience of the Honourable Shareholders and Proxy-holders, the **'Registration Counters'** of the Annual General Meeting shall be opened at 9.00 a.m. on the date fixed for the Meeting.
- 8) **No Gift/Gift Coupon/Food Box etc. or benefit in cash or kind shall be provided to the Shareholders in the 42nd AGM**, in compliance with Regulation 24(2) of the Listing Regulations, 2015 of both the Stock Exchanges (DSE & CSE).



Attendance
Slip



International
Finance Investment and
Commerce Bank Limited

IFIC Tower, 61 Purana Paltan, GPO Box: 2229, Dhaka-1000, Bangladesh
Tel: 9563020, I-Phone PABX: 09666716250, Fax: 880-2- 9554102, Swift: IFIC BD DH
E-mail: info@ificbankbd.com www.ificbank.com.bd

Attendance Slip

I hereby record my attendance at the **42nd Annual General Meeting** of International Finance Investment and Commerce Bank Limited (IFIC Bank Limited) being held on **Thursday, 04 July 2019 at 11.00 am at Officers' Club, 26 Bailey Road, Ramna, Dhaka-1000.**

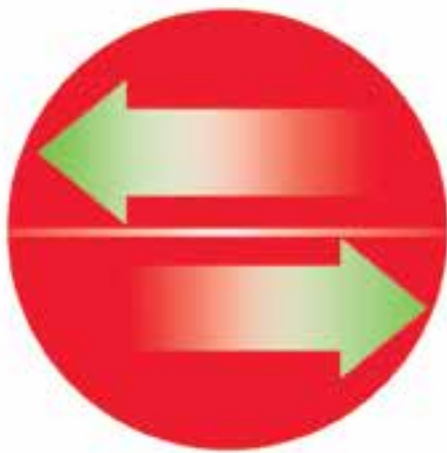
Name of the Shareholder(s) :

Folio/BO ID No.

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Signature of the Shareholder

Note: Honourable Shareholders attending the Meeting in person is requested to complete the Attendance Slip and deposit the same to the **'Registration Counter'** at the AGM venue. Signature in the Attendance Slip must tally with the signature recorded with **the Company (In case of folio, signature recorded with the Share Department and for BO holders, signature received from the CDBL).**



Proxy Form



International Finance Investment and Commerce Bank Limited
Head Office : IFIC Tower, 61 Purana Paltan, GPO Box: 2229, Dhaka-1000

Affix
Revenue
Stamp of
BDT 20.00

Proxy Form

I/We

Folio/BO ID No.

Address :
 being a Shareholder of International Finance Investment and Commerce Bank Limited, do hereby appoint

Mr./Ms

of

Cell/Land Phone #

as my/our Proxy in my/our absence to attend and vote for me/us on my/our behalf at the 42nd Annual General Meeting of the Company scheduled to be held on **Thursday, 04 July 2019 at 11.00 am at Officers' Club, 26 Bailey Road, Ramna, Dhaka-1000** and at any adjournment thereof.

In witness whereof I/We set my/our hand(s) on this the day of2019.

Signature of the Proxy

Signature of the Shareholder(s)

No. of shares held Cell/Land Phone #

Note : The Proxy Form duly stamped and completed in all respect must be deposited to the Share Department of the Company at least 72 (seventy two) hours before the schedule time of the Meeting for attestation. Signature of the Shareholder(s) must tally with the signature recorded with the Company **(In case of folio, signature recorded with the Share Department and for BO holders, signature received from the CDBL).**



International Finance Investment and Commerce Bank Limited
Head Office : IFIC Tower, 61 Purana Paltan, GPO Box: 2229, Dhaka-1000

Attendance Slip for Proxy-Holder

I hereby record my attendance at the 42nd Annual General Meeting of International Finance Investment and Commerce Bank Limited being held on **Thursday, 04 July 2019 at 11.00 am at Officers' Club, 26 Bailey Road, Ramna, Dhaka-1000.**

Name of the Shareholder (s):

Folio/BO ID No.

No. of Shares held

Name of the Proxy-holder.....

Signature of the Proxy-holder Signature of the approving
 Official of IFIC Bank Limited

Signature of the Shareholder(s)

Note : The Proxy-holder attending the Meeting is requested to deposit the Attendance Slip to the **'Registration Counter'** at the AGM venue.



সেবায় • সাফল্যে • আস্থায়
মবার মেরা

IFIC হোম লোন

- > সবচেয়ে কম সময়ে, সবচেয়ে কম খরচে
- > কোনো হিডেন চার্জ নেই
- > Early Settlement-এ কোনো ফি এবং বিধিনিষেধ নেই
- > সেমি-পাকা বাড়ি নির্মাণেও লোন প্রাপ্তির সুযোগ

আইএফআইসি হোম লোন

ভালোবাসায় বসবাস

☎ ১৬২৫৫ ☎ ০৯৬৬৬৭ ১৬২৫৫

আসুন আইএফআইসি ব্যাংক-এর যেকোনো শাখায়

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আইএফআইসি

আগামী

আমার ভবিষ্যতের ভিত্তি

সম্পদ গড়ি আগামীর সাথে

‘আইএফআইসি আগামী’ স্বপ্নপূরণে আমার পুঁজি, সম্পদ অর্জনে আমার সিঁড়ি।
সম্পদ তৈরিতে আস্থার সম্পর্ক গড়ে তুলি আইএফআইসি-র সাথে।



☎ ১৬২৫৫

☎ ০৯৬৬৬৭ ১৬২৫৫

| আসুন আইএফআইসি ব্যাংক-এর যেকোনো শাখায়

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IFIC হোম লোন

আইএফআইসি
আমার একাউন্ট

আইএফআইসি
আগামী

আইএফআইসি
ওয়ান স্টপ
সার্ভিস



**International Finance Investment
and Commerce Bank Limited**

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digital version of our Annual Report 2018