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LETTER OF TRANSMITTAL

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

Annual Report for the year ended 31 December 2014

Dear Sir,

We are pleased to present before you a copy of the Annual Report 2014 along with audited Financial Statements including consolidated and separate Balance Sheet as at 31 December 2014, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement for the year ended 31 December 2014 with the notes thereto of IFIC Bank Limited and its Subsidiaries for your kind information and record.

Yours sincerely,



A. K. M. Mozharul Hoque
SEVP & Company Secretary

STANDARD DISCLOSURE INDEX

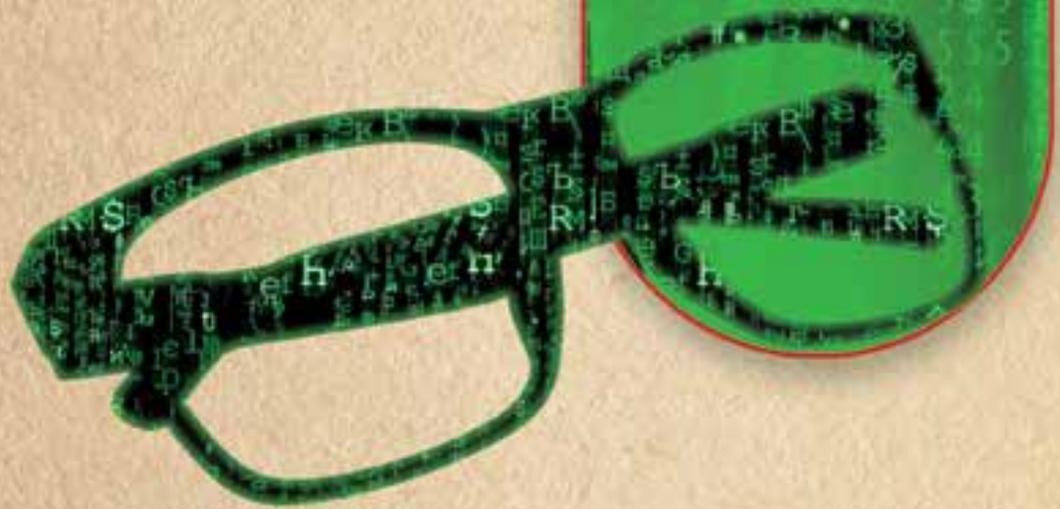
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VISION

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.



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

Codes of Conduct:

IFIC Bank's Codes of Conduct sets forth the guiding principles by which we operate our Bank and conduct our daily business with our customers, vendors, competitors, regulators and other agencies, the media and anyone else with whom we have contact. We recognize that honesty, integrity and sound judgment of our employees is essential to our reputation and success. These principles apply to all of the employees of IFIC Bank and all of its wholly owned subsidiaries. These principles are delineated below:

Legal Compliance

All business activities of IFIC Bank Limited at all times conform to all applicable national and international legal requirements. All employees of the Bank are expected to understand, respect and comply with all the laws, rules, regulations, policies and procedures related to Bank's business during their employment with the Bank.

Fair Dealing

IFIC Bank Limited seeks to outperform its competitors fairly and honestly through superior performance and never through unethical or illegal business practices. Stealing proprietary information, possessing or utilizing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present employees of other companies is prohibited in the Bank.

Prohibition of Discrimination and Harassment

IFIC Bank Limited, in the course of its operations, does not engage in any discriminatory practices. Discrimination means any distinction, exclusion or preference limiting equality or opportunity of treatment in employment or occupation, which may be based on colour, sex, religion, political opinion, age, national, social or ethnic origins, family obligations or any other considerations in this matter. IFIC Bank Limited is also committed to a workplace free from any kind of harassment.

Conflicts of Interest

All the employees of IFIC Bank Limited are expected to avoid all situations that might lead to a real or apparent material conflict between their interests and their duties and responsibilities during their currency as employees of the Bank. Employees of the Bank are prohibited to represent the Bank in any transactions with respect to which they have material connections/substantial financial interests

Confidentiality

Non-public information regarding the Bank or its businesses, employees, customers and suppliers is confidential. Employees of the Bank are entrusted with confidential information and are required to maintain the confidentiality of the same, except when disclosure is specifically authorized by the Board of Directors and/or Managing Director or required by laws, regulations or legal proceedings.

Corporate Opportunities

Employees owe a duty to the Bank to advance its legitimate interests when the opportunity to do so arises. Employees of the Bank are prohibited from taking for themselves personally opportunities that properly belong to the Bank or are discovered through the use of corporate property, information or position. They are also prohibited from soliciting, demanding, accepting or agreeing to accept anything of value from any person in conjunction with the performance of their employment or duties at the Bank and also acting on behalf of the Bank in any transaction in which they or their immediate family members have significant direct or indirect financial interests.

Insider Trading

Employees of the Bank are required not to buy, sell, trade or otherwise participate in transactions involving the Bank's common stock or other security while in possession of material information concerning the Bank that has not been released to the general public, but which when released may have an impact on the market price of the Bank's common stock or other security.

Extension of Credit

Employees of the Bank are required to refrain from sanctioning credit facilities to their wives, children, parents and other relations or to individuals, firms or companies in which they themselves or their relations have interest as proprietor, partner, director or guarantor without prior approval of the Board of Directors of the Bank in individual cases.

Outside Business Relationships

Before agreeing to act as a director, officer, consultant or adviser for any other business organization, employees of the Bank are required to report in writing to and receive approval in writing by the Managing Director of the Bank in order to avoid any conflicts of interest and to maintain independence. The Bank however, encourages civic, charitable and educational activities as long as they do not interfere with the performance of the duties of the employees at the Bank.

Coping with Money Laundering

Within the framework of international and national regulations, employees of the Bank are required 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.

Business Ethics:

IFIC Bank Limited believes that the Business Ethics Practices provides a foundation for the stability and sustainable growth of the Bank, and supports the Bank's efforts 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 and Integrity

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

Compliance with Laws and Regulations

The Bank will conduct its business in accordance with the laws and regulations and will not assist, encourage or support any wrongful transactions or activities.

Good Management and Efficient and Effective Internal Control

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

Standards

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

Concern for Stakeholders

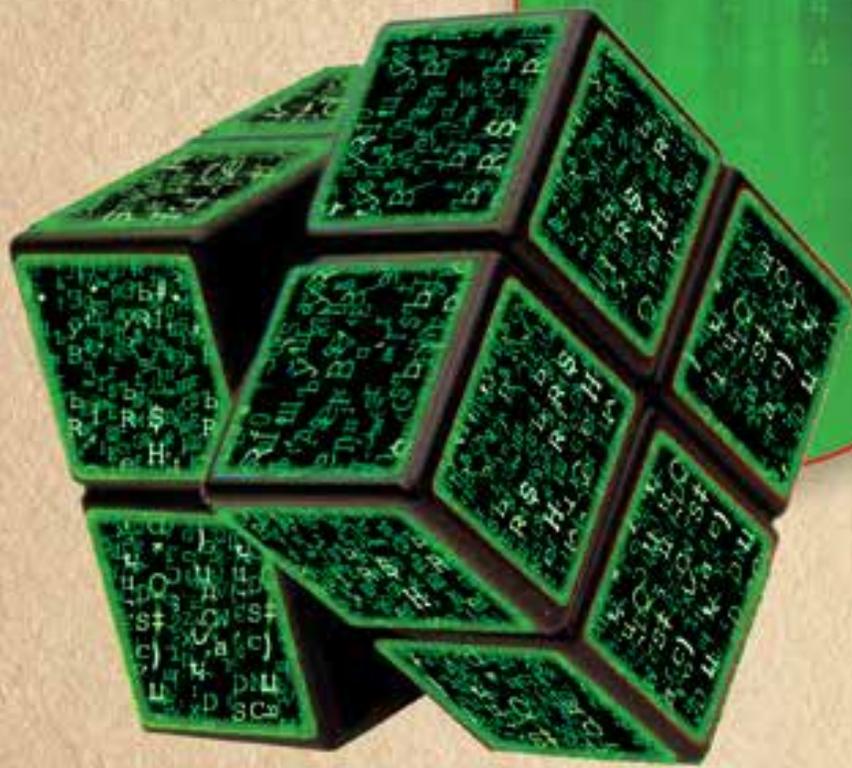
The Bank realizes the importance of proper conduct to various stakeholders with appropriate co-operation and mutual support. The Bank will treat its customers, counterparties or competitors with mutual good understanding and co-operation.

Preservation of the Bank's Reputation

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

HR Compliance:

IFIC Bank HRM Division ensures compliance in employee, manager and organizational levels in order to develop and maintain ethical culture across the institution. The division encourages the employees to follow the service rules, codes of conduct and most of all each and every applicable laws of the country. Apart from the service rules, HRM Division has separate disciplinary rules namely, IFIC Bank Employees Discipline and Appeal Rules 2003 which mainly focuses on the quasi-judicial proceedings for handling misconducts committed by any delinquent employee. For instance, one employee was dismissed from the services complying the rules laid down in the quasi-judicial policy.



STRATEGIC PRIORITY

Strategic Priority

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

STATEMENT REGARDING FORWARD LOOKING APPROACH

This annual report could or may contain certain forward-looking statements that are based on the Bank's expectations or beliefs as well as anticipation of future events. These forward-looking statements may include, but not limited to, statements made in this annual report in the form of management discussion and analysis regarding the Bank's objectives, strategies to achieve those objectives, expected financial results including risks associated with these and outlook for the Bank's business and for the Bangladesh and global economies. These statements are typically identified by words or phrases e.g. estimate, target, anticipation, expects, believe, goal, plan, may, will, intends, potentially or other words which are of similar expression. By virtue, forward-looking statement involves number of assumptions, inherent risks and uncertainties. Do not unduly rely on these as a number of factors, many of which are beyond the control of Bank, could cause actual results and the Bank's plan and objectives, to differ materially from those expressed or implied in the forward-looking statements. These factors include, but not limited to:

- the economic and financial condition of Bangladesh and rest of the world;
- Natural calamities;
- Movement of interest rate both in lending and deposits;
- Liquidity and money market volatility;
- The failure of third parties to comply with their obligations to Bank;
- Changes in regulatory regime e.g.
 - Monetary policy
 - Fiscal policy
 - Provisioning and NPL management etc.
 - Withdrawal of incentives of thrust sectors
- Changes in the accounting policy;
- Volatility of capital market;
- Competitive market;
- Political condition of the country;
- Future FX market condition;
- Changes of technology in banking sectors;
- Lowering the margin ratio for investment accounts etc.

The Bank will not undertake any obligation to revise or update any 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 October 08, 1976

Authorized Capital

BDT 20,000.00 million

Paid up Capital

BDT 4,377.50 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, LTU, Dhaka

VAT Registration Number

19071035167

Registered Office

BDBL Bhaban (8th – 10th & 16th - 19th floor)
8, Rajuk Avenue, Dhaka-1000
Tel: 9563020-29, Fax: 9562015
Swift: IFIC BD DH
E-mail: info@ificbankbd.com
Web: www.ificbankbd.com

Subsidiary Companies

IFIC Securities Limited
IFIC Money Transfer (UK) Limited

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

Managing Director & CEO

M. Shah Alam Sarwar

Chief Financial Officer (CFO)

S. M. Abdul Hamid

Company Secretary

A. K. M. Mozharul Hoque

No. of the Employees

2,527

No. of Branches

120

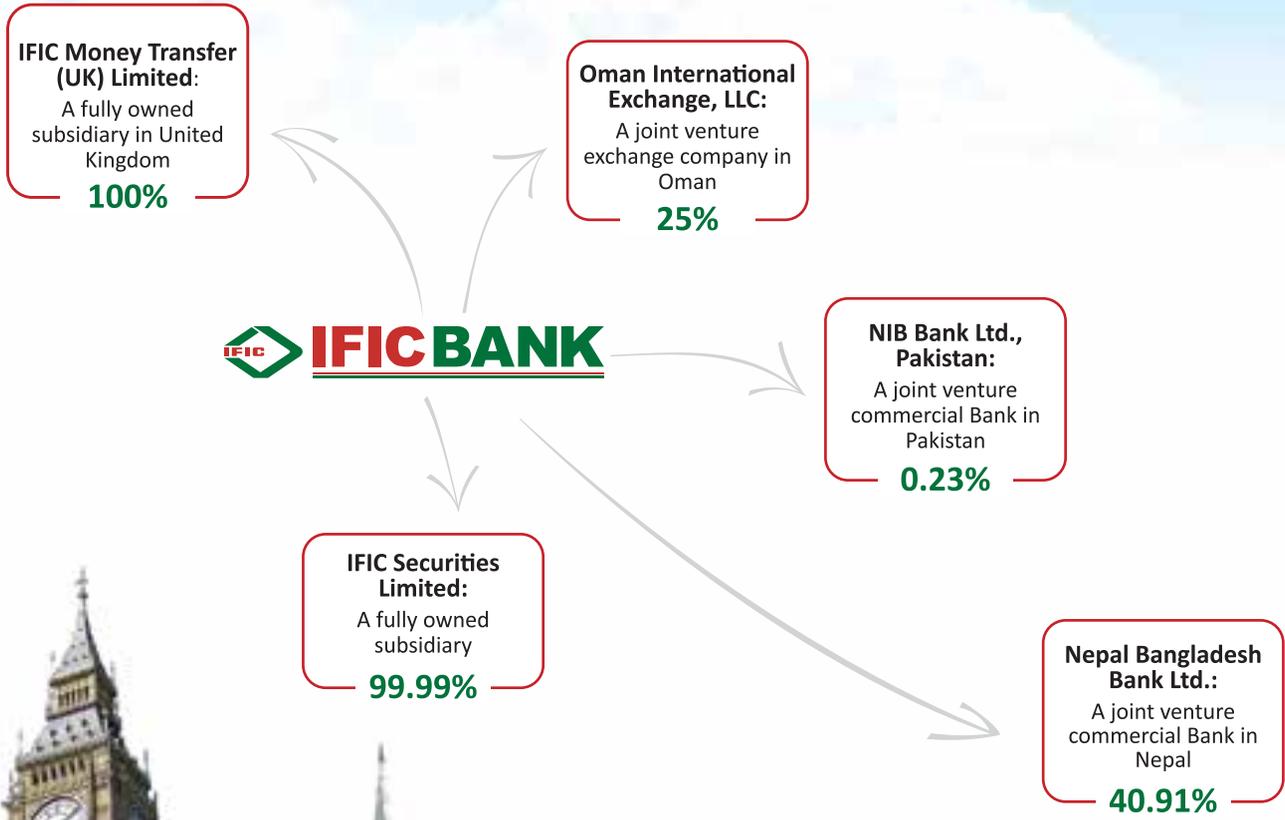
No. of Shareholders

44,444

Investor Relations

BDBL Bhaban (10th floor)
8, Rajuk Avenue, Dhaka-1000
Hotline: 9563020

IFIC Corporate Structure



MILESTONES IN THE DEVELOPMENT

1976	<ul style="list-style-type: none"> ■ Established as a joint venture Investment & Finance Company with the Govt. of Bangladesh
1980	<ul style="list-style-type: none"> ■ Commenced operation in Foreign Exchange Business in a limited scale
1982	<ul style="list-style-type: none"> ■ Obtained permission from the Govt. to operate as a commercial Bank, Set up its first overseas joint venture (Bank of Maldives Limited) in Maldives (IFIC's share in Bank of Maldives limited was sold to Maldives Govt. in 1992)
1983	<ul style="list-style-type: none"> ■ Commenced operation as a full-fledged commercial bank in Bangladesh
1985	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ Set up its first overseas branch at Karachi, Pakistan
1993	<ul style="list-style-type: none"> ■ Set up its second overseas branch at Lahore, Pakistan
1994	<ul style="list-style-type: none"> ■ Set up its first joint venture in Nepal, titled Nepal Bangladesh Bank Ltd.
1999	<ul style="list-style-type: none"> ■ Set up second joint venture in Nepal for lease financing, titled Nepal Bangladesh Finance & Leasing Co. Ltd. (merged with NBBL in 2007)
2003	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ Acquired MISYS solution for real time online banking ■ Implementation of Core Risk Management
2007	<ul style="list-style-type: none"> ■ Launched VISA branded Credit Card (completed full range of Cards i.e. Debit, Credit & Prepaid by 2010)
2010	<ul style="list-style-type: none"> ■ Set up Off-shore Banking Unit (OBU)
2011	<ul style="list-style-type: none"> ■ Established a fully owned exchange company named IFIC Money Transfer (UK) Ltd.
2012	<ul style="list-style-type: none"> ■ Inauguration of 100th Branch at Tejgaon Gulshan Link Road in Dhaka
2013	<ul style="list-style-type: none"> ■ Achieved the landmark of Tk 10,000 Crore deposit
2014	<ul style="list-style-type: none"> ■ Launching of 'IFIC Mobile Bank'.



INFORMATION ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Chairman

Salman F Rahman

Directors

Mohammad Lutfar Rahman

Monirul Islam

(Independent Director)

Syed Anisul Huq

(Independent Director)

Mohammed Nayem Syed

(Independent Director)

Jalal Ahmed

(Govt. Nominated Director)

A. R. M. Nazmus Sakib

(Govt. Nominated Director)

Arijit Chowdhury

(Govt. Nominated Director)

Managing Director & CEO

M. Shah Alam Sarwar

Company Secretary

A. K. M. Mozharul Hoque



DIRECTORS' PROFILE



Mr. Salman F Rahman

Chairman

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

Mr. Mohammad Lutfar Rahman

Director & Chairman of Executive Committee and Risk Management Committee

Mr. Mohammad Lutfar Rahman is a Bachelor of Commerce of Dhaka University. He is the Chairman of Nepal Bangladesh Bank Ltd., Nepal, IFIC Money Transfer (UK) Ltd. and IFIC Securities Ltd. He is also the Chairman & CEO of New England Equity Ltd., Shore Cap Holdings Ltd. and NEEL Petroleum & Chemicals Ltd. Mr. Rahman is also the Managing Director of Latif Securities Ltd., Business Capital Shares & Securities Ltd. and LR Agro Farms Ltd. He is also a Director of Union Insurance Company Ltd., National Television Ltd. (RTV), International Television Ltd. (NTV) and Al-manar Hospital (Pvt.) Ltd. He has keen interest in various sports, especially cricket. He is a permanent member of Mohammedan Sporting Club Ltd. and ex-chairman of Cricket Committee of Mohammedan Sporting Club Ltd. Mr. Rahman is the Chairman, Governing Body of Legends of Rupganj Cricketers. He has been associated with Kurmitola Golf Club, Dhaka Club, Gulshan Club and Uttara Club for long. Currently, he is the Chairman of the Executive Committee and Risk Management Committee of the Board of Directors of IFIC Bank Ltd.



Mr. Monirul Islam

Independent Director & Chairman, Audit Committee

Mr. Monirul Islam is a post - graduate from Dhaka University. He is a successful entrepreneur of the country having years of experience as an industrialist. He is the Chairman of Monir Associates Ltd. He is also the Managing Director of Aaron Label Ltd. and Cosmo Sizing & Weaving Mills Ltd. He is the Chairman of the Audit Committee and also a member of the Risk Management Committee of the Board of Directors of IFIC Bank Ltd.

Mr. Syed Anisul Huq

Independent Director

Mr. Syed Anisul Huq, a Bachelor of Commerce from the University of Dhaka, is a well-known personality in the banking industry of Bangladesh. In his colorful banking career of 04 (four) decades, he held many important positions including the Managing Director of Southeast Bank Limited and President & Managing Director of Bank Asia Ltd. Currently, he is the member of the Audit Committee and Risk Management Committee of the Board of Directors of IFIC Bank Ltd.



Mr. Mohammed Nayem Syed

Independent Director

Mr. Mohammed Nayem Syed is an MBA from London, UK. He is the Managing Director of Kuliarchar (UK) Ltd., Shahjalal Foods (UK) Ltd. & Karnaphuly Printers Ltd. And he is also one of the Directors of Red-Sea International Ltd. Mr. Syed, a well known personality in the business sector in England & Europe, is a member of the British Bangladesh Chamber of Commerce. He has an excellent business management background and is associated with many social and charitable organizations and trusts. He is a member of the Executive Committee of the Board of Directors of the Bank. He is also a Director of IFIC Money Transfer (UK) Ltd. and IFIC Securities Ltd.



Mr. 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 Ltd. on November 13, 2012 by the Ministry of Finance, Government of Bangladesh. Mr. Jalal did his Honours & Masters in Public Administration from the University of Dhaka. He is also one of the Directors of BTCL, BATBC, BSCCL and Bangladesh Services Ltd. He is a member of the Audit Committee and the Risk Management Committee of the Board of Directors of IFIC Bank Ltd. He is also a Director of IFIC Money Transfer (UK) Ltd. and IFIC Securities Ltd.

Mr. 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 Ltd. on June 19, 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 a member of the Executive Committee and the Risk Management Committee of the Board of Directors of IFIC Bank Ltd. He is also a Director of Oman International Exchange (OIE), LLC, a joint venture operation of the Bank in Oman.



Mr. Arijit Chowdhury

Director

Mr. Arijit Chowdhury 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 Ltd. on June 19, 2012 by the Ministry of Finance, Government of Bangladesh. Mr. Arijit did his Honours & Masters in History from the University of Dhaka. He also obtained M.Sc. in Development Finance from Birmingham University, UK. He is a member of the Executive Committee of the Board of Directors of the Bank.

Mr. M. Shah Alam Sarwar

Managing Director & CEO

Mr. M. Shah Alam Sarwar joined as Managing Director of IFIC Bank Limited on December 02, 2012. Mr. Sarwar started his career as Management Trainee at ANZ Grindlays Bank in 1982 and held senior management positions at ANZ Grindlays Bank, Standard Chartered Bank, American Express Bank. He served as Additional Managing Director and Deputy CEO of UCB. He was also the Managing Director and CEO of IPDC and Premier Bank Limited. Prior to his joining in IFIC Bank Limited, he was the Managing Director of Trust Bank Limited. He is a Post-graduate in Economics from Dhaka University and holds MBA degree from Victoria University of Australia. He obtained the highest level of accreditation in credit risk management and is a Six Sigma Belt holder. He attended various Training, Seminars and Conferences in Bangladesh as well as in the foreign countries like United Kingdom, Australia, United States, Singapore, Hong Kong, Dubai and Malaysia, etc.



EXECUTIVE COMMITTEE OF THE BOARD

Chairman

Mohammad Lutfar Rahman

Members

Mohammed Nayem Syed

A. R. M. Nazmus Sakib

Arijit Chowdhury

Secretary to the Committee

A. K. M. Mozharul Hoque

AUDIT COMMITTEE OF THE BOARD

Chairman

Monirul Islam

Members

Syed Anisul Huq

Jalal Ahmed

Secretary to the Committee

A. K. M. Mozharul Hoque

RISK MANAGEMENT COMMITTEE OF THE BOARD

Chairman

Mohammad Lutfar Rahman

Members

Monirul Islam

Syed Anisul Huq

Jalal Ahmed

A. R. M. Nazmus Sakib

Secretary to the Committee

A. K. M. Mozharul Hoque

SENIOR MANAGEMENT

Sl.	Name	Designation
	Managing Director & CEO	
1	M. Shah Alam Sarwar	MD & CEO
	Deputy Managing Director	
2	S. M. Abdul Hamid	DMD & Chief Financial Officer
3	Muhammad Mustafa Haikal Hashmi	DMD & Chief Risk Officer
4	Raihan ul Ameen	DMD
5	Fariduddin Al Mahmud	DMD & Head of Branch Banking
6	Shah Md. Moinuddin	DMD & Head of Business
	Senior Executive Vice President	
7	A. K. M. Mozharul Hoque	SEVP & Company Secretary
8	Md. Bader Kamal	SEVP
9	Md. Nurul Hasnat	SEVP
10	Syed Mansur Mustafa	SEVP
	Executive Vice President	
11	Md. Sharifur Rahman	EVP
12	Sajjad Zahir	EVP
13	Ashim Chowdhury	EVP
14	T. I. M. Rawshan Zadeed	EVP
15	Md. Shahjahan Miah	EVP
16	Syed Fazle Ahmed	EVP
17	Md. Badrul Alam	EVP
18	Iqbal Parvez Chowdhury	EVP
19	Md. Rafiqul Islam	EVP
	Senior Vice President	
20	Mohammad Shahed Shah Munnah	SVP
21	Shahjahan Kabir	SVP
22	Nurul Basher Abdul Mamun	SVP
23	Shaikh Sohail Khurshid	SVP
24	Saiful Momin	SVP
25	Md. Jahir Uddin Ferdous	SVP
26	Md. Zahidul Kabir	SVP
27	Ferdousi Begum	SVP
28	Md. Fakhru'l Abedin	SVP
29	A. K. M. Jaur Rahman	SVP
30	M. Mozibar Rahman	SVP
31	Syed Hassanuzzaman	SVP

Sl.	Name	Designation
	First Vice President	
32	A. F. M. Asaduzzaman	FVP
33	Mir Golam Mowla	FVP
34	Shahab Rashid Khan	FVP
35	Md. Manirul Islam	FVP
36	Raihan Uddin Ahmed	FVP
37	Zulfiquar Ali Khan	FVP
38	Dilip Kumar Mandal	FVP
39	Md. Zulfiquer Ali Chakder	FVP
40	Helal Ahmed	FVP
	Vice President	
41	Shafaiat Ahmed Chowdhury	VP
42	Arzoo Mand Parveen Banu	VP
43	Md. Bahauddin	VP
44	Jesmin Akhter	VP
45	Mir Iqbal Hossain	VP
46	Navedul Islam	VP
47	Ahmed Sayeed	VP
48	Md. Abdullah Al Masum	VP
49	A. M. Mahmud Hossain	VP
50	Md. Selim Talukder	VP
51	Mra Sha Thun	VP
52	Kazi Nowshaduzzaman	VP
53	Sohel Mahmud Zahiduzzaman	VP
54	A. H. M. Kamal	VP
55	Md. Akbar Ali	VP
56	Md. Anowar Khalid	VP
57	Mohoshin Uddin Ahmed	VP
58	Md. Mizanur Rahman	VP
59	Mohammad Sahin Uddin	VP
60	A. T. M. Raziur Rahman	VP
61	Abul Kalam Mojibur Rahman	VP
62	Md. Mostaque Hossain Chowdhury	VP
63	Gazi Mahmud Hassan	VP
64	Morsheda Begum	VP
65	Md. Salah Uddin	VP
66	Anwara Begum	VP
67	Abu Taher Nasir Ahmed Siddique	VP
68	Md. Ali Imam Khan	VP



CHAIRMAN'S MESSAGE

Dear Shareholders,

Assalamu Alaikum.

As another financial year comes to an end, it gives me great pleasure to address and welcome all of you, our valued shareholders, on behalf of the members of the Board of Directors, to the 38th Annual General Meeting of your Bank — International Finance Investment and Commerce Bank Limited and to present to you the audited Financial Statements and Annual Report for the year 2014. 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 as a foremost brand in our country.

The Directors' Report on Financial Statements & Internal Control, the Financial Statements for the year ended on 31 December 2014 together with the Auditors Report thereon are already in your hands. The Annual Report sent to you gives a detailed overview of your Bank's performance during the year 2014 which has been presented through various quantitative and qualitative parameters.

As a stalwart in the financial services industry and indeed as an industry innovator, your Bank has led the way towards sustained growth even in a year where challenges had defined the dynamics of the industry. This is inherently the result of our pursuit to perceive our operations, our performance and above all our strategic intent from your point of view. We firmly believe that meeting our stakeholders' interests and viewing our priorities in the light of your priorities is the key to realizing our collective vision for IFIC Bank, as we fast forward into the future. The financial year under review was, without doubt, one of the more challenging years for the financial services industry as a whole, and it was no different for IFIC Bank. An operational scenario defined by contracting net interest margins has become a norm; a trend that we believe will continue to pressure the banking industry to revisit its strategies for income generation and to become more efficient through tighter cost to income ratios. This remains a priority focus on our strategic agenda.

Before beginning the discussion on the specific issues of your Bank, it has to touch upon the economic and banking environment in which the Bank achieved its performance during the year 2014.

Bangladesh Bureau of Statistics (BBS) data showed that GDP growth increased by only 0.1 percentage points to 6.1 percent in FY2014, from the 6.0 percent in FY2013 indicating a leveling off in the growth performance. This was well off the track when compared to the ambitious GDP growth target of 7.2 percent or even to the revised target of 6.5 percent.

According to the BBS data, private investment declined for the second consecutive year from 22.5 percent in FY2012 to 21.8 percent in FY2013 and then to 21.4 percent of GDP in FY2014. Indeed, as the track record suggests, many of the indicators had departed, to varying degrees, from the Sixth Five Year Plan (SFYP) targets. The last quarter (Q4) data also suggests that private investment continued to remain sluggish during this period of FY2014. The sluggish investment demand was also demonstrated by the augmented excess liquidity in the banking system.

On the payment side, import payments increased by 8.9 percent in FY2014. At the same time, high inflow of foreign currencies and lack of payment demand resulted in a continuing rise in the foreign exchange reserves. Hence, foreign exchange holdings of the country rose further by about USD 6.2 billion in FY2014. As aggregate demand remained low, the excess money supply arising from accumulation of net foreign assets had a rather negligible impact on inflation. Interestingly, a stronger domestic currency did not have any visible negative implications on the export performance of key Bangladeshi commodities.

Although 2014 remained a challenging year in most of our markets, we remained focused on our strategic priorities i.e. Community Trust, Customer Preference, Consumer Relevance, Quality Services and Cost Leadership. As a result, our initiatives in the marketplace delivered encouraging results and allowed us to gain or maintain volume share in banking industry.

We engaged in a form of inclusive banking, which I believe is uniquely our own style. By pursuing excellence in customer care through customer relevance, by innovating consistently to deliver firsts in 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.

The Bank has a pleasant involvement and proactive participation in benevolent activities like donations to different charitable organizations, to poor people and religious institutions, city beautification and patronizing art & culture, etc. As a trend-setter, the Bank is gradually organizing its involvements in more structured CSR initiative format in line with the Guidance of Bangladesh Bank.

During the year 2014, the concentration of the Bank was mainly focused in the field of providing disaster relief, both in participation and expenditure wise, besides, 'Education', 'Health' and 'Sports' sectors also arrested more attention for the responsiveness of the Bank to address the changing needs of the society.

Year 2015 would be a more challenging year for the economy as well as the banking sector. The economy has entered into the New Year in a situation where most of the macro-economic indicators are under huge pressure because of political turbulence in the country. Achieving the targets of the GDP growth, revenue collection, export earnings, ADP implementation, public and private sector investment and reining in the increasing inflation would be the major economic challenges in the coming days.

Banking sector will be under tremendous pressure to make effective utilization of fund to bring the ADR at optimum level. In order to enhance income, banks will be under stress to increase the credit growth with the surplus fund and projected additional deposits to be mobilized in the current year. On the other hand, maintenance of asset quality will always come as a priority issue not only for the existing credit portfolio but also for new one.

As such, your Bank would concentrate on sharpening its competitive edge by improving its business strategies and by protecting its credibility through performing the promises.

My sincere appreciations to the Board of Directors, the Managing Director & CEO, the Management Team and the IFIC Bank team for making 2014 yet another year of commendable performance despite the veritable challenges. I and my colleagues on the Board place on record our appreciation for continued support and guidance received from the Government, Bangladesh Bank, Bangladesh Securities & Exchange Commission and other regulatory authorities, various financial institutions, banks and correspondents at home and abroad.

We also place on record our appreciation to our customers, shareholders, investors and vendors for the generous confidence and for also being pillars of support at times of both success and challenges.

Before I conclude, I would like to thank all of you again for your gracious presence and the keen interest you have shown in the Bank.

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 on all of us.

Allah Hafez.


Salman F Rahman
Chairman



**MANAGING DIRECTOR & CEO'S
REVIEW**

Dear Respected Shareholders,

It is a great honor to present a round-up of financial and operating performance of IFIC Bank Limited for the year 2014. It was a successful year for IFIC Bank as we have achieved phenomenal growth in business and moderate growth in profitability.

Underlying Economic Environment

The Bangladesh economy maintained the growth momentum registering a 6.1% growth of GDP in FY14. The growth of industry sector was lower and agriculture sector was moderate in FY14 compared to FY13. This coupled with satisfactory growth in service sector helped to achieve 6.1% growth of the overall economy. Total domestic credit increased to 11.6% in FY14 from 10.9% in FY13. Export continued to grow to 12.0% in FY14 from 10.7% in FY13 and Import from 0.8% in FY13 to 8.9% in FY14. Trade deficit declined to USD 6,806 million. Workers' remittances stood at USD 14,115 million in FY14 compared to FY13, registering a negative growth of 1.6%. Supported by a significant surplus in the combined capital and financial account, the overall balance recorded a surplus of USD 5,483 million in FY14. This contributed to foreign exchange reserves reaching USD 21,508 million at the end of FY14.

Company Performance

Deposit of the Bank reached at BDT 129,746 million in 2014 against BDT 110,464 million in 2013, demonstrating a growth of 17.46%. Loans and Advances increased to BDT 102,282 million from BDT 84,110 million, posting a significant growth of 21.60%.

Export of the Bank was BDT 89,894 million in 2014 having 8.15% growth while Import of the Bank was BDT 85,326 million in 2014 having 0.50% growth and Remittance was BDT 18,762 million in 2014 having 18.94% growth. Foreign Exchange business grew by 5.55% from BDT 183,791 million in 2013 to BDT 193,982 million in 2014.

Net Interest Income (NII) increased by 29.85% from BDT 2,612 million in 2013 to BDT 3,392 million in 2014. Operating Profit of the Bank raised by 7.63% from BDT 2,948 million in 2013 to BDT 3,173 million in 2014. Net Profit after Tax increased to BDT 1,545 million in 2014 from BDT 1,345 million in 2013, representing a growth of 14.81%.

NPL ratio of the Bank increased to 4.95% in 2014 from 3.77% in 2013. Asset size of the Bank stood at BDT 156 billion in 2014 against BDT 132 billion in 2013.

Capital Adequacy

At the end of 2014, total shareholders' equity stood at BDT 10,628 million, which is 16.82% higher than that of 2013. The Bank maintained Capital Adequacy Ratio (CAR) of 10.14% under Basel-II guidelines as against minimum requirement of 10.00% set by Bangladesh Bank.

Risks facing the organization and steps taken to manage such risks

Among the various types of risks faced by the banks are credit risk, market risk and operational risk etc. Regarding risk management oversight, the Board of Directors performs the main responsibility of the risk oversight. For managing credit risk, the Bank uses the updated credit policy approved by the Board of Directors. In terms of operational risk management, the risk is monitored and controlled within the Bank through an operational risk management framework. A major concern also exists regarding money laundering risk management. The Internal Control & Compliance Division of the Bank looks after the overall compliance with money laundering regulations. Regarding equity risk management, Bank follows mark to market valuations of the share investment portfolio in measuring and identifying risk. Information Technology risk management has become one of the prime areas of risk associated with systematic risk. The Bank's IT Audit Team audits the divisions and branches and reports to the Audit Committee of the Board to manage Information Technology risk.

Growth initiatives undertaken in 2014

- Undertook various initiatives to bring changes in Business Process. Branch Focus model was revived for strengthening customers' satisfaction.
- Reduced dependency on large ticket deposits and huge emphasis has been given to increase retail deposits especially, low cost CASA deposit through diversified products and services.

- A major project has been undertaken to up-grade MISYS Online Banking Solution software to bring it at par with international standard.
- Introduced One Stop Transactional Services for the satisfaction of the customers.
- Opened 8 new Branches in the country, making a total network of 120 Branches.

Future Outlook

GDP growth of Bangladesh is expected to be between 6.2% to 6.5% keeping inflation at a reasonable level. The central bank has expected to adopt measures to contain inflation but also ensure adequate credit flows to maintain steady economic growth. The achievement of inflation target of 6.50% in FY15 will depend on international price trends as well as domestic demand & supply conditions and macroeconomic management. The monetary policy statement for FY15 indicates a cautionary stance to ensure price and exchange rate stability. A revival of political unrest is the principal domestic risk for the near term. This may depress private investment, push up inflation and potentially put reserves under pressure. Even if all the conditions are growth friendly, growth may remain elusive unless there is confidence about political stability and policy continuity. The key challenges are to enhance private investment and uphold macroeconomic stability.

Corporate Social Responsibility (CSR) Activities

The CSR activity of the Bank encompasses the major sectors like Education, Culture, Health and Sports. Some of these initiatives are outlined below:

- The Bank donated BDT 20 million to Bangladesh Shooting Sports Federation for the development of the Shooting Game in Bangladesh.
- The Bank donated BDT 20 million to a national NGO named Gonoshahajjo Sangstha (GSS) to run their Primary Schools for disadvantaged children.
- The Bank contributed BDT 10 million to 'Lakho Konthe Sonar Bangla Tahbil' through Bangladesh Association of Banks (BAB) for the celebration of the Independence Day- 2014.
- The Bank organized the prize giving ceremony of IFIC Bank Shahitya Puroshker- 2012 & 2013 on December 07, 2014 at Radisson Hotel. Honorable Speaker of the Parliament of Bangladesh, Dr. Shirin Sharmin Chaudhury handed over a crest, a certificate and a cheque of BDT 0.50 million to each winner in the ceremony.
- The Bank donated BDT 1.91 million to distribute Blankets through our Branches to save the distressed people from severe cold wave.

Environmental Initiatives

Bank committed to contribute to make an eco-friendly environment. So, the Bank attempts hard to ensure that its operations are environment friendly. Bank has engaged itself to influence its customers to operate responsibly and minimize impacts on climate change issues, hazardous waste disposal and depletion of non-renewable natural resources. To promote Green Banking the Bank has already issued Green Office Guide which serves the following objectives:

- Reduce paperwork through utilizing email to disseminate information and encouraging double sided printing etc.
- Reduce electricity consumption by using energy-efficient electronic equipments and replacing normal bulbs with energy saving bulbs.
- Promote financing for installation of Effluent Treatment Plant (ETP) in industrial units and in Solar Energy, Bio-gas and Hybrid Hoffman Kiln (HHK) in brickfield.

Employee Compensation & Benefit

The compensation and benefit strategy is important to manage the employees' jobs in the right salary brackets. Bank has the policy to motivate the real performers by providing Yearly Variable Performance Bonus. Bank provides a number of benefits to keep the employees' motivation at level high. Staff House Building Loan, Staff Car Loan, Salary Overdraft and Staff Salary Loan are parts of the compensation and benefit policy so that employees can enjoy a comfortable life. Bank also provides hospitalization insurance and group life insurance facilities to ensure the medical and social security. Bank ensures long term benefits to the long term committed employees by providing Provident Fund, Gratuity Fund, Earned Leave Encashment and Welfare Fund as per compensation and benefit policy.

Commitments for 2015

- Our aim is to achieve long term sustainable growth. In line with that we will pursue strategy through proper management of Balance Sheet and maintenance of liquidity and long term solvency.
- A major project has been undertaken to up-grade MISYS Online Banking Solution software to bring it at par with International Standard and the project will be completed within the year 2015.
- In case of financing, we will give emphasis on “good risk” at low rate, “marginal risk” at high security and exit “high risk”.
- We shall intensify our efforts to reduce the NPL ratio.

Contribution to National Exchequer

IFIC Bank has contributed significantly to the effort of the Government in collection of revenue. According to the law of the country, the Bank deducts VAT and TAX at sources and Excise Duty from various payments and services and deposits the same to the Government Exchequer. During the year 2014, the Bank deposited BDT 1,527 million of withholding taxes. Besides, the Bank also paid income tax on its earning of BDT 1,165 million during the year 2014, which was BDT 1,010 million in the year 2013.

Concluding Remarks

While concluding, I would like to express my profound gratitude to the regulatory authorities especially Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange and Chittagong Stock Exchange for their continuous support and cooperation. I also express my sincere thanks and gratitude to the members of the Board of Directors for their policy guidelines and adequate support to the Management to implement those. Thanks are due to our respected shareholders, valued customers, patrons and all other stakeholders for their trust and confidence on the Management of the Bank. Finally, thanks to my beloved colleagues of IFIC Bank Limited for their efforts and dedication in achieving the inspiring results.



M. Shah Alam Sarwar
Managing Director & CEO



DIRECTORS' REPORT

Hon'ble Shareholders,

Assalamu Alaikum.

The Board of the Directors of IFIC Bank Limited is delighted to welcome you all to the 38th Annual General Meeting of the Bank. The Directors take pleasure in presenting the Directors' Report along with the Audited Financial Statements of the Bank for the year ended 31 December 2014 and the Auditors' Report thereon before you. The Board has reviewed the financial statements in order to ensure effective financial control, transparency, and accuracy of the financial data and financial reporting. The Board also likes to take the opportunity to highlight briefly on the operational performance of the Bank during the year 2014 in the context of domestic and international economic scenario.

1. Global Economy:

The global economy, as reported by World Bank, is still struggling to gain momentum as many high-income countries continue to grapple with legacies of the global financial crisis and emerging economies are less dynamic than in the past.

Global growth in 2014 was lower than initially expected, continuing a pattern of disappointing out-turns over the past several years. Growth picked up only marginally in 2014, to 2.6 percent, from 2.5 percent in 2013. Beneath these headline numbers, increasingly divergent trends are at work in major economies.

While activity in the United States and the United Kingdom has gathered momentum as labor markets heal and monetary policy remains extremely accommodative, the recovery has been sputtering in the Euro Area and Japan as legacies of the financial crisis linger, intertwined with structural bottlenecks. China, meanwhile, is undergoing a carefully managed slowdown. Disappointing growth in other developing countries in 2014 reflected weak external demand, but also domestic policy tightening, political uncertainties and supply-side constraints.

Several major forces are driving the global outlook: soft commodity prices; persistently low interest rates but increasingly divergent monetary policies across major economies; and weak world trade. In particular, the sharp decline in oil prices since mid-2014 will support global activity and help offset some of the headwinds to growth in oil-importing developing economies.

From 2011 to 2014, the IMF notes, its year-ahead forecasts were 0.6 percentage points *too optimistic* on average. That doesn't bode well for the remainder of this year or for next; at the moment the IMF forecasts growth of 3.8% in 2015.

On the other hand, Global Economic Prospects of the World Bank shows, overall, global growth is expected to rise moderately, to 3.0 percent in 2015, and average about 3.3 percent through 2017. High-income countries are likely to see growth of 2.2 percent in 2015-17, up from 1.8 percent in 2014, on the back of gradually recovering labor markets, ebbing fiscal consolidation, and still-low financing costs. In developing countries, as the domestic headwinds that held back growth in 2014 ease and the recovery in high-income countries slowly strengthens, growth is projected to gradually accelerate, rising from 4.4 percent in 2014 to 4.8 percent in 2015 and 5.4 percent by 2017. Lower oil prices will contribute to diverging prospects for oil-exporting and oil-importing countries, particularly in 2015.

2. Bangladesh Economy:

The Economy of Bangladesh is now a market-based economy. The country is classified as a Next Eleven emerging market and one of the Frontier Five. According to a recent opinion poll, Bangladesh has the second most pro-capitalist population in the developing world.

Bangladesh achieves Ba3 (Moody's) and BB- (Standard and Poor's) with stable outlook for the 5th consecutive years. Stable real GDP growth and strong external balances have helped Bangladesh to achieve BB- rating with stable outlook from Fitch Ratings for the first time.

The Bangladesh Development Update 2014 notes that the economy is gradually recovering from prolonged disruptions, aided by political and macroeconomic stability. The challenge now is to consolidate this by accelerating economic growth in an inclusive and sustainable manner. Economic activities in FY14 suffered a

setback due to political turmoil, affected the flows of remittance and private investment. However, Bangladesh Bureau of Statistics (BBS) has estimated a 6.1 percent GDP growth for 2014, compared to 6 percent last year.

Asian Development Bank notes that the strong expansion in exports outweighed a more moderate rise in imports to narrow the trade deficit in FY2014. Workers' remittances declined slightly but were sufficient to offset the trade deficit and push the current account to a surplus equal to 1.0% of GDP, not the 0.5% deficit that had been projected. While a larger trade deficit is projected for FY2015, remittances are expected to grow by 7.0%, continuing the revival of inflows seen in the second half of the FY2014. With higher remittances, the current account is now projected to post a surplus equal to 1.5% of GDP, rather than the 1.5% deficit projected earlier.

Progress in poverty reduction and shared prosperity is visible. The poverty incidence, based on national poverty line (\$1.13 per capita per day), is projected to decline from 31.5 percent in 2010 to 24.47 percent by 2014. Employment and wage growth appears to have boosted shared prosperity — increased the income of the bottom 40 percent. The UN Human Development Report 2014 says that Bangladesh graduated from Low Human Development (LHD) category to Medium Human Development (MHD) category in 2013.

Remittance earnings increased more than seven times during the past decade. Remittances sent home by Bangladeshi workers overseas rose 19.7 percent to a record monthly high of \$1.4bn in July, 2014, boosting the country's GDP outlook, bolstering the current account surplus and helping to offset an over-reliance on garment exports.

The surplus in balance of payment increased from US\$5.1 billion in FY13 to US\$5.5 billion, creating an excess supply of foreign exchange. Bangladesh Bank (BB)'s interventions in the foreign exchange market limited nominal appreciation of taka. The real exchange rate appreciated by 8.5% in FY14 relative to FY13 due to small (2.7 percent) nominal appreciation and higher domestic inflation relative to international inflation. Foreign reserve increased to US\$22,309.8 million in December, 2014.

Overall pace of structural reforms is needed to be faster, but there has been significant progress in the garments industry towards improving working conditions for factory workers, amendments to the labor and the Export Processing Zone (EPZ) laws, government's capacity in assessing factory safety and agreement on common standards to assess structural building safety. Speedier progress is needed in the implementation of the new VAT law, liberalization of exchange regulations, infrastructure management and financial supervision.

3. Banking Sector:

Banking sector in Bangladesh has come across a turbulent year facing many odds and pitfalls in the macroeconomic fundamentals. The major challenges faced by the banking industry were low credit growth, increasing trend of non-performing loans resulting to higher provisioning requirements, and surplus liquidity. The cumulative effects of these put pressure on the profitability of the banking sector as a whole.

In the backdrop of decelerating private investment, the classified loans in Bangladesh banking sector had increased during the second half of FY2014. Share of classified loan to total outstanding increased to 10.8 percent as of 2014 which was only 8.9 percent during December 2013. As a result, the state-owned commercial banks (SCBs) faced serious capital deficit which in turn created additional fiscal pressure for the government. As mentioned earlier, despite having a large surplus liquidity in the banking system and falling inflation, the lending rate did not decline by any significant margin during this period. As a consequence of low credit growth and high non-performing loan, coupled with increased interest/profit expenses for additional mobilized deposit, profitability of the industry has been adversely affected.

Banking sector, being an integral part of the financial system, faced the likely impediments. The major challenges of the banking industry in 2014 were optimum utilization of fund through achieving desired investment growth, preventing the deterioration of asset quality and maintenance of capital adequacy to absorb the risks.

However, with a view to maintaining a sound, efficient and stable financial system, in 2014, Bangladesh Bank (BB) has initiated a number of policy measures, giving augmented emphasis on risk management in the banks, the periodic review of stability of individual banks as well as the whole banking system, exercise of stress testing, inclusion of underserved/un-served productive economic sectors and population segments in the

financial system, etc. Focus has also been made on Corporate Social Responsibility (CSR) and Green Banking activities. Bangladesh Bank, through various policy, is playing the effective role to instill and strengthen public confidence on Bangladesh Bank's actions aimed at containing and stabilizing CPI inflation; and its attendant inclusive, environmental sustainability supportive credit and financial policies will make meaningful contribution in supporting the governments pursuit of inclusive, environmentally sustainable growth and poverty eradication on the country's path towards prosperity.

3.1. Changes in Monetary and Credit Regulations:

Consequent upon the changes in global and domestic scenario, as said in Monetary Policy Statement, Bangladesh Bank maintains continuity and further strengthen the momentum of investment friendly reforms in the credit and financial policies accompanying the monetary policies; towards enhancing effectiveness of the financial markets as transmission channels for monetary policies. Bangladesh Bank's supervisory oversight on credit disbursement and loan recovery disciplines in banks and financial institutions will intensify; with particular emphasis on risk management, internal audit and internal controls, accountability and transparency. Besides firmly discouraging the abetting of habitual, willful repayment default; creating room for helping out recovery of genuine businesses distressed by circumstances beyond their control with realistic debt restructuring in line with international best practices is under Bangladesh Bank's careful consideration.

As reported by Bangladesh Bank, they are also engaging regularly with capital market and other financial system regulators in quarterly policy coordination meetings. Bangladesh Bank has introduced a number of new investor friendly regulatory reforms facilitating external transactions of foreign and local businesses including investors in the capital market. Consequent to one such major reform, foreign equity investments in unlisted local companies can now be sold to local investors at market based prices rather than at net asset value. Diverse fund flows in the financial markets act as transmission channels for monetary policy.

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. The rest of the share capital is held by some leading industrialists of the country having vast experience in the field of trade and commerce and by general public. A total of 120 branches of IFIC are dedicated to fulfill the Mission of providing service to the clients with the help of a skilled and dedicated workforce whose creative talents, innovative actions and competitive edge make the Bank's position unique in giving quality service to all institutions and individuals. 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 aim 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 to ensure healthy long-term alliances.

The Bank looks after every client to make him/her a development partner through addressing his/her needs and wants to provide best services at affordable prices. The Bank puts a client in the ladder where he/she climbs customer-supporter-advocate phases and finally becomes development partner of the Bank.

The Bank seeks to provide a professional, safe and enjoyable work environment that supports job enthusiasm, positive relationships and effective teamwork. The Bank works to provide clear communication of direction and goals and to motivate the team to achieve these 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 new and highly efficient forms of innovation support providers that provide and channel specialized and customized business support services to enterprises. Our high quality cluster management is important 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 cluster managers, who dispose of good cluster insight, necessary for an efficient support to cluster members.

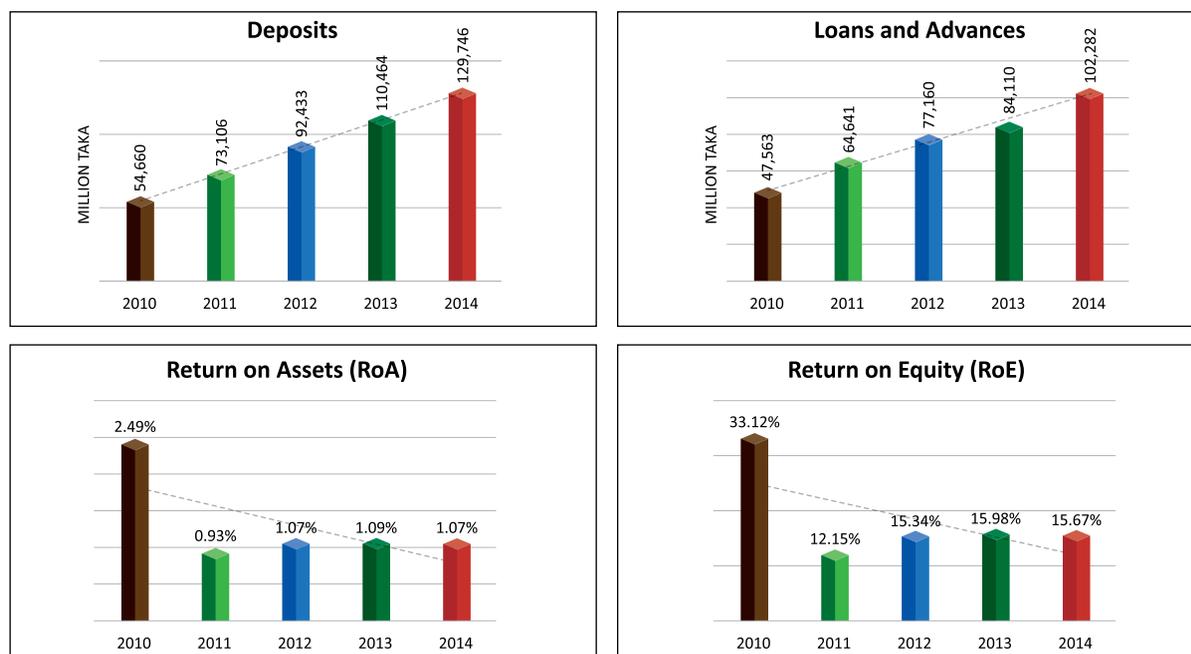
5. Financial Performance of IFIC in 2014:

The financial performance highlights for the year under review are presented below:

BDT in Million			
Financial Performance	2014	2013	Growth
Deposits			
Savings Bank Deposit	18,366.46	13,890.79	32.22%
Current Account Deposit	8,994.42	8,305.10	8.30%
Fixed Deposit	53,388.00	56,590.84	-5.66%
Recurring Deposit	3,924.78	3,129.80	25.40%
Other Deposit	45,072.14	28,547.27	57.89%
	129,745.81	110,463.80	17.46%
Loans and Advances			
Corporate	75,129.17	54,785.77	37.13%
SME & Agricultural	19,299.87	21,604.89	-10.67%
Retail	4,965.27	4,834.55	2.70%
Others	2,887.84	2,885.18	0.09%
	102,282.15	84,110.38	21.60%
Investment in Securities			
Investment in Government Securities	17,217.29	15,893.69	8.33%
Investment in Securities - Others	5,627.96	5,277.07	6.65%
	22,845.26	21,170.76	7.91%
Total Assets	156,338.64	132,062.63	18.38%
Paid up Capital	4,377.50	3,806.52	15.00%
Statutory Reserve	3,909.51	3,374.08	15.87%
General & Other Reserve	172.66	187.13	-7.73%
Retained Surplus	2,168.45	1,730.12	25.34%
Shareholders' Equity	10,628.12	9,097.85	16.82%
Return on Average Assets	1.07%	1.09%	-0.02%
Return on Average Equity	15.67%	15.98%	-0.31%
Capital Adequacy Ratio	10.14%	10.37%	-0.23%

The Bank has shown a continuous growth in terms of several key balance sheet parameters for the year ended 31 December 2014. Total assets of the Bank has increased by 18.38% to Tk.156,338.64 million from Tk. 132,062.63 million of last year. At the end of year 2014 total deposit of the Bank stood at Tk 129,745.81 million which denotes a growth of 17.46% over previous year. In case of deposit mix, there is a significant growth in respect of low cost deposit comprising the growth of 32.22 % in savings deposit, 25.40% in recurring deposit and 8.30% in current deposit, at the same time high cost deposit mainly in fixed deposit decreased by 5.66% which has helped reducing

the cost of fund of the Bank. As at 31 December 2014, the CASA deposit represents 21.09% of total deposit vis-a-vis 20.09% at the end of year 2013. Total loans and advances of the Bank has increased by 21.60% to Tk. 102,282.15 million vis-a-vis Tk. 84,110.38 million of last year. Return on Equity (RoE) shows 15.67% in the year 2014 as opposed to 15.98% of the year 2013. Return on Assets (RoA) was shown at 1.07% in year 2014 which was 1.09% in last year. On the other hand, at the end of year 2014, total investment in securities of the Bank reached to Tk. 22,845 million compared to Tk 21,170.76 million of year 2013. Total investment has increased by 7.91% compared to prior year and which comprises 8.33% growth in government securities segment and 6.65% growth in equity investment.



Asset Quality:

Asset quality of the Bank for the year 2014 has been declined compared to the corresponding year of 2013. Asset quality declined due to significant shift of loans and advances from sub-standard to doubtful and doubtful to Bad/Loss. Doubtful loan also increased almost more than double in the year 2014. At the end of year 2014, classified loans and advances reached at 4.95% compared to 3.77% of year 2013 which is 1.18% higher over the prior year. The classified portfolio increased over last year mainly for unfavourable macro economic condition of the country as well as slows down of the economic condition of US and Euro Zone. However, the Bank has maintained well coverage against such classified portfolio to mitigate the credit risk. At the end of year 2014, the Bank has made total cumulative provision Tk. 3,042.69 million against the requirement of Tk. 2,934.68 million.

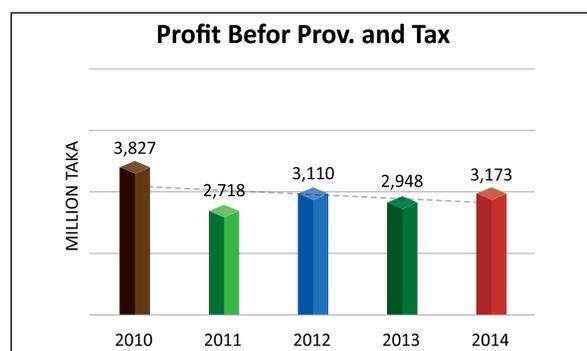
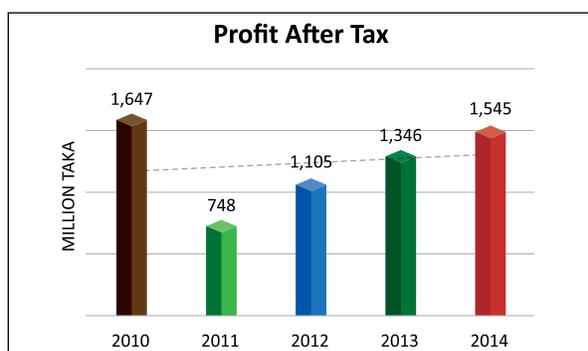
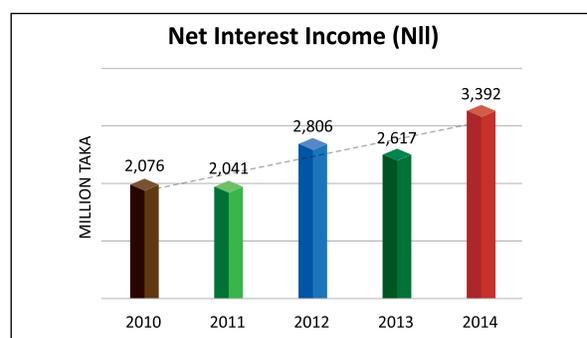
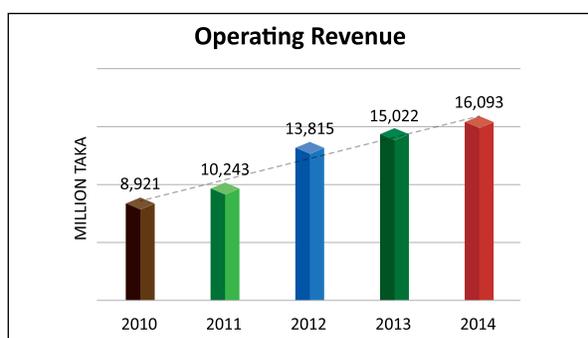
BDT in Million

Loans & Advances	2014	2013	% Change
Standard	94,135.99	80,160.37	17.43%
Special mention account	3,085.02	781.94	294.53%
Unclassified Loans	97,221.02	80,942.31	20.11%
Substandard	595.07	483.18	23.16%
Doubtful	704.24	359.22	96.05%
Bad / Loss	3,761.83	2,325.68	61.75%
Classified Loans	5,061.13	3,168.08	59.75%
Total Loans and Advances	102,282.15	84,110.39	21.60%
Classified Ratio (%)	4.95%	3.77%	1.18%

BDT in Million

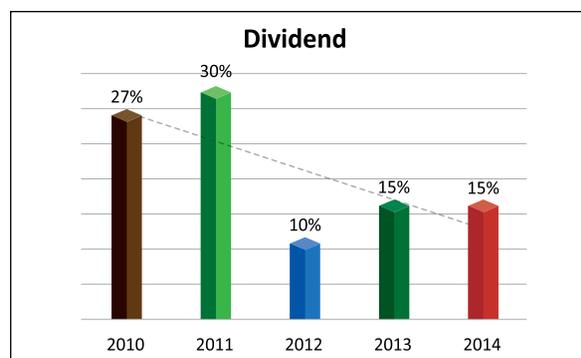
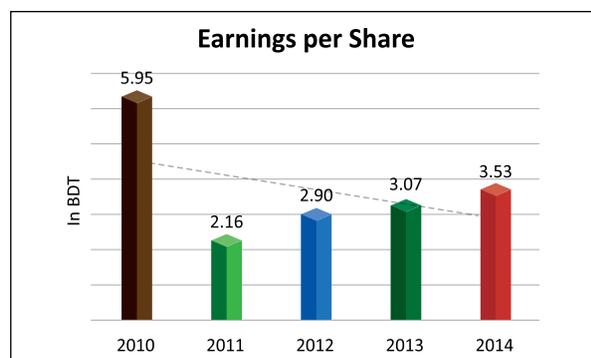
Operational Performance	2014	2013	% Change
Interest Income	11,858.39	11,111.31	6.72%
Interest Expense	8,466.64	8,499.30	-0.38%
Net Interest Income (NII)	3,391.75	2,612.02	29.85%
Investment Income	2,377.46	2,168.41	9.64%
Commission & Other Income	1,857.00	1,743.37	6.52%
Total Operating Income	7,626.21	6,523.79	16.90%
General & Administrative Expenses	4,453.39	3,575.92	24.54%
Operating Profit	3,172.82	2,947.87	7.63%
Provision for Loans & Advances	495.68	240.16	106.40%
Profit Before Tax	2,677.14	2,707.71	-1.13%
Provision for Taxation	1,132.41	1,362.22	-16.87%
Net Profit After Tax	1,544.73	1,345.49	14.81%
Interest income as percentage of working funds	8.22%	9.00%	-0.78%
Non-interest income as percentage of working fund	2.94%	3.17%	-0.23%
Net interest margin	3.64%	3.24%	0.40%
Earnings Per Share (EPS) in BDT	3.53	3.07	14.98%
Profit Per Employee (million)	1.26	1.15	9.57%
Deposit Per Employee (million)	51.34	42.92	99.62%

The Bank posted total revenue of Tk. 16,093 million during the year 2014 which is 7.12% higher from Tk 15,023 million of year 2013. The growth in earnings was mainly for increase in the core income streams such as interest income from lending, investment and fee based income. In 2014, NII has increased by 29.85% to Tk. 3,391.75 million as compared to Tk. 2,612.02 million of last year which is mainly for reduction of cost of fund. During the year 2014, the Bank incurred total Tk. 8,466.64 million as interest expense vis-a-vis Tk 8,499.30 million of prior year. On the other hand, during the year 2014 general & administrative expenses stood at Tk 4,453.39 million as opposed to Tk 3,575.92 million of the year 2013. General & administrative expenses increased by 24.54% over last year mainly for increase in the staff cost as the Bank has adopted new salary scale for the employees. The Bank maintain a steady growth in earning with a net profit of Tk. 1,544.73 million for the year 2014, which is 14.81% up from the prior year of Tk. 1,345.81 million.



EPS and Dividend:

The Earnings Per Share (EPS) for the year 2014 has increased to Tk. 3.53 compared to Tk. 3.07 in last year. Considering the overall performance of the Bank, the Board of Directors has recommended 15% stock dividend for the year 2014 which was also same as prior year. The Board of Directors recommended the stock dividend for the year to strengthen the capital base of the Bank and also to maintain the healthy capital adequacy ratio of the Bank for its future growth.



Capital Adequacy Position under Basel II :

BDT in Million

	2014	2013	Growth
Risk Weighted Assets (RWA)			
On Balance Sheet Exposure	78,135.07	66,573.93	17.37%
Off Balance Sheet Exposure	16,945.59	11,286.30	50.14%
A. Credit Risk	95,080.66	77,860.23	22.12%
Interest Rate Related Instruments	155.53	80.14	94.08%
Equities	6,065.44	6,080.99	-0.26%
Foreign Exchange Position	107.80	372.84	-71.09%
B. Market Risk	6,328.78	6,533.97	-3.14%
C. Operational Risk	10,164.25	8,521.16	19.28%
Total Risk Weighted Assets (A+B+C)	111,573.69	92,915.36	20.08%
Minimum Capital Requirement (10% of RWA)	11,157.37	9,291.54	20.08%
Eligible Capital			
Tier- I (Core Capital)	9,694.98	8,324.15	16.47%
Tier-II (Supplementary Capital)	1,613.47	1,306.70	23.48%
Tier-III (Eligible for Market Risk Only)	0.00	0.00	0.00%
Total Eligible Capital	11,308.45	9,630.85	17.42%
Excess/(Shortfall) Capital	151.08	339.31	(188.23)
Capital Adequacy Ratio (CAR)	10.14%	10.37%	-0.23%
Core Capital to RWA	8.69%	8.96%	-0.27%
Supplementary Capital to RWA	1.45%	1.41%	0.04%

At the end of the year 2014, Capital Adequacy Ratio (CAR) of the Bank stood at 10.14% against the minimum requirement of 10.0% which was 10.37% in the corresponding year. Considering the current capital adequacy position, the Bank has the strategy to raise capital by way of sub-ordinated bonds qualifying as Tier II capital and issue of right share to increase the paid up capital to strengthen the core capital base. To maintain the capital base the Board of the Bank also recommended for 15.0% stock dividend for the year 2014.

BDT in Million

Appropriation of Profit	2014	2013	Growth
Net Profit After Tax	1,544.73	1,345.49	14.81%
Adjustment of Deferred Tax (Income)/Expense	(157.59)	272.22	-157.89%
	1,387.14	1,617.71	-14.25%
Retained Earning Brought Forward from Previous Year Including Deferred Tax	1,730.12	1,272.22	35.99%
Less: Retained Deferred Tax Income	(885.96)	(1,158.18)	-23.50%
	844.16	114.04	640.23%
Profit Available For Appropriation	2,231.30	1,731.75	28.85%
Transfer to Statutory Reserve	535.43	541.54	-1.13%
Stock Dividend	570.98	346.05	65.00%
Surplus Carried Over	1,124.90	844.16	33.26%
Surplus Carried Over for Deferred Tax	1,043.55	885.96	17.79%
Retained Surplus	2,168.45	1,730.12	25.34%

6. Credit Rating:

IFIC Bank was rated by leading independent rating agency of Bangladesh namely Credit Rating Agency of Bangladesh Limited (CRAB). The latest and previous rating of the Bank is furnished below:

	Date of Rating	Long term	Short term	Outlook	Validity
Current rating	30-Jun-14	AA2	ST-2	Stable	30-Jun-15
Previous rating	30-Jun-13	AA2	ST-2	Stable	30-Jun-14

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.

7. Contribution to the National Exchequer :

IFIC Bank has contributed significantly to the effort of the government in collection of revenue. According to the law of the country, the Bank deducts VAT and TAX at sources and Excise Duty from various payments and services and deposits the same to the government exchequer. During the year 2014, the Bank deposited BDT 1,527 million of withholding taxes. Besides, the Bank also paid income tax on its earning of BDT 1,165 million during the year 2014, which was BDT 1,010 million in the year 2013.

8. Overseas Operations:

Since its journey in 1983, IFIC Bank has been playing the pioneering role among the private sector banks in establishing joint venture operations beyond the national boundary. The Bank has so far been able to set up joint venture operations in Maldives, Oman, Nepal and Pakistan. 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 of the Bank in foreign land but also contributed in its profitability. A pen picture of the existing overseas joint venture operations of the Bank is furnished hereunder for information of the honorable shareholders.

8.1. Oman International Exchange, LLC (OIE):

Oman International Exchange LLC (OIE), 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 15 branches covering all the major cities/towns of Oman. The operations of the branches are fully computerized having online system. The affairs and business of the company are run and managed by IFIC Bank under a Management Contract.

8.2. NIB Bank Ltd., Pakistan:

IFIC Bank had two branches in Pakistan, one in Karachi and the other in Lahore. Karachi Branch was opened on 26th April 1987, while Lahore Branch was opened on 23rd 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 our above Overseas Branches has been ceased w.e.f. 2nd October 2003 and a new joint venture bank titled NDLC-IFIC Bank Ltd. emerged in Pakistan w.e.f. 3rd October 2003. The Bank was subsequently renamed as NIB Bank Ltd. Due to the increase of the capital of NIB, IFIC's stake in its has reduced to 0.23%.

8.3. Nepal Bangladesh Bank Ltd. (NB Bank):

Nepal Bangladesh Bank Ltd. (NB Bank), a joint venture commercial bank between IFIC Bank Ltd. and Nepali nationals, started operation with effect from June 06, 1994 in Nepal with 50% equity from IFIC Bank Ltd. The Bank has network of 28 (twenty eight) branches at different important locations in Nepal. IFIC Bank presently holds about 40.91% shares in NB Bank, Nepal.

8.4. 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 31st August, 2011 to facilitate inward foreign remittance from United Kingdom. The company has recently reached break-even despite lot of challenges.

8.5. 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 amounted to Tk 20,341.84 million in 2014 in equivalent USD 260.79 million.

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.

Including Bank's own joint venture exchange company in Oman and UK, there are 9 (nine) Exchange Companies for catering to inward foreign remittances from abroad which are:

- Oman International Exchange LLC, Oman
- IFIC Money Transfer (UK) Limited, UK
- Placid NK Corporation, USA -global company
- Multinet Trust Exchange LLC, UAE
- Al Fardan Exchange, UAE
- Sigue Global Services Ltd. (SMT) – global company
- MoneyGram Payment System, Inc. – global company
- Xpress Money Services Ltd., UK
- Trans-Fast Remittance LLC (Under Process)

8.6. 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 28 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 Limited stand at 471 (Local & abroad) as of 31st December 2014.

9. Products & Services:

IFIC Bank has focused on technology based modern banking facility including Real-time Online Banking, ATM, SMS Banking, POS, Credit Card, Debit Card and Prepaid Card in addition to traditional products/services.

9.1. Corporate Banking:

IFIC Bank offers comprehensive Corporate Banking solution to large corporates, multinationals and institutional clients to meet the diverse financial needs of growing corporate sector of the country.

With our expertise, innovation and dedication, our skilled Relationship Managers (RMs) on behalf of the Bank are offering a broad spectrum of products and services including flexible & structured financial, advisory & operational support to our corporate customers to achieve success in their every business endeavour. Our prime focus is to build and maintain long-term mutually beneficial relationship with the corporate clients, and being a part of their journey towards development and growth.

Bank offers flexibility of options to make the right financial products and services, designed particularly for meeting immediate needs, individually conceived and professionally realized affordable to the clients.

In addition to traditional industries, we are providing financial facilities to RMG, Textiles, Power, Telecommunications, Packaging, Edible Oil Refinery, Healthcare, Renewable Energy, Hotel & Tourism, Construction, Ship Building, Trade & Commerce, Agri-Business (Poultry, Food Processing) sector etc.

Our diversified and exciting array of Corporate Financing tailored in the form of various funded and non-funded facilities to assist manufacturers, traders and service industries includes but not limited to the followings:

- **Working Capital Finance**
- **Industrial & Project Finance**
- **Trade Finance**
- **Lease Finance**
- **Syndication & Structured Finance**
- **Off-shore Banking**

9.1.1. Working Capital Finance:

Business Enterprises engaged in manufacturing/ trading/ service business are eligible to avail Working Capital Loan to meet day to day expenses for processing of manufacturing and selling product & services. Working capital products include both fund and non-fund based products.

Fund-based working capital products include Secured Over Draft/Over Draft, Cash Credit, Work Order Financing, Short-Term Loan, Demand Loan, Loan General etc.

Non-fund based products which include Bank Guarantees, Performance Guarantees and Bid Bonds are also supporting the business of our customers.



PRAN Export Limited-a concern of PRAN-RFL Group, financed by IFIC Bank

9.1.2. Bank Guarantee:

Bid Bond is issued (on behalf of the clients) for helping Contractors/Suppliers to participate in different Tenders. Performance Guarantee (PG) is issued (on behalf of the clients) to ensure Contractors' /Suppliers' performance against assigned contracts. Advance Payment Guarantee (APG) is issued (on behalf of the clients) to help Contractors'/Suppliers' in securing advance against the awarded contracts to ease their financial constraints. Security Bond (Payment Guarantee) is issued (on behalf of the clients) in favour of various utility companies, customs authorities, shipping agents, Airlines, IATA, or for any other purpose as per requirement within the purview of regulatory rules & regulations. Guarantees issue against Counter Guarantee of any reputed and rated foreign banks.

9.1.3. Industrial & Project Finance:

Project financing has been recognized as an important and crucial mode of finance for a financial institution for substantial growth of its industrial credit vis-à-vis managing long term finance. Growth of project finance/ industrial credit of a developing country like Bangladesh is considered as a key parameter for transforming the dream into a mid income country group. Bank allows loans on competitive terms for setting up capital or labor intensive project or for BMRE of an existing project.

Hence, apart from trade and commercial finance, the Bank has been an active partner of the private sector in developing large and medium scale industry of the country. The Bank has been financing Term Loan (Industrial) facility for establishing new project and/or BMRE of various projects in the different sectors like RMG, Textile, Backward Linkage Industry, Energy & Power, Steel Engineering, Ship Building, Cement, Telecommunication, ICT, Hotel & Tourism, Health care etc.



A project of Western Marine Shipyard Ltd- financed by IFIC Bank

9.1.4. Trade Finance:

a. Import

- **Letter of Credit- – Sight/Usance**
- **Stand by Letter of Credit**
- **Loan against Imported Merchandise (LIM)**
Business Enterprises engaged in import merchandise can avail working capital for clearance of imported consignment.
- **Loan against Trust Receipt**
Business Enterprises engaged in import of merchandise can avail working capital for retirement of import documents.
- **Shipping Guarantee**
To operate business efficiently, it is vital that goods are cleared expeditiously. By issuing a shipping guarantee in the shipper's favour, bank facilitates prompt clearance of goods until bill of lading is received.

b. Export

1. Pre-shipment finance:

- Back to Back Letter of Credit
Back-to-Back Letter of Credit is issued against the export credit (the master credit) to facilitate export oriented Garments Industries.
- Export LC (Advising & Transfer)
- EDF Loan, ECC, Over Draft (Garments), Packing Credit.

2. Post-shipment finance:

- Export Bill Purchase
- Export Bills Collection
- Inward Documentary Bill Purchase



Section Seven Limited (SSL) - an Export oriented RMG Industry, financed by IFIC Bank

- **Others:**

- **Fire Fighting & Safety Equipment Loan –**

- To purchase & installation of Fire Fighting/Safety Equipments/water reservoir on the roof & under ground with necessary pump etc. and any other equipments, as per requirement of Directorate of Fire Service & Civil Defense for safety and prevention of fire incident in export-oriented Readymade Garment (RMG) & Other Industries at reduce rate of interest.

- **Green Factory Building Loan- under Bangladesh Bank's Scheme for Refinancing in the renewable Energy and environmental friendly sector at reduced rate of interest.**

9.1.5. Lease Financing:

Lease financing is very lucrative mode of finance to corporate institutions or organizations to mobilize their financial resources as well as profit maximization. The facility helps the customer to have better financial flexibility under budgetary constraints and to enjoy tax benefit. IFIC Bank is providing lease finance facility to its corporate customers for acquisition of manufacturing and service equipments for all major industrial sectors. IFIC offers lease financing for industrial Machinery & Equipments, Office Equipments, Generators, Lift, Boiler, Vehicles, Sea or River Vessels, Construction Equipments, Agriculture Equipments etc.



Lease Finance of IFIC Bank

9.1.6. Syndication & Structured Finance:

IFIC structures syndication finance, equity participations, JV projects, agency arrangements to the corporate customers for enabling them to access large loans through cost efficient structures with professional team having finest expertise and wide market network. We offer tailor made solutions to fit the business requirements. We also facilitate our peer group in closing their syndicated deals by co-arranging or by taking large exposures in both Greenfield and Brownfield projects.

The Bank successfully involved in a good number of loan syndication arrangements for large-scale projects of Spinning, Energy & Power, Steel Engineering, Telecommunication, Food Processing, Aircraft Financing, Cements, Petrochemical sector of the country. For large volume of credit requirements of our corporate clients, the Bank has also been arranging fund from the banking industry as the lead bank.

9.1.7. Off-shore Banking Unit:

Off-shore Banking unit (OBU) provides wide range of customized products & services to corporate clients in line with the Bangladesh Bank's Guideline –

- Add Confirmation to L/Cs Issued: Conformation of L/Cs to Foreign Suppliers assist in the smooth execution of L/C Term. OBU adds confirmation to Deferred Credits issued by other Banks or Branches of IFIC Bank conveniently like any off-shore Foreign Bank.

- Bill Discounting (Import Bills): OBU offers bill discounting facility against import bills to secure clients' business growth and improve their negotiating base with suppliers.
- Discounting of Export Bill: An exporter derives benefit from interest rate differential when he avails discounting of export bills including Deferred Payment (DP) Bills by OBU.
- Foreign Currency Time Loan/Term Loan: Foreign currency Loans are available to both resident (with BOI permission) and foreign owned companies under a set of agreed terms and conditions.
- Buyer's Credit

9.2. SME Banking:

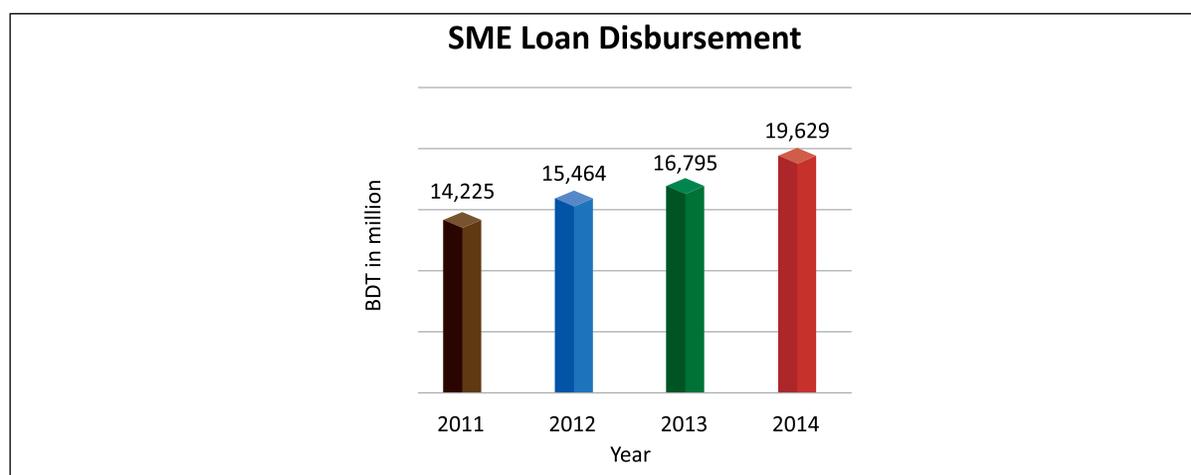
SME is universally recognized as engine of economic growth. The issue of fostering SME growth in Bangladesh can in no way be ignored as these industries have huge prospects for creating large scale employment opportunities and potentialities of innumerable income generation especially in semi-urban and rural areas. As such, the Bank is moving forward to SME customer segment with market approach to meet the credit & considering the business potentials and return on investment. The business expansion and monitoring is carried out throughout its 120 nos. country wide branches and 6 SME/ Krishi Branches dedicated to full-fledged SME business.

SME Division of IFIC bank has started its journey since September 8, 2011, as per policy guidelines of Bangladesh Bank. In order to foster the growth of SME sector the bank has launched different SME products catering the need of micro, small and medium enterprises and marketing these products matching with the customer need broadly covers the manufacturing, trade & service sectors. In addition to Muldhon loan, Retailers loan, Contractors loan, Protashya loan the Bank has emphasized on Agro – based Industries & processing units, Backward linkage Industries, Powerloom and Handloom Industries, Women Entrepreneurs loan through Individual/ Group loan with Cluster approach. SME Division has introduced & launched 3(three) SME products during 2014 to meet the customer demand matching with market driven financial need.

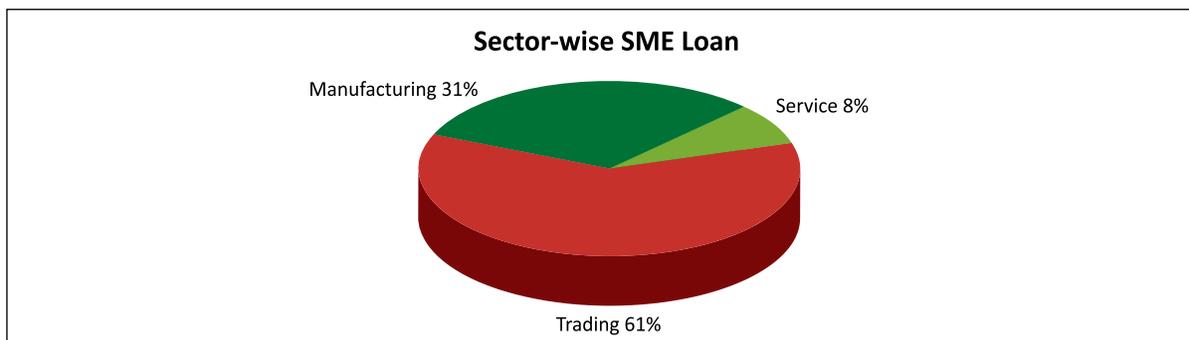
9.2.1. SME Asset Products:

- 1) IFIC - Krishi Shilpo : Small & Medium Enterprises engaged in manufacturing & trading business of Agro-based / Agro-processing Industries having limit range from BDT 5.00 million to BDT 50.00 million.
- 2) IFIC – Prantonari : Loan for Micro, Small grassroots women entrepreneurs having limit range from BDT 0.05 million to BDT 2.00 million.
- 3) IFIC – Suborno Gram : To meet the financial requirements of crop, fisheries and livestock as core agriculture finance.

SME Division has been engaged to undertake rigorous initiatives to achieve the disbursement target through branches and continuously monitor the branches activities as business facilitator. The disbursement targets for 2014 has significantly been improved and have a positive growth trend which stands for BDT 19,629 million than 2013 which was BDT 16,795 million and it counts 16.88% growth. The achievement for last 4(four) years is shown below:



Our total SME lending has been segregated on broad sector as follows. But we will be Focusing more on manufacturing sector as it adds value to the economy and helps to create employment opportunities.



9.2.2. Loan for Women Entrepreneurs



For economic empowerment of women in the society and to grow their entrepreneurship, SME & Special Programs Department of Bangladesh Bank has given special emphasis for financing Women Entrepreneurs at a lower rate of interest and without collateral upto a certain limit. Considering the instruction of Bangladesh Bank, SME Division has launched 2 (two) products to provide them financial support. Accordingly, IFIC bank disbursed the loan to the women entrepreneurs as shown below:

Capacity Building of Women Entrepreneurs:-

Moreover, we have also undertaken the initiatives for capacity building of the women entrepreneurs and signed a MoU with an women Association namely Association for Grassroots Women Entrepreneurs Bangladesh (AGWEB).

Picture of MOU /Training program:-

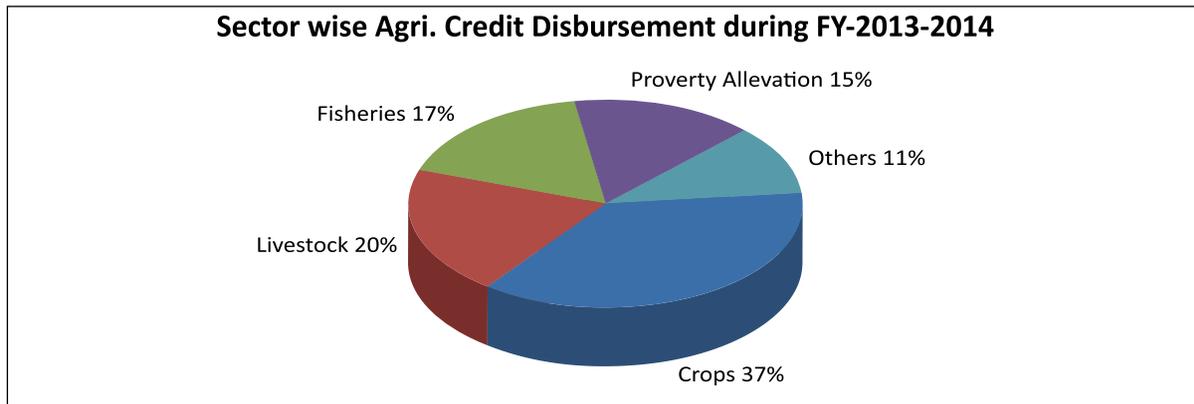




9.2.3. Agri. Loan Product:

IFIC Bank has introduced Agriculture friendly credit products in year 2006, to fulfill the need of the producer/ farmer as per directives of Bangladesh Bank. Subsequently for better marketing & sales some of the Agri. Loan products have been merged, and a new Loan Product has been introduced named **IFIC Subornogram** which has been segregated into (03) three core sub sectors as under.

- 1. Crop** : To meet the requirement for cultivation of crops, vegetable, fruits, flowers, spices & other crops, Limit up to Tk. 20.00 lac.
- 2. Fisheries** : To meet the requirement for excavation/re-excavation of pond & expansion of fish culture, including shrimp culture, having a limit of Tk 2.00 crore.
- 3. Livestock** : To meet financial requirement to establish /expansion of mini dairy & dairy farm, Beef fattening, Poultry, Apiculture, having a limit of Tk. 1.00 crore.



9.3. Retail Banking:

Board of Directors of the bank approved remodelling of retail banking business and transformation journey in its 577th meeting held on 29-02-2012. In line with that direction, initially Retail Banking Division started its business through establishing Direct Sales Team for procuring new account and deposit business in May, 2012.

- At present, liability business of retail banking division is monitored from 03 (three) separate sales zones as under:
 - Sales Zone – 1 (Dhaka - 1, Narayangonj, North Bengal, South Bengal, Mymensingh & comilla)
 - Sales Zone – 2 (Dhaka -2)
 - Sales Zone – 3 (Chittagong & Sylhet)

- A total of 500 (approx) Direct Sales Agents (DSA) are working under 3 sales zone mentioned above for procuring new account and deposit business for the bank.
- In the year 2014, retail banking division launched 02 (two) new products which are as under:
 - **Duronta – Students Savings Account:**

Duronta account launched in 20th February, 2014, under School Banking Program guided by central bank of Bangladesh in order to motivate school, college and university going students for banking with IFIC. As of 31st December, 2014, we have opened a total of 6,170 Duronta accounts with a deposit of Tk 3.30 crore.

In order to promote Duronta account retail banking division participated in 5 School Banking Conference in 2014 at Rangpur, Rajshahi, Chittagong, Sylhet & Khulna. These conferences were organized by Bangladesh Bank.



Honourable Governor of Bangladesh Bank Dr. Atiur Rahman & Deputy Governor Mr. S K Sur Chowdhury receive flower bookie from IFIC Bank stall in Khulna.



Honourable Deputy Governor of Bangladesh Bank Mr. S K Sur Chowdhury receive flower bookie from IFIC Bank stall at Sylhet.



Chittagong campaign picture

- **Salary Loan:**

To meet various financial needs of salaried customer Retail Banking Division launched dedicated retail asset product in the name of Salary Loan in 10th April, 2014. As of 31st December a total of 30.90 crore taka disbursed under salary loan to 724 customers.

Deposit Products of Retail Banking Division are as below:

Transaction Deposit Product:

- Savings Account
- Current Account
- Super Savings Plus – More Money

- Sanchita – Female Savings Account
- Duronta – Student Savings Account
- Payroll Savings Account
- Special Notice Deposit Account

Term Deposit Product:

- Fixed Deposit Account
- Monthly Income Scheme
- Double Return Deposit Scheme

Scheme Deposit Product:

- Pension Savings Scheme
- School Savings Plan – A Plus
- Freedom – Flexi DPS Account
- Millionaire Deposit Scheme

Loan products of retail banking division are as follows:

■ **IFIC Home Loan**

Retail Banking Division re-launches its Home Loan product in the name of **IFIC Home Loan** for all creditworthy individuals of Bangladesh who wish to buy new or used apartment/flat/ready-made house, construct building for home use or renovation/ extension of their existing flat/house etc.

Product highlights are as below:

- Loan amount Tk 5 Lac – Tk 1.2 Crore
- Tenure : up to 25 years
- **Interest rate : Starts from 11.95%**
- **No processing fee for loan takeover and additional refinancing**
- 1% processing fee for fresh loan
- Lowest processing time
- No hidden charge

Other Retail Loan Products are:

- Consumer Durable Loan
- Education Loan (Parua)
- Peshajeebi Loan (Loan for Professional)
- Flexi Loan (Personal loan)
- Auto Loan
- Festival Loan
- Easy Loan (Secured personal loan)

Retail Banking Division successfully completed 4 month long **CASA Deposit Campaign – 2014** among all employee of the bank to increase low cost deposit for the bank. A total of 1,700 employees of the bank participated in that campaign both from branch and head offices. Campaign achievement was Tk 352.41 crore against the target of Tk 300 crore which was 117% of the given target.

In that campaign, 70 employees from 14 different branches received total prize money of Tk 23.25 lac along with certificates. Top performing 15 branch managers also receives crest from Managing Director & CEO of the bank. All branch managers and high officials from Head Office were also present in that occasion.



A prize owner CASA Deposit Campaign – 2014 receives cheques from Mr. Shah A Sarwar, Managing Director & CEO of IFIC Bank. Deputy Managing Director Mr. S M Abdul Hamid, Head of Branch Banking Mr. Farid Uddin Al Mahmud, Head of Business Mr. Shah Md. Moinuddin and Head of Retail Banking Mrs. Ferdousi Begum presents in that event.

9.4. Mobile Banking:

IFIC Bank Limited launched its mobile financial services under the brand name of “IFIC Mobile Bank” on 21st April, 2014. Our key objective is to provide our client the flexibility of accessing their account through their mobile handsets and to enable the unbanked population of the country to become a part of the country’s financial ecosystem. IFIC Mobile Bank is more than just a money transfer service; it is a channel to access the whole array of banking products that IFIC Bank provides to its clients.

In line with its strategy of keeping our customer needs in mind; IFIC Bank has enabled its clients to avail of our mobile banking services in Bangla. To reach a wider audience among the lower income group; IFIC Mobile bank has been offering a very competitive service charge - currently the lowest in the market. Within 9 months of launching, IFIC Mobile Bank has deployed more than 22,000 pay points throughout the country and acquired more than 350,000 customers



which make it the fastest growing mobile financial service network in the country. Currently IFIC Mobile Bank is available to the subscribers of Grameenphone, Banglalink and Airtel which covers more than 80% of the mobile phone users of the country. Process is on to reach out to a wider customer base throughout Bangladesh.

IFIC Mobile Banking has started playing a big role in disbursing loans in locations where the bank has no direct presence. As an example, “Prantonari”- a SME product loan has been disbursed through IFIC Mobile Bank to the women entrepreneurs in Dhaka and Jessore region. IFIC Mobile Bank is working rigorously to convert a dream into reality of enabling the people of lower groups. They will have the facility to start a savings scheme and avail of the micro insurance services that is being offered by our partners involved in the insurance business.

With the vision of creating a financial ecosystem, IFIC Mobile Banking is bringing clients on board from corporate bodies involved in readymade garments, utilities, insurance companies, electronic media, solar home system,

etc. With a view to bring the bank to the doorsteps of the common man, IFIC Mobile Bank has the vision to facilitate the disbursement of funds by government bodies and to facilitate payment and collection of loans under microfinance projects of various NGO's operating the country.



9.5. IFIC Card Services:

IFIC Bank Limited has been a principal member of Visa cards since 2006 and has a wide array of Card products to offer to its clients.

At present, IFIC is offering the following Card Products:

Credit Card, Debit Card, Travel Quota Card and Prepaid Card.

9.5.1. Credit Card:

IFIC Bank Visa Credit card is powered by Visa, world's largest electronic payment network. Local credit 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 transactions are to be secured by Personal Identification Number (PIN) know by the concerned customer only. POS transactions will not require PIN.

IFIC Bank VISA Credit Cards are being issued in two types namely Gold and Classic for both Local and international use.

Client can enjoy 20 to 50 days interest free period depending on the date of transaction and the date of statement generation subject to payment of entire billing amount within the due date. Interest free period will not be allowed for cash advance. Client can enjoy cash withdrawal facility up to 60% of the credit limit through ATMs and up to 100% through Bank POS from any branch of IFIC Bank Limited.

No interest will be calculated on the amount other than cash advance if the total billing amount is paid within the payment due date. In case of part payment or no payment, interest @2% per month will be applied from the date of transaction on daily product basis until the outstanding balance is full paid.

The minimum payment due is calculated as 5% of the outstanding balance or TK. 500.00 for Local Card and USD25 for International Card whichever is higher. Any overdue and excess over limit will be added to the minimum payment due. If the total outstanding balance is less than TK. 500.00 or USD25, the total outstanding balance will become due.

9.5.2. Traveler's Card:

IFIC Traveler's Card 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 all over the world. ATM transactions are to be secured by Personal Identification Number (PIN). POS transaction will not require PIN. However, all the transactions are to be authorized by the system electronically.

IFIC Traveler's Card is a dual currency card. Two separate accounts are maintained with the same card one of which will be in USD and the other will be in BDT. The USD account can be operated in all the countries other than Bangladesh and the BDT account can be operated in Bangladesh only.

A supplementary card (optional) may be issued with an extra charge. If the principal card is damaged, captured in any ATM or lost, then the supplementary card will be activated on intimation received by the Card Division. The supplementary card will work as a back-up card.

IFIC Traveler's Cards are pre-personalized without name & photo but contain the card number and ID number and are issued by the branches instantly.

No interest will be calculated on cash withdrawal or purchases. No minimum amount due and no hassle of payment of monthly bills.

9.5.3. IFIC Prepaid Card:

IFIC Prepaid Cards are local which can be used within Bangladesh only. IFIC Prepaid Cards are pre-personalized without name & photo but contain the card number and ID number and are issued by the branches instantly on filling-up the Application form and making initial deposit. There is no need to have any account with the Bank. Prepaid cards are suitable for the customer who does not maintain any account with IFIC.

No Interest will be calculated on cash withdrawal or purchases. No minimum amount due and no hassle of payment of monthly bills.

9.5.4. IFIC International Debit Card:

IFIC International Debit cards are foreign currency card which can be used outside Bangladesh only. IFIC International Debit Cards are issued against individual foreign currency account maintained with any branch of IFIC Bank Limited in USD. The designated foreign currency (USD) account can be operated by using the international debit card 24 hours in a day, 7 days in a week, 365 days in a year.

The customers are not required to pay any charge for transactions at Merchant point of Sale (POS) for purchasing goods and services. For cash withdrawal from ATM/Branches, a little charge may be applied.

No Interest will be calculated on cash withdrawal or purchases. No minimum amount due and no hassle of payment of monthly bills.

9.5.5. IFIC Business Debit Card:

IFIC Business Debit cards are local card which can be used within Bangladesh only. IFIC Business Debit Cards are issued against individual current/STD account of proprietorship nature maintained with any branch of IFIC bank Limited. The designated Current/STD account can be operated by using the debit card without using cheques 24 hours in a day, 7 days in a week, 365 days in a year.

The customers are not required to pay any charge for transactions at Merchant point of Sale (POS) for purchasing goods and services. For cash withdrawal from ATM/Branches, a little charge may be applied.

No Interest will be calculated on cash withdrawal or purchases. No minimum amount due and no hassle of payment of monthly bills.

9.5.6. IFIC Debit Card:

IFIC Debit cards are local card which can be used within Bangladesh only. IFIC Debit Cards are issued against individual savings/current account maintained with any branch of IFIC bank Limited. The designated Savings/Current account can be operated by using the debit card without using cheques 24 hours in a day, 7 days in a week, 365 days in a year. Debit card is safer than carrying cash and more convenient than writing cheques.

The customers are not required to pay any charge for transactions at Merchant point of Sale (POS) for purchasing goods and services. For cash withdrawal from ATM/Branches, a little charge may be applied.

No interest will be calculated on cash withdrawal of purchases. No minimum amount due and no hassle of payment of monthly bills.

To ensure a seamless service delivery IFIC has a well equipped Card Division with experienced and trained manpower. Cardholders can avail 24x7 customer's services throughout the year.

10. Risk Management:

Risk in banking organization is possibility that the outcome of an action or event could bring up adverse impact. Being a financial intermediary Banking Business is exposing to more risks. Therefore all sorts of risks must be identified, measured and managed properly in order to ensure sustainable growth in the banking business comparing to challenging financial and economic environment. Risk management has normally been viewed as support to minimize potential loss that could arise from unexpected outcome of any event. A structured risk management framework is needed for a bank to address properly so that the risks associated in different areas can be minimized. Risk is an integral part of the Banking business and IFIC Bank's aim is to deliver maximize shareholders' value by achieving an appropriate trade-off between risk and returns.

IFIC Bank formed a separate Risk Management Unit under the supervision of DMD & CRO to review, assess and monitor continuously the core risks and other risks of the Bank in relation to risk profile. RMU also monitor the Management Policies, methodologies, guidelines and procedures for risk identification, measurement and acceptance level of risk. Various analysis including Value at Risk (VaR) analysis and stress testing are being done on a regular basis. The Bank has different committees for risk management, viz. Risk Management Committee of Management & Board, Credit Committee, Asset Liability Committee (ALCO) and Investment Committee which regularly meet to review the credit, market, foreign exchange, operational, asset liability, money laundering, liquidity, ICT, compliance, strategic, concentration, management, reputational risk etc. and recommend vis-a-vis implement appropriate measures to counter associated risks. Appropriate internal control measures are also in place to minimize the operational risks. A Risk Management Committee of the Board has also been constituted to address the overall risk.

10.1. Credit Risk Management (CRM):

Banking industry is going through a rapid change and considering the complex situation of the industry it is inevitable to upgrade and update the existing policies and processes. IFIC Bank Limited is no exception and it is continuously innovating, updating and upgrading its policies and processes to meet the changes, challenges and requirements of industry, market, regulator and customers.

The Bank has introduced Credit Risk Management in the year 2004. The Credit Risk Management Policy is being reviewed periodically to cope with the pace of changes in the industry. Credit Risk Management policy rests on bank's sound and prudent management culture and complies with industry standard, interest rate, corporate governance principles and industry best practices.

As part of this change management, the credit approval process has been reviewed to give faster service delivery to its different stake-holders. The organizational structure of Credit Risk Management Division is also under going through a revamping process to meet the expected future challenges. The Division is focusing to provide quality credit decisions at reasonable turnaround time.

Further, considering the macro and micro economic scenario, the industry and sectorial growth pattern, international trade and commerce trends, local business potentials the bank has accordingly evolved the strategic direction to measure, assess and concentrate its risk appetite in different sectors and products.

10.2. Remedial Asset Management:

Non-Performing Loans (NPL), which result from intentional or unintentional non-repayment by the borrowers, are an issue of serious concern for the Bank since these loans jeopardize Bank's growth/position by creating hindrance to the flow of interest income and forcing the Bank to arrange/maintain loan loss provision from the income of the Bank. Besides, Non-Performing Loans (NPL) ruin Bank's good image and place the Bank under constant surveillance of the regulatory bodies and its customers. Therefore, recovery of stuck-up loans is of utmost importance to the Bank for increasing Bank's profitability as well as improves its quality of Assets.

Remedial Asset Management has a Recovery Policy which was lastly amended by the Board of Directors in its 570th emergency meeting held on 17 November 2011 for strengthening recovery of Non-Performing Loans.

On the basis of above recovery policy and related circulars of Bangladesh Bank, RAM Division has taken following steps for improvement of quality of Assets and increasing of profitability of the Bank:

1. Providing Specific Action Plan
2. Rescheduling of NPLs
3. Foreclosure of Security
4. Waiver of Interest
5. Writing-off Classified Loans

With a concerted effort, percentage of classified loans compared to total loans & advances stands 4.75% as on 31 December 2014.

RAM Division also performs Loan Classification and Provisioning exercise on quarterly basis as per Bangladesh Bank circulars.

Comparative position of Recovery and Income from Recovery in the year 2014 and 2013 against NPLs were as under:

(BDT in Million)

Particulars	2014	2013
Recovered by		
a) Cash	1,071.18	1,478.95
b) Retaining of properties as Banks Asset	---	370.26
c) Re-schedulement & Declassification	1,464.34	2,339.20
d) Waiver of Interest	66.28	19.86
Total	2,601.80	4,208.27
Total Loans & Advances	102,282.15	84,110.39
Total Classified Advances	5,061.13	3,168.00
Percentage of classified loans against Total loans	4.95%	3.77%
Income against recovery	325.29	860.67

10.3. Foreign Exchange Risk Management:

Foreign exchange risk is the potential changes in earnings arising due to exchange rate fluctuations, adverse exchange position or changes in the market price. Such risk may arise from position held in various foreign exchange products like spot, forward and options. Foreign exchange risk management is fundamental for safe and sound management of all institution having exposure to foreign currencies.

Today's Financial Institutions engage in activities starting from Import, Export and Remittance to complex derivatives involving basic Foreign Exchange and Money Market to complex structured products. All these require high degree of expertise that is difficult to achieve in the transaction originating departments and as such the expertise is housed in a separate department i.e. Treasury.

Foreign Exchange risk management is one of the important responsibilities of the Treasury Division. The Foreign Exchange risks are measured and monitored by the 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 activities and ensures continuous monitoring of the level of assumed risk. Treasury Mid Office verifies deal and monitors limit. Back Office is responsible for deal confirmation, settlement of transaction, transferring fund to NOSTRO accounts, timely recording and reporting of information on exchange transactions and currency transfer etc. Reporting lines of these three offices are separate and independent to ensure minimization of risk.

As per directives of central bank, the Bank has formulated a well defined Treasury Manual with a view to minimize the foreign exchange risk. 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. Market scenario of risk is monitored and measured by Treasury Division to manage the foreign exchange operations in such a way that earnings are not hampered against any adverse movement of market price.

10.4. Asset Liability Management:

Asset Liability Management (ALM) is an integral part of Bank Management. The Bank has a structured and systematic process to manage Liquidity, Interest rate and Balance Sheet. For managing core risks in banking, for effective monitoring of ALM and to make important decisions related to ALM, a Committee named, Asset Liability Committee (ALCO) has been constituted with the Senior Management of the Bank. The ALCO is responsible to:

- Ensure adequate liquidity at all times
- Ensure adequate capital to meet business and regulatory requirements
- Diversify funding
- Manage balance sheet and ensure business strategies consistent with liquidity requirements
- Establish asset and liability pricing policies to protect liquidity structure
- Recommend the aggregate volume of all the Bank's standby liquidity commitments
- Prepare Liquidity and Capital Plans and Contingency Funding Plans and recommend liquidity limits
- Review and approve assumptions used in Maximum Cumulative outflows and Contingency Funding Plans
- Approve revenue targets related to Earnings at Risk limits
- Comply with corporate policies on hedging capital
- Comply with all regulatory requirements and review regulatory reporting
- Establish and monitor relevant liquidity ratios and balance sheet targets

ALM desk is an independent unit within the Treasury Division responsible for:

- Arranging meeting at least once in every month to analyze, review and formulate strategy to manage the Balance Sheet of the Bank
- Monthly balance sheet analysis and risk management
- Ratio analysis of key Balance Sheet indicators
- Analysis of mismatch in the balance sheet
- Economic forecast, market status and outlook
- Interest rate forecast and asset and liability pricing
- Liquidity management

A Policy Guideline on Asset Liability Management has been formulated, approved by the Board of Directors of the Bank and revised time to time. As per the Policy Bank's 'On' and 'Off' Balance Sheet positions are managed in such a way that the Bank is able to offer competitively priced Products and Services to Customers maintaining appropriate risk/reward profile that creates stakeholders value.

10.5. Internal Control and Compliance:

Internal Control & Compliance is a process, effected by the Board of Directors of the bank through Senior Management so that every individual is responsible for achievement of specific objectives to ensure operations efficiently and compliance with applicable laws & regulations. The Internal Control & Compliance system of the bank ensures that the functional efficiency of the branches as well as different divisions/departments of Head Office are in order. An effective control structure has been set up with control activities defined at every business level including segregation of duties with necessary authority.

To monitor the overall effectiveness of the internal control system, the Management Committee (MANCOM) regularly reviews the policies & procedures as well as the structure assigning clear responsibility, authority and reporting relationship.

The Internal Control & Compliance (ICC) Division of the Bank 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 ongoing basis. The Division reviews the activities of Internal Control Unit (ICU) of all Branches 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/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.

ICC of IFIC Bank comprises of three units – Audit & Inspection, Monitoring and Compliance.

By enforcing effective & sound Internal Control System, ICC is performing its activities for further improving overall work performance of the bank towards achieving its ultimate goal.

10.6. Prevention of Money Laundering:

Prevention of Money Laundering & Combating Financing of Terrorism:

Prevention of Money Laundering & Combating Financing of Terrorism is very essential for avoiding corruption and ensuring peace all over the world has very severe consequence in the economy and security of the 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 Limited 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), the Bank has prepared as well as revised "Guidelines on Prevention of Money Laundering" and "Policy for Combating Financing of Terrorism" in April, 2014.

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:

- i) Bank Accounts as & when required by BFIU
- ii) Cash Transaction Report (CTR)
- iii) Transaction Monitoring Report
- iv) Structuring Monitoring Report
- v) Monthly Meeting details
- vi) Hundi activities & Abnormal Transaction on Bi-monthly basis
- vii) Suspicious Transaction Report (STR) on Quarterly basis, periodical report on AML/CFT issues to the Managing Director
- viii) Half Yearly Report on Self-Assessment of branches & Independent Testing Procedure conducted by ICC Division and similar other types.

As needed by Bangladesh Financial Intelligence Unit (BFIU), the Bank has implemented goAML Software provided by United Nations Office on Drugs & Crime (UNDOC) and submits CTR, STR & other necessary statements related to AML/CFT. In addition, we have introduced a separate Customer Acceptance Policy in the Year, 2013 according to direction of Bangladesh Financial Intelligence Unit (BFIU). In the year 2014, we have submitted report of 14 (fourteen) Suspicious Transaction (STR) to BFIU.

With a view to build awareness on AML/CFT laws, guidelines & Circulars issued from BFIU, the Bank regularly arranges Training on Prevention of Money Laundering & Combating Financing of Terrorism for all level of Executives/Officers working in different branches of the Bank, which is a continuous process. In the year 2014, Anti-Money Laundering Department of the Bank arranged 08 (eight) training courses on Prevention of Money Laundering & Combating Financing of Terrorism, where a total of 412 Executives/Officers of the Bank attended.

11. Information & Communication Technology (ICT):

Considering the significance of ICT, IFIC has been following a simple approach in the development and implementation of its Information, Communication & Technology (ICT) policy. The strategy is framed bearing the customer in mind and developed to enable the employees to deliver a seamless service to the client base. This approach works well in giving a truly rich experience to the clients when they walk in to our branches or avail of our

services through any of our Alternate Delivery Channels. From our customer perspective, our Alternate Delivery Channels such as : ATM, MOBILE, POS, etc; works as well or better than having a physical presence in our branches. At the heart of our IT setup is the Core Banking System.

IFIC Bank, in the year 2005, acquired a robust core banking system - “Equation Banking Application (EBA) and Equation Banking Server (EBS)” developed by MISYS, a globally renowned UK-based company engaged in the technology business. Recently IFIC Bank has taken the initiative to get an upgraded version of the MISYS and engaged KPMG, a world renowned consulting firm to assist in preparing a detailed study of work process driven by our customer needs. A client of IFIC can walk into any one of our 120 locations or in any of our agents centers and avail of the same facilities and services that they are getting from their home branch. To ensure a continuous and seamless service, we have developed a robust communication infrastructure in partnership with the leading ISP’s and Mobile Network Operators in the country.

To meet the requirements of our Non Resident Bangladeshi customer, we have developed a Remittance Software - Remit4U, which is integrated with our Mobile Banking platform. IFIC is a member of the BEFTN System operated by Bangladesh Bank. This enables non-clients of IFIC to get the remittance faster and keeps the transaction secured. Our Alternate Delivery Channels are geared to ease the daily lives of our clients by making it possible for them to pay their utility bills online.

Currently IFIC has an internet banking platform which enables customers to check their balances and get their statements online. Our plan for 2015 is to make the internet banking experience more satisfying for our retail customers by giving them broader access to a wider range of amenities. IFIC also plans to introduce a portal for the corporate customers so that they can send instructions electronically without the need to visit any of our Branch or Client centers.

An important constituent of IFIC is its human resource. To attract young and emerging talents in the country, a Job Web portal has been launched. This portal integrates with the Human Resource Management System and makes it easier for the Human Resources team to effectively manage the recruitment process. IT also plays an important role in making it easier for our human resource team to function effectively.

In keeping up with its commitment to follow the compliance related guidelines and become a compliant bank, IFIC has implemented an anti-Money Laundering software (goAML). IFIC has integrated its core banking system with the National Payment System of Bangladesh Bank (NPSB) so that the IFIC ATMs are connected with the ATM network of all banks in Bangladesh.

IFIC has been operating a 24/7 **Contact Centre**. By dialling 16255 IFIC customers can get access to a wide array of services. The IFIC Contact Centre team consists of professionals who are trained to address issues raised by our customers.

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 upto 2013). The Bank has also implemented the requirements of Corporate Governance Guidelines of the Bangladesh Securities & Exchange Commission as enumerated in its notification no. BSEC/CMRRCD/2006-158/134/ADMIN/44 dated August 07, 2012. As per mentioned notification of BSEC, the compliance status of the Bank has been reported in this Annual Report for information.

13. Human Resources Management:

Since efficient Human Resource is one of the most essential requirements for survival in this competitive world, the Bank always puts due magnitude on the resource so as to drive the organization towards its goal.

The Human Resource Management Division is committed to ensuring that the Bank attracts, recruits, develops, retains and sustains a high performing, diverse work force by developing and implementing progressive human resource management policies and strategies. Our core competencies include recruitment and staffing, employee relations, organizational and employee development, compensation & benefits, HRIS and regulatory compliance.

The division takes leadership in fostering a positive work environment that places high value on professional and collaborative work relationships while recognizing the importance of individual contributions. It encourages and maintains open communication channels within the Bank.

Following figures show HR Health in 2014:

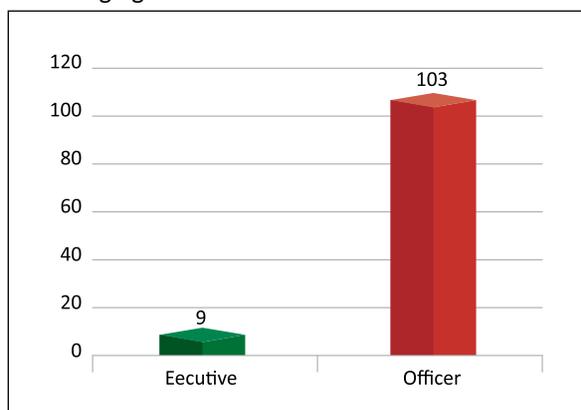


Figure: Joining Status 2014

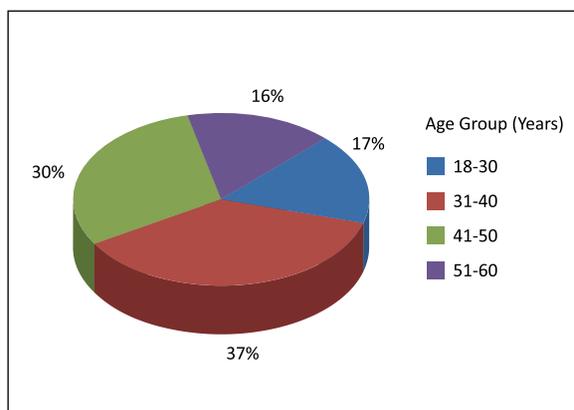


Figure: Aging Analysis

With rapid technological changes around the world, automation has been a crucial area of development for any organization especially for service oriented firms like banks. Accordingly, Human Resource Management Division of the Bank has adopted wide-ranging HR software - Orbits. The software operates a central HR database with a number of extensive workflows, notifications and analytical reports. It establishes a mutual environment for HR specialists, managers and employees in order to provide the effective management and compliance. Through the software, we implemented environment friendly process at every step of Human Resource Management, and availing leave to talent management.

14. Law and Legal Affairs:

The Bank has a Law & Legal Affairs Division responsible for providing legislative and legal support to the bank which includes drafting legislation and providing consultative advice, legal opinions and clarification on the application of law in the Bank's regular operations. They are working relentlessly to dispose the pending Court Cases of the bank. Law officers of the bank regularly attend in various Courts as witnesses of the Bank and participate with the Panel Lawyers who are engaged by the Bank to conduct the Suits/Cases filed by or against the Bank. Moreover, Law and Legal Affairs Division continuously supervise the legal activities of the Branches and gave them proper direction in respect of completing documentation formalities against various credit facilities as and when required by them. Apart from those the division maintains official liaison with various Government Authorities to get their services to facilitate day to day Banking business.

The bank has 873 Suits/Cases of various kinds pending in both Lower and Higher Courts. The numbers of Suits/Cases filed during the year 2014 were 142 and values against those Suits/Cases were Tk.2069.6 million. The total 873 number of Suits/Cases which had been filed against various defaulting Borrowers involved an amount of Tk.12074.2 million (suit value). Considering such huge amount unrealized, the bank took various pragmatic steps to realize those outstanding dues of the bank quickly and as a result, Bank was able to dispose of 06 (Six) Writ Petitions, 37 (thirty seven) Artha Rin Suits, Execution Cases and Criminal Cases (under N.I. Act.) and an amount of Tk.361.0 million was fully realized.

15. Branch Expansion Program:

During the year 2014, the Bank opened 8 (eight) new Branches at different prospective locations of the country to provide banking services to the customers. Out of these 8 (eight) Branches, 4 (four) urban Branches were opened at Garibe Newaz Avenue, Dist-Dhaka, Habiganj, Dist-Habiganj, Bandartila, Dist-Chittagong & Sonadanga, Dist-Khulna. 4 (Four) rural branches have been opened at Hasnabad, Dist-Narsingdi, Aganagar, Dist-Dhaka, Seed Store Bazar, Dist-Mymensing and Chandraganj, Dist-Lakshmipur. Besides, a Collection Booth was opened at Lalmatia Mohila College, Dhaka. Thus, total number of Branches of the Bank stood at 120 throughout the country out of which 95 are urban and 25 are rural Branches. IFIC Bank Limited is also planning to expand its network within the country by opening more new Branches in the year 2015. Besides, the Bank has decided to relocate some branches in the year 2015 as their locations are not suitable from business point of view.

Furthermore, 4 (four) Branches i.e., Gulshan Branch, Mohakhali Branch, Mirpur Branch and Uposhahar Branch have been relocated to new premises with state of art decoration during the year 2014. Apart from that, 2 (two) existing Branches were fully renovated in the year 2014 i.e., Netaiganj Branch and Mukterpur Branch.

16. Green Banking:

Bangladesh is one of the countries in the world that faces risk of climate changes. In this context, Green Banking is a part of various steps undertaken worldwide in order to protect the environment. As part of implementing Green Banking activities IFIC Bank initiated various measures. Bangladesh Bank has recognized IFIC Bank as one of the Top Ten Private Commercial Banks for contribution to Green Banking activities across the country. Our Green Banking Policy Guideline and Green Office Guide have been circulated to all our Branches and Divisions/Departments at Head Office for creating awareness on Green Banking activities & providing instructions about conserving energy, water, gas, printer cartridge, paper etc. Our Green Banking activities are on multidimensional areas which include both in-house Green activities and external green activities towards supporting Green Economy as part of our Green Banking initiatives.

The bank had developed software related to Environmental Risk Rating (EnvRR) and circulated to all Branches for rating the applicable projects while financing according to the guidelines of Bangladesh Bank to protect environmental degradation. Bank has started setting up solar panel with the provision of the maximum use of natural light, use of energy saving bulbs and other equipments, reduced paper, water and electricity use etc. We have already five (05) solar powered branches. Our Bank has already introduced e-recruitment, e-leave, mobile banking, Contact Center (Call Center), Phone Banking services, etc to reduce the paper consumption. As a part of awareness builds up among the employees, we are arranging training/workshop on “Green Banking” on a regular basis.

17. Subsidiaries of IFIC:

17.1. IFIC Securities Limited (IFICSL):

IFICSL is a member of DSE and holds both a stock broker and stock dealer license for buying, selling and settlement of securities on behalf of investors and for trading of securities in its own portfolio. IFICSL is a direct participant and the owner of a full participant DP license of CDBL. Despite the market recession impacting on its stakeholders, IFICSL has captured 1.50% of the total trade of DSE in the whole of 2014. It's been four years since the debacle in 2010, although the market showed a mixed trend during this time, the overall trend has been negative. The turnover has been in decreasing trend for the last four years and the overall DSE turnover in 2014 has decreased by around 5% from previous year (2013). The DSE average daily turnover came down to 4 billion. Due to the market recession IFICSL has taken a very prudent approach in preparing its accounts and in light of the situation IFICSL has been maintaining a suspense account for its interest income from 2011. Despite such prudent measures IFICSL has managed to be a profitable organization throughout the capital market recession.

17.2. 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 31st August 2011 to facilitate inward foreign remittance from United Kingdom. It was incorporated as a private company with Companies House of England and Wales under registration no. 07379137 on 16th September 2010. IFIC Bank Limited got permission from Bangladesh Bank for opening a fully owned subsidiary in UK. The Company (subsidiary) obtained Money Laundering registration on 17th January 2011 issued by HM Customs and Excise. The Company got registration from Financial Services Authority on 16th June 2011 under Payment Services Regulations 2009. It commenced operation on 31st August 2011. The Registered Office is located at Ferrari House, 2nd Floor, 102 College Road, Harrow, Middlesex, United Kingdom HAI IES, London, UK.

18. Corporate Branding & Publicity:

The Bank undertook various activities in 2014 for making the IFIC Bank brand visible. The Bank carried out sustained corporate branding and promotional activities through multiple publicity channels - print, electronic and outdoor media.

In daily newspapers and magazines, the Bank published a good number of corporate and product advertisements for making the brand and products familiar with existing and potential customers. Special attention was given for the publicity of our mobile banking product named **IFIC Mobile Bank**.

To increase brand visibility, we sponsored the live program titled *Kemon Budget Chai* in NTV, live program on *Ekushay Book Mela Sorasori, Rangtulite Muktijudhdho* on 26th March and *Borsho Bidaya & Hajaro Konthe Borsho Baran* in Channel I on the occasion of Bangla new year. The Bank also did branding of the news scroll and a documentary program titled “*IFIC Bank Ei Banglaye*” in ATN News.

The bank set up 25 billboards in different places of Dhaka, Savar and Narayangonj for maintaining brand and product visibility. The Bank carried out branding at ATM booths, ATM machine screens and Bank branches throughout the country.

IFIC Bank set up stalls in BATEXPO-2014 and Dhaka Apparel Summit of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), SME/Entrepreneurship Fair, School Banking Fairs and sponsored a good number of programs including Victory Day celebration and parade of Bangladesh Armed Forces Division at National Parade Ground, BPS-IFIC Bank Photography Competition and award giving ceremony of Association of Grassroots Women Entrepreneurs, Bangladesh (AGWEB).



The Bank celebrated the first day Bangla New Year – Pahela Baishakh in a festive mood by printing colourful banners, festoons, greeting cards and distributing traditional sweets to value clients and different stakeholders. We received wide coverage in print and electronic media on different events and activities like IFIC Bank Shahitya Puroshkar, Annual General Meeting, Annual Business Conference and opening of branches etc.

19. Corporate Social Responsibility (CSR):

IFIC Bank undertook a good number of programs in the field of Corporate Social Responsibility (CSR) in order to address the needs of common people for making a positive and meaningful contribution to the society.

The Bank organized the prize giving ceremony of **IFIC Bank Shahitya Puroshker-2012 & 2013** on December 07, 2014 at Radisson Hotel. Speaker Dr. Shirin Sharmin Chowdhury handed over a crest, a certificate and a cheque of Tk.5.00 lac to every winner.

Bangladesh Shooting Sports Federation authorities requested the Bank for financial assistance for the development of shooting game. Responding to their request, the Bank provided **Tk. 2.00 crore** for the said purpose.

IFIC Bank **distributed blankets** among the poorest people in 30 districts through the Bank branches, Member of Parliament of Barishal-4 constituency and the Bangladesh Mohila Parisad. The Bank spent **Tk. 19.08 lac** for this purpose.

The **Debate & Quiz Society of Sir Salimullah Medical College** organized a year-long program in 2014. These programmes were attended by members of the organization, students, doctors and honorable teachers of the institution. Bank provided Tk. 6.00 Lac to Debate & Quiz Society of Sir Salimullah Medical College for organising their programs.

Shandeepon, a registered non-government charitable organization, began its journey in 1993. It introduced a new system of supplementary education which functions before or after school hours. The Bank donated **Tk.8.30 lac** to Sandeepon for running the school in Dhaka.

Utsho Bangladesh is working for the welfare of orphans and underprivileged children. They are providing food, shelter and education to such children. IFIC Bank donated **Tk.8.00 lac** to ensure supply of food to the unprivileged children.

IFIC Bank contributed **Tk.1.00 crore** to “**Lakho Konthe Sonar Bangla Tahbil**” through Bangladesh Association of Banks (BAB). The Bank contributed the said amount for the celebration of the Independence Day -2014 & to register a place in the Guinness Book of World Records through rendering national anthem by hundreds of thousands of people.

Gonoshahajjo Sangstha (GSS) is a national NGO known for its primary education program. It operates about 700 Primary Schools for disadvantaged children across the country. The Bank donated Tk.2.00 crore to GSS as its authorities requested for running their schools.

The **Public Administration Department of Dhaka University** requested the Bank to donate 10 computers for their lab. The Bank donated Tk.5.00 lac to the department for purchasing computers and accessories.

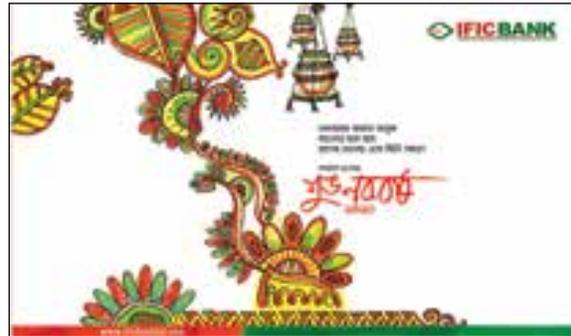
IFIC Bank also donated Tk. 4.00 lac to four cancer patients namely Ms. Arthy Mukherjee, Mr. Kamrul Ahsan, Mrs. Pranab Kumer Majumder & Mrs. Serajul Islam. Each patient received Tk.1.00 lac respectively.

The Bank incurred interest loss of Tk.74,390.95 while disbursing loans to cultivators of pulse, Oil seeds, spices & Maize etc. which is also considered as a CSR activity of the Bank.

20. Business Focus:

The principal activities of the Bank are banking and related businesses under the Bank Companies Act, 1991 (Amended upto 2013). 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 & 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, Mobile banking, SMS banking, internet banking, any time banking for 24 hours a day and 7 days a week through ATM.

2014 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 success 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 4,377.50 million respectively as on December 31, 2014. A total number of 417,081,808 shares are recorded with the Central Depository System (CDS), while 20,668,120 shares still remain in scrip form till the Balance Sheet date.

The consolidated Net Asset Value (NAV) per share was BDT 27.18 as on December 31, 2014 which was BDT 25.87 as on December 31, 2013. The consolidated Earnings per Share (EPS) were BDT 4.71 for the year ended on December 31, 2014 as against BDT 3.72 as on December 31, 2013. The Market Capitalization of IFIC was BDT 11,425.27 million at the end of the year 2014 as against BDT 13,056.37 million at the end of the year 2013.

22. Dividend:

To strengthen the capital base of the Bank, the Board of Directors in its 648th Meeting held on April 09, 2015 has recommended 15% Stock Dividend for the Shareholders for the year 2014 subject to approval of the Shareholders in the 38th Annual General Meeting.

23. Appointment of External Auditors:

In the 37th Annual General Meeting of the Bank, M/s. Howladar Younus & Co., Chartered Accountants were re-appointed as an External Auditor of the Bank for the term till conclusion of the next Annual General Meeting. As M/s. Howladar Younus & Co. has completed their third year of audit and in terms of Bangladesh Bank's Guidelines and the directives of BSEC, they are not eligible for re-appointment. As such, out of eight "A" graded Chartered Accountants, M/s. M. J. Abedin & Co., Chartered Accountants are recommended for appointment as External (Statutory) Auditors of the Bank for the term until the next Annual General Meeting.

24. Rotation of Directors:

In order to comply with the provision mentioned under Section 91(2) of the Company Act-1994 and Clause No. 109 & 110 of the Articles of Association of the Bank, at least one third of the Directors shall retire from the Office in the 38th 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 & 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 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.

Growth through inclusive banking
Excellence in customer service
Safeguard asset quality
Technology driven banking
Product innovation
Operational efficiency

The MANCOM also reviews the overall effectiveness of the control system of the Bank & provide 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.

In accordance with Company Law, the Directors are responsible for the preparation of the annual financial statements. The annual financial statements conform to Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) 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 BAS and BFRS 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 BFRS and to maintain accountability for the Bank's assets and liabilities.

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 varied 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 2014. 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, Chittagong 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. We gratefully acknowledge 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 for 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 appreciation to M/s. Howladar Younus & 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**

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 639th Meeting held on November 19, 2014 with the following 04 (Four) Members:

Mr. Mohammad Lutfar Rahman	Chairman
Mr. Mohammed Nayem Syed	Member
Mr. A.R.M. Nazmus Sakib	Member
Mr. Arijit Chowdhury	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 BRPD Circular No. 11 dated October 27, 2013.

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

- All business proposals other than large loans are placed before the Executive Committee for consideration and approval.
- Purchase of electric/electronic equipment, computer and its accessories, air conditioners, generators and vehicles are also considered and approved by the Committee.

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

During the year 2014, a total of 10 (Ten) Meetings of the Executive Committee were held where a total of 121 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 2014	Total attendance	Remarks
Mr. Mohammad Lutfar Rahman	Chairman	10	10	The Directors who could not attend any Meeting were granted leave of absence. However, no meeting was held after 19.11.2014.
Mr. Monirul Islam (Up-to 18.11.2014)	Member	10	08	
Mr. Mohammed Nayem Syed (From 19.11.2014)	Member	10	0	
Mr. A. R. M. Nazmus Sakib	Member	10	10	
Mr. Arijit Chowdhury (From 19.11.2014)	Member	10	0	

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.



Mohammad Lutfar Rahman
Chairman, Executive Committee



**REPORT ON THE ACTIVITIES
OF THE AUDIT COMMITTEE**

The Audit Committee of IFIC Bank Limited was lastly reconstituted by the Board of Directors in its 639th Meeting held on November 19, 2014 in accordance with the BRPD Circular Letter Number 11 dated October 27, 2013 issued by Bangladesh Bank and the notifications of Bangladesh Securities and Exchange Commission vide Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated August 07, 2012.

The Audit Committee of IFIC Bank Limited is comprised of 03 (three) members from the Board of Directors including 02 (two) Independent Directors. The composition of the present Board Audit Committee is as follows:

Mr. Monirul Islam	Independent Director	- Chairman
Mr. Syed Anisul Huq	Independent Director	- Member
Mr. Jalal Ahmed	Director	- Member

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

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 bank usually sits once in every month.

A total of 10 (ten) Audit Committee Meetings were held during the year 2014.

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 2014	Total attendance	Remarks
Mr. Monirul Islam (Since 19 November, 2014)	Chairman	10	01	Directors who could not attend any meeting were granted leave of absence.
Mr. Syed Anisul Huq (Chairman up-to 18 November, 2014)	Member	10	10	
Mr. Jalal Ahmed	Member	10	08	
Mr. Mohammed Nayem Syed (Up-to 18 November, 2014)	Member	10	04	
Mr. Arijit Chowdhury (Up-to 18 November, 2014)	Member	10	07	

The Audit Committee, in the above 10 (ten) meetings, discussed many issues, some of which were:

- Summary Report of brief Highlights on Audit & Inspection Reports of the Branches conducted by the Internal Control & Compliance Division;
- Summary Report on the Bangladesh Bank Inspection on Foreign Exchange Business & Transactions on Agrabad, Elephant Road, Khulna, Laldighi & Satkhira Branches conducted by Bangladesh Bank Inspection Team;
- Summary Report of brief Highlights on Audit & Inspection Reports of the 22 Branches conducted by Internal Control & Compliance Division;
- Summary Report on the Bangladesh Bank Inspection on Comprehensive Inspection Report on Motijheel, Gulshan, Dhanmondi, Sk. Mujib Road, Netaiganj, Brahmanbaria, Board Bazar, Ashulia, Ashuganj, Faridpur, Muktarpur, Madhabdi, Keraniganj & Savar Bazar Branches;
- Risk based Internal Audit & Inspection plan for 2014;
- Statement of Fraud & Forgeries occurred in the Bank up-to 31 December, 2013;
- Auditors' Report and Audited Financial Statements of the Bank for the year ended 31 December, 2013;

- Management Report on the Financial Statements of the Bank for the year 2013;
- Summary Report on Comprehensive Inspection Report on Agrabad, Khulna, Sylhet, Chapai Nawabganj, Satkhira, Feni, Rupganj, Baro Bazar, Fatikchari & Tangail Branches conducted by Bangladesh Bank Inspection Team;
- Re-appointment of External Auditors of the Bank for the year ended 31 December, 2014;
- Summary Report of Brief Highlights on Audit & Inspection Reports of the 18 Branches conducted by Internal Control & Compliance Division;
- Un-audited Accounts for the first quarter ended on 31 March, 2014;
- Recommendation of Bangladesh Bank Special Inspection Report : 1) Credit Risk Management, 2) Foreign Exchange Risk Management, 3) Asset Liability Management, 4) Internal Control & Compliance, 5) Anti Money Laundering, 6) ICT Security, 7) Small Enterprise Financing;
- Summary Report on Foreign Exchange Business & Transactions on Motijheel, Gulshan, Khatunganj, Rajshahi, Jessore & Bogra Branches conducted by the Bangladesh Bank Inspection Team;
- Summary Report of Brief Highlights on Audit & Inspection Reports of Motijheel, Federation, Dhanmondi, Narayanganj & Kawran Bazar Branches conducted by Internal Control & Compliance Division;
- Summary Report of Brief Highlights on Audit & Inspection Reports of 14 Branches conducted by Internal Control & Compliance Division;
- Summary Report of Brief Highlights on Audit & Inspection Reports of 19 Branches conducted by Internal Control & Compliance Division;
- Statement of Fraud & Forgeries occurred in the Bank upto 31 March, 2014;
- Summary Report on Comprehensive Inspection on Khatunganj, Shah Amanat Market, Hathazari, Malibagh, North Brook Hall Road, Gulshan-Tejgaon Link Road, Chawk Bazar, Subid Bazar & Bajitpur Branches conducted by the Bangladesh Bank Inspection Team;
- Summary Report of Brief Highlights on Audit & Inspection Reports of 22 Branches conducted by Internal Control & Compliance Division;
- Annual Report on the Health/Overall Status of IFIC Bank Limited for the year 2013;
- Un-Audited Financial Statements as at and for the Half-Year ended 30 June, 2014;
- Summary Report on Comprehensive Inspection on Federation, Agrabad, Dhanmondi, Khatunganj, Sk. Mujib Road & Bogra Branches conducted by the Bangladesh Bank Inspection Team;
- Summary Report of Brief Highlights on Audit & Inspection Reports of 22 Branches conducted by the Internal Control & Compliance Division;
- Statement of Fraud & Forgeries occurred in the Bank upto 30 June, 2014;
- Summary Report on Comprehensive Inspection on Motijheel, Gulshan, Dinajpur, Mohakhali & Laldighi Branches conducted by the Bangladesh Bank Inspection Team;
- Un-Audited Financial Statements as at and for the 3rd quarter ended 30 September, 2014;
- Statement of Fraud & Forgeries occurred in the Bank upto 30 September, 2014;
- Summary Report on Comprehensive Inspection on Narayanganj, Uttara, Joypurhat, Mymensingh, Tangail & Bajitpur Branches conducted by the Bangladesh Bank Inspection Team;
- Summary Report on Foreign Exchange Business & Transactions of Head Office & Narayanganj Branch conducted by the Bangladesh Bank Inspection Team;
- Summary Report of Brief Highlights on Audit & Inspection Reports of 11 Branches conducted by the Internal Control & Compliance 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 2014.



Monirul Islam
Chairman, Audit Committee



**REPORT OF THE
RISK MANAGEMENT COMMITTEE**

The Risk Management Committee of the Board of Directors of IFIC Bank Limited was constituted by the Board of Directors of the Bank in its 619th Meeting held on December 24, 2013 with the following 05 (five) Members:

Mr. Mohammad Lutfar Rahman	Chairman
Mr. Monirul Islam	Member
Mr. Syed Anisul Huq	Member
Mr. Jajal Ahmed	Member
Mr. A. R. M. Nazmus Sakib	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 BRPD Circular No. 11 dated October 27, 2013.

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

During the year 2014, a total of 04 (Four) Meetings of the Risk Management Committee were held where a total of 08 nos. proposals/issues were considered/decided by the Committee. The Committee, in the four meetings, discussed many issues regarding various risks identified by the Risk Management Unit of the Bank and advised the Management to take all necessary steps for implementation of the recommendations.

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 2014	Total attendance	Remarks
Mr. Mohammad Lutfar Rahman	Chairman	04	03	The Directors who could not attend any Meeting were granted leave of absence.
Mr. Monirul Islam	Member	04	03	
Mr. Syed Anisul Huq	Member	04	02	
Mr. Jalal Ahmed	Member	04	04	
Mr. A. R. M. Nazmus Sakib	Member	04	04	

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

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.



Mohammad Lutfar Rahman
Chairman, Risk Management Committee

CORPORATE GOVERNANCE

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 shareholder's 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 and helping us to deliver on our strategy. 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 market practice, 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 three Circulars/Circular Letters issued by Bangladesh Bank on 27 October 2013 in connection with responsibilities and formation of banks' Boards of Directors to comply with the existing rules and regulations in line with the Bank Company Act, 1991 (Amended up-to 2013) 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, 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 the discharge of their functions and in the exercise of the powers vested in them.

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 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 shareholders to appoint an external auditor.

Composition of the Board

The Board of IFIC Bank Limited consists of nine Members including Managing Director as Executive Director and ex-officio member of the Board. As per the guideline of Bangladesh Bank and as well as in compliance with the Bangladesh Securities and Exchange Commission's

corporate governance guidelines, there are three Independent Directors in the Board.

Re-election of Directors

In compliance with the Companies Act and Bank's Articles of Association, each Director, other than the Managing Director, retires by rotation once every three years and is required to stand for re-election by the shareholders at the annual general meeting.

Independent Director

To comply with corporate governance guidelines of Bangladesh Securities and Exchange Commission, the Board of Directors appointed three Independent Directors in the Board and the appointment was approved by the shareholders in the Annual General Meeting. One of them has been reappointed for second term with the consent/approval of regulatory bodies and his appointment will be approached to the Members of the Company in the next annual general meeting for approval. A full compliance report of the said guidelines is provided hereafter.

Board Meetings

During the year 2014, there were 25 meetings of the Board. The attendance by directors 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 four Members from the Board. In order to have 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 effective to accelerate the various decisions which otherwise had to wait for Board meeting. The committee met 10 times during the year and played instrumental role for the Board in approving strategic plans and policy guidelines. The report of the Executive Committee is deployed herebefore.

Audit Committee

Audit Committee of the Board of a bank can play an effective role in providing a bridge between the Board and Management, Shareholders, Depositors and Stake-holders 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 herebefore.

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 herebefore.

Directors' Remuneration

The non-executive directors (Directors other than 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 Tk. 5000.00 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 with applicable laws and accepted standards. Therefore, being empowered by the Board, Managing Director leads Management consisting 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

Management for quick and efficient discharge of Bank's activities.

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 upto 2013) 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 risk 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 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 help the Bank to improve internal control, risk management, corporate governance and regulatory compliance maximizing benefit for all stakeholders.

Proclamation to our 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 for appropriate and effective communication. All relevant information is placed in website of the Bank for convenience of the shareholders. Moreover, as per BSEC 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 and to the DSE, CSE, and BSEC through official letters for appearance in their website. 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. Half-yearly Financial Statements are directly communicated to all Members. 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 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 Limited (CRAB). They have retained both the long term rating of the Bank to "AA2" and short term rating at "ST-2" which is valid upto June 30, 2015.

Compliance of Regulatory Guidelines

The Bangladesh Securities and Exchange Commission (BSEC) issued corporate governance guidelines (Notification dated 07 August 2012), on 'comply' basis, the companies listed with stock exchanges. Through the said notification, BSEC has asked the listed companies to report the compliance status of the said notification in the annual report. Compliance report on the said corporate governance guidelines is given hereunder.

Compliance Report on BSEC 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 07 August 2012 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 (xx): Board Meetings held during the year 2014 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	25	22	Directors who could not attend any meeting were granted leave of absence by the Board.
02.	Mr. Mohammad Lutfar Rahman	Director	25	19	
03.	Mr. Monirul Islam	Independent Director	25	23	
04.	Mr. Syed Anisul Huq	Independent Director	25	18	
05.	Mr. Mohammed Nayem Syed	Independent Director	25	06	
06.	Mr. Jalal Ahmed	Govt. Nominated Director	25	24	
07.	Mr. A. R. M. Nazmus Sakib	Govt. Nominated Director	25	24	
08.	Mr. Arijit Chowdhury	Govt. Nominated Director	25	25	
09.	Mr. M. Shah Alam Sarwar	Managing Director & CEO	25	25	

Compliance of Condition 1.5 (xxi): The Pattern of Shareholding as on 31 December, 2014

(a) Parent/Subsidiary/Associated companies and other related parties: Nil

(b) Directors, Chief Executive Officer (CEO), Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children:

SL	Name of the Directors	Shares held	Name of the Spouses	Shares held
01.	Mr. Salman F Rahman	* 8,757,466	Mrs. Syeda Rubaba Rahman	* 3,014,098
02.	Mr. Mohammad Lutfar Rahman	12,387,480	Mrs. Shoma Alam Rahman	13,395,936
03.	Mr. Monirul Islam	Nil	Mrs. Rifat Sultana	Nil
04.	Mr. Syed Anisul Huq	Nil	Mrs. Nasreen Huq	Nil
05.	Mr. Mohammed Nayem Syed	Nil	Mrs. Fatima Syed	Nil
06.	Mr. Jalal Ahmed**	Nil	Mrs. Farah Diba Ahmed	Nil
07.	Mr. A. R. M. Nazmus Sakib**	Nil	Mrs. Fetematuj Jahera	Nil
08.	Mr. Arijit Chowdhury**	Nil	Mrs. Sangita Chowdhury	Nil

* The ownership of **8,697,854** nos. shares of Mr. Salman F Rahman and **3,014,098** nos. Shares of Mrs. Syeda Rubaba Rahman lying pending with the Appellate Division of the Supreme Court of Bangladesh in Civil Misc. Petition No.417 of 2009.

** Directors nominated by the Ministry of Finance, Govt. of the People's Republic of Bangladesh against its holding of **143,356,788** 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. A. K. M. Mozharul Hoque	Nil
Chief Financial Officer and his spouse and minor children	- Mr. S. M. Abdul Hamid	Nil
Head of Internal Audit and his spouse and minor children	- Mr. Shahab Rashid Khan	Nil

(c) Executives (Top five salaried employees of the company, other than stated in 1.5 (xxi)(b):

SL	Designation	Name	Shares held
01.	Deputy Managing Director & CRO	Mr. M. M. Haikal Hashmi	Nil
02.	Deputy Managing Director	Mr. Raihan ul Ameen	Nil
03.	Senior Executive Vice President	Mr. Fariduddin Al Mahmud	2,118
04.	Senior Executive Vice President	Mr. Md. Bader Kamal	Nil
05.	Senior Executive Vice President	Mr. Shah Md. Moinuddin	Nil

Shareholders holding ten percent (10%) or more voting interest in the Company: Govt. of the People's Republic of Bangladesh holds **143,356,788** nos. shares which is 32.75 percent of the total outstanding shares of the Bank.

Annexure-III

Status of Compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Report under condition no. 7 (ii)

Condition No.	Title	Compliance Status (✓ has been put in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
1	Board of Directors:			
1.1	Board's Size: Number of Board Members shall not be less than 5 (five) and more than 20 (twenty)	✓		
1.2	Independent Directors:			
1.2 (i)	At least one fifth (1/5) of the total number of Directors of Board shall be Independent Directors	✓		
1.2 (ii)	Independent Directors means a Director:			
1.2 (ii) (a)	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 (ii) (b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or Director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company	✓		
1.2 (ii) (c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1.2 (ii) (d)	Who is not a Member, Director or Officer of any Stock Exchange	✓		
1.2 (ii) (e)	Who is not a shareholder, Director or Officer of any Member of Stock Exchange or an intermediary of the capital market	✓		
1.2 (ii) (f)	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;	✓		
1.2 (ii) (g)	Who shall not be an Independent Director in more than 3 (three) listed companies	✓		
1.2 (ii) (h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a Bank or a Non-Bank Financial Institution (NBFI);	✓		
1.2 (ii) (i)	Who has not been convicted for a criminal offence involving moral turpitude	✓		
1.2 (iii)	The Independent Director(s) shall be appointed by the Board of Directors and approved by the Shareholders in the Annual General Meeting (AGM)	✓		

Condition No.	Title	Compliance Status (✓ has been put in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
1.2 (iv)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days			No Vacancy occurred
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	✓		
1.2 (vi)	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	✓		
1.3	Qualification of Independent Director:			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	✓		
1.3 (ii)	The person should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experiences	✓		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission			N/A
1.4	Chairman of the Board & Chief Executive Officer (CEO):			
1.4	The Chairman of the Board and the Chief Executive Officer shall be different individuals. The Chairman shall be elected from among the directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO	✓		
1.5	The Directors' Report shall include the following additional statements:			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	✓		

Condition No.	Title	Compliance Status (✓ has been put in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through 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 Offer, Direct Listing, etc			N/A
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report			N/A
1.5 (x)	Remuneration to Directors including Independent Directors	✓		
1.5 (xi)	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)	Proper books of account of the issuer company have been maintained	✓		
1.5 (xiii)	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)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), 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)	The system of internal control is sound in design and has been effectively implemented and monitored	✓		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1.5 (xix)	Reason for non declaration of dividend			N/A

Condition No.	Title	Compliance Status (✓ has been put in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
1.5 (xx)	The number of Board meetings held during the year and attendance by each Director shall be disclosed	✓		
1.5 (xxi)	Pattern of shareholding and name wise details (disclosing aggregate number of shares):			
1.5 (xxi)(a)	Parent/Subsidiary/Associated Companies and other related parties	✓		
1.5 (xxi)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children	✓		
1.5 (xxi)(c)	Executives (top five salaried employees other than stated in 1.5 (xxi)(b))	✓		
1.5 (xxi)(d)	Shareholders holding ten percent (10%) or more voting interest in the company	✓		
1.5 (xxii)	In case of the appointment/re-appointment of a director, the company shall disclose:			
1.5 (xxii)(a)	A brief resume of the director	✓		
1.5 (xxii)(b)	Nature of his/her expertise in specific functional areas	✓		
1.5 (xxii)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board	✓		
2	Chief Financial Officer (CFO), Head of Internal Audit (HIA) and Company Secretary (CS):			
2.1	Appointment of CFO, HIA and CS and defining their respective roles, responsibilities & duties	✓		
2.2	The CFO and the CS shall attend the meetings of the Board of Directors	✓		
3	Audit Committee:			
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors	✓		
3 (ii)	The Audit Committee shall assist the Board of Directors 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	✓		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing	✓		
3.1	Constitution of the Audit Committee:			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members	✓		Constituted as per BB's Circular
3.1 (ii)	The Board of Directors shall appoint Members of the Audit Committee who shall be Directors of the Company and shall include at least 1 (one) Independent Director	✓		
3.1 (iii)	All Members of the Audit Committee should be "financially literate" and at least 1 (one) Member shall have accounting or related financial management experience	✓		

Condition No.	Title	Compliance Status (✓ has been put in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
3.1 (iv)	Expiration of the term of service of Audit Committee members making the number lower than 3(three) and fill up the vacancy(ies) by the Board not later than 1 (one) month from the date of vacancy(ies)	✓		
3.1 (v)	The Company Secretary shall act as the Secretary of the Committee	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director	✓		
3.2	Chairman of the Audit Committee:			
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director	✓		
3.2 (ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM)	✓		Shall be invited to remain present
3.3	Role of Audit Committee:			
3.3 (i)	Oversee the financial reporting process	✓		
3.3 (ii)	Monitor choice of accounting policies and principles	✓		
3.3 (iii)	Monitor Internal Control Risk management process	✓		
3.3 (iv)	Oversee hiring and performance of external Auditors	✓		
3.3 (v)	Review along with the Management, the Annual Financial Statements before submission to the Board for approval	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval	✓		
3.3 (vii)	Review the adequacy of internal audit function	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the Management	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory Auditors	✓		
3.3 (x)	Disclosure of Audit Committee about the uses/ applications of IPO funds 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. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/ prospectus			N/A
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors:			

Condition No.	Title	Compliance Status (✓ has been put in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
3.4.1 (i)	Reporting to the Board of Directors on the activities of the Audit Committee	✓		
3.4.1(ii)(a)	Reporting to Board of Directors on conflicts of interests			N/A
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system			N/A
3.4.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations; and			N/A
3.4.1(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately			N/A
3.4.2	Reporting to BSEC (if any material impact on the financial condition & results signed by the Chairman and disclosed in the Annual Report)			N/A
3.5	Reporting to the Shareholders of Audit Committee activities, which shall be signed by the Chairman and disclosed in the Annual Report	✓		
4	External/Statutory Auditors The issuer Company should not engage its external/statutory Auditors to perform the following services of the Company namely:			
4 (i)	Appraisal or valuation services or fairness opinions	✓		
4 (ii)	Financial information systems design and implementation	✓		
4 (iii)	Book-keeping or other services related to the accounting records or Financial Statements	✓		
4 (iv)	Broker-dealer services	✓		
4 (v)	Actuarial services	✓		
4 (vi)	Internal audit services; and	✓		
4 (vii)	Any other service that the Audit Committee determines.	✓		
4 (viii)	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.	✓		
5	Subsidiary Company:			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company	✓		
5 (ii)	At least 1 (one) Independent Director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company	✓		
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	✓		

Condition No.	Title	Compliance Status (✓ has been put in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	✓		
5 (v)	The Audit Committee of the holding company shall also review the Financial Statements, in particular the investments made by the subsidiary company	✓		
6	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
6 (i)	The 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	✓		
6 (i) (a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
6 (i) (b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	✓		
6 (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 violation of the company's code of conduct	✓		
7	Reporting and Compliance of Corporate Governance:			
7 (i)	Obtaining certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report	✓		
7 (ii)	Directors' statement in the directors' report whether the company has complied with these conditions.	✓		

CERTIFICATION

As per BSEC Notification Number SEC/CMRRCD/2006-158/134/Admin/44, dated 7 August 2012, we the undersigned do hereby certify that:

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



Deputy Managing Director & CFO



Managing Director & CEO



Rahman Rahman Huq
Chartered Accountants
9 Mohakhali C/A (11th & 12th Floors)
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**Certificate on
Compliance with Conditions of Corporate Governance Guidelines to
the Shareholders of
International Finance Investment and Commerce Bank Limited**

We were engaged by International Finance Investment and Commerce Bank Limited (the "Company") to provide certification whether the Company has complied with the conditions of corporate governance guidelines issued by the Bangladesh Securities and Exchange Commission in its notification number SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 (the "conditions of corporate governance guidelines") for the year ended 31 December 2014.

The Company's Responsibilities

Those charged with governance and management of the Company are responsible for complying with the conditions of corporate governance guidelines. Those charged with the governance of the Company are also responsible for stating in the director's report whether the Company has complied with the conditions of corporate governance guidelines.

Our Responsibilities

Our responsibility is to examine the Company's status of compliance with the conditions of corporate governance guidelines and to certify thereon in the form of an independent assurance conclusion based on the evidence obtained. For the purpose of the engagement, we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain assurance whether the Company has complied with the conditions of corporate governance guidelines.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Company has complied with the conditions of corporate governance guidelines for the year ended 31 December 2014.

Dhaka, 15 April 2015



**MANAGEMENT DISCUSSION
& ANALYSIS**

MANAGEMENT DISCUSSION & ANALYSIS

Business Environment

Global Economic Outlook

The global economic growth has been somewhat disappointing. Due to this sluggish performance, the IMF revised its projection for global economic growth for 2014, from 3.7% to 3.3%. The growth for 2015 is projected to 3.8%. In the advanced economies, growth is expected to be 1.8% in 2014, and rise to 2.3% in 2015. However, in the emerging markets and developing economies, growth is expected to be 4.4% in 2014 and 5.0% in 2015. Growth in emerging markets and developing economies is projected to be modest in 2015, supported mainly by stronger domestic demand. Growth in these economies is projected to decline to 4.4% in 2014 from 4.7% in 2013 and then increase to 5.0% in 2015. Growth in the Bangladesh economy continued over 6.0% for the four consecutive years.

Developments in the Bangladesh Economy

The Bangladesh economy maintained the growth momentum registering a 6.1% growth of GDP in FY14. The growth of industry sector was lower in FY14 compared to the preceding year partly due to political problem and uncertainty. Moderate growth of agriculture sector along with satisfactory growth of services sector helped to achieve the 6.1% growth of the overall economy. During FY14, the average inflation showed an upward trend, mainly due to increase in food inflation although the non-food inflation declined during the same period. A cautious but inclusive growth and investment friendly monetary policy stance was implemented during FY14. Policy rates were kept unchanged due to the risks of inflationary pressure and to support economic growth. Broad money (M2) registered 16.1% growth in FY14 against the targeted growth of 17.0% and the actual growth of 16.7% in FY13. Total domestic credit increased from 10.9% in FY13 to 11.6% in FY14. Private sector credit growth was 12.3% in FY14 which was lower against the targeted growth of 16.5% mainly due to sluggish credit demand, political uncertainty and stringent lending practices by banks following some scams in some banks. On the other hand, the growth of credit to the public sector declined to 8.8% in FY14 against the target growth of 22.9% due to significantly lower government borrowing from the banking sector. Instead of borrowing from banks, government collected a good amount of resources through selling National Savings Certificates. Export continued to grow from 10.7% in FY13 to 12.0% in FY14.

Almost imports of all items in the import basket increased last year pushing the overall growth of imports from 0.8% in FY13 to 8.9% in FY14. Trade deficit declined to USD 6,806 million. Workers' remittances stood lower at USD 14,115 million in FY14 compared to the preceding fiscal year, registering a negative growth of 1.6%. The current account balance showed a relatively small surplus of USD 1,346 million in FY14 which is attributable to the negative growth of remittances. Supported by a significant surplus in the combined capital and financial account, the overall balance recorded a surplus of USD 5,483 million in FY14. This contributed to foreign exchange reserves reaching USD 21,508 million at the end of FY14, sufficient to meet over seven months of imports. In order to protect Bangladesh's external competitiveness Bangladesh Bank continued its interventions in the domestic foreign exchange market by purchasing foreign currencies as and when deemed appropriate. As a result, BDT-USD exchange rate remained stable during FY14.

Growth Performance

The growth of agriculture sector increased to 3.4% in FY14 from 2.5% in FY13 mainly due to favourable weather condition and enhanced government support. The sectoral GDP growth rates are presented in Table 1.0.

Industry sector growth fell to 8.4% in FY14 from 9.6 percent in FY13 due to supply disruptions and weak domestic demand caused by political unrest. The rate of growth in all sub-sectors of industry sector except construction decline in FY14 compared to FY13. The most notable decline is observed in the case of mining and quarrying sub-sectors.

Services sector growth slightly increased to 5.8% in FY14 from 5.5% in FY13. This was driven by the higher growth of education, health and social works, and public administration and defence sub-sectors. However, growth of financial intermediations, community, social and personal services sub-sectors remained unchanged. Education sub-sector performed well registering a growth of 8.2% in FY14 compared to 6.3% in FY13 (Table 1.0).

Table 1.0 Sectoral GDP growth rates

(at FY06 constant prices)

	FY05-FY14 (Average)	FY13 ^R	FY14 ^P
1. Agriculture	4.4	2.5	3.4
a) Agriculture and forestry	3.9	1.5	2.5
i) Crops and horticulture	4.0	0.6	1.9
ii) Animal farming	2.4	2.7	2.6
iii) Forest and related services	5.4	5.0	5.1
b) Fishing	6.3	6.2	6.5
2. Industry	8.5	9.6	8.4
a) Mining and quarrying	7.0	9.4	5.2
b) Manufacturing	9.0	10.3	8.7
i) Large and medium scale	9.3	10.7	9.2
ii) Small scale	7.7	8.8	6.6
c) Power, gas and water supply	8.7	9.0	7.4
d) Construction	7.5	8.0	8.6
3. Services	6.0	5.5	5.8
a) Wholesale and retail trade	6.6	6.2	6.6
b) Hotel and restaurants	6.0	6.5	6.7
c) Transport, storage and communication	8.0	6.3	6.5
d) Financial intermediations	9.8	9.1	9.1
e) Real estate, renting and other buysiness activities	3.9	4.0	4.2
f) Public administration and devence	7.9	6.5	7.1
g) Education	7.1	6.3	8.2
h) Health and social works	5.1	4.8	5.0
i) Community, social and personal services	3.1	3.3	3.3
GDP (at FY06 constant market prices)	6.2	6.0	6.1
Source: Bangladesh Bureau of Statics			
R=Revised, P=Provisional			

Savings and Investment

Gross fixed investment as a percentage of GDP increased marginally to 28.7 in FY14 from 28.4 in FY13. Within gross fixed investment, public investment grew faster than the private investment. As a result, the share of public investment in GDP increased from 6.6% in FY13 to 7.3% in FY14, the share of private investment slightly decreased from 21.8% to 21.4% of GDP over the same period. The national savings rate remained unchanged during FY14, hovering at around of 30.5% of GDP. Domestic savings as a percent of GDP increased from 22.0 in FY13 to 23.4 in FY14, while the foreign savings declined accordingly. The domestic savings-investment gap as a percentage of GDP decreased to 5.3 in FY14 from 6.4 in FY13.

Price developments

The average inflation rate (base: FY06=100) increased to 7.4% at the end of FY14 from 6.8% at the end of FY13. Such an increase was driven by increase in food inflation, which increased from 5.2% at the end of FY13 to 8.6% at the end of FY14. On the other hand non-food inflation showed a gradual decline because of weaker domestic demand and stood at 5.5% in June 2014 compared with 9.2% in June 2013. Though average inflation went up, point-to-point inflation decreased to 7.0% in FY14 from 8.1% in FY13.

Money and Credit Developments

In FY14, Bangladesh Bank pursued a cautious but inclusive growth and investment friendly monetary policy against the backdrop of sharp growth of net foreign assets and risk of inflationary pressure. To keep the inflation at targeted level, BB continued to pursue a restrained policy stance in both H1 and H2 of FY14 and policy rates

namely repo and reverse repo rates were kept unchanged at H2 of FY13 level at 7.25% and 5.25% respectively. Besides, Bangladesh Bank increased the cash reserve ratio (CRR) by 50 basis points for banks to 6.5% from 24 June 2014. Broad money (M2) recorded lower growth of 16.1% in FY14 against the target growth of 17.0% and 16.7% actual growth in FY13. The lower growth in broad money was attributed mainly to the lower growth in net foreign assets and public sector credit. The net foreign assets (NFA) of the banking system grew by 38.6% which remained high against the target growth of 9.9% in FY14 but low compared with 50.1% growth in the preceding year. Lower inflow of remittance is the main reason for it. The credit to public sector increased by 8.8% in FY14. The growth rate of the credit to private sector increased moderately from 10.8% in FY13 to 12.3% in FY14 against the target growth of 16.5%. On the other hand, the growth rate of net domestic assets (NDA) declined from 11.1% in FY13 to 11.0% in FY14, which was lower than the target growth of 18.6%. Sluggish credit demand is mainly responsible for it. Reserve Money (RM) grew at a rate of 15.4% in FY14 which was lower than the projected growth rate of 16.2%. Decline in lending by BB to the Government and the commercial banks contributed to the slower growth of RM during the year. The income velocity of money decreased to 1.93 in FY14 from 1.99 in FY13, indicating increased financial deepening in the economy. The weighted average interest rate on bank advances and deposits declined to 13.1% and 7.8% respectively at the end of FY14 from 13.7% and 8.5% respectively at the end of FY13. However, the spread between them widened slightly to 5.3% from 5.1% over the same period.

Public Finance

The Government had undertaken a range of regulatory and structural fiscal measures to strengthen revenue collection along with to widen fiscal space through public expenditure control. The overall budget deficit (excluding grants) to GDP ratio increased from 3.8% in FY13 to 4.4% in FY14. However, domestic financing of the budget deficit increased slightly to 3.0% of GDP in FY14 from 2.8% of GDP in FY13. The growth of total revenue increased from 11.7% in FY13 to 22.3% in FY14. Consequently, revenue-GDP ratio increased from 10.7% to 11.6 percent over the same period. Public expenditure as a percentage of GDP increased from 14.5% in FY13 to 16.0 percent in FY14. It grew by 24.3% in FY14 compared to 14.2% in FY13. Current expenditure in FY14 accounted for 8.6% of GDP.

External Sector

The export earnings (including EPZ) continued to increase from USD 26,567 million in FY13 to USD 29,765 million in FY14. During the same time, total import payments increased from USD 33,576 million to USD 36,571 million. Trade deficit declined to USD 6,806 million in FY14 from USD 7,009 million in FY13. The services and income account including primary income and secondary income registered a surplus of USD 8,152 million. Current account balance registered a surplus of USD 1,346 million in FY14, which was USD 2,388 million in FY13. The capital and financial account continued to register surplus and rose to USD 3,719 million in FY14 from USD 3,399 million in FY13. Enhanced portfolio investment was one of the main driver of this increase. The overall balance of payments registered a surplus of USD 5,483 million in FY14, implying a slight decline from the preceding year. Gross international foreign exchange reserves stood at USD 21,508 million at end of FY14 representing 7.1 months of import cover. The growth of export earnings increased from 10.7% in FY13 to 12.0 percent in FY14. Despite this increase of growth, total export earnings as a percentage of GDP slightly decreased from 17.7 to 17.1 over the same period as nominal GDP of the country increased by more than 12.0%. Notwithstanding the supply chain disruptions, robust growth of export of ready-made garments continued. While shrimps, leather, knitwear, woven garments, home textile and footwear experienced a positive growth, some of the exports items like fish, petroleum byproducts, raw jute, jute goods, specialised textiles and engineering products experienced a negative growth. Import payments as a percent of GDP decreased from 22.4 in FY13 to 21.0 percent in FY14. Imports grew at a rate of 8.9% in FY14 compared with the 0.8% growth in FY13. Total import bills for all items except petroleum and fertiliser has increased in FY14 compared to FY13. The workers' remittance inflows experienced negative growth of 1.6% in FY14 compared to 12.6 percent positive growth in FY13. There are indications of a reversal of this trend. As a result of Bangladesh Bank's vigilance and interventions, the exchange rate of BDT against USD remained almost stable throughout the whole FY14. The nominal exchange rate of USD stood at BDT 77.63 as of end June 2014 compared to BDT 77.77 as of end June 2013. The nominal effective exchange rate (NEER) of BDT, calculated against a trade weighted eight currency basket (base: FY01=100), depreciated by 0.3% in FY14. In contrast, the real effective exchange rate (REER) of

BDT appreciated by 5.6% in FY14 mainly because of high domestic inflation compared to most of the trading partners. Outstanding external debt of Bangladesh increased to USD 23,626.6 million as of end FY14 from USD 22,381.4 million as of end FY13. However, the outstanding debt GDP ratio declined to 13.6 from 14.9 over the same period.

Major Policy Announcements impacting the banking sector during FY14:

Financial Sector Development

January 2014

- BB has developed a 'Credit Rating Methodology for Small and Medium Enterprises' which will ensure uniformity, larger levels of transparency of external credit assessment and thereby determine the relative creditworthiness of entities belonging to this segment and thus establish credit discipline in the banking industry. In this manner, BB has launched SME ratings for banks in Bangladesh (Ref.no: BRPD Circular No. 35 dated 29 December 2010).

For this purpose, amendments have been made to the guidelines on RBCA, December 2010.

- In order to comply with the recently incorporated section-26(Kha) of the Bank Company Act, 1991 and to improve bank's credit risk management further, Bangladesh Bank consolidated all instructions issued so far (Ref. no: BRPD Circular No. 5 dated 9 April 2005) on the subject of Single Borrower Exposure Limit and made some amendments on definition and interpretation of "Capital", "Exposure", "Non-conforming Exposure", "Person", "Group" and Exposure Limits, Expectations, Prudential Norms, Risk Management Expectations etc.
- The Foreign Account Tax Compliance Act (FATCA) enacted in 2010 in the United States (U.S.) requires a 'Foreign Financial Institution (FFI)' to report to the U.S. Internal Revenue Service (IRS) information about certain accounts held by U.S. taxpayers or by foreign entities in which U.S. taxpayers hold a substantial ownership interest. According to the definition of FFI, all banks as defined in the Bank Company Act, 1991 have come within the provisions of FATCA.

As the Government of Bangladesh has not yet decided to execute an intergovernmental agreement with the U.S., these obligations can alternatively be discharged at individual bank level by registering and signing 'Participation Agreements' with the IRS. The National Board of Revenue (NBR) also consented on registering with the IRS if a bank has U.S. taxpayer accounts in its books.

Therefore, banks concluding that FATCA may have implications for their customers and operations should register themselves with the IRS, put in place appropriate processes and controls to ensure compliance with FATCA. Concerned Banks are advised to visit the IRS's website, www.irs.gov/fatcaregistration, for necessary guidance in this regard.

Because the agreement requires disclosures which would normally be breaches of the banker's general duty of confidentiality under prevalent Bangladeshi laws including the Bankers' Books Evidence Act 1891, banks are to obtain written consents from their customers before reporting the requested information to IRS. Banks should communicate with the existing customers well in advance of executing 'Participation Agreement' with the IRS enabling the accountholders to comply with reasonable requests for information or to provide acceptable documentation to meet the FATCA obligations.

- All scheduled banks in Bangladesh have to maintain Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) in compliance with the instructions given in clause (1) of Article 36 of Bangladesh Bank Order, 1972 (as amended up to 2003) and clause (1) of section 33 of Bank Company Act, 1991 (amended up to 2013) respectively. Pursuant to the recent amendment of section 33 of Bank Company Act, 1991 and in order to facilitate the maintenance of CRR and SLR by the scheduled banks, and to clarify some related topics, the following instructions are being issued:

(a) Cash Reserve Ratio (CRR):

At present, the required CRR is 6 percent on bi-weekly average basis of the average total demand and time liabilities (ATDTL) with a provision of minimum 5.5 percent on daily basis of the same ATDTL. Banks are advised to follow the circular issued by Monetary Policy Department of BB in this regard.

(b) Statutory Liquidity Ratio (SLR):

At present, the required SLR is 13 percent daily for conventional banks and 5.5 percent daily for Islamic Shari'ah based banks and Islamic Shari'ah based banking of conventional banks of their average total demand and time liabilities. Banks are advised to follow the circular issued by Monetary Policy Department of BB from time to time in this regard.

Instructions are also given about Components eligible for calculation of Statutory Liquidity Reserve, guidelines for use of Foreign Currency from Foreign Currency Clearing Account for SLR purpose, computation of Demand and Time Liabilities, classification and valuation of SLR eligible securities, submission of reports regarding maintenance of CRR and SLR, penalties etc. The instructions will become effective from 1 February 2014.

February 2014

- Regarding the amendments of Guidelines on Risk Based Capital Adequacy (RBCA) for banks (Reference: BRPD Circular No. 35 dated 29 December 2010 and the subsequent BRPD Circular No.1 dated 1 January 2014), Risk Weighted Asset (RWA) against credit risk on Small and Medium Enterprise (SME) exposure is to be computed on the basis of credit rating assessed by External Credit Assessment Institutions (ECAIs) duly recognised by Bangladesh Bank (BB). Consequently, calculated RWA and Capital Adequacy Ratio (CAR) will be reported as per reporting formats enclosed in the amended RBCA guidelines.

From this point of view, all scheduled banks operating in Bangladesh may nominate any one or more rating agency (ies) for the credit rating of their SME clients' for the purpose of calculating RWA.

SME rating scales of The Bangladesh Rating Agency Limited (BDRAL) have already been mapped with BB's SME rating grades (Ref. no: BRPD Circular No.12/2013). Now, the SME rating scales of Credit Rating Information and Service Limited (CRISL), Credit Rating Agency of Bangladesh (CRAB) and Emerging Credit Rating Limited (ECRL) have been mapped with BB's SME rating grades as given below:

BB SME Rating Grade	Equivalent Rating of CRISL	Equivalent Rating of CRAB	Equivalent Rating of ECRL
SME 1	CRISL Me-1/Se-1	CRAB-ME 1/SE 1	ESME 1
SME 2	CRISL Me-2/Se-2	CRAB-ME 2/SE 2	ESME 2
SME 3	CRISL Me-3/Se-3	CRAB-ME 3/SE 3	ESME 3
SME 4	CRISL Me-4/Se-4	CRAB-ME 4/SE 4	ESME 4
SME 5	CRISL Me-5/Se-5	CRAB-ME 5/SE 5	ESME 5
SME 6	CRISL Me-6, 7, 8, 9, 10/ Se-6, 7, 8, 9, 10	CRAB-ME 6, 7, 8/SE 6, 7, 8	ESME 6, 7, 8

March 2014

- Bangladesh Bank has designed a multipurpose analytical tool with the technical assistance from the World Bank (WB) named "Financial Projection Model (FPM)" with the aim to assess the strengths and weaknesses of individual banking institution and the system as a whole based on probable shock scenarios, to perform comprehensive scenario analyses to identify risks and to improve Bangladesh Bank's view over the risk management capacity of individual banks. All scheduled banks are required to take part in the implementation of the Model from March 2014 and have to collect the soft copies of those from Financial Stability Department (FSD), Bangladesh Bank on or before 31 March 2014. It has been decided that, henceforth all scheduled banks will start quarterly reporting to FSD as per the user manual and the input template. The reporting schedule is as follows:

Quarter	Period	Reporting Deadline (on or before)
March Quarter	1 January - 31 March	May 15th
June Quarter	1 April - 30 June	August 15th
September Quarter	1 July - 30 September	November 15th
December Quarter	1 October - 31 December	February 15th of the next year

April 2014

- Regarding the amendments of Guidelines on Risk Based Capital Adequacy (RBCA) for banks (Reference: BRPD Circular No. 35 dated 29 December 2010 and the subsequent BRPD Circular No. 1 dated 1 January 2014), Risk Weighted Asset (RWA) against credit risk on Small and Medium Enterprise (SME) exposure is to be computed on the basis of credit rating assessed by External Credit Assessment Institutions (ECAIs) duly recognised by Bangladesh Bank (BB). Consequently, calculated RWA and Capital Adequacy Ratio (CAR) will be reported as per reporting formats enclosed in the amended RBCA guidelines.

From this point of view, all scheduled banks operating in Bangladesh may nominate any one or more rating agency (ies) for credit rating of their SME clients for the purpose of calculating RWA.

SME rating scales of The Bangladesh Rating Agency Limited (BDRAL), Credit Rating Information and Service Limited (CRISL), Credit Rating Agency of Bangladesh (CRAB), and Emerging Credit Rating Limited (ECRL) have already been mapped with BB's SME rating grades (Ref. no: BRPD Circular No. 12/2013 and BRPD Circular No. 03/2014 respectively). Now, the SME rating scales of National Credit Rating Limited (NCRL), ARGUS Credit Rating Services Ltd. (ACRSL), Alpha Credit Rating Limited (ACRL) and WASO Credit Rating Company (BD) Ltd. are being mapped with BB's SME rating grades.

BB SME Rating Grade	Equivalent Rating of NCRL	Equivalent Rating of ACRSL	Equivalent Rating of ACRL	Equivalent Rating of WASO
SME 1	NSME-1	AQSE 1/AQME 1	ARSME-1	WCRSE 1/WCRME 1
SME 2	NSME-2	AQSE 2/AQME 2	ARSME-2	WCRSE 2/WCRME 2
SME 3	NSME-3	AQSE 3/AQME 3	ARSME-3	WCRSE 3/WCRME 3
SME 4	NSME-4	AQSE 4/AQME 4	ARSME-4	WCRSE 4/WCRME 4
SME 5	NSME-5	AQSE 5/AQME 5	ARSME-5	WCRSE 5/WCRME 5
SME 6	NSME-6, 7, 8	AQSE 6, 7, 8/AQME 6, 7, 8	ARSME-6, 7, 8	WCRSE 6, 7, 8/WCRME 6, 7, 8

May 2014

- With a view to extending soft loans to the deprived grass-root population/ Ten Taka (BDT) account holders, small/ marginal/ landless/ natural disaster affected farmers and micro/small traders under financial inclusion programme, Bangladesh Bank has constituted a BDT 2 billion revolving refinance fund from its own source.
- With a view to promoting, regulating and ensuring a secure & efficient payment system in Bangladesh in terms of Article 7A (e) of the Bangladesh Bank Order-1972, "Bangladesh Payment and Settlement Systems Regulations-2014" was approved in the 351st meeting of the Board of Directors of Bangladesh Bank on 22 April 2014 in exercise of power conferred in Article 82(1), 82(2) (k) of the same order.

"Bangladesh Payment and Settlement Systems Regulations-2009" (Ref. no: PSD Circular No. 03/2009 on 27 April 2009) will be deemed void.

- Under the GBCSRD Circular No. 2 dated 1 July 2013, refinance facility is given to a total of 10 sectors (18 including subsectors) in pursuance of "Refinance Scheme for Renewable Energy and Environment Friendly Sectors". After considering increasing demand and extension of renewable energy and environment friendly activities, new 26 products of renewable energy, energy efficient technology, hard and liquid waste management, alternative energy, non fire block brick manufacturing project, recycling and recycling products' plants have been added to the existing 18 products enjoying refinance scheme facility. The clauses 2.1, 2, 2.4 and 2.8 of GBCSRD Circular No. 02/2013 have been replaced after carrying out necessary corrections.

June 2014

- Banks have been informed that agent banking operations have to be conducted in the rural areas that is outside the metropolitan/ city corporation/ municipality areas (Reference: paragraph 5 of BRPD Circular No. 07 dated March 2014). Now the competent authority have taken the decision that agent banking operations may be conducted in the municipality areas too including the rural areas. However, the requirement of not conducting agent banking operations in the metropolitan/ city corporation areas will remain valid.

- Considering Padma Bridge's importance in the national economy and Government's priority in this respect, it has been decided that the aforementioned circular's (Ref. no: BRPD Circular No. 02 dated 16 January 2014) directives shall not apply in the case of issuing bank guarantees for Padma Multipurpose Bridge construction project.
- In accordance with MPD Circular No. 4 dated 01 December 2010, at present, the required CRR is 6 percent on bi-weekly average basis of the average total demand and time liabilities (ATDTL) with a provision of minimum 5.5 percent on daily basis of the same ATDTL.

To fulfill the objectives of the Monetary Policy it has been decided that from 24 June 2014 the required CRR will be 6 percent on bi-weekly average basis of the average total demand and time liabilities (ATDTL) with a provision of minimum 5.5 percent on daily basis of the same ATDTL.

July 2014

- Bangladesh Bank has issued the ACFID Circular No. 01 dated 21 July 2014 for communicating Agricultural & Rural Credit Policy and Programme for the Fiscal Year 2014-2015. Each Bank and institution is instructed to submit the branch-wise and MFI-wise loan disbursement targets to Bangladesh Bank upon rendering direction to the concerned to follow and implement such Policy & Programme.

August 2014

Bangladesh Bank has issued the BRPD Circular No. 12 dated 13 August 2014 to make changes in Regulation-16 of Prudential Regulations for Consumer Financing Considering the existing market price and consumer demand for vehicles which now stands as under:

Regulation 16:

"The banks shall not allow auto loan (including insurance) exceeding BDT 4 million per individual under this head. For the purpose of this regulation, auto facility to the dependent members of an individual shall also be treated as part of the exposure of that individual.

While allowing auto loans, the financing facility shall be provided at a maximum debt-equity ratio of 50:50."

- Bangladesh Bank has issued the GBCSRD Circular No. 2 dated 18 August 2014 to amend GBCSRD Circular No. 1 dated 1 July 2013 and GBCSRD Circular Letter No. 1 dated 20 May 2014 to include three new products namely project for distribution of water upon purification of water after lifting water from upper level of the soil under "Renewable Energy", establishing green industry under "Green Industry" and ensuring working environment and safety of the workers in Textile and Garments Factories under "Ensuring working Environment and Safety in Factories".

November 2014

- Bangladesh Bank has issued the BRPD Circular No. 16 dated 18 November 2014 to amend BRPD Circular No. 14 dated 23 September 2012 Policy and Steps to be followed for ensuring incentive to Tannery Industry declared by the Government for relocating tanneries in Leather Industrial Park in Savar.
- Bangladesh Bank has issued the BRPD Circular No. 16 dated 18 November 2014 to amend BRPD Circular No. 14 dated 23 September 2012 for communicating new Provision rate for Short-term Agricultural and Micro-Credits for all unclassified credits .

December 2014

Bangladesh Bank has issued the BRPD Circular No. 18 dated 21 December 2014 for communicating "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in Line with Basel III)" after accommodating the comments and reviews from different stakeholders on the draft and finalization of the same. These guidelines will be able to make the regulatory requirements more appropriate and will also assist the banks to follow the instructions efficiently for smooth implementation of Basel III framework in the banking sector of Bangladesh. The first reporting for capital adequacy under Basel III will be started from the end of first quarter of the year 2015 with phase-in arrangement for implementation. Full implementation of Basel III will be completed by the year 2019. This will replace "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel II)" issued vide BRPD Circular No. 35/2010.

Monetary Sector Development

January 2014

- Limit of advance payment without repayment guarantee for import of books, journals or life saving medicines has been enhanced to USD 5,000 from USD 2,500. This facility will also be applicable for all permissible imports subject to compliance of specified instructions.
- ADs may, without prior approval of Bangladesh Bank, hold collaterals on behalf of overseas bank branches or correspondents in respect of external borrowing by industrial enterprises approved by the Board of Investment.

February 2014

- The reporting procedures for imports under buyers' credits/approved external credits/ suppliers' credits have been modified. The modified procedures will serve the purpose of compiling exact information regarding import on credit terms.

In addition, Authorised Dealers have been given revised instructions regarding Bill of Entry matching procedures in case of import under buyers' credits/suppliers' credits.

March 2014

- In view of the decision made in the 42nd ACU Board of Directors Meeting held on 19 June 2013, payments arising on account of import/export transactions on deferred payment terms will be considered as eligible payments for being settled under ACU mechanism. Whereas payments not related to import and export of goods and services, except to the extent mutually agreed between two or more participants will be considered as ineligible payments for being settled under ACU mechanism. Transactions considered as ineligible for being settled under ACU mechanism may be settled bilaterally and have to be reported under Statement S-1 instead of statement S-2, Guidelines for Foreign Exchange Transactions (Vol-2).
- Restrictions on access of foreign owned/controlled companies in Bangladesh to term loans in Taka from the local market have been waived. Under the new instructions, foreign owned/controlled companies engaged in manufacturing or services output activities for three years or longer in Bangladesh can access Taka term loans from the domestic market regardless of local content in their equity; subject to adherence by banks/NBFIs to all applicable credit norms and prudential parameters including single borrower exposure limit, debtequity ratio and so forth.
- Foreign owned/controlled industrial enterprises may access to interest free loans from parent companies/ shareholders abroad for up to one year without any prior approval of Bangladesh Bank in case of occasionally arising urgent necessity of short term borrowing for business needs, other than inputs procurements.
- Pertinent amendments to EXP Form have been made to rationalize it. Authorised Dealers have been advised to issue the amended EXP Form with effect from 1 July 2014.

April 2014

- Global private travel entitlement for the resident Bangladesh nationals has been enhanced to USD 12,000 per adult passenger during a calendar year, with up to USD 5,000 or equivalent for travelling to SAARC member countries and Myanmar and upto USD 7,000 or equivalent for travelling to other countries. As before, for minors (below 12 years in age), the applicable quota will be half of the amount admissible for adults. The threshold of releasing foreign exchange in the form of cash USD (notes & coins) is upto 3,000 per person per trip.
- To verify the authenticity of imported goods for being released by the Customs Authorities and to prevent false declaration, ADs have been advised to undertake the following measures :
 - L/Cs should include specific description (name, quantity, HS-code and price) of items under import.
 - Besides shipping documents, proforma invoice (if any) shall have to be attested by for release of imported goods.
 - All necessary steps should be taken so that importers can release goods and repay bank's finance timely and promptly.

June 2014

- International Credit Card issuing banks have been allowed to issue 'Virtual Card' for a maximum of USD 300 in a calendar year to individual developers/ freelancers of mobile Apps and Games having acknowledgements/ training/ boot camps/ hackathons/ course participation certificates on mobile application development.
- The maximum borrowing limit from EDF for a single manufacturer-exporter has been increased to USD 15 million from USD 12 million as foreign currency financing of input procurement. This maximum borrowing limit is also admissible for member mill of BTMA making bulk import.
- Pursuant to Section 18B of the FER Act, 1947, an organisation is not incorporated in Bangladesh needs to take general or special permission from Bangladesh Bank to set up a Branch/Liaison Office or any other business place in Bangladesh. In order to obtain permission under the aforesaid section, necessary measures have been taken for the submission of application along with other documents to Bangladesh Bank through online.

Financial Review

Based on separate financial statements

During the year 2014, we focused on profitable growth by leveraging our rebalanced funding mix to grow our loan portfolio, improving the credit quality of our loan portfolio, automation and risk management.

Our net profit after tax increased by 14.81% from BDT 1,345 million in the year 2013 to BDT 1,545 million in the year 2014. The increase in profit after tax was mainly due to a 29.85% increase in net interest income, 8.25% increase in non-interest income. However, 26.54% increase in non-interest expenses and 106.40% increase in provisions for loans & advances and other assets including off-balance sheet items (excluding provisions for tax) impacted the profit partly in downward. Net interest income increased by 29.85% from BDT 2,612 million in the year 2013 to BDT 3,392 million in the year 2014, reflecting an increase of 9.17% in net interest margin and an increase of 18.95% in average interest-earning assets.

Non-interest income increased by 8.25% from BDT 3,912 million in the year 2013 to BDT 4,234 million in the year 2014. The increase in non-interest income was primarily due to a gain of BDT 2,377 million from investment operated by treasury in the year 2014 compared to a gain of BDT 2,168 million in the year 2013 and an increase in fee based income from BDT 1,235 million in the year 2013 to BDT 1,328 million in the year 2014. Other operating income increased by 4.15% from BDT 509 million in the year 2013 to BDT 529 million in the year 2014.

Non-interest expenses increased by 24.54% from BDT 3,576 million in the year 2013 to BDT 4,453 million in the year 2014 primarily due to an increase in Salaries and allowances expenses and depreciation & repairs of Bank's assets. Rent, taxes, insurance, electricity, etc. increased by 15.07% from BDT 582 million in the year 2013 to BDT 669 million in the year 2014. Apart from these, stationery, printing, advertisement, etc increased by 73.93% from BDT 101 million in the year 2013 to BDT 174 million in the year 2014. The increase in provisions and contingencies (excluding provisions for tax) was primarily due to increase in additions to non-performing assets (NPLs) in the small & medium enterprises (SME) and corporate portfolio, resulting in a higher provision requirement.

The increase in provisions (excluding provisions for tax) from BDT 240 million in the year 2013 to BDT 496 million in the year 2014 was primarily due to increase in additions to non-performing loans and advances (NPLs) in the small & medium enterprises (SME) and corporate portfolio, resulting in a higher provision requirement.

Total assets increased by 18.38% from BDT 132 billion at 31 December 2013 to BDT 156 billion at 31 December 2014. Total deposits increased by 17.46% from BDT 110 billion at 31 December 2013 to BDT 130 billion at 31 December 2014. Savings bank deposits increased by 32.22% from BDT 14 billion at 31 December 2013 to BDT 18 billion at 31 December 2014. Current deposits and other accounts increased by 15.79% from BDT 13 billion at 31 December 2013 to BDT 15 billion at 31 December 2014. Term deposits increased by 15.18% from BDT 82 billion at 31 December 2013 to BDT 94 billion at 31 December 2014. The current to savings account (CASA) ratio was 96.15% at 31 December 2014 compared to 84.20% at 31 December 2013. Total loans and advances increased by 21.60% from BDT 84 billion at 31 December 2013 to BDT 102 billion at 31 December 2014 primarily due to an increase in

major business segments of retail advances, agricultural and corporate advances. The net NPL ratio increased from 1% at 31 December 2013 to 1.97% at 31 December 2014.

The Bank continued to expand its branch network in Bangladesh. Branch network of the Bank in Bangladesh increased from 112 branches at 31 December 2013 to 120 branches at 31 December 2014. ATM network of the Bank increased from 49 ATMs at 31 December 2013 to 50 ATMs at March 31, 2014 along with 2000 plus ATM under Q-Cash Network all over the country. Moreover, being all debit and credit cards under VISA network, customer can use VISA branded ATMs all over the world with reasonable relevant fees.

Till 31 December 2014, the Bank was subject to the Guidelines on Risk Based Capital Adequacy (RBCA) under Basel II . The total capital adequacy ratio (CAR) of the Bank in accordance with RBCA guidelines on Basel II was 10.14% at 31 December 2014 (with a Tier-1 capital adequacy ratio of 8.56%) compared to 10.27% at 31 December 2013.

Operating results of the Bank

The following table demonstrates, for the periods indicated, the operating results data:

	BDT in million except percentage		
	2014	2013	% Change
Interest income	11,858	11,111	6.72%
Interest paid on deposits, borrowings, etc.	8,467	8,499	-0.38%
Net interest income	3,392	2,612	29.86%
Total operating income	7,626	6,524	16.89%
Total operating expenses	4,453	3,576	24.52%
Operating profit before provision and taxes	3,173	2,948	7.63%
Total Provision	496	240	106.67%
Profit before taxes	2,677	2,708	-1.14%
Provision for taxation	1,132	1,362	-16.89%
Net profit after taxation	1,545	1,345	14.87%

Key ratios

The following table demonstrates, for the periods indicated, the financial ratios:

	2014	2013
Return on equity (ROE)	15.67%	15.98%
Return on assets (ROA)	1.07%	1.09%
Earnings per share (EPS)	3.53	3.07
Net assets value per share	24.28	23.90
Net operating cash flow per share	10.17	23.43
Fee income to total operating income ratio	31.17	33.24
Cost to income ratio	58.40	54.86

1. Return on equity is the ratio of the net profit after tax to the closing equity.
2. Return on assets is the ratio of net profit after tax to closing assets. The average balances are the averages of daily balances, except averages of foreign branches which are calculated on a fortnightly basis.
3. Cost represents operating expense. Income represents net interest income and non-interest income.

Net interest income and spread analysis

The following table demonstrates, for the periods indicated, the net interest income and spread analysis:

	BDT in million except percentage		
	2014	2013	% Change
Interest income	11,858	11,111	6.72%
Interest paid on deposits, borrowings, etc.	8,467	8,499	-0.38%
Net interest income	3,392	2,612	29.86%
Average interest-earning assets	121,156	101,855	18.95%
Net interest margin	2.80%	2.56%	9.37%
Average yield	11.16%	12.17%	-8.30%
Average cost of funds	5.87%	6.88%	-14.68%
Interest spread	2.20%	2.39%	-7.95%

1. The average balances are the averages of daily balances, except averages of foreign branches which are calculated on a fortnightly basis.

Net interest income increased by 29.86% from BDT 2,612 million in the year 2013 to BDT 3,392 million in the year 2014, reflecting an increase in net interest margin from 2.56% in the year 2013 to 2.80% in the year 2014 and a 18.95% increase in the average volume of interest-earning assets.

The yield on interest-earning assets decreased from 12.17% in the year 2013 to 11.16% in the year 2014 offset, in part, by a decrease in the cost of funds from 6.88% in the 2013 to 5.87% in the year 2014. The interest spread decreased from 2.39% in the year 2013 to 2.20% in the year 2014. Net interest margin increased from 2.56% in the year 2013 to 2.80% in the year 2014.

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.

Other income excluding net interest income

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

	BDT in million except percentage		
	2014	2013	% Change
Investment income	2,377	2,168	9.64%
Commission, exchange and brokerage	1,328	1,235	7.53%
Other operating income	529	508	4.13%
Total non-interest income	4,234	3,911	8.26%

Non-interest income primarily includes investment income operated by treasury, commission, exchange, fee related income, and other operating income. The non-interest income increased by 8.26% from BDT 3,191 million in the year to BDT 4,234 million in the year 2014.

Income from investment from sale/maturity of investments in government securities and accrual of income of investments at the end of the period in the fixed income. Moreover it include dividend and capital gain from listed and un-listed securities of shares and mutual fund nature. Interest income from long term investment in term of bond and debentures are also part of this income.

Commission, exchange and brokerage

Commission, exchange and brokerage income primarily includes fees and commission from corporate clients such as loan processing fees and transaction banking fees and fees from retail customers such as loan processing fees, fees from credit cards business, account maintenance charges etc.

Income from commission, exchange and brokerage increased by 7.53% from BDT 1,235 million in the year 2013 to BDT 1,328 million in the year 2014 primarily due to an increase in income from loan processing fees, transaction banking fees, fees from credit card business and commercial banking fees.

Other operating income

Other operating income increased from BDT 508 million in the year 2013 to BDT 529 million in fiscal 2014 with no such significant growth in any of the reportable areas.

Non-interest expense

The following table demonstrates, for the periods indicated, the principal components of non-interest income.

	BDT in million except percentage		
	2014	2013	% Change
Salaries and allowances	2,448	1,888	29.66%
Rent, taxes, insurance, electricity, etc.	669	582	14.95%
Postage, stamp, telecommunication, etc.	94	90	4.44%
Stationery, printing, advertisement, etc.	175	101	73.27%
Depreciation and repair of bank's assets	398	301	32.23%
Other operating expenses	669	614	8.96%
Total operating expenses	4,453	3,576	24.52%

Operating expense (non-interest expenses) primarily include 'salaries and allowances', 'rent, taxes, insurance, electricity, etc.', 'postage, stamp, telecommunication, etc.', 'stationary, printing, advertisement, etc.', 'depreciation and repair of bank's assets' and other expenses. Operating expenses (non-interest expenses) increased by 24.52% from BDT 3,576 million in the year 2013 to BDT 4,453 million in the year 2014.

Salaries and allowances

Salaries and allowances increased by 29.66% from BDT 1,888 million in the year 2013 to BDT 2,448 million in the year 2014. Salaries and allowances increased due to upward review of pay-scale and increase in the number of employees. The number of employees increased from 2,403 at 31 December 2013 to 2,450 at 31 December 2014.

Other operating expenses

Other operating expenses primarily include 'rent, taxes, insurance, electricity, etc.', 'postage, stamp, telecommunication, etc.', 'stationary, printing, advertisement, etc.', 'depreciation and repair of bank's assets' and other expenses. Other operating expenses increased by 18.78% to BDT 2,005 million in the 2014 from BDT 1,688 million in the year 2013. The increase in other operating expenses was primarily due to increase in our branches and addition of fixed assets relating to IFIC Bank Tower. The number of branches (excluding offshore banking units) increased from 112 at 31 December 2013 to 120 at 31 December 2014. 'Rent, taxes, insurance, electricity, etc.' and 'depreciation and repair of bank's assets' were the major areas of incurrence. 'Rent, taxes, insurance, electricity, etc.' increased by 14.95% from BDT 582 million in the year 2013 to BDT 669 million in the year 2014 and 'depreciation and repair of bank's assets' increased by 32.23% from BDT 301 million in the year 2013 to BDT 398 million in the year 2014. Change in accounting estimates for depreciation rate was also a reason to increase the bank's depreciation.

Provision for loans, investments and other assets

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

	BDT in million except percentage		
	2014	2013	% Change
Provision for loans, investments and other assets			
Specific provision for classified loans and advance	406	(145)	380.00%
General provision for loans and advances	260	49	430.61%
Provision for Off-Shore Banking Unit (OBU)	4	10	60.00%
Provision for off-balance sheet exposures	50	63	20.63%
Provision for diminution in value of investments	(250)	236	-205.93%
Other provisions	26	28	-7.14%
Total Provision	496	240	106.67%

Provisions are made by the Bank on standard, special mention, sub-standard and doubtful assets at rates prescribed by Bangladesh Bank. Loss assets and unsecured portions of doubtful assets are provided for as required by Bangladesh Bank's guidelines. Provisions on loans and advances were made at the borrower level in accordance with the loan provisioning policy of Bangladesh Bank. The specific provisions on loans and advances held by the Bank were higher than the minimum regulatory requirement. In addition to the specific provision on NPLs, the Bank maintains a general provision on performing loans and advances at rates prescribed by Bangladesh Bank.

Provisions for loans, advances and other assets increased by 106.67% from BDT 240 million in the year 2013 to BDT 496 million in the year 2014 primarily due to increase in provision for non-performing and standard loans and advances. Provision for non-performing loans and advances increased from a release of BDT 145 million in the year 2013 to a charge of BDT 406 million in the year 2014 primarily due to increase in additions to NPLs in the SME and corporate portfolio, resulting in a higher provision requirement.

Provision for off-shore banking unit decreased from BDT 10 million in the year 2013 to BDT 4 million in the year 2014 primarily due to decrease in loans and advances in OBU.

Provisions for off-balance sheet exposures decreased from BDT 63 million in the year 2013 to BDT 50 million in the year 2014 primarily due to maintenance of minimum provision in accordance with the requirements of Bangladesh Bank's regulations.

Provision for diminution in value of investments decreased from a charge of BDT 236 in the year 2013 to a release of BDT 250 million in the year 2014. The release of provision for diminution in value of investments of BDT 250 million in the year 2014 was primarily due to sale of some investments in listed shares and upside effect of quoted price of some of the listed shares.

The provision coverage ratio at 31 December 2014 was 60.12%

The Bank held a cumulative general provision of BDT 1,058 million at 31 December 2014 making the provision on standard assets an increase from BDT 798 million in the year 2013 to BDT 1,058 million in the year 2014 reflecting an increase in the loan portfolio and higher provision on rescheduled loans and advances.

Provision for taxation for the year

The income tax expense decreased by 16.87% from BDT 1,362 in the year 2013 to BDT 1,132 million in the year 2014. The effective tax rate decreased from 50.31 % in the year 2013 to 42.30% in the 2014. The decrease in effective tax rate was primarily due to release of deferred tax liability (DTL) on temporary difference for depreciation difference between Bank and tax legislation and recognition time difference of provision for loans and advances.

The Central Bank of Bangladesh, through its BRPD Circular dated 21 December 2011, instructed the banks to create deferred tax liability (DTL) and assets (DTA), as a matter of prudence. In accordance with these guidelines, the Bank created a DTL of BDT 197 million for temporary difference between carrying value and tax base of fixed assets outstanding at 31 December 2014 and a DTA of BDT 816 million for temporary difference between carrying value and tax base of provision for loans and advances and reported in the financial statements at a net basis.

Financial condition

The following table demonstrates, at the dates indicated, the principal components of assets:

Assets

	BDT in million except percentage		
	2014	2013	% Change
Cash	10,399	9,687	7.35%
Balance with other banks and financial institutions	12,043	10,028	20.09%
Money at call and on short notice	1,450	-	
Investments	22,845	21,171	7.91%
Government securities	17,217	15,894	8.33%
Other investments	5,628	5,277	6.65%

Loans and advances	102,282	84,110	21.60%
Loans, cash credits, overdrafts, etc.	94,533	77,989	21.21%
Bills purchased and discounted	7,749	6,121	26.60%
Fixed assets including premises, furniture and fixtures	2,929	2,383	22.91%
Other assets	4,017	4,310	-6.80%
Non-banking assets	373	373	0.00%
Total assets	156,339	132,063	18.38%

1. Commercial banks in Bangladesh are required to maintain a specified percentage (CRR & SLR), currently 19.50%, of their net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities.
2. Investments made in government securities are basically to meet up the liquidity requirements of Bangladesh Bank.

Total assets of the Bank increased by 18.38% from BDT 132,063 million at 31 December 2013 to BDT 156,339 million at 31 December 2014. Investments increased by 7.91% from BDT 21,171 million at 31 December 2013 to BDT 22,845 million at 31 December 2014. Net advances increased by 21.60% from BDT 84,110 million at 31 December 2013 to BDT 102,282 million at 31 December 2014.

Cash

Cash includes cash in hand and balances with Bangladesh Bank and its agent banks, including Cash at ATMs. Cash increased from BDT 9,687 million at 31 December 2013 to BDT 10,399 million at 31 December 2014 primarily due to increase in balances with Bangladesh Bank, offset, in part, by a decrease in deposits with other banks and term money lent.

Balance with other banks and financial institutions

Balance with other banks and financial institutions includes current deposit account, special notice deposit account, fixed deposit account with banks and NBFIs. Balance with other banks and financial institutions increased from BDT 10,028 million at 31 December 2013 to BDT 12,043 million at 31 December 2014 primarily due to increase in fixed deposits account balance with Investment Corporation of Bangladesh.

Money at call and on short notice

Money at call and on short notice includes overnight lending to other banks and financial institutions deposit account with banks and NBFIs. Bank placed the its fund on money at call and on short notice for BDT 1,450 million at 31 December 2014 for prudent use of liquid fund.

Investments

Total investments increased by 7.91% from BDT 21,171 million at 31 December 2013 to BDT 22,845 million at 31 December 2014, primarily due to an increase in investment in government securities by BDT 1,323 million. Investment in 182 days increased by 190.89% from BDT 1,163 million at 31 December 2013 to BDT 3,383 million at 31 December 2014 and Investment in 364 days increased by 51.97% from BDT 2,128 million at 31 December 2013 to BDT 3,234 million at 31 December 2014.

Loans and advances

Loans and advances increased by 21.60% from BDT 84,110 million at 31 December 2013 to BDT 102,282 million at 31 December 2014 primarily due to increase in corporate, agricultural and retail advances. Corporate advances increased by 37.13% from BDT 54,786 million at 31 December 2013 to BDT 75,129 million at 31 December 2014. Agricultural credit increased by 39.02% from BDT 177 million at 31 December 2013 to BDT 245 million at 31 December 2014. Consumer credit increased by 2.70% from BDT 4,835 million at 31 December 2013 to BDT 4,965 million at 31 December 2014.

Fixed assets including premises, furniture and fixtures

Fixed assets including premises, furniture and fixtures increased significantly from BDT 2,383 million at 31 December 2013 to 2,929 million at 31 December 2014 primarily due to expansion of branches, installation of Mobile Banking Software and recognition of capital work in progress for building under construction and

up-gradation of core banking system (CBS). Wooden furniture increased by 8.74% from BDT 104 million at 31 December 2013 to BDT 113 million at 31 December 2014. Electrical and gas equipment increased by 11.10% from BDT 320 million at 31 December 2013 to BDT 356 million at 31 December 2014. Vehicles of the Bank increased by 7.43 % from BDT 135 million at 31 December 2013 to BDT 145 million at 31 December 2014. Soft furnishing increased by 15.84% from BDT 11 million at 31 December 2013 to BDT 12 million at 31 December 2014. Software increased by 23.98% from BDT 194 million at 31 December 2013 to BDT 240 million at 31 December 2014 mainly due to addition of Mobile Banking software-Fundamo. Building under construction and up-gradation of core banking system (CBS) is recognised and reported under 'Capital working progress' until the construction and up-gradation works are completed and the asset is ready for intended use which stood at BDT 593 million.

Other assets

Other assets includes stationery and stamps, suspense account, advance, deposit and prepayments, accrued interest on investment & other income receivable, investment in subsidiaries, revaluation account FDBP, deferred tax assets, accounts receivable others. Other assets decreased mainly due to decrease in advance, deposits and prepayments from BDT 1,431 million at 31 December 2013 to BDT 1,125 million at 31 December 2014 and decrease in accrued interest on investment & other income receivable from BDT 1,054 million at 31 December 2013 to BDT 872 million at 31 December 2014.

Non-banking assets

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. These properties were recorded at BDT 373 million as non banking assets in the year 2013 and being no movement in the year the 2014 it stood at the same amount.

Liabilities

The following table demonstrates, at the dates indicated, the principal components of liabilities and shareholders' equity:

	BDT in million except percentage		
	2014	2013	% Change
Borrowing from other banks, financial Institutions and agents deposit and other accounts	5,621	3,493	60.92%
Deposit and other accounts	129,746	110,464	17.46%
Current deposits and other accounts	15,465	13,356	15.79%
Bills payable	1,875	1,574	19.13%
Savings bank deposits	18,366	13,891	32.22%
Fixed Deposits	94,040	81,643	15.18%
Other liabilities	10,343	9,008	14.82%
Total liabilities	145,710	122,965	18.50%
Capital / Shareholders' equity	10,628	9,098	16.82%
Paid up capital	4,377	3,807	15.00%
Statutory reserve	3,910	3,374	15.88%
General Reserve	56	56	0.00%
Revaluation reserve against securities	2	16	-90.18%
Revaluation reserve against fixed assets	115	115	0.00%
Surplus in Profit and Loss Account	2,168	1,730	25.32%
Total shareholders' equity	10,628	9,098	16.82%
Total liabilities and shareholders' equity	156,339	132,063	18.38%

Total liabilities and shareholders' equity increased by 18.38% from BDT 132,063 million at 31 December 2013 to BDT 156,339 million at 31 December 2014. Borrowings increased from BDT 3,493 million at 31 December 2013 to BDT 5,621 million at 31 December 2014. Deposits increased from BDT 110,464 million at 31 December 2013

to BDT 129,746 million at 31 December 2014. Shareholders' equity increased from BDT 9,098 million at 31 December 2013 to BDT 10,628 million at 31 December 2014.

Borrowing from other banks, financial Institutions and agents deposit and other accounts

Borrowings increased by 60.92% from BDT 3,493 million at 31 December 2013 to BDT 5,621 million at 31 December 2014 primarily due to an increase in both inland and overseas borrowings.

Deposit and other accounts

Deposits increased by 17.46% from BDT 110,464 million at 31 December 2013 to BDT 129,746 million at 31 December 2014. Term deposits consisting of fixed and others nature increased from BDT 81,643 million at 31 December 2013 to BDT 94,039 million at 31 December 2014, while savings bank deposits increased from BDT 13,891 million at 31 December 2013 to BDT 18,366 million at 31 December 2014 and current deposits & other accounts increased from BDT 13,356 million at 31 December 2013 to BDT 15,465 million at 31 December 2014. Total deposits at 31 March 2014 formed 83% of the funding. The current and savings account deposits increased from BDT 27,247 million at 31 December 2013 to BDT 33,831 million at 31 December 2014.

Other liabilities

Other liabilities increased by 14.82% from BDT 9,008 at 31 December 2013 to BDT 10,343 million at 31 March 2014.

Capital / Shareholders' equity

Capital and shareholders' equity increased from BDT 9,098 million at 31 December 2013 to BDT 10,628 million at 31 December 2014 primarily due to accretion to paid up capital through declaration of stock dividend by 15% on paid up capital, statutory reserve by 20% on profit before tax of the year 2013 and surplus in profit and loss account, offset, in part, by the impact of revaluation reserve against securities.

Capital Adequacy Under Basel –II

The Bank was subject to Basel II capital adequacy guidelines stipulated by Bangladesh Bank- the Central Bank of Bangladesh till 31 December 2014. Bangladesh Bank issued final Basel III guidelines, applicable with effect from 31 March 2015 in a phased manner through till the end of 2020 as per the transitional arrangement provided by Bangladesh Bank for Basel III implementation. The Basel III rules on capital consist of measures on improving the quality, consistency and transparency of capital, enhancing risk coverage, introducing a supplementary leverage ratio, reducing pro-cyclicality and promoting counter-cyclical buffers and addressing systemic risk and inter-connectedness.

At 31 December 2014, the Bank is required to maintain minimum Tier-1 capital ratio of 5.00%, and minimum total capital adequacy ratio (CAR) of 10.00%. Under Pillar 1 of Bangladesh Bank's guidelines on Basel II, the Bank follows the standardised approach (on the basis of ECAI's assessment and specific risk weight by Bangladesh Bank) for measurement of credit risk, standardised approach measurement of market risk and basic indicator approach for measurement of operational risk.

The following table demonstrates a comparative analysis of the capital adequacy position computed in accordance with Basel II guidelines of Bangladesh Bank at 31 December 2014.

BDT in million except percentage

	2014	2013	% Change
Tier-I (Core Capital)	9,695	8,324	16.47%
Paid-up capital	4,377	3,807	15.00%
Share premium	-	-	0.00%
Statutory reserve	3,910	3,374	15.88%
General reserve	56	56	0.00%
Retained earnings	1,352	1,088	24.29%
Tier-II (Supplementary Capital)	1,613	1,307	23.41%
General Provision	1,076	812	32.51%

Provision for off Balance Sheet Exposure	479	429	11.66%
Preferences shares	-	-	0.00%
Exchange Equalization Fund	-	-	0.00%
Revaluation Reserve of Securities (Up to 50% of the revaluation reserves)	1	8	-90.18%
Assets Revaluation Reserves	58	58	-0.00%
Total Capital	11,308	9,631	17.41%
Risk-Weighted Assets (RWA) for Credit Risk	95,081	77,860	22.12%
Risk-Weighted Assets (RWA) for Market Risk	6,329	6,534	-3.14%
Risk-Weighted Assets (RWA) for Operational Risk	10,164	8,521	19.28%
Total Risk-Weighted Assets (RWA)	111,574	92,915	20.08%
Tier-I Capital to Risk-Weighted Assets (RWA)	8.69%	8.96%	-3.01%
Tier-II Capital to Risk-Weighted Assets (RWA)	1.45%	1.41%	2.84%
Total Capital Adequacy Ratio:	10.14%	10.37%	-2.22%
Minimum Capital Requirement	11,157	9,292	20.08%
Surplus	151	339	-55.50%

The information displayed above shows that the Bank is well capitalised to meet Basel II capital requirements with Tier-1 capital adequacy ratio (CAR) of 8.69% as against the current requirement of 5.00% and total capital adequacy ratio (CAR) of 10.14% as against the current requirement of 10.00%.

At 31 December 2014, consolidated Tier-1 capital adequacy ratio (CAR) was 9.43% as against the current requirement of 5.00% and total consolidated capital adequacy ratio (CAR) was 10.81% as against the current requirement of 10.00%.

Movement in the capital funds and risk weighted assets from 31 December 2013 to 31 December 2014

Capital increased by BDT 1,677 million from BDT 9,631 million at 31 December 2013 to BDT 11,308 million at 31 December 2014 primarily due to accretion to paid up capital through declaration of stock dividend by 15% on paid up capital, statutory reserve by 20% on profit before tax of the year 2013 and surplus in profit and loss account, offset, in part, by the impact of revaluation reserve against securities..

RWA for credit risk increased by BDT 17,221 million from BDT 77,860 million at 31 December 2013 to BDT 95,081 million at 31 December 2014 due to increase of BDT 385 million in loans and advances and off-balance sheet items in different categories.

RWA for market risk decreased by BDT 205 million from BDT 6,535 million at 31 December 2013 to BDT 6,329 million at 31 December 2014 for decrease in equities and foreign exchange position due to decrease in RWA for general market risk by BDT 68 million (capital charge of BDT 6.76 million), offset, in part, by increase in RWA for specific market risk by BDT78 million (capital charge of BDT 0.78 million). The RWA for operational risk at 31 December 2014 was BDT 10,164 million(capital charge of BDT102 million). The operational risk capital charge is computed based on 15% of average of previous three financial years' gross income.

Internal assessment of capital

The capital management framework of the Bank includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually, which determines the adequate level of capitalisation necessary to meet regulatory requirements and current and future business needs, including under stressed scenarios. The ICAAP is formulated at both standalone bank level and the consolidated group level. The internal capital adequacy assessment process encompasses capital planning for a five year time horizon, identification and measurement of material risks and the relationship between risk and capital.

The capital management framework is complemented by the risk management framework, which includes a comprehensive assessment of material risks. Stress testing, which is a key aspect of the ICAAP and the risk

management framework, provides an insight on the impact of extreme but plausible scenarios on the Bank's risk profile and capital position. Based on the Bangladesh Bank issued stress testing framework, the Bank conducts stress tests on various portfolios and assesses the impact on the capital ratios and the adequacy of capital buffers for current and future periods. The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of market conditions. The business and capital plans and the stress testing results of the group entities are integrated into the ICAAP.

Based on the ICAAP, the Bank determines the level of capital that needs to be maintained by considering the following in an integrated manner:

- strategic focus, business plan and growth objectives;
- regulatory capital requirements as per Bangladesh Bank guidelines;
- assessment of material risks and impact of stress testing;
- perception of credit rating agencies, shareholders and investors;
- future strategy with regard to investments or divestments in subsidiaries; and
- evaluation of options to raise capital from domestic and overseas markets, as permitted by Bangladesh from time to time.

Asset quality and condition

Loan concentration

The Bank follows a policy of portfolio diversification and evaluates its total financing in a particular sector in light of its forecasts of growth and profitability for that sector. The Bank's Credit Risk Management Division and Risk Management Unit (RMU) monitors all major sectors of the economy and specifically tracks 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 have been resilient.

The following tables demonstrates, at the dates indicated, the composition of the Bank's gross loans and advances (net of write-offs):

BDT in million except percentage

	2014	% of total loans & advances	2013	% of total loans & advances
Agriculture Industries	1,417	1.39%	773	0.92%
Jute Industries	997	0.97%	866	1.03%
Textile Industries	5,482	5.36%	2,282	2.71%
Garments Industries	14,868	14.54%	15,591	18.54%
Chemical and Chemical Products	391	0.38%	448	0.53%
Cement Industries	155	0.15%	399	0.47%
Bricks & Ceramic	903	0.88%	912	1.08%
Food Products & Processing	4,316	4.22%	1,704	2.03%
Engineering & Metal	4,408	4.31%	2,666	3.17%
Drugs & Pharmaceuticals	-	0.00%	337	0.40%
Hospital & Clinics	129	0.13%	1,073	1.28%
Paper & Paper Products Industries	450	0.44%	522	0.62%
Other Small Industries	8,278	8.09%	4,582	5.45%
IT Sector	3,820	3.73%	273	0.32%
Other Service Industries	5,591	5.47%	4,074	4.84%
Trade & Commerce	22,938	22.43%	21,180	25.18%

IFIC Securities Ltd.	1,200	1.17%	1,281	1.52%
Transport	747	0.73%	727	0.86%
Construction Firms/Companies	3,913	3.83%	4,111	4.89%
Housing Societies/Companies	9,306	9.10%	6,798	8.08%
Cold Storage	111	0.11%	125	0.15%
Non-Banking Financial Institutions	638	0.62%	356	0.42%
Consumer Finance	5,647	5.52%	5,186	6.17%
Energy	3,563	3.48%	2,329	2.77%
Telecommunication	1,542	1.51%	1,290	1.53%
Others	1,472	1.44%	4,225	5.02%
	102,282	100.00%	84,110	100.00%

Classification of loans

The Bank classifies its assets as performing and non-performing in accordance with Bangladesh Bank's guidelines. Under Bangladesh Bank's guidelines, an asset is classified as non-performing if any amount of interest or principal remains overdue for more than 90 days, in respect of term loans. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains out of order for a period of 90 days and in respect of bills, if the account remains overdue for more than 90 days.

Bangladesh Bank has separate guidelines for rescheduled loans. A classified loan or advance can be rescheduled by re-scheduling of principal repayments and/or the interest element, but must be separately reported to Bangladesh as a rescheduled asset.

The following table demonstrates, at the dates indicated, information regarding the asset classification of the Bank's gross non-performing loans & advances including bills purchased and discounted (net of write-offs, interest suspenses).

BDT in million except percentage

Non-performing loans and advances	2014	2013	% Change
Sub-standard	595	483	23.19%
Doubtful	704	359	96.10%
Bad & loss	3,762	2,326	61.74%
Total Non-performing loans and advances	5,061	3,168	59.75%

The following table demonstrates, at the dates indicated, information regarding the Bank's non-performing loans and advances (NPLs):

BDT in million except percentage

	Gross NPL	Net NPL	Net customer assets	% Net NPL to Net customer assets
31 December 2013	3,168	930	2,238	41.55%
31 December 2014	5,061	2,450	2,611	93.83%

At 31 December 2014, gross NPLs (net of write-offs, interest suspense) were BDT 5,061 million compared to BDT 2,450 million at 31 December 2013. Net NPLs were BDT 2,611 million at 31 December 2014 compared to BDT 2,238 million at 31 December 2013. The ratio of net NPLs to net customer assets increased from 41.55% at 31 December 2013 to 93.83% at 31 December 2014. During the year 2014, the Bank wrote-off NPLs BDT 289 million as against BDT 1,316 million in the year 2013, with an aggregate outstanding of BDT 7,681 million at the end of the year 2014 as compared to BDT 7,648 million at the end of the year 2013.

Provision coverage ratio of the Bank (i.e. total provisions made against NPLs as a percentage of gross NPLs) at 31 December 2014 was 60.12%. At 31 December 2014, total general provision held against standard loans and advances was BDT 1,058 million.

Based on Consolidated financial statements

The consolidated profit after tax including the results of operations of the Bank's subsidiaries increased by 26.46% from BDT 1,630 million in the year 2013 to BDT 2,016 million in the year 2014 primarily due to increase in the profit of IFIC Bank Limited, IFIC Securities Limited and starting to generate profit by IFIC Money Transfer (UK) Limited. The consolidated return on equity (ROE) increased from 18.40% in the year 2013 to 18.96% in the year 2014.

Profit after tax of IFIC Securities Limited decreased to BDT 22.57 million in the year 2014 compared to BDT 44.99 million of the year 2013 mainly for absence of holding gain.

Profit after tax of IFIC Money Transfer (UK) Limited was BDT 1.22 million in the year 2014 as against a loss of BDT 10.09 in the year 2014 .

The following table sets forth, for the periods indicated, the profit/(loss) of the Bank's subsidiaries:

	BDT in million except percentage		
	2014	2013	% Change
IFIC Securities Limited	22.57	44.99	-49.83%
IFIC Money Transfer (UK) Limited	1.22	(10.09)	112.09%

Business Review

The year 2014 was a challenging year for the Bank as like as the Bangladesh economy, with continued moderation in economic growth, persistent inflation, high interest rates and significant volatility in global and domestic financial markets. IFIC Bank cattered its strategy to the environment, adopting a balanced approach to growth, profitability and risk management. We believe that Bangladesh continues to have strong drivers for growth over the medium-to-long term, underpinned by its infrastructure and industrial investment potential and demographic advantage. We continue to focus on enhancing our capabilities to capitalise on the growth opportunities arising from the Bangladesh economy in the coming years.

Developments in the Bangladesh Economy

For management reporting purposes, the Bank's operations and activities are organized around the following operating business segments: Corporate Banking, SME/Agri and Green Banking, Retail Banking, Treasury and Money Market Operation and Mobile Banking.

Corporate Banking

The Corporate Banking core strategy has been to serve our corporate customers by providing comprehensive and tailored financial solutions for doing business in Bangladesh .The segment analyses business and financial requirements of clients and services them through a bouquet of products ranging from working capital finance, lease finance, export finance, trade, industrial & project finance in local and foreign currency term loans and structured finance products.

Our Corporate Banking is the front-end relationship team which acts as a single point of contact for clients and services their requirements across businesses. The relationship team works closely with specific teams like commercial banking, loan syndication, project finance, structured finance and the markets group to develop suitable products that fulfill specific needs of clients.

Bank offers flexibility of options to afford the client the right financial products and services, designed particularly to meet immediate needs, individually conceived and professionally realized.

In addition to traditional industries, we are providing financial facilities to RMG, Textiles, Power, Telecommunications, Packaging, Edible Oil Refinery, Healthcare, Renewable Energy, Hotel & Tourism, Construction, Ship Building, Trade & Commerce, Agri-Business (Poultry, Food Processing) sector etc.

Corporate Banking initiatives 2014

Our strategy for the Corporate Banking clients was to increase the volume of business through retention and inclusion of corporate clients. We believe that they are the major contributors in revenue and our focus was for maximum utilization of credit facilities since most of the corporate clients are multibanking clients. We have extended five fighting loan amounting BDT 197.13 million to many corporate clients.

Highlights		
Loans & Advances		
37.13%		
2014:	BDT 75,129	million
2013:	BDT 54,786	million
2014:	73.46% of Total Loans	
2013:	65.14% of Total Loans	

Focus in 2015

- Maintaining existing portfolio with booking new clients focus in different areas;
- Launching innovative products to tap into the growing opportunities in the thrust sectors;
- Managing and growing corporate deposits through one-stop service integration;
- Continue to invest in people and technology to improve productivity and customer satisfaction.

SME/Agri and Green Banking

Small & Medium Enterprises (SMEs) are an important constituent of Bangladeshi economy and have become a thrust area for future growth. A strong SME sector is fundamental to building a resilient and dynamic corporate sector.

The issue of fostering SME growth in Bangladesh can in no way be ignored as these industries have huge prospects for creating large scale employment opportunities and potentialities of innumerable income generation especially in semi-urban and rural areas. As such SME Division has been focused to SME customer segment with market approach to meet the credit & considering the business potentials and return on investment and actively engaged to undertake rigorous initiatives to achieve the disbursement target through branches as business facilitator.

At IFIC Bank, we offer a full suite of banking products and solutions to SMEs for meeting their business and growth requirements. Our experience of partnering with SMEs has enabled us to develop non traditional techniques of assessing credit risk unique to them. We have specialised teams for SME/Agri banking.

The Bank has always viewed the SME segment as integral to the growth of Bangladesh and will continue to partner with SMEs while building a healthy portfolio.

During the year 2014, total disbursement in SME sector stands for BDT 19,629.00 million, which was BDT 16,794.00 million during the year- 2013, and it counts 16.88% growth.

In spur the growth of SME sector, the bank has launched different SME products (detailed below), during the year-2014, catering the need of Micro, Small and Medium enterprises and marketing these products matching with the customer need broadly covers the manufacturing, trade & service sector:

IFIC - Krishi Shilpo : Small & Medium Enterprises engaged in manufacturing & trading business of Agro-based / Agro-processing Industries having limit range from Tk. 5.00 million to Tk. 50.00 million.

SME Division has also executed two (02) "Participation Agreement" with Bangladesh Bank, during the year-2014, to avail Refinance Loan Facility @ 5% interest, for extending loans at lower rate of interest to :

- i) New Entrepreneurs in Cottage, Micro, and Small Enterprise sector, &
- ii) **Small, Marginal & Landless farmers/low income businessman & Professionals** effected by natural disaster, having bank account of Tk.10/= each.

It may be mentioned by extending loans to the preferred sectors (as instructed by Bangladesh Bank) under SME, Agri. & Green Financing, we have availed Re-finance facility of BDT 71.70 Million during the year-2014 & cumulative amount of BDT 2,551.00 Million, from year- 2012 to year-2014.

Financing to Women Entrepreneurs

For economic empowerment of women in the society and to grow their entrepreneurship, SME & Special Programs Department of Bangladesh Bank has given special emphasis for financing Women Entrepreneurs at a lower rate of interest and without collateral up to a certain limit.

In this context, SME Division has launched a new loan product to provide them financial support to the Women Entrepreneurs of grassroots level :

IFIC – Prantonari : Loan for Micro, Small grassroots women entrepreneurs having limit range from TK. 0.05 million to TK. 2.00 million.

Highlights		
Disbursement of Loans & Advances in SME		
16.88%		
2014:	BDT 19,629	million
2013:	BDT 16,794	million
Disbursement of Loans & Advances in Agri		
-8.78%		
2014:	BDT 977	million
2013:	BDT 1,071	million

Moreover, we have also undertaken the initiatives, for capacity building of the women entrepreneurs and signed a M.O.U. with an women Association namely- Association for Grassroots Women Entrepreneurs Bangladesh (AGWEB).

Agricultural/ Rural Financing

IFIC Bank has introduced Agriculture friendly credit products in year 2006, to fulfill the need of the producer/ farmer, as per directives of Bangladesh Bank and subsequently for better marketing & sales - some of the Agri. Loan products have been merged, and a new Loan Product has been introduced a new loan product as under:

IFIC – Suborno Gram : To meet the financial requirements of Crop, Fisheries and Livestock as core agriculture finance.

To give priority in Agricultural sector, IFIC bank has disbursed BDT 980.00 Million during the last fiscal year-2013 -2014, against a loan disbursement target of BDT 1,250 Million (approved by Bangladesh Bank), which is 78.40%.

Green Financing:

In response to the global warming issue, to reduce pollution and environmental degradation as well as to promote sustainable growth in the economy, SME Division has launched a product namely “Green Earth” which includes several lending products, that will support green/clean and efficient energy projects and programs, detailed as under:

Domestic Bio-Gas Plant : For integrated cow rearing & setting up of bio- Gas plant, in order to lessen the dependency on fossil fuel as well as fire wood.

Commercial Bio-Gas plant : To overcome the energy crisis and introduction of an alternative renewable sources of energy.

Vermicompost : To overcome the energy crisis and introduction of an alternative renewable sources of energy.

Financing Brick Kiln Efficiency Improvement Projects : To reduce emission of carbon gas and to Introduce energy efficient technology.

During the year 2014, total disbursement in Green Financing sector (both direct & indirect) stands for BDT 4,566 million, which was BDT 1,713 million during the year- 2013, and it counts 26.87% growth.

Highlights		
Loans & Advances under Green Banking		
167%		
2014:	BDT 4,566	million
2013:	BDT 1,713	million

Focus in 2015

- Exploring new business areas and customer along with retaining existing portfolio ;
- Launching innovative products for new entrepreneurs to tap into the growing opportunities in the thrust sectors;
- Enhancement of scope of Green Banking in terms of both financing and banking solutions & practices;
- Management of the product and maintaining close monitoring of SME assets;
- Continue to invest in people and technology to improve productivity and customer satisfaction.

Retail banking

The preferences of Bangladeshi consumers are evolving rapidly with the increasing penetration of technology in the area of banking. New products, new channels and new service experiences are shaping the banking landscape of the future. IFIC Bank has addressed the area of understanding customer needs and focused on designing solutions in line with its philosophy of serving the customer as a one-stop financial service provider.

Board of Directors of the Bank approved remodelling of retail banking business and transformation journey in its 577th meeting held on 29 February 2012. In line with that direction, initially Retail Banking Division started its business through establishing Direct Sales Team for procuring new account and deposit business in May 2012.

The Bank continues its endeavour in the area of technology to provide a superior customer experience. The Bank is in the process of upgrading its retail internet banking platform to enable a superior online experience.

Highlights		
Loans & Advances		
31.14%		
2014:	BDT 1,495	million
2013:	BDT 1,140	million
2014:	1.49%	of Total Loans
2013:	1.37%	of Total Loans
Deposits		
7.32%		
2014:	BDT 65,558	million
2013:	BDT 61,088	million
2014:	51.91%	of Total Deposits
2013:	56.68%	of Total Deposits

At present, liability business of retail banking division is monitored from 03 (three) separate sales zones as under:

- Sales Zone – 1 (Dhaka - 1, Narayangonj, North Bengal, South Bengal, Mymensingh & comilla)
- Sales Zone – 2 (Chittagong & Sylhet)

A total of 500 (approx) Direct Sales Agents (DSAs) are working under 3 sales zones mentioned above for procuring new account and deposit business for the Bank.

Retail Banking initiatives 2014

In the year 2014, retail banking division launched 02 (two) new products which are as under:

Duronta – Students Savings Account

Duronta account launched in 20 February 2014, under School Banking Program guided by the central bank of Bangladesh in order to motivate school, college and university going students for banking with IFIC. As of 31 December 2014, we have opened a total of 6,170 Duronta accounts with a deposit of BDT 33 million.

In order to promote Duronta account retail banking division participated in 5 School banking Conference in 2014 at Rangpur, Rajshahi, Chittagong, Sylhet & Khulna. These conferences are organised by Bangladesh Bank.

Salary Loan

To meet various financial needs of salaried customer Retail Banking Division launched dedicated retail asset product in the name of Salary loan in 10 April 2014. As of 31 December a total of BDT 309 million disbursed under salary loan to 724 customers.

Focus in 2015

- Diversifying retail loan portfolio through enhancing home & mortgage based loan;
- Formation of Direct Sales Team for home & mortgage loan promotion & marketing;
- Launching innovative products to tap into the growing opportunities in the thrust sectors;
- Ensuring best consumer banking experience through improving service quality.

Treasury & Money Market Operation

Our treasury operations are structured into four units, namely: Money market, FX Market, Investment and the Asset Liability Management (ALM).

The money market and investment banking continued to generate profits during the year 2014, inspite of the challenging environment in the fixed income market. The group also contributed to the structural development of the market by participating in transactons of different products.

The forex-trading unit offers foreign exchange and derivative solutions to clients and continued to be a major player in this segment. These products and services are offered to various users as permitted by extant regulations. The Bank provides global coverage of markets with a detailed knowledge of local markets. We provide our clients with regular market updates as well as quantitative and qualitative research on topics related to macroeconomics and financial markets.

The asset liability management unit continued to actively manage the Bank's liquidity, interest rate and the securities portfolio held for compliance of statutory and regulatory requirements by Bangladesh Bank. This is done keeping in mind the optimisation of the yield on the overall portfolio while maintaining an appropriate portfolio duration given the volatile interest rate movement.

Highlights		
Total Money Market Income		
4.35%		
2014:	BDT 2,364	million
2013:	BDT 2,266	million
Average Daily Money Market Turnover		
45.09%		
2014:	BDT 9,287	million
2014:	BDT 6,401	million
Net Exchange Income		
17.28%		
2014:	BDT 212	million
2013:	BDT 181	million
Total Forex Transaction Volume		
5.54%		
2014:	BDT 193,982	million
2013:	BDT 183,791	million

Treasury and market oprations initiatives 2014

In the year 2014, treasury and market oprtions division completed some significant transactions which are as under:

- Inclusion of new private commercial banks (PCBs) as counter parties;
- Extending about US\$23.00 million to the customer through OBU as term lending/UPAS;
- Borrowing competitively low cost foreign currency fund from froeign banks for term lending to the customers through OBU;

Focus in 2015

- Streamlining the process to establish centralized trade processing;
- Exploring for long-term funding for forex financing;
- Launching new products demanded by the market to tap into the growing opportunities in the thrust sectors;
- Continue to invest in people and technology to improve productivity and customer satisfaction.

Mobile Banking

IFIC Bank Limited launched its mobile financial services under the brand name of “IFIC Mobile Bank” on 21st April, 2014. Our key objective is to provide our client the flexibility of accessing their account through their mobile handsets and to enable the unbanked population of the country to become a part of the country financial ecosystem. IFIC Mobile Bank is more than just a money transfer service; it is a channel to access the whole array of banking products that IFIC Bank provides to its clients.

Mobile Banking initiatives 2014

- Deployed more than 23,000 agents throughout the country
- Acquired more than 350,000 customers in the very first year which makes it the fastest growing mobile financial service network in the country
- Available to the subscribers of Grameenphone, Banglalink and Airtel which covers more than 80% of the mobile phone users of the country.
- “Prantonari”- a SME product loan has been disbursed through IFIC Mobile Bank to the women entrepreneurs in Dhaka and Jossore region.

Highlights	
Mobile Banking Customers	
2014:	350,000
Mobile Banking Transaction Volume	
2014:	BDT 13 million
Expansion of Network	
2014:	No. of Distributors : 116 No. of Agents : 3,192

Focus in 2015

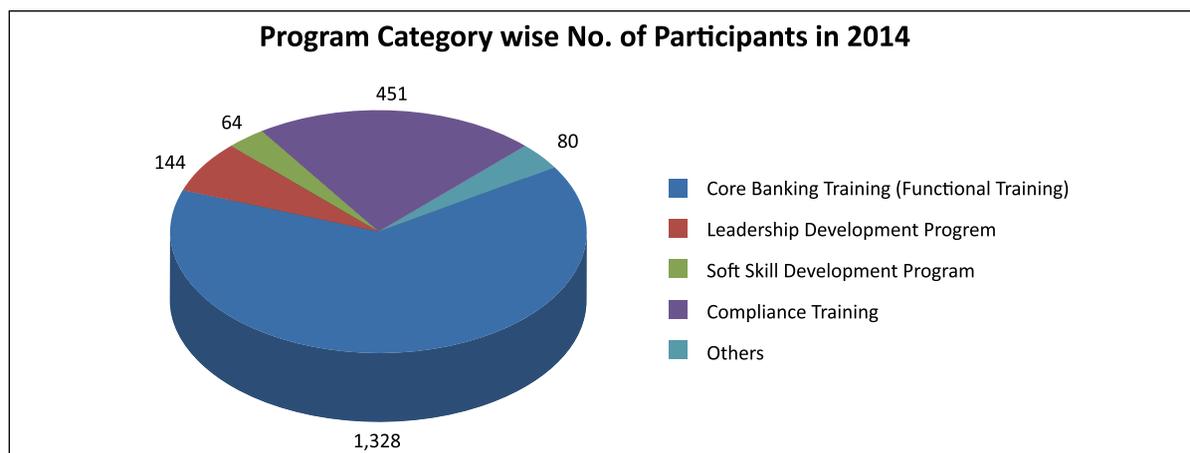
- Creation of a financial ecosystem by bringing clients on board from corporate bodies involved in readymade garments, utilities, insurance companies, electronic media, solar home system, etc.
- Facilitating the clients with a collection solution to collect loan repayments, installments, monthly bills etc. from the beneficiaries.
- Converting the dream into a reality by enabling the people of lower-income groups through encouraging a savings scheme and availing of the micro insurance services to be offered by our partners involved in the insurance business.
- Continue to invest in people and technology to improve productivity and customer satisfaction.
- Upcoming Services:
 - ▶ **Airtime Recharge**
Customers of IFIC Mobile Bank will be able to recharge airtime of any mobile phone of any telecom company from their IFIC Mobile Bank account.
 - ▶ **Distribution Channel Partner: Mobicash**
Customers of IFIC Mobile Bank will be able to deposit or withdraw money at any of the 60,000 Mobicash agent points deployed throughout the country.
 - ▶ **Core Banking Account Integration**
Customers of main operation of the Bank will be able to transfer funds to and from their IFIC Mobile Bank account.
 - ▶ **Merchant Payment**
IFIC Mobile Bank is in the process of acquiring merchants all over the country where the customers will be able to make payments directly from their IFIC Mobile Bank account.

Human Capital (with Training & Development):

Learning & Development is one of the major sources to stay competitive in this shifting environment. The Bank has always been committed to the development of its employee and accordingly, designed and implemented training and development plans to ensure appropriate employee knowledge and skills for performing their current jobs as well as future responsibilities. In the year 2014, 171 different types of Training Programs were organized where 2,067 participants attended.

These programs can be divided into four complementary aspects:

- Core Banking Training (Functional Training)
- Leadership Development Program
- Soft Skill Development Program
- Compliance Training



In the year 2014, to facilitate the One Stop Transaction Service Model, total 17 programs on Transaction Service were arranged where 516 employees attended. The Bank arranged Customized Credit and Foreign Trade training in collaboration with BIBM for our Credit and Trade Processing desk officials. Exclusive Foundation Training Programs for Management Trainees and other new joiners was arranged in two phases for total duration of 25 days. A series of Leadership Development Programs in collaboration with Sensei Int'l was carried out through out the year for executives and potential leaders. We also ensured training on compliance issues such as Money Laundering Prevention Act-2012 and Anti-Terrorism Act 2012 for most of the employees. Beside these, some general programs in IT, HR and Finance and Accounts were also provided to relevant desk officials.

Employees' Compensation & Benefits:

In the highly competitive financial market and conditions existing in the banking industry in Bangladesh, it is absolutely thorny to retain the skilled employees of the Bank and to attract the top talents from the market and as such, the inducement policy & strategy of the Bank play a gigantic role to be competitive and successful in this arena. Human Resource Management Division faces substantial

challenges in formulating "Compensation & Benefits strategy" so as to ensure to keep the HR budget under control through efficient utilization of resources and maintaining the jobs in the right salary (pay) brackets. Management of the Bank believes that these efforts on excellent Salary & Benefits Strategy does not just differentiate the organization from the others on the employment side, it also brings the differentiation into the organization as well as the employees and top talents feel their success accordingly. In line with the Management's mission & vision, Human Resource Management always conducts both formal & informal benefits survey to make the same competitive which can be elucidated in the following sensible arenas:

Monthly Salary:

As an effective pay policy, salary package is designed in such a way that really attracts rewards and retains superior 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 specified by competitive pay packages ensures the nominal salary adjustment by cost of living adjustment so that real salary remains same which in fact ensures purchasing capacity of the employees.

Performance Pay:

The Bank has the policy to motivate the real performers by providing very good yearly variable performance bonus in addition to monthly packages and has emphasized on the employee's performance which will in turn increase the Bank's employee's productivity & per employee profitability. The Management of the Bank introduced very modern and effective performance appraisal system in the year 2013 based on the famous management theory MBO. Balanced Scorecard model has been followed in designing individual employees Key Performance Indicators (KPI) which will reflect the overall business performance of the Bank. As a part of continuous development, the Annual Performance Appraisal system has been modified in the year 2014 to ensure employee's performance which would be directly correlated with compensation & benefits strategy of the Bank for future years.

Employee Fringe Benefits:

IFIC Bank provides a number of benefits to keep the employees' motivation level high. Staff House Building Loan, Staff Car Advances, Salary Overdraft & Staff Salary Loan are parts of the compensation & benefits policy. Likewise, Bank also provides hospitalization insurance and group life insurance facilities to ensure the medical & social security including spouses & 2 children up to the age of 21 years.

Long-Term Service Benefits:

IFIC Bank ensures the long-term benefits to the long-term committed employees by providing Provident Fund, Gratuity Fund, Earned Leave Encashment,

Welfare Fund & Death Risk Coverage as per compensation & benefits policy. All those facilities are designed in such a way so that employees will have a handsome amount of benefits after the retirement to enjoy a decent life with family. In line with the continuous development process, processing of end service benefits is being automated and hopefully, employees & Bank will be benefited positively for the same.

Process Re-engineering for Compensation & Benefits:

Human Resource Management Division automated the disbursement process of monthly salary to all regular employees of the Bank in the year 2013 and Bank is getting the benefits of smoothness, speed efficiency in man-hour. As a part of continuous process re-engineering, several initiatives have been taken in year 2014 for smooth processing of the benefits such as centralized Leave Fare Assistance (LFA), Salary Overdraft (OD), Salary Loan (Staff) and Staff Car Reimbursement which are slashing the processing time & cost.

Furthermore, Key Performance Indicators (KPI) for Performance Appraisal of all eligible employees has come under the purview of HR Software which will obviously escalate appraisal process speedy and ultimately, total compensation & benefits policy will be strengthened. On balance, Human Resource Management Division is also working on automation of Insurance facilities & TA/DA allowance and there will be affirmative achievement in the year 2015.

MEDIA HIGHLIGHTS-2014



**প্রধানমন্ত্রীর নিকট
আইএফআইসি ব্যাংকের ১ কোটি টাকা হস্তান্তর**

সম্মতি প্রকাশ করে এক অর্ধশতক জনসংগঠিত দেশ পরিচালিত কাজে আইএফআইসি ব্যাংকের পক্ষ থেকে ১০০০ লাখ টাকা হস্তান্তর করা হয়েছে। এর জন্য ১ কোটি টাকাও বেশি হস্তান্তর করেন বাংলাদেশ পরিচালক হা জিউর রহমান। এ সময় প্রধানমন্ত্রী শেখ হাসিনা, মন্ত্রী পরিষদের সদস্যগণ, উপসচিবসহ একটি সরকারী কর্মকর্তার উপস্থিতি ছিল।



A Sarwar, Managing Director of Pragati



Managing Director and CEO of IFIC Bank Limited Shah A Sarwar, and Managing Director and CEO of Pragati Life Insurance Limited Jalulul Azim, exchange documents for signing an agreement at the Head Office of IFIC Bank at Motijheel recently.



প্রতিবেশের মধ্যে এ বছরের বাংলা একাডেমি প্রদেয় থেকে অমর একুশের বইমেলা শ্রেণীর সূত্রান্তর করে দেয়া হবে আই। এ উদ্যোগে বাংলাদেশ আইসিআইসি সনদে রয়েছে আইএফআইসি ব্যাংক। বাংলাদেশ এ উপলক্ষে বাংলাদেশ আইসিআইসি সনদে সন্দেশ করা হয়। এতে বক্তব্য রাখেন বাংলাদেশ একাডেমির মহাপরিচালক শাহজাহান হান, বাংলাদেশ আইসিআইসি ব্যাংকের পরিচালক কর্তৃপক্ষের প্রধান, আইএফআইসি ব্যাংকের ব্যবস্থাপনা পরিচালক শাহ আলম সারওয়ার। বইমেলা সনদে আইসিআইসি প্রধান উপস্থাপক লুৎফর রহমান খ্রিষ্ট। এটি প্রয়োজন্য করবেন আইসিআইসি ইনসুরার। দেশেই যেতে সনদেই অনুষ্ঠানটি প্রচলিত হবে প্রতিদিন বিকাল ৫টা ৩০ মিথিটে এবং দুপুর ১২টা থেকে ১টা ৩০ মিথিটে।



Business Conference-2014 of IFIC Bank was held on Thursday at a city hotel. Chairman of Executive Committee of the Board of the bank Mohammad Lutfur Rahman attended the conference as the chief guest while Directors and Managing Director & CEO Shah A Sarwar were present, among others.



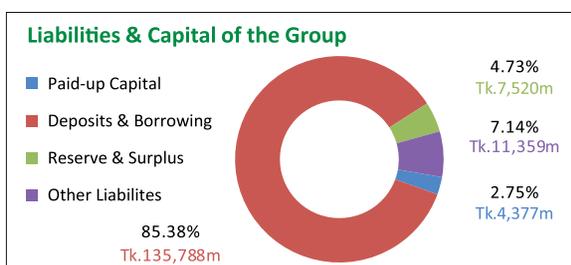
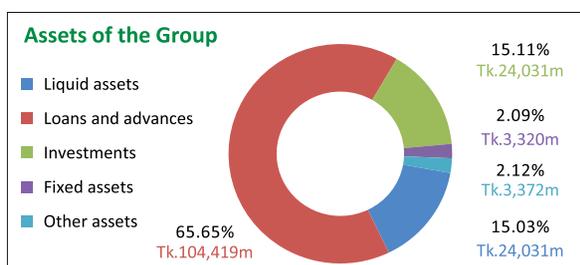
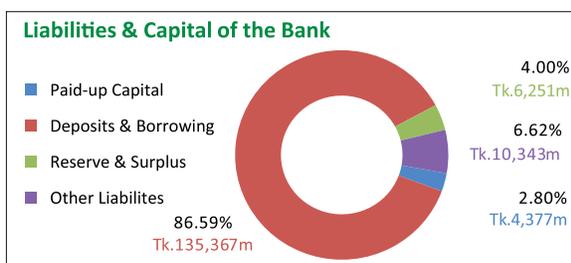
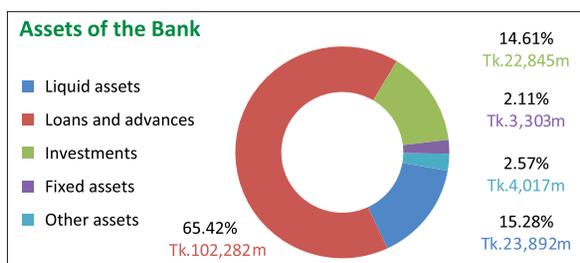
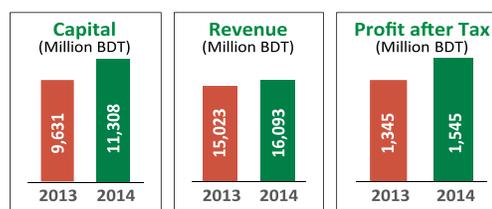
SHAREHOLDERS' INFORMATION

FINANCIAL HIGHLIGHTS

BDT in million except percentage

Particulars	Bank			Group		
	2014	2013	Change	2014	2013	Change
Financial Performance						
Interest income	11,858.39	11,111.31	6.72%	11,924.20	11,157.04	6.88%
Profit before provision and tax	3,172.82	2,947.87	7.63%	3,704.23	3,244.07	14.18%
Provision for loans and assets	495.68	240.16	106.40%	499.34	240.16	107.92%
Profit before tax	2,677.14	2,707.71	-1.13%	3,204.89	3,003.91	6.69%
Provision for tax	1,132.41	1,362.22	-16.87%	1,143.77	1,374.10	-16.76%
Profit after tax	1,544.73	1,345.49	14.81%	2,061.12	1,629.81	26.46%
Financial Position						
Total shareholders' equity	10,628.12	9,097.85	16.82%	11,897.01	9,849.09	20.79%
Total eligible capital	11,308.45	9,630.85	17.42%	12,576.10	10,382.12	21.13%
Deposits	129,745.81	110,463.80	17.46%	129,863.95	110,676.03	17.34%
Loans and advances	102,282.15	84,110.39	21.60%	104,419.40	86,020.74	21.39%
Investments	22,845.26	21,170.76	7.91%	24,030.52	21,898.33	9.74%
Property, plant and equipment	2,929.32	2,382.86	22.93%	2,946.85	2,404.37	22.56%
Total assets	156,338.64	132,062.63	18.38%	159,044.14	134,052.22	18.64%
Per Share Information						
Earnings per share (Taka)	3.53	3.07	14.85%	4.71	3.72	26.61%
Dividend (%)	15.00%	15.00%	0.00%	15.00%	15.00%	0.00%
Net assets value per share (Taka)	24.28	23.90	1.59%	27.18	25.87	5.06%
Ratios (%)						
Capital adequacy ratio	10.14%	10.37%	-2.22%	10.81%	13.19%	-18.04%
Liquidity Ratio	16.72%	24.56%	-31.92%	16.72%	24.56%	-31.92%
Classified loans ratio	4.95%	3.77%	31.30%	4.95%	3.77%	31.30%
Return on average equity	15.67%	15.98%	-1.91%	18.96%	18.40%	3.04%
Return on average assets	1.07%	1.09%	-1.83%	1.41%	1.31%	7.63%

Credit Rating		
Long Term	AA2	AA2
Short Term	ST-2	ST-2
Others		
Number of employees	2,527	2,574
Number of branches	120	112



Five Years Performance of the Bank

Key Financial Data and Indicators

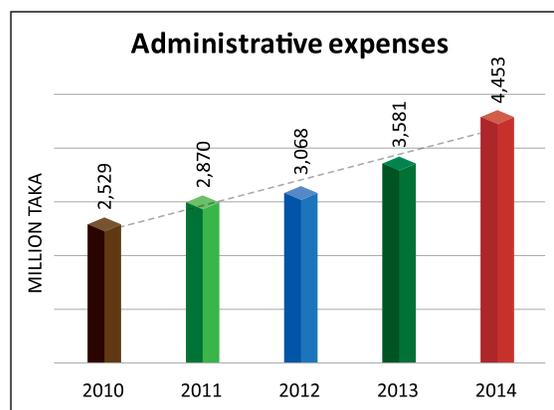
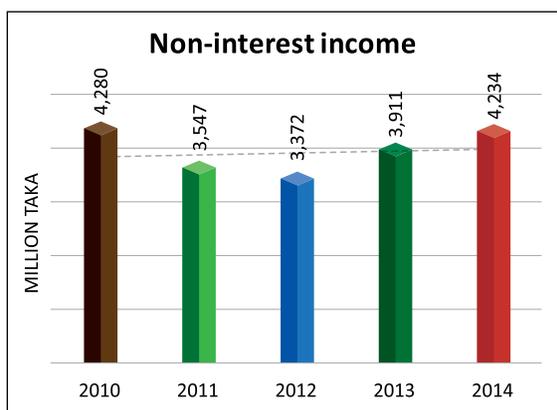
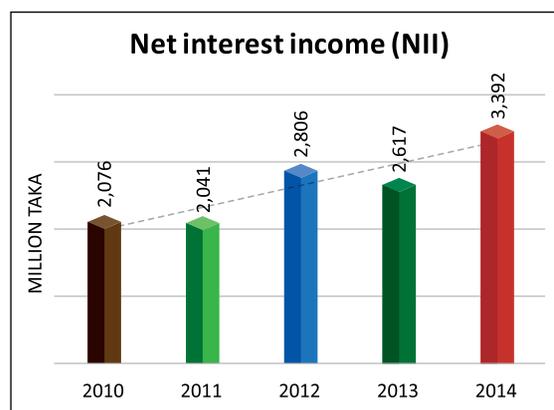
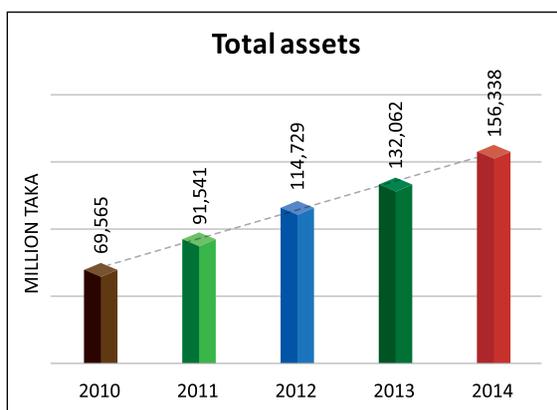
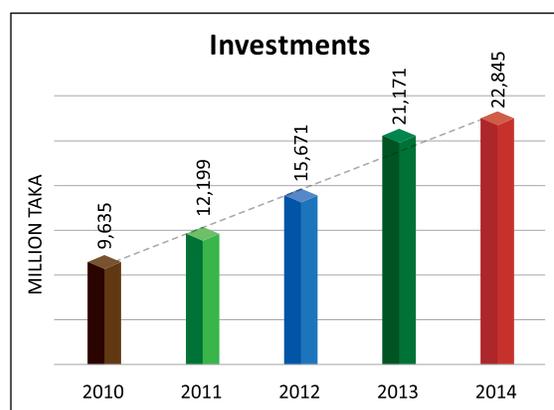
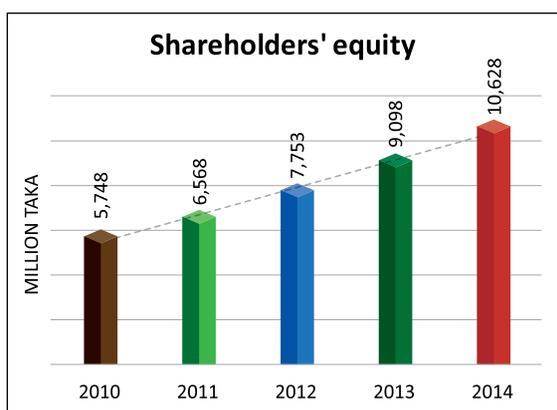
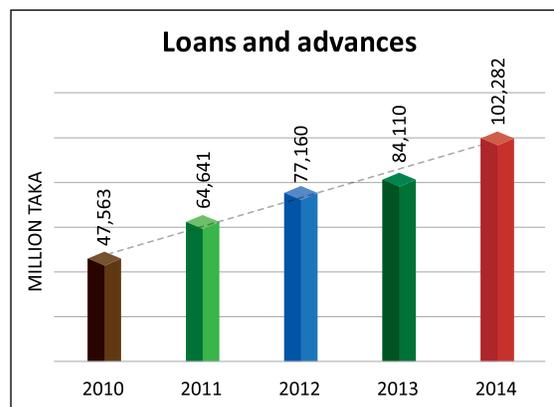
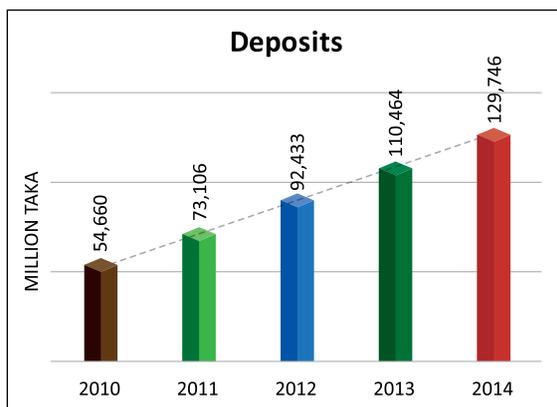
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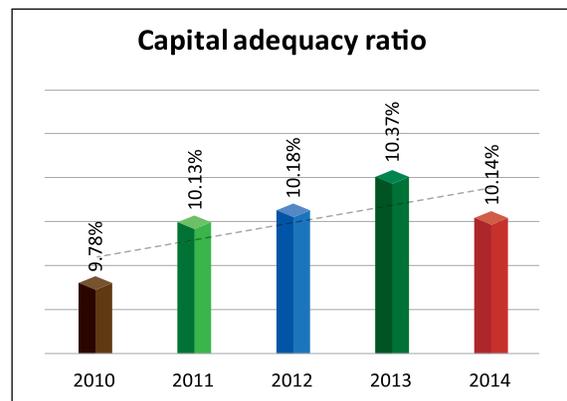
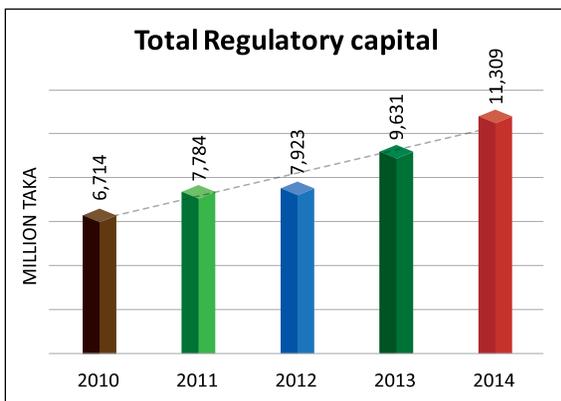
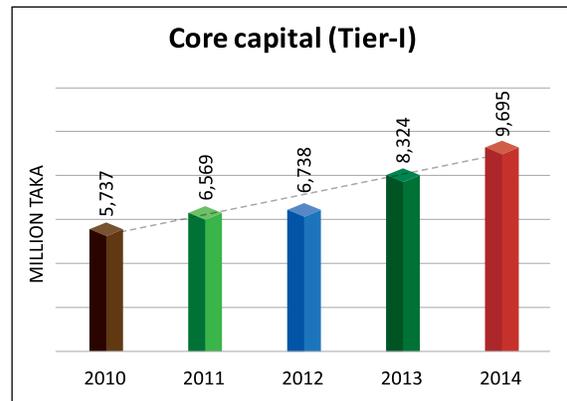
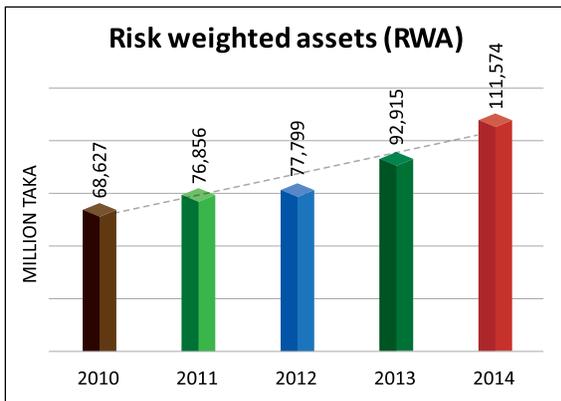
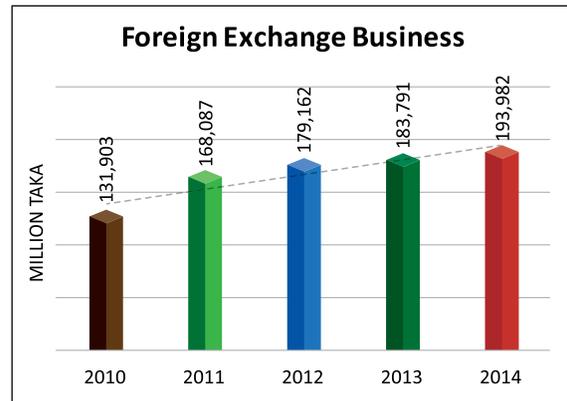
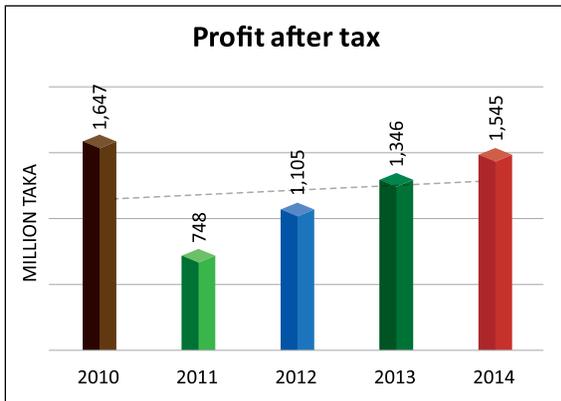
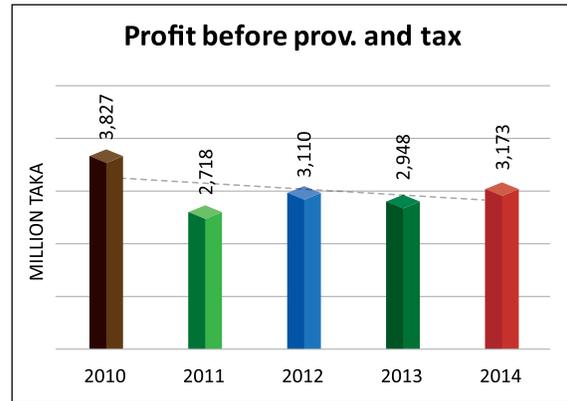
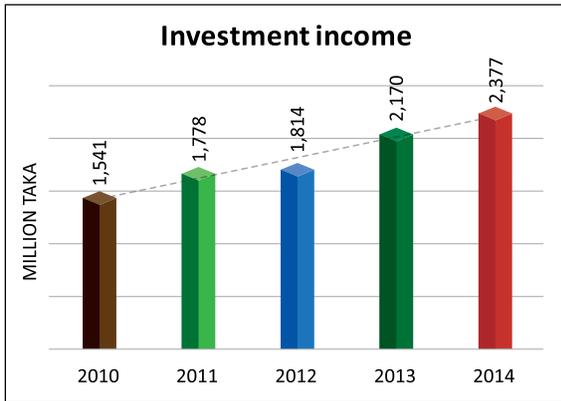
Particulars	2014	2013	2012	2011	2010
Financial Position Matrix					
Authorized capital	20,000	20,000	20,000	5,350	5,350
Paid-up capital	4,377	3,807	3,460	2,768	2,180
Shareholders' equity	10,628	9,098	7,753	6,568	5,748
Deposits	129,746	110,464	92,433	73,106	54,660
Borrowings	5,621	3,493	874	1,419	-
Total liabilities	145,711	122,919	106,975	84,939	63,817
Loans and advances	102,282	84,110	77,160	64,641	47,563
Investments	22,845	21,171	15,671	12,199	9,635
Fixed assets	2,929	2,383	2,342	2,204	2,060
Interest earning assets	132,838	109,474	94,235	78,675	58,896
Non-interest earning assets	23,500	22,588	20,494	12,866	10,669
Total assets	156,338	132,062	114,729	91,541	69,565
Total off-balance sheet items	47,824	42,304	36,502	36,232	33,112
Financial Performance Matrix					
Interest income	11,859	11,111	10,443	6,696	4,641
Interest expenses	8,467	8,494	7,637	4,655	2,565
Net interest income (NII)	3,392	2,612	2,806	2,041	2,076
Non-interest income	4,234	3,911	3,372	3,547	4,280
Administrative expenses	4,453	3,581	3,068	2,870	2,529
Investment income	2,377	2,170	1,814	1,778	1,541
Operating profit	3,173	2,948	3,110	2,718	3,827
Provision for loans and assets	496	240	1,720	857	660
Profit before tax	2,677	2,708	1,390	1,861	3,167
Provision for tax	1,132	1,362	285	1,113	1,520
Profit after tax	1,545	1,346	1,105	748	1,647
Trade Business Matrix					
Foreign Exchange Business	193,982	183,791	179,162	168,087	131,903
Import	85,326	84,899	80,710	71,517	62,467
Export	89,894	83,118	84,147	83,846	55,981
Remittance	18,762	15,774	14,305	12,724	13,455
Guarantee Business	5,773	6,159	5,329	4,428	4,338
Capital Measure Matrix (under Basel-II)					
Risk weighted assets (RWA)	111,574	92,915	77,799	76,856	68,627
Core capital (Tier-I)	9,695	8,324	6,738	6,569	5,737
Supplementary capital (Tier-II)	1,614	1,307	1,185	1,215	976
Total capital/Regulatory capital	11,309	9,631	7,923	7,784	6,714
Tier-I capital adequacy ratio	8.69%	8.96%	8.66%	8.55%	8.36%
Tier-II capital adequacy ratio	1.45%	1.41%	1.52%	1.58%	1.42%
Total capital adequacy ratio	10.14%	10.37%	10.18%	10.13%	9.78%
Credit Quality Matrix					
Non-performing/classified loans (NPLs)	5,061	3,168	4,096	2,578	2,264
Specific Provision for classified loans	1,966	1,620	2,210	1,002	1,323
General Provision for unclassified loans	1,076	812	753	793	614
NPLs to total loans and advances	4.95%	3.77%	5.31%	3.99%	4.76%

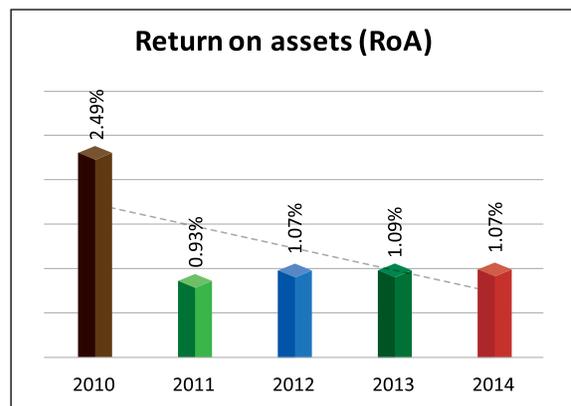
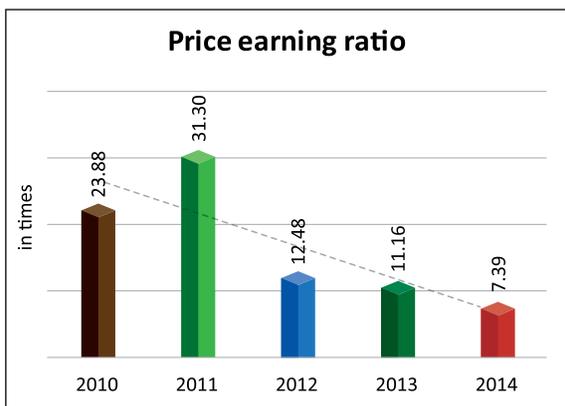
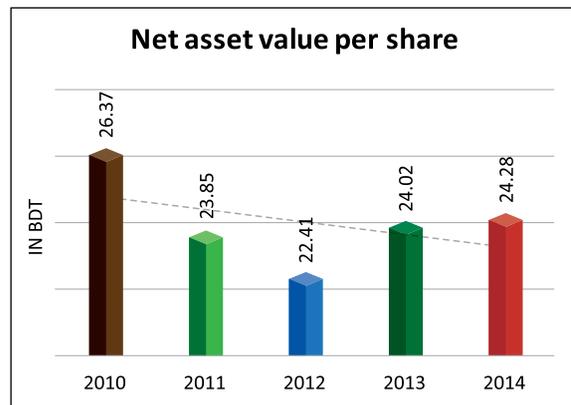
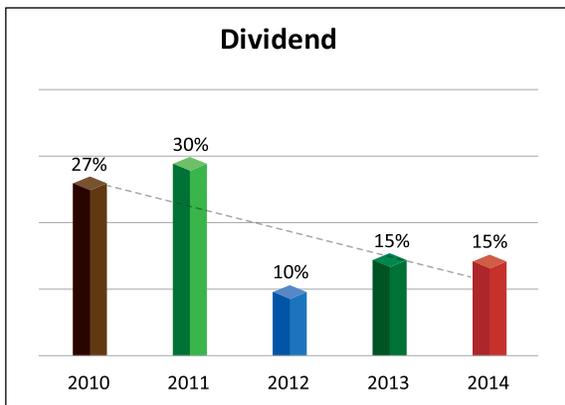
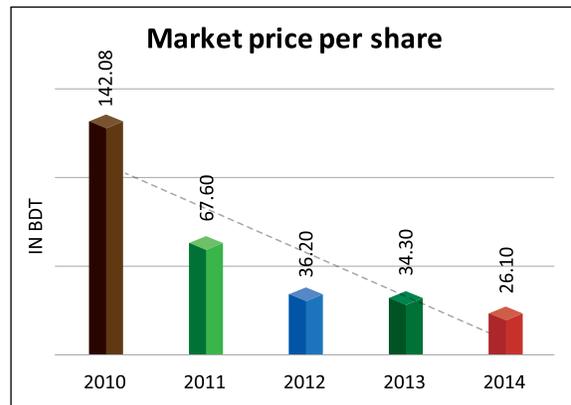
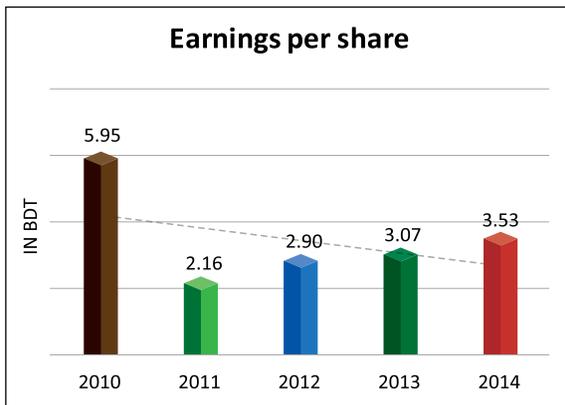
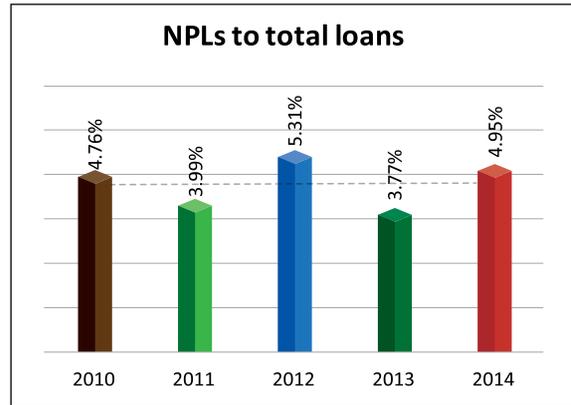
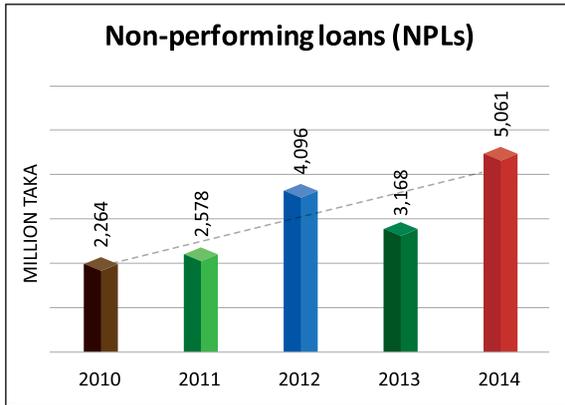
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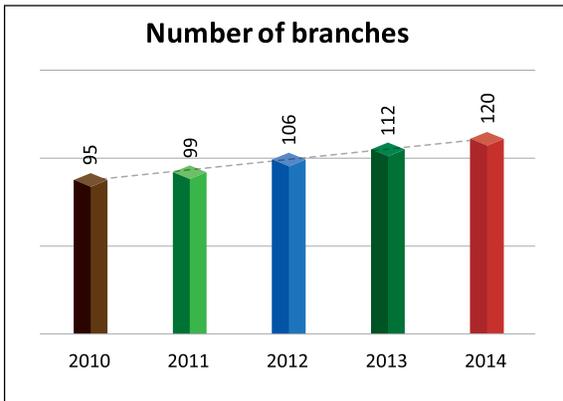
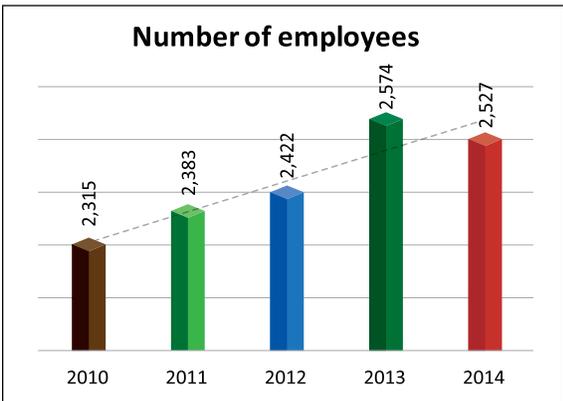
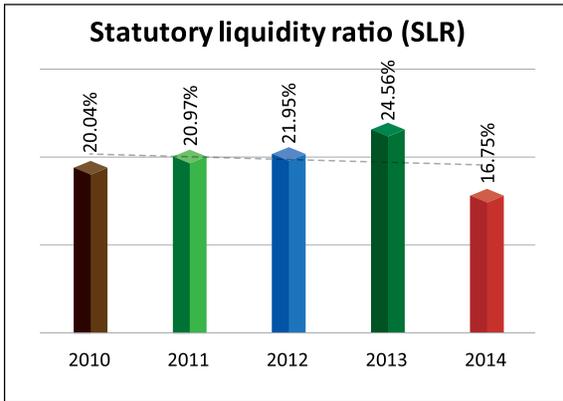
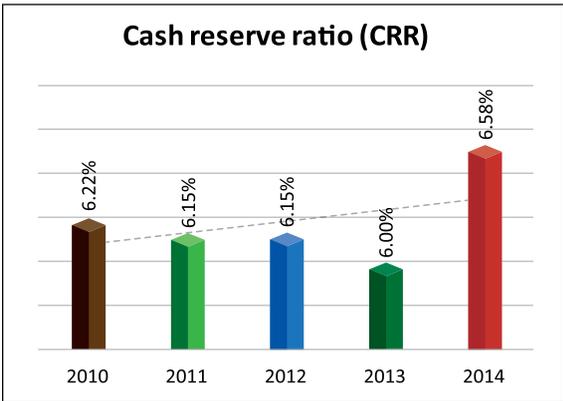
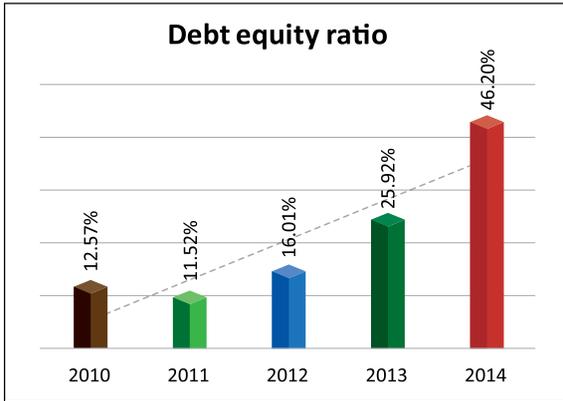
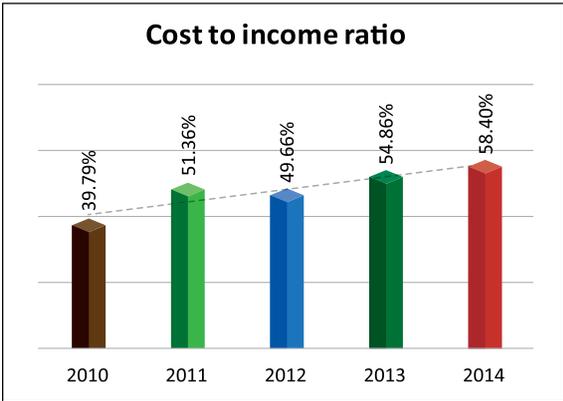
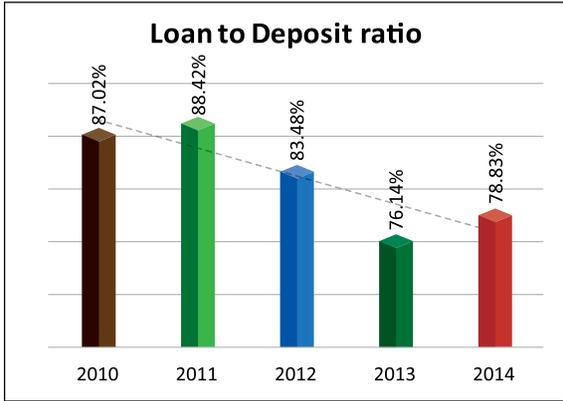
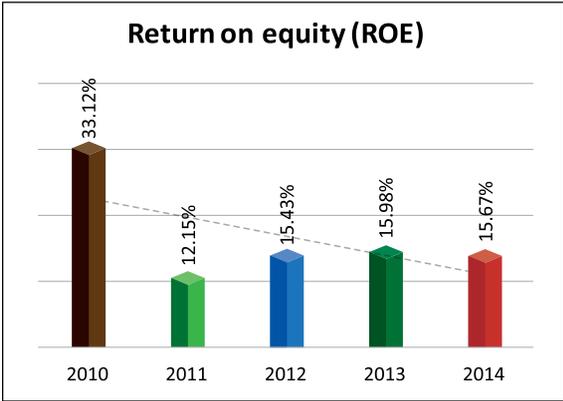
Particulars	2014	2013	2012	2011	2010
Share Information Matrix					
Number of shares outstanding	437.75	380.65	346.05	276.84	217.98
Number of shareholders	44,444	49,196	40,295	38,007	37,773
Market price per share (BDT)	26.10	34.30	36.20	67.60	142.08
Operating profit per share (BDT)	7.25	7.74	8.99	9.82	17.56
Earnings per share (BDT)	3.53	3.07	2.90	2.16	5.95
Dividend	15.00%	15.00%	10.00%	30.00%	27.00%
Cash	0.00%	0.00%	0.00%	5.00%	0.00%
Stock	15.00%	15.00%	10.00%	25.00%	27.00%
Effective dividend ratio	16.05%	15.72%	11.11%	33.57%	30.00%
Dividend coverage ratio (times)	2.35	2.36	3.19	0.90	2.80
Market capitalization	11,425	13,056	12,527	18,714	30,971
Net asset value (NAV) per share (BDT)	24.28	24.02	22.41	23.85	26.37
Price earning ratio (times)	7.39	11.16	12.48	31.30	23.88
Profitability Ratio (%)					
Return on average assets (RoA)	1.07%	1.09%	1.07%	0.93%	2.49%
Return on average equity (RoE)	15.67%	15.98%	15.43%	12.15%	33.12%
Loans and advances to deposits ratio	78.83%	76.14%	83.48%	88.42%	87.02%
Net interest margin on average earning assets	2.80%	2.57%	3.25%	2.97%	3.66%
Yield on average assets	11.16%	12.17%	13.40%	12.72%	13.47%
Cost of fund	5.87%	6.88%	7.40%	5.78%	3.87%
Administrative cost	3.09%	2.90%	2.97%	3.56%	3.82%
Spread	2.20%	2.39%	3.02%	3.37%	5.78%
Cost to income ratio	58.40%	54.86%	49.66%	51.36%	39.79%
Gross profit ratio	47.39%	43.46%	44.72%	54.55%	71.25%
Operating profit per employee	1.26	1.15	1.28	1.14	1.65
Liquidity Ratio (%)					
Debt equity ratio	46.20%	25.92%	16.01%	11.52%	12.57%
Cash reserve ratio (CRR) maintained	6.58%	6.00%	6.15%	6.15%	6.22%
Statutory liquidity ratio (SLR) maintained	16.72%	24.56%	21.95%	20.97%	20.04%
Other information					
Number of employees	2,527	2,574	2,422	2,383	2,315
Number of branches	120	112	106	99	95
Number of correspondent banks	471	464	401	387	359
Number of ATMs	50	50	46	12	5
Number of deposit account	544,198	389,592	387,150	310,057	209,248
Number of loan account	33,056	29,315	22,981	21,974	19,882
Average deposit	120,105	101,449	82,770	63,883	52,339
Average borrowings	4,557	2,184	1,147	710	625
Average loans & advances	93,196	80,635	70,901	56,102	42,679
Average total assets	144,200	123,396	103,135	80,553	66,234
Average earning assets	121,156	101,855	86,455	68,786	56,651
Average equity	9,863	8,426	7,161	6,158	4,973

Graphical Presentation









Directors' Shareholding Status

Sl. no.	Name of the Directors	Status	% of Share as at 31 December 2014	Closing Position	Opening Position
1	Mr. Salman F Rahman	Chairman	2.00	*8,757,466	7,615,189
2	Mr. Mohammad Lutfar Rahman	Director	2.83	12,387,480	10,771,722
3	Mr. Monirul Islam	Independent Director	Nil	Nil	Nil
4	Mr. Syed Anisul Huq	Independent Director	Nil	Nil	Nil
5	Mr. Mohammed Nayem Syed	Independent Director	Nil	Nil	Nil
6	Mr. Jalal Ahmed **	Govt. nominated Director	32.75	143,356,788	124,658,077
7	Mr. A. R. M. Nazmus Sakib **	Govt. nominated Director			
8	Mr. Arijit Chowdhury **	Govt. nominated Director			
9	Mr. M. Shah Alam Sarwar	Managing Director & CEO	Nil	Nil	Nil

* The ownership of 8,697,854 nos. shares (1.987%) i.e. 807,470 nos. paper shares along with 7,890,384 nos. bonus shares kept in Suspense Account is pending with the Appellate Division of the Supreme Court in Civil Misc. Petition No. 417 of 2009.

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

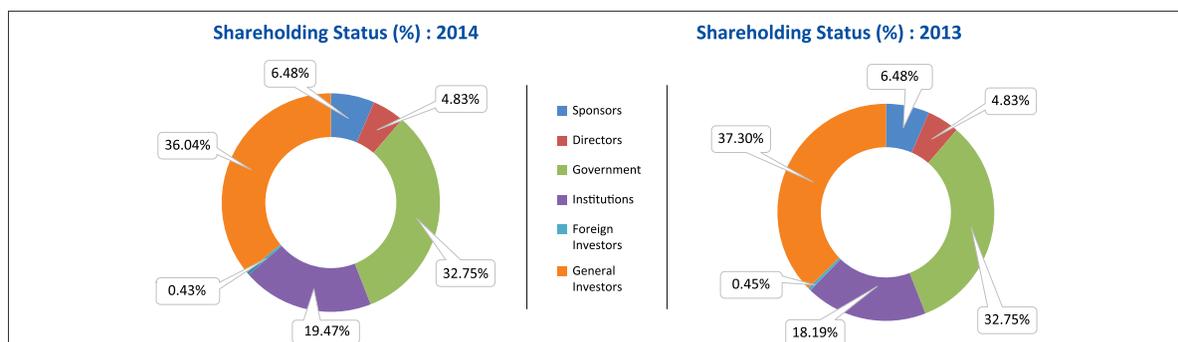
Distribution of Shareholding

As on 31 December, 2014 total holding of shares by the Sponsors, Directors & Government is 44.06% which are tradeable subject to prior intimation to the BSEC & the Stock Exchanges and the rest 55.94% are in free float.

Category	2014			2013		
	No. of Shares held	%	BDT	No. of Shares held	%	BDT
Sponsors	28,384,369	6.48	283,843,690	24,682,064	6.48	246,820,640
Directors	21,144,946	4.83	211,449,460	18,386,911	4.83	183,869,110
Government	143,356,788	32.75	1,433,567,880	124,658,077	32.75	1,246,580,770
Institutions	85,229,919	19.47	852,299,190	69,254,932	18.19	692,549,320
Foreign Investors	1,862,135	0.43	18,621,350	1,727,320	0.45	17,273,200
General Investors	157,771,771	36.04	1,577,717,710	141,942,808	37.30	1,419,428,080
Total	437,749,928	100	4,377,499,280	380,652,112	100	3,806,521,120

* Mr. Salman F Rahman being a Sponsor Director, his shares is shown against Directors Category.

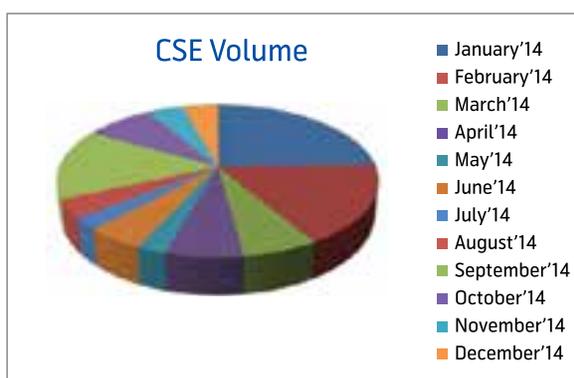
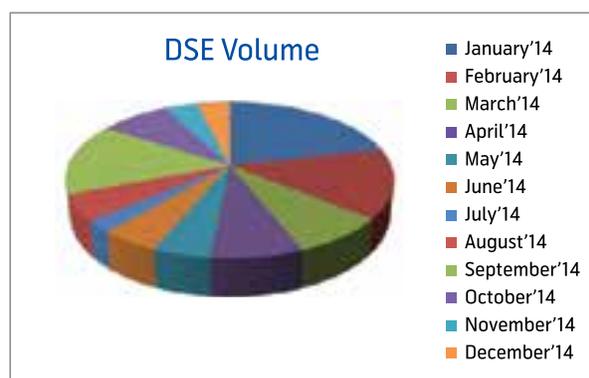
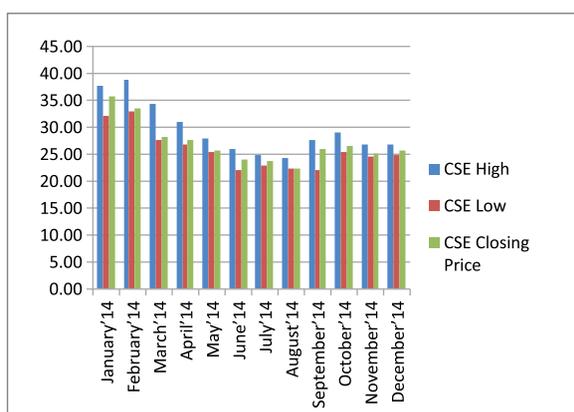
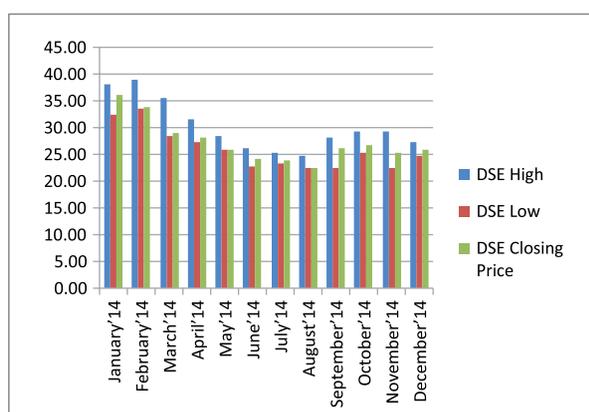
** 03 (Three) Directors are nominated to the Board of the Bank by the Ministry of Finance, Govt. of the People's Republic of Bangladesh against its holding of 32.75% shares in the Bank.



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 2014;

Month	DSE				CSE				Total Volume on DSE & CSE
	High	Low	Closing Price	Volume	High	Low	Closing Price	Volume	
January'14	38.50	32.80	36.30	28,651,168	38.50	32.70	36.40	2,245,450	30,896,618
February'14	39.30	33.80	34.00	19,158,870	39.50	33.70	34.20	1,573,659	20,732,529
March'14	35.80	28.60	29.10	10,770,137	35.00	28.30	28.90	588,082	11,358,219
April'14	31.70	27.50	28.50	10,317,762	31.70	27.20	28.20	603,349	10,921,111
May'14	28.60	26.00	26.20	6,377,892	28.60	25.80	26.10	232,389	6,610,281
June'14	26.50	23.00	24.50	6,529,080	26.40	22.50	24.60	449,832	6,978,912
July'14	25.40	23.60	24.00	3,218,629	25.40	23.30	24.20	234,090	3,452,719
August'14	24.80	22.70	22.70	7,321,825	24.80	22.70	22.90	367,572	7,689,397
September'14	28.40	22.60	26.40	19,913,205	28.20	22.60	26.60	1,381,457	21,294,662
October'14	29.60	25.60	27.00	10,861,455	29.70	25.90	27.10	752,702	11,614,157
November'14	29.60	22.60	25.50	5,148,387	27.40	25.20	25.60	396,707	5,545,094
December'14	27.60	25.00	26.10	5,184,866	27.40	25.40	26.30	387,869	5,572,735



Financial Calendar

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

05 April 2015	Compliance under Listing Regulation 30
09 April 2015	Approval of audited Financial Statements for the year ended 31 December, 2014
09 April 2015	Disclosure on Price Sensitive Information
20 May 2015	Record Date for 38 th AGM
25 May 2015	Notice for 38 th Annual General Meeting
17 June 2015	38 th Annual General Meeting
24 June 2015	15% Stock Dividend distribution for the year 2014
Last week of April 2015	Announcement of first quarter financial results
Last week of July 2015	Announcement of second quarter (half-yearly) financial results
Last week of October 2015	Announcement of third quarter 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 (Taka)	10.00	10.00
Market Lot (number)	1	1
Total Number of Securities	437,749,928	437,749,928

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 2014 and Information about IFIC

Annual Report 2014 and other information about IFIC Bank may be viewed on Bank's website at www.ificbankbd.com. Copies of Annual Report 2014 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

BDBL Bhaban (19th floor)

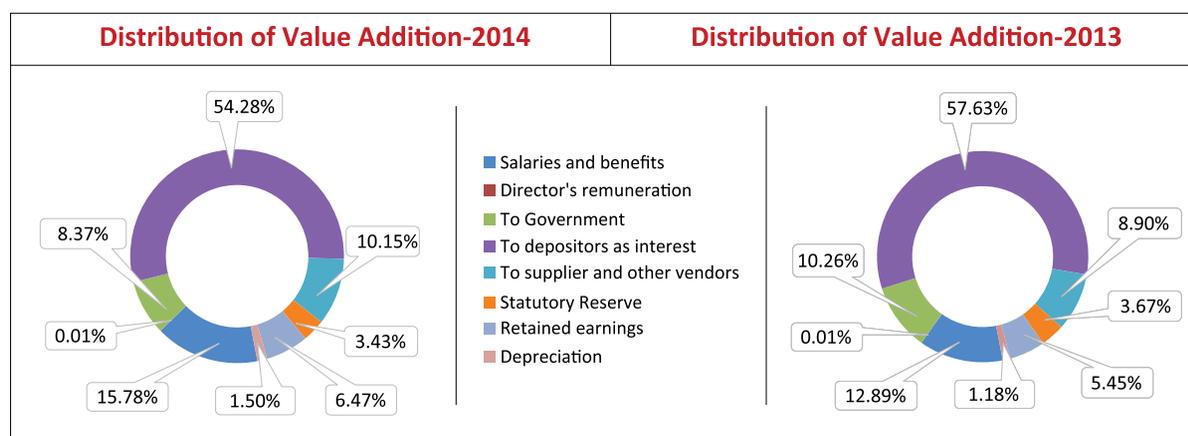
8 Rajuk Avenue, Dhaka-1000

Tel No.: 02-9563020 (Hunting)

Fax No. 02-9554102

Value added statement

Value added is a measure of wealth creation by IFIC Bank Limited through its banking and others financial services for its stakeholders. Value added is measured as gross revenue from banking and other financial services minus the cost of services. It provides a useful and interesting alternative to a traditional income statement.



Value Added Statement

BDT in million except percentage

Value added by banking services	2014	%	2013	%
Gross income from banking services	16,092.85		15,023.09	
Less: Provision for loans and advances	495.68		275.94	
Net value added	15,597.17	100%	14,747.15	100%

Distribution of value addition	2014	%	2013	%
Income tax	1,132.41	7.26%	1,362.22	9.24%
VAT, custom duty and others	173.48	1.11%	150.41	1.02%
To the Government	1,305.89	8.37%	1,512.63	10.26%
Salaries and benefits	2,461.22	15.78%	1,901.29	12.89%
Director's remuneration	1.18	0.01%	0.90	0.01%
To employees & directors	2,462.40	15.79%	1,902.19	12.90%
To depositors as interest	8,466.64	54.28%	8,499.30	57.63%
To supplier & other vendors	1,583.86	10.15%	1,313.08	8.90%
To depositors and suppliers	10,050.50	64.44%	9,812.38	66.54%
Statutory reserve	535.43	3.43%	541.54	3.67%
Retained earnings	1,009.30	6.47%	803.95	5.45%
Depreciation	233.65	1.50%	174.46	1.18%
Retentions for future business growth	1,778.38	11.40%	1,519.95	10.31%
Total wealth distributed and retained	15,597.17	100%	14,747.15	100%

Economic Value Added (EVA) Statement

Economic Value Added (EVA) is a measure of profitability which takes into consideration the cost of total invested equity. It focuses on managerial effectiveness in a given year. Economic value added measures the residual income for the business that remains after all businesses costs including the opportunity cost of employed capital of the Bank. EVA depends on both operating efficiency as well as balance sheet management. Shareholders/equity providers are always conscious about their return on capital invested. As a commercial banking company, we are deeply concern for delivery of value to all of our shareholders/equity providers. The economic value added is calculated by taking a company's net profit after tax, adding with it, the amount of provision charged against profit to absorb the losses inherent in the investments.

BDT in million except percentage

Particulars	2014	2013
Shareholders' equity	10,628.12	9,097.85
Add: Accumulated provision for loans and advances	4,132.50	3,696.18
Total capital employed	14,760.62	12,794.03
Average capital employed	13,777.32	12,224.17
Earnings		
Profit after tax	1,544.73	1,345.49
Add: Provision and written-off	749.35	1,369.72
	2,294.08	2,715.21
Average cost of equity (based on weighted average rate of 10 years treasury bond issued by Bangladesh Government) plus 2% risk premium	13.00%	13.80%
Cost of average capital employed	1,791.05	1,686.94
Economic Value Added	503.03	1,028.27

Market Value Added Statement

Market Value Added (MVA) is the difference between the current market value of the Bank and the capital contributed by shareholders. It reflect the Bank's performance which is evaluated based on share price. Positive and higher MVA indicates that the Bank has created substantial wealth for its shareholders. On the other hand negative MVA indicate that wealth of the Bank is lower than the capital contributed by the investors.

Particulars	2014	2013
Face value per share (in Taka)	10.00	10.00
Market value per share (in Taka)	26.10	34.30
Number of shares (in million)	437.75	380.65
Market value (in million Taka)	11,425.27	13,056.37
Book value (in million Taka)	4,377.50	3,806.52
Market value added (in Taka)	7,047.77	9,249.85

DuPont Analysis

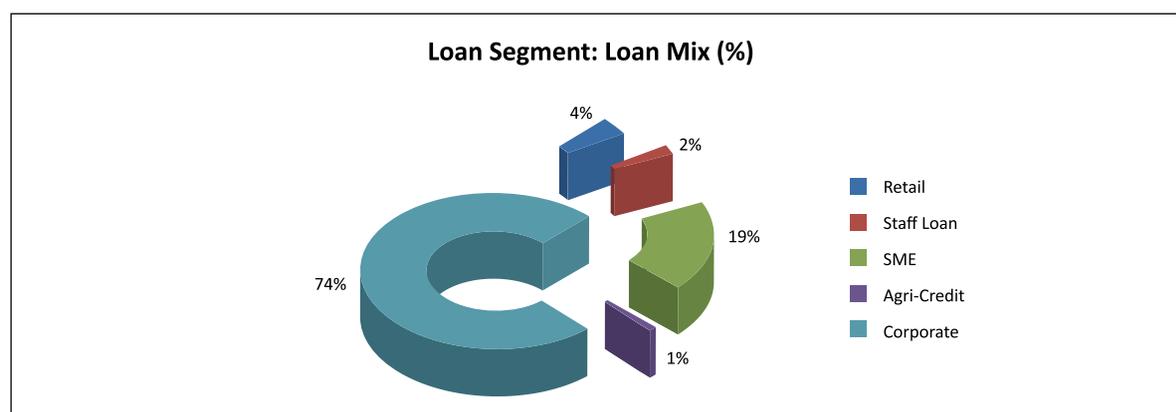
Particulars	Formula	2014	2013
Return on equity (RoE)	Profit margin*Asset turnover*Equity multiplier	14.53%	14.79%
Net profit margin	Net income after tax/Total operating revenue	9.60%	8.96%
Total asset turnover	Total operating revenue/Total Assets	10.29%	11.38%
Equity multiplier	Total assets/Total equity capital	14.71	14.51

Segment Information (excluding OBU)

Loan Segment

BDT in million except percentage

Loan Segment	31 Dec. 2014	Loan Mix (%)
Retail	3,757.07	3.74%
Staff Loan	1,890.19	1.88%
SME	1,9054.5	18.96%
Agri- Credit	1,100.00	1.09%
Corporate	74,712.44	74.33%
Total	100,514.20	100.00%



Details of Credit Concentration (excluding OBU)

Concentration risk generally arising from an uneven distribution of counterparties in credit or any other business relationships or from a concentration in business sectors or geographical regions which is capable of generating losses large enough to jeopardize an institution's solvency.

Credit Concentration of a bank may be pre-planned and part of its business philosophy. However, banks should make greater efforts to identify and limit concentration risk or to demand appropriate risk premiums. IFIC bank have effective internal policies, systems and controls to identify, measure, monitor and control credit risk concentrations. Our Bank always tries to minimize concentration risk possibilities rather than providing capital cover. However, BB reserves the right to require higher levels of capital for individual banks with excessive concentration risk. Concentration risk can be considered from either a macro (systemic) or a micro (idiosyncratic) perspective.

Area/Regional Concentration

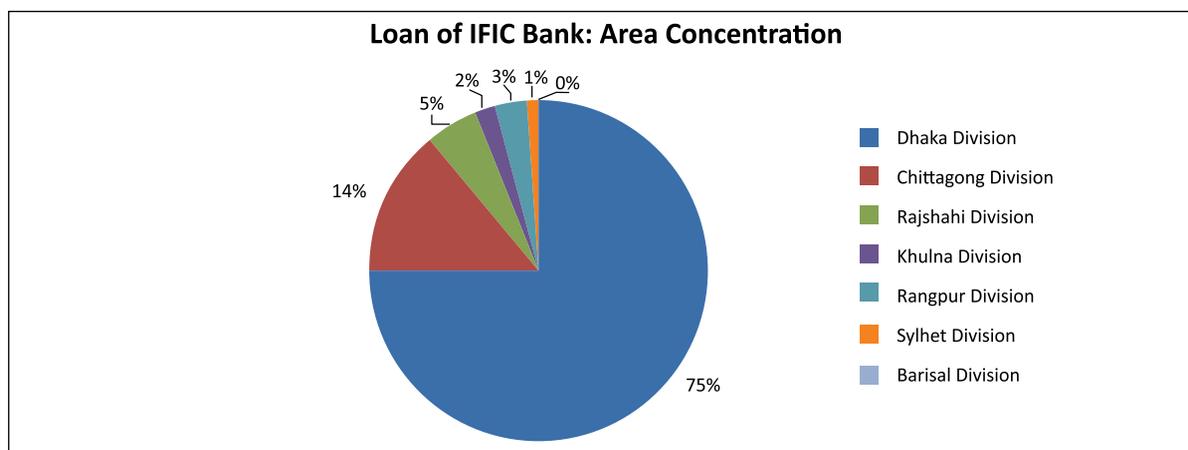
IFIC Bank segregates its total exposure according to Geographical location i.e. division- wise to identify the concentration lies in divisions and give utmost effort to bring down area concentration of the loan portfolio for the sustainability of the Bank. IFIC Bank is aware of concentration risk which may hinder the business growth of the Bank.

Area/Regional Credit concentration as on 31 December 2014

BDT in million except percentage

Name of Area	Loan of IFIC Bank	% of Total loan of IFIC
Dhaka Division	75,650.60	75.26
Chittagong Division	14,325.90	14.25
Rajshahi Division	4,457.20	4.43
Khulna Division	2,375.20	2.36
Rangpur Division	2,556.80	2.54

Sylhet Division	790.10	0.79
Barisal Division	358.40	0.36
Total Loan	100,514.20	100.00



Single Name Concentration Risk

Single-name concentration risk, i.e., specific (idiosyncratic) risk in a credit portfolio arises from the credit risk of large borrowers. Specific risk comprises the risks resulting from the potential default of a single borrower or a legally or financially connected group of borrowers. By contrast, systematic risk – the second risk component of a credit portfolio – comprises all of the risks affecting several legally independent borrowers or the entire portfolio.

Sectoral Credit Concentration

Sectoral concentration in credit portfolios can be broken down into concentration in certain sectors of industry and concentration in individual regions. IFIC Bank always analyzes the Bank's sectoral exposures with the Banking Industries sectoral exposures and tries to reduce the concentration of a specific sector which may turn into potential risk due to instability in the country or economy.

Sectoral Credit Concentration of IFIC as on December 2014:

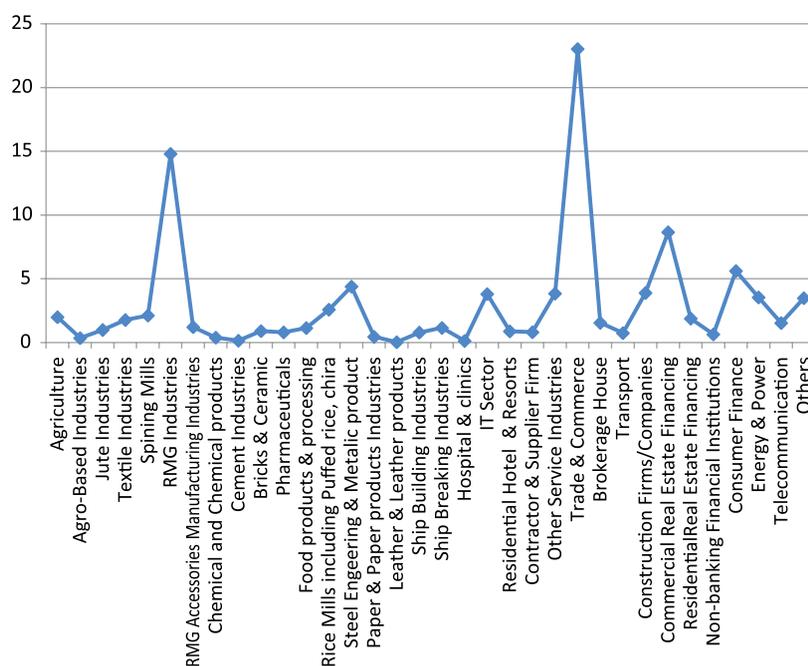
Sl No	Name of Sectors	BDT in million except percentage		
		Outstanding	% of Total Loans	Square of %
1	Agriculture	2,005.00	1.99	3.98
2	Agro-Based Industries	351.20	0.35	0.12
3	Jute Industries	997.20	0.99	0.98
4	Textile Industries	1,778.50	1.77	3.13
5	Spining Mills	2,132.50	2.12	4.50
6	RMG Industries	14,867.70	14.79	218.79
7	RMG Accessories Manufacturing Industries	1,220.70	1.21	1.47
8	Chemical and Chemical products	390.80	0.39	0.15
9	Cement Industries	154.90	0.15	0.02
10	Bricks & Ceramic	903.40	0.90	0.81
11	Pharmaceuticals	801.80	0.80	0.64
12	Food products & processing	1,150.70	1.14	1.31
13	Rice Mills including Puffed rice, chira	2,588.30	2.58	6.63
14	Steel Engeering & Metallic product	4,407.70	4.39	19.23
15	Paper & Paper products Industries	449.80	0.45	0.20

16	Leather & Leather products	28.90	0.03	0.00
17	Ship Building Industries	796.30	0.79	0.63
18	Ship Breaking Industries	1,159.80	1.15	1.33
19	Hospital & clinics	128.90	0.13	0.02
20	IT Sector	3,820.20	3.80	14.44
21	Residential Hotel & Resorts	889.50	0.88	0.78
22	Contractor & Supplier Firm	812.30	0.81	0.65
23	Other Service Industries	3,859.60	3.84	14.74
24	Trade & Commerce	23,131.10	23.01	529.59
25	Brokerage House	1,555.30	1.55	2.39
26	Transport	747.20	0.74	0.55
27	Construction Firms/Companies	3,913.30	3.89	15.16
28	Commercial Real Estate Financing	8,696.70	8.65	74.86
29	Residential Real Estate Financing	1,893.40	1.88	3.55
30	Non-banking Financial Institutions	638.50	0.64	0.40
31	Consumer Finance	5,640.00	5.61	31.48
32	Energy & Power	3,560.00	3.54	12.54
33	Telecommunication	1,541.70	1.53	2.35
34	Others	3,498.30	3.48	12.11
	Total	100,514.20	100.00	979.58
Herfindahl - Hirschman Index (HHI) 979.58				

The HHI of sector-wise portfolio of the bank is 979.58 that indicates the low risk concentration of the credit portfolio.

Note: HHI = 0 to <1000 (Low Risk), HHI = 1000 to <1800 (Moderate Risk), HHI = >1800 (High Risk)

Sectoral Credit Concentration: % of Total Loans



Techniques for Managing Concentration Risk

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

- Limits** : The bank has not only internal limits for large exposures and connected counterparty exposures, but also has sectoral and other limits.
- Authorities** : The bank has segregated higher levels of authority to approve credits.
- Portfolio Management** : The bank monitors credit risk concentrations continuously and closely to correct for new concentration risks that may arise in the near future.
- Capital Buffers** : The bank is maintaining its regulatory capital above BB's required limits to handle credit concentration risk. Alternatively, the bank is maintaining adequate provisions to mitigate the risks.

Details of Accounts Restructured:

BDT in Million

Date	No. Of Restructuring Account	Amount
1/31/2014	0	0
2/28/2014	0	0
3/31/2014	1	184.4
4/30/2014	0	0
5/31/2014	0	0
6/30/2014	13	1,538.7
7/31/2014	0	0
8/31/2014	0	0
9/30/2014	8	251.00
10/31/2014	0	0
11/30/2014	1	0.0742
12/31/2014	8	1,306.42
Total	31	3,280.59

Asset Disclosure given on Finance Lease :

No. of Account	Lease Finance Net (as on 31 December, 2014)
194	BDT 610.08 Million

GLIMPSES OF 37TH AGM



GLIMPSES OF 37TH AGM



MARKET DISCIPLINE- DISCLOSURES ON RISK BASED CAPITAL UNDER BASEL II

As on 31 December 2014

(As per Guideline of Bangladesh Bank) (Consolidated basis)

Background

In order to make the banks' capital adequacy assessment more risk sensitive and to abide by the international norms and practices, Bangladesh Bank took the initiative to implement Basel –II framework. Banks in Bangladesh have gone live under Basel –II since 01 January, 2010. These disclosures under Pillar III of Basel II are made following revised 'Guidelines on Risk Based Capital Adequacy (RBCA)' 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 II. The purpose of these disclosures is to present relevant information on 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 apply: International Finance Investment & Commerce Bank Limited (IFIC Bank Limited)*
- 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).*

IFIC Bank Limited has two wholly owned Subsidiary Companies viz. (i) IFIC Securities Limited and (ii) IFIC Money Transfer (UK) Limited.

A brief description of the Bank and its subsidiaries are given below:

IFIC Bank Limited

IFIC Bank Limited denoted as International Finance Investment and Commerce Bank Limited, 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 decided to open up banking in the private sector, the finance company was converted into a commercial bank and incorporated as a public limited company in Bangladesh under the Companies Act 1913, governed by the Banking Companies Act 1991. The registered office of the Bank is situated at BDBL Bhaban (8th to 10th & 16th-19th floor), 8 Rajuk Avenue, Dhaka-1000. Its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Government of Bangladesh held 32.75% ordinary shares and the remaining 67.25% were held by the sponsors and general public.

At present the Bank has 120 branches and 50 own ATM booths. Among the branches, there are 7 SME/Agri Branch. The Bank has an Off-shore Banking Unit (OBU) located at Dhaka. The Bank has also two subsidiary companies namely IFIC Securities Limited and IFIC Money Transfer (UK) Limited.

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 BDBL Bhaban 8th floor, 8 Rajuk Avenue, Dhaka-1000. 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 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 starts on 10 March 2011.

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 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.

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

Transfer of funds or regulatory capital can be performed as per directives of the regulatory bodies.

Quantitative Disclosures

- d) *The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries : Nil.*

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 Tier 1 or in Tier 2.*

Paid-up Capital of the Bank is already above minimum requirement of Tk. 200.00 crore to be raised before August, 2011 as per the directives of Bangladesh Bank under Tier-I Capital. The Bank has the option of raising capital by issuing Right Shares or Subordinate Bonds. Moreover, the bank has statutory reserve required as per the directives of Bangladesh Bank, general reserve and retained earnings under Tier-I Capital. In addition, Tier-II capital includes general provision as per directives of Bangladesh Bank, asset and securities revaluation reserve up to 50%, provision for Off-Balance Sheet exposure.

Quantitative Disclosures

- b) *The amount of Tier I capital, with separate disclosure of:*

Particulars	BDT in crore
Paid-up capital	437.75
Non repayable share premium account	-
Statutory Reserve	390.95
General Reserve	5.58
Retained Earnings	343.61
Minority interest in subsidiaries	-
Non-cumulative irredeemable preference shares	-
Dividend equalization account	-
c) The total amount of Tier 2 and Tier 3 capital.	161.35
d) Other deductions from capital.	81.62
e) Total eligible capital	1,257.61

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-II from 01 January 2010. Under Basel-II 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). IFIC Bank has maintained

Capital Adequacy Ratio of 10.80% as on 31 December 2014, whereas Minimum Capital Requirement (MCR) is 10% from 01 July 2011 as per BRPD circular No.10 dated 10 March 2010. The Bank has thus maintained some excess capital than the minimum requirement of 10.0%. However, the Bank is continuously evaluating its capital position in comparison to its risk weighted assets position and exploring ways and means to raise capital both internally and externally.

Quantitative Disclosures

Particulars	BDT in crore
b) Capital requirement for Credit Risk	980.18
c) Capital requirement for Market Risk	75.53
d) Capital requirement for Operational Risk	107.36
e) Total and Tier I capital ratio	
• For the consolidated group; and	87.17%
• For stand alone	85.73%

D) Credit Risk

Qualitative Disclosures

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

- *Definition 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 purposes, 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/over due:

- 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 are classified are 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 is past due / overdue for 9 (nine) months or beyond

Demand loan are classified are 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".

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';

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.

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.

Category of Loans & Advances	Rate (%) of provision
General Provision-for Unclassified	
<i>Loans and advances (excluding SMA)</i>	
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%
Short Term Agri. Credit and Microcredit	2.50%
Staff Loan	0.00%
All other unclassified loan	1.00%
<i>Special Mention Account (SMA)</i>	
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%
Short Term Agri. Credit and Microcredit	2.50%
Staff Loan	0.00%
All other unclassified loan	1.00%

<i>Off-shore banking unit</i>	
Un-classified loans	1.00%
Special mentioned account	
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%

• *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 check 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 for 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 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.

Particulars	BDT in crore
Claims on Corporate	3,823.21
Claims on Banks and NBFIs	1,818.96
Claims fully secured by Commercial real estate	684.45
Claims fully secured by residential property	1,708.09
Claims categorized as retail portfolio & SME	1,655.24
Claims on Bangladesh Government and Bangladesh Bank	1,878.45
All other assets	339.75
Claims under Credit Risk Mitigation	402.39
Past Due Claims	249.99
Investments in premises, plant and equipment and all other fixed assets	294.69
Claims on OBU	176.79
Capital Market Exposure	333.70
Cash	200.00
Claims on all fixed assets under operating lease	56.60
Consumer Loan	66.68
Claims on Public Sector Entities	3.00
Unlisted Equity Investment	85.40
Total	13,777.39

c) *Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.*

Particulars	BDT in crore
Urban	
Dhaka Division	7,396.69
Chittagong Division	1,312.68
Sylhet Division	67.11
Rajshahi Division	354.67
Khulna Division	175.19
Barisal Division	29.39
Rangpur Division	184.35
Total	9,520.08
Rural	
Dhaka Division	345.17
Chittagong Division	119.91
Sylhet Division	11.90
Rajshahi Division	91.06
Khulna Division	62.33
Barisal Division	6.45
Rangpur Division	71.33
Total	708.14

d) *Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.*

Particulars	BDT in crore
Agriculture Industries	141.73
Jute Industries	99.72
Textile Industries	548.19
Garments Industries	1,486.77
Chemical and Chemical Products	39.08
Cement Industries	15.49
Bricks & Ceramic	90.34
Food Products & Processing	431.65
Engineering & Metal	440.77
Drugs & Pharmaceuticals	-
Hospital & Clinics	12.89
Paper & Paper Products Industries	44.98
Other Small Industries	827.77
IT Sector	382.02
Other Service Industries	559.09
Trade & Commerce	2,293.80
IFIC Securities Ltd.	119.97
Transport	74.72
Construction Firms/Companies	391.33
Housing Societies/Companies	930.61
Cold Storage	11.07
Non-Banking Financial Institutions	63.85
Consumer Finance	564.73
Energy	356.30
Telecommunication	154.17
Others	147.16
Total	10,228.21

<i>e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.</i>	
On demand	409.77
Up to 1 month	2,093.04
Over 1 month but not more than 3 months	1,501.90
Over 3 months but not more than 1 years	3,280.87
Over 1 year but not more than 5 years	2,118.75
Over 5 years	823.88
Total	10,228.21

f) By major industry or counterparty type:

- Amount of impaired loans and if available, past due loans, provided separately;

Particulars	BDT in crore
SMA	308.50
SS	59.51
DF	70.42
B/L	376.18

- *Specific and general provisions; and*
- *Charges for specific allowances and charge-offs during the period.*

Particulars	BDT in crore
g) Gross non-performing assets (NPAs)	506.11
Non Performing Assets (NPAs) to Outstanding Loans & advances (in %)	4.95%

Movement of Non Performing Assets (NPAs)

Particulars	BDT in crore
Opening balance	316.81
Additions	452.56
Reductions	(263.25)
Closing balance	506.11

Movement of specific provisions for NPAs

Particulars	BDT in crore
Opening balance	162.01
Provisions made during the period	40.57
Write-off	(25.37)
Write-back of excess provisions	19.43
Closing balance	196.64

E) Equities: Banking book position

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 are broadly categorized into two parts:

- i) Quoted Securities (Common or Preference Shares & Mutual Fund) that are traded in the secondary market (Trading Book Assets).

- ii) Unquoted securities are categorized as banking book equity exposures which are further sub-divided 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 use of the cost price method for valuation of equities. The primary aim is to investment in these equity securities for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from these equity securities are accounted for as and when received. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price. As per to Bangladesh Bank guidelines, the HFT equity securities are revalued once in each week using marking to market concept and HTM equity securities are amortized once a year according to Bangladesh Bank guideline. The HTM equity securities are also revalued if any, are reclassified to HFT category with the approval of Board of Directors. 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 where the share price is materially different from fair value.*

Particulars	BDT in crore
Cost price of quoted shares	333.97
Fair value of quoted shares	303.27
Decrease value	30.70

- c) *The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.*

Particulars	BDT in crore
Realized Gains from sale of shares	5.85

- d) *• Total unrealized gains*
• Total unrealized losses
• Any amounts of the above included in Tier 2 capital.
- 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.*

Particulars	BDT in crore
Capital charge for Equity Exposure assessed for total amount without group segregation	72.90

F) Interest rate in the banking book

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 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 assets 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 on 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 interest rate risk broken down by currency (as relevant).*

Particulars	BDT in crore
1) At 1% increase in Interest Rate, fall in MVE (Market Value of Equity)	58.73
2) At 2% increase in Interest Rate, fall in MVE (Market Value Equity)	117.45
3) At 3% increase in Interest Rate, fall in MVE (Market Value Equity)	176.18

G) Market Risk

Qualitative Disclosures

a) *Views of Board of Directors on trading/investment activities:*

The trading/investment activities in 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 reviews compliance on a regular basis. The objective is to provide cost effective funding to finance assets growth and trade related transactions. Market risk is the possibility of losses of assets in 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 risk 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 time-bands (or 15 time-bands in 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.:

- a) Capital Charge for Interest Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk;
- b) Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk;
- c) Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk;
- d) 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.

Policies and processes for mitigating market risk

The policy contains sound Portfolio management procedures and good 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 has been given on 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:

■ 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 is managed and monitored from two perspectives, being an economic value perspective and an earning perspective.

■ Gap Analysis

ALCO has established guidelines in line with 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 decision of enhancing or reducing the GAP according to 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:

■ Continuous Supervision

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.

■ Treasury Back Office separated from 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.

■ 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 specific time interval as prescribed by Bangladesh bank.

- **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 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 change in market price of equities held by the Bank. Equity Risk is managed by the following fashion:

- **Investment Portfolio Valuation**

Mark-to-Market valuations of the share investment portfolio is followed in measuring and identifying risk. Mark-to-Market valuation is done against a predetermined cut loss limit.

- **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) Capital requirements for

Particulars	BDT in crore
<i>Interest rate risk</i>	1.56
<i>Equity position risk</i>	72.90
<i>Foreign Exchange Position and</i>	1.08
<i>Commodity risk</i>	-

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. The following procedures are maintained in the Bank:

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 are documented, authorization is 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 of 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 is collected and reported to the senior management. Identifying, monitoring and recording of fraud, irregularities, unauthorized works, system break down 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 Bank staff members through the Bank's Academy. IFIC Bank 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.

Academy is fully equipped with a professional library, modern training aids and professional faculty. Library has huge number of books on banking, economics, accounting, management, marketing and other related subjects.

Main training activities consist of in-depth foundation programmes for entry level Management Trainees. Specialized training programmes in the areas like general banking, advance, foreign exchange, marketing and accounts etc. are also organized by the Academy depending on need.

Frequently outreach programmes are organized to meet demand for new and specialized skills.

During its many years of existence, Academy not only conducted courses, workshops and seminars as required by the Bank, but it also organized training programmes for the Bank of Maldives, Nepal Bangladesh Bank Limited and Oman International Exchange LLC. In addition, 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, programmes 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 assets 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 global

economic crisis and supply side distortion. The changes in the import prices affected the commodity sectors and ship breaking industry. Deterioration in credit quality requires provisioning.

■ **Basel-II implementation**

Basel-II is fully effective from 2010 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 capital requirement 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. The recession fear also added to the volatility. 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 foreign exchange market is 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 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 for effectively identifying, assessing, monitoring and controlling and mitigating operational risk. Operational risks in the Bank are managed through 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:

$$K = [(GI_1 + GI_2 + GI_3) \alpha] / n$$

Where:

K = the capital charge under the Basic Indicator

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 income derived from insurance.

Quantitative Disclosures

b) The capital requirements for operational risk

Particulars	BDT in crore
Capital requirements for operational risk	107.36



REPORT ON GREEN BANKING

GREEN BANKING

Concept

The “Global Warming “issue have become one of the most discussed topic of both the developed and developing countries of the world. Global Warming is the increase of Earth’s average surface temperature due to effect of greenhouse gases, such as carbon dioxide emissions from fossil fuels or from deforestation, which trap heat that would otherwise escape from Earth. The effects of green house gases are Increase of temperature on the earth by about 3° to 5° C and rise of sea levels by at least 25 meters (82 feet) by the year 2100. It has direct impact on biodiversity, agriculture, forestry, dry land, water resources and human health. The key areas of environmental degradation are: air and water pollution, encroachment of rivers, improper disposal of industrial, medical and house-hold waste, deforestation and loss of open space. It is the talking point of the People across the world that Bangladesh is one of the major victims of climate change.

It may be questioned what is the role of banks in saving the environment. The banking sector being the major stakeholder in industrialization and development of a country has an important role to protect the environment. Banks may have influenced a factory’s production, marketing and other activities that pollute our precious environment and accordingly, banks can set their programmers and policies. As a corporate citizen and environmental –friendly financier, IFIC Bank responded it properly and timely. IFIC Bank has introduced green banking not only to save the environment but also for a sustainable economic growth.

Now the imperative question is, what is Green Banking? Green Banking means/indicates endorsing environment-friendly banking and financial products, services and practices with the ultimate objective of reducing carbon footprint and managing the environment in an intelligent and sustainable manner, while at the same time running the business profitably.

Green Banking Initiatives of IFIC Bank

IFIC believes that every small ‘GREEN’ step taken today would go a long way in building a greener future and that each one of us can work towards a better global environment. Our Green Banking activities cover multidimensional areas including both In-house Environment Management and undertaking Green Financing towards supporting Green Economy. Bangladesh Bank has recognized IFIC Bank Limited as one of the top ten private commercial Banks for its

contribution to Green Banking activities across the country. Our various Green initiatives are as follows :

Green Banking Policy

In light with Banking Regulations & Policy Department of Bangladesh Bank vide their Circular No.02 dated February 27, 2011, IFIC Bank Limited has adopted a comprehensive Green Banking Policy Guideline on for implementing Green Banking activities.

Green Banking Unit

As directed by Bangladesh Bank, an independent dedicated Green Banking Cell has been formed, which comprise of representative of related divisions to implement, report Green Banking initiatives, developing policies, planning and overseeing the overall green banking activities of the bank. It may be mentioned here that a high powered Green Banking Committee was formed for policy formulation and setting up of Green Strategic Planning.

Incorporation of EnvRR in CRM

The bank had developed software related to Environmental Risk Rating (EnvRR) and circulated to all Branches for rating the applicable projects while financing according to the guidelines of Bangladesh Bank to protect environmental degradation. Banks allowing facilities to the client on the condition of supporting environmental matters and obtaining permission from the related environmental regulatory agencies. We have applied the Environment Risk Ratings to 100% of our projects that are applicable for such due diligence.

Improved In-house Management & Green practices

IFIC Bank has adopted strategy to reduce carbon footprint through energy savings, reduction of utilization of fossil fuels, other natural resources and reduction of greenhouse gas emission in the days to come. In order to Reducing Energy & Resource consumption from our office practices, we have taken following steps :

- Our Green Office Guide have been circulated to all our employees for creating awareness on Green Banking activities & providing instructions about conserving energy, water, saving paper, etc.
- Online banking system is a great way to reduce paper consumption. IFIC Bank has been one of the pioneers in introducing online Banking and it covers 120 branches, 50 own ATMs, 1075 shared ATMs. Clients can get our various alternative deliver services such

as online banking, mobile banking, internet banking & SMS banking, BACPS & BEFTN facility.

- Reduced utilization of electricity, energy saving lights is being used instead of traditional lights.
- Internal communications are done through electronic mails. Most of the staffs have dedicated email IDs for office use.
- IP (Internet Protocol) Technology is the base of all digital communication. Basically it was evolved for data communication and gradually evolving widely for using of voice transfer. We have introduced IP Phone service to our employees gradually.
- Our Bank has started E-recruitment system while recruiting human capital and provides salary, bonus, salary statement & leave management through online.

- Bank has established a Contact Centre (Call Centre) to provide improved and enhanced phone banking services to customers over phone. More customers will use Phone Banking services through the Contact Centre and not required to travel to the branches or use paper-based statements.

Introducing Green Product :

IFIC GREEN – EARTH

Green banking could be one of the suitable opportunities to diversify the banks business. It is also sensible initiative to keep our environment better. IFIC Bank is committed to promote sustainable growth in the economy. We have launched several lending products, named “IFIC Green – Earth” which will support green/clean and efficient energy projects and programs, detailed as under:

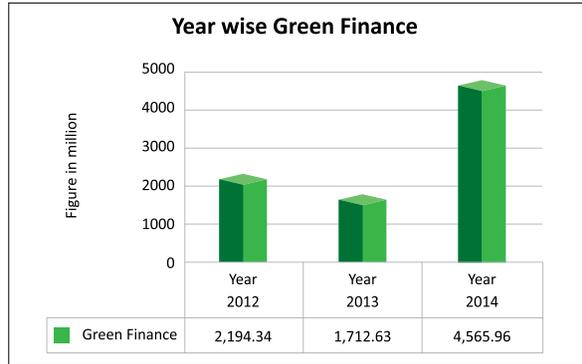
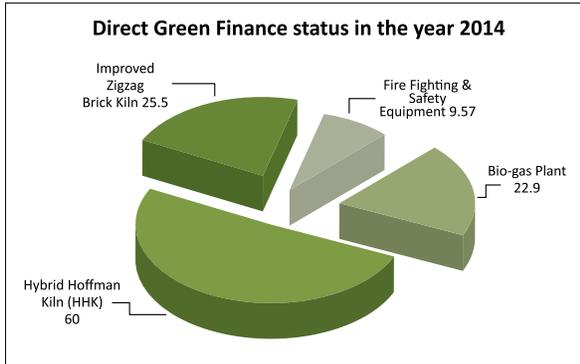
Product	Purpose	Loan Limit	Loan tenor
Domestic Bio-gas plant	For integrated cow (hybrid) rearing & setting up of bio-gas plant.	Maximum BDT 4,50,000/-	Maximum 48 months
	For setting up of bio-gas plant in existing cattle/poultry farm.	Maximum BDT 50,000/-	
Commercial bio-gas plant	For setting up of bio-gas plant in existing cattle/poultry farm & produce electricity through gas generator.	Maximum BDT 15,00,000/-	Maximum 60 months
Vermincompost	To meet the financial needs for purchasing of 2 cows, vermin construction of shade and for other expenses to produce vermin compost fertilizer for own use/business purpose.	BDT 2,90,000/- (including purchase of 2 cows)	Maximum 48 months
		BDT 90,000/- (Excluding purchasing of cows)	
Finance for Brick Kiln Efficiency Improvement Projects	To setup HHK or equivalent technology plant.	Up to BDT 15,00,00,000/-	Maximum 84 months
	Conversion of traditional FCK into Improved Zig Zag Brick Kiln	Up to BDT 10,00,00,000/-	

Green Finance of the Bank :

(BDT in Million)

Sl. No.	Particulars	Amount financed during the year 2013	Amount financed during the year 2014
1	Project financed having ETP	1,658.66	4,447.99
2	Bio-gas Plant	28.72	22.9
3	Hybrid Hoffman Kiln (HHK)	25.25	60.00
4	Improved Zigzag Brick Kiln	-	25.5
5	Fire Fighting & Safety Equipment	-	9.57
	Total Green Finance	1,712.63	4,565.96

Green Business Performance:



Brick Kiln Efficiency project having HHK technology, financed by IFIC Bank Ltd.



Brick Kiln Efficiency project having Improved Zigzag technology, financed by IFIC Bank Ltd.



As a part to familiar loan products & extend financing to various sectors, related to Green Banking, the Green Banking unit is participating in a fair, attended by Honorable Governor, Bangladesh Bank



Brick Kiln Efficiency project having Improved Zigzag technology, financed by IFIC Bank Ltd.

Setting up Green Branches and ATMs

A Green Branch is characterized by the prerequisite of optimum use of natural light, renewable energy, energy saving bulbs and other equipments, reduced water and electricity use, etc. Such a branch of a bank

is exclusively nominated as 'Green Branch'. As per Bangladesh Bank guidelines, IFIC Bank has successfully installed solar panels with adequate capacity in 10 branches.

Green Branch



Supporting Employee Training, Consumer Awareness and Green Event :

To create awareness among the employees & clients on environmental and Green Banking issues, the Bank also arranged few training programs during 2014.

Additionally, the topic 'Green Banking' has been included in every comprehensive training program of the Bank. GBU continued publishing it's on news paper & Bank's web site. IFIC bank has introduced Green banking events such as "Go Green with E-statement" campaign.



Green Strategic Planning.

- As per Bangladesh Bank Circular, Annual Direct Green Finance Target has been set for 5% of total funded loan during the year 2015 i.e. Tk.750.00 million for the Bank.
- At least 03 (three) Green Branch will be established in the year 2015 in rural areas.
- A Green ATM Booth will be installed during this year preferably at Jessore area so that farmers/ women entrepreneurs can use Green Debit Card to be introduced for them.
- The Committee has proposed a plan for utilizing Climate Risk Fund (part of CSR Fund) during this year.
- Consumption of Energy & Utility of the Bank targeted to reduce at least 5% in this year.
- We have planned to arrange more awareness program, seminars and symposiums all over country to make our employee & clients conscious regarding Green Banking as well as to introduce our Green Products.
- More Green Products will be introduced in the year 2015.
- We made a plan to increase Internet/SMS Banking Account for better customer service.

IFIC is a Green Bank and utmost effort for keeping its green commitment has been intimated and believed at all levels of its organizational flow. It believes in safeguarding this beautiful planet for the future generations at any cost and will continue to be with the voices of the green loving people and global forums for a sustainable earth and a better future.



Risk is defined as a possible event or circumstance that can have negative influences on the enterprise in question. Its impact can be on the very existence, the resources (human and capital), the products and services, or the customers of the enterprise, as well as external impacts on society, markets, or the environment. In a financial institution, risk management is normally thought of as the combination of Credit Risk, Foreign Exchange Risk, Anti Money Laundering Risk, Asset – Liability Management Risk, Internal Control & Compliance Risk, Information & Communication Technology Risk Interest Rate Risk, Liquidity Risk, Market Risk, Operational Risk and other risks.

Any kind of business exists to create added value for interested parties. All Banks are facing to uncertainty while making business and management task is to decide the level of this uncertainty as well as to define which level will be appropriate creating added value. From one hand uncertainty brings risk and from the other hand it opens new opportunities. So it may lead either to losses or to value increase. Risk management allows to act effectively in uncertain conditions and use opportunities for potential growth of company value.

Risk Management is the deliberate acceptance of risk for profit – making. It requires informed decisions on the tradeoff between risk and reward, and uses various financial and other tools to maximize risk adjusted returns within pre-established limits.

Risk-taking is an inherent element of the banking business and, indeed, profits are in part the reward for successful risk taking in business. On the other hand, excessive and poorly managed risk can lead to losses and thus endanger the safety of a Bank’s depositors.

A bank’s ability to measure, monitor, and steer risks comprehensively is becoming a decisive parameter for its strategic positioning. Continuing technological innovation and competition among the existing banking organizations and new entrants have allowed for a much wider array of banking products and services to become accessible and delivered to retail and wholesale customers through different distribution channel. A structured risk management framework is needed for a bank to address properly so that the risks associated in different areas can be minimized.

Risk Management Process

Risks Management Process will allow managers to reach desired indicators of profitability and return on capital and to prevent irrational resource utilization. Risk management helps to provide effective financial reporting, compliance to local or international

legislation and avoid reputational losses. Thus, risk management gives an instrument to reach business goals and evade errors and surprises.

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 time to time set by the management and the Board of Directors has oversight on all the risks assumed by the bank. To facilitate focused oversight of various risks Specific Committees have been constituted.

Risk Management begins with identification and its quantification. It is only after risks are identified and measured we may decide to accept the risk or to accept the risk at a reduced level by undertaking steps to mitigate the risk, either fully or partially.

IFIC Bank is tailoring its Risk Management Program to its need and circumstances. Hence, managing of risks consists of the following five processes:

- Risk Identification
- Risk Measurement
- Risk Aggregation
- Planning; and
- Controlling & Monitoring

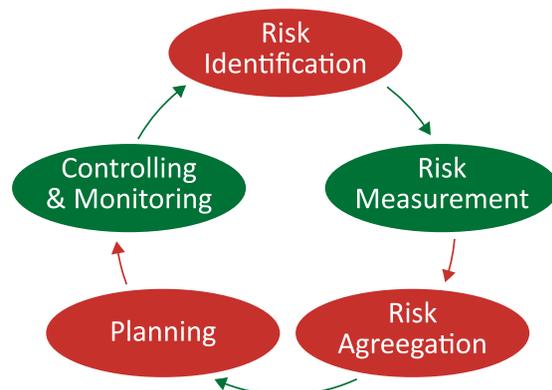


Fig.: Risk Management Process

Risk Identification: The process of managing risk of the bank starts with the identification of potential risks. Hence, risk identification can start with the source of our problems. Risk sources may be internal or external to the system that is the target of risk management. Typically, IFIC distinguishes the following risk categories:

- Credit Risk;
- Foreign Exchange Risk;
- Anti Money Laundering Risk;
- Asset – Liability Management Risk;
- Internal Control & Compliance Risk;

- Information & Communication Technology Risk;
- Other risks.

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.

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.

Planning: IFIC Bank's overall risk position is planned in a well organized manner. Risks are actively managed and controlled based on that plan.

Controlling & Monitoring: Moreover, all the risks are properly controlled and monitored to check whether the risks actually incurred lie within the prescribed limits, thus ensuring the Bank's capacity to bear those risks.

Different Committees for Risk Management of the Bank:

The Bank has specific committees for risk management such as:

- Management Committee
- Credit Committee
- Asset Liability Committee (ALCO),
- Risk Management Committee; etc

The Committees regularly meet to review the market, credit, liquidity, interest rate, equity price and different risks related factors and recommend vis-a-vis implement appropriate measures to counter associated risks. Appropriate internal control measures are also in place to minimize the operational risks.

BASEL-II accord has already been implemented under the supervision of Central Bank. The Credit risk, Market risk and Operational risk are calculated under the Pillar-I of Basel II. In addition Core risks, Residual risk,

Management risk, Strategic risk, Credit concentration risk, Reputational risk etc. are also measured under Pillar-II of Basel-II. The risk weighted assets as well as capital requirement under BASEL-II are increased significantly. However, minimum capital requirement has been fulfilled by the Bank.

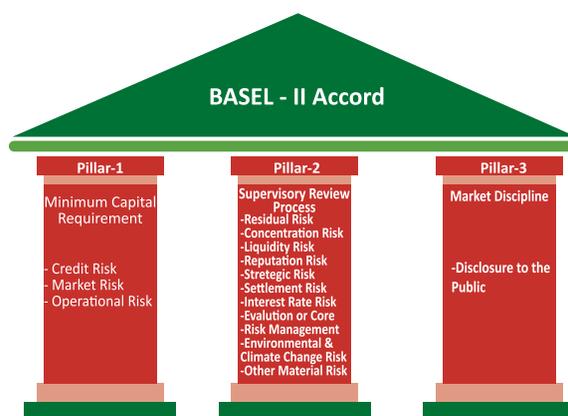


Fig. Basel II Accord

IFIC Bank is complying fully with Basel II standards as per approaches chosen by the Central Bank for implementation of Basel II accord in Bangladesh.

To strengthen capital and liquidity rules with the goal of promoting a more resilient banking sector, the Bangladesh Bank issued a Guideline on Risk Based Capital Adequacy in line with Basel III dated September, 2014 which will be started from January, 2015 in the Banks for liquidity risk measurement, standards and monitoring". The objective of the reforms was to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. Bangladesh Bank also aims to improve risk management and governance as well as strengthen banks' transparency and disclosures.

Risk Management Division (RMD)

IFIC Bank has a separate Risk Management Division to review and monitor continuously 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 II 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.

Reporting by Risk Management Division

REPORT TO RISK MANAGEMENT COMMITTEE/ SENIOR MANAGEMENT: Risk Management Division prepares monthly and quarterly Risk Management Paper comprising credit risk, market risk, liquidity risk, operational risk, reputational risk, compliance risk, money laundering risk & other risks and place before the Risk Management Committee of the Management as well as senior management with necessary recommendations to mitigate the risks of the bank.

REPORT TO RISK MANAGEMENT COMMITTEE (RMC) OF THE BOARD OF DIRECTORS: RMD prepares monthly and quarterly Risk Management Report by identifying, assessing and measuring of various risks (core risks and other risks) of the bank, industry analysis, market share analysis, etc and place before the RMC of the Board of Directors.

REPORT TO BANGLADESH BANK: Risk Management Division prepares monthly and quarterly Risk Management Paper comprising credit risk, market risk, liquidity risk, operational risk, reputational risk, compliance risk, money laundering risk & other risks and submits the Paper with the minutes of RMC meeting to Bangladesh Bank on quarterly basis.

OBJECTIVES OF RISK MANAGEMENT

The objective of risk management is to identify and analyze risks and manage their consequences. The banking sector has perhaps the most specific focus on the management of financial risks.

Risk management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. It involves identification, measurement, monitoring and controlling 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 board;
- Risk taking decisions are explicit and clear;

- Risk taking decisions are in line with the business strategy and objectives set by the board
- The expected payoffs compensate for the risks taken; and
- Sufficient capital as a buffer is available to take risk.

CONSTITUTION OF RISK MANAGEMENT COMMITTEE OF THE MANAGEMENT

A Risk Management Committee of the Management has been constituted to address the overall risk of the Bank.

The RMC of Management was constituted with the following executives:

Sl No.	Functional Designation	Position in the Committee
1	Deputy Managing Director & CRO	Convener
2	Deputy Managing Director & CFO	Member
3	Head of Branch Banking	Member
4	Head of Business	Member
5	Head of Credit Administration	Member
6	Head of SME & Green Banking	Member
7	Head of Remedial Asset Management	Member
8	Head of Retail Banking	Member
9	Head of CRM Unit - I	Member
10	Head of CRM Unit - II	Member
11	Head of CRM Unit - III	Member
12	Head of Information Technology	Member
13	Head of Internal Control & Compliance	Member
14	Head of Treasury	Member
15	Head of Risk Management	Member Secretary

After identifying, assessing and measuring various risks of the bank and also highlighting the risky areas of the bank, RMD presents before the RMC of Management with proper recommendations & suggestions to take corrective actions. Basically, RMC of the Management monitors the activities of RMD and also gives direction to the concerned divisions/departments to minimize the risks.

CONSTITUTION OF RISK MANAGEMENT COMMITTEE OF THE BOARD

Risk Management Committee of the Board has been constituted with the five (05) members of the Board as per directive of Bangladesh Bank.

The honorable committee members are as below:

Sl No.	Name	Position in the Committee
1	Mr. Mohammad Lutfar Rahman	Chairman
2	Mr. Monirul Islam	Member
3	Mr. Syed Anisul Huq	Member
4	Mr. Jalal Ahmed	Member
5	Mr. A.R.M. Nazmus Sakib	Member

The Committee will play a vital role in minimizing current and future risks arising from the day to day activities of the bank. The Committee has to ensure that the bank has taken every measure to handle the risks, be it Operational, Credit, Money laundering, Internal Control and Compliance, Asset liabilities Management, Foreign Exchange, Information Technology, Interest Rate and Liquidity Risk. With identifying the risk, the Committee will also review and oversee whether the risk minimizing mechanism is implemented effectively and required Capital with provision is maintained against the risks.

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

- **Risk Identification and Control :**
 - To determine the risk of various functions of the bank.
 - To ensure formulation and implementation of appropriate strategies for assessment and control.
 - Monitoring ongoing risk management policies and procedures and make necessary amendments.
- **Construction of Organizational Structure :**
 - To ensure adequate Organization structure for managing risk is in place.
 - Supervise the set up of separate management level committees and monitor their activities relating to the six core risk guidelines issued by Bangladesh Bank.
- **Analysis and Approval of Risk Management Policy:**
 - To ensure annual review of risk management policies and guidelines.

- Propose amendments as necessary and send it for BOD approval.
- **Storage of Data and Reporting System :**
 - Review and approve the record keeping and reporting system and ensure proper use of system.
 - Minute its proposal, suggestion and summary for BOD approval.
- **Monitoring the Implementation of Overall Risk Management Policy :**
 - Monitor proper implementation of overall risk management policies and also monitor whether proper steps taken to mitigate all risks.
 - Review limit of loan approval and other limits at least once in a year.
- **Other Responsibilities :**
 - Quarterly reporting to BOD in short form of decisions and suggestions.
 - Comply with instructions issued from time to time by controlling bodies.
 - Internal and external auditors will submit the evaluation report related to irregularities as detected by the internal and external auditors and inspectors of regulatory authorities, if the Committee thinks fit.

ELEMENTS OF A SOUND RISK MANAGEMENT SYSTEM

Some important elements of a sound risk management system should encompass the following:

- Risk management structure with board and senior management;
- Bank policies, procedures and limits that have been developed and implemented to manage business operations effectively;
- Risk identification, measurement, monitoring, control and management information systems that are in place to support all business operations; and
- Bank established internal controls and the Performance of comprehensive audits to detect any deficiencies in the internal control environment in a timely manner.

Risk management is not only limited to the individual(s), who are responsible for overall risk management function. Business activities are equally responsible for the risks that they are taking the exposures. Because the personnel can understand the risks of their

activities, any lack of accountability on their part may hinder sound and effective risk management.

RISK APPETITE

Risk appetite is set by the Board and reflects shareholder aspirations within the constraints of regulatory requirements, creditor and legal obligations. Risk appetite is the level and type of risk a bank is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders (depositors, creditors, shareholders, borrowers, regulators). Risk appetite is generally expressed through both quantitative and qualitative means and should be considered extreme conditions, events and outcomes. It should be started in terms of the potential impact on profitability, capital and liquidity.

The amount of risk a Bank accepts will vary from Bank to Bank depending on circumstances unique to each. Factors such as the external environment customers, business systems and policies will all influence a Bank's risk appetite.

A well- defined risk appetite should have the following characteristics:

- Reflective of strategy, including Banks objectives, business plans and stakeholders expectations.
- Reflective of all key aspects of the business.
- Acknowledges a willingness and capacity to on risk.
- Considers the skills, resources and technology required to manage and monitor risk exposures in the context of risk appetite.
- Inclusive of a tolerance for loss or negative events that can be reasonably quantified.
- May be periodically reviewed and reconsidered with reference to evolving industries and market conditions.
- Must be approved by the Board.

RISK APPETITE FRAMEWORK

The science of developing and adopting a risk appetite framework (RAF) is still evolving at banks all over the world. Some banks have adopted a high-level, brief, and qualitative statement of RAF, while others make it complex, lengthy, and quantitative.

Some rudiments for an effective RAF are mentioned below:

- RAFs discuss the desired business mix and composition of the balance sheet, risk preferences (which risks are embraced, tolerated, and avoided), the acceptable trade-off between

risk and reward, tolerances for volatility, capital thresholds, tolerance for post-stress loss, optimum liquidity ratios, and others;

- It should focus on the bank's key strengths and competitive advantages;
- It should enable the Board to challenge business proposals outside of the bank's traditional product and service lines;
- It should make forward-looking discussions of risk easier;
- It should codify the types of risk the bank is willing to bear and under what conditions, as well as which risks the bank is unwilling to assume.

Risk appetite is the cornerstone of a successful risk management framework. Risk appetite can be fitted into the risk management framework in the following manner:

Elements of risk Mgt. framework	Linkage to risk appetite	Risk Culture
Risk governance	Clear risk appetite statement approved by the board and embodied in risk policy and delegated authorities. This sets the <i>'tone from the top'</i> and the foundation for the risk culture.	
Risk assessment	Frequent risk assessment process to identify new and changing risk landscape in context to risk appetite.	
Risk quantification & aggregation	Regular quantification and aggregation of risk to prioritize focus of risk management and control.	
Monitoring and reporting	Monitoring and reporting of performance against risk-based limits based on risk appetite.	
Risk and control optimization	Framework of controls calibrated in line with risk appetite to optimize cost/benefit.	

CORE RISK MANAGEMENT

IFIC Bank, as per guidelines of the Bangladesh Bank, has introduced risk management policies and strategies to address the following core risks:

- Credit Risk Management
- Asset Liability Risk Management
- Foreign Exchange Risk Management

- Internal Control and Compliance Risk Management
- Money Laundering Risk Management and
- Information & Communication Technology Risk Management.

CREDIT RISK MANAGEMENT (CRM)

Credit risk arises from the potential that a bank's borrower will fail to meet its obligations in accordance with agreed terms. Credit risk also refers the risk of negative effects on the financial result and capital of the bank caused by borrower's default on its obligations to 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. 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 individuals, corporate, banks and financial institutions or a sovereign.

Credit Risk Management Policy of the bank rests on its sound and prudent bank management culture and complies largely with industry standard, interest rate and liquidity management requirements, corporate governance principles and carries with it best practices within the banking profession.

The objectives of credit risk management are:

- Identifying, measuring, monitoring and controlling credit risks in order to maintain a manageable and quality loan portfolio.
- Ensuring that expected returns compensate for the risks taken.
- Ensuring credit risk decisions are explicit, clear and well calculated.
- Maintaining the overall credit exposure of the bank at prudent levels consistent with the available capital.
- Ensuring top management as well as individual responsible for credit risk management has sound expertise and knowledge to take credit risk and accomplish risk management functions.

The lending guideline covers the following:

- Industry and business segment focus including lending caps
- Types of credit facilities
- Industry and Business segment focus- grow, maintain & shrink.
- Single borrower exposure limit including syndication loans

- Discouraged business types
- Large loan -10% or more of Bank's total capital is considered and the maximum limit set according to net classified loans of the bank.
- Loan facility parameters (Loan size, tenor, margin & security etc.)
- Acceptable securities with quality and value
- Credit Risk Grading process is followed
- Insurance coverage (on goods/machineries etc financed by the bank) policy
- Loan pricing strategy
- Loan Approval process is clearly defined
- The Early Alert Reporting system is in place
- Cross border risk
- Credit assessment and credit risk grading
- Environmental Risk Rating
- NPL Account Management and Credit Recovery policy is in place.
- Audit & Inspection is done on CRM annually.

APPROVAL PROCESS

The bank is operating under a dynamic approval process based on sound, well-defined granting criteria. Thorough exercise is being done for each and every case. Credit approval is also being made on case to case basis under the authority delegated by the Board.

CREDIT ADMINISTRATION

Credit administration is an essential part of the credit risk management. This is a continuous process that support and control extension and maintenance of credit. Major functions of credit administration are:

- Ensuring of all security documentation complies with the terms of sanction
- Monitoring of appropriate insurance coverage to protect the interest of the bank as well as the borrowers
- Controlling of loan disbursements to ensure that all the terms and conditions have been complied and all the documentation formalities have been completed before disbursement.
- Continuous monitoring of borrower's compliance with terms and conditions of the sanction as well as performance in the accounts.

The Early Alert Report is completed in a timely manner by the RM and forwarded to CRM for approval to affect any downgrade. After approval, the report is forwarded to Credit Administration, which is responsible to ensure the correct facility/borrower Risk Grades are updated on the system. The

downgrading of an account is done immediately when adverse information is noted, and is not postponed until the annual review process.

In the process of evaluation and adaptation of its risk management strategy, IFIC Bank has been reviewing its CRM Policy Guideline, Lending cap, Delegation of Authority and restructured the Organogram & Corporate Risk Unit. Online loan origination process for Retail & SME products has been implemented. As per Bangladesh Bank guideline, Environmental Risk Rating is adopted in the approval process for our commitment to green banking. Creating awareness among the corporate houses dealing with our bank regarding relevance of Credit Rating for ultimate introduction of risk based pricing vis-à-vis minimizing capital requirement of the bank.

ASSET LIABILITY RISK MANAGEMENT

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. The responsibility of managing the asset/liability management procedures are monitored by the Asset/Liability Management Committee (ALCO).

Asset Liability Risk Management is an integral part of risk management in a bank. There is a structured and systematic process to manage the asset liability risk as well as the Balance Sheet. Asset Liability Management (ALM) Desk is an independent unit within the Treasury Division. The desk meticulously monitors and analyzes cash flows and cash positions, balance sheet gaps, daily profit and loss, economic trends, investment options, arbitrage opportunities, business growth, liquidity and places the facts and findings before the ALCO with its recommendations on a regular basis.

A committee named Asset Liability Committee (ALCO) comprising senior management of the bank has been established to make important decisions relating to liquidity, interest rate and balance sheet management of the bank. The ALCO is headed by the Managing Director. The Asset Liability Committee (ALCO) is responsible for balance sheet (asset liability) risk management. Managing the asset liability is the most important responsibility of the bank as it runs the risks for not only the bank but also the thousands of depositors who put money into it.

ALCO meeting is held once or more in every month to analyze, review and formulate strategies in order to

manage the same. However, the main functions of the ALCO are:

- Ensure adequate liquidity at all times.
- Ensure adequate capital to meet business and regulatory requirements
- Diversify funding
- Manage balance sheet and ensure business strategies consistent with liquidity requirements.
- Establish asset and liability pricing policies to protect liquidity structure
- Recommend the aggregate volume of all the Bank's standby liquidity commitments
- Prepare Liquidity and Capital Plans and Contingency Funding Plans and recommend liquidity limits
- Review and approve assumptions used in Maximum Cumulative outflows and Contingency Funding Plans
- Approve revenue targets related to Earnings at Risk limits
- Comply with corporate policies on hedging capital
- Comply with all regulatory requirements and review regulatory reporting
- Establish and monitor relevant liquidity ratios and balance sheet targets
- Ensure that the Head of Treasury has the necessary support to perform his/her job.

LIQUIDITY RISK MANAGEMENT

Liquidity risk arises when a bank fails to generate cash to cope with any decline in liabilities or increases in assets. The liquidity risk generally arises from funding in long term assets by short term liabilities. The bank has established liquidity management framework that is well integrated with the bank's risk management process. The liquidity risk management strategy is in accordance with the bank's risk tolerance. There is a sound process for identifying, measuring, monitoring and controlling liquidity risk. This process includes a framework for comprehensively projecting cash flows arising from assets, liabilities and off-balance sheet items over an appropriate set of time horizons. Periodic stress testing is being done on a regular basis showing no significant adverse impact.

The bank has formulated and implemented suitable strategies for managing liquidity risk. ALCO has taken responsibility in managing liquidity position on continuous basis by bringing desired changes in the composition of assets and liabilities. Treasury Division of the bank who maintains the liquidity position based

on historical requirements and anticipated future requirement sources of fund, asset quality and earning capacity. ALCO has also been monitoring liquidity contingency plan and liquidity risk continuously.

INTEREST RATE RISK MANAGEMENT

Interest Rate Risk is the current or potential risk to the interest rate sensitive assets and liabilities of a bank's balance sheet as well as the off-balance sheet items arising out of adverse or volatile movements in market interest rate. Volatile movements of market interest rate adversely affect the value of interest rate sensitive assets and liabilities that consequentially results in the loss of equity value also affects the earnings of the bank. An effective risk management process that maintains interest rate risk within prudent levels is essential to the safety and soundness of the bank. The ALCO has been monitoring continuously about the market condition as well as the bank's interest rate on both deposits & lending.

However, Bank has been segregated both the interest rate sensitive assets and liabilities into different time buckets to find the asset/liability mismatch. The duration gap analysis is also being done on quarterly basis. DGAP is found positive for all the quarters of 2014 which indicates that assets are more price sensitive than liabilities, on average. Thus, when interest rates shifted downward by 1%, assets will fall proportionately less in value than liabilities and the market value of equity will rise accordingly.

Existing Interest Rate Risk assessment structure and control system of the Bank are as follows:

- Duration Gap Analysis: Calculate net GAP per time period and the cumulative GAP. Determine maximum tolerated GAP as determined by the ALCO policy.
- Market Value Analysis
- The following ratios are good 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 etc.
- Valu at Risk (VaR) is calculated
- Sensitivity Analysis
- Maturity profile Analysis
- Stress Testing is conducted

FOREIGN EXCHANGE RISK MANAGEMENT

It is the current or prospective risk to earning capital arising from adverse movements in currency exchange rate. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. An investment's value may change adversely and incurring loss due to changes in exchange rates.

Treasury Division of the bank measured and monitored the Foreign exchange risks. The bank has formulated a treasury manual 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.

Front Office: The front office or the dealing room 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.

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.

Mid Office: 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 such as Foreign Exchange limit risk reports and Money Market limit risk reports to check whether there is any violation of limits or not and submit the risk reports to the top management. If there is any violation of limit found the mid office informs the concerned department to take necessary measures.

Existing structure of risk assessment and control system of Foreign Exchange Risk of the Bank are as follows:

- All exchange trading and positions are conducted and maintained by Treasury Front Office within

the limits approved by Board of Directors and Bangladesh Bank.

The following limits are in place:

- Intraday Spot Trading Limit.
- Per Deal Limit
- Individual Dealer's Limit
- Forward and Swap Trading Limit
- Overnight Trading Limit
- Open Position Limit
- Per Deal Stop Loss Limit
- Daily Stop Loss Limit
- Trigger Limits
- Limit for Cover Operations
- Corporate Limits
- Off Premises Limit
- After Hour's Limit
- Counter Party Limits

- Time to time dealers are monitoring dealing limit and the dealers are maintaining and keeping record of their Foreign Currency Transactions.
- VaR is calculated to assess and monitor FEX risk.
- Treasury Back office (TBO) is in place and TBO monitors and settles all foreign currency dealings. TBO is maintaining all accounting entries of foreign exchange deals originated by Front Office as also entries originated by the branches. TBO is also maintaining Daily Exchange Positions to assess and monitoring FEX risks.
- Treasury Middle Office is in place to check whether the deals are being dealt with in the limits.

INTERNAL CONTROL AND COMPLIANCE RISK MANAGEMENT

Internal Control refers to policies, plans and processes effected by the Board of Directors of the Bank and performed on continuous basis by the senior management and all levels of employees within the Bank. These internal controls are used to provide reasonable assurance regarding the achievement of organizational objectives. The system of internal controls includes financial, operational and compliance controls.

For safeguarding the organization's assets, internal control primarily aim to support the management in the identification and mitigation of those risks which the Bank may encounter in the fulfillment of its business objectives.

The internal control system of the bank ensures that all the necessary policies, guidelines and manuals

are in place and all concerns are following the same strictly and meticulously including Departmental Control Function Check List (DCFCL). To monitor the overall effectiveness of the internal control system the Management Committee (MANCOM) regularly reviews the policies & procedures as well as the structure assigning clear responsibility, authority and reporting relationship.

Objective of Internal Control:

The primary objective of internal control system in a bank is to help the bank perform better through the use of its resources. Through internal control system bank identifies its weaknesses and takes appropriate measures to overcome the same.

The main objectives of internal control are as follows:

- Efficiency and effectiveness of activities (performance objectives).
- Reliability, completeness and timelines of financial and management information (information objectives)
- Compliance with applicable laws and regulations (compliance objectives)

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 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/categorization of the branches based on the level of its various risks. Up-gradation of existing RBIA format is under process which will be finalized soon. 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 & sound Internal Control System, ICC is performing its activities for further improving overall work performance of the bank towards achieving its ultimate objectives.

MONEY LAUNDERING RISK MANAGEMENT

Prevention of Money Laundering is now a burning issue it is the process of concealing the source of illegally obtained money. Effective anti-money laundering and combating the financing of terrorism regimes are essential to protect the integrity of markets and of the global financial framework as they help mitigate the factors that facilitate financial abuse. Money laundering risk is a risk of incurring loss due to inadequate due-diligence resulting reputational, operational, legal and concentration risks involving significant cost.

"Guidelines on Prevention of Money Laundering" and "Policy for Combating Financing of Terrorism" has been formulated for strict compliance as per directives of Bangladesh Bank

The Chief Anti-Money Laundering Compliance Officer (CAMLCO) regularly submits status report to the competent authorities as per regulatory requirement in respect of hundi activities, abnormal transactions, Suspicious Transaction Report (STR), Cash Transaction Report (CTR), Know Your Customer (KYC) Procedure, Transaction Monitoring Report, Structuring Monitoring Report, Half Yearly Report on Self Assessment Reports of branches & independent testing procedure conducted by ICC Division and similar other areas. The bank has been complying all the rules and regulations on Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) issues.

Existing Risk Assessment structure and control system of AML of the Bank are as follows:

- Each Branch has a Branch Anti- Money Laundering Compliance Officer (BAMLCO) to assess and monitor Money Laundering Risk.
- Cash Transaction Reporting System is in place and the concerned department regularly submitted CTRs to Bangladesh Bank.
- Suspicious Transaction Reporting system is in place and the concerned department is regularly submitting the report to Bangladesh Bank.
- Hundi Activities and Abnormal Transaction monitoring system are in place.
- Self Assessment Process & Independent Testing Procedure as per 'Guidance Notes on Prevention of Money Laundering 'of Bangladesh Bank is introduced.

- ICC division regularly conducts Audit & Inspection to the Branches on AML.

IFIC Bank Ltd is regularly arranging Training Programs on Prevention of Money Laundering & Combating Financing of Terrorism for all categories of Executives/ Officers of the Bank. During the year 2013, the Bank arranged several training courses on Prevention of Money Laundering & Combating Financing of Terrorism where 608 Executives/ Officers of the Bank attended.

INFORMATION & COMMUNICATION TECHNOLOGY RISK MANAGEMENT

ICT risk management is embedded with organizational internal control system which is used as part of the management control for risk management in the organization. This management control emphasizes both business control and technological control which support business requirement and governance. Business and technological controls are involved in the policies, processes and systems. Internal control and the audit process control the entire range of interactive transactions and internal transactions across organization as well as monitor and manage risks including business risks and ICT risks. Internal control and audit have played a vital role of risk management which can be used to:

- Provide risk management and control advice to relevant personnel.
- Provide independent assurance to the authority about the adequacy and effectiveness of controls and other risk management activities.

The Bank has integrated technology with its business and is continuously upgrading its technological aspects to keep pace with modern banking arena. With its centralized online banking solution, the Bank is now able to serve its customers from anywhere any time. The Bank has already launched debit card, credit card, prepaid card, SMS banking, web-based remittance facility and automated emailing customer's statement. Bangladesh Automated Cheque Processing System (BACPS), Bangladesh Electronic Fund Transfer Network (BEFTN) has also been established as per guidelines of Bangladesh Bank.

The Bank has upgraded its data centre during the previous year with high-end servers and networking equipments to accommodate growing business transactions with adequate security. Besides the data and network securities, various physical security measures like, data center access control, environmental security, fire prevention, etc. have

been maintained adequately. The bank has also setup disaster recovery site with advanced technology which can be readily accessed in case of any disaster of the data centre so that the customer services are not hampered.

Existing Risk Assessment structure and control system for ICT operation of the Bank are as follows:

- Centralized ICT Operation.
- The entire computer Terminals/PC/Servers locating inside the infrastructure of IFIC Bank Ltd. are connected to each other through secure network communication.
- Internal Information System audit done once in every year by Internal Control and Compliance Division (other than IT Division).
- Adequate insurance coverage or risk coverage fund is being maintained.
- Mission critical equipments & applications are being kept under Service Level Agreement.
- Record keeping of Inventory details of computing assets is in place.
- Operating procedures for all applications / systems / modules etc. are documented and maintained.
- Redundancy at each level of Network, Server, Power system, has been placed to ensure High-Availability of Data Center.
- Fall Back plan of Technical Person are in place.
- Hot Categorized Disaster Recovery Site (DRS) has been established and is being properly maintained to ensure the data protection of Data Center (DC) environment as well as to ensure business continuity during any disaster situation.
- Data backup procedure is being maintained properly and one copy of daily data backup is being kept in a secured locker at Data Center and an additional copy of data media is being sent to remote location (Federation Branch).
- Fire detection and auto suppression system in Server Room are in place at DC and DRS environment.
- Access Control (i.e., User ID/Password/ Token) procedure are strictly controlled centrally.
- Anti-virus software is installed in each server and computer.
- Effective risk management & Control system is in place.

To bring the banking services at the door of the customers, the bank is expanding its own ATM network. The bank has established 50 own ATM. Besides, 1075

shared ATM all over the country serving the customers of the Bank. The bank has set up contact centre and already introduced Mobile Banking.

VALUE AT RISK (VAR) ANALYSIS

Value at risk (VAR) is generally accepted and widely used tool for measuring market risk inherent in trading portfolios. It follows the concept that reasonable expectation of loss can be deduced by evaluating market rates, prices observed volatility and correlation.. VAR summarizes the predicted maximum loss (or worst loss) over a target horizon within a given confidence level.

Methods of Calculating VaR

The three methods of calculating VaR are as follows:

- The Variance – Covariance Method
- Historical Method
- Monte Carlo Simulation

Presently Historical Method is being followed to calculate the VaR for the Bank.

STRESS TESTING

Stress Testing is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/ or movement in a set of financial variables. It refers to the process to cover multiple risk measures across categories and complements traditional risk models. The traditional focus of stress testing relates to exceptional but plausible events.

Stress Testing Process

Stress testing process includes:

- Identification of specific vulnerabilities or areas of concern;
- Construction of a scenario;
- Performing the numerical analysis;
- Considering the numerical analysis; and
- Summarizing and interpreting the results.

Stress Testing is a risk management tool that helps in assessment of the risks quantifies the resilience towards shock events and helps to manage the shock results. Stress Testing are generally of two categories and concepts i.e. – Simple Sensitivity Analysis and Scenario Tests. Now, we follow the Simple Sensitivity Analysis concept as per Bangladesh Bank Guidelines.

Stress Testing is carried out at three different shock levels:

- Minor Level Shocks
- Moderate Level Shock; and
- Major Level Shocks

The following risk factors are measured while conducting Stress Testing:

- Credit Risk: Stress test for credit risk assesses the impact of increase in the level of non-performing loans of the bank.
- Interest Rate Risk: Interest rate risk is the potential that the value of the on-balance sheet and off-balance sheet positions of the bank would be negatively affected with the change in the interest rates.
- Exchange Rate Risk: The stress test for exchange rate assesses the impact of change in exchange rate on the value of equity. To assess foreign exchange risk the overall net exchange position of the bank including the on-balance sheet and off-balance sheet exposures are charged by the weightage of 5%, 10% and 15% for minor, moderate, and major levels respectively.
- Equity Price Risk: The stress test for equity price risk assesses the impact of the fall in the stock market index.
- Liquidity Risk: The liquidity test shows how many days a bank would be able to survive a liquidity drain without resorting to liquidity from outside.
- Combined Shock: IFIC bank assesses combined shock by aggregating the results of credit shock, exchange rate shock, equity shock and interest rate shock.

IFIC Bank prepares Stress Testing Report based on the financials of the bank on quarterly basis and submit the report to Bangladesh Bank as well Board of Directors. The result sheet of stress testing reflects the strength of the bank to absorb the shocks with the capital of different risk profiles of the bank.

REPORT ON SUSTAINABILITY DEVELOPMENT

IFIC Bank is a modern and forward looking 1st generation commercial Bank. It has achieved tremendous success over the years and maintained good growth in different indicators. We strongly believe that for a profit-oriented going concern like ours, sustained growth in different operational parameters is a vital requirement. We know our success is closely linked to the way we continue to deliver long term value to our customers, shareholders, employees as well as to the community. As a responsible Corporate we have always shown our respect for human rights issues and upheld environment and social arisen from operations as well as customers' and suppliers' activities. The Bank is ready to provide financial services for cleaner energy, energy efficiency and agriculture/rural inclusion. As a result, we consider it is our duty to maintain a balance between entrepreneurial spirit and social responsibility. We shall continue to strive hard in the pursuit of sustained growth in our operational results.

Our operational excellence is the systematic use of quality management principles and tools in the business operations. Our goal to achieve excellence in operation is based on the principles of customer focus, stakeholder value and efficient process management. We always strive for achieving continuous qualitative improvement in our business operation. We encourage the use of the best practices in the areas where their effect will be most beneficial to Bank's overall performance and customer satisfaction.

Strength of IFIC Bank Limited

- A dynamic and vibrant Board of Directors.
- An efficient and Management professionals.
- Forward looking strategies and management policies.
- A good and resilient capital base.
- Cutting-edge tools and technologies to support real time on-line banking.
- Well-diversified line of business.
- A good risk management and compliance culture.
- Focus on best customer services and quality control.
- And a dynamic line of human resources.

Approaches of IFIC Bank Ltd.

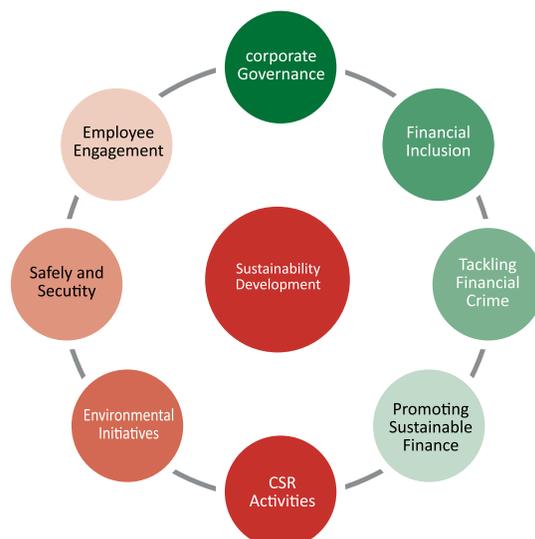
The objectives of sustainability are increasingly getting integrated with business practices of the bank. IFIC Bank is firmly committed to being good corporate citizen and to helping clients and other

key stakeholders achieve sustainable success. Bank's central sustainability theme, Generation next and beyond, reflects the essence of its ambition: IFIC Bank is here for the long term and takes into account the legitimate interest of its stakeholders – not only for today's world, but for future generations too. We believe that responsible banking addressing social, environmental and financial condition are key to long term success and beneficial for immediate community that includes our clients, employees and the place where we operate.

Confidence of IFIC Bank

- Capability to guide the competition in a changing business environment.
- An increasing trend of business growth to create sustainable shareholder value.
- Ability to adopt and adapt to the changes business environment.
- Proper collection of products and services to meet financial needs.
- Enhancement of customer responsiveness by leveraging financial advice.
- Strong teamwork to bring out synergy for optimum benefits.
- Timely compliance of the laws and regulations of the country and regulatory bodies i.e. Bangladesh Bank, SEC, and Government etc .
- A motivating work environment for our dedicated employees.
- High ethical standard at all level of operations under a corporate culture.

Sustainability Development Activities



Corporate Governance

Corporate Governance is the system by which companies are directed and controlled to the best interest of the stakeholders, which describes the nature and extent of accountability of the people and institution engaged in the business. Fairness, Transparency, accountability and responsibility are the minimum standard of acceptable corporate behavior today. It further inspires and strengthens investor's confidence and commitment to the company. The Company, through its Board and highest governing standards for the benefit of its stakeholders. In fact, corporate governance leads to the good governance and good governance is an integral part of the economic development of a country. IFIC Bank has actively been adhered to the principles of sound corporate governance. In IFIC Bank, corporate governance means increasing the stakeholders' value by being efficient & professional to the organization, transparent and accountable to the shareholders and responsible to the society and the environment. The Board of Directors plays a key role in corporate governance. It is their responsibility to endorse the organization's strategy, develop directional policy, appoint and supervise senior executives and to ensure accountability of the organization to its owners and regulatory authorities.

Financial Inclusion

Millions of people across the country still remain unbanked or have limited access to banking services. IFIC Bank, since its inception, remains committed to agricultural and rural credit (micro finance) as a means of increasing financial inclusion in the country. Our approach is to support this sector by providing a range of financial services as well as through our own branch network and Microfinance Institution (MFIs). Small and Medium Enterprises played crucial role in generating jobs and economic growth in Bangladesh. In 2014, IFIC continued to support for SMEs and Agriculture increasing our lending to TK 19629.20 million and Tk. 975.18 million as against given target 17650.00 million for SME and 1250.00 million for Agriculture loan in the year 2013-2014 by Bangladesh Bank and inspiring our SME and Agriculture products and services.

Tackling Financial Crime

IFIC Bank focuses in training our employees, strengthening our screening system and ensuring that our policies and procedures are effective and up to date to guard against the risk of financial crime within our business. We give our all out efforts to minimize

the damaging effects of financial crimes on our business, our customers, and community. Our focal point on the following key areas:

- Compliance with all applicable laws, regulations, and sanctions.
- Actions taken to prevent Money laundering and terrorism financing.
- Give utmost effort to prevent of fraud.

IFIC Bank's employees awareness regarding fraud/forgery trends and combating technique is the most successful financial crime prevention. Total number of 412 staffs have completed anti-money laundering training during 2014 and total of 608 staffs completed training over the previous year 2013 to strengthen our capacity to protect money laundering activities. Money laundering prevention will be given more emphasis in the coming year 2015; we have planned to launch comprehensive strategy for fraud prevention and training for our employees. Suspicious Transaction Reporting (STR) and KYC procedure are tools of IFIC Bank is presently executing to prevent financial crimes and money laundering. IFIC Bank has some core Divisions/Departments or units which functions are to prevent fraud i.e. security, compliance and internal audit, IT security, and risk management. These Divisions/Departments/Units are working together to strengthen fraud prevention management system in the bank.

Promoting Sustainable Finance

IFIC Bank finance in the business activities on people and the environment stems are our main impact. Our approach is to manage the environment, social and governance risks that come with our financing decisions, working with our client to encourage compliance with international standards. In 2014, IFIC Bank financed Tk 4565.96 million as Green Finance for sustainable environment including direct and indirect finance. We also claimed from Bangladesh Bank for using Asian Development Bank (ADB) fund to finance Hybrid Hoffman Kiln (HHK) technology. In addition to environmental policies delineated, IFIC Bank gives all out efforts to ensure that its own operations and activities are negligible in their environmental impact. The Board of Directors of the bank also approved Green Banking Policy for overall governance of green banking initiatives. In relation to the said policy, IFIC Bank used to comply with all laws and regulations related to environmental protection, green banking and other regulatory requirements. We maintained our relationship with customers to manage potential

environment and social risks associated with our financing decisions and to identify opportunities to finance cleaner technologies.

Corporate Social Responsibility (CSR):

IFIC Bank is committed to fulfill its social responsibilities through a wide-ranging of versatile activities as a corporate citizenship. Our Corporate Social Responsibility activities are focused to encourage our culture and uphold our tradition; extending a helping hand to the deprived and the destitute; victims of natural calamities and the disabled. As a responsible corporate, we make sure our CSR activities are anchored on the principle of “Building Social Strength”. IFIC Bank always committed to contribute to our customers, employees, government, environment, and to the communities at large. Accordingly, the Bank undertook a good number of CSR programmes in order to address the needs of common people for making a positive and meaningful contribution to the society.

Environmental Initiatives

The IFIC Bank committed to contribute to make a eco-friendly environment. So, the Bank strive to ensure that its operations are environment friendly. We strongly believe that every small “Green” step taken today would go a long way in building a green future and each one of us can work towards a better global environment. Going Green in our Bank can not only bring awareness among the customers and our employees but also build awareness and consciousness to our society. Sustainable development of the community cannot be ensured without factoring into the environment and the society as a whole. While pursuing the triple bottom line (people, planet and profit) motto, IFIC has engaged itself to influence its customers to operate responsibly and minimize impacts on climate change issues, hazardous waste disposal, and depletion of non-renewable natural resources. IFIC Bank strongly believes that the essence of the contract between the society and the business is that companies shall not pursue their immediate profit objectives at the expense of the longer term interests of the community. To promote Green Banking the bank has already issued Green Office Guide which serves the following objectives:

- Reduce paperwork, utilizing email to disseminate information, and encourage double-sided printing etc.
- Reduce electricity consumption, using energy efficient electronic equipments, replacing normal bulbs with energy saving bulbs.

- Reduce the water & gas consumption and carbon emission to save the environment.
- Introduce online banking and Mobile banking that allows the customers to transfer funds.
- Promote financing for installation of Effluent Treatment Plant(ETP) in the industrial units and in Solar Energy, Bio-gas and Hybrid Hoffman Klin(HHK) in brick field.
- Reduce giving loans to environmentally harmful projects.
- Create awareness amongst the stakeholders about environmental and social responsible business practices.

Safety and Security

IFIC Bank has taken adequate measures for safety and security of our employees and customers is one of our essential responsibilities. Our Internal Audit team always keeps in the eye for safety and security which is adopted vigilance approach for keeping up with challenging and changeable environment that we operate in, and frequently appraise and innovate the way we face. Our Branches are also kept well secured by investing reasonable amount for CC camera, cash counter and cash vault etc. as a security purpose during the year 2014.

Employee Engagement

We have a dynamic and vibrant Board of Directors. Being good employer is essential to our success to operate the business growth in the bank. We have also highly qualified and experienced management professionals. Our employees are well diversified and talented group to take the challenges in changeable environment which we support and encourage through internal networks and training. We appreciate our employees and seek to support them through this process with range of tools and services to help them find other roles, either inside or outside the Bank. We are building a group of skilled and efficient employees by giving training who can provide the best services for the Bank.

Our Sustainability Promises

Business Growth

BDT in Million

Sl. No.	Particulars	December, 2014	December, 2013	December, 2012
1	Deposit	1,29,746	1,10,464	92,433
2	Advance	1,02,282	84,110	77,160
3	Foreign Exchange	1,93,982	1,83,791	1,79,162
4	Profit Before Provision	3,173	2,948	3,110
5	Recovery	2,602	4,208	860
6	Investment	22,845	21,171	15,671
7	Total Assets	1,56,339	1,32,062	1,14,729

Financial Performance

BDT in Million

Sl. No.	Particulars	December, 2014	December, 2013	December, 2012
1	Interest Income	11,858	11,111	10,443
2	Profit after Tax	1,545	1,346	1,105
3	Total Eligible Capital	11,309	9,631	7,923
4	Share holders Equity	10,628	9,098	7,753
5	Reserve Fund & Surplus	6,251	5,291	4,293
6	Provision for Classified Loans	1,966	1,620	2,210

Credit Rating

Sl. No.	Particulars	December, 2013	December, 2012	December, 2011
1	Long Term	AA2	AA2	AA2
2	Short Term	ST-2	ST-2	ST-2

Ratios

Sl. No.	Particulars	December, 2014	December, 2013	December, 2012
1	NIM	2.80%	2.56%	3.25%
2	ROA	1.07%	1.09%	1.07%
3	ROE	15.67%	15.98%	15.43%
4	CAR	10.14%	10.37%	10.18%
5	AD Ratio	78.83%	76.14%	83.48%
6	CRR	6.58%	6.00%	6.15%
7	SLR	16.72%	24.56%	21.95%
8	Non Performing Loan	4.95%	3.77%	5.31%
9	Earnings per Share	3.53	3.07	2.90
10	Medium Term Funding Ratio	1.21	1.19	1.09
11	Volatile Liability Dependence	56.48%	84.05%	90.62%

12	Liquid Asset to Total Deposit	14.56%	15.31%	12.01%
13	Liquid Asset to short Term Liabilities	22.95%	18.00%	13.25%
14	Borrowed Fund to Total Asset	3.60%	2.64%	0.77%

Sustainable Finance

BDT in Million

Sl. No.	Particulars	December, 2014	December, 2013
1	Amount Finance for Installation of ETP	0	0
2	Amount Finance for Project having of ETP	4,447.99	1,658.66
3	Amount Finance to Solar Panel	-	-
4	Amount Finance to Bio-gas Project	22.90	28.72
5	Amount Finance to HHK	60.00	25.25
6	Improved Zigzag Brick Kiln	25.50	-
7	Amount Finance to Fire Fighting & Safety Equipment	9.57	-
	Total Sustainable Finance	4,565.96	1,712.63

Protecting Environment

BDT in Million

Sl. No	Particulars	December,2014	December,2013
1	Paper cost	46.68	41.59
2	Fuel cost	92.16	96.20
3	Water cost	4.12	2.67
4	Electricity cost	63.81	55.11
5	No. of Customers appraised for EnV.Risk Rating	1,714.00	2,258.00
	Low	1,658.00	2,179.00
	Moderate	25.00	30.00
	High	31.00	49.00
	No. of Staff Training	40.00	35.00

Others

BDT in Million

Particulars	December, 2014	December, 2013
CSR Activities	46,625,875.00	33,147,000.00
Cumulative Agriculture Loans	1,096.18	1,304.20
Cumulative SME Loans	19,054.00	21,428.00
No. of Staff completed AML Training	412.00	608.00
No. of Suspicious transaction reported to Bangladesh Bank	14.00	07.00
Total Customers Accounts	597,216.00	474,979.00
No of Mobile Banking Account	337,552.00	-
No. of Shared ATMs	1,371.00	1,075.00



CORPORATE SOCIAL RESPONSIBILITIES

Corporate Social Responsibilities:

Our Bank undertook following activities in the field of CSR from January to December -2014 to address the need of common people for making a positive and meaningful contribution to the society.

01. IFIC Bank handed over a total of 25000 pieces of blankets to Prime Minister's Relief Fund and also distributed blankets among the poorest people in 30 districts through bank branches, Member of Parliament of Barishal-4 constituency and the Bangladesh Mohila Parisad as part of our bank's CSR activities.



02. IFIC Bank Shahitya Puroshker was introduced in 2011 following the decision of the Board of Directors. The Bank organized the prize giving ceremony of IFIC Bank Shahitya Puroshker-2012 & 2013 on December 07, 2014 at Radisson Hotel. Speaker Dr. Shirin Sharmin Chowdhury handed over a crest, a certificate and a cheque of Tk.5.00 lac to every winner in the ceremony.



03. **Bangladesh Shooting Sports Federation** authorities requested the Bank for financial assistance for the development of shooting game. Responding to their request, the Bank provided **Tk.2.00 crore** for the said purpose.



04. IFIC Bank contributed **Tk. 1.00 crore** to “**Lakho Konthe Sonar Bangla Tahbil**” through Bangladesh Association of Banks (BAB). The Bank contributed the said amount for celebrating the Independence Day -2014 & to register a place in the Guinness Book of World Records through rendering national anthem by hundreds of thousands of people.

05. **Gonoshahajjo Sangstha (GSS)** is a national NGO known for its primary education program. It operates about 700 Primary Schools for disadvantaged children across the country. The Bank donated Tk. 2.00 crore to GSS as its authorities requested for running their schools.



06. The **Public Administration Department of Dhaka University** requested the Bank to donate 10 computers for their lab. The Bank donated Tk.5.00 lac to the department for purchasing computers and accessories.



07. The **Debate & Quiz Society of Sir Salimullah Medical College** organized a year-long program in 2014. These programmes were attended by members of the organization, students, doctors and honorable teachers of the institution. Bank provided Tk. 6.00 Lac to Debate & Quiz Society of Sir Salimullah Medical College for organising their programmes.

08. **Shandeepon**, a registered non-government charitable organization, began its journey in 1993. It introduced a new system of supplementary education which functions before or after school hours. The Bank donated **Tk. 8.30 lac** to Sandeepon for running the school in Dhaka.

09. **Utsho Bangladesh** is working for the welfare of orphans and underprivileged children. They are providing food, shelter and education to such children. IFIC Bank donated **Tk. 8.00 lac** to ensure supply of food to the unprivileged children.

10. IFIC Bank also donated Tk. 4.00 lac to four cancer patients namely Ms. Arthy Mukherjee, Mr. Kamrul Ahsan, Mrs. Pranab Kumer Majumder & Mrs. Serajul Islam. Each patient received Tk.1.00 lac respectively.

11. The Bank incurred interest loss of Tk.74,390.95 while disbursing loans to cultivators of pulse, Oil seeds, spices & Maize etc. which is also considered as a CSR activity of the Bank.

12. Forty one (41) meritorious children of IFIC Bank employees who did brilliant results in SSC/equivalent examinations and 25 meritorious children who were brilliant in HSC/equivalent examination received cash awards from "IFIC Bank Employees Contributory Welfare Fund" on June 21, 2014. Managing Director & CEO of the Bank Mr. Shah A Sarwar handed over the cash rewards to them at a program.



MARKET SHARE INFORMATION OF THE PRODUCTS AND SERVICES

The earlier year 2014 was one of the most distressing year for Bangladesh in the recent past in terms of domestic political instability caused by strikes, blockades and deadly violence for months. As a result, the economy of Bangladesh had to bear the burden in many ways. Banking sector in Bangladesh has come across a turbulent year confronting many odds and pitfalls in the macroeconomic fundamentals. The major challenges faced by the banking industry were low credit growth, increasing trend of non-performing loans resulting to higher provisioning requirements, and surplus liquidity. The cumulative effects of these put pressure on the profitability of the banking sector as a whole. In spite of all alarming macroeconomic and industry specific challenges, we can turn around and show our resilience in 2015 as we did it in the past during global and macroeconomic maelstroms. However, political stability is the precondition to make the breakthrough as economic stability cannot be sustained without political stability. The year 2015 would be more challenging year for the economy as well as the banking sector.

Market Share

Market Share Analysis is a part of market analysis of the Banking Industry and indicates how well a bank is doing its business operation in the market place/industry compared to its competitors. We can boost up our business operation by analyzing market share of the banking industry. The following analysis indicates the market share of Loans & Advances of IFIC Bank.

Banking Sector Exposure as on September 2014

BDT in million except percentage

Particulars	IFIC Bank	Banking Industry	Market Share of IFIC
Total Loan	92,932.20	4,842,525.90	1.92%

It is observed that IFIC Bank holds 1.92% Loans & advances of the Total Banking sectors' exposures.

Market Share of Area/Regional Credit Concentration on September 2014

BDT in million except percentage

Name of Area	Loan of IFIC Bank	% of Total loan of IFIC	Loan of Banking Industry	% of Total Loan of Banking Industry	Market Share of IFIC
Dhaka Division	68,906.80	74.15%	3,256,272.60	67.24%	2.12%
Chittagong Division	13,720.60	14.76%	961,643.40	19.86%	1.43%
Rajshahi Division	5,375.40	5.78%	187,916.10	3.88%	2.86%
Khulna Division	2,280.30	2.45%	204,290.20	4.22%	1.12%
Rangpur Division	1,600.50	1.72%	109,760.10	2.27%	1.46%
Sylhet Division	652.90	0.70%	71,724.90	1.48%	0.91%
Barisal Division	395.70	0.43%	50,918.60	1.05%	0.78%
Total Loan	92,932.20	100.00%	4,842,525.90	100.00%	1.92%

The various analysis of our Bank and Banking Industry have been enumerated and compared to the market shares of IFIC Bank are as follows:

Total Banking Sector Exposure vis-à-vis IFIC's Exposure as on 30 September 2014

BDT in million except percentage

Sl No.	Major Economic Purposes	Loan of All Banks	% of Total Loans of All Banks	Loan of IFIC	% of Loans of IFIC	Market Share of IFIC
A.	Agriculture, Fishing and Forestry	251306.80	5.19%	1259.00	1.35%	0.50%
	1. Agriculture	227,708.90	4.70%	887.50	0.95%	0.39%
	2. Fishing	23,390.20	0.00%	3,701.50	0.40%	178.86%
	3. Forestry & Logging	207.70	0.00%	-	0.00%	0.00%

B.	Industry	1,663,056.20	34.34%	39,867.60	42.90%	2.40%
	1. Term Loan (Other than Working Capital Financing)	744,044.30	15.36%	19,158.60	20.62%	2.57%
	i) Large Industries	457,645.90	9.45%	14,986.20	16.13%	3.27%
	ii) Small and Medium Industries	189,949.20	3.92%	550.60	0.59%	0.29%
	iii) Cottage Industries/Micro Industries	31,343.80	0.65%	00.10	0.00%	0.00%
	iv) Service Industries	65,105.40	1.34%	3,621.80	3.90%	5.56%
	2. Working Capital Financing (Excluding Exp. & Imp.)	919,011.90	18.98%	20,709.00	22.28%	2.25%
	i) Large Industries	497,199.90	10.27%	13,377.40	14.39%	2.69%
	ii) Small and Medium Industries	294,853.60	6.09%	5,505.00	5.92%	1.87%
	iii) Cottage Industries/Micro Industries	8,062.60	0.17%	240.90	0.26%	2.99%
	iv) Service Industries	118,895.80	2.46%	1,585.70	1.71%	1.33%
C.	Construction	435,175.50	8.99%	12,414.50	13.36%	2.85%
	1. Housing (Commercial) :-For Developer/Contractor	185,419.90	3.83%	7,232.20	7.78%	3.90%
	2. Housing (Residential) in urban area for individual person	106,818.50	2.21%	1,157.80	1.25%	1.08%
	3. Housing (Residential) in rural area for individual person	8,525.80	0.18%	41.70	0.04%	0.49%
	4. Infrastructure Development (Road, Culvert, Bridge, Tower etc)	36,673.40	0.76%	27.20	0.03%	0.07%
	5. House Renovation or Repairing or Extension	17,601.90	0.36%	63.40	0.07%	0.36%
	6. Commercial Building (Market, Factory, Hotel, Cold storage, Ware-house etc)	54,999.70	1.14%	3,534.50	3.80%	6.43%
	7. Establishment of Solar panel	1,432.70	0.03%	0.00	0.00%	0.00%
	8. Effluent Treatment Plant	16.30	0.00%	0.00	0.00%	0.00%
	9. Loan against Work Order/ Pay Order/Earnest Money	23,064.70	0.48%	357.70	0.38%	1.55%
	10. Water-works	511.40	0.01%	0.00	0.00%	0.00%
	11. Sanitary Services	111.20	0.00%	0.00	0.00%	0.00%
D.	Transport and Communications	51,976.30	1.07%	513.80	0.55%	0.99%
	1. Road Transport (Excluding personal vehicle & lease finance.)	17,971.00	0.37%	381.80	0.41%	2.12%
	2. Water-Transport (Excluding Fishing Boats)	27,627.00	0.57%	131.30	0.14%	0.48%
	3. Air Transport	6,378.30	0.13%	00.70	0.00%	0.01%

E.	Trade & Commerce	1,970,284.60	40.69%	32,014.80	34.45%	1.62%
	1. Wholesale and Retail Trade (CC, OD etc)	1,059,418.90	21.88%	15,236.40	16.40%	1.44%
	2. Procurement by Government	4,976.60	0.10%	0.00	0.00%	0.00%
	3. Export Financing	203,955.80	4.21%	5,397.80	5.81%	2.65%
	4. Import Financing (LIM, LTR, TR etc)	647,302.20	13.37%	8,529.20	9.18%	1.32%
	5. Share Trading	19,050.40	0.39%	1,467.10	1.58%	7.70%
	6. Lease Financing/Leasing	35,580.70	0.73%	1,384.30	1.49%	3.89%
F.	Other Institutional Loan	87,538.40	1.81%	1,455.20	1.57%	1.66%
G.	Consumer Finance	345,471.80	7.13%	5,401.20	5.81%	1.56%
H	Miscellaneous	37,716.30	0.78%	06.20	0.01%	0.02%
	Total	4,842,525.90	100.00%	92,932.30	100.00%	1.92%

Market Share of Deposit as on September 2014

BDT in million except percentage

Items	IFIC Bank	Banking Industry	Market Share of IFIC
Demand Deposit	14,599.80	620,249.00	2.35%
Time Deposit	100,280.10	5,752,394.00	1.74%
Total	114,879.90	6,372,643.00	1.80%

Other Financial Indicators as on June 2014:

Name of Indicators	IFIC Bank	Banking Industry	Market Share of IFIC
Credit Deposit Ratio	82.35%	79.00%	
CAR	10.12%	10.70%	
NPL	4.63%	10.80%	
ROE	13.54%	8.40%	
ROA	0.94%	0.60%	
Net Interest Income (In million)	1,539	63,100	2.44%
Total Assets (In million)	139,827	8,657,200	1.62%
Expenditure to Income Ratio	76.09%	77.80%	
Provision maintenance Ratio	100.83%	100.10%	



FINANCIAL REPORT 2014

Independent Auditors' Report to the Shareholders of IFIC Bank Limited

We have audited the accompanying consolidated financial statements of IFIC Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of IFIC Bank Limited (the "Bank"), which comprises the consolidated balance sheet and the separate balance sheet as at 31 December 2014, and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1 and for such internal control as management determines necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 as amended and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

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

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2014, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1

Chartered Accountants

Correspondent firm of Grant Thornton International Ltd.

Howladar Yunus & Co.

Report on Other Legal and Regulatory Requirements

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

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
 - i) Internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in note 2.21.12 appeared to be materially adequate.
 - ii) Nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities other than matters disclosed in note 2.21.12 (V)
- (c) financial statements of subsidiary companies of the Bank namely IFIC Securities Limited and IFIC Money Transfer (UK) Limited have been audited and properly reflected in the consolidated financial statements;
- (d) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- (f) the expenditure incurred was for the purposes of the Bank's business;
- (g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- (h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (j) the information and explanation required by us have been received and found satisfactory; and
- (k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,000 person hours for the audit of the books and accounts of the Bank.

Howladar Yunus & Co.

Chartered Accountants

Dated: Dhaka
April 09, 2015

Chartered Accountants

Correspondent firm of Grant Thornton International Ltd.

INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LIMITED

Consolidated Balance Sheet

as at 31 December 2014

Amount in BDT

Particulars	Note	2014	2013 (Restated)
PROPERTY AND ASSETS			
Cash		10,402,677,369	9,694,857,863
Cash in hand (including foreign currencies)	3.a	1,833,243,747	2,027,983,219
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.b	8,569,433,622	7,666,874,644
Balance with other banks and financial institutions		12,049,563,141	10,028,352,857
In Bangladesh	4.a	11,214,966,414	8,755,055,635
Outside Bangladesh	4.b	834,596,727	1,273,297,223
Money at call and on short notice	5	1,450,000,000	-
Investments		24,030,515,228	21,898,326,628
Government securities	6.a	17,217,294,297	15,893,691,348
Other investments	6.b	6,813,220,931	6,004,635,281
Loans and advances		104,419,397,669	86,020,739,529
Loans, cash credits, overdrafts etc.	7.a	96,670,129,520	79,899,715,032
Bills purchased and discounted	8.a	7,749,268,149	6,121,024,498
Fixed assets including premises, furniture and fixtures	9.a	2,946,853,254	2,404,374,060
Other assets	10.a	3,371,653,934	3,632,099,174
Non-banking assets	11	373,474,800	373,474,800
Total assets		159,044,135,395	134,052,224,912
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks, financial institutions and agents	12.a	5,924,591,258	3,840,822,447
Deposit and other accounts	13.a	129,863,053,202	110,676,026,933
Current deposit and other accounts		15,582,027,154	13,568,293,800
Bills payable		1,874,975,364	1,573,829,454
Savings bank deposit		18,366,462,687	13,890,792,353
Fixed deposit		94,039,587,998	81,643,111,325
Other liabilities	14.a	11,359,482,025	9,686,289,613
Total liabilities		147,147,126,485	124,203,138,993
Capital / Shareholders' equity			
Paid up capital	15.2	4,377,499,280	3,806,521,120
Statutory reserve	16	3,909,507,173	3,374,079,154
General reserve	17	55,771,397	55,771,397
Revaluation reserve against securities	18.a	1,575,539	16,043,518
Revaluation reserve against fixed assets	19	115,314,704	115,314,704
Reserve against non banking assets		-	-
Foreign currency translation gain/(loss)	21.a	1,230,102	(50,909)
Surplus in profit and loss account	22.a	3,436,103,270	2,481,399,733
Attributable to equity holders		11,897,001,465	9,849,078,718
Non controlling interest	23	7,445	7,201
Total shareholders' equity		11,897,008,910	9,849,085,919
Total liabilities and shareholders' equity		159,044,135,395	134,052,224,912

Particulars	Note	2014	2013 (Restated)
OFF BALANCE SHEET ITEMS			
Contingent liabilities	24	47,824,432,743	42,304,360,063
Acceptances and endorsements	24.1	17,819,035,175	13,876,907,522
Letters of guarantee	24.2	6,644,832,531	6,340,226,700
Irrevocable letters of credit	24.3	14,473,667,235	14,442,618,436
Bills for collection	24.4	8,886,897,802	7,644,607,405
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		47,824,432,743	42,304,360,063

These financial statements should be read in conjunction with the annexed notes.


Managing Director


Director


Director
Signed as per our annexed report of same date


Director

Dhaka, 9 April 2015

Howladar Yunus
Howladar Yunus & Co.
Chartered Accountants

INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LIMITED

Consolidated Profit and Loss Account

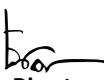
for the year ended 31 December 2014

Amount in BDT

Particulars	Note	2014	2013 (Restated)
Interest income	26.a	11,924,197,296	11,157,042,069
Interest paid on deposits, borrowings etc.	27.a	8,519,021,026	8,555,417,964
Net Interest income		3,405,176,270	2,601,624,104
Investment income	28.a	2,378,647,190	2,190,773,922
Commission, exchange and brokerage	29.a	1,423,651,023	1,321,242,455
Other operating income	30.a	529,870,115	510,329,508
		4,332,168,327	4,022,345,886
Total operating income		7,737,344,597	6,623,969,990
Salaries and allowances	31.a	2,475,625,867	1,910,600,460
Rent, taxes, insurance, electricity etc.	32.a	683,215,801	595,310,637
Legal expenses	33.a	7,765,350	5,557,719
Postage, stamp, telecommunication etc.	34.a	94,375,727	90,270,298
Stationery, printing, advertisement etc	35.a	175,827,492	101,292,102
Managing Director's salary	36	13,660,000	13,660,000
Directors' fees	37.a	1,364,750	1,004,927
Auditors' fee	38.a	1,765,215	900,000
Charges on loan loss	39	-	35,777,187
Depreciation and repair of bank's assets	40.a	402,991,215	304,576,225
Other expenses	41.a	669,117,684	579,826,799
Total operating expenses		4,525,709,102	3,638,776,355
Operating profit		3,211,635,494	2,985,193,635
Share of profit of investment in associate & joint venture	41.b	492,590,611	258,876,010
Profit before provision		3,704,226,105	3,244,069,645
Provision for loans, investments and other assets	42.a		
Specific provision		407,783,326	(145,290,413)
General provision		260,000,000	49,392,000
Provision for off-shore banking unit		4,000,000	9,600,000
Provision for off-balance sheet exposures		50,000,000	63,220,000
Provision for diminution in value of investments		(248,438,949)	235,566,751
Provision for other assets		26,000,000	27,672,054
Total provision		499,344,377	240,160,392
Profit/(Loss) before taxes		3,204,881,728	3,003,909,254
Provision for taxation			
Current tax	43.a	1,301,314,763	1,101,878,414
Deferred tax	43.b	(157,542,995)	272,221,188
		1,143,771,768	1,374,099,602
Net profit after taxation		2,061,109,960	1,629,809,652
Retained earning brought forward from previous year		1,910,421,573	1,383,150,151
		3,971,531,534	3,012,959,803
Appropriations			
Statutory reserve		535,428,019	278,016,582
General reserve		-	-
		535,428,019	278,016,582
Retained surplus		3,436,103,515	2,734,943,221
Earnings per share (EPS)	50.a	4.71	3.72

These financial statements should be read in conjunction with the annexed notes.


Managing Director


Director


Director


Director

Signed as per our annexed report of same date

Dhaka, 9 April 2015

Howladar Yunus & Co.
Howladar Yunus & Co.
Chartered Accountants

INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LIMITED

Consolidated Cash Flow Statement

for the year ended 31 December 2014

Amount in BDT

Particulars	Note	2014	2013 (Restated)
A. Cash flows from operating activities			
Interest received		14,319,189,765	12,912,892,803
Interest payments		(8,740,274,155)	(8,506,445,840)
Dividend received		106,248,532	84,956,377
Fees and commission received		1,423,651,023	1,321,242,455
Recoveries of loans and advances previously written-off		194,316,107	648,876,150
Cash payments to employees		(2,509,285,867)	(1,894,260,460)
Cash payments to suppliers		(237,324,678)	(155,073,176)
Income taxes paid		(1,207,026,021)	(1,031,213,745)
Receipts from other operating activities	44.a	588,990,468	583,233,062
Payments for other operating activities	45.a	(1,555,292,691)	(1,381,330,651)
Operating cash flows before changing in operating assets and liabilities		2,383,192,483	2,582,876,976
Increase/(decrease) in operating assets and liabilities			
Statutory deposits		-	-
Loans and advances to other banks		-	-
Loans and advances to customers		(17,220,713,652)	(8,900,941,822)
Other assets	47.a	225,964,975	(474,177,862)
Deposits from other banks		(225,339,000)	(279,194,397)
Deposits from customers		19,412,365,270	15,578,131,084
Trading liabilities		-	-
Other liabilities	48.a	407,556,116	197,553,393
		2,599,833,709	6,121,370,395
Net cash flows from operating activities		4,983,026,191	8,704,247,371
B. Cash flows from investing activities			
Net proceeds/(payments) from sale/(purchase) of Government securities		(1,255,048,849)	(4,216,501,213)
Net proceeds/(payments) from sale/(purchase) of securities		(743,310,039)	(1,089,525,840)
Purchase of property, plant & equipment		(833,798,050)	(227,827,068)
Proceeds from sale of property, plant & equipment		3,253,511	4,912,148
Payment against lease obligation		(7,263,378)	(5,140,413)
Net cash used in investing activities		(2,836,166,804)	(5,534,082,386)
C. Cash flows from financing activities			
Borrowing from other banks, financial institution and agents		2,083,768,811	640,162,802
Receipts from issue of sub-ordinated bond		-	-
Dividend paid (cash)		-	-
Net cash flows from financing activities		2,083,768,811	640,162,802
D. Net increase/(decrease) in cash (A+B+C)		4,230,628,198	3,810,327,786
E. Effects of exchange rate changes on cash and cash equivalents		(52,101,507)	(50,562,494)
F. Opening cash and cash equivalents		19,729,565,720	15,969,800,428
G. Closing cash and cash equivalents (D+E+F)	46.a	23,908,092,411	19,729,565,720
Closing cash and cash equivalents			
Cash in hand		1,833,243,747	2,027,983,219
Balance with Bangladesh Bank and its agents bank		8,569,433,622	7,666,874,644
Balance with other banks and financial institutions		12,049,563,141	10,028,352,857
Money at call and on short notice		1,450,000,000	-
Prize bonds		5,851,900	6,355,000
		23,908,092,411	19,729,565,720

These financial statements should be read in conjunction with the annexed notes.

INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LIMITED

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

Particulars	Paid up capital	Statutory reserve	Assets revaluation reserve	General reserve	Revaluation gain/loss on investments	F.C translation gain/(Loss)	Retained earnings	Minority interest	Amount in BDT	
									Total	
Restated balance as at 1 January 2014	3,806,521,120	3,374,079,154	115,314,704	55,771,397	16,043,518	(50,909)	2,481,399,733	7,201		9,849,085,919
Impact of changes in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated balance as at 1 January 2014	3,806,521,120	3,374,079,154	115,314,704	55,771,397	16,043,518	(50,909)	2,481,399,733	7,201		9,849,085,919
Surplus/deficit on account of revaluation of investments	-	-	-	-	(14,467,980)	-	-	-	-	(14,467,980)
Currency translation differences	-	-	-	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	1,281,011	-	-	-	1,281,011
Net profit for the year	-	-	-	-	-	-	2,061,109,716	244	-	2,061,109,960
Dividends (Bonus shares) for the year 2013	570,978,160	-	-	-	-	-	(570,978,160)	-	-	-
Appropriation made during the year	-	535,428,019	-	-	-	-	(535,428,019)	-	-	-
Balance as at 31 December 2014	4,377,499,280	3,909,507,173	115,314,704	55,771,397	1,575,539	1,230,102	3,436,103,270	7,445		11,897,008,910
Balance as at 1 January 2013	3,460,473,750	2,832,536,912	115,314,704	55,771,397	17,604,715	(67,967)	1,384,729,537	7,201		7,866,370,249
Impact of changes in accounting policy for investment in associate & joint venture	-	-	-	-	-	-	344,467,984	-	-	344,467,984
Restated balance as at 31 January 2013	3,460,473,750	2,832,536,912	115,314,704	55,771,397	17,604,715	(67,967)	1,729,197,521	7,201		8,210,838,233
Surplus/deficit on account of revaluation of investments	-	-	-	-	(1,561,197)	-	9,982,172	-	-	8,420,975
Currency translation differences	-	-	-	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	17,058	-	-	-	17,058
Net profit for the year	-	-	-	-	-	-	1,629,809,652	-	-	1,629,809,652
Dividends (Bonus shares) for the year 2012	346,047,370	-	-	-	-	-	(346,047,370)	-	-	-
Appropriation made during the year	-	541,542,242	-	-	-	-	(541,542,242)	-	-	-
Restated balance as at 31 December 2013	3,806,521,120	3,374,079,154	115,314,704	55,771,397	16,043,518	(50,909)	2,481,399,733	7,201		9,849,085,919

INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LIMITED

Separate Balance Sheet

as at 31 December 2014

Amount in BDT

Particulars	Note	2014	2013
PROPERTY AND ASSETS			
Cash	3	10,398,813,316	9,686,767,548
Cash in hand (including foreign currencies)	3.1	1,829,379,694	2,019,892,903
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	8,569,433,622	7,666,874,644
Balance with other banks and financial institutions	4	12,042,832,451	10,028,347,117
In Bangladesh	4.1	11,214,966,413	8,755,055,634
Outside Bangladesh	4.2	827,866,037	1,273,291,483
Money at call and on short notice	5	1,450,000,000	-
Investments	6	22,845,255,886	21,170,763,155
Government securities	6.1	17,217,294,297	15,893,691,348
Other investments	6.2	5,627,961,589	5,277,071,808
Loans and advances	7	102,282,149,309	84,110,385,028
Loans, cash credits, overdrafts etc.	7.1	94,532,881,160	77,989,360,530
Bills purchased and discounted	8	7,749,268,149	6,121,024,498
Fixed assets including premises, furniture and fixtures	9	2,929,319,758	2,382,855,554
Other assets	10	4,016,791,501	4,310,035,366
Non-banking assets	11	373,474,800	373,474,800
Total assets		156,338,637,021	132,062,628,567
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks, financial Institutions and agents	12	5,621,445,116	3,492,857,352
Deposit and other accounts	13	129,745,805,362	110,463,796,836
Current deposit and other accounts	13.1	15,464,779,314	13,356,063,703
Bills payable	13.2	1,874,975,364	1,573,829,454
Savings bank deposit	13.3	18,366,462,687	13,890,792,353
Fixed deposit	13.4	94,039,587,998	81,643,111,325
Other liabilities	14	10,343,270,674	9,008,123,583
Total liabilities		145,710,521,153	122,964,777,770
Capital / Shareholders' equity			
Paid up capital	15.2	4,377,499,280	3,806,521,120
Statutory reserve	16	3,909,507,173	3,374,079,154
General reserve	17	55,771,397	55,771,397
Revaluation reserve against securities	18	1,575,539	16,043,518
Revaluation reserve against fixed assets	19	115,314,704	115,314,704
Reserve against non banking assets	20	-	-
Foreign currency translation gain/(loss)	21	-	-
Surplus in profit and loss account	22	2,168,447,775	1,730,120,903
Attributable to equity holders		10,628,115,868	9,097,850,797
Non controlling interest	23	-	-
Total shareholders' equity		10,628,115,868	9,097,850,797
Total liabilities and shareholders' equity		156,338,637,021	132,062,628,567

Particulars	Note	2014	2013
OFF BALANCE SHEET ITEMS			
Contingent liabilities	24	47,824,432,743	42,304,360,063
Acceptances and endorsements	24.1	17,819,035,175	13,876,907,522
Letters of guarantee	24.2	6,644,832,531	6,340,226,700
Irrevocable letters of credit	24.3	14,473,667,235	14,442,618,436
Bills for collection	24.4	8,886,897,802	7,644,607,405
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		47,824,432,743	42,304,360,063

These financial statements should be read in conjunction with the annexed notes.


Managing Director


Director


Director
Signed as per our annexed report of same date


Director

Dhaka, 9 April 2015


Howladar Yunus & Co.
Chartered Accountants

INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LIMITED

Separate Profit and Loss Account

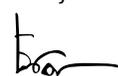
for the year ended 31 December 2014

Amount in BDT

Particulars	Note	2014	2013
Interest income	26	11,858,390,649	11,111,313,344
Interest paid on deposits, borrowings, etc.	27	8,466,644,760	8,499,298,315
Net Interest income		3,391,745,889	2,612,015,029
Investment income	28	2,377,463,292	2,168,408,245
Commission, exchange and brokerage	29	1,328,028,172	1,235,487,075
Other operating income	30	528,973,344	507,884,495
		4,234,464,808	3,911,779,815
Total operating income		7,626,210,697	6,523,794,844
Salaries and allowances	31	2,447,559,376	1,887,630,433
Rent, taxes, insurance, electricity, etc.	32	669,310,802	581,678,242
Legal expenses	33	6,430,972	5,042,307
Postage, stamp, telecommunication, etc.	34	94,177,292	90,061,952
Stationery, printing, advertisement, etc	35	174,941,019	100,583,432
Managing Director's salary	36	13,660,000	13,660,000
Directors' fees	37	1,175,000	900,000
Auditors' fee	38	1,275,000	700,000
Charges on loan loss	39	-	35,777,187
Depreciation and repair of bank's assets	40	397,901,121	300,657,046
Other expenses	41	646,956,127	559,232,642
Total operating expenses		4,453,386,709	3,575,923,240
Profit/(Loss) before provision		3,172,823,988	2,947,871,604
Provision for loans, investments and other assets	42		
Specific provision		405,683,893	(145,290,413)
General provision		260,000,000	49,392,000
Provision for off-Shore Banking unit		4,000,000	9,600,000
Provision for off-balance sheet exposure		50,000,000	63,220,000
Provision for diminution in value of investments		(250,000,000)	235,566,751
Other provisions		26,000,000	27,672,054
Total Provision		495,683,893	240,160,392
Profit/(Loss) before taxes		2,677,140,095	2,707,711,212
Provision for taxation	43		
Current tax		1,290,000,000	1,090,000,000
Deferred tax expense/(income)		(157,592,956)	272,221,188
		1,132,407,044	1,362,221,188
Net profit after taxation		1,544,733,051	1,345,490,024
Retained earning brought forward from previous year		1,159,142,743	926,173,121
		2,703,875,794	2,271,663,145
Appropriations			
Statutory reserve		535,428,018.99	541,542,242
General reserve		-	-
		535,428,019	541,542,242
Retained Surplus		2,168,447,775	1,730,120,903
Earnings per share (EPS)	50	3.53	3.07

These financial statements should be read in conjunction with the annexed notes.


Managing Director


Director


Director


Director

Signed as per our annexed report of same date

Dhaka, 9 April 2015

Howladar Yunus
Howladar Yunus & Co.
Chartered Accountants

INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LIMITED

Separate Cash Flow Statement

for the year ended 31 December 2014

		Amount in BDT	
Particulars	Note	2014	2013
A. Cash flows from operating activities			
Interest received		14,253,383,119	12,867,164,078
Interest payments		(8,687,897,889)	(8,450,326,191)
Dividend received		105,718,382	82,493,402
Fees and commission received		1,328,028,172	1,235,487,075
Recoveries of loans and advances previously written-off		194,316,107	648,876,150
Cash payments to employees		(2,481,219,376)	(1,871,290,433)
Cash payments to suppliers		(237,324,678)	(155,073,176)
Income taxes paid		(1,194,602,128)	(1,027,512,916)
Receipts from other operating activities	44	587,439,949	560,885,347
Payments for other operating activities	45	(1,516,126,882)	(1,326,887,180)
Operating cash flows before changing in operating assets and liabilities		2,351,714,776	2,563,816,156
Increase/(decrease) in operating assets and liabilities			
Statutory deposits		-	-
Loans and advances to other banks		-	-
Loans and advances to customers		(17,521,662,386)	(8,215,063,642)
Other assets	47	269,122,656	(433,866,963)
Deposits from other banks		(225,339,000)	(279,194,397)
Deposits from customers		19,507,347,527	15,414,260,139
Trading liabilities		-	-
Other liabilities	48	68,947,143	(133,107,419)
Net cash flows from operating activities		4,450,130,716	8,916,843,874
B. Cash flows from investing activities			
Net proceeds/(payments) from sale/(purchase) of Government securities		(1,255,048,849)	(4,216,501,213)
Net proceeds/(payments) from sale/(purchase) of securities		(285,614,169)	(1,130,775,535)
Purchase of property, plant & equipment (Annexure-D)		(833,303,359)	(220,369,051)
Proceeds from sale of property, plant & equipment		3,253,511	4,912,148
Payment against lease obligation		(7,263,378)	(5,140,413)
Net cash used in investing activities		(2,377,976,244)	(5,567,874,064)
C. Cash flows from financing activities			
Borrowing from other banks, financial institution and agents		2,128,587,765	640,162,802
Receipts from issue of sub-ordinated bond		-	-
Dividend paid (cash)		-	-
Net cash flow from financing activities		2,128,587,765	640,162,802
D. Net increase/(decrease) in cash (A+B+C)		4,200,742,237	3,989,132,612
E. Effects of exchange rate changes on cash and cash equivalents		(24,714,234)	(42,255,513)
F. Opening cash and cash equivalents		19,721,469,665	15,690,081,540
G. Closing cash and cash equivalents (D+E+F)	46	23,897,497,667	19,721,469,665
Closing cash and cash equivalents			
Cash in hand		1,829,379,694	2,019,892,903
Balance with Bangladesh Bank and its agents bank		8,569,433,622	7,666,874,644
Balance with other banks and financial institutions		12,042,832,451	10,028,347,117
Money at call and on short notice		1,450,000,000	-
Prize bonds		5,851,900	6,355,000
		23,897,497,667	19,721,469,665

These financial statements should be read in conjunction with the annexed notes.

INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LIMITED

Separate Statement of Changes in Equity

for the year ended 31 December 2014

Particulars	Amount in BDT									
	Paid up capital	Statutory reserve	Assets revaluation reserve	General reserve	Revaluation gain/loss on investments	F.C translation gain/loss	Retained earnings	Minority interest	Total	
Balance as at 1 January 2014	3,806,521,120	3,374,079,154	115,314,704	55,771,397	16,043,518	-	1,730,120,903	-	9,097,850,797	-
Impact of changes in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated balance as at 1 January 2014	3,806,521,120	3,374,079,154	115,314,704	55,771,397	16,043,518	-	1,730,120,903	-	9,097,850,796	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	(14,467,980)	-	-	-	(14,467,980)	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	1,544,733,051	-	1,544,733,051	-
Dividends (Bonus shares) for the year 2013	570,978,160	-	-	-	-	-	(570,978,160)	-	-	-
Appropriation made during the year	-	535,428,019	-	-	-	-	(535,428,019)	-	-	-
Balance as at 31 December 2014	4,377,499,280	3,909,507,173	115,314,704	55,771,397	1,575,539	-	2,168,447,775	-	10,628,115,868	-
Balance as at 1 January 2013	3,460,473,750	2,832,536,912	115,314,704	55,771,397	17,084,579	-	1,272,220,491	-	7,753,401,833	-
Impact of changes in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated balance as at 1 January 2013	3,460,473,750	2,832,536,912	115,314,704	55,771,397	17,084,579	-	1,272,220,491	-	7,753,401,833	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	(1,041,061)	-	-	-	(1,041,061)	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	1,345,490,024	-	1,345,490,024	-
Dividends (Bonus shares) for the year 2012	346,047,370	-	-	-	-	-	(346,047,370)	-	-	-
Appropriation made during the year	-	541,542,242	-	-	-	-	(541,542,242)	-	-	-
Balance as at 31 December 2013	3,806,521,120	3,374,079,154	115,314,704	55,771,397	16,043,518	-	1,730,120,903	-	9,097,850,797	-

INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LIMITED

Liquidity Statement

Maturity Analysis of Assets and Liabilities

as at 31 December 2014

Particulars	Maturity Period					Total
	Upto 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	
Assets						
Cash in hand (including BB)	2,333,079,694	31,600,000	31,600,000	379,433,621	7,623,100,000	10,398,813,315
Balance with other banks & financial institutions and agents	6,942,790,779	4,122,175,634	977,866,038	-	-	12,042,832,451
Money at call & short notice	1,450,000,000	-	-	-	-	1,450,000,000
Investment	2,587,191,087	2,926,279,996	4,183,988,282	8,094,642,900	5,053,153,620	22,845,255,886
Loans & advances	25,028,065,597	15,018,996,162	32,808,721,580	21,187,528,964	8,238,837,006	102,282,149,309
Fixed assets including premises, furniture and fixture	-	-	-	-	2,929,319,758	2,929,319,758
Other assets	939,354,663	240,474,670	332,227,942	1,119,254,739	1,385,479,486	4,016,791,501
Non-banking assets	-	-	-	373,474,800	-	373,474,800
Total assets	39,280,481,821	22,339,526,462	38,334,403,842	31,154,335,025	25,229,889,870	156,338,637,021
Liabilities						
Borrowing from other banks and financial institutions	1,975,235,112	1,444,736,686	2,052,527,990	98,865,119	50,080,209	5,621,445,116
Deposits	22,627,210,209	30,382,841,472	27,912,375,619	46,705,578,061	2,117,800,000	129,745,805,362
Provision and other liabilities	642,469,356	124,269,247	1,235,645,285	5,784,059,138	2,556,827,648	10,343,270,674
Total liabilities	25,244,914,677	31,951,847,405	31,200,548,895	52,588,502,318	4,724,707,857	145,710,521,153
Net liquidity	14,035,567,144	(9,612,320,942)	7,133,854,947	(21,434,167,294)	20,505,182,013	10,628,115,868
Cumulative liquidity	-	4,423,246,202	11,557,101,149	(9,877,066,144)	10,628,115,869	16,731,397,075

Amount in BDT

Notes to the Financial Statements

as at and for the year ended 31 December 2014

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, 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 fledge commercial bank and incorporated as a public limited company in Bangladesh under the Companies Act 1913, currently governed under the Bank Companies Act 1991 (amended up to 2013) and rules and regulations issued by Bangladesh Bank. The registered office of the Bank is situated at BDBL Bhaban (8th - 10th & 16th-19th floors), 8 Rajuk Avenue, Dhaka-1000. Its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The Government of the People's Republic of Bangladesh now holds 32.75% shares of the Bank. Directors and Sponsors hold 11.31% share and the remaining 55.94% share held by the general public.

At present, the Bank has 120 branches and 50 own ATM booths. The Bank has an Off-shore Banking Unit (OBU) located at Dhaka and also two wholly owned subsidiary companies namely IFIC Securities Limited and IFIC Money Transfer (UK) Limited. Moreover, the Bank also has investment in joint venture companies in abroad namely Nepal Bangladesh Bank Limited, Oman International Exchange LLC and NIB Bank Limited, Pakistan.

1.2 Nature of business activities

The principal activities of the Bank are to provide all types of commercial banking services, within the stipulations laid down by Bank Companies Act 1991 and directives as received from Bangladesh Bank time to time, through its branches, SME centre and alternative delivery channels like ATM Booths, Mobile and Internet Banking.

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 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. Separate Financial Statements of Off-shore Banking Unit are shown in **Annexure-H**.

1.4 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 BDBL Bhaban 8th floor, 8 Rajuk Avenue, Dhaka-1000. It acquired membership of Dhaka Stock Exchange Limited for brokerage transaction vide Bangladesh Security 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 services as mentioned in the Memorandum and Articles of Association of the company. The operation of the company starts on 10 March 2011. Separate Financial Statements of IFIC Securities Limited are shown in **Annexure-I**.

1.5 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 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 HAI IES, London, UK. The Bank has obtained necessary permission from Bangladesh Bank to open the fully owned subsidiary in UK. Financial Statements of the company are shown in **Annexure-J**.

2 Basis of preparation and significant accounting policies of Financial Statements

Basis of preparation

2.1 Statement of compliance

The separate financial statements of the Bank and the consolidated financial statements of the Group comprising the Bank and its subsidiaries as at and for the year ended 31 December 2014 have been prepared on a going concern basis following accrual basis of accounting except cash flow statement and under the historical cost basis, except for Government securities which are stated at fair/market value and freehold land which are measured at revalued amount in accordance with the “First Schedule” (section 38) of the Bank Companies Act 1991, as amended by the BRPD Circular no. 14 dated 25 June 2003, rules & regulations issued by Bangladesh Bank time to time, the Companies Act 1994, the Securities and Exchange Rules 1987, listing regulations of Dhaka and Chittagong Stock Exchanges’, International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Financial Reporting Standards (BFRSs) except in the circumstances where local regulations differ, and with other applicable laws and regulations applicable in Bangladesh. In case the requirement of provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and BFRSs, the provisions and circulars issued by Bangladesh Bank have been applied.

The presentation of the financial statements has been made as per the requirements of the BRPD Circular No. 14 dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

As such the Group and the Bank has departed from those contradictory requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank. Material departures from the requirements of BAS/BFRS vis-a-vis Bangladesh Bank regulations are as follows:

i) Investment in shares and securities

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

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; otherwise investments are recognized at cost.

ii) Revaluation gains/losses on Government securities

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

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

iii) Provision on loans and advances/investments

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

Bangladesh Bank: As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision 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 has to be provided at 20%, 50% and 100% respectively depending on the duration of past due of loans and advances. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Recognition of interest in suspense

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

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once 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.

v) Other comprehensive income

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

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The template of financial statements issued by Bangladesh Bank do not include OCI nor are the elements of OCI 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.

vi) Financial instruments – presentation and disclosure

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

vii) Financial guarantees

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

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

viii) Cash and cash equivalent

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

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

ix) Non-banking asset

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

Bangladesh Bank: As per BRPD circular numner 14, there must exist a face item named Non-banking asset.

x) Cash flow statement

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

Bangladesh Bank: As per BRPD circular number 14, cash flow is the mixture of direct and indirect methods.

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

BFRS: As per BAS 7, 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 is treated as cash and cash equivalents.

xii) Presentation of intangible asset

BFRS: Intangible asset must be identified, recognized and disclose in the financial statements as per BAS 38.

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

xiii) Off-balance sheet items

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

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

xiv) Loans and advances/Investments net off provision

BFRS: Loans and advances/Investments should be presented in the financial statements after net off provision.

Bangladesh Bank: As per BRPD circular number 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.

2.2 Basis of measurement

The financial statements of the Group and the Bank 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 marked 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)' at present value using amortization concept.
- Zero Coupon Bond at present value using amortization concept.
- Land is recognized at cost at the time of acquisition and subsequently measured at fair value as per BAS-16, "Property Plant and Equipment".

2.3 Reporting period

These financial statements cover one calendar year from 1 January 31 December which has been followed consistently over the years.

2.4 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 and as per the provision of 'The Conceptual Framework for Financial Reporting'.

2.5 Date of authorization

The Board of Directors has authorized these financial statements for public issue on 9 April 2015.

2.6 Functional and presentation currency

The consolidated financial statements of the Group and the separate financial statements of the Bank are presented in Bangladesh Taka (BDT) which is the Group's and the Bank's functional currency.

Functional currencies of Off-shore Banking Unit and IFIC Money Transfer (UK) Limited are US Dollar and UK Pound Sterling respectively. Financial information presented in Taka has been rounded off to nearest integer, except otherwise indicated.

2.7 Branch accounting

The Bank has 120 branches, with no overseas branch as at 31 December 2014. Accounts of the branches are maintained at the head office from which these financial statements have been drawn up.

2.8 Materiality and aggregation

Each material item considered by management as significant has been presented separately in the financial statements. No amount has been set off 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.

2.9 Use of estimates and judgments

In the preparation of the consolidated financial statements of the group and the separate financial statements of the Bank in conformity with BFRSs 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.

The key estimates, judgments and assumptions are applied to measure the following:

- a) Provision for loans, advances and investments
- b) Revaluation of land & buildings
- c) Deferred tax assets/liabilities
- d) Measurement of defined benefit obligation (Provision for gratuity)
- e) Provision for expenses
- f) Provision for current taxation
- g) Contingent Liability (Letter of Guarantee)

2.10 Going concern

The Bank has no such reason to assume that it will not be able to continue its operation for foreseeable future because it has adequate resources in all respects, promising profitability, and forward looking strategy. For this reason, the directors continue to adopt going concern basis in preparing the financial statements. The current operations of the Bank provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.11 Consistency

In accordance with the Conceptual Framework for financial reporting of BFRSs together with Bangladesh Accounting Standard (BAS) 1: *Presentation of Financial Statements* and Bangladesh Accounting Standard (BAS) 8: *Accounting Policies, Changes in Accounting Estimates and Errors*, the Bank applies the disclosure principles consistently from one year to the next.

Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors made, changes in the accounting estimate made, the amounts involved are accounted for and disclosed in accordance with the requirement of BAS 8 through applying one or more of the retrospective application, restatement or prospective application in the financial statements. The Bank has applied the same accounting and valuation principles in the year 2014 as in financial statements as at and for the year 2013. Accounting estimate for rate of depreciation of some categories of fixed assets has been changed in the year 2014 to recognise the effect of the change in the accounting estimate in the year 2014 and future periods affected by the change.

2.12 Basis of consolidated and combined financial statements

The financial statements of the Bank includes the Consolidated Financial Statements of the Bank as a Group of Bank and its subsidiaries and the Separate Financial Statements of the Bank as the stand-alone entity. The consolidated financial statements include the financial statements of the Bank and its two subsidiary companies namely, IFIC Securities Limited operating in Bangladesh and IFIC Money Transfer (UK) Limited operating in United Kingdom made up to the end of the financial year. 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 financial statements have been prepared in accordance with BAS 27: Separate Financial Statements and BFRS 10: Consolidated Financial Statements. The consolidated financial statements are prepared to a common financial year ended 31 December 2014. 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, Liquidity Statements and relevant notes and disclosures.

2.12.1 Subsidiary

Subsidiary is the entity which is controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity, so as to obtain economic benefits from its activities.

The consolidated financial statements incorporate the financial statements of IFIC Bank Limited and financial statements of subsidiary companies from the date that control commences until the date that control 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.

2.12.2 Conversion policy

The subsidiary IFIC Securities Limited operating in Bangladesh and IFIC Money Transfer (UK) Limited has a common financial year ended 31 December 2014.

Assets, liabilities, income and expenses of IFIC Money Transfer (UK) Limited are converted into BDT at the year end weighted average rate of GBP 1= BDT 120.9229

2.12.3 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.

2.13 Foreign currency transactions

2.13.1 Foreign currency

Financial statements of each entity of the group are measured in terms of functional currency in which the entity operates. The consolidated financial statements of the group and the financial statements of the Bank are prepared in the Bank's functional and presentation currency which is Bangladesh Taka (BDT).

2.13.2 Foreign currencies translation

Foreign currency transactions are translated into the Bank's functional currency at the ruling exchange rates on the respective date of such transactions as per BAS 21 "The Effect of Changes in Foreign Exchange Rates". 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 arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting/crediting exchange gain or loss account.

Assets and liabilities & income and expenses of Off-shore Banking Units are converted into BDT at the year end weighted average rate of USD 1= BDT 77.9494

2.13.3 Commitments

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

2.13.4 Transaction & translation gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account, except those arising on the translation of net investment in foreign subsidiary which included directly in statement of changes in equity.

2.14 Cash flow statement

Cash flow statement has been prepared in accordance with BAS 7 “Cash Flow Statement” and under the guideline of Bangladesh Bank BRPD Circular no. 14 dated 25 June 2003 in direct method as recommended.

2.15 Statement of changes in equity

Statement of changes in equity has been prepared in accordance with BAS 1 “Presentation of Financial Statements” and following the guidelines of Bangladesh Bank BRPD Circular no. 14 dated 25 June 2003. It reflects information about the increase or decrease in net wealth.

2.16 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
Borrowing from other Banks, financial institutions	Maturity / repayment terms
Deposits and other accounts	Maturity term and past trend of withdrawal
Provisions and other liabilities	Payment / adjustments schedule

2.17 Offsetting

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

2.18 Restatement

In order to comply with the BAS 28: Investment in Associates and Joint Venture and BFRS 11: Joint Arrangement, the Bank required to account for investment in associates and joint ventures under equity method of accounting through initial recognition of the investment in an associate or a joint venture at cost, and changes of carrying amount of investment due to recognition of the investor’s share of the profit or loss after the date of acquisition. Therefore, until 31 December 2013, equity method of accounting was not followed in the Group’s consolidated financial statements of IFIC Bank Limited. However, there was practical limitations with regards to location of the investee in abroad and financial year of one of the investees is quite different from that of the Bank (17 July each year). As a result, relevant figures of the year 2013 have been restated to reflect the equity method of accounting for associates and joint ventures in the consolidated financial statements. The separate financial statements of the Bank are not impacted by these changes.

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 the Central Bank as prime regulator. Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year’s presentation.

2.19 Assets and basis of their measurement

2.19.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, 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.

2.19.2 Investment

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. 05 dated 26 May 2008 and DOS circular no. 05 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 year end by taking into account any discount or premium in acquisition. Amortized amount of such premium are booked into Profit and Loss Statement 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 based on marked to market. Decrease in the book value is recognized in the profit and loss statement and any increase is transferred to revaluation reserve account.

Value of investments has been enumerated as follows :

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Govt. securities - HFT	Cost	Market value	Loss to profit and loss account and gain to revaluation reserve
Govt. securities - HTM	Cost	Amortized value	Increase in value to equity and decrease to profit & loss account
Debenture	Face value	None	None
Prize bond	Cost	None	None

iii) Investment in listed securities

These securities are bought and held primarily for the purpose of selling in future or for dividend income. Realized gains or losses are recognized in the profit and loss account.

iv) Investment in unlisted securities

Investment in unlisted securities is reported at cost under cost method.

v) Strategic investment in shares

A. Investment in subsidiary

Investment in subsidiary is accounted for under the cost method of accounting in the Bank’s financial statements in accordance with the BAS 27: Separate Financial Statements and BFRS 3: Business Combination.

B. Investment in associates and joint ventures

Associates are those entities in which IFIC Bank Limited has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities IFIC Bank Limited has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Associates and joint ventures are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the IFIC Bank Limited’s share of the income and expenses of equity accounted invested, after adjustments to align the accounting policies with those of the IFIC Bank Limited, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. This is in consistent with Bangladesh Financial Reporting Standard 11 Joint Arrangements and Bangladesh Financial Reporting Standard 12 Disclosure of Interests in other Entities. At present IFIC Bank Limited has one associate in the name and style as Nepal Bangladesh Bank Limited (NBBL) and one joint venture in the name and style as Oman International Exchange LLC (OIE).

vi) Repo and reverse repo

The Bank recorded the Repo and reverse repo transactions in compliance with the DOS Circular No. 06, dated 15 July 2010 of Bangladesh Bank. In case of repo for both coupon and non-coupon bearing securities, the Bank adjust the revaluation reserve account for HFT securities and cease the weekly revaluation of such securities if the revaluation date falls within the repo period. For interest bearing securities, the Bank does not accrue interest during the repo period.

2.19.3 Loans and advances

- i) Loans and advances have been stated at gross value as per requirements of Bank Companies Act, 1991 (as amended up to 2013). 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 information furnished by the branches and instructions contained in Bangladesh Bank BRPD circular No. 14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012 and BRPD circular No. 16 dated 18 November 2014 respectively.
- 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.

The classification rates are given below:

Particulars	Rate of Provision
General Provision on :	
Short term agricultural and micro-credits whether irregular or regular	2.50%
Small and medium enterprise (SME)	0.25%
Consumer Finance for housing finance and loans for professionals to set up business under Consumer Financing	2.00%
Loans to Brokerage House, Merchant Banks, Stock dealers, etc.	2.00%
Consumer Finance other than housing finance and loans for professionals to set up business under Consumer Financing including credit cards	5.00%
All other unclassified loans and advances	1.00%
Special Mention Account	Same rate applicable as per above particulars (0.25%-5.00%)
Off Balance Sheet Exposure	1.00%
Specific Provision on:	
Substandard loans and advances other than short term agricultural and micro-credits whether irregular or regular	20.00%
Substandard short term agri credit	5.00%
Doubtful loans and advances other than short term agricultural and micro-credits whether irregular or regular	50.00%
Doubtful short term agri credit	5.00%
Bad/loss and advances	100.00%

- iv) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, and (ii) against which legal cases are filed and classified as bad/loss for more than five years as per guidelines of Bangladesh Bank. These write off however, will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

2.19.4 Stock of stationery

Stock of stationery has been shown under other assets and is valued at cost.

2.19.5 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. Depreciation is computed consistently by using diminishing balance method at the following rates:

Particulars	Rate of depreciation
Land	Nil
Building	2.5%
Wooden Furniture	20%
Steel Furniture	10%
Office Equipment	20%
Computer	30%
Electrical & Gas Equipment	20%
Improvement of Premises	20%
Vehicles	20%
Soft furnishing	40%
Software	30%

- ii) No depreciation is charged on land. Full year's depreciation is charged in the year of acquisition and depreciation is not charged in the year of disposal.

- iii) As at 9 October 2011, Bank's property was revalued by Baltic Control (BD) Ltd. Gain on revaluation surplus included in fixed assets and equity under the head 'Revaluation reserve against fixed assets' in the financial statements.

iv) Change in accounting estimate

The Bank has changed the rate of depreciation for some categories of fixed assets in the year 2014 and financial impact of such change has been applied prospectively. Details of the changes are depicted below:

Category	Previous Rate	New Rate	Financial Adjustments
Improvement of Premises	10%	20%	Prospective
Wooden Furniture	10%	20%	Prospective
Computer	20%	30%	Prospective
Software	20%	30%	Prospective

B. Acquisition under finance lease

- i) Assets acquired under finance lease are stated at cost less accumulated depreciation. The Bank computed depreciation on such assets in a consistent manner so that the book value of such assets will be zero at the end of the lease period which is 8 years treating it as useful life of those assets.

2.19.6 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. It comprise 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 BAS 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 diminishing 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 at the rate 30% every year.

2.19.7 Impairment of assets

An asset is impaired when its carrying amount exceeds its recoverable amount as per BAS 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.

2.19.8 Leasing

Leases are classified as finance leases when risk and rewards substantially to the lessee whether title of lease assets eventually transfer or not as per BAS 17 : Lease.

i) The Bank as lessor

The Bank has finance lease under its credit portfolio. Amount disbursed to lessees under finance lease is recorded as lease at constant periodic rate of return on the Bank's net investment outstanding in respect of the leases as per BAS 17: Leases.

ii) The Bank as lessee

Assets acquired under lease arrangement where substantially all the risks and rewards incidental to ownership are transferred to the lessees i.e. IFIC Bank Limited, are treated as finance lease and recognized as leased assets of the Bank as per BAS 17: Leases. Leased assets are stated at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Assets held under the finance lease are depreciated over their expected useful life on the same basis as owned assets.

2.20 Liabilities, provisions and basis of their measurement

2.20.1 Borrowings from other banks, financial institutions and agents:

Borrowing funds include call money deposits, borrowings under re-finance scheme and other short term and long term borrowings from banks and financial institutions. These stated in the Balance Sheet at amounts payable. Interest paid/payable on these borrowings is charged to the profit and loss accounts.

2.20.2 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.

2.20.3 Provision for taxation

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.

ii) Deferred tax

Deferred tax is calculated as per BAS 12: Income Taxes on taxable/deductible temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred

tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits which can be utilized.

2.20.4 Provision for liabilities

A provision is recognized in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37: Provisions, Contingent Liabilities and Contingent Assets.

2.20.5 Provision for Nostro Account

Provision for Nostro accounts is maintained as per Circular Letter No. FEPD(FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank.

2.20.6 Employee benefits

Accounting recognition & measurement, as well as the disclosures requirements for different benefit schemes for employees are the followings:

i) Provident fund

The Bank operates a contributory provident fund for its permanent employees accordance with the Bank registered provident fund rules. The Commissioner of Income Tax, Dhaka has approved the Provident fund as a recognized this fund within the meaning of section 2 (52) read with the provisions of part – B of First Schedule of Income Tax Ordinance 1984. All permanent employees of the Bank are contributing 10% of their basic salary as subscription of the fund and the Bank also contributes equal amount to the fund. The fund is operated by a Board of Trustees consisting of 5 (five) members of the Bank any investment decision out of this fund is made separately from that of the Bank's fund. Interest earned from the investments is credited to the members' account on half yearly basis.

ii) Gratuity

Gratuity fund benefits are given to the employee of the Bank in accordance with the registered gratuity fund rules. National Board of Revenue (NBR) has recognized the gratuity fund with effect from October 2007. The fund is operated by a Board of Trustees consisting of 5 (five) members of the Bank. Employees are entitled to gratuity benefit after completion of minimum 10 (ten) years of service.

2.20.7 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 as per instruction contained in Bangladesh Bank BRPD circular No. 08 dated 7 August 2007 and BRPD Circular No. 10 dated 18 September 2007.

2.20.8 Revenue recognition

As per Bangladesh Accounting Standard (BAS) 18: Revenue, revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Bank and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The revenue during the year is recognized following BAS 18: Revenue as detailed below:

(i) Interest income

In terms of BAS 18: Revenue the interest income is recognised on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified. Interest on classified loans and advances is kept into interest suspense account. Loan and advances are classified as bad, interest ceases to apply and recorded in a memorandum account. However, interest on classified loans and advances is accounted for on realization basis.

(ii) Fees and commission income

Fees and commission income arising on services provided by the Bank are recognized at the time of realization. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

- (iii) **Investment income**
Income on investments is recognized on accrual basis. Capital gain/loss is recognized at the time of realization.
- (iv) **Dividend income on shares**
Dividend income on shares is recognized when dividend is declared, ascertained and right to receive the payment is established.
- 2.20.9 Interest paid on deposits and borrowings**
In terms of the provisions of the BAS 1: Presentation of the Financial Statements interest expenses are recognized on accrual basis.
- 2.20.10 Management and other expenses**
General and administrative expenses of the Bank are recognized on accrual basis.
- 2.21 General**
 - 2.21.1 Share capital**
Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.
 - 2.21.2 Statutory reserve**
As per Bank Companies Act, 1991 (as amended upto 2013) the Bank is required to transfer 20% of its current year profit before tax to the statutory reserve until such reserve equals to Paid up capital.
 - 2.21.3 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 BAS 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.
 - 2.21.4 Statement of changes in equity**
Statement of changes in equity has been prepared in accordance with BAS 1: Presentation of Financial Statements and following the guidelines of Bangladesh Bank BRPD Circular no. 14 dated 25 June 2003. It reflects information about the increase or decrease in net wealth.
 - 2.21.5 Cash flow statement**
Cash flow statement has been prepared in accordance with BAS 7: Cash Flow Statement and under the guideline of Bangladesh Bank BRPD Circular no. 14 dated 25 June 2003 in direct method as recommended.
 - 2.21.6 Non controlling interest**
Non controlling interest is that portion of the profit or loss and net assets of the subsidiaries attributable to equity interests that are not owned, directly or indirectly through subsidiaries by the Parent i.e. IFIC Bank Limited.
 - 2.21.7 Reconciliation of books of account**
Books of account in regard to inter bank (in Bangladesh and outside Bangladesh) and inter branch transactions are reconciled and no material differences are exist which may affect the financial statements significantly.
 - 2.21.8 Earnings per share (EPS)**
Earning per share (EPS) is calculated in accordance with BAS 33: Earnings Per Share, which has been shown on the face of the profit and loss account.
- i) **Basic earnings per share**
This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders. This has been calculated by dividing the Basic Earnings by the weighted average number of ordinary shares outstanding during the year.

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 year multiplied by a time weighted factor. The time-weighting factor is the numbers of days the specific shares were outstanding as a proportion of the total number of days in the year.

iii) **Diluted earnings per share**

No diluted earnings per share is required to be calculated for the year as there was no dilutive potential ordinary share during the year.

2.21.9 Related party transactions

As per BAS 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 BAS 24: *Related Party Disclosures*, Bangladesh Bank & BSEC guidelines. Details of the related party transactions have been disclosed in *Annexure F*.

2.21.10 Event 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.

2.21.11 Operating segments

The Bank as a Group has nine (9) reportable segments which are treated as the Bank's core strategic business units. These business units are run by offering different products and services which are managed separately by the management based on Bank's internal reporting structure. The management reviews internal management reports on a regular basis of its each business unit. As per BFRS 8: Operating Segments the reportable segments of the business units of the Bank are operated as follows:

Reportable Segment	Activity Description
Corporate Banking	Deals with loans, deposits and other transactions and balances with corporate customers.
SME/Agri & Green Banking	Deals with loans, deposits and other transactions and balances with SME/ Agriculture and Green Banking customers.
Retail banking	Deals with loans, deposits and other transactions and balances with retail customers.
Treasury & Money Market Operation	Ensures the fund for Bank and maintenance of SLR, Asset-liability management through borrowings and placement, currency swap and investing in liquid assets such as short-term placements and corporate and government debt securities.
Off-Shore Banking	Carry on transactions in freely convertible foreign currencies with eligible customers whether persons or institutions.
Mobile banking	Render mobile financial services to facilitate regulated banking to mass people for ensuring financial inclusion and contributing national growth.
Investment Banking	Deals with Bank's trading, investment in equities and other capital market activities.
IFIC Bank Securities Limited	Conduct the business of stock broker/dealer through buying, selling and dealing in shares, stocks, debentures and other securities on behalf of customers and extending margin lending etc.
IFIC Money Transfer (UK) Limited	Facilitate inward remittance services from United Kingdom.

Information regarding the results of each reportable segment is included in **Annexure - I** as per BFRS 8: Operating Segments. Performance is measured based on segment profit before provision, as included in the internal management reports that are reviewed by the Bank's Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis and reviewed regularly to reflect the fair pricing.

2.21.12 Risk management

The Risk of the Bank is defined as the probability of losses, financial or otherwise. The Risk Management of the Bank covers core risk areas of banking viz. credit risk, foreign exchange risk, asset liability management risk, money laundering risk, internal control & compliance risk and information & communication technology security risk. Other risks like operational risk, liquidity risk, interest rate risk, equity price risk, market risk are also managed on a regular basis. The prime objective of the risk management is that the Bank takes better calculative business risks at the same time keeping safe the Bank's capital, its financial resources and profitability from various business risks through its own measures and through implementing Bangladesh Bank's guidelines and following some of the best practices which is as under:

i) Credit risk

Credit risk is most simply defined as the potential 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 defined by the Bangladesh Bank.

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 Board approved policy guidelines on asset liability management has been formulated which is 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 Bangladesh Bank, the Bank has formulated "Guidelines on Prevention of Money Laundering" and "Policy for Combating Financing of Terrorism" which is 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 Suspicious Transaction Report (STR), Cash Transaction Report (CTR), Know Your Customer (KYC) Procedure, Transaction Monitoring Report, Structuring Monitoring 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 consistently maintaining very good rating on AML/CFT issues.

Bank is regularly arranging training programs on prevention of money laundering & combating financing of terrorism for its all executives & officers. In 2014, the Bank arranged several training programs on prevention of money laundering & combating financing of terrorism where 412 executives & officers were participated.

iv) Internal control and compliance risk

The operational performance of the Bank is depended 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), Monitoring of Staff Accounts, Ethics/Code of Conduct of the employees etc.

Being an integral part of daily activities of the Bank, Internal Control & Compliance Division consist three units namely; Compliance, Monitoring and Audit & Inspection. These units are 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 a internal watch dog, the Audit & 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 2011 the Bank has introduced, Branch Audit Rating System in order to up grade 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 behavioural aspect of the human being. Human fraudulent acts may be committed by outsiders or insider such as employees who are aware the internal operations process of the the Bank. To take the advantage of the operational process and weakness of the internal control system of the work place, employees may occur 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 has monitor the transactions process to prevent and detect both internal and external frauds.

vi) Foreign exchange risk

Foreign Exchange Risk arises from transaction involvement in any other national currency. Providing major foreign exchange related transactions are carried out on behalf of client thus bank has minimum exposure to the foreign exchange risk. 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 measures, monitored and mitigated the foreign exchange risks.

vii) Information and communication technology (ICT) risk

Technology and Banking Business has now been closely integrated. Since its inception, the Bank has adopted information and communication technology for its business to facilitate faster decision making and satisfaction of its customers.

Accordingly, the Bank has formulated policies and procedures for ICT Risk Management and has taken steps to protect the information and related assets from unauthorized access, modification and destruction for the sake of the interest of its customers. To mitigate risks in ICT operations, the Bank is continuously conducting training sessions on sensitive IT tasks (i.e. operational procedures, security procedures etc.) for relevant employees.

The Bank is taking Data Backup on daily basis; one copy is being stored in fire-proof Vault and another copy is being kept at remote site to face any disaster in Data Centre. Disaster Recovery (DR) Site has been established at Uttara, Dhaka to replicate data of Data Centre and failover business operations in case of any emergency or any disaster at Data Centre. Business continuity Plan has also been developed.

The Bank Management has been putting conscious efforts to improve problem Management, ICT Operation Management, Change Management, Asset Management and Request Management to maintain maximum uptime of automated online banking business.

The Bank has updated ICT Policy Guideline in commensurate with guidelines of Bangladesh Bank. Physical security is being maintained for its workplace to properly protect ICT resources as per the Physical Security Guideline under Tier-1 of ICT guideline of Bangladesh Bank. 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 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 of critical IT Assets and maintaining IT Assets Inventory.

The Bank has developed Fall Back Plan of IT Human Resources with detailed job descriptions and segregation of duties for IT tasks. The Bank has also completed all ICT Security documentation to ensure security of ICT Systems and is continuously updating them to strengthen security of the systems.

vii) Other relevant risks

a) Operational risk

Operational risk addresses the risk associated with fraud, forgery, unauthorized activities, error, omission, system failure and external events among others. 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 fall due 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 maintaining 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 repricing 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.

2.21.13 Management Committee (MANCOM)

The Management Committee (MANCOM) is functioning since the year 1994 as a structured unit to take important management decisions. Presently, it comprises members holding key positions in the management of the Bank. The Committee is headed by the Managing Director who is assisted by a Senior Management Group consisting of the Deputy Managing Directors, Heads of Division of strategically important divisions along with Branch Managers of large and important branches. Managing Director's Secretariat also acts as the member secretary to the Committee. The members of the Committee, having long experience in commercial banking activities, are concerned with management of respective Division as well as monitoring day to day activities taking place in different areas of the Bank.

The Committee sits at least once every month to review and evaluate strategic operational issues of the bank, identify specific problems which need to be immediately attended, identify position of weakness (if any) of the Bank and take remedial measures or any other measures for enhancing general image of the Bank. Generally, the MANCOM is concerned with major decision making, planning and framing of policy guidelines in the Bank.

2.21.14 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 2013 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	Date of Rating	Rating Status			Validity
			Long term	Short term	Outlook	
Entity	January to December 2013	30-Jun-14	AA2	ST-2	Stable	30-Jun-15
Entity	January to December 2012	30-Jun-13	AA2	ST-2	Stable	30-Jun-14
Entity	January to December 2011	30-Jun-12	AA2	ST-2	Stable	30-Jun-13

2.21.15 Compliance report on Bangladesh Financial Reporting Standards (BFRSs) including Bangladesh Accounting Standards (BASs):

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of Bangladesh Financial Reporting Standards (BFRSs) including Bangladesh Accounting Standards (BASs). While preparing the financial statements, Bank applied all the applicable BASs and BFRSs as adopted by ICAB. Details are given below:

Name of the BAS	BAS No.	Status
Presentation of Financial Statements	1	Applied*
Inventories	2	Applied
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting estimates & Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The effects of changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosure	24	Applied
Accounting and Reporting by Retirement Benefits Plans	26	N/A**

Separate Financial Statements	27	Applied
Investment in Associates and Joint Ventures	28	Applied
Financial Instruments: Presentation	32	Applied*
Earning per share	33	Applied
Interim Financial Reporting	34	Applied***
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	N/A
Financial Instruments: Recognition and Measurement	39	Applied*
Investment Property	40	Applied
Agriculture	41	N/A

Name of the BFRS	BFRS No.	Status
First time Adoption	1	N/A
Share Based Payment	2	N/A
Business Combinations	3	Applied
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	Applied
Operating Segments	8	Applied
Consolidated Financial Statements	10	Applied
Joint Arrangements	11	Applied
Disclosure of Interests in Other Entities	12	Applied
Fair Value Measurement	13	Applied

Note:N/A: Not Applicable

The following BFRSs were issued but not effective as at 31.12.2014

Name of the BFRS	BFRS No.	Status
Financial Instruments	BFRS 9	01.01.2018

* In order to comply with certain specific rules and regulations of the local Central Bank (Bangladesh Bank) which are different to BAS/BFRS, some of the requirements specified in these BAS/BFRSs are not applied.

** This Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. Therefore, it is not applicable for the Bank's annual report as it is the employer and not the retirement benefit plan itself.

*** The objective of BAS 34: Interim Financial Reporting is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period and hence it is not applicable for annual financial statements. However, the Bank being a listed entity in Dhaka and Chittagong Stock Exchanges regularly publishes Interim Financial Report complying with BAS-34.

2.22 Others

The expenses, irrespective of capital or revenue nature, accrued but not paid have been provided for.

	Note	2014	2013
3 Cash			
Cash in hand (including foreign currencies)	3.1	1,829,379,694	2,019,892,903
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	8,569,433,622	7,666,874,644
		10,398,813,316	9,686,767,548
3.1 Cash in hand (including foreign currencies)			
Local currency in hand		1,705,383,369	1,918,331,382
Foreign currencies in hand		26,451,957	23,866,521
Cash with ATM		97,544,368	77,695,000
		1,829,379,694	2,019,892,903
3.2 Balance with Bangladesh Bank and its agents bank			
Bangladesh Bank			
Local currency		7,873,724,336	6,959,670,360
Foreign currency		316,360,496	428,009,611
		8,190,084,832	7,387,679,972
Sonali Bank as agent of Bangladesh Bank		379,348,790	279,194,673
		8,569,433,622	7,666,874,644
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 Bank Companies Act 1991 (amended upto 2013) and MPD circular no. 1, dated 23 June 2014 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 23 June 2014 [effective from 24 June 2014], all scheduled banks have to maintain CRR of minimum 6.0% [for year 2013: 5.5%] on daily basis and 6.5% [for year 2013: 6.0%] 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 2014 was based on weekly average balance of October 2014]. CRR maintained by the Bank as per statutory requirement is shown below:			
Average time and demand liabilities		117,450,844,800	102,167,681,600
Required reserve @ 6.5% [Year: 2013 @ 6.0%]		7,634,304,912	6,130,060,896
Actual reserve maintained		7,722,468,960	6,131,838,000
Surplus		88,164,048	1,777,104
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% [for year 2013: 19.0% including CRR] of based on weekly average demand and time liabilities excluding inter-bank deposits of immediate preceding two months [i.e. SLR of December 2014 was based on weekly average balance of October 2014]. SLR maintained by the Bank as per statutory requirement is shown below:			
Average time and demand liabilities		117,450,844,800	102,167,681,600
Required reserve @ 13.0% [Year 2013: 19.0%]		15,268,609,824	19,411,859,504
Actual reserve maintained		19,636,436,000	25,091,920,699
Surplus		4,367,826,176	5,680,061,195
Actual reserve maintained for SLR			
Cash held		1,829,380,000	1,942,198,000
Balance with Bangladesh Bank in excess of CRR		201,278,000	5,733,191,754
Balance with Sonali Bank as agent		379,349,000	279,194,600
Government securities (HFT)		7,002,260,000	5,381,453,205
Government securities (HTM)		10,214,169,000	10,490,883,140
Reverse Repo with Bangladesh Bank		-	1,250,000,000
Other approved securities		10,000,000	15,000,000
		19,636,436,000	25,091,920,699

	Note	2014	2013
3.a Consolidated cash in hand			
IFIC Bank Limited	3.1	1,829,379,694	2,019,892,903
IFIC Securities Limited		40,350	8,809
IFIC Money Transfer (UK) Limited		3,823,703	8,081,506
		1,833,243,747	2,027,983,219
3.b Balance with Bangladesh Bank and its agents bank			
IFIC Bank Limited	3.2	8,569,433,622	7,666,874,644
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		8,569,433,622	7,666,874,644
		10,402,677,369	9,694,857,863
4 Balance with other banks and financial institutions			
In Bangladesh	4.1	11,214,966,413	8,755,055,634
Outside Bangladesh	4.2	827,866,037	1,273,291,483
		12,042,832,451	10,028,347,117
4.1 In Bangladesh			
In current deposit account with			
Agrani Bank Ltd.		46,033,163	61,509,313
Sonali Bank Ltd.		1,802	3,237
		46,034,966	61,512,551
In special notice deposit account with			
Trust Bank Ltd		28,778,838	9,837,668
Standard Chartered Bank		19,718,879	8,557,316
		48,497,717	18,394,984
In beneficiary owner (BO) account with			
IFIC Securities Ltd.		170,307,518	225,021,886
ICB Securities		60,672	60,672
Latif Securities		65,541	65,541
		170,433,731	225,148,099
In fixed deposit account with banks and NBFIs			
Peoples Leasing & Financial Services Ltd.		200,000,000	300,000,000
The City Bank Ltd.		900,000,000	-
Southeast Bank Ltd.		-	900,000,000
IIDFC		150,000,000	150,000,000
Mercantile Bank Ltd.		700,000,000	-
Investment Corporation of Bangladesh (ICB)		7,000,000,000	5,000,000,000
Commercial Bank of Ceylon		-	300,000,000
Bank Alfalah Ltd.		200,000,000	300,000,000
Bank Asia Ltd.		-	500,000,000
Eastern Bank Ltd.		900,000,000	-
BRAC Bank Ltd.		900,000,000	1,000,000,000
		10,950,000,000	8,450,000,000
		11,214,966,413	8,755,055,634
4.2 Outside Bangladesh (NOSTRO Accounts)			
Current account			
J.P. Morgan Chase Bank, New York		246,399,789	496,002,209
Citi Bank N.A. New York		26,294,461	140,430,703
HSBC Bank , New York		141,075,757	211,061,074

	Note	2014	2013
Standard Chartered Bank, London		14,672,284	15,672,436
Masreq Bank PSC, New York		141,313,122	36,061,352
Mashreq Bank, PSC, Mumbai, India		30,326,818	27,207,983
Standard Chartered Bank, New York		36,110,261	28,914,055
Wells Fargo Bank, New York		43,756,461	44,502,964
Sonali Bank, (UK) Limited		22,766,366	44,256,004
HSBC Bank, Mumbai		-	6,560,376
Standard Chartered Bank, Kolkata		6,672,438	12,183,413
AB Bank Ltd., Mumbai		1,145,103	34,098,493
NIB Bank Ltd, Karachi, Pakistan		20,173,779	27,455,370
National Trust Bank Ltd., Colombo		3,220,875	5,335,815
Nepal Bangladesh Bank Ltd., Kathmandu, Nepal		11,484,215	3,248,728
Sonali Bank, Kolkata		18,668,811	16,562,899
State Bank of India, Kolkata		4,801,525	4,789,242
Bank of Bhutan, Phuentosoling		2,638,482	3,836,858
ICIC Bank Ltd.		8,725,430	42,259,801
Commerz Bank AG, Frankfurt		33,729,371	-
Habib American Bank, New York		590,856	-
J.P. Morgan Chase Bank, Sydney		503,602	1,825,343
The Bank Nova Scotia, Toronto, Canada		(176,591)	1,120,244
Habib Bank AG , Zurich		588,899	23,432,838
Commerz Bank AG, Frankfurt		(15,054,682)	3,861,613
J.P. Morgan Chase Bank AG, Frankfurt		3,614,231	1,566,331
Sonali Bank UK London		622,719	3,916,846
Standard Chartered Bank, London		8,616,942	2,001,474
HSBC Bank PLC, London		-	11,733,130
Sonali Bank(UK)Limited		14,415,312	22,687,531
Bank Of Tokyo- Mitsubishi, Tokyo		169,402	706,359
		827,866,037	1,273,291,483
For details of foreign currency amounts and rates thereof please see "Annexure-A"			
4.3	Maturity grouping of balance with other banks and FIs		
	Receivable on demand	2,825,947,691	1,559,825,920
	Upto 1 month	4,116,843,088	3,118,521,197
	More than 1 month but not more than 3 months	4,122,175,634	5,200,000,000
	More than 3 months but not more than 6 months	977,866,038	150,000,000
	More than 6 months but not more than 1 year	-	-
	More than 1 year but not more than 5 years	-	-
	More than 5 years	-	-
		12,042,832,451	10,028,347,117
4.a	Consolidated balance with other banks and financial institutions In Bangladesh		
	IFIC Bank Limited	4.1 11,214,966,413	8,755,055,634
	IFIC Securities Limited	92,162,560	55,085,019
	IFIC Money Transfer (UK) Limited	-	-
		11,307,128,973	8,810,140,653
	Less: Inter -company transaction	92,162,559	55,085,018
		11,214,966,414	8,755,055,635

	Note	2014	2013
4.b Outside Bangladesh			
IFIC Bank Limited	4.2	827,866,037	1,273,291,483
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		6,730,690	5,740
		834,596,727	1,273,297,223
Less: Inter -company transaction		-	-
		834,596,727	1,273,297,223
		12,049,563,141	10,028,352,857
5 Money at call and on short notice			
Banking companies			
Bank Alfalah Ltd.		100,000,000	-
Bank Asia Ltd.		600,000,000	-
Standard Bank Ltd.		300,000,000	-
Jamuna Bank Ltd.		300,000,000	-
		1,300,000,000	-
Non banking financial institution			
Investment Corporation of Bangladesh (ICB)		150,000,000	-
		1,450,000,000	-
6 Investments			
Government Securities	6.1	17,217,294,297	15,893,691,348
Other Investments	6.2	5,627,961,589	5,277,071,808
		22,845,255,886	21,170,763,155
6.1 Government securities			
Treasury bills	6.1.1	7,819,903,997	4,114,079,358
Treasury bonds	6.1.2	9,381,538,399	10,183,438,982
Bangladesh Bank bills		-	1,574,818,008
Prize bond		5,851,900	6,355,000
Debentures	6.1.3	10,000,000	15,000,000
		17,217,294,297	15,893,691,348
6.1.1 Treasury bills			
91 days treasury bills		1,202,637,926	823,274,613
182 days treasury bills		3,383,389,729	1,163,215,520
364 days treasury bills		3,233,876,343	2,127,589,226
		7,819,903,997	4,114,079,358
6.1.2 Treasury bonds			
2 years Treasury bond		211,945,024	162,407,150
5 years Treasury bond		1,701,895,636	2,208,514,002
10 years Treasury bond		5,229,438,036	5,255,405,326
15 years Treasury bond		1,262,304,464	1,635,645,025
20 years Treasury bond		975,955,239	921,467,479
		9,381,538,399	10,183,438,982
6.1.3 Debentures			
House Building Finance Corporation		10,000,000	15,000,000
		10,000,000	15,000,000

	Note	2014	2013
6.2 Other investments			
Unquoted shares			
Karma Sangsthan Bank		20,000,000	20,000,000
Central Depository Bangladesh Ltd.		22,847,220	22,847,220
Energy Pack Power Company Ltd.		25,960,000	25,960,000
		68,807,220	68,807,220
Quoted shares			
National Housing Finance & Investment Ltd.		39,010,000	39,010,000
Power Grid Compay Ltd.		275,412,488	275,412,488
Delta Life Insurance Company Ltd.		83,187,944	22,110,000
Khulna Power Company Ltd.		34,423,040	126,278,021
RAK Ceramics Ltd.		10	10
Summit Power Ltd.		108,786,696	108,786,696
Summit Alliance Port Ltd.		27,546,745	27,546,745
Square Pharma Ltd.		-	21,240,801
British Americal Tobacco Bangladesh		91,744,278	91,744,278
Eastland Insurance Company Ltd.		8,941,428	8,941,428
TITAS Gas Transmission and Distribution Ltd.		466,084,720	491,136,095
Beximco Ltd.		1,264,121,634	1,264,121,634
Singer Bangladesh Ltd.		-	86,011,456
Malek Spinning Mills Company Ltd.		7,681	30,886,016
DESCO Ltd.		6,972,919	15,967,159
Unique Hotel and Resorts Ltd.		21,029,385	21,029,385
The City Bank Ltd.		194,197,477	194,197,477
MJL Bangladesh Ltd.		86,128,123	141,707,639
Fareast Life Insurance Ltd.		136,631,812	136,631,812
Beximco Pharmaceuticals Ltd.		201,481,540	204,741,386
Northern General Insurance Company Ltd.		10,951,563	11,497,613
Reliance Insurance Ltd.		11,674,463	11,674,463
Summit Purbanchol Power Company Ltd.		-	9,792,372
		3,068,333,947	3,340,464,973
Mutual funds			
IFIC Bank 1st Mutual Fund		250,000,000	250,000,000
ICB Employee 1st Mutual Fund		17,986,473	17,986,473
		267,986,473	267,986,473
Debt securities			
Banglalion Communication Ltd.		579,997,606	579,997,606
Outside Bangladesh			
Nepal Bangladesh Bank Ltd.	6.2.1	1,294,019,575	671,891,065
Oman International Exchange LLC	6.2.2	17,718,055	17,672,731
NIB Bank Ltd., Pakistan	6.2.3	331,098,714	330,251,740
		1,642,836,344	1,019,815,536
		5,627,961,589	5,277,071,808

For details of of investment in shares and debt securities please see "Annexure-B"

	Note	2014	2013
6.2.1 Nepal Bangladesh Bank Ltd			
IFIC holds 40.91% shares capital of Nepal Bangladesh Bank Ltd. (NBBL) of Nepal which is listed with Nepal Stock Exchange Limited. The Bank's total holding is 9,042,927 number of shares out of 22,103,352 number of shares of the Bank. The face value of the share is NRS 100 each and as at 31 December 2014 the market value of such shares (9,042,927 number shares) was Tk. 13,945,069,416			
6.2.2 Oman International Exchange LLC			
Shares of Oman International Exchange LLC represents holding of 25% paid up capital of the company located in Muscat in the Sultanate of Oman. Out of total 9,746 shares of the company, IFIC Bank owns 2,437 shares of which face value is RO 100 per share.			
6.2.3 NIB Bank Ltd, Pakistan			
Shares of NIB Bank Ltd. represents holding of 0.24% paid-up capital of the Bank located in Pakistan. Out of total number of 10,302,851,200 shares of NIB, IFIC Bank owns 24,578,800 shares. Face value per share of the bank is PKR 10 each and as at 31 December 2014 market value of the above investment was Tk. 44,769,006.			
6.3 Government securities classified according to Bangladesh Bank Circular			
Held for trading (HFT)		7,001,837,681	5,381,453,206
Held to maturity (HTM)		10,199,604,715	10,490,883,142
Other securities		15,851,900	21,355,000
		17,217,294,297	15,893,691,348
6.4 Maturity grouping of investments			
On demand		117,695,558	711,686,498
Up to 1 month		2,469,495,529	1,781,423,908
Over 1 month but not more than 3 months		2,926,279,996	2,026,297,221
Over 3 months but not more than 6 months		2,366,976,899	948,674,141
Over 6 months but not more than 1 years		1,817,011,383	1,133,549,212
Over 1 year but not more than 5 years		8,094,642,900	6,710,065,385
Over 5 years		5,053,153,620	7,859,066,791
		22,845,255,886	21,170,763,155
6.5 Disclosure regarding outstanding Repo			
Counterparty Name	Agreement date	Reversal date	Amount
	-	-	-
Total			
Disclosure regarding outstanding Reverse Repo			
Counterparty Name	Agreement date	Reversal date	Amount
Eastern Bank Ltd.	30-Dec-14	1-Jan-15	452,452,090
BRAC Bank Ltd.	30-Dec-14	1-Jan-15	485,444,673
Mutual Trust Bank Ltd.	30-Dec-14	1-Jan-15	332,621,643
Total			1,270,518,406
Disclosure regarding Overall transaction of Repo and Reverse Repo			
Counterparty Name	Minimum outstanding in Y2014	Maximum outstanding in Y2014	Daily average outstanding in Y2014
Securities sold under Repo			
With Bangladesh Bank	-	-	-
With other Banks & FIs	190,515,400	677,953,822	23,345,773
Securities purchased under Reverse Repo			
From Bangladesh Bank	1,200,000,000	2,000,000,000	13,013,698
From other Banks and FIs	-	-	-

	Note	2014	2013
6.a Consolidated investments			
Government Securities			
IFIC Bank Limited	6.1	17,217,294,297	15,893,691,348
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		17,217,294,297	15,893,691,348
6.b Consolidated other investments			
IFIC Bank Limited	6.2	5,627,961,589	5,277,071,808
IFIC Securities Limited		89,324,738	124,219,480
IFIC Money Transfer (UK) Limited		-	-
Investment adjustment for equity accounted investees		1,095,934,604	603,343,993
		6,813,220,931	6,004,635,281
		24,030,515,228	21,898,326,628
7 Loans and advances			
Loans, cash credit, overdraft etc.	7.1	94,532,881,160	77,989,360,530
Bill purchased and discounted	8	7,749,268,149	6,121,024,498
		102,282,149,309	84,110,385,028
7.1 Loans, cash credit, overdraft etc.			
Inside Bangladesh			
Term loan industrial		6,596,891,295	5,510,535,033
Term loan consumer finance		377,394,070	77,152,014
Agricultural loan		1,417,338,319	892,694,269
Term loan women entrepreneurship		6,904,620	5,208,804
Term loan-others		20,734,890,975	12,545,070,090
House building loans		1,235,843,031	1,116,767,924
Staff loan		1,890,192,383	1,827,831,746
Transport loan		668,576,160	832,783,997
Loan general		2,617,642,689	3,469,334,852
Demand loan		2,896,692,868	1,090,057,166
Overdrafts		23,549,902,570	21,179,910,669
Cash credit		25,443,140,268	22,525,977,977
Credit card finance		243,798,248	260,222,809
Loan against imported merchandise(LIM)		104,748,152	83,090,282
Loan against trust receipt (LTR)		5,482,486,327	5,740,865,981
Lease Finance		612,090,045	611,653,025
		93,878,532,022	77,769,156,637
Outside Bangladesh		-	-
		93,878,532,022	77,769,156,637
Off-shore banking unit		654,349,138	220,203,893
		94,532,881,160	77,989,360,530
7.2 Residual maturity grouping of Loans, cash credit, overdraft etc.			
Receivable			
On demand		2,780,772,670	14,098,217,646
Up to 1 month		19,451,349,311	5,157,221,187
Over 1 month but not more than 3 months		12,556,177,758	14,662,272,312
Over 3 months but not more than 1 years		30,318,215,451	26,737,679,805
Over 1 year but not more than 5 years		21,187,528,964	11,983,418,202
Over 5 years		8,238,837,006	5,350,551,378
		94,532,881,160	77,989,360,530

	Note	2014	2013
7.3			
Loans and advances under broad categories			
In Bangladesh			
Loans		45,539,838,321	34,283,471,884
Cash credit		25,443,140,268	22,525,977,977
Overdrafts		23,549,902,570	21,179,910,669
		94,532,881,160	77,989,360,530
Bill purchased and discounted	8	7,749,268,149	6,121,024,498
		102,282,149,309	84,110,385,028
Out side Bangladesh		-	-
		102,282,149,309	84,110,385,028
7.4			
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		741,893	103,013
Loans and advances to Managing Director, Senior Executives and Staffs		1,890,192,383	1,827,831,746
Advances to customers' groups		100,391,215,033	82,282,450,269
		102,282,149,309	84,110,385,028
7.5			
Loans and advances allowed to each customer exceeding 10% of Bank's total capital			
Number of customers		31	25
Amount of outstanding loans - funded & non-funded		53,921,900,000	48,775,600,000
Amount classified		-	-

Amount of loans and advances (comprising funded and non funded facilities) to each customer exceeding Tk. 1,130.85 million which is computed as 10% of the Bank's capital (as define under Bank Company Act 1991 amended upto 2013) of Tk 11,308.44 million as at 31 December 2014.

For details of loans and advances to each customer exceeding 10% Banks capital please see "Annexure-C"

7.6 Industry wise position of loans and advances including bills purchased and discounted

Agriculture Industries	1,417,338,319	773,386,022
Jute Industries	997,218,400	866,346,211
Textile Industries	5,481,881,249	2,282,418,075
Garments Industries	14,867,703,440	15,590,763,976
Chemical and Chemical Products	390,808,925	447,556,237
Cement Industries	154,927,183	399,080,786
Bricks & Ceramic	903,449,269	912,395,523
Food Products & Processing	4,316,476,475	1,704,088,651
Engineering & Metal	4,407,699,797	2,665,602,402
Drugs & Pharmaceuticals	-	337,219,412
Hospital & Clinics	128,867,260	1,073,108,382
Paper & Paper Products Industries	449,762,044	522,071,015
Other Small Industries	8,277,723,856	4,581,914,781
IT Sector	3,820,211,434	272,763,543
Other Service Industries	5,590,918,579	4,074,403,562
Trade & Commerce	22,938,039,072	21,180,194,103
IFIC Securities Ltd.	1,199,738,281	1,280,703,902
Transport	747,205,356	726,798,172
Construction Firms/Companies	3,913,317,258	4,111,287,615
Housing Societies/Companies	9,306,094,561	6,797,505,522
Cold Storage	110,746,160	124,959,002
Non-Banking Financial Institutions	638,479,766	355,893,722

	Note	2014	2013
Consumer Finance		5,647,268,264	5,186,254,423
Energy		3,562,960,031	2,329,323,564
Telecommunication		1,541,695,871	1,289,532,661
Others		1,471,618,458	4,224,813,764
		102,282,149,309	84,110,385,028
7.7	Sector wise position of loans and advances including bills purchased and discounted		
Government sector		41,016,667	186,600,000
Other public sector		-	-
Private sector		102,241,132,642	83,923,785,028
Co-operative sector		-	-
		102,282,149,309	84,110,385,028
7.8	Geographical location-wise Loans and Advances including bills purchased and discounted		
Inside Bangladesh			
Urban			
Dhaka division		73,966,875,986	59,040,926,866
Chittagong division		13,126,809,580	11,860,163,181
Sylhet division		671,112,359	469,021,529
Rajshahi division		3,546,670,643	3,604,936,798
Khulna division		1,751,924,126	1,606,156,490
Barisal division		293,889,860	379,096,842
Rangpur division		1,843,501,635	1,307,372,417
		95,200,784,188	78,267,674,122
Rural			
Dhaka division		3,451,651,391	2,825,757,354
Chittagong division		1,199,073,474	1,065,357,431
Sylhet division		119,029,375	105,598,840
Rajshahi division		910,552,817	781,996,925
Khulna division		623,253,896	509,270,560
Barisal division		64,533,953	-
Rangpur division		713,270,216	554,729,796
		7,081,365,121	5,842,710,906
Outside Bangladesh		-	-
		102,282,149,309	84,110,385,028
7.9	Business Segment-wise concentration of Loans and Advances including bills purchased and discounted		
Corporate		75,129,166,107	54,785,769,197
SME		19,054,493,358	21,428,379,237
Short term agri credit		245,384,106	176,513,428
Consumer (including staff)		4,965,266,994	4,834,548,011
Others		2,887,838,745	2,885,175,155
		102,282,149,310	84,110,385,028
7.10	Loans and advances		
Inside Bangladesh			
Continuous loan			
Consumer finance		2,193,410,417	2,472,245,239
Small and medium enterprise		15,884,864,430	16,844,801,532
Loans to BHs/MBs/SDs		2,172,133,026	2,250,789,037
Other continuous loans		27,955,443,408	22,154,442,637
		48,205,851,281	43,722,278,445

	Note	2014	2013
Demand loans			
Consumer finance		400,836,722	314,863,836
Small and medium enterprise		1,707,711,763	2,672,833,572
Loans to BHs/MBs/SDs		-	-
Other continuous loans		17,710,042,534	13,713,447,533
		19,818,591,019	16,701,144,941
Short term loan			
Short term agri credit		245,384,106	176,513,428
Term loan			
Consumer finance (including staff, other than HF)		2,371,019,855	2,047,438,936
Small and medium enterprise		1,461,917,165	1,910,744,133
Housing finance (HF)		712,865,768	629,380,209
Loans for professionals		2,839,950	2,767,003
Loans to BHs/MBs/SDs		-	2,238,906
Other fixed term loan		29,463,680,165	18,917,879,027
		34,012,322,903	23,510,448,214
Outside Bangladesh		-	-
		102,282,149,309	84,110,385,028
7.11 Security/collateral-wise concentration of loans and advances (including bills purchased and discounted)			
Collateral of movable/immovable assets		73,777,179,572	40,906,718,642
Local banks and financial institutions' guarantee		-	-
Government guarantee		-	-
Foreign bank guarantee		-	-
Export documents		2,770,725,853	194,884,736
Fixed deposit receipts		7,918,945,199	8,593,067,283
FDR of other banks		-	-
Government bonds		-	-
Personal guarantee		13,465,964,413	8,543,060,564
Other securities		4,349,334,272	25,872,653,802
		102,282,149,309	84,110,385,028
7.12 Particulars of loans and advances			
i) Loans considered good in respect of which the Bank is fully secured.		88,950,668,274	75,567,324,460
ii) Loans considered good for which the Bank holds no other security than the debtors' personal guarantee.		9,246,385,378	6,957,405,209
iii) Loans considered good being secured by personal security of one or more persons in addition to the personal security of the debtors.		4,085,095,657	1,585,655,359
iv) Loans adversely classified; provision not maintained there against.		-	-
		102,282,149,309	84,110,385,028
v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons.		1,890,934,276	1,827,831,746
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;		-	-

	Note	2014	2013
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 severally or jointly with any other person		1,890,934,276	1,827,831,746
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 bank companies		-	-
x) a) Classified loans for which interest has not been charged:			
Increase/(decrease) in specific provision		346,328,318	(889,562,287)
Amount of loan written off		289,153,382	1,315,956,826
Amount recovered against the loans previously written off		258,446,000	656,052,000
b) Amount of provision kept against loans classified as bad/loss as at the Balance Sheet date		1,966,388,319	1,756,141,624
c) Amount of interest creditable to the interest suspense account		1,243,112,911	943,109,057
xi) Cumulative amount of written off loan:			
Opening balance		7,648,161,000	6,918,941,000
Amount written off during the year		289,153,382	1,315,957,000
Interest charged		2,519,000	69,315,000
Recovery from written-off during the year		(258,446,000)	(656,052,000)
		7,681,387,382	7,648,161,000
7.13 Cumulative amount of written off loans for which law suits have been filed			
Opening balance		12,115,397,361	10,799,440,535
During the year		289,153,382	1,315,956,826
		12,404,550,743	12,115,397,361
No suit could be filed for recovery of the balance amount of Tk. 43.8 million for becoming time barred. Written-off advances were recovered for an amount of Tk. 258.45 million in 2014 and Tk. 4891.35 million during 2003 to 2014. The balance of written –off advances stood at Tk. 7,681.39 million including interest charge of Tk. 168.25 million as on 31 December 2014.			
7.14 Classification of loans and advances			
Unclassified			
Standard		94,135,991,384	80,160,367,588
Special mention account		3,085,024,273	781,941,806
		97,221,015,657	80,942,309,394
Classified			
Substandard		595,065,796	483,177,962
Doubtful		704,241,678	359,222,587
Bad / Loss		3,761,826,178	2,325,675,085
		5,061,133,652	3,168,075,634
		102,282,149,309	84,110,385,028
7.15 Movements of classified loans and advances			
Opening balance		3,168,075,634	4,095,545,142
Additions during the year		4,525,559,123	3,630,830,000
Reduction during the year		(2,632,501,105)	(4,558,299,508)
		5,061,133,652	3,168,075,634

7.16 Particulars of required provision for loans & advances

Status	Base for provision	Rate(%)	31-Dec-2014	31-Dec-2013
General provision-for unclassified				
<i>Standard</i>				
Small and medium enterprise	17,049,703,617	0.25%	42,624,259	50,151,069
House building loan and loan for professional	606,036,310	2.00%	12,120,726	10,925,696
Loans to BHs/MBs/SDs share etc	2,172,133,026	2.00%	43,442,661	45,060,559
Consumer finance	2,949,144,696	5.00%	147,457,235	143,622,480
Short Term agri. and micro-credit	239,860,878	2.50%	5,996,522	4,361,392
Staff loan	1,890,190,349	0.00%	-	-
Other unclassified loan	67,463,017,636	1.00%	674,630,176	517,170,509
	92,370,086,512		926,271,579	771,291,705
<i>Special Mention Account (SMA)</i>				
Small and medium enterprise	259,576,452	0.25%	648,941	664,473
House building loan and loan for professional	30,249,474	2.00%	604,989	609,357
Consumer finance	16,098,381	5.00%	804,919	1,340,356
Other unclassified loan	2,779,099,966	1.00%	27,791,000	4,588,775
	3,085,024,273		29,849,849	7,202,961
Off-shore banking unit				
Un-classified loans	1,765,904,872	1.00%	17,659,049	7,088,393
Special mentioned account	-		-	-
	1,765,904,872		17,659,049	7,088,393
Specific provision-for classified				
Sub-standard	200,599,390	20.00%	40,119,878	55,179,190
Sub-standard- Short term agri. credit	4,212,932	5.00%	210,647	39,621
Doubtful	337,089,741	50.00%	168,544,871	53,304,251
Doubtful- Short term agri. credit	-	5.00%	-	1,645
Bad/loss	1,752,026,521	100.00%	1,752,026,521	1,171,523,579
	2,293,928,584		1,960,901,916	1,280,048,286
Required provision			2,934,682,393	2,065,631,345
Provision maintained (note-14.1+14.2)			3,042,688,319	2,432,360,000
Excess/ (short)			108,005,926	366,728,655
Particulars of required provision on Off-balance sheet exposure				
Acceptances and endorsements	17,819,035,175	1.00%	178,190,352	138,769,075.23
Letters of guarantee	6,644,832,531	1.00%	66,448,325	63,402,267.00
Irrevocable letters of credit	14,473,667,235	1.00%	144,736,672	144,426,184.36
Bills for collection	8,886,897,802	1.00%	88,868,978	76,446,074.05
Required provision	47,824,432,743		478,244,327	423,043,601
Provision maintained			478,720,000	428,720,000
Excess/ (short)			475,673	5,676,399

	Note	2014	2013
7.17	Net lease receivable		
	Gross lease receivable within 1 year	308,416,928	114,224,397
	Gross lease receivable 1 - 5 years	512,303,435	745,785,570
	Total lease rental receivable	820,720,363	860,009,967
	Less: Unearned income	210,631,179	248,356,948
	Net lease receivable	610,089,184	611,653,019
	The net lease receivable is shown under the head of loans, cash credit, overdraft etc.		
7.a	Consolidated loans & advance Loans, cash credits, overdrafts etc.		
	IFIC Bank Limited 7.1	94,532,881,160	77,989,360,530
	IFIC Securities Limited	3,336,996,641	3,191,058,405
	IFIC Money Transfer (UK) Limited	-	-
		97,869,877,801	81,180,418,935
	Less: Inter -company transactions	1,199,748,281	1,280,703,903
		96,670,129,520	79,899,715,032
8	Bills purchased and discounted		
	Payable in Bangladesh 8.1	7,143,636,388	5,490,396,087
	Payable outside Bangladesh 8.1	605,631,761	630,628,410
		7,749,268,149	6,121,024,498
8.1	Bill purchased and discounted Payable in Bangladesh Local bills/documents		
	IDBP	1,378,397,485	1,080,276,957
	Payment against documents-cash	299,188,145	300,344,352
	Payment against documents-EDF	3,567,660,930	2,977,500,029
	Payment against documents-forced (Inland)	377,712,661	149,565,297
	Payment against documents-forced (Foreign)	391,927,964	474,669,340
	Payment against documents-Others	17,193,468	19,404,657
		6,032,080,654	5,001,760,632
	Off-shore banking unit	1,111,555,734	488,635,455
		7,143,636,388	5,490,396,087
	Payable outside Bangladesh Foreign bills/documents		
	FDBP	605,631,761	630,628,410
		605,631,761	630,628,410
		7,749,268,149	6,121,024,498
8.2	Residual maturity grouping of bill purchased and discounted		
	Receivable		
	On demand	1,316,907,460	858,278,091
	Up to 1 month	1,479,036,156	1,303,993,323
	Over 1 month but not more than 3 months	2,462,818,404	1,977,663,241
	Over 3 months but not more than 6 months	2,473,176,887	1,967,726,096
	Over 6 months	17,329,242	13,363,747
		7,749,268,149	6,121,024,498

	Note	2014	2013
8.a Consolidated bills purchased and discounted			
IFIC Bank Limited	8.1	7,749,268,149	6,121,024,498
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		7,749,268,149	6,121,024,498
		104,419,397,669	86,020,739,529
9 Fixed assets including premises, furniture and fixtures			
Cost/revalued:			
Land		475,118,759	475,118,759
Buildings and premises		1,337,951,477	1,329,344,471
Wooden furniture		113,437,784	104,315,604
Steel furniture		56,029,936	53,308,417
Computer equipment		536,742,251	520,385,693
Office equipment		185,752,840	177,823,273
Electrical & gas equipment		356,015,849	320,434,211
Improve & leasehold premises		215,850,139	201,263,378
Vehicles (purchased & leased)		144,718,865	134,707,220
Soft furnishing		12,271,161	10,593,496
		3,433,889,061	3,327,294,521
Intangible assets:			
Software		240,470,209	193,954,088
		3,674,359,270	3,521,248,610
Capital work in progress	9.1	593,198,539	-
		4,267,557,809	3,521,248,610
Less: Accumulated depreciation		1,338,238,051	1,138,393,056
Written down value		2,929,319,758	2,382,855,554
For details of fixed assets please see "Annexure-D"			
9.1 Capital work in progress			
Capital work in progress represents the amount paid for procuring material & equipment for under constructed IFIC Bank Tower and upgradation of core banking software-MISYS.			
9.a Consolidated fixed assets including premises, furniture and fixtures			
IFIC Bank Limited	9	2,929,319,758	2,382,855,554
IFIC Securities Limited		7,111,151	8,690,030
IFIC Money Transfer (UK) Limited		10,422,345	12,828,476
		2,946,853,254	2,404,374,060
10 Other Assets			
Stationery and stamps		20,668,793	20,092,811
Suspense account	10.1	467,338,723	491,675,096
Advance, deposit and prepayments	10.2	1,125,060,501	1,430,501,898
Accrued interest on investment & other income receivable	10.3	872,189,445	1,053,903,611
Investment in subsidiaries	10.4	836,270,870	831,091,342
Revaluation account FDBP		1,792,520	1,792,520
Deferred tax assets	10.5	619,284,981	461,692,025
Accounts receivable others		7,020,448	7,778,861
		3,949,626,283	4,298,528,163
Off-shore banking unit		67,165,218	11,507,203
		4,016,791,501	4,310,035,366

	Note	2014	2013
10.1 Suspense account			
Sundry debtors		128,142,280	135,164,875
Advance against bills, new branches		25,856,898	155,043,367
Advance against TA / DA		176,600	141,400
Law charges		99,902,597	80,327,305
Sanchayapatra paid		139,661,540	43,545,745
Wage earners development bond paid		28,440,163	29,085,988
Investment bond		-	578,250
CIB charge recovery		244,154	39,942
Moneygram services		20,958,033	32,908,373
Others		23,956,457	14,839,851
		467,338,723	491,675,096
10.2 Advance, deposit and prepayments			
Advance rent		324,085,606	346,048,543
Advance income tax		538,856,446	561,002,127
Security deposit including demand note		3,970,423	3,850,423
Advance against car purchase		212,494,717	240,903,366
Advance against insurance premium		-	330,319
Advance against IPO, placement, right issue etc.		-	184,329,681
Protested bills		16,783,206	16,531,788
Cash remittance		23,694,500	8,020,000
Others		5,175,603	69,485,651
		1,125,060,501	1,430,501,898
10.3 Accrued interest on investment & other income receivable			
Treasury bills		-	-
Treasury bonds		323,829,277	336,966,152
Debentures and bonds		156,246,563	65,423,540
Receivables from Government		41,272,375	41,272,375
Interest accrued on loans and advances		83,463,616	61,889,350
Investment on FDR		96,946,804	83,014,122
Others		170,430,811	465,338,072
		872,189,445	1,053,903,611
10.4 Investment in subsidiaries			
IFIC Securities Limited		799,994,000	799,994,000
IFIC Money Transfer (UK) Limited		36,276,870	31,097,342
		836,270,870	831,091,342
10.5 Deferred tax assets			
Deferred tax assets have been recognized and measured as per Bangladesh Accounting Standards-12: Income Taxes and BRPD Circular no. 11 dated 12 December 2011 based on temporary due to 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		816,242,841	642,345,690
Deferred tax liabilities		(196,957,860)	(180,653,665)
Deferred tax assets/(liabilities)		619,284,981	461,692,025
Computation of deferred tax assets and liabilities			
Deferred tax assets			
Carrying amount of provision		1,920,571,392	1,511,401,624
Tax base		-	-

	Note	2014	2013
Deductible temporary difference		1,920,571,392	1,511,401,624
Tax rate		42.50%	42.50%
Closing deferred tax assets		816,242,841	642,345,690
Opening deferred tax assets		642,345,690	882,314,501
Deferred tax (expense)/income (A)		173,897,151	(239,968,811)
Deferred tax liabilities			
Carrying amount of fixed assets		2,276,857,017	1,851,130,043
Tax base		1,813,426,757	1,426,062,595
Taxable temporary difference		463,430,260	425,067,448
Tax rate		42.50%	42.50%
Closing deferred tax assets/(liabilities)		(196,957,860)	(180,653,665)
Opening deferred tax assets/(liabilities)		(180,653,665)	(148,401,288)
Deferred tax (expense)/income (B)		(16,304,195)	(32,252,377)
Deferred tax (expense)/income (A+B)		157,592,956	(272,221,188)

10.6 Particulars of required provision for other assets

Status	Base for Provision	Rate(%)	2014	2013
Other assets for 6-12 months	3,466,661	50%	1,733,331	3,759,520
Other assets for more than 12 months	152,631,770	100%	152,631,770	143,125,943
Protested bills	16,783,206	100%	16,783,206	16,531,788
Legal expenses	99,902,597	100%	99,902,597	80,327,305
Required provision	272,784,234		271,050,904	243,744,556
Provision maintained			271,234,653	245,334,653
Excess/(Short)			183,749	1,590,097

10.7 Income generating other assets

Investment in subsidiary-IFIC Securities Limited	10.4	799,994,000	799,994,000
Investment in subsidiary-IFIC Money Transfer UK	10.4	36,276,870	31,097,342
		836,270,870	831,091,342

10.8 Non-Income generating other assets

Stationery and stamps		20,668,793	20,092,811
Sundry debtors		128,142,280	135,164,875
Advance against bills, new branches		25,856,898	155,043,367
Advance against TA / DA		176,600	141,400
Law charge		99,902,597	80,327,305
Advance insurance premium		-	330,319
Investment bond		-	578,250
Advance against IPO, placement, right issue etc.		-	184,329,681
Advance against rent		324,085,606	346,048,543
Advance income tax		538,856,446	561,002,127
Sanchaya patra paid		139,661,540	43,545,745
Wage earners development bond paid		28,440,163	29,085,988
Security deposit including demand note		3,970,423	3,850,423
Advance against car purchase		212,494,717	240,903,366
Protested bills		16,783,206	16,531,788
Accrued interest and other interest receivable		872,189,445	1,053,903,611
CIB charge		244,154	39,942

	Note	2014	2013
Deferred tax assets	10.5	619,284,981	461,692,025
Cash remittance		23,694,500	8,020,000
Revaluation account FDBP		1,792,520	1,792,520
Moneygram		20,958,033	32,908,373
Accounts receivable others		7,020,448	7,778,861
Others		29,132,060	84,325,502
		3,113,355,413	3,467,436,821
Off-shore banking unit		67,165,218	11,507,203
		3,180,520,631	3,478,944,024
10.a Consolidated other assets			
IFIC Bank Limited	10	4,016,791,501	4,310,035,366
Less: Investment in IFIC Securities Limited	10.4	799,994,000	799,994,000
Less: Investment in IFIC Money Transfer (UK) Limited	10.4	36,276,870	31,097,342
		3,180,520,631	3,478,944,024
IFIC Securities Limited		190,330,133	152,363,096
IFIC Money Transfer (UK) Limited		803,170	792,054
		3,371,653,934	3,632,099,174
11 Non-banking assets			
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. These properties were recorded at Tk. 373,474,800 as non banking assets in the year 2013.			
12 Borrowing from other banks, financial institutions and agents			
In Bangladesh	12.1	4,919,900,516	3,492,857,352
Outside Bangladesh	12.1	701,544,600	-
		5,621,445,116	3,492,857,352
12.1 In Bangladesh			
Term borrowing			
Investment Corporation of Bangladesh (ICB)		-	182,100,434
BRAC Bank Ltd.		1,000,000,000	150,000,000
Southeast Bank Ltd.		-	100,000,000
Sonali Bank Ltd.		500,000,000	-
		1,500,000,000	432,100,434
Obligation under lease finance		42,083,370	45,572,245
		1,542,083,370	477,672,679
Refinance from Bangladesh Bank			
Export Development Fund (EDF)		3,186,005,080	2,933,072,649
Small and Medium Enterprise		191,812,066	82,112,024
		3,377,817,146	3,015,184,673
In Bangladesh		4,919,900,516	3,492,857,352
Outside Bangladesh		701,544,600	-
		5,621,445,116	3,492,857,352
12.2 Secured and unsecured of borrowing from other banks, Financial institutions and agents			
Secured borrowing		-	-
Unsecured borrowing		5,621,445,116	3,492,857,352
		5,621,445,116	3,492,857,352

	Note	2014	2013
12.3	Maturity grouping of borrowing from other banks, Financial institutions and agents		
Payable			
On demand		497,143	-
Up to 1 month		1,974,737,969	598,785,440
Over 1 month but not more than 3 months		1,444,736,686	1,372,286,268
Over 3 months but not more than 1 year		2,052,527,990	1,429,992,869
Over 1 year but not more than 5 years		98,865,119	49,709,405
Over 5 years		50,080,209	42,083,370
		5,621,445,116	3,492,857,352
12.a	Consolidated borrowing from other banks, Financial institutions and agents		
In Bangladesh			
IFIC Bank Limited	12	4,919,900,516	3,492,857,352
IFIC Securities Limited		1,502,894,423	1,628,668,999
IFIC Money Transfer (UK) Limited		-	-
		6,422,794,939	5,121,526,350
Less: Inter -company transactions		1,199,748,281	1,280,703,903
		5,223,046,658	3,840,822,447
Outside Bangladesh			
IFIC Bank Limited	12	701,544,600	-
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		701,544,600	-
		5,924,591,258	3,840,822,447
13	Deposits and other accounts		
Current deposit and other accounts	13.1	15,464,779,314	13,356,063,703
Bills payable	13.2	1,874,975,364	1,573,829,454
Savings bank deposits	13.3	18,366,462,687	13,890,792,353
Fixed Deposits	13.4	94,039,587,998	81,643,111,325
		129,745,805,362	110,463,796,836
13.1	Current deposit and other accounts		
Current accounts		8,994,424,903	8,305,098,657
Foreign currency deposit		870,744,996	896,134,766
Resident foreign currency deposit		38,347,807	36,609,533
Exporters foreign currency account		3,658,583,155	2,888,375,726
Margin on Letters of Credit		1,178,409,753	757,634,404
Margin on Letters of guarantee		255,916,372	227,892,767
Investors' account credit balance		544,033	359,054
Q-cash, prepaid, cheque card		3,167,571	3,068,791
Sundry deposit	13.5	464,640,723	240,890,003
		15,464,779,314	13,356,063,703
13.2	Bills payable		
Payment order		1,864,650,537	1,551,337,380
Demand draft		6,196,964	6,291,991
Security deposit receipt		4,127,863	16,200,083
		1,874,975,364	1,573,829,454

	Note	2014	2013
13.3 Savings bank deposit			
Savings account		12,680,878,561	10,618,980,567
Super savings plus		5,100,504,600	3,089,986,141
Payroll savings		144,904,886	33,901,051
Sanchita-Female Savings		407,965,943	147,915,404
Student savings - duronto		31,971,147	-
Interest payable on savings deposit		237,550	9,190
		18,366,462,687	13,890,792,353
13.4 Fixed deposit			
Special notice deposit (SND)		20,474,433,809	9,322,623,783
Term deposit	13.4.1	69,602,275,527	69,152,891,558
Recurring deposit	13.4.2	3,924,778,806	3,129,797,978
Non resident foreign currency deposit (NFCD)		8,293,534	8,232,306
Export retention quota (ERQ)		29,806,322	29,565,700
		94,039,587,998	81,643,111,325
13.4.1 Term deposit			
Fixed deposits		53,387,995,965	56,590,836,366
Double return deposit scheme		7,354,363,809	5,180,118,389
Millionaire dream plan		283,166,051	172,384,432
Three years deposit plus		800,000	915,973
Monthly income scheme		5,883,758,742	5,367,463,976
Monthly income scheme - Arjon		1,145,750,000	30,300,000
Interest payable on term deposit		1,546,440,960	1,810,872,422
		69,602,275,527	69,152,891,558
13.4.2 Recurring deposit			
Pension savings scheme (PSS)		3,632,806,072	2,967,513,655
Pension savings scheme - Joma		3,002,957	931,000
Flexi DPS - Freedom		85,617,097	15,601,652
School savings plan		30,097,908	21,628,049
Interest payable on recurring deposit		173,254,772	124,123,622
		3,924,778,806	3,129,797,978
13.5 Sundry deposit			
Sundry creditor		123,798,141	115,616,217
Lease deposit		29,975,627	34,161,575
Risk fund-lease, CCS & others		792,479	797,649
Clearing adjustment		66,200,878	24,002,222
Visa credit card		18,850,488	11,285,114
Sundry deposit BFF		25,912,400	25,912,400
FDD issued but not presented		13,023,736	12,984,407
IBC lodgment		62,595	266,195
Other sundry deposits		186,024,379	15,864,223
		464,640,723	240,890,003
13.6 Deposit and other accounts of the banks			
Deposit from banks		859,998,000	1,085,337,000
Deposit from customers		128,885,807,362	109,378,459,836
		129,745,805,362	110,463,796,836

	Note	2014	2013
13.7 Payable on demand and time deposit			
Demand deposits			
Current deposits		9,937,035,633	9,270,836,502
Savings deposits		1,652,981,642	1,250,170,485
Security deposits		4,127,863	16,200,083
Sundry deposit		1,898,966,848	1,420,667,590
Bills payable		1,870,847,501	1,557,629,371
		15,363,959,486	13,515,504,032
Time deposits			
Savings deposits		16,713,481,045	12,640,612,678
Fixed deposits		72,123,402,216	71,949,081,987
Special notice deposits		20,474,433,809	9,322,623,783
Sundry deposit		-	-
Deposits under schemes		5,070,528,806	3,035,974,356
		114,381,845,876	96,948,292,804
		129,745,805,362	110,463,796,836
13.8 Sector-wise concentration of Deposits and other accounts			
Government deposits		2,400,002,000	1,341,873,000
Other public sector		18,692,903,000	10,298,221,000
Deposit for banks		859,998,000	1,085,337,000
Foreign currency deposits		870,744,996	896,134,766
Private sectors		106,922,157,366	96,842,231,069
		129,745,805,362	110,463,796,836
13.9 Unclaimed deposits			
Current deposits		1,692,921	604,922
Savings deposits		1,641,262	1,803,210
SND		409,710	91,914
Pay order		58,150	14,189
Demand Draft		11,455.00	-
		3,813,497	2,514,236
13.10 Residual maturity grouping of deposits and other accounts			
Maturity grouping of deposit from banks			
Payable			
On demand		859,998,000	1,085,337,000
Up to 1 month		-	-
Over 1 month but not more than 3 months		-	-
Over 3 months but not more than 1 year		-	-
Over 1 year but not more than 5 years		-	-
Over 5 years		-	-
		859,998,000	1,085,337,000
Maturity grouping of deposit from customers excluding bills payable			
Payable			
On demand		1,797,166,970	9,950,583,220
Up to 1 month		19,407,622,633	16,635,560,986
Over 1 month but not more than 3 months		30,007,826,399	26,179,834,945
Over 3 months but not more than 1 year		27,724,868,083	24,015,041,272
Over 1 year but not more than 5 years		46,330,562,988	24,900,960,694
Over 5 years		1,742,784,926	6,122,649,265
		127,010,831,999	107,804,630,382

	Note	2014	2013
13.11 Maturity grouping of bills payable			
Payable			
On demand		93,703,766	78,286,876
Up to 1 month		468,718,840	391,241,560
Over 1 month but not more than 3 months		375,015,074	322,948,027
Over 3 months but not more than 1 year		187,507,537	156,469,416
Over 1 year but not more than 5 years		375,015,074	310,950,656
Over 5 years		375,015,074	313,932,919
		1,874,975,364	1,573,829,454
		129,745,805,363	110,463,796,836
13.a Consolidated deposits and other accounts			
Current deposits and other accounts			
IFIC Bank Limited	13.1	15,464,779,314	13,356,063,703
IFIC Securities Limited		209,410,399	267,315,115
IFIC Money Transfer (UK) Limited		-	-
		15,674,189,713	13,623,378,818
Less: Inter -company transactions		92,162,559	55,085,018
		15,582,027,154	13,568,293,800
Bills payable			
IFIC Bank Limited	13.2	1,874,975,364	1,573,829,454
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		1,874,975,364	1,573,829,454
Savings bank deposit			
IFIC Bank Limited	13.3	18,366,462,687	13,890,792,353
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		18,366,462,687	13,890,792,353
Fixed deposits			
IFIC Bank Limited	13.4	94,039,587,998	81,643,111,325
IFIC Securities Limited		-	-
IFIC Money Transfer (UK) Limited		-	-
		94,039,587,998	81,643,111,325
		129,863,053,202	110,676,026,933
14 Other liabilities			
Specific provision for classified loans & advance	14.1	1,966,388,319	1,620,060,000
General provision for unclassified loans & advances	14.2	1,076,300,000	812,300,000
Provision for off balance sheet	14.3	478,720,000	428,720,000
Provision for diminution in value of investments	14.4	330,000,000	580,000,000
Provision for nostro account	14.5	9,862,000	9,762,000
Provision for other assets	14.6	271,234,653	245,334,653
Provision for taxation	14.7	2,748,795,584	2,653,397,712
Interest suspense accounts	14.8	2,673,329,603	2,184,857,265
Interest payable on borrowing from Banks & FI's		9,462,497	8,380,296
Accrued expenses		14,924,505	19,533,702
Withholding Tax payable to government		82,124,717	85,620,446
Withholding VAT payable to government		15,809,793	10,337,661
Excise duty payable to government		85,888,942	88,929,739

	Note	2014	2013
Dividend payable		2,814,447	2,814,447
Bonus payable		180,000,000	200,000,000
Gratuity payable		269,528,413	-
Revaluation of investment abroad		28,184,837	28,184,837
Exporter's cash assistance		153,300	115,300
Oman International Exchange (LLC)		8,053,352	4,098,906
Sale proceeds of PSP & TC		1,064,140	877,801
Local commission on export		19,087,466	19,527,979
Recovery on court cases		22,355,188	1,541,198
Others		49,188,919	3,729,643
		10,343,270,674	9,008,123,584
14.1 Specific provision for classified loans & advances			
Provision held at the beginning of the year		1,620,060,000	2,210,250,805
Less: Fully provided debts written off		(253,671,682)	(1,093,776,542)
Add: Recoveries of amounts previously written off		194,316,107	648,876,150
Add: Specific provision for the year		405,683,893	
Less: Provision no longer required			(145,290,413)
Add: Net charge to profit and loss account		-	-
		1,966,388,319	1,620,060,000
14.2 General provision for un-classified loans & advances			
Provision held at the beginning of the year		798,200,000	748,808,000
Provision transferred to provision for classified loans & advance		-	-
Provision made during the year		260,000,000	49,392,000
		1,058,200,000	798,200,000
Off-shore Banking Unit (OBU)			
Provision held at the beginning of the year		14,100,000	4,500,000
Provision transferred to provision for classified loans & advance		-	-
Provision made during the year		4,000,000	9,600,000
		18,100,000	14,100,000
		1,076,300,000	812,300,000
14.3 Provision for off-balance sheet			
Provision held at the beginning of the year		428,720,000	365,500,000
Provision no longer required		-	-
Provision made during the year		50,000,000	63,220,000
		478,720,000	428,720,000
14.4 Provision for diminution in value of investments			
Provision held at the beginning of the year		580,000,000	344,433,249
Provision no longer required		(250,000,000)	-
Provision made during the year		-	235,566,751
		330,000,000	580,000,000
14.5 Provision for nostro account			
Provision held at the beginning of the year		9,762,000	10,025,155
Provision no longer required		-	(263,155)
Provision made during the year		100,000	-
		9,862,000	9,762,000

	Note	2014	2013
14.6	Provision for other assets		
	Provision held at the beginning of the year	245,334,653	217,399,444
	Provision no longer required	-	-
	Provision made during the year	25,900,000	27,935,209
		271,234,653	245,334,653
14.7	Provision for taxation		
	Balance at 1 January	2,653,397,712	2,590,910,628
	Provision made during the year	1,290,000,000	1,090,000,000
		3,943,397,712	3,680,910,628
	Adjustment made during the year	(1,194,602,128)	(1,027,512,916)
		2,748,795,584	2,653,397,712
14.8	Interest suspense account		
	Balance at the beginning of the year	2,184,857,265	2,169,577,855
	Add: Amount transferred to "interest suspense" account during the year	1,243,112,911	943,109,057
	Less: Amount recovered from "interest suspense" account during the year	(719,158,873)	(741,426,551)
	Less: Amount written-off during the year	(35,481,700)	(186,403,096)
		2,673,329,603	2,184,857,265
14.7.a	Consolidated Provision for taxation during the year		
	IFIC Bank Limited 14.7	1,290,000,000	1,090,000,000
	IFIC Securities Limited	11,314,763	11,878,414
		1,301,314,763	1,101,878,414
14.a	Consolidated other liabilities		
	IFIC Bank Limited 14	10,343,270,674	9,008,123,584
	IFIC Securities Limited	1,010,929,075	665,278,499
	IFIC Money Transfer (UK) Limited	5,282,275	12,887,529
		11,359,482,025	9,686,289,613
15	Share Capital		
15.1	Authorized Capital		
	2,000,000,000 ordinary shares of Taka 10 each	20,000,000,000	20,000,000,000
15.2	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 right share*	44,000,000	44,000,000
	425,349,928 [Year 2013: 368,252,112] ordinary shares of Taka 10 each issued for bonus share	4,253,499,280	3,682,521,120
		4,377,499,280	3,806,521,120
	*Out of the total issued, subscribed and fully paid-up Capital of the Bank 440,000 ordinary shares of Tk.100 each (before splitting) amounting to Tk. 44,000,000 was raised through public offering of shares (Rights Issue at par) held in 1989 and subsequent, issue of the Right Shares on 30 January 1990.		
15.3	Issued, subscribed and fully paid up Capital-Shareholders' Category		
	294,393,140 [Year 2013: 255,994,035] ordinary shares of Taka 10 each fully paid held by the Sponsors, Directors, Institutions, Foreign investors & General Public.	2,943,931,400	2,559,940,350
	143,356,788 [Year 2013: 124,658,077] ordinary shares of Tk. 10 each fully paid held by the Government of the People's Republic of Bangladesh.	1,433,567,880	1,246,580,770
		4,377,499,280	3,806,521,120

	Note	2014	2013
15.4 Capital Adequacy Ratio (BASEL II)			
As per section 13(2) of the Bank Companies Act, 1991(amended upto 2013), BRPD circular no. 24 dated 3 August 2010 subject to Revised Guidelines on Risk Based Capital Adequacy (RBCA) for Banks and subsequent amendment through, Bangladesh Bank BRPD circular no. 35 dated December 29, 2010, the Capital Adequacy Ratio (CAR) is calculated.			
Tier-1 (Core capital)			
Paid-up capital		4,377,499,280	3,806,521,120
Statutory reserve	16	3,909,507,173	3,374,079,154
General reserve	17	55,771,397	55,771,397
Retained earnings	22	2,168,447,775	1,730,120,903
		10,511,225,625	8,966,492,574
Deduction from Tier-1 Capital		816,242,841	642,345,690
Total Eligible Tier-1 Capital		9,694,982,784	8,324,146,884
Tier-2 (Supplementary capital)			
General provision against unclassified loans and advance	14.2	1,076,300,000	812,300,000
General provision on off balance sheet items	14.3	478,720,000	428,720,000
Revaluation reserve for securities up to 50%	18	787,769	8,021,759
Revaluation reserve for fixed assets up to 50%	19	57,657,352	57,657,352
		1,613,465,121	1,306,699,111
Tier-3 (Additional supplementary capital)			
		-	-
Total Capital		11,308,447,906	9,630,845,996
Total assets including off-balance sheet items		204,163,069,764	174,366,988,631
Total risk-weighted Assets		111,573,690,022	92,915,367,884
Required capital (10% of risk-weighted assets)		11,157,369,002	9,291,536,788
Total capital surplus/(deficit)		151,078,903	339,309,207
Capital adequacy ratio:			
On core capital- against required minimum 5%		8.69%	8.96%
On supplementary capital- against required minimum 5%		1.45%	1.41%
On total capital- against required minimum 10%		10.14%	10.37%
For details computation of risk-weighted assets please see "Annexure - E"			
15.4.a Consolidated Capital Adequacy Ratio (BASEL II)			
As per section 13(2) of the Bank Companies Act, 1991 (amended upto 2013, BRPD circular no. 24 dated 3 August 2010 subject to Revised Guidelines on Risk Based Capital Adequacy (RBCA) for Banks and subsequent amendment through, Bangladesh Bank BRPD circular no. 35 dated December 29, 2010, the Capital Adequacy Ratio (CAR) is calculated.			
Tier-1 (Core capital)			
Paid-up capital		4,377,499,280	3,806,521,120
Statutory reserve	16	3,909,507,173	3,374,079,154
General reserve	17	55,771,397	55,771,397
Retained earnings	22.a	3,436,103,270	2,481,399,733
		11,778,881,120	9,717,771,404
Deduction from Tier-1 Capital		816,242,841	642,345,690
Total eligible Tier-1 capital		10,962,638,279	9,075,425,714

	Note	2014	2013
Tier-2 (Supplementary capital)			
General provision against unclassified loans and advance	14.2	1,076,300,000	812,300,000
General provision on off balance sheet items	14.3	478,720,000	428,720,000
Revaluation reserve for securities up to 50%	18	787,769	8,021,759
Revaluation reserve for fixed assets up to 50%	19	57,657,352	57,657,352
		1,613,465,121	1,306,699,111
Tier-3 (Additional supplementary capital)			
		-	-
Total capital		12,576,103,400	10,382,124,826
Total assets including off-balance sheet items		206,868,568,138	176,356,584,975
Total risk-weighted Assets		116,307,199,119	78,694,500,000
Required capital (10% of risk-weighted assets)		11,630,719,912	7,869,450,000
Total capital surplus/(deficit)		945,383,488	2,512,674,826
Capital adequacy ratio			
On core capital- against required minimum 5%		9.43%	11.53%
On supplementary capital- against required minimum 5%		1.39%	1.66%
On total capital- against required minimum 10%		10.81%	13.19%

15.5 Shareholding by category

Category	2014			2013		
	No. of Share	%	Taka	No. of Share	%	Taka
Sponsors	28,384,369	6.48	283,843,690	24,682,064	6.48	246,820,640
Directors	21,144,946	4.83	211,449,460	18,386,911	4.83	183,869,110
Government	143,356,788	32.75	1,433,567,880	124,658,077	32.75	1,246,580,770
Institutions	85,229,919	19.47	852,299,190	69,254,932	18.19	692,549,320
Foreign investors	1,862,135	0.43	18,621,350	1,727,320	0.45	17,273,200
General investors	157,771,771	36.04	1,577,717,710	141,942,808	37.30	1,419,428,080
Total	437,749,928	100	4,377,499,280	380,652,112	100	3,806,521,120

15.6 Distribution of paid up capital

Holding of share	2014			2013		
	No. of holder	Total shares	%	No. of holder	Total shares	%
1 to 500 shares	31,651	3,391,664	0.77	35,689	3,629,514	0.95
501 to 5000 shares	10,518	17,008,824	3.89	11,279	17,500,565	4.60
5,001 to 10,000 shares	1,074	7,641,334	1.75	1,081	7,829,127	2.06
10,001 to 20,000 shares	543	7,402,796	1.69	518	7,336,417	1.93
20,001 to 30,000 shares	182	4,364,891	1.00	162	4,045,957	1.06
30,001 to 40,000 shares	91	3,087,766	0.70	95	3,297,790	0.86
40,001 to 50,000 shares	57	2,572,536	0.59	61	2,766,381	0.73
50,001 to 100,000 shares	111	7,629,715	1.74	114	8,174,139	2.15
100,001 to 1,000,000 shares	160	46,749,366	10.68	149	45,999,529	12.08
More than 1,000,000 shares	57	337,901,036	77.19	48	280,072,693	73.58
Total	44,444	437,749,928	100	49,196	380,652,112	100

15.7 Shareholding of Directors as at 31 December 2014

Sl.	Name of the Directors	Status	Holding %	Closing Position	Opening Position
1	Mr. Salman F Rahman	Chairman	2.00	*8,757,466	7,615,189
2	Mr. Mohammad Lutfar Rahman	Director	2.83	12,387,480	10,771,722
3	Mr. Monirul Islam	Independent Director	Nil	Nil	Nil
4	Mr. Syed Anisul Huq	Independent Director	Nil	Nil	Nil
5	Mr. Mohammed Nayem Syed	Independent Director	Nil	Nil	Nil
6	Mr. Jalal Ahmed **	Govt. nominated Director	32.75	143,356,788	124,658,077
7	Mr. A. R. M. Nazmus Sakib **	Govt. nominated Director			
8	Mr. Arijit Chowdhury **	Govt. nominated Director			
9	Mr. M. Shah Alam Sarwar	Managing Director & CEO	Nil	Nil	Nil

* The ownership of 8,697,854 nos. shares (1.987%) i.e. 807,470 nos. paper shares along with 7,890,384 nos. bonus shares kept in Suspense Account is pending with the Appellate Division of the Supreme Court in Civil Misc. Petition No. 417 of 2009.

** 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.

	Note	2014	2013
16	Statutory reserve		
	Opening balance on 1 January	3,374,079,154	2,832,536,912
	Transferred from profit during the year	535,428,019	541,542,242
		3,909,507,173	3,374,079,154
17	General reserve		
	Opening balance on 1 January	55,771,397	55,771,397
	Transferred during the year	-	-
		55,771,397	55,771,397
18	Revaluation reserve against securities		
	HTM securities 18.1	1,444,649	605,974
	HFT securities 18.2	130,890	15,437,544
		1,575,539	16,043,518
18.1	Revaluation reserve HTM securities		
	Opening balance on 1 January	605,974	2,560,751
	Gain/(loss) from revaluation on investments	838,674	(1,954,777)
	Adjustment for sale/maturity of securities	-	-
		1,444,649	605,974
18.2	Revaluation reserve HFT securities		
	Opening balance on 1 January	15,437,544	14,523,828
	Gain/(loss) from revaluation on investments	(15,306,654)	913,716
	Adjustment for sale/maturity of securities	-	-
		130,890	15,437,544
18.a	Consolidated revaluation reserve against securities		
	IFIC Bank Limited 18	1,575,539	16,043,518
	IFIC Securities Limited	-	-
	IFIC Money Transfer (UK) Limited	-	-
		1,575,539	16,043,518

	Note	2014	2013
19	Revaluation reserve against fixed assets		
	Opening balance on 1 January	115,314,704	115,314,704
	Addition during the year	-	-
	Depreciation charge during the year	-	-
		115,314,704	115,314,704
<p>In terms of Bangladesh Accounting Standard (BAS)-16, "Property, Plant & Equipment" and instruction contained in BRPD Circular No. 10 dated 25 November 2002 issued by Bangladesh Bank, all the immovable properties of the Bank were revalued as at 09.10.2011 by Baltic Control (BD) Ltd. an independent professionally qualified valuation firm of the country based on market survey. Accordingly, gain on revaluation of Tk. 115,314,704 has been credited to revaluation reserve account.</p>			
20	Reserve against non banking assets		
	Opening balance on 1 January	-	-
	Addition during the year	-	-
	Depreciation charge during the year	-	-
21	Foreign currency translation gain/(loss)		
	Opening balance on 1 January	-	-
	Addition during the year	-	-
		-	-
21.a	Consolidated foreign currency translation gain/(loss)		
	Opening balance on 1 January	(50,909)	(67,976)
	Addition during the year	1,281,011	17,067
		1,230,102	(50,909)
22	Surplus in profit and loss account		
	Opening balance on 1 January	1,730,120,903	1,272,220,491
	Net profit after Tax for the year	1,544,733,051	1,345,490,024
	Appropriation made to statutory reserve during the year	(535,428,019)	(541,542,242)
	Issue of bonus shares	(570,978,160)	(346,047,370)
	Cash dividend paid	-	-
		2,168,447,775	1,730,120,903
22.1	Opening balance on 1 January		
	Opening balance before deferred tax adjustment	1,730,120,903	1,272,220,491
	Adjustment for net Deferred Tax (Expenses)/Income	-	-
		1,730,120,903	1,272,220,491
22.a	Consolidated surplus in profit and loss account		
	IFIC Bank Limited	2,168,447,775	1,730,120,903
	IFIC Securities Limited	192,730,229	170,161,023
	IFIC Money Transfer (UK) Limited	(21,009,339)	(22,226,186)
	Share of profit of investment in associates & joint venture	1,095,934,604	603,343,993
		3,436,103,270	2,481,399,733
23	Non controlling interest		
	IFIC Securities Limited	7,445	7,201
	IFIC Money Transfer (UK) Limited	-	-
		7,445	7,201

	Note	2014	2013	
24	Contingent liabilities			
	Acceptances and endorsements	24.1	17,819,035,175	13,876,907,522
	Letters of guarantee	24.2	6,644,832,531	6,340,226,700
	Irrevocable Letters of credit	24.3	14,473,667,235	14,442,618,436
	Bills for collection	24.4	8,886,897,802	7,644,607,405
	Other contingent liabilities		-	-
			47,824,432,743	42,304,360,063
24.1	Acceptances and endorsements			
	Back to back bills (local currency)		288,100,420	196,465,349
	Back to back bills (foreign currency)		17,530,934,755	13,680,442,173
			17,819,035,175	13,876,907,522
24.2	Letters of guarantee			
	Letters of guarantee (local currency)		6,291,676,538	5,948,749,230
	Letters of guarantee (foreign currency)		353,155,993	391,477,470
			6,644,832,531	6,340,226,700
	Money for which the bank is contingently liable in respect of guarantee issued favoring:			
	Directors		-	-
	Government		3,461,053,351	3,475,618,873
	Banks and other financial institutions		1,073,889,079	575,353,123
	Others		2,109,890,101	2,289,254,705
			6,644,832,531	6,340,226,700
24.3	Irrevocable letters of credit			
	Letter of credit (LC) - cash sight		7,133,121,172	6,699,217,417
	Letter of credit (LC) - back to back		7,033,098,535	7,361,368,431
	Letter of credit (LC) - cash usance		307,447,528	382,032,587
			14,473,667,235	14,442,618,436
24.4	Bills for collection			
	Inland bills collection		25,579,389	60,348,644
	Foreign bills collection		10,436,429	1,126,700
	Inland documentary bills for collection		3,666,741,339	3,135,823,337
	Foreign documentary bills for collection		5,184,140,646	4,447,308,724
			8,886,897,802	7,644,607,405
25	Income statement			
	Income			
	Interest, discount and similar income	25.1	14,071,668,954	13,144,227,335
	Dividend income	25.2	105,718,382	82,493,402
	Capital gain Income	25.3	58,455,606	52,950,851
	Fees, commission and brokerage	29.1	682,399,104	636,070,007
	Gain less losses arising from dealing in securities		-	-
	Gains less losses arising from investment securities		-	-
	Gain less losses arising from dealing in foreign currencies	29.2	645,629,069	599,417,068
	Income from non-banking assets		-	-
	Other operating income	30	528,984,344	507,934,495
	Profit less losses on interest rate change		-	-
			16,092,855,457	15,023,093,159

	Note	2014	2013
Expenses			
Interest, fee and commission	27	8,466,644,760	8,499,298,315
Losses on loan and advances	39	-	35,777,187
Administrative expenses	31- 34,36-38	3,233,588,442	2,579,672,934
Other operating expenses	35, 40, 41	986,145,184	786,015,780
Depreciation on banking assets	40	233,653,083	174,457,339
		12,920,031,469	12,075,221,555
		3,172,823,988	2,947,871,604
25.1 Interest, discount and similar income			
Interest income	26	11,858,390,649	11,111,313,344
Interest on treasury bills and bonds	28	1,375,524,691	1,307,811,360
Interest on debentures	28	1,006,392	1,902,257
Interest on other bonds	28	93,368,857	56,783,978
Interest on fixed deposit	28	726,967,057	651,741,722
Income on reverse repo	28	16,411,308	14,674,674
		14,071,668,954	13,144,227,335
25.2 Dividend income			
Dividend income in shares - local	28	46,937,919	67,348,085
Dividend income - foreign	28	58,780,463	15,145,317
		105,718,382	82,493,402
25.3 Capital Gain Income			
Gain from sale of shares	28	58,455,606	52,950,851
		58,455,606	52,950,851
26 Interest income			
Term loan-industrial		697,859,011	736,451,949
Term loan-consumer finance		13,975,108	17,226,904
Term loan-others		1,794,105,148	1,231,040,200
House building loan		197,189,800	214,584,300
Staff house building loan		69,061,966	62,141,426
Staff loan against PF		16,719,266	28,529,263
Transport loan		91,248,973	157,817,092
Agricultural Loan		111,331,181	95,355,812
Loan general		527,459,588	318,164,226
Secured overdraft		2,970,835,582	2,862,150,454
Over draft-staff salary		7,687,461	3,314,349
Over draft-garments		80,193,389	81,500,389
Cash credit		3,469,407,173	3,303,310,875
Lease finance		96,097,961	119,487,216
Inland documentary bill purchased (IDBP)		187,355,745	218,374,343
Foreign documentary bill purchased (FDBP)		14,971,780	19,298,437
Payment against document (cash)		69,383,451	83,709,357
Payment against document (forced)		60,998,143	60,138,943
Payment against document (EDF)		73,008,969	53,859,007
Payment against document (inland)		32,787,099	31,937,271
Payment against document (others)		17,250,511	35,623,148
Loan against imported merchandise		15,266,588	16,665,643
Loan against trust receipt (LTR)		825,748,411	1,079,723,779

	Note	2014	2013
Export cash credit		5,391,743	4,625,785
Credit card		36,280,136	33,871,410
Money at call on short notice		31,155,249	87,384,153
Balance held outside Bangladesh		77,040,535	42,863,891
Balance held inside Bangladesh		598,030	2,209,871
Demand loan		225,438,545	74,315,585
Others		23,785,334	24,291,854
		11,839,631,876	11,099,966,932
Off-shore banking unit		18,758,773	11,346,412
		11,858,390,649	11,111,313,344
26.a Consolidated interest income			
IFIC Bank Limited	26	11,858,390,649	11,111,313,344
IFIC Securities Limited		232,552,624	236,237,723
IFIC Money Transfer (UK) Limited		-	-
		12,090,943,274	11,347,551,067
Less: Inter -company interest income		166,745,978	190,508,998
		11,924,197,296	11,157,042,069
27 Interest paid on deposits, borrowings etc.			
Interest paid on deposits			
Saving bank deposit		798,988,737	590,050,442
Special notice deposit		459,306,083	415,195,212
Fixed deposit		5,336,768,415	6,036,408,359
Non resident FC deposit		207,427	205,922
Resident FC deposit		36,127	29,338
Pension savings scheme		318,692,577	254,414,651
Monthly income scheme		1,455,354,860	1,132,550,307
FCAD		176,367	343,819
		8,369,530,594	8,429,198,051
Interest paid on borrowings			
Call deposit		31,954,333	8,527,056
Local banks accounts		32,013,014	34,903,503
Foreign banks accounts		3,355,995	4,767,001
Repurchase agreement (repo)		12,042,066	11,629,156
Bangladesh Bank SME refinance		8,337,206	3,629,437
Payment against lease obligation		7,263,378	5,140,413
Discount paid		1,959,695	1,468,537
Others		188,479	35,162
		97,114,166	70,100,264
		8,466,644,760	8,499,298,315
27.a Consolidated interest paid on deposits, borrowings etc.			
IFIC Bank Limited	27	8,466,644,760	8,499,298,315
IFIC Securities Limited		219,122,244	246,628,647
IFIC Money Transfer (UK) Limited		-	-
		8,685,767,004	8,745,926,962
Less: Inter -company interest paid		166,745,978	190,508,998
		8,519,021,026	8,555,417,964

	Note	2014	2013
28			
Investment income			
Interest income			
Treasury bills and bonds	28.1	1,375,524,691	1,307,811,360
Debentures		1,006,392	1,902,257
Other bonds		93,368,857	56,783,978
Fixed deposit		726,967,057	651,741,722
Reverse repo		16,411,308	14,674,674
		2,213,278,304	2,032,913,991
Non interest income			
Gain from sale of shares		58,455,606	52,950,851
Dividend on share - local		46,937,919	67,348,085
Prize bond		11,000	50,000
Dividend income from overseas investment		58,780,463	15,145,317
		164,184,987	135,494,254
		2,377,463,292	2,168,408,245
28.1			
Treasury bonds			
Interest on treasury bonds		1,375,933,942	1,315,710,886
Less: Holding period interest on HTM securities		409,251	7,899,526
		1,375,524,691	1,307,811,360
28.a			
Consolidated investment income			
IFIC Bank Limited	28	2,377,463,292	2,168,408,245
IFIC Securities Limited		1,183,898	22,365,677
IFIC Money Transfer (UK) Limited		-	-
		2,378,647,190	2,190,773,922
29			
Commission, exchange and brokerage			
Commission	29.1	682,399,104	636,070,007
Exchange	29.2	645,629,069	599,417,068
Brokerage		-	-
		1,328,028,172	1,235,487,075
29.1			
Commission			
Bills purchased (Inland)		1,021,165	907,301
Bills purchased (Foreign)		1,973,753	157,043
Remittances (inland)		20,275,387	23,162,267
Remittances (foreign)		5,621,803	6,901,232
Letter of guarantee (LG)-local		61,997,848	44,503,266
Letter of guarantee (LG)-foreign		1,311,545	6,557,788
Letter of credit (back to back)		123,571,692	137,308,549
Letter of credit (cash)		150,684,394	139,845,308
Letter of credit (inland)		12,548	169,792
Letter of credit (others)		7,914,556	5,387,457
Wes Bond		758,978	1,039,918
LDBC		10,586,387	7,705,587
IFDBC		210,151,576	198,457,015
FDBC		12,673,820	7,793,208
FBC (foreign)		66,000	37,150
Online Charge		36,244,549	23,942,591
Shares (subscription)		90,595	331,492

	Note	2014	2013
Negotiation against contract		-	137,548
Add confirmation		9,802,407	6,899,468
Reimbursement charge		140	7,338
Bill collection charge		1,659	950
Sanchaypatra		3,888,704	1,506,070
Commission others		23,749,598	23,311,668
		682,399,104	636,070,007
29.2 Exchange gain			
Rebate from foreign correspondent		52,476,387	53,536,380
Exchange gain from revaluation, FC & others		593,152,681	545,880,688
		645,629,069	599,417,068
29.a Consolidated commission, exchange and brokerage			
IFIC Bank Limited	29	1,328,028,172	1,235,487,075
IFIC Securities Limited		66,519,611	75,601,905
IFIC Money Transfer (UK) Limited		29,103,240	10,153,475
		1,423,651,023	1,321,242,455
30 Other operating income			
Locker rent		8,641,145	8,008,620
Godown rent		1,490,829	2,184,124
Other rents		2,676,480	2,676,480
Postage charges recovery		25,005,648	26,878,085
Telex charge recovery		2,534,791	14,413
SWIFT charges recovery		138,961,248	128,266,891
Incidental charge recovery		-	220
Godown insurance recovery		472,619	571,825
Stationery expenses recovery		6,286,620	5,467,890
Miscellaneous earning		112,299,668	118,195,107
Loan processing fees and service charges		108,140,398	102,638,914
Visa card fees and commission		34,552,962	33,217,388
Service charge on accounts		68,975,172	65,595,735
Other fees, commission & charges		18,935,764	14,123,450
		528,973,344	507,839,142
Off-shore banking unit		-	45,354
		528,973,344	507,884,495
30.a Consolidated other operating income			
IFIC Bank Limited	30	528,973,344	507,884,495
IFIC Securities Limited		896,771	2,445,013
IFIC Money Transfer (UK) Limited		-	-
		529,870,115	510,329,508
31 Salaries and allowances			
Basic salary		958,863,669	763,723,771
House rent allowance		435,923,861	378,197,375
Conveyance allowance		32,822,710	31,359,657
Medical allowances		87,618,329	76,496,293
Entertainment allowance		69,474,456	71,126,004
Other allowances		25,929,567	33,604,420

	Note	2014	2013	
Leave encashment		7,224,829	7,932,064	
Festival bonus		165,668,624	131,388,703	
Performance bonus		180,000,000	200,000,000	
Provident fund- Bank's contribution		94,033,331	73,802,146	
Contribution to gratuity fund		390,000,000	120,000,000	
		2,447,559,376	1,887,630,433	
Number of employees for the year 2014 who were paid remuneration less than Tk. 36,000 was nil (year 2013 nil). Total number of employees employed in the Bank at the end of the year 2014 were 2,527 (year 2013 were 2,574).				
31.a	Consolidated salaries and allowances			
	IFIC Bank Limited	31	2,447,559,376	1,887,630,433
	IFIC Securities Limited		21,010,882	17,639,921
	IFIC Money Transfer (UK) Limited		7,055,609	5,330,106
			2,475,625,867	1,910,600,460
32	Rent, taxes, insurance, electricity etc.			
	Rent paid		418,908,943	378,072,104
	Rates, taxes and utilities		81,380,005	58,142,713
	Insurance premium		101,093,376	87,683,914
	Electricity & water		67,928,478	57,779,510
			669,310,802	581,678,242
32.a	Consolidated rent, taxes, insurance, electricity etc.			
	IFIC Bank Limited	32	669,310,802	581,678,242
	IFIC Securities Limited		8,313,887	8,014,931
	IFIC Money Transfer (UK) Limited		5,591,112	5,617,464
			683,215,801	595,310,637
33	Legal expenses			
	Legal expenses		4,360,972	3,002,307
	Retainers fees		2,070,000	2,040,000
			6,430,972	5,042,307
33.a	Consolidated legal expenses			
	IFIC Bank Limited	33	6,430,972	5,042,307
	IFIC Securities Limited		64,688	56,250
	IFIC Money Transfer (UK) Limited		1,269,690	459,162
			7,765,350	5,557,719
34	Postage, stamp, telecommunication etc.			
	Postage expenses		25,515,998	22,356,689
	Telegram & telex,		-	31,319
	Telephone - office		10,979,048	9,523,269
	Telephone - residence		23,880,470	22,919,098
	Communication facilities (Reuter, VAST,radio etc.)		3,090,226	3,156,776
	SWIFT charges		30,711,550	32,074,802
			94,177,292	90,061,952
34.a	Consolidated postage, stamp, telecommunication etc.			
	IFIC Bank Limited	34	94,177,292	90,061,952
	IFIC Securities Limited		726	24,809
	IFIC Money Transfer (UK) Limited		197,709	183,537
			94,375,727	90,270,298

	Note	2014	2013
35 Stationery, printing, advertisement etc.			
Printing stationery		25,594,683	21,068,226
Security stationery		7,135,610	9,042,950
Petty stationery		17,830,666	15,688,115
Computer stationery		11,959,135	11,473,632
Advertisement and publicity		112,420,924	43,310,508
		174,941,019	100,583,432
35.a Consolidated stationery, printing, advertisement etc.			
IFIC Bank Limited	35	174,941,019	100,583,432
IFIC Securities Limited		429,627	607,272
IFIC Money Transfer (UK) Limited		456,847	101,398
		175,827,492	101,292,102
36 Managing director's salary			
Basic salary		9,600,000	9,600,000
House rent allowance		900,000	900,000
House maintenance allowance		300,000	300,000
Provident fund- Bank's contribution		960,000	960,000
Entertainment allowances		300,000	300,000
Festival bonus		1,600,000	1,600,000.00
		13,660,000	13,660,000
37 Director's fee			
Meeting attendance fees		1,175,000	900,000
		1,175,000	900,000
Each Director is paid Tk. 5,000 per meeting per attendance effective from 18 January 2010.			
37.a Consolidated Director's fee			
IFIC Bank Limited	37	1,175,000	900,000
IFIC Securities Limited		189,750	104,927
IFIC Money Transfer (UK) Limited		-	-
		1,364,750	1,004,927
38 Auditors' fee			
Statutory annual audit fees		700,000	700,000
Interim audit fees		575,000	-
		1,275,000	700,000
38.a Consolidated Auditors' fee			
IFIC Bank Limited	38	1,275,000	700,000
IFIC Securities Limited		200,000	200,000
IFIC Money Transfer (UK) Limited		290,214.96	-
		1,765,215	900,000
39 Charges on loan loss			
Written-off loans and advances		-	35,777,187
40 Depreciation and repair of bank's assets			
Depreciation			
Buildings and premises		30,115,042	30,666,530
Wooden furniture		12,300,715	5,313,132
Steel furniture		2,725,069	2,703,462

	Note	2014	2013
Computer equipment		66,728,318	50,162,607
Office equipment		15,087,713	15,530,100
Electrical & gas equipment		33,656,677	30,991,507
Improve & leasehold premises		26,013,200	12,268,526
Vehicles		12,857,712	10,442,146
Soft furnishing		1,473,550	923,171
Software		32,695,087	15,456,158
		233,653,083	174,457,339
Repairs and maintenance			
Property maintenance and repairs		97,591,877	55,959,330
Vehicles maintenance and repairs		66,656,162	70,240,376
		164,248,039	126,199,706
		397,901,121	300,657,046
40.a Consolidated depreciation and repair of bank's assets			
IFIC Bank Limited	40	397,901,121	300,657,046
IFIC Securities Limited		1,856,857	1,749,384
IFIC Money Transfer (UK) Limited		3,233,237	2,169,796
		402,991,215	304,576,225
41 Other expenses			
Entertainment		25,728,093	21,326,567
Petrol, oil and lubricants		92,156,482	96,196,149
Subscription and donation		17,104,664	14,614,670
Training and internship		22,181,956	27,939,686
Books, newspapers and magazines, etc.		1,392,935	1,452,613
Uniforms and liveries		1,941,407	1,987,940
Annual General Meeting		13,099,530	20,529,324
Business development		23,714,412	7,790,878
Crockeries		1,116,479	780,484
Corporate Social Responsibility (CSR)		46,625,875	33,147,000
Loss on sales of fixed assets	41.1	4,360,315	465,495
Brokerage		344,812	232,041
Traveling expenses		163,794,545	143,139,843
Security services		43,382,257	28,236,000
Bank charges and commission		4,451,303	7,276,761
Recovery and sales agent		3,869,765	5,229,697
Casual and contractual service		109,505,876	88,475,347
Consultancy fee		10,995,545	1,037,770
Visa card expense		9,764,209	7,918,373
Manager conference		1,856,194	1,404,717
Risk charges		11,188,514	8,835,197
Amortization Loss HTM securities		5,918,222	2,058,880
Revaluation loss on HFT Securities		17,560,616	28,624,876
Miscellaneous		14,902,121	10,532,333
		646,956,127	559,232,642
41.a Consolidated other expenses			
IFIC Bank Limited	41	646,956,127	559,232,642
IFIC Securities Limited		12,369,584	14,214,484
IFIC Money Transfer (UK) Limited		9,791,974	6,379,673
		669,117,684	579,826,799

	Note	2014	2013
41.1 Gain/ (loss) on sales of fixed assets			
Cost of fixed assets sold			
Motor vehicle		1,200,000	2,250,000
Furniture and fixture		14,819,359	8,152,051
Computer and office equipment		12,225,675	2,025,879
Electrical appliances		11,149,125	10,179,545
		39,394,159	22,607,475
Less : Accumulated depreciation			
Motor vehicle		1,147,223	1,328,400
Furniture and fixture		10,445,185	6,501,415
Computer and office equipment		11,452,210	1,810,931
Electrical appliances		8,735,715	7,589,086
		31,780,333	17,229,832
Written down value		7,613,827	5,377,643
Sale proceeds of above fixed assets		3,253,511	4,912,148
Gain / (loss) on sales of fixed assets		(4,360,315)	(465,495)

41.b Share of profit of investment in associate & joint venture

Amount in BDT

Particulars	OIE	NBBL	Total
Opening balance 2013	82,207,765.31	262,260,218.20	344,467,983.51
Add: Investment during the year 2013	-	209,937,873.63	209,937,873.63
Add: Profit during the year 2013	13,599,170.37	245,276,839.88	258,876,010.25
Sub-total	95,806,935.68	717,474,931.71	813,281,867.39
Cash dividend received	(17,232,729)	-	(17,232,729.49)
Closing Balance as at December 2013	78,574,206.19	717,474,931.71	796,049,137.90
Add: Investment during the year 2014	-	639,525,522.69	639,525,522.69
Add: Profit for the year 2014	9,077,706.00	483,512,905.81	492,590,611.39
Sub-total	87,651,912.19	1,840,513,360.21	1,928,165,272
Cash dividend received	(7,334,253.00)	(51,130,076.44)	(58,464,329.42)
Closing balance as at 31 Decembr 2014	80,317,659.19	1,789,383,283.77	1,869,700,943

42 Provision for loans, investments and other assets

Specific provision		405,683,893	(145,290,413)
General provision		260,000,000	49,392,000
Provision for off-shore banking unit		4,000,000	9,600,000
Provision for off-balance sheet exposure		50,000,000	63,220,000
Provision for diminution in value of investments		(250,000,000)	235,566,751
Other provisions	42.1	26,000,000	27,672,054
		495,683,893	240,160,392

42.1 Other provisions

Provision for other assets		25,900,000	27,935,209
Provision for nostro account		100,000	(263,155)
		26,000,000	27,672,054

42.a Consolidated provision for loans, investments and other assets

IFIC Bank Limited	42	495,683,893	240,160,392
IFIC Securities Limited		3,660,484	-
IFIC Money Transfer (UK) Limited		-	-
		499,344,377	240,160,392

	Note	2014	2013
43 Provision for taxation			
Current tax	14.7	1,290,000,000	1,090,000,000
Deferred tax expense/(income)	43.1	(157,592,956)	272,221,188
		1,132,407,044	1,362,221,188
43.1 Deferred tax expense/(income)			
Deferred tax income	10.5	(173,897,151)	239,968,811
Deferred tax expense	10.5	16,304,195	32,252,377
		(157,592,956)	272,221,188
43.a Consolidated provision for current tax			
IFIC Bank Limited	43	1,290,000,000	1,090,000,000
IFIC Securities Limited		11,314,763	11,878,414
IFIC Money Transfer (UK) Limited		-	-
		1,301,314,763	1,101,878,414
43.b Consolidated provision for deferred tax			
IFIC Bank Limited	43	(157,592,956)	272,221,188
IFIC Securities Limited		49,961	-
IFIC Money Transfer (UK) Limited		-	-
		(157,542,995)	272,221,188
44 Receipts from other operating activities			
Brokerage		-	-
Rent received		12,808,454	12,869,224
Income from investment		11,000	50,000
Other receipts		516,164,890	495,015,271
Capital gain	25.3	58,455,606	52,950,851
		587,439,949	560,885,347
44.a Consolidated cash received from other operating activities			
IFIC Bank Limited	44	587,439,949	560,885,347
IFIC Securities Limited		1,550,519	22,347,715
IFIC Money Transfer (UK) Limited		-	-
		588,990,468	583,233,062
45 Cash paid for other operating activities			
Postage, telegram & telephone		94,177,292	90,061,952
Rent paid		418,908,943	378,072,104
Rates, taxes & utilities		81,380,005	58,142,713
Insurance premium paid		101,093,376	87,683,914
Electricity & water		67,928,478	57,779,510
Traveling expenses		163,794,545	143,139,843
Auditors fee		1,275,000	700,000
Directors fee		1,175,000	900,000
Legal expense		6,430,972	5,042,307
Other expenses		579,963,271	505,364,836
		1,516,126,882	1,326,887,180
45.a Consolidated cash paid for other operating activities			
IFIC Bank Limited	45	1,516,126,882	1,345,366,742
IFIC Securities Limited		21,568,262	23,222,673
IFIC Money Transfer (UK) Limited		17,597,547	12,741,235
		1,555,292,691	1,381,330,651

	Note	2014	2013
46			
Cash and cash equivalents			
Cash in hand		1,829,379,694	2,019,892,903
Balance with Bangladesh Bank & Sonali Bank		8,569,433,622	7,666,874,644
Balance with other banks and financial Institutions		12,042,832,451	10,028,347,117
Money at call on short notice		1,450,000,000	-
Prize Bonds		5,851,900	6,355,000
		23,897,497,667	19,721,469,665
46.a			
Consolidated cash and cash equivalents			
IFIC Bank Limited	46	23,897,497,667	19,721,469,665
IFIC Securities Limited		40,351	8,810
IFIC Money Transfer (UK) Limited		10,554,393	8,087,246
		23,908,092,411	19,729,565,720
47			
(Increase)/decrease of other assets			
Stationery and stamps		20,668,793	20,092,811
Suspense account		467,338,723	491,675,096
Advance, deposit and prepayments		1,125,060,501	1,430,501,898
Investment in subsidiaries		836,270,870	831,091,342
Revaluation account FDBP		1,792,520	1,792,520
Accounts receivable others		7,020,448	7,778,861
Off-shore banking unit		67,165,218	11,507,203
Closing other assets		2,525,317,075	2,794,439,731
Beginning other assets		2,794,439,731	2,360,572,768
		269,122,656	(433,866,963)
47.a			
(Increase)/decrease of consolidated other assets			
IFIC Bank Limited	47	269,122,656	(433,866,963)
IFIC Securities Limited		(37,967,037)	(34,806,194)
IFIC Money Transfer (UK) Limited		(5,190,644)	(5,504,705)
		225,964,975	(474,177,862)
48			
Increase/(decrease) of other liabilities			
Withholding Tax payable to government		82,124,717	85,620,446
Withholding VAT payable to government		15,809,793	10,337,661
Excise duty payable to government		85,888,942	88,929,739
Dividend payable		2,814,447	2,814,447
Revaluation of investment abroad		28,184,837	28,184,837
Exporter's cash assistance		153,300	115,300
Oman International Exchange (LLC)		8,053,352	4,098,906
Sale proceeds of PSP & TC		1,064,140	877,801
Local commission on export		19,087,466	19,527,979
Recovery on Court Cases		22,355,188	1,541,198
Others		49,188,919	3,729,643
Closing other liabilities		314,725,100	245,777,957
Beginning other liabilities		245,777,957	378,885,376
		68,947,143	(133,107,419)

	Note	2014	2013
48.a	Consolidated increase/(decrease) for the year		
	IFIC Bank Limited	68,947,143	(133,107,419)
	IFIC Securities Limited	346,214,227	328,310,736
	IFIC Money Transfer (UK) Limited	(7,605,254)	2,350,076
		407,556,116	197,553,393
49	Gratuity		
	The company has a gratuity scheme which has been approved on October 2007 by the National Board of Revenue as per the provision of first schedule (Part - C) of the Income Tax Ordinance, 1984. Required liability against gratuity has been properly provided in the fund account.		
50	Earnings Per Share (EPS)		
	Net profit after tax	1,544,733,051	1,345,490,024
	Number of ordinary shares outstanding (Adjusted for bonus share issued for the year 2013)	437,749,928	437,749,928
	Earning Per Share (EPS)	3.53	3.07
50.a	Consolidated Earnings Per Share (EPS)		
	Net profit after tax	2,061,109,960	1,629,809,652
	Number of ordinary shares outstanding (Adjusted for bonus share issued for the year 2013)	437,749,928	437,749,928
	Earning Per Share (EPS)	4.71	3.72
51	Events after the Reporting Period		
	The Board of Directors in its 648th Board Meeting held on 9 April 2015 recommended payment of 15% stock dividend for the year ended 31 December 2014.		

Balance with other Banks and Financial Institutions-Outside Bangladesh (Nostrro Account)
as at 31 December 2014

Name of the Bank and Financial Institutions	Account type	Currency type	2014			2013		
			FC amount	Conversion rate	Equivalent BDT	FC amount	Conversion rate	Equivalent BDT
J.P. Morgan Chase Bank, New York	CD	US\$	3,161,022.26	77.949	246,399,788.55	6,379,449.63	77.750	496,002,208.73
Citi Bank N.A. New York	CD	US\$	337,327.30	77.949	26,294,460.64	1,806,182.68	77.750	140,430,703.37
HSBC Bank, New York	CD	US\$	1,809,837.63	77.949	141,075,757.36	2,714,611.89	77.750	211,061,074.45
Standard Chartered Bank, London	CD	US\$	188,228.31	77.949	14,672,283.83	201,574.74	77.750	15,672,436.04
Masreq Bank, New York	CD	US\$	1,812,882.74	77.949	141,313,121.85	463,811.60	77.750	36,061,351.90
Mashreq Bank, PSC, Mumbai, India	CD	US\$	389,057.75	77.949	30,326,818.18	349,941.90	77.750	27,207,982.73
Standard Chartered Bank, New York	CD	US\$	463,252.58	77.949	36,110,260.66	371,884.95	77.750	28,914,054.86
Wells Fargo Bank, New York	CD	US\$	561,344.42	77.949	43,756,460.73	572,385.39	77.750	44,502,964.07
Sonali Bank, (UK) Limited	CD	US\$	292,065.96	77.949	22,766,366.34	569,209.05	77.750	44,256,003.64
HSBC Bank, Mumbai	CD	US\$	-	-	-	84,377.83	77.750	6,560,376.28
Standard Chartered Bank, Kolkata	CD	US\$	85,599.61	77.949	6,672,438.24	156,699.85	77.750	12,183,413.34
AB Bank Ltd., Mumbai	CD	US\$	14,690.34	77.949	1,145,103.19	438,565.82	77.750	34,098,492.51
NIB Bank Ltd, Karachi, Pakistan	CD	US\$	258,806.09	77.949	20,173,779.43	353,123.73	77.750	27,455,370.01
National Trust Bank Ltd., Colombo	CD	US\$	41,320.07	77.949	3,220,874.66	68,627.85	77.750	5,335,815.34
Nepal Bangladesh Bank Ltd., Kathmandu, Nepal	CD	US\$	147,329.10	77.949	11,484,214.95	41,784.28	77.750	3,248,727.77
Sonali Bank, Kolkata	CD	US\$	239,499.10	77.949	18,668,811.15	213,027.64	77.750	16,562,899.01
State Bank of India, Kolkata	CD	US\$	61,597.97	77.949	4,801,524.80	61,597.97	77.750	4,789,242.17
Bank of Bhutan, Phuentsoling	CD	US\$	33,848.65	77.949	2,638,481.96	49,348.65	77.750	3,836,857.54
ICIC Bank Ltd.	CD	US\$	111,937.10	77.949	8,725,429.78	543,534.42	77.750	42,259,801.16
Commerz Bank AG, Frankfurt	CD	US\$	432,708.54	77.949	33,729,371.07	-	-	-
Habib American Bank, New York	CD	US\$	7,580.00	77.949	590,856.45	-	-	-
J.P. Morgan Chase Bank, Sydney	CD	AUD	7,943.72	63.396	503,601.66	26,479.88	68.933	1,825,342.86
The Bank Nova Scotia, Toronto, Canada	CD	CAD	(2,638.12)	66.938	(176,590.74)	15,434.14	72.582	1,120,243.84
Habib Bank AG, Zurich	CD	CHF	7,479.34	78.737	588,899.30	268,746.78	87.193	23,432,837.99
Commerz Bank AG, Frankfurt	CD	EUR	(158,945.00)	94.716	(15,054,682.30)	36,149.10	106.825	3,861,613.15
J.P. Morgan Chase Bank AG, Frankfurt	CD	EUR	38,158.49	94.716	3,614,230.99	14,662.64	106.825	1,566,330.65
Sonali Bank UK London	CD	EUR	6,574.57	94.716	622,718.94	36,666.14	106.825	3,916,845.74
Standard Chartered Bank, London	CD	GBP	71,259.80	120.923	8,616,941.67	15,626.09	128.085	2,001,473.99
HSBC Bank PLC, London	CD	GBP	-	-	-	91,603.96	128.085	11,733,129.86
Sonali Bank(UK)Limited	CD	GBP	119,210.77	120.923	14,415,312.02	177,128.16	128.085	22,687,531.22
Bank Of Tokyo- Mitsubishi,Tokyo	CD	JPY	262,273.00	0.646	169,402.13	955,443.00	0.739	706,359.01
			10,801,252		827,866,037			1,273,291,483

Other Investment - Shares and Debt Securities
as at 31 December 2014

							Amount in BDT	
Name of the Company	Face value	No. of share	Cost/share	Cost price	Mkt price/share	Market value		
Unlisted shares								
Karma Sangsthan Bank	100	200,000	100.00	20,000,000	100.00	20,000,000		
Central Depository Bangladesh Ltd.	10	2,284,722	10.00	22,847,220	10.00	22,847,220		
EnergyPack Power Co. Ltd.	10	590,000	44.00	25,960,000	32.13	18,959,479		
		3,074,722		68,807,220		61,806,699		
Listed shares								
National Housing Finance & Investment Ltd.	10	4,808,100	8.11	39,010,000	28.60	137,511,660		
Power Grid Company Ltd.	10	3,984,250	69.13	275,412,488	40.40	160,963,700		
Delta Life Insurance Company Ltd.	10	2,478,100	33.57	83,187,944	149.90	371,467,190		
Khulna Power Company Ltd.	10	686,591	50.14	34,423,040	57.00	39,135,687		
RAK Ceramics Ltd.	10	1	10.00	10	57.70	58		
Summit Power Ltd.	10	2,095,477	51.92	108,786,696	38.30	80,256,769		
Summit Alliance Port Ltd.	10	207,014	133.07	27,546,745	82.90	17,161,461		
British Americal Tobacco Bangladesh Eastland Insurance Company Ltd.	10	145,850	629.03	91,744,278	2,650.30	386,546,255		
TITAS Gas Transmission and Distribution Ltd.	10	161,590	55.33	8,941,428	34.30	5,542,537		
Beximco Ltd.	10	6,084,872	76.60	466,084,720	79.70	484,964,298		
Malek Spinning Mills Company Ltd.	10	19,167,270	65.95	1,264,121,634	36.40	697,688,628		
DESCO Ltd.	10	350	21.95	7,681	19.10	6,685		
Unique Hotel and Resorts Ltd.	10	111,135	62.74	6,972,919	69.50	7,723,883		
The City Bank Ltd.	10	200,000	105.15	21,029,385	65.90	13,180,000		
MIL Bangladesh Ltd.	10	5,257,476	36.94	194,197,477	21.80	114,612,977		
Fareast Life Insurance Ltd.	10	732,176	117.63	86,128,123	125.60	91,961,306		
Beximco Pharmaceuticals Ltd.	10	827,338	165.15	136,631,812	75.10	62,133,084		
Northern General Insurance Company Ltd.	10	3,130,528	64.36	201,481,540	58.70	183,761,994		
Reliance insurance Ltd.	10	220,616	49.64	10,951,563	27.70	6,111,063		
	10	163,185	71.54	11,674,463	58.00	9,464,730		
Mutual funds		50,461,919		3,068,333,947	3,777	2,870,193,963		
IFIC Bank 1st Mutual Fund	10	29,391,516	8.51	250,000,000	5.20	152,835,883		
ICB Employee 1st Mutual Fund	10	1,339,500	13.43	17,986,473	4.50	6,027,750		
		30,731,016		267,986,473		158,863,633		
Debt securities								
Banglalion Communication (BCL) Bond	1,000	1,144,110	506.94	579,997,606	506.94	579,997,606		
		1,144,110		579,997,606		579,997,606		
Foreign investment								
Nepal Bangladesh Bank Ltd.		9,042,927	143.10	1,294,019,575	1,542.10	13,945,069,416		
Oman International Exchange LLC		2,437	7,270.44	17,718,055	7,270.44	17,718,055		
NIB Bank Ltd, Pakistan		24,578,800	13.47	331,098,714	1.82	44,769,006		
		33,624,164		1,642,836,344		14,007,556,477		
Total other investment				5,627,961,589		17,678,418,379		

Loans and advances allowed to each customer exceeding 10% of Bank's total capital

as at 31 December 2014

Million BDT

Sl.	Name of the Group	Name of Clients	Outstanding as on 31 December 2014			Amount classified
			Funded	Non-funded	Total	
1	Soiltech Group	Soiltech International Ltd.	1,499.00	129.60	1,628.60	-
		Wahidunnabi	45.30	-	45.30	-
		Ace-Swee Hong Joint Venture	136.90	-	136.90	-
		Soiltech Internationalanl & IJM	57.30	-	57.30	-
		Sub Total:	1,738.50	129.60	1,868.10	-
2	Stylo Group	Stylo Knitwear (Pvt) Ltd.	20.9	145.8	166.70	-
		Stylo Fashion Garments Ltd.	944.4	279.3	1,223.70	-
		Sub Total:	965.30	425.10	1,390.40	-
3	Newage Group	New Age Fashionwear Ltd.	41.6	81	122.60	-
		Newage Garments Ltd.	442.4	345.1	787.50	-
		Newage Apparels Ltd.	108	640	747.80	-
		keilock Newage BD. Ltd.	12	127	138.60	-
		Sub Total:	604.30	1,192.20	1,796.50	-
4	Dekko	Dekko Knitwear Ltd.	400.10	151.90	552.00	-
		Epyllion Knitex Ltd.	634.80	189.90		-
		Dazzling Dresses Ltd.	21.90	10.90	32.80	-
		Sub Total:	1,056.80	352.70	1,409.50	-
5	Islam Garments	Islam Garments Ltd.	524.40	2,042.90	2,567.30	-
		Sub Total:	524.40	2,042.90	2,567.30	-
6	Wisdom	Wisdom Attires Ltd.	718.30	840.30	1,558.60	-
		Sub Total:	718.30	840.30	1,558.60	-
7	Abul Khair	Abul Khair Steel Products	-	373.10	373.10	-
		Shah Dairy Foods Ltd.	-	9.90	9.90	-
		Abul Khair Condensed Milk	-	4.10	4.10	-
		Abul Khair Limited	53.80	383.20	437.00	-
		Shah Cement Industries Ltd	3.60	110.70		-
		Abul Khair Consumer Product	429.90	126.70	556.60	-
		Abul Khair Milk Products	143.20	13.60	156.80	-
Abul Khair Ceramic Indust	51.60	-	51.60	-		
		Sub Total:	682.10	1,021.30	1,703.40	-
9	Shirt Makers	Shirt Makers Ltd.	91.90	120.70	212.60	-
		Section Seven Ltd.	169.90	876.70	1,046.60	-
		Sub Total:	261.80	997.40	1,259.20	-
10	Noman	Marium Textile Mills Ltd.	47.20	-	47.20	-
		Zaber & Zubvair Fabries Ltd.	777.20	-	777.20	-
		Talha Spinning Mills Ltd.	378.80	1.80	380.60	-
		Sub Total:	1,203.20	1.80	1,205.00	-
11	Knit Concern	Knit Concern Ltd.	391.50	1,290.80	1,682.30	-
		K.C. Apparels Ltd.	489.60	307.20	796.80	-
		Kay Telecommunications	68.30	-	68.30	-
		K.C. Lingerie Ltd.	187.50	-	187.50	-
		K. C. Lingerie Ltd	-	26.10	26.10	-
		Sub Total:	1,136.90	1,624.10	2,761.00	-
12	Pran	Agricultural Marketing Co.	30.50	-	30.50	-
		RFL Plastics Ltd.	17.30	311.50	328.80	-
		Banga Building Materials	50.70	-	50.70	-
		Durable Plastic Ltd.	105.00	132.60	237.60	-
		Pran Exports Ltd	228.20	-	228.20	-
		Pran Agro Ltd.	19.50	-	19.50	-
Pran Dairy Ltd.	294.20	624.50	918.70	-		
		Sub Total:	745.40	1,068.60	1,814.00	-

Sl.	Name of the Group	Name of Clients	Outstanding as on 31 December 2014			Amount classified
			Funded	Non-funded	Total	
13	Uttara	Uttara Jute Fibres & Inds	874.70	14.00	888.70	-
		Uttara Traders (PVT.) Ltd.	94.30	1,304.10	1,398.40	-
		Uttara Acrylic Mills Ltd	243.00	13.00	256.00	-
		Uttara Spinning Mills Ltd	77.30	5.20	82.50	-
		Six Seasons Food & Bevera	73.10	-	73.10	-
		Sub Total:	1,362.40	1,336.30	2,698.70	-
14	Cassiopea	Cassiopea Apparels Ltd.	198.10	1,544.30	1,742.40	-
		Cassiopea Fashion Ltd.	13.90	243.30	257.20	-
		Elegant Washing Plant	29.50	6.70	36.20	-
		Sub Total:	241.50	1,794.30	2,035.80	-
15	Silver Line	Silver Line Composite Text	756.50	231.60	988.10	-
		Silver Composite Textile	507.70	1,436.50	1,944.20	-
		Sub Total:	1,264.20	1,668.10	2,932.30	-
16	IFIC	IFIC Securities Ltd	1,199.80	450.00	1,649.80	-
		Sub Total:	1,199.80	450.00	1,649.80	-
18	Scholastica	Scholastica Limited	1,294.50	-	1,294.50	-
		Sub Total:	1,294.50	-	1,294.50	-
19	Sikder	Powerpac Mutiara Kajang	1,487.80	-	1,487.80	-
		R & R Holdings	1,399.80	-	1,399.80	-
		Sub Total:	2,887.60	-	2,887.60	-
20	Jamuna	Jamuna Builders Ltd.	1,389.30	-	1,389.30	-
		Jamuna Electronics & Auto	-	3.30	3.30	-
		Sub Total:	1,389.30	3.30	1,392.60	-
21	ENA	ENA Properties Ltd.	1,489.90	72.20	1,562.10	-
		Northern Power Solutions	1,416.90	123.40	1,540.30	-
		Sub Total:	2,906.80	195.60	3,102.40	-
22	Navana	Navana Ltd.	87.00	92.50	179.50	-
		Navana Real Estate Ltd.	419.50	-	419.50	-
		Navana Interlinks Ltd	53.50	28.20	81.70	-
		Navana Engineering Ltd.	479.50	-	479.50	-
		Navana Welding Electroed Ltd.	208.00	-	208.00	-
		Sub Total:	1,247.50	120.70	1,368.20	-
23		Bangladesh Rural Advancement Committee (BRAC)	1,191.30	-	1,191.30	-
		Sub Total:	1,191.30	-	1,191.30	-
24		SQ Celsius Limited	1,413.10	1,564.10	2,977.20	-
		Sub Total:	1,413.10	1,564.10	2,977.20	-
25		Pacific Bangladesh Teleco	1,387.30	-	1,387.30	-
		Sub Total:	1,387.30	-	1,387.30	-
26		Maheen Enterprise Ltd.	245.40	967.30	1,212.70	-
		Sub Total:	245.40	967.30	1,212.70	-
27		Dohatec Newmedia	1,592.00	516.50	2,108.50	-
		Sub Total:	1,592.00	516.50	2,108.50	-
28		Nassa Properties Ltd.	1,249.20	-	1,249.20	-
		Sub Total:	1,249.20	-	1,249.20	-
29		Appollo Ispat Complex Ltd.	1,373.70	909.60	2,283.30	-
		Sub Total:	1,373.70	909.60	2,283.30	-
30		Buyer Media Limited	1,576.50	75.00	1,651.50	-
		Sub Total:	1,576.50	75.00	1,651.50	-
31		Foster Trading International Ltd.	762.50	403.50	1,166.00	-
		Sub Total:	762.50	403.50	1,166.00	-
		Grand Total:	34,221.60	19,700.30	53,921.90	-

Schedule of fixed assets including premises, furniture and fixture
Year 2014

Particulars	Cost			Rate %	Balance as at 31 December 2014	Depreciation			Written down value as at 31 December 2014
	Balance as at 1 January 2014	Addition during the year	Disposal during the year			Balance as at 1 January 2014	Charged during the year	Disposal during the year	
Land	475,118,759	-	-	-	475,118,759	-	-	-	475,118,759
Buildings and premises	1,329,344,471	8,607,006	-	2.5	1,337,951,477	30,115,042	-	163,464,856	1,174,486,621
Wooden Furniture	104,315,604	14,526,526	5,404,346	20	113,437,784	12,300,715	4,563,201	64,234,923	49,202,862
Steel Furniture	53,308,417	3,016,128	294,610	10	56,029,936	2,725,069	198,026	31,504,309	24,525,627
Computer Equipment	520,385,693	22,359,390	6,002,832	30	536,742,251	66,728,318	5,420,748	381,042,836	155,699,415
Office Equipment	177,823,273	13,464,710	5,535,143	20	185,752,840	15,087,713	5,388,591	125,401,989	60,350,851
Electrical & Gas Equipment	320,434,211	46,730,763	11,149,125	20	356,015,849	33,656,677	8,735,715	221,389,145	134,626,704
Improve & Leasehold Premises	201,263,378	23,062,125	8,475,363	20	215,850,139	26,013,200	5,062,505	111,797,341	104,052,798
Vehicles (purchased & leased)	87,107,220	58,811,645	1,200,000	20	144,718,865	12,857,712	1,147,223	65,160,143	79,558,722
Soft Furnishing	10,593,496	2,322,305	644,641	40	12,271,161	1,473,550	621,453	10,060,836	2,210,325
Intangible asset:									
Software	193,954,088	47,204,221	688,100	30	240,470,209	32,695,087	642,872	164,181,673	76,288,536
	3,473,648,610	240,104,820	39,394,159		3,674,359,270	233,653,083	31,780,333	1,338,238,051	2,336,121,219
*Capital work in progress	-	593,198,539	-		593,198,539	-	-	-	593,198,539
Written down value	3,473,648,610	833,303,359	39,394,159		4,267,557,809	233,653,083	31,780,333	1,338,238,051	2,929,319,758

Particulars	Cost			Rate %	Balance as at 31 December 2013	Depreciation			Written down value as at 31 December 2013
	Balance as at 1 January 2013	Addition during the year	Disposal during the year			Balance as at 1 January 2013	Charged during the year	Disposal during the year	
Land	475,118,759	-	-	-	475,118,759	-	-	-	475,118,759
Buildings and premises	1,317,217,623	12,126,848	-	2.5	1,329,344,471	30,666,530	-	133,349,814	1,195,994,657
Wooden Furniture	103,474,412	5,328,709	4,487,517	10	104,315,604	5,313,132	3,282,102	56,497,408	47,818,195
Steel Furniture	49,571,298	3,923,928	186,809	10	53,308,417	2,703,462	132,327	28,977,265	24,331,152
Computer Equipment	457,765,140	64,354,207	1,733,654	20	520,385,693	50,162,607	1,529,331	319,735,265	200,650,427
Office Equipment	169,365,336	8,750,162	292,225	20	177,823,273	15,530,100	281,600	115,702,867	62,120,406
Electrical & Gas Equipment	306,164,547	24,449,209	10,179,545	20	320,434,211	30,991,507	7,589,086	196,468,183	123,966,028
Improve & Leasehold Premises	191,395,600	12,778,176	2,910,399	10	201,263,378	14,296,281	2,526,337	92,874,402	108,388,976
Vehicles (purchased & leased)	67,411,910	69,545,310	2,250,000	20	134,707,220	8,414,391	1,328,400	53,449,655	81,257,565
Soft Furnishing	10,281,549	879,274	567,327	40	10,593,496	923,171	560,649	9,208,739	1,384,757
Intangible asset:									
Software	175,720,860	18,233,228	-	20	193,954,088	15,456,158	-	132,129,457	61,824,631
	3,323,487,034	220,369,051	22,607,475		3,521,248,610	174,457,339	17,229,832	1,138,393,056	2,382,855,554
*Capital work in progress	-	-	-		-	-	-	-	-
Written down value	3,323,487,034	220,369,051	22,607,475		3,521,248,610	174,457,339	17,229,832	1,138,393,056	2,382,855,554

*Capital work in progress represents the amount paid for procuring material & equipment for under constructed IFC Bank Tower and upgradation of core banking software-MISYS.

COMPUTATION OF RISK-WEIGHTED ASSETS

as at 31 December 2014

Solo Basis

1.0 Risk Weighted Assets for Credit Risk Balance Sheet Exposures

Million BDT

Sl. No.	Exposure Type	BB's Rating Grade*	Exposure	Risk Weight	Risk Weighted Asset
1	2	3	4	5	6 = (5x4)
a)	Cash		1,996.16	-	-
b)	Claims on Bangladesh Government and Bangladesh Bank		18,784.47	-	-
c)	Claims on other Sovereigns & Central Banks *		-		
d)	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank		-	-	
e)	Claims on Multilateral Development Banks (MDBs):		-		
	i) IBRD, IFC, ADB, AFDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB		-	-	
	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	30.00	0.50	15.00
g)	Claims on Banks and NBFIs		-		-
	i) Maturity over 3 months	1	3,667.65	0.20	733.53
		2,3	204.34	0.50	102.17
		4,5	-	1.00	-
		6	-	1.50	-
		Unrated	-	1.00	-
	ii) Maturity less than 3 months		14,350.08	0.20	2,870.02
	h) Claims on Corporate (excluding equity exposure)	1	4,657.54	0.20	931.51
		2	13,626.01	0.50	6,813.01
		3,4	8,727.54	1.00	8,727.54
		5,6	-	1.50	-
		Unrated	12,420.72	1.25	15,525.90
	h(1) Claims categorized as retail portfolio & SME (excluding consumer loan).	1	63.30	0.20	12.66
		2	-	0.40	-
		3	152.50	0.60	91.50
		4	60.80	0.80	48.64
		5	-	1.20	-
		6	-	1.50	-
		Unrated (small enterprise & <BDT 3.00m)	2,373.39	0.75	1,780.04
		Unrated (small enterprise having ≥ BDT 3.00m & Medium enterprise)	12,289.73	1.00	12,289.73

Sl. No.	Exposure Type	BB's Rating Grade*	Exposure	Risk Weight	Risk Weighted Asset
1	2	3	4	5	6 = (5x4)
i)	Claims under Credit Risk Mitigation [From Work Sheet - 1 (a)]	PSE	-	N/A	-
		Banks & NBFIs	-	N/A	-
		Corporate	1,200.69	N/A	533.88
		Retail & SME	774.73	N/A	17.78
		Consumer finance	2,048.45	N/A	55.05
		Residential property	-	N/A	-
		Commercial real estate	-	N/A	-
Fixed Risk Weight Groups					
j)	Claims under retail exposure		1,612.63	0.75	1,209.48
k)	Consumer Loan		666.82	1.00	666.82
l)	Claims fully secured by residential property		17,080.94	0.50	8,540.47
m)	Claims fully secured by Commercial real estate		6,844.49	1.00	6,844.49
n)	Past Due Claims (Risk weights are to be assigned net of specific provision):		-		-
1	The claim (other than claims secured by eligible residential property) that is past due for more than 90 days and/or impaired will attract risk weight as follows:		-		-
i)	Where specific provisions are less than 20 percent of the outstanding amount of the past due claim;		612.30	1.50	918.45
ii)	Where specific provisions are not less than 20 percent of the outstanding amount of the past due claim;		1,297.90	1.00	1,297.90
iii)	Where specific provisions are more than 50 percent of the outstanding amount of the past due claim;		526.40	0.50	263.20
2	Claims fully secured against residential property that are past due for more than 90 days and/ or impaired specific provision held there-against is less than 20% of outstanding amount		50.20	1.00	50.20
3	Loans and claims fully secured against residential property that are past due by 90 days and /or impaired and specific provision held there-against is more than 20% of outstanding amount.		13.10	0.75	9.83
o)	Capital Market Exposure		-	1.25	-
p)	Investments in venture capital		-	1.50	-
q)	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book		854.01	1.25	1,067.51
r)	Investments in premises, plant and equipment and all other fixed assets		2,929.32	1.00	2,929.32
s)	Claims on all fixed assets under operating lease		566.02	1.00	566.02
t)	All other assets		-		-
	i) Claims on GoB & BB (eg. advanced income tax, reimbursement of patirakkha/shadharon shanchay patra, etc.)		1,292.04	0.00	-
	ii) Staff loan/Investment		1,618.97	0.20	323.79
	iii) Cash items in Process of Collection		-	0.20	-
	iv) Claims on Off-shore Banking Units (OBU)		1,767.91	1.00	1,767.91
	v) Other assets (net off specific provision, if any)		1,131.74	1.00	1,131.74
Sub-Total			136,292.88		78,135.07

Sl. No.	Exposure Type	BB's Rating Grade*	Exposure	Risk Weight	Risk Weighted Asset
1	2	3	4	5	6 = (5x4)

2.0 Risk Weighted Amount for Credit Risk Off-Balance Sheet Exposures

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	3,572.98	0.20	714.60
		2	1,778.21	0.50	889.10
		3,4	756.80	1.00	756.80
		5,6	-	1.50	-
		Unrated	8,251.41	1.25	10,314.26
h)	Claims under retail exposure		167.52	0.75	125.64
h(1)	Claims under SME Credit Rating-wise exposure	1	0.65	0.20	0.13
		2	-	0.40	-
		3	19.70	0.60	11.82
		4	31.68	0.80	25.34
		5	-	1.20	-
		6	-	1.50	-
		Unrated (small enterprise & <BDT 3.00m)	130.25	0.75	97.69
		Unrated (small enterprise having ≥ BDT 3.00m & Medium enterprise)	4,010.21	1.00	4,010.21
h)	Consumer Loan		-	1.00	-
i)	Claims fully secured by residential property		-	0.50	-
j)	Claims fully secured by commercial real estate		-	1.00	-

Sl. No.	Exposure Type	BB's Rating Grade*	Exposure	Risk Weight	Risk Weighted Asset
1	2	3	4	5	6 = (5x4)
k.)	Investments in venture capital		-	1.50	-
l)	All other assets		-	1.00	-
Sub-Total			18,719.40		16,945.59

3.0 Capital Charge for Market Risk (Balance Sheet Exposures)

Sl. No.	Market Risk	Capital Charge	Risk Weight	Risk Weighted Asset
a	Interest Rate Related Instruments	15.55	10.00	155.53
b	Equities	606.54	10.00	6,065.44
c	Foreign Exchange Position	10.78	10.00	107.80
d	Commodities	-	10.00	-
Sub-Total		632.88		6,328.78

4.0 Capital Charge for Operational Risk (Basic Indicator Approach)

Sl. No.	Operational Risk	Capital Charge	Risk Weight	Risk Weighted Asset
a	Gross Income	1,016.43	10.00	10,164.25
Sub-Total		1,016.43	10.00	10,164.25
Grand Total Risk Weighted Assets				111,573.69

Related party disclosures

Name of Directors and their interest in different entities

as at 31 December 2014

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 Limited
			Chairman	Abahani Limited
			Vice Chairman	Bangladesh Export Import Co. Ltd.
			Vice Chairman	Beximco Pharmaceuticals Ltd.
			Vice Chairman	Beximco Synthetics Ltd.
			Vice Chairman	Shinepukur Ceramics Ltd.
			Vice Chairman	Beximco Holdings Ltd.
			Vice Chairman	Beximco Engineering Ltd.
			Vice Chairman	Beximco Computers Ltd.
			Vice Chairman	Esses Exporters Ltd.
			Vice Chairman	Beximco Property Development and Management Ltd.
			Vice Chairman	Independent Television Ltd.
			Vice Chairman	Beximco Petroleum Limited
Vice Chairman	Sonali Ansh Limited			
2	Mr. Mohammad Lutfar Rahman	Director	Chairman (Nominated by IFIC Bank Ltd.)	Nepal Bangladesh Bank Ltd., Nepal
			Chairman (Nominated by IFIC Bank Ltd.)	IFIC Money Transfer (UK) Ltd.
			Chairman (Representing IFIC Bank Ltd.)	IFIC Securities Ltd.
			Chairman & CEO	New England Equity Limited
			Chairman & CEO	Shore Cap Holdings Limited
			Chairman & CEO	NEEL Petroleum & Chemicals Limited
			Managing Director	Latif Securities Limited
			Managing Director	Business Capital Shares & Securities Ltd.
			Managing Director	LR Agro Farms Limited
			Director	Union Insurance Company Limited
			Director	National Television Limited (RTV)
			Director	International Television Limited (NTV)
3	Mr. Monirul Islam	Independent Director	Chairman	Monir Associates Ltd.
			Managing Director	Aaron Label Ltd.
			Managing Director	Cosmo Sizing & Weaving Mills Ltd.
4	Mr. Syed Anisul Huq	Independent Director	Independent Director	Deshbandhu Polymer Ltd.
			Independent Director	Hamid Febrics Ltd.
5	Mr. Mohammed Nayem Syed	Independent Director	Director (Nominated by IFIC Bank Ltd.)	IFIC Money Transfer (UK) Ltd.
			Director (Representing IFIC Bank Ltd.)	IFIC Securities Ltd.
			Managing Director	Karnaphuly Printers Ltd.
			Managing Director	Kuliarchar (UK) Ltd.
			Managing Director	Shahjalal Foods (UK) Ltd.
Director	Red-Sea International Ltd.			

SI No.	Name	Status with the Bank	Status with interested entities	Name of the firms/companies in which they have interest
6	Mr. Jalal Ahmed	Govt. nominated Director	Director (Nominated by IFIC Bank Ltd.)	IFIC Money Transfer (UK) Ltd.
			Director (Representing IFIC Bank Ltd.)	IFIC Securities Ltd.
			Additional Secretary	Finance Division, Ministry of Finance, Bangladesh Secretariat, Dhaka.
			Director	Bangladesh Telecommunication Co. Ltd.
			Director	Bangladesh Services Ltd.
			Director	British American Tobacco Bangladesh Co. Ltd.
7	Mr. A. R. M. Nazmus Sakib	Govt. nominated Director	Director (Nominated by IFIC Bank Ltd.)	Oman International Exchange LLC
			Additional Secretary	Finance Division, Ministry of Finance, Bangladesh Secretariat, Dhaka.
8	Mr. Arijit Chowdhury	Govt. nominated Director	Joint Secretary	Bank and Financial Institutions Division, Ministry of Finance, Bangladesh Secretariat, Dhaka.
9	Mr. M. Shah Alam Sarwar	Managing Director & CEO	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 International 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

i) Significant contracts with the Bank wherein Directors have interest during the year

Name of the party	Relationship	Nature of Transaction	Amount
-	-	-	-

ii) Share issued to Directors and Executive without consideration or exercisable at a discount is nil

iii) Transactions

Amount in BDT

Name of the Party	Relationship	Nature of Facilities	31-Dec-13	Transactions		31-Dec-14
				Debit	Credit	
Mr. Md. Lutfar Rahman	Director	Credit card	103,013	635,868	-	738,881
Mr. Mohammed Nayem Syed	Director	Credit card	-	3,012	-	3,012
M/s. Bextex Limited	Director's allied concern	LG	3,405,000	-	-	3,405,000
IFIC Securities Limited	Subsidiary	Loan	1,280,703,902	-	80,965,621	1,199,738,281
		Current Account	55,085,018	-	37,062,985	92,148,003
		BO Account	225,021,886	-	54,714,368	170,307,518
		Office Rent	2,676,480	-	2,676,480	2,676,480

iv) Lending policies in respect of related party

The Bank approved loans to related parties in compliance with BRPD circular no. 04 dated 23 February 2014 and as per requirement of section 27(1) of Bank Company Act 1991 (amended upto 2013).

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 rented a portion of "Royal Plaza" (1st and 2nd floor) at monthly rent of Tk. 13,69,200/-where its Dhanmondi Branch located at Plot No. 24(Old), 8(new), Road no. 8/A, Dhanmondi, Dhaka-1205, owned by M/S New England Equity Ltd. where Mr. Md. Lutfar Rahman is the Director of the company. Mr. Md. Lutfar Rahman is the Chairman of the Executive Committee of the Board of Directors of the Bank.

Bank has executed maintenance agreement with Beximco Computers Limited for maintenance of different application software at a total cost of BDT 3,88,800 and Bangladesh Export Import Co. Limited for Broadband Internet Service at a total cost of BDT 1,269,600 for the year 2014.

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 (BDT)
Beximco Ltd	Mr. Salman F Rahman	Chairman	Vice Chairman	1,264,121,634
Beximco Pharmaceuticals Ltd,	Mr. Salman F Rahman	Chairman	Vice Chairman	201,481,540

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	Mr. Monirul Islam (Since 19.11.2014)	Independent Director	Chairman	B. A (Hons), M. A.
2	Mr. Syed Anisul Huq (Chairman upto 18.11.2014)	Independent Director	Member	B. Com.
3	Mr. Jalal Ahmed	Director	Member	B. S. S (Hons), M. S. S. in Public Administration
4	Mr. Mohammed Nayem Syed (Upto 18.11.2014)	Independent Director	Member	M. B. A., CFA
5	Mr. Arijit Chowdhury (Upto 18.11.2014)	Director	Member	B. A (Hons), M. A., M. Sc. in Development Finance

b) Particulars of meetings held by the Audit Committee during the year 2014

Sl.	Meeting No	Meeting held on
1	78 th Audit Committee Meeting	22.01.2014
2	79 th Audit Committee Meeting	18.03.2014
3	80 th Audit Committee Meeting	15.04.2014
4	81 st Audit Committee Meeting	08.05.2014
5	82 nd Audit Committee Meeting	18.06.2014
6	83 rd Audit Committee Meeting	13.07.2014
7	84 th Audit Committee Meeting	14.08.2014
8	85 th Audit Committee Meeting	09.09.2014
9	86 th Audit Committee Meeting	15.10.2014
10	87 th Audit Committee Meeting	08.12.2014

The Audit Committee, in the above 10 (ten) meetings, discussed many issues some of which are :

- i) Summary Report of brief Highlights on Audit & Inspection Reports of the Branches conducted by the Internal Control & Compliance Division;
- ii) Summary Report on the Bangladesh Bank Inspection on Foreign Exchange Business & Transactions on Agrabad, Elephant Road, Khulna, Laldighi & Satkhira Branches conducted by Bangladesh Bank Inspection Team;
- iii) Summary Report of brief Highlights on Audit & Inspection Reports of the 22 Branches conducted by Internal Control & Compliance Division;
- iv) Summary Report on the Bangladesh Bank Inspection on Comprehensive Inspection Report on Motijheel, Gulshan, Dhanmondi, Sk. Mujib Road, Netaiganj, Brahmanbaria, Board Bazar, Ashulia, Ashuganj, Faridpur, Muktarpur, Madhabdi, Keraniganj & Savar Bazar Branches;
- v) Risk based Internal Audit & Inspection plan for 2014;
- vi) Statement of Fraud & Forgeries occurred in the Bank upto 31 December 2013;
- vii) Auditors' Report and Audited Financial Statements of the Bank for the year ended 31 December 2013;
- viii) Management Report on the Financial Statements of the Bank for the year 2013;
- ix) Summary Report on Comprehensive Inspection Report on Agrabad, Khulna, Sylhet, Chapai Nawabganj, Satkhira, Feni, Rupganj, Baro Bazar, Fatikchari & Tangail Branches conducted by Bangladesh Bank Inspection Team;

- x) Re-appointment of External Auditors of the Bank for the year ended 31 December 2013;
- xi) Summary Report of Brief Highlights on Audit & Inspection Reports of the 18 Branches conducted by Internal Control & Compliance Division;
- xii) Un-audited Accounts for the first quarter ended on 31 March 2014;
- xiii) Recommendation of Bangladesh Bank Special Inspection Report : 1) Credit Risk Management, 2) Foreign Exchange Risk Management, 3) Asset Liability Management, 4) Internal Control & Compliance, 5) Anti Money Laundering , 6) ICT Security, 7) Small Enterprise Financing;
- xiv) Summary Report on Foreign Exchange Business & Transactions on Motijheel, Gulshan, Khatunganj, Rajshahi, Jessore & Bogra Branches conducted by the Bangladesh Bank Inspection Team;
- xv) Summary Report of Brief Highlights on Audit & Inspection Reports of Motijheel, Federation, Dhanmondi, Narayanganj & Kawran Bazar Branches conducted by Internal Control & Compliance Division;
- xvi) Summary Report of Brief Highlights on Audit & Inspection Reports of 14 Branches conducted by Internal Control & Compliance Division;
- xvii) Summary Report of Brief Highlights on Audit & Inspection Reports of 19 Branches conducted by Internal Control & Compliance Division;
- xviii) Statement of Fraud & Forgeries occurred in the Bank upto 31 March 2014;
- xix) Summary Report on Comprehensive Inspection on Khatunganj, Shah Amanat Market, Hathazari, Malibagh, North Brook Hall Road, Gulshan-Tejgaon Link Road, Chawk Bazar, Subid Bazar & Bajitpur Branches conducted by the Bangladesh Bank Inspection Team;
- xx) Summary Report of Brief Highlights on Audit & Inspection Reports of 22 Branches conducted by Internal Control & Compliance Division;
- xxi) Annual Report on the Health/Overall Status of IFIC Bank Limited for the year 2013;
- xxii) Un-Audited Financial Statements as at and for the Half-Year ended 30 June 2014;
- xxiii) Summary Report on Comprehensive Inspection on Federation, Agrabad, Dhanmondi, Khatunganj, Sk. Mujib Road & Bogra Branches conducted by the Bangladesh Bank Inspection Team;
- xxiv) Summary Report of Brief Highlights on Audit & Inspection Reports of 22 Branches conducted by the Internal Control & Compliance Division;
- xxv) Statement of Fraud & Forgeries occurred in the Bank upto 30.06.2014;
- xxvi) Summary Report on Comprehensive Inspection on Motijheel, Gulshan, Dinajpur, Mohakhali & Laldighi Branches conducted by the Bangladesh Bank Inspection Team;
- xxvii) Un-Audited Financial Statements as at and for the 3rd quarter ended 30 September 2014;
- xxviii) Statement of Fraud & Forgeries occurred in the Bank upto 30 September 2014;
- xxix) Summary Report on Comprehensive Inspection on Narayanganj, Uttara, Joypurhat, Mymensingh, Tangail & Bajitpur Branches conducted by the Bangladesh Bank Inspection Team;
- xxx) Summary Report on Foreign Exchange Business & Transactions of Head Office & Narayanganj Branch conducted by the Bangladesh Bank Inspection Team;
- xxxi) Summary Report of Brief Highlights on Audit & Inspection Reports of 11(eleven) Branches conducted by the Internal Control & Compliance Division.

**Financial highlights of the Bank
as at 31 December 2014**

Amount in BDT

Sl.	Particulars	2014	2013
1	Paid up capital	4,377,499,280	3,806,521,120
2	Total capital	11,308,447,906	9,630,845,996
3	Capital surplus	151,078,903	339,309,207
4	Total assets	156,338,637,021	132,062,628,567
5	Total deposits	129,745,805,362	110,463,796,836
6	Total loan & advances	102,282,149,309	84,110,385,028
7	Total contingent liabilities & commitments	47,824,432,743	42,304,360,063
8	Credit deposit ratio	78.83%	76.14%
9	Percentage of classified loan against total loans & advances	4.95%	3.77%
10	Profit after tax & provision	1,544,733,051	1,345,490,024
11	Amount of classified loans	5,061,133,652	3,168,075,634
12	Provision kept against classified loans	1,966,388,319	1,620,060,000
13	Provision surplus/deficit	108,665,348	373,995,151
14	Cost of fund	6.79%	6.88%
15	Interest earning assets	132,838,447,524	109,474,123,576
16	Non-interest earning assets	23,500,189,497	22,588,504,991
17	Return on Investment (ROI)	7.22%	7.16%
18	Return on Assets (ROA)	1.07%	1.09%
19	Income from investment	2,377,463,292	2,168,408,245
20	Earnings per share	3.53	3.07
21	Income per share	36.76	39.47
22	Net Asset Value (NAV)	10,628,115,868	9,097,850,797
23	Net Asset Value (NAV) per share	24.28	23.90
24	Net Operating Cash Flow Per Share (NOCFPS)	10.17	23.43
25	Price earning ratio (Times)	7.40	11.16

Operating Segments at consolidated level Profit and loss account

For the year ended 31 December 2014

BDT in Million

Particulars	IFIC Bank Limited							Subsidiaries			
	Corporate Banking	SME/Agri and Green Banking	Retail Banking	Treasury and Money Market Operations	OBU	Mobile Banking	Others	Total	IFICSL	IFICMTL	Consolidated
Interest income	-	-	-	-	85	-	11,774	11,858	233	-	12,091
Interest expense	-	-	-	-	66	-	8,401	8,467	219	-	8,686
Net interest income	-	-	-	-	19	-	3,373	3,392	13	-	3,405
Income from investment	-	-	-	2,377	-	-	-	2,377	1	-	2,379
Commission, exchange, brokerage, etc.	-	-	-	-	-	-	1,328	1,328	67	29	1,424
Other operating income	-	-	-	-	-	-	529	529	1	-	530
Total operating income	-	-	-	2,377	19	-	5,230	7,626	82	29	7,737
Operating expenses	-	-	-	-	-	-	4,453	4,453	44	28	4,526
Profit before provisions	-	-	-	2,377	19	-	777	3,173	38	1	3,212

Assets and liabilities

As at 31 December 2014

BDT in Million

Particulars	IFIC Bank Limited							Subsidiaries			
	Corporate Banking	SME/Agri and Green Banking	Retail Banking	Treasury and Money Market Operations	OBU	Mobile Banking	Others	Total	IFICSL	IFICMTL	Consolidated
Cash	-	-	-	-	-	-	10,399	10,399	0.04	4	10,403
Balance with other banks and financial institutions	-	-	-	-	-	-	12,043	12,043	92	7	12,142
Money at call and on short notice	-	-	-	1,450	-	-	-	1,450	-	-	1,450
Investments	-	-	-	22,845	-	-	0	22,845	89	-	22,935
Loans and advances	75,129	19,054	1,495	-	-	-	6,604	102,282	3,337	-	105,619
Fixed assets including premises, furniture and fixtures	-	-	-	-	-	-	2,929	2,929	7	10	2,947
Other assets	-	-	-	-	-	-	4,017	4,017	190	1	4,208
Non-banking assets	-	-	-	-	-	-	373	373	-	-	373
Total assets	75,129	19,054	1,495	24,295	-	-	36,365	56,339	3,716	22	160,077
Borrowing from other banks, financial institutions and agents	-	192	-	5,388	-	-	42	5,621	1,503	-	7,124
Deposit and other accounts	-	-	65,558	-	-	-	64,188	129,746	209	-	129,955
Other liabilities	-	-	-	320	18	-	10,005	10,343	1,011	5	11,359
Total liabilities	-	192	65,558	5,707	18	-	74,235	145,711	2,723	5	148,439

Income & Expense, Assets & liabilities of the Operating Segments

The required information regarding all of the income & expense, assets & liabilities of some of the operating segments except for subsidiaries are not separable and individually identifiable with significance accuracy for each segment. Accordingly, the income & expense, assets & liabilities of some segments have not been disclosed in the report.

INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LIMITED

Off-shore Banking Units

Balance Sheet

as at 31 December 2014

Particulars	Note	31 December 2014		31 December 2013	
		USD	BDT	USD	BDT
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	3	-	-	-	-
In Bangladesh		-	-	-	-
Outside Bangladesh		-	-	-	-
Money at call and on short notice		-	-	-	-
Investments		-	-	-	-
Government securities		-	-	-	-
Other investments		-	-	-	-
Loans and advances	4	22,654,502	1,765,904,872	9,116,905	708,839,348
Loans, cash credits, overdrafts etc.		8,394,537	654,349,138	2,832,205	220,203,893
Bills purchased and discounted	5	14,259,965	1,111,555,734	6,284,700	488,635,455
Fixed assets including premises, furniture and fixtures		-	-	-	-
Other assets	7	861,652	67,165,218	148,003	11,507,203
Non banking assets		-	-	-	-
Total assets		23,516,154	1,833,070,090	9,264,908	720,346,551
LIABILITIES AND CAPITAL					
Liabilities					
Borrowing from other banks, financial Institutions and agents	8	22,805,121	1,777,645,520	8,966,920	697,178,034
Deposit and other accounts	9	-	-	-	-
Current deposits and other accounts		-	-	-	-
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Fixed Deposits		-	-	-	-
Bearer Certificate of Deposit		-	-	-	-
Other Deposits		-	-	-	-
Other liabilities	10	470,379	36,665,797	151,469	11,776,751
Total liabilities		23,275,501	1,814,311,317	9,118,389	708,954,785
Capital / Shareholders' equity					
Paid up capital		-	-	-	-
Statutory reserve		-	-	-	-
General Reserve		-	-	-	-
Revaluation reserve against securities		-	-	-	-
Revaluation reserve against fixed assets		-	-	-	-
Reserve against non banking assets		-	-	-	-
Foreign currency translation gain/(loss)		-	-	-	-
Surplus in profit and loss account	11	240,653	18,758,773	146,518	11,391,766
Total shareholders' equity		240,653	18,758,773	146,518	11,391,766

Particulars	Note	31 December 2014		31 December 2013	
		USD	BDT	USD	BDT
Total liabilities and shareholders' equity		23,516,154	1,833,070,090	9,264,907	720,346,551
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 2014

Particulars	Note	31 December 2014		31 December 2013	
		USD	Taka	USD	Taka
Interest income	13	1,087,752	84,789,638	692,952	53,876,985
Interest paid on deposits, borrowings etc.	14	847,099	66,030,864	547,017	42,530,573
Net interest income		240,653	18,758,773	145,935	11,346,412
Investment Income		-	-	-	-
Commission, exchange and brokerage		-	-	-	-
Other operating income	15	-	-	583	45,354
Total operating income		240,653	18,758,773	146,518	11,391,766
Salaries and allowances		-	-	-	-
Rent, taxes, insurance, electricity etc.		-	-	-	-
Legal expenses		-	-	-	-
Postage, stamp, telecommunication etc.		-	-	-	-
Stationery, printing, advertisement etc		-	-	-	-
Managing Director's salary		-	-	-	-
Directors' fees		-	-	-	-
Auditors' fee		-	-	-	-
Charges on loan loss		-	-	-	-
Depreciation and repair of bank's assets		-	-	-	-
Other expenses		-	-	-	-
Total operating expenses		-	-	-	-
Profit/(Loss) before provision		240,653	18,758,773	146,518	11,391,766
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		240,653	18,758,773	146,518	11,391,766

These financial statements should be read in conjunction with the annexed notes.

INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LIMITED

Off-shore Banking Units

Cash Flow Statement

for the year ended 31 December 2014

	Note	2014		2013	
		USD	Taka	USD	Taka
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received in cash		1,087,752	84,789,638	692,952	53,876,985
Interest payments		(847,099)	(66,030,864)	(547,017)	(42,530,573)
Dividend received		-	-	-	-
Fees and commission received in cash		-	-	-	-
Recovery of loans and advances in cash previously written-off		-	-	-	-
Cash paid to employees		-	-	-	-
Income tax paid		-	-	-	-
Cash received from other operating activities		-	-	583	45,354
Cash paid for other operating activities		(146,518)	(11,391,766)	(479,630)	(38,298,436)
Cash flows before charges in operating assets and liabilities		94,135	7,367,007	(333,112)	(26,906,670)
Increase/Decrease in operating assets and liabilities					
Loans and advances to customers		(13,537,598)	(1,057,065,524)	(3,733,341)	(278,962,263)
Other assets	16	(713,649)	(55,658,015)	(122,371)	(9,460,462)
Borrowing from banks		13,838,201	1,080,467,486	4,037,355	303,552,645
Deposits from other banks		-	-	-	-
Deposit from customers		-	-	-	-
Other Liabilities		318,910	24,889,046	151,469	11,776,751
		(94,135)	(7,367,007)	333,112	26,906,670
Net cash from operating activities		-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of securities		-	-	-	-
Cash payments for purchase of securities		-	-	-	-
Purchase/ Sale of property, Plant & equipment of fixed assets		-	-	-	-
Sales of fixed assets		-	-	-	-
Net cash from investing activities		-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Received from issue of loan, capital and debts security		-	-	-	-
Net Cash from Financing activities		-	-	-	-
Net increase/(decrease) in cash and cash equivalent		-	-	-	-
Opening cash and cash equivalent		-	-	-	-
Closing cash and cash equivalent		-	-	-	-

These financial statements should be read in conjunction with the annexed notes.

OFF-SHORE BANKING UNIT
Notes to the Financial Statements
for the year ended 31 December 2014

1.1 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 May 06, 2010. Presently the Bank has 1 (one) unit in Dhaka.

1.1.1 Principal activities

The principal activities of the unit is to provide all kinds of commercial banking services to its customers through its off-shore Banking Units in Bangladesh.

1.2 Significant accounting policies and basis of preparation of financial statements

1.2.1 Basis of accounting

The Off-shore Banking Unit maintain its accounting records in USD from which accounts are prepared according to the Bank Companies Act 1991, Bangladesh Accounting Standards and other applicable directives issued by Bangladesh Bank.

1.2.2 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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.

1.2.3 Foreign currency transaction

a) Foreign currencies transaction

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per BAS-21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent.

(b) Commitments

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

(c) Transaction gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account, except those arising on the translation of net investment in foreign subsidiary.

1.2.4 Cash flow statement

Cash flow statement has been prepared in accordance with the Bangladesh Accounting Standard-7 "Cash Flow Statement" under direct method as recommended in the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

1.2.5 Reporting period

These financial statements cover from 1 January to 31 December 2014.

1.3 Assets and basis of their valuation

1.3.1 Cash and cash equivalents

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

1.3.2 Loans and advances / investments]

- (a) Loans and advances of Off-shore Banking Units are stated in the balance sheet on gross basis.
- (b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

1.3.3 Fixed assets and depreciation

- (a) All fixed assets are stated at cost less accumulated depreciation as per BAS-16 “Property, Plant and equipment”. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and nonrefundable taxes.
- (b) Depreciation is charged for the year at the following rates on reducing balance method on all fixed assets.

Category of fixed assets	Rate
Wooden furniture	20%
Steel furniture	10%
Office equipment	20%

- (c) For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

1.4 Basis for valuation of liabilities and provisions

1.4.1 Benefits to the employees

The retirement benefits accrued for the employees of the units as on reporting date have been accounted for in accordance with the provisions of Bangladesh Accounting Standard-19, “Employee Benefit”. Bases of enumerating the retirement benefit schemes operated by the bank.

1.4.2 Provision for liabilities

A provision is recognized in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS-37 “Provisions, Contingent Liabilities and Contingent Assets”.

1.5 Revenue recognition

1.5.1 Interest income

In terms of the provisions of the BAS-18 “Revenue”, the interest income is recognized on accrual basis.

1.5.2 Fees and commission income

Fees and commission income arises on services provided by the units are recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

1.5.3 Interest paid and other expenses

In terms of the provisions of the BAS - 1 “Presentation of Financial Statements” interest and other expenses are recognized on accrual basis.

2 General

- (a) These financial statements are presented in Taka, which is the Bank’s functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.
- (b) Assets and liabilities & income and expenses have been converted into Taka currency @ US\$1 = Taka 77.9494 (closing weighted average rate as at 31 December 2014) represents the year end.

Particulars	Note	31 December 2014		31 December 2013	
		USD	Taka	USD	Taka
3 Balance with other banks and financial institutions					
In Bangladesh		-	-	-	-
Outside Bangladesh		-	-	-	-
3.1 In Bangladesh		-	-	-	-
3.2 Outside Bangladesh		-	-	-	-
Current account		-	-	-	-
4 Loans and advances					
i) Loans, cash credits, overdrafts etc					
Term loan		8,394,537	654,349,138	2,832,204	220,203,893
		8,394,537	654,349,138	2,832,204	220,203,893
ii) Bills purchased and discounted	5				
Inside Bangladesh					
Inland bills purchased and discounted		14,259,965	1,111,555,734	6,284,700	488,635,455
Outside Bangladesh					
Foreign bills purchased and discounted		-	-	-	-
		14,259,965	1,111,555,734	6,284,700	488,635,455
		22,654,502	1,765,904,872	9,116,905	708,839,348
4.1 Geographical location-wise loans and advances					
Dhaka		22,654,502	1,765,904,872	9,116,905	708,839,348
Chittagong Division		-	-	-	-
Sylhet		-	-	-	-
Rajshahi Division		-	-	-	-
Khulna		-	-	-	-
Barisal		-	-	-	-
		22,654,502	1,765,904,872	9,116,905	708,839,348
4.2 Classification of loans and advances					
Unclassified :					
(i) Standard		22,654,502	1,765,904,872	9,116,905	708,839,348
(ii) Special mention account		-	-	-	-
Classified :					
(i) Substandard		-	-	-	-
(ii) Doubtful		-	-	-	-
(iii) Bad / Loss		-	-	-	-
		22,654,502	1,765,904,872	9,116,905	708,839,348
5 Bills purchased and discounted					
In Bangladesh		14,259,965	1,111,555,734	6,284,700	488,635,455
Outside Bangladesh		-	-	-	-
		14,259,965	1,111,555,734	6,284,700	488,635,455
6 Fixed assets including premises, furniture and fixtures					
Cost					
Furniture and fixtures		-	-	-	-
Office equipment and machinery		-	-	-	-
		-	-	-	-

Particulars	Note	31 December 2014		31 December 2013	
		USD	Taka	USD	Taka
7 Other assets					
Advance deposits and advance rent		-	-	-	-
Interest receivable on Term loan		285,479	22,252,914	17,700	1,376,175
Interest receivable on Bills discount		576,173	44,912,305	130,303	10,131,028
		861,652	67,165,218	148,003	11,507,203
8 Borrowing from other banks, financial Institutions and its agents					
In Bangladesh:					
IFIC Bank Limited		22,805,121	1,777,645,520	8,966,920	697,178,035
Bangladesh Bank		-	-	-	-
		22,805,121	1,777,645,520	8,966,920	697,178,035
Outside Bangladesh		-	-	-	-
		22,805,121	1,777,645,520	8,966,920	697,178,035
9 Current deposits and other accounts					
IFIC Bank Limited		-	-	-	-
Bangladesh Bank		-	-	-	-
		-	-	-	-
10 Other liabilities					
Interest on bills discount		-	-	-	-
Due to Head Office		470,379	36,665,797	151,469	11,776,751
		470,379	36,665,797	151,469	11,776,751
11 Surplus in profit and loss account					
Opening balance		146,518	11,391,766	479,630	38,298,437
Less: Adjustment/ payment for the year		(146,518)	(11,391,766)	(479,630)	(38,298,437)
Add: Addition during the year		240,653	18,758,773	146,518	11,391,766
		240,653	18,758,773	146,518	11,391,766
12 Contingent liabilities					
12.1 Acceptance & endorsement					
Back to Back bills		-	-	-	-
Less: Margin		-	-	-	-
		-	-	-	-
12.2 Letters of credits					
Letters of credits		-	-	-	-
Back to Back letter of credit		-	-	-	-
Less: Margin		-	-	-	-
		-	-	-	-
12.3 Letters of guarantee					
Letters of guarantee (Local)		-	-	-	-
Letters of guarantee (Foreign)		-	-	-	-
Foreign counter guarantees		-	-	-	-
Less: Margin		-	-	-	-
		-	-	-	-

Particulars	Note	31 December 2014		31 December 2013	
		USD	Taka	USD	Taka
12.4 Bills for collection					
Outward local bills for collection		-	-	-	-
Inward foreign bills for collection		-	-	-	-
Less: Margin		-	-	-	-
		-	-	-	-
13 Interest income					
Term Loan		291,037	22,686,159	147,021	11,430,859
LTR loan		-	-	-	-
Bills discount		796,715	62,103,479	545,931	42,446,127
Others		-	-	-	-
Interest on loans and advances		1,087,752	84,789,638	692,952	53,876,985
Interest on balance with other banks and financial institutions		-	-	-	-
Interest received from foreign banks		-	-	-	-
		-	-	-	-
Total Interest income		1,087,752	84,789,638	692,952	53,876,985
14 Interest paid on deposits, borrowings etc.					
Interest paid on IFIC Bank Limited		847,099	66,030,864	547,017	42,530,573
Interest paid on Bangladesh Bank		-	-	-	-
		847,099	66,030,864	547,017	42,530,573
15 Other operating income					
Service charge on loans		-	-	583	45,354
		-	-	583	45,354
16 Other assets					
Opening other assets		148,003	11,507,203	25,632	2,046,741
Less : Closing other assets		(861,652)	(67,165,218)	(148,003)	(11,507,203)
		(713,649)	(55,658,015)	(122,371)	(9,460,462)



**FINANCIAL STATEMENTS
OF THE SUBSIDIARIES**

DIRECTORS' REPORT

Respected Shareholders,

The Board of Directors is pleased to present the 4th Annual Report of IFIC Securities Ltd. (IFICSL) for the year ended on 31 December 2014. In the report, IFICSL's operational performance of the year 2014 as compared to 2013 has been evaluated and analyzed within prevailing business environment. The information and analysis may be read in conjunction with the audited financial statements presented herewith.

Bangladesh Capital Market in 2014

The Capital Market of the country passed a challenging year in 2014 with the fall of the market index coupled with sharp decline of trade volume. The market has been down trend during the last consecutive four years. All the stakeholders of the capital market had to face a tough time in managing their portfolio and operations due to this bearish trend.

The turnover velocity in DSE reached the highest at 140.87% in 2010. However, it witnessed drastic fall to 38.14% in 2013 and 38.69% in December 2014 due to recent debacle in our stock market.

Our business

IFICSL has been established with the objectives of rendering efficient and innovative brokerage services to the prospective investors of the country, as well as to ensure adequate return on equity to the shareholders.

IFIC Securities Limited is a fully owned subsidiary of International Finance Investment and Commerce Bank Limited (IFIC Bank Ltd) and 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 bought the brokerage license from IFIC Bank in 2010 and is authorized to undertake the following activities:

- Opening of Beneficiary owners (BO) account;
- Buy and Sell of Securities in Dhaka Stock Exchange Ltd;
- Margin Loan facilities to its clients;
- Settlement of buying and selling of Securities in Dhaka Stock Exchange through CDBL;
- Process IPO applications on behalf of clients;

IFICSL started its operation on 10 March 2011 by taking over all the Asset & Liabilities of the Capital Market Division of its parent company IFIC Bank Ltd except the Own Investment Portfolio of IFIC Bank Ltd to comply with the instructions of Bangladesh Bank.

Capital

The authorized capital of IFICSL is BDT 3,000 million of which BDT 800 million has been paid up. Total shareholders' equity at the end of December 2014 stood at BDT 992.73 million including retained earnings of BDT 192.73 million. The Paid-up capital represents the face value of 80,000,000 shares of BDT 10 each fully subscribed by the shareholders.

Profit & Operating Results

Total operating income of IFICSL for the year 2014 was BDT. 301.15 million against a total operating expenses of BDT 263.56 million. Total profit before provision stood at BDT 37.60 million during 2014. For the year 2014, the net profit was BDT 22.57 million, after keeping BDT 3.66 million and BDT 11.32 million as provision for investment(Including provision for margin loan to clients) and as provision for income tax respectively. It is noted here that we have transferred BDT 330.47 million to our suspense account from our total interest income during the year.

Loans & Advances

Total margin loan facilities provided to the investors by IFICSL was Tk. 3,337.00 million as on 31 December 2014. The borrowing of IFICSL was Tk. 1,502.89 million of which Tk. 1,199.75 million was borrowed from IFIC Bank Ltd, Motijheel Branch; Tk. 146.77 million was borrowed from Dhaka Bank Ltd, Foreign Exchange Branch, and Tk. 156.38 million was borrowed from Prime Bank Ltd, SBC Tower Branch as on 31 December 2014. The total loan outstanding at the end of 2013 was 1,628.67 million which was significantly reduced to Tk. 1,502.89 million at the end of 2014.

Own Portfolio

Managing own investment portfolio is a regulatory requirement and also a core business objective of IFICSL to ensure higher return on equity. IFICSL has established an investment process and has been maintaining its own portfolio following this process in compliance with the Investment Policy of IFICSL. In the year 2014, IFICSL has realized a profit of Tk. 11.75 million from its own portfolio investments.

Information Technology & Automation

The operations of IFICSL are fully centralized using reputed software for back office maintenance. Steps have been taken to automate the accounting system with Back Office Management System from the same vendor and to update the core module of Leads application software to support the latest Operating Systems. DSE and CDBL software has been upgraded. We have also updated our Application Software as per DSE and CDBL guideline to meet the market requirement to introduce Flex TP, the new trading software under DSE trading platform in consultation with DSE, CDBL, vendor and Information Technology Division, IFIC Bank Limited.

Support Services from IFIC Bank Ltd

IFIC Bank Ltd is providing professional support services to the IFICSL in the field of HRM, Support Services and IT. As such entire functions of these fields are being managed from the respective IFIC Bank Limited divisions minimizing overall cost of operations.

Rotation/Re-election of Directors

According to clause 52 of the Articles of Association of the Company, the Directors shall retire by rotation at the 4th Annual General Meeting. However, as per clause 53 they are eligible for re-election.

Appointment of Auditors and fix-up their remuneration

In the 3rd Annual General Meeting of the company Howladar Younus & Co. Chartered Accountants were reappointed as the statutory auditors of the company up to the conclusion of the 4th Annual General Meeting. They have successfully completed their term and eligible for reappointment until the next Annual General Meeting.

Dividend

In order to strengthen the capital base of the Company and also to ensure sufficient liquidity for smooth operations, the Board of Directors of the company did not recommend any dividend for the year 2014.

Acknowledgement

The Board of Directors would like to express its gratitude and thanks to our valued shareholders, customers, bankers, regulators, DSE, CDBL, BSEC and other stakeholders for their continuous support and assistance. The Board has special thanks for the management and employees for their commitments and hard work about the company.

For and on behalf of the Board of Directors.



Chairman

AUDITORS' REPORT TO THE SHAREHOLDERS

OF

IFIC SECURITIES LIMITED

Gulshan Office

Howladar Yunus & Co.
House - 14 (4th floor)
Road - 16A, Gulshan-1
Dhaka - 1212, Bangladesh

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F +88 (0)2 9552989
www.howladaryunus.com

Introduction

We have audited the accompanying Financial Statements of IFIC Securities Limited, which comprise the Statement of Financial Position as at December 31, 2014 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 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.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of IFIC Securities Limited as on December 31, 2014 and its financial performance and its cash flows for the year ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

We also report that:

- 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;
- c) the Statement of Financial Position and Statement of Comprehensive Income dealt with the report are in agreement with the books of accounts and returns;
- d) the expenditure incurred and payments made were for the purpose of the Company's business for the period and

Howladar Yunus & Co.
Chartered Accountants

Dated: April 06, 2015
Dhaka

Chartered Accountants

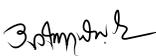
Correspondent firm of Grant Thornton International Ltd.

IFIC Securities Limited
Statement of Financial Position
As on December 31, 2014

	Notes	31.12.2014 Taka	31.12.2013 Taka
ASSETS:			
Non Current Assets		96,435,889	132,909,510
Property, Plant and Equipments	4.00	6,910,734	8,403,720
Intangible Asset	5.00	200,417	286,310
Investments	6.00	89,324,738	124,219,480
Current Assets		3,619,529,685	3,398,515,329
Margin Loan to Clients	7.00	3,336,996,642	3,191,058,405
Accounts Receivable (DSE)		60,009,459	32,654,255
Dividend Receivable		371,650	351,225
Advance Deposits and Prepayments	8.00	129,949,024	119,357,616
Cash & Cash Equivalents	9.00	92,202,910	55,093,828
TOTAL		3,715,965,574	3,531,424,839
EQUITY AND LIABILITIES:			
Shareholders Equity		992,731,674	970,162,224
Share Capital	10.01	800,000,000	800,000,000
Retained Earnings	11.00	192,731,674	170,162,224
Non Current Liabilities		49,961	1,109,130
Deferred Tax Liabilities	12.00	49,961	1,109,130
Current Liabilities		2,723,183,939	2,560,153,485
Provision for Income Tax	13.00	118,927,354	106,503,461
Clients Payable	14.00	209,410,400	267,315,115
DSE Payable		46,987	67,483
General Provision	15.00	75,791,662	72,131,178
Bank Loan	16.00	1,502,894,423	1,628,668,999
Other Liabilities	17.00	816,113,113	485,467,249
TOTAL		3,715,965,574	3,531,424,839

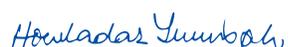
The annexed notes from an integral part of these financial statements.


Chief Executive Officer
(Current Charge)


Director


Director

Signed as per our annexed report on event date.


Chartered Accountants

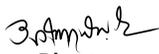
Dated: April 06, 2015
Dhaka

IFIC Securities Limited
Statement of Comprehensive Income
for the year ended December 31, 2014

	Notes	2014 Taka	2013 Taka
Income:		301,152,904	336,650,318
Operating Income	18.00	299,072,235	311,839,628
Non-Operating Income	19.00	2,080,669	24,810,690
Expenses:		263,558,245	289,240,626
Operating Expenses	20.00	8,581,983	10,695,253
Office & Administrative Expenses	21.00	33,129,992	29,534,653
Financial Expenses	22.00	221,846,270	249,010,720
Profit/(Loss) before Provisions and Tax		37,594,659	47,409,692
Less: Provision	23.00	3,660,484	-
		33,934,175	47,409,692
Add: Holding Gain on Investment		-	10,513,373
Profit After Provision		33,934,175	57,923,065
Less: Tax			
Deferred Tax	12.00	49,961	1,051,337
Current Tax	13.00	11,314,763	11,878,414
Net Profit After Tax		22,569,451	44,993,314

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


Chief Executive Officer
(Current Charge)


Director


Director

Signed as per our annexed report on event date.

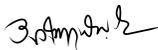

Chartered Accountants

Dated: April 06, 2015
Dhaka

IFIC Securities Limited
Statement of Cash Flows
for the year ended December 31, 2014

	Notes	2014 Taka	2013 Taka
A. Cash flows from Operating Activities:			
Net profit before tax		37,594,659	47,409,693
Add: Non Cash Transaction		332,290,743	285,209,725
Sundry Payable		(110,690)	80,764
Liabilities for Expenses		195,449	(1,604,770)
Unrealized Interest Income	17.03	330,471,105	285,155,959
Amortization of Intangible Assets	Annx- A.2	85,893	-
Depreciation	Annx- A.1	1,648,986	1,577,772
Increase/(Decrease) in Clients Payable		(57,904,715)	77,483,164
Increase/(Decrease) in Payable to IPO App		90,000	-
Increase/(Decrease) in Dividend Receivable		(20,425)	(351,225)
Increase/(Decrease) in DSE Payable		(20,496)	(25,432)
(Increase)/Decrease in Accounts Receivable (DSE)		(27,355,204)	(12,160,688)
(Increase)/Decrease Advance Deposit and Prepayments		(10,591,408)	(22,288,281)
Net cash flows from operating activities		274,083,153	375,276,956
B. Cash flows from Investing Activities:			
Investments in Securities		34,894,742	51,763,068
Purchase of Property, Plant and Equipments	Annx- A.1	(156,000)	(43,170)
Loan to Clients		(145,938,238)	(452,393,990)
Net Cash flows from Investing Activities		(111,199,496)	(400,674,092)
C. Cash flows from Financing Activities:			
Loan from Dhaka Bank Limited		(1,932,389)	107,977,169
Loan from IFIC Bank Limited		(80,955,622)	(171,440,627)
Loan from Prime bank Limited		(42,886,565)	2,468,103
Net cash flows from Financing Activities		(125,774,576)	(60,995,355)
D. Net increase in Cash and Cash Equivalents (A+B+C)		37,109,082	(86,392,491)
E. Opening Cash and Cash Equivalents		55,093,828	141,486,320
F. Closing Cash and Cash Equivalents (D+E)	9.00	92,202,910	55,093,828


Chief Executive Officer
(Current Charge)


Director


Director

Dated: April 06, 2015
Dhaka

IFIC Securities Limited
Statement of Change in Equity
for the year ended December 31, 2014

Particulars	Share Capital	Retained Earnings	Total
Opening Balance as on 01.01.2014	800,000,000	170,162,223	970,162,223
Profit/(Loss) during the period	-	22,569,451	22,569,451
Balance as on December 31, 2014	800,000,000	192,731,673	992,731,673

Statement of Change in Equity
for the year ended December 31, 2013

Particulars	Share Capital	Retained Earnings	Total
Opening Balance 01.01.2013	800,000,000	125,168,909	925,168,909
Profit/(Loss) during the period	-	44,993,314	44,993,314
Balance as on December 31, 2013	800,000,000	170,162,223	970,162,223


Chief Executive Officer
(Current Charge)


Director


Director

Dated: April 06, 2015
Dhaka

IFIC Securities Limited

Notes to the Financial Statements

for the year ended December 31, 2014

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 BDBL Bhaban (10th Floor) 8 Rajuk Avenue, Dhaka-1000.

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 Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), Companies Act 1994 and other applicable laws in Bangladesh.

2.2. Measurement bases used in preparing the financial statements:

The elements of financial statements have been measured on "Historical Cost" basis, which is one of the most commonly adopted base provided in "the framework for the preparation and presentation of financial statements" issued by the International Accounting Standard Committee (IASC).

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 one year from 1 January to 31 December and followed consistently.

2.7. Components of the financial statements:

According to the International Accounting Standard (IAS) 1 as adopted by ICAB as BAS 1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- i) Statement of Financial Position
- ii) Statement of 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 BAS-16: Property, Plant and Equipment.

3.1.2. Disposal of fixed assets:

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the Comprehensive Income, which is determined with reference to the net book value of the assets and net sales proceeds.

3.1.3. Depreciation on fixed assets:

Depreciation is recognized in the Comprehensive Income on a written down value basis over the estimated useful life of each property, plant and equipment in accordance with the provisions of BAS 16: Property, Plant and Equipment.

Rate of depreciation on Property, Plant and Equipment considering the useful life of assets are as follows:

Sl no	Particulars of assets	Dept. Rate
1	Furniture & Fixture	10.00%
2	Electric Goods	20.00%
3	Computer & Equipments	30.00%
4	Office Renovation	20.00%
5	Other Assets	40.00%

3.2. Accounts receivables

Accounts Receivables are consider 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 balance sheet.

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 balance sheet date if, as a result of past events, the company has a presents 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:

Commissions are realized income whenever the commission amount transferred from clients account to Company's account and satisfying all the conditions for revenue recognition as provided in BAS-18 "Revenue".

3.10. Cash flow statement:

Statement of Cash Flows is prepared in accordance with BAS-7 "Cash Flow Statement". The cash flow from the operating activities has been presented under indirect Method and considering the provisions of Paragraph 19(2) of BAS-7 which provides that "Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method".

3.11. Responsibility for preparation and presentation of financial statements:

The Management is responsible for the preparation and presentation of Financial Statements under section 183 of the Companies Act, 1994 and as per the Provision of "The Framework for the preparation and presentation of Financial Statements" issued by the International Accounting Standard Board (IASB) as adopted by the Institute of The Chartered Accountants of Bangladesh (ICAB).

3.12. Risk and uncertainties for the use of estimates in preparing financial statements:

Preparation of Financial Statements in conformity with the Bangladesh Accounting Standards requires management to make estimates and assumption that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement 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.

3.13. Comparative amounts:

Certain comparative amounts have been re-classified & rearranged to confirm with the current year's presentation.

IFIC Securities Limited
Notes to the Financial Statements:
for the year ended December 31, 2014

		2014 Taka	2013 Taka
4.00	Property, Plant & Equipment		
	Furniture and Fixture	2,790,871	3,100,968
	Electric Goods	1,255,282	1,569,102
	Computer and Equipments	1,563,979	2,078,255
	Office Renovation	1,229,461	1,536,826
	Other Assets	71,141	118,568
		6,910,734	8,403,720
	Details please refer to Annexure -A-1		
5.00	Intangible Asset	200,417	286,310
	Details please refer to Annexure -A-2		
6.00	Investments		
	Membership with DSE *	74,989,000	74,989,000
	Investment in Shares	14,335,738	49,230,480
		89,324,738	124,219,480
	Investment in Shares are detail in Annexure - B		
	* 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 72,15,106 ordinary Shares at face value of Tk. 10 each against the membership of DSE. Out of the above DSE transferred 2,886,042 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.		
7.00	Margin Loan to Clients		
	Opening Balance	3,191,058,405	2,738,664,415
	Add: Interest charge during the Year	563,023,729	521,393,682
	Add: Margin Loan Provided during the Year	647,528,195	1,473,446,782
	Less: Margin Loan Adjusted during the Year	1,064,613,687	1,542,446,474
	Closing Balance	3,336,996,642	3,191,058,405
8.00	Advance Deposit and Prepayments		
	Advance Income Tax	126,935,784	115,744,376
	Advance For Nikunjo	850,000	850,000
	Advance Bank Guarantee Commission	1,495,383	1,495,383
	Pre-Paid Rent	667,857	1,267,857
		129,949,024	119,357,616

	2014 Taka	2013 Taka
Aging of Advance Deposit and Prepayments:		
More than One Year	117,262,233	96,853,127
Less than One Year	12,686,791	22,504,489
Total	129,949,024	119,357,616
9.00 Cash and Cash Equivalents		
Cash in Hand	40,350	8,809
Cash at Bank	92,162,560	55,085,019
IFIC Bank Ltd. Motijheel Br. A/C-365185-001	91,309,093	32,761,329
IFIC Bank Ltd. Motijheel Br. A/C-354511-001	838,910	22,323,689
IFIC Bank Ltd. Motijheel Br. SND	14,556	-
Dhaka Bank Ltd. Foreign Ex. Br. A/C-2031.10.11050	1	1
	92,202,910	55,093,828
10.00 Share Capital		
Authorized Capital		
30,00,00,000 Ordinary Shares of Tk 10/- each	3,000,000,000	3,000,000,000
10.01 Issued, Subscribed & Paid-up Capital		
80,000,000 Ordinary Share of Tk 10/- each	800,000,000	800,000,000
10.02 Shareholding Position		

Shareholder	2014	2013	Face Value	2014	2013
	No. of Shares	No. of Shares		Amount in Taka	Amount in Taka
IFIC Bank Limited	79,999,400	79,999,400	10	799,994,000	799,994,000
Mr. M. Shah Alam Sarwar	100	100	10	1,000	1,000
Mr. S.M. Abdul Hamid	100	100	10	1,000	1,000
Mr. M.M Haikal Hashmi	100	100	10	1,000	1,000
Mr. Shah Md. Moinuddin	100	-	10	1,000	-
Mr. Fariduddin Al Mahmud	100	100	10	1,000	1,000
Mr. Ashim Chowdhury	100	100	10	1,000	1,000
Ms. Alkona K Choudhuri	-	100	10	-	1,000
	80,000,000	80,000,000		800,000,000	800,000,000

11.00 Retained Earnings		
Opening balance	170,162,224	125,168,909
Add: Profit during the year	22,569,451	44,993,314
	192,731,674	170,162,224

	2014 Taka	2013 Taka
12.00 Deferred Tax		
A. Deferred Tax on Holding Gain		
Opening	1,109,130	57,793
Addition for Holding on Investment @ 10%	-	1,051,337
Less: Adjustment for Holding Gain Realization	(1,109,130)	-
	-	1,109,130
B. Deferred Tax on Tangible Assets		
Tax Written Down value	6,767,986	-
Accounting Written Down Value	6,910,733	-
Temporary Difference on Written Down Value	(142,746)	-
Deferred Tax Liabilities @ 35%	(49,961)	-
(A+B) Closing Balnce of Deferred Tax Liabilities	(49,961)	1,109,130
13.00 Provision for Income Tax		
Opening Balance	106,503,461	94,625,047
Add: Provision for the year	11,314,763	11,878,414
Add: Transfer from Deferred Tax for Holding gain realization	1,109,130	-
	118,927,354	106,503,461
14.00 Clients Payable		
Payable to IFIC Bank Ltd	170,307,519	225,021,388
Others Client Payble	39,102,881	42,293,727
	209,410,400	267,315,115
Movement of Clients Payable		
Opening Balance	267,315,115	189,831,951
Add: Client Deposit during the Year	719,250,959	1,202,529,140
Less: Clients Withdrawal during the Year	777,155,674	1,125,045,976
Closing Balance	209,410,400	267,315,115
15.00 General Provision		
Provision For Investment	2,720,001	1,158,950
Provision For Margin (Note-15.01)	73,071,661	70,972,228
	75,791,662	72,131,178
15.01 Provision For Margin Loan		
Opening balance	70,972,228	70,972,228
Add: Transfer During The Year	2,099,433	-
	73,071,661	70,972,228
16.00 Bank Loan		
Loan from IFIC Bank Ltd, Motijheel Branch	1,199,748,281	1,280,703,903
Loan from Dhaka Bank Ltd, Foreign Ex. Branch	146,771,185	148,703,574
Loan from Prime Bank Ltd, SBC Tower Branch	156,374,957	199,261,522
	1,502,894,423	1,628,668,999

		2014 Taka	2013 Taka
17.00	Other Liabilities		
	Sundry Payable	160,836	271,526
	IPO Application	90,000	-
	Liabilities for Expenses	2,607,480	2,412,031
	Unrealized Interest Income	813,254,797	482,783,692
		816,113,113	485,467,249
17.01	Sundry Payable		
	VAT Payables	65,578	42,383
	Tax Payable	95,258	229,143
		160,836	271,526
17.02	Liabilities for Expenses		
	Mobile/ Telephone Allowance	2,875	2,875
	Electricity	15,850	15,850
	CDBL	235,461	450,000
	Audit & Professional Fees	200,000	200,000
	Printing & Stationery	19,500	100,000
	Insurance	8,846	8,846
	Incentive Bonus	2,124,948	1,634,460
		2,607,480	2,412,031
17.03	Unrealized Interest Income		
	Opening balance	482,783,692	197,627,733
	Add: Transferred during the year	330,471,105	285,155,959
		813,254,797	482,783,692
18.00	Operating Income		
	Brokerage Commission	66,519,611	75,601,905
	Interest on Margin Loan	232,552,624	236,237,723
		299,072,235	311,839,628
19.00	Non-Operating Income:		
	Documentations Charge	73,500	45,000
	Account Opening Fee	208,100	133,000
	CDBL Income	615,026	2,267,013
	Interest Income	145	-
	Dividend Income	530,150	2,462,975
	Capital Gain (Realized)	653,748	19,902,702
		2,080,669	24,810,690
19.01	CDBL Income		
	BO Maintenance Charge	1,332,000	1,635,000
	Less for Account Closed	(838,571)	
	Pledgement & Corporate Action Charge	121,597	632,013
		615,026	2,267,013

		2014 Taka	2013 Taka
20.00	Operating Expenses		
	Howla	645,194	837,296
	Laga	3,556,789	4,067,957
	CDBL	4,380,000	5,790,000
		8,581,983	10,695,253
21.00	Office & Administrative Expenses		
	Salary and Allowances	Note-21.01 20,961,783	17,585,196
	Director's Remuneration	189,750	98,250
	Board Meeting Expenses	-	6,677
	Entertainment	375,280	500,434
	Conveyance	49,099	54,725
	Auditors & Professional Fee	200,000	200,000
	Printing Stationery	429,627	607,272
	DSE	66,108	13,316
	Office Rent	7,546,760	7,190,585
	Electricity	96,137	104,736
	Regulatory	39,510	150,945
	Repair and Maintenance	207,871	171,612
	Legal and Professional Fee	64,688	56,250
	WASA	33,000	33,000
	Newspaper	21,433	16,670
	Cleaner's	19,400	15,680
	Water	55,190	59,760
	Software Maintenance	219,450	219,450
	Connectivity	582,800	626,850
	Depreciation	1,648,986	1,577,772
	Amortization	85,893	-
	Cokaries	7,830	9,625
	Security Guard	196,896	165,753
	Gas & Fuel	3,970	17,556
	Postage & Courier	726	24,809
	Beautification Exp.	19,500	21,500
	Washing Expenses	8,305	6,230
		33,129,992	29,534,653

	2014 Taka	2013 Taka
21.01 Salary and Allowances		
Salary & Benefit	14,407,776	11,914,180
Car Maintenance	383,340	397,229
Fuel Allowance	451,800	478,170
Utility	324,000	332,000
Bonus	1,468,317	1,119,402
Office Attendant Allow	6,441	11,836
Cash Risk Allowance	24,000	8,000
Diploma Honarium	10,000	10,000
Insurance Vehicle	31,243	28,793
Incentive Bonus	2,124,948	1,634,460
Leave Fare Assistance	1,353,768	1,264,895
Casual Worker Wages	160,650	163,500
Telephone and Mobile Bill	215,500	222,731
	20,961,783	17,585,196
22.00 Financial Expenses		
Bank Charges	135,626	175,073
Bank Guarantee Charge	2,588,400	2,207,000
Interest on Bank Loan	219,122,244	246,628,647
	221,846,270	249,010,720
23.00 Provisions		
Provision for Investment	1,561,051	-
Provsion for Margin Loan to Clients	2,099,433	-
	3,660,484	-
24.00 Contingent Liabilites		
Bank Guarantee for DSE Member Margin	100,000,000	100,000,000
Total	100,000,000	100,000,000

25.00 Related Party Disclosures

Name of the Company	Total Transactions during the year (TK)		Relationship with the company	Nature of Transaction	Balance as on 30.12.2014	Balance as on 30.12.2013
	Debit	Credit				
IFIC Bank Limited	446,378,444	391,664,576	Holding Company	Trading Account, Code#1111	170,307,518	225,021,386
	-	843,462		Provident Fund	-	-
	-	36,600		Welfare Fund	-	-
	660,500,000	579,534,378		Loan from Motijheel Branch	1,199,738,281	1,280,703,903
	2,711,420,073	2,652,872,309		Current Account Motijheel Branch 365185	91,309,093	32,761,329
	66,213,530	87,698,309		Current Account Motijheel Branch 354511	838,910	22,323,689
	3,504,512	-		Rent Paid	-	-


Chief Executive Officer
 (Current Charge)


Director


Director

Dated: April 06, 2015
Dhaka

IFIC Securities Limited
Schedule of Fixed Assets
for the ended December 31, 2014

Annexure-A -1

Particulars	Cost				Rates	Depreciation			Written Down Value
	Opening	Addition	Disposal	Closing Balances		Opening Balances	For the Year	Closing Balances	
Furniture and Fixture	4,245,462	-	-	4,245,462	10%	1,144,494	310,097	1,454,591	2,790,871
Electric Goods	3,037,561	-	-	3,037,561	20%	1,468,459	313,820	1,782,279	1,255,282
Computer and Equipments	3,995,586	156,000	-	4,151,586	30%	1,917,331	670,277	2,587,607	1,563,979
Office Renovation	2,108,129	-	-	2,108,129	20%	571,303	307,365	878,668	1,229,461
Other Assets	336,183	-	-	336,183	40%	217,615	47,427	265,042	71,140
Total	13,722,922	156,000	-	13,878,922		5,319,203	1,648,986	6,968,189	6,910,733

Schedule of Intangible Assets

Annexure-A -2

Particulars	Cost				Rates	Depreciation			Written Down Value
	Opening	Addition	Disposal	Closing Balances		Opening Balances	For the Year	Closing Balances	
Windows License	82,200	-	-	82,200	30%	40,114	12,626	52,740	29,460
Sign up DSE	87,000	-	-	87,000	30%	42,456	13,363	55,819	31,181
Software Development	345,000	-	-	345,000	30%	168,360	52,992	221,352	123,648
Escan Entry Virus	45,000	-	-	45,000	30%	21,960	6,912	28,872	16,128
Total	559,200	-	-	559,200		272,890	85,893	358,783	200,417

IFIC Securities Limited
Statement of Investment in Shares

Annexure-B

SL. No.	Name of the company	Opening Balances			Bonus	Buy during the Year			Sale during The Year			Closing Balance			Market Units Cost on 30.12.14	Market Value	Provision		
		No. of Shares	Unit Cost	Total Cost		No. of Shares	Unit Cost	Total Cost	No. of Shares	Unit Cost	Total Cost	No. of Shares	Unit Cost	Total Cost					
1	GNFL	1,000,100	23.80	3,806,426	24	66	10.00	660	1,000,000	23.80	3,804,100	190	15.73	2,988	15.20	2,888	100		
2	Titas Gas	93,750	79.05	7,410,900								93,750	79.05	7,410,900	79.70	7,471,875	(60,975)		
3	Power grid	15,400	58.97	908,140								15,400	58.97	908,140	40.40	622,160	285,980		
4	Northern Ins	67,200	55.16	3,706,950	6,720							73,920	50.15	3,706,950	27.70	2,047,584	1,659,366		
5	Eastland Ins	39,000	59.15	2,307,000	3,900							42,900	53.78	2,307,000	34.30	1,471,470	835,530		
Total																14,335,738		11,615,977	2,720,001

IFIC MONEY TRANSFER (UK) LIMITED

Report of Directors

for the year ended 31 December 2014

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

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 2014 to the date of this report.

Mohammad Lutfar Rahman
Mohammed Nayem Syed
Jalal Ahmed
Mohammad Shah Alam Sarwar

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 ought to have taken as a director in order to make himself 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 special provisions of Part 15 of the Companies Act 2006 relating to small companies.



Mohammed Nayem Syed - Director

5 February 2015

Report of the Independent Auditors to the Members of IFIC MONEY TRANSFER (UK) LIMITED

We have audited the financial statements of IFIC MONEY TRANSFER (UK) Limited for the year ended 31 December 2014 on pages four to seven. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards in Auditing (UK and Ireland). Those standards Require us to comply with Auditing Practices Board's (APB's) Ethical Standards for Auditors, including APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note nine to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us no 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.



Tofail Ahmed (Senior Statutory Auditor)

for and on behalf of Ahmed & Co
Ferrari House (2nd Floor)
102 College Road
Harrow, Middlesex, HA1 IES
5 February 2015

IFIC MONEY TRANSFER (UK) LIMITED

Profit and Loss Account for the year ended 31 December 2014

	Notes	2014 £	2013 £
TURNOVER		240,676	79,607
Administrative expenses		230,613	158,681
OPERATING PROFIT/(LOSS)	2	10,063	(79,074)
Interest payable and similar charges		-	17
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		10,063	(79,091)
Tax on profit/(loss) on ordinary activities	3	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		10,063	(79,091)

The notes form part of these financial statements

IFIC MONEY TRANSFER (UK) LIMITED (Registered number: 07379137)

Balance Sheet

31 December 2014

	Notes	2014		2013	
		£	£	£	£
FIXED ASSETS					
Tangible assets	4		86,190		100,580
CURRENT ASSETS					
Debtors	5	6,642		6,210	
Cash at bank and in hand		87,282		63,407	
		<u>93,924</u>		<u>69,617</u>	
CREDITORS					
Amounts falling due within one year	6	43,683		101,043	
		<u>43,683</u>		<u>101,043</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>50,241</u>		<u>(31,426)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>136,431</u>		<u>69,154</u>
CAPITAL AND RESERVES					
Called up share capital	7		300,000		242,786
Profit and loss account	8		(163,569)		(173,632)
			<u>136,431</u>		<u>69,154</u>
SHAREHOLDERS' FUNDS			<u>136,431</u>		<u>69,154</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 5 February 2015 and were signed on its behalf by:



Mohammed Nayem Syed
Director

The notes form part of these financial statements

IFIC MONEY TRANSFER (UK) LIMITED

Notes to the Financial Statements

for the year ended 31 December 2014

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

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

2. OPERATING PROFIT/(LOSS)

The operating profit (2013 - operating loss) is stated after charging:

	2014 £	2013 £
Depreciation - owned assets	17,176	16,616
Auditors' remuneration	2,400	-
	<u> </u>	<u> </u>
Directors' remuneration and other benefits etc	-	-
	<u> </u>	<u> </u>

3. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2014 nor for the year ended 31 December 2013.

4. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Computer equipment £	Totals £
COST				
At 1 January 2014	75,006	54,700	2,729	132,435
Additions	-	1,979	807	2,786
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2014	75,006	56,679	3,536	135,221
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
At 1 January 2014	13,750	16,283	1,822	31,855
Charge for year	7,500	8,500	1,176	17,176
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2014	21,250	24,783	2,998	49,031
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
At 31 December 2014	53,756	31,896	538	86,190
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2013	61,256	38,417	907	100,580
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Other debtors	6,642	6,210
	<u> </u>	<u> </u>

IFIC MONEY TRANSFER (UK) LIMITED
Notes to the Financial Statements - continued
for the year ended 31 December 2014

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade creditors	30,462	97,743
Other creditors	13,221	3,300
	<u>43,683</u>	<u>101,043</u>

7. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2014	2013
			£	£
300,000	Ordinary	£1	<u>300,000</u>	<u>242,786</u>

8. RESERVES

	Profit and loss account £
At 1 January 2014	(173,632)
Profit for the year	10,063
	<u>(163,569)</u>

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 2014

	2014		2013	
	£	£	£	£
Commission receivable		240,676		79,607
Establishment costs				
Rent	26,200		23,000	
Rates and water	17,581		18,954	
Insurance	1,537		67	
Light and heat	919		2,022	
	<u> </u>	46,237	<u> </u>	44,043
		194,439		35,564
Administrative expenses				
Wages	58,348		41,790	
Social security	1,723		2,165	
Telephone	1,635		1,439	
Printing, postage & stationery	3,778		795	
Travelling	587		736	
Subscription	1,796		1,959	
IT costs	4,500		1,992	
Repairs and renewals	9,562		396	
Cleaning	628		826	
Sundry expenses	833		817	
Accountancy	3,600		3,600	
Legal fees	1,800		-	
Compliance costs	5,100		-	
Auditors' remuneration	2,400		-	
	<u> </u>	96,290	<u> </u>	56,515
		98,149		(20,951)
Selling and marketing costs				
Advertising	1,250		-	
Promotions and exhibitions	-		5,420	
	<u> </u>	1,250	<u> </u>	5,420
		96,899		(26,371)
Finance costs				
Bank charges		69,660		36,087
		<u> </u>		<u> </u>
		27,239		(62,458)
Depreciation				
Short leasehold	7,500		7,500	
Plant and machinery	8,500		8,204	
Computer equipment	1,176		912	
	<u> </u>	17,176	<u> </u>	16,616
		10,063		(79,074)
Finance costs				
Interest on overdue tax		-		17
		<u> </u>		<u> </u>
NET PROFIT/(LOSS)		<u>10,063</u>		<u>(79,091)</u>

This page does not form part of the statutory financial statements

IMPORTANT EVENTS 2014



IFIC Bank launched financial product for grassroots women
Speaker of Jatiya Sangsad Dr. Shirin Sharmin Chowdhury and Bangladesh Bank Governor Dr. Atiur Rahman attended the Grassroots Women Entrepreneurs Award-2013 and Launching & Distribution of IFIC Bank's financial product – IFIC Prantonari at a ceremony on August 26, 2014..



IFIC Bank Launched Project "Excellence" for Core Banking System Upgradation
Chairman of IFIC Bank Mr. Salman F Rahman and Chairman of Executive Committee of the Board Mr. Mohammad Lutfar Rahman inaugurated a project titled "Excellence" for core banking system upgradation & business process review. Directors of IFIC Bank Mr. Monirul Islam, Mr. Syed Anisul Huq, Mr. Jalal Ahmed, Mr. A.R.M. Nazmus Sakib and Mr. Arijit Chowdhury, Managing Director & CEO of the Bank Mr. Shah A Sarwar, Deputy Managing Directors and representatives from KPMG & MISYS also attended the inaugural ceremony.



Annual Business Conference 2014 held at Sonargaon Hotel
The Bank organized Annual Business Conference 2014 held at Pan Pacific Sonargaon Hotel on February 20, 2014. Chairman of Executive Committee of the bank Mr. Mohammad Lutfar Rahman inaugurated the conference while Members of the Board of Directors Mr. Syed Anisul Haq, Mr. Monirul Islam, Managing Director & CEO Mr. Shah A Sarwar addressed the function.



Tendulkar handed over a donation to Noapara Govt. Primary School on IFIC Bank's behalf
Living Legend of Cricket Sachin Tendulkar handed over a cheque of Tk 5.0 Lac on October 14, 2014 to the authorities of Noapara Govt. Primary School of Rupgonj, Narayangonj on behalf of IFIC Bank Limited. The money will be spent for the development of school building. Chairman of Executive Committee of IFIC Bank Mr. Mohammad Lutfar Rahman, Managing Director & Chief Executive Officer Mr. Shah A Sarwar and local dignitaries were also present during the event.



IFIC Bank Launched Mobile Financial Services
IFIC Bank Limited launched mobile financial services on April 22, 2014 at a ceremony at The Westin Hotel at Gulshan-2. Honourable Minister for Posts, Telecommunications and Information Technology Mr. Abdul Latif Siddique and Honourable Governor of Bangladesh Bank Dr. Atiur Rahman attended as Chief Guest and Special Guest respectively in the launching ceremony of IFIC Mobile Bank. Chairman of IFIC Bank Mr. Salman F Rahman, Chairman of Executive Committee of the Board Mr. Mohammad Lutfar Rahman and Managing Director of IFIC Bank Mr. Shah A Sarwar addressed the ceremony. Eminent citizens, business leaders and other dignitaries were also present at the program.



IFIC Bank received "Certificate of Merit" from ICAB
Deputy Managing Director and CFO of IFIC Bank Mr. S.M. Abdul Hamid received ICAB's Certificate of Merit Award on behalf of the bank from Finance Minister Mr. AMA Muhi MP at a ceremony at Pan Pacific Sonargaon Hotel. Top officials from different commercial banks, non-banking financial institutions (NBFIs), NGOs, corporate bodies and elites of the society attended the ceremony.



IFIC Bank signed a MoU with Grassroots Women Organisation

IFIC Bank authorities signed a Memorandum of Understanding (MoU) with AGWEB for capacity building of grassroots women entrepreneurs throughout the country.

Mr. Shah Alam Sarwar, Managing Director & CEO of IFIC Bank & Ms. Mousumi Islam, President, Association of Grassroots Women Entrepreneurs, Bangladesh (AGWEB) signed the documents and exchanged the same on behalf of respective sides.



IFIC Bank signed MoU with Lalmatia Mohila College

IFIC Bank Limited signed a Memorandum of Understanding (MoU) with Lalmatia Mohila College for offering payroll and all other banking services.

In presence of Managing Director and CEO of IFIC Bank Limited Mr. Shah A Sarwar, the MoU was signed by Deputy Managing Director & CFO of the Bank Mr. S.M. Abdul Hamid and Principal of Lalmatia Mohila College Mr. Md. Rafiqul Islam on behalf of their respective organizations.



IFIC Bank signed Mobile Banking deal with Channel-i

IFIC Bank Limited signed an agreement on March 16, 2014 with Impress Telefilm Limited (Channel i) to provide IFIC mobile banking services to the leading media organization. Managing Director and CEO of IFIC Bank Limited Mr. Shah A Sarwar signed the agreement with Managing Director of Impress Telefilm Limited (Channel-i) Mr. Faridur Reza Sagar at the Channel-i Head Office at Tejgaon Industrial Area.



IFIC Bank Disbursed Loans to Women Entrepreneurs

IFIC Bank disbursed loans of TK 1.5 million to women entrepreneurs of Jessore, Kushtia and Khulna. The disbursement of loans took place following a training program and a trade fair jointly organized by IFIC Bank Ltd. & Association of Grassroots Women Entrepreneurs (AGWEB) at Jessore Zilla School, Jessore.

State Minister for Youth & Sports Mr. Biren Sikder, MP inaugurated the trade fair as Chief Guest and disbursed the loans among women entrepreneurs.

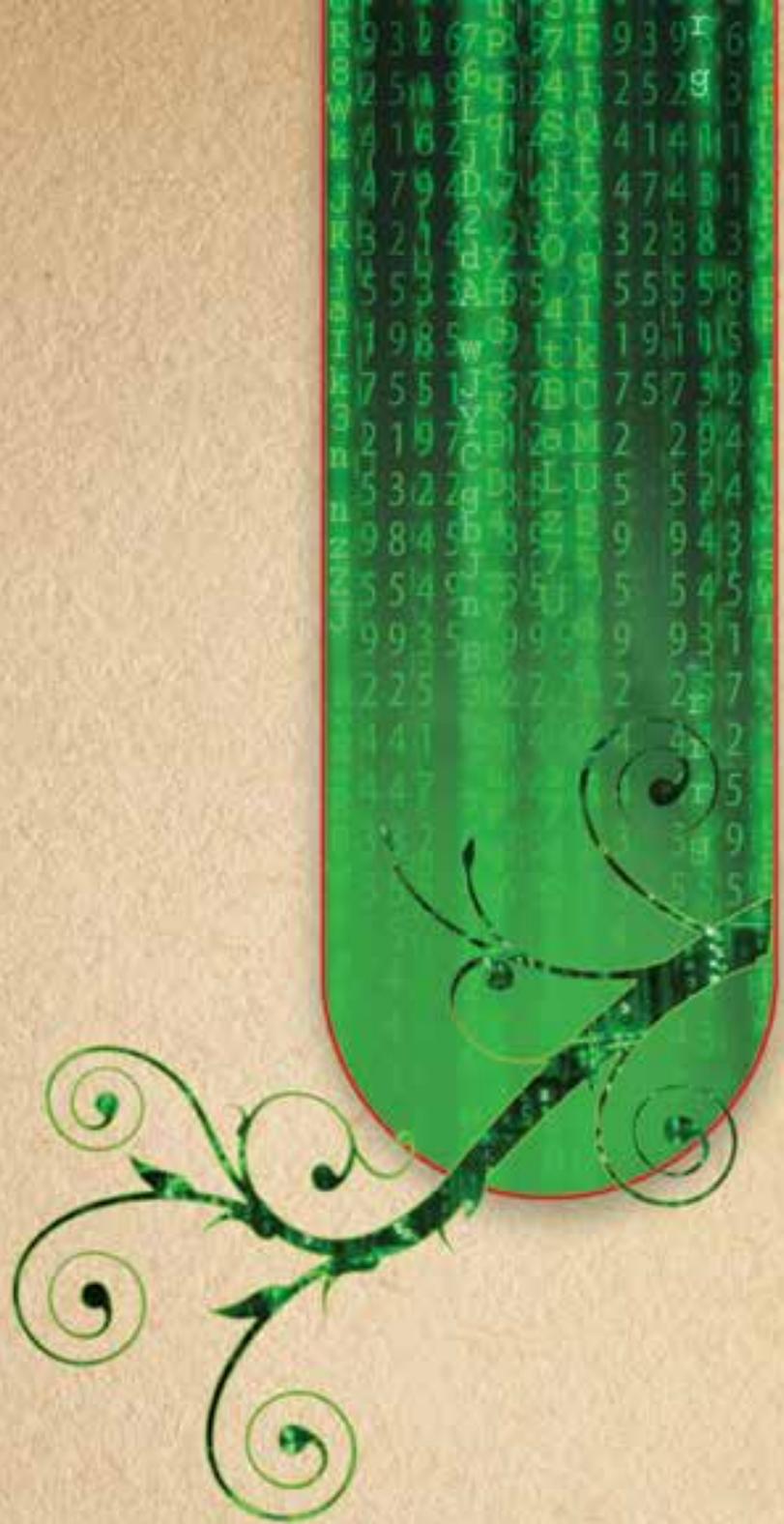


IFIC Bank rewarded 85 officials for deposit mobilisation

IFIC Bank authorities rewarded 70 bank officials and 15 branch managers on November 08, 2014 for their contribution in mobilizing deposits for Current and Savings Accounts (CASA).

Managing Director and CEO of IFIC Bank Limited Mr. Shah A Sarwar distributed certificates, prize money and crests among the officials and branch managers who contributed the highest in the campaign.

IMPORTANT EVENTS 2014



BRANCH NETWORK

Branch Network of IFIC Bank Limited as on 31 December 2014

8 (eight) new Branches and 1 (one) Collection Booth have been opened in 2014.

Sl. No.	Name of Branch	Address	Telephone Number
DHAKA DIVISION			
1	Motijheel Branch	Islam Chamber 125/A, Motijheel C/A. Dhaka-1000.	Tel : 9565215-18, 7111934, 7111923-26, 7162701 Mobile: 01787668282, 01678010050 Fax : 880-2-9566352
2	Federation Branch	FBCCI Building 60, Motijheel C/A. Dhaka-1000.	Tel : 9561141-3, 9552176, 9586485, 9552175, 9586484 Mobile: 01713080218, 01678010051 Fax : 880-2-9567488
3	Moulvibazar Branch	6/1, Mokim Katra Road, Lalbagh, Dhaka.	Tel : 7316891, 7316097, 7316421 Fax : 7315934, Mobile: 01713038736, 01678010052
4	Dhanmondi Branch	Royal Plaza (Ground & 1st floor), House # 8A, Road # 4, Mirpur Road, Dhanmondi, Dhaka-1205.	Tel : 8628381, 8628379, 9660320, 9660336 Mobile: 01713229815, 01678010053 Fax : 880-2-9615861
5	Shantinagar Branch	24, Shantinagar, Chamelibag, Dhaka.	Tel : 8317839, 8318728, 9356094 Mobile: 01713-229827, 01678010054 Fax: 9353759
6	Gulshan Branch	Holding No.109, Gulshan Avenue, Ward No.19, P.S.-Gulshan Dhaka-1212.	Tel : 8814912, 9884045, , 8828187, 9896056 Mobile: 01713-041420, 01678010056 Fax : 880-2-8826682
7	Islampur Branch	Paradise Complex, 104, Islampur Road, Dhaka.	Tel :57391607, 57391369 Fax: 57391240, Mob: 01713-229829, 01678010057
8	Bangshal Branch	29/1, Nazira Bazar Lane North South Road, Dhaka.	Tel : 9563679, 9566407, 7118521 Mobile: 01713229830, 01678010058 Fax: 9580438
9	Elephant Road Branch	73/1, Elephant Road (1st & 2nd Floor), Dhaka.	PABX: 9676151-2, 9672119 Mobile: 01711-431981, 01678010059 Fax: 8613361
10	Naya Paltan Branch	Orchard Faruque Tower, 72, Naya Paltan (2nd Floor), Dhaka.	Tel : 58312762, 58313716, 9348603, 9334684 Mobile: 01713229831, 01678010060 Fax: 8317263
11	Kawran Bazar Branch	3, Kawran Bazar Petro Centre Building, Dhaka.	Tel : 8189991, 8189992, 8189745 Mobile: 01713229832, 01678010061, Fax: 8189990
12	Malibagh Branch	91- B, Khilgaon Malibagh Chowdhury Para, DIT Road, Dhaka-1219.	Tel : 9343796, 9356431, Mobile: 01713011054, 01678010062 Fax: 9362737
13	Uttara Branch	ABC Heritage (1st floor) 02 & 04, Jasimuddin Avenue, Sector – 03, Urrata, Dhaka-1230.	Tel :58957883, 58956266, Mobile: 01755620824, 01678010063 Fax: 8950224
14	Lalmatia Branch	House # 405E, Road No.16(New), 27(Old), Dhanmondi R/A, Dhaka.	Tel :9103830, 9128746, Mobile: 01720034790, 01678010064 Fax: 8150801

Sl. No.	Name of Branch	Address	Telephone Number
15	Pallabi Branch	Kashem Chamber (1st & 2nd floor), Commercial Plot # 11, Main Road # 3, Section # 7 Pallabi, Mirpur, Dhaka.	Tel: 9016441, 8061258 Mobile : 01713035111, 01678010065 Fax: 9001276
16	North Brook Hall Rd.	58-60, North Brook Hall Road, Sutrapur, (1st floor) Dhaka-1100.	Tel: 958113, 9580749 Mob- 01713011719, 01678010067 Fax: 9580748
17	Nawabpur Road Branch	Barek Plaza 63, Nawabpur Road P.S. Sutrapur, Dhaka.	Tel : 9561036, 9561094 Mob: 01713064289, 01713229826, 01678010068, Fax: 7125268
18	Narayanganj Branch	66/1, Bangabandhu Road, Narayanganj.	Tel : 7645000-3, 7633206 Mob: 0173229808, 01678010071 Fax : 7633485
19	Netaiganj Branch	28, R.K. Das Road, Netaiganj Narayanganj.	Tel : 7632464, 7632943, Fax: 7632943 Mob: 01713229834, 01678010072
20	Konabari Branch	Konabari Plaza, Konabari Neelnagar, Gazipur Sadar, Gazipur.	Tel : 9297133 Mob: 01711-436078, 01678010074 Fax: 9298727
21	Muktarpur Branch	Muktarpur P.O. Panchasar, Dist. Munsiganj.	Tel : 7611390, Fax: 0691-62390 Mob: 01713229835, 01678010075
22	Narsingdi Branch	Nayan Tara Plaza (1st floor) 137/1, C & B Road Narsingdi. Sadar, Narsingdi.	Tel : 9462617, 9462761 Mob: 01713229836, 01678010076 Fax : 9462985
23	Ghorasal Branch	Ghorasal Bazar, P.O. Ghorasal, P.S. + Upazila. Palash, Dist. Narsingdi.	Tel : 9466301, 9466330(R) Mob: 01713229837, 01678010078 Fax: 9466301
24	Madhabdi Branch	Mitali Building (1st Floor) 35, Madhabdi Bazar, Dist. Narsingdi.	Tel : 029446498, Mob: 01711436624, 01678010079 Fax: 029446498
25	Bajitpur Branch	215, Bajitpur Bazar P.O. Bajitpur Dist. Kishoreganj.	Tel : 09423-64014 Mob: 01713229839, 01678010080 Fax: 09423-64329
26	Mymensingh Branch	52, Choto Bazar (1st Floor), Mymensingh.	Tel : (091) 66883, (091) 66873 Fax: 09166883 Mobile No.01713019545, 01678010081
27	Faridpur Branch	Oriental Property (1st Floor) 118, Thana Road, Faridpur.	Tel : (0631) 62101, 64051 Fax: 063164051 Mobile: 01711434947, 01678010082
28	Takerhat Branch	Sufi Janab Ali Road (Lasker Market), P.O. Khalia P.S. Rajoir, Dist. Madaripur.	Mob: 01713-010614, 01678010083 Fax:
29	Ashulia Branch	"Rifat Square Plaza" Jamgora, Ashulia, Dhaka.	Tel: 7788411, Mob: 01713423767, 01678010069, Fax: 7788412
30	Rupganj Branch	"Manik Villa" Tarabo Bazar, Rupganj, Narayanganj	Mob: 01714166955, 01678010073
31	Banani Branch	"Glowing Stone" House No. 54, Road No. 11 Block-C, Banani, Dhaka.	Tel: 9821757, 8836486, 8836091 Mob: 01730019781, 01678010070, Fax: 9821756
32	Keranigonj Branch	"Bikrampur Plaza" (1st floor), Shahid Delwar Hossain Road, East Aganagar, Keranigonj, Dhaka.	Tel: 7762738, 7762737 Mob: 01730019788, 01678018354 Fax: 7762736

Sl. No.	Name of Branch	Address	Telephone Number
33	Shariatpur Branch	469, Tulasar Sadar Road Shariatpur Sadar Shariatpur.	Tel: 0601-61496 Mob: 01730332032, 01678018357 Fax: 0601-61497
34	Mohakhali Branch	“Siddique Tower” Holding No.49, A.K. Khandaker Sarak, Ward No.20, P.S.-Gulshan, Dhaka.	Tel: 9899503, 9899507 Mob: 01730332033, 01678018356 Fax: 9899503
35	Dania Branch	“Al-Madina Shopping Complex” (1st floor), Gobindapur Bazar, Dania Jatrabari, Dhaka.	Tel: 7546218, 7546268 Mob: 01730332034, 01678018352 Fax: 7546218
36	Chandra Branch	“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.	Tel: 06822-52058, 06822-52059 Mob: 01755620822 Fax: 06822-52058
37	Tongi Branch	22, Muktijodhya Samsad Road, Tongi Bazar, Tongi, Gazipur.	Tel: 9816354 Mob: 01730332035
38	Tanbazar Branch	“Amin Market” (1st floor) 7, S.M. Maleh Road, Narayangonj.	Tel: 7630891, 7630892, FAX: 7630892 Mob: 01730003591, 01678018360
39	Stock Exchange Branch	16, Motijheel C/A, Dhaka.	Tel: 9515791-3, FAX: 9515794 Mob: 01730006635, 01678018361
40	Savar Bazar Branch	Savar Bazar, Savar, Dhaka.	Tel: 7744809, FAX: 7744808 Mob: 01730003599, 01678018363
41	Panchaboti Branch	“Gafur Super Complex” Panchaboti, Hariharpara, Enayetnagar, Fatullah, Narayangonj.	Tel: 7670032, 7670033 FAX: 7670032 Mob: 01730330896, 01678018362
42	Progoti Sarani Branch	2nd Level of AJ Height’s Building, Cha- 72/1/D, Progoti Sarani, Uttar Badda, Dhaka-1212.	Tel: 8835408, 8822742, FAX: 8822743 Mob: 01755629823, 01678018364
43	Nawabgonj Branch	Nawabgonj Adhunik Banijjik Biponi (1st floor), Union Parisad – Kolakopa, P.S./Upa- zilla – Nawabgonj, Dist.- Dhaka.	Tel: 7765230 Fax: 7765229 Mob: 01730338570
44	Dholaikhal Branch	Al-Noor Steel Market, 25, Goalghat Lane, Dholaikhal New Road, Dhaka.	Tel: 9556004, 9515043 Mob: 01730318278
45	Board Bazar Branch	(1st floor), Kalmeshwar, Ward No.35. Upazilla – Gazipur Sadar, P.S. Gazipur Sadar, Dist. – Gazipur.	Tel: 9293274, Fax: 9293276, Mob: 01730709793,
46	Tangail Branch	“Laso Plaza” (1st floor) Khalpar Road, Tangail, P.S.- Tangail Sadar, Pouroshova – Tangail, Municipal Holding No.59, Ward No.13, Dist. – Tangail.	Tel: 0921-51435 Fax: 0921-51434 Mob: 01730709792
47	Dhamrai Branch	“Haji Monir Plaza” (1st floor) Dhamrai Bazar, Dhamrai, P.S. & Pouroshova – Dhamrai, Ward No. 3, Holding No.24, Dist. – Dhaka.	Tel: 7730935, 7730936 Fax: 7730935 Mob: 01730709797, 01678018369
48	Mirpur Branch	“Azaz Tower” Holding No.145, Begum Rokeya Sarani, Ward No.14, P.S. – Mirpur, Dist. – Dhaka.	Tel: 8031790 Mob: 01713109105 01678018355
49	Bashundhara Branch	Ka- 5/2, Ka-7/1, 7/2 Jagannathpur, Bashundhara Road, Ward No.17, Dhaka City Corporation, P.S. Badda, Dhaka.	Tel: 8417767 Fax : 8417766, Mob: 01755543548, 01678010046

Sl. No.	Name of Branch	Address	Telephone Number
50	Mohammadpur Branch	"Ring Tower" (1st 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.	Tel: 9104472, 9104473 Fax: 9104473 Mob: 01755543540
51	Gulshan-Tejgaon Link Road Branch	Ground & Mezzanine Floor "NINA KABBO" 227/A, Gulshan-Tejgaon Link Road, Dhaka, Ward No.37, P.S.- Tejgaon, Dhaka.	Tel: 9853290, 9853291, 9854464 FAX- 9854465, Mob: 01755620821,
52	Manikgonj Branch	"Rudronil Plaza", 134, Shahid Rafique Sarak, Manikgonj.	Tel: 7720042, Fax: 7720032 Mob: 01755620828
53	Gabtolli Bagbari Branch	259, Bagbari, Mirpur (Gabtolli), P.O. Mirpur, Ward No.9, P.S. - Darus Salam, Dhaka.	Tel: 902736, Fax: 902737 Mob: 01755620829, 01730305993
54	Konapara Branch	"F.R. Tower", (1st floor) Konapara, Matuail, Demra, Dhaka, Union Parishad – Matuail, Ward No.6, P.S. – Demra, Dist. – Dhaka.	Tel: 7550481, 7549737 Mob: 01755658701
55	Meghola Bazar Branch	"Afsar Plaza" Meghola Bazar, Union – Narisa, P.S.- Dohar, Dhaka.	Mob: 01766667604
56	Garibe Newaz Avenue Branch	Plot No.10, Garibe Newaz Avenue, Sector No.11, Uttara, Dhaka.	8991306, Mobile. 01766667609
57	Aganagar Branch	"Babul Tower", Aganagar, South Keraniganj, Dhaka.	Mobile. 01787668285
58	Hasnabad Branch	Hasnabad Bazar, Raipura Narsingdi.	Tel: 9444026, 9444041 Mobile: 01787668281
59	Seed Store Bazar Branch	'Mahesa Plaza' Seed Store Bazar, P.O: Habirbari, P.S: Bhaluka, Dist : Mymensing.	Mobile: 01787668287
CHITTAGONG DIVISION			
60	Agrabad Branch	30, Agrabad C/A Chittagong.	Tel : 031-710531, 712347, 712348, 717937 Mob: 01713229814, 01678010085 Fax : 880-31-710078
61	Khatunganj Branch	249/250, Khatunganj Road Chittagong.	Tel : 031-612904, 619809, 13056,632288 Mob: 01713229841, 01678010086 Fax : 880-31-610290
62	Laldighi Branch	"Jamal Complex" (1st floor) 8, Laldighirpar, (East) Ward No.32 Andorkilla ward, Chittagong City Corporation, P.S. Kotwali, Chittagong.	Tel : 031-620931, 638307, 636498 Mob: 01713229842, 01678010087 Fax : 880-31-610078
63	Noju Miah Hat Branch	Burishchar, P.O. Nur Ali Bari, P.S. Hathazari, Chittagong.	Tel : 031- 670908 Mob: 01713101231, 01678010089 Fax: 031-2570611
64	Hathazari Branch	Popular Super Market (Ground Flr), Bus stand, Hathazari, Chittagong.	Tel : 031-2601430 Mobile: 01713229843, 01678010090 Fax: 031-2601193
65	Chawk Bazar Branch	Shahzada Market 68, College Road Chawk Bazar, Chittagong.	Tel : 031-621160, 616539 Mobile: 01713229844, 01678010091 Fax: 031-611177

Sl. No.	Name of Branch	Address	Telephone Number
66	Shah Amanat Market Branch	624/A, Shah Amanat Municipal Super Market (Ground Floor), Jubilee Road, Reazuddin Bazar, Chittagong.	Tel : 031-614244, 619516 Fax: 031-614244 Mobile: 01713229845, 01678010092
67	Sheikh Mujib Road Branch	Azmal Arcade (1st floor) 1806, Sk. Mujib Road Pathantuli, Chittagong.	Tel : (031) 713981, 721972, 2510455 Mobile: 01714031228, 01678010093 Fax: 031-713981
68	Cox's Bazar Branch	158, Main Road (1st Floor) Ali Arcade, Cox's Bazar.	Tel : 0341-64573, 63856 Mobile: 01713229846, 01678010095 Fax: 0341-64573
69	Brahmanbaria Branch	Ground floor, 4. Court Road P.O. Box No. 09, Brahmanbaria.	Tel : (0851) 58655, 59738 Mobile: 01711439720, 01678010096 Fax: 0851-58552
70	Comilla Branch	190/193 Rajgonj, Crossing. Chatipatty, Comilla.	Tel : (081) 68662, 77044 Mobile: 01713229812, 01678010097 Fax: 081-71402
71	Companiganj Branch	15, West Nabipur P.O. Companiganj P.S. Muradnagar, Dist. Comilla.	Tel: 0802-659123 Mobile: 01714080176, 01678010098 Fax: 080-2659037
72	Feni Branch	99, Islampur Road (1st Floor) Feni.	Tel : (0331) 73179, 61764 Mobile: 01713229847, 01678010201 Fax: 0331-73150
73	Choumuhani Branch	667/785, South Bazar, Choumuhani, Begumgonj, Noakhali.	Tel : (0321) 52778, 52779 Mobile: 01713107230, 01678010205 Fax: 0321-52778
74	Fatikchari Branch	"Haque Market" (1st Floor) Bibirhat, Fatikchari, Dist. – Chittagong.	Tel: 03022-56202 Mobile: 01713423765, 01678010094 Fax: 03022-56203
75	CDA Avenue Branch	1005/2/1872, CDA Avenue East Nasirabad, Panchlaish, Chittagong.	Tel: 031-2555919, 2555920 FAX: 031-2555918 Mob: 01730329087, 01678018365
76	Madam Bibir Hat Branch	Madam Bibir Hat, Bhatiary, Sitakundu, Chittagong.	Tel: 031-2780919, 2780920 FAX: 031-2780921 Mob: 01730317373, 01678018366
77	Aulankar More Branch	(1st floor) Aulankar More, P.S. Pahartoli, Chittagong City Corporation, Ward No. 10, Chittagong.	Tel: 031-2773116, ,2773115, Fax: 031-2773117 Mob: 01730709795, 01755520715
78	Ashugonj Branch	(1st floor), "Sheria Sayed Tower", Vill – Ashugonj Bazar, Union – Ashugonj Sadar Union, Ward No. 1, Upazilla – Ashugonj, P.O. Ashugonj, P.S. Ashugonj, Dist.B.Barua.	Tel: 08528-74621 Fax: 08528-74623 Mob: 01730709794, 01755520716
79	Chandina Branch	"Aziz Plaza" (1st floor), Chandina Bazar, Village - Nabiabad, Ward No. 5, Pouroshava – Chandina, P.O. – Chandina, P.S.- Chandina, Dist. – Comilla.	TeL: 08022-56440, Fax: 08022-56441 Mob: 01755543504
80	Rangamati Branch	(1st & 2nd floor) 22/2, Bazar Fund Road, Kathaltoli Rangamati.	Tel: 0351-63597 Fax: 0351-63598 Mob: 01755630823
81	Gouripur Bazar Branch	(1st & 2nd floor) "Suruzzaman Tower" Gouripur Bazar, Comilla.	Mob: 01755658705

Sl. No.	Name of Branch	Address	Telephone Number
82	Miah Bazar Branch	“Wahab Market”, 1st floor, Vill – Jogomohonpur, Union – Ujirpur, P.O.- Miah Bazar, P.S.- Chowddagram, Comilla.	Mob: 01766667605, 01766667596
83	Bandartila Branch	“Noor Shopping Complex” Holding No.564/802, M.A. Aziz Road, South Halishahar, Ward No.39, P.S. CEPZ, Dist. – Chittagong.	Tel: 031-800024, 800025, 800026. Mobile: 01787668286
84	Chandraganj Branch	Noor Shopping Complex, Chandraganj, Laxmipur Sadar, Laxmipur.	Tel: Mobile: 01787668288
RAJSHAHI DIVISION			
85	Rajshahi Branch	3, Shaheb Bazar, Ghoramara, Rajshahi.	Tel : (0721) 774586, 774856, 774396, Mob: 01711405660, 01678010206, 01714029471, Fax: 0721-774566
86	Naogaon Branch	263, Main Road Thakur Mansion (1st floor) Naogaon.	Tel : (0741) 62769, Mobile: 01713229848, 01678010208 Fax: 074162867
87	Pabna Branch	Chamber Building Benai Patty, (Sona Patty), Pabna.	Tel : (0731) 63436, 66053 Mobile: 01713200818, 01678010219 Fax: 0731-64122
88	Bogra Branch	Station Road Satmatha Holding No.707/169 Satmatha Bogra	Tel : (051) 66080, 65324 Mobile: 01713229850, 01678010213, Fax: 051-66080
89	Chapai Nawabganj Branch	21, Daudpur Madrasha Road(1st Floor), Puratan Bazar, Chapainawabganj.	Tel : (0781) 52081 Mobile: 01713202488, 01678010214 Fax: 0781-52081
90	Baneshwar Branch	Baneshwar Islamia High School Market Baneshwar, P.S. Puthia, Dist. Rajshahi.	Mobile: 0171-3201692, 01678010215,
91	Belkuchi Branch	“Bhuiyan Plaza” (1st floor) P.O. Shernagar P.S. Belkuch, Sirajgonj.	Tel: 07522-56446, FAX: 07522-56437 Mob: 01730019787, 01678018359
92	Kashinathpur Branch	(1st floor), Village - Haridebpur, Union – Jeetshakini, Ward No. 5, Upazilla – Bera, P.O. Kashinathpur, P.S.- Bera, Dist. – Pabna.	Tel: 07332-54411, 54422 Mob: 01730705100. 01755520719
93	Joypurhat Branch	(1st floor) Joypurhat Sadar Road, Joypurhat, P.S.- Joypurhat, Pouroshova – Joypurhat, Municipal Holding No.138/0, 138/1 & 138/2, Ward No.08, Dist. – Joypurhat.	Tel: 0571-51163, 51164 Fax No. 0571-51165 Mob: 01730709796, 01755520714
94	Taherpur Branch	“Mridha Plaza” (1st floor) Main Road, Ward No.3, Taherpur, Rajshahi.	Tel: 07236-53331 Mob: 01766667607
RANGPUR DIVISION			
95	Rangpur Branch	Sarker Super Market (1st Floor) 41/42, Dewan Bari Road Betpatty, Rangpur.	Tel : (0521) 63453, 62607 Mobile: 01713229811, 01678010211 Fax: 0521-62607
96	Dinajpur Branch	534/506, Maldahpatty, Dinajpur.	Tel : (0531) 65680, 63414 Fax: 0531-51632 Mobile: 01713229849, 01678010212

Sl. No.	Name of Branch	Address	Telephone Number
97	Shetabgonj Branch	(1st floor), School Road, Murshidhat, Shetabgonj, P.S. – Bochagonj, Pouroushova – Shetabgonj, Ward No.3, Holding No.521, Dist. Dinajpur.	Tel: 05325-73202 Fax: 05325-73203 Mob: 01730729872
98	Birol Bazar Branch	(1st floor), Birol Bazar, Dinajpur, Upazilla – Birol, Union Parishad – Birol, P.O. – Birol, P.S. – Birol, Ward No.7, Dinajpur.	Tel: 05324-56212 Fax: 05324-56213 Mob: 01755658703
KHULNA DIVISION			
99	Khulna Branch	Fatema Building 81, Lower Jessore Road Khulna.	Tel : (041) 720396-7, 812199, 732600, 732601, Fax: 720399 Mobile: 0171-3229851, 01678010216
100	Boro Bazar Branch	1, Sir Iqbal Road Kalibari, Khulna.	Tel: (041) 812099, 812100 Mobile: 01713229852 01678010217 Fax: 041-812099
101	Jessore Branch	59, N.S.C. Road (Garikhana Road), Jessore.	Tel : (0421) 68762, 68764, 68765, Fax: 0421-68763 Mobile: 01713403300, 01678010218
102	Benapole Branch	Bandar Complex, Benapole, Jessore.	Tel : (04228) 75001-2 Mobile: 0171-3229810, 01678010219 Fax: 04228-75002
103	Satkhira Branch	Mojahar Ali Complex, Shaheed Kazal Sarani, Kaligonj Sarak, Palashpole, Satkhira.	Tel : (0471) 62602, 65429 Mobile: 01713400254, 01678010220 Fax: 0471-63319
104	Noapara Branch	Dhaka – Khulna Highway, 97 Noapara Bazar Jessore.	Tel : (04222) 71397 Mobile: 0171-3400537, 01678010221
105	Kushita Branch	2, Siraj-Ud-Dowla Road Abdul Hamid Market N.S. Road, Kushtia.	Tel : (071) 62550, 61895, Fax: 071-61895, Mob: 01713400380, 01678010223
106	Kaligonj Branch	Sheikh Super Market (1st floor), Nimtola Boro Bazar, P.O.- Noldanga, Kaligonj, Jhenidah.	Tel: 04523-56697 Fax: 04523-56698 Mob: 01730318277
107	Poradah Branch	“Khan Super Market” (1st floor), Vill – Katadah, Union – Poradah, Ward No.4, Upazilla – Mirpur, P.O. Poradah, P.S. – Mirpur, Dist. Kushtia.	Mob: 01730709791, 01755520712
108	Bagerhat Branch	Sadonar More, 56, Kazi Nazrul Islam Road, Bagerhat.	Tel: 0468-64539, 64538 Mob: 01755642273
109	Sonadanga Branch	“Kohinoor Tower”, A-12, KDA Mazid Sarani, Sonadanga, Khulna.	Tel: 041-731327,723181 Mobile: 01787668289
BARISAL DIVISION			
110	Barisal Branch	95, Sadar Road Barisal.	Tel : (0431) 64013, 64305 Fax: 0431-64305 Mob: 01713400251, 01678010224
111	Bhola Branch	(1st floor) “Amena Plaza”, Sadar Road, Bhola, P.S.- Bhola Sadar, Pouroushova – Bhola, Ward No.6, Dist. – Bhola.	Tel: 0491-61399 Mob: 01755543505

Sl. No.	Name of Branch	Address	Telephone Number
SYLHET DIVISION			
112	Sylhet Branch	963, Laldighirpar, Sylhet.	Tel : (0821) 715489, 715490 Fax : 880-821-722022 Mobile: 01711-438372, 01678010225
113	Beani Bazar Branch	Zaman Square (1 st & 2nd Floor), Main Road, Beani Bazar, Sylhet	Tel: 08223-56179 Mob: 01711922493, 01678010226
114	Ambarkhana Branch	Point View Shopping Center (1 st floor), Holding No.0841-00, Sunamgonj Road, Ambarkhana, Sylhet.	Tel : (0821) 714357, Fax: 0821-721729 Mob: 01713301067, 01678010227
115	Subid Bazar Branch	Hannan Shopping Centre (1st Floor), Subid Bazar, Sylhet.	Tel : (0821) 712898, 712832 Mobile: 01713229838, 01678010228 Fax: 0821-712898
116	Upashahar Branch	Nosir Mansion (1st floor) Mendibagh C/A. Bishwa Road, Dist. Sylhet.	Tel: (0821) 727224 Mobile: 0171-3300202, 01678010229 Fax: 0821-727109
117	Moulvi Bazar (Dist.) Branch	69/1, Central Road, Paschim Bazar, P.O. & Dist. Moulvi Bazar.	Tel : (0861) 52392, Fax: 0861-52363 Mobile: 01711435687, 01678010230
118	Sreemongal Branch	Razzaque Cosmopolitan Super Market (1st Floor), Hobigonj Road, , Sreemongal, Moulvi Bazar.	Tel : (08626) 71924 Mobile: 01711401728, Fax: 08626-71924
119	Goala Bazar	“Haji Nasibullah Market” Goalabazar, Osmaninagar Dist. – Sylhet.	Tel : 08242-56404 Mobile: 01713257277, 01678010233 Fax: 08242-56044
120	Habiganj Branch	“Sankar City”, Holding No.3430, R.K. Mission Road, Habiganj Sadar, Habiganj.	Tel- 0831-54052, 0831-54053, Mobile: 01787668280,

Collection Booth as on 31 December 2014

Sl. No.	Name of Booth	Address
1	Collection Booth at Medical College for Women & Hospital.	Plot No.4, Road No.8-9, Sector-1, Uttara, Dhaka.
2	Collection Booth at Lalmatia Mohila College.	118/2, Block-B, Ward # 32, Lalmatia, Dhaka

GLOBAL NETWORK BASED ON PORTFOLIO

Particulars of Branch and Booth of IFIC Money Transfer (UK) Limited, UK

Head Office & Branch

Sl. No.	Head Office & Branch Name	Telephone/Telex/Fax numbers
01	IFIC Money Transfer (UK) Ltd., 18 Brick Lane, London E1 6RF, UK Mr. Md. Monwar Hussain Chief Executive Officer	Tel: 00447951786188 (cell) 00442070609142 (phone) Fax: 00442072479670 Email: monwar@ificexchange.co.uk.

Booth

Sl. No.	Booth Name	Telephone/Telex/Fax numbers
01	IFIC Money Transfer (UK) Ltd., Turnpike Lane Booth 97 Turnpike Lane, London N8 ODY, UK	00442083411644

OIE Branch details

Oman International Exchange LLC .

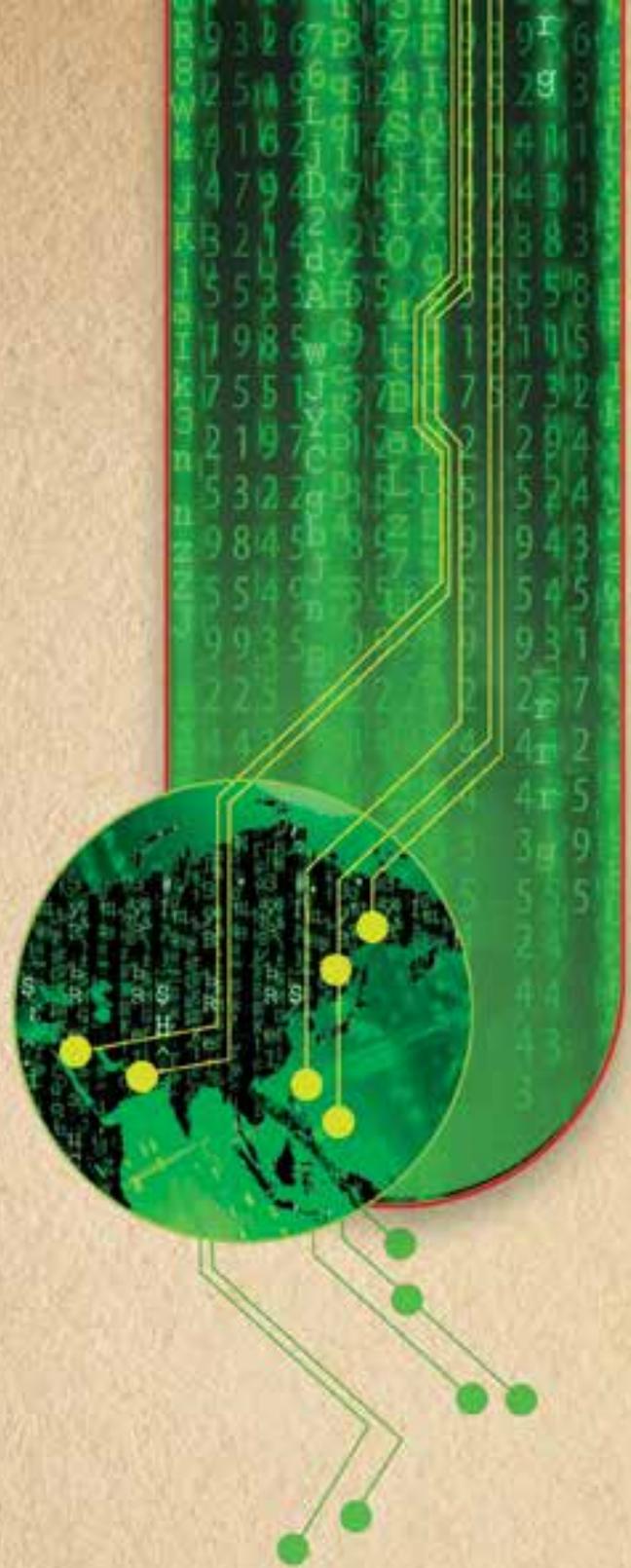
Head Office / Main office : Post Box No.994 Hay Al Mina
Postal Code No.114, Muscat (opposite to Muscat Pharmacy) Sultanate of Oman
Ph # (968) 24832197, 24830893, Fax # (968) 24835036, 24835141
e-mail : custsupport@oiexc.com to be used for all branch communication

- | | | |
|---|--|--|
| <p>1. Oman International Exchange LLC
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
Ph # (968) 24833591
Fax # (968) 24833593</p> | <p>Suwaïq Roundabout, Next to Bank
Muscat, Muscat - Sohar Highway
Suwaïq, Sultanate of Oman
Ph # (968) 26861893
Fax # (968) 26860793</p> | <p>11. Oman International Exchange LLC
Saham Branch
Post Box No.878 , Postal Code No.319
Saham
Beside Omantel Office, Sultanate of
Oman
Tel # (968) 268 55442
Fax # (968) 268 55446</p> |
| <p>2. Oman International Exchange LLC
Salalah Branch
Post Box No.2039, Postal Code No.211, Al
Nadha Street, Salalah Sultanate of Oman
Ph # (968) 23290282
Fax # (968) 23293185</p> | <p>7. Oman International Exchange LLC
Ghubra Branch
Post Box No.897, Postal Code No.133
Ghubra Roundabout (inside)
First Traffic Signal Right
Ghubra, Sultanate of Oman
Ph # (968) 24490360
Fax # (968) 24492273</p> | <p>12. Oman International Exchange LLC
Ruwi Branch
Ruwi High Street -Centre
Post Box No. 1585
Postal Code No.114, Hay Al Mina
Sultanate of Oman
Tel # (968) 24794792
Fax # (968) 24796792</p> |
| <p>3. Oman International Exchange LLC
Sur Branch
Post Box No.276, Postal Code No.411
Sur Souk, Sur, Sultanate of Oman
Ph # (968) 25541467
Fax # (968) 25544035</p> | <p>8. Oman International Exchange LLC
Mabelah Branch
Post Box No.994, Postal Code No.114
Near Oman Oil Petrol Station
Muscat – Sohar Highway
Mabelah, Sultanate of Oman
Ph # (968) 24450613
Fax # (968) 24450612</p> | <p>13. Oman International Exchange LLC
Seeb Branch
Post Box No.994, Postal Code No.114
Seeb C/A (opposite to Bank Sohar)
Sultanate of Oman
Ph # (968) 24420766
Fax # (968) 24420757</p> |
| <p>4. Oman International Exchange LLC
Sohar Branch
Post Box No.862, Postal Code No.311
Sohar Hospital Road, Sohar
Sultanate of Oman
Ph # (968) 26846339
Fax # (968) 26841519</p> | <p>9. Oman International Exchange LLC
Barka Branch
Post Box No.696, Postal Code No.320
Adjacent to Oman Oil Petrol Station
Barka – Muscat Highway
Barka, Sultanate of Oman
Ph # (968) 2688 5142
Fax No-(968) 2688 5143</p> | <p>14. Oman International Exchange LLC
Shinas Branch
Post Box No.402, Postal Code No.324
Shinas roundabout, Sultanate of Oman
Ph # (968) 26748315
Fax # (968) 26748316</p> |
| <p>5. Oman International Exchange LLC
Nizwa Branch
Post Box No.718, Postal Code No.611
Nizwa Souk, Nizwa
Sultanate of Oman
Ph # (968) 25413084
Fax # (968) 25411741</p> | <p>10. Oman International Exchange LLC
Falaj Branch
Post Box No.70, Postal Code No.327
Sohar Industrial Estate
Next to Doha Shopping Centre (Before
Sohar Port)
Sohar-Muscat Highway, Sultanate of Oman
Ph.# (968) 2675 3036
Fax # (968) 2675 1420</p> | <p>15. Oman International Exchange LLC
Rustaq Branch
Post Box No.: 167, Postal Code No.: 329
Burj Al Radda, Ramez International
(Hyper Market) Rustaq
South Al-Batinah Governorate,
Sultanate of Oman
Tel : 00 968 26 877912
Fax : 00 968-26 877913</p> |
| <p>6. Oman International Exchange LLC
Suwaïq Branch
Post Box No.497, Postal Code No.315</p> | | |

**Particulars of Branches of
Nepal Bangladesh Bank Limited, Nepal**

Sl. No.	Branch Particulars	Telephone/Fax/E-mail
01	Main Branch Bijuli Bazar, New Baneshwor (Front Building), Kathmandu, Nepal, PO Box # 9062, Kathmandu, Nepal	Tel: 4780770, 4781195 Fax :00977-1-4784326, 4780169
02	Corporate Branch (Previously known as Putalisadak Branch), Nepal	4233780/81/82/83
03	Bhainsepati Branch Bhainsepati, Lalitpu, Nepal	Tel :1-5590028
04	Kalimati Branch Kalimati, Nepal	1-4277298, 4284936
05	Lalitpur Branch Kumaripati, Lalitpur (Near Patan Hospital), Nepal	Tel : 1-5008721, 5554011
06	Bhaktapur Branch Sallaghari, Bhaktapur, Nepal	01-6613170
07	New Road Branch Khichapokhari, Kathmandu, Nepal	Tel : 1-4241368, 4224477
08	Kapan Branch Kapan, Nepal	01-4823335
09	Balaju Branch Nayabazaar, Balaju, Nepal	01-4383768/4384170
10	Jorpati Branch Jorpati, Kathmandu, Nepal	01-4910997, 01-4910828
11	Battar Branch Battar Bazar, Nuwakot, Nepal	Tel : 010-560256
12	Janakpur Branch Bhanu Chowk, Janakpur, Nepal	Tel : 041-521548, 523385
13	Butwal Branch Traffic Chowk, Butwal	Tel : 071-544906, 071-544845
14	Hetauda Branch Main Road, Hetauda, Nepal	Tel : 057-524936,
15	Birgunj Branch Alakhiya Road, Birgunj, Nepal	Tel : 051-523689, 051- 523494
16	Nepalgunj Branch Dhamboji, Surkhet Road Nepalgunj, Nepal	Tel : 081-523135, 081-523341
17	Biratnagar Branch Dadhira Market Biratnagar, Nepal	Tel : 021-530523, 021- 524263
18	Tatopani Branch Kodari (liping), Nepal	Tel : 011-480005
19	Dhangadi Branch Chauraha, Main Road, Nepal	Tel : 091-521785
20	Pokhara Branch Chiplehunga, Pokhara, Nepal	Tel : 061-533134, 061-533135
21	Dharan Branch Mahendrapath Dharan, Nepal	Tel : 025-530166

Sl. No.	Branch Particulars	Telephone/Fax/E-mail
22	Dhunche Branch Chunche, Rasuwa (Timure Extension counter No.016923534 Nepal	Tel: 010-540015
23	Narayangarh Branch Pulchowk, Naryanghat Complex, Narayangarh, Nepal	056-570962/570963
24	Bhojpur Branch Dadhabajar, Bhojpur, Nepal	029-420713, 420714
25	Bhairahwa Branch Bhairahwa, Nepal	017-521659
26	Surkhet Branch Birendranagar, In front of HULAK Nepal	083-520220/521481
27	Salyan Branch Sharda Nagarpalika Ward No.1, Srinagar, Salyan, Nepal	088-400182
28	Birtamode Branch Birtamode, Nepal	023-545724/545744



GLOBAL NETWORK OF CORRESPONDENT BANKS

 AFGHANISTAN Bank Alfalah Limited	Standard Chartered Bank (China) Limited Wells Fargo Bank N.A. Woori Bank (China) Limited Yinzhou Bank Zhejiang Tailong Commercial Bank Co. Ltd. Zhejiang Zhuji Rural Commercial Bank Co. Ltd.	Intesa Sanpaolo SPA JPMorgan Chase Bank NA Korea Exchange Bank Masreqbank PSC Mizuho Bank Ltd. National Bank of Pakistan PBL Finance (Hong Kong) Limited Skandinaviska Enskilda Banken AB (Publ) Societe Generale Standard Chartered Bank Sumitomo Mitsui Banking Corporation Svenska Handelsbanken AB Unicredit Bank AG (Hypobayerische) Wells Fargo Bank N.A. Wing Hang Bank Ltd.	Banco Popolare Soc. Coop Bank of Tokyo-Mitsubishi UFJ Ltd. The Cassa Di Risparmio Del Veneto SPA Cassa Di Risparmio Di Cesena SPA Cassa Di Risparmio Di Venezia SPA Commerzbank AG Credito Bergamasco SPA Credito Valtellinese Soc Coop ICCREA Banca-Istituto Centrale Del Credito Intesa Sanpaolo SPA JPMorgan Chase Bank NA Mizuho Bank Ltd. UBI Banca (Unione Di Banche Italiane) SCP Unicredit SPA Unipol Banca SPA Veneto Banca SCPA
 ARGENTINA HSBC Bank Argentina SA			
 AUSTRALIA BNP Paribas SA Citigroup PTY Limited Citibank N.A. Commonwealth Bank of Australia Sydney JPMorgan Chase Bank NA KEB Australia Limited	 CZECH REPUBLIC Česka Sporitelna A.S. Commerzbank AG		
 AUSTRIA Bank of Tokyo-Mitsubishi UFJ (Holland) NV Erste Bank Der Oesterreichischen Sparkas Erste Group Bank AG Raiffeisen Bank International AG, Unicredit Bank Austria AG	 DENMARK Danske Bank A/S Nordea Bank Denmark A/S. Spar Nord Bank Syd Bank A/S Vestjysk Bank		
 BAHRAIN BNP Paribas Manama Bank Alfalah Limited Bank Al Habib Limited ICICI Bank Limited Korea Exchange Bank	 EGYPT Bank Audi SAE Masreq Bank	 HUNGARY Budapest Bank RT CIB Bank Ltd. Commerzbank (Budapest) RT Raiffeisen Bank ZRT	 JAPAN Bank of Tokyo-Mitsubishi UFJ Ltd. The Bank of New York Mellon The Citibank Japan Ltd. Commerzbank AG Gifu Shinkin Bank, The Hongkong & Shanghai Banking Corp. Ltd. JPMorgan Chase Bank NA Korea Exchange 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.
 BELGIUM Bank J. Van Breda and Co. NV Bank of America NA Belfius Bank SA/NV BNP Paribas SA BNP Paribas Fortis Commerzbank AG, The Deutsche Bank AG	 ESTONIA Nordea Bank AB	 INDIA AB Bank Limited Axis Bank Limited Bank of Nova Scotia, The Bank of Tokyo-Mitsubishi UFJ, Ltd. The BNP Paribas India Citibank N.A. Hongkong & Shanghai Banking Corp. Ltd. ICICI Bank Limited JPMorgan Chase Bank, N.A. Masreqbank Shamrao Vithal Co-operative Bank Limited, The Sonal Bank Ltd. Standard Chartered Bank State Bank of India Syndicate Bank Tamilnad Mercantile Bank Limited Union Bank of India United Bank of India	
 BHUTAN Bank of Bhutan Druk PNB Bank Limited	 FRANCE Banque Revillon BNP Paribas SA Commerzbank AG HSBC France JPMorgan Chase Bank NA Korea Exchange Bank Monte Paschi Banque S.A.		
 BRAZIL Banco De Tokyo-Mitbushi UFJ Brasil S/A Banco Keb Do Brasil S.A. Banco Santander (Brasil) SA HSBC Bank Brasil-Banco Multiplo	 GERMANY Bankhaus Carl F. Plump & Co. BHF-Bank Aktiengesellschaft Commerzbank AG Danske Bank A/S Deutsche Bank Private-Und Geschaeltskunden AG Deutsche Bank AG Deutsche Bank Trust AG HSH Nord Bank AG JPMorgan AG Joh. Berenberg, Gossler Und. Co. KG Korea Exchange Bank Landesbank Baden-Wuerttemberg Sparkasse Hannover Sparkasse Krefeld Sparkasse Nuremberg SEB AG Unicredit Bank AG (Hypabereinsbank) Volksbank Remscheid-Soligen Eg Volksbank Reutlingen EG	 INDONESIA Bank of Tokyo-Mitsubishi UFJ Ltd. The Bank Mandiri (Persero) PT Citibank N.A. Hongkong and Shanghai Banking Corp. Ltd. JPMorgan Chase Bank, N.A. PT Bank Pembangunan Daerah Jawa Timur Tbk Standard Chartered Bank	 KOREA, REPUBLIC OF Bank of Nova Scotia The Busan Bank Daegu Bank Ltd. The Hana Bank Hongkong & Shanghai Banking Corp. Ltd. JPMorgan Chase Bank NA Kookmin Bank Korea Exchange Bank Kwangju Bank Limited The National Bank of Pakistan Shinhan Bank Standard Chartered Bank Wells Fargo Bank N.A. Woori Bank
 CANADA Bank of Nova Scotia BNP Paribas Canada Habib Canadian Bank HSBC Bank Canada Korea Exchange Bank of Canada Royal Bank of Canada	 HONG KONG AB International Finance Limited Axis Bank Limited Banca Monte Dei Paschi Di Siena Spa Bank of America, N.A. Bank of New York, The Bank of Nova Scotia, The Bank of Tokyo-Mitsubishi UFJ Ltd., The BNP Paribas Citibank N.A. Commerzbank AG EBL Finance (HK) Limited HBZ Finance Limited Hongkong and Shanghai Banking Corp. ICICI Bank Limited	 IRELAND Citibank Europe PLC Danske Bank A/S Wells Fargo Bank International	 KSA Islamic Development Bank JPMorgan Chase Bank, N.A. Saudi British Bank, The
 CHINA, PEOPLES REPUBLIC OF Bank of China Bank of Hebei Bank of New York Mellon, The Bank of Nova Scotia, The Bank of Ruifeng Bank of Taizhou Co. Ltd. BNP Paribas (China) Ltd. China Everbright Bank Citibank (China) Co. Ltd. Commerzbank AG HSBC Bank (China) Co. Ltd. Jiangsu Jiangnan Rural Commercial Bank Co. Ltd. JPMorgan Chase Bank (China) Company Ltd. Jiangsu Jiangyin Rural Commercial Bank Korea Exchange Bank Laishang Bank Co., Ltd. Ningbo Yuyao Rural Cooperative Bank Ping an Bank Co. Ltd.		 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 Dellemlia Romagna Banca Popolare Di Marostica Banca Popolare Di Sondrio Banca Popolare Di Vicenza SCPA Banca Popolare Valconca Banca Popolare Dell Etruria E Dell Lazio Banca UBAE SPA Banco Di Napoli SPA	 KUWAIT Citibank N.A. National Bank of Kuwait
		 LUXEMBOURG Danske Bank International A/S	 MALAYSIA Bank of Nova Scotia Berhad Citibank Berhad HSBC Bank Malaysia Berhad JPMorgan Chase Bank Berhad Malayan Banking Berhad (Maybank) Standard Chartered Bank

 MALDIVES Bank of The Maldives PLC	Habib Bank Limited Hongkong and Shanghai Banking Corp. ICICI Bank Limited JPMorgan Chase Bank NA Korea Exchange Bank Mizuho Bank Ltd. National Bank of Kuwait S.A.K., The Nordea Bank Finland PLC Skandinaviska Enskilda Banken AB (Publ) Standard Chartered Bank Sumitomo Mitsui Banking Corporation Unicredit Bank AG (Hypobayerische) United Overseas Bank Ltd.	Hongkong & Shanghai Banking Corp. Ltd. JPMorgan Chase Bank, N.A. Krung Thai Bank Public Company Ltd. Mizuho Bank Ltd. Standard Chartered Bank Sumitomo Mitsui Banking Corporation	Wells Fargo Bank N.A. Wells Fargo Securities Int'l Ltd.
 MALTA AKBank T.A.S.			 UZBEKISTAN Central Bank of The Republic Uzbeki National Bank for Foreign Economic
 NEPAL Himalayan Bank Limited Nepal Bangladesh Bank Ltd			 VIETNAM Asia Commercial Joint Stock Bank HSBC Bank (Vietnam) Limited Joint Stock Commercial Bank for Inv. & Development JPMorgan Chase Bank, N.A. Korea Exchange Bank Vietnam Technological and Commercial JOI Woori Bank
 NETHERLANDS ABN Amro Bank N.V. Bank of America N.A. Commerzbank AG Deutsche Bank AG Deutsche Bank Nederland N.V. Korea Exchange Bank	 SLOVENIA Dezelna Banka Slovenije D.D. Nova Kreditna Banka Maribor D.D. Unicredit Bank Slovenia D.D.	 TURKEY AK Bank T.A.S. AlternatifBank AS Asya Katilin Bankasi AS FinansBank A.S. HSBC Bank A.S. Turk Ekononi Bankasi A.S. Turkiye Garanti Bankasi AS	
 NEW ZEALAND Bank of New Zealand General Equity Building Society		 U.A.E. Abu Dhabi Commercial Bank PJSC Axis Bank Limited Citibank N.A. Emirates NBD Bank PJSC Habib Bank AG Zurich Habib Bank Limited Mashreqbank PSC Noor Islamic Bank PJSC Standard Chartered Bank United Bank Limited	 BANGLADESH AB Bank Limited Agrani Bank Limited Al-Arafah Islami Bank Limited Bangladesh Bank 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 Sonal Bank Limited Southeast Bank Limited South Bangla Agriculture & Commerce Bank Limited Standard Bank Limited Standard Chartered Bank State Bank of India Trust Bank Limited Union Bank Limited United Commercial Bank Limited Uttara Bank Limited Woori Bank
 NIGERIA Guaranty Trust Bank Plc.	 SOUTH AFRICA Citibank South Africa NED Bank Limited		
 NORWAY Danske Bank A/S DNB Bank ASA Nordea Bank Norge ASA Sparebank 1 SR-Bank ASA	 SPAIN Banco De Sabadell S.A. Banco Santander S.A. Bank of Tokyo-Mitsubishi UFJ Ltd. The Bankia S.A. CAIXABANK S.A. Caja Espana De Inversones Commerzbank AG Laboral Kutxa NCG Banco S.A.	 U.S.A. Bank of America, N.A. Bank of New York Mellon The Bank of the West Bank of Tokyo-Mitsubishi UFJ Ltd. The BNP Paribas USA Brown Brothers Harriman and Co. Cathay Bank Citibank N.A. 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 RBS Citizens NA Standard Chartered Bank Sterling National Bank Sumitomo Mitsui Banking Corporation UMB Bank N.A. Union Bank NA US Bank Wells Fargo Bank N.A. Woori Bank Woori America Bank	
 OMAN Bank Dhofar (S.A.O.G) BankMuscat SAOG	 SRI LANKA ICICI Bank Limited Nations Trust Bank Ltd. Seylan Bank PLC Standard Chartered Bank		
 PAKISTAN Bank Al Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Summit Bank Limited	 SWEDEN Danske Bank DNB Bank ASA Nordea Bank AB (PUBL) Skandinaviska Enskilda Banken Svenska Handelsbanken SWED Bank		
 PANAMA Korea Exchange Bank	 SWITZERLAND Banque Cantonale De Geneve Banque De Commerce Et De Placements BNP Paribas (Suisse) SA Habib Bank AG Zurich UBL (Switzerland) AG Valiant Bank Zurcher Kantonal Bank		
 PHILIPPINES Asian Development Bank Hongkong & Shanghai Banking Corp. Ltd. JPMorgan Chase Bank, N.A. Korea Exchange Bank	 TAIWAN Bank of New York Mellon The Bank of Nova Scotia Chang Hwa Commercial Bank Ltd. Citibank Taiwan Limited Deutsche Bank AG 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)			
 QATAR Doha Bank Masreqbank			
 ROMANIA Unicredit Tiriac Bank SA			
 RUSSIAN FEDERATION Necklace Bank Limited			
 SINGAPORE Axis Bank Limited Bank of America, N.A. Bank of Nova Scotia, The Bank of Tokyo-Mitsubishi UFJ Ltd. The BNP Paribas BNP Paribas Wealth Management Citibank N.A. Commerzbank AG Deutsche Bank AG DBS Bank Limited Emirates NBD Bank PJSC First Commercial Bank			
	 THAILAND Bangkok Bank Public Company Ltd. Bank of Ayudhya Public Company Limited Bank of Tokyo-Mitsubishi UFJ Ltd. The Citibank N.A. Export-Import Bank of Thailand		



ATTENDANCE SLIP



Head Office : BDBL Bhaban (8th -10th , 16th -19th Floors), 8, Rajuk Avenue, Dhaka-1000

ATTENDANCE SLIP

I hereby record my attendance at the **38th Annual General Meeting** of International Finance Investment & Commerce Bank Limited being held on **Wednesday, June 17, 2015 at 11.00 a.m. at Bashundhara Convention Centre-2 (Pushpanjoli), Block # C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka.**

Name of the Shareholder(s) :

Folio/BO ID No.

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



Head Office : BDBL Bhaban (8th -10th , 16th -19th Floors)
8, Rajuk Avenue, 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 & 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 38th Annual General Meeting of the Company scheduled to be held on **Wednesday, June 17, 2015 at 11.00 a.m. at Bashundhara Convention Centre-2 (Pushpanjoli), Block # C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka** and at any adjournment thereof.

In witness whereof I/We set my/our hand(s) on this theday of.....2015.

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).**



Head Office : BDBL Bhaban (8th -10th , 16th -19th Floors), 8, Rajuk Avenue, Dhaka-1000

ATTENDANCE SLIP FOR PROXY-HOLDER

I hereby record my attendance at the 38th Annual General Meeting of International Finance Investment & Commerce Bank Limited being held on **Wednesday, June 17, 2015 at 11.00 a.m. at Bashundhara Convention Centre-2 (Pushpanjoli), Block # C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka.**

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.