Assalamu Alaikum

The Board of Directors of IFIC Bank Limited with immense pleasure takes this opportunity of presenting the Directors’ Report along with the Audited Financial Statements for the year ended 31 December 2019 before you on the occasion of 43rd Annual General Meeting (AGM) of the Bank. The Report and Financial Statements of the Bank have been prepared in accordance with the regulations, standards & relevant sections mentioned in the Company Act, 1994, the Bank Company Act, 1991 (amended up to 2018), Bangladesh Bank circulars & guidelines and other applicable rules & regulations of the respective Regulatory Authorities. A brief overview of Global and Bangladesh Economy, Bank’s performance, overall strength, growth trend and other matters have been incorporated.

1. Global Economy and its outlook

After the strong growth during 2017 and the first half of 2018, global economy slightly slowdown in the second half of 2018. International Monetary Fund (IMF) in its World Economic Outlook (WEO) April 2019, cut down its global growth forecast with downside risks, blaming the escalation of trade tension between the United States and China, loss of momentum in Europe and uncertainty surrounding Brexit. Global growth picked at 3.8 percent in 2017, softened to 3.6 percent in 2018 and projected to decline further to 3.3 percent in 2019 before returning to 3.6 percent in 2020. Growth for 2018 was revised down by 0.1 percentage point from 3.7 percent forecast of October 2018 outlook. The forecasts for 2019 and 2020 are marked down by 0.4 and 0.1 percentage point respectively.

For the emerging market and developing economy group, growth is expected to down tick to 4.4 percent in 2019 from 4.5 percent in 2018 and projected to rise to 4.8 percent in 2020. Despite rising headwinds, growth in Emerging Asia is expected to slowed slightly to 6.3 percent in 2019 and 2020 from 6.4 percent in 2018. Growth in China is projected to slow due to impact of lingering trade tensions with the United States. The Indian economy is projected to rebound to 7.3 percent in 2019 and 7.5 percent in 2020 supported by the continued recovery of investment and robust consumption. Global energy prices have decreased since the release of the October 2018 World Economic Outlook (WEO), mostly driven by lower oil prices. Price of base metals have increased due to supply disruption. Prices of agricultural goods have increased somewhat. Consumer price inflation have decreased across advanced economies, given the drop in commodity prices. In advanced economies, inflation is expected to decline to 1.6 percent in 2019 from 2.0 percent in 2018.

According to the IMF, the global growth may face further downward revisions. Key sources of downside risk to the outlook include: rising inequality, weak investment, rising protectionism in trade, climate change and risk from cyber security. However, the growth will be stabilized later this year if the downside risks do not materialize and the policy support put in place become effective. Table 1.1 highlights the global output growth:

<table>
<thead>
<tr>
<th>Economic Area</th>
<th>Actual</th>
<th>Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>World Output</td>
<td>3.8</td>
<td>3.6</td>
</tr>
<tr>
<td>Advanced Economics</td>
<td>2.4</td>
<td>2.2</td>
</tr>
<tr>
<td>USA</td>
<td>2.2</td>
<td>2.9</td>
</tr>
<tr>
<td>Euro Area</td>
<td>2.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Japan</td>
<td>1.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Emerging Market and Developing Economics</td>
<td>4.8</td>
<td>4.5</td>
</tr>
<tr>
<td>Emerging and Developing Asia</td>
<td>6.6</td>
<td>6.4</td>
</tr>
<tr>
<td>China</td>
<td>6.8</td>
<td>6.6</td>
</tr>
<tr>
<td>India</td>
<td>7.2</td>
<td>7.1</td>
</tr>
</tbody>
</table>

Source: World Economic Outlook, April 2019, IMF
2. Bangladesh Economy

In spite of various national and international adverse situations, Bangladesh has been able to continue her economic development and high growth trend. According to the provisional estimate of Bangladesh Bureau of Statistics (BBS), GDP growth for FY2018-19 reached 8.13 percent. On the other hand, according to the final estimate in FY2017-18, the country's growth rate was 7.86 percent. In FY2018-19 per capita GDP increases to US$152 compare with the previous fiscal year and raises at US$1,927. Likewise, per capita national income increased to US$1,909 in FY2018-19 from US$1,751 in FY2017-18.

Both public and private investment increased in FY2018-19 from previous fiscal year. The total investment rose to 31.56 percent in FY2018-19, which was 31.23 percent in FY2017-18. In FY2018-19, public sector investment is 8.17 percent and private sector investment is 23.40 percent of GDP.

In FY2018-19, growth of revenue collection is at satisfactory level. In this fiscal year revised target for revenue receipt was set at Tk. 3,16,599 crore (12.48% of GDP). Out of this amount tax revenue from NBR sources was marked at Tk. 2,80,000 crore (11.04% of GDP), tax revenue from non-NBR sources at Tk. 9,600 crore (0.38% of GDP) and non-tax revenue at Tk. 27,000 crore (1.06% of GDP). Against these targets as per the provisional estimates of Integrated Budget and Accounting System (iBAS++), in the first eight months of the current fiscal (July-February 2019) total revenue receipt stood at Tk. 1,56,136 crore. It is 49.32 percent of the revised target of total revenue receipt and 10.06 percent more than the same period in preceding fiscal year. In this amount tax revenues received to Tk. 1,38,275 crore, up by 8.88 percent from the previous year. The amount of nontax revenue raised to Tk. 17,861 crore, which is 20.15 percent more than the same period of last fiscal year.

As per the revised budget, the expenditure for FY2018-19 has been targeted at Tk. 4,42,541 crore (17.45% of GDP). Of which operating expenditure Tk. 2,66,926 crore (10.52% of GDP), food account Tk. 282 crore, loans and advances Tk. 1,884 crore and development expenditure Tk. 1,73,449 crore (6.84% of GDP). Annual Development Program (ADP) expenditure has been fixed at Tk. 1,67,000 crore (6.58% of GDP) in development expenditure. As per the iBAS++ provisional data, the total expenditure up to February 2019, stood at Tk. 1,74,114 crore. Out of this amount operating expenditure was Tk. 1,27,659 crore and ADP expenditure was Tk. 41,424 crore. Operating expenditure and ADP expenditure increased to 22.21 percent and 22.39 percent respectively in compare with the same period of the previous fiscal year.

The monetary policy stances for FY2018-19 aimed at attaining price and macro-financial stability along with sustainable growth. The monetary policy of FY2018-19 was formulated in order to keep inflation below 5.6 percent as well as attaining GDP growth rate at 7.8 percent. The monetary policy puts emphasis on inclusive, employment supportive and environment-friendly initiative for attaining sustainable economic growth.

Lending interest has been decreasing since 2017. On the other hand, deposit interest has been increasing gradually. The weighted average lending rate decreased to 0.15 percentage point within one year (9.55 percent at February 2018 and 9.40 percent at February 2019). Conversely, the weighted average deposit rate increased to 0.16 percentage point during the same period. The interest rate spread decreased to 4.06 percent at February 2019 from 4.37 percent of February 2018.

The export earnings of Bangladesh stood at US$30,903.00 million during July-March of FY2018-19, which is 12.56 percent higher than the export earnings during same period of FY2017-18. Ready-made garments and knitwear product have significant contributions to the country's total export earnings. On the contrary, total import payments of Bangladesh in FY2018-19 (July-February) stood at US$40,895 million, which is US$2,180 million higher than previous year.

Bangladesh Bank maintained stability in retaining foreign exchange reserves. At the end of 30 April 2019, the gross foreign exchange reserves stood at US$32.12 billion. The weighted average inter-bank rate stood at Tk. 83.85 per US dollar on 28 February 2019, which was Tk. 82.10 per US dollar in FY2017-18 resulting in a depreciation of 2.83 percent.

3. Banking Industry in 2019

The banking industry in Bangladesh has even gone a step further by promoting financial inclusion of the very poor in rural areas of which microfinance and microcredit are the policy instruments to achieve that objective. This has helped to expand the monetization of the rural economy, and as a consequence it has become more market-oriented. Such market orientation of the rural economy also facilitated continuous resource transfer from rural areas to urban areas. Now the biggest threat to achieving sustained economic growth has become the banking industry itself, especially the state-owned banks. This is despite Bangladesh adopting internationally recognised banking practices such as Basel III Accord.

Bangladesh’s financial sector is facing a liquidity crunch due to a number of factors on the demand and supply side. In addition, governance issues within the banking system have led to high levels of non-performing loans (NPLs), leading to a lack of trust for the banking industry.

The country’s current weighted average deposit and lending rate is 5.56 percent, respectively, and 9.59 percent. Commercial banks also earn revenue from exchange and
The urgency of narrowing the
Policy of Bangladesh Bank

3.1 Highlights of Monetary
remarkable activity in recent times.
& agent banking has been a
banking applications already to
established their own internet
services. Several banks have
goods, and launching technology-
procedures, developing new
changed their institutions in
leadership has significantly
There are instances where bank
Bangladesh’s banking industry.
are really motivating within
A good number of instances
are included, the share of NPL goes up to about 20 per cent.

A number of instances are really motivating within Bangladesh’s banking industry. There are instances where bank leadership has significantly changed their institutions in terms of improved infrastructure, procedures, developing new goods, and launching technology-driven payment and finance services. Several banks have established their own internet banking applications already to provide services. Mobile banking & agent banking has been a remarkable activity in recent times.

3.1 Highlights of Monetary
Policy of Bangladesh Bank

The two key monetary policy objectives (inflation containment within targeted ceiling and supporting attainment of targeted real GDP growth) were well achieved in FY19 (July 2018-June 2019); with end June 2019 CPI inflation at 5.47 percent (below the targeted 5.60 percent ceiling), and strong 8.13 percent real GDP growth (against target of 7.80 percent).

The urgency of narrowing the sudden spiking (3.2 percent of GDP) in FY18 balance of payment current account deficit was also handled successfully (1.7 percent of GDP in FY19). Policy actions in FY19 also eased off lingering stresses from the FY18 liquidity crunch in private sector banks, restoring full normalcy in interbank Taka and USD money markets.

FY19 growth in broad money, domestic credit and its private sector component moved along programmed directions but with significantly lower trajectories, in close alignment with those in other fast growing East Asian and South Asian economies. Attainment of high real GDP growth with moderating broad money and domestic credit growth indicates a welcome decline in frothiness of unproductive dubious quality lending in the domestic credit market, signifying turn towards maturation of the credit market in its role more typical of middle income economies.

Even as headline 12-month average CPI inflation was declining in FY19, its ‘core’ (non-food, non-energy) component crept up to 5.48 percent by June 2019; BB’s in-house projections and public perception revealed in quarterly inflation expectation surveys signify persistence of inflationary pressure, leaving no room for complacency.

In this context, BB’s FY20 monetary policy stance and monetary program will as always cautiously accommodate monetary and credit expansion needs of all productive pursuits for attaining the FY20 real GDP growth target of 8.2 percent while also keeping CPI inflation contained within the targeted ceiling of 5.5 percent.

As always, BB will in FY20 be closely monitoring both magnitude and direction of credit flows to diverse sectors and subsectors of the economy, and continue promotion and support for inclusive, adequate credit flows to under-served sectors/niches promising for job creation in productive pursuits. Priority of green transition of output practices for environmental sustainability will also continue to be in focus. BB’s refinance support lines for promotion of these priorities in lending will be replenished and expanded as necessary, within the monetary and credit expansion envelope of FY20 monetary program.

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 aboard. In 1983 when the Government allowed banks in the private sector, IFIC was converted into a full-fledged commercial bank. The Government of the People’s Republic of Bangladesh now holds 32.75% of the share capital of the Bank and the rest of the share capital is held by the sponsors/directors, local and foreign institutions and general public shareholders.

A total of 148 branches and 35 new Uposhakhas of IFIC are dedicated to fulfill the Mission of providing services to the clients with the help of a skilled and dedicated workforce. As one of the leading banks of the banking sector in the country, IFIC is always committed to the welfare and economic prosperity of the people and the community.

4.1 Client as Trusted & Development Partner
IFIC Bank recognizes customers as partners and aims at providing high quality products and services at a very competitive price. The
Bank focuses on the Customer Service Excellence (CSE) while providing those products and services with the optimum desire to gain total customer satisfaction and confidence. The Bank hopes to build reliability, trust and friendship through honesty and integrity for a healthy long-term alliance.

The Bank takes charge of every client to make him/her an advanced partner through addressing his/her banking needs and wants to provide best services at affordable prices.

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

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

5.0 Financial Performance of IFIC Bank Limited

5.1 Financial Review
After a rally of growth over the past few years, the banking sector of Bangladesh has passed the year 2019 as a period of internal consolidation to sustain the achievements as well as competitive year in terms of increasing regulatory enforcements and monitoring by the central bank for deposit-lending rate and liquidity management. Regardless of a relatively stable political atmosphere banking sector suffered by increased bad debts, which rose to 9.32% (approx.) by the end of the year 2019. Despite all such challenges IFIC adopted prudential policies and measures to strengthen its financial health in its quest to attain long term sustainable growth. The prime focus during the year has been improving asset quality, secured investment, low cost deposits, optimum liquidity, recovering classified and written off loans, automation and process reengineering, upholding service excellence and rationalizing costs. Brief of key indicators (standalone basis) are stated below:

- Balance sheet size reached at BDT 368,046 million including off balance sheet exposure
- Deposit growth 14.1%
- Lending portfolio growth 10.5%
- NPL was 5.37% (Y2018: 6.16%)
- Net Interest Income grew by 40.3%
- Operating profit increased by 31.5%
- Profit before tax increased by 46.1%
- Net profit increased by 55.6%

5.2 Financial Position
Along with existing liquidity crisis of banking sector due to demand and supply factors, IFIC bank continued to step forward with remarkable growth throughout the year of 2019. A review of the financial position (standalone basis) of the bank as at 31 December 2019 is presented below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2019</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Bank Balance</td>
<td>24,582</td>
<td>28,077</td>
<td>-12.4%</td>
</tr>
<tr>
<td>Investments</td>
<td>45,500</td>
<td>31,304</td>
<td>45.3%</td>
</tr>
<tr>
<td>Loans and Advances</td>
<td>228,589</td>
<td>206,930</td>
<td>10.5%</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>6,384</td>
<td>5,438</td>
<td>17.4%</td>
</tr>
<tr>
<td>NBA &amp; Other assets</td>
<td>11,896</td>
<td>11,325</td>
<td>5.0%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>316,950</td>
<td>283,073</td>
<td>12.0%</td>
</tr>
<tr>
<td>Borrowing</td>
<td>8,216</td>
<td>9,969</td>
<td>-17.6%</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>2,800</td>
<td>3,500</td>
<td>-20.0%</td>
</tr>
<tr>
<td>Deposits</td>
<td>258,368</td>
<td>226,364</td>
<td>14.1%</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>22,969</td>
<td>21,124</td>
<td>8.7%</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>24,597</td>
<td>22,116</td>
<td>11.2%</td>
</tr>
<tr>
<td><strong>Liabilities &amp; Equity</strong></td>
<td>316,950</td>
<td>283,073</td>
<td>12.0%</td>
</tr>
<tr>
<td>Contingent Liability</td>
<td>51,095</td>
<td>60,436</td>
<td>-15.5%</td>
</tr>
</tbody>
</table>

BDT in million
As the main source of funding of the Bank, deposits stood at BDT 258,368 million (+14.1%) at the end of Y2019 vis-à-vis BDT 226,364 million of year 2018. Mobilising low cost deposits was one of the distinct characteristics of the Bank which results development of its core deposits 16.4% more over last year with 122.2% growth of IFIC flagship products “IFIC Aamar Account”. On the other side Bank focused more on household deposits as a result at the end of Y2019 total household deposits stood at BDT 138,818 million (+29.4%) vis-à-vis BDT 107,260 million of Y2018.

Lending portfolio of the bank stick up at BDT 228,589 million (+10.5%) in 2019 where as in the year 2018 it was BDT 206,930 million. The growth in the loan book was an outcome of Bank’s efforts and combined participation in Corporate and concentrate on retail based mortgage finance.

5.3 Status of Asset Quality
IFIC Bank maintains its approach of careful selection of borrower and strong credit assessment process with non-compromised strategy in question of assets quality which results better asset quality over prior year. NPL of the Bank at the end of year 2019 was 5.37% vis-à-vis 6.16% of year 2018. The Bank classifies its assets as performing and non-performing in accordance with Bangladesh Bank’s guidelines.

5.4 Financial Performance
Operating under a controlled regulatory framework as well as implied pressure to boost up business growth; it’s really a competitive surroundings. IFIC committed to build up its policies to increase the capacity to remain sustainable in the long run. IFIC Bank posted impressive growth of financial result in the Y2019. A summary of standalone basis financial performance of the bank for the year 2019 is provided below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2019</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>6,398</td>
<td>4,560</td>
<td>40.3%</td>
</tr>
<tr>
<td>Non-Interest Income</td>
<td>4,722</td>
<td>4,441</td>
<td>6.3%</td>
</tr>
<tr>
<td>Operating income</td>
<td>11,120</td>
<td>9,001</td>
<td>23.5%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>5,999</td>
<td>5,106</td>
<td>17.5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>5,120</td>
<td>3,895</td>
<td>31.5%</td>
</tr>
<tr>
<td>Loan loss provision</td>
<td>943</td>
<td>1,035</td>
<td>-8.9%</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>4,476</td>
<td>2,859</td>
<td>46.1%</td>
</tr>
<tr>
<td>Provision for tax</td>
<td>1,734</td>
<td>1,289</td>
<td>34.5%</td>
</tr>
<tr>
<td>Net profit after tax</td>
<td>2,444</td>
<td>1,570</td>
<td>55.6%</td>
</tr>
</tbody>
</table>

At the end of year 2019, Net interest income (NII) which contributed 57.5% of total operating income increased by 40.3% compared to the year 2018 as bank maintain healthy spread over prior year.

Non-interest income which contributed rest 42.5% increased by 6.3%. Higher interest earning from government securities has influenced the increment compared to last year. During the year 2019, Bank recovered BDT 602 million from written-off accounts which was adjusted with loan loss provision in line with the Central Bank guidelines, rather showing as income. In the event it shown under category of income, non-interest income growth would be 15.6% in place of existing 6.3%.

In total operating income increased by 23.5% and operating expense increased by 17.5%.Resulting which Bank posted 31.5% growth of its operating profit over last year. However, inclusion of BDT 602 million write off recovery in other income and excluding of charges on loan loss of BDT 758 million from operating expense, growth of operating profit of the Bank was 55.4%.

Bank maintained adequate provision in line with Bangladesh Bank guidelines in Y2019 against its lending and investment portfolio and other assets. Total provision expense of the bank decreased by 8.9% in 2019 compared to Y2018 due to reduction of NPL ratio by (-0.79%).

The Bank earned (+ 46.1%) growth of Profit before Tax (PBT) during the year 2019 and stood at BDT 4,177 million vis-à-vis BDT 2,859 million of Y2018 due to higher level of NII and lower loan loss provision expense.

Total tax provision increased by (+34.5%) due to higher level of operating profit and deferred tax effect on newly adopted IFRS 16: Leases.

Finally Bank posted its profit
after tax (PAT) at BDT 2,444 million at the end of Y2019 representing 55.6% higher over Y2018 due to healthy spread, effort of write-off recovery and maintaining operating expense at certain level.

The increase in profit had an impact on ROA and ROE to increase to 0.81% and 10.46%; respectively in FY2019 as opposed to 0.59% and 7.40% in FY2018.

At the end of Y2019 Consolidated PAT of the Group i.e. Bank, its Subsidiaries and Associate stood at BDT 2,828 million vis-à-vis BDT 1,650 million at the end of Y2018 mostly influenced for BDT 554 million i.e. +38.4% enhanced post acquisition profit from associates.

5.5 Quarterly Financial Performance
As a part of our governance and compliance processes and practices, the Audit Committee of the Board and the Board itself review the quarterly financial performance of the bank, both on standalone and consolidated basis over the year. The Board Audit Committee and the Board of Directors (BOD) continuously monitor and evaluate both financial and non-financial performance of the bank and the group.

During the year 2019, the Board Audit Committee reviewed the quarterly financial statements and BOD approved the same before disclosing it to stakeholders. The quarterly financial performance of the Bank maintained a steady growth in all the first 3 (three) quarters. In 4th quarter total operating income jumped mostly attributed to interest income on treasury bill/bond. On the other hand, operating expenses also remarkably increased due to charges of loan loss, expansion of Bank’s outlet and publicity expenditure. However aggregate, during 2019, both the standalone and consolidated results showed consistent, steady and expected growth with respect to many performance parameters.

5.6 Extra-ordinary gain/losses
The Bank didn’t earn any extra-ordinary gain/loss during the year 2019.

5.7 Status of Capital Adequacy – Basel III

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Y2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>1,338</td>
<td>1,821</td>
<td>1,689</td>
<td>1,551</td>
<td>6,398</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>1,032</td>
<td>1,023</td>
<td>1,111</td>
<td>1,556</td>
<td>4,722</td>
</tr>
<tr>
<td>Operating Income</td>
<td>2,370</td>
<td>2,843</td>
<td>2,800</td>
<td>3,107</td>
<td>11,120</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,110</td>
<td>1,240</td>
<td>1,185</td>
<td>2,464</td>
<td>5,999</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,259</td>
<td>1,604</td>
<td>1,615</td>
<td>643</td>
<td>5,120</td>
</tr>
<tr>
<td>Loan loss provision</td>
<td>486</td>
<td>351</td>
<td>461</td>
<td>(354)</td>
<td>943</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>774</td>
<td>1,252</td>
<td>1,154</td>
<td>997</td>
<td>4,177</td>
</tr>
<tr>
<td>Net profit after tax</td>
<td>532</td>
<td>689</td>
<td>701</td>
<td>521</td>
<td>2,444</td>
</tr>
</tbody>
</table>

In terms of regulatory requirements, IFIC is under an obligation to keep a minimum capital requirement to sustain its business growth. At the end of year 2019 Bank maintained an optimum capital to risk weighted asset ratio (CRAR) at 12.80% on standalone basis and 13.42 on consolidated basis against the requirement of 12.50%.

Capital adequacy position of the Bank as on 31 December 2019 in comparison with the year 2018 (standalone basis) are furnish below:

Tier-I capital and Tier-II capital ratio as on 31 December 2019 stood at 10.28% and 2.52% respectively on standalone basis, and 10.94% and 2.48% respectively on consolidated basis. The bank needs to grow this regulatory capital further through retaining the existing capital as long as feasible.

5.8 Disclosure on Credit Rating
As per Bangladesh Bank’s guidelines and notifications of Bangladesh Securities and Exchange Commission, IFIC Bank conducts its credit rating each year with due disclosure. According to Bangladesh Bank’s BRPD Circular No. 06 dated 5 July
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2006 and in order to improve the risk management and corporate governance frameworks as well as to safeguard the interests of investors, depositors, creditors and shareholders, the bank was rated by Emerging Credit Rating Limited (ECRL) for the year ended 31 December 2019 and by Credit Rating Agency of Bangladesh (CRAB) for the year ended 31 December 2018. The latest and previous rating of the Bank is furnished below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31 December 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating Company</td>
<td>ECRL</td>
<td>CRAB</td>
</tr>
<tr>
<td>Long Term</td>
<td>AA</td>
<td>AA_</td>
</tr>
<tr>
<td>Short Term</td>
<td>ST-2</td>
<td>ST-2</td>
</tr>
<tr>
<td>Outlook</td>
<td>Stable</td>
<td>Stable</td>
</tr>
<tr>
<td>Date of Rating</td>
<td>29 June 2020</td>
<td>27 June 2019</td>
</tr>
<tr>
<td>Validity</td>
<td>30 June 2021</td>
<td>30 June 2020</td>
</tr>
</tbody>
</table>

5.9 Contribution to National Exchequer
According to the law of country, IFIC contributed to national economy through collecting government revenue and depositing through national exchequer and complying with the laws. IFIC regularly pays corporate tax on time, sometime even before it falls. Bank also deposit excise duty, withheld tax and VAT to govt. exchequer on time deducted from customers, employees’salary as well as on bills from third parties including vendors. During the calendar year 2019 IFIC contributed BDT 4,549 million to national exchequer as tax, VAT and excise duty.

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct Tax</th>
<th>Indirect Tax</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Withholding Tax</td>
<td>Corporate Tax</td>
<td>VAT</td>
</tr>
<tr>
<td>Y2019</td>
<td>2,299</td>
<td>1,661</td>
<td>313</td>
</tr>
<tr>
<td>Y2018</td>
<td>2,007</td>
<td>1,057</td>
<td>312</td>
</tr>
</tbody>
</table>

5.10 Related party Disclosure
The bank conducts transactions with related parties in the normal course of business. The nature of related party transactions are either loans and advances or deposits or other services made with the bank at an arm’s length price or fair market value. Details of related party transactions are disclosed separately in ‘Annexure – F’ of audited financial statements.

5.11 Preparation of Financial Statements and the Annual Report
- Proper books of accounts as required by law have been maintained
- Appropriate accounting policies have been consistently applied in preparation of the financial statements
- Accounting estimates and underlying assumptions are made on reasonable ground and prudent judgment and are reviewed on an ongoing basis
- The Financial Statements (FS) of the Bank are prepared in accordance with applicable International Financial Reporting Standards (IFRSs) and relevant circulars/instructions issued by Bangladesh Bank and any departure therefrom has been adequately disclosed
- The main emphasis of IFIC is placed on the integrity and quality of its financial statements. When drafting the annual report, true and fair presentation is prioritized as per prevailing laws of the land.
- There is no significant doubt upon the Bank’s ability to continue as a going concern. IFIC has neither intention nor the need to liquidate or curtail materially the scale of its operations. Hence, the financial statements of the Bank have been prepared on the going concern basis and will continue in operation for the foreseeable future.

A declaration on Financial Statements for the year ended on 31 December 2019 by the Managing Director & CEO and the Chief Financial Officer to the Board of Directors of the Bank has been disclosed in this Annual Report.

5.12 Protection to minority shareholders
IFIC Bank has established an appropriate and effective internal control environment through the Board of Directors, management and organisational and independent audit mechanisms in order to ensure protection of minority shareholders interest from any abusive actions by, or in the interest of, controlling shareholders acting...
either directly or indirectly have effective means of redress.

5.13 Appropriation of Profit and Dividend
In the year 2019, Earnings Per share of the Bank was BDT 1.66 (standalone basis) and BDT 1.92 (consolidated basis). Adequate regulatory capital is the pre-condition for sustainable business growth of the bank. To keep in mind and strengthening the capital base as per Basel – III, the Board of Directors has recommended 10% stock dividend for the year 2019, subject to approval at the forthcoming Annual General Meeting. The dividend for the year 2019 is declared out of profit of the year or any other undistributed profits and dividend is not declared from capital reserve or revaluation reserve or out of profit earned prior to incorporation of the Company or through reducing paid up capital or through doing anything so that the post- dividend retained earnings become negative or a debit balance.

5.14 Five Years Performance
The bank has achieved its intended balance sheet growth as well as sustainable profit growth over the last 5 (five) years. All the ratios and results thus calculated reveal that Bank is running well above the level of different parameters set by the respective guidelines of Bangladesh Bank. Details of all the key financial highlights of the bank for the last 5 (five) years are disclosed in this Annual Report.

5.15 Management’s Discussion and Analysis
A Management’s Discussion and Analysis signed by the Managing Director & CEO of the Bank has been presented with detailed analysis of the Bank’s financial position and operations in this Annual Report.

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

The overseas joint venture operations have not only brought a positive image for the Bank in the international arena, but also contributed a lot to its profitability. A pen picture of the existing overseas joint venture operations of the Bank is furnished hereunder for information of the Honourable Shareholders.

6.1 Nepal Bangladesh Bank Limited
Nepal Bangladesh Bank Limited, a joint venture commercial bank between IFIC Bank Limited and the Nepali Nationals, started its operation with effect from 06 June 1994 in Nepal with 50% equity from IFIC Bank Limited. The Bank has so far opened 95 (ninety-five) branches at different important locations in Nepal. IFIC Bank presently holds 40.91% shares in Nepal Bangladesh Bank Limited.

The profitability of Nepal Bangladesh Bank Limited is in the increasing trend and recently, it has declared 7% Cash Dividend & 5% Stock Dividend for the FY 2018-19 for its Shareholders.

6.2 Oman Exchange LLC
Oman Exchange LLC, a joint venture between IFIC Bank Limited and the Omani Nationals, was established in 1985 to facilitate remittance by the Bangladeshi wage earners from the Sultanate of Oman. IFIC Bank holds 49% shares in the Exchange Company and the balance 51% is held by the Omani sponsors. The operations of the branches are fully computerized having online system. The Exchange Company has a network of 12 (twelve) branches covering all the major cities/towns of Oman. In the meantime, the company has established direct remittance services with 9 (nine) countries, such as, Bangladesh, India, Indonesia, Nepal, Pakistan, Philippines, Qatar, Sri Lanka and U.A.E.

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

To meet the Minimum Capital Requirement of the State Bank of Pakistan, the overseas branches of IFIC in Pakistan was merged with a reputed leasing company named National Development Leasing Corporation Ltd. (NDLC) and emerged as NDLC-IFIC Bank Limited with effect from 02 October 2003 and it was subsequently renamed as the NIB Bank Limited with effect from 28 November 2005. In 2017 NIB Bank Limited again merged with MCB Bank Limited and IFIC Bank now holds 175,508 shares of MCB Bank Limited.

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

6.5 Correspondent Banking Relationship
IFIC Bank Limited has a wide range of correspondent network across the world to facilitate smooth foreign trade transactions. The Bank maintains 27 (twenty-seven) Standard Settlement Instructions (Nostro Accounts) involving 7 (seven) currencies, e.g. AUD, ACU-D, CHF, EUR, GBP, JPY and USD at important financial centers. Total correspondents of IFIC Bank stands at 422 (both local & foreign) as on 31 December 2019.

6.6 Foreign Remittance
IFIC Bank handles both inward and outward foreign remittances. 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 the Electronic Fund Transfer (EFT) arrangement. Inward foreign remittance business amounted to BDT 17,450 million (equivalent to USD 210.24 million) in 2019.

To facilitate inward foreign remittance in Bangladesh from the United Kingdom, a fully owned subsidiary Exchange Company of the Bank was incorporated as IFIC Money Transfer (UK) Limited which finally commenced its operation in London, UK from August 2011. Moreover, IFIC Bank has ensured greater access to the unbanked 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 as the remittance distribution agents of the Bank throughout the country.

Recently, IFIC Bank has executed a remittance agreement with the Western Union, USA for inward foreign remittance business. IFIC Bank has remittance arrangements with the following 09 (Nine) Exchange Companies to cater the inward foreign remittances from abroad, including Bank’s own and its joint venture Exchange Company:

- Oman Exchange LLC, Oman
- IFIC Money Transfer (UK) Limited, UK
- Placid NK Corporation, USA - global company
- Multinet Trust Exchange LLC, UAE
- Al Fardan Exchange, UAE
- Sigue Global Services Ltd. (SMT) - global company
- Xpress Money Services Ltd., UK
- Trans-Fast Remittance LLC, USA
- Western Union - global Company

7. SME Performance
IFIC Bank is now maintaining its SME portfolio by serving the customers through a network of 183 outlets.

7.1 SME Portfolio
In order to remain focused on the Cottage, Micro & Small Enterprises, IFIC Bank has deployed 58% of its total SME portfolio i.e. BDT 16,384 million in this sector and the remaining 42% amounting to BDT 11,864 million has been deployed in the Medium Enterprise sector. At the end of 2019, the SME portfolio of the Bank stands at BDT 28,248 million.

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

7.2 Key loan Products of SME

<table>
<thead>
<tr>
<th>Product Name</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFIC-Krishi Shilpo</td>
<td>Loan for Agro-based Industry</td>
</tr>
<tr>
<td>IFIC-Shilpo Sohay</td>
<td>Loan for Cottage &amp; Micro Industry</td>
</tr>
<tr>
<td>IFIC-Shilpo Shongaj</td>
<td>Loan for Manufacturing &amp; Service Industry</td>
</tr>
<tr>
<td>IFIC-Protyasha</td>
<td>Loan for Women Entrepreneurs</td>
</tr>
<tr>
<td>IFIC-Prantonari</td>
<td>Loan for Grassroots Women Entrepreneurs</td>
</tr>
</tbody>
</table>

7.3 Sustainable Financing
To promote sustainable growth in economy, IFIC Bank has financed BDT 7,048 million in Green Industry & Green Building projects under Green Establishment Catagory. Besides, the Bank has also financed in the Domestic Bio-gas plants, Commercial Bio-gas plants, Vermin Compost, Brick Kiln Efficiency Improvement Projects and Fire Fighting & Safety Equipment projects under other Green products catagory.

7.4 Financial Inclusion activities
IFIC Bank performs Financial Inclusion activities by undertaking the following programs:

7.4.1 10 Tk. Account Holders Loan
As a part of helping the government in achieving Sustainable Development Goals, IFIC Bank has disbursed BDT 7.24 million under 10.00 Taka account program during 2019 to serve the small/marginal/low income professionals/traders.

7.4.2 School Banking Account
IFIC Bank has been promoting the school banking program since 2014. The cumulative number & volume of school banking accounts are 12,810 and BDT 104 million respectively by the end of 2019.

7.5 Agri. Credit
At the end of 2019, total Agricultural Credit stood at BDT 3,249 million through disbursement in the following Agri. Loan products:

<table>
<thead>
<tr>
<th>Name</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFIC-Suborno Gram</td>
<td>Loan for crops, fisheries &amp; livestock</td>
</tr>
<tr>
<td>IFIC-Sech Soronjam</td>
<td>Loan for irrigation equipment</td>
</tr>
<tr>
<td>IFIC-Krishi Soronjam</td>
<td>Loan for cultivation instrument</td>
</tr>
</tbody>
</table>

7.6 Sector Wise Agriculture Loan as on 31.12.2019

<table>
<thead>
<tr>
<th>Sector</th>
<th>Amount in BDT Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crops</td>
<td>331.67</td>
</tr>
<tr>
<td>Fisheries</td>
<td>757.31</td>
</tr>
<tr>
<td>Livestock</td>
<td>599.24</td>
</tr>
<tr>
<td>Others</td>
<td>1,560.72</td>
</tr>
</tbody>
</table>
IFIC Bank’s Retail Banking Division began its journey in 2012 with the aim of broadening the Bank’s reach and horizons in the Banking sector of Bangladesh. This required a marked shift in strategy and dimensions. The evaluation and analysis process led to the development of “IFIC Aamar Bari” in 2015 as a response to the demand for quality housing for the growing economy. Finally, the continued efforts came to be fruitful and IFIC, now has become the pioneer and market leader in Home Loan products in Bangladesh. IFIC Bank has proved itself to be a game changer through the development of other innovative products that have changed the landscape of the local retail banking industry and positioned it in the minds of the people of the country as a reliable and trustworthy partner.

8.1 Business Transformation in 2019
The dimension of Retail Banking has changed dynamically in the year 2019. In order to build sustainable development over the years thought leadership of the Management is navigating us through a new path which enables to move the Retail Banking towards many successes. IFIC Bank has taken a bold new step of moving towards the Retail Banking as the means of driving the Bank’s growth. By replacing the previous methodology, the Bank has ensured a safer and more sustainable pattern of growth that will not only benefit the stakeholders and the employees, but the future of the country as well.

8.2 Building Retail Ecosystem
The Retail Banking has proven itself to be the face saving for IFIC as it has grown to have a large share of business by providing the perfect ecosystem for Retail Banking products to thrive. Due to the nature of Retail Banking, where deposits and loans are divided into thousands of accounts and of varying amounts of money, it enables us to help more of the population while also minimizing and distributing own risks.

8.3 Driving Products
As a part of this, Bank’s flagship product “IFIC Aamar Account” has made a history while another groundbreaking product such as “IFIC Shohoj Account” is paving the way for financial inclusion in the banking industry. “IFIC Aagami” has proven to be a successful means for the population to secure futures, whereas “IFIC Aamar Bari” has added a new dimension in the banking landscape of the country by fulfilling the dream of owning a home.

8.4 IFIC Aamar Account
IFIC Aamar Account, a groundbreaking innovation in the banking industry, was launched in the year 2016. To overcome the hassle of maintaining multiple accounts and to avoid unnecessary expenses on account of various fees/charges & government duties, IFIC Bank has introduced an interest bearing account which has brought the ultimate solution for making deposits as well as availing loan (overdraft) facility into a single account.

"আইফিক আমার বাড়ি একাউন্ট" has a pay-off line “সুবিধা যেন তাই, হিসাব একটাই". As of 31 December 2019, the total balance of “IFIC Aamar Account” stands at BDT 32,361.38 million with a total of 1,09,018 accounts.

Product Communication Highlights:
- An interest bearing Relationship Account with OD facility
- Deposit & credit (overdraft) enable in a single account
- Attractive interest rate on both deposit and loan amount
- Single Card will work both as a debit card and a credit card
8.5 IFIC Shohoj Account

With the view of creating access for the unbanked and underbanked population to the full range of financial services at an affordable rate and with minimum risk through a competitive financial marketplace, IFIC has introduced a new product namely, IFIC Shohoj Account. The product is a deposit account with high return for the unbanked and underbanked savings-oriented group. Therefore, the product has been developed to minimize account opening barriers, enabling free services along with other limited functionalities.

"আইএফসি শোহোজ একাউন্ট" was launched in the year 2019 with pay-off line "হিসাব খুলুন, এপিচে চলুন". As of 31 December 2019, the total balance of "IFIC Shohoj Account" stands at BDT 136.86 million with a total of 5,967 accounts.

Product Communication Highlights:
- Minimum account opening balance
- Interest bearing deposit account
- Attractive interest rate
- Free enrolment in Digital Banking
- Eligible for micro-finance loan

8.6 IFIC Aamar Bari

IFIC Bank participates in fulfilling one’s dream into reality, to build their own identity, their own home in the year 2014. The competitive interest rate combined with quick and hassle free processing has made a big sound in the banking landscape of Bangladesh by providing best in class service and benefits. The Bank also has taken initiatives to develop the whole country by contributing in the Urban as well as Rural areas.

The dream fulfilling product is named “আইএফসি আমার বাড়ি” with pay-off line “আমার বাড়ি তৈরি করুন, একটি স্পন্দন তৈরি করুন”. As of 31 December 2019, an amount of BDT 46,852.54 million was approved wherein BDT 8,352.02 million approved for the rural area with a total of 8,089 customers.

Product Communication Highlights
- Competitive interest rate
- No hidden charge
- Facility to finance both in Urban & Rural areas
- Faster delivery
IFIC Bank feels pride in being the medium through creating a product for the future asset planners especially for the young professionals. IFIC Bank has launched a youth-centric product in 2017 that would provide an opportunity for the savers to take control of their future through their savings. By giving them the freedom of making monthly deposits and save at their own pace, IFIC Aagami (Newly named as IFIC Aamar Bhobishyat) has proven to be a versatile means for building their future.

“আইএফআইসি আগামী” has worked under Pay-Off line “আমার ভবিষ্যৎ” As of 31 December 2019, the total balance of “IFIC Aagami” stands at BDT 691.58 million with a total of 20,461 accounts.

**Product Communication Highlights:**
- Attractive interest rate
- Deposit now and avail loan with attractive discount in the future
- Discounted interest rate for any consumer loan

Considering the current economic condition of Bangladesh and the world as a whole, it makes sense to have solid and sustainable foundations in terms of a strong and mutually beneficial relationship between IFIC Bank and the people of Bangladesh. This exactly what the Management has been striving for and it is this vision that the Bank would like to continue in 2020 and beyond.

### 9. Alternative Delivery Operation

#### 9.1 ATM Services
IFIC Bank has introduced ATM Services from 2011 and till 2019 IFIC Bank has installed 82 ATM Booths having 93 ATMs all over the country. IFIC ATM Team is focused on providing digitized and 24/7 service model to its customers in a pleasant and secured manner. The Bank also has a special arrangement with Corporate Houses where ATMs have been installed to facilitate easy cash facility against their employee’s monthly salaries and to fulfill their other needs. The ATMs are capable of accepting not only the IFIC Debit & Credit Cards but also any cards from VISA (Local & International) Q-Cash & all Bangladeshi cards through NPSB. Currently the ATMs are also supporting the card-less payments of Mobile Financial Services for better financial inclusions.

**Initiatives during 2019**
- IFIC ATM Team has installed Trend Micro Safe Lock Intelligent Manager into all IFIC ATMs as endpoint protection to prevent unauthorized Access for the fraudulent users.
- Integration of IFIC ATM with bKash has widened the horizon of 2 crores of bKash customers for withdrawal of cash from their bKash account through using IFIC ATMs.

**Goals for 2020**
- IFIC is focused on ensuring the maximum usage of the ATMs and accordingly, the ATM Team is working to relocate 20 low volume offsite ATMs to high volume branches to reduce the cash transaction pressure over the counter.
- Engaged 3rd party for ATM Cash replenishment for better and smooth operations of the ATMs and also enhanced dispute management and reconciliation process.
- Implemented the Centralized CCTV Monitoring System so as to bringing all the ATMs under real time monitoring on 24/7 basis.
IFIC Bank has been issuing Aamar Card, the First dual currency debit card in the market. The card can be used both at home and abroad at any VISA Branded ATM & POS and Online payment sites. While the conventional foreign cards on the market are using multiple accounts to settle the transactions, IFIC Aamar Card’s transactions made in both local and foreign currencies are being settled using the single IFIC Aamar Account maintained in Bangladeshi Taka. The foreign transactions are performed under the Travel Quota limit provided against the passport of the customer, where the foreign currencies are settled with the Bangladeshi Taka account using the exchange rate of the bank. Till 2019, IFIC bank has issued 20,400 IFIC Aamar Cards to the customers.

2. It’s needless to say that the online transactions are increasing day by day. To meet the growing demand of online transactions, IFIC has extended the online transaction facilities for the customers. Customers can make transactions up to BDT 100K through any online payment sites in a day. The transactions are secured by VISA 3D Secured One Time Password (OTP).

3. IFIC Card Operations have introduced the automated fee deduction process for debit cards. Previously, debit card fee was deducted manually and the customers had to dial contact center to unblock cards for the failure of realizing the card fee through manual process. However, the system has been fully automated, where no cards are required to be blocked, rather the amounts are deducted directly. If there is no required balance in the account then it is blocked temporarily and the amount gets deducted automatically once the deposits are made such automation process has removed the manual hassles, increased customer satisfactions and finally assisted IFIC to generate more revenue.

Goals for 2020

- Easy Debit Card Onboarding Process focused on providing debit cards to the customers immediately after opening the accounts.
- Increase the channel of Debit Card requisition through SMS, Contact Center and Website.
- Increase the transaction approval rate and reduce both systems related and customer related errors.
- Automate the Debit Card issuance and maintenance related operational process to provide flawless and customer satisfactory services.

9.2 Card Services
IFIC Card is powered by VISA, world’s largest electronic payments network. IFIC Bank has been issuing VISA branded Credit Card, Debit Card & Prepaid Card which can be used both at home & abroad. Moreover, these cards are accepted at all terminals powered by Q-Cash & NPSB Network within Bangladesh. IFIC Cards can be used at any ATM Terminal displaying VISA/Q-Cash/NPSB Logo to avail cash withdrawal, Balance check, mini-statement, mobile top-up, PIN change and lots of other facilities. Moreover, these cards can be used at any merchant points across the country for purchasing of goods & services. International cards can be used globally through any VISA branded ATMs & POS at merchant locations. Moreover, IFIC cardholders can perform online transactions both at home and abroad. ATM and POS transactions are secured by Personal Identification Number (PIN), while the online transactions are secured through 3D Secured One Time Password (OTP). The Bank has 1,782 credit cards and 53,073 debit cards till December 2019.

Achievements during 2019

1. IFIC Bank has been issuing Aamar Card, the First dual currency debit card in the market. The card can be used both at home and abroad at any VISA Branded ATM & POS and Online payment sites. While the conventional foreign cards on the market are using multiple accounts to settle the transactions, IFIC Aamar Card’s transactions made in both local and foreign currencies are being settled using the single IFIC Aamar Account maintained in Bangladeshi Taka. The foreign transactions are performed under the Travel Quota limit provided against the passport of the customer, where the foreign currencies are settled with the Bangladeshi Taka account using the exchange rate of the bank. Till 2019, IFIC bank has issued 20,400 IFIC Aamar Cards to the customers.

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- Increase the channel of Debit Card requisition through SMS, Contact Center and Website.
- Increase the transaction approval rate and reduce both systems related and customer related errors.
- Automate the Debit Card issuance and maintenance related operational process to provide flawless and customer satisfactory services.

9.3 Contact Center
In order to provide service excellence to the customer, IFIC Bank has been operating 24/7 service hours since 2012. By simply dialing 16255 or 880 96667 16255, customers can avail banking services anytime from anywhere. Contact Center has now become an essential part of the Bank to maximize customer satisfaction through rendering excellent service in a timely and cost-efficient manner. IFIC Bank Contact Center Team is dedicated to provide various services that facilitate all other Departments of the Bank running their campaigns.

Achievements during 2019

- Implemented country standard IVR system from May 2019. The key features of which are:
  - Automatic voice response about the available service.
  - Dedicated channel of major services of the Bank.
  - Availability of ATPIN option by which the registered customer can be identified and served without further verification.
  - Available balance checking option without making interaction with any human being.
Dispute & Fraud Management

A Strong Dispute & Fraud Management team plays key role and providing significant support for smooth and secured card transactions. In 2019, Bank has taken various initiatives to minimize the fraud risks and handling disputes efficiently.

Achievements in 2019

- The Bank has adopted enhanced dispute management policy for capacity building of proactively indentifying and settling disputes instead of waiting for complaints to be lodged for reversal on the fund to customer’s account.
- Settle all the transaction disputes of IFIC Aamar Bank. For managing disputes of IFIC Aamar Bank, the Dispute management team is identifying all the failed transactions and reversing the fund back to the customer’s account within one business day.
- Settle all the bKash cash-out disputes through ATMs.

Goals for 2020

To minimize fraud, the Bank has taken initiatives to implement the following Projects:

- Ensure zero level of fraud in card transactions.
- Ensure the safety of plastic money through PCI-DSS Security.
- Ensure 100% SLA for Dispute Settlement.
- Reduce Dispute Settlement timeline.
- Round the clock suspicious transactions monitoring team.

### Dispute Resolution during 2019

<table>
<thead>
<tr>
<th>SL</th>
<th>Network</th>
<th>Number of Disputes</th>
<th>Charged Back Amount (In BDT Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NPSB</td>
<td>1,441</td>
<td>9.9</td>
</tr>
<tr>
<td>2</td>
<td>Q-Cash</td>
<td>557</td>
<td>5.46</td>
</tr>
<tr>
<td>3</td>
<td>Visa</td>
<td>30</td>
<td>0.13</td>
</tr>
</tbody>
</table>
10. Risk Management

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

The Board of Directors of IFIC has a clear understanding of the types of risks inherent in business lines and takes appropriate steps to ensure continued awareness of any changes in the level of risks. They have defined the risk appetite, risk tolerance and risk limit, and set risk strategies. The Board also ensures that the management is taking necessary steps to implement those strategies and manage associated risks. There exist the clear message from the Board of Directors for the management that risk management is not an impediment to conduct business nor a mere supplement to a company’s overall compliance program but is, on the contrary, an integral component of the company’s strategy, culture and value generation process.

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

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

10.1 Credit Risk Management

Credit risk is one of the major risks that is faced by the Bank. The Credit Risk Management Policy of the Bank addresses the following:

- Definition of Credit Risk, Types of loan facilities, facilities offered to corporate clients, discouraged business types/sectors.
- Detailed and formalized credit approval process.
- Risk identification, measurement, mitigation strategies, monitoring and control and acceptance criteria.
- Managing credit risk in the administration process.
- Management Information System for managing Credit Risk.
- Concentration limits on single party or group of connected parties, particular industries or economic sectors, geographic regions and specific products.
- Risk based pricing.
- Policies for the frequency and thoroughness of collateral verification and valuation.
- Review and approval authority of allowances for probable losses and write-offs.
- Guidelines on regular monitoring and reporting systems.

- Guidelines on management of problematic loans.
- Policies on loan rescheduling and restructuring.
- Strict monitoring of the Credit Portfolio from the sanctions of the loans as well as their recovery.

Segment Information

IFIC Bank maintains a balanced credit portfolio aimed at minimizing loan concentration in a particular sector through loan diversification and expanding product range. Considering the past economic trends of a particular sector and possible future prospects, IFIC Bank has identified the following industry and business segment focus:

- Encouraged Sectors
- Retained Sectors (Normal Growth)
- Discouraged Sectors (No Growth)

Credit Concentration Risk

Concentration of credit risk in asset portfolios has been identified as one of the major causes of bank distress. Concentration risk arises when a Bank invests most or all of its assets on a single or few individuals or entities or sectors or instruments. In order to avoid creation of such circumstances, IFIC Bank pays due attention to the following credit concentration risk areas:

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

Details of Accounts

Restructured

IFIC Bank restructures loans [classification status: UC & SMA] of the borrowers for a specific time period after realization of required down payments in order to facilitate the smooth repayment by the clients.

IFIC Bank strictly follows the following issues while considering applications of the borrowers for restructuring of the unclassified loans:
When a borrower asks for restructuring of his/her loan(s), the Bank meticulously examines the reason for loan restructuring.

Borrowers must pay required down payment.

Assess overall repayment capability of the borrower.

Review the borrower’s cash-flow statement, audited balance sheet, income statement and other financial statements in order to ensure whether the borrower would be able to repay the restructured installments/existing liability or not.

Assets disclosure given on operation & lease financing
Lease financing is made to acquire the assets selected by the borrower (the lessee) for hiring of the same at a certain agreed terms and conditions with the bank (the lessor). In such case, the Bank retains the ownership of the assets and the borrower possesses and uses the same on payment of rental as per contract.

10.2 Remedial Asset Management
The Remedial Asset Management (RAM) directly manages the Non-Performing Loans (NPLs) for recovery/regularization. Non-Performing Loans (NPLs) have become a worrisome issue for the Bank. NPLs have adverse effect on the day to day operation and overall profitability of the Bank. Bank’s growth is retarded if loans are classified resulting not only suspension of interest income, but also forces to arrange loan loss provisioning from the income of the Bank. Thus, a bank becomes weak and highly non-profitable due to the excessive NPL portfolio. So, the higher the NPL, the lower the net profit and vice versa.

The Bank has unlimited appetite for the recovery of NPLs and is exerting all-out efforts to chase NPLs, to arrest the upward trend and to keep the percentage of classified loans at an acceptable level to retain the asset quality. In order to achieve the organizational goals, the RAM, CRM and Law & Legal Affairs Divisions are working together to maximize the recovery of NPLs as well as to avoid new classification.

The Bank has a Recovery Policy approved by the Board of Directors for strengthening the recovery of Non-Performing Loans. To
streamline the recovery process and to reduce the lead time, the Bank has also devised a Standard Operating Procedure (SOP) as well as Standard Action Plan with specific “Time Frame” for different steps to be taken for the recovery from the NPL Accounts.

On the basis of Recovery Policy, SOP and related circulars of Bangladesh Bank, the RAM Division has undertaken the following steps for the recovery of NPLs as well as to increase the profitability of the Bank:

1. Close monitoring of the NPL Accounts as per Standard Operating Procedure (SOP).
2. Teleconference between RAM and Branch for devising appropriate Strategy and Action Plan for the recovery of NPLs.
3. Visiting the branches for communicating directly with the branch Officials and different defaulting borrowers for amicable settlement outside the Court by way of negotiation.
4. Monitoring of the Court cases through teleconference with the branches and dealing with the Lawyers to avoid unwanted delay for initiation of legal process.
5. Rescheduling of the NPL account(s).
6. Settlement of the NPL account(s) by allowing Waiver of Interest.
7. Writing-off Classified Loans.

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

A comparative position of recovery against Non-Performing Loans (NPL/NPLs) during the year 2018 and 2019 is given below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2019</th>
<th>2018</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovered by:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Cash</td>
<td>2,029</td>
<td>1,968</td>
<td>61</td>
</tr>
<tr>
<td>b) Re-scheduling &amp; Declassification</td>
<td>4,621</td>
<td>10,506</td>
<td>(5,885)</td>
</tr>
<tr>
<td>c) Waiver of Interest</td>
<td>136</td>
<td>58</td>
<td>79</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>6,786</strong></td>
<td><strong>12,532</strong></td>
<td><strong>(5,746)</strong></td>
</tr>
<tr>
<td>Total Loans &amp; Advances</td>
<td>228,589</td>
<td>206,930</td>
<td>21,659</td>
</tr>
<tr>
<td>Total Classified Loans &amp; Advance</td>
<td>12,266</td>
<td>12,740</td>
<td>(475)</td>
</tr>
<tr>
<td>Percentage of Classified Loans against Total Loans</td>
<td>5.37%</td>
<td>6.16%</td>
<td>(0.79%)</td>
</tr>
</tbody>
</table>

### 10.3 Foreign Exchange Risk Management

Foreign Exchange Risk arises when a bank holds assets or liabilities in foreign currencies that has a direct impact on the earnings and capital of the Bank due to the fluctuations in the exchange rates. No one can predict what the exchange rate will be in the next period, it can move in either upward or downward direction regardless of the estimates and predictions are being made. This uncertain movement in the exchange rates poses a threat to the earnings and capital of the Bank, if such a movement takes place in an undesired and unanticipated direction.

The commercial banks, actively deal in foreign currencies by holding assets and liabilities in foreign denominated currencies, are continually exposed to Foreign Exchange Risk. Foreign Exchange Risk of a commercial bank comes from its every trade and non-trade services. To provide a comprehensive guideline on foreign exchange exposure risk management in the context of a bank’s financial/treasury objectives, existing business activities and operating environment, a “Foreign Exchange Risk Management Policy” are required.

The Treasury Division of the Bank acts to minimize Foreign Exchange risk which is considered as one of its prime responsibilities. Moreover, the functions of the Treasury Front Office, Treasury Mid Office and the Treasury Back Office are clearly defined. The Treasury Front Office manages and controls the day-to-day trading and fund management activities and ensures the continuous monitoring of the level of assumed risk and takes necessary actions accordingly. The Mid Office and the Back Office are conducting operations from a separate location from that of the Treasury Front Office. To aim at maintaining a low level of risk, reporting lines of these three offices are being separated and made independent.

To minimize the Foreign Exchange Risk a number of steps have been taken by the Bank. The Bank has formulated Treasury Manual and Foreign Exchange Risk Management Policy as per the directives of Bangladesh Bank. The Bank has also formulated different strategies and set some limits for the Treasury Dealing Room to control Foreign Exchange Risk, e.g., Net Open Position (NOP) Limit (As...
set by Bangladesh Bank, Overall Gross Limit for forward transaction, Stop Loss Limits for per deal and per day, and the Counterparty Limits. The Treasury Division also analyzes the future risks that may arise from the adverse market movements and takes necessary steps for minimizing the risk of possible losses in order to maximize the profit of the Bank.

10.4 Asset Liability Management

Asset Liability Management (ALM) can be defined as a mechanism to address the risk faced by a bank due to a mismatch between its assets and liabilities across various time zones either due to liquidity or changes in the interest rates. Asset Liability Management (ALM) seeks to limit the risk to an acceptable level by monitoring and anticipating possible pricing differences between the assets and liabilities.

To mitigate various risks, the Bank has formulated its own ALM policy approved by the Board of Directors (BODs). Under the Bank’s ALM policy, the management and the BODs take necessary care as guided by the Central Bank. Asset and liability management process is managed by the Asset and Liability Management Committee (ALCO), comprising the senior management of the Bank, is primarily responsible for managing assets and liabilities under the set ALM policy.

The major responsibilities of ALCO are as follows:

- To ensure that bank’s measurement and reporting system accurately convey the degrees of liquidity and market risk;
- To monitor the structure and composition of a bank’s assets and liabilities and identify balance sheet management issues that are leading to under-performance;
- To decide on the major aspects of balance sheet structure, such as maturity and currency mix of assets and liabilities, mix of wholesale versus retail funding, deposit mix, etc.;
- To decide on how to respond to significant, actual and expected increases and decreases in required funding;
- To review maturity profile and mix of assets and liabilities;
- To articulate interest rate views of the bank and decide on balance sheet strategy;
- To approve and periodically review the transfer pricing policy of the bank;
- To evaluate market risk involved in the launching of new products;
- To review deposit-pricing strategy; and
- To review contingency funding plan for the bank.

The prime responsibility of the Asset and Liability Management (ALM) is vested on the “Treasury Department”, specifically on its ALM desk. The ALM desk is responsible for the day to day management of the market risk and liquidity risk of the Bank. The key responsibilities of the ALM desk are as follows:

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

ALM technique helps to manage the volume mix, maturity, rate sensitivity, quality and liquidity of assets and liabilities as a whole to attain a predetermined acceptable risk limit.

10.5 Internal Control and Compliance

The internal control framework is designed to manage the Bank’s risks within an acceptable risk profile, rather than completely eliminate the risk of failure to achieve the goals, align with the policies and gratifying the objectives of the Bank. It can only provide reasonable, rather than absolute assurance resulting in operating efficiency, compliance with regulations and conservation against material misstatements, disposition of assets or financial information or against financial losses and fraud.

The control system applies across the Bank’s all divisions, departments and branches of its operations, allowing the bank to foresee potential problems that may lead to incur possible financial losses and thereby help in preventing or minimizing any future problem. The internal control system consists of five interrelated components which are as follows:

a. The control environment refers to the foundational basis established by the Board of Directors and Management through policies, procedures, processes, standards and structures for carrying out internal controls in an organization. Elements under IFIC’s control environment include:

  -Active participation by those charged with governance as evidenced through regular meetings of its Board of Directors and Audit Committee;
  -Fostering an environment that consistently requires integrity and ethical behavior as evidenced by regular communication and confirmation of its Code of
Conduct and zero tolerance for illegal or unethical behavior;

- A formal well-defined organizational structure, setting out key areas of authority and responsibility and appropriate reporting lines that is relevant to the nature and size of the Company’s business.

b. Risk assessment refers to the process through which the Bank identifies and assesses risks affecting the effectiveness and efficiency of internal controls as well as affecting the achievement of its objectives. Risk assessment is a dynamic process and must occur at all levels of the organizational structure, ranging from branch and department level reviews of portfolios, functions and operations to MANCOM and ALCO meetings at the very top level of the management.

c. Control activities are the policies and procedures that help to ensure that the management directives are carried out. Control activities have various objectives and are applied throughout the Bank at all levels and in all functions such as authorization, reviews, reconciliation and verification.

d. Monitoring ensures that controls are operating as intended and they are appropriately modified in response to changing conditions. At IFIC, this is achieved through a variety of measures including ongoing monitoring which occurs in the course of, and as a part of, day-to-day operations as well as separate management reviews, evaluations and periodic internal audits of various departments and business functions. Although the Board of the Bank is primarily responsible for ensuring that the Bank has an adequate and effective control system in place, side by side, all employees are accountable for managing internal controls. Business and operational units, particularly departmental heads, are in charge of ensuring that internal controls are established, well-documented and maintained across his/her department.

e. The Internal Control and Compliance (ICC) Division acts as a second line of defense by conducting tests on the efficiency and effectiveness of the control systems through periodical audit. A prudently designed management structure, clearly defined responsibilities, delegation of authorities, risk awareness, establishment of accountability at each level and a system of periodic reporting and performance monitoring represent the key elements of the internal control framework established at IFIC. A well-structured and proactive risk management system is in place within the Bank to address risks relating to:

- Credit risk;
- Market risk;
- Liquidity risk;
- Operational risk;
- Business risk; and
- Money laundering and terrorist financing risk.

10.6. Prevention of Money Laundering & Combating Financing of Terrorism

Prevention of Money Laundering & Combating Financing of Terrorism in the context of the country and the rest of the world is a very challenging job and ensuring AML/CFT compliance in the banking business has become much more relevant than before.

Anti-Money Laundering Prevention Act, 2012 (amended up to 2015) and Anti-Terrorism Act, 2009 (amended up to 2013) have been enacted in Bangladesh and IFIC Bank Limited has been complying with all the rules and regulations related to AML/CFT issues since the beginning. Both the Acts have empowered Bangladesh Financial Intelligence Unit (BFIU) of Bangladesh Bank to perform the key role in combating ML/TF through issuance of the instructions and directives for reporting organizations/agencies as well as raising awareness in the financial sectors.

As per BFIU’s directives and with the approval of the Board, the Bank has prepared a comprehensive policy on ML & TF named “Money Laundering and Terrorist Financing Risk Management Guidelines – 2016” which was subsequently, amended in 2019. The Bank has its own Customer Acceptance Policy (CAP) which was also revised in 2018 as advised by the BFIU.

The Board of Directors and the Senior Management are very much aware of the consequences of Money Laundering and Terrorist Financing offences and therefore, due importance is given on the compliance issues for a balanced business activity and sustainable growth.

The AML compliance and its activities in the Bank are run by AML & CFT Department at Head Office. As per BFIU’s directives, the Bank has formed a Central Compliance Committee (CCC) comprising the Heads of different core business Department/Division. The CCC sets out AML & CFT strategies of the Bank and follow up the progress of implementation. The CCC seeks decision and prudent guidance from the Managing Director and CEO and the Board of Directors regarding ML & TF issues as and when required.

A DMD has been assigned as the Chief Anti Money Laundering Compliance Officer (CAMLCO) to supervise the overall AML & CFT compliance activities. The Deputy CAMLCO looks after the day-to-day AML functions as the Head of AML & CFT Department and assists the CAMLCO in devising AML goals, policies and programs.
The BAMLCOs of the 148 Branches carry out AML & CFT compliance programs of the Bank at Branch level. They are mainly responsible for ensuring KYC of the Customers, Risk Categorization of the Customers, Transaction/Structuring Monitoring, Screening of Sanctions List, arranging AML Meeting(s) at Branch level, Record Keeping and Reporting of Suspicious Transaction/Activity (STR/SAR).

As per BFIU's directives, the Bank has implemented goAML Software provided by the United Nations Office on Drugs and Crime (UNDOC) for Cash Transaction, STR/SAR, other required reporting and for communicating with the BFIU on AML/CFT issues. The Bank has also introduced Watch List Check (WLC) Software for screening different Sanctions list.

For creating awareness on AML/ CFT Laws, Rules, Regulations, Guidelines, Policies and Circulars issued by the regulators from time to time, the Bank has been arranging Regional as well as In-house Training on “Prevention of Money Laundering and Combating Financing of Terrorism with particular focus on Trade Based Money Laundering” for all levels of Officials (newly recruited/refresher) working in different Branches and at different Units/Departments/ Divisions of Head Office of the Bank. As per CCC’s directives, AML & CFTD Officials conduct inspections at the Branches for checking Records/Activities and creating awareness on AML & CFT issues as well.

11. Information and Communication Technology (ICT)

IFIC Technical Division has been instrumental in setting up the technological backbone towards the mission of becoming the best financial service provider through innovative, sustainable and the best in class delivery to all stakeholders. The division has been ensuring consistent business development by adopting new technology and providing quality and timely services. The division is committed to guarantee an uninterrupted customer experience to the valuable stakeholders.

The Division has achieved the following milestones in 2019:

- Launched the IFIC Digital Platform for the Customers generally known as “IFIC Aamar Bank”.
- Upgraded Bank’s Technology Infrastructure embracing cutting edge technology solutions.
- Upgraded “Core Banking System”
- Upgraded Bank’s Core Technology Network to best in class network topology known as “Software Define Network (SDN)”.
- Innovated the “Server Virtual Storage” for managing the incremental Server Storage Capacity.
- Developed various tools for the valued Customers satisfying their digital demands through the in-house programmers.
- Established Technology Network scheme for accommodating the Uposhakhas opened across the country.
- Implemented Interactive Voice Response (IVR) framework for Bank’s Customer Care Centre.
- Developed a creative product for the Customers known as “Dual Currency Aamar Card”
- “IFIC Insight” for the employee.
- Launched “IFIC Website” for the Customers and visitors

11.1 IFIC Aamar Bank

IFIC Bank is going through a progressive change by executing its Digital Banking Platforms to provide nourishment regarding the Customers’ needs from the advanced perspectives. In October 2019, the Bank launched one of the signature products “IFIC Aamar Bank” for the customers. The key features of “IFIC Aamar Bank” are overseeing account balance in the Comfort Zone (a unique feature in the Industry), checking exchange history, sending cash to IFIC and other bank account through EFT & RTGS, sending Credit Card payment to IFIC or any other bank’s Card account, moving cash between own/within IFIC Accounts, searching for close by branch and ATMs etc. The Bank is working on some well-known popular services to be integrated with IFIC Digital Channel Aamar Bank.

Bank had invested in robust security assessment of “IFIC Aamar Bank” before its launching to the public domain. This assessment was taken into account to eliminate the advanced digital vulnerabilities of the system. To protect the customer data security, the Bank had installed state-of-the-art Firewall devices to ensure protection of Bank’s system from any unethical access and digital attacks from the cyber security perspective. The Bank has implemented “Network Access Control (NAC)” system to protect any unauthorized access into the application and the Network devices.

11.2 Best in Class Technology Infrastructure

The Bank is always embracing new technologies with advanced facilities. The Technology Division has upgraded Bank’s Core Infrastructure Server to the latest IBM Server technology. The Bank has embraced “IBM Power 9” servers from the latest version of IBM Power Series. IBM POWER9 servers provide a Performance advantage with two times more threads in POWER9 cores than compared to x86 cores. With this implementation, the Core banking processing power has been increased to 49% over the past POWER7 servers which will ultimately minimise service downtime to the customers during any system maintenance.
11.3 Core Banking Software
IFIC Bank is using “Equation”, “FBParty” & “FBTeller” for the Core Banking System (CBS) for processing the customer transactions. The CBS has been upgraded to the latest versions supplied by the Software Partner “Finastra”, an International reputed software vendor located in UK. With the upgraded Core Banking version, the services towards the customers have been turned to highly satisfactory at Bank’s different Branches and Upoushakhas.
IFIC Bank is now processing around 5% of country’s foreign trade volume. Bank is using “Trade Innovation (TI+)” software of Finastra for managing its robust trade operation. The new version of Trade Innovation software was installed for better performance and easy management for/of its import/Export based transactions. It ensures effective and efficient risk management for sustainable foreign trade business growth of the Bank.

11.4 Software-Defined Networking (SDN)
SDN is a new and disruptive technology in the networking domain. Software-Defined Networking (SDN) is a network architectural approach that enables the network to be intelligently and centrally controlled, or “programmed,” using software applications. The Bank has implemented the SDN network topology for its Core and branch connected networks. This is helping the Bank to manage the entire network consistently and holistically, regardless of the underlying network technology. The solution has simplified the control of Network Management.
SDN virtualizes both the data and control planes allowing the user to provision physical and virtual elements from one location. It is also facilitating mobility in banking by using Internet and Mobile Banking.

11.5 Server Virtual Storage
Virtual Storage is a software-defined storage solution combining Compute, Storage and Networking in a single system. This solution simplifies the usage of software and servers to replace the traditional expensive, purpose-oriented hardware. Server virtualization Storage brings positive transformations, such as reduced hardware costs, improved server provisioning and deployment, better disaster recovery solutions, efficient and economic use of energy, and increased staff productivity. With the implementation of Virtual Server Storage, Bank has a provision of virtual server with storage and network within an hour. The system downtime has been minimized with this implementation.

11.6 Software tools for fulfilling digital demands
A number of software tools have been developed using the Bank’s internal technical resources to cater the digital demands from the Customers. Some of them are described hereunder:
- SMS Engine (Sends SMS for any transaction of an account)
- NID Verification application (Verifies the NID of a customer stored in the database of the Election Commission)
- Integration with IVR (Interactive Voice Response)
- Career Portal upgradation for the new entrants in Bank
- Customer Statement generation
- Transaction Alert via e-mail
- Card Requisition application etc.

11.7 Upoushakha Network
IFIC Bank has launched Upoushakhas across all locations in Bangladesh for reaching customers to ensure services to the urban/rural people. The Technology Division has ensured the network connectivity for these Upoushakhas by installing along with network configuration of core network infrastructures, routers & switches.

11.8 Interactive Voice Responsive (IVR)
Alternative Delivery Channel (ADC) Operations has implemented the
Interactive Voice Responsive (IVR) Customer Care solution for IFIC Bank, for the first time of its kind. The IVR system is accessed by Customers through TIN (Telephonic Identification Number) set by the Customer themselves and avail the services from the system. IFIC Customer Care can be accessed by dialing 16255, which provide 24x7 support on accounts, cards, SMS, Bank Statement, Aamar Bank and various deposit and loan related services to the customers.

11.9 IFIC Aamar Card
The Bank has designed the IFIC Aamar Card, a unique debit card scheme with dual currency facilities to its customers. This feature is the first of its kind in the Banking industry with the facility of performing transactions both at home and abroad, charge-free cash-withdrawal from a single Card in the Customer’s wallet. The brand visibility of the card has created a positive branding image for IFIC Bank.

11.10 “IFIC Insight” – Intranet for the employee
IFIC Bank has implemented an Intranet systems named “IFIC Insight”, the fundamental source of resources for the employees where they can view circulars, policies and procedures, all forms, products & service details, rates, access to all application, contact information, upcoming events, and any other pertinent information, all of which enables them to serve customers better by ensuring compliance and a high level of productivity.

11.11 IFIC Website
IFIC Bank is progressing to keep up with the evolving expectations and improving the customers’ experience and satisfaction by launching an interactive website in both Bengali & English version that contains all latest information relating to all innovative products & services, Digital Banking & SMS Banking Services, Investors’ Corner, Branch & ATM location, Contact Center Information, online product application and IFIC’s presence in the social networks in one place.

Bank’s goal with this Bangla/English website is to provide the visitors an easier way to know about IFIC Bank’s products & services and to browse information based on their own choice of language. The website is accessible through the https://www.ificbank.com.bd/ web address with a facelift to the Bank’s image. A language toggle bar is located at the top right corner of the website. The website is Mobile responsive and dynamic in nature. The customers can enjoy the uncluttered design of the website that is faster & easier to navigate and more user-friendly.

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 all of its stakeholders, the society and the environment as well.

IFIC Bank complies with the guidelines regarding composition of the Board of Directors, all of its Committees, terms of the Office of the Directors as well as competency and eligibility of the Directors as outlined by the Bangladesh Bank, the Companies Act, 1991 (Amended up to 2018). The Bank has also implemented the requirements of the Corporate Governance Code of the Bangladesh Securities and Exchange Commission as enumerated in its Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 03 June 2018.

Pursuant to the above Notification of BSEC, the compliance status of the Bank has been reported in this Annual Report for information. Some of the statements, i.e. brief resume of the Director(s) nature of their expertise & other relevant information, Directors’ remuneration, five years’ operating and financial data, the report regarding meetings of the Board of Directors and its Committees, the report on the pattern of Shareholding, Management Discussion and Analysis, etc. have been incorporated in this Annual Report for information of the Members, stakeholders and all statutory and market regulators.
13. Human Resource Management (HRM)

IFIC Bank always considers “human resources” as the most important factor that can add distinguishable value for survival in this competitive world. Therefore, the Bank puts high value on the development of the human resources to add an advantageous edge for driving the organization towards attaining its goals. The HRM Division takes the lead in fostering a positive work environment that places high value on the professional relationships based on fair, competitive and merit based qualities. The Bank recognizes individual contributions and does the best to turn those into resources.

HRM Division of the Bank is committed to ensure a resource pool by recruiting potential talents, side by side, developing and retaining them as high performers. The Bank has developed a diverse workforce by implementing progressive human resource management policies through organizational and employee development, compensation & benefits, HRIS and regulatory compliance.

With the rapid technological changes around the globe, automation has become crucial for the development of any organization, especially service-oriented business entities like Banks. Accordingly, IFIC Bank HRM Division has adapted to a wide ranging HR software which operates the central storage of HR data with a number of extensive workflows, notifications, process automation and analytical reports. It has also created a shared environment for the HR specialists, managers and employees in order to provide the effective management and compliance thereof.

IFIC Bank continuously works on restructuring its Organogram based on the volume of business, change of technology, automation of the process, business complexity and functionality, and places its employees at the right place through appropriate process. Continuous learning initiatives help the Bank to overcome employee skill deficiencies. All the efforts put together ultimately assists in maximizing the outcome from the bottom line.

13.1 Human Resource Planning

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

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

Internal Job Posting Circular enables the Bank to create more career opportunities for employees and enhances upward mobility within the organization. The Bank focuses to recruit dynamic potential young people through multistep merit-based recruitment and selection process so that they can turn into resources at the very next levels.

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

13.2 Training & Development

At IFIC Bank, it's believed that the employees would be equipped with all necessary skills to meet the ever-changing demands of this fast-faced and competitive industry. Therefore, the Bank aims to create a culture of continuous development to enable them to grow and succeed all through their careers. The investment made in training gives the employees a greater understanding of their responsibilities within their role and also provides an opportunity to expand their knowledge base. The training and development plans of IFIC are designed towards an inclusive training plan which ensures skill gap mitigation and leadership development.

Besides the in-house and customized training programs, employees of the Bank are sent to the training programs arranged by BBTA, BAB Research & Training Centre, BIBM and other reputed local training institutes. Management Trainee Development Program and Induction Program for new joiners are regularly conducted at IFIC. Both on the job and off the job training programs, Head Office orientation followed by case presentation as well as written and practical examinations have been conducted to make the training sessions more effective.

In 2019, a good number of participants have attended different foreign training and conference on Leadership Development, Strategic Management, Credit, Trade Processing, IT etc. in Singapore, India, Malaysia, Thailand and UAE.

More emphasis is given on control & compliance issues and ensured training on Money
To create an organizational culture of employee engagement, HRM Division organizes workshop on ‘Leading Teams’ in collaboration with Malaysian Institute of Management (MIM).

Furthermore, to enhance the Team Building & Leadership knowledge, skills & abilities necessary to become a future leader and to raise competencies in managing organizational challenges, HRM Division in collaboration with Dream Dare Do organizes training on “Team Building & Leadership”.

To acquaint the Officials with the inter-dynamics of relationship based marketing, insights on how to maximize relationship marketing opportunities and business outcomes & help them to develop their Banking Skills; HRM Division in collaboration with Malaysian Institute of Management (MIM) organizes Training Program titled “Relationship Based Marketing”.

Laundering Prevention Act, 2012, Money Laundering (Amendment) Act, 2015, Anti-Terrorism Act, 2009, Anti-Terrorism (Amendment) Act, 2013, Integrated Supervision System (ISS), Corresponding Bank’s Financial Crime Compliance Academy, Land & Loan Documentation etc. covering all the branches and Head Office. Also programs on gender equality and health awareness issues have been arranged during the year 2019.

Moreover, some customized programs were also conducted on Soft Skills Development for the concerned desk officials of IT, HR and Finance and Accounts.

In order to enhance the negotiation skills in sales and marketing, IFIC Bank has arranged a separate training program on Sales and Negotiation for the employees involved in relationship management.

Figure 1: Training

Figure 2 : Participants
**13.3 Employee Compensation & Benefits**

Formulation of “Compensation & Benefits Strategy” in IFIC Bank is very much challenging for ensuring HR Budget under control through effective utilization of the resources and maintaining the jobs within the competitive pay packages. The Management of the Bank believes that attractive Salary & Benefits packages bring competitive edge in the industry for both the organization and the employees. In line with the Management’s mission & vision, the Human Resource Management Division always conducts both formal & informal benefits surveys in the industry to make them competitive.

**13.4 Competitive Pay Package**

The pay package is one of the most effective tools that really attracts the potential employees to consider the macro economic factors like cost of living expenditures, industry practices, bank’s capabilities etc. Bank’s overall competitive strategy ensures the nominal salary hike by cost of living adjustment which in fact works as a cover to protect the purchasing power of the employee while the Pay for Performance strategy highly encourages individual employee to boost up his/her performance. Modern and effective performance appraisal system based on the theory of Management by Objectives (MBO) triggers the performance of the employees. The Balanced Scorecard model are being followed in designing individual employees Key Performance Indicators (KPI) which has a direct impact on the overall business performance of IFIC Bank.

**13.5 Other Benefits of the Employee**

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

**13.6 Process Management for Compensation & Benefits**

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

**13.7 Employee Engagement Programs and Awards**

The Bank believes every employee to be a part of “IFIC Family” who are bonded to grow together to achieve common goals. Employee engagement activities are aimed at enhancing the employee-commitment and sense of belongingness towards the Bank. IFIC Bank regularly arranges programs like welcoming the newborn children of its employees and awards-giving ceremony for the meritorious children of its employees. It also celebrates the Pohela Boishakh, Hemonton Sondhya and Pitha Utshob as well as arranges Art Festival for the kids to contribute towards creating a supportive environment and to promote teamwork and fellowship.

**13.8 Health and Work-Life Balance**

IFIC Bank believes that healthy employees are more engaged and productive at their work. To ensure personal health and well-being of the employees, IFIC Bank has equipped its Branches and Head Office with modern health-safety equipment. The Bank periodically arranges wellness programmes for its employees with the assistance of external experts. It has already started providing emergency medical services to its employees at the Head Office. It has arranged medical insurance facilities for its employees as well as their family members under a Health Insurance Scheme. Moreover, the Bank provides Earned Leave, Maternity Leave and Mandatory Annual Leave to the employee to maintain a healthy work and family life. The employee, specifically the female employees are always encouraged to leave office after completing their assigned tasks on schedule time.

**13.9 Grievance Management**

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

The Bank treats every individual in the same manner at a given circumstance and deals with grievance issues fairly and reasonably. The Bank has specific guidelines to redress all the grievances and resentment of the employees. The Bank encourages all the employees to be aware of what’s expected from them in terms of standards and the consequences likely to follow in the event of continued failure to establish transparency in the workplace.

**14. Law and Legal Affairs**

The Law and Legal Affairs Division acted efficiently throughout the year 2019 by extending various services to the Branches as well as different Departments/Divisions of Head Office in relation to legal matters. The businesses of the Bank increased significantly during the year 2019. Similarly, litigation relating to the recovery of bank’s dues and resolving various legal issues pertaining to the Branches
and the Head Office of the Bank had also been increased considerably.

In the context of such situation, the Law and Legal Affairs Division took versatile steps to resolve various legal issues in terms of quick disposal of pending Court Cases. In the process, the Division was able to dispose of as many as 82 Cases including 20 Writ Petitions resulting in recovering an amount of BDT 965.66 million from various accounts under litigation. Besides, the Law and Legal Affairs Division extended numerous legal services to the Branches and the Head Office well in time and consequently, the Branches and the Head Office were able to take effective steps for handling the litigated accounts.

Moreover, the Law and Legal Affairs Division also dealt with various sensitive cases filed by the Anti-Corruption Commission (ACC), the Customs Intelligence and Investigation Directorate (CIID), and the Criminal Investigation Department (CID) of Bangladesh Police against few employees of the Bank. In this connection, the Law and Legal Affairs Division pursued those matters rigorously in line with the relevant laws of the land.

On the other hand, various steps were taken by the Law and Legal Affairs Division to bring the whole work of the Division under the Soft Management System and as a part of that, a new Case Management Software had been installed in the Division during the month of June 2019. With the effective utilization of the said Software, it is expected that the overall productivity of the Law and Legal Affairs Division will be enhanced significantly in order to facilitate gradual conversion to a Digitized System through which the Bank will reap more benefits through disposal of the pending Court Cases and providing various legal services to the Branches and the different Departments/Divisions of Head Office in time and at the same time, the recovery of the classified loans from the litigated accounts will also be increased.

15. Enterprise Transformation

Enterprise transformation concerns a conscious and sustainable transition to a significantly higher level of business performance driving operational agility to respond to a changing marketplace. It triggers a fundamental shift in underlying capabilities, systems and processes that substantially alter an organization’s relationship with one or more key constituency, e.g., people, technology and processes to pursue finding newer ways of accelerating growth and profitability.

Enterprise Transformation is facilitating the digital platforms and syncing the stakeholders through timely delivery of projects, following industry standards in process, policy & guideline development, implementing quality processes, initiating process training for end-users to ensure compliance at work, unified services & forms, measure operational efficiency & control and conduct sanity checking to establish new business model in IFIC Bank that is closely aligned with the strategy and vision of the management.

Enterprise Transformation is harmonizing the business and the operational processes with the automation technology to shift tasks from being siloed and department-centric to being streamlined and universally accessible. It puts emphasis on the business intelligence through data mining, exploring, analyzing, visualizing and reporting to the management for transparent decision-making.

Enterprise Transformation proactively manages projects deliverable for the Core Banking System (CBS) as well as other banking applications as per business requirement under a project management framework and manages the CBS and other banking applications’ credentials and privileges in a controlled & secured environment.

16. Branch Expansion Program

During the year 2019, the Bank opened 1 (One) new rural Branch at Juri, Mouli Bazar (Dist.) to provide banking services to the customers. Thus, total number of Branches of the Bank stood at 148 including
1(One) new Branch throughout the country. Besides, the Bank opened 35 (Thirty Five) new Uposhakha at different locations of the country. Furthermore, 2 (Two) Branches and 2 (Two) parts of Head Office were relocated during the year 2019. For smooth business operation 4 (Four) Branches were fully renovated, 8 (Eight) Branches were partially renovated and new furniture were bought for 8 (Eight) Branches during the year of 2019.

For business expansion, 1 (One) new ATM Booth was established at Khilgaon, Dhaka. The Bank is planning to expand its network throughout the country by opening new Branches, Uposhakhas and ATM Booths in the year 2020.

17. Subsidiaries of IFIC
There are two subsidiaries of IFIC Bank Limited which are:

a) IFIC Securities Limited (IFICSL); and
b) IFIC Money Transfer (UK) Limited.

18. Branding and Promotional Activities
To make customers more familiar about our products & services and to create a sustainable brand image, IFIC Bank has undertaken various branding and promotional activities in the year 2019. Some glimpses of those activities are:

- IFIC Bank has celebrated its 43rd anniversary by undertaking a series of activities engaging its customers and different stakeholders at head office, branches and uposhakhas.
- To promote our benchmark products namely IFIC Aamar Account, IFIC Shohoj Account, IFIC Aamr Bari, numerous campaigns have been conducted across various mainstream medias.
- A good number of customers have joined in our Digital Banking Channel – IFIC Aamar Bank after widespread promotional activities.
  - IFIC has organized a Pitha Utshab at its Gulshan Branch premise, attended by customers, eminent personalities, Honorable shareholders and higher management personnel of the bank.
  - To increase bank’s brand visibility, many popular events and programs of different mainstream Television channels have been sponsored by the bank.
  - Benchmark product’s advertisements have been published in different magazines and souvenirs throughout the year.
  - The Bank has also sponsored various social and cultural events organized by different clubs, organizations, associations, theaters, universities nationwide. Some of the sponsored memorable events are 44th founding anniversary of Bangladesh Police, 15th anniversary of RAB, Awarding to meritorious children of Special Branch of Police, Shotokonthe Agiye Jabar Gaan by Sheikh Mujib Research Center, UK, “Gourabmoy Bijoy-2019” by Dhaka Metropolitan Police etc.

19. Corporate Social Responsibility
Corporate Social Responsibility (CSR) activities for the year 2019, are Mentioned below:

1. The Bank has donated to Anjum Mofidul Islam for completing 18 storeyed Anjuman Jr Tower Office space.
2. The Bank has donated to School of Gifted children at Sylhet as Financial assistance.
3. The Bank has donated Dhamura Degree College, Barisal for Giving Scholarship to poor but talented students & making boundary wall of the college premises.

4. The Bank has donated to law & Order Coordination Committee (CCTV Camera Surveillance Project, Gulshan).
5. The Bank has donated to Child Day care centre.
6. The Bank has donated to Bulla Shinhogram Girls High School to establish a trust fund for giving scholarship among poor but talented students.
7. The Bank has donated Hazi Alim Uddin school for giving scholarship among poor but talented students.
8. The bank has donated to 25th BCS Police Mr. Imran Mohammad Shadid (police Super) for his Medical Expenses.
9. The bank has donated 1,00,000 blankets to the Honorable Prime Minister’s Relief Fund to support the cold affected distressed people of the country.
10. The bank has donated to the Prime Minister’s Relief and Welfare Fund as financial assistance for the victims of the tragic fire incident of Churihatta, Chawkbazar.
11. The bank has donated Habigonj Nagorik Committee for Educational Scholarship and Free Medical Health Camp.
12. The bank has donated Social Welfare Alumni Association, University of Dhaka.

20. Business Focus
The principal activities of the Bank are banking and related businesses under the Bank Company Act, 1991 (Amended up-to 2018). The core banking businesses include accepting deposits and granting loans and advances out of those deposits and earning profit through creating value from gap between interest paid on deposits and interest earned on loans and advances. The depositors supply funds for loans and advances. The Bank collects deposits through deposit mobilization strategy comprising various deposit...
products. The Bank’s central revenue producing activities include all kinds of commercial banking products and services to the customers including project finance, working capital finance and trade finance for corporate customers, SME loans to small traders and businesses, House Building Loan, Car Loan as well as wide range of life-style and need based loans for retail customers. The Bank has been able to develop state-of-the-art IT platform and online banking systems facilitating Any Branch Banking, SMS Banking, Internet Banking, Any Time Banking for 24 hours a day and 7 days a week through ATMs.

2019 has been a year of significant progress for us. Building on our consistent track record of growth, the Bank shall continue to deliver a strong performance, both operationally and financially.

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

21. Shares of IFIC Bank Limited

The Authorized Capital and the Paid-up Capital of the Bank stood at BDT 40,000.00 million and BDT 14,726.13 million respectively as on 31 December 2019. A total number of 1,453,447,888 shares are recorded with the Central Depository of Bangladesh Limited (CDBL), while 19,164,720 shares still remain in scrip form till the Balance Sheet date.

The consolidated Net Asset Value (NAV) per share was BDT 18.02 as on 31 December 2019 which was BDT 16.08 as on 31 December 2018. The consolidated Earnings per Share (EPS) were BDT 1.92 for the year ended on 31 December 2019 as against BDT 1.12 as on 31 December 2018. The Market Capitalization of IFIC was BDT 14,578.86 million at the end of the year 2019 as against BDT 14,592.25 million at the end of the year 2018.

22. Dividend

The Board of Directors in its 773rd Meeting held on 24 June 2020 has recommended 10% Stock Dividend as Bonus Shares for the Shareholders for the year 2019 subject to approval of the Shareholders in the 43rd Annual General Meeting.

23. Appointment of External Auditors

In the 42nd Annual General Meeting of the Bank, “A” graded Chartered Accountants Firm M/s. Howladar Yunus & Co. was appointed as the External Auditors of the Bank for the year 2019 subject to approval of Bangladesh Bank. Subsequently, Bangladesh Bank approved the appointment of the External Auditors. Since M/s. Howladar Yunus & Co., Chartered Accountants have completed their second year of the audit and as recommended by the Audit Committee of the Board of the Bank, they are eligible for re-appointment in terms of the Bangladesh Bank’s Guidelines and the Directives of BSEC.

24. Appointment of Compliance Auditors

In the 42nd Annual General Meeting of the Bank, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants Firm was appointed as the Compliance Auditors of the Bank for the year 2019. Since M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants have completed their first year of the audit, they are eligible for re-appointment in terms of the Directives of BSEC.

25. Rotation of Directors

In order to comply with the provision mentioned under Section 91(2) of the Company Act, 1994 and Clause Nos. 109 & 110 of the Articles of Association of the Bank, at least one third of the Directors shall retire from the Office in the 43rd Annual General Meeting.

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

26. Dependability on Internal Control and Financial Reporting

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

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

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

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

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

As per the 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 on the Bank.

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

Accounting policies supported by judgments, estimates and assumptions in compliance with IAS and IFRS are applied to create the basis for the Bank to 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 the management and the internal auditors, the Directors are of the opinion that the internal financial controls are adequate and that the financial records may be relied upon for preparing the financial statements in accordance with IAS and IFRS, and to maintain accountability for the Bank’s assets and liabilities.

Through regulatory compliance and responsibilities within a Corporate Governance framework, minority Shareholders have been protected from abusive action by, or in the interest of the controlling Shareholders acting either directly or indirectly and have effective means of redress.

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

27. Acknowledgement

The success of the Bank is mainly attributable to the support and co-operation received from the different group of stakeholders. With the sincere and devoted efforts of all the Executives, Officials and Members of the Staff, IFIC Bank was able to maintain steady growth during the year 2019.

The Board of Directors takes this opportunity to thank them all for their efforts to make this happen. The Board expresses its profound gratitude to the Government of the People’s Republic 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 for smooth functioning of the Bank. The Board also thank them for their unwavering support and co-operation, and hope that their support and co-operation will be continued in the days ahead as well.

The Board gratefully acknowledges the support provided by the valued customers who have been with the Bank in the course of its journey. The Board also places on record its thanks and gratitude for the valuable contribution made by all the patrons and well-wishers of the Bank in attaining sustainable growth and progress. The Board also expresses its appreciations to M/s. Howladar Yunus & Co., the External Auditors of the Bank, for their efforts for timely completion of the audit of the Financial Statements of the Bank. The Board of Directors further extends its 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 of the Bank and assures them that the Bank will continue to add to the Shareholders’ value through the gradual increase of the business and retaining customers’ satisfaction for which they have placed trust and confidence.

For and on behalf of the Board of Directors

Salman F Rahman MP
Chairman