

Directors' Report

Directors' Report

Respected Shareholders,

As-salamu Alaikum,

Welcome to the 46th Annual General Meeting (AGM) of the Bank. The Board of Directors of IFIC Bank PLC is delighted to deliver the Annual Report and the Audited Financial Accounts for the year ended 31 December 2022 to you. The Annual Report has been prepared in accordance with Section 184 of the Companies Act of 1994, the Bank Company Act of 1991 (Amended until 2018), and the Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC), including the most recent notification, Bangladesh Bank, and other relevant rules and regulations of regulatory authorities. This report includes a brief summary of the global and Bangladeshi economies, the bank's performance, general strength, growth trend, and other issues. The Board of Directors believes that the Report will provide all stakeholders with fascinating insights into the bank's performance throughout the fiscal year under review.

1. Global Economy

The COVID-19 epidemic has had a significant positive impact on the world economy, but the conflict in Ukraine has increased commodity costs and slowed down economic activity. Forecasts for inflation and economic growth prospects have been updated by

international organizations. The world economy expanded by 5.5 percent in 2021, the fastest pace of growth since 1976, according to the UN's Global Economic Situation and Outlook 2022. The worldwide economic growth for 2022 and 2023 is predicted to be 4.1 and 3.2 percent, respectively, in the World Bank's Global Economic Perspective, January 2022. With growth in advanced countries predicted to fall from 5% in 2021 to 3.8% in 2022 and 2.3% in 2023, the sluggish growth rates between advanced nations and emerging and developing economies will diverge.

The impact on vulnerable economies is considerably worse, with output in weak and conflict-affected economies estimated to be 7.5% lower than its pre-pandemic average. Nevertheless, because the January projected conflict in Ukraine did not occur, the future prognosis will significantly depart from the above analysis.

The IMF projections for 2022 and 2023 are 0.8-0.2 percentage points lower than the January 2022 WEO update. Global growth is forecast to decline to 3.3 percent over the medium term beyond 2023, with advanced economies expected to grow by 3.6 percent. However, war in Ukraine is slowing down the growth trajectory, leading to high price levels and a 3.7 percent decrease in the US, Europe, Germany,

France, Japan and Canada.

The emerging market and developing economies are expected to increase by 3.8 percent in 2022, which is 1.0 percentage point lower than the projection issued in the January 2022 edition of the WEO. India is predicted to expand at the fastest rate in the group, at 8.2 percent, but China's growth prediction has been decreased from 4.8 percent to 4.4 percent. Emerging and emerging Europe is predicted to contract by 2.9 percent, 6.4 percent less than the January estimate, owing partly to the conflict in Ukraine. Russia is expected to contract by 8.5 percent in 2022 as a result of Moscow's invasion of Ukraine and its ramifications. Because of high oil prices, the economies of the Middle East and Central Asia have been revised upward, with Saudi Arabia having the greatest growth promise of 7.6 percent.

The worldwide macroeconomic picture is unclear as a result of the war-induced crises and the COVID-19 epidemic. The route of the epidemic, the military situation, policy measures, financial circumstances and commodity prices, and the economy's ability to respond to health-related barriers will all influence future events. The ebb and flow of these forces, as well as their interplay with country-specific features, will influence the rate of healing and the amount of scarring. Table 1.1 depicts the global growth scenario at a glance:

Table 1.1: Overview of World Output Growth Projections

(Percent Changes)

Economic Area	Actual	Projection Outlook, April, 2021		Difference from outlook Update, January, 2022	
	2021	2022	2023	2022	2023
World Output	6.1	3.6	3.6	-0.8	-0.2
Advanced Economies	5.2	3.3	2.4	-0.6	-0.2
USA	5.7	3.7	2.3	-0.3	-0.3
Euro Area	5.3	2.8	2.3	-1.1	-0.2
UK	7.4	3.7	1.2	-1.0	-1.1
Germany	2.8	2.1	2.7	-1.7	0.2
France	7.0	2.9	1.4	-0.6	-0.4
Japan	1.6	2.4	2.3	-0.9	0.5
Canada	4.6	3.9	2.8	-0.2	0.0
Emerging Market and Developing Economics	6.8	3.8	4.4	-1.0	-0.3
Emerging and Developing Asia	7.3	5.4	5.6	-0.5	-0.2
China	8.1	4.4	5.1	-0.4	-0.1
India	8.9	8.2	6.9	-0.8	-0.2
ASEAN-5	3.4	5.3	5.9	-0.3	-0.1

Source: World Economic Outlook, April 2022. IMF. Note: ASEAN-5: Indonesia, Malaysia, Philippines, Thailand and Vietnams.

2. Bangladesh Economy

Bangladesh's economy has grown significantly over the past decade, with GDP growth reaching 7.25% in FY 2021-22 and 6.94% in FY 2020-21. Consumption increased to 78.44%, gross investment was 31.68%, and public investment and private investment accounted for 7.62% and 24.06% of GDP respectively. Inflation was 5.56%, with food and non-food inflation accounting for 5.73% and 5.29% respectively. The revised revenue mobilization target was set at Tk. 3,89,000 crore, with revenue from NBR sources (9.78% of GDP), tax revenue from non-NBR sources (0.40% of GDP) and non-tax revenue (1.10%). The budget deficit was 4.7% and 4.3% respectively, with an actual budget deficit of 5.1% of current fiscal year.

This policy stance outlines the monetary and credit programme for FY 2021-22 based on the evolving internal and external macroeconomic and financial developments. The programmed growth of broad money (M2) was 15.0% and domestic credit growth 17.8%. However, public and private sector credit experienced 28.1% and 10.9% growth respectively in February 2022. The reduction in market-based interest rates has been due to the increase in excess liquidity available to banks and the reduction in interest rates, bank rate and refinancing scheme policies adopted by Bangladesh Bank. The Russia-Ukraine conflict has had a negative impact on world trade, leading to global trade instability and inflationary pressures.

Bangladesh's export growth is on a positive trend, with total export earnings increasing by 35.14% and total import payments increasing by 43.84%. The current account balance showed a deficit of US\$ 12,834 million due to expansion of trade deficit and a fall of workers' remittances, while the surplus of capital account balance and financial account balance both increased due to term loans received from the global development partner agencies. The foreign exchange reserve stood at US\$ 46 billion at the end of February 2022, and the exchange rate of Taka depreciated by 1.9% against US dollar.

Sector-wise Economic Progress

The Government of Bangladesh (GOB) has adopted short, medium, and long-term action plans to maintain food security. The target of food production is 465.83 lakh metric tonne (MT) in FY 2021-22, which was 466.35 lakh MT in FY 2020-21. To increase agricultural production, Tk. 9,500 crore has been allocated for subsidising fertilisers

and other agricultural activities. To overcome the shock of COVID-19, GOB has provided different supports under incentives packages to its industry sector, such as special fund for export oriented industries, working capital for the affected industries and service sector institutions, working capital to SMEs, and credit guarantee skims for SMEs.

The capacity of power generation reached 22,066 megawatts in January 2022, with 25,284 megawatts including renewable energy and captive. Natural gas met 62% of the country's total commercial use of energy, with 28 gas fields discovered and 9.30 trillion cubic feet of recoverable gas by January 2022. To meet the growing demands for natural gas and fuel oil, the highest emphasis is given on diversification of energy sources, particularly coal, LNG, dual fuel, atomic and renewable energy.

The development efforts to build a developed and integrated communication and transport infrastructure in Bangladesh are underway. The total length of highways is 22,433 km, and development projects such as Padma Bridge, Metro-rail, BRT, Dhaka Elevated Express way, Karnaphuli tunnel and some other mega-projects are being implemented. The total number of mobile phone subscribers and internet users exceed 18.15 crore and 12.28 crore respectively. Bangladesh Submarine Cable Company Ltd. (BSCCL) is providing 60% of the country's internet bandwidth. Reform initiatives such as financial sector reform, anti-corruption and preventative actions are being adopted and executed to promote balanced development and establish good governance.

Bangladesh has made significant progress in poverty mitigation in the last decade due to the devoted endeavors of the government and the successful execution of numerous public and private development activities. Despite the COVID-19 pandemic, the poverty situation in Bangladesh did not worsen to a scale of catastrophe. During January-September in 2021, the amount of FDI was US\$ 1,803.4 million.

In FY 2021-22, 763 projects were registered under joint venture investment (local and foreign) and the amount involved with the proposal was Tk. 1,08,022 crore. Total 454 business institutions are ongoing with production in 8 EPZs, and 77 industries are in the process of operation. The total investment amount in the EPZs is US\$ 5,858.02 million, and the total number of employment generation is 4,80,140

up to February 2022. Bangladesh is taking steps to combat environmental degradation and ensure economic growth.

A number of policies and development plans have been adopted to address environmental hazards and ensure a pollution-free eco-friendly environment. A masterplan for coming 20 years is under preparation to maintain environmental sustainability and achieve self-sufficiency in forest resource.

3. Banking Industry in 2022

In Bangladesh, 61 scheduled banks are performing their banking business with 10,938 branches as of February 2022. Of these total bank branches, the number of urban and rural branches are 5,624 (51.42%) and 5,314 (48.58%) respectively.

As of 2022, the banking industry in Bangladesh has faced challenges due to the ongoing pandemic and the economic slowdown, however, the industry has managed to maintain stability and growth.

One of the major achievements of the banking industry in Bangladesh has been its ability to maintain financial stability. The Bangladesh Bank, has implemented various policies and measures to ensure the soundness of the banking system. These measures include strict regulatory frameworks, effective supervision, and risk management practices. As a result, the industry has remained resilient and stable, despite the challenging economic environment.

Another positive aspect of the banking industry in Bangladesh is its continued growth. According to recent data, the total assets of the banking sector have increased by 8.5% year-on-year, reaching approximately 32.7 trillion taka. Similarly, the loan portfolio of the industry has grown by 9.8%, reaching approximately 23.9 trillion taka. This growth has been driven by increased demand for credit from various sectors of the economy, including agriculture, SMEs, and consumer loans.

Moreover, the banking industry in Bangladesh has also made significant strides in digital transformation. In recent years, banks in the country have increasingly adopted digital technologies and services, such as mobile banking, internet banking, and online payment systems. This has not only made banking services more convenient for customers but has also helped to improve the efficiency and effectiveness of the industry.

However, the banking industry in Bangladesh still faces several challenges. One of the key challenges is the high level of non-performing loans (NPLs) in the sector. According to recent data, the NPL ratio of the banking sector has increased to 8.3%, which is higher than the industry's target of 5%. This can be attributed to a variety of factors, including the economic slowdown, weak credit appraisal and monitoring practices, and inadequate recovery mechanisms.

In addition, the industry is also facing intense competition, both domestically and internationally. The entry of new players in the market, including fintech companies and non-banking financial institutions, has increased competition for traditional banks. This has forced banks to innovate and offer new products and services to remain competitive.

In conclusion, the banking industry in Bangladesh has performed well in 2022, maintaining stability and growth despite the challenging economic resection. However, there are still challenges that need to be addressed, such as the high level of NPLs and intense competition. It is important for the industry to continue to innovate and adopt new technologies and practices to remain competitive and sustainable in the long run.

3.1 Highlights of Monetary Policy of Bangladesh Bank

- Bangladesh's economy has already started to recover to its pre-COVID growth trajectory, according to the BBS's forecast of 7.25 percent real GDP growth in FY22.
- Bangladesh, like many other nations, experienced higher inflation as a result of rising global energy and commodity costs.
- The CPI-based average inflation stood at 5.99 percent in May 2022 and is unlikely to be contained within the target ceiling of 5.30 percent ending June 2022.
- The monetary policy stance and monetary program proposed for FY22 were meant to keep essential liquidity in the banking system while maintaining a lower market interest rate regime to fulfill private and public sector demand.
- To control money market liquidity conditions, BB has implemented essential policy measures such as open market operations, issuance of BB bills, and tightening policy rates.
- The external sector encountered

some headwinds in FY22, as seen by the expanded current account deficit caused by a larger trade deficit and relatively mild remittance inflows. The entire Balance of Payments (BoP) had a deficit of USD 3.7 billion from July to April of FY22, putting downward pressure on the currency rate.

- In FY22, BB intervened in the foreign exchange market by selling a significant quantity of foreign currency in order to maintain exchange rate stability and preserve the Bangladesh Taka's (BDT) external competitiveness.
- In order to control inflation and exchange rate pressures and support the economic recovery process, BB's monetary and credit programs for FY23 will pursue a cautious policy stance with a tightening bias. This will ensure the necessary flow of funds to the economy's productive and employment-generating activities for long-term economic growth.
- In order to address the pressures on the demand side and provide the necessary flow of funds to the priority and productive sectors to support supply-side activity, BB has decided to raise its policy rate (the repo rate) by 50 basis points to 5.50 percent from 5.00 percent.
- BB's monetary policy seeks to promote import-substituting economic activities and discourage imports of luxury goods, fruits, non-cereal foods, canned and processed foods, to reduce exchange rate depreciating pressure, protect foreign exchange reserves, and control inflation. It will introduce a new refinance line of credit for imported products to minimize import dependency and save money.
- BB will continue to assist the government's ongoing stimulus measures, as well as BB's refinancing schemes, in the face of new adversities, such as the Russia-Ukraine war and the COVID-19 epidemic.
- Given Bangladesh's tenuous commercial ties with Russia and Ukraine, the war's immediate negative impact is projected to be modest. Climate and environmental vulnerabilities, such as the recent abrupt floods in the country's north and northeast, might have an impact on the country's general price stability and economic prospects.

4. IFIC in the Banking Sector of Bangladesh

IFIC Bank PLC 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. At present, the government of Bangladesh owns 32.75% of the Bank's share capital, while the remaining share capital is owned by the bank's sponsors/directors, local and foreign institutions, and general public shareholders.

A total of 177 Branches and 1,090 Uposhakhas of IFIC are dedicated to fulfill the mission of providing services to the clients with the help of a skilled and dedicated workforce. The wellbeing and economic development of the people and the community are important to IFIC since it is one of the top banks in the nation's banking industry.

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. Financial Performance of IFIC Bank PLC

5.1 Financial Review

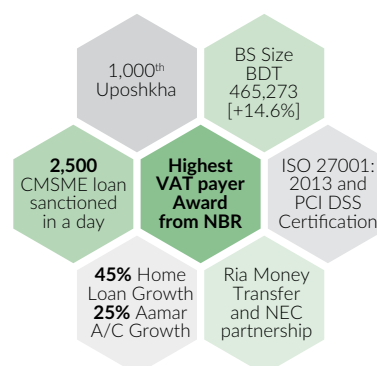
Bangladesh has a strong track record of growth and development recent years facing major global economic crisis. Y2022 was expected to see a relief from the devastating effects of COVID 19 pandemic but, the world has to witness another devastation in the form of war between Ukraine and Russia. Though the economy gradually

started to recovery with the assistance of different financial and policy support announced by the Government and the Bangladesh Bank, Year 2022 was served more of a hedge against risks of recovery and liquidity then the focus on profitability that dent the financial results and operations of the Bank. However, despite of the continuing hurdles, the Bank could be able to achieve respectable growth in terms of the profitability and the Balance Sheet growth.

5.2 Financial Position

Despite the number of global challenges, IFIC has managed to be continuing its growth momentum by focusing more on risk management, process reengineering, digital banking transformation, innovative products and maximization of the assets of the Bank. As part of the strategic goals, IFIC is continuing

to expand its network and at the end of year 2022 total footsteps reached at 1,212 across the country with a net addition of 9 Branches and 313 number of Uposhakha [sub-branch] and balance sheet size of the Bank reached to BDT 465,273 million at the end of year 2022 opposed to BDT 405,878 million of year 2021 resulting (+14.6%) growth.



BDT in million

Particulars	Y2022	Y2021	Growth	Growth(%)
Cash & Bank balance	41,218	30,474	10,745	35.3%
Investment	52,749	55,612	(2,863)	(5.1%)
Loan & Advances	354,454	305,061	49,393	16.2%
Fixed Assets	9,267	7,923	1,344	17.0%
Non-Banking and other Assets	7,584	6,808	777	11.4%
Total Assets	465,273	405,878	59,395	14.6%
Borrowing from other banks & FIs	20,621	14,562	6,059	41.6%
Subordinated debt	10,700	6,400	4,300	67.2%
Deposits	375,584	333,142	42,442	12.7%
Other liabilities	28,277	24,652	3,624	14.7%
Shareholders' equity	30,091	27,121	2,970	11.0%
Total liabilities and shareholders' equity	465,273	405,878	59,395	14.6%

Loans and advances reached at BDT 354,454 million (+16.2%) during the year 2022 vis-à-vis BDT 305,061 million of year 2021. The growth in the loan book was an outcome of Bank's efforts and combined participation in corporate and concentrate more on retail mortgage finance. The Bank is focusing more on diversifications of the portfolio mix to address the concentration risk. In the Y2022, corporate lending of the Bank grew by 9.5% with net accretion of BDT 19,143 million. On the other side

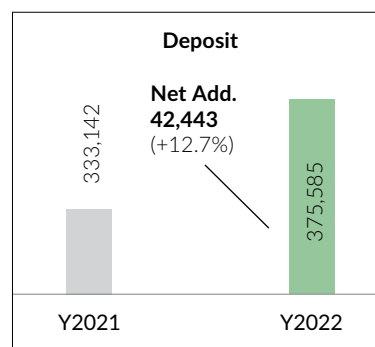
"IFIC Aamar Bari" has reached at BDT 82,580 million with net increase of BDT 25,730 million showing positive growth of 45.3% over last year. During the year, the Bank has put special emphasis on lending to SME & Agri segment of the Bank in line with the Bangladesh Bank initiatives. During the year 2022, SME & Agri portfolio of the Bank reached at BDT 44,904 million vis-à-vis BDT 42,076 million of prior year resulting positive 6.7% growth.

While the recovery in the banking industry were impacted, due to the COVID situation, the IFIC could able to maintain its NPL ratio at 5.61% in Y2022 [Y2021:6.09%] below industry average of 8.16%. Non-performing ratio decreased compared to prior year due to upgrade of few accounts. However, Bank maintained well coverage against its non-performing loan by way of provisioning and interest suspense. Bank made total provision of BDT 14,628 million as of 31 December

Y2022 on cumulative basis against loan, investment, and other asset vis-à-vis BDT 11,571 million of prior year to mitigate future credit risk.

The deposit of the Bank reached at BDT 375,584 million at the end of year 2022 as opposed to BDT 333,142 million of year 2021. Total deposit of the bank grew by 12.7% from the last year with net addition of BDT 42,442 million through leveraging the wide network of the Bank. IFIC continued its efforts in capturing and encompassing a large

portion of the country's population through its latest deposit product 'IFIC Shohoj Account' which grew by 55.0% over last year and IFIC's flagship product 'Amar account' continued to grow and reached to BDT 106,027 million which witnessed 25.4% growth compared to year 2021.

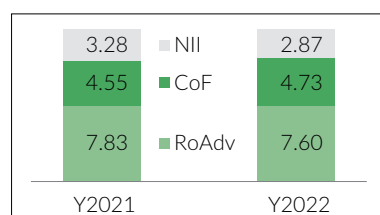


5.3 Financial-Performance

A summary of the financial performance on standalone basis of the bank for the year 2022 is provided below:

Particulars	Y2022	Y2021	Var	Var(%)
Net interest income (NII)	7,814	6,914	900	13.0%
Non-interest income	7,133	6,923	210	3.0%
Operating income	14,947	13,837	1,110	8.0%
Operating expenses	8,345	6,669	1,676	25.1%
Operating profit	6,602	7,168	(565)	(7.9%)
Provision	2,203	2,703	(499)	(18.5%)
Profit before tax	4,399	4,465	(66)	(1.5%)
Tax	1,429	2,490	(1,061)	(42.6%)
Profit after tax	2,970	1,975	995	50.4%

- Weighted average return on advance [RoAdv] come down to 7.60% vis-à-vis 7.83% of Y2021 and weighted average cost of fund [CoF] reached to 4.73% vis-à-vis 4.55% of Y2021. As a result, NII/Spread of the Bank stood at 2.87% opposed to 3.28% of the prior year. Although the RoAdv reduced by 0.23%, in absolute figure NII increased by 13.02% mainly for higher lending portfolio based over Y2021. Net Interest Income [NII] of the Bank stood at BDT 7,814 million vis-à-vis BDT 6,914 million of Y2021. NII contributed 52.3% of total operating income.



- During the year Bank earned total non-interest income of BDT 7,133 million compared to BDT 6,923 million earned during the

year 2021. Non-interest income which contributed rest 47.7% of total operating income increased by only 3.0% in year 2022 mainly due to decrease of income from investment. Investment income of the Bank decreased by BDT 932 million (-22.2%) compared to Y2021 due to absence of capital gain from capital market operations.

- With the positive move on NII and non-interest income during the year, Bank earned total operating revenue of BDT 14,947 million vis-à-vis BDT 13,837 million of year 2021. Total operating income of the Bank increased by 8.0% over prior year.
- During the year 2022 Bank incurred operating expenses of BDT 8,345 million compared to BDT 6,669 million of prior year. Operating expense of the bank increased by 25.1% compared to year 2021 which is in line with the incremental number of network of the Bank and general increment of price level.
- At the end of year 2022 operating

profit of the Bank stood at BDT 6,602 million opposed to BDT 7,168 million achieved in the year 2021. Operating profit of the Bank decreased by 7.9% compared to preceding year mainly for higher interest expense and operating expense as explained in previous paragraphs.

- Bank charged provision of BDT 3,056 million in Y2022 (gross basis) against its lending portfolio [performing + non-performing], other assets, investments, and off-balance sheet exposure. However, after netting off write off recovery of BDT 853 million, total net provision expenses of the Bank stood at BDT 2,203 million opposed to BDT 2,703 million of Y2021.
- Total tax expense of the Bank stood at BDT 1,429 million compared to BDT 2,490 million of Y2021 which is BDT 1,061 million lower than prior year mainly for higher level of deferred income arises from provision against classified loan under category of bad loss.

- At the end of year 2022 Bank posted PAT of BDT 2,970 million vis-à-vis BDT 1,975 million of previous year. PAT of the bank is 50% higher than the previous year mainly due to the higher NII [+13.0%] and due to the higher level of deferred tax income.

5.4 Quarterly Financial Performance

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 as a part of our governance and compliance processes and practices. 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 2022, the Board Audit Committee reviewed the quarterly financial statements and BoD approved the same before published to stakeholders. The performance of the Bank was increased throughout the year. Summary of the quarterly performance are as follows.

BDT in million

Particulars	Q1	Q2	Q3	Q4	Y2022
Net interest income	1,611	2,091	1,852	2,260	7,814
Non-interest income	1,586	2,011	1,858	1,678	7,133
Operating income	3,197	4,102	3,711	3,939	14,947
Operating expenses	1,824	1,930	2,025	2,566	8,345
Profit before provision	1,372	2,172	1,686	1,373	6,602
Total provision	818	1,036	508	(159)	2,203
Profit before tax	554	1,136	1,177	1,532	4,399
Tax	288	633	505	3	1,429
Net profit after tax	267	503	672	1,529	2,970

5.5 Capital Overview – Basel III

In accordance with the Guidelines for Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III) issued by Bangladesh Bank on December 2014, Banks should always maintain adequate capital against its Risk Weighted Assets (RWA). Considering the future business plan of the Bank, it needs more capital to cover this investment growth since RWA as well as capital requirement increases in line with asset growth of

the Bank. In order to maintain a healthy regulatory capital IFIC Bank issued 3 (Three) Subordinated Bonds till today. In the year 2022, the Bank issued its 3rd Non-convertible Unsecured Subordinated Bond of BDT 5,000 million with seven-year maturity. As a result, total outstanding of Subordinated Bond stood at BDT 10,700 million at the end of year 2022 vis-à-vis BDT 6,400 million of year 2021. All of the Subordinated Bonds are rated by CRAB as 'AA3 (Hyb)' in long term category with 'Stable'

outlook which is judged to be of very high quality with very low credit risk.

The Bank maintained total capital of BDT 43,266 million against the requirement of BDT 42,321 million i.e. there is a surplus of capital requirement with BDT 946 million. CRAR of the Bank during the year stands at 12.78% against the requirement of 12.50%. However, Tier-I capital of the Bank stood at 8.18% against the requirement of 8.50% including CCB of 2.5%.

BDT in million

Particulars	Y2022	Y2021	Growth
Total RWA	338,564	300,759	37,805
Paid-up Capital	17,859	17,009	850
Reserve & Surplus	9,835	8,948	887
Tier 1 Capital	27,694	25,957	1,738
Tier 2 Capital	15,572	13,449	2,123
Total Capital	43,266	39,406	3,860
Required Capital	42,321	37,595	4,726
Surplus/(Shortfall)	946	1,811	(865)
Tier 1 to RWA	8.18%	8.63%	(0.45%)
Tier 2 to RWA	4.60%	4.47%	0.13%
Maintained CRAR	12.78%	13.10%	(0.32%)
Required CRAR	12.50%	12.50%	0.00%
Surplus/(Shortfall)	0.28%	0.60%	(0.32%)

5.6 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. The Bank was rated by Emerging Credit Rating Limited (ECRL) for the year ended 31 December 2022 and awarded "AA" in long term and ST-2 in the short term.

Particulars	31-Dec-21	31-Dec-20
Rating Company	ECRL	ECRL
Long Term	AA	AA
Short Term	ST-2	ST-2
Outlook	Stable	Stable
Date of Rating	June 29, 2022	June 29, 2021
Validity	June 29, 2023	June 30, 2022

5.7 Contribution to National Exchequer

Year	Direct Tax		Indirect Tax		Total
	Withholding Tax	Corporate Tax	VAT	Excise Duty	
Y2022	3,465	2,541	629	523	7,157
Y2021	2,449	1,793	493	489	5,224

As per the laws and legislations of the country, IFIC valued its obligations to contribute to the economy by way of collecting government revenue and depositing the same to the government exchequer. In line with regulation, Bank pay its corporate tax well ahead of due time and deposit the withholding tax, VAT excise duty and other government levies to Government exchequer within the prescribed time and ensure appropriate deductions or collection of government levies without any deviation. In the year 2022 IFIC achieved National Award for Highest VAT payer and got recognition for **one of the Highest Taxpayer** by National Board of Revenue (NBR). Bank deposited BDT 7,157 million by way of corporate tax, withholding tax, VAT and other levies opposed to BDT 5,224 million deposited in year 2021.

5.8 Related party Disclosure

In the normal course of business, Bank entered few transactions with related parties during the year 2022 which details are furnished in Annexure – F of the financial statements. These transactions have been executed on an arm's length basis.

5.9 Preparation of Financial Statements and the Annual Report

- All relevant books and accounts were preserved as per regulation
- Financial Statements have been prepared according to the appropriate accounting policies and procedures.
- All hypothesis and assumptions were made within these financial statements and are made on reasonable ground and prudent judgement.
- Preparation of Financial Statements (FS) of IFIC were according to the

International Financial Reporting Standards (IFRS) as adopted by Financial Reporting Council (FRC) in Bangladesh and the instructions of Bangladesh Bank. Any departures from such requirements have been duly disclosed.

- Sincere efforts were put to ensure the integrity and legal compliance of IFIC's financial statements. The priority of the annual report is to portray a true and fair representation of the bank's activities and transactions as per prevailing laws of the land.
- There is no significant doubt upon the Bank's ability to continue as Going Concern. IFIC has neither intention nor the need to liquidate or curtail materially the scale of its operation. Hence, the Financial Statements of the Bank have been prepared on the going concern basis and will continue in operation for the foreseeable future.

The declaration on Financial Statements for the year ended on 31 December 2022 made by the Managing Director & CEO and the Chief Financial Officer (CFO) to the Board of Directors of the Bank has been disclosed in the Annual Report.

5.10 Protection to minority shareholders

Through various strategies including multi-faceted internal control system including independent and internal audits as well as the establishment of independent management team, IFIC has fostered a professional environment where protection of minority shareholders are ensured. Any opportunity for controlling shareholders to apply aggressive or abusive strategies

either directly or indirectly has been effectively rendered ineffective. Nevertheless, if any issue arises at the Banks's AGM or elsewhere, a thorough investigation is conducted.

5.11 Dividend

Considering the net profit after tax and total available profit for distribution after complying with the regulatory requirements, the Board of Directors has recommended total dividend of 5% (2.5% Cash + 2.5% Stock) for the year 2022, subject to approval at the forthcoming Annual General Meeting.

5.12 Five Years Performance

Key operating and financial highlights of the past 5 (five) years are presented in this Annual Report.

5.13 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 Positions 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 Nabil Bank Limited

(Nepal Bangladesh Bank is merged with Nabil Bank Limited)

Prior to merger with Nabil Bank Limited, Nepal Bangladesh Bank Limited, a joint venture commercial bank between IFIC Bank PLC and the Nepali Nationals, started its operation with effect from 06 June 1994 in Nepal with 50% equity from IFIC Bank PLC. IFIC Bank owned its 40.90% shares.

As decided by the Board of Directors of IFIC Bank PLC, the process is undergoing for selling of entire shareholding of IFIC Bank to Ms. Sarika Chaudhary, Nepal at a purchase consideration of NPR 6,187,007,568 subject to approvals of Nepal Rastra Bank and other regulatory authorities.

As a part of withdrawal of the investment from Nepal, Nepal Bangladesh Bank was merged with Nabil Bank Limited with Swap Ratio of 100:43 and started operation in the name of Nabil Bank Limited with effect from 11 July 2022. IFIC Bank presently holds 7.77% shares in Nabil Bank Limited with representing a Director in the Board till completion of sell and repatriation of the fund. The Bank has a network of 246 Branches at the different important locations in Nepal.

6.2 Oman Exchange, LLC

Oman Exchange LLC, a joint venture between IFIC Bank PLC 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 11 (eleven) 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 Ltd., Pakistan

IFIC Bank had two Branches in Pakistan, one in Karachi and the other in Lahore. Karachi Branch was opened on 26 April 1987 while 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 PLC 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 PLC has a wide range of correspondent network across the world to facilitate smooth foreign trade transactions. The Bank maintains 25 (twenty-five) 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 379 (both local & foreign) as on 31 December 2022.

6.6 Foreign Remittance

IFIC Bank handles both Inward and Outward Foreign Remittance. Outward Remittance includes FC Cash Transfer, FDD Issuance and wire transfer through SWIFT. The Bank's Inward Remittance covers Account Credit service (IFIC Bank's Account credit and also other Bank's Account credit under Electronic Fund Transfer, EFT arrangement) and Instants Cash Payout service (Walk-in-Customer having no Bank Account). Inward and outward Remittance business during the year 2022 are shown below:

Year' 2022	USD in Million	BDT in Million
Inward	111.05	11,471.05
Outward	107.27	11,080.50

To facilitate Inward Foreign Remittance in Bangladesh from United Kingdom, IFIC Bank has established a fully owned Exchange Houses named as IFIC Money Transfer (UK) Ltd. The Company has commenced their operation in London, UK since August' 2011.

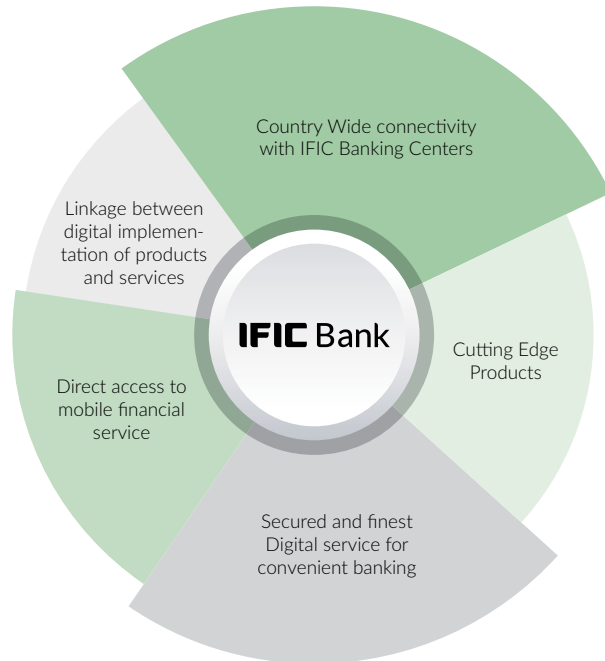
IFIC Bank has executed a Drawing Arrangement with Western Union, USA for Walk-in-Customers' Remittance business. For catering to Inward Remittance from abroad, at present, IFIC Bank has Remittance arrangement with following 11 (Eleven) Exchange Houses including Bank's own and Joint Venture Exchange Houses, which are the topmost Remittance procured companies in Bangladesh.

SI	Exchange House	Country based	Covering Country	Remarks
1	Oman Exchange, LLC	Oman	Oman	Joint Venture (IFIC hold 49% share)
2	Placid NK Corporation	USA	France, Italy, Malaysia, USA	
3	Multinet Trust Exchange, LLC	UAE	UAE	
4	Sigue Global Services Ltd.	UK	Global	
5	Xpress Money Services Ltd.	UK	Global	
6	IFIC Money Transfer (UK) Ltd.	UK	UK	Fully owned by IFIC
7	Mastercard Transaction Service (Trans-Fast) LLC	USA	Global	
8	Western Union	USA	Global	
9	MoneyGram Payment System	USA	Global	
10	Ria Money Transfer	UK	Global	
11	National Exchange, Italy	Italy	Italy	

7. SME & Retail Products

In 2022, SME & Retail Products Division of IFIC Bank has changed its working methodology by focusing sustainable pattern of growth and digitalization of Bank. Through its innovative products and services, Bank offers one Stop banking solution to bank's customer which make a remarkable affects in consumer banking.

As a part of dynamism, bank facilitates end to end chain of "availing to utilization" of products and services through its largest banking center and digitalization.



With 1,212 IFIC Banking Center (as of 31st December, 2022)

7.2 IFIC Aamar Account

IFIC Aamar account is a landmark in banking industry launched in year 2016. Besides offering attractive interest rate, IFIC Aamar Account is a single banking solution irrespective of any customer segment.

Product Communication Highlights

- Interest income in current account and slab-wise interest on daily balance
- Appropriate account irrespective of any customer segment
- Easily availed Overdraft facility in same account
- No restriction on transaction number and amount
- Free SMS Banking and Digital Banking Facility
- Cross currency Aamar card which is used as debit card and as an alternative solution of credit card
- Free ATM cash withdrawal through Aamar card from any bank's ATM all over the country



In year 2022, growth of IFIC Aamar Account in terms of balance is 25.42% and growth of number of account is 56.44%.

7.3 IFIC Shohoj Account

Through IFIC Shohoj Account, bank creates its footprint in Financial Inclusion segment. Bank has also covered unbanked population at an affordable rate by launching IFIC Shohoj Account.

Product Communication Highlights

- Easy Account opening documentation
- Open bank account with 10 tk only
- Interest bearing deposit account with attractive slab wise interest rate
- Monthly interest return
- Account can be opened in single or joint name
- Minor can also open IFIC Shohoj account
- Unlimited number of transaction facility
- Free enrollment in digital banking
- Eligible for applying micro finance loan
- Free cash withdrawal facility from any bank's ATM all over the country



In year 2022, growth of IFIC Shohoj Account in terms of balance is 54.99% and growth of number of account is 88.29%

7.4 IFIC Aamar Bari

In 2022, Bank has brought a significant change in process flow of home loan. As a pioneer, Bank financed in urban, semi urban & rural area simultaneously and offers segmented approach for each customer segment. A new process flow named "Primary application assessment form" worked as a catalyst in incremental growth of Home loan.

Product Communication Highlights

- Loan available for Flat / building purchase, Renovation/Construction/ Modification/Extension/Finishing and Take over purpose
- Financing in Semi Pucca structure
- Financing in Urban, Semi Urban and Rural area
- Stable interest rate
- Fastest Loan Approval through primary assessment
- Special feature for young segment
- No processing fee for loan take over
- No hidden charge



In year 2022, growth of IFIC Aamar Bari outstanding amount is 45.25% and growth in terms of number of account is 45.90%. Outstanding amount growth in urban area is 44.14% and 49.92% in rural area.

7.5 IFIC Aamar Bhabishawt

IFIC Aamar Bhabishawt has developed by targeting the young professional customer segment with the concept of "Build equity for future". It is a DPS nature product with attractive discount feature on future credit facility.

Product Communication Highlights

- Deposit now and avail loan with attractive discount in future
- Deposit any amount multiple of 500 with no upper limit
- Flexible tenor between 1 to 10 Years
- Savings started from minor age



In year 2022, growth of IFIC Aamar Bhabishawt in terms of balance is 60.74% and growth in number of account is 54.96%.

7.6 IFIC Aamar Rin

IFIC Aamar Rin is a bundle of secured and unsecured product for financing against personal requirements.

Product Communication Highlights

- Overdraft & Term loan facility
- Facility of secured & unsecured loan
- Flexible personal loan facility
- Loan facility against financial security is also available
- Land, finished/ unfinished registered flat or building is eligible for collateral securities
- loan available against existing mortgaged property



In year 2022, growth of IFIC Aamar Rin in terms of outstanding amount is 64.99% and growth in number of account is 37.38%

7.7 Freelancer Service Package

IFIC Bank has introduced a bundle product for freelancer customer segment named IFIC Freelancer Account at the end of year 2022. The bundle product has designed by combining an ERQ Account (Exporter's Retention Quota account) and a local currency deposit account – IFIC Aamar Account. An International debit card and a cross currency debit card-Aamar Card, is offered against that accounts accordingly which will allow freelancer to use their received funds seamlessly and avail other Banking services.

Product Communication Highlights

- Receive remittance seamlessly from abroad
- Convenience of using received funds in foreign currency & BDT
- Pave the pathway to avail other banking services
- Interest bearing relationship account with OD facility as local currency account
- Debit card with cross currency facility
- loan available against existing mortgaged property

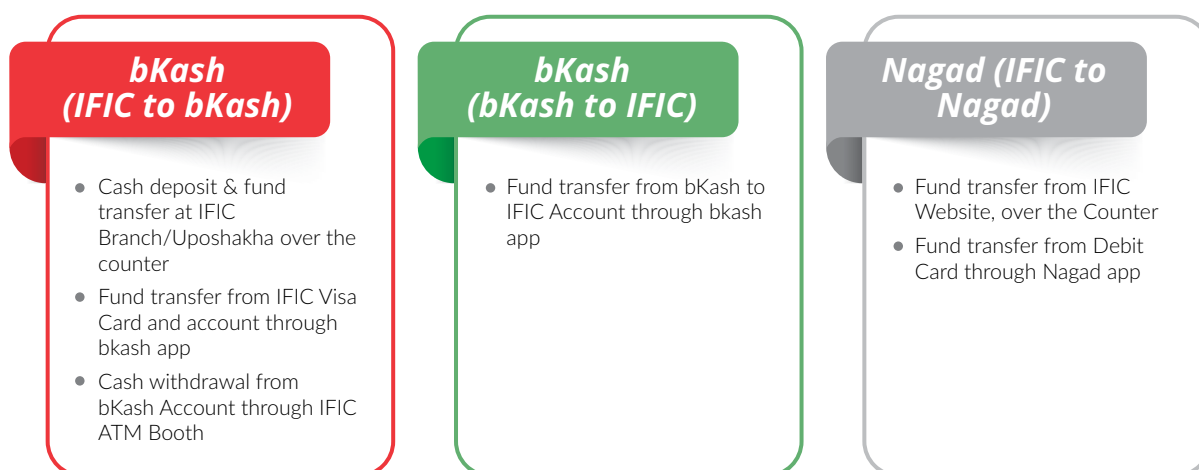
8. Enhancement of Services

During 2022, IFIC Bank enhances its services as described below:

Aamar Bank- Digital Banking Solution	24/7 Contact Center	IFIC Website
<ul style="list-style-type: none">Available in multiple platform (Web, Android, ios App)Fund transfer facility with multiple channelService Request FacilityOverview of Accounts & Cards is available	<ul style="list-style-type: none">Product & ADC servicesAssistance on personal financial services offered by IFICAdvanced IVR technologyAccount services	<ul style="list-style-type: none">IFIC InformationProduct & Service detailsProduct & Service application from IFIC Website

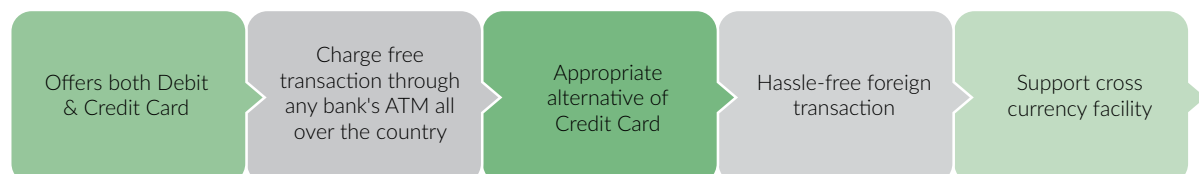
8.1 MFS Integration

Various MFS Integration has been implemented by the Bank as mentioned below:



8.2 IFIC Card

IFIC Bank offers cross currency Debit Card that can be used as alternative of Credit Card as well. Any ATM Booth established in Bangladesh can be used without transaction charge on using of IFIC Bank's Debit Card.



8.3 Agriculture Loan

In last quarter of 2022, IFIC has started redesigning the product structure of agriculture loan. To facilitate quick & hassle free processing and to provide prompt service, product team has rationalized Agriculture loan products and introduce two products named "IFIC Shohoj Rin" & "IFIC Aamar Subornogram" based on loan amount and separate assessment criteria. In year 2022, growth of Agriculture loan in terms of balance is 7.51% and growth of number of account is 57.1%.

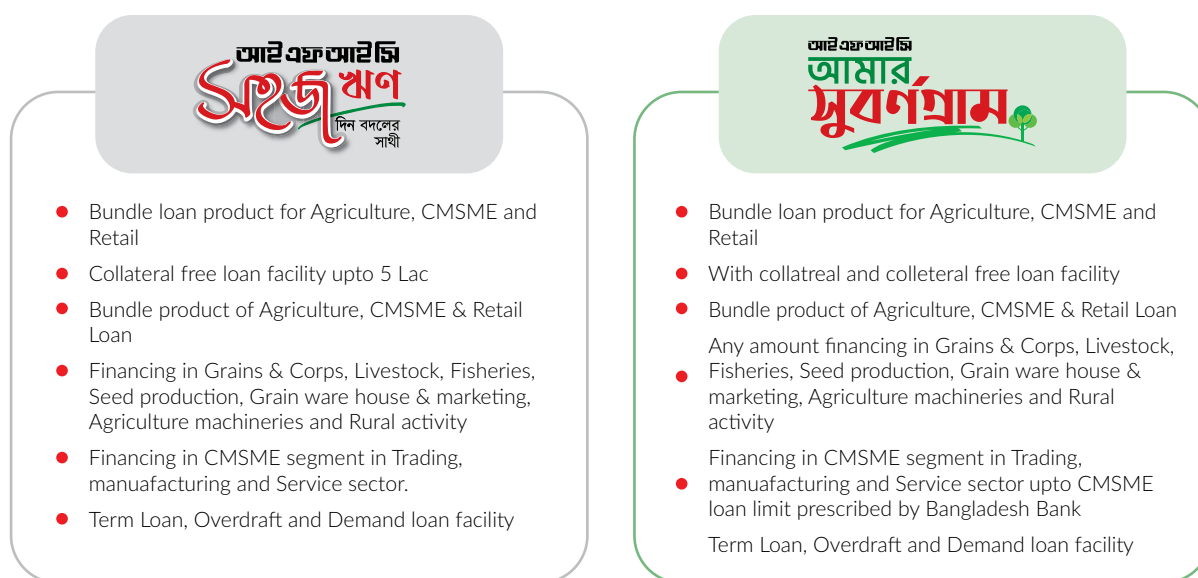
8.4 CMSME Loan

IFIC has made a major breakthrough in CMSME sector last year. Bank has contributed significantly in socio-economic development in post COVID situation by participating in refinance schemes of Bangladesh Bank. Bank has given CMSME loan to 2500 customer under "25000 crore refinance scheme" within 2 months to make the refinance purpose successful. Side by side, product team has also rationalized CMSME loan product and include product program guideline

of CMSME loan under "IFIC Shohoj Rin" and "IFIC Aamar Subornogram". In year 2022, growth of CMSME loan in terms of balance is 43.75% and growth of number of account is 34.95%. In Cottage, Micro and Small segment portfolio percentage is 36.26% and in Medium segment portfolio percentage is 63.74% of total CMSME loan portfolio.

8.5 Overview of Agriculture & CMSME Loan Product

IFIC Bank has two Flagship Products on Agriculture and CMSME as explained below:



8.6 Financial Inclusion

Along with deposit segment, IFIC Bank has created its footprint in Financial Inclusion credit segment as well. The Bank has disbursed BDT 71.1 million in year 2022 under financial inclusion segment.

8.7 Sustainable Finance

To build sustainable growth in economy, IFIC has disbursed BDT 8,313.55 million in Sustainable finance segment. Under sustainable finance, IFIC has also focused on below two sub segments of Sustainable finance:



Under sustainable finance, IFIC has disbursed BDT 6,967.17 million in Green Finance sub segment and BDT 1,346.38 million under Sustainable Linked Finance sub segment.

In Green Finance sub segment, IFIC has disbursed major portion in Green CMSME sector and under Sustainable Linked Finance, Bank' focused area in Year 2022 was:



9. Alternative Delivery Services

New Enhancements

IFIC Alternative Delivery Services team have implemented numerous services

throughout the year 2022. A big number of services have been included, which has incorporated added values in customer experience and security.

PCIDSS Certification

IFIC Bank has earned the Payment Card Industry Data Security Standard (PCI DSS Version 3.2.1) certification, an internationally prestigious recognition for maintaining maximum data security or information protection of customers. IFIC Bank has been able to obtain this prestigious certificate in an exceptionally short time considering the size of its operations by complying with the PCI-DSS compliance standard through the compliance assessment conducted by Enterprise Infosec Consultants (EIC). PCI DSS is a security standard for organizations that store, process and transmit cardholder's data. The Payment Card Industry Data Security Standards Council (PCI SSC) developed a compliance standard intended to secure

credit and debit card transactions with the aim to prevent card data fraud.

Migration to Dual Interface (DI) / NFC Cards from Chip-Based Cards

IFIC Bank PLC has successfully migrated all the Chip-Based EMV Cards debit cards to Dual Interface (DI) / NFC Cards. As part of the migration, all debit cards issued, re-issued and renewed from May 2022 have been personalized in DI card. Migrating to DI Card will ensure highest level of security to the customers in card transactions and will minimize the fraudulent activities.

EMV 3DS version 2.2 up gradation

IFIC Bank has implemented EMV 3DS version 2.2 solution to better optimize the merchant and consumer experience important features like: Ability to apply SCA exemptions, like Transaction Risk Analysis (TRA) using specific indicators in the authentication message, Access to Visa's new suite of SCA solutions that help issuers and acquirers make best use of the exemptions, Visa Trusted Listing – enables issuers to create a list of trusted merchants where no authentication is needed for future

transactions (risk assessment permitting), Visa Transaction Advisor – a risk assessment tool that helps determine eligibility for a low risk exemption, Visa Delegated Authentication – a tool that merchants can use to take control of the authentication process on behalf of the issuer, Enabling biometric and out of band authentication. EMV 3DS 2.2 results in a better consumer experience, delivering the lower levels of fraud associated with SCA, while ensuring that transactional friction and abandonment rates are minimized, A new feature, 3DS Requestor Initiated (3RI), enables merchants to obtain additional cryptograms upon successful completion of a single authentication for merchants who need to submit several authorizations associated to one single authentication; for example for split shipments or for travel agency purchases where there is more than one merchant of record.

9.1 Card Services

IFIC Bank offers Debit, Credit & Prepaid Card services to customers. All the cards issued by IFIC are branded with VISA Inc. the largest payment network

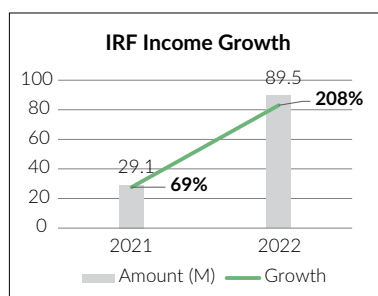
across the world. IFIC cards can be used at all the terminals, merchant points & E-Commerce Platform using Q-Cash, NPSB & VISA Channel. IFIC offers the first Cross currency debit card in Bangladesh, which can be used across the world for seamless services from single account with automated currency exchange services. IFIC offers secured transaction platform with PIN for card present and One Time Password (OTP) for card not present transactions.

Achievements in 2022

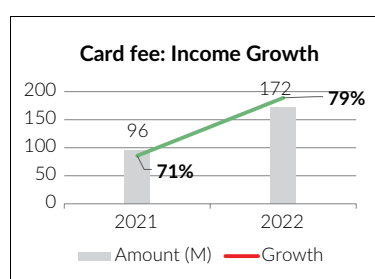
1. IFIC had a total of **264K** debit cards at the end of year 2021, whereas the card base has been increased around **65%** and the new portfolio has reached to **435K** by the end of year 2022.
2. There had been a significant increment in the card transactions from 2021. The overall number transaction has been increased around **141%** and in term of Transaction amount the growth is **253%**. Below are the transaction portfolio of 2021 & 2022.

Transaction Type	No of Transaction (In Thousand)		Transaction Amount (In Crore)	
	2022	2021	2022	2021
ATM	7,025	3,167	6,519	2,822
Purchase	1,972	876	570	291
IBFT	805	-	3,908	-
Total	9,802	4,063	10,997	3,113

3. The increasing volume of cards & transactions have also contributed in the IFIC fee stream. On 2021, IFIC has earned **29.1M BDT** as IRF, where the income has increased **208%** and risen to **89.5M BDT**.



4. IFIC has earned 96M BDT from debit card fee in 2021, while the income has increased around 79% and reached to 172M BDT.



5. To expand the debit card segment, IFIC Bank has offered ATM cash withdrawal service without any additional transaction charge for all customers in any ATMs across the country.

Mile Stone in Foreign Card Transaction

Year 2022 can be declared a Milestone for IFIC Bank PLC for processing 146000 successful foreign card transaction amounting 142.2 Crore.

Which is 10% (approx.) Compare to the entire card industry of Bangladesh.

Vision for 2023

- Implement IFIC's Own Card Management and Switching Solution to reduce operational costs and increase operational efficiencies.
- Provide Instant Card Issuance Support.
- Increase the transaction approval rate and reduce both systems related and customer related errors
- Convert all cards to cross currency which can be used for across the border transaction.
- Implement Reward Points to increase the card transaction through POS & E-Commerce and reduce the dependencies on Cash Transactions.

Bill Collection Service

To facilitate the subscribers, IFIC Bank PLC has integrated with different service providers to IFIC Corporate panel for bill collection in the year 2022. Subscribers can pay/deposit their payables to any of the IFIC branch/ Uposhakhas convenient to them which is another value addition the service of IFIC.

Bill Collection	Amount (M)	No. Trnx
PRAN/RFL COLLECTION	18643	251120
DPDC COLLECTION	381	77272
DESCO	392	89233
NESCO	177	52366

9.2 Customer Care

IFIC Bank, aiming to provide service excellence to the customer, has been operating 24/7 servicing hours since 2012. By simply dialing 16255 or +8809666716255 customers can avail number of banking services anytime from anywhere. Contact Center has now become an essential part of Bank to maximize customer satisfaction through highest service level in a timely and cost-efficient manner. The IFIC Bank Contact Center team is dedicated to provide several services that facilitate all other departments of bank running their campaigns.

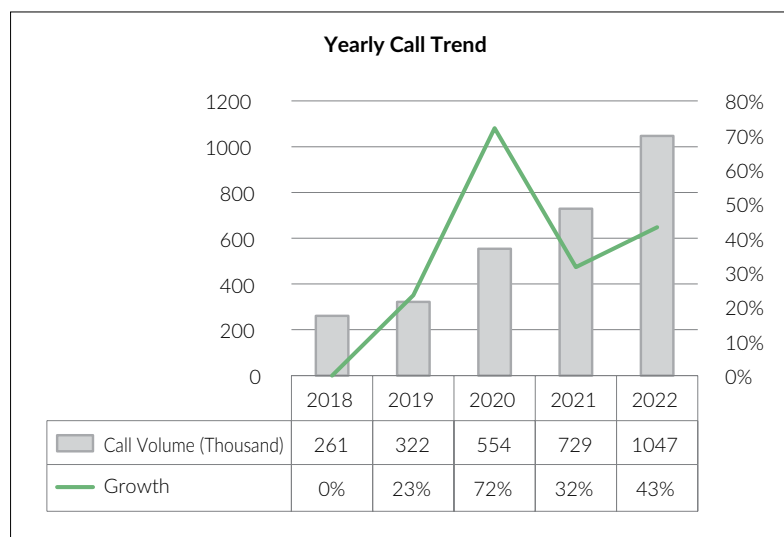
Achievements in 2022

- Total 1047K calls have been served by customer care team. The volume is 43% higher than 2021.
- Upgraded contact center solution is introduced, which will lead to serve customer to take several banking service like; DPS, FRD creation, from IVR by customer himself without interacting with any human agent.
- Capacity of serving customer at a time in IVR was 30. We have

doubled the capacity and increased it to 60 at a time to enhance customer experience.

- The prospective customers, who are reaching out to contact center were previously assisted with information. Now-a-days, apart from providing information, customer care associates are also capturing their data and linking them with Branch and DST personnel for opening the deposit and loan accounts.

Call Volume trend of IFIC Contact Center



Vision for 2023

- IFIC is focusing to change the voice-based contact center to an omni channel contact center where customers can reach out to the contact center multiple channels like social media, messaging platform, SMS, email, voice etc. Moreover, apart from the voice services, customers will also have a visual interface to avail the services.

Smart IVR will offered to customer in first quarter of 2023. This will enable customer to take banking service via web portal without any additional charge.

Will act as a virtual bank. Only one call is required to 16255 to get required services.

Necessary expansion of customer care to ensure the smooth service for customer.

9.3 ATM Services

IFIC Bank has introduced ATM Services

from 2011 and till 2022 IFIC Bank has installed number of ATMs. IFIC ATM team is focused to provide digitized and 24/7 services to its customer in a pleasant and secured manner. The Bank also has special arrangement with corporate houses where ATM has been installed to facilitate their employee's monthly salaries and other needs. The Bank 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 in 2022

- IFIC team has installed 5 new ATMs in different high performing branches to reduce the pressures over the counter.
- 3 different ATMs have been relocated from offsite location to High Volume Branches to increase the efficiency of the ATMs

- Implemented up gradation of OS and antivirus in several ATMs.
- Off day ATM Cash Loading to meet corporate requirement.

Vision for 2023

- IFIC is focused on ensuring the maximum usage of the ATMs, consequently ATM Team is working to establish 10 new ATMs in different corporate locations and Uposhakhas & Branches.
- Implement Card-less / cash by code transactions through ATMs.
- Implement Utility Bill payment transactions through ATMs.
- Implement Card-activation through ATMs.

9.4 Dispute & Fraud Management

A Strong Dispute & Fraud Management team plays key role and provides significant support for smooth and secured card transactions. In 2022, the Bank has taken different initiatives to minimize fraud risks and disputes efficiently.

Dispute Resolutions on 2022

Sl.	Network	Number of Dispute	Charged Back Amount (In Millions)
1	NPSB	10,797	113.82
2	Q-Cash	1,394	17.53
3	Visa	6,509	49.47
4	MFS Transfer	58,298	99.68
5	IFIC Aamar Bank	15,789	711.15
	Total	92,787	991.65

Vision for 2023

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

- Ensuring Zero level fraud in card transactions
- Ensuring safety of plastic money through PCI-DSS Security.
- Ensure 100% SLA for Dispute settlement.
- Reduce Dispute Settlement timeline.

10. Risk Management

The main goals of risk management procedures in the banking sector are to control a bank's exposure to losses or risk and to safeguard the asset value of the bank. Boards have the ultimate responsibility for overseeing risk-taking in their institutions.

Board of Directors of IFIC is fully aware 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 accompanying risks. The Board of Directors has made it clear to management that risk management is not a barrier to conducting business or merely an addition to a company's overall compliance program, but rather is a crucial part of the organization's strategy, culture, and value creation process.

The Board of Directors is strongly committed to establishing a bank-wise risk culture that is built on a thorough understanding of the risks the organization faces and how those risks 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 communicated and understood to staff at all levels in units that are exposed to material operational risks. In order to implement the policy effectively, senior management must also set up suitable monitoring and control procedures. The policy should be regularly reviewed and updated, to ensure it continue to reflect the environment within which the bank operates. Along with senior management, the Board Risk Management Committee (BRMC), which is a representative of Board Members, is there to ensure overseeing and signing off risk-related disclosures to investors, customers and regulators. These disclosures provide external parties with a clear and accurate account of the institution's current and projected risk appetite, profile and governance of IFIC.

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

10.1 Credit Risk Management

Credit risk refers to the probability of loss due to a borrower's failure to make payments on any type of financial obligation. Credit Risk Management is the practice of mitigating the said losses of a bank. Better Credit Risk Management also presents an opportunity to greatly improve overall performance of the Bank.

The Credit Risk Management Policy of IFIC 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 problem loans.
- Policies on loan rescheduling and restructuring.
- The Bank rigorously monitors sanctions of loans as well as their recovery.

Segment Information

IFIC Bank will maintain a balanced credit portfolio through minimizing loan concentration in a particular sector encouraging loan diversification and expanding product range. IFIC Bank have focus on the following **industry and business sector** to maintain a balanced credit portfolio:

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

Credit Concentration Risk

Concentration of credit risk in asset portfolios has been one of the major causes of bank distress. Concentration risk arises when Bank invest most or all of the assets to single or few individuals

or entities or sectors or instruments. To avoid this circumstances, IFIC Bank pay attention to the following credit concentration risk areas:

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

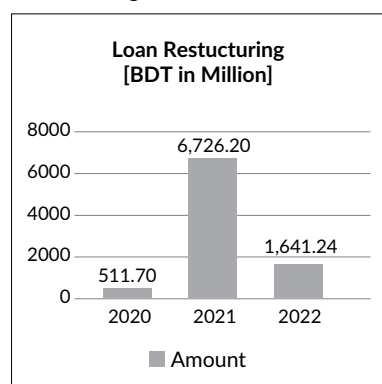
Details of Accounts Restructured

When borrower face a problem to pay back his payment obligation due to in sufficient cash flow. At this time, for smooth repayment of the client, Bank has restructured loans [classification status: UC, SMA & SS (Not default)] for specific time period.

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

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

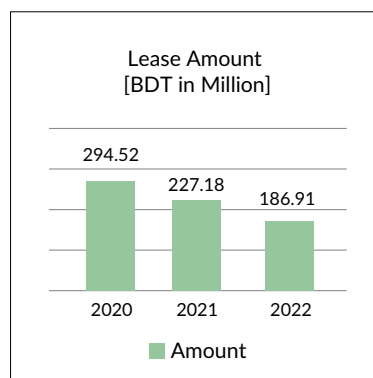
Trends of last 03 years Loan Restructuring



Assets disclosure given on operating & finance lease

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

Trends of last 03 years Lease Finance [O/S]



10.2 Special Asset management

Special Asset management (SAM) directly manages the Non-Performing Loans (NPL) for recovery/ regularization. Non-Performing Loans (NPL) have become a worrisome issue for the Bank. NPL has adverse effect on the Bank on its day-to-day operation and profitability.

IFIC Bank PLC has unlimited appetite for recovery from NPL and is exerting all out efforts to chase NPL, to arrest upward trend and to keep the percentage of classified loans at an acceptable level for improvement of asset quality. SAM, Recovery Hub, Loan Performance Management Division & Legal Affairs Department are working together to maximize recovery from NPL and to avoid new classification to achieve the organizational goal.

IFIC Bank PLC has a Recovery Policy approved by the Board of Directors for strengthening recovery of Non-Performing Loans. To expedite recovery from NPL, Bank also redesign its existing recovery process & introduce a new entity named **Recovery Hub**. To expedite the recovery process and to reduce the lead time, bank has also introduced a SAM Operational Manual with specific "Time Frame" for different steps for quick action as well as recovery from individual NPL Accounts.

On the basis of Recovery Policy, SAM Operational Manual and related circulars of Bangladesh Bank, LPM Division is taking following steps for recovery of NPL and increasing profitability of the Bank:

1. Close monitoring on Deteriorating Accounts as per SAM Operational Manual.
2. Teleconference/ virtual meeting with SAM, Hub, Branch & Legal Affairs Department to expedite recovery.

3. Visiting Branches for direct communication with the Branch officials and different borrowers.
4. Monitoring of Court cases through meeting among the Branches and dealing with lawyers to avoid unwanted delay of legal process.
5. Rescheduling of NPL Accounts.
6. Settlement of NPL Accounts by amicable settlement.
7. Engagement/Entrustment of difficult Accounts to Recovery Agents.

10.3 Foreign Exchange Risk

Management

Foreign Exchange risk arises when a bank holds assets or liabilities in foreign currencies and impacts the earnings and capital of 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 what the estimates and predictions were. This uncertain movement poses a threat to the earnings and capital of bank, if such a movement is in undesired and unanticipated direction.

Commercial banks, actively deal in foreign currencies holding assets and liabilities in foreign denominated currencies, are continuously exposed to Foreign Exchange Risk. Foreign Exchange Risk of a commercial bank comes from its very trade and non-trade services. To provide comprehensive guidelines on foreign exchange exposure management in the context of a bank's financial treasury objectives, existing business activities and operating environment, a "Foreign Exchange Risk Management Policy" is required.

Treasury Division of the Bank acts to minimize Foreign Exchange risk as one of the main responsibilities. There is a clear demarcation among the functions of Treasury Front Office, Mid Office and Back Office. Treasury Front Office manages and controls day-to-day trading and fund management activities and ensures continuous monitoring of the level of assumed risk and take necessary actions. Mid Office and Back Office are conducting operations in a separate location apart from Treasury Front Office. To ensure minimum level of risk reporting lines of these three offices are separate and independent.

A number of steps have taken by Bank to minimize the foreign exchange risk. The Bank has formulated Treasury

Manual and Foreign Exchange Risk Management Policy as per directives of Bangladesh Bank. Bank also developed different strategies and set some limits for Treasury to control Foreign Exchange Risk, e.g., Net Open Position (NOP) Limit (Set by Bangladesh Bank), Overall Gross Limit for forward transaction, Stop Loss Limits for per deal and per day, Counter Party Limit. Treasury Division also analyze the future risk arises from adverse fluctuation of Foreign Exchange Market and takes necessary steps to minimize the risk of possible losses and to maximize the profit.

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 mismatch between assets and liabilities across various time horizons either due to liquidity or changes in interest rates. Asset Liability Management (ALM) seeks to limit risk to acceptable levels by monitoring and anticipating possible pricing differences between assets and liabilities.

To mitigate various risks in this regard banks have its own ALM policy approved by the BODs. Under the bank's ALM policy, the management and the BODs take necessary care as guided by our Central Bank. Asset and liability management process is managed by the Asset and Liability Management Committee (ALCO), comprising of the senior management of the bank. The major responsibilities of ALCO are as follows:

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

- Approve and periodically review the transfer pricing policy of the bank
- Evaluate market risk involved in the launching of new products
- Review deposit-pricing strategy, and
- Review contingency funding plan for the bank

The ALM desk, through its own market analysis and market intelligence presented the market outlook throughout the year, gave an explicit idea about the market risk and liquidity risk for availing market opportunities for investment and fund deployment in the market. The broad responsibilities of the ALM desk are as follows:

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

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

10.5 Internal Control and Compliance

Internal control is a process, effected by Board of Directors (BoD), Senior Management and all levels of personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations, and internal policies. A system of strong internal controls can help ensure that the goals and objectives of a banking organization will be met, that the bank will achieve long-term profitability target and maintain reliable financial and managerial reporting.



IFIC Bank PLC has established an appropriate and effective internal control environment through the Board of Directors, Management, organizational and procedural controls and an independent audit mechanism in order to ensure that the Bank is managed and controlled in a sound and prudent manner. The bank identifies its weakness through internal control system and takes appropriate measures to overcome the weaknesses.

The Board of Directors of the bank has established an Audit Committee to monitor the effectiveness of internal control system of the bank. The Audit Committee meets the Senior Management periodically to discuss the effectiveness of the internal control system of the Bank and ensure that the management has taken appropriate actions as per the recommendations of the Internal Audit Team, Bangladesh Bank's Inspection Team & External Auditors.

The key functionalities that have been established in reviewing adequacy and integrity of the system of internal control are as follows:

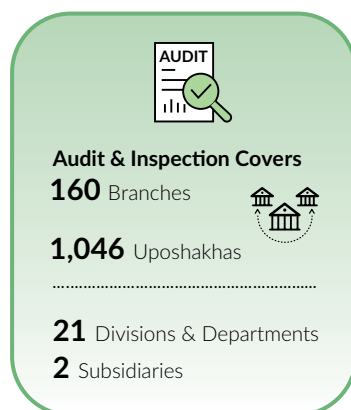
- The BoD set up an organizational structure of Internal Control and Compliance Division (ICCD) in such a way that, it has no conflict of interest with the regular management of the bank and fulfill the requirements as directed in the Rule 15 (Ga) (1) of BCA (Bank Company Act.) 1991 for establishing and maintaining effective internal control and risk management having regard to the complexity of the activities of the bank its size, scope of operations and risk profile;
- Different committees have been formed consisting of relative stakeholders with expertise on the subject matter to assist the Board in guiding the Bank's operation in

line with corporate mission, vision and strategies.

- Audit & Inspection are conducted across various departments/ units and all branches, in alignment with the annual audit plan, as approved by the Board's Audit Committee. The frequency of branch audit is determined by the level of risk assessed independently and objectively. Findings of the internal audit are submitted to the Audit Committee for review during their meetings.
- Information system auditors evaluate risk management practices to determine whether the bank's IS-related risks are properly managed. They conduct audit on overall information & related technological security aspects.
- The Audit Committee of the Board reviews the internal control findings identified by the Internal Audit of the Bank, Inspection Team of Bangladesh Bank and External Auditors.
- The Head of Audit has direct access to the Audit Committee as and when required to ensure submission of internal audit findings to the Audit Committee.
- The monitoring department of the ICCD checks for compliance with policies and procedures and the overall effectiveness of internal control system. The Bank continues to review different control tools i.e. LDCL, DCFCL, QOR and Risk rating on regular basis and highlights of significant findings in respect of any non-compliance.
- The Compliance Department of the ICCD ensures timely and proper compliance (both internal and regulatory) with the relevant laws, regulatory instructions/circulars/ guidelines and internal policies and procedures in banking operations. Compliance Department acts as contact point when regulatory inspections are conducted, ensure that corrective measures are taken and appropriate and timely response is as soon as the inspection report is received.
- The Board of Directors holds meetings at suitable intervals with Senior Management, External Auditors and the Audit Committee for evaluating the effectiveness of internal control system and provides necessary guidance.

Evaluation of Effectiveness of Internal Control

The Senior Management Team (SMT) of the Bank reviews the overall effectiveness of the control system of the bank on a yearly basis and provides feedback to the Board of Directors on the effectiveness of internal control policy, practice, and procedure.



- The Audit Department prepares reports on individual inspection programs and submits the same to the branch/business unit for rectification with a copy to line management.
- ICCD prepares an annual integrated report on the health of the Bank to be submitted to the Board of Directors for onward submission to Bangladesh Bank.
- At the end of the year, a summary report on the audit findings is prepared and corrective actions taken which are forwarded to the Audit Committee of the Board and the Managing Director & CEO simultaneously.
- Based on the review of monitoring reports the audit team also conduct surprise check on the branches where regular gaps are identified.
- Self-Assessment of Anti-Fraud Internal Controls is carried out on half-yearly basis and is submitted to Bangladesh Bank as per requirement of DOS Circular Letter No. 17 dated 07 November, 2012 & 10 dated 09 May, 2017 issued by Bangladesh Bank after receiving compliance confirmation from respective stakeholders.

10.6. Prevention of Money Laundering

Prevention of Money Laundering & Financing of Terrorism

Money laundering is the process by

which proceeds from criminal activities is disguised to conceal their illicit origins which has its tradition of eroding the stability of financial institutions and weakening the role of economic growth in financial sectors of a country.

Prevention of Money Laundering (ML) and Terrorist Financing (TF) is one of the key challenges for banks, financial institutions and a country as well since it can potentially damage and pose serious threats to the integrity and stability of a financial system as well country's economy as a whole. Banking sector is one of the most vulnerable sector for Money Laundering, Terrorist Financing and Proliferation Financing due to its nature of business, types of customer and product, delivery channels, external linkage, technology used and ownership. The process of Money Laundering and Terrorist Financing is ever evolving and new technologies have been used by Money Launderers & Terrorist Financers. IFIC Bank recognizes that prevention of Money Laundering (ML) and Combating Terrorist Financing (TF) is a team effort and to protect the banking industry from these threats, IFIC Bank has been working in partnership with Bangladesh Financial Intelligence Unit (BFIU), financial institutions and different government departments and other key stakeholders to put in place an effective regime to fight against these crimes and protect itself from risks. Local regulators have taken various initiatives against Money Laundering and Terrorist Financing and IFIC Bank is aligned with such emergent initiatives.

Money Laundering Prevention Act, 2002 was promulgated by the Government of Bangladesh for the first time which came into force on April 30, 2002. Subsequently Government of Bangladesh enacted Money Laundering Prevention Act, 2009 and finally in 2012 (amendment-2015), Anti-Terrorism Act, 2009 (amendment 2012 & 2013), Anti-Terrorism Rules 2013 & Money Laundering Prevention Rules 2019 and IFIC Bank PLC has been complying with laws and all other rules and regulations related to AML/CFT issues since the beginning. The Board of Directors and the Senior Management views Anti Money Laundering and Combating the Financing of Terrorism as part of risk management strategies and not simply as a stand-alone requirement that is being imposed by the legislation as well 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.

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 reviewed & updated in 2022. As per directives of BFIU vide its Circular No.24 dated 10.12.2019, Bank has developed "Guidelines for Prevention of Trade Based Money Laundering" in 2020 and was duly approved by the Board.

The AML compliance and its activities in the Bank are carried out by AML & CFT Department at Head Office. As per BFIU's directives (latest under BFIU Circular No.26 dated 16.06.2020), the Bank has formed a Central Compliance Committee (CCC) comprising Executives & Head of different core business Departments/Divisions. The CCC calls meeting at every Quarter-end to review Bank's overall AML & CFT activities, policies, procedures, compliance status and issuance of new Circulars & directives in this regard. The CCC sets out AML & CFT strategies of the Bank and follow up the progress of its 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 Deputy Managing Director has been assigned as the Chief Anti Money Laundering Compliance Officer (CAMLCO) to supervise the overall AML & CFT activities and compliance. 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 169 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 United Nations Office on Drugs and Crime (UNDOC) for Cash Transaction, STR/SAR, other required reporting and for communicating

with BFIU on AML/CFT issues. IFIC Bank has updated existing Watch List Check (WLC) Software for screening customers against different Sanctions list and implemented "FIRCO Continuity Solution" for screening trade activities against different Sanctions Lists. Presently IFIC screen customers & transactions against UN, OFAC, EU, HMT & Local Banned List. Bank has introduced internationally standard Vessel Tracking System (VTS) namely "LLOYD'S Customer Intelligence", for tracking shipment routes, country & port of destination, importing country and screening of ship owners, vessels & containers and authentication of Bill of Lading as well.

For creating awareness on AML/CFT Laws, Rules, Regulations, Guidelines, Policies and Circulars issued by the regulators from time to time and Guidelines, Policies and Circulars issued by the Bank, the Bank has been arranging regional, In-house as well as virtual training programs by internal & external resource persons on "Prevention of Money Laundering and Combating Financing of Terrorism with particular focus on Trade Based Money Laundering & Credit Backed Money Laundering" for all levels of Officials (newly recruited/refreshers) working in different Branches and at different Units/Departments/Divisions of Head Office of the Bank. In 2022, a total of 15 physical & virtual training programs have been arranged with participation of 2122 officials including one Lead Bank training sponsored by our bank with BFIU's resource held in Bagerhat District where 67 Officers of different banks of this region attended. During the year 2022, we arranged an Awareness Program on AML & CFT for Senior Management on 03.09.2022 in collaboration with BFIU in which 31 executives attended the program. Moreover, some other sessions were conducted for creating awareness among officers of the bank. As per CCC's directives, Officials of AML & CFT conduct surprise visit and inspections at the Branches for checking Records/ Activities and creating awareness on AML & CFT issues as well.

11. Information and Communication Technology (ICT)

11.1 Introduction

IFIC Bank have adopted the strategy for Unbounded Customer Experience with long term sustainable Growth, Low Risk, Low Cost, Best in Class Service Delivery & Diversified Portfolio.

Therefore, the Bank made large investments in technology to sustain its goal for maintaining continuous improvement. Last year the Bank invested in technology based on these goals and objectives. The technology division ensured system availability, end user satisfaction, system automation, cost savings, innovation in technology & service delivery, cybersecurity posture and employee engagement. Based on these parameters the division improved in the areas of Business Intelligence, System Automation, International Certification adaptation, Security and Technology Enhancement.

The details of these improvements are described below:

1. Business Intelligence

Business Intelligence involves making intelligent decisions using historical data to improve existing strategies by analyzing the data and provide insight. This data visualizations helps us to present complex information in simple formats. This intelligence helps to make smarter, faster, and better decisions.

a. Fusion Retail Analytics (FRA)

Fusion Retail Analytics (FRA) is a software solution designed to help retailers collect and analyze data to make informed business decisions. The solution provides retailers with real-time insight into sales, customer behavior, inventory management, and other key metrics. This enables retailers to identify trends, predict sales and optimize operations to improve profitability and customer experience.

FRA leverages statistics, and artificial intelligence to analyze the current and previous data to make accurate forecasts. This helps predictive analytics to detect fraudulent transactions, inaccurate credit applications, identify theft and false insurance claims. This can also analyze customer buying behavior to gauge cross-selling and upselling opportunities.

Some of the services of Fusion Retail Analytics incorporate:

- Data integration: Fusion Retail Analytics integrates data from multiple sources, including point of sale (POS) systems, customer relationship management (CRM) systems, and inventory management systems, to provide a complete picture of your business.
- Real-time insights: The solution provides real-time insights and data

visualization to aid retailers make informed decisions quickly and accurately.

- Customer behavior analysis: Fusion Retail Analytics provides retailers with insight into customer behavior and preferences so they can create targeted marketing campaigns and improve customer experience.
- Sales forecasting: Fusion Retail Analytics enables retailers to forecast sales based on historical data so they can make informed decisions about inventory levels, staffing, and promotions.

Overall, Fusion Retail Analytics is intended to help retailers make data-driven resolution to enhance their action and grow their business.

11.2 System automation

System automation has become an essential part of modern Bank like IFIC. By automating routine tasks and processes, the Bank improved its agility, reduced costs, and improved overall system performance and reliability. This year the Bank have automated its accounting, procurement, asset management and customer experience system. These are:

a. Enterprise Resource Planning (ERP)

In this connection, the bank will implement inventory, shipping management, cash transport, VAT and automated management of the pool in 2022.

After implementing these modules, banks began to experience the following advantages:

- Integration: ERP integrates various business processes such as accounting, human resources, and supply chain management into one system. It provides a centralized view of customer data and operations.
- Efficiency: The Bank reduces manual errors, eliminates duplication, and increases productivity, by this automation.
- Better decision-making: This automation provides real-time data and insights to the management. This helps the banks to make informed decisions and respond quickly to any business conditions.
- Increased transparency: This automation provides a comprehensive view of a bank's operations and performance, enables greater insight into business activities, and reduces the risk of fraud and other types of financial mismanagement.

- Cost savings: By reducing manual work and increasing efficiency, this help the Bank to save money in the long run and reduce operating costs.

b. Card Management Software (CMS)

To enhance our digital service, IFIC is introducing new Card Management System which is playing a core role in processing digital transactions with minimum efforts. Now the Bank's customers are enjoying several advantages:

- Increased security: Bank can provide better protection on its credit and debit card information from potential fraud and theft by managing its own card management software periodically and with on premise hardware.
- Improved control: Now, Bank can effectively monitor and manage card transactions and maintain Central Bank compliance.
- Increased flexibility: Bank can use its own card management software to set custom alerts, transaction limits, and other controls according to own and central bank policies.
- Potential cost savings: By managing its own card management software, the bank can reduce reliance on any third party payment processing institutions, potentially reducing the costs associated with these services.

c. Customer Experience Center (CES)

With a vision of best customer service provider, IFIC has introduced one stop customer service where 22 services can be catered from one counter. CES (Customer Experience System) is one such a kind of tool where all the services have brought down under one umbrella to streamline customer service with minimum latency and proper validation. CES includes complain management system, digital onboarding, document management system, bond management system, ADS services etc.

This one stop customer service provides several benefits for customers, including:

- Convenience: Customers can meet all their demands in one place, diminishing the time and effort essential to resolve their issues.
- Faster resolution: With all the information in one place, customer service representatives can immediately access required information to resolve their issues, resulting in faster resolution times.
- Improved experience: A one-stop customer service approach

provides your customers with a smooth and consistent experience, reducing frustration and increasing customer satisfaction.

- Increased efficiency: By providing a one-stop solution, businesses can reduce the number of repeat customer contacts and improve efficiency.
- Better data management: By having all customer interactions in one place, businesses can maintain a complete and accurate record of customer interactions and gain valuable insights for future interactions.
- Increased loyalty: By providing a positive customer experience, businesses can increase customer retention and reduce the likelihood that customers will switch to competitors.

1.3 International certification

Bank have achieved multiple international certifications this year for security enhancement different domains. These certifications provide a standardized framework for evaluating and improving the security posture of the Bank. The widely recognized certifications are:

a. ISO 27001:2013 Certification

IFIC Bank PLC has achieved internationally recognized ISO 27001:2013 certification for its Information Security Management System (ISMS).

Implementing this standard provides several benefits to customers, including:

- Improved security: ISO 27001 helped the Bank to develop a comprehensive and effective information security management system (ISMS) which can protect sensitive and confidential data from unauthorized access, theft, or loss.
- Enhanced privacy: The Bank adopted the best practices for protecting personal and sensitive information, helping organizations to maintain privacy and comply with privacy laws and regulations.
- Compliance: Bangladesh Bank was guiding the Bank of adopting the 27001 frameworks for secure Bank's environment.
- Increased credibility: The Bank demonstrates its commitment to information security, which lead to increase the credibility and enhance reputation in the market.
- Competitive advantage: ISO 27001 will provide organizations with a competitive advantage by helping

them to differentiate themselves from others and establish trust with customers, partners, and other stakeholders.

11.4 Security enhancement

The Bank have invested for technical enhancement to protect an organization's systems and data from unauthorized access, modification, or destruction. Some of the milestone for enhancing security include:

a. Network Access Control (NAC) Upgradation

The Bank have successfully completed the security enhancement by implementing the project of NAC upgradation. The technology team have transfer 6000 user and devices to the new solution. Migrated from old NAC to NEW NAC, configured all branch switch, router, uposhakha router and Head office switches and ATM routers, new Branch routers are configured in NAC for ATM security, guest Wireless login authentication has been tested, will be integrated with new WIFI solution, old ACS server has been migrated to New Tacaas System and Tacaas System has been integrated with NAC.

The Bank will provide several benefits to

customers, including:

- Security: NAC helped to secure Bank's network by controlling and monitoring access to the network based on specific policies. NAC prevents unauthorized access, mitigate security threats, and reduce the risk of data breaches.
- Compliance: NAC helped the Bank to comply with regulations such as PCI-DSS, ISO27001, and others by enforcing access policies and monitoring network activity.
- Improved visibility: NAC provide the Bank a greater visibility into the devices and users accessing its network, detect and respond to security threats more effectively.
- Network optimization: NAC helped the Bank to optimize network performance by controlling the number and types of devices accessing the network and ensuring that only authorized devices are connected.

b. Disk Protection

The Bank have implemented disk encryption technology for the sensitive mobile devices. With this process mobile sensitive device data can only be

accessed with a password or encryption key. This protects the data stored on the disk from unauthorized access, theft, or loss. The Customer of the will have the below highlighted benefits:

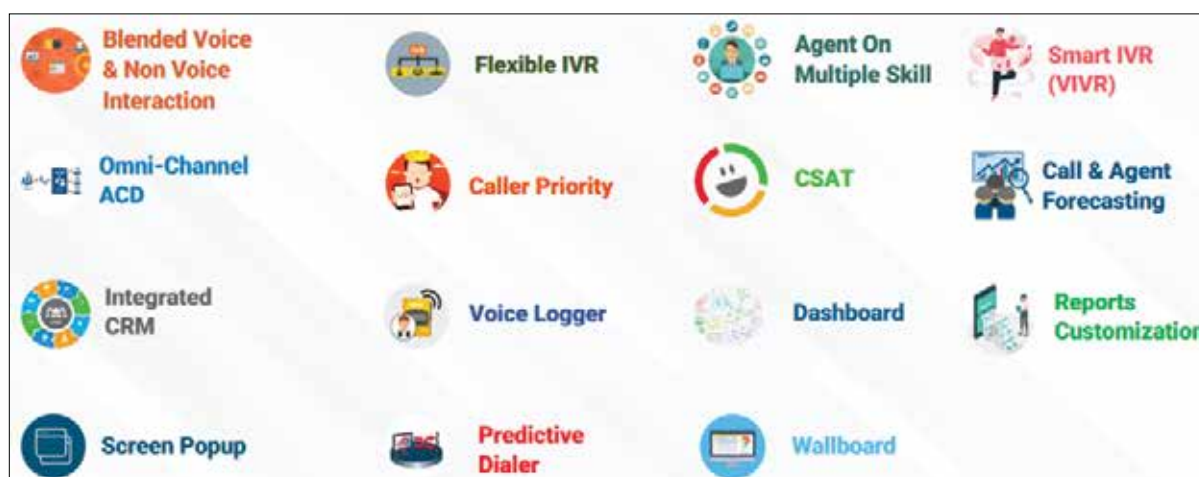
- Data protection: Encrypting the customer data on a disk helps protect customer data from unauthorized access, theft, or loss.
- Compliance: Disk encryption is a requirement for organizations that need to comply with regulations such as Bangladesh Bank, ISO 27001, and others.
- Improved security: Disk encryption makes it more difficult for cyber criminals to access sensitive customer information stored on a disk.

11.5 Technology enhancement

The Bank have also enhanced some existing platform to improve its functionality, user experience, and security. Below are some enhancements done in 2022:

a. Omnichannel Contact Center

The Bank enhanced existing Contact Center to Omnichannel Contact Center (OCC) that integrated with multiple systems. The OCC provides a seamless



The upgradation of this system has brought various advantages to the customers of IFIC.

- Convenience: Customers can choose the most convenient communication channel for them.
- Consistency: Customers receive a consistent experience and level of service regardless of the communication channel they use.
- Speed: Customers can get quick answers to their questions or resolve issues quickly through the use of multiple channels.

- Personalization: Customers can receive personalized attention and service based on their history and preferences.
- Increased Satisfaction: Customers are more likely to be satisfied with their experience when they can choose the communication channel that works best for them and receive consistent and personalized service. In addition to the general

advantages of the IVR, the OCC has also created an upper hand in fund transfer, DPS opening, FDR opening and so on.

b. Power Connection enhancement at Data Center

The bank implemented bypass power connections directly from the generators to the newly installed redundant DBs to power data center in an emergency (e.g. main DB failure, ATS failure, etc.).



Technology division have ensured the below after implementing this improved power connections:

- Improved reliability: This mechanism has increased the reliability and stability of power supply to the bank's data center by reducing the risk of power outages and downtime.
- Enhanced security: Extending the power connection to the bank's data center adds an extra layer of security and ensures that the data center continues to operate even in the event of a power outage.
- Competitive advantage: Data centers with improved power connections are more attractive to customers and can provide a competitive advantage over other banks in the country.

12. Corporate Governance

IFIC Bank is always committed to adopting highest corporate governance standards for attaining its operational goals. At IFIC, 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.

The 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, 1994 and the Bank Company 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 published in Bangladesh Gazette on 10 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. 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

shareholders, stakeholders and all statutory and market regulators.

13. Human Resource Management (HRM)

Human Resource is the crucial strategic enabler and key asset for any business. IFIC Bank believes that great innovations and ideas driven by quality human resources which results in market leading products, services and contribute to competitive advantages. The Human Resource Management Division of IFIC Bank creates a bridge between the employer and employees managing the administrative functions along with taking lead in fostering a positive work environment which emphasize on fair, competitive and merit-based qualities.

IFIC Bank gives utmost commitment to recruit potential talents and encourages them to focus on their growth and career progression. It invests on employees by arranging continuous training for developing their skills to deliver top performance.

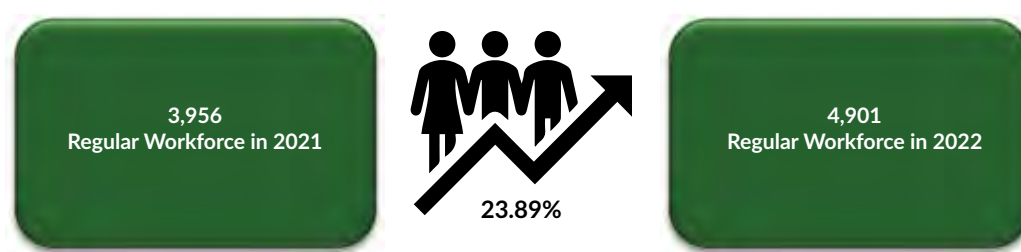
As a private commercial Bank, IFIC generates the highest number of employments in the country which ultimately contributes to the country's economy. The Bank develops diverse work force for the employee by implementing progressive human resource management policies and strategies to make the employee as Bank's living brand ambassador.

IFIC Bank continuously reviews its Organogram based on volume of business, change of service pattern & technology, automation of process, business complexity and functionality, places the right employee at the right place at the right time. All the effort in combination ultimately assist in maximizing the outcome in the bottom line.

Some Highlights of IFIC HR

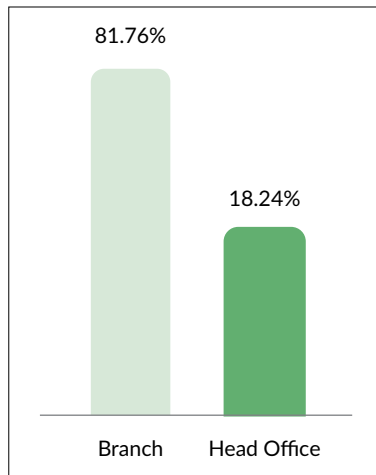
Growth of Human Resources

IFIC had around 23.89% growth in number of employees from 2021 to 2022.

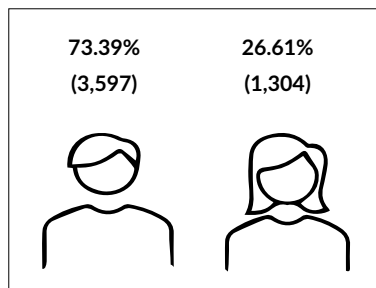


Distribution of Human Resources

IFIC had 4,007 and 894 employees in its Branches and Head Office respectively in the year 2022.



Gender wise Distribution of Human Resource: Age wise Distribution of Human Resource:



13.1 Code of Conduct

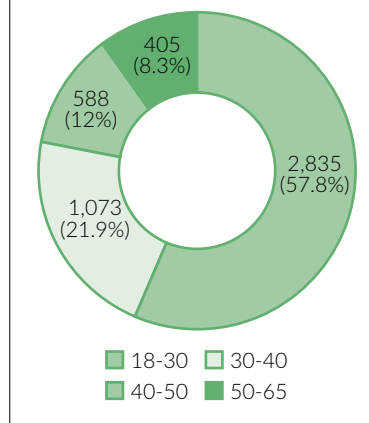
At IFIC Bank, code of conduct is a primary tool through which it sets its conduct expectations, and therefore, emphasizes on the importance of an effective code of conduct and ethics policy to promote a fair and ethical practice in the Bank.

IFIC Bank has established principles that are detailed in our Code of Conduct and Ethics Policy and applicable for anyone associated with the Bank. IFIC's Code of Conduct and Ethics Policy reflects individual and collective commitment to excel the practice of corporate governance principles and activities by placing due attention on the compliance for enhancing its internal and external credibility and establishing transparency.

In a total of 4,901 employees, numbers of male & female employees are 3,597 and 1,304.

IFIC has a relatively younger segment of human resources where 57.84% of the employee fall within 30 years who give dynamic service under the guidance of its experienced resources in the Bank.

Fig: Employee by Age



Confidentiality

All employees are expected to ensure and defend the organization's property following the operational and IT security policy meticulously and ensure information confidentiality with utmost security.



Acceptance of Gifts

Employees are discouraged to accept gifts, benefits or any sort of questionable offers from customers and persons associated with the Bank's interests.



Anti-Money Laundering and Terrorist Financing

IFIC prohibits any kind of money laundering and formulates Anti-Money Laundering guidelines and ensures best practices to take appropriate preventive measures against any kind of fraud and money laundering.



Work Environment

IFIC expects that employees should conduct themselves with the highest standard of integrity and professionalism both inside and outside of the workplace. They shall take necessary actions to ensure that their behavior/actions do not compromise the business interests, safety and security or confidentiality of their place of employment.



Conflict of Interest

Whatever the circumstances, one must avoid all things that may cause conflict between his interests and his duties and responsibilities as an employee of the

Bank. Availing any kind of undue or illegal benefits/facilities irrespective of any form will be treated as malpractice.

Commitment to Environment



Emphasizing on the area of energy and climate change IFIC Bank tries to support the process of sustainable economic growth of the country.

Zero Tolerance to Violence, Harassment, Discrimination



IFIC Bank PLC strictly prohibits any demonstrations of violence or threats and harassment by any employee against any at any time. It does not tolerate discrimination since the Bank ensures equal opportunity for all employees. Here employment is based on meritocracy and personal qualification.

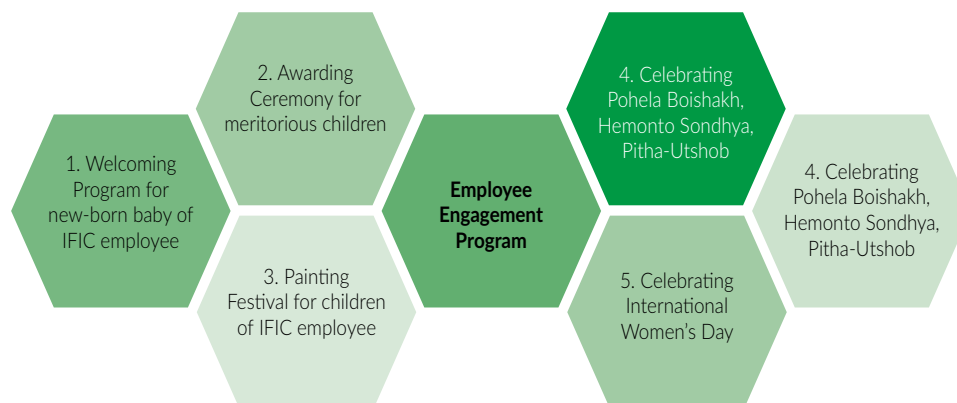


Transparent and Accurate Reporting

The Bank ensures that its Financial reports and communications are genuine, complete, and accurate and must not be deceiving. It maintains appropriate records as per policy with adequate points of interest so that these may precisely reflect the financial condition and result of the Bank.

13.2 Employee Engagement Programs and Awards

IFIC Bank always gives focus to engage its employees through different events, programs where all employees can participate with equal enthusiasm. IFIC acknowledges every employee as part of "IFIC Family" who are bound together to grow together to achieve mutual goals. Employee engagement activities are aimed to enhance the employee commitment and sense of belongingness towards the Bank. Every year, IFIC Bank arranges different programs to boost up their morale and to ensure greater level of bonding and engagement among them.



13.3 Succession Planning

IFIC ensures to fill-up each key position by recruiting fresh right talents and enriching them through training & development, proper guidance and providing best work environment & culture. Here, succession planning program focuses on identifying and growing talent to fill-up critical positions in the future. The succession planning has a set of resourcing and development processes which includes resourcing strategy, analysis of demand/supply of human resources, analysis of skills, the job filling process, and management development. The Bank has a transparent selection process that gives wide range opportunity to all employees for unfolding their potentials.

13.4 HR Compliance

IFIC Bank always complies with every applicable HR regulation for ensuring a healthy work environment. As part of establishing a compliance culture across the organization, IFIC Bank strictly maintains HR compliance in all sphere of the organization. The Bank encourages the employee to abide by all its rules and regulations along with all applicable laws of the land and promotes the same through conducting continuous training programs.

HR Compliance helps the Bank to keep track of the employees' records, which in turn keeps the employee contented, productive and safe. The Bank has specific policies for every HR activity which covers Recruitment Policy, Promotion Policy, Leave Policy, Transfer Policy, Performance Management Policy, Compensation Policy, Reward & Recognition Policy, Retirement Policy, Training Policy and others. Moreover, the Bank has separate disciplinary rules named as "আইএফআইসি ব্যাংক এমপ্লয়ী শৃঙ্খলা, আচরণ ও আপীল বিধি" in line with the law of the land that focuses on the quasi-judicial disciplinary proceedings for handling all kind of misconducts

committed by any delinquent employee.

13.5 Grievance Management

IFIC Bank has its own HR policies that are easily accessible to the employee. It has a unique Policy for Redressal of Grievance & Resentment through which an employee may raise any of his/her issues including harassment which creates resentment among them irrespective of the gender. IFIC Bank maintains 02 (two) dedicated HR Helpline (IP) Numbers for clarification of HR Policy, any HR related issue and/or sharing their grievance. Between the numbers, one is dedicatedly handled by a Female Employee in addition with another cell number on full time basis due to delicacy of situation. HR maintains separate Email ID as a Helpline for employees so that they can share any issues at anytime from anywhere.

13.6 Fostering a Balanced Work Life

Employee work life balance depends on how an organization can achieve productivity at a reasonable cost to their employees' time and wellbeing. A proper work life balance is a vital component for making positive relationship between the employee and the employer. To increase Banks productivity as well as to reduce the number of conflicts among the co-workers and management the Bank is putting tremendous efforts for employees to maintain a healthy work-life balance by instituting policies, procedures and actions that enable them to pursue more balanced life. The Bank offers leave to the employee of different types including Paid Annual Mandatory Leave, maternity leave, sick leave etc. to promote good physical and mental health in the workplace. IFIC highly encourages its employees to leave office on time especially for female employees; they are discouraged to stay in after office hour. The bank has taken initiatives to help employees meet personal goal; such as Cross

Service where an employee can engage in different kind of work which helps them to learn new things. Moreover, this helps to reduce the work pressure of another. The Bank has invested a good amount of money in the central bank for establishing a day care centre and its management, so that employee can feel safe and secured for their children.

13.7 Employee Performance Management

HRM Division is continuously striving for setting objective Key Performance Indicators (KPI) to enable employees to keep their performance aligned with individual target and eventually achieve the strategic goals of the Bank.

In 2022, HRM Division has further improved and optimized online based e-PMS that has increased the efficiency which eased the appraisal process and enabled engagement and performance based corporate culture. Quarterly Performance Appraisal system helps the Management of the Bank to keep track of the performance of employees throughout the year and facilitates them to take informed strategic decision.

13.8 Employee Compensation & Benefits

Compensation and benefits are important aspects of an employee's satisfaction at a workplace, as they directly impact an employee's performance and motivation to work. Considering the strategic importance of effective pay packages, IFIC Bank always keeps its packages competitive and emphasizes on both short-term and long-term benefits to its employees by maintaining strict compliance with the instructions and guidelines of the regulators and successfully proves to be fully complied with the set standard of the minimum salary. It has developed a performance-based pay and benefits offer for bank employees that will encourage them to perform better.

13.9 Health & Safety

IFIC Bank always considers its human resources as the most valuable asset and is highly concerned to ensure the health and safety issues of the employee. Therefore, the Bank has taken numerous steps to ensure wellbeing of its employees.

- Every year the Bank conducts fire drills with related training programs to increase awareness among employees.
- Bank provides insurance (life/ health) benefits to its employees including family members. The Bank has successfully launched online based Health Insurance Membership Application module where all membership details are updated successfully. Moreover, the 'Health Insurance Card' offered by Life Insurance Partners has been launched through which members get attractive discounts on various medical services at various hospitals under their network.
- Furthermore, the employees



(including their family member) can take telemedicine service from an expert doctor in case of any emergency for 24/7 basis.



13.10 Recruitment

IFIC Bank thrives to create a dynamic workforce that is ready to face any challenge that comes its way and always focuses on developing its own employees. In 2022, the goal of the Recruitment Team was to maximize employee strength to meet the bank's vision and objectives. The total recruitment process was fully in line with the Bank's strategic goal of achieving the milestone of over 1000 Uposhakhas openings through a rigorous recruitment process by recruiting new Transaction Service Officer and Management Trainee. The team managed each recruitment step in an efficient yet cost-effective manner and was able to successfully hire 1,521 employees in 2022.

13.11 Training & HR Development

IFIC Bank Training Institute embodies our continuous effort to foster a learning culture to enhance employee capacity to flourish our employee's expertise. The analysis-based trainings not only

help to mitigate skill gap but also enable to create a desired organizational behaviour. IFIC Bank invests largely in training for its employees so that they can execute their jobs to the best of their abilities. Besides, they can be well aware about the fast-moving, dynamic banking sector. In 2022, we successfully conducted large-scale training sessions to facilitate our existing employees, newly recruited officers and also arranged leadership programs to create a pipeline of potential leaders.

IFIC Bank has an enriched pool of internal trainers who regularly conduct training sessions in general banking, credit and trade. Apart from that, we frequently invite external resources from BBT, BIBM and other renowned Institutes. We conduct four months long Management Trainee Development Programs regularly which is a four (04) months long extensive program that includes both functional and soft skill training along with attachment to various cross functional divisions of the bank so that they understand the real business challenges and opportunities. In addition, we also arrange Induction Program for newly recruited officers.



Fig 01: Induction Program



Fig 02: Management Trainee Development Program

The highlights of the different training sessions of 2022 are as below,

281 In House Sessions 47,623 participants	99 Local External Training 401 participants	18 Customized Training 1,921 participants
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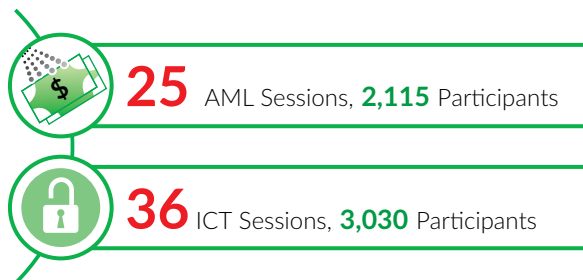


Fig 03: Highlights of AML & ICT sessions 2022



Fig 04: SMT Awareness Program on AML & CFT

Although Bangladesh bank has imposed a restriction on sending bank officials abroad for training purposes to safeguard ongoing crisis, IFIC Bank has organized leadership programs by local and foreign resources. Foreign

Resource from ANZ Institute has conducted workshops such as Leading Teams and Core Empowerment TTT that has really facilitated our employees to develop leadership skills as well as strategic managerial Skills. In addition to

that, frequent leadership development programs were held both indoor and outdoor such as Sales & Negotiation Skill Development, Team Building & Leadership.



Fig 05: Sales & Negotiation Skill Development



Fig 06: Team Building & Leadership



Fig 07: Leading Teams



Fig 08: Core Empowerment TTT

IFIC Bank in collaboration with Bangladesh Bank has also arranged Entrepreneurship Development Training

for prospective SME Entrepreneurs. Here they learn how to make a business proposal, how to run & sustain a

business in the long term.



Fig 09: Entrepreneurship Development Training



Fig 10: Presentation on Business Proposals

14. Law and Legal Affairs

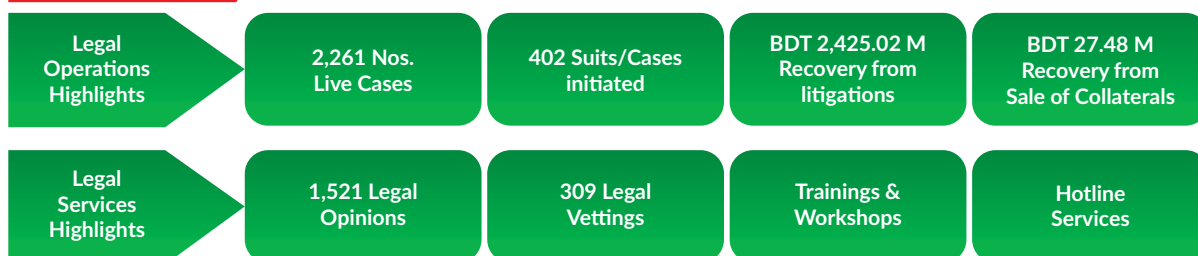
In a year marked by drastic legal reforms along with the lingering effects of economic volatility, the legal initiatives by the Bank has been intensified in respect of the Non-Performing Loans with sharp focus on recovery and legal risk management for a sustainable growth and healthy portfolio of the

Bank. The Legal Affairs Department of the Bank aims to ensure that business activities run within the purview of statutory provisions and regulatory policies for a strong Banking portfolio in the long run.

A team of legal professionals is engaged with effective case management for speedy disposals of lawsuits as well as

strategic management of the legal & regulatory risks by providing assistance relating to mortgage of collaterals and loan documentations and to facilitate the recovery process with rigorous and effective follow-up as well as legal review of various local and international contacts, agreements, MOUs, etc.

Key Statistics of 2022



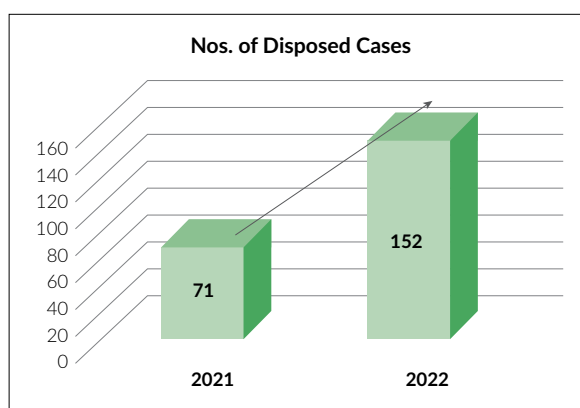
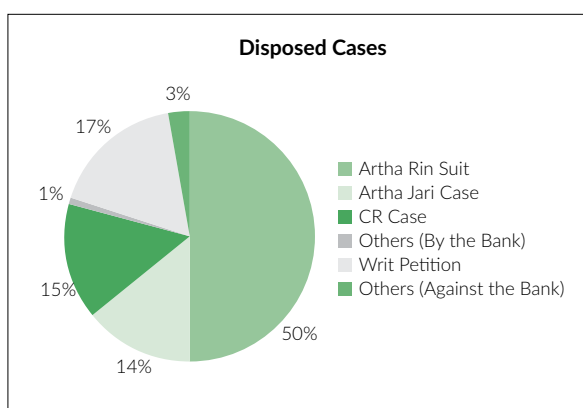
The Bank has delivered a strong result this year in the matters of legal affairs involving legal operations primarily focused on litigations, as well as legal services to the internal bodies within the Bank. The Bank's continued focus on speedy disposal of pending court cases and disciplined execution of the same has delivered another year of strong financial and operational performance. In 2022, the recovery from the litigated accounts reached a successful height of BDT 2,425.02 million which is nearly 5 times higher than the preceding year.

Under direct supervision and assistance of the Legal Affairs Department, the Bank has recovered BDT 27.48 million from sale of mortgaged properties and obtained certificates under Artha Rin Adalat Ain, 2003 in favor of Bank in respect of mortgage properties worth BDT 146.56 million.

At present, a dedicated team of legal professionals are closely monitoring a total number of 2,261 ongoing cases among which, the Bank has filed 112 Nos. of Artha Rin Suits, 271 Nos. of Criminal Cases under the NI Act

1881, and contested 35 Nos. of Writ Petitions which altogether accounts for an approximate value of BDT 4,903.69 million and the Bank expects a significant value release from the same in the upcoming year.

In contrast to the previous year, a cumulative number of 152 Artha Rin Suits/Cr. Cases/ Artha Jari Case/ Writ Petitions/ Miscellaneous Cases/ Criminal Revisions/Criminal Appeals has been successfully disposed of within the year 2022 which helped recovery of BDT 2,425.02 million.



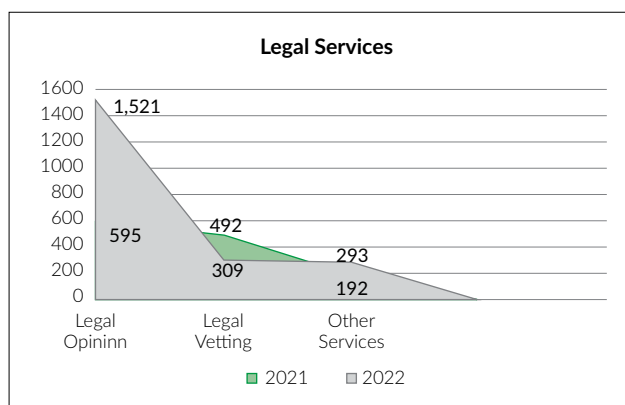
In addition to management of the litigation matters, Legal Affairs Department is working strategically to establish a sound and well-grounded collateral portfolio in the long run through its Legal Services team. One of the focal points of such legal services is further scrutiny of documentations in respect of properties mortgaged or to be mortgaged for prevention of

documentary lapses and fraudulent activities against the Bank. As a result, the operating performance of the Legal Affairs Department in providing legal services has significantly been higher this year.

To raise awareness of the devastating impact of financial abuse and precautionary measures in respect of bad loans, training sessions

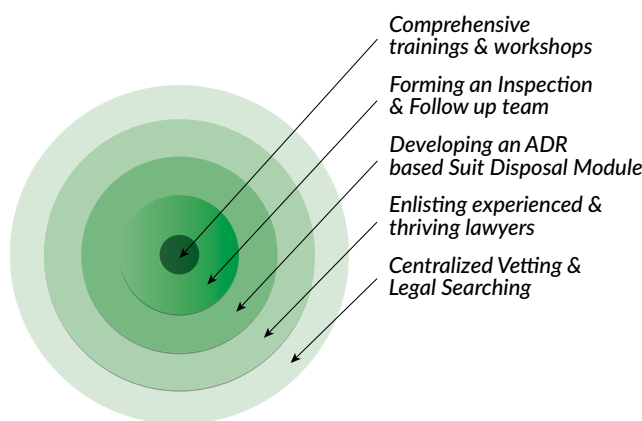
and workshops on Land and Loan Documentation are arranged on regular basis covering nearly 1,000 concerned bank officials. Additionally, this year, the Department has introduced a dedicated Hotline engaging a team of expert law officers for providing instant legal support in respect of legal issues arising out of loans & advances and emergency legal issues. On average, about 50

phone calls are being attended on a daily basis regarding legal queries from branches and uposhakhas. As a part of regulatory compliance while preserving confidentiality of customers and safeguarding Bank's interest, guidance on appropriate response/ course of actions for Branches and Head Office is provided by the Legal Affairs Department to comply with the directives of the Government Authorities like Anti-Corruption Commission (ACC), National Board of Revenue (NBR), Customs Intelligence, Criminal Investigation Department (CID) of Police, Police Bureau of Investigation (PBI), different Departments of Bangladesh Bank, etc.



Outlook for the future:

The Legal Affairs Department has embraced a strategic mechanism to build a tomorrow's Bank today for our customers. As the Bank is required to comply with a large number of laws, regulations, rules and regulatory policies applicable to its business activities, the Department takes full account of the increasing volume and complexity of these requirements, and thrives to ensure organizational alignment with the statutory and regulatory reforms in the financial and Banking sectors. As a result, the Department is focusing on its way forward comprising comprehensive trainings & workshops at Head Office, Branch and Uposhakha levels, forming a specialized unit of inspection and follow-up to monitor the reflection at the operational level, and develop modules of legal processes to further contribute towards recovery of NPLs and combat fraud-forgeries and other criminal activities in the financial sector. Conversely, the Department continues to enlist experienced and thriving lawyers and aims to consolidate vetting of the mortgage properties & legal searching process centrally in future.



15. Process Management Office (PMO)

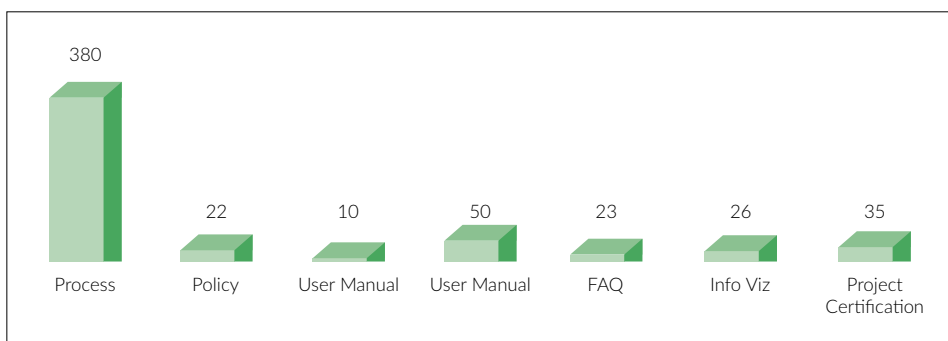
"Process Management Office" (PMO) seeks to provide consistent and effective customer service through processes, policies, guidelines, operations manual while ensuring that all front and back office operations are effective and compliant. Additionally, PMO proactively find the scopes of improvement by continuous quality assurance through sanity checking. PMO continuously gather and share knowledge materials to develop a productive and efficient workforce.

During 2022, Process Management Office focus on reengineering and quality checking to

find the scope of improvement. Till 2022 PMO has developed 380 processes, 32 policies and guidelines, 50 User Manual, 23 FAQ and 26 Infoviz to support all the officials of IFIC Bank PLC.

Presently, Process Management Office places a strong emphasis on quality checking, conducting internal and external survey, examine market

trends and finally reengineering the process or develop documents based on management decisions which leads to Operational efficiency and cost minimization. PMO is currently concentrating on the creation of an enhanced internal control framework to guarantee compliance in the operational activities of the bank's branches and Uposhakhas.



16. Branch Expansion Program/Performance of Services & Estate Division

16.1 Infrastructure Development

New Establishment:

- Branch: 09 (Rural & Urban) at Boalkhali, Bhandaria, Sandwip, Netrokona, Patuakhali, Sunamganj, Sirajganj, Bakshiganj and Panchar.
- Uposhakha: 313
- Office premise: 01
- ATM Booth: 02

Relocation:

- Branch - 06
- Uposhakha - 01

Renovation:

- Fully renovated - 05
- Partially renovated - 07

Apart from this, regular need-basis repair & maintenance was conducted for all the branches, Uposhakha & ATMs in different location of the country. In terms of amount, ISD has conducted a work value of BDT 666.33 million

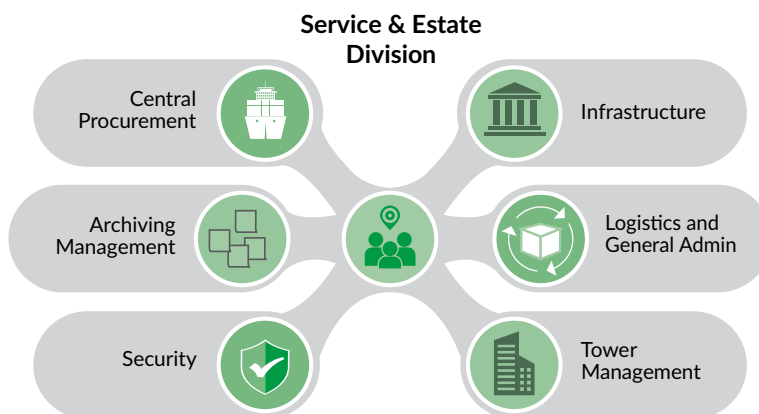
for new establishment, relocation and renovation works.

Achievement

- By the end of 2022, IFIC's presence has been established in a total 169 Branches, 1,043

Uposhakhas and 59 ATM booths.

- By efficient management of contractors/ suppliers, ISD has saved BDT 37.73 million from the approved budget from new establishment, relocation and renovation works.



16.2 Central Procurement

All type of procurement has been centralized which has given a better control over budget, inventory management, contract management, negotiation, and procurement.

In 2022, Central Procurement has procured a total of BDT 2,389.00 million through 388 issued work orders. On the other hand, during 2022, Central Procurement has disbursed payment to suppliers of total of BDT 1,950.00 million. Total 116 suppliers have been managed during this period.

Some of the notable procurement during 2022 are: Card Management System project, Network Access Control Upgradation, Hardware for Enterprise Resource Planning Solution, HR Solution, Web-Based Digital Platform, Web Gateway Security, Virtual Infrastructure, PCI-DSS Certification, Upgradation of Wi-Fi solution, Digital Banking Solution, etc.

Achievement

- Due to the rapid expansion of the bank, the volume and amount of procurement and payment have significantly increased. To effectively manage such high volume and minimize potential gaps, several management information systems (MIS) and databases have been developed. These systems track procurement, payment, supplier information, inventory positions, and other relevant data.

- In 2022, the Central Procurement department successfully saved BDT 129.32 million through various strategies, including sourcing alternative products and suppliers, procuring products based on early market information, effectively managing suppliers through rapport building, and skillful negotiation.
- Moreover, the bank has proactively procured the necessary stock of critical products, such as IT equipment, as a lot to ensure a smooth inauguration of the targeted 1330 Uposhakhas, while also avoiding any unexpected situations that may arise.

16.3 Logistics & General Admin

This year, the bank provided proper logistical support during the opening of 09 branches and 313 Uposhakhas. The stationery warehouse was moved from a rented 9,000 sq. ft. space to a 750 sq. ft. owned space. Additionally, 37 printed stationery items were digitized and made available for download from IFIC Insight.

Stationery GLs of all Branch and Uposhakhas were reconciled with CBS and obsolete items were disposed of. The bank successfully implemented the Central Dispatch and Inventory Module in the ERP system and categorized outsourced services for smooth operation and proper VAT and tax calculation.

In 2022, the bank conducted over 5,500 maintenance works worth more than BDT 10.00 million, providing uninterrupted repair and maintenance support to all existing business points across the country. Finally, the bank arranged 35 events in IFIC Tower and provided logistical support for other events outside the tower at a cost of BDT 2.50 million.

Achievement

- Save about BDT 2.00 million yearly by shifting the stationery warehouse location.
- Save about 2.4 million yearly by fixation of rate for procurement of computer stationery.
- Save BDT 94.13 million from approved budget of outsourced service management.

16.4 Security Department

As usual, the Security Department has ensured physical security of bank premises located across the country. Keeping the compliance intact, replacing armed guards by unarmed guards thereby minimizing cost. Total 1,320 employee's police verification has been conducted. Ensuring close liaison with law enforcing agencies for the safety of employees of the Bank. A 24x7 Security Help Desk, Central Security Surveillance System as well as Rapid response team have been developed for prompt security service.

Achievement

- Successfully prevented theft attempt in multiple business points across the country in 2022.
- During natural disasters (e.g. flood in Sylhet region, cyclone Sitrang etc.) in 2022, worked as the only POC between affected business points & HO and provided active support.

16.5 Archiving Management

IFIC Bank has taken several steps to enhance operational efficiency and maximize resource utilization. Five godowns at various locations have been vacated to create space for new documents, while shred policies have been implemented for secure disposal of destroyable documents. Multi-functional photocopy machines have been introduced to minimize document usage and toner costs, and 26 branches' old fixed assets have been disposed of in compliance with policy guidelines. Additionally, 94 steel racks, 14 steel cabinets, 09 steel almirahs, 500 steel trunks, and 900 pcs sacks have been supplied to different business points to optimize resource utilization. These measures aim to streamline operations and ultimately benefit clients and stakeholders.

Achievement

- From the vacated godowns (14,650 sq. ft.), total 1,379 items have been recovered and reused whose value is BDT 1.80 million approximately as well as saved yearly rent amount BDT 7.95 million.
- Shredded Documents have been sold out at BDT 1.38 million.
- Multi-functional photocopy machines have been replaced the standalone printers, scanner and photocopiers whose value is BDT 7.20 million. These items have been reused in different business points.
- Gain BDT 0.68 million from the destroyed fixed assets.
- Total 1,577 items have been supplied for further usage whose value is BDT 3.11 million.

16.6 Tower Management

Tower Management ensures 24/7 operation and facility management of IFIC Bank head office premises by engaging technical staff and officers. They conduct reactive and preventive maintenance of critical equipment and all civil, interior, and façade maintenance work as per Tower standards. The department also provides Tower logistics support and arranges seating, program

management, participant management, sound system management, food management, and logistics support.

Achievement

- The Tower Management Department successfully operated IFIC Tower in 2022, ensuring all critical equipment were properly maintained and there was no equipment failure or downtime.
- Organized various programs at the multipurpose hall, providing support for seating arrangements, program management, participant management, sound system management, food management, and logistics.
- Maintained the cleanliness of IFIC Tower and beautified the Tower entry and Mujib corner with seasonal flowers.
- Additionally, completed all procurement for IFIC Tower according to guidelines, saving approximately BDT 0.60 million and completing all government regulatory work related to IFIC Bank head office, saving approximately BDT 0.30 million. The procurement value for IFIC Tower was BDT 51.50 million.

17. Subsidiaries of IFIC

There are three subsidiaries of IFIC Bank PLC which are:

- a) IFIC Securities Limited
- b) IFIC Money Transfer (UK) Limited
- c) IFIC Investment Limited

18. Branding and Promotional Activities

IFIC Bank has carried out sustained promotional activities to create awareness about the brand and products in the year 2022.

To promote the signature products and services bank has made new commercials for IFIC Suborno Gram and IFIC 24/7 Remittance service along with an updated version of other signature products and service-related advertisements of IFIC Aamar Protibeshi, IFIC Aamar Account. A wide TVC campaign was launched across all popular different Television channels and social media platforms on the promotional prospect. The bank received positive responses from customers because of those activities.

The Bank also sponsored a good number of events and activities throughout the year including the founding anniversary

of Dhaka Metropolitan Police, Founding anniversary of Rapid Action Battalion (RAB), Dhaka Ahsania Mission, Dhaka University Alumni Association, Kali O Kalam Tarun Kabi O Lekhak Puroshker 2021, Rabindra Academy, Bengal Institute, Dhaka Stock Exchange, Chittagong Stock Exchange, The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Metropolitan Chamber of Commerce and Industry (MCCI), ATN News, NTV, RTV, Channel I and many others.

Bank is also running its media campaign throughout the year through digital media channels, Television, online news portals on regular basis. Bank has also created numerous social communication posts on different occasions like the inauguration of Padma Bridge. Bank has also sponsored The Great Padma book published by BENGAL INSTITUTE.

19. Corporate Social Responsibility

Different Corporate Social Responsibility (CSR) activities undertaken by the Bank during the year 2022 are as mentioned below:

- IFIC Bank has provided financial assistance for medical treatment to renowned cultural activist Hasan Arif
- IFIC Bank has performed CSR activity for its employees by participating in a Child Day Care Centre at motijheel for the year 2021
- IFIC Bank has contributed four-year certification program on emergency medicine (CPM) launched by Dhaka Medical College (DMC) in collaboration with the University of Pennsylvania Perelman School of Medicine, USA aiming to ensure better medical services to people in 2021. In the year 2022, Bank has completed payment of the installment for the second consecutive year.
- IFIC Bank has provided financial assistance for the completion of the production of our Liberation war based film "1971 Shei Sob Din", an initiation by Ekushey Padak recipient and renowned cultural artist Ms. Lucky Enam and her team under the banner of her production house 'TICKET'.
- IFIC Bank has provided financial assistance for Educational and skill development co-curriculum activity for a female orphanage named Rights and Sight for

Children (RSC)

- IFIC Bank has provided financial assistance to help the financially insolvent meritorious students under Prime Minister's Education Assistance Trust
- The Bank provided Financial Assistance to Kumudini Welfare Trust of Bengal (BD) Limited for bearing the educational expenses of Diploma in Nursing students of Kumudini Nursing School and College
- IFIC Bank has donated to Prime Minister's Relief and Welfare Fund for the deadly Flood affected people around the country
- IFIC Bank has conducted CSR activity as Disaster Relief Through IFIC Bank Branches & Uposhakhas on the occasion of Devastating flood in Sylhet region occurred during June and July 2022
- IFIC Bank has conducted CSR activity through providing relief among distressed people by Six (06) branches of the Bank on the occasion of National Mourning Day 2022
- Among different activities in line with the commemoration of National Mourning Day 2022, Bank has donated Bogura District Police for arranging extracurricular Activities
- IFIC Bank donated to Halkhat Magazine authority for booklet publications and distributions among schools to create awareness of necessary doing during and after the earthquake
- IFIC Bank has donated 100,000 units of Blankets for cold stricken people of the country to Prime Minister's Relief & Welfare Fund
- IFIC Bank has distributed 60,000 units of Blankets among cold-stricken people through IFIC Branches and Uposhakhas
- With an aim to create mass moral enhancement among people, IFIC Bank published selected ethical rhymes in national popular newspapers on quarterly basis around the year 2022

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 the 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 generating activities encompasses all kinds of commercial banking products and services to the customers that includes project finance, working capital finance and trade finance for corporate customers, CMSME loans to small traders and businesses, House Building Loan, Car Loan as well as wide range of lifestyle 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 and Any Time Banking for 24 hours a day and 7 days a week through ATMs.

2022 has been a year of consolidating growth prospect of the Bank. Cashing on the consistent track record of positive growth, the Bank shall continue to deliver a strong performance, both operationally and financially.

The Bank aims to build a business that is durable in the long run, one that creates value for shareholders and also acts responsibly in the interests of the wider communities in which it operates. The Bank believes 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 PLC

The Authorized Capital and the Paid-up Capital of the Bank stood at BDT 40,000.00 million and BDT 17,859.10 million respectively as on 31 December 2022. A total number of 1,785,910,939 shares are recorded with the Central Depository Bangladesh Limited (CDBL), while 15,079,690 shares still remain in scrip form till the Balance Sheet date.

The consolidated Net Asset Value (NAV) per share was BDT 18.82 as on 31 December 2022 which was BDT 16.93 as on 31 December 2021. The consolidated Earnings Per Share (EPS) were BDT 1.93 for the year ended on 31 December 2022 as against BDT 1.42 as on 31 December 2021. The Market Capitalization of IFIC was BDT 20,537.98 million at the end of the year 2022 as against BDT 28,744.66 million at the end of the year 2021.

22. Dividend

The Board of Directors in its 855th

Meeting held on 27 April 2023 has recommended total dividend of 5% (2.5% Cash + 2.5% Stock) for the Shareholders for the year 2022 subject to approval at the forthcoming 46th Annual General Meeting.

23. Appointment of External Auditors

In the 45th Annual General Meeting of the Bank, "A" graded Chartered Accountants Company M/s. M. J. Abedin & Co. was appointed as the External Auditors of the Bank for the year 2021 subject to approval of Bangladesh Bank. Subsequently, Bangladesh Bank approved the appointment of the External Auditors. Since M/s. M. J. Abedin & Co., Chartered Accountants have completed their second year of audit and in terms of the Bangladesh Bank's Guidelines and the Directives of BSEC, they are eligible for re-appointment.

Meanwhile, M/s. M. J. Abedin & Co., Chartered Accountants has expressed their intention to continue their work as the statutory auditors of the Bank. With the recommendation of the Audit Committee of the Board of the Bank, the proposal for re-appointment of M/s. M. J. Abedin & Co., Chartered Accountants as the Statutory Auditors of the Bank for the year 2023 will be placed for approval of the Shareholders in the 46th AGM strictly following the terms/conditions of Bangladesh Bank's Guidelines and the Directives of BSEC.

24. Appointment of Compliance Auditors

In the 45th Annual General Meeting of the Bank, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants were appointed as the Compliance Auditors of the Bank for the year 2022. Meanwhile, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants have completed their fourth year of the audit, and in terms of the Directives of BSEC, they are eligible for re-appointment.

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 46th 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 for Internal Control and Financial Reporting

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

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

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

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

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

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

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

Accounting policies supported by judgments, estimates and assumptions

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

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

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

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

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 2022. 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 Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Dhaka, Dhaka Stock Exchange Limited, Chittagong Stock Exchange PLC 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. M. J. Abedin & 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