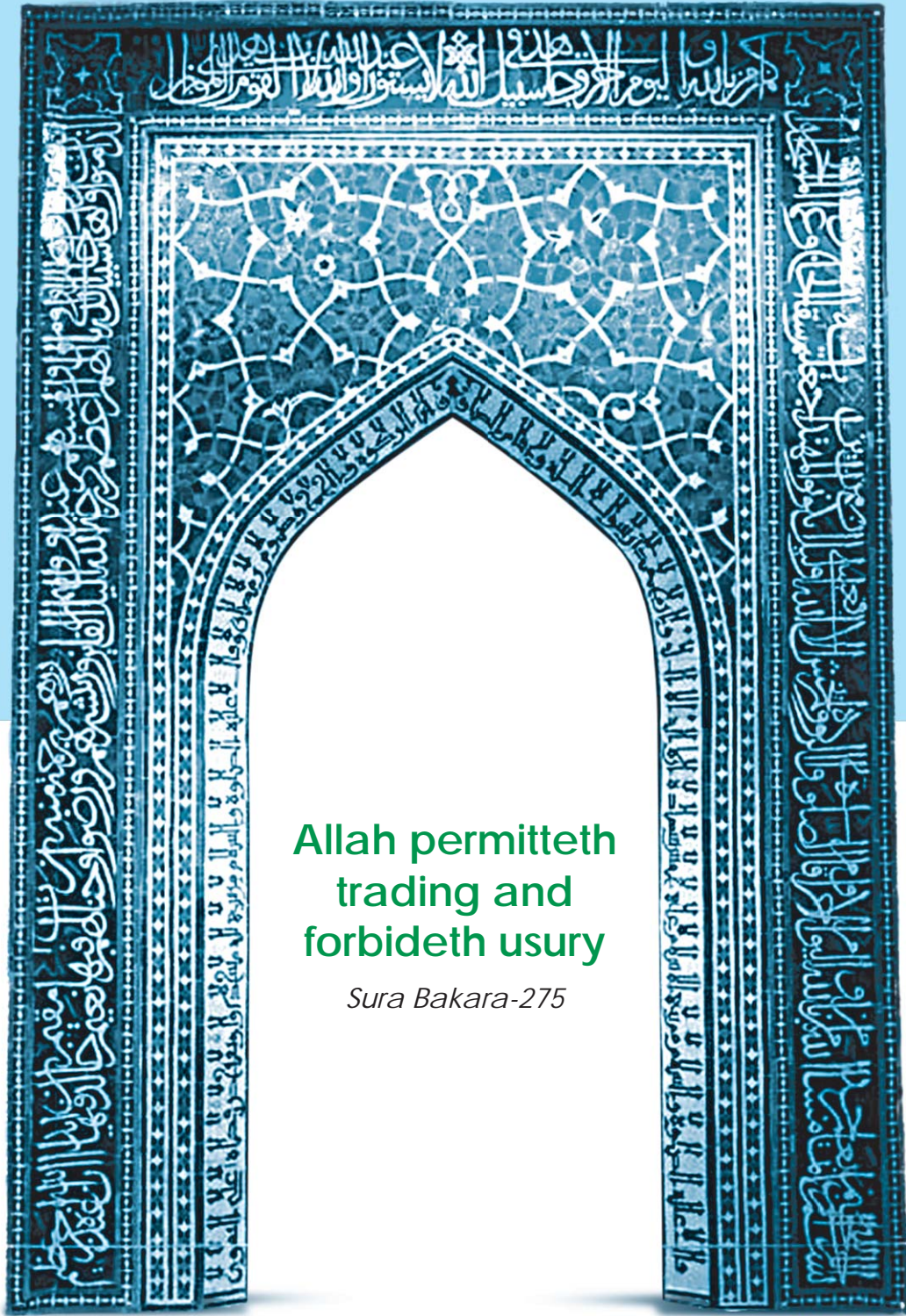




# Annual Report 2011



Allah permitteth  
trading and  
forbideth usury

*Sura Bakara-275*





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## Qur'anic Verses on Interest

"Those who swallow Riba (usury) cannot rise up save as he ariseth whom the devil hath prostrated by (his) touch. That is because they say: Trade is just like usury: whereas, Allah permitteth trading and forbideth usury: He unto whom and admonition from his Lord cometh and (he) refraineth (in obedience thereto). He shall keep (the profits of) that which is past. And his affair hence-forth is with Allah. As for him who returneth (to Riba) such are rightful owners of fire. They will abide therein. (2:275)

"O, Ye who believe, fear Allah, and give up what remaineth (due to you) from usury, if ye are (in truth) believers. If you do it not, take notice of war from Allah and His messenger." (2:278-279)



## Hadith on Interest

Jabir bin Abdullah (R) said that Rasul (Allah's Messenger) (S) cursed the acceptor of interest and its payer, and the one who records it, and the witness; and he said They are all equal. (Muslim)

Abdullah Ibn Masud (R) has quoted a Hadith of Rasul (Allah's Messenger) (S) as saying: Whenever adultery and usury become rampant in a community, it is inevitable that wrath of Allah will befall upon them. (Abu Yala)

Abu Huraira (R) has narrated that Rasul (Allah's Messenger) (S) said: Allah as his unique right will not allow four categories of people to enter the heaven and also refrain them from taking taste of his bounties 1) Drunkard 2) Usury 3) Devourers of orphan's wealth and 4) Disobedience of parents. (Mustadarake Hakim)

Abu Huraira (R) has narrated that Rasul (Allah's Messenger) (S) said: you should protect yourself from 7(seven) destructive issues 'what are those'? -asked his companions. He said those are 1) Join in worship others with Allah 2) Mesmerizing 3) Killing someone unlawfully 4) Usury 5) Devourers of orphan's wealth 6) Flight from the battle field and 7) To charge against chaste women. (Bukhari, Muslim and Abu Daud)

Samura Ibn Zundub (R) has narrated that Rasul (Allah's Messenger) (S) said: I saw in a dream that two persons came to me and took me to a sacred place. Thereafter three of us proceeded to a river full to blood and saw that a man was swimming in the river and another was standing on the bank with huge rocks in front of him. When the swimmer approached the bank, the man standing on it hit the swimmer with the rocks so heavily that he receded to his original place. Whenever the swimmer tried to approach the bank of the river again, the standing person did the same as before. Rasul (Allah's Messenger) (S) asked 'who is this man in the river' One of the angels said 'He is a usurer'. (Bukhari)



## Opinion of other Religions and Great Men on Interest

Interest has been banned in the two books of Hazrat Musa (A.), which are considered as the scriptures of Jews. The 22nd line of Exodus goes as saying, 'If you lend money to a poor man, don't become money lenders and don't realize interest from him.'

Similarly in 23rd line of ancient scripture of the Jews entitled "Deuteronomy" states, 'You don't lend money to your brother for interest -i.e interest on money, interest on foodstuff and interest on anything lent.'

Hebrewism is known as Mosaic or Judaism. Mosaic laws or commands of Musa are the basis of Hebrewism. Interest was totally prohibited in Mosaic law. This rule was exclusively practiced by the Jews. In this ideology, there are clear directions on interest as other aspects of economics. In Hinduism, usury business was restricted within the 'Baithayas'.

One Jew couldn't take interest by lending money from another. But, taking interest was in practice by lending money to the people of other religions.

Some writers quoted from the book, 'Talmud' that the Hebrew prophets forbade interest not only from Jews but from all. (Eric Roll, A history of Economic Thought: page 48)

Interest was prohibited from the beginning of the Christianity to the advent of the Reform Movement and from the Church under pope in Rome to the division of other Churches, Christ said, 'Lend hopping for nothing again.' (Luke VI 35, Hanley: History of Economic Thought 1964, Page 101)

# Board of Directors



## Directors

Badiur Rahman

### Chairman

Sarker Mohammad Shameem Iqbal

### Vice Chairman

### Member:

Alhaji Md. Harun-ar-Rashid Khan

Alhaji Nazmul Ahsan Khaled

Alhaji Abdul Malek Mollah

Hafez Alhaji Md. Enayet Ullah

Alhaji Abdul Moktadir

Alhaji Ahamedul Haque

Alhaji Abdus Samad

Alhaji Engr. Kh. Mesbahuddin Ahmed

Alhaji Abu Naser Mohammad Yeahea

Alhaji Abdus Salam

Alhaji Niaz Ahmed

Md. Ashik Hossain

Md. Rafiqul Islam

Mohammed Emadur Rahman

Anwar Hossain

Dr. Momtaz Uddin Ahmed

Brig. Gen. M.A. Malek (Retd.)

### Ex Officio Director

Ekramul Hoque

Managing Director

### Company Secretary

Md. Mofazzal Hossain

Deputy Managing Director

## Executive Committee

Alhaji Abdus Samad  
Chairman

Alhaji Abdul Malek Mollah  
Vice-Chairman

Member:

Alhaji Md. Harun-ar-Rashid Khan

Alhaji Md. Nazmul Ahsan Khaled

Alhaji Hafez Md. Enayetullah

Alhaji Ahmedul Haque

Alhaji Abu Naser Mohammad Yeahea

## Audit Committee

Sarker Mohammad Shameem Iqbal  
Chairman

Member

Alhaji Abdus Salam

Alhaji Niaz Ahmed

Md. Ashik Hossain

Dr. Momtaz Uddin Ahmed

## Shariah Supervisory Committee

Mufti Abdur Rahman  
Chairman

Member

Mufti Ruhul Ameen

Mawlana Abdul Basit Barkatpuri

Mufti Muinul Islam

Alhaji A. Z. M. Shamsul Alam

Badiur Rahman

Secretary

Md. Abdur Rahim Khan





## Management Team

### **Managing Director**

Ekramul Hoque

### **Deputy Managing Director**

Md. Rafiqul Islam

Md. Mofazzal Hossain

Khondoker Nayeemul Kabir

### **Executive Vice President**

Md. Mominul Haque Bhuiyan

Md. Fazlul Karim

Muhammed Nadim ACA

Md. Mahmoodul Haque

### **Senior Vice President**

Syed Masodul Bari

Md. Nazmus Saadat

Borhanuddin Ahmed Chowdhury

M. Atiqur Rahman

Manir Ahmad

Md. Abdur Rahim Duary

Md. Zakir Hossain

Md. Zakir Anam

# Management Team



## Vice President

A.N.M. Mofidul Islam  
 Md. Abul Hossain  
 Md. Manjur Hasan  
 Md. Badruzzaman Bhuiyan  
 Md. Abul Quassem  
 Md. Fazlur Rahman (Ashrafi)  
 Md. Aminul Islam Bhy.  
 Engr. Md. Habib Ullah  
 Md. Showkat Islam  
 Md. Abdullah Al-Mamun  
 A.K.M. Amzad Hossain  
 Abed Ahmed Khan  
 Md. Abdus Zaher  
 Md. Jafar Ullah  
 A.T.M. Mostafizur Rahman  
 Mohd. Yahya  
 Kazi Md. Selim  
 Iqbal Hossain Ahmed  
 Md. Harunoor Rashid  
 Md. Mujibur Rahman

## Assistant Vice President

M. Anisur Rahman  
 Md. Asaduzzaman Bhuiyan  
 Md. Mizanur Rahman  
 Munshi Amanul Haque  
 Majibur Rahman  
 Md. Nizamul Hoque Chy.  
 Md. Sultan Mahmud  
 Md. Golam Sarwar  
 S. M. Kowsar  
 Md. Abul Basher

Md. Idris Ali  
 Mohammad Golam Kibria  
 Aktar Kamal  
 Md. Mazharul Islam  
 Md. Obaydul Islam  
 Md. Abdur Rahim Sarder  
 Mohammed Hossain  
 Md. Mujahid Khalid  
 Md. Azharul Islam  
 Md. Mosharof Hossain  
 C. G. M. Asaduzzaman  
 Moho, Javed Tarek Khan  
 Md. Tarlqul Amin  
 Md. Emarat Hossain Khan  
 Monir Ahammad  
 Md. Hedayeatul Islam  
 A. K. M. Sazzad Hossain  
 Md. Zahidul Islam  
 S. M. Abu Jafar  
 Md. Mostafizur Rahman  
 Md. Zakir Hossain Bhuiya  
 Md. Abul Kalam  
 Md. Rajibul Islam Bhuiyan  
 Moho, Ziaul Karim Chow  
 Mollah Khalilur Rahman  
 Md. Miran Shah Chowdhury  
 Md. Mainul Islam  
 Md. Jahangir Alam  
 Md. Asaduzzaman Khan  
 Md. Nazmul Huda  
 Kamal Hossain



## Vision, Mission & Commitments

### Vision

To be a pioneer in Islami Banking in Bangladesh and contribute significantly to the growth of the national economy.

### Mission

Achieving the satisfaction of Almighty Allah both here & hereafter.

Proliferation of Shariah Based Banking Practices.

Quality financial services adopting the latest technology.

Fast and efficient customer service.

Maintaining high standard of business ethics.

Balanced growth.

Steady & competitive return on shareholders' equity.

Innovative banking at a competitive price.

Attract and retain quality human resources.

Extending competitive compensation packages to the employees.

Firm commitment to the growth of national economy.

Involving more in Micro and SME financing.

### Commitments

Ours is a customer focused modern Islamic Banking making sound and steady growth in both mobilizing deposit and making quality Investment to keep our position as a leading Islami Bank in Bangladesh.

To deliver financial services with the touch of our heart to retail, small and medium scale enterprises, as well as corporate clients through our branches across the country.

Our business initiatives are designed to match the changing trade & industrial needs of the clients.

## Corporate Information

Date of Registration	18 June 1995
1st Branch	Motijheel Branch, Dhaka
Opening Ceremony	27 September, 1995
Authorized Capital	10,000.00 Million
Paid-up Capital	5,893.37 Million
Local Partnership of Capital	100%
Equity	11,989.11 Million
Number of Branches	88
Deposit	82,186.98 Million
Investment	77,714.95 Million
Number of Employees	1,807
Number of Shareholders	54,267



Honorable Chairman, Directors & Managing Director of AIBL are seen on the dais at the 16<sup>th</sup> Annual General Meeting

# Corporate Information

## Auditors

### ACNABIN

Chartered Accountants  
BSRS Bhaban (13th Floor)  
12 Karwan Bazar C/A  
Dhaka- 1215, Bangladesh

### MASIH MUHITH HAQUE & CO.

Chartered Accountants  
UTC Building (13th Floor)  
8 Panthapath  
Dhaka- 1215, Bangladesh

## Company Secretary

Md. Mofazzal Hossain

## Registered Office

Peoples Insurance Building  
36, Dilkusha Commercial Area  
(6th - 9th Floor), Dhaka-1000

Tel: PABX : 9567885, 9567819  
9569353, 9568007  
9560198, 7123255-7

Fax : 880-2-9569351

SWIFT : ALARBDDH

E-mail : aibl@al-arafahbank.com

Web : www.al-arafahbank.com



A section of the Shareholders attending 16<sup>th</sup> Annual General Meeting of AIBL



## Notice of the 17th Annual General Meeting (AGM)

Notice is hereby given that the 17th Annual General Meeting of the shareholders of Al-Arafah Islami Bank Limited will be held on Sunday, the 20th May 2012, at 10.00 a.m. at 'Officers' Club, 26, Baily Road, Dhaka to transact the following business:

### Agenda :

1. To receive, consider and adopt the Directors' Report, Audited Statements of Accounts with Auditors' Report thereon for the year ended on 31st December 2011;
2. To declare Dividend for the year 2011;
3. To appoint auditors of the company for the term until the next Annual General Meeting and to fix their remuneration;
4. To elect /re-elect Directors;
5. To transact any other business with the permission of the chair.

All the honorable shareholders of the company are requested to make it convenient to attend the meeting on time.

By order of the Board,

(Md. Mofazzal Hossain)  
DMD & Company Secretary  
02 May 2012  
Phone : 7113694

### Notes :

1. Shareholders whose names appear in the Register of members as at the close of business on the Record Date i.e. 02-05-2012 will be eligible to attend the Annual General Meeting (AGM) and vote there at;
2. A member eligible to attend and vote at the Annual General Meeting (AGM) may appoint a proxy to attend and vote on his/her behalf. Proxy Form duly stamped must be submitted to the share department, Rahman Mansion (1st Floor), 161 Motijheel C/A, Dhaka-1000 not later than 48 hours before the time of holding the meeting;
3. The Shareholders, who are interested to put questions, are requested to send the same to Share Department, Rahman Mansion (1st Floor), 161 Motijheel C/A, Dhaka-1000, before 7 (Seven) days of the AGM;
4. Attendance of the Members/ Shareholders/ Attorney/ Proxy's will be recorded up to 10.30 a.m. at the Registration Counter on the day of the meeting.
5. Election Rules and schedule thereto will be available at the share department of the Bank, Rahman Mansion (1st Floor), 161 Motijheel C/A, Dhaka-1000.

## 5 Year Financial Highlights

(Figure in Million)

Particulars	2007	2008	2009	2010	2011	Growth%
<b>Income Statement</b>						
Investment Income	2,243.15	3,456.34	4,004.54	4,306.62	9,481.01	120.15
Profit paid on Deposit	1,628.63	2,220.47	2,667.34	3,133.69	5,466.12	74.43
<b>Net Investment Income</b>	<b>614.52</b>	<b>1,235.87</b>	<b>1,337.20</b>	<b>1,172.93</b>	<b>4,014.89</b>	<b>242.30</b>
Non Investment Income	712.46	936.81	1,301.10	3,378.95	1,851.58	(45.20)
Non Investment Expenses	570.80	644.59	908.47	1,328.61	1,539.69	15.89
<b>Net Non Investment Income</b>	<b>141.66</b>	<b>292.22</b>	<b>392.63</b>	<b>2,050.34</b>	<b>311.89</b>	<b>(84.79)</b>
Profit Before Tax & Provision	756.18	1,528.09	1,729.83	3,223.27	4,326.78	34.24
Provision For Investment	173.34	269.20	140.59	370.80	380.16	2.52
Profit Before Tax	582.84	1,258.89	1,589.24	2,852.47	3,946.62	38.36
Provision For Tax (including Deferred Tax)	235.53	590.66	730.25	893.43	1,747.87	95.64
Profit After Tax	47.31	668.23	858.99	1,959.04	2,198.75	12.24
<b>Balance Sheet</b>						
Authorized Capital	2,500.00	2,500.00	5,000.00	5,000.00	10,000.00	100.00
Paid up Capital	1,153.18	1,383.81	1,798.95	4,677.28	5,893.37	26.00
Reserve Funds & Other Reserve	653.00	905.33	1,223.18	1,779.08	2,437.43	37.01
Shareholders' Equity (Capital & Reserve)	2,037.50	2,705.74	3,564.73	9,790.36	11,989.11	22.46
Deposits	23,009.13	29,690.12	38,355.50	53,882.96	82,186.98	52.53
Investment	22,906.37	27,742.57	36,134.08	53,582.96	77,714.95	45.04
Investment in Shares & Securities	868.58	1,090.23	1,502.00	2,078.83	3,771.83	81.44
Fixed Assets	334.48	396.76	466.30	655.39	968.13	47.72
Total Assets (Excluding off-balance sheet items)	30,182.32	37,177.22	48,515.79	74,005.01	106,768.18	44.27
<b>Foreign Exchange Business</b>						
Import Business	27,042.72	32,685.13	34,074.80	55,934.10	76,112.10	36.07
Export Business	12,714.91	20,176.64	23,546.10	32,042.40	52,202.10	62.92
Guarantee Business	601.88	784.49	2,841.32	3,081.15	1,812.38	(41.18)
Inward Foreign Remittance	1,843.94	2,672.04	2,832.28	4,431.90	6,876.20	55.15
<b>Capital Measures</b>						
Core Capital (Tier-I)	1,970.84	2,639.08	3,498.07	9,582.85	11,924.50	24.44
Supplementary Capital (Tier-II)	274.29	410.26	567.89	929.96	1,123.40	20.80
Tier-I Capital Ratio	9.59	9.70	9.68	13.21	12.31	(6.81)
Tier-II Capital Ratio	1.33	1.51	1.57	1.28	1.16	(9.38)
Total Capital	2,245.13	3,049.34	4,065.96	10,512.81	13,047.90	24.11
Total Capital Ratio	10.92	11.21	11.25	14.49	13.47	(7.04)
<b>Investment Quality</b>						
Volume of Non-Performing investment	854.41	817.90	608.14	610.48	751.10	23.03
% of NPIs to Total investment	3.72	2.75	1.68	1.14	0.95	(16.67)
Provision for Unclassified investment	220.48	298.09	409.19	666.95	866.46	29.91
Provision for Classified investment	246.48	329.78	173.13	137.58	105.93	(23.00)
Provision for Off Balance sheet Exposures	19.45	77.80	124.35	230.71	214.48	(7.03)
<b>Share Information</b>						
Number of Shares Outstanding	115,317,540	138,381,040	179,895,360	467,727,936	589,337,199	26.00
Earning per Share (Taka)	2.51	3.72	2.00	4.14	3.73	(9.90)
Book Value per Share (Taka)	19.67	19.55	19.82	16.47	16.69	1.34
Market Price per Share (Taka)	44.00	44.40	53.63	66.88	37.80	(43.48)
Price Earning Ratio (Times)	14.62	9.53	11.23	13.24	10.13	(23.49)
Price Equity Ratio (Times)	2.24	2.27	2.71	4.06	2.26	(44.23)
<b>Dividend per Share</b>						
Cash Dividend (%)	-	-	-	-	-	-
Bonus Share	20	30	30	26	21	(19.23)
<b>Operating Performance Ratio</b>						
Net Profit Margin%	3.69	4.87	4.11	2.22	5.55	149.77
Investment /Deposit Ratio	99.55	93.44	94.21	93.43	89.07	(4.67)
Return on Equity (ROE)%	17.05	24.70	24.10	20.01	18.34	(8.35)
Return on Assets (ROA)%	1.15	1.80	1.77	2.65	2.06	(22.20)
Cost of fund %	10.99	10.46	11.08	9.72	11.08	13.99
Cost /Income ratio in operating business (%)	74.52	65.17	67.40	58.06	61.82	6.47
<b>Other Information</b>						
Number of Branches	46	50	60	78	88	13
Number of Employees	1,033	1,080	1,296	1,711	1,807	5.61
Number of Shareholders	12,013	10,664	11,382	49,386	54,267	9.88

## Economic Impact Report



Economic impact can be defined as any increase or decrease in productive potential of an economy. By analyzing the economic impact we can understand how a bank adds value to the society. Economic impacts can be broadly categorized as:

- i) Direct Impact
- ii) Indirect Impact

### Direct Impact

Direct impacts are the immediate economic effects resulting from the banks financial transactions. Bank's direct contribution to the economy resulted in the creation of employment opportunities, payment of tax to the government and maximization of shareholders wealth.

### Indirect Impact

Indirect impacts are the spill over economic effects that occur through Bank's normal course of operations. Banks generate indirect impact by addressing the deficiency of capital in the economy by mobilising deposit and channelling the same to prospective investors.

Through catering financial services, the Bank helped distribute the wealth among all the stakeholders for example shareholders received dividend, depositors and investors got profit, employees received compensation and other benefits, the under privileged reaped benefits out of CSR while the government earned tax revenue.

In 2011, total value added by AIBL was BDT 4,914.93 million as against BDT 3,634.30 million in 2010. Bank's direct contribution to the economy was BDT 1,747.87 million in the form of corporate income tax. The Bank distributed BDT 918.41million for its total 1,807 officials in 2011 as against that of BDT 714.80 million in 2010.

At the end of 2011, the Bank mobilized total deposits of BDT 82,186.98 million and aided the economy in meeting its growth target by deploying BDT 77,714.95 million as investment to different sectors of the economy. Apart from these, the Bank performed significant import and export business.



## Value Added Statement

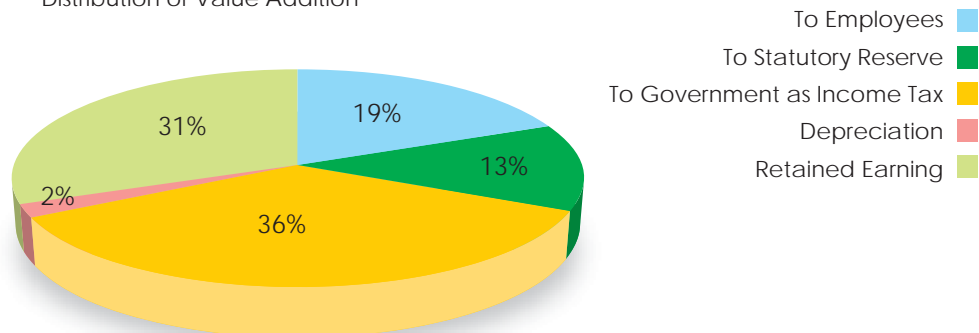
Value added is a measure of wealth created by the Bank through various business activities. The statement of value added shows the total wealth created and how it was distributed among stakeholders, including the Government, employees and shareholders.

(BDT in million)

Particulars	2011	2010
Income from Banking Service	11,332.59	7,685.57
Cost of Services & Supplies	(6,037.50)	(3,680.47)
Value added by Banking Services	5,295.09	4,005.10
Provisions for Investment & Off-Balance Sheet Items	(380.16)	(370.80)
<b>Total Value Addition</b>	<b>4,914.93</b>	<b>3,634.30</b>
Value Distributed		
To Employees	918.41	714.80
To Statutory Reserve	658.35	576.85
To Government as Income Tax	1,747.87	893.43
Depreciation	86.77	64.12
Retained Earning	1,503.53	1,385.10
<b>Total</b>	<b>4,914.93</b>	<b>3,634.30</b>

\* Figure restated in 2010

Distribution of Value Addition

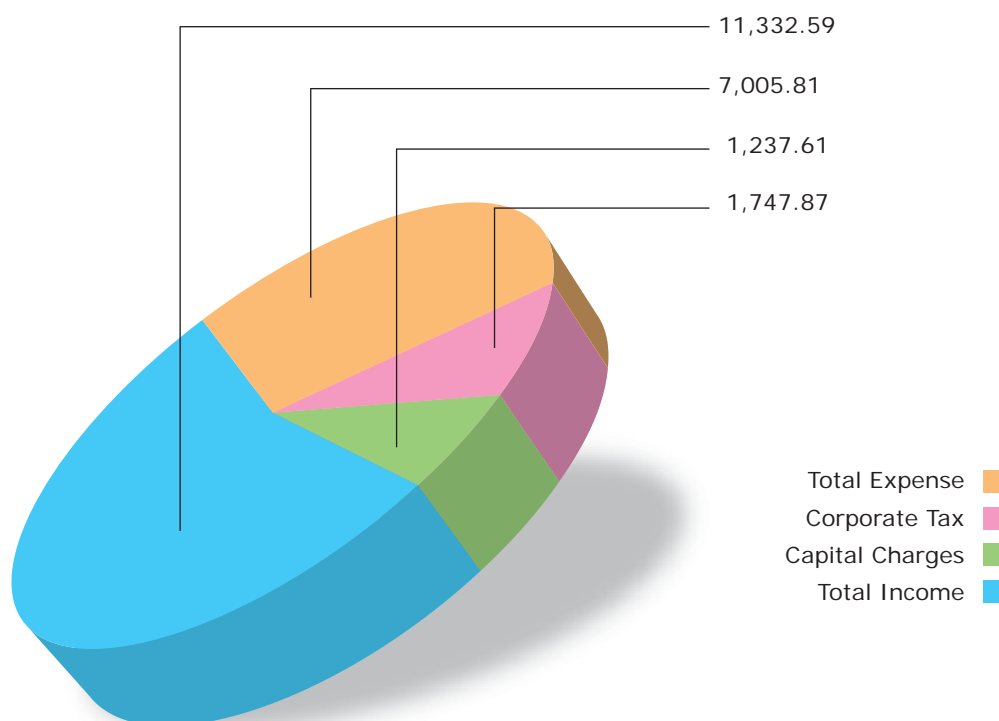


## Economic Value Added Statement

Economic Value Added (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of the required minimum return for shareholders at comparable risk. EVA of the Bank stood at BDT 1,341.30 million as on 31 December 2011 as against that of BDT 1,113.75 million in 2010.

(BDT in million)

Particulars	2011	2010
Shareholders Equity	11,989.11	9,790.36
Total Income	11,332.59	7,685.57
Total Expense	(7,005.81)	(4,462.30)
Corporate Tax	(1,747.87)	(893.43)
Capital Charges*	(1,237.61)	(1,216.09)
<b>Economic Value Addition</b>	<b>1,341.30</b>	<b>1,113.75</b>



\* Capital Charges = Paid up capital X percentage of Dividend

\* Figure restated in 2010

## Market Value Added Statement

Market Value Added (MVA) is the difference between the equity market value of the company and the book value of equity invested in that company. Market Value Added Statement indicates how much wealth has been created for the capital providers in a particular period of time. A high market value addition indicates that the company has created substantial wealth for the equity holders.

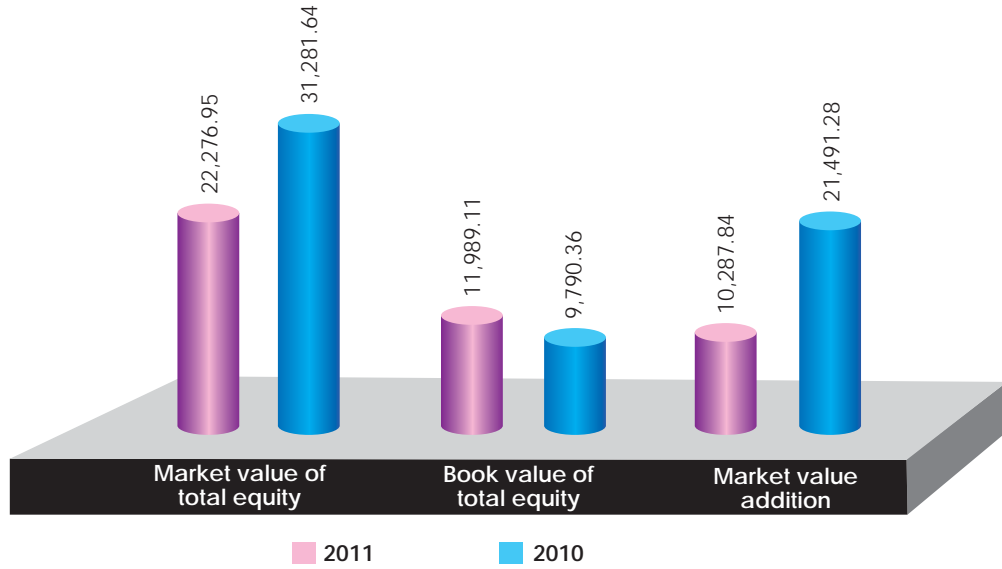
(BDT in million)

Particulars	2011	2010
Market value of total equity	22,276.95	31,281.64
Book value of total equity	11,989.11	9,790.36
Market value addition	10,287.84	21,491.28



Honorable Prime Minister Sheikh Hasina hands over a cheque to one of the bereaved families of the valiant army officer killed at the BDR Carnage. AIBL provides financial assistance to one such family as part of CSR. Chairman of the Bank Mr. Badiur Rahman and Director Alhajj Md. Harun-Ar Rashid Khan were also present

Market Value Addition



Total number of share outstanding : 589,337,199 (467,727,936)\*  
 Market value per share : BDT 37.80 (66.88)\*

\* Previous Year's figures in brackets.



Dr. Atiur Rahman, honorable Governor of Bangladesh Bank inaugurated the 'Solar Panel Distribution Program' initiated by Al-Arafah Islami bank Ltd. Under this program the Bank distributed Solar Panels to poor families in the rural areas



Bismillahir Rahmanir Rahim,

All praise be to the Almighty Allah, Lord of the Universe and peace and blessing of Allah be upon the Prophet Muhammad (SM) and his descendants and companions.

Dear Shareholders  
Assaiamu Alaikum,

It is my great pleasure to welcome you all to the 17th Annual General Meeting of the Shareholders of the Bank. On behalf of the board of directors and myself, I would like to express my heartfelt thanks and profound gratitude to all of you for your continuous support and guidance in achieving excellence in the performance of the company. We have successfully completed the operation for the year 2011. Though in year 2011 there was a liquidity crisis in the banking sectors as well as volatility in the capital market your company has attained significant growth in the deposit, investment, foreign exchange business, remittance and profitability as well as ensures assets quality, commitment towards excellence in service, adherence to business ethics and regulation, shariah compliance, Compliance to the norm of good governance and continuous improvement in stakeholder value.

As on 31 December 2011 the Bank has mobilized a deposit of Tk. 82,186.98 million registering a growth of 52.53% over the previous year.

On the other hand the total investment of the Bank to the valued customers amounting to Tk. 77,714.95 million registering a growth of 45.04% over the previous year.

The total import of the Bank in the year 2011 has stood Tk. 76,112.10 million registering a growth of

36.07% over the previous year and the total export has stood Tk. 52,202.10 million registering a growth of 62.92% over the previous year. Besides during the year 2011 the bank received foreign Remittance 6,876.20 million, which is 55.15% higher than the previous year.

The total assets of the Bank increased to Tk. 106,768.18 million as on 31 December 2011 which was Tk.74,005.01 in 2010.

In 2011 the Bank earned a profit before tax & provision of Tk. 4,326.78 million which is 34.24% higher than the previous year.

Total branch increased to 88 at the end of the year 31 December 2011. The authorized capital of the Bank is Tk. 10,000.00 million and paid up capital and reserve is Tk. 8,330.80 million as on 31 December 2011.

The non-performing assets of the Bank remained at a low and tolerable level because of strict analysis of investment proposals for approval, post disbursement strong monitoring and adequate securitization. As on 31 December 2011 ratio of classified investment to total investment is 0.95%.

At present there is a regressive trend in profit rate in the Banking industry of Bangladesh due to the Monetary Policy of the Government and moral suasion of Regulatory Bodies. As the regressive profit rate will give a boost to the growth of the economy, the Bank's strategy is being shifted to manage profit spread. Today the Bank ranks better position amongst the 7 Islami Banks of the country. With its sound solvency position, quality assets and the expertise of the people, the Bank continues its strong presence in the market to provide optimum supports to its customers, shareholders and other related groups.

Corporate governance is an issue of vital importance to the Shariah Supervisory Committee, the Board and the Management of the Bank.

The Bank is blessed with a well-designed management structure with clearly defined responsibilities.

There is a Shariah Supervisory Committee comprising leading Islamic Scholars of the country well versed in Shariah in the Bank which is entrusted with the responsibility to ensure that the activities are conducted on the precepts of Islam. The Bank adheres to Shariah based best business practices at all times within a complex legal and regulatory environment.

The pace of change in financial services of Bangladesh produces new challenges daily. As the demand of time our management and staff members embrace change to remain competitive.

Customer is the focal point of all activities. We are committed to our customer for excellent, innovative and speedy solutions across all customer segments. We provide a full range of banking service to small, medium and large sized companies as well as agricultural and microfinance and also private individuals and entrepreneurs.

Human resource is the most important asset of the Bank. Comprehensive service rules and regulation exists in the Bank which governs their professional relationship with the Bank.

As the carrier and reservoir of knowledge the Bank has established a rich library.

Banking activities are exposed to various types of risks although risks are inherent in the very nature of our business. It is important that they are measured accurately and monitored timely. With that end in view the Bank employees a consistent methodology, which is applied to minimize risks.

The program and strategy we have undertaken are designed to create a base from which growing and sustainable profit can be generated.

Our main focus in 2012 will be on:

Introduced credit card

Process to get VISA membership to provide Islamic VISA International and local card among our customers very soon.

To become more shariah compliant.

To reduce the non-performing assets below 0.75%.

Opening AIBL Capital Management Ltd. which is the subsidiary company of Al-Arafah Islami Bank Ltd.

Establish 100 ATM Booths at various important location.

Thrust in SME investment.

Sound financial management.

Business & product diversification (both deposit and investment).

Expand and diversify customer base.

Strengthening the AIBL capital market services limited which is the subsidiary company of Al-Arafah Islami Bank Limited.

Up-gradation of Online Banking.

Increase foreign inward remittance.

Opening of 10 new branches.

Opening of 5 SME Branches.

Stable dividend.

Development skill manpower through imparting training as part of Eco friendly business & CSR activities.

We have Al-Arafah Islami Bank Foundation to render social service as a part of corporate social responsibility. During the year 2011 the bank participated in CSR activities by financial assistance in different areas like education, training, healthcare, sports, natural disaster, city beautification, etc.

I express my gratitude to the Almighty Allah for enabling us to achieve remarkable progress in all aspect during the year-2011. I take this opportunity to thank the members of the Shariah Supervisory Committee, the Board of the Directors of the Bank, Management and the staff of the Bank. I also, thank our respected shareholders, valued customers, patrons, well-wishers, Govt. of Bangladesh, Bangladesh Bank, Registrar of Joint Stock Companies & Firms, Securities and Exchange Commission, Dhaka & Chittagong Stock Exchanges, Auditors, Legal Advisers and all others concerned for their continued support and co-operation.

May Allah the Almighty bestow His bountiful blessings upon us all.

Allah Hafiz  
Ma-assalam  
Sincerely,



Badiur Rahman  
Chairman

Date: 20 May 2012



Bismillahir Rahmanir Rahim

All praise be to the Almighty Allah, Lord of the Universe and peace and blessings of Allah be upon the Prophet Mohammad (SM) and his descendants & companions.

Dear Shareholders

Assalamu Alaikum,

It is my great pleasure to present a brief account of our performances during the year 2011. Al-Arafah Islami Bank Ltd. is a Shariah compliant bank in terms of its operational pattern, unique customer focus, risk management, organizational advancement in terms of state of art, IT implementation, expansion of branch network, diversification of products and services, new business development, building of an efficient and a dedicated work force and ensuring the highest level of transparency in all spheres of operations and performance presentation.

The year 2011 is the 17th year of operation since Bank's inception in 1995: It proved to be another eventful and successful year and recorded continued progress for the Bank.

The year- 2011 is infact a year of, rebuilding and reconstruction of the foundation of the Bank on a sound footing.

Our business flourished in all areas of banking operations despite world wide economic recession, volatile national economic situation, rising cost of fund, price hiking of essentials commodities and energy. The Bank' did well as compared to the market in terms of profit and turnover. Exceptional performance in each operational area was achieved.

In this year comparing to the previous year deposit and Investment portfolio registered a growth of 52.53% and 45.04% respectively.

On the other hand export, Import, remittance registered a growth of 62.92%, 36.07% and 55.15% respectively.

Classified investment declined to 0.95% as on 31st December 2011 compared to 1.14% as on 31 December 2010.

Total branches increased to 88 as on 31 December 2011 compared to 78 branches as on 31 December 2010.

In 2011 the Bank earned a profit before tax & provision of Tk. 4,326.78 million which is 34.24% higher than the previous year.

We attach highest importance to render prompt and personalized services to our client.

On-line banking operations have already been started

in all branches of the Bank.

We have opened 10 branches in 2011. We are going to open 10 new branches in 2012 to offer our financial services to a wider community and strengthen our rural focus. We are soon going to establish a network of ATM and POS in important locations of the country as well as introduced debit and credit card for ensuring better support and customer care. We are in the process to get VISA membership; we hope that we will provide Islamic VISA International and local card among our customers very soon.

As a prudent measure of balanced growth and achieving a meaningful diversification, the Bank has stressed its focus on SME and Micro Credit financing as well as capital market services which we hope to extend in wider areas in the near future.

Banking is constantly changing and becoming equally challenging especially in respect of Shariah based banking. To face the challenges of the time we focus our human resource development by putting professional HR policy and practices in place.

Our achievements thus far would not have been possible without the dedication and sincere effort of our employees, trust and confidence reposed upon us by our valued customers and shareholders. I therefore, express my sincere gratitude to our enthusiastic shareholders for their support.

Looking forward, ensuring highest customer care, Shariah compliance and maintaining competitive price will be the thrust of future. I believe the gains made over the past years will be instrumental for superior positioning of the Bank in the future. Our strategy will add to our strengths by focusing on areas where we have an advantage today and where we can grow faster than our competitors in the days ahead.

We believe we will continue to impress upon you by achieving our goals for the year 2012.

May Allah help us.

Ma-assalam,  
Sincerely,

Ekramul Hoque  
Managing Director  
Date: 20 May 2012



Bismillahir Rahmanir Rahim,

All praise be to the Almighty Allah, Lord of the Universe and blessings of Allah be upon the Prophet Mohammad (SM) and his descendants & companions.

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuhu.

The Board of Directors of the Bank takes the privilege to welcome you all to the 17th Annual General Meeting and has the pleasure of placing before you the Annual Report and the financial statements comprising the Balance Sheet, Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity of the Bank along with the report of the Auditors and Shariah Supervisory Committee for the year ended 31 December 2011.

### Global Economy

The world economy slowed in 2011, although emerging and developing countries continued to experience robust economic growth. This deceleration however, reflects a weakening in some advanced economies. Among these advanced economies, the contraction in activity in Japan and the slowdown in the United States more than offset the strengthening of the euro area and the UK. Global inflation continued to accelerate, driven by rising commodity prices, primarily in the emerging and developing countries where food and energy goods weigh more heavily in the consumer basket. 1.2 The IMF's latest forecast suggests that the world economy will slow to average growth rate of 4.0 percent in 2012, from over 5.0 percent in 2010 (Table 1.1). This forecast was revised downwards from 4.3 percent mainly due to the worsening of the outlook of the Japanese economy. It also indicates that recovery from the global recession will not be uniform: in advanced countries GDP growth is

expected to be around 1.6 percent, against 6.4 percent in emerging economies. The main risk factors for the former are the persistent weakness of the labour and real-estate markets in the United States, and the sovereign debt pressure in the euro area. In the emerging and developing economies fears are linked to the risk of overheating and a possible inflationary spiral. 1.3 According to the IMF's latest estimates in June 2011 global inflation rose from 3.5 percent in the last quarter of 2010 to 4.0 percent in the first quarter of 2011; more than 0.25 percentage point higher than projected in the April 2011 forecast. Inflation is further expected to accelerate in both developed and emerging countries to 2.6 percent and 7.5 percent respectively in 2011 (1.6 percent and 6.1 percent in the previous year) mainly because of larger-than-expected increases in commodity prices. However, core inflation i.e. excluding food and fuel also crept up in a number of economies; it remained relatively unchanged in the United States and Japan and rose moderately in the euro area. Among emerging and developing economies, inflation pressures have become increasingly broad based with accelerating demand side pressures reflecting a higher share of food and fuel in consumption

### National Economy

Bangladesh economy performed reasonably well in FY11 posting a 6.7 percent GDP growth, which is well in excess of projections made by multilateral donor agencies and some local research bodies. The agriculture sector depicted good growth and production in the manufacturing sector, too, was improving steadily, although investment growth was still below the potential because of bottlenecks in physical infrastructure and the persistent crisis in power and energy sectors. While there are strong official commitments and efforts to find solutions to these problems, the actual increase in economy-wide investment, including FDI, would depend on



how quickly and effectively the government would ease the problems of power and energy sectors. Attaining the targeted 7.0 percent GDP growth this year and 8.0 percent in the next fiscal years will hinge upon the government's success in this area.

### Structural change in the Economy

In terms of US dollar, the value of GDP in current prices increased by 10.2 percent to US\$110,588 million in FY11 from US\$100,336 million in the previous year. Per capita GDP stood at US\$755 in FY11 compared to US\$684 in FY10, showing an increase of 10.4 percent compared to 10.3 percent increase in the preceding year. Measured by developments in the CPI, inflation was 8.8 percent in FY11 compared to 7.3 percent in FY10. The increase in prices as measured by GDP deflator was 6.3 percent in FY11 compared to 6.5 percent in FY10. The Taka depreciated by 2.8 percent in FY11, compared to 0.5 percent depreciation in FY10.

### Industry

The share of the industry sector in the country's GDP increased by 0.4 percentage point to 30.3 percent in FY11 against 29.9 percent in FY10. The industry sector's estimated growth rate was up 1.7 percent to 8.2 percent in FY11 from 6.5 percent in FY10. Within the broad industry sector, the performance of different sub-sectors was mixed. The manufacturing industries (including large, medium and small category) in particular depicted a higher growth at 9.5 percent in FY11, compared to 6.5 percent in FY10. The performance of construction, housing and water sub-sectors also improved while mining, electricity and gas sub-sectors lagged behind.

### Agriculture

The agriculture sector registered 5.0 percent growth in FY11 compared to 5.2 percent in FY10. Within it, the fisheries and livestock sub-sectors fared even better, depicting higher growth than the previous fiscal.

The sector contributes about 20 percent to the country's GDP and employs around 48 percent of the total labor force. It also contributes significantly to the country's export earnings. In FY11, the sector fetched US\$2.44 billion worth of export, which was nearly 10.7 percent of the country's total exports. The agriculture sector provides this much-needed food and nutritional security, and plays a big role in income generation and poverty reduction.

The country's foodgrain production target for FY11 was set at 35.7 million metric tons (mmt), comprising aus 2.7 mmt, aman 13.2 mmt, boro 18.7 mmt, and wheat 1.1 mmt. The BBS has estimated production of aus, aman and wheat at 2.13 mmt, 12.79 mmt and 0.97 mmt, respectively. As for the boro crop, the preliminary estimate of production is very close to the

annual target. It is expected that total foodgrain production in FY11 would be 34.6 mmt, 4.2 percent higher than last year's actual production of 33.2 mmt.

The target of foodgrain import in FY11 was set at 5.5 mmt, as against the actual import of 3.5 mmt in FY10. However, a total of 5.39 mmt of foodgrain was imported during FY11, of which 1.59 mmt was rice and 3.80 mmt was wheat. Total import of rice and wheat in the previous fiscal year was 0.1 mmt and 3.4 mmt, respectively.

The opening public stock of foodgrain for FY11 (as on 1 July, 2010) was 0.52 mmt, which was about half of the opening stock of FY10 (1.05 mmt). As of June 30, 2011, the stock stood at 0.88 mmt, of which 0.57 mmt was for rice and 0.31 mmt for wheat, according to the Directorate General of Food.

### Services

The growth rate of the services sector rose mildly to 6.6 percent in FY11 from 6.5 percent in FY10 but its share in the GDP stood at a slightly lower level, by 0.1 percentage points, at 49.7 percent in FY11 from 49.8 percent in FY10. Most service sector activities such as hospitals, IT services, travel agencies, education, social work, public administration & defence, transport, storage & communication, wholesale & retail trade, hotels and restaurants showed good performance during the fiscal. The telecommunications sub-sector performed particularly well, driven by FDI, and are expected to sustain its high growth with the introduction of new products and services. The trade sector also got a boost during the period because of more bank advances going to various trading activities.

### Investment and saving

Investment has traditionally been low in Bangladesh. It is in fact far below the level of 35-40 percent of GDP, which is necessary to achieve a GDP growth of 8-10 percent. Gross investment as proportion of GDP has increased only slightly to 24.7 percent in FY11 from 24.4 percent in FY10. Public investment as proportion of GDP has increased very slowly in the country although increased public investment is necessary to encourage private investment and make a significant impact on the economy. Though the share of private investment stands at about 79 percent of total investment in FY11, it constitutes only 19 percent of GDP. The low level of private investment, which has been mainly due to the lack of infrastructure and power, and an enabling environment, discourages foreign investment as well. Increased investment in power and infrastructure is a critical requisite for enhancing industrial growth, which is why it features prominently in government's policy priorities. On the other hand, ironically, the country's savings are not fully invested, as the gap of around 5 percent between national savings and

investment rates would indicate. The national savings as proportion of GDP has, however, declined to 28.4 percent in FY11 from 30.0 percent in FY10. The domestic savings ratio has also fallen to 19.6 percent from 20.1 percent.

### Monetary Development

Bangladesh Bank (BB) claims that its monetary policies, outlined in all successive Monetary Policy Statements (MPS), have been growth supportive and aimed at preserving price stability. In pursuit of the growth objective, BB's credit policies and programs in FY11 were directed to channeling adequate credit flows for productive purposes, especially to underserved sectors like agriculture, SME, renewable energy and other eco-friendly projects. At the same time, BB's policy was to discourage undue expansion or diversion of bank credit to unproductive and wasteful uses in order to bring down the inflationary pressure. However, BB's monetary/credit policies, for various reasons, have had very limited success in keeping prices and inflation rate under control.

Broad money (M2) recorded a 21.4 percent growth during FY11, which was slower than the previous year's 22.4 percent, but domestic credit increased by 27.4 percent in FY11 than the 17.9 percent growth during FY10. Among the components of domestic credit, private sector credit increased by 25.8 percent in FY11, and credit to the government (net) increased by 34.9 percent, while credit to the other public sector increased by 28.4 percent, compared to the previous fiscal. Reserve money recorded a 21.1 percent increase, compared to a smaller rate of increase by 16.0 percent during FY10. The growth of reserve money accelerated due to a sharp increase (by 87.4 %) in BB's net domestic assets. BB's net foreign assets increased by 0.2 percent during the same period. Reserve money multiplier increased to 4.52 at the end of June, 2011 from 4.51 in June, 2010. Total liquid assets of scheduled banks stood higher at Tk.1,00,565 crore as on end June, 2011, against Tk.87,197 crore as on end June, 2010. However, excess liquidity of scheduled banks stood lower at Tk.34,071 crore as on end June, 2011, as against Tk.34,499 crore on end June, 2010.

### Balance of payment

Pressure on the country's overall balance of payments (BoP) has increased in recent months due to the widening trade gap, relatively lower growth of inward remittances, and bigger deficits in services and the financial account. The country's trade balance recorded a larger deficit of US\$7,328 million during FY11, as compared to US\$5,155 million in the corresponding period of the previous fiscal. The deficit in the services account increased, too. Inward remittances increased by a paltry 6 percent in FY11 to US\$11,650 million from US\$10,987 million in FY10. As a result of these developments, the current account

surplus fell drastically to US\$995 million during the period from US\$3,724 million of the previous fiscal. There was also a big decline in the overall balance, from the surplus of US\$2,865 million to a deficit of US\$635 million, largely because of a large deficit in the financial account caused by higher amortization of MLT loans and repayment of trade credit.

### Export

In FY11, export earnings were US\$22,924 million, depicting a 41.5 percent growth over the previous fiscal. The export earnings surpassed US\$18,500 million target by 23.9 percent, buoyed by shipments of readymade garments and jute and jute goods. In the fourth quarter of FY11, the country earned US\$6,717 million, registering 43.9 percent growth, compared with the corresponding quarter of FY10.

Of the major export items, knitwear products fetched US\$9,482 million, woven garments US\$8,432 million, home textiles US\$789 million, jute and jute goods US\$1,115 million, and the oceangoing vessels US\$40 million. The rise in exports was also backed by the duty-waiver facility to the EU from January 1, 2011 and relaxation of Rules of Origin (EU) under the Generalised System of Preferences (GSP) by Eurozone for the least developed countries. Bangladesh also performed well in this relatively new markets such as Japan, South Africa, Australia, Canada, New Zealand and some Latin American countries.

### Import

Import payments during FY11 increased by US\$9,919 million or 41.8 percent to US\$33,657 million compared to US\$23,738 million during FY10. Of the total import payments during FY11, imports under cash and for EPZ stood at US\$32,133 million, imports under loans and grants US\$46 million, imports under direct investment US\$32 million, and short term loan by BPC US\$1,348 million. Settlement of letters of credit (LCs) against imports during FY11 increased by US\$8,899 million or 38.6 percent to US\$31,952 million against US\$23,053 million during FY10. The overall imports increased during the period due mainly to higher import of food grains, particularly rice and wheat. The importers have been encouraged to open LCs for importing food grains to ensure the country's food security. BB provides foreign currency support to commercial banks for settlement of food grains import bills. Imports of other essential items, including petroleum products, industrial raw materials and capital machinery, also increased significantly during the period.

### Wage Earners' Remittances

Bangladeshis working abroad remitted US\$11,650 million in FY11, which was 6.0 percent higher than in the previous fiscal. Despite the crisis in the Middle East (ME) countries, Bangladesh received US\$3,038

million during the fourth quarter of FY11, registering an 11.8 percent growth over the same period of the previous fiscal, belying apprehensions by experts that remittance flow might decline significantly because of the panicky situation prevailing in different ME countries.

The BB earlier took a series of measures to encourage expatriate Bangladeshis to send money through formal banking channels instead of the illegal 'hundi' system. Also, four state-run commercial banks and dozens of private commercial banks have stepped up efforts to increase remittance flow from abroad. Some banks are trying to set up their own exchange houses or making arrangements with overseas companies in different parts of the world. The mobile operators were also permitted to disburse remittance through their outlets.

### Foreign Assistance

Foreign aid disbursements fell drastically in FY11, mainly due to the slow implementation of foreign aided ADP projects. Net receipts of foreign aid declined too, because the repayment on aid increased while gross aid flows kept on declining.

Bangladesh signed aid agreements for an aggregate amount of US\$5,930 million under various deals for different projects between July-June of FY11 with both bilateral and multilateral donors including World Bank, Asian Development Bank (ADB), and Japan. A good chunk of the committed aid funds is related to the Padma Bridge project. During the corresponding period of FY10, bilateral and multilateral aid commitments made under various agreements to Bangladesh totaled US\$2,496 million. Out of the total amount of aid received in FY11, the disbursement by the World Bank stood at US\$422 million while that of the ADB was at US\$435 million and that of Japan US\$119 million.

### Foreign Investment

Net foreign direct investment (FDI) registered a decline in the first ten months of FY11. In July-April of FY11, FDI inflows amounted to US\$631 million, compared to US\$723 million in July-April, 2009-10. Inadequate land and industrial plots, weak physical infrastructure, and a lack of utilities are the major reasons behind the fall in the FDI inflows. In the previous fiscal year (FY10), net FDI inflow was US\$636 million.

### Foreign exchange reserve

Bangladesh Bank's foreign exchange reserve stood at US\$10,912 million at end June, 2011, including ACU liability of US\$837 million. The reserve was US\$10,750 on 30 June 2010. The gross foreign exchange reserve, without ACU liability, is equivalent to import payments of 3.67 months.

### Price situation

The general price level has been increasing fast. The price of coarse rice has increased by at least 50 percent over the last one year. Prices of many other essentials, especially kitchen items, have moved up steeply.

The annual average rate of inflation (12-month annual average CPI, 1995/96=100) was 8.80 percent in June of FY11. The main factor behind the rise in overall inflation was the rise in food prices. The rate of inflation on food category increased continuously since May 2011 while inflation on non-food category declined. The rate of inflation on point to point basis fell slightly to 10.17 percent in June after a continuous spike until April of FY11. According to BBS, the inflation rate dropped in May as the food inflation fell by 1.20 percentage points to 13.16 percent from 14.36 percent in April following declines in rice and wheat prices in the domestic market. In April, the point-to-point inflation jumped to a record high of 10.67 percent. The rising food prices hit consumers mostly in the rural areas in the country. The food inflation in May 2011 shrank to 13.16 percent from 14.36 percent in April due to bumper Boro production in the current season but the non-food inflation swelled to 4.78 percent from 3.97 percent in April of FY11. The Inflation rate was falling due to the lower trend in food prices. The food price spike which was nearly four times higher than the non-food prices a month back, has started to decrease. In FY11, BB had raised the inflation target from 6.5 percent to 7.0 percent

### Public finance

In FY11, total NBR revenue collection was Tk.79,091 crore, up from Tk.62,042 crore in the previous fiscal year, thus recording a 27.5 percent increase. The NBR's revenue collection in FY11 also exceeded the revised revenue target of Tk.75,600 crore by 4.6 percent. It was a record performance in the history of the NBR, which can be attributed to the taxpayers' growing awareness to meet their tax obligations, intensified monitoring by NBR at the field level, increased use of information technology in tax collection, and holding income tax fairs in all divisional cities. According to NBR statistics, revenue collection growth at import level was 22 percent and at local level 27 percent, while the income tax growth was 34 percent.

Contrary to the good revenue performance of NBR, the implementation of public investment programs remained weak, although slightly better than in the previous fiscal. In FY11, the rate of implementation of the Annual Development Program (ADP) was about 92 percent, as against 91 percent in FY10. The ministries spent Tk.33,000 crore out of the revised ADP allocation of Tk.35,880 crore during FY11. The government revised the ADP expenditure down to

Tk.35,880 crore from its original outlay of Tk.38,500 crore, although the total number of ADP projects was increased to 1,185 from the original 916. Though the ADP implementation performance in FY11 was marginally better than in the previous fiscal, it was not up to the satisfactory level. Most of the Ministries and Divisions failed to perform in line with their promises. There was lack of efficiency, dynamism and capacity of the project implementing agencies, which had slowed down the overall project execution. The big ministries and divisions, however, performed better. The Power Division spent a record 99 percent of its total outlay of Tk.5,017 crore. Among other major ADP fund receivers, both Water Resources Ministry and the Energy Division spent 91 percent but the Bridge Division spent only 35 percent of its Tk.1,106 crore allocation.

#### **Budget for 2011-2012**

The FY12 budget proposed a total expenditure of Tk.1,635.89 billion (25.8 percent increase over the past fiscal), and, within it, a Tk.460 billion ADP (28.2 percent bigger than the revised ADP for the past year). The projected revenue growth is 24.4 percent to Tk.1,183.85 billion from Tk.951.87 billion in the revised FY11 budget. The total expenditure target is 18.2 percent and the total revenue target is 13.2 percent of GDP. The budget seeks to attain a 7.0 percent GDP growth in FY12 and 8.0 percent by 2014-15, reduce poverty, develop physical infrastructure, solve power and energy sector problems, create opportunities for employment generation, increase social sector expenditure to address inadequacies in education and health and implement social safety net programs for improving the economic condition of the people. Some tax-related proposals, such as, the increase in the income threshold of individual taxpayers, withdrawal of tax exemption facility enjoyed by ministers, higher court judges and government officials, reduction of tax on interest income from savings certificates, rebate on investment allowance, rebate for CSR donation, raising taxes on cigarettes, chewing tobacco and motor cars, imposition of 10 percent surcharge on income tax payable if the taxpayer's assets exceed a specified limit, a modest increase in the tax rate on export proceeds from the present 0.4 percent for RMG products to 0.6 percent and from 0.5 percent for other goods to 0.7 percent, imposition of export duty on cotton wastes and bricks, withdrawal of import duty on poultry feed, LPG cylinder and machineries used by public transports and certain VAT-related measures, such as, the withdrawal of VAT on LP, introduction of a recognition certificate for top VAT paying businesses, and creation of a separate 'refund account' to give businesses tax refund within the shortest possible time, are commendable.

#### **Islami Banking Practices**

Islami Banking System is becoming more and more

attractive day by day to peoples irrespective of nations, religious, colors and species. More than 300 Banks & financial institutions are serving Islami banking throughout the world. At present in our country 7 full fledged Islamic Banks are working successfully. And other traditional banks have Islami Banking Wings conducting Shariah based banking activities. Recent Development of Bangladesh Government Islamic Investment Bond (BGIIIB) is the milestone for shariah based banking practices in Bangladesh.

#### **Al-Arafah Islami Bank Limited**

With the objective of achieving success in life here & hereafter following the way directed by the Holy Quran and the path shown by Rasul (SM) Al Arafah Islami Bank Ltd was established (registered) as a public limited company on 18 June 1995. The inaugural ceremony took place on 27 September 1995. The authorised capital of the Bank is Tk. 10,000.00 million and the paid up capital is Tk. 5,893.37 million as on 31.12.2011.

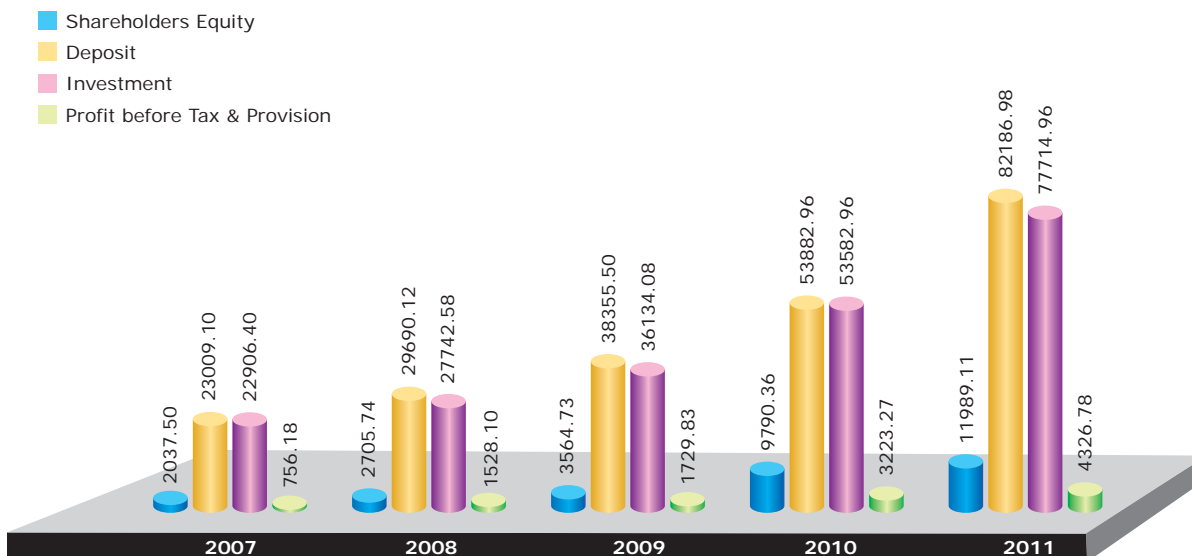
Renowned Islamic Scholars and pious businessmen of the country are the sponsors of the Bank. 100% of paid up capital is being owned by local shareholders.

The equity of the bank has stood at Tk. 11,989.11 million as on 31 December 2011, the manpower was 1,807 and the number of shareholders was 54,386. It has achieved a continuous profit and declared a good dividend over the years. High quality customer service through the integration of modern technology and new products is the tool of the bank to achieve success. The bank has a diverse array of carefully tailored products and services to satisfy customer needs. The Bank is committed to contribute significantly to the national economy. It has made a positive contribution towards the socio economic development of the country with 88 branches of which 21 is AD throughout the country.

We are pledge-bound to convert the Bank into a Islami Bank on global standard which will be dynamic in actions, progressive in ideas, honest in dealings, correct in judgment, futuristic in attitude, fair in approach, polite in behavior and devoted to high quality service to customers. Our aims are for boosting modern management, advanced technology, good profitability and steady growth transparency. We are also firmly committed to disclosure and compliance to shariah and regulatory authorities. Today the bank is an agile organization which promotes innovation, encourages improvement, values sense of urgency and develops people who accept challenges and turns them into opportunities.

## Performance at a glance

(in Million taka)



### Special Features of Al-Arafah Islami Bank Ltd. :

- \* All activities of the bank are conducted according to Islamic Shariah where profit is the legal alternative to interest.
- \* The bank's investment policy follows different modes approved by Islamic shariah based on the Qur'an & Sunnah.
- \* The bank is committed towards establishing welfare oriented banking system, economic upliftment of the low-income group of people, create employment opportunities.
- \* According to the need and demand of the society and the country as a whole the bank invests money to different 'Halal' business. The bank participates in different activities aiming at creating jobs, implementing development projects of the government and creating infrastructure.
- \* The bank is committed to establish an economic system resulting in social justice and equitable distribution of wealth. It is committed to bring about changes in the underdeveloped rural areas for ensuring balanced socio economic development of the country through micro credit program and financing of SME's as well.
- \* According to Mudaraba system, the depositors are the partners of the investment income of the bank. About 70% of the investment income is distributed among the Mudaraba depositors.
- \* To render improved services to the clients imbued with islamic spirit of brotherhood, peace and fraternity and by developing an institutional cohesion.

- \* The bank is contributing to economic and philanthropic activities. AIBL English Medium Madrasah and AIBL library patronize by the Bank are two such examples.

### Activities of Shariah Supervisory committee for the year 2011

Al-hamdulillah, Shariah Supervisory committee consists of 6 members specialized in Fiqhul Muamalat (Islamic Commercial Law) according to guidelines given by the Bangladesh Bank to ensure whether all banking operations are transacted in accordance with Islami Shariah i.e. Qur'an, Sunnah, Ijma and Iztihad.

Shariah Supervisory committee has by the grace of Almighty Allah managed to contribute a lot to run all the business activities of the Bank according to Shariah guidelines. Honorable members of the Shariah Council sat in 3 General Meetings and 1 emergency meeting and 1 sub-committee meeting in the year 2011 to discuss the matters placed before them by the Board and management of the Bank to give directives and suggestions in the field of Shariah principles.

Muraqibs of the Supervisory committee have visited all branches of the Bank during the year to observe the Shariah compliance, give necessary instructions on the spot and submitted report to the Council. They have also submitted corrective measures to rectify the laws in implementing Shariah guidelines into the banking operations. They identified Tk. 21.45 million as doubtful income of the branches of the Bank.

Besides, after analysing balance sheet, the Supervisory committee identified Tk. 53.94 million as compensation realised in different branches and Tk. 0.17 million, Tk. 1.68 million as interest income received from NOSTRO A/Cs of foreign correspondent bank and Bangladesh Bank FC Clearing Account respectively. As a result it is advised to finalize the Balance Sheet of 2011 keeping doubtful income amounting to Tk. 77.25 million apart from basic income and spend after tax the same on the basis of Shariah prescribed modes.

A library has been established in the Shariah Council Secretariat of Al-Arafah Islami Bank having about 500 books on Qur'an, Hadith, Fiqh, Islamic Economics and Islami Banking. Honorable members of the Council give Shariah guidelines to run the Bank's operations taking necessary consultations and data from those books after exhaustive research and study. May Allah give us tawfiq to do all activities at His pleasure, Ameen.

#### **AIBL Capital Market Services Ltd.**

AIBL Capital Market Services Limited is a subsidiary company of Al-Arafah Islami Bank Limited. The company is incorporated under the company's act 1994 as a public limited company by shares. The paid up capital of the company is subscribed by Al-Arafah Islami Bank Ltd. (AIBL) and other individuals at the ratio of 51.75:48.25. The company was entitled to commence the business also from 21st September 2010.

AIBL Capital Market Services Limited is a corporate member of Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. Membership Number of Dhaka Stock Exchange is 234 and Membership Number of Chittagong Stock Exchange is 139.

The main objective and functions of the company include:

- (a) Share trading services in DSE,
- (b) Margin facility through bai-muazzal system,
- (c) Full services Depository participant services and
- (d) Discretionary account services.

From the very beginning it succeeded to achieve clients' satisfaction. As a result, it has been included in the DSE Most Active 20 Members list from the first month of its trading activities and during the year 2011 it secured 3rd position in the list. Considering on going clients demand, we have extended branches in Khulna, Sylhet, Chittagong, Barisal, Brahmanbaria, Uttara, Dhanmondi, Gulshan during the year 2011.

#### **Position in the Stock Market**

Bank's share sustained a steady strong position since its induction at Dhaka Stock Exchange & Chittagong Stock Exchange in 1998. In Dhaka Stock Exchange the face value of taka 10 of our share was traded at taka 64.50 highest in 2011. The market trend of our bank's share in Dhaka Stock Exchange from January 2011 to December 2011 is stated in the list:

##### **SHARE PRICE LIST**

Month	Opening	High	Low	Closing
January	64.20	64.50	43.00	55.20
February	53.20	54.50	37.50	40.40
March	44.40	57.00	40.50	44.20
April	45.60	47.00	29.70	32.60
May	33.30	34.80	27.40	32.00
June	31.20	36.30	30.00	34.20
July	34.90	43.00	34.20	38.80
August	37.90	38.50	34.40	36.80
September	36.50	37.00	31.60	33.50
October	33.20	38.30	28.80	33.20
November	35.40	37.50	31.60	34.30
December	34.00	39.00	32.20	37.80

#### **Progress Analysis**

At the end of 2011, the number of depositors stood at 508,798 and the accumulated deposit was Tk. 82,186.98 million. The total number of investors stood at 67,117 and total investment extended to them was Tk 77,714.95 million. During the year 2011 the total income was Tk. 11,332.59 million and total expenditure was Tk. 7,005.81 million. At the end of the year the profit before tax and provision stood Tk.4, 326.78 million.

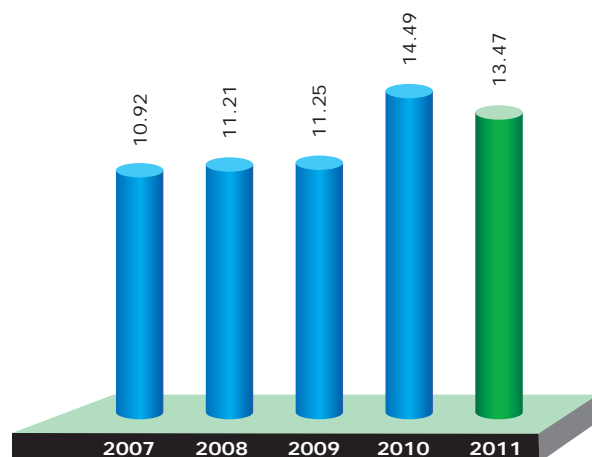
#### **Capital Adequacy & Reserve Fund**

According to BRPD Circular the Bank will have to maintain Tk. 4,000.00 million Capitals by 1st July 2011. In compliance with the new provision, the bank has raised its Capital from Tk. 10,655.72 million to Tk. 13,047.90 million (Consolidated Basis) and Tk 8,686.57 million to Tk. 10,641.90 million (Solo Basis) in the year 2011 by declaring 26% stock dividend out of the profit of the year 2010. The paid up capital of the bank has stood at Tk. 5,893.37 million at 31st December 2011.

The total reserve (Consolidated basis) fund has stood at Tk 2,437.43 million in the current year against Tk. 1,779.08 million at 31st December 2010. In this account, the bank experienced a growth of 37.01%. The Bangladesh Bank has fixed the ratio of minimum

capital adequacy (MCR) against Risk-Weighted Assets at 10% or Tk. 4,000 million whichever is higher. The Consolidated and Solo Basis capital adequacy ratio of the Bank as on 31.12.2011 is appended below:

### Capital Adequacy Ratio



#### Consolidated Basis

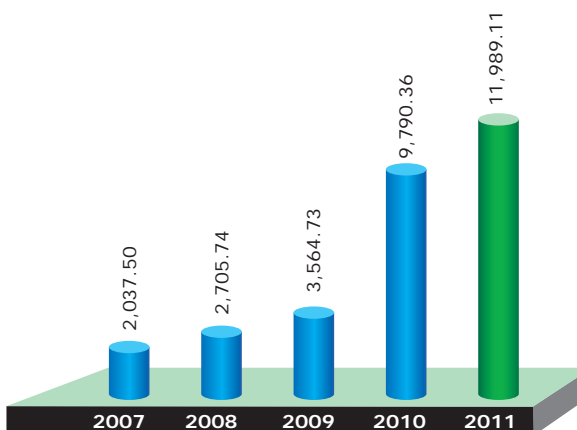
a) Core Capital (Tier-I)	Tk. in million.
Paid up Capital	5,893.37
Statutory Reserve	2,372.83
Retained Earnings	1,503.53
Non-controlling Interest in Subsidiaries	2,154.77
<b>Total Core Capital</b>	<b>11,924.50</b>
b) Supplementary Capital (Tier-II)	
Provision for Unclassified Investment	1,091.10
Assets Revaluation Reserve	32.30
<b>Total Supplementary Capital</b>	<b>1,123.40</b>
<b>Total Capital (a+b)</b>	<b>13,047.90</b>
<b>c) Capital Adequacy Ratio</b>	<b>13.47%</b>

#### Solo Basis

a) Core Capital (Tier-I)	Tk. in million.
Paid up Capital	5,893.37
Statutory Reserve	2,372.83
Retained Earnings	1,262.46
<b>Total Core Capital</b>	<b>9,528.66</b>
b) Supplementary Capital (Tier-II)	
Provision for Unclassified Investment	1,080.93
Assets Revaluation Reserve	32.30
<b>Total Supplementary Capital</b>	<b>1,113.23</b>
<b>Total Capital (a+b)</b>	<b>10,641.89</b>
<b>c) Capital Adequacy Ratio</b>	<b>11.40%</b>

### Shareholders Equity

(In million Taka)

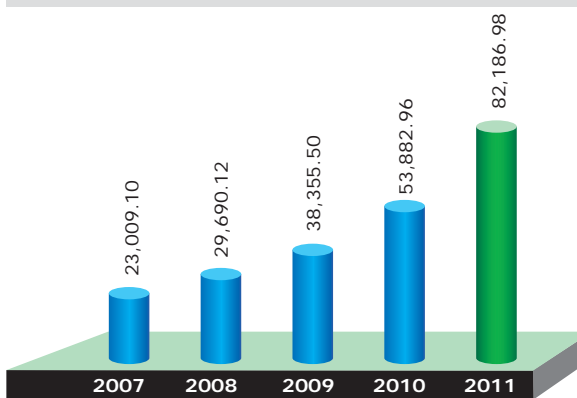


### Deposits

The total deposit of the bank was Tk. 82,186.98 million at 31st December 2011 as against Tk. 53,882.96 million at 31st December 2010 recording a growth of 52.53% of which Tk. 3,512.48 million was bank deposit and Tk. 78,674.50 million was general deposit. The present strategy is to increase the deposit base through maintaining competitive profit rates and having low cost of funds to ensure a better spread with an average return on investment. The mix deposit of the bank on December 31, 2011 was as follows:

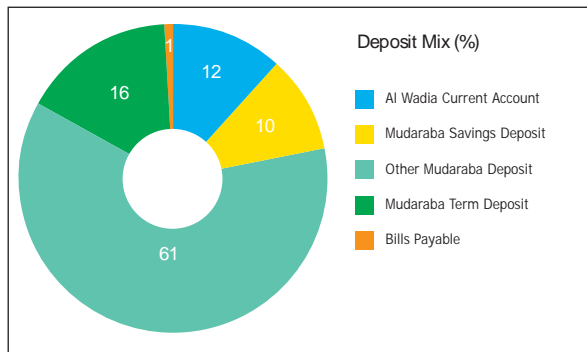
### Deposit Growth

(In million Taka)



#### Deposit Mix 2011

Products	Taka in Million
a) Al Wadia Current Account	9,609.73
b) Mudaraba Savings Deposit	8,365.53
c) Other Mudaraba Deposit	50,290.73
d) Mudaraba Term Deposit	13,168.34
e) Bills Payable	752.65
<b>Total</b>	<b>82,186.98</b>

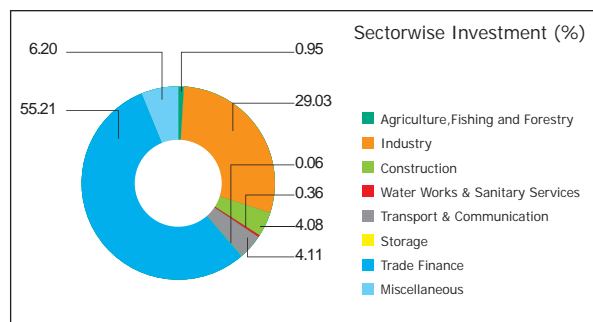


**Investment**

The investment of the bank has stood at Tk.77,714.95 million as on 31st December 2011 as against Tk 53,582.96 (Net off PR) million in the previous year showing an increase by 45.04 %. The investment portfolio of the bank is well diversified and covers a broad spectrum of businesses and industries including readymade garments, textile, edible oil, ship scraping, steel & engineering, chemicals, pharmaceuticals, cement, telecommunication, construction, health care, real estate, education, transport and investment under consumer schemes. We have geared up efforts to improve the recovery rate of disbursed investment and also taken adequate measures for converting the classified investment into performing assets. As a result, classified investment of the bank could be kept at a low level far below the national average. It is 0.95% in our bank as on 31 December 2011. The bank gives top-most priority to the creation of quality assets and does appropriate risk grading while approving commercial, trade and project investment to different clients.

**Sectorwise Investment 2011**

Sectors	Taka in million
Agriculture, Fishing and Forestry	793.48
Industry	24,279.60
Construction	3,412.99
Water works & Sanatary Service	302.28
Transport & communication	3,435.77
Storage	48.04
Trade Finace	46,167.49
Miscellaneous	5,186.92
<b>Total (Including Profit Receivable)</b>	<b>83,626.57</b>
<b>Less Unearned Profit on Investment</b>	<b>5,911.62</b>
<b>Total</b>	<b>77,714.95</b>

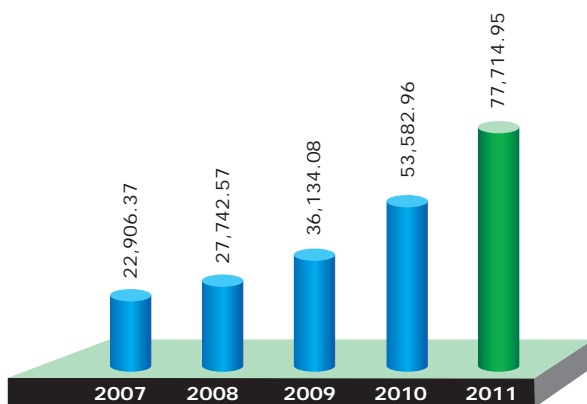


**Small & Medium Enterprise Investment**

The role of small and medium enterprises (SMEs) is indispensable for overall economic development of a country like Bangladesh. Being labour intensive with short gestation period, SMEs are capable of increasing national income as well as rapid employment generation; achieving goal of eradicating extreme poverty and women empowerment. SME development is currently considered as one of the major pro-poor socio-economic development policy. Fulfilling the growing domestic demand with local resources and products is critical to economic growth. SMEs are playing a vital role in meeting domestic demand in our country.

To ensure proper manifestation and rapid advancement of Small & Medium Enterprises, a number of SME related schemes are running in this Bank. In the light of a unique definition by Bangladesh Bank, bank is giving priority over financing to three categories of enterprises viz. Industry, Trade & Services. Investment up to December 2011 of SME investment portfolio is 15886.40 million. Besides, to speed up SME investment flow and to include in people who are beyond the range of banking facilities, a scheme named 'Small Enterprise Investment Scheme (SEIS)' is launched.

**Investment Growth**  
(In million Taka)





With this scheme, operation of collateral security free SME investment is running all 88 branches are under the operation. At the end of December 2011, number of security free SME investment client is 3019 and investment portfolio is Tk.553.72 million. Skilled and experienced staffs are recruited in different branches to ensure proper expansion of collateral security free SME investment. We prior **Area Approach Method** when SME financing. The statistics as on 31 December, 2011 is shown in the table:-

Particulars	Status
SME Investment Portfolio	Tk. 15886.40 Million
Terms & Conditions	Stipulated by the Bank
SEIS Investment (Collateral Security Free)	Tk. 553.72 Million
Minimum Investment	Tk. 50,000.00
Maximum Investment	Tk. 700,000.00
Number of Clients	3019 Persons
Number of Branches under the scheme	88
Rate of Profit	10 %
Supervision Fee	0.50 %
Maximum Duration	3 years
Repayment system	Monthly Installment
Recovery Rate	99.98 %
Terms & Conditions	Soft

### Grameen Small Investment Scheme

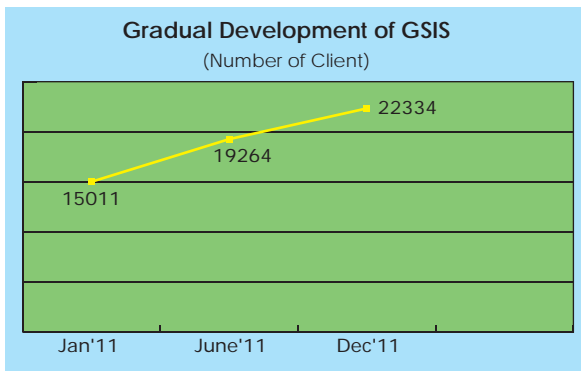
Bangladesh has achieved the richest experience of poverty alleviation through rapid expansion of microfinance activities in the last one and half decade. So the experience of microfinance in Bangladesh has made important contributions to the emergence of this concept globally.

On the focus of socio-economic development of rural poor, a scheme named '**Grameen Small Investment Scheme (GSIS)**' is running in the bank from the year 2001. At present, 51 rural branches are included in this scheme and this number is increasing gradually. At the end of December 2011, Tk. 533.00 million is disbursed to 22,500 clients in different income generated programs, of which outstanding is Tk. 205.38 million. Functioning on the basis of Group and Samity, this scheme helps on socio-economic development of farmers, labours, fishermen, micro-businessmen and small entrepreneurs. Another important objective of this scheme is to give priority to make economically self-dependent of rural women entrepreneur. To get investment under this scheme, no collateral security is required. Repayment system is weekly installment basis. Basically, this scheme is one kind of supervised investment system and skilled personnel are working in different branches to ensure proper as well as continuous supervision. The statistics as on 31 December, 2011 is shown in the table:



Honorable Chairman Mr. Badiur Rahman and other Directors are visiting a Knit Composite Factory financed by the Bank

Particulars	Status
Total Investment Portfolio	Tk. 205.38 Million
Number of Villages Covered	878
Minimum Investment	Tk. 5000.00
Maximum Investment	Tk. 30,000.00
Number of Clients	22,500 Persons
Savings by the Clients	Tk. 83.98 Million
Number of Branches under the scheme	51
Number of Samity	966
Number of Group	4390
Rate of Return	10%
Repayment system	Weekly Installment
Recovery Rate	99.97%
Terms & Conditions	Soft



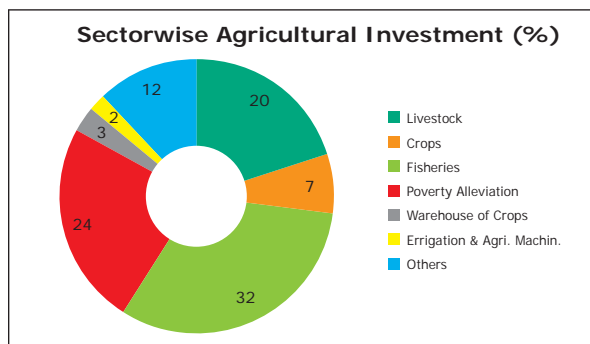
### Investment on Agricultural Sectors

To face the increasing food shortage of the country, bank is paying massive attention to invest on agricultural sectors. The main items of agricultural sectors are- crops, fisheries, warehouse, poverty alleviation, irrigation, livestock development etc. At the end of December 2011, total agricultural investment portfolio is Tk. 628.01 million of the fiscal year 2011-2012. With collateral and without collateral both are practiced in agricultural investment. The statistics as on 31 December, 2011 is shown in the table:

Particulars	Status
<b>Agricultural Investment</b>	
Investment Portfolio	Tk. 628.01 Million
Fisheries	Tk. 221.76 Mn
Poverty alleviation	Tk. 134.22 Mn
Development of Livestock	Tk. 119.75 Mn
Warehouse of corps	Tk. 31.32 Mn
Crops	Tk. 42.05 Mn
Agricultural Machineries	Tk. 5.52 Mn
Irrigation	Tk. 2.11 Mn
Others	Tk. 71.28 Mn
Number of Clients	24,822 Persons
Rate of Profit	10% -13%
Recovery Rate	99.55%
Terms & Conditions	Stipulated by the Bank



To establish 'Green Banking' concept the Bank has invested on 'Bio Gas' plants which are not only cheap, energy efficient and eco-friendly but also are reducing present crisis for energy



#### Investment for growing spices at a lowest profit rate (4%)

As per instruction of Bangladesh Bank, and to increase the production of different types of spices like Pulse, Oil-seed, Spice and Maize, we started investment at a lowest rate of profit (only 4%) to the marginal farmers. As on 31 December, 2011 the statistics is shown below:

Name of Crops	Investment Amount
Pulse, Oil-seed, Spice and Maize	195.20 million

#### Investment on Women Entrepreneurs

About half of the population of Bangladesh is women. Women participation in the mainstream of economic activities especially in the productive sectors is crucial for attaining sustainable economic growth, poverty reduction and women's empowerment. But women participation in economic sector is inadequate and the number of women entrepreneurs is very low compared to that of their male counterparts. In fact,

there exist many obstacles in women participation in the mainstream of economic activity although the degree of integrity, devotion, creativity and expertise of women make us surprised. Especially women participation in micro credit programmes and readymade garments industry is contributing significantly to the country's industrialization. Similarly, participation of women entrepreneurs in SME sector is vital for the flourishing of Bangladesh economy and enhancing women empowerment.

Al-Arafah Islami Bank Ltd. is working with women entrepreneurs to make them capable of earning by connecting with country's economic activities. We prior women entrepreneurs to invest on various productive sectors. By the side of collateral secured investment, collateral security free investment is also considered in the question of women development. The statistics as on 31 December, 2011 is shown in the table:

Particulars	Status
Investment Portfolio	Tk. 438.30 Million
Terms & Conditions	Stipulated by the Bank

#### Al-Arafah Solar Energy Investment Scheme

A Pioneer investment scheme named 'Al-Arafah Solar Energy Investment Scheme' is launched in order to face the present electricity crisis and to spread the benefits of renewable energy among the rural people. This program treats as an innovative step on the history of Private Banking Sector in Bangladesh. It also has unveiled the wide field of **Green Banking** concept, the burning issue.



The Bank is always committed to support Agriculture -the root of our nation. Thousands of farmers have changed their lives with the help of AIBL Rural Agricultural Investment Scheme

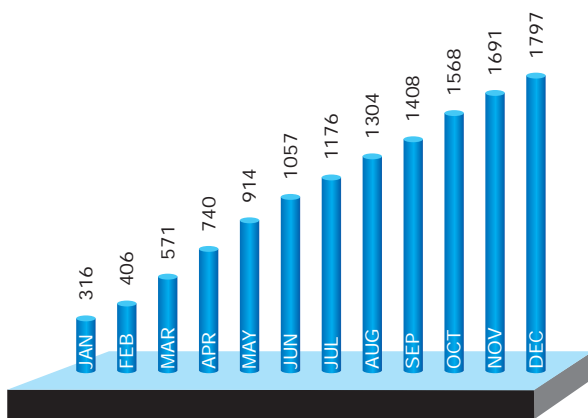
'Solar Energy Investment Scheme' is running under the control of SME Department with the support of newly created Power & Technology Unit. Skilled Electric Engineers & Solar Technicians are recruited in order to ensure the perfect technical support.

We have already established 99,705 Watt Peak of electricity among 1885 families through 15 Rural Branches so far. We are running this program with own funding as well as skilled personnel.

The statistics as on 31 December, 2011 is shown in the table:

Particulars	Status
Total Investment	Tk. 45.96 Million
Electricity Provided	99,705 Watt Peak
Number of privileged Family	1885
Number of Branches under the scheme	15
Rate of Return	11%
Repayment system	Down payment & Monthly Installment Basis
Recovery Rate	100%
Terms & Conditions	Soft

**Gradual Development solar Energy Investment Clinet (Number) Year-2011**



### Treasury Operations

AIBL Treasury included Local & Foreign Exchange money market operated under the norms of Islami shariah principles and guideline of Bangladesh Bank which is the Core-banking and one of the best earning units of the Bank.

#### Local treasury

The Local treasury department operates its functions to maintain CRR & SLR matching with total deposit flow & Investment requirements of the Bank. But it does not participate in the call money market for complying of Islamic shariah principles.

### Foreign Exchange Treasury

The treasury environment is ever changing due to new market dynamics, products developments as such new risks are evolving on a continuous basis. As per instructions & guidance of highly skilled Management & Board of Directors, the Bank's Treasury activities have been expanding gradually in local and Global Market through its active Dealing room on those products permissible under Islamic Shariah to cope with the changing & challenging market situation.

The Bank has separated Treasury front Office (Dealing Room), Mid Office & Back office with reporting lines each of the offices as per international best practices of Treasury Management. At present, The Bank's Treasury engages in providing competitive /live exchange rates, dealing with Corporate transactions, contribution to stabilize the Inter-Bank Market, exploring new avenues/opportunity to utilize funds at home and abroad, managing local currency liquidity, day today management of risk associated with Treasury activities and thereby ensures profitability of the Bank.

The Management of the Bank has developed different strategies to check & controls key issues like Counterparty limit, Stop-Loss limit, daylight Limit, Management action triggers (MAT), Open Position/Overnight limit, time & amount limit for reconciliation of Nostro Accounts and ensure adherence/compliance of these limits.

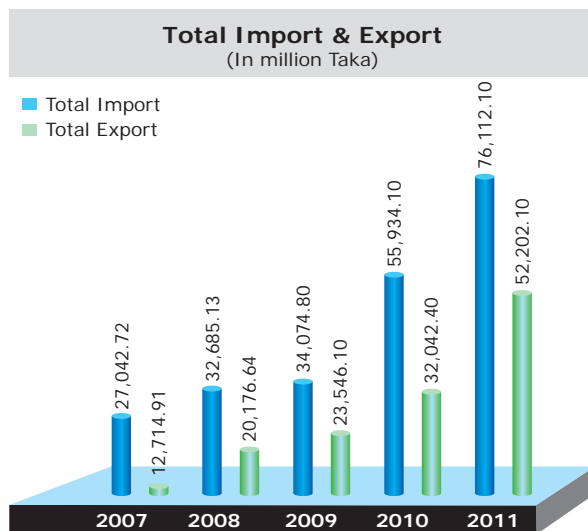
### The International Trade

AIBL is quite active in conducting International trade activities through financing of Import, Export and Foreign Remittances business. It has at present a network of 88 Branches throughout the country out of which 21 branches are authorized to deal in Foreign Exchange business. AIBL has 26 Nostro Accounts 450 Relationship Management Application (RMA) with different renowned Foreign Banks /Foreign Correspondents in 82 countries across the world.

At the end of 2011, the total Foreign Exchange portfolio (Import, Export & Remittances) was Tk.1,35,190.40 Million showing a growth of 46.30% of this Bank in compare with the corresponding year. The total export of the Bank was Tk. 32,042.40 million in 2010, which was increased by 62.92 % to Tk. 52,202.10 in 2011. Similarly, the amount of import has increased from Tk. 55,934.10 million in 2010 to Tk. 76,112.10 million in 2011 experiencing a growth of 36.07%.

The Inward foreign remittances business of the Bank recorded a tremendous growth rate of 55.15% from Tk. 4,431.90 million to Tk. 6,876.20 million in comparison with last year due to starting live dealing

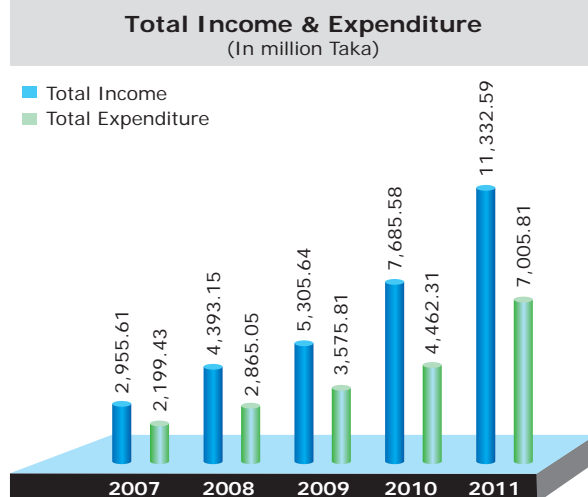
by Treasury & delivery of quality services to the clients.



### Income

**Investment income :** The investment income was Tk. 9,481.01 million during the year 2011 which registered a growth of 120.15% over the previous year. Investment income is 83.66% of the total income of Tk. 11,332.59 million.

**Income from other than investment :** The bank has earned Tk. 1,851.58 million from sources other than investment like commission income, exchange income, locker rent etc. in the current year which is 16.34% of the total income. It indicates (45.20%) growth over the year 2010.



### Expenditure

**Profit paid to depositors:** The Bank has paid the depositors Tk. 5,466.12 million which is 57.65% of the investment income and 78.02% of the total

expenditure for the year 2011. It indicates 74.43% growth over the year 2010.

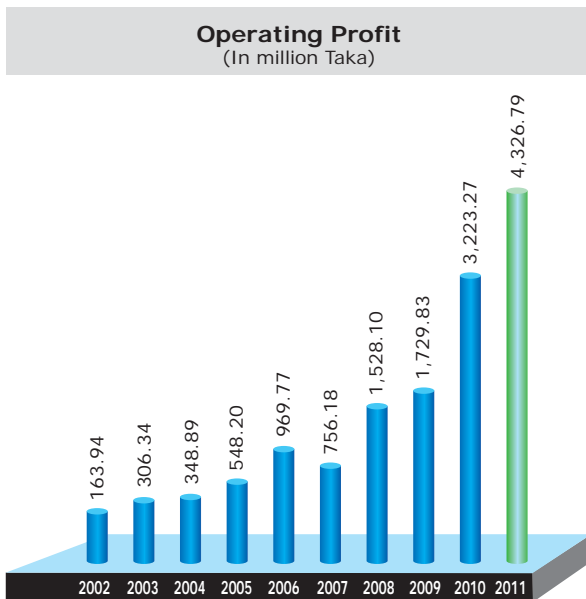
**Administrative and Other Expenses:** The administrative and other expenses were Tk.1,539.69 million during the year showing 15.89% growth over the year 2010. It is 21.98% of the total expenditure.

### Various deposit product of the Bank in 2011 :

Sl.No	Types of Deposit
1.	Mudaraba Term Deposit
	(a) 36 Months
	(b) 24 Months
	(c) 12 Months
	(d) 06 Months
	(e) 03 Months
	(f) 01 Month
2.	Mudaraba Savings Deposit
3.	Short Notice Deposit (SND)
4.	Monthly Hajj Deposit
5.	Monthly Installment Term Deposit (ITD)
6.	Monthly Profit Based Term Deposit (PTD)
7.	Monthly Savings Investment (SID)
8.	One Time Hajj Deposit
9.	(a) Al-Arafah Savings Bond (3 Years)
	(b) Al-Arafah Savings Bond (5 Years)
	(c) Al-Arafah Savings Bond (8 Years)
10.	Marriage Saving Investment Scheme (MSIS)
11.	Pensioners deposit scheme
12.	Special Saving (Pension) Scheme
13.	Cash WAQF
14.	Lakhopati Deposit Scheme
15.	Kotipati Deposit Scheme
16.	Millionaire Deposit Scheme
17.	Double Benefit Scheme
18.	Triple Benefit Deposit Scheme
19.	Probashi Kallyan Deposit Pension Scheme
20.	Mudaraba Savings Deposit-Student, Farmers, Freedom fighters.

### Operating Profit

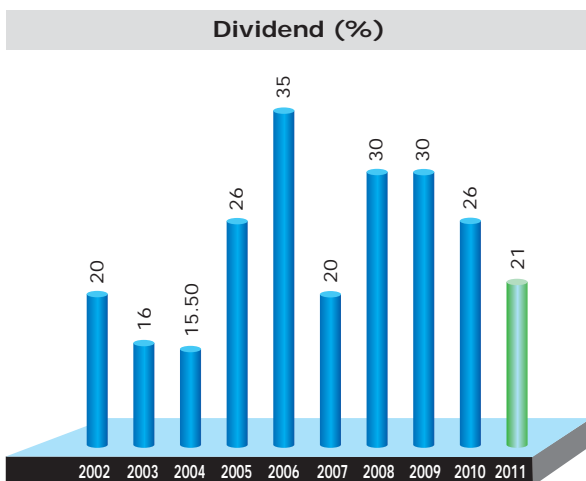
The bank earned operating profit of Tk. 4,326.78 million during the year 2011. The operating profit of the Bank during the year 2010 was Tk 3,223.27 million and thus the Bank attained Positive growth of 34.24% in respect of operating profit. The provision for income tax for the year amounted to Tk. 1,501.24 million and divisible profit available for appropriation amounted to Tk. 1,262.46 million.



**Dividend**

The bank has been paying dividend every year since 1998 just after conversion of a public limited company. The Board of Directors of the Bank is pleased to recommend 21% stock dividend in the year 2011. Table of Historical Dividend Payment Percentage are as follows:

Year	% Dividend
2002	20% Bonus
2003	16% Bonus
2004	15.50% Bonus
2005	26% Bonus
2006	35% Bonus
2007	20% Bonus
2008	30% Bonus
2009	30% Bonus
2010	26% Bonus
2011	21% Bonus



**Information Technology**

Al-Arafah Islami Bank Ltd. with the vision of becoming the leading Bank in the country both in service and technical aspects have taken bold steps to full fill the requirements of the mass. Banking sector is going through massive change with the advent of new technologies as well as new ways and norms of banking. With information technology becoming the tool of almost every trade, IT Division at Al-Arafah Islami Bank took the challenge of giving the best possible service to its users and customers alike. AIBL's pledge to adhere with the principles of Islamic Norms and ethics and combine them with today's technology threw a great challenge to the IT division. It has been a while now that AIBL is providing True Centralized online payment services to its customers in all its branches.

With 88 online branches AIBL is committed to provide online facilities at any new branch that is added to the banks existing network. To keep pace with the growing customer needs as well as new technologies AIBL has taken a number of steps to facilitate clients while improving the existing services and adding on new services. The bank is striving hard towards the goal of changing from brick to click bank while taking banking services to the people who are not yet under the banking umbrella.

AIBL has improved on the Core Banking System Ababeel with upgrading the system to meet consumer and bankers needs alike. In 2011, Al-Arafah Islami Bank Ltd. continued to improve the efficiency, effectiveness, and security of information technology (IT) services and operations. To improve the efficiency and overall quality of operations, major multiyear initiatives were undertaken to consolidate the management and function of Al-Arafah Islami Bank Ltd.'s help desk, server, and network operations. Significant progress was made, and the overall program met or exceeded its goals for the year.

In addition, IT Division continued to lead AIBLs transition to a more robust information security program, one that is based on guidance from the Central Bank.

During 2011, Personal & Business Banking in Bangladesh focused on delivering a positive customer experience and streamlining customers' interactions with the bank, which included critically reassessing the business unit's IT investment. Our investment in technology infrastructure over the past year has continuously improved our customer-facing systems, contributing to our high customer service scores.

Several IT projects were completed during the year, the majority being for compliance and legislative system requirements. We ensure that our systems meet accounting, compliance and risk requirements, as well as effectively managing customer information. The

projects already in place like Bangladesh Bank's Automated Clearing House (BACH) under which the Automated Cheque Processing System and (BACPS) Electronic Fund Transfer Network (BEFTN) are running smoothly. IT Division is also providing its continued support to CIB information as data with minimum error to the Central Bank. The project is under way and IT Division is extending full support to CIB Cell of Bangladesh Bank.

ICT Division has played a major role in successfully implementing Banks' ATM network providing technical support to the Card Division of the Bank.

Internet Banking (e-Commerce) and Mobile banking (m-Commerce) are already in the testing phase and would be available to customers in very short time keeping the banks pledge to provide its customers the best possible experience of technology combined with safe and secure Banking while adhering to laws of the land and the guidelines of the central bank.

#### **Marketing & business development**

Competition has become severe, to ensure our market share and for business development of the bank, this division has been formed at end of the year 2010 headed by a senior executive. This division will identify business opportunities, develop strategic business plan, Brand development and management, Market research - development and management of new product, event management and existing customer care.

#### **Internal Control and Compliance of the Bank**

AIBL has undertaken all-out efforts to mitigate all sorts of risk as per Core Risk Management Guidelines issued by Bangladesh Bank (BB). The Bank has formulated different Core Risks Policy Guidelines in order to ensure an effective control over its process e.g. Investment Risk Management Policy, Foreign Exchange Risk Management Guidelines, Money Laundering Prevention & Terrorist Financing Risk Guidelines, ICT Risk Management Guidelines, ALM Guidelines, Human Resources Policy/Service Rules and ICC Risk Management Policy Guidelines etc.

The Bank has set-up a separate Division namely Internal Control & Compliance Division (ICCD) as per ICC guidelines of Bangladesh Bank. The bank has engaged an well experienced & high official in the rank of EVP in the 3rd tire of management hierarchy to look over the ICCD exclusively to strengthen control mechanism. The ICCD Head has direct reporting line with the Board Audit Committee (BAC) and at the same time submits a copy of each Audit & Inspection report to Board Audit Committee while submitting the original copy to the Managing Director of the Bank. The Head of ICCD has to chalk out Annual Audit Plan which requires concurrence of the Board Audit Committee.

#### **a) Conduction of Audit & Inspection, Surprise Inspection etc. in the year, 2011:**

As per Audit Plan, 2011, Audit & Inspection Department of the Bank undertook the following Audit & Inspection, Surprise Inspection during the year, 2011:

Sl. No. Nature of Internal Audit/Inspection Number of Branches & Division/Department

01 Comprehensive & Risk Based Audit & Inspection 78 (seventy eight) branches i.e. all the branches

02 Head Office Audit & Inspection 4 (four) Division/Department

03 Surprise Inspection at the branches 6(six) branches

To prevent incidence of errors and their recurrences, more emphasize was given on spot rectification of irregularities/lapses while auditing/inspecting of the branches.

#### **b) Risk Based Comprehensive Audit & Inspection & Classification of branches of AIBL**

The main objectives of Risk Based Audit & Inspection of this Bank is to achieve its goal by proper use of its resources (e.g. manpower, assets-liabilities, modern equipments etc.) identifying its weakness / lapses & taking of appropriate measures to overcome the weakness.

In order to trace out the operational & financial risks of all the branches due consideration are given on the volume and growth of the businesses in different field. Performance of businesses of the branches are measured on the basis of 08 (eight) parameters e.g. Deposit, Investment, CL, Profit, Import, Export, Foreign Remittance and Manpower etc. For audit purpose, we have segregated the branches into 06 risk categories for the year 2011, where in particular, category 'A+' denotes Extreme High Risk and category 'E' denotes Very Low Risk. As per said classification, Category A+, A & B branches will be audited/inspected twice in 2012 and all other category branches will be audited/inspected once in 2012 beyond surprise inspection and executive branch visit program. On the other hand, as per Audit Plan, 2012, Audit & Inspection to be conducted on all the Division/Department of Head Office with a view to smooth & transparent operation.

#### **c) Audit Monitoring Department:**

Audit Monitoring Department is ensuring the compliance of Audit & Inspection Reports of Internal Audit as well as Bangladesh Bank Audit. During the year, 2011 Internal Audit & Inspection team Audited (Comprehensive) 78 Branches (excluding new 10 branches). The Bangladesh Banks Inspection Team conducted Comprehensive Inspection on our 21 Branches & Foreign Exchange Inspection on 06 Branches. Audit Monitoring Deptt performed all kinds

of follow up & correspondence with Branches and sent the compliance report to Bangladesh Bank.

The Board Audit Committee subsequently reviewed the report of ICCD and B.B. During the year 2011 the Board Audit Committee conducted 12 (Twelve) meeting and discussed Audit Reports of 52 branches, some important Divisions of Head Office & compliance there against.

**d) Core Risk Management System(CRM) Inspection:**

To confirm the implementation status of Core Risk Management(CRM)Guidelines issued by Bangladesh Bank, a systematic inspection within the guideline/framework and as per existing instruction circulars of our bank are to conduct in the branches & concerned department/divisions of Head Office. The regular Audit & Inspection Teams conducts the inspection during their routine Audit & Inspections. The auditors have to check the following 6-Core Risks Management System of the bank. Investment (Credit) Risk, Foreign Exchange Risk, Asset Liability Risk, Internal Control & Compliance (ICC) Risk, Money Laundering Risk, Information & Communication Technology (ICT) Risk

**e) Concurrent Audit:**

Concurrent audit is a systematic and timely/spot examination of financial transactions on a regular basis to ensure accuracy, authenticity and compliance with procedures and guidelines. Such Audit emphasizes on thorough checking rather than test checking and attempts to shorten the interval between occurrences of transaction and its internal

checking or examination. The main objectives of Concurrent Audit is to strengthen Internal Control System of the branches by timely detecting of irregularities and taking of appropriate measures to prevent errors/lapses, fraud/forgery etc. immediately after occurrences and/or shortage possible time. In view of the above, Concurrent Auditor/Authorized Officer(s) of the branches have to examine on daily basis on the daily transactions/operation of the branches. To prevent incidence of errors and their recurrences, Concurrent Auditors are putting their efforts for removal/ rectification of irregularities on the spot. If any major irregularities/lapses including lapses on Departmental Control Function Check List (DCFCL), traced by the Concurrent Auditor, are left unattended/unrectified over the month then Concurrent Auditor are to submit a monthly report mentioning the irregularities to the Manager with a copy to the Head of ICCD for necessary action.

**f) Executive Branch Visit Program:**

Beyond the Risk Based Comprehensive Audit & Inspection of the branches Executive Branch visit are done to bring the branches under intensive supervision & control of Head Office. All the executives of various Division & Department of Head Office visits their assigned branches for strengthening of Business Development as well as and ensuring of timely recovery of Overdue/Classified Investment. Which will be helpful to make a bridge for congenial environment.

**g) Mandatory Leave :**

To execute the IICC Guideline of Bangladesh Bank



Inside view of a motor vehicle manufacturing industry financed by Al-Arafah Islami Bank Ltd.



the already established the Mandatory Leave for all executives/Officials which will help to find out any errors, an expected fraud/ forgery as well the Officials will be refreshed for further devotion to their duties/responsibilities with full enthusiasm.

#### h) Auto Information System (AIS) :

To ensure AIS has already been executed for establishing effective ICC environment, culture and system development. As a result the movement of information made without intervention of all the errors, deviations, irregularities traced out for correction/rectification taking proper action promptly.

#### Credit Rating

Credit Rating Agency of Bangladesh (CRAB) Limited has adjudged (pronounced Single A One) rating in the Long Term and ST-2 rating in the Short Term for Al-Arafah Islami Bank Limited.

Date of Rating	: 28 June, 2011
Validity	: 30 June, 2012

Definitions of A<sub>1</sub> & ST-2 are given below:

**A<sub>1</sub> (Strong Capacity & High Quality):** Commercial Banks rated in this category have strong capacity to meet their financial commitments but are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than commercial Banks in high-rated categories. This level of rating is adjudged to be of high quality and is subject to low credit risk.

**ST-2 (High Grade):** Commercial Banks rated in this

category are considered to have strong capacity for timely repayment. Commercial Banks rated in this category are characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of funds is outstanding.

#### Human Resource

Human resource is our prime asset. It is neither the machine nor the technology alone, but the invaluable mix of man-machine interface that makes technology work. We strongly believe while the capacity of machine is limited, the potential of human being is unlimited. The qualities of loyalty to the company and to the customers, tenacity to learn more and the commitment to perform characterize our human resource. Our employees with outstanding quality are rewarded in the Bank. As a result, our staff morale is very high. They show good performance in the Bank. The management frequently communicates with the employees and listens to their new ideas and suggestions. A major factor behind our success in 2011 and in the preceding years is our employees.

The Human Resource Division of Head Office is responsible for fixing principles and policies concerning personnel and certain areas of administration. The division is responsible for employee relation, staffing succession, planning, training, employee benefits, compensation and their social security. The salary and compensation package for all levels of our employees was



Expansion of branches continued throughout the year. At the end of 2011 the Bank had 88 branches all over the country

reviewed and revised last year to be competitive with all local private sector Banks and financial institutions in the country. It is targeted to attract and retain good performers in the Bank.

We recruited 243 fresh entrants and 20 experienced Bankers during the year 2011 through a transparent recruitment process to fulfill the manpower requirement in the Bank. The Bank also sent 01 employee to BIBM, 04 employees abroad, 38 employees to Bangladesh Bank for training in different fields to upgrade themselves with the latest techniques of modern banking. We have 1,807 staff in the Bank of whom 77 are executives, 1,382 are officers and 384 other staffs as on December 31st 2011.

SL. No	Designation Category	Number
1	Executives	77
2	Officers	1,382
3	Others	348
<b>Total</b>		<b>1,807</b>

The Bank Plans to rationalize per-Branch employee by equitable Manpower distribution of human resource amongst the existing and future branches. As a part of social commitments Bank accommodated 388 students from different renowned universities for doing internship program in our Bank during the year 2011. The Bank has recruited experienced new manpower to strengthen its large scale operations. Total manpower employed in the Bank including Managing Director is 1,807 at 31 December 2011; which was 1,711 at the end of the last year.

#### Training & Motivation:

Training is one of the most effective and well-recognized weapon in developing human resources. Training programs are being carried out for the Probationary Officers, Assistant Officers, Junior Officers, Branch Managers and Officers of different grades and Executives by Al-Arafah Islami Bank Training & Research Academy from its very inception. AIBTRA sets training-plans from the early hours of the year and every year a training calendar is prepared and approved by the Management. Training Academy conducts training Courses / Workshops simultaneously at Dhaka as well as outside Dhaka. Training courses, workshops, In-house training etc., are tabled and conducted on current day updated banking aspects concerning new ideas, procedures and techniques of banking. In the training sessions lecture methods as well as discussions, group discussions, case study, exercise, practical works, simulation method etc. are followed. Training materials e.g., course folders, CD etc comprising hand-out are delivered to the participants. For enhancing effectiveness, modern training aids e.g. multimedia projector, power point presentation, flip chart etc. are used. For the purpose of

assessing trainees' knowledge and skill pre-course and post course evaluations are done. Evaluation of the trainers is also conducted secretly by the participants for making training more effective.

In 2011 total number of 1974 trainees were trained at training Academy through 47 training courses / workshop consisting of 157 working days. A total 379 executives/officials have been trained on different subject through 5 outreach and 31 "In-house training at Branches". In these programs, training sessions were conducted by resource persons from Bangladesh Bank, BIBM and many other government and private Banks and financial institutions. 1(One) officer has received training from Bangladesh Institute of Bank Management (BIBM). At the same time, 38 officers and executives have been trained in several training institutes including Bangladesh Bank Training Academy. Moreover, 4 executives of the Bank participated in training courses in Thailand, India and China in the year 2011.

A list of training courses, seminar & workshop conducted during the year 2011 is given below:

SI No	Subjects	Number	Number of Participants
<b>A. Training Course:</b>			
1.	Foundation Course on Banking (Batch-I/2011)	1	45
2.	Foundation Course on Banking (Batch-II/2011)	1	39
3.	Laws & Regulations in Bangladesh for Foreign Exchange Transactions & International Trade	1	42
4.	Investment Operation & SME Finance	1	49
5.	Audit of Foreign Exchange & Foreign Trade Operations	1	29
6.	Orientation Course on Banking	1	45
7.	Orientation Course on Banking	1	36
8.	Audit of Investment Operation	1	27
<b>B. Workshops:</b>			
1.	Capacity Development in ICC & Internal Audit	1	21
2.	AML Compliance: Independent Testing Procedure	1	27
3.	UCP-600 and its Application	1	50
4.	Implementation of Web-Based EXP form Matching Through Online System	1	23
5.	Al-Arafah Solar Energy Investment Scheme Management	1	40
6.	Al-Arafah Solar Energy Investment Scheme Operation	1	29
7.	Prevention of Money Laundering and Fraud-Forgery in Banking	1	41
8.	Prevention of Fraud Forgery in Cheques & Instruments	1	42
9.	Security Measures in Handling Cash, Cheques and Instruments	1	48
10.	BACH, MICR Cheque & Instrument and Security Measures	1	52
11.	Automation in Banking Operation in Bangladesh	1	44
12.	Green Banking & Environmental Risk		

Management (ERM)	1	49
13. AML & CFT Issues" (Batch-I/2011)	1	44
14. AML & CFT Issues" (Batch-II/2011)	1	40
15. Operational Risk Associated with Manual Payment	1	48
16. UCP-600	1	48
17. Asset-Liability Management & Profit Maximization	1	44
18. General Insurance: Bankers Issues	1	38
19. Legal Process of Investment Recovery	1	41
20. Salesmanship in Handling Inward Foreign Remittance	1	30
21. Supervisory Review Process	1	30
22. Investment Risk Management (IRM) & Environmental Risk Management (ERM)	1	40
23. Asset-Liability Management (AML) Profit Maximization	1	42
24. Renewable Solar Energy Management	1	51
25. Renewable Solar Energy Operation	1	48
26. Readymade Garments (RMG) Industries Financing in AIBL	1	56
27. Implementation of Web-based EXP form matching through Online System	1	21
28. Green Banking & Environmental Risk Management	1	46
29. Functions of Internal Control & Compliance Division (ICCD)	1	28
30. Shariah Implementation in AIBL (Batch-I)	1	23
31. Shariah Implementation in AIBL (Batch-II)	1	45
32. AML & CFT Issues	1	51
33. Control of Primary Securities Against Investment	1	23
<b>C. Executive Workshops:</b>		
1. Stress Testing	1	42
2. Core Risk Management	1	42
3. CAMELS Rating & Banks Health	1	35
4. Preparedness for Basel II	1	40
5. Internal Control & Compliance	1	42
6. Corporate Governance	1	35
<b>D. Outreach Workshops:</b>		
1. Shariah Implementation in AIBL (Venue: Agrabad, Khulna, Zindabazar, Bogra Branch)	4	90
2. Money Laundering Prevention-2011 (Lead Bank: AIBL, Venue: Jhalakathi Branch)	1	33
E. In-house training at Branches.	31	379
<b>Total= (A+B+C+D+E)</b>	<b>83</b>	<b>2353</b>

### Satff Welfare Project

The Bank always keep a careful eye on the economic security and benefit of its staffs & officers. The Bank operates a contributory provident fund, a social security & benevolent fund and a gratuity fund for its employees.

### Al-Arafah Islami Bank Foundation

The Bank has a foundation performing philanthropic activities. Al-Arafah Islamic International School & College, Al-Arafah Islami Bank Library and Al-Arafah Islami Bank Foundation Kidney Dialysis Center are major three are of its philanthropic activities.

### Al-Arafah Islamic International School & College

Al-Arafah Islamic International School & College, a

promotional welfare project envisaged to transform our future generation Akhirat-oriented and at the same time provide them with faith based and modern education which would keep them in the mainstream of socio-economic life professionally established in 1998 by Al-Arafah Islami Bank Foundation. This is the first English Medium Madrasah & School in Bangladesh intended to foster the cause of Islamic education providing O' and 'A1 level education under Edexcel, UK curriculum. Al-Arafah Islamic International School & College is running a Hifz section along with its English medium curriculum. 10 Hifz students successfully completed the Hifzul Quran course from this section in 2010. At present total 275 students are studying in this institute.

Since 1999 the institute is providing English medium education under Edexcel, UK curriculum. Edexcel, UK in Bangladesh agreed to train our teachers for O' level course. Our institute became the member of English Speaking Union launched by the British Ambassador in 2011 which is patronised by Her Majesty the Queen of UK.

Al-Arafah Islamic International School & College is a corporate member of British Council. Our students are enrolled as members of Young Learner Center (YLC). We are allowed at a time to borrow 25 books and educational DVDs for 7 weeks. Our students are taking part in all sorts of competition program in British Council. In 2007 one of our girl students took part in art competition on "Air Pollution" arranged by commonwealth through British Council. In 2008 our two students got 'B' & 'C' grade in essay competition arranged by British Council. A group of our students regularly goes to British council to join 'Young Learner Center' to read books and watch educational movies.

Our students have also been participating in many Hand Writing competitions in National level since its inception. Our students won 3rd prize in 2008 at Dhanmondi local area Hand Writing competitions. 45 students took part in Hand Writing competition in 2008 arranged by Ekushey TV channel. Later it was telecast for viewers. Every participant got consolation prize.

Some of our students joined International Scout moot on 28th December, 2002 in Thailand.

Students of Al-Arafah Islamic International School & College established English Language Club in 2006 to promote English Language in the Madrasah Campus. Club's main motto is to increase Language proficiency with correct pronunciation. Language Club Members are assigned to promote the habit of speaking English language among students. The Language Club is publishing a Language Magazine regularly. The Magazine encourage all level of students to write some articles for the magazine.

### Al-Arafah Islami Bank Library

Library is the carrier & reservoir of knowledge. Al-Arafah Islami Bank has shown that is not only generates profit, but also contributes significantly in the field of providing good source of knowledge by

establishing a public library at 32, Topkhana Road, Chittagong Bhaban (1st floor), Dhaka, thus strengthening social development. It harbours 22,000 books of reference for the researchers, students, professionals, bankers, physicians, engineers, politicians, writers or journalists, even for the kids. It is open to all through out the year and well located & accessible to everybody. It has procured some exceptional collection of books on religion, economics, banking, computer science, business administration, sociology, English & Arabic language and juvenile literature in Bangla, English, Urdu & Arabic, which are very rare.

#### **Al-Arafah Islami Bank Foundation Kidney Dialysis Center**

Al-Arafah Islami Bank Foundation established an International Standard Kidney Dialysis Center to deliver the dialysis therapy to increasing kidney patient in Bangladesh at reduced price. Al-Arafah Islami Bank Foundation Kidney Dialysis Center is situated at Chattagram Bhaban (1st Floor), 32 Topkhana Road, Dhaka- 1000. National Professor Dr. M. R. Khan inaugurates this philanthropic Dialysis Center on December 04, 2010. This center is capable to deliver the dialysis therapy to eight kidney patients daily in two shifts. Al-Arafah Islami Bank Foundation authority is committed to deliver the health care service to the underprivileged people of Bangladesh in near future.

#### **Risk Management**

During their operations, Banks are invariably faced with different types of risks that may have a potentially negative effect on their business. Risk Management in Bank operations includes risk identification, measurement and assessment, and its objective is to minimize negative effects on Bank's financial results. Considering the above, Banks are required to form a special organizational unit in charge of risk management. They have also required prescribing procedures for risk identification, measurement and assessment, as well as procedures for risk management.

Like Other Bank, to minimize potential risks, Al-Arafah Islami Bank has also taken different steps as per direction of Bangladesh Bank. As a part of those initiatives our Bank has established a division named Risk Management Division whose main objective is to identify, measure and control of various risks prevailing over various operation of our Bank. Risk Management Division (RMD) generally cover six core risk areas of Banking, viz; Investment (Credit) Risk, Foreign Exchange Risk, Money Laundering Risk, Asset Liability Management Risk, Internal Control & Compliance Risk and IT Risk. These divisions are functioning independently according to guideline of Bangladesh Bank and required to report directly to the Managing Director of our Bank.

#### **Implementation of Basel-II**

Basel-II a new framework for calculating minimum capital requirement is structured around three pillars: minimum capital requirement (on credit risk,

operation risk and market risk), supervisory review process and market discipline. Implementation of Basel-II framework in Bangladesh will integrate the risk management process of the bank and its capital adequacy requirement. As per decision of the Basel II committee of Bangladesh Bank, all banks will start implementing revised regulatory capital framework "Risk Based Capital Adequacy for Banks" from January 2009. Following methodology of Basel II would be followed in Bangladesh:

a) Standardized Approach against Credit Risk for calculating Risk Weighted Amount (RWA) supported by External Credit Assessment Institution (ECAIs)

b) Standardized Rule Based Approach against Market Risk and

c) Basic Indicator Approach for Operational Risk

To create awareness among the credit officers, the bank has arranged training programs on Basel-II and its impact on selection of credit proposal. Moreover to comply with the instruction of Bangladesh Bank, the Bank has taken initiatives for quarterly reporting under Basel-II to Bangladesh Bank along with the existing capital adequacy rules and reporting.

#### **Branch Network**

At present we have 88 branches all over the country. In a bid to expand our network of Branches we got approval to open 10 (Ten) new branches in 2012.

#### **Card & Retail Banking**

Financial institutions worldwide are responding to the challenges of providing unique services to their valuable customers by incorporating product sets that match their customers' individual needs and payment preferences and then delivering them through any channel they prefer free from time and geographical boundaries. Our Bank has established ATM and Card services for customers hassle free transactions. We had already issued ATM Cards to our employees on test basis and they made transactions through ATMs. We will issue ATM Cards to our valuable customers in May this year insha-Allah. We have already deployed 10 ATMs at various important locations and selected another 10 prime locations for ATM booths. The construction work is going on and be completed very soon. We will deploy another 100 ATMs in coming years. Considering the market scenario and diversify the bank's services the management strategically decided to share ATMs with other networks to give services to our all customers of all branches. Not only that, the Branches without attaching our own ATMs also can issue ATM Card to their prospective customers. We are in the process to get VISA membership: we hope that we will provide Islamic VISA International and local card among our customers very soon.

#### **Green Banking**

More recently environmental degradation effects are becoming more and more obvious in form of range of environmental issues affecting the planet.

Sustainable development has emerged as a new paradigm of development in response to the current discourse of development that over-exploits natural environment for economic prosperity. One of the major economic agents influencing overall industrial activity and economic growth is the financial institution such as banking sector. In a globalized economy, the industries and firms are vulnerable to stringent environmental policies, severe law suits or consumer boycotts. Since banking sector is one of the major stakeholders in the industrial sector, it can find itself faced with credit risk and liability risks. Further, environmental impact might affect the quality of assets and also rate of return of banks in long run. Thus the banks should go green and play pro-active role to take environmental and ecological aspects as part of their lending principle, which would drive industries to go for mandated investment for environmental management, use of appropriate technologies and management systems. Banks are not polluters themselves but in house maintenance such as, controlled consumption of water, electricity, paperless banking etc. and online services to clients will help to reduce pollution.

Al-Arafah Islami Bank Ltd. being ethical Bank and in compliance to Bangladesh bank guidelines has formed Green Banking Cell, headed by a Senior Executive and supervised by Board Audit Committee. The Bank has taken the following initiative :

**a. Green Banking Policy adopted.**

**b. Inhouse activities**

Both the sides of papers are being used

Energy savings bulbs and other electrical gadgets are being used.

Initiative has been taken to use certain percentage of solar energy at our new branches.

**c. Online Banking**

Online banking facilities already extended to the clients.

Debit Cards will be launched very soon.

We are collecting utility bills through Mobil Phone by mPay system

**d. Green Financing**

Financing Projects - Eco friendly business activities and energy efficient industries are given preference.

**e. Environment Risk Management (ERM)**

Environmental Risk Rating is done on the relevant proposal under Environment Risk Management Guide line.

**f. Employee Training, Consumer Awareness and Green Events**

Al-Arafah Islami Bank Limited Training and Research Academy are providing green banking training including ERM training, to its Employees, with in-house and external resources. Counseling is provided to the clients by our branches.

**Appointment of Statutory Auditor**

In the 16th Annual General Meeting of the Bank M/S Masih Muhith Haque & Co. and M/S ACNABIN Chartered Accountants were appointed External Auditors of the Bank for a term till conclusion of the 17th Annual General Meeting. M/S ACNABIN Chartered Accountants have completed the audit work consecutive three years and hence not eligible for appointment for the year 2012 and M/s Masih Muhith Haque & Co Chartered Accountants is eligible for another terms. The Board has approved M/S Masih Muhith Haque & Co. and Syful Shamsul Alam & Co. Chartered Accountants for appointment as External Auditors by the shareholders till the 18th Annual General Meeting.

**Conceptualization of CSR**

The modern era of CSR concept was evolved in 1950 when it was more commonly known as social responsibility. CSR has been defined as "the integration of business operations and values whereby the interests of all stakeholders, including customers, employees, investors, and the environment are reflected in the organizations policies and actions. By CSR practices an organization can improve communication with the community and other stakeholders, ensure accountability and transparency in its operation, improve internal decision making and cost saving, enhance corporate image, improve reputation and ability to enlarge market share and Enhancement of customer true worthiness, profitability and sustainable development.

**CSR activities of Al-Arafah Islami Bank Ltd.**

CSR is an integral part of our corporate culture and ethics. We respond positively in every sphere of social activities we are delivering innovative solution to our valued customer and in the same manner we are also helping different areas of social activity through our CSR activities. To enhance social service as part of corporate social responsibility, the Bank has facilitated farmers & freedom fighters to open savings accounts with special facilities of giving profit on daily balance and not realization Account Maintenance Fee from those accounts. The Bank has also originated School Banking to open savings accounts os school students (minor) with same facilities as offered to farmers and freedom fighters in operating their savings accounts. During the year 2011 we accomplished different humanitarian and social activities which include allocation of fund Tk.2.07 Crore. Besides, we have taken a program to develop manpower and make them self employed as well as assisting them for employment in abroad.

**Board Meeting**

During the year 2011, 14 regular and emergency Board Meeting had been held. Besides, 39 meetings of Executive Committee and 12 meetings of Audit Committee of the Board had also been held during the year.



As a Shariah based financial institute, the Bank never forget its responsibilities to the society. 'AIBL School Students Scholarship' to the poor meritorious students is one of the great examples



Chairman Mr. Badiur Rahman inaugurated the commercial launching ceremony of AIBL's ATM/Debit card known as the 'Fast Cash' card



Due to social responsibility the Bank has donated life saving Blood Bags to Bangladesh Thalassemia Hospital



Managing Director of the Bank Mr. Ekramul Hoque presenting a bouquet of flower to the honorable President of Islamic Development Bank (IDB) Dr. Ahmad Mohamed Ali during the opening ceremony of an international seminar



For second consecutive year the Bank has achieved the 'Best Rated Banks Award' on the basis of CAMELS rating



Due to responsibility to the society, the Bank distributed blankets among the poor inhabitants of northern districts of the country

**Directors' Report to the Shareholders as per condition No. 1.4 of SEC Notification No  
SEC/CMRRCD/2006-158/Admin/02-08 Dated 20 February 2006**

The Directors also report that:

- a) The financial statement prepared by the management of the company present fairly its stat of affairs, the result of its operation, cash flow and changes in equity
- b) Proper books of accounts of the company have been maintained
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

- d) International Accounting standards as applicable in Bangladesh, have been followed in preparation of the financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There is no significant doubts upon the ability of AIBL to continue as a going concern.
- g) There is no significant deviation in the operating result from the result of the last year. A highlights along with reasons thereof are given below:

Particular	2011	2010	Growth %
Investment income	8,974.09	4,243.93	111.46%
Profit paid to depositors	5,543.45	3,133.69	76.90%
Net Investment Income	3,430.64	1,110.24	209.00%
Commission, Exchange & Brokerage and other Income	1,693.32	2,875.71	(41.12%)
Income from extra ordinary item (Gain on Sale of DSE & CSE License)	-	503.24	(100.00%)
Total Operating Income	5,123.96	4,489.19	14.14%
Total Operating Expense	1,468.75	1,328.55	10.55%
Profit before Tax and provision	3,655.21	3,160.64	15.65%
Provision on Investment and others	363.47	370.80	(1.98%)
Profit Before Tax	3,291.74	2,789.84	17.99%
Provision for Taxation	1519.68	869.94	74.69%
Net Profit after Tax	1,772.06	1,919.90	(7.70%)
EPS	3.01	3.26	(7.67%)

Investment income increased by 111.46% compared to previous year due to increase investment Tk.19,850.85 million in 2011 and optimum utilization of surplus fund. On the other hand profit paid on deposits and borrowings increased by 76.90% compared to previous year due to increase deposits and borrowings Tk. 28,353.84 million in the year 2011

During the year 2011 Net Profit after tax decreased by 7.70% compared to previous year due to following reasons :-

- i) In the year 2010 the bank earned Tk 503.24 million extra ordinary income from sale of DSE & CSE license but there is no extra ordinary income in the year 2011.
- ii) Income Tax on extra ordinary income earned from gain on sale of DSE & CSE License is 15%.As a result distributable profit significantly added to net profit after tax but there is no advantage like that in the year 2011.
- h) Key operating and financial data of 5 preceding years have been presented in summarized form page no. 15
- i) AIBL has declared dividend.
- j) The number of board meeting and attendance of director during the year 2011 is presented at page no. 49
- k) The pattern of Share holding along with the name wise details of:
- i) Parent /subsidiary /associated companies and other parties of: Nil
- ii) Directors Shareholding presented at page no. 49 and chief executiv officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children at page no 50
- iii) Top 5 salaried Executive except item no ii above is given at page no. 50
- iv) Shareholder holding ten percent (10%) or more voting interest in the company as at 31 December 2011: NIL



### Directors' Attendance in the Board Meeting for the year 2011

Sl No.	Name of the Directors	Designation	Meeting held	Attended	Remarks
1.	Al-hajj Badiur Rahman	Chairman	14	13	
2.	Sarkar Mohammad Shamim Iqbal	Vice- Chairman	14	11	
3.	Al-hajj Md Haroon-ar-Rashid Khan	Director	14	13	
4.	Al-hajj Nazmul Ahsan khaled	Director	14	10	
5.	Al-hajj Abdul Malek Mollah	Director	14	14	
6.	Al-hajj Hafez Md. Enayetullah	Director	14	12	
7.	Al-hajj Abdul Muktedir	Director	14	08	
8.	Al-hajj Ahmedul Haque	Director	14	10	
9.	Al-hajj Abdus Samad	Director	14	09	
10.	Al-hajj Engr.Khandaker Mesbahuddin Ahmed	Director	14	02	Appointed from 218th Meeting
11.	Abu Naser Mohammad Yeahea	Director	14	09	
12.	Al-hajj Mohammad Abdus Salam	Director	14	13	
13.	Al-hajj Niaz Ahmed	Director	14	12	
14.	Md.Ashik Hossain	Director	14	08	
15.	Md.Rafiqul Islam	Director	14	07	
16.	Mohammed Emadur Rahman	Director	14	05	
17.	Sabrina Farah Ahmed	Director	14	12	Appointed from 218th Meeting
18.	Anwar Hossain	Director	14	07	
19.	Dr.Momtaz Uddin Ahmed	Director	14	09	
20.	Brig. Genneral M.A. Malek	Director	14	08	Appointed from 210th Meeting

### Statement of Shares held by Directors and their Spouses & Minor Children

(as on 31 December 2011)

Sl no	Name of the Directors	Status	No of Shares
1	Alhajj Badiur Rahman	Chairman	16,438,902
	Mrs. Syeda Rashida Yasmin	Wife of Alhajj Badiur Rahman	2,831,732
2	Jb. Sarker Mohammad Shamim Iqbal	Vice Chairman	163,800
3	Alhajj Md. Harun-ar-Rashid Khan	Director	6,390,53
4	Alhajj Nazmul Ahsan Khaled	Director	4,369,044
5	Alhajj Abdul Malek Mollah	Director	10,073,627
	Alhajj Mrs. Laila Begum	Wife of Alhajj Abdul Malek Mollah	186
6	Alhajj Hafez Md. Enayetullah	Director	7,164,972
7	Alhajj Abdul Moktedir	Director	5,066,958
8	Alhajj Abdus Samad	Director	13,262,754
	Mrs. Shahana Ferdous	Wife of Alhajj Abdus Samad	425,880
9	Alhajj Ahamedul Haque	Director	11,381,970
10	Al-hajj Engr.Khandaker Mesbahuddin Ahmed	Director	11,232,423
	Mrs. Ajmeri Ahmed	Wife of Alhajj Kh. Mesbah Ahmed	5,215,325
11	Alhajj Abu Naser Mohammad Yeahea	Director	14,555,366
12	Alhajj Abdus Salam	Director	8,481,891
13	Jb. Niaz Ahmed	Director	10,497,557
	Ms. Shabana Niaz	Wife of Jb. Niaz Ahmed	4,859,618
14	Jb. Ashik Hossain	Director	17,921,095
15	Jb. Anowar Hossain	Director	2,307,548
16	Mohammad Emadur Rahman	Director	2,007,401
17	Md. Rafiqul Islam	Director	3,276,000

**Statement of Shares held by Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses & Minor Children  
(as on 31 December 2011)**

SI no	Name of the Executives	Status	No. of Shares
1	Ekramul Hoque	Chief Executive Officer	Nil
2	Md. Mofazzal Hossain	Company Secretary	2012
	Mahfuza Khatun	Wife of Md. Mofazzal Hossain	35
3	Muhammed Nadim ACA	Chief Financial Officer	Nil
4	Md. Mahmoodul Haque	Head of Internal Control & Compliance Division	Nil

**Statement of Shares held by top 5 (five) salaried employees other than the Director, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit  
(as on 31 December 2011)**

SI no	Name of the Executives	Status	No. of Shares
1	Md. Rafiqul Islam	Deputy Managing Director	Nil
2	Khondoker Nayeemul Kabir	Deputy Managing Director	Nil
3	Md. Mominul Hoque Bhuiyan	Executive Vice President	1520
4	Md. Fazlul Karim	Executive Vice President	Nil
5	Syed Masudul Bari	Senior Vice President	Nil



AI-Arafah Islami Bank arranged blood donation program for Thalassemia patients.  
Chairman of the Bank inaugurated this humanitarian program

# Compliance Report on SEC Notification

## Status of compliance of corporate Governance

Status of compliance with the condition imposed by the commission's notification no.sec/cmrrcd/2006 158/admin/ 02-08 dated 20th February 2006 issued under section 2cc of the securities and exchange ordinance, 1969.

Condition no.	Title	Compliance status (put in the appropriate column)		Explanation for non-compliance with the condition
		Yes	No	
1.1	Board's size			
1.2 (i)	Number of independent director			
1.2 (ii)	Appointment of independent director			
1.3	Chairman of the Board and CEO			
1.4 (a)	FS presents fairly its state of affairs, result of its operation, cash flows & changes in equity.			
1.4 (b)	Proper books and accounts maintained			
1.4 (c)	Appropriate accounting policies consistently applied in FS preparation and accounting estimates are based on reasonable & prudent judgment			
1.4 (d)	International accounting standards as applicable in Bangladesh followed in financial statements preparation & any departure adequately disclosed.			
1.4 (e)	The system of internal control is found in design and effectively implemented and monitored			
1.4 (f)	No significant doubt upon its ability to continue as a going concern			
1.4 (g)	Significant deviation from last year in operating result.			
1.4 (h)	Key operating and financial data of at least preceding three years			
1.4 (i)	If the company has not declared dividend			
1.4 (j)	Number of Board meeting			
1.4 (k)	Pattern of shareholding			
2.1	Appointment of CFO, Head of Internal audit & company secretary.			
2.2	Requirement to attend Board meeting			
3.1	Constitution on Audit committee			

## Compliance Report on SEC Notification

Condition no.	Title	Compliance status (put in the appropriate column)		Explanation for non-compliance with the condition
		Yes	No	
3.1 (i)	Number of member of Audit committee			
3.1 (ii)	Inclusion of independent director in the audit committee			
3.1 (iii)	Fill in the casual vacancy in audit committee			
3.2 (i)	Selection of the Chairman of audit committee			
3.2 (ii)	Qualification of the chairman of audit committee			
3.3.1 (i)	Report by the audit committee on its activities to the board of directors			
3.3.1 (ii)	Report to the board by the audit committee on:			
3.3.1 (ii)	(a) Conflicts on interests			
3.3.1 (ii)	(b) Suspected or presumed fraud or irregularities or material defect in the internal control system.			
3.3.1 (ii)	(c) Suspected infringement of laws			
3.3.1 (ii)	(d) Any other matter			
3.3.2	Reporting to the regulators by the audit committee			
3.4	Reporting to the shareholders and general investors			
4.00	Statutory auditors not engaged in:			
4.00(i)	Appraisal or valuation services or fairness opinions.			
4.00(ii)	Financial information system design and implementation			
4.00(iii)	Book-keeping or other services related to the accounting records or financial statement			
4.00(iv)	Broker -dealer services			
4.00(v)	Actuarial services			
4.00(vi)	Internal audit services			
4.00(vii)	Any other services that the audit committee determines.			

### Appreciation

The Board of Directors expresses its gratitude to the Almighty Allah for enabling us to achieve remarkable progress in all respect during the year-2011. Board of Directors takes this opportunity to thank the Shariah and Board Members of the Bank for their relentless whole hearted support. Their collective wisdom contributed extensively to acquiring of strength. The Board of Directors also thanks the management and the staff for their loyalty, support and untiring efforts which has resulted in improved performance. The Board of Directors expresses its thanks to respected shareholders, valued customers, patrons well-wishers, Government, of Bangladesh, Bangladesh Bank, Registrar of Joint Stock Companies & Firms, Securities and Exchange Commission, Auditors, Legal advisers and all others concerned for giving us the benefit of their support and co-operation . We quietly weigh their continued support and co-operation which are constant source of inspiration. We re-assurance our vow to remain most disciplined, Shariah compliant

and result oriented. While we look forward to their continuous support and co-operation with trust and confidence, We reassure that our respected shareholders can expect further satisfactory results in 2012. May the Almighty, Allah give us dedication, patience and fortitude to serve the cause of Islam and to go ahead with our mission to run the Bank as per the principles of Islamic shariah.

May Allah the Almighty bestow his bountiful blessing upon us all.

Allah Hafiz  
Ma- Assalam  
Sincerely,



Badiur Rahman  
Chairman

Date: 20 May 2012

On behalf of the Board of Directors

# Report of the Shariah Supervisory Committee

For the year ended 31 December 2011

Bismillahir Rahmanir Rahim

Honorable Shareholders of Al-Arafah Islami Bank Ltd.

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuhu.

We have reviewed the functions executed by Al-Arafah Islami Bank Ltd. along with the principles and contracts related to their implementation. We sat together to examine and opinions whether the Bank has compiled with the Shariah laws and principles, guidelines, directions and specific Fatwas given by the Shariah Supervisory Committee.

The responsibility of banking business operation in accordance with islamic principles, rules and regulations is upon the Bank Management. We are responsible to analyze and prepare independent opinion based on Islami Shariah.

After observing the operating procedures followed by the Bank, related documents, records, examining each and every type of transactions, scrutinizing reports prepared by the Muraqibs upon visiting the branches and Annual Report presented by the Bank management, Shariah Supervisory Committee is offering the following opinions:

- a. The functions performed by the Bank in the last year along with the principles and policies related to their implementation, we have been reviewed and found to be conducted according to the Islami Shariah Principles and regulations.
- b. Distribution of profit among the various categories of Mudaraba depositors has been done according to Mudaraba principles and promise of the Bank.
- c. Due to ignorance to abide by the regulatory bindings of the Central Bank and international operations and lack of proper diligence in a few branches, Income earned from means not approved by the Shariah has been identified and the Bank has been asked to separate the same from its basic income and to spend it on the basis of Shariah prescribed modes.

**At this point Shariah Supervisory Committee is furnishing the following suggestions:**

1. Take comprehensive initiative to train adequately all levels of manpower of the Bank about Islamic Banking.
2. Take effective measures to operate investment in Musharaka and Mudaraba mode which are superior methods of investment in Islamic Banking.
3. Run various types of development projects and micro credit to the poor people to improve their Socio Economic conditions.
4. To follow the shariah principles at the time of all sorts of activities conducting by the capital market services limited properly.
5. Introduce welfare activities among the poor of the country through AIBL Foundation.

May Allah gives us tawfiq to do all activities at His pleasure, Ameen.

Wassalamu Alaikum Wa Rahmatullahi Wa Barakatuhu.



(Md. Abdur Rahim Khan)  
Secretary



(Mufti Abdur Rahman)  
Chairman

# Auditors' Report and Financial Statements

for The Year Ended 31 December 2011



2211	5655	5323265			
656	53665859		999	5323265	656
5323265	255659	898787	3265695	656596	5323265
999	6565	5655		6565	2454
898787	656	53665859	3	2211	21545
5655	5323265	255659	252	656	999
53665859	3265695	645	656565	5323265	65655
255659	3	555	65655	2454	454545
6565	252	3474	3235265	21545	565659
565655	565655	2454	3	565655	656
2454	56596	21545	2454	656596	221
21545	565655	565655	2454	6565	65
565655	656	565655	21545	2211	5323265
656596	5323265	656596	656596	6565	2454
6565	2454	3265695	6565	2454	21545
2211	21545	3	2211	21545	3265695
656	999	252	656	999	656596
3474	898787	6565	3474	252	6565





## Auditors' Report to the Shareholders of Al-Arafah Islami Bank Limited

We have audited the accompanying financial statements of Al Arafah Islami Bank Limited ("the Bank") which comprise the balance sheet as at 31 December 2011, and profit and loss account, cash flow statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes and all related consolidated financial statements of Al Arafah Islami Bank Limited and its subsidiary (together referred to as "the group").

The financial statements of Bank's subsidiary i.e. AIBL Capital Market Services Limited reflected total assets of Tk.7,285,422,839, total revenue of Tk.742,513,298 and net profit after tax of Tk. 426,695,150. These financial statements of the subsidiary have been audited by other auditor who issued a qualified audit opinion.

### Management Responsibilities for the Financial Statements

Management of Al-Arafah Islami Bank Limited is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards and Bangladesh Bank Guidelines and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements including consolidated financial statements present fairly, in all material respects, the financial position of the Bank and its subsidiary as at 31 December 2011, and their financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Companies Act 1994, the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

### Other Matters

We draw attention to the following matters in respect of which our opinion is not qualified:

- a) As per BAS- 16, depreciation on Fixed Assets shall be charged when it is available for use. But as per depreciation policy of AIBL, mentioned in note # 2E(iv)(b) of the financial statements, no depreciation has been charged on addition of fixed assets during the period under audit which is a non-compliance with the accrual basis of accounting as mentioned in BAS-1.

As per BAS-16, the depreciable amount of an asset shall be allocated on a systematic basis over its useful life and the depreciation method used shall reflect the pattern in which asset's future economic benefits are expected to be consumed by the entity. But the rates and methods mentioned in the note # 2E (iv)(b) are not properly based on their useful lives.

- b) Note # 2 to the financial statements states that the financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Securities and Exchange Rules 1987 and other applicable laws and regulations. But as mentioned in note # 17 and 19 of the financial statements, the company has not complied with the requirement of the Para 39(c) of BAS-1 in presenting the beginning of the earliest comparative figures on the face of the balance sheet.
- c) The auditor of the subsidiary company i.e. AIBL Capital Market Services Limited has issued a modified report on the financial statements of the subsidiary which are attached with these financial statements.

**We also report that:**

- (i) we have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof and found them satisfactory;
- (ii) in our opinion, proper books of account as required by law were kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- (iii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (iv) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and returns;
- (v) the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank, and the financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh as per BRPD circular 15 dated 09 November 2009;
- (vi) the financial position of the Bank at 31 December 2011 and the profit for the year then ended have been properly reflected in the financial statements and the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards;
- (vii) adequate provisions, in material respects, have been made for advances, investments and other assets which are in our opinion doubtful of recovery;
- (viii) the expenditures incurred during the year were for the purposes of the business of the Bank;
- (ix) the information and explanations required by us have been received and found satisfactory; and
- (x) 80% of the risk-weighted assets have been reviewed spending over 4,500 man-hours.



**ACNABIN**  
Chartered Accountants

Place : Dhaka

Date: 19 April 2012



**MASIH MUHITH HAQUE & CO.**  
Chartered Accountants

## Consolidated Balance Sheet as at 31 December 2011

PROPERTY AND ASSETS	Notes	2011 Taka	2010 Taka
<b>Cash in hand</b>	<b>5</b>		
Cash in hand (including foreign currencies)	5.a	809,438,237	573,365,966
Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)	5.a.i	6,527,355,409	3,672,456,738
		<b>7,336,793,646</b>	<b>4,245,822,704</b>
<b>Balance with other Banks and Financial Institutions</b>	<b>6.A</b>		
In Bangladesh	6.a	297,693,562	287,134,641
Outside Bangladesh	6.b	932,643,431	516,947,517
		<b>1,230,336,993</b>	<b>804,082,158</b>
<b>Placement with Banks &amp; Other Financial institutions</b>	<b>7</b>	<b>9,800,000,000</b>	<b>8,200,000,000</b>
<b>Investment in Share &amp; Securities</b>	<b>8.A</b>	<b>3,771,826,073</b>	<b>2,078,833,340</b>
Government	8.a	3,000,000,000	2,000,000,000
Others (2010 figure is rearranged)	8.A.ii	771,826,073	78,833,340
<b>Investments</b>	<b>9.A</b>		
General Investments etc.	9.a	69,140,245,957	47,153,317,226
Bills purchased and discounted	9.b	8,574,711,041	6,429,643,497
		<b>77,714,956,998</b>	<b>53,582,960,723</b>
<b>Fixed assets including Premises</b>	<b>10.A</b>	<b>968,132,029</b>	<b>655,388,261</b>
<b>Other Assets (2010 figure is rearranged)</b>	<b>11.A</b>	<b>5,946,135,179</b>	<b>4,437,919,002</b>
<b>Non-Banking Assets</b>		-	-
<b>Total Assets</b>		<b>106,768,180,918</b>	<b>74,005,006,188</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial institutions</b>	<b>12.A</b>	<b>5,600,000,000</b>	<b>5,680,000,000</b>
<b>Deposits and other Accounts</b>	<b>13.A</b>		
Mudaraba Savings Deposits		8,365,529,395	7,227,520,700
Mudaraba Term Deposits	13.A.ii	50,030,522,304	26,325,030,985
Other Mudaraba Deposits	13.i	13,428,545,310	11,941,816,975
Al-Wadia Current Accounts and Others Accounts etc. (2010 figure is rearranged and restated)	13.ii	9,609,727,873	7,576,076,791
Bills Payable		752,651,888	812,514,055
		<b>82,186,976,770</b>	<b>53,882,959,505</b>
<b>Other Liabilities ( 2010 figure is rearranged and restated )</b>	<b>14.A</b>	<b>6,960,102,057</b>	<b>4,638,141,102</b>
<b>Deferred tax Liabilities/ (Assets)</b>	<b>15</b>	<b>31,992,768</b>	<b>13,547,746</b>
<b>Total Liabilities (12+13+14+15)</b>		<b>94,779,071,595</b>	<b>64,214,648,354</b>
<b>Capital/Share holders Equity</b>			
Paid up Capital	16	5,893,371,990	4,677,279,360
Non-Controlling Interest	16.A	2,154,767,685	1,948,887,277
Statutory Reserve (2010 figure is restated)	17	2,372,832,157	1,714,483,901
Other Reserve	18	64,603,248	64,603,248
Retained Earnings (2010 figure is restated)	19.A	1,503,534,242	1,385,104,048
<b>Total Share holders equity</b>		<b>11,989,109,322</b>	<b>9,790,357,834</b>
<b>Total Liability and Share holders equity</b>		<b>106,768,180,918</b>	<b>74,005,006,188</b>

## Consolidated Balance Sheet as at 31 December 2011

	Notes	<u>2011 Taka</u>	<u>2010 Taka</u>
<b>OFF BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>			
Acceptance and endorsement		8,695,810,430	5,016,360,356
Letters of Guarantee	20	1,812,384,128	3,081,523,783
Letters of Credit		10,023,844,948	14,254,079,129
Bills for Collection		950,742,178	1,084,910,587
Other Contingent Liabilities		-	-
<b>Total</b>		<b><u>21,482,781,684</u></b>	<b><u>23,436,873,855</u></b>
<b>Other Commitments :</b>			
Documentary Credits and other short term trade related transactions		-	-
Forward Assets Purchased and forward Deposit placed		-	-
Undraw note issuance and Revolving underwriting Facilities		-	-
Undraw Formal standing Facilities, Credit lines and others commitments		-	-
<b>Total off Balance sheet items including Contingent liabilities</b>		<b><u>21,482,781,684</u></b>	<b><u>23,436,873,855</u></b>

Accompanying notes form an integral part of these financial statements

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman

Signed as par our annexed report of even date.

  
ACNABIN  
Chartered Accountants

  
MASIH MUHITH HAQUE & CO.  
Chartered Accountants

Place : Dhaka  
Date : 19 April 2012

## Consolidated Profit & Loss Account for the Year Ended 31 December 2011

	Notes	2011 Taka	2010 Taka
Investment Income ( 2010 figure is restated)	21.A	9,481,012,371	4,306,626,673
Profit paid on deposits & Borrowing	22.A	(5,466,118,053)	(3,133,686,856)
<b>Net Investment Income</b>		<b>4,014,894,318</b>	<b>1,172,939,817</b>
Income from Investment in Shares /Securities	23.A	106,731,654	33,138,660
Commission, Exchange and Brokerage	24.A	1,551,390,006	2,053,341,055
Other Operating Income	25.A	193,461,955	1,292,470,690
		<b>1,851,583,615</b>	<b>3,378,950,405</b>
<b>Total operating income</b>		<b>5,866,477,934</b>	<b>4,551,890,222</b>
Salaries and allowances & contribution to P.F	26.A	907,747,260	705,076,195
Directors fees & expenses	27.A	7,711,280	6,326,652
Shariah Supervisory Committee's fees & expenses	28	189,906	169,842
Rent, taxes, insurance, lighting etc.	29.A	170,483,979	138,075,293
Postage, telegram, telephone and stamp etc.	30.A	58,136,839	52,131,948
Legal charges		3,497,413	3,255,103
Auditors' fee		751,340	1,273,840
Salary & Allowances to the Managing Director		10,660,000	9,720,967
Depreciation and repairs to the bank's properties		108,209,476	77,613,224
Stationery, printing, advertisement etc.	31.A	43,912,972	42,319,448
Other expenses	32.A	228,388,600	292,653,618
<b>Total operating expenses</b>		<b>1,539,689,067</b>	<b>1,328,616,130</b>
<b>Profit/(Loss) before Tax &amp; provision</b>		<b>4,326,788,867</b>	<b>3,223,274,090</b>
Provision against Investments & Contingent Liabilities	33.A	369,998,339	370,799,742
Provision for diminution in value of investment	14.4.A	10,166,919	-
Other Provision		-	-
<b>Total provision</b>		<b>380,165,258</b>	<b>370,799,742</b>
<b>Profit/(Loss) before Tax</b>		<b>3,946,623,608</b>	<b>2,852,474,349</b>
Current tax ( 2010 figure is restated)	14.A.I	1,729,427,097	869,369,411
Deferred tax	15	18,445,022	24,058,056
<b>Provision for Taxation</b>		<b>1,747,872,119</b>	<b>893,427,467</b>
<b>Net Profit/(Loss) after tax</b>		<b>2,198,751,489</b>	<b>1,959,046,882</b>
Retained Earnings brought forward ( 2010 figure is restated)		169,011,415	2,913,033
		<b>2,367,762,904</b>	<b>1,961,959,915</b>
<b>Appropriation</b>			
Statutory Reserve ( 2010 figure is restated)		658,348,255	557,968,594
Non-Controlling Interest		205,880,410	18,887,276
		<b>864,228,665</b>	<b>576,855,870</b>
<b>Retained Earnings ( 2010 figure is restated)</b>		<b>1,503,534,242</b>	<b>1,385,104,048</b>
Earning per share (EPS) including non-controlling interest (2010 figure is restated)	38.A	3.73	3.32
Earning per share (EPS) excluding non-controlling interest (2010 figure is restated)	38.B	3.38	3.29

Accompanying notes form an integral part of these financial statements

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman



ACNABIN  
Chartered Accountants

Place : Dhaka  
Date : 19 April 2012

Signed in terms of our report of event date.

  
MASIH MUHITH HAQUE & CO.  
Chartered Accountants

## Consolidated Cash Flow Statement for the Year Ended 31 December 2011

	Notes	2011 Taka	2010 Taka
<b>Cash flows from Operating Activities</b>			
Investment income receipt in Cash ( 2010 figure is restated )		9,283,741,639	5,183,734,132
Profit paid on deposits (2010 figure is rearranged)		(4,322,107,880)	(2,822,415,898)
Dividend received		1,450,000	-
Fees & Commission received in cash		1,551,390,006	2,053,341,055
Recoveries from write off investments		47,157,720	23,282,877
Cash payments to employees		(918,407,260)	(682,928,540)
Cash payments to suppliers		(30,840,636)	(24,843,167)
Received from other operating activities (item-wise)		278,426,922	695,356,699
Paid for other operating activities (item-wise)	34.A	(503,636,667)	(523,814,855)
Advance income tax paid		(1,098,631,262)	(640,030,000)
		<b>4,288,542,582</b>	<b>3,261,682,302</b>
<b>Operating profit before changes in operating assets and liabilities</b>			
<b>Changing in Operating assets &amp; liabilities</b>			
Increase/Decrease of trading securities		(692,992,733)	(176,833,340)
Increase/Decrease of investment and advances to other banks		(1,600,000,000)	(5,400,000,000)
Increase/Decrease of Investment and advances to customers (other than Banks) (2010 figure is rearranged)		(24,131,996,275)	(15,018,353,725)
Increase/Decrease of other assets (item-wise) (2010 figure is rearranged)	35.A	(355,030,267)	(1,823,956,318)
Increase/Decrease of Deposits from other banks		(80,000,000)	3,060,000,000
Increase/Decrease of Deposits from customers (other than Banks)(2010 figure is restated)		27,306,994,578	14,893,069,005
Increase/Decrease of Other liabilities account of customers		-	-
Increase/Decrease of Trading liabilities (item-wise) (2010 figure is restated)	36.A	181,221,157	32,619,624
Cash receipt from operating activities		<b>628,196,460</b>	<b>(4,433,454,753)</b>
<b>A. Net Cash from operating activities</b>		<b>4,916,739,042</b>	<b>(1,171,772,450)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(399,513,265)	(248,929,630)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
<b>B. Net cash flows from investing activities</b>		<b>(399,513,265)</b>	<b>(248,929,630)</b>
<b>Cash flows from financing activities</b>			
Increase in Exchange Equalization Account		-	-
Increase in Share Capital		-	2,338,639,680
Dividend paid		-	-
<b>C. Net cash flows from financing activities</b>		<b>-</b>	<b>2,338,639,680</b>
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>		<b>4,517,225,777</b>	<b>917,937,600</b>
<b>E. Effects of exchange rate changes on cash and cash-equivalents</b>		<b>-</b>	<b>-</b>
<b>F. Net increase in cash and cash equivalent (D+E)</b>		<b>4,517,225,777</b>	<b>917,937,600</b>
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>		<b>7,049,904,862</b>	<b>6,131,967,262</b>
<b>H. Cash &amp; Cash Equivalents at the end of the year</b>	37.A	<b>11,567,130,639</b>	<b>7,049,904,862</b>



Executive Vice President



Managing Director



Director



Director



Chairman

## Consolidated Statement of Changes in Equity for the Year Ended 31 December 2011

Particular	Paid up Capital	Statutory Reserve	Non-controlling Interest	Retained Earnings	General Other Reserves	Asset Revaluation Reserve	Total Taka
Balance at 1st January 2011	4,677,279,360	1,681,818,833	1,948,887,277	1,274,859,439	-	64,603,248	9,647,448,157
Changes in accounting policy	-	32,665,069	-	110,244,609	-	-	142,909,678
Issue of the share capital	1,216,092,630	-	-	-	-	-	1,216,092,630
<b>Restated Balance</b>	<b>5,893,371,990</b>	<b>1,714,483,902</b>	<b>1,948,887,277</b>	<b>1,385,104,048</b>	<b>-</b>	<b>64,603,248</b>	<b>11,006,450,465</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	-	-	-
Net gain and losses not recognised in Income Statement	-	-	-	-	-	-	-
Net profit for the year	-	-	-	2,198,751,487	-	-	2,198,751,487
Cash Dividend	-	-	-	-	-	-	-
Bonus Share - 2010( 26.00 %)	-	-	-	(1,216,092,630)	-	-	(1,216,092,630)
Non-controlling Interest	-	-	205,880,408	(205,880,408)	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-	-
Appropriations during the year	-	658,348,255	-	(658,348,255)	-	-	-
<b>Total shareholders' equity as on December 31, 2011</b>	<b>5,893,371,990</b>	<b>2,372,832,157</b>	<b>2,154,767,685</b>	<b>1,503,534,242</b>	<b>-</b>	<b>64,603,248</b>	<b>11,989,109,322</b>
<b>Add: General provision for unclassified investments</b>							1,080,934,424
<b>Less: 50% of Assets Revaluation Reserve</b>							(32,301,624)
<b>Total equity as on December 31, 2011</b>							<b>13,037,742,122</b>

Accompanying notes form an integral part of these financial statements

	2011	2010
<b>General / Other Reserve</b>		
General Reserves	-	-
Investment Loss offsetting Reserve	-	-
Dividend Equalization Account	-	-
Exchange Equalization Account	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

  
**Executive Vice President**

  
**Managing Director**

  
**Director**

  
**Chairman**

## Consolidated Statement of Liquidity for the Year Ended 31 December 2011

(Maturity Analysis of Assets and Liabilities)

SL No	Particulars	Less than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
1	2	3	4	5	6	7	8
<b>1</b>	<b>Assets :</b>						
	Cash in hand	7,336,793,646	-	-	-	-	7,336,793,646
	Balance with other Bank and Financial Institution	27,257,958	1,203,079,035	-	-	-	1,230,336,993
	Placement with Banks & Other Financial Institutions	1,100,000,000	2,800,000,000	5,900,000,000	-	-	9,800,000,000
	Investments (in Shares & Securities)	-	-	-	3,628,918,901	142,907,172	3,771,826,073
	Investments	5,004,258,799	8,014,217,842	29,749,335,437	21,469,438,612	13,477,706,308	77,714,956,998
	Fixed Assets including premises (Land & Building)	357,345,045	457,871,933	527,091,791	485,517,666	482,614,363	968,132,029
	Other Assets	-	-	-	3,874,961,801	728,864,609	5,946,135,179
	Non Banking Assets	-	-	-	-	-	-
	<b>Total Assets</b>	<b>13,825,655,448</b>	<b>12,475,168,810</b>	<b>36,176,427,228</b>	<b>29,458,836,980</b>	<b>14,832,092,453</b>	<b>106,768,180,918</b>
<b>2</b>	<b>Liabilities :</b>						
	Placement from Banks & Other Financial Institutions	1,000,000,000	300,000,000	4,300,000,000	-	-	5,600,000,000
	Deposits	8,853,787,701	7,694,030,839	30,859,665,440	30,455,435,629	4,324,057,160	82,186,976,770
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	478,021,039	340,137,734	451,124,793	956,296,588	4,734,521,904	6,960,102,057
	Deferred tax Liabilities/ (Assets)	-	-	31,992,768	-	-	31,992,768
	<b>Total Liabilities</b>	<b>10,331,808,740</b>	<b>8,334,168,573</b>	<b>35,642,783,002</b>	<b>31,411,732,217</b>	<b>9,058,579,063</b>	<b>94,779,071,595</b>
	Net Liquidity Gap	3,493,846,708	4,141,000,236	533,644,226	(1,952,895,237)	5,773,513,389	11,989,109,322

The Liquidity statement is prepared on contractual basis and which usually renewable. As a result it may not be actually alarming situation due to mismatch of assets & liability.



Director



Managing Director



Executive Vice President



Director



Chairman



## Balance Sheet as at 31 December 2011

PROPERTY AND ASSETS	Notes	2011 Taka	2010 Taka
<b>Cash in hand</b>	<b>5</b>		
Cash in hand (including foreign currencies)	5.a	809,438,237	573,365,966
Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)	5.a.i	6,527,355,409	3,672,456,738
		<b>7,336,793,646</b>	<b>4,245,822,704</b>
<b>Balance with other Banks and Financial Institutions</b>	<b>6</b>		
In Bangladesh	6.a	297,693,562	287,134,641
Outside Bangladesh	6.b	932,643,431	516,947,517
		<b>1,230,336,993</b>	<b>804,082,158</b>
<b>Placement with Banks &amp; Other Financial institutions</b>	<b>7</b>	<b>9,800,000,000</b>	<b>8,200,000,000</b>
<b>Investment in Share &amp; Securities</b>	<b>8</b>		
Government	8.a	3,000,000,000	2,000,000,000
Others (2010 figure is rearranged)	8.b	628,918,901	78,833,340
		<b>3,628,918,901</b>	<b>2,078,833,340</b>
<b>Investments</b>	<b>9</b>		
General Investments etc.	9.a	64,859,099,786	47,153,317,226
Bills purchased and discounted	9.b	8,574,711,041	6,429,643,497
		<b>73,433,810,827</b>	<b>53,582,960,723</b>
<b>Fixed assets including Premises</b>	<b>10</b>	<b>932,505,493</b>	<b>617,770,103</b>
<b>Other Assets (2010 figure is rearranged)</b>	<b>11</b>	<b>7,156,359,397</b>	<b>5,844,896,372</b>
<b>Non-Banking Assets</b>		-	-
<b>Total Assets</b>		<b>103,518,725,257</b>	<b>75,374,365,400</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial institutions</b>	<b>12</b>	<b>4,900,000,000</b>	<b>5,680,000,000</b>
<b>Deposits and other Accounts</b>	<b>13</b>		
Mudaraba Savings Deposits		8,365,529,395	7,227,520,700
Mudaraba Term Deposits		50,290,733,979	26,535,425,683
Other Mudaraba Deposits	13.i	13,428,545,310	11,941,816,975
Al-Wadia Current Accounts and Others Accounts etc. (2010 figure is rearranged & restated)	13.ii	9,609,727,873	7,576,076,792
Bills Payable		752,651,888	812,514,055
		<b>82,447,188,444</b>	<b>54,093,354,204</b>
<b>Other Liabilities (2010 figure is rearranged &amp; restated)</b>	<b>14</b>	<b>6,546,274,484</b>	<b>7,766,250,230</b>
<b>Deferred tax Liabilities/ (Assets)</b>	<b>15</b>	<b>31,992,768</b>	<b>13,547,746</b>
<b>Total Liabilities (12+13+14+15)</b>		<b>93,925,455,697</b>	<b>67,553,152,180</b>
<b>Capital/Share holders Equity</b>			
Paid up Capital	16	5,893,371,990	4,677,279,360
Statutory Reserve ( 2010 figure is restated )	17	2,372,832,157	1,714,483,901
Other Reserve	18	64,603,248	64,603,248
Retained Earnings ( 2010 figure is restated )	19	1,262,462,165	1,364,846,711
<b>Total Share holders equity</b>		<b>9,593,269,560</b>	<b>7,821,213,220</b>
<b>Total Liability and Share holders equity</b>		<b>103,518,725,257</b>	<b>75,374,365,400</b>

## Balance Sheet as at 31 December 2011

	Notes	2011 Taka	2010 Taka
<b>OFF BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>			
Acceptance and endorsement		8,695,810,430	5,016,360,356
Letters of Guarantee	20	1,812,384,128	3,081,523,783
Letters of Credit		10,023,844,948	14,254,079,129
Bills for Collection		950,742,178	1,084,910,587
Other Contingent Liabilities		-	-
<b>Total</b>		<b>21,482,781,684</b>	<b>23,436,873,855</b>
<b>Other Commitments :</b>			
Documentary Credits and other short term trade related transactions		-	-
Forward Assets Purchased and forward Deposit placed		-	-
Undraw note issuance and Revolving underwriting Facilities		-	-
Undraw Formal standing Facilities, Credit lines and others commitments		-	-
<b>Total off Balance sheet items including Contingent liabilities</b>		<b>21,482,781,684</b>	<b>23,436,873,855</b>

Accompanying notes form an integral part of these financial statements

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman

Signed as par our annexed report of even date.

  
ACNABIN  
Chartered Accountants

  
MASIH MUHITH HAQUE & CO.  
Chartered Accountants

Place : Dhaka  
Date : 19 April 2012

## Profit & Loss Account for the Year Ended 31 December 2011

	Notes	2011 Taka	2010 Taka
Investment Income ( 2010 figure is restated )	21	8,974,091,781	4,243,934,718
Profit paid on deposits & Borrowing	22	(5,543,448,128)	(3,133,686,856)
<b>Net Investment Income</b>		<b>3,430,643,653</b>	<b>1,110,247,862</b>
Income from Investment in Shares /Securities	23	105,394,687	33,138,660
Commission, Exchange and Brokerage	24	1,414,781,026	2,053,341,055
Other Operating Income	25	173,145,269	1,292,470,690
		<b>1,693,320,982</b>	<b>3,378,950,404</b>
<b>Total operating income</b>		<b>5,123,964,635</b>	<b>4,489,198,267</b>
Salaries and allowances & contribution to P.F	26	884,070,258	705,076,195
Directors fees & expenses	27	7,115,280	6,326,652
Shariah Supervisory Committee's fees & expenses	28	189,906	169,842
Rent, taxes, insurance, lighting etc.	29	160,599,777	138,075,293
Postage, telegram, telephone and stamp etc.	30	57,724,259	52,131,948
Legal charges		3,494,413	3,255,103
Auditors' fee		651,340	1,223,840
Salary & Allowances to the Managing Director		10,660,000	9,720,967
Depreciation and repairs to the bank's properties		96,840,927	77,613,224
Stationery, printing, advertisement etc.	31	43,129,421	42,319,448
Other expenses	32	204,276,584	292,643,043
<b>Total operating expenses</b>		<b>1,468,752,165</b>	<b>1,328,555,555</b>
<b>Profit/(Loss) before Tax &amp; provision</b>		<b>3,655,212,471</b>	<b>3,160,642,712</b>
Provision against Investments & Contingent Liabilities	33	361,946,132	370,799,742
Provision for diminution in value of investment	14.4	1,525,061	-
Other Provision	26	-	-
<b>Total provision</b>		<b>363,471,193</b>	<b>370,799,742</b>
<b>Profit/(Loss) before Tax</b>		<b>3,291,741,277</b>	<b>2,789,842,969</b>
Current tax ( 2010 figure is restated )	14.1	1,501,239,915	845,882,642
Deferred tax	15	18,445,022	24,058,056
<b>Provision for Taxation</b>		<b>1,519,684,937</b>	<b>869,940,698</b>
<b>Net Profit/(Loss) after tax</b>		<b>1,772,056,340</b>	<b>1,919,902,271</b>
Retained Earnings brought forward ( 2010 figure is restated )		148,754,080	2,913,033
		<b>1,920,810,420</b>	<b>1,922,815,304</b>
<b>Appropriation</b>			
Statutory Reserve ( 2010 figure is restated )		658,348,255	557,968,594
		<b>658,348,255</b>	<b>557,968,594</b>
<b>Retained Earnings ( 2010 figure is restated )</b>		<b>1,262,462,165</b>	<b>1,364,846,710</b>
<b>Earning per Ordinary share (EPS) ( 2010 figure is restated )</b>	<b>38</b>	<b>3.01</b>	<b>3.26</b>

Accompanying notes form an integral part of these financial statements

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman

  
ACNABIN  
Chartered Accountants

Signed in terms of our report of event date.

  
MASIH MUHITH HAQUE & CO.  
Chartered Accountants

Place : Dhaka  
Date : 19 April 2012

## Cash Flow Statement for the Year Ended 31 December 2011

	Notes	2011 <u>Taka</u>	2010 <u>Taka</u>
<b>Cash flows from Operating Activities</b>			
Investment income receipt in Cash ( 2010 figure is restated )		8,776,821,049	5,183,734,132
Profit paid on deposits (2010 figure is rearranged)		(4,308,898,556)	(2,822,415,898)
Dividend recieved		1,450,000	-
Fees & Commission received in cash		1,414,781,026	2,053,341,055
Recoveries from write off investments		47,157,720	23,282,877
Cash payments to employees		(894,730,258)	(682,928,540)
Cash payments to suppliers		(30,057,085)	(24,843,167)
Received from other operating activities (item-wise)		277,089,955	695,356,699
Paid for other operating activities (item-wise)	34	(463,861,411)	(523,804,280)
Advance income tax paid		(959,610,813)	(640,030,000)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>3,860,141,627</b>	<b>3,261,692,877</b>
<b>Changing in Operating assets &amp; liabilities</b>			
Increase/Decrease of trading securities		(550,085,561)	(176,833,340)
Increase/Decrease of investment and advances to other banks		(1,600,000,000)	(5,400,000,000)
Increase/Decrease of Investment and advances to customers (other than Banks) (2010 figure is rearranged)		(19,850,850,104)	(15,018,353,725)
Increase/Decrease of other assets (item-wise) (2010 figure is rearranged)	35	(351,852,212)	(1,823,956,318)
Increase/Decrease of Deposits from other banks		(780,000,000)	3,060,000,000
Increase/Decrease of Deposits from customers (other than Banks)( 2010 figure is restated )		27,258,333,852	14,893,058,431
Increase/Decrease of Other liabilities account of customers		-	-
Increase/Decrease of Trading liabilities (item-wise)( 2010 figure is restated )	36	(3,073,548,229)	32,619,623
<b>Cash receipt from operating activities</b>		<b>1,051,997,747</b>	<b>(4,433,465,329)</b>
<b>A. Net Cash from operating activities</b>		<b>4,912,139,374</b>	<b>(1,171,772,451)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(394,913,597)	(248,929,630)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
<b>B. Net cash flows from investing activities</b>		<b>(394,913,597)</b>	<b>(248,929,630)</b>
<b>Cash flows from financing activities</b>			
Increase in Exchange Equalization Account		-	-
Increase in Share Capital		-	2,338,639,680
Dividend paid		-	-
<b>C. Net cash flows from financing activities</b>		<b>-</b>	<b>2,338,639,680</b>
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>		<b>4,517,225,777</b>	<b>917,937,599</b>
<b>E. Effects of exchange rate changes on cash and cash-equivalents</b>		<b>-</b>	<b>-</b>
<b>F. Net increase in cash and cash equivalent (D+E)</b>		<b>4,517,225,777</b>	<b>917,937,599</b>
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>		<b>7,049,904,862</b>	<b>6,131,967,262</b>
<b>H. Cash &amp; Cash Equivalents at the end of the year</b>	37	<b>11,567,130,639</b>	<b>7,049,904,862</b>

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman

## Statement of Changes in Equity for the Year Ended 31 December 2011

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	General Other Reserves	Asset Revaluation Reserve	Total Taka
Balance at 1st January 2011	4,677,279,360	1,681,818,832	1,254,602,102	-	64,603,248	7,678,303,542
Changes in accounting policy	-	32,665,070	110,244,608	-	-	142,909,678
Issue of the share capital	1,216,092,630	-	-	-	-	1,216,092,630
<b>Restated Balance</b>	<b>5,893,371,990</b>	<b>1,714,483,902</b>	<b>1,364,846,710</b>	<b>-</b>	<b>64,603,248</b>	<b>9,037,305,850</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	-	-
Net gain and losses not recognised in Income Statement	-	-	-	-	-	-
Net profit for the year	-	-	1,772,056,340	-	-	1,772,056,340
Cash Dividend	-	-	-	-	-	-
Bonus Share - 2010 ( 26.00 % )	-	-	(1,216,092,630)	-	-	(1,216,092,630)
Issue of share capital	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-
Appropriations during the year	-	698,348,255	(658,348,255)	-	-	-
<b>Total shareholders' equity as on December 31, 2011</b>	<b>5,893,371,990</b>	<b>2,412,832,157</b>	<b>1,262,462,165</b>	<b>-</b>	<b>64,603,248</b>	<b>9,593,269,560</b>
Add: General provision for unclassified investments	-	-	-	-	-	1,080,934,424
Less: 50% of Assets Revaluation Reserve	-	-	-	-	-	(32,301,624)
<b>Total equity as on December 31, 2011</b>						<b>10,641,902,360</b>

Accompanying notes form an integral part of these financial statements

General / Other Reserve	2011	2010
General Reserves	-	-
Investment Loss offsetting Reserve	-	-
Dividend Equalization Account	-	-
Exchange Equalization Account	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



**Executive Vice President**



**Managing Director**



**Director**



**Director**



**Chairman**

## Statement of Liquidity for the Year Ended 31 December 2011

(Maturity Analysis of Assets and Liabilities)

SL No	Particulars	Less than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
1	2	3	4	5	6	7	8
<b>1</b>	<b>Assets :</b>						
	Cash in hand	7,336,793,646	-	-	-	-	7,336,793,646
	Balance with other Bank and Financial Institution	27,257,958	1,203,079,035	-	-	-	1,230,336,993
	Placement with Banks & Other Financial institutions	1,100,000,000	2,800,000,000	5,900,000,000	-	-	9,800,000,000
	Investments (in Shares & Securities)	-	-	-	3,625,780,011	3,138,890	3,628,918,901
	Investments	5,004,258,799	8,014,217,842	29,749,335,437	19,328,865,527	11,337,133,223	73,433,810,828
	Fixed Assets including premises (Land & Bulding)	-	-	-	474,829,705	457,675,788	932,505,493
	Other Assets	357,345,045	457,871,933	527,091,791	4,488,387,539	1,325,663,089	7,156,359,397
	Non Banking Assets	-	-	-	-	-	-
	<b>Total Assets</b>	<b>13,825,655,448</b>	<b>12,475,168,810</b>	<b>36,176,427,228</b>	<b>27,917,862,782</b>	<b>13,123,610,990</b>	<b>103,518,725,257</b>
<b>2</b>	<b>Liabilities :</b>						
	Placement from Banks & Other Financial institutions	1,000,000,000	300,000,000	3,600,000,000	-	-	4,900,000,000
	Deposits	8,853,787,701	7,694,030,839	30,859,665,440	30,455,435,629	4,584,268,834	82,447,188,444
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	478,021,039	340,137,734	451,124,793	956,296,588	4,320,694,331	6,546,274,484
	Deferred tax Liabilities/ (Assets)	-	-	31,992,768	-	-	31,992,768
	<b>Total Liabilities</b>	<b>10,331,808,740</b>	<b>8,334,168,573</b>	<b>34,942,783,002</b>	<b>31,411,732,217</b>	<b>8,904,963,165</b>	<b>93,925,455,697</b>
	Net Liquidity Gap	3,493,846,708	4,141,000,236	1,233,644,226	(3,493,869,435)	4,218,647,824	9,593,269,560

The Liquidity statement is prepared on contractual basis and which usually renewable. As a result it may not be actually alarming situation due to mismatch of assets & liability.

Accompanying notes form an integral part of these financial statements



**Executive Vice President**



**Managing Director**



**Director**



**Director**



**Chairman**

## Notes to the Financial Statements for the Year Ended 31 December 2011

### 1. STATUS OF THE BANK

Al-Arafah Islami Bank Limited was established in 1995 under the Companies Act, 1994 as a Banking Company with Limited Liability by shares. It is an interest free Shariah Bank of Bangladesh rendering all types of commercial banking services under the regulation of Bank Companies Act, 1991. The Bank conducts its business on the principles of Musharaka, Bai-Murabaha, Bai-Muazzal and Hire Purchase transactions approved by Bangladesh Bank. Naturally, its modes and operations are substantially different from those of other conventional commercial banks. There is a Shariah Supervisory Committee in the bank who maintains constant vigilance to ensure that the activities of the bank are being conducted on the precepts of Islam. The Shariah Supervisory Committee consists of prominent Ulema, reputed Bankers, renowned Lawyers and eminent Economists. Al-Arafah Islami Bank Ltd. owned 51.75% shares of AIBL Capital Market Services Ltd. a subsidiary company of Al-Arafah Islami Bank Limited. AIBL Capital Market Services Ltd. incorporated in Bangladesh on 20 September 2010 as a Public Limited Company.

#### 1.01 PRINCIPAL ACTIVITIES

The Bank provides a comprehensive range of financial services including commercial banking, consumer banking, trade finance and other related custody and clearing services to the customers following the provisions of Bank Companies Act, 1991, Bangladesh Bank's directives and the principles of Islamic Shariah.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### A. Basis of Preparation:

##### i) Preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and on Generally Accepted Accounting Principles consistently with those of previous years. Although the operation of the Bank are in strict compliance with the rules of Islamic Shariah, the Financial Statements have been prepared in accordance with the Bank Companies Act 1991, in particular Banking Regulation and Policy Department (BRPD) circular no.15 (09 November 2009) other Bangladesh Bank circulars and International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS) where relevant to the Bank to the extent that these do not contradict with the applicable statutory provisions and standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

##### ii) Basis of Consolidation

A separate set of records for consolidating the Statements of Affairs and Income & Expenditure Statements of the branches are maintained at the Head Office of the Bank in Dhaka from which the financial statement are dawn up.

##### iii) Cash flow Statement

Cash flow statement is prepared principally in accordance with BAS-7 "Statement of Cash flow " and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules 1987 and considering the provision of paragraph is(b) of BAS-7 which provides that enterprise are encouraged to report cash flow from operating activities using the direct method.

##### iv) Liquidity Statement:

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following basis:

- i) Balance with other banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term;
- ii) Investments are on the basis of their respective maturity;
- iii) Fixed assets are on the basis of their useful lives;
- iv) Other assets are on the basis of their realization / amortization;
- v) Borrowing from other Banks, financial institutions and agents, etc are as per their maturity / repayment terms;
- vi) Provisions and other liabilities are on the basis of their repayment / adjustments schedule.

## Notes to the Financial Statements for the Year Ended 31 December 2011

### B. Use of estimate and judgment:

The preparation of financial statement requires the bank to make certain estimates and to form judgment about the application of accounting policies which may affect the reported amount of assets, liabilities, income and expenses. The most significant areas of estimates and judgments have been made on provision for Investments and investments.

### C. Reporting period:

The financial statements cover one calendar year from 1 January to 31 December 2011.

### D. Offsetting:

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### E. Assets and basis of their valuation:

#### i) Cash and cash equivalents:

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank (including Bangladesh Government Islamic Investment Bond) and Sonali Bank and other highly liquid financial assets used by the Bank Management for its short-term commitments.

#### ii) Investments:

Investments are stated in the Balance Sheet net of profit receivable/mark-up profit.

#### Investment write-off:

Investment are normally written off, when there is no realistic prospect of recovery of these amounts in accordance with BRPD Circular No.2 (13 January 2003). A separate Investment Administration and Recovery Department (IARD) has been set up at the Head Office, which monitors investment written off and legal action through the Money Court. These write-offs do not undermine or affect the amount Claimed against the borrower by the bank.

The Investment Administration and Recovery Department (IARD) maintains a separate ledger for all individual cases written off by each branch. The IARD follow-up on the recovery efforts of these written off investment and reports to management on a periodic basis. Written off investment are reported to the Credit Information Bureau (CIB) of Bangladesh Bank.

#### iii)a. Investment in shares and securities:

All investment in shares are revalued at the year end. Unquoted shares are valued based on book value of the most recent audited financial statement. Provisions are made for any loss arising from diminution in value of investments.

#### iii)b. Investment in subsidiaries:

The bank has made investment in subsidiary company AIBL Capital Market Service Ltd Tk. 207.00 crore holding 51.75% shares. The rest of 48.25% shares hold by others.

#### iv) Fixed assets and depreciation:

a) All fixed assets are stated at cost/revalued amount less accumulated depreciation and accumulated impairment loss.

Land was revalued by a professional valuer on the basis of market value on 31st December 2004. The valuer was independent of the company. The property is located within Dist : Dhaka, P. S Motijheel, Sub - registry office : Sutrapur, Dhaka collectorate Touzi # 141-B-1, Mouza : Sabek Shahar Dhaka, Sheet # 22, Ward # 03, Sabek Khatian # 6947, 6947 [KA], 6947[Jha], Sabek Dag # 97, 100,101,102 and 110, SA Mouza : Ramna, Sheet # 10, SA Khatian # 362, SA Dag # 1979,1980,1981,2025,1997,1998 and 1979/2039, RS Mouza : Motijheel, RS Khatian # 420, RS Dag # 1314 and 1322, D.P Khatian # 619, D.P Dag # 812 and 804. The area of land measuring about 27.10 decimal, Mutation Khatian # 362/3 and Dag # 1979 and 1980. The land was revalued at Tk. 5,000,000 per decimal. The cost of which was Tk. 2,116,116 per decimal. The Bank accounted for 90% of book value of revaluation. Total capital gains amounting Tk. 64,603,249.



## Notes to the Financial Statements for the Year Ended 31 December 2011

b) Depreciation on fixed assets is charged using the rates and methods as mentioned below for the days of use. No depreciation has been charged in the year of addition.

<u>Assets</u>	<u>Method of depreciation</u>	<u>Percentage (%)</u>
Furniture and Fixture (Wood,Steel)	Reducing balance	10
Motor Car	Straight-line	20
Mechanical Appliances	Reducing balance	15
Books	Reducing balance	20
Computer	Straight-line	20
Computer Accessories	Straight-line	20
Online Hardware	Straight-line	20
Online Software	Straight-line	20
Building	Straight-line	2.5

c) Maintenance and repair costs are charged to Profit and Loss Account as and when incurred.

v) **Other assets:**

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Bank.

vi) **Non-banking assets:**

There are no assets acquired in exchange for classified investments during the period of financial statements.

vii) **Reconciliation of inter bank/branch books of accounts:**

Books of accounts in regard to Inter-branches are reconciled and there are no material differences, which may affect the financial statements significantly. Unrecognized entries in case of inter-branch transactions as on the reporting date are not mentionable due to the time gap before finalizing the same. (Note -14.7)

F. **Share Capital:**

Ordinary shares are classified as equity, when there is no contractual obligation to transfer cash or other financial assets.

G. **Statutory reserve:**

Bank Companies Act, 1991 requires the Bank to transfer 20% of its current year's profit before tax to reserve until such reserve along with share premium equals to its paid up capital.

H. **Revaluation reserve:**

When an asset's carrying amount is increased as a result of revaluation, the surplus amount should be credited directly to equity under the heading of revaluation surplus / reserve as per BAS-16: Property, Plant and Equipment. The Bank revalued its land in December 2004 which is absolutely owned by the Bank and the surplus amount transferred to revaluation reserve. (Annexure-A)

I. **Basis for valuation of liabilities and provisions:**

i) **Provisions on Investment:**

a) Provision for Investment are made on the basis of year end review by the management and instructions contained in Bangladesh Bank BRPD Circular No. 05 dated 05 June 2006 & BRPD Circular No. 10, dated 18 September 2007 & Subsequent changes. The provision rates are given below:

<u>Particulars</u>	<u>Rate</u>
General provision on unclassified general loans and advances / investments	1%
General provision on unclassified small enterprise financing	1%
General provision on unclassified loans / investments for housing finance and on loans for professionals	2%
General provision on unclassified consumer financing other than housing finance and loans for professionals	5%
General provision on special mention account	5%
Specific provision on substandard loans and advances / investments	20%
Specific provision on doubtful loans and advances / investments	50%
Specific provision on bad / loss loans and advances / investments	100%

## Notes to the Financial Statements for the Year Ended 31 December 2011

### ii) Provision for off balance sheet exposures:

BRPD circular no.10 (18 September 2007) requires a general provision for off balance sheet exposure is to be calculated at 1% (2007:0.50%) on all off balance sheet exposures as defined in BRPD circular no.10 (24 November 2002). Accordingly we have recognized a provision of 1% on the following off balance sheet items:

1. Letter of Guarantee
2. Letter of Credit
3. Bills for Collection
4. Acceptance and endorsements
5. Other contingent Liabilities

### iii) Provision for other assets:

BRPD circular no.14 (25 June 2001) requires a provision of 100% on other assets which are outstanding for one year and above.

### iv) Provision on balance with other banks and financial institutions (Nostro Accounts):

Provision for unsettled transaction on nostra accounts made are reviewed at each balance sheet date by management and certified by our external auditor in accordance with Bangladesh bank Foreign Exchange Policy Department (FEPD) Circular no.677 (13 September 2005)

### v) Provision for taxation

#### Current Tax

Provision for current income tax has been made @42.50% as prescribed in the Finance Act 2010 of the profit made by the bank considering taxable add-back of income and disallowance of expenditure in compliance with BAS-12 "Income Taxes". Tax return for the income year 2010 (Assessment year 2011 - 2012) has been filed but assessment is to be done by the tax authority.

#### Deferred tax

The bank recognized deferred tax in accordance with the provision of BAS-12. Deferred tax arises due to temporary difference deductible or taxable for the events or transaction recognized in the income statement. A temporary difference is the difference between the tax base of an assets or liability and its carrying amount/reported amount in the financial statement. Deferred tax assets or liability is the amount of income tax payable or recoverable in future period(s) recognized in the current period. The deferred tax assets/expenses does not create a legal Liability/recoverability to and from the income tax authority. The bank recognizes deferred tax on 100% specific provision investment which will be write off as per B. B Circulars.

### vi) Provision for gratuity:

Gratuity Fund benefits are given to the staff of the bank in accordance with the approved Gratuity Fund rules. National Board of Revenue has approved the gratuity fund as a recognized gratuity fund on October 10, 2010. The fund is operated by a Board of Trustees consisting of 06(six) members of the bank. The employees who serve at least 7 (seven) years in AIBL are normally employees entitled to get gratuity equivalent to one month's basic salary of the employees for their completed year of services in the Bank. So that actuarial valuation is not considered essential.

### vii) Retirement benefit and staff welfare schemes:

The Bank operates a Contributory Provident Fund, Social Security Fund and Benevolent Fund. These funds are managed by separate Board of Trustees.

### J. Recognition of Revenues:

i) Income from investments has been accounted for on accrual basis except investment under Musharaka. Income in case of Musharaka is accounted for on realization basis. Besides, fees and commission income are recognized when earned. The Bank does not charge any rent during the gestation/interim period of investment under hire purchase, but it fixes the sale price of the assets at a higher price in such a way to cover its expected rate of return. Such income is recognized on realization basis.

ii) Profit/rent/compensation accrued on classified investment are suspended and accounted for as per Circulars issued by the Bangladesh Bank. Moreover, incomes which are irregular (doubtful) as per Shariah are also not included in the distributable income of the Bank. Bank charges compensation on unclassified overdue Bai-Murabaha and Bai-Muazzal investment. Such compensation is not permissible by Shariah to take into regular income of the Bank. Therefore, the amount of compensation treated as a component of provision against bad & doubtful investment. Interest received due to legal obligation is also not taken into regular income of the Bank.

iii) Profit on investment is calculated on daily product basis and charged on yearly basis.

## Notes to the Financial Statements for the Year Ended 31 December 2011

### K. Foreign currency transactions:

- i) The transactions in foreign currencies are converted into equivalent Taka currency using the ruling exchange rates prevailed on the dates of such transactions.
- ii) The assets and liabilities denominated in foreign currencies as on 31 December 2011 are translated into Taka currencies at the prevailing selling and buying rates of the concerned foreign currencies.
- iii) Gains and losses of translation are dealt with through exchange account.

### L. Sharing of investment income:

The investment income (except exchange and commission income) is shared between depositors and the bank @ 70 : 30.

### M. Revenues, gains, expenses & losses prohibited by Shariah:

### N. Basic Earning per share:

This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding during the year as per BAS-33. Diluted earning per share is required to be calculated for the year, when there is scope for dilution during the year under review.

### O. Risk Management:

The risk of Al-Arafah Islami Bank limited is defined as the possibility of losses, financial or otherwise. The risk management of the Bank covers 6 (six) Core risk Areas of banking i.e Credit risk management, foreign exchange risk management, Assets Liability Management, prevention of money laundering and establishment of Internal Control and Compliance and information & Communication technology. The prime objective of the risk management is that the Bank takes well calculative business risks while safeguarding the Bank's capital, its financial resources and profitability from various risks. In this context, the Bank took steps to implement the guidelines of Bangladesh Bank as under :

#### i) Credit Risk Management:

Credit risk is one of the major risks faced by the Bank. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party of decline in his/her financial condition. Therefore, Bank's credit risk management activities have been designed to address all these issues. The bank has an Investment (Credit) Risk Management Committee at Head Office. The committee reviews the investment risk issues on monthly basis. The bank has segregated the Investment Approval, Investment Administration, Investment Recovery and Legal Authority. The Bank has segregated duties of the officers/executives involved in credit related activities. A separate Business Development (Marketing) Department has been established at Head Office, which is entrusted with the duties of maintaining effective relationship with the customer, marketing of credit products, exploring new business opportunities etc. In the branches of the bank separate officials are engaged as Relationship Manager, Documentation Officer, Verification Officer, Disbursement Officer and Recovery Officer. Their jobs have been allocated and responsibilities have been defined.

#### Investment (Credit) Risk Grading Manual:

The bank has implemented the Investment (Credit) Risk Grading Manual (IRGM) since April 1,2006 which is made mandatory by Bangladesh Bank vide BRPD Circular No. 18 of December 11,2005. Investment Officials of the bank have been trained on IRGM. Investment Risk Grading is incorporated in the Investment Presentation Form for all the cases.

#### ii) Foreign exchange risk Management

Foreign exchange risk is defined as the potential change in earnings arising due to change in market prices. As per Foreign Exchange Risk Management Guideline, bank has physically establishment a separate Treasury Department at Head Office. Under the Treasury Department, Foreign exchange Front Office, Foreign exchange. Back Office and Local Money Market have been physically demarketed. Duties and responsibilities of them have also been defined. All foreign exchange transactions are revalued at Mark-to Market rate as determined by Bangladesh Bank at the month-end. All Nostro accounts are reconciled on monthly basis and outstanding entry beyond 30 days is reviewed by the Management for its settlement. Regulatory reports are submitted on time to Bangladesh Bank.

## Notes to the Financial Statements for the Year Ended 31 December 2011

### iii) Assets Liability Management

The Asset Liability Committee (ALCO) of the Bank monitors Balance sheet risk and liquidity risks of the Bank. The Balance Sheet risk is defined as potential change in earnings due to change in rate of profit, foreign exchange rates which are not of trading nature. The Bank has an Asset Liability Committee (ALCO) that reviews liquidity requirement of the bank, the maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan. The primary objective of the ALCO is to monitor and avert significant volatility in net profit income, investment value and exchange earnings.

### iv) Internal control and compliance:

Effective internal controls are the foundation of safe and sound banking. A properly designed and consistently enforced system of operational and financial internal control helps the bank management to safeguard the bank's resources, produce reliable financial and managerial reports, and comply with laws and regulations. AIBL has taken all-out efforts to mitigate all sorts of risk in line with the guidelines issued by Bangladesh Bank. To this effect, the bank has formed an ICC Division headed by Executive Vice President. The ICC Division has been segregated to three departments which are Audit & Inspection Department, Audit Monitoring department and Regulatory Compliance Department. AIBL internal control contains self-monitoring mechanisms and to ensure effective control DCFCL, Investment Documentation checklist and Quarterly Operation Report have been developed and implemented. Internal Audit and Internal Control Teams are carrying out regular audit and surprise/special inspection of the branches to mitigate operational risk and restrain the possibility of circumvention or overriding the control procedure. ICCD submits parallel comprehensive internal audit report to the Managing Director and to the board Audit Committee. Within 02 months after receiving the audit report, Audit Monitoring Department completes the compliance report and submits the report to the board Audit Committee for their review. The committee reviews the system of internal control and the audit process for compliance with rules, regulation and code of conduct, financial reporting process, and also suggests actions to remedy the lapses/irregularities. By this time we have introduced Concurrent Audit, Executive Branch visit, Surprise Inspection, Automated Information system, and Mandatory Leave policy to boost-up the functions of internal control and compliance.

### v) Prevention of money laundering:

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risk the Bank has a Central Compliance Unit (CCU) at Head Office. The unit reviews the anti money laundering activities of the bank on regular basis. The bank has a designated chief Anti Money Laundering Compliance Officers (CAMLCO) at Head Office and Branch Anti Money Laundering Compliance Officers (BAMLCO) at branches. The compliance officers review the suspicious Transaction (STR) and records them properly. Manuals for prevention of money laundering have been established and Transaction profile has been introduced. Training has been continuously given to all the category of officers and executives for developing awareness and skill for identifying suspicious activities. The bank submits the Suspicious Transactions Report (STR), Cash Transaction Reports (CTR) and other periodical reports to Bangladesh bank on time.

### vi) Guideline on information & Communication Technology:

Technology is the process by which humans modify nature to meet their needs and wants. The term Information technology' means computers, auxiliary equipment, software and hardware and similar procedures, services and related resources. Information Technology (IT) developed in a rapidly changing global environment, and challenges us to courageous initiatives to address a host of vital skilled human resources. To overcome the challenges the bank has a IT policy. The IT policy of the bank includes the Purchase Policy, Hardware Policy, Software Development Policy, Banking Application usage Policy, Security Policy, Disaster Recovery Policy etc. The bank is now implementing its On Line Banking Project complying the IT Policy.

### P. Risk Based Capital (Basel II)

To comply with the international best practices and to make the bank's capital more risk sensitive as well as to build the banking industry more shock absorbent and stable, Bangladesh Bank is aimed to implement Basel-II reporting from 2010. As per the directive of Bangladesh Bank, all scheduled banks in Bangladesh are now required to report risk based capital adequacy for banks under Basel-II along with the existing capital adequacy rules and reporting under Basel-I during the parallel run i.e. 2009. All scheduled banks are also required to disclose capital adequacy in both quantitative and qualitative terms. The first disclosure as per guidelines shall be made as on the effective date viz. 31 March 2010.

## Notes to the Financial Statements for the Year Ended 31 December 2011

### Q. Compliance status on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). While preparing the financial statements, the bank applied most of IAS and IFRS as adopted by ICAB. Details are given below:

Name of the BFRS	BFRS SI#	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Segment Reporting	14	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting for Investments	25	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Consolidated and Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Disclosures in the Financial Statements of Banks and similar Financial Institutions	30	Applied
Interests in Joint Ventures	31	N/A
Financial Instruments: Disclosure and Presentation	32	Applied
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	N/A
Investment Property	40	N/A
Agriculture	41	N/A

Name of the BFRS	BFRS SI#	Status
Share Based Payment	2	N/A
Business Combination	3	N/A
Non-current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A

### R. General:

- i) The financial statements have been prepared in accordance with the formats prescribed under the Banking Companies Act, 1991 and in Compliance with the rules of Islamic Law (Shariah) related to the banking business activities.
- ii) The figures appearing in these accounts have been rounded off to the nearest taka.
- iii) Wherever necessary previous years' figures have been rearranged to conform to the current years' presentation.

## Notes to the Financial Statements for the Year Ended 31 December 2011

### S. Workers Participation Fund and Welfare Fund

SRO-336-AIN/2010 dated 5-10-2010 issued by Ministry of Labor and Employment and published in Bangladesh gazette on 7-10-2010 declaring the status of business of certain institutions and companies (like mobile operating companies, mobile network service providing company, all Govt. and Non-govt. money lending companies, all insurance companies etc. ) as "Industrial Undertakings" for the purposes of Chapter-XV of the Bangladesh Labour Act, 2006 which deals with the workers participation in company's profit by way of Workers Participation Fund and Welfare Fund (WPFWF). The Bangladesh Labour Act, 2006 requires the "Industrial Undertakings" to maintain provision for workers profit participation fund @ 5% on net profit. However, we have obtained legal opinion from Legal advisor in this regard where it has been stated that Al-Arafah Islami Bank Limited does not fall under this category. Therefore, no provision in this regard has been made in the financial statements during the year under audit.

### 3 Related party disclosure:

a.	Name of the Party	Relationship	Nature of Transaction	Amount
	AIBL capital Market	Subsidiary Company	Investment	1,705,755,505

### b.

SL	Name	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/interest in the concerned	Remarks
1	Badiur Rahman M/S. Ocean Trade Ltd. Priya Prangon Building No. -A Flat No. 0506 2 Paribagh, Dhaka.	Chairman	<b>Proprietor:</b> a. M/S Oceanlink Services <b>Managing Director :</b> b. Ocean Trade Ltd. <b>Director:</b> c. Central Hospital Ltd. d. AIBL Capital Market Services Ltd. e. Human Resources Dev. Co. Ltd.	100% 12.00% 2.45% 2.50% 2%	
2	Sarker Mohammad Shameem Iqbal 191-192, Baizid Bostami Road. Nasirabad, Chittagong.	Vice-Chairman	<b>CHAIRMAN:</b> a. KDS Accessories Ltd. b. KDS Poly Ltd. <b>CEO/Managing Director:</b> c. Dominox Technologies d. Dominox IM Ltd. <b>Managing Director:</b> e. KDS Information Tech Ltd. f. Skys Securities Ltd. g. Dominox Realty (BD) Ltd. h. Vortex Multi Ind. Ltd i. Gous Fashion Industries Ltd.	7% 7% 5% 50% 20% 3.61% 80.20% 25% 40%	
3	Al-hajj Md. Haroon-Ar-Rashid Khan House -19/A, Road-18 Banani, Dhaka.	Director	<b>Director:</b> a. AIBL Capital Market Services Ltd. <b>Owner:</b> b. Momtaz fisheries	1.25% 100%	
4	Al-hajj Nazmul Ahsan Khaled 760, Satmasjid Road, Dhanmondi R/A, Dhaka.	Director	<b>Managing Director :</b> a. Moonlight Garments Ltd b. Ehsan Garments Ltd. c. Khalid Shipping Lines Ltd. d. Engineers Enterprise Ltd. e. Nourish Poultry Hatchery Ltd. f. Nourish Agro Ltd. g. Artisan Enterprise Ltd. h. Telnet Communication Ltd. i. Nourish Grand Parents Ltd. j. Nourish Feeds Ltd <b>Director :</b> k. Mohammadi Navigation l. Peoples insurance co. Ltd. m. popular Life Insurance Co.Ltd. n. AIBL Capital Market Services Ltd.	20% 10% 50% 67% 25% 20% 25% 20% 20% 20% 46.15% 0.83% 2% 0.50%	
5	Al-hajj Abdul Malek Mollah House:12-14, Road-6 Block-E, Niketon Gulshan-1, Dhaka.	Director	<b>Managing Director :</b> a. The Mollah Trading Ltd. <b>Director :</b> b. AIBL Capital Market Services Ltd.	60% 1%	
6	Al-hajj Hafez Md. Enayetullah 2, Mukim Katra, Moulibazar, Dhaka.	Director	<b>Director :</b> a. AIBL Capital Market Services Ltd. <b>Active Owner</b> b. M/S Hadyet & Brothers	1.50% 100%	
7	Al-hajj Abdul Muktadir 6/11, Sukumvit Soi-3/1, Sukumvit Road Bangkok-10110, Thailand.	Director	<b>Managing Director:</b> a. M/S Al-Haramine Company Ltd. <b>Director :</b> b. AIBL Capital Market Services Ltd	49% 1%	
8	Al-hajj Ahamedul Hoque 16/1, Amir Market Khatungonj, Chittagong.	Director	<b>Proprietor:</b> a. M/S. A.H. Syndicate	100%	

## Notes to the Financial Statements for the Year Ended 31 December 2011

SL	Name	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/interest in the concerned	Remarks
9	Al-hajj Abdus Samad S, Alam Bhaban 2119, Asadgonj Chittagong.	Director	<b>Director :</b> a. AIBL Capital Market Services Ltd <b>Proprietor:</b> b. Samad Trading Agency	0.50% 100%	
10	Al-hajj Abu Naser Mohammad Yeahea 232-234, Tejgoan Industries Area, Dhaka-1208.	Director	<b>Managing Director:</b> a. Purbachal Steel Mills Ltd. b. Purbachal Exclusive Ltd. c. Beco Feed Ltd. d. Purbachal Drillers Ltd. <b>Director :</b> e. AIBL Capital Market Services Ltd. <b>Proprietor:</b> a. Purbachal Gas Filling b. Beco Electronics	71.43% 75% 42.50% 50% 4.50% 100% 100%	
11	Al-hajj Abdus Salam Mir Ahmed Building 234, Khatungong, Chittagong.	Director	<b>Managing Director:</b> a. Mir Pulp & Paper industries Ltd. b. Mir Filling Station Ltd. <b>Director:</b> c. Karnafully Filling Stations d. AIBL Capital Market Services Ltd <b>CEO:</b> e. M/S Hajee Mir Ahmed Sowdago <b>Proprietor:</b> f. M/S M.A Salam & Co	25% 70% 15% 2% 30% 100%	
12	Al-Hajj Niaz Ahmed House - 24 Road - 1 Block - 1 Chairman Bari, Banani, Dhaka.	Director	<b>Managing Director:</b> a. Golden Oil Mills Ltd. b. Golden Emporium Ltd. <b>Director:</b> c. AIBL Capital Market Services d. Diganta Media Corporation e. Islami commercial Insurance Co. Ltd. f. South East University <b>Proprietor:</b> g. Khaja corporation	70% 77% 1.25% 3% (Appro.) 5% N/A	
13	Al-Hajj Engr. Kh. Mesbahuddin Ahmed House - 2-E, Road - 8, Sector - 7 Uttara Model Town Dhaka.	Director	<b>Managing Director:</b> a. M/S. Aqua Consultant and Association Ltd. <b>Director:</b> b. Takaful Islami Insurance Ltd. c. Human Resources Development Co. Ltd. (HURDCO) d. Central Hospital Ltd. e. AIBL Capital Market Services Ltd.	25% 8% 5% 5% 1.75%	
14	Md. Ashik Hossain House - 6 Road - 1 Dhanmondi, Dhaka-1205	Director	<b>Managing Director:</b> a. Dubai Bangladesh Bag Factory Ltd <b>Director:</b> b. Dubai Bangladesh Cement Mills Ltd. c. Islami Commercial Insurance Company Ltd. d. AIBL Capital Market Services Ltd. <b>Proprietor:</b> e. Vestire f. Stark Textile Mills	80% 44% 10% 0.50% 100% 100%	
15	Md. Rafiqul Islam 1025/C, Housing Society, Nasirabad, Chittagong.	Director	<b>CEO:</b> a. Noor-UI-Islam Etc Est.	-	
16	Mohammad Emadur Rahman Kazi Bhaban, Islampur, Kotwali, Sylhet.	Director	<b>Managing Director</b> a. Hamidia Tea Company Ltd. <b>Director(Sales &amp; Marketing):</b> b. Al- Haramain Perfumes L.L.C	33.33% Nil	
17	Anwar Hossain 1025/B, Housing Society Nasirabad, Chittagong	Director	<b>Managing Director</b> a. Rising Star Trading Est b. Rising Sun Electricals Trading	- 50%	
18	Dr. Momtaz Uddin Ahmed Bashati Green Hamlet Flat - B/12, 23, Green Road, Dhanmondi, Dhaka-1205.	Director	Nil	Nil	
19	Brig.Gen. M. A. Malek Apt. - 4-C, House - 16H Road No.- 2A Cantonment R\A Dhaka-1206.	Director	Nil	Nil	
20	Ekramul Hoque House:10, Road - 3/C Nikunjo: 1, Khilkhet Dhaka.	Ex-Officio Director	Nil	Nil	Employee

## Notes to the Financial Statements for the Year Ended 31 December 2011


#### 4. Audit Committee:

An Audit Committee was constituted by the Board of Directors of the Bank in its 95th meeting held on 24th March' 2003 as per BRPD Circular -12 Dated 23-12-2002 and subsequently reconstituted by the Board of Directors in its 213th meeting held on 08th July, 2011 as under:

SL No	Name	Status with the Committee	Educational Qualification
01	Sarker Mohammad Shameem Iqbal	Chairman	MBA
02	Abdus Salam	Member	M.com
03	Al-hajj Naiz Ahmed	Member	M.com.(accounting), L.L.B
04	Dr. Momtazuddin Ahmed	Member	M.A

During the year' 2011 the Audit Committee of the Board conducted 12 ( Twelve) meetings in which among others, the following issues were discussed: -

- Reviewing the inspection report of different Branches of AIBL conducted by the Banks internal inspection team from time to time and status of compliance thereof.
- Reviewing the comprehensive inspection report of different branches of AIBL conducted by the Bangladesh Bank and status of compliance thereof.
- Reviewing the Financial Statement for the year -2011 of the Bank.




**আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ**  
**সঞ্চয়ই সমৃদ্ধি...**

সঞ্চয় মানেই ভবিষ্যতের জন্য প্রস্তুতি  
সঞ্চয়ের অভ্যাস গড়ুন  
নিরাপদ সঞ্চয়ের বিশ্বস্ত নাম  
আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ

▶ **আল-আরাফাহ্ ডিপোজিট ব্যাংকিং**

উচ্চতর লাভ | নিম্নতর ঝুঁকি | মহত্বর স্বপ্ন

العربية الإسلامية بنك للمبتدئ  
**Al-Arafah Islami  
Bank Limited**



**আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ**

শরীয়াহ ও আধুনিক ব্যাংকিং এর এক অনন্য সমন্বয়



## Notes to the Financial Statements for the Year Ended 31 December 2011

### 5. Cash

#### a) Cash in hand

- In local currency
- In Foreign currency ( Note 5.a.ii )

#### b) Balance with Bangladesh Bank

- In local currency
- In Foreign currency

#### c) Balance with Sonali Bank Ltd.

- In local currency
- In Foreign currency

#### 5.a.i Total of Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)

#### 5.a.ii

Foreign Currency	Amount in F.C.	Exchange Rate
US Dollar	35,561	77.40
Great Britain Pound	-	-
Euro	-	-
Others	-	-

Total

2011 Taka	2010 Taka
806,685,696	569,556,605
2,752,541	3,809,361
<b>809,438,237</b>	<b>573,365,966</b>
5,087,569,334	3,085,942,107
1,153,431,238	372,757,678
<b>6,241,000,573</b>	<b>3,458,699,785</b>
286,354,836	213,756,953
-	-
<b>286,354,836</b>	<b>213,756,953</b>
<b>6,527,355,409</b>	<b>3,672,456,737</b>
Amount in BDT	Amount in BDT
2,752,541	3,809,361
-	-
-	-
-	-
<b>2,752,541</b>	<b>3,809,361</b>

#### 5.b Cash Reserve Requirments (CRR) and Statutory Liquidity Requirments (SLR)

Cash Reserve Requirments(CRR) and Statutory Liquidity Requirments (SLR) have been calculated and maintained in accordance with Section 33 of Bank Companies Act.1991 & as per Bangladesh Bank Curcular No: MPD/05 Dated:01.12.10

#### 5.c Cash Reserve Requirments (CRR)

- Required Reserve( 6 % of Average Demand and Time Liabilities)
- Actual reseve held with Bangladesh Bank
- Surplus/(Deficit)**

#### Statutory Liquidity Requirments (SLR)

- Required Reserve( 11.50 % of Average Demand and Time Liabilities)
- Actual reseve held with Bangladesh Bank
- Surplus/(Deficit)**

### 6. Balance with other Banks and Financial Institutions

#### a) In Bangladesh:

##### Al-Wadia Current Accounts

- Islami Bank Bangladesh Ltd.
- Dutch Bangla Bank Ltd.
- National Bank Ltd.
- Agrani Bank Ltd.
- Pubali Bank Ltd.

4,328,550,000	3,076,876,000
5,143,569,000	2,902,349,000
<b>815,019,000</b>	<b>(174,527,000)</b>
8,296,389,000	5,897,346,000
9,281,608,000	5,899,652,000
<b>985,219,000</b>	<b>2,306,000</b>
20,022,806	508,588
6,554,727	1,828,943
678,775	2,908,150
1,650	1,650
-	965
<b>27,257,958</b>	<b>5,248,295</b>

## Notes to the Financial Statements for the Year Ended 31 December 2011

**Mudaraba Saving Deposits**

Dhaka Bank Ltd.
Prime Bank Ltd.
Social Islami Bank Ltd.
Shahjalal Islami Bank Ltd.
EXIM Bank Ltd.
ICB Islamic Bank Ltd.
Jamuna Bank Ltd.
The City Bank Ltd.
Southeast Bank Ltd.
AB Bank Ltd.

**2011  
Taka**

1,970,145
7,187,552
10,129,098
4,804,918
1,758,424
167,379,478
3,528,516
4,838,528
1,081,929
30,481,980

**233,160,569****2010  
Taka**

4,422,484
20,692,007
30,483,404
4,743,693
1,538,734
167,579,478
8,514,016
4,219,261
5,339,902
16,080,787

**263,613,767****Short Term Deposits**

Social Islami Bank Ltd.
Rupali Bank Ltd.

240,724
37,034,311

**37,275,035****297,693,562**

238,267
18,034,311

**18,272,578****287,134,640****b) Outside Bangladesh ( NOSTRO ACCOUNTS)**

Name of the Bank	Currency Name	Amount in Foreign Currency	Conversion rate per unit F.C	Amount In BDT.	Amount In BDT.
Standard Chartered Bank, New York, USA	USD	907,120	81.99	74,374,019	165,471,894
Mashreq Bank, New York, USA	USD	782,350	81.99	64,144,215	3,841,153
Standard Chartered Bank, Mumbai, India	ACUD	1,625,619	81.99	133,283,223	12,130,068
Standard Chartered Bank, Kolkata, India	ACUD	87,795	81.99	7,198,200	53,414,951
Well Fargo, New York	USD	703,718	81.99	57,697,272	18,826,972
Standard Chartered Bank, Kolkata, India	ACUD	56,332	81.99	4,618,639	3,859,523
Standard Chartered Bank, Karachi, Pakistan	ACUD	806,714	81.99	66,141,862	8,735,433
Sonali Bank, Kolkata, India	ACUD	30,467	81.99	2,497,976	18,321,432
Sonali Bank, London	USD	66,765	81.99	5,473,970	707,495
ICICI Bank, Mumbai, India	ACUD	1,173,097	81.99	96,181,286	41,789,639
ICICI Bank, Hongkong	USD	81,709	81.99	6,699,273	9,030,377
Bank of Bhutan, Bhutan	ACUD	155,617	81.99	12,758,909	8,798,284
HSBC, India	ACUD	366,119	81.99	30,017,836	9,031,621
Habib Bank, Karachi, Pakistan	ACUD	50,000	81.99	4,099,460	3,537,485
United Bank of India	ACUD	50,103	81.99	4,107,875	8,539,495
Standard Chartered Bank, London, UK	GBP	1,011,014	126.67	128,068,463	6,951,135
Al-Rajhi Banking Corp, Riad, KSA	SRL	188,546	21.86	4,121,894	518,751
Standard Chartered Bank, Tokyo, Japan,	YEN	2,508,890	1.05	2,639,603	302,622
Standard Chartered Bank, Frankfurt, Germany,	EURO	193,900	106.09	20,570,005	14,226,995
Union DE Banques Arabes Et Francaises, Singapore	USD	99,546	81.99	8,161,726	1,104,387
Citibank NA	USD	2,013,577	81.99	165,091,534	127,807,805
Mashreq Bank, India	ACUD	168,026	81.99	13,776,321	-
AB Bank Ltd., Mumbai	ACUD	146,394	81.99	12,002,735	-
Sonali Bank, London	GBP	10,000	126.67	1,266,733	-
United Bank of India	EURO	62,115	106.09	6,589,542	-
Sonali Bank, London	EURO	10,000	106.09	1,060,858	-
				<b>932,643,431</b>	<b>516,947,517</b>
				<b>1,230,336,993</b>	<b>804,082,158</b>

**Grand Total**

## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 <u>Taka</u>	2010 <u>Taka</u>
<b>6.A. Consolidated Balance with other Banks and financial institutions</b>		
<b>a) In Bangladesh:</b>		
Al-Arafah Islami Bank Ltd. [ Note-6.a ]	297,693,562	287,134,641
AIBL Capital Market Services Ltd.	260,211,675	210,394,698
	<u>557,905,238</u>	<u>497,529,339</u>
Less: Inter-Company Transaction	(260,211,675)	(210,394,698)
	<u>297,693,562</u>	<u>287,134,641</u>
<b>b. Outside Bangladesh</b>	<u>932,643,431</u>	<u>516,947,517</u>
	<u>1,230,336,993</u>	<u>804,082,158</u>
<b>6.A.i Maturity - wise Groupings ( Inside &amp; Outside Bangladesh )</b>		
Payable on Demand	27,257,958	5,248,295
Up to 1 ( one ) month	58,259,486	41,997,817
Over 1 ( one ) Month but not more than 3 ( three ) Months	1,144,819,549	756,836,045
Over 3 ( three ) Months but not more than 1 ( one ) year	-	-
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	<u>1,230,336,993</u>	<u>804,082,158</u>
<b>7. Placement with Banks &amp; Other Financial institutions</b>		
Shahjalal Islami Bank Ltd.	200,000,000	200,000,000
Social Islami Bank Ltd.	2,800,000,000	1,800,000,000
Southeast Bank Ltd.	3,400,000,000	2,600,000,000
Dhaka Bank Ltd.	200,000,000	800,000,000
Jamuna Bank Ltd.	2,400,000,000	1,600,000,000
Prime Bank Ltd.	-	1,000,000,000
The City Bank Ltd.	700,000,000	-
AB Bank Ltd.	100,000,000	200,000,000
	<u>9,800,000,000</u>	<u>8,200,000,000</u>
<b>8. Investment in Shares &amp; Securities</b>		
Bangladesh Govt. Islami Bond Fund ( 8.a )	3,000,000,000	2,000,000,000
Investment in Share ( 8.b )	625,780,011	70,000,000
Central Depository Bangladesh Limited ( 8.b )	3,138,890	8,833,340
	<u>3,628,918,901</u>	<u>2,078,833,340</u>
<b>8.a Investments in Share &amp; Securities</b>		
<b>Government Securities</b>		
Bangladesh Govt. Islami Bond Fund	3,000,000,000	2,000,000,000
<b>Other/In shares (quoted and unquoted)</b>		
<b>Quoted (2010 figure is rearranged)</b>	<u>628,918,901</u>	<u>78,833,340</u>
Private (8.b)	625,780,011	70,000,000
<b>Unquoted</b>	-	-
Central Depository Bangladesh Limited	3,138,890	8,833,340
<b>8.b Book value of share as on 31 December 2011 as follows</b>		
<b>Quoted shares in (Schedule of Shares and Securities are given Annexure B)</b>		
Islami Bank Bangladesh Limited	73,931,937	-
Shajalal Islami Bank Limited	25,358,217	-
Social Islami Bank Limited	64,144,413	-
Bangladesh Steel Re rolling Mill	125,770,696	-
Islami Insurance Limited	35,966,390	-
Lafarge Surma Cement Limited	25,456,436	-
Titas Gas Limited	52,479,938	-
First security Bank limited	22,690,943	-
Mobile Jamuna Lubricant Bangladesh	77,326,730	-
Meghna petroleum Limited	1,686,772	-
Fareast Life Insurance Company limited	50,967,540	-
Al-Arafah Islmi Bank Limited 1st Islami Mutual Fund	70,000,000	70,000,000
	<u>625,780,011</u>	<u>70,000,000</u>
<b>Unquoted shares in</b>		
Central Depository Bangladesh Limited	3,138,890	8,833,340
<b>Total</b>	<u>628,918,901</u>	<u>78,833,340</u>

## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 Taka	2010 Taka
<b>8.A Investment in Shares &amp; Securities</b>		
Al-Arafah Islami Bank Ltd.	3,628,918,901	2,078,833,340
AIBL Capital Market Services Ltd.	142,907,172	-
	<b>3,771,826,073</b>	<b>2,078,833,340</b>
<b>8.A.i Maturity grouping of investments</b>		
Payable on Demand		
Not more than 3 months	-	-
Over 3 ( three ) months but not more than 1 ( one ) year	-	-
Over 1 year but not more than 5 years	3,628,918,901	2,078,833,340
More than 5 years	142,907,172	-
	<b>3,771,826,073</b>	<b>2,078,833,340</b>
<b>8.A.ii Others/Quoted ( 2010 figure is rearranged)</b>		
AIBL Capital Market Services Ltd.	628,918,901	78,833,340
	142,907,172	-
	<b>771,826,073</b>	<b>78,833,340</b>
<b>9 Investments</b>		
<b>a) General Investment</b>		
<b>i. in Bangladesh</b>		
Murabaha Investment	23,845,684,157	17,924,759,588
Bai-Muazzal Investment	31,971,641,046	21,665,352,589
Hire Purchase Investment	12,748,718,957	8,867,604,185
Pre shipment Investment	926,018,954	827,653,317
Quard	1,278,660,293	987,261,840
Uzrat Bill Wakala	-	1,533,153
	<b>70,770,723,407</b>	<b>50,274,164,672</b>
<b>ii. Out side Bangladesh</b>	-	-
	<b>70,770,723,407</b>	<b>50,274,164,672</b>
<b>Less: Unearned profit on Investment</b>	5,911,623,621	3,120,847,446
	<b>64,859,099,786</b>	<b>47,153,317,226</b>
<b>b) Bill Purchased &amp; Discounted</b>		
Payable in Bangladesh	8,224,612,674	6,095,409,600
Payable out side Bangladesh	350,098,367	334,233,897
	<b>8,574,711,041</b>	<b>6,429,643,497</b>
	<b>73,433,810,827</b>	<b>53,582,960,724</b>
<b>c) An analysis to disclose following Significant concentration :</b>		
i. Investment to Directors and others	5,372,000	5,372,000
ii. Investment to Managing Director and Cheif Executive	-	-
iii. Investment to customer (No. of clients with amount of outstanding and classified loan to whom loans and Investment sanctioned more than 10% of total capital of the Bank)	17,275,602,000	33,460,636,000
<b>iv. Investments to customers for more than 10% of Bank's Total Capital</b>		
Number of clients	19	52
Amount of outstanding Investment	17,275,602,000	33,460,636,000
Amount of Classified Investment	-	-

## Notes to the Financial Statements for the Year Ended 31 December 2011

Sl No.	Name of Clients	Outstanding Balance ( Taka in Crore)		2011 Taka	2010 Taka
		Funded	Non-Funded	Total Amount	Total Amount
01	M/s Bengal Hurricane Dying & Printing Private Ltd. & its sister concern	-	-	-	49.67
02	M/s Birds Garments Ltd. Unit-2 & its sister concern M/s Birds RNR Fashion Ltd.	12.49	44.43	56.92	53.42
03	M/s PHP Continuous Galvanizing Mills Ltd. & its sister concern	-	-	-	16.78
04	M/s Shoma Enterprise	-	-	-	330.56
05	M/s Abdul Gafur & its sister concern	-	-	-	44.51
06	M/s Zaber Spinning Mills Ltd.	71.10	1.14	72.24	135.01
07	M/s Sufia Cotton Mills Ltd.	-	-	-	36.87
08	M/s Yeasmin Spinning Mills Ltd.	58.71	8.67	67.38	110.73
09	M/s Nitol Motors Ltd.	-	-	-	56.10
10	M/s Mak Corporation	-	-	-	41.83
11	M/s Mashihata Sweaters Ltd.	31.95	31.28	63.23	133.68
12	M/s Afil Layer Fram Ltd	-	-	-	64.24
13	M/s Shahariar Steel Ltd	-	-	-	42.78
14	M/s Aman Knittings Ltd.	-	-	-	68.57
15	M/s Hasin Knit Composite Ltd & its sister concern M/s Kayeba Knit Wear Ltd.	-	-	-	57.86
16	M/s Kazi Chicks Ltd. Kazi Foods Ltd.& Kazi Farms Ltd.	-	-	-	4.28
17	M/s Navarana Printing & Packeging Ltd. & its sisters concern	-	-	-	64.46
18	M/s Ibrahim Textile mills Ltd.	-	-	-	117.59
19	M/S Tanveer Fashion	-	-	-	70.38
20	M/s Shovon Paper Shopping Bag ind. Ltd. & Shovon Woven Bag Mfg. Co. Ltd.	65.06	-	65.06	70.51
21	M/s Saad Musa Fabrics Unit-2 & 3	-	-	-	59.07
22	M/s Shahan Colour Ltd.	-	-	-	28.08
23	M/s Tilottama Fashion Ltd. & its sister concern	-	-	-	85.07
24	M/s Younus Paper mills Ltd.	108.55	1.78	110.33	50.78
25	M/s Runner Motors Ltd & its sister concern	93.67	12.95	106.62	77.60
26	M/s Saad Saan textile Mills Ltd.	-	-	-	56.31
27	M/S Nam Corporation	-	-	-	66.47
28	M/s Chittagong Ispat & Its sister concern	-	-	-	91.50
29	M/sTrurag Garments & Hosiery Mills Ltd	54.07	50.44	104.51	56.01
30	M/s Bangladesh Re-Rolling MillsLtd.	-	-	-	80.08
31	M/s Hasan Traders	-	-	-	57.01
32	M/s Libra infusion Ltd	-	-	-	47.40
33	M/s IBN Sina Pharmaceuticals industries Ltd & Its sister concern	-	-	-	14.69
34	M/s Abul Khair Steel industries Ltd. & its sister concern	-	-	-	2.67
35	M/s Four sister concern of T.K Group	-	-	-	86.08
36	M/s Elhan Textile	143.84	38.44	182.28	193.61
37	M/s. Ifad Autos Ltd.	-	-	-	51.54
38	M/s Sojoy enterprise	-	-	-	18.34
39	M/S J.S.T. Commodities	-	-	-	55.19
40	M/S Nahar Trading Corp.	-	-	-	51.63
41	M/S Nasrin Garments	-	-	-	40.39
42	M/S Samannaz Condensed Milk Ltd. & its sister concern M/S Samannaz super oil ltd.	-	-	-	38.88
43	M/S Dinar Industries & its Sister Concern	-	-	-	33.87
44	M/S Wahab Jute Mills Ltd.	-	-	-	31.05
45	Mrs. Ruma Parvin	-	-	-	26.74
46	M/S Techno Electrical & its Sisters Concern	-	-	-	17.18
47	M/S HNS Automobiles Ltd.	-	-	-	16.21
48	M/S Ifco Garments & Textiles Ltd.	-	-	-	1.58
49	AIBL Capital Market services Ltd	170.57	50.00	220.57	-
50	T K Group	94.99	23.46	118.44	-
51	Ehasan Steel Re-Rolling Mills Ltd	79.39	2.55	81.93	81.90
52	R I Enterprise	50.21	-	50.21	131.04
53	Majumder Trading	28.05	40.33	68.38	-
54	Kader Compact spinning Mills	51.77	0.21	51.98	-
55	Shahjalal Islami Bank Securities Ltd	79.96	-	79.96	-
56	Otobi Ltd	63.48	20.81	84.29	-
57	Abu Bakkar & Brothers	61.52	7.28	68.80	61.79
58	Masud Trading	74.42	-	74.42	66.47
	<b>Total</b>	<b>1,393.80</b>	<b>333.76</b>	<b>1,727.56</b>	<b>3,346.06</b>

## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 Taka	2010 Taka
<b>v) Industry/Sector wise Investments</b>		
Agriculture, Fishing and forestry Industry	793,482,786	685,402,591
Construction	24,279,597,756	14,277,033,743
Water works & sanitary services	3,412,988,458	2,512,864,818
Transport & communication	302,278,561	102,266,000
Storage	3,435,774,906	1,535,762,345
Trade Finance	48,035,789	17,990,000
Miscellaneous	41,886,353,810	32,786,023,198
	<u>5,186,922,383</u>	<u>4,786,465,473</u>
	<b>79,345,434,449</b>	<b>56,703,808,168</b>
Less: Unearned profit on Investment	5,911,623,621	3,120,847,446
	<u><b>73,433,810,828</b></u>	<u><b>53,582,960,723</b></u>
<b>vi) Geographical Location -wise Investment</b>		
<b>Urban:</b>	<b>73,500,161,660</b>	<b>53,561,648,309</b>
Dhaka Region	52,340,265,779	38,360,265,779
Chittagong Region	10,532,531,276	9,052,075,276
Sylhet Region	1,387,975,479	338,445,228
Rajshahi Region	3,956,890,152	2,936,865,652
Khulna Region	3,289,172,083	2,338,715,083
Barisal Region	1,993,326,892	535,281,292
<b>Rural:</b>	<b>5,845,272,788</b>	<b>3,142,159,860</b>
Dhaka Region	2,215,758,025	1,180,712,347
Chittagong Region	1,158,138,145	607,573,576
Sylhet Region	442,974,165	121,728,511
Rajshahi Region	1,499,730,300	1,017,975,511
Khulna Region	401,847,649	189,391,199
Barisal Region	126,824,505	24,778,716
	<u><b>79,345,434,448</b></u>	<u><b>56,703,808,169</b></u>
Less: Unearned profit on Investment	5,911,623,621	3,120,847,446
	<u><b>73,433,810,827</b></u>	<u><b>53,582,960,723</b></u>
<b>d) Classification of Investment including bills purchased and discounted</b>		
<b>Unclassified</b>	<b>78,594,334,449</b>	<b>56,093,332,298</b>
Standard including (Staff investment)	77,711,580,387	55,442,599,657
Special Mention Accounts (SMA)	882,754,062	650,732,641
<b>Classified</b>	<b>751,100,000</b>	<b>610,475,871</b>
Sub Standard	239,507,000	63,776,956
Doubtful	120,813,000	42,885,870
Bad / Loss	390,780,000	503,813,045
	<u><b>79,345,434,449</b></u>	<u><b>56,703,808,169</b></u>
Less: Unearned profit on Investment	5,911,623,621	3,120,847,446
	<u><b>73,433,810,828</b></u>	<u><b>53,582,960,723</b></u>
<b>e) Required Provision on Investment &amp; Off -balance sheet exposures</b>		
<b>Unclassified</b>		
General provision on unclassified Investment	01%	674,071,424
General provision on small enterprise Investment	01%	64,318,000
General provision on Housing financing Investment	02%	60,413,000
General provision on consumer financing Investment	05%	13,504,000
General provision on Micro Investment	05%	10,725,000
General provision on special mention Investment	05%	43,426,000
<b>Classified</b>		<b>866,457,424</b>
Specific provision on substandard Investment	20%	26,646,000
Specific provision on doubtful Investment	50%	206,430,000
Specific provision on bad/loss Investment	100%	72,859,000
<b>Unclassified</b>		<b>305,935,000</b>
General provision on Off-balance sheet	01%	214,477,000
		<u><b>1,386,869,424</b></u>
		<u><b>985,241,000</b></u>

## Notes to the Financial Statements for the Year Ended 31 December 2011

		2011 Taka	2010 Taka
<b>f) Provision made on Investment &amp; Off-balance sheet exposures</b>			
<b>Unclassified</b>			
General provision on unclassified Investment	01%	674,071,424	605,626,000
General provision on small enterprise Investment	01%	64,318,000	2,735,000
General provision on Housing financing Investment	02%	60,413,000	17,795,000
General provision on consumer financing Investment	05%	13,504,000	3,904,000
General provision on Micro Investment	05%	10,725,000	4,592,000
General provision on special mention Investment	05%	43,426,000	32,298,000
<b>Classified</b>		<b>866,457,424</b>	<b>666,950,000</b>
Specific provision on substandard Investment	20%	26,646,000	4,911,000
Specific provision on doubtful Investment	50%	206,430,000	3,974,000
Specific provision on bad/loss Investment	100%	72,859,000	128,693,000
<b>Unclassified</b>		<b>305,935,000</b>	<b>137,578,000</b>
General provision on Off-balance sheet	01%	214,477,000	230,713,000
		<b>1,386,869,424</b>	<b>1,035,241,000</b>
		-	<b>50,000,000</b>
<b>Provision Excess/(Short fall)</b>			
<b>g) Particulars of Investments</b>			
i) Investment considered good in respect of which of the bank company is fully secured;		60,215,724,879	43,938,027,793
ii) Investment considered good against which the banking company holds no security other than the debtors personal guarantee.		4,406,028,650	3,214,977,643
iii) Investment considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors;		8,812,057,299	6,429,955,287
iv) Investment adversely classified; provision not maintained thereagainst;		-	-
v) Investment due by directors or officers of the Banking company or any of these either separately or Jointly with any other persons;		-	-
vi) Investment due from companies or firms in which the directors of the banking company have interests as directors, partners or managing or in the case of private companies as members;		9,417,012	5,372,000
vii) Maximum total amount of Investments including temporary Investments made at any time during the year to directors or managers or officers of the banking companies or any of them either agents severally or jointly with any other persons;		-	-
viii) Maximum total amount of Investment including temporary Investment granted during the year to the companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in the case of private companies as members;		-	-
ix) Due from banking companies;			
x) Amount of Classified Investment on which profit has not been charge, are mentioned as follows:			
a) An amount of Bad Investment on which profit has not been charged		390,780,000	503,813,045
i) Decrease/Increase in provision ( Specific )		(109,730,579)	(39,325,000)
ii) Amount of Investment written off;		57,475,428	65,500,619
iii) Amount realised against Investment previously written off;		47,157,720	23,282,877
b) Amount of provision kept against Investment classified as "bad/loss" on the date of preparing the balance sheet ;		305,935,000	137,578,000
c) Profit creditable to the profit suspense/Compensation A/c;		20,030,964	8,565,286
d) Cumulative amount of the written of Investment;		631,481,654	621,163,946
e) Amount written off during the current year;		57,475,428	65,500,619
f) The amount of written off Investment for which lawsuit has been filed;		631,481,654	621,163,946
<b>h) General Investment</b>		<b>64,859,099,786</b>	<b>47,153,317,226</b>
AIBL Capital Market Services Ltd.		5,986,901,675	-
		<b>70,846,001,461</b>	<b>47,153,317,226</b>
<b>Less : Inter company Adjustment</b>		<b>(1,705,755,505)</b>	<b>-</b>
		<b>69,140,245,957</b>	<b>47,153,317,226</b>
<b>i) Maturity grouping of Investment Including bills purchased and discounted</b>			
Payable on Demand		-	-
Up to 1 ( one ) month		5,004,258,799	3,501,937,219
Over 1 ( one ) month but not more than 3 ( three ) months		8,014,217,842	4,508,563,042
Over 3 ( three ) months but not more than 1 ( one ) year		23,749,335,437	18,743,637,437
Over 1 year but not more than 5 years		25,328,865,527	16,826,300,637
Over 5 years		11,337,133,222	10,002,522,388
		<b>73,433,810,827</b>	<b>53,582,960,723</b>

## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 Taka	2010 Taka
<b>9.A. Investments</b>		
Al-Arafah Islami Bank Ltd.	73,433,810,827	53,582,960,723
AIBL Capital Market Services Ltd.	5,986,901,675	-
	<u>79,420,712,503</u>	<u>53,582,960,723</u>
Less : Inter company Adjustment	<u>(1,705,755,505)</u>	<u>-</u>
	<u>77,714,956,998</u>	<u>53,582,960,723</u>
<b>9.A.i Maturity grouping of Investment Including bills purchased and discounted</b>		
Payable on Demand	-	-
Up to 1 ( one ) month	5,004,258,799	3,501,937,219
Over 1 ( one ) month but not more than 3 ( three ) months	8,014,217,842	4,508,563,042
Over 3 ( three ) months but not more than 1 ( one ) year	29,749,335,437	18,743,637,437
Over 1 year but not more than 5 years	21,469,438,612	16,826,300,637
Over 5 years	13,477,706,308	10,002,522,388
	<u>77,714,956,998</u>	<u>53,582,960,723</u>
<b>10. Fixed Assets</b>		
Land	355,003,352	192,488,432
Building	102,672,436	18,580,563
Furniture (Wood)	34,346,182	29,685,589
Furniture (Steel)	27,883,133	22,721,384
Computer	46,741,291	45,219,524
Computer (Accessories)	11,619,507	6,006,169
Motor Car	36,827,737	34,582,129
Machine equipment & appliance	141,640,469	117,709,550
Online Hardware	56,497,115	64,365,982
Interior Decoration	100,783,474	65,894,684
Books & Library	863,731	943,246
	<u>914,878,428</u>	<u>598,197,253</u>
<b>Intangible Assets</b>		
Online Software	17,627,065	19,572,850
	<u>932,505,493</u>	<u>617,770,103</u>
<b>Schedule of Fixed Assets are given in Annexure - A.</b>		
<b>10.A. Fixed Assets</b>		
Al-Arafah Islami Bank Ltd.	932,505,493	617,770,103
AIBL Capital Market Services Ltd.	35,626,536	37,618,158
	<u>968,132,029</u>	<u>655,388,261</u>
<b>Schedule of Fixed Assets are given in Annexure - A-1</b>		
<b>11. Other Assets (2010 figure is rearranged)</b>		
Adjusting A/c Debit Balance	43,987,760	43,222,902
Suspense Account [ 11.a ]	102,801,721	122,457,619
DD Paid without Advice	137,231,891	8,772,779
Stock of Stationery	14,721,608	17,306,307
Stamp in hand	928,907	871,594
Advance Deposit	2,784,586	2,303,269
Advance Rent	174,349,582	147,431,073
Capital Work In Progress	77,910,033	14,769,655
Sponsorship of AIBL 1st Islamic Mutual Fund	100,000,000	100,000,000
Investment for Subsidiary Companies	2,070,000,000	2,070,000,000
Advance Income Tax & TDS [ Note 11.2 ]	3,978,400,180	3,018,789,367
Protested Bills	5,614,700	7,114,700
Prepaid Expenditure [ Motijheel & Banani Branch ]	2,154,357	1,432,770
Brac Bank Eldorado Settement A/C	10,000,000	10,000,000
AIBL CMCL Receivable	-	42,286,064
Accrued Income	435,409,006	238,138,274
Clearing Adjustment	65,067	-
	<u>7,156,359,397</u>	<u>5,844,896,372</u>
<b>11.1 Classification of other Assets under the following categories</b>		
i) Investment in shares of subsidiary companies;	2,070,000,000	2,070,000,000
ii) Stationery, Stamps, Printing materials etc.	15,650,515	43,222,902
iii) Advance rent and advertisement;	174,349,582	122,457,619
iv) Profit accrued on investment but not collected, commision & brokerage receivable on shares and debenture and other income receivable	435,409,006	238,138,274
v) Security deposit	2,784,586	2,303,269
vi) Preliminary, formation and organization expenses, renovaiton development expenses and prepaid expenses	2,154,357	1,432,770
vii) Adjustments A/C Debit Balance	43,987,760	43,222,902
viii) Suspenses account	102,801,721	122,457,619
ix) DD Paid without advice	137,231,891	8,772,779
x) Protested Bills	5,614,700	7,114,700
xi) AIBL CMCL Receivable	-	42,286,064
xii) Capital Work In Progress	77,910,033	14,769,655
xiii) Others	4,088,465,246	3,128,789,367
	<u>7,156,359,397</u>	<u>5,844,967,919</u>



## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 Taka	2010 Taka
xiii) Others		
Brac Bank Eldorado Settlement A/C	10,000,000	10,000,000
Sponsorship of AIBL 1st Islamic Mutual Fund	100,000,000	100,000,000
Advance Income Tax & TDS	3,978,400,180	3,018,789,367
Clearing Adjustment	65,067	-
	<u>4,088,465,246</u>	<u>3,128,789,367</u>

## 11.a Suspense Account

For Expenses (Debtors)				Petty Cash	For Capital Expenditure	Total Amount		Outstanding
General & Others	Staff	TA/DA	ATM			2011	2010	
15,235,906	5,000	73,144	27,000	15,000	87,445,671	102,801,721	122,457,619	Less Than 3 Months

## 11.2 Advance Income Tax &amp; TDS

i) Beginning of the year	3,018,789,367	2,227,504,215
Advance tax paid during the year	830,124,000	643,028,309
Tax deducted at Source during the year	129,486,813	148,256,843
<b>Advance income tax at the end of the year</b>	<u>3,978,400,180</u>	<u>3,018,789,367</u>

## 11.A. Consolidated Other Assets

Al-Arafah Islami Bank Ltd.	7,156,359,397	5,844,896,372
AIBL Capital Market Services Ltd.	859,775,781	3,856,954,588
	<u>8,016,135,179</u>	<u>9,601,850,960</u>
Less: Investment in Subsidiary Company	(2,070,000,000)	(2,070,000,000)
Less: Investment From Subsidiary Company	-	(3,151,645,894)
Less: Due From Subsidiary Company	-	(42,286,065)
	<u>5,946,135,179</u>	<u>4,437,919,002</u>

## 12. Placement from Banks &amp; Other financial Institutions

**4,900,000,000**      **5,680,000,000**

The Bank has taken finance from Islami Investment Bond (Islami Bond) at banks' own mudaraba savings rate (i.e. as on 31st December 2011 provisional rate was 4%) for 60/90/120/150/180 days tenor which introduced by the Government for islami banks and financial institutions in september 2004 through Bangladesh Bank. The borrowing has been secured by MTDR, Accepted bills and Demand Promissory Note.

Name of the Bank	Maturity Date	Nature	Amount	Amount
<b>a. In Bangladesh</b>				
Jamuna Bank Ltd. (Islamic Banking Branch)	06.02.12	MTDR	300,000,000	100,000,000
Jamuna Bank Ltd. (Islamic Banking Branch)	21.01.11	MTDR	200,000,000	300,000,000
Jamuna Bank Ltd. (Islamic Banking Branch)	18.05.12	MTDR	500,000,000	100,000,000
Jamuna Bank Ltd. (Islamic Banking Branch)	05.05.12	MTDR	200,000,000	200,000,000
Jamuna Bank Ltd. (Islamic Banking Branch)	06.05.12	MTDR	200,000,000	100,000,000
Jamuna Bank Ltd. (Islamic Banking Branch)	12.05.12	MTDR	200,000,000	-
Social Islami Bank Ltd.	07.04.12	MTDR	400,000,000	1,100,000,000
Social Islami Bank Ltd.	08.02.12	MTDR	100,000,000	-
Social Islami Bank Ltd.	16.01.12	MTDR	100,000,000	-
Southeast Bank Ltd. (Islamic Banking Branch)	17.01.12	MTDR	500,000,000	1,500,000,000
Southeast Bank Ltd. (Islamic Banking Branch)	11.05.12	MTDR	500,000,000	-
Southeast Bank Ltd. (Islamic Banking Branch)	18.04.12	MTDR	400,000,000	-
Southeast Bank Ltd. (Islamic Banking Branch)	09.05.12	MTDR	300,000,000	-
Southeast Bank Ltd. (Islamic Banking Branch)	20.04.12	MTDR	500,000,000	-
Southeast Bank Ltd. (Islamic Banking Branch)	24.02.12	MTDR	300,000,000	-
Prime Bank Ltd. (Islamic Banking Branch)	23.04.11	MTDR	-	1,000,000,000
Shahjalal Islami Bank Ltd.	27.04.11	MTDR	200,000,000	1,080,000,000
Bank Asia Ltd. (Islamic Banking Branch)	-	MTDR	-	200,000,000
		<b>Total</b>	<b>4,900,000,000</b>	<b>5,680,000,000</b>

## b. Outside Bangladesh

-      -  
4,900,000,000      5,680,000,000

## 12.A. Placement from Banks &amp; Other financial Institutions

Al-Arafah Islami Bank Ltd.	4,900,000,000	5,680,000,000
AIBL Capital Market Services Ltd.	2,405,755,505	-
	<u>7,305,755,505</u>	<u>5,680,000,000</u>
Less: Inter company borrowing	(1,705,755,505)	-
	<u>5,600,000,000</u>	<u>5,680,000,000</u>

## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 Taka	2010 Taka
<b>13. Deposit and Other Accounts</b>		
Al-Wadia Current Accounts and Others Accounts etc. [ Note: 13.iii]	9,609,727,873	7,576,076,791
Mudaraba Savings Deposits	8,365,529,395	7,227,520,700
Mudaraba Term Deposits	50,290,733,979	26,535,425,683
Other Mudaraba Deposits [ Note :13.ii ]	13,428,545,310	11,941,816,975
Bills Payable	752,651,888	812,514,055
	<b>82,447,188,444</b>	<b>54,093,354,203</b>
<b>13.i Other Mudaraba Deposits</b>		
Mudaraba Short Term Deposit	3,112,289,628	3,959,288,091
Mudaraba Hajj Deposits	42,606,251	40,339,249
Mudaraba Special Savings(Pension) Deposit	388,970,996	171,932,443
Mudaraba Monthly profit Deposit	572,978,603	638,677,500
Mudaraba Saving Bond	811,848	1,211,437
Mudaraba Waqf Cash Deposit	3,845,928	3,219,744
Others	9,307,042,055	7,127,148,511
	<b>13,428,545,310</b>	<b>11,941,816,975</b>
<b>13.ii Al-wadeeah Current Accounts and Other Accounts (2010 figure is rearranged and restated)</b>		
Al-wadeeah Current Deposits	4,241,365,605	3,810,868,403
Foreign Currency Account(USD)	178,947,912	111,365,745
Sundry Deposit	127,455,814	155,582,490
Security Deposit :L C	305,836,651	388,197,607
Security Deposit : Foreign L C	627,937,476	623,351,817
Security Deposit : Bank Guarantee	90,107,616	91,050,545
Security Deposit :Foreign Bills Negotiation(FBN)	72,092,385	59,825,410
Security Deposit : Inland L C	128,855,106	111,675,237
Security Deposit : Inland Bills Purchased (IBP)	166,826,641	82,715,991
Profit Payable	2,068,632,079	1,190,955,577
F.C Charges (2010 figure is rearranged)	-	11,001
F.C held against back to back L/C (2010 figure is rearranged)	1,230,326,493	596,040,300
F.C held against EDF (2010 figure is rearranged)	60,722,455	94,334,950
Compensation: Realised (2010 figure is restated)	131,673,727	218,607,789
Others	178,947,912	41,493,929
	<b>9,609,727,873</b>	<b>7,576,076,792</b>
<b>13.A. Consolidated Deposit and other Accounts</b>		
Al-Wadia Current Accounts and Others Accounts etc.	9,609,727,873	7,576,076,791
Mudaraba Savings Deposits	8,365,529,395	7,227,520,700
Mudaraba Term Deposits (13.A.ii)	50,030,522,305	26,325,030,985
Other Mudaraba Deposits	13,428,545,310	11,941,816,975
Bills Payable	752,651,888	812,514,055
	<b>82,186,976,770</b>	<b>53,882,959,506</b>
<b>13.A.i Maturity-wise Classification of Deposits</b>		
i. Repayable on Demand	2,509,658,819	2,168,256,210
<b>With a residual maturity of</b>		
ii. Repayable within 1 ( one ) month	6,344,128,882	3,415,531,491
iii. Over 1 ( one ) month but within 6 ( six ) months	19,235,077,099	17,232,938,154
iv. Over 6 ( six ) months within 1 ( one ) year	19,318,619,182	9,579,817,192
v. Over 1 ( one ) year within 5 ( five ) years	30,455,435,629	21,669,076,345
vi. Over 5 ( five ) years within 10 ( ten ) years	4,324,057,160	1,985,596,323
vii. Unclaimed Deposits 10 (ten) years and above	-	-
	<b>82,186,976,770</b>	<b>53,882,959,504</b>
<b>13.A.ii Mudaraba Term Deposits</b>	50,290,733,979	26,535,425,683
Less: Inter-Company Transaction	(260,211,674)	(210,394,698)
	<b>50,030,522,305</b>	<b>26,325,030,985</b>
<b>14. Other Liabilities (2010 figure is rearranged and restated)</b>		
Dividend Payable	461,000	462,000
Provision for Income Tax [ Note-14.1 ] (2010 figure is restated )	4,895,278,703	3,394,038,787
Provision on Investment [ Note-14.3 ]	1,386,869,424	1,035,241,000
Provision for diminution in value of investment [Note-14.4]	1,525,061	-
Other Provision [ Note:14.3.b ]	7,991,964	7,991,964
Provision for Gratuity [ Note:14.2 ]	-	18,498,530
Cash Waqf Fund (Staff)	80,000	80,000
Hajj Foundation.	69,000	69,000
Adjusting Account Credit Balance	36,046,845	36,654,488
Outstanding Expenses	1,369,689	1,533,076
Profit/Rent Suspense [ Note 14.5 ]	20,030,964	8,565,286
Compensation Receivable	26,709,577	21,111,203
AIBL General A/C [ Note:14.6 ]	169,690,646	89,437,883
AIBL CMSL Payable Account	-	3,151,645,894
CIB Collection Charge	141,610	101,200
Wes Fund Held (NRT) A/C	-	819,920
Write off recovery	10,000	-
	<b>6,546,274,484</b>	<b>7,766,250,230</b>

## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 Taka	2010 Taka
<b>14.1 Provision for income Tax (2010 figure is restated)</b>		
<b>Current tax</b>		
Provision held at the beginning of the year	3,394,038,788	2,548,156,145
Provision made during the year	1,501,239,915	845,882,643
Settlement for previous year	-	-
<b>Provision held at the end of the year</b>	<b>4,895,278,703</b>	<b>3,394,038,788</b>
<b>14.1.a. Provision for Current Tax made during the year</b>		
Income Tax on Business income	1,489,010,290	667,911,800
Capital gain	819,674	-
Income u/s 82(c) [CMSD Commission]	11,119,951	111,485,143
Gain on sales of DSE,CSE Licences	-	75,485,700
Cash Dividend	290,000	-
<b>Estimated Provision Required as at December 31,2011(i)</b>	<b>1,501,239,915</b>	<b>854,882,643</b>
<b>Provision held</b>		
Balance as at January 1,2011	3,394,038,788	854,882,643
Tax for previous year ( - )	3,394,038,788	854,882,643
<b>Actual provision for tax held (II)</b>	-	-
Estimated provision needs to be made (I-II)	1,501,239,915	854,882,643
Provision actually made during the year	1,501,239,915	854,882,643
<b>A. Computation of Taxable Profit</b>		
Profit before tax	3,291,741,277	2,789,842,970
Add:Inadmissible expenditure	490,767,083	503,746,282
Less: Item of income for separate Consideration	90,987,744	1,471,982,078
Less: Further allowable Expenditure	187,966,992	195,937,991
<b>Estimated Business income other than 82(C)</b>	<b>3,503,553,624</b>	<b>1,547,831,378</b>
Add:Gain on sales of DSE,CSE Licences	-	503,238,001
Add: Capital Gain	8,196,741	-
Add:Cash dividend	1,450,000	-
Add:Income u/s 82(c) [CMSD Commission]	26,164,591	262,317,983
<b>Total Taxable Income</b>	<b>3,539,364,956</b>	<b>2,313,387,362</b>
<b>14.2 Provision for Gratuity</b>		
Opening balance	18,498,530	103,986,070
Less: Paid during the year	18,498,530	103,986,070
Add:Provision during the year	-	18,498,530
<b>Closing balance</b>	<b>-</b>	<b>18,498,530</b>
<b>14.3 Provision on Investment &amp; Others</b>		
Provision against Classified Investments (Specific) [ 14.3.a.i ]	305,935,000	137,578,000
Provision against Unclassified Investments (general) [14.3.a.ii ]	866,457,424	666,950,000
Provision against Off-balance Sheet exposures [14.3.a.iii ]	214,477,000	230,713,000
<b>Total Provision Held (a)</b>	<b>1,386,869,424</b>	<b>1,035,241,000</b>
<b>a) The movement in Specific provision on classified Investment :</b>		
i) Provision held at the beginning of the year	137,578,000	173,128,000
Fully provision debt written off	(57,475,428)	(65,500,619)
Recoveries of amount previously written off	47,157,720	23,282,877
Specific provision for the year	178,674,708	6,667,742
Provision transferred to unclassified investment [ Note:14.3.a.ii ]	-	-
<b>Provision held at the end of the year</b>	<b>305,935,000</b>	<b>137,578,000</b>
ii) <b>The movement in general provision on unclassified Investment :</b>		
Provision held at the beginning of the year	666,950,000	409,186,000
Provision during the year	183,271,424	257,764,000
Provision transferred from classified investment [ Note:14.3.a.i ]	-	-
Provision transferred from off-balance sheet exposures [ Note:14.3.a.iii ]	16,236,000	-
<b>Provision held at the end of the year</b>	<b>866,457,424</b>	<b>666,950,000</b>

## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 Taka	2010 Taka		
<b>iii) The movement in provision against Off-balance sheet exposures</b>				
Provision held at the beginning of the year	230,713,000	124,345,000		
Provision during the year	-	106,368,000		
Provision transferred to classified investment [ Note:14.3.a.ii ]	(16,236,000)	-		
<b>Provision held at the end of the year</b>	<b>214,477,000</b>	<b>230,713,000</b>		
	<b>1,386,869,424</b>	<b>1,035,241,000</b>		
<b>b) Provision for Others</b>				
Provision held at the beginning of the year	7,991,964	8,491,964		
Provision during the year	-	-		
	<b>7,991,964</b>	<b>8,491,964</b>		
Less, Adjustment during the year	-	500,000		
<b>Provision held at the end of the year</b>	<b>7,991,964</b>	<b>7,991,964</b>		
<b>14.4 Provision for diminution in value of investment</b>				
Provision held at the beginning of the year	-	-		
Provision during the year	1,525,061	-		
<b>Provision held at the end of the year</b>	<b>1,525,061</b>	<b>-</b>		
<b>14.5 Profit/Rent Suspense Account</b>				
Balance held at the beginning of the year	8,565,286	3,723,926		
Amount transferred to "Profit Rent Suspense" during the year	11,465,678	4,841,360		
Amount recovered from "Profit Rent Suspense" during the year	-	-		
<b>Balance at the end of the year</b>	<b>20,030,964</b>	<b>8,565,286</b>		
<b>14.7 AIBL General A/C</b>				
AIBL General Account represents outstanding inter-branch and Head Office transactions (Net) originated but not responded up to the balance sheet date. However, the unresponded entries as on 31.12.2011 are as under:				
	Number of unresponded entries		Unresponded Amount	
	Dr.	Cr.	Dr.	Cr.
Up to 3 Months	812	674	182.41	165.70
Over 3 Months but within 6 months	9	18	0.50	0.24
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	<b>821</b>	<b>692</b>	<b>182.91</b>	<b>165.94</b>
<b>14.A.Consolidated Other Liabilities</b>				
Al-Arafah Islami Bank Ltd.			6,546,274,484	7,766,250,230
AIBL Capital Market Services Ltd.			413,827,573	65,822,831
			<b>6,960,102,057</b>	<b>7,832,073,061</b>
Less: Investment From Subsidiary Company			-	(3,151,645,894)
Less: Due From Subsidiary Company			-	(42,286,065)
			<b>6,960,102,057</b>	<b>4,638,141,102</b>
<b>14.A.i Consolidated Current tax ( 2010 figure is restated)</b>				
Al-Arafah Islami Bank Ltd. ( 2010 figure is restated)			1,501,239,915	845,882,643
AIBL Capital Market Services Ltd.			228,187,182	23,486,768
			<b>1,729,427,097</b>	<b>869,369,411</b>
<b>14.A.ii Provision for diminution in value of investment</b>				
Al-Arafah Islami Bank Ltd.			1,525,061	-
AIBL Capital Market Services Ltd.			8,641,858	-
			<b>10,166,919</b>	<b>-</b>
<b>15. Deferred tax Liabilities/ (Assets)</b>				
Opening balance			13,547,746	(10,510,310)
Add: Addition for the year			18,445,022	24,058,056
<b>Provision held at the end of the year</b>			<b>31,992,768</b>	<b>13,547,746</b>
<b>Presented after appropriate offsetting as follows:</b>				
Deferred tax Liabilities(+)			13,547,746	(10,510,310)
Deferred tax Liabilities			18,445,022	24,058,056
<b>Deferred Tax Liabilities(net)</b>			<b>31,992,768</b>	<b>13,547,746</b>

## Notes to the Financial Statements for the Year Ended 31 December 2011

## 16. Capital

## a) Authorised Capital

The Authorized Capital of the Bank is 500,000,000 Ordinary Share of Tk. 10 each.

## b) Issued, Subscribed and Fully Paid - up Capital

Issued for Cash

Issued for other than Cash ( Bonus Share )

2011 Taka	2010 Taka
10,000,000,000	5,000,000,000
2,819,339,680	2,819,339,680
3,074,032,310	1,857,939,680
<b>5,893,371,990</b>	<b>4,677,279,360</b>

c) Issued and paid up Capital of the Bank is 589,337,199 nos. of shares of Tk. 10 each as follows

Description	No. of Shares 2011	No. of Shares 2010	Total Taka	Total Taka
Sponsors /Promoters	221,141,026	222,110,366	2,211,410,260	2,221,103,660
Institution	95,012,239	71,689,852	950,122,390	716,898,520
General Public	273,183,934	173,927,718	2,731,839,340	1,739,277,180
<b>Total</b>	<b>589,337,199</b>	<b>467,727,936</b>	<b>5,893,371,990</b>	<b>4,677,279,360</b>

Note: Bank has increased its paid up capital by issuance of Bonus Shares during the year 2010

## d) Break-up of Shares Classification of shareholders by holding as on 31.12.2011

Range of Holding	Number of Shareholders	No. of Shares	% of Shares
Less than 50,000	53658	113,459,391	19.25%
50,001 to 100,000	241	16,900,695	2.87%
100,001 to 200,000	147	20,909,422	3.55%
200,001 to 300,000	49	12,231,258	2.08%
300,001 to 400,000	33	11,443,301	1.94%
400,001 to 500,000	10	4,371,771	0.74%
500,001 to 1,000,000	45	34,767,069	5.90%
1,000,001 to 10,000,000	73	226,308,089	38.40%
10,000,001 to 20,000,000	11	148,946,203	25.27%
<b>Total</b>	<b>54267</b>	<b>589,337,199</b>	<b>100.00%</b>

## e) Minimum Capital Requirement Capital Adequacy Ratio

## 1.Tier-I ( Core Capital )

Paid-up Capital

Statutory Reserve

Retained Earnings

5,893,371,990	4,677,279,360
2,372,832,157	1,714,483,901
1,262,462,165	1,364,846,711
<b>9,528,666,312</b>	<b>10,712,078,879</b>

## 2.Tier- II ( Supplementary Capital )

General Provision

Assets Revaluation Reserves

Exchange Equalisation

1,080,934,424	897,663,000
32,301,624	32,301,624
-	-
<b>1,113,236,048</b>	<b>929,964,624</b>

## 3.Tier- III

A. Total Eligible Capital ( 1+2+3)

B. Total Risk weighted Assets ( a+b+c)

## a. Credit Risk

i. Balance sheet Business

ii. Off-balance sheet Business

10,641,902,360	8,686,574,596
93,313,600,000	68,430,500,000
84,474,700,000	61,827,700,000
80,318,700,000	54,367,000,000
4,156,000,000	7,460,700,000

b. Market Risk ( From WS-3 )

c. Operational Risk ( From WS-4)

C. Capital Adequacy Ratio ( CAR ) ( A / B)

D. Core Capital to RWA

E. Supplementary Capital to RWA

F. Minimum Capital Requirement (MCR) 10.00% of RWA

2,374,400,000	1,062,200,000
6,464,500,000	5,540,600,000
11.40%	12.70%
10.21%	11.34%
1.19%	1.36%
<b>9,331,360,000</b>	<b>6,158,745,000</b>

Capital surplus

## 16.A. Non-Controlling Interest

Share Capital

Retained Earnings

1,310,542,360	2,527,829,596
1,930,000,000	1,930,000,000
224,767,685	18,887,277
<b>2,154,767,685</b>	<b>1,948,887,277</b>

## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 Taka	2010 Taka
<b>17. Statutory Reserve ( 2010 figure is restated )</b>		
Opening balance beginning of the year	1,714,483,901	1,156,515,307
Add. Reserve @ 20% (on pre-tax profit)	658,348,255	557,968,594
<b>Balance at the end of the year</b>	<b>2,372,832,157</b>	<b>1,714,483,901</b>

Figure of 2010 has been restated to rectify the prior year error. Para 39(c) of BAS-1 requires an entity to present statement of financial position as at the beginning of the earliest comparative in the case of retrospective restatement. But we have not complied with the above requirement of BAS-1.

	2011	2010
<b>18. Other Reserve</b>		
A) General Reserve	-	-
<b>Sub total ( i )</b>	<b>-</b>	<b>-</b>
B) Asset revaluation Reserve	64,603,248	64,603,248
<b>Grand total ( i + ii )</b>	<b>64,603,248</b>	<b>64,603,248</b>
<b>19. Retained Earnings (2010 figure is restated)</b>		
Opening balance beginning of the year	1,364,846,711	542,599,113
Less : Bonus Share	(1,216,092,630)	(539,686,080)
Add: Net Profit / (loss) after tax during the year	1,772,056,340	1,919,902,272
	<b>1,920,810,421</b>	<b>1,922,815,305</b>
Less : transfer to Statutory Reserve	658,348,255	557,968,594
	<b>1,262,462,165</b>	<b>1,364,846,711</b>

Figure of 2010 has been restated to rectify the prior year error. Para 39(c) of BAS-1 requires an entity to present statement of financial position as at the beginning of the earliest comparative in the case of retrospective restatement. But we have not complied with the above requirement of BAS-1.

	2011	2010
<b>19.A Consolidated Retained Earnings ( 2010 figure is restated )</b>		
Al-Arafah Islami Bank Ltd.	1,262,462,165	1,364,846,711
AIBL Capital Market Services Ltd.	465,839,762	39,144,613
	<b>1,728,301,927</b>	<b>1,403,991,324</b>
Less : Non-Controlling interest	<b>(224,767,685)</b>	<b>(18,887,276)</b>
	<b>1,503,534,242</b>	<b>1,385,104,048</b>

	2011	2010
<b>20. Letter of Guarantee</b>		
a) Claim against the bank which is not acknowledged as debt		
b) Money for which is the bank is contingently liable in respect of guarantees given favoring		
i. Government	-	-
ii. Bank and other financial institution	-	-
iii. Others	1,812,384,128	3,081,523,783
	<b>1,812,384,128</b>	<b>3,081,523,783</b>

	2011	2010
<b>21. Investment Income (2010 figure is restated)</b>		
<b>i. Income from General Investments</b>		
Murabaha	2,302,414,550	1,434,351,546
Mudaraba	302,400	288,000
Musharaka	27,950	178,116
Bai-Muazzal (2010 figure is restated)	3,043,524,116	1,412,204,047
Hire-Purchase	1,415,125,436	819,030,962
Others mode income	1,296,647,844	220,066,305
	<b>8,058,042,295</b>	<b>3,886,118,977</b>
<b>ii. Profit on Deposits with Other Islamic Banks</b>		
In Bangladesh		
Profit received from other Islamic Bank	916,049,486	357,815,741
	<b>916,049,486</b>	<b>357,815,741</b>
Outside Bangladesh	-	-
<b>Total ( i + ii )</b>	<b>8,974,091,781</b>	<b>4,243,934,718</b>

Due to limitation in computer software of AIBL Capital Market Department the committee could not separate brokerage commission and margin profit income earned from shariah approved securities and interest based bank and financial institution. As a result the entire amount of Tk. 313,325,348 earned from brokerage was identified for the time being as doubtful income and the Shariah Supervisory Committee in its 15th Board Meeting held on 22nd March 2011 has decided to finalize the Financial Statement for the year 2010 keeping doubtful income amounting Tk. 313,325,348 apart from basic income which will be settled later on. Subsequently Shariah Supervisory Committee indentified Shariah based securities income Tk. 163,325,348 out of Tk 313,325,348. The Committee in its 81st General Meeting held on 9th October.2011 has decided to transfer Shariah based securities income Tk163, 325,348 to the income account, which is accounted for the year 2010 (reststed).

## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 Taka	2010 Taka
<b>21.A. Consolidated Investment Income (2010 figure is restated)</b>		
Al-Arafah Islami Bank Ltd.	8,974,091,781	4,243,934,718
AIBL Capital Market Services Ltd.	745,610,062	62,691,955
	<b>9,719,701,843</b>	<b>4,306,626,673</b>
Less : Inter company Adjustment	(238,689,472)	-
	<b>9,481,012,371</b>	<b>4,306,626,673</b>
<b>22. Profit paid on Deposits &amp; Borrowing</b>		
Mudaraba Savings Deposit	192,740,454	163,631,634
Mudaraba Short Term Deposit	128,120,629	115,222,367
Mudaraba Term Deposit	3,694,667,926	1,935,820,349
Mudaraba Special Deposit	1,322,833,563	764,997,949
Mudaraba BD. Govt. Islamic Bond fund	205,085,556	154,014,558
	<b>5,543,448,128</b>	<b>3,133,686,856</b>
<b>22.A. Profit paid on Deposits &amp; Borrowing</b>		
Al-Arafah Islami Bank Ltd.	5,543,448,128	3,133,686,856
AIBL Capital Market Services Ltd.	161,359,397	-
	<b>5,704,807,525</b>	<b>3,133,686,856</b>
Less : Inter company Adjustment	(238,689,472)	-
	<b>5,466,118,053</b>	<b>3,133,686,856</b>
<b>23. Income from Investment in Share /Securities</b>		
Dividend income ( cash)	1,450,000	-
Gain on sale of Shares/Securities	8,196,741	-
Profit received from other Islamic Bond	95,747,945	33,138,660
	<b>105,394,687</b>	<b>33,138,660</b>
<b>23.A. Income from Investment in Share /Securities</b>		
Al-Arafah Islami Bank Ltd.	105,394,687	33,138,660
AIBL Capital Market Services Ltd.	1,336,967	-
	106,731,654	33,138,660
Less : Inter company Adjustment	-	-
	<b>106,731,654</b>	<b>33,138,660</b>
<b>24. Commission, Exchange &amp; Brokerage Income</b>		
Commission	541,979,793	732,964,192
Exchange	791,460,230	351,632,785
Brokerage commission	81,341,003	968,744,077
	<b>1,414,781,026</b>	<b>2,053,341,055</b>
<b>24.A. Commission, Exchange &amp; Brokerage Income</b>		
Al-Arafah Islami Bank Ltd.	1,414,781,026	2,053,341,055
AIBL Capital Market Services Ltd.	136,608,980	-
	1,551,390,006	2,053,341,055
Less : Inter company Adjustment	-	-
	<b>1,551,390,006</b>	<b>2,053,341,055</b>
<b>25. Other Operating Income</b>		
Processing Fee on Investment	945,551	513,660
Supervision Fee	2,417,370	1,803,655
Telex Charge Recovered	3,995	63,907
Transfer/Redemption Fee	34,790	22,075
Telephone/Fax Charges	2,945	15,724
P & T charge Recovered	17,943,093	13,505,866
Printing & Stationery	13,804,799	11,241,558
CDBL Income (Brokerage)	2,105,481	21,336,110
Capital Gain from Fixed Asset	-	1,242,735
Service Charge (Brokerage)	16,991,229	68,988,552
Accounts Maintenance Fee	84,576,034	75,795,520
Margin Profit Received from CMSD	-	557,072,273
CARD Income	1,319,400	-
Legal expenses Recovered	790	159,564
Rent on Office Premissis	653,200	920,200
Application form sales (SEIS/SEF)	295,237	172,349
SWIFT Charge Recovered	27,242,040	32,080,645
Direct Expenses on Investment	4,407,316	3,597,587
Gain on sales of DSE & CSE Licencc	-	503,238,001
Misc.Earning	402,000	700,710
	<b>173,145,269</b>	<b>1,292,470,690</b>

## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 Taka	2010 Taka
<b>25.A. Other Operating Income</b>		
Al-Arafah Islami Bank Ltd.	173,145,269	1,292,470,690
AIBL Capital Market Services Ltd.	20,316,686	-
	<u>193,461,955</u>	<u>1,292,470,690</u>
Less : Inter company Adjustment	-	-
	<b><u>193,461,955</u></b>	<b><u>1,292,470,690</u></b>
<b>26. Salaries, Allowances &amp; Contribution to P.F</b>		
Basic Salary	295,222,354	257,840,713
House Rent Expenses	185,381,094	155,067,440
Medical Expenses	51,944,793	43,915,078
Conveyance Expenses	32,606,911	27,459,095
Bonus	185,608,631	128,999,871
Bank Contribution to Provident Fund.	23,240,705	20,960,812
Utilities	35,499,521	31,365,327
Car Expenses	22,088,475	12,003,329
Leave Encashment Expenses	22,477,775	8,966,000
Gratuity	30,000,000	18,498,530
	<u>884,070,258</u>	<u>705,076,195</u>
<b>26.A. Salaries, Allowances &amp; Contribution to P.F</b>		
Al-Arafah Islami Bank Ltd.	884,070,258	705,076,195
AIBL Capital Market Services Ltd.	23,677,002	-
	<u>907,747,260</u>	<u>705,076,195</u>
Less : Inter company Adjustment	-	-
	<b><u>907,747,260</u></b>	<b><u>705,076,195</u></b>
<b>27. Director &amp; Sharia Council Fees &amp; Expenses</b>		
i. Directors fees for attending Board/executive Committee/other committee meeting	2,925,500	2,536,900
ii. TA/DA/ Hotel fare & Foreign Directors	2,752,230	2,352,203
iii. Others	1,437,549	1,437,549
	<u>7,115,280</u>	<u>6,326,652</u>
<b>27.A. Director &amp; Sharia Council Fees &amp; Expenses</b>		
Al-Arafah Islami Bank Ltd.	7,115,280	6,326,652
AIBL Capital Market Services Ltd.	596,000	-
	<u>7,711,280</u>	<u>6,326,652</u>
	<b><u>7,711,280</u></b>	<b><u>6,326,652</u></b>
<b>28. Sharia Supervisory Committee's Fees &amp; Expenses</b>		
i. Sharia fees for attending meeting	165,064	145,000
ii. Others	24,842	24,842
	<u>189,906</u>	<u>169,842</u>
<b>29. Rent,Taxes,Insurance &amp; Lighting</b>		
Rent Office	95,041,671	87,886,441
Lighting & Electricity	23,290,300	19,051,205
Insurance	42,267,806	31,137,648
	<u>160,599,777</u>	<u>138,075,293</u>
<b>29.A. Rent,Taxes,Insurance &amp; Lighting</b>		
Al-Arafah Islami Bank Ltd.	160,599,777	138,075,293
AIBL Capital Market Services Ltd.	9,884,202	-
	<u>170,483,979</u>	<u>138,075,293</u>
	<b><u>170,483,979</u></b>	<b><u>138,075,293</u></b>



## Notes to the Financial Statements for the Year Ended 31 December 2011

	<b>2011</b> <b>Taka</b>	<b>2010</b> <b>Taka</b>
<b>30. Postage,Telegram,Telephone &amp; Stamp</b>		
Stamps	155,125	68,080
Postages	3,526,729	6,014,316
Telegram	58	180
Fax & Internet	9,433,593	7,383,993
Swift	13,070,438	8,688,107
Telephone (Office)	4,040,044	3,533,527
Telephone (Residence)	620,707	517,134
Telephone (Mobile)	1,841,457	1,370,629
Online Charge	25,036,108	24,555,981
	<b>57,724,259</b>	<b>52,131,948</b>
<b>30.A. Postage,Telegram,Telephone &amp; Stamp</b>		
Al-Arafah Islami Bank Ltd.	57,724,259	52,131,948
AIBL Capital Market Services Ltd.	412,580	-
	<b>58,136,839</b>	<b>52,131,948</b>
<b>31. Stationary,Printing &amp; Advertisement</b>		
Printing & Stationery	19,691,287	18,568,950
Paper & Table Stationery	10,365,798	7,269,868
Advertisement & Publicity Expenses	13,072,337	16,480,629
	<b>43,129,421</b>	<b>42,319,448</b>
<b>31.A. Stationary,Printing &amp; Advertisement</b>		
Al-Arafah Islami Bank Ltd.	43,129,421	42,319,448
AIBL Capital Market Services Ltd.	783,551	-
	<b>43,912,972</b>	<b>42,319,448</b>
<b>32. Other expenses</b>		
Charge & Risk Expenses	2,441,353	2,470,996
Wages	50,379,867	35,301,170
Saturday Allowance	6,179,180	5,357,800
IT Allowance	2,244,400	2,249,000
CDBL Fee & Charges	24,204,862	73,230,492
Car Maintenance	4,016,899	2,422,328
Local Conveyance Expenses	3,861,708	2,677,424
Petroleum oil & Lubricant	8,936,427	8,094,761
Entertainment	11,117,683	10,332,419
Travelling Allowances	11,584,370	12,408,210
Bank Charge	10,857,461	3,742,213
Liveries/Uniform	258,567	81,110
Donations	176,900	11,107,175
Honourirum	93,010	533,900

## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 Taka	2010 Taka
Subscription	12,236,063	3,528,156
Banks Clearing House Charge	269,304	508,907
Transportation Charge	1,358,376	922,279
Evening Banking Expenses	492,056	437,083
News paper, Jurnal & Periodicals	622,458	482,135
WASA/Gas Charge	2,507,555	1,986,403
Washing Charges	717,906	634,470
Training Expenses	3,607,832	4,071,723
Upkeep of Branch (Office Premises)	1,185,156	793,280
Computer Charges	10,292,016	9,778,151
CNG motor car Expenses	1,246,590	936,092
CDBL (general Exp.)	-	2,522,682
Registration Expenses	4,452,259	19,508,597
Development	319,158	480,940
Photo Copy Chagre	1,604,101	1,636,559
AGM	13,747,457	2,717,457
Managers Conferance	1,647,651	1,200,782
Closing Expenses	89,115	91,000
Crocarige	134,217	217,921
Right Share Issue	901,650	-
Commemorative	72,000	-
Credit rating charge	345,000	313,500
Hawla & LAGA Charge	5,305,865	66,983,667
Excise Duty	700	-
Misc. Expenses	4,769,412	2,882,263
	<b>204,276,584</b>	<b>292,643,043</b>
<b>32.A. Consolidated Other expenses</b>		
AI-Arafah Islami Bank Ltd.	204,276,584	292,643,043
AIBL Capital Market Services Ltd.	24,112,016	10,575
	<b>228,388,600</b>	<b>292,653,618</b>
<b>33. Provision against Investments &amp; Off-Balance sheet exposures</b>		
On Classified Investment as per Bangladesh Bank Circular	200,000,000	6,667,742
On Un-classified Investment as per Bangladesh Bank Circular	161,946,132	257,764,000
On Off-balance sheet as per Bangladesh Bank Circular	-	106,368,000
<b>Total</b>	<b>361,946,132</b>	<b>370,799,742</b>
<b>33.A. Provision against Investments &amp; Off-Balance sheet exposures</b>		
AI-Arafah Islami Bank Ltd.	361,946,132	370,799,742
AIBL Capital Market Services Ltd.	8,052,207	-
	<b>369,998,339</b>	<b>370,799,742</b>

## Notes to the Financial Statements for the Year Ended 31 December 2011

	<b>2011 Taka</b>	<b>2010 Taka</b>
<b>34. Paid for other operating Activities</b>		
Directors and Shariah Council fees and expenses	7,305,186	6,496,494
Rent, taxes, insurance, lighting etc.	160,599,777	138,075,293
Postage, telegram, telephone and stamp etc.	57,724,259	52,131,948
legal charges	3,494,413	3,255,103
Audit fee	651,340	1,223,840
Repairs to the banks properties	16,662,720	13,497,929
Advertisement	13,072,337	16,480,629
Other expenses	204,351,380	292,643,043
	<b>(463,861,411)</b>	<b>(523,804,280)</b>
<b>34.A. Paid for other operating Activities</b>		
Al-Arafah Islami Bank Ltd.	(463,861,411)	(523,804,280)
AIBL Capital Market Services Ltd.	(39,775,256)	(10,575)
	<b>(503,636,667)</b>	<b>(523,814,855)</b>
<b>35. Changes in other Assets (2010 Figure is rearranged)</b>		
Adjusting A/c Debit Balance	(764,858)	(36,204,197)
Suspense Account (11.a)	19,655,898	(98,766,389)
DD Paid without Advice	(128,459,112)	11,307,569
Stock of Stationery	2,584,699	(6,129,668)
Stamp in hand	(57,313)	(398,896)
Advance Deposit	(481,317)	(44,900)
Advance Rent	(26,918,509)	(44,133,309)
Capital Work In Progress	(63,140,378)	(14,769,655)
DSE & CSE Membership Cost	-	196,761,999
Investment for Subsidiary Companies	-	(2,070,000,000)
Protested Bills	1,500,000	500,000
Prepaid Expenditure [ Motijheel & Banani Branch ]	(721,587)	(826,699)
Brac Bank Eldorado Settement A/C	-	(4,900,000)
AIBL CMCL Receivable	42,286,064	(42,286,064)
Accrued Income	(197,270,732)	(127,020,942)
AIB.General A/C.(Dr.Cr.)	(65,067)	412,954,834
	<b>(351,852,212)</b>	<b>(1,823,956,318)</b>
<b>35.A. Changes in other Assets (2010 Figure is rearranged)</b>		
Al-Arafah Islami Bank Ltd.	(351,852,212)	(1,823,956,318)
AIBL Capital Market Services Ltd.	(3,178,055)	-
	<b>(355,030,267)</b>	<b>(1,823,956,318)</b>

## Notes to the Financial Statements for the Year Ended 31 December 2011

	2011 Taka	2010 Taka
<b>36. Changes in other Liabilities ( 2010 figure is restated )</b>		
Gratuity paid	(18,498,530)	(85,487,540)
AIBL Foundation	-	(4,000,000)
AIBL CMSL Payable Account	(3,151,645,894)	-
Adjusting Account Credit Balance	(607,643)	33,722,530
Outstanding Expenses	(163,387)	82,738
Profit/Rent Suspenses	11,465,678	4,841,360
Compensation Receivable	5,598,374	(6,348,718)
AIBL General Account	80,252,764	89,437,883
Write off recovery	10,000	-
CIB Collection Charge	40,410	51,450
Other Provision	-	(500,000)
Wes Fund Held (NRT) A/C	-	819,922
	<u>(3,073,548,228)</u>	<u>32,619,625</u>
<b>36.A. Changes in other Liabilities ( 2010 figure is restated )</b>		
Al-Arafah Islami Bank Ltd.	(3,073,548,228)	32,619,625
AIBL Capital Market Services Ltd.	2,892,237,071	-
	<u>181,221,157</u>	<u>32,619,625</u>
<b>37. Cash and Cash Equivalent at the end of the year</b>		
Cash in hand	809,438,237	573,365,966
Balance with Bangladesh Bank & Sonali Bank Ltd.	6,527,355,409	3,672,456,738
Balance with Other Banks	1,230,336,993	804,082,158
Bangladesh Government Islamic Investment Bond	3,000,000,000	2,000,000,000
	<u>11,567,130,639</u>	<u>7,049,904,862</u>
<b>37.A. Cash and Cash Equivalent at the end of the year</b>		
Al-Arafah Islami Bank Ltd.	11,567,130,639	7,049,904,862
	<u>11,567,130,639</u>	<u>7,049,904,862</u>
<b>38. Calculation of earning per Share ( 2010 figure is restated )</b>		
The earning per share of the bank has been calculated in accordance with BAS-33 under basic Earning per share method as follows:		
Earning per Share	<b>3.01</b>	<b>3.26</b>
<b>38.i Net profit after tax (Numerator)</b>	1,909,768,068	1,919,902,271
Weighted average number of ordinary shares outstanding 2011	589,337,199	589,337,199
Earnings per share (EPS) as per share (2011)	<u>3.01</u>	<u>3.26</u>
Earnings per share has been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)". Previous year's figures have been adjusted for the issue of bonus shares and right shares during the year.		
<b>38.A Consolidated earnings per share (CEPS)</b>		
Net profit after tax (Numerator)	2,198,751,489	1,959,046,882
Weighted average number of ordinary shares outstanding 2011	589,337,199	589,337,199
Consolidated earnings per share (CEPS) as per share (2011) (including Non-controlling interest)	<u>3.73</u>	<u>3.32</u>
<b>38.B Consolidated earnings per share (CEPS)</b>		
Net profit after tax (Numerator)	1,992,871,079	1,940,159,606
Weighted average number of ordinary shares outstanding 2011	589,337,199	589,337,199
Consolidated earnings per share (CEPS) as per share (2011) (excluding Non-controlling interest)	<u>3.38</u>	<u>3.29</u>
<b>39. Events after the balance sheet date</b>		
i) The Board of Directors in its 223th meeting held on 19 April 2012 has approved the audited financial statements for the year ended 31 December 2011 and recommended for bonus shares as the ratio of 21% ( 21 Bonus shares for every 100 shares ) subject to approval of the shareholders at the 17th Annual General Meeting (AGM).		

# Notes to the Financial Statements for the Year Ended 31 December 2011

## Consolidated Schedule of Fixed Assets as on 31 December 2011

Annexure- A1

SL No	Particulars	Cost / Revaluation				Depreciation				Written down value as on 31.12.11
		Balance at 1st January 2011	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31st December 2011	Charge for the year	Transfer/ Disposal during the year	Balance at 31st Dec. 2011	
<b>A. Fixed Assets</b>										
1	Land	192,488,432	-	162,514,920	-	355,003,352	-	-	-	355,003,352
2	Building	20,732,340	-	84,621,134	-	105,353,474	529,261	-	2,681,038	102,672,436
3	Furniture & Fixture (Wood)	51,203,178	-	8,216,633	-	59,419,811	3,297,911	-	22,661,189	36,758,622
4	Furniture & Fixture (Steel)	41,087,429	-	8,284,669	-	49,372,098	3,130,405	-	21,347,602	28,024,496
5	Computer	110,634,540	-	16,107,088	-	126,741,629	14,696,279	-	76,681,251	50,060,377
6	Computer Accessories	10,301,537	-	7,498,121	-	17,799,658	1,879,833	-	5,207,249	12,592,409
7	Motor Car	80,959,750	-	10,676,170	-	91,635,920	11,658,121	-	41,897,942	49,737,977
8	Machine Equipment & Appliance	181,036,163	-	42,652,462	-	223,688,624	18,847,410	-	75,664,910	148,023,714
9	Books & Library	8,543,387	-	113,813	-	8,657,200	193,329	-	7,793,470	863,731
10	Online Hardware	95,959,431	-	12,870,311	-	108,829,742	19,273,573	-	49,827,277	59,002,465
11	Interior Decoration	80,741,385	-	42,374,678	-	123,116,063	7,839,669	-	15,666,105	107,449,958
	<b>Sub-Total</b>	<b>873,687,571</b>	<b>-</b>	<b>395,930,000</b>	<b>-</b>	<b>1,269,617,572</b>	<b>81,345,792</b>	<b>-</b>	<b>319,428,034</b>	<b>950,189,539</b>
<b>B. Intangible Assets</b>										
12	Online Software	28,056,573	-	3,583,265	-	31,639,838	5,423,706	-	13,697,347	17,942,490
	<b>Sub-Total</b>	<b>28,056,573</b>	<b>-</b>	<b>3,583,265</b>	<b>-</b>	<b>31,639,838</b>	<b>5,423,706</b>	<b>-</b>	<b>13,697,347</b>	<b>17,942,490</b>
	<b>Total</b>	<b>901,744,144</b>	<b>-</b>	<b>399,513,265</b>	<b>-</b>	<b>1,301,257,409</b>	<b>86,769,498</b>	<b>-</b>	<b>333,125,381</b>	<b>968,132,029</b>
	<b>December 31., 2010</b>	<b>648,537,563</b>	<b>-</b>	<b>284,434,900</b>	<b>31,228,318</b>	<b>901,744,145</b>	<b>64,115,591</b>	<b>-</b>	<b>246,355,883</b>	<b>655,388,261</b>

Note -1 : LAND- It includes Assets Revaluation gain amounting to Tk. 64,603,248/= which has been made by a professional valuer on the basis of market value at December 2004.

## Notes to the Financial Statements for the Year Ended 31 December 2011

## Schedule of Fixed Assets as on 31 December 2011

Annexure - A

SL No	Particulars	Cost / Revaluation				Depreciation				Written down value as on 31.12.11	
		Balance at 1st January 2011	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31st December 2011	Charge for the year	Transfer/ Disposal during the year	Balance at 31st Dec. 2011		
<b>A. Fixed Assets</b>											
1	Land	192,488,432	-	162,514,920	-	355,003,352	-	-	-	-	355,003,352
2	Building	20,732,340	-	84,621,134	-	105,353,474	-	529,261	-	2,681,038	102,672,436
3	Furniture & Fixture (Wood)	49,048,868	-	7,743,072	-	56,791,940	-	3,082,480	-	22,445,758	34,346,182
4	Furniture & Fixture (Steel)	40,938,581	-	8,277,269	-	49,215,850	-	3,115,520	-	21,332,717	27,883,133
5	Computer	107,204,495	-	15,532,038	-	122,736,534	-	14,010,270	-	75,995,242	46,741,291
6	Computer Accessories	9,333,585	-	7,299,581	-	16,633,166	-	1,686,243	-	5,013,659	11,619,507
7	Motor Car	64,821,950	-	10,676,170	-	75,498,120	-	8,430,561	-	38,670,382	36,827,737
8	Machine Equipment & Appliance	174,527,050	-	41,476,507	-	216,003,556	-	17,545,587	-	74,363,087	141,640,469
9	Books & Library	8,543,387	-	113,813	-	8,657,200	-	193,329	-	7,793,470	863,731
10	Online Hardware	94,919,688	-	11,196,755	-	106,116,443	-	19,065,624	-	49,619,328	56,497,115
11	Interior Decoration	73,721,120	-	42,026,432	-	115,747,552	-	7,137,642	-	14,964,078	100,783,474
	<b>Sub-total</b>	<b>836,279,495</b>	<b>-</b>	<b>391,477,692</b>	<b>-</b>	<b>1,227,757,188</b>	<b>-</b>	<b>74,796,518</b>	<b>-</b>	<b>312,878,760</b>	<b>914,878,428</b>
<b>B. Intangible Assets</b>											
12	Online Software	27,846,491	-	3,435,905	-	31,282,396	-	5,381,689	-	13,655,330	17,627,065
	<b>Sub-total</b>	<b>27,846,491</b>	<b>-</b>	<b>3,435,905</b>	<b>-</b>	<b>31,282,396</b>	<b>-</b>	<b>5,381,689</b>	<b>-</b>	<b>13,655,330</b>	<b>17,627,065</b>
	Total	864,125,986	-	394,913,597	-	1,259,039,583	-	80,178,207	-	326,534,090	932,505,493
	December 31, 2010	648,537,563	-	246,816,742	31,228,318	864,125,987	-	64,115,591	-	246,355,884	617,770,103

Note - 1 : LAND- It includes Assets Revaluation gain amounting to Tk. 64,603,248/= which has been made by a professional valuer on the basis of market value at December 2004.

## Notes to the Financial Statements for the Year Ended 31 December 2011

### Investment in Shares & Securities Stock at hand as on 31-12-2011

Annexure- B

SL No.	Name of Company	No. of Share	Amount (at cost)	Market rate	Market Amount
1	IBBL	1,370,600	73,931,937	54.50	74,697,700
2	SJBL	780,100	25,358,217	32.50	25,353,250
3	SIBL	2,479,000	64,144,413	26.20	64,949,800
4	BSRM STEEL	1,159,000	125,770,696	118.70	137,573,300
5	ISLAMI INSC.	832,500	35,966,390	44.10	36,713,250
6	LAFSURCEML	851,000	25,456,436	26.60	22,636,600
7	TITAS	697,000	52,479,938	67.60	47,117,200
8	FIRSTBANK	868,900	22,690,943	26.30	22,852,070
9	MJLBD	794,200	77,326,730	99.90	79,340,580
10	MPETROLEUM	10,000	1,686,772	187.90	1,879,000
11	FAREASTLIF	323,100	50,967,540	162.00	52,342,200
12	AIBL 1st MF	7,000,000	70,000,000	8.40	58,800,000
	<b>Total</b>	<b>17,165,400</b>	<b>625,780,011</b>		<b>624,254,950</b>

## Notes to the Financial Statements for the Year Ended 31 December 2011

## Corporate Tax Status as on 31 December 2011

Annexure - B

Income Year	Assessment Year	Net Profit as per Accounts	% of Income Tax	Tax Provision	Tax Assessed by DCT	Provision Excess/ (Short)	Advance Tax Paid	Status
1	2	3	4	5	6	7	8	9
1999	2000-2001	70,465,519	35	24,662,932	24,536,396	126,536	26,264,725	Final
2000	2001-2002	67,002,756	40	23,450,965	27,606,270	(4,155,305)	27,715,613	Final
2001	2002-2003	39,480,489	40	13,818,171	22,145,464	(8,327,293)	31,102,841	Final
2002	2003-2004	136,805,485	45	57,762,194	67,938,971	(10,176,777)	28,112,459	Final
2003	2004-2005	231,014,282	45	103,956,427	110,307,969	(6,351,542)	58,448,981	Final
2004	2005-2006	316,310,754	45	156,999,375	149,941,492	7,057,883	155,930,333	Final
2005	2006-2007	478,003,215	45	215,101,448	216,446,000	(1,344,552)	120,309,105	Final
2006	2007-2008	855,469,686	45	384,023,920	438,508,427	(54,484,507)	250,302,555	Final
2007	2008-2009	582,843,658	45	354,484,244	357,814,418	(3,330,174)	399,858,323	Final
2008	2009-2010	1,258,903,318	42.5	619,702,611	590,750,499	28,952,112	435,550,808	Assessment is to be done
2009	2010-2011	1,589,240,231	42.5	594,193,859	562,955,813	31,238,046	693,948,472	Assessment is to be done
2010	2011-2012	2,789,842,969	42.5	845,882,642	805,840,101	40,042,541	791,245,152	Assessment is to be done
2011	2012-2013	3,291,741,277	42.5	1,501,239,915	1,501,239,915	-	959,610,813	Assessment is to be done
	<b>Total</b>	<b>11,707,123,639</b>		<b>4,895,278,703</b>	<b>4,876,031,735</b>	<b>19,246,968</b>	<b>3,978,400,180</b>	



## Notes to the Financial Statements for the Year Ended 31 December 2011

### Highlight on the Overall Activities of the Bank for the year - 2011

SL No.	Particulars	2011	2010
1	Paid -up Capital	5,893,371,990	4,677,279,360
2	Total Capital	10,641,902,360	10,492,564,919
3	Capital Surplus(Deficit)	1,310,542,360	2,527,829,596
4	Total Assets	103,518,725,257	75,374,365,400
5	Total Deposits	82,447,188,444	53,184,360,164
6	Total Investment	73,433,810,827	53,582,960,723
7	Total Contingent Liabilities	21,482,781,684	23,436,873,855
8	Investment Deposit Ratio (%)	89.07%	100.75%
9	Ratio of Classified Investment to Total investment (%)	1.02%	1.14%
10	Profit after Tax & Provision	1,772,056,340	1,919,902,271
11	Amount of Classified Investment	751,100,000	610,475,871
12	Provision kept against Classified Investment	305,935,000	102,028,000
13	Provision Surplus / (Deficit)	-	50,000,000
14	Cost of fund (%)	11.08%	9.72%
15	Profit earning Assets	88,093,066,722	64,665,876,221
16	Profit Non-earning Assets	15,425,658,535	10,708,489,179
17	Return on Investment (ROI)	12.22%	7.92%
18	Return on Assets After Tax (ROA)	1.71%	2.55%
19	Income from Investment in Shares	105,394,687	33,138,660
20	Earning per Share (Taka)	3.01	3.26
21	Net Income per share (Taka)	3.01	3.26
22	Price Earning Ratio (Times)	12.57	20.53

## Name of the Directors and their Shareholdings in the year 2011

Sl. No.	Name of Directors	Status	Ending position on 31/12/2011	Opening position on 01/01/2011	Remarks
1	Badiur Rahman	Chairman	16438902 shares of Tk. 10/- each Tk. 16,43,89,020/-	13046748 shares of Tk. 10/- each Tk. 13,04,67,480/-	
2.	Sarker Mohammad Shameem Iqbal	Vice-Chairman	163800 shares of Tk. 10/- each Tk. 16,38,000/-	130000 shares of Tk. 10/- each Tk. 13,00,000/-	
3.	Al-hajj Md. Harun-ar-Rashid Khan	Director	6390531 shares of Tk. 10/- each Tk. 6,39,05,310/-	5000422 shares of Tk. 10/- each Tk. 5,00,04,220/-	
4.	Al-hajj Nazmul Ahsan Khaled	Director	4369044 shares of Tk. 10/- each Tk. 4,36,90,440/-	3467496 shares of Tk. 10/- each Tk. 3,46,74,960/-	
5.	Al-hajj Abdul Malek Mollah	Director	10073627 shares of Tk. 10/- each Tk 10,07,36,270/-	6328276 shares of Tk. 10/- each Tk. 6,32,82,760/-	
6.	Al-hajj Hafez Md. Enayetullah	Director	7164972 shares of Tk. 10/- each Tk. 7,16,49,720/-	5686486 shares of Tk. 10/- each Tk. 5,68,64,860/-	
7.	Al-hajj Abdul Moktadir	Director	5066958 shares of Tk. 10/- each Tk 5,06,69,580/-	4021396 shares of Tk. 10/- each Tk 4,02,13,960/-	
8.	Al-hajj Ahamedul Hoque	Director	11381970 shares of Tk. 10/- each Tk. 11,38,19,700/-	9033310 shares of Tk. 10/- each Tk. 9,03,33,100/-	
9.	Al-hajj Abdus Samad	Director	13262754 shares of Tk. 10/- each Tk. 13,26,27,540/-	10525996 shares of Tk. 10/- each Tk. 10,52,59,960/-	
10.	Al-Hajj Kh. Mesbah Uddin Ahmed	Director	11232423 shares of Tk. 10/- each Tk. 11,23,24,230/-	5942040 shares of Tk. 10/- each Tk. 5,94,20,400/-	

## Name of the Directors and their Shareholdings in the year 2011

Sl. No.	Name of Directors	Status	Ending position on 31/12/2010	Opening position on 01/01/2010	Remarks
11.	Abu Naser Mohammad Yeahea	Director	14555366 shares of Tk. 10/- each Tk. 14,55,53,660/-	11551878 shares of Tk. 10/- each Tk. 11,55,18,780/-	
12.	Abdus Salam	Director	8481891 shares of Tk. 10/- each Tk. 8,48,18,910/-	6572930 shares of Tk. 10/- each Tk. 6,57,29,300/-	
13.	Niaz Ahmed	Director	10497557 shares of Tk. 10/- each Tk. 10,49,75,570/-	8291712 shares of Tk. 10/- each Tk. 8,29,17,120/-	
14.	Md. Ashik Hossain	Director	17921095 Shares of Tk. 10/- each Tk. 17,92,10,950/-	14223092 Shares of Tk. 10/- each Tk. 14,22,30,920/-	
15.	Anwar Hossain	Director	2307548 Shares of Tk. 10/- each Tk. 2,30,75,480/-	1831388 Shares of Tk. 10/- each Tk. 1,83,13,880/-	
16.	Mohammed Emadur Rahman	Director	2007401 Shares of Tk. 10/- each Tk. 2,00,74,010/-	1593176 Shares of Tk. 10/- each Tk. 1,59,31,760/-	
17.	Md. Rafiqul Islam	Director	3276000 Shares of Tk. 10/- each Tk. 3,27,60,000/-	2600000 Shares of Tk. 10/- each Tk. 2,60,00,000/-	
18.	Dr. Momtaz Uddin Ahmed	Independent Director	Nil	Nil	
19.	Birg. General M. A. Malek (Retd.)	Independent Director	Nil	Nil	
20.	Ekramul Hoque Managing Director	Ex-Officio Director	Nil	Nil	No need to hold any share

## Qualitative and Quantitative Disclosures under Pillar -3 of Basel-II

The disclosures (qualitative and quantitative) under the revised Risk Based Capital Adequacy (RBCA) framework as advised by Bangladesh Bank based on the audited financial position of the bank as of 31st December, 2011 are presented below:

- a) Scope of Application
- b) Capital Structure
- c) Capital Adequacy
- d) Credit Risk
- e) Equities: Disclosures for Banking book positions
- f) Interest Rate Risk in the Banking Book (IRRBB)
- g) Market Risk
- h) Operational Risk

### **A) Scope of application**

#### **Qualitative Disclosures**

- a) The name of the top corporate entity to which this framework applies: **Al-Arafah Islami Bank Limited.**
- b) Consolidation for accounting purposes

Consolidated financial statements are the financial statements of a group (parent and subsidiaries) presented into one. This offers the benefit of viewing the whole group's combined financial information together to see how all companies are doing jointly.

A group consists of a parent entity and all its subsidiaries. The control exercised by the parent entity is the power to govern the financial and operating policies of the subsidiary (ies) so as to obtain benefits from its activities.

#### **Scope**

Consolidated financial statements represent combination of the financials of all subsidiaries of the parent entity. This consolidation is required when a parent owns 50 percent or more shares in the subsidiary (ies) with controlling authority.

#### **Procedures**

In preparing consolidated financial statements, an entity combines the financial statements of the parent entity and its subsidiaries and the items covered are mainly assets, liabilities, equity, income and expenses. However intra group balances, transactions, income and expenses are eliminated in full.

The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements are of the same date. Consolidated financial statements are prepared using uniform accounting policies for both the parent entity and the subsidiary (ies).

Minority interest is presented in the consolidated statement of financial position within equity segment but separately from the equity of the owners of the parent entity.

#### **Consolidation for regulatory purposes**

Banks having subsidiaries have been advised to consolidate their financial statements following accounting standards as set by the regulators to assess capital adequacy. As such the bank has prepared capital adequacy report on Solo basis as well as on consolidated basis.

If subsidiaries financials are not consolidated with that of the Bank, investments in subsidiary (ies) by the bank will be deducted at 50% from Tier 1 and 50% from Tier 2 capital of the bank. The assets representing the investments in subsidiaries whose capital had been deducted from that of the parent would not be included in total assets for the purposes of computing CAR.

Al-Arafah Islami Bank Limited is the parent company of AIBL Capital Market Services Limited which is established on 20th September 2010 to perform merchant banking activities in Bangladesh. A brief description of AIBL Capital Market Services Limited is as follows:

Name	: AIBL Capital Market Services Limited
Date of Incorporation	: 21st September, 2010
Date of Commencement	: 21st September, 2010
Authorised Capital	: Tk. 1,000 crore
Paid up Capital	: Tk. 400 crore
Ownership	: Tk. 207.00 crore (51.75%)

#### Quantitative Disclosures:

Al-Arafah Islami Bank Limited has one subsidiary: Al-Arafah Islami Bank Limited and the assets and liabilities of this subsidiary are consolidated with the financial of the parent company.

#### B) Capital structure

##### Qualitative Disclosures:

##### a) The regulatory capital under Basel-II is composed of

- (I) Core Capital (Tier-1)
- (II) Supplementary Capital (Tier-2)
- (III) Additional Supplementary Capital (Tier-3) [only for market risk]

Tier-1 capital comprises highest quality capital items which are permanent in nature and allows a bank to absorb losses on an ongoing basis and includes paid-up capital, statutory reserve, general reserve, retained earnings, minority interest in subsidiaries,

Tier-2 capital lacks some of the characteristics of the core capital but bears loss absorbing capacity to a certain General provision, revaluation reserves etc are part of Tier 2 capital.

Tier-1 capital of the bank as of December 31, 2011 is Tk. 1,192.45 crore which is 91.39 % of total eligible capital Tk. 1,304.79 crore and out of Tier 1 capital 49.42% is paid up capital & 19.90% is statutory reserve. Tier-2 capital of the bank Tk. 112.34 crore which is constituting 8.61% of total eligible capital and the major contributors are general provision 97.12% & asset revaluation reserves 2.88%.

The bank has already increased its Tier-1 capital by issuing right shares worth Tk. 233.86 crore in 2010.

##### Quantitative Disclosures:

	Figures in crore taka
<b>b) The total amount of Tier-I capital</b>	<b>1,192.45</b>
Paid-up capital	589.34
Non- repayable share premium account	-
Statutory Reserve	237.28
General Reserve	-
Retained earnings	150.35
Non-controlling interest in subsidiaries	215.48
Non cumulative irredeemable preference shares	-
Dividend equalization account	-
<b>c) The total amount of Tier-2 and Tier-3 capital</b>	<b>112.34</b>
<b>d) Other deductions from capital</b>	<b>-</b>
<b>e) Total eligible capital</b>	<b>1,304.79</b>

#### C) Capital Adequacy

##### Qualitative Disclosures:

a) To calculate Minimum Capital Requirement (MCR) under pillar-I of Basel-II framework as per the guideline of Bangladesh Bank, Al-Arafah Islami Bank Limited is presently following Standardized Approach for assessing and mitigating Credit Risk, Standardized Rule Based Approach for quantifying Market Risk and Basic Indicator Approach for Operational measurement.

**Quantitative Disclosures:**

Figures in crore taka

b) Capital Requirement for Credit Risk	876.59
c) Capital Requirement for Market Risk	23.74
d) Capital Requirement for Operational Risk	68.36
<b>Total Requirement</b>	<b>968.69</b>
<b>e) Total and Tier 1 capital ratio:</b>	
<b>o For the consolidated group:</b>	
- CAR	13.47%
- Tier- 1 Capital Ratio	12.31%
<b>o For stand alone</b>	
- CAR	11.40%
- Tier-1 Capital Ratio	10.21%

**D) Credit Risk****Qualitative Disclosures:**

a) Definition of past due and impaired assets (for accounting purposes)

A loan payment that has not been made as of its due date is termed as past due. Payment may be made for repayment/ renewal/rescheduling or as an installment of a claim.

The past due claims are discussed below:

**Special Mention Accounts (SMA):**

A claim which is overdue for 90 days or more will be classified as Special Mention Account.

When a loan is classified as SMA, it needs constant monitoring and supervision as the repayment probability decreases.

**Sub-Standard (SS):**

The repayment of the loan has been put in doubt but the recovery is not unlikely.

**Doubtful (DF):**

There is less possibility of recovery of the overdue amount and probability of loss is high.

**Bad /Loss (B/L):**

These are the loans which have almost turned unrecoverable.

**Approaches followed for specific and general allowances:****i) Specific provision:**

Substandard	:	20%
Doubtful	:	50%
Bad/Loss	:	100%

**ii) General Provision:**

- 1% to 5% on different categories of unclassified loans.
- 1% on Off Balance sheet exposure.
- 5% on the outstanding amount of loans kept in the 'Special Mention Account' after netting off the amount of Interest Suspense.

For classification of loan, specific and general allowances the bank follows Master Circular-Loan Classification and Provisioning vide BRPD circular no-05 dated June 05, 2006; and as advised by Bangladesh Bank from time to time.

In addition to the above mentioned objective criteria, loans can be classified on the basis of subjective judgment taking into consideration the factors such as uncertainty or doubt of repayment, continuous loss of capital, adverse situation, decrease of value of securities, legal suit etc.

However, Bangladesh Bank can classify any claim on the basis of their subjective judgment as well as can ask the Bank to buildup additional provision on non-performing loans.

### Credit Risk Management Policy

The bank has established Credit Risk Management framework as directed by Bangladesh Bank through introduction of Risk Management (CRM) policy guide along with implementation of the Credit Risk Grading (CRG). This framework defines CRM structure, role, responsibilities and the processes to identify, quantify, and manage risk within the framework under the given policy. The CRM policy is reviewed from time to time for adoption of new techniques/policies for measurement and management of risk in line with the socio-economic scenario and investment environment of the country.

#### Quantitative Disclosures:

Figures in crore taka

<b>a) Funded:</b>	
General Investment	
i) In Bangladesh	
Murabaha Investment	2,384.57
Bai-Muajjal Investment	3,625.27
Hire Purchase Investment	1,274.87
Pre shipment Investment	92.60
Quard	127.87
Sub Total	7,505.18
ii) Out side Bangladesh	-
Total	7,505.18
Less Unearned Profit on Investment	591.16
	6,914.02
Bill Purchased & Discount	
Payable in Bangladesh	822.46
Payable out side Bangladesh	35.01
Sub Total	857.47
<b>Total Funded</b>	<b>7,771.49</b>
<b>b) Non Funded:</b>	<b>2,148.27</b>
<b>c) Geographical distribution of exposures</b>	
Region Based	
Dhaka	5,883.71
Chittagong	1,169.07
Sylhet	183.09
Rajshahi	545.66
Khulna	369.10
Barisal	212.02
<b>Sub Total</b>	<b>8,362.65</b>
Less Unearned Profit on Investment	591.16
<b>Total</b>	<b>7,771.49</b>
<b>d) Country based Funded</b>	
Domestic	7,771.49
Overseas	-
<b>e) Country based Non-Funded</b>	
Domestic	2,148.27
Overseas	-
<b>f) Major Industry wise distribution of exposures</b>	
Agriculture, Fishing and Forestry	79.35
Industry	2,427.96
Construction	341.30
Water works & Sanatary Service	30.23
Transport & communication	343.58
Storage	4.80
Trade Finace	4,616.74
Miscellaneous	518.69
	8,362.65
Less Unearned Profit on Investment	591.16
<b>Total</b>	<b>7,771.49</b>

<b>g Distribution of risk exposure by claims</b>	
A. Claims on sovereigns and central banks	924.10
B. Claims on PSE	-
C. Claims on banks and securities firms	1481.95
D. Claims on corporate ( Medium enterprise loans to be shown separately)	4315.02
E. Claims included in the retail portfolio & small enterprises	1,818.11
F. Claims secured by residential property	110.56
G. Claims secured by commercial real estate	148.58
H. Consumer Investment	41.73
Past due loans / NPL	124.37
Off-balance sheet items	2148.27
<b>h Credit risk mitigation</b>	
Claims secured by financial collateral	514.62
Net exposure after the application of haircuts	118.90
Claims secured by eligible guarantee	-
<b>i) Residual contractual maturity breakdown of the whole portfolio</b>	
Repayable on demand	-
Up to 1 month	500.43
More than 1 month but less than 3 months	801.42
More than 3 months but less than 1 year	2,974.93
More than 1 year to less than 5 year	2,146.94
More than 5 year	1,347.77
<b>Total</b>	<b>7,771.49</b>
<b>j) Gross Non Performing Assets- (NPAs)</b>	<b>75.11</b>
Non performing assets to outstanding Investment ( loans and advances)	0.95%
<b>k) Movement of Non Performing Assets (NPAs)</b>	
Opening balance as on 01-01-2011	61.05
Addition During the year	40.74
Less: Cash Recovery during the year	(6.30)
Less: Rescheduling during the year	(14.84)
Less: Write-off during the year	(5.54)
Closing Blance 31-12-2011	<b>75.11</b>
<b>l) Movement of specific provisions for NPAs</b>	
Opening balance	13.76
Fully provision Debt Written-off	(5.75)
Provision made during the period	17.87
Recoveries of amount previously write off	4.71
Closing balance	<b>30.59</b>

#### E) Equities: Disclosures for Banking Book Positions

##### Qualitative Disclosures:

a) The bank holds unquoted equities intent of which is not trading and the same are shown as banking book asset in balance sheet. As these securities are not quoted or traded in the bourses they are shown in the balance sheet at the cost price and no revaluation reserve has been created against these equities.

##### Quantitative Disclosures:

#### b) Values of investments (for unquoted securities) as disclosed in the Balance Sheet:

Figures in crore taka

Name of the Scrip	value
Central Depository Bangladesh Ltd	0.88
Total	0.88

c) As investment in unquoted equities does not have any maturity, we have calculated capital charge on the basis of its risk weight which is 125% of investment value.

#### F) Interest Rate Risk in the Banking Book (IRRBB)

##### Qualitative Disclosures:

Interest rate risk is the exposure of a bank's financial condition due to adverse movements in interest rates. Changes in interest rates affect a bank's earnings by changing its net interest income and the level of other interest sensitive income and operating income. Changes in interest rates also affect the underlying value of the banks assets, liabilities and off-balance-sheet instruments because the economic value of future cash flows changes when interest rates change.

Interest rate risk in the banking book can be measured on the basis of:

- 1) Earning perspective-net interest income earned in the given reporting period
- 2) Economic value perspective- net interest income measured in a given point in time such as Economic Value of Capital



## Quantitative Disclosures:

**Maturity GAP on Banking Book Assets & Liabilities**  
As on December 31, 2011

Figure in crore taka

Particulars	Up to 1 month	1 to 3 month	3 to 12 month	1 to 5 years	Above 5 years	Total
<b>Asset</b>						
Cash in hand	733.68	-	-	-	-	733.68
Balance with other banks & Financial Institute	2.73	120.31	-	-	-	123.04
Placement with other banks & Financial Institute	110.00	280.00	590.00	-	-	980.00
Investment in Sharea & Securities (only HTM)	-	-	-	362.89	14.29	377.18
Investment (Loans and Advances)	500.43	801.42	2,974.93	2,146.94	1,347.77	7,771.49
Fixed Assets	-	-	-	48.55	48.26	96.81
Other Assets	35.73	45.79	52.71	387.50	72.89	594.62
<b>Total</b>	<b>1,382.57</b>	<b>1,247.52</b>	<b>3,617.64</b>	<b>2,945.88</b>	<b>1,483.21</b>	<b>10,676.82</b>
<b>Liabilities</b>						
Placement from other banks & Financial Institute	100.00	30.00	430.00	-	-	560.00
Deposits	885.38	769.40	3,085.97	3,045.54	432.41	8,218.70
Provision and other liabilities	47.80	34.01	45.11	95.63	473.46	696.01
Deferred Tax Liabilities/Assets	-	-	3.20	-	-	3.20
<b>Total</b>	<b>1,033.18</b>	<b>833.41</b>	<b>3,564.28</b>	<b>3,141.17</b>	<b>905.87</b>	<b>9,477.91</b>
<b>GAP</b>	<b>349.39</b>	<b>414.11</b>	<b>53.36</b>	<b>(195.29)</b>	<b>577.34</b>	<b>1,198.91</b>
<b>Cumulative Gap</b>	<b>349.39</b>	<b>763.50</b>	<b>818.86</b>	<b>621.57</b>	<b>1,198.91</b>	<b>-</b>

## Impact of Upward Interest Rate on Banking Book for One Year in Different Time Buckets

Figure in crore taka

Particular/ shock	Minor	Moderate	Major
Increase in interest rate	1.00%	2.00%	3.00%
Period	Upto 1 month		
Gap	349.39	349.39	349.39
Impact on Nil (Net Interest Income)	0.29	0.58	0.87
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	0.17	0.33	0.50
Period	1 to 3 month		
Gap	414.11	414.11	414.11
Impact on Nil(Net Interest Income)	0.69	1.38	2.07
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	0.40	0.79	1.19
Period	3 to 12 month		
Gap	53.36	53.36	53.36
Impact on Nil(Net Interest Income)	0.40	0.80	1.20
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	0.23	0.46	0.69

**Impact of Downward Interest Rate on Banking Book for One Year in Different Time Buckets**

Figure in crore taka

Particular/ shock	Minor	Moderate	Major
Decrease in interest rate	(1.00%)	(2.00%)	(3.00%)
Period	Upto 1 month		
Gap	349.39	349.39	349.39
Impact on Nil (Net Interest Income)	(0.29)	(0.58)	(0.87)
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	(0.17)	(0.33)	(0.50)
Period	1 to 3 month		
Gap	414.11	414.11	414.11
Impact on Nil (Net Interest Income)	(0.69)	(1.38)	(2.07)
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	(0.40)	(0.79)	(1.19)
Period	3 to 12 month		
Gap	53.36	53.36	53.36
Impact on Nil (Net Interest Income)	(0.40)	(0.80)	(1.20)
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	(0.23)	(0.46)	(0.69)

**Impact of Upward Interest Rate on Banking Book for up to One Year (Cumulative)**

Figure in crore taka

Particular/shock	Minor	Moderate	Major
Increase in interest rate	1.00%	2.00%	3.00%
Gap	816.86	816.86	816.86
Period (Year)	1 Year		
Impact on Nil (Net Interest Income)	8.17	16.34	24.51
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	4.70	9.39	14.09

**Impact of Downward Interest Rate on Banking Book for up to One year (Cumulative)**

Figure in crore taka

Particular/shock	Minor	Moderate	Major
Decrease in interest rate	(1.00%)	(2.00%)	(3.00%)
Gap	816.86	816.86	816.86
Period (Year)	1 Year		
Impact on Nil (Net Interest Income)	(8.17)	(16.34)	(24.51)
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	(4.70)	(9.39)	(14.09)

**G) Market Risk****Qualitative Disclosures:****a) View of the Board of Directors on trading/investment activities:**

Trading book consists of positions in financial instruments held with trading intent or in order to hedge other elements of the Trading Book. The portfolio of investment includes Government Treasury Bills and Bonds, Prize Bonds, Shares of listed Public Limited Companies etc. Bank always desires to invest in high yield areas and also has ensured maintenance of Statutory Liquidity Requirements (SLR) as fixed by Bangladesh Bank.

**Methods used to measure Market Risk:**

Market risk is the possibility of losing assets in the balance sheet and off- balance sheet positions due to volatility in the market variables viz. interest rate, foreign exchange rate, reinvestment and price. The bank measures impact on profitability and impact on asset prices under market risk through Maturity GAP Analysis, Sensitivity Analysis, VAR, Mark to Market and has adopted Standardized Measurement approach for measuring Market Risks under Basel-II

**Market Risk Management System:**

The Bank has its own Market Risk Management System which includes Asset Liability Risk Management (ALM) and Foreign Exchange Risk Management under core risk management guidelines.

**Policies and processes for mitigating market risk:**

- I Risk Management and reporting is based on parameters such as Duration, PV, Exposure and Gap Limits, VaR etc, in line with the global best practices.
- I Risk Profiles are analyzed and mitigating strategies / processes are suggested by the Asset Liability Committee (ALCO). Their effectiveness is monitored on an on-going basis.
- I Forex Open Position limits (Day limit / Overnight limit), Deal-wise cut-loss limits, Stop-loss limit, Profit / Loss in respect of cross currency trading are properly monitored and exception reporting is regularly carried out.
- I Holding of equities is monitored regularly so that the investment remains within the limit as set by Bangladesh Bank.
- I Asset liability management committee (ALCO) analyzes market and determines strategies to attain business goals.

**Quantitative Disclosures:****b) The capital requirements for Market Risk:**

	Figures in crore taka
Interest rate risk	-
Equity position risk	2.86
Foreign exchange risk	20.89
Commodity risk	-
<b>Total</b>	<b>23.74</b>

**H) Operational risk****Qualitative Disclosures****a) View of the Board of Directors on system to reduce Operational Risk:**

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputation risk.

Al-Arafah Islami Bank Limited has established an effective integrated operational risk management framework to mitigate the operational risk; The focus of operational risk is on low probability/high loss vs. high probability/low loss events.

**Performance Gap of Executives and Staffs:**

The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop corporate culture where employees can exert their highest involvement and commitment to work and organization with high ethical standards in order to build a congenial atmosphere.

**Policies and processes for mitigating operational risk:**

The Bank has adopted policies which deal with managing different operational risk. Internal control and compliance-division in conjunction with the Risk Management Unit (RMU) has been performing the supervisory and monitoring, works to manage operational risk.

Approach for calculating capital charge for operational risk:

The Bank has adopted Basic Indicator Approach (BIA) to compute capital charge against operational risk under Basel -II as per Bangladesh Bank Guidelines.

**Quantitative Disclosures:**

	Figures in crore taka
<b>b) The capital requirements for operational risk</b>	<b>68.36</b>

**Calculation of Capital Charge for Operational Risk  
Basic Indicator Approach**

Year	Gross Income (GI)	Average GI	15% of Average GI
December 2009	269.35	455.71	68.36
December 2010	510.82		
December 2011	586.97		
<b>Total GI</b>	<b>1,367.14</b>		



## AUDITORS' REPORT

We have audited the accompanying Financial Statements of AIBL Capital Market Services Ltd, which comprise the Statement of Financial Position as at 31 December 2011 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

1. On verification of Margin loans aggregating to Taka 5,986,901,675 we observed that there exists a large number of clients which are nonperforming and did not have any transactions for long time and in some cases more than one year and above. We also observed that the company recognized profit for an aggregate amount of Taka 93,847,895 against such non performing margin loans of Taka 604,993,566 and debited to respective margin loan accounts without any recovery. As a result income and outstanding balance of margin loan is inflated with unrealized profit and fictitious cash inflow has also been shown under operating activities of statement of cash flows of the annexed financial statements.
2. As per SEC Directive #. SEC/CMRRCD/2009-193/92 dated January 10, 2011, it is mentioned that credit facilities for the approved clients may be extend up to 2 (two) times of clients' margin/clients' deposit (i.e. credit facilities shall be on 1:2 basis) under the Margin Rules, 1999 but during our verification of the information provided by the company we observed that 938 clients out of 5,674 clients have crossed the above limit as per market scenario on balance Sheet date.
3. We did not get complete data backup for data analysis and system check of the software. We have received a customized data backup where exceptional records could not be traced from the following tables of the database:
  1. T\_ledgeredit
  2. T\_RRedit
  3. T\_shedit
  4. T\_preledger

Thus we could not check the records of the above tables by restoring Year-End (2011) data or any data before January 25, 2012.

4. The software used by the company is not compliant in a few of areas compare to the guideline provided by Dhaka Stock Exchange Ltd. (DSE) and yet to be upgraded to meet the functionalities like Multiple Depository Support, Separate Module for Merchant Banking Operation, Integrated Web Based Platform for Flexibility and Manageability, Data Integrity and Security where currently vendor is also holding administrative privilege which is not acceptable, User Define Charges which is also dependable on vendor right now, Employee Information/H.R. Module, Disaster Recovery Site (DRS) and daily data backup preservation procedure, Internet Service, SMS Service etc. and chart of accounts as prescribed by DSE. In this connection the memo issued by Security Exchange commission vide number DSC/Member/2011/uniform/2413 dated March 03, 2011 may be reviewed.

#### Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the annexed financial statements present fairly in all material respect the financial position of AIBL Capital Market Services Ltd. as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

#### We also report that

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof except for access to system software used to prepare/update the uniform reporting format ;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the Statement of Financial Position and Statement of Comprehensive Income dealt with the report are in agreement with the books of accounts and returns.

the expenditure incurred and payments made were for the purpose of the Company's business for the period.



Howladar Yunus & Co  
Chartered Accountants

Dated: Dhaka  
26 January 2012

## Statement of Financial Position As at 31st December 2011

Particulars	Notes	31.12.2011 Taka	31.12.2010 Taka
<b>ASSETS:</b>			
<b>Non - Current Assets</b>			
Property, Plant & Equipment	4	35,626,536	37,618,158
<b>Current Assets:</b>			
Account Receivable	5	12,268,583	56,281,865
Investment	6	6,129,808,847	3,095,364,029
Membership Cost	7	700,000,000	700,000,000
Advance, Deposits & Prepayment	8	7,845,740	100,000
Preliminary Expenses		-	4,567,685
Cash and Bank Balance	9	260,211,675	210,394,698
Advance Income Tax	10	139,661,458	641,009
<b>Total Assets</b>		<b>7,285,422,839</b>	<b>4,104,967,444</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>Capital and Reserve</b>			
Paid -up Capital	11	4,000,000,000	4,000,000,000
Retained Earning		465,839,762	39,144,612
<b>Current Liabilities</b>			
Borrowing from Bank	12	2,405,755,505	-
Accounts Payable	13	145,459,555	42,336,064
Provision for Investments	27	16,694,065	-
Provision for taxation	14	251,673,952	23,486,768
<b>Total Equity and Liabilities</b>		<b>7,285,422,839</b>	<b>4,104,967,444</b>

The annexed notes form an integral part of these financial statements



Director



Director



Managing Director

Signed as per annexed report on even date



Howladar Yunus & Co.  
Chartered Accountants

Dated : Dhaka  
26 January, 2012

## Statement of Comprehensive Income For the year ended December 31, 2011

Particulars	Notes	31.12.2011 Taka	31.12.2010 Taka
Investment Income	15	745,610,062	62,691,955
Profit paid on Borrowing	16	161,359,397	-
<b>Net Investment Income</b>		<b>584,250,665</b>	<b>62,691,955</b>
<b>OTHERS</b>			
Brokerage Commission	17	136,608,980	-
Documentation & Maintenance Fess	18	3,126,000	-
Other Operating Income	19	18,527,653	-
		<b>158,262,633</b>	<b>-</b>
<b>Total operating Income (A)</b>		<b>742,513,298</b>	<b>62,691,955</b>
Hawla, Laga & CDBL Charges	20	19,819,366	-
Salary allowances & Contribution to P.F	21	23,677,002	-
Rents, Taxes, Insurance, Lighting etc.	22	9,884,202	-
Honorarium & Meeting Expense	23	596,000	-
Law Charges		3,000	-
Postage, Telegram, Telephone & Stamps etc	24	412,580	-
Depreciation, Amortization & Repairs to Properties	25	11,368,549	-
Stationery, Printing, Advertisement etc.		783,551	-
Audit Fees		100,000	50,000.00
Other Expenses	26	4,292,650	10,575.00
<b>Total operating expenses (B)</b>		<b>70,936,900</b>	<b>60,575.00</b>
<b>Profit/(loss) before provision and Tax C = (A - B)</b>		<b>671,576,398</b>	<b>62,631,380</b>
Provision for Investments	27	16,694,065	
Provision for Taxation	28	228,187,183	23,486,768
Net Profit after Tax		<b>426,695,150</b>	<b>39,144,612</b>
Retained Earning Brought forward		39,144,612	-
<b>Retained earning Carried forward</b>		<b>465,839,762</b>	<b>39,144,612</b>
<b>Earning per Share (EPS) ( Tk. 10)</b>		<b>1.07</b>	<b>0.10</b>

The annexed notes form an integral part of these financial statements



Director



Director



Managing Director

Signed as per annexed report on even date



Howladar Yunus & Co.

Chartered Accountants

Dated : Dhaka

26 January, 2012



## Statement of Changes in Equity For the year ended December 31, 2011

Particulars	Share Capital	Retained Earning	Total
Paid- Up Capital	4,000,000,000	-	4,000,000,000
Profit & Loss Account	-	465,839,762	465,839,762
Balance as at 31st December , 2011	4,000,000,000	465,839,762	4,465,839,762
Balance as at 31 December , 2010	4,000,000,000	39,144,612	4,039,144,612

The annex notes form an integral part of these financial statements



Director



Director



Managing Director

## Statement of Cash flows

### For the period ended December 2011

Particulars	31.12.2011 Taka	31.12.2010 Taka
<b>Cash flows from operating activities</b>		
Investment income receipt in Cash	745,610,062	62,691,955
Profit paid on deposits and borrowing	(161,359,397)	-
Fees & Commission received in cash	136,608,980	-
Cash payments to employees	(23,677,002)	-
Cash payments to suppliers	(783,551)	-
Received from other operating activities (item-wise)	21,653,652	-
Paid for other operating activities (item-wise)	(39,885,056)	(651,584)
Advance income tax paid	(139,020,449)	-
<b>Operating profit before changes in operating assets and liabilities</b>	<b>539,147,239</b>	<b>62,040,371</b>
<b>Changing in Operating assets &amp; liabilities</b>		
Increase/Decrease Investment	(3,034,444,818)	(3,095,364,029)
Increase/Decrease of Accounts receivable	44,013,282	(56,281,865)
Increase/Decrease of Borrowing	2,405,755,505	-
Increase/Decrease of Accounts payable	103,123,491	-
Increase/Decrease of other assets (item-wise)	(3,178,055)	-
Increase/Decrease of other liabilities (item-wise)	-	100,221
<b>Cash receipt from operating activities</b>	<b>(484,730,595)</b>	<b>(3,151,545,673)</b>
<b>A. Net Cash from operating activities</b>	<b>54,416,644</b>	<b>(3,089,505,302)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(4,599,668)	-
<b>B. Net cash flows from investing activities</b>	<b>(4,599,668)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Increase in Share Capital	-	1,600,000,000
<b>C. Net cash flows from financing activities</b>	<b>-</b>	<b>1,600,000,000</b>
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>	<b>49,816,976</b>	<b>(1,489,505,302)</b>
<b>E. Effects of exchange rate changes on cash and cash-equivalents</b>	<b>-</b>	<b>-</b>
<b>F. Net increase in cash and cash equivalent D+E</b>	<b>49,816,976</b>	<b>(1,489,505,302)</b>
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>210,394,698</b>	<b>1,699,900,000</b>
<b>H. Cash &amp; Cash Equivalents at the end of the year</b>	<b>260,211,674</b>	<b>210,394,698</b>

The annexed notes form an integral part of these financial statements



Director



Director



Managing Director

## Notes to the financial statements For the year ended 31 December, 2011

### 1. Significant Accounting Policies and other materials information

**a) Legal Form of the Enterprise:** The Company is incorporated under the companies act 1994 as a public limited company by share namely AIBL Capital Market Services Limited on 21st September 2010. The company was entitled to commence the business also from 21st September 2010. The Company is a subsidiary company of Al- Arafah Islami Bank Limited.

**b) Address of Registered Office and Principal Place of Business:** The principal place of business is the Registered Office at Peoples Insurance Bhaban (7th floor) 36 Dilkusha C/A, Dhaka-1000

**c) Nature of Business Activities:** The main objective of the company are to act as a member of Dhaka Stock Exchange and Chittagong Stock Exchange limited to carry on the business of broker, or dealers in stocks, shares and securities commercial papers, bonds, debentures stock, foreign currencies, treasury bills and/or any instrument. The company has eight branches in Bangladesh.

### 2. Basis for preparation of financial statements:

**a) Statement of Compliance :** The financial statements of AIBL Capital Services Limited have been prepared in accordance Bangladesh with the DFIM circular no 11 dated 23 December 2009 and requirement of the Financial institution Act 1993 the companies act 1994 the security exchange rules 1987 the listing rules of Dhaka stock exchange 1987 the listing rules of Dhaka stock exchange and chittagong guide line from BB, Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), Act 1994 and other applicable laws and regulations.

**b) Measurement bases used in preparing the Financial Statements :** The elements of financial statements have been measured on "Historical Cost" basis, which is one of the most commonly adopted base provided in "the framework for the preparation and presentation of financial statements" issued by the International Accounting Standard Board (IASB).

**c) Going Concern:** Financial statements have been prepared on going concern basis as there was no significant doubt or uncertainty to continue the operation of the company in the foreseeable future.

**d) Components of financial statements:** According to International Accounting Standard (IAS) - 1, as adopted by ICAB as BAS -1 "presentation of financial statements" the complete set of financial statements includes the following components:

- i) Statement of Financial Position
- ii) Statement of comprehensive income
- iii) Statement of changes in equity
- iv) Statement of cash flows
- v) Notes, comprising a summary of significant accounting policies and other explanatory information

### 3. Principal Accounting Policies:

**a) Cash flow Statement:** Cash Flow Statement is prepared in accordance with BAS 7 "Cash Flow Statement". The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 18(b) of BAS-7 which provides that "Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method".

**b) Investment in security:** Investment in security are classified broadly in two categories and accountant under for follows

#### Investment in listed securities

Investment in listed security is carried at the lower of cost or market value in accordance with BAS 25; According for investment adequate provision has been made considering each individual investment (where cost is less than market price). Unrealized gain or loss is not recognized in the profit & Loss accounts.

**C) Further Provision for listed Securities:** Investment has been recorded at cost and adequate provision for probable further losses as per Bangladesh Bank guideline has been made. Market value of securities has

been determined on the basis of the value of securities at the last trading date of the year (last trading date 29 December 2011)

**d) Margin Investment:** AIBL capital market service Ltd extended margin loan to the portfolio investor as at an agreed ratio (between investor deposit and loan amount) of purchases securities against the respective investor account, the investor are to maintain the margin as per set rules regulation. The margin is monitor on dally basis as it changes due to change in market price of share.

If the margin falls below the minimum requirement, the investor are required to deposit additional fund to maintain the margin as per rules other wises the securities are sold to bring the margin to the required level

**e) Revenue Recognition:**

**i) Income from margin loan :** Income from margin loan is recognized on accrual basis such income is calculated considering daily margin loan balance of respected such as is calculated considering daily margin loan balance of the respective parties. Income is recognized on quarterly rest

**ii) Income from gain on sale of securities:** Capital gain or loss on disposal of security listed in the stock exchange is recorded on realized basis i.e. only when the securities are sold in the market. Unrealized capital gain or loss are not accounted for in the Profit & Loss Accountants

**F) Event after balance sheet dated: BAS 10:**

Events after the reporting period, dividend declared after the reporting period should not be classified as a liability at the reporting period as the proposed dividend does not represent an Obligation under BAS 37: Provision, Contingent Liabilities and Contingent Assets.

**g) Cash & Cash equivalent :**

Cash and cash equivalent includes cash in hand, cash at bank and fixed deposits which are held and are available for use by the company without any restriction. There is insignificant risk of change in the value of the above items.

**h) Provision of TAX:**

Provision for income tax has been calculated on the income other than brokerage commission. The Company's trading income is subject to deduction of tax at source which is treated as final discharge from tax liability under Income Tax Ordinance 1984.

**i) Provision on expenses:**

Provision for expenses is recognized when the company has a present obligation as a result of a

Past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligations and reliable estimate of the amount can be measured.

**j) Fixed assets and depreciation:**

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on the cost of fixed assets in order to write off such amounts over The Estimated useful lives, using the straight-line method in accordance with BAS 16. Depreciation for

Full month is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal and addition during the year. The rates of depreciation used to write off the

**Amount of assets are as follows:**

Interior Decoration	10%
Computer Accessories	20%
Online Software	20%
Online Hardware	20%
Motor Car	20%
Furniture Fixture - Steel	10%
Office Equipment	20%

**k) Reporting Currency and Level of Precision:** The figures in the financial statements represent Bangladesh Currency (Taka), which have been rounded-off to the nearest Taka.

Particulars	31.12.2011 Taka	31.12.2010 Taka	
<b>4.00 Fixed Assets:</b>			
Interior Decoration	6,666,485	7,020,265	
Computer accessories	972,903	967,952	
Online Software	315,425	210,082	
Online Hardware	2,505,350	1,039,743	
Motor Car	12,910,240	16,137,800	
Furniture fixture steel	141,363	148,848	
Machine equipment	6,383,245	6,509,113	
Computer	3,319,085	3,430,045	
Furniture fixture wood	2,412,440	2,154,310	
	<b>35,626,536</b>	<b>37,618,158</b>	
<b>5.00 Account Receivable :</b>			
AI - Arafah Islami Bank Limited	-	56,281,865	
Receivable from DSE	6,508,050	-	
Receivable from CSE	5,483,597	-	
Investment Deler A/C	936	-	
Dividend Receivable	276,000	-	
	<b>12,268,583</b>	<b>56,281,865</b>	
<b>6.00 Investments</b>			
Account Receivable from AI - Arafah Islami Bank Limited	-	3,095,364,029	
Margin Investment	5,986,901,675	-	
Investment to Dealer A/C (6.01)	142,907,172	-	
	<b>6,129,808,847</b>	<b>3,095,364,029</b>	
<b>6.01 Portfolio of investment to dealar A/C (As at 29 December 2011)</b>			
<b>Instrument</b>	<b>No of Share</b>	<b>Cost price</b>	<b>Market price</b>
Bsmsteel	274,500	32,318,642	32,583,150
Fareastlif	74,450	15,466,327	12,060,900
Firsts Bank	50,000	1,404,227	1,315,000
GP	6,800	1,088,992	1,111,800
Islami Bank	289,500	15,742,766	15,777,750
Islamiins	66,000	3,454,973	2,910,600
Jamunaoil	68,900	13,501,312	12,346,880
Mjlbcd	310,500	33,293,004	31,018,950
Shahja Bank	127,350	4,313,159	4,138,875
SIBL	535,750	14,204,345	14,036,650
SQUARETEXT	12,800	2,038,916	1,455,360
Titasgas	81,500	6,080,510	5,509,400
<b>Total</b>		<b>142,907,173</b>	<b>134,265,315</b>

At 31 December 2011, Tk 8,640,846 was a gross unrealized loss on investment in listed security. This loss was recognized as income in the Financial statement and realized capital gain (loss) was Tk 1,336,967 & The said amount was Taka 140,798,234 was deposit into the Dealer account at 1st January 2011

Particulars	31.12.2011 Taka	31.12.2010 Taka
<b>7.00 Membership cost</b>		
Membership of DSE	525,000,000	525,000,000
Membership of CSE	175,000,000	175,000,000
	<b>700,000,000</b>	<b>700,000,000</b>
<b>8.00 Advance, Deposit &amp; Prepayments</b>		
Advance against for Office Space at Nikunja, Dhaka.	100,000	100,000
Advance against for Office Space at Gulsan, Dhaka.	5,903,000	
Advance against for Office Space at Amborkhana Sylhet	1,000,000	
Advance against for Interior Decoration at Sylhet	800,000	
Advance withdraw from Suspense A/C	42,740	
	<b>7,845,740</b>	<b>100,000</b>
<b>9.00 Cash and Bank Balance:</b>		
Al-Arafah Islami Bank Limited (9.01)	260,206,675	210,394,698
Shajalal Islami Bank Limited IBL	5,000	-
	<b>260,211,675</b>	<b>210,394,698</b>
<b>9.01 Balance at Bank:</b>		
Al-Arafah Islami Bank Limited. Motijheel Br.Dhaka	290,522	
Al-Arafah Islami Bank Limited. Motijheel Br.Dhaka	176,966,185	
Al-Arafah Islami Bank Limited. Motijheel Br.Dhaka	5,360,437	
Al-Arafah Islami Bank Limited. Motijheel Br.Dhaka	36,351,531	
Al-Arafah Islami Bank Limited. Uttara Br.Dhaka	238,000	
Al-Arafah Islami Bank Limited. Amborkhana Br.Sylhet	30,500,000	
Al-Arafah Islami Bank Limited. Khulna Br	10,500,000	
	<b>260,206,675</b>	<b>-</b>
<b>10.0 Advance Income tax</b>		
Tax deducted at source DSE	26,674,368	
Tax deducted at source CSE	900,032	-
Tax deducted at source Bank	7,565,582	641,009
Tax paid 2011 through challan	84,375,000	-
Tax paid 2010 through chalan	20,146,476	-
	<b>139,661,458</b>	<b>641,009</b>
<b>11.00 Share Capital</b>		
<b>11.01 Authorised Capital</b>		
The authorised Capital of the Company is 100,00,00,000 Ordinary Share of TK. 10 each.	10,000,000,000	10,000,000,000
<b>11.02 Issued, Subscribed and fully Paid-up Capital</b>		
Issued, Subscribed and fully Paid-up Capital is 40,00,00,000 share of TK. 10 each.	4,000,000,000	4,000,000,000

Particulars		31.12.2011 Taka	31.12.2010 Taka
<b>11.03 Share Holding Position :</b>			
<b>Name of the Share Holder</b>	<b>% of Shareholdings</b>	<b>No of Shares</b>	<b>Taka</b>
Al-Arafah Islami Bank Limited	51.75%	207,000,000	2,070,000,000
Badiur Rahman	2.50%	10,000,000	100,000,000
KYCR Coils Industries Ltd.	0.50%	2,000,000	20,000,000
Al- haj Md. Harun-ar-Rashid Khan	1.25%	5,000,000	50,000,000
Al-haj Hafez Md. Enayetullah	1.50%	6,000,000	60,000,000
Alhaj Abdul Malek Mollah	1.00%	4,000,000	40,000,000
Alhaj Nazmul Ahsan Khaled	0.50%	2,000,000	20,000,000
KDS Garment industries Ltd.	5.00%	20,000,000	200,000,000
Alhaj Abdus Samad	0.50%	2,000,000	20,000,000
Alhaj Abu Naser Mohammad Yeahea	4.50%	18,000,000	180,000,000
Alhaj Abus Salam	2.00%	8,000,000	80,000,000
Niaz Ahmed	1.25%	5,000,000	50,000,000
Badshah Meah	2.00%	8,000,000	80,000,000
Alhaj Kazi Md. Mofizur Rahman	2.00%	8,000,000	80,000,000
Alhaj Eng. Kh. Mesbahuddin Ahmed	1.75%	7,000,000	70,000,000
Md. Ashik Hossain	0.50%	2,000,000	20,000,000
Farid Ahmed	0.50%	2,000,000	20,000,000
Mohammed Mahtabur Rahman	1.75%	7,000,000	70,000,000
Alhaj Abdul Moktadir	1.00%	4,000,000	40,000,000
Mohammed Haroon	2.25%	9,000,000	90,000,000
A S M Mainuddin Monem	0.50%	2,000,000	20,000,000
Ahmedul Haque	0.25%	1,000,000	10,000,000
Sarker Mohammad Shameem Iqbal	0.25%	1,000,000	10,000,000
Mohammed Emadur Rahman	0.75%	3,000,000	30,000,000
Kazi Abu Kausar	0.50%	2,000,000	20,000,000
Master Abul Kashem	0.25%	1,000,000	10,000,000
Naba knit Composite Limited	0.25%	1,000,000	10,000,000
Jainul Abedin Jamal	0.25%	1,000,000	10,000,000
Kamal Uddin	0.25%	1,000,000	10,000,000
N.Nasir Uddin	0.25%	1,000,000	10,000,000
Majbura Begum	0.25%	1,000,000	10,000,000
Asma Begum	0.25%	1,000,000	10,000,000
Afroza Sultana	0.25%	1,000,000	10,000,000
Shajjad Mustafa	0.25%	1,000,000	10,000,000
Azad Mustafa	0.25%	1,000,000	10,000,000
Farhana Irin	0.25%	1,000,000	10,000,000
Tanveer Nawaz	0.25%	1,000,000	10,000,000
Sk. Md. Samiul Islam	0.25%	1,000,000	10,000,000
Kawsar Azizur Rahman	0.25%	1,000,000	10,000,000
Mohammad Jahangir	0.25%	1,000,000	10,000,000
Mollah Mahmood Malek	0.50%	2,000,000	20,000,000
Mollah Mazharul Malek	0.25%	1,000,000	10,000,000
Norish Poultry and Hatchery Ltd.	1.00%	4,000,000	40,000,000
Galco Steel Bangladesh Ltd.	0.50%	2,000,000	20,000,000
Mohammed Oheidul Alam	0.25%	1,000,000	10,000,000

Particulars		31.12.2011 Taka	31.12.2010 Taka
<b>11.03</b>	<b>Share Holding Position :</b>		
	<b>Name of the Share Holder</b>	<b>No of Shares</b>	<b>Taka</b>
	Sahana Ferdous	1,000,000	10,000,000
	MST Marine Services and Traders Ltd.	1,000,000	10,000,000
	Woodbreeze Limited	1,000,000	10,000,000
	Zephyr International LTD.	1,000,000	10,000,000
	Paean intl Ltd.	1,000,000	10,000,000
	Shabana Niaz	2,000,000	20,000,000
	Golden Oils Mills Ltd.	4,000,000	40,000,000
	Shahida Anowar	2,000,000	20,000,000
	Dubai Bangladesh Cement Mills Ltd.	1,000,000	10,000,000
	Islamic Commercial Insurance Co. Ltd.	5,000,000	50,000,000
	Faisal Ahmed	2,000,000	20,000,000
	Mohammed Oliur Rahman	3,000,000	30,000,000
	Reedisha knitex Ltd.	3,000,000	30,000,000
	Md.Nurul Hoque	1,000,000	10,000,000
	Kh Sakib Ahmed	2,000,000	20,000,000
	<b>TOTAL</b>	<b>400,000,000</b>	<b>4,000,000,000</b>
<b>12.00</b>	<b>Borrowing From Bank</b>		
	Borrowing from Al-Arafah Islami Bank limited	1,705,755,505	-
	Borrowing from Shajalal Islami Bank Limited	700,000,000	-
		<b>2,405,755,505</b>	<b>-</b>
<b>13.00</b>	<b>Accounts Payable</b>		
	Al - Arafah Islami Bank Limited	772,906	42,286,064.00
	Profit Payable for borrowings	13,209,325	-
	VAT & AIT Payable	50,412	-
	Payable to clients	131,326,912	-
	Audit fees Payable	100,000	50,000.00
		<b>145,459,555</b>	<b>42,336,064</b>
<b>14.00</b>	<b>Provision for taxation</b>		
	Income tax provision 2010	23,486,769	23,486,768
	Income tax provision 2011	228,187,183	-
		<b>251,673,952</b>	<b>23,486,768</b>
<b>15.00</b>	<b>Investment Income</b>		
	Margin Profit income	585,824,927	-
	Profit on Investment	90,539,399	56,281,865
	Profit on MSND	69,245,736	6,410,090
		<b>745,610,062</b>	<b>62,691,955</b>
<b>16.00</b>	<b>Profit paid on Borrowing</b>		
	Borrowing from Al-Arafah Islami Bank limited	148,150,073	-
	Borrowing from Shajalal Islami Bank Limited	13,209,324	-
		<b>161,359,397</b>	<b>-</b>
<b>17.00</b>	<b>Brokerage commission</b>		
	DSE	132,406,722	-
	CSE	4,202,258	-
		<b>136,608,980</b>	<b>-</b>
<b>18.00</b>	<b>Documentation &amp; Maintenance Fess</b>		
	BO Documentation fees	130,500	-
	BO Maintenance fees	2,777,500	-
	Margin documentation fees	218,000	-
		<b>3,126,000</b>	<b>-</b>
<b>19.00</b>	<b>Other Operating Income</b>		
	CDBL Income	16,681,972	-
	Cheque dishonour Charge	171,000	-
	Dividend income	300,000	-
	Realized Capital gain	1,336,967	-
	Others	37,714	-
		<b>18,527,653</b>	<b>-</b>



Particulars	31.12.2011 Taka	31.12.2010 Taka
<b>20.00 Hawla,Laga &amp; CDBL Charges</b>		
Hawla charge	1,384,270	-
Laga charge	6,976,115	-
CDBL Charges	11,458,981	-
	<b>19,819,366</b>	<b>-</b>
<b>21.00 Salary allowances&amp; Contribution to P.F</b>		
Salary allowances& Contribution to P.F	22,929,504	-
Wages	538,444	-
Security Services	209,054	-
	<b>23,677,002</b>	<b>-</b>
<b>22.00 Rents, Taxes, Insurance, Lighting etc.</b>		
Rent	9,440,467	-
Insurance	100,533	-
Lighting	332,702	-
Tax	10,500	-
	<b>9,884,202</b>	<b>-</b>
<b>23.00 Honorarium &amp; Meeting Expense</b>		
Honorarium	596,000	-
Meeting	-	-
	<b>596,000</b>	<b>-</b>
<b>24.00 Postage, Telegram, Telephone &amp; Stamps etc</b>		
Postage	369,640	-
Stamps	42,940	-
	<b>412,580</b>	<b>-</b>
<b>25.00 Depreciation &amp; Repairs to Properties</b>		
Depreciation	6,591,291	-
Repair & Maint.	209,573	-
Amortization of Priliminary Exp.	4,567,685	-
	<b>11,368,549</b>	<b>-</b>
<b>26.00 Other Expenses</b>		
Computer Charge	174,590	-
Bank Charge	78,230	-
Petroleum Oil, Lubricant & WASA/ Gas.	427,529	-
Entertainment	865,182	-
Travelling, Local conveyance & Saturday Allowance	78,913	-
Internet & Online Charge	2,437,527	-
Registration Expenses	-	-
Other Expenses	230,679	10,575
	<b>4,292,650</b>	<b>10,575</b>
<b>26.01 Break up of Other Expenses</b>		
Subscription Renewal	19,905	-
News paper	1,668	-
Upkeep	3,300	-
Air-condition Ch	8,800	-
Misce.	55,160	-
Investors Protection	60,359	-
AR License	6,000	-
Eid Gracia	4,400	-
Bank guarantee	145,835	-
	<b>305,427</b>	<b>-</b>
<b>27.00 Provision for Investment:</b>		
Investment on Dealer	8,641,858	-
Investment on Clients	8,052,207	-
	<b>16,694,065</b>	<b>-</b>
<b>28.00 Provision for Current Tax</b>		
Operating Before tax	671,576,398	-
Less Brokerage Income	136,608,980	-
	<b>534,967,418</b>	<b>23,486,768</b>
Income Tax @ 37.5% on estimated Taxable Profit	<b>200,612,782</b>	<b>-</b>
Add Deducted DSE	26,674,369	-
Add Deducted CSE	900,032	-
	<b>228,187,183</b>	<b>23,486,768</b>

**AIBL Capital Market Services Ltd.**  
**Fixed Assets Schedule**  
**As on December 31, 2011**

Annex - A

Particular	Cost			Rate	Description				
	Opening Balance Taka	Addition during the year Taka	Disposal during the year Taka		Balance as at 31-December-11 Taka	Charge for the year Taka	Adjustment during the year Taka	Total at 31 December-11 Taka	Written Down Value as at 31-December-11 Taka
Interior Decoration	7,020,265	348,246	-	10%	7,368,511	702,027	-	702,027	6,666,485
Computer Accessories	967,952	198,540	-	20%	1,166,492	193,590	-	193,590	972,902
Online Software	210,082	147,360	-	20%	357,442	42,017	-	42,017	315,425
Online Hardware	1,039,743	1,673,556	-	20%	2,713,299	207,949	-	207,949	2,505,350
Motor Car	16,137,800	-	-	20%	16,137,800	3,227,560	-	3,227,560	12,910,240
Furniture Fixture - Steel	148,848	7,400	-	10%	156,248	14,885	-	14,885	141,363
Office Equipment	6,509,113	1,175,955	-	20%	7,685,068	1,301,823	-	1,301,823	6,383,245
Computer	3,430,045	575,050	-	20%	4,005,095	686,009	-	686,009	3,319,086
Furniture Fixture - Wood	2,154,310	473,561	-	10%	2,627,871	215,431	-	215,431	2,412,440
<b>Total</b>	<b>37,618,158</b>	<b>4,599,668</b>	<b>-</b>		<b>42,217,826</b>	<b>6,591,291</b>	<b>-</b>	<b>6,591,291</b>	<b>35,626,536</b>

# AIBL Capital Management Limited



AIBL Capital Management Ltd. is another subsidiary company of Al-Arafah Islami Bank Limited. The company has been incorporated in 2012 under the companies act 1994 as a private limited company by shares. The paid up capital of the company is 50.00 Crore which was subscribed by Al-Arafah Islami Bank Limited and its subsidiary AIBL Capital Market Services Ltd. at the ratio of 98% and 2% respectively. The company is under process to get license from Securities and Exchange Commission. The main object of the company is to conduct all types of merchant bank activities like issue management, portfolio management, underwriting, corporate advisory etc.

# BRANCHES OF AIBL

## DHAKA DIVISION

### Banani Branch (AD)

16, Kamal Ataturk Avn, Banani, Dhaka  
8810419, Fax- 8810587

### Motijheel Corporate Branch

125, Motijheel C/A, Dhaka-1000  
7160808, 0173-0019595

### Dhanmondi Branch

H#54/1, R#4/A, Dhanmondi, Dhaka  
8610913, 01819-255906

### Dilkusha Branch (AD)

63, Dilkusha C/A, Dhaka-1000  
9559063, 01819-260304

### Islampur Branch

29-31, Islampur Road, Dhaka  
7393800, 7393754

### Jatrabari Branch

6 S.F. Sharak, West Jatrabari, Dhaka  
7554510, 7554477

### Joydebpur Chowrasta Branch

Joydebpur Chourasta, Gazipur  
9256196, 01819-261297

### Kapasia Branch

Kapasia Bazar, Kapasia, Gazipur  
06824-52055, 01671-973077

### Konapara Branch

958, Konapara Bazar, Demra, Dhaka  
01811-409592

### Motijheel Branch (AD)

161, Motijheel C/A, Dhaka-1000  
9569350 (D), 01819-771017

### Moulvibazar Branch (AD)

3, Moulvibazar, Dhaka  
7311989, 01819-211828

### Mirpur Branch

5/H-G, Darus-Salam Road, Mirpur-1, Dhaka  
9008123, 9010623

### Mymensingh Branch

70, Choto Bazar, Mymensingh  
091-66714, 01912-000458

### Mouchak Branch

76 D.I.T. Road, Malibagh, Dhaka  
9339006, 01710-853872

### Mohammadpur Krishi Market Branch

32/8(Ka), T.M. Road, Mohammadpur, Dhaka  
9142732, 01819-255297

### Madhabdi Branch

691-694 Madhabdi Bazar, Narshingdi  
9351805, 01711-613484

### Nawabpur Road Branch (AD)

85/87, Nawabpur Road, Dhaka  
7110708, 01819-202754

### North South Road Branch

96, Nazrul Islam Sarani, Bangshal, Dhaka  
7167682-3, 01819-411415

### New Elephant Road Branch(AD)

91, New Elephant Road, Dhaka  
9665323-4, 01819-244902

### Narayangonj Branch

71, B.B. Road, Narayangonj  
7645821-22, 01819-411430

### Pagla Branch

Afser Karim Bhabon, Pagla, Narayangonj  
7682356, 01819-253591

### Progati Sharani Branch

Ga-133/3 Progati Sharani, Dhaka  
9863317, 01713-204935

### Uttara Model Town Branch

H#13 R # 14/A, S-4, Uttara, Dhaka  
8916454, 01713-012889

### VIP Road Branch (AD)

86, Inner Cerculer Road, Dhaka  
9345871-2, 01819-212743

### Gulshan Branch

Hosna Center, 106 Gulshan Avenue, Dhaka  
9886271, 9863236, 01713-123503

### Hazaribagh Branch

149, Hazaribagh bazar, Dhaka-1209  
9611758-9, 01811-157536

### Keranigonj Branch

Haridia Shopping Complex, Kadamtali, Keranigonj  
7763100, 7763099, 01914-874850

### Manda Branch

96 North Manda, Dhaka  
7277772, 7277388, 01552-490339

**Nandipara Branch**

Nandipara Bazar, Dhaka.  
7811053

**Bhairab Branch**

74, Kaporpotty, bhairab, Kishorgonj  
09424-71774, 01817-032726, Fax: 09424-71775

**Gazipur Branch**

Holding # K-280 , BIDC Road, Gazipur  
926-1102, 926-1140, 01811-448051

**Hemayetpur Branch**

Asha Plaza (1st Floor), Hemayetpur Bus Stand,  
Hemayetpur, Savar, Dhaka, 01911-398935, 01825-928909

**Kamrangirchar Branch**

Hazi Kamal Super Market, Kamrangirchar, Dhaka  
961-4457-8, 01815-451189, Fax - 961-4459

**Khilkhet Branch**

B-34/Ka, Khilkhet Super Market , Khilkhet, Dhaka  
895-4789, 895-4860, 01811-483199

**Mirpur-10 Golchattar Branch**

House - 27 Road - 1, Block - Kha, Mirpur-10, Dhaka  
9006979, 9011766, 01715-619789

**South Jatrabari Branch**

314/A South Jatrabari, Dhaka  
7545161, 7544840, 01710-857238

**Abdullahpur SME Branch**

Minnat Plaza, Abdullahpur Bazar, Abdullahpur,  
Keranigonj, Dhaka 1311, 01713-810082, 01916-152104

**Bandar SME Branch**

555/1, Wilson Road, Bandar Bazar, Narayanganj  
766-1317-8, 01826-180327

**Panchdona SME Branch**

Panchdona Chowrasta, Narshingdi  
01718-080042

**Ati Bazar Branch**

Manik Plaza, Ati Bazar , Keranigonj, Dhaka  
7769168, 7769169, 01833-330274

**Dakkhin Khan Branch**

L.K. Plaza, Dakkhin Khan Bazar, Dakkhin Khan, Dhaka  
01972-582013

**Notun Bazar Branch**

Notun Bazar, Baridhara, Dhaka  
01811-487861

**Panthapath Branch**

F R Tower, 8C Sukrabad, Panthapath, Dhaka-1207  
01811-410072

**Kolatia SME Branch**

Kolatia Bazaar, Keranigonj, Dhaka  
7769157, 01760-938299, 01817-112883

**Shyamoli Branch**

13/1 Ring Road, Shyamoli, Dhaka  
01680-067911, 01711-386891, 8115098 (R)

**CHITTAGONG DIVISION****Agrabad Branch (AD)**

34, Agrabad C/A, Chittagong  
031-713372-3, Fax- 031-2514695

**Hathazari Branch**

Hathazari Bazar, Chittagong  
031-2601679, 01811-408492

**Jubilee Road Branch (AD)**

221, Jubilee Road, Chittagong  
031-637680, 01819-315480

**Khatungonj Branch (AD)**

146, Khatungonj, Chittagong  
031-622229-30, 01712-191878

**O.R. Nizam Road Branch**

943, O.R. Nizam Road, Nasirabad, Chittagong  
031-656567-8, 01819-345030

**Potherhat Branch**

Potherhat, Rauzan, Chittagong.  
01817-058797

**Cox's Bazar Branch**

Kashem Plaza, East Bazarghat, Cox's Bazar  
0341-51081-2, 01819320289

**Chowmuhani Branch**

857,858 Hazipur, Feni Road, Noakhali  
0321-51000, 01715-033336

**Feni Branch**

33-34 S.S.K Road, Feni  
0331-63548-9, 01911-711950

**Comilla Branch**

257,240, Monoharpur, Kotwali, Comilla  
081-64546, 01711-431174

**Companigonj Branch**

Companigonj Bazar, Muradnagar, Comilla  
08026-59076, 01712235569

**Gollai Branch**

Gollai, Chandina, Comilla  
01715-219672

**Brahmanbaria Branch**

Mosjid Road, Hazi Mansion  
Brahmanbaria Sadar  
0851-59330, 01927-563888

**Akhaura SME Branch**

Collage Road, Sarak Bazar  
Akhaura , B.Barua  
08522-56155, 01740-619012

**Bashurhat SME Branch**

34, Main Road, Bashurhat, Noakhali  
01815-375806

**Tantarbazar SME Branch**

Tantar Bazar, Akhaura, Brahmanbaria  
01743-244344

**Station Road Branch, Ctg**

108, Station Road, Chittagong  
01552-435734

**Hajigonj Branch**

Hajigonj Tower, 762 Hajigonj, Chandpur  
01834-838435, 01819-457729 (R)

**Kutibazar Branch**

Kutibazar, Kasba, B.Baria  
01730-970400

**SYLHET DIVISION****Ambarkhana Branch**

4877, 4874 Ambarkhana, Sylhet  
0821-2832161-2, 01711-312599

**Beani Bazar Branch**

825, South Beani Bazar, Sylhet  
08223-56114-5, 01713-409987

**Laldighirpar Branch**

1795, Reasot Tower, Laldighirpar, Sylhet  
0821-710809, 01819-550426

**Moulvibazar Branch**

99-100 Saifur Rahaman Road, Moulvibazar  
0861-54106-7, 01714-000907

**Ruposhpur Branch**

1450 Central Road, Srimangal, Moulvibazar  
08626-71242, 01711431173

**Zindabazar Branch**

Jalalabad House, Zindabazar, Sylhet  
0821-722078-9, 01711-431175

**Madhabpur SME Branch**

265-349, Madhabpur Bazar, Hobigonj  
0832-756352, 01716-082820

**KHULNA DIVISION****Khulna Branch (AD)**

4, Sir Iqbal Road, Khulna  
041-721249, 01712-091747

**Benapole Branch**

283, 284, Benapole Bazar, Jessore  
04228-75686, 01711-431176

**Jessore Branch**

27, M.K. Road, Jessore  
0421-68571, 01711-431060

**Satkhira Branch**

466, Bara Bazar Sarak, Satkhira  
0471-63606, 01712-514660

**Chuknagar Branch**

Chuknagar Bazar, Dumuria, Khulna  
01727-043255, 01712-236127

**Mongla branch**

19/A, Mongla Port I/A, Mongla, Bagerhat  
04662-75105-6, 01741-301916

**BARISHAL DIVISION****Barisal Branch**

444 Hemayetuddin Road, Barisal  
0431-64476, 01727379119

**Jhalakathi Branch**

68, Monohari Patti, Jhalakathi  
0498-62808, 01711-194078  
Fax : 0498-62807

**Bhola Branch**

Jahangir Plaza, Sadar Road, Bhola  
0491-61244-5, 01715-602316, Fax - 0491-61244

**Mathbaria Branch**

289 Pharmacy Road, Mathbaria, Pirojpur  
04625-75374, 01751-108816, Fax - 04625-75373

**RAJSHAHI DIVISION****Rajshahi Branch (AD)**

239,248 Shaheb Bazar, Boalia, Rajshahi  
0721-775171, 01727-179771

**Bogra Branch (AD)**

Talukder Mansion, Barogola Bogra  
051-69994-5, 01713-203754

**Mohadevpur Branch**

Plot No. 425, Mohadevpur, Noagaon  
07426-75136, 01711-425675

**Saidpur Branch (AD)**

Dr. Zikrul Hoque Road, Saidpur Nilphamari  
05526-72804, 01716-236334  
Fax : 05526-72804

**Dinajpur Branch**

333, Nimtala, Dinajpur  
0531-61865-7, 01928-771006

**Badargonj SME Branch**

Upazila Road, Badargonj, Rangpur  
05222-56571-4, 01712-037959

**Shahjadpur Branch**

Chowdhury Plaza, Dariapur Bazaar  
Shahjadpur, Shirajgonj  
07527-64052, 07527-64053,  
01762-331990, 01557-718828



