

# Annual Report 2014



আল-আরাফাহ্  
ইসলামী ব্যাংক লিমিটেড  
العرفة إسلامی بنک لمیتید  
Al-Arafah Islami Bank Limited



# Annual Report 2014



The image shows a detailed view of an Islamic architectural interior. A large, ornate arch dominates the left side, filled with intricate carvings and a blue and white geometric pattern. Below it, a smaller archway is visible, featuring a central medallion with a portrait. To the right, a series of smaller arches are supported by columns, creating a sense of depth and perspective. The overall style is highly decorative and characteristic of Islamic art.

*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 Musaic or Judaism. Musaic laws or commands of Musa are the basis of Hebrewism. Interest was totally prohibited in Musaic 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

Badiur Rahman

**Chairman**

Sarker Mohammad Shameem Iqbal

**Vice Chairman**

**Member:**

Alhajj Md. Harun-ar-Rashid Khan

Alhajj Nazmul Ahsan Khaled

Alhajj Abdul Malek Mollah

Hafez Alhajj Md. Enayet Ullah

Alhajj Ahamedul Haque

Alhajj Abdus Samad

Alhajj Abu Naser Mohammad Yeahea

Alhajj Engr. Kh. Mesbahuddin Ahmed

Alhajj Abdus Salam

Alhajj Niaz Ahmed

Md. Ashik Hossain

Mohammed Emadur Rahman

Dr. Md. Shafiul Haider Chowdhury (Alternative Director of Alhajj Badsha Meah)

Anwar Hossain (Alternative Director of Alhajj Mohammed Haroon)

Md. Liakat Ali Chowdhury

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

Khalid Rahim FCA (England & Wales)

**Ex Officio Director**

Md. Habibur Rahman

Managing Director

**Company Secretary**

Md. Mofazzal Hossain

Deputy Managing Director



# Board of Directors

## **Executive Committee**

Alhajj Abdus Samad

### **Chairman**

Alhajj Abdul Malek Mollah

### **Vice-Chairman**

### **Member :**

Alhajj Md. Nazmul Ahsan Khaled

Hafez Alhajj Md. Enayet Ullah

Alhajj Ahamedul Haque

Alhajj Abu Naser Mohammad Yeahea

Alhajj Engr. Kh. Mesbahuddin Ahmed

## **Audit Committee**

Khalid Rahim FCA (England & Wales)

### **Chairman**

Alhajj Abdus Salam

### **Vice-Chairman**

### **Member :**

Alhajj Md. Harun-ar-Rashid Khan

Janab S M Shameem Iqbal

Alhajj Niaz Ahmed

## **Risk Management Committee**

Janab Badiur Rahman

### **Chairman**

S M Shameem Iqbal

### **Vice Chairman**

### **Member :**

Alhajj Nazmul Ahsan Khaled

Alhajj Abdus Samad

Alhajj Engr. Kh. Mesbahuddin Ahmed

## **Shariah Supervisory Committee**

Mufti Abdur Rahman

### **Chairman**

### **Member:**

Mufti Ruhul Ameen

Mawlana Abdul Basit Barkatpuri

Mufti Muinul Islam

Alhajj A. Z. M. Shamsul Alam

Badiur Rahman

### **Secretary**

Md. Abdur Rahim Khan



## Management Team

### Managing Director

Md. Habibur Rahman

### Deputy Managing Director

Md. Mofazzal Hossain

Kazi Towhidul Alam

Md. Golam Rabbani

Mohammad Abdul Jalil

### Executive Vice President

Md. Mominul Haque Bhuiyan

Md. Fazlul Karim

Muhammed Nadim FCA

Muhammad Mahmoodul Haque

Syed Masodul Bari

Shaikh Mohammad

Abul Hossain Md. Rafique

M. Atiqur Rahman

Md. Mujibul Quader

### Senior Vice President

Manir Ahmad

Md. Abdur Rahim Duary

A.N.M. Mofidul Islam

Engr. Md. Habib Ullah

Md. Abdullah Al-Mamun

Abed Ahmed Khan

Md. Abul Hossain

A.K.M. Amzad Hossain

Md. Manjur Hasan

Md. Badruzzaman Bhuiyan

Md. Monjurul Alam

M. Abul Quassem

Md. Fazlur Rahman (Ashrafi)

Md. Aminul Islam Bhy.

Md. Mujibar Rahman

A.T.M. Mostafizur Rahman

Md. Sharifuddin Pramanik

S. M. Mahtabuddin Al-mamun

### Vice President

Mohammad Yahya

Iqbal Hossain Ahmed FCMA

Md. Harunoor Rashid

S. M. Kowsar

Md. Abul Basher

Aktar Kamal

Md. Rajibul Islam Bhuiyan

Md. Mazharul Islam

Mohammed Hossain

Md. Azharul Islam

A. K. M. Sazzad Hossain

Md. Zahidul Islam

S. M. Abu Jafar

Md. Mostafizur Rahman

Md. Nazmul Huda

Md. Asaduzzaman Bhuiyan

Mohammad Golam Kibria

Md. Abdur Rahim Sarder

Md. Zakir Hossain Bhuiya

Md. Mizanur Rahman

Md. Sultan Mahmud

Md. Golam Sarwar

Munshi Amanul Haque



# Management Team

Md. Idris Ali  
Md. Obaydul Islam  
Md. Mujahid Khalid  
Majibur Rahman  
M. A. S. Jalal Azad  
Monir Ahammad  
Md. Soheb Ahmed  
Md. Showkat Islam  
Md. Nizamul Hoque Chy.  
Md. Abul Kalam  
Mollah Khalilur Rahman  
C. G. M. Asaduzzaman  
Md. Hedayeatul Islam  
Md. Shah Jalal Sheikh  
Md. Zakir Hossain  
Md. Aminul Islam  
Masudur Rahman Khalifa  
Md. Monir Hossain  
M. M. Saiful Islam  
Md. Rezaul Haque Dewan  
Talat Md. Towfiqa Elahi  
Kamal Hossain

## **Assistant Vice President**

Mohd. Ziaul Karim Chow.  
Md. Mainul Islam  
Md. Jahangir Alam  
Md. Asaduzzaman Khan  
Jalal Ahmad  
Md. Kabir Ahamed  
Ashraf Hossain  
Md. Zahid Hasan  
Md. Mahbulul Hoque  
Md. Mogreb Ali  
Ishtiaq Ahmed  
Md. Habibullah Bahar  
Jalal Ahmed  
Md. Sharif Chowdhury  
Mahbub Hasan  
Md. Mahbub Alam

Khondoker Monirul Hoque  
Md. Nahid Hossain  
Md. Shamsul Huda Babar  
Jashim Ahmed Chy.  
A.K.M. Fokhrul Islam  
Touhid Siddique  
Md. Abdul Jabbar  
Md. Nazrul Islam  
Md. Mohiuddin Bhuiya  
Md. Salamat Ullah  
Md. Hasim Uddin  
Md. Lokmanur Rahman  
Mohammad Ullah  
Mohammad Azmal Haque  
Md. Abdul mannan Akhond  
S.M. Zabidul Haque  
Md. Ferdous Hasan  
Md. Majiber Rahaman  
Mirza Mohidul Islam  
Mohammad Abdul Mobin  
Md. Rafiqul Islam  
Ashik Ahmed Siddikey  
Imroz Chowdhury  
Abdul Malek  
Md. Shamsul Kabir  
Md. Alamgir  
Jahangir Alam  
Md. Rafiqul Islam  
Md. Shajahan  
Md. Muzakkerul Hoque  
Md. Mizanur Rahman  
A. M. M. Arif Billah Mithu  
Md. Abdur Rahim Khan  
Md. Zahurul Hoque  
Md. Shah Alam  
Md. Moklesur Rahman Khan  
M. M. Shamsul Alam  
Md. Aminur Rahman  
Md. Shafi Mahmood  
Md. Abu Hanif



## 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	15,000.00 Million
Paid-up Capital	9,469.58 Million
Local Partnership of Capital	100%
Equity	18,159.52 Million
Number of Branches	119
Deposit	166,851.17 Million
Investment	146,740.36 Million
Number of Employees	2,649
Number of Shareholders	52,007



Honorable Chairman, Directors & Managing Director of AIBL are seen on the dais at the 19th Annual General Meeting



# Corporate Information

## **Auditors**

### **SYFUL SHAMSUL ALAM & CO.**

Chartered Accountants  
Paramount Hights (level-6)  
62/2/1, Box Culvert Road  
Purana Palton, Dhaka-1000

### **KHAN WAHAB SHAFIQUE RAHMAN & CO.**

Chartered Accountants  
7, Rajuk Avenue  
Rupali Bima Bhaban  
Motijheel, Dhaka-1000

## **Company Secretary**

Md. Mofazzal Hossain

## **Registered Office**

Peoples Insurance Building  
36, Dilkusha Commercial Area  
(6th - 9th & 19th 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 Honorable Shareholders attending 19th Annual General Meeting of AIBL



## Notice of the 20<sup>th</sup> Annual General Meeting (AGM)

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of the Shareholders of Al-Arafah Islami Bank Limited will be held on Tuesday, the 31<sup>st</sup> March, 2015, at 10.00 a.m. at '**Al Arafah Islami Bank Bhaban, Head Office (Proposed), 63, Purana Palton, 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 31<sup>st</sup> December 2014;
2. To declare Dividend for the year 2014;
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 in time.

By order of the Board,

(Md. Mofazzal Hossain)  
Company Secretary  
1<sup>st</sup> March, 2015  
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. 15<sup>th</sup> March, 2015 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 at the Registered Office of the company 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 (1<sup>st</sup> Floor), 161, Motijheel C/A, Dhaka-1000, before 7 (Seven) days of AGM;
4. Attendance of the Members/ Shareholders/ Attorney/ Proxy's will be recorded up to 10.00 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 at Rahman Mansion (1<sup>st</sup> Floor), 161, Motijheel C/A, Dhaka-1000.

বি.দ্রঃ বিএসইসি নটিফিকেশন নং SEC/SRMI/2000-953/1950 dated 24<sup>th</sup> October, 2000 এবং Circular No. এসইসি/ সিএমআরসিডি/ ২০০৯-১৯৩/১৫৪, তারিখ ২৪ অক্টোবর, ২০১৩ এর পরিপালনার্থে বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/কুপন প্রদানের ব্যবস্থা থাকবে না।

# 5 Year Financial Highlights

(Figure in Million)

Particulars	2010	2011	2012	2013	2014	Growth %
<b>Income Statement</b>						
Investment Income	4,306.62	9,481.01	14,998.60	17,966.32	19,725.91	9.79
Profit paid on Deposit	3,133.69	5,466.12	9,710.48	12,107.71	12,616.77	4.20
Net Investment Income	1,172.93	4,014.89	5,288.12	5,858.61	7,109.14	21.35
Non Investment Income	3,378.95	1,851.58	1,693.98	1,757.09	2,485.88	41.48
Non Investment Expenses	1,328.61	1,539.69	2,226.56	2,667.14	3,261.57	22.29
Net Non Investment Income	2,050.34	311.89	(532.58)	(910.05)	(775.69)	(14.76)
Profit Before Tax & Provision	3,223.27	4,326.78	4,755.54	4,948.56	6,333.45	27.99
Provision For Investment	370.80	380.16	811.44	588.15	1,846.86	214.01
Profit Before Tax	2,852.47	3,946.62	3,944.10	4,360.41	4,486.59	2.89
Provision For Tax (including Deferred Tax)	893.43	1,747.87	1,998.69	2,083.73	2,161.64	3.74
Profit After Tax	1,959.04	2,198.75	1,945.41	2,276.68	2,324.95	2.12
<b>Balance Sheet</b>						
Authorized Capital	5,000.00	10,000.00	10,000.00	15,000.00	15,000.00	-
Paid up Capital	4,677.28	5,893.37	7,130.98	8,343.25	9,469.58	13.50
Reserve Funds & Other Reserve	1,779.08	2,437.43	4,079.63	4,827.20	5,620.87	16.44
Shareholders' Equity (Capital & Reserve)	9,790.36	11,989.11	14,050.69	16,091.17	18,159.52	12.85
Deposits	53,882.96	82,186.98	118,683.39	140,980.55	166,851.17	18.35
Investment	53,582.96	77,714.95	106,650.42	125,715.39	146,740.36	16.72
Investment in Shares & Securities	2,078.83	3,771.83	5,511.24	7,138.93	9,120.90	27.76
Fixed Assets	655.39	968.13	2,394.62	2,517.22	2,661.11	5.72
Total Assets (Excluding off-balance sheet items)	74,005.01	106,768.18	149,320.36	173,161.63	210,439.01	21.53
<b>Foreign Exchange Business</b>						
Import Business	55,934.10	76,112.10	71,931.70	85,915.00	101,244.70	17.84
Export Business	32,042.40	52,202.10	58,476.60	68,980.30	75,843.90	9.95
Guarantee Business	3,081.15	1,812.38	1,955.72	2,006.61	3,365.27	67.71
Inward Foreign Remittance	4,431.90	6,876.20	23,120.40	7,042.50	8,541.10	21.28
<b>Capital Measures</b>						
Core Capital (Tier-I)	9,582.85	11,924.50	13,073.14	15,113.62	17,181.97	13.69
Supplementary Capital (Tier-II)	929.96	1,123.40	1,731.59	1,511.75	1,732.06	14.57
Tier-I Capital Ratio	13.21	12.31	10.38	13.33	12.74	(0.58)
Tier-II Capital Ratio	1.28	1.16	1.37	1.33	1.28	(0.05)
Total Capital	10,512.81	13,047.90	14,804.73	16,625.37	18,914.03	13.77
Total Capital Ratio	14.49	13.47	11.75	14.66	14.03	(0.63)
<b>Investment Quality</b>						
Volume of Non-Performing investment	610.48	751.10	1,783.60	3,598.83	6,982.60	94.02
% of NPLs to Total investment	1.14	0.95	1.63	2.77	4.50	1.73
Provision for Unclassified investment	666.95	866.46	1,021.15	749.60	938.27	25.17
Provision for Classified investment	137.58	305.93	711.63	1,128.03	1,518.78	34.64
Provision for Off Balance sheet Exposures	230.71	214.48	221.66	273.37	305.01	11.57
<b>Share Information</b>						
Number of Shares Outstanding	467,727,936	589,337,199	713,098,010	834,324,671	946,958,503	13.50
Earning per Share (Taka)	4.14	2.79	2.38	2.46	2.20	(0.26)
Book Value per Share (Taka)	16.47	16.69	19.70	19.29	19.18	(0.11)
Market Price per Share (Taka)	66.88	37.8	24.29	19.10	14.90	(4.20)
Price Earning Ratio (Times)	13.24	13.55	10.21	7.76	6.77	(0.99)
Price Equity Ratio (Times)	4.06	2.26	1.23	0.99	0.78	(0.21)
<b>Dividend per Share</b>						
Cash Dividend (%)	-	-	-	-	14.00	-
Bonus Share	26	21	17	13.50	-	-
<b>Operating Performance Ratio</b>						
Net Profit Margin%	2.22	5.55	5.88	5.70	5.88	0.18
Investment /Deposit Ratio	93.43	89.07	90.56	88.74	88.59	(0.15)
Return on Equity (ROE)%	20.01	18.34	13.85	14.15	12.80	(1.35)
Return on Assets (ROA)%	2.65	2.06	1.30	1.31	1.10	(0.21)
Cost of fund %	9.72	11.08	12.34	11.02	10.85	(0.17)
Cost /Income ratio in operating business (%)	29.19	26.25	31.89	35.02	33.99	(1.03)
<b>Other Information</b>						
Number of Branches	78	88	100	110	119	8.18
Number of Employees	1,711	1,807	2,110	2,387	2,649	10.98
Number of Shareholders	49,386	54,267	52,739	58,466	52,007	(11.05)





## 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 mobilizing deposit and channelizing 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 2014, total value added by AIBL was BDT 6,526.49 million as against BDT 5,985.57 million in 2013. Bank's direct contribution to the economy was BDT 2,161.64 million in the form of corporate income tax. The Bank distributed BDT 2,072.79 million for its total 2,649 officials in 2014 as against that of BDT 1,658.05 million in 2013.

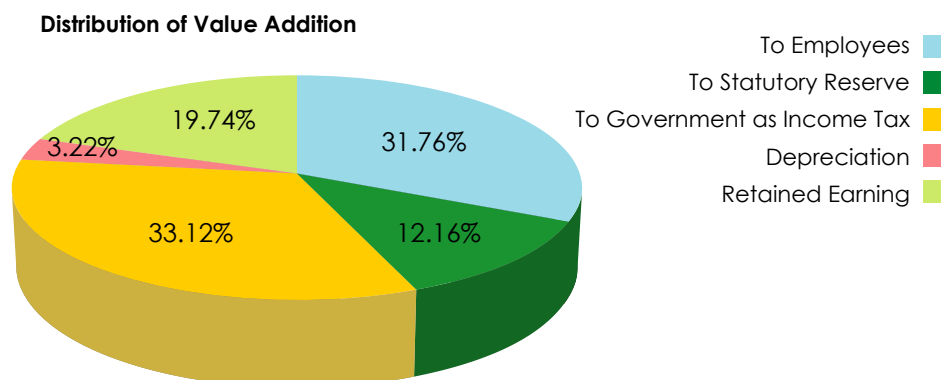
At the end of 2014, the Bank mobilized total deposits of BDT 166,851.17 million and aided the economy in meeting its growth target by deploying BDT 146,740.36 million as investment to different sectors of the economy. Apart from these, the Bank performed significant import and export business.

# 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	2014	2013
Income from Banking Service	22,211.79	19,723.41
Cost of Services & Supplies	(13,838.44)	(13,149.69)
Value added by Banking Services	8,373.35	6,573.72
Provisions for Investment & Off-Balance Sheet Items	(1,846.86)	(588.15)
<b>Total Value Addition</b>	<b>6,526.49</b>	<b>5,985.57</b>
Value Distributed		
To Employees	2,072.79	1,658.05
To Statutory Reserve	793.67	747.57
To Government as Income Tax	2,161.64	2,083.73
Depreciation	210.07	194.13
Retained Earning	1,288.32	1,302.09
<b>Total</b>	<b>6,526.49</b>	<b>5,985.57</b>

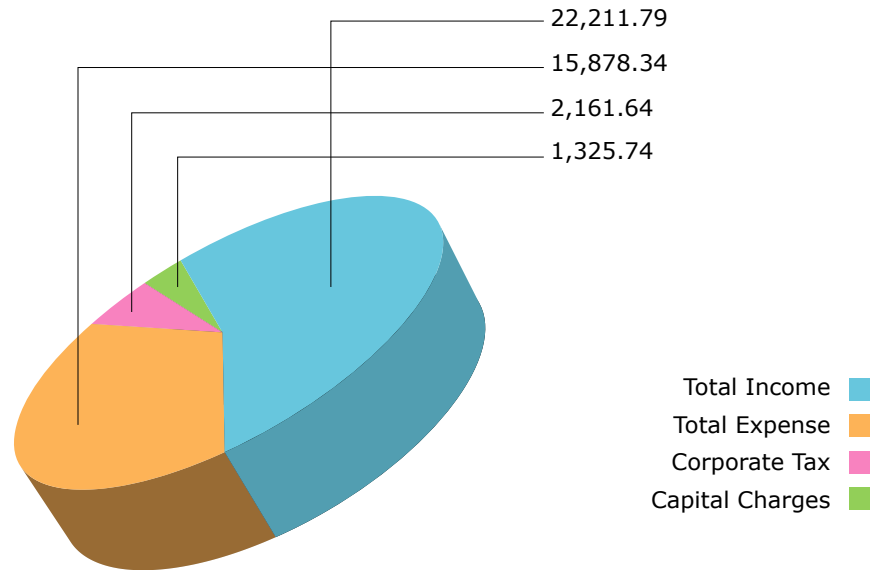


# Economic Value Added Statement

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 2,846.07 million as on 31 December 2014 as against that of BDT 1,738.49 million in 2013.

(BDT in million)

Particulars	2014	2013
Shareholders' Equity	18,159.52	16,091.17
Total Income	22,211.79	19,723.41
Total Expense	(15,878.34)	(14,774.85)
Corporate Tax	(2,161.64)	(2,083.73)
Capital Charges*	(1,325.74)	(1,126.34)
<b>Economic Value Addition</b>	<b>2,846.07</b>	<b>1,738.49</b>



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



## 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

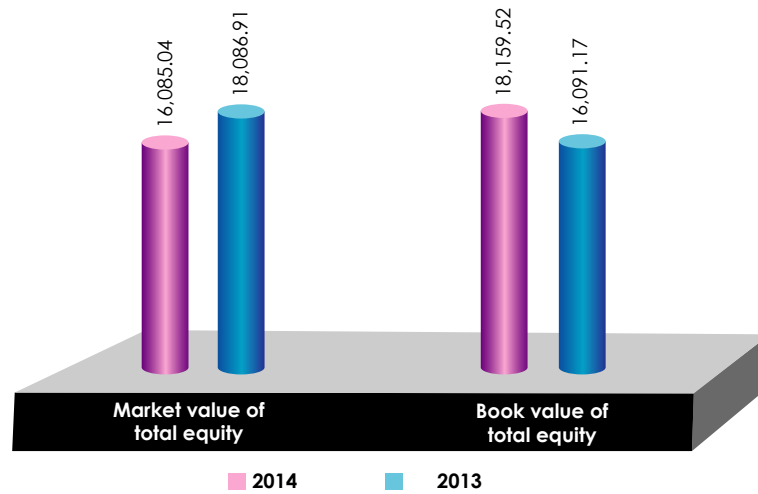
(BDT in million)

Particulars	2014	2013
Market value of total equity	16,085.04	18,086.91
Book value of total equity	18,159.52	16,091.17
Market value addition	(2,074.48)	1,995.74



Donation to the Honorable Prime Minister's Fund to help flood-affected people

# Market Value Addition



Total number of share outstanding: 946,958,503 (834,324,671)\*

Market value per share: BDT 14.90 (19.10)\*

\* Previous Year's figures in brackets.



Kustia Branch was inaugurated by Honorable Chairman of the Bank on August 24, 2014



## Chairman's Address

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 Wa Rahmatullahi Wa Barakatuh.

It is my great pleasure to welcome you all to the 20th 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 to run the Bank. Alhamdulillah, we have successfully closed the books & accounts of the company for the year 2014.

All of us know that due to some unavoidable circumstances, the business in the year 2014 was not good enough for any of the banks and financial institutions in the country. In spite of that we have tried our best to have a good result and I believe that our achievement has been recognized.

As trusted by you with the great responsibility to take care of this institution, the Board of Directors is always keen and active to take actions in favour of the Bank. This year we are focusing on developing the quality of our human resources, increasing the amount of low cost deposit which will ultimately enhance the deposit mix and also on the SME sectors. We are working to implement "Branchless Banking" concept that requires less human intervention. Consequently, we are concentrating to make our human resources more capable and technologically developed so that they can cope with the changing environment and serve our valued clients efficiently and effectively.

Sensing the upcoming threats and adverse business situation, I as the Chairman of the Board of Directors have strictly advised our Management to be cautious in all areas of business including quality of investments, recovery process as well as overhead expenses.

Trusting upon Almighty Allah, believing our Shareholders confidence on us and knowing our abilities to achieve the goal, I have declared the year, the year when we start our mission, to be "The Best Islami Bank" in the

country. I believe with all our honesty, integrity, efficiency and most of all with our strictness to comply with Shari'ah and Regulatory directions in every point, Insha Allah we shall be able to reach our goal to be recognized as the best Islamic Bank in Bangladesh.

### Overall Performance

By the grace of Almighty Allah (SWT) Al-Arafah Islami Bank has overcome the challenges of 2014 and made satisfactory operating profit and growth in most of the areas of business. Despite significant growth in operating profit due to large regulatory provisioning requirements net profit figure was not satisfactory. Besides strict Shari'ah compliance has significantly affected the operating income. However the Bank took a strategy of quality growth of its assets by adhering to compliance in all spheres of operation particularly in respect of Shari'ah and regulatory laws and guidelines. Under a continued policy, the Bank remained focused in all the key areas covering capital adequacy, good asset quality, sound management, good earnings and strong liquidity.

The Bank's operating profit stood at Tk. 6,333.45 million during the year registering an increase by Tk. 1,384.89 million over the previous year. The return on equity recorded at 12.80% while earnings per share (EPS) stood at Tk. 2.20.

Total assets of the Bank rose to Tk. 210,439.01 million during the year showing a growth of 21.53% over the previous year.

Deposits of the Bank increased by Tk.25, 870.62 million during 2014 registering a growth rate of 18.35%.

Our Bank always maintained investment-Deposit Ratio (IDR) at required level throughout the year and thus the Bank maintained its risk free liquidity ensuring maximum earnings from the deployed fund.

We have tried our best to make investment maintaining its quality and ensuring well diversification to mitigate the potential risks. Investment portfolio of the Bank has grown by 16.72% during the year and thus the books of accounts have showed a positive growth in our operating profit.

Rescheduled investment increased by Tk.1943.70 million from Tk. 3455.90 million to Tk. 5,399.60 million which was 3.48% of total Investment. Recovery against rescheduled



investment during 2014 was Tk.1, 116.40 million.

Classified investment increased by Tk. 3,383.80 million from Tk. 3,598.80 million to Tk. 6,982.60. Million representing 4.50% of total investment as against 2.77% in the previous year.

During the year 2014, recovery against classified investment stood at Tk. 1,878.60 million while recovery against SMA was Tk. 1,786.10 million and against Written off Tk. 26.60 million building a total recovery of Tk. 4,807.70 million including recovery of Tk. 116.40 million from rescheduled investment.

We have handled export business of Tk.75,843.90 million during the year 2014, marking a growth of 9.95% over the achievement of 2013. On the other hand, our import business stood at Tk. 101,244.70 million registering a growth of 17.84%.

#### **SME & Retail Banking**

Our Bank is now focusing on investment to SME and Retail sector in line with the policies and guidelines of Bangladesh Bank. During the year we have achieved above 100% of our set target in this area by providing investment to major three categories of enterprises viz. Industry, Trade and Services.

#### **Off-Shore Banking Unit (OBU)**

Our best efforts had been continued since 2012 to obtain permission from Bangladesh Bank for introducing Off-Shore Banking Unit (OBU) in our Bank. The necessary formalities, in this regard, were also done earlier. Finally, we got approval of Bangladesh Bank to operate one Off-Shore Banking Unit (OBU) at Motijheel Branch, Dhaka. Operations of the Unit have already been started.

#### **Agent & Mobile Banking**

By the grace of Almighty we have concluded the business plan for our Agent & Mobile Banking that is submitted to Bangladesh Bank for approval. We envision launching of both the banking platforms with necessary regulatory permission in any time within first half of this calendar year. Insha Allah these platform will play its due role in delivering quality banking services to the existing and new clients.

#### **Risk Mitigation**

Risk taking is an inherent element of the banking business and indeed profit is the reward for successful risk taking i.e. mitigating the risk to a tolerable limit. Considering the above, Bangladesh Bank has issued necessary guidelines to all the scheduled banks and in line with that guideline we have taken necessary steps and measures including establishment of a separate division with skilled manpower.

#### **Subsidiary Companies**

As part of diversification of our business, we have established the following 3 (three) subsidiary companies, in addition to our normal banking business:

#### **AIBL Capital Market Services Limited**

AIBL Capital Market Services Limited was incorporated as subsidiary company of Al-Arafah Islami Bank Limited with an authorized capital of Tk.

10 billion and paid-up capital of Tk. 4 billion of which AIBL holding is 60.50%. The main objectives of the company are to carry out the business of Stock Broker and Dealer in the Capital Market. During the year 2014 the company earned Operating Profit (Before provision for investment & taxation) of Tk. 1,030.31 Million with Earning per Share (EPS) Tk. 1.55.

#### **AIBL Capital Management Limited**

AIBL Capital Management Limited, a subsidiary company of Al-Arafah Islami Bank Limited, was incorporated with an authorized capital of Tk. 2 billion and paid-up capital of Tk. 500 million. The main objectives of the company are to carry out the business of Merchant Banking in all its aspects including Issue Management (IPO, Right Share Issue, Bond Issue etc.), Portfolio Management, Underwriting, Corporate Advisory Services, Pre-IPO Placement, Investment Analysis and Research etc.

During the year 2014 the company incurred Operating Loss (Before provision for investment & taxation) of Tk. 32.07 Million.

#### **AIBL Asset Management Co. Ltd.**

Another subsidiary company in the name of AIBL Asset Management Co. Ltd. has already been incorporated with Authorized Capital of Tk. 500 million and Paid up Capital of Tk. 100 million to carry out the business of Asset Management, Portfolio Management, Capital Market Operation and other financial services. The shareholding ratio of AIBL and its another subsidiary AIBL Capital Market Services Limited is 9:1. We hope that the company will start its functioning very soon.

#### **Concluding Appreciation**

We would now like to extend our sincere thanks and appreciation to all the regulatory authorities, our depositors, investment clients, Shareholders and all other Stakeholders for their unbound confidence.

Our deepest gratitude to our fellow Board Members, members of the Shari'ah Supervisory Committee, all the Bank officials for their continuous and consistent support, encouragement, wisdom, input, guidance for development and progress.

Finally, we would like to offer our whole hearted commitment that we are accountable to Almighty Allah (SWT) and answerable to our Stakeholders and to the people of our beloved country.

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

Allah Hafiz

Ma-assalam

Sincerely,



Badiur Rahman

Chairman

Date: 31 March 2015



## Managing Director's Address

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.

Respected Shareholders,

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh.

It is my great pleasure and opportunity to present the performance and future aspirations of your esteemed Bank. At the beginning I would like to convey my heartfelt gratitude to Bangladesh Bank for their time-befitting policies, guidance and supports. Now, I would like to express my sincere thanks to the valued stakeholders for their endless support in the Bank's continued success. I take this chance to thank the members of the Board and Management of the Bank for extending me and my predecessor the opportunity to steer toward the Bank's mission and vision. I also place my appreciation of the dedicated and committed service put in by all the officials of the Bank.

### Global Economy

Despite improved global financial conditions and reduced short-term risks, the world economy continues to expand at a subdued pace. After a marked downturn over the past two years, global economic activity slowly gained momentum in the second half of 2014. Most world regions are likely to see a moderate strengthening, but growth will still remain below potential. In the baseline outlook, global growth has been revised slightly downward from the forecasts presented in the World Economic Situation and Prospects 2014.

### National Economy

National Output growth slowed marginally in FY13 compared to the previous year and relative to the 10-year historical average. Gross Domestic Product (GDP) growth at constant market price, using the 1995/96 base, is estimated at 6.03 percent in FY13, lower than 6.23 percent growth of FY12 and 6.2% average for the previous decade. Slower growth in agriculture and services sector contributed to slower GDP growth.

### Achievement and Progress 2014

By the grace of Allah (SWT), Al-Arafah Islami Bank Limited passed the Year 2014 successfully posting usual growth in all the indices of business facing various challenges and risks. Our activities and performances in some major areas are depicted below:

#### Financial Management

The Bank earned operating profit of Tk. 6,333.45 million during the year 2014 as against Tk. 4,948.56 million during the year 2013 representing an increase by Tk. 1,384.89 million and thus the Bank attained growth of 27.99% in respect of operating profit. Profit before tax during the year 2014 stood at Tk. 4,486.59 million with earning per share of Tk. 2.20 as against Tk. 2.16 (Restated) in the previous year. The total assets of the Bank stood at Tk.210,439.01 million recording an increase by Tk.37,277.38 while Equity of the Bank increased from Tk. 16,091.17 million to Tk. 18,159.52 million with 12.85% growth and Capital Adequacy Ratio (CAR) 14.03% & 13.53% Consolidated & Solo basis respectively.

#### Deposits

The total deposit of the Bank amounted to Tk.166,851.17 million as on 31st December 2014 as against Tk. 140,980.55 million on 31st December 2013 recording a growth of 18.35% amounting to Tk.25,870.62 million. Our present strategy is to mobilize the deposit base from the mass people through competitive profit rates with special attention to low and no cost deposit to keep the Bank risk free with better spread.

#### Investment

The investment of the Bank stood at Tk.146, 740.36 million as on 31st December 2014 as against Tk. 125,715.39 million in the previous year showing an increase by 16.72%. 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 quality of our investment and thus it is our success to keep the classified investment at 4.50% which is below the national average.

### **International Trade**

We are quite lively in conducting international trade through the activities of Import, Export and Foreign Remittances. Up to December 2014, 24 Branches out of total 119 are authorized to deal in Foreign Exchange Business. Our total exposure in export business during the year 2014 stood at Tk. 75,843.90 million as against Tk. 68,980.30 million in the previous year recording a growth of 9.95%. On the other hand, the volume of import business has increased from Tk. 85,915.00 million in 2013 to Tk.101,244.70 million in 2014 showing a growth of 17.84%.

### **Ancillary Business**

The ancillary business contributes a lot in the overall profitability of the Bank. We have earned Tk. 1,938.84 million from Commission and Exchange during the year 2014 as against Tk.1,230.27 million during previous year. As our objective is to cover our entire Salaries and Allowances out of ancillary income, we have no other alternative but to maximize our ancillary business.

### **Shari'ah Compliance**

It is our prime responsibility to uphold the Shari'ah principles, the core value of Islamic Banking, in our day to day business activities. The activities to create awareness among the entire human resources for compliance of Shari'ah in each and every affair of the Bank are given top most priority.

We have the pleasure to inform that during the year 2014, 118 branches were inspected by the Shariah Muraquibs. As per their report, Tk. 49.99 million has been segregated as doubtful income against total investment income of Tk.18,108.71 million; thus ratio of doubtful income arrived at around 0.28% .

### **Financial Inclusion**

We have taken many initiatives to reach the unbanked people and poorest segments in remote areas especially through our Special Deposit Schemes and micro investment programs. We have introduced new deposit products for the Farmers, Workers of Garments Industries, Freedom Fighters, Students, etc.

Farmers, Freedom Fighters and E-Shop accounts are opened without any initial deposit and Garments Workers and Students Accounts are opened with a minimum initial deposit of Tk.100 only and no account maintenance fee is required to operate these accounts. There is no requirement for keeping minimum balance.

We have also introduced savings account for the entrepreneurs/ product related with Amar Desh E-shop. This account can be opened without any deposit and no account maintenance fee is required to operate the accounts. There is also no requirement for keeping minimum balance.

We have the following micro investment programs for the poorest people of the country:

- Rural Agricultural Investment Scheme (RAIS)
- Al-Arafah Khamarbari Investment Scheme
- Grameen Small Investment Scheme (GSIS)
- Al-Arafah Solar Energy Investment Scheme
- Micro Enterprise Investment Scheme

### **Branch Network**

At present we have 119 branches all over the country. In a bid to expand our network of Branches, we have got Bangladesh Bank approval to open 10 (Ten) new branches in the year 2014.

### **Welfare Activities**

Welfare 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 customers and in the same way we are also helping different social areas through 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 without realizing any Account Maintenance Fee. The Bank has also originated School Banking to open savings accounts of school students (minor) with same facilities as offered to farmers and freedom fighters. During the year 2014 we accomplished different humanitarian and social activities which include allocation of fund Tk. 45.50 million. Besides, we have taken a program to develop manpower and make them employed as well as assisting them for employment in abroad.

### **Corporate Governance**

Organizational and structural changes have been made for working corporate governances excellently. Separate organs are functioning to look after the issues of, inter alia, branding, public relations and CSR activities of the Bank.

### **Branding & Public Relations**

We brought new dimension in our branding and publicity for establishing positive image of the Bank. We could bring national attention to AIBL by news covered in TV Channels. 147 news items of the Bank were broadcast through 7 (seven) different TV Channels during the year. Besides this, currently the Bank is displaying a total of 49 Billboards (including 40 roadside boards in Cox's Bazaar) in 8 different places all over the country. There were total 51 advertisement placements in 9 different websites during 2014. More than 20 Interviews of Top Executives of AIBL published on several leading dailies and periodicals in 2014. Time Display in news at 9 PM on Channel-I has been branded this year. Name and Logo of the Bank is being displayed constantly during the news. Business News segment of Satellite Channel ATN News has been sponsored. Name of the Bank is being pronounced before the segment starts. TV Branding got a hyper drive with scroll branding during the news in satellite channel Banglavision. The branding shows the name and logo of the bank as sponsor of the news update scroll.

### **Card & Retail Banking**

Financial institutions worldwide are responding to the challenges of providing modern technology based services to their valued customers by incorporating product sets that match their customers' individual needs, 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 to ensure hassle

free transactions by the customers. We have commercially launched Debit Card (Fast Cash) for our customers and meanwhile we have deployed 40 ATM booths in prime locations and another 10 ATMs are in pipe line. Moreover we have connected OMNIBUS share network from which our customers can avail 1400+ ATM facility of other banks all over the country.

#### **Off-Shore Banking Unit (OBU)**

Off-shore Banking Unit (OBU) started its operation through our Motijheel Branch on 22-05-2014 deploying fund through ADs under UPAS & MDB F/C mode. The income of OBU during the year 2014 (including branches) was Tk. 1.49 crore.

#### **Risk Management**

Risk is inherent in any walk of life in general and particularly in banking sector. 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 by efficient management.

Like other Banks, 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. Besides, eight individual Risk Management Committee and a Risk Management Coordination Committee in Management level in addition to Board Risk Management Committee are working with utmost care to minimize the risk level. Regular meeting of all the committees are held on monthly/quarterly basis. On the other hand, an analytical paper in the name & style "Risk Management Paper" incorporating all risk areas is prepared on monthly/ quarterly basis as per requirement of Bangladesh Bank. This paper is discussed in depth in the Risk Management Co-ordination Committee and Board Risk Management Committee and necessary instructions and guidance are given and implemented there against.

#### **CSR Activities**

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.

During the year 2014, the bank has prolonged its hands towards the poor people in various ways. Our CSR areas were focused on Health, Education, Disaster Management, Cultural Activities, Ecological Friendly sectors and several other sectors.

#### **Green Banking**

Environmental sustainability is a key part of our social responsibility efforts. Bank has established environmental policies, goals and practices that help to guide their activities inside and out. Environmentally-oriented thinking is incorporated into a range of bank operations, lending, products and services and in-house activities.

Al-Arafah Islami Bank Ltd. being an ethical Bank and in compliance to Bangladesh Bank guidelines has formed Green Banking Department. Some of our activities are shown below:

1. Fund amounting to Tk.6010.00 million has been allocated for Green Finance, Green Marketing, Training, Capacity Building and Climate Risk Fund. A total amount of Tk. 16,190.40 million has been utilized up to December 2014.
2. In 2014, 14 workshops were conducted on Green Banking & Environmental Risk Management. Total 670 Executives and Officers of our Bank participated in the workshop at AIBL Training Institute.
3. Bank has already financed 28 ETP projects amounting Tk.15, 211.50 million as of 31.12.2014.
4. Bank also financed 64 Brick fields using HHK/Zigzag technology amounting Tk. 947.10 million as of 31.12.2014.
5. Bank has already financed 1298 solar panel amounting Tk. 31.80 million as of 31.12.2014.
6. Environmental Risk Rating (EnvRR) is done on the relevant proposal following Environment risk Management Guideline. As on December-2014, 964 projects were rated (Environmental Risk Rating) and total amount of Tk. 56,057.90 million has been disbursed there against.

#### **In-house Activities**

Both the sides of papers are being used, Energy savings bulbs and other electrical devices are being used. So far solar power system installed at 25 branches with total 25000 watt capacity.

#### **Online Banking**

Online banking facilities including Debit Cards have already been extended to the clients. Credit Cards will be launched very soon. We are collecting utility bills through Mobile Phone By m-pay system.

#### **Environment Risk Management (ERM)**

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

#### **Concluding Remarks**

Finally, I would recall the valuable suggestions and support of all concerned for which we are able to take the Bank to this state of stratum and again offer my heartfelt thanks to all of them.

Let us pray to Almighty Allah (SWT) to give us courage and strength to achieve our set vision and mission and hope that our sailing through success shall continue in the years to come Insha Allah.



(Md. Habibur Rahman)

Managing Director

Date: 31 March 2015





## Board of Directors' Report

Bismillahir Rahmanir Rahim,

All praise is to be 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 20th 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 2014.

### Global Growth Prospects:

The global economy continued to expand during 2014 at a moderate and uneven pace, as the prolonged recovery process from the global financial crisis was still saddled with unfinished post-crisis adjustments. Global recovery was also hampered by some new challenges, including a number of unexpected shocks, such as the heightened geopolitical conflicts in various areas of the world. Growth of world gross product (WGP) is estimated to be 2.6 per cent in 2014, marginally better than the growth of 2.5 per cent registered in 2013, but lower than the 2.9 per cent projected in World economic situation and prospects as of mid-2014.

### Prospects for the Least Developed Countries:

Growth in the economies of the least developed countries (LDCs) will continue to exceed the global average, with an expected acceleration from 5.3 per cent in 2014 to 5.7 per cent in 2015 and 5.9 per cent in 2016. Major drivers for this performance will be an anticipated improving external environment, which helps underpin growth through trade and financial flows; continued strong investment in infrastructure and natural resource projects; and, in some cases, the reconstruction after conflicts or natural disasters.

### Employment trends:

The global employment situation remains a key policy challenge, as GDP growth continued to be

modest and below potential in many parts of the world. Globally, employment is estimated to have grown by 1.4 per cent in 2014, similar to the pace in 2013, but still lower than the 1.7 per cent rate in pre-crisis years. As a result, unemployment figures remain historically high in some regions, even though they appear to have stopped rising.

### International trade flows:

Slow and uneven recovery in major developed countries and moderate growth in developing countries have led to sluggish trade growth in the past few years. World trade is estimated to have expanded by 3.4 per cent in 2014, still well below pre-crisis trends. In the forecast period, trade growth is expected to pick up moderately along with improvement in global output, rising to 4.5 per cent in 2015 and 4.9 per cent in 2016.

### National Economy

Provisional estimates by BBS for FY14 GDP growth at constant price is 6.12% in line with its ten year average, and higher than the GDP growth of 6.01 percent in FY13. The growth momentum was largely concentrated in the service sector and agricultural activities. Point to point inflation data shows that food inflation rose steadily from 5.02% in January 2013 to 9.09% in May 2014. Part of the rise was due to supply disruptions caused by the political unrest of late 2013. However food inflation for June 2014 declined to 8.00% possibly due to declining global and regional food prices. Point to point non-food inflation steadily declined, from 9.09% in January 2013 to 5.16% in May 2014. This is due to the adherence to the monetary program as well as a slowdown in credit growth. However in June 2014, there was a slight uptick in non-food inflation as it rose to 5.45%, perhaps due to increased consumer demand due to Eid-ul-Fitr expenses. The rise in food inflation pushed up average inflation from 6.06% in January 2013 to 7.53% in December 2013 though over the past six months the decline in nonfood inflation has contributed to a fall in average inflation to 7.35% by June 2014.

The current account balance (CAB) recorded a smaller surplus of USD 1547 million in FY14 compared to a surplus of USD 2388 million in the preceding fiscal year. The smaller current account surplus was

essentially due to a negative remittance growth of -1.6%. A significant surplus in the combined capital and financial account also contributed to the large overall balance surplus of USD 5483 million in FY14. These improved external balances are reflected in the accumulation of international foreign exchange reserves reaching USD 21.5 billion at the end of FY14 compared with USD 15.3 billion at the end of FY13. The foreign exchange market remained mostly stable with a marginal appreciation of Taka against US dollar during Q4FY14. In order to protect Bangladesh's external competitiveness, Bangladesh Bank continued its interventions in the domestic foreign exchange market with a net purchase of foreign currencies amounting to USD 2.35 billion during H1FY14 and USD 2.80 billion in H2FY14.

During FY14, revenue collection was 95.9 percent of the annual revenue target while expenditure reached 85.9 percent of the yearly budgeted outlay. Consequently, the fiscal deficit was contained to 3.0 percent of GDP in FY14 relative to revised annual FY14 budget of 4.5 percent of GDP and 3.36 percent of GDP during FY13. An amount of Tk. 207.8 billion (1.7% of GDP) was accommodated from domestic sources that included bank financing of Tk. 66.3 billion (compared with Tk. 205.1 billion in FY13) and non-bank financing of Tk. 141.6 billion (Tk. 27.1 2 billion in FY13), while remaining amount of Tk. 146 billion (Tk. 143.9 billion in FY13) came from foreign sources.

Reserve money (RM) growth and growth of net domestic assets (NDA) of Bangladesh Bank, which are critical anchors of the monetary program, remained within program targets in FY14. This was despite a surge in Net Foreign Assets (NFA) of BB which was sterilized via reverse repo operations, selling BB bills and Islamic Bonds. Reverse repo operations grew significantly in the last few weeks of H2FY14 following a Government decision to temporarily suspend Treasury bill auctions. As a result, and in light of persisting inflationary pressures along with the significant liquidity in the banking system that led to a sharp rise in reverse repo operations with consequent costs to BB and ultimately the taxpayer, BB decided to raise the Cash Reserve Ratio from 6% to 6.5% in June 2014. Despite high growth of NFA, broad money (M2) growth was 16.1 percent (y-o-y) in FY14 compared with 16.7 percent in FY13, and remained marginally lower than the programmed growth of 17.0 percent for FY14, since domestic credit growth fell short of the anticipated rate due to shortfalls in both private and public sector credit growth.

Banking sector indicators for Q4FY14 deteriorate relative to the previous quarter. The ratio of gross non-performing loans (NPL) to total outstanding loans increased from 10.5 percent at the end of March to 10.8 percent at the end of June 2014. The ratio of net NPL of the sector also increased from 3.4 percent to 3.9 percent in the same period partly due to the increase of gross NPL as well as increased shortfall in actual provision maintained by the SCBs. Capital adequacy ratio (CAR) decreased to 10.7 percent in June from 11.3 percent in March 2014.

Among the profitability measures, return on asset (ROA) in the banking sector declined from 0.9 percent at the end of December 2013 to 0.6 percent at the end of June 2014 primarily due to maintaining higher provision

for the increased NPL and the net losses made by SOCBs. Return on equity (ROE) of the banking industry also decreased to 8.4 percent at the end of June 2014 from 11.1 percent at the end of December 2013. Interest rate spreads rose during Q4FY14 from x% at the end of Q3FY14 to y% at the end of Q4FY14. BB's current forecast is that output growth will pick up in FY15 and should there be no major disruption to the economy, output growth could range between 6.2-6.5%. BB will update its forecasts on a regular basis during the course of the year and the monetary program will also be flexible to accommodate a significant change in these forecasts, including any upsurge in investment demand commensurate with the FY15 Budget expectation.

## Overall Banking Scenario

### Banks' Deposits:

Total Deposits (excluding interbank items) of the scheduled banks increased by Tk. 77332.34 crore or 13.52% to Tk. 649440.02 crore during the FY 2013-14 as compared to increases of Tk. 85700.47 crore or 17.62% to Tk. 572107.68 crore during the FY 2012-13.

The increase in deposits during the FY 2013-14 was due to increases in urban deposits by Tk. 59473.22 crore or 12.68% to Tk. 528490.05 crore and in rural deposits by Tk. 17859.12 crore or 17.32% to Tk. 120949.97 crore. The share of urban deposits to total deposits at the end of the FY 2013-14 was 81.38% as compared to 81.98% at the end of the FY 2012-13 while the share of rural deposits to total deposits at the end of the FY 2013-14 was 18.62% as compared to 18.02% at the end of the FY 2012-13.

### Islamic Banks' Deposits:

Islamic Banks' Deposits increased by Tk. 19275.78 crore i.e. 19.05% as against 13.52% of all Banks to Tk. 120477.36 crore during the FY 2013-14 as compared to increases of Tk. 16830.18 crore i.e. 19.95% as against 17.62% of all Banks to Tk. 101201.58 crore during FY 2012-13. The share of Islamic Banks' Deposits at the end of FY 2013-14 was 18.55% as compared to 17.69% at the end of FY 2012-13.

### Current & CCD:

Current & Cash Credit Deposits increased by Tk. 4949.41 crore i.e. 10.89% as against 13.52% of all categories to Tk. 50417.80 crore during the FY 2013-14 as compared to increases of Tk. 3089.82 crore i.e. 7.29% as against 17.62% of all categories to Tk. 45468.39 crore during FY 2012-13. The share of Current & Cash Credit Deposits at the end of FY 2013-14 was 7.76% as compared to 7.95% at the end of FY 2012-13.

### Savings Deposits:

Savings Deposits increased by Tk. 8887.71 crore i.e. 8.95% as against 13.52% of all categories to Tk. 108203.93 crore during the FY 2013-14 as compared to increases of Tk. 6299.69 crore i.e. 6.77% as against 17.62% of all categories to Tk. 99316.22 crore during FY 2012-13. The share of Savings Deposits at the end of FY 2013-14 was 16.66% as compared to 17.36% at the end of FY 2012-13.

### Fixed Deposits:

Fixed Deposits increased by Tk. 51412.47 crore i.e. 17.25% as against 13.52% of all categories to Tk. 349474.28 crore during the FY 2013-14 as compared to increases of Tk. 57781.94 crore i.e. 24.05% as

against 17.62% of all categories to Tk. 298061.81 crore during FY 2012-13. The share of Fixed Deposits at the end of FY 2013-14 was 53.81% as compared to 52.10% at the end of FY 2012-13.

#### **Banks' Advances (CBs)/Investment (IBs):**

Total Advances/Investments (excluding bills) of the scheduled banks increased by Tk.44778.74 crore or 10.54% to Tk. 469583.21 crore during the FY 2013-14 as compared to increases of Tk. 38871.33 crore or 10.07 to Tk. 424804.47 crore during the FY 2012-13.

The increase in Advances/Investments during the FY 2013-14 was due to increases in Urban Advances/Investments by Tk. 41848.28 crore or 10.97% to Tk. 423226.68 crore and in Rural Advances/Investments by Tk. 2930.46 crore or 6.75% to Tk. 46356.53 crore. The share of Urban Advances/Investments to Total Advances/ Investments at the end of the FY 2013-14 was 90.13% as compared to 89.78% at the end of the FY 2012-13 while the share of Rural Advances/Investments to Total Advances/Investments at the end of the FY 2013-14 was 9.87% as compared to 10.22% at the end of the FY 2012-13.

#### **Islamic Banks' Investments:**

Islamic Banks' Investments increased by Tk. 14630.27 crore i.e. 16.40% as against 10.54% of all Banks to Tk. 103848.25 crore during the FY 2013-14 as compared to increases of Tk. 11171.74 crore i.e. 14.31% as against 10.07% of all Banks to Tk. 89217.98 crore during FY 2012-13. The share of Islamic Banks' Investments at the end of FY 2013-14 was 22.11% as compared to 21.00% at the end of FY 2012-13.

#### **Agriculture Investments:**

Agriculture Investments increased by Tk. 2980.80 crore i.e. 12.98% as against 10.54% of all Sectors to Tk. 25951.90 crore during the FY 2013-14 as compared to increases of Tk. 2040.92 crore i.e. 9.75% as against 10.07% of all Sectors to Tk. 22971.10 crore during FY 2012-13. The share of Agriculture Investments at the end of FY 2013-14 was 5.53% as compared to 5.41% at the end of FY 2012-13.

#### **Industrial Investments:**

Investments in Industry Sector increased by Tk. 12181.16 crore i.e. 7.95% as against 10.54% of all Sectors to Tk. 165365.92 crore during the FY 2013-14 as compared to increases of Tk. 23552.09 crore i.e. 18.17% as against 10.07% of all Sectors to Tk. 153184.76 crore during FY 2012-13. The share of Investments in Industry Sector at the end of FY 2013-14 was 35.22% as compared to 36.06% at the end of FY 2012-13.

#### **Construction (RE):**

Investments in Construction (Real Estate) Sector increased by Tk. 2023.23 crore i.e. 5.23% as against 10.54% of all Sectors to Tk. 40728.98 crore during the FY 2013-14 as compared to increases of Tk. 6671.09 crore i.e. 20.82% as against 10.07% of all Sectors to Tk. 38705.45 crore during FY 2012-13. The share of Investments in Construction (Real Estate) Sector at the end of FY 2013-14 was 8.67% as compared to 9.11% at the end of FY 2012-13.

#### **Trade:**

Investments in Trade Sector increased by Tk. 28584.90 crore i.e. 18.28% as against 10.54% of all

Sectors to Tk. 184921.74 crore during the FY 2013-14 as compared to increases of Tk. 7202.10 crore i.e. 4.83% as against 10.07% of all Sectors to Tk. 156336.84 crore during FY 2012-13. The share of Investments in Trade Sector at the end of FY 2013-14 was 8.67% as compared to 9.11% at the end of FY 2012-13.

#### **Islamic Banking Practices**

Islamic 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 Islamic banking throughout the world. At present in our country 7 full fledged Islamic Banks are working successfully. And other traditional banks have Islamic Banking Wings conducting Shariah based banking activities. Recent development of Bangladesh Government Islamic Investment Bond (BGIIIB) is a 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 authorized capital of the Bank is Tk. 10,000.00 million and the paid up capital is Tk. 9,466.58 million as on 31.12.2014.

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. 18,159.52 million as on 31 December 2014, the manpower was 2,649 and the number of shareholders was 52,007. 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 119 branches of which 24 is AD throughout the country.

We are pledge-bound to convert the Bank into a Islamic 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.

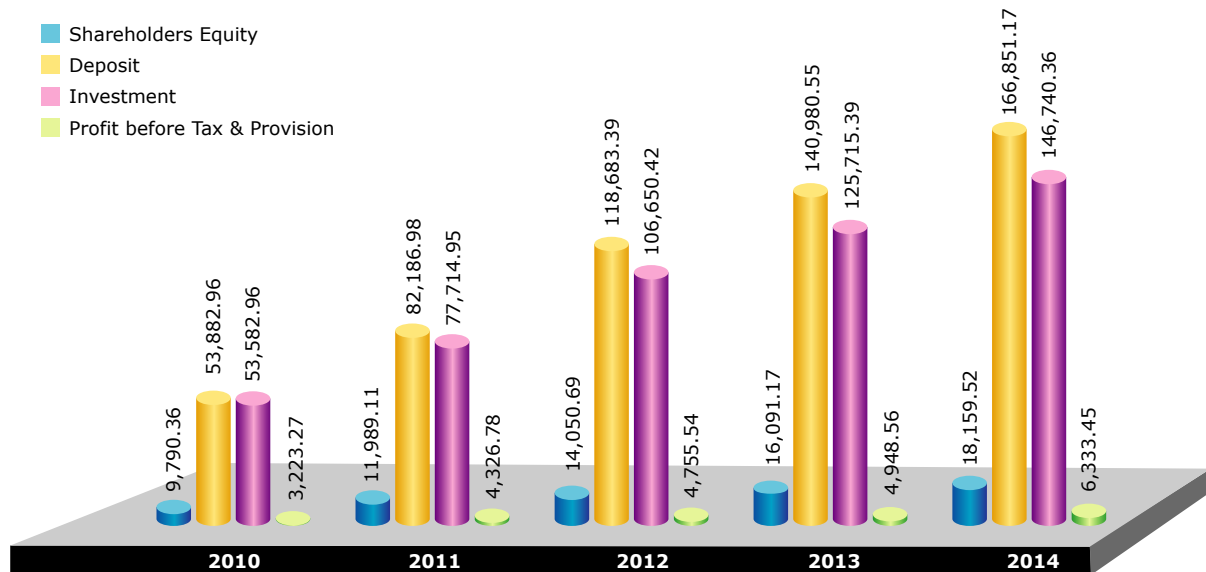
#### **Special Features of Al-Arafah Islami Bank Ltd. :**

- All activities of the bank are conducted according to Islamic Shariah where profit is the legal alternative to interest.



## Performance at a glance

(in Million taka)



- 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 a lot to economic and philanthropic activities. AIBL English Medium Madrasah, AIBL Library and Al-Arafah Islami Bank Foundation Kidney Dialysis Centre patronized by the Bank are such examples.

### Activities of Shariah Supervisory committee for the year 2014

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 Al-mighty Allah managed to contribute a lot to run all the business activities of the Bank according to Shariah guidelines. During the year 2014 with some unavoidable circumstances our Honorable Members of the Shariah Supervisory Committee sat in 4(Four) General Meetings and 1(one) Emergency Meeting to discuss the matters of the Bank to give opinions & directives and given solutions thereof from the view point 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 Tk49.99 million as doubtful income of the branches of the Bank.

Besides, after analysing balance sheet, the Supervisory committee identified Tk. 231.30 million as compensation realised in different branches and Tk. 0.55 million, Tk. 0.77 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 2014 keeping doubtful income amounting to Tk 82.07 million apart from basic income and spend after tax the same on the basis of Shariah prescribed modes.

At Last, as per Shariah Inspection Report of 2014, the Doubtful Income of the Bank has been reduced comparatively and we hope that this reducing figure will be continued and necessary steps would be taken time to time, Insha-Allah.

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 in-depth 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 Companies Act, 1994 as a public limited company by shares with an Authorized Capital of BDT 10 billion (1000 crore) and paid up capital of BDT 4 billion (400 crore) to provide stock brokerage services. The paid up capital of the company is subscribed by Al- Arafah Islami Bank Limited and other individuals at the ratio of 60.50:39.50. In the year 2014, the company paid 14% cash dividend to its shareholders.

#### AIBL Capital Management Limited

AIBL Capital Management Limited (AIBLCML), a Subsidiary of Al-Arafah Islami Bank Limited, was incorporated under the Companies Act, 1994 on October 25, 2011 with a view to run and manage the operations of Merchant Banking Services with an Authorized Capital of BDT 2 billion (200 Crore) and paid up capital of BDT 500 million (50 Crore). It dreams to be one of the leading Merchant Banks of the country by rendering quality Merchant Banking Services with a high level of professional expertise and integrity.

#### AIBL Assets Management Limited

AIBL Assets Management Limited (AIBLAML), a Subsidiary of Al-Arafah Islami Bank Limited, was incorporated under the Companies Act, 1994 on January 01, 2014 with a view to run and manage the operations of Assets Management services with an Authorized Capital of BDT 500 billion (50 Crore) and paid up capital of BDT 100 million (10 Crore). It aims to be one of the leading assets management services of the country by rendering quality Management Services with a high level of professional expertise and integrity.

#### Position in the Stock Market

Bank's share witnessed a steady growth 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 23.00 highest in 2014. The market trend of our bank's share in Dhaka Stock Exchange from January 2014 to December 2014 is stated in the list:

#### Position in the Stock Market in the list:

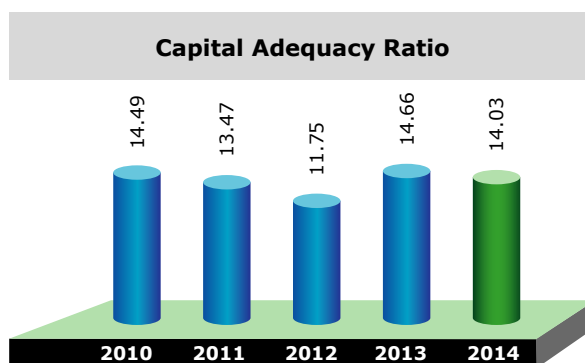
Month	Opening	High	Low	Closing
January	19.10	22.10	18.60	20.80
February	20.80	23.00	18.00	20.10
March	20.10	19.40	13.60	15.10
April	15.10	17.00	13.50	15.20
May	15.20	15.20	14.60	14.80
June	14.80	15.00	13.00	14.40
July	14.40	15.00	14.10	14.60
August	14.60	15.40	14.00	14.30
September	14.30	17.50	14.20	16.30
October	16.30	18.00	15.70	16.80
November	16.50	16.40	14.60	14.70
December	14.70	14.70	14.60	14.90

#### Progress Analysis

At the end of 2014, the number of depositors stood at 1,060,958 and the accumulated deposit was Tk. 166,851.17 million. The total number of investors stood at 120,433 and total investment extended to them was Tk 146,740.36 million. During the year 2014 the total income was Tk. 22,211.79 million and total expenditure was Tk. 15,878.34 million. At the end of the year the profit before tax and provision stood Tk. 6,333.45 million.

#### Capital Adequacy & Reserve Fund

According to BRPD Circular, the Bank had 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. 16,625.37 million to Tk.18,914.03 million (Consolidated Basis) and Tk 15,012.26 million to Tk. 17,352.63 million (Solo Basis) in the year 2014 by declaring 13.50% stock dividend out of the profit of the year 2013 the paid up capital of the bank has stood at Tk 9,469.58 million on 31st December 2014.



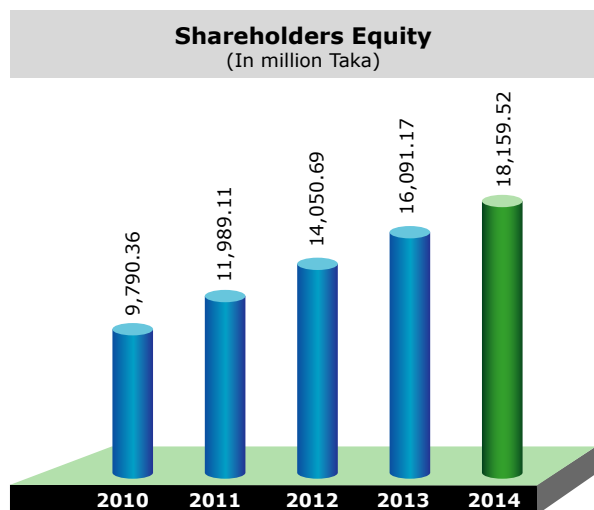
The total reserve fund has stood at Tk 5,620.87 million in the current year against Tk. 4,827.20 million on 31st De-cember 2013. In this account, the bank experienced a growth of 16.44%. The Bangladesh Bank has fixed the ratio of minimum capital adequacy (MCR) against Risk-Weighted Assets at 10% or Tk. 4,000 million whichever is higher.

The Consolidated and Solo Basis capital adequacy ratio of the Bank as on 31.12.2014 are appended below:

#### Consolidated Basis

a) Core Capital (Tier-I)	Tk. in million.
Paid up Capital	9,469.58
Statutory Reserve	4,643.32
Retained Earnings	1,490.19
Non-controlling Interest in Subsidiaries	1,578.88
<b>Total Core Capital</b>	<b>17,181.97</b>
b) Supplementary Capital (Tier-II)	
Provision for Unclassified Investment	1,243.28
Assets Revaluation Reserve	488.78
Total Supplementary Capital	1,732.06
<b>Total Capital (a+b)</b>	<b>18,914.03</b>
c) Capital Adequacy Ratio	<b>14.03%</b>

Solo Basis	
<b>a) Core Capital (Tier-I)</b>	<b>Tk. in million.</b>
Paid up Capital	9,469.58
Statutory Reserve	4,643.32
Retained Earnings	1,507.67
<b>Total Core Capital</b>	<b>15,620.57</b>
<b>b) Supplementary Capital (Tier-II)</b>	
Provision for Unclassified Investment	1,243.28
Assets Revaluation Reserve	488.78
<b>Total Supplementary Capital</b>	<b>1,732.06</b>
<b>Total Capital (a+b)</b>	<b>17,352.63</b>
<b>c) Capital Adequacy Ratio</b>	<b>13.53%</b>

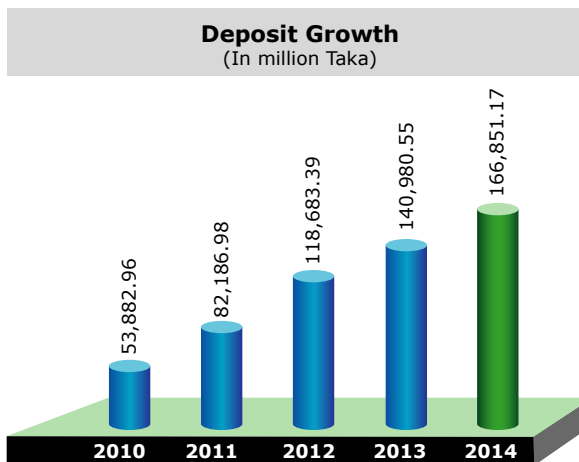


#### Deposits

The total deposit of the bank was Tk. 166,851.17 million on 31st December 2014 as against Tk.

140,980.569 million at 31st December 2013 recording a growth of 18.35% of which Tk.12,957.99 million was bank deposit and Tk. 153,893.18 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 mixed deposit of the bank on December 31, 2014 was as follows:



**Deposit Mix**

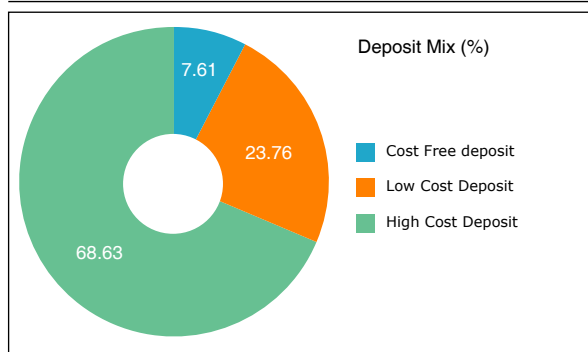
Products	Taka in Million
a) Al Wadia Current Account	15,304.02
b) Mudaraba Savings Deposit	17,501.28
c) Other Mudaraba Deposit	99,149.21
d) Mudaraba Term Deposit	33,500.49
e) Bills Payable	1,396.17
<b>Total</b>	<b>166,851.17</b>



Donation to the Honorable Prime Minister's Fund to arrange 'Lakho Konthe Shonar Bangla' program

### Deposit Mix (%)

Products	Taka in Million	% of Total
a) Cost Free deposit	12,697.37	7.61%
b) Low Cost Deposit	39,643.84	23.76%
c) High Cost Deposit	114,509.96	68.63%
<b>Total</b>	<b>166,851.17</b>	<b>100.00%</b>



### Various deposit product of the Bank in 2014 :

#### 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,
21. Farmers, Freedom fighters.

#### Investment

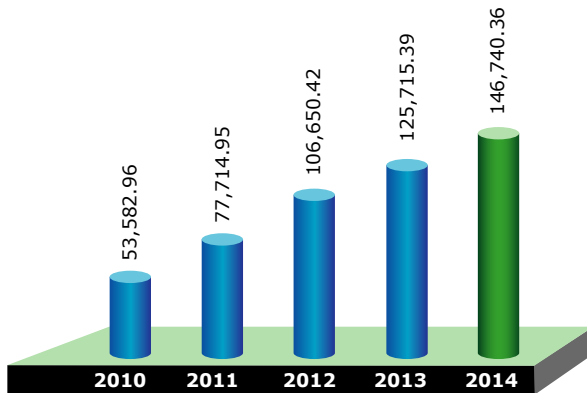
The investment of the bank has stood at Tk. 146,740.36 million as on 31st December 2014 as against Tk. 125,715.40 (Net off PR) million in the previous year showing an increase by 16.72%. The investment portfolio of the bank is well diversified and covers a broad spectrum of businesses and industries 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 4.50% in our bank as on 31 December 2014. 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.



Inside view of a heavy industry financed by Al-Arafah Islami Bank Ltd.

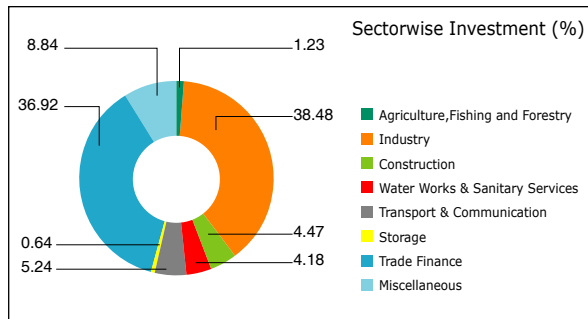


### Investment Growth (In million Taka)



#### Sector wise Investment 2014

Sectors	Taka in million
Agriculture, Fishing and Forestry	1,970.16
Industry	61,743.00
Construction	7,175.90
Water works & Sanitary Service	6,701.60
Transport & communication	8,411.10
Storage	1,032.50
Trade Finance	59,246.92
Miscellaneous	14,192.49
Total (Including Profit Receivable)	160,464.67
Less Unearned Profit on Investment	13,724.37
<b>Total</b>	<b>146,740.36</b>



### Income

Investment income: The investment income was Tk. 19,725.91 million during the year 2014 which registered a growth of 9.79% over the previous year. Investment income is 88.81% of the total income of Tk. 22,211.79 million.

Income from other than investment : The bank has earned Tk.2,485.88 million from sources other than investment like commission income, exchange income, locker rent etc. in the current year which is 11.19% of the total income. It indicates 41.48% growth over the year 2013.

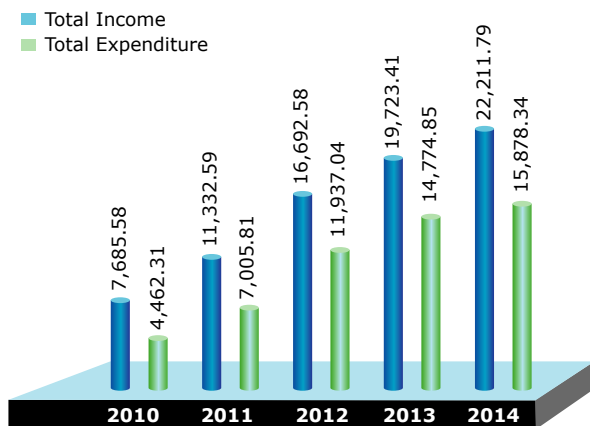
### Expenditure

**Profit paid to depositors:** The Bank has paid the depositors Tk. 12,616.77 million which is 63.96% of the investment income and 79.46% of the total expenditure for the year 2014. It indicates 4.20% growth over the year 2013.

### Administrative and Other Expenses:

The administrative and other expenses were Tk. 3,261.57 million during the year showing 22.29% growth over the year 2013. It is 20.54% of the total expenditure.

### Total Income & Expenditure (In million Taka)



### Operating Profit

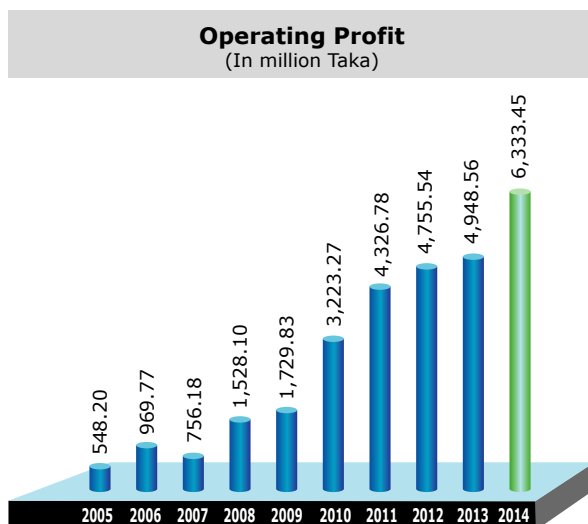
The bank earned operating profit of Tk. 6,333.45 million during the year 2014. The operating profit of



A testing program with a new typed solar powered irrigation pump invented by AIBL.



the Bank during the year 2013 was Tk 4,948.56 million and thus the Bank attained Positive growth of 27.99% in respect of operating profit. The provision for income tax for the year amounted to Tk. 1,848.28 million and divisible profit available for appropriation amounted to Tk1,326.39 million.



### Treasury Operations

Our Treasury included Local & Foreign Exchange money market operated under the norms of Islami Shariah and guideline of Bangladesh Bank which is one of the best earning units of the Bank. The Local treasury department operates its functions to ensure efficient fund management maintaining CRR & SLR matching with total deposit flow & Investment requirements of the Bank. Our Foreign Treasury Department remained active throughout the year 2014 for utilizing available fund in the competitive market. We have earned Tk.529.20 million during 2014 as against Tk.453.10 million in 2013 recording 16.80% growth through Treasury Division.

### International Banking Wing

To improve the operational efficiency and in line with the revised organogram, the works of the wing have been rearranged under (four) divisions namely:

- A. Treasury Division
- B. Foreign Trade Operation Division
- C. Overseas Banking Division
- D. Foreign Remittance Division

#### A. Treasury Division:

AIBL Treasury manages the day to day liquidity in foreign currency and Foreign Exchange Risks. AIBL Foreign Exchange Treasury is engaged in FCY Fund Management. To manage the fund it participates in the inter banks FC market within the policies and guidelines of Bangladesh Bank's and BAFEDA. Treasury Division is broadly divided into ALM Desk, Front Office, Mid Office & Back Office.

To accommodate with the slow economic expansion, overseas FC borrowing by the big corporate clients and slow import trend made the foreign currency market ever volatile. Even that our Treasury Division remained active throughout the

year 2014 for utilizing available fund in the competitive market. During 2014, Treasury performed the following functions prudently:

#### 1. Income of the Treasury Division: (Figure in Crore)

	2013	2014	Growth
Exchange gain,	42.74	48.36	13.15%
Rebate	2.57	3.09	20.23%
Other Income	---	1.70	
<b>Total income</b>	<b>45.31</b>	<b>53.15</b>	<b>17.30%</b>

#### 2. Updating the limits/Guidelines:

During 2014 the Division has updated its all the guidelines, limits and operational procedures as per regulatory and internal requirement.

#### 3. Prudent Asset Liability Management of the Bank:

Asset-Liability Management (ALM) is an integral part of Bank Management that manages the banks on and Off Balance sheet position to offer competitively priced products and services to the customers. Bank thus has an Asset Liability Committee-ALCO, comprising the senior member of the management chaired by the Managing Director to take strategic decisions on fixation of asset liability pricing, responding to market scenarios. In monthly ALCO meetings, relevant issues like economic forecast, market status, peer group analysis, projections on profit rate and exchange rate and spreads; balance sheet gap in liquidity structure & profit rate sensitivity of gap, pertinent ratio analysis, internal Transfer Pricing, Contingency Funding Plan, Stress Testing, Liquidity Coverage Ratio (LCR), Transfer Pricing mechanism for internal funding and investments in Government securities, regulatory & other audit compliance are discussed on continuous basis.

#### 4) Improvement of Financial Indicators:

Bank has seen some tremendously improved important financial indicators through effective Asset Liability Management. Comparative positions of the indicators are as follows:

Particulars	Dec.2013	Dec.2014
Investment Deposit Ratio(IDR)	88.74%	88.59%
Dependency on 1 month deposit	9.83%	4.44%
Maximum Cumulative Outflow(MCO)	21.39%	18.86%
Cost of Deposit	9.06%	8.84%
Cost of Fund(COF)	11.02%	10.85%

#### B. Foreign Trade Operation Division:

##### 1. Foreign Exchange Business Performance in 2014:

Despite negative growth of maximum local commercial banks in core area of banking business and country's unfavorable economic situation, our bank has been able to achieve positive growth in import, export and remittance business which is appreciable.

Position of foreign exchange business performance for the year 2014 is presented hereunder:

(Figure in BDT- Crore)

Business	Achieved in 2013	Achieved as on 31 Dec, 2014	Growth(%)
Import	8591.50	10,124.47	17.84
Export	6898.03	7,584.39	9.95
Remittance	704.25	854.11	21.28

## 2. Introduction of new product:

This Division has introduced the following new products related with Foreign Trade Business

- Musharaka Documentary Bill (MDB) in taka for local export bill discounting in BDT.
- Musharaka Documentary Bill (MDB) in FC for Local Export Bill discounting in Foreign Currency.
- Mudaraba Foreign Currency Deposit A/C (MFCD)
- Murabaha Foreign Currency Investment (MFCI)
- Import Bill Discounting through Usance Payment at Sight (UPAS) system from our OBU at Motijheel Branch.

## 3. Operation of Foreign Trade Processing Department:

IBW has setup its long desired Foreign Trade Processing Department and started functioning from this year 2014. We have already started processing of Cash LC related product of All the AD branches with their Forwarding branches.

## 4. EDF under Shariah complied mode:

EDF operations are now being done under Shariah Based Product executing Restricted Mudaraba Agreement between AIBL & Bangladesh Bank and allowing investment to the client under MFCI

## 5. Off-shore Banking Unit (OBU):

Off-shore Banking Unit (OBU) started its operation at our Motijheel Branch on 22.05.2014. Initially we introduce two products under OBU i.e. Usance Bills Payment At Sight (UPAS) and Musharaka Documentary Bills in Foreign Currency (MDB FC) for local export bills discounting.

In 2014 our Treasury Division placed USD 13.55 million to OBU from our Nostro Accounts. By procuring fund to Off-Shore Banking Unit (OBU) the earning of the Bank in 2014 was Tk.1.49 Crore. Meanwhile the bank management approved up to USD 25.00 Million for placement to our OBU under the above mentioned two products.

## 6. Other achievements:

- Received Bangladesh Bank permission for our Narayanganj Branch to perform as Authorized Dealer (AD).
- IBW has been conducting Hajj Management since inception with efficient and effective manner. In 2014, we sold SAR 23,50,000.00 to the pilgrims which is 2nd highest among 20 banks and earned Tk.6,30,000.00 as exchange income through our Hajj Booth. We distributed 5000 SIM CARD with SAR 10/- free talk time, 1000 neck bag, 1000 umbrella and 1000 Hajj Guide to Hajj Pilgrims this year.

## C. Performance of Overseas Banking Division:

### 1. Correspondent Banking Relationship activities of the Bank:

Overseas Banking Division of International Banking Wing is working continuously to enhance the business arena of the Bank at home and abroad by

establishing Correspondent Banking Relationships with different renowned foreign and domestic Banks. 323 correspondent banking relationships are maintained with different reputed Banks in 53 countries of the globe. Improvement in this respect is as under:

Sl. No.	Area of Performance	Year-2013	Year-2014
01	Correspondent Relation (RMA)	298	323
02	Nostro A/C	23	25
03	Credit Line	85 Million USD	185 Million USD
04	Rebate per PI/RA	USD 25.00 (Aprox.)	USD 50.00 (Aprox.)
05	Training/Seminars at abroad	01 Officials	19 Officials

## D. Foreign Remittance Division

Foreign Remittance Division is procuring remittance from more than 100 countries across the world through 08 (eight) principal agents under drawing arrangement and 04 (four) sub agent arrangement with local banks and personal remittance.

### 1. Remittance Achievement:

Total achievement of Foreign Remittance of AIBL in 2014 through drawing arrangement, sub-agent arrangement and personal remittance is BDT.854.11 crore with a growth of 21.28% over the year 2013.

(Figure in BDT- Crore)

Business	Achieved in 2013	Achieved in 2013	Growth (%)
Remittance	704.25	854.11	21.28

## 2. ELDORADO:

Foreign remittance division also deals with a product namely ELDORADO, which is a web based network of 09 (Nine) commercial banks for remittance distributions and payment. AIBL is one of the members of ELDORADO network and also able to use all branches of ELDORADO member banks for remittance delivery & payment. Other member banks are Bank Asia, SIBL, FSIBL, SEBL, MBL, BRAC Bank, EBL & EXIM Bank.

## 4. Marketing & Promotional Activities:

In order to increase Moneygram transaction and enhance customer base at all our branches, we have launched a promotional campaign for Moneygram customer in 2014 where each Moneygram customer gets an attractive wall-clock. We have also provided key chains with torch light to the Moneygram customers during Ramadan under joint marketing with Moneygram.

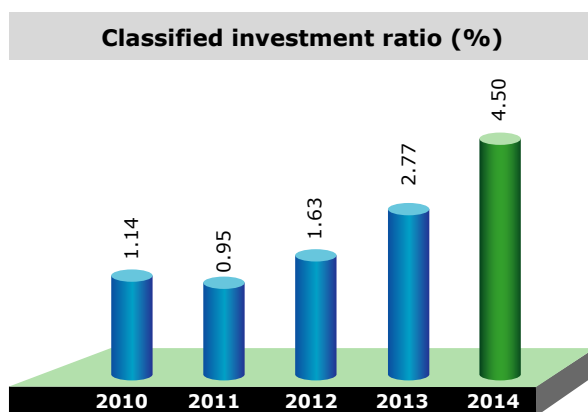
## Asset Quality

Bank's total overdue investment stood at Tk. 4,914.19 million as on 31st December 2014 as against Tk. 2,887.54 million as on December, 31 last year. Due to dull, sluggish and volatile business environment, our total overdue increased by Tk. 2,026.65 million during the year bringing the same to 3.17% of our total investment as against 2.22% in the previous year. The top contributors to the increased overdue are Dhaka Central Zone Tk. 2,058.91

million i.e. 41.90% and 4 Corporate Branches Tk.1,084.50 million i.e. 22.07% of total overdue.

Rescheduled investment increased by Tk. 1,678.27 million from Tk. 3,721.28 million to Tk. 5,399.55 million which was 3.48% of total Investment. Recovery against rescheduled investment during 2014 was Tk. 1,116.48 million.

Classified investment increased by Tk. 3,383.82 million from Tk. 3,598.82 million to Tk. 6,982.64 million representing 4.50% of total investment as against 2.77% in the previous year. During the year 2014, recovery against classified investment stood at Tk. 1,878.60 million while recovery against SMA was Tk. 1,786.10 million and against Written off Tk. 26.61 million building a total recovery of Tk. 4,807.78 million including recovery of Tk. 1,116.48 million from rescheduled investment.



#### Internal Control & Compliance System of the Al-Arafah Islami Bank Ltd.

Internal control is a process developed by an organization in combination of policies and procedures in order to provide safe and sound operations within the organization. It helps an organization regarding the achievement of goals and objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations and internal policies. The main objective of internal control of the Bank is to achieve its goal by proper use of its resources identifying its weakness & taking appropriate measures to overcome the weakness. The objectives may be categorized as under:

- 1) **Performance objective:** To ensure Bank's operations are efficient and Risk Management systems are effective.
- 2) **Information objective:** To ensure Reliability, Completeness & Timeliness of financial & management information.
- 3) **Compliance objective:** To ensure compliance with the regulatory Laws & Regulations, internal Policies and Procedures.
- 4) **Safe-guards of assets:** To ensure that banks' all assets are properly recorded and maintained under the custody of Bank.

The perfect effectiveness of Internal Control system doesn't depend on ICCW alone. Rather it depends on the collaborative functions of the following components of control environment.

**Board of Directors** - To ensure the sound Corporate Governance, Risk Management and Effective Control and Management of the Bank, the BoD reviewed the activities of ICC through the Board Audit Committee (BAC). The Board directed the Management and ICCW to make a compliance culture and arrest the operational irregularities at a tolerable condition. In 2014 the Board met regularly at least once in a month.

**Board Audit Committee** - 11 (eleven) meetings of Board Audit Committee (BAC) were held in 2014. In the meetings, the memos of Audit and Inspection reports of Internal and External auditors and Bangladesh Bank inspection along with compliances and recommendations thereof were submitted for review and next course of action. The reports were placed without any intervention to the Bank Management.

**Senior Management or MANCOM** - Senior Management Report to the Board, BAC and responsible for smooth and active day-to-day operations, and implementing strategy developed by Board of Directors. The meetings of MANCOM were held as and when required by the Management.

**Internal Control and Compliance Wing (ICCW)** - The main objective of ICCW is to identify the Bank's involvement in material risks and mitigation through Internal Audit, Monitoring, and Compliance. Its effectiveness can be generally evaluated by the following mechanisms-

- a) Submitting quarterly report to the Board and Management regarding the performance of ICCW.
- b) Observing the quantitative trend analysis of the Reduction of lapses/irregularities, Direct contribution to Bank's profit by spot realization and follow-up of missing income, Minimization of non-performing assets at a tolerable level, Recovery of classified/write-off loans etc.
- c) Discussing the functions of ICC by Department of Banking Inspection (DBI-4) of Bangladesh Bank with ICCW in regular meeting giving attention on the discussion on operational lapses/irregularities and compliances.

#### Performance of ICCW in 2014:

Performance of ICCW is appended below that consists of three divisions and one department, which are Audit & Inspection Division, Monitoring Division, Regulatory Compliance Division and Vigilance & Special Inspection Department (Under ICCW).

#### A. Performance of Audit and Inspection (A & I) Division:

As per Audit plan 2014, Audit & Inspection division in the bank undertook the following Audit & Inspection, Surprise Inspection during the year 2014.

Sl. no.	Nature of Audit/Inspection		Number of Branches & Wings/Division
1	Comprehensive & Risk based Internal Audit	Annual	110 branches i.e. 100% as per Audit Plan
		Quarterly	56 times i.e. 75% as per Audit Plan
2	Head office Audit & Inspection		19 Wings/Division i.e. 100% as per Audit Plan
3	Surprise Inspection		26 branches i.e. 100% as per Audit Plan

To prevent the recurrences of errors, more stress has been given on spot rectification of irregularities/lapses while auditing/inspecting of the Branches.

#### 1. Internal Auditors' Direct Contribution to Bank's Profit:

During audit in branches internal auditors detected, immediately realized and realized through continuing follow-up by Monitoring Division in various Head of Commission, Fees, Charges etc. and protected/recovered in Excess of Expenses. Amount of direct contribution to Bank's profit stood Tk. 302.07 Lac (Spot Realization Tk. 263.09 Lac and Follow-up by Monitoring Division Tk. 38.95 Lac)

#### 2. Risk Based Internal (RBI) Audit & Inspection:

##### 01. Risk Based Internal Audit planning:

Following Basel-II recommendation, Risk Based Internal Audit (RBIA) has been introduced for appropriate resources allocation of internal audit on the basis of risk exposures of the branches and assuring optimum risk management, supervision and monitoring in the bank. In RBIA two major areas of risk of the branches have been considered viz; (a) inherent Business Risk and (b) Control Risk.

##### 02. Risk Gradation of the Branches as per Inherent Business Risk and Control Risk:

###### a. Risk assessment:

The risk assessment would, as an independent activity, cover risks at various levels (by branches, by products, by portfolio, by individual transactions, etc.) and also the processes in place to identify measure, monitor and control the risks. The risk assessment process includes the following 3 steps:

1. Identification of 'Inherent Business Risks' in various activities undertaken by the bank.
2. Evaluation of the effectiveness of the control systems for monitoring the inherent risks of the business activities ('Control risk').
3. Drawing up a 'Risk-Matrix' for taking into account both the factors viz., 'Inherent Business Risks' and 'Control Risks'.

###### b. Business & Control Risks Score & Category:

Inherent business risks indicate the intrinsic risk in a particular area/activity of the bank. In order to measure the inherent business risks, due consideration has been given on the volume and growth of the businesses in different fields. Control risks arise out of inadequate control systems, deficiencies/gaps and/or likely failures in the existing control processes. Allotment of scores based upon

deviations is being used as indicators for assessing the control risk. Depending upon the combination of inherent business & control risk, each branch have been finally classified into Low Risk (LR), Medium Risk (MR), High Risk (HR), Very High Risk (VHR) and Extremely High Risk (EHR).

#### 4. 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 have been conducted in the branches & concerned departments/divisions of Head Office during routine Audit & Inspection on the basis of specific checklist.

#### 5. Categorization of Lapses in audit report:

The findings/lapses/objections are categorized as Very Serious Lapses (VSL), Serious Lapses (SL) and General Lapses (GL).

#### B. Monitoring System of Audit & Inspection Reports & other functionalities:

##### 1. Monitoring/follow-up of Audit & Inspection Report:

Audit Monitoring Division of ICC Wing has to monitor/follow-up the various types of Audit & Inspection reports & other related vital functions stated below:

(i) Internal Audit & Inspection Report (Comprehensive Audit & Inspection, Special Audit, Surprise Inspection & Quarterly Foreign Exchange Inspection), Bangladesh Bank Inspection Report as well as External Audit Report etc.

(ii) Concurrent Audit Report, Departmental Control Function Checklist (DCFCL), Quarterly Operation Report (QOR) and Investment Documentation Checklist.

(iii) Preparing and placing memo to the Board/ Board Audit Committee (BAC) on the irregularities detected by Auditors / Inspectors and its compliance within the time frame approved by Board Audit Committee(BAC).

##### 2. Follow up on Comprehensive & Surprise Internal Audit and Inspection Report 2014.

Types of Audit	No. of Branches
Comprehensive	110+19=129
Surprise Internal Audit Report.	26
Quarterly Audit & Inspection Report	56

85.60% of total lapses have been rectified through monitoring.

##### 3. Compliance/ follow-up of Bangladesh Bank inspection:

100% Compliance of Comprehensive Inspection and Foreign Exchange Inspection of Bangladesh Bank Inspection have been sent in time.

##### 6. Submission of Memo to the Board Audit Committee:

As per Timeframe approved by the Committee 47 memos of Branches, 16 memos of Head Office, and 18 memos on miscellaneous important issues have been submitted to the Board/Board Audit Committee on the basis of Risk Prioritization.



#### 7. Closure of Audit file.

100% of Audit and Inspection Files up to 2012 and 51% of Audit and Inspection Files up to 2013 i.e. 139 files (88+51) have been closed.

#### 8. Concurrent Audit:

Concurrent Audit is a systematic and timely/spot examination of financial transactions on a regular basis by thorough checking to ensure accuracy, authenticity and compliance with procedures and guidelines. The main objectives of Concurrent Audit is to strengthen Internal Control System of the Branches/Divisions by timely detecting of irregularities and taking appropriate measures to prevent errors/lapses, fraud/forgery etc. immediately after occurrences and/or shortage possible time.

#### C. Performance of Regulatory Compliance Division (RCD):

Regulatory Compliance Division (RCD) is responsible for monitoring of compliance of instructions/guidelines of any regulatory bodies like Bangladesh Bank, SEC etc. and maintaining of close liaison with the regulatory bodies. This division obtains regular information on regulatory changes as well and distribute among the concerned departments/divisions and branches, so that they can take necessary action on the changes. In addition, this division also performs the following activities:

1. *ICC Risk Management Committee (ICCRMC) Meeting:*  
ICC Risk Management Committee was formed on April 12, 2014 and 03 (three) meetings were held in 2014.

2. *Monitoring of Mandatory Leave and Employee Transfer Policy:*

The Division has been monitoring the implementation status of Mandatory Leave policy and Employee Transfer of officials who are working for 3 years and above in same branch/ division.

3. *Self Assessment of Anti-fraud Internal Controls:*

Self Assessment of Anti-fraud Internal Controls have been prepared on quarterly basis and sent to Bangladesh Bank in time.

4. *Submission of Implementation status of Board and BAC meeting decisions:*

The Division has prepared and submitted the implementation reports of the policy decisions of the 252nd to 263rd Board meetings and 132nd to 139th Board Audit Committee (BAC) Meetings timely on quarterly basis.

5. *Controlling and maintenance of Circulars of Regulatory issues:*

Total 90 Instruction Circulars and 27 Circular letters were issued by different wings/division/department of Head office relating to Bangladesh Bank and other regulatory bodies under direct controlling and maintenance of Regulatory Compliance Division.

6. *Annual Health Report:*

As per regulatory requirements, Annual Health Report has been submitted to the Board Audit Committee (BAC) and the Board which contains the matters relating to Available Equity, Investment Quality, Financial Performance Analysis, Bangladesh Bank "CAMELS" Rating, Performance Internal Control and Compliance, Practice of Corporate

Governance, Shariah Compliance and Training & Motivation etc.

#### 7. Preparation of report on effectiveness of ICC & Submission to MANCOM/Board:

The report on effectiveness of Internal Control policy, practice and procedure of the Bank for the year ended 2013 has been prepared considering the activities of ICCW. The Management Committee has given certification that the wing is following the guidelines strictly and functioning well complying the norms and procedures of the Bank and Regulatory Compliance.

#### 8. Contact Point of Regulatory Authority.:

The division has been acting as point of contact while conducting inspection by the External Auditors and Bangladesh Bank.

#### D. Performance of Vigilance & Special Inspection Department (under ICCW):

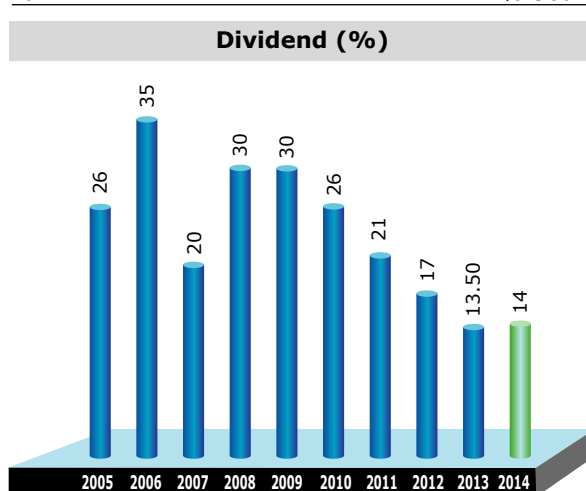
Special Inspection:

This department has conducted 12 (twelve) Special inspections in 2014 as per instruction of the Chairman of BoDs, Managing Director and the Head of ICCW having complaints and through whistle blowing (AIS) as well as other sources.

#### Dividend

The bank has been paying dividend every year since 1998 just after conversion into a public limited company. The Board of Directors of the Bank is pleased to recommend 14% Cash Dividend in the year 2014. Table of Historical Dividend Payment Percentage are as follows:

Year	% Dividend
2005	26% Bonus
2006	35% Bonus
2007	20% Bonus
2008	30% Bonus
2009	30% Bonus
2010	26% Bonus
2011	21% Bonus
2012	17% Bonus
2013	13.50% Bonus
2014	14% Cash



## Credit Rating

Credit Rating Agency of Bangladesh (CRAB) Limited has adjudged AA 3 (pronounced Double A Three) rating in the Long Term and ST-2 rating in the Short Term for Al-Arafah Islami Bank Limited.

Based on : Audited Financial Statement 2013  
Date of Rating : 31st December, 2013  
Validity : 30 June, 2015  
Outlook : Positive

### Definitions of AA3 & ST-2 are given below:

#### AA3 (very Strong Capacity & Very High Quality):

Commercial Banks rated in this category have very strong capacity to meet their financial commitments. They differ from the highest-rated commercial banks only to a small degree. This level of rating is adjudged to be of very high quality and is subject to very 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.

#### Human Resources

Well educated and skilled manpower is the best capital of an organization particularly in banking institution. We put utmost importance on recruitment and development of human resources. In recruiting process, we put emphasis on attracting talented young stars. A total of 271 employees in different categories/ranks including 65 MTO and 68 EO joined our fleet during the year 2014 raising our total employees to 2649 as on 31.12.2014.

During 2014 our Training Institute conducted 68 Training Programs consisting of 16 courses, 38 workshops, 1 EDP and 13 outreach trainings covering 266 days with 2615 participants. Besides, we nominated 301 employees in outside training course viz. BIBM, BBTB etc. in 2014 and they have completed the course successfully.

We motivate and facilitate our deserving employees to complete international standard professional degrees like CDCS. Presently, we have 21 CDCS of which 9 completed during the year 2014.

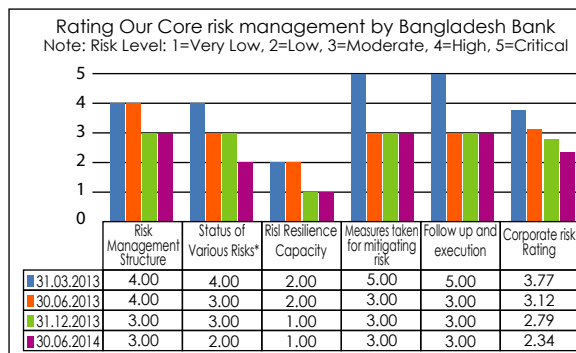
We have 2,649 staff in the Bank of whom 133 are executives, 2,008 are officers and 508 other staffs as on December 31st 2014.

Sl. No	Designation Category	Number
1	Executives	133
2	Officers	2,008
3	Others	508
	<b>Total</b>	<b>2,649</b>

#### Risk Management

Risk is inherent in any walk of life in general and particularly in banking sector. 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 by efficient management. Like other Banks, 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. Besides, eight individual Risk Management Committee and a Risk Management Coordination Committee in Management level in addition to Board Risk Management Committee are working with utmost care to minimize the risk level. Regular meeting of all the committees are held on monthly/quarterly basis. On the other hand, an analytical paper titled "Risk Management Paper" incorporating all risk areas is prepared on monthly/ quarterly basis as per requirement of Bangladesh Bank. This paper is discussed in depth in the Risk Management Coordination Committee and Board Risk Management Committee and necessary instructions and guidance are given and implemented.



#### Information Technology

Al-Arafah Islami Bank Ltd.'s (AIBL) pledge to adhere with the principles of Islamic Norms and ethics and combine them with today's technology threw a great challenge to the ICT division. It has been a while now that AIBL is providing True Centralized online payment services to its customers in all its branches. Our Core Banking System (CBS) which is called "ABABIL" developed by Millennium Information Solution Ltd. CBS uses 3-tier application architecture with ORACLE Database (11g Enterprise Edition) along with other Oracle products like Active Data Guard (ADG) for ensuring data replication to the Disaster Recovery Site (DRS) maintaining consistency and accuracy adds to the efficiency and quality of service. AIBL 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, IT Division at Al-Arafah Islami Bank took the challenge of giving the best possible service to its users and customers alike.

ICT Division has been providing/facilitating all core business processes and components, and served to support, sustain and grow transformation and the realization of

Bank's strategic objectives. ICT also played a pivotal role in ensuring that bank's business is better able to meet regulatory compliance requirements. Several IT projects were completed during the year, bearing in mind the requirements of customers, availability of latest technologies and trends of the market. Al-Arafah Islami Bank Ltd. continued to benefit from technological innovation, improve Bank's ability to meet evolving business needs and deliver on customer service expectations and efficiency demands.

Also worthy of noting upgrading of the core components of Data center. The aforementioned upgrading of the IT infrastructure will improve the reliability of the functioning of the data center at the primary and back-up locations in the long-term. To accommodate the increasing demands that data center growth places on AIBL's network, AIBL IT is converting our data center network architecture to High Fiber / Ethernet connections. This data center fabric design will enable AIBL ICT to accommodate current growth and meet increasing network demand in the future.

Considering all the social and environmental/ecological factors with an aim to protect the environment and conserve natural resources ICT Division of the Bank implemented Document Process Automation System avoiding as much paper work as possible and rely on online/electronic transactions for processing. The migration required redesigning forms to machine readable format and in other cases re-engineering many of banking processes. A giant leap in the direction of Green Banking the step resulted in significantly reduced operational costs due to less consumption of office stationeries and energy at the same time enhancing productivity as well as efficiency of the employees through skilled & optimum usage of technology. The emphasis in terms of the e-archiving of documentation is on the rationalization of paper operations at branches and the introduction of e-archiving for the documentation of customers.

In wake of AIBL's pledge to constantly upgrade technology solutions ICT division implemented industry standard Human Resource Management System incorporating talent management - the features for attracting, retaining and developing staff along with other core Human Resource Management features.

Security is topping the list. Anticipating and adopting to the rapidly emerging/changing technologies best suited for our industry a consumers has always been a challenge. There's no denying the compelling advantages to moving to the cloud -- reduced cost, greater flexibility and scalability, increased mobility, and faster deployment however the requirement to protect customer information is still a barrier for many. Banks are warming to cloud computing after nearly a decade of hesitation about trusting their data to outsiders. 2015 might prove vital in growth of cloud computing in the financial sector, AIBL's ICT division is keeping vigil on the convenience/quicker /cheaper aspect vs. balance against the security aspect as well as regulations at allowing for the use of new technology

The data warehouse is a crucial element of the Bank's

information system, which will undergo upgrades to ensure data for managing all types of risks, to ensure a comprehensive approach to money laundering, to calculate the total exposure of groups of customers and the collateral associated with their investments etc.

Data warehouse project serves as the single integrated source of data for processing information. It collects and stores integrated sets of historical data from multiple operational systems and feeds them to one or more data marts to help make informed decisions and offering advanced analytics & visualizations for analysis and forecasting. The project is catering to the needs of central banks EDW and RIT projects.

In line with directives from the central bank, AIBL Solutions to support Electronic payment systems (BACH) are functioning stably, while the Bank has successfully achieved the majority of its objectives from the migration to Bangladesh Electronic Fund Transfer Network (BEFTN).

The bank is successfully connected and is operational with the NATIONAL PAYMENT GATEWAY switch of the central bank allowing customers to use ATM's of other banks connection to the NATIONAL PAYMENT SYSTEM GATEWAY switch.

Several IT projects were taken up during the year, bearing in mind the requirements of customers, availability of latest technologies and trends of the market. We ensure that our systems meet accounting, compliance and risk requirements, as well as effectively managing customer information. 2015 Activities in the ICT infrastructure aim at the consolidation and virtualization of the Data Center infrastructure. Projects like IP Telephony with video conferencing, Industry Standard Contact center are in progress. ICT is also working with MasterCard for implementation for debit and o credit card services. ICT division is working on implementation of network infrastructure of under construction Head Office of AIBL

#### **Branding & Public Relations**

We brought new dimension in our branding and publicity for establishing positive image of the Bank. We could bring national attention to AIBL by news covered in TV Channels. 147 news items of the Bank were broadcast through 7 (seven) different TV Channels during the year. Besides this, currently the Bank is displaying a total of 49 Billboards (including 40 roadside boards in Cox's Bazaar) in 8 different places all over the country. There were 51 advertisement placements in 9 different websites during 2014. More than 20 Interviews of Top Executives of AIBL were published on several leading dailies and periodicals in 2014. Time Display in news at 9 PM on Channel-I has been branded this year. Name and Logo of the Bank is being displayed constantly during the news broadcasting hours. Business News segment of Satellite Channel ATN News has been sponsored. Name of the Bank is being pronounced before the segment starts. TV Branding got tremendous popularity with scroll branding during the news in satellite channel Banglavisión. The branding shows the name and logo of the bank as sponsor of the news update scroll.

#### **Financial Inclusion**

We have taken many initiatives to reach the unbanked

people and poorest segments in remote areas especially through our Special Deposit Schemes and micro investment programs. We have introduced new deposit products for the Farmers, Workers of Garments Industries, Freedom Fighters, Students, etc.

Farmers, Freedom Fighters and E-Shop accounts are opened without any initial deposit and Garments Workers and Students Accounts are opened with a minimum initial deposit of Tk.100 only and no account maintenance fee is required to operate these accounts. There is no requirement for keeping minimum balance.

We have also introduced savings account for the entre-preneurs/ product related with Amar Desh E-shop. This account can be opened without any deposit and no account maintenance fee is required to operate the accounts. There is also no requirement for keeping minimum balance.

We have the following micro investment programs for the poorest people of country:

" Rural Agricultural Investment Scheme (RAIS)  
" Al-Arafah Khamarbari Investment Scheme  
" Grameen Small Investment Scheme (GSIS)  
" Al-Arafah Solar Energy Investment Scheme  
" Micro Enterprise Investment Scheme

#### **CSR Activities**

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 customers and in the same manner we are also helping different areas of social activity through our CSR activities. During the year 2014, the bank has prolonged its hands towards the poor people in various ways. Health, Education, Disaster Management, Cultural Activities, Ecological Friendly sectors and several other sectors were focussed in our CSR efforts.

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

Al-Arafah Islami Bank Foundation has established an International Standard Kidney Dialysis Center to deliver the dialysis therapy to kidney patients at low cost. It is situated at Chattagram Bhaban (1 st Floor), 32 Topkhana Road, Dhaka- 1000. National Professor Dr. M. R. Khan inaugurated this philanthropic Dialysis Center on December 04, 2010. This center is capable to deliver the dialysis therapy to ten kidney patients daily. Extension program has been taken for dialysis therapy to forty patients daily.

Another Kidney Dialysis Center started its journey on March 12, 2013 at Firingi Bazar, Chittagong. The capacity of this center is twenty patients daily including four positive patients.

Al-Arafah Islami Bank Foundation authority is committed to deliver the health care service to the underprivileged people of Bangladesh in near future.

#### **Implementation of Basel-III**

Bangladesh Bank has declared the road map for implementing the Revised Regulatory Capital Framework for banks in line with Basel III in Bangladesh starting from the year 2015. According to the revised road map issued vide BRPD Circular No. 18/2014; banks have to maintain the minimum standard Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) from January 2015. The minimum standard for LCR shall be greater than or

equal to 100 and for NSFR it shall be greater than 100. It may be mentioned that, all scheduled banks are already familiar with these ratios since they have reported these several times, although in an experimental basis, in 2014. In order to further facilitate the reporting process, a "Guidance Note on Liquidity Coverage Ratio (LCR) & Net Stable Funding Ratio (NSFR)" is given from Bangladesh Bank.

Banks have to submit information (both soft and hard copy) to Department of Off-site Supervision (DOS) regarding LCR and NSFR in the following manner:

a) Statement Regarding Liquidity Position - to be submitted monthly, based on the balances of last day of the reporting month, within 15th of the following month.

b) Statement Regarding Funding Position - to be submitted quarterly, based on the balances of last day of the reporting quarter within 15th of the following month.

Two reporting formats (Macro) have been prepared for this purpose and banks are advised to collect the formats from DOS.

#### **Green Banking**

Climate change is perhaps one of the most complicated issues, the world is facing now days. The warming effect of certain man made gas emission such as carbon-di-oxide, methane, nitro-oxide and hydro fluoric carbons are found responsible for distortion in climate change. For environmental issues, all industries including financial services are being pressurized to implement green initiatives.

Al-Arafah Islami Bank Ltd. (AIBL) started its business journey from 24th June, 1995. From the very beginning AIBL has financed in Industries, Factories and many other sectors for the development of the country. But now, it has changed its Business Strategy to make profit with environmental sustainability.

The Board of Directors has taken a decision to make a Greener Bangladesh with a tagline of "Green AIBL, Green Bangladesh". As a part of the motto, AIBL has conducted "Tree Plantation Programme-2014", under which 25,000 tree plants have been distributed. AIBL is inspiring and financing in many sectors like before but giving priority to eco-friendly sectors and discouraging those who are harmful for the environment.

Al-Arafah Islami Bank Ltd. has formed Green Banking Unit in 2011. AIBL has given priority to the green initiatives taken by Green Banking Department and already made satisfactory progress in this regard. The Green Initiatives taken by Green Banking Department in 2014 is given below:

**1. Policy Implementation:** Implemented Green Banking policy phase-II and a few sector specific environment policies duly approved by Board of Directors & circulated to all branches, Zonal offices and Wings, Divisions of Head Office. Further Sector specific environmental policies will be formed in the near future. The policies are implemented partially.

**2. In-house Initiatives:** Introduces "Green Office Guide" for In-house Environmental Management & circulated to all branches, zonal offices and all wings



& divisions of Head Office. Implementation of Green Office guide is under process.

**3. Green Financing/Investment (in the year 2014):** i) Bank has financed BDT. 1521.15 crores on 28 clients for projects having ETP. Financing of ETP project is increasing day by day.

ii) Bank has financed BDT. 94.71 Crores on 64 Brick field projects using HHK & Zigzag technology as project Investment & working capital.

iii) Bank has financed BDT. 3.18 Crores on 1298 clients for utilization of solar panel under Green Financing by SME Investment Division.

**4. Environmental Risk Rating (EnvRR):** Maximum branches of AIBL has done the EnvRR on total 964 parties. The disbursed amount is BDT. 5605.79 Crore.

**5. Budgeting:** Allocated considerable amount of Fund for Green Financing, Marketing, Training, capacity building and Climate Risk fund i.e. amount of BDT. 601.00 Crore.

**6. Training/Workshops:** In 2014, 14 workshops were conducted related to Green Banking & Environmental Risk Management. A total of 670 executives and officials participated in the workshop at AIBL Training Institute and reach out programs at Chittagong, Sylhet and Khulna.

**7. Reporting:** Regularly reporting to Bangladesh Bank regarding the progress on implementation of Green Banking Activities on quarterly basis.

**8. Tree Plantation Programme-2014:** In the year 2014, AIBL has distributed 25000 tree plants among public, Schools, Colleges, Mosque and Madrashas with a theme of “বেশী করে ব” রোপন করুন, সবুজ বিশ্ব গড়ে তুলুন”।

For the year 2015, we are hopeful and trying our level best to completely implement the Green Policies (Phase-I, II & III), Green Office guide implementation for In-house Green Environmental Management, Awareness development of our all Executives and Officials on Green Banking/Environmental Risk Management/Green initiatives by conducting Training/Workshop and Reach-out programme, Inshah-Allah.

### Small & Medium Enterprises (SME) Investment

Small & Medium Enterprise (SME) plays a pivotal role in the economic growth and development of a country. SME works as the platform for job creation, income generation, and development of forward and backward industrial linkages. SMEs occupied a unique position in the economy of Bangladesh.

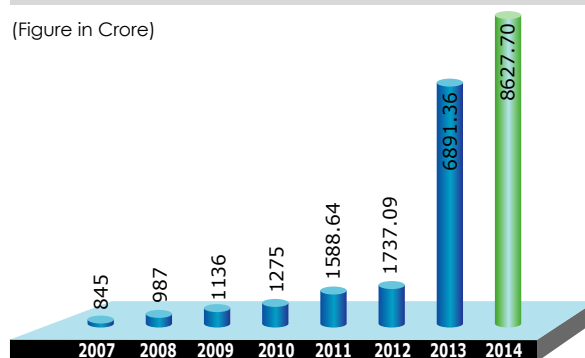
As on 31 December 2014, total SME investment portfolio is Tk. 8627.70 Crore, which is 50.47% of Total Investment portfolio. Among them Tk. 3682.72 Crore is under Small Enterprises and Tk. 4944.98 Crore is under Medium Enterprises. We prior service and manufacturing along with Area Approach Method when SME financing.

### Total Investment To MSME Investment Figure in Crore

Description	2012	2013	2014
Total SME Portfolio	2409.57	6891.36	8627.70
% of SME Portfolio to Total Portfolio	22.59%	54.81%	50.47%
Target of SME Investment	1600.00	2000.00	3500.00
Total SME Disbursement	1628.46	2859.28	3966.62
% of Achievement	101.78%	142.96%	113.33%
Number of SME Clients	2655	3891	5064
SE Collateral Free Investment	48.98	58.25	62.83

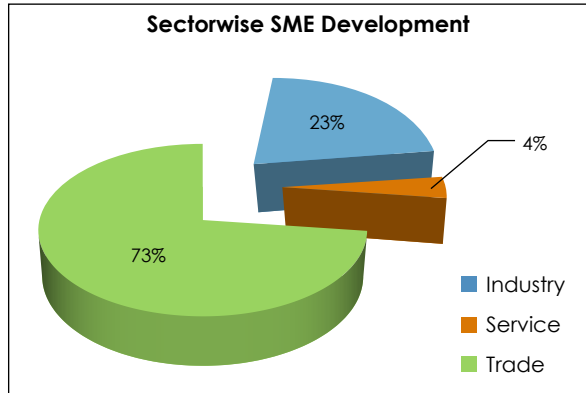
### SME Portfolio

(Figure in Crore)



Donation to the Honorable Prime Minister for construction of Ahsania Mission Cancer Hospital

In SME sector, our collateral free schemes are: Small Enterprise Investment Scheme (SEIS) & Small Enterprise Financing Festival (SEF-Festival). Those are running in all 119 Branches. Skilled and experienced staffs are recruited in the concerned branches to ensure proper expansion of collateral security free SEIS & SEF-Festival investment.



### Cottage & Micro Enterprises Investment

Cottage & Micro Enterprises make up the largest portion of the employment base in many developing countries and, indeed, are often the foundation of the local private sector. Now those enterprises are not only concentrated to low-tech, traditional, and agro-based economic activities; these are spread over other non-traditional manufacturing and service sector as well. To achieve high and sustained economic growth, a triggering force is mandatory to exit from endemic poverty and socio-economic deprivation.

### Bangladesh Bank Definition for Cottage & Micro Enterprise

As per Bangladesh Bank SMESPD Instruction Circular No. 1, Dated: 19 June, 2011, Cottage and Micro Enterprises are being defined as follows:

	Attributes under the categories	Fixed Assets Value in Taka Excluding Land & Building (Including Replacement Cost)	And/or Total Number of employees
Cottage Industry/Enterprise	Manufacturing	Less Than 5 Lac	Less Than 10
	Service	Less Than 5 Lac	Less Than 10
	Trade	Less Than 5 Lac	Less Than 10
Micro Industry/Enterprise	Manufacturing	5 Lac - 50 Lac	10-24
	Service	Less Than 5 Lac	Less Than 10
	Trade	Less Than 5 Lac	Less Than 10

According to the Bangladesh Bank definition and in supporting to the cottage and micro enterprise sectors in Bangladesh, the bank has launched two important schemes named: Grameen Small Investment Scheme (GSIS), running for 15 years, and Micro Enterprise Investment Scheme (MEIS), which is running for 5 years.

The statistics as on 31 December, 2014 is shown in the table:-

Accumulated Disbursement	Tk. 231.50 Crore
Latest Portfolio	Tk. 40.48 Crore
Number of Villages Covered	2072
Number of Clients	39052 Persons
Savings by the Clients	Tk. 22.04 Crore
Recovery Rate	99.98%

### Investment on Women Entrepreneurs

About 50% of the populations of Bangladesh are 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



Honorable Chairman, Directors & Managing Director of AIBL are seen on the dais at the 17th Extraordinary General Meeting

economic sector is inadequate and the number of women entrepreneurs is very low compared to that of their male counterparts.

Al-Arafah Islami Bank Ltd. is working with women entrepreneurs to make them capable of earning by connecting with country's economic activities. We give priority to 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 report as on 31 December, 2014 is shown in the table:-

Figure in Crore

Description	2013	2014
Total SME Portfolio in Women Entrepreneurs	580.23	653.63
% of SME Portfolio to Women Portfolio	8.42%	8.57%
Target to SME Investment in women Entrepreneurs	110.00	150.00
Amount of Disbursement to Women Entrepreneurs	102.16	152.54
% of Achievement	92.87%	101.69%

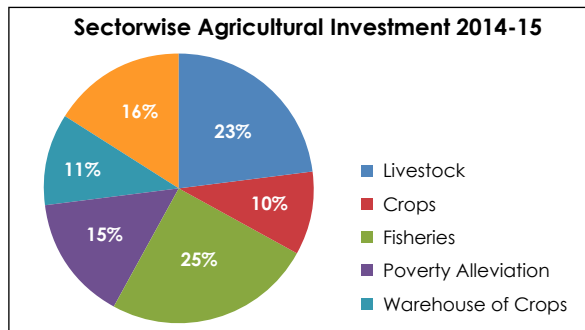
### Agricultural Investment

Agricultural Investment is dealt by Agricultural Department functioning under the control of SME Investment Division. 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 2014, total agricultural investment portfolio is Tk. 211.61 Crore for the fiscal year 2014-2015. With collateral and without collateral both are practiced in agricultural investment.

### The Achievement of 2014-2015 is as follows:

(Figure In Crore)

1. Short Term Loan:	Current Fiscal Year Disbursement	Accumulated Outstanding
a) Crops	7.38	32.94
b) Fisheries	6.29	18.52
c) Crop Storage	4.26	15.82
d) Poverty Alleviation	34.92	32.45
e) Others	9.31	35.87
<b>Sub Total=(a+b+c+d+e+f)</b>	<b>62.16</b>	<b>135.60</b>
2. Term Loan:		
a) Irrigation Tools	2.46	11.10
b) Livestock Development	17.88	16.35
d) Fisheries	39.12	14.46
e) Agricultural Tools	2.03	2.75
g) Others	2.72	31.35
<b>Sub Total=(a+b+c+d+e+f+g)</b>	<b>64.21</b>	<b>76.01</b>
<b>Grand Total</b>	<b>126.37</b>	<b>211.61</b>



To promote agricultural sectors properly, our collateral free agricultural schemes are: Rural Agricultural Investment Scheme (RAIS) & Khamarbari Investment Scheme. Those schemes are running in all rural Branches. Skilled and experienced staffs are recruited in the concerned branches to ensure proper development of marginal farmers.

### Special Schemes for Agricultural development

#### Rural Agricultural Investment Scheme (RAIS)

On the basis of socio-economic development of marginal and lessee farmers, this agricultural based programme named 'Rural Agricultural Investment Scheme (RAIS)' is running in this Bank. Development of country's internal food production as well as socio-economic sectors of farmers is the main focus here. We have already listed 2325 farmers under this scheme and total investment is Tk. 29.16 Crore of which outstanding is Tk. 10.04 Crore.

#### Al-Arafah Khamerbari Investment Scheme

To make a priority to invest in the crop sector of Bangla-desh, we have launched the product named: "Al-Arafah Khamerbari Investment Scheme (Khamerbari)". With this product, we work for farmer's community surrounding the Branch. Our field officials motivate farmers to grow the potential corps based on their previous farming experience. This scheme is an innovative action to develop the crop sector of Bangladesh. We have disbursed 2.35 Crore investment among 885 farmers under this scheme so far.

#### 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.

#### Al-Arafah Solar Energy Investment Scheme

A Pioneer investment scheme named 'Al-Arafah Solar Energy Investment Scheme' is launched in order 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. Actually, solar energy is a renewable, efficient, and non-polluting energy source. Homeowners, who install solar systems, are helping to reduce the emission of



green house gases which have a direct relation to global warming. This scheme also has unveiled the wide field of Green Banking concept, the burning issue. 'Solar Energy Investment Scheme' is running under the control of SME Investment Division. Skilled Electric Engi-neers & Solar Technicians are recruited in order to ensure the perfect technical support.

We have already established 3,05,135 Watt Peak of electricity among 6311 families through 27 Rural Branches so far. We are running this program with own funding as well as permanent skilled personnel.

The report as on 31 December, 2014 is shown in the table:-

Accumulated Disbursement	Tk. 19.07 Crore
Portfolio	Tk. 5.66 Crore
Electricity Provided	3,05,135 Watt Peak
Number of privileged Family	6311
Number of Branches under the scheme	27
Recovery Rate	100%

**Finally**, cottage, micro and small enterprises investment, rural based agricultural investment and solar Energy investment are the part of supervisory investment programs. A good number of rural people are being beneficiaries with this program. SME Investment Division deals those schemes through strict monitoring and supervision. We are increasing our portfolio with our own staff and own fund contribution. Besides this, those sectors are the part of developing rural entrepreneurship, enhancing green banking concept and taking a part of poverty alleviation in Bangladesh. About 250

field level staffs (Field supervisor, Field Assistant etc.) and about 50 technical experts (Solar technician, Assistant Unit Supervisor etc.) are working in various branches under the direct supervision of SME & Promotional Programs Division. All the schemes are ap-plauded by Bangladesh Bank along with various financial institutions. For this, we are paying more priority to invest to Cottage, Micro, Small and Medium enterprises than larger industries.

#### Branch Network

At present we have 119 branches all over the country. In a bid to expand our network of Branches we got approval to open 10 (Ten) new branches in 2015.

#### Appointment of Statutory Auditor

In the 19th Annual General Meeting of the Bank M/S Khan Wahab Shafique Rahman & Co. and M/S Syful Shamsul Alam & Co. Chartered Accountants were appointed External Auditors of the Bank for a term till conclusion of the 20th Annual General Meeting. The Board has approved M/S Khan Wahab Shafique Rahman & Co. and M/S Masih Muhit Haque & Co. Chartered Accountants for appointment as External Auditors by the shareholders till the 21st Annual General Meeting.

#### Board Meeting

During the year 2014, 17 regular Board Meetings were held but there was no emergency Board Meeting. Besides, 47 meetings of Executive Committee and 11 meetings of Audit Committee of the Board took place during the year.



Honorable Chairman, Directors, Managing Directors and other top Executives of AIBL are seen during Business Development Conference 2015





The Board of Directors recommended 14% Cash Dividend subject to approval of the AGM



Board Executive Committee meeting



Board Audit Committee meeting



Seminar and Iftar Mahfil arranged by the Bank



School Banking Conference arranged at Brahmanbaria



Managing Director of the Bank Received 'Rapport Award for Excellence in Human Resource Development 2014'



ATM Booth opening ceremony at Kawran Bazaar, Dhaka



Hon'ble Chairman, Directors & Managing Director with newly recruited MTO's





Managing Director of The Bank received 'ICMAB Best Corporate Award'



Tree Plantation campaign was initiated by the Bank during this year



DMP's campaign against formalin sponsored by the Bank



Inauguration of Special Service Month Campaign at Motijheel Branch



The 5th Annual General Meeting of AIBL Capital Market Serviced Limited



Opening Ceremony of AIBL Kadamtali Branch, Chittagong



Opening Ceremony of AIBL Kawran Bazaar Branch, Dhaka



The 3rd Annual General Meeting of AIBL Capital Management Limited

**Directors' Report to the Shareholders as per condition No. 1.5 of SEC Notification No. SEC/CMRRCD/2006-158/Admin/44 Dated 07 August 2012**

The Directors also report that:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>i. Industry outlook and possible future developments in the industry. Page No 26-28</li> <li>ii. Segment-wise or product-wise performance. Page No. 31-35 &amp; 42-45</li> <li>iii. Risks and concerns. Page No. 79-81</li> <li>iv. A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin. Page No. 48</li> <li>v. Discussion on continuity of any Extra-Ordinary gain or loss. Page No. Nil</li> <li>vi. Basis for related party transactions-a statement of all related party transactions is disclosed in the</li> </ul> | <ul style="list-style-type: none"> <li>annual report. Page No. 120-122</li> <li>vii. Utilization of proceeds from public issues, rights issues and/or through any others instruments. Page No. Nil</li> <li>viii. An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO). Rights Offer, Direct Listing, etc. Page No. Nil</li> <li>ix. There is no significant variance occurs between Quarterly Financial Performance and Annual Financial Statements. A highlights along with reasons thereof are given below:</li> </ul> |
|--|---|

Particular	2014	2013	Growth %
Investment income	19,019.52	16,988.63	11.95%
Profit paid to depositors	12,660.72	12,052.49	5.05%
Net Investment Income	6,358.80	4,936.14	28.82%
Commission, Exchange & Brokerage and other Income	2,454.96	1,827.08	34.37%
Total Operating Income	8,813.76	6,763.22	30.32%
Total Operating Expense	3,115.13	2,548.35	22.24%
Profit before Tax and provision	5,698.63	4,214.87	35.20%
Provision on Investment and others	1,730.29	477.01	262.74%
Profit Before Tax	3,968.34	3,737.86	6.17%
Provision for Taxation	1,848.28	1,685.54	9.66%
Net Profit after Tax	2,120.06	2,052.32	3.30%
EPS	2.24	2.17	3.23%

Investment income increased by 11.95% compared to previous year due to increased investment of Tk 20,003.09 million in 2014 and optimum utilization of surplus fund. On the other hand profit paid on deposits and borrowings increased by 5.05% compared to previous year due to increased deposits and borrowings of Tk 30,837.27 million in the year 2014. During the year 2014 Net Profit after tax decreased by 3.30% compared to previous year 2013.

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>x. Remuneration to directors including independent directors. Page No. 99</li> <li>xi. The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.</li> <li>xii. Proper books of account of the bank have been maintained.</li> <li>xiii. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.</li> <li>xiv. International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standard (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure thereof has been adequately disclosed.</li> <li>xv. The system of internal control is sound in design and has been effectively implemented and monitored.</li> <li>xvi. There are no significant doubts upon the issuer company's ability to continue as a going concern.</li> <li>xvii. Significant deviations from the last year's operating results of the bank has been highlighted and the reasons thereof is explained. Page No. Nil</li> <li>xviii. Key operating and financial data of at least preceding</li> </ul> | <ul style="list-style-type: none"> <li>5 (five) years shall be summarized. Page No.15</li> <li>xix. The Bank has declared stock dividend.</li> <li>xx. The number of Board meetings held during the year and attendance by each director has been disclosed. Page No.49</li> <li>xxi. The pattern of shareholding has been reported to disclose the aggregate number of shares(along with name details where stated below) held by:- <ul style="list-style-type: none"> <li>a. Parent/Subsidiary/Associated Companies and other related parties (name wise details); Page No. 120-122</li> <li>b. Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); Page No. 49-50</li> <li>c. Executives; Page No. 9-10</li> <li>d. Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). Page No. Nil</li> </ul> </li> <li>xxii. Appointment /Reappointment of a director of the company has disclosed the following information to the shareholder:- <ul style="list-style-type: none"> <li>a. A brief resume of the director; Page No. 120-122</li> <li>b. Nature of his/her expertise in specific functional areas; Page No. 120-122</li> <li>c. Name of the companies in which the person also holds the directorship and the membership of committees of the board. Page No. 120-122</li> </ul> </li> </ul> |
|---|--|

### Directors' Attendance in the Board Meeting for the year 2014

Sl. No.	Name of the Directors	Designation	Meeting Held	No. of attendance	Remarks
1	Jb. Badiur Rahman	Chairman	17	16	
2	Jb S.M. Shameem Iqbal	Vice-Chairman	17	12	
3	Alhaji Md. Harun-ar-Rashid Khan	Director	17	16	
4	Alhaji Nazmul Ahsan Khaled	Director	17	14	
5	Alhaji Abdul Malek Mollah	Director	17	16	
6	Alhaji Hafez Md. Enayet Ullah	Director	17	16	
7	Alhaji Abdul Moktadir	Director	10	4	Resignation w.e.f 262th Meeting
8	Alhaji Ahamedul Haque	Director	17	16	
9	Alhaji Abdus Samad	Director	17	11	
10	Alhaji A.N.M. Yeahea	Director	17	11	
11	Alhaji Engr. Kh. Mesbahuddin Ahmed	Director	17	17	
12	Alhaji Abdus Salam	Director	17	15	
13	Alhaji Niaz Ahmed	Director	17	16	
14	Jb. Md. Ashik Hossain	Director	17	10	
15	Jd. Mohammed Emadur Rahman	Director	17	8	
16	Jb. Anwar Hossain	Alternative Director	17	6	
17	Jb. Dr. Md. Shafiqul Haider Chowdhury	Alternative Director	17	16	
18	Jb. Liakat Ali Chowdhury	Director	7	6	Appointment w.e.f 262th Meeting
19	Jb. Brig. General M.A. Malek	Independent Director	13	10	
20	Jb. Kazi Badruddin Ahmed	Independent Director	7	3	Resignation w.e.f 259th Meeting
21	Jb. Khalid Rahim FCA (England & Wales)	Independent Director	9	7	Appointment w.e.f 262th Meeting

### Statement of Shares held by Directors and their Spouses and Minor Children (as on 31st December, 2014)

Sl No	Name of the Directors	Status	No. of Shares	Remarks
1	Jb. Badiur Rahman	Chairman	26,414,342	
	Mrs. Syeda Rashida Yasmin	Spouse	4,630,415	
2	Sarker Mohammad Shamim Iqbal (Nominated Director, KY Steel Mills Ltd.)	Vice Chairman	23,233,732	
3	Alhaji Md. Harun-ar-Rashid Khan	Director	18,939,629	
4	Alhaji Nazmul Ahsan Khaled	Director	18,971,142	
5	Alhaji Abdul Malek Mollah	Director	18,992,003	
	Mrs. Alhaji Laila Begum	Spouse	298	
6	Alhaji Hafez Md. Enayetullah	Director	18,944,356	
7	Md. Liakat Ali Chowdhury	Director	18,945,223	Appointed as Director on 23-08-2014
8	Alhaji Abdus Samad	Director	21,310,850	
	Mrs. Shahana Ferdous	Spouse	684,310	
9	Alhaji Ahamedul Haque	Director	18,939,531	
10	Alhaji Kh. Mesbah Ahmed	Director	18,940,259	
	Mrs. Ajmeri Ahmed	Spouse	8,380,082	
11	Jb. Abu Naser Mohammad Yeahea	Director	23,387,844	
	Mrs. Nahreen Siddiqua	Spouse	13,147,967	
12	Jb. Abdus Salam	Director	19,206,256	
13	Jb. Niaz Ahmed	Director	19,036,881	
	Mrs. Shabana Niaz	Spouse	7,808,523	
14	Jb. Ashik Hossain	Director	18,942,574	
15	Alhaji Mohammed Haroon	Director	21,749,599	
16	Mohammad Emadur Rahman	Director	18,962,533	
17	Alhaji Badsha Meah	Director	18,939,668	
	Mrs. Feroza Begum	Spouse	293,891	
18	Alhaji Kazi Md. Mofizur Rahman	Directorship suspended on 14-12-2009 as per Articles of Association clause No. 108.3.1	23,390,266	
19	Brig. General. M. A. Malek (Retd)	Independent Director	Nil	
20	Jb. Khalid Rahim FCA (England & Wales)	Independent Director	Nil	Appointed as Independent Director on 24-07-2014
21	Md. Habibur Rahman	Managing Director	179	
	Mrs. Fatema Zohara	Spouse	231	



**Statement of Shares held by Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Control & Compliance Division and their spouses and Minor Children  
(as on 31st December, 2014)**

SI No	Name of the Directors	Status	No. of Shares	Remarks
1	Md. Habibur Rahman	Chief Executive Officer	179	
	Fatema Zohra	Spouse	231	
2	Md. Mofazzal Hossain	Company Secretary	18	
	Mahfuza Khatun	Spouse	55	
3	Mohammed Nadim FCA	Chief Financial Officer	Nil	
4	Muhammad 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 31st December, 2014)**

SI No	Name of the Directors	Designation	No. of Shares	Remarks
1	Md. Rezaur Rahman ACMA, ACS, CMA (Aus.)	Deputy Managing Director	Nil	
2	Kazi Towhidul Alam	Deputy Managing Director	Nil	
3	Md. Golam Rabbani	Deputy Managing Director	Nil	
4	Mohammed Abdul Jalil	Deputy Managing Director	136	
5	Md. Mominul Haque Bhuiyan	Executive Vice President	1327	



The Bank donated 10 thousand Blankets to Honorable Prime Minister's Relief Fund

The Managing Director  
 Al-Arafah Islami Bank Limited Date: 09 February 2015  
 36, Dilkusha C/A, Dhaka-1000

**Sub: Audit opinion on the implementation of conditions of Corporate Governance guidelines implemented for the period ended 31 December 2014.**

Dear Sir,

We have checked the relevant documents regarding the compliance of the provisions of Corporate Governance Guidelines issued by the Bangladesh Securities & Exchange Commission (BSEC) under Notification No-SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 for the period ended 31 December 2014.

In our opinion, Al-Arafah Islami Bank Limited has complied with the conditions of Corporate Governance Guidelines of BSEC for the period ended 31 December 2014, except the followings:

**Board of director of subsidiary company:**

At least one independent director of the board of directors of AIBL (Holding Company) shall be a director of the board of directors of the subsidiary company. Currently there is no director in subsidiary company who is the independent director of the board of directors of the AIBL (Holding company).

Actual status against each requirement of the Corporate Governance Guidelines is given in Annexure-1.

Yours truly,

**(S.H Khan & CO.)**  
 Chartered Accountants

## Compliance Report on SEC Notification

### Status of compliance of corporate Governance (Report under Condition No. 7.00)

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

Condition No.	Title	Compliance Status (Put mark✓ in the appropriate column)		Explain for non-compliance with the condition
		Yes	No	
1.1	Board's size	✓		
1.2 (i)	Number of independent directors	✓		As per Bank Company Act
1.2 (ii) a)	The independent director does not hold any share in the company' or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1.2 (ii) b)	The independent director is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company :	✓		
1.2 (ii) c)	The independent director does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associated companies;	✓		
1.2 (ii) d)	The independent director is not a member, director, or officer of any stock exchange;	✓		

Condition No.	Title	Compliance Status (Put mark✓ in the appropriate column)		Explain for non-compliance with the condition
		Yes	No	
1.2 (ii) e)	The independent director is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	✓		
1.2 (ii) f)	The independent director is not a partner or an executive or was not a Partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	✓		
1.2 (ii) g)	The independent director shall not be an independent director in more than 3 (three) listed companies;	✓		
1.2 (ii) h)	The independent director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	✓		
1.2 (ii) i)	The independent director has not been convicted for a criminal offence involving moral turpitude.	✓		
1.2 (iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90(ninety) days.	✓		
1.2 (v)	The Board shall lay down, a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) term only.	✓		
1.3 (i)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1.3 (ii)	The person should be a Business Leader/ Corporate Leader/ Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have a least 12(twelve) years of corporate management /professional experiences.	✓		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	✓		
1.4	Chairman of the Board and Chief Executive Officer	✓		
1.5 (i)	Industry outlook and possible future developments in the industry.	✓		
1.5 (ii)	Segment-wise or product-wise performance.	✓		
1.5 (iii)	Risks and concerns.	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	✓		
1.5 (vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report.	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	✓		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO). Rights Offer, Direct Listing, etc.	✓		
1.5 (ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	✓		
1.5 (x)	Remuneration to directors including independent directors.	✓		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		
1.5 (xii)	Proper books of account of the issuer company have been maintained.	✓		

Condition No.	Title	Compliance Status (Put mark ✓ in the appropriate column)		Explain for non-compliance with the condition
		Yes	No	
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standard (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.	✓		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	✓		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1.5 (xxi) c)	Executives;	✓		
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
1.5 (xxii) a)	a brief resume of the director;	✓		
1.5 (xxii) b)	nature of his/her expertise in specific functional areas;	✓		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2.1	Appointment of CFO, Head of Internal audit & company secretary.	✓		
2.2	Requirement to attend Board meeting	✓		
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing	✓		
3.1 (i)	Number of member of Audit committee	✓		
3.1 (ii)	Inclusion of independent director in the audit committee	✓		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience,	✓		
3.1 (iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy (ies) immediately or not later than 1 (one) month from the date of vacancy (ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	✓		



Condition No.	Title	Compliance Status (Put mark ✓ in the appropriate column)		Explain for non-compliance with the condition
		Yes	No	
3.1 (v)	The company secretary shall act as the secretary of the Committee.	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2 (i)	Selection of the Chairman of audit committee	✓		
3.2 (ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3 (i)	Oversee the financial reporting process.	✓		
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		
3.3 (iii)	Monitor Internal Control Risk management process.	✓		
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3 (vii)	Review the adequacy of internal audit function.	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3 (x)	When money is raised through Initial Public Offering, (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major, category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	✓		
3.4.1 (i)	The Audit Committee shall report on its activities to the Board.	✓		
3.4.1 (ii) a)	report on conflicts of interests;	✓		
3.4.1 (ii) b)	suspected or presumed fraud or irregularity or material defect in the internal control system;	✓		
3.4.1 (ii) c)	suspected infringement of laws, including securities related laws, rules and regulations::	✓		
3.4.1 (ii) d)	any other matter which shall be disclosed to the Board of Directors immediately.	✓		
3.4.2	Reporting to the Authorities	✓		
3.5	Reporting to the Shareholders and General Investors	✓		
4 (i)	Appraisal or valuation services or fairness opinions.	✓		
4 (ii)	Financial information system design and implementation	✓		
4 (iii)	Book-keeping or other services related to the accounting records or financial statement	✓		
4 (iv)	Broker -dealer services	✓		
4 (v)	Actuarial services	✓		
4 (vi)	Internal audit services	✓		
4 (vii)	Any other services that the audit committee determines.	✓		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	✓		
5 (ii)	At least 1 (one) independent director of the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	✓		Implemented on 08-02-2015

Condition No.	Title	Compliance Status (Put mark ✓ in the appropriate column)		Explain for non-compliance with the condition
		yes	No	
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	✓		
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	✓		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the subsidiary company.	✓		
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the company's code of conduct.	✓		
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		

### 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 2014. 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, Bangladesh 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-affirm 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 2015. 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: 31 March 2015

On behalf of the Board of Directors

# শরীয়াহ সুপারভাইজরী কমিটি-এর বার্ষিক প্রতিবেদন

(৩১ ডিসেম্বর, ২০১৪ ঈসায়ী তারিখে সমাপ্ত বছরের জন্য)

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ .

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড-এর সম্মানিত শেয়ারহোল্ডারবৃন্দ !

السلام عليكم ورحمة الله وبركاته.

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড তাদের যাবতীয় ব্যাংকিং কার্যাবলীতে ব্যাংকের শরীয়াহ সুপারভাইজরী কমিটি (শরীয়াহ্ কাউন্সিল) প্রদত্ত দিক নির্দেশনা, সিদ্ধান্ত এবং সুনির্দিষ্ট ফত্বাওয়াসমূহ ও শরীয়াহর বিধিবিধান যথাযথভাবে বাস্তবায়ন করেছে কিনা সে সম্পর্কে মতামত প্রকাশের জন্য আমরা পর্যালোচনায় মিলিত হয়েছি।

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড-এর ব্যাংকিং কার্যক্রমের ক্ষেত্রে ইসলামী শরীয়াহর নীতিমালা ও বিধিবিধান মোতাবেক সার্বিক ব্যবসা পরিচালনার দায়িত্ব মূলতঃ ব্যাংকের ব্যবস্থাপনা কর্তৃপক্ষের। আমাদের দায়িত্ব হলো, ব্যাংকের কার্যাবলী পরিচালনায় শরীয়াহসম্মত দিকনির্দেশনা ও সিদ্ধান্ত প্রদান এবং তার ভিত্তিতে ব্যাংকের ব্যবস্থাপনা কর্তৃপক্ষ তাদের যাবতীয় কার্যক্রম পরিচালনা করেছে কি না-তা যাচাই ও পর্যালোচনাপূর্বক একটি স্বাধীন মতামত প্রস্তুত করে আপনাদের নিকট উপস্থাপন করা।

আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ-এর শরীয়াহ সুপারভাইজরী কমিটি ও শরীয়াহ সুপারভাইজরী সচিবালয় কর্তৃক বিগত ২০১৪ ঈসায়ী বছরে প্রধান কার্যালয়সহ ব্যাংকের সকল (১১৮টি) শাখায় অনুসৃত কার্যক্রম পর্যবেক্ষণ, সংশ্লিষ্ট নথিপত্র এবং লেনদেন যাচাই বাছাইসহ ব্যাংক কর্তৃপক্ষ কর্তৃক উপস্থাপিত বার্ষিক ব্যালেন্সশীট পর্যালোচনা করে নিম্নোক্ত অভিমত ও পরামর্শ প্রদান করছে।

## অভিমত

- বিগত অর্থবছরে আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ কর্তৃক ব্যাংকিং কার্যক্রমে অনুসৃত ও পরিচালিত কার্যাবলী, লেনদেন এবং চুক্তিসমূহ, যা আমরা পর্যালোচনা করেছি তা ইসলামী শরীয়াহর নীতিমালা ও বিধিবিধান অনুযায়ী করা হয়েছে।
- ব্যাংকের বিভিন্ন শ্রেণীর মুদারাবা ডিপোজিটরদের মাঝে যে লাভ বন্টন করা হয়েছে তা শরীয়াহর মুদারাবা নীতিমালা ও সাহিবুল মাল তথা ডিপোজিটরদের সাথে ব্যাংকের ওয়াদা মোতাবেক করা হয়েছে।
- ব্যাংক ডিপোজিটর ও শেয়ারহোল্ডারদের একাউন্ট থেকে যেহেতু যাকাতের কোন টাকা কেটে রাখেনা, তাই ডিপোজিট ও শেয়ারের টাকার উপর যাকাত প্রদেয় হলে, তা প্রদান করা যথাক্রমে ডিপোজিটর ও শেয়ারহোল্ডারদের নিজ নিজ দায়িত্ব।
- কেন্দ্রীয় ও আন্তর্জাতিক ব্যাংকের বিধিগত বাধ্যবাধকতা এবং ব্যাংকের বিভিন্ন শাখায় বিনিয়োগ সংশ্লিষ্ট কিছু অসতর্কতার ফলে শরীয়াহ অনুমোদিত পন্থায় অর্জিত সূদ ও সন্দেহজনক আয় (Doubtful Income) সতর্কভাবে চিহ্নিত করা হয়েছে এবং উক্ত অর্থ যাতে ডিপোজিটর ও শেয়ারহোল্ডারদের মাঝে লভ্যাংশ হিসেবে বন্টনযোগ্য আয়ের অন্তর্ভুক্ত না হয়, সে জন্য ব্যাংকের মূল আয় থেকে তা পৃথক করে শরীয়াহ নির্ধারিত পন্থায় খরচের জন্য সিদ্ধান্ত প্রদান করা হয়েছে।

## পরামর্শ

- ইসলামী ব্যাংকিং-এর মূল বিনিয়োগ পদ্ধতি তথা মুদারাবা ও মুশারাকা পদ্ধতিতে বিনিয়োগ কার্যক্রম চালু করার সক্রিয় ও কার্যকরী পদক্ষেপ গ্রহণ এবং বাই-মুয়াজ্জাল ও বাই-মুরাবাহা বিনিয়োগে গ্রাহককে 'ক্রয়-প্রতিনিধি' নিযুক্তকরণসহ বিনিয়োগ পদ্ধতিতে শরীয়াহর যথাযথ পরিপালনের ব্যবস্থা গ্রহণ করা।
- ব্যাংকের সর্বস্তরের জনশক্তিকে ইসলামী ব্যাংকিং বিষয়ে প্রশিক্ষিত করে গড়ে তোলার লক্ষ্যে ইসলামী অর্থনীতি ও ব্যাংকিং বিষয়ে পর্যাপ্ত প্রশিক্ষণের ব্যবস্থা গ্রহণ করা।
- ব্যাংকের ডিপোজিট ও বিনিয়োগ গ্রাহকসহ দেশের সাধারণ মানুষকে ইসলামী ব্যাংকিং-এর সাথে সম্পৃক্তকরণে এবং ব্যাংকের দুনিয়াবী ও পরকালীন কল্যাণের বিষয় তাদের নিকট তুলে ধরার নিমিত্তে প্রধান কার্যালয়, জোন ও শাখা পর্যায়ে নিয়মিতভাবে ইসলামী অর্থনীতি ও ব্যাংকিং বিষয়ক সেমিনার ও গ্রাহক সমাবেশ-এর আয়োজন করা।
- দেশের অপেক্ষাকৃত দরিদ্র গ্রাহকদের আর্থ-সামাজিক উন্নয়নের লক্ষ্যে বিদ্যমান ক্ষুদ্র বিনিয়োগ প্রকল্প জোরদার এবং নতুন নতুন উন্নয়নমূলক প্রকল্প চালু করার যথাযথ ব্যবস্থা গ্রহণ করা।
- আল-আরাফাহ্ ইসলামী ব্যাংক ফাউন্ডেশনের কার্যক্রমে শরীয়াহ নির্দেশনার যথাযথ বাস্তবায়নসহ দেশের দরিদ্র জনগোষ্ঠীর মাঝে জনকল্যাণমূলক যাবতীয় কার্যক্রম আরো জোরদার করা।

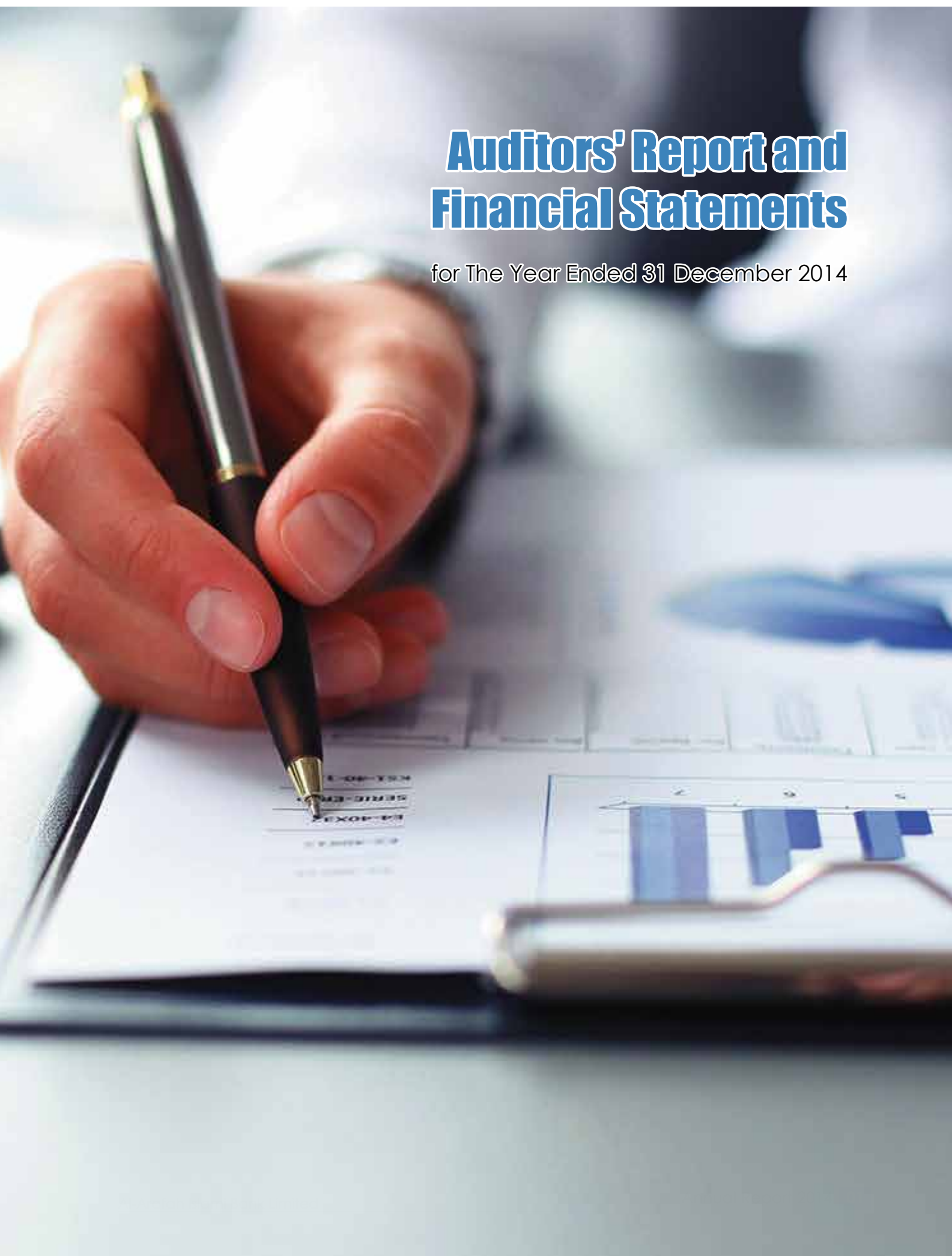
আল্লাহ তা'আলা আমাদের যাবতীয় কাজ তাঁর সন্তুষ্টির জন্য করার তাওফীক দান করুন, আমীন।

  
(মোঃ আব্দুর রহীম খান)  
সচিব

  
(মাওলানা আব্দুল বাসিত বরকতপুরী)  
সভাপতি

# Auditors' Report and Financial Statements

for The Year Ended 31 December 2014







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

## Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Al-Arafah Islami Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Al-Arafah Islami Bank Limited (the "Bank"), which comprise the consolidated balance sheet and the separate balance sheet as at 31 December 2014, and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards as explained in note 3c and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 as amended and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

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

## Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2014, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards as explained in note 3c.

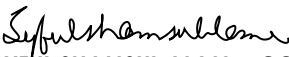
## Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act, 1991 as amended and the rules and regulations issued by Bangladesh Bank, we also report the following:

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the financial statements of the Bank and considering the reports of the Management to

Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:

- (i) Internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in note 3.A, 3.A.iv, and 3.A.v of the financial statements appeared to be materially adequate;
- (ii) Nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities other than matters disclosed in these financial statements;
- (c) financial statements of the Bank's two subsidiaries namely, AIBL Capital Market Services Limited (AIBL-CMSL) and AIBL Capital Management Limited (AIBL-CML) have been audited by Khan WahabShafique Rahman & Co, and S. H. Khan & Co, and have been properly reflected in the consolidated financial statements;
- (d) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (e) the consolidated balance sheet and consolidated profit and loss account of the Group and theseparate balance sheet and separate profit and loss account of the Bank dealt with by the report are ingreement with the books of account;
- (f) the expenditure incurred was for the purposes of the Bank's business;
- (g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- (h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (j) the information and explanation required by us have been received and found satisfactory; and
- (k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 8,500person hours for the audit of the books and accounts of the Bank.

  
**SYFUL SHAMSUL ALAM & CO.**  
Chartered Accountants  
Place: Dhaka  
Date: 1 March 2015

  
**KHAN WAHAB SHAFIQUE RAHMAN & CO.**  
Chartered Accountants

## Consolidated Balance Sheet as at December 31, 2014






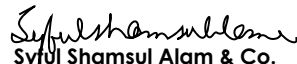
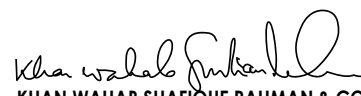
PROPERTY AND ASSETS	Notes	2014 Taka	2013 Taka
<b>Cash in hand</b>			
Cash in hand (including foreign currencies)	5	1,301,483,575	1,532,281,100
Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)		19,372,830,797	16,046,314,177
		<b>20,674,314,372</b>	<b>17,578,595,277</b>
<b>Balance with other Banks and Financial Institutions</b>			
<b>6A</b>			
In Bangladesh		2,512,579,627	3,136,879,135
Outside Bangladesh		1,703,815,308	1,561,507,535
		<b>4,216,394,935</b>	<b>4,698,386,670</b>
<b>Placement with Banks &amp; Other Financial institutions</b>	<b>7</b>	<b>9,750,000,000</b>	<b>5,400,000,000</b>
<b>Investment in Share &amp; Securities</b>			
<b>8A</b>			
Government		7,000,000,000	5,480,000,000
Others	8.A.ii	2,120,897,395	1,658,935,368
<b>Investments</b>			
<b>9A</b>			
General Investments etc.		143,636,454,877	117,501,184,858
Bills purchased and discounted		3,103,911,442	8,214,210,561
		<b>146,740,366,319</b>	<b>125,715,395,419</b>
<b>Fixed assets less Accumulated Depreciation</b>	<b>10A</b>	<b>2,661,107,398</b>	<b>2,517,217,793</b>
<b>Other Assets</b>	<b>11A</b>	<b>17,275,925,785</b>	<b>10,113,096,083</b>
<b>Non-Banking Assets</b>		-	-
<b>Total Assets</b>		<b>210,439,006,204</b>	<b>173,161,626,610</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial institutions</b>			
<b>12</b>			
<b>13A</b>			
Deposits and other Accounts			
Mudaraba Savings Deposits		17,501,279,699	12,267,376,580
Mudaraba Term Deposits		99,149,208,227	90,041,393,769
Other Mudaraba Deposits	13.A.i	33,500,490,137	24,152,503,796
Al-Wadia Current Accounts and Others Accounts etc.	13.A.ii	15,304,022,367	13,566,062,046
Bills Payable		1,396,165,765	953,220,429
		<b>166,851,166,195</b>	<b>140,980,556,620</b>
<b>Other Liabilities</b>	<b>14.A</b>	<b>16,453,425,523</b>	<b>12,625,221,747</b>
<b>Deferred tax Liabilities/ (Assets)</b>	<b>15</b>	<b>74,890,795</b>	<b>64,678,238</b>
<b>Total Liabilities</b>		<b>192,279,482,513</b>	<b>157,070,456,605</b>
<b>Capital/Share holders Equity</b>			
Paid up Capital	16	9,469,585,030	8,343,246,710
Statutory Reserve	17	4,643,316,650	3,849,648,169
Revaluation Reserve	18	977,548,248	977,548,248
Retained Earnings	19.A	1,490,190,743	1,328,205,351
<b>Total Equity attributable to equity holders of the bank</b>		<b>16,580,640,671</b>	<b>14,498,648,477</b>
Non-Controlling Interest	16.A	1,578,883,020	1,592,521,523
<b>Total Equity</b>		<b>18,159,523,690</b>	<b>16,091,170,000</b>
<b>Total Liability and Share holders equity</b>		<b>210,439,006,204</b>	<b>173,161,626,610</b>



## Consolidated Balance Sheet as at December 31, 2014

	Notes	2014 Taka	2013 Taka
<b>OFF BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>			
Acceptance and endorsement		8,494,167,588	11,479,081,930
Letters of Guarantee	20	3,365,270,354	4,006,609,306
Letters of Credit		15,734,520,242	10,953,924,250
Bills for Collection		2,906,954,594	897,260,263
Other Contingent Liabilities		-	-
<b>Total</b>		<b>30,500,912,778</b>	<b>27,336,875,749</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>30,500,912,778</b>	<b>27,336,875,749</b>

Accompanying notes from 1 to 40 form an integral part of these financial statements

 <b>Executive Vice President</b>	 <b>Managing Director</b>	 <b>Director</b>	 <b>Director</b>	 <b>Chairman</b>
 <b>Syful Shamsul Alam &amp; Co.</b> Chartered Accountants  Place : Dhaka Date : 1 March 2015		Signed in terms of our report of event date.   <b>KHAN WAHAB SHAFIQUE RAHMAN &amp; CO.</b> Chartered Accountants		

## Consolidated Profit & Loss Accounts For The Year Ended December 31, 2014

	Notes	2014 Taka	2013 Taka
Investment Income	21.A	19,725,917,293	17,966,328,508
Profit paid on deposits & Borrowing	22.A	(12,616,773,920)	(12,107,715,073)
<b>Net Investment Income</b>		<b>7,109,143,373</b>	<b>5,858,613,435</b>
Income from Investment in Shares /Securities	23.A	338,516,426	277,946,527
Commission, Exchange and Brokerage	24.A	1,938,841,572	1,230,268,108
Other Operating Income	25.A	208,518,493	248,878,995
<b>Total operating income</b>		<b>2,485,876,491</b>	<b>1,757,093,629</b>
<b>Total operating income</b>		<b>9,595,019,864</b>	<b>7,615,707,064</b>
Salaries and allowances & contribution to P.F	26.A	2,061,221,894	1,648,327,204
Directors' fees & expenses	27.A	13,130,552	11,297,361
Shariah Supervisory Committee's fees & expenses	28	271,363	204,421
Rent, taxes, insurance and lighting etc.	29.A	368,791,102	299,702,926
Postage, telegram, telephone and stamp etc.	30.A	68,670,850	75,403,373
Legal charges		4,242,891	2,718,203
Auditors' fee		2,034,967	1,267,000
Salary & Allowances to the Managing Director		11,570,000	11,030,000
Depreciation and repairs to the bank's properties	31.A	250,752,383	225,559,152
Stationery, printing & advertisement etc.	32.A	84,243,392	66,447,715
Other expenses	33.A	396,640,229	325,187,952
<b>Total operating expenses</b>		<b>3,261,569,623</b>	<b>2,667,145,307</b>
<b>Profit/(Loss) before Tax &amp; provision</b>		<b>6,333,450,240</b>	<b>4,948,561,757</b>
Provision against Investments & Contingent Liabilities	34.A	1,827,328,613	383,911,072
Provision for diminution in value of investment		16,572,594	203,006,653
Other Provision		2,959,000	1,230,000
<b>Total provision</b>		<b>1,846,860,207</b>	<b>588,147,725</b>
<b>Profit/(Loss) before Tax</b>		<b>4,486,590,033</b>	<b>4,360,414,032</b>
Current tax	14.1.A	2,151,423,784	2,067,939,861
Deferred tax	15	10,212,557	15,793,187
<b>Provision for Taxation</b>		<b>2,161,636,341</b>	<b>2,083,733,048</b>
<b>Net Profit/(Loss) after tax</b>		<b>2,324,953,693</b>	<b>2,276,680,984</b>
<b>Net Profit attributable to:</b>			
Equity holders of the bank		2,081,992,193	2,049,662,264
Non-controlling Interest		242,961,500	227,018,721
<b>Profit for the year</b>		<b>2,324,953,693</b>	<b>2,276,680,985</b>
<b>Appropriation</b>			
Statutory Reserve		793,668,481	747,571,202
Non-Controlling Interest		242,961,500	227,018,721
		<b>1,036,629,981</b>	<b>974,589,923</b>
<b>Transfer to Retained Earnings</b>		<b>1,288,323,712</b>	<b>1,302,091,062</b>
<b>Earning per Ordinary Share</b>	<b>39.A</b>	<b>2.20</b>	<b>2.16</b>

Accompanying notes from 1 to 40 form an integral part of these financial statements

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman

  
Syful Shamsul Alam & Co.  
Chartered Accountants

Place : Dhaka  
Date : 1 March 2015

Signed in terms of our report of event date.

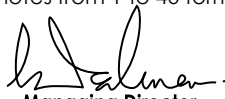
  
KHAN WAHAB SHAFIQUE RAHMAN & CO.  
Chartered Accountants

## Consolidated Cash Flow Statement For The Year Ended December 31, 2014

	Notes	2014 Taka	2013 Taka
<b>Cash flows from operating activities</b>			
Investment income receipt in Cash		19,648,180,364	18,191,437,207
Profit paid on deposits and borrowing		(10,974,787,012)	(12,107,715,073)
Dividend received		393,235,610	27,934,878
Fees & Commission received in cash		1,938,841,572	1,230,268,108
Recoveries from written off investments		23,017,747	2,631,154
Cash payments to employees		(2,072,791,894)	(1,658,053,204)
Cash payments to suppliers		(84,243,392)	(66,447,715)
Received from other operating activities (item-wise)		208,518,493	239,250,475
Paid for other operating activities (item-wise)	35.A	(895,901,543)	(938,625,097)
Advance income tax paid		(1,783,357,485)	(1,484,312,475)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>6,400,712,459</b>	<b>3,436,368,258</b>
Changing in Operating assets & liabilities			
Increase/Decrease of trading securities		(461,962,027)	(447,692,452)
Increase/Decrease of placement to other banks		(4,350,000,000)	5,900,000,000
Increase/Decrease of Investment and advances to customers (other than Banks)		(22,751,180,961)	(19,064,969,739)
Increase/Decrease of other assets (item-wise)	36.A	(5,399,072,219)	250,018,739
Increase/Decrease of placement from other banks and financial institution		5,500,000,000	(2,830,000,000)
Increase/Decrease of Deposits from customers (other than Banks)		25,870,609,575	22,319,433,579
Increase/Decrease of Other liabilities account of customers		-	-
Increase/Decrease of Trading liabilities (item-wise)	37.A	(378,713,008)	(657,958,901)
<b>Cash receipt from operating activities</b>		<b>(1,970,318,640)</b>	<b>5,468,831,226</b>
<b>A. Net Cash from operating activities</b>		<b>4,430,393,819</b>	<b>8,905,199,484</b>
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(143,889,600)	(124,718,110)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
<b>B. Net cash flows from investing activities</b>		<b>(143,889,600)</b>	<b>(124,718,110)</b>
<b>Cash flows from financing activities</b>			
Increase in Exchange Equalization Account		-	-
Increase in Share Capital		-	-
Dividend paid		(152,776,860)	(221,200,000)
<b>C. Net cash flows from financing activities</b>		<b>(152,776,860)</b>	<b>(221,200,000)</b>
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>		<b>4,133,727,359</b>	<b>8,559,281,374</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>4,133,727,359</b>	<b>8,559,281,374</b>
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>		<b>27,756,981,946</b>	<b>19,197,700,572</b>
<b>H. Cash &amp; Cash Equivalents at the end of the year</b>	38.A	<b>31,890,709,305</b>	<b>27,756,981,946</b>

Accompanying notes from 1 to 40 form an integral part of these financial statements

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman

## Statement of Changes in Equity for the Year Ended 31 December 2014

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total Taka	Non-Controlling Interest	Total Equity
Balance at 1st January 2014	8,343,246,710	3,849,648,169	1,328,205,352	977,548,248	14,498,648,479	1,592,521,522	16,091,170,001
Changes in accounting policy	-	-	-	-	-	(19,600,002)	(19,600,002)
Buy back share	1,126,338,320	-	-	-	1,126,338,320	-	1,126,338,320
<b>Restated balance</b>	<b>9,469,585,030</b>	<b>3,849,648,169</b>	<b>1,328,205,352</b>	<b>977,548,248</b>	<b>15,624,986,799</b>	<b>1,572,921,520</b>	<b>17,197,908,319</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 recognized in Income Statement	-	-	-	-	-	-	-
Net profit for the year	-	-	2,081,992,193	-	2,081,992,193	242,961,500	2,324,953,693
Interim Dividend paid	-	-	(1,126,338,320)	-	(1,126,338,320)	(237,000,000)	(237,000,000)
Bonus Share - 2013( 13.50 %)	-	-	(793,668,481)	-	(793,668,481)	-	(1,126,338,320)
Issue of share capital	-	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-	-
Appropriations during the year	-	793,668,481	-	-	-	-	-
<b>Balance as at December 31,2014</b>	<b>9,469,585,030</b>	<b>4,643,316,650</b>	<b>1,490,190,743</b>	<b>977,548,248</b>	<b>16,580,640,671</b>	<b>1,578,883,020</b>	<b>18,159,523,690</b>
<b>Balance as at December 31,2013</b>	<b>8,343,246,710</b>	<b>3,849,648,168</b>	<b>1,328,205,352</b>	<b>977,548,248</b>	<b>14,498,648,478</b>	<b>1,592,521,522</b>	<b>16,091,170,000</b>

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman



## Statement of Liquidity for the Year Ended December 31, 2014

### (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	20,674,314,372	-	-	-	-	20,674,314,372
	Balance with other banks and financial institutions	1,060,400,000	1,087,400,000	1,671,389,935	-	397,205,000	4,216,394,935
	Placement with banks & other financial institutions	1,300,000,000	2,600,000,000	5,850,000,000	-	-	9,750,000,000
	Investments (in shares & securities)	947,300,000	-	500,000,000	7,670,458,505	3,138,890	9,120,897,395
	Investments	30,968,663,175	22,247,300,000	58,309,517,875	20,958,559,858	14,256,325,411	146,740,366,319
	Fixed assets including premises (land & building)	652,506,633	-	-	-	2,661,107,398	2,661,107,398
	Other assets	-	-	-	-	16,623,419,152	17,275,925,785
	Non banking assets	-	-	-	-	-	-
	<b>Total Assets</b>	<b>55,603,184,180</b>	<b>25,934,700,000</b>	<b>66,330,907,810</b>	<b>28,629,018,363</b>	<b>33,941,195,851</b>	<b>210,439,006,204</b>
<b>2</b>	<b>Liabilities :</b>						
	Placement from banks & other financial institutions	1,750,000,000	5,350,000,000	1,800,000,000	-	-	8,900,000,000
	Deposits	26,532,562,462	23,158,800,000	68,577,000,000	20,056,667,305	28,526,136,428	166,851,166,195
	Other accounts	-	-	-	-	-	-
	Provision and other liabilities	4,235,391,349	310,800,000	1,080,800,000	-	10,826,434,174	16,453,425,523
	Deferred tax liabilities / (assets)	-	-	-	-	74,890,795	74,890,795
	<b>Total Liabilities</b>	<b>32,517,953,811</b>	<b>28,819,600,000</b>	<b>71,457,800,000</b>	<b>20,056,667,305</b>	<b>39,427,461,397</b>	<b>192,279,482,513</b>
	<b>Net Liquidity Gap</b>	<b>23,085,230,369</b>	<b>(2,884,900,000)</b>	<b>(5,126,892,190)</b>	<b>8,572,351,058</b>	<b>(5,486,265,546)</b>	<b>18,159,523,690</b>

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 & liabilities.

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman

## Balance Sheet as at December 31, 2014

PROPERTY AND ASSETS	Notes	2014 Taka	2013 Taka
<b>Cash in hand</b>	<b>5</b>		
Cash in hand (including foreign currencies)		1,301,483,575	1,532,281,100
Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)		19,372,830,797	16,046,314,177
		<b>20,674,314,372</b>	<b>17,578,595,277</b>
<b>Balance with other Banks and Financial Institutions</b>	<b>6</b>		
In Bangladesh		2,512,574,627	3,136,874,134
Outside Bangladesh		1,703,815,308	1,561,507,535
		<b>4,216,389,935</b>	<b>4,698,381,669</b>
<b>Placement with Banks &amp; Other Financial institutions</b>	<b>7</b>	<b>9,750,000,000</b>	<b>5,400,000,000</b>
<b>Investment in Share &amp; Securities</b>	<b>8</b>		
Government		7,000,000,000	5,480,000,000
Others		842,092,376	1,047,885,560
		<b>7,842,092,376</b>	<b>6,527,885,560</b>
<b>Investments</b>	<b>9</b>		
General Investments etc.		138,198,168,350	113,084,774,878
Bills purchased and discounted		3,103,911,442	8,214,210,561
		<b>141,302,079,792</b>	<b>121,298,985,439</b>
<b>Fixed assets less Accumulated Depreciation</b>	<b>10</b>	<b>2,641,594,070</b>	<b>2,489,986,536</b>
<b>Other Assets</b>	<b>11</b>	<b>20,122,243,427</b>	<b>12,941,766,116</b>
Non-Banking Assets		-	-
<b>Total Assets</b>		<b>206,548,713,972</b>	<b>170,935,600,597</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial institutions</b>	<b>12</b>	<b>8,900,000,000</b>	<b>3,400,000,000</b>
<b>Deposits and other Accounts</b>	<b>13</b>		
Mudaraba Savings Deposits		17,501,279,699	12,267,376,580
Mudaraba Term Deposits		99,362,221,136	90,765,477,773
Other Mudaraba Deposits	13.i	33,500,490,137	24,152,503,796
Al-Wadia Current Accounts and Others Accounts etc.	13.ii	15,304,022,367	13,566,062,046
Bills Payable		1,396,165,765	953,220,429
		<b>167,064,179,104</b>	<b>141,704,640,624</b>
<b>Other Liabilities</b>	<b>14</b>	<b>13,911,521,278</b>	<b>11,288,222,271</b>
<b>Deferred tax Liabilities/ (Assets)</b>	<b>15</b>	<b>74,890,795</b>	<b>64,678,238</b>
<b>Total Liabilities (12+13+14+15)</b>		<b>189,950,591,177</b>	<b>156,457,541,133</b>
<b>Capital/Share Holders Equity</b>			
Paid up Capital	16	9,469,585,030	8,343,246,710
Statutory Reserve	17	4,643,316,650	3,849,648,170
Other Reserve	18	977,548,248	977,548,248
Retained Earnings	19	1,507,672,866	1,307,616,336
<b>Total Share holders equity</b>		<b>16,598,122,794</b>	<b>14,478,059,464</b>
<b>Total Liability and Share holders equity</b>		<b>206,548,713,972</b>	<b>170,935,600,597</b>

## Balance Sheet as at December 31, 2014

	Notes	2014 Taka	2013 Taka
<b>OFF BALANCE SHEET ITEMS</b>			
Contingent Liabilities			
Acceptance and endorsement			
Letters of Guarantee	20	8,494,167,588	11,479,081,930
Letters of Credit		3,365,270,354	4,006,609,306
Bills for Collection		15,734,520,242	10,953,924,250
Other Contingent Liabilities		2,906,954,594	897,260,263
<b>Total</b>		<b>30,500,912,778</b>	<b>27,336,875,749</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>30,500,912,778</b>	<b>27,336,875,749</b>

Accompanying notes form 1 to 40 form an integral part of these financial statements

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman

  
Syful Shamsul Alam & Co.  
Chartered Accountants

Place : Dhaka  
Date : 1 March 2015

Signed in terms of our report of event date.

  
KHAN WAHAB SHAFIQUE RAHMAN & CO.  
Chartered Accountants

## Profit & Loss Accounts For The Year Ended December 31, 2014

	Notes	2014 Taka	2013 Taka
Investment Income	21	19,019,524,885	16,988,630,966
Profit paid on deposits & Borrowing	22	(12,660,720,629)	(12,052,492,562)
<b>Net Investment Income</b>		<b>6,358,804,256</b>	<b>4,936,138,404</b>
Income from Investment in Shares /Securities	23	665,289,455	607,225,060
Commission, Exchange and Brokerage	24	1,601,306,634	983,843,630
Other Operating Income	25	188,358,072	236,014,906
		<b>2,454,954,161</b>	<b>1,827,083,596</b>
<b>Total operating income</b>		<b>8,813,758,417</b>	<b>6,763,222,000</b>
Salaries and allowances & contribution to P.F	26	2,003,166,707	1,603,625,382
Directors fees & expenses	27	10,268,552	9,054,361
Shariah Supervisory Committee's fees & expenses	28	271,363	204,421
Rent, taxes, insurance and lighting etc.	29	354,694,182	283,960,901
Postage, telegram, telephone and stamp etc.	30	68,041,948	74,916,171
Legal charges		4,222,497	2,607,444
Auditors' fee		1,909,000	1,127,000
Salary & Allowances to the Managing Director		11,570,000	11,030,000
Depreciation and repairs to the bank's properties	31	241,185,096	216,883,932
Stationery, printing and advertisement etc.	32	82,899,839	65,062,501
Other expenses	33	336,899,215	279,881,325
		<b>3,115,128,399</b>	<b>2,548,353,439</b>
<b>Total operating expenses</b>		<b>3,115,128,399</b>	<b>2,548,353,439</b>
<b>Profit/(Loss) before Tax &amp; provision</b>		<b>5,698,630,018</b>	<b>4,214,868,562</b>
Provision against Investments & Contingent Liabilities	34	1,727,328,613	374,282,551
Provision for diminution in value of investment		-	101,500,000
Other Provision		2,959,000	1,230,000
		<b>1,730,287,613</b>	<b>477,012,551</b>
<b>Total provision</b>		<b>1,730,287,613</b>	<b>477,012,551</b>
<b>Profit/(Loss) before Tax</b>		<b>3,968,342,405</b>	<b>3,737,856,011</b>
Current tax	14.1	1,838,066,513	1,669,747,081
Deferred tax	15	10,212,557	15,793,187
		<b>1,848,279,070</b>	<b>1,685,540,268</b>
<b>Provision for Taxation</b>		<b>1,848,279,070</b>	<b>1,685,540,268</b>
<b>Net Profit/(Loss) after tax</b>		<b>2,120,063,335</b>	<b>2,052,315,743</b>
<b>Appropriation</b>			
Statutory Reserve		793,668,481	747,571,202
General Reserve		-	-
		<b>793,668,481</b>	<b>747,571,202</b>
<b>Retained Earnings</b>		<b>1,326,394,854</b>	<b>1,304,744,541</b>
<b>Earning per Ordinary share (EPS)</b>	<b>39</b>	<b>2.24</b>	<b>2.17</b>

Accompanying notes from 1 to 40 form an integral part of these financial statements

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman

  
Syful Shamsul Alam & Co.  
Chartered Accountants

Signed in terms of our report of event date.

  
KHAN WAHAB SHAFIQUE RAHMAN & CO.  
Chartered Accountants

Place : Dhaka  
Date : 1 March 2015



## Cash Flow Statement For The Year Ended December 31, 2014

	Notes	2014 Taka	2013 Taka
<b>Cash flows from operating activities</b>			
Investment income receipt in Cash		19,272,806,450	13,659,057,932
Profit paid on deposits		(11,018,733,721)	(10,820,548,230)
Dividend received		388,990,143	366,734,878
Fees & Commission received in cash		1,601,306,634	983,843,630
Recoveries from write off investments		23,017,747	2,631,154
Cash payments to employees		(2,014,736,707)	(1,613,721,382)
Cash payments to suppliers		(82,899,839)	(42,969,265)
Received from other operating activities (item-wise)		188,358,072	476,505,089
Paid for other operating activities (item-wise)	35	(815,718,709)	(704,027,537)
Advance income tax paid		(1,750,544,985)	(1,180,364,848)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>5,791,845,085</b>	<b>1,127,141,421</b>
<b>Changing in Operating assets &amp; liabilities</b>			
Increase/Decrease of trading securities		205,793,184	(50,370,788)
Increase/Decrease of investment and advances to other banks		(4,350,000,000)	5,900,000,000
Increase/Decrease of Investment and advances to customers (other than Banks)		(21,645,081,265)	(17,279,888,234)
Increase/Decrease of other assets (item-wise)	36	(5,429,932,326)	(618,713,138)
Increase/Decrease of Deposits from other banks		5,500,000,000	(1,700,000,000)
Increase/Decrease of Deposits from customers (other than Banks)		25,359,538,480	22,346,666,537
Increase/Decrease of Other liabilities account of customers		-	-
Increase/Decrease of Trading liabilities (item-wise)	37	(1,146,828,262)	(724,268,086)
<b>Cash receipt from operating activities</b>		<b>(1,506,510,189)</b>	<b>7,873,426,291</b>
<b>A. Net Cash from operating activities</b>		<b>4,285,334,895</b>	<b>9,000,567,712</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(151,607,534)	(426,286,339)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	(15,000,000)
<b>B. Net cash flows from investing activities</b>		<b>(151,607,534)</b>	<b>(441,286,339)</b>
<b>Cash flows from financing activities</b>			
Increase in Exchange Equalization Account		-	-
Increase in Share Capital		-	-
Dividend paid		-	-
<b>C. Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>		<b>4,133,727,361</b>	<b>8,559,281,373</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>4,133,727,361</b>	<b>8,559,281,373</b>
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>		<b>27,756,976,946</b>	<b>19,197,695,572</b>
<b>H. Cash &amp; Cash Equivalents at the end of the year</b>	38	<b>31,890,704,307</b>	<b>27,756,976,946</b>

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman

## Statement of Changes in Equity for the Year Ended 31 December 2014

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total Taka
Balance at 1st January 2014	8,343,246,710	3,849,648,169	1,307,616,336	977,548,248	14,478,059,463
Changes in accounting policy	-	-	-	-	-
Issue of the share capital	1,126,338,320	-	-	-	1,126,338,320
<b>Restated balance</b>	<b>9,469,585,030</b>	<b>3,849,648,169</b>	<b>1,307,616,336</b>	<b>977,548,248</b>	<b>15,604,397,783</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	-	-	2,120,063,330	-	2,120,063,330
Cash Dividend	-	-	-	-	-
Bonus Share - 2013(13.50%)	-	-	(1,126,338,320)	-	(1,126,338,320)
Issue of share capital	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-
Appropriations during the year	-	793,668,481	(793,668,481)	-	-
<b>Total shareholders' equity as on December 31, 2014</b>	<b>9,469,585,030</b>	<b>4,643,316,650</b>	<b>1,507,672,866</b>	<b>977,548,248</b>	<b>16,598,122,794</b>
Add: General provision for unclassified investments	-	-	-	-	1,243,282,000
Less: 50% of Assets Revaluation Reserve	-	-	-	-	488,774,124
<b>Total equity as on December 31, 2014</b>					<b>18,330,178,918</b>

  
Managing Director

  
Director

  
Director

  
Chairman

  
Executive Vice President

## Statement of Liquidity for the Year Ended 31 December 2014

### (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	20,674,314,372	-	-	-	-	20,674,314,372
	Balance with other banks and financial institutions	1,060,400,000	1,087,400,000	1,671,389,935	-	397,200,000	4,216,389,935
	Placement with banks & other financial institutions	1,300,000,000	2,600,000,000	5,850,000,000	-	-	9,750,000,000
	Investments (in shares & securities)	947,300,000	-	500,000,000	6,391,653,486	3,138,890	7,842,092,376
	Investments	30,968,663,175	22,247,300,000	59,244,816,617	20,960,700,000	7,880,600,000	141,302,079,792
	Fixed assets including premises (land & building)					2,641,594,070	2,641,594,070
	Other assets	652,506,633	-	-	-	19,469,736,794	20,122,243,427
	Non banking assets						
	<b>Total Assets</b>	<b>55,603,184,180</b>	<b>25,934,700,000</b>	<b>67,266,206,552</b>	<b>27,352,353,486</b>	<b>30,392,269,754</b>	<b>206,548,713,972</b>
<b>2</b>	<b>Liabilities :</b>						
	Placement from banks & other financial institutions	1,750,000,000	3,900,000,000	3,250,000,000	-	-	8,900,000,000
	Deposits	26,532,562,462	23,158,800,000	70,972,369,948	20,394,300,000	26,006,146,694	167,064,179,104
	Other accounts						
	Provision and other liabilities	4,235,391,349	310,800,000	1,080,800,000	-	8,284,529,929	13,911,521,278
	Deferred tax liabilities / (assets)	-	-	-	-	74,890,795	74,890,795
	<b>Total Liabilities</b>	<b>32,517,953,811</b>	<b>27,369,600,000</b>	<b>75,303,169,948</b>	<b>20,394,300,000</b>	<b>34,365,567,418</b>	<b>189,950,591,177</b>
	<b>Net Liquidity Gap</b>	<b>23,085,230,369</b>	<b>(1,434,900,000)</b>	<b>(8,036,963,396)</b>	<b>6,958,053,486</b>	<b>(3,973,297,664)</b>	<b>16,598,122,794</b>

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 & liabilities.

  
Executive Vice President

  
Managing Director

  
Director

  
Director

  
Chairman

# Notes to the Financial Statements for the Year Ended 31 December 2014

## 1. The Bank and its activities

1.1 "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. The Bank went for public issue of share in the year 1998 and its share are listed with Dhaka Stock Exchange (DSE) and Chaittagong Stock Exchange (CSE). Presently the bank has 118 Branches and 2 (two) Subsidiary Companies. The principal activities of the Bank are to provide 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."

## 1.2 Subsidiaries of the Bank

Al-Arafah Islami Bank Ltd has two subsidiary companies. The financial statements of these subsidiary companies are included in the consolidated financial statements according to BFRS-10.

### 1.2.1 AIBL Capital Market Services Limited

Al-Arafah Islami Bank Ltd. owned 60.50% 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. The principal activities of subsidiary company is to provide quality services to the prospective institutional and individual investors in the capital market. The main activities and functions of the company include;

- i. Share trading in Dhaka Stock Market and Chittagong Stock Market.
- ii. Provide Margin facilities to the client.
- iii. Full service depository participant of Central Depository of Bangladesh Ltd.

Copy of the audited financial statement is attached Appendix A

### 1.2.2 AIBL Capital Management Limited

Al-Arafah Islami Bank Ltd. owned 98% shares of AIBL Capital Management Limited a subsidiary company of Al-Arafah Islami Bank Limited. AIBL Capital Management Limited has been incorporated under the companies act (Act XVIII) of 1994 as a Private Limited Company by share on 25th October 2011. The company was entitled to commence the business also from 25th October 2011 with a view to run and manage the operations of Merchant Banking Services with an authorized Capital of BDT 2 billion and paid up capital of BDT 500 million. It aims to be one of the leading Merchant Banks of the country by rendering quality Merchant Banking Services with a high level of professional expertise and integrity.

Copy of the audited financial statement is attached in Appendix B

## 2. Basis of preparation and significant accounting policies

### 2.1 Preparation of financial statements

The consolidated financial statements of the group and the financial statements of the bank 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, the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchange Listing Regulations, other laws and rules applicable in Bangladesh 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.

### 2.2 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 drawn up. Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity, so as to obtain economic benefits from its activities. The consolidated financial



## Notes to the Financial Statements for the Year Ended 31 December 2014

statements incorporate the financial statements of Al-Arafah Islami Bank Limited and the financial statements of subsidiary companies from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the bank is eliminated against the corresponding share capital of subsidiaries in the consolidated financial statements. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there are no evidence of impairment. "

### 2.3 Cash flow statement

BFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD 14, cash flow is the mixture of direct and indirect methods.

### 2.4 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.

### 2.5 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.

### 2.6 Reporting period

The financial statements cover particular calendar Period from 1 January to 31 December 2014.

### 2.7 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.

### 2.8 Assets and basis of their valuation

#### 2.8.1 Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

#### 2.8.2 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.

##### 2.8.2.1 Investment in shares and securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

## Notes to the Financial Statements for the Year Ended 31 December 2014

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

### 2.8.2.2 Revaluation gains/losses on Government securities

BFRS: As per requirement of BAS 39 where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

### 2.8.2.3 Provision on loans and advances/investments

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

### 2.8.2.4 Investment in subsidiaries

The bank has made investment in subsidiary company AIBL Capital Market Service Ltd Tk. 2,420.00 million holding 60.50% shares. The rest of 39.50% shares are hold by others and another subsidiary Company named AIBL Capital Management Limited Tk 49.00 crore holding 98% shares.

### 2.8.3 Fixed assets Accounting & Depreciation and Intangible Assets Accounting & Amortization Policy.

Board of Directors of Al- Arafah Islami Bank Limited in its 226th meeting held on 11 July, 2012 has approved "Fixed Assets accounting & depreciation and Intangible Assets accounting & amortization Policy" which has been effected from January 2012.

i) All fixed assets except land are stated at cost less accumulated depreciation and accumulated impairment loss as per BAS-16 " Property,Plant and Equipment". Acquisition cost of an asset comprises the purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

ii) Land is recognised at cost at the time of acquisition and subsequently measured at revalued amounts which is the market value at the time of revaluation done by a independent professional valuer on 31st December 2012, any surplus on revaluation is shown as equity component until the disposal/de-recognition of asset. The property is located within:

a) Dist : Dhaka, P. S Motijheel, Sub - registry office : Sutrapur, Dhaka collectorate Touzi # 141-B-1, Mouza : Sabek Shahar Dhaka, Sheet # 22, Ward # 03, Holding No 63, Purana Palton 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. Mutation Khatian 362/3 and Dag # 1979 and 1980. The area of land measuring about 16.42 katha,

"b) Holding No 63/1/A, Purana Palton, Dist: Dhaka, P.S Motijheel, Subregistry office: Sutrapur ,Dhaka Collectorate Touzi # 141-B-1, under Mouza: Sabek-Sahar Dhaka then Ramna, Hal-Motijheel, J-L#S.A-04, R.S & City Jarip - 06, Sheet # 22, Ward # 03, Khatian-C.S-6947 (Jha), S.A-428, Dhaka City Jarip-103,449, Namjari-542, 362/3/1, Jote-543, 687&437, Dag # C.S-100, 101, S.A 1979, 1980, 1981, 1997, 2025, 1979/2039, R.S-1315,1322,1316/1360,1323/1359,DhakaCityJarip-08,809,811. Deed # 3825 300, dated: 22.08.2010 & 01.02.2012. The area of land measuring about (6.91+7.03) 13.94 katha, "

## Notes to the Financial Statements for the Year Ended 31 December 2014

c) Total land measuring 30.36 katha, cost price was Tk. 45,32,55000. The land was revalued at tk. 4.50 crore per katha and total land valuation amount Tk. 136,62,00,000. Total asset revaluation gains amounting Tk. 912,945,000.

Depreciation of an item of fixed assets and amortization on intangible assets is charged on the basis of estimated useful lives as mentioned in revised fixed asset policy of the bank on monthly basis following straight-line method. The depreciation/amortization method used should reflect the pattern in which the asset's economic benefits are consumed by the enterprise. The depreciation charge for each period should be recognized as an expense unless it is included in the carrying amount of another asset.

**iv) Depreciation/amortization rates used for each type of fixed assets are as follows (per annum):**

Name of Assets	Rate of Depreciation/ amortization	Estimated usefull Lives
Furniture and Fixture (Wood)	10%	10 years
Furniture and Fixture (Steel )	10%	10 years
Computer	20%	5 years
Computer Accessories	20%	5 years
Motor Car	20%	5 years
Mechanical Appliances	20%	5 years
Books	10%	10 years
Online Hardware	20%	5 years
Land	Nil	Nil
Building	2.50%	40 years
Interior Decoration	10%	10 years
Online Software	20%	5 years

v) Depreciation is charged on the addition of fixed assets and intangible assets are amortized from the month of acquisition. Whole month depreciation/amortization is to be charged if such assets are acquired in the first half of the month and no depreciation/amortization is to be charged if such assets are acquired in the second half of the month; no depreciation is charged from the month when the assets are disposed.

**vi) Maintenance and repair costs are charged to profit and loss account as and when incurred.**

**vii) Presentation of intangible asset**

BFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per BAS 38. Bangladesh Bank: There is no regulation for intangible assets in BRPD 14.

### 2.8.4 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.

### 2.8.5 Non-banking asset

BFRS: No indication of Non-banking asset is found in any BFRS.

Bangladesh Bank: As per BRPD 14, there must exist a face item named Non-banking asset.

### 2.8.6 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 -14.4)

### 2.9 Share Capital

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

### 2.10 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.

### 2.11 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 first revalued its land in December 2004 and again in December 2012 which is absolutely owned by the bank and the surplus amount transferred to revaluation reserve. (Annexure-A)

## Notes to the Financial Statements for the Year Ended 31 December 2014

### 2.12 Non-controlling interest

Non-controlling interest is that portion of the profit or loss and net assets of the subsidiaries (AIBL Capital Market Services Limited and AIBL Capital Management Limited) attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent (Al-Arafah Islami Bank Limited).

### 2.13 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 as per BRPD Circular No.14 dated 23 Spetemebr 2012 and BRPD Circular No.05 dated 29 May 2013 . The provision rates are given below:

Particulars	Rate
General provision on unclassified general loans and advances / investments	1%
General provision on unclassified small enterprise financing	0.25%
General provision on unclassified loans / investments for housing finance and on loans for professionals	2%
General provision on unclassified BHS/MHS/SDS	2%
General provision on unclassified consumer financing other than housing finance and loans for professionals	0.25% to 1%
General provision on special mention account	0.25% to 1%
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%

#### ii) Loans and advances/Investments net of provision

BFRS: Loans and advances/Investments are presented should be net of provision (Note No. ).

Bangladesh Bank: As per BRPD 14, provision on loans and advances/investments are presented separately as liability and can not be netted off against loans and advances.

#### iii) 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

#### iv) Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD 14, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

#### v) 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.

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

Provision for unsettled transaction on nostro 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)

#### vii) 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 2013 (Assessment year 2014-2015) has been filed but assessment is to be done by the tax authority.



## Notes to the Financial Statements for the Year Ended 31 December 2014

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.

### **viii) 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 07 (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.

### **ix) 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.

### **x) Other provision and accrued expenses**

In compliance with BAS-37, provision and accrued expenses are recognised in the financial statements when the bank has legal or constructive obligation as a result of past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

## **2.14 Revenue recognition**

### **i) Profit on Investment**

a) 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.

b) 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.

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

### **d) Recognition of interest in suspense**

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

### **ii) Fees and commission income**

Fees and commission income are recognized when earned. Commission charged on customer on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

### **iii) Other comprehensive income**

BFRS: As per BAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

### **iv) Dividend Income**

## Notes to the Financial Statements for the Year Ended 31 December 2014

Dividend Income from investment is recognised at the time when it is declared, ascertained, and right to receive the payment is established.

### 2.15 Management and other expenses

Expenses incurred by the bank are recognised on actual and accrual basis.

### 2.16 Sharing of investment income

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

### 2.17 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 October 2014 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.

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

### 2.18 Basic Earning per share

This has been calculated by dividing the basic earning attributable to ordinary shareholders of the bank 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 period, when there is scope for dilution during the period under review.

### 2.19 Related Party transactions

Related party transaction is a transfer of resources, services, or obligation between related parties, regardless of whether price is charged as per BAS 24.

### 2.20 Events after reporting period

All the material events after the reporting period have been considered; appropriate adjustments and disclosures have been made in the financial statements.

#### 2.20.1 Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

#### 2.20.2 Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

#### 2.20.6 Balance with Bangladesh Bank: (Cash Reserve Requirement)

BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

### 2.21 Approval of the financial statements

The financial statements were approved by the board of directors on 1 March, 2015

### 2.22 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.

### 3.A Risk Management

The risk of Al-Arafah Islami Bank Limited is defined as the possibility of losses, financial or otherwise. The risk

## Notes to the Financial Statements for the Year Ended 31 December 2014

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 or 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 established 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 (thirty) days is reviewed by the management for its settlement. Regulatory reports are submitted on time to Bangladesh Bank.

### **iii) Assets Liability Management**

The Asset Liability Committee (ALCO) 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. ALCO 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 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 report, 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 Internal Control & Compliance (ICC) division headed by Senior 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 carries 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. ICC division submits parallel comprehensive internal audit report to the managing director and to the audit committee. Within 02 (two) months after receiving the audit report, audit monitoring department completes the compliance report and submits the report to the 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 the ICC division has introduced concurrent audit, surprise inspection, auto information system, Quarterly Audited System,

## Notes to the Financial Statements for the Year Ended 31 December 2014

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 have been established for the prevention of money laundering and transaction profile has been introduced. Training has been continuously given to all category of officers and executives for developing awareness and skill for identifying suspicious activities. The bank submits the STR, 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 (IT) means computers, auxiliary equipment, software, 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.

### **vii) Internal Audit**

"As per Internal Control & Compliance (ICC) Risk Management Guideline of Bangladesh Bank, a 'Risk Based Audit Plan' is to prepared for each calendar year for smooth conducting of Audit & Inspection of all the branches and departments & divisions of Head Office of the bank. Besides the Yearly Auditing, Internal Audit Department Conducts Special Audit, Quarterly Foreign Exchange & Investment Audit, Surprise Audit etc. To prevent incidence of errors and their recurrences, more emphasize are given on spot rectification of irregularities/lapses while auditing/inspecting of the branches. For Audit purpose, branches have been segregated into 05 risk categories ( Extremely High, Very High, High, Medium & low risk). The regular Audit & Inspection Teams are also conducting Core Risks System Audit during their regular Audit & Inspections."

viii) "Fraud and Forgeries: During the year 2013, Audit and Inspection department of ICCD, have detected some incidents/irregularities as fraud-forgery relating to cash misappropriation and investment disbursement in 03 branches of the Bank, which is little in terms of Bank's overall financial transactions. In order to not jeopardize the bank's interest, all such irregularities were regularized/mitigated by recovery of the defalcated money through strong monitoring and close supervision by the ICC Division. Furthermore, administrative actions were also taken against the delinquent officers/persons involved. Compliances of these issues were duly reported to the Board Audit Committee and Bangladesh Bank in time as per regulatory guidelines."

During the period 1st January to 31st December, 2014 Audit and Inspection department of ICCD, have detected some incidents/irregularities as fraud-forgeries relating to cash misappropriation and investment disbursement in 03 branches of the Bank, which is little in terms of Bank's overall financial transactions. In order to not jeopardize the bank's interest, all such irregularities were regularized/mitigated by recovery of the defalcated money through strong monitoring and close supervision by the ICC Division. Furthermore, administrative actions were also taken against the delinquent officers/persons involved. Compliances of these issues were duly reported to the Board Audit Committee and Bangladesh Bank in time as per regulatory guidelines.

### **3.B 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.

### **3.C 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:



## Notes to the Financial Statements for the Year Ended 31 December 2014

Name of the BAS	BAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting Estimates	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	Applied
Investment Property	40	N/A
Agriculture	41	N/A

Name of the BFRS	BFRS No.	Status
Financial Instruments: Disclosures	7	Applied
Consolidated Financial Instruments	10	Applied
Disclosures of interest in other entities	12	Applied
Fair value Measurement	13	Applied

#### 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 no. 12 dated 23th December, 2002 and subsequently reconstituted by the Board of Directors in its 260th meeting held on 24th July, 2014 as per BRPD Circular-11 Dated 27.10.2013 as under:

SL	Name	Status with Committee	Educational Qualification
1	Khalid Rahim	Chairman	FCA (ICAEW) ; MA(UK)
2	Abdus Salam	Vice Chairman	M.com
3	Md. Harun-ar-Rashid Khan	Member	M.A(Social Welfare )
4	Sarker Mohammad Shameem Iqbal	Member	M.B.A(Marketing)
5	Al-hajj Naiz Ahmed	Member	M.com.(Accounting),LLB

During the period 2014 the audit committee of the bank conducted 11 (eleven) meetings in which among others, the following issues were discussed:-

- i) Reviewing the inspection report of different branches of AIBL conducted by the bank internal inspection team from time to time and status of compliance thereof.
- ii) Reviewing the comprehensive inspection report of different branches of AIBL conducted by Bangladesh Bank and status of compliance thereof.
- iii) Reviewing the financial statements of the bank for the period 31 December, 2014.

## Notes to the Financial Statements for the Year Ended 31 December 2014

			2014 Taka	2013 Taka
<b>5. Cash</b>				
a) Cash in hand				
In local currency			1,296,734,457	1,526,240,547
In Foreign currency ( Note 5.a.i )			4,749,118	6,040,553
			<b>1,301,483,575</b>	<b>1,532,281,100</b>
b) Balance with Bangladesh Bank				
In local currency			17,750,255,215	15,136,487,171
In Foreign currency			850,514,362	72,723,851
			<b>18,600,769,577</b>	<b>15,209,211,022</b>
c) Balance with Sonali Bank Ltd.				
In local currency			772,061,220	837,103,154
In Foreign currency			-	-
			<b>772,061,220</b>	<b>837,103,154</b>
<b>5. Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)</b>			<b>19,372,830,797</b>	<b>16,046,314,177</b>
<b>5.a.i In Foreign Currency</b>				
<b>Currency Name</b>	<b>Amount in FC</b>	<b>Ex. Rate</b>	<b>Amount in BDT</b>	<b>Amount in BDT</b>
US Dollar	61783	76.87	4,749,118	6,040,553
Great Britain Pound	-		-	-
EURO	-		-	-
Others	-		-	-
			<b>4,749,118</b>	<b>6,040,553</b>
<b>5.d Cash Reserve Requirments (CRR) and Statutory Liquidity Requirments (SLR)</b>				
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/01 Dated:23-06-14				
<b>5.e Cash Reserve Requirments (CRR)</b>				
Required Reserve( 6.5 % of Average Demand and Time Liabilities)				
Actual reserve held with Bangladesh Bank			10,091,773,000	7,730,401,000
			17,954,001,000	15,112,351,000
<b>Surplus/(Deficit)</b>			<b>7,862,228,000</b>	<b>7,381,950,000</b>
<b>Statutory Liquidity Requirments (SLR)</b>				
Required Reserve(5.50 % of Average Demand and Time Liabilities)				
Actual reserve held			8,539,193,310	14,816,603,000
			16,925,985,000	23,024,193,000
<b>Surplus/(Deficit)</b>			<b>8,386,791,690</b>	<b>8,207,590,000</b>
<b>6. Balance with other Banks and Financial Institutions</b>				
<b>a) In Bangladesh:</b>				
<b>Al-Wadia Current Accounts</b>				
Islami Bank Bangladesh Ltd.			36,469,541	136,331,474
Dutch Bangla Bank Ltd.			6,168,768	25,381,168
National Bank Ltd.			8,596,255	48,753,095
Agrani Bank			1,650	1,650
			<b>51,236,213</b>	<b>210,467,387</b>
<b>Mudaraba Saving Deposits</b>				
Dhaka Bank Ltd.			307,638,290	338,293,530
Prime Bank Ltd.			18,085,705	14,708,688
Islami Bank Bangladesh Ltd.			-	-
Social Islami Bank Ltd.			1,609,803,614	794,270,772
Shahjalal Islami Bank Ltd.			12,711,774	13,913,428
EXIM Bank Ltd.			43,129,581	5,768,290
ICB Islamic Bank Ltd.			167,116,719	167,126,373
Jamuna Bank Ltd.			4,024,977	3,850,213
The City Bank Ltd.			17,588,086	288,059,018
Southeast Bank Ltd.			20,550,194	501,834,244
AB Bank Ltd.			246,409,356	762,951,149
			<b>2,447,058,296</b>	<b>2,890,775,704</b>
<b>Short Term Deposits</b>				
Social Islami Bank Ltd.			251,687	252,612
Rupali Bank Ltd.			14,028,431	35,378,431
			<b>14,280,118</b>	<b>35,631,043</b>
			<b>2,512,574,627</b>	<b>3,136,874,134</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

### b. Outside Bangladesh (NOSTRO A/C)

Name of bank	Currency Name	Amount in Foreign Currency	Conversion rate per unit F.C	2014	2013
				Taka	Taka
				Amount in BDT.	Amount in BDT.
HABIB BANK AG ZURICH	CSF	3,110	78.67	244,651	-
COMMERZBANK AG FRANKFURT AM	EURO	15,910	94.60	1,505,110	2,573,538
SONALI BANK LTD.,LONDON, EURO	EURO	9,544	94.60	902,870	1,467,369
STANDARD CHARTERD BANK LTD,FRANKFURT	EURO	15,060	94.60	1,424,644	(15,518,716)
UNITED BANK OF INDIA,EURO	EURO	6,736	94.60	637,223	848,522
STANDARD CHARTERD BANK LTD, LONDON.UK	EURO	-	-	-	4,570,148
STANDARD CHARTERD BANK LTD,JAPAN	JPY	1,306,104	0.65	845,180	1,878,685
SONALI BANK LTD.,LONDON GBP	POUND	11,587	194.60	2,254,785	875,384
STANDARD CHARTERD BANK LTD,LONDON	POUND	215,344	117.00	25,195,362	-
AL RAJI BANKING & INV CORP,SAUDI ARABIA	REYAL	245,329	20.77	5,096,166	5,179,418
AB BANK LID., MUMBAI	ACUD	680,284	77.95	53,028,107	11,466,573
AXIS BANK LTD.	ACUD	67,343	77.95	5,249,387	-
BANK OF BHUTAN, ACU	ACUD	170,340	77.95	13,277,999	3,537,932
COMMERZBANK AG FRANKFURT AM MAIN DE	USD	444,161	77.95	34,622,342	39,695,925
HABIB BANK OF PAKISTAN,KARACHI	ACUD	53,229	77.95	4,149,230	1,986,075
ICICI BANK LIMITED, MUMBAI	ACUD	290,697	77.95	22,659,868	3,362,254
ICICI BANK LIMITED,HONGKONG	USD	1,081,661	77.95	84,315,456	9,155,404
MASHREQUE BANK PSC,MUMBAI	ACUD	889,486	77.95	69,335,466	16,862,736
SONALI BANK LTD. LONDON	USD	291,707	77.95	22,738,526	61,291,334
SONALI BANK LTD. KOLKATA	ACUD	106,540	77.95	8,304,772	7,104,600
STANDARD CHARTERD BANK LTD,KARACHI	ACUD	141,311	77.95	11,015,219	3,923,386
STANDARD CHARTERD BANK LTD,Kolkata	ACUD	-	0.00	-	4,335,665
STANDARD CHARTERD BANK LTD,MUMBAI	ACUD	910,606	77.95	70,981,712	37,024,946
Wachovia Bank NA, New York, USA	USD	8,927,772	0.00	695,919,816	437,007,970
MASHREQUE BANK PSC,NEW YORK	USD	654,867	77.95	51,046,909	169,207,363
CITIBANK N.A.,NEW YORK, USA	USD	3,045,365	77.95	237,386,218	470,163,636
STANDARD CHARTERD BANK LTD,NEW YORK	USD	3,210,688	77.95	250,273,143	264,596,992
STANDARD CHARTERD BANK, KOLKATA (AMEX)	USD	120,213	77.95	9,370,569	-
UNITED BANK OF INDIA,DOLLAR	ACUD	282,676	77.95	22,034,579	18,910,396
				<b>1,703,815,308</b>	<b>1,561,507,535</b>
				<b>4,216,389,935</b>	<b>4,698,381,669</b>

#### 6.A. Consolidated Balance with other Banks and financial institutions

##### a) In Bangladesh:

Al-Arafah Islami Bank Ltd. [ Note-6.a ]  
AIBL Capital Market Services Ltd.  
AIBL Capital Management Ltd.

Less: Inter-Company Adjustment

##### b. Outside Bangladesh

#### 6.A.i Maturity - wise Groupings ( Inside & Outside Bangladesh )

Payable on Demand

Up to 1 ( one ) month

Over 1 ( one ) Month but not more than 3 ( three ) Months

Over 3 ( three ) Months but not more than 1 ( one ) year

Over 1 year but not more than 5 years

Over 5 years

2,512,574,627	3,136,874,134
187,064,465	378,776,448
25,953,444	345,312,557
<b>2,725,592,536</b>	<b>3,860,963,139</b>
(213,012,909)	(724,084,005)
<b>2,512,579,627</b>	<b>3,136,879,134</b>
1,703,815,308	1,561,507,535
<b>4,216,394,935</b>	<b>4,698,386,670</b>
481,121,406	210,467,387
2,248,067,698	2,832,914,283
1,487,205,830	1,655,000,000
-	-
-	-
<b>4,216,394,935</b>	<b>4,698,381,670</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

	2014 Taka	2013 Taka
<b>7. Placement with Banks &amp; Other Financial institutions</b>		
Shahjalal Islami Bank Ltd.	-	200,000,000
Social Islami Bank Ltd.	4,350,000,000	800,000,000
Southeast Bank Ltd.	1,700,000,000	1,400,000,000
Dhaka Bank Ltd.	900,000,000	400,000,000
Jamuna Bank Ltd.	2,500,000,000	2,500,000,000
AB Bank Ltd.	300,000,000	100,000,000
	<b>9,750,000,000</b>	<b>5,400,000,000</b>
<b>8. Investment in Shares &amp; Securities</b>		
Bangladesh Govt. Islami Bond Fund ( 8.a )	6,500,000,000	5,480,000,000
Investment In Islamic Refinance Fund(8.a)	500,000,000	-
Investment in Share ( 8.b )	838,953,486	1,044,746,670
Central Depository Bangladesh Limited ( 8.b )	3,138,890	3,138,890
	<b>7,842,092,376</b>	<b>6,527,885,560</b>
<b>8.a Investments in Share &amp; Securities</b>		
Government Securities	<b>7,000,000,000</b>	<b>5,480,000,000</b>
Bangladesh Govt. Islami Bond Fund	6,500,000,000	5,480,000,000
Investment In Islamic Refinance Fund	500,000,000	-
In shares (quoted and unquoted)		
<b>Quoted</b>		
Private (8.b)	838,953,486	1,044,746,670
<b>Unquoted</b>		
Central Depository Bangladesh Limited	3,138,890	3,138,890
	<b>842,092,376</b>	<b>1,047,885,560</b>
<b>8.b Book value of share as on 31 December 2014 as follows</b>		
<b>Quoted shares in (Schedule of Shares and Securities are given Annexure B)</b>		
Aci	53,977,836	-
Shahjalal islami bank Ltd.	-	29,870,522
Social islami bank Ltd.	-	18,971,386
Bsrn steel	-	156,638,812
Islami insurance	42,718,564	40,981,889
Bdcom	-	1,404,986
Titas gas	-	22,824,259
First security islami bank Ltd.	-	1,256
Mobile jamuna bangladesh Ltd.	-	30,249,203
Meghna petroleum	-	34,861,165
Fareast life insurance co. Ltd.	6,305,192	2,858
Beximco	-	25,304,663
Bexmico pharma	-	64,208,892
Jamunaoil	120,393,881	40,567,015
Grameen phone	83,141,613	-
Prime life insurance co. Ltd.	132,164,932	129,074,186
Spcccl	19,951,005	-
Desco	71	39,816,189
Tallu spin	-	-
Sumitpower	43,493,661	115,692,931
Reneta	19,614,200	-
Rsrn steel	8,456,024	-
Squartext	-	640
Gphispat	12,641,110	-
Padmaoil	16,422,688	112,141,525
Gqballpen	-	82,699
Exim bank	-	31,291,227
Heidelbcem	-	3,390,838
Meghnacem	10,548,369	8,872,002
Powergrid	-	8,588,889
Uniquehrl	39,659,142	36,731,296
Orion pharma	90,073,821	23,177,344
Bangladesh submarine cable com. Ltd.	62,591,467	-
Olyampic	5,619,230	-
Active fine	1,180,681	-
AIBL 1st Mutual Fund	70,000,000	70,000,000
	<b>838,953,486</b>	<b>1,044,746,670</b>
Unquoted shares in		
Central Depository Bangladesh Limited	3,138,890	3,138,890
	<b>842,092,376</b>	<b>1,047,885,560</b>



## Notes to the Financial Statements for the Year Ended 31 December 2014

	2014 Taka	2013 Taka
<b>8.A Investment in Shares &amp; Securities</b>		
Al-Arafah Islami Bank Ltd.	7,842,092,376	6,527,885,560
AIBL Capital Market Services Ltd.	700,000,000	255,586,817
AIBL Capital Management Ltd.	578,805,019	355,462,991
	<b>9,120,897,395</b>	<b>7,138,935,368</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	7,842,092,376	6,527,885,560
More than 5 years	1,278,805,019	611,049,808
	<b>9,120,897,395</b>	<b>7,138,935,368</b>
<b>8.A.ii Al-Arafah Islami Bank Ltd.</b>	842,092,376	1,047,885,560
AIBL Capital Market Services Ltd.	700,000,000	255,586,817
AIBL Capital Management Ltd.	578,805,019	355,462,991
	<b>2,120,897,395</b>	<b>1,658,935,368</b>
<b>9. Investments</b>		
<b>a) General Investment</b>		
<b>i. in Bangladesh</b>		
Murabaha Investment	15,583,031,208	32,788,056,295
Bai-Muazzal Investment	68,840,453,868	58,639,163,522
Hire Purchase Investment	33,800,775,606	25,856,406,762
Quard	2,574,736,746	2,015,072,101
Other Investment	31,123,542,148	2,601,569,914
	<b>151,922,539,576</b>	<b>121,900,268,594</b>
<b>ii. Out side Bangladesh</b>	-	-
	<b>151,922,539,576</b>	<b>121,900,268,594</b>
<b>Less: Unearned profit on Investment</b>	13,724,371,226	8,815,493,716
	<b>138,198,168,350</b>	<b>113,084,774,878</b>
<b>b) Bill Purchased &amp; Discounted</b>		
Payable in Bangladesh	2,589,213,743	7,800,119,683
Payable out side Bangladesh	514,697,699	414,090,878
	<b>3,103,911,442</b>	<b>8,214,210,561</b>
	<b>141,302,079,792</b>	<b>121,298,985,439</b>
<b>c) Maturity grouping of Investment Including bills purchased and discounted</b>		
Payable on Demand		
Up to 1 ( one ) month	38,543,521,015	34,676,100,000
Over 1 ( one ) month but not more than 3 ( three ) months	39,403,324,985	35,613,300,000
Over 3 ( three ) months but not more than 1 ( one ) year	34,331,548,353	29,707,500,000
Over 1 year but not more than 5 years	19,769,085,439	14,019,085,439
Over 5 years	9,254,600,000	7,283,000,000
	<b>141,302,079,792</b>	<b>121,298,985,439</b>
<b>d) An analysis to disclose following Significant concentration :</b>		
<b>i. Investment to Directors and others</b>	-	-
<b>ii. Investment to Managing Director and Cheif Executive</b>	-	-
<b>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)</b>	47,972,200,000	30,312,200,000
<b>iv. Investments to customers for more than 10% of Bank's Total Capital</b>		
Number of clients	26	21
Amount of outstanding Investment	47,972,200,000	30,312,200,000
Amount of Classified Investment	-	-

## Notes to the Financial Statements for the Year Ended 31 December 2014

Name of Clients	Funded	Non-Funded	2014	2013
			Taka	Taka
			Figure in crore	Figure in crore
01 Meghna Group	115.18	93.23	208.41	-
02 Fair Acrylic Processing Ltd	2.05	-	2.05	-
03 Thermax Group	282.40	32.03	314.43	360.00
04 Majumder Traders	151.05	26.38	177.43	155.47
05 T K Group	76.34	18.79	95.13	142.43
06 Abul Khair Steel Industries Ltd	226.71	211.81	438.52	277.84
07 Nasir Glass Ltd	200.37	25.51	225.88	218.65
08 AIBL Capital Market Services Ltd	-	50.00	50.00	50.00
09 Noapara Traders	-	95.40	95.40	-
10 Techno Electricals Ltd	23.01	83.02	106.03	-
11 Jai Bhuiyan Group	220.36	83.51	303.87	300.48
12 Aman Tex Limited	193.93	94.77	288.70	183.73
13 Masihata Sweaters Ltd	131.58	114.65	246.23	217.97
14 Gastro liver Hospital & Reaserch Institute Ltd	144.46	21.88	166.34	-
15 Birds Garments Ltd,Unit-02,Birds R N R Fashion Ltd.& Khalifa appatels Ltd	30.44	47.37	77.81	43.00
16 Turag Garments 7Hosiery Mills Ltd	124.42	41.40	165.82	169.50
17 AIBL Capital Management Ltd	191.53	-	191.53	223.02
18 Bangladesh steel Re- Rolling Mills	0.22	45.42	45.64	92.49
19 Shahjalal Islami Bank Securities Ltd	95.07	-	95.07	137.10
20 Ziri Subedar Steel Re-Rolling	56.59	17.96	74.55	-
21 Partex Jute Mills Ltd	153.50	1.00	154.50	188.67
22 Kader Compact Spinning Mills	75.08	8.42	83.50	54.60
23 Kabir Steel Re-Rolling Mills	187.81	-	187.81	35.74
24 MEB Industrial Complex Ltd	55.35	-	55.35	-
25 Mahmud Indigo Ltd	43.95	13.67	57.62	-
26 Ayman Textile & Hosiery Ltd	143.60	75.80	219.40	-
27 Saad Musa Fabrics	-	-	-	109.40
28 Elhan Textile	-	-	-	1.14
29 Masud Trading	-	-	-	22.00
30 Juma Enterprise & its Sister Concern	-	-	-	47.99
	<b>2,925.00</b>	<b>1,202.02</b>	<b>4,127.02</b>	<b>3,031.22</b>
v) Industry/Sector wise Investments				
Agriculture, Fishing and forestry			1,970,158,456	1,617,158,456
Industry			61,734,000,338	57,003,465,338
Constraction			7,175,900,812	2,334,447,812
Water works & sanitary services			6,701,600,769	1,984,841,769
Transport & communication			8,411,100,973	8,262,524,973
Storage			1,032,500,781	831,246,781
Trade Finance			53,808,700,871	48,128,214,871
Miscellaneous			14,192,488,018	9,952,579,155
			<b>155,026,451,018</b>	<b>130,114,479,155</b>
Less: Unearned profit on Investment			13,724,371,226	8,815,493,716
			<b>141,302,079,792</b>	<b>121,298,985,439</b>
vi) Geographical Location -wise Investment				
Urban:				
Dhaka Region			102,004,691,041	92,074,197,487
Chittagong Region			20,108,638,478	15,911,792,740
Sylhet Region			590,434,157	504,233,804
Rajshahi Region			8,428,118,471	6,238,656,745
Khulna Region			5,423,742,489	2,971,067,048
Rangpur Region			1,932,028,412	-
Barisal Region			1,683,862,478	1,491,378,562
			<b>14,854,935,492</b>	<b>10,923,152,770</b>
Rural:				
Dhaka Region			7,650,605,473	5,836,437,021
Chittagong Region			2,555,333,451	2,026,871,194
Sylhet Region			538,253,458	463,037,211
Rajshahi Region			1,976,749,412	1,954,328,933
Khulna Region			559,220,413	513,197,529
Rangpur Region			1,288,586,850	-
Barisal Region			286,186,435	129,280,882
			<b>155,026,451,018</b>	<b>130,114,479,155</b>
Less: Unearned profit on Investment			13,724,371,226	8,815,493,716
			<b>141,302,079,792</b>	<b>121,298,985,439</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

	2014 Taka	2013 Taka
<b>e) Classification of Investment including bills purchased and discounted</b>		
<b>Unclassified</b>	<b>148,043,807,000</b>	<b>126,515,651,000</b>
Standard including (Staff investment )	146,516,739,000	124,375,006,000
Special Mention Accounts (SMA)	1,527,068,000	2,140,645,000
<b>Classified</b>	<b>6,982,644,000</b>	<b>3,598,828,155</b>
Sub Standard	2,069,632,000	1,220,930,155
Doubtful	1,120,775,000	660,088,000
Bad / Loss	3,792,237,000	1,717,810,000
	<b>155,026,451,000</b>	<b>130,114,479,155</b>
Less: Unearned profit on Investment	13,724,371,226	8,815,493,716
	<b>141,302,079,792</b>	<b>121,298,985,439</b>
<b>f) Required Provision on Investment &amp; Off -balance sheet exposures</b>		
<b>Unclassified</b>		
General provision on unclassified Investment	595,543,000	154,275,000
General provision on small enterprise Investment	198,004,000	496,545,000
General provision on Housing financing Investment	-	-
General provision on consumer financing Investment	2,959,000	2,397,000
General provision on Micro Investment	34,109,000	15,704,000
General provision on special mention Investment	6,310,000	14,397,000
General provision on BHS/MHS/SDS	101,348,000	66,287,000
	<b>938,273,000</b>	<b>749,605,000</b>
<b>Classified</b>		
Specific provision on substandard Investment	147,759,000	70,825,000
Specific provision on doubtful Investment	190,940,000	107,032,000
Specific provision on bad/loss Investment	1,180,085,000	950,171,705
	<b>1,518,784,000</b>	<b>1,128,028,705</b>
<b>Unclassified</b>		
General provision on Off-balance sheet	305,009,000	273,369,265
	<b>2,762,066,000</b>	<b>2,151,002,970</b>
<b>g) Provision made on Investment &amp; Off-balance sheet exposures</b>		
<b>Unclassified</b>		
General provision on unclassified Investment	595,543,000	154,275,000
General provision on small enterprise Investment	198,004,000	496,545,000
General provision on Housing financing Investment	-	-
General provision on consumer financing Investment	2,959,000	2,397,000
General provision on Micro Investment	34,109,000	15,704,000
General provision on special mention Investment	6,310,000	14,397,000
General provision on BHS/MHS/SDS	101,348,000	66,287,000
	<b>938,273,000</b>	<b>749,605,000</b>
<b>Classified</b>		
Specific provision on substandard Investment	147,759,000	70,825,000
Specific provision on doubtful Investment	190,940,000	107,032,000
Specific provision on bad/loss Investment	1,180,085,000	950,171,705
	<b>1,518,784,000</b>	<b>1,128,028,705</b>
<b>Unclassified</b>		
General provision on Off-balance sheet	305,009,000	273,369,265
	<b>2,762,066,000</b>	<b>2,151,002,970</b>
<b>Provision Excess/(Shortfall)</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

	2014 Taka	2013 Taka
<b>h) Particulars of Investments</b>		
i) Investment considered good in respect of which of the bank company is fully secured;	5,089,021,988	117,361,775,257
ii) Investment considered good against which the banking company holds no security other than the debtors personal guarantee.	973,227,396	3,937,210,182
iii) Investment considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors;	-	-
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;	5,372,000	6,045,000
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	1,160,067,295	1,717,810,000
i) Decrease/Increase in provision ( Specific )	255,646,199	442,037,000
ii) Amount of Investment written off;	-	180,352,000
iii) Amount realised against Investment previously written off;	-	2,631,154
b) Amount of provision kept against Investment classified as "bad/loss" on the date of preparing the balance sheet ;	1,048,363,705	-
c) Profit creditable to the profit suspense/Compensation A/c;	255,646,199	78,218,341
xi) i) Cumulative amount of the written of Investment;	1,092,487,199	836,841,000
	(1,838,066,513)	(1,669,747,081)
ii) Amount written off during the current year;	180,352,000	-
iii) The amount of written off Investment for which lawsuit has been field;	1,092,487,199	836,841,000
<b>9.A. Investments</b>		
Al-Arafah Islami Bank Ltd.	141,302,079,792	121,298,985,439
AIBL Capital Market Services Ltd.	9,041,152,286	8,342,736,123
AIBL Capital Management Ltd.	1,573,820,152	1,738,673,857
	<b>151,917,052,230</b>	<b>131,380,395,419</b>
Less : Inter company Adjustment	(5,176,685,911)	(5,665,000,000)
	<b>146,740,366,319</b>	<b>125,715,395,419</b>
<b>9.A.i Maturity grouping of Investment Including bills purchased and discounted</b>		
Payable on Demand	-	-
Up to 1 ( one ) month	41,000,458,789	39,092,509,980
Over 1 ( one ) month but not more than 3 ( three ) months	39,126,500,000	35,613,300,000
Over 3 ( three ) months but not more than 1 ( one ) year	36,614,556,651	29,707,500,000
Over 1 year but not more than 5 years	21,452,850,879	14,019,085,439
Over 5 years	8,546,000,000	7,283,000,000
	<b>146,740,366,319</b>	<b>125,715,395,419</b>



## Notes to the Financial Statements for the Year Ended 31 December 2014

	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>10. Fixed Assets</b>		
Tangible Assets		
Land	1,446,974,352	1,446,974,352
Building	419,396,761	289,145,982
Furniture (Wood)	279,069,020	201,293,165
Furniture (Steel)	78,885,223	67,590,422
Computer	171,670,374	152,379,894
Computer (Accessories)	38,706,419	28,124,526
Motor Car	108,167,283	107,010,354
Machine equipment & appliance	427,545,348	380,021,463
Online Hardware	203,616,686	8,771,326
Interior Decoration	160,417,349	160,230,522
Books & Library	8,804,407	159,253,504
	<b>3,343,253,222</b>	<b>3,000,795,510</b>
Intangible Assets		
Online Software	121,414,861	117,806,814
<b>Total</b>	<b>3,464,668,083</b>	<b>3,118,602,324</b>
Less Accumulated Depreciation	823,074,013	628,615,788
	<b>2,641,594,070</b>	<b>2,489,986,536</b>
Schedule of Fixed Assets are given in Annexure - A.		
O.A. Fixed Assets		
Al-Arafah Islami Bank Ltd.	2,641,594,070	2,489,986,536
AIBL Capital Market Services Ltd.	18,957,350	26,935,209
AIBL Capital Management Ltd.	555,978	296,048
	<b>2,661,107,398</b>	<b>2,517,217,793</b>
<b>11. Other Assets</b>		
Adjusting A/c Debit Balance	698,467,122	504,490,703
Suspense Account	316,643,724	253,908,160
DD Paid without Advice	7,300	1,663,381
Stock of Stationery	21,464,859	16,558,723
Stamp in hand	2,814,726	2,779,241
Advance Deposit	3,043,624	2,765,579
Advance Rent	231,809,209	216,350,363
Capital Work In Progress	194,249,186	178,673,514
Sponsorship of AIBL 1st Islamic Mutual Fund	100,000,000	100,000,000
Investment for Subsidiary Companies	2,910,000,000	2,910,000,000
Advance Income Tax & TDS [ Note 11.3 ]	9,246,454,132	7,303,549,305
Protested Bills	5,706,700	5,614,700
Prepaid Expenditure	2,276,504	2,924,680
Brac Bank Eldorado Settlement A/C	20,000,000	20,000,000
Balance with cmsl for portfolio account	425,459,098	-
Accrued Income	1,214,705,969	936,381,436
Mfci usd (edf) a/c	4,043,686,085	-
Adjustment a/c cost of borrowing	42,035,975	-
Stock of ATM Card	1,050,000	-
Branches Adjustment A/C	579,582,773	458,329,921
Parking for nostro sub gl usd	12,118,353	-
Dividend Receivable	4,464,021	5,255,484
Clearing Adjustment	46,204,067	22,520,927
Due from off-shore Banking unit	695,382,811	-
	<b>20,817,626,238</b>	<b>12,941,766,116</b>
<b>Less: Balance with OBU for elimination investment with OBU</b>	695,382,811	-
	<b>20,122,243,427</b>	<b>12,941,766,116</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

	2014 Taka	2013 Taka
<b>11.1 Classification of other Assets under the following categories</b>		
i) Investment in shares of subsidiary companies; In Bangladesh	2,910,000,000 -	2,910,000,000 -
ii) Stationery, Stamps, Printing materials etc.	25,329,585	19,337,964
iii) Advance rent and advertisement;	231,809,209	216,350,363
iv) Profit accrued on Investment but not collected, commission & brokerage receivable on shares and debenture and other income receivable	1,214,705,969	936,381,436
v) Security deposit	3,043,624	2,765,579
vi) Preliminary, formation and organization expenses, renovation and development expenses	-	-
vii) Prepaid expenses	2,276,504	2,924,680
viii) Adjustments A/C Debit Balance	740,503,097	504,490,703
ix) Suspenses account	316,643,724	253,908,160
x) DD Paid without advice	7,300	1,663,381
xi) Protested Bills -	5,706,700	5,614,700
xii) Parking for nostro sub gl usd	12,118,353	-
xiii) Dividend Receivable	4,464,021	5,255,484
xiv) Capital Work In Progress	194,249,186	178,673,514
xv) Others	14,461,386,155	7,904,400,152
	<b>20,122,243,427</b>	<b>12,941,766,116</b>
<b>xv) Others</b>		
Brac Bank Eldorado Settlement A/C	20,000,000	20,000,000
Branches Adjustment A/C	579,582,773	458,329,921
Sponsorship of AIBL 1st Islamic Mutual Fund	100,000,000	100,000,000
Advance Income Tax & TDS	9,246,454,132	7,303,549,305
Mfci usd (edf) a/c	4,043,686,085	-
Balance with cmsl for portfolio account	425,459,098	-
Clearing Adjustment	46,204,067	22,520,927
	<b>14,461,386,155</b>	<b>7,904,400,152</b>
<b>11.2 Advance Income Tax &amp; TDS</b>		
i) Beginning of the year 0	7,303,549,305	5,896,510,957
Advance tax paid during the year 9,246,454,132	1,942,904,827	1,180,364,848
Tax deducted at Source during the year	-	226,673,500
<b>Advance income tax at the end of the year</b>	<b>9,246,454,132</b>	<b>7,303,549,305</b>
<b>11.A. Consolidated Other Assets</b>		
Al-Arafah Islami Bank Ltd.	20,122,243,427	12,941,766,116
AIBL Capital Market Services Ltd.	1,769,428,919	1,391,754,181
AIBL Capital Management Ltd.	195,145,917	64,387,515
	<b>22,086,818,263</b>	<b>14,397,907,812</b>
Less: Investment in Subsidiary Company	(4,810,892,478)	(2,916,050,000)
Less: Dividend receivable from subsidiary	-	(766,200,000)
Less: Due From Subsidiary Company	-	(602,561,729)
	<b>17,275,925,785</b>	<b>10,113,096,083</b>
<b>12. Placement from Banks &amp; Other financial Institutions</b>	<b>8,900,000,000</b>	<b>3,400,000,000</b>

The Bank has taken finance from Islami Investment Bond (Islami Bond ) at banks' own mudaraba savings rate for 60/90/120/150/180 days tenor which introduced by the Government for islami banks and financial institutes in september 2004 through Bangladesh Bank. The borrowing has been secured by MTDR, Accepted bills and Demand Promissory Note.

## Notes to the Financial Statements for the Year Ended 31 December 2014

			2014 Taka	2013 Taka	
a.	Name of the Bank	Mature	Nature	Amount	Amount
	<b>In Bangladesh</b>				
	Jamuna Bank Ltd. (Islamic Banking Branch)	06-01-2015	MTDR	500,000,000	500,000,000
	Jamuna Bank Ltd. (Islamic Banking Branch)	07-02-2015	MTDR	500,000,000	500,000,000
	Jamuna Bank Ltd. (Islamic Banking Branch)	13-03-2015	MTDR	500,000,000	500,000,000
	Jamuna Bank Ltd. (Islamic Banking Branch)	03-05-2015	MTDR	500,000,000	500,000,000
	Jamuna Bank Ltd. (Islamic Banking Branch)	03-06-2015	MTDR	500,000,000	-
	Jamuna Bank Ltd. (Islamic Banking Branch)	16-06-2015	MTDR	500,000,000	-
	Social Islami Bank Ltd.	06-01-2015	MTDR	200,000,000	200,000,000
	Social Islami Bank Ltd.	29-01-2015	MTDR	300,000,000	-
	Social Islami Bank Ltd.	15-02-2015	MTDR	300,000,000	-
	Social Islami Bank Ltd.	05-03-2015	MTDR	300,000,000	-
	Social Islami Bank Ltd.	30-03-2015	MTDR	300,000,000	-
	Social Islami Bank Ltd.	02-05-2015	MTDR	300,000,000	-
	Social Islami Bank Ltd.	18-04-2015	MTDR	300,000,000	-
	Social Islami Bank Ltd.	05-05-2015	MTDR	300,000,000	-
	Social Islami Bank Ltd.	15-02-2015	MTDR	300,000,000	-
	Social Islami Bank Ltd.	16-05-2015	MTDR	300,000,000	-
	Social Islami Bank Ltd.	03-06-2015	MTDR	300,000,000	-
	Social Islami Bank Ltd.	09-06-2015	MTDR	300,000,000	-
	Southeast Bank Ltd. (Islamic Banking Branch)	31-03-2015	MTDR	500,000,000	500,000,000
	Southeast Bank Ltd. (Islamic Banking Branch)	11-04-2015	MTDR	500,000,000	500,000,000
	Southeast Bank Ltd. (Islamic Banking Branch)	11-04-2015	MTDR	200,000,000	200,000,000
	Dhaka Bank Ltd. (Islamic Banking Branch)	18-02-2015	MTDR	300,000,000	-
	Dhaka Bank Ltd. (Islamic Banking Branch)	03-06-2015	MTDR	300,000,000	-
	Dhaka Bank Ltd. (Islamic Banking Branch)	21-03-2015	MTDR	300,000,000	-
	AB Bank Ltd. (Islamic Banking Branch)	10-01-2015	MTDR	300,000,000	-
	<b>Total =</b>			<b>8,900,000,000</b>	<b>3,400,000,000</b>
<b>13.</b>	<b>Deposit and Other Accounts</b>				
	Mudaraba Savings Deposits			17,501,279,699	12,267,376,580
	Mudaraba Term Deposits			99,362,221,136	90,765,477,773
	Other Mudaraba Deposits [ Note :13.i ]			33,500,490,137	24,152,503,796
	Al-Wadia Current Accounts and Others Accounts etc.[ Note: 13.ii]			15,304,022,367	13,566,062,046
	Bills Payable			1,396,165,765	953,220,429
				<b>167,064,179,104</b>	<b>141,704,640,623</b>
<b>13.i.</b>	<b>Other Mudaraba Deposits</b>				
	Mudaraba Short Term Deposit			8,004,631,678	5,038,205,681.62
	Installment Term Deposit (Itad)			7,955,291,342	6,152,931,525
	Savings Inv. Deposit (Sid)			127,891,964	151,037,531
	P/P Term Deposit (Ptd) :			5,135,140,119	2,722,660,621
	Monthly Hajj Deposit (Mhd) :			70,365,746	57,441,579
	Term Hajj Deposit (Thd) :			1,726,424	1,084,790
	Marriage Savings & Invt. Scheme :			244,905	174,566
	Savings Bond :			160,151	146,004
	Special Pension Dep. Scheme			54,878,281	1,701,038,335
	Mudaraba Term Cash Waqf Deposi			7,560,069	5,419,612
	Lakhapati Deposit Scheme (Lds)			971,875,485	924,462,798
	Millionaire Dep. Scheme (Mmds)			3,311,198,193	2,742,863,354
	Kotipoti Deposit Scheme (Mkds)			1,470,253,802	1,179,300,418
	Double Benefit Dep. Scheme (Dbds)			3,968,756,727	3,285,755,470
	Pension Dep. Scheme (Pds) :			2,242,145,214	62,067,637
	Triple Benefit Dep. Scheme (Tbds)			178,370,037	127,913,876
				<b>33,500,490,137</b>	<b>24,152,503,796</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

	2014 Taka	2013 Taka
<b>13.ii Al-wadeeah Current Accounts and Other Accounts</b>		
Al-wadeeah Current Deposits	6,507,539,178	5,359,651,706
Sundry Deposit	4,936,975,008	2,952,661,140
Profit Payable For All Deposit Ac	3,308,881,190	2,980,062,686
F.C Held against EDF	56,825,634	24,766,292
F.C Deposit Account :	493,801,357	2,248,920,222
	<b>15,304,022,367</b>	<b>13,566,062,046</b>
<b>13.A. Consolidated Deposit and other Accounts</b>		
Mudaraba Savings Deposits	17,501,279,699	12,267,376,580
Mudaraba Term Deposits [ Note :13.A.ii ]	99,149,208,227	90,041,393,768
Other Mudaraba Deposits	33,500,490,137	24,152,503,796
Al-Wadia Current Accounts and Others Accounts etc.	15,304,022,367	13,566,062,046
Bills Payable	1,396,165,765	953,220,429
	<b>166,851,166,195</b>	<b>140,980,556,619</b>
<b>13.A.i Maturity-wise Classification of Deposits</b>		
i. Repayable on Demand	4,180,212,974	3,680,212,974
With a residual maturity of		
ii. Repayable within 1 ( one ) month	65,465,282,026	52,465,282,026
iii. Over 1 ( one ) month but within 6 ( six ) months	38,875,112,049	33,875,112,049
iv. Over 6 ( six ) months within 1 ( one ) year	36,897,249,705	34,897,249,705
v. Over 1 ( one ) year within 5 ( five ) years	11,545,562,589	10,545,562,589
vi. Over 5 ( five ) years within 10 ( ten ) years	7,367,757,118	5,517,137,276
vii. Unclaimed Deposits 10 (ten) years and above	-	-
	<b>164,331,176,461</b>	<b>140,980,556,619</b>
<b>13.A.ii Mudaraba Term Deposits</b>	99,362,221,136	90,765,477,773
Less: Inter-Company Transaction	(213,012,909)	(724,084,004)
	<b>99,149,208,227</b>	<b>90,041,393,769</b>
<b>14. Other Liabilities</b>		
Others povision	12,165,964	9,206,964
Aibl foundation	-	-
Hajj foundation	69,000	69,000
Provident fund	-	60,668
Social security b. Fund	-	2,200
Adjustment a/c credit balance	366,593,444	73,818,039
Clearing adjustment	421,390	-
Cib collection charge	1,799,950	1,142,390
Cash waqf (staff)	80,000	80,000
Provision for unclassified investment	938,273,000	749,605,000
Provision for classified investment	1,518,784,000	1,128,028,705
Provision for taxation	10,112,894,900	8,274,828,387
Parking account	58,559,686	328,022,327
Provision for off balance sheet item	305,009,000	273,369,265
Outstanding expense	1,657,460	1,501,593
Cmsd clearing adjustment a/c.	2,200	-
Beftn adjustment	57,196,139	4,078,711
Supervision fees (sme)	129,375	-
Provision for diminution in value of investment	127,467,388	192,500,000
Vat payable account	30	-
Electronic govt procurement	350,300	-
Profit rent suspense	104,903,666	78,218,340
Compensation receivable	305,164,386	172,386,683
Provision for gratuity	-	1,304,000
	<b>13,911,521,278</b>	<b>11,288,222,271</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

	2014 Taka	2013 Taka
<b>14.1 Provision for income Tax</b>		
Current tax		
Provision held at the beginning of the year	8,274,828,387	6,605,081,306
Provision made during the year	1,838,066,513	1,669,747,081
Settlement for previous year	-	-
<b>Provision held at the end of the year</b>	<b>10,112,894,900</b>	<b>8,274,828,387</b>
<b>14.1.a Provision for Current Tax made during the year</b>		
Income Tax on Business income	1,756,502,939	1,591,535,201
Capital gain	77,798,029	4,864,905
Income u/s 82(c) [CMSD Commission]	-	-
Gain on sales of DSE,CSE Licence	-	-
Cash Dividend	3,765,545	73,346,976
Excess Profit Tax (+)	-	-
Estimated Provision Required as at December 31,2014(i)	<b>1,838,066,513</b>	<b>1,669,747,081</b>
<b>Provision held</b>		
Balance as at January 1,2014	8,274,828,387	1,669,747,081
Tax for previous year ( - )	8,274,828,387	1,669,747,081
	-	-
Actual provision for tax held (II)	-	-
Estimated provision needs to be made (I-II)	<b>1,838,066,513</b>	<b>1,669,747,081</b>
Provision actually made during the year	<b>1,838,066,513</b>	<b>1,669,747,081</b>
<b>A. Computation of Taxable Profit</b>		
Profit before tax	3,968,342,405	3,737,856,011
Add:Inadmissible expenditure	2,020,518,266	837,637,183
Less: Item of income for sparate Consideration	426,645,592	415,383,928
Less: Further allowable Expenditure	1,429,266,987	415,320,559
	<b>4,132,948,092</b>	<b>3,744,788,708</b>
Estimated Business income other than 82(C)	-	-
Add:Gain on sales of DSE,CSE Licence	-	-
Add: Capital Gain	388,990,143	48,649,050
Add:Cash dividend	37,655,449	366,734,878
Add:Income u/s 82(c) [CMSD Commission]	-	-
Total Taxable Income	<b>4,559,593,684</b>	<b>4,160,172,635</b>
<b>14.2 Provision on Investment &amp; Others</b>		
Provision against Classified Investments (Specific) [ 14.2.a.i ]	1,518,784,000	1,128,028,705
Provision against Unclassified Investments (general) [14.2.a.ii ]	938,273,000	749,605,000
Provision against Off-balance Sheet exposures [14.2.a.iii ]	305,009,000	273,369,265
Provision for diminution in value of investments	127,467,388	-
<b>Total Provision Held (a)</b>	<b>2,889,533,388</b>	<b>2,151,002,970</b>
<b>a) The movement in Specific provision on classified Investment :</b>		
i) Provision held at the beginning of the year	1,128,028,705	711,633,000
Fully provision debt written off	(1,204,315,941)	(180,352,000)
Recoveries of amount previously written off	23,017,747	2,631,154
Specific provision for the year	1,495,766,253	322,570,551
Provision transfered from diminution in value of investment & unclassified investment	76,287,236	271,546,000
Provision held at the end of the year	<b>1,518,784,000</b>	<b>1,128,028,705</b>
ii) The movement in general provision on unclassified Investment :		
Provision held at the beginning of the year	749,605,000	1,021,151,000
Provision during the year	199,922,625	-
Provision transfered from classified investment	(11,254,625)	(271,546,000)
Provision held at the end of the year	<b>938,273,000</b>	<b>749,605,000</b>
iii) The movement in provision against Off-balance sheet exposures		
Provision held at the beginning of the year	273,369,265	221,657,265
Provision during the year	31,639,735	51,712,000
<b>Provision held at the end of the year</b>	<b>305,009,000</b>	<b>273,369,265</b>
	<b>2,762,066,000</b>	<b>2,151,002,970</b>



## Notes to the Financial Statements for the Year Ended 31 December 2014

			2014 Taka	2013 Taka
<b>b) Provision for Others</b>				
	Provision held at the beginning of the year		9,206,964	7,976,964
	Provision during the year		2,959,000	1,230,000
			12,165,964	9,206,964
	Less, Adjustment during the year		-	-
	<b>Provision held at the end of the year</b>		<b>12,165,964</b>	<b>9,206,964</b>
<b>14.3</b>	<b>Provision for diminution in value of investment in Share</b>			
	Provision held at the beginning of the year		192,500,000	91,000,000
	Provision transferred to classified investment [ Note: 14.2.a.i ]		(65,032,612)	101,500,000
	<b>Provision held at the end of the year</b>		<b>127,467,388</b>	<b>192,500,000</b>
<b>14.4</b>	<b>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 31.12.2014 are as under:			
	<b>Number of unresponded entries</b>	<b>Unresponded amount</b>		
		<b>Amount in Crore</b>		
	<b>Particulars</b>	<b>Dr</b>	<b>Cr</b>	<b>Dr</b>
				<b>Cr</b>
	Upto 3 months	144	108	76.41
	Over 3 months but within 6 months	14	17	0.99
	Over 6 months but within 1 year	-	-	-
	Over 1 year but within 5 years	-	-	-
		<b>158</b>	<b>125</b>	<b>77.40</b>
				<b>13.65</b>
<b>14.A.</b>	<b>Consolidated Other Liabilities</b>			
	Al-Arafah Islami Bank Ltd.		13,911,521,278	11,288,222,272
	AIBL Capital Market Services Ltd.		4,118,517,417	2,644,240,981
	AIBL Capital Management Ltd.		298,629,306	61,520,226
			<b>18,328,668,001</b>	<b>13,993,983,479</b>
	Less: Investment From Subsidiary Company		(1,875,242,478)	(1,368,761,727)
	Less: Inter-company dividend payable		-	-
			<b>16,453,425,523</b>	<b>12,625,221,752</b>
<b>14.1.A</b>	<b>Consolidated Current tax</b>			
	Al-Arafah Islami Bank Ltd.		(1,838,066,513)	(1,669,747,081)
	AIBL Capital Market Services Ltd.		(313,357,271)	(395,840,243)
	AIBL Capital Management Ltd.		-	(2,352,537)
			<b>(2,151,423,784)</b>	<b>(2,067,939,861)</b>
<b>14.4.A</b>	<b>Provision for diminution in value of investment</b>			
	Al-Arafah Islami Bank Ltd.		127,467,388	101,500,000
	AIBL Capital Market Services Ltd.		-	101,506,653
	AIBL Capital Management Ltd.		16,572,594	-
			<b>144,039,982</b>	<b>203,006,653</b>
<b>15.</b>	<b>Deferred tax Liabilities/ (Assets)</b>			
	Opening balance		64,678,238	48,885,051
	Add: Addition for the year		10,212,557	15,793,187
	Closing balance		-	-
	<b>Provision held at the end of the year</b>		<b>74,890,794</b>	<b>64,678,238</b>
	<b>Presented after appropriate offsetting as follows:</b>			
	Deferred tax Liabilities(+)		64,678,238	48,885,051
	Deferred tax Liabilities		10,212,557	15,793,187
	<b>Deferred Tax Liabilities(net)</b>		<b>74,890,795</b>	<b>64,678,238</b>
<b>16.</b>	<b>a) Authorised Capital</b>			
	The Authorized Capital of the Bank is 1,000,000,000 Ordinary Share of Tk. 10 each.		<b>15,000,000,000</b>	<b>15,000,000,000</b>
	b) Issued, Subscribed and Fully Paid - up Capital			
	Issued for Cash		2,819,339,680	2,819,339,680
	Issued for other than Cash (Bonus Share)		6,650,245,350	5,523,907,030
			<b>9,469,585,030</b>	<b>8,343,246,710</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

c) Issued and paid up Capital of the Bank is 946,958,503 nos. of shares of Tk. 10 each as follows

Description	2014	2013	2014	2013
	No. of Shares	No. of Shares	Total Taka	Total Taka
Sponsors / Promoters	405,007,127	359,187,512	4,050,071,270	3,591,875,120
Institution	115,788,496	84,011,564	1,157,884,960	840,115,640
General Public	426,162,880	391,125,595	4,261,628,800	3,911,255,950
<b>Total</b>	<b>946,958,503</b>	<b>834,324,671</b>	<b>9,469,585,030</b>	<b>8,343,246,710</b>

d) Break-up of Shares Classification of shareholders by holding as on 31.12.2014

Range of Holding	Number of Shareholders	No. of Shares	No. of Shares
Less than 50,000	51177	127,932,124	13.51%
50,001 to 100,000	338	23,412,154	2.47%
100,001 to 200,000	180	24,466,481	2.58%
200,001 to 300,000	75	18,246,771	1.93%
300,001 to 400,000	41	14,395,114	1.52%
400,001 to 500,000	24	10,508,743	1.11%
500,001 to 1,000,000	55	36,781,611	3.88%
1,000,001 to 10,000,000	94	267,861,424	28.29%
10,000,001 to 20,000,000	22	423,354,081	44.71%
<b>Total</b>	<b>52006</b>	<b>946,958,503</b>	<b>100.00%</b>

e) Minimum Capital Requirement Capital Adequacy Ratio

### 1.Tier-I ( Core Capital )

Paid-up Capital	9,469,585,030	8,343,246,710
Statutory Reserve	4,643,316,650	3,849,648,169
General Reserve	-	-
Retained Earnings	1,507,672,866	1,307,616,336
Minority Interest in Subsidiaries	-	-
	<b>15,620,574,546</b>	<b>13,500,511,216</b>

### 2.Tier- II ( Supplementary Capital )

General Provision	1,243,282,000	1,022,974,265
Assets Revaluation Reserves	488,774,124	488,774,124
	<b>1,732,056,124</b>	<b>1,511,748,389</b>

### 3.Tier- III

A. Total Eligible Capital ( 1+2+3)	<b>17,352,630,670</b>	<b>15,012,259,605</b>
B. Total Risk weighted Assets ( a+b+c)	<b>128,214,775,000</b>	<b>111,064,700,000</b>
	<b>113,188,075,000</b>	<b>97,725,600,000</b>

#### a. Credit Risk

i. Balance sheet Business	108,342,125,000	93,132,300,000
ii. Off-balance sheet Business	4,845,950,000	4,593,300,000

b. Market Risk ( From WS-3 )	<b>3,837,300,000</b>	<b>4,009,600,000</b>
c. Operational Risk ( From WS-4)	<b>11,189,400,000</b>	<b>9,329,500,000</b>

C. Capital Adequacy Ratio (CAR) ( A / B)	<b>13.53%</b>	<b>13.52%</b>
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D. Core Capital to RWA	12.18%	12.16%
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E. Supplementary Capital to RWA	1.35%	1.36%
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F. Minimum Capital Requirement (MCR) 10.00% of RWA	12,821,477,500	11,106,470,000
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<b>G. Capital Surplus</b>	<b>4,531,153,170</b>	<b>3,905,789,605</b>
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#### 16.A. Non-Controlling Interest

Opening balance	1,592,521,523	1,601,702,802
less: Buy back of shares of AIBL CMSL	-	(15,000,000)
Add: added on acquisition AIBL CML	-	-
Add: Non-Controlling Interest in Profit for the year	(13,638,503)	227,018,721
Less: Dividend paid	-	(221,200,000)
	<b>1,578,883,020</b>	<b>1,592,521,523</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

	2014 Taka	2013 Taka
<b>17. Statutory Reserve</b>		
Opening balance beginning of the year	3,849,648,169	3,102,076,966
Add: Reserve @ 20% (on pre-tax profit)	793,668,481	747,571,203
Balance at the end of the year.	<b>4,643,316,650</b>	<b>3,849,648,169</b>
<b>18. Other Reserve</b>		
Asset revaluation Reserve	977,548,248	977,548,248
	<b>977,548,248</b>	<b>977,548,248</b>
<b>19. Retained Earnings</b>		
Opening balance beginning of the year	1,307,616,336	1,215,138,406
Less : Bonus Share	(1,126,338,320)	(1,212,266,610)
Add: Net Profit / (loss) after tax during the year	2,120,063,335	2,052,315,743
	2,301,341,351	2,055,187,539
Less : transfer to Statutory Reserve	793,668,481	(747,571,203)
	<b>1,507,672,866</b>	<b>1,307,616,336</b>
<b>19.A. Consolidated Retained Earnings</b>		
Al-Arafah Islami Bank Ltd.	1,328,205,351	1,238,380,901
Add: Net profit after tax during the year	2,081,992,193	2,049,662,263
Add: Gain on acquisition of subsidiary	-	-
Less: Stock dividend to equity holders of the bank	(1,126,338,320)	(1,212,266,610)
Less: Transfer to statutory reserve	(793,668,481)	(747,571,202)
	<b>1,490,190,743</b>	<b>1,328,205,351</b>
<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. Directors	-	-
ii. Government	-	-
iii. Bank and other financial institution	-	-
iv. Others	3,365,270,354	4,006,609,306
	<b>3,365,270,354</b>	<b>4,006,609,306</b>
<b>21. Investment Income</b>		
i. Income from General Investments		
Murabaha	2,045,373,319	1,964,560,591
Bai-Muazzal	7,991,105,509	7,207,963,068
Hire-Purchase	4,310,293,428	3,353,339,101
Others mode income	3,761,942,278	3,544,117,802
	<b>18,108,714,534</b>	<b>16,069,980,562</b>
ii. Profit received from other Islamic Bank	910,810,348	918,650,404
<b>Total ( i + ii )</b>	<b>19,019,524,885</b>	<b>16,988,630,966</b>
<b>21.A. Consolidated Investment Income</b>		
Al-Arafah Islami Bank Ltd.	19,019,524,885	16,988,630,966
AIBL Capital Market Services Ltd.	1,156,961,878	1,301,442,798
AIBL Capital Management Ltd.	167,669,413	62,561,393
	<b>20,344,156,176</b>	<b>18,352,635,157</b>
Less : Inter company Adjustment	(618,238,883)	(386,306,649)
	<b>19,725,917,293</b>	<b>17,966,328,508</b>
<b>22. Profit paid on Deposits &amp; Borrowing</b>		
Mudaraba Savings Deposit	499,905,922	345,055,915
Mudaraba Short Term Deposit	285,174,475	187,519,989
Mudaraba Term Deposit	9,391,429,260	9,578,921,374
Mudaraba Special Deposit	2,333,388,827	1,760,271,235
Mudaraba BD. Govt. Islamic Bond fund	150,822,145	180,724,049
	<b>12,660,720,629</b>	<b>12,052,492,562</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

	2014 Taka	2013 Taka
<b>22.A. Profit paid on Deposits &amp; Borrowing</b>		
Al-Arafah Islami Bank Ltd.	12,660,720,629	12,052,492,562
AIBL Capital Market Services Ltd.	355,615,689	395,330,275
AIBL Capital Management Ltd.	218,676,485	46,198,885
	<b>13,235,012,803</b>	<b>12,494,021,722</b>
Less : Inter company Adjustment	(618,238,883)	(386,306,649)
	<b>12,616,773,920</b>	<b>12,107,715,073</b>
<b>23. Income from Investment in Share /Securities</b>		
Dividend income ( cash)	388,990,143	366,734,878
Gain on sale of Shares/Securities	37,655,449	48,649,050
Profit received from other Islamic Bond	238,643,863	191,841,132
	<b>665,289,455</b>	<b>607,225,060</b>
<b>23.A. Income from Investment in Share /Securities</b>		
Al-Arafah Islami Bank Ltd.	665,289,455	607,225,060
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	36,226,971	9,521,466
	<b>701,516,426</b>	<b>616,746,527</b>
Less : Inter company Adjustment	(363,000,000)	(338,800,000)
	<b>338,516,426</b>	<b>277,946,527</b>
<b>24. Commission, Exchange &amp; Brokerage Income</b>		
Commission	864,191,334	752,627,260
Exchange	737,115,300	231,216,370
Brokerage commission	-	-
	<b>1,601,306,634</b>	<b>983,843,630</b>
<b>24.A Commission, Exchange &amp; Brokerage Income</b>		
Al-Arafah Islami Bank Ltd.	1,601,306,634	983,843,630
AIBL Capital Market Services Ltd.	337,434,938	246,424,478
AIBL Capital Management Ltd.	100,000	-
	<b>1,938,841,572</b>	<b>1,230,268,108</b>
Less : Inter company Adjustment	-	-
	<b>1,938,841,572</b>	<b>1,230,268,108</b>
<b>25. Other Operating Income</b>		
Procesing fee on investment	323,728	252,300
Supevision fee	2,267,000	3,660,815
Service charge	802,243	759,762
Capital gain or loss from fixed asset	3,896,502	1,829,324
Passbook sales(gsis)	109,505	759,762
Application form sales(seis)	258,453	295,485
Direct Expenses on Investment	1,602,922	1,492,843
Tranfer / redumsion fee	39,200	42,300
SWIFT charge recovered	-	63,473,396
Telex charge recovered	73,100	1,140
Telephone/ fax charge	27,269	12,144
P & t charge recovered	16,687,028	24,764,545
Printing & stationary	31,140,696	32,519,594
Rent on office premises	820,602	624,602
Account maintenance fee	107,735,154	101,359,700
Card income	6,311,402	3,942,724
Misc.Earning	16,263,268	224,470
	<b>188,358,072</b>	<b>236,014,906</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

	2014 Taka	2013 Taka
<b>25.A. Other Operating Income</b>		
Al-Arafah Islami Bank Ltd.	188,358,072	236,014,906
AIBL Capital Market Services Ltd.	20,140,988	12,901,590
AIBL Capital Management Ltd.	19,433	-
	<b>208,518,493</b>	<b>248,916,496</b>
Less : Inter company Adjustment	-	(37,501)
	<b>208,518,493</b>	<b>248,878,995</b>
<b>26. Salaries, Allowances &amp; Contribution to P.F</b>		
Basic Pay	722,113,121	520,213,176
House Rent Expenses	331,182,805	247,800,143
House Maintenance	131,941,997	96,812,856
Medical Expenses	141,115,826	114,553,607
Bonus	291,168,548	303,698,821
Bank's contribution to P.F	64,865,428	44,896,051
Utility	7,607,626	82,504,282
Conveyance Expenses	62,219,096	45,245,339
LFA Allowance	135,633,246	-
Leave Encashment Expenses	30,400,586	43,402,785
Car Allowance	49,918,428	37,433,465
Gratuity	35,000,000	67,064,859
	<b>2,003,166,707</b>	<b>1,603,625,382</b>
<b>26.A. Salaries, Allowances &amp; Contribution to P.F</b>		
Al-Arafah Islami Bank Ltd.	2,003,166,707	1,603,625,382
AIBL Capital Market Services Ltd.	43,200,052	35,101,177
AIBL Capital Management Ltd.	14,855,135	9,600,645
	<b>2,061,221,894</b>	<b>1,648,327,204</b>
<b>27. Director &amp; Sharia Council Fees &amp; Expenses</b>		
i. Directors fees for attending Board/executive Committee/other committee meeting	5,072,500	4,206,365
ii. TA/DA/ Hotel fare & Foreign Directors	5,196,052	2,954,825
iii. Others 10268552	-	1,893,171
	<b>10,268,552</b>	<b>9,054,361</b>
<b>27.A. Director &amp; Sharia Council Fees &amp; Expenses</b>		
Al-Arafah Islami Bank Ltd.	10,268,552	9,054,361
AIBL Capital Market Services Ltd.	2,640,000	2,039,000
AIBL Capital Management Ltd.	222,000	204,000
	<b>13,130,552</b>	<b>11,297,361</b>
<b>28. Sharia Supervisory Committee's Fees &amp; Expenses</b>		
i. Sharia fees for attending meeting	192,500	175,800
ii. TA/DA/ Hotel fare & Foreign Directors	-	-
iii. Others	78,863	28,621
	<b>271,363</b>	<b>204,421</b>
<b>29. Rent,Taxes,Insurance &amp; Lighting</b>		
Rent Office	181,526,921	143,792,294
Lighting & Electricity	65,404,849	48,118,595
Insurance	107,762,412	92,050,012
	<b>354,694,182</b>	<b>283,960,901</b>
<b>29.A. Rent,Taxes,Insurance &amp; Lighting</b>		
Al-Arafah Islami Bank Ltd.	354,694,182	283,960,901
AIBL Capital Market Services Ltd.	13,061,282	14,860,892
AIBL Capital Management Ltd.	1,035,638	881,133
	<b>368,791,102</b>	<b>299,702,926</b>



## Notes to the Financial Statements for the Year Ended 31 December 2014

	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>30. Postage, Telegram, Telephone &amp; Stamp</b>		
Stamp and Catridge paper	700	1,131,890
Postage	10,556,928	14,828,765
Fax Charges	33,986	4,012
Telephone (Office)	5,576,656	1,039,595
Telephone (Residence)	1,871,534	21,566,161
Telephone (Mobile)	4,890,969	5,081,844
SWIFT Charge	13,026,403	1,047,646
Internet Charges	1,107,463	2,750,454
Online Charge	30,977,309	27,465,805
	<b>68,041,948</b>	<b>74,916,171</b>
<b>30.A. Postage, Telegram, Telephone &amp; Stamp</b>		
Al-Arafah Islami Bank Ltd.	68,041,948	74,916,171
AIBL Capital Market Services Ltd.	485,552	379,402
AIBL Capital Management Ltd.	143,350	107,800
	<b>68,670,850</b>	<b>75,403,373</b>
<b>31. Depreciation Repairs to the Bank's property</b>		
Repairs to the Bank's property		
R.R. Furniture & Fixture (Wooden)	544,822	956,286
R.R. Furniture & Fixture (Steel)	1,032,503	754,284
R.R. Computer	1,068,745	503,820
Maint. of Motor Car and other Vehicle	12,612,683	3,978,451
R.R. Machine equipment & appliances	42,120	10,144,008
Maintenance of Land & Building	9,410	53,891
Maintenance of Rented Premises	482,711	569,899
R.R. Computer Accessories	443,035	390,217
R.R. Others	564,707	426,911
Software Maintenance Fee	17,173,066	10,858,055
Hardware Maintenance Fee	5,438,149	2,140,990
	<b>39,411,951</b>	<b>30,776,812</b>
Depreciation to the Bank's property		
Depr. Furniture (Wood)	21,080,014	15,377,970
Depr. Furniture (Steel)	6,007,892	5,159,852
Depr. Computer	18,069,303	16,039,027
Depr. Motor Car	14,252,363	15,564,999
Depr. Machine equip & Appliance	68,830,853	58,177,718
Depr. Books & Library	68,861	293,445
Depr. Land & Building	7,391,592	6,875,669
Depr. Online Hardware	22,533,369	26,687,931
Depr. Online Software	21,763,956	21,107,667
Depr. Computer Accessories	5,907,638	4,478,601
Depr. Interior Decoration	15,867,304	16,344,241
	<b>201,773,145</b>	<b>186,107,120</b>
	<b>241,185,096</b>	<b>216,883,932</b>
<b>31.A Depreciation Repairs to the Bank's property</b>		
Al-Arafah Islami Bank Ltd.	241,185,096	216,883,932
AIBL Capital Market Services Ltd.	9,505,512	8,675,220
AIBL Capital Management Ltd.	61,775	-
	<b>250,752,383</b>	<b>225,559,152</b>
<b>32. Stationery, Printing &amp; Advertisement</b>		
Printing & Stationery	23,358,671	25,304,356
Paper & Table Stationery	11,450,939	17,664,909
Advertisement & Publicity Expenses	28,288,581	22,093,236
	<b>82,899,839</b>	<b>65,062,501</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

	2014 Taka	2013 Taka
<b>32.A. Stationary, Printing &amp; Advertisement</b>		
Al-Arafah Islami Bank Ltd.	82,899,839	65,062,501
AIBL Capital Market Services Ltd.	1,159,271	903,344
AIBL Capital Management Ltd.	184,282	481,871
	<b>84,243,392</b>	<b>66,447,715</b>
<b>33. Other expenses</b>		
Local conveyance expenses	9,444,260	8,716,870
Petroleum oil lubricant motors	5,441,626	14,619,569
Cng motor car	2,251,211	1,995,798
Entertainment expenses	18,406,556	17,962,559
Travelling expenses	22,881,244	17,166,072
Bank charge	22,073,940	14,736,343
Wages	101,175,650	85,151,345
Subscription	7,425,026	6,550,510
Leveries & uniforms	552,555	528,205
Petroleum oil & lubricants	10,357,045	-
Donations	717,699	3,308,390
Registration charge	1,735,846	7,177,927
Wasa charge	3,791,341	3,894,197
Gas charge	811,783	477,135
Utilities	789,925	-
Car maintenance	14,345,319	5,173,760
News paper journal & periodical	1,548,972	958,582
Evining banking expenses	2,319,674	652,220
Upkeep branches premises	2,772,461	2,629,699
Swift	2,334,000	-
Washing charge	1,592,950	1,180,114
Computer charge	15,025,492	12,401,633
Photo copy charge	2,070,643	1,058,258
Business development	14,055,858	11,899,567
Manager conference	26,850	1,542,802
Excise duty	18,060	20,830
Registration expenses	6,574,189	2,960,410
Closing allowance	932,200	130,100
Agm/egm	4,732,581	12,302,884
Crocarge	304,209	313,095
Creditrating charge	287,500	896,092
Tax token expenditure	531,294	-
Training expenses	12,941,247	4,998,481
Card expense	18,890,535	12,706,116
It allowance	3,771,184	2,741,400
Saturday working allowance	15,877,505	16,260,250
Misc. Expenses	8,090,788	6,770,112
	<b>336,899,215</b>	<b>279,881,325</b>
<b>33.A. Consolidated Other expenses</b>		
Al-Arafah Islami Bank Ltd.	336,899,215	279,881,325
AIBL Capital Market Services Ltd.	58,850,509	42,819,420
AIBL Capital Management Ltd.	890,505	2,487,207
	<b>396,640,229</b>	<b>325,187,952</b>
<b>34. Provision against Investments &amp; Off-Balance sheet exposures</b>		
On Classified Investment as per Bangladesh Bank Circular	1,495,766,253	594,116,551
On Un-classified Investment as per Bangladesh Bank Circular	199,922,625	(271,546,000)
On Off-balance sheet as per Bangladesh Bank Circular	31,639,735	51,712,000
	<b>1,727,328,613</b>	<b>374,282,551</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>34.A. Provision against Investments &amp; Off-Balance sheet exposures</b>		
Al-Arafah Islami Bank Ltd.	1,727,328,613	374,282,551
AIBL Capital Market Services Ltd.	100,000,000	-
AIBL Capital Management Ltd.	-	9,628,521
	<b>1,827,328,613</b>	<b>383,911,072</b>
<b>35. Paid for other operating activities</b>		
Directors fees & expenses	10,268,552	9,054,361
Shariah Supervisory Committee's fees & expenses	271,363	204,421
Rent, taxes, insurance and lighting etc.	354,694,182	283,960,901
Postage, telegram, telephone and stamp etc.	68,041,948	74,916,171
Legal charges	4,222,497	2,607,444
Auditors' fee	1,909,000	1,127,000
Repairs to the bank's properties	39,411,951	30,776,812
Other expenses	336,899,215	301,380,427
	<b>(815,718,708)</b>	<b>(704,027,537)</b>
<b>35.A. Paid for other operating Activities</b>		
Al-Arafah Islami Bank Ltd.	(815,718,709)	(704,027,537)
Inter company Transaction	(80,182,834)	(234,597,560)
	<b>(895,901,543)</b>	<b>(938,625,097)</b>
<b>36. Increase/Decrease of other assets (item-wise)</b>		
Adjusting A/c Debit Balance	193,976,419	(425,759,302)
Suspense Account	67,199,585	(197,423,902)
DD Paid without Advice	(1,656,081)	3,169,479
Stock of Stationery	4,906,136	3,415,409
Stamp in hand	35,485	(933,238)
Advance Deposit	278,045	269,803
Advance Rent	15,458,846	1,280,816
Capital Work In Progress	15,575,672	(20,141,244)
Sponsorship of AIBL 1st Islamic Mutual Fund	-	-
Investment for Subsidiary Companies	-	(15,000,000)
Advance Income Tax & TDS [ Note 11.3 ]	192,359,842	-
Protested Bills	92,000	-
Prepaid Expenditure	(648,176)	520,336
Brac Bank Eldorado Settlement A/C	-	20,000,000
Balance with cmsl for portfolio account	425,459,098	-
Accrued Income	278,324,533	65,868,620
Mfci usd (edf) a/c	4,043,686,085	-
Adjustment a/c cost of borrowing	42,035,975	-
Stock of ATM Card	1,050,000	-
Branches Adjustment A/C	121,252,852	-
Parking for nostro sub gl usd	12,118,353	-
Dividend Receivable	(5,255,484)	-
AIBL General A/C	-	(31,524,056)
Clearing Adjustment	23,683,141	(22,455,860)
	<b>(5,429,932,326)</b>	<b>(618,713,138)</b>
<b>36.A Increase/Decrease of other assets (item-wise)</b>		
Al-Arafah Islami Bank Ltd.	(5,429,932,326)	(618,713,138)
Inter company Adjustment	30,860,107	2,241,880,361
	<b>(5,399,072,219)</b>	<b>1,623,167,223</b>

## Notes to the Financial Statements for the Year Ended 31 December 2014

	2014 Taka	2013 Taka
<b>37. Increase/Decrease of Trading liabilities (item-wise)</b>		
Provident fund	(60,668)	60,668
Social security b. Fund	(2,200)	2,200
Adjustment a/c credit balance	292,775,405	151,278
Clearing adjustment	421,390	-
Cib collection charge	657,560	(354,655)
Cash waqf (staff)	-	-
Provision for unclassified investment	(11,254,625)	-
Provision for classified investment	(1,105,010,958)	-
Provision for taxation	1,838,066,513	-
Parking account	(2,107,529,154)	-
Provision for off balance sheet item	-	-
Outstanding expense	155,867	290,095
Cmsd clearing adjustment a/c.	2,200	-
Befth adjustment	57,196,139	4,078,711
Supervision fees (sme)	(3,949,336)	-
Provision for diminution in value of investment	(65,032,612)	-
Vat payable account	30	-
Electronic govt procurement	350,300	-
Profit rent suspense	26,685,326	(18,047,490)
Compensation receivable	132,777,703	77,730,559
PROVISION FOR Gratuity	(1,304,000)	-
Bb service charge (npsb)	-	-
Depreciation to the Bank's property	(201,773,145)	-
Gratuity paid	-	(23,676,482)
Dividend Payable	-	(459,000)
AIBL General A/C	-	(436,021,642)
Parking For Nostro Sub GL	-	(328,022,327)
Deferred tax Liabilities/ (Assets)	-	-
	<b>(1,146,828,262)</b>	<b>(724,268,086)</b>
<b>37.A Increase/Decrease of Trading liabilities (item-wise)</b>		
Al-Arafah Islami Bank Ltd.	(1,146,824,962)	(724,268,086)
Inter company Adjustment	768,111,953	66,309,185
	<b>(378,713,008)</b>	<b>(657,958,901)</b>
<b>38. Cash and Cash Equivalent at the end of the year</b>		
Cash in hand	1,301,483,575	1,532,281,100
Balance with Bangladesh Bank & Sonali Bank Ltd.	19,372,830,797	16,046,314,177
Balance with Other Banks	4,216,389,935	4,698,381,669
Bangladesh Government Islamic Investment Bond	7,000,000,000	5,480,000,000
	<b>31,890,704,307</b>	<b>27,756,976,946</b>
<b>38.A Cash and Cash Equivalent at the end of the year</b>		
Al-Arafah Islami Bank Ltd.	31,890,704,307	27,756,976,946
AIBL Capital Market Services Ltd.	(2)	5,000
AIBL Capital Management Ltd.	-	-
	<b>31,890,704,305</b>	<b>27,756,981,946</b>
<b>39. Calculation of earning per Share</b>		
The earning per share of the bank has been calculated in accordance with BAS-33 under basic Earning per share method as follows:		
<b>Earnings per share (CEPS)</b>		
Basic earning ( net profit after tax ) for the year	2,120,063,335	2,052,315,743
Number of ordiner shares outstanding as of the reportng date	946,958,503	946,958,503
<b>Earning per Share</b>	<b>2.24</b>	<b>2.17</b>
<b>39.A Consolidated earnings per share (CEPS)</b>		
Net profit after tax	2,081,992,193	2,049,662,264
Number of ordiner shares outstanding as of the reportng date	946,958,503	946,958,503
<b>Consolidated earnings per share as per share</b>	<b>2.20</b>	<b>2.16</b>

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.

#### 40. Events after the balance sheet date

i) The Board of Directors in its 270th meeting held on 1 march 2015 has approved the audited financial statements for the year ended 31 December 2014 and recommended for cash dividend as the ratio of 14% subject to approval of the shareholders at the 20th Annual General Meeting (AGM).

## Consolidated Schedule of Fixed Assets as on 31 December 2014

Annexure- A1

SL No	Particulars	Cost / Revaluation				Depreciation/Amortization				Written down value as on 31.12.14	
		Balance at 1st January 2014	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31st December 2014	Charge for the year	Transfer/ Disposal during the year	Balance at 31st Dec. 2014		
<b>A. Fixed Assets</b>											
1	Land	1,446,974,352	-	-	-	1,446,974,352	-	-	-	-	1,446,974,352
2	Building	289,145,982	-	130,250,779	-	419,396,761	8,885,991	7,391,592	-	16,277,583	403,119,178
3	Furniture & fixture (wood)	204,060,712	-	77,879,167	108,414	281,831,465	43,313,693	21,381,479	108,414,00	64,586,758	217,244,707
4	Furniture & fixture (steel)	67,747,655	-	11,337,767	37,867	79,047,555	29,379,369	5,998,269	37,867	35,339,771	43,707,784
5	Computer	156,643,037	-	19,290,620	140	175,933,517	108,815,232	18,916,977	140	127,732,069	48,201,449
6	Computer accessories	29,327,900	-	10,588,800	6,906	39,909,794	12,845,101	6,143,943	6,906	18,982,138	20,927,656
7	Motor car	123,148,155	-	8,170,804	7,013,875	124,305,084	71,475,568	17,479,923	7,013,875	81,941,616	42,363,468
8	Machine equipment & appliance	389,427,484	-	47,934,530	132,719	437,229,295	173,219,517	70,718,073	132,719	243,804,871	193,424,424
9	Books & library	8,771,326	-	33,133	52	8,804,407	8,315,082	63,823	52	8,378,853	425,554
10	Online hardware	163,131,756	-	43,386,259	95	206,517,920	99,712,269	23,118,778	95	122,830,952	83,686,968
11	Interior decoration	169,526,363	-	1,203,560	39,715	170,690,208	46,080,651	16,895,115	14,768	62,960,998	107,729,210
	<b>Sub-Total</b>	<b>3,047,904,722</b>	<b>-</b>	<b>350,075,419</b>	<b>7,339,783</b>	<b>3,390,640,358</b>	<b>602,042,475</b>	<b>188,107,971</b>	<b>7,314,836</b>	<b>782,835,609</b>	<b>2,607,804,749</b>
<b>B. Intangible Assets</b>											
12	Online Software	118,750,368	-	3,905,631	84	122,655,915	47,394,822	21,958,528	84.00	69,353,266	53,302,649
	<b>Sub-Total</b>	<b>118,750,368</b>	<b>-</b>	<b>3,905,631</b>	<b>84</b>	<b>122,655,915</b>	<b>47,394,822</b>	<b>21,958,528</b>	<b>84</b>	<b>69,353,266</b>	<b>53,302,649</b>
	<b>December 31., 2014</b>	<b>3,166,655,090</b>	<b>-</b>	<b>353,981,050</b>	<b>7,339,867</b>	<b>3,513,296,273</b>	<b>649,437,297</b>	<b>210,066,499</b>	<b>7,314,920</b>	<b>852,188,875</b>	<b>2,661,107,398</b>
	<b>December 31., 2013</b>	<b>2,872,833,038</b>	<b>-</b>	<b>428,137,235</b>	<b>134,315,184</b>	<b>3,166,655,089</b>	<b>478,212,199</b>	<b>194,134,057</b>	<b>22,908,961</b>	<b>649,437,295</b>	<b>2,517,217,794</b>



## Schedule of Fixed Assets as on 31 December 2014

Annexure- A

SL No	Particulars	Cost / Revaluation					Depreciation				Written down value as on 31.12.14	
		Balance at 1st January 2014	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31st December 2014	Balance at 1st January 2014	Charge for the year	Transfer/ Disposal during the year	Balance at 31st Dec. 2014		
<b>A. Fixed Assets</b>												
1	Land	1,446,974,352	-	-	-	1,446,974,352	-	-	-	-	-	1,446,974,352
2	Building	289,145,982		130,250,779	-	419,396,761	8,885,991	7,391,592	-	16,277,583	-	403,119,178
3	Furniture & fixture (wood)	201,298,265		77,879,168	108,414	279,069,019	42,586,956	21,105,234	108,414	63,583,776		215,485,243
4	Furniture & fixture (steel)	67,585,323		11,337,767	37,867	78,885,223	29,334,115	5,982,036	37,867	35,278,284		43,606,939
5	Computer	152,379,894		19,290,620	140	171,670,374	106,664,387	18,090,153	140	124,754,400		46,915,974
6	Computer accessories	28,124,525		10,588,800	6,906	38,706,419	12,220,313	5,903,268	6,906	18,116,675		20,589,744
7	Motor car	107,010,354		8,170,804	7,013,875	108,167,283	62,438,400	14,252,363	7,013,875	69,676,888		38,490,395
8	Machine equipment & appliance	380,021,462		47,656,605	132,719	427,545,348	168,861,699	68,833,248	132,719	237,562,228		189,983,120
9	Books & library	8,771,326		33,133	52	8,804,407	8,315,082	63,823	52	8,378,853		425,554
10	Online hardware	160,230,522		43,386,259	95	203,616,686	98,423,004	22,538,531	95	120,961,440		82,655,246
11	Interior decoration	159,253,504		1,203,560	39,715	160,417,349	43,784,833	15,867,829	14,766	59,637,896		100,779,453
	<b>Sub-Total</b>	<b>3,000,795,509</b>	<b>-</b>	<b>349,797,495</b>	<b>7,339,783</b>	<b>3,343,253,221</b>	<b>581,514,780</b>	<b>180,028,077</b>	<b>7,314,834</b>	<b>754,228,023</b>		<b>2,589,025,199</b>
<b>B. Intangible Assets</b>												
12	Online software	117,806,814		3,608,131	84	121,414,861	47,101,007	21,745,067	84	68,845,990		52,568,871
	<b>Sub-Total</b>	<b>117,806,814</b>	<b>-</b>	<b>3,608,131</b>	<b>84</b>	<b>121,414,861</b>	<b>47,101,007</b>	<b>21,745,067</b>	<b>84</b>	<b>68,845,990</b>		<b>52,568,871</b>
	<b>December 31., 2014</b>	<b>3,118,602,323</b>	<b>-</b>	<b>353,405,626</b>	<b>7,339,867</b>	<b>3,464,668,082</b>	<b>628,615,787</b>	<b>201,773,144</b>	<b>7,314,918</b>	<b>823,074,013</b>		<b>2,641,594,070</b>
	<b>December 31., 2013</b>	<b>2,826,631,169</b>	<b>-</b>	<b>426,286,339</b>	<b>134,315,184</b>	<b>3,118,602,324</b>	<b>465,417,630</b>	<b>186,107,119</b>	<b>22,908,961</b>	<b>628,615,788</b>		<b>2,489,986,536</b>

## Investment in Shares & Securities Stock at hand as on 31-12-2014

Annexure- B

Sl No.	Name of Company	No. of Share	Amount (at cost)	Market rate	Market Value
1	ACI	117,650	53,977,836	389.90	45,871,735
2	ACTIVEFINE	15,988	1,180,681	73.90	1,181,513
3	BSC	105,335	62,591,467	507.50	53,457,513
4	DESCO	1	71	69.50	70
5	FAREASTLIF	60,028	6,305,192	75.10	4,508,103
6	GP	229,639	83,141,613	361.90	83,106,354
7	GPHISPAT	239,500	12,641,110	45.90	10,993,050
8	ISLAMI INSC.	1,447,569	42,718,564	21.50	31,122,734
9	JAMUNAOIL	530,380	120,393,882	205.90	109,205,242
10	MEGHNACEM	64,100	10,548,369	121.10	7,762,510
11	Orionpharma	1,579,638	90,073,821	45.50	71,873,529
12	OLYMPIC	24,359	5,619,230	227.30	5,536,801
13	PADMAOIL	48,804	16,422,688	251.60	12,279,086
14	PRIMELIFE	1,183,320	132,164,932	79.40	93,955,608
15	Renata	20,000	19,614,200	984.00	19,680,000
16	RSRM Steel	126,760	8,456,024	57.90	7,339,404
17	SPPCL	334,000	19,951,005	49.90	16,666,600
18	SUMITPOWER	991,546	43,493,661	38.30	37,976,212
19	UNIQUEHRL	439,500	39,659,142	65.90	28,963,050
	<b>Total</b>	<b>7,558,117</b>	<b>768,953,487</b>	<b>3,672</b>	<b>641,479,113</b>

## Highlight on the Overall Activities of the Bank for the year - 2014

SL No.	Particulars	2014	2013
1	Paid -up Capital	9,469,585,030	8,343,246,710
2	Total Capital	17,352,630,670	15,012,259,604
3	Capital Surplus(Deficit)	4,531,153,170	3,905,789,604
4	Total Assets	206,548,713,972	170,935,600,596
5	Total Deposits	167,064,179,104	141,704,640,624
6	Total Investment	141,302,079,792	121,298,985,439
7	Total Contingent Liabilities	30,500,912,778	27,336,875,748
8	Investment Deposit Ratio (%)	88.59%	85.60%
9	Ratio of Classified Investment to Total investment (%)	4.50%	2.77%
10	Profit after Tax & Provision	2,120,063,335	2,052,315,744
11	Amount of Classified Investment during the year	6,982,644,000	3,598,828,155
12	Provision kept against Classified Investment	1,518,784,000	1,128,028,705
13	Provision Surplus / (Deficit)	-	-
14	Cost of fund (%)	9.72%	11.02%
15	Profit earning Assets	163,110,562,103	137,925,252,668
16	Profit Non-earning Assets	43,438,151,870	33,010,347,929
17	Return on Investment (ROI)	13.70%	13.01%
18	Return on Assets After Tax (ROA)	1.03%	1.20%
19	Income from Investment in Shares	665,289,455	607,225,060
20	Earning per Share (Taka)	2.24	2.17
21	Net Income per share (Taka)	2.24	2.17
22	Price Earning Ratio (Times)	6.66	7.76

## Corporate Tax Status as on 31 December 2014

Annexure- C

Income Year	Assessment Year	Net Profit as per Accounts	% of Income Tax	Tax Provision	Tax Assessed/undere process 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	601,673,861	18,028,750	435,550,808	Final
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	779,655,163	66,227,479	791,245,152	Assessment is to be done
2011	2012-2013	3,291,741,277	42.5	1,501,239,915	1,507,686,980	(6,447,065)	959,610,813	Assessment is to be done
2012	2013-2014	3,646,224,047	42.5	1,709,802,603	1,709,802,603	-	1,918,110,777	Assessment is to be done
2013	2014-2015	3,737,856,011	42.5	1,669,747,081	1,669,747,081	-	1,407,038,348	Assessment is to be done
2014	2015-2016	3,968,342,405	42.5	1,838,066,513	1,838,066,513	-	1,942,904,827	Assessment is to be done
	<b>Total</b>	<b>23,059,546,102</b>		<b>10,112,894,900</b>	<b>10,084,833,421</b>	<b>28,061,479</b>	<b>9,246,454,132</b>	

## Off-Shore Banking Unit (OBU) Balance Sheet As At December 31, 2014

PROPERTY AND ASSETS	2014		2013	
	USD	Taka	USD	Taka
<b>Cash in hand</b>				
Cash in hand (including foreign currencies)	-	-	-	-
Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)	-	-	-	-
	-	-	-	-
<b>Balance with other Banks and Financial Institutions</b>				
In Bangladesh	48,962	3,813,619	-	-
Outside Bangladesh	-	-	-	-
	<b>48,962</b>	<b>3,813,619</b>	-	-
<b>Placement with Banks &amp; Other Financial institutions</b>	-	-	-	-
<b>Investment in Share &amp; Securities</b>				
Government	-	-	-	-
Others	-	-	-	-
	-	-	-	-
<b>Investments</b>				
General Investments etc.	-	-	-	-
Bills purchased and discounted	8,927,772	695,382,811	-	-
	<b>8,927,772</b>	<b>695,382,811</b>	-	-
<b>Fixed assets including Premises</b>	-	-	-	-
<b>Other Assets</b>	-	-	-	-
Non-Banking Assets	-	-	-	-
<b>Total Assets</b>	<b>8,976,734</b>	<b>699,196,430</b>	-	-
<b>LIABILITIES AND CAPITAL</b>				
<b>Liabilities</b>				
<b>Placement from Banks &amp; Other Financial institutions</b>	8,927,772	695,382,811	-	-
<b>Deposits and other Accounts</b>				
Mudaraba Savings Deposits	-	-	-	-
Mudaraba Term Deposits	-	-	-	-
Other Mudaraba Deposits	-	-	-	-
Al-Wadia Current Accounts and Others Accounts etc.	-	-	-	-
Bills Payable	-	-	-	-
	-	-	-	-
<b>Other Liabilities</b>	-	-	-	-
<b>Deferred tax Liabilities/ (Assets)</b>	-	-	-	-
<b>Total Liabilities</b>	<b>8,927,772</b>	<b>695,382,811</b>	-	-
<b>Capital/Share Holders Equity</b>				
Paid up Capital	-	-	-	-
Statutory Reserve	-	-	-	-
Foreign Currency Transaction gain/(Loss)	-	-	-	-
Other Reserve	-	-	-	-
Retained Earnings	48,962	3,813,619	-	-
<b>Total Share holders equity</b>	<b>48,962</b>	<b>3,813,619</b>	-	-
<b>Total Liability and Share holders equity</b>	<b>8,976,734</b>	<b>699,196,430</b>	-	-



## Off-Shore Banking Unit (OBU) Balance Sheet As At December 31, 2014

	2014		2013	
	USD	Taka	USD	Taka
<b>OFF BALANCE SHEET ITEMS</b>				
Contingent Liabilities				
Acceptance and endorsement	-	-	-	-
Letters of Guarantee	-	-	-	-
Letters of Credit	-	-	-	-
Bills for Collection	-	-	-	-
Other Contingent Liabilities	-	-	-	-
<b>Total</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>	-	-	-	-

## Off-shore Banking Unit (OBU) Profit & Loss Accounts For The Year Ended December 31, 2014

	2014		2013	
	USD	Taka	USD	Taka
Investment Income	142,234	11,078,568	142,234	-
Profit paid on deposits & Borrowing	(93,272)	(7,264,948)	(93,272)	-
<b>Net Investment Income</b>	<b>48,962</b>	<b>3,813,619</b>	<b>48,962</b>	-
Income from Investment in Shares /Securities	-	-	-	-
Commission, Exchange and Brokerage	-	-	-	-
Other Operating Income	-	-	-	-
	-	-	-	-
<b>Total operating income</b>	<b>48,962</b>	<b>3,813,619</b>	<b>48,962</b>	-
Salaries and allowances & contribution to P.F	-	-	-	-
Directors fees & expenses	-	-	-	-
Shariah Supervisory Committee's fees & expenses	-	-	-	-
Rent, taxes, insurance, lighting etc.	-	-	-	-
Postage, telegram, telephone and stamp etc.	-	-	-	-
Legal charges	-	-	-	-
Auditors' fee	-	-	-	-
Salary & Allowances to the Managing Director	-	-	-	-
Depreciation and repairs to the bank's properties	-	-	-	-
Stationery, printing, advertisement etc.	-	-	-	-
Other expenses	-	-	-	-
<b>Total operating expenses</b>	-	-	-	-
<b>Profit/(Loss) before Tax &amp; provision</b>	<b>48,962</b>	<b>3,813,619</b>	<b>48,962</b>	-
Provision against Investments & Contingent Liabilities	-	-	-	-
Provision for diminution in value of investmt	-	-	-	-
Other Provision	-	-	-	-
<b>Total provision</b>	-	-	-	-
<b>Profit/(Loss) before Tax</b>	<b>48,962</b>	<b>3,813,619</b>	<b>48,962</b>	-
Current tax	-	-	-	-
Deferred tax	-	-	-	-
<b>Provision for Taxation</b>	-	-	-	-
<b>Net Profit/(Loss) after tax</b>	<b>48,962</b>	<b>3,813,619</b>	<b>48,962</b>	-
<b>Appropriation</b>				
Statutory Reserve	-	-	-	-
General Reserve	-	-	-	-
	-	-	-	-
<b>Retained Earnings</b>	<b>48,962</b>	<b>3,813,619</b>	<b>48,962</b>	-
Earning per Ordinary share (EPS)				

## Off-shore Banking Unit (OBU) Cash Flow Statement For The Year Ended December 31, 2014

	2014		2013	
	USD	Taka	USD	Taka
<b>Cash flows from operating activities</b>				
Investment income receipt in Cash	142,234	11,078,568	-	-
Profit paid on deposits	(93,272)	(7,264,948)	-	-
Dividend recieved	-	-	-	-
Fees & Commission received in cash	-	-	-	-
Recoveries from write off investments	-	-	-	-
Cash payments to employees	-	-	-	-
Cash payments to suppliers	-	-	-	-
Received from other operating activities (item-wise)	-	-	-	-
Paid for other operating activities (item-wise)	-	-	-	-
Advance income tax paid	-	-	-	-
<b>Operating profit before changes in operating assets and liabilities</b>	<b>48,962</b>	<b>3,813,619</b>	-	-
<b>Changing in Operating assets &amp; liabilities</b>				
Increase/Decrease of trading securities	-	-	-	-
Increase/Decrease of investment and advances to other banks	8,927,772	695,382,811	-	-
Increase/Decrease of Investment and advances to customers (other than Banks)	(8,927,772)	(695,382,811)	-	-
Increase/Decrease of other assets (item-wise)	-	-	-	-
Increase/Decrease of Deposits from other banks	-	-	-	-
Increase/Decrease of Deposits from customers (other than Banks)	-	-	-	-
Increase/Decrease of Other liabilities account of customers	-	-	-	-
Increase/Decrease of Trading liabilities (item-wise)	-	-	-	-
<b>Cash receipt from operating activities</b>	-	-	-	-
<b>A. Net Cash from operating activities</b>	<b>48,962</b>	<b>3,813,619</b>	-	-
<b>Cash flows from investing activities:</b>				
Proceeds from sale of securities	-	-	-	-
Payments for purchases of securities	-	-	-	-
Purchase of property, plant and equipment	-	-	-	-
Sales proceeds of Fixed assets	-	-	-	-
Purchase-sale of subsidiary	-	-	-	-
<b>B. Net cash flows from investing activities</b>	-	-	-	-
<b>Cash flows from financing activities</b>				
Increase in Exchange Equalization Account	-	-	-	-
Increase in Share Capital	-	-	-	-
Dividend paid	-	-	-	-
<b>C. Net cash flows from financing activities</b>	-	-	-	-
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>	<b>48,962</b>	<b>3,813,619</b>	-	-
<b>E. Effects of exchange rate changes on cash and cash-equivalents</b>	-	-	-	-
<b>F. Net increase in cash and cash equivalent (D+E)</b>	<b>48,962</b>	<b>3,813,619</b>	-	-
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>				
<b>H. Cash &amp; Cash Equivalents at the end of the year</b>	<b>48,962</b>	<b>3,813,619</b>	-	-

# Off-shore Banking Unit (OBU) Notes to The Financial Statements

## For The Year Ended 31 December 2014

### 1 Status of the unit

The Bank obtained the Off-shore Banking Unit ("the Unit") License on 17 February'14 vide letter # BRPD (P-3)744(121)/2014-934 from Bangladesh Bank. The Bank commenced operation of this unit from 22 May 2014. The Off-shore Banking Unit is governed under the rules and guidelines of the Bangladesh Bank. Its office is located at AIBL Motijheel Branch, 161, Motijheel Commercial Area, Dhaka 1000.

### 1.1 Principal activities

The principal activities of OBU are to provide Mudaraba Investment against payment of import bills under UPAS (Usance Payment at Sight) and Musharaka Documentary Bills in foreign currency (MDB F.C) to its customers.

### 2 Significant accounting policies and basis of preparation of financial statements

#### 2.1 Basis of accounting

The Off-shore Banking Unit maintains its accounting records in USD from which accounts are prepared according to the Bank Companies Act, 1991, Bangladesh Accounting Standards, Bangladesh Financial Reporting Standard (BFRS) and other applicable directives issued by the Bangladesh Bank, in particular, Banking Regulations and Policy Department (BRPD) Circular No. 15 (09 November 2009).

#### 2.2 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

#### 2.3 Foreign currency transaction

a) Foreign currency transactions are converted into equivalent taka using the ruling exchange rates on the dates of respective transactions as per BAS-21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent.

b) Assets and liabilities & income and expenses have been converted into Taka currency @ US\$1 = Taka 77.88985 closing rate as at 31st December 2014.

##### a) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities/commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

##### b) Translation gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account, except those arising on the translation of net investment in foreign subsidiary.

#### 2.4 Cash and cash equivalents

Cash and cash equivalents are accounted for notes and coins in hand, highly liquid financial assets, unrestricted balances held with other banks/financial institutions and Bangladesh Bank.

## Off-shore Banking Unit (OBU) Notes to The Financial Statements For The Year Ended 31 December 2014

### 3 Investments

a) General investments of Off-shore Banking Units are stated in the Balance Sheet net off unearned income. Provisions for investments are made as per instructions contained in Bangladesh Bank BRPD Circular No. 14 dated 23 September 2012 and BRPD Circular No. 19 dated 27 December 2012.

b) Profit is calculated on a daily product basis but charged and accounted for on accrual basis. Profit is not charged on bad and loss investments as per guidelines of the Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) A provision is recognised in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

### 4. Profit income

In terms of the provisions of the BAS-18 "Revenue", the profit income is recognized on accrual basis.

#### 4.1 Fees and commission income

Fees and commission income arises on services provided by the units are recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

#### 4.2 Profit paid and other expenses

In terms of the provisions of the BAS - 1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

#### 4.3 Allocation of common expenses

Establishment expenses in the nature of rent, rates, taxes, management expenses, printing and stationery, electricity, postage, stamps, telecommunication and audit fees etc. have not been separately accounted for in the financial statements, but staff costs (salaries and allowances) are separately accounted for OBU

### 5. Principles of Shariah

Any gains, expenses & losses not permitted in the Shariah and not duly approved by the Shariah Supervisory Committee is not accounted for and income thus derived transferred/expensed as per approval of the Shariah Supervisory Committee.

### 6 Cash flow statement

Cash flow statement has been prepared in accordance with the BAS-7 "Cash flow statement" under direct method as recommended in the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

### 7. General

These financial statements are presented in BDT, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest BDT.

### 8 Reporting period

The financial statements cover from 22th May 2014 to December 31, 2014.



## Notes Of The Financial Statements For The Period Ended 31 December 2014

		2014	
		USD	Taka
<b>Cash</b>			
a)	Cash in hand		
	In local currency	-	-
	In Foreign currency	-	-
b)	Balance with Bangladesh Bank		
	In local currency	-	-
	In Foreign currency	-	-
c)	Balance with Sonali Bank Ltd.		
	In local currency	-	-
	In Foreign currency	-	-
<b>Balance with other Banks and Financial Institutions</b>			
a)	In Bangladesh:	-	-
		48,961.69	3,813,618.69
<b>Placement with Banks &amp; Other Financial institutions</b>			
<b>Investments in Share &amp; Securities</b>			
Government Securities			
Bangladesh Govt. Islami Bond Fund			
Investment In Islamic Refinance Fund			
In shares (quoted and unquoted)			
Quoted			
	Private (8.b)	-	-
Unquoted			
<b>Investments</b>			
a)	<b>General Investment</b>		
i.	in Bangladesh		
	Murabaha Investment	-	-
	Bai-Muazzal Investment	-	-
	Hire Purchase Investment	-	-
	Quard	-	-
	Other Investment	-	-
		-	-
ii.	Out side Bangladesh	-	-
b)	Bill Purchased & Discounted		
	Payable in Bangladesh		
	Payable out side Bangladesh		
		8,927,771.86	695,382,811.01
<b>Fixed Assets</b>			
<b>Tangible Assets</b>			
	Land	-	-
	Building	-	-
	Furniture (Wood)	-	-
	Furniture (Steel)	-	-
	Computer	-	-
	Computer (Accessories)	-	-
	Motor Car	-	-
	Machine equipment & appliance	-	-
	Online Hardware	-	-
	Interior Decoration	-	-
	Books & Library	-	-
<b>Intangible Assets</b>			
	Online Software		
	Total	-	-
	Less Accumulated Depreciation		
		-	-

## Notes Of The Financial Statements For The Period Ended 31 December 2014

	2014	
	USD	Taka
<b>Other Assets</b>		
<b>Placement from Banks &amp; Other financial Institutions</b>	<b>8,927,771.86</b>	<b>695,382,811.01</b>
<b>Deposit and Other Accounts</b>		
Mudaraba Savings Deposits	-	-
Mudaraba Term Deposits	-	-
Other Mudaraba Deposits	-	-
Al-Wadia Current Accounts and Others Accounts etc	-	-
Bills Payable	-	-
<b>Other Liabilities</b>		
<b>a) Authorised Capital</b>		
The Authorized Capital of the Bank is Ordinary Share of Tk. 10 each.		
<b>b) Issued, Subscribed and Fully Paid - up Capital</b>		
Issued for Cash		
Issued for other than Cash ( Bonus Share )		
<b>Statutory Reserve</b>		
Opening balance beginning of the year		
Add. Reserve @ 20% (on pre-tax profit)		
Balance at the end of the year.		
<b>Other Reserve</b>		
Asset revaluation Reserve		
Retained Earnings		
Opening balance beginning of the year		
Add: Net Profit / (loss) after tax during the year	48,961.69	3,813,618.69
Less : transfer to Statutory Reserve		
<b>Investment Income</b>		
<b>Profit paid on Deposits &amp; Borrowing</b>		
<b>Income from Investment in Share /Securities Commission, Exchange &amp; Brokerage Income</b>		
Commission		
Exchange		
Brokerage commision		
<b>Other Operating Income</b>		
<b>Salaries, Allowances &amp; Contribution to P.F</b>		
<b>Director &amp; Sharia Council Fees &amp; Expenses</b>		
i. Directors fees for attending Board/executive Committee/ other committee meeting		
ii. TA/DA/ Hotel fare & Foreign Directors		
iii. Others		
<b>Sharia Supervisory Committee's Fees &amp; Expenses</b>		
i. Sharia fees for attending meeting		
ii. TA/DA/ Hotel fare & Foreign Directors		
iii. Others		

## Notes Of The Financial Statements For The Period Ended 31 December 2014

	2014	
	USD	Taka
<b>Rent, Taxes, Insurance &amp; Lighting</b>		
Rent Office		
Lighting & Electricity		
Insurance		
<b>Postage, Telegram, Telephone &amp; Stamp</b>		
Stamp and Catridge paper		
Postage		
Fax Charges		
Telephone (Office)		
Telephone (Residence)		
Telephone (Mobile)		
SWIFT Charge		
Internet Charges		
Online Charge		
<b>Depreciation Repairs to the Bank's property</b>		
<b>Repairs to the Bank's property</b>		
R.R. Furniture & Fixture (Wooden)		
R.R. Furniture & Fixture (Steel)		
R.R. Computer		
Maint. of Motor Car and other Vehicle		
R.R. Machine equipment & appliances		
Maintenance of Land & Building		
Maintenance of Rented Premises		
R.R. Computer Accessories		
R.R. Others		
Software Maintenance Fee		
Hardware Maintenance Fee		
<b>Depreciation to the Bank's property</b>		
Depr. Furniture (Wood)		
Depr. Furniture (Steel)		
Depr. Computer		
Depr. Motor Car		
Depr. Machine equip & Appliance		
Depr. Books & Library		
Depr. Land & Building		
Depr. Online Hardware		
Depr. Online Software		
Depr. Computer Accessories		
Depr. Interior Decoration		
<b>Stationary, Printing &amp; Advertisement</b>		
Printing & Stationery		
Paper & Table Stationery		
Advertisement & Publicity Expenses		
<b>Other expenses</b>		
<b>Cash and Cash Equivalent at the end of the year</b>		
Cash in hand		
Balance with Bangladesh Bank & Sonali Bank Ltd.		
Balance with Other Banks		
Bangladesh Government Islamic Investment Bond		

## Status & Compliance Report on Bangladesh Bank's guidelines on ICC, Board Audit Committee.

BRPD Circular No. 17 Date - 07 October, 2003 & BRPD Circular No. 12 Date - 23 December, 2002

Sl. No.	BB Guidelines	Complied	Partial Complied	Not complied
1.	To frame policy/guidelines on ICC & other core risks management models	✓		
2.	To form Board Audit Committee to monitor the effectiveness of Internal Control System	✓		
3.	The Board of Directors have to have periodic review meetings with the Senior Management to discuss the effectiveness of the Internal Control System of the Bank & ensure that the Management has taken appropriate actions as per the recommendations of the Auditors & the head of Internal Control.	✓		
4.	<b>An Independent Audit Mechanism</b> to be introduced to monitor the effectiveness of the organizational and procedural controls.	✓		
5.	The Board of Directors & Management must establish a Compliance Culture within the bank that emphasis & demonstrates to all levels of personnel	✓		
6.	External Auditors by dint of their independence from the management of the bank can provide unbiased recommendation on the strength and weakness of the internal control system of the bank.	✓		
7.	The Board & the Management have to ensure that the internal Auditors are qualified and experienced enough relating to their responsibilities.	✓		
8.	To establish a <b>"Code of Ethics"</b> by Management and Board of Directors for all levels of personnel which is to be signed & adhere to by the personnel.	✓		
9.	To constitute MANCOM (Management Committee) by the Managing Director.	✓		
10.	The <b>Management Committee</b> (MANCOM) will review the overall effectiveness of the control system of the bank and provide a certification on a yearly basis to the Board of Directors on the effectiveness of Internal Control Policy, practice and procedure	✓		
11.	To constitute appropriate committee on <b>Management Reporting System</b> (MRS) to evaluate data for decision making by the Management	✓		
12.	To <b>establish a new Division namely Internal Control &amp; Compliance Division</b> (ICCD) with 3 Department/Unit	✓		
13.	The ICCD should be adequately staffed so that it can perform its duty properly. In order to ensure that availability of efficient people with Internal Control the banks will make it mandatory for all middle to senior management staff to spend at least 2(two) years with Internal Control.	✓		
14.	The <b>Head of ICCD/ICT shall submit Annual Report on the Health of the Bank to the MD/MC &amp; Board Audit Committee</b> for onward submission to the Board of Directors	✓		
15.	The Head of ICCD will set out an Audit Plan for each year which is to be approved by the Management & Board Audit Committee.	✓		
16.	To ensure appropriate segregation of duties and to ensure that personnel are not assigned conflicting responsibilities	✓		
17.	The Internal & external <b>Audit/Inspection Reports to be submitted to the Board without any intervention of the Management</b>	✓		
18.	The <b>Head of Internal Control &amp; Compliance Division have a reporting line with the bank's Board.</b> The Audit Committee of the Board will be the contact point for the Internal Control & Compliance Division. This division must also have a reporting line with the Managing Director of the bank	✓		
19.	The <b>Head of ICCD will report directly to the MD</b> and also have an indirect reporting line to the Bank's Board/Board Audit Committee.	✓		
20.	<b>Audit &amp; Inspection Department</b> have to conduct Annual Audit and risk based audit with priority to the sensitive areas.	✓		
21.	The ICT will prepare synopsis over the executive summary on individual inspection reports received from the Audit & Inspection reports and submit the same to the Head of ICCD. (a) For no high-risk items and less than 5 medium risk items will be reported to the MD/CEO; (b) More than 3 high-risk items identified in breach will trigger the report to be given to the MD/CEO and the Audit Committee of the Board; (c) However, any losses amounting to more than BDT 10 million will be directly reported to the MD and the Audit Committee of the Board through the Head of ICCD.	✓		

Sl. No.	BB Guidelines	Complied	Partial Complied	Not complied
22.	Audit & Inspection Department conducts special audit/surprise check of the branches/units as and when necessary.	✓		
23.	Audit & Inspection Department have to prepare a summary report(s) on audit findings and submits it to MD/CEO as well as Audit Committee on the Board.	✓		
24.	Departmental Control Functions Checklist (DCFCL) to be prepared and to be reviewed by Departmental In charge/ Branch Manager at the prescribed frequencies i.e. daily, weekly, monthly & quarterly basis. The DCFCL should be retained with the Department/Branch for future inspection by regular/special Audit & Inspection Team and/or Senior Management.	✓		
25.	Quarterly Operation Report (QOR) relating to operational function of the branches to be prepared in duplicate copies by each branch/office in the prescribed format out of which one copy to be sent to the line management and another copy to the Monitoring Department/ICT by 10 <sup>th</sup> of the month of each quarter end i.e. 10 <sup>th</sup> April, July, Oct. & January each year which will be reviewed by line management and Audit & Inspection Department as & when they visit the branches	✓		
26.	The ICT will monitor the function of various department/branches of the bank periodically on regular basis. Depending on the requirement the Audit & Inspection Department of ICCD will carry out inspection, surprise inspection.	✓		
27.	Risk Analysis of Control Functions (DCFCL): Individual items in the DCFCL need to be assigned a risk rating in terms of (a) impact and (b) probability	✓		
28.	ICT will suggest the Head of ICC to send Audit & Inspection team to branches/departments to carry out sample checks on DCFCLs according to the prescribed frequency.	✓		
29.	<b>Regulatory Compliance</b> Department have to obtain clarifications on various issues from regulatory authorities.	✓		
30.	Regulatory Compliance Department maintains all relevant circulars and regulatory guidelines.	✓		
30.	Disaster Recovery System (DRS) exists in the bank.	✓		
32.	The <b>Board Audit Committee</b> meeting will be held at least 3/4 months in a year and it can seat any times as it deem fit	✓		
33.	The <b>Board Audit Committee</b> will have to place compliance report before the board on quarterly basis regarding regularization of the errors & omissions, fraud and forgeries and other irregularities as detected by the internal and external auditors and inspectors of regulatory authorities.	✓		
34.	The <b>Board Audit Committee</b> will review the corrective measures taken by the management as regards the reports relating to fraud-forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and inform the board on a regular basis.	✓		
35.	The <b>Board Audit Committee</b> will review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations is made.	✓		
36.	The <b>Board Audit Committee</b> will review the laws & regulations framed by the regulatory authorities (Central Bank and other bodies) and internal regulations approved by the Board have been complied with.	✓		



## Related Party Disclosure

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operating decision. Related party information are given below:

SI	Name and Address	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	2	3	6	7	10
1	Jb. Badiur Rahman Priya Prangon, Building No. -A, Flat No: 0506, 2 Paribagh, DHaka	Chairman	<b>Proprietor:</b> a. M/S Oceanlink Services <b>Director :</b> b. Central Hospital Ltd. c. Human Resources Dev Co. Ltd. <b>Chairman/Director :</b> d. AIBL Capital Market services Ltd.	100% 2.45% 2% 0.88%	
2	Jb. Sarker Mohammad Shameem Iqbal Nominated Director: KY Steel Mills Ltd. 191- 192, Baizid Bostami Road, Nasirabad I/A, Chittagong.	Vice Chairman	<b>Chairman:</b> a. KDS Accessories Ltd. b. KDS Poly Industries Ltd. <b>CEO/Managing Director:</b> c. Dominox IM Ltd. <b>Managing Director:</b> d. SKYS Securities Ltd. e. Dominox Realty (BD) Ltd. f. Vortex Multi Ind. Ltd. g. Gous Fashion Industries Ltd. <b>Director:</b> h. KDS Textiles Mills Ltd. <b>Shareholder:</b> i. AIBL Capital Market Services Ltd.	7% 7% 50% 3.61% 80.20% 25% 40% 0.45% 0.25%	
3	Alhajj Md. Haroon-ar-Rashid Khan House-19/A, Road-18, Banani, Dhaka	Director	<b>Director:</b> a. AIBL Capital Market services Ltd. b. Canadian Trillinium School (Ltd)	0.62%	
4	Alhajj Nazmul Ahsan Khaled 760, Satmasjid Road, Dhanmondi R/A, Dhaka	Director	<b>Managing Director :</b> a. Moonlight Garments Ltd b. Ehsan Garments Ltd. c. Khaled Shipping Lines Ltd. d. Engineers Enterprise Ltd. e. Nourish Poultry & Hatchery Ltd. f. Nourish Agro Ltd. h. Telnet Communication Ltd. i. Nourish Grand Parents Ltd. j. Nourish Feeds Ltd. <b>Director :</b> k. Mohammadi Navigation Ltd. n. AIBL Capital Market Services Ltd.	20% 10% 50% 67% 25% 20% 20% 20% 20% 46.15% 0.50%	
5	Alhajj 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>Shareholder:</b> b. AIBL Capital Market Services Ltd.	15% 0.50%	
6	Hafez Alhajj Md. Enayet Ullah 2, Mukim Katra, Moulvi Bazar, Dhaka.	Director	<b>Active Owner:</b> a. M/S Hadyet & Brothers	100%	

Sl	Name and Address	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	2	3	6	7	10
7	Alhaji Ahamedul Hoque M/s. A.H. Syndicate 16/1, Amir Market, Khatungonj, Chittagong.	Director	<b>Proprietor:</b> a. M/S. A.H. Syndicate <b>Shareholder:</b> b. AIBL Capital Market Services Ltd.	100% 0.25%	
8	Alhaji 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%	
9	Alhaji Abu Naser Mohammad yeahea 232-234, Tejgoan Industrial Area, Dhaka-1208.	Director	<b>Managing Director:</b> a. Purbachal Steel Mills Ltd. b. Purbachal Exclusive Ltd. c. Purbachal Drillers Ltd. d. Beco Feed Ltd. <b>Director:</b> e. AIBL Capital Market Services Ltd. <b>Proprietor:</b> f. Purbachal Gas Filling g. Beco Electronics	71.43% 75% 50% 42.50% 4.50% 100% 100%	
10	AlHaji 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.	47% 3.20% 5% 5.00% 1.75%	
11	Alhaji Abdus Salam Mir Ahmed Building 234, Khatungong, Chittagong.	Director	<b>Managing Director</b> a. Mir Banaspati Ltd b. Mir CNG & Filling Station c. Mir Pulp & Paper Industries Ltd. d. Mir Filling Station Ltd. <b>Director:</b> e. Karnafully Filling Station Ltd. f. AIBL Capital Market Services Ltd. <b>CEO:</b> g. M/S. Hajee Mir Ahmed Sowdagar <b>Proprietor:</b> h. M/S M.A. Salam & Co.	25% 100% 15% 1.50% 30% 100%	
12	Alhaji Niaz Ahmed House # 24, Road # 1, Block # i, 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 Ltd. d. Diganta Media Corporation e. Islami Commercial Insurance Co. Ltd. f. South East University g. Bangla Tel Limited h. BD Link Communication Limited i. Jibondhara Solution Limited <b>Proprietor:</b> j. Golden Trading Corporation k. Khaja Corporation	70% 77% 0.75% 1% 5% 10% 5% 10%	

SI	Name and Address	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	2	3	6	7	10
13	Jb. 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. <b>Proprietor:</b> d. Vertire e. Stark Textile Mills f. Stark Apparels <b>Shareholder:</b> g. AIBL Capital Market Services Ltd.	80% 44% 10% 100% 100% 100% 0.50%	
14	Alhaji Badsha Meah 1025/C, Housing Society, Nasirabad, Chittagong. <b>Alternative Director</b> Jb. Dr. Md. Shafiul Haider Chowdhury	Director	<b>Shareholder:</b> a. AIBL Capital Market Services Ltd.	1.75%	
15	Jb. Mohammed Emadur Rahman Kazi Bhaban, Islampur, kotwali, Sylhet.	Director	<b>Deputy Managing Director:</b> a. Al Haramain Perfumes Mfg & Oudh Processing Ind. L.L.C. b. Al Haramain Hospital <b>Managing Director:</b> c. Rich & Ruitz Perfumes Trading L.C.C. d. Al Halal Perfumes Industry e. Hamidia Tea Company Limited <b>Partner:</b> f. Al Haramain Trading LCC <b>CEO:</b> g. 4 Corners Distribution UK Limited <b>Shareholder:</b> h. AIBL Capital Market Services Ltd.	20% 49% 24% 10% 50% 0.75%	
16	Alhaji Mohammed Haroon 1025/B, Housing Society, Nasirabad, Chittagong. <b>Alternative</b> <b>Director:</b> Anwar Hossain	Director	<b>Owner:</b> a. Rising Star Trading Est (U.A.E.) <b>Shareholder:</b> b. AIBL Capital Market Services Ltd.	100% 2%	
17	Jb. Md. Liakat Ali Chowdhury As-Salam Tower (9th Floor), 57, Agrabad C/A, Chittagong	Director	<b>Managing Partner:</b> a. Asadi steel Enterprise b. Jamuna Ship Breakers <b>Managing Director:</b> c. Bangladesh Ship Breakers Ltd. d. L & M Builders (Pvt) Ltd. <b>Proprietor</b> e. Regal Oxygen <b>Director:</b> f. AIBL Capital Market Services Ltd.	90% 1/6th Portion 90% 25% 100% 0.25%	Appointed on 23 Aug, 2014
18	JB. Brig. Gen. M.A. Malek (retd) APT: 4-C, House: 16H, Road No. 2A, Cantonment R/A, Dhaka-1206	Independent Director	Nil		
19	Jb. Khalid Rahim House No. 53 (Old: 276), Road No. 16 (Old:27), Dhanmondi R/A,	Independent Director	Nil		Appointed on 24 Jul, 2014
20	Jb. Md. Habibur Rahman House # 39, Road # 2, Sector # 9, Uttara Model Town, Dhaka-1230.	Ex-Officio Director	Nil		

b.	Name of the Party	Relationship	Nature of Transaction	Amount
	AIBL capital Market Services Ltd.	Subsidiary Company	Investment	2,000,000,000
	AIBL capital Management Ltd.	Subsidiary Company	Investment	2,000,000,000

## Name of the Directors and their shareholdings in the year- 2014

Sl.	Name of Directors	Status	Ending position on 31/12/2014	Opening position on 01/01/2014	Remarks
1.	Badiur Rahman	Chairman	26414342 shares of Tk. 10/- each Tk 26,41,43,420/-	23272550 shares of Tk. 10/- each Tk 23,27,25,500/-	
2.	Sarker Mohammad Shamim Iqbal (Nominated Director, KY Steel Mills Ltd.)	Vice-Chairman	23233732 shares of Tk. 10/- each Tk 23,23,37,320/-	20470249 shares of Tk. 10/- each Tk 20,47,02,490/-	
3.	Al-Hajj Md. Harun-Ar- Rashid Khan	Director	18939629 shares of Tk. 10/- each Tk 18,93,96,290/-	16686899 shares of Tk. 10/- each Tk 16,68,68,990/-	
4.	Al-Hajj Nazmul Ahsan Khaled	Director	18971142 shares of Tk. 10/- each Tk 18,97,11,420/-	16714663 shares of Tk. 10/- each Tk 16,71,46,630/-	
5.	Al-Hajj Abdul Malek Mollah	Director	18992003 shares of Tk. 10/- each Tk 18,99,20,030/-	16733044 shares of Tk. 10/- each Tk 16,73,30,440/-	
6.	Al-Hajj Hafez Md. Enayetullah	Director	18944356 shares of Tk. 10/- each Tk 18,94,43,560/-	16691063 shares of Tk. 10/- each Tk 16,69,10,630/-	
7.	Md. Liakat Ali Chowdhury	Director	18945223 shares of Tk. 10/- each Tk 18,94,52,230/-	-	Appointed as Director on 23-08-2014
8.	Al-Hajj Abdus Samad	Director	21310850 shares of Tk. 10/- each Tk 21,31,08,500/-	18776080 shares of Tk. 10/- each Tk. 18,77,60,800/-	
9.	Al-Hajj Ahamedul Haque	Director	18939531 shares of Tk. 10/- each Tk. 18,93,95,310/-	16686812 shares of Tk. 10/- each Tk 16,68,68,120/-	
10.	Al-Hajj Kh. Mesbah Uddin Ahmed	Director	18940259 shares of Tk. 10/- each Tk. 18,94,02,590/-	16687453 shares of Tk. 10/- each Tk. 16,68,74,530/-	

## Name of the Directors and their shareholdings in the year- 2014

Sl.	Name of Directors	Status	Ending position on 31/12/2014	Opening position on 01/01/2014	Remarks
11.	Abu Naser Mohammad Yeahea	Director	23387844 shares of Tk. 10/- each Tk. 23,38,78,440/-	20606030 shares of Tk. 10/- each Tk. 20,60,60,300/-	
12.	Mohammed Abdus Salam	Director	19206256 shares of Tk. 10/- each Tk. 19,20,62,560/-	16921812 shares of Tk. 10/- each Tk. 16,92,18,120/-	
13.	Niaz Ahmed	Director	19036881 shares of Tk. 10/- each Tk. 19,03,68,810/-	16772584 shares of Tk. 10/- each Tk. 16,77,25,840/-	
14.	Md. Ashik Hossain	Director	18942574 shares of Tk. 10/- each Tk. 18,94,25,740/-	16689493 shares of Tk. 10/- each Tk. 16,68,94,930/-	
15.	Alhajj Mohammed Haroon	Director	21749599 shares of Tk. 10/- each Tk. 21,74,95,990/-	19162643 shares of Tk. 10/- each Tk. 19,16,26,430/-	
16.	Mohammed Emadur Rahman	Director	18962533 shares of Tk. 10/- each Tk. 18,96,25,330/-	16707078 shares of Tk. 10/- each Tk. 16,70,70,780/-	
17.	Alhajj Badsha Meah	Director	18939668 shares of Tk. 10/- each Tk. 18,93,96,680/-	16686933 shares of Tk. 10/- each Tk. 16,68,69,330/-	
18.	Birg. General M. A. Malek (Retd.)	Independent Director	Nil	Nil	
19.	Khalid Rahim FCA (England & Wales)	Independent Director	Nil	Nil	Appointed as Independent Director on 24/07/2014
20.	Md. Habibur Rahman Managing Director	Ex-Officio Director	179 shares of Tk. 10/- each Tk. 1,790/-	62273 shares of Tk. 10/- each Tk. 6,22,730/-	



## 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, 2014 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 subsidiaries 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 subsidiaries 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 subsidiaries.

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 subsidiaries 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.

**Subsidiary Companies:**

**Quantitative Disclosures:**

Two subsidiary companies of Al-Arafah Islami Bank Ltd are functioning. The financial Statements of these subsidiary companies are included in the consolidated financial Statements according to BAS-27. Inter-company transaction, balances and intergroup gains on transaction between group companies are eliminated.

**a) AIBL Capital Market Services Ltd.**

A brief description of AIBL Capital Market Services Ltd.		
Name	:	AIBL Capital Market Services Limited
Date of Incorporation	:	21 <sup>st</sup> September, 2010
Date of Commencement	:	21 <sup>st</sup> September, 2010
Authorised Capital	:	Tk. 10,000 million
Paid up Capital	:	Tk. 4,000 million
Ownership	:	Tk. 2,442 million (60.50%)

**ii) AIBL Capital Management Ltd.**

A brief description of AIBL Capital Management Ltd		
Name	:	AIBL Capital Management Limited
Date of Incorporation	:	25 <sup>th</sup> October 2011
Date of Commencement	:	25 <sup>th</sup> October 2011
Authorised Capital	:	Tk. 2,000 million
Paid up Capital	:	Tk. 500 million
Ownership	:	Tk. 490 million (98%)

**AIBL Asset Management Co. Ltd.**

Another subsidiary company in the name of AIBL Asset Management Co. Ltd. has already been incorporated with Authorized Capital of Tk. 500 million and Paid up Capital of Tk. 100 million to carry out the business of Asset Management, Portfolio Management, Capital Market Operation and other financial services. The shareholding ratio of AIBL and its another subsidiary AIBL Capital Market Services Limited is 9:1. We hope that the company will start its functioning very soon.

**Off-Shore Banking Unit (OBU)**

The Bank obtained the Off-shore Banking Unit ("the Unit") License on 17 February'14 vide letter # BRPD (P-3)744(121)/2014-934 from Bangladesh Bank. The Bank commenced operation of this unit from 22 May 2014. The Off-shore Banking Unit is governed under the rules and guidelines of the Bangladesh Bank. Its office is located at AIBL Motijheel Branch, 161, Motijheel Commercial Area, Dhaka 1000.

**B) Capital structure**

**Qualitative Disclosures:**

a) The regulatory capital (Solo Basis) 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 and retained earnings.

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, 2014 is Tk. 15,620.57 million which is 90.02 % of total eligible capital Tk. 17,352.63 million and out of Tier 1 capital 60.62 % is paid up capital & 29.73% is statutory reserve.

Tier-2 capital of the bank Tk. 1,732.06 million which is constituting 9.98% of total eligible capital and the major contributors are general provision 71.78% & asset revaluation reserves 28.22%.

**Quantitative Disclosures:**

(Figure In million Taka)

<b>b) The total amount of Tier-I capital ( For stand alone )</b>	<b>15,620.57</b>
Paid-up capital	9,469.58
Non-repayable share premium account	-
Statutory Reserve	4,643.32
General Reserve	-
Retained earnings	1507.67
Non cumulative irredeemable preference shares -	-
Dividend equalization account	-
<b>c) The total amount of Tier-2 and Tier-3</b>	<b>1,732.06</b>
<b>d) Other deductions from capital</b>	<b>-</b>
<b>e) Total eligible capital</b>	<b>17,352.63</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:**

(Figure In million Taka)

<b>o For stand alone</b>	
a) Capital Requirement for Credit Risk	11,318.81
b) Capital Requirement for Market Risk	383.73
c) Capital Requirement for Operational Risk	1,118.94
<b>Total Requirement</b>	<b>12,821.48</b>
d) <b>Total and Tier 1 capital ratio:</b>	
- CAR	13.53%
- Tier- 1 Capital Ratio	12.18%

**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:**

**b) Specific provision:**

a) Substandard : 20%

b) Doubtful : 50%

c) Bad/Loss : 100%

**ii) General Provision:**

a) 1% to 5% on different categories of unclassified loans.

b) 1% on Off Balance sheet exposure.

c) 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. 06 dated June 14, 2012; 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:**

(Figure In million Taka)

<b>a) Funded:</b>	
General Investment	
i) In Bangladesh	
Murabaha Investment	15,583.03
Bai-Muajjal Investment	68,840.45
Hire Purchase Investment	33,800.78
Pre shipment Investment	2,574.74
Quard	31,123.54
<b>Sub Total</b>	<b>151,922.54</b>
ii) Outside Bangladesh	-
<b>Total</b>	<b>151,922.54</b>
Less Unearned Profit on Investment	13,724.37
	<b>138,198.17</b>
<b>Bill Purchased &amp; Discount</b>	
Payable in Bangladesh	2,589.21
Payable outside Bangladesh	514.70
<b>Sub Total</b>	<b>3,103.91</b>
<b>Total Funded</b>	<b>141,302.08</b>
<b>b) Total Non Funded:</b>	
<b>c) Geographical distribution of exposures</b>	
<b>Region Based</b>	
Dhaka	109,655.30
Chittagong	22,663.97
Sylhet	1,128.69
Rajshahi	10,404.87
Khulna	5,982.96
	3,220.62
Barisal	1,970.05
	<b>155,026.45</b>
Less Unearned Profit on Investment	13,724.37
<b>Total</b>	<b>141,302.08</b>

<b>d) Country based funded</b>	
Domestic	141,302.08
Overseas	-
<b>e) Country based Non-funded</b>	
Domestic	27,336.88
Overseas	
<b>e) Major Industry wise distribution of exposures</b>	
Agriculture, Fishing and Forestry	1,970.16
Industry	61,734.00
Construction	7,175.90
Water works & Sanitary Service	6,701.60
Transport & communication	8,411.10
Storage	1,032.50
Trade Finance	53,808.70
Miscellaneous	14,192.49
	<b>155,026.45</b>
Less Unearned Profit on Investment	13,724.37
<b>Total</b>	<b>141,302.08</b>
<b>g) Distribution of risk exposure by claims</b>	
a) Claims on sovereigns and central banks	25,090.70
b) Claims on PSE -	-
c) Claims on banks and securities firms	15,610.90
d) Claims on corporate	72,557.40
e) Claims included in the retail portfolio & small enterprises	38,077.30
f) Claims secured by residential property	6,200.00
g) Claims secured by commercial real estate	7,100.00
h) Consumer Investment	369.70
i) Off-balance sheet items	12,238.60
<b>h) Credit risk mitigation</b>	
Claims secured by financial collateral	2,931.40
Net exposure after the application of haircuts	55.20
Claims secured by eligible guarantee	-
<b>i) Residual contractual maturity breakdown of the whole portfolio</b>	
Repayable on demand	-
Up to 1 month	38,543.52
More than 1 month but less than 3 months	39,403.32
More than 3 months but less than 1 year	34,331.55
More than 1 year to less than 5 year	19,769.09
More than 5 year	9,254.60
<b>Total</b>	<b>141,302.08</b>
<b>j) Gross Non Performing Assets- (NPAs)</b>	6,982.64
Non-performing assets to outstanding Investment ( loans and advances)	4.50
<b>k) Movement of Non Performing Assets (NPAs)</b>	
Opening balance	3,598.83
Additions	8,235.20
Less (Cash Recovery)	1,878.58
Less (RSDL from CL)	1,658.22
Less (Written-off)	1,314.59
<b>Closing balance</b>	<b>6,982.64</b>
<b>l) Movement of specific provisions for NPAs</b>	
Opening balance	1,128.03
Fully provision debt written off	(1,204.32)
Recoveries of amount previously written off	23.02
Specific provision for the year	1,495.76
Provision transferred from diminution in value of investment & unclassified investment	76.29
<b>Closing balance</b>	<b>1,518.78</b>

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

##### **Qualitative Disclosures:**

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:**

(Figure In million Taka)

Name of the Scrip	value
Central Depository Bangladesh Ltd	3.14
<b>Total</b>	<b>3.14</b>

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.

1. Interest rate risk in the banking book can be measured on the basis of:
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, 2014**

Figure in million 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	20,674.31	-	-	-	-	20,674.31
Balance with other banks & Financial Institute	1,060.40	1,087.40	1,671.39	-	397.20	4,216.39
Placement with other banks & Financial Institute	1,300.00	2,600.00	5,850.00	-	-	9,750.00
Investment in Shares & Securities (only HTM)	947.30	-	500.00	6,391.65	3.14	7,842.09
Investment (Loans and Advances)	30,968.66	22,247.30	59,244.82	20,960.70	7,880.60	141,302.08
Fixed Assets	-	-	-	-	2,641.59	2,641.59
Other Assets	652.51	-	-	-	19,469.74	20,122.24
<b>Total</b>	<b>55,603.18</b>	<b>25,934.70</b>	<b>67,266.21</b>	<b>27,352.35</b>	<b>30,392.27</b>	<b>206,548.71</b>
<b>Liabilities</b>						
Placement from other banks & Financial Institute	1,750.00	3,900.00	3,250.00	-	-	8,900.00
Deposits and Other accounts	26,532.56	23,158.80	70,972.37	20,394.30	26,006.15	167,064.18
Provision and other liabilities	4,235.39	310.80	1,080.80	-	8,284.53	13,911.52
Deferred Tax Liabilities/Assets	-	-	-	-	74.89	74.89
<b>Total</b>	<b>32,517.95</b>	<b>27,369.60</b>	<b>75,303.17</b>	<b>20,394.30</b>	<b>34,365.57</b>	<b>189,950.59</b>
<b>GAP</b>	<b>23,085.23</b>	<b>(1,434.90)</b>	<b>(8,036.96)</b>	<b>6,958.05</b>	<b>(3,973.30)</b>	<b>16,598.12</b>
<b>Cumulative Gap</b>	<b>23,085.23</b>	<b>21,650.33</b>	<b>13,613.37</b>	<b>20,571.42</b>	<b>16,598.12</b>	<b>-</b>

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

Figure in million taka

Particular/ shock	Minor	Moderate	Major
Increase in interest rate	1.00%	2.00%	3.00%
Period	Upto 1 month		
Gap	23,085.23	23,085.23	23,085.23
Impact on Nil (Net Interest Income)	19.24	38.48	57.71
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	8.18	16.35	24.53
Period	1 to 3 month		
Gap	(1,434.90)	(1,434.90)	(1,434.90)
Impact on Nil(Net Interest Income)	(2.39)	(4.78)	(7.17)
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	(1.02)	(2.03)	(3.05)
Period	3 to 12 month		
Gap	(8,036.96)	(8,036.96)	(8,036.96)
Impact on Nil(Net Interest Income)	(60.28)	(120.55)	(180.83)
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	(25.62)	(51.24)	(76.85)

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

Figure in million taka

Particular/ shock	Minor	Moderate	Major
Decrease in interest rate	(1.00%)	(2.00%)	(3.00%)
Period	Up to 1 month		
Gap	23,085.23	23,085.23	23,085.23
Impact on Nil (Net Interest Income)	(19.24)	(38.48)	(57.71)
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	(8.18)	(16.35)	(24.53)
Period	1 to 3 month		
Gap	(1,434.90)	(1,434.90)	(1,434.90)
Impact on Nil (Net Interest Income)	2.39	4.78	7.17
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	1.02	2.03	3.05
Period	3 to 12 month		
Gap	(8,036.96)	(8,036.96)	(8,036.96)
Impact on Nil(Net Interest Income)	60.28	120.55	180.83
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	25.62	51.24	76.85

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

Figure in million taka

Particular/shock	Minor	Moderate	Major
Increase in interest rate	1.00%	2.00%	3.00%
Gap	13,613.37	13,613.37	13,613.37
Period(Year)	1 Year		
Impact on Nil (Net Interest Income)	136.13	272.27	408.40
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	57.86	115.71	173.57

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

Figure in million taka

Particular/shock	Minor	Moderate	Major
Decrease in interest rate	(1.00%)	(2.00%)	(3.00%)
Gap	13,613.37	13,613.37	13,613.37
Period(Year)	1 Year		
Impact on Nil (Net Interest Income)	(136.13)	(272.27)	(408.40)
Applicable tax rate	42.50%	42.50%	42.50%
Tax adjusted impact on Nil	(57.86)	(115.71)	(173.57)

**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:**

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.

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.

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.

Holding of equities is monitored regularly so that the investment remains within the limit as set by Bangladesh Bank.

Asset liability management committee (ALCO) analyzes market and determines strategies to attain business goals.

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

(In million Taka)

Interest rate risk	-
Equity position risk	128.30
Foreign exchange risk	255.43
Commodity risk	-
<b>Total</b>	<b>383.73</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:**

(In million Taka)

<b>b) The capital requirements for operational risk</b>	<b>1,118.94</b>
---	-----------------

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

Year	Gross Income (GI)	Average GI	15% of Average GI
December-2014	8,918.50		
December-2013	6,841.30		
December 2012	6,619.00		
<b>Total GI</b>	<b>22,378.80</b>	<b>7,459.60</b>	<b>1,118.94</b>

The background of the page is a dark blue grid with various financial charts and data points. A prominent feature is a large, thick, light blue arrow that starts from the bottom left and curves upwards and to the right, pointing towards the top right corner. The charts include line graphs with fluctuating lines and candlestick patterns. Text elements like '+\$0.250 3.85%', '+\$0.230 3.72%', '+\$0.130 3.61%', '+\$0.165 3.47%', and '+\$0.110 3.34%' are scattered across the grid. In the bottom right area, there is a list of stock symbols: 'Symbol', 'GENZ', 'QQQ', and 'MSFT'.

**Auditors' Report**  
**on the Financial Statements of**  
**AIBL Capital Market Services Limited**  
For the period ended December 31, 2014



## AUDITOR'S REPORT

We have audited the accompanying Financial Statements of AIBL Capital Market Services Ltd. which comprise the Statement of Financial Position as at 31st December, 2014 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 on that date.

### Management Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that gives a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS), the Company Act 1994, the Securities and Exchange Commission (Amendment) Act, 2012 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error ; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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 (BSA). 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 risk 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 present fairly in all material respect, the financial position of AIBL Capital Market Services Ltd. as at 31st December, 2014 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Company Act 1994, the Securities and Exchange Commission (Amendment) Act, 2012 and other applicable rules and regulations.

### We also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- iii. the statement of financial position and statement of comprehensive income dealt with the report are in agreement with the books of accounts and returns.

Dhaka: 01 February, 2015

  
**Khan Wahab Shafique Rahman & Co.**  
Chartered Accountants

## Statement of Financial Position As at 31st December 2014

Particulars	Notes	31.12.2014 Taka	31.12.2013 Taka
<b>ASSETS:</b>			
<b>Non - Current Assets:</b>			
Property, Plant & Equipment	4	18,957,350	26,935,209
<b>Current Assets:</b>		<b>11,698,059,414</b>	<b>10,368,853,569</b>
Account Receivable	5	77,550,837	3,289,553
Investment	6	9,238,630,495	8,608,322,940
Investment in Share (DSE & CSE)	7	700,000,000	700,000,000
Advance, Deposits & Prepayment	8	4,430,504	4,963,756
Advance Income Tax	9	986,354,582	673,500,872
Cash and Bank Balance	10	691,092,996	378,776,448
<b>Total Assets:</b>		<b>11,717,016,764</b>	<b>10,395,788,778</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		39,650,108	21,547,797
<b>Current Liabilities:</b>		<b>7,677,366,656</b>	<b>6,374,240,981</b>
Borrowing from Bank and Other	12	3,560,000,000	3,730,000,000
Accounts Payable	13	2,616,775,772	1,555,854,786
Provision for Investments	14	271,966,459	171,966,459
Provision for taxation	15	1,228,624,425	916,419,736
<b>Total Equity and Liabilities:</b>		<b>11,717,016,764</b>	<b>10,395,788,778</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

  
Director

  
Director

  
Chief Executive Officer (C.C)

Signed as per annexed report on event date

Dhaka, 01, February 2015

  
**Khan Wahab Shafique Rahman & Co.**  
Chartered Accountants

## Statement of Comprehensive Income For the Year ended 31 December, 2014

Particulars	Notes	31.12.2014 Taka	31.12.2013 Taka
Investment Income	16	1,156,961,878	1,301,442,798
Profit paid on Borrowing	17	355,615,689	395,330,275
<b>Net Investment Income</b>		<b>801,346,189</b>	<b>906,112,523</b>
<b>Income from Commission, Exchange &amp; Others:</b>			
Brokerage Commission	18	337,434,938	246,424,478
Documentation & Maintenance Fess	19	4,599,000	3,471,300
Other Operating Income	20	15,955,732	9,430,290
		<b>357,989,670</b>	<b>259,326,068</b>
<b>Total operating Income (A)</b>		<b>1,159,335,859</b>	<b>1,165,438,591</b>
Hawla,Laga & CDBL Charges	21	38,796,879	27,693,482
Salary allowances& Contribution to P.F	22	43,200,052	35,101,177
Rents, Taxes, Insurance, Lighting etc.	23	13,061,282	14,860,892
Honorarium & Meeting Expense	24	2,640,000	2,039,000
Law Charges		20,394	36,584
Postage, Telegram, Telephone & Stamps etc	25	485,552	379,402
Depreciation, Amortization & Repairs to Properties	26	9,505,512	8,675,220
Stationary, Printing, Advertisement etc.		1,159,271	903,344
Other Expenses	27	20,159,918	15,255,938
<b>Total operating expenses (B)</b>		<b>129,028,860</b>	<b>104,945,039</b>
<b>Profit/(loss) before provision and Tax C = (A - B)</b>		<b>1,030,306,999</b>	<b>1,060,493,552</b>
Provision for Taxation	28	312,204,689	395,840,243
Provision for Investment		100,000,000	101,506,653
<b>Net Profit after Tax</b>		<b>618,102,311</b>	<b>563,146,656</b>
Retained Earning Brought forward		21,547,797	18,401,141
		<b>639,650,108</b>	<b>581,547,797</b>
Interim Dividend Paid		600,000,000	560,000,000
<b>Retained earning Carried forward</b>		<b>39,650,108</b>	<b>21,547,797</b>
<b>Earning per Share (EPS) (Tk. 10)</b>		<b>1.55</b>	<b>1.41</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

  
Director

  
Director

  
Chief Executive Officer (C.O)

Signed as per annexed report on event date

  
**Khan Wahab Shafique Rahman & Co.**  
Chartered Accountants

Dhaka, 01, February 2015

## Statement of Changes in Equity As at 31 December, 2014

Particulars	Share Capital	Retained Earning	Total
<b>Balance as on 1st January, 2014</b>	<b>4,000,000,000</b>	<b>21,547,797</b>	<b>4,021,547,797</b>
Net profit for the Period	-	618,102,311	618,102,311
Interim Dividend Paid		(600,000,000)	(600,000,000)
<b>Balance as at 31 December, 2014</b>	<b>4,000,000,000</b>	<b>39,650,108</b>	<b>4,039,650,108</b>



Director



Director



Chief Executive Officer (C.C)

## Statement of Cash Flows For the year ended 31st December, 2014

Particulars	31.12.2014 Taka	31.12.2013 Taka
<b>Cash flows from operating activities</b>		
Investment income receipt in Cash	1,156,961,878	1,301,442,798
Profit paid on deposits and borrowing	(355,615,689)	(395,330,275)
Fees & Commission received in cash	337,434,938	246,424,478
Cash payments to employees	(43,200,052)	(35,101,177)
Cash payments to suppliers	(1,159,271)	(903,344)
Received from other operating activities (item-wise)	20,554,732	12,901,590
Paid for other operating activities (item-wise)	(76,437,958)	(60,913,580)
Advance income tax paid	(312,853,710)	(301,044,788)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>725,684,870</b>	<b>767,475,702</b>
<b>Changing in Operating assets &amp; liabilities</b>		
Increase/Decrease Investment	(630,307,555)	(1,482,862,693)
Increase/Decrease of Accounts receivable	(74,261,284)	2,269,574
Increase/Decrease of Borrowing	(170,000,000)	780,000,000
Increase/Decrease of Accounts payable	1,060,920,986	580,473,185
Increase/Decrease of other assets (item-wise)	533,252	1,456,718
Increase/Decrease of other liabilities (item-wise)	-	-
<b>Cash receipt from operating activities</b>	<b>186,885,399</b>	<b>(118,663,216)</b>
<b>A. Net Cash from operating activities</b>	<b>912,570,269</b>	<b>648,812,486</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(253,720)	(1,554,847)
<b>B. Net cash flows from investing activities</b>	<b>(253,720)</b>	<b>(1,554,847)</b>
<b>Cash flows from financing activities</b>		
Increase in Share Capital	-	-
Interim Dividend Paid	(600,000,000)	(560,000,000)
<b>C. Net cash flows from financing activities</b>	<b>(600,000,000)</b>	<b>(560,000,000)</b>
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>	<b>312,316,549</b>	<b>87,257,639</b>
<b>E. Effects of exchange rate changes on cash and cash-equivalents</b>	-	-
<b>F. Net increase in cash and cash equivalent D+E</b>	<b>312,316,549</b>	<b>87,257,639</b>
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>378,776,448</b>	<b>291,518,809</b>
<b>H. Cash &amp; Cash Equivalents at the end of the year</b>	<b>691,092,996</b>	<b>378,776,448</b>

  
Director

  
Director

  
Chief Executive Officer (C.C)



# Notes to the Financial Statements

## As at and for the Year ended 31st December, 2014

### 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 is to act as a member of Dhaka Stock Exchange and Chittagong Stock Exchange to carry on the business of broker, or dealers in stocks, shares and secure commercial papers, bonds, debentures stock, foreign currencies, treasury bills and/or any instruments. The company has eight branches in Bangladesh.

### 2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS:

#### a) Statement of Compliance:

The financial statements of AIBL Capital Market Services Limited have been prepared in accordance with the DFIM circular No. 11 dated 23 December 2009 and requirement of the Financial Institution Act 1993, the Companies Act 1994, the Security and Exchange Commission (Amendment) Act 2012, the listing rules of Dhaka Stock and Chittagong Stock Exchange, guideline from BB, Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), 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" convention, 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 Standards 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 Standards (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.
- vi. Comparative Figures.

### 3. PRINCIPAL ACCOUNTING POLICIES:

#### a) Statement of Cash Flows:

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 accounted under as follows:

##### I) Investment in listed securities:

Investment in listed security is carried at the lower of cost or market value in accordance with BAS-39; accordingly for investment, adequate provision is being made at the end of each calendar year considering each individual investment (where cost is less than market price). Unrealized gain or loss is not recognized in the Statement of Comprehensive Income.

##### II) Margin Investment:

AIBL Capital Market Service Limited extended margin loan to the portfolio investors at an agreed ratio (between investor deposit and loan amount) of purchases securities against the respective investor

account. The investors are to maintain the margin as per set rules and regulation. The margin is monitored on daily 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 or otherwise the securities be sold to bring the margin to the required level but it was not possible to maintain under present capital market scenario.

**c) 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 respective parties. Income is recognized on monthly 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 losses are not accounted for in the Statement of Comprehensive Income.

**d) 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.

**e) 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.

**f) Provision of TAX:**

Provision for income tax has been calculated on the total business income though 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.

**g) 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.

**h) 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 Hardware	20%
Motor Car	20%
Furniture Fixture - Steel	10%
Office Equipment	20%
Furniture Fixture - Wood	10%
Computer	20%
Online Software	20%

**i) 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.

**j) Provident Fund Scheme:**

On our scrutiny, it is revealed that the company has introduced Provident Fund Scheme in which the company itself and the employees contributed to the fund equally. The existing balance of the fund is amounting Tk.11,190,737.69 including bank interest of Tk. 460,418.30. No separate Trustee Body in respect of the management of this fund is yet formed. Out of the total fund, Tk. 9,000,000 has been kept in separate MTDR (A/c No. 1620003162) Account with AL-Aarafah Islami Bank Limited.

**k) Comparative figures of financial statements:**

The comparative figures of statements of financial position as at 31st December, 2014 have been compared with the audited financial statements of 31st December, 2013.

		<b>31.12.2014 Taka</b>	<b>31.12.2013 Taka</b>
<b>4.00</b>	<b>Fixed Assets: Tk. 18,957,350</b>		
<b>a)</b>	<b>Property, Plant &amp; Equipment</b>		
	Interior Decoration	6,949,755	7,977,041
	Computer accessories	337,911	578,586
	Online Hardware	1,031,721	1,611,968
	Motor Car	3,873,072	7,100,632
	Furniture fixture steel	100,845	117,078
	Machine equipment	3,340,319	5,010,203
	Computer	1,053,231	1,854,250
	Furniture fixture wood	1,759,465	2,035,710
		<b>18,446,319</b>	<b>26,285,468</b>
<b>b)</b>	<b>Integiabale assets</b>		
	Online Software	511,030	649,741
		511,030	649,741
	<b>Total (a+b)</b>	<b>18,957,350</b>	<b>26,935,209</b>
	Details have been shown in Annexure-"A"		
<b>5.00</b>	<b>Accounts Receivable: Tk. 77,550,837</b>		
	Receivable from DSE	77,550,837	1,602,703
	Receivable from CSE	-	-
	Dividend Receivable	-	1,686,850
		<b>77,550,837</b>	<b>3,289,553</b>
<b>6.00</b>	<b>Investments: Tk. 9,238,630,495</b>		
	Margin Investment	9,041,152,286	8,342,736,123
	Investment to Dealer A/C Note-6.01	187,478,209	255,586,817
	Investment In AIBL Capital Management Ltd.	10,000,000	10,000,000
		<b>9,238,630,495</b>	<b>8,608,322,940</b>
<b>6.01</b>	<b>Proffolio of investment to dealar A/C (As on 31 December, 2014)</b>		
	<b>Instrument</b>	<b>No. of Share</b>	<b>Cost Price</b>
			<b>Market Price</b>
	ACIFormula	101,100	15,597,880
	Bsrsteel	131,800	8,719,716
	Fareastlif	220,915	29,215,193
	Hedilbargcem	43,600	23,833,614
	ICB	24,600	39,331,537
	ICBbank	84,500	515,670
	Islamiins	93,508	3,454,973
	MJLBD	72,800	10,109,405
	DESCO	49	2,649
	Prime Islami Life	2	174
	GPH Ispat	547,154	31,286,654
	BD Com	158,575	4,445,778
	SPPCL	131,780	8,558,669
	BSC	16,360	9,952,548
	Balance		2,453,749
	<b>Total</b>		<b>187,478,209</b>
			<b>148,193,903</b>

	<b>31.12.2014 Taka</b>	<b>31.12.2013 Taka</b>
<b>7.00 Investment in Share (DSE &amp; CSE):Tk. 700,000,000</b>		
Investment in Share (DSE)	525,000,000	525,000,000
Investment in Share (CSE)	175,000,000	175,000,000
	<b>700,000,000</b>	<b>700,000,000</b>
<p>Investment in Shares of Dhaka &amp; Chittagong Stock Exchange Limited as shown above is based on acquisition cost from the parent company Al-Arafah Islami Bank Limited, face vale of which was Tk. 2,000 (Two thousand) and Tk. 300,000 (Three lac) per share respectively. After Demutualization, DSE allotted 7,215,106 number of ordinary shares (of which 4,329,064 shares blocked with DSE Demutualization Blocked Account) and CSE also allotted 4,287,330 number of ordinary shares (of which 2,572,398 shares are blocked with CSE) at face value of Tk. 10/-each.</p>		
<b>8.00 Advance, Deposit &amp; Prepayments: Tk. 4,430,504</b>		
Advance against for Office Space at Nikunja, Dhaka.	100,000	100,000
Advance against for Office Space at Gulsan, Dhaka.	2,411,000	3,575,000
Advance against for Office Space at Amborkhana Sylhet	914,400	1,112,850
Advance Against Petty Cash	1,005,104	175,906
	<b>4,430,504</b>	<b>4,963,756</b>
<b>9.00 Advance Income Tax: Tk. 986,354,582</b>		
Tax deducted at source DSE	39,743,614	29,503,386
Tax deducted at source CSE	2,393,389	1,544,247
TDS against Dividend	1,193,319	531,738
Tax deducted at source Bank	2,012,375	545,037
Tax paid 2014 through challan & Source	101,250,000	-
Tax paid 2013 through challan & Source	289,791,671	91,406,250
Tax paid 2012 through challan & Source	299,436,990	299,436,990
Tax paid 2011 through challan	230,386,748	230,386,748
Tax paid 2010 through chalan	20,146,476	20,146,476
	<b>986,354,582</b>	<b>673,500,872</b>
<b>10.00 Cash and Bank Balance: Tk. 691,092,996</b>		
Al-Arafah Islami Bank Limited Note-10.01	691,087,996	378,771,448
Shajalal Islami Bank Limited	5,000	5,000
	<b>691,092,996</b>	<b>378,776,448</b>
<b>10.01 Balance at Bank: Tk. 691,087,996</b>		
Al-Arafah Islami Bank Limited, Motijheel Br. Dhaka (2693)	14,405	13,520
Al-Arafah Islami Bank Limited, Motijheel Br. Dhaka (2927)	663,571,543	344,951,194
Al-Arafah Islami Bank Limited, Motijheel Br. Dhaka (2936)	13,880,986	22,541,237
Al-Arafah Islami Bank Limited, Motijheel Br. Dhaka (3215)	5,192,524	11,199,823
Al-Arafah Islami Bank Limited, Khulna Branch	100,000	-
AIBL Capital Market Services Ltd. Dividend A/C ( )	78,439	55,674
Al-Arafah Islami Bank Limited, Dhanmondi Br. Dhaka	-	-
Al-Arafah Islami Bank Limited, Barisal Br. Dhaka	118,000	10,000
Al-Arafah Islami Bank Limited, Gulshan Br. Dhaka	-	-
Al-Arafah Islami Bank Limited, Khatungonj Br. Dhaka	52,000	-
AIBL Capital Market Services Ltd. Public Issue Application A/C	7,348,100	-
Al-Arafah Islami Bank Limited, Uttara Br. Dhaka	732,000	-
	<b>691,087,996</b>	<b>378,771,448</b>

**11.00 Share Capital:****11.01 Authorised Capital: Tk. 10,000,000,000**

The authorised Capital of the Company is 100,00,00,000 Ordinary Share of TK. 10 each.

**31.12.2014  
Taka**

10,000,000,000

**31.12.2013  
Taka**

10,000,000,000

**11.02 Issued, Subscribed and fully Paid-up Capital: Tk. 4,000,000,000**

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****11.03 Share Holding Position: As at 31 December, 2014**

Name of the Share Holder	% of Share holdings	No. of Shares	Amount (In Taka)
Al-Arafah Islami Bank Limited	60.50%	242,000,000	2,420,000,000
Badiur Rahman	0.88%	3,500,000	35,000,000
KYCR Coils Industries Ltd.	0.50%	2,000,000	20,000,000
Alhaj Abdul Malek Mollah	0.50%	2,000,000	20,000,000
AIBL Capital Management Limited	0.50%	2,000,000	20,000,000
Al- haj Md. Harun-ar-Rashid Khan	0.63%	2,500,000	25,000,000
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 Abdus Salam	1.50%	6,000,000	60,000,000
Niaz Ahmed	0.75%	3,000,000	30,000,000
Badshah Meah	1.75%	7,000,000	70,000,000
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	1.50%	6,000,000	60,000,000
Md. Liakat Ali Chowdhury	0.25%	1,000,000	10,000,000
Mohammed Haroon	2.00%	8,000,000	80,000,000
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



		<b>31.12.2014</b> <b>Taka</b>	<b>31.12.2013</b> <b>Taka</b>
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
Norrish 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
Sahana Ferdous	0.25%	1,000,000	10,000,000
Islamic Commercial Insurance Co. Ltd.	1.25%	5,000,000	50,000,000
Faisal Ahmed	0.50%	2,000,000	20,000,000
Mohammed Oliur Rahman	0.75%	3,000,000	30,000,000
Md.Nurul Hoque	0.25%	1,000,000	10,000,000
Kh Sakib Ahmed	0.50%	2,000,000	20,000,000
Mrs. Shamsun Nahar Begum	0.25%	1,000,000	10,000,000
Md. Rafiqul Islam	0.25%	1,000,000	10,000,000
P & I International Limited	1.00%	4,000,000	40,000,000
Mohammad Fazlur Rahman	0.25%	1,000,000	10,000,000
<b>TOTAL</b>	<b>100%</b>	<b>400,000,000</b>	<b>4,000,000,000</b>

**12.00 Borrowing from Bank & Other: Tk. 3,560,000,000 Amount (In Taka)**

Borrowing from Al-Arafah Islami Bank Limited	2,000,000,000	2,000,000,000
Borrowing from AIBL Capital Management Limited	1,560,000,000	1,730,000,000
	<b>3,560,000,000</b>	<b>3,730,000,000</b>

**13.00 Accounts Payable :Tk. 2,616,775,772**

Al - Arafah Islami Bank Limited	698,575,014	766,972,906
Profit Payable for borrowings	857,914,020	503,991,331
VAT, Salary Tax & AIT Payable	156,358	94,039
Payable to CSE	1,671,978	5,276,556
Payable to clients	654,916,442	251,975,304
Dividend Tax Payable	29,100,000	27,440,000
Bonus & Incentive	91,310	-
Dividend Payable	366,000,000	-
Audit fees Payable	50,000	50,000
Security Money	54,650	54,650
IPO Application Process Account	8,246,000	-
	<b>2,616,775,772</b>	<b>1,555,854,786</b>

**14.00 Provision for Investment: Tk. 271,966,459**

Openig Balance	171,966,459	70,459,806
Add : Provision for Investment	100,000,000	101,506,653
Closing Balance	<b>271,966,459</b>	<b>171,966,459</b>

**15.00 Provision for taxation :Tk. 1,228,624,425**

Openig Balance	916,419,736	520,579,493
Add Income tax provision during the year	312,204,689	395,840,243
Closing Balance	<b>1,228,624,425</b>	<b>916,419,736</b>

	<b>31.12.2014 Taka</b>	<b>31.12.2013 Taka</b>
<b>16.00 Investment Income : Tk. 1,156,961,878 Amount (In Taka)</b>		
Margin Profit income	1,142,512,333	1,290,320,373
Profit on MSND	14,449,545	11,122,425
	<b>1,156,961,878</b>	<b>1,301,442,798</b>
<b>17.00 Profit paid on Borrowing : Tk. 355,615,689</b>		
Borrowing from Al-Arafah Islami Bank limited	237,222,223	241,613,334
Borrowing from Shajalal Islami Bank Limited	(2,994,450)	110,716,667
Borrowing from AIBLCML	121,387,916	43,000,274
	<b>355,615,689</b>	<b>395,330,275</b>
<b>18.00 Brokerage commission Tk. 337,434,938</b>		
DSE	318,450,773	234,910,584
CSE	18,984,165	11,513,894
	<b>337,434,938</b>	<b>246,424,478</b>
<b>19.00 Documentation &amp; Maintenance Fess : Tk. 4,599,000</b>		
BO Documentation fees	930,500	185,000
BO Maintenance fees	3,367,500	3,005,500
Margin documentation fees	301,000	280,800
	<b>4,599,000</b>	<b>3,471,300</b>
<b>20.00 Other Operating Income: Tk. 15,955,732</b>		
CDBL Income	1,172,505	1,322,945
Cheque dishonour Charge	191,000	213,000
Dividend income	5,029,297	3,171,566
IPO Process Income	3,535	
BO Close Charge	314,964	
Realized Capital gain	9,222,675	4,690,237
Others	21,756	32,542
	<b>15,955,732</b>	<b>9,430,290</b>
<b>21.00 Hawla, Laga &amp; CDBL Charges : Tk. 38,796,879</b>		
Hawla charge	2,620,989	2,336,706
Laga charge	16,837,281	12,340,189
CDBL Charges	19,338,609	13,016,587
	<b>38,796,879</b>	<b>27,693,482</b>
<b>22.00 Salary Allowances &amp; Contribution to P.F: Tk. 43,200,052</b>		
Salary allowances& Contribution to P.F	40,789,544	32,944,411
Wages	2,042,350	1,791,881
Security Services	368,158	364,885
	<b>43,200,052</b>	<b>35,101,177</b>
<b>23.00 Rents, Taxes, Insurance, Lighting etc.: Tk. 13,061,282</b>		
Rent	10,236,518	12,089,592
Insurance	115,796	-
Lighting	2,708,968	2,771,300
	<b>13,061,282</b>	<b>14,860,892</b>

	<b>31.12.2014</b> <b>Taka</b>	<b>31.12.2013</b> <b>Taka</b>
<b>24.00 Honorarium &amp; Meeting Expense: Tk. 2,640,000</b>		
Meeting & Honorarium	2,640,000	2,039,000
	<b>2,640,000</b>	<b>2,039,000</b>
<b>25.00 Postage, Telegram, Telephone &amp; Stamps etc: Tk. 485,552</b>		
Postage	324,488	322,177
Stamps	76,865	55,405
Photocopy	595	320
Croceries	83,604	1,500
	<b>485,552</b>	<b>379,402</b>
<b>26.00 Depreciation &amp; Repairs to Properties: Tk. 9,505,512</b>		
Depreciation	8,231,579	8,026,938
Repair & Maintenance	1,273,933	648,282
	<b>9,505,512</b>	<b>8,675,220</b>
<b>27.00 Other Expenses: Tk. 20,159,918</b>		
Profit waived for pronodona scheme	4,212,618	-
Computer Charge	244,820	223,910
Bank Charge	45,371	31,599
Petroleum Oil, Lubricant & WASA/ Gas.	574,965	675,919
Entertainment	1,968,168	1,547,431
Bonus & Incentive	8,077,451	8,700,477
Leave encashment	1,298,235	-
Travelling, Local conveyance & Saturday Allowance	244,846	126,837
Internet & Online Charge	2,159,073	2,449,142
Registration Expenses	1,100	-
Taining Expenses	52,083	3,000
Audit Fees	104,467	130,000
Utilities bill	245,751	96,754
Vat	13,920	99,867
Other Expenses Note-27.01	917,050	1,171,002
	<b>20,159,918</b>	<b>15,255,938</b>
<b>27.01 Break up of Other Expenses: Tk. 917,050</b>		
Subscription Renewal	215,001	151,551
Newspaper	35,251	48,529
LPA	-	550,000
Upkeep	27,602	29,295
Miscellaneous	50,688	40,362
Investors Protection	52,508	32,165
AR License	7,000	20,700
Closing Allowances	51,000	11,000
EID Garcia	18,000	14,900
Bank Guarantee	460,000	272,500
	<b>917,050</b>	<b>1,171,002</b>

**28.00 Provision for Current Tax: Tk.312,204,689**

	<b>31.12.2014</b> <b>Taka</b>	<b>31.12.2013</b> <b>Taka</b>
Operating profit Before tax	1,030,306,999	1,060,493,552
<b>Total Business Income</b>	<b>1,030,306,999</b>	<b>1,060,493,552</b>
Less: Capital Gain	9,222,675	4,690,237
Less: Dividend Income	5,029,297	3,171,566
Less: Brokerage Income	-	-
<b>Taxable Income</b>	<b>1,016,055,027</b>	<b>1,052,631,749</b>
<b>Income Tax @ 35 % on estimated Taxable Income</b>	<b>355,619,259</b>	<b>394,736,906</b>
Add: Capital Gain Tax @ 10%	922,268	469,024
Add : TDS Dividend @ 20%	1,005,859	634,313
Less: Deducted at DSE	39,743,614	-
Less: Deducted at CSE	2,393,389	-
Less: TDS against Dividend	1,193,319	-
Less: TDS Bank	2,012,375	-
	<b>312,204,689</b>	<b>395,840,243</b>

## Fixed Assets Schedule As on December 31, 2014

Annex-A

Particular	Cost			Rate	Description					
	Balance as at 1st Jan-2014	Addition during the year Taka	Disposal during the year Taka		Balance as at 31-December-14 Taka	Opening Balance Taka	Charge for the year Taka	Adjustment during the year Taka	Balance at 1st Jan-2014	Written Down Value as at 31-December-14 Taka
<b>Fixed assets</b>										
Interior Decoration	10,272,859	-	-	10%	10,272,859	2,295,818	1,027,286	-	3,323,104	6,949,755
Computer Accessories	1,203,374	-	-	20%	1,203,374	624,788	240,675	-	865,463	337,911
Online Hardware	2,901,234	-	-	20%	2,901,234	1,289,266	580,247	-	1,869,513	1,031,721
Motor Car	16,137,800	-	-	20%	16,137,800	9,037,168	3,227,560	-	12,264,728	3,873,072
Furniture Fixture - Steel	162,332	-	-	10%	162,332	45,254	16,233	-	61,487	100,845
Office Equipment	9,368,021	203,720	-	20%	9,571,741	4,357,818	1,873,604	-	6,231,422	3,340,319
Computer	4,005,095	-	-	20%	4,005,095	2,150,845	801,019	-	2,951,864	1,053,231
Furniture Fixture - Wood	2,762,447	-	-	10%	2,762,447	726,737	276,245	-	1,002,982	1,759,465
	46,813,162	-	-	0%	47,016,882	20,527,694	8,042,869	-	28,570,563	18,446,319
Intangible Assets										
Online Software	943,554	50,000	-	20%	993,554	293,813	188,711	-	482,524	511,030
<b>Total</b>	<b>47,756,716</b>	<b>203,720</b>	<b>-</b>		<b>47,960,436</b>	<b>20,821,507</b>	<b>8,231,579</b>	<b>-</b>	<b>29,053,086</b>	<b>18,957,350</b>





The background of the entire page is a blue-toned digital landscape. It features a glowing world map with a grid of latitude and longitude lines. Overlaid on the map are numerous streams of white binary code (0s and 1s) and various alphanumeric strings, some resembling phone numbers or IDs. In the lower foreground, a hand is shown holding a pen, positioned as if about to write on a laptop keyboard. The overall aesthetic is high-tech and global.

**Auditors' Report**  
**on the Financial Statements of**  
**AIBL Capital Management Limited**  
For the period ended December 31, 2014

## AUDITORS' REPORT

To the Shareholders of

### **AIBL Capital Management Limited**

#### **Introduction**

We have audited the accompanying financial statements of AIBL Capital Management Limited, which comprise of the Statement of Financial Position as at 31st December 2014, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash flow for the period then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Bangladesh Bank 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 (DSE) and Chittagong guide line from BB, Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), Company Act 1994 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **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 Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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 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 procedure that are appropriate in the circumstance, 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 prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view as at 31st December 2014 and of the results of its operations for the period then ended.

#### **We also report that:**

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof ;
- (b) in our opinion, proper books of account as required by law have been kept by the Trust Deed and Rules of the Fund so far as it appeared from our examination of these books ;
- (c) the Statement of Financial Position (Balance Sheet), Statement of comprehensive Income (Profit and Loss Account), Statement of changes in equity and Statement of Cash flows dealt with by the report are in agreement with the books of account ; and
- (d) The expenditure incurred was for the purposes of the business.

**Dhaka: 01 February, 2015**

  
**(S. H. KHAN & CO.)**  
Chartered Accountants



## Statement of Financial Position As at 31st December 2014

Particulars	Notes	31.12.2014 Taka	31.12.2013 Taka
<b>ASSETS:</b>			
<b>Non - Current Assets</b>			
Property, Plant & Equipment	4.00	555,978	296,048
Current Assets:			
Cash and Cash Equivalent	5.00	25,953,444	10,312,557
Account Recivable	6.00	169,943,609	59,487,207
Investment	7.00	2,172,625,171	2,428,834,848
Advance Income Tax	8.00	5,202,308	5,202,308
Balance with AIBL CMSL		-	-
Preliminary Expenses		-	-
<b>Total Assets</b>		<b>2,374,280,510</b>	<b>2,504,132,968</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>Capital and Reserve</b>			
Paid Up Capital	9.02	500,000,000	500,000,000
Retained Earning		(39,109,003)	7,612,741
<b>Total Equity</b>		<b>460,890,997</b>	<b>507,612,741</b>
<b>Current Liabilities</b>			
Borrowing form Bank (AIBL)		1,616,685,911	1,935,000,000
Quard against MTDR (AIBL)		-	-
Accounts Payable	10.00	266,980,320	46,443,836
Provision for Investment		24,275,412	9,628,521
Provision for Taxation	19.00	5,447,870	5,447,870
<b>Total Liabilities</b>		<b>1,913,389,513</b>	<b>1,996,520,227</b>
<b>Total Equity and Liabilities</b>		<b>2,374,280,510</b>	<b>2,504,132,968</b>
<b>NAV</b>		<b>9.22</b>	<b>10.15</b>

The annexed notes from 1 to 20 form an integral part of these financial statements.

  
Director

  
Director

  
CEO

Signed as per annexed report on event date

Dhaka, 01, February 2015

  
**(S. H. KHAN & CO.)**  
Chartered Accountants

## Statement of Comprehensive Income For the period ended 31 December, 2014

Particulars	Notes	31.12.2014 Taka	31.12.2013 Taka
Investment Income	11.00	167,669,413	62,561,393
Profit paid on Borrowings	12.00	(218,676,485)	(46,198,885)
<b>Net Investment Income/(Loss)</b>		<b>(51,007,071)</b>	<b>16,362,508</b>
<b>Other Operating Income</b>	13.00	36,346,404	9,521,466
		36,346,404	9,521,466
<b>Total operating Income (A)</b>		<b>(14,660,667)</b>	<b>25,883,974</b>
Salary allowances & Contribution to P.F	14.00	14,855,135	9,600,645
Honorarium & Meeting Expense		222,000	204,000
Rents, Taxes, Insurance, Lighting etc.		1,035,638	881,133
Postage, Telegram, Telephone & Stamps etc	15.00	143,350	107,800
Legal Expenses		-	74,175
Audit fees		21,500	10,000
Stationery, Printing, Advertisement etc.	16.00	184,282	481,870
Depreciation, Amortization & Repairs to Properties		61,775	-
<b>Amortization to Preliminary Expenses</b>	17.00	-	1,146,680
Other Expenses	18.00	890,505	1,340,527
<b>Total operating expenses (B)</b>		<b>17,414,185</b>	<b>13,846,830</b>
<b>Profit/(loss) before provision and Tax C = (A - B)</b>		<b>(32,074,853)</b>	<b>12,037,144</b>
Provision for Taxation	19.00	-	2,352,537
Provision for Investment	20.00	14,646,891	9,628,521
<b>Net Profit/(Loss) after Tax &amp; Provision</b>		<b>(46,721,744)</b>	<b>56,086</b>
Retained Earning Brought forward		7,612,741	7,556,655
<b>Retained earning Carried forward</b>		<b>(39,109,003)</b>	<b>7,612,741</b>
<b>Earning per Share (EPS)</b>		<b>(0.9344)</b>	<b>0.0011</b>

The annexed notes from 1 to 20 form an integral part of these financial statements.

  
Director

  
Director

  
CEO

Signed as per annexed report on event date

Dhaka, 01, February 2015

  
**(S. H. KHAN & CO.)**  
Chartered Accountants

## Statement of Changes in Equity For the period ended 31 December, 2014

Particulars	Share Capital	Retained Earning	Total
Balance as at 31st December, 2013	500,000,000	7,612,741	507,612,741
Net Profit for the period	-	(46,721,744)	(46,721,744)
<b>Balance as at 31 December , 2014</b>	<b>500,000,000</b>	<b>(39,109,003)</b>	<b>460,890,997</b>

The annexed notes from 1 to 20 form an integral part of these financial statements.

  
Director

  
Director

  
CEO

Signed as per annexed report on event date

Dhaka, 01, February 2015

  
**(S. H. KHAN & CO.)**  
Chartered Accountants



## Statement of Cash flows For the period ended 31 December, 2014

	31.12.2014 Taka	31.12.2013 Taka
<b>Cash flows from operating activities</b>		
Investment income receipt in Cash	167,669,413	62,561,393
Profit paid on deposits and borrowing	(218,676,485)	(46,198,885)
Dividend Received	-	-
Fees & Commission received in cash	-	-
Cash payments to employees	(14,855,135)	(9,600,645)
Cash payments to suppliers	-	(481,870)
Received from other operating activities (item-wise)	36,346,404	9,521,466
Paid for other operating activities (item-wise)	(2,497,275)	(3,670,646)
Paid for Preliminary Expenses	-	-
Advance income tax paid	-	(4,045,367)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>(32,013,077)</b>	<b>7,991,776</b>
<b>Changing in Operating assets &amp; liabilities</b>		
Increase/Decrease Investment	256,209,677	(2,327,176,423)
Increase/Decrease of Accounts receivable	(110,456,402)	(56,862,519)
Increase/Decrease of Borrowing	(318,314,089)	1,935,000,000
Increase/Decrease of Accounts payable	220,536,483	46,412,201
<b>Cash receipt from operating activities</b>	<b>47,975,670</b>	<b>(402,720,410)</b>
<b>A. Net Cash from operating activities</b>	<b>15,962,592</b>	<b>(934,728,634)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(321,705)	(296,048)
<b>B. Net cash flows from investing activities</b>	<b>(321,705)</b>	<b>(296,048)</b>
<b>Cash flows from financing activities</b>		
Increase in Share Capital	-	-
<b>C. Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>	<b>15,640,887</b>	<b>(395,024,682)</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>15,640,887</b>	<b>(395,024,682)</b>
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>10,312,557</b>	<b>405,337,239</b>
<b>H. Cash &amp; Cash Equivalents at the end of the year</b>	<b>25,953,444</b>	<b>10,312,557</b>

The annexed notes from 1 to 20 form an integral part of these financial statements.

  
Director

  
Director

  
CEO

Signed as per annexed report on event date

Dhaka, 01, February 2015

  
**(S. H. KHAN & CO.)**  
Chartered Accountants

# Notes to the financial statements For the period ended 31 DEC, 2014

## 1. Significant Accounting Policies and other materials information

### a) Legal Form of the Enterprise:

The Company has been incorporated under the Companies Act (Act XVIII) of 1994 as a private limited company namely AIBL Capital Management Limited on 25th October 2011. The Company was issued Certificate of Commencement of Business on 25th October 2011. 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:

AIBL Capital Management Ltd. is a full-fledged merchant bank licensed by Bangladesh Securities & Exchange Commission (BSEC). The main objective of the company is to carry out the activities of a full-fledged merchant banker such as Issue Management, Portfolio Management, Underwriting and Corporate Advisory services etc. as per Securities Exchange Commission (Merchant Banker and Portfolio Manager) Regulation, 1996.

## 2. Basis for preparation of financial statements:

### a) Statement of Compliance :

The financial statements of AIBL Capital Management Limited have been prepared in accordance with the DFIM Circular no 11 dated 23 December 2009 and requirement of the Companies Act 1994 the Security Exchange Rules 1987, guidelines from BB, Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations of Bangladesh Securities & Exchange Commission.

### 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) Revenue Recognition:

Income is recognized on accrual basis, such income is calculated considering daily margin loan balance of the respective parties. Income is recognized on quarterly rest

### c) 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.

### d) 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.

### e) 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.

### f) 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.

## Property, Plant & Equipment as on 31 December, 2014

Note-4: Property, Plant & Equipment

Particular	Cost				Rate	Depreciation				Written Down Value as at 31 DEC 2014 Taka	
	Opening Balance 01-01-2014 Taka	Addition during the year Taka	Disposal during the year Taka	Balance as at 31 DEC 2014 Taka		Opening Balance 01-01-2014 Taka	Charge for the year Taka	Adjustment during the year Taka	Balance as at 31 DEC 2014 Taka		
<b>Fixed assets</b>											
Office Equipment	38,000	74,205	-	112,205	10%	11,221	-	11,221	100,985		
Computer	258,048	-	-	258,048	10%	25,805	-	25,805	232,243		
MB Operationg Software	-	247,500		247,500	10%	24,750		24,750	222,750		
<b>Total</b>	<b>296,048</b>	<b>321,705</b>	<b>-</b>	<b>617,753</b>		<b>61,775</b>	<b>-</b>	<b>61,775</b>	<b>555,978</b>		

	<b>31.12.2014 Taka</b>	<b>31.12.2013 Taka</b>
<b>5.00 Cash &amp; Cash Equivalent</b>		
AL - Arafah Islami Bank Ltd. - 3350	8,008,642	2,545,714
AL - Arafah Islami Bank Ltd. - 4796	17,944,802	7,766,843
	<b>25,953,444</b>	<b>10,312,557</b>
<b>6.00 Accounts Receivable</b>		
Profit on Bai-Muazzel with AIBL CMSL	164,388,191	43,000,274
Receivable from Panel Broker	305,415	5,460,700
Profit from FDR with AIBL	-	8,598,333
Advance withdrawal for registration fees	-	302,000
Divident Receivable	5,250,004	2,125,900
	<b>169,943,609</b>	<b>59,487,207</b>
<b>7.00 Investment</b>		
Margin Investment	12,181,266	6,399,635
Investment in Shares & Securities	563,817,019	320,474,991
Investment in Placement Share	14,988,000	14,988,000
Investment in AIBL CMSL	20,000,000	20,000,000
Investment for Quard Car	1,638,886	1,972,222
Investment in AIBL CMSL (Bi-Muazzel)	1,560,000,000	1,730,000,000
FDR with AIBL	-	335,000,000
	<b>2,172,625,171</b>	<b>2,428,834,848</b>
<b>8.00 Advance Tax</b>		
Advance Tax 2012	1,156,941	1,156,941
Tax Paid 2013 through challan	4,045,367	1,938,392
Tax on Dividend Income	-	488,843
Tax deducted by Bank	-	1,618,132
	<b>5,202,308</b>	<b>5,202,308</b>
<b>9.00 Share Capital</b>		
<b>9.01 Authorised Capital</b>		
The authorised Capital of the Company is 20,00,00,000 Ordinary Share of TK. 10 each.	2,000,000,000	2,000,000,000
<b>9.02 Issued, Subscribed and fully Paid-up Capital</b>		
Issued, Subscribed and fully Paid-up Capital is 5,00,00,000 share of TK. 10 each.	500,000,000	500,000,000
	<b>500,000,000</b>	<b>500,000,000</b>
<b>Share Holding Position :</b>		
<b>Name of the Share Holder</b>		
Al-Arafah Islami Bank Limited 98.00%	490,000,000	490,000,000
AIBL Capital Market sevicees Limited 2.00%	10,000,000	10,000,000
<b>TOTAL 100.00%</b>	<b>500,000,000</b>	<b>500,000,000</b>

	<b>31.12.2014 Taka</b>	<b>31.12.2013 Taka</b>
<b>10.00 Accounts Payable</b>		
Vat Payable	30,704	18,000
Payable to Client	2,015,152	194,396
Profit payable on Borrowings	264,875,370	46,198,885
Printing & Stationary	-	1,955
TDS for Salary	25,350	20,600
Audit fees	-	10,000
CDS Bill for the month of Dec'2014	14,784	-
AH Traders (for Stationary)	18,960	-
	<b>266,980,320</b>	<b>46,443,836</b>
<b>11.00 Investment Income</b>		
Profit from Cash at Bank	3,903,312	6,635,893
Less: Tax Deducted at source	(390,332)	-
Margin Profit Income	1,425,650	191,069
Service Charge Income	390,608	240,274
Profit Bai-Muazzel with AIBL CMSL	121,387,917	43,000,274
Profit from FDR with AIBL	40,952,259	12,493,882
	<b>167,669,413</b>	<b>62,561,393</b>
<b>12.00 Profit paid on Bai-Muazzel with AIBL</b>	<b>218,676,485</b>	<b>46,198,885</b>
	<b>218,676,485</b>	<b>46,198,885</b>
<b>13.00 Other Operating Income</b>		
Capital Gain	26,504,494	4,951,354
Dividend Income	9,722,477	4,570,113
IPO income	32.50	-
Income from dishonour cheque charge	1,000.00	-
Issue Manager Commission	100,000	-
BO Documentation	15,500	-
BO Maintenance, Renewal Fee	2,900	-
	<b>36,346,404</b>	<b>9,521,466</b>
<b>14.00 Salary Allowances &amp; Contribution to P.F. &amp; B.F.</b>		
Salary and Allowance	12,780,730	7,804,927
Leave Encashment for the year 2014	238,395	-
Incentive & Festival Bonus	1,836,010	1,795,718
	<b>14,855,135</b>	<b>9,600,645</b>
<b>15.00 Postage, Telegram, Telephone, Mobile &amp; Stamps etc.</b>		
Mobile Bill	143,350	63,300
Telephone	-	5,000
Stamp	-	39,500
	<b>143,350</b>	<b>107,800</b>
<b>16.00 Stationary, Printing, Advertisement etc.</b>		
Visiting Card & Others	-	343,995
Advertisement Exp.	90,695	19,390
Printing & Stationary	93,587	118,485
	<b>184,282</b>	<b>481,870</b>

	31.12.2014 Taka	31.12.2013 Taka
<b>17.00 Amortization to Preliminary Expenses</b>		
Registration Fees	-	802,125
Legal Expenses	-	-
Fees paid to SEC for capital raising	-	140,000
TIN Certificate Expenses	-	1,000
Inuaguration Exp.	-	190,000
Trade licence Renewal Fees	-	13,555
	<b>-</b>	<b>1,146,680</b>
<b>18.00 Other Expenses</b>		
Registration Fees	-	545,300
BMBA Membership & Annual fees Fees	150,000	300,000
Subscription, Renewal Fees	16,110	-
Entertainment	-	128,280
Saturday Allowance	37,784	15,000
Training Exp.	12,500	17,476
Travelling Allowance	24,160	21,555
Bank Charges & Fees	86,890	5,624
Excise duty	-	15,000
Petty Cash Exp.	83,298	45,606
Vat Exp.	33,000	-
Newspaper, Journal & Periodicals	8,245	-
Internate Charge	223,200	165,974
CDBL Charge	145,144	54,377
Computer Accessories	59,174	22,335
Closing Allowance	11,000	4,000
	<b>890,505</b>	<b>1,340,527</b>
<b>19.00 Provision for Tax</b>		
Opening Balance	5,447,870	3,095,333
Add: Income tax povision during the year	-	2,352,537
<b>Closing Balance</b>	<b>5,447,870</b>	<b>5,447,870</b>
<b>19.01 Provision for Current Tax :</b>		
Operationing income	(32,074,853)	12,037,144
Less: Gain on Sale of Securities	26,504,494	4,951,354
Less: Divident Income	9,722,477	4,570,113
<b>Total Business Income</b>	<b>4,152,118</b>	<b>2,515,677</b>
Income Tax of @ 37.50% on estimated Business Income	-	943,379
Add: Gain on Sale of Securities (10%)	-	495,135
Add: Divident Income (20%)	-	914,023
	<b>-</b>	<b>-</b>
	<b>-</b>	<b>2,352,537</b>
<b>20.00 Provision for Investment :</b>		
A) Provision due against un-realized loss as on 31-12-2013	48,142,603	48,142,603
B) Provision made on 31-12-2013	9,628,521	-
<b>Provision carried forward un-realized loss (A-B)</b>	<b>38,514,082</b>	<b>48,142,603</b>
Addition of loss during the year	34,720,373	-
Total provision during the year	73,234,455	48,142,603
<b>Provision made @ 20% during the year</b>	<b>14,646,891</b>	<b>9,628,521</b>



## Investment in Shares & Securities Stock at hand as on 31st December, 2014

Annexure- A

SL	Name of Company	No. of Shares	Amount (at cost)	Market Rate	Market Amount
1	BATASHOE*	12,200	15,313,226.10	1,172.10	14,299,620.00
2	BDCOM*	613,861	16,631,215.23	24.00	14,732,664.00
3	LINDEBD*	6,450	6,160,994.95	914.60	5,899,170.00
4	DESCO*	359,272	26,001,883.52	69.50	24,969,404.00
5	FAREASTLIF*	488,862	59,800,016.83	75.10	36,713,536.20
6	HEIDELBCEM*	10,700	5,962,893.55	499.40	5,343,580.00
7	ICB*	20,931	34,166,823.41	1,377.10	28,824,080.10
8	JAMUNAOIL*	243,912	56,947,418.62	205.90	50,221,480.80
9	PADMAOIL*	71,105	24,369,681.63	251.60	17,890,018.00
10	PRIMELIFE*	4,312	369,569.10	79.40	342,372.80
11	SUMITPOWER*	342,792	15,032,130.62	38.30	13,128,933.60
12	ISLAMIINS*	63,825	1,830,827.00	21.50	1,372,237.50
13	GP*	33,000	12,484,791.80	361.90	11,942,700.00
14	UNITEDAIR*	2	27.74	8.90	17.80
15	ACTIVEFINE*	325,404	23,785,775.72	73.90	24,047,355.60
16	BEDL*	171,080	6,455,494.74	33.00	5,645,640.00
17	GPHISPAT*	149,280	8,092,062.04	45.90	6,851,952.00
18	GENNEXT*	631,250	13,024,908.00	15.20	9,595,000.00
19	SPPCL*	372,020	24,498,661.02	49.90	18,563,798.00
20	ORIONPHARM*	162,300	10,911,131.00	45.50	7,384,650.00
21	CENTRALPHL*	115,000	4,454,100.00	28.60	3,289,000.00
22	ACI	39,650	19,091,595.71	389.90	15,459,535.00
23	BSC	17,585	10,186,912.29	507.50	8,924,387.50
24	ICBAMCLIST	525,000	12,992,084.50	24.60	12,915,000.00
25	NLTUBES	67,540	9,903,395.73	115.80	7,821,132.00
26	POWERGRID	50,500	2,868,783.48	40.40	2,040,200.00
27	RENATA	55,000	55,514,296.50	984.00	54,120,000.00
28	RENEWICKJA	64,100	15,977,280.90	205.10	13,146,910.00
29	TALLUSPIN	198,800	7,583,277.60	15.20	3,021,760.00
30	USMANIAGL	43,010	6,021,715.95	117.00	5,032,170.00
31	ENVOYTEX	252,932	13,019,596.48	51.60	13,051,291.20
	<b>Grand Total</b>		<b>519,452,572</b>		<b>436,589,596</b>

# BRANCHES OF AIBL

## DHAKA DIVISION

### Banani Branch (AD)

16, Kamal Ataturk Avn, Banani, Dhaka  
9822250, Fax- 9822357

### Motijheel Corporate Branch (AD)

125, Motijheel C/A, Dhaka-1000  
9563884, 9570608, 01766-682398

### Dhanmondi Branch (AD)

H#54/1, R#4/A, Dhanmondi, Dhaka  
8610913, 01841-131231

### Dilkusha Branch (AD)

63, Dilkusha C/A, Dhaka-1000  
9559063, 01766677411

### Islampur Branch

29-31, Islampur Road, Dhaka  
57393800, 57393754

### Jatrabari Branch (AD)

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

### Joydebpur Chowrasta Branch

Joydebpur Chourasta, Gazipur  
9263958, 01819-261297

### Kapasia Branch

Kapasia Bazar, Kapasia, Gazipur  
068-2452393, 01671-973077

### Konapara Branch

958, Konapara Bazar, Demra, Dhaka  
01811-409592

### Motijheel Branch (AD)

161, Motijheel C/A, Dhaka-1000  
9569350 (D), 01730-019595

### Moulvibazar Branch (AD)

130, Chowk Mogoltuly, Moulvibazar, Dhaka  
7311989, 01819-211828

### Mirpur Branch

3/A, 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, 01819556379

### Mohammadpur Krishi Market Branch

32/8(Ka), T.M. Road, Mohammadpur, Dhaka  
9142732, 01937777077

### Madhabdi Branch

691-694 Madhabdi Bazar, Narshingdi  
9446005, 01711-613484

### Nawabpur Road Branch (AD)

85/87, Nawabpur Road, Dhaka  
7110708, 01760-100500

### North South Road Branch (AD)

96, Nazrul Islam Sarani, Bangshal, Dhaka  
9580875, 01819-411415

### New Elephant Road Branch (AD)

91, New Elephant Road, Dhaka  
9665323-4, 01841-975438

### Narayangonj Branch

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

### Pagla Branch

Afser Karim Bhabon, Pagla, Narayangonj  
7696133, 01819-253591

### Progati Sharani Branch

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

### Uttara Model Town Branch (AD)

H#13 R # 14/A, S-4, Uttara, Dhaka  
8962249, 01819-261382

### VIP Road Branch (AD)

50/1, Inner Cerculer Road, Dhaka  
9345871-2, 01811-409593

### Gulshan Branch (AD)

Hosna Center, 106 Gulshan Avenue, Dhaka  
9886271, 9863236, 01790346400

### Hazaribagh Branch

149, Hazaribagh bazar, Dhaka-1209  
9611758-9, 01819-255297

### Keranigonj Branch

Hridia Shopping Complex, Kadamtali, Keranigonj  
7763100, 7763099, 01811-487862

### Manda Branch

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

### Nandipara Branch

Nandipara Bazar, Dhaka.  
7811053

### Bhairab Branch

74, Kaporpotty, bhairab, Kishorgonj  
9471178, 01817-032726, Fax: 9470775

### 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  
01825-928909

## BRANCHES OF AIBL

### **Kamrangirchar Branch**

Hazi Kamal Super Market, Kamrangirchar, Dhaka  
961-4458, 01815-451189, Fax - 961-4459

### **Khilkhet Branch**

B-34/Ka, Khilkhet Super Market, Khilkhet, Dhaka  
895-4789, 895-4860, 01819157536

### **Mirpur-10 Golchattar Branch**

27 Dewan Mansion, Mirpur-10, Dhaka  
9006979, 9011766, 01811-448055

### **South Jatrabari Branch**

314/A South Jatrabari, Dhaka  
7545161, 7544840, 01752-016968

### **Abdullahpur SME Branch**

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

### **Bandar SME Branch**

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

### **Panchdona SME Branch**

Panchdona Chowrasta, Narshingdi  
029446452-3, 01979-556567

### **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  
8999042, 01972-582013

### **Natun Bazar Branch**

Natun Bazar, Baridhara, Dhaka  
01811-487861

### **Panthapath Branch**

F R Tower, 8C Sukrabad, Panthapath, Dhaka-1207  
9138682, 01833-330271

### **Kolatia SME Branch**

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

### **Shyamoli Branch**

13/1 Ring Road, Shyamoli, Dhaka  
9136517, 01711-386891

### **Bhelanagar Branch**

Jaikhanar mor, Bhelanagar, Narshingdi  
9452295, 9452296

### **Kathgora Bazar Branch**

Kathgora Bazar, Ashulia, Savar, Dhaka  
7792573, 01711-111292

### **Nayapur Branch**

Nayapur Bazar, Narayanganj  
01811-487863

### **Rampal Branch**

Shipahipara, Rampal, Munshigonj  
7611855, 7610066

### **Ruhitpur Branch**

Ruhitpur Bazar, Keranigonj, Dhaka  
7766882-3, 01920-997483

### **Sonargaon Janapath road Branch**

Plot#30, Sector#11, Sonargaon Janapath road,  
Uttara, Dhaka  
8991109,7914470

### **Barmi Branch**

Barmi Bazar, Sreepur, Gazipur  
018-47054694

### **Bhagyakul Branch**

A Rashid Tower, Balasur Chowrasta,  
Sreenagar, Munshigonj  
01817-072556

### **Fulbaria Branch**

Joynal Abedin Sarker Plaza, Fulbaria,  
Kaliakoir, Gazipur  
01847-054692, 01785-980027

### **Rampura Branch**

5/1, Paschim Chowdhury Para, Rampura, Dhaka  
9361356, 01712635225

### **Tangail Branch**

77-78, Victoria Road, Tangail  
092161435, 01819-556372

### **Faridpur Branch**

15/75, Mujib Sarak Niltuli, Faridpur  
0631-653650631-65366, 01864554466

### **Kawranbazar Branch**

Dhaka Trade Centre 99, Kazi Nazrul Islam Avenue,  
Kawran Bazar, Tejgaon, Dhaka-1215  
9135309, 9135345, 01766677618, 01937268577

### **Kazirhat Branch**

Mosjid Market, Kazirhat, Zanjira, Shariatpur  
01750024499, 01957272755.

## CHITTAGONG DIVISION

### **Agrabad Branch (AD)**

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

### **Hathazari Branch**

Hathazari Bazar, Chittagong  
031-2601679, 01811-408492

## BRANCHES OF AIBL

### **Jubilee Road Branch (AD)**

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

### **Khatungonj Branch (AD)**

146, Khatungonj, Chittagong  
031-622230, 01819-315481

### **O.R. Nizam Road Branch**

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

### **Patherhat Branch**

Patherhat, Rauzan, Chittagong.  
031-2572571-2, 01817-058797

### **Cox's Bazar Branch**

902, Sayket Tower, East Bazarghata, Cox's Bazar  
0341-51081-2, 01711-172683

### **Chowmuhani Branch**

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

### **Feni Branch**

33-34 S.S.K Road, Feni  
0331-63548-9, 01811-412291

### **Comilla Branch**

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

### **Companigonj Branch**

Companigonj Bazar, Muradnagar, Comilla  
08026-59076, 01712235569

### **Gallai Branch**

Gallai, Chandina, Comilla  
01715-219672

### **Brahmanbaria Branch**

Mosjid Road, Hazi Mansion  
Brahmanbaria Sadar  
0851-59330, 01827-563888

### **Akhaura SME Branch**

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

### **Bashurhat SME Branch**

34, Main Road, Bashurhat, Noakhali  
0322-356070, 01811-448041

### **Tantarbazar SME Branch**

Tantar Bazar, Akhaura, Brahmanbaria  
01743-244344

### **Station Road Branch, Ctg**

108, Station Road, Chittagong  
031-632812-3, 01811418211

### **Hajigonj Branch**

Hajigonj Tower, 762 Hajigonj, Chandpur  
0842-475145-6, 01834-838435

### **Kutibazar Branch**

Kutibazar, Kasba, B.Barua  
01730-970400

### **Halishahar Branch**

Plot#1, Block#A, H.S. Road, Foillatoli Bazar,  
Halishahar, Chittagong  
031-715662-3, 01833-149150

### **Rahimanagar Branch**

Rahimanagar Bazar, Kachua, Chandpur  
01811-487870

### **Teknaf Branch**

Teknaf, Cox's Bazar  
034-2675120, 034-2675121

### **Barura Branch**

Madina Market, Hospital Road, Barura, Comilla  
0802752305-6, 01847-054695

### **Muradpur Branch**

Islam Tower, 59, CDA Avenue, Muradpur,  
Panchlaish, Chittagong  
031-657966, 01965-881111

### **Nabinagar Branch**

Nabin Super Market, Sadar Road,  
Nabinagar, Brahmanbaria  
0852575504, 01766-678445

### **Padua Bazar Branch**

Seven Star Shopping Complex, Padua Bazar,  
Lohagara, Chittagong  
01833-175500

### **Gouripur Branch**

Maa Complex (1st Floor) Gouripur Bazar,  
Daudkandi, Comilla.  
01811418206, 01791575766

### **Kadamtoli Branch**

376, D. T. Road, Kadamtali, Chittagong.  
031-2522835, 031-2522861-2, 01847114430

### **Nangalkot Branch**

Nangalkot Bazar, Nangalkot, Comilla  
01712796757

### **Shiberhat Branch**

Idris Complex (1st Floor) Shiberhat, Sandwip,  
Chittagong.  
01847114428, 01796399377, 01718357947

## **SYLHET DIVISION**

### **Ambarkhana Branch**

4877, 4874 Ambarkhana, Sylhet  
0821-720352, 01711-312599

### **Beani Bazar Branch**

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

## BRANCHES OF AIBL

### 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, 01926-697968

## KHULNA DIVISION

### Khulna Branch (AD)

4, Sir Iqbal Road, Khulna  
041-721249, 01765-063340

### 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  
01717864517, 01934030660

### Mongla branch

19/A, Mongla Port I/A, Mongla, Bagerhat  
04662-75105-6, 01738-933588

### Gallamari Branch

219/1, Sher-E-Bangla Road, Gallamari, Khulna  
041-2832181, 01710-685025

### Kushtia Branch

147, N. S. Road, Harun Market (Infront of Sadar  
Thana), Kushtia.  
7172262, 01799368224, 01712962933

## BARISHAL DIVISION

### Barisal Branch

442, Hemayetuddin Road, Barisal  
0431-64476, 01727379119

### Jhalakathi Branch

68, Monohari Patti, Jhalakathi  
0498-62808, 01754-015565  
Fax : 0498-62807

### Bhola Branch

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

### Mathbaria Branch

407 Kapuria Patty, Mathbaria, Pirojpur  
04625-75374, 01751-108816, Fax - 04625-75373

### Bhandaria Branch

Kapurua Potty, Bhandaria, Pirojpur  
0462-356469, 01720-545589

### Alipur Branch

Alipur Bazar, Kalapara, Patuakhali  
044-2856234-5, 01755906755, 01670295801

## 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

### Shahjadpur Branch

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

### Pabna Branch

Plot#355, Sonapotti, Pabna  
0731-62047, 01765700080

## RANGPUR DIVISION

### Saidpur Branch (AD)

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

### Dinajpur Branch

333, Nimtala, Dinajpur  
0531-61865-7, 01763-233233

### Badargonj SME Branch

Upazila Road, Badargonj, Rangpur  
05222-56573-4, 01761-730189

### Rangpur Branch

15, Central Road, Payrachattar, Rangpur  
0521-55830, 01773-268000



Head Office : 36, Dilkusha C/A, Dhaka-1000

## PROXY FORM

I/We ..... of (address) .....  
..... being shareholder(s) of Al-Arafah Islami Bank Limited  
hereby appoint Mr./Mrs. ....  
of (address) .....  
as my PROXY, to attend and vote for me on my behalf at the 20<sup>th</sup> Annual General Meeting (AGM) of  
the Company to be held on Tuesday the 31<sup>st</sup> March 2015, at 10.00 a.m. at '**Al Arafah Islami Bank  
Bhaban, Head Office (Proposed), 63, Purana Palton, Dhaka**' and at any adjournment thereof.  
Signed this in my/our presence on.....day of .....2015

Revenue  
Stamp of  
Tk. 20/-

Signature of the Proxy

Signature of the Shareholder

Folio No. ....

BO A/C. No.

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No. of shares held . ....

Notes :

1. This form of proxy, duly completed with a revenue stamp of Tk. 20/- only, must be deposited at least 48 hours before the meeting at the Company's Share Department, Rahman Mansion (1<sup>st</sup> floor), 161, Motijheel C/A, Dhaka-1000, proxy will be invalid if not signed and stamped as shown above.
2. Signature of the Shareholder should agree with the specimen signature registered with the Company.



Head Office : 36, Dilkusha C/A, Dhaka-1000

## ATTENDANCE SLIP

I do hereby record my attendance of the 20<sup>th</sup> Annual General Meeting (AGM) of the Company to be held on Tuesday the 31<sup>st</sup> March 2015, at 10.00 a.m. at '**Al Arafah Islami Bank Bhaban, Head Office (Proposed), 63, Purana Palton, Dhaka**'

Name of the Shareholder/Proxy .....

Folio No. .... BO A/C. No.

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No. of shares held . ....

Signature of the Shareholder/ proxy

Dated : .....

Note : Shareholders attending the meeting in person or by proxy are requested to deposit the attendance slip duly filled in at the entrance of the meeting Hall. Seats in the Auditorium are reserved only for the Shareholders/Proxies.

বি.দ্রঃ বিএসইসি নটিফিকেশন নং SEC/SRMI/2000-953/1950 dated 24<sup>th</sup> October, 2000 এবং Circular No. এসইসি/ সিএমআরসিডি/ ২০০৯-১৯৩/১৫৪, তারিখ ২৪ অক্টোবর, ২০১৩ এর পরিপালনার্থে বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/কুপন প্রদানের ব্যবস্থা থাকবে না।



- আল্লাহ্ সুদকে ধ্বংস করে দেন এবং সাদাকাকে বর্ধিত করেন। আর আল্লাহ্ কোনো অবিশ্বাসী পাপীদের ভালবাসেন না। (সূরা আল-বাকারা - আয়াত ২৭৬)
- সাহাবী হযরত জাবির বিন আব্দুল্লাহ (রাঃ) বর্ণনা করেছেন, “রাসূলুল্লাহ (সাঃ) সুদ গ্রহীতা, সুদ দাতা, সুদের চুক্তিপত্র সম্পাদনকারী, সাক্ষী- সকলের উপর অভিশাপ (লানত) দিয়েছেন এবং বলেছেন তারা সকলে সমান অপরাধী।” (মুসলিম)।



আল-আরাফাহ্  
ইসলামী ব্যাংক লিমিটেড  
العرفة اسلامى بنك لميتيد  
Al-Arafah Islami Bank Limited