



Annual Report 2015





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



Chairman

Badiur Rahman

Vice Chairman

S M Shameem Iqbal

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 A.N.M. Yeahea

Alhajj Engr. Kh. Mesbah Uddin Ahmed

Alhajj Abdus Salam

Alhajj Niaz Ahmed

Md. Ashik Hossain

Mohd. Emadur Rahman

Anwar Hossain (Alternative Director of Alhajj Mohammed Haroon)

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

Md. Liakat Ali Chowdhury

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

Khalid Rahim FCA

Ex Officio Director

Managing Director

Md Habibur Rahman

Company Secretary

Md.Mofszal Hossain



Board of Directors

Executive Committee (EC)

Chairman

Alhajj Abdus Samad

Vice-Chairman

Alhajj Abdul Malek Mollah

Member :

Alhajj Md. Nazmul Ahsan Khaled

Hafez Alhajj Md. Enayet Ullah

Alhajj Ahamedul Haque

Alhajj Abu Naser Mohammad Yeahea

Alhajj Engr. Kh. Mesbahuddin Ahmed

Board Audit Committee (BAC)

Chairman

Khalid Rahim FCA

Vice-Chairman

Alhajj Abdus Salam

Member

Alhajj Md. Harun-ar-Rashid Khan

S M Shameem Iqbal

Alhajj Niaz Ahmed

Risk Management Committee (RMC)

Chairman

Badiur Rahman

Vice Chairman

S M Shameem Iqbal

Member:

Alhajj Nazmul Ahsan Khaled

Alhajj Abdus Samad

Alhajj Engr. Kh. Mesbahuddin Ahmed

Shariah Supervisory Committee

Chairman

Mawlana Abdul Basit Barkatpuri (Acting)

Member

Mufti Ruhul Ameen

Mufti Muinul Islam

Mufti Shahed Rahmani

Alhajj A. Z. M. Shamsul Alam

Badiur Rahman

Secretary

Md. Abdur Rahim Khan

Management Team



Managing Director

Md. Habibur Rahman

Company Secretary

Md. Mofazzal Hossain

Deputy Managing Director

Md. Rezaur Rahman
Kazi Towhidul Alam
Md. Abdul Jalil
Md. Fazlul Karim
Muhammad Mahmoodul Haque

Principal

Md. Nurul Islam Khalifa

Executive Vice President

Muhammed Nadim FCA
Syed Masodul Bari
Shaikh Mohammad
Md. Atiqur Rahman
Md. Mujibul Quader
Abed Ahmed Khan
M. Tariqul Islam

Senior Vice President

Manir Ahmad
Md. Abdur Rahim Duary
A. N. M. Mofidul Islam
Engr. Md. Habib Ullah
Md. Abdullah Al-Mamun
Md. Abul Hossain
A. K. M. Amzad Hossain
Md. Manjur Hasan
Md. Monjurul Alam
M. Abul Quassem
Md. Aminul Islam Bhuiyan
Md. Mujibur Rahman
A. T. M. Mostafizur Rahman

Md. Sharif Uddin Pramanik
S. M. Kowsar
Iqbal Hossain Ahmed
Mohammed Hossain
S. M. Abu Jafar
Md. Mahboob Ghani Huq
Md. Asaduzzaman Bhuiyan

Vice President

Mohd. Yahya
Md. Harunoor Rashid
Md. Abul Basher
Aktar Kamal
Md. Rajibul Islam Bhuiyan
Md. Mazharul Islam
Md. Azharul Islam
A. K. M. Sazzad Hossain
Md. Zahidul Islam
Md. Mostafizur Rahman
Md. Nazmul Huda
Md. Abdur Rahim Sarder
Md. Zakir Hossain Bhuiya
Md. Mizanur Rahman
Md. Sultan Mahmud
Md. Golam Sarwar
Munshi Amanul Haque
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 Haque Chy.
Md. Abul Kalam
Mollah Khalilur Rahman
C. G. M. Asaduzzaman
Md. Hedayeatul Islam
Md. Shah Jalal Sheikh
Md. Zakir Hossain



Management Team

Md. Aminul Islam
 Masudur Rahman Khalifa
 Md. Monir Hossain
 M. M. Saiful Islam
 Md. Rezaul Haque Dewan
 Talat Md. Towfiqa Elahi
 Kamal Hossain
 Md. Mogreb Ali
 Ishtiaq Ahmed
 Md. Habibullah Bahar
 Md. Mainul Islam
 Md. Sharif Chowdhury
 Mahbub Hasan
 Md. Asif Chowdhury
 Md. Fazlur Rahman Ashrafi
 Md. Masudur Rahman

Assistant Vice President

Mohd. Ziaul Karim Chow.
 Md. Jahangir Alam
 Md. Asaduzzaman Khan
 Jalal Ahmad
 Md. Kabir Ahamed
 Ashraf Hossain
 Md. Zahid Hasan
 Md. Mahbubul Hoque
 Jalal Ahmed
 Khondoker Monirul Haque
 Md. Nahid Hossain
 Md. Shamsul Huda Babar
 Jashim Ahmed Chy.
 A. K. M. Fokhrul Islam
 Touhid Siddique
 Md. Abdul Jabbar
 Md. Nazrul Islam
 Md. Salamat Ullah
 Md. Hashim Uddin
 Md. Lokmanur Rahman
 Mohammad Ullah
 Mohammad Azmal Hoque
 Md. Abdul Mannan Akhand

S. M. Zabidul Haque
 Md. Ferdous Hassan
 Md. Majiber Rahman
 Mirza Mohidul Islam
 Md. Abdul Mobin
 Md. Rafiqul Islam
 Ashik Ahmed Siddiquey
 Imroz Chowdhury
 Abdul Malek
 Md. Shamsul Kabir
 Md. Alamgir
 Jahangir Alam
 Md. Rafiqul Islam
 Md. Shahjahan
 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
 H. M. Zakir Khan
 Mohammad Nurul Karim
 Md. Kamruzzaman
 Khandakar Nazmul Islam
 Md. Amjad Hossain
 Sharif Golam Kawsar
 Motahar Uddin Ahmed
 Mohd. Salahuddin Mamun
 Md. Asaduzzaman
 Md. Kamrul Islam
 Nur Mahbub Khan
 Kazi Md. Sadik
 Md. Anowarul Alim Khan
 Md. Jamal Uddin Mahmud
 Md. Zahid Hossain
 Hossain Al Safeer Chowdhury

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	19,236.07 Million
Number of Branches	129
Deposit	169,887.08 Million
Investment	162,503.14 Million
Number of Employees	2,810
Number of Shareholders	44,427



Honorable Chairman, Directors & Managing Director of AIBL are seen on the dais at the 20th Annual General Meeting

Corporate Information

Auditors

KHAN WHABH SHAFIQUE RAHMAN& CO.

Chartered Accountants
Rupali Bima Bhaban (5th Floor)
7,Rajuk Avenue
Motjheel,Dhaka- 1000

Company Secretary

Md. Mofazzal Hossain

Registered Office

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

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

Fax : 880-2-9569351
SWIFT : ALARBDDH
E-mail : aibl@al-arafahbank.com
Web : www.al-arafahbank.com



A section of the honorable Shareholders attending the 20th Annual General Meeting of the Bank



NOTICE OF THE 21st ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the 21st Annual General Meeting of the Shareholders of Al-Arafah Islami Bank Limited will be held on Wednesday the 27th April, 2016 at 9.30 a.m. at “**Al-Arafah Islami Bank Bhaban, Purana Palton, Dhaka**” to transact the following businesses:

AGENDA

1. To receive, consider and adopt the Directors’ Report, Audited Statements of Accounts with Auditors’ Report thereon for the year ended on 31st December, 2015
2. To declare Dividend for the year 2015
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 Hon’ble 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
Date: Dhaka
21st March, 2016
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. 10 April, 2016 will be eligible to attend the Annual General Meeting (AGM) and vote there at.
2. A member will be 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 the Share Department, Rahman Mansion (1st floor), 161, Motijheel C/A, Dhaka-1000 before 7 days of AGM.
4. Attendance of the Members/Shareholders/Attorney/Proxy’s will be recorded up to 9.30 A.M. at the Registration Counter on the day of the meeting;
5. Election rules and schedule thereto will be available at the Share Department of the Bank at 161, Rahman Mansion, Motijheel C/A (1st floor), Dhaka-1000

বি.দ্রঃ বিএসইসি নটিফিকেশন নং SEC/SRMI/2000-953/1950 dated 24th 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

Particulars	2011	2012	2013	2014	2015	Growth %
Income Statement						
Investment Income	9,481.01	14,998.60	17,966.32	19,725.91	18,568.00	(5.87)
Profit paid on Deposit	5,466.12	9,710.48	12,107.71	12,616.77	11,073.01	(12.24)
Net Investment Income	4,014.89	5,288.12	5,858.61	7,109.14	7,494.99	5.43
Non Investment Income	1,851.58	1,693.98	1,757.09	2,485.88	2,511.94	1.05
Non Investment Expenses	1,539.69	2,226.56	2,667.14	3,261.57	3,646.78	11.81
Net Non Investment Income	311.89	(532.58)	(910.05)	(775.69)	(1,134.84)	46.30
Profit Before Tax & Provision	4,326.78	4,755.54	4,948.56	6,333.45	6,360.15	0.42
Provision For Investment	380.16	811.44	588.15	1,846.86	1,796.68	(2.72)
Profit Before Tax	3,946.62	3,944.10	4,360.41	4,486.59	4,563.47	1.71
Provision For Tax (including Deferred Tax)	1,747.87	1,998.69	2,083.73	2,161.64	2,097.59	(2.96)
Profit After Tax	2,198.75	1,945.41	2,276.68	2,324.95	2,465.88	6.06
Balance Sheet						
Authorized Capital	10,000.00	10,000.00	15,000.00	15,000.00	15,000.00	-
Paid up Capital	5,893.37	7,130.98	8,343.25	9,469.58	9,469.58	-
Reserve Funds & Other Reserve	2,437.43	4,079.63	4,827.20	5,620.87	6,432.32	14.44
Shareholders' Equity (Capital & Reserve)	11,989.11	14,050.69	16,091.17	18,159.52	19,236.07	5.93
Deposits	82,186.98	118,683.39	140,980.55	166,851.17	169,887.08	1.82
Investment	77,714.95	106,650.42	125,715.39	146,740.37	162,503.14	10.74
Investment in Shares & Securities	3,771.83	5,511.24	7,138.93	9,120.90	8,851.13	(2.96)
Fixed Assets	968.13	2,394.62	2,517.22	2,661.11	3,057.38	14.89
Total Assets (Excluding off-balance sheet items)	106,768.18	149,320.36	173,161.63	210,439.01	229,106.66	8.87
Foreign Exchange Business						
Import Business	76,112.10	71,931.70	85,915.00	101,244.70	107,049.80	5.73
Export Business	52,202.10	58,476.60	68,980.30	75,843.90	79,362.90	4.64
Guarantee Business	1,812.38	1,955.72	2,006.61	3,365.27	4,471.41	32.87
Inward Foreign Remittance	6,876.20	23,120.40	7,042.50	8,541.10	9,498.00	11.20
Capital Measures						
Core Capital (Tier-I)	11,924.50	13,073.14	15,113.62	17,181.97	18,244.48	6.18
Supplementary Capital (Tier-II)	1,123.40	1,731.59	1,511.75	1,732.06	4,828.03	178.75
Tier-I Capital Ratio	12.31	10.38	13.33	12.74	13.17	0.42
Tier-II Capital Ratio	1.16	1.37	1.33	1.28	3.48	2.20
Total Capital	13,047.90	14,804.73	16,625.37	18,914.03	23,072.51	21.93
Total Capital Ratio	13.47	11.75	14.66	14.03	16.65	2.62
Investment Quality						
Volume of Non-Performing investment	751.10	1,783.60	3,598.83	6,982.60	7,713.67	10.47
% of NPIs to Total investment	0.95	1.63	2.77	4.50	4.66	0.16
Provision for Unclassified investment	866.46	1,021.15	749.60	938.27	1,049.54	11.86
Provision for Classified investment	305.93	711.63	1,128.03	1,518.78	2,141.00	40.97
Provision for Off Balance sheet Exposures	214.48	221.66	273.37	305.01	346.75	13.68
Share Information						
Number of Shares Outstanding	589,337,199	713,098,010	834,324,671	946,958,503	946,958,503	-
Earning per Share (Taka)	2.79	2.03	2.46	2.20	2.36	0.16
Book Value per Share (Taka)	16.69	19.70	19.29	19.18	20.31	1.14
Market Price per Share (Taka)	37.8	24.29	19.10	14.90	14.70	(0.20)
Price Earning Ratio (Times)	13.55	11.97	7.76	6.77	6.31	(0.46)
Price Equity Ratio (Times)	2.26	1.23	0.99	0.78	0.73	(0.04)
Dividend per Share						
Cash Dividend (%)				14.00	10.00	(28.57)
Bonus Share	21	17	13.50	-	5.00	
Operating Performance Ratio						
Net Profit Margin%	5.55	5.88	5.70	6.40	5.35	(1.05)
Investment /Deposit Ratio	89.07	90.56	88.74	88.59	87.32	(1.27)
Return on Equity (ROE)%	18.34	13.85	14.15	12.80	12.82	0.02
Return on Assets (ROA)%	2.06	1.30	1.31	1.10	1.08	(0.03)
Cost of fund %	11.08	12.34	11.02	10.85	9.18	(1.67)
Cost /Income ratio in operating business (%)	26.25	31.89	35.02	33.99	36.44	2.45
Other Information						
Number of Branches	88	100	110	119	129	8.40
Number of Employees	1,807	2,110	2,387	2,649	2,810	6.08
Number of Shareholders	54,267	52,739	58,466	52,007	44,427	(14.57)



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 2015, total value added by AIBL was BDT 6,899.06 million as against BDT 6,526.49 million in 2014. Bank's direct contribution to the economy was BDT 2,161.64 million in the form of corporate income tax. The Bank distributed BDT 2,339.67 million for its total 2,810 officials in 2015 as against that of BDT 2,072.79 million in 2014.

At the end of 2015, the Bank mobilized total deposits of BDT 169,887.08 million and aided the economy in meeting its growth target by deploying BDT 162,503.14 million as investment to different sectors of the economy. Apart from these, the Bank performed significant import and export business.

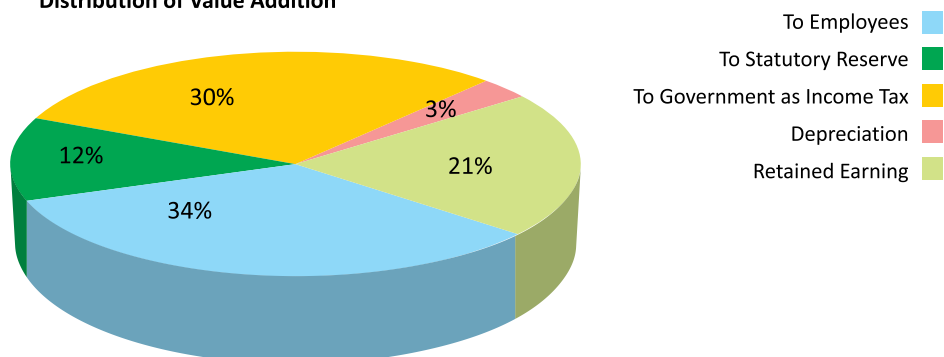
Value Added Statement



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.

Particulars	(BDT in Million)	
	2015	2014
Income from Banking Service	21,079.94	22,211.79
Cost of Services & Supplies	(12,384.20)	(13,838.44)
Value added by Banking Services	8,695.74	8,373.35
Provision for Investment & Off balance Sheet Items	(1,796.68)	(1,846.86)
Total Value Addition	6,899.06	6,526.49
Value Distributed		
To Employees	2,339.67	2,072.79
To Statutory Reserve	797.41	793.67
To Government as Income Tax	2,097.59	2,161.64
Depreciation	226.63	210.07
Retained Earnings	1,437.76	1,288.32
Total Value Distributed	6,899.06	6,526.49

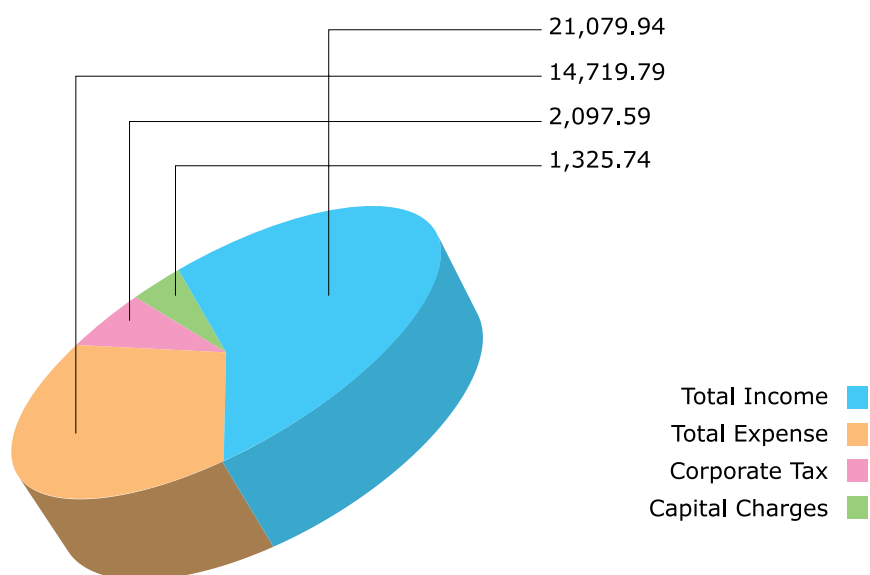
Distribution of Value Addition



Economic Value Added Statement

Economic Value Added (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of the required minimum return for shareholders at comparable risk. EVA of the Bank stood at BDT 2,936.82 million as on 31 December 2015 as against that of BDT 2,846.07 million in 2014.

Particulars	(BDT in Million)	
	2015	2014
Shareholders' Equity	19,236.07	18,159.52
Total Income	21,079.94	22,211.79
Total Expenses	(14,719.79)	(15,878.34)
Corporate Tax	(2,097.59)	(2,161.64)
Capital charge *	(1,325.74)	(1,325.74)
Economic value Addition	2,936.82	2,846.07



* Capital Charges = Paid up capital X percentage of Dividend

Market Value Added Statement

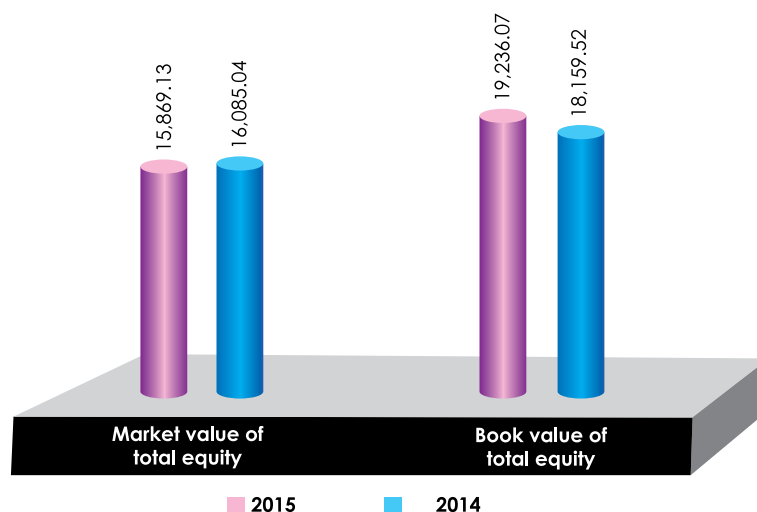
Market Value Added (MVA) is the difference between the equity market value of the company and the book value of equity invested in that company. Market Value Added Statement indicates how much wealth has been created for the capital providers in a particular period of time. A high market value addition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

Particulars	2015	2014
Market value of total equity	15,869.13	16,085.04
Book value of total equity	19,236.07	18,159.52
Market value addition	(3,366.94)	(2,074.48)



Donation to the Honorable Prime Minister's Fund under Corporate Social Responsibility (CSR)

Market Value Addition



Total number of share outstanding: 946,958,503 (946,958,503)*
 Market value per share: BDT 14.70 (14.90)*

* Previous Year's figures in brackets.



Islamic Corporation for the Development of the Private Sector (ICD), the private sector arm of the Islamic Development Bank Group join hands with Al-Arafah Islami Bank Limited with a strategic partnership deal



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 21st 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 2015.

All of us know that due to some unavoidable circumstances, the business in the year 2015 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 resource. 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 2015 and made satisfactory profit and growth in most of the areas of business. 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. As 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. 6,360.15 million during the year an increase by Tk. 26.70 million over the previous year. The return on equity recorded at 12.82% while earnings per share (EPS) stood at Tk. 2.36.

Total assets of the Bank rose to Tk. 229106.66 million during the year showing a growth of 8.87% over the previous year.

Deposits of the Bank stood at Tk. 169,887.08 million increased by Tk. 3,035.91 million during 2015 and growth rate 1.82%.

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 10.74% during the year and thus the books of accounts have showed a positive growth in our operating profit.

Rescheduled investment increased by Tk.5,040.00 million from Tk.5,399.600 million to Tk. 10,439.60 million which was 6.30% of total Investment. Recovery against rescheduled investment during 2015 was Tk 2,804.70 million which was higher by Tk. 1,688.30 million from the recovery of Tk 1,116.40 million in the year 2014

Classified investment increased by Tk. 731.07 million from Tk. Tk. 6,982.60 million to Tk. 7,713.67 million representing 4.66% of total investment as against 4.50% in the previous year.

During the year 2015, recovery against classified investment stood at Tk. 1,900.00 million while recovery against SMA was

Tk.2,080.00 million and against Written off Tk. 31.50 million building a total recovery of Tk. 6,816.20 million including recovery Tk. 2,804.70 million from rescheduled investment.

We have handled export business of Tk.79,362.90 million during the year 2015 and a growth 4.64% over the achievement of 2014. On the other hand, our import business stood at Tk. 107,049.80 million and a growth 5.73%.

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 being 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.

Risk Mitigation

Risk-taking is an inherent element of the banking business and indeed profit is the reward for successful risktaking 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 4(Four) 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 2015 the company earned Operating Profit (Before provision for investment & taxation) of Tk. 936.51 Million with Earning per Share (EPS) Tk. 1.43

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 2015 the company earned Operating Profit

(Before provision for investment & taxation) of Tk. 17.92 Million with Earning per Share (EPS) Tk. 0.03.

Millennium Information Solution Limited

Al-Arafah Islami Bank Ltd. owned 51% shares of Millennium Information Solution Limited a subsidiary company of Al-Arafah Islami Bank Limited Millennium Information Solution Limited, a private limited Company was incorporated in Bangladesh under the companies act 1994 on February 11, 2001.

The main objective of company is to carry on activities relating to developing software products and providing maintenance and support services both the domestic and international clients. Over the years, MILS has established itself as the leading software developer, implementation and service provisioning company in Bangladesh which adheres to the rules of Islamic Shariah.

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: 27th April 2016

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.

Economy Analyses

Global Economic Outlook

Global Economic Outlook¹ Confined to a slow-growth path for the past five years, the global economy is likely to remain there for the foreseeable future. The report projects global GDP growth of 2.8 percent in 2016, a very modest improvement from 2.5 percent in 2015. By contrast, annual growth rates were routinely above 4 percent in the mid-2000s, and averaged 3.3 percent in 2010-14. Even this low baseline scenario for 2016 faces considerable uncertainty; a substantial confluence of downside risks could sink global growth to as low as 1.9 percent.

Over the medium term, heightened application of technology and innovation will likely improve global growth slightly, to an average of 3.1 percent in the years 2016-20. However, annual growth is projected to slip back down to 2.8 percent in 2021-25, due to aging populations and slow-growing labor forces across the major economies. Global Economic Outlook 2016 includes GDP growth projections and analysis for 11 major regions and 65 individual economies (33 mature and 32 emerging) in all, across three time frames: 2016, 2016-20, and 2021-25.

Bangladesh Economic Outlook

Bangladesh has maintained an impressive track record on growth and development. In the past decade, the economy has grown at nearly 6 percent per year, and human development went hand-in-hand with economic growth. Poverty dropped by nearly a third, coupled with increased life expectancy, literacy, and per capita food intake. More than 15 million Bangladeshis have moved out of poverty since 1992.

While poverty reduction in both urban and rural areas has been remarkable, the absolute number of people living below the poverty line remains significant. Despite the strong track record, around 47 million people are still below the poverty line, and improving access to quality services for this vulnerable group is a priority. There are also

many people who could fall back into poverty if they lose their jobs or are affected by natural disasters.

With nearly 150 million inhabitants on a landmass of 147,570 square kilometers, Bangladesh is among the most densely populated countries in the world. Sustained growth in recent years has generated higher demand for electricity, transport, and telecommunication services, and contributed to widening infrastructure deficits. While the population growth rate has declined, the labor force is growing rapidly. This can be turned into a significant de-mographic dividend in the coming years, if more and better jobs can be created for the growing number of job-seekers. Moreover, improving labor force participation and productivity will help to release the potential of the economy. Exploiting the potential of regional cooperation and making trade policy more conducive to a deepening and diversification of exports will also play a vital role in the growth process.

Bangladesh aspires to be a middle-income country by 2021. This will require increasing GDP growth to 7.5 to 8 percent per year based on accelerated export and remittance growth. Both public and private investment will need to increase as well. Growth will also need to be more inclusive through creation of productive employment opportunities in the domestic economy. To sustain accelerated and inclusive growth, Bangladesh will need to manage the urbanization process more effectively, as well as prepare for adaptation to climate change impacts.

Becoming a middle-income country will require substantial efforts on many fronts. These include maintaining macroeconomic stability; strengthening revenue mobilization; tackling energy and infrastructure deficits; deepening financial sector and external trade reforms; improving labor skills, economic governance, and urban management; and adapting to climate change. Bangladesh can become an export powerhouse, with its labor-intensive manufactured and service exports growing at double digits on a sustained basis, if it speeds up government decisionmaking. Without timely action, other countries (such as Vietnam and Myanmar) will take the markets being vacated by China.

Overall Banking Scenario

Banks' Deposits: Total Deposits (excluding interbank items) of the scheduled banks increased by Tk. 848,373.90 million or 12.77% to Tk. 7,456,064.10 million during the FY 2014-15 as compared to increases of Tk. 773,323.40 million or 13.52% to Tk. 6,494,400.20 million during the FY 2013-14 and increases of Tk. 857,004.70 million or 17.62% to Tk. 5,721,076.80 million during the FY 2012-13.

Islamic Banks' Deposits:

Islamic Banks' Deposits increased by Tk. 190,185.50 million i.e. 15.33% as against 12.77% of all Banks to Tk. 1,240,968.70 million during the FY 2014-15 as compared to increases of Tk. 192,757.80 million i.e. 19.05% as against 13.52% of all Banks to Tk. 1,204,773.60 million during the FY 2013-14 and increases of Tk. 168,301.80 million i.e. 19.95% as against 17.62% of all Banks to Tk. 1,012,015.80 million during FY 2012-13. The share of Islamic Banks' Deposits at the end of FY 2014-15 stood at 18.77% as compared to 18.55% at the end of FY 2013-14 and 17.69% at the end of FY 2012-13.

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

Total Advances/Investments (excluding bills) of the scheduled banks increased by Tk. 638,355.20 million or 13.52% to Tk. 5,361,475.40 million during the FY 2014-15 as compared to increases of Tk. 447,787.40 million or 10.54% to Tk. 4,695,832.10 million during the FY 2013-14 and Tk. 388,713.30 million or 10.07% to Tk. 4,248,044.70 million during the FY 2012-13.

Islamic Banks' Investments:

Islamic Banks' Investments increased by Tk. 156,308.00 million i.e. 14.98% as against 13.52% of all Banks to Tk. 199,769.30 million during the FY 2014-15 as compared to increases of Tk. 146,302.70 million i.e. 16.40% as against 10.54% of all Banks to Tk. 1,038,482.50 million during the FY 2013-14 and Tk. 111,717.40 million i.e. 14.31% as against 10.07% of all Banks to Tk. 892,179.80 million during FY 2012-13. The share of Islamic Banks' Investments at the end of FY 2014-15 was 22.09% as compared to 22.11% at the end of FY 2013-14 and 21.00% at the end of FY 2012-13.

Operating Profit:

Banks in Bangladesh managed to log in profits for 2015 despite a tough start to the year 2015 by way of political turmoil for the first three months. The growth of profit was slim owing to low credit/investment demand, cautious lending/investment policy, lowering lending/investment profit rates and the sluggish business environment. In this situation, Islami Bank

Bangladesh Limited registered the highest profit among the banks and listed in the top in 2015, of Tk. 1807 core. The listed second highest South East Bank Limited earned profit of Tk. 8,350.00 million which is 46.21% of Islami Bank. The profit earned by banks except Islami Bank is more or less in the same line. Al-Arafah Bank logged in profits of Tk. 6,360.15 million which is 75% of the second highest bank, Southeast Bank, and placed in 10th position in the list.

AIBL Scenario

It may be noted here that only six branches namely, Dhanmondi, Pagla, Konapara, Dokshin Khan, Kuti Bazar and Kathgorah Branch have achieved all their target of Deposit, Investment and Operating Profit. I congratulate them all and wish them a glorious year 2016.

Deposits

The total deposit of the Bank mounted to Tk. 169,887.08 million as on 31st December 2015 as against Tk. 166,851.17 on 31st December 2014 a growth of 1.82% amounting to Tk. 3,035.91 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.

Our deposit target for the year 2016 has been fixed at Tk. 210,000.00 million. As on 31 December 2015 Cost of Fund stood at 9.18% (Cost of Deposit 7.19% and Cost of Administration 1.99%). Cost of Fund of the Bank depends on Deposit Mix.

Plan and Strategies for Deposit Mobilization for the year 2016-2020:

Our plan and strategies for mobilizing deposits are given below, which shall be followed meticulously by all concerned:

Deposit shall be mobilized giving due importance to deposit mix. In the year 2016, Branches should maintain deposit mix of at least 12% cost free, 25% low cost and 63% high cost of their total deposit.

To increase the cost free and low cost deposit, the following strategies may be adopted:

- Better customer service shall be ensured.
- Good business relationship with all the local industrialist, businessmen, professionals etc. shall be maintained.
- For bringing stability, private/personal deposits shall be encouraged.
- Activities of School Banking shall strengthen.
- Opening of big Corporate Client Accounts having high volume transactions.
- Induction of Clients having large Foreign Exchange Portfolio so that cost free deposit i.e. margin account, FC held etc. may be maintained.
- Opening of more FC Accounts to keep more current account balance.
- Expedite Opening of more Current, Savings and SND Accounts.
- Encourage to open collection accounts of different service oriented institutions like DPDC, DESCO, PDB, NGO, School, College, University, Titas, Bakhrabad, Mosque, Madrasah etc.

Investments

The investment of the Bank stood at Tk.162,503.14 million as on 31st December 2015 as against Tk. 146, 740.36 million in the previous year showing an increase by 15,164.07 recording growth 10.74%. 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 4.66% which is below the national average. The ceiling for investment for the year 2016 has been fixed at Tk. 192,000.00 million.

We expect that the branches will render their best efforts to make quality investment complying Shariah principles and ensure constant follow up and supervision for maintaining the quality and ensuring timely recovery. All concerned are advised to adopt the following the policies and strategies for quality investments-

- to motivate the valued clients with satisfactory performance of other banks to route their
- business through us
- to boost up SME and Micro investment
- to encourage women entrepreneurs in allowing investment
- to encourage investment in the productive sectors
- to prefer investment in development oriented, employment generating and poverty alleviation sectors
- to ensure diversification of investment portfolio by size, sector, economic purpose and geographical area for minimizing risks of concentration as well as to ensure equitable deployment of fund
- to make investment covered by adequate securities as stated in the norms of existing business discretionary powers
- to change the nature, trend of investment depending on the economic activities
- to sanction investment ensuring proper appraisal as well as actual need of the client

Operating Profit

Operating profit of the Bank increased by Tk. 26.70 million i.e. 0.42% to Tk.6,360.15 million during the year 2015 as against Tk 6,333.45 million in previous year. Our achievement is 90% of targeted amount Tk. 7,000.00 million. During this challenging year, it was unexpected to earn such a volume of profit. However, it was possible due to the prudent and timely decisions of the Policy Makers and quick implementation of such decisions by the Management including constant view on fund management. However, considering all the situations, Operating Profit target for the year 2016 has been fixed at Tk. 7,000.00 million anticipating 10.58% growth.

Our plan and strategies for increasing operating profit are-

- ✓ to ensure quality investment
- ✓ to increase ancillary business
- ✓ to increase cash recovery from nonperforming investment
- ✓ to increase cash recovery from written off and rescheduled

investment.

- to comply 100% Shariah principles so that no income shall be considered doubtful.
- to control expenditure

International Trade

Import Business

Total import business of the bank stood at Tk.107,049.80 million during the year 2015 as against Tk.101,244.70 million in the previous year 2014. Our import business increased by Tk. 5,805.10 million i.e. 5.73% in 2015 Our target for import business during the year 2016 has been fixed at Tk. 128,500.00 million expecting growth of 20.%.

Export Business

Total Export business of the bank stood at Tk.79,362.90 million during the year 2015 as against Tk.75,843.90 million in the previous year 2014. Our export business increased by Tk. 3,519.00 million i.e. 4.64% in 2015 as compared to 2014. Our target for export business during the year 2016 has been fixed at 20.96% higher to Tk. 9,600.00 million.

Remittance

Total remittance of the bank stood at Tk. 9,498 .00 million e during the year 2015 as against Tk. 8,541.10 million in the previous year 2014. Our remittance increased by Tk. 956.90 million i.e. 11.20% in 2014. The target for our remittance business during the year 2016 has been fixed at Tk. 11,500.00 million with an anticipated growth of 11.37%.

Treasury Operations

Year 2015 was a challenging year of Treasury in terms of managing FX Risk, Profit Rate Risk and Liquidity Risk of the Bank in the midst of a sluggish economy, appreciation of BDT against USD from January to October-2015 and sudden Depreciation of BDT against USD in mid-October- 2015 and the volatile export import and remittance trend.

Our local Treasury operates its functions to ensure efficient fund management maintaining CRR & SLR matching with total deposit flow & Investment requirements of the Bank while Foreign Treasury remained active throughout the year 2015 for utilizing available fund in the competitive market.

We have earned Tk. 779.80 million during 2015 as against Tk.531.50 million in 2014 recording 46.72% growth through Treasury Operations.

Foreign Trade Processing

Foreign Trade Processing in AIBL started its journey since 2014 and smoothly going on through processing of all types of Cash and Back to Back LC related products. Export related processing work will be started within a shortest possible time.

EDF Operations

EDF operations are now being handled under Shariah Based Restricted Mudaraba mode between AIBL & Bangladesh Bank and allowing investment to the client under Mudaraba Foreign Currency Investment (MFICI). Meanwhile Bangladesh Bank also introduced online based EDF management software (test basis) for smooth handling of EDF fund application, disbursement and repayment related works which will go live operation by 2016.

Off-shore Banking Operation

Our Off-shore Banking Unit (OBU) has been performing its operation through our Motijheel Branch since 2014. Total finance under UPAS in 2015 was USD 56.96 million and under MDB FC was USD 6.30 million. Our Plan and Strategies for Foreign Exchange

Business-

- to diversify our import and Export portfolio for minimizing potential risks
- to ensure routing of all import and export business of our clients through us
- to induct best import and export clients from the market
- to boost cash import business
- to give special attention for remittance service at branch level
- to maintain a progressive growth we have to enhance our capacity by acquiring professional and technical knowledge & skill

Asset Quality

Overdue investment stood at Tk.5,016.80 million as on 31st December 2015 as against Tk.4,914.10 million as on December, 31 last year. Total overdue increased by Tk. 102.70 million during the year 2015 bringing the same to 3.02% of our total investment as against 3.17% in the previous year. Corporate Branch and Zonewise comparative overdue position as on 31.12.2015 is given hereunder for perusal and adopting strategies to arrest the situation by all concerned particularly the concerned head of zones and branches:

Rescheduled investment

Rescheduled investment increased by Tk. 5040.00 million from Tk. 5,399.60 million to Tk. 10,439.60 million (Term Tk. 3,345.80 million + Continuous & Demand Tk. 7,093.80 million) which was 6.30% of total Investment. Recovery against rescheduled investment during the year 2015 was Tk. 2,804.70 million which was higher by Tk. 1,688.30 million from the recovery of Tk. 1,116.40 million in the year 2014.

Classified investment

Classified investment increased by Tk. 731.07 million from Tk. 6,982.60 million to Tk. 7,713.67 million representing 4.66% of total investment as against 4.50% in the previous year. During the year 2015, recovery against classified investment stood at Tk. 1,900.00 million while recovery against SMA was Tk. 2,080.00 million and against Written off Tk. 31.50 million building a total recovery of Tk. 6,816.20 million including recovery Tk. 2804.70 million from rescheduled investment.

Plan and Strategies to Improve the Asset Quality for year 2016-2020.

- to ensure constant supervision and followup for timely recovery of investment and prevent it from becoming overdue afresh.
- to fix individual target from very beginning of the year for recovery of nonperforming investment.
- to give special attention on top classified investment clients for early settlement/ adjustment/regularization.
- to keep constant follow up & monitoring to ensure timely recovery of installment against rescheduled investment.

- to address chronic NPI clients by taking effective steps and applying prudence.
- to initiate necessary steps to settle the court cases quickly and even the cases can be settled outside the court through persuasion and mutual understanding.
- to be more vigilant to keep NPI at the lowest possible level.
- to deploy level best efforts for recovery of Written off investment.

Ancillary Business

The ancillary business contributes a lot in the overall profitability of the Bank. We have earned Tk. 1,838.20 million from Commission Income during the year 2015 as against Tk.1,577.50 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.

Capital Adequacy

As per Bangladesh Bank requirement, Bank has to maintain Capital of 10% of its Risk Weighted Assets or Tk.4,000.00 million whichever is higher. Accordingly, we have maintained our capital with full compliance. As on 31.12.2015 our Eligible Capital) stood at Tk. 23,037.41 million (consolidated Basis) and stood at Tk. 21,307.87 million (solo basis) as against Tk 18,914.03 million (consolidated Basis) and Tk. 17,352.63 million (solo basis) in December 2014.

Risk Weighted Assets (RWA) of Tk.120,393.60 million (consolidated Basis) and Tk.121,570.40 million(solo basis) recording Capital Adequacy Ratio (CAR) of 15.56% consolidated Basis) and 15.31% solo basis) in December 2015 as against 14.03% (Consolidated basis) & 13.53% solo basis) in 2014.

Shariah Compliance

Our Bank based on Islamic Shariah and therefore strict adherence to Shariah principles is the core strategy of our banking business. So, we have no other alternative but to comply Shariah in all our activities under the guidance of our competent Shariah Supervisory Committee. Besides, we must understand the Maqasid al-Shariah and disseminate the same to our portfolio management.

Our Shariah Supervisory Committee contributes a lot to run all the business activities of the Bank in accordance with Islamic Shariah. During the year 2015, Shariah Secretariat of the Bank under the direct supervision of the Shariah Supervisory Committee undertook different programs for Shariah compliance in the Bank.

During the year 2015, 129 branches including 10 new branches were inspected by the Shariah Muraquibs. As per their report, investment Income of Tk76.00 million as doubtful income of the branches of the Bank. Besides, after analysing balance sheet, the Supervisory committee identified Tk. 296.39 million as compensation realised in different branches and Tk. 0.33 million, Tk. 1.07 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 2015 keeping doubtful income amounting to Tk 30.08 million apart from basic income and spend after tax the same on the basis of Shariah prescribed modes.

For effective compliance of Shariah in all the areas, some

important programs i.e. Shariah Training and Awareness Programs, Clients Get together etc. shall be conducted, inter alia, during the year 2016.

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. We have taken the following actions plan for the year 2016 to strengthen our School Banking Program:

1. Annual Target for opening Student Account has been fixed at 25,000 and allocated among the all Branches of the Bank.
2. Introduction of financial educational affairs among the student of government approved educational institutions within the regional of respective Branches.
3. As a part of motivational activities, it was decided to provide a pen with Bank Logo at the time of opening account by the student.
4. Collection of fees and deposit of school student by arranging movable counter of the Bank in the respective educational institution.

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

- Rural Agricultural Investment Scheme (RAIS)
- Al-Arafah Khamar bari Investment Scheme
- Grameen Small Investment Scheme (GSIS)
- Al-Arafah Solar Energy Investment Schem85e
- Micro Enterprise Investment Scheme

Agent Banking

The 'Agent Banking' concept is new and much-talked-about issue in the banking sector. It is playing a pragmatic role in paving the way for financial inclusion. Bangladesh Bank has introduced a guideline for 'agent banking' to be followed by all commercial banks. Considering the importance of the matter, Al-Arafah Islami Bank Ltd. has already got the permission and launched 26 Agent Banking outlets in 2015 with a view to bringing the unbanked population under banking services.

The important aspect of agent banking is financial inclusion. Actually, financial inclusion is a tool for inclusive economic growth and financial development. About 6,000 new accounts has been opened within 6 months of starting Agent Banking Operation.

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 2015, 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.

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. 118 news items of the Bank were broadcasted through 10 different TV Channels during the year 2015. TV Branding continued with the scroll branding during the news in satellite channel Bangla vision. The branding shows the name and logo of the Bank as sponsor of the news update scroll. Total 2220 Press Release items were published in more than 60 different leading Newspapers and Media throughout the year. Besides, currently the Bank is continuing a total of 3 Billboards in 3 different places all over the country. There were total 298 advertisement placements in more than 100 different publications during 2015.

Our advertisement plan for 2016 has been developed focusing to achieve the best outcome using available media and resources. We shall go into Electronic Media vastly this year. Currently we are hosting News Update Scroll in Bangla Vision only. More channels will be covered all around the year in 2016.

The number of advertisement through Billboards shall be raised this year to acquire more public attention. All the divisional cities and major districts will be covered and display boards will be placed on at least 100 major locations all over the country.

The Promotional Plan also indicates that, we have to make our promotion through client service more effective and efficient in 2016. Leaflets and Brochures of our products will be made available in every branch. There will be a number of Banners, X-Stands and Dangers visible in our branches. We must remember that, a satisfied client is the best advertiser of the Bank. So, all our promotional steps will be focused to make our customers feel that they are banking with their own bank when they are with Al-Arafah Islami Bank Limited.

Information Technology

Now, we are running true centralized operations for all branches, 100+ ATM and the number is growing every year. Bank have a decent & state-of-art Data center and Disaster Recovery site and team that has recognition & respect of the industry and faith of bank management and of valued customers.

We ensure that our systems meet accounting, compliance and risk requirements, as well as effectively managing customer information.

Bank Core Banking System (CBS) is "ABABIL" developed by Millennium Information Solution Ltd. In terms of modernization "ABABIL" reached 9th position in global ranking for Islamic Banking Software as per Gartner report. Bank has tried for fully automated and paperless banking in true sense during these years. 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 with efficiency and quality of service. Bank data center design will enable to accommodation of current requirement and increasing demand in the future.

With the supportive role of Bangladesh Bank, we have implemented the following projects successfully.

1. MasterCard debit and credit card & Merchant Banking
2. National Payment Gateway (NPG)
3. Agent Banking
4. Mobile Banking
5. Internet Banking
6. SMS Banking
7. Business Process Automation (BPA)
8. Enterprise Resource Management (EAMS)
9. Human Resource Management (HRMS)
10. Batch, EFT & Real Time Gross Settlement (RTGS)
11. Sanction Screening Software etc.

Following IT projects have been taken for the year 2016-2020

- a) Cisco Contract Center (CC, IP Phony, Video Conference)
- b) Enterprise Data Warehouse (EDW)
- c) Central Management Information System (MIS)
- d) Business Intelligence (BI) etc.

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, different Risk Management Committee including All Risk 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, a monthly/quarterly Risk Management Report and a Half-yearly Comprehensive Risk Management Report (CRMR) incorporating all risk areas are prepared as per directions of Bangladesh Bank. These Reports are discussed in depth in the All Risk Committee in the Management level as well as Board Risk Management Committee and necessary instructions and guidance are given and implemented there against.

Green Banking

Economic development and environmental issues are very closely related and it is really a challenging issue to keep balance between these two. Bangladesh Bank (BB) are striving to keep the balance at its level best through issuing guidance and directions to the scheduled Banks.

Accordingly, AIBL has undertaken this challenge and put itself a complied one. Some of our key activities in this area during the year 2015 are-

- Implementation of Green Banking Policy.
- For 2015, a substantial amount of Fund of Tk. 18,000.00 million was allocated for Green Finance, Green Marketing, Training, capacity Building and Climate Risk of which our

utilization up to September 2015 stood at Tk. 22,945.90 million.

- Up to September 2015, 415 employees under 11 workshops got their training on Green Banking & Environmental Risk Management.
- Implementation of "Green Office Guide" for inhouse Environmental Management.
- Investment of Tk. 15,211.10 million was allowed for establishing 28 ETP Projects while Investment of Tk. 21,836.70 million was allowed to 41 (Forty one) projects having ETP.
- Term and Working Capital investment of Tk. 1,007.80 million was allowed to 90 Brick fields using HHK/& Zigzag technology.
- Approximately, 45,000 trees has been all over the country under plantation program.
- Due importance are given on Environment Risk Rating (EnvRR) while considering investment proposals.

Our Planning & goals for Green Banking in 2016-2020:

- To strengthen monitoring and supervision for effective Implementation of Green Banking Policy I, II, & III, Sector Specific Policy, ERM policy & Green Office Guide.
- To Utilize Green Finance budget for the year 2016 specially the allocated Budget for CSR Climate Risk Fund.
- To Special attention on Green finance like ETP, HHK, Solar Panel/Renewable energy & Bio-gas.
- To arrange Green Banking awareness programs.
- To conduct Workshop on Green Banking & Environment Risk Management.
- To Undertake Plantation program all over the country.

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. Total 223 employees in different categories/ranks joined our fleet during the year 2015 raising our total employees to 2810 including 147 Executive as on 31.12.2015.

During 2015 our Training Institute conducted 108 Training Courses, Workshops, Executive Development Programs and Outreach Programs where 4,256 participants attended during the period from January-December, 2015. Besides, we nominated 270 employees in outside training course viz. BIBM, BBTA etc. in 2015 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 33 CDCS of which 15 completed during the year 2015.

Activities of AIBTRI

Human resources are the main component of any development, improvement, changes or achievements. All material assets/resources are to be utilized by human resources to execute any plan or program. If the human resources are not found to be capable in utilizing other assets or resources prudently, efficiently and effectively, success of any plan/program

will be far away. So, it is very important to have a pool of excellent human resources for any organization/institution. Training involves the development of skills that are usually necessary to perform a specific job. It brings positive changes in knowledge, skills, attitude and building confidence of the human capital so that they can be efficient in performing their duties and responsibilities. So, training is regarded to be one of the best means of improving performance

Training Scenario in 2015

AIBTRI conducted a total number of 108 (one hundred & eight) Training Courses, Workshops, Executive Development Programs and Outreach Programs where 4,256 participants attended during the period from January-December, 2015.

Training Courses:

To develop the professional skill and knowledge of the officials in the field of Shariah banking, economics and finance, rural and micro finance, customer service development, motivation, capacity building, achieving the target and continuous growth, AIBTRI conducted a total of 22 (twenty two) against the requirement of 19 (nineteen) courses; achieving 116 % of the yearly target.

Training Workshops:

A total of 67 (sixty seven) workshops were conducted during the year against the target of 53 (fifty three) work-shops, thus accomplishing 126% of the yearly requirement. Out of this, a significant number of workshops were arranged for fulfilling the requirements of current issues relating to banking operations like as "Prevention of Money Laundering and Combating Financing of Terrorism". Moreover, with a view to enhancing skill among the employees, AIBTRI has conducted training workshops on "Capacity Building in Banking Operation".

Executive Development Programs:

To meet up the needs of executives, managers, manager operations, in the field of banking, finance, economy, national integrity strategy, money laundering prevention and allied fields, AIBTRI conducted 5 (five) EDPs out of 9 (nine), achieving 56 % of the yearly target.

Outreach Programs:

AIBTRI conducted 14 (fourteen) outreach training pro-grams out of 23 (twenty three) achieving 61% of the yearly target during the period with 626 (six hundred & twenty six) officers. The programs had their remarkable impact to create awareness among young, brilliant and promising officers regarding Islamic Economics and Banking, Time & Stress Management, Recovery Management, Present Scenario of Economy, Environment Risk Rating as well as Financial Literacy etc.

Lead Bank Program:

This year Al-Arafah Islami Bank Ltd. had the privilege of organizing the daylong workshop on "Money Laundering Prevention & Combating Financing of Terrorism" as the lead bank nominated by Bangladesh Bank in Cox's Bazar. AIBTRI, as per instruction of the BFIU successfully arranged, monitored and supervised the workshop with 50 (fifty) officials most of whom are BAMLCOs and the remaining are Branch Managers.

* No foundation course was held during the year as there was

no fresh recruitment of MTO.

Credit Rating

Credit Rating Agency of Bangladesh (CRAB) Limited has adjudged AA2 (pronounced Double Two) rating in the Long Term and ST-2 rating in the Short Term for Al-Arafah Islami Bank Limited.

Based on : Audited Financial Statement 2014
Date of Rating : 30 June 2015
Validity : 30 June 2016
Outlook : Stable

Interpretation:

AA1, AA2, 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. AA is judged to be of very high quality and is subject to very low credit risk. Numerical modifiers 1, 2 and 3 indicate rank. The modifier 1 indicates obligation ranks in the higher end of generic rating category, the modifier 2 indicates mid-range ranking and the modifier 3 indicates a ranking in the lower end.

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.

Concluding Remarks

Finally, I would recall the valuable suggestions and support of all concerned for which we 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: 27 April 2016



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 21st 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 2015.

Economy Analyses

Global Economic Outlook

Confined to a slow-growth path for the past five years, the global economy is likely to remain there for the foreseeable future. The report projects global GDP growth of 2.8 percent in 2016, a very modest improvement from 2.5 percent in 2015. By contrast, annual growth rates were routinely above 4 percent in the mid-2000s, and averaged 3.3 percent in 2010-14. Even this low baseline scenario for 2016 faces considerable uncertainty; a substantial confluence of downside risks could sink global growth to as low as 1.9 percent.

Over the medium term, heightened application of technology and innovation will likely improve global growth slightly, to an average of 3.1 percent in the years 2016-20. However, annual growth is projected to slip back down to 2.8 percent in 2021-25, due to aging populations and slow-growing labor forces across the major economies. Global Economic Outlook 2016 includes GDP growth projections and analysis for 11 major regions and 65 individual economies (33 mature and 32 emerging) in all, across three time frames: 2016, 2016-20, and 2021-25.

Bangladesh Economic Outlook

Bangladesh has maintained an impressive track record on growth and development. In the past decade, the economy has grown at nearly 6 percent per year, and human development went hand-in-hand with economic growth. Poverty dropped by nearly a third, coupled with increased life expectancy, literacy, and per capita food intake. More than 15

million Bangladeshis have moved out of poverty since 1992.

While poverty reduction in both urban and rural areas has been remarkable, the absolute number of people living below the poverty line remains significant. Despite the strong track record, around 47 million people are still below the poverty line, and improving access to quality services for this vulnerable group is a priority. There are also many people who could fall back into poverty if they lose their jobs or are affected by natural disasters.

With nearly 150 million inhabitants on a landmass of 147,570 square kilometers, Bangladesh is among the most densely populated countries in the world. Sustained growth in recent years has generated higher demand for electricity, transport, and telecommunication services, and contributed to widening infrastructure deficits. While the population growth rate has declined, the labor force is growing rapidly. This can be turned into a significant de-mographic dividend in the coming years, if more and better jobs can be created for the growing number of job-seekers. Moreover, improving labor force participation and productivity will help to release the potential of the economy. Exploiting the potential of regional cooperation and making trade policy more conducive to a deepening and diversification of exports will also play a vital role in the growth process.

Bangladesh aspires to be a middle-income country by 2021. This will require increasing GDP growth to 7.5 to 8 percent per year based on accelerated export and remittance growth. Both public and private investment will need to increase as well. Growth will also need to be more inclusive through creation of productive employment opportunities in the domestic economy. To sustain accelerated and inclusive growth, Bangladesh will need to manage the urbanization process more effectively, as well as prepare for adaptation to climate change impacts.

Becoming a middle-income country will require substantial efforts on many fronts. These include maintaining macroeconomic stability; strengthening revenue mobilization; tackling energy and infrastructure deficits; deepening financial-sector and external trade reforms; improving labor skills, economic governance, and urban management; and adapting to climate change. Bangladesh can become an export powerhouse, with its labor-intensive manufactured and service exports growing at double digits on a sustained basis, if it speeds up government decision-making. Without

timely action, other countries (such as Vietnam and Myanmar) will take the markets being vacated by China.

Banking sector analysis

After the independence, banking industry in Bangladesh started its journey with 6 Nationalized commercialized banks, 2 State owned Specialized banks and 3 Foreign Banks. In the 1980's banking industry achieved significant expansion with the entrance of private banks. Now, banks in Bangladesh are primarily of two types:

Scheduled Banks:

The banks which get license to operate under Bank Company Act, 1991 (Amended up to 2013) are termed as Scheduled Banks.

Non-Scheduled Banks:

The banks which are established for special and definite objective and operate under the acts that are enacted for meeting up those objectives, are termed as Non-Scheduled Banks. These banks cannot Perform all functions of scheduled banks.

There are 56 scheduled banks in Bangladesh who operate under full control and supervision of Bangladesh Bank which is empowered to do so through Bangladesh Bank Order, 1972 and Bank Company Act, 1991. Scheduled Banks are classified into following types:

State Owned Commercial Banks (SOCBs):

There are 6 SOCBs which are fully or majorly owned by the Government of Bangladesh.

There are now 4 non-scheduled banks in Bangladesh which are:

- Ansar VDP Unnayan Bank,
- Karmashangosthan Bank,
- Probashi Kollyan Bank,
- Jubilee Bank

A. Private Commercial Banks (PCBs):

There are 39 private commercial banks which are majorly owned by the private entities. PCBs can be categorized into two groups:

B. Conventional PCBs:

31 conventional PCBs are now operating in the industry. They perform the banking functions in conventional fashion i.e interest based operations.

C. Islami Shariah Based PCBs:

Exim Bank Limited
First Security Bank Limited
Islami Bank Bangladesh Limited
ICB Islami Bank Limited
Shahjalal Islami Bank Limited
Social Islami Bank Limited
Union Bank Limited

Overall Banking Scenario

Banks' Deposits:

Total Deposits (excluding interbank items) of the scheduled banks increased by Tk.848,373.90 million or 12.77% to Tk. 7,456,064.10 million during the FY 2014-15 as compared to increases of Tk. 773,323.40 million or 13.52% to Tk. 6,494,400.20 million during the FY 2013-14 and increases of Tk. 857,004.70 million or 17.62% to Tk. 5,721,076.80 million during the FY 2012-13.

Islamic Banks' Deposits:

Islamic Banks' Deposits increased by Tk. 190,185.50 million i.e. 15.33% as against 12.77% of all Banks to Tk. 1,240,968.70 million during the FY 2014-15 as compared to increases of Tk. 192,757.80million i.e. 19.05% as against 13.52% of all Banks to Tk. 1,204,773.60 million during the FY 2013- 14 and increases of Tk. 168,301.80 million i.e. 19.95% as against 17.62% of all Banks to Tk. 1,012,015.80 million during FY 2012-13. The share of Islamic Banks' Deposits at the end of FY 2014-15 stood at 18.77% as compared to 18.55% at the end of FY 2013-14 and 17.69% at the end of FY 2012-13.

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

Total Advances/Investments (excluding bills) of the scheduled banks increased by Tk. 638,355.20 million or 13.52% to Tk. 5,361,475.40 million during the FY 2014-15 as compared to increases of Tk.447,787.40 million or 10.54% to Tk. 4,695,832.10 million during the FY 2013-14 and Tk. 388,713.30 million or 10.07% to Tk. 4,248,044.70 million during the FY 2012-13.

Islamic Banks' Investments:

Islamic Banks' Investments increased by Tk. 156,308.00 million i.e. 14.98% as against 13.52% of all Banks to Tk. 199,769.30 million during the FY 2014-15 as compared to increases of Tk. 146,302.70 million i.e. 16.40% as against 10.54% of all Banks to Tk. 1,038,482.50 million during the FY 2013-14 and Tk. 111,717.40 million i.e. 14.31% as against 10.07% of all Banks to Tk. 892,179.80 million during FY 2012-13. The share of Islamic Banks' Investments at the end of FY 2014-15 was 22.09% as compared to 22.11% at the end of FY 2013-14 and 21.00% at the end of FY 2012-13.

Operating Profit:

Banks in Bangladesh managed to log in profits for 2015 despite a tough start to the year 2015 by way of political turmoil for the first three months. The growth of profit was slim owing to low credit/investment demand, cautious lending/investment policy, lowering lending/ investment profit rates and the sluggish business environment. In this situation, Islami Bank Bangladesh Limited registered the highest profit among the banks and listed in the top in 2015, of Tk. 1807 core. The listed second highest South East Bank Limited earned profit of Tk. 8,350.00 million which is 46.21% of Islami Bank. The profit earned by banks except Islami Bank is more of less in the same line. Al-Arafah Bank logged in profits of Tk. 6,360.15 million which is 75% of the second highest bank, Southeast Bank, and placed in 10th position in the list.

Disbursement of industrial term loan falls

In the second quarter (October-December 2015) of FY 2015-16, industrial term loan disbursement by banks and non-banking financial institutions fell by Tk.8.26 billion or 4.43 percent to Tk.178.18 billion as compared to Tk.186.44 billion during October-December 2014. The disbursement of industrial term loans during October-December 2015 increased by Tk.51.18 billion or 40.30 percent from Tk.127.00 billion during July- September 2015. Meanwhile, the recovery of industrial term loan rose by Tk.0.22 billion or 0.18 percent to Tk.119.46 billion during October-December 2015 against Tk.119.24 billion during October-December 2014. But the recovery of industrial term loans during October-December 2015 also rose by Tk.8.74 billion or 7.89 percent from Tk.110.72 billion during July-September 2015.

Agricultural credit disbursement rises by 18.74%

Agricultural credit (including non-farm rural credit) disbursed by banks during July-January 2015-16 amounted to a provisional Tk.100.79 billion as compared to Tk.84.88 billion during July-January 2014-15, showing a rise of Tk.15.91 billion or 18.74 percent. The credit disbursement achieved 61.46 percent of total target (Tk.164.00 billion) set for 2015-16. Agricultural credit disbursed by banks in January 2016 decreased by Tk.0.95 billion or 6.70 percent to Tk.13.23 billion from Tk.14.18 billion in January 2015. Meanwhile, total recovery of agricultural loan during July-January 2015- 16 rose by Tk.5.32 billion or 5.87 percent to Tk.95.94 billion from Tk.90.62 billion during July-January 2014-15. But agricultural credit recovery by banks in January 2016 fell by Tk.0.25 billion or 2.09 percent to Tk.11.73 billion from Tk.11.98 billion in January 2015.

Private sector credit growth rises

The credit growth in the private sector rose by 0.69 percentage point to 14.19 percent in December 2015 from 13.50 percent in December 2014. Meanwhile, the credit growth in the government (net) sector fell by 10.07 percentage point to -7.67 percent in December 2015 from -2.40 percent in December 2014.

Islami Banking Practices

Islami Banking System is becoming more and more attractive day by day to peoples irrespective of nations, religious, colors and species. More than 300 Banks & financial institutions are serving Islami banking throughout the world. At present in our country 8 full fledged Islamic Banks are working successfully. And other traditional banks have Islami Banking Wings conducting Shariah based banking activities. Recent Development of Bangladesh Government Islamic Investment Bond (BGIB) is the milestone for shariah based banking practices in Bangladesh.

Al-Arafah Islami Bank Limited

With the objective of achieving success in life here & hereafter following the way directed by the Holy Quran and the path shown by Rasul (SM) Al Arafah Islami Bank Ltd was established

(registered) as a public limited company on 18 June 1995. The inaugural ceremony took place on 27 September 1995. The authorized capital of the Bank is Tk. 15,000.00 million and the paid up capital is Tk. 9,466.58 million as on 31.12.2015.

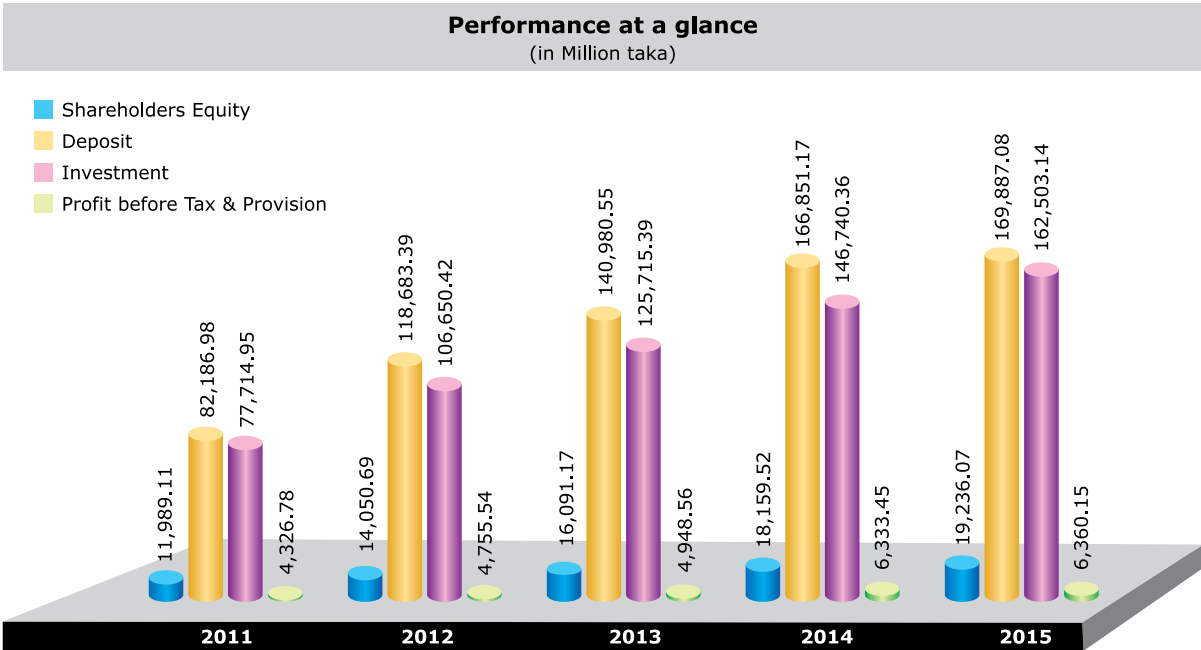
Renowned Islamic Scholars and pious businessmen of the country are the sponsors of the Bank. 100% of paid up capital is being owned by local shareholders.

The equity of the bank has stood at Tk. 19,236.07 million as on 31 December 2015, the manpower was 2,810 and the number of shareholders was 44,427. 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 129 branches of which 24 is AD throughout the country.

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

Special Features of Al-Arafah Islami Bank Ltd.:

- All activities of the bank are conducted according to Islamic Shariah where profit is the legal alternative to interest.
- The bank's investment policy follows different modes approved by Islamic shariah based on the Qur'an & Sunnah.



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

The bank is contributing to economic and philanthropic activities. AIBL English Medium Madrasah, AIBL library and Al-Arafah Islami Bank Foundation Kidney Dialysis centre patronizes by the Bank are such examples.

Activities of Shariah Supervisory committee for the year 2015

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 2015 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 Tk76.00 million as doubtful income of the branches of the Bank.

Besides, after analysing balance sheet, the Supervisory committee identified Tk. 296.39 million as compensation realised in different branches and Tk. 0.33 million, Tk. 1.07 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 2015 keeping doubtful in-come amounting to Tk 30.08 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 2015, 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 exhaustive research and study. May Allah give us tawfiq to do all activities at His pleasure, Ameen.

AIBL Capital Market Services Ltd.

AIBL Capital Market Services Limited is a subsidiary company of Al-Arafah Islami Bank Limited. The Company is incorporated under the company's Act, 1994 as a public limited company by shares with an authorized Capital of BDT 10 billion (10,000 million) and paid up capital of BDT 4 billion (4,000.00 million) 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 2015, 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 (2,000 million) and paid up capital of BDT 500 million (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.

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 (500 million) and paid up capital of BDT 100 million (100 million). 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.

Millennium Information Solution Limited

Al-Arafah Islami Bank Ltd. owned 51% shares of Millennium Information Solution Limited a subsidiary company of Al-Arafah Islami Bank Limited Millennium Information Solution Limited, a private limited Company was incorporated in Bangladesh under the companies act 1994 on February 11, 2001. The main objective of company is to carry on activities relating to developing software products and providing maintenance and support services both the domestic and international clients. Over the years, MILS has established itself as the leading software developer, implementation and service provisioning company in Bangladesh which adheres to the rules of Islamic Shariah.

Position in the Stock Market

Bank's share sustained a steady strong position since its induction at Dhaka Stock Exchange & Chittagong Stock Exchange in 1998. In Dhaka Stock Exchange the face value of taka 10 of our share was traded at taka 17.00 highest in 2015. The market trend of our bank's share in Dhaka Stock Exchange from January 2015 to December 2015 is stated in the list:

Position in the Stock Market in the list:

Month	Opening	High	Low	Closing
January	14.90	15.70	14.90	15.60
February	15.60	15.60	14.90	15.20
March	15.20	15.70	12.10	12.20
April	12.20	12.40	10.80	11.20
May	11.20	14.50	10.80	14.00
June	14.00	14.20	12.20	12.60
July	12.60	13.70	12.30	12.70
August	12.70	13.20	12.40	12.60
September	12.60	13.10	12.40	13.00
October	13.00	13.80	12.70	12.90
November	12.90	17.00	12.50	15.30
December	15.30	16.30	13.90	14.70

Progress Analysis

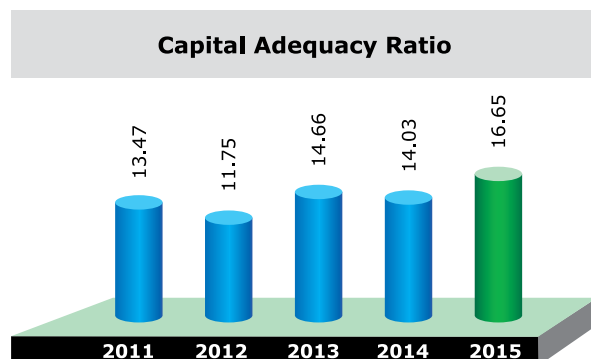
At the end of 2015, the number of depositors stood at 1,224,796 and the accumulated deposit was Tk. 169,887.08 million. The total number of investors stood at 142,573 and total investment extended to them was Tk 162,503.14 million. During the year 2015 the total income was Tk. 21,079.94 million and total expenditure was Tk. 14,719.79 million. At the end of the year the profit before tax and provision stood Tk. 6,360.15 million.

Capital Adequacy & Reserve Fund

According to BRPD Circular the Bank will have to maintain Tk. 4,000.00 million Capitals from 1st July 2011. In compliance with the new provision, the bank has raised its Capital from Tk. 18,914.03 million to Tk. 23,072.51 million (Consolidated Basis) and Tk. 17,352.63 million to Tk. 21,342.97 million (Solo Basis). In the year 2015 bank issued AIBL Mudaraba Subordinated Bond Tk. 3,000.00 million that meet the qualifying criteria for Tier 2 Capital as per annex 4 of Basel III Guidelines. The paid up capital of the bank was at Tk. 9,469.58 million at 31st December 2015.

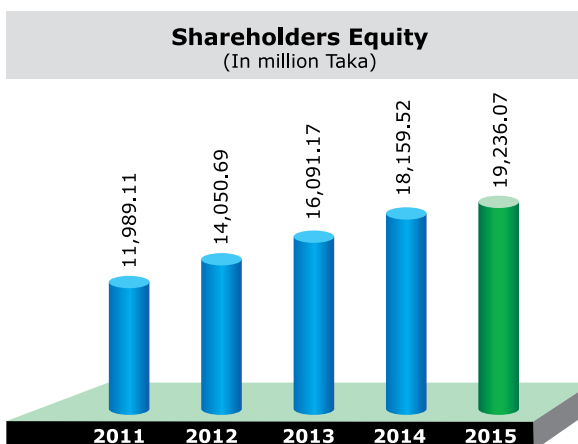
The total reserve fund has stood at Tk 6,432.32 million in the current year against Tk. 5,620.87 million at 31st December 2014. In this account, the bank experienced a growth of 14.44 % The Bangladesh Bank has fixed the ratio of minimum capital adequacy (MCR) against Risk-Weighted Assets at 10% or Tk. 4,000 million whichever is higher.

The Consolidated and Solo Basis capital adequacy ratio of the Bank as on 31.12.2015 are appended below:



Consolidated Basis		
	Tk. in million	
	2015	2014
a) Core Capital (Tier-I)		
Paid up Capital	9,469.58	9,469.58
Statutory Reserve	5,440.73	4,643.32
Retained Earnings	1,615.99	1,490.19
Non Controlling Interest	1,718.18	1,578.88
Total Core Capital	18,244.48	17,181.97
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	1,437.01	1,243.28
Assets Revaluation Reserve	391.02	488.78
AIBL Mudaraba Sub Ordinate dated Bond	3,000.00	-
Total Supplementary Capital	4,828.03	1,732.06
Total Capital (a+b)	23,072.51	18,914.03
c) Capital Adequacy Ratio	16.65%	14.03%

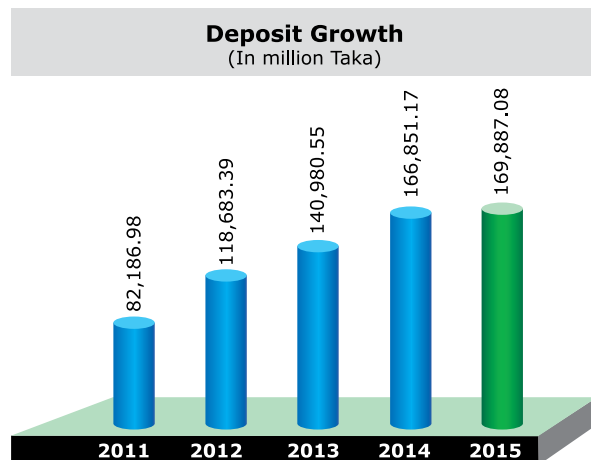
Solo Basis		
	Tk. in million	
	2015	2014
a) Core Capital (Tier-I)		
Paid up Capital	9,469.58	9,469.58
Statutory Reserve	5,440.73	4,643.32
Retained Earnings	1,604.63	1,507.67
Total Core Capital	16,514.94	15,620.57
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	1,437.01	1,243.28
Assets Revaluation Reserve	391.02	488.78
AIBL Mudaraba Sub Ordinate dated Bond	3,000.00	-
Total Supplementary Capital	4,828.03	1,732.06
Total Capital (a+b)	21,342.97	17,352.63
c) Capital Adequacy Ratio	15.30%	13.53%



Deposits

The total deposit of the bank was Tk.169,887.08 million at 31st December 2015 as against Tk. 166,851.17 million at 31st December 2014 a growth of 1.82% of which Tk.3,147.61 million was bank deposit and Tk. 166,739.47 million was general deposit. The present strategy is to increase the

deposit base through maintaining competitive profit rates and having low cost of funds to ensure a better spread with an average return on investment.



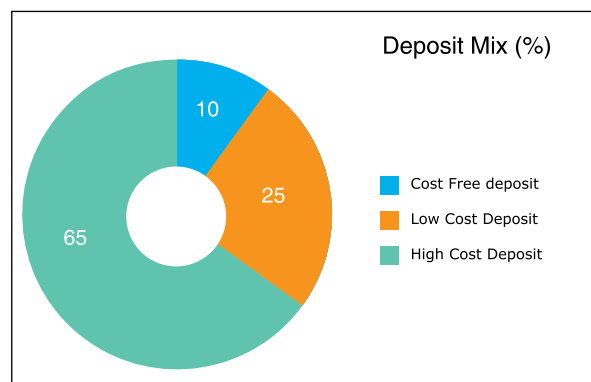
The mix deposit of the bank on December 31, 2014 was as follows:

Deposit Mix

Products	Taka in Million
a) Al Wadia Current Account	16,457.59
b) Mudaraba Savings Deposit	21,905.93
c) Other Mudaraba Deposit	92,519.20
d) Mudaraba Term Deposit	37,764.53
e) Bills Payable	1,239.83
Total	169,887.08

Deposit Mix (%)

Products	Taka in Million	% of Total
a) Cost Free deposit	16,988.71	10.00%
b) Low Cost Deposit	42,471.77	25.00%
c) High Cost Deposit	110,426.60	65.00%
Total	169,887.08	100.00%



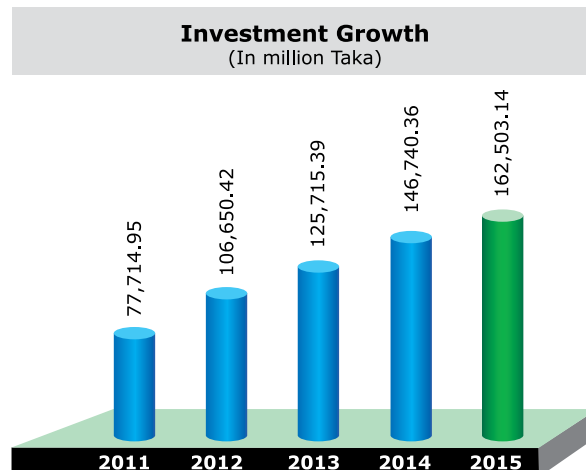
Various deposit product of the Bank in 2015 :

Sl.No	Types of Deposit
1.	Mudaraba Term Deposit (a) 36 Months (b) 24 Months

- (c) 12 Months
- (d) 06 Months
- (e) 03 Months
- (f) 01 Month
2. Mudaraba Savings Deposit
3. Short Notice Deposit (SND)
4. Monthly Hajj Deposit
5. Monthly Installment Term Deposit (ITD)
6. Monthly Profit Based Term Deposit (PTD)
7. Monthly Savings Investment (SID)
8. One Time Hajj Deposit
9. (a) Al-Arafah Savings Bond (3 Years)
(b) Al-Arafah Savings Bond (5 Years)
(c) Al-Arafah Savings Bond (8 Years)
10. Marriage Saving Investment Scheme (MSIS)
11. Pensioners deposit scheme
12. Special Saving (Pension) Scheme
13. Cash WAQF
14. Lakhopati Deposit Scheme
15. Kotipati Deposit Scheme
16. Millionaire Deposit Scheme
17. Double Benefit Scheme
18. Triple Benefit Deposit Scheme
19. Probashi Kallyan Deposit Pension Scheme
20. Mudaraba Savings Deposit-Student,
Farmers, Freedom fighters.
- 21.

Investment

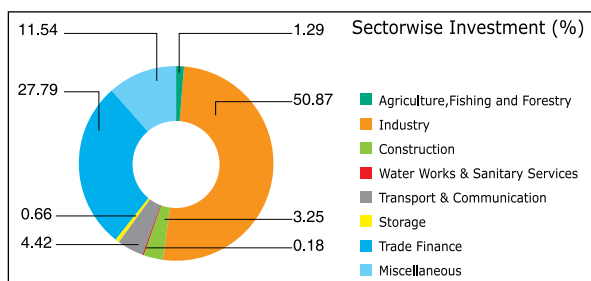
The investment of the bank has stood at Tk.162,503.14 million as on 31st December 2015 as against Tk. 146,740.37 (Net off PR) million in the previous year showing an increase by 10.74%. The investment portfolio of the bank is well diversified and covers a broad spectrum of businesses and industries including 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 4.66% in our bank as on 31 December 2015.



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.

Sector wise Investment 2015

Sectors	Taka in million
Agriculture, Fishing and Forestry	2,212.90
Industry	87,353.05
Construction	5,576.80
Water works & Sanitary Service	302.60
Transport & communication	7,597.60
Storage	1,135.70
Trade Finance	47,712.40
Miscellaneous	19,814.59
Total (Including Profit Receivable)	171,705.64
Less Unearned Profit on Investment	9,202.50
Total	162,503.14



Income

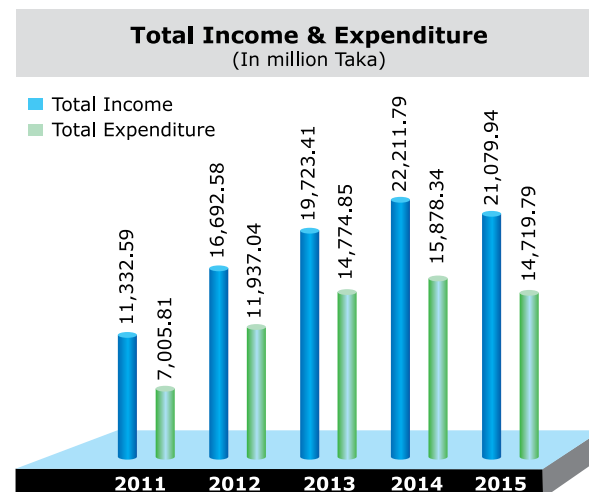
Investment income: The investment income was Tk. 18,568.00 million during the year 2015 which was negative growth of 5.87% over the previous year. Investment income is 88.08% of the total income of Tk.21,079.94 million.

Income from other than investment : The bank has earned Tk.2,511.94 million from sources other than investment like commission income, exchange income, locker rent etc. in the current year which is 11.92% of the total income. It indicates

1.05% growth over the year 2014.

Expenditure

Profit paid to depositors: The Bank has paid the depositors Tk. 11,073.01 million which is 59.63% of the investment income and 75.23% of the total expenditure for the year



2015. It was 12.24% negative growth over the year 2014.

Administrative and Other Expenses:

The administrative and other expenses were Tk. 3,646.78 million during the year showing 11.81% growth over the year 2014. It is 24.77% of the total expenditure.

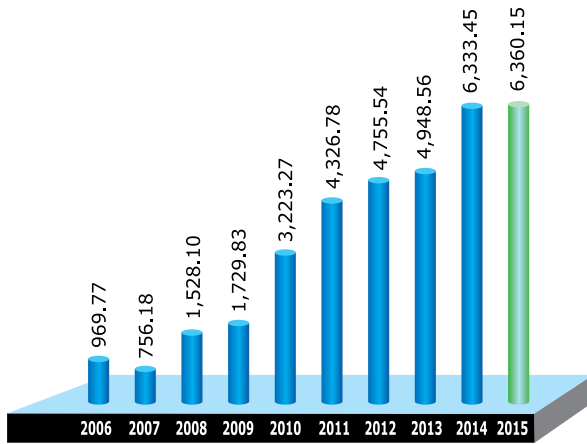
Operating Profit

The bank earned operating profit of Tk. 6,360.15 million during the year 2015. The operating profit of the Bank during the year 2014 was Tk 6,333.45 million and thus the Bank attained Positive growth of 0.42% in respect of operating profit. The provision for income tax for the year amounted to Tk. 1,766.95 million and divisible profit available for appropriation amounted to Tk1,422.70 million.



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

Operating Profit (In million Taka)



International Banking Wing (IBW)

To improve the operational efficiency and in line with the revised organogram, the works of the wing have been performing 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 Front Office, Mid Office & Back Office.

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

2015 for utilizing available fund in the competitive market. During 2015, Treasury performed the following functions efficiently:

1. Income of the Treasury Division:

(Figure in Million)

Particulars	2014	2015	Growth
Exchange Gain	483.60	606.10	25.36%
Rebate Income (Rebate sharing by FI Correspondents)	30.90	67.90	119.74%
Income from placement to OBU & EDF	17.00	105.80	522.35%
Total Income	531.50	779.80	46.72%

2. Updating the limits/Guidelines:

During 2015 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 the Bank Management that manages the banks on and Off Balance sheet position to offer competitively priced products and services to the customers. Bank 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 to 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 and decisions were taken for the interest of the bank.

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:



A group of top management visits an investment project of the Bank

Particulars	Dec,2014	Dec,2015
Investment Deposit Ratio (IDR)	88.59%	87.33%
Dependency on 1 month Deposit	4.44%	2.25%
Maximum Cumulative Outflow (MCO)	18.86%	18.63%
Cost of Fund (COF)	10.85%	9.18%

5. Borrowing from Abroad: The Division arranged USD 10.08 million Murabaha finance for OBU under Shariah Principles from Overseas Banks/FIs for making investment against UPAS through OBU. We have also made scope to borrow further USD 20.00 million which will be utilized as and when required.

B. Foreign Trade Operation Division:

Despite negative growth of maximum local commercial banks in core area of banking business, our bank has been able to achieve positive growth in import, export and remittance business through efficient handling of Foreign Exchange business.

Position of foreign exchange business performance for the year 2015 is presented hereunder compared to the business of 2014.

(Figure in BDT- Million)

Business	Achievement In 2014	Achievement as on 31Dec, 2015	Growth
Import	101244.70	107049.80	5.73%
Export	75843.90	79362.90	4.64%
Remittance	8541.10	9498.00	11.20%

❖ Introduction and operation of new product:

This Division has started operation of 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.

❖ Operation of Foreign Trade Processing Department:

The long desired Foreign Trade Processing Department has been set up in the year 2014 and started functioning in full swing from the year 2015. We have already started processing of Cash & BTB LC related product of All the AD branches with their Forwarding branches.

❖ 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.

❖ Off-shore Banking Unit (OBU):

Off-shore Banking Unit (OBU) started its operation at our Motijheel Branch from 22.05.2014. We have introduced two products under OBU viz. Usance Bills Payment At Sight (UPAS) and Musharaka Documentary Bills in Foreign Currency (MDB FC) for local export bills discounting.

In 2015 our Treasury Division placed USD 64.77 million to OBU from our Nostro Accounts. By procuring fund to Off-Shore Banking Unit (OBU) the earning of the Bank in 2015 was Tk.99.60 Million.

The bank management allowed up to USD 35.00 Million for placement to our OBU under the above mentioned two products.

❖ Other achievements:

- Received Bangladesh Bank permission for our Pragati Sarani Branch to perform as Authorized Dealer (AD).
- IBW has been conducting Hajj Management since inception with efficient and effective manner. In 2015, we sold SAR 1.15 Million to the pilgrims and earned Tk.0.95 Million as exchange income through our Hajj Booth. We distributed 1500 neck bag, 1500 umbrellas, 1000 Waist Belts and 1500 Hajj Guides to Hajj Pilgrims this year.

C. 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. 329 correspondent banking relationships are being maintained with different reputed Banks in 53 countries of the globe. Performance in this respect is as under:

Sl No.	Areas of Performance	Year-2014	Year-2015
01	Correspondent Relation(RMA)	323	329
02	Nostro A/C.	25	26
03	Credit Line	185 Million (USD)	202 Million (USD)
04	Training/Seminar at abroad	19 Officials	26 Officials

D. Foreign Remittance Division

Foreign Remittance is one of the most promising and important businesses having multifarious stirring effects on all sorts of businesses of the bank, familiarizing people with the bank from all classes of the society. Foreign Remittance Division is procuring remittance from almost all remittance hubs across the globe consisting more than 129 countries through 08 (eight) principal agents under drawing arrangement and 04 (four) sub agents arrangement with local banks and banks in abroad. A few new arrangements for procurement of remittance are under process.

1. Remittance Achievement:

Total achievement of Foreign Remittance of AIBL in 2015 through drawing arrangement, sub-agent arrangement and personal remittance is BDT. 9498.01 Million with a growth of 11.20% over the year 2014.

(Figure in BDT-Million)

Business	Achievement in 2014	Achievement in 2015	Growth (%)
Remittance	8541.10	9498.01	11.20

2. ELDORADO:

Foreign remittance division maintains an alternative remittance delivery channel namely ELDORADO, which is a web based remittance payment system among 09 (Nine) commercial banks in Bangladesh for inland and foreign remittance payment. We also provide necessary support to all our branches regarding

ELDORADO operation. Total transaction turnover during 2015 is BDT 1737.78 Million (incoming & outgoing) and number of transaction is 15,981 (incoming & outgoing).

3. Foreign Remittance Operation of Agent Banking Outlets:

AIBL launched the Agent banking operations on 16 June, 2015 and foreign remittance payment from agent outlets is also started since commencement. As per decision of management committee & the approval of Bangladesh bank agent banking operation along with compliance, related audit & inspection and record keeping will be executed from the nearest controlling Branches. Remittance achieved through Agent Banking Outlets during 2015 is BDT 51.22 Million and number of transaction is 1747 since commencement.

4. Marketing & Promotional Activities:

With a view to increase transaction of Moneygram, Al-Arafah Islami Bank executed two promotional campaigns during 2015; one was in Eid-ul-Fitr & another one in Eid-ul-Azha under joint promotional campaign with Moneygram. Each Moneygram customer got mobile top-up for TK 20 & TK 50 respectively during these campaigns.

Internal Control & Compliance activities of the Bank

A system of effective controls is a vital component of bank management and a foundation for the safe and sound operation of banking organizations to achieve long-term profitability targets. Internal control is the process, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies.

This process is affected by the board of directors, senior management and all levels of personnel. The board of directors and senior management are responsible for establishing the appropriate culture to facilitate an effective internal control process and for monitoring its effectiveness on an ongoing basis and each individual within an organization must participate in the process.

Internal Control and Compliance Wing of the bank consists of 3 (three) divisions viz. Audit & Inspection (A&I) Division, Monitoring Division (MoD) and Regulatory Compliance Division (RCD) including 2 (two) separate departments- Vigilance & Special Inspection Department & Independent Concurrent Audit Pool. Performance of ICCW in 2015 is appended below:

A) Activities of Audit and Inspection Division:

1. Risk Based Internal Audit:

As per approved Annual Audit Plan, Audit & Inspection Division has completed 100% audit including Surprise & Special audit in the Branch and Head office.

2. No. of Lapses with Category and Rate of Spot Rectification (SR) found in Internal Audit:

In the year 2015, total 184,199 Lapses has been detected by Internal Audit in the Branch, out of them 55% of Lapses has been rectified on the spot.

3. Internal Auditors' Direct Contribution to Bank's Profit:

During audit in the branches, Internal Audit & Inspection team detected income leakage of TK 1019.93 lac regarding non-realization of commission, charges, fees etc and Spot realized

TK 109.54 lac and realized TK 54.45 lac through Monitoring.

4. Core Risk Management System (CRM) Inspection:

To confirm the implementation status of Core Risk Management (CRM) Guidelines a systematic inspection has been conducted on the basis of specific checklist. It is observed that average rating of 118 Branches in the area of 6 (six) Core Risks viz. ALM, IRM, FEX, AML, ICC and ICT is 'Good'.

B) Monitoring system of Audit & Inspection reports & other functionalities:

1. Monitoring/Follow-up of Audit & Inspection Reports:

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

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

(ii) Independent Concurrent Audit Report, Quarterly Operation Report (QOR), Investment Documentation Checklist, General Concurrent Audit Report and Watch Tower (online monitoring).

(iii) Rectification of lapses mentioned in the audit re-port received by Monitoring Division (excluding spot rectified lapses) is 56% of overall Audit objection.

2. Compliance/follow-up of Bangladesh Bank inspection:

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

3. Closure of Audit Files:

Closure of audit files of 2014 is 67%. Closing of files of remaining 36 Branches (110-74) are under process.

4. Submission of Memo to the Board Audit Committee and Board:

As per approved Plan and Timeframe, the division has submitted 38 memos of Branches, 12 memos of Head office and 11 memos of important miscellaneous issues to the BAC and Board on the basis of risk prioritization.

C) Activities of Regulatory Compliance Division (RCD)

1. Monitoring of Mandatory Leave (ML) and Employee Transfer Policy:

As per bi-annual approved Leave Plan, Bank's internal ML policy has been implemented 100%. The transfer of officials working for 3 to 5 years and above 5 years in same branch/division is continuing and the percentage of transfer is 25%.

2. Submission of Implementation status of the Board and BAC meeting decisions:

The Division has prepared and submitted the implementation status of the policy decisions of the Board and Board Audit Committee (BAC) Meetings held in 2015.

3. Summary Report of Special Inspection & Surprise Inspection:

Summary reports of Special Inspections & Surprise Inspections which are conducted quarterly in various branches have already been submitted with a separate memo for review of the BAC meeting.

4. Self Assessment of Anti-fraud Internal Controls:

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

5. Controlling and maintenance of Circulars, Guidelines and Manuals:

Total 108 Instruction Circulars and 33 Circular letters have been 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. The division also preserves all the policy guidelines and manuals.

6. Preparation of the report of Annual Health of the Bank.

As per regulatory requirement, Annual Health Report has been submitted to the Board Audit Committee (BAC) and the Board which contains the external and internal assessment of Bank's health.

D) Activities of Vigilance & Special Inspection Department (Under ICCW):

Special Inspection:

This department has conducted 18 (eighteen) Special inspections in 2015 as per instruction of the Chairman of BoDs, Managing Director and the Head of ICCW having complaints through Whistle Blowing System (AIS) as well as other sources.

E) Independent Concurrent Audit Pool:

1. Independent Concurrent Audit in AIBL:

Concurrent Audit is a systematic and timely/spot examination of transactions to reduce the time gap between the occurrence and subsequent audit of banking activities on a regular basis to ensure accuracy, authenticity and compliance with procedures and guideline. To make Concurrent Audit effective, an Independent Concurrent Audit pool has been established under the supervision of ICCW.

2. AIBL status to the perspective of Independent Concurrent Audit:

In accordance with the Management decision, emphasize has been given on priority basis to Top-20 branches covering more than 74% (approx) business of the Bank. Initially 8 (eight) officers have been deputed at 04 (Four) branches which covers 30% business of the Bank.

3. The Performance of Independent Concurrent Auditor at the branches:

During Aug-Sept 2015, 03 (three) branches have been brought under the circumference of Concurrent Audit system which was followed by 01 (one) branch in December 2015. Evaluation of the performance articulates that the percentage of rectification of identified irregularities varies from 73% to 91% and average percentage is 84%. Concurrent Audit system bears a fruitful outcome in terms of prompt rectification and Branches are well ahead towards the regularization of the lapses with robust internal control.

F) Management Certificate on Effectiveness of ICC:

Each year the Management Committee is providing certification on effectiveness of Internal Control policy, practice and procedure of the Bank whether the wing is following the guidelines strictly and functioning well complying the norms and procedures of the Bank and Regulatory Bodies.

Anti Money Laundering (AML) & Combating Financing of Terrorism Compliance (CFT)

Money Laundering and Financing of Terrorism are alarming threats worldwide. As such, AIBL has established a sound framework for AML/CFT compliance based on relevant laws enacted by the Government of Bangladesh to combat money laundering/terrorist financing and in line with the rules governing the conduct of all account relationships issued by

Bangladesh Financial Intelligence Unit (BFIU). A separate policy for AML/CFT has been approved by the Board of Directors and is reviewed periodically, while the Compliance Unit carries out sample testing bank-wide to ensure adherence. The Bank's AML/CFT Policy establishes standards of AML/CFT compliance which applies to all branches/departments/Wings and ensures strict compliance with all existing laws and regulatory requirements. AIBL takes all reasonable steps to verify the identity of our customers in accordance with the directions issued by BFIU. Systems also in place to ensure that Know Your Customer (KYC) and Customer Due Diligence (CDD/EDD) informations are collected and kept up-to date and that identification details are updated when changes occur. Accordingly accounts are categorised as High and Low risk and a higher level of due diligence and monitoring is carried out in high risk areas as per directions of new guidelines/Master Circular issued by BFIU. Monitoring and reporting of suspicious transactions which include large and structured transactions on/above a specified threshold as per applicable regulatory and internal guidelines is also carried out.

Our relentless efforts for motivating the staff and creating awareness in operational level for combating the money laundering menace are continuing. AML training is being arranged under a new module appropriate for new entrant and the refreshers. Our Central Compliance Unit (CCU) is a strong committee comprising of several heads of divisions/wings engaged in customer transactions under different products. CCU evaluates and formulates strategy and action plan in order to effectively implement the combating process. Branch Incumbent alongwith BAMLCO in all branches are effectively supervising and monitoring the operational activities and holding regular meetings with the staff members to create awareness and formulate effective combating plan including emphasis on identification and reporting of suspicious transactions and activities. Branches are under special AML/CFT compliance monitoring by the Anti Money Laundering Division(The operational unit of CCU), Internal Audit & Inspection Division(AID) as well as by the ZAMLCOs (Zonal Offices). Department of Banking Inspection (DBI) of Bangladesh Bank and Bangladesh Financial Intelligence Unit (BFIU) also conducts regular and special audits of the branches and Head Office on AML/CFT compliance issues. Measures have been put in place to generate automatic transaction Profile Exception Report for daily review and monitoring of transactions at branch level as well as in the Head Office. Automation of sanction screening is almost completed which was introduced in June, 2015.

We all know that, Money Laundering and terrorist financing are panic risks. For mitigating the same as regulatory compliances, Al-Arafah Islami Bank Ltd. has undertaken the following steps:

1. A Central Compliance Unit (CCU) has been set up headed by a Deputy Managing Director who is also the Chief Anti Money Laundering Compliance Officer (CAMLCO)
2. "Money Laundering and Terrorist Financing Risk Assessment Policy Guidelines of Al-Arafah Islami Bank Limited" on risk based approach have been formulated and disseminated to all branches of the bank
3. "Money Laundering, Terrorist Financing & Proliferation Financing Risk Management Guidelines of Al-Arafah

- Islami Bank Limited” on risk based approach have been formulated and disseminated to all employees of the bank
4. A DCAMLCO (Deputy Chief Anti Money Laundering Compliance Officer) has been nominated and posted at Anti Money Laundering Division, Head Office, the operational unit of Anti Money Laundering Compliance.
 5. Nominated ZAMLCOs(Zonal Anti Money Laundering Compliance Officer) at Zones to supervise the AML/CFT programs of related Branches
 6. Nominated BAMLCOs (Branch Anti Money Laundering Compliance Officer) at branches, who independently review the transactions on the accounts to verify suspicious transactions and other Anti Money Laundering measures
 7. goAML software has been implemented to monitor account activities and for Auto reporting of Cash Transaction Reports(CTR) and STR
 8. Trainings are imparted to employees on AML/CFT to create awareness and to be vigilant AML & CFT compliance status of branches are re-viewed by the internal audit team during their periodic audit of AIBL Branches
 9. Introduction of auto screening & hit management system on the basis of Auto sanctioning result
 10. AIBL served and attended AML/CFT related lead banking, regional and refresher training program etc. for making officials awareness
 11. AIBL served and distributed AML/CFT related leaflet, banner/poster and festoons for making mass awareness
 12. Introduced group study in the branches on AML/CFT issues for improvements of know-how of the officials & achieving better ratings on AML/CFT
 13. Motivating to our AML/CFT related officials with the global renowned education programs like CAMS (Certified Anti Money Laundering Specialist), CFCS (Certified Financial Crime Specialist) etc.

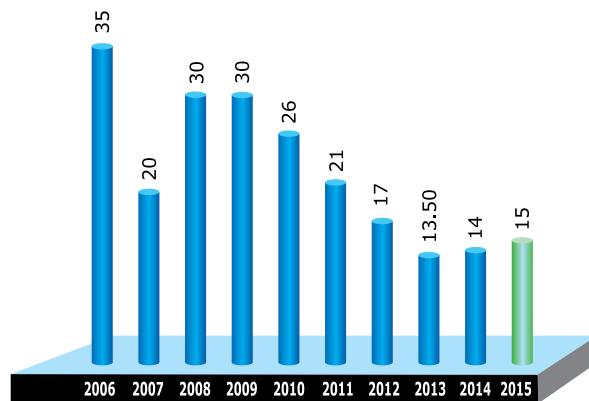
Dividend

The bank has been paying dividend every year since 1998 just after conversion of a public limited company. The Board of Directors of the Bank is pleased to recommend 10% Cash and 5% Stock dividend in the year 2015.

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
2015	10% Cash & 5% Bonus

Dividend (%)



Credit Rating

Credit Rating Agency of Bangladesh (CRAB) Limited has adjudged AA2 (pronounced Double Two) rating in the Long Term and ST-2 rating in the Short Term for Al-Arafah Islami Bank Limited.

Based on : Audited Financial Statement 2014
 Date of Rating : 30 June 2015
 Validity : 30 June 2016
 Outlook : Stable

Year-wise Comparative Rating Position:

Date of Rating	Long Term	Short Term	Outlook
30 June 2015	AA2	ST-2	Stable
10 July 2014	AA3	ST-2	Positive
30 June 2013	AA3	ST-2	Stable
26 April 2012	AA3	ST-2	Stable

Interpretation:

AA1, AA2, 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. AA is judged to be of very high quality and is subject to very low credit risk. Numerical modifiers 1, 2 and 3 indicate rank. The modifier 1 indicates obligation ranks in the higher end of generic rating category, the modifier 2 indicates mid-range ranking and the modifier 3 indicates a ranking in the lower end.

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. Total 223 employees in different categories/ ranks joined our fleet during the year 2015 raising our total employees to 2810 including 147 Executive as on 31.12.2015.

During 2015 our Training Institute conducted 108 Training Courses, Workshops, Executive Development Programs and

Outreach Programs where 4,256 participants attended during the period from January-December, 2015. Besides, we nominated 270 employees in outside training course viz. BIBM, BBTA etc. in 2015 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 33 CDCS of which 15 completed during the year 2015.

We have 2810 staff in the Bank of whom 147 are executives, 2,079 are officers and 584 other staff as on December 31st 2015.

Sl No	Designation Category	Number
1	Executives	147
2	Officers	2,079
3	Others	584
	Total	2,810

AIBTRI Performance-2015

Human resources are the main component of any development, improvement, changes or achievements. All material assets/resources are to be utilized by human resources to execute any plan or program. If the human resources are not found to be capable in utilizing other assets or resources prudently, efficiently and effectively, success of any plan/program will be far away. So, it is very important to have a pool of excellent human resources for any organization/institution. Training involves the development of skills that are usually necessary to perform a specific job. It brings positive changes in knowledge, skills, attitude and building confidence of the human capital so that they can be efficient in performing their duties and responsibilities. So, training is regarded to be one of the best means of improving performance.

The need for Training Institute was keenly felt in the early seventies to cater to the management training needs of the banking sector. The formation of Al-Arafah Islami Bank Training & Research Institute (AIBTRI) sine-qua-non for the development of human resources at the very beginning of AIBL. AIBTRI (previous name AIBTRA) had to concentrate on training of the entry level officers due to absence of appropriate training infrastructure in AIBL arena from the very beginning. However, with the passage of time it assumed the responsibility of imparting training to the mid and senior level officials of AIBL.

The financial sector of Bangladesh underwent a number of reforms measures as per structural adjustment in the country. In line with these reforms, the AIBTRI has been adopting new strategies and methods for improving their services. AIBTRI is also keeping pace by putting its best efforts to respond to the need for capacity building of AIBL officials for implementation of the reform measures. Meanwhile, banking sector of Bangladesh demanded up-gradation of capabilities of managerial level officials as the bank expanded horizon of operations. In line with that AIBTRI regularly updates its training areas, contents and methods.

Training Scenario in 2015:

AIBTRI conducted a total number of 108 (one hundred & eight) Training Courses, Workshops, Executive Development Programs and Outreach Programs where 4,256 participants attended during the period from January-December, 2015.

Training Courses:

To develop the professional skill and knowledge of the officials in the field of Shariah banking, economics and finance, rural and micro finance, customer service development, motivation, capacity building, achieving the target and continuous growth, AIBTRI conducted a total of 22 (twenty two) against the requirement of 19 (nineteen) courses; achieving 116% of the yearly target.

Training Workshops:

A total of 67 (sixty seven) workshops were conducted during the year against the target of 53 (fifty three) work-shops, thus accomplishing 126% of the yearly requirement. Out of this, a significant number of workshops were arranged for fulfilling the requirements of current issues relating to banking operations like as "Prevention of Money Laundering and Combating Financing of Terrorism". Moreover, with a view to enhancing skill among the employees, AIBTRI has conducted training workshops on "Capacity Building in Banking Operation".

Executive Development Programs:

To meet up the needs of executives, managers, manager operations, in the field of banking, finance, economy, national integrity strategy, money laundering prevention and allied fields, AIBTRI conducted 5 (five) EDPs out of 9 (nine), achieving 56% of the yearly target.

Outreach Programs:

AIBTRI conducted 14 (fourteen) outreach training programs out of 23 (twenty three) achieving 61% of the yearly target during the period with 626 (six hundred & twenty six) officers. The programs had their remarkable impact to create awareness among young, brilliant and promising officers regarding Islamic Economics and Banking, Time & Stress Management, Recovery Management, Present Scenario of Economy, Environment Risk Rating as well as Financial Literacy etc.

Lead Bank Program:

This year Al-Arafah Islami Bank Ltd. had the privilege of organizing the daylong workshop on "Money Laundering Prevention & Combating Financing of Terrorism" as the lead bank nominated by Bangladesh Bank in Cox's Bazar. AIBTRI, as per instruction of the BFIU successfully arranged, monitored and supervised the workshop with 50 (fifty) officials most of whom are BAMLCOs and the remaining are Branch Managers.

Comparative Performance of the Institute for the year 2014 & 2015:

Type of Training	Number of Training		Number of Participants		Number of Training Days	
	Completed during the year 2014	Completed during the year 2015	Achieved during the year 2014	Completed during the year 2015	2014	2015
a) Training Course	16	22	604	860	214	107*
b) Training Workshop	37	67	1,280	2,582	37	71
c) Executive Development Program	02	05	92	188	02	05
d) Outreach Training program	13	14	748	626	13	14
Total (a+b+c+d)	68	108	2,724	4,256	266	197

Performance in tabulated form

* No foundation course was held during the year as there was no fresh recruitment of MTO.

It is to be mentioned that due to unusual socio-political situation in the country in the first quarter of the last year 2015, all scheduled programs in respect of outreach training, could not be implemented in full. Though we have achieved more than 100 % target in respect of training courses & workshop programs, we are not complacent with only quantitative achievement. Our main focus is on quality. We are always striving for qualitative improvement.

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, different Risk Management Committee including All Risk 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, a monthly/quarterly Risk Management Report and a Half-yearly Comprehensive Risk Management Report (CRMR) incorporating all risk areas are prepared as per directions of Bangladesh Bank. These Reports are discussed in depth in the All Risk Committee in the Management level as well as Board Risk Management Committee and necessary instructions and guidance are given and implemented there against.

Information & Communication Technology

Introduction

ICT Division is providing/facilitating all core business processes, components, from served to support, sustain and growth transformation and the realization of Bank's strategic objectives. ICT also played a pivotal role in ensuring that bank's business is in compliance with regulatory requirements. AIBL continued to benefit from technological innovation, improving bank's ability to meet evolving business needs and delivering customer service expectations with efficiency demands. Now AIBL is running true centralized operations for all branches, 100+ ATM and the number is growing every year. Bank have a decent & state-of-art Data center and Disaster Recovery site and team that has recognition & respect of the industry and faith of bank management and of valued customers.

Bank Core Banking System (CBS) is "ABABIL" developed by Millennium Information Solution Ltd. In terms of modernization "ABABIL" reached 9th position in global ranking for Islamic Banking Software as per Gartner report. Bank has tried for fully automated and paperless banking in true sense during these years. 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 with efficiency and quality of service. Bank data center design will enable to accommodation of current requirement and increasing demand in the future.

With the supportive role of Bangladesh Bank, Bank has implemented following projects successfully.

1. MasterCard debit and credit card & Merchant Banking
2. National Payment Gateway (NPG)
3. Agent Banking
4. Mobile Banking
5. Internet Banking
6. SMS Banking
7. Business Process Automation (BPA)
8. Enterprise Resource Management (EAMS)
9. Human Resource Management (HRMS)
10. Batch, EFT & Real Time Gross Settlement (RTGS)
11. Sanction Screening Software etc.

Following IT projects have been taken for the year 2016

- a. Cisco Contract Center (CC, IP Phony, Video Conference)
- b. Enterprise Data Warehouse (EDW)
- c. Central Management Information System (MIS)
- d. Business Intelligence (BI) etc.

1. Banking & Finance Information Assurance and IT Security

Today's banks operate in highly complex and inter-connected environments with a critical responsibility of ensuring the privacy and security of their customers' information. Information assurance is certainly not taken lightly in our industry.

- Identity Theft and BB regulations require banks to uphold the security of the institution and its customers. Specifically, BB mandates financial institutions to develop standards relating to administrative, technical, and physical controls to protect their clients' non-public personal information from being disclosed to third parties.
- Hackers are a constant threat to businesses with an online presence. Website defacements, denial of services, and credit card and identity theft are just a few of the attacks that businesses are exposed to every day.
- If a security breach is taking place or has occurred, businesses need to have a plan to quickly respond to the incident. In such situations, it is necessary to ensure digital evidence is identified, preserved, and analyzed so as to be accurately presented in a court of law.
- Banking and financial institutions also need to keep in step with technological advancements while maintaining protected and secured assets and information systems.

To address these challenges, financial institutions must implement security controls in their infrastructures, ensuring the confidentiality, integrity, and availability of bank's information and communications.

2. Here's we take on how banks and regulators could get better at Cyber security.

- Some banks still don't take the hacker threat seriously, until they become victims themselves.

- Regulators collect data on bank security but don't actually analyze all of it — which means that they can't say, "Hey, this is a problem for every bank. Here's how to fix it."
- All bank's take IT service from third-party vendors, but such can bring more risks to bank.
- As mobile banking grows in popularity, the industry needs to step up for secure applications.
- Bank's need more IT specialists for facing security threats.
- People are sharing information on threats, but such sharing is repetitive, slow and lacking in critical de-tails.

Banks and Financial Institutions store and process large amounts of sensitive data, makes their requirement for Information Security higher than other sectors.

Sensitive data could include:

- Personally Identifiable Information (PII)
- Personal banking details (balances and history)
- Commercial banking details (balances and history)
- Confidential corporate information

The biggest threat to this information is unauthorized disclosure.

- Within the organization (maliciously or by accident)
- If the data is sent to a third party
- Via contractors or consultants
- Via cyber attacks

Why should I invest in Information Security?

If information is compromised there will be significant consequences. The most immediate and visible one is the loss of customers. A reputation as safe and trustworthy is of vital importance to banks and financial organizations. If this reputation is compromised customers may leave as soon as they can, resulting in a direct financial loss.

Information Technology Security

- Wireless Network Security Assessment
- Wireless Network Design
- Vulnerability Assessment
- Supervisory Control And Data Acquisition(SCADA) Industrial Control System Security
- Penetration Testing Services
- Network Vulnerability Assessment
- LogWatch
- ISO 27000 Information Security
- Information Technology Security Training
- Information Security
- Cybersecurity Tool Based Assessment
- Data Breach Investigation And Remediation
- Business Continuity Planning

Conclusion

The banking sector has embraced the use of technology to serve its client's faster and also to do more with less. Emerging technologies have changed the banking industry from paper and branch based banks to digitized and networked banking services. Technology has changed the accounting and management system of all banks. It is now changing the way how banks are delivering services to their customers. However, this technology comes at a cost, implementing

all this technology has been expensive but the rewards are limitless. Bank's was established back in 1995. The bank moved to true Centralized operation in 2008 with 35 Branches. Since then ICT division is working round the clock to provide services to customers in all of its 129 branches, 100+ ATMs, and to other alternative channel all over the country.

Banks operate in a highly regulated environment. In many cases security incidents occur because of non-compliance to various standards and regulations. If these occurs the penalties can be severe. Organisations may face a range of regulatory sanctions that will impact their ability to operate effectively. The number of breaches occurring is increasing each year, as are the remediation costs per breach. Investing in information security is essential to ensure the long term viability of any organisation and its data. A pragmatic and integrated approach to security can ensure business, not only survives but thrives.

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. 118 news items of the Bank were broadcasted through 10 different TV Channels during the year 2015. TV Branding continued with the scroll branding during the news in satellite channel Bangla vision. The branding shows the name and logo of the Bank as sponsor of the news update scroll.

Total 2220 Press Release items were published in more than 60 different leading Newspapers and Media throughout the year. Besides, currently the Bank is continuing a total of 3 Billboards in 3 different places all over the country. There were total 298 advertisement placements in more than 100 different publications during 2015.

Our advertisement plan for 2016 has been developed focusing to achieve the best outcome using available media and resources. We shall go into Electronic Media vastly this year. Currently we are hosting News Update Scroll in Bangla Vision only. More channels will be covered all around the year in 2016.

The number of advertisement through Billboards shall be raised this year to acquire more public attention. All the divisional cities and major districts will be covered and display boards will be placed on at least 100 major locations all over the country.

The Promotional Plan also indicates that, we have to make our promotion through client service more effective and efficient in 2016. Leaflets and Brochures of our products will be made available in every branch. There will be a number of Banners, X-Stands and Dangers visible in our branches. We must remember that, a satisfied client is the best advertiser of the Bank. So, all our promotional steps will be focused to make our customers feel that they are banking with their own bank when they are with Al-Arafah Islami Bank Limited.

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. We have taken the following actions plan for the year

2016 to strengthen our School Banking Pro-gram:

7. Annual Target for opening Student Account has been fixed at 25,000 and allocated among the all Branches of the Bank.
8. Introduction of financial educational affairs among the student of government approved educational institutions within the regional of respective Branches.
9. As a part of motivational activities, it was decided to provide a pen with Bank Logo at the time of opening account by the student.
10. Collection of fees and deposit of school student by arranging movable counter of the Bank in the re-spective educational institution.

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

- Rural Agricultural Investment Scheme (RAIS)
- Al-Arafah Khamar bari Investment Scheme
- Grameen Small Investment Scheme (GSIS)
- Al-Arafah Solar Energy Investment Schem85e
- 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 customer and in the same manner we are also helping different areas of social activity through our CSR activities.

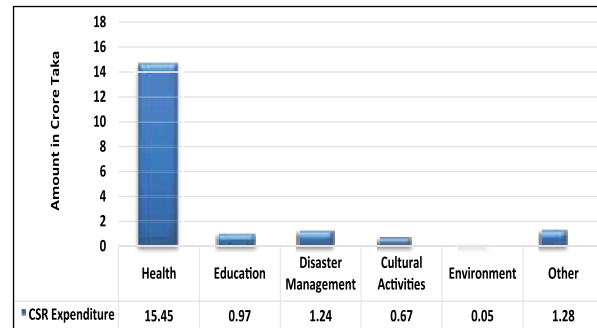
During the year 2015, the bank has prolonged its hands towards the poor people in various ways. Our CSR areas were focused on Health, Education, Disaster Manage-ment, Cultural Activities, Ecological Friendly sectors and several other sectors.

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

Why Basel III?

Ever since the first proposal of the existing Basel II Capital Accord was issued, its merits and its weaknesses are discussed in the banking world. But only the recent financial crisis proved that internationally active banks still failed to fully absorb credit losses since they fell short of capital. Note however that Basel II still needed to be fully implemented at the onset of the financial crisis. Nevertheless representatives



Blankets were donated to the Honorable Prime Minister's Fund to help the cold-affected people

pressured the Basel Committee on Banking Supervision (BCBS) to discuss the shortcomings of the Basel II Capital Accord and come up with possible amendments. These are now described as Basel III. In short, Basel III builds upon the existing regulatory capital framework but introduces some adjustments that are meant to reflect the lessons learned from the financial crisis.

To address the market failures revealed by the crisis, the Committee introduced a number of fundamental reforms to the international regulatory framework. The reforms strengthen bank level, or micro prudential, regulation, which will help raise the resilience of individual banking institutions to periods of stress. The reforms also have a macro prudential focus, addressing system-wide risks that can build up across the banking sector as well as the procyclical amplification of these risks over time. Clearly these micro and macro prudential approaches to supervision are interrelated, as greater resilience at the individual bank level reduces the risk of system-wide shocks.

1. Strengthening the capital framework:

The Basel Committee raised the resilience of the banking sector by strengthening the regulatory capital framework, building on the three pillars of the Basel II framework. The reforms raise both the quality and quantity of the regulatory capital base and enhance the risk coverage of the capital framework. To this end, the predominant form of Tier 1 capital must be common shares and retained earnings. This standard is reinforced through a set of principles that also can be tailored to the context of non-joint stock companies to ensure they hold comparable levels of high quality Tier 1 capital. Deductions from capital and prudential filters have been harmonized and generally applied at the level of common equity or its equivalent in the case of non-joint stock companies. The remainders of the Tier 1 capital base must be comprised of instruments that are subordinated, have fully discretionary noncumulative dividends or coupons and have neither a maturity date nor an incentive to redeem. In addition, Tier 2 capital instruments will be harmonized and so-called Tier 3 capital instruments, which were only available to cover market risks, eliminated. Finally, to improve market discipline, the transparency of the capital base will be improved, with all elements of capital required to be disclosed along with a detailed reconciliation to the reported accounts.

2. Enhancing risk coverage:

At present, the counterparty credit risk in the trading book covers only the risk of default of the counterparty. The reform package includes an additional capital charge for Credit Value Adjustment (CVA) risk which captures risk of mark-to-market losses due to deterioration in the credit worthiness of a counterparty. In addition, the guidelines on counterparty credit risk management with regard to collateral, margin period of risk and central counterparties and counterparty credit risk management requirements have been strengthened.

3. Supplementing the Risk-based Capital Requirement with a Leverage Ratio:

One of the underlying features of the crisis was the build-

up of excessive on and off-balance sheet leverage in the banking system. In many cases, banks built up excessive leverage while still showing strong risk based capital ratios. Subsequently, the banking sector was forced to reduce its leverage in a manner that not only amplified downward pressure on asset prices, but also exacerbated the positive feedback loop between losses, declines in bank capital and contraction in credit availability. Therefore, under Basel III, a simple, transparent, non-risk based regulatory leverage ratio has been introduced to achieve the following objectives:

- constrain leverage in the banking sector, thus helping to mitigate the risk of the destabilising deleveraging processes which can damage the financial system and the economy; and
- introduce additional safeguards against model risk and measurement error by supplementing the risk-based measure with a simple, transparent, independent measure of risk.

The Committee has designed the leverage ratio to be a credible supplementary measure to the risk-based requirement with a view to migrating to a Pillar 1 treatment based on appropriate review and calibration.

4. Reducing procyclicality and promoting countercyclical buffers:

One of the most destabilising elements of the crisis has been the procyclical amplification of financial shocks throughout the banking system, financial markets and the broader economy. The tendency of market participants to behave in a procyclical manner has been amplified through a variety of channels, including through accounting standards for both mark-to-market assets and held-to-maturity loans, margining practices, and through the buildup and release of leverage among financial institutions, firms, and consumers. The Basel Committee introduced a number of measures to make banks more resilient to such procyclical dynamics. These measures will help ensure that the banking sector serves as a shock absorber, instead of a transmitter of risk to the financial system and broader economy. These measures have the following key objectives:

- dampen any excess cyclicity of the minimum capital requirement;
- promote more forward looking provisions;
- conserve capital to build buffers at individual banks and the banking sector that can be used in stress; and
- achieve the broader macro prudential goal of protecting the banking sector from periods of excess credit growth.

5. Addressing systemic risk and interconnectedness:

While procyclicality amplified shocks over the time dimension, excessive interconnectedness among systemically important banks also transmitted shocks across the financial system and economy. Systemically important banks should have loss absorbing capacity beyond the minimum standards and the work on this issue is ongoing. The Basel Committee developed a proposal on a methodology comprising both quantitative and qualitative indicators to assess the systemic importance of financial institutions at a global and domestic level. Several of the capital requirements introduced by the Committee to mitigate the risks arising from firm-level exposures among global financial institutions will also help to address systemic risk & interconnectedness. These include:

- capital incentives for banks to use central counterparties for over-the-counter derivatives;
- higher capital requirements for trading and derivative activities, as well as complex securitizations and off-balance sheet exposures (e.g. structured investment vehicles);
- higher capital requirements for inter-financial sector exposures; and
- the introduction of liquidity requirements that penalize excessive reliance on short term, interbank funding to support longer dated assets.

6. Introducing a global liquidity standard

Strong capital requirements are a necessary condition for banking sector stability but by themselves are not sufficient. A strong liquidity base reinforced through robust supervisory standards is of equal importance. To date, however, there have been no internationally harmonized standards in this area. The Basel Committee is therefore introducing internationally harmonized global liquidity standards. As with the global capital standards, the liquidity standards will establish minimum requirements and will promote an international level playing field to help prevent a competitive race to the bottom.

The difficulties experienced by some banks during the financial crisis were due to lapses in basic principles of liquidity risk management. In response, as the foundation of its liquidity framework, the Committee in 2008 published Principles for Sound Liquidity Risk Management and Supervision. The Sound Principles provide detailed guidance on the risk management and supervision of funding liquidity risk and should help promote better risk management in this critical area.

To complement these principles, the Committee has further strengthened its liquidity framework by developing two minimum standards for funding liquidity. An additional component of the liquidity framework is a set of monitoring metrics to improve cross-border supervisory consistency. These standards have been developed to achieve two separate but complementary objectives. The first objective is to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high quality liquid resources to survive an acute stress scenario lasting for one month. The Committee developed the Liquidity Coverage Ratio (LCR) to achieve this objective. The second objective is to promote resilience over a longer time horizon by creating additional incentives for a bank to fund its activities with more stable sources of funding on an ongoing structural basis. The Net Stable Funding Ratio (NSFR) has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities.

At present, supervisors use a wide range of quantitative measures to monitor the liquidity risk profiles of banking organizations as well as across the financial sector, for a macro prudential approach to supervision. To introduce more consistency internationally, the Committee has developed a set of common metrics that should be considered as the minimum types of information which supervisors should use. In addition, supervisors may use additional metrics in order to capture specific risks in their jurisdictions.

Action Plan for implementing Basel-III:

Basel III is a new regulatory framework recommended by Basel Committee. Following the framework, Bangladesh Bank has conducted Quantitative Impact Study (QIS) to assess the preparedness of banks for implementing Basel III in Bangladesh. Based on findings of the last QIS an Action plan/Roadmap is finalized with the approval of the competent authority. The action plan/Roadmap is as follows:

Action	Deadline
Issuance of Guidelines	June 2014
Capacity Building of Banks	June-Dec 2014
Commencement of Basel III Implementation process	July 2014
Initiation of Full Implementation of Basel III	January 2019

The Phase-in arrangement of minimum Capital requirements as per Basel-III guideline:

The Committee introduced transitional arrangements to implement the new standards that help ensure that the banking sector can meet the higher capital standards through reasonable earnings retention and capital rising, while still supporting lending to the economy. In line with the Basel framework, Bangladesh Bank issued transitional arrangements for Basel III implementation in Bangladesh. The phase-in arrangements for Basel III implementation in Bangladesh will be as follows:

	July 2014	2015	2016	2017	2018	2019
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.00%	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	-	0.625%	1.25%	1.875%	2.50%
Minimum CET-1 plus Capital Conservation Ratio	4.00%	4.50%	5.125%	5.75%	6.375%	7.00%
Minimum T-1 Capital Ratio	5.00%	5.50%	5.50%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.00%	10.625%	11.25%	11.875%	12.50%

Domestically systematically important banks might require capital in addition to minimum requirement (upon regulatory approval), these institutions might be under regulatory focus and will act as the driving force in the financial system.

It is necessary to implement Basel III there are various challenges that it brings but argued that we cannot see any challenge in isolation. The Basel rules seek to make banks more resilient and risk aware. Such a banking system is always better than an unstable one. We cannot overlook the fact that a crisis is better prevented than faced because the aftermath of the crisis is costlier than the incremental cost that one incurs to prevent it.

To strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector, the Basel Committee on Banking Supervision (BCBS) issued "Basel III: A global

regulatory framework for more resilient banks and banking systems” in December 2010. The objective of the reforms was to improve the banking sector’s ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. Through its reform package, BCBS also aims to improve risk management and governance as well as strengthen banks’ transparency and disclosures. Basel Committee’s comprehensive reform package also addressed the lessons of the financial crisis.

One of the main reasons the economic and financial crisis, which began in 2007, became so severe was that the banking sectors of many countries had built up excessive on and off-balance sheet leverage. This was accompanied by a gradual erosion of the level and quality of the capital base. At the same time, many banks were holding insufficient liquidity buffers. The banking system therefore was not able to absorb the resulting systemic trading and credit losses nor could it cope with the reinter mediation of large off-balance sheet exposures that had built up in the shadow banking system. The crisis was further amplified by a procyclical deleveraging process and by the interconnectedness of systemic institutions through an array of complex transactions. During the most severe episode of the crisis, the market lost confidence in the solvency and liquidity of many banking institutions. The weaknesses in the banking sector were rapidly transmitted to the rest of the financial system and the real economy, resulting in a massive contraction of liquidity and credit availability. Ultimately the public sector had to step in with unprecedented injections of liquidity, capital support and guarantees, exposing taxpayers to large losses.

In Case of Islamic Banks:

Before we proceed to a discussion on the BB’s guideline, we need to give attention to one issue: how Basel III is applicable for Islamic banks. It is important because the BB’s capital Guidelines contain a separate section for Islamic banks.

The Islamic financial system has some uniqueness that should be properly addressed while formulating capital guidelines for Islamic financial institutions. Leverage, which played a major role in recent financial crisis, cannot be created excessively in this system. Islamic financial products should be linked with real economic activities like trading, production etc. These products cannot be based on another financial contract since Shariah restricts trading of debt and undue speculation. Besides, most parts of the fund collected by Islamic institutions are based on risk-sharing principle, which is equity in nature. Thus the leverage in Islamic financial system should remain limited and the system is not likely to trigger financial crisis similar to the recent one. Nevertheless, the Islamic financial institutions are subject to financial losses, may be to lesser extent than their conventional counterparts, from any crisis originated elsewhere in the global financial system.

At the same time, since the Islamic financial products are asset-based, they often carry market risk (probability of loss from reduction in market price) to some greater extent. They also have some other unique risks like displaced commercial risk (commercial pressure to pay returns that exceed the rate that has been earned on its assets financed by mudaraba depositors).

Capital adequacy standard for Islamic financial institutions should address their uniqueness. At the same time, the standard should converge with international best practices like Basel

framework, where applicable, as Islamic financial institutions are also part of the global financial sector. In view of the above, the Islamic Financial Services Board (IFSB), an international standard setting organization for Islamic financial institutions participated by around 200 members including the BB, adapted and modified the Basel frameworks and issued several standards for Islamic financial institutions. IFSB-15 is the latest standard of IFSB on minimum capital requirement in line with Basel III which was issued in December 2013 and effective from January 1, 2015. IFSB also has liquidity guidelines (Guideline for LCR has been finalized and guideline for NSFR is under preparation).

One of the distinctive features of IFSB capital standard is that it elaborates the capital requirement both risk-wise and contract-wise. It discusses capital requirement for credit, market and operational risks. Besides, it identifies how financial assets based on musharaka, mudaraba, ijara, istisna, salam, murabaha, qard etc. involve the risks at different stages of these contracts. Another distinctive feature is that Risk Weighted Asset (RWA) funded by profit-sharing deposit accounts is excluded from total RWA after making some adjustments for displaced commercial risk. Additionally, since the Shariah-compliant financial products are asset-based, the pledged assets are allowed for credit risk mitigation- the method of reducing risk weighted asset by deducting collateral.

2. As Domestically systematically important banks might require capital in addition to minimum requirement (upon regulatory approval), these institutions might be under regulatory focus and will act as the driving force in the financial system. Despite many challenges, it is quite evident that the Basel-III framework will definitely make the banks more risk-resilient and shock-absorbent than ever before. However, mere reporting and compliance are very insignificant part of the whole thing. Real benefit can only be achieved if the inherent philosophy is well understood and implemented by the practitioners.

Green Banking

Green Banking in general refers to the efforts of the financial sectors to keep the Environment Green and to minimize Greenhouse effects through rationalizing their strategies, policies, decisions and activities pertaining to banking services, business and in-house operational activities. Green Banking does not only improve its own standards but also affect socially by responsible behavior of other business.

Being an ethical bank, Al-Arafah Islami Bank Ltd. in compliance to Bangladesh Bank guidelines has established Green Banking Department in 2011 headed by a senior executive. With a great vision, Green Banking Department is trying to reintroduce Al-Arafah Islami Bank Ltd. as a Green Bank by its initiatives & activities.

Though the contribution to the safe environment is not huge but we are trying to participate in green activities by growing awareness among employees and clients. With a concept “Act Green to remain in Green”, Green Banking Department has taken few initiatives and In this regard our achievement in 2015 is mentioned below:

01. Green Budget:

Considerable amount of Fund has been allocated as Green Budget for the year 2015 for the purpose of Green Activities i.e. Green Finance, Green Marketing, Training, Capacity Building and Climate Risk Fund. The amount is BDT. 18008.00 Million and utilization of the fund up to December- 2015 was BDT. 33340.77 Million.

02. Training and Awareness Programme:

Green Banking & Environmental Risk Management related total 12 workshops have conducted up to December 2015. Total 481 Executives and Officials have participated there at AIBL Training Institute and reach out programme.

03. In-house Environment Management:

Our achievement on implementation of "Green Office Guide" for in-house Environment Management is remark-able. All Investment proposals in IC meeting are being presented through Projector. We are using E-mail and IP Massage for our daily internal correspondences and using both sides of paper in case of printing.

04. Re-Financing :

We are inspiring the Investment clients to protect Environment from any harmful activities. Safety measures in this regard can be taken by additional financing facilitated by our own source on 50 Green Products as circulated by Bangladesh Bank and through proposal to Bangladesh Bank to claim fund from Islamic Re-finance Scheme.

05. Green Financing:

Bank has financed BDT. 31,159.30 millions (as of 31.12.2015) on 43 (Forty three) clients for establishment and projects having ETP. Also facilitated 100 Modern Brick fields those are using HHK/Zigzag technology with BDT. 1,652.60 millions (as of 31.12.2015) and financed BDT. 13.30 millions in Solar Home System to facilitated 454 families.

06. Tree plantation programme:

Tree plantation programme held through all branches in rural and urban area all over Bangladesh in the year 2014 & 2015 in which total 45,000 (approximately) tree plants has distributed among mass people. The Expenditure on this regard is 2.20 million (approximately).

07. Environment Risk Rating (EnvRR)

To minimize the risk related to Environment, at the time of preparation of Investment proposals are being rated using Environment Risk Rating (EnvRR) as per Environment Risk

Management Guidelines. Up to December-2015, the amount of 8,8034.80 million has been disbursed against 2287 rated projects.

Green Banking Goal:

The main Goal of Green Banking Department is to comply the Environment Risk Management Guideline, Green Banking Policy including Sector Specific Policy, Managing in-house Environment and convert all traditional investment into Green Investment in upcoming year.

At last but not the least, only Green Banking Department is not enough to perform and remain in Green. As a family, all wings/divisions/departments including our stake holders are required to participate in Green initiatives/activities that will help us building a safe world.

Cottage, Micro, Small and Medium Enterprises Investment (CMSME)

Cottage, Micro, Small and Medium Enterprises (CMSME), works as the platform for job creation, income generation, and development of forward and backward industrial linkages and fulfillment of local social needs. CMSMEs occupied a unique position in the economy of Bangladesh. Here, the CMSMEs account for about 45% of manufacturing value addition. They account for about 80% of industrial employment, about 90% of total industrial units and about 25% of total labour force.

In the light of the definition by Bangladesh Bank, Al-Arafah Islami bank Ltd. is giving a priority over CMSME financing to three categories of enterprises viz. Industry, Trade & Services.

Total Investment To CMSME Investment

Figure in Million

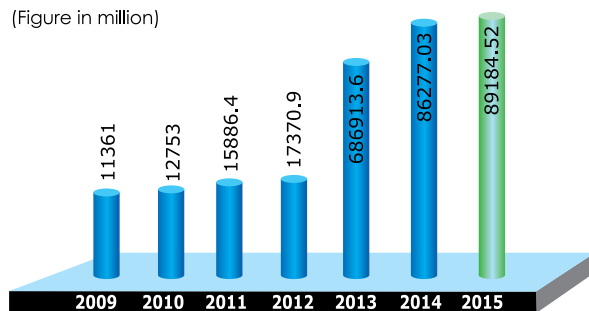
Description	2012	2013	2014	2015
Total CSME Portfolio	24095.70	68913.60	86277.03	89184.52
% of CSME Portfolio to Total Portfolio	22.59%	54.81%	50.47%	53.80%
CMSME Disbursement Target	16000.00	20000.00	35000.00	40000.00
CMSME Disbursement	16284.60	28592.80	39666.21	54350.34
% of Achievement	101.78%	142.96%	113.33%	135.88%



The Bank introduces Mobile ATM Booth to serve the clients

CMSME Portfolio

(Figure in million)



In CMSME sector, we have a number of collateral free schemes. Those schemes are running in all Branches. Skilled and experienced staffs are recruited in the concerned branches to ensure proper expansion of collateral security free investment.

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 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.

Description	Figure in Million
Total SME Portfolio in Women Entrepreneurs	2377.99
Amount of Disbursement to Women Entrepreneurs	1635.42

Agricultural Investment

Agricultural Investment is dealt by Agricultural Department functioning under the control of SME Investment Division-1. 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 2015, total agricultural investment portfolio is Tk. 2212.90 Million for the fiscal year 2015-2016. With collateral and without collateral both are practiced in agricultural investment.

The Achievement of 2015-2016 is as follows:

(Figure In Million)

Sector wise Agricultural Disbursement	Current Fiscal Year Disbursement (2015-16)	Accumulated Outstanding (31/12/2015)
a) Crops	69.82	376.30
b) Fisheries	258.00	281.12
c) Crop Storage	04.83	160.61
b) Livestock Development	658.70	494.90
d) Poverty Alleviation	178.51	337.23

a) Irrigation Tools	10.42	118.00
e) Agricultural Tools	06.54	197.43
g) Others	61.00	247.31
Grand Total	1247.82	2212.90

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. 291.60 million of which outstanding is Tk. 100.42 million.

Al-Arafah Khamerbari Investment Scheme

To make a priority to invest in the crop sector of Bangladesh, 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 crops based on their previous farming experience. This scheme is an innovative action to develop the crop sector of Bangladesh. We have disbursed 23.50 million 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.

Mudaraba Animal Husbandry Scheme

In the concept of Islamic Finance, Mudaraba is a special kind of partnership business, where one partner gives money to another and at the end of business cycle, the profit will be distributed between both the parties as per previously signed agreement. The investment comes from the first partner who is called "Saheb-ul-maal", while the management and work is an exclusive responsibility of the other, who is called "Mudarib". All the losses will be contributed by the fund provider.

In this scheme, Bank shall purchase cows, goats etc. on behalf of client under the limit of sanction amount. Clients shall responsible for daily maintenance of that animal as per terms and conditions. After a certain time, that animal will be sold in current market rate and then the profit shall be distributed as on previous agreement. This is a very new concept in banking sector in Bangladesh. The Bank has launched this scheme only to help the marginal farmers and to provide good quality of meat for general people.

Agent Banking

The 'agent banking' concept is new and much-talked-about issue in the banking sector. It is playing a pragmatic role in

9. Mobile Airtime Top-Up and Other Value-added services will be developed as par market need.
Note: Will be offered towards the mass-market after the Beta-Testing Phase.

Central MIS Division

On May 5th, 2015 Central MIS Division officially commenced as a Division and with a core team established and ensured the vision, mission, goals, strategic objectives, organogram and the five year strategic plan is shared across the Management team. Central MIS Division is at a position to launch greater initiatives for the Bank and as such places distinct emphasis on the three core facets through which an organization processes information - people, processes, and information technologies. At CMIS Division, personnel design, build, implement, and manage information systems that will support the information processing needs of the Bank and as such is oriented toward:

- the design of systems that improve the Bank's operational efficiency,
- add value to existing financial products,
- engender innovation and new financial product development,
- enhance or add new features to distribution channels,
- support collaboration of distributed teams, and help managers make better decisions.

Our Vision

Our Vision is to be the recognized partner that brings technology and business together to unleash the power of Information in achieving the Bank's Business objectives.

Our Mission

Our Mission is to plan, lead, organize and direct the efficient and effective use of information through the use of technology and to develop, deliver, and protect the business information technologies that empower every aspect of the Bank's mission

Our Goals

To create the technological or information sharing environment within which the Bank's strategic goal is ac-complished.

Our Strategic Objectives

01. Integrated management of single-source information

Central MIS Division realizes that Information needs to be made more widely available and treated as a shared resource. Projects across bank shall collaborate fully to ensure that the maximum benefit is derived from work being undertaken, and that the needs of the user comes first. Not only that, but also Information should be made freely available to those who need it in an appropriate manner, i.e. right time, right place, right format, in line with the Bank's Information Security policy. Central MIS Division is working towards appropriate standards and protocols in order to minimize the potential for unnecessary paper work, and enable the information owner to update information in a timely fashion.

02. Improve the efficiency and effectiveness of MIS

Central MIS Division believes in the motto that Information should be 'captured once' as a result of routine activity and 'used many' times. Through the prudent enhancement of MIS the Bank will improve efficiency, and hence reduce costs, by re-designing business processes and optimising the use of systems or replacing them where they fall short. The procurement of commercially available solutions will be pursued in preference to building in-house systems where available and appropriate. However it is recognised that no commercial product will fulfil every need of the Bank and that provision for developments will continue to be supported. Priority resource and funding will be given to business areas such as Internal Control & Compliance that need MIS capability to monitor risks arising from the growing customer and portfolio base.

03. Enable a culture of self-service

Central MIS Division seeks to empower and enable authorised users (human and computer) to obtain or update information and perform qualified transactions from enterprise databases without depending on human interactions. Furthermore, Division seeks to provision a self-service culture through the continued adoption of web-based technology that improves information flow and availability, provides timelier and better quality services, and frees-up scarce resources to focus on providing better value.

As such, Central MIS Division will seek to move towards the



Deputy Governor of the Reserve Bank of Zimbabwe Dr. Charity Lindile Dhlwayo visited some projects of the Bank as role models of financial inclusion

adoption of a Service Oriented Architecture (SOA) for the procurement and development of all MIS systems, providing not just an architecture of services seen from a technical perspective, but the policies, practices, and frameworks by which the Bank ensures that the right services are provided and utilized.

04. Establish thorough and transparent MIS governance

A permanent MIS steering group, chaired by Board Secretary, has been established to ensure that project initiatives are considered with, and adhere to, the strategy herein. It will be responsible for ensuring that priorities are clear and unambiguous, that projects do not conflict with one-another and that the associated risks are registered and managed effectively. A sub-committee has been formed that orchestrates the re-alisation of the strategy as determined by the steering group, marshalling the necessary resources as and when needed. Membership of this group will vary, dependent upon the work in hand.

05. Building Collaboration and Partnership

Central MIS Division has constantly sought out opportunities to work collaboratively with fellow colleagues in banking sector in Bangladesh, adopting best practice and existing MIS models where an equivalent solution has been adopted by another institution. In its ambition to increase capacity and foster growth, the Central MIS Division will strengthen strategic commercial partnerships with existing ICT vendors whilst seeking out opportunities for partnership with new vendors.

Our Role

Central MIS Division is responsible for policy development, management oversight, and leading development and capacity building initiatives in information management and access to information to ensure the sound management and stewardship of the Bank's information assets. Central MIS Division is the focal location to lead the MIS and/or other applications for monitoring, reporting, analysis, reconciliation, process and data evaluation, research, data and information management across the Bank. Central MIS Division is primarily responsible to develop and customize (need basis) MIS based software features into existing and new application and ensure effective operation of it. The Central MIS Division shall also update and manage attribute data, assist spatial analysis, collect data, ensure correct Data entry etc. Central MIS Division works closely with all colleagues and management to ensure software based forms/data capturing, automation rules and validation techniques are set through the system. The Central MIS Division also assist in strategic planning, management control, operational control and transaction processing and utilizes different analysis and modelling systems to achieve at the desired level. Other roles of Central MIS Division are:

- The CMISD helps the clerical personal in the transaction processing and answers the queries on the data pertaining to the transaction, the status of a particular record and reference on a variety of documents.
- The CMISD helps the junior management personnel by providing the operational data for planning, scheduling and control, and help them further in decisionmaking at the operation level to correct an out of control situation.
- The CMISD helps the middle management in short term planning, target setting and controlling the business

functions. It shall be supported by the use of the management tools of planning and control.

- The CMISD helps the top level management in goal setting, strategic planning and evolving the business plans and their implementation.
- The CMISD plays the role of report/information generation, communication, problem identification and help in the process of decisionmaking.

Our Achievements

Year 2015 has been the year of organizing human resources, establishing relationships with peers and external vendors and a year where many internal processes have been evaluated and automation for some projects has been taken up. In retrospect, achievements of the year 2015 include:

- Database repository setup for Central MIS Division
- Recruitment of human resources for the functioning of the team.
- Training of human resources with the database repository architecture.
- Garnering management support.
- Process level analysis geared towards Automated CL reports.
- Report development for different stakeholders.
- Central MIS Division policy development and information security related policy changes related with Human resource.

Our Plans

Our Plans for 2016 include the following:

- Procurement of Data repository for accumulating years of data for analysis, reporting and reconciliation.
- Procurement of Report development Business Intelligence Tools.
- Establishment of modernized Intranet for better communication amongst peers and collaboration of projects.
- Establishment of Sales Automation Tracking Software for better monitoring of Branch based sales and forecasted profit analysis.
- Establishment of reconciliation team and growth of the Business Analysis team for better requirements gather and ensuring proper data validation.
- Establishment and roll out of Machine readable A/C opening form in conjunction with ICTD for accurate capturing of customer information.
- Ensuring process level analysis for proper data capturing in system.

Branch Network

At present we have 129 branches all over the country. In a bid to expand our network of Branches we got approval to open 10 (Ten) new branches in 2016.

Appointment of Statutory Auditor

In the 20th Annual General Meeting of the Bank M/S Khan Wahab Shafique Rahman & Co. Chartered Accountants was appointed External Auditors of the Bank for a term till conclusion of the 21st Annual General Meeting. The Board has approved M/S Khan Wahab Shafique Rahman Chartered Accountants for appointment as External Auditors by the shareholders till the 22nd Annual General Meeting.

Board Meeting

During the year 2014, 16 regular and 1 emergency Board Meeting had been held. Besides, 48 meetings of Executive Committee, 12 meetings of Audit Committee and 4 Risk management Committee of the Board had also been held during the year.



The Board of Directors recommended 10% Cash and 5% Share Dividend subject to approval of the AGM



Board Executive Committee meeting



Board Audit Committee meeting



Honorable Chairman delivering speech at Annual Business Development Conference 2016



Opening ceremony of AIBL Tongi Branch, Gazipur



Bank inaugurated Agent Banking service for its clients



Donation was given to the Mayor of Dhaka North City Corporation



Honorable Chairman, Director and Managing Director with newly recruited Officers



Bangladesh Bank signed deal with AIBL for long financial facility



Honorable Chairman handing over Agricultural loan to support the sector



Donation was made to aid the earthquake victims of Nepal



The Bank donated Tk. 20 Lac to research natural cold storage



Halishahar Branch at Chittagong was shifted to new premises to ensure better customer service



A Memorandum of Understanding was signed with Election Commission and AIBL



The 6th Annual General Meeting of AIBL Capital Market Services Limited



The 4th 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:

- i. Industry outlook and possible future developments in the industry. Page No 31-32
- ii. Segment-wise or product-wise performance. Page No. 35-36 & 49-51
- iii. Risks and concerns. Page No. 88-89
- iv. A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin. Page No. 56
- v. Discussion on continuity of any Extra-Ordinary gain or loss. Page No. Nil
- vi. Basis for related party transactions-a statement of all

related party transactions is disclosed in the annual report. Page No.128-130

- vii. Utilization of proceeds from public issues, rights issues and/or through any others instruments. Page No. Nil
- 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
- ix. There is no significant variance occurs between Quarterly Financial Performance and Annual Financial Statements. A highlights along with reasons thereof are given below:

(In Million Taka)

Particular	2015	2014	Growth %
Investment income	18,060.17	19,019.52	(5.04%)
Profit paid to depositors	11,370.69	12,660.72	(10.19%)
Net Investment Income	6,689.48	6,358.80	5.20%
Commission, Exchange & Brokerage and other Income	2,527.30	2,454.96	2.95%
Total Operating Income	9,216.78	8,813.76	4.57%
Total Operating Expense	3,483.03	3,115.13	11.81%
Profit before Tax and provision	5,733.75	5,698.63	0.62%
Provision on Investment and others	1,746.69	1,730.29	0.95%
Profit Before Tax	3,987.06	3,968.34	0.47%
Provision for Taxation	1,766.95	1,848.28	(4.40%)
Net Profit after Tax	2,220.11	2,120.06	4.72%
EPS	2.34	2.24	4.46%

Although increase investment Tk 15,164.07 million in 2015 Investment income decreased by Tk 959.35 million and as 5.04% compared to previous year due to political recession and not to utilization of optimum of surplus fund. On the other hand in spite of increase of Deposit Tk 7,054.28 million, profit paid on deposits and borrowings decreased by 10.19% compared to previous year due to decrease of deposits and borrowings rate. During the year 2015 Net Profit after tax decreased by 4.72% compared to previous year 2014.

- x. Remuneration to directors including independent directors. Page No. 107
- 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.
- xii. Proper books of account of the bank have been maintained.
- 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.
- 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 there-from has been adequately disclosed.
- xv. The system of internal control is sound in design and has been effectively implemented and monitored.
- xvi. There are no significant doubts upon the issuer company's ability to continue as a going concern.
- 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
- xviii. Key operating and financial data of at least preceding 5 (five) years shall be summarized. Page No.15
- xix. The Bank has declared stock dividend.
- xx. The number of Board meetings held during the year and attendance by each director has been disclosed. Page No.57
- xxi. The pattern of shareholding has been reported to disclose the aggregate number of shares(along with name details where stated below) held by:-
 - a. Parent/Subsidiary/Associated Companies and other related parties (name wise details); Page No. 128-130
 - 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.57 &58
 - c. Executives; Page No.9-10
 - d. Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). Page No. Nil
- xxii. Appointment /Reappointment of a director the company has been disclosed the following information to the shareholder:-
 - a. A brief resume of the director; Page No.128-130
 - b. Nature of his/her expertise in specific functional areas; Page No.128-130
 - c. Name of the companies in which the person also holds the directorship and the membership of committees of the board. Page No.128-130

Directors' Attendance in the Board Meeting for the year 2015

Sl. No.	Name of the Directors	Designation	Meeting Held	No. of attendance	Remarks
1	Badiur Rahman	Chairman	16	16	
2	S..M. Shameem Iqbal	Vice-Chairman	16	7	
3	Md. Harun-ar-Rashid Khan	Director	12	12	Appointed Alternative Director w.e.f. from 274th to 277th Meeting
4	Nazmul Ahsan Khaled	Director	16	12	
5	Abdul Malek Mollah	Director	16	16	
6	Hafez Md. Enayet Ullah	Director	16	13	
7	Ahamedul Haque	Director	16	11	
8	Abdus Samad	Director	16	12	
9	A.N.M. Yeahea	Director	16	8	
10	Kh. Mesbah Uddin Ahmed	Director	16	14	
11	Abdus Salam	Director	16	12	
12	Niaz Ahmed	Director	16	15	
13	Md. Ashik Hossain	Director	16	10	
14	Mohd. Emadur Rahman	Director	16	7	
15	Anwar Hossain	Alternative Director	16	7	
16	Dr. Md. Shafiul Haider Chow	Alternative Director	16	11	
17	Md. Liakat Ali Chowdhury	Director	16	14	
18	Md. Manun-Ur-Rashid Khan	Alternative Director	4	3	Alternative Director of Md. Harun-Ar-Rashid Khan w.e.f. from 274th to 277th Meeting
19	Brig. Gen. M.A. Malek (Retd)	Director	16	6	
20	Khalid Rahim FCA	Director	16	12	

Statement of Shares held by Directors and their Spouse and Minor Children (as on 31st December, 2015)

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	
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	
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	19,049,599	
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	
21	Md. Habibur Rahman	Managing Director	179	
	Mrs. Fatema Zohra	Spouse	23,500	

**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, 2015)**

SI No	Name of the Directors	Status	No. of Shares	Remarks
1	Md. Habibur Rahman	Chief Executive Officer	179	
	Fatema Zohra	Spouse	23500	
2	Md. Mofazzal Hossain	Company Secretary	Nil	
	Mahfuza Khatun	Spouse	55	
3	Mohammed Nadim ACA	Chief Financial Officer	Nil	
4	Muhammad Mahmoodul Haque	Head of Internal Control & Compliance Division	Nil	

**Statement of Shares held by top 5(Five) salaries employees other than the Director,
Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit
(as on 31st December, 2015)**

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	Mohammed Abdul Jalil	Deputy Managing Director	Nil	
4	Md. Fazlul Karim	Deputy Managing Director	Nil	
5	Syed Masodul Bari	Executive Vice President	Nil	



AIBL Introduced the first ever Islamic Master Card 'La Riba' for its valued clients

The Managing Director
Al-Arafah Islami Bank Limited
36, Dilkusha C/A, Dhaka-1000

Date: 18 January 2016

Sub: Audit opinion on the implementation of conditions of Corporate Governance guidelines implemented for the period ended 31 December 2015.

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 2015.

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 2015, 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 one director in AIBL CMSL subsidiary company who is the independent director of the board of directors of the AIBL (Holding company). Other two subsidiary companies are in the process to Appointment independent director. Actual status against each requirement of the Corporate Governance Guidelines is given in Annexure-A.

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	✓		Fully complied as per Bangladesh Bank circular
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;	✓		

Compliance Report on SEC Notification

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.	✓		

Compliance Report on SEC Notification

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 there-from has been adequately disclosed.	✓		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5 (xix)	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 I (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.	✓		

Compliance Report on SEC Notification

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.	✓		Partly complied

Compliance Report on SEC Notification

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- 2015. Board of Directors takes this opportunity to thank the Shariah and Board Members of the Bank for their relentless whole hearted support. Their collective wisdom contributed extensively to acquiring of strength. The Board of Directors also thanks the management and the staff for their loyalty, support and untiring efforts which has resulted in improved performance. The Board of Directors expresses its thanks to respected shareholders, valued customers, patrons well-wishers, Government, of Bangladesh, Bangladesh Bank, Registrar of Joint Stock Companies & Firms, Securities and Exchange Commission, Auditors, Legal advisers and all others concerned for giving us the benefit of their support and co-operation . We quietly weigh their continued support and co-operation which are constant source of inspiration. We re-assurance our vow to remain most disciplined, Shariah compliant and result oriented.

While we look forward to their continuous support and

co-operation with trust and confidence, We reassure that our respected shareholders can expect further satisfactory results in 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: 27th April 2016

On behalf of the Board of Directors

শরীয়াহ সুপারভাইজরী কমিটি-এর বার্ষিক প্রতিবেদন

(৩১ ডিসেম্বর, ২০১৫ 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 প্রদত্ত দিক নির্দেশনা, সিদ্ধান্ত এবং সুনির্দিষ্ট ফতওয়াসমূহ 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 করছে 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 ২০১৫ ঈসায়ী বছরে প্রধান কার্যালয়সহ ব্যাংকের সকল (১২৯টি) 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 ও টাকার উপর কোন যাকাত প্রদান করে না, 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 অননুমোদিত পন্থায় অর্জিত সুদ ও সন্দেহজনক আয় (Doubtful Income) সতর্কভাবে চিহ্নিত করা হয়েছে এবং উক্ত অর্থ যাতে ডিপোজিটর ও শেয়ারহোল্ডারদের মাঝে লভ্যাংশ হিসেবে বন্টিত না হয় সে জন্য ব্যাংকের মূল আয় থেকে তা পৃথক করে শরীয়াহ নির্ধারিত পন্থায় খরচের জন্য সিদ্ধান্ত প্রদান করা হয়েছে।

পরামর্শ

- বাই-মুয়াজ্জাল ও বাই-মুরাবাহা বিনিয়োগে পণ্য ক্রয়-বিক্রয় নিশ্চিতকরণসহ গ্রাহককে 'ক্রয়-প্রতিনিধি' নিয়োগেও শরীয়াহ পরিপালনের যথাযথ ব্যবস্থা গ্রহণ করা।
- ব্যাংকের সর্বস্তরের জনশক্তিকে ইসলামী ব্যাংকিং বিষয়ে প্রশিক্ষিত করে গড়ে তোলার লক্ষ্যে ইসলামী অর্থনীতি ও ব্যাংকিং বিষয়ে পর্যাপ্ত প্রশিক্ষণের ব্যবস্থা গ্রহণ করা।
- ইসলামী ব্যাংকিং-এর মূল বিনিয়োগ পদ্ধতি তথা মুদারাবা ও মুশারাকা বিনিয়োগ কার্যক্রম চালু করার সক্রিয় ও কার্যকরী পদক্ষেপ গ্রহণ 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।
- 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।
- আল-আরাফাহ্ ইসলামী ব্যাংক ফাউন্ডেশনের কার্যক্রমে শরীয়াহ নির্দেশনার যথাযথ বাস্তবায়নসহ দেশের দরিদ্র জনগোষ্ঠীর মাঝে জনকল্যাণমূলক যাবতীয় কার্যক্রম আরো জোরদার করা।

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



(মো. আব্দুর রহীম খান)

সচিব

শরীয়াহ সুপারভাইজরী কমিটি



(মোঃআব্দুল বাসিত বরকতপুরী)

চেয়ারম্যান (ভারপ্রাপ্ত)

শরীয়াহ সুপারভাইজরী কমিটি

জাতীয় শুদ্ধাচার কৌশল ও ব্যাংক কর্মকর্তাদের নৈতিকতার মানোন্নয়ন

জাতীয় শুদ্ধাচার কৌশল

শুদ্ধাচার বলতে সাধারণভাবে নৈতিকতা ও সততা দ্বারা প্রভাবিত আচরণগত উৎকর্ষকে বুঝায়। এর দ্বারা একটি জাতির বা সমাজের কালোত্তীর্ণ মানদণ্ড, নীতি ও প্রথার প্রতি আনুগত্যও বুঝানো হয়। ব্যক্তি-পর্যায়ে এর অর্থ হল কর্তব্যনিষ্ঠা ও সততা তথা চরিত্রনিষ্ঠা।

জাতীয় শুদ্ধাচার কৌশল প্রণয়নের লক্ষ্য ও উদ্দেশ্য :

রাষ্ট্রের অন্যতম লক্ষ্য ও দায়িত্ব হল নাগরিকের জন্য আইনের শাসন, মৌলিক মানবাধিকার, সমতা, ন্যায়বিচার প্রতিষ্ঠা এবং রাজনৈতিক, অর্থনৈতিক ও সামাজিক অধিকার নিশ্চিত করা। গণপ্রজাতন্ত্রী বাংলাদেশের সংবিধানে 'মানবসত্তার মর্যাদা ও মূল্যের প্রতি শ্রদ্ধাবোধ' রাষ্ট্র-পরিচালনার অন্যতম মূলনীতি হিসাবে চিহ্নিত হয়েছে। সেই লক্ষ্য বাস্তবায়নের জন্য সরকার দেশে সুশাসন প্রতিষ্ঠার উদ্যোগ গ্রহণ করে এবং ২০১২ সালে জাতীয় শুদ্ধাচার কৌশল প্রণয়ন করে। এক্ষেত্রে একটি অপরিহার্য কৌশল হল সমাজ ও রাষ্ট্রকে দুর্নীতিমুক্ত রাখা তথা দেশে শুদ্ধাচার প্রতিষ্ঠা করা।

জাতীয় শুদ্ধাচার এর আওতাভুক্ত ব্যক্তি/প্রতিষ্ঠানের নাম :

জাতীয় শুদ্ধাচার কৌশলটি রাষ্ট্র ও সমাজে দুর্নীতি দমন ও শুদ্ধাচার প্রতিষ্ঠার জন্য সকল রাষ্ট্রীয় প্রতিষ্ঠান, রাজনৈতিক-দল, বেসরকারী প্রতিষ্ঠান, ব্যাংক, বীমা এবং শিক্ষা প্রতিষ্ঠান ইত্যাদিকে আওতায় আনা হয়েছে। সর্বোপরি, এসব প্রতিষ্ঠানে নিয়োজিত এবং তাদের সঙ্গে সংশ্লিষ্ট সকলের নৈতিকতা/চরিত্রনিষ্ঠা প্রতিষ্ঠার লক্ষ্যে স্ব-স্ব প্রতিষ্ঠান প্রয়োজনীয় কার্যক্রম গ্রহণ করেছে।

শুদ্ধাচার কৌশল বাস্তবায়নে এআইবিএল এর অবস্থান :

জাতীয় শুদ্ধাচার কৌশল (National Integrity Strategy) বাস্তবায়নের অংশ হিসেবে ব্যাংক ও আর্থিক প্রতিষ্ঠানসমূহের সর্বস্তরে নৈতিকতার মানোন্নয়ন ও সুশাসন প্রতিষ্ঠার লক্ষ্যে বিদ্যমান সম্ভাব্য সমস্যাবলী চিহ্নিত ও দূরীকরণের বিষয়ে বাংলাদেশ ব্যাংকের নির্দেশনা মোতাবেক অত্র ব্যাংকের বিনিয়োগ উইং এর ডিএমডি জনাব তৌহিদ-উল-আলমের নেতৃত্বে নৈতিকতা কমিটি গঠন, ফোকাল পয়েন্ট নির্ধারণ এবং কর্মপরিকল্পনা প্রণয়ন করা হয়েছে। উক্ত কর্মপরিকল্পনার আলোকে অত্র ব্যাংকে সুশাসন প্রতিষ্ঠাসহ কর্মকর্তাদের নৈতিক মানোন্নয়নের জন্য বিদ্যমান ও সম্ভাব্য সমস্যাবলী চিহ্নিত করতঃ ইনস্ট্রাকশন সার্কুলারের মাধ্যমে ব্যাংকের সকল নির্বাহী/কর্মকর্তা/কর্মচারীদের অবহিত করা হয় এবং বাস্তবায়নের অগ্রগতি বাংলাদেশ ব্যাংকে অবহিত করা হয়েছে। বাংলাদেশ ব্যাংকের নির্দেশনার আলোকে ব্যাংকের বিদ্যমান আচরণ বিধির পরিমার্জন ও পরিবর্তন করতঃ নতুন আচরণ বিধি (Code of Conduct) প্রস্তুত করা হয় এবং ইন্সট্রাকশন সার্কুলার এর মাধ্যমে ব্যাংকের সর্বস্তরের নির্বাহী/কর্মকর্তা/কর্মচারীদের অবহিত করা হয়েছে। অন্যদিকে বাংলাদেশ ব্যাংকের নির্দেশনাসূত্রে ব্যাংক কর্তৃক বরখাস্ত কৃত/অপসারণকৃত/পদত্যাগকৃত কর্মকর্তাদের তালিকা বাংলাদেশ ব্যাংকের ওয়েব পোর্টালে আপলোড করে প্রতি ত্রৈমাসিকে তাদেরকে অবহিত করা হচ্ছে। বাংলাদেশ ব্যাংকের নির্দেশনার আলোকে অত্র ব্যাংকের নির্বাহী/কর্মকর্তা/কর্মচারীদের নৈতিকতার মানোন্নয়নের লক্ষ্যে গৃহীত পদক্ষেপের উপর দাখিলকৃত তথ্য ও বিবরণী পর্যালোচনা করতঃ বাংলাদেশ ব্যাংক এআইবিএলকে 'এ' গ্রেড প্রদান করেছে।

কর্মকর্তাদের নৈতিকতার মানোন্নয়নে যে সকল পদক্ষেপ চলমান আছে বা করতে হবে তার কতিপয় নিম্নে উল্লেখ করা হলোঃ

	কার্যক্রম	চলমান কার্যক্রম
১	ব্যাংকের নৈতিকতা কমিটি গঠন, প্রধান কার্যালয়, শাখা ও জোনে নিয়মিত আলোচনা সভায় শুদ্ধাচারের বিষয়টি অর্ন্তভুক্তকরণ	এতদ্বিষয়ে প্রধান কার্যালয়ের কেন্দ্রীয় নৈতিকতা কমিটির মাসিক সভায় বাংলাদেশ ব্যাংকের নির্দেশনা বাস্তবায়ন নিয়ে পর্যালোচনা করা হয়। এছাড়া ইনস্ট্রাকশন সার্কুলার জারী করে নিয়মিত আলোচনা সভায় শুদ্ধাচারের বিষয়টি অর্ন্তভুক্তকরণের জন্য জোন/শাখা সমূহকে পরামর্শ প্রদান করা হয়েছে। ব্যাংকের সকল স্তরের কর্মকর্তাদের নৈতিকতার মানোন্নয়নের জন্য প্রতি মাসে সকল জোন/ শাখায় আলোচনা সভার আয়োজন করা হচ্ছে।
২	শুদ্ধাচার সম্পর্কে স্পষ্ট ধারণা ও মানসম্মত অনুশীলনের লক্ষ্যে এল্লিকিউটিভ ডেভেলপমেন্ট প্রোগ্রাম (ইডিপি) আয়োজন	এতদ্বিষয়ে প্রধান কার্যালয়ের নৈতিকতা কমিটির উদ্যোগে ব্যাংকের ট্রেনিং ইনস্টিটিউট এডিপি ও ভিপি লেভেলের নির্বাহীদের নিয়ে ২০১৫ সালে ২(দুই) টি ইডিপি আয়োজন করে যেখানে বাংলাদেশ ব্যাংকের কেন্দ্রীয় ফোকাল পয়েন্ট নির্বাহী গেষ্ট স্পীকার ছিলেন এবং ২০১৬সালে অবশিষ্ট নির্বাহীগণদের নিয়ে অনুরূপ ইডিপি আয়োজন করা হচ্ছে।
৩	শুদ্ধাচার সম্পর্কে সর্বস্তরের নির্বাহী/ কর্মকর্তা/কর্মচারীদের ধারণা প্রদান	সর্বস্তরের নির্বাহী/কর্মকর্তা/কর্মচারীদের শুদ্ধাচার বিষয়ে সচেতনতা বৃদ্ধির জন্য ব্যাংকের চ্যালেঞ্জ, আচরণ বিধি সংস্কার করতঃ ইনস্ট্রাকশন সার্কুলার জারী করা ছাড়াও ট্রেনিং/ওয়ার্কশপ ইত্যাদি চলমান রয়েছে।
৪	শুদ্ধাচার বিষয়ে প্রশিক্ষণ চাহিদা নির্ধারণ ও প্রশিক্ষণ কোর্সে শুদ্ধাচার সংক্রান্ত পাঠ্যক্রম অন্তর্ভুক্ত এবং প্রশিক্ষণ কার্যক্রম পরিচালনা	প্রশিক্ষণার্থীদের জন্য পাঠ্যক্রম (Module) প্রণয়ন করতঃ প্রতিটি প্রশিক্ষণ কর্মসূচীতে একটি ক্রেসেশন পরিচালনা করতঃ সর্বস্তরের নির্বাহী/কর্মকর্তা/কর্মচারীদের নৈতিকতার মানোন্নয়নে ভূমিকা রাখার জন্য ব্যাংকের ট্রেনিং ইনস্টিটিউটকে পরামর্শ প্রদান করা হয়েছে ও ট্রেনিং ইনস্টিটিউটের একাডেমিক ক্যালেন্ডারের আওতায় কার্যক্রম অব্যাহত রয়েছে।
৫	বিভিন্ন বিষয়ে ব্যাংকের বিদ্যমান বিধি-বিধান প্রনয়ন, নীতিমালা সংস্কার ও প্রয়োগ	কোর রিস্কসহ বিভিন্ন বিষয়ে ম্যানেজমেন্ট ব্যাংকের সংশ্লিষ্ট বিভাগ/কমিটি কর্তৃক বিদ্যমান বিধি-বিধান/প্রয়োজ্য নীতিমালা প্রনয়ন/সংস্কার প্রস্তাবাবলী ব্যবস্থাপনা কর্তৃপক্ষ পরিচালনা পর্যদে সুপারিশসহ উপস্থাপন করে এবং পর্যদ যাচাই বাছাই করে উহা অনুমোদন করে থাকে।
৬	Code of Conduct প্রণয়ন ও বাস্তবায়ন	Code of Conduct প্রণয়ন করতঃ ব্যাংকের বিভাগ, জোন ও শাখায় সার্কুলার জারী ও সর্বস্তরের কর্মকর্তাদের স্বাক্ষর গ্রহণ করা হয়েছে এবং বাংলাদেশ ব্যাংকের প্রস্তাবিত Code of Conduct চূড়ান্ত হলে উহা অনুসরণ/সমম্ময় করে ব্যবহার করা হবে।
৭	কর্মকর্তা/ কর্মচারীদের কাজের মূল্যায়ন, প্রনোদনা ও পুরস্কার প্রদান : (ক) কর্মকর্তা/কর্মচারীদের কর্ম মূল্যায়নের গাইডলাইন প্রণয়ন বিষয়ক পর্যালোচনা	শুদ্ধাচার প্রতিষ্ঠা ও উল্লেখযোগ্য কৃতিত্বের জন্য কর্মীদের পুরস্কৃত করার মাধ্যমে উৎকৃষ্ট অনুশীলনকে উৎসাহিত করা (উত্তম চর্চার জন্য পুরস্কার স্বীকৃতি হিসাবে সনদপত্র/সম্মানী/পদোন্নতির ক্ষেত্রে অধাধিকার ইত্যাদির ব্যবস্থা রয়েছে)।
৮	তথ্য প্রযুক্তির ব্যবহার ও ই-গভর্নেন্স প্রবর্তনের ক্ষেত্রে চিহ্নিতকরণ এবং ই-গভর্নেন্স সিস্টেম বাস্তবায়ন	ব্যাংকের অধিকাংশ কর্মকর্তা অটোমেশন পদ্ধতিতে সম্পাদন করা হচ্ছে এবং ভবিষ্যতে সকল কার্যক্রম অটোমেশন পদ্ধতিতে সম্পাদনের প্রচেষ্টা চলছে।
৯	বিদ্যমান আইন, বিধি, নীতি ও সার্কুলার ওয়েব-সাইটে প্রকাশ	বিদ্যমান আইন, বিধি, নীতি ও সার্কুলার ওয়েব-সাইটে প্রকাশ করা
১০	নির্দিষ্ট সময়ে অফিসে উপস্থিতি ও গ্রাহক সহ পর্যবেক্ষণের ব্যবস্থা	জুন ২০১৬ সালের মধ্যে ডিজিটাল এক্সেস সিস্টেম চালুর মাধ্যমে অত্র ব্যাংকের কর্মকর্তা/কর্মচারী/ অতিথিদের যাতায়াত নিবিড় পর্যবেক্ষণের আওতায় আনার কার্যক্রম চলছে। বর্তমানে কার্ড পাশিং এর মাধ্যমে হাজিরা এবং সিসিটিভির মাধ্যমে পর্যবেক্ষণ করা হচ্ছে।
১১	সেবা প্রদানের প্রতিশ্রুতি (Citizen Charter) প্রবর্তন, সংশোধন, পরিবর্তন ও হালনাগাদকরণ	সেবা প্রদানের প্রতিশ্রুতি (Citizen Charter) প্রবর্তন, সংশোধন, পরিবর্তন ও হালনাগাদকরণ অব্যাহত রয়েছে।

Auditor's 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, 2015 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 (BAS) and Bangladesh Financial Reporting Standards (BFRS) 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 misstatements, 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 reports 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 (BSA). 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 31 December 2015, 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 (BAS) and Bangladesh Financial Reporting Standards (BFRS) 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 statement;
- (c) financial statements of the Bank's three subsidiaries namely, AIBL Capital Market Service Limited (AIBL-CMSL), AIBL Capital Management Limited (AIBL-CML) and Millennium Information Solutions Limited (MISL) have been audited by S. H Khan & Co., Khan Wahab Shafique Rahman & Co. and Ahsan Zamir & Co., respectively 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 Bank so far as it appeared from our examination of those books;
- (e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- (f) the expenditure incurred was for the purposes of the bank's business;
- (g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- (h) adequate provisions have been made for advances which are, in our opinion, doubtful recovery;
- (i) the records and statements submitted by the branches have been properly reflected 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 8,980 person hours for the audit of the books and accountants of the Bank.

Dhaka, March 21, 2016



Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Consolidated Balance Sheet As at December 31, 2015

PROPERTY AND ASSETS	Notes	2015 Taka	2014 Taka
Cash in hand			
Cash in hand (including foreign currencies)	5A	1,779,992,510	1,301,483,575
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		24,951,466,555	19,372,830,797
		26,731,459,065	20,674,314,372
Balance with other Banks and Financial Institutions			
In Bangladesh	6A	2,436,891,773	2,512,579,627
Outside Bangladesh		3,953,284,997	1,703,815,308
		6,390,176,770	4,216,394,935
Placement with Banks & Other Financial Institutions			
	7	1,100,000,000	9,750,000,000
Investment in Share & Securities			
	8A	8,851,134,487	9,120,897,395
Government		6,180,000,000	7,000,000,000
Others	8.A.ii	2,671,134,487	2,120,897,395
Investments			
General Investments etc.	9A	148,484,014,726	135,227,822,401
Bills purchased and discounted		14,019,129,402	11,512,543,918
		162,503,144,128	146,740,366,319
Fixed assets less Accumulated Depreciation			
	10A	3,057,379,053	2,661,107,398
Other Assets			
	11A	20,473,363,436	17,275,925,785
Non-Banking Assets			
		-	-
Total Assets			
		229,106,656,939	210,439,006,204
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial Institutions			
	12	12,795,916,017	8,900,000,000
Deposits and other Accounts	13A		
Mudaraba Savings Deposits		21,905,934,320	17,501,279,699
Mudaraba Term Deposits	13.A.ii.	92,519,200,283	99,149,208,227
Other Mudaraba Deposits	13.i.	37,764,527,251	33,500,490,137
Al-wadeeah Current Accounts and Other Accounts etc.	13.ii	16,457,585,767	15,304,022,367
Bills Payable		1,239,833,780	1,396,165,765
		169,887,081,401	166,851,166,195
Other Liabilities			
	14.A	24,104,783,880	16,453,425,523
Deferred tax Liabilities/ (Assets)			
	15	82,801,120	74,890,795
Total Liabilities			
		206,870,582,418	192,279,482,513
AIBL Subordinate Bond			
		3,000,000,000	-
Capital/Share holders Equity			
Paid -up Capital	16	9,469,585,030	9,469,585,030
Statutory Reserve	17	5,440,728,703	4,643,316,650
Revaluation Reserve	18	991,589,940	977,548,248
Retained Earnings	19.A	1,615,987,762	1,490,190,743
Total Equity attributable to equity holders of the bank			
		17,517,891,435	16,580,640,671
Non-Controlling Interest	16.A	1,718,183,083	1,578,883,020
Total Equity			
		19,236,074,518	18,159,523,690
Total Liability and Share holders equity			
		229,106,656,939	210,439,006,204

Consolidated Balance Sheet As at December 31, 2015

	Notes	2015 Taka	2014 Taka
OFF BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptance and endorsement		9,956,571,853	8,494,167,588
Letters of Guarantee	20	4,471,407,869	3,365,270,354
Letters of Credit		16,316,709,625	15,734,520,242
Bills for Collection		3,835,366,743	2,906,954,594
Other Contingent Liabilities		-	-
Total		34,580,056,090	30,500,912,778
Other Commitments :			
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		-	-
Total Off Balance sheet items including Contingent liabilities		34,580,056,090	30,500,912,778

Accompanying notes form an integral part of these financial statements.


Executive Vice President


Managing Director



Director


Director


Chairman

Signed in terms of our report of even date.

Place : Dhaka
Date : March 21, 2016


KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Consolidated Profit & Loss Accounts For the year ended December 31, 2015

	Notes	2015 Taka	2014 Taka
Investment Income	21.A	18,568,005,614	19,725,917,293
Profit paid on deposits & Borrowing	22.A	(11,073,014,773)	(12,616,773,920)
Net Investment Income		7,494,990,841	7,109,143,373
Income from Investment in Shares /Securities	23.A	134,903,233	338,516,426
Commission, Exchange and Brokerage	24.A	2,153,661,562	1,938,841,572
Other Operating Income	25.A	223,380,201	208,518,493
		2,511,944,996	2,485,876,491
Total operating income		10,006,935,837	9,595,019,864
Salaries and allowances & contribution to P.F	26.A	2,328,068,915	2,061,221,894
Directors fees & expenses	27.A	14,221,784	13,130,552
Shariah Supervisory Committee's fees & expenses	28	186,955	271,363
Rent, taxes, insurance and lighting etc.	29.A	430,101,815	368,791,102
Postage, telegram, telephone and stamp etc.	30.A	69,576,889	68,670,850
Legal charges		5,009,678	4,242,891
Auditors' fee		801,250	2,034,967
Salary & Allowances to the Managing Director		11,600,000	11,570,000
Depreciation and repairs to the bank's properties	31.A	274,822,786	250,752,383
Stationery, printing & advertisement etc.	32.A	96,803,956	84,243,392
Other expenses	33.A	415,583,941	396,640,229
Total operating expenses		3,646,777,969	3,261,569,623
Profit/(Loss) before Tax & provision		6,360,157,867	6,333,450,240
Provision against Investments & Contingent Liabilities	34.A	1,619,872,195	1,827,328,613
Provision for diminution in value of investment		173,462,574	16,572,594
Other Provision		3,345,000	2,959,000
Total provision		1,796,679,769	1,846,860,207
Profit/(Loss) before Tax		4,563,478,098	4,486,590,033
Current tax	14.1.A	2,089,684,203	2,151,423,784
Deferred tax	15	7,910,325	10,212,557
Provision for Taxation		2,097,594,527	2,161,636,341
Net Profit/(Loss) after tax		2,465,883,571	2,324,953,693
Net Profit attributable to:			
Equity holders of the bank		2,235,175,137	2,081,992,193
Non-controlling Interest		230,708,434	242,961,500
Profit for the year		2,465,883,571	2,324,953,693
Appropriation			
Statutory Reserve		797,412,053	793,668,481
Non-Controlling Interest		230,708,434	242,961,500
		1,028,120,487	1,036,629,981
Transfer to Retained Earnings		1,437,763,084	1,288,323,712
Earning per Ordinary Share (EPS)	39.A	2.36	2.20

Accompanying notes form an integral part of these financial statements.


Executive Vice President


Managing Director



Director


Director


Chairman

Signed in terms of our report of even date.

Place : Dhaka
Date : March 21, 2016


KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Consolidated Cash Flow Statement For the year ended December 31, 2015

	Notes	2015 Taka	2014 Taka
Cash flows from operating activities			
Investment income receipt in Cash		18,150,538,866	19,648,180,364
Profit paid on deposits and borrowing		(11,254,650,683)	(10,974,787,012)
Dividend received		362,391,774	393,235,610
Fees & Commission received in cash		2,153,661,562	1,938,841,572
Recoveries from written off investments		24,183,541	23,017,747
Cash payments to employees		(2,339,668,915)	(2,072,791,894)
Cash payments to suppliers		(96,803,956)	(84,243,392)
Received from other operating activities (item-wise)		223,380,201	208,518,493
Paid for other operating activities (item-wise)	35.A	(975,447,712)	(895,901,543)
Advance income tax paid		(2,153,736,798)	(1,783,357,485)
Operating profit before changes in operating assets and liabilities		4,093,847,879	6,400,712,459
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities		(550,237,092)	(461,962,027)
Increase/(Decrease) of placement to other banks		8,650,000,000	(4,350,000,000)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(15,663,581,847)	(22,751,180,961)
Increase/(Decrease) of other assets (item-wise)	36.A	(877,906,185)	(5,399,072,219)
Increase/(Decrease) of placement from other banks and financial institution		3,895,916,017	5,500,000,000
Increase/(Decrease) of Deposits from customers (other than Banks)		3,217,551,117	25,870,609,575
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	37.A	3,530,137,000	(378,713,008)
Cash receipt from operating activities		2,201,879,009	(1,970,318,640)
A. Net Cash from operating activities		6,295,726,888	4,430,393,819
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(631,129,036)	(143,889,600)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		(631,129,036)	(143,889,600)
Cash flows from financing activities			
Increase in Exchange Equalization Account		14,041,692	-
Issue of AIBL Subordinate Bond		3,000,000,000	-
Dividend paid		(1,267,713,015)	(152,776,860)
C. Net cash flows from financing activities		1,746,328,677	(152,776,860)
D. Net increase in cash and cash equivalent (A+B+C)		7,410,926,529	4,133,727,359
E. Effects of exchange rate changes on cash and cash-equivalents		-	-
F. Net increase in cash and cash equivalent D+E		7,410,926,529	4,133,727,359
G. Cash & Cash Equivalents at the beginning of the year		31,890,709,305	27,756,981,946
H. Cash & Cash Equivalents at the end of the year	38.A	39,301,635,835	31,890,709,305


Executive Vice President


Managing Director


Director


Director


Chairman

Consolidated Statement of Changes in Equity For the year ended December 31, 2015

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2015	9,469,585,030	4,643,316,650	1,490,190,743	977,548,248	16,580,640,671	1,578,883,020	18,159,523,690
Changes in accounting policy	-	-	-	-	-	-	-
Buy back share	-	-	-	-	-	-	-
Issue of the share capital	-	-	-	-	-	2,865,289	2,865,289
Restated balance	9,469,585,030	4,643,316,650	1,490,190,743	977,548,248	16,580,640,671	1,581,748,309	18,162,388,979
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	27,590,219	27,590,219
Net profit for the year	-	-	2,235,175,137	-	2,235,175,137	230,708,434	2,465,883,571
Cash -2014 (14.00 %)	-	-	(1,325,741,907)	-	(1,325,741,907)	-	(1,325,741,907)
Bonus Share	-	-	-	-	-	(221,265,289)	(221,265,289)
Issue of share capital of subsidiary	-	-	-	-	-	90,019,179	90,019,179
Gain on pre acquisition of subsidiary	-	-	13,775,843	-	13,775,843	9,382,231	23,158,074
Revaluation of subsidiary	-	-	-	14,041,692	14,041,692	-	14,041,692
Transferred to retained earning	-	-	-	-	-	-	-
Appropriations during the year	-	797,412,053	(797,412,053)	-	-	-	-
Balance as at December 31,2015	9,469,585,030	5,440,728,703	1,615,987,763	991,589,940	17,517,891,436	1,718,183,082	19,236,074,518
Balance as at December 31,2014	9,469,585,030	4,643,316,650	1,490,190,743	977,548,248	16,580,640,671	1,578,883,020	18,159,523,690


Executive Vice President


Managing Director


Director


Director


Chairman

Consolidated Statement Of Liquidity (Maturity Analysis of Assets and Liabilities) For the year ended December 31, 2015


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
1	Assets :						
	Cash in hand	26,731,459,065	-	-	-	-	26,731,459,065
	Balance with other Bank and Financial Institution	3,406,571,770	-	1,730,600,000	1,253,005,000	-	6,390,176,770
	Placement with Banks & Other Financial Institutions	-	100,000,000	1,000,000,000	-	-	1,100,000,000
	Investments (in Shares & Securities)	-	-	959,600,000	7,891,534,487	-	8,851,134,487
	Investments	36,492,600,000	33,345,000,000	47,277,448,154	23,270,900,000	22,117,195,974	162,503,144,128
	Fixed Assets including premises (Land & Building)	-	-	-	-	3,057,379,053	3,057,379,053
	Other Assets	2,745,700,000	99,000,000	4,072,500,000	-	13,556,163,436	20,473,363,436
	Non Banking Assets						
	Total Assets	69,376,330,835	33,544,000,000	55,040,148,154	32,415,439,487	38,730,738,463	229,106,656,939
2	Liabilities :						
	Placement from Banks & Other Financial institutions	851,800,000	1,164,000,000	1,904,300,000	8,875,816,017	-	12,795,916,017
	Deposits	36,640,355,821	30,673,400,000	71,253,300,000	20,394,300,000	10,925,725,580	169,887,081,401
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	393,800,000	-	4,046,500,000	-	19,664,483,880	24,104,783,880
	Deferred tax Liabilities/ (Assets)	-	-	-	-	82,801,120	82,801,120
	Total Liabilities	37,885,955,821	31,837,400,000	77,204,100,000	29,270,116,017	33,673,010,580	209,870,582,418
	Net Liquidity Gap	31,490,375,014	1,706,600,000	(22,163,951,846)	3,145,323,470	5,057,727,883	19,236,074,518

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


Executive Vice President


Managing Director


Director


Director


Chairman

Balance Sheet As at December 31, 2015

PROPERTY AND ASSETS	Notes	2015 Taka	2014 Taka
Cash in hand	5		
Cash in hand (including foreign currencies)		1,777,480,023	1,301,483,575
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		24,951,466,555	19,372,830,797
		26,728,946,578	20,674,314,372
Balance with other Banks and Financial Institutions	6		
In Bangladesh		2,436,886,773	2,512,574,627
Outside Bangladesh		3,953,284,997	1,703,815,308
		6,390,171,770	4,216,389,935
Placement with Banks & Other Financial Institutions	7	1,100,000,000	9,750,000,000
Investment in Share & Securities	8		
Government		6,180,000,000	7,000,000,000
Others		1,362,695,303	842,092,376
		7,542,695,303	7,842,092,376
Investments	9		
General Investments etc.		142,447,018,752	129,789,535,874
Bills purchased and discounted		14,019,129,402	11,512,543,918
		156,466,148,154	141,302,079,792
Fixed assets less Accumulated Depreciation	10	2,928,332,618	2,641,594,070
Other Assets	11	23,307,267,486	20,122,243,427
Non-Banking Assets		-	-
Total Assets		224,463,561,909	206,548,713,972
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial institutions	12	12,795,916,017	8,900,000,000
Deposits and other Accounts	13		
Mudaraba Savings Deposits		21,905,934,320	17,501,279,699
Mudaraba Term Deposits		92,854,674,703	99,362,221,136
Other Mudaraba Deposits	13.i	37,764,527,251	33,500,490,137
Al-wadeeah Current Accounts and Other Accounts etc.	13.ii	16,457,585,767	15,304,022,367
Bills Payable		1,239,833,780	1,396,165,765
		170,222,555,821	167,064,179,104
Other Liabilities	14	20,855,755,467	13,911,521,278
Deferred tax Liabilities/ (Assets)	15	82,801,120	74,890,795
AIBL Subordinate Bond		3,000,000,000	-
Total Liabilities (12+13+14+15)		206,957,028,425	189,950,591,177
Capital/Share Holders Equity			
Paid up Capital	16	9,469,585,030	9,469,585,030
Statutory Reserve	17	5,440,728,703	4,643,316,650
Other Reserve	18	991,589,940	977,548,248
Retained Earnings	19	1,604,629,812	1,507,672,866
Total Share holders equity		17,506,533,485	16,598,122,794
Total Liability and Share holders equity		224,463,561,909	206,548,713,972

Balance Sheet As at December 31, 2015

	Notes	2015 Taka	2014 Taka
OFF BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptance and endorsement		9,956,571,853	8,494,167,588
Letters of Guarantee	20	4,471,407,869	3,365,270,354
Letters of Credit		16,316,709,625	15,734,520,242
Bills for Collection		3,835,366,743	2,906,954,594
Other Contingent Liabilities		-	-
Total		34,580,056,090	30,500,912,778
Other Commitments :			
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		-	-
Total Off Balance sheet items including Contingent liabilities		34,580,056,090	30,500,912,778

Accompanying notes form an integral part of these financial statements.


Executive Vice President


Managing Director



Director


Director


Chairman

Signed in terms of our report of even date.

Place : Dhaka
Date : March 21, 2016


KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Profit & Loss Accounts For the year ended December 31, 2015

	Notes	2015 Taka	2014 Taka
Investment Income	21	18,060,176,184	19,019,524,885
Profit paid on deposits & Borrowing	22	(11,370,692,043)	(12,660,720,629)
Net Investment Income		6,689,484,141	6,358,804,256
Income from Investment in Shares /Securities	23	449,901,356	665,289,455
Commission, Exchange and Brokerage	24	1,874,034,077	1,601,306,634
Other Operating Income	25	203,359,973	188,358,072
		2,527,295,406	2,454,954,161
Total operating income		9,216,779,547	8,813,758,417
Salaries and allowances & contribution to P.F	26	2,260,034,893	2,003,166,707
Directors fees & expenses	27	9,322,684	10,268,552
Shariah Supervisory Committee's fees & expenses	28	186,955	271,363
Rent, taxes, insurance and lighting etc.	29	416,051,133	354,694,182
Postage, telegram, telephone and stamp etc.	30	69,012,359	68,041,948
Legal charges		5,001,201	4,222,497
Auditors' fee		691,250	1,909,000
Salary & Allowances to the Managing Director		11,600,000	11,570,000
Depreciation and repairs to the bank's properties	31	265,805,065	241,185,096
Stationery, printing and advertisement etc.	32	94,935,026	82,899,839
Other expenses	33	350,384,798	336,899,215
Total operating expenses		3,483,025,364	3,115,128,399
Profit/(Loss) before Tax & provision		5,733,754,182	5,698,630,018
Provision against Investments & Contingent Liabilities	34	1,582,014,154	1,727,328,613
Provision for diminution in value of investment		161,334,765	-
Other Provision		3,345,000	2,959,000
Total provision		1,746,693,919	1,730,287,613
Profit/(Loss) before Tax		3,987,060,263	3,968,342,405
Current tax	14.1	1,759,039,033	1,838,066,513
Deferred tax	15	7,910,325	10,212,557
Provision for Taxation		1,766,949,357	1,848,279,070
Net Profit/(Loss) after tax		2,220,110,906	2,120,063,336
Appropriation			
Statutory Reserve		797,412,053	793,668,481
General Reserve		-	-
		797,412,053	793,668,481
Retained Earnings		1,422,698,853	1,326,394,855
Earning per Ordinary share (EPS)	39	2.34	2.24

Accompanying notes form an integral part of these financial statements.


Executive Vice President


Managing Director



Director


Director


Chairman

Signed in terms of our report of even date.

Place : Dhaka
Date : March 21, 2016


KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Cash Flow Statement For the year ended December 31, 2015

	Notes	2015 Taka	2014 Taka
Cash flows from operating activities			
Investment income receipt in Cash		17,961,832,962	19,272,806,450
Profit paid on deposits		(11,552,327,953)	(11,018,733,721)
Dividend received		358,266,369	388,990,143
Fees & Commission received in cash		1,874,034,077	1,601,306,634
Recoveries from write off investments		24,183,541	23,017,747
Cash payments to employees		(2,271,634,893)	(2,014,736,707)
Cash payments to suppliers		(94,935,026)	(82,899,839)
Received from other operating activities (item-wise)		203,359,973	188,358,072
Paid for other operating activities (item-wise)	35	(889,829,638)	(815,718,709)
Advance income tax paid		(1,827,295,832)	(1,750,544,985)
Operating profit before changes in operating assets and liabilities		3,785,653,579	5,791,845,085
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities		(520,602,927)	205,793,184
Increase/(Decrease) of placement to other banks		8,650,000,000	(4,350,000,000)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(16,664,211,081)	(21,645,081,265)
Increase/(Decrease) of other assets (item-wise)	36	(1,191,933,559)	(5,429,932,326)
Increase/(Decrease) of placement from other banks and financial institution		3,895,916,017	5,500,000,000
Increase/(Decrease) of Deposits from customers (other than Banks)		3,340,012,628	25,359,538,480
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	37	4,938,643,955	(1,146,828,262)
Cash receipt from operating activities		2,447,825,033	(1,506,510,189)
A. Net Cash from operating activities		6,233,478,612	4,285,334,895
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(513,364,355)	(151,607,534)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		(513,364,355)	(151,607,534)
Cash flows from financing activities			
Increase in Exchange Equalization Account		14,041,692	-
Issue of AIBL Subordinate Bond		3,000,000,000	-
Dividend paid		(1,325,741,907)	-
C. Net cash flows from financing activities		1,688,299,785	-
D. Net increase in cash and cash equivalent (A+B+C)		7,408,414,042	4,133,727,361
E. Effects of exchange rate changes on cash and cash-equivalents		-	-
F. Net increase in cash and cash equivalent (D+E)		7,408,414,042	4,133,727,361
G. Cash & Cash Equivalents at the beginning of the year		31,890,704,307	27,756,976,946
H. Cash & Cash Equivalents at the end of the year	38	39,299,118,349	31,890,704,307


Executive Vice President


Managing Director


Director


Director


Chairman

Consolidated Statement of Changes in Equity For the year ended December 31, 2015

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total
Balance at 1st January 2015	9,469,585,030	4,643,316,650	1,507,672,866	977,548,248	16,598,122,794
Changes in accounting policy	-	-	-	-	-
Issue of the share capital	-	-	-	-	-
Restated balance	9,469,585,030	4,643,316,650	1,507,672,866	977,548,248	16,598,122,794
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	14,041,692	14,041,692
Net gain and losses not recognised in Income Statement	-	-	2,220,110,906	-	2,220,110,906
Net profit for the year	-	-	(1,325,741,907)	-	(1,325,741,907)
Cash -2014 (14.00 %)	-	-	-	-	-
Bonus Share	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-
Appropriations during the year	-	797,412,053	(797,412,053)	-	-
Total shareholders' equity as on December 31, 2015	9,469,585,030	5,440,728,703	1,604,629,812	991,589,940	17,506,533,485
Add: General provision for unclassified investments					1,437,011,351
Less: 50% of Assets Revaluation Reserve					495,794,970
Total equity as on December 31, 2015					19,439,339,806
Total shareholders' equity as on December 31, 2014	9,469,585,030	4,643,316,650	1,507,672,866	977,548,248	16,598,122,794


Executive Vice President


Managing Director


Director


Director


Chairman

Consolidated Statement Of Liquidity (Maturity Analysis of Assets and Liabilities) For the year ended December 31, 2015

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
1	Assets :						
	Cash in hand	26,728,946,578	-	-	-	-	26,728,946,578
	Balance with other Bank and Financial Institution	3,406,571,770	-	1,730,600,000	1,253,000,000	-	6,390,171,770
	Placement with Banks & Other Financial Institutions	-	100,000,000	1,000,000,000	-	-	1,100,000,000
	Investments (in Shares & Securities)	-	-	959,600,000	6,583,095,303	-	7,542,695,303
	Investments	36,492,600,000	33,345,000,000	47,277,448,154	23,270,900,000	16,080,200,000	156,466,148,154
	Fixed Assets including premises (Land & Building)	-	-	-	-	2,928,332,618	2,928,332,618
	Other Assets	2,745,700,000	99,000,000	4,072,500,000	-	16,390,067,486	23,307,267,486
	Non Banking Assets						
	Total Assets	69,373,818,348	33,544,000,000	55,040,148,154	31,106,995,303	35,398,600,104	224,463,561,909
2	Liabilities :						
	Placement from Banks & Other Financial institutions	851,800,000	1,164,000,000	1,904,300,000	8,875,816,017	-	12,795,916,017
	Deposits	36,640,355,821	30,673,400,000	71,253,300,000	20,394,300,000	11,261,200,000	170,222,555,821
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	393,800,000	-	4,046,500,000	-	16,415,455,467	20,855,755,467
	Deferred tax Liabilities/ (Assets)	-	-	-	-	82,801,120	82,801,120
	Total Liabilities	37,885,955,821	31,837,400,000	77,204,100,000	29,270,116,017	30,759,456,587	206,957,028,425
	Net Liquidity Gap	31,487,862,527	1,706,600,000	(22,163,951,846)	1,836,879,286	4,639,143,517	17,506,533,485

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


Executive Vice President


Managing Director


Director


Director


Chairman

Notes to the Financial Statements As at and for the year ended December 31, 2015

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 (as amended 2013) . 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 percepts 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 129 Branches and 3 (three) 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 (as amended), Bangladesh Bank's directives and the principles of Islamic Shariah."

1.2 Subsidiaries of the Bank

Al-Arafah Islami Bank Ltd has three 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

1.2.3 Millennium Information Solution Limited (MISL)

Al-Arafah Islami Bank Ltd. owned 51% shares of Millennium Information Solution Limited, a subsidiary company of Al-Arafah Islami Bank Limited. Millennium Information Solution Limited, a private limited Company was incorporated in Bangladesh under the Companies Act 1994 on February 11, 2001. This company was acquired by the Bank-AIBL during the current year as per 250th meeting of the Board dated November 30, 2013. Subsequently, Bangladesh Bank approved the acquisitions of MISL vide letter no. BRPO (R-I) 717/2015-2017, Dated March 28, 2015. The main objective of company is to carry on activities relating to developing software products and providing maintenance and support services both the domestic and international clients. Over the years, MILS has established itself as the leading software developer, implementation and service provisioning company in Bangladesh which adheres to the rules of Islamic Shariah.

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 operations 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 (as amended 2013), 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 Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered

Notes to the Financial Statements As at and for the year ended December 31, 2015

Accountants of Bangladesh (ICAB) into Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (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 statements 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 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.

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 estimation and judgment

The preparation of financial statements 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 January 01, 2015 to December 31, 2015.

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.

Notes to the Financial Statements As at and for the year ended December 31, 2015

The Investment Administration and Recovery Department (IARD) maintains a separate ledger for all individual cases written off by each branch. The IARD follows 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.

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. Another subsidiaries company named Millenium Information Solution Limited (MISL) Tk. 15.00 Crore holding 51% 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

Notes to the Financial Statements As at and for the year ended December 31, 2015

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, Dhaka City Jarip-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, “

c) Total land measuring 30.36 katha, cost price was Tk. 453,255,000. The land was revalued at tk. 4.50 crore per katha and total land valuation amount Tk. 1,366,200,000. 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 Circular No. 15.

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 Circular No. 15, 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

Notes to the Financial Statements As at and for the year ended December 31, 2015

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)

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.

Bangladesh Bank: As per BRPD Circular No. 14 dated September 23, 2012, 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 Circular No. 14 dated September 23, 2012, 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 Letter No. 677 (13 September, 2005)

vii) Provision for taxation

Current tax

Provision for current income tax has been made @40.00% as prescribed in the Finance Act 2015 of the profit made by the

Notes to the Financial Statements As at and for the year ended December 31, 2015

bank considering taxable add-back of income and disallowance of expenditure in compliance with BAS-12 "Income Taxes". Tax return for the income year 2014 (Assessment year 2015-2016) has been filed but assessment is to be done by the tax authority.

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 Bangladesh Bank 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 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.

Notes to the Financial Statements As at and for the year ended December 31, 2015

iv) Dividend Income

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 at 31 December, 2015 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 Circular No. 14 dated September 23, 2012, 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

Financial Statements were approved by the Board of Directors on 288th meeting held on 21 March 2016 has approved the audited financial statements for the year ended 31 December 2015. The Board has also recommended 10% cash dividend and 5% stock dividend for the year ended 31 December 2015 subject to approval of the shareholders at the 21st Annual General Meeting (AGM).

2.22 General

- i) The financial statements have been prepared in accordance with the formats prescribed under the Banking Companies Act, 1991 (as amended 2013) and in compliance with the rules of Islamic Law (Shariah) related to the banking business activities.

Notes to the Financial Statements As at and for the year ended December 31, 2015

- 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 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

Notes to the Financial Statements As at and for the year ended December 31, 2015

the lapses/irregularities. By this time the ICC division has introduced concurrent audit, surprise inspection, auto information system, Quarterly Audited System, and mandatory leave policy to boost-up the functions of internal control and compliance.”

v) **Prevention of money laundering**

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risk the bank has a Central Compliance Unit (CCU) at head office. The unit reviews the anti money laundering activities of the bank on regular basis. The bank has a designated Chief Anti Money Laundering Compliance Officers (CAMLCO) at head office and Branch Anti Money Laundering Compliance Officers (BAMLCO) at branches. The compliance officers review the Suspicious Transaction (STR) and records them properly. Manuals 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 year 1st January to 31st December, 2015 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 III)**

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 and Basel-III reporting from 2015. 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-III along with the existing capital adequacy rules and reporting under Basel-I and Basel-II during the parallel run i.e. 2009 and 2010 respectively. 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. January 01, 2015.

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 As at and for the year ended December 31, 2015

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 and Errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Segment Reporting	14	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting for Investments	25	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Consolidated and Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Disclosures in the Financial Statements of Banks and similar Financial Institutions	30	Applied
Interests in Joint Ventures	31	N/A
Financial Instruments: Disclosure and Presentation	32	Applied
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	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 280th meeting held on 29th September, 2015 as per BRPD Circular No. 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 2015 the audit committee of the bank conducted 12 (Twelve) 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, 2015.

Notes to the Financial Statements As at and for the year ended December 31, 2015

			2015 Taka	2014 Taka
5. Cash in hand				
a) Cash in hand				
In local currency			1,776,218,626	1,296,734,457
In Foreign currency (Note 5.a.ii)			1,261,397	4,749,118
			1,777,480,023	1,301,483,575
b) Balance with Bangladesh Bank				
In local currency			23,714,870,969	17,750,255,215
In Foreign currency			149,778,262	850,514,362
			23,864,649,231	18,600,769,577
c) Balance with Sonali Bank Ltd.				
In local currency			1,086,817,324	772,061,220
In Foreign currency			-	-
			1,086,817,324	772,061,220
5.a.i Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)			24,951,466,555	19,372,830,797
5.a.ii In Foreign currency				
Currency Name	Amount in FC	Ex. Rate	Amount in BDT	Amount in BDT
US Dollar	16069	78.50	1,261,397	4,749,118
Great Britain Pound	-	-	-	-
EURO	-	-	-	-
Others	-	-	-	-
			1,261,397	4,749,118
5.d Cash Reserve Requirments (CRR) and Statutory Liquidity Requirments (SLR)				
Cash Reserve Requirments (CRR) and Statutory Liquidity Requirments (SLR) have been calculated and maintained in accordance with Section 33 of Bank Companies Act 1991 (as amended 2013) & as per Bangladesh Bank Curcular No: MPD/01 dated June 23, 2006.				
5.e Cash Reserve Requirments (CRR)				
Required Reserve(6.5 % of Average Demand and Time Liabilities)			11,037,209,000	10,091,773,000
Actual reserve held with Bangladesh Bank			23,713,653,000	17,954,001,000
Surplus/(Deficit)			12,676,444,000	7,862,228,000
Statutory Liquidity Requirments (SLR)				
Required Reserve(5.50 % of Average Demand and Time Liabilities)			9,339,177,000	8,539,193,310
Actual reserve held			12,370,464,000	16,925,985,000
Surplus/(Deficit)			3,031,287,000	8,386,791,690
5.A Cash in hand			1,777,480,023	1,301,483,575
Al-Arafah Islami Bank Ltd.			2,512,487	-
Millennium information solution Ltd.			1,779,992,510	1,301,483,575
6. Balance with other Banks and Financial Institutions				
a) In Bangladesh:				
Accounts				
Islami Bank Bangladesh Ltd.			33,528,460	36,469,541
Dutch Bangla Bank Ltd.			8,257,618	6,168,768
National Bank Ltd.			33,135,997	8,596,255
Agrani Bank			1,650	1,650
			74,923,725	51,236,213
Mudaraba Saving Deposits				
Dhaka Bank Ltd.			1,024,484	307,638,290
Prime Bank Ltd.			54,241,774	18,085,705
Islami Bank Bangladesh Ltd.			33,528,460	-
Social Islami Bank Ltd.			1,979,155,765	1,609,803,614
Shahjalal Islami Bank Ltd.			33,151,301	12,711,774
EXIM Bank Ltd.			17,021,976	43,129,581
ICB Islamic Bank Ltd.			166,216,374	167,116,719
Jamuna Bank Ltd.			5,097,701	4,024,977
The City Bank Ltd.			18,302,973	17,588,086
Southeast Bank Ltd.			74,525,303	20,550,194
AB Bank Ltd.			12,972,710	246,409,356
			2,395,238,822	2,447,058,296
Short Term Deposits				
Social Islami Bank Ltd.			251,687	251,687
Rupali Bank Ltd.			1,000	14,028,431
			252,687	14,280,118
			2,470,415,234	2,512,574,627

Notes to the Financial Statements As at and for the year ended December 31, 2015

b. Outside Bangladesh (NOSTRO A/C)

Name of bank	Currency Name	Amount in Foreign Currency	Conversion rate per unit F.C	2015	2014
				Taka	Taka
				Amount In BDT.	Amount In BDT.
HABIB BANK AG ZURICH	CSF	5,983	79.45	475,348	244,651
COMMERZBANK AG FRANKFURT AM	EURO	2,091	85.80	179,402	1,505,110
SONALI BANK LTD.,LONDON, EURO	EURO	4,134	85.80	354,706	902,870
STANDARD CHARTERD BANK LTD,FRANKFURT	EURO	(8,686)	85.80	(745,271)	1,424,644
UNITED BANK OF INDIA,EURO	EURO	28,025	85.80	2,404,557	637,223
STANDARD CHARTERD BANK LTD, LONDON.UK	EURO	-	-	-	-
STANDARD CHARTERD BANK LTD, JAPAN	JPY	1,045,213	0.65	681,584	845,180
SONALI BANK LTD.,LONDON GBP	POUND	5,704	118.60	676,454	2,254,785
STANDARD CHARTERD BANK LTD,LONDON	POUND	870,418	116.32	101,248,966	25,195,362
AL RAJI BANKING & INV CORP, SAUDI ARABIA	REYAL	229,929	20.94	4,814,571	5,096,166
AB BANK LID., MUMBAI	ACUD	473,104	78.50	37,138,625	53,028,107
AXIS BANK LTD.	ACUD	184,482	78.50	14,481,848	5,249,387
BANK OF BHUTAN, ACU	ACUD	232,951	78.50	18,286,657	13,277,999
COMMERZBANK AG FRANKFURT AM MAIN DE	USD	116,052	78.50	9,110,077	34,622,342
HABIB BANK OF PAKISTAN,KARACHI	ACUD	122,837	78.50	9,642,705	4,149,230
ICICI BANK LIMITED, MUMBAI	ACUD	1,229,301	78.50	96,500,117	22,659,868
ICICI BANK LIMITED,HONGKONG	USD	678,340	78.50	53,249,662	84,315,456
MASHREQUE BANK PSC,MUMBAI	ACUD	300,217	78.50	23,567,037	69,335,466
SONALI BANK LTD. LONDON	USD	233,976	78.50	18,367,092	22,738,526
SONALI BANK LTD. KOLKATA	ACUD	163,242	78.50	12,814,521	8,304,772
STANDARD CHARTERD BANK LTD,KARACHI	ACUD	43,734	78.50	3,433,149	11,015,219
OFF-SHORE BANKING UNIT	ACUD	40,099,083	78.50	3,147,778,010	-
STANDARD CHARTERD BANK LTD,MUMBAI	ACUD	39,231	78.50	3,079,653	70,981,712
Wachovia Bank NA, New York ,USA	USD		0.00		695,919,816
MASHREQUE BANK PSC,NEW YORK	USD	377,361	78.50	29,622,806	51,046,909
CITIBANK N.A.,NEW YORK, USA	USD	642,194	78.50	50,412,236	237,386,218
STANDARD CHARTERD BANK LTD,NEW YORK	USD	3,378,349	78.50	265,200,388	250,273,143
STANDARD CHARTERD BANK, KOLKATA (AMEX)	USD	129,005	78.50	10,126,882	9,370,569
HABIB AMERICAN BANK,NEW YORK,USA	USD	377,742		29,652,746	-
UNITED BANK OF INDIA,DOLLAR	ACUD	136,694	78.50	10,730,470	22,034,579
				3,953,284,997	1,703,815,308
				6,390,171,770	4,216,389,935

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

7. Placement with Banks & Other Financial institutions

Islamic Finance and Investment Ltd.
Social Islami Bank Ltd.
Southeast Bank Ltd.
Dhaka Bank Ltd.
Jamuna Bank Ltd.
AB Bank Ltd.

2,436,886,773
174,099,975
31,107,790

2,642,094,538

(205,202,765)

2,436,891,773

3,953,284,997

6,390,176,770

2,512,574,627
187,064,465
25,953,444

2,725,592,536

(213,012,909)

2,512,579,627

1,703,815,308

4,216,394,935

3,406,576,770

-

1,730,600,000

1,253,000,000

-

6,390,176,770

481,121,406

2,248,067,698

1,487,205,830

-

4,216,394,935

100,000,000

-

1,000,000,000

-

-

-

1,100,000,000

-

4,350,000,000

1,700,000,000

900,000,000

2,500,000,000

300,000,000

9,750,000,000

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
8. Investment in Shares & Securities		
Bangladesh Govt. Islami Bond Fund (8.a)	5,680,000,000	6,500,000,000
Investment In Islamic Refinance Fund (8.a)	500,000,000	500,000,000
Investment in Share (8.b)	1,359,556,413	838,953,486
Central Depository Bangladesh Limited (8.b)	3,138,890	3,138,890
	7,542,695,303	7,842,092,376
8.a Investments in Share & Securities		
Government Securities	6,180,000,000	7,000,000,000
Bangladesh Govt. Islami Bond Fund	5,680,000,000	6,500,000,000
Investment In Islamic Refinance Fund	500,000,000	500,000,000
In shares (quoted and unquoted)		
Quoted		
Private (8.b)	1,359,556,413	838,953,486
Unquoted		
Central Depository Bangladesh Limited	3,138,890	3,138,890
	1,362,695,303	842,092,376
8.b Book value of share as on 31 December 2015 as follows		
Quoted shares in (Schedule of Shares and Securities are given Annexure B)		
ACI	-	53,977,836
ISLAMI Insurance	42,718,564	42,718,564
BDCOM	620,241	-
Mobile Jamuna Bangladesh Ltd.	5,019,851	-
TITAS	56,679,795	-
Fareast Life Insurance Co. Ltd.	6,305,192	6,305,192
JAMUNAOIL	155,071,455	120,393,881
Grameen Phone	138,777,391	83,141,613
Prime Life Insurance Co. Ltd.	124,048,092	132,164,932
SPCCL	5,046,041	19,951,005
DESCO	-	71
SUMITPOWER	2,398,102	43,493,661
RENETA	-	19,614,200
RSRM STEEL	8,456,024	8,456,024
GPHISPAT	12,641,109	12,641,110
PADMAOIL	5,637,770	16,422,688
MEGHNACEM	10,548,369	10,548,369
UNIQUEHRL	39,659,142	39,659,142
ORION PHARMA	83,685,718	90,073,821
Bangladesh Submarine Cable Com. Ltd.	79,595,213	62,591,467
UPGDCL	5,195,111	-
OLYAMPIC	-	5,619,230
ACTIVE FINE	-	1,180,681
AIBL 1st Mutual Fund	70,000,000	70,000,000
	852,103,179	838,953,486
Unquoted shares in		
Swift Share	7,453,233	-
Investment in sibl mudaraba sub-ordinated bond	500,000,000	-
Central Depository Bangladesh Limited	3,138,890	3,138,890
	1,362,695,302	842,092,376
8.A.ii Investment in Shares & Securities		
Al-Arafah Islami Bank Ltd.	1,362,695,302	842,092,376
AIBL Capital Market Services Ltd.	700,000,000	700,000,000
AIBL Capital Management Ltd.	608,439,184	578,805,019
	2,671,134,486	2,120,897,395

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
8.A.i Maturity grouping of investments		
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	1,362,695,302	842,092,376
More than 5 years	1,308,439,184	1,278,805,019
	2,671,134,486	2,120,897,395
8.A.ii		
Al-Arafah Islami Bank Ltd.	1,362,695,302	842,092,376
AIBL Capital Market Services Ltd.	700,000,000	700,000,000
AIBL Capital Management Ltd.	608,439,184	578,805,019
Millennium information solution Ltd.	-	-
	2,671,134,486	2,120,897,395
9. Investments		
a) General Investment		
i. in Bangladesh		
Murabaha Investment	12,709,297,966	15,583,031,208
Bai-Muazzal Investment	69,983,132,086	68,840,453,868
Hire Purchase Investment	38,339,304,262	33,800,775,606
Quard	1,221,025,926	2,574,736,746
Other Investment	39,253,504,887	31,123,542,148
	161,506,265,127	151,922,539,576
ii. Out side Bangladesh	-	-
	161,506,265,127	151,922,539,576
Less: Unearned profit on Investment	9,202,498,497	13,724,371,226
	152,303,766,630	138,198,168,350
b) Bill Purchased & Discounted		
Payable in Bangladesh	2,954,878,541	2,589,213,743
Payable out side Bangladesh	1,207,502,983	514,697,699
	4,162,381,524	3,103,911,442
	156,466,148,154	141,302,079,792
c) Maturity grouping of Investment		
Including bills purchased and discounted		
Payable on Demand		
Up to 1 (one) month	36,492,600,000	38,543,521,015
Over 1 (one) month but not more than 3 (three) months	33,345,000,000	39,403,324,985
Over 3 (three) months but not more than 1 (one) year	47,277,448,154	34,331,548,353
Over 1 year but not more than 5 years	23,270,900,000	19,769,085,439
Over 5 years	16,080,200,000	9,254,600,000
	156,466,148,154	141,302,079,792
d) An analysis to disclose following Significant concentration :		
i. Investment to Directors and others	-	-
ii. Investment to Managing Director and Cheif Executive	-	-
iii. Investment to customer (No. of clients with amount of outstanding and classified loan to whom loans and Investment sanctioned more than 10% of total capital of the Bank)	45,275,700,000	47,972,200,000
iv. Investments to customers for more than 10% of Bank's Total Capital		
Number of clients	28	26
Amount of outstanding Investment	45,275,700,000	47,972,200,000
Amount of Classified Investment	-	-

Notes to the Financial Statements As at and for the year ended December 31, 2015

Name of Clients	Funded	Non-Funded	2015	2014
			Taka	Taka
			Figure in crore	Figure in crore
01 Meghna Group		51.52	51.52	208.41
02 Fair Acrylic Processing Ltd	33.06		33.06	2.05
03 Thermax Group	250.37	29.23	279.60	314.43
04 Majumder Traders	61.61	-	61.61	177.43
05 T K Group	77.82	24.69	102.51	95.13
06 Abul Khair Steel Industries Ltd	227.40	257.96	485.36	438.52
07 Nasir Glass Ltd	236.12	4.67	240.79	225.88
08 AIBL Capital Market Services Ltd	-	40.00	40.00	50.00
09 Noapara Traders	-	256.44	256.44	95.40
10 Techno Electricals Ltd	22.40	172.85	195.25	106.03
11 Jai Bhuiyan Group	125.90	2.51	128.41	303.87
12 Aman Tex Limited	188.78	99.11	287.89	288.70
13 Masihata Sweaters Ltd	200.00	132.14	332.14	246.23
14 Gastro liver Hospital & Reaserch Institute Ltd.	135.75	2.53	138.28	166.34
15 Birds Garments Ltd,Unit-02,Birds R N R Fashon Ltd.& Khalifa appatels Ltd.	29.20	57.21	86.41	77.81
16 Turag Garments 7Hosiery Mills Ltd	82.27	58.15	140.42	165.82
17 AIBL Capital Management Ltd	172.02	-	172.02	191.53
18 Bangladesh steel Re- Rolling Mills	69.77	5.32	75.09	45.64
19 Shahjalal Islami Bank Securities Ltd	106.43	-	106.43	95.07
20 Ziri Subedar Steel Re-Rolling	30.52	-	30.52	74.55
21 Partex Jute Mills Ltd	160.79	0.65	161.44	154.50
22 Kader Compact Spinning Mills	60.67	-	60.67	83.50
23 Kabir Steel Re-Rolling Mills	92.93	21.90	114.83	187.81
24 MEB Industrial Complex Ltd			-	55.35
25 Mahmud Indigo Ltd	64.37	53.02	117.39	57.62
26 Ayman Textile & Hosiery Ltd	205.83	133.81	339.64	219.40
27 Saad Musa Fabrics			-	-
28 Elhan Textile			-	-
29 Masud Trading			-	-
30 Mahmud Denims Ltd	61.13	5.10	66.23	-
31 Nitol Motors Ltd	217.61	3.12	220.73	-
32 Robiul Islam,M/s.Rahman Traders & M/s. Zobar Traders	41.82	161.07	202.89	-
33 Juma Enterprise & its Sister Concern	-	-	-	-
	2,954.57	1,573.00	4,527.57	4,127.02
v) Industry/Sector wise Investments				
Agriculture, Fishing and forestry			2,212,900,000	1,970,158,456
Industry			87,353,048,154	61,734,000,338
Constraction			5,576,800,000	7,175,900,812
Water works & sanatory services			302,600,000	6,701,600,769
Transport & communication			7,597,600,000	8,411,100,973
Storage			1,135,700,000	1,032,500,781
Trade Finance			47,712,400,000	53,808,700,871
Miscellaneous			13,777,598,497	14,192,488,018
			165,668,646,651	155,026,451,018
Less:Unearned profit on Investment			9,202,498,497	13,724,371,226
			156,466,148,154	141,302,079,792
vi) Geographical Location -wise Investment				
Urban:			148,530,359,083	140,171,515,526
Dhaka Region			114,539,318,193	102,004,691,041
Chittagong Region			19,605,649,000	20,108,638,478
Sylhet Region			3,711,661,000	590,434,157
Rajshahi Region			1,623,002,000	8,428,118,471
Khulna Region			5,434,838,000	5,423,742,489
Rangpur Region			1,932,028,412	1,932,028,412
Barisal Region			1,683,862,478	1,683,862,478
Rural:			17,138,287,568	14,854,935,492
Dhaka Region			9,391,742,000	7,650,605,473
Chittagong Region			3,097,549,000	2,555,333,451
Sylhet Region			538,253,458	538,253,458
Rajshahi Region			1,976,749,412	1,976,749,412
Khulna Region			559,220,413	559,220,413
Rangpur Region			1,288,586,850	1,288,586,850
Barisal Region			286,186,435	286,186,435
			165,668,646,651	155,026,451,018
			9,202,498,497	13,724,371,226
Less: Unearned profit on Investment			156,466,148,154	141,302,079,792

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
e) Classification of Investment including bills purchased and discounted		
Unclassified	157,954,974,651	148,043,807,000
Standard including (Staff investment)	155,664,850,651	146,516,739,000
Special Mention Accounts (SMA)	2,290,124,000	1,527,068,000
Classified	7,713,672,000	6,982,644,000
Sub Standard	777,492,000	2,069,632,000
Doubtful	1,576,600,000	1,120,775,000
Bad / Loss	5,359,580,000	3,792,237,000
	165,668,646,651	155,026,451,000
Less: Unearned profit on Investment	9,202,498,497	13,724,371,226
	156,466,148,154	141,302,079,774
f) Required Provision on Investment & Off -balance sheet exposures		
Unclassified		
General provision on unclassified Investment	696,380,351	595,543,000
General provision on small enterprise Investment	206,624,000	198,004,000
General provision on Housing financing Investment	44,908,000	-
General provision on consumer financing Investment	4,816,000	2,959,000
General provision on Micro Investment	34,780,000	34,109,000
General provision on special mention Investment	20,150,000	6,310,000
General provision on BHS/MHS/SDS	82,607,000	101,348,000
Classified	1,090,265,351	938,273,000
Specific provision on substandard Investment	44,091,000	147,759,000
Specific provision on doubtful Investment	439,001,000	190,940,000
Specific provision on bad/loss Investment	1,617,184,532	1,180,085,000
Unclassified	2,100,276,532	1,518,784,000
General provision on Off-balance sheet	346,746,000	305,009,000
	3,537,287,883	2,762,066,000
g) Provision made on Investment & Off-balance sheet exposures		
Unclassified		
General provision on unclassified Investment	696,380,351	595,543,000
General provision on small enterprise Investment	206,624,000	198,004,000
General provision on Housing financing Investment	44,908,000	-
General provision on consumer financing Investment	4,816,000	2,959,000
General provision on Micro Investment	34,780,000	34,109,000
General provision on special mention Investment	20,150,000	6,310,000
General provision on BHS/MHS/SDS	82,607,000	101,348,000
Classified	1,090,265,351	938,273,000
Specific provision on substandard Investment	44,091,000	147,759,000
Specific provision on doubtful Investment	439,001,000	190,940,000
Specific provision on bad/loss Investment	1,617,184,532	1,180,085,000
Unclassified	2,100,276,532	1,518,784,000
General provision on Off-balance sheet	346,746,000	305,009,000
	3,537,287,883	2,762,066,000
Provision Excess/(Shortfall)	-	-

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
h) Particulars of Investments		
i) Investment considered good in respect of which of the bank company is fully secured;	126,737,580,005	113,041,663,834
ii) Investment considered good against which the banking company holds no security other than the debtors personal guarantee.	29,728,568,149	28,260,415,958
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	5,372,000
vii) Maximum total amount of Investments including temporary Investments made at any time during the year to directors or managers or officers of the banking companies or any of them either agents severally or jointly with any other persons;	-	-
viii) Maximum total amount of Investment including temporary Investment granted during the year to the companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in the case of private companies as members;	-	-
ix) Due from banking companies;		
x) Amount of Classified Investment on which profit has not been charge, are mentioned as follows;		
a) An amount of Bad Investment on which profit has not been charged	5,359,580,000	3,792,237,000
i) Decrease/Increase in provision (Specific)	581,492,532	390,755,295
ii) Amount of Investment written off;	830,975,812	1,204,315,941
iii) Amount realised against Investment previously written off;	24,183,541	23,017,747
b) Amount of provision kept against Investment classified as "bad/loss" on the date of preparing the balance sheet ;	1,617,184,532	1,180,085,000
c) Profit creditable to the profit suspense/Compensation A/c;	559,724,023	410,068,052
xi) i) Cumulative amount of the written of Investment;	2,987,390,000	2,119,854,000
ii) Amount written off during the current year;	898,947,000	1,314,595,000
iii) The amount of written off Investment for which lawsuit has been filed;	2,987,390,000	2,119,854,000
9.A. Investments		
Al-Arafah Islami Bank Ltd.	156,466,148,154	141,302,079,792
AIBL Capital Market Services Ltd.	8,521,144,839	9,041,152,286
AIBL Capital Management Ltd.		
	1,366,532,329	1,573,820,152
	166,353,825,322	151,917,052,230
Less : Inter company Adjustment	(3,850,681,194)	(5,176,685,911)
	162,503,144,128	146,740,366,319
9.A.i Maturity grouping of Investment Including bills purchased and discounted		
Payable on Demand	-	-
Up to 1 (one) month	36,492,600,000	41,000,458,789
Over 1 (one) month but not more than 3 (three) months	43,232,677,168	39,126,500,000
Over 3 (three) months but not more than 1 (one) year	43,426,766,960	36,614,556,651
Over 1 year but not more than 5 years	23,270,900,000	21,452,850,879
Over 5 years	16,080,200,000	8,546,000,000
	162,503,144,128	146,740,366,319

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
10. Fixed Assets		
Tangible Assets		
Land	1,453,929,419	1,446,974,352
Building	693,456,887	419,396,761
Furniture (Wood)	327,891,053	279,069,020
Furniture (Steel)	86,350,798	78,885,223
Computer	185,482,146	171,670,374
Computer (Accessories)	50,463,559	38,706,419
Motor Car	100,377,467	108,167,283
Machine equipment & appliance	506,897,697	427,545,348
Online Hardware	248,167,277	203,616,686
Interior Decoration	160,678,363	160,417,349
Books & Library	9,421,057	8,804,407
	3,823,115,723	3,343,253,222
Intangible Assets		
Online Software	140,444,535	121,414,861
Total	3,963,560,258	3,464,668,083
Less Accumulated Depreciation	1,035,227,640	823,074,013
	2,928,332,618	2,641,594,070
Schedule of Fixed Assets are given in Annexure - A.		
10.A. Fixed Assets		
Al-Arafah Islami Bank Ltd.	2,928,332,618	2,641,594,070
AIBL Capital Market Services Ltd.	11,712,876	18,957,350
AIBL Capital Management Ltd.	467,627	555,978
Millennium Information	116,865,932	-
	3,057,379,053	2,661,107,398
11. Other Assets		
Adjusting A/c Debit Balance	1,267,256,615	698,467,122
Suspense Account	99,991,006	316,643,724
DD Paid without Advice	7,300	7,300
Stock of Stationery	25,384,025	21,464,859
Stamp in hand	3,659,647	2,814,726
Advance Deposit	3,818,232	3,043,624
Advance Rent	252,384,949	231,809,209
Capital Work In Progress	371,698,078	194,249,186
Sponsorship of AIBL 1st Islamic Mutual Fund	100,000,000	100,000,000
Investment for Subsidiary Companies	3,060,000,000	2,910,000,000
Advance Income Tax & TDS [Note 11.2]	11,073,749,964	9,246,454,132
Protested Bills	8,959,700	5,706,700
Prepaid Expenditure	27,871,668	2,276,504
Brac Bank Eldorado Settement A/C	20,000,000	20,000,000
Balance with cmsl for portfolio account	1,418,558,167	425,459,098
Accrued Income	1,380,500,637	1,214,705,969
Mfci usd (edf) a/c	4,072,535,101	4,043,686,085
Adjustment a/c cost of borrowing	6,328,761	42,035,975
Stock of ATM Card	1,049,634	1,050,000
Branches Adjustment A/C	29,168,514	579,582,773
Parking for nostro sub gl usd	86,000	12,118,353
Dividend Receivable	6,704,221	4,464,021
Clearing Adjustment	77,555,267	46,204,067
Due from off-shore Banking unit	3,147,778,010	695,382,811
	26,455,045,496	20,817,626,238
Less: Balance with OBU for elimination investment with OBU	3,147,778,010	695,382,811
	23,307,267,486	20,122,243,427

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
11.1 Classification of other Assets under the following categories		
i) Investment in shares of subsidiary companies;	3,060,000,000	2,910,000,000
In Bangladesh	-	-
ii) Stationery, Stamps, Printing materials etc.	30,093,306	25,329,585
iii) Advance rent and advertisement;	252,384,949	231,809,209
iv) Profit accrued on Investment but not collected, commision & brokerage receivable on shares and debenture and other income receivable	1,380,500,637	1,214,705,969
v) Security deposit	3,818,232	3,043,624
vi) Preliminary, formation and organization expenses, renovation and development expenses -	2,276,504	
vii) Prepaid expenses	27,871,668	-
viii) Adjustments A/C Debit Balance	1,273,585,376	740,503,097
ix) Suspenses account	99,991,006	316,643,724
x) DD Paid without advice	7,300	7,300
xi) Protested Bills	8,959,700	5,706,700
xii) Parking for nostro sub gl usd	86,000	12,118,353
xiii) Dividend Receivable	6,704,221	4,464,021
xiv) Capital Work In Progress	371,698,078	194,249,186
xv) Others	16,791,567,013	14,461,386,155
	23,307,267,486	20,122,243,427
xv) Others		
Brac Bank Eldorado Settement A/C	20,000,000	20,000,000
Branches Adjustment A/C	29,168,514	579,582,773
Sponsorship of AIBL 1st Islamic Mutual Fund	100,000,000	100,000,000
Advance Income Tax & TDS	11,073,749,964	9,246,454,132
Mfci usd (edf) a/c	4,072,535,101	4,043,686,085
Balance with cmsl for portfolio account	1,418,558,167	425,459,098
Clearing Adjustment	77,555,267	46,204,067
	16,791,567,013	14,461,386,155
11.2 Advance Income Tax & TDS		
i) Begining of the year	9,246,454,132	7,303,549,305
Advance tax paid during the year	1,827,295,832	1,942,904,827
Tax deducted at Source during the year	-	-
Advance income tax at the end of the year	11,073,749,964	9,246,454,132
11.A. Consolidated Other Assets		
Al-Arafah Islami Bank Ltd.	23,307,267,486	20,122,243,427
AIBL Capital Market Services Ltd.	1,747,681,856	1,769,428,919
AIBL Capital Management Ltd.	322,445,203	195,145,917
Millennium information solution Ltd.	34,425,496	
	25,411,820,041	22,086,818,263
Less: Investment in Subsidiary Company	(4,938,456,605)	(4,810,892,478)
Less: Dividend receivable from subsidiary	-	-
	20,473,363,436	17,275,925,785
12. Placement from Banks & Other financial Institutions	12,795,916,017	8,900,000,000

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 As at and for the year ended December 31, 2015

			2015 Taka	2014 Taka	
a.	Name of the Bank	Mature	Nature	Amount	Amount
	In Bangladesh				
	Brrowing from Bangladesh Bank	01-02-2016	D.P Note	1,000,000,000	8,900,000,000
	Brrowing from Bangladesh Bank	01-02-2016	D.P Note	1,000,000,000	-
	Brrowing from Bangladesh Bank	19-01-2016	D.P Note	1,000,000,000	-
	Brrowing from Bangladesh Bank	22-01-2016	D.P Note	1,000,000,000	-
	Brrowing from Bangladesh Bank	22-01-2016	D.P Note	1,000,000,000	-
	Brrowing from Bangladesh Bank	23-01-2016	D.P Note	1,000,000,000	-
	Brrowing from Bangladesh Bank	26-01-2016	D.P Note	1,000,000,000	-
	Brrowing from Bangladesh Bank	26-01-2016	D.P Note	1,000,000,000	-
	Brrowing from Bangladesh Bank	27-01-2016	D.P Note	1,000,000,000	-
	Brrowing from Bangladesh Bank	27-01-2016	D.P Note	1,000,000,000	-
	Brrowing from Bangladesh Bank	28-01-2016	D.P Note	2,000,000,000	-
			Total =	12,000,000,000	8,900,000,000
	Outside Bangladesh		795,916,017	-	
			12,795,916,017	8,900,000,000	
13	Deposit and Other Accounts				
	Mudaraba Savings Deposits		21,905,934,320	17,501,279,699	
	Mudaraba Term Deposits		92,854,674,703	99,362,221,136	
	Other Mudaraba Deposits [Note :13.i]		37,764,527,251	33,500,490,137	
	Al-Wadia Current Accounts and Others Accounts etc.[Note: 13.ii]		16,457,585,767	15,304,022,367	
	Bills Payable		1,239,833,780	1,396,165,765	
			170,222,555,821	167,064,179,104	
13.i.	Other Mudaraba Deposits				
	Mudaraba Short Term Deposit		7,443,774,453	8,004,631,678.00	
	Installment Term Deposit (ltd)		10,179,271,550	7,955,291,342.00	
	Savings Inv. Deposit (Sid)		95,503,766	127,891,964.00	
	P/P Term Deposit (Ptd) :		6,459,763,201	5,135,140,119.00	
	Monthly Hajj Deposit (Mhd) :		95,510,521	70,365,746.00	
	Term Hajj Deposit (Thd) :		2,343,620	1,726,424.00	
	Marriage Savings & Invt. Scheme :		371,634	244,905.00	
	Savings Bond :		53,727,976	160,151.00	
	Special Pension Dep. Scheme		60,538,285	54,878,281.00	
	Mudaraba Term Cash Waqf Deposi		17,135,283	7,560,069.00	
	Lakhapati Deposit Scheme (Lds)		901,372,703	971,875,485.00	
	Millionaire Dep. Scheme (Mmds)		3,895,745,505	3,311,198,193.00	
	Kotipoti Deposit Scheme (Mkds)		1,907,472,160	1,470,253,802.00	
	Double Benefit Dep. Scheme (Dbds)		4,201,695,859	3,968,756,727.00	
	Pension Dep. Scheme (Pds) :		2,240,684,473	2,242,145,214.00	
	Triple Benefit Dep. Scheme (Tbds)		209,616,262	178,370,037.00	
			37,764,527,251	33,500,490,137	
13.ii	Al-wadeeah Current Accounts and Other Accounts				
	Al-wadeeah Current Deposits		7,942,790,543	6,507,539,178	
	Sundry Deposit		2,723,247,205	4,936,975,008	
	Profit Payable For All Deposit Ac		3,127,245,280	3,308,881,190	
	F.C Held against EDF		2,433,372,068	56,825,634	
	F.C Deposit Account :		230,930,671	493,801,357	
			16,457,585,767	15,304,022,367	

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
13.A. Consolidated Deposit and other Accounts		
Mudaraba Savings Deposits	21,905,934,320	17,501,279,699
Mudaraba Term Deposits [Note :13.A.ii]	92,519,200,283	99,149,208,227
Other Mudaraba Deposits	37,764,527,251	33,500,490,137
Al-Wadia Current Accounts and Others Accounts etc.	16,457,585,767	15,304,022,367
Bills Payable	1,239,833,780	1,396,165,765
	169,887,081,401	166,851,166,195
13.A.i Maturity-wise Classification of Deposits		
i. Repayable on Demand	4,081,800,000	4,180,212,974
With a residual maturity of		
ii. Repayable within 1 (one) month	68,455,252,520	65,465,282,026
iii. Over 1 (one) month but within 6 (six) months	38,875,412,410	38,875,112,049
iv. Over 6 (six) months within 1 (one) year	35,897,549,211	36,897,249,705
v. Over 1 (one) year within 5 (five) years	13,445,162,781	11,545,562,589
vi. Over 5 (five) years within 10 (ten) years	9,131,904,479	7,367,757,118
vii. Unclaimed Deposits 10 (ten) years and above	-	-
	169,887,081,401	164,331,176,461
13.A.ii Mudaraba Term Deposits	92,854,674,703	99,362,221,136
Less: Inter-Company Transaction	(335,474,420)	(213,012,909)
	92,519,200,283	99,149,208,227
14. Other Liabilities		
Others provision	15,510,964	12,165,964
Hajj foundation	69,000	69,000
Provident fund	121,821	-
Social security b. Fund	4,800	-
Adjustment a/c credit balance	61,780,294	366,593,444
Clearing adjustment	38,545	421,390
Interest income	1,419,924	-
Cib collection charge	2,857,663	1,799,950
Cash waqf (staff)	80,000	80,000
Provision for unclassified investment	1,090,265,351	938,273,000
Provision for classified investment	2,100,276,532	1,518,784,000
Provision for taxation	11,871,933,933	10,112,894,900
Parking account	297,236,356	58,559,686
Provision for off balance sheet item	346,746,000	305,009,000
Outstanding expense	710,624	1,657,460
Cmsd clearing adjustment a/c.	2,200	2,200
Befn adjustment	34,904,474	57,196,139
Supervision fees (sme)	259,200	129,375
Provision for diminution in value of investment	288,802,153	127,467,388
Vat payable account	10,630	30
Electronic govt procurement	2,222,790	350,300
Bangladesh bank usd (edf)	4,046,691,085	-
Profit rent suspense	104,304,983	104,903,666
Compensation receivable	455,419,040	305,164,386
Atm settlement npsb (issuing)	64,087,102	-
Provision for Gratuity	70,000,000	-
	20,855,755,467	13,911,521,278
14.1 Provision for income Tax		
Current tax		
Provision held at the begining of the year	10,112,894,900	8,274,828,387
Provision made during the year	1,759,039,033	1,838,066,513
Settlement for previous year	-	-
Provision held at the end of the year	11,871,933,932	10,112,894,900

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
14.1.a Provision for Current Tax made during the year		
Income Tax on Business income	1,864,855,033	1,756,502,939
Capital gain	71,653,274	77,798,029
Income u/s 82(c) [CMSD Commission]	-	-
Gain on sales of DSE, CSE Liecence	-	-
Cash Dividend	2,314,774	3,765,545
Excess Profit Tax (+)	-	-
Estimated Provision Required as at December 31, 2015(i)	1,759,039,033	1,838,066,512
Provision held		
Balance as at January 1,2015	10,112,894,900	8,274,828,387
Tax for previous year (-)	10,112,894,900	8,274,828,387
	-	-
Actual provision for tax held (II)	-	-
Estimated provision needs to be made (I-II)	1,759,039,033	8,274,828,387
Provision actually made during the year	1,759,039,033	8,274,828,387
A. Computation of Taxable Profit		
Profit before tax	3,987,060,263	3,968,342,405
Add:Inadmissible expenditure	2,153,204,518	2,020,518,266
Less: Item of income for sparate Consideration	387,681,748	426,645,592
Less: Further allowable Expenditure	1,090,445,450	1,429,266,987
Estimated Business income other than 82(C)	4,662,137,583	4,132,948,093
Add:Gain on sales of DSE,CSE Liecence	-	-
Add: Capital Gain	358,266,369	388,990,143
Add:Cash dividend	23,147,745	37,655,449
Add:Income u/s 82(c) [CMSD Commission]	-	-
Total Taxable Income	5,043,551,697	4,559,593,684
14.2 Provision on Investment & Others		
Provision against Classified Investments (Specific) [14.2.a.i]	2,100,276,532	1,518,784,000
Provision against Unclassified Investments (general) [14.2.a.ii]	1,090,265,351	938,273,000
Provision against Off-balance Sheet exposures [14.2.a.iii]	346,746,000	305,009,000
Provision for diminution in value of investments [14.3]	288,802,153	127,467,388
Total Provision Held (a)	3,826,090,036	2,889,533,388
a) The movement in Specific provision on classified Investment :		
i) Provision held at the beginning of the year	1,518,784,000	1,128,028,705
Fully provision debt written off	(830,975,812)	(1,204,315,941)
Recoveries of amount previously written off	24,183,541	23,017,747
Specific provision for the year	1,388,284,803	1,495,766,253
Provision transfered from diminution in value of investment & unclassified investment	-	76,287,236
Provision held at the end of the year	2,100,276,532	1,518,784,000
ii) The movement in general provision on unclassified Investment :		
Provision held at the beginning of the year	938,273,000	749,605,000
Provision during the year	151,992,351	199,922,625
Provision transfered from classified investment	-	(11,254,625)
Provision held at the end of the year	1,090,265,351	938,273,000
iii) The movement in provision against Off-balance sheet exposures		
Provision held at the beginning of the year	305,009,000	273,369,265
Provision during the year	41,737,000	31,639,735
Provision held at the end of the year	346,746,000	305,009,000
	3,537,287,883	2,762,066,000

Notes to the Financial Statements As at and for the year ended December 31, 2015

		2015 Taka	2014 Taka
b)	Provision for Others		
	Provision held at the beginning of the year	12,165,964	9,206,964
	Provision during the year	3,345,000	2,959,000
		15,510,964	12,165,964
	Less, Adjustment during the year	-	-
	Provision held at the end of the year	15,510,964	12,165,964
14.3	Provision for diminution in value of investment in Share		
	Provision held at the beginning of the year	127,467,388	192,500,000
	Provision during the year	161,334,765	(65,032,612)
	Provision held at the end of the year	288,802,153	127,467,388
14.4	AIBL General A/C		
	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 31.12.2015 are as under:		
	Number of unresponded entries		Unresponded amount
			Amount in Crore
	Particulars	Dr	Cr
	Upto 3 months	13	3
	Over 3 months but within 6 months	22	14
	Over 6 months but within 1 year	-	-
	Over 1 year but within 5 years	-	-
		35	17
			2.99
			7.12
14.A.	Consolidated Other Liabilities		
	Al-Arafah Islami Bank Ltd.	20,855,755,467	13,911,521,278
	AIBL Capital Market Services Ltd.	4,700,779,301	4,118,517,417
	AIBL Capital Management Ltd.	417,829,539	298,629,306
	Millennium information solution Ltd.	10,816,397	-
		25,985,180,704	18,328,668,001
	Less: Investment From Subsidiary Company	(1,880,396,824)	(1,875,242,478)
	Less: Inter-company dividend payable	-	-
		24,104,783,880	16,453,425,523
14.I.A	Consolidated Current tax		
	Al-Arafah Islami Bank Ltd.	1,759,039,033	(1,838,066,513)
	AIBL Capital Market Services Ltd.	326,440,966	(313,357,271)
	AIBL Capital Management Ltd.	4,204,204	-
		2,089,684,203	(2,151,423,784)
14.4.A	Provision for diminution in value of investment		
	Al-Arafah Islami Bank Ltd.	288,802,153	127,467,388
	AIBL Capital Market Services Ltd.	-	-
	AIBL Capital Management Ltd.	12,127,809	16,572,594
		300,929,962	144,039,982
15.	Deferred tax Liabilities/ (Assets)		
	Opening balance	74,890,794	64,678,237
	Add: Addition for the year	7,910,325	10,212,557
	Closing balance	-	-
	Provision held at the end of the year	82,801,119	74,890,794
	Presented after appropriate offsetting as follows:		
	Deferred tax Liabilities(+)	74,890,794	64,678,237
	Deferred tax Liabilities	7,910,325	10,212,557
	Deferred Tax Liabilities(net)	82,801,119	74,890,794
16.	a) Authorised Capital		
	The Authorized Capital of the Bank is 1,500,000,000 Ordinary Share of Tk. 10 each.	15,000,000,000	15,000,000,000
	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	6,650,245,350
		9,469,585,030	9,469,585,030

Notes to the Financial Statements As at and for the year ended December 31, 2015

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

Description	2015	2014
	No. of Shares	No. of Shares
Sponsors / Promoters	401,407,127	405,007,127
Institution	127,362,881	115,788,496
General Public	418,188,495	426,162,880
Total	946,958,503	946,958,503

d) Break-up of Shares Classification of shareholders by holding as on 31.12.2015

Range of Holding			Number of Shareholders
Less than	50,000		43502
50,001 to	100,000		393
100,001 to	200,000		203
200,001 to	300,000		85
300,001 to	400,000		37
400,001 to	500,000		33
500,001 to	1,000,000		62
1,000,001 to	10,000,000		92
10,000,001 to	20,000,000		20
Total			44427

e) Minimum Capital Requirement Capital Adequacy Ratio

1.Tier-I (Core Capital)

	2015 Taka	2014 Taka
Paid-up Capital	9,469,585,030	9,469,585,030
Statutory Reserve	5,440,728,703	4,643,316,650
General Reserve	-	-
Retained Earnings	1,604,629,812	1,507,672,866
Total	16,514,943,545	15,620,574,546

2.Tier- II (Supplementary Capital)

General Provision	1,437,011,351	1,243,282,000
Assets Revaluation Reserves	391,019,299	488,774,124
AIBL Subordinate Bond	3,000,000,000	
Total	4,828,030,650	1,732,056,124

3.Tier- III

A. Total Eligible Capital (1+2) **21,342,974,195** **17,352,630,670**

B. Total Risk weighted Assets (a+b+c) **139,454,128,182** **128,214,775,000**

a. Credit Risk **121,967,553,200** **113,188,075,000**

i. Balance sheet Business 117,703,255,000 108,342,125,000

ii. Off-balance sheet Business 4,264,298,200 4,845,950,000

b. Market Risk (From WS-3) **5,089,695,000** **3,837,300,000**

c. Operational Risk (From WS-4) **12,396,879,982** **11,189,400,000**

C. Capital Adequacy Ratio (CAR) (A / B) **15.30%** **13.53%**

D. Core Capital to RWA 11.84% 12.18%

E. Supplementary Capital to RWA 3.46% 1.35%

F. Minimum Capital Requirement (MCR) 10.00% of RWA 13,945,412,818 12,821,477,500

G. Capital Surplus **7,397,561,177** **4,531,153,170**

16.A. Non-Controlling Interest

Opening balance 1,578,883,020 1,592,521,523

less: Buy back of shares of AIBL CMSL - -

Add: added on acquisition AIBL CML - -

Add: Non-Controlling Interest in Profit for the year 139,300,063 (13,638,503)

Less: Dividend paid - -

Total **1,718,183,083** **1,578,883,020**

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
17. Statutory Reserve		
Opening balance beginning of the year	4,643,316,650	3,849,648,169
Add: Reserve @ 20% (on pre-tax profit)	797,412,053	793,668,481
Balance at the end of the year.	5,440,728,703	4,643,316,650
18. Other Reserve		
FC Revaluation Reserve	14,041,692	-
Asset revaluation Reserve	977,548,248	977,548,248
	991,589,940	977,548,248
19. Retained Earnings		
Opening balance beginning of the year	1,507,672,870	1,307,616,336
Less : Bonus Share	(1,325,741,904)	(1,126,338,320)
Add: Net Profit / (loss) after tax during the year	2,220,110,906	2,120,063,335
	2,402,041,872	2,301,341,351
Less : transfer to Statutory Reserve	797,412,053	793,668,481
	1,604,629,812	1,507,672,866
19.A. Consolidated Retained Earnings		
Al-Arafah Islami Bank Ltd.	1,490,190,743	1,328,205,351
Add: Net profit after tax during the year	2,235,175,137	2,081,992,193
Add: Gain on acquisition of subsidiary	13,775,843	-
Less: Stock dividend to equity holders of the bank	(1,325,741,907)	(1,126,338,320)
Less: Transfer to statutory reserve	(797,412,053)	(793,668,481)
	1,615,987,762	1,490,190,743
20. Letter of Guarantee		
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	4,471,407,869	3,365,270,354
	4,471,407,869	3,365,270,354
21. Investment Income		
i. Income from General Investments		
Murabaha	1,454,907,628	2,045,373,319
Bai-Muazzal	7,389,480,292	7,991,105,509
Hire-Purchase	4,334,917,959	4,310,293,428
Others mode income	4,142,713,776	3,761,942,278
	17,322,019,655	18,108,714,534
ii. Profit received from other Islamic Bank	738,156,529	910,810,348
Total (i + ii)	18,060,176,184	19,019,524,885
21.A. Consolidated Investment Income		
Al-Arafah Islami Bank Ltd.	18,060,176,184	19,019,524,885
AIBL Capital Market Services Ltd.	1,102,458,379	1,156,961,878
AIBL Capital Management Ltd.	115,803,492	167,669,413
Millennium information solution Ltd.	50,824,729	-
	19,329,262,784	20,344,156,176
Less : Inter company Adjustment	(761,257,170)	(618,238,883)
	18,568,005,614	19,725,917,293
22. Profit paid on Deposits & Borrowing		
Mudaraba Savings Deposit	734,703,335	499,905,922
Mudaraba Short Term Deposit	322,326,537	285,174,475
Mudaraba Term Deposit	7,621,086,564	9,391,429,260
Mudaraba Special Deposit	2,430,695,430	2,333,388,827
Mudaraba BD. Govt. Islamic Bond fund	261,880,177	150,822,145
	11,370,692,043	12,660,720,629

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
22.A. Profit paid on Deposits & Borrowing		
Al-Arafah Islami Bank Ltd.	11,370,692,043	12,660,720,629
AIBL Capital Market Services Ltd.	331,389,506	355,615,689
AIBL Capital Management Ltd.	106,588,974	218,676,485
Millennium Information	25,601,420	
	11,834,271,943	13,235,012,803
Less : Inter company Adjustment	(761,257,170)	(618,238,883)
	11,073,014,773	12,616,773,920
23. Income from Investment in Share /Securities		
Dividend income (cash)	358,266,369	388,990,143
Gain on sale of Shares/Securities	6,267,634	37,655,449
Profit received from other Islamic Bond	85,367,353	238,643,863
	449,901,356	665,289,455
23.A. Income from Investment in Share /Securities		
Al-Arafah Islami Bank Ltd.	449,901,356	665,289,455
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	23,901,877	36,226,971
	473,803,233	701,516,426
Less : Inter company Adjustment	(338,900,000)	(363,000,000)
	134,903,233	338,516,426
24. Commission, Exchange & Brokerage Income		
Commission	991,146,115	864,191,334
Exchange	882,887,962	737,115,300
Brokerage commision	-	-
	1,874,034,077	1,601,306,634
24.A Commission, Exchange & Brokerage Income		
Al-Arafah Islami Bank Ltd.	1,874,034,077	1,601,306,634
AIBL Capital Market Services Ltd.	278,077,485	337,434,938
AIBL Capital Management Ltd.	1,550,000	100,000
	2,153,661,562	1,938,841,572
Less : Inter company Adjustment	-	-
	2,153,661,562	1,938,841,572
25. Other Operating Income		
Procesing fee on investment	155,141	323,728
Supevision fee	328,850	2,267,000
Service charge	843,039	802,243
Capital gain or loss from fixed asse	7,341,269	3,896,502
Passbook sales(gsis)	115,426	109,505
Application form sales(seis)	206,412	258,453
Direct expenses on investment	75,717	1,602,922
Tranfer / redumision fee	2,000	39,200
Telex charge recovered	272,229	73,100
Telephone/ fax charge	19,325	27,269
P & t charge recovered	13,228,527	16,687,028
Printing & stationary	35,338,619	31,140,696
Account maintenance fee	122,564,012	107,735,154
Card income	10,539,321	6,311,402
Misc earning	12,330,085	16,263,268
	203,359,973	188,358,072

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
25.A. Other Operating Income		
Al-Arafah Islami Bank Ltd.	203,359,973	188,358,072
AIBL Capital Market Services Ltd.	14,844,881	20,140,988
AIBL Capital Management Ltd.	1,144,450	19,433
Millennium information solution Ltd.	4,030,897	
	223,380,201	208,518,493
Less : Inter company Adjustment	-	-
	223,380,201	208,518,493
26. Salaries, Allowances & Contribution to P.F		
Basic Pay	778,557,037	722,113,121
House Rent Expenses	360,471,616	331,182,805
House Maintenance	142,596,349	131,941,997
Medical Expenses	154,355,209	141,115,826
Bonus	312,968,835	291,168,548
Bank's contribution to P.F	71,183,222	64,865,428
Utility	1,589,586	7,607,626
Conveyance Expenses	67,562,032	62,219,096
LFA Allowance	153,221,458	135,633,246
Leave Encashment Expenses	41,498,410	30,400,586
Car Allowance	56,031,139	49,918,428
Gratuity	120,000,000	35,000,000
	2,260,034,893	2,003,166,707
26.A. Salaries, Allowances & Contribution to P.F		
Al-Arafah Islami Bank Ltd.	2,260,034,893	2,003,166,707
AIBL Capital Market Services Ltd.	39,151,029	43,200,052
AIBL Capital Management Ltd.	15,293,614	14,855,135
Millennium information solution Ltd.	13,589,379	-
	2,328,068,915	2,061,221,894
27. Director & Sharia Council Fees & Expenses		
i. Directors fees for attending Board/executive Committee/other committee meeting	3,224,200	5,072,500
ii. TA/DA/ Hotel fare & Foreign Directors	6,098,484	5,196,052
iii. Others	-	-
	9,322,684	10,268,552
27.A. Director & Sharia Council Fees & Expenses		
Al-Arafah Islami Bank Ltd.	9,322,684	10,268,552
AIBL Capital Market Services Ltd.	4,723,100	2,640,000
AIBL Capital Management Ltd.	176,000	222,000
	14,221,784	13,130,552
28. Sharia Supervisory Committee's Fees & Expenses		
i. Sharia fees for attending meeting	143,000	192,500
ii. TA/DA/ Hotel fare & Foreign Directors	-	-
iii. Others	43,955	78,863
	186,955	271,363
29. Rent,Taxes,Insurance & Lighting		
Rent Office	225,651,681	181,526,921
Lighting & Electricity	71,000,132	65,404,849
Insurance	119,399,320	107,762,412
	416,051,133	354,694,182
29.A. Rent,Taxes,Insurance & Lighting		
Al-Arafah Islami Bank Ltd.	416,051,133	354,694,182
AIBL Capital Market Services Ltd.	13,056,118	13,061,282
AIBL Capital Management Ltd.	994,564	1,035,638
	430,101,815	368,791,102

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
30. Postage,Telegram,Telephone & Stamp		
Stamp and Catridge paper	3,260	700
Postage	12,681,129	10,556,928
Fax Charges	-	33,986
Telephone (Office)	5,609,313	1,107,463
Telephone (Residence)	2,096,408	13,026,403
Telephone (Mobile)	5,442,081	5,576,656
SWIFT Charge	7,169,340	1,871,534
Internet Charges	480,956	4,890,969
Online Charge	35,529,872	30,977,309
	69,012,359	68,041,948
30.A. Postage,Telegram,Telephone & Stamp		
Al-Arafah Islami Bank Ltd.	69,012,359	68,041,948
AIBL Capital Market Services Ltd.	448,630	485,552
AIBL Capital Management Ltd.	115,900	143,350
	69,576,889	68,670,850
31. Depreciation Repairs to the Bank's property		
Repairs to the Bank's property		
R.R. Furniture & Fixture (Wooden)	684,756	544,822
R.R. Furniture & Fixture (Steel)	1,318,816	1,032,503
R.R. Computer	314,175	1,068,745
Maint. of Motor Car and other Vehicle	728,004	12,612,683
R.R. Machine equipment & appliances	14,466,075	42,120
Maintenance of Land & Building	87,330	9,410
Maintenance of Rented Premises	530,358	482,711
R.R. Computer Accessories	803,693	443,035
R.R. Others	552,363	564,707
Software Maintenance Fee	17,626,243	17,173,066
Hardware Maintenance Fee	2,067,445	5,438,149
	39,179,258	39,411,951
Depreciation to the Bank's property		
Depr. Furniture (Wood)	26,435,079	21,080,014
Depr. Furniture (Steel)	6,701,551	6,007,892
Depr. Computer	18,075,716	18,069,303
Depr. Motor Car	15,171,249	14,252,363
Depr. Machine equip & Appliance	72,818,118	68,830,853
Depr. Books & Library	85,907	68,861
Depr. Land & Building	16,805,656	7,391,592
Depr. Online Hardware	26,630,556	22,533,369
Depr. Online Software	21,156,605	21,763,956
Depr. Computer Accessories	7,177,772	5,907,638
Depr. Interior Decoration	15,567,598	15,867,304
	226,625,807	201,773,145
	265,805,065	241,185,096
31.A Depreciation Repairs to the Bank's property		
Al-Arafah Islami Bank Ltd.	265,805,065	241,185,096
AIBL Capital Market Services Ltd.	8,885,370	9,505,512
AIBL Capital Management Ltd.	132,351	61,775
	274,822,786	250,752,383
32. Stationary,Printing & Advertisement		
Printing & Stationery	33,078,035	23,358,671
Paper & Table Stationery	25,768,875	11,450,939
Advertisement & Publicity Expenses	36,088,116	48,090,229
	94,935,026	82,899,839

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
32.A. Stationary, Printing & Advertisement		
Al-Arafah Islami Bank Ltd.	94,935,026	82,899,839
AIBL Capital Market Services Ltd.	1,404,225	1,159,271
AIBL Capital Management Ltd.	464,705	184,282
	96,803,956	84,243,392
33. Other expenses		
Local conveyance expenses	7,745,375	9,444,260
Petroleum oil lubricant motors	8,136,450	5,441,626
Cng motor car	2,003,402	2,251,211
Entertainment expenses	16,526,849	18,406,556
Travelling expenses	23,128,900	22,881,244
Bank charge	9,245,841	22,073,940
Wages (salary-casual)	51,534,078	49,188,229
Security guard service	83,859,499	64,476,935
Subscription	4,599,033	7,425,026
Leveries & uniforms	616,090	552,555
Petroleum oil & lubricants	8,790,418	10,357,045
Donations	357,770	717,699
Registration charge	1,210,219	1,735,846
Wasa charge	4,287,632	3,791,341
Gas charge	888,796	811,783
Utilities	1,541,500	789,925
Car expenses	16,480,741	14,345,319
News paper journal & periodical	1,875,164	1,548,972
Evening banking expenses	760,190	2,319,674
Upkeep branches premises	2,067,305	2,772,461
Swift	1,760,800	2,334,000
Washing charge	1,520,795	1,592,950
Computer charge	14,722,673	15,025,492
Photo copy charge	846,488	2,070,643
Business development	9,249,664	14,055,858
Manager conference	3,450,673	26,850
Excise duty	12,750	10,440
Closing expenses	122,400	332,200
Misc. Expenses	6,191,274	8,084,988
Registration expenses	6,340,815	6,574,189
Excise duty	700	7,620
Closing allowance	5,969,360	600,000
Agm/egm	3,416,095	4,732,581
Crocarige	258,649	304,209
Creditrating charge	632,500	287,500
Tax token expenditure	673,796	531,294
Capital loss from sale of fixed assets	43,000	-
Training expenses	12,313,299	12,941,247
Card expense	17,347,243	6,401,020
It allowance	3,966,548	3,771,184
Staff welfare	152,135	-
Saturday working allowance	11,767,435	15,877,505
Charge expenses	3,744,185	-
Honorarium	226,270	5,800
	350,384,798	336,899,215
33.A. Consolidated Other expenses		
Al-Arafah Islami Bank Ltd.	350,384,798	336,899,215
AIBL Capital Market Services Ltd.	59,700,428	58,850,509
AIBL Capital Management Ltd.	706,014	890,505
Millennium information solution Ltd.	4,792,701	-
	415,583,941	396,640,229

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
34. Provision against Investments & Off-Balance sheet exposures		
On Classified Investment as per Bangladesh Bank Circular	1,388,284,803	1,495,766,253
On Un-classified Investment as per Bangladesh Bank Circular	151,992,351	199,922,625
On Off-balance sheet as per Bangladesh Bank Circular	41,737,000	31,639,735
	1,582,014,154	1,727,328,613
34.A. Provision against Investments & Off-Balance sheet exposures		
Al-Arafah Islami Bank Ltd.	1,582,014,154	1,727,328,613
AIBL Capital Market Services Ltd.	37,858,041	100,000,000
AIBL Capital Management Ltd.	-	-
	1,619,872,195	1,827,328,613
35. Paid for other operating activities		
Directors fees & expenses	9,322,684	10,268,552
Shariah Supervisory Committee's fees & expenses	186,955	271,363
Rent, taxes, insurance and lighting etc.	416,051,133	354,694,182
Postage, telegram, telephone and stamp etc.	69,012,359	68,041,948
Legal charges	5,001,201	4,222,497
Auditors' fee	691,250	1,909,000
Repairs to the bank's properties	39,179,258	39,411,951
Other expenses	350,384,798	336,899,215
	(889,829,638)	(815,718,708)
35.A. Paid for other operating Activities		
Al-Arafah Islami Bank Ltd.	(889,829,638)	(815,718,709)
Inter company Transaction	(85,618,074)	(80,182,834)
	(975,447,712)	(895,901,543)
36. Increase/Decrease of other assets (item-wise)		
Adjusting A/c Debit Balance	568,789,493	193,976,419
Suspense Account	(216,652,718)	67,199,585
DD Paid without Advice	-	(1,656,081)
Stock of Stationery	3,919,166	4,906,136
Stamp in hand	844,921	35,485
Advance Deposit	774,608	278,045
Advance Rent	20,575,740	15,458,846
Capital Work In Progress	177,448,892	15,575,672
Investment for Subsidiary Companies	150,000,000	-
Advance Income Tax & TDS [Note 11.2]	-	192,359,842
Protested Bills	3,253,000	92,000
Prepaid Expenditure	25,595,164	(648,176)
Balance with cmsl for portfolio account	993,099,069	425,459,098
Accrued Income	-	278,324,533
Mfci usd (edf) a/c	28,849,016	4,043,686,085
Adjustment a/c cost of borrowing	(35,707,214)	42,035,975
Stock of ATM Card	(366)	1,050,000
Branches Adjustment A/C	(550,414,259)	121,252,852
Parking for nostro sub gl usd	(12,032,353)	12,118,353
Dividend Receivable	2,240,200	(5,255,484)
Clearing Adjustment	31,351,200	23,683,141
	(1,191,933,559)	5,429,932,326
36.A Increase/Decrease of other assets (item-wise)		
Al-Arafah Islami Bank Ltd.	(1,191,933,559)	(5,429,932,326)
Inter company Adjustment	314,027,374	30,860,107
	(877,906,185)	(5,399,072,219)

Notes to the Financial Statements As at and for the year ended December 31, 2015

	2015 Taka	2014 Taka
37. Increase/Decrease of Trading liabilities (item-wise)		
Others provision	3,345,000	-
Provident fund	121,821	(60,668)
Social security b. Fund	4,800	(2,200)
Adjustment a/c credit balance	(304,813,150)	292,775,405
Clearing adjustment	(382,845)	421,390
Interest income	1,419,924	-
Cib collection charge	1,057,713	-
Provision for unclassified investment	(0)	(11,254,625)
Provision for classified investment	(806,792,271)	(1,105,010,958)
Provision for taxation	1,759,039,033	1,838,066,513
Parking account	-	(2,107,529,154)
Provision for off balance sheet item	41,737,000	-
Outstanding expense	(946,836)	155,867
Beftn adjustment	(22,291,665)	57,196,139
Supervision fees (sme)	129,825	(3,949,336)
Provision for diminution in value of investment	161,334,765	(65,032,612)
Vat payable account	-	30
Electronic govt procurement	1,872,490	350,300
Bangladesh bank usd (edf)	4,046,691,085	-
Profit rent suspense	(598,683)	26,685,326
Compensation receivable	150,254,654	132,777,703
Atm settlement npsb (issuing)	64,087,102	-
Provision for Gratuity	70,000,000	-
Depreciation to the Bank's property	(226,625,807)	(201,773,145)
	4,938,643,955	(1,146,184,022)
37.A Increase/Decrease of Trading liabilities (item-wise)		
Al-Arafah Islami Bank Ltd.	4,938,643,955	(1,146,824,962)
Inter company Adjustment	(1,408,506,956)	768,111,953
	3,530,137,000	(378,713,008)
38. Cash and Cash Equivalent at the end of the year		
Cash in hand	1,777,480,023	1,301,483,575
Balance with Bangladesh Bank & Sonali Bank Ltd.	24,951,466,555	19,372,830,797
Balance with Other Banks	6,390,171,770	4,216,389,935
Bangladesh Government Islamic Investment Bond	6,180,000,000	7,000,000,000
	39,299,118,348	31,890,704,307
38.A Cash and Cash Equivalent at the end of the year		
Al-Arafah Islami Bank Ltd.	39,299,118,348	31,890,704,307
AIBL Capital Market Services Ltd.	5,000	4,998
AIBL Capital Management Ltd.	-	-
Millennium information solution Ltd.	2,512,487	-
	39,301,635,835	31,890,709,305
39. Calculation of Earning Per Share (EPS)		
The earning per share of the bank has been calculated in accordance with BAS-33 under basic Earning per share method as follows:		
Earnings Per Share (EPS)		
Basic earning (net profit after tax) for the year	2,220,110,906	2,120,063,336
Number of ordiner shares outstanding as of the reportng date	946,958,503	946,958,503
Earning per Share	2.34	2.24
39.A Consolidated Earnings Per Share (CEPS)		
Net profit after tax	2,235,175,137	2,081,992,193
Number of ordiner shares outstanding as of the reportng date	946,958,503	946,958,503
Consolidated earnings per share as per share	2.36	2.20

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

The Board of Directors in its 288th meeting held on 21 march 2016 has approved the audited financial statements for the year ended 31 December 2015. The Board has also recommended 10% cash dividend and 5% stock dividend for the year ended 31 December 2015 subject to approval of the shareholders at the 21st Annual General Meeting (AGM).

CONSOLIDATED SCHEDULE OF FIXED ASSETS As at December 31, 2015

Annexure - A.1

SL No	Particulars	Cost / Revaluation				Depreciation/Amortization				Written down value as on 31.12.15	
		Balance at 1st January 2015	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31st December 2015	Charge for the year	Transfer/ Disposal during the year	Balance at 31st December 2015		
A. Fixed Assets											
1	Land	1,446,974,352	-	6,955,067	-	1,453,929,419	-	-	-	-	1,453,929,419
2	Building	419,396,761	-	276,247,530	2,187,404	693,456,887	16,805,656	22,785.00	33,060,454	660,396,433	
3	Furniture & Fixture (Wood)	282,292,664	-	49,614,899	340,271	331,567,292	64,667,370	87,175.00	91,350,566	240,216,726	
4	Furniture & Fixture (Steel)	79,067,547	-	7,653,175	40,600	86,680,122	35,345,952	40,600	42,024,517	44,655,605	
5	Computer	175,933,517	-	13,952,272	-	189,885,789	127,732,069	18,932,980	146,665,049	43,220,740	
6	Computer Accessories	44,398,459	-	12,755,280	599,143	56,554,596	21,843,412	7,722,405	28,996,674	27,557,922	
7	Motor Car	126,535,946	-	14,078,207	27,240,316	113,373,837	82,710,416	18,139,458	77,463,543	35,910,294	
8	Machine Equipment & Appliance	438,272,778	-	80,433,294	687,410	518,018,662	244,620,074	74,808,911	318,745,074	199,273,588	
9	Books & Library	8,873,166	-	619,750	3,100	9,489,816	8,437,551	86,581	8,521,033	968,783	
10	Online Hardware	206,517,920	-	44,558,592	8,001	251,068,511	122,830,954	27,210,803	150,033,756	101,034,755	
11	Interior Decoration	170,708,208	-	478,155	96,183	171,090,180	62,963,608	16,596,423	79,463,848	91,626,332	
	Sub-Total	3,398,971,318	-	507,346,222	31,202,429	3,875,115,111	787,428,990	213,792,753	976,324,513	2,898,790,598	
B. Intangible Assets											
12	Online Software	219,373,115	-	29,988,419	-	249,361,534	69,363,264	21,409,816	90,773,080	158,588,455	
	Sub-Total	219,373,115	-	29,988,419	-	249,361,534	69,363,264	21,409,816	90,773,080	158,588,455	
	December 31., 2015	3,618,344,433	-	537,334,641	31,202,429	4,124,476,645	856,792,254	235,202,568	1,067,097,593	3,057,379,053	
	December 31., 2014	3,166,655,090	-	353,981,050	7,339,867	3,513,296,273	649,437,297	210,066,499	852,188,875	2,661,107,398	

Schedule of Fixed Assets As at December 31, 2015

Annexure - A

SL No	Particulars	Cost / Revaluation				Depreciation/Amortization				Written down value as on 31.12.15	
		Balance at 1st January 2015	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31st December 2015	Charge for the year	Transfer/ Disposal during the year	Balance at 31st December 2015		
A. Fixed Assets											
1	Land	1,446,974,352	-	6,955,067	-	1,453,929,419	-	-	-	-	1,453,929,419
2	Building	419,396,761		276,247,530	2,187,404	693,456,887	16,805,656	22,785	33,060,454	660,396,433	
3	Furniture & Fixture (Wood)	279,069,020		49,162,304	340,271	327,891,053	26,435,079	87,175	89,931,679	237,959,374	
4	Furniture & Fixture (Steel)	78,885,223		7,506,175	40,600	86,350,798	6,701,550	40,600	41,939,234	44,411,564	
5	Computer	171,670,374		13,811,772	-	185,482,146	18,071,551	-	142,825,951	42,656,195	
6	Computer Accessories	38,706,419		11,790,483	33,343	50,463,559	7,177,772	33,343	25,261,104	25,202,455	
7	Motor Car	108,167,283		8,600,500	16,390,316	100,377,467	15,171,249	13,512,831	71,335,306	29,042,161	
8	Machine Equipment & Appliance	427,545,348		80,020,509	668,160	506,897,697	72,818,118	668,160	309,712,186	197,185,511	
9	Books & Library	8,804,407		619,750	3,100	9,421,057	85,072	3,100	8,460,826	960,231	
10	Online Hardware	203,616,686		44,558,592	8,001	248,167,277	26,630,556	8,001	147,583,996	100,583,281	
11	Interior Decoration	160,417,349		357,197	96,183	160,678,363	15,567,598	96,183	75,109,309	85,569,054	
	Sub-Total	3,343,253,222	-	499,629,880	19,767,379	3,823,115,723	205,464,202	14,472,179	945,220,044	2,877,895,679	
B. Intangible Assets											
12	Online Software	121,414,861		19,029,674	-	140,444,535	21,161,605	-	90,007,595	50,436,941	
	Sub-Total	121,414,861	-	19,029,674	-	140,444,535	21,161,605	-	90,007,595	50,436,941	
	December 31., 2015	3,464,668,083	-	518,659,554	19,767,379	3,963,560,258	226,625,806	14,472,179	1,035,227,639	2,928,332,620	
	December 31., 2014	3,118,602,323	-	353,405,626	7,339,867	3,464,668,082	201,773,144	7,314,918	823,074,013	2,641,594,070	

Investment in Shares & Securities Stock at hand as on 31 December, 2015

Annexure - B

SL No.	Name of Company	No. of Share	Amount (at cost)	Market rate	Market Amount
1	BSC	148606	79595212.96	332.40	49396634.40
2	BDCOM	23760	620241	22.60	536976.00
3	FAREASTLIF	66030	6305192.29	62.50	4126875.00
4	GP	393384	138777391.1	253.00	99526152.00
5	GPHISPAT	239500	12641109.5	41.10	9843450.00
6	ISLAMI INS	1592325	42718563.61	16.10	25636432.50
7	JAMUNAOIL	702135	155071454.5	157.10	110305408.50
8	MEGHNACEM	64100	10548369.3	106.90	6852290.00
9	MJLBD	44666	5019851.46	94.30	4212003.80
10	ORIONPHARMA	1473357	83685717.57	36.80	54219537.60
11	PADMAOIL	16754	5637770.37	184.20	3086086.80
12	PRIMELIFE	1221711	124048091.6	39.30	48013242.30
13	RSRM STEEL	152112	8456023.84	48.00	7301376.00
14	SPPCL	78200	5046040.8	55.20	4316640.00
15	SUMITPOWER	58392	2398102.19	39.70	2318162.40
16	TITAS	783991	56679794.97	47.40	37161173.40
17	UPGDCL	30136	5195111.35	140.20	4225067.20
18	UNIQUEHRL	439500	39659141.83	50.60	22238700.00
Total		7,528,659	782,103,180		493316207.90

**Highlight on the Overall Activities of the Bank for the year
31 December, 2015**

SL NO	Particulars	Year 2015	Year 2014
1	Paid -up Capital	9,469,585,030	9,469,585,030
2	Total Capital	21,440,729,020	17,352,630,670
3	Capital Surplus(Deficit)	7,520,655,950	4,531,153,170
4	Total Assets	224,463,561,909	206,548,713,972
5	Total Deposits	170,222,555,821	167,064,179,104
6	Total Investment	156,466,148,154	141,302,079,792
7	Total Contingent Liabilities	34,580,056,090	30,500,912,778
8	Investment Deposit Ratio (%)	88.59%	84.58%
9	Ratio of Classified Investment to Total investment (%)	4.66%	4.94%
10	Profit after Tax & Provision	2,220,110,906	2,120,063,335
11	Amount of Classified Investment during the year	7,713,672,000	6,982,644,000
12	Provision kept against Classified Investment	2,100,276,532	1,518,784,000
13	Provision Surplus / (Deficit)	-	-
14	Cost of fund (%)	9.72%	9.72%
15	Profit earning Assets	171,499,015,227	163,110,562,103
16	Profit Non-earning Assets	52,964,546,682	43,438,151,870
17	Return on Investment (ROI)	11.70%	13.70%
18	Return on Assets After Tax (ROA)	0.99%	1.03%
19	Income from Investment in Shares	449,901,356	665,289,455
20	Earning per Share (Taka)	2.34	2.24
21	Net Income per share (Taka)	2.34	2.24
22	Price Earning Ratio (Times)	6.36	6.66

Corporate Tax Status as on December 31, 2015

Annexure - C

Income Year	Assessment Year	Net Profit as per Accounts	% of Income Tax	Tax Provision	Tax Assessed/ under 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	588,661,666	25,261,542	693,948,472	Final
2010	2011-2012	2,789,842,969	42.5	845,882,642	779,655,163	66,227,479	791,245,152	Final
2011	2012-2013	3,291,741,277	42.5	1,501,239,915	1,507,686,980	(6,447,065)	959,610,813	Tribunal
2012	2013-2014	3,646,224,047	42.5	1,709,802,603	1,712,787,194	(2,984,591)	1,918,110,777	Appeal
2013	2014-2015	3,737,856,011	42.5	1,669,747,081	1,652,455,604	17,291,477	1,407,038,348	Appeal
2014	2015-2016	3,968,342,405	40.0	1,838,066,513	1,743,544,006	94,522,507	1,942,904,827	Return filed
2015	2016-2017	4,053,303,146	40.0	1,938,823,082	1,938,823,082	-	1,827,295,833	Return to be file
	Total	27,112,849,248		12,051,717,982	11,940,532,963	130,914,368	11,073,749,965	

Off-shore Banking Unit (OBU) BALANCE SHEET As at December 31, 2015

	2015		2015	
	USD	Taka	USD	Taka
PROPERTY AND ASSETS				
Cash in hand				
Cash in hand (including foreign currencies)	-	-	-	-
Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)	-	-	-	-
	-	-	-	-
Balance with other Banks and Financial Institutions				
In Bangladesh	146,671	11,513,634	48,962	3,813,619
Outside Bangladesh	-	-	-	-
	146,671	11,513,634	48,962	3,813,619
Placement with Banks & Other Financial institutions				
	-	-	-	-
Investment in Share & Securities				
Government	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Investments				
General Investments etc.	-	-	-	-
Bills purchased and discounted	40,099,083	3,147,778,010	8,927,772	695,382,811
	40,099,083	3,147,778,010	8,927,772	695,382,811
Fixed assets including Premises				
	-	-	-	-
Other Assets				
Non-Banking Assets	-	-	-	-
	-	-	-	-
Total Assets	40,245,753	3,159,291,644	8,976,734	699,196,430
LIABILITIES AND CAPITAL				
Liabilities				
Placement from Banks & Other Financial institutions				
	40,099,083	3,147,778,010	8,927,772	695,382,811
Deposits and other Accounts				
Mudaraba Savings Deposits	-	-	-	-
Mudaraba Term Deposits	-	-	-	-
Other Mudaraba Deposits	-	-	-	-
Al-Wadia Current Accounts and Others Accounts etc.	-	-	-	-
Bills Payable	-	-	-	-
	-	-	-	-
Other Liabilities				
	-	-	-	-
Deferred tax Liabilities/ (Assets)				
	-	-	-	-
Total Liabilities	40,099,083	3,147,778,010	8,927,772	695,382,811
Capital/Share Holders Equity				
Paid up Capital	-	-	-	-
Statutory Reserve	-	-	-	-
Foreign Currency Transaction gain/(Loss)	-	-	-	-
Other Reserve	-	-	-	-
Retained Earnings	146,671	11,513,634	48,962	3,813,619
Total Share holders equity	146,671	11,513,634	48,962	3,813,619
Total Liability and Share holders equity	40,245,753	3,159,291,644	8,976,734	699,196,430

Off-shore Banking Unit (OBU) BALANCE SHEET As at December 31, 2015

	2015		2015	
	USD	Taka	USD	Taka
OFF BALANCE SHEET ITEMS				
Contingent Liabilities				
Acceptance and endorsement	-	-	-	-
Letters of Guarantee	-	-	-	-
Letters of Credit	-	-	-	-
Bills for Collection	-	-	-	-
Other Contingent Liabilities	-	-	-	-
Total	-	-	-	-
 Other Commitments :				
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	-	-	-	-
 Total off Balance sheet items including Contingent liabilities	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Off-shore Banking Unit (OBU) BALANCE SHEET As at December 31, 2015

	2015		2015	
	USD	Taka	USD	Taka
Investment Income	1,359,635	106,731,311	142,234	11,078,568
Profit paid on deposits & Borrowing	(1,208,564)	(94,872,277)	(93,272)	(7,264,949)
Net Investment Income	151,071	11,859,034	48,962	3,813,619
Income from Investment in Shares /Securities	-	-	-	-
Commission, Exchange and Brokerage	-	-	-	-
Other Operating Income	-	-	-	-
	-	-	-	-
Total operating income	151,071	11,859,034	48,962	3,813,619
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.	4,400	345,400	-	-
Legal charges	-	-	-	-
Auditors' fee	-	-	-	-
Salary & Allowances to the Managing Director	-	-	-	-
Depreciation and repairs to the bank's properties	-	-	-	-
Stationery, printing, advertisement etc.	-	-	-	-
Other expenses	-	-	-	-
Total operating expenses	4,400	345,400	-	-
Profit/(Loss) before Tax & provision	146,671	11,513,634	48,962	3,813,619
Provision against Investments & Contingent Liabilities	-	-	-	-
Provision for diminution in value of investment	-	-	-	-
Other Provision	-	-	-	-
Total provision	-	-	-	-
Profit/(Loss) before Tax	146,671	11,513,634	48,962	3,813,619
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Provision for Taxation	-	-	-	-
Net Profit/(Loss) after tax	146,671	11,513,634	48,962	3,813,619
Appropriation				
Statutory Reserve	-	-	-	-
General Reserve	-	-	-	-
	-	-	-	-
Retained Earnings	146,671	11,513,634	48,962	3,813,619
Earning per Ordinary share (EPS)				

Off-shore Banking Unit (OBU) CASH FLOW STATEMENT

For the Year ended December 31, 2015

	2015		2015	
	USD	Taka	USD	Taka
Cash flows from operating activities				
Investment income receipt in Cash	1,359,635	106,731,311	142,234	11,078,568
Profit paid on deposits	(1,208,564)	(94,872,277)	(93,272)	(7,264,949)
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	-	-	-	-
Operating profit before changes in operating assets and liabilities	151,071	11,859,034	48,962	3,813,619
Changing in Operating assets & liabilities				
Increase/Decrease of trading securities	-	-	-	-
Increase/Decrease of investment and advances to other banks	40,099,083	3,147,778,010	8,927,772	695,382
Increase/Decrease of Investment and advances to customers (other than Banks)	(40,099,083)	(3,147,778,010)	(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)	-	-	-	-
Cash receipt from operating activities	-	-	-	-
A. Net Cash from operating activities	151,071	11,859,034	48,962	3,813,619
Cash flows from investing activities:				
Proceeds from sale of securites	-	-	-	-
Payments for purchases of securities	-	-	-	-
Purchase of property, plant and equipment	-	-	-	-
Sales proceeds of Fixed assets	-	-	-	-
Purchase-sale of subsidiary	-	-	-	-
B. Net cash flows from investing activities	-	-	-	-
Cash flows from financing activities				
Increase in Exchange Equalization Account	-	-	-	-
Increase in Share Capital	-	-	-	-
Dividend paid	-	-	-	-
C. Net cash flows from financing activities	-	-	-	-
D. Net increase in cash and cash equivalent (A+B+C)	151,071	11,859,034	48,962	3,813,619
E. Effects of exchange rate changes on cash and cash-equivalents	-	-	-	-
F. Net increase in cash and cash equivalent (D+E)	151,071	11,859,034	48,962	3,813,619
G. Cash & Cash Equivalents at the beginning of the year				
H. Cash & Cash Equivalents at the end of the year	151,071	11,859,034	48,962	3,813,619

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

For the year ended 31 December 2015

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 78.50 closing rate as at 31st December 2015.

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.

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

Off-shore Banking Unit (OBU) Notes to the Financial Statements For the year ended 31 December 2015

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 1st January 2015 to December 31, 2015.

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

For the year ended 31 December 2015

	2015		2015	
	USD	Taka	USD	Taka
Cash				
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	-	-	-	-
Balance with other Banks and Financial Institutions				
In Bangladesh:				
Outside Bangladesh	146,671	11,513,634	48,962	3,813,619
	146,671	11,513,634	48,962	3,813,619
Placement with Banks & Other Financial institutions				
Investments in Share & Securities				
Government Securities				
Bangladesh Govt. Islami Bond Fund				
Investment In Islamic Refinance Fund				
In shares (quoted and unquoted)	-	-	-	-
Quoted	-	-	-	-
Private (8.b)	-	-	-	-
Unquoted	-	-	-	-
Investments				
a) General Investment				
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	40,099,083	3,147,778,010	8,927,772	695,382,811
	40,099,083	3,147,778,010	8,927,772	695,382,811
Fixed Assets				
Tangible Assets				
Land	-	-	-	-
Building	-	-	-	-
Furniture (Wood)	-	-	-	-
Furniture (Steel)	-	-	-	-
Computer	-	-	-	-
Computer (Accessories)	-	-	-	-
Motor Car	-	-	-	-
Machine equipment & appliance	-	-	-	-
Online Hardware	-	-	-	-
Interior Decoration	-	-	-	-
Books & Library	-	-	-	-

Off-shore Banking Unit (OBU) Notes to the Financial Statements For the year ended 31 December 2015

	2015		2015	
	USD	Taka	USD	Taka
Intangible Assets				
Online Software				
Total	-	-	-	-
Less Accumulated Depreciation				
	-	-	-	-
Other Assets				
Placement from Banks & Other financial Institutions				
Parent Bank	30,015,293	2,356,200,495	8,927,772	695,382,811
Out Side Bangladesh	10,083,790	791,577,515	-	-
	40,099,083	3,147,778,010	8,927,772	695,382,811
Deposit and Other Accounts				
Mudaraba Savings Deposits	-	-	-	-
Mudaraba Term Deposits	-	-	-	-
Other Mudaraba Deposits	-	-	-	-
Al-Wadia Current Accounts and Others Accounts etc	-	-	-	-
Bills Payable	-	-	-	-
Other Liabilities				
a) Authorised Capital				
The Authorized Capital of the Bank is Ordinary Share of Tk. 10 each.				
b) Issued, Subscribed and Fully Paid - up Capital				
Issued for Cash				
Issued for other than Cash (Bonus Share)				
Statutory Reserve				
Opening balance beginning of the year				
Add. Reserve @ 20% (on pre-tax profit)				
Balance at the end of the year.				
Other Reserve				
Asset revaluation Reserve				
Retained Earnings				
Opening balance beginning of the year	48,962	3,813,619	48,962	3,813,619
Less : transfer to Parent bank	(48,962)	(3,813,619)		
Add: Profit during the year	146,671	11,513,634		
Less : transfer to Parent bank				
	146,671	11,513,634	48,962	3,813,619
Investment Income				
Profit paid on Deposits & Borrowing				
Income from Investment in Share /Securities				
Commission, Exchange & Brokerage Income				
Commission				
Exchange				
Brokerage commision				
Other Operating Income				
Salaries, Allowances & Contribution to P.F				
Director & Sharia Council Fees & Expenses				
i. Directors fees for attending Board/executive Committee/other committee meeting				
ii. TA/DA/ Hotel fare & Foreign Directors				
iii. Others				
Sharia Supervisory Committee's Fees & Expenses				
i. Sharia fees for attending meeting				
ii. TA/DA/ Hotel fare & Foreign Directors				
iii. Others				

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

For the year ended 31 December 2015

	2015		2015	
	USD	Taka	USD	Taka
Rent, Taxes, Insurance & Lighting				
Rent Office				
Lighting & Electricity				
Insurance				
Postage, Telegram, Telephone & Stamp				
Stamp and Catridge paper				
Postage				
Fax Charges				
Telephone (Office)				
Telephone (Residence)				
Telephone (Mobile)				
SWIFT Charge				
Internet Charges				
Online Charge				
Depreciation Repairs to the Bank's property				
Repairs to the Bank's property				
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				
Depreciation to the Bank's property				
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				
Stationery, Printing & Advertisement				
Printing & Stationery				
Paper & Table Stationery				
Advertisement & Publicity Expenses				
Other expenses				
Cash and Cash Equivalent at the end of the year				
Cash in hand				
Balance with Bangladesh Bank & Sonali Bank Ltd.	146,671	11,513,634	48,962	3,813,619
Balance with Other Banks				
Bangladesh Government Islamic Investment Bond				
	146,671	11,513,634	48,962	3,813,619

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.	An Independent Audit Mechanism 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 "Code of Ethics" 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 Management Committee (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 Management Reporting System (MRS) to evaluate data for decision making by the Management	✓		
12.	To establish a new Division namely Internal Control & Compliance Division (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 Head of ICCD/ICT shall submit Annual Report on the Health of the Bank to the MD/MC & Board Audit Committee 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 Audit/Inspection Reports to be submitted to the Board without any intervention of the Management	✓		
18.	The Head of Internal Control & Compliance Division have a reporting line with the bank's Board . 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 Head of ICCD will report directly to the MD and also have an indirect reporting line to the Bank's Board/Board Audit Committee.	✓		
20.	Audit & Inspection Department 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 th of the month of each quarter end i.e. 10 th 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.	Regulatory Compliance 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 Board Audit Committee meeting will be held at least 3/4 months in a year and it can seat any times as it deem fit	✓		
33.	The Board Audit Committee 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 Board Audit Committee 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 Board Audit Committee will review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations is made.	✓		
36.	The Board Audit Committee 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	Proprietor: a. M/S Oceanlink Services Director : b. Central Hospital Ltd. c. Human Resources Dev Co. Ltd. Chairman/Director : d. AIBL Capital Market services Ltd. CEO/Director e. Ariel Maritime PTE Ltd.	100% 2.45% 2% 0.88% 100%	
2	Jb. Sarker Mohammad Shameem Iqbal Nominated Director: KY Steel Mills Ltd. 191- 192, Baizid Bostami Road, Nasirabad I/A, Chittagong.	Vice Chairman	Chairman: a. KDS Accessories Ltd. b. KDS Poly Industries Ltd. CEO/Managing Director: c. Dominox IM Ltd. Managing Director: d. SKYS Securities Ltd. e. Dominox Realty (BD) Ltd. f. Vortex Multi Ind. Ltd. g. Gous Fashion Industries Ltd. Director: h. KDS Textiles Mills Ltd. Shareholder: i. AIBL Capital Market Services Ltd.	7% 7% 50% 3.61% 80.20% 25% 40% 0.45% 0.25%	
3	Alhaji Md. Haroon-ar-Rashid Khan House-19/A, Road-18, Banani, Dhaka	Director	Director: a. AIBL Capital Market services Ltd. b. Canadian Trillinium School (Ltd)	0.63%	(With the No. of Attendance of Alternative Director)
4	Alhaji Nazmul Ahsan Khaled 760, Satmasjid Road, Dhanmondi R/A, Dhaka	Director	Managing Director : 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. g. Telnet Communication Ltd. h. Nourish Grand Parents Ltd. i. Nourish Feeds Ltd. Director : j. Mohammadi Navigation Ltd. k. AIBL Capital Market Services Ltd.	20% 10% 50% 67% 25% 20% 20% 20% 20% 46.15% 0.50%	
5	Alhaji Abdul Malek Mollah House-12-14, Road-6, Block-E, Niketon, Gulshan-1, Dhaka	Director	Managing Director : a. The Mollah Trading Ltd. Shareholder: b. AIBL Capital Market Services Ltd.	15% 0.50%	
6	Hafez Alhaji Md. Enayet Ullah 2, Mukim Katra, Moulvi Bazar, Dhaka.	Director	Active Owner: 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	Proprietor: a. M/S. A.H. Syndicate	100%	
			Shareholder: b. AIBL Capital Market Services Ltd.	0.25%	
8	Alhaji Abdus Samad S.Alam Bhaban, 2119, Asadgonj, Chittagong.	Director	Director: a. AIBL Capital Market Services Ltd.	0.50%	
			Proprietor: b. Samad Trading Agency	100%	
9	Alhaji Abu Naser Mohammad yeachea 232-234, Tejgoan Industrial Area, Dhaka-1208.	Director	Managing Director: a. Purbachal Steel Mills Ltd. b. Purbachal Exclusive Ltd. c. Purbachal Drillers Ltd. d. Beco Feed Ltd.	71.46% 75% 50% 42.50%	
			Director: e. AIBL Capital Market Services Ltd.	4.50%	
			Proprietor: f. Purbachal Gas Filling g. Beco Electronics	100% 100%	
10	AlHaji Engr. Kh. Mesbahuddin Ahmed House # 2-E, Road # 8, Sector # 7, Uttara Model Town, Dhaka.	Director	Managing Director a. M/S Aqua Consultant and Association Ltd.	47%	
			Director : b. Takaful Islami Insurance Ltd. c. Human Resources Development Co. Ltd (HURDCO) d. Central Hospital Ltd. e. AIBL Capital Market services Ltd.	3.20% 5% 4.88% 1.75%	
11	Alhaji Abdus Salam Mir Ahmed Building 234, Khatungong, Chittagong.	Director	Managing Director a. Mir Banaspati Ltd b. Mir CNG & Filling Station c. Mir Pulp & Paper Industries Ltd. d. Mir Filling Station Ltd.	25% 100%	
			Director: e. Karnafully Filling Station Ltd. f. AIBL Capital Market Services Ltd.	15% 1.50%	
			CEO: g. M/S. Hajee Mir Ahmed Sowdagar	30%	
			Proprietor: h. M/S M.A. Salam & Co.	100%	
12	Alhaji Niaz Ahmed House # 24, Road # 1, Block # i, Chairman Bari, Banani, Dhaka.	Director	Managing Director: a. Golden Oil Mills Ltd. b. Savoy Ice Cream Factory Ltd.	70% 77%	
			Director: c. AIBL Capital Market Services Ltd. d. Islami Commercial Insurance Co. Ltd.	0.75% 5%	
			e. South East University f. Bangla Tel Limited g. BD Link Communication Limited h. Jibondhara Solution Limited	14% 12% 14%	
			Proprietor: i. Golden Trading Corporation j. Khaja Corporation		

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
12	Alhajj Niaz Ahmed House # 24, Road # 1, Block # i, Chairman Bari, Banani, Dhaka.	Director	Managing Director: a. Golden Oil Mills Ltd. b. Savoy Ice Cream Factory Ltd. Director: c. AIBL Capital Market Services Ltd. d. Islami Commercial Insurance Co. Ltd. e. South East University f. Bangla Tel Limited g. BD Link Communication Limited h. Jibondhara Solution Limited Proprietor: i. Golden Trading Corporation j. Khaja Corporation	70% 77% 0.75% 5% 14% 12% 14%	
13	Jb. Md. Ashik Hossain House # 6, Road # 1, Dhanmondi, Dhaka-1205.	Director	Managing Director: a. Dubai Bangladesh Bag Factory Ltd. Director: b. Dubai Bangladesh Cement Mills Ltd. c. Islami Commercial Insurance Company Ltd. Proprietor: d. Vestire e. Stark Textile Mills f. Stark Apparels Shareholder: g. AIBL Capital Market Services Ltd.	80% 44% 10% 100% 100% 100% 0.50%	
14	Alhajj Badsha Meah 1025/C, Housing Society, Nasirabad, Chittagong. Alternative Director Jb. Dr. Md. Shafiu Haider Chowdhury	Director	Shareholder: a. AIBL Capital Market Services Ltd.	1.75%	
15	Jb. Mohammed Emadur Rahman Kazi Castle, Islampur, Shaporan Sylhet.	Director	Deputy Managing Director: a. Al Haramain Perfumes Mgf & Oudh Processing Ind. L.L.C. b. Al Haramain Hospital Managing Director: c. Rich & Ruitz Perfumes Trading L.C.C. d. Al Halal Perfumes Industry e. Hamidia Tea Company Limited Partner: f. Al Haramain Trading LCC CEO: g. 4 Corners Distribution UK Limited Shareholder: h. AIBL Capital Market Services Ltd.	20% 49% 24% 10% 50% 0.75%	
16	Alhajj Mohammed Haroon 1025/B, Housing Society, Nasirabad, Chittagong. Alternative Director: Anwar Hossain	Director	Owner: a. Rising Star Trading Est (U.A.E.) Shareholder: b. AIBL Capital Market Services Ltd.	100% 0.75%	
17	Jb. Md. Liakat Ali Chowdhury As-Salam Tower (9th Floor), 57, Agrabad C/A, Chittagong	Director	Managing Partner: a. Asadi steel Enterprise b. Jamuna Ship Breakers Managing Director: c. Bangladesh Ship Breakers Ltd. d. L & M Builders (Pvt) Ltd. Proprietor e. Regal Oxygen Director: f. AIBL Capital Market Services Ltd.	1/6th Portion 90% 90% 25% 100% 0.25%	
18	JB. Brig. Gen. M.A. Malek (ret'd) 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		
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	1,000,000,000
	AIBL capital Management Ltd.	Subsidiary Company	Investment	1,920,000,000

Name of the Directors and their shareholdings in the year- 2015

Sl.	Name of Directors	Status	Ending position on 31/12/2015	Opening position on 01/01/2015	Remarks
1.	Badiur Rahman	Chairman	26414342 shares of Tk. 10/- each Tk 26,41,43,420/-	26414342 shares of Tk. 10/- each Tk 26,41,43,420/-	
2.	Sarker Mohammad Shamim Iqbal (Nominated Director, KY Steel Mills Ltd.)	Vice-Chairman	23233732 shares of Tk. 10/- each Tk 23,23,37,320/-	23233732 shares of Tk. 10/- each Tk 23,23,37,320/-	
3.	Al-Hajj Md. Harun-Ar- Rashid Khan	Director	18939629 shares of Tk. 10/- each Tk 18,93,96,290/-	18939629 shares of Tk. 10/- each Tk 18,93,96,290/-	
4.	Al-Hajj Nazmul Ahsan Khaled	Director	18971142 shares of Tk. 10/- each Tk 18,97,11,420/-	18971142 shares of Tk. 10/- each Tk 18,97,11,420/-	
5.	Al-Hajj Abdul Malek Mollah	Director	18992003 shares of Tk. 10/- each Tk 18,99,20,030/-	18992003 shares of Tk. 10/- each Tk 18,99,20,030/-	
6.	Al-Hajj Hafez Md. Enayetullah	Director	18944356 shares of Tk. 10/- each Tk 18,94,43,560/-	18944356 shares of Tk. 10/- each Tk 18,94,43,560/-	
7.	Md. Liakat Ali Chowdhury	Director	18945223 shares of Tk. 10/- each Tk 18,94,52,230/-	18945223 shares of Tk. 10/- each Tk 18,94,52,230/-	
8.	Al-Hajj Abdus Samad	Director	21310850 shares of Tk. 10/- each Tk 21,31,08,500/-	21310850 shares of Tk. 10/- each Tk 21,31,08,500/-	
9.	Al-Hajj Ahamedul Haque	Director	18939531 shares of Tk. 10/- each Tk. 18,93,95,310/-	18939531 shares of Tk. 10/- each Tk. 18,93,95,310/-	
10.	Al-Hajj Kh. Mesbah Uddin Ahmed	Director	18940259 shares of Tk. 10/- each Tk. 18,94,02,590/-	18940259 shares of Tk. 10/- each Tk. 18,94,02,590/-	

Name of the Directors and their shareholdings in the year- 2015

Sl.	Name of Directors	Status	Ending position on 31/12/2015	Opening position on 01/01/2015	Remarks
11.	Abu Naser Mohammad Yeahea	Director	23387844 shares of Tk. 10/- each Tk. 23,38,78,440/-	23387844 shares of Tk. 10/- each Tk. 23,38,78,440/-	
12.	Mohammed Abdus Salam	Director	19206256 shares of Tk. 10/- each Tk. 19,20,62,560/-	19206256 shares of Tk. 10/- each Tk. 19,20,62,560/-	
13.	Niaz Ahmed	Director	19036881 shares of Tk. 10/- each Tk. 19,03,68,810/-	19036881 shares of Tk. 10/- each Tk. 19,03,68,810/-	
14.	Md. Ashik Hossain	Director	18942574 shares of Tk. 10/- each Tk. 18,94,25,740/-	18942574 shares of Tk. 10/- each Tk. 18,94,25,740/-	
15.	Alhaji Mohammed Haroon	Director	19049597 shares of Tk. 10/- each Tk. 19,04,95,970/-	21749599 shares of Tk. 10/- each Tk. 21,74,95,990/-	
16.	Mohammed Emadur Rahman	Director	18962533 shares of Tk. 10/- each Tk. 18,96,25,330/-	18962533 shares of Tk. 10/- each Tk. 18,96,25,330/-	
17.	Alhaji Badsha Meah	Director	18939668 shares of Tk. 10/- each Tk. 18,93,96,680/-	18939668 shares of Tk. 10/- each Tk. 18,93,96,680/-	
18.	Birg. General M. A. Malek (Retd.)	Independent Director	Nil	Nil	
19.	Khalid Rahim	Independent Director	Nil	Nil	
20.	Md. Habibur Rahman Managing Director	Ex-Officio Director	179 shares of Tk. 10/- each Tk. 1,790/-	179 shares of Tk. 10/- each Tk. 1,790/-	

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, 2015 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:

4 (Four) 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	:	21st September, 2010
Date of Commencement	:	21st September, 2010
Authorised Capital	:	Tk. 10,000 million
Paid up Capital	:	Tk. 4,000 million
Ownership	:	Tk. 2,442 million (60.50%)

b) **AIBL Capital Management Ltd.**

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

c) **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.

d) **Millennium Information Solution Limited (MISL)**

Al-Arafah Islami Bank Ltd. owned 51% shares of Millennium Information Solution Limited a subsidiary company of Al-Arafah Islami Bank Limited. Millennium Information Solution Limited, a private limited Company was incorporated in Bangladesh under the Companies Act 1994 on February 11, 2001. The main objective of company is to carry on activities relating to developing software products and providing maintenance and support services both the domestic and international clients. Over the years, MILS has established itself as the leading software developer, implementation and service provisioning company in Bangladesh which adheres to the rules of Islamic Shariah

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, 2015 is Tk. 16,514.94 million which is 77.38% of total eligible capital Tk. 21,342.97 million and out of Tier 1 capital 57.34% is paid up capital & 32.94% is statutory reserve.

Tier-2 capital of the bank Tk. 4,828.03 million, which is constituting 22.62% of total eligible capital and the major contributors are general provision 29.76%, AIBL Sub Ordinate date Bond 62.14% & asset revaluation reserves 8.10%.

Quantitative Disclosures:

(Figure In million Taka)

b) The total amount of Tier-I capital (For stand alone)	16,514.94
Paid-up capital	9,469.58
Non- repayable share premium account-	-
Statutory Reserve	5,440.73
General Reserve	-
Retained earnings	1,604.63
Non cumulative irredeemable preference shares	-
Dividend equalization account -	
c) The total amount of Tier-2 and Tier-3	4,828.03
d) Other deductions from capital	-
e) Total eligible capital	21,342.97

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)

o For stand alone	
a) Capital Requirement for Credit Risk	12,196.76
b) Capital Requirement for Market Risk	508.97
c) Capital Requirement for Operational Risk	1,239.69
Total Requirement	13,945.41
d) Total and Tier 1 capital ratio:	
- CAR	15.30%
- Tier- 1 Capital Ratio	11.84%

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) 0.25% 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 or 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)

a) Funded:	
General Investment	
Murabaha Investment	12,709.30
Bai-Muazzal Investment	69,983.13
Hire Purchase Investment	38,339.30
Quard	1,221.03
Other Investment	39,253.50
Sub Total	161,506.26
Out side Bangladesh	
	161,506.27
Less: Unearned profit on Investment	9,202.50
	152,303.77
Bill Purchased & Discounted	-
Payable in Bangladesh	2,954.88
Payable out side Bangladesh	1,207.50
Sub Total	4,162.38
Total Funded:	156,466.15
b) Total Non Funded:	34,580.06
c) Geographical distribution of exposures	
Region Based	
Dhaka Region	121,719.09
Chittagong Region	16,839.98
Sylhet Region	1,111.99
Rajshahi Region	5,609.40
Khulna Region	6,122.62
Rangpur Region	3,159.28
Barisal Region	2,083.79
Total	156,646.15

d) Country based funded	
Domestic	156,646.15
Overseas	-
e) Country based Non-funded	
Domestic	34,580.06
Overseas	
e) Major Industry wise distribution of exposures	
Agriculture, Fishing and Forestry	2,212.90
Industry	87,353.05
Construction	5,576.85
Water works & Sanitary Service	302.60
Transport & communication	7,597.60
Storage	1,135.70
Trade Finance	47,712.40
Miscellaneous	13,957.55
Total (Including Profit Receivable	165,848.60
Less Unearned Profit on Investment	9,202.50
Total	156,646.15
g) Distribution of risk exposure by claims	
a) Claims on sovereigns and central banks	25,544.50
b) Claims on PSE -	-
c) Claims on banks and securities firms	11,627.20
d) Claims on corporate	31,039.30
e) Claims included in the retail portfolio & small enterprises	49,155.00
f) Claims secured by residential property	6,802.50
g) Claims secured by commercial real estate	8,103.00
h) Consumer Investment	440.80
i) Off-balance sheet items	11,556.63
h) Credit risk mitigation	
Claims secured by financial collateral	2,498.30
Net exposure after the application of haircuts	397.10
Claims secured by eligible guarantee	-
i) Residual contractual maturity breakdown of the whole portfolio	
Repayable on demand	-
Up to 1 month	39,310.03
More than 1 month but less than 3 months	43,457.60
More than 3 months but less than 1 year	40,854.78
More than 1 year to less than 5 year	21,769.09
More than 5 year	11,254.65
Total	156,646.15
j) Gross Non Performing Assets- (NPAs)	7,713.67
Non-performing assets to outstanding Investment (loans and advances)	4.66%
k) Movement of Non Performing Assets (NPAs)	
Opening balance	6,982.64
Additions	7,493.19
Less (Cash Recovery)	(2,106.81)
Less (RSDL from CL)	(3,756.40)
Less (Written-off)	(898.95)
Closing balance	7,713.67
l) Movement of specific provisions for NPAs	
Opening balance	1,518.78
Fully provision debt written off	(830.97)
Recoveries of amount previously written off	24.18
Specific provision for the year	1,388.29
Closing balance	2,100.28

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
Total	3.14

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, 2015

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
Asset						
Cash in hand	26,728.95	-	-	-	-	26,728.95
Balance with other banks & Financial Institute	3,406.57	-	1,730.60	1,253.00	-	6,390.17
Placement with other banks & Financial Institute	-	100.00	1,000.00	-	-	1,100.00
Investment in Shares & Securities (only HTM)	-	-	959.60	6,583.10	-	7,542.70
Investment (Loans and Advances)	36,492.60	33,345.00	47,277.45	23,270.90	16,080.20	156,466.15
Fixed Assets	-	-	-	-	2,928.33	2,928.33
Other Assets	2,745.70	99.00	4,072.50	-	16,390.07	23,307.27
Total	69,373.82	33,544.00	55,040.15	31,107.00	35,398.60	224,463.57
Liabilities						
Placement from other banks & Financial Institute	851.80	1,164.00	1,904.30	8,875.82	-	12,795.92
Deposits and Other accounts	36,640.36	30,673.40	71,253.30	20,394.30	11,261.20	170,222.56
Provision and other liabilities	393.80	-	4,046.50	-	16,415.46	20,855.76
Deferred Tax Liabilities/Assets	-	-	-	-	82.80	82.80
AIBL Subordinate Bond	-	-	-	-	3,000.00	3,000.00
Total	37,885.96	31,837.40	77,204.10	29,270.12	30,759.46	206,957.04
GAP	31,487.86	1,706.60	(22,163.95)	1,836.88	4,639.14	17,506.53
Cumulative Gap	31,487.86	33,194.46	11,030.51	12,867.39	17,506.53	-

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	Up to 1 month		
Gap	31,487.86	31,487.86	31,487.86
Impact on Nil (Net Interest Income)	26.24	52.48	78.72
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on Nil	10.50	20.99	31.49
Period	1 to 3 month		
Gap	1,706.60	1,706.60	1,706.60
Impact on Nil(Net Interest Income)	2.84	5.69	8.53
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on Nil	1.14	2.28	3.41
Period	3 to 12 month		
Gap	(22,163.95)	(22,163.95)	(22,163.95)
Impact on Nil(Net Interest Income)	(166.23)	(332.46)	(498.69)
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on Nil	(66.49)	(132.98)	(199.48)
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	31,487.86	31,487.86	31,487.86
Impact on Nil (Net Interest Income)	(26.24)	(52.48)	(78.72)
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on Nil	(10.50)	(20.99)	(31.49)
Period	1 to 3 month		
Gap	1,706.60	1,706.60	1,706.60
Impact on Nil (Net Interest Income)	(2.84)	(5.69)	(8.53)
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on Nil	(1.14)	(2.28)	(3.41)
Period	3 to 12 month		
Gap	(22,163.95)	(22,163.95)	(22,163.95)
Impact on Nil(Net Interest Income)	166.23	332.46	498.69
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on Nil	66.49	132.98	199.48
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	11,030.51	11,030.51	11,030.51
Period(Year)	1 Year		
Impact on Nil (Net Interest Income)	110.31	220.61	330.92
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on Nil	44.12	88.24	132.37

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	11,030.51	11,030.51	11,030.51
Period(Year)	1 Year		
Impact on Nil (Net Interest Income)	(110.31)	(220.61)	(330.92)
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on Nil	(44.12)	(88.24)	(132.37)

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 or Statu-tory 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 Bangla-desh 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	98.67
Foreign exchange risk	410.30
Commodity risk	-
Total	508.97

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) The capital requirements for operational risk	1,239.69
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**Calculation of Capital Charge for Operational Risk
Basic Indicator Approach**

Year	Gross Income (GI)	Average GI	15% of Average GI
December-2015	9,216.78		
December-2014	8,813.75		
December 2013	6,763.22		
Total GI	24,793.75	8,264.58	1,239.69

A hand holding a black pen with a gold-colored tip is pointing at a financial chart. The chart features a grid of blue dashed lines, a prominent red vertical line, and a purple circle highlighting a specific data point. The background is dark with various colored lines and patterns, suggesting a complex financial or technical analysis.

AUDITOR'S REPORT

on the Financial Statements of AIBL
Capital Market Services Limited
For the Year ended December 31, 2015

AUDITORS' REPORT

Introduction

We have audited the accompanying Financial Statements of AIBL Capital Market Services Limited which comprise of the Statement of Financial Position as at 31 December 2015 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRSs), the Companies 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 Standards on Auditing (BSA). 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 & cut 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 Standard (BFRSs), give a true and fair view of the state of the company's affairs as at 31 December 2015 and of the results of its operations for the period then ended comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books ;
- (c) the Statement of Financial Position, the Statement of Comprehensive Income, 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 company's business.

Dated: Dhaka
January 12, 2016



(S. H. Khan & Co.)
Chartered Accountants


Statement of Financial Position As at December 31, 2015

Particulars	Notes	31.12.2015 Taka	31.12.2014 Taka
ASSETS:			
Non - Current Assets:			
Property, Plant & Equipment	4	11,712,876	18,957,349
Current Assets:		11,142,926,670	11,698,059,415
Account Receivable	5	59,234,201	77,550,837
Investment	6	8,705,244,814	9,238,630,495
Investment in Share (DSE & CSE)	7	700,000,000	700,000,000
Advance, Deposits & Prepayment	8	7,044,343	4,430,504
Advance Income Tax	9	1,336,443,999	986,354,582
Cash and Bank Balance	10	334,959,313	691,092,997
Total Assets:		11,154,639,546	11,717,016,764
EQUITY AND LIABILITIES:			
Capital and Reserve:			
Paid -up Capital	11	4,000,000,000	4,000,000,000
Retained Earning		51,864,963	39,650,108
Current Liabilities:		7,102,774,583	7,677,366,656
Borrowing from Bank	12	2,401,995,282	3,560,000,000
Accounts Payable	13	2,835,889,411	2,616,775,772
Provision for Investments	14	309,824,500	271,966,459
Provision for taxation	15	1,555,065,390	1,228,624,425
Total Equity and Liabilities:		11,154,639,546	11,717,016,764

The annexed notes form an integral part of these financial statements.


Director


Director


Chief Executive Officer
Signed subject to our separate report of even date.

Place : Dhaka
Date : January 12, 2016


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

Statement of Comprehensive Income For the Period ended 31 December, 2015

Particulars	Notes	31.12.2015 Taka	31.12.2014 Taka
Investment Income	16	1,102,458,379	1,156,961,878
Profit paid on Borrowing	17	(331,389,506)	(355,615,689)
Net Investment Income		771,068,873	801,346,189
Income from Commission, Exchange & Others:			
Brokerage Commission	18	278,077,485	337,434,938
Documentation & Maintenance Fess	19	4,627,000	4,599,000
Other Operating Income	20	10,217,881	15,955,732
		292,922,366	357,989,670
Total operating Income (A)		1,063,991,239	1,159,335,859
Hawla,Laga & CDBL Charges	21	32,944,495	38,796,879
Salary allowances& Contribution to P.F	22	39,151,029	43,200,052
Rents, Taxes, Insurance, Lighting etc.	23	13,056,118	13,061,282
Honorarium & Meeting Expense	24	4,723,100	2,640,000
Law Charges		8,477	20,394
Postage, Telegram, Telephone & Stamps etc	25	448,630	485,552
Depreciation, Amortization & Repairs to Properties	26	8,885,370	9,505,512
Stationary, Printing, Advertisement etc.		1,404,225	1,159,271
Other Expenses	27	26,855,933	20,159,918
Total operating expenses (B)		127,477,377	129,028,860
Profit/(loss) before provision and Tax C = (A - B)		936,513,862	1,030,306,999
Provision for Taxation	28	326,440,966	312,204,689
Provision for Investment		37,858,041	100,000,000
Net Profit after Tax		572,214,855	618,102,310
Retained Earning Brought forward		39,650,108	21,547,799
		611,864,963	639,650,109
Interim Dividend Paid		560,000,000	600,000,000
Retained earning Carried forward		51,864,963	39,650,109
Earning per Share (EPS) (Tk. 10)		1.43	1.55

The annexed notes form an integral part of these financial statements


Director


Director


Chief Executive Officer
Signed subject to our separate report of even date.

Place : Dhaka
Date : January 12, 2016


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

Statement of Changes in Equity As at 31 December, 2015

Particulars	Share Capital	Retained Earning	Total
Balance as on 1st January, 2015	4,000,000,000	39,650,108	4,039,650,108
Net profit for the Period	-	572,214,855	572,214,855
Interim Dividend Paid		(560,000,000)	(560,000,000)
Balance as at December 31, 2015	4,000,000,000	51,864,963	4,051,864,963


Director


Director


Chief Executive Officer

Statement of Comprehensive Income For the Period ended 31 December, 2015

Particulars	31.12.2015 Taka	31.12.2014 Taka
Cash flows from operating activities		
Investment income receipt in Cash	1,102,458,379	1,156,961,878
Profit paid on deposits and borrowing	(331,389,506)	(355,615,689)
Fees & Commission received in cash	278,077,485	337,434,938
Cash payments to employees	(39,151,029)	(43,200,052)
Cash payments to suppliers	(1,404,225)	(1,159,271)
Received from other operating activities (item-wise)	14,844,881	20,554,732
Paid for other operating activities (item-wise)	(79,182,300)	(76,437,958)
Advance income tax paid	(350,089,416)	(312,853,709)
Operating profit before changes in operating assets and liabilities	594,164,269	725,684,869
Changing in Operating assets & liabilities		
Increase/Decrease Investment	533,385,681	(630,307,555)
Increase/Decrease of Accounts receivable	18,316,636	(74,261,284)
Increase/Decrease of Borrowing	(1,158,004,718)	(170,000,000)
Increase/Decrease of Accounts payable	219,113,639	1,060,920,986
Increase/Decrease of other assets (item-wise)	(2,613,839)	533,253
Increase/Decrease of other liabilities (item-wise)	-	-
Cash receipt from operating activities	(389,802,602)	186,885,400
A. Net Cash from operating activities	204,361,667	912,570,269
Cash flows from investing activities:		
Purchase of property, plant and equipment	(495,351)	(253,720)
B. Net cash flows from investing activities	(495,351)	(253,720)
Cash flows from financing activities		
Increase in Share Capital	-	-
Interim Dividend Paid	(560,000,000)	(600,000,000)
C. Net cash flows from financing activities	(560,000,000)	(600,000,000)
D. Net increase in cash and cash equivalent (A+B+C)	(356,133,684)	312,316,549
E. Effects of exchange rate changes on cash and cash-equivalents	-	-
F. Net increase in cash and cash equivalent D+E	(356,133,684)	312,316,549
G. Cash & Cash Equivalents at the beginning of the period	691,092,996	378,776,448
H. Cash & Cash Equivalents at the end of the period	334,959,312	691,092,997


Director


Director


Chief Executive Officer

Notes to the Financial Statements

As at and for the period ended 31st december, 2015

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:

l) 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) Comparative figures of financial statements:

The comparative figures of Statement of Financial Position for the period ended 31st December, 2015 have been compared with the unaudited financial statements of 31st Decemebr, 2014.

		31.12.2015	31.12.2014
		Taka	Taka
4.00	Fixed Assets:		
a)	Property, Plant & Equipment		
	Interior Decoration	6,043,427	6,949,755
	Computer accessories	97,236	337,911
	Online Hardware	451,474	1,031,721
	Motor Car	211,512	3,873,072
	Furniture fixture steel	231,612	100,845
	Machine equipment	1,687,762	3,340,319
	Computer	348,712	1,053,231
	Furniture fixture wood	1,725,927	1,759,465
	Online Software	915,213	511,030
	Total	11,712,876	18,957,349
	Details have been shown in Annexure-"A"		
5.00	Accounts Receivable:		
	Receivable from DSE	59,234,201	77,550,837
	Profit receivable	-	-
	Dividend Receivable	-	-
		59,234,201	77,550,837
6.00	Investments:		
	Margin Investment	8,521,144,839	9,041,152,286
	Investment to Dealer A/C	174,099,975	187,478,209
	Investment In AIBL Capital Management Ltd.	10,000,000	10,000,000
		8,705,244,814	9,238,630,495
6.01	Portfolio Investment to dealer A/C (As on 31 December, 2015)		
	Instrument	No of Share	Cost Price
			Market Price
	ACI LTD	9,991	5,607,291
	Aci Formulation	50,000	9,607,851
	Beximcopharma	70,000	5,929,347
	Fareastlife	236,106	28,385,647
	GPH Ispat	587,751	33,349,528
	ICB	222,835	32,981,322
	Islami insurance	102,858	3,454,973
	MJLBD	180,891	19,825,360
	RSRM steel	158,160	8,719,716
	Simtex	52,708	1,158,629
	Squarepharma	70,000	17,779,866
	Balance		7,300,445
			174,099,975
			128,941,490

	31.12.2015	31.12.2014
	Taka	Taka
7.00 Investment in Share (DSE & CSE):		
Investment in Share (DSE)	525,000,000	525,000,000
Investment in Share (CSE)	175,000,000	175,000,000
	700,000,000	700,000,000
<p>Investment in Shares of Dhaka & Chittagong Stock Exchange Limited as shown above is based on acquisition cost from the parent company Al-Arafah Islami Bank Limited, face value 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>		
8.00 Advance, Deposit & Prepayments:		
Advance against for Office Space at Nikunja, Dhaka.	100,000	100,000
Advance against for Office Space , Dhaka.	1,450,700	2,411,000
Advance against for Office Space at Amborkhana	583,650	914,400
Advance rent Gulshan Br.	982,000	-
Advance Rent Dhanmondi	224,000	-
Advance Rent Uttara Br.	1,830,000	-
Advance Rent B. Baria	1,006,344	-
Advance Against Petty Cash	867,649	1,005,104
	7,044,343	4,430,504
9.00 Advance Income Tax:		
Tax deducted at source DSE	73,110,607	39,743,614
Tax deducted at source CSE	4,719,886	2,393,389
TDS against Dividend	1,804,000	1,193,319
Tax deducted at source Bank	4,117,721	2,012,375
Tax paid 2015 Through Challan & Source	106,562,870	-
Tax paid 2014 through challan & Source	306,367,030	101,250,000
Tax paid 2013 through challan & Source	289,791,671	289,791,671
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
	1,336,443,999	986,354,582
10.00 Cash and Bank Balance:		
Al-Arafah Islami Bank Limited Note-10.01	334,954,313	691,087,997
Shajalal Islami Bank Limited	5,000	5,000
	334,959,313	691,092,997
10.01 Balance at Bank:		
Al-Arafah Islami Bank Limited, Motijheel Br. Dhaka (2693)	14,880	14,405
AIBL Capital Market Services Limited Cons.cust. (2927)	315,782,673	663,571,543
AIBL Capital Market Services Limited. (2936)	7,823,729	13,880,986
AIBL Capital Market Services Limited. Cons Cust.CSE (3215)	-	5,192,524
Al-Arafah Islami Bank Limited, Dhanmondi Branch	400,000	100,000
AIBL Capital Market Services Ltd. Dividend A/C ()	8,816,265	78,439
Al-Arafah Islami Bank Limited, Gulshan	400,000	-
Al-Arafah Islami Bank Limited, Barishal Br. Dhaka	1,375,000	118,000
Al-Arafah Islami Bank Limited, Khatungonj Br.	280,000	52,000
AIBL Capital Market Services Ltd. Public Issue Application A/C	61,766	7,348,100
Al-Arafah Islami Bank Limited, Uttara Br. Dhaka	-	732,000
	334,954,313	691,087,997

11.00 Share Capital:**11.01 Authorised Capital:**

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

11.02 Issued, Subscribed and fully Paid-up Capital:

Issued, Subscribed and fully Paid-up Capital is 40,00,00,000
share of TK. 10 each.

11.03 Share Holding Position: As at 30,November 2015

		31.12.2015 Taka	31.12.2014 Taka
		10,000,000,000	10,000,000,000
		4,000,000,000	4,000,000,000
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 Abus 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	0.75%	3,000,000	30,000,000
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 Kauser	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
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

Name of the Share Holder	% of Share holdings	31.12.2015	31.12.2014
		Taka	Taka
		No. of Shares	Amount (In Taka)
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
Anower Hossain	0.25%	1,000,000	10,000,000
Akram Hussain	0.25%	1,000,000	10,000,000
Miss Ruksana Mumtaz Hussain	0.25%	1,000,000	10,000,000
Akhter HUSSain	0.25%	1,000,000	10,000,000
Akbar Hossain	0.25%	1,000,000	10,000,000
TOTAL	100.00%	400,000,000	4,000,000,000

12.00 Borrowing from Bank:

Borrowing from Al-Arafah Islami Bank Limited	1,000,000,000	2,000,000,000
Borrowing from AIBL Capital Management Limited	1,360,000,000	1,560,000,000
Borrowing from ICB Pronodona scheme	41,995,282	-
	2,401,995,282	3,560,000,000

13.00 Accounts Payable :

Al - Arafah Islami Bank Limited	988,975,014	698,575,014
Profit Payable for borrowings	1,187,417,629	857,914,020
VAT, Salary Tax & AIT Payable	151,669	156,358
Payable toCSE	43,574,648	1,671,978
Payable to clients	237,452,697	654,916,442
Dividend Tax Payable	27,160,000	29,100,000
Bonus & Incentive	91,310	91,310
Dividend payable	344,000,000	366,000,000
Dividend adjustment clients	4,012,328	
Audit fees Payable	-	50,000
Security Money	54,650	54,650
IPO Application Process Account	2,999,466	8,246,000
	2,835,889,411	2,616,775,772

14.00 Provision for Investment:

Openig Balance	271,966,459	171,966,459
Add : Provision for Investment	37,858,041	100,000,000
Closing Balance	309,824,500	271,966,459

15.00 Provision for taxation :

Openig Balance	1,228,624,425	916,419,736
Add Income tax provision during the year	326,440,966	312,204,689
Closing Balance	1,555,065,391	1,228,624,425

	31.12.2015 Taka	31.12.2014 Taka
16.00 Investment Income :		
Margin Profit income	1,081,424,678	1,142,512,333
Profit on MSND	21,033,701	14,449,545
	1,102,458,379	1,156,961,878
17.00 Profit paid on Borrowing :		
Borrowing from Al-Arafah Islami Bank limited	215,999,997	237,222,223
ICB Pronodona	1,885,898	-
SJBL	-	(2,994,450)
Borrowing from AIBLCML	113,503,611	121,387,916
	331,389,506	355,615,689
18.00 Brokerage commission		
DSE	259,961,227	318,450,773
CSE	18,116,258	18,984,165
	278,077,485	337,434,938
19.00 Documentation & Maintenance Fess :		
BO Documentation fees	658,500	930,500
BO Maintenance fees	3,869,500	3,367,500
Margin documentation fees	99,000	301,000
	4,627,000	4,599,000
20.00 Other Operating Income:		
CDBL Income	3,374,834	1,172,505
Cheque dishonour Charge	157,000	191,000
Dividend income	3,053,404	5,029,297
IPO Process Income	47,069	3,535
BO Close Charge	-	314,964
Realized Capital gain	3,523,500	9,222,675
Others	62,074	21,756
	10,217,881	15,955,732
21.00 Hawla, Laga & CDBL Charges :		
Hawla charge	87,574	2,620,989
Laga charge	17,492,575	16,837,281
CDBL Charges	15,364,346	19,338,609
	32,944,495	38,796,879
22.00 Salary allowances& Contribution to P.F:		
Salary allowances& Contribution to P.F	36,626,064	40,789,544
Wages	2,086,511	2,042,350
Security Services	438,454	368,158
	39,151,029	43,200,052
23.00 Rents, Taxes, Insurance, Lighting etc.:		
Rent	10,883,917	10,236,518
Insurance	45,860	115,796
Lighting& electricity bill	2,126,341	2,708,968
	13,056,118	13,061,282
24.00 Honorarium & Meeting Expense:		
Meeting & Honorarium	4,723,100	2,640,000
	4,723,100	2,640,000

	31.12.2015	31.12.2014
	Taka	Taka
25.00 Postage, Telegram, Telephone & Stamps etc:		
Postage, Telegram, Telephone & Mobole	414,009	324,488
Stamps	33,500	76,865
Photocopy	1,121	595
Croceries	-	83,604
	448,630	485,552
26.00 Depreciation & Repairs to Properties:		
Depreciation	7,739,823	8,231,579
Repair & Maintenance	1,145,547	1,273,933
	8,885,370	9,505,512
27.00 Other Expenses:		
Computer Charge	226,900	244,820
Bank Charge	94,951	45,371
Petroleum Oil, Lubricant & WASA/ Gas.	471,130	574,965
Entertainment	1,762,668	1,968,168
Bonus & Incentive	8,712,907	8,077,451
Leave encashment	-	1,298,235
Travelling, Local conveyance & Saturday Allowance	191,209	244,846
Internet & Online Charge	2,132,360	2,159,073
Registration Expenses	-	1,100
Training Expenses	102,000	52,083
Audit Fees	100,000	104,467
Profit waived for pronodona scheme	-	4,212,618
Realized loss	11,037,111	-
Utilities bill	300,344	245,751
Vat	15,000	13,920
Other Expenses	1,709,353	917,050
	26,855,933	20,159,918
27.01 Break up of Other Expenses:		
Subscription Renewal	989,984	215,001
Newspaper	50,838	35,251
Mandatory Leave	263,520	-
Upkeep	27,842	27,602
Miscellaneous	36,856	50,688
Investors Protection	52,613	52,508
Aircondition Charge	10,000	
AR License	5,000	7,000
Closing Allowances	28,000	51,000
EID Garcia	14,700	18,000
Bank Guarantee	230,000	460,000
	1,709,353	917,050
28.00 Provision for Current Tax:		
Operating Income Before tax	936,513,862	1,030,306,999
Total Business Income	936,513,862	1,030,306,999
Less: Capital Gain	3,523,500	9,222,675
Less: Dividend Income	3,053,404	5,029,297
Taxable Income	929,936,958	1,016,055,027
Income Tax @ 35 % on estimated Taxable Income	325,477,935	355,619,259
Add: TDS Dividend @ 20%	610,681	1,005,859
Add: Capital Gain @10%	352,350	922,268
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
	326,440,966	312,204,689

Note-27.01

Schedule of Fixed Assets As at December 31, 2015

Annexure - A

Particulars	Cost				Rate %	Depreciation				Written Down Value as on December 31, 2015	
	Balance as on Jan 01, 2015	Addition during the Year	Disposal/ Adjustment	Balance as on December, 2015		Balance as on January 1, 2015	Charge during the Year	Adjustment	Balance as on December 31, 2015		
Fixed assets											
Interior Decoration	10,272,859	120,958	-	10,393,817	10%	3,323,104	1,027,286	-	4,350,390	6,043,427	
Computer Accessories	1,203,374	-	-	1,203,374	20%	865,463	240,675	-	1,106,138	97,236	
Online Hardware	2,901,234	-	-	2,901,234	20%	1,869,513	580,247	-	2,449,760	451,474	
Motor Car	10,850,000	-	10,850,000.00	-	20%	8,246,000	1,627,500	9,873,500	-	-	
Motor Car	5,287,800	-	-	5,287,800	20%	4,018,728	1,057,560	-	5,076,288	211,512	
Furniture Fixture - Steel	162,332	147,000	-	309,332	10%	61,487	16,233	-	77,720	231,612	
Office Equipment	9,571,741	302,535	-	9,874,276	20%	6,272,166	1,914,348	-	8,186,514	1,687,762	
Computer	4,005,095	96,500	-	4,101,595	20%	2,951,864	801,019	-	3,752,883	348,712	
Furniture Fixture - Wood	2,762,447	242,707	-	3,005,154	10%	1,002,982	276,245	-	1,279,227	1,725,927	
	47,016,882	909,700	-	37,076,582		28,611,307	7,541,113	-	26,278,920	10,797,662	
Intangible Assets											
Online Software	993,554	612,894	-	1,606,448	20%	492,524	198,711	-	691,235	915,213	
	993,554	612,894	-	1,606,448		492,524			691,235	915,213	
Total	48,010,436	1,522,594	-	38,683,030		29,103,831	7,739,823	-	26,970,154	11,712,876	

AUDITOR'S REPORT
on the Financial Statements of AIBL
Capital Management Limited
For the Period ended December 31, 2015

14,888.10
9,094.00
281.47

24,212.63
1,712.40
10.00
5,241.04
5,682.04
381,948.49
2,339.93
63.50
21.14
112.92

4,860.00
392.50

5,252.50

388.33
288.30

786.63

38.33
85,144.33
5,288.75

28,212.63
11.14
11,140.00

AUDITOR'S REPORT

We have audited the accompanying Financial Statements of AIBL Capital Management Ltd. which comprise the Statement of Financial Position as at 31st December, 2015 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Company Act, 1994 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an independent 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 Management Ltd as at 31st December, 2015 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 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 by the report are in agreement with the books of account and returns.

Dhaka: 01 February, 2016



Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Statement of Financial Position As at December 31 , 2015

Particulars	Notes	31.12.2015 Taka	31.12.2014 Taka
PROPERTY & ASSETS:			
Non - Current Assets			
Property, Plant & Equipment	4.00	467,627	555,978
Current Assets:			
Cash and Bank Balance	5.00	31,107,790	25,953,444
Account Recivable	6.00	285,276,707	169,943,609
Investment	7.00	1,994,971,513	2,172,625,171
Advance Income Tax	8.00	6,274,309	5,202,308
Balance with AIBL CMSL		10,894,187	-
Total Assets		2,328,992,133	2,374,280,510
EQUITY AND LIABILITIES:			
Capital and Reserve			
Paid Up Capital	9.02	500,000,000	500,000,000
Retained Earning	10.00	(37,523,318)	(39,109,003)
Total Equity		462,476,682	460,890,997
Current Liabilities			
Borrowing form Bank (AIBL)		1,448,685,912	1,616,685,911
Accounts Payable	11.00	371,774,244	266,980,320
Provision for Taxation	19.00	9,652,074	5,447,870
Provision for Investment	20.00	36,403,221	24,275,412
Total Liabilities		1,866,515,451	1,913,389,513
Total Equity and Liabilities		2,328,992,133	2,374,280,510
NAV		9.25	9.22

The annexed notes form an integral part of these financial statements


Director


- Director


CEO

Signed to our separate report of even date.

Place : Dhaka
Date : February 01, 2016


KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Statement of Comprehensive Income For the Year ended 31 December, 2015

Particulars	Notes	31.12.2015 Taka	31.12.2014 Taka
Investment Income	12.00	115,803,492	167,669,413
Profit paid on Borrowings	13.00	(106,588,974)	(218,676,485)
Net Investment Income		9,214,518	(51,007,071)
Other Operating Income	14.00	26,596,327	36,346,404
Total operating Income (A)		35,810,846	(14,660,667)
Salary and allowances	15.00	15,293,614	14,855,135
Honorarium & Meeting Expense		176,000	222,000
Rents, Taxes, Insurance, Lighting etc.		994,564	1,035,638
Postage, Telegram, Telephone & Stamps etc	15.00	115,900	143,350
Audit fees		10,000	21,500
Stationery, Printing, Advertisement etc.	17.00	464,705	184,282
Depreciation		132,351	61,775
Other Expenses	18.00	706,014	890,505
Total operating expenses (B)		17,893,147	17,414,185
Profit/ loss before provision and Tax C = (A - B)		17,917,698	(32,074,853)
Provision for Taxation	19.01	4,204,204	-
Provision for Investment	20.00	12,127,809	14,646,891
Net Profit after Tax & Provision		1,585,685	(46,721,744)
Retained Earning Brought forward		(39,109,003)	7,612,741
Retained earning Carried forward		(37,523,318)	(39,109,003)
Earning per Share (EPS)		0.0317	(0.9344)

The annexed notes form an integral part of these financial statements


Director


- Director


CFO

Signed to our separate report of even date.

Place : Dhaka
Date : February 01, 2016


KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Statement of Changes in Equity For the year ended 31 December, 2015

Particulars	Share Capital	Retained Earning	Total
Balance as at 01 January, 2015	500,000,000	(39,109,003)	460,890,997
Net Profit for the Year	-	1,585,685	1,585,685
Balance as at 31 December , 2015	500,000,000	(37,523,318)	462,476,682

For the year ended 31 December, 2014

Particulars	Share Capital	Retained Earning	Total
Balance as at 01 January, 2014	500,000,000	7,612,741	507,612,741
Net Profit for the Year	-	(46,721,744)	(46,721,744)
Balance as at 31 December , 2014	500,000,000	(39,109,003)	460,890,997


Director


- Director


CEO

Statement of Cash flows For the Year ended 31 December, 2015

Particulars	31.12.2015 Taka	31.12.2014 Taka
Cash flows from operating activities:		
Investment income receipt in Cash	115,803,492	167,669,413
Profit paid on deposits and borrowing	(106,588,974)	(218,676,485)
Cash payments to employees	(15,293,614)	(14,855,135)
Received from other operating activities (item-wise)	26,596,327	36,346,404
Paid for other operating activities (item-wise)	(2,467,183)	(2,497,275)
Paid for Preliminary Expenses	-	-
Advance income tax paid	(1,072,001)	-
Operating profit before changes in operating assets and liabilities	16,978,048	(32,013,077)
Changing in Operating assets & liabilities		
Increase/Decrease Investment	177,653,658	256,209,677
Increase/Decrease of Accounts receivable	(115,333,098)	(110,456,402)
Increase/Decrease of Borrowing	(167,999,999)	(318,314,089)
Increase/Decrease of Accounts payable	104,793,924	220,536,483
Increase/Decrease of other assets (item-wise)	(10,894,187)	-
Cash receipt from operating activities	(11,779,702)	47,975,670
A. Net Cash from operating activities	5,198,346	15,962,592
Cash flows from investing activities:		
Purchase of property, plant and equipment	(44,000)	(321,705)
B. Net cash flows from investing activities	(44,000)	(321,705)
Cash flows from financing activities:		
Increase in Share Capital	-	-
C. Net cash flows from financing activities	-	-
D. Net increase in cash and cash equivalent (A+B+C)	5,154,346	15,640,887
E. Effects of exchange rate changes on cash and cash-equivalents	-	-
F. Net increase in cash and cash equivalent (D+E)	5,154,346	15,640,887
G. Cash & Cash Equivalents at the beginning of the year	25,953,444	10,312,557
H. Cash & Cash Equivalents at the end of the year	31,107,790	25,953,444


Director


- Director


CEO

Notes to the Financial Statements

As at and for the period ended 31st december, 2015

1.00 Significant Accounting Policies and other materials information

1.01 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.

1.02 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.

1.03 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.

2.0 Basis for preparation of financial statements:

2.01 Statement of Compliance:

The financial statements of AIBL Capital Management Limited have been prepared in accordance with the DFIM Circular no 11 dated 23rd 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.

2.02 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).

2.03 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.

2.04 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 depreciations is charged for the month of disposal. The rates of depreciation used to write off the amount of assets are as follows:

Office Equipment	20%
Computer	20%
Online Software	20%

2.05 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:

3.01 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".

3.02 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 basis.

3.03 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.

3.04 Cash & Cash Equivalent :

Cash and cash equivalents 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.

3.05 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.

3.06 General:

- a) The financial statements are presented in Bangladeshi Taka (BDT) Currency, which is the company's functional currency.
- b) Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.
- c) Figures relating to previous year have been rearranged wherever considered necessary to conform with current year's presentation.

	31.12.2015	31.12.2014
	Taka	Taka
4.00 Property,Plant & Equipment:Tk. 467,627		
Opening balance	617,753	296,048
Add: Additions	44,000	321,705
Closing balance (A)	661,753	617,753
Depreciation :		
Opening balance	61,775	-
Add: Charge for the year	132,351	61,775
Closing balance (B)	194,126	61,775
Written down value (A-B)	467,627	555,978

Details have been shown in Schedule-A

5.00 Cash at Bank:Tk.31,107,790		
AL - Arafah Islami Bank Ltd. - 3350	4,124,349	8,008,642
AL - Arafah Islami Bank Ltd. - 4796	26,983,441	17,944,802
Closing balance	31,107,790	25,953,444

6.00 Accounts Recivable:Tk. 285,276,707		
Profit on Bai-Muazzel with AIBL CMSL	277,891,802	164,388,191
Recivable from Panel Broker	18,912	305,415
Dividend Recivable	7,365,993	5,250,004
Closing balance	285,276,707	169,943,609

7.00 Investment:Tk. 1,994,971,513		
Margin Investment	5,504,559	12,181,266
Investment in Shares & Securities (Annexure-B)	593,451,184	563,817,019
Investment in Placement Share	14,988,000	14,988,000
Investment in AIBL CMSL	20,000,000	20,000,000
Investment for Quard Car	1,027,770	1,638,886
Investment in AIBL CMSL (Bi-Muazzel)	1,360,000,000	1,560,000,000
Closing balance	1,994,971,513	2,172,625,171

8.00 Advance Tax:Tk. 6,274,309		
Advance Tax 2012	1,156,941	1,156,941
Tax Paid 2013 through challan	4,045,367	4,045,367
Tax on Dividend Income	1,050,001	-
Tax on Underwriting com.	22,000	-
Tax deducted by Bank	-	-
Closing balance	6,274,309	5,202,308

9.00 Share Capital

9.01 Authorised Capital: Tk.2,000,000,000		
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

9.02 Issued, Subscribed and fully Paid-up Capital:Tk. 500,000,000

Issued, Subscribed and fully Paid-up Capital is 5,00,00,000 share of TK. 10 each.	500,000,000	500,000,000
	500,000,000	500,000,000

Share Holding Position :

Name of the Share Holder	% of Shareholdings	Amount (In Taka)	Amount (In Taka)
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
Total 100.00%		500,000,000	500,000,000

	31.12.2015 Taka	31.12.2014 Taka
10.00 Retained Earnings: TK. (37,523,318)		
Opening balance	(39,109,003)	7,612,741
Add: Net profit for the year	1,585,685	(46,721,744)
Closing balance	(37,523,318)	(39,109,003)
11.00 Accounts Payable :Tk. 371,774,244		
Vat Payable	12,600	30,704
Payable to Client	246,825	2,015,152
Profit on Borrowings	371,464,344	264,875,370
TDS for Salary	-	25,350
CDS Bill for the month of Dec'2014	-	14,784
AH Traders (for Sationary)	-	18,960
Paid to A.H. Traders for Double A paper purchase month of September 2015.	19,475	-
Debited for Bangladesh Capital Market Expo-2015 daily allowances.	12,000	-
Paid to IDEA Communication for Bangladesh Capital Market Expo-2015 Stall Banner design.	19,000	-
Closing balance	371,774,244	266,980,320
12.00 Investment Income : Tk. 115,803,492		
Profit from Cash at Bank	252,553	3,903,312
Less: Tax Deducted at source	(25,255)	(390,332)
Margin Profit Income	1,605,763	1,425,650
Service Charge Income	466,821	390,608
Profit Bai-Muazzel with AIBL CMSL	113,503,611	121,387,917
Profit from FDR with AIBL	-	40,952,259
Total	115,803,492	167,669,413
13.00 Profit paid on Bai-Muazzel with AIBL :Tk. 106,588,974		
Profit paid on Bai-Muazzel with AIBL	106,588,974	218,676,485
	106,588,974	218,676,485
14.00 Other Operating Income:Tk. 26,596,327		
Capital Gain	5,761,714	26,504,494
Dividend Income	18,140,163	9,722,477
IPO income	611.00	32.50
Income from dishonour cheque charge	-	1,000
Issue Manager Commission	1,550,000	100,000
Underwriting Commission	1,115,500	-
BO Documentation	5,000	15,500
CDBL for yearly Rebet	19,939	-
BO Maintanance, Renewal Fee	3,400	2,900
Total	26,596,327	36,346,404
15.00 Salary Allowances & Contribution to P.F. & B.F. :Tk. 15,293,614		
Salary and Allowance	12,939,119	12,780,730
Wages	135,000	-
Leave Encashment for the year 2014	-	238,395
Incentive & Festval Bonus	2,219,495	1,836,010
Total	15,293,614	14,855,135
16.00 Postage, Telegram, Telephone, Mobile & Stamps etc.:Tk 115,900		
Mobile Bill	115,900	143,350
Telephone	-	-
Stamp	-	-
Total	115,900	143,350

	31.12.2015 Taka	31.12.2014 Taka
17.00 Stationary, Printing, Advertisement etc.:Tk. 464,705		
Visiting Card & Others	-	-
Advertisement Exp.	310,535	90,695
Printing & Stationary	154,170	93,587
Total	464,705	184,282
18.00 Other Expenses :Tk. 706,014		
BMBA Membership & Annual fees Fees	100,000	150,000
Subscription, Renewal Fees	50,000	16,110
Entertainment	3,600	-
Saturday Allowance	-	37,784
Training Exp.	-	12,500
Travelling Allowance	43,100	24,160
Ttrade licence renewal Fees	20,660	-
Bank Charges & Fees	1,656	86,890
Eid Gracious	22,000	-
Petty Cash Exp.	106,792	83,298
Transfer to AIBL CML IPO Application A/C.	5,000	-
Vat Exp.	-	33,000
Newspaper, Journal & Periodicals	1,500	8,245
Internet Charge	223,200	223,200
CDBL Charge	97,170	145,144
Repair & Maintenance	6,336	-
Law Charge	20,000	-
Computer Accessories	-	59,174
Closing Allowance	5,000	11,000
Total	706,014	890,505
19.00 Provision for Tax :Tk. 9,652,074		
Opening Balance	5,447,870	5,447,870
Add: Income tax povision during the year (Note:19.01)	4,204,204	-
Total	9,652,074	5,447,870
19.01 Provision for Current Tax :Tk. 4,204,204		
Operationg income	17,917,698	(32,074,853)
Less: Gain on Sale of Securities	5,761,714	26,504,494
Less: Dividend Income	18,140,163	9,722,477
Total Business Income	(5,984,179)	4,152,118
Income Tax [@ 37.50% on estimated Business Income]	-	-
Add: Gain on Sale of Securities (10%)	576,171	-
Add: Dividend Income (20%)	3,628,033	-
-	-	-
Total	4,204,204	-
20.00 Provision for Investment : Tk. 12,127,809		
A) Provision due against un-realized loss as on 31-12-2014	73,234,455	48,142,603
B) Provision made on 31-12-2014	14,646,891	9,628,521
Provision carried forward un-realized loss (A-B)	58,587,564	38,514,082
Increase/Decrease of loss during the year	2,051,483	34,720,373
Total provision need up to current year	60,639,047	73,234,455
Provision made @ 20% during the year	12,127,809	14,646,891

Provision for investment has been made during the year Tk.12,127,809 being @ 20% of total provision needed Tk.60,639,047 up to current year according to the Bangladesh Securities and Exchange Commission (BSEC) circular no.SEC/CMRRDC/2009-193/181 on dated December 8,2015.

Schedule of Property, Plant & Equipment As at 31 December, 2015

Schedule-A

Particulars	Cost				Rate	Depreciation				Written Down Value as at 31.12.2015
	Opening Balance 01.01.2015	Addition during the Year	Disposal during the year	Balance as at 31.12.2015		Opening Balance 01.01.2015	Charged for the year	Adjustment during the year	Balance as at 31.12.2015	
Office Equipment	112,205	-	-	112,205	20%	11,221	22,441	-	33,662	78,544
Computer	258,048	44,000	-	302,048	20%	25,805	60,410	-	86,214	215,834
MB Operating Software	247,500	-	-	247,500	20%	24,750	49,500	-	74,250	173,250
Balance at 31.12.2015	617,753	44,000	-	661,753		61,775	132,351	-	194,126	467,627

Schedule of Investment in Shares & Securities As at 31 December, 2015

Annexure- B

SL. No.	Name of Company	No. of Shares	Amount (at cost)	Market Rate	Market Amount
1	AGNISYSL*	348,817	7,918,154.26	21.40	7,464,691.68
2	BATASHOE*	2,300	2,888,174.85	1,317.70	3,030,102.39
3	BATBC*	3,908	11,711,007.37	2,950.50	11,530,554.00
4	BDCOM*	549,699	13,377,402.37	22.60	12,423,197.40
5	BDTHAI*	48,510	1,711,377.33	34.10	1,654,191.00
6	DESCO*	650,202	37,711,711.74	51.80	33,680,459.80
7	FAREASTLIF*	738,272	59,800,016.83	62.50	46,141,990.45
8	IDLC*	200,000	12,890,050.77	63.60	12,720,000.00
9	JAMUNAOIL*	521,954	89,254,154.51	157.10	81,998,992.24
10	MPETROLEUM*	31,810	6,698,006.70	152.60	4,854,206.00
11	PADMAOIL*	181,115	36,585,230.96	184.20	33,361,383.88
12	SQUARETEXT*	185,850	15,802,981.42	75.50	14,031,675.00
13	SUMITPOWER*	159,931	6,679,346.02	39.70	6,349,260.70
14	ISLAMIINS*	313,366	6,393,776.12	16.10	5,045,192.60
15	GP*	226,075	59,231,726.10	253.00	57,197,048.49
16	KPCL*	131,110	11,087,062.90	74.90	9,820,139.00
17	RAKCERAMIC*	100,000	6,969,000.00	66.90	6,690,000.00
18	MJLBD*	155,362	17,391,034.36	94.30	14,650,636.60
19	GPHISPAT*	149,280	8,092,062.04	41.10	6,135,408.00
20	GBBPOWER*	1,665,210	27,076,317.35	16.20	26,976,404.74
21	GENNEXT*	725,937	13,024,908.00	8.80	6,388,245.60
22	SPPCL*	372,020	24,498,661.02	55.20	20,535,504.00
23	ORIONPHARM*	739,657	31,065,594.14	36.80	27,219,377.72
24	MHSML*	479,610	12,949,462.50	23.00	11,031,023.61
25	ATLASBANG	2,077	286,849.56	161.40	335,227.80
26	BSC	17,585	10,186,912.29	332.40	5,845,254.00
27	ICB	247,477	36,354,536.20	106.90	26,455,291.30
28	PHARMAID	18,782	5,424,828.78	231.60	4,349,911.20
29	USMANIAGL	29,544	3,760,457.31	96.40	2,848,041.60
30	BSCCL	32,000	3,638,295.55	108.10	3,459,200.00
31	ICBAMCLC1U	1,303,050	12,992,084.50	10.70	13,942,635.00
	Total		593,451,184		518,165,245.80

AUDITOR'S REPORT

on the Financial Statements of
Millennium Information Solution Limited
For the Year ended December 31, 2015



REPORT OF THE AUDITORS'

We have audited the accompanying financial statements of MILLENNIUM INFORMATION SOLUTION LIMITED, which comprise the Statement of Financial Position as at December 31, 2015 and the Statement of Comprehensive Income, Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial statements of the Company in accordance with the Bangladesh Financial Reporting Standards (BFRS), the Companies Act, 1994 and other applicable laws and regulations and for such internal control as management determines as necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 the 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 Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs as of December 31, 2015 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

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 accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the Statement of Financial Position and the Statement of Comprehensive Income dealt with the report are in agreement with the books of accounts.


Ahsan Zamir FCA

Partner

Ahsan Zamir & Co.

Chartered Accountants

Dated: Dhaka

February 9, 2016

Statement of Financial Position As of December 31, 2015

Particulars	Notes & Schedule	31.12.2015 Taka	31.12.2014 Taka
A. Non Current Assets (i+ii)		116,865,932	100,495,526
i. Property, plant & Equipment		9,802,880	3,778,326
Assets cost less Accumulated depreciation	SCH-A 4.00	9,802,880	3,778,326
ii. Intangible assets		107,063,052	96,717,200
Deferred expenses	5.00	1,649,602	1,946,278
Software development expenses	6.00	105,413,450	94,770,922
B. Current assets		167,194,516	30,417,729
Advance, Deposit & Pre-payments	7.00	3,143,920	1,446,026
Accounts receivable	SCH-B 8.00	31,266,455	26,210,223
Investments	9.00	130,271,655	-
Cash & Cash equivalent	10.00	2,512,487	2,761,480
TOTAL ASSETS [A+B]		284,060,448	130,913,255
Financed by:			
C. Authorized capital			
2,00,00,000 ordinary shares @ Tk. 10 each		200,000,000	200,000,000
D. Issued, subscribed & paid up capital			
1,83,71,261 ordinary shares @ Tk. 10 each	11.00	183,712,610	90,019,180
E. Reserve surpluses Earnings		89,605,132	23,854,536
General Reserve		-	-
Share Premium		56,306,570	-
Others Reserve		-	75,856
Retained Earnings		33,298,562	23,778,680
F. Current liabilities		10,742,706	17,039,539
Accounts Payable	SCH-C 12.00	9,231,892	13,341,388
Advance against revenue	13.00	100,000	200,000
Dividend Payable	14.00	-	697,412
Loan from directors	15.00	-	294,498
Loan from Bank	16.00	-	2,500,000
Provision for Income Tax	17.00	1,410,814	6,241
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES [D+E+F] :		284,060,448	130,913,255
Number of Shares		18,371,261	9,001,918
Net Assets Value per share		14.88	12.64

The accompanying notes form an integral part of this Financial Statements.


Director


-Director


Managing Director

This is the Statement of Financial Position referred to in our separate report of even date

Place : Dhaka
Date : February 01, 2016


Ahsan Zamir FCA
Partner
Ahsan Zamir & Co.
Chartered Accountants

Statement of Financial Position As of December 31, 2015

Particulars	Notes & Schedule	31.12.2015 Taka	31.12.2014 Taka
Revenue	18.00	50,883,299	45,640,545
Less : Production expenses	19.00	25,681,420	18,619,246
Gross Profit/Loss		25,201,879	27,021,299
Less : Operating expenses		18,082,724	12,457,990
Direct, administration and general expenses	20.00	13,509,379	9,059,377
Sales and market development expenses	21.00	4,573,345	3,398,613
Operating Profit/(Loss)		7,119,155	14,563,309
Add: Other Income	22.00	4,030,897	17,832
Net Income/Loss before Financial Expenses		11,150,052	14,581,141
Less : Financial expenses	23.00	219,356	63,613
Net Income/Loss after Financial Expenses		10,930,696	14,517,528
Less: Income Tax		1,410,814	6,241
Net Income/Loss after Tax		9,519,882	14,511,287
Number of Shares		18,371,261	9,001,918
Earning Per Share (EPS)		0.52	1.61

The accompanying notes form an integral part of this Financial Statements.



Director


-Director


Managing Director

This is the Statement of Financial Position referred to in our separate report of even date

Place : Dhaka
Date : February 01, 2016


Ahsan Zamir FCA
Partner
Ahsan Zamir & Co.
Chartered Accountants

Statement of Changes in Equity For the year ended December 31, 2015

Particular	Share capital	Retained earnings	Share Premium	General Reserve	Total equity
	Taka	Taka	Taka	Taka	Taka
Balance at 1 January 2014	19,633,410	63,616,346	-	15,902,431	99,152,187
Changes in accounting policy	-	-	-	-	-
Prior year Adjustment	-	134,386	-	-	134,386
Restated balance	19,633,410	63,750,732	-	15,902,431	99,286,573
Changes in equity for the year 2014					
Issue of shares (Bonus)	70,385,770	-	-	-	70,385,770
Stock Dividends	-	(54,483,339)	-	(15,902,431)	(70,385,770)
Income for the year	-	14,511,287	-	-	14,511,287
General Reserve	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Balance as at December 31, 2014	90,019,180	23,778,680	-	-	113,797,860
Changes in equity for the year 2015					
Issue of shares	93,693,430	-	56,306,570	-	150,000,000
Dividends	-	-	-	-	-
Income for the period	-	9,519,882	-	-	9,519,882
General Reserve	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Balance as at December 31, 2015	183,712,610	33,298,562	56,306,570	-	273,317,742

The accompanying notes form an integral part of this Financial Statements.



Director


- Director


Managing Director

This is the Statement of Financial Position referred to in our separate report of even date

Place : Dhaka
Date : February 01, 2016


Ahsan Zamir FCA
Partner
Ahsan Zamir & Co.
Chartered Accountants

Statement of Cash Flows For the year ended December 31, 2015

	31.12.2015 Taka	31.12.2014 Taka
A. Cash flows from operating activities		
Net Income	9,519,882	14,511,287
Adjustments to reconcile Net Income to cash provided by operating activities:		
Depreciation expense	704,588	544,419
Amortization expense	5,644,356	5,030,517
Loss on disposal of fixed assets	21,000	
Increase in Advance, Deposit & Pre-payments	(1,697,894)	2,481,224
Increase in Accounts Receivable	(5,056,232)	(13,537,678)
Decrease in Other Reserve	(75,856)	-
Decrease in Accounts Payable	(4,109,496)	2,348,676
Decrease in Advance against revenue	(100,000)	100,000
Prior year adjustment	-	134,386
Increase in Income Tax Payable	1,404,573	6,241
Net Cash provided by operating activities	6,254,921	11,619,072
B. Cash flow from investing activities:		
Purchase of fixed assets	(6,762,642)	(317,391)
Sales of old assets	12,500	-
Investment in MTDR	(91,413,619)	3,113,827
Investment in Share Market	(38,858,036)	-
Investment in Software development expenses	(15,088,258)	(11,824,392)
Deferred expenses	(901,950)	-
Net Cash used by investing activities	(153,012,004)	(9,027,957)
C. Cash flow from financing activities		
Loan from directors	(294,498)	(85,503)
Bank Loan	(2,500,000)	(810,123)
Dividend payable	(697,412)	(180,228)
Proceeds from Issue of equity shares	150,000,000	-
Cash provided by financing activities	146,508,090	(1,075,854)
D. Cash generated for the year (A + B + C)	(248,993)	1,515,262
E. Cash and cash equivalent at the beginning of the year	2,761,480	1,246,219
F. Cash and cash equivalent at the end of the year (D+E)	2,512,487	2,761,480

The accompanying notes form an integral part of this Financial Statements.



Director


-Director


Managing Director

This is the Statement of Financial Position referred to in our separate report of even date

Place : Dhaka
Date : February 01, 2016


Ahsan Zamir FCA
Partner
Ahsan Zamir & Co.
Chartered Accountants

Statement of Cash Flows For the year ended December 31, 2015

	31.12.2015 Taka	31.12.2014 Taka
4.00 Fixed Assets :		
This is arrived at as under:		
Balance as on January 01, 2015	8,330,961	8,013,570
Add: Addition during the year	6,762,642	317,391
	15,093,603	8,330,961
Less: Adjustment during the year	585,050	-
	14,508,553	8,330,961
Less: Accumulated Depreciation	4,705,673	4,552,635
Balance as on December 31, 2015	9,802,880	3,778,326
[Fixed Assets Details Shown in Schedule - A]		
5.00 Deferred expenses : Tk.		
This balance consists of as follows :		
5.01 Trade Marks Registration Expense	750	1,500
5.02 Marketing & Promoting Exp-Ababil	1,648,852	1,944,778
	1,649,602	1,946,278
5.01 Trade Marks Registration Expense: Tk.		
This balance consists of as follows :		
Balance as on January 01, 2015	1,500	2,250
Add : Addition during the year	-	-
	1,500	2,250
Less : Amortization during the year: 25% on Tk. 3,000/-	750	750
Balance as on December 31, 2015	750	1,500
5.02 Marketing & Promoting Exp-Ababil: Tk. 1944778		
This balance consists of as follows :		
Balance as on January 01, 2015	1,944,778	2,917,166
Add : Addition during the year [Mkt commi of ABABIL Sales to UBL]	901,950	-
	2,846,728	2,917,166
Less : Amortization during the year: 25% on Tk. 47,91,504/-	1,197,876	972,388
Balance as on December 31, 2015	1,648,852	1,944,778
6.00 Software development expenses : Tk.		
This balance consists of as follows :		
6.01 Ababil (Online Islamic Banking)	97,221,088	87,773,434
6.02 Mobile Banking Solution	5,856,320	5,856,320
6.03 Sylvia HRM Solution	2,336,042	1,141,168
	105,413,450	94,770,922
6.01 Software development expenses- 'Ababil' : Tk.		
This balance consists of as follows :		
Ababil (Online Islamic Banking)		
Balance as on January 01, 2015	87,773,434	81,147,589
*Add : Addition during the year	13,836,325	10,683,224
	101,609,759	91,830,813
Less: Amortization during the year @5 % on opening balance	4,388,672	4,057,379
Balance as on December 31, 2015	97,221,088	87,773,434
*Addition Software development expenses- 'Ababil' : Tk.		
Salaries and Allowances for Ababil Development	13,836,325	10,683,224
	13,836,325	10,683,224

Statement of Cash Flows For the year ended December 31, 2015

	31.12.2015 Taka	31.12.2014 Taka
6.02 Software development expenses-'Mobile Banking' : Tk.		
This balance consists of as follows :		
Mobile Banking Solution		
Balance as on January 01, 2015	5,856,320	5,856,320
Add : Addition during the year	-	-
Balance as on December 31, 2015	5,856,320	5,856,320
6.03 Software development expenses-'HRMS Sylvia' : Tk.		
This balance consists of as follows :		
Sylvia HRM Solution		
Balance as on January 01, 2015	1,141,168	-
*Add : Addition during the year	1,251,932	1,141,168
	2,393,100	1,141,168
Less: Amortization during the year @5 % on opening balance	57,058.40	
Balance as on December 31, 2015	2,336,042	1,141,168
*Addition Software development expenses- ' HRMS Sylvia' : Tk.		
Add : Salary & Allowance for HRMS Sylvia Development)	1,251,932	1,141,168
	1,251,932	10,683,224
7.00 Advance, Deposit & Pre-payments: Tk.		
This balance consists of as follows :		
Balance as on January 01, 2015	1,446,026	3,927,250
Addition for the year	2,623,488	8,718
	4,069,514	3,935,968
Less: Adjustment for the year	925,594	2,489,942
Balance as on December 31, 2015	3,143,920	1,446,026
Break-up:		
Income tax Paid at sources	-	640,913
Income Tax Paid at Source-MTDR/FDR	352,411	683
Income Tax Paid at Source-on AIBL SND AC#5406	54,465	-
Decoration Exp Receivable from High-tech Park	-	45,460
Advance to High Teck Park for Office Rent	580,734	
Advance to Fourth Dimension for Office Decoration	-	20,000
Advance for ISO Certificate	92,750.00	-
Advance to BD COM Online LTD	1,035	1,035
Security deposit to DGDP for enlistment	50,000	50,000
Security deposit to DGDP against BAF works	84,500	84,500
Security deposit to Spectrum Eng.(For CID)	5,000	5,000
Security Deposit to BASIC Bank Ltd	36,339	-
Security Deposit for BG/PG/APG (From AIBL)	1,296,450	-
Security Deposit to Prime Bank Ltd	51,022	-
Deposit for International Roaming for CEO Mobile	20,000	20,000
TDR for B.G. as rental security of Grameen Bank Bhaban	161,376	161,376
** Short Term Loan to Directors & Shareholders	197,838	410,059
Loan Paid to Mr. Shahin	-	5,000
Loan paid to Abu Sayed	-	2,000
Loan paid to Kaysar Ahmed	80,000	-
Loan paid to Shaikh Ahmed Farooqui	80,000	-
	3,143,920	1,446,026

Statement of Cash Flows For the year ended December 31, 2015

					31.12.2015 Taka	31.12.2014 Taka
** Short Term Loan to Directors & Shareholders						
Sl. No.	Particulars	Opening	Addition	Adjustment	Dec. 31, 2015	Dec. 31, 2014
1	Fokhruz Zaman	212,221	-	212,221	-	212,221
2	Bengal Venture Capitals	175,856	-	-	175,856	175,856
3	Asian Tiger Capital	21,982	-	-	21,982	21,982
		410,059	-	212,221	197,838	410,059
8.00 Accounts receivable : Tk.						
This balance consists of as follows :						
Balance as on January 01, 2015					26,210,223	12,672,545
Addition During the year					43,970,210	45,737,531
					70,180,433	58,410,076
Less: Adjustment during the year					38,913,978	32,199,853
Balance as on December 31, 2015					31,266,455	26,210,223
[Accounts receivable Details Shown in Schedule - B]						
9.00 Investments						
This balance consists of as follows :						
Investment in FDR/MTDR Tk.					91,413,619	
Investment in shares					38,858,036	-
Balance as on December 31, 2015					130,271,655	-
9.01 Investment in FDR/MTDR Tk.						
This balance consists of as follows :						
Balance as on January 01, 2015					-	3,113,827
Add: Investment during the year					140,000,000.00	-
Add: Net Profit for the year					3,479,109.80	6,824
					143,479,109.80	3,120,651
Less: Income Tax deduct at source					352,410.98	-
Less: Adjustment during the year					51,713,080.32	3,120,651
Balance as on December 31, 2015					91,413,618.50	-
9.02 Investment in shares						
This balance consists of as follows :						
Balance as on January 01, 2015					-	-
Add: New share purchased during the year					46,514,785.04	-
Add: Profit for the year					6,368.09	-
					46,521,153.13	-
Less: Adjustment during the year					7,663,116.87	-
Balance as on December 31, 2015					38,858,036.26	-
DESCO					7,165,650.00	
EMERALDOIL					0.00	
PRIME LIFE					0.00	
SQRPHARMA					17,715,025.15	
ACTIVEFINE					0.00	
BSCCL					590,397.80	
SAPORTL					0.00	
PHARMAID					3,939,300.61	
SIBL					3,366,750.00	
SHASHADNIM					6,080,912.70	
					38,858,036.26	-

Statement of Cash Flows For the year ended December 31, 2015

	31.12.2015 Taka	31.12.2014 Taka
10.00 Cash & bank balance: Tk. 2761480		
This balance consists of as follows :		
Cash in hand (Note - 10.01)	160,430	198,737
Cash at bank & other (Note - 10.02)	2,352,057	2,562,743
	2,512,487	2,761,480
10.01 Cash in hand : Tk. 198737		
Local currency in BDT	155,184.00	100,761
Foreign Currency (Converted into BDT)	5,246.00	97,976
	160,430	198,737
10.02 Cash at bank and other institute: Tk. 2562743		
Bank Name & Branch	A/C No.	
Al-Arafah, Mirpur Br.	021 102 13802 7	-
Al-Arafah, Motijheel Br.	SND-0021220005406	4,045
IBBL, Dhanmondi Br.	SND-45/11	-
IBBL Local office	CA- 892716	840
MTBL, Dhanmondi Br.	210000107	-
DBBL, For Exc Br., Motijheel	105-110-18205	3,018
SIBL For Ex. Branch Motijheel	018.133.11673	-
AIBL Capital Market Services Ltd.	BOID: 1204290059327175	1,598
	1,148,831.83	-
	2,352,056.65	2,562,743
11.00 Issued, subscribed & paid up capital : Tk.		
This balance is made up as follows :		
Mr. Mahmud Hossain (1,519,070 Ordinary shares @ of Tk. 10 each)	15,190,700	15,190,700
Mr. Fokhruz Zaman (1,519,070 Ordinary shares @ of Tk. 10 each)	15,190,700	15,190,700
Mr. Md. Iftear Zahid (1,012,716 Ordinary shares @ of Tk. 10 each)	10,127,160	10,127,160
Mr. Didarul Islam Chowdhury (506,358 Ordinary shares @ of Tk. 10 each)	5,063,580	5,063,580
Mr. Saiful Alam (506,358 Ordinary shares @ of Tk. 10 each)	5,063,580	5,063,580
Mr. Syed Azmal Hossain (843,938 Ordinary shares @ of Tk. 10 each)	8,439,380	8,439,380
Mr. Anir Chowdhury (843,938 Ordinary shares @ of Tk. 10 each)	8,439,380	8,439,380
Bengal Venture Capitals (2,000,470 Ordinary shares @ of Tk. 10 each)	20,004,700	20,004,700
Asian Tiger Capital Partners (250,000 Ordinary shares @ of Tk. 10 each)	2,500,000	2,500,000
Investments Ltd		
Al-Arafah Islami Bank Limited (9,369,343 Ordinary shares @ of Tk. 10 each)	93,693,430	-
	183,712,610	90,019,180
12.00 Accounts Payable: Tk.		
This balance consists of as follows :		
Balance as on January 01, 2015	13,341,388	10,992,712
Add : Addition during the year	46,539,721	32,113,086
	59,881,109	43,105,798
Less : Adjustment during the year	50,649,217	29,764,410
Balance as on December 31, 2015	9,231,892	13,341,388
[Schedule-C for details]		

Statement of Cash Flows For the year ended December 31, 2015

	31.12.2015 Taka	31.12.2014 Taka
13.00 Advance against sales:Tk.		
This balance consists of as follows :		
Balance as on January 01, 2015	200,000	100,000
Add : Addition during the year	7,852,186.00	100,000
	8,052,186	200,000
Less : Adjustment during the year	7,952,186.00	-
Balance as on December 31, 2015	100,000	200,000
The break up is as follows :		
Al-Arafah Islami Bank-Ababil -Support	-	-
Advance from Ahmed Mashuque & Co.	-	100,000
Advance from BHEET IT	100,000	100,000
	100,000	200,000
14.00 Dividend Payable		
This balance consists of as follows :		
Balance as on January 01, 2015	697,412	877,640
Add : Addition during the year	-	-
	697,412	877,640
Less : Adjustment during the year	697,412	180,228
Balance as on December 31, 2015	-	697,412
15.00 Loan from directors : Tk. 294,498		
This balance consists of as follows :		
Balance as on January 01, 2015	294,498	380,001
Add : Receive during the year	-	850,000
	294,498	1,230,001
Less : Refund during the year	294,498	935,503
Balance as on December 31, 2015	-	294,498
16.00 Loan from Bank : Tk.		
Balance as on January 01, 2015	2,500,000	-
Add. Loan received	6,565,000	2,500,000
Add. Profit charged by bank	98,310	-
	9,163,310	2,500,000
Less: Loan refund	9,163,310	-
Balance as on December 31, 2015	-	2,500,000
17.00 Provision for Income Tax: Tk		
This balance consists of as follows :		
Balance as on January 01, 2015	6,241	-
Add : Provision made during the year	1,410,814	359,908
	1,417,055	359,908
Less: Advance Income Tax	683	-
Less : Income Tax paid during the year	5,558	353,667
Balance as on December 31, 2015	1,410,814	6,241
18.00 Revenue :		
This balance consists of as follows :		
Domestic software sales [Note 20.01]	29,686,825	28,480,238
Domestic software support [Note-20.02]	21,196,474	17,160,307
Total Income:	50,883,299	45,640,545

Statement of Cash Flows For the year ended December 31, 2015

	31.12.2015 Taka	31.12.2014 Taka
18.01 Income from Software Development:		
This balance consists of as follows :		
Al-Arafah Islami Bank Ltd	13,623,716	3,805,442
Social Islami Bank Ltd	7,162,500	6,610,475
The City Bank Ltd.	1,130,000	375,000
EXIM Bank Limited	3,636,364	-
AB Bank Ltd.	-	2,326,981
Sonali Polaris -Rupali Bank Project	-	13,240,642
Union Bank Limited	1,337,320	-
Islamic Finance and Investment Limited	1,400,000	-
ICB Islamic Bank	329,175	-
IFIC Bank Ltd.	697,750	-
Agrani Bank Ltd.	-	120,000
Lafarge Surma Cement Ltd.	-	2,001,698
AMZ Uddipon	50,000	-
Ahmed Mashuque & Co	320,000	-
	29,686,825	28,480,238
18.02 Income from Domestic software support		
This balance consists of as follows :		
Al-Arafah Islami Bank Ltd.	7,852,186	7,225,913
Social Islami Bank Ltd.	5,206,220	4,348,125
Union Bank Ltd.	2,730,300	860,401
The City Bank Ltd.	1,299,000	1,348,500
Lafarge Surma Cement Ltd.	1,547,215	1,200,000
AB Bank Ltd.	1,451,553	1,166,500
Agrani Bank Ltd.	480,000	410,868
Hajj Finance Co.	630,000	600,000
	21,196,474	17,160,307
19.00 Production expenses : Tk.		
This balance consists of as follows :		
Directors' Remuneration and allowance	1,267,333	1,009,810
Salaries and Allowances to Production Officers	17,497,654	11,104,065
Wages for Part Time Work	103,000	-
Oracle Software Expense	227,784	1,299,480
Travelling & Daily Allowance	391,567	40,925
Offday & Overtime Allowance	115,402	13,400
Leave Encashment Allowances	406,877	89,993
Stationery	-	250
Computer Accessories	7,130	7,990
Conveyance Production	46,723	15,649
Entertainment-Production	7,459	21,195
Lunch Expense	322,256	244,440
Training Expenses	10,000	6,439
Production Staff Refreshment	104,608	67,321
Mobile Allowance	115,520	121,900
VAT deduction on Software Sales	55,563	81,529
VAT deduction on Software Support	128,775	75,437
Internet Expense	169,276	166,271
Software Support Allowance	-	1,000
Repairs and Maintenance of Office Equipments	-	13,300
Repairs and Maintenance of Computer Accessories	22,900	-
Repairs and Maintenance of Power Supply & Electrical Equipment	1,000	-
Amortization of Software Development Exp	4,445,730	4,057,379
Depreciation Exp.	234,863	181,473
	25,651,420	18,619,246

Statement of Cash Flows For the year ended December 31, 2015

	31.12.2015 Taka	31.12.2014 Taka
20.00 Direct, administration and general expenses : Tk.		
This balance consists of as follows :		
Directors' Remuneration and allowance	1,267,333	1,009,810
Salaries and Allowances Admin	3,482,822	2,431,647
Leave Encashment	12,467	-
Wages for Part Time Work	80,000	-
Contribution to Provident Fund	1,023,761	-
Stationeries & Photocopy	212,434	74,092
Printing	46,870	3,300
Office Maintenance Expenses	57,244	41,722
Computer Accessories	115,050	24,256
Conveyance	41,526	31,490
Lunch Expense	21,575	8,625
Entertainment	95,864	162,523
Business Promotion Expense	141,075	775,000
Office Staff Refreshment	187,903	175,022
Telephone, Mobile, Telex & Fax Expenses	262,023	113,358
Electricity Bill	407,368	
Internet Expenses	13,420	12,175
Vehicle Maintenance	414,789	315,365
Postage & Courier Expenses	2,705	7,470
Audit, Consultancy & Legal Expenses	1,941,750	123,125
Fees, Forms, Registration & Renewals	423,464	460,131
Medicine as First AID	-	15
Advertisement Expense	12,750	9,930
Cleaning & Washing Expense	20,375	43,886
Office Rent	1,800,000	2,448,000
Service Charge (Office Rent)	-	360,000
Vehicle Rent	-	130,000
Repair & Maintenance	51,160	36,404
Newspaper & Periodicals	4,350	3,480
Stamp & Notary expense	5,910	1,868
Meeting/Conference and Seminar Expenses	262,230	22,800
Miscellaneous Expenses	696,664	40,610
Bad debts Expenses	30,000	10,500
Discount allowed to customer	198,135	-
Accidental & other Losses	500	1,300
Loss on disposal of fixed assets	21,000	-
Depreciation exp	234,863	181,473
	13,509,379	9,059,377
21.00 Sales and market development expenses : Tk.		
This balance consists of as follows :		
Directors' Remuneration and allowance	1,267,333	1,009,810
Salaries and Allowances to Marketing Executives	1,622,667	749,465
Conveyance-Marketing	18,604	10,780
Lunch Expense	4,485	3,835
Entertainment-Marketing	-	1,850
Travelling & Daily Allowance	-	240,932
Courier Expenses	-	21,592
Advertisement Expense	57,250	15,000
Bid Document Purchase Expenses	22,000	190,738
Marketing commission	147,517	-
Depreciation Exp.	234,863	181,473
Amortization of Marketing and Promoting Exp	1,198,626	973,138
	4,573,345	3,398,613

Statement of Cash Flows For the year ended December 31, 2015

	31.12.2015 Taka	31.12.2014 Taka
22.00 Income from other sources:		
Income (Profit) From SND Account	544,649	-
Income (Profit) From MTDR	3,479,110	6,824
Income From Training	-	11,008
Income from Share Trading	6,368	
Sale of old Scrap	770	-
	<u>4,030,897</u>	<u>17,832</u>
23.00 Financial Expenses : Tk. 63613		
This balance consists of as follows :		
Bank Charges -Quard	-	1,000
Credit Cards Charge	28,096	14,582
Bank Charge for Bi-Muajjal Loan	98,310	-
Bank Charges	92,450	47,609
BO Account Charges	500	
Loss on Fluctuation of Foreign Currency Transaction	-	422
	<u>219,355.60</u>	<u>63,613</u>

Property, Plant & Equipment As of December 30, 2015

Schedule - A

Particulars	Cost			Rate of Dep. (%)	Depreciation			Written down Value as on 30.09.2015	
	Balance as on 01.01.2015	Addition during the year	Adjustment during the year		Balance as on 30.09.2015	Addition during the year	Adjustment during the year		Balance as on 30.09.2015
Power supply & electric equipment	295,750	32,000	19,250	15%	218,481	13,503	15,750.00	216,234	92,266
Motor vehicle	2,230,863	5,477,707	-	10%	768,800	283,148.98	-	1,051,949	6,656,621
Computer & accessories	4,488,666	964,797	565,800	15%	2,861,274	303,958	535,800.00	2,629,432	2,258,231
Furniture & Fixture	461,197	209,888	-	10%	80,613	59,047	-	139,660	531,425
Office decoration, partitions	18,000	-	-	10%	2,610	1,539	-	4,149	13,851
Office Equipments	747,734	78,250	-	15%	555,977	40,501	-	596,478	229,506
Cookers and cutlery	19,992	-	-	10%	6,182	1,381	-	7,563	12,429
Books & yearicals	68,759	-	-	15%	58,698	1,509	-	60,207	8,552
Total	8,330,961	6,762,642	585,050		4,552,635	704,587.58	551,550	4,705,673	9,802,880

Note:

01) Depreciation have been charged on reducing balance over the useful life.

Allocation of depreciation

Production department	234862.53
Administration department	234862.53
Marketing department	234862.53
	<u>704,587.58</u>

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 Jatrabari, 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

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, BIDD Road, Gazipur
926-1102, 926-1140, 01811-448051

Hemayetpur Branch

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

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

BRANCHES OF AIBL

South Jatrabari Branch

314/A South Jatrabari, Dhaka
7545161, 7544840, 01752-016968

Abdullahpur SME Branch

Minnat Plaza, Abdullahpur Bazar, Abdullahpur,
Keranigonj, Dhaka
131101713-810082

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

Jailkhanar 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.

Mohakhali Branch

Arzed Chember13 Mohakhali C/A, Dhaka.
985 22 43, 985 22 59, 017 32 20 10 03

Tongi Branch

Holding # 8, Charag Ali Market, Tongi, Gazipur
017 11 64 23 56

MYMENSINGH DIVISION

Mymensingh Branch

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

Netrakona Branch

274, Choto Bazar, Netrakona.
0951-615 48, 0951-615 49, 017 77 75 48 49

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

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

BRANCHES OF AIBL

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. Baria
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

Ctg108, Station Road, Chittagong
031-632812-3, 01811418211

Hajigonj Branch

Hajigonj Tower, 762 Hajigonj, Chandpur
0842-475145-6, 01834-838435

Kutibazar Branch

Kutibazar, Kasba, B. Baria
01730-970400

Halishahar Branch

Holding: 1655, Port Connecting Road
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

Ashugonj Branch

Ashugonj Bazar, Ashugonj, Brahmanbaria.
018 19 43 29 28

Azadi Bazar Branch

Masjid Market, Azadi Bazar, Fatikchhari, Chittagong
016 29 40 89 98

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

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

BRANCHES OF AIBL

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

Jhaudanga Branch

Jaman Market, Jhaudanga Bazar, Satkhira
016 70 29 58 01

BARISHAL DIVISION

Barisal Branch

442, Hemayetuddin Road, Barishal
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 Patti, 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

Banaripara Branch

Haji Sobhan Market, Falpatti Road, Banaripara, Barisal
0433-25 62 90 (D), 0433-25 62 91, 017 15 63 29 60

Borguna Branch

Holding # 0075, Sadar Road, Borguna.
017 27 42 19 43, 044 85 13 39-40

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

Chapainawabganj Branch

Teacher's Plaza (1st Floor), 42/14, Baten Khar More,
Chapainawabganj Sadar, Chapainawabganj
0781-515 45 (D), 0781-515 46, 017 28 50 40 26

Sherpur Branch

Dhumat More, Sherpur, Bogra.
05 02 97 71 85-6, 017 28 33 03 31

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

