

Annual Report 2018



আল-আরাফাহ
ইসলামী ব্যাংক লিমিটেড
العرفة اسلامى بنك لميتيد
Al-Arafah Islami Bank Limited

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Al Arafah
Islami Bank Limited



Allah has permitted
trading and
forbidden (Riba) usury.

Surah 2 Al-Bakara-275

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Qur'anic

Verses on Interest

I am seeking refuge in Allah from Shaitan, the outcast (the cursed one).

In the Name of Allah, the Most Gracious, the Most Merciful.

“Those who consume interest cannot stand (on the Day of Resurrection) except as one stands who is being beaten by Shaitan into insanity. That is because they say, ‘Trade is just like interest’ whereas Allah has permitted Trading and has forbidden (Riba) Usury. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah. But whoever returns to (dealing in interest) those are the companions of the Fire; they will abide eternally therein”. (Surah 2 Al-Bakara : 275)

“O you who believe! Be afraid of Allah and give up what remains (due to you) from (Riba) Usury, if you are (really) believers. If you do not do it, then take a notice of war from Allah and His Messenger (Rasul)”. (Surah 2 Al-Bakara : 278-279)

- “Jabir bin Abdullah (R) said that Rasul (Allah’s Messenger) (S) cursed the acceptor of (Riba) Usury and its payer, and the one who records it, and the witness; and he said They are all equal. (Sahih 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. (Sahih Al-Bukhari, Sahih Muslim and Sunan 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’. (Sahih Al-Bukhari)

Hadith on Interest ▼

Opinion

of other Religions and Great Men on Interest

- Interest has been banned in the two books of Hazrat Musa (A.), which are considered as the scriptures of Jews. The 22nd line of Exodus goes as saying, 'If you lend money to a poor man, don't become money lenders and don't realize interest from him.'
- Similarly in 23rd line of ancient scripture of the Jews entitled "Deuteronomy" states, 'You don't lend money to your brother for interest -i.e interest on money, interest on foodstuff and interest on anything lent.'
- Hebrewism is known as Mosaic or Judaism. Mosaic laws or commands of Musa are the basis of Hebrewism. Interest was totally prohibited in Mosaic law. This rule was exclusively practiced by the Jews. In this ideology, there are clear directions on interest as other aspects of economics. In Hinduism, usury business was restricted within the 'Baithayas'.
- One Jew couldn't take interest by lending money from another. But, taking interest was in practice by lending money to the people of other religions.
- Some writers quoted from the book, 'Talmud' that the Hebrew prophets forbade interest not only from Jews but from all. (Eric Roll, A history of Economic Thought: Page 48)
- Interest was prohibited from the beginning of the Christianity to the advent of the Reform Movement and from the Church under pope in Rome to the division of other Churches, Christ said, 'Lend hoping for nothing again.' (Luke VI 35, Hanley: History of Economic Thought 1964, Page 101)

Chairman

Alhajj Abdus Samad Labu

Vice Chairman

Alhajj Abdus Salam

Member

Hafez Alhajj Md. Enayet Ullah

Alhajj Salim Rahman

Alhajj Md. Liakat Ali Chowdhury

Md. Amir Uddin PPM

Alhajj Nazmul Ahsan Khaled

Alhajj Abdul Malek Mollah

Alhajj Md. Harun-ar-Rashid Khan

Alhajj Md. Anowar Hossain

Alhajj Badiur Rahman

Alhajj Engr. Kh. Mesbahuddin Ahmed

Alhajj Ahamedul Haque

Alhajj Abu Naser Mohammad Yeahea

Alhajj Niaz Ahmed

Alhajj Mohammed Emadur Rahman

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

Alhajj Anwar Hossain (Alternative Director of Alhajj Mohammed Haroon)

Khalid Rahim FCA

Alhajj M. Kamaluddin Chowdhury

Ex Officio Director

Managing Director

Farman R. Chowdhury

Company Secretary

Md. Mahmudur Rahman

Board of Directors

Board of Directors

Executive Committee (EC)

Chairman

Hafez Alhaji Md. Enayet Ullah

Vice Chairman

Alhaji Salim Rahman

Member

Alhaji Nazmul Ahsan Khaled

Alhaji Md. Harun-ar-Rashid Khan

Alhaji Engr. Kh. Mesbahuddin Ahmed

Alhaji Ahamedul Hoque

Alhaji Abu Naser Mohammad Yeahea

Board Audit Committee (BAC)

Chairman

Md. Amir Uddin PPM

Member

Alhaji Abdus Salam

Alhaji Abdul Malek Mollah

Alhaji Niaz Ahmed

Khalid Rahim FCA

Risk Management Committee (RMC)

Chairman

Alhaji Md. Liakat Ali Chowdhury

Member

Alhaji Abdus Samad

Alhaji Abdus Salam

Alhaji Mohammed Emadur Rahman

Md. Amir Uddin PPM

Shariah Supervisory Committee

Chairman

Mufti Sayeed Ahmad Muzaddedi

Member

Mufti Muinul Islam

Mufti Shahed Rahmani

Mohammad Abul Hossain Al-Azhari

Mawlana Mohammad Abdul Hai Nadvi

Al-Haji A.Z.M. Shamsul Alam

Alhaji Abdus Samad Labu

Secretary

Md. Abdur Rahim Khan

Managing Director
Farman R. Chowdhury

Deputy Managing Director
Md. Fazlul Karim
Muhammad Mahmoodul Haque
S. M. Jaffar
Mohammed Zubair Wafa

Executive Vice President
Muhammed Nadim FCA
Syed Masodul Bari
Md. Atiqur Rahman
Md. Mujibul Quader
Abed Ahmed Khan
M. Tariqul Islam
Md. Abdullah Al- Mamun
Md. Abdur Rahim Duary
Manir Ahmad
Md. Manjur Hasan
Md. Mahmudur Rahman
A. N. M. Mofidul Islam
Md. Aminul Islam Bhy.
Engineer Md. Habib Ullah
S. M. Kowsar
Mohammed Hossain
S. M. Abu Jafar
A. T. M. Mostafizur Rahman
Md. Monjurul Alam

Senior Vice President
A. K. M. Amzad Hossain
Md. Sharif Uddin Pramanik
Iqbal Hossain Ahmed
Md. Asaduzzaman Bhuiyan
Md. Golam Sarwar
Md. Idris Ali
Aktar Kamal
Md. Mazharul Islam
Md. Obaydul Islam
Md. Zakir Hossain Bhuiya
Md. Soheb Ahmed
M. A. S. Jalal Azad
Md. Masudur Rahman
Mohammad Azam
Md. Sanaullah
Md. Nizamul Hoque Chy.
Md. Rajibul Islam Bhuiyan
Md. Yahya
Md. Azharul Islam
Md. Zahidul Islam
Md. Mostafizur Rahman
Md. Showkat Islam
Md. Sharif Chowdhury
Kamal Hossain
Md. Zakir Hossain
M. M. Saiful Islam
Md. Fazlur Rahman

Md. Abdur Rob
Md. Nazim Uddin
Muazzem Hossain

Vice President
A. K. M. Sazzad Hossain
Md. Abdur Rahim Sarder
Md. Mizanur Rahman
Md. Sultan Mahmud
Monir Ahammad
Md. Abul Kalam
C. G. M. Asaduzzaman
Md. Shah Jalal Sheikh
Md. Aminul Islam
Masudur Rahman Khalifa
Md. Monir Hossain
Ishtiaq Ahmed
Md. Habibullah Bahar
Md. Mainul Islam
Mahbub Hasan
Md. Asif Chowdhury
Md. Hashim Uddin
Md. Lokmanur Rahman
Ashraf Hossain
Jashim Ahmed Chy
Mohammad Ullah
Md. Azmal Hoque
Md. Abdul Mannan Akhand
S. M. Zabidul Haque
Md. Ferdous Hassan
Jalal Ahmed
Md. Majiber Rahman
Md. Jahangir Alam
Md. Nahid Hossain
Md. Shamsul Huda Babar
Md. Salamat Ullah
Md. Kabir Ahamed
Touhid Siddique
Md. Abdul Mobin
Jahangir Alam
Md. Shahjahan
Jalal Ahmad
Md. Abdur Rahim Khan
Md. Zahurul Hoque
Mirza Mohidul Islam
Khondoker Monirul Hoque
Md. Rafiqul Islam
Ashik Ahmed Siddiquey
Imroz Chowdhury
Md. Shamsul Kabir
Mohammad Alamgir
Md. Aminur Rahman
Md. Shafi Mahmood
Md. Jahangir Alam
Md. Nazmul Huda
Md. Ibrar
Md. Ashraful Hoque
M. Shamsuddin Ahmed

Management Team

► Management Team

Senior Assistant Vice President

Md. Zahid Hasan
A. K. M. Fokhrul Islam
Md. Nurul Karim
Khandaker Nazmul Islam
Md. Amjad Hossain
Sharif Golam Kawsar
Md. Shah Alam
Motahar Uddin Ahmed
Mohd. Salahuddin Mamun
Md. Ashaduzzaman
Md. Kamrul Islam
Nur Mahbub Khan
Md. Moklesur Rahman Khan
Kazi Mohammad Sadik
Md. Anwarul Alim Khan
Md. Jamal Uddin Mahmud
Abdul Malek
Md. Abu Hanif
Md. Reazul Hoque
Md. Shahid Hossain
Mohammad Azizul Hoque

Assistant Vice President

Md. Asaduzzaman Khan
Md. Mahbubul Hoque
Md. Rafiqul Islam
Md. Mizanur Rahman
A. M. M. Arif Billah Mithu
M. M. Shamsul Alam
H. M. Zakir Khan
Md. Kamruzzaman
Md. Zahid Hossain
A. S. M. Gouch Uddin Siddiquee
Shahadat Ali
Md. Mustafizur Rahman
Md. Mostaque Ahamed Mollah
Md. Kamrul Islam
Md. Alauddin
Syed Ariful Islam
Md. Enayet Fakir
Syed Taslim Alam
Md. Delowar Hossain
Mahbubul Amin
Md. Ashiqur Rahman
Md. Abul Hossain
Md. Abdur Rahim Sarder
Md. Yusuf Sharif
Md. Golam Quddus Talukder
Md. Abul Hossain Saju
Md. Humayun Kabir Sardar
Md. Mujibur Rahman
Md. Momtazul Hoque

Md. Golam Arfin
Md. Zamshed Hossain Sarker
Md. Mushfiqur Rahman Talukder
Md. Maniruzzaman
Md. Akber Hussain
Md. Maynal Hossain
Syed Ariful Bari
Md. Shakhawat Ullah
Mollah Khalilur Rahman
Md. Mijanur Rahman
Md. Ismail Hossain
Gazi Abdur Rahman Aminy
Md. Towhidul Islam
Md. Abdur Rahman Bhy.
Ahamuduzzaman
Md. Anwarul Quader Chy.
Md. Moinul Haque
Nashir Ahmed
Md. Taslim Hossain
M. Mohiuddin Sharifi
Md. Eleaus
Md. Humayun Kabir
Md. Zakir Miah
Md. Wares Uddin Mahmud
Md. Rafiqul Islam
Mohammed Ishaque
K. M. Shahadat Husain
Md. Asadur Rahman Khan
Md. Abu Bakar Siddique
Md. Shamsul Areafin
Md. Kutub Uddin
Md. Monirul Islam Bhuiyan
Syed Saleh Ahmed
Mostaque Ahmed Khandaker
Saiful Islam
A. K. M. Anwarul Haque
Syed Zulfiquer Ali Mahbub
Md. Zahurul Islam Patwary
Md. Masud Parves
Md. Ali Farhad
Md. Mahbubur Rahman
Munshi Sanaur Rahman
Md. Ziaul Haque Malik
Md. Bashir Uddin
Md. Syful Islam
Md. Anisul Islam Mahmud
Md. Imran Miah
Md. Zahirul Haque
A. K. M. Tusher
A. K. M. Ariful Islam
Md. Saiful Islam
Shakhawat Hossain
Md. Shahidul Islam

Humayun Kabir
Md. Iqbal Hossain
Syed Monirul Haque
Mohammed Abul Kashem
Md. Mohiuddin Khan Azad
Md. Basirul Islam
A. K. Md. Rezwan Mohiuddin
M. M. Rafikul Islam
Md. Mustahidul Bashar
Md. Khairul Alom
Md. Mizanur Rahman Bhuiyan
A. K. M. Younus Ali
Kazi Md. Elias
Md. Abdul Mannan
Md. Faruk Ahmed Khan
Md. Raihan Uddin
Md. Rafique Ullah
Md. Zillur Rahim
Md. Enamul Hoque
Mohammad Nizam Uddin Bhuiyan
Mohammad Elyas
Mohd. Mahfuzur Rahman
Md. Shariful Alam
Md. Golam Hossain
Kazi Shafiqul Islam
Md. Neyamat Ullah
Md. Koysor Khan
Md. Belal Uddin
Md. Maniruzzaman Khan
Md. Serajummuner
Saif Mohammad Zulker Naeen
Md. Anisur Rahman
Md. Nurul Karim
Kh. Kamranur Rahman Shovon
Md. Rabiul Alam
Md. Zahidul Islam
Mollah Masum Billah Azadi
A. K. M. Mizanur Rahman
Himal Pasha
Md. Mijanur Rahman
Md. Moin Uddin
Md. Mizanur Rahman
A. K. M. Faisal Kabir
Md. Murtaza
Md. Rofiqul Islam
K. M. Jalal Uddin
Niaz Ahmed Rashed
Asaduzzaman Bhuiyan
Kazi Rokibul Anwar
Yasmin Aziz
Nilufer Yesmin
Mohammad Oli Ullah

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.

Vision

Mission & Commitments

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	10,440.22 Million
Local Partnership of Capital	100%
Equity	23,483.22 Million
Number of Branches	168
Deposit	266,205.48 Million
Investment	261,874.13 Million
Number of Employees	3,682
Number of Shareholders	25,793

Honorable Chairman, Directors & Managing Director of AIBL are seen on the dais at the 23rd Annual General Meeting



Auditors

HODA VASI CHOWDHURY & CO.

Chartered Accountants
BTMC Bhaban (8th Level)
7-9 Kawran Bazar C/A
Dhaka- 1000

RAHMAN MOSTAFA ALAM & CO.

Chartered Accountants
Paramount Heights (7th Floor D2,C1 & A)
65/2/1 Box Culvert Road
Purana Polton ,Dhaka- 1000

Company Secretary

Md. Mahmudur Rahman

Registered Office

Al-Arafah Tower,
63, Purana Paltan,
Dhaka-1000.

Tel : +88-02-44850005
PABX : 44850005-20
SWIFT : ALARBDDH
E-mail : info@al-arafahbank.com
Web : www.al-arafahbank.com

Corporate
Information

Section of the honorable Shareholders attending the 23rd Annual General Meeting of the Bank



NOTICE OF THE 24th ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the 24th Annual General Meeting of the Shareholders of Al-Arafah Islami Bank Limited will be held on Saturday the 22nd June, 2019 at 11.00 a.m. at “Own Premises of AIBL, 63/1, Purana Paltan (Beside of Al-Arafah Tower), Dhaka-1000” to transact the following businesses:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2018 along with the Reports of the Directors’ and the Auditors’ thereon.
2. To approve Dividend for the year ended December 31, 2018 as recommended by the Board of Directors.
3. To appoint auditors of the company for the term until the next Annual General Meeting and to fix their remuneration.
4. To confirm appointment of Auditors for the year 2018 and to appoint for the year 2019 regarding certification on compliance of conditions of Corporate Governance Code and fix remuneration.
5. To elect/re-elect/confirm Directors
6. To transact any other business with the permission of the chair

All Hon’ble Shareholders of the company are requested to make it convenient to attend the meeting in time.

By order of the Board



(Md. Mahmudur Rahman)
SEVP & Company Secretary
Date: Dhaka
24th April, 2019
Phone: +880-2-44850027

NOTES:

- (1) Shareholders whose names appear in the Register of members as at the close of business on the “Record Date” i.e. 19th May, 2019 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, (Level -04) 63, Purana Paltan, Dhaka-1000 before 7 days of AGM.
- (4) Attendance of the Members/Shareholders/Attorney/Proxy’s will be recorded up to 10.30 A.M. at the Registration Counter on the day of the meeting ;
- (5) Election rules and schedule thereto will be available at the Share Department, (Level-04) 63, Purana Paltan, Dhaka-1000.
- (6) We would like to request to our Hon’ble Shareholders to update their BO Accounts with mailing address, contact number, Bank details, e-mail address and E-TIN numbers (12 digits) with their respective DPs (Depository Participants) before Record Date.
- (7) The concerned Brokerage Houses are requested to provide us with a statement having details of Margin Loan Holders (i.e. Shareholder’s name, BO ID Numbers, Client-wise shareholding position, gross dividend receivable, applicable tax rate and net dividend receivable) as on the Record Date along with the name of the contact person of Brokerage House to the company’s Share Department at Registered Office on or before 16th June, 2019. The Brokerage Houses are also requested to provide us with their Bank name, A/C number and routing number etc.
- (8) No gift or benefit in cash or kind shall be paid/offered to the Shareholders in the 24th AGM as per BSEC Circular No. SEC/CMRRCD/ 2006-193/154 dated 24.10.2013.
- (9) As per Bangladesh Securities and Exchange Commission notification no. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20th June, 2018 soft copies of the Annual Report 2018 will be forwarded to all the Members at their respective email addresses through their BO Accounts held with the depository. The soft copy of the Annual Report 2018 along with Notice, Proxy Form and Attendance will also be available in the company’s web-site (www.al-arafahbank.com).

5 Year Financial Highlights

Particulars	2014	2015	2016	2017	2018	Growth%
Income Statement						
Investment Income	19,725.91	18,568.00	18,830.15	20,491.03	24,956.81	21.79
Profit paid on Deposit	12,616.77	11,073.01	9,957.73	11,784.20	16,256.61	37.95
Net Investment Income	7,109.14	7,494.99	8,872.42	8,706.83	8,700.20	(0.08)
Non Investment Income	2,485.88	2,511.94	2,791.54	3,557.36	3,769.39	5.96
Non Investment Expenses	3,261.57	3,646.78	4,152.93	5,308.42	6,160.70	16.06
Net Non Investment Income	(775.69)	(1,134.84)	(1,361.39)	(1,751.06)	(2,391.31)	36.56
Profit Before Tax & Provision	6,333.45	6,360.15	7,511.03	6,955.77	6,308.89	(9.30)
Provision For Investment	1,846.86	1,796.68	1,547.87	1,354.89	2,177.98	60.75
Profit Before Tax	4,486.59	4,563.47	5,963.16	5,600.88	4,130.91	(26.25)
Provision For Tax (including Deferred Tax)	2,161.64	2,097.59	2,613.76	2,431.38	1,674.11	(31.15)
Profit After Tax	2,324.95	2,465.88	3,349.40	3,169.50	2,456.80	(22.49)
Balance Sheet						
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	-
Paid up Capital	9,469.58	9,469.58	9,943.06	9,943.06	10,440.22	5.00
Reserve Funds & Other Reserve	5,620.87	6,432.32	7,468.16	8,556.96	9,365.62	9.45
Shareholders' Equity (Capital & Reserve)	18,159.52	19,236.07	21,337.48	22,520.68	23,483.22	4.27
Deposits	166,851.17	169,887.08	199,703.92	244,806.26	266,205.48	8.74
Investment	146,740.37	162,503.14	196,519.38	235,905.23	261,874.13	11.01
Investment in Shares & Securities	9,120.90	8,851.13	9,058.68	10,145.49	12,214.67	20.40
Fixed Assets	2,661.11	3,057.38	3,240.18	3,260.38	4,494.61	40.04
Total Assets (Excluding off-balance sheet items)	210,439.01	229,106.66	272,900.04	319,255.29	338,465.30	6.02
Foreign Exchange Business						
Import Business	101,244.70	107,049.80	118,786.60	156,700.00	168,573.80	7.58
Export Business	75,843.90	79,362.90	88,152.20	104,540.00	114,481.90	9.51
Guarantee Business	3,365.27	4,471.41	4,981.34	6,443.41	7,096.02	10.13
Inward Foreign Remittance	8,541.10	9,498.00	11,735.40	20,700.00	36,917.20	78.34
Capital Measures						
Core Capital (Tier-I)	17,181.97	18,244.48	20,359.39	21,459.85	22,379.93	4.29
Supplementary Capital (Tier-II)	1,732.06	4,828.03	5,095.97	5,488.97	10,078.56	83.61
Tier-I Capital Ratio	12.74	13.17	11.92	10.40	10.12	(0.28)
Tier-II Capital Ratio	1.28	3.48	2.98	2.66	4.56	1.90
Total Capital	18,914.03	23,072.51	25,455.36	26,948.82	32,458.49	20.44
Total Capital Ratio	14.03	16.65	14.91	13.06	14.68	1.61
Investment Quality						
Volume of Non-Performing investment	6,982.60	7,713.67	8,994.98	9,921.51	12,690.72	27.91
% of NPLs to Total investment	4.50	4.66	4.54	4.10	4.79	0.69
Provision for Unclassified investment	938.27	1,090.27	1,352.83	1,723.04	1,891.00	9.75
Provision for Classified investment	1,518.78	2,100.27	2,586.67	3,096.15	3,946.09	27.45
Provision for Off Balance sheet Exposures	305.01	346.75	449.88	570.42	689.80	20.93
Share Information						
Number of Shares Outstanding	946,958,503	946,958,503	994,306,428	994,306,428	1,044,021,750	5.00
Earning per Share (Taka)	2.20	2.25	3.07	3.15	2.35	(0.66)
Book Value per Share (Taka)	19.18	20.31	21.46	20.88	20.80	(0.08)
Market Price per Share (Taka)	14.90	14.70	15.90	24.10	19.90	(4.20)
Price Earning Ratio (Times)	6.77	6.53	5.18	7.64	8.48	0.45
Price Equity Ratio (Times)	0.78	0.72	0.74	1.15	0.96	(0.20)
Dividend per Share						
Cash Dividend (%)	14.00	10.00	20.00	15.00	15.00	-
Bonus Share	-	5.00	-	5.00	2.00	(3)
Operating Performance Ratio						
Net Profit Margin%	5.88	4.91	4.60	3.87	3.42	(0.45)
Investment /Deposit Ratio	84.58	88.59	88.50	89.95	89.87	(0.08)
Return on Equity (ROE)%	12.80	12.82	15.70	14.07	10.46	(3.61)
Return on Assets (ROA)%	1.10	1.08	1.23	0.99	0.73	(0.27)
Cost of fund %	10.85	9.18	7.92	7.50	8.70	1.20
Cost /Income ratio in operating business (%)	33.99	36.44	35.60	43.28	49.41	6.12
Other Information						
Number of Branches	119	129	140	154	168	9.09
Number of Employees	2,649	2,810	3,070	3,446	3,682	6.85
Number of Shareholders	52,007	44,427	36,695	30,386	25,793	(15.12)

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 2018, total value added by AIBL was BDT 8,649.60 million as against BDT 9,430.52 million in 2017. Bank's direct contribution to the economy was BDT 1,674.11 million in the form of corporate income tax. The Bank distributed BDT 4,135.51 million for its total 3,682 officials in 2018 as against that of BDT 3,587.79 million for 3,466 in 2017.

At the end of 2018, the Bank mobilized total deposits of BDT 266,205.48 million and aided the economy in meeting its growth target by deploying BDT 279,000.00 million as investment to different sectors of the economy. Apart from these, the Bank performed significant import and export business.

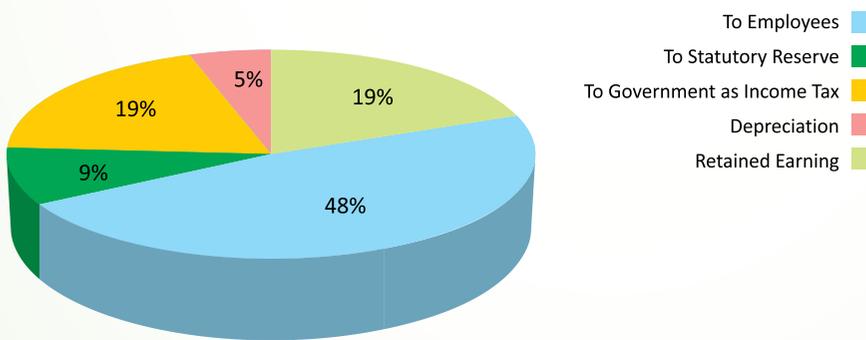
Value added is a measure of wealth created by the Bank through various business activities. The statement of value added shows the total wealth created and how it was distributed among stakeholders, including the Government, employees and shareholders.

Value Added Statement

(BDT in Million)

Particulars	2018	2017
Income from Banking Service	28,726.20	24,048.39
Cost of Services & Supplies	(17,898.62)	(13,262.98)
Value added by Banking Services	10,827.58	10,785.41
Provision for Investment & Off balance Sheet Items	(2,177.98)	(1,354.89)
Total Value Addition	8,649.60	9,430.52
Value Distributed		
To Employees	4,135.51	3,587.79
To Statutory Reserve	811.46	1,086.49
To Government as Income Tax	1,674.11	2,431.38
Depreciation	390.10	276.67
Retained Earnings	1,638.42	2,048.19
Total Value Distributed	8,649.60	9,430.52

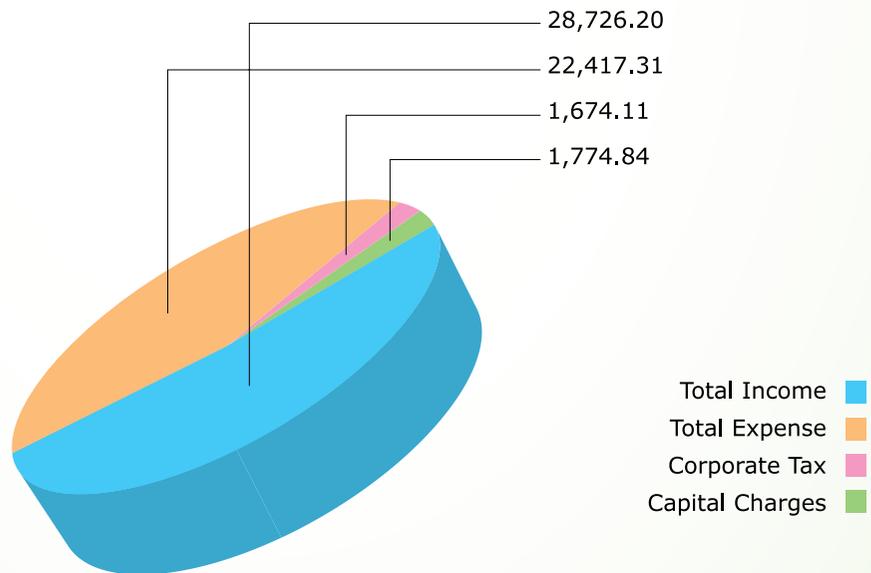
Distribution of Value of Addition



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 2,859.94 million as on 31 December 2018 as against that of BDT 2,535.78 million in 2017

Particulars	(BDT in million)	
	2018	2017
Shareholders' Equity	23,483.22	22,520.68
Total Income	28,726.20	24,048.39
Total Expenses	22,417.31	17,092.62
Corporate Tax	1,674.11	2,431.38
Capital charge	1,774.84	1,988.61
Economic value Addition	2,859.94	2,535.78



* Capital Charges = Paid up capital X percentage of Dividend

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.

Market Value Added Statement

(BDT in million)

Particulars	2018	2017
Market value of Total Equity	24,307.96	28,755.34
Book value of Total Equity	23,483.22	22,520.68
Market value Addition	824.74	6,234.66

Chairman Alhaji Abdus Samad Labu and Vice Chairman Alhaji Md Abdus Salam handed over a cheque of Tk.5 crore to Hon'ble Prime Minister Sheikh Hasina as a Donation to the Prime Minister's Relief Fund under Corporate Social Responsibility (CSR) on April 13, 2018 at Ganobhaban



Market Value Addition



TOTAL NUMBER OF SHARE OUTSTANDING: 1,044,021.750 (994,306,428)*

MARKET VALUE PER SHARE: BDT 19.90 (24.10)*

* PREVIOUS YEAR'S FIGURES IN BRACKETS.

Representatives of Bangladesh Association of Banks (BAB) were present at Ganobhaban to congratulate Her Excellency, Sheikh Hasina, The Honorable Prime Minister – Government of the People's Republic Bangladesh for triumphantly winning a 4th Prime Ministerial Term with a landslide victory



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 24th 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 2018.

All of us know that due to some unavoidable circumstances, the business in the year 2018 was not good enough for any of the banks and financial institutions in the country. In spite of that we have achieved all business targets for the year 2018.

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 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 2018 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. 6,308.89 million during the year an decrease by Tk. 646.88 million over the previous year. The return on equity recorded at 10.46% while earnings per share (EPS) stood at Tk. 2.35.

Total assets of the Bank rose to Tk. 338,465.29 million during the year showing a growth of 6.02% over the previous year.

Deposits of the Bank stood at Tk. 266,205.48 million increased by Tk. 21,399.22 million during 2018 and growth rate 8.74%.

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 11.01% during the year.

Overdue investment stood at Tk. 9,097.52 million as on 31st December 2018 as against Tk. 6,095.69 million as of December, 31 last year. Total overdue increased by Tk. 3,001.83 million during the year 2018 bringing the same to 3.43% of our total investment as against 2.52% in the previous year. Corporate Branch Manager, Zonal Head and Branch manager are advised for adopting strategies to arrest the situations.

Rescheduled investment increased by Tk. 3,304.27 million from Tk. 9,653.30 million to



Tk. 12,957.57 million (Term Tk. 6,398.96 million + Continuous & Demand Tk. 6,558.61 million) which was 4.89% of total Investment. Recovery against rescheduled investment during the year 2018 was Tk. 1,138.62 million.

Classified investment increased by Tk. 2,769.21 million from Tk. 9,921.51 million to Tk. 12,690.72 million representing 4.79% of total investment as against 4.10% in the previous year.

During the year 2018, recovery against classified investment stood at Tk. 3,149.17 million while recovery against SMA was Tk. 2,075.27 million and against Written off Tk. 173.40 million building a total recovery of Tk. 6,536.46 million including recovery Tk. 1,138.62 million from rescheduled investment.

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 136% 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. 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 risk taking i.e. mitigating the risk to a tolerable limit. Considering the above, Bangladesh Bank has issued necessary guidelines to all the scheduled banks and in line with that guideline we have taken necessary steps and measures including establishment of a separate division with skilled manpower.

Subsidiary Companies

As part of diversification of our business, we have established the following 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 2018 the company earned Operating Profit (Before provision for investment & taxation) of Tk 78.51 million with Earning per Share (EPS) Tk.0.02

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 2018 the company earned Operating Profit (Before provision for investment & taxation) of Tk.11.20 Million with Earning per Share (EPS) Tk.0.14.

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.

During the year 2018 the company earned Net Income before Tax Tk. 7.66 Million with Earning per Share (EPS) Tk.0.35.

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,



Alhaj Abdus Samad
Chairman

Date: 22nd June 2019

Bismillahir Rahmanir Rahim

At the very outset, we express our deep sense of gratitude to Almighty Allah (SWT), the Lord, and the Merciful for granting us a good result in overall business performance of the Bank during the challenging year of 2018.

Respected Shareholders,
Assalamu Alaikum Wa Rahmatullahi Wa Barakatuhu.

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 sincerest 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 the Bank toward its mission and vision. I also place my appreciation for the dedicated and committed service put in by all the officials of the Bank.

Overall Banking Scenario

Banks' Deposit: Total Deposit (excluding interbank items) of the scheduled banks increased by Tk. 951,680.00 million representing 9.59% point to point growth from Tk. 9,921,460.00 million as on 31 December 2017 to Tk. 10,873,140.00 million as on 31 December 2018.

Islamic Banks' Deposit: All Islamic Banks' Deposit stood at Tk.2,373,669.10 million during the year 2018 as against Tk. 2,143,155.20 million in the previous year 2017 and the deposits increased by Tk.230,513.90 million registering growth of 10.76% in 2017. The share of Islamic Banks' Deposits as of 31December 2018 stood at 21.83% as compared to 21.60% as of 31 December 2017.

Banks' Advance/Investment: Total Advance/Investment (excluding bills) of the scheduled banks increased by Tk. 1,160,101.00 million representing 14.60% point to point growth from Tk 7,948,547.0 million as on 31 December 2017 to Tk. 9,108,648.00 million as on 31 December 2018.

Islamic Banks' Investments: All Islamic Banks' Investment stood at Tk. 2,309,072.80 million during the year 2018 as against Tk. 2,010,995.90 million in the previous year 2017 and the deposits increased by Tk. 298,076.90 million registering growth of 14.82% in 2018. The share of Islamic Banks' Investment as of 31 December 2018 stood at 25.35% as compared to 25.30% as of 31 December 2017.

Operating Profit: Despite a tough start of the year 2018 Banks in Bangladesh managed to earn a reasonable amount of operating profit for the year. But 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 terms of operating profit earned, Islami Bank Bangladesh Limited (IBBL) is the highest and thus topping the list of Banks. Al-Arafah Islami Bank Limited (AIBL) ended up being 5th which is exactly the same like 2017. However in an apple to apple comparison (i.e. Islami to islami) AIBL is only second to IBBL, the oldest and biggest Islami Bank in Bangladesh.

Deposit and Borrowing

The total deposit and Borrowing of the bank reached Tk. 286,739.95 million recording 92.50% achievement of the target of Tk.310,000.00 million as on 31December 2018 as against Tk. 276,546.29 million at 31st December 2017. The deposit and Borrowing increased by Tk. 10,193.66 million registering a growth of 3.69% in 2018 as against national growth of 9.05%. Our deposit target for the year 2019 has been fixed at Tk.345,000.00 million expecting a growth of 20.32% over last years.

Major Business Ratios

Major comparative business ratios i.e. Yield on Investment, Cost of Deposit & Borrowings, Spread, Cost of Admin, Cost of Fund, Non-Funded Income and Net Spread for the year 2017 and 2018 are appended below:

Managing
Director's Address



Particulars	2017	2018
Yield on Investment	8.75%	9.07%
Cost of Deposit & Borrowings	5.28%	6.47%
Spread	3.47%	2.60%
Cost of Administration	2.22%	2.23%
Cost of Fund	7.50%	8.70%
Non- Funded Income	1.62%	1.62%
Net Spread	2.87%	1.99%

Deposit Mix

Cost of Fund of the Bank, inter alia, depends on efficient management of Deposit Mix. Deposit Mix of the Bank is shown below:

Deposit Mix	Achievement 2018	Targeted 2019
Cost Free Deposit	10.00%	12.00%
Low cost Deposit	18.00%	28.00%
High Cost	72.00%	60.00%
Total	100.00%	100.00%

Plan and Strategies for Deposit Mobilization:

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. For the year 2019 the mix of no cost, low cost and high cost deposit has been set at 12%, 28% and 60% respectively.

To increase the cost free and low cost deposit, AIBL capitalizes on :

- ✓ Better customer service.
- ✓ Good business relationship with all the local industrialists, businessmen, professionals etc.
- ✓ Focusing on small private/personal deposits for a solid deposit base.
- ✓ Focusing on School Banking.
- ✓ 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. can be maintained.
- ✓ Expediting the opening of more Current, Savings and SND Accounts and FC Accounts.
- ✓ Encouraging the opening of collection accounts of different service oriented institutions like DPDC, DESCO, PDB, NGOs, Schools, Colleges, Universities, Titas Gas, Bakhrabad Gas, Mosques, Madrasahs etc.

Investment

Total Gross investments of the bank stood at Tk. 265,132.45 million recording 95.03% achievement of the Target of Tk. 279,000.00 million as on 31st December 2018 as against Tk. 241,961.78 million on the same day of previous year

2017. The investments increased by Tk.23,170.68 million recording 9.58% growth in 2017 as against national growth of 12.68%. The target for investment for the year 2019 has been fixed at Tk. 310,000.00 million with anticipated growth of 16.92%.

All the Branches, as they have done in the past, will render their best efforts to make quality investment complying with the 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 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.
- 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

The bank earned operating profit of Tk. 6,308.89 million during the year 2018. The operating profit of the Bank during the year 2017 was Tk 6,955.77 million and thus the Bank attained negative growth of 9.30% in respect of operating profit. During this challenging year, it was unexpected to earn such a volume of profit. However, with the blessings of Almighty Allah (SWT), it was possible due to the prudent and timely decisions of the Policy Makers and quick implementation of such decisions by the Management along with efficient and effective fund management. Considering all the factors, Operating Profit target for the year 2019 has been fixed at Tk 7,500.00 million which equals a growth of approximately 20% from that of the previous year.

Our plan and strategies for increasing operating profit are-

- to ensure quality investment
- to arrest non-performing 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
- focusing on off balance sheet income.

International Banking Wing (IBW)

We are now more capable and confident of handling Foreign Exchange Business. Presently, we have 26 AD Branches through which we have handled total foreign exchange business of Tk. 319,972.90 million during the year 2018 as against the target of Tk. 355,000.00 million. Our Foreign Exchange business has increased by Tk.38,032.90 million recording a growth of 13.49%. Target of International Trade for the year 2019 has been fixed at Tk. 405,000.00 million with an expected growth of 26.57%.

Import Business

Total import business of the bank for the year 2018 stood at Tk. 168,573. 80 million as against Tk 156,700.00 million in the previous year. We recorded a 7.58% growth in import business in 2018 over 2017. Target for Import business for the year 2019 has been fixed at Tk. 210,000.00 million with an expected growth of 24.57%.

Export Business

Total Export business of the bank for the year 2018 stood at Tk. 114,481.90 million during the year 2018 as against Tk. 104,540.00 million in year 2017 and thus recorded a growth of 9.51% over that of the previous year. Our target for Export business for the year 2019 has been fixed at Tk 145,000.00 million with an expected growth of 26.66%.

Remittance

Total remittance of the bank stood at Tk.36.917.20 million during the year 2018 as against Tk. 20,700.00 million, in the previous year. Our remittance business recorded a remarkable 78.34% growth in 2018 over 2017. Target for Remittance business for the year 2019 has been fixed at Tk. 50,000.00 million and thus expecting growth of 35.44% over last year.

Treasury Operations:

Being an integrated unit, AIBL Treasury manages the day to day liquidity in foreign currencies and all other Foreign Exchange Risks. Treasury Division, is engaged in foreign currency Fund Management and ALM activities. Prudent ALM and Foreign Exchange Operations however contribute a significant profit and exchange earning for the bank. In FX treasury, we participate interbank market, conduct transactions with central bank and with Foreign Banks/FIs. We always adhere to the policies and guidelines of the bank and regulatory bodies.

From January to December 2018 BDT has recorded of almost 7% depreciation and the country faced a huge foreign exchange gap resulting in a large trade deficit. With the wave and ditch of market, Treasury Division of the bank tried to take maximum market opportunities and succeeded.

We have earned revenue of Tk. 1,401.60 million during 2018 as against Tk 1234.00 million in 2017 recording a 13.58% growth through Treasury Operation.

Comparative position of Treasury operation:

(Tk. In million)

Particulars	2018	2017	Growth %
Exchange Gain	892.00	860.10	3.71%
Rebate Income (Rebate sharing by FI FI Correspondents)	91.60	90.00	1.78%
Income from placement to OBU & EDF	418.00	283.90	47.23%
Total Income	1,401.60	1,234.00	13.58%

Our local Treasury operation functioned to ensure efficient fund management to maintain CRR & SLR matching with total Deposit flow & Investment requirements along with the growth targets of the bank. While Foreign Treasury remained active throughout the year 2018 for utilizing available FC fund, exploring interbank and overseas markets to meet up the extended demand against off-balance sheet commitments and Off-Shore Banking Unit. Moreover, Treasury Division of the Bank kept itself competitive throughout the year in terms of provisional deposit rates, rate of return of investment, exchange rate and diversified Treasury products.

Professional Development Programs for Foreign Exchange Officials:

With the financial support of the Bank and close supervision a total of 56 officials of our bank have been qualified as CDCS (Certified Documentary Credit Specialist), 2 officials as CSDG and 2 officials as ACAMS till date.

SWIFT Sanctions Screening:

We have already implemented SWIFT Sanctions Screening solution to our Core Banking Software for screening of all incoming and outgoing transactions to minimize the AML/CFT risks which has increased our acceptability and goodwill to our all correspondents home and abroad.

Our plan and Strategies for Foreign Exchange Business goal for year 2019

- 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 up cash import business.
- To give special attention in remittance service at branch level.
- To maintain a progressive growth, we have to enhance our capacity by acquiring professional and technical knowledge and skill.
- Introduce Remittance Software for compile Automation alone with international marketing (Meeting, Remittance Program, remittance fair, overseas visits etc.)
- Implementation of Sanction Screening for remittance payment.

- Increase of Remittance Drawing Arrangement.
- Arrangement of real time Vessel Tracking System.
- Strengthening the Hajj Management system .
- To keep Treasury positions within set benchmark.
- To cope up with new products/market dynamics with the extended FX volume.
- To maintain optimum liquidity in all seasons.
- To achieve set earning target for 2019.
- To ensure maximum adherence with organizational goal.
- To spread treasury networks through diversified functions/products within policy.
- To enrich treasury officials with local/foreign training.
- To remain updated with the treasury tools/dealing room equipments and be at par with international standard.

Asset Quality

Overdue investment stood at Tk.9,097.52 million as on 31st December 2018 as against Tk. 6,095.69 million as of December, 31 last year. Total overdue increased by Tk.3,001.83 million during the year 2018 bringing the same to 3.43% of our total investment as against 2.52% in the previous year. Corporate Branch Managers, Zonal Heads and Branch managers are advised to adopt proactive strategies to arrest the situations.

Rescheduled investment increased by Tk. 3,304.27 million from Tk. 9,653.30 million to Tk. 12,957.57 million (Term Tk. 6,398.96 million plus Continuous and Demand Tk.6,558.61million) which was 4.89% of total Investment. Recovery against rescheduled investment during the year 2018 was Tk. 1,138.62 million.

Classified investment increased by Tk. 2,769.21 million from Tk. 9,921.51 million to Tk. 12,690.72 million representing 4.79% of total investment as against 4.10% in the previous year.

During the year 2018, recovery against classified investment stood at Tk. 3,149.17 million while recovery against SMA was Tk. 2,075.27 million and against Written off was Tk. 173.40 million building a total recovery of Tk. 6,536.46 million including recovery of Tk. 1,138.62 million from rescheduled investment. Plan and Strategies to Improve the Asset Quality-

- to ensure constant supervision and follow-up 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 non-performing investment.
- to give special attention on top classified investment clients for early settlement/ adjustment/regularization.
- to keep constant follow up and 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.
- to keep a close eye on the SMA bucket so that SMAs, do not graduate to classified accounts.

Ancillary Business

The ancillary business contributes a lot in the overall profitability of the Bank. We have earned Tk. 2,729.47 million from Commission Income during the year 2018 as against Tk. 2,790.68 million during 2017. The target for our ancillary business during the year 2019 has been fixed at Tk. 3,400.00 million with an anticipated growth of 24.57%.

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 Ratio (ACR)

As per Bangladesh Bank requirement, Bank has to maintain a Capital of 11.875% 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 31.12.2018 our Eligible Capital (Solo Basis) stood at Tk. 30,564.17 million as against Tk. 25,104.77 million in December 2017 , Tk. 23,704.16 million in December 2016 ,Tk. 21,342.97 million in December 2015 and Tk. 17,352.63 million in 2014, recording growth of 21.75% in 2018, 5.91% in 2017, 11.06% in 2016, 23.00 % in 2015 and 19.85% in 2014.

Risk Weighted Assets (RWA) of Tk.221,140.10 million (Consolidated Basis) and Tk. 212,580.05 million (Solo Basis) recording a Capital Adequacy Ratio (CAR) of 14.68% (Consolidated Basis) and 14.38% (Solo Basis) in December 2018 as against 12.28% in 2017 14.41% in 2016,15.30% in 2015,13.53% in 2014 and 13.52% in 2013

In the year 2015 AIBL issued Mudaraba Subordinated Bond for Tk. 3,000.00 million and in the year 2018 for Tk. 5,000.00 million that meet the qualifying criteria for Tier- 2 Capital as per annex 4 of Basel III Guidelines. Outstanding balance of AIBL Mudaraba Subordinated Bond was Tk.7,400.00 million as at 31-12-2018.

Money Laundering and Terrorist Financing Prevention

Banks in Bangladesh work closely under the supervision guidance of BFIU. AIBL (in business for 22+ years) has an established framework for AML/CFT compliance. It has formulated its own AML Risk Management Policy Guidelines, approved by BOD. The policy guidelines establishes standards of AML/CFT compliance that is applicable in all sphere of its business (branches /zones /departments /divisions/ wings) and also ensures compliance with existing laws and regulatory requirements. We are pleased to confirm that all reasonable steps are taken to effectively :

- maintain and verify the identity of customers via KYC (Know Your Client);
- periodically update information via CDD/EDD;
- classify accounts as High and Low risk. Higher level of

due diligence and monitoring is required for High risk (per Master Circular 19 by BFIU);

- monitor and Report of Suspicious Transactions (includes large and structured transactions on/above a specified threshold level).
- Arrange seminar, workshop for awareness buildup and training of the employees on a regular basis.

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 with Shariah rules 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 2018, Shariah Secretariat of the Bank under the direct supervision of the Shariah Supervisory Committee undertook different programs for ensuring Shariah compliance in the Bank.

Al-hamdulillah, during the year 2018, 168 branches including 14 new branches were inspected under the Shariah Supervisory Secretariat by the Shariah Secretary and Muraqib. As per their report, investment Income of Tk. 32.62 million of all 168 Branches and Head Office has been segregated as Doubtful Income.

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 2019 Insha-Allah.

Financial Inclusion

Financial inclusion is a delivery of financial/banking services at an affordable cost to the vast sections of disadvantaged and low-income segments/group of society. Financial inclusion means that households and businesses have access and can effectively use appropriate financial services. Such services must be provided with responsibility and sustainability, in a well regulated environment.

Actually, financial inclusion means not only opening of account but also to deliver financial services to each person with an affordable cost where the clients can deposit or withdraw their money using comfortable way like cash, check, debit/credit card, mobile banking, agent banking and internet banking etc.

According to the Bangladesh Bank Guidelines, Al-Arafah Islami Bank Ltd. has already started various schemes and initiatives to include the un-banked marginal people as the process of financial inclusion. The important initiatives are as follows:

Agent Banking

Agent Banking services is one of the new dimensions of banking services in Bangladesh which are provided through engaged agents under valid agency agreement. Agent is the owner of one or more than one outlet(s) who conducts banking transactions on behalf of the bank. This type of banking is comparatively a new idea that can help the formal banking sector reach out to the marginalized segment of population of the society through agents. It is playing a pragmatic role in paving the way for financial inclusion.

We have already launched 200 Agent Banking outlets through 133 Agents as on December 2018 with a view to bringing the un-banked population under banking services. We have already covered 112 Upazillas under 44 Districts. With some restrictions and limitations, a number of services are available in agent banking operation. Most of the beneficiaries are living in rural areas and were totally un-banked in their life-time. Total deposit of Agent Banking is Tk. 9440.60 million and the figures are increasing rapidly.

Agent Banking Performance At a Glance (As on 31-12-2018)

Particular	Year 2018
Total Number of Agents	133
Total Number of Outlets	200
Number of Accounts	1,36,434
Total Deposit (Tk.) of Agent Bank	9,440.64 million
Number of Foreign Remittance disburse through Agent Bank	2,23,154
Amount of Foreign Remittance (Tk.) disburse through Agent Bank	8,684.71 million
Number of Polly Bidyut Bills Collection	7,18,122
Amount of Polly Bidyut Bills Collection (Tk.)	377.32 million
Number of Covered District	44
Number of Covered Upa-zilla	112

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. MSMEs occupied a unique position in the economy of Bangladesh. Here, the MSMEs account for about 40% 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 given by Bangladesh Bank, Al-Arafah Islami Bank Ltd. has put utmost priority over CMSME financing in three categories of enterprises viz. Industry, Trade and Services.

CMSME Investment at a glance

Description	Figure in Million	
	2017	2018
Total CMSME Portfolio	104,743.90	105,909.20
% of CMSME Portfolio to Total Portfolio	43.29%	39.94%
Target of CMSME Investment	55,000.00	58,000.00
Total CMSME Disbursement	9,5684.43	78,981.30
% of Achievement	173.97%	136.174%

Investment on Women Entrepreneurs

About 50% of the population of Bangladesh are women. Women's participation in the mainstream of economic activities especially in the productive sectors is crucial for attaining sustainable economic growth, poverty reduction and their 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.

Description	Figure in Million
Total SME Portfolio in Women Entrepreneurs	5,318.58
Amount of Disbursement to Women Entrepreneurs	6,266.30

Agricultural Investment

To promote agricultural sector 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.

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 2,325 farmers under this scheme and total investment is Tk. 29.10 million of which outstanding is Tk. 28.00 million.

Branding & Public Relations

Improvements in branding and media relations were priorities during the year 2018. In response to the overwhelming expansion in Bank's business, we extended our publicity to fulfill the market demand. We brought new dimension in our branding and publicity for establishing a positive image of the Bank. We acquired encouraging national attention towards AIBL throughout the year with

our all-around activities. More than 180 news items of the Bank were broadcasted in 800 news coverages through 18 different TV Channels during the year 2018. We continued with news branding on 8 major satellite TV channels such as, Bangla TV, ETV, Channel-i, Bangla Vision, ATN Bangla and ATN News, Desh TV, DBC TV.

Promotion in the television media got a major hike during the Ramadan this year. Since we program in 13 major TV channels which included NTV, ETV, Bangla TV, Jamuna TV, Channel-9, Boishakhi TV, SA TV and many more. The Bank sponsored 20 different programs to encourage true Islamic values. The initiative was praised by the stakeholders which had a positive impact on the business of the bank.

Positive branding was one of the vital supports that led the Bank to hold a firm position in the market. More than 15 interviews and talk shows of the Managing Director and other top executives were published or broadcasted in several media. The Bank proved its engagements with the people by sponsoring several events. Banking Fair, SME Fair, School Banking Conference, Anti-Money Laundering Conference, Fair of Chittagong Metropolitan Chamber of Commerce & Industry and many more people-oriented gatherings were sponsored by the Bank. These activities cemented the relationship with clients and uplifted the image as a people oriented bank.

We had 3450 Press Release items published in more than 60 different leading Newspapers and Media throughout the year. Besides, more than 800 advertisements were published in 120 different publications during that year. For 2019 our advertisement plan will focus to achieve the best outcome using available media and resources. We shall go into Electronic Media vastly this year, including Radio Branding. Besides, we have taken action to boost-up our promotion in social media.

Information Technology

Information and Communication Technology (ICT) has become the heart of the banking sector as it is the heart of every robust economy. ICT is helping the banking sector to improve its efficiency and effectiveness of services offered to the customers and enhancing business processes, managerial decision making, and workgroup collaborations which strengthens their competitive position in this rapidly changing and emerging economies.

Every bank is rendering their financial services, DATA analysis and classifications, making the ultimate decision with a truly automated system accomplished by the ICT division. AIBL started its journey and Automation from 2006 and went LIVE with Online Operation in 2008 and we have grown from strength to strength ever since with zero down time till date.

Beside Core Banking System (CBS) we are also using other tech based services to automate, secure and speedup our internal activity as well as to offer the better services to our valued customers. The peripheral softwares are:

- | | |
|-------------------------------|--|
| i. RTGS, | xiv. FATCA Compliance, |
| ii. BEFTN, | xv. SWIFT, |
| iii. BACH, | xvi. Asset Management, |
| iv. ISS Report, | xvii. Centralized Anti Virus Management, |
| v. BPA, | xviii. Mail Server, |
| vi. CIB, | xix. OBU, |
| vii. goAML- CTR, | xx. Treasury, |
| viii. RIT Reporting, | xxi. ATM Service, |
| ix. i-Banking, | xxii. Mobile ATM Service, |
| x. Sylvia (HRMS), | xxiii. Debit Card, |
| xi. Agent Banking, | xxiv. Credit Card, |
| xii. Utility Bill Collection, | xxv. SMS Alertetc. |
| xiii. Sanction Screening | |

There are some Technology based initiatives taken by the bank management to improve the customer services with a view to becoming the best bank in Bangladesh:

1. To become one of the top three Technologically advanced banks in the country within next 3 years
2. Ensure 100% Regulatory Compliance by taking highest possible ICT security measures within a year.
3. To take necessary steps to earn highest possible satisfaction of end-users in ICT Supports Service by 2019.
4. Considering a huge unbanked population across the country, AIBL has been working to commercialize Mobile Financial Services (MFS) soon.
5. Full-phased Internet Banking along with E-Commerce and Payment Gate way will be started very soon.
6. The process of launching of E wallet named- ISLAMI WALLET is nearing completion and expected to go live by this year.
7. Introduce Booth Services as per Bangladesh Bank guideline.

Card Division

Modern day Banking is unimaginable without digital and alternative payment platform. The synonym of Card is now “Plastic Money”. In busy day to day life, businesses and consumers are interested in faster, safer and more convenient payment methods.

At present we are providing wide range of Card products like Debit Card, Credit Card, Instant Card, Pre-Paid Card and Hajj Card. More than 1.50 lac AIBL card holders can use AIBL’s own ATMs as well as other Banks ATM through NPSB network and MasterCard enabled ATMs. We are the principal member of MasterCard, world’s largest retail electronic payment network. We have already introduced most secured EMV certified chip based card. A We are one of the largest Islami Banks of Bangladesh, we are strictly maintaining the Shariah principles while issuing La-Riba Credit Card. As such we are operate on ‘Quard’ concept as far as the LA RIBA card is concerned . We are offering Credit card to our customer with wide range of modern and digitalized services. By that, La-Riba Credit Card has been able to make a positive impact in our customers mind. We are going to provide Hajj card to respected Hajji Saheba and Saheban. Addition to that, we will issue pre-embossed La-Riba Pre-Paid Card from our Hajj booth at Hajj Camp to facilitate respected Hajji Saheba and

Saheban for hassle free International transaction during Hajj.

Card Division of AIBL is working round the clock to provide efficient and satisfactory service to our valued customers. Adapting technological advancement, AIBL Card Division will provide modern day Banking service to our customers Insha Allah.

Sustainable Finance Unit

This unit aims at achieving stable economic growth along with social development and preserving natural environment. For sustainability we have to utilize all our resources optimally. From this perspective, different policies on environmental protection and social welfare are implied in its business operation.

Among those some initiatives are as follows:

ESRM (Environmental and Social Risk Management): As per instruction of Sustainable Finance Department, Bangladesh Bank, Al-Arafah Islami Bank Ltd has formulated ESRM guidelines has been approved by its Board which covers the environmental issues and social aspects in details.

Tree Plantation-2018 : In 2018 Al-Arafah Islami Bank has participated Tree Plantation Program in 2018 through its 59 rural branches where 12,000 trees were planted.

Green Finance: From the beginning till now, AIBL has financed in diversified green areas like LED bulb/Tube Assembly Plant, ETP construction, recycling waste and green brick manufacturing etc. In 2018 total green finance disbursement were BDT 7083.53 million.

Corporate Social Responsibility (CSR)

Under CSR activities the bank always focuses social development and fulfilling its needs on priority basis. Our Bank is always responsible for social development in addition to business activities. During the year 2018 our total expenditure in CSR was BDT 121.57 million which is shown sector wise in the table below:

(Amount in Million BDT)

Sl No.	Particulars	2017	2018
1	Health Sector	10.80	15.03
2	Education Sector	8.10	15.83
3	Disaster Management	2.60	01.83
4	Cultural Activities	0.90	6.36
5	Environment	1.70	7.13
6	Others	133.30	75.39
	Total	157.40	121.57

Special Education Scholarship Program:

We are also very much aware and conscious about United Nation’s Sustainable Development Goal (SDG). From this perspective we initiated program titled “Al-Arafah Islami Bank Education Scholarship-2018” for achieving 4th SDG’s goal of Quality Education. At the beginning total estimated expenditure would be approximately Tk. 9.00 million for this purpose. Initially about 800 students who are mainly from

underprivileged portion of the society will be covered under this program within next 4 years.

Human Resources

Well educated and skilled manpower is the best capital of any organization banks are also no exception to it. We put utmost importance on recruitment and development of human resources. In recruiting process, we put emphasis on attracting talented young stars. Total 291 employees in different categories/ranks joined our fleet during the year 2018 raising our total employees to 3,682 including 262 Executives as on 31.12.2018.

We nominated 489 employees in outside training course viz. BIBM, BBTA, BAB etc. in 2018 and they have completed the courses successfully.

We motivate and facilitate our deserving employees to complete international standard professional degrees like CDCS, CSDG and ACAMS. Presently, we have 56 CDCS, 2 CSDG and 2 ACAMS officials of which 8 and 2 officials have completed CDCS and ACAMS respectively during the year 2018.

Activities of AIBTRI

Training is an accepted and effective mechanism for human resources development. Training involves the development of skills that are usually necessary to perform comprehensive banking activities. It brings positive changes in Knowledge, Skills, Attitude (KSA) and builds confidence of the human capital, so that they can be efficient in performing their duties and responsibilities. Al-Arafah Islami Bank Training & Research Institute(AIBTRI) keeping pace by putting its best efforts to respond to the need for capacity building of all the officials for achieving the goal of the bank.

At present banking activities are being operated by complying with the management of 7 core risks including environment risk, Green/Sustainable Financing and Environment Risk Management, Basel-III and Islami banking guidelines etc. So, building of capacity, vis-à-vis efficiency and acquiring absolute knowledge of all the respective officials of the bank on the aforesaid Core Risks and Islami Banking guidelines is very important now-a-days. So, a Training Policy Guidelines 2018 was approved by the Board of Directors of the bank. The purpose of the Training Policy Guidelines is to create awareness and to equip the employees with proper knowledge on all the existing and new issues/products/banking laws/rules/regulation/Islamic banking and core risk management guidelines of Bangladesh Bank and other regulators.

Training position in 2018: AIBTRI conducted a total number of 106 Training Courses/Workshops/EDPs and Outreach Training Programs where 5,471 participants attended during the period from January to December, 2018. This year Al-Arafah Islami Bank Ltd. had the privilege of organizing the daylong workshops on “Money Laundering Prevention and Combating Financing of Terrorism” as the Lead Bank nominated by Bangladesh Bank in Cumilla. AIBTRI, CAMLCO and Money Laundering & Terrorist Financing Prevention Division of HO jointly arranged the workshop with Branch Managers and BAMLCOs of all the Banks of Cumilla Region.

Credit Rating

Credit Rating Information and Services Limited (CRISL) has adjudged rating for Al-Arafah Islami Bank Limited as follows:

Long Term	:	AA (pronounced Double A Two)
Short Term	:	ST-2
Based on	:	Audited Financial Statement 2016
Date of Rating	:	28 June 2018
Validity	:	27 June 2019
Outlook	:	Stable

Year-wise Comparative Rating Position:

Date of Rating	Long Term	Short Term	Outlook
30 June 2018	AA	ST-2	Stable
30 June 2017	AA	ST-2	Stable
30 June 2016	AA	ST-2	Stable
30 June 2015	AA ₂	ST-2	Stable
30 June 2014	AA ₃	ST-2	Positive

Interpretation:

AA+, AA, AA-(Double A) (High Safety) : Securities rated in this category are adjudged to be of high credit quality and offer higher safety. The level of rating indicates a security with sound credit profile and without significant problems. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

ST-2 (High Grade): High certainty of timely payment. Liquidity factors are strong and supported good fundamental protection factors. Risk factors are very small.

Concluding Remarks

Finally, I would recall the valuable suggestions and support of all concerned for which we were able to take the Bank to this level and 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.



(Farman R. Chowdhury)

Managing Director

Date: 22nd June 2019

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 24th 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 2018.

Economy Analyses

World Economy Outlook

The International Monetary Fund has cut its forecast for world economic growth this year, citing heightened trade tensions and rising U.S. interest rates. The IMF said that it expects global growth this year of 3.5%, down from 3.7% in 2018 and from the 3.7% it had forecast for 2019 back in October.

Unveiling its forecast at the World Economic Forum in Switzerland, the fund left its prediction for U.S. growth this year unchanged at 2.5%. But it trimmed the growth outlook for the 19 countries that use the euro currency to 1.6% from 1.8%.

Growth in emerging-market countries is forecast to slow to 4.5% from 4.6% in 2018. The IMF expects the Chinese economy the world's second biggest to grow 6.2% this year, down from 6.6% in 2018 and slowest since 1990.

The World Bank and the Organization for Economic Cooperation and Development have also downgraded their world growth forecasts.

Rising trade tensions pose a major risk to the world economy. Under President Donald Trump the United States has imposed import taxes on steel, aluminum and hundreds of Chinese products, drawing retaliation from China and other U.S. trading partners. "Higher trade uncertainty will further dampen investment and disrupt global supply chains," said IMF chief economist Gita Gopinath.

Rising interest rates in the U.S. and elsewhere are also pinching emerging-market governments and companies that borrowed heavily when rates were ultra-low in the aftermath of the 2007-2009 Great Recession. As the debts roll over, those borrowers have to refinance at higher rates. A rising dollar is also making things harder for emerging-market borrowers who took out loans denominated in the U.S. currency. But two things that are particularly concerning, the IMF says, are a potential "no deal" withdrawal of the U.K. from the EU and slower economic growth in China. Retaliatory tariffs between the U.S. and China already contributed to a decline in global economic growth last year, and the IMF says it'll only get worse if the trade war continues.

Bangladesh Economic Outlook

Bangladesh Bureau of Statistics (BBS) has estimated Bangladesh's GDP growth at 7.86 per cent in FY18, which exceeds the official target of 7.40 per cent by 0.46 percentage point. The higher GDP growth in FY18, which also exceeds the previous year's growth by 0.58 percentage point, occurred due to all-round expansion in i) agriculture, ii) manufacturing, iii) electricity, gas and water, iv) construction, and v) several services sub-sectors. The 7.86 per cent growth in Bangladesh GDP is no doubt impressive, when compared to many other developing countries, but still it remains below the country's true potential. The high and steady economic growth experienced over the recent years has not resulted in the desired increase in employment generation and eradication of poverty and inequality. Inadequate infrastructure, lack of investor confidence in the economy, and shortage of power & energy are now the major impediments to the country's development. These impediments must be removed to boost prospects of achieving accelerated economic growth.

In terms of US Dollar, the value of GDP in current market prices increased by 9.77 per cent

to US\$274,114 million in FY18 from US\$249,724 million in the previous fiscal year. Per capita GDP stood at US\$1,675 in FY18, compared to US\$1,544 in FY17, showing an increase of 8.48 per cent. The general point-to-point inflation (average) increased by 0.34 percentage points to 5.78 per cent in FY18 from 5.44 per cent in FY17. Between end-June of 2017 and 2018, the Taka depreciated by 3.63 per cent in terms of US dollar. Gross foreign exchange reserves rose to US\$32.916 billion in the last working day of FY18 (28 June 2018). The amount was sufficient to cover the country's import bills for more than six months.

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 57 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
- ProbashiKollyan 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:

Al-ArafahIslami Bank Limited
Exim Bank Limited
First Security Bank Limited
Islami Bank Bangladesh Limited

ICB Islami Bank Limited
ShahjalalIslami 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. 951,680.00 million representing 9.59% point to point growth from Tk. 9,921,460.00 million as on 31 December 2017 to Tk. 10,873,140.00 million as on 31 December 2018.

Islamic Banks' Deposits: All Islamic Banks' Deposits stood at TK.2,373,669.10 million during the year 2018 as against Tk. 2,143,155.20 million in the previous year 2017 and the deposits increased by Tk.230,513.90 million registering growth of 10.76% in 2017.The share of Islamic Banks' Deposits as of 31December 2018 stood at 21.83% as compared to 21.60% as of 31 December 2017.

Banks' Advances /Investment: Total Advances/ Investments (excluding bills) of the scheduled banks increased by Tk. 1,160,101.00 million representing 14.60% point to point growth from Tk 7,948,547.0 million as on 31 December 2017 to Tk. 9,108,648.00 million as on 31 December 2018.

Islamic Banks' Investments: All Islamic Banks' Investments stood at TK 2,309,072.80 million during the year 2018 as against Tk. 2,010,995.90 million in the previous year 2017 and the deposits increased by Tk. 298,076.90 million registering growth of 14.82% in 2018. The share of Islamic Banks' Investments as of 31 December 2018 stood at 25.35% as compared to 25.30% as of 31 December 2017.

Operating Profit: Banks in Bangladesh managed to log in profits for 2018 despite a tough start to the year 2018. 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 in the top in 2018. The listed second highest National Bank Limited and Al-Arafah Bank logged in profits of Tk.6,308.89 million and placed 5th position in 2018. Among the Islamic Bank, Al-Arafah stood 2nd position.

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 (BGIIB) is the milestone for shariah based banking practices in Bangladesh.

Al-ArafahIslami 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

Performance at a glance

(in Million taka)



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. 10,440.22 million as on 31.12.2018.

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. 23,483.22 million as on 31 December 2018, the manpower was 3,682 and the number of shareholders was 25,793. 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 168 branches of which 26 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 socioeconomic development of the country through microcredit 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 2018

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 2018 with some unavoidable circumstances our Honorable Members of the Shariah Supervisory Committee sat in 5(Five) 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 Tk 32.62 million as doubtful income of the branches of the Bank. Besides, after analyzing balance sheet, the Supervisory committee identified Tk. 469.90 million as compensation realized in different branches and Tk. 1.79 million, Tk. 5.48 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 2018 keeping doubtful in-come amounting to Tk 39.89 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 2018, 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 Islamic 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 (10,000million) 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. During the year 2018 the company earned Operating Profit (Before provision for investment & taxation) of Tk 78.51 million with Earning per Share (EPS) Tk.0.02

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. During the year 2018 the company earned Operating Profit (Before provision for investment & taxation) of Tk.11.20 Million with Earning per Share (EPS) Tk.0.14.

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. During the year 2018 the company earned Net Income before Tax Tk. 7.66 Million with Earning per Share (EPS) Tk.0.35.

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.

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. Total finance under UPAS in 2018 was USD 167.16 million and under MDB FC was USD 40.27 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.

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 25.40 highest in 2018. The market trend of our bank's share in Dhaka Stock Exchange from January 2018 to December 2018 is stated in the list:

Position in the Stock Market in the list:

Month	Opening	High	Low	Closing
January	24.30	25.20	23.30	23.60
February	23.70	24.60	21.70	24.20
March	24.20	25.10	22.10	23.60
April	24.00	28.40	23.10	25.40
May	22.70	24.30	21.00	23.30
June	23.00	23.60	22.20	22.70
July	21.40	22.30	19.20	19.40
August	19.90	22.40	19.40	21.30
September	21.10	21.40	18.10	18.30
October	18.20	19.70	18.00	19.10
November	18.80	19.20	17.90	18.00
December	18.30	20.00	17.90	19.90

Progress Analysis

At the end of 2018, the number of depositors stood at 1,779,600 and the accumulated deposit was Tk. 266,205.48 million. The total number of investors stood at 168,102 and total investment extended to them was Tk 261,874.12 million. During the year 2018 the total income was Tk.28,726.20 million and total expenditure was Tk. 22,417.31 million. At the end of the year the profit before tax and provision stood Tk. 6,308.89 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. 26,948.82 million to Tk. 32,458.49 million (Consolidated Basis) and Tk. 25,104.77 million to Tk. 30,564.17 million (Solo Basis). Outstanding balance of AIBL Mudaraba Subordinated Bond Tk. 7,400.00 million as at 31st December 2018. In the year 2015 AIBL issue Mudaraba Subordinated Bond Tk. 3,000.00 million and in the year 2018 for Tk. 5,000.00 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. 10,440.22 million at 31st December 2018. The total reserve fund has stood at Tk.9,365.62 million in the current year against Tk.8,556.96 million at 31st December 2017. In this account, the bank experienced a growth of 9.45%. The Bangladesh Bank has fixed the ratio of minimum capital adequacy (MCR) against Risk-Weighted Assets at 11.875% or Tk. 4,000 million whichever is higher.

Capital Adequacy Ratio



The Consolidated and Solo Basis capital adequacy ratio of the Bank as on 31.12.2018 are appended below:

Consolidated Basis

Tk. in million

	2018	2017
a) Core Capital (Tier-I)		
Paid up Capital	10,440.22	9,943.06
Statutory Reserve	8,388.04	7,576.58
Retained Earnings	1,908.96	2,259.16
Non Controlling Interest	1,768.42	1,761.50
Total	22,505.64	21,540.30
Less Good will and other Intangible assets	125.71	80.45
Total Core Capital	22,379.93	21,459.85
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	2,580.80	2,293.46
Assets Revaluation Reserve	488.78	488.78
AIBL Sub Ordinate Bond	7,400.00	3,000.00
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities.	(391.02)	(293.27)
Total Supplementary Capital	10,078.56	5,488.97
Total Capital (a+b)	32,458.49	26,948.82
c) Capital Adequacy Ratio	14.68%	13.06%

Solo Basis

Tk. in million

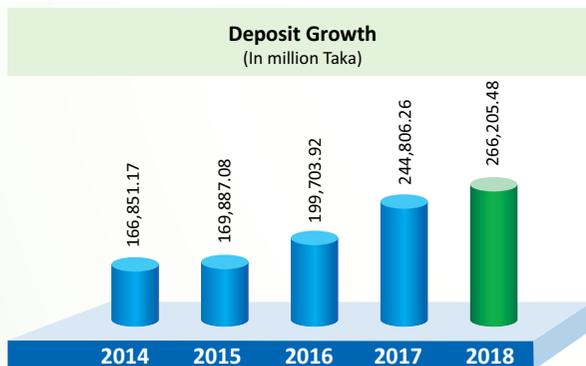
	2018	2017
a) Core Capital (Tier-I)		
Paid up Capital	10,440.22	9,943.06
Statutory Reserve	8,388.04	7,576.58
Retained Earnings	1,783.06	2,176.61
Total	20,611.32	19,696.25
Less Good will and other Intangible assets	125.71	80.45
Total Core Capital	20,485.61	19,615.80

b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	2,580.80	2,293.46
Assets Revaluation Reserve	488.78	488.78
AIBL Sub Ordinate Bond	7,400.00	3,000.00
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities.	(391.02)	(293.27)
Total Supplementary Capital	10,078.56	5,488.97
Total Capital (a+b)	30,564.17	25,104.77
c) Capital Adequacy Ratio	14.38%	12.28%



Deposits

The total deposit of the bank was Tk. 266,205.48 million at 31st December 2018 as against Tk. 244,806.26 million at 31st December 2017 a growth of 8.74% of which Tk. 8,245.70 million was bank deposit and Tk. 257,959.78 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, 2018 was as follows:

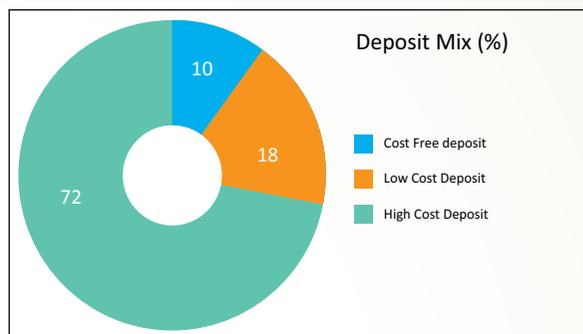
Deposit Mix

Products	Taka in Million
a) Al Wadia Current Account	24,454.57
b) Mudaraba Savings Deposit	37,678.76
c) Other Mudaraba Deposit	152,181.78
d) Mudaraba Term Deposit	49,467.88
e) Bills Payable	2,422.49
Total	266,205.48

Deposit Mix (%)

Products	Taka in Million	% of Total
a) Cost Free deposit	25,396.00	9.54%
b) Low Cost Deposit	48,555.89	18.24%
c) High Cost Deposit	192,253.59	72.22%
Total	266,205.48	100.00%

Deposit Mix as %



Various deposit product of the Bank in 2018:

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)
10. (b) Al-Arafah Savings Bond (5 Years)
11. (c) Al-Arafah Savings Bond (8 Years)
12. Marriage Saving Investment Scheme (MSIS)
13. Pensioners deposit scheme
14. Special Saving (Pension) Scheme
15. Cash WAQF
16. Lakhopati Deposit Scheme
17. Kotipati Deposit Scheme
18. Millionaire Deposit Scheme
19. Double Benefit Scheme
20. Triple Benefit Deposit Scheme
21. Probashi Kallyan Deposit Pension Scheme
22. Mudaraba Student (Minor) Savings A/C
23. Mudaraba Farmers, Freedom fighters Savings A/C
24. Mudaraba Education Savings Scheme
25. Mudaraba Swadhin Savings Scheme

AIBL Mudaraba Subordinated Bond:

AIBL Mudaraba Subordinated Bond' of Tk. 3,000.00 million:

AIBL Mudaraba Subordinated Bond' of Tk. 3,000.00 million issued in 2015. The total profit/ return on the bond (for bond holders) will be calculated by Benchmark Mudaraba Term Deposit Profit rate of the issuer plus a predetermined additional profit rate. The Benchmark Mudaraba profit rate will be issuer's prevailing highest Mudaraba term deposit profit rate in 6-12 months tenor; to be applied semiannually. The highest prevailing published Mudaraba Term Deposit profit rate in 6-12 months tenor of the issuer will be applicable in semi annual profit rate fixation. Investors are getting an additional profit rate of 2.50% per annum to be paid semi annually along with the benchmark profit by the issuer. The Mudaraba Bond will be redeemed at the end of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% of the bond value respectively. In the mean time 20% of the Bond amount was redeemed at the end of 31st December 2018. The issue has been proposed to be transferable but will not be listed with any bourses. The Standard Chartered Bank is the lead arranger of this issue and Green Delta Insurance Company Limited is the trustee.

AIBL 2nd Mudaraba Subordinated Bond' of Tk. 5,000.00 million:

AIBL 2nd Mudaraba Subordinated Bond' of Tk. 5,000.00 million issued in 2018. The total profit/ return on the bond will be calculated 1.25 times of highest 6 (six) month term Mudaraba Term Deposit profit rate for the preceding 180 days. After each financial year-end, the Issuer will give adjustment to the Bondholders if there is any additional profit reported in the respective financial year for Mudaraba Term Deposit Profit Rate for 6 months tenor. The Benchmark Mudaraba profit rate will be issuer's prevailing highest Mudaraba term deposit profit rate in 6-12 months tenor; to be applied semiannually. The highest prevailing published Mudaraba Term Deposit profit rate in 6-12 months tenor of the issuer will be applicable in semi annual profit rate fixation. The Mudaraba Bond will be redeemed at the end

of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% of the bond value respectively. The issue has been proposed to be transferable but will not be listed with any bourses. The Prime Bank Investment Limited is the lead arranger of this issue and Green Delta Insurance Company Limited is the trustee.

The details of Implementation Schedule of Mudaraba Subordinated Bond are stated as under:

Instrument Name	Particulars	Amount in Million BDT
AIBL Mudaraba Subordinated Bond	Term Deposit with other Banks (from Bond money received).	1,500/-
	Disbursement to the Investment Clients of AIBL against Bond money received	1,500/-
AIBL 2nd Mudaraba Subordinated Bond	Term Deposit with other Banks (from Bond money received).	2,500/-
	Disbursement to the Investment Clients of AIBL against Bond money received	2,500/-

Investment

The investment of the bank has stood at Tk.261,874.13 million as on 31st December 2018 as against Tk. 235,905.23 (Net off PR) million in the previous year showing an increased by 11.01%. 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



Hon'ble Governor of Bangladesh Bank handed over scholarships to meritorious students at 'AIBL Scholarship Program 2018'

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 4.79% in our bank as on 31 December 2018.

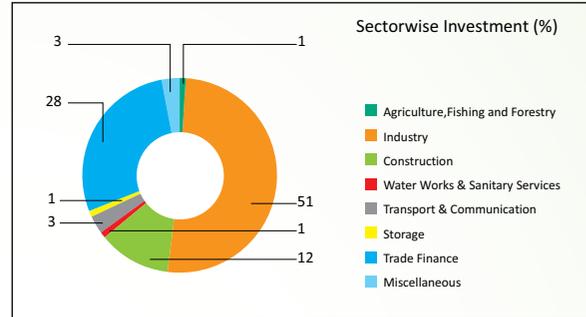


The bank gives top-most priority to the creation of quality assets and does appropriate risk grading while approving commercial, trade and project investment to different clients.

Sector wise Investment 2018

Sectors	Taka in million
Agriculture, Fishing and Forestry	3,210.50
Industry	138,791.50
Construction	33,689.80
Water works & Sanitary Service	1,758.50
Transport & communication	9,369.40
Storage	1,405.50
Trade Finance	74,759.87

Miscellaneous	6,929.42
Total (Including Profit Receivable)	269,914.49
Less Unearned Profit on Investment	8,040.36
Total	261,874.13



Income

Investment income: The investment income was Tk. 24,956.81 million during the year 2018 which was growth of 21.79% over the previous year. Investment income is 86.88% of the total income of Tk.28,726.20 million.

Income from other than investment: The bank has earned Tk. 3,769.39 commission income, exchange income, locker rent etc. in the current year which is 13.12% of the total income. It indicates 5.96% growth over the year 2017.

Expenditure

Profit paid to depositors: The Bank has paid the depositors Tk. 16,256.61 million which is 65.14% of the investment income and 72.52% of the total expenditure for the year 2018. It was 37.95% growth over the year 2017.

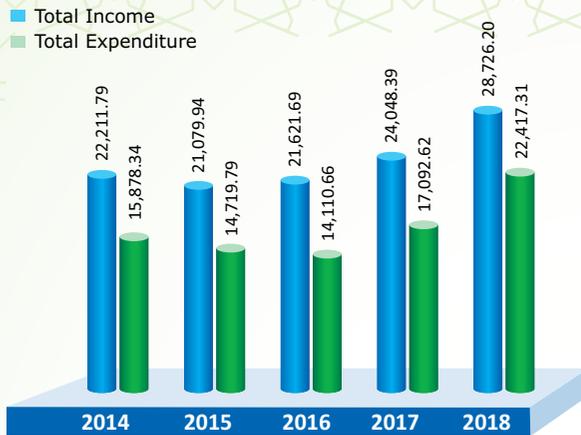
Administrative and Other Expenses:

The administrative and other expenses were Tk. 6160.70 million during the year showing 16.06% growth over the year 2017. It is 27.48% of the total expenditure.



The Bank Achieved 'Best Corporate Award' from ICMAB for outstanding performance on Shariah-based Banking

Total Income & Expenditure (In million Taka)



Operating Profit

The bank earned operating profit of Tk. 6,308.89 million during the year 2018. The operating profit of the Bank during the year 2017 was Tk. 6,955.77 million and thus the Bank attained negative growth of 9.30 % in respect of operating profit. The provision for income tax for the year amounted to Tk.1650.79 million and divisible profit available for appropriation amounted to Tk.1,595.06 million.

Operating Profit (In million Taka)



International Banking Wing (IBW)

International Trade

We are now more capable and confident to handle Foreign Exchange Business. Presently, we have 26 AD Branches through which we have handled total foreign exchange business of Tk. 319,972.90 million during the year 2018 as against Target of Tk. 355,000.00 million 2018. Our Foreign Exchange business increased by Tk.38,032.90 million recording a growth of 13.49%. Target of International Trader for the year 2019 has been fixed at Tk. 405,000.00 million with 26.57% growth.

Import Business

Total import business of the bank stood at Tk. 168,573.80 million during the year 2018 as against Tk 156,700.00 million, Tk.118,786.60 million and Tk.107,049.80 million in the previous year 2017, 2016 and 2015 respectively. Our import business increased by Tk. 11,873.80 million i.e. 7.58% growth in 2018 as compared to increase of Tk. 37,913.40 million i.e. 31.92% growth in 2017 and increase of Tk 11,736.80 million i.e. 10.96% in 2016 respectively. Target for Import business for the year 2019 has been fixed at Tk. 210,000.00 million expecting growth of 24.57%.

Import Business Growth (In million Taka)



Export Business

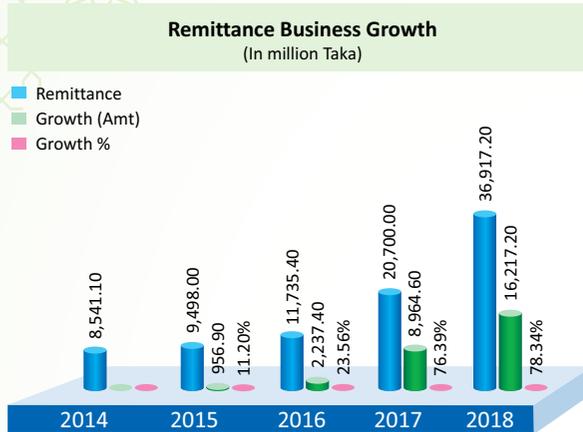
Total Export business of the bank stood at Tk. 114,481.90 million during the year 2018 as against Tk. 104,540.00 million, Tk 88,152.20 million, Tk. 79,362.90 million in the previous year 2017, 2016 and 2015 respectively. Our export business increased by Tk. 9,941.90 million i.e. 9.51% growth in 2018 as compared to increases of Tk. 16,387.80 million i.e. 18.59% growth in 2017, Tk. 8,789.30 million i.e. 11.07% in 2016. Our target for Export business for the year 2019 has been fixed at Tk 145,000.00 million expecting growth 26.66%.

Export Business Growth (In million Taka)



Remittance

Total remittance of the bank stood at Tk.36,917.20 million during the year 2018 as against Tk. 20,700.00 million, Tk.11,735.40 million and Tk. 9,498.00 million in the previous year 2017, 2016 and 2015 respectively. Our remittance increased by Tk. 16,217.20 million i.e. 78.34% in 2018 as compared to increases of Tk.8,964.60 million i.e. 76.39% in 2017, Tk. 2,237.40 million i.e. 23.56% in 2016 respectively. Target for Remittance business for the year 2019 has been fixed at Tk 50,000.00 million expecting growth 35.44%.



Treasury Operations:

Being an integrated unit, AIBL Treasury manages day to day Liquidity in foreign currencies and all other Foreign Exchange Risks. Treasury Division, IBW engages in foreign currency Fund Management and ALM activities. Prudent ALM and Foreign Exchange Operations however contribute significant profit and exchange earning of the bank. In FX treasury, we participate interbank market, conduct transaction with central bank and with Foreign Banks/FIs. We always try to adhere within the laid down policies and guidelines of the bank and regulatory bodies.

Year 2018 was a high challenging year for Treasury in terms of managing FX Risk, Profit Rate Risk and Liquidity Risk of the Bank in the sideways economic activities. The demand of BDT observed over the year although overnight borrowing dependencies will be reflected in the year end balance sheet of some renowned Banks. Liability pricing shifting up from June and jumped in December this year for bringing IDR/ADR within limits.

From January to December 2018 almost 7% BDT has depreciated from January to December 2018 and the country has been suffering huge foreign exchange gap and running with large trade deficit. With the wave and ditch of market, Treasury Division of the bank tried to take maximum market opportunities.

We have earned revenue of Tk. 1,401.60 million during 2018 as against Tk.1,234.00 million in 2017 recording 13.58% growth through Treasury operation.

Comparative position of Treasury operations:

(Tk. In million)

Particulars	2018	2017	Growth %
Exchange Gain	892.00	860.10	3.71%
Rebate Income (Rebate sharing by FI FI Correspondents)	91.60	90.00	1.78%
Income from placement to OBU & EDF	418.00	283.90	47.23%
Total Income	1,401.60	1,234.00	13.58%

Our local Treasury operations it's functioned to ensure efficient fund management to maintain CRR & SLR matching with total Deposit flow & Investment requirements of the bank along with the growth targets of the bank. While Foreign Treasury remained activity throughout the year 2018 for utilizing available FC fund, exploring interbank and overseas markets to meet up the extended demand against off-balance sheet commitments and Off-Shore Banking Unit. Moreover, Treasury Division of the Bank kept itself competitive throughout the year in terms of provisional deposit rates, rate of return of investment, exchange rate and diversified Treasury products.

Foreign Trade Processing:

There was no Centralized processing Hub in the bank before 2014 and then all Foreign Exchange related products were processed at branch level. IBW has setup its long desired Foreign Trade Processing Department (FTPD) and started functioning since 2014.

FTPD got its focus to maintain proper relation with the most esteemed correspondents. The division is doing major portion of foreign trade business of the bank with limited manpower and ensures the cost effectiveness. As the cash LC/back to back LCs are issued and all sorts SWIFT message correspondence conduct from a single point - it's easy to minimize the sanction risk and monitor other internal and external regulatory risk. Moreover, FTPD check the general ledger balancing regarding LC liability, bills liability and cash security and very keen to ensure there is no mismatch at any point of time along with this. FTPD is focusing that all relevant charges are realized as par Head Office approval. By this way, FTPD is targeting to minimize the internal control and compliance risk and exposure to foreign exchange risk.

EDF Operations:

EDF operations are now being handled under shariah Base Restricted Mudarabah mode between AIBL & Bangladesh Bank and allowing investment to the client under Mudarabah Foreign Currency Investment (MFCI). Meanwhile Bangladesh Bank also introduced online based EDF management software for smooth handling of EDF application, disbursement and repayment related works. In 2018, we have received EDF fund from Bangladesh Bank for USD 141.15 Million.

Off-shore Banking Operation:

Our Off-shore Banking Unit (OBU) has been performing its operation at our Motijheel Branch since 2014. Total finance under UPAS in 2018 was USD 167.16 million and under

MDB FC was USD 40.27 million. As on 31.12.2018 total outstanding UPAS was USD 78.92 million and under MDB FC was USD 12.64 million and Foreign Currency borrowing for Off Shore Banking Unit was USD 45.01 million.

Introduction of Shariah Based Products for Handling of Import & Export Business:

Export Products: Musharaka Documentary Bill (MDB in BDT): Inland post export facility was allowed only under QIBP mode before 2014. The Musharaka Documentary Bill (MDB) mode has been introduced and now investment is parallelly made under Shariah based MDB mode.

MDB (FC): No export finance in the form of F/C was allowed before 2014. The AD Branches are now also allowing export finance under Musharaka Documentary Bill (MDB-FC) against Deemed Export by borrowing fund from OBU.

Murabaha Foreign Currency Investment (MFCI) Product

The product Named 'Murabaha Foreign Currency Investment' (MFCI) has been introduced for allowing investment in FC. Now we are allowing facilities under EDF under MFCI mode.

Mudaraba Foreign Currency Deposit (MFCD) A/C

AD branches are maintaining "Exporters FC A/C" after disbursement of MDB FC under this Account. Export Development Fund is also deposit under MFCD A/C.

Professional Development Programs for Foreign Exchange Officials:

Under bank finance and close supervision till now 56 officials of our bank are qualified as CDCS (Certified Documentary Credit Specialist), 2 CSDG and 2 ACAMS from 2013 to 2018.

SWIFT Sanctions Screening: We have already implemented SWIFT Sanctions Screening solution to our Core Banking Software for screening of all incoming and outgoing transactions to minimize the AML/ CFT risks which has increased our acceptability and goodwill to our all correspondents home and abroad.

Our plan and Strategies for Foreign Exchange Business goal for year 2019

- 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 up cash import business.
- To give special attention in remittance service at branch level
- To maintain a progressive growth, we have to enhance our capacity by acquiring professional and technical knowledge & skill.
- Introduce Remittance Software and Automation.
- Legal and international marketing (Meeting, Remittance Program, remittance fair, Overseas visit)
- Implementation of Sanction Screening for remittance payment.
- Increase of Remittance Drawing Arrangement.
- Arrangement of On-line base Vessel Tracking System.
- Strengthening the Hajj Management system of our Bank.

- To keep Treasury positions within set benchmark.
- To cope up with new products/market dynamics with the extended FX volume.
- To maintain optimum liquidity in all seasons.
- To achieve set earning target for 2019.
- To ensure maximum adherence with organizational goal.
- To spread treasury networks through diversified functions/products within policy.
- To enrich treasury officials with local/foreign training.
- To match and keep updated treasury tools/dealing room equipments in touch.

Internal Control & Compliance Wing

Internal control is a process, effected by a bank's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance (COSO). Internal control is a process, rather than a structure. The board of directors and senior management are responsible for establishing the appropriate internal control environment & 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. It is not a separate activity disconnected from the rest of business activities, rather is an integral part of those activities. Internal control plays a critical role in managing risks of Financial Institutions.

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

The components of Internal Control Environment are Board of Directors, Board Audit Committee, Management, Organizational Structure, Independent audit mechanism, Shariah Supervisory Committee, Concurrent Audit, Whistle Blowing System, Zonal Office, Information and Communication Technology (ICT), Management Information System (MIS), Policy/Manuals/Guidelines/Circulars, Risk Management System, External Auditors Board of Directors, Board Audit Committee, Management, Organizational Structure, Independent audit mechanism, Shariah Supervisory Committee, Concurrent Audit, Whistle Blowing System, Zonal Office, Information and Communication Technology (ICT), Management Information System (MIS), Policy/Manuals/Guidelines/Circulars, Risk Management System, External Auditors and finally all employees of the Bank.

Internal Control and Compliance Wing of the bank consists of 3 (three) division's viz. (i) Audit & Inspection (A&I) Division, (ii) Compliance Division and (iii) Monitoring Division (MoD). Activities of ICCW in 2018 are briefly appended below:

Internal Control & Compliance Wing is working directly or indirectly with an aim for establishment of Sound Corporate Governance.

Activities performed by several divisions under ICCW in the year 2018 are as follows:

- a) **Audit & Inspection Division:**
 - i) Risk Based Internal Audit:- As per approved audit plan, Audit & Inspection Division has completed 100% audit including

surprise & special audit in the branch and Head Office.

- ii) In 2018, total 1, 76,947 lapses have been detected by Internal Audit in the Branches and 30% of lapses has been rectified on spot.
- iii) In 2018, Internal Audit & Inspection team detected income leakage of Tk. 153.84lac regarding non-realization of commission, charges, fees etc. and realized Tk. 12.10lac on spot and tk. 108.46 lac through compliance division.

b) Compliance Division:

There are two parts of Basic Compliance Functions:

(i). Preventive Part:

- a. Policy-Procedure Formulation
- b. Knowledge & Awareness Dissemination
- c. Liasion with Regulators.

(ii). Corrective Part:

- a. Correction of existing Policy-Manuals.
- b. Internal Audit Compliance
- c. External Audit Compliance
- d. Bangladesh Bank Inspection Compliance.

Followings are the compliance functions of this Division:

(i). **Internal Audit Compliance:**In 2018, total no. of 1,13,318 lapses have been rectified out of total un-complied lapses 1,71,388 (2014-2017: 73,351& 2018: 98,037) through follow-up (66.12%).

(ii). **Bangladesh Bank Inspection Compliance:**All Bangladesh Bank Inspection Compliance report has been sent to Bangladesh Bank in time. In the meantime, 98.20% lapses have been rectified and correspondence are continuing for compliance of rest lapses.

(iii). **Memo Submission:**

The division has submitted 10 memos of branches, 6 memos of Head Office 47 memos of important miscellaneous issues to the BAC and Board on the basis of risk prioritization.

iv) **Weekly Communication Meeting:**

The following issues are discussed in the Weekly Communication Meeting:

- Settlement procedure of Very Serious Lapses (VSL).
- How to strengthen branch ICC performance gradation.
- Pending compliance of Bangladesh Bank inspection.
- Discussion on Branch business exposure and performance.
- Nature wise residual lapses of Independent Concurrent Auditor.

Compliance Division has made arrangement of total 12 Weekly Communication Meetings (WCM) in 2018 where total number of 960 VSLs have been discussed of which 334 VSLs have been settled.

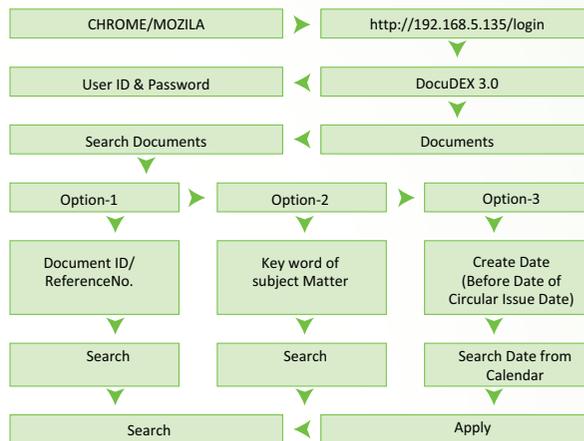
v) **Audit File Closed:**Total audit files closed in 2018 are 134 of which 46 audit files are of 2016 and 88 files are of 2017.

vi) **Archiving Circular, Instruction Circular, Manual and Policy Guidelines:**

Every year our Bank issues many Circulars, Instruction

Circulars, Manuals & Guidelines and disseminates the same to all branches, departments, divisions, wing & zonal offices in order to perform the banking activities properly. An archiving system has been introduced by uploading all the Circulars, Instruction Circulars, Manuals and Policy Guidelines (issued from 2012) in the DocuDEX 3.0 system of Business Process Automation (BPA) under the supervision of ICCW. Under the system, the officials of the Bank (who have an user ID) can easily access in the DocuDEX 3.0 system & able to go through, download the expected Circulars, Manuals, Policy Guidelines and can enriched their Banking knowledge.

Procedures of download from BPA are follows:



Others: Other works performed by the division are assessing branch ICC Performance Gradation (based on Audit); submission of Report before Board, BAC regarding Implementation status of Board, BAC decisions & Bangladesh Bank Inspection Compliance report etc.

C) Activities of Monitoring Division (MOD):

1. *The Performance of Independent Concurrent Auditor at the branches:*

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

Now 18 (eighteen) branches have been brought under the circumference of Concurrent Audit system. Based on 31st December 2018, 70% business of the Bank are covered where Independent Concurrent (IC) Auditor have started their activities. Evaluation of the performance articulates that the percentage of rectification of identified irregularities is 71%. 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. Monitoring Division prepare memo on major irregularities (VSL and SL) on the basis

of monthly reports of concurrent auditors and submit to the Board Audit Committee (BAC) for future guidance.

2. *Follow up of Zonal heads visit reports.*

To monitor the activities of the branches, The Zonal Heads visit all the branches under the Zone and submitted the visit report to the MD's secretariat and afterwards send it to the Monitoring Division for needful follow-up. During the year 2018 Monitoring Division received 668 reports and needful follow-up done accordingly:

3. *Watch Tower activities:*

Monitoring Division works as watch tower of the overall control system of the bank through offsite monitoring and Online Monitoring. As a part of online monitoring activities while random sampling checking of Abnormal Changes in GL items of branches, Monitoring Division identified some deviations in various accounts heads (GL heads) during the year-2018 & those are all rectified subsequently.

4. *Follow-up of MPI/Murabaha Godown visit report:*

Concurrent auditors (General and Independent) of branches are being submitted stock report of MPI/Murabaha of respective Branches. The submitted reports have been analyzed and necessary follow-up done from this division as well as referred to IAD.

5. *Monitoring of Quarterly Operation Report (QOR), Employees/Staff Account, Mandatory Leave (ML) and Employee Transfer:*

Monitoring Division follow-up the Quarterly Operation Report (QOR), Employees/Staff Accounts, Mandatory Leave, Employee Transfer and communicates with the respective Division / Branch for rectification if found any deviation.

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

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

Sustainable Finance Unit

The main goal of this unit is to ensure balance between economic growth, environmental sustainability and social welfare. All elements existing in our surrounding environment such as air, water, soil, forests, mineral resources etc. all are complimentary to each other. All components are useful and essential to us in any way. Over exploitation or destruction of this resources with the growth of business activities and modern civilization may ruined the balance of the environment which may cause various types of natural disasters and threat to life of all living beings. For sustainability we have to utilize all our resources optimally (such as water, electricity, paper etc.). From this perspective SFU is constituted to incorporate environmental safe keeping and other social responsibility in its ethical business activities. To achieve sustainable goal, Al-Arafah Islami Bank has taken following step as per Bangladesh Bank instruction time to time.

ESRM (Environmental and Social Risk Management): According to instruction of Sustainable Finance Department, Bangladesh Bank, Al-Arafah Islami Bank Ltd has newly formulated and approved ESRM guideline by its board. This new guidelines includes environmental issues in an extended manner and social aspects as new consideration. From now onwards all investment proposals will be treated to assess environmental and social risk under new rules of this guidelines. This is will be a newly added advantage in risk management leading to achieve our business development goals in all respects.

Bangladesh Bank Islamic Refinance under Green Banking Activities: Al-Arafah Islami Bank Ltd. has financed clients through different branches Tk. 40.00 million from Bangladesh bank Islamic Refinance fund for ensuring working environment safety at work place. Our rate of return is 9% at



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

client level. Mostly this will encourage clients to be complied with the environmental rules and regulations which will boost the economic growth as well as the environmental and social protection.

Tree Plantation-2018 : Similar to other years, Al-Arafah Islami Bank Ltd observed a month long Tree Plantation Campaign starting from 08.08.2018 where 59 branches located in rural area were participated. In this program approximately 12,000 seedlings of different trees were planted in those regions under direct supervision of the branches where budgeted expenses was of tk. 11,91,355/= . Besides this, each branch has also arranged rally, seminar, road show and tree distribution and plantation program on different school, college, madrasah campuses.

Green Finance: From the beginning of its green banking, Al-Arafah Islami Bank Ltd. has expanded its activities in different green sectors like LED Bulb/Tube Assembly Plant, production of burnable from waste tire by the process of pyrolysis, ETP construction, recycling waste and green brick manufacturing etc. A brief summary of green finance presented in the table below:

Product wise Green Finance
For the Quarter: Oct-Dec, 2018.

In Million BDT

SI No.	Product	Disbursement Amount
1	Having and installation ETP	946.57
2	Green Brick manufacturing	945.72
3	LED Bulb/Tube Assembly Plant	179.14
4	Recycling and reusing waste	80.43
5	Production of burnable oil from waste tire by the process of pyrolysis	3.79
	Total	2155.65

Corporate Social Responsibility (CSR)

Under CSR activities the bank always focuses social development and fulfilling its needs on priority basis. The bank is increasing its contribution day by day. The bank maintains ethics in all its activities and always responsible for social development in addition to economic development. To enhance social service the bank has facilitated farmers & freedom fighters to open savings accounts with special facilities of giving profit on daily balance without realizing any account maintenance fee. During the year 2018 we accomplished different humanitarian and social activities which include allocation of fund Tk. 121.60 million . Besides we have taken a program to develop manpower and make them employed as well as assisting them for employment in abroad.

CSR activities in the year 2018:

(Amount in Million BDT)

SI No.	Particulars	2017	2018
1	Health Sector	10.80	15.03
2	Education Sector	8.10	15.83
3	Disaster Management	2.60	01.83
4	Cultural Activities	0.90	6.36
5	Environment	1.70	7.13
6	Others	133.30	75.39
	Total	157.40	121.57

Education Scholarship: Al-Arafah Islami Bank Ltd is contributing to the overall development of the society significantly through its initiatives to achieve Sustainable Development Goal (SDG). In this context, the bank has taken step to spread quality education which is the 4th most prioritized goal of SDG. So from 2018 the bank has successfully begun one most deserving event titled **“Al-Arafah Islami Bank Education Scholarship Program-2018”** for underprivileged meritorious students who have recently passed HSC examination. It will be continued each year from now onward. Under this program, students who have been selected will be awarded financial assistance for four years period of studying at bachelor level and payment for books and dresses once in a year. For the beginning period total estimated expenditure would be approximately Tk. 9 million in this purpose. Initially about 800 students will be covered under this program within next 4 years.

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. MSMEs occupied a unique position in the economy of Bangladesh. Here, the MSMEs account for about 40% 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	2017	2018
Total CMSME Portfolio	104,743.90	105,909.20
% of CMSME Portfolio to Total Portfolio	43.29%	39.94%
Target of CMSME Investment	55,000.00	58,000.00
Total CMSME Disbursement	95,684.43	78,981.30
% of Achievement	173.97%	136.174%

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	5,318.58
Amount of Disbursement to Women Entrepreneurs	6,266.30

Agricultural Investment

Agricultural Investment is dealt by Agricultural Department functioning under the control of SME Investment Division. To face the increasing food shortage of the country, bank is

paying massive attention to invest on agricultural sectors. The main items of agricultural sectors are- crops, fisheries, warehouse, poverty alleviation, irrigation, livestock development etc. At the end of December 2015, total agricultural investment portfolio is Tk. 2800.17 Million for the fiscal year 2017-2018. With collateral and without collateral both are practiced in agricultural investment.

The Achievement of 2017-2018 is as follows:

(Figure In Million)

Sector wise Agricultural Disbursement	Current Fiscal Year Disbursement (2017-18)	Accumulated Outstanding (31.12.2018)
a) Crops	725.10	676.90
b) Fisheries	729.90	565.10
c) Crop Storage	264.90	379.30
b) Livestock Development	1779.90	973.20
d) Poverty Alleviation	125.10	43.60
a) Irrigation Tools	56.70	203.60
e) Agricultural Tools	28.90	138.60
g) Others	240.30	229.80
Grand Total	3950.80	3210.10

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.



The Bank provided 100 computer sets to Jamiya Islamiya Ubaida Nanpur Madrasa under CSR activities

Special Schemes for Agricultural development

Rural Agricultural Investment Scheme (RAIS)

On the basis of socio-economic development of marginal and lessee farmers, this agricultural based programme named 'Rural Agricultural Investment Scheme (RAIS)' is running in this Bank. Development of country's internal food production as well as socio-economic sectors of farmers is the main focus here. We have already listed 2325 farmers under this scheme and total investment is Tk. 29.10 million of which outstanding is Tk. 28.00 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 73.00 million investments among 1085 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. We have disbursed 23.22 million investments among 487 farmers under this sector so far.

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.

In this scheme, we have already disbursed Tk. 19.31 million for fattening of 401 Cows and 13 Buffalos among 152 farmers so far. This was a great achievement we think. This is a special scheme in the banking sector of Bangladesh.

Agent Banking

Agent Banking services is one of the new dimensions of banking services in Bangladesh which is provided through engaged agents under valid agency agreement. Agent is the owner of one or more than one outlet(s) who conducts banking transactions on behalf of the bank. This type of banking is comparatively a new idea that can help the formal banking sector reach out to the marginalized people of the society through agents. It is playing a pragmatic role in paving the way for financial inclusion. Financial inclusion is a tool for inclusive economic growth and financial development of a country.

Agent Banking Mission

To bring low cost and secured banking services to the unbanked people of Bangladesh as a part of financial inclusion.



The Bank provided Tk. 20 lakh to Islamic University of Technology (IUT) under Corporate Social Responsibility (CSR)

Agent Banking Vision

To create more satisfied financial inclusion by offering technology driven banking solutions to the unbanked people living in rural area of Bangladesh.

Agent Banking Product & Services

- All kinds of account opening
- Cash deposit & withdrawal
- Fund transfer to any account of AIBL
- Foreign remittance disbursement
- Utility bill payment (Polly Bidyut)
- Balance inquiry & mini-statement
- Electronic Fund Transfer (BEFTN/RTGS)
- MTDR & ITD, MDS etc. accounts for customers
- SME, Agricultural & Micro investment processing
- Investment repayment
- ATM debit card for agent banking customer
- MICR cheque books
- School banking
- Internet banking facility etc.

Agent Banking Specialty

- Real-time transactions all over the country
- All kinds of banking services (except DD, Pay order and foreign transaction)
- Transactions are authenticated by biometric
- Automatic transaction slip
- SMS notifications for all transactions
- Mini branch concept
- Outlet branding by bank's participation
- Providing bank's officials for smooth customer support

Performance of Agent Banking

We have launched 200 Agent Banking outlets through 133 Agents as on December 2018 with a view to bringing the unbanked population under banking services. As on December 2018, active accounts of Agent Banking are 1,36,434 which is 7.67% of total Bank's account. We have already covered 112 Upa-zillas under 44 Districts. With some restrictions and limitations, a number of services are available in agent banking operation.

Most of the beneficiaries are living in rural areas and were totally un-banked in their life-time. Total deposit of Agent Banking is Tk. 9,440.60 million and the figures are increasing rapidly. Clients are opening accounts, depositing and withdrawing expected money, taking foreign remittance sent by their relatives, paying their utility bills and getting other banking services spontaneously. This is one of the greatest examples of financial inclusion in Bangladesh.

Agent Banking Performance At a Glance (As on 31-12-2018)

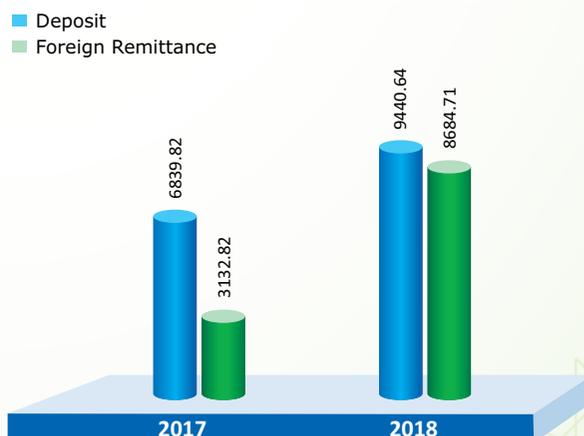
Particular	Year 2017	Year 2018
Total Number of Agents	82	133
Total Number of Outlets	112	200

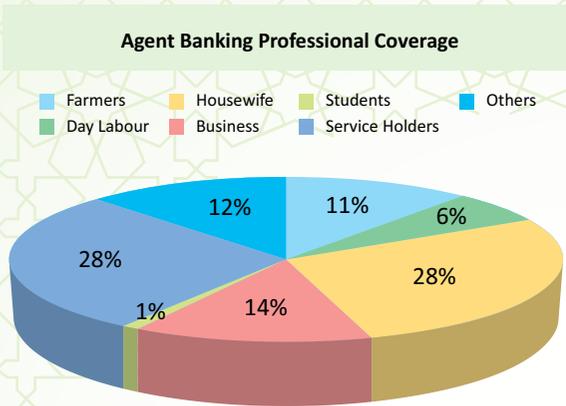
Number of Accounts	70,774	1,36,434
Total Deposit (Tk.) of Agent Bank	6,839.82 million	9,440.64 million
Number of Foreign Remittance Disburse Through Agent Bank	86,102	2,23,154
Amount of Foreign Remittance (Tk.) Disburse Through Agent Bank	3,132.82 million	8,684.71 million
Number of Polly Bidyut Bills Collection	43,741	7,18,122
Amount of Polly Bidyut Bills Collection (Tk.)	21.44 million	377.32 million
Number of Covered District	30	44
Number of Covered Upa-zilla	88	112

Agent Banking Growth Report

Particular	Year 2017	Year 2018	Growth (%)
Total Number of Agents	36	51	141.67%
Total Number of Outlets	47	88	187.23%
Number of Active Accounts	40,210	65,660	163.29%
Deposit (Tk.)	6,037.43 million	2,600.81 million	43.08%
Number of Remittance	47,665	1,37,052	287.53%
Amount of Remittance (Tk.)	2543.72 million	5551.90 million	218.26%
Number of Electricity Bills	43,741	6,74,381	1541.76%
Amount of Electricity Bills (Tk.)	21.44 million	355.91 million	1663.08%

Agent Banking Deposit and Remittance comparing to 2017 to 2018 (Figure in Million)





In Bangladesh, the vision 2021 is premised on a safe, efficient and inclusive financial system where savings and investment are required to be increased manifold. The financial sector is expected to play a vital role in mobilizing the substantial resources. The central bank has therefore been trying to explore and implement innovative models that will boost Bangladesh's financial sector to support savings and investment growth. Al-Arafah Islami Bank Ltd. is also working with those mission and vision.

Branding & Public Relations

Improvements in branding and media relations were priorities during the year 2018. In response to the overwhelming expansion in Bank's business, we extended our publicity to fulfill the market demand. We brought new dimension in our branding and publicity for establishing a positive image of the Bank. We acquired encouraging national attention towards AIBL throughout the year with our all-around activities. More than 180 news items of the Bank were broadcasted in 800 news coverage through 18 different TV Channels during the year 2018. We continued news branding on 8 major satellites TV channels such as, Bangla TV, ETV, Channel-i, Bangla Vision, ATN Bangla and ATN News, Desh TV, DBC TV.

Promotion in the television media got a major hike during the Ramadan this year. In 13 major TV channels which included NTV, ETV, Bangla TV, Jamuna TV, Channel-9, Boishakhi TV, SA TV and many more, the Bank sponsored 20 different programs to encourage true Islamic values. The initiative was praised by the stakeholders and positively put an effect on business.

Positive branding was one of the vitals supports that led the Bank to hold a firm position in the market. More than 15 interviews and talkshows of the Managing Director and other top executives were published or broadcasted in several media. The Bank proved its engagements with people by sponsoring several occasions. Banking Fair, SME Fair, School Banking Conference, Anti-Money Laundering Conference, Fair of Chittagong Metropolitan Chamber of Commerce & Industry and many more people-related gatherings were sponsored by the Bank. These activities tightened the relationship with clients and uplifted Bank's faithful image.

Our presence in the print media also was bold as we had 3450 Press Release items published in more than 60 different leading Newspapers and Media throughout the year. Besides, more than 800 advertisements took place in 120 different publications during that year. For 2019 our advertisement plan will focus to achieve the best outcome using available media and resources. We shall go into Electronic Media vastly this year, including Radio Branding. Besides, we have taken action to boost-up our promotion in social media.

The Promotional Plan also indicates that, we have to make our promotion through client service more effective and efficient in 2019. 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.



A Remittance Agreement was signed between the Bank and National Exchange Company S.R.L

Branding Summary of AIBL in 2018

SL	Branding Details	Frequency During 2017
	TV News Items	180 events 800 coverage
	TV Channel Coverage	18 channels
	TV Branding (throughout the year)	8 channels
	TV Branding during Ramadan	20 programs 13 channels
	Talkshow/Interview	15 programs
	PR Published	3450 times
	Print media covered	60 media
	Promotional Advertising	800 advertisements
	Publications used	120 publications

Information Technology

Information and communication technology (ICT) has become the heart of the banking sector and it is the heart of every robust economy. ICT is helping the banking sector improve its efficiency and effectiveness of services offered to the customers, and enhances business processes, managerial decision making, and workgroup collaborations which strengthen their competitive positions in rapidly changing and emerging economies.

Every bank is rendering their financial services, DATA analysis & classifications, making the ultimate decision with a truly automation system accomplished by the ICT division. AIBL started its Automation journey from 2006 and lived their Online Operation in the 2008 that has been going on successfully since inception.

Beside Core Banking System (CBS) we are also using the below tech based services to automate, secure and faster our internal activity as well as to offer the better services to our valued customers:

- | | |
|-------------------------------|--|
| i. RTGS, | xiii. Sanction Screening, |
| ii. BEFTN, | xiv. FATCA Compliance, |
| iii. BACH, | xv. SWIFT, |
| iv. ISS Report, | xvi. Asset Management, |
| v. BPA, | xvii. Centralized Anti Virus Management, |
| vi. CIB, | xviii. Mail Server, |
| vii. goAML- CTR, | xix. OBU, |
| viii. RIT Reporting, | xx. Treasury, |
| ix. i-Banking, | xxi. ATM Service, |
| x. Sylvia (HRMS), | xxii. Mobile ATM Service, |
| xi. Agent Banking, | xxiii. Debit Card, |
| xii. Utility Bill Collection, | xxiv. Credit Card, |
| | xxv. SMS Alertetc. |

There are some Technology based initiatives taken by the bank management to improve the customers' services with a view to become the best bank in Bangladesh:

1. To become one of the best three Technologically advanced banks in the country within next 3 years
2. Ensure 100% Regulatory Compliance by taking highest possible ICT security measures within a year.
3. To take necessary steps to earn highest possible satisfaction of end-users in ICT Supports Service by 2019.
4. Considering a huge unbanked population across the country, AIBL has been working to commercialize Mobile Financial Services (MFS).
5. Full-phased Internet Banking along with E-Commerce and Payment Gate way will be started very soon.
6. Working for E-wallet name "Islami Wallet" is going on and will be started very soon.
7. Introduce Booth Services as per Bangladesh Bank guideline.

Card Division

Modern day Banking is unimaginable without digital and alternative payment platform. The synonym of Card is now "Plastic Money". In busy day to day life, businesses and consumers are interested in faster, safer, and more convenient payment methods.



An MoU was signed between the Bank and Fintech Innovations International

At present we are providing wide range of Card product like Debit Card, Credit Card, Instant Card, Pre-Paid Card and Hajj Card. More than 1.50 lac AIBL card holders can use AIBL own ATMs as well as any Banks ATM through NPSB network & MasterCard enable ATMs. More than BDT 12.48 billion has been transacted from AIBL ATMs last year.

We are the principal member of MasterCard, world's largest retail electronic payment network. We already introduced most secure EMV certified chip based card. We are one of the largest Islamic Bank of Bangladesh. We are strictly maintaining the Shariah principals while issuing La-Riba Credit Card, so we operate on 'Quard' concept. We are offering Credit card to our customer with wide range of modern & digitalized service. By that, La-Riba Credit Card makes a positive foot step in our customers mind.

We are offering discount facility for both Debit & Credit card holders & Equal Monthly Installment (EMI) facility for credit card holders. We have already signed EMI and discount agreement with almost all renowned Furniture manufacturers, Branded Electronics chain shop, & Lifestyle retailers and leading Hospitals, Restaurants, Hotels, On-line shops. We have accomplished different joint Campaign with MasterCard time to time. With the approval of the Honorable Board of the Directors of the Bank, we are planning to provide Lounge facilities to our honorable customers in both Domestic & International Airport Lounge.

We are going to provide Hajj card to honorable Hajji Saheba & Saheban. Addition to that, we will issue pre-embossed La-Riba Pre-Paid Card from our Hajj booth at Hajj Camp to facilities honorable Hajji Saheba & Saheban for hassle free International transaction during Hajj.

AIBL launched "Instant Card" to facilities our honorable customers, they can collect the pre-embossed debit card from Branch at the time of opening account. For the first time in Bangladesh we provide cards to Agent Banking customers.

Card Division of AIBL working round the clock to provide efficient & satisfactory service to our valued customers. Adapting technological advancement, AIBL Card Division will provide modern day Banking service to our customers Insha Allah.

Asset Quality

Overdue investment stood at Tk.9,097.52 million as on 31st December 2018 as against Tk. 6,095.69 million as of December, 31 last year. Total overdue increased by Tk. 3,001.83 million during the year 2018 bringing the same to 3.43% of our total investment as against 2.52% in the previous year. Corporate Branch Manager, Zonal Head and Branch manager are advised for adopting strategies to arrest the situations.

Rescheduled investment increased by Tk. 3,304.27 million from Tk. 9,653.30 million to Tk. 12,957.57 million (Term Tk. 6,398.96million + Continuous & Demand Tk. 6,558.61million) which was 4.89% of total Investment. Recovery against rescheduled investment during the year 2018 was Tk. 1,138.62 million.

Classified investment increased by Tk. 2,769.21 million from Tk. 9,921.51 million to Tk. 12,690.72million representing 4.79%

of total investment as against 4.10% in the previous year.

During the year 2018, recovery against classified investment stood at Tk. 3,149.17million while recovery against SMA was Tk. 2,075.27 million and against Written off Tk. 173.40 million building a total recovery of Tk. 6,536.46 million including recovery Tk. 1,138.62 million from rescheduled investment. Plan and Strategies to Improve the Asset Quality-

- to ensure constant supervision and follow-up 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 non-performing 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.

Risk Management

Risk is generally defined by the adverse impact on the profitability of several distinct sources of uncertainty. It looks at financial exposures and its inherent risks to the business, and deeply believes profits are in part for successful risk taking in business. A bank must run its operations with two goals- to generate profits and to stay in business. Greater risk and poorly managed risk increase the danger that the bank may incur huge losses and be forced out of business. Risk Management is a tool used by banking institution in the name of good governance, risk mitigation and prudent practice. It focuses a lot on control processes, performance monitoring, collateral value, and decision making policies for credit, market and systemic risks. Risk Management's main objectives are to identify and measuring the risks and advise mitigation there against. Banking operations are mainly exposed to:

- Investment or default Risk (including concentration risk, country risk, and settlement risk)
- Market risk (Including interest rate risk in the banking book, Forex risk, and equity price risk)
- Liquidity risk
- Operational risk
- Other risks (residual risk, compliance risk, strategic risk, reputation risk etc.)

AIBL has three lines of defense for identification, assessment, control and mitigation of risks.

1st line of defense: Day to Day Business and Operational Management units

- Branches
- Support Functions

2nd line of defense: Internal Control Framework (Policy & Methodology)

- Zonal Office
- Different Risk Management Committees
- Risk Management Division and CRO
- Board Risk Management Committee

3rd line of defense: Independent Assurance

- Internal Audit
- Board Audit Committee
- Supervision of Regulators

In accordance with the direction of Bangladesh Bank, AIBL has established 'Risk Management Division' and possesses board's approved risk management guidelines designed to ensure that risks are identified, monitored and reported. Risk Management Division exclusively manages 6 (six) core risks in line with core risk Management guidelines of Bangladesh Bank. AIBL formed All Risk Committee at Management level in addition to six separate Core Risk Management Committees to address basic risk management activities like identification, assessment, and mitigation of risks. Besides, Board Risk Management Committee oversees the overall risk management activities of the bank, risk appetite and performs their duties with utmost care to minimize the risk level.

Regular meeting of all the committees are held on monthly/quarterly basis. The major concerns of the 6 (six) Core Risks Management Committees are as under:

1. Investment Risk Management Committee :

Investment risk arises from the potential that a bank's borrower may fail to meet its obligations in accordance with agreed terms. IRMC deals with the activities of supervises and monitors Investment concentration, Internal investment risk grading, Corporate clients rating, Non performing investment, Residual risk against investment, Provision against classified investment, Investment mix, Asset quality etc.

2. Asset Liability Risk Management Committee (ALCO):

Asset Liability Management ensures balanced fund mobilization and their deployment with respect to their maturity profile, cost, and yield as well as risk exposure. ALCO looks after the Asset-liability risk, Liquidity risk, Investment Deposit Ratio (IDR), Deposit mix, Investment mix, Gap analysis etc. under direct guidance of the Managing Director & CEO.

3. Foreign Exchange Risk Management Committee:

Foreign Exchange Risk Management in Banks has become inevitable. It oversees Foreign exchange risk, Treasury, Net open position, Import & Export business, Dealing room operations, Anti-money laundering aspects in foreign exchange transactions and remittance etc.

4. Internal Control & Compliance Risk Management Committee:

The primary objective of internal control system in a bank is to help the bank perform better through the

use of its resources. Through internal control system, bank identifies its weaknesses and takes appropriate measures to overcome the same. ICC Risk Management Committee assesses and mitigates the risks related to compliance with regulatory requirements, set rules of the Bank, internal checking system, lapses, fraud, forgeries, misappropriation, defalcation, violations of the set rules etc.

5. Central Compliance Committee:

Money laundering risk is the risk of loss of reputation of the Bank. CCU looks after the money laundering and terrorist financing activities, STR (Suspicious Transaction Report), CTR (Cash Transaction Report), KYC (Know Your Customer) and TP (Transaction Profile) related compliances. The committee also supervises and monitors the entire transactional activities of the Bank including money laundering aspects involved with foreign exchange transactions.

6. Information & Communication Technology Risk Management Committee:

ICT risks include hardware and software failure, human error, spam, viruses and malicious attacks, as well as natural disasters such as fires, cyclones or floods. This committee monitors and supervises the risks related to Data security, Physical security, Network security, Disaster recovery, Fraud, Forgery, System failure and Business continuity etc.

Operational risk:

Operational risk is the risk of loss or harm resulting from inadequate or failure of internal processes, people and systems or from external events. The policy for measuring and managing operational risks including internal control and compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. As a part of continued surveillance, the Management Committee (MANCOM), All Risk Committee (ARC), Board Risk Management Committee regularly review different aspects of operational risks and suggest to formulate policies, tools and techniques for mitigation of operational risks.

Managing other specific risks:

Bangladesh Bank has issued six core risk guidelines and Risk Based Capital Adequacy (RBCA) Guidelines that provides concepts, methods and processes with regards to the respective risk areas. AIBL follows those guidelines and also reviews/updates them on regular basis and gets approval from the Board. Apart from these, there are some other specific risks that are covered by SRP Guidelines and RBCA Guidelines of Bangladesh Bank.

Residual Risk-

Residual risk arises mainly from error in documentation and error in valuation. As institutions mitigate risks by way of collateral, the collaterals can pose additional risks (legal and documentation risks), which may deteriorate the impact of risk mitigation. AIBL have appropriate governing and control system, valuations procedures, internal regulations and responsible individuals assigned for the prudent handling of risks.

Credit Concentration Risk-

Credit concentration risk may arise from exposure to a single entity/group and/or exposures in the same economic or geographic sector and/or credit concentration in dependent industries. AIBL is now exposed to some of specific sectors and regions that are highly inviting concentration risks. Although these regions are economically important, AIBL has the scope to come out from such concentration gradually having a structural strategic perspective investment plan and diversify its investment portfolio in more potential sectors and areas and thus distribution of the risk factors.

Strategic Risk-

Strategic risk means the current and prospective risk to earnings and capital arising from imperfection in business strategy formulation, inefficiencies in implementing plan targets, or from the overlooking of changes in business environment. Strategic risk induces operational loss that consequently hampers the capital base. The key aim of strategic Risk Management is to strengthen the bank's earnings resilience and protect it against undue earnings volatility to support overall risk appetite targets (especially CET-1 ratio and Leverage Ratio). AIBL involves all levels of management in formulating and establishing robust strategy planning process, and regularly reviews on incorporating changes to strategic environment.

Basel Accord Implementation:

To implement Basel III guidelines, AIBL formed units as under:

- a) Basel Unit, and
- b) Supervisory Review Process Team.

All Risk Committee at Management level:

The All Risk Committee at the Management level sits at least once in a month or more when necessary. In the meeting all the existing/identified and foreseeable/potential risks issues are discussed. Afterwards, recommendations are made and forwarded to the concerned risk taking departments to address, measure and take steps to mitigate the risk factors. All the meeting minutes along with Risk Management Papers are reported to the Department of Off-site Supervision of Bangladesh Bank duly.

Risk Management Report:

Monthly/Quarterly Risk Management Report and a Half-Yearly Comprehensive Risk Management Report (CRMR) incorporating all risk areas are prepared as per directions of the prescribed format 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. Besides, AIBL sends Risk Appetite statement to Bangladesh Bank annually duly approved by the meeting of Board of Directors of the Bank.

Money Laundering and Terrorist Financing Prevention

The score card on matters such as peace and harmony among neighboring states and conflicts often culminating in wars between them does not make good reading. The only positive news has been the consensus among nations on this issue of Money Laundering and Terrorism Financing and its growing menace. It is therefore not surprising that the global

community rightly feels in the following manner:

- It is no longer an isolated problem confined to a place or region;
- Nations have to join hands and deal with this scourge together;
- Government and regulatory agencies have to join force and formulate strategies, operating procedures and legislative measures to combat this scourge.

Bangladesh has major problems in this area. Over the years a huge volume of foreign currency (in terms of billions of US\$) has been funneled out abroad through the illegal channels (hundi, etc.) and through Trade Finance activities. Not surprisingly GOB has entrusted an autonomous agency - Bangladesh Financial Intelligence Unit (BFIU) to handle and govern this serious and very important function.

Banks in Bangladesh work closely under the auspices of BFIU. AIBL (in business for 22+ years) has an established framework for AML/CFT compliance. It has formulated its own Risk Management Policy Guidelines, approved by BOD. The policy guidelines establish standards of AML/CFT compliance that is applicable in all sphere of its business (branches/zones/departments/divisions/wings) and also ensures compliance with existing laws & regulatory requirements. We are pleased to confirm that all reasonable steps are taken to effectively :

- maintain and verify the identity of customers via KYC (Know Your Client);
- periodically update information via CDD/EDD;
- classify accounts as High and Low risk. Higher level of due diligence and monitoring is required for High risk (per Master Circular 19 by BFIU);
- monitoring and Reporting of Suspicious Transactions (includes large and structured transactions on/above a specified threshold level).

The pursuit to motivate and create staff awareness is ongoing. Training via workshops and seminars are arranged for new entrants and refreshers course for existing staff. AIBL remains as a preferred institution by BFIU to hold seminar/workshop as Lead Bank. We are proud of our association in the first Town Hall meeting held in Teknaf in 11/2018 arranged by BFIU.

BFIU is lending immense support in educating and creating more awareness among banks. The following two notable cases need to be cited in this regard :

The first ever held Town Hall meeting was arranged at Teknaf in November 2018 to create awareness on Human Trafficking and the illegal narcotics trade in the region. Under the auspices of BFIU, three banks were nominated to hold this event which includes AIBL. The fact that Mr. Abu Hena Mohd. Razee Hassan, Deputy Governor of Bangladesh Bank presided as Chief Guest underscores the importance attached to this conference.

A conference was held in Bangkok, Thailand for head of banks and their CAMLCO. This was a joint venture between United States (through US Embassy and Department of Justice) and Bangladesh (through BFIU). All the speakers were professionals selected by US Embassy.

Agent Banking has taken off well and is an area of growth for AIBL. Because of the associated risks, we intend to focus more on this business aspect. A new section will be set up to monitor this area in 1st quarter of this year. We hope to work very closely with this business segment in the coming period.

The support from Management and Board of Directors is overwhelming. Zero tolerance on MLTF activities is the message which goes out at beginning of year from the Managing Director to all employees. Board is apprised of the department activities every six months. Commencing this year we envisage holding an awareness program for our Board Members where we intend to invite senior staff from BFIU to make keynote presentations on important and contemporary topics.

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 dividend 15% Cash and 2% bonus in the year 2018.

Table of Historical Dividend Payment Percentage are as follows:

Year	Dividend
2009	30% Bonus
2010	26% Bonus
2011	21% Bonus
2012	17% Bonus
2013	13.50% Bonus
2014	14% Cash
2015	10% Cash & 5% Bonus
2016	20% Cash
2017	15% Cash & 5% Bonus
2018	15% Cash & 2% Bonus



Credit Rating

Credit Rating Information and Services Limited (CRISL) has adjudged rating for Al-Arafah Islami Bank Limited as follows:

Long Term	: AA (pronounced Double A Two)
Short Term	: ST-2
Based on	: Audited Financial Statement 2016
Date of Rating	: 28 June 2018
Validity	: 27 June 2019
Outlook	: Stable

Year-wise Comparative Rating Position:

Date of Rating	Long Term	Short Term	Outlook
30 June 2018	AA	ST-2	Stable
30 June 2017	AA	ST-2	Stable
30 June 2016	AA	ST-2	Stable
30 June 2015	AA ₂	ST-2	Stable
30 June 2014	AA ₃	ST-2	Positive

Interpretation:

AA+, AA, AA-(Double A) (High Safety) : Securities rated in this category are adjudged to be high credit quality and offer higher safety. The level of rating indicates a security with sound credit profile and without significant problems. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

ST-2 (High Grade): High certainty of timely payment. Liquidity factors are strong and supported good fundamental protection factors. Risk factors are very small.

MOODY'S B1 Rating to Al-Arafah Islami Bank Limited

Al-Arafah Islami Bank Limited (AIBL) has been rated by Moody's, one of the oldest and leading rating agencies in the world. Moody's has assigned B1 rating to AIBL with Stable Outlook. This rating is the recognition of AIBL's well matched maturity profile, modest asset quality, good profitability and solvency profile.

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 291 employees in different categories/ranks joined and fleet 76 during the year 2018 raising our total employees to 3,682 as on 31.12.2018.

We have 3,682 staff in the Bank of whom 262 are executives 2,622 are officers and 798 other staff a as on December 31st 2018.

Sl No	Designation	Category Number
1	Executives	262
2	Officers	2,622
3	Others	798
	Total	3,682

We nominated 489 employees in outside training course viz. BIBM, BBTB, BAB etc. in 2018 and they have completed the course successfully.

We motivate and facilitate our deserving employees to complete international standard professional degrees like

CDCS, CSDG and ACAMS. Presently, we have 56 CDCS, 2 CSDG and 2 ACAMS officials of which 8 officials completed CDCS and 2 officials ACAMS during the year 2018.

Activities of AIBTRI

AIBTRI: Home of Knowledge & Human Resources Development

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 (KSA) 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 of the Staff-member.

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 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 2018:

AIBTRI conducted a total number of **106** (one hundred & six) Training Courses, Workshops, Executive Development Programs and Outreach Programs where **5,471** participants attended during the period from January – December, 2018.

AIBTRI conducted a total of **22** (twenty two) courses and **57** (fifty seven) workshops during the year as well as **4** (four) EDPs. AIBTRI also conducted **23** (twenty three) outreach training programs (OTP) during the period with 1564 officers of different zone.

Lead Bank Program (LBP):

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 Cumilla. AIBTRI, as per instruction of the BFIU successfully arranged, monitored and supervised the workshop with **67** (sixty seven) officials most of whom are BAMLCOs and Branch Managers of different Banks of Cumilla.

Reading Material Manual:

AIBTRI accumulated 04 (four) Training Reading Material Manuals on Foundation Courses for Newly Recruited MTOs/ Officers this year to facilitate the participants to acquire knowledge on banking & use those as reference in their day to day banking operation.

However we are not complacent with only quantitative achievement. Our main focus is on quality & effective training. We are always striving for qualitative improvement. Keeping this end in view, we have prepared the academic calendar 2019 containing 21 training courses, 6 EDPs, 30 outreach programs & 58 workshops on operational activities & various risk management issues.

Introduction of Training Policy Guidelines

AIBL started its journey since 27th September, 1995 and committed to serve the people & the nation by providing Islamic banking services with a rare combination of contemporary banking services. In this perspective & to create awareness, capacity development in Banking of all of its employees, AIBL has been established its Training Institute in 1996. At present banking activities have to be operated by complying 6 core risk management guidelines Beyond the core risks guidelines, the bank has to comply Green/Sustainable financing guidelines, Environment Risk Management Guidelines, Basel-III etc. Above all, as an Islamic Bank, AIBL has to ensure the compliance of all concerned Islamic Shariah Principles. So, building of capacity, vis-à-vis efficiency & acquiring absolute knowledge of all the respective officials of the bank on the aforesaid Core Risks & Islami Banking guidelines is very important now-a-days.

Training is an accepted and effective mechanism for human resources development. It plays a vital role in developing knowledge and to acquire skills to keep pace with the changes taking place both home and abroad. For this purpose all the staff/ officials of the bank should be provided with appropriate and real-time training. But there was no Training Policy Guidelines for the training institute of the bank, so it has become essential to initiate an effective Training Policy Guidelines. The purpose of the Training Policy Guidelines is to create awareness and to equip the employees with proper knowledge on all the existing & new issues/products/banking laws/rules/regulation/Islamic banking and core risk management guidelines of Bangladesh Bank and Al-Arafah Islami Bank Limited. So, a training policy guideline has been prepared & presented before the Management & Board and it was approved by the Board of Directors in its 332nd Meeting held on 22/01/2019.

Branches Control Division:-

Branches Control Division (BCD) has been conducting with a huge volume of works with its all branches relates General Banking activities including Regulatory Authorities of the country such as:

1. Compliance of different circulars on Customer Service & General Banking issued by Bangladesh Bank, NBR &

- other Regulatory Authorities time to time.
2. Agency Arrangement i.e Agreement for bill collection of DESCO, DPDC, WASA, BTCL, REB etc.
 3. Compliance of NBR, DUDAK, Anti-corruption Commission etc. Authorities Income Tax related bank account information.
 4. Compliance against General banking related irregularities of the branch raised by Audit & Inspection Division.

Business Promotion & Marketing Division (BPMD)

Business Promotion and Marketing Division (BPMD) started its journey in the year 2010 under the name and style 'Marketing & Business Development Division (MBDD)'. A full fledged Policy Guideline was introduced on 23.06.2016 with a vision to survive in the market of stiff competition as well as to improve business relentlessly of our Bank using different marketing tools. BPMD has the motto to offer new customized Financial Products and Services to cater the growing needs of common people keeping in mind the strict compliance of Shariah and complex regulatory norms.

BPMD consists of six (6) Departments as:

- i) Business Development & Marketing Department
- ii) Branch Expansion Department
- iii) Product Development & Evaluation Department
- iv) Protocol Department
- v) Financial Literacy & Financial Inclusion Department
- vi) Central Customer Service & Complaints Management Department.

Each department has its own targeted goal to achieve.

Function of BPMD:

The main marketing strategy of BPMD is to build and maintain a long-term relationship with its investment clients, assists Branches regarding prospective investment clients, assist Branches for deposit mobilization growth of the Bank.

However, Business Promotion & Marketing Division focuses the following marketing strategies:

1. Close follow-up, Monitoring, Supervision with the marketing desk of branches and zones regarding business development issues
2. To fix-up a reasonable annual business target considering market situation or all the branches and follow-up, monitor; supervise to achieve the target by the branches
3. To design and develop all marketing communication materials/gift items and to provide promotional gift items, leaflet, brochure to the branches for maintaining marketing relationship with the existing and prospective investment clients
4. To identify customer need, designing and developing of new products and improvement of existing products
5. To provide assistance/advice/guideline to the branches regarding new investment client for business development of the Bank according to the collected potential client list by the Branch
6. To conduct Financial Literacy program among unbanked people through Branches for increasing "No Frills

Accounts" and balance

7. To collect potential client list quarterly in each year from the Branches for maintaining sustainable business growth
8. To evaluate the Branch performance on monthly basis whether the branches are maintaining the point-to-point deposit, investment and operating profit growth
9. To arrange regular monthly business review meeting attended by all Zonal Heads, Corporate Branch Managers and concerned Head Office Officials
10. Provide assistance/advice/guideline to the Branch regarding deposit mobilization for business development of the Bank. List of corporate depositors to be kept at Branch level as well as Head Office
11. Generating several promotional items for specific events and business development/brand development as well such as Ramadan Gift Box, Pohela Boishakh Gift items, Happy New Year Gift items etc.
12. To arrange special service month, awareness program, customer gathering and other program on different development and promotional issues
13. To arrange School Banking Campaign and Conference
14. To set up Banking Booth, Collection Booth
15. To get Evening Banking License
16. To arrange or formulate program for customer awareness and monitor properly
17. Other functions related with Business Promotion.

Some other responsibility of BPMD is worth mentioning here such as it will maintain probable schedule of different National & International Trade Fair, National Book Fair, National Banking Fair, Hajj Fair, other important fair, Bishwa Ijtema.

The above expresses a whole gamut of functions of BPMD part of which is in practice. If total support and logistics are in place, BPMD will definitely play a pivotal role in the development of ever changing Islamic Banking arena.

Branch Network

At present we have 168 branches all over the country. In a bid to expand our network of Branches we got approval to open 9 (Nine) new branches in 2019.

Appointment of Statutory Auditor

In the 23rd Annual General Meeting of the Bank M/S Hoda Vasi Chowdhury & Co. Chartered Accountants & M/S Rahman Mostafa Alam & Co. Chartered Accountants was appointed External Auditors of the Bank for a term till conclusion of the 24th Annual General Meeting.

The Board has approved M/S Hossain Farhad & Co. Chartered Accountants and M/S Rahman Mostafa Alam & Co. Chartered Accountants for appointment as External Auditors by the shareholders till the 25th Annual General Meeting.

Board Meeting

During the year 2018, 14 regular Board Meeting had been held. Besides, 15 meetings of Executive Committee, 10 meetings of Audit Committee and 4 Risk management Committee of the Board had also been held during the year.



The Board of Directors recommended 15% Cash and 2% Stock Dividend subject to the approval of AGM



Board Executive Committee meeting



Board Audit Committee meeting



Board Risk Management Committee meeting



Honorable Chairman and other guests at Annual Business Development Conference 2019



The opening ceremony of 168th branch at Patiya, Chattogram



Honorable Director, Managing Director and other Bank's Officials with newly recruited Officers



Honorable Director and Managing Director along with other Executives at Branch Management and Leadership training



Handover of SME Investment cheque by Bangladesh Bank Governor to women entrepreneurs



Chairman Alhaji Abdus Samad Labu handed over a cheque of Tk10 lac for cancer hospital under CSR activity.



The Bank donated Tk. 10 lakh to Bangladesh Junior Science Olympiad (BSJO) due to Corporate Social Responsibility



The Bank provided a scholarship of Tk. 5 lakh to meritorious and financially insolvent children of Dhaka Metropolitan Police members



The Bank signed agreement with Hajj Agencies Association Of Bangladesh (HAAB)



Board Meeting of AIBL Capital Market Services Limited



Board Meeting of AIBL Capital Management Limited



Board Meeting of Millennium Information Solution Limited

Directors' Report to the Shareholders as per condition No. 1.5 of BSEC Notification No.BSEC/ CMRRCD/2006-158/207/Admin/80 Dated 3rd June 2018

The Directors also report that:

- i. Industry outlook and possible future developments in the industry; Page No. 31-32
- ii. The segment-wise or product-wise performance; Page No. 36-40 & 44-50.
- iii. Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; Page No. 107-108
- iv. A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; Page No. 58
- v. A discussion on continuity of any extraordinary activities and their implications (gain or loss); Not applicable.
- vi. A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; Page No. 146-148
- vii. A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments(AIBL Mudaraba Subordinate Bond) Page: 37;
- viii. An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc. Not Applicable;
- ix. An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements ;

Highlights along with reasons thereof are given below:

Particulars	2018 Amount in million	2017 Amount in million	Growth (%)
Investment income	24,678.71	20,305.59	21.54%
Profit paid to depositors	16,062.93	11,586.15	38.64%
Net Investment Income	8,615.78	8,719.44	(1.19%)
Commission, Exchange and other Income	3,579.58	3,084.76	16.04%
Total Operating Income	12,195.36	11,804.20	3.31%
Total Operating Expense	5,983.82	5,101.14	17.30%
Profit before tax and provision	6,211.54	6,703.06	(7.33%)
Provision on Investment and others	2,154.22	1,270.59	69.54%
Profit Before tax	4,057.32	5,432.47	(25.31%)
Provision for taxation	1,650.79	2,355.78	(29.93%)
Net Profit after tax	2,406.53	3,076.69	(21.78%)
EPS (Restated 2017)	2.31	2.95	(0.64)

During the year 2018 Profit paid to depositors increased by 38.64% due to Deposit & Borrowing increase by Tk. 10,193.66 million and Investment income increased by 21.54% due to Investment increase by Tk. 24,477.87 million compared to previous year 2017.

- i. A statement of remuneration paid to the directors including independent directors; Page no. 126
- ii. The financial statements prepared by the management of the Bank present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- iii. Proper books of account of the Bank have been maintained;
- iv. 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;
- v. International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;
- vi. The system of internal control is sound in design and has been effectively implemented and monitored;
- vii. The Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;
- viii. There is no significant doubt upon the Bank's ability to continue as a going concern;
- ix. The significant deviations from the last year's operating results of the Bank has been highlighted and the reasons thereof is explained serial no. ix of page no 58;
- x. A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized; Page No. 15
- xi. The Bank has declared dividend (cash or stock) for the year 2018;
- xii. Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; Page No 53
- xiii. The total number of Board meetings held during the year and attendance by each director; Page No 73
- xxiii. A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:

- a. Parent or Subsidiary or Associated Companies and other related parties (name-wise details); Page No. 146-148
- b. Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details); page no 74
- c. Executives; page no 9-10
- d. Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details); Not applicable

Explanation: For the purpose of this clause, the expression "executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.

xxiv. Appointment or reappointment of a director, a disclosure on the following information to the shareholders:

- a. brief resume of the director; Page No. 146-148
- b. nature of his or her expertise in specific functional areas; and Page No.146-148
- c. names of companies in which the person also holds the directorship and the membership of committees of the Board; Page No.146-148

xxv. A Management's Discussion and Analysis signed by CEO

or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:

- a. Bank has an accounting policies and there in after have been consistently applied in estimation for preparation of financial statements;
- b. Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; Not applicable
- c. Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; Not applicable.
- d. Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; Not applicable
- e. Briefly explain the financial and economic scenario of the country and the globe; Page no 31-32
- f. Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and page no 50-52
- g. Future plan or projection or forecast for Bank's operation, performance and financial position, with justification thereof,

Budgeted Deposit, Investment, Classified Investment, Foreign Exchange and Operating Profit for the year 2019

(Amount in million Taka)

SLNo	Particulars	Achievement 2017	Budget 2018	Achievement December 2018	Achievement of Budget 2018	% Growth on 2017	Budget 2019	Budgeted Growth on 2018 (In Taka)	(%) Growth on 2018
1	2	3	4	5	6=(5/4)%	7=(5-3)/3	8	9=(8-5)	10=(8-5)/5
1	Deposit & Borrowings	276,546	310,000	286,739	92.50%	3.69%	345,000	58,261	20.32%
2	Investment	241,962	279,000	265,132	95.03%	9.58%	310,000	44,868	16.92%
3	No. of Accounts	1,539,962	1,750,000	1,779,600	101.69%	15.56%	2,400,000	620,400	34.86%
4	Classified Investment	9,922	13,000	12,690	97.62%	27.90%	15,000	2,310	18.20%
5	Percentage(%) of Classified Investments	4.10%	4.66%	4.79%	-	-	4.84%	-	-
6	Foreign Exchange Business	281,940	358,150	319,971	89.34%	13.49%	405,000	85,029	26.57%
	a) Import	156,700	203,700	168,573	82.76%	7.58%	210,000	41,427	24.58%
	b) Export	104,540	125,450	114,481	91.26%	9.51%	145,000	30,519	26.66%
	c) Remittance	20,700	29,000	36,917	127.30%	78.34%	50,000	13,083	35.44%
7	Operating Profit	6,703	8,100	6,211	76.68%	(7.34%)	7,500	1,289	20.75%

Report to The Shareholders of Al-ArafahIslami Bank Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Al-ArafahIslami Bank Limited for the year ended on December 31, 2018 This Code relates to the Notification No. BSEC/CMRRCD/2006.-158/207/ Admin/80 dated June 3, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institution of Chartered Secretaries of Bangladesh (ICSB) as required by this code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The governance of the company is satisfactory.

Place: Dhaka
Dated: 24 April 2019


Ahsan Manzur & Co.
Chartered Accountant

Compliance Status of BSEC Guidelines for Corporate Governance

Annexure –C
[(As per condition No. 1(5) (xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/ Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	Board of Directors			
1(1)	Board's size shall not be less than 5 and more than 20 (twenty) (twenty):	✓		
1(2)	Independent Directors			
1(2) (a)	Independent director: At least 1/5th of the total number of directors		✓	The Board of Directors consists of 20 (twenty) members including 3 (three) Independent Directors which is in compliance with Section-15(9) of the Banking Companies Act, 1991 (Amended up to 2013)
1(2)(b)	Independent Director means			
1(2)(b)(i)	Who either 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)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company	✓		
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years	✓		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	✓		
1(2)(b)(vii)	Who 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 or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code	✓		
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI)	✓		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude?	✓		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	✓		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	✓		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only	✓		
1(3)	Qualification of Independent Director			
1(3)(a)	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)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company	✓		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5 th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law	✓		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification	✓		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission			N/A
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer	✓		Roles and responsibilities are as per Bangladesh Bank guidelines and service rules of the Bank.
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes	✓		
1(5)	The Directors' Report to Shareholders shall include			
1(5)(i)	An industry outlook and possible future developments in the industry	✓		
1(5)(ii)	The segment-wise or product-wise performance	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any	✓		
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 extraordinary activities and their implications (gain or loss)	✓		
1(5)(vi)	Discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	✓		
1(5)(vii)	Utilization of proceeds raised through public issues, rights issues and/or any other 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 share Offer, Direct Listing, etc.	✓		
1(5)(ix)	If significant variance that occurs between Quarterly Financial performances and Annual Financial Statements	✓		
1(5)(x)	Remuneration paid to the 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	✓		
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) or International Financial Reporting Standards (IFRS), 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)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	✓		
1(5)(xvii)	There is no significant doubt 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 there of shall be disclosed	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	✓		
1(5)(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year	✓		
1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend has been or shall be declared as interim dividend	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director	✓		
1(5)(xxiii)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name-wise details) held by	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	✓		
1(5)(xxiii)(c)	Executives (top 5 (five)) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	✓		
1(5)(xxiii)	Appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
1(5)(xxiv)(a)	Brief resume of the director	✓		
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board	✓		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes.	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	✓		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	✓		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe	✓		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	✓		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	✓		
1(6)	Meetings of the Board of Directors			
1(6)	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company			As Bangladesh Bank's circular states that "Each Bank Company can form 1 (one) executive committee, 1 (one) audit committee, and 1 (one) risk management committee with the directors. Board can't form any permanent, temporary or sub-committee except the above mentioned three committees".
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency			
2	Governance of Board of Directors of Subsidiary Company			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company	✓		
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	✓		
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	✓		
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company	✓		
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	✓		
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
Note: As explained in note under condition number 6, since no NRC was formed code of conduct for the Chairperson of the Board, other board members and Chief Executive Officer of the company remained pending.				
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)	✓		
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
3(3)(a)(ii)	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	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report	✓		
4	Board of Directors' Committee For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee			Please refer to the note given under condition number 6
5	Audit Committee:			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board	✓		
5(1)(b)	The Audit Committee shall assist the Board 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	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing	✓		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director	✓		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before 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 shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	✓		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	✓		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM) Meeting (AGM)	✓		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	✓		
5(5)	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process	✓		
5(5)(b)	Monitor choice of accounting policies and principles	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report	✓		
5(5)(d)	Oversee hiring and performance of external auditors	✓		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval	✓		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	✓		
5(5)(h)	Review the adequacy of internal audit function	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission. Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds 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: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	✓		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a) (i)	The Audit Committee shall report on its activities to the Board	✓		
5(6)(a) (ii)	The Audit Committee shall immediately report to the Board on the following findings, if any: -			
5(6)(a) (ii) (a)	Conflicts of interests	✓		
5(6)(a) (ii) (b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements	✓		
5(6)(a) (ii) (c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations	✓		
5(6)(a) (ii) (d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately	✓		
5(6)(b)	Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier	✓		
5(7)	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6	Nomination and Remuneration Committee (NRC)			As Bangladesh Bank's circular states that "Each Bank Company can form 1 (one) executive committee, 1 (one) audit committee, and 1 (one) risk management committee with the directors. Board can't form any permanent, temporary or sub-committee except the above mentioned three committees".

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(1)	Responsibility to the Board of Directors			
6(1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			
6(1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1) (c)	The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)			
6(2)	Constitution of the NRC			
6(2) (a)	The Committee shall comprise of at least three members including an independent director			
6(2) (b)	All members of the Committee shall be non-executive directors			
6(2) (c)	Members of the Committee shall be nominated and appointed by the Board			
6(2) (d)	The Board shall have authority to remove and appoint any member of the Committee			
6(2) (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee			
6(2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee			
6(2) (g)	The company secretary shall act as the secretary of the Committee			
6(2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director			
6(2) (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company			
6(3)	Chairperson of the NRC			
6(3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director			
6(3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes			
6(3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM			
6(4)	Meeting of the NRC			
6(4) (a)	The NRC shall conduct at least one meeting in a financial year			

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC			
6(4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h)			
6(4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			
6(5)	Role of the NRC			
6(5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders			
6(5) (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board			
6(5) (b) (i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following			
6(5) (b) (i) (a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully			
6(5) (b) (i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks			
6(5) (b) (i) (c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals			
6(5) (b) (ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality			
6(5) (b) (iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board			
6(5) (b) (iv)	Formulating the criteria for evaluation of performance of independent directors and the Board			
6(5) (b) (v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria			
6(5) (b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies			
6(5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report			
7	External or Statutory Auditors :			
7 (1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:			
7 (1) (i)	Appraisal or valuation services or fairness opinions;	✓		
7 (1) (ii)	Financial information systems design and implementation;	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statements;	✓		
7 (1) (iv)	Broker-dealer services	✓		
7 (1) (v)	Actuarial services;	✓		
7 (1) (vi)	Internal audit services or special audit services	✓		
7 (1) (vii)	Any service that the Audit Committee determines	✓		
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7 (1) (ix)	any other service that creates conflict of interest.	✓		
7 (2)	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; his or her family members also shall not hold any shares in the said company	✓		
7 (3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	✓		
8	Maintaining a website by the Company –			
8 (1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8 (2)	The company shall keep the website functional from the date of listing	✓		
8 (3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	✓		
9	Reporting and Compliance of Corporate Governance:			
9 (1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report	✓		
9 (2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.			To be complied in next Annual General Meeting (AGM)
9 (3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

Compliance Report on BSEC's Notification

1. Compliance of section 1.5 (xxii)

Board of Directors meeting held during the year 2018 and attendance by each Director:

Annexure-III

Sl. No.	Composition of the Board		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Alhajj Abdus Samad	Chairman	14	14	14
2	Alhajj Abdus Salam	Vice Chairman	14	14	12
3	Hafez Alhajj Md. Enayet Ullah	Director	14	14	14
4	Alhajj Salim Rahman	Director	14	14	12
5	Alhajj Md. Liakat Ali Chowdhury	Director	14	14	13
6	Jb. Md. Amir Uddin PPM	Independent Director	14	14	14
7	Alhajj Nazmul Ahsan Khaled	Director	14	14	10
8	Alhajj Abdul Malek Mollah	Director	14	14	14
9	Alhajj Md. Harun-ar-Rashid Khan	Director	14	14	14
10	Alhajj Md. Anowar Hossain	Director	14	14	14
11	Alhajj Badiur Rahman	Director	14	14	8
12	Alhajj Engr. KH. Mesbauddin Ahmed	Director	14	14	13
13	Alhajj Ahamedul Haque	Director	14	14	12
14	Alhajj Abu Naser Mohammad Yeahea	Director	14	14	8
15	Alhajj Niaz Ahmed	Director	14	14	11
16	Alhajj Mohammed Emadur Rahman	Director	14	14	4
17	Dr. Md. Shafiul Haider Chowdhury	Alternative Director	14	14	10
18	Jb Anwar Hossain	Alternative Director	14	14	9
19	Jb. Khalid Rahim	Independent Director	14	14	12
20	Jb.M.. Kamaluddin Chowdhury (Joined on 30-8-2018)	Independent Director	14	5	5

Board of Executive Committee meeting held during the year 2018 and attendance by each Director:

Sl. No.	Composition of the Committee		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Alhajj Hafez Md. Enayet Ullah	Chairman	15	15	14
2	Alhajj Salim Rahman	Vice Chairman	15	15	7
3	Alhajj Nazmul Ahsan Khaled	Member	15	15	8
4	Alhajj Md. Harun-ar Rashid Khan	Member	15	15	15
5	Alhajj Badiur Rahman	Member	15	7	3
6	Alhajj Ahamedul Haque (Member wef 612 th Meeting)	Member	15	8	8
7	Alhajj Engr. KH. Mesbahuddin Ahmed	Member	15	15	14
8	Alhajj Abu Naser Mohammad Yeahea	Member	15	15	14

Board of Audit Committee meeting held during the year 2018 and attendance by each Director:

Sl. No.	Composition of the Committee		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Alhajj Md. Amir Uddin PPM	Chairman	10	10	10
2	Alhajj Abdus Salam	Member	10	10	9
3	Alhajj Abdul Malek Mollah	Member	10	10	10
4	Alhajj Niaz Ahmed	Member	10	10	9
5	Alhajj Khalid Rahim	Member	10	10	10

Board of Risk Management Committee Meeting held during the year 2018 and attendance by each Director:

Sl.	Composition of the Committee		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Alhaji Md. Liakat Ali Chowdhury	Chairman	4	4	3
2	Alhaji Abdus Samad	Member	4	4	3
3	Alhaji Abdus Salam	Member	4	2	1
4	Alhaji Mohd. Emadur Rahman	Member	4	4	1
5	Alhaji Md. Amir Uddin PPM	Member	4	3	2

2. Compliance of section 1.5 (xxiii)

The pattern of Shareholding:

a. Parent / Subsidiary / Associated Companies and other related party

Sl. No.	Name	Relation	Shares held
1	AIBL Capital Market Services Limited	Related Party	242000000
2	AIBL Capital Management Limited	Related Party	4900000
3	Millennium Information Solution Limited	Related Party	9369343

b. Directors and their spouse and minor children as on 31st December, 2018

Sl. No.	Name	Relation	Shares held
1	Jb. Abdus Samd	Chairman	23,495,221
	Mrs. Shahana Ferdous	Spouse	754,451
2	Jb. Abdus Salam	Vice Chairman	21,174,895
3	Hafez Md. Enayetullah	Sponsor Director	20,886,151
4	Jb. Salim Rahman	Director	20,881,355
16	Jb. Md. Liakat Ali Chowdhury	Director	20,887,108
6	Jb. Md. Amir Uddin PPM	Independent Director	
7	Jb. Nazmul Ahsan Khaled	Sponsor Director	22,365,683
8	Jb. Abdul Malek Mollah	Sponsor Director	20938,682
	Mrs. Laila Begum	Spouse	327
9	Jb. Md. Harun – Ar- Rashid Khan	Sponsor Director	20,880,939
10	Jb. Md. Anowar Hossain	Sponsor Director	23,116,404
11	Jb. Badiur Rahman	Sponsor Director	29,121,809
	Mrs. Syeda Rashida Yasmin	Spouse	5,288,969
12	Engr. KH. Mesbauddin Ahmed	Director	20,881,634
	Mrs. Ajmeri Ahmed	Spouse	9,239,039
13	Jb. Ahamedul Haque	Director	20,880,832
14	Jb. Abu Naser Mohammad Yeahea	Director	25,785,097
15	Jb. Niaz Ahmed	Director	20,988,159
	Mrs. Shabana Niaz	Spouse	8,608,893
5	Jb. Mohammed Emadur Rahman	Director	20,906,191
17	Jb. Badsha Meah	Sponsor Director	20,880,983
	Mrs. Feroza Begum	Spouse	324,014
18	Jb. Mohammed Haroon	Sponsor Director	21,002,181
	Mrs. Shamsun Nahar Begum	Spouse	70,000
19	Jb. Khalid Rahim	Independent Director	-
20	Jb. M. Kamaluddin Chowdhury	Independent Director	-

- c. Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance division and their spouses and Minor children (as on 31st December, 2018)

Sl. No.	Name	Relation	Shares held
1	Janab Farman R. Chowdhury	Chief Executive Officer	Nil
2	Janab Md. Mahmudur Rahman	Company Secretary	Nil
3	Janab Mohammed Nadim FCA	Chief Financial Officer	Nil
4	Janab Mohammed Zubair Wafa	Head of Internal Control & Compliance Wing	Nil

- d. Executives (top five salaried employees of the company, other than Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit as on 31 December 2018)

Sl. No.	Name	Relation	Shares held
1	Janab Md. Fazlul Karim	Deputy Managing Director	Nil
2	Janab Muhammad Mahmoodul Haque	Deputy Managing Director	Nil
3	Janab S.M Jaffar	Deputy Managing Director	Nil
4	Janab Syed Masodul Bari	Executive Vice President & CTO	Nil
5	Janab Md. Atiqur Rahman	Executive Vice President	Nil

- e. Shareholders holding ten percent (10%) or more voting interest in the company: None

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-2018. 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 2019. 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,



Alhaji Abdus Samad Labu
Chairman
Date: 22nd June 2019

শরী'আহ সুপারভাইজরী কমিটি-এর বার্ষিক প্রতিবেদন

(৩১ ডিসেম্বর, ২০১৮ ঈসায়ী তারিখে সমাপ্ত বছরের জন্য)

بسم الله الرحمن الرحيم .

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড-এর সম্মানিত শেয়ারহোল্ডারবৃন্দ !

السلام عليكم ورحمة الله وبركاته .

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড তাদের ব্যাংকিং যাবতীয় কার্যাবলীতে ব্যাংকের শরী'আহ সুপারভাইজরী কমিটি প্রদত্ত দিক নির্দেশনা, সিদ্ধান্ত এবং সুনির্দিষ্ট ফতওয়াসমূহ ও শরী'আহর বিধিবিধান যথাযথভাবে বাস্তবায়ন করেছে কিনা সে সম্পর্কে মতামত প্রকাশের জন্য আমরা পর্যালোচনায় মিলিত হয়েছি।

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড-এর ব্যাংকিং কার্যক্রমের ক্ষেত্রে ইসলামী শরী'আহর নীতিমালা মোতাবেক সার্বিক ব্যবসা পরিচালনার দায়িত্ব মূলতঃ ব্যাংকের ব্যবস্থাপনা কর্তৃপক্ষের। শরী'আহ সুপারভাইজরী কমিটির দায়িত্ব হচ্ছে ব্যাংকের কার্যাবলী পরিচালনায় শরী'আহ সম্মত দিকনির্দেশনা ও সিদ্ধান্ত প্রদান এবং তার ভিত্তিতে ব্যাংকের ব্যবস্থাপনা কর্তৃপক্ষ যাবতীয় কার্যক্রম পরিচালনা করেছে-তা যাচাইকরণে পর্যালোচনাপূর্বক একটি স্বাধীন মতামত প্রস্তুত করে আপনাদের নিকট উপস্থাপন করা।

আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ-এর শরী'আহ সুপারভাইজরী কমিটি ও শরী'আহ সুপারভাইজরী সচিবালয় কর্তৃক বিগত ২০১৮ ঈসায়ী (হিজরী ১৪৩৯-১৪৪০) বছরে প্রধান কার্যালয়সহ ব্যাংকের সকল (১৬৮টি) শাখায় অনুসৃত কার্যক্রম পর্যবেক্ষণ, সংশ্লিষ্ট নথিপত্র এবং লেনদেন যাচাই বাছাইসহ ব্যাংক কর্তৃপক্ষ কর্তৃক উপস্থাপিত বার্ষিক ব্যালেন্সশীট পর্যালোচনা করে নিম্নোক্ত অভিমত ও পরামর্শ প্রদান করেছে :

অভিমত

- বিগত অর্ধবছরে আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ কর্তৃক ব্যাংকিং কার্যক্রমে অনুসৃত ও পরিচালিত কার্যাবলী, লেনদেন এবং চুক্তিসমূহ-যা আমরা পর্যালোচনা করেছি তা ইসলামী শরী'আহর নীতিমালা অনুযায়ী করা হয়েছে।
- ব্যাংকের বিভিন্ন শ্রেণীর মুদারাবা ডিপোজিটরদের মাঝে যে লাভ বন্টন করা হয়েছে তা শরী'আহর মুদারাবা নীতিমালার ভিত্তিতে সাহিবুল মাল তথা ডিপোজিটরদের সাথে ব্যাংকের চুক্তি মোতাবেক করা হয়েছে।
- ব্যাংক ডিপোজিটর ও শেয়ারহোল্ডারদের একাউন্ট ও টাকার উপর কোন যাকাত প্রদান করে না, তাই ডিপোজিট ও শেয়ারের টাকার উপর যাকাত প্রযোজ্য 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 শরী'আহ অননুমোদিত পন্থায় অর্জিত সূদ 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 শরী'আহ নির্ধারিত পন্থায় খরচের জন্য সিদ্ধান্ত প্রদান করা হয়েছে।

পরামর্শ

- বাই-মুয়াজ্জাল ও বাই-মুরাবাহা বিনিয়োগে পণ্য ক্রয়-বিক্রয় নিশ্চিতকরণ ও প্রয়োজনে গ্রাহককে 'ক্রয়-প্রতিনিধি' নিয়োগ করা হলে শরী'আহ পরিপালনের যথাযথ ব্যবস্থা গ্রহণ করা।
- মুদারাবা ও মুশারাকা বিনিয়োগ কার্যক্রম স্বল্প পরিসরে হলেও ব্যাংকে চালু করার ব্যবস্থা করা।
- দেশের অপেক্ষাকৃত দরিদ্র গ্রাহকদের অর্থ-সামাজিক উন্নয়নের লক্ষ্যে শরী'আহ নীতিমালার আলোকে বিদ্যমান ক্ষুদ্র বিনিয়োগ প্রকল্প জোরদার এবং নতুন নতুন উন্নয়নমূলক প্রকল্প চালু করার ব্যবস্থা গ্রহণ করা।
- ব্যাংকের সর্বস্তরের জনশক্তিকে ইসলামী ব্যাংকিং বিষয়ে প্রশিক্ষিত করে গড়ে তোলার লক্ষ্যে ইসলামী অর্থনীতি ও ব্যাংকিং বিষয়ে পর্যাপ্ত প্রশিক্ষণের ব্যবস্থা গ্রহণ করা।
- ব্যাংকের ডিপোজিট ও বিনিয়োগ গ্রাহকসহ দেশের সাধারণ মানুষকে ইসলামী ব্যাংকিং-এর সাথে অধিকতর সম্পৃক্তকরণে এবং ইহকালীন 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 শরী'আহ নির্দেশনার যথাযথ বাস্তবায়নসহ দেশের দরিদ্র জনগোষ্ঠীর মাঝে জনকল্যাণমূলক যাবতীয় কার্যক্রম আরো জোরদার করা।

আল্লাহ তা'আলা আমাদের যাবতীয় ভুল-ত্রুটি ক্ষমা করে ভালো কাজ একমাত্র তাঁর সন্তুষ্টির জন্য কবুল করুন এবং ভবিষ্যতে আরো তাকওয়া ও যোগ্যতাপূর্ণ কল্যাণমূলক কাজ করার তাওফীক দান করুন, আমীন।



(মো. আব্দুর রহীম খান)

সচিব

শরী'আহ সুপারভাইজরী কমিটি



(মুফতী ছাদ্দ আহমাদ মুজাহেদী)

চেয়ারম্যান

শরী'আহ সুপারভাইজরী কমিটি

Report of the Shariah Supervisory Committee for the year ended on 31 December 2018

Bismillahir Rahmanir Rahim

Honourable Shareholders of Al-Arafah Islami Bank Limited (AIBL)
Assalamu Alaikum Wa Rahmatullahi Wa Barakatuhu.

As a Shariah Supervisory Committee we examine all the banking activities to see whether all Shariah laws, guidelines, directions and Fatwas given by the Shariah Supervisory Committee from time to time have been complied with by the Bank or not. On the other hand it is the responsibility of the Management of the Bank to ensure compliance thereof. On completion of the examination Shariah Supervisory Committee places an Independent Report based on Islamic Shariah before the Shareholders.

In line with the above we have meticulously scrutinized and examined all the activities including relevant documents, transactions and deals performed by 168 branches of AIBL during the year ended on 31.12.2018 (Esayee) (Hijri 1439-1440). Our Opinions and Suggestions are enumerated below:

Opinions:

- On completion of the audit we have found that more or less all the activities, transactions and deals have been in accordance with the Shariah Principles and Regulations.
- Distribution of profits among various Mudaraba Depositors has been done in line with the Mudaraba Principles as per Sahibul Mal, i.e. as per the contractual agreement between the Bank and the Depositors.
- Since the Bank does not pay any Zakat on the money of the Depositors and Shareholders the responsibility of paying Zakat thus lies with the respective Depositors and Shareholders.
- Although all the activities have been in terms with Shariah Principles nevertheless due to ignorance of the obligation of abiding by some internal and international regulatory bindings and lack of proper due diligence there has been few cases where the means of the income earned have not been approved by the Shariah. This has been termed as Doubtful Income and the Bank has been advised to separate the same from its basic income and spend it on the basis of Shariah prescribed ways. This money is not to be distributed among the Depositors or Shareholder as Profit or Dividend.

Suggestions:

- To ensure buy and sell through Bai-muajjal and Bai-murabaha investment modes and to comply with the Shariah rules clients can even be appointed as "Buying-Agents" if needed.
- Bank should introduce the Mudaraba and Musharaka investment schemes even in a small scale.
- To assist in improving the socio-economic condition of the less privileged group of the population Bank should emphasize on the existing small investment schemes and introduce new development schemes based on Islamic Shariah.
- In order to equip the employees with Islamic Banking knowledge Bank should arrange adequate training programs on Islamic Economics and Banking.
- In order to generally involve more and more people into Islamic Banking and to make them understand the benefit of it in this life and hereafter Bank should arrange various seminars, workshops and client-gathering at the Head Office, Zones and Branch level on a regular basis.
- To strengthen the welfare and CSR activities of Al-Arafah Islami Bank Foundation by ensuring the implementation of the Shariah rules and regulations.

May Allah (SWT) forgive all our sins and accept all our good deeds for His sake and give us Tawfiq to do more and more activities beneficial to mankind. Ameen.



(Md. Abdur Rahim Khan)
Secretary
Shariah Supervisory Committee



(Mufti Sayeed Ahmad Muzaddedi)
Chairman
Shariah Supervisory Committee

Integrity & National Integrity Strategy: Integrity generally means behavioral excellence influenced by ethics, morality and honesty. It also implies adherence to time-tested norms, values, customs and principles of a society. At the individual level, it means being duty-bound and honest. Organizations are created by people for achievement of its common goal. For promotion of integrity, strict adherence to remaining morally and ethically correct at individual level is of critical importance. “Homes” can play a vital role in promoting integrity since moral education originates from homes. It is equally true about institutions, as they are the manifestation of the overall goal of the individuals. Laws, regulations, processes, policies, systems and the philosophy may be followed in such a manner that they can promote righteousness in life. So, beyond the laws/policies, a movement has to be initiated so that the citizens become ethical in public and private lives and integrity prevails in all organizations, business and civil society. Therefore keeping all these factors in mind, in order to establishing a good governance in all institutions and the in the society at large The Government of the People’s Republic of Bangladesh formulated a NATIONAL INTEGRITY STRATEGY to prevent corruption and promote an happy and prosperous Bangladesh.

Purpose of National Integrity Strategy: The Government of Bangladesh has introduced National Integrity Strategy in the year 2012 to establish rule of law, fundamental human rights, equality, justice and organizational good governance through ensuring political, economical and social rights as well as to develop a prosperous Bangladesh. Bangladesh Bank itself and all the scheduled banks are implementing the Strategy through Action Plans since 2013. National Integrity Strategy Action Plan and Implementation Progress Monitoring Structures, 2018-19 at field level, has also been in place since July 2018.

For implementation of National Integrity Strategy, Al-Arafah Islami Bank Limited has taken the following steps according to the instructions given by Bangladesh Bank to improve ethics and murality in all levels and to establish good governance in the bank:-

- 1) A 7 (seven) member Central Integrity Committee (having a Deputy Managing Director as a Convener) has been formed. Progress on Integrity Strategy implementation is discussed in regular meetings of the Central Integrity Committee.
- 2) Action Plan regarding integrity has been devised as per format provided by Bangladesh Bank and quarterly implementation progress reports are being sent to Bangladesh Bank.
- 3) An Instruction Circular has been issued to all the branches/zones/offices to meticulously comply with instructions so that the identified existing and potential challenges and problems of the bank can be faced and mitigated.
- 4) Previous Code of Conducts for the officials and stakeholders of the bank has been updated as per Central Bank instructions and all the employees have been informed through instruction circular for meticulous compliance thereof.
- 5) According to the instructions of the Integrity Committee of Head Office, discussion meetings are being organized in every zone / branches at least on a quarterly basis to improve the ethics/morality of the officials and minutes of the meetings are being sent to the Member-Secretary, Integrity Committee of Head Office of the bank regularly for monitoring and follow up.
- 6) As per directions of the bank’s Central Integrity Committee, classroom sessions are being conducted in each training program of the training institute for development

Implementation

status of Integrity under National Integrity Strategy

► Implementation status of Integrity under National Integrity Strategy

of the morality of all the executive / officials of the bank. The Training Institute of the bank is being organized by the Executive Development Program (EDP) from time to time with executives of different levels for development of their moral and ethical values.

- 7) According to the instructions of Bangladesh Bank, a 5-Member Innovation Team has been formed to take new strategies/ Innovative Ideas on the deposit/investment and services products from time to time.
- 9) According to the instructions of Bangladesh Bank, recently, the Obijog Nishpotti Kormokarta (ONIK), Complain Management & Resolving Officer (CMRO) and an Appellate Authority have been appointed for the management of dispute/complaints of the customers and stakeholders under the Right to Information Act, 2009.
- 10) The particulars (name and designation etc) of the officials who are dismissed / removed / terminated from time to time by the bank are being uploaded to the web portal of Bangladesh Bank and compliance reports is being sent to Bangladesh Bank on quarterly basis as per their instruction.
- 11) Advertisements are being published in each quarter in the national daily newspaper by AIBL on the Integrity Rhymes introduced by Bangladesh Bank on ethics/morality.
- 12) In 2016, for the practice of integrity, AIBL awarded crests and certificates to the 38 employees as incentive after fulfilling 13 different determining criteria. In 2017, 63 officials / executives have been awarded with crests and certificates in order to encourage good practice / excellence in the bank. This time the number of determining criteria was 25. In the meantime, to encourage even further BRPD Circular No. 08 of 08/08/2018 was issued by Bangladesh Bank with a direction to give one month's basic salary to at least one executive/official from each rank in each year as Integrity Award. In order to encourage the integrity practice / excellence in this bank in the light of the instructions of the Bangladesh Bank, the policy of awarding of one month's basic salary to at least one executive/officials from each rank in each year as Integrity Award was approved by the Board of Directors on 24/11/2008 in its 330th Meeting and the award for the year 2018 will be given within June, 2019..

There is no denying the fact that introduction of financial award for integrity will not only motivate the officials to be behaviorally correct but also will increase the competitiveness and efficiency of the employees and the officials. This will inevitably decrease the irregularities of banking activities and will improve the quality of asset as well. Thus the aims and objectives/goals of the bank as well as overall integrity of the officials will be achieved.

In compliance with the guidelines of Banking Companies Act (amended in July 2013), Bangladesh Bank guidelines, notifications of Bangladesh Securities & Exchange Commission (BSEC) and international best practices of Corporate Governance, the Audit Committee of the Board of Al-Arafah Islami Bank Limited was formed by the Board of Directors of the bank with a view to ensuring the achievement of objectives of the bank, efficiency of operations and compliance with applicable laws, rules, regulations and internal policies to make the bank a strong and dependable organization for all stakeholders, specially shareholders, depositors and the society as a whole.

Objectives of the Board Audit Committee

1. Review the financial reporting process, the system of internal control and compliance approach to manage risks, the audit process, findings of the Central Bank's comprehensive audit and the Bank's processes for monitoring compliance of laws and regulations and its own code of business conduct.
2. Assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies, policies and overall business plans set by the Board for effective functioning of the bank.

Role and Responsibilities of the Committee

The roles and responsibilities of Board Audit Committee of AIBL have been chalked out on the basis of BRPD Circular No. 11 dated 27 October 2013, corporate governance notification issued by BSEC, dated 03 June, 2018 and other best practice of corporate governance guidelines and standards. The important roles and responsibilities of the Board Audit Committee are described below:

1. Review the Internal Control system of the bank to ensure that sufficient Risk Management System is in place to manage core risk of the bank.
2. Review the Internal Audit Procedure.
3. Review the efficiency and effectiveness of Internal Control System.
4. Consider the recommendations made by the internal and external auditors.
5. Ensure fair presentation of financial statements in compliance with Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards.
6. Review compliance with the applicable rules and regulations of Bangladesh Bank, BSEC, Bank Company Act- 1991 (amended in July, 2013) and Companies Act, 1994.
7. Review statement of all related party transactions submitted by the management.
8. Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors.
9. Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption.

Report to the Board of Director

1. Report immediately to the Board of Directors on conflict of interest.
2. Report to the Board of Directors on frauds or irregularities or material defects in the Internal Control System.
3. Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations.

Composition of the Board Audit Committee (BAC)

The Board Audit Committee was reconstituted by the Board of Directors of the bank in its 322nd Meeting held on 24 May, 2018. The Board Audit Committee (BAC) consists of the following 05 (five) members:

SL. No	Name	Educational Qualification	Status with the Bank	Status with the Committee
1	Jb. Md. Amir Uddin PPM	BSS (Hon.) Economics, MSS(Economics)	Independent Director	Chairman
2	Jb. Abdus Salam	M.Com	Director	Member
3	Jb. Abdul MalekMollah	Intermediate	Director	Member
4	Jb. Niaz Ahmed	M.Com (Accounting), L.L.B.	Director	Member
5	Jb. Khalid Rahim	FCA	Independent Director	Member

Meetings of Board Audit Committee

During the Year 2018, 10 (ten) meetings of the Committee were held.

Activities during the year

The Board Audit Committee carried out the following activities during the year 2018:-

1. Reviewed the comprehensive inspection report of Bangladesh Bank, evaluated compliance status thereof and advised the bank management to take necessary action as required.
2. Reviewed performance of internal audit, 2018.
3. Reviewed audited accounts and report of 2018 and recommended those audited report to place to the Board.
4. Reviewed inspection report of different branches of the bank conducted by Internal Control and Compliance Wing of the bank and advised the bank management to enhance deposit, Investment including reduction of classified Investment.
5. Reviewed the compliance status of audit objections and advised the management to ensure full compliance of regulatory, legal and significant issues meticulously.
6. Reviewed annual financial statements of the bank with appointment of external auditors prior to submission to the Board for their approval.
7. Reviewed and approved Annual Plan of Risk Based Internal Audit, 2018.
8. Reviewed and approved action plan for turning loss-incurring branches into profitable branches.
9. Reviewed comparative position of half yearly income - expenditure statement as on 30 June, 2018 and 30 June, 2017.
10. Recommend measures for improvement of the performance of the bank.
11. Reviewed cost of fund as on June 30, 2018 of the bank.

Acknowledgement

In conclusion, we would like to extend our sincere thanks and profound gratitude to the members of Board of Directors for allowing the committee to discharge its due role independently.

We also express our gratitude and thanks to the management, auditors, regulatory authorities particularly, Bangladesh Bank and Bangladesh Securities & Exchange Commission for their cordial co-operation in performing the duties with due diligence.

For and on behalf of Board Audit Committee.



Md. Amir Uddin PPM
Chairman
Board Audit Committee (BAC)

The major activities of the Board Risk Management Committee (BRMC) in the year 2018 were as follows:

- a) Reviewed the Bank's Risk Management Guidelines and recommended thereon.
- b) Reviewed all Core Risk Management Guidelines of the Bank.
- c) Reviewed the Internal Capital Adequacy Assessment Process (ICAAP) Manual/ Guidelines of the Bank.
- d) Reviewed the Internal Capital Adequacy Assessment Process (ICAAP) report of the Bank.
- e) Reviewed the Environment & Social Risk Management (ESRM) activities of the Bank.
- f) Reviewed the Capital to Risk Weighted Assets Ratio (CRAR) of the Bank from time to time against Minimum Capital Requirement (MCR).
- g) Reviewed the Risk Appetite Statement of the Bank.
- h) Reviewed the Delegation of Power (Business Discretionary Power) for the Bank.
- i) Evaluated the Stress Testing Result as per requirement of Pillar-2 of Basel-III periodically.
- j) Evaluated the Risk Based Capital Adequacy (Basel-III) Report as per Pillar-1 of Basel-III periodically.
- k) Evaluated the Monthly Risk Management Report (MRMR) and Comprehensive Risk Management Report (CRMR) of the Bank periodically.
- l) Evaluated the implementation status of the decisions taken in the management level Risk Management Committee (RMC) meetings time to time.
- m) Reviewed the Management Action Triggers (MAT) with Supplementary Documents of ICAAP under Pillar-2 of Basel-III.
- n) Reviewed the status of Bank's Recovery, Classification, Legal position and Written off accounts periodically.
- o) Reviewed the Bank's overall collateral securities and advised the management to obtain additional securities from the large borrowers on best effort basis to reduce additional capital charge of the Bank.
- p) Evaluated the concentration of Investment portfolio of Bank and advised the management to diversify investment portfolio as far as possible and practicable.
- q) Reviewed the Bank's overall rated investment clients and advised the management to improve the number of rated investment clients by pursuing the existing Corporate and SME investment clients to reduce the Risk Weighted Assets (RWA) as well as to reduce additional capital charge on the Bank.
- r) Reviewed the Bank's Top-100 Defaulter Clients and the status thereof.
- s) Reviewed the status of the large investments of the Bank and advised the management to closely monitor such investments for further improvement.
- t) Reviewed the CAMELS rating and Comprehensive Risk Management Ratings of the Bank and advised the management for further improvement.

The Minutes of the RMC meetings with suggestions were placed for implementation and to the Board of Directors for subsequent approval.

Reporting to the Board

The decisions and recommendations of the Board Risk Management Committee were submitted before the Board of Directors for reviewing and the Board closely reviewed and approved the same as placed.

Acknowledgement

The members of the Board Risk Management Committee (BRMC) express their gratitude and thanks to the Board of Directors, Management and Risk Management Team of the Bank for their cooperation while performing its duties and responsibilities.



Md. Liakat Ali Chowdhury
Chairman
Board Risk Management Committee

Activities Of the Board Risk Management Committee in the year 2018

CEO and CFO's

Declaration to the Board

April 24, 2019

The Board of Directors
Al-Arafah Islami Bank Limited
Al-Arafah Tower,
63, Purana Paltan,
Dhaka 1000.

Subject: Declaration on Financial Statements for the year ended on December 31, 2018

Muhtaram
Assalamu Alaikum

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRC/2006-158/207/Admin/80 Dated June 3, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Al-Arafah Bank Limited for the year ended on December 31, 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concerns basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

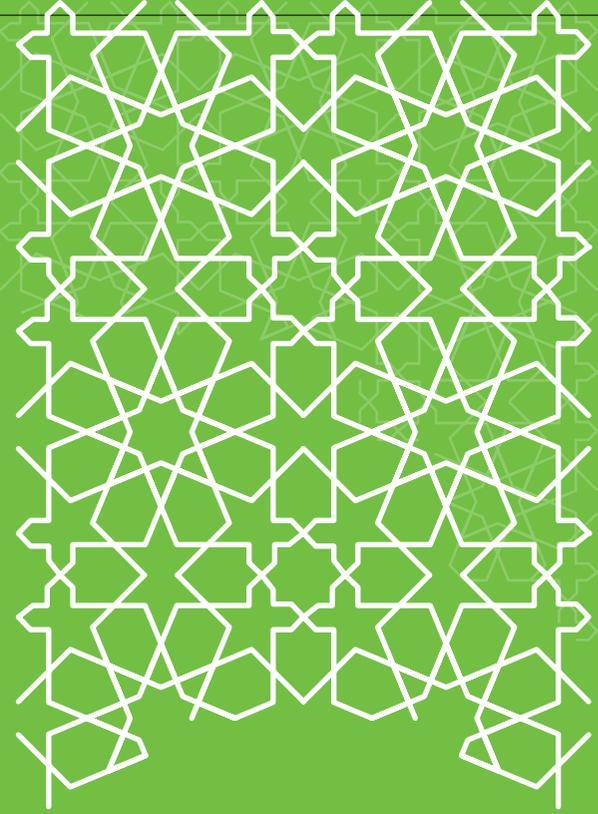
In this regard, we also certify that: -

- i. We have reviewed the financial statements for the year ended on December 31, 2018 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- 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 in violation of the code of conduct for the company's Board of Directors or its members.

Ma-assalam
Sincerely yours,


Farman R. Chowdhury
Managing Director and CEO


Muhammed Nadim FCA
Chief Financial Officer



**Auditor's
Report
and
Financial
Statements**

for the year
ended
31 December 2018

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Al-Arafah Islami Bank Limited and its subsidiary (the “Group”) as well as the separate financial statements of Al-Arafah Islami Bank Limited (the “Bank”), which comprise the consolidated and separate balance sheets as at 31 December 2018 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 notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
Measurement of provision for investments	
<p>The process for estimating the provision for customer investments associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for availing investment facilities.</p> <p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> Investment appraisal, disbursement and monitoring procedures, and provisioning process; Identification of loss events, including early warning and default warning indicators; Reviewed quarterly Classification of Investments (Loans-CL) submitted to Bangladesh Bank; <p>Our substantive procedures in relation to the provision for investment portfolio comprised the following:</p> <ul style="list-style-type: none"> Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines and; Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information; Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

- Finally, compared the amount of provision requirement as determined by Bangladesh Bank Department of Banking Inspection (DBI) team to the actual amount of provision maintained.

- Finally, compared the amount of provision requirement as determined by Bangladesh Bank Department of Banking Inspection (DBI) team to the actual amount of provision maintained.

See note no 9 and 15.2 to the financial statements

Valuation of treasury bill and treasury bond (including Islami Bond)

The classification and measurement of T-Bill and T-Bond require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds including Islami Bond issued by Bangladesh Bank is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.

We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

See note no 8 to the financial statements

Impairment assessment of unquoted investments

In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment.

We have assessed the processes and controls put in place by the Bank to ensure all major investment decisions are undertaken through a proper due diligence process. We tested a sample of investments valuation as at 31 December 2018 and compared our results to the recorded value. Finally we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

See note no 8 to the financial statements

IT systems and controls

Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively

We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

Legal and regulatory matters

We focused on this area because the Bank and its subsidiaries (the "Group") operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.

These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.

Furthermore, the Bank operate under Islamic Shariah principles and its activities are supervised by a Shariah Council.

Overall, the legal provision represents the Group's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process.

We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.

We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.

We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.

We read minutes of various Shariah committee meetings and checked compliance of various directives.

We also assessed the Bank's provisions and contingent liabilities disclosure.

Carrying value of investments in subsidiary by the Bank

The Bank has invested in equity shares of three subsidiaries, namely AIBL Capital Market Services Limited, AIBL Capital Management Ltd and Millennium Information Systems Limited as at 31 December 2018 the carrying value of this investment is BDT 3,060 million.

At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in all the above subsidiaries stated at cost.

Management has conducted impairment assessment and calculated recoverable value of its individual subsidiaries in accordance with IAS 36.

We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36.

In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.

We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.

Revaluation of property, plant and equipment

The Bank in prior year has undertaken revaluation of its land . As a result of this revaluation exercise, an amount of BDT 977 million is recognised as the fair value gain in revaluation reserve. Determination of fair value in absence of any quoted price and active market require significant judgment

We assessed the process of revaluation previously taken by the Bank.

We reviewed revaluation report of the independent valuer along with relevant documents and applied our judgment to see whether the fair value is still relevant.

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the consolidated and separate financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying

transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, 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 purpose of our audit and made due verification thereof;
- (ii) 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 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:
 - (a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - (b) 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 Group and its related entities (other than matters disclosed in these financial statements);
- (iii) Consolidated financial statements of the Bank include three subsidiaries, namely AIBL Capital Market Services Limited, AIBL Capital Management Ltd and Millennium Information Systems Limited, reflecting total assets of BDT. 1184,47,24,548 as at 31 December 2018 and total revenue of Tk. 27,42,37,512 for the year ended 31 December 2018, which has been audited by another auditor who has expressed an unqualified audit opinion. The results of these subsidiaries have been properly reflected in the Group's consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for investments and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 3,500 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 24 April 2019



Rahman Mostafa Alam & Co.
Chartered Accountants

Consolidated Balance Sheet As at December 31, 2018

	Notes	2018 Taka	2017 Taka
PROPERTY AND ASSETS			
Cash in hand			
Cash in hand (including foreign currencies)	5.A	2,616,496,304	2,096,407,675
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		23,104,623,105	37,669,574,111
		25,721,119,409	39,765,981,786
Balance with other Banks and Financial Institutions			
In Bangladesh			
In Bangladesh	6.A	2,005,164,277	1,070,656,791
Outside Bangladesh		8,303,795,224	10,327,998,227
		10,308,959,502	11,398,655,018
Placement with Banks & Other Financial Institutions			
	7.A	8,200,000,000	4,400,000,000
Investment in Share & Securities			
Government			
Government	8A	11,000,000,000	8,000,000,000
Others	8.A.i	1,214,670,316	2,145,490,279
Investments			
9.A			
General Investments etc.		244,932,304,989	216,659,827,253
Bills purchased and discounted		16,941,828,811	19,245,407,271
		261,874,133,800	235,905,234,524
Fixed assets less Accumulated Depreciation			
	10.A	4,494,609,175	3,209,501,858
Other Assets			
	11.A	15,600,927,973	14,379,554,005
Non-Banking Assets			
	12	50,875,037	50,875,037
Total Assets			
		338,465,295,212	319,255,292,507
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial Institutions			
13.A 21,759,835,650 32,218,677,048			
Deposits and other Accounts			
14.A			
Mudaraba Savings Deposits		37,678,761,490	32,130,000,015
Mudaraba Term Deposits	14.A.ii.	152,181,785,427	135,929,026,231
Other Mudaraba Deposits	14.i.	49,467,884,447	47,832,419,620
Al-wadeeah Current Accounts and Other Accounts etc.	14.ii	24,454,571,622	26,435,038,160
Bills Payable		2,422,489,486	2,479,779,449
		266,205,492,472	244,806,263,475
Other Liabilities			
	15.A	19,450,871,395	16,608,728,003
Deferred tax Liabilities/ (Assets)			
	16.A	165,866,439	100,949,200
AIBL Mudaraba Subordinated Bond			
		7,400,000,000	3,000,000,000
Total Liabilities			
		314,982,065,956	296,734,617,726
Capital/Share holders Equity			
Paid -up Capital			
	17	10,440,217,500	9,943,064,280
Statutory Reserve			
	18	8,388,044,096	7,576,581,114
Revaluation Reserve			
	19	977,583,714	980,376,225
Retained Earnings			
	20.A	1,908,962,937	2,259,155,807
Total Equity attributable to equity holders of the bank			
		21,714,808,247	20,759,177,426
Non-Controlling Interest			
	17.A	1,768,421,008	1,761,497,355
Total Equity			
		23,483,229,256	22,520,674,781
Total Liability and Share holders equity			
		338,465,295,212	319,255,292,507

Consolidated Balance Sheet As at December 31, 2018

	Notes	2018 Taka	2017 Taka
OFF BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptance and endorsement		34,615,080,021	12,460,678,951
Letters of Guarantee	21	7,096,016,003	6,443,409,058
Letters of Credit		27,266,995,989	33,529,501,439
Bills for Collection		4,069,866,667	4,608,308,496
Other Contingent Liabilities		-	-
Total		73,047,958,680	57,041,897,944
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		73,047,958,680	57,041,897,944

Accompanying notes form an integral part of these financial statements.


Chief Financial Officer


Managing Director


Director


Director


Chairman

Signed in terms of our report of even date.


Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 24 April 2019


Rahman Mostafa Alam & Co.
Chartered Accountants

Consolidated Profit & Loss Accounts For the year ended December 31, 2018

	Notes	2018 Taka	2017 Taka
Investment Income	22.A	24,956,812,132	20,491,028,035
Profit paid on deposits & Borrowing	23.A	(16,256,611,114)	(11,784,195,568)
Net Investment Income		8,700,201,019	8,706,832,467
Income from Investment in Shares /Securities	24.A	701,097,070	437,319,085
Commission, Exchange and Brokerage	25.A	2,729,472,295	2,790,684,690
Other Operating Income	26.A	338,824,677	329,353,333
Total operating income		3,769,394,041	3,557,357,108
Total operating expenses		12,469,595,060	12,264,189,575
Salaries and allowances & contribution to P.F	27.A	4,118,564,966	3,571,959,651
Directors fees & expenses	28.A	15,324,200	18,937,652
Shariah Supervisory Committee's fees & expenses	29	620,660	560,969
Rent, taxes, insurance and lighting etc.	30.A	681,568,195	584,955,214
Postage, telegram, telephone and stamp etc.	31.A	65,864,096	78,429,866
Legal charges		15,527,201	10,698,639
Auditors' fee		1,587,250	1,602,500
Salary & Allowances to the Managing Director		16,954,000	15,825,000
Depreciation and repairs to the bank's properties	32.A	482,113,617	317,899,334
Stationery, printing & advertisement etc.	33.A	171,272,314	125,305,263
Other expenses	34.A	591,302,955	582,245,933
Total operating expenses		6,160,699,453	5,308,420,021
Profit/(Loss) before Tax & provision		6,308,895,606	6,955,769,554
Provision against Investments & Contingent Liabilities	35.A	2,174,105,337	1,354,891,535
Provision for diminution in value of investment		635,613	-
Other Provision		3,237,000	-
Total provision		2,177,977,950	1,354,891,535
Profit/(Loss) before Tax		4,130,917,657	5,600,878,019
Current tax	15.1.A	1,607,481,302	2,405,891,962
Deferred tax		66,629,727	25,492,603
Provision for Taxation		1,674,111,029	2,431,384,565
Net Profit/(Loss) after tax		2,456,806,628	3,169,493,454
Net Profit attributable to:			
Equity holders of the bank		2,449,882,975	3,134,682,251
Non-controlling Interest		6,923,653	34,811,203
Profit for the year		2,456,806,628	3,169,493,454
Appropriation			
Statutory Reserve		811,462,982	1,086,492,574
Non-Controlling Interest		6,923,653	34,811,203
		818,386,635	1,121,303,777
Transfer to Retained Earnings		1,638,419,993	2,048,189,677
Earning per Ordinary Share (EPS)	40.A	2.35	3.00

Accompanying notes form an integral part of these financial statements.


Chief Financial Officer


Managing Director


Director


Director


Chairman

Signed in terms of our report of even date.


Hoda Vasi Chowdhury & Co.
Chartered Accountants
Dhaka, 24 April 2019


Rahman Mostafa Alam & Co.
Chartered Accountants

Consolidated Cash Flow Statement For the year ended December 31, 2018

	Notes	2018 Taka	2017 Taka
Cash flows from operating activities			
Investment income receipt in Cash		25,252,073,217	21,383,831,283
Profit paid on deposits and borrowing		(15,761,228,519)	(11,360,819,054)
Dividend received		27,973,671	88,486,282
Fees & Commission received in cash		2,729,472,295	2,790,684,690
Recoveries from written off investments		164,881,715	309,972,277
Cash payments to employees		(4,135,518,966)	(3,587,784,651)
Cash payments to suppliers		(171,272,314)	(125,305,263)
Received from other operating activities (item-wise)		338,824,677	329,353,333
Paid for other operating activities (item-wise)	36.A	(1,453,752,046)	(1,457,029,985)
Advance income tax paid		(2,021,821,162)	(4,846,389,088)
Operating profit before changes in operating assets and liabilities		4,969,632,568	3,524,999,824
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities		930,819,963	23,186,015
Increase/(Decrease) of placement to other banks		(3,800,000,000)	(1,066,549,840)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(26,559,395,923)	(38,193,892,248)
Increase/(Decrease) of other assets (item-wise)	37.A	1,033,427,795	8,263,939,784
Increase/(Decrease) of placement from other banks and financial institution		(10,458,841,398)	7,134,023,242
Increase/(Decrease) of Deposits from customers (other than Banks)		20,903,846,402	44,678,966,954
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	38.A	(774,687,828)	(12,039,886,171)
Cash receipt from operating activities		(18,724,830,990)	8,799,787,736
A. Net Cash from operating activities		(13,755,198,422)	12,324,787,560
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(1,285,107,317)	(180,314,202)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		(1,285,107,317)	(180,314,202)
Cash flows from financing activities			
Increase in Exchange Equalization Account		(2,792,511)	1,937,451
Issue of AIBL Subordinate Bond		4,400,000,000	-
Dividend paid		(1,491,459,642)	(1,988,612,856)
C. Net cash flows from financing activities		2,905,747,847	(1,986,675,405)
D. Net increase in cash and cash equivalent (A+B+C)		(12,134,557,892)	10,157,797,953
E. Effects of exchange rate changes on cash and cash-equivalents		-	-
F. Net increase in cash and cash equivalent D+E		(12,134,557,892)	10,157,797,953
G. Cash & Cash Equivalents at the beginning of the year		59,164,636,804	49,006,838,852
H. Cash & Cash Equivalents period ended	39.A	47,030,078,911	59,164,636,804

Accompanying notes form an integral part of these financial statements.


Chief Financial Officer


Managing Director


Director


Director


Chairman

Consolidated Statement of Changes in Equity For the year ended December 31, 2018

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2018	9,943,064,280	7,576,581,114	2,259,155,806	980,376,225	20,759,177,425	1,761,497,355	22,520,674,780
Changes in accounting policy offload share	-	-	-	-	-	-	-
Restated Adjustment	-	-	-	-	-	-	-
Restated balance	9,943,064,280	7,576,581,114	2,259,155,806	980,376,225	20,759,177,425	1,761,497,355	22,520,674,780
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	(2,792,511)	(2,792,511)	-	(2,792,511)
Share premium	-	-	-	-	-	-	-
Net profit for the year	-	-	2,449,882,975	-	2,449,882,975	6,923,653	2,456,806,628
Cash Dividend	-	-	(1,491,459,642)	-	(1,491,459,642)	-	(1,491,459,642)
Bonus Share	497,153,220	-	(497,153,220)	-	-	-	-
Issue of share capital of subsidiary	-	-	-	-	-	-	-
Gain on pre acquisition of subsidiary	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-	-
Appropriations during the year	-	811,462,982	(811,462,982)	-	-	-	-
Balance as at December 31, 2018	10,440,217,500	8,388,044,096	1,908,962,939	977,583,714	21,714,808,249	1,768,421,008	23,483,229,256
Balance as at December 31, 2017	9,943,064,280	7,576,581,114	2,259,155,806	980,376,225	20,759,177,425	1,761,497,355	22,520,674,781


Chief Financial Officer


Managing Director


Director


Director


Chairman

Consolidated Statement of Liquidity (Maturity Analysis of Assets and Liabilities) For the year ended December 31, 2018

SL	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	25,721,119,409	-	-	-	-	25,721,119,409
	Balance with other Bank and Financial Institution	6,034,759,502	2,713,532,194	400,000,000	-	1,160,667,806	10,308,959,502
	Placement with Banks & Other Financial Institutions	-	8,200,000,000	-	-	-	8,200,000,000
	Investments (in Shares & Securities)	-	-	67,600,000	12,147,070,316	-	12,214,670,316
	Investments	39,510,999,932	81,906,800,000	91,666,300,000	48,790,033,868	-	261,874,133,800
	Fixed Assets including premises (Land & Building)	-	-	-	-	4,494,609,175	4,494,609,175
	Other Assets	1,233,262,989	32,500,000	3,200,000	-	14,331,964,985	15,600,927,973
	Non Banking Assets	-	-	-	-	50,875,037	50,875,037
	Total Assets	72,500,141,832	92,852,832,194	92,137,100,000	60,937,104,184	20,038,117,003	338,465,295,212
2	Liabilities :						
	Placement from Banks & Other Financial institutions	5,511,835,650	4,438,000,000	10,443,500,000	1,366,500,000	-	21,759,835,650
	Deposits	45,804,413,938	106,050,032,723	75,471,900,000	31,584,000,000	7,295,145,811	266,205,492,472
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	2,000,000	-	2,000,000	-	19,446,871,395	19,450,871,395
	Deferred tax Liabilities/ (Assets)	-	-	-	-	165,866,439	165,866,439
	AIBL Mudaraba Subordinated Bond	-	-	-	-	7,400,000,000	7,400,000,000
	Total Liabilities	51,318,249,588	110,488,032,723	85,917,400,000	32,950,500,000	34,307,883,645	314,982,065,956
	Net Liquidity Gap	21,181,892,244	(17,635,200,529)	6,219,700,000	27,986,604,184	(14,269,766,642)	23,483,229,257

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.


Chief Financial Officer


Managing Director


Director


Director


Chairman

Balance Sheet as at December 31, 2018

	Notes	2018 Taka	2017 Taka
PROPERTY AND ASSETS			
Cash in hand	5		
Cash in hand (including foreign currencies)		2,605,382,213	2,096,167,797
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		23,104,623,105	37,669,574,111
		25,710,005,318	39,765,741,908
Balance with other Banks and Financial Institutions	6		
In Bangladesh		2,005,164,277	1,007,124,597
Outside Bangladesh		8,303,795,224	10,327,998,227
		10,308,959,502	11,335,122,824
Placement with Banks & Other Financial Institutions	7	8,200,000,000	4,400,000,000
Investment in Share & Securities	8		
Government		11,000,000,000	8,000,000,000
Others		367,606,111	420,592,123
		11,367,606,111	8,420,592,123
Investments	9		
General Investments etc.		240,150,271,121	213,368,821,452
Bills purchased and discounted		16,941,828,811	19,245,407,271
		257,092,099,932	232,614,228,723
Fixed assets less Accumulated Depreciation	10	4,305,855,784	3,038,952,614
Other Assets	11	16,226,562,989	14,971,459,393
Non-Banking Assets	12	50,875,037	50,875,037
Total Assets		333,261,964,673	314,596,972,623
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial institutions	13	20,393,335,650	30,904,054,548
Deposits and other Accounts	14		
Mudaraba Savings Deposits		37,678,761,490	32,130,000,015
Mudaraba Term Deposits		152,322,906,893	136,764,993,508
Other Mudaraba Deposits	14.i	49,467,884,447	47,832,419,620
Al-wadeeah Current Accounts and Other Accounts etc.	14.ii	24,454,571,622	26,435,038,160
Bills Payable		2,422,489,486	2,479,779,449
		266,346,613,938	245,642,230,752
Other Liabilities	15	17,364,627,192	14,273,105,891
Deferred tax Liabilities/ (Assets)	16	168,486,792	100,949,200
AIBL Mudaraba Subordinated Bond		7,400,000,000	3,000,000,000
Total Liabilities		311,673,063,572	293,920,340,391
Capital/Share Holders Equity			
Paid up Capital	17	10,440,217,500	9,943,064,280
Statutory Reserve	18	8,388,044,096	7,576,581,114
Revaluation Reserve	19	977,583,714	980,376,225
Retained Earnings	20	1,783,055,791	2,176,610,612
Total Share holders equity		21,588,901,101	20,676,632,231
Total Liability and Share holders equity		333,261,964,673	314,596,972,623

Balance Sheet as at December 31, 2018

	Notes	2018 Taka	2017 Taka
OFF BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptance and endorsement			
Letters of Guarantee	21	34,615,080,021	12,460,678,951
Letters of Credit		7,096,016,003	6,443,409,058
Bills for Collection		27,266,995,989	33,529,501,439
Other Contingent Liabilities		4,069,866,667	4,608,308,496
Total		73,047,958,680	57,041,897,944
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		73,047,958,680	57,041,897,944

Accompanying notes form an integral part of these financial statements.


Chief Financial Officer


Managing Director


Director


Director


Chairman

Signed in terms of our report of even date.


Hoda Vasi Chowdhury & Co.
Chartered Accountants
Dhaka, 24 April 2019


Rahman Mostafa Alam & Co.
Chartered Accountants

Profit & Loss Accounts For the year ended December 31, 2018

	Notes	2018 Taka	2017 Taka
Investment Income	22	24,678,709,611	20,305,586,115
Profit paid on deposits & Borrowing	23	(16,062,930,822)	(11,586,148,356)
Net Investment Income		8,615,778,790	8,719,437,759
Income from Investment in Shares /Securities	24	676,303,995	391,135,221
Commission, Exchange and Brokerage	25	2,581,003,540	2,407,886,232
Other Operating Income	26	322,271,224	285,736,748
		3,579,578,758	3,084,758,201
Total operating income		12,195,357,548	11,804,195,960
Salaries and allowances & contribution to P.F	27	4,030,393,447	3,491,198,259
Directors fees & expenses	28	10,335,030	10,096,318
Shariah Supervisory Committee's fees & expenses	29	620,660	560,969
Rent, taxes, insurance and lighting etc.	30	654,350,186	570,174,901
Postage, telegram, telephone and stamp etc.	31	65,234,290	77,669,122
Legal charges		15,472,553	10,481,205
Auditors' fee		1,512,250	1,337,500
Salary & Allowances to the Managing Director		16,954,000	15,825,000
Depreciation and repairs to the bank's properties	32	474,480,369	309,625,798
Stationery, printing and advertisement etc.	33	170,091,108	123,433,001
Other expenses	34	544,375,467	490,739,481
		5,983,819,359	5,101,141,554
Total operating expenses		5,983,819,359	5,101,141,554
Profit/(Loss) before Tax & provision		6,211,538,188	6,703,054,406
Provision against Investments & Contingent Liabilities	35	2,150,350,667	1,270,591,535
Provision for diminution in value of investment		635,613	-
Other Provision		3,237,000	-
		2,154,223,280	1,270,591,535
Total provision		2,154,223,280	1,270,591,535
Profit/(Loss) before Tax		4,057,314,909	5,432,462,871
Current tax	15.1	1,583,256,294	2,330,292,331
Deferred tax	16	67,537,592	25,492,603
		1,650,793,886	2,355,784,934
Provision for Taxation		1,650,793,886	2,355,784,934
Net Profit/(Loss) after tax		2,406,521,023	3,076,677,937
Appropriation			
Statutory Reserve		811,462,982	1,086,492,574
General Reserve		-	-
		811,462,982	1,086,492,574
Retained Earnings		1,595,058,041	1,990,185,363
Earning per Ordinary share (EPS)	40	2.31	2.95

Accompanying notes form an integral part of these financial statements.


Chief Financial Officer


Managing Director


Director


Director


Chairman

Signed in terms of our report of even date.


Hoda Vasi Chowdhury & Co.
Chartered Accountants
Dhaka, 24 April 2019


Rahman Mostafa Alam & Co.
Chartered Accountants

Cash Flow Statement For the year ended December 31, 2018

	Notes	2018 Taka	2017 Taka
Cash flows from operating activities			
Investment income receipt in Cash		24,931,762,791	21,181,862,736
Profit paid on deposits and borrowings		(15,567,548,227)	(11,162,771,842)
Dividend received		15,651,835	58,829,043
Fees & Commission received in cash		2,581,003,540	2,407,886,232
Recoveries from write off investments		164,881,715	309,972,277
Cash payments to employees		(4,047,347,447)	(3,507,023,259)
Cash payments to suppliers		(170,091,108)	(123,433,001)
Received from other operating activities (item-wise)		322,271,224	285,736,748
Paid for other operating activities (item-wise)	36	(1,376,282,394)	(1,194,013,406)
Advance income tax paid		(1,975,685,032)	(3,427,931,996)
Operating profit before changes in operating assets and liabilities		4,878,616,897	4,829,113,531
Operating profit before changes in operating assets and liabilities			
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities		52,986,012	1,427,568,865
Increase/(Decrease) of placement to other banks		(3,800,000,000)	(1,600,000,000)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(25,475,508,329)	(45,910,811,251)
Increase/(Decrease) of other assets (item-wise)	37	963,298,701	9,042,698,009
Increase/(Decrease) of placement from other banks and financial institution		(10,510,718,898)	5,819,400,742
Increase/(Decrease) of Deposits from customers (other than Banks)		20,209,000,591	45,164,656,553
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	38	351,678,848	(6,395,885,881)
Cash receipt from operating activities		(18,209,263,075)	7,547,627,037
A. Net Cash from operating activities		(13,330,646,178)	12,376,740,568
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(1,657,001,581)	(292,475,281)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		(1,657,001,581)	(292,475,281)
Cash flows from financing activities			
Increase in Exchange Equalization Account		(2,792,511)	2,306,247
Subordinate Debt		4,400,000,000	-
Increase in Share Capital		-	-
Dividend paid		(1,491,459,642)	(1,988,612,856)
C. Net cash flows from financing activities		2,905,747,847	(1,986,306,609)
D. Net increase in cash and cash equivalent (A+B+C)		(12,081,899,912)	10,097,958,678
E. Effects of exchange rate changes on cash and cash-equivalents		-	-
F. Net increase in cash and cash equivalent (D+E)		(12,081,899,912)	10,097,958,678
G. Cash & Cash Equivalents at the beginning of the year		59,100,864,732	49,002,906,053
H. Cash & Cash Equivalents at the end of the year	39	47,018,964,820	59,100,864,732

Accompanying notes form an integral part of these financial statements.


Chief Financial Officer


Managing Director


Director


Director


Chairman

Statement of Changes in Equity For the year ended December 31, 2018

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total Taka
Balance at 1st January, 2018	9,943,064,280	7,576,581,114	2,176,610,612	980,376,225	20,676,632,231
Changes in accounting policy	-	-	-	-	-
Issue of the share capital	-	-	-	-	-
Restated balance	9,943,064,280	7,576,581,114	2,176,610,612	980,376,225	20,676,632,231
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	(2,792,511)	(2,792,511)
Net gain and losses not recognised in Income Statement	-	-	-	-	-
Net profit for the year	-	-	2,406,521,023	-	2,406,521,023
Cash	-	-	(1,491,459,642)	-	(1,491,459,642)
Bonus Share	497,153,220	-	(497,153,220)	-	-
Issue of share capital	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-
Appropriations during the year	-	811,462,982	(811,462,982)	-	-
Total shareholders' equity as on December 31, 2018	10,440,217,500	8,388,044,096	1,783,055,791	977,583,714	21,588,901,101
Total shareholders' equity as on December 31, 2017	9,943,064,280	7,576,581,114	2,176,610,611	980,376,225	20,676,632,231


Chief Financial Officer


Managing Director


Director


Director


Chairman

Statement of Liquidity (Maturity Analysis of Assets and Liabilities) For the year ended December 31, 2018

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	25,710,005,318	-	-	-	-	25,710,005,318
	Balance with other Bank and Financial Institution	6,034,759,502	2,650,000,000	400,000,000	-	1,224,200,000	10,308,959,502
	Placement with Banks & Other Financial Institutions	-	8,200,000,000	-	-	-	8,200,000,000
	Investments (in Shares & Securities)	-	-	67,600,000	11,300,006,111	-	11,367,606,111
	Investments	39,510,999,932	81,906,800,000	91,666,300,000	29,879,800,000	14,128,200,000	257,092,099,932
	Fixed Assets including premises (Land & Building)	-	-	-	-	4,305,855,784	4,305,855,784
	Other Assets	1,233,262,989	32,500,000	3,200,000	-	14,957,600,000	16,226,562,989
	Non Banking Assets	-	-	-	-	50,875,037	50,875,037
	Total Assets	72,489,027,741	92,789,300,000	92,137,100,000	41,179,806,111	34,666,730,821	333,261,964,673
2	Liabilities :						
	Placement from Banks & Other Financial Institutions	5,511,835,650	4,438,000,000	10,443,500,000	-	-	20,393,335,650
	Deposits	45,804,413,938	106,886,000,000	75,471,900,000	31,584,000,000	6,600,300,000	266,346,613,938
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	2,000,000	-	2,000,000	-	17,360,627,192	17,364,627,192
	Deferred tax Liabilities/ (Assets)	-	-	-	-	168,486,792	168,486,792
	AIBL Mudaraba Subordinated Bond	-	-	-	-	7,400,000,000	7,400,000,000
	Total Liabilities	51,318,249,588	111,324,000,000	85,917,400,000	31,584,000,000	31,529,413,984	311,673,063,572
	Net Liquidity Gap	21,170,778,153	(18,534,700,000)	6,219,700,000	9,595,806,111	3,137,316,837	21,588,901,101

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.


Chief Financial Officer


Managing Director


Director


Chairman

Notes to the Financial Statements As at and for the year ended December 31, 2018

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 precepts of Islam. The Shariah Supervisory Committee consists of prominent Ulema, reputed Bankers. The Bank went for public issue of share in the year 1998 and its share are listed with Dhaka Stock Exchange (DSE) and Chaittagong Stock Exchange (CSE). Presently the bank has 168 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 IFRS-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 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 the company is to carry on activities relating to developing software products and providing maintenance and support services to 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 International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). 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.

Notes to the Financial Statements As at and for the year ended December 31, 2018

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

IFRS: 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 judgments 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, 2018 to December 31, 2018.

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

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

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

2.8.2 Investments

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

Investment write-off

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

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

IFRS: As per requirements of IAS 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 IFRS 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

Notes to the Financial Statements As at and for the year ended December 31, 2018

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

IFRS: As per requirement of IFRS 9 “Financial Instruments: where securities will fall under the category of fair value through profit or loss account and any change in fair value of the asset is recognised through profit or loss account. 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 amortized cost are measured at effective interest rate method and interest income is recognized 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

IFRS: As per IAS 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 IAS 39.

2.8.2.4 Investment in subsidiaries

The bank has made investment in subsidiary company named AIBL Capital Market Service Ltd Tk. 242.00 crore 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 subsidiary 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 IAS-16 “ Property, Plant and Equipment”. Acquisition cost of an asset comprises the purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.
- ii) Land is recognised at cost at the time of acquisition and subsequently measured at revalued amounts which is the market value at the time of revaluation done by a independent professional valuer on 31st December 2012, any surplus on revaluation is shown as equity component until the disposal/de-recognition of asset. The property is located within:
 - a) Dist : Dhaka, P. S Motijheel, Sub - registry office : Sutrapur, Dhaka collectorate Touzi # 141-B-1, Mouza : Sabek Shahar Dhaka, Sheet # 22, Ward # 03, Holding No 63, Purana Palton Sabek Khatian # 6947, 6947 [KA], 6947[Jha], Sabek Dag # 97, 100, 101, 102 and 110, SA Mouza : Ramna, Sheet # 10, SA Khatian # 362, SA Dag # 1979, 1980, 1981, 2025, 1997, 1998 and 1979/2039, RS Mouza : Motijheel, RS Khatian # 420, RS Dag # 1314 and 1322, D.P Khatian # 619, D.P Dag # 812 and 804. Mutation Khatian 362/3 and Dag # 1979 and 1980. The area of land measuring about 16.42 katha,
 - b) Holding No 63/1/A, Purana Palton, Dist: Dhaka, P.S Motijheel, Subregistry office: Sutrapur , Dhaka Collectorate Touzi # 141-B-1, under Mouza: Sabek-Sahar Dhaka then Ramna, Hal-Motijheel, J-L#S.A-04, R.S & City Jarip - 06, Sheet # 22, Ward # 03, Khatian-C.S-6947 (Jha), S.A-428, Dhaka City Jarip-103,449, Namjari-542, 362/3/1, Jote-543,687&437,Dag # C.S-100,101, S.A 1979, 1980, 1981,1997,2025,1979/2039,R.S-1315,1322,1316/1360,1323/1359, 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.

Notes to the Financial Statements As at and for the year ended December 31, 2018

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	3%	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**

IFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per IAS 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

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

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 IAS-16: "Property, Plant and Equipment". The bank first revalued its land in December 2004 and again in December 2012 which is absolutely owned by the bank and the surplus amount transferred to revaluation reserve. **(Annexure-A)**

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, AIBL Capital Management Limited and Millenium Information Solution Limited (MISL)) 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

2.13.1 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:

Notes to the Financial Statements As at and for the year ended December 31, 2018

Particulars	Rate
General provision on unclassified general loans and advances / investments	1%
General provision on unclassified small enterprise financing	0%
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 5%
General provision on special mention account	0.25% to 5%
Specific provision on substandard loans and advances / investments	20%
Specific provision on doubtful loans and advances / investments	50%
Specific provision on bad / loss loans and advances / investments	100%

2.13.2 Loans and advances/Investments net of provision

IFRS: 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.

2.13.3 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

IFRS: There is no concept of off-balance sheet items in any IFRS; 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 @ 37.50% as prescribed in the Finance Act 2018 of the profit made by the bank considering taxable add-back of income and disallowance of expenditure in compliance with IAS-12 "Income Taxes". Tax return for the income year 2017 (Assessment year 2018-2019) has been filed but assessment is to be done by the tax authority.

Deferred tax

The bank recognized deferred tax in accordance with the provision of IAS-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. The detail calculation of deferred tax for the period ended 31st December 2018, has given below:

Notes to the Financial Statements As at and for the year ended December 31, 2018

Particulars	As Per Books of Account			As Per Tax		Deferred Tax Liability/(Assets)	
	Carrying Amount	Assets not Depreciable	Net Carrying Amount	Tax Base	Temporary Difference Taxable / (Deductible)		Tax Rate
Items giving rise temporary Difference							
1. Fixed Assets	4,305,855,783	1,367,350,690	2,938,505,093	2,464,719,651	473,785,442	37.5%	177,669,541
2. Provision for Gratuity allowable at the time of payment				-	24,487,335	37.5%	(9,182,751)
Net deferred tax liability (asset)							168,486,791
Deferred tax Assets (Income)/Liability Expenses							
Balance as on 1 st January 2018			100,949,199				
Provision required as on 31st December 2018			67,537,592				
Balance as on 31st December 2018			<u>168,486,791</u>				

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 IAS-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

2.14.1 Profit on Investment

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

d) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per IAS 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.

2.14.2 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.

Notes to the Financial Statements As at and for the year ended December 31, 2018

2.14.3 Other comprehensive income

IFRS: As per IAS 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 neither Other Comprehensive Income nor the elements of Other Comprehensive Income are 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.

2.14.4 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, 2018 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.

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 IAS-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 IAS 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 IAS 39. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

2.20.2 Financial guarantees

IFRS: As per IAS 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)

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 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 334th meeting held on 24 April 2019 has approved the audited financial statements for the year ended 31 December 2018. The Board has also recommended 15% cash and 2% Stock dividend for the year ended 31 December 2018 subject to approval of the shareholders at the 24th Annual General Meeting (AGM).

Notes to the Financial Statements As at and for the year ended December 31, 2018

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.
- 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) wing headed by Deputy Managing Director. The ICC wing has been segregated to three departments which are audit & inspection division, compliance division and monitoring division. 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 wing submits parallel comprehensive internal audit report to the managing director and to the audit committee. Within

Notes to the Financial Statements As at and for the year ended December 31, 2018

02 (two) months after receiving the audit report, audit monitoring department completes the compliance report and submits the report to the audit committee for their review. The committee reviews the system of internal control and the audit process for compliance with rules, regulation and code of conduct, financial reporting process, and also suggests actions to remedy the lapses/irregularities. By this time the ICC wing 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 emphasis 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 also conduct Core Risks System Audit during their regular Audit & Inspections.

viii) **Fraud and Forgeries:**

During the year 1st January to 31st December, 2018 Audit and Inspection division of ICCW, have detected some incidents/irregularities as fraud-forgeries relating to cash misappropriation and investment disbursement in 05 branches of the Bank, which are not material 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 Wing. 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 (IAS) and Bangladesh Financial Reporting Standards (IFRS)

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, 2018

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Statement of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	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 and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	Applied
Investments in Associates & Joint Ventures	28	N/A
Financial Instruments: 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
Investment Property	40	N/A
Agriculture	41	N/A
Name of the IFRS	IFRS No.	Status
Financial Instruments: Disclosures	7	Applied
Financial Instruments: Recognition and Measurement	9	Applied
Consolidated Financial Statements	10	Applied
Disclosure of interest in other entities	12	Applied
Fair value Measurement	13	Applied
Revenue from contracts with customers	15	

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 322nd meeting held on 24th May, 2018 as per BRPD Circular No. 11 Dated 27.10.2013 as under:

SL	Name	Status with Committee	Educational Qualification
1	Md. Amir Uddin PPM	Chairman	BSS(Hons) Economics, MSS (Economics)
2	Abdus Salam	Member	M.com
3	Abdul Malek Mollah	Member	Intermediate
4	Al-hajj Naiz Ahmed	Member	M.com.(Accounting), LLB
5	Khalid Rahim	Member	FCA (ICAEW) ; MA(UK)

During the period 2018 the audit committee of the bank conducted 10 (ten) 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, 2018.

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
5.		
a) Cash in hand		
In local currency	2,604,569,115	2,092,699,819
In Foreign currency (Note 5.a.ii)	813,098	3,467,978
	2,605,382,213	2,096,167,797
b) Balance with Bangladesh Bank		
In local currency	21,818,150,233	36,353,337,500
In Foreign currency	224,420,957	111,796,457
	22,042,571,190	36,465,133,957
c) Balance with Sonali Bank Ltd.		
In local currency	1,062,051,915	1,204,440,154
In Foreign currency	-	-
	1,062,051,915	1,204,440,154
5.a.i Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)	23,104,623,105	37,669,574,111
5.a.ii In Foreign currency		
Currency Name	Amount in FC	Ex. Rate
US Dollar	9800	82.97
Great Britain Pound	-	-
EURO	-	-
Others	-	-
	813,098	3,467,978
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 April 3, 2018.		
5.e Cash Reserve Requirments (CRR)		
Required Reserve(5.50 % of Average Demand and Time Liabilities)	14,837,659,000	15,640,910,000
Actual reserve held with Bangladesh Bank	21,790,966,000	34,432,027,000
Surplus/(Deficit)	6,953,307,000	18,791,117,000
Statutory Liquidity Requirments (SLR)		
Required Reserve(5.50 % of Average Demand and Time Liabilities)	14,837,659,000	13,234,616,000
Actual reseve held	14,837,659,000	13,234,616,000
Surplus/(Deficit)	-	-
5.A Cash in hand		
Al-Arafah Islami Bank Ltd.	2,605,382,213	2,096,167,797
AIBL Capital Market Services Ltd.	9,052	-
AIBL Capital Management Ltd.	10,757,261	-
Millennium information solution Ltd.	347,778	239,878
	2,616,496,304	2,096,407,675
6. Balance with other Banks and Financial Institutions		
a) In Bangladesh:		
Al-Wadia Current Accounts		
Dutch Bangla Bank Ltd.	1,180,288	3,185,318
National Bank Ltd.	2,613,800	1,329,950
Agrani Bank	1,650	1,650
	3,795,737	4,516,917
Short Term Deposits		
Dhaka Bank Ltd.	7,659,330	6,185,080
Prime Bank Ltd.	3,618,758	11,837,616
Islami Bank Bangladesh Ltd.	21,684,500	132,626,402
Social Islami Bank Ltd.	44,832,925	26,896,790
Shahjalal Islami Bank Ltd.	1,211,922,939	393,819,641
EXIM Bank Ltd.	357,926,383	210,247,804
ICB Islamic Bank Ltd.	162,169,534	162,184,994
Jamuna Bank Ltd.	2,515,231	15,252,289
The City Bank Ltd.	2,943,933	3,337,414
Southeast Bank Ltd.	7,969,060	3,453,192
AB Bank Ltd.	174,693,466	33,321,441
Social Islami Bank Ltd.	-	-
Bank Alfah Ltd.	3,432,482	3,445,016
Rupali Bank Ltd.	-	-
	2,001,368,540	1,002,607,680
	2,005,164,277	1,007,124,597

Notes to the Financial Statements As at and for the year ended December 31, 2018

				2018 Taka	2017 Taka
b. Outside Bangladesh (NOSTRO A/C)					
Name of bank	Currency Name	Amount in Foreign Currency	Conversion rate per unit F.C	Amount In BDT.	Amount In BDT.
HABIB BANK AG ZURICH	CSF	5,016	84.54	424,036	674,750
COMMERZBANK AG FRANKFURT AM	EURO	(65,428)	95.48	(6,246,945)	25,977,914
SONALI BANK LTD.LONDON EURO	EURO	-	-	-	(13,172)
STANDARD CHARTERD BANK LTD,FRANKFURT	EURO	1,158,194	95.48	110,582,291	15,861,375
UNITED BANK OF INDIA,EURO	EURO	767	95.48	73,254	76,115
UNITED BANK OF INDIA,KOLKATA, ACUD	USD	158,500	83.90	13,298,167	9,673,439
STANDARD CHARTERD BANK LTD,JAPAN	JPY	2,042,088	0.76	1,544,431	222,800
SONALI BANK LTD.,LONDON GBP	POUND	1,756,809	106.18	186,544,664	2,042,248
STANDARD CHARTERD BANK LTD,LONDON	POUND	-	-	-	1,261,337
AL RAJI BANKING & INV CORP,SAUDI ARABIA	REYAL	358,819	22.36	8,023,914	6,818,688
AB BANK LID., MUMBAI	ACUD	127,806	83.90	10,722,909	24,766,948
AXIS BANK LTD.	ACUD	406,401	83.90	34,097,043	6,223,166
BANK OF BHUTAN, ACU	ACUD	145,796	83.90	12,232,305	12,024,915
COMMERZBANK AG FRANKFURT AM MAIN DE	USD	258,101	83.90	21,654,645	22,614,782
HABIB BANK AMERICAN BANK ,NEW YORK,USA	ACUD	296,946	83.90	24,913,792	(143,359)
ICICI BANK LIMITED, MUMBAI	ACUD	945,846	83.90	79,356,490	(49,195,537)
ICICI BANK LIMITED,HONGKONG	USD	599,842	83.90	50,326,750	5,957,046
MASHREQUE BANK PSC,MUMBAI	ACUD	270,059	83.90	22,657,972	25,972,541
SONALI BANK LTD. LONDON	USD	-	-	-	(75,680)
SONALI BANK LTD. KOLKATA	ACUD	188,668	83.90	15,829,273	8,747,206
STANDARD CHARTERD BANK LTD,KARACHI	ACUD	342,858	83.90	28,765,756	18,419,741
STANDARD CHARTERD BANK LTD,MUMBAI	ACUD	443,324	83.90	37,194,894	7,551,595
HABIB METROPOLITAN BANK LTD, KARACHI	USD	151,544	0.00	12,714,531	(932,164)
MASHREQUE BANK PSC,NEW YORK	USD	819,107	83.90	68,723,069	97,454,506
CITIBANK N.A.,NEW YORK, USA	USD	(1,571,311)	83.90	(131,832,988)	34,700,831
STANDARD CHARTERD BANK LTD,NEW YORK	USD	36,072	43.98	1,586,459	43,473,235
STANDARD CHARTERD BANK, KOLKATA (AMEX)	USD	155,899	83.90	13,079,910	12,892,832
HABIB AMERICAN BANK,NEW YORK,USA	USD	-	-	-	10,254,670
EMIRATES NBD, RIYADH, KSA	SAR	284,147	22.36	6,354,097	534,313
UNITED BANK OF INDIA, DOLLAR	ACUD	-	-	-	2,508,291
				622,620,719	346,345,371
Placement to OBU-USD				7,681,174,506	9,981,652,856
				8,303,795,224	10,327,998,227
				10,308,959,502	11,335,122,824
6.A.					
a) In Bangladesh:					
Al-Arafah Islami Bank Ltd. [Note-6.a]				2,005,164,277	1,007,124,597
AIBL Capital Market Services Ltd.				71,397,766	207,494,736
AIBL Capital Management Ltd.				51,000,000	627,743,822
				18,723,700	64,260,913
				2,146,285,743	1,906,624,068
Less: Inter-Company Adjustment				(141,121,466)	(835,967,277)
				2,005,164,277	1,070,656,791
b. Outside Bangladesh					
6.A.i Maturity - wise Groupings (Inside & Outside Bangladesh)					
Payable on Demand					
Up to 1 (one) month				6,034,759,502	5,982,362,824
Over 1 (one) Month but not more than 3 (three) Months				2,713,532,194	-
Over 3 (three) Months but not more than 1 (one) year				400,000,000	2,113,532,194
Over 1 year but not more than 5 years				-	-
Over 5 years				1,160,667,806	3,302,760,000
				10,308,959,502	11,398,655,018

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
7. Placement with Banks & Other Financial institutions		
Shahjalal islami bank Ltd.	-	500,000,000
Exim bank Ltd.	3,000,000,000	1,000,000,000
Southeast bank Ltd.	500,000,000	500,000,000
First security islami bank	1,000,000,000	-
Ifil mtdr	1,500,000,000	1,400,000,000
Union bank Ltd mtdr a/c	1,000,000,000	1,000,000,000
AB Bank Ltd.	200,000,000	-
Social Islami Bank Ltd.	1,000,000,000	-
	8,200,000,000	4,400,000,000
7.A Al-Arafah Islami Bank Ltd.	8,200,000,000	4,400,000,000
AIBL Capital Market Services Ltd.	-	-
	8,200,000,000	4,400,000,000
8. Investment in Shares & Securities		
Bangladesh Govt. Islami Bond Fund (8.a)	10,500,000,000	7,500,000,000
Investment In Islamic Refinance Fund (8.a)	500,000,000	500,000,000
Investment in Share (8.b)	364,467,221	417,453,233
Central Depository Bangladesh Limited (8.b)	3,138,890	3,138,890
	11,367,606,111	8,420,592,123
8.a Investments in Share & Securities		
Government Securities	11,000,000,000	8,000,000,000
Bangladesh Govt. Islami Bond Fund	10,500,000,000	7,500,000,000
Investment In Islamic Refinance Fund	500,000,000	500,000,000
In shares (quoted and unquoted)		
Quoted		
Private (8.b)	57,013,988	10,000,000
Unquoted		
Private (8.b)	310,592,123	10,592,123
	367,606,111	20,592,123
8.b.i Book value of share as on 31 December 2018 as follows		
Quoted shares in (Schedule of Shares and Securities are given Annexure B)		
Dafodilco	25,859,272	-
Kpcl	4,270,275	-
Intech	2,960,156	-
Primetex	9,272,592	-
Primelife	4,651,693	-
AIBL 1st Islamic Mutual Fund	10,000,000	10,000,000
	57,013,988	10,000,000
8.b.ii Unquoted shares in		
Swift Share	7,453,233	7,453,233
Investment in sibl mudaraba sub-ordinated bond	300,000,000	400,000,000
Central Depository Bangladesh Limited	3,138,890	3,138,890
	310,592,123	410,592,123
	367,606,111	420,592,123
8. Investment in Shares & Securities		
Al-Arafah Islami Bank Ltd.	11,367,606,111	8,420,592,123
AIBL Capital Market Services Ltd. 8.A.ii	662,120,683	700,000,000
AIBL Capital Management Ltd. 8.A.ii	114,355,120	1,376,753,723
Millennium information solution Ltd. 8.A.ii	70,588,402	48,144,433
	12,214,670,316	10,545,490,279

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
8.A.i Investment in Shares & Securities		
Al-Arafah Islami Bank Ltd.	367,606,111	20,592,123
AIBL Capital Market Services Ltd.	662,120,683	700,000,000
AIBL Capital Management Ltd.	114,355,120	1,376,753,723
Millennium information solution Ltd.	70,588,402	48,144,433
	1,214,670,316	2,145,490,279
8.A 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	67,600,000	20,592,123
More than 5 years	12,147,070,316	10,524,898,156
	12,214,670,316	10,545,490,279
9. Investments		
a) General Investment		
i. in Bangladesh		
Murabaha Investment	74,671,522,300	48,754,958,120
Bai-Muazzal Investment	89,934,855,909	88,080,022,737
Hire Purchase Investment	79,644,814,095	63,373,693,778
Quard	130,409,695	841,723,870
Other Investment	3,809,028,155	21,665,976,904
	248,190,630,154	222,716,375,409
ii. Out side Bangladesh	-	-
	248,190,630,154	222,716,375,409
Less: Unearned profit on Investment	8,040,359,033	9,347,553,957
	240,150,271,121	213,368,821,452
b) Bill Purchased & Discounted		
Payable in Bangladesh	12,809,623,481	17,716,863,296
Payable out side Bangladesh	4,132,205,330	1,528,543,975
	16,941,828,811	19,245,407,271
	257,092,099,932	232,614,228,723
c) Maturity grouping of Investment Including bills purchased and discounted		
Payable on Demand		
Up to 1 (one) month	74,829,975,723	64,829,975,723
Over 1 (one) month but not more than 3 (three) months	70,948,500,000	67,948,500,000
Over 3 (three) months but not more than 1 (one) year	88,135,500,000	82,135,500,000
Over 1 year but not more than 5 years	3,517,553,000	2,917,553,000
Over 5 years	19,660,571,209	14,782,700,000
	257,092,099,932	232,614,228,723
d) An analysis to disclose following Significant concentration :		
i. Investment to Directors and others	33,748,000	33,748,000
ii. Investment to Managing Director and Cheif Executive	-	-
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)	72,311,000,000	67,718,100,000
iii. Investments to customers for more than 10% of Bank's Total Capital		
Number of clients	24	26
Amount of outstanding Investment	72,311,000,000	67,718,100,000
Amount of Classified Investment	-	-

Notes to the Financial Statements As at and for the year ended December 31, 2018

				2018 Taka	2017 Taka
Name of Clients		Funded	Non-Funded	Figure in crore	Figure in crore
01	Meghna Group	-	317.43	317.43	89.04
02	City Group	256.81	90.16	346.97	163.35
03	Thermax Group	318.17	164.10	482.27	527.56
04	Majumder Traders	258.07	3.21	261.28	463.27
05	T K Group	49.64	23.80	73.44	84.85
06	Abul Khair Steel Industries Ltd.	354.23	106.82	461.05	553.89
07	Nasir Glass Ltd	58.19	9.10	67.29	148.23
08	AIBL Capital Market Services Ltd.	368.12	80.00	448.12	277.86
09	Noapara Traders	25.13	239.07	264.20	104.32
10	Techno Electricals Ltd	91.61	321.53	413.14	403.05
11	Aman Tex Limited	165.65	98.58	264.23	273.17
12	Masihata Sweaters Ltd.	279.00	138.97	417.97	483.34
13	Gastro Liver Hospital & Reaserch Institute ltd	-	-	-	90.99
14	NICE Denim Mills Ltd.	335.38	194.62	530.00	294.51
15	Kader Compact Spinning Mills	284.60	32.01	316.61	317.94
16	Kabir Steel Re-rolling Mills	77.16	5.51	82.67	84.47
17	Mahmud Indigo Ltd.	-	-	-	132.70
18	Ayman Textile & Hosiery Ltd.	365.27	0.77	366.04	336.09
19	Nitol Motors Ltd.	258.07	13.70	271.77	232.54
20	Robiul Islam, M/S. Rahman Traders & M/S. Zobari Traders	127.13	-	127.13	217.81
21	Kamal Yearn Ltd	314.10	27.27	341.37	480.30
22	Creative paper Mills	116.90	147.51	264.41	237.25
23	Biswas Poultry & Fish Feeds Ltd.	163.30	261.42	424.72	151.45
24	Anwar Khan Modern Hospital Ltd.	-	-	-	189.11
25	Bangladesh Hardland Ceramics Co. Ltd.	-	-	-	132.16
26	Mahmud Fabrics And Finishing Ltd.	334.83	40.97	375.80	302.56
27	S Suhi industrial Park Ltd	109.50	1.75	111.25	-
28	Smile Food Products Ltd	151.66	50.28	201.94	-
		4,862.52	2,368.58	7,231.10	6,771.81
v)	Industry/Sector wise Investments				
	Agriculture			3,210,500,000	2,800,100,000
	Industry			138,791,500,000	112,386,800,000
	Constraction			33,689,800,000	11,823,600,000
	Power,Gas,Water & Sanatary Services			1,758,500,000	391,700,000
	Transport & communication			9,369,400,000	9,048,100,000
	Trade Service			74,759,872,098	64,701,800,000
	Storage			1,405,500,000	21,865,600,000
	Professional & Miscellaneous Service			2,147,386,867	18,944,082,680
				265,132,458,965	241,961,782,680
	Less: Unearned profit on Investment			8,040,359,033	9,347,553,957
				257,092,099,932	232,614,228,723
vi)	Geographical Location -wise Investment				
	Urban:			239,373,961,000	214,915,306,680
	Dhaka Region			194,132,866,000	176,096,065,680
	Chittagong Region			27,317,689,000	25,168,314,000
	Sylhet Region			672,326,000	863,571,000
	Rajshahi Region			6,065,113,000	5,722,280,000
	Mymensing			1,509,578,000	-
	Khulna Region			6,197,800,000	5,775,383,000
	Rangpur Region			1,350,896,000	-
	Barisal Region			2,127,693,000	1,289,693,000

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
Rural:	25,758,497,965	24,907,535,000
Dhaka Region	11,633,705,965	11,646,434,000
Chittagong Region	4,934,974,000	4,455,490,000
Sylhet Region	592,107,000	706,102,000
Mymensing	2,184,732,000	2,646,022,000
Rajshahi Region	271,875,000	-
Khulna Region	1,713,777,000	1,439,971,000
Rangpur Region	3,531,873,000	3,107,643,000
Barisal Region	895,454,000	905,873,000
	265,132,458,965	239,822,841,680
	8,040,359,033	9,347,553,957
	257,092,099,932	230,475,287,723
Less: Unearned profit on Investment		
e) Classification of Investment including bills purchased and discounted		
Unclassified	252,441,737,965	232,040,269,680
Standard including (Staff investment)	244,039,574,965	226,458,279,680
Special Mention Accounts (SMA)	8,402,163,000	5,581,990,000
Classified	12,690,721,000	9,921,513,000
Sub Standard	2,011,038,000	1,154,051,000
Doubtful	1,276,911,000	497,117,000
Bad / Loss	9,402,772,000	8,270,345,000
	265,132,458,965	241,961,782,680
	8,040,359,033	9,347,553,957
	257,092,099,932	232,614,228,723
Less: Unearned profit on Investment		
f) Required Provision on Investment & Off -balance sheet exposures		
Unclassified		
General provision on unclassified Investment	1,452,819,000	1,277,199,000
General provision on small enterprise Investment	233,231,000	240,541,000
General provision on Housing financing Investment	23,416,000	43,652,000
General provision on consumer financing Investment	6,080,000	7,526,000
General provision on Micro Investment	19,414,000	15,765,000
General provision on special mention Investment	70,020,000	44,314,000
General provision on BHS/MHS/SDS	86,020,000	94,043,000
Classified	1,891,000,000	1,723,040,000
Specific provision on substandard Investment	184,090,000	87,602,000
Specific provision on doubtful Investment	235,662,000	86,649,000
Specific provision on bad/loss Investment	3,526,336,613	2,921,904,000
Unclassified	3,946,088,613	3,096,155,000
General provision on Off-balance sheet	689,800,000	570,419,000
	6,526,888,613	5,389,614,000
g) Provision made on Investment & Off-balance sheet exposures		
Unclassified		
General provision on unclassified Investment	1,452,819,000	1,277,199,000
General provision on small enterprise Investment	233,231,000	240,541,000
General provision on Housing financing Investment	23,416,000	43,652,000
General provision on consumer financing Investment	6,080,000	7,526,000
General provision on Micro Investment	19,414,000	15,765,000
General provision on special mention Investment	70,020,000	44,314,000
General provision on BHS/MHS/SDS	86,020,000	94,043,000
Classified	1,891,000,000	1,723,040,000
Specific provision on substandard Investment	184,090,000	87,602,000
Specific provision on doubtful Investment	235,662,000	86,649,000
Specific provision on bad/loss Investment	3,526,336,613	2,921,904,000
Unclassified	3,946,088,613	3,096,155,000
General provision on Off-balance sheet	689,800,000	570,419,000
	6,526,888,613	5,389,614,000
Provision Excess/(Shortfall)	-	-

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
h) Particulars of Investments		
i) Investment considered good in respect of which of the bank company is fully secured;	187,157,254,773	176,481,559,502
ii) Investment considered good against which the banking company holds no security other than the debtors personal guarantee.	77,615,204,177	65,480,223,171
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;	27,826,686	16,082,500
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	9,402,772,000	8,270,345,000
i) Decrease/Increase in provision (Specific)	849,933,613	517,286,000
ii) Amount of Investment written off;	6,778,137,000	4,804,835,000
iii) Amount realised against Investment previously written off;	164,881,715	309,972,277
b) Amount of provision kept against Investment classified as "bad/loss" on the date of preparing the balance sheet ;	3,526,336,613	2,921,904,000
c) Profit creditable to the profit suspense/Compensation A/c;	-	-
xi) i) Cumulative amount of the written of Investment;	7,770,359,000	5,623,657,000
ii) Amount written off during the current year;	1,177,957,769	754,132,267
iii) The amount of written off Investment for which lawsuit has been field;	6,778,137,000	4,804,835,000
9.A. Investments		
Al-Arafah Islami Bank Ltd.	257,092,099,932	232,614,228,723
AIBL Capital Market Services Ltd.	8,178,160,493	8,186,981,984
AIBL Capital Management Ltd.	2,973,375	12,947,718
	265,273,233,800	240,814,158,425
Less : Inter company Adjustment	(3,399,100,000)	(4,908,923,901)
	261,874,133,800	235,905,234,524
9.A.i Maturity grouping of Investment Including bills purchased and discounted		
Payable on Demand	-	-
Up to 1 (one) month	76,829,975,723	64,829,975,723
Over 1 (one) month but not more than 3 (three) months	72,948,500,000	67,948,500,000
Over 3 (three) months but not more than 1 (one) year	90,135,500,000	82,135,500,000
Over 1 year but not more than 5 years	3,517,553,000	2,917,553,000
Over 5 years	18,442,605,077	18,073,705,801
	261,874,133,800	235,905,234,524

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
10. Fixed Assets		
Tangible Assets		
Land	1,367,350,690	1,368,054,382
Building	1,212,396,406	744,610,287
Furniture (Wood)	807,729,544	470,589,762
Furniture (Steel)	113,853,147	106,024,971
Computer	250,767,362	219,085,932
Computer (Accessories)	91,835,680	80,143,215
Motor Car	174,513,591	167,901,575
Machine equipment & appliance	1,098,948,265	688,509,557
Online Hardware	628,034,616	337,733,628
Interior Decoration	174,382,875	171,280,161
Books & Library	9,158,557	9,346,784
	5,928,970,733	4,363,280,254
Intangible Assets		
Online Software	296,297,744	221,104,558
Total	6,225,268,477	4,584,384,812
Less Accumulated Depreciation & Amortization	1,919,412,693	1,545,432,198
	4,305,855,784	3,038,952,614
Schedule of Fixed Assets are given in Annexure - A.		
10.A. Fixed Assets		
Al-Arafah Islami Bank Ltd.	4,305,855,784	3,038,952,614
AIBL Capital Market Services Ltd.	13,486,543	18,713,240
AIBL Capital Management Ltd.	518,708	763,998
Millennium Information	174,748,140	151,072,006
	4,494,609,175	3,209,501,858
11. Other Assets		
Master card Settlement Account	156,975,152	47,886,131
Suspense Account	32,542,818	41,042,980
Stock of Stationery	44,803,219	43,866,347
Stamp in hand	5,264,524	6,144,565
Advance Deposit	4,348,842	4,201,242
Advance Rent	382,055,381	363,104,456
Capital Work In Progress	-	931,108,305
Investment for Subsidiary Companies	3,060,000,000	3,060,000,000
Advance Income Tax & TDS [Note 11.2]	10,168,005,399	8,192,320,367
Protested Bills	5,706,700	6,506,700
Prepaid Expenditure	2,314,334	3,228,480
Balance with cmsl for portfolio account	1,428,291,317	1,475,000,000
Accrued Income	836,994,140	594,276,875
Stock of ATM Card	1,050,000	1,050,000
Clearing adjustment	98,211,163	178,719,301
Dividend Receivable	-	23,003,644
Due from off-shore Banking unit	7,743,066,982	10,028,030,543
	23,969,629,971	24,999,489,936
Less: Balance with OBU for elimination investment with OBU	7,743,066,982	10,028,030,543
	16,226,562,989	14,971,459,393

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
11.1 Classification of other Assets under the following categories		
i) Investment in shares of subsidiary companies; In Bangladesh	3,060,000,000 -	3,060,000,000 -
ii) Stationery, Stamps, Printing materials etc.	51,117,743	51,060,912
iii) Advance rent and advertisement;	382,055,381	363,104,456
iv) Profit accrued on Investment but not collected, commission & brokerage receivable on shares and debenture and other income receivable	836,994,140	594,276,875
v) Security deposit	4,348,842	4,201,242
vi) Preliminary, formation and organization expenses, renovation	2,314,334	3,228,480
vii) Master card Settlement Account	156,975,152	47,886,131
viii) Suspenses account	32,542,818	41,042,980
ix) DD Paid without advice	-	61,455,300
x) Protested Bills	5,706,700	6,506,700
xi) Dividend Receivable	-	23,003,644
xii) Capital Work In Progress	-	931,108,305
xiii) Others	11,694,507,879	10,184,584,368
xiv) Others	16,226,562,989	15,371,459,393
Adjustment a/c cost of borrowing	98,211,163	4,931,507
Remittance adjustment a/c	-	-
Investment in sibil mudaraba sub-ordinated bond	-	400,000,000
Advance Income Tax & TDS	10,168,005,399	8,192,320,367
Mfci usd (edf) a/c	-	3,199,437
Balance with cmsl for portfolio account	1,428,291,317	1,475,000,000
Revaluation adjustment a/c	-	109,133,057
	11,694,507,879	10,184,584,368
11.2 Advance Income Tax & TDS		
i) Beginning of the year	8,192,320,367	13,039,216,681
Advance tax paid during the year	1,882,445,715	3,353,712,977
Tax deducted at Source during the year	93,239,317	78,054,279
Settlement for previous year	-	(8,278,663,570)
Advance income tax at the end of the year	10,168,005,399	8,192,320,367
11.A Consolidated Other Assets		
Al-Arafah Islami Bank Ltd.	16,226,562,989	15,371,459,393
AIBL Capital Market Services Ltd.	2,043,499,169	2,526,599,457
AIBL Capital Management Ltd.	365,701,008	102,490,015
Millennium information solution Ltd.	63,717,001	63,249,595
	18,699,480,167	18,063,798,460
Less: Inter-Company Adjustment	(3,098,552,194)	(3,684,244,456)
	15,600,927,973	14,379,554,005
12. Non-Banking Assets	50,875,037	50,875,037
13. Placement from Banks & Other financial Institutions	-	30,904,054,548

The Bank has taken finance from Islami Investment Bond (Islami Bond) at banks' own mudaraba savings rate (i.e. as on 31st December 2018 MTDR provisional 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, 2018

				2018 Taka	2017 Taka
				Amount	Amount
a.	In Bangladesh	Mature Date	Nature		
	Brorowing from Bangladesh Bank	16-Jan-2019	D.P Note	1,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	21-Jan-2019	D.P Note	1,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	21-Jan-2019	D.P Note	1,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	19-Apr-2019	D.P Note	1,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	5-Apr-2019	D.P Note	2,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	17-May-2019	D.P Note	1,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	19-May-2019	D.P Note	1,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	15-Jun-2019	D.P Note	1,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	27-Jan-2019	D.P Note	1,000,000,000	2,000,000,000
				10,000,000,000	18,000,000,000
	Outside Bangladesh			10,393,335,650	12,904,054,548
				20,393,335,650	30,904,054,548
13.A	Placement from Banks & Other financial Institutions				
	Al-Arafah Islami Bank Ltd.			20,393,335,650	30,904,054,548
	AIBL Capital Market Services Ltd.			1,366,500,000	1,314,622,500
				21,759,835,650	32,218,677,048
14.	Deposit and Other Accounts				
	Mudaraba Savings Deposits			37,678,761,490	32,130,000,015
	Mudaraba Term Deposits			152,322,906,893	136,764,993,508
	Other Mudaraba Deposits [Note :14.i]			49,467,884,447	47,832,419,620
	Al-Wadia Current Accounts and Others Accounts etc.[Note: 14.ii]			24,454,571,622	26,435,038,160
	Bills Payable			2,422,489,486	2,479,779,449
				266,346,613,938	245,642,230,752
14.i.	Other Mudaraba Deposits				
	Mudaraba Short Term Deposit			14,260,971,078	14,007,643,183
	Installment Term Deposit (ltd)			17,184,571,101	14,568,400,206
	Savings Inv. Deposit (Sid)			12,040,131	44,971,694
	P/P Term Deposit (Ptd)			5,882,470,210	5,953,296,550
	Monthly Hajj Deposit (Mhd)			191,428,311	153,649,312
	Term Hajj Deposit (Thd)			3,399,957	2,924,139
	Marriage Savings & Invt. Scheme			649,465	545,696
	Special Pension Dep. Scheme			43,056,207	51,242,035
	Mudaraba Term Cash Waqf Deposi			28,228,362	25,557,432
	Lakhapati Deposit Scheme (Lds)			492,299,511	616,994,921
	Millionaire Dep. Scheme (Mmds)			3,817,788,863	4,082,046,932
	Kotipoti Deposit Scheme (Mkds)			2,327,809,271	2,286,871,847
	Double Benefit Dep. Scheme (Dbds)			2,781,725,526	3,813,903,414
	Pension Dep. Scheme (Pds)			2,209,631,286	2,001,290,387
	Triple Benefit Dep. Scheme (Tbds)			231,815,168	223,081,872
				49,467,884,447	47,832,419,620
14.ii	Al-wadeeah Current Accounts and Other Accounts				
	Al-wadeeah Current Deposits			11,100,275,628	12,469,736,608
	Sundry Deposit			7,853,678,220	8,079,726,960
	Profit Payable For All Deposit Ac			3,676,336,626	3,180,954,031
	F.C Held against EDF			192,318,716	121,200,668
	F.C Deposit Account			1,631,962,432	2,583,419,893
				24,454,571,622	26,435,038,160

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
14.A. Consolidated Deposit and other Accounts		
Mudaraba Savings Deposits	37,678,761,490	32,130,000,015
Mudaraba Term Deposits [Note :14.A.ii]	152,181,785,427	135,929,026,231
Other Mudaraba Deposits	49,467,884,447	47,832,419,620
Al-Wadia Current Accounts and Others Accounts etc.	24,454,571,622	26,435,038,160
Bills Payable	2,422,489,486	2,479,779,449
	266,205,492,472	244,806,263,475
14.A.i Maturity-wise Classification of Deposits		
i. Repayable on Demand	3,871,910,000	5,540,235,000
With a residual maturity of		
ii. Repayable within 1 (one) month	41,932,503,938	29,887,495,752
iii. Over 1 (one) month but within 6 (six) months	80,164,500,000	81,203,632,723
iv. Over 6 (six) months within 1 (one) year	102,052,278,534	102,832,800,000
v. Over 1 (one) year within 5 (five) years	31,584,000,000	18,978,800,000
vi. Over 5 (five) years within 10 (ten) years	6,599,405,111	6,363,300,000
vii. Unclaimed Deposits 10 (ten) years and above	894,889	-
	266,205,492,472	244,806,263,475
14.A.ii Mudaraba Term Deposits	152,322,906,893	136,764,993,508
Less: Inter-Company Adjustment	(141,121,466)	(835,967,277)
	152,181,785,427	135,929,026,231
15. Other Liabilities		
Provision for unclassified investment	1,891,000,000	1,723,040,000
Provision for classified investment	3,946,088,613	3,096,155,000
Provision for off balance sheet item	689,800,000	570,419,000
Provision for diminution in value of investment	635,613	-
Provision for Gratuity	24,487,335	19,657,581
Provision for Outstanding expense	13,064,957	2,455,780
Provision for taxation	9,724,592,077	8,141,335,783
provision for Others	18,747,964	15,510,964
Hajj foundation	-	69,000
Clearing adjustment	9,522,052	3,905,072
Interest income	7,274,586	7,672,827
Cib collection charge	12,821,467	9,269,407
Cash waqf (staff)	-	80,000
F.c. held against bb l/c	94,973	94,973
Supervision fees (sme)	356,001	333,415
Electronic govt procurement	10,262,946	4,518,123
Profit rent suspense	245,683,393	85,593,619
Compensation receivable	561,173,393	589,191,824
Mastercard Settlement Account	209,021,820	3,803,523
	17,364,627,192	14,273,105,891
15.1 Provision for income Tax		
Current tax		
Provision held at the begining of the year	8,141,335,783	14,085,871,761
Provision made during the year	1,583,256,294	2,330,292,332
Settlement for previous year	-	(8,274,828,310)
Provision held at the end of the year	9,724,592,077	8,141,335,783

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
15.1.a Provision for Current Tax made during the year		
Income Tax on Business income	1,580,095,397	2,317,380,306
Capital gain	30,530	1,146,217
Cash Dividend	3,130,367	11,765,809
Excess Profit Tax (+)	-	-
Estimated Provision Required as at December 31,2018(i)	1,583,256,294	2,330,292,332
Estimated Provision Required as at December 31,2018 (i)		
Balance as at January 1,2018	8,141,335,783	14,085,871,761
Tax for previous year (-)	8,141,335,783	5,811,043,451
Actual provision for tax held (II)	9,724,592,077	8,141,335,783
Estimated provision needs to be made (I-II)	1,583,256,294	2,330,292,332
Provision actually made during the year	1,583,256,294	2,330,292,331
A. Computation of Taxable Profit		
Profit before tax	4,057,314,909	5,432,462,871
Add:Inadmissible expenditure	2,599,428,026	1,521,388,003
Less: Item of income for sparate Consideration	15,957,139	70,291,215
Less: Further allowable Expenditure	1,868,180,460	1,090,108,894
Estimated Business income other than 82(C)	4,772,605,335	5,793,450,764
Add: Capital Gain	30,530	1,146,217
Add:Cash dividend	3,130,367	11,765,809
Total Taxable Income	4,775,766,232	5,806,362,790
15.2 Provision on Investment & Others		
Provision against Classified Investments (Specific) [15.2.a.i]	3,946,088,613	3,096,155,000
Provision against Unclassified Investments (general) [15.2.a.ii]	1,891,000,000	1,723,040,000
Provision against Off-balance Sheet exposures [15.2.a.iii]	689,800,000	570,419,000
Provision for diminution in value of investments [15.3]	635,613	-
Total Provision Held (a)	6,527,524,226	5,389,614,000
a) The movement in Specific provision on classified Investment :		
i) Provision held at the beginning of the year	3,096,155,000	2,586,669,000
Fully provision debt written off	(1,177,957,769)	(754,132,267)
Recoveries of amount previously written off	164,881,715	309,972,277
Specific provision for the year	1,863,009,667	779,846,535
Provision transferred from diminution in value of investment	-	173,799,456
Provision held at the end of the year	3,946,088,613	3,096,155,000
ii) The movement in general provision on unclassified Investment :		
Provision held at the beginning of the year	1,723,040,000	1,352,828,000
Provision during the year	167,960,000	370,212,000
Provision transferred from classified investment	-	-
Provision held at the end of the year	1,891,000,000	1,723,040,000
iii) The movement in provision against Off-balance sheet exposures		
Provision held at the beginning of the year	570,419,000	449,886,000
Provision during the year	119,381,000	120,533,000
Provision held at the end of the year	689,800,000	570,419,000
Total general provision on Investment	6,526,888,613	5,389,614,000
b) Provision for Others		
Provision held at the beginning of the year	15,510,964	15,510,964
Provision during the year	3,237,000	-
	18,747,964	15,510,964
Less, Adjustment durring the year	-	-
Provision held at the end of the year	18,747,964	15,510,964
15.3 Provision for diminution in value of investmt in Share		
Provision held at the beginning of the year	-	173,799,456
Provision transferred to classified Investment	635,613	(173,799,456)
Provision held at the end of the year	635,613	-

Notes to the Financial Statements As at and for the year ended December 31, 2018

		2018 Taka	2017 Taka
15.A. Consolidated Other Liabilities			
	Al-Arafah Islami Bank Ltd.	17,364,627,192	14,273,105,891
	AIBL Capital Market Services Ltd.	2,065,923,203	2,819,157,181
	AIBL Capital Management Ltd.	38,406,727	115,478,368
	Millennium information solution Ltd.	32,914,268	28,730,385
		19,501,871,389	17,236,471,825
	Less: Inter-Company Adjustment	(51,000,000)	(627,743,822)
		19,450,871,389	16,608,728,003
15.I.A Consolidated Current tax			
	Al-Arafah Islami Bank Ltd.	1,583,256,294	2,330,292,332
	AIBL Capital Market Services Ltd.	21,364,833	70,584,620
	AIBL Capital Management Ltd.	2,860,175	5,015,011
		1,607,481,302	2,405,891,963
15.3.A Provision for diminution in value of investment			
	Al-Arafah Islami Bank Ltd.	635,613	-
	AIBL Capital Market Services Ltd.	-	-
	AIBL Capital Management Ltd.	-	-
		635,613	-
16. Deferred tax Liabilities/ (Assets)			
	Opening balance	100,949,200	75,456,597
	Add: Addition for the year	67,537,592	25,492,603
	Closing balance	-	-
	Provision held at the end of the year	168,486,791	100,949,200
	Presented after appropriate offsetting as follows:	100,949,200	75,456,597
	Deferred tax Liabilities(+)	67,537,592	25,492,603
	Deferred tax Liabilities	168,486,791	100,949,200
	Deferred Tax Liabilities(net)		
16.A Deferred tax Liabilities/ (Assets)			
	Al-Arafah Islami Bank Ltd.	168,486,791	100,949,200
	AIBL Capital Market Services Ltd.	(2,620,352)	-
	Provision held at the end of the year	165,866,439	100,949,200
17. 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)	7,620,877,820	7,123,724,600
		10,440,217,500	9,943,064,280
c)	Issued and paid up Capital of the Bank is 1,044,021,750 nos. of shares of Tk. 10 each as follows		
		2018	2017
		No. of Shares	No. of Shares
	Sponsors / Promoters	435,247,563	413,940,550
	Institution	236,854,311	169,998,643
	General Public	371,919,876	410,367,235
	Total	1,044,021,750	994,306,428
		2018	2017
		Total Taka	Total Taka
	Sponsors / Promoters	4,352,475,630	4,139,405,500
	Institution	2,368,543,110	1,699,986,430
	General Public	3,719,198,760	4,103,672,350
	Total	10,440,217,500	9,943,064,280

Notes to the Financial Statements As at and for the year ended December 31, 2018

			2018 Taka	2017 Taka
d) Break-up of Shares Classification of shareholders by holding as on 31-12-2018				
Range of Holding			No. of Shares	No. of Shares
Less	than	50,000	73,305,393	7.02%
50,001	to	100,000	16,134,775	1.55%
100,001	to	200,000	22,721,012	2.18%
200,001	to	300,000	11,549,252	1.11%
300,001	to	400,000	13,064,783	1.25%
400,001	to	500,000	9,193,333	0.88%
500,001	to	1,000,000	29,514,040	2.83%
1,000,001	to	10,000,000	239,737,885	22.96%
10,000,001	to	20,000,000	628,801,277	60.23%
Total			1,044,021,750	100.00%
e) Minimum Capital Requirement Capital Adequacy Ratio				
1. Tier- I (Core Capital)				
Paid-up Capital			10,440,217,500	9,943,064,280
Statutory Reserve			8,388,044,096	7,576,581,114
General Reserve			-	-
Retained Earnings			1,783,055,791	2,176,610,612
Less : Regulatory Adjustment (Goodwill and al other Intangible Assets)			(125,715,000)	(80,450,000)
			20,485,602,387	19,615,806,006
2. Tier- II (Supplementary Capital)				
General Provision			2,580,800,000	2,293,459,000
Assets Revaluation Reserves			97,754,825	195,509,650
AIBL Mudaraba Subordinated Bond			7,400,000,000	3,000,000,000
			10,078,554,825	5,488,968,650
3. Tier- III				
A. Total Eligible Capital (1+2)			30,564,157,212	25,104,774,656
B. Total Risk weighted Assets (a+b+c)			212,580,056,300	204,447,535,050
a. Credit Risk			194,063,493,300	187,519,601,050
i.	Balance sheet Exposure		183,555,692,500	181,503,704,000
ii.	Off-balance sheet Exposure		10,507,800,800	6,015,897,050
b.	Market Risk (From WS-3)		1,058,626,000	1,048,588,000
c.	Operrational Risk (From WS-4)		17,457,937,000	15,879,346,000
C.	Capital Adequcy Ratio (CAR) (A / B)		14.38%	12.28%
D.	Core Capital to RWA		9.64%	9.59%
E.	Supplementary Capital to RWA		4.74%	2.68%
F.	Minimum Capital Requirement (MCR) 10.00% of RWA		21,258,005,630	20,444,753,505
G.	Capital surplus on risk weighted assets based (A-F)		9,306,151,582	4,660,021,151
H.	Required Capital with Conservation Buffer @ 11.875% on RWA		25,243,881,686	23,000,347,693
I.	Excess Over Capital with Conservation Buffer (A-H)		5,320,275,526	2,104,426,963
17.A. Non-Controlling Interest				
Opening balance			1,761,497,355	1,726,686,152
Add: Non-Controlling Interest in Profit for the year			6,923,653	34,811,203
			1,768,421,008	1,761,497,355

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
18. Statutory Reserve		
Opening balance beginning of the year	7,576,581,114	6,490,088,540
Add. Reserve @ 20% (on pre-tax profit)	811,462,982	1,086,492,574
Balance at the end of the year.	8,388,044,096	7,576,581,114
19. Other Reserve		
FC Revaluation Reserve	35,466	2,827,977
Asset revaluation Reserve	977,548,248	977,548,248
	977,583,714	980,376,225
20. Retained Earnings		
Opening balance beginning of the year	2,176,610,612	2,175,038,105
Less : Cash Dividend	(1,491,459,642)	(1,988,612,856)
Less : Bonus Share	(497,153,220)	-
Add: Net Profit / (loss) after tax during the year	2,406,521,023	3,076,677,937
	2,594,518,772	3,263,103,185
Less : transfer to Statutory Reserve	811,462,982	1,086,492,574
	1,783,055,791	2,176,610,612
20.A. Consolidated Retained Earnings		
Al-Arafah Islami Bank Ltd.	2,259,155,807	2,199,578,988
Add: Net profit after tax during the year	2,449,882,975	3,134,682,251
Add: Dividend adjustment	-	-
Less: Stock dividend to equity holders of the bank	(497,153,220)	-
Less: Cash dividend to equity holders of the bank	(1,491,459,642)	(1,988,612,856)
Less: Transfer to statutory reserve	(811,462,982)	(1,086,492,574)
	1,908,962,937	2,259,155,807
21. 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	7,096,016,003	6,443,409,058
	7,096,016,003	6,443,409,058
22. Investment Income		
i. Income from General Investments		
Murabaha	1,010,052,484	1,116,351,878
Bai-Muazzal	7,666,034,279	7,209,846,558
Hire-Purchase	7,496,776,142	5,668,458,415
Others mode income	7,660,806,811	5,953,933,810
	23,833,669,716	19,948,590,661
ii. Profit received from other Islamic Bank	845,039,895	356,995,454
Total (i + ii)	24,678,709,611	20,305,586,115
22.A. Consolidated Investment Income		
Al-Arafah Islami Bank Ltd.	24,678,709,611	20,305,586,115
AIBL Capital Market Services Ltd.	267,555,170	480,236,262
AIBL Capital Management Ltd.	31,088,247	320,713,282
Millennium information solution Ltd.	79,034,749	73,395,745
	25,056,387,777	21,179,931,404
Less : Inter company Adjustment	(99,575,645)	(688,903,369)
	24,956,812,132	20,491,028,035

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
23. Profit paid on Deposits & Borrowing		
Mudaraba Savings Deposit	1,223,777,729	762,737,103
Mudaraba Short Term Deposit	526,509,725	473,939,097
Mudaraba Term Deposit	10,716,939,882	7,323,670,466
Mudaraba Special Deposit	2,404,006,634	2,096,338,009
AIBL Mudaraba subordinate debt.	355,131,954	315,287,672
Mudaraba BD. Govt. Islamic Bond fund	836,564,897	614,176,009
	16,062,930,822	11,586,148,356
23.A. Profit paid on Deposits & Borrowing		
Al-Arafah Islami Bank Ltd.	16,062,930,822	11,586,148,356
AIBL Capital Market Services Ltd.	226,955,116	514,566,486
AIBL Capital Management Ltd.	32,882,161	329,918,790
Millennium Information	33,418,660	42,465,305
	16,356,186,759	12,473,098,937
Less : Inter company Adjustment	(99,575,645)	(688,903,369)
	16,256,611,114	11,784,195,568
24. Income from Investment in Share /Securities		
Dividend income (cash)	15,651,835	58,829,043
Gain on sale of Shares/Securities	305,305	11,462,172
Profit received from other Islamic Bond	660,346,855	320,844,006
	676,303,995	391,135,221
24.A. Income from Investment in Share /Securities		
Al-Arafah Islami Bank Ltd.	676,303,995	391,135,221
AIBL Capital Market Services Ltd.	-	12,834,697
AIBL Capital Management Ltd.	24,793,075	33,349,167
	701,097,070	437,319,085
Less : Inter company Adjustment	-	-
	701,097,070	437,319,085
25. Commission, Exchange & Brokerage Income		
Commission	1,275,061,899	1,160,615,008
Exchange	1,305,941,641	1,247,271,224
Brokerage commission	-	-
	2,581,003,540	2,407,886,232
25.A. Commission, Exchange & Brokerage Income		
Al-Arafah Islami Bank Ltd.	2,581,003,540	2,407,886,232
AIBL Capital Market Services Ltd.	147,747,021	382,481,895
AIBL Capital Management Ltd.	721,734	316,563
	2,729,472,295	2,790,684,690
Less : Inter company Adjustment	-	-
	2,729,472,295	2,790,684,690
26. Other Operating Income		
Processing fee on investment	6,500	76,700
Supervision fee	521,710	98,175
Service charge	699,987	1,066,744
Capital gain or loss from fixed asset	5,242,673	669,676
Passbook sales(gsis)	26,950	109,957
Application form sales(seis)	66,590	102,810
Direct expenses on investment	136,715	-
Transfer / redumption fee	3,030	-
Telephone/ fax charge	1,700	53,540
legal expenses recovered	15,184,629	609,152
Printing & stationary	177,780	42,805,118
P & t charge recovered	42,345,619	26,616,747
Account maintenance fee	172,405,692	155,660,609
Card income	60,119,984	34,683,923
Misc.earning	25,331,664	23,183,597
	322,271,224	285,736,748

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
26.A. Other Operating Income		
Al-Arafah Islami Bank Ltd.	322,271,224	285,736,748
AIBL Capital Market Services Ltd.	29,202,829	37,553,134
AIBL Capital Management Ltd.	-	-
Millennium information solution Ltd.	(12,649,376)	6,063,451
	338,824,677	329,353,333
Less : Inter company Adjustment	-	-
	338,824,677	329,353,333
27. Salaries, Allowances & Contribution to P.F		
Basic Pay	1,369,433,925	1,193,447,308
House Rent Expenses	632,319,305	558,042,969
House Maintenance	249,859,183	222,041,996
Medical Expenses	240,967,767	210,621,730
Bonus	687,573,249	511,130,276
Bank's contribution to P.F	125,597,916	109,156,703
Utility	658,757	845,454
Conveyance Expenses	85,659,617	80,104,968
LFA Allowance	251,162,434	220,186,583
Leave Encashment Expenses	87,088,026	72,114,322
Car Allowance	162,859,075	130,576,713
Lunch and entertainment allowance	22,726,858	77,271,656
Gratuity Expenses	114,487,335	105,657,581
	4,030,393,447	3,491,198,259
27.A. Salaries, Allowances & Contribution to P.F		
Al-Arafah Islami Bank Ltd.	4,030,393,447	3,491,198,259
AIBL Capital Market Services Ltd.	63,900,298	59,949,037
AIBL Capital Management Ltd.	8,894,238	10,168,047
Millennium information solution Ltd.	15,376,983	10,644,308
	4,118,564,966	3,571,959,651
28. Director & Sharia Council Fees & Expenses		
i. Directors fees for attending Board/executive Committee/other committee meeting	2,982,800	4,041,300
ii. TA/DA/ Hotel fare & Foreign Directors	7,352,230	6,055,018
iii. Others	-	-
	10,335,030	10,096,318
28.A. Director & Sharia Council Fees & Expenses		
Al-Arafah Islami Bank Ltd.	10,335,030	10,096,318
AIBL Capital Market Services Ltd.	4,798,970	7,143,200
AIBL Capital Management Ltd.	190,200	244,800
Millennium information solution Ltd.	-	1,453,334
	15,324,200	18,937,652
29. Sharia Supervisory Committee's Fees & Expenses		
i. Sharia fees for attending meeting	349,600	530,513
ii. TA/DA/ Hotel fare & Foreign Directors	-	-
iii. Others	271,060	30,456
	620,660	560,969
30. Rent, Taxes, Insurance & Electricity Bill		
Rent Office	365,484,980	320,576,679
Electricity Bill	96,557,746	88,343,546
Insurance	192,307,460	161,254,676
	654,350,186	570,174,901

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
30.A. Rent, Taxes, Insurance & Electricity Bill		
Al-Arafah Islami Bank Ltd.	654,350,186	570,174,901
AIBL Capital Market Services Ltd.	25,410,884	11,530,435
AIBL Capital Management Ltd.	1,807,125	1,089,878
Millennium information solution Ltd.	-	2,160,000
	681,568,195	584,955,214
31. Postage, Telegram, Telephone & Stamp		
Stamp and Cartridge paper	-	-
Postage	8,704,986	21,495,680
Fax Charges	1,848	3,591
Telephone (Office)	5,313,033	5,479,049
Telephone (Residence)	266,026	1,344,012
Telephone (Mobile)	10,799,022	8,919,089
SWIFT Charge	6,327,643	5,039,100
Internet Charges	288,083	280,893
Online Charge	33,533,649	35,107,708
	65,234,290	77,669,122
31.A. Postage, Telegram, Telephone & Stamp		
Al-Arafah Islami Bank Ltd.	65,234,290	77,669,122
AIBL Capital Market Services Ltd.	562,859	698,344
AIBL Capital Management Ltd.	66,947	62,400
	65,864,096	78,429,866
32. Depreciation Repairs to the Bank's property		
Repairs to the Bank's property		
R.R. Furniture & Fixture (Wooden)	2,616,347	1,221,592
R.R. Furniture & Fixture (Steel)	2,715,270	1,929,962
R.R. Computer	2,780,243	2,210,658
Maint. of Motor Car and other Vehicle	1,163,883	853,707
R.R. Machine equipment & appliances	30,500,146	16,348,344
Maintenance of Land & Building	148,309	132,841
Maintenance of Rented Premises	3,500	6,226
R.R. Computer Accessories	932,366	684,055
R.R. Others	1,387,780	1,107,065
Software Maintenance Fee	40,002,364	6,922,710
Hardware Maintenance Fee	2,131,750	1,536,750
	84,381,958	32,953,910
Depreciation to the Bank's property		
Depr. Furniture (Wood)	59,929,096	37,049,220
Depr. Furniture (Steel)	8,856,713	7,864,476
Depr. Computer	20,078,619	18,588,335
Depr. Motor Car	19,262,845	18,590,629
Depr. Machine equip & Appliance	120,117,421	81,579,395
Depr. Books & Library	109,318	126,540
Depr. Land & Building	24,692,568	18,748,102
Depr. Online Hardware	77,587,527	42,269,028
Depr. Online Software	30,166,761	25,316,099
Depr. Computer Accessories	12,565,677	10,507,733
Depr. Interior Decoration	16,731,866	16,032,330
	390,098,411	276,671,887
	474,480,369	309,625,798

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
32.A Depreciation Repairs to the Bank's property		
Al-Arafah Islami Bank Ltd.	474,480,369	309,625,798
AIBL Capital Market Services Ltd.	7,368,638	7,193,974
AIBL Capital Management Ltd.	264,610	182,464
Millennium information solution Ltd.	-	897,098
	482,113,617	317,899,334
33. Stationary,Printing & Advertisement		
Printing & Stationery	42,101,002	29,838,353
Paper & Table Stationery	47,721,817	34,020,621
Advertisement & Publicity Expenses	80,268,289	59,574,027
	170,091,108	123,433,001
33.A. Stationary,Printing & Advertisement		
Al-Arafah Islami Bank Ltd.	170,091,108	123,433,001
AIBL Capital Market Services Ltd.	1,033,914	1,671,705
AIBL Capital Management Ltd.	147,292	200,557
	171,272,314	125,305,263
34. Other expenses		
Local conveyance expenses	11,901,887	10,541,600
Petroleum oil lubricant motors	12,600,923	15,925,276
Cng motor car	2,568,027	2,887,799
Entertainment expenses	27,150,374	21,344,140
Travelling expenses	37,686,604	32,119,180
Bank charge	18,638,171	13,807,951
Wages (salary-casual staff)	32,179,734	55,878,025
Security guard service	137,424,145	91,705,546
Subscription	12,884,944	5,237,982
Leveries & uniforms	475,270	511,155
Petroleum oil & lubricants	11,161,017	10,766,430
Donations	848,116	669,629
Registration charge	-	-
Wasa charge	7,094,182	5,668,850
Gas charge	1,636,266	1,273,218
Staff welfare	100,000	150,000
News paper journal & periodical	3,556,874	2,490,005
Evening banking expenses	809,880	816,037
Upkeep branches premises	4,781,301	2,909,248
Capital loss from sale of fixed assets	-	-
Washing charge	2,745,489	2,322,623
Computer Accessories	14,621,061	15,550,598
Photo Copy Machine Accessories	1,254,102	808,202
Business development	26,797,345	18,619,418
Manager conference	934,625	1,108,951
SWIFT	-	-
Closing expenses	9,079,310	7,791,400
Office expenses (Various Purchase)	7,271,485	14,821,220
Registration expenses	13,589,052	14,271,639
Account opening commision throu	-	-
Agm/egm	1,729,361	1,488,101
Crocarige	4,723,074	715,256
Creditrating charge	711,500	517,500
Tax token expenditure	953,139	514,582
Direct expenses on investment	1,454,474	1,606,311
Data info service charge	-	-
Training expenses	22,147,887	16,662,618
Card expense	86,435,853	74,957,275
It allowance (Overtime)	5,096,738	4,665,500
Saturday working allowance (Overtime)	8,587,245	26,975,355
Charge expenses	2,808,870	2,733,485
Risk expenses	1,926,700	1,950,900
Lunch and entertainment	-	-
Account opening commision through agent banking	1,729,361	3,845,451
Data info service charge	1,188,822	1,049,662
Electronics & fittings item	4,817,260	2,208,928
Honorarium	275,000	852,435
	544,375,467	490,739,481

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
34.A. Consolidated Other expenses		
Al-Arafah Islami Bank Ltd.	544,375,467	490,739,481
AIBL Capital Market Services Ltd.	35,856,932	80,946,373
AIBL Capital Management Ltd.	1,116,060	1,415,466
Millennium information solution Ltd.	9,954,496	9,144,613
	591,302,955	582,245,933
35. Provision against Investments & Off-Balance sheet exposures		
On Classified Investment as per Bangladesh Bank Circular	1,863,009,667	779,846,535
On Un-classified Investment as per Bangladesh Bank Circular	167,960,000	370,212,000
On Off-balance sheet as per Bangladesh Bank Circular	119,381,000	120,533,000
	2,150,350,667	1,270,591,535
35.A. Provision against Investments & Off-Balance sheet exposures		
Al-Arafah Islami Bank Ltd.	2,150,350,667	1,270,591,535
AIBL Capital Market Services Ltd.	50,205,759	84,300,000
AIBL Capital Management Ltd.	(26,451,089)	-
	2,174,105,337	1,354,891,535
36. Paid for other operating activities		
Directors fees & expenses	10,335,030	10,096,318
Shariah Supervisory Committee's fees & expenses	620,660	560,969
Rent, taxes, insurance and lighting etc.	654,350,186	570,174,901
Postage, telegram, telephone and stamp etc.	65,234,290	77,669,122
Legal charges	15,472,553	10,481,205
Auditors' fee	1,512,250	1,337,500
Repairs to the bank's properties	84,381,958	32,953,910
Other expenses	544,375,467	490,739,480
	(1,376,282,394)	(1,194,013,406)
36.A. Paid for other operating Activities		
Al-Arafah Islami Bank Ltd.	(1,376,282,394)	(1,194,013,406)
Inter company Adjustment	(77,469,652)	(263,016,579)
	(1,453,752,046)	(1,457,029,985)
37. Increase/Decrease of other assets (item-wise)		
Master card Settlement Account	109,089,021	-
Suspense Account	(8,500,162)	(17,452,751)
Adjustment a/c debit balance	-	(644,794,151)
Stock of Stationery	936,872	19,840,506
Stamp in hand	(880,041)	1,269,014
Advance Deposit	147,600	359,490
Advance Rent	18,950,925	17,400,180
Capital Work In Progress	(931,108,305)	278,876,583
Investment in sibl mudaraba sub-ordinated bond	-	-
Investment for Subsidiary Companies	-	-
Advance Income Tax & TDS [Note 11.2]	-	(6,799,828,310)
Protested Bills	(800,000)	(1,290,000)
Prepaid Expenditure	(914,146)	(22,004,432)
Adjustment a/c cost of borrowing	-	4,931,507
Balance with cmsl for portfolio account	(46,708,683)	(1,535,406,077)
Accrued Income	-	-
Mfci usd (edf) a/c	-	(37,375,751)
Scb mc settlement a/c (local)	-	(7,306,514)
Stock of ATM Card	-	-
Remittance adjustment a/c	-	-
Acquiring settlement	-	(86,000)
Clearing adjustment	(80,508,138)	(299,831,304)
Dividend Receivable	(23,003,644)	-
	963,298,701	9,042,698,009

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
37.A Increase/Decrease of other assets (item-wise)		
Al-Arafah Islami Bank Ltd.	963,298,701	9,042,698,009
Inter company Adjustment	70,129,093	(778,758,225)
	1,033,427,795	8,263,939,784
38. Increase/Decrease of Trading liabilities (item-wise)		
Provision for unclassified investment		-
Provision for classified investment		(1,282,807)
Provision for off balance sheet item		-
Provision for diminution in value of investment		(531,256)
Provision for Gratuity		(40,200)
Provision for Outstanding expense		(63,812,398)
Provision for taxation		(1,513,779)
provision for Others		3,969,366
Branches Adjustment A/C	-	3,381,580
Hajj foundation	(69,000)	-
Provident fund	-	-
Social security b. Fund	-	(270,360,535)
Adjustment a/c credit balance	-	(5,944,536,055)
Clearing adjustment	5,616,980	-
Interest income	(398,241)	120,533,000
Cib collection charge	3,552,060	1,320,021
Cash waqf (staff)	(80,000)	(27,157,131)
Parking account	-	40,020
F.c. held against bb l/c	-	(173,799,456)
Cmsd clearing adjustment a/c.	-	-
Atm & pos settlement (mc-debit iss	-	(100,786)
Supervision fees (sme)	22,586	(37,247,020)
POS SETTLEMENT NPSB (ISSUING)	-	1,907,916
Electronic govt procurement	5,744,823	72,409,514
Bangladesh bank usd (edf)	-	(48,800,472)
Profit rent suspense	160,089,774	(30,265,401)
Compensation receivable	(28,018,431)	-
Mastercard Settlement Account	205,218,297	-
	351,678,848	(6,395,885,881)
38.A Increase/Decrease of Trading liabilities (item-wise)		
Al-Arafah Islami Bank Ltd.	351,678,848	(6,395,885,881)
Inter company Adjustment	(1,126,366,676)	(5,644,000,290)
	(774,687,828)	(12,039,886,170)
39. Cash and Cash Equivalent at the end of the year		
Cash in hand	2,605,382,213	2,096,167,797
Balance with Bangladesh Bank & Sonali Bank Ltd.	23,104,623,105	37,669,574,111
Balance with Other Banks	10,308,959,502	11,335,122,824
Bangladesh Government Islamic Investment Bond	11,000,000,000	8,000,000,000
	47,018,964,820	59,100,864,732

Notes to the Financial Statements As at and for the year ended December 31, 2018

	2018 Taka	2017 Taka
39.A Cash and Cash Equivalent at the end of the year		
Al-Arafah Islami Bank Ltd.	47,018,964,820	59,100,864,732
AIBL Capital Market Services Ltd.	9,052	10,202
AIBL Capital Management Ltd.	10,757,261	-
Millennium information solution Ltd.	347,778	63,761,870
	47,030,078,911	59,164,636,804
40. 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	2,406,521,023	3,076,677,937
Number of ordiner shares outstanding as of the reportng date	1,044,021,750	1,044,021,750
Earning per Share	2.31	2.95
40.A Consolidated Earnings Per Share (CEPS)		
Net profit after tax	2,449,882,975	3,134,682,251
Number of ordiner shares outstanding as of the reportng date	1,044,021,750	1,044,021,750
Consolidated earnings per share as per share	2.35	3.00
41. Events after the balance sheet date		
The Board of Directors in its 334th meeting held on 24 April, 2019 has approved the audited financial statements for the year ended 31 December 2018. The Board has also recommended 15% cash and 2% Stock dividend for the year ended 31 December 2018 subject to approval of the shareholders at the 24th Annual General Meeting (AGM).		

Consolidated Schedule of Fixed Assets as at December 31, 2018

Annexure - A.I

SL No	Particulars	Cost / Revaluation				Depreciation/Amortization				Written down value as on 31-12-18	
		Balance at 1st January 2018	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31st Dec. 2018	Charge for the year	Transfer/ Disposal during the year	Balance at 31st Dec. 2018		
A. Fixed Assets											
1	Land	1,368,054,382	-	-	703,692	1,367,350,690	-	-	-	-	1,367,350,690
2	Building	744,610,287	-	467,786,119	-	1,212,396,406	24,692,568	-	94,679,906	-	1,117,716,499
3	Furniture & Fixture (Wood)	475,684,716	-	342,364,645	4,968,999	813,080,362	60,411,070	2,009,573	207,382,289	605,698,073	605,698,073
4	Furniture & Fixture (Steel)	106,364,545	-	8,111,574	148,830	114,327,289	8,898,489	141,982	65,261,144	49,066,144	49,066,144
5	Computer	225,773,629	-	32,065,589	384,159	257,455,059	20,466,264	384,159	205,752,199	51,702,860	51,702,860
6	Computer Accessories	86,234,252	-	12,237,208	516,273	97,955,187	13,048,067	457,631	61,058,758	36,896,429	36,896,429
7	Motor Car	198,904,221	-	19,223,173	10,600,321	207,527,073	24,029,833	10,328,003	131,631,463	75,895,610	75,895,610
8	Machine Equipment & Appliance	702,237,440	-	413,902,793	3,072,165	1,113,068,068	120,609,491	3,006,904	593,138,467	519,929,601	519,929,601
9	Books & Library	9,415,543	-	19,488	207,715	9,227,316	110,245	4,466	8,850,012	377,304	377,304
10	Online Hardware	340,680,512	-	290,301,185	197	630,981,500	77,633,176	-	306,692,571	324,288,929	324,288,929
11	Interior Decoration	191,104,493	-	3,433,109	10,525	194,527,077	18,625,638	6,925	128,087,803	66,439,274	66,439,274
	Sub-Total	4,449,064,020	-	1,589,444,882	20,612,876	6,017,896,026	368,524,841	16,339,643	1,802,534,612	4,215,361,414	4,215,361,414
B. Intangible Assets											
12	Online Software	353,042,437	-	99,014,772	-	452,057,209	30,554,264	-	172,809,450	279,247,759	279,247,759
	Sub-Total	353,042,437	-	99,014,772	-	452,057,209	30,554,264	-	172,809,450	279,247,759	279,247,759
	December 31, 2018	4,802,106,457	-	1,688,459,654	20,612,876	6,469,953,235	399,079,105	16,339,643	1,975,344,063	4,494,609,175	4,494,609,175
	December 31, 2017	4,521,042,966	-	347,507,868	66,444,375	4,802,106,459	284,973,958	24,101,642	1,592,604,601	3,209,501,858	3,209,501,858

Schedule of Fixed Assets as at December 31, 2018

Annexure - A

Sl No	Particulars	Cost / Revaluation				Depreciation/Amortization				Written down value as on 31-12-2018	
		Balance at 1st January 2018	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31st Dec. 2018	Charge for the year	Transfer/ Disposal during the year	Balance at 31st Dec. 2018		
A. Fixed Assets											
1	Land	1,368,054,382	-	-	703,692	1,367,350,690	-	-	-	-	1,367,350,690
2	Building	744,610,287	-	467,786,119	-	1,212,396,406	24,692,568	-	94,679,906	-	1,117,716,500
3	Furniture & Fixture (Wood)	470,589,762	-	342,108,781	4,968,999	807,729,544	59,929,096	2,009,573	204,736,416	-	602,993,128
4	Furniture & Fixture (Steel)	106,024,971	-	7,977,006	148,830	113,853,147	8,856,713	141,982	65,344,086	-	48,509,061
5	Computer	219,085,932	-	32,065,589	384,159	250,767,362	20,078,619	384,159	199,891,172	-	50,876,190
6	Computer Accessories	80,143,215	-	11,936,008	243,543	91,835,680	12,565,677	243,543	57,075,281	-	34,760,399
7	Motor Car	167,901,575	-	17,212,337	10,600,321	174,513,591	19,262,845	10,328,003	114,708,258	-	59,805,333
8	Machine Equipment & Appliance	688,509,557	-	413,500,372	3,061,665	1,098,948,264	120,117,421	2,999,265	581,189,411	-	517,758,854
9	Books & Library	9,346,784	-	19,488	207,715	9,158,557	109,318	4,466	8,772,980	-	385,577
10	Online Hardware	337,733,628	-	290,301,185	197	628,034,616	77,587,527	-	303,500,910	-	324,533,706
11	Interior Decoration	171,280,161	-	3,113,239	10,525	174,382,875	16,731,866	6,925	118,931,389	-	55,451,486
	Sub-Total	4,363,280,254	-	1,586,020,124	20,329,646	5,928,970,732	359,931,650	16,117,916	7,48,829,808	-	4,180,140,924
B. Intangible Assets											
12	Online Software	221,104,558	-	75,193,186	-	296,297,744	30,166,761	-	170,582,885	-	125,714,860
	Sub-Total	221,104,558	-	75,193,186	-	296,297,744	30,166,761	-	170,582,885	-	125,714,860
	December 31, 2018	4,584,384,812	-	1,661,213,310	20,329,646	6,225,268,476	390,098,411	16,117,916	1,919,412,693	-	4,305,855,783
	December 31, 2017	4,315,993,882	-	334,809,575	66,418,645	4,584,384,812	276,671,887	24,084,351	1,545,432,197	-	3,038,952,615

Highlight of the on the Overall Activities of the Bank for the year 31 December, 2018

SL NO	Particulars	Year 2018	Year 2017
1	Paid -up Capital	10,440,217,500	9,943,064,280
2	Total Capital	30,564,157,212	25,104,774,656
3	Capital Surplus(Deficit)	9,306,151,582	4,660,021,151
4	Total Assets	333,261,964,673	314,596,972,625
5	Total Deposits	266,346,613,938	245,642,230,752
6	Total Investment	257,092,099,932	232,614,228,723
7	Total Contingent Liabilities	73,047,958,680	57,041,897,944
8	Investment Deposit Ratio (%)	89.87%	88.95%
9	Ratio of Classified Investment to Total investment (%)	4.79%	4.10%
10	Profit after Tax & Provision	2,406,521,023	3,076,677,937
11	Amount of Classified Investment during the year	12,690,721,000	9,921,513,000
12	Provision kept against Classified Investment	3,946,088,613	3,096,155,000
13	Provision Surplus / (Deficit)	-	-
14	Cost of fund (%)	8.70%	7.50%
15	Profit earning Assets	286,968,665,544	256,369,943,671
16	Profit Non-earning Assets	46,293,299,128	58,227,028,954
17	Return on Investment (ROI)	9.83%	9.47%
18	Return on Assets After Tax (ROA)	0.72%	0.98%
19	Income from Investment in Shares	676,303,995	391,135,221
20	Earning per Share (Taka)	2.31	3.09
21	Net Income per share (Taka)	2.31	3.09
22	Price Earning Ratio (Times)	8.63	8.01

Off-shore Banking Unit (OBU) Balance Sheet As at December 31, 2018

	Notes	2018		2017	
		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		737,735	61,895,925	560,836	46,381,153
Outside Bangladesh		-	-	-	-
		737,735	61,895,925	560,836	46,381,153
Placement with Banks & Other Financial institutions	4	12,635,952	1,060,156,336	13,503,064	1,116,703,403
Investment in Share & Securities					
Government		-	-	-	-
Others		-	-	-	-
		-	-	-	-
Investments					
General Investments etc.		-	-	-	-
Bills purchased and discounted		78,915,551	6,621,014,721	107,194,026	8,864,945,987
		78,915,551	6,621,014,721	107,194,026	8,864,945,987
Fixed assets including Premises		-	-	-	-
Other Assets		-	-	-	-
Non-Banking Assets		-	-	-	-
Total Assets		92,289,237	7,743,066,982	121,257,927	10,028,030,543
LIABILITIES AND CAPITAL					
Liabilities					
Placement from Banks & Other Financial institutions	5	91,551,587	7,681,178,123	120,697,346	9,981,670,480
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		91,551,587	7,681,178,123	120,697,346	9,981,670,480
Capital/Share Holders Equity					
Paid up Capital		-	-	-	-
Statutory Reserve		-	-	-	-
Foreign Currency Transaction gain/(Loss)		-	-	-	-
Other Reserve		-	-	-	-
Retained Earnings		737,650	61,888,858	560,581	46,360,054
Total Share holders equity		737,650	61,888,858	560,581	46,360,054
Total Liability and Share holders equity		92,289,237	7,743,066,982	121,257,927	10,028,030,543

Off-shore Banking Unit (OBU) Balance Sheet As at December 31, 2018

Notes	2018		2017	
	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	-	-	-	-

Off-shore Banking Unit (OBU) Profit & Loss Accounts As at December 31, 2018

	Notes	2018		2017	
		USD	Taka	USD	Taka
Investment Income		7,413,908	622,026,876	5,081,681	420,255,043
Profit paid on deposits & Borrowing	7	(6,672,258)	(559,802,417)	(4,517,100)	(373,564,188)
Net Investment Income		741,650	62,224,458	564,581	46,690,854
Income from Investment in Shares /Securities		-	-	-	-
Commission, Exchange and Brokerage		-	-	-	-
Other Operating Income		-	-	-	-
		-	-	-	-
Total operating income		741,650	62,224,458	564,581	46,690,854
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.		4,000	335,600	4,000	330,800
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		4,000	335,600	4,000	330,800
Profit/(Loss) before Tax & provision		737,650	61,888,858	560,581	46,360,054
Provision against Investments & Contingent Liabilities		-	-	-	-
Provision for diminution in value of investment		-	-	-	-
Other Provision		-	-	-	-
Total provision		-	-	-	-
Profit/(Loss) before Tax		737,650	61,888,858	560,581	46,360,054
Current tax		-	-	-	-
Deferred tax		-	-	-	-
Provision for Taxation		-	-	-	-
Net Profit/(Loss) after tax		737,650	61,888,858	560,581	46,360,054
Appropriation					
Statutory Reserve		-	-	-	-
General Reserve		-	-	-	-
		-	-	-	-
Retained Earnings		737,650	61,888,858	560,581	46,360,054
Earning per Ordinary share (EPS)					

Off-shore Banking Unit (OBU) Cash Flow Statement

For the Year ended December 31, 2018

Notes	2018		2017	
	USD	Taka	USD	Taka
Cash flows from operating activities				
Investment income receipt in Cash	7,413,908	622,026,876	5,081,681	420,255,043
Profit paid on deposits	(6,672,258)	(559,802,417)	(4,517,100)	(373,564,188)
Dividend received	-	-	-	-
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)	(4,000)	(335,600)	(4,000)	(330,800)
Advance income tax paid	-	-	-	-
Operating profit before changes in operating assets and liabilities	737,650	61,888,858	560,581	46,360,054
Changing in Operating assets & liabilities				
Increase/Decrease of trading securities	(12,635,952)	(1,060,156,336)	(13,503,064)	(1,116,703,403)
Increase/Decrease of investment and advances to other banks	91,551,587	7,681,178,123	120,697,346	9,981,670,480
Increase/Decrease of Investment and advances to customers (other than Banks)	(78,915,551)	(6,621,014,721)	(107,194,026)	(8,864,945,987)
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	84	7,067	255	21,090
A. Net Cash from operating activities	737,735	61,895,933	560,836	46,381,153
Cash flows from investing activities:				
Proceeds from sale of securities	-	-	-	-
Payments for purchases of securities	-	-	-	-
Purchase of property, plant and equipment	-	-	-	-
Sales proceeds of Fixed assets	-	-	-	-
Purchase-sale of subsidiary	-	-	-	-
B. 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)	737,735	61,895,933	560,836	46,381,153
E. Effects of exchange rate changes on cash and cash-equivalents	-	-	-	-
F. Net increase in cash and cash equivalent (D+E)	737,735	61,895,933	560,836	46,381,153
G. Cash & Cash Equivalents at the beginning of the year	0	0	0	0
H. Cash & Cash Equivalents at the end of the year	737,735	61,895,933	560,836	46,381,153

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

For the year ended 31 December, 2018

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 83.90 closing rate as at 31 December 2018.

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".

4. Placement with Banks & Other Financial institutions

The OBU has financed fund to different Authorized dealer as placement mode to Al-Arafah Islami Bank Ltd reside in Bangladesh as per FE Circular No.03 dated 04.02.2013

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

For the year ended 31 December, 2018

Name of the Bank	Name of the AD Branch	2018		2017	
		USD	Taka	USD	Taka
Al-Arafah Islami Bank Ltd.	Motijheel Branch	962,452	80749726	3,851,715	318536727
Al-Arafah Islami Bank Ltd.	Dilkusha Branch	6,759,656	567135138	6,614,833.20	547046706
Al-Arafah Islami Bank Ltd.	Motijheel Cor. Branch	1,286,285	107919293	701,356.60	58002109
Al-Arafah Islami Bank Ltd.	Gulshan Branch.	2,684,805	225255140	2,335,162.56	193117861
Al-Arafah Islami Bank Ltd.	Head Office Cor. Branch	942,754	79097039	0	0
		12,635,952	1060156336	13,503,064	1116703403

5. Placement from Banks & Other Financial institutions

The OBU has borrowed fund from different Banks & Other Financial institutions reside in Bangladesh and outside Bangladesh in the mode of Placement.

Name of the Bank	2018		2017	
	USD	TK	USD	TK
In Bangladesh				
Al-Arafah Islami Bank Ltd.	46,472,976	3,899,082,669	34,901,408	2,747,128,176
Outside Bangladesh	45,078,611	3,782,095,455	28,081,122	2,210,295,963

6. Profit income

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

6.1 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.

6.2 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.

6.3 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

7. Profit paid on deposits & Borrowings

	2018		2017	
	USD	TK	USD	TK
AIBL Treasury Division	6301562.26	528701073	3952519	326873334
AIBL AD Branches	370695.40	31101344	564581	46690854
	6672257.66	559802417	4517100	373654188

8. 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.

9. 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.

10. 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.

11. Reporting period

The financial statements cover from 1st January 2018 to December 31, 2018.

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

For the year ended 31 December, 2018

		2018		2017	
		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:	737,735	61,895,925	560,836	46,381,153
	Outside Bangladesh				
		737,735	61,895,925	560,836	46,381,153
Placement with Banks & Other Financial institutions		12,635,952	1,060,156,336	13,503,064	1,116,703,403
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	78,915,551	6,621,014,721	107,194,026	8,864,945,987
		78,915,551	6,621,014,721	107,194,026	8,864,945,987
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, 2018

	2018		2017	
	USD	Taka	USD	Taka
Intangible Assets				
Online Software				
Total	-	-	-	-
Less Accumulated Depreciation				
	-	-	-	-
Other Assets				
Placement from Banks & Other financial Institutions				
Parent Bank				
Out Side Bangladesh	46,472,976	3,899,082,669	43,701,873	3,614,144,863
Out Side Bangladesh	45,078,611	3,782,095,455	76,995,473	6,367,525,617
	91,551,587	7,681,178,123	120,697,346	9,981,670,480
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	560,581	46,360,054	315,577	24,839,447
Less : transfer to Parent bank	(560,581)	(46,360,054)	(315,577)	(24,839,447)
Add: Profit during the year	737,650	61,888,858	560,581	46,360,054
Less : transfer to Parent bank				
	737,650	61,888,858	560,581	46,360,054
Investment Income	7,413,908	622,026,876	5,081,681	420,255,043
Profit paid on Deposits & Borrowing	(6,672,258)	(559,802,417)	(4,517,100)	(373,564,188)
Income from Investment in Share /Securities				
Commission, Exchange & Brokerage Income				
Commission				
Exchange				
Brokerage commission				
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				

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

For the year ended 31 December, 2018

	2018		2017	
	USD	Taka	USD	Taka
Sharia Supervisory Committee's Fees & Expenses				
i. Sharia fees for attending meeting				
ii. TA/DA/ Hotel fare & Foreign Directors				
iii. Others				
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	4,000	335,600	4,000	330,800
Internet Charges				
Online Charge				
	4,000	335,600	4,000	330,800
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				
Stationary,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.				
Balance with Parent Banks	737,735	61,895,925	560,836	46,381,153
Bangladesh Government Islamic Investment Bond				
	737,735	61,895,925	560,836	46,381,153

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 Audit & Inspection will directly report to the Board Audit Committee (BAC)/Board and will report to MD through Head of ICCW	✓		
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.	Compliance Division have to obtain clarifications on various issues from regulatory authorities.	✓		
30.	Compliance Division 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:

a.

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	4	5	6
1	Alhajj Abdus Samad S. Alam Bhaban, 2119, Asadgonj, Chittagong.	Chairman	Director: a. AIBL Capital Market Services Ltd.	0.50%	
			Proprietor: b. Samad Trading Agency	100%	
2	Alhajj Abdus Salam Mir Ahmed Building 234, Khatungong, Chittagong.	Vice Chairman	Managing Director a. Mir CNG & Filling Station b. Mir Pulp & Paper Industries Ltd. c. Mir Filling Station Ltd.	40% 25% 100%	
			Director: d. Karnafully Filling Station Ltd. e. AIBL Capital Market Services Ltd.	15% 1.50%	
			CEO: f. M/S. Hajeer Mir Ahmed Sowdagar	30%	
			Proprietor: g. M/S M.A. Salam & Co. h. Mir Bonaspati Products i. Mir Food & Beverage Industries	100% 100% 100%	
3	Hafez Alhajj Md. Enayet Ullah 2, MukimKatra, Moulvi Bazar, Dhaka.	Director	Active Owner: a. M/S Hadyet & Brothers	100%	
4	Alhajj Salim Rahman 255, Nasirabad I/A, Chittagong.	Director	Chairman a. KYCR Coil Ind. Ltd. b. KDS Textile Mills Ltd. c. SKYS Securities Ltd.	13.82% 0.67% 3.61%	
			Managing Director d. KDS Accessories Ltd. e. KDS Garments Ind. Ltd. f. KDS Apparels Ltd. g. KDS Fashions Ltd. h. KDS IDR Ltd. i. KDS Cotton Poly Thread Ind. Ltd. j. KDS Poly Ind. Ltd. k. KDS Steel Accessories Ltd. l. KDS Logistics Ltd.	16.16% 49.85% 50.12% 1.71% 45% 7.92% 21% 50% 0.07%	
			Shareholders m. Eastern Bank Ltd. n. Pragati Insurance Ltd. o. Pragati Life Insurance Ltd.	0.33% 1.12% 2.13%	
5	Alhajj 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 Breaking Ltd. d. L & M Builders (Pvt) Ltd.	90% 83.34% 90% 25%	
			Proprietor e. Regal Oxygen Director: f. AIBL Capital Market Services Ltd.	100% 0.25%	
6	Jb. Md. Amir Uddin PPM A 11 Nasreen Villa, 08 Baily Road, Dhaka	Independent Director	Independent Director: a. AIBL Capital Market Services Ltd.	--	

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	4	5	6
7	Alhaji Nazmul Ahsan Khaled 760, Satmasjid Road, Dhanmondi R/A, Dhaka	Director	Managing Director :		
			a. Moonlight Garments Ltd.	20%	
			b. Ehsan Garments Ltd.	10%	
			c. Khaled Shipping Lines Ltd.	30%	
			d. Engineers Enterprise Ltd.	20%	
			e. Nourish Poultry & Hatchery Ltd.	25%	
			f. Nourish Agro Ltd.	20%	
			g. Telnet Communication Ltd.	20%	
			h. Nourish Grand Parents Ltd.	20%	
			i. Nourish Feeds Ltd.	25%	
			j. Nourish Fisheries Ltd.	30%	
			k. Nourish Foods Ltd.	20%	
			l. Agrow Breeders Ltd.	20%	
			m. AgrowLayers Ltd.	20%	
			n. Artisan Enterprise Ltd.	25%	
			o. Ehsan Packaging & Printing Ind. Ltd.	16.67%	
			P Aquafarm Shrimp Ltd.	20%	
			q Executive Travel Solutions Ltd	20%	
			Director :		
r. Mohammadi Navigation Ltd.	46.15%				
s. AIBL Capital Market Services Ltd.	0.50%				
8	Alhaji Abdul Malek Mollah House-12-14, Road-6, Block-E, Niketon, Gulshan-1, Dhaka	Director	Managing Director :		
			a. The Mollah Trading Ltd.	15%	
			Shareholder:		
b. AIBL Capital Market Services Ltd.	0.50%				
9	Alhaji Md. Harun-ar-Rashid Khan House-19/A, Road-18, Banani, Dhaka	Director	Chairman		
			a. Al-Arafah Islamic International School & College	--	
			Director:	0.62%	
b. AIBL Capital Market services Ltd.	--				
c. Canadian Trillinium School (Ltd)	--				
10	Alhaji Md. Anwar Hossain House # 6, Road # 1, Dhanmondi, Dhaka-1205.	Director	Managing Director		
			a. Tania Textiles Ltd.	62.5%	
			b. A.G. Textile Mills Ltd.	54%	
			c. Dubai Bangla L P Gas Ltd	40%	
			d. Ashik Shipping Lines Ltd.	60%	
			e. Dubai Bangladesh Cement Mills Ltd.	18%	
			f. Dubai Bangladesh Bag Factory Ltd.	80%	
			Director		
			g. Islami Commercial Insurance Co. Ltd.	10%	
			h. Southeast University	--	
			i. Anwar Hossain Secondary School	--	
			j. Sultan Hossain Memorial Hospital	--	
			11	Alhaji Badiur Rahman Priya Prangon, Building No. -A, Flat No: 0506, 2 Paribagh, DHaka	Director
a. M/S Oceanlink Services	100%				
Director :					
b. Central Hospital Ltd.	2.45%				
c. Human Resources Dev Co. Ltd.	2%				
d. AIBL Capital Market services Ltd.	0.62%				
Chairman/Director :					
e. Bridene Pvt. Ltd.	16.16%				
f. Ocean Trade Ltd.	15%				
CEO/Director					
g. Ariel Maritime PTE Ltd.	100%				
12	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.	3.20%	
			c. Human Resources Development Co. Ltd (HURDCO)	5%	
d. Central Hospital Ltd.	4.88%				
e. AIBL Capital Market services Ltd.	1.75%				
13	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%				

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	4	5	6
14	Alhaji Abu Naser Mohammad Yeahea 232-234, Tejgoan Industrial Area, Dhaka-1208.	Director	Managing Director:		
			a. Purbachal Steel Mills Ltd.	99.82%	
			b. Purbachal Exclusive Ltd.	99.50%	
			c. Purbachal Drillers Ltd.	50%	
			d. Beco Feed Ltd.	42.50%	
			Director:		
			e. AIBL Capital Market Services Ltd.	4.50%	
			Proprietor:		
			f. Purbachal Gas Filling	100%	
			g. Beco Electronics	100%	
15	Alhaji Niaz Ahmed House # 24, Road # 1, Block # I, Chairman Bari, Banani, Dhaka.	Director	Managing Director:		
			a. Golden Oil Mills Ltd.	70%	
			b. Savoy Ice Cream Factory Ltd.	77%	
			Director:		
			c. AIBL Capital Market Services Ltd.	0.75%	
			d. South East University	--	
			e. Bangla Tel Limited	10%	
			f. BD Link Communication Limited	5%	
			g. Jibondhara Solution Limited	10%	
			Proprietor:		
h. Broadway Marketing Co.	100%				
i. Golden Trading Co.	100%				
j. Khaja Corporation	100%				
16	Alhaji Mohammed Emadur Rahman Kazi Castle, Islampur, Shaporan Sylhet.	Director	Director		
			a. Al Haramain Perfumes (Pvt) Co. Ltd.	40%	
			b. Al Haramain Hospital	40%	
			Managing Director:		
			c. Rich & Ruitz Perfumes Trading L.L.C.	49%	
			d. Al Halal Perfumes Industry	24%	
			e. Hamidia Tea Company Limited	34%	
			CEO:		
			f. 4 Corners Distribution UK Limited	50%	
			Deputy Managing Director:		
g. Al Haramain Perfumes Mfg. & Oudh Processing Ind. L.L.C.	--				
Partner:					
h. Al Haramain Trading LLC	10%				
Shareholder:					
i. AIBL Capital Market Services Ltd.	0.75%				
17	Alhaji Badsha Meah 1025/C, Housing Society, Nasirabad, Chittagong. Alternative Director : Dr. Md. Shafiqul Haider Chowdhury	Director	Shareholder:		
			a. AIBL Capital Market Services Ltd.	1.75%	
18	Alhaji Mohammed Haroon 1025/B, Housing Society, Nasirabad, Chittagong. Alternative Director : Jb. Anwar Hossain	Director	Owner:		
			a. Rising Star Trading Est (U.A.E.)	100%	
			Shareholder:		
			b. AIBL Capital Market Services Ltd.	1%	
19	Jb. Khalid Rahim House No. 53 (Old: 276), Road No. 16 (Old: 27), Dhanmondi R/A, Dhaka.	Independent Director	Nil	N/A	
20	Jb. M. Kamaluddin Chowdhury Flat No. 0015/C2, 14th Floor, Baily Heights, 2 Nawratan Colony, New Baily Road, Dhaka-1217.	Independent Director	Trustee		
			a. South-East University, Dhaka		
21	Jb. Farman R. Chowdhury ACME Concord, Flat # 3B, House # 10, Road # 121, Gulshan-1, Dhaka-1214.	Ex-Officio Director (MD & CEO)	Nil	N/A	Appoint- ment is w.e.f. 01.10.2018

Name of the Directors and their shareholdings in the year- 2018

Sl.	Name of Directors	Status	Ending position on 31/12/2018	Opening position on 01/01/2018	Remarks
1	Al-Hajj Abdus Samad	Chairman	23495211 shares of Tk. 10/- each Tk 23,49,52,110/-	22376392 shares of Tk. 10/- each Tk 22,37,63,920/-	
2	Mohammed Abdus Salam	Vice-Chairman	21174895 shares of Tk. 10/- each Tk 21,17,48,950/-	20166568 shares of Tk. 10/- each Tk 20,16,65,680/-	
3	Badiur Rahman	Sponsor Director	29121809 shares of Tk. 10/- each Tk 29,12,18,090/-	27735057 shares of Tk. 10/- each Tk 27,73,50,570/-	
4	Al-Hajj Md.Harun-Ar-Rashhid Khan	Sponsor Director	20880939 shares of Tk. 10/- each Tk 20,88,09,390/-	19886609 shares of Tk. 10/- each Tk 19,88,66,090/-	
5	Al-Hajj Abdul Malek Mollah	Sponsor Director	20938682 shares of Tk. 10/- each Tk 20,93,86,820/-	19941603 shares of Tk. 10/- each Tk 19,94,16,030/-	
6	Al-Hajj Hafez Md. Enayetullah	Sponsor Director	20886151 shares of Tk. 10/- each Tk 20,88,61,510/-	19891573 shares of Tk. 10/- each Tk 19,89,15,730/-	
7	Md. Liakat Ali Chowdhury	Director	20887108 shares of Tk. 10/- each Tk 20,88,71,080/-	19892484 shares of Tk. 10/- each Tk 19,89,24,840/-	
8	Al-Hajj Nazmul Ahsan Khaled	Sponsor Director	22365683 shares of Tk. 10/- each Tk 22,36,56,830/-	20719699 shares of Tk. 10/- each Tk 20,71,96,990/-	
9	Al-Hajj Ahamedul Haque	Director	20880832 shares of Tk. 10/- each Tk. 20,88,08,320/-	19886507 shares of Tk. 10/- each Tk. 19,88,65,070/-	
10	Al-Hajj Kh. Mesbah Uddin Ahmed	Director	20881634 shares of Tk. 10/- each Tk. 20,88,16,340/-	19887271 shares of Tk. 10/- each Tk. 19,88,72,710/-	
11	Abu Naser Mohammad Yeahea	Director	25785097 shares of Tk. 10/- each Tk. 25,78,50,970/-	24557236 shares of Tk. 10/- each Tk. 24,55,72,360/-	

Name of the Directors and their shareholdings in the year- 2018

12	Alhaji Md. Anowar Hossain	Sponsor Director	23116404 shares of Tk. 10/- each Tk. 23,11,64,040/-	22015623 shares of Tk. 10/- each Tk. 22,01,56,230/-	
13	Jb.Niaz Ahmed	Director	20988159 shares of Tk. 10/- each Tk. 20,98,81,590/-	19988724 shares of Tk. 10/- each Tk. 19,98,87,240/-	
14	Jb.Salim Rahman	Director	20881355 shares of Tk. 10/- each Tk. 20,88,13,550/-	19887005 shares of Tk. 10/- each Tk. 19,88,70,050/-	
15	Alhaji Mohammed Haroon	Sponsor Director	21002181 shares of Tk. 10/- each Tk. 21,00,21,810/-	20002078 shares of Tk. 10/- each Tk. 20,00,20,780/-	
16	Mohammed Emadur Rahman	Director	20906191 shares of Tk. 10/- each Tk. 20,90,61,910/-	19910659 shares of Tk. 10/- each Tk. 19,91,06,590/-	
17	Alhaji Badsha Meah	Sponsor Director	20880983 shares of Tk. 10/- each Tk. 20,88,09,830/-	19886651 shares of Tk. 10/- each Tk. 19,88,66,510/-	
18	Jb.Khalid Rahim	Independent Director	Nil	Nil	
19	Jb.M. Kamaluddin Chowdhury	Independent Director	Nil	Nil	
20	Jb.Md.Amir Uddin PPM	Independent Director	Nil	Nil	
21	Jb. Farman R. Chowdhury Managing Director	Ex-Officio Director	Nil	Nil	

The public disclosure of prudential information is an important component of Basel Committee on Banking Supervision's framework of capital measurement and capital adequacy, known as Basel III. Bangladesh Bank has specified the standard of disclosure through Guidelines on Risk Based Capital Adequacy (December 2010) which revised in Basel III Guideline on December 2014 with effect from January 2015. The standard aims to enhance the transparency in Bangladeshi financial market by setting minimum requirement for the disclosure of information on the risk management practice and capital adequacy.

To cope up with the international best practices and to make the bank's capital shock absorbent 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with Basel II) was introduced from January 01, 2009 as a parallel run with BRPD Circular No. 10, dated November 25, 2002 (Basel I). At the end of parallel run, Basel II regime started from January 01, 2010 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. After that Bangladesh Bank issued 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with Basel III) vide its BRPD Circular 18 dated December 21, 2014 that Basel III reporting start from January 2015 and full implementation will start from January 2020. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as stated in the guidelines had to be followed by all scheduled banks for the purpose of statutory compliance.

An Action Plan/Roadmap was issued by Bangladesh Bank for implementation of Basel-III in Bangladesh vide BRPD Circular No: 18 Dated: 21 December, 2014. For effective implementation of Basel-III, the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III) has been issued by Bangladesh Bank.

Action Plan/Roadmap Action

Action	Deadline
Issuance of Guidelines on Risk Based Capital Adequacy	December 2014
Commencement of Basel III Implementation process	January 2015
Capacity Building of the Banks	January 2015- December 2019
Initiation of Full Implementation of Basel III	January 2020

Phase-in Arrangements

The phase-in arrangements for Basel III implementation will be as follows:

	2015	2016	2017	2018	2019	2020
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%	2.50%
Minimum CET-1 plus Capital Conservation Ratio	4.50%	5.125%	5.75%	6.375%	7.00%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	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%	10.625%	11.25%	11.875%	12.50%	12.50%

The Basel III framework consists of three-mutually reinforcing pillars:

Pillar 1 : Minimum capital requirements for credit risk, market risk and operational risk

Pillar 2 : Supervisory review process (SRP)

Pillar 3 : Market discipline

Market discipline (Pillar 3) comprises a set of disclosures on the Capital Adequacy and Risk Management framework of the Bank. Pillar 3 disclosures as per BB circular on Basel-III Capital Regulations are set out in the following sections for information.

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, 2018 are presented below:

1. Scope of Application
2. Capital Structure
3. Capital Adequacy
4. Credit Risk
5. Equities: Disclosures for Banking book positions
6. Interest Rate Risk in the Banking Book (IRRBB)
7. Market Risk
8. Operational Risk
9. Liquidity Ratio
10. Leverage Ratio
11. Remuneration

1. Scope of application:

a. Qualitative Disclosures

The name of the top corporate entity to which this framework applies

Al-ArafahIslami Bank Limited

An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group

(i) that are fully consolidated;
 (ii) that are given a deduction treatment; and
 (iii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted)

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.

The bank has an approved disclosure policy to observe the disclosure requirements set out by the Bangladesh Bank and International Financial Reporting Standard (IFRS) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accounts of Bangladesh (ICAB) into Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) where relevant to the bank

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.

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.

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.

Al-ArafahIslami Bank Limited has 4 (Four) subsidiaries viz.

- a. AIBL Capital Market Services Ltd.
- b. AIBL Capital Management Ltd.
- c. AIBL Asset Management Co. Ltd.
- d. Millennium Information Solution Limited (MISL).

Al-ArafahIslami Bank holds 60.50%, 98%, 98% and 51% AIBL Capital Market Services Ltd. AIBL Capital Management Ltd. AIBL Asset Management Co. Ltd. Millennium Information Solution Limited (MISL).

A brief description of the Bank and its subsidiary are given below:

a. AIBL Capital Market Services Limited

AIBL Capital Market Services Limited was incorporated as subsidiary company of Al-ArafahIslami 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.

b. AIBL Capital Management Limited

AIBL Capital Management Limited, a subsidiary company of Al-ArafahIslami 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.

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-ArafahIslami Bank Ltd. owned 51% shares of Millennium Information Solution Limited a subsidiary company of Al-ArafahIslami 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 providing company in Bangladesh which adheres to the rules of Islamic Shariah.

c) Any restrictions, or other major impediments on transfer of funds or regulatory capital within the group.	Not Applicable
b. Quantitative Disclosures	
The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subject-ed to and alternative method) included in the capital of the consolidated group.	Not Applicable

2) Capital structure:

1. Qualitative Disclosures:

a) Summary information on the terms and conditions of the main fea-tures of all capital instruments, espe-cially in the case of capital instruments eligible for inclusion in CET 1, Addi-tional Tier 1 or Tier 2	For the purpose of calculating capital under capital adequacy framework, the capital of banks shall be classified into two tiers. The total regulatory capital will consist of sum of the following categories: 1) Tier 1 Capital (going-concern capital): a) Common Equity Tier 1 b) Additional Tier 1 2) Tier 2 Capital (gone-concern capital)	
	Common Equity Tier 1 Capital: It is called 'Core Capital' comprises of highest quality of capital elements consists of – I. Fully Paid-up Capital II. Statutory Reserve III. Non-Repayable Share Premium Account IV. General Reserve V. Retained Earnings VI. Minority Interest in Subsidiaries VII. Dividend Equalization Account VIII. Less: Regulatory adjustments applicable on CET1	
	Additional Tier 1: i) Non-cumulative irredeemable preference share ii) Instruments issued by the banks that meet the qualifying criteria for AT1 iii) Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties as speci-fied in Annex-4 of Basel III Guidelines (For Consolidated Reporting) Less:Regulatory adjustments applicable on AT1	
	Tier-2 Capital : It is called 'gone-concern capital' represents other elements which fall short of some of the characteristics of the core capital consists of- i) General Provision ii) All other preference shares iii) Subordinated debt iv) Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties (For Consolidated reporting only) v) Revaluation Reserves as on 31st December, 2017 (50% of Fixed Assets and Securities and 10% of equities) vi) Other (if any item approved by Bangladesh Bank) Less: Regulatory adjustments applicable on Tier-2 capital	
	Compliance status of AIBLas per condition for maintaining regulatory capital:	
1	Common Equity Tier 1 of at least 4.5% of the Total RWA	Complied
2	Tier 1 will be at least 6.00 % of the Total RWA	Complied
3	Minimum CRRA will be 10.00 % of the Total RWA	Complied
4	Additional Tier 1 Capital can be admitted maximum up to 1.5% of the Total RWA or 33.33% of CEFI whichever higher	Complied
5	Tier 2 Capital can be admitted maximum up to 4% of the Total RWA or 88.89% of CEFI whichever higher	Complied
6	Addition to Minimum CRRA, Capital Conservation Buffer (CCB) of 2.50% of the Total RWA is being introduced which will be maintain in the form of CETI.	Complied

2. Quantitative Disclosures:

The amount of Regulatory Capital 2018 as follows:

(Figure In million)

	Solo Basis	Consolidated Basis
1.Common Equity Tier-1(Going Concern Capital):		
Fully Paid-up Capital	10,440.22	10,440.22
Statutory Reserve	8,388.04	8,388.04
Retained Earnings	1,783.06	1,908.96
Non Controlling Interest	-	1,768.42
Less: Deferred Tax Assets (DTA)	-	-
	20,611.32	22,505.64
Good will and other Insensible assets	(125.71)	(125.71)
Total Common Equity Tier-1 Capital	20,485.61	22,379.93
2. Tier-2 Capital :		-
General Provision	2,580.80	2,580.80
Subordinated debt	7,400.00	7,400.00
Revaluation Reserves for Securities up to 50%	488.78	488.78
Less: 80%of Revaluation Reserves for Fixed Assets, Securities & Equity Securities.60%	(391.02)	(391.02)
Total Admissible Tier-2 Capital	10,078.56	10,078.56
Total eligible capital	30,564.17	32,458.49

3) Capital Adequacy:

Qualitative Disclosures:

a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities

The Bank is subject to the Capital adequacy norms as per Master Circular on Basel-III Capital regulations issued by the Bangladesh Bank. The Basel III capital regulation is being implemented from 2015. In line with the guidelines of the Bangladesh Bank, the Bank has adopted the following approaches for computing the capital charge.

For Credit Risk – Standardized Approach

For Market Risk – Standardized Approach

Operational Risk – Basic Indicator Approach

The Bank has a policy on Internal Capital Adequacy Assessment Process (ICAAP) as stipulated by Bangladesh Bank. The ICAAP also details the Risk Appetite of the Bank, assessment of material risks, the process for capital adequacy assessment to support business projections, adequacy of risk control framework, capital raising plans and Bank-wide stress testing. The periodic assessment of bank's performance against the Risk Appetite defined under ICAAP and results of stress testing are reported to the Board of Directors for their review. CRAR has been computed based on the Basel III guidelines and it is well above the regulatory minimum level of 10%.

(Figure In million)

Quantitative Disclosures :

Capital requirement under following Risk:	Solo Basis	Consolidated Basis
a) Capital requirement for Credit Risk	194,063.49	202,708.57
b) Capital requirement for Market Risk	1,058.63	1,313.82
c) Capital requirement for Operational Risk	1,7457.93	17,117.71
d)Total Capital Requirement (b+c+d)	212,580.05	221,140.10
e) Capital to Risk –weighted Asset Ratio:		
1.Common Equity Tier 1 (CET 1) Ratio	9.64%	10.12%

Tier 1 Capital Adequacy Ratio	9.64%	10.12%
Tier-2 Capital Adequacy Ratio	4.74%	4.56%
Capital to Risk-weighted Asset Ratio (CRAR)	14.38%	14.68%
f) Capital Conservation Buffer	1.875%	1.875%
Available Capital under Pillar 2 Requirement	9,306.20	10,344.50
Minimum Capital Requirement (MCR)	21,258.00	22,114.00

4) Credit Risk

1. Qualitative Disclosures:

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

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

The past due claims are discussed below:

Special Mention Accounts (SMA):

A claim which is overdue for 90 days or more will be classified as Special Mention Account. When a loan is classified as SMA, it needs constant monitoring and supervision as the repayment probability decreases.

Sub-Standard (SS):

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

Doubtful (DF):

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

Bad /Loss (B/L):

These are the loans which have almost turned unrecoverable.

Approaches followed for specific and general allowances:

i) Specific provision:

a) Substandard	:	20%
b) Doubtful	:	50%
c) Bad/Loss	:	100%

ii) General Provision:

- 0.25% to 5% on different categories of unclassified loans.
- 1% on Off Balance sheet exposure.
- 5% on the outstanding amount of loans kept in the 'Special Mention Account' after netting off the amount of Interest Suspense.

For classification of loan, specific and general allowances the bank follows Master Circular-Loan Classification and Provisioning vide BRPD circular no. 06 dated June 14, 2012; and as advised by Bangladesh Bank from time to time.

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

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

Credit Risk Management Policy

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

2) Quantitative Disclosures:

(Figure In million)

a) Funded:	
General Investment	
Murabaha Investment	74,671.52
Bai-Muazzal Investment	89,934.86
Hire Purchase Investment	79,644.81
Quard	130.41
Other Investment	3,809.03
Sub Total	248,190.63
Outside Bangladesh	-
	248,190.63
Less: Unearned profit on Investment	8,040.36
	240,150.27
Bill Purchased & Discounted	
Payable in Bangladesh	12,809.62
Payable outside Bangladesh	4,132.21
Sub Total	16,941.83
Total Funded:	257,092.10
b) Total Non- Funded:	73,047.95
c) Geographical distribution of exposures	
Region Based	
Dhaka Region	199,507.20
Chittagong Region	31,285.08
Sylhet Region	1,226.50
Rajshahi Region	8,002.35
Khulna Region	1,728.01
Rangpur Region	7,674.23
Barisal Region	4,736.28
Total	257,092.10
d) Country based funded	
Domestic	257,092.10
Overseas	-
e) Country based Non-funded	73,047.95
Domestic	73,047.95
Overseas	-
f) Major Industry wise distribution of exposures	
Agriculture, Fishing and Forestry	3,210.5
Industry	145,937.35
Construction	12,842.56
Water works & Sanitary Service	411.23

Transport & communication	1,536.30
Storage	1,182.00
Trade Finance	61,253.40
Miscellaneous	38,759.12
Total	265,132.46
Less Unearned Profit on Investment	8,040.36
Total	257,092.10
g) Distribution of risk exposure by claims	
a) Claims on sovereigns and central banks	22,042.50
b) Claims on PSE -	-
c) Claims on banks and securities firms	21,866.60
d) Claims on corporate	123,318.20
e) Claims included in the retail portfolio & small enterprises	65,911.00
f) Claims secured by residential property	9,403.60
g) Claims secured by commercial real estate	9,323.60
h) Consumer Investment	573.00
i) Off-balance sheet items	25,404.30
h) Credit risk mitigation	
Claims secured by financial collateral	1,678.70
Net exposure after the application of haircuts	509.80
Claims secured by eligible guarantee	-
g) Residual contractual maturity breakdown of the whole portfolio	
Repayable on demand	-
Up to 1 month	39,511.00
More than 1 month but less than 3 months	81,906.80
More than 3 months but less than 1 year	91,666.30
More than 1 year to less than 5 year	29,879.80
More than 5 year	14,128.20
Total	257,092.10
Gross Non Performing Assets- (NPAs)	
Non-performing assets to outstanding Investment (loans and advances)	12,690.72
Movement of Non Performing Assets (NPAs)	
Opening balance	9,921.51
Additions	14,146.11
Less Cash Recovery	(3,149.20)
Less RSDL from CL	(6,081.00)
Less Written Off	(2,146.70)
Closing balance	12,690.72

(Figure In million)

Movement of specific provisions for NPAs	
Provision held at the beginning of the year	3,096.15
Fully provision debt written off	(1,177.95)
Recoveries of amount previously written off	164.88
Specific provision for the year	1,863.00
Closing balance	3,946.09

5) Equities: Disclosures for Banking Book Positions**a) 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.

b) Quantitative Disclosures:

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

(Figure In million)

Name of the Scrip	value
Central Depository Bangladesh Ltd	310.59
Total	310.59

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.

6) Interest Rate Risk in the Banking Book (IRRBB)**a) 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 bank's 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

b) Quantitative Disclosures:

Maturity GAP on Banking Book Assets & Liabilities
As on December 31, 2018

(Figure In million)

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	25,710.01	-	-	-	-	25,710.01
Balance with other banks & Financial Institute	6,034.76	2,650.00	400.00	-	1,224.20	10,308.96
Placement with other banks & Financial Institute	-	8,200.00	-	-	-	8,200.00
Investment in Sharea & Securities (only HTM)	-	-	67.60	11,300.01	-	11,367.61
Investment (Loans and Advances)	39,511.00	81,906.80	91,666.30	29,879.80	14,128.20	257,092.10
Fixed Assets	-	-	-	-	4,305.86	4,305.86
Non Banking Asset					50.88	50.88
Other Assets	1,233.26	32.50	3.20	-	14,957.60	16,226.56
Total	72,489.03	92,789.30	92,137.10	41,179.81	34,666.74	333,261.98
Liabilities						

Placement from other banks & Financial Institute	5,511.84	4,438.00	10,443.50	-	-	20,393.34
Deposits and Other accounts	45,804.41	106,886.00	75,471.90	31,584.00	6,600.30	266,346.61
Provision and other liabilities	2.00	-	2.00	-	17,360.63	17,364.63
Deferred Tax Liabilities/Assets	-	-	-	-	168.49	168.49
AIBL Subordinate Bond	-	-	-	-	7,400.00	7,400.00
Total	51,318.25	111,324.00	85,917.40	31,584.00	31,529.42	311,673.07
GAP	21,170.78	(18,534.70)	6,219.70	9,595.81	3,137.32	21,588.91
Cumulative Gap	21,170.78	2,636.08	8,855.78	18,451.59	21,588.91	-

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

(Figure In million)

Particular/ shock	Minor	Moderate	Major
Increase in interest rate	1.00%	2.00%	3.00%
Period	Up to 1 month		
GAP	21,170.78	21,170.78	21,170.78
Impact on NII (Net Interest Income)	17.64	35.28	52.93
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on Net Interest Income	6.62	13.23	19.85
Period	1 to 3 month		
GAP	(18,534.70)	(18,534.70)	(18,534.70)
Impact on NII(Net Interest Income)	(30.89)	(61.78)	(92.67)
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on Net Interest Income	(11.58)	(23.17)	(34.75)
Period	3 to 12 month		
GAP	6,219.70	6,219.70	6,219.70
Impact on NII(Net Interest Income)	46.65	93.30	139.94
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on Net Interest Income	17.49	34.99	52.48

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

(Figure In million)

Particular/ shock	Minor	Moderate	Major
Decrease in interest rate	(1.00%)	(2.00%)	(3.00%)
Period	Up to 1 month		
GAP	21,170.78	21,170.78	21,170.78
Impact on NII (Net Interest Income)	(17.64)	(35.28)	(52.93)
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on Net Interest Income	(6.62)	(13.23)	(19.85)
Period	1 to 3 month		
GAP	(18,534.70)	(18,534.70)	(18,534.70)
Impact on NII (Net Interest Income)	30.89	61.78	92.67
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on NII	11.58	23.17	34.75
Period	3 to 12 month		
GAP	6,219.70	6,219.70	6,219.70
Impact on NII(Net Interest Income)	(46.65)	(93.30)	(139.94)
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on NII	(17.49)	(34.99)	(52.48)

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

(Figure In million)

Particular/shock	Minor	Moderate	Major
Increase in interest rate	1.00%	2.00%	3.00%
GAP	8,855.78	8,855.78	8,855.78
Period(Year)	1 Year		
Impact on NII (Net Interest Income)	88.56	177.12	265.67
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on NII	33.21	66.42	99.63

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

(Figure In million)

Particular/shock	Minor	Moderate	Major
Decrease in interest rate	(1.00%)	(2.00%)	(3.00%)
GAP	8,855.78	8,855.78	8,855.78
Period(Year)	1 Year		
Impact on NII (Net Interest Income)	(88.56)	(177.12)	(265.67)
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on NII	(33.21)	(66.42)	(99.63)

7) Market Risk:

a) Qualitative Disclosures:

Views of BOD on trading/ investment activities	The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding to finance asset growth and trade related transactions. 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 Statutory Liquidity Requirements (SLR) as fixed by Bangladesh Bank.
Methods used to measure Market Risk.	Market risk is the possibility of losing assets in the balance sheet and off- balance sheet positions due to volatility in the market variables viz. interest rate, foreign exchange rate, reinvestment and price. The bank measures impact on profitability and impact on asset prices under market risk through Maturity GAP Analysis, Sensitivity Analysis, VAR, and Mark to Market and has adopted Standardized Measurement approach for measuring Market Risks under Basel-III. Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. The methodology to calculate capital requirement under Standardized Approach for each of these market risk categories is as follows: <ul style="list-style-type: none"> a) Capital charges for interest rate risk= Capital Charge for General Market Risk b) Capital charges for Equity Position Risk= Capital Charge for Specific Risk+ Capital Charge for General Market Risk c) Capital charges for Foreign Exchange Risk=Capital Charge for General Market Risk d) Capital charges for Commodity Position Risk=Capital Charge for General Market Risk
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. The Treasury Division manage market risk covering liquidity, interest rate and foreign exchange risks with oversight from Asset-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meets at least once in a month.

Policies and processes for mitigating market risk:

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

b) Quantitative Disclosures:

The capital requirements for Market Risk:

(Figure In million)

	SOLO Basis	Consolidated Basis
Interest rate risk	-	-
Equity position risk	109.00	364.20
Foreign exchange risk	949.63	949.62
Commodity risk	-	-
Total	1,058.63	1,313.82

8) Operational risk:

a) Qualitative Disclosures:

i) Views of BOD on system to reduce operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The way operational risk is managed has the potential to positively or negatively impact a bank's customers, its financial performance and reputation. The Bank has put in place Board approved governance and organizational structure with clearly defined roles and responsibilities to mitigate operational risk arising out of the Bank's business and operations.
ii) 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. The bank believes that training and knowledge sharing is the best way to reduce knowledge gap. Therefore, it arranges trainings on a regular basis for its employees to develop their expertise. The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop a culture where all employees can apply his/her talent and knowledge to work for the organization with high ethical standards in order to add more value to the company and for the economy.
iii) Potential external events	No potential external events are expected to expose the Bank to significant operational risk

iv) Policies and Processes for mitigating operational risk:	The Bank has adopted policies which deal with managing different Operational Risk. Bank strongly follows KYC norms for its customer dealings and other banking operations. The Internal Control and Compliance Division of the Bank, the inspection teams of Bangladesh Bank and External Auditors conduct inspection of different branches and divisions at Head Office of the Bank and submit reports presenting the findings of the inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports. In 2015 ICC Division conducted following No. of audit:	
	Nature of Audit	No of Frequencies
	Compressive & Risk based Internal Audit Annually	154 branches i.e 100% as per Audit Plan
	Surprise Inspection	31 branches i.e 119% as per Audit Plan
	For audit purpose, we have segregated the branches into 05 (Five) risk categories as per level of Composite Risk by fixing of a reasonable Inherent Business & Control Risk Score. Risk gradation/category of the branches is summarized below:	
	Nature of Risk	No of Branches
Extremely High Risk	11	
Very High Risk	31	
Extremely High Risk	41	
High Risk	57	
Medium Risk	14	
Total	154	
v) Approach for calculating capital charge for operational risk	The Bank follows the Basic Indicator Approach (BIA) in terms of BRPD Circular No. 18 dated 21 December 2014 Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III). The BIA stipulates the capital charge for operational risk is a fixed percentage, denoted by α (alpha) of average positive annual gross income of the Bank over the past three years. It also states that if the annual gross income for any year is negative or zero, that should be excluded from both the numerator and denominator when calculating the average gross income. The capital charge for operational risk is enumerated by applying the following formula: $K = [(GI_1 + GI_2 + GI_3) \alpha] / n$	

b) Quantitative Disclosures:

(Figure In million)

b) The capital requirements for operational risk (Basic Indicator Approach)			
Year	Gross Income (GI)	Average GI	15% of Average GI
December-2018	12,195.36		
December-2017	11,804.19		
December-2016	10,751.43		
Total GI	34,750.98	11,583.66	1,737.55

9. Liquidity Ratio:

a) Qualitative Disclosures:

i) Views of BOD on system to reduce liquidity Risk	The Bank manages liquidity risk in accordance with its ALM Policy. This policy is framed as per regulatory guidelines and is approved by the Board of Directors. The ALM Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign with changes in the economic landscape. The ALCO of the Bank formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the ALM Policy.
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ii) Methods used to measure Liquidity risk

1) Liquidity risk is measured and monitored through two approaches-1) Time Bucket Analysis: Time Bucket Analysis involves comprehensive tracking of cash flow mismatches and is done through preparation of Structural liquidity statement on a regular basis. Appropriate tolerance levels/prudential limits have been stipulated for mismatches in different time buckets.

2) Ratio Analysis:

Under Ratio Analysis various balance sheet ratios are prescribed with appropriate limits. The compliance of ratios to the prescribed limits ensures that the Bank has managed its liquidity through appropriate diversification and kept it within the sustainable limit. The Bank also assess its short-term liquidity mismatches and reports the same in the short term dynamic liquidity report which represents the cash flow plans of various asset and liability generating units and seasonal variation of cash flow patterns of assets and liabilities of the bank over a period of 1-90 days.

3) Liquidity Risk Management System :

A liquidity risk management involves not only analyzing banks on and off balance sheet positions to forecast future cash flows but also how the funding requirement would be met. The later involves identifying the funding market the bank has access, understanding the nature of those markets, evaluating banks current and future use of the market and monitor signs of confidence erosion. Al-ArafahIslami Bank Limited has well organized liquidity risk management system as enumerated in ALM Policy which is approved by the Board. The Asset Liability Management Committee (ALCO) of the Bank monitors & manages liquidity and interest rate risk in line with the business strategy. ALM activity including liquidity analysis & management is conducted through coordination between various ALCO support groups residing in the functional areas of Balance Sheet Management, Treasury Front Office, Budget and Planning etc.

iii) Liquidity Risk Management System

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iv) Policies and Processes for mitigating Liquidity risk

An effective liquidity risk management process should include systems to identify measure, monitor and control its liquidity exposures. To mitigate the liquidity risk, Management of our bank identifies and quantifies the primary sources of a bank's following risk in a timely manner. By proper identify of the sources, management understand both existing as well as future risk that the bank can be exposed to. Our Management always alert for new sources of liquidity risk at both the transaction and portfolio levels. Key elements of an effective risk management process include an efficient MIS to measure, monitor and control existing as well as future liquidity risks and reporting them to senior management and the board of directors.

b) Quantitative Disclosures:

(Figure In million)

Liquidity Coverage Ratio	101.88%
Net Stable Funding Ratio (NSFR)	118.89%
Stock of High quality liquid assets	35,648.00
Total net cash outflows over the next 30 calendar days	34,968.00
Available amount of stable funding	279,603.70
Required amount of stable funding	235,182.30

10. Leverage Ratio:

a) Qualitative Disclosures:

i) Views of BOD on system to reduce excessive leverage	Excessive leverage by banks is widely believed to have contributed to the global financial crisis. Thus Basel III rules have introduced leverage ratio as a non-risk-based backstop measure, to supplement risk-based capital requirements. Board of Directors of our Bank continuously is monitoring the exposure limit of lending, capital strength of our Bank in order to avoid building-up excessive on- and off-balance sheet leverage.
ii) Policies and processes for managing excessive on and off balance sheet leverage	Many regulators are considering raising the leverage ratio. This means that banks will have to keep more capital reserves. To increase capital reserves in order to meet higher leverage ratios requires selling assets to get cash or reducing lending. Higher leverage ratio can decrease the profitability of banks because it means banks can do less - profitable lending. However, increasing the leverage ratio means that banks have more capital reserves and can more easily survive a financial crisis. In view of the impact of leverage into the business, our bank management takes decision about future investment. Considering the financial strength, Bank also make Capital planning and business budget to go on a right way.
iii) Approach for calculating exposure	<p>The leverage ratio is a volume-based measure and is calculated as Basel III Tier I capital divided by total on and off-balance sheet exposures.</p> <p>A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level.</p> <p style="text-align: center;">Tier-1 Capital (after related deductions)</p> <p style="text-align: center;">Leverage Ratio = $\frac{\text{-----}}{\text{Total Exposure (after related deductions)}}$</p>

b) Quantitative Disclosures:

(Fig In Million)

	Solo	Consolidated
Leverage Ratio	5.77%	6.16%
On Balance Sheet Exposure	329,507.46	337,777.33
	329,507.46	
Off- Balance Sheet Exposure	25,811.31	25,811.31
Total Deduction	(125.71)	(125.71)
Total Exposure	355,193.06	363,462.93

11. Remuneration:

The following remuneration disclosures have been prepared in accordance with 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' provided by Bangladesh Bank. The prudential disclosures require that all banks meet the minimum requirements for public disclosure of qualitative and quantitative information of the remuneration practices. The qualitative remuneration disclosures are broader in scope and cover all the individuals included whereas the quantitative information relates to senior managers and material risk takers of the Al-Arafah Islami Bank Limited, for the financial year ended December 31, 2018.

a) Qualitative Disclosures:

a) Information relating to the bodies that oversee remuneration:

Managing Director, MANCOM & Head of Human Resources division governs the remuneration related policies and practices in alignment of the banks' short & long term objectives. They play an independent role, operating as an overseer; and if required, makes recommendation to the Board of Directors of the Bank for its consideration and final approval for any remuneration related policy. The main work includes presenting recommendations to the Board regarding remuneration, compensation packages of senior Management, incentive schemes and retirement benefits. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance based compensation by ensuring effective remuneration policy, procedures and practices aligned with the Banks' strategy and applied consistency for all employee levels. A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to all branches.

A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.

Risk Takers are senior employees who can take, or influence the taking of, material risk for Al-ArafahIslami Bank or for a material business unit:

Managing Director	:	01
Deputy Managing Director	:	04
Executive Vice President	:	19
Senior Vice President	:	30

b) Information relating to the design and structure of remuneration processes: Key features of remuneration policy:

We target a fair human resources management by using a performance based system. Our salary policy is the same in all branches and service points for the beginner level. In addition, to drive further development of individual skill sets and competencies, speaking foreign languages is compensated. There is no incident of discrimination has been occurred in terms of remuneration provided to male and female employees.

Al-ArafahIslami Bank compensation program focuses on individual short-term goals vis-a-vis long-term success and overall profitability of the Bank. Both our short-term annual incentive and long-term compensation plans promote our pay-for-performance philosophy, as well as our goal of having a meaningful amount of pay at-risk, and we believe both plans provide us a competitive advantage in talent acquiring and retaining.

Objectives of remuneration policy:

The overall objective of the Bank's remuneration policy is to establish a framework for attracting, retaining and motivating employees, and creating incentives for delivering long-term performance within established risk limits. Performance is judged, not only on what is achieved, but also on how it is achieved as well as alignment to the Bank's values.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:

The remuneration committee reviewed the firm's remuneration on 2018 and revised the remuneration by conducting a survey considering the following facts:

- Oversee Banks remuneration position and revise the structure according to the Competitive market.
- Align compensation strategy with business strategy
- Determine the percentage of increment at each job grade
- Get acquainted with the economy inflation.

Based on the survey, Bank changes the remuneration on COMPA-Ratio based of its existing employees.

A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee :

Control function of internal control and compliance directly respond of Audit Committee of the Board and dotted report to the President and Managing Director. Credit Risk Officer report to President and Managing Director directly.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes.

The Bank's remuneration practices are carefully managed takes into account the following key risks when implementing remuneration measures:

- Financial Risks
- Compliance Risks

Risk and compliance requirements represent a gateway to whether an incentive bonus payment is made and the size of the payment. Despite, if the individual does not meet or only partially meets compliance requirements, no award or a reduced award may be made.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Employees' performance is appraised annually in line with the achieved objectives, which have a positive and direct impact in their pay package. So, individual's remuneration may vary according to their performance. The payment is dependent on the Board's discretion, taking into account the recent performance of the Bank.

e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance:

The Bank's remuneration system is designed to reward long-term as well as short-term performance, encourage retention and recognize special performance in the organization. The Bank provides reasonable remuneration for short-term performance besides for long-term performance the bank has some deferred payment options (i.e. incentive bonus, gratuity, superannuation etc.).In case of following situation remuneration can be adjusted before vesting:

- Disciplinary Action (at the discretion of Enquiry committee)
- Resignation of the employee prior to the payment date.

At the same time previously paid or already vested variable pay can also be recovered under the case of disciplinary action.

f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms:

A summary of Short-term and Long-term compensation plan are as follows: Total Compensation = Fixed Pay (Salary)+Variable Pay (Bonus)+Variable Pay (Long term incentive) Form of variable remuneration offered by Al-ArafahIslami Bank:

Cash Form:

Short-Term Incentives / Rewards

1. Yearly Increment
2. Yearly fixed and incentive bonus
3. Car, fuel and car maintenance allowance for executives
4. Accelerated promotion/Special increment for especial assignments/ accomplishment;
5. Cash Risk allowance for cashier;
6. Charge allowance for Head of Branches
7. Leave Encashment.

Long-Term Incentives / Rewards

1. Provident fund;
2. Gratuity;
3. Social Security& Benevolent(SSBF) fund
4. Staff House building Investment Scheme(SHBIS) reduce profit rate
5. Provident fund Quard(Investment) with zero profit rate
6. Yearly professional membership fees for professional certificates holder

Non-Cash Form:

Short-Term Incentives / Rewards

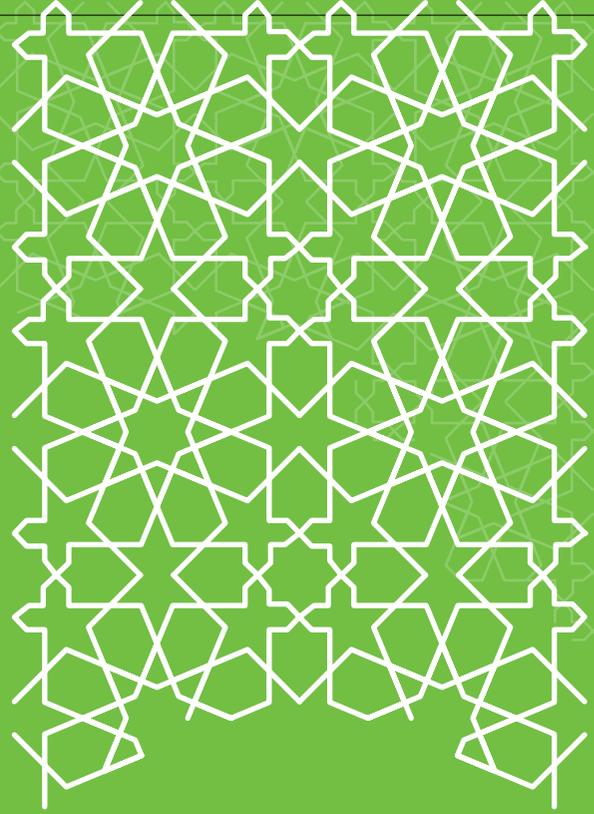
1. Accelerate promotion for top talents;
2. Study leave.

Long-Term Incentives / Rewards

1. Foreign training award;

b) Quantitative Disclosures:

	g) Number of meetings held by the main overseeing remuneration during the financial year and remuneration paid to its member : Meeting regarding overseeing the remuneration was held on as and when it required
	h) Number of employees having received a variable remuneration award during the financial year - Nil Number and total amount of sign-on award made during the financial year. - Nil Number and total amount of severance payments made during the financial year. - Nil
	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. - Nil Total amount of deferred remuneration paid out in the financial year: - Nil
	j) Breakdown of amount of remuneration awards for the financial year to show. Fixed and Variable: deferred and non-deferred different forms used (cash, shares, share linked instruments, other forms)- - Nil - All the remunerations are provided in the form of cash
	k) Quantitative Information about employees' exposure to implicit(e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. clawbacks or similar reversals or downward revaluation of awards) of deferred remuneration and retained remuneration: All the remunerations are provided in the form of cash i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. - Nil ii) Total amount of reductions during the financial year due to ex post explicit adjustments. - Nil iii) Total amount of reduction during the financial year due to ex post implicit adjustments - Nil



Auditor's
Report
on the Financial
Statements of

**AIBL Capital Market
Services Limited**

for the Period ended
December 31, 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AIBL Capital Market Services Limited (the Company), which comprise the Statement of Financial Position as at 31 December 2018 and Statements of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance with The International Ethics Standards Board for Accountants (IESBA Code) & the Institute of Chartered Accountants of Bangladesh (ICAB) Bye-Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for maintenance of the required books of accounts & records, preparation and fair presentation of the financial statements in accordance with IFRSs 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 and also for disclosure of matters that may affect any fact of the financial statements.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements:

In accordance with the Companies Act 1994, we also report the following:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. 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;
- iii. The Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income dealt with by the report are in agreement with the books of account.

Place: Dhaka

Dated: 24, April 2019

Syful Shamsul Alam & Co

Syful Shamsul Alam & Co.

Chartered Accountants

Statement of Financial Position As at 31 December 2018

Particulars	Notes	Amount (In Taka 2018)	Amount (In Taka 2017)
ASSETS:			
Non - Current Assets:			
		16,106,896	20,425,728
Property, Plant & Equipment	4	13,486,543	18,713,240
Deferred Tax Assets	9.1	2,620,353	1,712,488
Current Assets:			
		10,955,187,163	11,621,076,177
Account Receivable	5	433,372,496	409,861,191
Investment	6	8,227,944,173	8,199,054,467
Investment in Share (DSE & CSE)	7	662,120,683	700,000,000
Advance, Deposits & Prepayment	8	20,960,350	7,735,476
Advance Income Tax	9	1,539,382,643	2,096,930,307
Cash and Cash equivalent	10	71,406,818	207,494,736
Total Assets:		10,971,294,059	11,641,501,905
EQUITY AND LIABILITIES:			
Capital and Reserve:			
		4,139,770,856	4,131,920,823
Paid -up Capital	11	4,000,000,000	4,000,000,000
Retained Earning		139,770,856	131,920,823
Current Liabilities:			
		6,831,523,202	7,509,581,082
Borrowing from Bank	12	4,765,600,000	4,690,423,901
Accounts Payable	13	141,082,353	363,320,041
Provision for Investments	14	478,215,594	428,009,835
Provision for taxation	15	1,446,625,255	2,027,827,305
Total Equity and Liabilities:		10,971,294,059	11,641,501,905
		-	-

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


Director


Director
Signed subject to our separate report of even date.


Managing Director


Company Secretary

Dated : Dhaka
April 24, 2019


Syful Shamsul Alam & Co.
Chartered Accountants

Statement of Comprehensive Income For the ended 31 December 2018

Particulars	Notes	Amount (In Taka) Jan-Dec'2018	Amount (In Taka) Jan-Dec'2017
Investment Income	16	267,555,170	480,236,262
Profit paid on Borrowing	17	(226,955,116)	(514,566,486)
Net Investment Income		40,600,054	(34,330,224)
Income from Commission, Exchange & Others:			
Brokerage Commission	18	143,200,350	382,481,895
Documentation & Maintenance Fess	19	4,546,671	5,108,000
Other Operating Income	20	29,202,829	45,279,831
		176,949,850	432,869,726
Total operating Income (A)		217,549,904	398,539,502
Hawla,Laga & CDBL Charges	21	18,920,212	42,426,549
Salary allowances& Contribution to P.F	22	63,900,298	59,949,037
Rents, Taxes, Insurance, Lighting etc.	23	25,410,884	11,530,435
Honorarium & Meeting Expense	24	4,798,970	7,143,200
Law Charges		54,648	77,434
Postage, Telegram, Telephone & Stamps etc	25	562,859	698,344
Depreciation, Amortization & Repairs to Properties	26	7,368,638	7,193,974
Stationary, Printing, Advertisement etc.		1,033,914	1,671,705
Other Expenses	27	16,986,720	38,619,824
Total operating expenses (B)		139,037,143	169,310,502
Profit/(loss) before provision and Tax C = (A - B)		78,512,761	229,229,000
Provision for Investment		50,205,759	84,300,000
Provision for Taxation	28	21,364,833	70,584,620
Deferred Tax (Income)/Expense	9.1	(907,865)	(277,959)
Net Profit after Tax		7,850,034	74,622,338
Earning per Share (EPS)		0.02	0.19

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


Director


Director
Signed subject to our separate report of even date.


Managing Director


Company Secretary

Dated : Dhaka
April 24, 2019


Syful Shamsul Alam & Co.
Chartered Accountants

Statement of Changes in Equity As at 31 December 2018

Particulars	Share Capital	Retained Earning	Total
Balance as on 1st January, 2018	4,000,000,000	131,920,823	4,131,920,823
Net profit for the Period	-	7,850,034	7,850,034
Balance as at March 31, 2018	4,000,000,000	139,770,856	4,139,770,856

Statement of Changes in Equity As at December 31, 2017

Particulars	Share Capital	Retained Earning	Total
Balance as on 1st January, 2017	4,000,000,000	55,863,955	4,055,863,955
Adjustment for Deffered Tax up to 2016	-	1,434,529	1,434,529
	4,000,000,000	57,298,484	4,057,298,484
Net profit for the Period	-	74,622,338	74,622,338
Balance as at December 31, 2017	8,000,000,000	131,920,823	4,131,920,823

The annexed notes 1 to 29 form an integral part of these financial statements.


Director


Director


Managing Director


Company Secretary

Place: Dhaka
Dated: 24 April 2019

Statement of Cash Flows For the period ended 31 December 2018

Particulars	Amount (In Taka) Jan-Dec'2018	Amount (In Taka) Jan-Dec'2017
Cash flows from operating activities		
Investment income receipt in Cash	267,555,170	480,236,262
Profit paid on deposits and borrowing	(226,955,116)	(514,566,486)
Commission received in cash	143,200,350	382,481,895
Cash payments to employees	(63,900,298)	(59,949,037)
Cash payments to suppliers	(1,033,914)	(1,671,705)
Received from other operating activities (item-wise)	33,749,500	50,387,831
Paid for other operating activities (item-wise)	(67,884,482)	(102,261,450)
Advance income tax paid	(45,019,219)	(416,436,445)
Operating profit before changes in operating assets and liabilities	39,711,991	(181,779,135)
Changing in Operating assets & liabilities		
Increase/Decrease Investment	(28,889,706)	1,809,746,093
Increase/Decrease of Accounts receivable	(23,511,305)	(356,263,135)
Increase/Decrease of Borrowing	75,176,099	1,772,330,922
Increase/Decrease of Accounts payable	(222,237,688)	(3,367,704,923)
Increase/Decrease of other assets (item-wise)	24,654,443	1,493,772
Increase/Decrease of other liabilities (item-wise)	-	-
Cash receipt from operating activities	(174,808,157)	(140,397,271)
A. Net Cash from operating activities	(135,096,166)	(322,176,406)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(991,752)	(3,779,018)
B. Net cash flows from investing activities	(991,752)	(3,779,018)
Cash flows from financing activities		
Increase in Share Capital	-	-
Interim Dividend Paid	-	-
C. Net cash flows from financing activities	-	-
D. Net increase in cash and cash equivalent (A+B+C)	(136,087,918)	(325,955,424)
E. Effects of exchange rate changes on cash and cash-equivalents	-	-
F. Net increase in cash and cash equivalent D+E	(136,087,918)	(325,955,424)
G. Cash & Cash Equivalents at the beginning of the period	207,494,736	533,450,160
H. Cash & Cash Equivalents at the end of the period	71,406,818	207,494,736

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


Director


Director


Managing Director


Company Secretary

Place: Dhaka
Dated: 24 April 2019

Notes to the Financial Statement For the year ended 31 December 2018

1.00 Reporting entity

1.01 Company Profile

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.

1.02 Address of Registered Office and Principal Place of Business

The principal place of business is the Registered Office at Peoples Insurance Bhaban (4th floor), 36 Dilkusha C/A, Dhaka-1000.

1.03 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.

2.00 Basis for preparation of financial statements

2.01 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.

2.02 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. In case of any rules and regulations issued by Bangladesh Securities and Exchange Commission differs from those of other regulatory authorities, the rules and regulations issued by Bangladesh Securities and Exchange Commission shall prevail.

2.02.1 Disclosure of departure

The departures from IFRS in the financial statements for 31 December 2018 are stated below:

Notes to the Financial Statement For the year ended 31 December 2018

SI No.	Nature of Departure	Title of the IFRS	Treatment of the IFRS	Treatment adopted as per regulator	Financial or presentation effect of departure
1	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	<p>IFRS 9 requires all equity investments to be measured at fair value. At initial recognition an entity can make an irrecoverable election to present in other comprehensive income subsequent changes in fair value of an investment in an equity instrument that is held for trading. In all other cases, investments in equity instruments measured at fair value are recognized through profit or loss.</p> <p>In limited circumstances, cost can be an appropriate estimate of fair value for investments in unquoted shares.</p>	<p>As per FID circular No. 08 dated 03 August 2002 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 to align with parent company's adopted policy. Provision should be made for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.</p> <p>As per circular of Bangladesh Securities and Exchange Commission circular # SEC/CMRRCD/2009-193/203) and dated 28 December 2017, and subsequent BSEC notification dated 19 December 2018 the required provisions for the year 2018 on principal portion of margin loan is to be kept at 20% in the five installments starting from December 2018.</p>	<p>If the IFRS 9 would be followed value of investments presented would be higher by BDT 9,542,786 and the same figure would be for 'Unrealized Loss'.</p> <p>Due to unrealized loss (portfolio basis) as at 31 December 2018 and Tk. 9,542,786 has been provided as per the stated circular.</p>

Notes to the Financial Statement For the year ended 31 December 2018

SI No.	Nature of Departure	Title of the IFRS	Treatment of the IFRS	Treatment adopted as per regulator	Financial or presentation effect of departure
2	Provision for Margin Loan (Loans and receivables)	IFRS 9 "Financial Instruments"	<p>An entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.</p> <p>The objective of the impairment requirements is to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition - whether assessed on an individual or collective basis - considering all reasonable and supportable information, including that which is forward-looking.</p> <p>If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.</p> <p>Expected credit losses are a probability-weighted estimate of credit losses (ie present value of all cash shortfalls) over the expected life of the financial instrument. For a financial asset, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.</p>	<p>As per circular of Bangladesh Securities and Exchange Commission circular # SEC/CMRRCD/2009-193/203) and dated 28 December 2017, and subsequent BSEC notification dated 19 December 2018, the required</p> <p>provisions for the year 2018 on principal portion of margin loan is to be kept at 20% in the five installments starting from December 2018.</p>	<p>As on 31 December 2018 provision on margin loan is amounting Tk. 468,672,808</p>

Notes to the Financial Statement For the year ended 31 December 2018

2.03 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).

2.04 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.

2.05 Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to use 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.

2.06 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.

2.07 Materiality and aggregation

Each material item as considered significant by management, has been presented separately in financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.08 Consistency

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, AIBL Capital Market Services Limited applies the accounting disclosure principles consistently from one period to the next. In case of selecting and applying new accounting policies, changes in accounting policies applied and correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS-8.

2.09 Contingent asset and contingent liability

The Company does not recognize any Contingent Asset and Contingent Liability, but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from the past events and whose existence will be confirmed by the occurrence of uncertain future events beyond the control of the Company or a present obligation that is not recognized because of outflow of resources is not likely or obligation cannot be measured reliably.

2.10 Books of account

The Company maintains its books of account for main business in Electronic Form through soft automation.

2.11 Reporting period

The financial period of the Company has been determined to be from 1 January to 31 December each period. These financial statements cover the period from 01 January 2018 to 31 December 2018.

2.12 Events after balance sheet date (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. Where necessary, all the material events after the reporting period is considered and appropriate adjustments /disclosures is made in the financial statements in accordance with IAS 10 - Events After Balance Sheet Date.

2.13 Comparative figures of financial statements

Comparative information has been disclosed in respect of the period ended 31 December 2018 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year’s financial statements. Figures of the year 2017 have been rearranged whenever considered necessary to ensure comparability with the current period.

3.00 Principal Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.01 Recognition and measurement (PPE)

Notes to the Financial Statement For the year ended 31 December 2018

Items of property, plant and equipment are measured initially at cost and subsequently at cost less accumulated depreciation in compliance with Bangladesh Accounting Standard (BAS) 16 *Property, Plant and Equipment*. The cost of acquisition of an asset comprises its purchase price and any direct cost for bringing the asset to its working condition for its intended use. Expenditures incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. Software and all upgradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.02 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. Depreciation is recognized in Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. For addition to property, plant and equipment, depreciation is charged from the month of capitalization and no depreciation is charged in the month of disposal. 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%

3.03 Disposal of PPE

Gains and losses on disposal of an item of property, plant and equipment are to be determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment disposed off and are recognized net with "other non-operational income" in profit or loss.

3.04 Impairment of PPE

The carrying amounts of PPE are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized in Statement of Profit or Loss and Other Comprehensive Income if the carrying amount of an asset exceeds its estimated recoverable amount. However, no such condition that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

3.05 Investment in security

Investment in security are classified broadly in two categories and accounted under as follows:

I) Investment in listed securities:

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

II) Margin Investment:

AIBL Capital Market Service Limited extended margin loan to the portfolio investors at an agreed ratio (between investor deposit and loan amount) of purchases securities against the respective investor account. The investors are to maintain the margin as per set rules and regulation. The margin is monitored on daily basis as it changes due to change in market price of share.

If the margin falls below the minimum requirement, the investor are required to deposit additional fund to maintain the margin as per rules or otherwise the securities be sold to bring the margin to the required level but it was not possible to maintain under present capital market scenario.

3.06 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other accounts such as property, plant and equipment or expenses. Deposits are measured at present value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to

Notes to the Financial Statement For the year ended 31 December 2018

statement of comprehensive income.

3.07 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.

3.08 Corporate Tax

I) Current tax:

Income tax expense is recognized in Statement of Profit or Loss and Other Comprehensive Income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The applicable corporate tax rate is 35% as per the Finance Act 2018 for the Company.

II) Deferred tax:

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset/liabilities is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets/liabilities is reviewed at each reporting date and are reduced to the extent that it is probable that the related tax benefit will be realized.

III) Tax exposures:

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.09 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.

3.10 Revenue Recognition

As per International Accounting Standard (IAS) 18 *Revenue*, revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

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. Interest charged to margin loan that results to negative equity is not probable that the economic benefit associated with that portion will not flow to the company. So, as per paragraph 29 of "IAS-18 : Revenue" this is not recognized in income.

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.

3.11 Earnings Per Share (EPS)

Earnings Per Share (EPS) is calculated by dividing total earnings available for ordinary shareholders by weighted average number of shares outstanding for the year.

3.12 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".

Notes to the Financial Statement For the year ended 31 December 2018

	Amount (In Taka) 31.12.2018	Amount (In Taka) 31.12.2017		
4.00 Fixed Assets:				
Property, Plant & Equipment				
a) Tangible Asset				
Interior Decoration	7,209,666	8,387,595		
Computer accessories	16,500	-		
Online Hardware	1	45,650		
Motor Car	4,703,915	8,316,503		
Furniture & fixture - steel	270,038	177,246		
Office equipment	227,497	48,900		
Computer	1	318,500		
Furniture & fixture - wood	1,058,924	1,124,897		
	13,486,542	18,419,291		
b) Intangible Assets				
Online Software	1	293,949		
	1	293,949		
Total (a+b)	13,486,543	18,713,240		
Details have been shown in Annexure-"A"				
5.00 Accounts Receivable:				
Receivable from DSE	37,916,656	15,400,077		
profit charged but not realised	394,461,114	394,461,114		
Dividend Receivable	994,726	-		
	433,372,496	409,861,191		
6.00 Investments:				
Margin Investment	8,178,160,493	8,186,981,984		
Investment in Dealer A/C (6.01)	39,783,680	2,072,483		
Investment In AIBL Capital Management Ltd.	10,000,000	10,000,000		
	8,227,944,173	8,199,054,467		
6.01	Name of the Company	Quantity	Cost Value	Market Value
	Aman Feed	367,780	24,884,906	17,285,660
	Saif Power	2,404	33,389	50,484
	LHBL	262,492	14,101,199	11,418,402
	Adventph	345	3,137	14,111
	Intraco	266	2,534	7,129
	VFSTD L	4,222	38,386	244,032
	ML Dyeing	12,079	100,664	358,746
	KTL	12,076	109,785	305,523
	SSSteel	13,492	134,920	-
	SKTrims	6,049	54,992	280,069
	Silvaphl	9,194	91,940	276,739
	Ledger balance		227,829	
			39,783,680	30,240,894
7.00 Investment in Share (DSE & CSE):				
Investment in Share (DSE)		487,120,683	525,000,000	
Investment in Share (CSE)		175,000,000	175,000,000	
		662,120,683	700,000,000	

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 5,411,329 number of ordinary shares (of which 2,525,288 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.

Notes to the Financial Statement For the year ended 31 December 2018

	Amount (In Taka) 31.12.2018	Amount (In Taka) 31.12.2017
8.00 Advance, Deposit & Prepayments:		
Advance against Office Space at Nikunja, Dhaka.	100,000	100,000
Advance against Office Space Head Office.	7,698,300	-
Advance against Office Space Gulshan(old).	414,080	574,080
Advance against Office Space at Amborkhana	-	54,450
Advance rent Gulshan Br.(New)	334,000	550,000
Advance Rent Khulna	3,348,576	-
Advance Rent Store	-	40,000
Advance Rent Uttara Br.	2,167,884	2,281,572
Advance Rent Barisal Br.	1,038,677	1,342,673
Advance Rent Dhanmondi Br.	2,940,000	-
Advance Rent B. Baria	531,126	698,850
Advance Rent Khatungonj	806,578	1,012,522
Advance Against Petty Cash	1,581,129	1,081,329
	20,960,350	7,735,476
9.00 Advance Income Tax:		
Tax deducted at source DSE	20,296,306	49,027,519
Tax deducted at source CSE	133,820	1,109,533
TDS against Dividend	1,503,688	2,734,939
Tax deducted at source Bank	476,748	1,314,020
Tax paid 2017 through Chalan & Source	80,447,999	26,250,000
Tax paid 2016 through Chalan & Source	414,413,240	414,413,240
Tax paid 2015 Through Challan & Source	415,952,141	415,952,141
Tax paid 2014 through challan & Source	306,367,030	306,367,030
Tax paid 2013 through challan & Source	299,791,671	299,791,671
Tax paid 2012 through challan & Source	299,436,990	299,436,990
Tax paid 2011 through challan	282,983,417	260,386,748
Tax paid 2010 through chalan	20,146,476	20,146,476
	2,141,949,526	2,096,930,307
Less: Adjustment 2010, 2011, 2012	602,566,883	-
	1,539,382,643	2,096,930,307
9.01 Deferred Tax Assets		
Opening Balance	1,712,488	1,434,529
Addition During the year	907,865	277,959
	2,620,353	1,712,488
Adjustment during the year	-	-
	2,620,353	1,712,488
10.00 Cash and Cash equivalent:		
Al-Arafah Islami Bank Limited	71,397,766	207,485,684
Shajalal Islami Bank Limited	9,052	9,052
	71,406,818	207,494,736
10.01 Balance at Bank:		
Al-Arafah Islami Bank Limited, Motijheel Br. Dhaka (2693)	16,021	16,472
AIBL Capital Market Services Limited Cons.cust. (2927)	57,469,430	203,453,501
AIBL Capital Market Services Limited. (2936)	2,004,206	2,829,614
AIBL Capital Market Services Ltd. Dividend A/C ()	458,644	443,648
AIBL Capital Market Services Limited, Dhanmondi	500,000	-
AIBL Capital Market Services Limited, Amborkhana	8	-
AIBL Capital Market Services Limited, Khatunginj	118,400	-
AIBL Capital Market Services Ltd. Public Issue Application A/C	10,484,752	510,644
AIBL Capital Market Services Limited, Gulshan	50,000	-
AIBL Capital Market Services Limited, Uttara	-	200,000
AIBL Capital Market Services Limited SIBL	305	305
AIBL Capital Market Services Limited Khulna	296,000	31,500
	71,397,766	207,485,684

Notes to the Financial Statement For the year ended 31 December 2018

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 31 December 2018

		Amount (In Taka) 31.12.2018	Amount (In Taka) 31.12.2017
		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
KDS Garment industries Ltd.	5.00%	20,000,000	200,000,000
Alhaj Abu Naser Mohammad Yeahea	4.50%	18,000,000	180,000,000
Alhaj Kazi Md. Mofizur Rahman	2.00%	8,000,000	80,000,000
Badshah Meah	1.75%	7,000,000	70,000,000
Alhaj Eng. Kh. Mesbahuddin Ahmed	1.75%	7,000,000	70,000,000
Alhaj Abus Salam	1.50%	6,000,000	60,000,000
Mohammed Mahtabur Rahman	1.50%	6,000,000	60,000,000
Islamic Commercial Insurance Co. Ltd.	1.25%	5,000,000	50,000,000
Mohammed Haroon	1.00%	4,000,000	40,000,000
Norrish Poultry and Hatchery Ltd.	1.00%	4,000,000	40,000,000
P & I International Limited	1.00%	4,000,000	40,000,000
Niaz Ahmed	0.75%	3,000,000	30,000,000
Mohammed Emadur Rahman	0.75%	3,000,000	30,000,000
Mohammed Oliur Rahman	0.75%	3,000,000	30,000,000
Badiur Rahman	0.63%	2,500,000	25,000,000
Al- haj Md. Harun-ar-Rashid Khan	0.63%	2,500,000	25,000,000
KYCR Coils Industries Ltd.	0.50%	2,000,000	20,000,000
Alhaj Abdul Malek Mollah	0.50%	2,000,000	20,000,000
Bangladesh Ship Brake Limited	0.50%	2,000,000	20,000,000
Alhaj Nazmul Ahsan Khaled	0.50%	2,000,000	20,000,000
Alhaj Abdus Samad	0.50%	2,000,000	20,000,000
Md. Ashik Hossain	0.50%	2,000,000	20,000,000
Farid Ahmed	0.50%	2,000,000	20,000,000
A S M Mainuddin Monem	0.50%	2,000,000	20,000,000
Kazi Abu Kausar	0.50%	2,000,000	20,000,000
Mollah Mahmood Malek	0.50%	2,000,000	20,000,000
Galco Steel Bangladesh Ltd.	0.50%	2,000,000	20,000,000
Faisal Ahmed	0.50%	2,000,000	20,000,000
Kh Sakib Ahmed	0.50%	2,000,000	20,000,000
Md. Liakat Ali Chowdhury	0.25%	1,000,000	10,000,000
Ahmedul Haque	0.25%	1,000,000	10,000,000
Sarker Mohammad Shameem Iqbal	0.25%	1,000,000	10,000,000
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

Notes to the Financial Statement For the year ended 31 December 2018

		Amount (In Taka) 31.12.2018	Amount (In Taka) 31.12.2017
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 Mazharul Malek	0.25%	1,000,000	10,000,000
Mohammed Oheidul Alam	0.25%	1,000,000	10,000,000
Sahana Ferdous	0.25%	1,000,000	10,000,000
Md.Nurul Hoque	0.25%	1,000,000	10,000,000
Mrs. Shamsun Nahar Begum	0.25%	1,000,000	10,000,000
Md. Rafiqul Islam	0.25%	1,000,000	10,000,000
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 Motijheel		3,399,100,000	2,000,000,000
Borrowing from AIBL Capital Management Limited		-	1,358,923,901
Borrowing from Union Bank Ltd.		800,000,000	800,000,000
Borrowing from SIBL		491,500,000	431,500,000
Borrowing from HaJJ Finance		75,000,000	100,000,000
		4,765,600,000	4,690,423,901
13.00 Accounts Payable :			
Profit Payable for CML		-	82,651,065
Profit Payable for SIBL		49,059,735	4,857,790
Profit Payable for AIBL Motijheel Br.		2,155,191	37,296,123
Profit Payable for UNION Bank		24,536,111	20,400,000
Profit Payable for HAJJ Finance		370,782	1,741,667
VAT, Salary Tax & AIT Payable		392,229	703,369
Payable toCSE		554,444	524,397
Payable to clients		53,436,587	191,120,383
Bonus & Incentive& Accrued exp		141,310	141,310
Employees gratuity fund		-	15,999,025
Audit Fees		57,500	50,000
Dividend payable		-	7,520,000
Dividend adjustment clients		621,367	26,387
Security Money		117,097	278,525
IPO Application Process Account		9,640,000	10,000
		141,082,353	363,320,041
14.00 Provision for Investment:			
Openig Balance		428,009,835	343,709,835
Add : Provision for Investment		50,205,759	84,300,000
Closing Balance		478,215,594	428,009,835
15.00 Provision for taxation :			
Openig Balance		2,027,827,305	1,957,242,685
Add: Income tax provision during the year		21,364,833	70,584,620
Less: Adjustment for the year 2010,2011,2012		602,566,883	
Closing Balance		1,446,625,255	2,027,827,305

Notes to the Financial Statement For the year ended 31 December 2018

	Amount (In Taka) Jan-Dec'2018	Amount (In Taka) Jan-Dec'2017
16.00 Investment Income		
Margin Profit income	262,787,395	467,095,625
Profit on MSND	4,767,775	13,140,637
	267,555,170	480,236,262
17.00 Profit paid on Borrowing :		
ICB Pronodona	-	143,676
SIBL	61,201,944	51,202,229
Borrowing from AIBLCML	29,596,874	319,477,803
Union Bank Ltd	92,027,778	20,400,000
AIBL Motijheel Branch	31,338,242	121,601,111
HaJJ Finance	12,790,278	1,741,667
	226,955,116	514,566,486
18.00 Brokerage commission		
DSE	142,274,556	374,014,895
CSE	925,794	8,467,000
	143,200,350	382,481,895
19.00 Documentation & Maintenance Fess		
BO Documentation & Maintenance fees	4,473,671	4,982,000
Margin documentation fees	73,000	126,000
	4,546,671	5,108,000
20.00 Other Operating Income		
CDBL Income	947,950	1,085,365
Cheque dishonour Charge	130,000	153,000
Dividend income	8,513,164	12,834,697
IPO Process Income	208,815	145,370
BO Close charge	500	-
Realized Capital gain	19,350,635	30,881,300
Others	51,765	180,099
	29,202,829	45,279,831
21.00 Hawla, Laga & CDBL Charges		
Hawla charge	3,292	40,758
Laga charge	9,945,562	24,897,280
CDBL Charges	8,971,358	17,488,511
	18,920,212	42,426,549
22.00 Salary allowances& Contribution to P.F		
Salary allowances& Contribution to P.F	61,402,863	57,479,002
Wages	1,840,117	1,968,399
Security Services	657,318	501,636
	63,900,298	59,949,037
23.00 Rents, Taxes, Insurance, Electricity etc.		
Rent	22,858,698	8,766,121
Insurance	126,153	387,333
Electricity bill	2,426,033	2,376,981
	25,410,884	11,530,435
24.00 Honorarium & Meeting Expense		
Meeting & Honorarium	4,798,970	7,143,200
	4,798,970	7,143,200
25.00 Postage, Telegram, Telephone & Stamps etc		
Postage, Telegram, Telephone & Mobole	558,526	650,410
Stamps	-	41,671
Photocopy	4,333	6,263
	562,859	698,344

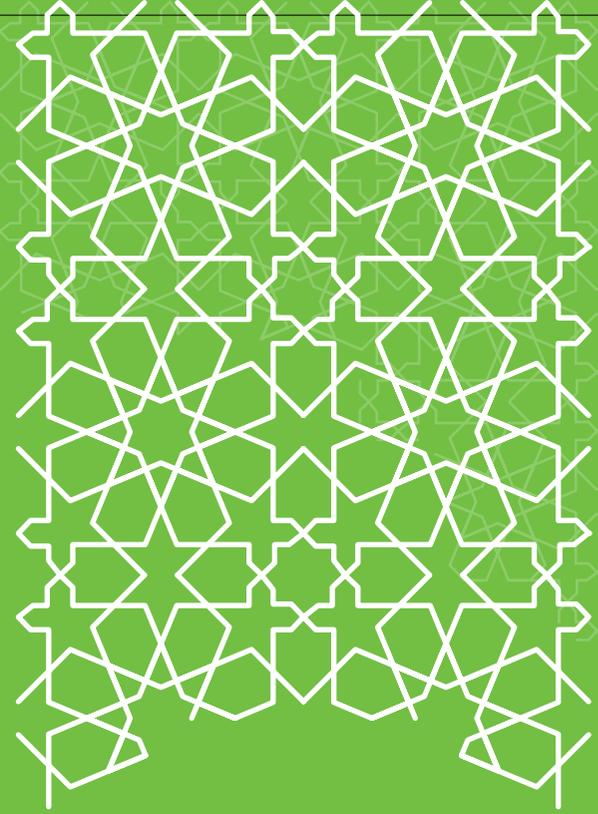
Notes to the Financial Statement For the year ended 31 December 2018

	Amount (In Taka) Jan-Dec'2018	Amount (In Taka) Jan-Dec'2017		
26.00 Depreciation & Repairs to Properties				
Depreciation	6,218,449	5,428,310		
Repair & Maintenance	1,150,189	1,765,664		
	7,368,638	7,193,974		
27.00 Other Expenses				
Computer Charge	215,900	276,823		
Bank Charge	7,037	286,478		
Petroleum Oil, Lubricant & WASA/ Gas.	947,257	803,476		
Entertainment	1,916,044	2,305,262		
Bonus & Incentive	5,005,101	10,926,405		
Employees Gratuity fund	-	15,999,025		
Leave encashment	1,998,250	2,079,050		
Travelling, Local conveyance & Saturday Allowance	511,134	584,136		
Internet & Online Charge	2,166,667	2,242,931		
Registration Expenses	770,000	659,500		
Training Expenses	-	249,075		
Crokerage	10,000	12,350		
Audit Fees	57,500	100,000		
Utilities bill	387,805	225,700		
Vat	8,755	43,889		
Miscellaneous (Note-27.01)	2,985,270	1,825,724		
	16,986,720	38,619,824		
27.01 Miscellaneous				
Subscription Renewal	719,458	858,807		
Newspaper	56,714	54,570		
Mandatory Leave	-	221,825		
IPO participation fees	-	3,000		
International communication service	1,079,712	-		
Agent commission	474,149	-		
Upkeep, wasing & cleaning	37,257	98,500		
Miscellaneous	29,004	40,877		
Investors Protection	30,776	108,151		
Closing Allowances	44,500	55,000		
EID Garcia	53,700	39,994		
Bank Guarantee	460,000	345,000		
	2,985,270	1,825,724		
28 Restatement due to changes in accounting policies & prior period error				
28.01 Impact on company's Statement of Financial Position				
	Retained earnings	Deffered Tax Assets		
Balance at 1 January 2016, as previously reported	51,864,963	-		
Impact of changes in accounting policies	1,434,529	1,434,529		
Restated balance at 1 January 2016	53,299,492	1,434,529		
Balance at 31 December 2017, as previously reported	130,208,335	-		
Impact of changes in accounting policies as at 1 January	1,434,529	1,434,529		
Impact of changes in accounting policies during the year 2017	277,959	277,959		
Restated balance at 31 December 2017	131,920,823	1,712,488		
28.02 The change did not have any impact on Statement of Comprehensive Income				
29 Related Party Transactions				
SL No.	Name of the Party	Relationship	Nature of Transaction	Balance
1	AIBL Capital Management Limited	Group Entity	Profit Paid	29,596,874
			Cash at Bank	71,397,766
			Borrowing from Bank	3,399,100,000
2	Al-Arafah Islami Bank Limited	Group Entity	Profit Payable	2,155,191
			Profit Paid	31,338,242

Fixed Assets Schedule As at December 31, 2018

Annexure-A

Particular	Cost				Rate %	Depreciation			Written Down Value as on December 31, 2018	
	Balance as on January 1, 2018	Addition during the Year	Disposals/ Adjustment	Balance as on December 31, 2018		Balance as on January 1, 2018	Charge during the Year	Adjustment		Balance as on December 31, 2018
Tangible Asset										
Interior Decoration	14,935,022	319,870	-	15,254,892	10%	6,547,427	1,497,799.0	-	8,045,226	7,209,666
Computer Accessories	1,203,374	19,800	-	1,223,174	20%	1,203,374	3,300.0	-	1,206,674	16,500
Online Hardware	2,946,884	-	-	2,946,884	20%	2,901,234	45,649.0	-	2,946,883	1
Motor Car	18,062,939	-	-	18,062,939	20%	9,746,436	3,612,587.8	-	13,359,024	4,703,915
Furniture & Fixture - Steel	316,832	134,568	-	451,400	10%	139,586	41,775.8	-	181,362	270,038
Office Equipment	9,923,176	261,650	-	10,184,826	20%	9,874,276	83,053.2	-	9,957,329	227,497
Computer	4,420,095	-	-	4,420,095	20%	4,101,595	318,499.0	-	4,420,094	1
Furniture & Fixture - Wood	3,005,154	255,864	-	3,261,018	10%	1,880,257	321,837.4	-	2,202,094	1,058,924
	54,813,476	991,752	-	55,805,228		36,394,185	5,924,501.1	-	42,318,686	13,486,542
Intangible Assets										
Online Software	1,633,093	-	-	1,633,093	20%	1,339,144	293,948.0	-	1,633,092	1
	1,633,093	-	-	1,633,093		1,339,144	293,948.0		1,633,092	1
Total	56,446,569	991,752	-	57,438,321		37,733,329	6,218,449	-	43,951,778	13,486,543



Auditor's
Report
on the Financial
Statements of
**AIBL Capital
Management Limited**
for the Period ended
December 31, 2018

Independent Auditor's Report To the Shareholders of AIBL Capital Management Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AIBL Capital Management Limited**, which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of **AIBL Capital Management Limited** as at December 31, 2018 and its financial performance and its cash flows for the period from January 01, 2018 to December 31, 2018 then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The financial statements of the Company have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate. Management has not identified a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and accordingly none is disclosed in the consolidated financial statements of the Company. Based on our audit of the financial statements of the Company, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

Other Matter

The financial statements of AIBL Capital Management Limited for the year ended December 31, 2018 were audited by HUSSAIN FARHAD & CO., Chartered Accountants; who expressed an unmodified opinion on those financial statements on December, 2018.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, 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. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit.

We also:

- ☐ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ☐ Obtain an understanding of internal control relevant to the audit 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.

- ☐ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ☐ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

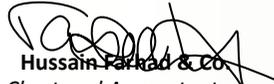
We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, 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) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) The statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flows dealt with by the report are in agreement with the books of account and returns;

Place, Dhaka
Date: 5th March 2019


Hussain Farhad & Co
Chartered Accountants

Statement of Financial Position As at 31 December 2018

Particulars	Notes	31.12.2018 Taka	31.12.2017 Taka
ASSETS:			
Non - Current Assets			
Property, Plant & Equipment	4.00	405,848	557,583
Intangible Assets	4.01	112,860	206,415
		518,708	763,998
Current Assets:			
Investment in listed securities	5.00	104,367,120	17,829,822
Cash and Cash Equivalents	6.00	10,757,261	10,374,878
Trade and Other Receivables	7.00	1,492,277	90,403,208
Accrued Income	8.00	965,833	-
Investment	9.00	63,961,375	1,371,871,619
Advance Income Tax	10.00	13,564,532	12,086,806
Balance with AIBL CMSL		349,678,365	617,368,944
		544,786,765	2,119,935,277
Total Assets		545,305,472	2,120,699,275
EQUITY AND LIABILITIES:			
Shareholders' Equity			
Share Capital	11.02	500,000,000	500,000,000
Retained Earnings	12.00	6,898,745	(27,901,592)
Total Shareholders' Equity		506,898,745	472,098,408
Current Liabilities			
Borrowing from Bank (AIBL)		-	1,533,122,500
Accounts Payable	13.00	317,808	53,798,535
Provision for Taxation	21.00	22,516,587	19,656,412
Provision for Investment	22.00	15,572,332	42,023,421
Total Liabilities		38,406,727	1,648,600,868
Total Equity and Liabilities		545,305,472	2,120,699,275
NAV		10.14	9.44

The annexed notes from an integral part of these financial statements



Director



Director



CEO

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

Place : Dhaka
Date : 05 March 2019



Hussain Farhad & Co.
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December, 2018

Particulars	Notes	31.12.2018 Taka	31.12.2017 Taka
Revenue			
Investment Income	Taka14	31,088,247	320,713,282
Less: Borrowings Expense	Taka15	32,882,161	329,918,790
Net Investment Income		(1,793,914)	(9,205,508)
Operating Income	Taka16	25,514,809	33,655,730
		25,514,809	33,655,730
TOTAL OPERATING INCOME		23,720,895	24,450,222
Less: Operating Expenses			
Salary allowances & Contribution to P.F	Taka17	8,894,238	10,168,047
Board Meeting Expense		190,200	244,800
Rents, Insurance, Lighting etc.		1,807,125	1,089,878
Postage, Telegram, Telephone & Stamps	Taka18	66,947	62,400
Audit fees		25,000	25,000
Stationery, Printing, Advertisement	Taka19	147,292	200,557
Depreciation, Amortization & Repairs to Properties	Taka4	264,610	182,464
Other Expenses	Taka20	1,116,059	1,415,467
TOTAL OPERATING EXPENSES		12,511,471	13,388,613
Operating Profit/(loss) before provision and tax		11,209,423	11,061,610
Add back Provision for investments from previous years	Taka22.01	26,451,089	-
Profit/(loss) before tax		37,660,512	11,061,610
Less: Income tax expense	Taka21.01	2,860,175	5,015,011
Net Profit after Tax & Provision		34,800,337	6,046,599
		(27,901,592)	(33,948,191)
Retained earning Carried forward		6,898,745	(27,901,591.78)
Earning per Share (EPS)		0.14	0.12

The annexed notes from an integral part of these financial statements



Director



Director



CEO

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

Place : Dhaka
Date : 05 March 2019


Hussain Farhad & Co.
Chartered Accountants

Statement of Changes in Equity For the year ended 31 December, 2018

Particulars	Share Capital	Retained Earnings	Total
Balance as at 01 January, 2018	500,000,000	(27,901,592)	472,098,408
Net Profit for the period	-	34,800,337	34,800,337
Balance as at 31 December , 2018	500,000,000	6,898,745	506,898,745

Statement of Changes in Equity For the year ended 31 December, 2017

Particulars	Share Capital	Retained Earnings	Total
Balance as at 01 January, 2017	500,000,000	(33,948,191)	466,051,809
Net Profit for the period	-	6,046,599	6,046,598
Balance as at 31 December , 2017	500,000,000	(27,901,592)	472,098,407



Director



Director



CEO

Place: Dhaka

Dated: 05 March 2019

Statement of Cash flows For the year ended 31 December, 2018

Particulars	31.12.2018 Taka	31.12.2017 Taka
Cash flows from operating activities		
Investment income receipt in Cash	31,088,247	320,713,282
Profit paid on deposits and borrowing	(32,882,161)	(329,918,790)
Cash payments to employees	(8,894,238)	(10,168,047)
Received from other operating activities (item-wise)	25,514,809	33,655,730
Paid for other operating activities (item-wise)	(3,352,623)	(3,038,102)
Advance income tax paid	(1,477,726)	(1,088,401)
Operating profit before changes in operating assets and liabilities	9,996,308	10,155,673
Changing in Operating assets & liabilities		
Increase/Decrease Investment	1,221,372,945	530,071,699
Increase/Decrease of Accounts receivable	87,945,098	326,894,481
Increase/Decrease of Borrowing	(1,533,122,500)	138,190,063
Increase/Decrease of Accounts payable	(53,480,727)	(449,192,935)
Increase/Decrease of other assets (item-wise)	267,690,579	(574,755,142)
Cash receipt from operating activities	(9,594,605)	(28,791,834)
A. Net Cash from operating activities	401,703	(18,636,161)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(19,320)	(410,733)
B. Net cash flows from investing activities	(19,320)	(410,733)
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)	382,383	(19,046,894)
E. Effects of exchange rate changes on cash and cash-equivalents	-	-
F. Net increase in cash and cash equivalent (D+E)	382,383	(19,046,894)
G. Cash & Cash Equivalents at the beginning of the year	10,374,878	29,421,771
H. Cash & Cash Equivalents at the end of the year	10,757,261	10,374,878
Net Operating Cash Flow per Share	0.008	(0.037)



Director



Director



CEO

Place: Dhaka
Dated: 05 March 2019

Notes to the Accounts As at and for the period ended 31 December, 2018

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 obtained the 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 Level-15, 'Al- Arafah Tower' 63, Purana Paltan, 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 banking 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 Bangladesh Bank, International Accounting Standards (IAS), and International Financial Reporting Standards (IFRS) 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 IAS-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, "Presentation of Financial Statements" the complete set of Financial Statements includes the following components:

- i) Statement of Financial Position
- ii) Statement of Profit or Loss and Other 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.

3.00 Principal Accounting Policies:

3.01 Cash flow Statement:

Cash Flow Statement is prepared in accordance with IAS -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(a) of IAS-7 which provides that "Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method".

Notes to the Accounts As at and for the period ended 31 December, 2018

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 date: IAS 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 IAS 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 Provision for taxation

Provision for current income tax is made on the accounting profit of the Company without considering taxable allowances and disallowances.

3.07 General:

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

Notes to the Accounts As at and for the period ended 31 December, 2018

	31.12.2018 Taka	31.12.2017 Taka
4 Property, Plant & Equipment		
Cost :		
Opening balance	855,277	444,543
Add: Additions during the year	19,320	410,734
Closing balance (A)	874,597	855,277
Depreciation :		
Opening balance	297,694	208,785
Add: Charge for the year	171,055	88,909
Closing balance (B)	468,749	297,694
Written down value (A-B)	405,848	557,583
Details have been shown in Schedule-A		
4.01 Intangible Assets		
Cost :		
Opening balance	467,775	467,775
Add: Additions during the year	-	-
Closing balance (A)	467,775	467,775
Depreciation :		
Opening balance	261,360	167,805
Add: Charge for the year	93,555	93,555
Closing balance (B)	354,915	261,360
Written down value (A-B)	112,860	206,415
Details have been shown in Schedule-A		

Notes to the Accounts As at and for the period ended 31 December, 2018

	31.12.2018	31.12.2017
	Taka	Taka
5 Investment in listed securities		
Investment in listed securities (Schedule-B)	104,367,120	17,829,822
	104,367,120	17,829,822
<p>This amount represents investment in listed securities, market value of which is BDT 97,114,604 as on 31 December 2018 resulting an unrealised loss of BDT 7,252,516 on which at least 20% provision should be made as per BSEC circular no. SEC/CMRRCD/2009-193/203 dated 28 December 2017. Accordingly, provision for diminution in value of investments of an amount of BDT 1,450,503 has been made. Refer Note 22.01.</p>		
6 Cash at Bank		
Al Ararah Islami Bank Ltd (Customers Portfolio A/C)	5,609,487	4,530,511
Al Ararah Islami Bank Ltd (Corporate A/C)	5,147,775	5,844,367
	10,757,261	10,374,878
7 Trade and Other Receivables		
Profit on Bi-Muazzel with AIBL CMSL	-	82,651,065
Receivable from Panel Broker	-	224,994
Receivable from Dividend Income	1,492,277	7,527,149
	1,492,277	90,403,208
8 Accrued Income		
Accrued profit on MTDR	965,833	-
	965,833	-
9 Investment		
Margin Investment	2,299,905	2,414,667
Investment in Placement Share	9,988,000	9,988,000
IPO FPM Bidding and Subscription	673,470	545,050
Investment in AIBL CMSL (Bi-Muazzel)	-	1,358,923,901
Investment in Al-Arafah Islami Bank Ltd. for MTDR	51,000,000	-
	63,961,375	1,371,871,619
10 Advance Tax		
Opening Balance	12,086,806	10,998,405
Additions during the year	1,477,726	1,088,401
Less : Settlements of previous years	-	-
Closing Balance	13,564,532	12,086,806
11 Share Capital		
11.01 Authorised Capital		
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
11.02 Issued, Subscribed and fully Paid-up Capital		
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	Amount in Tk.	Amount in Tk.
Al-Arafah Islami Bank Limited	490,000,000	490,000,000
AIBL Capital Market services Limited	10,000,000	10,000,000
TOTAL	500,000,000	500,000,000
11.03 Percentage of Share Holding Position :		
Name of the Share Holder	% of Shareholdings	% of Shareholdings
Al-Arafah Islami Bank Limited	98.00%	98.00%
AIBL Capital Market services Limited	2.00%	2.00%
TOTAL	100.00%	100.00%
12 Retained Earnings:		
Opening balance	(27,901,592)	(33,948,191)
Add: Net profit for the year	34,800,337	6,046,598
Closing balance	6,898,745	(27,901,592)
13 Accounts Payable		
Profit on Borrowings	-	53,092,052
Paid to Central Depository Bangladesh Ltd. CDS bill for the month of November-2017.	-	3,228
Paid to Mr. Md. Shakil for IPO MEBPOY Prospectus Preparation Chittagong tour.	-	10,376
Paid to Mr. Md. Rukonul Islam for IPO MEBPOY Prospectus Preparation Chittagong tour.	-	10,376

Notes to the Accounts As at and for the period ended 31 December, 2018

	31.12.2018	31.12.2017
	Taka	Taka
Debited to Peoples Insurance Co. Ltd. for Utility Bill, Month of November-2017.	-	44,671
Debited to Peoples Insurance Co. Ltd. for Office Rent, Month of December-2017.	-	171,000
Arthosuchak for Online newspaper Arthosuchak advertisement month of Nov 2017.	-	8,100
Paid to RNF Enterprise for visiting card printing	-	692
Paid to Shama printing & packaging for visiting card printing (560*3%)	-	472
Debited for Mobile Bill Allowances for the month of Dec-2017	-	5,200
Debited for Yearly Closing Allowances	-	5,000
Paid to Sterling Interiors for Civil, Interior Decoration and Electric Line Establish	-	367,054
Vat Paid for Civil, Interior Decoration and Electric Line Establish	-	56,761
Ait Paid for Civil, Interior Decoration and Electric Line Establish	-	11,353
Paid to Md Abu Taher for Excess amount of 34th Board Meeting Expenditure.	-	700
Paid to Md. Abu Taher for Excess amount of 35th Board Meeting Expenditure.	-	2,700
Paid to Md Abu Taher for Excess amount of 36th Board Meeting Expenditure.	-	800
Paid to Md. Abu Taher for Excess amount of 37th Board Meeting Expenditure.	-	800
Vat Paid for 37th Board Meeting Expenses.	-	7,200
Al-Arafah Islami Bank Ltd. For Bata Shoe Dividend wrongly credited amount	42,338	-
Ranks ITT Limited for installation and data connectivity charges, Month of November, 2018	5,952	-
Al-Arafah Islami Bank Ltd. for Leave Encashment 2018	255,740	-
Md. Hussai Ahmed Faruqi's Car Tax Token and Fitness certificate renewal	13,778	-
	317,808	53,798,535
14 Investment Income		
Profit from Cash at Bank	312,925	402,318
Less: Tax Deducted at source	-	(40,232)
Margin Profit Income	212,613	618,784
Service Charge Income	3	254,609
Profit from Bai-Muazzel with AIBL CMSL	29,596,873	319,477,803
Profit on MTRD	965,833	-
	31,088,247	320,713,282
15 Borrowings Expense		
Profit paid on Bai-Muazzel with AIBL	32,882,161	329,918,790
	32,882,161	329,918,790
16 Operating Income		
Capital Gain	20,984,403	16,505,032
Dividend Income	3,808,672	16,822,542
IPO Process income	400	235
Income from dishonour cheque charge	1,000	-
Issue Manager Fee	300,000	-
Underwriting Commission	387,500	314,063
BO Documentation	5,506	2,500
CDBL for yearly rebates & Charge Income	24,928	6,115
BO Maintenance, Renewal Fee	2,400	5,243
	25,514,809	33,655,730
17 Salary Allowances & Contribution to P.F.		
Salary and Allowance	8,021,670	8,250,638
Leave Encashment	255,740	239,015
Bangla Noboborsho Bonus	57,338	-
Incentive & Festival Bonus	559,490	1,678,394
	8,894,238	10,168,047
18 Postage, Telegram, Telephone, Mobile & Stamps etc.		
Mobile Bill & Telephone	66,947	62,400
	66,947	62,400
19 Stationary, Printing, Advertisement etc.		
Advertisement Expense	50,000	97,320
Printing & Stationary	97,292	103,237
	147,292	200,557

Notes to the Accounts As at and for the period ended 31 December, 2018

	31.12.2018	31.12.2017
	Taka	Taka
20 Other Expenses		
B MBA Membership & Annual fees	100,000	100,000
Registration fees of DSE Book Bidding Process	-	10,000
Subscription, Renewal Fees	57,500	100,000
RJSC return file & other expenses	80,264	-
BSEC BINIYOG SHIKSHA TAHOBIL Donation.	-	50,000
Entertainment	72,570	50,000
Travelling Allowance	24,416	41,552
Local Conveyance	27,560	-
Newspaper, Journal, Periodicals & Books	3,250	-
EID Gracia	2,000	-
Trade licence renewal fees	23,016	18,726
Office shifting expenses	11,430	-
Crockery	5,000	-
Bank Charges & Fees	15,157	25,102
Saturday Allowances	11,800	9,000
Car Registration and 1st year Car Insurance.	-	137,703
Car Battery, Tyre, Fitness and Renewal	52,988	-
Computer Accessories	35,000	-
Repair & Maintenance	12,280	-
Petty Cash Expenses	-	78,477
TDS Expenses	2,500	-
Vat Expenses	9,378	228,260
Wages	54,067	199,125
Internet and CDBL wan connectivity charges	143,596	189,200
CDBL Charge	40,287	64,322
IPO Bidding fee	45,000	6,000
Company secretariat Honorarium	280,000	100,000
Closing Allowance	7,000	8,000
	1,116,059	1,415,467
21 Provision for Tax		
Opening Balance	19,656,412	14,641,401
Add: Income tax expense for the year (Note: 21.01)	2,860,175	5,015,011
Closing Balance	22,516,587	19,656,412
21.01 Income tax expense		
Operating Profit	11,209,423	11,061,610
Less: Gain on Sale of Securities	20,984,403	16,505,032
Less: Divident Income	3,808,672	16,822,542
Total Business Income	(13,583,652)	(22,265,964)
Income Tax of @ 37.50% on estimated Business Income	-	-
Add: Tax on Gain on Sale of Securities (10%)	2,098,440	1,650,503
Add: Tax on Divident Income (20%)	761,734	3,364,508
	2,860,175	5,015,011
22 Provision for diminution in value of investments		
Opening balance	42,023,421	42,023,421
Addition of provision for the year	1,450,503	-
Less: Adjust from provision of previous year	(27,901,592)	-
Closing balance as at 31 Dec 2018	15,572,332	42,023,421
22.01 Provision for diminution in value of investments		
(A) Provision due against un-realized loss as on 31-12-2017	-	-
(B) Provision made on 31-12-2017	-	-
Provision carried forward un-realized loss (A-B)	-	-
Increase/Decrease of loss during the year	7,252,516	-
Provision made @ 20% for the year 2018	1,450,503	-
Less: Adjust from provision of previous year	(27,901,592)	-
Net provision for the year ended 31 Dec 2018	(26,451,089)	-

Property, Plant & Equipment As at 31 December, 2018

Schedule-A Property, Plant & Equipment

Particular	Cost			Rate	Depreciation			Written Down Value as at 31 Dec 2018
	As at 1 January 2018	Addition during the year	Disposal/ Adjustment during the year		As at 31 December 2018	Charge for the year	Disposal/ Adjustment during the year	
Office Equipment	509,549	19,320	-	20%	101,910	-	192,570	336,299
Computer	345,728	-	-	20%	345,728	-	276,180	69,548
Total at 31 December 2018	855,277	19,320	-		874,597	-	468,749	405,848
Total at 31 December 2017	444,543	410,734	-	-	855,277	-	297,694	557,583

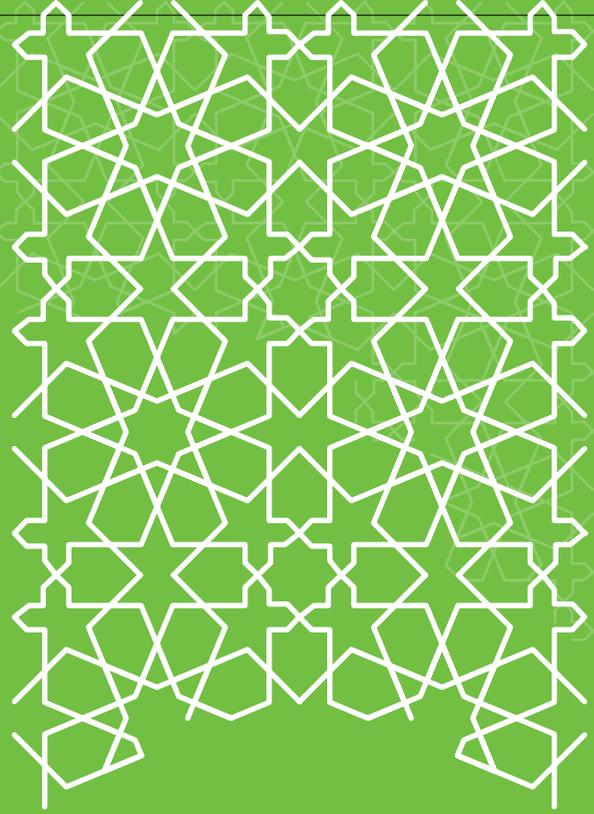
Intangible Assets

Particular	Cost			Rate	Depreciation			Written Down Value as at 31 Dec 2018
	As at 1 January 2018	Addition during the year	Disposal/ Adjustment during the year		As at 31 December 2018	Charge for the year	Disposal/ Adjustment during the year	
MB Operating Software	467,775	-	-	20%	467,775	93,555	354,915	112,860
Total at 31 December 2018	467,775	-	-		467,775	93,555	354,915	112,860
Total at 31 December 2017	467,775	-	-	-	467,775	93,555	261,360	206,415

Investment in Shares & Securities Stock at hand as on 31 December, 2018

Schedule- B

SL	Name of Company	No. of Shares	Amount (at cost)	Market Rate	Market Amount
1	ACFL*	1,883	75,320	42	79,274
2	ACIFORMULA	103,657	18,902,723	154	15,942,447
3	ADVENT*	345	3,137	41	14,111
4	BXPHARMA*	87,385	9,567,034	79	6,912,154
5	ENVOYTEX*	358,906	14,031,564	36	13,028,288
6	ICBAMCLC1U	1,303,050	12,992,085	10	13,030,500
7	INTRACO	266	2,534	27	7,129
8	KTL	12,076	109,785	25	305,523
9	LANKABAFIN	107,500	4,069,173	23	2,461,750
10	LINDEBD*	4,200	5,257,796	1,198	5,033,280
11	MJLBD*	17,850	1,770,776	99	1,770,720
12	MLDYEING	7,260	60,500	30	215,622
13	ORIONPHARM*	95,725	4,023,887	37	3,522,680
14	PRIMELIFE*	166,460	8,432,706	58	9,638,034
15	PRIMETEX	1,000	39,337	36	36,100
16	RSRMSTEEL*	55,523	3,695,943	47	2,581,820
17	SILVAPHL	9,194	91,940	30	276,739
18	SKTRIMS	5,545	50,410	46	256,734
19	SQURPHARMA*	58,850	16,620,494	254	14,959,670
20	SSSTEEL	13,492	134,920	-	-
21	VFSTD	4,222	38,386	58	244,032
22	YPL	515,000	4,396,673	13	6,798,000
			104,367,120		97,114,604



Auditor's
Report
on the Financial
Statements of

**Millennium Infrmation
Solution Limited**

for the Period ended
December 31, 2018

Independent Auditor's Report To the Shareholders of Millennium Information Solution Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MILLENNIUM INFORMATION SOLUTION LIMITED**, which comprise the statement of financial position as at 31st December, 2018, and statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects of the statement of financial position of MILLENNIUM INFORMATION SOLUTION LIMITED as at 31st December, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Company Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management but not for the purpose expressing the opinion on the effectiveness of the company's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and other applicable laws and regulations, we also report the following:

- 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 company so far as it appeared from our examination of these books;
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

Date: 09 May 2019

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

Statement of Financial Position As at December 31, 2018

	Notes	Amount in Taka 31.12.2018	Amount in Taka 31.12.2017
		21,089,543	21,234,995
Property, Plant & Equipment (at cost less Accu. Dep.)	4.00	21,089,543	21,234,995
Intangible assets:		153,658,597	129,837,011
Software	5.00	152,377,018	127,652,171
Deferred expenses	6.00	1,281,579	2,184,840
Current assets:		153,376,877	175,894,820
Advance, Deposit & Pre-payments	7.00	1,907,559	2,608,924
Accounts receivable	8.00	61,809,438	60,640,672
Investments	9.00	70,588,402	112,405,346
Cash & Cash equivalent	10.00	19,071,478	239,878
Total Property & Assets		328,125,017	326,966,825
SHARE HOLDERS EQUITY & LIABILITIES:			
Authorized capital:			
20,000,000 Ordinary shares @ Tk. 10 each		200,000,000	200,000,000
Issued, subscribed & paid up capital:			
18,371,261 Ordinary shares @ Tk. 10 each	11.00	183,712,610	183,712,610
Reserve & surpluses :			
AFS Reserve		(28,544)	-
Share Premium		56,306,570	56,306,570
Retained Earnings		55,191,569	58,217,260
Current liabilities:		32,942,812	28,730,385
Accounts Payable	12.00	9,880,774	15,274,056
Advance against revenue	13.00	100,000	100,000
Loan/Quard from Bank	14.00	15,300,000	9,700,000
Dividend Payable		5,509,050	-
Provision for Income Tax	15.00	2,152,988	3,656,329
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		328,125,017	326,966,825
Number of Shares		18,371,261	18,371,261
Net Assets Value per share		16.07	16.23


Director


Director


Managing Director

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

Place : Dhaka
Date : 09 May 2019


Khan Wahab Shafique Rahman & Co.
Chartered Accountants

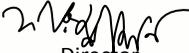
Statement of Comprehensive Income For the year ended December 31, 2018

Particulars	Notes	Amount in Taka 2018	Amount in Taka 2017
Revenue	16.00	79,034,749	73,395,745
Less : Production expenses	17.00	33,418,660	42,465,305
Gross Profit		45,616,089	30,930,440
Less : Operating expenses		25,215,123	24,541,964
Direct, administration and general expenses	18.00	17,985,021	16,890,588
Sales and market development expenses	19.00	7,230,102	7,651,376
Operating Profit		20,400,966	6,388,476
Add: Non-Operational Income/Loss	20.00	(12,649,376)	6,063,451
Net Income before Financial Expenses		7,751,590	12,451,926
Less : Financial expenses	21.00	87,812	37,388
Net Income before Tax		7,663,778	12,414,538
Less: Income Tax	15.01	1,253,840	1,549,149
Net Income after Tax		6,409,938	10,865,389
Other Comprehensive Income/(Loss)			
Unrealized Gain/Loss on Securities Available for Sale		(28,544)	-
Total Comprehensive Income/(Loss)		6,381,394	10,865,389
Number of Shares		18,371,261	18,371,261
Earning Per Share (EPS)		0.35	0.59

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

The annexed notes form an integral part of these 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 : 09 May 2019

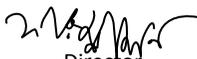

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Statement of Changes in Equity For the year ended December 31, 2018

Particulars	Share capital	Retained Earnings	Share Premium	Fair Value Reserve	Total equity
Balance as at January 01, 2018	183,712,610	57,967,260	56,306,570	-	297,986,440
Dividends	-	(9,185,629)	-	-	(9,185,629)
Income for the period	-	6,409,938	-	-	6,409,938
Unrealized Gain/Loss on Securities Available for Sale	-	-	-	(28,544)	(28,544)
		-	-	-	-
Balance as at December 31, 2018	183,712,610	55,191,569	56,306,570	(28,544)	295,182,205

Particulars	Share capital	Retained Earnings	Share Premium	Fair Value Reserve	Total equity
Balance at January 01, 2017	183,712,610	47,351,871	56,306,570	-	287,371,051
Income for the period	-	10,865,389	-	-	10,865,389
Prior year Adjustment	-	(250,000)	-	-	(250,000)
Balance as at December 31, 2017	183,712,610	57,967,260	56,306,570	-	297,986,440


Director


Director


Managing Director

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

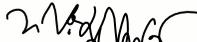
Place : Dhaka
Date : 09 May 2019


Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Statement of Cash Flows For the year ended December 31, 2018

Particulars	Amount in Taka 31.12.2018	Amount in Taka 31.12.2017
A. Cash flows from operating activities		
Net Profit	6,409,938	10,865,389
Adjustments to reconcile net income to net cash provided by Operating Activities:		
Depreciation expense	2,497,635	2,691,295
Amortization expense	13,668,478	12,888,282
Loss or gain on disposal of fixed assets	48,203	4,939
Decrease in Advance, Deposit & Pre-payments	701,365	615,969
Increase in Accounts Receivable	(1,168,766)	(19,006,748)
Decrease in Accounts Payable	(5,393,282)	4,916,960
Increase in Unrealized Loss	(28,544)	-
Prior period adjustment	(250,000)	-
Decrease in Income Tax Payable	(1,503,341)	1,149,149
Net Cash provided by operating activities	14,981,686	14,125,235
B. Cash flow from investing activities:		
Purchase of fixed assets	(2,413,686)	(1,530,339)
Sales of old assets	13,300	3,500
Investment in MTDR	6,610,705	(1,260,913)
Investment in Share Market	35,206,239	(5,331,010)
Investment in Software development	(37,490,064)	(19,741,982)
Deferred expenses	-	(124,500)
Net Cash used by investing activities	1,926,494	(27,985,244)
C. Cash flow from financing activities		
Bank Loan/Quard against MTDR	5,600,000	9,700,000
Dividend paid	(3,676,579)	-
Proceeds from Issue of equity shares	-	-
Cash provided by financing activities	1,923,421	9,700,000
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	18,831,601	(4,160,009)
E. Opening cash and cash equivalents	239,878	4,399,887
F. Closing cash and cash equivalents (D+E)	19,071,479	239,878


Director


Director


Managing Director

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

Place : Dhaka
Date : 09 May 2019


Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Notes to the Financial Statements For the year ended December 31, 2018

1.00 Background of the company and nature of business:

Millennium Information Solution Ltd. was incorporated as a private limited company on February 11, 2001 under The Companies Act 1994.

The main objective of the Company is to carry on activities relating to developing software products and providing maintenance, support and cyber security services both to domestic and international clients. Over the years, MISL has established itself as the leading software developer, implementation and service provisioning company in Bangladesh which adheres to the rules of Islamic Shariah. On May 28, 2015 the company has become a subsidiary company of Al-ArafahIslami Bank Ltd.

2.00 Accounting policies & estimates:

a. Basis of Accounting

The accounts of the Company is being maintained at accrual basis on historical cost convention following the International Financial Reporting Standards (IFRS's) as adopted by the Institute of Chartered Accountants of Bangladesh.

b. Reporting period

As the Company is a subsidiary company of a financial institute named Al-ArafahIslami Bank Limited; therefore income covers a financial period from January 01, 2018 to December 31, 2018 according to the section 2 (35) of "Income Tax Ordinance 1984".

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.

3.00 Significant Accounting Policies:

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

3.01 Property, Plant and Equipment and their depreciation:

Depreciation on the property, plant and equipment has been charged at full on their opening written down value. The values of the property, plant and equipment have been shown at written down value and depreciation has been charged at rates varying from 10-15%.

3.02 Valuation of software development:

This represents the cost allocated for Customized Software Ababil and Sylvia developing by the Company through various Programmers engaged on regular employment basis and related expenditure as per IAS-38 Para 24.4.5 (Intangible Assets). During the reporting period the Company has incurred total Tk. 37,490,064.00 for software development.

3.03 Amortization of non-current assets

During the year amortization has been made on software development @10% and deferred expense @25% & 33.33%.

3.04 Income Tax:

The income of the Company is tax exempted up to June 30, 2024 as per sixth schedule Part-A, Para-33 of Income Tax Ordinance 1984. Company's Tax Identification Number (E-TIN) is 477932327703.

3.05 Reporting currency and recognition of foreign currency income:

All the transactions are shown in Bangladesh Taka currency. The foreign currency transactions have been converted into Taka at the time of recognition/transaction. Foreign currency gains/losses were recognized at the time of receipt/payment of money.

3.06 Comparatives:

Where essential, prior period's figures have been rearranged to ensure ready comparability with the current periods presentation. All fraction amounts have been rounded off to the nearest Taka.

Notes to the Financial Statements For the year ended December 31, 2018

3.07 Financial Assets:

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank which are available for use by the Company without any restriction.

i. Accounts Receivable

Accounts Receivable represent the amounts due from customers for delivering products or rendering services. Accounts Receivable are initially recognized at cost which is the fair value of the consideration given in return.

3.08 Financial Liabilities:

i. Accounts Payables

The Company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

3.09 Revenue recognition

Revenue is recognized when service provided or invoice is raised against the service/product to the client in accordance with the contractual agreement or work order.

3.10 Financial income and expense

Financial income comprises on MTDR's and savings accounts profit. Income is recognized as it accrues, using the effective method.

Financial expenses comprise bank commission and charges.

3.11 Statement of Cash flows

Statement of Cash flows have been prepared and presented under indirect method in accordance with the requirements of IAS 7: Statement of Cash flows.

3.12 Events after reporting period

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

i. Approval of the financial statements

Financial statements were approved by the 70th meeting of the Board of Directors held on April 24, 2019 Board has also approved the audited financial statements for the year ended December 31, 2018.

ii. Dividend

Board has recommended 6% cash dividend for the year ended December 31, 2018 by the 70th meeting of the Board of Directors subject to approval of the shareholders at 18th Annual General Meeting.

Notes to the Financial Statements For the year ended December 31, 2018

		Amount in Taka Dec 31, 2018	Amount in Taka Dec 31, 2017
4	Property, Plant & Equipment		
	Balance as on January 01, 2018	30,115,013	28,610,404
	Add: Addition during the year	2,413,686	1,530,339
		32,528,699	30,140,743
	Less: Adjustment during the year	283,230	25,730
		32,245,469	30,115,013
	Less: Accumulated Depreciation	11,155,927	8,880,018
	Balance as on December 31, 2018	21,089,543	21,234,995
	<i>Fixed Assets Details Shown in Schedule - A</i>		
5	Software Development		
	Balance as on January 01, 2018	153,415,973	133,673,991
	Add: Addition during the year	37,490,064	19,741,982
		190,906,037	153,415,973
	Less: Adjustment during the year	-	-
		190,906,037	153,415,973
	Less: Accumulated Amortization	38,529,019	25,763,802
	Balance as on December 31, 2018	152,377,018	127,652,171
	<i>Software Details Shown in Schedule - A-1</i>		
6	Deferred expenses		
	Website Development and Renovation	52,250	78,375
	Marketing & Promoting Exp-Ababil	1,150,314	1,948,457
	ISO Certificate	79,016	158,008
		1,281,579	2,184,840
6.01	Website Development and Renovation		
	Balance as on January 01, 2018	78,375	-
	Add : Addition during the year	-	104,500
		78,375	104,500
	Less : Amortization during the year @25%	26,125	26,125
	Balance as on December 31, 2018	52,250	78,375
6.02	Marketing & Promoting Exp-Ababil		
	Balance as on January 01, 2018	1,948,457	2,721,601
	Add : Addition during the year	-	20,000
		1,948,457	2,741,601
	Less : Amortization during the year: 25%	798,144	793,144
	Balance as on December 31, 2018	1,150,314	1,948,457
6.03	ISO Certificate		
	Balance as on January 01, 2018	158,008	237,000
	Add : Addition during the year	-	-
		158,008	237,000
	Less : Amortization during the year 33.33%	78,992	78,992
	Balance as on December 31, 2018	79,016	158,008
7	Advance, Deposit & Pre-payments		
	Balance as on January 01, 2018	2,608,924	3,224,893
	Add : Addition during the year	1,042,628	802,625
		3,651,552	4,027,518

Notes to the Financial Statements For the year ended December 31, 2018

	Amount in Taka Dec 31, 2018	Amount in Taka Dec 31, 2017
Less: Adjustment during the year	1,743,993	1,418,594
Balance as on December 31, 2018	1,907,559	2,608,924
Break-up of Advance, Deposit & Pre-payments		
Advance Income Tax Paid at sources	31,578	75,107
Advance Income Tax Paid at Source-MTDR/FDR	674,055	821,782
Advance Income Tax Paid at Source-on AIBL SND AC#5406	6,552	8,774
Advance Income Tax paid for Car	220,000	220,000
Advance Income Tax paid for Share Dividend	226,375	345,673
Advance to High Tech Park for Office Rent	540,000	540,000
Advance for Garage Rent	6,000	-
Security deposit to Spectrum Eng. (For CID)	5,000	5,000
Security Deposit for BG/PG/APG (From AIBL)	150,000	144,750
Deposit for International Roaming for CEO Mobile	20,000	20,000
Short Term Loan to BVC & ATCPIL	-	197,838
Advance against salary Mr. Shahin	-	30,000
Advance against salary Abu Sayed	-	70,000
Advance against salary Kaysar Ahmed	-	40,000
Advance against salary Muhammad Gulam Rabbani Khan	-	40,000
Advance against salary Md. Mojidul Islam	-	50,000
Advance against Salary Mohammad Maksudur Rahman	20,000	-
Advance against Salary Md. Rezaul Karim	8,000	-
	1,907,559	2,608,924
8 Accounts receivable		
Balance as on January 01, 2018	60,640,672	41,633,924
Add: Addition during the year	63,421,711	61,206,331
	124,062,383	102,840,255
Less: Adjustment during the year	62,252,945	42,199,582
Balance as on December 31, 2018	61,809,438	60,640,672
<i>Accounts receivable Details Shown in Schedule - B</i>		
9 Investments		
Investment in FDR/MTDR Tk. Note: 9.01	57,650,208	64,260,913
Investment in shares Note: 9.02	12,938,194	48,144,433
Balance as on December 31, 2017	70,588,402	112,405,346
9.01 Investment in FDR/MTDR		
Balance as on January 01, 2018	64,260,913	63,000,000
Add: Investment during the year	-	-
Add: Net Profit (Gross Profit less Excise Duty)	3,228,491	3,494,063
	67,489,403	66,494,063
Less: Income Tax deduct at source	352,349	351,206
Less: Encashment	9,486,847	1,881,944
Balance as on December 31, 2018	57,650,208	64,260,913
<i>MTDR Details Shown in Schedule - D</i>		

Notes to the Financial Statements For the year ended December 31, 2018

		Amount in Taka Dec 31, 2018	Amount in Taka Dec 31, 2017
9.02	Investment in Shares		
	This balance consists of as follows :		
	Shares in Public Listed Company	Cost Value	Market Value
	ACTIVEFINE	1,109,922	1,128,000
	BRACBANK	1,426,684	1,454,000
	BXPHARMA	1,234,699	1,249,780
	GP	722,679	734,600
	SINGERBD	2,148,560	2,212,000
	SQURPHARMA	894,815	889,700
	SUMITPOWER	1,162,281	1,182,000
	UPGDCL	4,267,098	4,088,114
		12,966,738	12,938,194
10	Cash & bank balance		
	Cash in hand	Note: 10.01 154,370	65,794
	Cash at bank & other accounts	Note: 10.02 18,917,108	174,084
		19,071,478	239,878
10.01	Cash in hand		
	Local currency with petty cash A/C in BDT	149,124	60,548
	Foreign Currency (Converted into BDT)	5,246	5,246
		154,370	65,794
10.02	Cash at bank and other institute		
	Bank Name & Branch A/C No.		
	Al-Arafah Islami Bank Ltd, Motijheel Br. SND-0021220005406	115,833	78,876
	Dutch Bangla Bank Ltd, Motijheel Foreign Ex Br. 105-110-18205	4,702	6,887
	Social Islami Bank Ltd. Motijheel Foreign Ex Br. 018-133-11673	6,948	1,733
	AIBL Capital Market Services Ltd. BOID: 1204290059327175	77,757	86,588
	United Securities Limited. BOID: 1204780059327170	18,711,867	-
		18,917,108	174,084
11	Issued, subscribed & paid up capital		
	Mr. Mahmud Hossain (1,620,341 Shares @ of Tk. 10 each)	16,203,410	16,203,410
	Mr. Fokhruz Zaman (1,519,070 Shares @ of Tk. 10 each)	15,190,700	15,190,700
	Mr. Md. Iftear Zahid (1,260,987 Shares @ of Tk. 10 each)	12,609,870	12,609,870
	Mr. Didarul Islam Chowdhury (506,358 Shares @ of Tk. 10 each)	5,063,580	5,063,580
	Mr. Saiful Alam (156,816 Shares @ of Tk. 10 each)	1,568,160	1,568,160
	Mr. Syed Azmal Hossain (843,938 Shares @ of Tk. 10 each)	8,439,380	8,439,380
	Mr. Anir Chowdhury (843,938 Shares @ of Tk. 10 each)	8,439,380	8,439,380
	Bengal Venture Capitals (2,000,470 Shares @ of Tk. 10 each)	20,004,700	20,004,700
	Asian Tiger Capital Partners Investments Ltd. (250,000 Shares @ of Tk. 10 each)	2,500,000	2,500,000
	Al-Arafah Islami Bank Limited (9,369,343 Shares @ of Tk. 10 each)	93,693,430	93,693,430
		183,712,610	183,712,610

Notes to the Financial Statements For the year ended December 31, 2018

		Amount in Taka Dec 31, 2018	Amount in Taka Dec 31, 2017
12	Accounts Payable		
	Balance as on January 01, 2018	15,274,056	10,357,096
	Add : Addition during the year	74,324,495	68,122,263
		89,598,551	78,479,359
	Less : Adjustment during the year	79,717,777	63,205,303
	Balance as on December 31, 2018	9,880,774	15,274,056
	<i>Accounts receivable Details Shown in Schedule - C</i>		
13	Advance against Revenue		
	Balance as on January 01, 2018	100,000	100,000
	Add : Addition during the year	14,665,748	12,152,686
		14,765,748	12,252,686
	Less : Adjustment during the year	14,665,748	12,152,686
	Balance as on December 31, 2018	100,000	100,000
	Advance from AIBL	-	-
	Advance from BHEET IT	100,000	100,000
		100,000	100,000
14	Loan/Quard from Bank		
	Balance as on January 01, 2018	9,700,000	-
	Add. Received during the period	7,400,000	9,700,000
	Add. Profit charged by bank	-	-
		17,100,000	9,700,000
	Less: Loan refund	1,800,000	-
	Balance as on December 31, 2018	15,300,000	9,700,000
15	Provision for Income Tax		
	Balance as on January 01, 2018	3,656,329	2,507,180
	Add : Provision made during the period	1,253,840	1,549,149
	Add : Excess charge during the period	74,520	-
		4,984,689	4,056,329
	Less: Advance Income Tax adjusted	868,712	-
	Less : Income Tax paid during the year	1,962,989	400,000
	Balance as on December 31, 2018	2,152,988	3,656,329
15	Income Tax		
	Tax on SND Account's Income 35%	28,545	15,768
	Tax on MTDR Profit 35%	1,129,972	1,222,922
	Tax on Capital Gain from Share Trading 10%	-	189,408
	Tax on Dividend Income (Considering Exempted Tk. 25,000.00) 20%	95,323	121,052
		1,253,840	1,549,149
	*** "Over the income year Loss arises from Share Trading amounting Tk. 16,461,041.00 and it can not be set off due to lack of Capital gain (U/S-37 of ITO-1984.). This loss shall be carried forward up to next six successive Assessment year (U/S-40 of ITO-1984.)"		
16.00	Revenue		
	Software Development	Note 16.01	40,478,622
	Software IT Support & Maintnace	Note 16.02	38,556,127
	Total Income:		79,034,749
			73,395,745

Notes to the Financial Statements For the year ended December 31, 2018

	Amount in Taka Dec 31, 2018	Amount in Taka Dec 31, 2017
16.01 Income from Software Development: TK.		
Al-Arafah Islami Bank Ltd	19,484,500	17,961,706
Social Islami Bank Ltd	10,825,000	5,651,000
Union Bank Limited	2,585,012	2,387,498
Agrani Bank Limited	1,917,000	1,278,000
The City Bank Ltd.	326,110	135,000
Islamic Finance and Investment Limited (IFIL)	600,000	150,000
ICB Islamic Bank	560,000	834,313
IFIC Bank Ltd	-	-
Dhaka Bank	250,000	-
United Commercial Bank Ltd.(UCBL)	525,000	1,880,000
Uttara Bank Ltd	294,000	1,176,000
National Bank Ltd	312,000	1,248,000
Flora Limited	-	8,200,000
NRB Bank Ltd	2,500,000	-
Haj Finance & Co	300,000	-
Uddipon	-	200,000
	40,478,622	41,101,517
16.02 Income from IT Support & Maintnance		
Al-Arafah Islami Bank Ltd	14,786,313	12,865,577
Social Islami Bank Ltd	9,717,984	6,606,553
Union Bank Ltd	4,213,170	4,263,045
The City Bank Ltd.	2,251,500	2,135,250
Lafarge Surma Cement Ltd	1,464,000	1,672,605
AB Bank Ltd.	1,435,404	1,435,404
Agrani Bank Ltd	-	480,000
Hajj Finance Co.	1,299,300	762,300
Dhaka Bank	574,164	574,164
EXIM Bank Ltd	652,207	818,180
IFIC Bank Ltd	252,585	418,650
IFIL	1,752,000	-
ICB Islamic Bank Ltd	157,500	262,500
	38,556,127	32,294,228
17.00 Production expenses		
Directors' Remuneration and allowance	2,653,333	2,353,333
Salaries and Allowances to Production Officers	15,376,983	25,686,311
Wages for Part Time Work	-	-
Oracle Software Expense	-	112
Travelling & Daily Allowance	30,546	27,055
Offday & Overtime Allowance	23,100	27,500
Leave Encashment Allowances	-	-
Stationery	-	-
Computer Accessories	163,520	168,925
Conveyance Production	180,381	142,259
Entertainment-Production	-	-

Notes to the Financial Statements For the year ended December 31, 2018

	Amount in Taka Dec 31, 2018	Amount in Taka Dec 31, 2017
Lunch Expense	528,204	388,596
Training for Skill Development	118,000	-
Production Staff Refreshment	233,610	156,542
Mobile Allowance	159,300	193,935
VAT deduction on Software Development	156,105	15,281
VAT deduction on Software Support	2,000	234,280
Internet Expense	195,816	176,807
Overseas Travelling Expenses	-	7,250
Amortization of Software Development Exp	12,765,217	11,990,021
Depreciation Exp.	832,545	897,098
	33,418,660	42,465,305
18.00 Direct, administration and general expenses		
Directors' Remuneration and allowance	1,453,334	1,453,334
Salaries and Allowances Admin	5,964,080	5,201,703
Contribution to Provident Fund	2,267,535	2,112,825
Offday, Overtime & Driver Allowance	1,058,196	2,580
Stationeries & Photocopy	104,226	113,091
Printing	103,713	50,590
Conveyance	126,734	30,818
Lunch Expense	22,835	20,100
Entertainment	95,119	179,317
Business Promotion Expense	320,243	215,988
Office Staff Refreshment	330,657	349,677
Telephone, Mobile, Telex & Fax Expenses	91,616	58,400
Electricity Bill	-	180,417
Internet Expenses	13,005	12,420
Vehicle Maintenance (Fuel, Mobil, Parking, Renewal etc)	870,509	638,113
Insurance, Tax Token & Fitness	37,357	49,722
Parking and Tool	37,610	32,355
Postage & Courier Expenses	1,825	5,370
Audit, Consultancy & Legal Expenses	300,000	140,000
Fees, Forms, Registration & Renewals	345,881	307,023
Advertisement Expense	25,534	15,300
Cleaning & Washing Expense	126,356	116,461
Office Rent	2,160,000	2,160,000
Guard, Lift Man & Cleaner Allowance	360,000	360,000
Office Maintenance Expenses	141,330	492,610
Repair & Maintenance Office Equipments	65,440	19,000
Newspaper & Periodical	8,949	10,395
Stamp & Notary expense	10,705	9,885
Meeting/Conference and Seminar Expenses	256,068	379,920
Miscellaneous Expenses	248,633	179,109
Bad debts Expenses	51,666	84,500

Notes to the Financial Statements For the year ended December 31, 2018

	Amount in Taka Dec 31, 2018	Amount in Taka Dec 31, 2017
Discount allowed to customer	-	411
Loss on disposal of fixed assets	48,203	4,939
Amortization Expense	105,117	105,117
Depreciation exp	832,545	897,098
	17,985,021	16,890,588
19.00 Sales and market development expenses		
Directors' Remuneration and allowance	1,453,333	1,453,333
Salaries and Allowances to Marketing Executives	3,876,508	3,329,780
Conveyance-Marketing	51,454	76,004
Lunch Expense	3,353	4,244
Travelling & Daily Allowance	94,767	729,536
Courier Expenses	11,616	3,450
Advertisement Expense	29,250	49,500
Bid Document Purchase Expenses	26,000	9,800
Business Promotion Expense	53,132	-
Marketing commission	-	305,487
Depreciation Exp.	832,545	897,098
Amortization of Marketing and Promoting Exp	798,144	793,144
	7,230,102	7,651,376
20.00 Non-Operational Income/Loss		
Income (Profit) From SND Account	81,557.00	45,050
Income (Profit) From MTDR	3,228,490.96	3,494,063
Capital Gain/Loss on Share Trading	(16,461,040.86)	1,894,080
Dividend Income	501,616.60	630,258
	(12,649,376.3)	6,063,451
21.00 Financial Expenses		
Bank Charges	74,194	36,888
BO Account Charges	13,618	500
	87,812	37,388

Property, Plant & Equipment As at December 31, 2018

Schedule -A

Particulars	Cost			Rate of Dep. (%)	Depreciation			Written down Value as on 31.12.2018
	Balance as on 01.01.2018	Addition	Disposal/ Adjustment		Balance as on 31.12.2018	Addition	Adjustment	
Power supply & electric equipment	1,005,452	34,500	10,500	15%	430,168	89,892.6	7,639	512,422
Access Control System	125,950	-	-	15%	34,951	13,649.9	-	48,601
Motor vehicle	12,939,707	2,010,836	-	10%	2,401,123	1,154,400.2	-	3,555,523
Computer & accessories	6,809,537	281,400	272,730	15%	3,624,269	479,090.6	214,088	3,889,272
Furniture & Fixture	2,089,800	-	-	10%	488,427	160,137.3	-	648,564
Office decoration, partitions	4,889,310	-	-	10%	929,585	395,972.6	-	1,325,557
Office Equipments	2,163,756	76,950	-	15%	898,469	201,335.6	-	1,099,805
Cookers and cutlery	22,742	10,000	-	10%	10,447	2,229.5	-	12,677
Books & periodicals	68,759	-	-	15%	62,580	926.9	-	63,507
Balance as at 31.12.2018	30,115,013	2,413,686	283,230		8,880,019	2,497,635	221,727	11,155,927
Balance as at 31.12.2017	28,610,404	1,530,339	25,730		6,202,015	2,691,295	17,291	8,880,018

Note:

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

Allocation of depreciation	Amount of Tk.
Production department	832,545
Administration department	832,545
Marketing department	832,545
Total	2,497,635

Total Depreciation expenses have been allotted to Production, Administration and Sales & Marketing department equally.

Software As at December 31, 2018

Schedule -A-1

Particulars	Cost			Rate of Dep. (%)	Depreciation				Written down Value as on 31.03.2018
	Balance as on 01.01.2018	Addition	Disposal/Sales		Balance as on 31.03.2018	Charged during the period	Adjustment	Balance as on 31.03.2018	
"ABABIL" Islamic Core Banking Solution	142,230,289	35,931,736	-	178,162,025	11,786,245	-	36,154,089	142,007,937	
Mobile Banking Software	5,856,320	-	-	5,856,320	500,715	-	1,349,881	4,506,439	
HRMS Software – "Sylvia"	5,329,364	1,558,328	-	6,887,692	478,257	-	1,025,049	5,862,643	
Balance as at 31.12.2018	153,415,973	37,490,064	-	190,906,037	12,765,217	-	38,529,019	152,377,018	
Balance as at 31.12.2017	133,673,991	19,741,982	-	153,415,973	-	-	25,763,802	127,652,171	

Note:

- 01) Amortization have been charged on reducing balance over the useful life.
- 02) Amortization have not been charged on this year's developed software.

Statement of Accounts Receivable As at December 31, 2018

					Schedule-B
Sl. No.	Particulars	Balance as at 31.12.2017	Addition during the year	Adjustment/ Received	Balance as at 31.12.2018
A.	Software Development:				
1	The City Bank Ltd.	665,519	326,110.00	244,582.00	747,047
2	Al-Arafah Islami Bank-Ababil Core	4,546,741	15,097,000.00	15,523,063.00	4,120,678
3	Al-Arafah Islami Bank-Ababil Treasury	2,000,000	-	800,000.00	1,200,000
4	Al-Arafah Islami Bank-Ababil Audit Automation	6,210,000	4,140,000.00	6,210,000.00	4,140,000
5	Agrani Bank Ltd Ababil	569,279	1,917,000.00	641,204.00	1,845,075
6	AB Bank Limited-Ababil	507,763	-	40,263	467,500
7	Social Islami Bank Limited-Ababil	4,753,000	8,800,000.00	10,594,000.00	2,959,000
8	Social Islami Bank Limited-Ababil Agent Banking	700,000	-	-	700,000
9	Social Islami Bank Limited-Mobile App	-	2,025,000.00	-	2,025,000
10	Uddipan HRMS	200,000	-	-	200,000
11	Union Bank _ Ababil	4,680,000	2,585,012.00	2,835,012.00	4,430,000
12	Sonali Polaris-Rupali Bank_ABABIL-Sales	13,240,642	-	-	13,240,642
13	Islamic Finance and Investment Limited (IFIL)	300,000	600,000.00	600,000.00	300,000
14	BURO Bangladesh_Sylvia_Sales	1,400,000	-	-	1,400,000
15	Dhaka Bank_ABABIL_Internet Banking-Sales	-	250,000.00	250,000.00	-
16	ICB Islami Bank_Ababil	560,000	560,000.00	560,000.00	560,000
17	FLORA LIMITED	8,200,000	-	-	8,200,000
18	Hajj Finance Co. Ltd	-	300,000	300,000	-
19	United Commercial Bank Ltd.	2,255,000	525,000.00	2,255,000.00	525,000
20	Uttara Bank Ltd-ABABIL	1,176,000	294,000.00	1,176,000.00	294,000
21	NRB Bank Ltd	-	2,500,000.00	1,000,000.00	1,500,000
22	National Bank Ltd-ABABIL	1,248,000	312,000.00	1,248,000.00	312,000
B.	IT Support & Software Maintenance				
23	The City Bank Ltd.Support	49,500	1,449,000.00	999,000.00	499,500
24	The City Bank Ltd. RTGS Support	135,000	202,500.00	299,194.00	38,306
25	Lafarge Holcem Ltd. _Support	257,332	1,483,998.00	1,253,330.00	488,000
26	Al-Arafah Islami Bank-Ababil -Support	-	-	-	-
27	AIBL_Ababil_BACPS_Support	-	-	-	-
28	AIBL_Ababil_GoAML_Support	-	-	-	-
29	AIBL_Ababil_CBS & ATMS Support	-	-	-	-
30	AIBL_Ababil_Agent Banking_Support	-	-	-	-
31	AIBL_Ababil_OBUS_Support	-	-	-	-
32	AIBL_Ababil_RTGS	-	-	-	-
33	AB Bank Ltd. _Support	137,563	1,435,404.00	849,283.00	723,684
34	Agrani Bank Ltd. _Support	187,470	-	-	187,470
35	EXIM Ababil Offshore Support	163,636	652,984.00	490,906.00	325,714
36	Hajj Finance Co. Ltd_Support	66,550	1,299,300.00	465,850.00	900,000
37	SIBL_Ababil_Support	1,689,055	5,619,234.00	5,193,824.00	2,114,465
38	SIBL_Offshore Ababil_Support	942,277	-	-	942,277
39	SIBL_Tran_API for WSDL Support	800,000	400,000.00	700,000.00	500,000
40	SIBL_Ababil_RTGS_Support	-	840,000.00	626,955.00	213,045
41	SIBL_Ababil_AGENT Banking_Support	-	2,318,750.00	-	2,318,750
42	SIBL_Ababil_BACH-BACPS_MRC	-	540,000.00	-	540,000
43	Union Bank Ltd_Ababil_Support	2,226,960	3,913,920.00	3,913,920.00	2,226,960
44	Union Bank Ltd_Ababil_RTGS_Support	49,875	299,250.00	299,250.00	49,875
45	IFIC Bank_Ababil_RTGS_Support	418,650	252,585.00	608,437.00	62,798
46	IFIL Bank_Support	-	1,752,000.00	1,672,000.00	80,000
47	Dhaka Bank_Internet Banking_Support	239,235	574,164.00	525,122.00	288,277
48	ICB Islamic Bank_Ababil_RTGS_AMC	65,625	157,500.00	78,750.00	144,375
	TOTAL:	60,640,672	63,421,711	62,252,945	61,809,438

Statement of Accounts Payable & Provision As at December 31, 2018

Schedule-C

Sl. No.	Particulars	Opening	Addition	Adjustment/ Payment	Cl. Balance
1	Directors' Remuneration	267,500	3,610,000	3,610,000	267,500
2	Salaries & Allowances	5,457,635	57,875,293	61,706,660	1,626,268
3	Provident Fund	357,422	4,535,070	4,495,442	397,050
4	Accrued telephone, telex & fax expenses	-	53,866	51,228	2,638
5	Payable to Project Development Consultants	150,000	1,440,000	1,470,000	120,000
6	Car Maintenance Expense	88,000	1,056,000	1,056,000	88,000
7	Desire Design	6,000	0	-	6,000
8	The Daily Financial Express	17,250	17,250	17,250	17,250
9	STARgate Communications Ltd[Internet]	1,983	46,200	47,658	525
10	Hi-Tech Park Authority for Office Rent	3,181,506	2,520,000	3,181,506	2,520,000
11	Audit Fees Payable	40,000	50,000	40,000	50,000
12	Ranks ITT(Office-Internet)	2,174	114,786	115,655	1,305
13	Lunch Bill payable	-	850,220	768,740	81,480
14	Amber IT Ltd[Internet]	-	-	-	-
15	Payable to Oracle	-	-	-	-
16	Payable to Inspire Computer & Technology.	-	-	-	-
17	Electric Bill	261,120	-	261,120	-
18	Marketing and Promoting cost payable for 'Ababil'	1,393,750	-	-	1,393,750
19	Provision for Expenses	3,088,125	-	727,196	2,360,929
20	Income Tax DAS from Office Rent	108,000	-	108,000	-
21	Income Tax DAS from Consultants Payment	5,000	-	-	5,000
22	Income Tax DAS from Remuneration	185,291	520,000	520,000	185,291
23	Income Tax DAS from Salaries and allowances	654,863	1,635,810	1,541,322	749,351
24	VAT payable	8,437	-	-	8,437
	TOTAL:	15,274,056	74,324,495	79,717,777	9,880,774

Branches of AIBL

DHAKA DIVISION

Abdullahpur SME Branch

Minnat Plaza, Abdullahpur Bazar, Abdullahpur,
Keranigonj, Dhaka-1311, 01811487862

Alenga Branch

Alenga Bus Stand, Alenga, Kalihati, Tangail
01977520019

Amin Bazar Branch

MA Hossain Tower, Amin Bazar, Savar, Dhaka - 1348,
9034411-2, 01841123004

Ati Bazar Branch

Manik Plaza, Ati Bazar, Keranigonj, Dhaka-1312
01833-330274

Azampur Branch

272 Shah Kabir Majar Road, Azampur, Chalaban,
Daxminkhan, Dhaka; 48954592-3, 01817143928

Banani Branch (AD)

16, Kamal Ataturk Avn, Banani, Dhaka
9822250, Fax- 9822357, 01819255587

Bandar SME Branch

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

Barmi Branch

Shahjahan Fakir Bhaban, Barmi Bazar,
Sreepur, Gazipur; 01847054694

Bashundhara Branch

H # 262-263, Block - B, Bashundhara R/A, Dhaka.
01841226660

Bhagyakul Branch

A Rashid Tower, Balasur Chowrasta, Sreenagar, Munshigonj
01841226671

Bhairab Branch

Munshi Bhaban, Kolapatty Mor, Bhairab, Kishorgonj
9471178, 01817-032726

Bhelanagar Branch

R. I. Shopping Complex (1st floor), Bhelanagar, Narshingdi;
9452295, 01811-487868

Daxminkhan Branch

L.K. Plaza, Daxminkhan Bazar, Daxminkhan, Dhaka-1230
8999042, 01817032728

Dhanmondi Branch (AD)

H#54/1, R#4/A, Dhanmondi, Dhaka
58610913, 01710853872

Dilkusha Branch (AD)

63, Dilkusha C/A, Dhaka-1000
01766677411

Faridpur Branch

15/75, Mujib Sarak, Niltuli, Faridpur
0631-65366, 01864554466

Fulbaria Branch

Haji Joynal Abedin Sarker Plaza, Fulbaria, Kaliakoir, Gazipur
01847054692

Gawsia Branch

Bhai Bhai Complex, Rupgonj, Narayanganj
01791418011

Gazipur Branch

Holding # K-280, BIDD Road, Gazipur
4926-1102, 4926-1140, 01811-448051

Gulshan Branch (AD)

Hosna Center, 106 Gulshan Avenue, Dhaka-1212
9863236, 01814652647

Gulshan Link Road Branch

H # 204/B, Tejgaon, Gulshan Link Road, Dhaka
01711351761

Hazaribagh Branch

149, Hazaribagh bazar, Dhaka-1209
9611758-9, 01819-255297

Head Office Corporate Branch

Al-Arafah Tower (1st & 2nd Floor), 63, Purana Paltan
(Daynik Bangla Mor), Dhaka-1000.
02-44 85 00 01(D), 01811409593

Hemayetpur Branch

Asha Plaza (1st Floor), Hemayetpur Bus Stand, Hemayetpur,
Savar, Dhaka, 01811-448052

Islampur Branch

29-31, Islampur Road, Dhaka-1100
57393800, 57393754, 01841226653

Jatrabari Branch (AD)

6 S.F. Sharak, West Jatrabari, Dhaka-1204
7554510, 7554477, 01847054693

Joydebpur Chowrasta Branch

Chandona Chowrasta, Joydebpur, Gazipur-1700
49263958, 01912000458

Kalatia SME Branch

Kabir Bazar, Kalatia Bazar, Keranigonj, Dhaka
7769157, 01760-938299

Branches of AIBL

Kaliakoir Branch

College Road, Kaliakoir Bazar, Kaliakoir
Gazipur; 01755505468

Kaligonj Branch

Twin Tower Market, Aganagar, Kaligonj, Keranigonj
Dhaka; 01819677740

Kamrangirchar Branch

Hazi Kamal Super Market, Kamrangirchar, Dhaka-1211
55160200, 01825928909

Kapasias Branch

Kapasias Bazar, Kapasias, Gazipur
029209393, 01671973077

Kathgora Bazar Branch

Sarkar Plaza, Kathgora Bazar, Ashulia, Dhaka-1341
7792573, 01972582013

Kazirhat Branch

Mosjid Market, Kazirhat, Jajira
Shariatpur-8010; 01911664695.

Kawranbazar Branch

Dhaka Trade Centre, 99, Kazi Nazrul Islam Avenue,
Kawran Bazar, Tejgaon, Dhaka-1215
9135309, 01748414849

Keranigonj Branch

Haridia Shopping Complex, Kadamtoli, Keranigonj,
Dhaka-1310, 7763100, 01956587196

Khilkhet Branch

B-34/Ka, Khilkhet Super Market, Khilkhet, Dhaka-1229
58950051, 01937777077

Konapara Branch

958, Konapara Bazar, Demra, Dhaka
01811-409592

Louhajang Branch

Dowlat Khan Complex, Louhajang, Munshiganj
01711733734

Madhabdi Branch

691-694 Madhabdi Bazar, Narshingdi
9446005, 01711-613484

Manda Branch

152 South Manda, Dhaka-1214
7277772, 7277388, 01811-458743

Manikgonj Branch

Shwargo Tower, H # 129, Shahid Rafiq Sarak
Manikgonj Sadar, Manikgonj; 01716068686

Mirpur Branch

3/A, Darus-Salam Road, Mirpur-1, Dhaka-1216
9008123, 9010623, 01811-449493

Mirpur-10 Golchattar Branch

9/1 Adarsha School Market, Mirpur-10, Dhaka-1216
9011766, 01811-448055

Mohakhali Branch

Arzed Chember, 13 Mohakhali C/A, Dhaka-1212
9852243, 9852259, 01811417659

Mohammadpur Krishi Market Branch

32/8(Ka),T.M. Road, Mohammadpur, Dhaka-1207
9142732, 01787659190

Mostafapur Branch

Saim Super Market, Mostafapur Bus Stand
Madaripur; 0661-61206-7, 01714067411

Motijheel Branch (AD)

161, Motijheel C/A, Dhaka-1000
9569350 (D), 01811413963

Motijheel Corporate Branch (AD)

125, Motijheel C/A, Dhaka-1000
9563884, 01811417660

Moulvibazar Branch (AD)

130, Chawk Mogoltuly, Moulvibazar, Dhaka-1211
57311989, 01819-211828

Mouchak Branch

76 D.I.T. Road, Malibagh, Dhaka-1217
9339006, 01819556379

Nandipara Branch

Akkel Ali Shopping Complex, Nandipara Bazar, Dhaka.
7811053, 01819457729

Narayangonj Branch

71, B.B. Road, Narayangonj
7645821, 01811487867

Natun Bazar Baridhara Branch

1209 Madani Avenue, Natun Bazar
Dhaka, 01911711950

Nawabpur Road Branch (AD)

85/87, Nawabpur Road, Dhaka-1100
01787-697347

Nayapur Branch

Nayapur Shopping Center, Nayapur Bazar
Narayangonj, 01811-487863

New Elephant Road Branch (AD)

91, New Elephant Road, Dhaka-1205
9665323-4, 01819238220

Branches of AIBL

North South Road Branch (AD)

96, Nazrul Islam Sharoni, Bongshal, Dhaka-1100
9580875, 01811410075

Pagla Branch

Alhaji Afser Karim Bhaban, Pagla, Narayanganj
47696133, 01819-253591

Pallabi Branch

Plot # 81, Block # A, Section # 12, Pallabi, Mirpur
Dhaka; 9023611, 9023511, 01715013382

Panchdona SME Branch

Hira Plaza, Panchdona Chowrasta, Narshingdi
029446452-3, 01619556567

Panthapath Branch

F R Tower, 8/C Shukrabad, Panthapath, Dhaka-1207
9138682, 01833330271

Progati Sharani Branch (AD)

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

Rampal Branch

Mujibur Rahman Super Market (1st floor)
Shipahipara, Rampal, Munshigonj;
7611855, 01716753106

Rampura Branch

5/1, Pashchim Chowdhury Para, D.I.T. Road, Rampura
Dhaka-1219; 9361356, 01819157536

Ruhitpur Branch

Sun Plaza Market, Ruhitpur Bazar, Keranigonj
Dhaka; 7766882-3, 01811418222

Shokhipur Branch

Shokhipur Bazar, Kachua Road, Shokhipur Tangail
01918431339

Shyamoli Branch

13/1 Ring Road, Shyamoli, Dhaka-1207
9136517, 01718711511

Sonargaon Janapath Road Branch

Plot#30, Sector#11, Sonargaon Janapath road,
Uttara, Dhaka-1230; 01937100100

South Jatrabari Branch

314-A/4 South Jatrabari, Dhaka-1204
7545161, 01811418204

Tangail Branch

77-78, Victoria Road, Tangail,
092161435, 01819-556372

Tekerhat Branch

H # 975, Tekerhat Bazar, Rajoir, Madaripur
01726408722

Tongi Branch

Holding # 8, Charag Ali Market, Tongi, Gazipur
01711642356

Uttara Model Town Branch (AD)

H#13 R # 14/A, S-4, Uttara, Dhaka-1230
58950583, 01819-261382

VIP Road Branch (AD)

50/1, Inner Cercular (VIP) Road, Dhaka-1000
9345871-2, 01833330272

MYMENSINGH DIVISION

Mymensingh Branch

70, Choto Bazar, Mymensingh
091-66714, 01819261297

Netrokona Branch

274, Choto Bazar, Netrokona.
0951-615 48, 0951-615 49, 01777754849

CHATTOGRAM DIVISION

Agrabad Branch (AD)

96, Agrabad C/A, Chattogram
031-713372-3

Akhaura SME Branch

S. R. Complex (1st floor) Sarak Bazar, Akhaura , B.Barua
08522-56155, 01740-619012

Aman Bazar Branch

Amanat Sha Palza (1st Floor), Hathazari Road, Chattogram.
031-2580870-1, 01811418371

Anwara Branch

Chaturi Bazar, Anwara, Chattogram
01841226659

Ashugonj Branch

Jalal Khar Building, Ashugonj Bazar, Brahmanbaria;
01747296951

Azadi Bazar Branch

Jamey Masjid Market, Azadi Bazar, Fatikchhari, Chattogram
016 29 40 89 98

Bandartila Branch

2638, Airport Road, Ba. Naw. Ja. Isha Khan, EPZ,
Chattogram, 031 74 03 83

Barura Branch

Madina Market, Hospital Road, Barura, Cumilla
0802752305-6, 01847-054695

Branches of AIBL

Bashurhat SME Branch

34, Main Road, Bashurhat, Noakhali
0322-356070, 01811-448041

Bhatiary Branch

Bhatiary Station, Sitakunda, Chattogram
01877185532

Brahmanbaria Branch

Mosjid Road, Bhuiyan Mansion, Brahmanbaria Sadar
0851-59330, 01827-563888

Chawkbazar Branch

Shajada Market (1st Floor), 178/182 College Road,
Chawkbazar, Chattogram. 031-2853784-5, 01811458741

Chowmuhani Branch

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

Companigonj Branch

Companigonj Bazar, Muradnagar, Cumilla-3542
08026-59076, 01712235569

Cox's Bazar Branch

902, Saiket Tower, East Bazarghata, Cox's Bazar
0341-51081-2, 01819-320289

Cumilla Branch

257,240, Monoharpur, Kotwali, Cumilla-3500
081-64546, 01711-431174

Eidgaon Branch

Eidgaon Bazar, Cox's Bazar Sadar, Cox's Bazar,
01839656396

Feni Branch

33-34 S.S.K Road, Feni
0331-63548-9, 01811-418216

Gallai Branch

Abeda Noor Foundation Complex, Gallai
Chandina, Cumilla; 01822131543

Gohira Branch

ABM Fazle Karim Chowdhury Auditorium, Gohira Digri
College, Raujan, Chattogram; 01813559067

Gouripur Branch

Maa Complex (1st Floor), Gouripur Bazar,
Daudkandi, Cumilla. 01811418206, 01791575766

Hathazari Branch

Salamatullah Bhaban, Kachari Road, Hathazari Bazar
Chattogram, 031-2601679, 01811-408492

Hajigonj Branch

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

Halishahar Branch

Holding: 1655, Port Connecting Road,
Halishahar, Chattogram, 031-715662-3, 01833-149150

Hatiya Branch

Moulvi Shafiullah Super Market, H # 1510,
Main Road, Hatiya, Noakhali
01720630088

Jubilee Road Branch (AD)

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

Kadamtoli Branch

376, D. T. Road, Kadamtali, Chattogram.
031-2522835, 031-2522861-2, 01847114430

Karnafuly Branch

Anowar City, Charpaharghata, Karnafuly, Chattogram.
01886330315

Khatungonj Branch (AD)

146, Khatungonj, Chattogram
031-617103, 01819-315481

Kutibazar Branch

Eastern Firoz Plaza, Kutibazar, Kasba
B.Barua, 01768722151

Lakshmpur Branch

Akota Super Market, 1310-12 Bazar Main Road, Lakshmpur
Sadar, Lakshmpur. 0381-62290, 01720561020

Muradpur Branch

Islam Tower, 59, CDA Avenue, Muradpur,
Panchlaish, Chattogram, 031-657966, 01965-881111

Nabinagar Branch

Nabin Super Market, Sadar Road, Nabinagar, Brahmanbaria
0852575504, 01766-678445

Nangalkot Branch

H – 50, College Road, Nangalkot, Cumilla
01712796757, 0803366471-2

O.R. Nizam Road Branch

943, O.R. Nizam Road, Nasirabad, Panchlaish
Chattogram; 031-656567-8, 01819-345030

Padua Bazar Branch

Seven Star Shopping Complex, Padua Bazar,
Lohagara, Chattogram, 01833-175500

Pahartali Branch

S. A. Tower, H # 6103/6882, Sagorika Road, Pahartali
Chattogram; 01817249655

Branches of AIBL

Patiya Branch

H # 2329 Awami Super Market,
Patiya Upazilla Sadar, Chattogram
01880003045

Patherhat Branch

Patherhat, Rauzan, Chattogram-4346
031-671150, 01811-424739

Rahimanagar Branch

Rahimanagar Bazar, Kachua, Chandpur
01811-487870

Rangamati Branch

Kalpotoru Holyday Int. Ltd. Banarupa,
Rangamati Sadar, Rangamati.
01813601972

Shiberhat Branch

Idris Complex (1st Floor) Shiberhat, Sandwip, Chattogram.
01847114428, 01796399377

Station Road Branch

108, Station Road, Chattogram
01814651011

Tantarbazar SME Branch

Haji Lal Mia Market, Tantar Bazar
Akhaura, Brahmanbaria; 01743-244344

Teknaf Branch

Al-Jamia Market, Teknaf, Cox's Bazar
034-2675120, 034-2675121, 01833-112924

Teribazar Branch

Islam Super Market, 618/739 Teribazar, Chattogram.
031 63 02 79-80, 01819212754

SYLHET DIVISION

Amborkhana Branch

4877, 4874 Amborkhana, Sylhet-3100
01777-767929

Beanibazar Branch

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

Laldighirpar Branch (AD)

Reasot Tower, 1795 Laldighirpar, Sylhet-3100
0821-710809, 01819-550426

Madhabpur SME Branch

H-0006-000 Kalibari Road, W-07, Madhabpur
Hobigonj; 0832-756352, 01926-697968

Moulvibazar Branch

73 Farhad Plaza, Dhaka-Sylhet Highway, Moulvibazar.
0861-54106-7, 01714-000907

Ruposhpur Branch

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

Zindabazar Branch

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

KHULNA DIVISION

Benapole Branch

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

Chudanga Branch

Molla Tower-2, Hotel Royal Blue (1st Floor), Shahid Alaul
Islam Khokon Sarak (VJ School Road), Chudanga.
0761-81146-7, 01682300150

Chuknagar Branch

Chuknagar Bazar, Dumoria, Khulna,
01750-024499

Gallamari Branch

219/1, Sher-E-Bangla Road, Gallamari, Khulna
041-2832181, 01830886633

Jashore Branch

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

Jhaudanga Branch

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

Khulna Branch (AD)

4, Sir Iqbal Road, Khulna
041-721249, 01765-063340

Kushtia Branch

147, N. S. Road, Harun Market (Infront of Sadar Thana),
Kushtia. 07172262, 01799368224, 01712962933

Magura Branch

S.M Plaza (1st Floor), 177, M.R Road, (College Road),
Magura, 0488-510 70

Mongla Branch

19/A, Mongla Port I/A, Mongla, Bagerhat
04662-75105-6, 01738-933588

Monirampur Branch

G. N. Super Market, H. # 03-005-0134, Monirampur Bazar
Main Road, Monirampur, Jashore. 04227-783 60

Nolta Branch

Nolta Sharif Super Market, Nolta Kaligonj, Satkhira
01732569143

Branches of AIBL

Satkhira Branch

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

Sharankhola Branch

Panch Rasta Mor, Rayenda Bazar, Sharankhola, Bagerhat
01918293210

BARISHAL DIVISION

Alipur Branch

Alipur Bazar, Kalapara, Patuakhali
044-2856234-5, 01755906755

Banaripara Branch

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

Barguna Branch

Holding # 075, Sadar Road, Borguna.
044 85 13 39-40, 017 27 42 19 43

Barishal Branch

442 K. B. Hemayetuddin Road, Barishal
0431-64476, 01727379119

Bhandaria Branch

Salah Al-Zubayer Market (1st Floor), Kapuriapatty
Bhandaria, Pirojpur; 0462-356469, 01726-265060

Bhola Branch

Jahangir Plaza, Sadar Road, Bhola
0491-61244-5, 01796863911

Jhalakathi Branch

68, Monoharipatti Road, Jhalakathi
0498-62808, 01754-015565, Fax : 0498-62807

Mathbaria Branch

407 Kapuriapatty, Mathbaria, Pirojpur
04625-75374, Fax - 04625-75373

Patharghata Branch

2/1 Hospital Road, Patharghata, Barguna
017 16 70 65 76

Patuakhali Branch

95/1, Sadar Road, Patuakhali Sadar, Patuakhali.
0441-639 55-6, 01793205621

Pirojpur Branch

H # 420 Lawer's Plaza, Post Office Road, Pirojpur
01811418209

RAJSHAHI DIVISION

Bogura Branch (AD)

Talukder Mansion, H # 60/70 Barogola Bogura-5800
051-69994-5, 01713-203754

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

Mohadevpur Branch

Plot No. 245, Mohadevpur, Noagaon
07426-75136, 01711-425675

Natore Branch

Holding #0363-01, Kanaikhali, Natore Sadar, Natore.
0771-61533-4, 01811417662

Pabna Branch

Plot#355, Sonapotti, Pabna
0731-62047, 01765700080

Rajshahi Branch (AD)

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

Shahjadpur Branch

Chowdhury Plaza, Dariapur Bazar Shahjadpur, Sirajgonj
07527-64052, 07527-64053,01762-331990, 01557-718828

Sherpur Branch

Dhunat More, Sherpur, Bogura.
0502977185-6, 017283303 31

RANGPUR DIVISION

Badargonj SME Branch

Upazila Road, Badargonj, Rangpur
05222-56573-4, 01761-730189

Dinajpur Branch

333, Nimtola, Dinajpur
0531-61865-7, 01715-139798

Palashbari Branch

Rabbi Super Market (1st Floor), Bogura-Rangpur Highway,
Palashbari, Gaibandha. 0542-456136, 01740015795

Rangpur Branch

15, Central Road, Payrachattar, Rangpur
0521-55830, 01773-268000

Saidpur Branch (AD)

Shahed Dr. Zikrul Haque Road, Saidpur, Nilphamari
05526-72804, 01716-236334

- 'আর আল্লাহ্ ব্যবসাকে (ক্রয়-বিক্রয়) হালাল ও সুদকে করেছেন হারাম'। (সূরা ২ আল-বাকারা : ২৭৫)
 - 'আল্লাহ্ সুদকে ধ্বংস করে দেন এবং সাদাকাকে (দান) বর্ধিত করেন। আর আল্লাহ্ কোন অবিশ্বাসী পাপীদের ভালবাসেন না'। (সূরা ২ আল-বাকারা : ২৭৬)
 - আব্দুল্লাহ্ ইবনে মাসউদ (রা.) হতে বর্ণিত। 'রাসূলুল্লাহ্ (সা.) সুদ গ্রহীতা, সুদ দাতা, সুদের লেখক (চুক্তি সম্পাদনকারী) ও সুদের স্বাক্ষী-সকলের উপর অভিশাপ (লা'নত) দিয়েছেন'। (জামে আত-তিরমিযী-২য় খণ্ড, আবওয়াবুল বৃয্ব, হাদীস নং-১১৪৪, সুনানে আবু দাউদ-৫ম খণ্ড, কিতাবুল বৃয্ব, হাদীস নং-৩৩৩৩ ও সুনানু ইবনে মাজা-৩য় খণ্ড, কিতাবুত তিজারা-অনুচ্ছেদ : সুদ সম্পর্কে কঠোর বাণী, হাদীস নং-২২৭৭)।
- এছাড়াও জাবির (রা.) থেকে বর্ণিত অপর সহীহ হাদীসে রাসূলুল্লাহ্ (সা.) আরো বলেছেন, 'তারা সকলেই সমান অপরাধী'। (সহীহ মুসলিম-৫ম খণ্ড, সুদ সংক্রান্ত বর্ণনা, হাদীস নং-৩৯৪৭)।



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